Economic Development Strategic Plan for Talbot County and the Towns – an Opportunity for Alignment

Submitted by:

Sage Policy Group, Inc.

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Table of Contents

List of Exhibits 3
Executive Summary 5
Introduction 8
Part I. Economic Analysis Report 11
A. Demographic and Social Characteristics 11
B. Analysis of Labor Market Conditions 22
C. Tax Base Trends 43
D. Survey of Relevant County and Town Documents 46
Part II. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis 56
Part III. Economic Development Strategic Plan 73
A. Primary Opportunity Areas for High-Wage Job Growth 73
B. Specific Recommendations for Talbot County and the Towns 76
C. Conclusion 83
Appendix 84
Appendix A. Implementation Plan 84
Appendix B. Additional Data 90

List of Exhibits

Exhibit 1: Population Growth Rate 1990-2000 v. 2000-2010 11

Exhibit 2: Population Change, 2000-2010 12

Exhibit 3: Total Households, 2000-2010 12

Exhibit 4: Talbot County Population by Gender and Age, 2000 v. 2010 13

Exhibit 5: Talbot County Population by Gender and by Age Group, 2010 14

Exhibit 6: Racial Distribution as of 2010, Maryland, Talbot County & Municipalities 15

Exhibit 7: Highest Level of Educational Attainment of Talbot County Residents, Age 25 and over 16

Exhibit 8: Distribution of Highest Educational Attainment of Talbot County Residents 25 and over, 2010 16

Exhibit 9: Percentage of Population 25 years and over by Educational Attainment, 2010 17

Exhibit 10: Median Household Income, 2000 v. 2010 18

Exhibit 11: Household Income Distribution, 2010 19

Exhibit 12: Poverty Rates (Families), 2000 v. 2010 20

Exhibit 13: Home Structure by Year Built, Talbot County & Municipalities, 2010 20

Exhibit 14: Median Home Values, Talbot County and Other Eastern Shore Municipalities, 2011 21

Exhibit 15: Median Home Values, Talbot County Municipalities, 2011 21

Exhibit 16: Employment Status of Workers, 2011 22

Exhibit 17: Percentage of Employed 16 years and over by Occupation, 2011 23

Exhibit 18: Percentage of Employed 16 years and over by Industry, 2011 24

Exhibit 19: Number of Business Establishments, 2005 & 2011 25

Exhibit 20: Change in Talbot County Business Establishments by Sector, 2005 & 2011 25

Exhibit 21: Total Employment, All Industries, 2005 & 2011 25

Exhibit 22: Talbot County Employment by Sector, 2005 v. 2011 26

Exhibit 23: Talbot County Employment Changes by Industry Sector by 2-digit NAICS, 2005-2011 27

Exhibit 24: Talbot County Employment, Education and Health Services & Available Subsectors, 2005 v. 2011 28

Exhibit 25: Talbot County Employment, Professional & Business Services and Available Subsectors, 2005 v. 2011 29

Exhibit 26: Talbot County Employment, Leisure & Hospitality and Available Subsectors, 2005 v. 2011 30

Exhibit 27: Government Employment, 2005 v. 2011 31

Exhibit 28: Talbot County Employment, Financial and Information and Available Subsectors, 2005 v. 2011 32

Exhibit 29: Talbot County Employment, Trade, Transportation & Utilities and Available Subsectors, 2005 v. 2011 33
Exhibit 30: Talbot County Employment, Goods-Producing Industries and Available Subsectors, 2005 v. 2011 35
Exhibit 31: Talbot County Employment, Other Services, 2005 v. 2011 36
Exhibit 32: Talbot County Top Fastest-Growing Industries by Four-Digit NAICS 37
Exhibit 33: Talbot County Top Declining Industries by Four-Digit NAICS 37
Exhibit 34: Change in Average Weekly Wage by Major Industry Sector, Talbot County 38
Exhibit 35: Average Weekly Wage, MD Eastern Shore Counties, 2011 39
Exhibit 36: Talbot County Private Sector Establishments by Size, as of Q4 2011 39
Exhibit 37: Major Employers in Talbot County 40
Exhibit 38: Counties where Talbot County Residents are Employed, 2010 41
Exhibit 39: States where Talbot County Residents are Employed, 2010 41
Exhibit 40: Talbot County Inflow/Outflow Job Counts, 2010 42
Exhibit 41: Talbot County Labor Market Details, 2010 42
Exhibit 42: Average Travel Time to Work, 2011 43
Exhibit 43: Talbot County Tax Base, FY2008 – FY2011 44
Exhibit 44: Maryland Jurisdictions Ranked by Real Property Tax Rates (Per $100 of assessment), FY2013 44
Exhibit 45: Talbot County and Municipal Real Property Tax Rates Combined, FY2013 45
Exhibit 46: Maryland Jurisdictions Ranked by Income Tax Rates, FY2013 45
Exhibit 47: Talbot County SWOT Analysis 56
Exhibit 48: Easton SWOT Analysis 61
Exhibit 49: St. Michaels SWOT Analysis 64
Exhibit 50: Trappe SWOT Analysis 66
Exhibit 51: Queen Anne, Oxford, Tilghman, & Villages SWOT Analysis 69
Exhibit A1: Employment Change by 4-digit NAICS, Talbot County, 2005-2011 89

Economic Development Strategic Plan for Talbot County and the Towns – an Opportunity for Alignment

Executive Summary

Purpose

The Talbot County Office of Economic Development hired Sage Policy Group, Inc. to develop a long-term Economic Development Strategic Plan for Talbot County, including the Towns of Queen Anne, Easton, Oxford, St. Michaels and Trappe, and the County's 22 villages. This Plan will help guide future management, prioritization and allocation of resources for the development of infrastructure to support a viable tax base for the County and Towns.

To develop this strategic plan, the Sage study team engaged in a number of activities, including conducting SWOT sessions with stakeholders representing virtually every Talbot County community, reviewing strategic planning and other reports that have been produced over time and analyzing reams of county- and town-specific data. Key analytical findings derived from data analysis, our literature review and SWOT analyses are presented throughout this report.

To be sure, the community has authored many reports documenting visions for various aspects of economic life. These reports have been completed on both county-wide and specific community bases. When viewed individually, each of these plans seemingly represents thoughtful visions of the future. There is clearly an overwhelming desire to maintain community character, whether that character is oriented around 19th century architecture, the waterfront or agriculture. The study team understands the importance of character retention and views community character as an economic development asset capable of producing resident and business attachment to the community.

However, when considered collectively, there appear to be glaring inconsistencies between these plans. Talbot County Office of Economic Development and the Economic Development Commission envision a larger commercial industrial base as a way to ensure a stable future tax base to support County services. The towns emphasize limits on growth and the strict regulation of future expansion. Since much of the community's infrastructure and labor force resides in the towns, the County is not presently well-positioned to achieve commercial growth targets.

From an economic perspective, labor, physical capital and land represent key inputs into any firm's production function. Along each of these dimensions, Talbot County faces challenges. Land may be considered expensive relative to other Eastern Shore communities, in part because Talbot County has been so successful in attracting wealthy residents, who among other things bid up the price of land. Physical capital formation may be restrained by zoning and the restrictions in getting projects approved and permitted in a timely manner. The county's industrial/commercial base remains relatively small and the number of businesses operating in the community has fallen sharply relative to other communities in recent years. According to the U.S. Census Bureau, Talbot County lost a total of 108 private business establishments between 2005 and 2011, a decline of 6.8 percent. Private

sector employment in Talbot County declined by 1,274 private sector jobs (-7.4%) during the same period.

To address these challenges, the study team developed 16 recommendations for Talbot County and the towns. Implementation guidelines have been provided for each recommendation in the Appendix of this report.

Study Team Recommendations

Talbot County:

1) Business-friendly initiatives;
2) Aggressively pursue target industries for retention and attraction by creating new resources for economic development;
3) More pragmatic approach for the real property tax credit for commercial or industrial businesses;
4) Increase the amount of strategically-situated industrial & commercially-zoned land in Talbot County, including in larger towns;
5) Create a new private nonprofit economic development corporation/partnership;
6) Embrace role as senior living/retirement community;

Town of Easton:

7) Continue to facilitate growth in healthcare delivery;
8) Improve appearance from Route 50 to attract visitors passing through;
9) Encourage infill development/redevelopment of vacant property downtown;

Town of St. Michaels:

10) Improve signage throughout the town;
11) Address parking;
12) Attract more professional business establishments downtown;

Town of Trappe:

13) Establish Trappe as the County's primary industrial recruitment community;
14) Accelerate mixed-use development;

Queen Anne, Oxford & the Villages:

15) Strategically situate new housing to attract young, upwardly mobile professionals; and
16) Ongoing land/natural resource preservation.

Talbot County is associated with a number of incredibly attractive characteristics – characteristics consistent with successful economic development. These include a substantial number of high net worth households, ample waterfront, historic architecture, developed links to Maryland's Western Shore, good schools, a well-established hospitality industry and a reputation for a high quality of life. It offers one of the lowest real estate tax burdens in the state, has an educated and competitive workforce with wages that are below the state average and offers an abundance of water, electricity, and redundant high speed fiber.

But the community also faces significant economic development challenges, including a lack of coordination and vision between the County and the Towns, a small labor force, generally expensive land and frequently unaffordable housing. This has made attracting and retaining a significant commercial/industrial base difficult, which in turn has rendered the tax base highly dependent upon residential activities. Additionally, retaining and attracting the industrial base is difficult due to the perception that Talbot County is not a business friendly place, that the development process takes too long and is too expensive, and that the County does not invest in economic development resources and programs.

This report provides 16 recommendations that if implemented with fidelity would create an environment that is more consistent with commercial/industrial growth. Among the industries that the Sage study team has identified are obvious candidates such as healthcare and less intuitive industries such as financial services, manufacturing, and corporate back office operations. Among the most important recommendations is the establishment of a private, non-profit economic development corporation that would jointly establish infrastructure investment, land-use, and business retention and attraction strategies. Naturally, this corporation would not trump the powers vested in the County or the Towns nor displace the functions of economic development offices. Rather, the corporation would seek to intensify the effect of economic development offices throughout the county. A coordinating body of this type appears necessary given the lack of alignment between County and Town visions.

Economic Development Strategic Plan for Talbot County and the Towns – an Opportunity for Alignment

Introduction

Talbot County is located in the heart of the Delmarva Peninsula on Maryland's Eastern Shore. The County fronts the Chesapeake Bay and enjoys over 600 miles of waterfront. Within close proximity to the Baltimore/Washington, D.C. corridor and the Mid-Atlantic metropolitan market, Talbot County is accessible to major cities, international airports and ports.[1]

Talbot County serves as the financial, commercial, retail and medical services hub for the Mid-Shore region. Its shoreline and many historic sites make it a significant tourist destination, attracting visitors from all over Maryland.[2] The community's abundant waterfront also makes it an attractive residential community. Talbot County encompasses five towns: Easton, Oxford, Queen Anne, St. Michaels, and Trappe and 22 Villages. Easton, the county's largest community, has been voted the "8th Best Small Town in America" due to its extensive historical, arts and cultural amenities. Additionally, the Town of Queen Anne is divided between Talbot and Queen Anne's counties.

For Talbot County to maintain its high quality of life and continue to be a vital community, the County will need to address a number of important challenges presented by a combination of shifting demographics, global competition, fiscal challenges at state and federal levels, and the always changing nature of household tastes and preferences. As stated in the *Talbot County Industrial Land Use Recommendation*, "Talbot County requires a long term enhancement to its tax base if it is to preserve the current level of services to its citizens. At the same time, the County needs to attract the type of businesses that will provide challenging, well-paying jobs in an effort to retain the community's young people after they have completed their education." While the County currently supports retail sales and food services, these types of jobs will not provide the level of tax revenues nor the professional and artisan positions needed for long-term growth and stability.[3]

<u>Purpose</u>

The Talbot County Office of Economic Development hired Sage Policy Group, Inc. to develop a long-term Economic Development Strategic Plan for Talbot County, including the Towns of Queen Anne, Easton, Oxford, St. Michaels and Trappe, and the County's 22 villages. This Plan

[1] 2010 Talbot County Economic Development Report. (2011). Talbot County Department of Economic Development.
[2] Talbot County Comprehensive Annual Financial Report – Fiscal Year Ended June 30, 2012. (2012). Talbot County Finance Office.
[3] Talbot County Industrial Land Use Recommendation. (August 8, 2011). Land Use Sub Committee, Talbot County Economic Development Commission.

will help guide future management, prioritization and allocation of resources for the development of infrastructure to support a viable tax base for the County and Towns.

This report is divided into three parts. First, the study team provides a report on the current economic situation of Talbot County and its communities, including demographic and social characteristics, labor market conditions and other trends. Part II provides an analysis of the County's strengths, weaknesses, opportunities, and threats (SWOT) based on meetings held with stakeholders from the County and Towns. Finally, the study team identified a set of primary opportunity areas and developed recommendations for the County and each Town that will help guide economic development efforts over the next decade (Part III). An Implementation Plan has been provided as an appendix to this report.

Methods/Approach

- Literature Review

Rather than attempt to reinvent the proverbial wheel, Sage strove to maximize its available research budget by standing upon the shoulders of giants. Specifically, Sage conducted an extensive literature review of major documents produced by Talbot County and its Towns in recent years. A summary of each of these documents can be found in Part I. These documents include:

- SWOT Analysis Matrix (2008);
- Talbot County Economic Development Report (2010);
- Talbot County Industrial Land Use Recommendation (August 2011);
- FY2012 Talbot County Economic Development Strategic Plan (2012);
- Easton Comprehensive Plan (2010);
- Town of Oxford Comprehensive Plan (2010);
- St. Michaels Comprehensive Plan (2008);
- Community Legacy Plan, Town of St. Michaels (December 2008); and
- Town of Trappe Comprehensive Plan (April 2010).

- Extensive Data Analysis

Through collection of data from myriad sources, including government agencies and private sources, the study team was able to characterize:

- County and Town demographics;
- Talbot County's employment base;
- Labor market dynamics;
- Emerging/growth industries;
- Housing characteristics;
- Tax base trends; and
- County/Town development environments in terms of incentives and tax rates.

- SWOT Analysis

The Sage study team also conducted a detailed SWOT (strengths, weaknesses, opportunities and threats) analysis by compiling information obtained during five separate meetings with the Town of Trappe, Town of Easton, Talbot County, the Towns of Queen Anne, Oxford, Tilghman and the Villages, and the Town of St. Michaels. These sessions were held on February 4th and 5th and included community leaders, public officials, business owners, and other public stakeholders. Like SWOT analyses conducted in many societal contexts, the goal of the Talbot County SWOT analysis was to help identify key opportunities and impediments to the achievement of economic growth and broadly shared prosperity over the years and decades ahead.

- Identifying Priority Opportunity Areas and Developing Recommendations

With this information and analytical tools in hand, the study team identified and prioritized a number of potential primary opportunity areas that we believe should be the focus of Talbot County's economic development efforts in the future. The study team also developed a set of recommendations for Talbot County and the Towns designed to maximize economic growth over time in fiscally sustainable ways. These recommendations are presented toward the end of the report. Finally, the study team has provided guidance with respect to implementation, including descriptions of roles to be played by each stakeholder. The Implementation Plan can be found in the Appendix of this report.

Part I. Economic Analysis Report

A. Demographic and Social Characteristics

Talbot County's Population Continues to Expand

During each of the last two decades, Talbot County's population has expanded. Between 1990 and 2000, the County's population expanded by 10.7 percent, below the national rate of 13.4 percent and effectively consistent with the state's rate of 10.8 percent. While the communities of Easton, Trappe and Oxford experienced more significant population growth, the towns of Queen Anne and St. Michaels each lost population during that decade.

Population growth was more rapid during the most recently completed decade. During the 2000-2010 period, Talbot County added 3,970 residents, or 11.7 percent to its population totals, outpacing both Maryland and the nation along this dimension. The Town of Easton, which is the largest town in the county and is home to approximately 42 percent of all County residents, was responsible for more than 100 percent of county population growth during this period (+4,237 people; +36.2%). Queen Anne also experienced positive population growth (+46; +26.1%), but Oxford, St. Michaels, and Trappe each lost population.

As reflected in Exhibit 1, the Town of St. Michaels has now experienced two consecutive decades of population decline. However, it should be noted that the Census Bureau estimates may understate household presence. For instance, in communities such as Oxford and St. Michaels, many people maintain a second home and are not included in Census population estimates. It is conceivable that population in these communities has not fallen, but rather that a meaningful share of primary residents have been steadily replaced by more seasonal residents.

Exhibit 1: Population Growth Rate 1990-2000 v. 2000-2010

	1990-2000	2000-2010
U.S.	13.4%	9.7%
Maryland	10.8%	9.0%
Talbot County	10.7%	11.7%
Easton	24.9%	36.2%
Oxford	10.3%	-15.6%
St. Michaels	-8.3%	-13.7%
Trappe	17.7%	-6.0%
Queen Anne	-29.6%	26.1%

Source: U.S. Census Bureau

Exhibit 2: Population Change, 2000-2010

	2000 Population	2010 Population	Absolute Chg.	Percent Chg.
U.S.	281,421,906	308,745,538	27,323,632	9.7%
Maryland	5,296,486	5,773,552	477,066	9.0%
Talbot County	33,812	37,782	3,970	11.7%
Easton	11,708	15,945	4,237	36.2%
Oxford	771	651	-120	-15.6%
St. Michaels	1,193	1,029	-164	-13.7%
Trappe	1,146	1,077	-69	-6.0%
Queen Anne	176	222	46	26.1%

Source: Census Bureau, 2000 & 2010 Decennial Census

As Exhibit 3 indicates, between 2000 and 2010, Talbot County added 1,296 households (+9.1%). Again, Easton accounted for more than 100 percent of this growth. While Easton (+1,410; +28.0%), Trappe (+48; +11.3%), and Queen Anne (+22; +32.8%) added new households during the period of 2000-2010, Oxford (-98; -24.7%) and St. Michaels (-91; -16.6%) both lost households. In some sense, Talbot County represents the ultimate smart growth community, with population growth largely concentrated in already large communities. However, the apparent loss in population in several prominent Talbot County communities may be an indication of emerging community distress and/or loss in tax base vitality.

There are other potential interpretations of the data, however, including ones that are not associated with any indication of long-term distress. Census population counts are occasional. The loss of households in Oxford and St. Michaels may simply be a reflection of housing market dynamics, with some proportion of households moving out of the community, leaving homes behind waiting to be sold and occupied. With Talbot County's housing market now improving, there is a probability that household population has been rising recently as the available inventory of unsold homes declines. In fact, according to data from the Maryland Association of Realtors, the inventory of unsold homes in Talbot County declined from 19 months of supply in March 2012 to 14.8 months of supply one year later.

Exhibit 3: Total Households, 2000-2010

	2000	2010	Absolute Chg.	Percent Chg.
U.S.	105,480,101	114,235,996	8,755,895	8.3%
Maryland	1,980,859	2,121,047	140,188	7.1%
Talbot County	14,307	15,603	1,296	9.1%
Easton	5,031	6,441	1,410	28.0%
Oxford	396	298	-98	-24.7%
St. Michaels	548	457	-91	-16.6%
Trappe	425	473	48	11.3%
Queen Anne	67	89	22	32.8%

Source: U.S. Census Bureau 2000 & 2010 American Community Survey 5 year estimates

Talbot County has Added Population in both Younger and Older Cohorts

As in many communities across the nation, much of the population growth in Talbot County has been led by people ages 60 and older. This age group expanded by more than 34 percent between 2000 and 2010 and presently represents more than one-third of the county's total population, the largest of all age groups. A breakdown is provided in Exhibits 4 and 5.

The population aged 20-24 also expanded rapidly during the 2000-2010 period, increasing by 36.3 percent. This trend may be part of a larger national trend in which young adults are living in their parents' homes for longer periods than they previously have. This may be due to any number of factors, including a challenging labor market, significant levels of student debt, or a simple desire to reduce family expenses. A recent Pew Research Center Survey found that among all adults ages 18 to 34, 24 percent moved back in with their parents in recent years after living on their own because of economic conditions.[4] Part of this trend is also a function of the timing of the Baby Boom Generation and the subsequent Baby Boom Echo. Many of the children of the Baby Boomers, a large group in their own right, have now vacated their teenage years.

Younger age groups expanded only slightly during this period, with the population aged 10-19 years expanding only 2.3 percent and the number of aged children 9 years and younger increasing 3 percent. The expansion of population in younger age segments should probably be viewed as good news and indication that the county remains an attractive place in which to raise a family. There may not be a more important indication of community success than that.

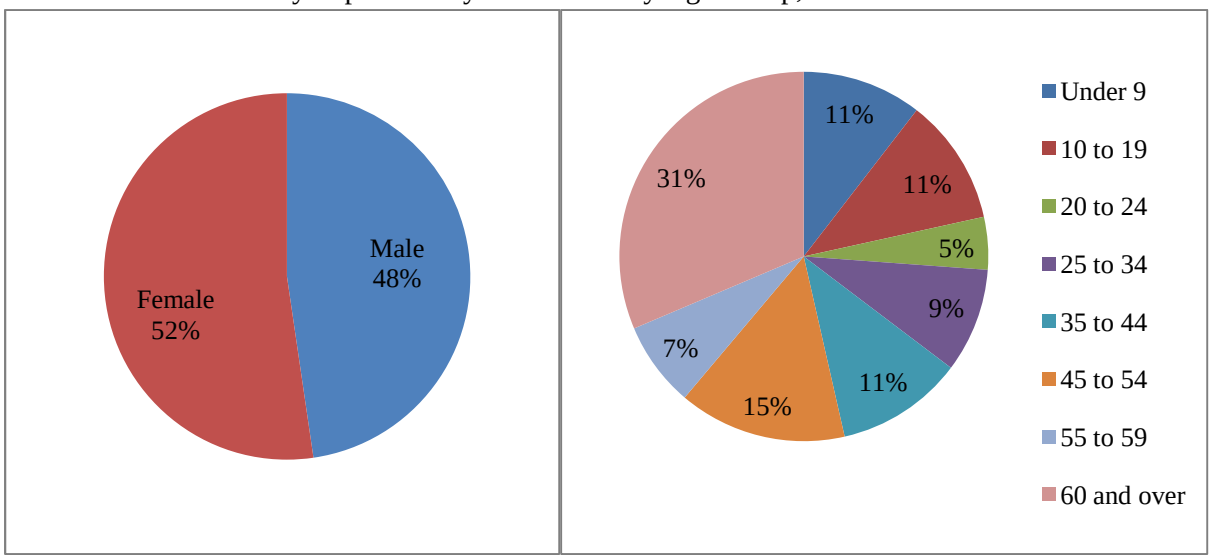
Exhibit 4: Talbot County Population by Gender and Age, 2000 v. 2010

Population	**2000**	**2010**	**Absolute Change**	**Percent Change**
TOTAL	33,812	37,782	3,970	11.7%
Gender				
Male	16,125	18,019	1,894	11.7%
Female	17,687	19,763	2,076	11.7%
Age				
Under 9	3,838	3,952	114	3.0%
10 to 19	4,091	4,185	94	2.3%
20 to 24	1,281	1,746	465	36.3%
25 to 34	3,477	3,459	-18	-0.5%
35 to 44	5,043	4,209	-834	-16.5%
45 to 54	5,016	5,555	539	10.7%
55 to 59	2,234	2,816	582	26.1%
60 and over	8,832	11,860	3,028	34.3%
Median Age	*43.3*	*47.4*	--	--

Source: Census Bureau

[4] Parker, Kim. (March 15, 2012). "The Boomerang Generation." Pew Research Center. Available at http://www.pewsocialtrends.org/2012/03/15/the-boomerang-generation/2/.

