An Economic Development Strategy for North Beach, MD

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An Economic Development Strategy for North Beach, MD

Executive Summary

A Lovely Town

On occasion, consultants are susceptible to recommending too much. Hired to find solutions, consultants sometimes overstate the magnitude of the challenges a given community faces, and then recommend more changes than is necessary.

The Sage Policy Group, Inc. study team has, we feel, managed to overcome this tendency. North Beach is already a lovely town and the last thing it needs is for consultants to recommend too much. The town is characterized by its small town feel, the central importance of the Chesapeake Bay, a spirit of comradery, quaint homespun businesses and historic residences.

The town does not require a complete overhaul. Nor are people seeking dramatic change. This was made clear during the numerous interviews and focus groups conducted by the study team. But there is room for incremental improvement along numerous dimensions. The study team offers recommendations to promote those needed incremental improvements.

A Few Noteworthy Challenges

- Seasonality

Among the most serious challenges is the seasonality of North Beach's economy. It is lively for roughly four months of the year, but settles down considerably once the summer is over. Too frequently, this translates into businesses with inadequate cash flow to recycle into operations and into quality of merchandise.

- Chesapeake Avenue – A Missed Opportunity

While Bay Avenue is replete with charm and is home to many of North Beach's signature businesses, Chesapeake Avenue is a missed opportunity. A considerable volume of traffic passes along Chesapeake Avenue. There is little architectural consistency and the thoroughfare is characterized by some mediocre structures and gravelly parking lots.

- Competition from Chesapeake Beach and other Communities

North Beach is contiguous with the larger town of Chesapeake Beach with its relatively new boardwalk, resort spa hotel, recreational water park and housing. Herrington Harbor, voted the best marina in America, is located just two miles north of North Beach across the County line. It is therefore an easy proposition for people to visit the general area around North Beach without actually engaging North Beach itself.

Moreover, once people arrive in North Beach, there is a limited set of activities in which they can engage, particularly during non-summer months. Focus group participants among others generally agree that the community has yet to achieve critical mass in terms of engaging visitors, particularly repeat visitors.

- Limited Spending Power

Incomes in North Beach are not high. The median household income in the community is $65,333, about 29 percent less than the Calvert County median and 31 percent below the statewide median. This makes the population of visitors that much more important. These visitors augment local spending power. However, local businesses and other sources of information indicate that the typical visitor is not associated with substantial spending power. We suspect that even if they were, there is not presently an enormous amount of merchandise in North Beach for them to purchase, though high quality art, specialty foods, wine, apparel and antiques are already available.

- Disunity

The study team has been fortunate to engage many communities in and out of Maryland. Never have we encountered a community in which there was as much ill-feeling between business and government. Much of this harsh sentiment is associated with the events the Town manages. These events should be a source of unity, but instead have produced a set of anecdotes that have driven key community stakeholders apart.

This set of circumstances cannot be allowed to stand. A town this small simply cannot produce optimal outcomes if business and government are not on the same proverbial page. Fortunately, as outside consultants, we don't have to choose

sides. But we have an obligation to suggest mechanisms by which government and business can enjoy more productive relations.

Recommendation Summary

Recommendation	Rationale/Need	Implementation Strategy	Potential Benefits
1. Develop an Indoor Market *This recommendation calls for a facility that would allow at least some of the activities that take place at the Farmers' Market on an outdoor basis during parts of the year to take place indoors during the offseason.*	North Beach's principal challenge is to create a year-round economy. While summer is always likely to represent the busiest time of the year, off-peak months should provide local businesses with an opportunity to sustain cash flow.	The Town should issue a Request for Proposal to developers. Selection of a developer should be based upon 1) relevant experience; 2) demonstrated ability to quickly obtain financing; 3) evidence of operational excellence; and 4) quality of proposal submission, including with respect to facility design.	▪ Source of new employment. ▪ Retain more spending power in North Beach. ▪ Supply another reason for visitors to come to North Beach during off-peak months. ▪ Create additional opportunities for local entrepreneurs. ▪ Generate synergies with other local businesses. ▪ Help to support visitation even on poor weather days. ▪ Help improve business-government relations by providing capacity to host current Farmers' Market activity in areas not situated immediately in front of existing businesses.
2. Support the Hotel Proposal *The Town should support the development of the proposed hotel and inclusion of key amenities in the hotel including meeting space for conferences of up to approximately 75-100 people, fine dining with seating outdoors facing the water, and at least one elegant ballroom.*	The hotel would compliment existing amenities and have the potential to serve as an important focal point.	If the proposed hotel offers key features/amenities, the community and its government should be prepared to offer a number of incentives. Without question, the developer will ask for financial support pertaining to hotel taxes, tap fees and property taxes. The study team concludes that for at least a time (10 years we think), the Town of North Beach should be willing to provide significant discounts on taxes and fees.	▪ Source of new employment. ▪ Help to improve community optics from Bay and Chesapeake avenues. ▪ Catalyze plans regarding the establishment of North Beach as a destination for weddings. ▪ Increase the length of visitor stays and thereby enhance spending power during peak and off-peak periods. ▪ Additional commercial tax base (at least eventually). ▪ The business visitor would represent a new type of visitor to North Beach and would represent another source of local spending power augmentation.
3. Jointly Plan Festivals and other Town Events *This recommendation calls for the formation of a North Beach Planning Committee comprised of three Town representatives and two local business representatives.*	There has formed over time a chasm between local government and a number of key local businesses. Note that this structure would keep control of event planning in the hands of the Town, but would allow businesses to have a more direct voice in determining key aspects of event implementation, including the location of out-of-town vendors and the timing of street closures.	We leave it to the business community to decide how to select those two representatives, but think it makes sense to have rotating three-year terms and to select people with the capacity to represent local businesses while retaining positive relationships with their Town counterparts.	▪ Restoring trust between key local businesses and local government. ▪ More active business participation can produce events that will be more broadly satisfying. ▪ The Committee could also serve as a body capable of working with Chesapeake Beach to plan even larger events – ones that leverage both the assets of North Beach and Chesapeake Beach.

4. Neighborhood Beautification and Enlightenment *This is a multi-pronged recommendation that calls for continued neighborhood beautification efforts, support of proposed plans to locate a library branch in North Beach, and efforts to improve walkability and bikeability in North Beach.*	The Town has some one-time and permanent opportunities that are worth leveraging. It would be easy to ignore some of the neighborhood issues given the elevated level of focus on the waterfront and downtown businesses, but neighborhood beautification and enlightenment efforts are critical to expanding the Town's real property tax base.	Residents should be actively encouraged to install flower boxes and white picket fences, perhaps in exchange for a 1-year tax break. The Town should be willing to offer tax breaks needed by developers to attract a library branch. The study team has identified a number of programs that could help North Beach pay for neighborhood beautification, enhanced walkability and bikeability. The Town should apply for program grants.	▪ Neighborhood beautification would translate into a higher quality of shared living, more valuable property and a more stable tax base that might eventually allow for lower Town real property tax rates. ▪ If a library branch were situated along Chesapeake Avenue, it could serve as a way to beautify one of North Beach's main thoroughfares. The library branch would represent yet another reason for families and others to frequent North Beach. ▪ Today's most prestigious communities tend to provide favorable environments for both bicyclists and pedestrians.
5. Stepped Up Marketing (with a focus on social media) *This recommendation calls for North Beach to pursue a strategy of 'bundling' to market the town to tourists and to hire a consultant to support a social media campaign by North Beach.*	For a community on the Chesapeake Bay that offers charming shops, plentiful events and occasionally live music, North Beach manages to be incredibly under the radar. So many people with whom we've spoken claim that they discovered North Beach almost by accident. Awareness seems to be lacking. While some stakeholders may prefer a high degree of communal anonymity, this is not good for business or for event-driven revenues.	To cater to the various motivations of tourists and to increase attendance at events, the strategy of 'bundling' can be applied. This strategy is based on the notion that there often must be more than one key motivation present and thus packages of attractions are necessary (think dinner *and* a movie). Thankfully, North Beach already offers more than one thing. This bundle of amenities must be marketed, with the obvious choice in a revenue-constrained environment being a fully developed social media blitz. This appears to be the best way to reach large audiences without expending significant sums of money.	▪ While a consultant may prove pricey, once they have put a marketing model in place, this same model can likely be used with modest adaptations for quite some time. ▪ A successful marketing strategy would support visitation, local businesses and attract the types of patrons that North Beach has been seeking to attract.
6. Pursue Place-Based and Creativity & Talent Cultivation Economic Development Strategies *This recommendation involves understanding North Beach's role in the regional economy, its competitive advantages and its optimal path to broadly shared prosperity.*	There are many paths to successful economic development. The key is to pick the right direction. Of a number of different economic development strategies, Place-Based Development and Creativity & Talent Cultivation seem most appropriate for North Beach.	Strategies and tools for Place-Based economic development include: quality of life amenities, downtown development, infrastructure, tourism development, growth management, and arts and culture. Strategies and tools for Creativity & Talent Cultivation economic development include: arts and culture, workforce development, leadership development, and social capital.	▪ It appears likely that North Beach can develop a critical mass of amenities and attractions that could render it a year-round destination with better capitalized businesses. ▪ The economic vibrancy that comes from developing a vibrant destination in turn attracts talent, including artists.

Introduction

The Scope of the Endeavor

Sage Policy Group, Inc. (Sage), an economic and policy consulting firm located in Baltimore, MD, was hired to formulate an economic development strategy on behalf of the Town of North Beach. Among the principal goals is to help position North Beach to attract more visitors associated with significant spending power.

From a tactical perspective, Sage was required to do three things:

1. Study the North Beach business environment;
2. Explore ideas to advance and promote business; and
3. Provide detailed economic, demographic, tax/fee and budgetary data that can be used by prospective investors.

In order to understand the community's business environment, Sage relied upon a combination of data analysis, interviews and focus groups. The interviews and focus groups, which involved both business owners and elected officials among others, were particularly useful in terms of identifying the aspirations of key community stakeholder groups and exploring various ideas.

Below, the reader will find six recommendations that emerged from the analysis. These recommendations are designed individually and collectively to 1) leverage North Beach's many positive attributes; 2) generate a critical mass of activity and attractions; 3) position the community to attract more visitors with significant purchasing power; 4) lengthen average visitor stays; 5) produce more harmony between local business and government; 6) expand the tax base; 7) create more job opportunities; and 8) reduce the local economy's reliance on seasonal summer activities.

The report concludes with a data compendium designed and organized to provide relevant information to developers and other community stakeholders. The reader will find information pertaining to a number of community characteristics, including income, educational attainment and the evolution of the Town's budget over time.

Recommendations

1. Develop an Indoor Market

North Beach's principal challenge is to create a year-round economy. While summer is always likely to represent the busiest time of the year, off-peak months should provide local businesses with an opportunity to sustain cash flow. In other words, many local businesses are presently associated with squirrel economics. They must generate as much cash flow during the summer to survive the economic winter.

A much preferred circumstance would be one in which businesses are able to generate sufficient cash flow to support themselves during off-peak months and generate significant profits during the summer. That would lead to less business failure, more investment in appearance and inventory, and additional job creation. Over time, it would also generate additional property taxes for North Beach since businesses could afford to pay more rent and vacancy would be minimized, translating into higher property assessments.

Of course, there is also a year-round population to consider. Focus groups and community meetings produced information indicating that many North Beach residents shop in other communities for basic items, not just specialty merchandise.

North Beach, Maryland Waterfront Visitation, 2009-2013
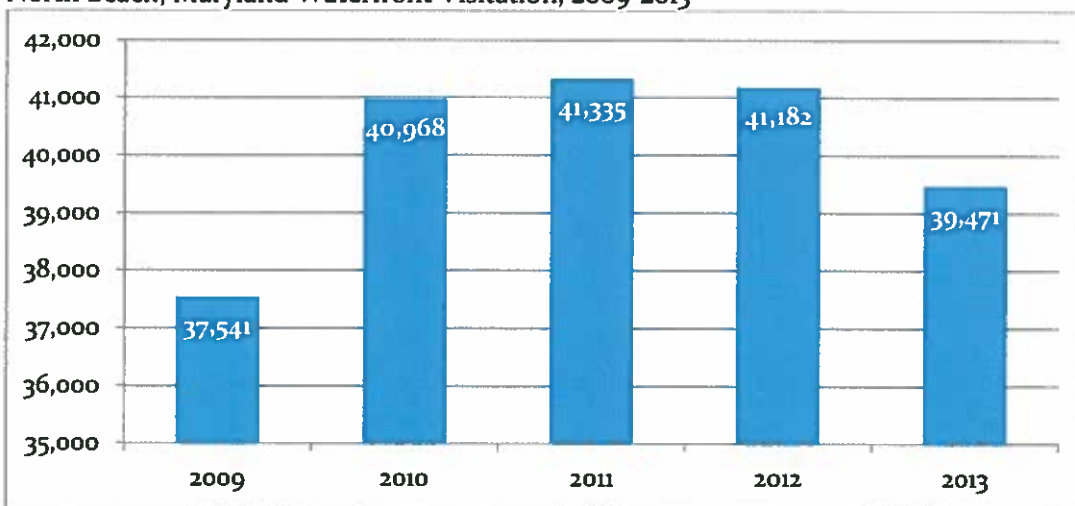
Source: Town of North Beach, Maryland. Note: Visitor count covers the five-month period May – September for each year.

Accordingly, the study team's first recommendation focuses upon the development of an indoor food market. This market would 1) represent a source of new employment; 2) retain more spending power in North Beach; 3) supply another reason for visitors to come to North Beach during off-peak months; 4) create additional opportunities for local entrepreneurs, and 5) generate synergies with other local businesses, including establishments such as Bay Wine & Spirits among others.

The exhibit above also indicates that visitation declined in 2013. This was due at least in part to persistently poor weather on a number of key weekends. An indoor market may help to support visitation even on poor weather days.

Indoor food markets have been gaining traction in America generally given the growing emphasis on locally grown food, including organic food. Many of the pre-eminent food markets are admittedly in larger cities, including in Charlotte (7th Street Market), Cleveland (West Side Market) and Chicago (Green City Market).

Frankly, we haven't identified many good examples of indoor markets in Maryland or in the Mid-Atlantic. However, we think that the idea still holds promise. Basically, the recommendation calls for a facility that would allow at least some of the activities that take place at the Farmers' Market on an outdoor basis during parts of the year to take place indoors during the offseason. The existence of such a facility could also help improve business-government relations by providing capacity to host current Farmers' Market activity in areas not situated immediately in front of existing businesses.

2. Support the Hotel Proposal

During focus groups, community meetings, and interviews, there has been widespread support for the proposed hotel. While there is a fair amount of impatience regarding the project, people generally want to see it move forward.

We think this makes sense. A hotel would serve many purposes, including 1) helping to improve community optics from Bay and Chesapeake avenues; 2) catalyzing plans regarding the establishment of North Beach as a destination for weddings; and 3) increasing the length of visitor stays and thereby enhancing spending power during peak and off-peak periods. The hotel would also be

associated with additional commercial tax base (at least eventually) and would likely emerge as one of the community's larger employers.

However, all hotels are not built alike. For this hotel to generate the kinds of impact stakeholders want to see, it has to have a few key amenities. For instance, it must have meeting space for conferences of up to approximately 75-100 people. There is simply a lack of adequate meeting spaces in Calvert County and in Southern Maryland generally. A member of the study team has spoken several times in Calvert County, but rarely at a hotel (once at a volunteer fire station).