Exhibit 5: Talbot County Population by Gender and by Age Group, 2010

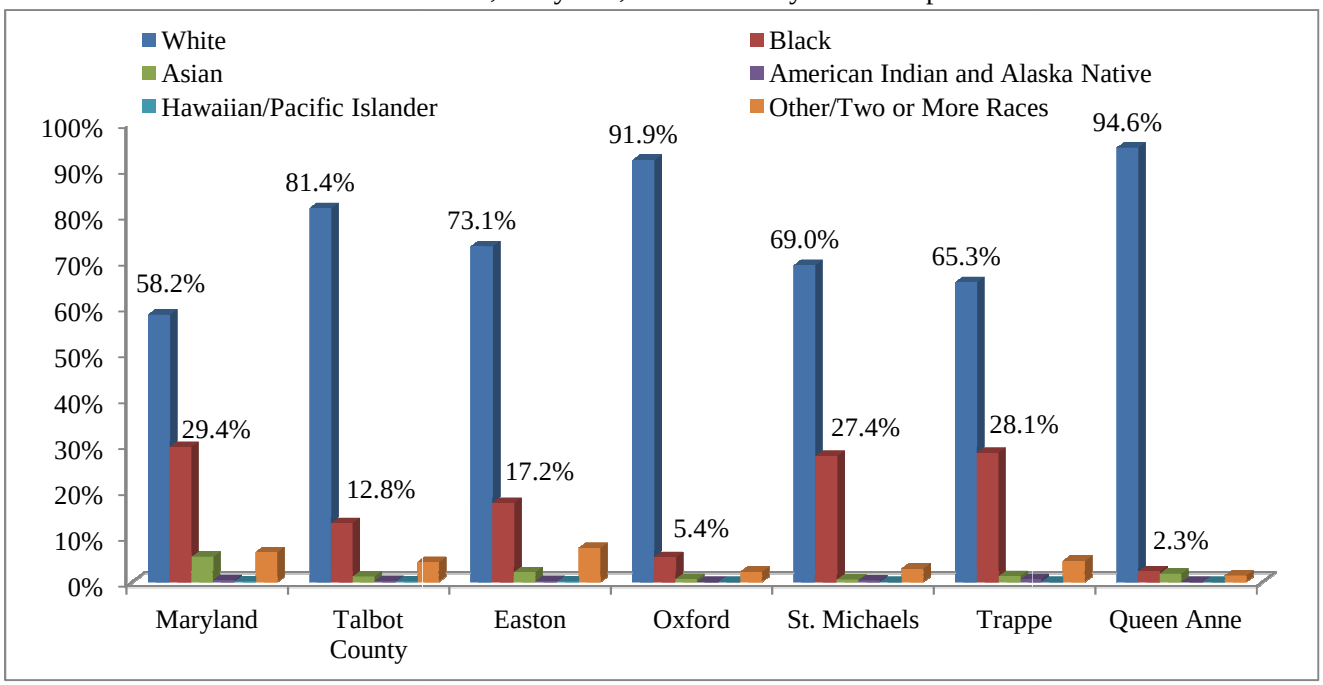


Source: Census Bureau

Some Talbot Communities are More Diverse than Others

Talbot County and its Towns are less racially diverse compared to the state average. This is reflected in Exhibit 6, which indicates that 81 percent of the county's population is White and that 13 percent is Black. In Maryland, the corresponding figures are 58 percent and 29 percent. The Towns of Queen Anne and Oxford are the least racially diverse among all Talbot County communities, while Trappe and St. Michaels are more representative of statewide distributions. From the perspective of economic development, these data may not have much relevance, however. None of the study team's recommendations are racially or ethnically oriented. However, these data may be of some interest to members of the community and therefore have been included in this study.

Exhibit 6: Racial Distribution as of 2010, Maryland, Talbot County & Municipalities



Source: U.S. Census Bureau

Talbot County is Highly Educated

Talbot County's population became far more educated during the most recently completed decade. Of county residents aged 25 and older, the number of people with a high school degree rose 15.2 percent between 2000 and 2010, while the number with a bachelor's degree or higher rose 30.2 percent. Conversely, the population with less than a high school degree declined 14.6 percent.

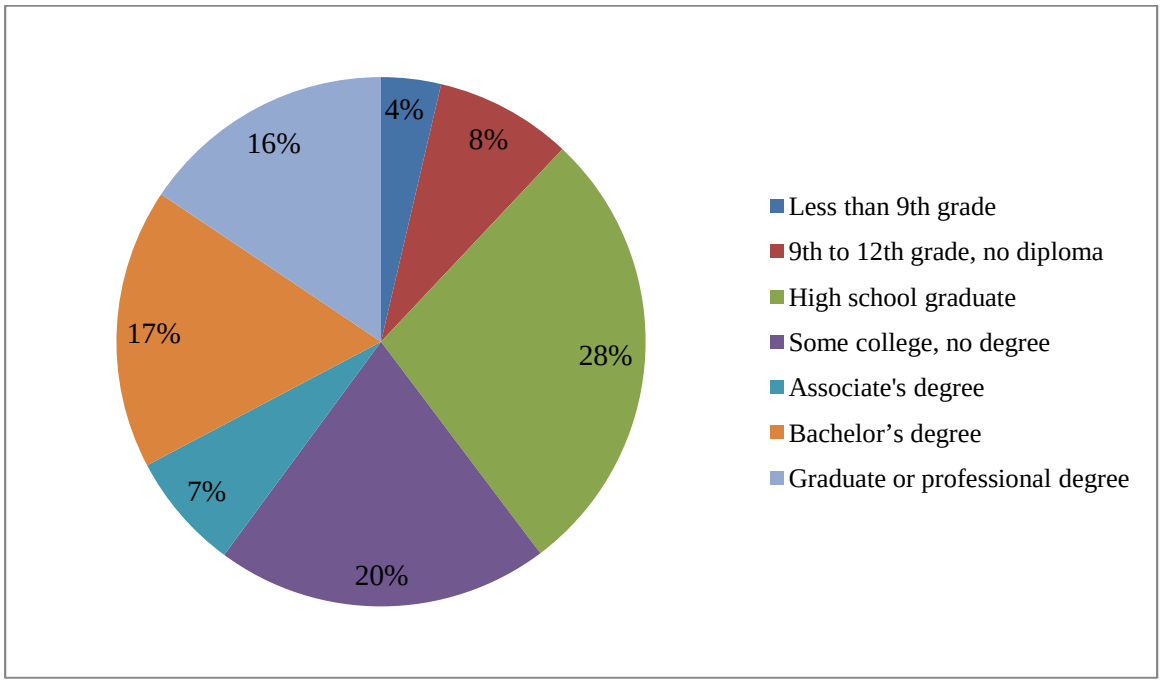
As an indication of the elevated level of education in Talbot County, the fastest growing population during the 2000-2010 decade was those with a graduate or professional degree as their highest level of attainment (+59.4%). Going forward, the economic development challenge here will be attracting challenging, high-wage jobs that will retain these residents in the community. It is important to remember that the most educated people are also the most mobile, particularly from the perspective of rural communities like Talbot County. The most educated citizens are also the most likely to be postured to take advantage of employment opportunities created in metropolitan contexts. Please see Exhibits 7 and 8 below for additional statistical detail.

Exhibit 7: Highest Level of Educational Attainment of Talbot County Residents, Age 25 and over

	2000	2010	Absolute Change	Percent Change
Population 25 and over	*24,809*	*27,431*	2,622	10.6%
Less than 9th grade	1,067	1,003	-64	-6.0%
9th to 12th grade, no diploma	2,795	2,294	-501	-17.9%
High school graduate	7,625	7,600	-25	-0.3%
Some college, no degree	5,057	5,589	532	10.5%
Associates degree	1,370	1,967	597	43.6%
Bachelor's degree	4,212	4,702	490	11.6%
Graduate or professional degree	2,683	4,276	1,593	59.4%
High School or more	*84.4%*	*88.0%*	3,187	15.2%
Bachelor's degree or more	*27.8%*	*32.7%*	2,083	30.2%

Source: U.S. Census Bureau American Community Survey

Exhibit 8: Distribution of Highest Educational Attainment of Talbot County Residents 25 and over, 2010



Source: U.S. Census Bureau, 2010 American Community Survey

Educational attainment in Talbot County is similar to that of the state and higher than the nation's. In Talbot County, 88 percent of residents 25 and older possess a high school degree, while 32.7 percent have a Bachelor's degree or higher. In Maryland, 87.8 percent have obtained a high school degree while 35.7 percent have a bachelor's degree or more. Nationwide, 85 percent of people 25 and older have a high school degree and 27.9 percent have more than a bachelor's degree. Nearly 40 percent of Talbot County's population 25 and over has obtained education beyond high school including an Associate's, Bachelor's, or Graduate/Professional degree.

According to the statistics provided in Exhibit 9, Oxford and St. Michaels represent the most educated communities in Talbot County. Queen Anne represents the least educated, with 83.1 percent of residents with high school degrees or more and 17.8 percent with bachelor's degree or higher – the lowest among all Talbot County communities.

Exhibit 9: Percentage of Population 25 years and over by Educational Attainment, 2010

	Talbot County	**Easton**	**Oxford**	**St. Michaels**	**Trappe**	**Queen Anne**	**Maryland-Statewide**	**U.S.**
Less than 9th grade	3.7%	4.5%	2.5%	0.7%	2.8%	1.4%	4.4%	6.2%
9th to 12th grade, no diploma	8.4%	8.3%	2.7%	3.4%	10.7%	15.5%	7.8%	8.7%
High school graduate	27.7%	24.8%	22.3%	33.6%	29.3%	30.4%	26.4%	29.0%
Some college, no degree	20.4%	21.7%	25.6%	19.5%	24.3%	25.7%	19.3%	20.6%
Associate's degree	7.2%	8.4%	5.5%	8.2%	4.9%	9.5%	6.3%	7.5%
Bachelor's degree	17.1%	16.5%	29.7%	25.0%	15.4%	12.2%	19.8%	17.6%
Graduate or professional degree	15.6%	15.8%	11.5%	9.8%	12.6%	5.4%	16.0%	10.3%
Percent high school graduate or higher	*88.0%*	*87.2%*	*94.7%*	*96.0%*	*86.6%*	*83.1%*	*87.8%*	*85.0%*
Percent bachelor's degree or higher	*32.7%*	*32.3%*	*41.3%*	*34.8%*	*28.0%*	*17.6%*	*35.7%*	*27.9%*

Source: U.S. Census Bureau, 2010 American Community Survey 5 year estimates

There is Substantial Income Disparity within Talbot County

Rising educational attainment is associated with higher incomes. As indicated in the exhibit below, median household income rose from $43,532 in 2000 to $63,017 in 2010, an increase of approximately 45 percent. This pace of growth was faster than that of the U.S. (23.6%) and Maryland (33.6%). Every town in Talbot County experienced an increase in median household income during the 2000-2010 period in nominal terms, with significant gains occurring in Queen Anne and Easton. In real (inflation-adjusted) terms, however, incomes barely budged during the decade in Trappe (24.2%) and Oxford (12.9%). Countywide, median income is below the Maryland median ($70,647) but higher than the nation's ($51,914).

Exhibit 10: Median Household Income, 2000 v. 2010

	2000	2010	Percent Change
U.S.	$41,994	$51,914	23.6%
Maryland	$52,868	$70,647	33.6%
Talbot County	$43,532	$63,017	44.8%
Easton	$36,464	$59,234	62.4%
Oxford	$52,054	$58,750	12.9%
St. Michaels	$32,578	$43,523	33.6%
Trappe	$40,625	$50,469	24.2%
Queen Anne	$45,000	$80,313	78.5%

Source: U.S. Census Bureau, 2010 American Community Survey 5 year estimates

Exhibit 11 provides a breakdown of household income distribution in Maryland, Talbot County and its municipalities, respectively. In terms of income distribution, Talbot County largely mirrors the state. The largest income groups are households with incomes between $50,000-$74,999 (21.3%) and $75,000-$99,000 (15.7%). Only 3.9 percent have household incomes of less than $10,000, below the state figure of 5.0 percent.

However, as shown in the exhibit below, household income varies significantly between Talbot County's municipalities. For instance, median household income ranges from $43,523 in St. Michaels to $80,313 in Queen Anne. The County-wide median household income is $63,017. Interestingly, the most educated communities identified in the section above, including St. Michaels and Oxford, do not necessarily have the highest incomes. While St. Michaels boasts the largest population with high school degrees (96%) and a significant population with a bachelor's degree or higher (34.8%), it also has the lowest median household income of all Talbot County municipalities ($43,523). Oxford, which has the largest proportion of its population with at least a bachelor's degree (41.3%) has a median income of $58,750. On the other hand, the Town of Queen Anne, arguably among the least educated communities in Talbot County, has the highest household income at $80,313. This may simply be a statistical aberration driven by Queen Anne's smallish population. It may also reflect the nature of rural incomes, which may be less correlated with educational attainment than in more urban contexts because of the nature of farm production, which arguable rewards hard work more than hours spent in a university.

Moreover, observed income levels in St. Michaels and Oxford may be at least partially explainable by the fact that the community is home to many retired scientists, attorneys, high-ranking military personnel and other types of professionals. While these people are associated with significant educational attainment, they are well beyond their peak earning years.

Exhibit 11: Household Income Distribution, 2010

Income	Talbot County	Easton	Oxford	St. Michaels	Trappe	Queen Anne	Maryland-Statewide
Total Households	*15,603*	*6,441*	*298*	*457*	*473*	*89*	*2,121,047*
Less than $10,000	3.9%	4.9%	3.4%	7.0%	5.5%	1.1%	5.0%
$10,000 - $14,999	3.4%	2.4%	5.0%	7.4%	0.8%	6.7%	3.3%
$15,000 - $24,999	8.6%	7.2%	6.0%	19.3%	15.6%	6.7%	6.9%
$25,000 - $34,999	8.8%	10.5%	15.1%	9.4%	8.5%	2.2%	7.7%
$35,000 - $49,999	12.7%	13.9%	16.8%	14.0%	19.2%	6.7%	11.8%
$50,000 - $74,999	21.3%	23.5%	14.1%	12.5%	22.4%	25.8%	18.2%
$75,000 - $99,999	15.7%	18.4%	6.0%	7.7%	18.0%	34.8%	14.1%
$100,000 - $149,999	14.3%	12.9%	15.8%	12.5%	7.6%	15.7%	17.7%
$150,000 - $199,999	4.3%	2.3%	10.7%	6.3%	2.3%	0.0%	7.9%
$200,000 or more	7.0%	4.1%	7.0%	3.9%	0.0%	0.0%	7.3%
Median Income	*$63,017*	*$59,234*	*$58,750*	*$43,523*	*$50,469*	*$80,313*	*$70,647*

Source: U.S. Census Bureau, American Community Survey 5 year estimates

Poverty Falls in Talbot County

Exhibit 12 indicates that poverty is declining in Talbot County. Between 2000 and 2010, the percent of County residents living at or below the poverty line fell from 5.3 percent to 4.3 percent. Importantly, poverty is not in decline everywhere. While poverty rates fell in Easton and Trappe, they rose in Oxford, St. Michaels and Queen Anne.

As with income, poverty rates reveal large disparities between Talbot County communities. In 2010, more than 15 percent of St. Michael's population was living at or below the poverty line. This is significantly higher than the state average of 5.7 percent and the national proportion of 10.1 percent. Poverty is also elevated in Queen Anne (12.3%), which as indicated above is also associated with a high median income. This level of disparity is not unusual for rural communities, in which landowners typically enjoy far higher incomes than those who do not own land/property. Alleviating poverty and raising living standards among today's low income earners is critical to fulfilling Talbot County's long-term economic potential. The goal should be one of broadly shared prosperity and this report is largely focused on helping to deliver on that objective. Higher living standards are also associated with a higher degree of county and municipality fiscal sustainability.

Exhibit 12: Poverty Rates (Families), 2000 v. 2010

	2000	2010
U.S.	9.2%	10.1%
Maryland	6.1%	5.7%
Talbot County	5.3%	4.3%
Easton	7.0%	4.8%
Oxford	2.5%	3.9%
St. Michaels	11.1%	15.1%
Trappe	9.6%	6.7%
Queen Anne	2.0%	12.3%

Source: U.S. Census Bureau, 2000 Census & 2010 American Community Survey 5 year estimates

Housing Affordability is a Significant Issue in Talbot County

As indicated in Exhibit 13, Talbot County possesses a wide range of new and old housing stock. As of 2010, roughly 51 percent of homes were built before 1970. As a reflection of Talbot County's historical character, 18.5 percent of homes countywide were built in 1939 or earlier. Oxford and St. Michaels have a significant amount of older housing stock, with nearly half of all homes in these communities being built prior to 1939. In Queen Anne, 68 percent of homes were built before 1939 and no home has been built since 1979. Housing stock is generally much newer in Easton where both population and household growth have been rapid. Approximately 18 percent of homes in Easton were built between 2000 and 2004, while another 7.3 percent were built since 2005.

Exhibit 13: Home Structure by Year Built, Talbot County & Municipalities, 2010

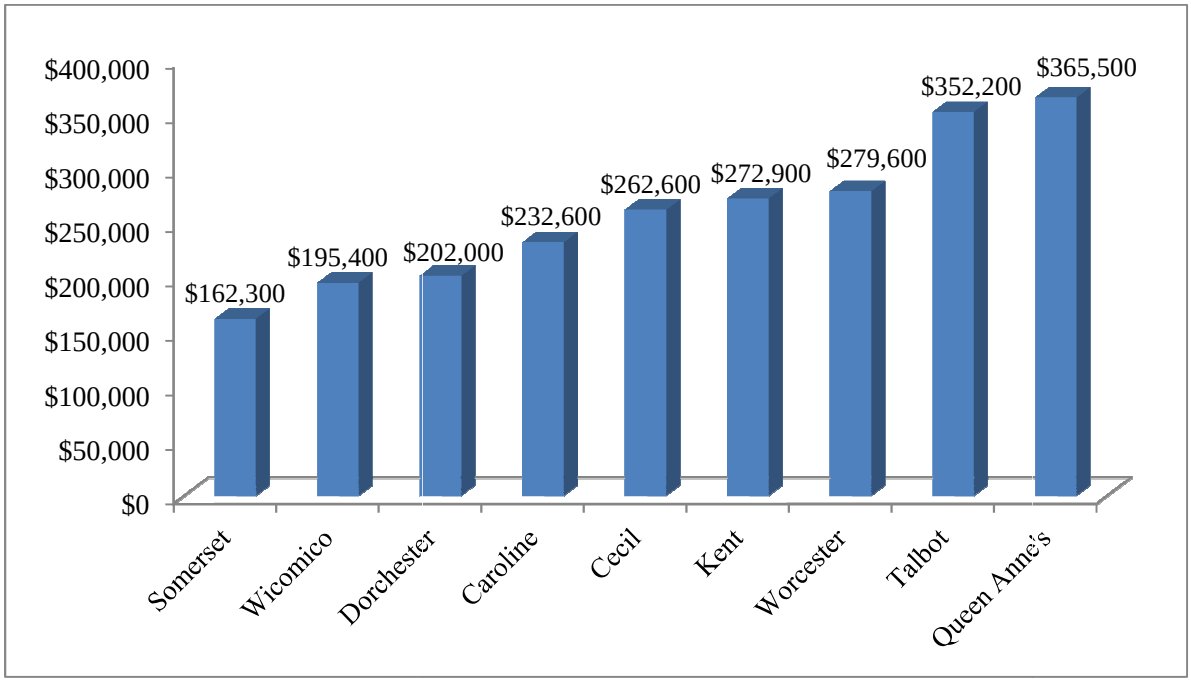
	Talbot County	Easton	Oxford	St. Michaels	Trappe	Queen Anne
Total housing units	*19,257*	*7,280*	*472*	*707*	*531*	*97*
2005 or later	5.0%	7.3%	4.0%	1.1%	0.0%	0.0%
2000 to 2004	12.4%	17.6%	7.6%	0.4%	8.5%	0.0%
1990 to 1999	15.9%	19.7%	9.1%	6.4%	19.4%	0.0%
1980 to 1989	16.1%	13.7%	15.5%	17.0%	11.9%	0.0%
1970 to 1979	12.3%	9.8%	7.8%	9.1%	17.3%	14.4%
1960 to 1969	8.3%	5.7%	4.7%	5.4%	5.3%	4.1%
1950 to 1959	7.9%	6.8%	2.5%	6.8%	10.9%	0.0%
1940 to 1949	3.5%	3.2%	2.5%	5.1%	5.8%	13.4%
1939 or earlier	18.5%	16.3%	46.2%	48.8%	20.9%	68.0%

Source: Census Bureau, 2010 American Community Survey 5 year estimates

Homes in Talbot County are generally less affordable than those in surrounding jurisdictions. Talbot County's median home value of $352,200 is the second highest among all Eastern Shore

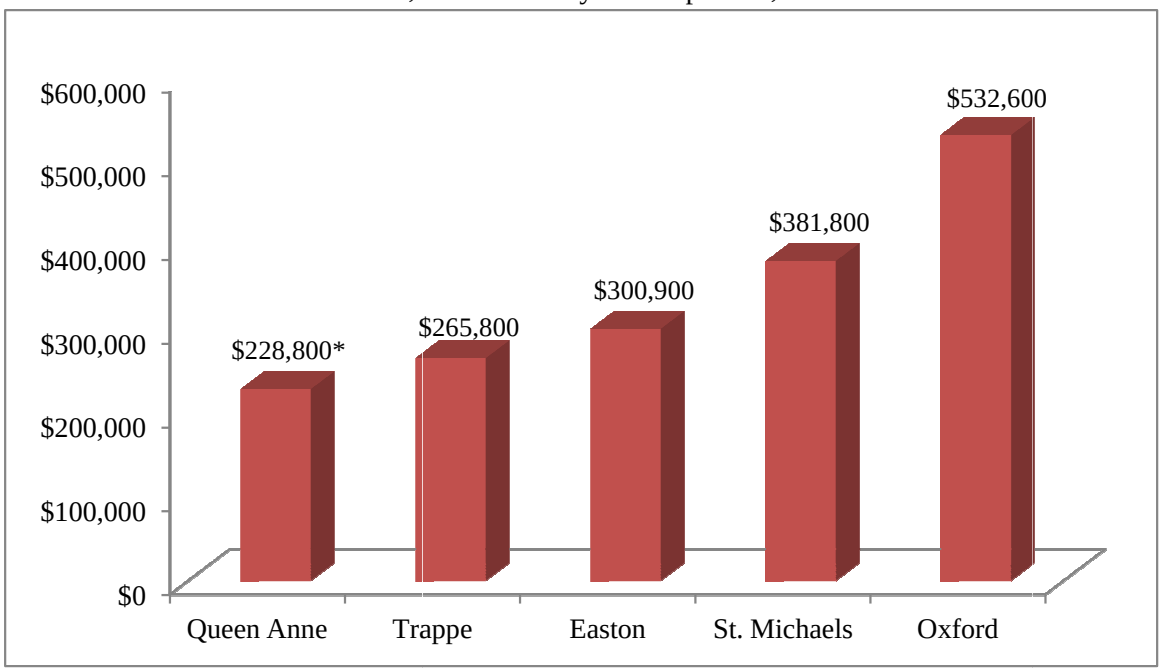
jurisdictions, falling only behind Queen Anne's County (See Exhibit 14). Home values in Talbot County are significantly higher than neighboring Dorchester ($202,000) and Caroline ($232,600) counties. As reflected in Exhibit 15, within Talbot County, median home values range from $532,600 in Oxford to $228,800 in Queen Anne.

Exhibit 14: Median Home Values, Talbot County and Other Eastern Shore Municipalities, 2011



Source: U.S. Census Bureau American Community Survey, 2011 5-year estimates

Exhibit 15: Median Home Values, Talbot County Municipalities, 2011



Source: U.S. Census Bureau American Community Survey, 2011 5-year estimates *2010 median value

B. Analysis of Labor Market Conditions

Low Unemployment in Talbot County Generally, but not in St. Michaels

Exhibit 16 provides statistical detail regarding Talbot County's labor force. Countywide, 62.3 percent of working-age residents are in the labor force, meaning that they are either actively employed or seeking employment. Fifty-eight percent of these workers are employed while 4.2 percent were unemployed as of 2011. Labor force participation in Talbot County is lower than in Maryland, but Talbot County's unemployment rate (4.2%) is lower than the state's (5.0%).

The percent of residents 16 and older in Talbot County not in the labor force (e.g. retired, a student, or not looking for a job among other things) was 37.7 percent as of 2011, higher than the corresponding state figure of 30.4 percent. This is likely a reflection of the county's relatively large number of retirees.

Two important findings stand out in the table below. First, the Town of Oxford has an exceptionally high percentage of its population that is not participating in the labor force. In fact, nearly 50 percent of working-age people in Oxford are neither employed nor looking for a job – a reflection of that community's high number of retirees, many of whom are very affluent judging from median home price statistics. The second finding is that the Town of St. Michaels has a significantly higher unemployment rate than other Talbot County communities, which corresponds with its high poverty rate and lower median income. This may be due to many factors, including a lack of skill set formation, transportation constraints, and/or substantial seasonality.

Exhibit 16: Employment Status of Workers, 2011

	Maryland	Talbot County	Easton	Oxford	St. Michaels	Trappe	Queen Anne*
Population 16 years and over	4,547,457	31,197	12,555	536	833	994	176
In labor force	69.6%	62.3%	65.3%	52.1%	68.1%	79.2%	73.9%
Civilian labor force	69.0%	62.2%	65.2%	52.1%	68.1%	79.2%	73.9%
Employed	64.0%	58.0%	60.9%	49.6%	58.9%	74.5%	73.9%
Unemployed	5.0%	4.2%	4.3%	2.4%	9.1%	4.6%	0.0%
Armed forces	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Not in labor force	30.4%	37.7%	34.7%	47.9%	31.9%	20.8%	26.1%

Source: U.S. Census Bureau, 2011 American Community Survey 5 year estimates; *2010 ACS 5 year estimates

According to the U.S. Census Bureau, the majority of Talbot County workers are either in management, business, science and arts occupations (36.5%) or sales and office occupations (25.9%). Workers are also employed in service occupations (19.7%), natural resources, construction, and maintenance occupations (10.5%) and production, transportation and material

moving occupations (7.4%). Statistical detail for each Talbot County community is provided in Exhibit 17.

Exhibit 17: Percentage of Employed 16 years and over by Occupation, 2011

	Maryland	Talbot County	Easton	Oxford	St. Michaels	Trappe	Queen Anne*
Total	100% (2,909,466)	100% (18,108)	100% (7,643)	100% (266)	100% (491)	100% (741)	100% (130)
Management, business, science, and arts occupations	43.5%	36.5%	36.8%	44.4%	26.5%	18.1%	31.5%
Service occupations	16.4%	19.7%	21.7%	15.4%	37.3%	28.3%	26.9%
Sales and office occupations	23.8%	25.9%	25.3%	27.4%	26.9%	32.0%	9.2%
Natural resources, construction, and maintenance occupations	8.5%	10.5%	6.5%	5.3%	6.1%	14.7%	12.3%
Production, transportation, and material moving occupations	7.8%	7.4%	9.8%	7.5%	3.3%	6.9%	20.0%

Source: U.S. Census Bureau, 2011 American Community Survey 5 year estimates; *2010 ACS 5 year estimates

Talbot County Lost a Higher Proportion of Jobs during the Recession

- County Employment Concentrated in Health, Education, Distribution, Leisure, Construction and Professional Services

Exhibit 18 reflects employment concentrations in Maryland, Talbot County and the Towns by industry. Several Talbot County industries provide a large fraction of employment. These include educational services and health care (21.9%), professional services (12.1%), retail trade (11.4%), leisure and hospitality (11.2%) and construction (10.3%). Together, these industries represent more than 6 in 10 jobs. Relative to the state, industries that comprise a higher share of employment in Talbot County include agriculture, forestry, fishing and hunting, and mining (2.4% vs. 0.5%), construction (10.3% vs. 7.3%.), manufacturing (5.5% vs. 5.2%), retail trade (11.4% vs. 9.7%), and leisure and hospitality (11.2% vs. 7.7%).

Exhibit 18: Percentage of Employed 16 years and over by Industry, 2011

	Maryland	Talbot County	Easton	Oxford	St. Michaels	Trappe	Queen Anne*
Total	100% (2,909,466)	100% (18,108)	100% (7,643)	100% (266)	100% (491)	100% (741)	100% (130)
Agriculture, forestry, fishing and hunting, and mining	0.5%	2.4%	1.5%	1.1%	0.6%	1.2%	0.0%
Construction	7.3%	10.3%	5.8%	9.4%	3.9%	10.1%	13.1%
Manufacturing	5.2%	5.5%	6.7%	7.5%	3.3%	5.3%	5.4%
Wholesale trade	2.2%	2.1%	1.7%	8.6%	2.9%	1.6%	13.8%
Retail trade	9.7%	11.4%	12.8%	4.1%	14.1%	11.2%	4.6%
Transportation and warehousing, and utilities	4.5%	3.5%	3.6%	7.5%	2.6%	3.8%	12.3%
Information	2.6%	1.6%	1.7%	0.0%	0.0%	3.6%	0.0%
Financial Activities (1)	6.6%	6.3%	5.3%	11.7%	4.1%	4.9%	8.5%
Professional service (2)	14.6%	12.1%	10.1%	8.3%	15.5%	6.1%	12.3%
Educational services and health care (3)	22.7%	21.9%	24.6%	10.9%	16.9%	23.3%	23.8%
Leisure & hospitality (4)	7.7%	11.2%	13.0%	15.0%	25.5%	17.8%	4.6%
Other services, except public administration	5.4%	5.4%	6.1%	12.4%	3.5%	5.1%	0.0%
Public administration	11.2%	6.2%	7.2%	3.4%	7.3%	5.9%	1.5%

Source: U.S. Census Bureau, 2011 American Community Survey 5 year estimates: (1) Finance and insurance, and real estate and rental and leasing; (2) Professional, scientific, and management, and administrative and waste management services; (3) Includes social assistance services; (4) Includes arts, entertainment, and recreation, accommodation and food services. *2010 ACS 5 year estimates

- Business Establishment Trends

Exhibits 19 and 20 reflect business establishment patterns for 2005 and 2011 for Talbot County. Between 2005 and 2011, the number of business establishments declined from 1,753 to 1,645, a decrease of 108 or 6.2 percent, a negative indicator. During the same period, the number of establishments increased 2.9 percent statewide. Importantly, the 2005-2011 period is a good time comparison because it encompasses the period before and after the most recent recession.

Only leisure and hospitality and education and health services categories experienced growth in the number of private businesses between 2005 and 2011, while remaining industries lost establishments. Construction, trade, transportation and utilities, other services (which includes auto repair/maintenance, equipment repair, personal care services, etc.), and manufacturing suffered the worst losses along this dimension. Many of these business failures are presumably attributable to the national recession that began in December 2007.

Exhibit 19: Number of Business Establishments, 2005 & 2011

	Total Number of Establishments			
	2005	*2011*	*% Chg.*	*Absolute Chg.*
Maryland	160,084	164,665	2.9%	4,581
Talbot County	1,753	1,645	-6.2%	-108

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Exhibit 20: Change in Talbot County Business Establishments by Sector, 2005 & 2011

	Total Number of Establishments			
	2005	*2011*	*% Chg.*	*Absolute Chg.*
Total	*1,753*	*1,645*	*-6.2%*	*-108*
Government	44	44	0.0%	0
Natural resources and mining	17	16	-5.9%	-1
Construction	256	212	-17.2%	-44
Manufacturing	48	32	-33.3%	-16
Trade, Transportation and Utilities	360	335	-6.9%	-25
Information	24	15	-37.5%	-9
Financial activities	157	146	-7.0%	-11
Professional and business services	274	269	-1.8%	-5
Education and health services	170	173	1.8%	3
Leisure and hospitality	139	166	19.4%	27
Other services	260	238	-8.5%	-22
Unclassified	5	0	-100.0%	-5

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

- Employment Change by Industry

As reflected in Exhibit 21 below, total employment in Talbot County declined by 1,275 jobs or 6.7 percent between 2005 and 2011. During this corresponding period, employment in Maryland fell 0.8 percent. In other words, the rate of job loss in Talbot County was much sharper than in the balance of the state.

Exhibit 21: Total Employment, All Industries, 2005 & 2011

	Total Employment (Average Annual)		
	2005	*2011*	*% Chg.*
Maryland	2,497,487	2,478,505	-0.8%
Talbot County	19,148	17,873	-6.7%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Nearly all of the job losses in Talbot County between 2005 and 2011 occurred in the private sector. During this period, private sector employment in Talbot County shrank 7.4 percent or by 1,274 jobs. In other words, the private sector accounted for all but one of Talbot County's job losses during this period according to published government data. Public sector employment was essentially unchanged in Talbot County between 2005 and 2011, declining by just one net job.

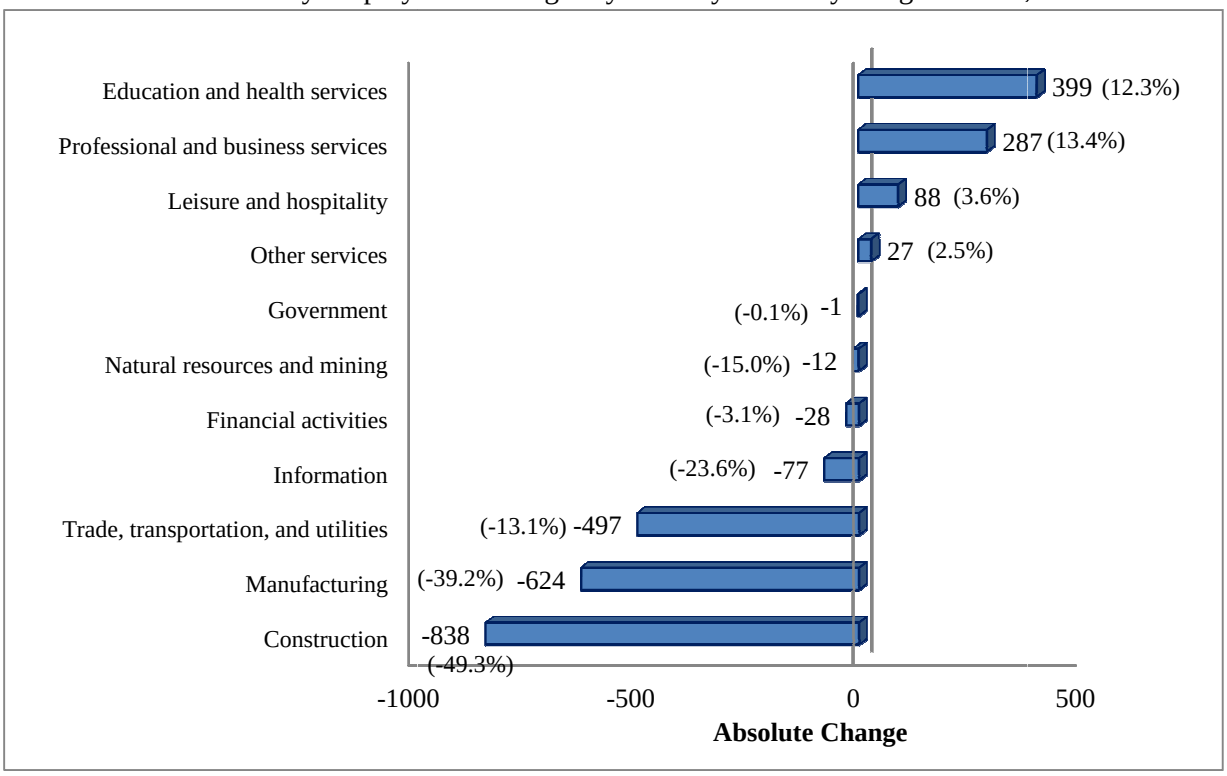
Within the private sector, service-providing employment expanded by 198 net jobs or 1.4 percent. Four private sector service-providing industries added jobs between 2005 and 2011. These include education and health services, professional and business services, leisure and hospitality, and other services. However, these job gains were offset by losses in goods-producing sectors (-1,473 jobs; -43.7%), including construction, mining, manufacturing and national resources. Exhibit 22 and 23 provide relevant statistical detail.

Exhibit 22: Talbot County Employment by Sector, 2005 v. 2011

	Total Employment (Average Annual)			
	2005	*2011*	*Absolute Chg.*	*% Chg.*
Total Employment	19,148	17,873	-1,275	-6.7%
Public Sector Total	1,845	1,844	-1	-0.1%
Private Sector Total	17,303	16,029	-1,274	-7.4%
Goods-Producing	3,370	1,897	-1,473	-43.7%
Service-Providing	13,934	14,132	198	1.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Exhibit 23: Talbot County Employment Changes by Industry Sector by 2-digit NAICS, 2005-2011



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (Percentage growth is in parenthesis)

Education and Health Services

Education and health services represented the single fastest growing element of Talbot County's economy between 2005 and 2011. Employment in this sector grew by 399 jobs or 12.3 percent during this period. The education & health services sector represents a key segment of the county's economy and supports 20.5 percent of local employment as of 2011, up from 17.0 percent in 2005.

As shown in Exhibit 24 below, the health care and social assistance subsector accounted for more than 100 percent of the growth in the education and health services sector between 2005 and 2011. Employment in this subsector expanded by 436 net jobs or 14.3 percent. Certain ambulatory health care service categories experienced particularly rapid job growth, particularly home health care services (+194, +538.9%). Of course, the health care industry in Talbot County is supported in large measure by the presence of the Shore Health System/University Medical System. Shore Health/UMMS encompasses three hospitals (including the Memorial Hospital in Easton) and employs more than 1,900 staff workers and approximately 200 physicians.[5]

[5] "About Shore Health System." (n.d.) Shore Health Website. Accessed on February 4, 2013. Available at http://www.shorehealth.org/about/.

Growth in this sector will likely continue to expand given the expansion of health care access as a result of the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act). The Congressional Budget Office projects that between 30-33 million more people nationwide will have health insurance coverage by 2016 as a result of the Accordable Care Act.[6] Talbot County's aging population and the development of a new regional medical center in Easton are also likely to create additional job opportunities within the County's health services sector.

Exhibit 24: Talbot County Employment, Education and Health Services & Available Subsectors, 2005 v. 2011

Industry	**Average Annual Employment**			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Education & Health Services	*3,257*	*3,656*	*399*	*12.3%*
Educational services	207	170	-37	-17.9%
Health care and social Assistance	3,050	3,486	436	14.3%
Ambulatory health care services	906	1206	300	33.1%
Offices of physicians	505	527	22	4.4%
Offices of dentists	136	137	1	0.7%
Offices of other health practitioners	93	127	34	36.6%
Outpatient care Centers	110	106	-4	-3.6%
Home health care Services	36	230	194	538.9%
Nursing & residential care facilities	728	741	13	1.8%
Continuing care, assisted living facilities	456	455	-1	-0.2%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages *Totals do not add up because only subsectors with data available are presented

Professional and Business Services

Professional & business services represented the second largest job-creating industry in Talbot County during the 2005-2011 period. Employment in this sector expanded by 287 net jobs or 13.4 percent. As of 2011, this sector supported 13.5 percent of all jobs in Talbot County, up from 11.1 percent in 2005.

[6] "CBO's February 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage." (February 2013). Congressional Budget Office. Available at http://cbo.gov/sites/default/files/cbofiles/attachments/43900_ACAInsuranceCoverageEffects.pdf.

Within the professional and business services sector, architectural and engineering services (+131, +54.4%), management and technical consulting services (+79, +44.1%), and accounting and bookkeeping services (+65, +46.1%) experienced the largest increases absolute job growth. Exhibit 25 provides relevant statistical detail.

Exhibit 25: Talbot County Employment, Professional & Business Services and Available Subsectors, 2005 v. 2011

Industry	**Average Annual Employment**			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Professional and Business Services	*2,134*	*2,421*	*287*	*13.4%*
Legal services	169	137	-32	-18.9%
Accounting and bookkeeping services	141	206	65	46.1%
Architectural and engineering services	241	372	131	54.4%
Computer systems design and related services	99	37	-62	-62.6%
Management and technical consulting services	179	258	79	44.1%
Office administrative services	88	40	-48	-54.5%
Business support services	15	51	36	240.0%
Services to buildings and dwellings	483	409	-74	-15.3%
Advertising, PR, and related services	17	31	14	82.4%
Other professional and technical services	82	86	4	4.9%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
*Totals do not add up because only subsectors with data available are presented

Leisure and Hospitality

Leisure and hospitality (tourism) represented the third fastest growing sector in Talbot County between 2005 and 2011 in terms of absolute job growth and is a key element of the local economy and a source of substantial competitive advantage. Leisure and hospitality employment expanded by 88 net jobs or nearly 4 percent. This sector provides 14.1 percent of total jobs in Talbot County as of 2011, up from 12.7 percent in 2005. Not only does this segment of the economy create employment opportunities and generate income, property and other sources of taxes/fees for local government, investments in the segment often benefit the local residential population as well (e.g., fine dining establishments). This serves to enhance quality of life, which in turn translates into higher residential property values.

Job growth in the leisure and hospitality sector was disproportionately led by gains in the accommodations and food services subsector (includes lodging and restaurants), which expanded its employment by 8.2 percent or 173 net new jobs. On the other hand, the arts, entertainment and recreation subsector contracted by 25.2 percent or 85 net jobs between 2005 and 2011. Please see Exhibit 26 below.

Exhibit 26: Talbot County Employment, Leisure & Hospitality and Available Subsectors, 2005 v. 2011

Industry	**Average Annual Employment**			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Leisure and Hospitality	*2,439*	*2,527*	*88*	*3.6%*
Arts, entertainment, and recreation	337	252	-85	-25.2%
Performing arts and spectator sports	15	9	-6	-40.0%
Museums, historical sites, zoos, and parks	84	63	-21	-25.0%
Amusements, gambling, and recreation	239	179	-60	-25.1%
Accommodation and food services	2,102	2,275	173	8.2%
Accommodation	538	516	-22	-4.1%
Food services and drinking places	1565	1759	194	12.4%
Full-service restaurants	833	931	98	11.8%
Limited-service eating places	669	725	56	8.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
*Totals do not add up because only subsectors with data available are presented

Government

Government employment in Talbot County was essentially unchanged between 2005 and 2011, declining by one net job or 0.1 percent. As of 2011, the public sector supports 10.3 percent of total employment in Talbot County, up from 9.6 percent in 2005.

The local government, which encompasses employment associated with the public school system (elementary and secondary schools) and municipal governments, supported all of the jobs added in the public sector between 2005 and 2011. Local government expanded its employment by 2.4 percent or 33 net jobs. On the other hand, employment in both the federal and state government declined in Talbot County by -9.8 percent and -3.9 percent respectively. Exhibit 27 provides relevant statistical detail.