With its proximity to the water and to the existing set of specialty retailers, the study team believes that the hotel's meeting space would meet with a favorable reception. The business visitor would represent a new type of visitor to North Beach and would represent another source of local spending power augmentation.

But that's not where it ends. The proposed hotel should offer fine dining, including at least one restaurant offering an opportunity to dine outdoors facing the water. Remarkably, North Beach today does not provide an opportunity to dine while gazing at the water, which seems like an obvious experience to offer. The new hotel could do that.

Finally, the new hotel room should have at least one elegant ballroom. This fits in with the notion of North Beach as a wedding destination, but there could be many other spinoff benefits from such an amenity.

If the proposed hotel offers these features, the community and its government should be prepared to offer a number of incentives. Without question, the developer will ask for financial support pertaining to hotel taxes, tap fees and property taxes. The study team concludes that for at least a time (10 years we think), the Town of North Beach should be willing to provide significant discounts on taxes and fees.

However, these tax/fee incentives should not be in existence forever. The hotel must be developed to be profitable, must be operated in financially responsible ways, and must market itself aggressively. The tax breaks would be largely offered to attract financing, but ultimately the hotel must be financially viable in its own right. The Town should also benefit directly and indirectly from providing a

context in which the hotel can succeed, and therefore is entitled to expect hotel tax and property tax benefits going forward.

3. Jointly Plan Festivals and other Town Events

We know this is controversial. Town officials believe with conviction that they do a good job planning and hosting festivals. Other than the aforementioned complaints of certain local business owners, we have no evidence by which to contradict that contention.

That said, there has formed over time a chasm between local government and a number of key local businesses. At one point, the study team considered recommending the formation of a North Beach Chamber of Commerce, but we think that is unnecessary.

Rather, we think it makes more sense to form a North Beach Planning Committee that would include three Town representatives and two local business representatives (perhaps from the Bay Business Group, which includes business leaders from North Beach and elsewhere). We leave it to the business community to decide how to select those two representatives, but think it makes sense to have rotating three-year terms and to select people with the capacity to represent local businesses while retaining positive relationships with their Town counterparts.

Note that this structure would keep control of event planning in the hands of the Town, but would allow businesses to have a more direct voice in determining key aspects of event implementation, including the location of out-of-town vendors and the timing of street closures. As a practical matter, the events represent a key source of net revenue for the Town, and for both political and budgetary reasons, it doesn't make sense to recommend a transition of event control from the Town. Moreover, we believe that more active business participation will produce events that will be more broadly satisfying.

As a secondary point, this Committee could also serve as a body capable of working with Chesapeake Beach to plan even larger events – ones that leverage both the assets of North Beach and Chesapeake Beach. In fact, one could see many uses for such a Committee, but restoring trust between key local businesses and local government represents the top priority.

4. Neighborhood Beautification and Enlightenment

This is a multi-pronged recommendation. The Town has some one-time and permanent opportunities that are worth leveraging. At one of our numerous focus group meetings, a participant advocated for a "white picket fence and flower box" effort targeting the neighborhoods. We wholeheartedly agree.

It would be easy to ignore some of the neighborhood issues given the elevated level of focus on the waterfront and downtown businesses. Beautification efforts in the neighborhood have been conducted before with great success (e.g., removal of chain link fences). We think these efforts should continue and that residents should be actively encouraged to install flower boxes and white picket fences, perhaps in exchange for a 1-year tax break.

A number of stakeholders also indicated the need for further improvement in terms of signage and efforts to improve walkability and bikeability. Of course, these ideas pertain to virtually every community in America. This might be why so many programs at both State and federal levels exist to support community enhancement.[1] The study team recommends that the Town investigate possible opportunities to participate in the programs detailed in the footnote below.

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[1] Maryland Bikeways Program

"The Maryland Bikeways Program supports Governor O'Malley's Cycle Maryland initiative to promote biking as a fun, healthy transportation alternative that is great for our environment. The Program supports projects that maximize bicycle access and fill missing links in the state's bicycle system, focusing on connecting bicycle-friendly trails and roads and enhancing last-mile connections to work, school, shopping and transit. On-road bicycle projects, such as bike lane striping, sharrows, and wayfinding signage are eligible for funding. Off-road shared-use path and trail projects are also eligible for funding. Eligible project types include:

- Feasibility assessment and design of proposed or potential bikeways to assess issues, such as environmental impacts, right-of-way issues, ADA compatibility, local support, and cost estimates.
- Minor Retrofit including bicycle route signing, pavement markings, parking, drainage grate replacement and other minor retrofits to enhance bicycle routes.
- Construction of bikeways, generally leveraging other sources of funding, such as Transportation Enhancements, Maryland Heritage Areas, etc.

Only public agencies are eligible to apply for Bikeways Program funding."

Transportation Enhancement Program

"As part of the Federal Highway Administration Surface Transportation Program, the Transportation Alternatives Program (TAP) is a reimbursable, federal aid funding program for transportation related, community projects designed to strengthen the intermodal transportation system. It provides funding for projects that enhance the cultural, aesthetic, historic, and environmental aspects of the intermodal transportation system. The program can assist in funding projects that create bicycle and pedestrian facilities, restore historic transportation buildings, convert abandoned railway corridors to pedestrian trails, mitigate highway runoff, and other transportation related enhancements."

There is also an opportunity to attract the local library branch. We think the Town should do everything to attract that branch. Moreover, if the branch were situated along Chesapeake Avenue, it could serve as a way to beautify one of North Beach's main thoroughfares.

As we understand it, there is already a development proposal in place that includes the library branch. One of the benefits of being in a community with relatively high tax rates is that offering tax breaks represents a meaningful act. Again, this seems to be a situation in which the Town should be willing to offer tax breaks needed to attract a library branch, which would represent yet another reason for families and others to frequent North Beach.

5. Stepped Up Marketing

For a community on the Chesapeake Bay that offers charming shops, plentiful events and occasionally live music, North Beach manages to be incredibly under the radar. So many people with whom we've spoken claim that they discovered North Beach almost by accident. Awareness seems to be lacking. While some stakeholders may prefer a high degree of communal anonymity, this is not good for business or for event-driven revenues.

National Recreation Trails

"This program funds the development of community-based, motorized and non-motorized recreational trail projects. The program provides funds for all kinds of recreational trail uses, such as pedestrian uses (hiking, running, wheelchair use), bicycling, in-line skating, equestrian use, cross-country skiing, off-road motorcycling, all-terrain vehicle riding and four-wheel driving. Funding is administered by the State Highway Administration (SHA), this program matches federal funds with local funds or in-kind contributions to implement trail projects. Projects can be sponsored by a county or municipal government, a private non-profit agency, a community group or an individual (non-governmental agencies must secure an appropriate government agency as a co-sponsor). Federal funds administered by the State Highway Administration are available for up to 80 percent of project cost, matched by at least 20 percent funding from the project sponsor. Matching funds must be committed and documented in the local jurisdiction's budget.
Activities eligible for funding within this program include:

- maintenance and restoration of existing recreational trail
- development and rehabilitation of trailside facilities and trail linkages
- purchase and lease of trail construction equipment
- construction of new trails
- acquisition of easements or property for recreational trails or recreational trail corridors
- implementation of interpretive/educational programs to promote intrinsic qualities, safety, and environmental protection, as those objectives relate to the use of recreational trails

Preference will be to projects that:

- have broad-based community support
- provide linkages to or complete existing trails
- provide improvements to a trail in order to benefit or mitigate impacts to the natural environment
- will be accomplished with youth conservation or service groups to perform construction and maintenance"

The Sage study team reviewed literature regarding event attendance in great detail. Many of the studies seem to agree on certain points. For instance, Junek and Binney (2005) and Coghlan and Williams (2001) both found that attendance at an event and visitation to a destination is often motivated by a desire to simultaneously fulfill numerous different motives.[2] This is why the notion of critical mass is so relevant. This also helps explain why visitation to North Beach, particularly among well-heeled patrons, remains limited.

To cater to the various motivations of tourists and to increase attendance at events, the strategy of 'bundling' can be applied. This strategy is based on the notion that there often must be more than one key motivation present and thus packages of attractions are necessary (think dinner *and* a movie).

Thankfully, North Beach already offers more than one thing. While the Chesapeake Bay may not be enough to bring a family to North Beach, that in conjunction with the opportunity to shop, spend time in a scenic, safe and quiet park, and listen to live music or eat Mexican food may be enough. This bundle of amenities must be marketed, with the obvious choice in a revenue-constrained environment being a fully developed social media blitz.

We recommend the hiring of a consultant to support a social media campaign by North Beach. While the consultant may prove pricey, once they have put a marketing model in place, this same model can likely be used with modest adaptation for quite some time.

6. Aggressively Pursue Place-Based and Creativity & Talent Cultivation Economic Development Strategies

The exhibit below provides a sense of how the study team has come to view North Beach and its future. There are many paths to successful economic development. The key is to pick the right direction. Frankly, we don't see North Beach as a haven for high-tech startups or for manufacturing and therefore the economic gardening and innovative industrial approaches seem inappropriate. It is for this reason that we are not recommending the creation of a local business incubator.

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[2] Coghlan, Ian, and Andrea Williams. "Bundling for Tourism Events—What Motivates the Market?" *ANZMAC 2005 Conference: Tourism Marketing.*

What does appear likely is that North Beach can develop a critical mass of
amenities and attractions that could render it a year-round destination with better
capitalized businesses. That takes us to the second and third columns of exhibit
below, place-based development and creativity/talent cultivation. The economic
vibrancy that comes from developing a vibrant destination in turn attracts talent,
including artists. Ultimately, the development of housing for artists may be a
recommendation that should be considered, but there is arguably some work to be
done before the Town looks to emerge as the next artist colony.

Economic Development Approaches available to North Beach, MD

	Economic Gardening	Place-Based Development	Creativity & Talent Cultivation	Innovative Industrial Development
Strategies and Tools	Entrepreneurship Information brokering Infrastructure Social capital Business incubators	Quality of life amenities Downtown development Infrastructure Tourism development Growth management Arts and culture	Arts and culture Workforce development Leadership development Social capital	Cluster-based development Regional collaboration Joint industrial parks Eco-industrial parks Green industry development Creative incentives
Example Communities	Douglas, GA Ord, NE Siler City, NC Fairfield, IA Star, NC Big Stone Gap, VA Elkin, NC Spruce Pine, NC	Nelsonville, OH Dora, OR Hillsborough, NC Bakersville, NC Etowah, TN Ayden, NC Colquitt, GA Big Stone Gap, VA Columbia, NC Hollandale, MS Scotland Neck, NC	New York Mills, MN Siler City, NC Morrilton, AR Rugby, ND Allendale, SC Douglas, GA Fairfield, IA Elkin, NC	Sparta, NC Washington, NC Oxford, NC Cape Charles, VA Reynolds, IN Douglas, GA Ord, NE Farmville, NC Etowah, TN

Source: Morgan, Jonathan Q., and William Lambe. "Find a way or make one." *Economic Development Journal* 8, no. 3 (2009):
5-13. Recreated: Table 2. Alternative Economic Development Approaches.

There are of course other ways to attract artists. Many have come to various North
Beach functions over time. We recommend that the Town offer deeply discounted
vendor fees for those who bring original art to North Beach. The annual Town
business license is $50-$75 for most kinds of businesses and $1,000 for waterfront
vendors (hot dog carts, etc.). We are tempted to recommend that those selling
original art be granted exemptions from all fees. Of course, this could create
opportunities for fraud and it would be up to the Town to ensure that those
receiving these exemptions merit them.

During a meeting with the Mayor and Town Council, the possibility of North Beach becoming an Arts and Entertainment District arose. We think achieving this status will be difficult, but at least the application process is well defined. This year, there were/are two annual deadlines for A&E District Application: April 1, 2014 and October 1, 2014. Applicants are required to submit the Intent to Apply form 60 days prior to application deadline. What follows are site visits, consultation, community forums, rigorous panel reviews, staff recommendations and finally approval from the Secretary of Business and Economic Development.

Benefits offered to designated districts include:

1) property tax credits for new construction or renovation of certain buildings that create live-work space for artists and/or space for arts and entertainment enterprises;
2) an income tax subtraction modification for income derived from artistic work sold by "qualifying residing artists";
3) an exemption from the Admissions and Amusement tax levied by an "arts and entertainment enterprise" or "qualifying residing artist" in a district.[3,4]

The study team suggests that the Town of North Beach implement the recommendations offered in this report (recommendations 1-6) before it seeks A&E District status. Implementing those recommendations will make for a stronger application. Moreover, the place-building to take place will allow A&E District designation to be more impactful than it would be if it were in place today. Greater unity between local government and the local business community is probably needed in any case to produce a meaningful chance at A&E District selection.

[3] Maryland State Arts Council. "A Structure for Creative Placemaking: Arts & Entertainment Districts." msac.org.
[4] Gillick, Moira. "Maryland's Arts and Entertainment Districts: how the state program works." *The Governors' Institute on Community Design*. September 22, 2011.

A Statistical Perspective of
North Beach, Maryland
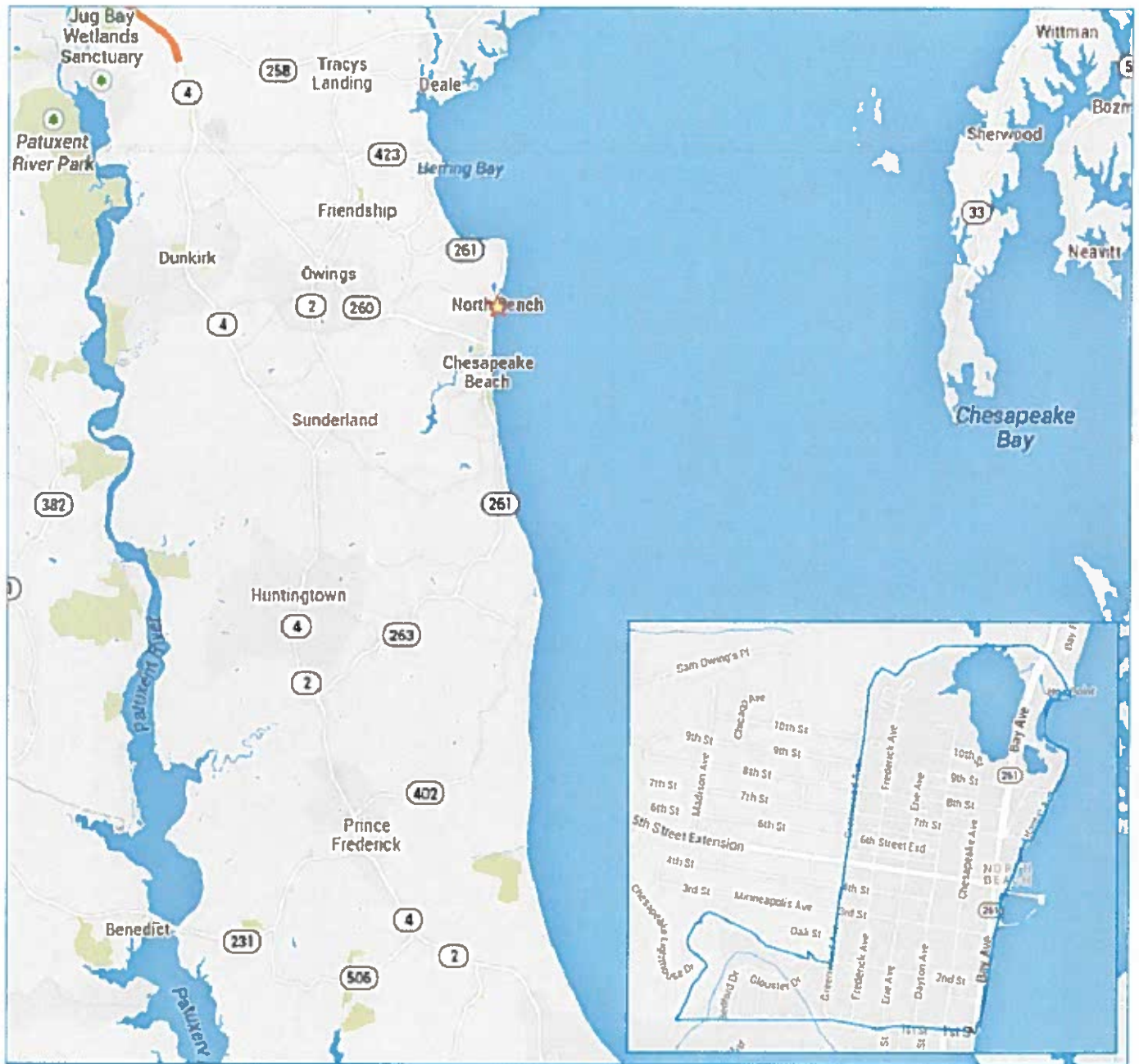
North Beach Demographics