Exhibit 27: Government Employment, 2005 v. 2011

Industry	Average Annual Employment			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Government	*1,845*	*1,844*	*-1*	*-0.1%*
Federal	266	240	-26	-9.8%
State	203	195	-8	-3.9%
Local	1,376	1,409	33	2.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Financial Activities & Information

Talbot County's financial activities and information sectors each experienced net job losses between 2005 and 2011. The financial activities industry contracted by 28 net jobs or 3.1 percent during this period, with employment in this industry as a percent of total county employment increasing slightly from 4.7 percent in 2005 to 4.9 percent in 2011.

Certain financial activities subsectors, including insurance carriers and related activities, experienced significant job growth during this period, adding 78 jobs or 31.6 percent. Within this subcategory, insurance agencies and brokerages accounted for the largest gains. On the other hand, employment in the real estate/rental and leasing subcategory declined significantly (-92, -29.3%). This was presumably due to a catastrophic downturn in housing activity and home prices; a phenomenon that plagued much of the balance of the nation.

The information sector, which includes publishing and broadcasting industries including books and magazines, shed 77 jobs or -23.6 percent between 2005 and 2011. In 2005, the information sector supported 1.7 percent of all jobs in the county jobs within the county. By 2011, that figure declined to 1.4 percent. There are occasions when technological progress creates jobs. But in the world of publishing, the advent of e-readers, news-distributing websites and other forms of "progress" has led considerable job destruction.

Exhibit 28: Talbot County Employment, Financial and Information and Available Subsectors, 2005 v. 2011

Industry	Average Annual Employment			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Financial Activities	*901*	*873*	*-28*	*-3.1%*
Finance and insurance	587	651	64	10.9%
Credit intermediation and related activities	258	227	-31	-12.0%
Depository credit intermediation	191	197	6	3.1%
Insurance carriers and related activities	247	325	78	31.6%
Insurance carriers	119	95	-24	-20.2%
Insurance agencies and brokerages	128	230	102	79.7%
Real estate and rental and leasing	314	222	-92	-29.3%
Real estate	223	159	-64	-28.7%
Lessors of real estate	29	24	-5	-17.2%
Offices of real estate agents and brokers	101	39	-62	-61.4%
Activities related to real estate	94	97	3	3.2%
Information	*326*	*249*	*-77*	*-23.6%*

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
*Totals do not add up because only subsectors with data available are presented

Trade, Transportation and Utilities

The trade, transportation and utilities industry, one of Talbot County's largest industries, was also associated with net job losses during the 2005-2011 period. Employment in this sector declined by 497 jobs or approximately 13 percent. Trade, transportation and utilities supports 18.5 percent of all County employment, down from 19.9 percent in 2005. This represents the economy's supply chain or its distribution network. With fewer goods being purchased, produced and distributed during a recessionary period, the supply chain shed jobs. This was true in much of Maryland and the U.S.

Nearly every subsector within the trade, transportation, and utilities sector experienced job losses between 2005 and 2011, including wholesale trade and retail trade subsectors. As Exhibit 27 indicates, retail trade (including automobile dealers and auto parts, building material and garden supply stores, food and beverage stores, and clothing and accessories stores) supports a significant number of jobs in Talbot County (2,509 in 2011). Exhibit 29 provides relevant statistical detail.

Exhibit 29: Talbot County Employment, Trade, Transportation & Utilities and Available Subsectors, 2005 v. 2011

Industry	Average Annual Employment			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Trade, Transportation and Utilities	*3,807*	*3,310*	*-497*	*-13.1%*
Wholesale trade	570	526	-44	-7.7%
Merchant wholesalers, durable goods	393	291	-102	-26.0%
Motor vehicle and parts merchant wholesalers	115	84	-31	-27.0%
Commercial equip. merchant wholesalers	59	52	-7	-11.9%
Hardware and plumbing merchant wholesalers	30	27	-3	-10.0%
Machinery and supply merchant wholesalers	137	80	-57	-41.6%
Merchant wholesalers, nondurable goods	138	194	56	40.6%
Grocery and related product wholesalers	81	96	15	18.5%
Misc. nondurable goods merchant wholesalers	21	28	7	33.3%
Electronic markets and agents and brokers	39	42	3	7.7%
Retail Trade	2,894	2,509	-385	-13.3%
Motor vehicle and parts dealers	405	294	-111	-27.4%
Automobile dealers	258	179	-79	-30.6%
Other motor vehicle dealers	59	53	-6	-10.2%
Auto parts, accessories, and tire stores	87	62	-25	-28.7%
Furniture and home furnishings stores	77	65	-12	-15.6%
Furniture stores	48	33	-15	-31.3%
Home furnishings stores	29	32	3	10.3%
Electronics and appliance stores	59	21	-38	-64.4%
Building material and garden supply stores	527	418	-109	-20.7%
Food and beverage stores	642	549	-93	-14.5%
Grocery stores	544	502	-42	-7.7%
Specialty food stores	45	16	-29	-64.4%
Beer, wine, and liquor	54	32	-22	-40.7%

stores				
Health and personal care stores	118	132	14	11.9%
Gasoline stations	93	58	-35	-37.6%
Clothing and clothing accessories stores	149	104	-45	-30.2%
Clothing stores	102	64	-38	-37.3%
General merchandise stores	449	482	33	7.3%
Department stores	398	449	51	12.8%
Other general merchandise stores	51	33	-18	-35.3%
Miscellaneous store retailers	212	223	11	5.2%
Florists	63	55	-8	-12.7%
Office supplies, stationery, and gift stores	57	59	2	3.5%
Used merchandise stores	41	43	2	4.9%
Other miscellaneous store retailers	51	66	15	29.4%
Nonstore retailers	40	50	10	25.0%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
*Totals do not add up because only subsectors with data available are presented

Goods-Producing Segments (Manufacturing, Natural Resources and Mining, Construction)

Talbot County's goods-producing segments suffered disproportionately during the 2005-2011 period, rendering the county more dependent on service-producing segments. The manufacturing sector, which supports 5.4 percent of all jobs in Talbot County, (down from 8.3% in 2005) shed 624 jobs or 39.2 percent. Construction employment contracted by 49.3 percent or 838 jobs. Construction employment as a percent of total county employment fell from 8.9 percent in 2005 to just 4.8 percent in 2011. The implication is that many workers with these skill sets are now without jobs. Although some may have left the county, many likely need to be re-trained to benefit from a renewal of construction activity.

Natural resources employment declined by 12 jobs or 15 percent between 2005 and 2011. This segment supports a relatively small portion of total Talbot County employment (0.4 percent, unchanged since 2005).

Exhibit 30: Talbot County Employment, Goods-Producing Industries and Available Subsectors, 2005 v. 2011

Industry	Average Annual Employment			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Natural Resources and Mining	*80*	*68*	*-12*	*-15.0%*
Mining, quarrying, and oil and gas extraction	16	8	-8	-50.0%
Manufacturing	*1,590*	*966*	*-624*	*-39.2%*
Chemical manufacturing	275	188	-87	-31.6%
Miscellaneous manufacturing	73	61	-12	-16.4%
Construction	*1,700*	*862*	*-838*	*-49.3%*
Construction of buildings	548	313	-235	-42.9%
Residential building construction	468	261	-207	-44.2%
Nonresidential building construction	80	52	-28	-35.0%
Heavy and civil engineering construction	129	91	-38	-29.5%
Utility system construction	38	50	12	31.6%
Other heavy construction	43	37	-6	-14.0%
Specialty trade contractors	1,023	458	-565	-55.2%
Building foundation and exterior contractors	113	43	-70	-61.9%
Building equipment contractors	369	205	-164	-44.4%
Building finishing contractors	228	95	-133	-58.3%
Other specialty trade contractors	313	115	-198	-63.3%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

*Totals do not add up because only subsectors with data available are presented

Other Services

Other services, which include automotive repair and maintenance, personal and laundry services, membership associations and organizations among other segments, expanded employment by 2.5 percent or 27 jobs between 2005 and 2011. Other services support 6.1 percent of total jobs in Talbot County, up from 5.6 percent in 2005.

Exhibit 31: Talbot County Employment, Other Services, 2005 v. 2011

Industry	Average Annual Employment			
	2005	*2011*	*Absolute Chg.*	*Percent Chg.*
Other Services	*1,069*	*1,096*	*27*	*2.5%*
Repair and maintenance	312	278	-34	-10.9%
Automotive repair and maintenance	174	169	-5	-2.9%
Household goods repair and maintenance	89	71	-18	-20.2%
Personal and laundry Services	198	194	-4	-2.0%
Personal care services	99	105	6	6.1%
Death care services	31	40	9	29.0%
Dry cleaning and laundry services	32	22	-10	-31.3%
Other personal services	36	27	-9	-25.0%
Membership associations and organizations	327	429	102	31.2%
Civic and social organizations	129	282	153	118.6%
Professional and similar organizations	143	53	-90	-62.9%
Private households	229	195	-34	-14.8%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

*Totals do not add up because only subsectors with data available are presented

Top Expanding/Declining Industries

Exhibit 32 identifies the fastest-growing industry sectors in Talbot County by four-digit NAICS codes based on the analysis above. During the 2005-2011 period, the fastest growing industries in terms of employment in Talbot County include home health care services, civic and social organizations, architectural and engineering services, and insurance agencies and brokerages.

Exhibit 32: Talbot County Top Fastest-Growing Industries by Four-Digit NAICS

	2005	2011	Absolute Change
Home health care services	36	230	194
Civic and social organizations	129	282	153
Architectural and engineering services	241	372	131
Insurance agencies and brokerages	128	230	102
Management and technical consulting services	179	258	79
Accounting and bookkeeping services	141	206	65
Department stores	398	449	51
Business support services	15	51	36
Individual and family services	71	107	36
Offices of other health practitioners	93	127	34

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

In contrast, the top declining industries in Talbot County include many industries associated with the construction industry. These include residential building construction, specialty trade contractors, building equipment contractors, and building finishing contractors. Other declining industries include professional and similar organizations, automobile dealers, and offices of real estate agents and brokers.

Exhibit 33: Talbot County Top Declining Industries by Four-Digit NAICS

	2005	2011	Absolute Change
Residential building construction	468	261	-207
Other specialty trade contractors	313	115	-198
Building equipment contractors	369	205	-164
Building finishing contractors	228	95	-133
Professional and similar organizations	143	53	-90
Automobile dealers	258	179	-79
Services to buildings and dwellings	483	409	-74
Building foundation and exterior contractors	113	43	-70
Offices of real estate agents and brokers	101	39	-62
Computer systems design and related services	99	37	-62

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Wages by Industry

Exhibit 34 reflects changes in average weekly wage by industry for Talbot County. Weekly average wage encompasses bonuses, reimbursements, and various employee benefits such as

stock options and employer's contribution to retirement accounts.[7] Between 2005 and 2011, the average weekly wage for workers rose from $609 to $716, an increase of $107 dollars per week or 17.6 percent. Wages are generally up across the board, with education and health services, professional and business services, natural resources and mining, and financial activities experiencing the largest wage growth among all industries. In contrast, the construction, trade, transportation and utilities, and manufacturing sectors experienced much slower growth.

As of 2011, Talbot County industries reporting the highest average weekly wages were financial activities ($1,118), federal government ($1,082), education and health services ($898), professional and business services ($846), and local government ($849). Industries associated with the lowest average weekly wages include leisure and hospitality ($359), other services ($510), trade, transportation and utilities ($555), and natural resources and mining ($627). Importantly, the two sectors with the lowest average weekly wage – leisure and hospitality and other services – are among the fastest growing industries in Talbot County.

Exhibit 34: Change in Average Weekly Wage by Major Industry Sector, Talbot County

Industry	**2005**	**2011**	**Absolute Chg.**	**% Chg.**
Total, All Industries	$609	$716	$107	17.6%
Public Sector Total				
Federal Government	$925	$1,082	$157	17.0%
State Government	$613	$653	$40	6.5%
Local Government	$710	$849	$139	19.6%
Private Sector Total	$596	$699	$103	17.3%
Goods-Producing	$682	$741	$59	8.7%
Natural Resources & Mining	$505	$627	$122	24.2%
Construction	$709	$761	$52	7.3%
Manufacturing	$662	$732	$70	10.6%
Service-Providing	$575	$694	$119	20.7%
Trade, Transportation & Utilities	$512	$555	$43	8.4%
Information	$710	$787	$77	10.8%
Financial Activities	$924	$1,118	$194	21.0%
Professional & Business Services	$671	$846	$175	26.1%
Education & Health Services	$699	$898	$199	28.5%
Leisure & Hospitality	$306	$359	$53	17.3%
Other Services	$503	$510	$7	1.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

[7] Bureau of Labor Statistics, Quarter Census of Employment and Wages. (n.d.). *Frequently Asked Questions. (15).* Accessed on February 5, 2012, from http://www.bls.gov/cew/cewfaq.htm#Q15.

As shown in Exhibit 35, Talbot County workers earn significantly lower wages than their Maryland counterparts. As of 2011, Talbot County workers made $303 less per week than the average Maryland worker ($1,019). This represents a key finding of this study and further highlights the need for Talbot County to attract businesses that provide higher wages.

Exhibit 35: Average Weekly Wage, MD Eastern Shore Counties, 2011

County	Average Weekly Wage
Cecil	$783
Somerset	$737
Talbot	$716
Wicomico	$715
Kent	$686
Dorchester	$659
Queen Anne's	$657
Caroline	$655
Worcester	$563
Maryland	*$1,019*

Source: Bureau of Labor Statistics

Business Size

Exhibit 36 reflects the number of businesses in Talbot County by size. More than 77 percent of businesses in Talbot County are classified as micro-enterprises, meaning that they have between zero and nine employees. These micro-enterprises represent roughly 22 percent of total employment in the county. Another 14.4 percent are considered small businesses (between 10 and 24 employees) while 6.8 percent are considered medium-size establishments (25 to 99 employees). Only 1.2 percent of businesses are classified as large, meaning that they have more than 100 employees. However, this relatively small group of businesses represents 25.8 percent of total private employment in Talbot County. A list of major employers in Talbot County is provided in Exhibit 37.

Exhibit 36: Talbot County Private Sector Establishments by Size, as of Q4 2011

Size	Establishments	% of Total Establishments	% of Total Employment
Micro (0-9)	1,204	77.6%	22.1%
Small (10-24)	224	14.4%	21.2%
Medium (25-99)	105	6.8%	30.9%
Large (>=100)	18	1.2%	25.8%
Total	*1,551*	*100.0%*	*100.0%*

Source: Maryland Department of Labor, Licensing and Regulation

Because small and micro-businesses are so important to Talbot County's economy – together employing more than 43 percent of total County employment – it is important that the County invest resources to help these businesses start, grow and succeed. According to the U.S. Small Business Administration, local governments can provide a range of services to help smaller businesses, including providing start up advice and training; financial assistance including through loans, grants and tax-exempt bonds; business location and site selection assistance; and employee recruitment and train.[8] Of course, these services require that additional resources be made available to the Talbot County Office of Economic Development.

Exhibit 37: Major Employers in Talbot County

Employer	# of employees	Employer	# of employees
Shore Health System	1,000+	Candle Light Cove Management	less than 100
Allen Harim Foods LLC	250-499	Care Health Services Inc.	less than 100
William Hill Manor	250-499	CareFirst Blue Cross of Maryland	less than 100
ACM Chesapeake Publishing	100-249	Chesapeake Group Homes Inc.	less than 100
ACME Markets	100-249	Coca Cola Enterprises Inc.	less than 100
Aphena Pharma Solutions	100-249	Comfort Keepers – Devon Group	less than 100
Chesapeake Building Components	100-249	Contracting Consulting	less than 100
Darden Restaurants	100-249	Delmarva Orthopedic Clinic	less than 100
Deco Recovery Management	100-249	Dunkin Donuts – Easton Donut Shop	less than 100
Giant Food Stores	100-249	Express Services	less than 100
Inn at Perry Cabin	100-249	Five Star Quality Care	less than 100
Lowe's	100-249	Harbourtowne Resort	less than 100
McDonalds Hoff Companies	100-249	Health Integrity LLC	less than 100
Professional Temporaries	100-249	Home Instead Senior Care	less than 100
Shore Clinical Foundation Inc.	100-249	Illinois Tool Works	less than 100
Sotera Defense Solutions Inc.	100-249	J R Management Inc.	less than 100
Target	100-249	Koons of Easton Inc.	less than 100
The Pines	100-249	Paris Foods Corporation	less than 100
UPS	100-249	Shore Bancshares Inc.	less than 100
Walmart - Sam's Club	100-249	Staffmark Investment LLC	less than 100
Wildlife International LTD	100-249	Standard Fusee Corporation	less than 100
YMCA OF Talbot County	100-249	Talbot Bank of Easton	less than 100
Applebee's Grill and Bar	less than 100	Tidewater Operations	less than 100
Avon-Dixon Agency	less than 100	Whalen Company	less than 100
Best Care Ambulance	less than 100		

Source: Maryland Department of Labor, Licensing, and Regulation

Talbot County is Not a Bedroom Community

As indicated in Exhibit 38, nearly 44 percent of Talbot County residents live and work in Talbot County. This indicates that Talbot County is not a pure bedroom community and has a solid mix of employment opportunities. Nearly 93 percent of Talbot County residents work in Maryland

[8] U.S. Small Business Administration.

while another 3 percent travels to Delaware to work. Exhibits 39 and 40 provide relevant statistical detail.

Exhibit 38: Counties where Talbot County Residents are Employed, 2010

	Count	Share
Total Workers	15,140	100%
Talbot County, MD	6,636	43.8%
Anne Arundel County, MD	1,278	8.4%
Baltimore County, MD	725	4.8%
Baltimore City, MD	681	4.5%
Dorchester County, MD	622	4.1%
Prince George's County, MD	612	4.0%
Queen Anne's County, MD	588	3.9%
Montgomery County, MD	569	3.8%
Caroline County, MD	513	3.4%
Wicomico County, MD	388	2.6%
All Other Locations	2,528	16.7%

Source: U.S. Census Bureau, OnTheMap;** Based on 2010 estimates, PRIMARY JOBS, not total; total workers= resident workers

Exhibit 39: States where Talbot County Residents are Employed, 2010

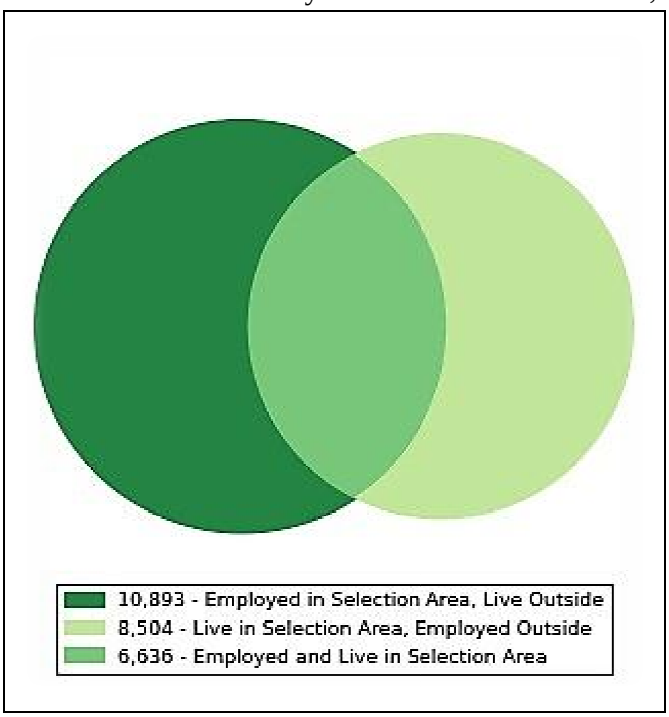
	Count	Share
Total Workers	15,140	100%
Maryland	14,009	92.5%
Delaware	391	2.6%
District of Columbia	249	1.6%
Virginia	221	1.5%
Pennsylvania	120	0.8%
New Jersey	57	0.4%
New York	42	0.3%
North Carolina	10	0.1%
Florida	7	0.0%
West Virginia	5	0.0%
Other Locations	29	0.2%

Source: U.S. Census Bureau, OnTheMap;** Based on 2010 estimates, PRIMARY JOBS, not total; total workers= resident workers

The Venn diagram below shows that Talbot County is a net importer of workers. The light green section in the middle represents the proportion of people who both live and work in the county.

The largest group is represented by those who are employed in Talbot County but live outside (including in Dorchester and Caroline counties). Exhibit 41 indicates that 6,636 people live and work in Talbot County. Nearly 8,504 people live in the area but are employed outside. Roughly 10,893 work in the area but live outside. The net job inflow is therefore in the range of 2,389.

Exhibit 40: Talbot County Inflow/Outflow Job Counts, 2010



*The relative size of the Venn diagram circles represents the number of workers living and working in Talbot County. The size of the intersection area represents the count of workers that live and work in Talbot County.

Exhibit 41: Talbot County Labor Market Details, 2010

Area Labor Market Size (Primary Jobs)	***Count***	***Share***
Employed in area	17,529	
Living in area	15,140	
Net job inflow	2,389	
In-Area Labor Force Efficiency		
Total living in area	15,140	100%
Living and employed in area	6,636	43.8%
Living in area but employed outside	8,504	56.2%
In-Area Employment Efficiency		
Employed in area	17,529	100%
Employed and living in area	6,636	37.9%
Employed in area but living outside	10,893	62.1%

Source: U.S. Census Bureau, OnTheMap

Exhibit 42 reflects average commute times for Maryland, Talbot County and the towns. At 24.4 minutes on average, Talbot County workers have relatively shorter commutes than their counterparts in other parts of the state (31.7 minutes). Trappe and Easton workers enjoy the shortest commutes, while Queen Anne, Oxford, and St. Michaels have slightly longer commutes on average. Average commute times in Maryland are well above the national average of 25.3 minutes.