- The U.S. Census Bureau estimates that the population of North Beach expanded between 2000 and 2012 (3%)

North Beach, MD Population, 2000 v. 2012

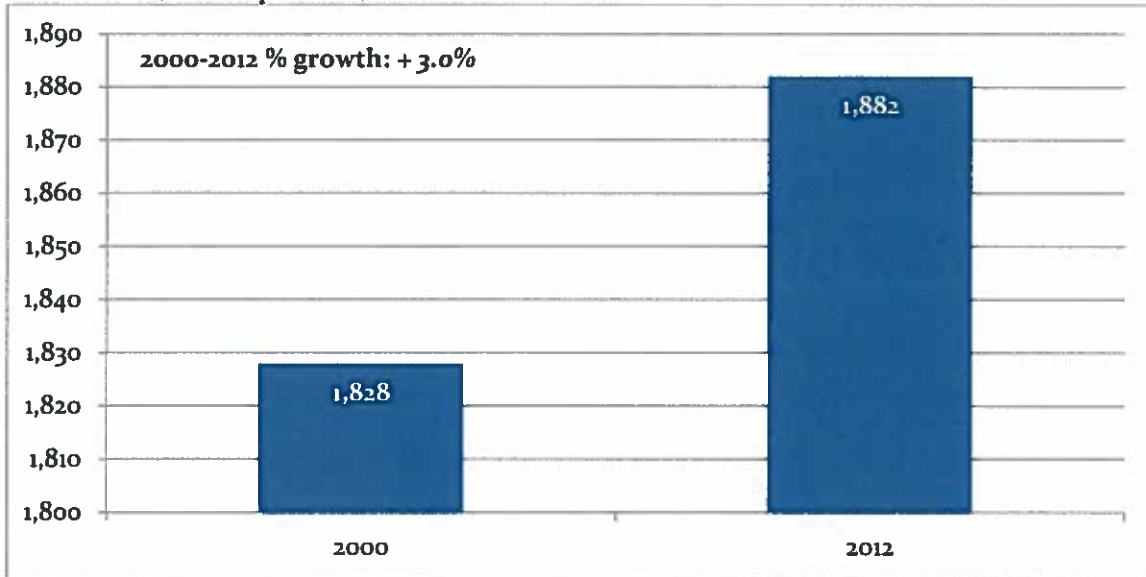2000-2012 % growth: + 3.0%

Source: U.S. Census Bureau, 2000 Census: DP-1; 2008-2012 American Community Survey 5-Year Estimates: DP02, DP05. Notes: 1. "The Town has refuted the 2000 census population data based on other studies and information. The 2000 census population of 1,880 is a decrease from the 1990 census of 2,179. The Town officials believe the population was slightly higher than the 1990 population." (Town of North Beach Comprehensive Plan 2012, BOX IN-3). 2. Population estimate for 2012 is a 5-year average covering 2008-2012. 3. Applied Geographic Solutions (at CalvertProspector.com) indicates that North Beach's population stood at 2,009 in 2013. This may or may not turn out to be consistent with U.S. Census Bureau estimates.

- The number of nonfamily households grew substantially during these years (+21%)
- Average family size declined significantly during this period

North Beach, MD Population Characteristics, 2000 v. 2012

Category	2000	2012	Net Change	% Change
Total population	1,828	1,882	54	3.0%
Male	792	782	-10	-1.3%
Female	1,036	1,100	64	6.2%
Total households	788	898	110	14.0%
Family households (families)	467	509	42	9.0%
Nonfamily households	321	389	68	21.2%
Average household size	2.31	2.09		-9.5%
Average family size	2.94	2.7		-8.2%

Source: U.S. Census Bureau, 2000 Census: DP-1; 2008-2012 American Community Survey 5-Year Estimates: DP02, DP05. Note: 2012 figures represent a 5-year average covering 2008-2012.

- The number of people over the age of 65 expanded by almost precisely 50 percent between 2000 and 2012

North Beach, MD Population by Age Group, 2000 v. 2012

	2000	% of the Population	2012	% of the Population
<15	413	22.6%	231	12.3%
15-24	217	11.9%	283	15.0%
25-44	659	36.1%	487	25.9%
45-64	397	21.7%	660	35.1%
65+	142	7.8%	221	11.7%
Total Population	1,828	100%	1,882	100%
Median Age	32.9	-	42.8	-

Source: U.S. Census Bureau, 2000 Census: DP-1; 2008-2012 American Community Survey 5-Year Estimates: DP05. Note: 2012 figures represent a 5-year average covering 2008-2012.

- There are many highly educated people who live in North Beach

North Beach, MD Population Aged 25+ by Educational Attainment, 2000 v. 2012
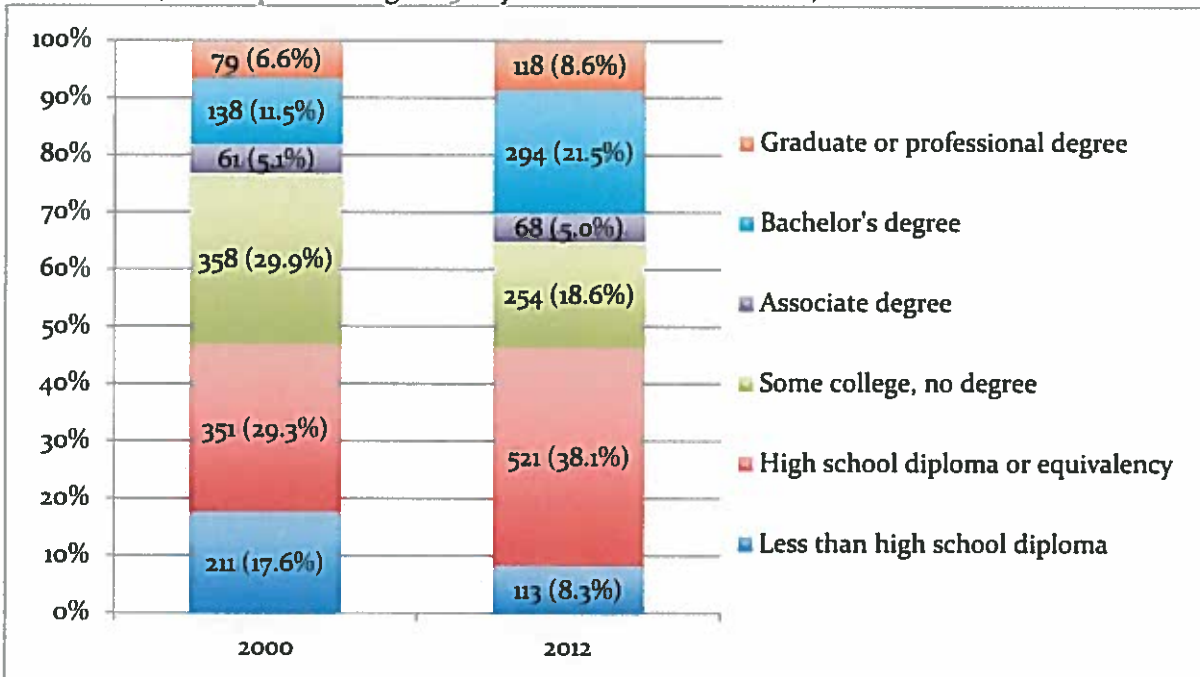
Source: U.S. Census Bureau, 2000 Census: DP-2; 2008-2012 American Community Survey 5-Year Estimates: DP02. Note: 2012 figures represent a 5-year average covering 2008-2012.

- Roughly 10 percent of households earn more than $150,000/annum

North Beach, MD: Income Distribution by Level of Household Income, 2000 v. 2012
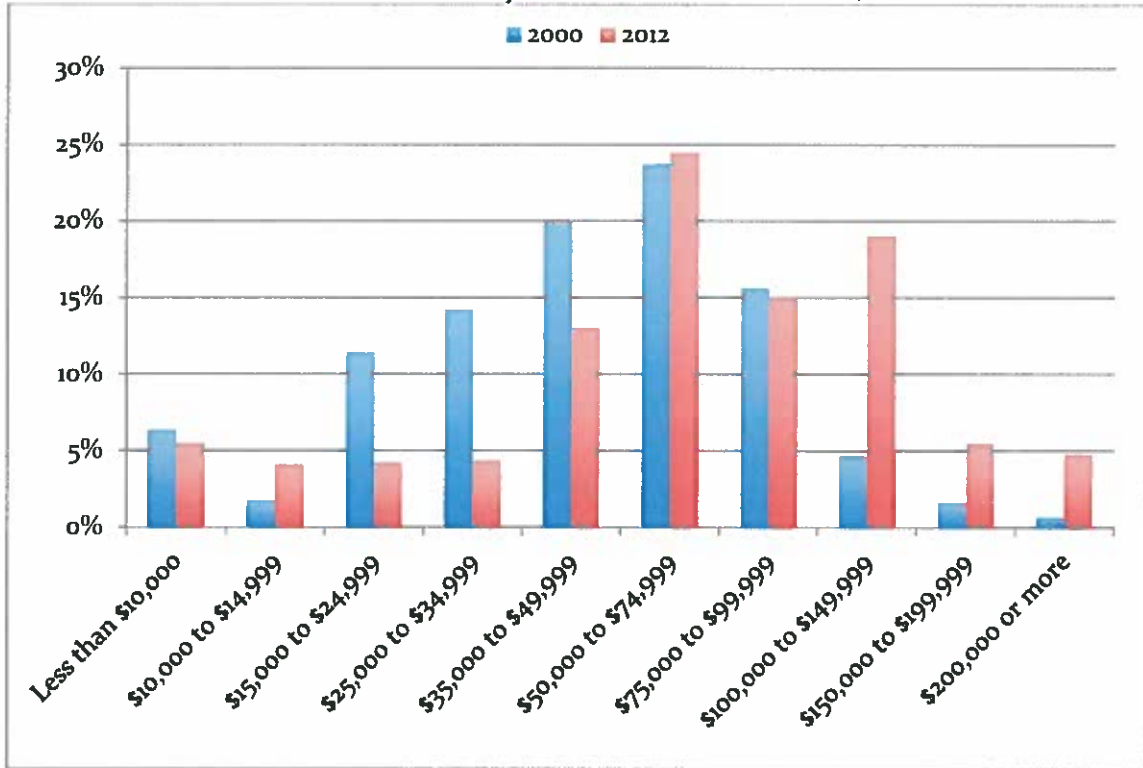
Source: U.S. Census Bureau, 2000 Census: DP-3; 2008-2012 American Community Survey 5-Year
Estimates: DP03. Note: 2012 figures represent a 5-year average covering 2008-2012.

- North Beach has transitioned toward more of a renter market

Housing Occupancy in North Beach, MD, 2000 v. 2012

Category	2000	2012	Net Change	% Change
Total housing units	895	1,102	207	23.1%
Vacant housing units	93	204	111	119.4%
Occupied housing units	802	898	96	12.0%
Owner-occupied housing units	502	465	-37	-7.4%
Renter-occupied housing units	300	433	133	44.3%

Source: U.S. Census Bureau, 2000 Census: QT-H1; 2008-2012 American Community Survey 3-Year
Estimates: DP04. Note: 2012 figures represent a 5-year average covering 2008-2012.

- Owner occupied housing has become much more expensive in North Beach over time, perhaps due to high net worth household retirement/relocation

Select Housing Characteristics in North Beach, MD, 2000 v. 2012

Category	2000	2012
Average household size of owner-occupied unit	2.44	2.29
Average household size of renter-occupied unit	2.17	1.88
Median year structure built	1960	1973
Median value of owner occupied housing unit	$116,000	$280,800
Homeowner vacancy rate	3.3%	7.0%
Rental vacancy rate	8.5%	7.7%

Source: U.S. Census Bureau, 2000 Census: DP-1, DP-4, H035; 2008-2012 American Community Survey 5-Year Estimates: DP04, B25035. Note: 2012 figures represent a 5-year average covering 2008-2012.

- North Beach's employment base is dominated by accommodation and food services

North Beach, MD Employment by Industry, 2011

Industry	Work Area		Home Area	
	Count	Share	Count	Share
Public Administration	0	0.0%	165	14.5%
Professional, Scientific, and Technical Services	5	4.0%	134	11.8%
Retail Trade	5	4.0%	124	10.9%
Health Care and Social Assistance	13	11.0%	121	10.6%
Educational Services	0	0.0%	99	8.7%
Construction	0	0.0%	92	8.1%
Accommodation and Food Services	69	58.0%	91	8.0%
Other Services (excluding Public Administration)	2	2.0%	53	4.7%
Administration & Support, Waste Management and Remediation	3	3.0%	40	3.5%
Manufacturing	1	1.0%	38	3.3%
Wholesale Trade	2	2.0%	30	2.6%
Finance and Insurance	0	0.0%	30	2.6%
Transportation and Warehousing	0	0.0%	28	2.5%
Real Estate and Rental and Leasing	16	14.0%	26	2.3%
Information	0	0.0%	23	2.0%
Arts, Entertainment, and Recreation	2	2.0%	21	1.8%
Management of Companies and Enterprises	0	0.0%	11	1.0%
Utilities	0	0.0%	8	0.7%
Agriculture, Forestry, Fishing and Hunting	0	0.0%	3	0.3%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%
Total	118	100%	1,137	100%

Source: U.S. Census Bureau. 2013. OnTheMap Application. Longitudinal-Employer Household Dynamics Program. http://onthemap.ces.census.gov/.

- ## More than 4 in 10 residents report earnings below $3,333/month

North Beach, MD Jobs by Worker Characteristic, 2011

	Work Area		Home Area	
	Count	Share	Count	Share
Race				
White	101	85.6%	948	83.4%
Black or African American	11	9.3%	147	12.9%
American Indian or Alaska Native	1	0.8%	9	0.8%
Asian	4	3.4%	26	2.3%
Native Hawaiian or Other Pacific Islander	0	0.0%	2	0.2%
Two or More Race Groups	1	0.8%	5	0.4%
Ethnicity				
Not Hispanic or Latino	115	97.5%	1,102	96.9%
Hispanic or Latino	3	2.5%	35	3.1%
Sex				
Male	49	41.5%	558	49.1%
Female	69	58.5%	579	50.9%
Age				
Age 29 or younger	59	50.0%	298	26.2%
Age 30 to 54	45	38.1%	638	56.1%
Age 55 or older	14	11.9%	201	17.7%
Educational Attainment				
Less than high school	8	6.8%	75	6.6%
High school or equivalent, no college	17	14.4%	179	15.7%
Some college or Associate degree	22	18.6%	250	22.0%
Bachelor's degree or advanced degree	12	10.2%	335	29.5%
N/A (1)	59	50.0%	298	26.2%
Earnings				
$1,250 per month or less	58	49.2%	227	20.0%
$1,251 to $3,333 per month	36	30.5%	265	23.3%
More than $3,333 per month	24	20.3%	645	56.7%

Source: U.S. Census Bureau. 2013. OnTheMap Application. Longitudinal-Employer Household Dynamics Program. http://onthemap.ces.census.gov/. Notes: 1. Educational attainment not available (workers aged 29 or younger).

Comparing North Beach

- ### North Beach educational attainment levels are similar to countywide averages

Breakdown of Adult Population Aged 25+ by Educational Attainment, 2012: Maryland, Calvert County, North Beach and Comparison Communities

	Less than High School	High School Degree or Equivalent	Associate Degree or Some College	Bachelor's Degree	Graduate or Professional Degree	% of Adults with Bachelor's Degree or Higher
North Beach, MD	8.3%	38.1%	23.5%	21.5%	8.6%	30.1%
Chesapeake Beach, MD	6.5%	26.6%	35.0%	20.6%	11.3%	31.9%
Chestertown, MD	14.9%	24.7%	21.3%	21.1%	18.0%	39.1%
St. Michaels, MD	6.1%	35.3%	24.1%	18.1%	16.4%	34.5%
Lititz borough, PA	10.4%	40.0%	25.8%	13.5%	10.4%	23.9%
Fredericksburg, VA	10.9%	30.0%	25.8%	19.8%	13.5%	33.3%
Calvert County	7.7%	32.6%	30.2%	17.5%	11.9%	29.5%
Maryland	11.5%	26.0%	26.1%	20.0%	16.4%	36.3%

Source: U.S. Census Bureau, 2008-2012 American Community Survey 5-Year Estimates: DP02. Note: 2012 figures represent a 5-year average covering 2008-2012.

- ### Household income has expanded rapidly in North Beach in recent years
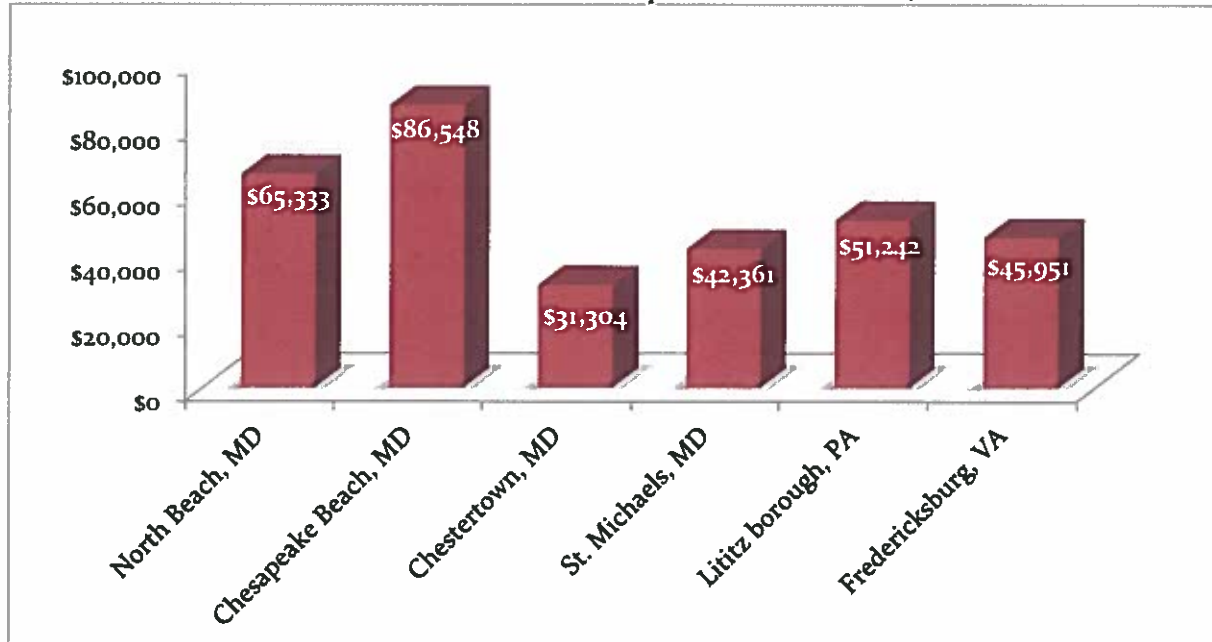
Median Household Income 2000 and 2012: North Beach, Chesapeake Beach, and Calvert County
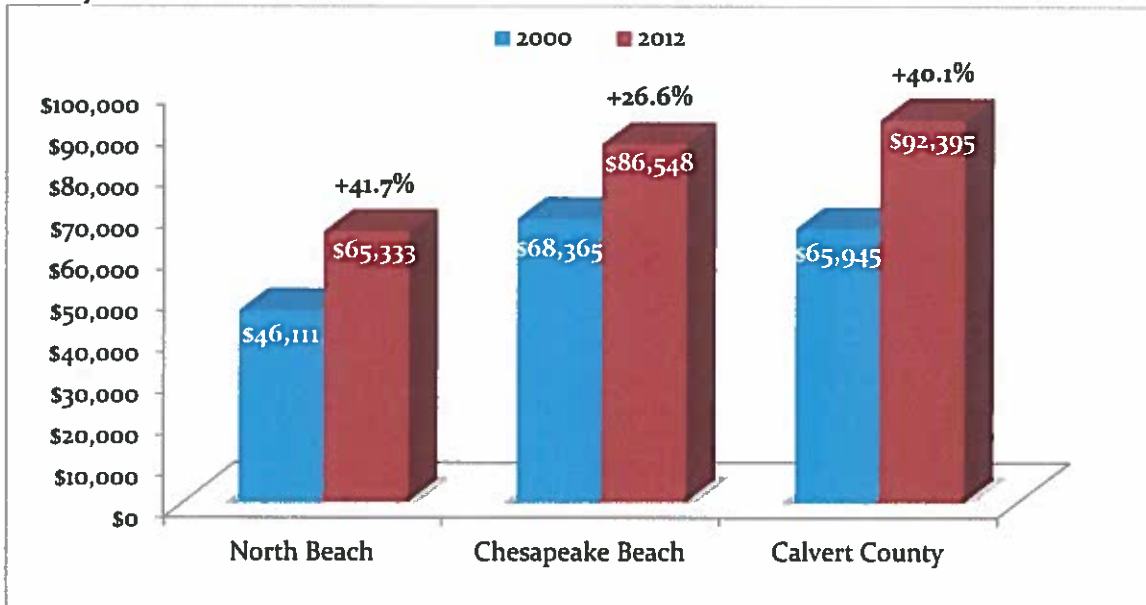
Source: U.S. Census Bureau, 2000 Census: DP-3; 2008-2012 American Community Survey 5-Year Estimates: DP03. Notes: 1. Year 2000: income in 1999, not adjusted for inflation. 2. Year 2012: in 2012 inflation adjusted dollars, 2012 figures represent a 5-year average covering 2008-2012.

- North Beach enjoys much higher levels of median household income than other small towns/similarly sized towns

Median Household Income in North Beach and Comparison Communities, 2012

Source: U.S. Census Bureau, 2008-2012 American Community Survey 5-Year Estimates: DP03.
Note: Figures are in 2012 inflation adjusted dollars and represent a 5-year average covering 2008-2012.

Consumer Expenditures (2013): North Beach, Chesapeake Beach, and Calvert County

Category/$ Per Household	North Beach	Chesapeake Beach	Calvert County
Apparel	$2,649	$3,564	$3,735
Education	$1,346	$2,079	$2,221
Entertainment	$3,083	$4,172	$4,371
Food and Beverages	$8,428	$10,741	$11,166
Health Care	$3,326	$4,090	$4,253
Household Furnishings & Equipment	$2,446	$3,372	$3,547
Shelter	$10,632	$14,399	$15,093
Household Operations	$1,979	$2,934	$3,113
Miscellaneous Expenses	$921	$1,164	$1,206
Personal Care	$800	$1,045	$1,089
Reading	$182	$242	$252
Tobacco	$349	$387	$394
Transportation	$11,101	$14,194	$14,695
Utilities	$3,822	$4,694	$4,853
Gifts	$1,471	$2,203	$2,340
Personal Insurance	$562	$850	$906
Contributions	$2,032	$3,223	$3,476

Source: Applied Geographic Solutions (at CalvertProspector.com).

North Beach Taxes and Fees

- The Town of North Beach has expressed a willingness to offer tax breaks to achieve certain community objectives

County and Municipal Real Property Tax Rates, FY 2014 (1)

Jurisdiction	County Rate	Municipal Rate	County Special Rate	Total Rate
Calvert County	$0.89	-		$0.89
Chesapeake Beach	$0.56	$0.36	-	$0.92
North Beach	$0.56	$0.63	-	$1.19

Source: Maryland Department of Legislative Services, 2014. *Overview of Maryland Local Governments Finances and Demographic Information.* Notes: 1. All rates are shown per $100 of assessment.

North Beach Water & Sewer Usage Rate Schedule, FY 2013 – FY 2015

Quarterly Water & Sewer Usage	
MD Flush Tax	$15.00
Water Use	
First 10,000 Gallons	$42.20
Next 15,000 Gallons	$2.00 Per 1,000 Gallons
Next 25,000 Gallons	$1.50 Per 1,000 Gallons
Over 50,000	$1.00 Per 1,000 Gallons
Sewer Use	
First 10,000 Gallons	$91.00
Next 15,000 Gallons	$2.80 Per 1,000 Gallons
Next 25,000 Gallons	$2.07 Per 1,000 Gallons
Over 50,000 Gallons	$1.39 Per 1,000 Gallons
Annual Water & Sewer Fees (Special Assessment)	
Water Benefit Fee	$110.1
Sewer Benefit Fee	$221.2

Source: Town of North Beach, Resolution Number: 13-02; Town of North Beach, FY 2014 Adjustments and FY 2015 Draft Budget.

North Beach Tourism

- ### A formula for success

"North Beach offers the best of many worlds: quaint, small town with access to large metropolitan areas like Annapolis, Baltimore and Washington, DC. Its seven-block waterfront contains a public fishing pier and a half-mile-long boardwalk with accompanying bike path. The boardwalk is dotted with benches for residents and visitors to linger and Bay-watch." (Visitmaryland.org) North Beach's offerings align neatly with Maryland's top visitor activities, which include dining, shopping and engagement with the waterfront.

Top 10 Tourism Activities in Maryland Per Stay, 2012

Activity	Percent
1. Culinary/Dining	30%
2. Shopping	23%
3. Beach/Waterfront	22%
4. Nightlife	12%
5. Historic Sites	12%
6. Touring/Sightseeing	11%
7. Parks (National/State)	8%
8. Museum, Art Exhibits	8%
9. Movies	7%
10. Holiday Celebration	6%

Source: Maryland Tourism Development Board and The Office of Tourism Development, *Tourism Marketing and Development Plan*, FY 2014.

- ### North Beach seeks to attract more out-of-town visitors

North Beach, MD Waterfront Visitation, 2009-2013
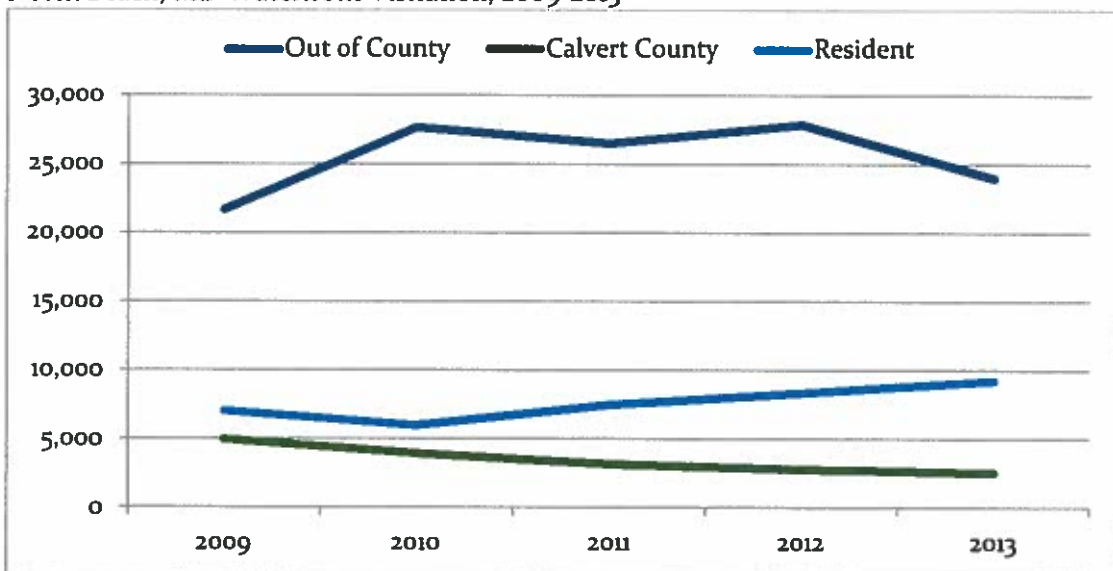
Source: Town of North Beach, Maryland. July 2014 Town Council Packet.

For the period April 28th to July 7th, total North Beach waterfront visitation was up 2.6 percent in 2014 over the prior year. That increase is attributable to greater visitation from beyond the community (+9.3%). Resident waterfront visitation is actually down 15.2 percent.
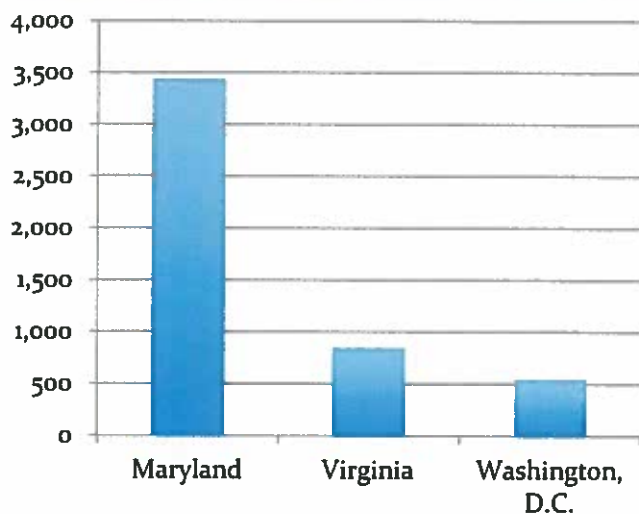
North Beach Waterfront Guest Counts 4/28 to 7/7, 2013 v. 2014

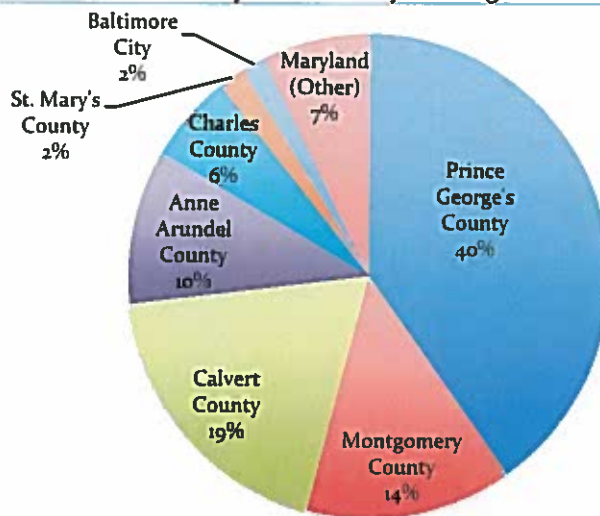Source: Town of North Beach, Maryland. July 2014 Town Council Packet.