Exhibit 42: Average Travel Time to Work, 2011

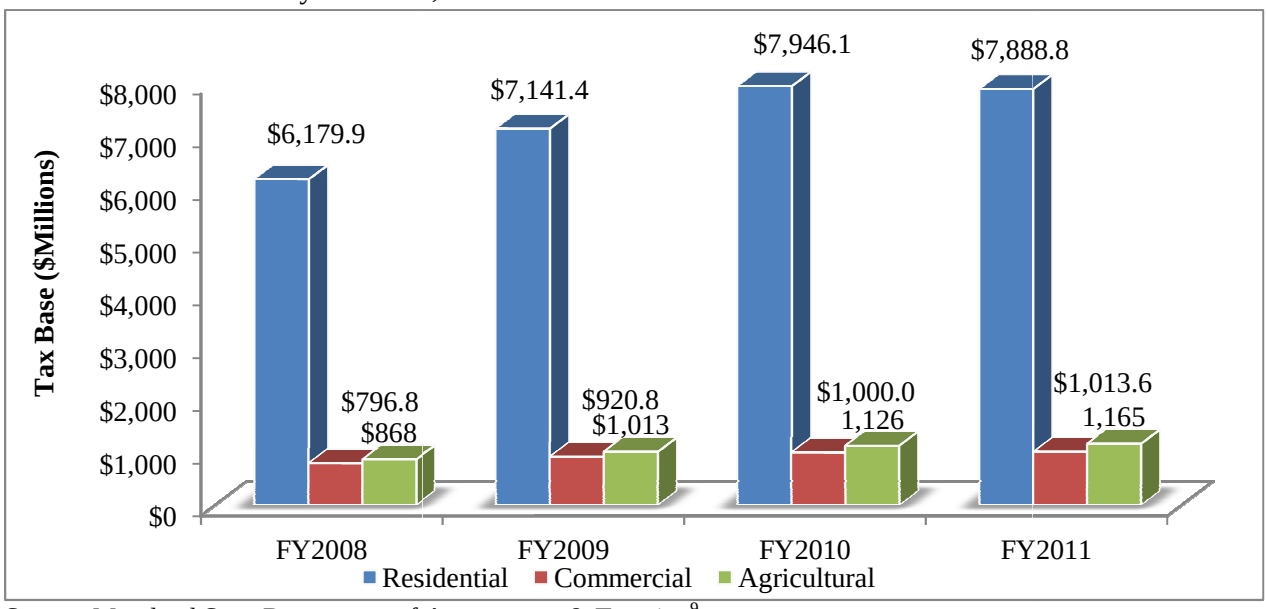
Community	**Average travel time to work (minutes)**
Maryland	31.7
Talbot County	24.4
Easton	23.1
Oxford	34.5
St. Michaels	27.7
Trappe	20.0
Queen Anne*	39.6

Source: U.S. Census Bureau, 2011 American Community Survey 5 year estimates
*2010 ACS 5 year estimates

C. Tax Base Trends

Over time, Talbot County's tax base has remained relatively stable. While the residential tax base declined between FY2010 and FY2011, the County's commercial and agricultural tax bases increased. FY2011 represents the last year for which budgetary data offering this level of detail are available. Relevant budgetary information is provided in Exhibit 43.

Exhibit 43: Talbot County Tax Base, FY2008 – FY2011



Source: Maryland State Department of Assessments & Taxation[9]

Talbot County Offers a Favorable Tax Environment for Business and Residents

Talbot County has maintained favorable tax rates relative to most other Maryland communities and offers the state's lowest property tax rate. Talbot County's real property tax rate for FY2013 is 0.491/$100 of assessed value. As indicated by Exhibits 44 and 45, even when municipal tax rates are considered, the total real property tax rate County and town residents pay (County rate + municipality rate) remains well below the property tax rates paid by most other Marylanders.

Exhibit 44: Maryland Jurisdictions Ranked by Real Property Tax Rates (Per $100 of assessment), FY2013

Rank	*Jurisdiction*	*Rate*	*Rank*	*Jurisdiction*	*Rate*
1	**Talbot**	**0.491**	13	Prince George's	0.96
2	Montgomery	0.724	14	Dorchester	0.976
3	Worcester	0.77	15	Allegany	0.981
4	Wicomico	0.8404	16	Garrett	0.99
5	Queen Anne's	0.847	17	Cecil	0.9907
6	St. Mary's	0.857	18	Howard	1.014
7	Somerset	0.8837	19	Carroll	1.018
8	Caroline	0.89	20	Kent	1.022
9	Calvert	0.892	21	Harford	1.042
10	Frederick	0.936	22	Baltimore County	1.1
11	Anne Arundel	0.941	23	Charles	1.121
12	Washington	0.948	24	Baltimore City	2.268

Source: Maryland State Department of Assessments Taxation

[9] Maryland Department of Assessments and Taxation – Sixty-seventh Report. (January 2011). MSDAT. Available at http://www.dat.state.md.us/sdatweb/stats/AnnualRpt_2011.pdf.

Exhibit 45: Talbot County and Municipal Real Property Tax Rates Combined, FY2013

	County Rate	***Municipal Rate***	***Total Rate***
Talbot County	0.491	---	
Easton	0.361	0.52	0.881
Oxford	0.377	0.2438	0.6208
Queen Anne	0.433	0.18	0.613
St. Michaels	0.367	0.52	0.887
Trappe	0.406	0.29	0.696

Source: Maryland Department of Assessments and Taxation
*Only residents of a municipality pay total rate

Talbot County also offers the second lowest income tax rate in Maryland. The County's income tax rate of 2.25 percent falls only behind Worcester County's tax rate of 1.25 percent in terms of taxpayer friendliness. Please see Exhibit 46 below.

Exhibit 46: Maryland Jurisdictions Ranked by Income Tax Rates, FY2013

Rank	***Jurisdiction***	***Rate***	***Rank***	***Jurisdiction***	***Rate***
1	Worcester	1.25%	13	Frederick	2.96%
2	**Talbot**	**2.25%**	14	St. Mary's	3.00%
3	Anne Arundel	2.49%	15	Allegany	3.05%
4	Dorchester	2.62%	15	Carroll	3.05%
5	Caroline	2.63%	17	Harford	3.06%
6	Garrett	2.65%	18	Wicomico	3.10%
7	Calvert	2.80%	19	Somerset	3.15%
7	Cecil	2.80%	20	Baltimore City	3.20%
7	Washington	2.80%	20	Howard	3.20%
10	Baltimore County	2.83%	20	Montgomery	3.20%
11	Kent	2.85%	20	Prince George's	3.20%
12	Charles	2.90%	20	Queen Anne's	3.20%

Source: Maryland Association of Counties

<u>County Tax Credits/Incentives</u>

- Real Property Tax Credits for Commercial and Industrial Businesses

In addition to offering highly competitive tax rates, the Talbot County Code provides potential opportunities to access real property tax credits for commercial and industrial businesses. According to the Code, "Talbot County may grant a property tax credit against the tax on real property owned or occupied by a commercial or industrial business." Commercial and industrial businesses are defined as "*light manufacturing, distribution facilities, office users, technology-based businesses, research and development* (emphasis added), and other enterprises engaged in an activity identified by the Talbot County Office of Economic Development as a target for

Talbot County's business attraction and retention efforts, *excluding retail stores, retail food outlets, and motels* (emphasis added)."[10]

The tax credit is granted annually for up to 10 years, beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or improvement to an existing facility. The County Council establishes the tax credit in an amount expressed as a percent of the additional County tax imposed on real property that is a result of an increase in assessment due to the new construction or improvement. The tax credit may not exceed the amount of County property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement.[11]

Importantly, under current law, a commercial or industrial business is eligible for the tax credit only if it makes a substantial investment in Talbot County, including investing at least $2 million and hiring 50 or more employees. The County has been unable to use this credit in recent years because it is rare for companies to generate such a large commitment at any one time. To render the tax credit more relevant, the study team recommends that the threshold for investment be reduced to $1 million and employment requirement be reduced to 15 full time employees. This will provide the Office of Economic Development with greater flexibility and makes it more likely that the County will attract a rapidly expanding, but presently smaller business.

D. Survey of Relevant County and Town Documents

SWOT Analysis Matrix (2008)

The Talbot County Economic Development Commission compiled a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis in 2008 that detailed the county's local economic conditions at that time (See below). During that time, the EDC also suggested actions the community could take to address weaknesses, counter threats, accentuate strengths and leverage opportunities. Recommendations included:

1. Initiatives aimed at agricultural expansion;
2. A Waste to Energy initiative;
3. Opportunities to expand commercial base;
4. New educational initiatives;
5. Initiatives to expand recreational tourism;
6. Initiatives to expand destination tourism;
7. Initiatives to improve/expand/utilize local workforce subsets;
8. Jobs creation programs;

[10] Talbot County, Maryland Code. Chapter 172: Taxation, Article IV. Real Property Tax Credits for Commercial and Industrial Businesses. Available at http://ecode360.com/10158845.
[11] Talbot County, Maryland Code. Chapter 172: Taxation, Article IV. Real Property Tax Credits for Commercial and Industrial Businesses. Available at http://ecode360.com/10158845.

9. Programs to improve the match between available jobs and available skills (workforce development);
10. Initiatives to recruit Federal entities;
11. Initiatives to increase commercial base within target industries;
12. Policy initiatives to expand/attract taxable commercial base within target industries;
13. Initiatives to improve transportation infrastructure options;
14. Other initiatives to promote workforce development;
15. Initiatives to reverse threatening trends, including the loss of business; and
16. Initiatives to expand available offerings to area businesses and expand marketing efforts

The 2008 Talbot County SWOT Analysis Matrix is presented below:

Talbot County SWOT Analysis Matrix	
Strengths • Agricultural base • Airport • Existing Industrial/Cultural base • Informal business relationship and ease of doing business • Location and proximity to metro areas/access to airports and international points of entry • Medical facilities • Easton as a regional commercial center • Large cultural arts community • Rural sense of place/natural habitat • Broad range of outdoor activities • Educational access through secondary and post-secondary levels through Chesapeake College • Destinations that attract Tourism	*Opportunities* • Expansion of established Ag base into new ventures (Bio fuels/Specialty foods/etc.) and support existing initiatives • Regional Waste to Energy facility • Underutilized Workforce- Growing Hispanic community, Retired Executive Talent, Mid-Sr. level employees commuting out of area • Airport as a business and distribution bub and attraction for day jet services • Create business programs for attraction, retention and identifying funding resources to support economic development goals • E S Broadband and Telecommunications infrastructure to attract new business, home based business, outsourcing • BRAC for expansion of existing business base • Cooperate with vibrant Tourism efforts • Proximity to DC/Baltimore Mid-Atlantic markets • Establish advanced professional specialties and education programs for health care • International investment
Weaknesses • Lack of business attraction programs • Transportation infrastructure in select PFAs • Workforce misalignment • Inadequate workforce housing • Workforce development tools and programs • Local regulatory hurdles • Amenities for younger workforce • Workforce ethic • Lack of readily available workforce • Zoning Policy that does not encourage responsible growth • Lack of Federal Government facilities • Disproportionate Tax base limits County's ability to invest in infrastructure and amenities • Lack of educational diversity	*Threats* • Large number of Counties competing for a small number of businesses paying high wages • Shortage of skilled workforce and the resources to train for advanced skills • Absence of commercial/incubator space • Lower land costs in surrounding counties provides for affordable housing • Disproportionate number of second homes and retirement population relocating to Talbot County • SHA funds are competitive and county must compete for those resources • Airport growth constraints including residential encroachment on lands surrounding airstrip • Zoning concerns- used to restrict growth instead of planning for growth, may impact how agriculture land is inherited, devalues and restricts use for preservation • Environmental deterioration • Perception that our education system is less competitive

Talbot County Economic Development Report (2010)

In 2010, the Talbot County Office of Economic Development completed an Economic Analysis based on U.S. Census Bureau information available prior to the 2010 Census. This report provided comprehensive information regarding the county's geography, major industries, demographics, labor force, employment, wages, business environment, housing, education system, tax base, land use, and development environment. This report also provides information focused upon the community's major employers, including Shore Health/UMMS and Easton/Newnam Field Airport, among others.

Talbot County Industrial Land Use Recommendation (August 2011)

In 2011, the Talbot County Economic Development Commission Land Use Subcommittee completed the "Talbot County Industrial Land Use Recommendation." This report discussed current land use in Talbot County, identified existing limits to industrial growth/development, and identified and prioritized parcels of land for future industrial use. Importantly, this report confirmed the existence of a lack of dedicated industrial land and enabling infrastructure necessary for the development of technology-based businesses and higher wage jobs essential to Talbot County commercial tax base expansion.

According to the report, "Talbot County requires a long term enhancement to its tax base if it is to preserve the current level of services to its citizens. At the same time, the County needs to attract the type of businesses that will provide challenging, well-paying jobs that will retain our young people in the County after they have completed their education. Retail sales and food services will not provide the level of tax revenues nor the professional and artisan positions needed for long term growth and stability. There are tangible limits to the demand for legal, medical, professional and technical service jobs that our population can absorb. The most fruitful employment area for expansion to the tax base can be found in industrial and manufacturing jobs."

The report continued. The "the immediate challenge in attracting industrial businesses to the County is the lack of Industrial zoned land and infrastructure to accommodate those businesses and the long term planning required to achieve manufacturing and technology based businesses. Maryland Legislative Services reports that the county average for commercial tax revenues, as a percent of total tax revenues is 19 percent while Talbot County is at 10 percent. The county is missing a portion of revenues from commercial and industrial activity."

Finally, the report indicated that a "major obstacle for Talbot County realtors is the dearth of commercial zoned properties available for sale. The 2011 data for land use in Talbot County, provided by the Maryland Department of Planning, highlights our deficit in the amount of industrial and commercial land use set aside as potential tax revenue generation for the future."

If manufacturing and industrial activities were important then, they should be even more so now. The U.S. is experiencing a surge of industrial production due to the availability of cheap natural gas, a weak dollar, lower industrial land prices, greater availability of workers, rising Chinese labor costs, etc. Correspondingly, manufacturing is adding jobs again, many of them high wage by overall economic standards.

After interviewing Towns and County Planning Officers, the Land Use Subcommittee provided the following recommendations as a framework for selecting and reserving land for future industrial use to insure investment in infrastructure, innovation and sector employment for economic stability:

- Inventory existing industrial land and identify future parcels to be set aside for industrial development;
- Mitigate land taken out of industrial use with suitable parcels of equal or greater size;
- Write zoning code for industrial use matched with industrial classifications that promote innovation and job creation and support the Towns to adopt these restrictions in their codes;
- Include High Tech Density in the permitted uses for Industrial parcels;
- Identify federal and state funding programs for industrial infrastructure development;
- Encourage flexibility in the planning process to adapt and expand industrial infrastructure for long term use and future demands for high paying wages and property values; and
- Invite towns to plan gateways and manage transportation corridors that accommodate vehicle traffic, pedestrians, access to industrial parks and commercial/retail access;
    - Enable St. Michaels to better control the development of their southern gateway entrance;
    - Engage Easton in planning to integrate a development transition for the north entrance to town from U.S. Route 404 South.

<u>FY2012 Talbot County Economic Development Strategic Plan (2012)</u>

Talbot County's FY2012 Economic Development Strategic Plan establishes defined objectives. According to the County's mission, "The Talbot County Economic Development Office supports a growing and diversified tax base through the retention and expansion of existing businesses and the attraction of targeted industry sector employers to ensure a healthy and vibrant economic in the future for its citizens." Stated County goals for FY2012 include:

Business Retention

Retain and monitor the existing business and industrial base of Talbot County. Monitor and deliver retention services through resource partners to support retention efforts.

Business Expansion

Identify and support existing business expansion projects. Monitor and expand networking opportunities with business resource partners and invite them to support business expansion.

Business Attraction

Identify and attract target sector technology based businesses to Talbot County to contribute tax and wage revenues that will ensure a demand for a skilled workforce and provide stability in the economy.

Industrial Infrastructure Development

Collaborate with the Towns, in keeping with the Comprehensive Plans, to identify suitable areas for future industrial development (emphasis added). Identify local, regional, state and federal resources to fund infrastructure for future commercial and industrial sites. Recommend these projects for future Council funding contributions and consideration as part of the capital budget initiative.

Marketing and Community Outreach

Fund and develop a comprehensive marketing strategy to attract businesses that will employ county residents and provide for higher wage earning opportunities. Enlist the cooperation of the ED Commission, the Towns and resource partners to promote Talbot County as a viable place for economic development opportunities. Leverage corporate awareness of economic development opportunity in Talbot County. Prepare an Annual Economic Report to benchmark progress and make it available to the business community and prospects. Celebrate existing business base with an Annual Business Appreciation event.

<u>Easton Comprehensive Plan (2010)</u>

The most recent Town of Easton Comprehensive Plan, which was completed in 2010, establishes town policies relative to the most desirable development patterns for Easton and its neighbors. The plan identifies proposed areas for living and working activities and related services that are required to assure a quality environment for all residents. Attention is also given to the Town's role in the development of Talbot County and the strong need for inter-jurisdictional coordination and cooperation between Easton and Talbot County.

The Comprehensive Plan supplies five key growth management strategies. These include:

- Contain sprawl with an Urban Growth Boundary (UGB);
- Increase density;
- Build neighborhoods;
- Improve design; and

- **Restrict the rate of growth** (emphasis added).

The Economic Development portion of the Comprehensive Plan focuses on providing jobs and the necessary means to enter and advance in the work force and considers such things as the "existing and desired job mix, the level and diversity of job training, the appropriate level of government involvement in attracting major employers, and the future of the downtown as a provider of jobs." The Plan provides several goals specific to economic development in Easton:

- To nurture a healthy and diverse local economy in Easton;
- To maintain and, where necessary, recreate a vital Downtown;
- To work cooperatively with Talbot County to provide an efficient Economic Development Program; and
- To strengthen the government services segment of the Downtown Easton economy.

Town of Oxford Comprehensive Plan (2010)

The 2010 Town of Oxford Comprehensive Plan represents an updated version of the previous Oxford Comprehensive Plan, which was adopted in 1997. The Plan represents a guide for the future growth and development of the Town of Oxford. The Plan establishes a framework for managing the future use of land within the Town and surrounding areas and represents the basic policy framework for town resource allocation.

One major focus of this Plan is the preservation of Oxford's maritime and water-based history. According to the Plan, *"Oxford should strive to encourage the continued economic viability of its downtown merchants and its boating and marine uses that have been in existence since the 1600's."* Also, like the Easton Comprehensive Plan, this Plan also notes the importance of cooperation with Talbot County in achieving the town's goals.

The guiding principal of Oxford is to: "**Preserve the current unique small town character of Oxford, strictly regulating and controlling future expansion** (emphasis added), while maintaining its historic neighborhoods, its commercial areas, its recreation facilities, its environmentally sensitive areas, its economic stability and its diversity." The Plan supplies 12 ways to achieve this vision for the Town of Oxford:

1. *Quality of life and sustainability:* a high quality of live is achieved through universal stewardship of the land, water and air resulting in sustainable communities and protection of the environment;
2. *Public participation*: citizens are active partners in the planning and implementation of community initiatives and are sensitive to their responsibilities in achieving community goals;
3. *Growth areas*: growth is concentrated in existing population and business centers, growth areas adjacent to these centers, or strategically selected new centers;

4. *Community design:* compact, mixed use, walkable design consistent with existing community character and located near available or planned transit options is encouraged to ensure efficient use of land and transportation resources and preservation and enhancement of natural systems, open spaces, recreational areas, and historical, cultural, and archaeological resources;
5. *Infrastructure:* growth areas have the water resources and infrastructure to accommodate population and business expansion in an orderly, efficient, and environmentally sustainable manner;
6. *Transportation*: a well-maintained, multi-modal transportation system facilitates the safe, convenient, affordable, and efficient movement of people, goods, and services within and between population and business centers;
7. *Housing:* a range of housing densities, types, and sizes provides residential options for citizens, of all ages and incomes;
8. *Economic development:* economic development and natural resource-based businesses that promote employment opportunities for all income levels within the capacity of the State's natural resources, public services, and public facilities are encouraged;
9. *Environmental protection:* land and water resources, including the Chesapeake and coastal bays, are carefully managed to restore and maintain healthy air, and water, natural systems, and living resources;
10. *Resource conservation*: waterways, forests, agricultural areas, open space, natural systems, and scenic areas are conserved;
11. *Stewardship*: government, business entities, and residents are responsible for the creation of sustainable communities by collaborating to balance efficient growth with resource protection; and
12. *Implementation*: strategies, policies, programs, and funding for growth and development, resource conservation, infrastructure, and transportation are integrated across the local, regional, state, and interstate levels to achieve these visions.

St. Michaels Comprehensive Plan (2008)

Town Commissioners approved St. Michaels' Comprehensive Plan in 2008. The Plan presents a vision for the town's long-term future and outlines a framework for decision-making that would help the town reach that vision. The Plan intends to provide a long-term guide for growth, land use and development decisions in the town and will help the community determine when and where land should be annexed and where new public facilities and improvements are needed.

According to the Plan, the vision for the Town of St. Michaels is that "St. Michaels creates and sustains a year-round business district, provides greater housing diversity to meet a broader range of resident needs and provides opportunities for economic development." Additionally, the vision is that St. Michaels "continues to protect its centuries old character by complementing its natural waterways on the east and west with greenways." Finally, comprehensive planning, land

use decisions and growth management strategies are all oriented to sustaining and enhancing this unique waterfront town.

Community Legacy Plan, Town of St. Michaels (December 2008)

The Town of St. Michaels completed a Community Legacy Plan in 2008 as required by the State of Maryland Community Legacy Program. The program provides assistance, funding and support for the revitalization of transitional or at-risk urban communities. The Plan focuses on how to overcome challenges facing the Town and build upon the strong foundation of assets that presently exists in St. Michaels. The Plan provides a blueprint for decision-makers as they consider steps for attracting investment and evaluate how to best use the resources to create a strong and sustainable community into the future.

The Community Legacy Plan was prepared during a 12-month process that included:

- The review of the Town's existing plans and policies;
- Inventory of property ownership in the Fremont/Canton/Connor Street corridor;
- Analyzing parking inventory in the Fremont/Canton/Connor Street corridor;
- Assessing current and projected traffic flows throughout the town;
- Identifying pedestrian issues;
- Evaluating the potential for mixed uses and workforce housing within the Commercial areas of the Town;
- Evaluating the need for streetscape improvements;
- Evaluating the potential for re-development of the Mill; and
- Evaluating designation signage uses throughout the Town.