North Beach Visitation by Visitor Origin, May-June 2014

Source: Town of North Beach, Maryland. July 2014 Town Council Packet. Note: Number of families not number of individual visitors.

North Beach Waterfront Use Fees, 2014

Beach Fees	
North Beach Residents	FREE
Calvert County Residents	
Adults (ages 12-54)	$6.00
Children (ages 3-11)	$4.00
Seniors (ages 55 & up)	$4.00
Children 2 and under	FREE
Season Pass Adults/Children	$50.00/$25.00
Family Pass (5 People)	$100.00
Active Military	$4.00
Out of Calvert County Visitors	
Adults (ages 12-54)	$15.00
Children (ages 3-11)	$8.00
Seniors (ages 55 & up)	$8.00
Children 2 and under	FREE
Adult Season Pass (12-54)	$120.00
Children Season Pass (3-11)	$100.00
Family Pass (5 People)	$200.00
Active Military	$8.00

Source: Town of North Beach Fee Schedules; Town of North Beach Website:
http://www.northbeachmd.org/Pages/FV1-0004435C/S0356E55C.

Fishing Pier Fees	Current
North Beach/Calvert County Residents	FREE
Out of Calvert County Visitors	
First Pole	$5.00
Second Pole	$3.00
First Trap	$5.00
Second Trap	$3.00
Season Pass (non-transferable)	$65.00

Source: Town of North Beach Fee Schedules; Town of North Beach Website:
http://www.northbeachmd.org/Pages/FV1-0004435C/S0356E55C.
Note: Two pole maximum; two trap maximum per person.

Other Rental Fees	Current
Single Kayak	Hourly $15.00/Daily $45.00
Double Kayak	Hourly $20.00/Daily $60.00
Stand Up Paddleboard	Hourly $20.00/Daily $60.00
Bicycles	Hourly $10.00/Daily $30.00
Umbrellas	$10.00
Chairs	$5.00
Boat Slip	FREE

Source: Town of North Beach Website: http://www.northbeachmd.org/Pages/FV1-
0004435C/S0356E55C.

Beach/Recreation Area Fee Comparison

		Out of County Residents	Calvert County Residents	Resident
Bayfront Park/Brownie's Beach (Chesapeake Beach)	Adult:	$16.00	$7.00	FREE
	Child:	$9.00	$5.00	FREE
Waterpark (Chesapeake Beach) (1)	Adult:	$21.00	$12.00	$10.00
	Child:	$19.00	$10.00	$9.00
Breezy Point Beach and Campgrounds (Chesapeake Beach) (2)	Adult:	$10.00	$10.00	$10.00
	Child:	$6.00	$6.00	$6.00
North Beach	Adult:	$15.00	$6.00	FREE
	Child:	$8.00	$4.00	FREE

Source: Brownie's Beach: http://www.chesapeake-beach.md.us/attractions_bayfrontpark.htm;
Waterpark: http://www.chesapeakebeachwaterpark.com/tickets.html;
Breezy Point: http://www.co.cal.md.us/Facilities/Facility/Details/15.
North Beach: Town of North Beach, Maryland. July 2014 Town Council Packet.
Notes: 1. Admissions fees are priced by 48" or Taller (listed here as 'Adult') and Under 48" (listed here as 'Child'). 2.
Fees listed are for weekends and holidays, Memorial Day weekend to Labor Day.

North Beach Waterfront (Beach) Fee History

		2005	2006	2007	2008	2009	2010	2011	2012	2013
Out of County	Adult:	$5.00	$6.00	$6.00	$8.00	$8.00	$8.00	$10.00	$10.00	$12.00
	Child:	$4.00	$5.00	$5.00	$6.00	$6.00	$6.00	$6.00	$6.00	$8.00
Calvert County	Adult:	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$5.00
	Child:	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$4.00

Source: Town of North Beach, Maryland. July 2014 Town Council Packet.
Note: Adult: 12-54 years; Child: 3-11 years

- There are plenty of North Beach assets to market

Shopping & Dining

North Beach offers shopping, restaurants, and salons/spas to visitors. The town is home to an array of shops, including antique shops, novelty and gift shops. Food options include casual and fine dining restaurants, as well as bakery goods, wine, ice cream, and kettle corn.

Bayside History Museum

The Bayside History Museum showcases exhibits detailing the history of Northern Calvert/Southern Anne Arundel Chesapeake Bay communities. Recent additions to the museum include Explorations of Captain John Smith featuring the 1632 book written by Capt. Smith, and a War of 1812 exhibit featuring Francis Scott Key and the Star-Spangled Banner.

4025 4th St.,
North Beach, MD 20714

(410) 610-5970
www.baysidehistorymuseum.org

Hours: Wednesday-Sunday, 1-4 PM. Arrangements for special events or group tours also available.

Wetlands Overlook Park

Open all year from dawn to dusk, the Wetlands Overlook Park is a destination for anyone interested in observing or photographing wetland wildlife inhabitants. With a pier, two gazebos, public restrooms, and vending machines, this small nature park provides a relaxing setting for individuals and families.

4020 11th St.,
North Beach, MD 20714

www.northbeachmd.org

Hours: Daily, dawn to dusk.

Artworks@7th

Established in 2004 by a small group of local artists Artworks@7th is a cooperative art gallery comprised of between 20-30 artists. Close to the boardwalk, Artworks@7th offers monthly shows featuring individual artists shows, guest artist shows, and small works shows, in addition to theme shows throughout the year.

9100 Bay Avenue,
North Beach, MD 20714

(410) 286-5278
http://www.artworksat7th.com/

Hours: Monday - Thursday 12-7 PM,
Fridays: 12-9 PM (May-October)

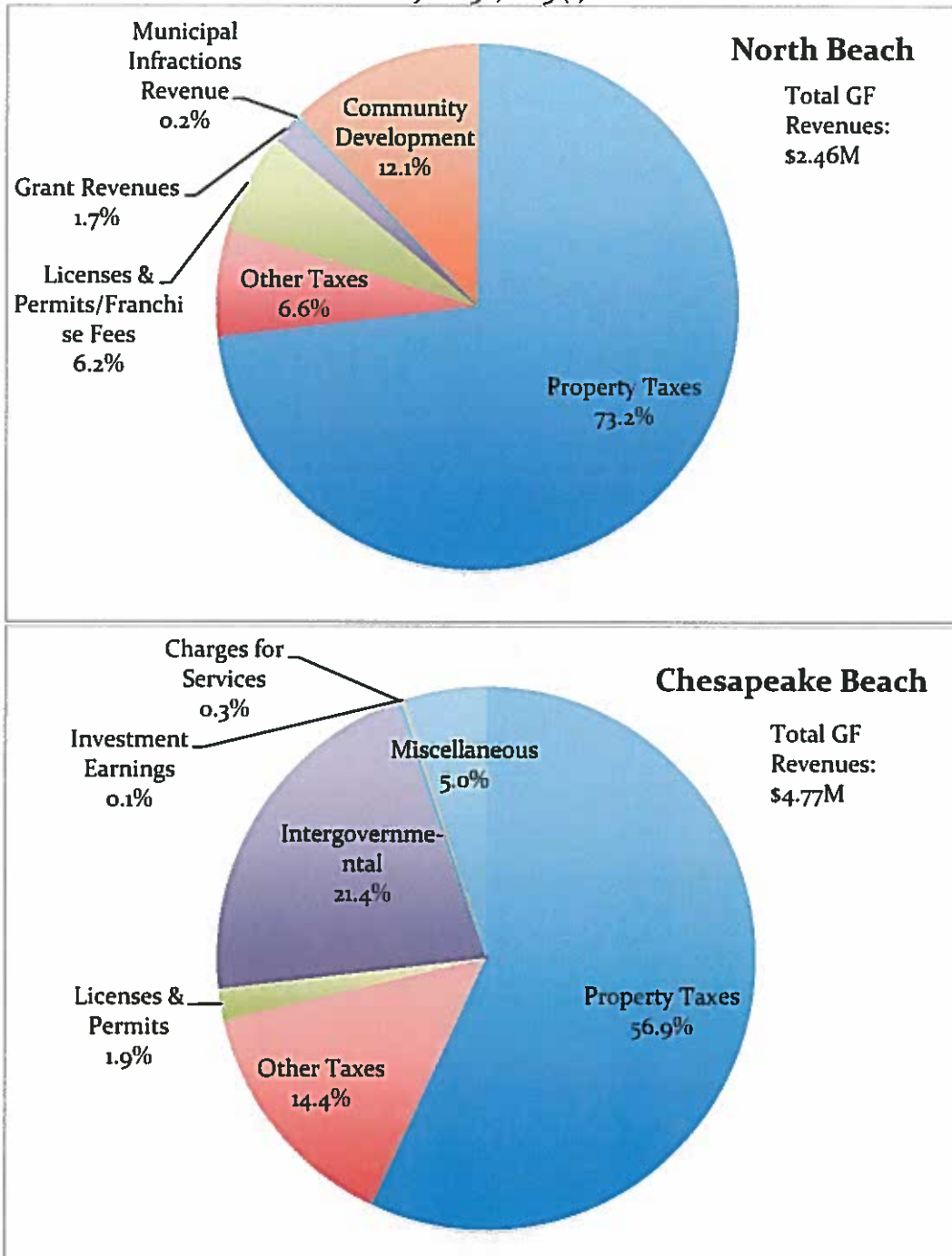- North Beach hosts an extraordinary number of special events, even after Labor Day

North Beach Special Events (2014)

Date	Event	Time
4/26/14	Comcast Cares Day/Plant the Town	8am-1pm
4/27/14	Welcome Center & Beach Open for Season	
5/2/2014-10/3/2014	Farmer's Market, Classic Car Cruise-In & Art Fair Every Friday Night	6-9pm
5/16/14	Campfire on the Beach	7pm
5/24/14	Bicycle, Kayak, Stand Up Paddle Board Rentals Begin	
6/1/14	House & Garden Tour & Art Show	1-5pm
6/13/14	Campfire on the Beach	7pm
6/14/14	4th Annual Eat, Drink, Go Local	12-6pm
6/21/14	2nd Annual End Hunger Dragon Boat Festival	9am-5pm
6/28/14	Movie on the Beach	Dusk
7/3/14	Fireworks	Dusk
7/11/14	Campfire on the Beach	7pm
7/12/14	Concert on the Pavilion	6pm
7/19/14	Movie on the Beach	Dusk
8/5/14	National Night Out	6-8pm
8/9/14	Concert on the Pavilion	6pm
9/12/14	Campfire on the Beach	7pm
9/13/14	Drive-In Movie On the Visitor's Parking Lot	Dusk
10/4/14	4th Annual Bay Harvestfest	12-6pm
10/25/14	Hound of the Town	12-2pm
10/25/14	Boo Bash	3-5pm
12/5/14	Light Up the Town	7pm
12/6/14	Holiday Parade/Santa & Christmas on the Beach	12pm
1/1/15	Polar Bear Plunge	1pm

*Movies & Concerts are Free.

- North Beach depends heavily on property taxes and community development revenues

General Fund Revenues -Year Ended June 30, 2013 (1)

North Beach

Total GF Revenues: $2.46M

Municipal Infractions Revenue 0.2%
Community Development 12.1%
Grant Revenues 1.7%
Licenses & Permits/Franchise Fees 6.2%
Other Taxes 6.6%
Property Taxes 73.2%

Chesapeake Beach

Total GF Revenues: $4.77M

Charges for Services 0.3%
Investment Earnings 0.1%
Miscellaneous 5.0%
Intergovernmental 21.4%
Licenses & Permits 1.9%
Other Taxes 14.4%
Property Taxes 56.9%

Source: Town of North Beach, Maryland. Ordinance 13-04 and 13-05;
Town of Chesapeake Beach, Maryland. Financial Report June 30, 2013.
Notes: 1. North Beach: FY 2013 Adjusted Budget Final.

- Assessed real property value declined in both North Beach and Chesapeake Beach in FY2013

Total Real Property Assessed Value (Millions $)
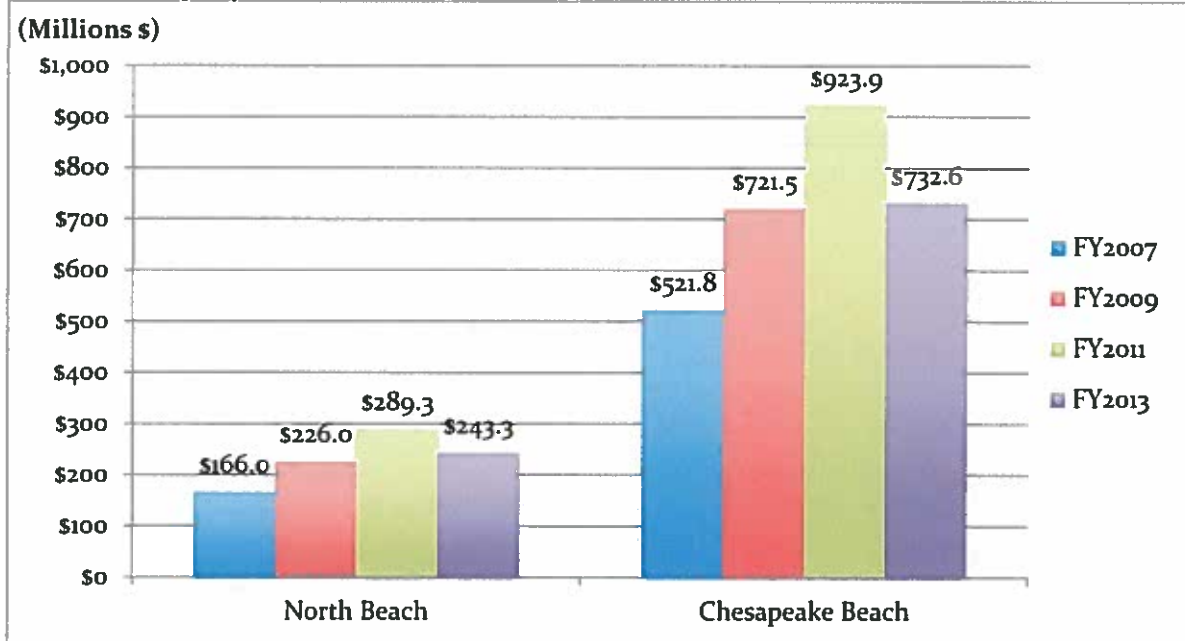
Source: Maryland Department of Legislative Services. *Property Tax Set-offs. The Use of Local Property Tax Differentials and Tax Rebates in Maryland.*
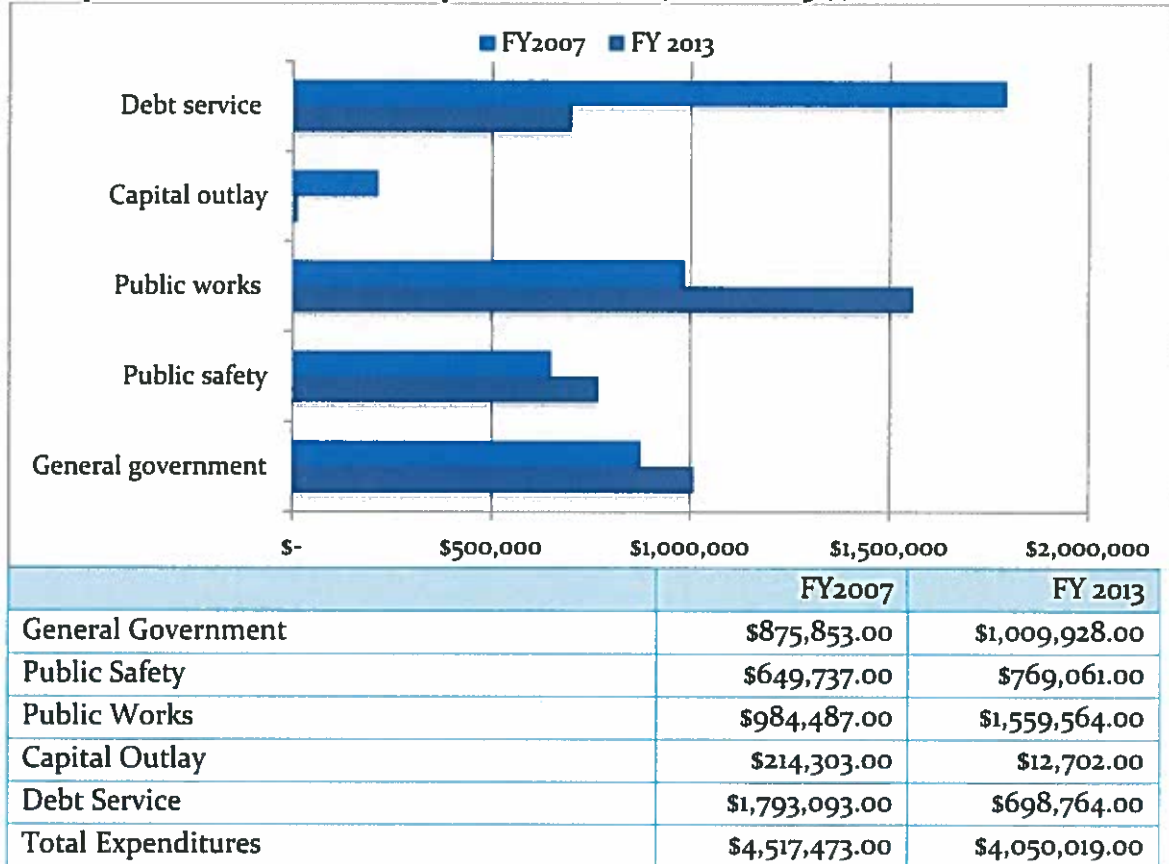
North Beach General Fund Expenditures, FY2007 and FY2013 (1)
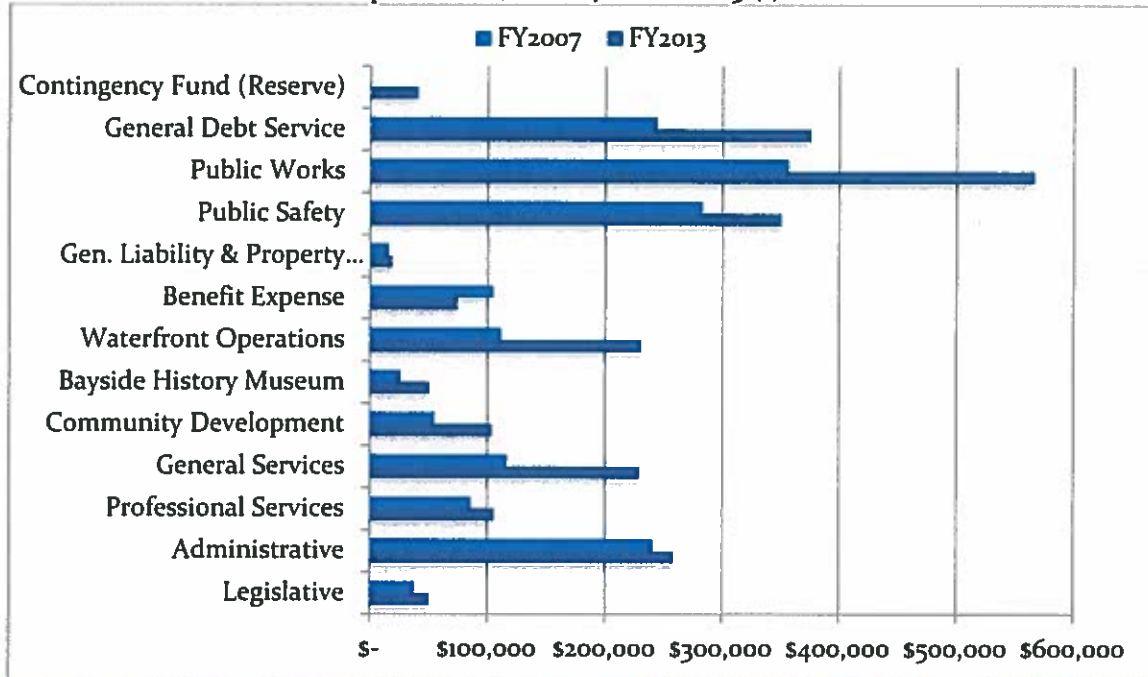
	FY2007	FY2013
Legislative	$38,355.07	$50,600.00
Administrative	$240,920.00	$258,530.95
Professional Services	$86,200.00	$105,900.00
General Services	$116,740.01	$229,113.00
Community Development	$55,425.03	$103,845.00
Bayside History Museum	$26,398.01	$50,550.00
Waterfront Operations	$111,545.00	$230,714.00
Benefit Expense	$105,200.00	$74,900.00
Gen. Liability & Property Ins.	$16,000.00	$19,200.00
Public Safety	$283,065.00	$350,637.00
Public Works	$356,779.03	$566,438.62
General Debt Service	$244,451.96	$375,582.51
Contingency Fund (Reserve)	$32,869.92	$40,881.67
Total General Fund Expenditures	$1,713,949.03	$2,456,892.75

Source: Town of North Beach, Maryland: various budget documents. Notes: 1. FY2007 and FY2013 adjusted budget expenditure amounts.

Chesapeake Beach General Fund Expenditures, FY2007 and FY2013 (1)

	FY2007	FY 2013
General Government	$875,853.00	$1,009,928.00
Public Safety	$649,737.00	$769,061.00
Public Works	$984,487.00	$1,559,564.00
Capital Outlay	$214,303.00	$12,702.00
Debt Service	$1,793,093.00	$698,764.00
Total Expenditures	$4,517,473.00	$4,050,019.00

Source: Town of Chesapeake Beach, Maryland Financial Reports: June 30, 2013 and June 30, 2007.
Notes: 1. FY2007 and FY2013 actual expenditure amounts.

Conclusion

North Beach is close to attaining a critical mass of amenities that will profoundly alter economic dynamics related to visitation. This study has identified a number of opportunities to attract more visitors, including high net worth ones. Among the ideas are 1) an indoor market; 2) support for a proposed hotel; 3) more business involvement with event planning; 4) neighborhood beautification; 5) creating an impactful social media campaign to increase out-of-county visitation; and 6) pursuing economic development strategies rooted in creating a strong sense of place and emphasizing culture and creativity.

Each of these items comes with a price tag, but with the exception of the indoor market, not a large one. In some cases, the Town of North Beach will be required to forego revenues in order to attract more amenities, including a hotel and potential library branch. There will also be a certain amount of cost to launch the social media campaign, but this should hardly be overwhelming since 1) there are many firms that now provide such services and 2) the marketing will largely target the Washington and Baltimore metropolitan areas.

Appendix A: A Discussion of Small Town Development Strategies

Traditional economic development approaches tend to emphasize the recruitment of major corporate facilities via tax breaks and other financial incentives.[5] However, given the tendency for corporations to offshore production over time, this strategy has become less appealing. In a North Beach context, it perhaps has never had much relevance.

Given greater competition for new facilities, some communities seem to have deemphasized economic development altogether. The Sage study team views this as unwise since there are other approaches to promote economic development beyond the recruitment of facilities.

One of these approaches is broadly known as place-making. Conceptually, place-making is basic – it involves a combination of public and private investment and planning to create spaces in which people want to congregate and ultimately interact economically.

It is not enough to create beautiful spaces. Beautiful spaces in and of themselves do not translate neatly into transactions – it is ultimately transactions that translate into tax base. The key is to interweave beauty with amenities. Certain amenities are particularly treasured. A 2006 survey of North Carolina localities found that a higher percentage of small communities indicate that attracting retail and service businesses is a priority compared to larger communities.[6] Views expressed by focus group members and elected officials are consistent with this preference.

Note that place-making represents a longer-term proposition than traditional economic development. Traditional economic development is more likely to focus upon large-scale events that produced significant numbers of new employment opportunities in one fell swoop.

Place-making is not about large events. It is about organic, steady growth driven by the expansion of existing businesses and by episodes of entrepreneurship, including in the form of new specialty retailers and fine dining establishments.

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[5] Morgan, Jonathan Q., and William Lambe. "Find a way or make one." *Economic Development Journal* 8, no. 3 (2009): 5-13.
[6] Id.

What place-making and traditional economic development have in common are a focus on 1) attracting private investment; 2) creating employment opportunities; 3) raising living standards; 4) reducing inventories of vacant/under-utilized space; and 5) creating tax base. However, place-making is far more likely to create a general sense of well-being in the community, including among young people and retirees who would not stand to benefit directly from the relocation of a plant or back office operation to their community. After all, one of the goals is to support beautiful gathering places.

One likely implication of successful place-making or place-based development is the attraction of artists and other creative personalities. Beautiful places tend to be a breeding ground for inspiration and entrepreneurship.

The table below lists four categories of economic/community development strategies, but for North Beach, the most relevant are those associated with columns 1, 2 and 3, with particular emphasis on 2 and 3.

1. Economic Gardening	2. Place-Based Development	3. Creativity & Talent Cultivation	4. Innovative Industrial Development
The general theme of gardening is to "grow your own" by cultivating local entrepreneurs and creating an environment that supports their growth. This can include tax breaks, rent discounts and other conceivable financial incentives.	Placed-based development incorporates strategies that capitalize on the distinctive characteristics of a particular place. Such characteristics might include the natural environment, cultural heritage, specialized infrastructure, and arts/crafts traditions.	Creativity and talent cultivation utilizes tactics that focus on attracting knowledge workers, equipping people with skills, and preparing people for community leadership. Arts and culture are often used to attract and retain talent and as occupational targets for apprenticeship and training programs.	Innovative industrial development incorporates business clustering and regional collaboration; often emphasizes "green" development; and makes use of creative incentive tools.

Source: Morgan, Jonathan Q., and William Lambe. "Find a way or make one." *Economic Development Journal* 8, no. 3 (2009): 5-13.

Appendix B: Examples of Successful Place-Based and Creativity Cultivation Strategies

Creativity & Talent Cultivation: New York Mills, MN

Population (2000):	1,158	Strategic Approach	Entrepreneurship Creative Economy
Population (2012):	1,466	Time Frame:	1990-1998

Summary

The community created the New York Mills Regional Cultural Center in 1992. The Center hosts an artist-in-residency program, art exhibits, theater productions and musical performances, including international caliber events, all of which make the arts accessible to rural residents.

Outcomes

During the first six years that the cultural center was open, 17 new businesses opened in town creating 350 jobs. The Center has put on more than 80 exhibits and hosted 50 visiting artists since its opening. The Center has attracted media attention from the Today Show, The New York Times and National Public Radio.

Lessons from this story

The idea of a Performing Arts Center in North Beach has merit, but Sage believes that this would represent only a part of a comprehensive economic development strategy.

Place-Based Development: Nelsonville, OH

Population (2000):	5,230	Strategic Approach	Entrepreneurship Downtown revitalization Creative economy
Population (2012):	5,372	Time Frame	2001-2006

Summary

Civic leaders in this historic coal mining community subsidized downtown storefront rent for artists/galleries. Over a period of five years, artists cleaned up downtown storefronts and enhanced capacity utilization. From 2001 to 2006, Nelsonville's downtown square transitioned from desolate storefronts to a bustling artists' haven. Coffee shops, restaurants and other social gathering spots buzz with community activity.

Outcomes

Downtown occupancy rates went from 25 percent to 85 percent in four years.

Town is reported to be more cohesive.

Lessons from this story

Offering tax breaks and other forms of financial incentives can produce positive results, particularly in high tax rate contexts.

Place-Based Development: Columbia, NC

Population (2000):		837	Strategic Approach	Tourism
Population (2010):		891	Time Frame	1991-2007

Summary

Columbia's strategy is to attract investment into the community through ecotourism, which involves dogged protection of natural resources. Through innovative partnerships, Columbia has received funding for and built a downtown boardwalk, a visitors' center and a 4-H environmental education center, each of which attracts visitation. During the late 1970s, local officials began to aggressively recruit new businesses. The town was negotiating with an international aircraft manufacturer to relocate to Tyrrell County when, in October 1988, Congress modified an obscure requirement pertaining to the interest rate on industrial revenue bonds. The project fell through and the town's aspirations for luring a significant manufacturer were dashed. Ecotourism meant a rejection of certain types of economic development," said Rhett White, the current town manager. "We rejected taking advantage of our natural environment and instead saw the potential to develop an economy around a pristine environment."" Working through the Partnership for the Sounds, Columbia received a $1 million grant from N.C. DOT to construct a new visitors center at the main entrance into town.

Outcomes

On average, the visitors' center welcomes 400,000 people a year, a significant jump from previous visitation levels. In 2001, Columbia also became home to a new $10 million 4-H environmental education center complete with a 250-seat meeting room, 4 dining areas and 2 hotel-style executive lodges. Local officials estimate that more than 100 jobs have been created in Columbia as a result of the ecotourism strategy, a substantial figure in a town of fewer than 800 people.

Lessons from this story

Protecting natural resources represents a way to attract visitors, create partnerships and translate those partnerships into investment.

Place-Based Development: Scotland Neck, NC

Population (2000):		2,414	Strategic Approach:	Industrial development Business retention & expansion Tourism
Population (2012):		2,276	Time Frame:	1998-2007

Summary

"Scotland Neck's strategy is called the Developing Our Own Resources (DOOR) Initiative. It is a place-based economic development strategy that involves three main approaches: attracting tourists, supporting small businesses and downtown merchants, and recruiting industry. Initiated in 2002, the primary objective of the DOOR Initiative is to stimulate sustainable economic development and diversification by engaging in activities that are consistent with the town's existing assets and resources. DOOR was conceived of and is driven by local elected officials, town staff, and a cadre of local volunteers who are committed to seeing Scotland Neck prosper. In the face of layoffs and economic stagnation, Scotland Neck assessed its bountiful natural resources and decided to build its economy through support for the outdoor industry, including by attracting hundreds of fishing enthusiasts to town.