Primary topics of focus in the Community Legacy Plan included the Fremont Street Commercial Corridor, the Old Mill Planning Area, the Northwest Residential District, neighborhood Commercial zones, the Chesapeake Bay Maritime Museum, the St. Michael's Museum at St. Mary's Square, infrastructure and transportation.

Town of Trappe Comprehensive Plan (April 2010)

The Town of Trappe Comprehensive Plan was completed in 2010. The purpose of the plan is to "ensure coordinated and harmonious development in the town and its environs, while preserving the natural and traditional village settings so central to its character." This plan is the primary guiding document for all decisions pertaining to the orderly development and conservation of the Town of Trappe. The plan identifies goals and objectives for the future and is the basis for subsequent development of land use laws, ordinance and regulations. The content and focus of the Plan are guided by 12 visions:

1. Strive to achieve and maintain a high quality of life through universal stewardship of the land, water and air resulting in sustainable communities and protection of the environment;
2. Continue to encourage public participation in planning, community initiatives, and local government;
3. Concentrate development in suitable areas and work with Talbot County to ensure growth is directed to existing population centers and that resources are protected;
4. Adhere to community design that embraces the core of Trappe, and ensure that new development and redevelopment is compact, includes a mixture of uses where appropriate, and includes a walkable design consistent with the existing community character, including open spaces and recreational areas, while maintaining any historical, cultural, and archeological resources;
5. Ensure that the Town's growth areas have water and sewer resources and infrastructure to accommodate population and business expansion in an orderly, efficient, and environmentally sustainable manner;
6. Work within Trappe and the Eastern Shore to ensure a well-maintained, multi-modal transportation system that facilitates the safe, convenient, affordable, and efficient movement of people, goods and services within and between population and business centers;
7. Encourage and promote a range of housing densities, types and sizes to provide housing options for citizens of all ages and incomes;
8. Encourage appropriate economic development that promotes employment opportunities for all income levels, including public services and public sectors;
9. Continue a universal stewardship ethic for the Chesapeake Bay and our land, and protect our sensitive areas and ensure that our land, water and natural resources are utilized appropriately;
10. Balance the conservation of forests, agricultural areas, open space, natural systems and scenic areas with growth and development;
11. Encourage stewardship within the public sector, businesses, and residence to promote sustainable communities. As part of this vision, we will work to reduce resource consumption and promote conservation and recycling; and
12. Work on implementing our goals and objectives, and work with Talbot County and the State of Maryland to achieve these visions. As part of the implementation, we will actively seek out funding to achieve these visions.

Summary

When viewed individually, each of these plans seemingly represents thoughtful visions of the future. There is clearly an overwhelming desire to maintain community character, whether that character is oriented around 19th century architecture, the waterfront or agriculture. The study team understands the importance of character retention, and views community character as an

economic development asset, including for purposes of producing resident and business attachment to the community.

However, when considered collectively, there appear to be glaring inconsistencies between these plans. Specifically, Talbot County Office of Economic Development and the Economic Development Commission envision a larger commercial industrial base as a way to ensure a stable future tax base to support County services. The towns emphasize limits on growth and the strict regulation of future expansion. Since much of the community's infrastructure and labor force resides in the towns, the County is not presently well-positioned to achieve commercial growth targets.

Labor, physical capital and land represent key inputs into any firm's production function. Along each of these dimensions, Talbot County faces challenges. It labor is relatively small, including vis-à-vis competitors such as Dorchester and Wicomico counties. Land is often expensive relative to other Eastern Shore communities, in part because Talbot County has been so successful in attracting wealthy residents, who among other things bid up the price of land. Physical capital formation may be restrained by zoning and other constraints. Partially as a result, the county's industrial/commercial base remains relatively small and the number of businesses operating in the community has fallen sharply relative to other communities in recent years.

Therefore, it is of significant importance that inconsistencies in economic development visions be rectified going forward. One possible answer is the creation of a private economic development corporation consisting of representatives from both the County and the Towns with a mission to diversify tax bases through accelerated commercial investment. Another possible solution is greater consultation between the County and the Towns regarding important zoning decisions – decisions ensuring that in the aggregate, the community is able to more fully leverage its infrastructure and supply enough well-situated industrially-zoned land.

Part II. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Sage Policy Group held five discrete SWOT sessions on February 4th and 5th, 2013 involving stakeholders in Easton, St. Michaels, Trappe, Queen Anne, Oxford & the villages. Meetings involved many categories of stakeholders, including business owners, opinion leaders, elected officials, agency heads and generally concerned citizens. The following SWOT diagrams supply identified strengths, weaknesses, opportunities, and threats.

Exhibit 47: Talbot County SWOT Analysis

Strengths	Weaknesses
✓ Easton Airport ✓ Public school system ✓ Quality of life (no traffic congestion, low crime rate) ✓ Physical beauty (environment, water) ✓ Presence of medical community ✓ Cultural opportunities (large art community, history) ✓ Parks and recreation/ outdoor opportunities ✓ Location (proximate to major cities, proximate to the ocean) ✓ Tourist destination ✓ Architecture ✓ Agriculture industry ✓ Relatively low tax rates ✓ Defined community ✓ Human capital (friendly community) ✓ High land values	✓ Lack of job opportunities for young professionals ✓ Lack of skilled workers to fill good jobs ✓ Few entertainment/social opportunities for young singles ✓ High cost of housing ✓ High building costs (hook-up fees for utilities, impact fees) ✓ Lack of political influence ✓ "Thin market" (economies of scale) ✓ Seasonality of businesses and people due to tourism nature of the community ✓ Poor internet access/cell phone service ✓ NIMBYs (influential) ✓ Anti-business regulations/ lengthy and complicated permitting process ✓ Lack of public transportation ✓ County finances (shrinking tax base) ✓ Low wages
✓ Create a marketing website ✓ New regional medical center ✓ Niche agriculture (buy local, organic food) ✓ Renewable energy (lots of open space, wind) ✓ Retention of existing businesses ✓ CTE/training opportunities ✓ Expand technology sector ✓ Cyber/defense	✓ State regulations ✓ Highway User Fund cuts ✓ Environmental degradation/flooding ✓ Increased drug use ✓ Lack of industrially-zoned land ✓ Decline in charitable giving as population ages ✓ Wealthy moving out of the community ✓ Status-quo/lack of dynamism ✓ Loss of poultry industry ✓ Loss of agrarian subsidies
Opportunities	**Threats**

Talbot County SWOT Insights

Strengths

- Easton Airport

Easton Airport is a general aviation airport that operates as a self-sufficient enterprise on revenues generated from fuel sales, ground lease rent, T-hangar rentals and jet-fuels sales. In 2010, Easton Airport had 42,875 operations supporting 30 businesses with an employment base of 172 employees and a regional impact of 480 jobs generating an economic impact to the immediate community of $26,263,000. A contract air control tower was completed in 2007 with STARS LITE radar upgrade in 2010. The Airport, County and Town maintain state-of-the-art security levels for both businesses and personal travel to the area, serving as an FAA beta test site for future airport development.[12] The Airport is owned and operated by Talbot County.

- Talbot County Public School System

Talbot County schools outperformed other Maryland school systems in the 2011-2012 school year along several dimensions, including student performance on the Maryland State Assessments (MSAs). For the 2011-2012 school year, 91.1 percent of fourth graders attending Talbot County schools achieved advanced or proficient scores in Reading compared to 89.8 percent statewide. Additionally, 91.7 percent of Talbot County fourth graders received advanced or proficient scores in Math, better than the corresponding statewide rate of 89.9 percent. This is important because middle- and higher-income households with school-age children generally focus much of their relocation decisions upon the availability of competitive education. Moreover, grade 4 performance is often viewed as a predictor of middle school performance, which in turn predicts high school performance, which one could argue predicts performance during adulthood.

Talbot County's high school graduation rate for the 2011-2012 school year was 90.2 percent, nearly 3 percentage points higher than the statewide rate of 87.3 percent.[13]

- Relatively low tax rates

Talbot County's FY2013 property tax rate (0.491/$100 assessed value) is the lowest in the state and its income tax rate (2.25%) is the second lowest.

[12] 2010 Talbot County Economic Development Report. (2011). Talbot County Department of Economic Development.
[13] 2012 Maryland Report Card, Talbot County. (n.d.) Maryland State Department of Education. Accessed on March 18, 2013. Available at http://www.mdreportcard.org./Entity.aspx?K=20AAAA.

Weaknesses

- High cost of housing

According to the American Community Survey conducted by the U.S. Census Bureau, Talbot County's median home value of $352,200 is the second highest value among all Eastern Shore counties, falling only behind Queen Anne's County ($365,500). Home values in Talbot County are significantly higher than in neighboring Dorchester ($202,000) and Caroline ($232,600) counties.[14] The implication is that people are choosing to live in neighboring counties and commute to Talbot County to work.

- County finances (shrinking tax base)

The Maryland Department of Assessments and Taxation estimates that Talbot County's real property tax base will shrink by roughly 4 percent in fiscal 2013 and 5 percent in fiscal 2014 on an annual basis.[15] SWOT participants believe that the decline is more of a cyclical issue than a structural issue, however.

- Low wages

Talbot County workers earn significantly lower wages than their Maryland counterparts. As of 2011, Talbot County workers made $303 less per week than the average Maryland worker ($1,019).[16]

- Tourism

According to the Maryland Department of Tourism, total tourism expenditures totaled $3,946,045 in Talbot County in FY2012.[17]

Opportunities

- Renewable energy (lots of open space, wind)

Maryland is positioning itself to be a national leader in renewable energy. In 2011, Governor O'Malley set a new goal to produce 20 percent of Maryland's electricity from in-state renewable sources by 2022. Maryland is currently generating 6.7 percent of its energy from in-state

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[14] U.S. Census Bureau, American Community Survey 5-year estimates.
[15] County Revenue Outlook, Fiscal 2013. (February 2013). Department of Legislative Services Office of Policy Analysis. Available at http://dls.state.md.us/data/polanasubare/polanasubare_intmatnpubadm/polanasubare_intmatnpubadm_annrep/County-Revenue-Outlook-Fiscal-2013.pdf.
[16] Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
[17] Fiscal Year 2012 Tourism Development Annual Report. (2012). Maryland Tourism Development Board and the Department of Business and Economic Development. Available at http://www.visitmaryland.org/AboutMDTourism/Documents/Annual_Report_2012.pdf.

renewable generation, which accounts for 33.5 percent of the State's 2022 goal. According to Governor O'Malley's Plan, much of the State's future renewable generation growth is projected to come from offshore wind, onshore wind and solar.[18]

Talbot County possesses many elements that render it an ideal location for technology companies, including renewable/environmental companies. The County possesses a highly educated, trainable workforce as indicated by the rapid growth of residents with Bachelor's and graduate/professional degrees. Several knowledge-based resources are located in or near Talbot County, including the Cooperative Oxford NOAA Lab (the National Center for Coastal Science, Coastal Environmental Health and Bimolecular Research – these entities employ 40 scientists and technicians), Calhoon MEBA Engineering School **(**operates as a private maritime educational facility), Chesapeake College, Salisbury University, University of Maryland Eastern Shore, and Washington College, with its various environmental offerings, many of which are targeted toward student experiential learning.[19] Other advantages include its rural location coupled with ready access to major metropolitan areas, its abundance of secure, undisturbed, open space and its abundant wind energy potential.

- Expand technology sector

Talbot County already possesses a cluster of environmental, technology and manufacturing businesses and has identified environmental science technologies as a target market sector for future growth in its economy. SWOT participants support the growth of this industry and also identified it as an important opportunity.

Threats

- State regulations

SWOT participants indicated that costly State of Maryland regulations and mandates represent a significant threat to Talbot County and its communities.

- Highway user revenue cuts

Historically, highway user revenues have been distributed to the Transportation Trust Fund for the Maryland Department of Transportation's capital program, debt service, and operating costs and to the counties, Baltimore City, and municipalities to assist in the development and

[18] Governor O'Malley's 15 Strategic Policy Goals. Accessed February 25, 2013. Available at http://www.statestat.maryland.gov/gduenergy.asp.
[19] 2010 Talbot County Economic Development Report. (2011). Talbot County Department of Economic Development.

maintenance of local transportation projects.[20] However, in recent years, a significant portion of highway user revenues has been diverted to the State's general fund to help balance the budget, reducing the share of revenues distributed to the counties and municipalities. As a result, local governments are required to cover a greater portion of transportation costs or reduce services. In Talbot County, Highway User Revenue declined from $4,675,038 in FY2007 to just $470,840 in FY2013 – a decline of more than $4.2 million or 89.9 percent.[21]

- Loss of poultry industry

Maryland's $1.3 billion/year poultry industry[22] supports large chicken farms, production facilities and several thousand acres of grain farmland in Talbot County. Poultry processing company Allen Harim Foods, Inc. (formerly Allen Family Foods), represents one of the county's largest employers, supporting approximately 408 jobs according to the Maryland Department of Business and Economic Development (2012 figure).[23]

- Lack of industrially-zoned land

According to the 2011 Talbot County Industrial Land Use Recommendation, "the immediate challenge in attracting industrial businesses to the County is the lack of industrial zoned land and infrastructure to accommodate those businesses and the long-term planning required to achieve manufacturing and technology based businesses." SWOT analysis participants also emphasized this concern. In 2011, the Maryland Department of Planning reported that industrial land represented *less than zero percent* of total land use acres in Talbot County. Industrial land use stood at 461.52 acres in 2011, down from 496 acres in 2009.

[20] "Transportation State Aid." (n.d.) Maryland Department of Legislative Services. Available at http://dls.state.md.us/data/polanasubare/polanasubare_natresenvntra/Volume-VI-Chapter-19.pdf.
[21] Overview of State Aid to Local Governments, Fiscal 2013 Allowance. (January 2012). Department of Legislative Services, Office of Policy Analysis. Available at http://dls.state.md.us/data/polanasubare/polanasubare_intmatnpubadm/polanasubare_intmatnpubadm_annrep/FINAL-State-Aid-Briefing-Document.pdf.
[22] 2010 Talbot County Economic Development Report. (2011). Talbot County Department of Economic Development.
[23] "Major Employers in Talbot County, Maryland." (2012). www.ChooseMaryland.org. Available at http://choosemaryland.org/factsstats/Documents/Major%20Employers/2012/Major%20Employers%20-%20Talbot%20County%202012.pdf.

Exhibit 48: Easton SWOT Analysis

Strengths	Weaknesses
✓ Cultural amenities ✓ County Seat ✓ Location (proximate to major cities) ✓ Volunteerism (more than 400 non-profits, faith-based groups) ✓ Close- knit community/friendly ✓ Medical services/access to healthcare ✓ Infrastructure (broadband access, water and sewer systems) ✓ Small-town atmosphere- critical mass ✓ Easton Airport ✓ Community events ✓ Prestigious community ✓ Parks and recreation	✓ Bay Bridge (psychological barrier, tolls) ✓ Perceived lack of culture ✓ Lack of entertainment/social opportunities for young adults ✓ Schools relatively uncompetitive ✓ Lack of CTE training ✓ Lack of young workers ✓ Lack of jobs for spouses ✓ Anti-business perception (regulatory environment) ✓ Empty storefronts/downtown vacancy ✓ Infrastructure (cell phone service, internet speed) ✓ Difficult to work with/easier to work with surrounding communities ✓ Relatively high construction costs (housing) ✓ Bad image from Route 50 ✓ Racial gap ✓ Wages and salaries not competitive ✓ Public transportation ✓ Lack of business diversity ✓ No indoor recreational facilities for youth ✓ Aging demographics/lack of support system for older population
✓ Tourism ✓ Environmental sciences ✓ Agriculture support ✓ Manufacturing ✓ Re-focus Chesapeake College ✓ Education services (basic job preparation programs, continuing education, CTE, workforce readiness) ✓ New regional medical center ✓ Non-MD medical education ✓ Defense, finance industries ✓ Performing arts center ✓ Easton Point redevelopment	✓ Maryland public policy (mandates, regulations) ✓ Passage of time ✓ Sustainability of changes (resources & funding) ✓ Large number of rental homes ✓ Not implementing plans ✓ Competition from other communities ✓ Bay Bridge is a psychological barrier ✓ Environmental degradation ✓ Federal government spending cuts ✓ Willingness to fund workforce training ✓ Aging population ✓ Complacency
Opportunities	**Threats**

Easton SWOT Insights

Strengths

- Cultural amenities (history/art/architecture)

Easton was voted "the 8th Best Small Town in America" due in part to its abundance of historical, arts and cultural amenities. Easton residents have access to numerous art galleries, museums, shopping from collectibles to fine antiques, public golf courses, casual and gourmet dining, as well as the Chesapeake Bay and its tributaries in their backyard for sailing, canoeing, kayaking, and crabbing. [24] Residents and visitors can also enjoy live theatrical performances at the Avalon Theatre and live music at a number of venues. Easton's historic Town Center is known for its beautiful Colonial and Victorian architecture.

The town is also rich in history. The Hill in Easton is thought to be one of the oldest African-American neighborhoods in the United States for free African-Americans and dates back to as early as the 1700s.[25]

- Community events

Easton hosts numerous community events each year, including the Chesapeake Chamber Music Festival (now in its 27th year), Waterfowl Festival (now in its 42nd year, attracts approximately 18,000 people from around the country annually), and the Plein Air Competition & Arts Festival (in its 8th year) among others. In addition, businesses in the community support the First Friday Gallery Walk on the first Friday of each month.[26]

Weaknesses

- High school could be better

While Talbot County schools are generally perceived as asset, opinions regarding Easton High School are less positive.

- Empty storefronts/downtown vacancy

[24] Town of Easton, Maryland website. Accessed on March 4, 2012. Available at http:// www.town-eastonmd.com.

[25] Polk, Chris. (August 5, 2012). "Archeologists dig 'The Hill.'" The Star Democrat. Available at http://www.stardem.com/life/article_a3fb4ccc-dee9-11e1-9562-0019bb2963f4.html.

[26] Town of Easton, Maryland website. Accessed on March 4, 2012. Available at http:// www.town-eastonmd.com

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SWOT participants indicated that downtown Easton suffers from a large number of visible empty storefronts, which gives the impression that downtown is "dead." The problem is worse during winter months when many businesses close for the season.

Opportunities

- Easton Point Redevelopment

The Town of Easton owns 11 acres of waterfront property along the Tred Avon River. The property was formerly used as a dump and remains ill-prepared for improvement. The Town has expressed an interest in redeveloping the site to create a public waterfront park, something the study team emphatically endorses. When completed, this would represent the only public access park on Easton's waterfront. The Town of Easton's 2010 Comprehensive Plan envisions redevelopment of this site.

The Town of Easton and the Eastern Shore Land Conservancy (ESLC) worked with graduate landscape architecture students from Philadelphia University to develop a plan for Easton Point Park. According to the ESLC, a conceptual site plan has been developed and will be published and presented to the Easton Town Council for feedback and eventually translated into a phased implementation plan.[27]

Threats

- Large number of rental homes

According to the 2010 Census conducted by the U.S. Census Bureau, more than 40 percent of occupied housing units in Easton are renter-occupied (40.6% renter-occupied; 59.4% owner-occupied).

- Bay Bridge

SWOT participants indicate that the Bay Bridge often represents a significant psychological barrier for businesses and prospective visitors. Increasingly expensive bridge tolls ($4 for two-axle vehicles) also deter commerce from an Eastern Shore/Western Shore perspective.

[27] "Easton Point." (n.d.) Eastern Shore Land Conservancy website. Accessed on March 4, 2013. Available at http://centerfortowns.org/portfolio-item/easton-point/.

Exhibit 49: St. Michaels SWOT Analysis

Strengths	Weaknesses
✓ Beautiful waterfront ✓ Outdoor recreational opportunities (parks, nature trail) ✓ Brand recognition ✓ Close-knit community ✓ Architecture/history ✓ Educated/concerned/engaged citizenry ✓ New schools ✓ Public library ✓ Culture ✓ Volunteerism/nonprofits ✓ Learning Center, Community Center, YMCA ✓ Location (proximate to major cities, proximate to ocean) ✓ Climate (pleasant summer weather) ✓ Festivals ✓ Golf course ✓ World class spas ✓ Safety ✓ Diversity of people and ideas ✓ Chesapeake Bay Maritime Museum ✓ Inn at Perry Cabin ✓ Tourism and real estate	✓ Confined tax base (limited to town residents) ✓ Disenfranchised businesses ✓ Very expensive housing ✓ Lack of shopping opportunities for locals ✓ Quarrelsome political environment ✓ Not cooperative with other communities ✓ Lack of regionalism (isolated) ✓ Large number of second homeowners (“snowbirds”) ✓ Retail amenities are frequently unavailable due to seasonality ✓ Lack of alignment among factions of the community/friction ✓ Lack of physical room to grow (very few infill lots) ✓ Lack of economic diversity (one-industry community: Tourism) ✓ Lack of parking ✓ Too few activities for children ✓ Aging infrastructure ✓ Unattractive gateway ✓ Increasing drug use ✓ Zoning limitations ✓ Lack of blue collar job opportunities

Opportunities	Threats
✓ Promotion of retail/restaurants ✓ More activities for families and children ✓ Boating, on-the-water recreation (increase marina capacity, increase boating access) ✓ Cruise ship ✓ Regional cooperation ✓ Facility at Navy Point ✓ City dock manager ✓ Increase access to businesses from harbor (walkable) ✓ Re-zoning ✓ Attract pass-through tourists going to Ocean City ✓ Destination weddings ✓ LGBT community ✓ Concerts in parks ✓ Tax incentives ✓ Partner with public schools to provide customer service training	✓ Landfill issue ✓ Aging infrastructure (water system) ✓ Higher State taxes ✓ Higher gas prices (reduce boating activity) ✓ Global warming/environmental degradation ✓ Competition from surrounding communities ✓ Lack of a level playing field ✓ Lack of diversification ✓ Loss of tourism ✓ Aging population ✓ Loss of charitable giving ✓ Desire to live in an urban setting ✓ Zoning ✓ Drugs, theft, criminality ✓ Fewer second home owners ✓ Lack of consensus/paralysis

St. Michaels SWOT Insights

Strengths

- Brand recognition

One of St. Michaels greatest strengths is its well-known reputation as a wonderful shopping and vacation destination. St. Michaels has an abundance of restaurants, shops and boutiques as well as several high-end attractions including a golf resort and world class spas.