Scotland Neck's first step was to remove the barriers that were inhibiting the growth and expansion of local fishing and hunting guide service businesses. To provide more and better access to the Roanoke River, the town partnered with the North Carolina Wildlife Resources Commission to improve the local boat ramp on the river. Each year, the town hosts the Crepe Myrtle Festival, the Classic Car Show and Christmas on the Commons. In addition to building cohesiveness within the community, these events bring in hundreds of visitors, who spend thousands of dollars on food, shopping, lodging and entertainment."

Outcomes

In 2005, the Best Western Scotland Neck hotel, a $1.2 million investment, opened.
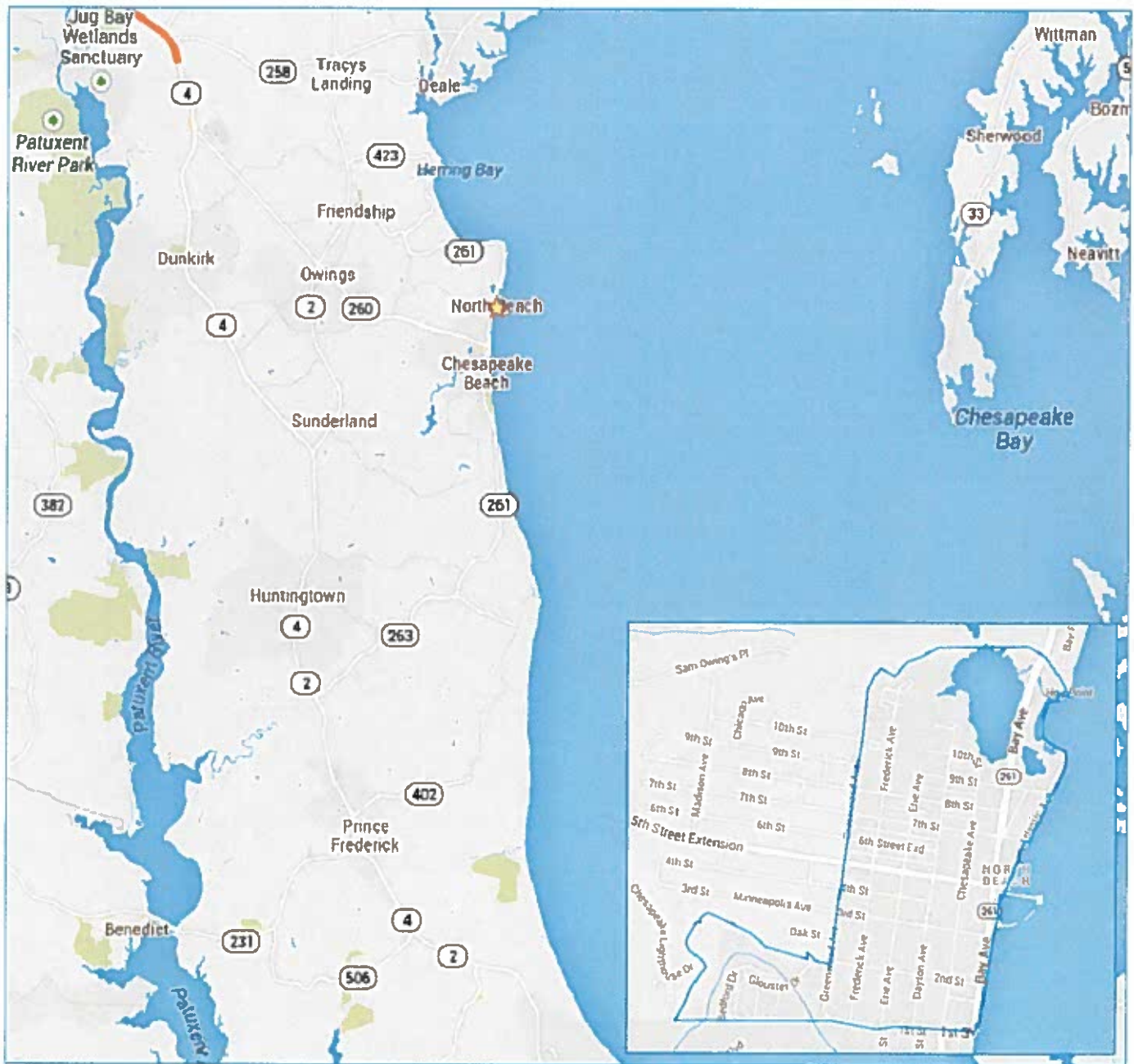
Lessons from this story

Community cohesion matters. In North Beach, hosted events have on occasion driven people apart, not closer together. Stepped up marketing is also critical to successfully executing place-based strategies. A commitment to attracting external funding to support community projects is also of critical importance.

A Statistical Perspective of
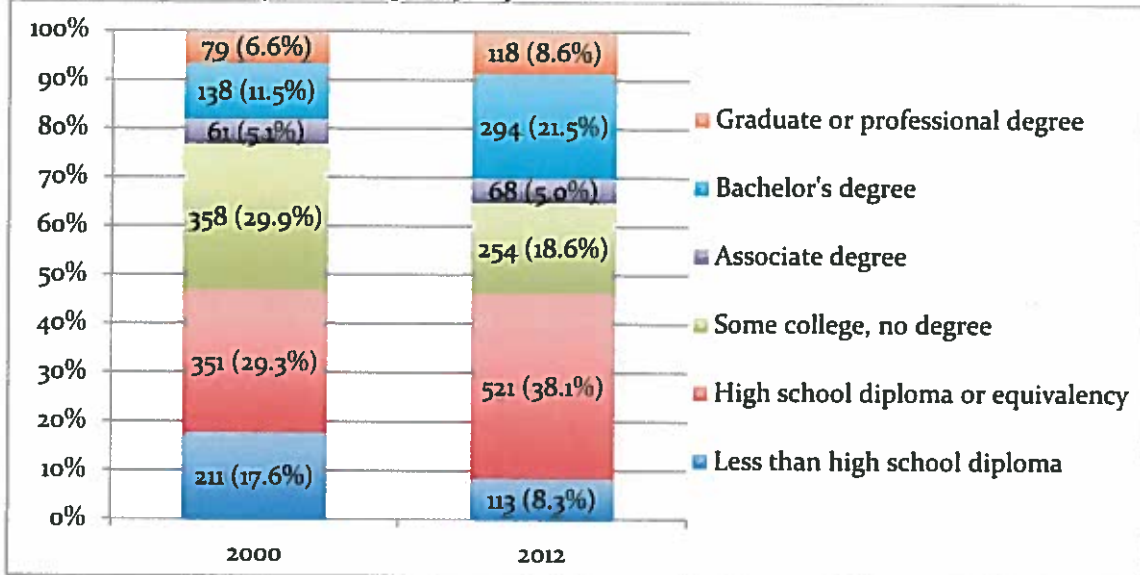# North Beach, Maryland

The information provided in this business prospectus is intended to help entrepreneurs and investors understand the myriad opportunities offered in North Beach, MD. The data presented below stand for the proposition that North Beach is a vibrant, growing community that benefits from its unique geography and proximity to major metropolitan areas.

North Beach Demographics

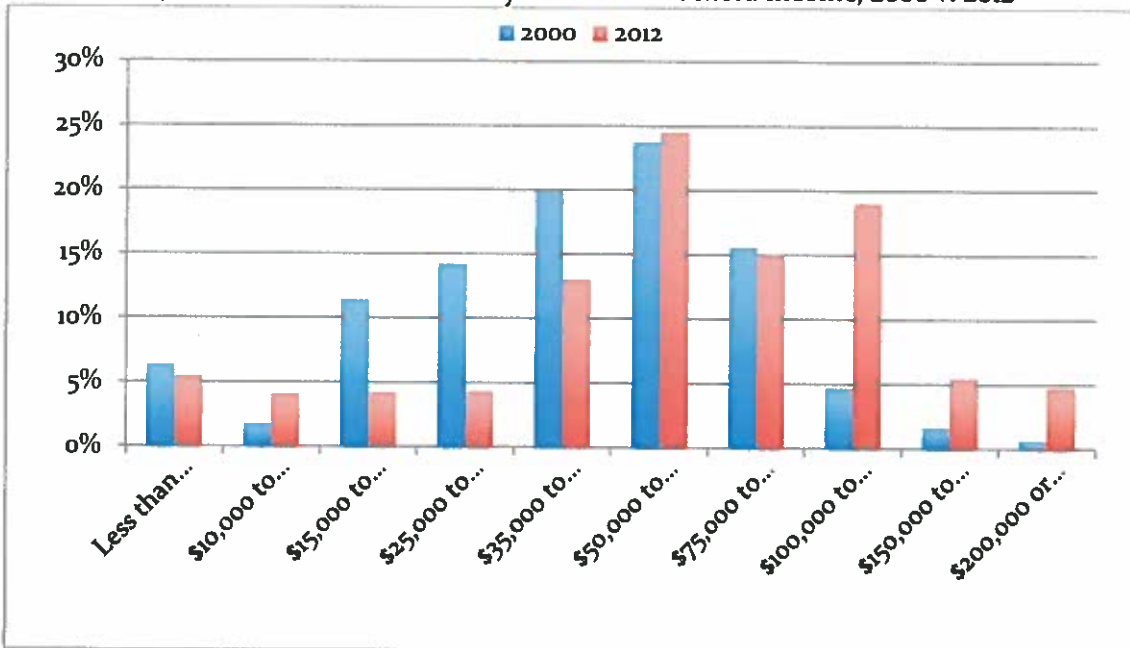- ### There are many highly educated people who live in North Beach

North Beach, MD Population Aged 25+ by Educational Attainment, 2000 v. 2012

Legend:
- Graduate or professional degree
- Bachelor's degree
- Associate degree
- Some college, no degree
- High school diploma or equivalency
- Less than high school diploma

2000 column:
- 79 (6.6%)
- 138 (11.5%)
- 61 (5.1%)
- 358 (29.9%)
- 351 (29.3%)
- 211 (17.6%)

2012 column:
- 118 (8.6%)
- 294 (21.5%)
- 68 (5.0%)
- 254 (18.6%)
- 521 (38.1%)
- 113 (8.3%)

Source: U.S. Census Bureau, 2000 Census: DP-2; 2008-2012 American Community Survey 5-Year Estimates: DP02. Note: 2012 figures represent a 5-year average covering 2008-2012.

- ### Roughly 10 percent of households earn more than $150,000/annum

North Beach, MD: Income Distribution by Level of Household Income, 2000 v. 2012

2

- The number of people over the age of 65 expanded by almost precisely 50 percent between 2000 and 2012, while the population aged 15-24 expanded by more than 30 percent

North Beach, MD Population by Age Group, 2000 v. 2012

	2000	% of the Population	2012	% of the Population
<15	413	22.6%	231	12.3%
15-24	217	11.9%	283	15.0%
25-44	659	36.1%	487	25.9%
45-64	397	21.7%	660	35.1%
65+	142	7.8%	221	11.7%
Total Population	1,828	100%	1,882	100%
Median Age	32.9	-	42.8	-

- Owner occupied housing has become much more expensive in North Beach over time, perhaps due to high net worth household retirement/relocation

Select Housing Characteristics in North Beach, MD, 2000 v. 2012

Category	2000	2012
Average household size of owner-occupied unit	2.44	2.29
Average household size of renter-occupied unit	2.17	1.88
Median year structure built	1960	1973
Median value of owner occupied housing unit	$116,000	$280,800
Homeowner vacancy rate	3.3%	7.0%
Rental vacancy rate	8.5%	7.7%

North Beach, MD Employment by Industry, 2011

Industry	Work Area		Home Area	
	Count	Share	Count	Share
Public Administration	0	0.0%	165	14.5%
Professional, Scientific, and Technical Services	5	4.0%	134	11.8%
Retail Trade	5	4.0%	124	10.9%
Health Care and Social Assistance	13	11.0%	121	10.6%
Educational Services	0	0.0%	99	8.7%
Construction	0	0.0%	92	8.1%
Accommodation and Food Services	69	58.0%	91	8.0%
Other Services (excluding Public Administration)	2	2.0%	53	4.7%
Administration & Support, Waste Management and Remediation	3	3.0%	40	3.5%
Manufacturing	1	1.0%	38	3.3%
Wholesale Trade	2	2.0%	30	2.6%
Finance and Insurance	0	0.0%	30	2.6%
Transportation and Warehousing	0	0.0%	28	2.5%
Real Estate and Rental and Leasing	16	14.0%	26	2.3%
Information	0	0.0%	23	2.0%
Arts, Entertainment, and Recreation	2	2.0%	21	1.8%
Management of Companies and Enterprises	0	0.0%	11	1.0%
Utilities	0	0.0%	8	0.7%
Agriculture, Forestry, Fishing and Hunting	0	0.0%	3	0.3%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%
Total	118	100%	1,137	100%

Source: U.S. Census Bureau. 2013. OnTheMap Application. Longitudinal-Employer Household Dynamics Program. http://onthemap.ces.census.gov/.

North Beach Consumer Expenditures (2013)

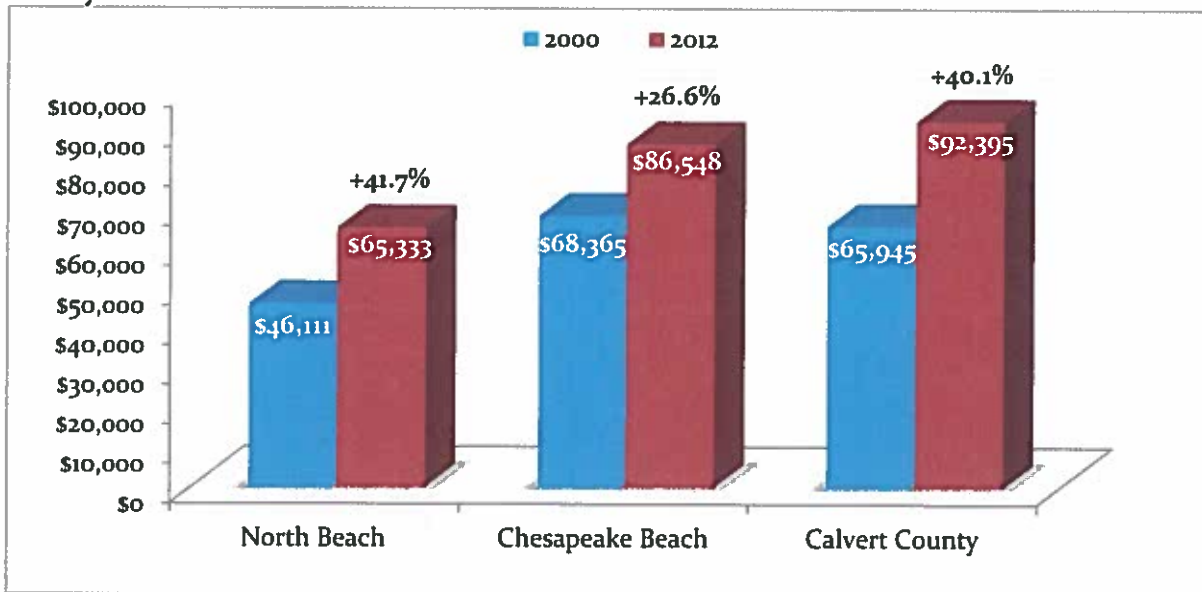| Category/	$ Per Household
Apparel	$2,649
Education	$1,346
Entertainment	$3,083
Food and Beverages	$8,428
Health Care	$3,326
Household Furnishings & Equipment	$2,446
Shelter	$10,632
Household Operations	$1,979
Miscellaneous Expenses	$921
Personal Care	$800
Reading	$182
Tobacco	$349
Transportation	$11,101
Utilities	$3,822
Gifts	$1,471
Personal Insurance	$562

Contributions	$2,032

Source: Applied Geographic Solutions (at CalvertProspector.com).