- Chesapeake Bay Maritime Museum

Founded in 1965, the museum is located on 18 waterfront acres and occupies 35 buildings, 12 of which house exhibits open to the public. Its daily operation is managed by a full-time staff of 37 and more than 200 volunteers. Museum attendance exceeds 60,000 per year and includes national and international visitors. More than 20,000 children and adults participate annually in over 20 educational programs offered at the museum. Major seasonal events include annual festivals celebrating Chesapeake Bay culture, boats, seafood, and history as well as concerts, photography and art exhibits, and lecture series featuring nationally known authors and historians.[28]

Weaknesses

[28] "A Brief Overview of the Chesapeake Bay Maritime Museum." Museum handout.

- Very expensive housing

According to the U.S. Census Bureau, St. Michael's median home value is $381,800, the second-highest value in Talbot County. The County's median home value is $352,200.

- Retail amenities are frequently unavailable due to seasonality

SWOT participants indicated that many retailers in the town are often closed during winter months or close too early. The implication is that St. Michaels residents have to travel to other communities to shop or dine. Hours are often irregular, which also results in missed economic opportunities.

Opportunities/Threats

- Tourism (Lack of business diversity)

Tourism represents both an opportunity and a threat for St. Michaels. Tourism creates job and business opportunities, brings in revenue for local businesses, and increases tax revenue for the local government, including in the form of accommodation taxes, sales taxes, employee income taxes among others. It also attracts potential residents to the community that may not have moved to the community otherwise.

However, because St. Michael's economy is largely based on tourism ("one-industry town"), its relative lack of diversity represents a threat. Tourism also tends to inflate the prices of goods and services, making them unaffordable for residents. Importantly, tourism employment tends to be seasonal and low-wage and tourist activity can be adversely affected by events beyond the community's control. Revenue from the accommodations tax arguably generates less impact than could be produced by other private commercial activities associated with high real and personal property values.

Exhibit 50: Trappe SWOT Analysis

Strengths	Weaknesses

✓ Close knit community/welcoming to outsiders ✓ School/ high degree of parental involvement ✓ Low tax rate ✓ Conservative with spending ✓ Diverse population ✓ Safety ✓ Environmentally healthy ✓ Location (easily accessible by Route 50) ✓ Strong church base ✓ Volunteerism (active fire department, Lions Club) ✓ Involved police officer ✓ Water access (public landing) ✓ Recreational opportunities ✓ Diverse housing stock ✓ Low cost of living ✓ Business-friendly ✓ Available vacant land (mixed-use zoning) ✓ New wastewater treatment plant with capacity	✓ Lack of community participation among rental home families (language barrier, lack of transportation) ✓ Lack of certain amenities ✓ Poor internet service in outlying area of Trappe/no broadband service for businesses ✓ Relatively high water rates ✓ "Just say no" attitude among public leaders (zero growth mentality) ✓ Lack of employment opportunities for young families
✓ Controlled growth ✓ Economies of scale ✓ Tourism (rich history) ✓ Mixed-use development ✓ Improve relationship with County government ✓ Expanded water/sewer base (reduce water rates) ✓ Available industrial land	✓ State mandates/regulations ✓ National economy ✓ Wastewater plant too large ✓ Lack of progress of mixed-use development
Opportunities	**Threats**

Trappe SWOT Insights

Strengths

- Business-friendly

SWOT participants indicated that Trappe is generally business-friendly, including with respect to regulations and taxes. Its property tax rate of 0.29 per $100 of assessment is one of the lowest rates in Talbot County. Trappe welcomes controlled growth and its zoning code allows for new mixed-use development and industrial development.

- New wastewater treatment plant with capacity

Trappe has significant infrastructure to support new industrial development. The Town's sewer facility is one of the most current facilities in Talbot County, operating at an average daily flow of 98,000 gallons per day (gpd), but has a design capacity rated at 200,000 gpd.

Weaknesses

- Lack of certain amenities

Because Trappe's population is so small, SWOT participants indicate that there has been difficulty attracting certain amenities to the community, including a grocery store, pharmacy, and other services.

Opportunities

- Available industrial land

Unlike many Talbot County communities, Trappe is less about retirement and more about people in their prime working years striving to raise their families. Importantly, one of Trappe's most valuable assets is its relatively large amount of available industrially-zoned land. In 2010, there were 42 acres of land zoned for industrial use (2.6% of all zoned land), with 20 acres not currently developed.

Threats

- Lack of progress of mixed-use development

One of the greatest threats to growth in Trappe is the failure to attract new mixed-use development. According to the Town of Trappe's 2010 Comprehensive Plan, 998 acres of land have been designated for mixed-use, or 60.6 percent of all zoned land. As of 2010, none of this land had been developed.[29]

[29]Town of Trappe Comprehensive Plan. (2010). Available at http://trappemd.net/documents/comprehensive_plan_2010.pdf.

Exhibit 51: Queen Anne, Oxford, Tilghman, & Villages SWOT Analysis

Strengths	Weaknesses

✓ Natural beauty ✓ Close-knit community, friendly ✓ Volunteerism (Oxford) ✓ Diversity (age, ethnicity, income, culture) ✓ Rich history ✓ Agriculture/farming ✓ Community of choice (people have chosen to be here) ✓ Elementary and high schools ✓ Focus on technology, arts, music, agriculture and sports in schools ✓ Location (proximate to major cities ✓ Recreational opportunities ✓ Waterfront/shoreline ✓ Individual character ✓ Quality of life	✓ Access to healthcare ✓ Lack of job opportunities (particularly for young professionals and blue collar workers) ✓ Disconnect between cost of living and actual wages ✓ Perception of poor education system/lack of support for education funding ✓ Lack of public transportation ✓ Drug and alcohol use (particularly school-age population) ✓ Increasing crime ✓ Large number of part-time residents/second home owners ✓ Increase in poverty ✓ Increasing demand for social services ✓ Aging infrastructure ✓ Lack of political influence/leadership ✓ Lack of young people ✓ Lack of entertainment/social opportunities for young people ✓ Lack of higher education opportunities ✓ County regulations/bureaucracy/complicated and lengthy permitting process ✓ Extreme diversity of opinion paralyzes action ✓ Lack of ability to communicate/compromise
✓ Niche agriculture (buy local, ag tourism) ✓ Ongoing land preservation ✓ Leverage existing infrastructure ✓ More access to water (public slips) ✓ Untapped history (Oxford) ✓ Marketing of history, cultural opportunities ✓ Vertical integration of watermen/women ✓ More cost-benefit analysis of potential regulations to prevent over-regulation ✓ Mentoring ✓ Public transportation opportunities ✓ Promotion of potential back office operations in empty warehouses	✓ State unfunded mandates ✓ Lack of State support for infrastructure improvements (Dover Bridge) ✓ Loss of poultry industry ✓ Regulation ✓ Aging of population ✓ Environmental degradation ✓ Competition from surrounding communities ✓ Lack of regional cooperation ✓ Loss of the hospital ✓ Loss of agriculture knowledge/interest ✓ Large number of second-home owners ✓ Lack of growth/tax base diversification ✓ Loss of character ✓ Bay Bridge is a psychological barrier
Opportunities	**Threats**

Queen Anne, Oxford, Tilghman & Villages SWOT Insights

Strengths

- Agriculture

Agriculture and farming is crucial to Talbot County's economy and to the way of life of its residents. Agriculture/farmland occupies more than 109,002 acres of land in Talbot County, supporting roughly 280 farms county-wide (as of 2008). The Market Value of agricultural production in Talbot County contributed $50,541,000 to the local economy in 2008.[30]

Talbot County communities enjoy fertile farmland and are proximate to major mid-Atlantic markets. This allows farmers to move their products easily. The majority of farming in the county is grain production, though the community is also known for its high quality fruits and vegetables.

SWOT participants indicated that there has been renewed interest in farming among young people in their communities, in part due to the Agriculture Career and Technical Education program at Easton High School. The program introduces students to the business of agriculture, food and natural resources and allows students to specialize in either plants or animals.[31]

Weaknesses

- Aging infrastructure

SWOT participants noted that their communities suffer from aging infrastructure, including outdated sewer systems and stormwater management infrastructure. Additionally, flooding and rising water levels associated with global warming are particularly threatening to waterfront towns and villages, including Oxford and Tilghman.

- Homelessness/poverty

While poverty is declining county-wide, certain communities are experiencing a rise in poverty and homelessness. In Oxford, the percent of residents living below the poverty line increased from 2.5 percent in 2000 to 3.9 percent in 2010. Poverty has worsened significantly in Queen Anne, where the poverty rate increased from 2.0 percent to 12.3 percent according to the U.S. Census Bureau.

Opportunities

[30] "Doing Business: Agricultural." (n.d.) Talbot County, Maryland website. Accessed on March 4, 2013. Available at http://www.talbotcountymd.gov/index.php?page=Agricultural.
[31] Talbot County Public Schools Program of Studies, 2013-2014. (n.d.) Available at http://www.tcps.k12.md.us/files/3013/5906/3199/january22_POS.pdf.

- Untapped history (Oxford)

Founded in 1683 (though already in existence for roughly 20 years prior to that point), Oxford is one of the oldest towns in Maryland. The town has been home to a number of Maryland historical figures, including The Reverend Thomas Bacon (Anglican clergyman who wrote the first compilation of the laws of Maryland), Matthew Tilghman (known as the "patriarch of Maryland" and "father of statehood"), and Colonel Tench Tilghman (aide-de-camp to George Washington and the man who carried the message of Cornwallis' surrender to the Continental Congress in Philadelphia).[32]

A number of historical sites are located in Oxford, including the Oxford-Bellevue Ferry, which is believed to be the oldest privately-owned ferry in the United States.[33] The Oxford Museum provides an opportunity for tourists and community members to explore the town's rich history. SWOT participants indicate that this history represents a largely untapped asset that should be more aggressively marketed.

Threats

- Environmental degradation

Many of Talbot County's largest industries – or potential growth industries – (i.e. tourism/recreation, environmental technology/renewable energy, environmental research) are directly related to the quality of the natural environment. The importance of protecting natural resources was emphasized during each community SWOT analysis meeting, with all groups agreeing that environmental deterioration represents a significant threat to their respective communities.

[32] "A Brief History of Oxford". (n.d.). Town of Oxford website. Accessed March 12, 2013. Available at http://www.oxfordmd.net/history.html.
[33] "Oxford Points of Interest." (n.d.). Town of Oxford website. Accessed March 12, 2013. Available at http://www.oxfordmd.net/interest.html.

Part III. Economic Development Strategic Plan

A. Primary Opportunity Areas for High-Wage Job Growth

The Sage study team has identified five primary opportunity areas for Talbot County based on the Economic Analysis Report and SWOT Analysis. The following industries have been listed in order of priority and represent potential areas the study team believes to be worthy of Talbot County's primary focus of economic development efforts.

1) Manufacturing, including segments related to government contracting, the environment and technology generally

While Talbot County's manufacturing sector has been in decline in recent years, the Sage study team believes that manufacturing still represents an important opportunity area. Talbot County currently possesses a diverse base of manufacturing companies, including:

- Sotera Defense Systems- a manufacturer of rugged mobile support systems for the U.S. Government;
- The Whalen Company- manufactures of the original vertical stack fan coil unit and water source heat pumps;
- Aphena Pharma Solutions- a pharmaceutical and OTC packaging facility (employs roughly 225 people)
- JASCO North America- assembly and distribution of spectrometers and analytical equipment; and
- Celeste Industries Corporation- the world leader in lavatory and cleaning chemicals, hand care systems and amenities for the transportation industry.[34]

In addition to retaining these important businesses, the study team believes that the County should focus on attracting more high-tech manufacturing companies, particularly those that develop environmental technologies/renewable energy technologies. As discussed in the SWOT analysis, Talbot County possesses many key elements that make it an ideal location for these types of businesses.

2) Ambulatory health services including offices of primary & specialty practitioners and home health care services

Health services, including offices of primary and specialty practitioners and home health care services represent an obvious area of opportunity for economic growth in Talbot County. The healthcare industry represented Talbot County's single fastest growing industry in recent years and is also associated with rapid wage growth. This sector provides opportunities for a range of

[34] "Retention of Major Manufacturers and Employers in Talbot County." (n.d.) Talbot County, Maryland website. Accessed on March 20, 2013. Available at http://www.talbotcountymd.gov/index.php?page=Major_Empoyers.

wage and skill levels, from family and general practitioners, nurses, and physician assists to occupational therapists and home health/personal care aides.

Talbot County's rapidly aging population in conjunction with the expansion of healthcare access as a result of the Patient Protection and Affordable Care Act (2010) will undoubtedly create new demand for healthcare services in the community. Moreover, the development of a new regional medical center in Easton will help to further position as a medical hub for the region.

3) Management, technical consulting and corporate back office operations

The third primary opportunity area in Talbot County is businesses that provide management and technical consulting services and business support services. Wage growth in these professional and business services subsectors have been particularly rapid and both segments are among the top job-creating sectors in the county. Importantly, attracting this type of businesses to the community represents a win-win from an economic development perspective, as these segments support high-wage jobs and make Talbot County more attractive to other firms who will be able to take advantage of these types of services.

Management consulting services encompasses businesses that help organizations to improve their operational performance, primarily through the analysis of existing organizational problems and development of plans for improvement. These consultants seek to improve a firm's profitability and return on investment. Technical consultants, on the other hand, focus on solving technical problems or addressing compliance issues a company may face. Management consulting firms employ workers with background in marketing, advertising, public relations, training and development among others while technical consultants are often accountants, lawyers, engineers, etc.[35]

Business support services/corporate back office operations consists of establishments engaged in performing activities that are ongoing routine business support functions that businesses and organizations traditionally do for themselves, including telephone answering and telemarketing, secretarial services, debt collection services, credit reporting, etc.[36] During the SWOT analyses, there was discussion regarding an abundance of empty warehouses throughout the county. These types of establishments would be the perfect way to fill them.

[35] "NAICS 5416 - Management, Scientific, and Technical Consulting Services." Bureau of Labor Statistics. Available at http://www.bls.gov/oes/current/naics4_541600.htm#11-0000.
[36] "NAICS 5614 - Business Support Services." Bureau of Labor Statistics. Available at http://www.bls.gov/oes/current/naics4_561400.htm.

4) **Finance and insurance, including financial advisory services, estate planning, and life insurance agencies/brokerages, and accounting/bookkeeping**

As large numbers of Talbot County residents approach retirement age, demand for financial advisory and insurance services will increase. Nearly 37 percent of County residents are approaching their retirement (between the ages of 45-59) while another 34 percent is 60 and older. Financial advisory establishments and insurance agencies represent a particularly important opportunity area for Talbot County, as these baby boomers and their families will need to seek planning advice regarding investments, taxes, retirement and insurance decisions. These segments are associated with high wages and create a range of job opportunities from insurance sales people and underwriters to personal financial advisors.

Accounting and bookkeeping services represents another top job-creating segment in Talbot County. This is perhaps due to the large number of small businesses in the county. According to the Maryland Department of Labor, Licensing and Regulation, 78 percent of private businesses in Talbot County are micro-enterprises, which mean they employ between 0 and 9 workers. Another 14 percent of businesses are considered small (10-24 employees).[37] Smaller businesses generally require help with tax preparation, bookkeeping and accounting and often outsource these types of services.

5) **General aviation (development at Easton Airport)**

The Easton/Newnam Field Airport (ESN) represents a source of significant opportunity for Talbot County. ESN is one of the busiest general aviation facilities in Maryland, connecting Talbot County to the entire country. The study team believes that expanding activities at the airport, including flight training programs and new charter flights, should be a focus of Talbot County economic development going forward. Though there have been some emerging challenges due to sequestration, the airport remains functional and presents an opportunity to provide substantial value-added service to corporate and other citizens.

Additionally, the airport possesses a considerable amount of developable land, including six sites that are available for corporate hangar development, which would accommodate up to 12,000 square feet hangars. In addition, a T-hangar development site is available, and that would add an additional 8 hangars with 42 foot doors. Offering a total of 654 acres, the airport has additional land beyond that to support both aviation- and non-aviation development.[38]

[37] "Talbot County Fact Sheet." (n.d.) Maryland Department of Labor, Licensing and Regulation. Available at http://www.dllr.state.md.us/lmi/wiafacts/talbotcounty.pdf.

B. Specific Recommendations for Talbot County and the Towns

In addition to focusing economic development resources on the primary opportunity areas identified above, the Sage study team has identified 16 specific recommendations for Talbot County and the Towns. The recommendations detailed below are intended to accentuate the myriad strengths of these communities while deemphasizing some of the more challenging aspects of the economic environment. Sage has also provided a corresponding Implementation Plan to guide the implementation of these recommendations. The Implementation Plan can be found in Appendix A of this report.

Talbot County

1) Business-friendly initiatives

Despite myriad advantages, including having one of the lowest real estate tax burdens in the state, an educated and competitive workforce, wages that are below the state average, and an abundance of water, electricity, high speed fiber and transportation accessibility, Talbot County has lost businesses in recent years and has not been successful in attracting new business. This negative trend, along with the SWOT analyses, indicates that, among other things, Talbot County needs to create a more business-friendly environment.

The study team recommends that Talbot County immediately complete a Business Friendly Initiative with all major agency heads to submit an action plan offering modified standard operating procedures designed to be business friendly, particularly with respect to smaller businesses. Key components of the initiative should include improved customer service, greater contact with entrepreneurs, routine personal visits and/or calls to major employers and periodic review of existing regulations. Importantly, all County agencies will need to create an environment that is more conducive to investment, including by making it easier to navigate the development process.

2) Aggressively pursue target industries for retention and attraction by creating new resources for economic development

The study team identified 5 primary opportunity areas for high wage growth in the section above. In order to retain and attract these industries, Talbot County will need to more aggressively support economic development by creating new resources for the Office of Economic Development. The study team has identified an immediate need for a new County economic development website as well as additional resources to support smaller businesses in the community. Potential services include providing start up advice and training; financial assistance including through loans, grants and tax-exempt bonds; business location and site selection assistance; and employee recruitment and training assistance. As reported in the economic analysis above, more than 77 percent of businesses in Talbot County are classified as

micro-enterprises (0-9 employees). These micro-enterprises represent roughly 22 percent of total employment in the county. Another 14.4 percent are considered small businesses (between 10 and 24 employees; 21% of county employment).

3) More pragmatic approach for the real property tax credit for commercial or industrial businesses

The County should modify qualifications of the real property tax credit to provide the Office of Economic Development with greater flexibility and opportunity to use it. Currently, a commercial or industrial business is eligible for the tax credit only if it makes a substantial investment in Talbot County, including investing at least $2 million and hiring 50 or more employees. Because of these lofty thresholds, the County has been unable to use this tax credit. Accordingly, the study team recommends lowering the threshold to $1 million and 15 employees.

4) Increase the amount of strategically-situated industrial & commercially-zoned land in Talbot County, including in larger towns

The Talbot County Industrial Land Use Recommendation identified & prioritized the following parcels for future industrial zoned use:

- Easton and immediate area:
  - Gannon Farm
  - Clifton Industrial Park
  - Airport (14 acres adjacent to Mistletoe Hall)
  - Mistletoe Hall property – 86.35 acres currently zoned agriculture
  - Old Ribbon Factory on St. Michaels Road
  - Nixon Drive – Black Dog Alley properties
- Town of Trappe:
  - Back town Road, West from Route 50 (50 acres)
  - Lovers Lane (17 acre parcel with proximity to water and sewer)
- Town of St. Michaels:
  - Old Flour Mill
- Town of Oxford:
  - Spring property behind the wastewater treatment facility
  - Cooperative Oxford Lab

Sage recommends that the County modify zoning to increase the supply of industrially available land. There were six other recommendations promulgated by the Talbot County Industrial Land Use Recommendation report and Sage takes the view that these should also be implemented over time.

5) Create a new private nonprofit economic development corporation/partnership

The issue of coordination (or lack thereof) between Talbot County and the towns arose frequently during the SWOT analyses. Accordingly, Sage recommends that the community create a new private, non-profit economic development partnership between County and Town leaders to develop consistent land-use and infrastructure management strategies, identify available financing opportunities and craft coordinated implementation plans.

One possible Town-County partnership model that has been identified exists in the form of Salisbury-Wicomico Economic Development, Inc. (SWED). SWED is a group of community, business and governmental leaders in Wicomico County and the City of Salisbury created to "strengthen the local economy through the preservation and creation of productive employment opportunities." According to SWED, "A priority of our economic development initiatives is the retention, stability and growth of Wicomico's existing industry… in both retention and attraction endeavors, SWED targets those industries whose activities result in the importation of dollars to our community."[39]

Funding for SWED originates from county and municipal governments as well as through private sector companies in the form of memberships. SWED works very closely with Wicomico County. They serve as the County's economic development agency, working with all departments and serving in an advisory role as well.

A second example is the Hagerstown-Washington County Economic Development Commission (EDC). The EDC is a county agency that provides assistance to new and expanding businesses throughout Hagerstown and Washington County. The EDC interacts with network of public, private and nonprofit organizations to address the business needs of the community, as well as attract new companies to the county. According to the EDC, the agency's mission is to "be the most effective provider of information and strategic solutions to existing and prospective businesses, as well as the leading marketer of the greater Hagerstown area as a desirable business destination."[40]

Strategic Priorities of the EDC include: 1) assisting with the retention and growth of existing businesses; 2) attracting new businesses to the County emphasizing targeting industries; 3) facilitating workforce development for existing and target businesses; 4) identifying and prioritizing economic development infrastructure needs and opportunities; and 5) supporting continued cooperation within the public and private sectors toward achieving economic development objectives.

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[39] Salisbury-Wicomico Economic Development Inc. (n.d.). "About Us."swed.org.
[40] Hagerstown-Washington County Economic Development Commission. (n.d.). "About Us." http://hagerstownedc.org.

6) Embrace role as senior living/retirement community

As indicated by the rapid growth of older residents, Talbot County has already become an attractive retirement destination. Communities in Talbot County are generally senior-living friendly with their waterfront, tranquility and small-town atmosphere. The communities also possess a large number of active civic organizations that provide a range of volunteer opportunities for residents.