Comparing North Beach

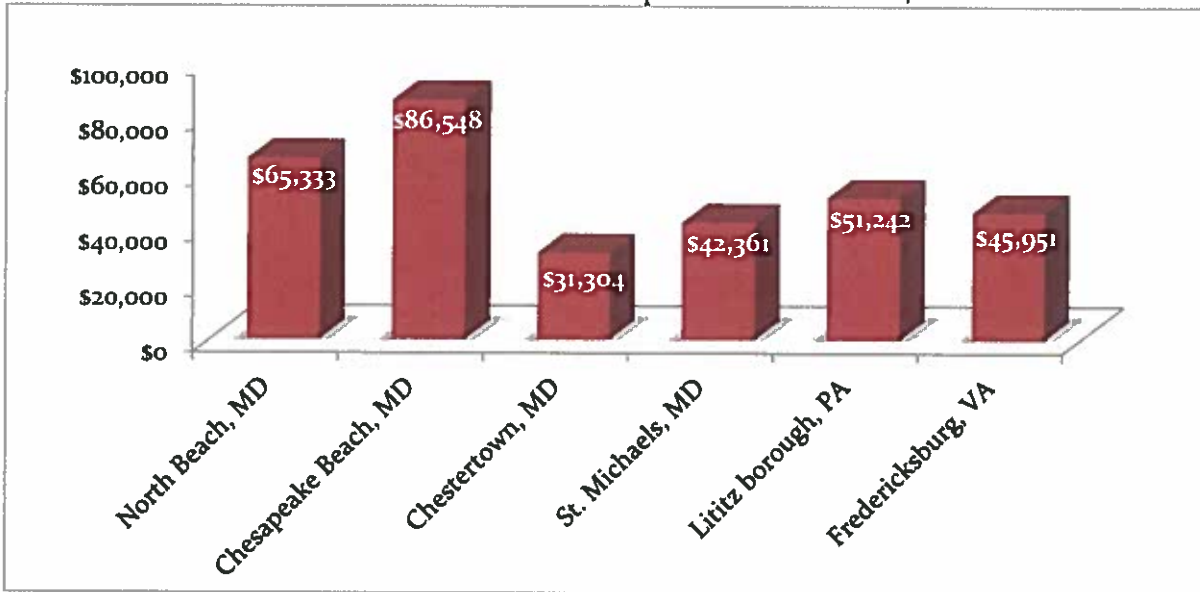- **Household income has expanded rapidly in North Beach in recent years**

Median Household Income 2000 and 2012: North Beach, Chesapeake Beach, and Calvert County

- **North Beach enjoys much higher levels of median household income than other small towns/similarly sized towns**

Median Household Income in North Beach and Comparison Communities, 2012

North Beach Taxes and Fees

- The Town of North Beach has expressed a willingness to offer tax breaks to achieve certain community objectives

County and Municipal Real Property Tax Rates, FY 2014 (1)

Jurisdiction	County Rate	Municipal Rate	County Special Rate	Total Rate
Calvert County	$0.89	-		$0.89
Chesapeake Beach	$0.56	$0.36	-	$0.92
North Beach	$0.56	$0.63	-	$1.19

Source: Maryland Department of Legislative Services, 2014. *Overview of Maryland Local Governments Finances and Demographic Information.* Notes: 1. All rates are shown per $100 of assessment.

North Beach Water & Sewer Usage Rate Schedule, FY 2013 – FY 2015

Quarterly Water & Sewer Usage	
MD Flush Tax	$15.00
Water Use	
First 10,000 Gallons	$42.20
Next 15,000 Gallons	$2.00 Per 1,000 Gallons
Next 25,000 Gallons	$1.50 Per 1,000 Gallons
Over 50,000	$1.00 Per 1,000 Gallons
Sewer Use	
First 10,000 Gallons	$91.00
Next 15,000 Gallons	$2.80 Per 1,000 Gallons
Next 25,000 Gallons	$2.07 Per 1,000 Gallons
Over 50,000 Gallons	$1.39 Per 1,000 Gallons
Annual Water & Sewer Fees (Special Assessment)	
Water Benefit Fee	$110.1
Sewer Benefit Fee	$221.2

Source: Town of North Beach, Resolution Number: 13-02; Town of North Beach, FY 2014 Adjustments and FY 2015 Draft Budget.

North Beach Tourism

- A formula for success

"North Beach offers the best of many worlds: quaint, small town with access to large metropolitan areas like Annapolis, Baltimore and Washington, DC. Its seven-block waterfront contains a public fishing pier and a half-mile-long boardwalk with accompanying bike path. The boardwalk is dotted with benches for residents and visitors to linger and Bay-watch." (Visitmaryland.org) North Beach's offerings align neatly with Maryland's top visitor activities, which include dining, shopping and engagement with the waterfront.

Top 10 Tourism Activities in Maryland Per Stay, 2012

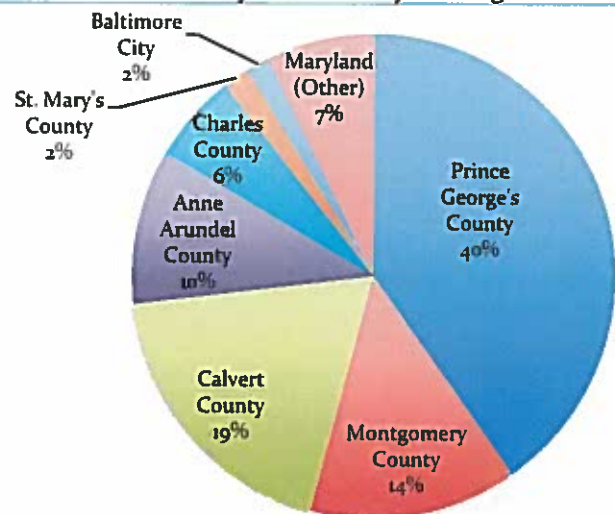|	
1. Culinary/Dining	30%
2. Shopping	23%
3. Beach/Waterfront	22%
4. Nightlife	12%
5. Historic Sites	12%
6. Touring/Sightseeing	11%
7. Parks (National/State)	8%
8. Museum, Art Exhibits	8%
9. Movies	7%
10. Holiday Celebration	6%

Source: Maryland Tourism Development Board and The Office of Tourism Development, *Tourism Marketing and Development Plan*, FY 2014.

North Beach Visitation by Visitor Origin, May-June 2014

Maryland v. Virginia v. D.C.
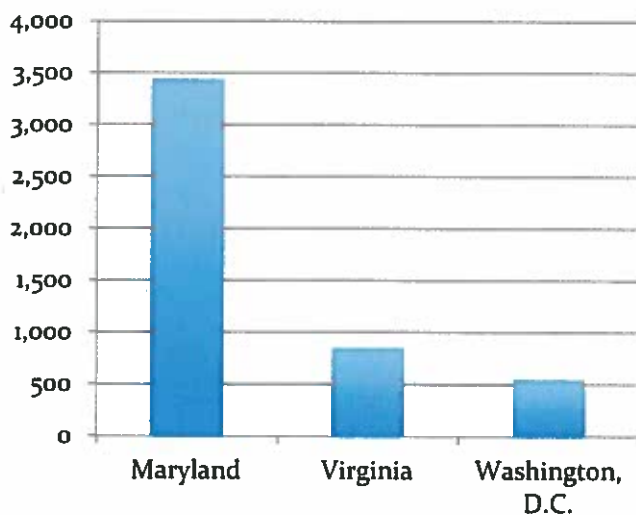
Maryland County of Origin

Source: Town of North Beach, Maryland. July 2014 Town Council Packet. Note: Number of families not number of individual visitors.

North Beach Waterfront Use Fees, 2014

Beach Fees	
North Beach Residents	FREE
Calvert County Residents	
Adults (ages 12-54)	$6.00
Children (ages 3-11)	$4.00
Seniors (ages 55 & up)	$4.00
Children 2 and under	FREE
Season Pass Adults/Children	$50.00/$25.00
Family Pass (5 People)	$100.00
Active Military	$4.00
Out of Calvert County Visitors	
Adults (ages 12-54)	$15.00
Children (ages 3-11)	$8.00
Seniors (ages 55 & up)	$8.00
Children 2 and under	FREE
Adult Season Pass (12-54)	$120.00
Children Season Pass (3-11)	$100.00
Family Pass (5 People)	$200.00
Active Military	$8.00

Source: Town of North Beach Fee Schedules; Town of North Beach Website:
http://www.northbeachmd.org/Pages/FV1-0004435C/S0356E55C.

Fishing Pier Fees	Current
North Beach/Calvert County Residents	FREE
Out of Calvert County Visitors	
First Pole	$5.00
Second Pole	$3.00
First Trap	$5.00
Second Trap	$3.00
Season Pass (non-transferable)	$65.00

Source: Town of North Beach Fee Schedules; Town of North Beach Website:
http://www.northbeachmd.org/Pages/FV1-0004435C/S0356E55C.
Note: Two pole maximum; two trap maximum per person.

Other Rental Fees	Current
Single Kayak	Hourly $15.00/Daily $45.00
Double Kayak	Hourly $20.00/Daily $60.00
Stand Up Paddleboard	Hourly $20.00/Daily $60.00
Bicycles	Hourly $10.00/Daily $30.00
Umbrellas	$10.00
Chairs	$5.00
Boat Slip	FREE

Source: Town of North Beach Website: http://www.northbeachmd.org/Pages/FV1-0004435C/S0356E55C.

Beach/Recreation Area Fee Comparison

		Out of County Residents	Calvert County Residents	Resident
Bayfront Park/Brownie's Beach (Chesapeake Beach)	Adult:	$16.00	$7.00	FREE
	Child:	$9.00	$5.00	FREE
Waterpark (Chesapeake Beach) (1)	Adult:	$21.00	$12.00	$10.00
	Child:	$19.00	$10.00	$9.00
Breezy Point Beach and Campgrounds (Chesapeake Beach) (2)	Adult:	$10.00	$10.00	$10.00
	Child:	$6.00	$6.00	$6.00
North Beach	Adult:	$15.00	$6.00	FREE
	Child:	$8.00	$4.00	FREE

Source: Brownie's Beach: http://www.chesapeake-beach.md.us/attractions_bayfrontpark.htm;
Waterpark: http://www.chesapeakebeachwaterpark.com/tickets.html;
Breezy Point: http://www.co.cal.md.us/Facilities/Facility/Details/15.
North Beach: Town of North Beach, Maryland. July 2014 Town Council Packet.
Notes: 1. Admissions fees are priced by 48" or Taller (listed here as 'Adult') and Under 48" (listed here as 'Child'). 2. Fees listed are for weekends and holidays, Memorial Day weekend to Labor Day.

North Beach Waterfront (Beach) Fee History

		2005	2006	2007	2008	2009	2010	2011	2012	2013
Out of	Adult:	$5.00	$6.00	$6.00	$8.00	$8.00	$8.00	$10.00	$10.00	$12.00
County	Child:	$4.00	$5.00	$5.00	$6.00	$6.00	$6.00	$6.00	$6.00	$8.00
Calvert	Adult:	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$5.00
County	Child:	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	$4.00

Source: Town of North Beach, Maryland. July 2014 Town Council Packet.
Note: Adult: 12-54 years; Child: 3-11 years

- There are plenty of North Beach assets to market

Shopping & Dining

North Beach offers shopping, restaurants, and salons/spas to visitors. The town is home to an array of shops, including antique shops, novelty and gift shops. Food options include casual and fine dining restaurants, as well as bakery goods, wine, ice cream, and kettle corn.

Bayside History Museum

The Bayside History Museum showcases exhibits detailing the history of Northern Calvert/Southern Anne Arundel Chesapeake Bay communities. Recent additions to the museum include Explorations of Captain John Smith featuring the 1632 book written by Capt. Smith, and a War of 1812 exhibit featuring Francis Scott Key and the Star-Spangled Banner.

4025 4th St.,
North Beach, MD 20714

(410) 610-5970
www.baysidehistorymuseum.org

Hours: Wednesday-Sunday, 1-4 PM.
Arrangements for special events or group tours also available.

Wetlands Overlook Park

Open all year from dawn to dusk, the Wetlands Overlook Park is a destination for anyone interested in observing or photographing wetland wildlife inhabitants. With a pier, two gazebos, public restrooms, and vending machines, this small nature park provides a relaxing setting for individuals and families.

4020 11th St.,
North Beach, MD 20714

www.northbeachmd.org

Hours: Daily, dawn to dusk.

Artworks@7th

Established in 2004 by a small group of local artists Artworks@7th is a cooperative art gallery comprised of between 20-30 artists. Close to the boardwalk, Artworks@7th offers monthly shows featuring individual artists shows, guest artist shows, and small works shows, in addition to theme shows throughout the year.

9100 Bay Avenue,
North Beach, MD 20714

(410) 286-5278
http://www.artworksat7th.com/

Hours: Monday - Thursday 12-7 PM,
Fridays: 12-9 PM (May-October)

- North Beach hosts an extraordinary number of special events, even after Labor Day

North Beach Special Events (2014)

Date	Event	Time
4/26/14	Comcast Cares Day/Plant the Town	8am-1pm
4/27/14	Welcome Center & Beach Open for Season	
5/2/2014-10/3/2014	Farmer's Market, Classic Car Cruise-In & Art Fair Every Friday Night	6-9pm
5/16/14	Campfire on the Beach	7pm
5/24/14	Bicycle, Kayak, Stand Up Paddle Board Rentals Begin	
6/1/14	House & Garden Tour & Art Show	1-5pm
6/13/14	Campfire on the Beach	7pm
6/14/14	4th Annual Eat, Drink, Go Local	12-6pm
6/21/14	2nd Annual End Hunger Dragon Boat Festival	9am-5pm
6/28/14	Movie on the Beach	Dusk
7/3/14	Fireworks	Dusk
7/11/14	Campfire on the Beach	7pm
7/12/14	Concert on the Pavilion	6pm
7/19/14	Movie on the Beach	Dusk
8/5/14	National Night Out	6-8pm
8/9/14	Concert on the Pavilion	6pm
9/12/14	Campfire on the Beach	7pm
9/13/14	Drive-In Movie On the Visitor's Parking Lot	Dusk
10/4/14	4th Annual Bay Harvestfest	12-6pm
10/25/14	Hound of the Town	12-2pm
10/25/14	Boo Bash	3-5pm
12/5/14	Light Up the Town	7pm
12/6/14	Holiday Parade/Santa & Christmas on the Beach	12pm
1/1/15	Polar Bear Plunge	1pm

*Movies & Concerts are Free.