Importantly, the County possesses significant healthcare infrastructure, including in the form of home healthcare services that permit older residents to continue living in their homes as their age. That, in and of itself, represents a significant marketing advantage. In fact, home health services represent one of Talbot County's most rapidly expanding sectors. Between 2005 and 2011, the number of such workers expanded 539 percent countywide or by 194 workers. Naturally, the planned construction of a new hospital will also create additional marketing appeal.

Attracting and retaining retirees is particularly important for Talbot County, as these residents contribute to the tax base and also tend to be generous with respect to charitable donations. Many communities in Talbot County have come to rely on these donations to maintain certain community services. Furthermore, higher demand for senior-related services would create more middle-wage and entry level jobs in the community, including service occupations (nurses, home health care services, financial planners) and customer service occupations (golf course maintenance, cleaning services, etc.).

Town of Easton

7) Continue to facilitate growth in healthcare delivery

Easton should strive to create a sufficient pipeline of trained medical workers in the community, leveraging its connection to the University of Maryland in the process. Coordination with local educational institutions, including Salisbury University and Chesapeake College is recommended. Salisbury University offers degrees in medical laboratory science and nursing and Chesapeake College offers a number of certificates and associates degrees in health-related professions.

8) Improve appearance from Route 50 to attract visitors passing through

Easton may have done itself a disservice over time by allowing Route 50 to develop as it has. Not only do the businesses along Route 50 represent competition for the historic downtown and a reason to bypass Easton's most unique offerings, but the appearance of Route 50 in Easton casts a shadow on what is otherwise one of Maryland's most attractive communities. The study team recommends that the Town limit future development along Route 50, but also invest to improve the appearance of this stretch of the community.

9) Encourage infill development/redevelopment of vacant property downtown

SWOT analysis participants indicated that there is a large amount of vacant space/empty storefronts in downtown Easton. The study team recommends that the Town encourage infill development by directing new high-wage growth segments, including management, technical consulting and corporate back office operations establishments to downtown Easton. Fortunately, Easton's Comprehensive Plan currently supports and allows for redevelopment in the downtown area. However, high vacancy indicates that the infill strategy has not been successful to date. The study team recommends that the Town revisit the infill strategy outlined in the 2010 Comprehensive Plan to reestablish immediate, short-term, and long-term priorities and implement these priorities with fidelity.

According to the Comprehensive Plan, a 2008 Plan by AKRF and Streetworks, LLC. entitled the "Easton Downtown Plan for Infill Development" prioritized 10 infill development strategies. These included:

- Enhance Marketing, Branding and Merchandising;
- Define Downtown's Edge/Create a Green Ring around Downtown;
- Daylight Tanyard Branch;
- Reconnect the Northern and Southern Parts of Downtown;
- Focus on Filling-in Building Gaps and Activating the Street at Ground Level;
- Strengthen the Existing Retail Core;
- Create Contextual and Compatible Development;
- Encourage Downtown Residential Development;
- Create a Unified Parking Strategy and Parking District; and
- Coordinate Open Spaces.[41]

<u>Town of St. Michaels</u>

10) Improve signage throughout the town

One of St. Michaels greatest strengths is its well-known reputation as a wonderful shopping destination. However, visitors to the town appear to be missing out on certain retail, dining, and tourist attractions that are not located at the heart of downtown. This has the effect of reducing economic activity at the edges of downtown and reducing the scope of the visitors' experience.

In order to improve visitor experience, the study team recommends that St. Michaels develop a wayfinding signage program. Signs should be explicit regarding available attractions and clusters of retail. One of the most important aspects of this is to direct visitors to the Old Mill

[41] Easton Comprehensive Plan. (2010). Available at http://www.town-eastonmd.com/PlanningZoning/Comp_Plan.html.

redevelopment area, which has become intensely interesting but which is also frequently overlooked by visitors.

11) Address parking

In addition to improving signage, the Town should increase the amount of parking available for visitors and residents, particularly near retail and dining areas. During a tour of the Town, Sage identified an obvious lack of parking for patrons of dining and retail around the Old Mill redevelopment. Not surprisingly, this section of downtown is often missed by visitors. The Town should also help address parking and enhance experiential engagement by providing additional bicycle racks to allow visitors to park their bikes. This would likely have the impact of better diffusing visitors in and around downtown.

12) Attract more professional business establishments downtown

Like downtown Easton, downtown St. Michaels represents an ideal area to direct new business growth, including businesses in target industries such as professional and business services (e.g. management and technical consulting, business support services) and finance and insurance (e.g. financial advisory services, estate planning, and life insurance agencies/brokerages, and accounting/bookkeeping). Increasing the population in downtown St. Michaels would support retailers and other service-providers, many of whom presently generate their sales on a seasonal basis, rendering them more financially fragile. By the broadening the business base, St. Michaels would render its downtown more economically vibrant and more active during off-season.

Town of Trappe

13) Establish Trappe as the County's primary industrial recruitment community

Unlike many Talbot County communities, Trappe is less about retirement and more about people in their prime working years striving to raise their families. Importantly, one of Trappe's most valuable assets is its relatively large amount of available industrially-zoned land. In 2010, there were 42 acres of land zoned for industrial use (2.6% of all zoned land), with 20 acres not currently developed. This available land, in addition to its favorable tax property tax rate of 0.29 per $100 of assessment, renders the Town as one of the most attractive communities in the County for industrial developers and users of industrial space. Moreover, Trappe has significant infrastructure to support new industrial development. The Town's sewer facility is one of the most current facilities in Talbot County, operating at an average daily flow of 98,000 gallons per day (gpd), but has a design capacity rated at 200,000 gpd.[42]

[42]Town of Trappe Comprehensive Plan. (2010). Available at http://trappemd.net/documents/comprehensive_plan_2010.pdf.

14) Accelerate mixed-use development

In addition to a large amount of industrial land, Trappe currently has a significant amount of land zoned for mixed-use development. According to the Town of Trappe's 2010 Comprehensive Plan, 998 acres of land have been designated for mixed-use, or 60.6 percent of all zoned land. As of 2010, none of this land was being used.[43]

With the economy still in recovery and with the housing market steadily moving toward equilibrium, there is an opportunity to engage the development community. Moving forward with mixed-use development would encourage more walking, sustain additional tax base and better leverage the Town's often-underutilized infrastructure.[44]

Queen Anne, Oxford & the Villages

15) Strategically situate new housing to attract young, upwardly mobile professionals

While the Towns of Queen Anne and Oxford benefit from concentrations of wealth, there appears to be a lack of housing for those people who are early in their careers. According to the American Community Survey conducted by the U.S. Census Bureau, nearly all of Oxford's housing units (431 units or 95 percent) are single-family. Of these, 417 are single-family attached, implying that there are few apartments or townhomes. Only 5 percent of Oxford's housing stock is of the multi-family variety.[45] In Queen Anne, 85 percent (82 units) are single-family while 16 percent (15 units) are multi-family).[46]

These communities, particularly Oxford, are not known as communities that embrace change. However, the citizens of the towns benefit from dynamic entrepreneurial businesses that offer fine dining, healthcare, specialty retail, financial advice, and other forms of service. In order to attract young professionals, the study team recommends that the towns consider allowing for the development of high-end condominiums or even luxury apartments.

16) Ongoing land/ natural resource preservation

Many of Talbot County's largest industries – or potential growth industries – (i.e. tourism/recreation, environmental technology/renewable energy, environmental research) are directly related to the quality of the natural environment. The importance of protecting natural resources was emphasized during each community SWOT analysis meeting, with all groups agreeing that environmental deterioration represents a significant threat to their communities.

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[43]Town of Trappe Comprehensive Plan. (2010). Available at http://trappemd.net/documents/comprehensive_plan_2010.pdf.
[44]Town of Trappe Comprehensive Plan. (2010). Available at http://trappemd.net/documents/comprehensive_plan_2010.pdf.
[45]U.S. Census Bureau, American Community Survey, 2011 5-year estimates.
[46] U.S. Census Bureau, American Community Survey, 2010 5-year estimates.

Accordingly, the study team recommends that all communities, including Queen Anne, Tilghman and other villages, continue to work to preserve land and water resources, with an eye toward increasing the growth of industries that seek out green communities.

C. Conclusion

Talbot County is associated with a number of incredibly attractive characteristics – characteristics consistent with successful economic development. These include a substantial number of high net worth households, ample waterfront, historic architecture, developed links to Maryland's Western Shore, good schools, a well-established hospitality industry and a reputation for a high quality of life. It offers one of the lowest real estate tax burdens in the state, has an educated and competitive workforce with wages that are below the state average and offers an abundance of water, electricity, and redundant high speed fiber.

But the community also faces significant economic development challenges, including a lack of coordination and vision between the County and the Towns, a smallish labor force, generally expensive land and frequently unaffordable housing. This has made attracting and retaining a significant commercial/industrial base difficult, which in turn has rendered the tax base highly dependent upon residential activities.

This report provides 16 recommendations that if implemented with fidelity would create an environment that is more consistent with commercial/industrial growth. Among the industries that the Sage study team has identified are obvious candidates such as leisure and healthcare and less intuitive industries such as financial services, manufacturing, and corporate back office recommendations. Among the most important recommendations is the establishment of a private, non-profit economic development corporation that would be jointly establish infrastructure investment, land-use, business retention and attraction strategies. Naturally, this corporation would be advisory and would not trump the powers vested in the County or the Towns. However, a coordinating body appears necessary given the lack of alignment between County and Town visions.

APPENDIX

Appendix A. Implementation Plan

Talbot County

1) **Business-friendly initiatives**

Goal: Create a culture within County and Town governments that embraces small business owners, including by expediting the granting of permits, creating greater transparency with respect to when businesses qualify for available tax credits, and considering applications for zoning modifications more aggressively and favorably.

Strategy: This needs to be implemented from top-down, which means that the culture of business friendliness must begin with elected leaders at County and municipal levels. That culture needs to be engrained in local agencies, weather police, planning or other departments.

Measureable Outcome: A significant acceleration in small business start-up and expansion activity as documented by the Talbot County Office of Economic Development.

2) **Aggressively pursue target industries for retention and attraction by creating new resources for economic development**

Goal: Support business retention, expansion and attraction through effective economic development resources.

Strategy: The Talbot County Office of Economic Development must outline additional resource requirements for achieving the objectives identified in this report and identify potential sources of revenue to support economic development. These requirements shall be presented to the County Council for review and approval. Resource allocation shall be prioritized based on this Strategic Plan.

Measurable Outcome: Better retention of current business base (1,645 establishments as of 2011) and accelerated creation of new businesses, particularly in target industries.

3) **More pragmatic approach for the real property tax credit for commercial or industrial businesses**

Goal: Accelerate investment, particularly in high-wage manufacturing activities.

Strategy: The Talbot County Office of Economic Development, working in conjunction with the County Council, must modify the requirements for the real property tax credit. The threshold

should be reduced from a $2 million investment to a $1 million investment and the employment threshold should be reduced from 50 employees to at least 15 full-time employees.

Measurable Outcome (s): Increased use of the real property tax credit; a material acceleration in business investment; and lower industrial/commercial vacancy rates countywide.

4) **Increase the amount of strategically-situated industrial & commercially-zoned land in Talbot County, including in larger towns**

Goal: To leverage available industrial and commercial land to accommodate the development of industrial and/or technology-based businesses in order to attract high-wage jobs and enhance the County's tax base.

Strategy: The Talbot County Office of Economic Development and the Planning and Zoning Office shall utilize the recommendations supplied in the 2011 Talbot County Land Use Recommendation by the Talbot County Economic Development Land Use Sub Committee as a framework for selecting and reserving land for industrial use. Planning should begin immediately, though because there are political processes involved, a firm deadline is difficult to establish.

Measureable Outcome: Site selection consultants will notice a meaningful increase in the number of industrially-zoned properties available in Talbot County.

5) **Create a new private nonprofit economic development corporation/partnership**

Goal: To encourage collaboration between County and Town stakeholders in order to ensure a well-defined, consistent vision for economic development throughout Talbot County.

Strategy: The Talbot County Office of Economic Development should authorize and charter the Corporation, spelling out powers, responsibilities, limitations, organizational structure and formal relationship to County and Town governments. It would help if the County would invest seed money to initially support the organization, identify space within a public building that could be utilized on a pro bono basis, and provide the organization with a certain level of ad hoc staff support if needed.

An Economic Development Corporation leader should be selected. This should be a member of the community who has demonstrated a willingness to participate on non-profit boards, has links to the Talbot County development community and a demonstrated capacity to lead. This leader would immediately select their board, establish a required budget, create a mission and vision, articulate rules of engagement and voting processes, and begin to work with Town and County governments to identify possible synergies and opportunities for collaboration. Based on the study team's experience, the Board should not be overpopulated, probably with a maximum of nine members and a minimum of five.

It is important that this board establish links with existing organizations and maintain productive relationships with Town and County officials. One of the most critical first steps is that this board and its broader stakeholders agree on a plan of action. The study team has worked to provide certain key aspects of that plan of action, but of course a dedicated board of engaged Talbot County and Town leaders would be positioned to refine, augment and improve upon the study team's insights.

Measureable Outcome: An Economic Development Corporation is developed, has created a plan of action, and is successfully implementing aspects of that plan by June 30, 2014.

6) Embrace role as senior living/retirement community

Goal: Attract affluent retirees and near-retirees to reduce the community's presently elevated supply of unsold homes and drive greater revenues to local businesses.

Strategy: Market the community as a retirement haven more aggressively through the economic development and relatively inexpensive social media channels. This requires the development of a full-blown marketing strategy, perhaps involving a hired consultant.

Measureable Outcome: Local realtors should be contacted to determine whether there is any evidence that the marketing campaign is increasing interest in Talbot County and its various communities among prospective buyers in their 50s, 60s and beyond. Census Bureau data arrive too infrequently to be of much use.

<u>Town of Easton</u>

7) Continue to facilitate growth in healthcare delivery

Goal: Leverage community demographics, the presence of Memorial Hospital and the existing cluster of independent healthcare providers in Easton to further expand healthcare employment and entrepreneurship.

Strategy: The emphasis should be on workforce development. A committee comprised of stakeholders from the hospital, independent health providers, Talbot County government, Town of Easton government, Chesapeake College and Salisbury University should be formed with an eye toward expanding marketing and reach of existing educational programming.

Measureable Outcome: Acceleration in the growth of Talbot County residents working in the healthcare field, whether in-county or in other communities.

8) **Improve appearance from Route 50 to attract visitors passing through**

Goal: First impressions matter. The goal is to enhance the appearance of Easton from Route 50 in order to encourage economic activity in Downtown Easton.

Strategy: The Easton Planning and Zoning Department/Easton Code Enforcement Office shall use a combination of zoning restrictions and aggressive code enforcement to improve the aesthetics of the Route 50 business district.

Measureable Outcome: Over time, create an atmosphere along Route 50 that is better aligned with the balance of Easton's commercial areas, particularly downtown.

9) **Encourage infill development/redevelopment of vacant property downtown**

Goal: To create a more vibrant downtown that offers an attractive mix of professional and cultural services.

Strategy: The Easton Planning Commission shall review the town's infill strategy as outlined in the 2010 Comprehensive Plan. The Commission shall work to reestablish immediate, short-term and long-term priorities and generate an updated and more aggressive implementation strategy.

Measureable Outcome: A decline in commercial vacancy in downtown Easton.

<u>Town of St. Michaels</u>

10) **Improve signage throughout the town**

Goal: The goal is to encourage visitor to walk greater distances and visit more attractions beyond the Chesapeake Bay Maritime Museum, etc. St. Michaels has much to offer, but poor signage and inconsistent streetscapes cause many visitors to limit their experience to a handful of very well-known attractions.

Strategy: The St. Michaels Public Works Department shall be responsible for developing and maintaining a wayfinding signage program that directs visitors to emerging retail and entertainment attractions, including the Old Mill redevelopment area.

Measureable Outcome: Enhanced business sales at businesses throughout downtown St. Michaels.

11) Address parking

Goal: Scarce parking accessibility for visitors in parts of downtown inhibits visitor circulation, which translates into diminished economic impact. The goal is to provide more parking at the "ends" of downtown to encourage greater circulation, more economic impact and higher property values.

Strategy: The St. Michaels Planning Commission shall identify new appropriate parking locations surrounding retail clusters throughout downtown. The Land Use and General Permits Department is responsible for quickly reviewing and approving these permits.

Measureable Outcome: Enhanced business sales at businesses throughout downtown St. Michaels.

12) Attract more professional business establishments downtown

Goal (s): Reduce vacancy rates in downtown St. Michaels and address the heavy reliance upon seasonal business.

Strategy: Leverage the capabilities of the Talbot County Office of Economic Development to aggressively market available space in downtown St. Michaels to financial and professional services firms, including but not limited to money managers and estate planning firms.

Measureable Outcome: A decrease in the downtown vacancy rate of St. Michaels and an increase in full-time employment downtown.

<u>Town of Trappe</u>

13) Establish Trappe as the County's primary industrial recruitment community

Goal: Because of a combination of infrastructure availability (e.g., water and sewer capacity), labor force and land values, Trappe is arguably Talbot County's most promising destination for industrial investment and expansion. The goal should be to position Trappe to better fulfill this role in Talbot County's economy.

Strategy: The Trappe Planning Commission should meet more frequently until a comprehensive industrial zoning plan is developed. This plan should be in place by September 30th, 2013.

Measureable Outcome: Enhanced marketing and appeal to expanding industrial firms through the creation of a comprehensive package of information detailing available industrially-zoned land, incentives and Trappe-specific labor force information.

14) Accelerate mixed-use development

Goal: Diversify Trappe's tax base and increasing the size of the local labor force by attracting significant mixed-use development.

Strategy: Because Trappe is generally more favorably inclined to economic development than several other major Talbot County communities, there is an opportunity to engage ambitious developers who can supply attractive mixed-use communities that increase tax base, help pay for water and sewer infrastructure, and position Trappe to attract more businesses. Leadership must be provided by the members of the Council of Trappe.

Measureable Outcome: One or two significant mixed-used developments in Trappe associated with substantial net positive fiscal impacts.

Queen Anne, Oxford & the Villages

15) Strategically situate new housing to attract young, upwardly mobile professionals

Goal: The objective is to help diversify the community's demographic base by attracting more young people, particularly highly educated professionals with substantial incomes and elevated likelihood for entrepreneurship.

Strategy: The Commissioners of Oxford and Queen Anne shall seek the development of high-end condominiums and apartments targeting young professionals through a mix of location, architectural detail and floor plans.

Measureable Outcome: It will take several years for this to be realized. The outcome will be to materially increase the number of young professionals living in the towns of Queen Anne, Oxford, and the villages to enhance the tax base, create more support for local businesses and hopefully to accelerate business start-up activity.

16) Ongoing land/natural resource preservation

Goal(s): To preserve Talbot County's land and water resources, maintain the community's high quality of life and rural character.

Strategy: The villages should lead a broad effort to ensure that growth occurs in established communities such as Easton, St. Michaels and Trappe's. This means, of course, that Easton, St. Michaels and Trappe must be open to a certain amount of economic growth.

Measureable Outcome: There are many measurable outcomes, including a more diverse economy, including in the form of greater industrial activity, and more sustainable ecosystems.

Appendix B. Additional Data

Exhibit A1: Employment Change by 4-digit NAICS, Talbot County, 2005-2011

Private	2005	2011	Absolute Change
Home health care services	36	230	194
Civic and social organizations	129	282	153
Architectural and engineering services	241	372	131
Insurance agencies and brokerages	128	230	102
Management and technical consulting services	179	258	79
Accounting and bookkeeping services	141	206	65
Department stores	398	449	51
Business support services	15	51	36
Individual and family services	71	107	36
Offices of other health practitioners	93	127	34
Offices of physicians	505	527	22
Grocery and related product wholesalers	81	96	15
Other miscellaneous store retailers	51	66	15
Advertising, PR, and related services	17	31	14
Other schools and instruction	45	59	14
Utility system construction	38	50	12
Death care services	31	40	9
Misc. nondurable goods merchant wholesalers	21	28	7
Depository credit intermediation	191	197	6
Personal care services	99	105	6
Other professional and technical services	82	86	4
Child day care services	82	86	4
Home furnishings stores	29	32	3
Activities related to real estate	94	97	3
Office supplies, stationery, and gift stores	57	59	2
Used merchandise stores	41	43	2
Offices of dentists	136	137	1
Securities and commodity contracts brokerage	59	58	-1
Continuing care, assisted living facilities	456	455	-1
Hardware and plumbing merchant wholesalers	30	27	-3
Outpatient care centers	110	106	-4
Lessors of real estate	29	24	-5
Automotive repair and maintenance	174	169	-5
Other heavy construction	43	37	-6
Other motor vehicle dealers	59	53	-6

Commercial equipment merchant wholesalers	59	52	-7
Florists	63	55	-8
Vocational rehabilitation services	56	48	-8
Other personal services	36	27	-9
Drycleaning and laundry services	32	22	-10
Furniture stores	48	33	-15
Other general merchandise stores	51	33	-18
Household goods repair and maintenance	89	71	-18
Museums, historical sites, zoos, and parks	84	63	-21
Specialty food stores	54	32	-22
Insurance carriers	119	95	-24
Auto parts, accessories, and tire stores	87	62	-25
Nonresidential building construction	80	52	-28
Specialty food stores	45	16	-29
Motor vehicle and parts merchant wholesalers	115	84	-31
Legal services	169	137	-32
Clothing stores	102	64	-38
Grocery stores	544	502	-42
Consumer goods rental	71	27	-44
Office administrative services	88	40	-48
Machinery and supply merchant wholesalers	137	80	-57
Other amusement and recreation industries	239	179	-60
Offices of real estate agents and brokers	101	39	-62
Computer systems design and related services	99	37	-62
Building foundation and exterior contractors	113	43	-70
Services to buildings and dwellings	483	409	-74
Automobile dealers	258	179	-79
Professional and similar organizations	143	53	-90
Building finishing contractors	228	95	-133
Building equipment contractors	369	205	-164
Other specialty trade contractors	313	115	-198
Residential building construction	468	261	-207

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages