



2014

## Restoring and Protecting Maryland's Working Waterfronts



Prepared for the Chesapeake and Coastal  
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Department of Natural Resources

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This project was managed and directed by the **Environmental Finance Center (EFC)** at the University of Maryland in College Park. For twenty years EFC has served the Mid-Atlantic as one of ten regional centers located throughout the country that comprise the Environmental Finance Center Network. These centers were established to assist communities in addressing the how-to-pay issues associated with resource protection. One of the EFC's core strengths is its ability to bring together a diverse array of individuals, agencies, and organizations to develop coordinated, comprehensive solutions for a wide variety of resource protection problems. The EFC has provided assistance on issues related to energy efficiency, stormwater management, source water protection, land preservation, green infrastructure planning, low impact development, septic system management, waste management, community outreach and training. [www.efc.umd.edu](http://www.efc.umd.edu).

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## Introduction

The following document provides a final report to the Maryland Department of Natural Resources Chesapeake and Coastal Service (CCS) related to the Environmental Finance Center's Working Waterfronts project. The objective of this project was to provide CCS staff with a strategy for incentivizing local efforts to revitalize working waterfront communities and economies throughout the state. Specifically, the University of Maryland Environmental Finance Center (EFC) was charged with providing CCS staff with a framework for incentivizing and facilitating local investments into working waterfront restoration and protection efforts. EFC's objective with this project was twofold: 1) identify opportunities for state leaders to employ innovative financing policies and tools in support of local working waterfront initiatives; and, 2) provide the Department of Natural Resources Chesapeake and Coastal Services Program with a recommended structure for establishing a working waterfronts program within the agency. We address each of these objectives at various points throughout the report.

The report is structured on two sections:

- Section 1: Background
- Section 2: Summary Findings and Recommendations for Moving Forward

In addition, we provide a summary of our project activities in the appendices at the end of the report. We begin, however, with a summary of our key findings and recommendations:

### ***Key findings:***

- Though working waterfront development efforts are at their core local in nature, the state has a myriad of resources available to improve local capacity and advance sustainable development efforts.
- The dynamic nature of working waterfront development issues and efforts will require a very coordinated and multifaceted program effort at the state level. While past efforts to engage on these issues were rightfully focused on the needs of commercial fisheries, it is now necessary for the state to coordinate program activities addressing the needs of multiple water-dependent industries and businesses.
- It is clear that the diverse and complex nature of working waterfront issues, as well as the diversity of scale of state programs either directly or indirectly affecting working waterfront efforts, will require the coordination of multiple state agencies and programs, including planning, financing, natural resource protection, and economic development.
- Given what we believe to be the essential connection between natural resource protection and working waterfront development, the most logical place for a state-based program is at the Department of Natural Resources.

The following report provides a summary of the issues at play and a recommended structure for making a potential program successful.

## Section 1: Background

Nationally, waterfronts and the waterways that connect them are an important component of the U.S. economy. In addition, working waterfronts provide critical access for water-dependent activities by creating dedicated space for those engaged in tasks like cleaning and storing gear, loading and unloading materials or the day's catch, and conducting related land-based operations.<sup>1</sup> In Maryland, working waterfronts can be essential connections to both traditional economies and industries, as well as cultural heritage and history. As a result, restoring and protecting waterfront economies has been a priority in Maryland for many years.

The 2008 Maryland Working Waterfront Commission Report. EFC's work on this project was in many respects a continuation and expansion of the work and findings of the Maryland Working Waterfront Commission (Commission), which was convened in 2008 to study and make recommendations to protect and preserve Maryland's commercial fishing industry's access to public trust waters. The Commission recommended action in five areas: tax abatement; infrastructure preservation and development; local planning/zoning assistance; education/research/outreach; and federal legislation. The 2008 report captures the economic importance of industries that utilize Maryland's 'coastal zone,' whether as seafood processing plants, individual and commercial fishing or aquaculture industries but lacks a detailed analysis of current economic status and/or the future prospects for the State's working waterfronts.<sup>2</sup>

The Commission was convened as a result of long-term pressure on water-dependent industries, specifically those associated with commercial fishing. For years waterfronts along Maryland coasts have been experiencing increasing pressure from competing demands such as population growth, development and shifting land ownership patterns. As a result, fishermen and water-dependent businesses are often displaced, and coastal communities across the state are at risk of losing their working waterfronts. Without assistance, commercial fishermen and other businesses may have to relocate or leave their businesses; as a result, communities lose seasonal vibrancy as year-round waterfront activities are replaced by private, non-industrial development, and water-dependent industries must compete for shrinking shoreline access. In the future, these challenges will only intensify as these trends continue.<sup>3</sup>

The 2008 Commission report provided an important foundation for establishing a state-based working waterfronts program. However, Maryland's working waterfront effort to date has been exclusively focused on the needs of commercial fisheries. This is understandable given both the history and culture of fishing industries within the state, as well as the political dynamics associated with efforts to restore and protect the state's iconic fisheries. However, in many communities, working waterfronts are predominated by industries associated with marine trades and recreational boating. Therefore, while recreational boating is often viewed as a threat to commercial fisheries, the interests of these groups must be included in any effort

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<sup>1</sup> The Sustainable Working Waterfronts Toolkit: Final Report. March 2013. Department of Commerce.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

to establish a working waterfront program at the state level. This may create a difficult balancing act for state leaders.

Review of financing tools and strategies. An important follow up study to the 2008 Commission report was the 2013 Sustainable Working Waterfronts Toolkit report commissioned by the U.S. Department of Commerce.<sup>4</sup> That report provided a summary description of the key financing tools and policies structures impacting working waterfront programs. Specifically, the report categorized financing policies into five general categories:

1. Grants;
2. Loans;
3. Loan guarantees (often referred to as credit enhancements);
4. Dedicated revenue; and,
5. Tax incentives.

Using these five financing tools as a foundation, our objective was twofold: 1) to assess the State of Maryland's capacity within each; and, to identify informative success stories from other communities across the country. We begin with the latter.

*Case studies and financing examples from other states.* The 2013 report demonstrated the commitment that coastal states across the country are making to restore and protect traditional waterfront economies and businesses. Specifically, the report authors identified more than 500 separate entities that are engaged in working waterfront issues. Using these results as a starting point, we found that the states that had the most substantive impact on local working waterfront issues had both a clear vision for what their working waterfront programs and projects were meant to accomplish, as well as significant funding and staff capacity dedicated to affecting change at the local level. Two state programs—Massachusetts and Maine—are indicative of how effective state engagement and financing commitment can successfully influence local waterfront programs.

Massachusetts Seaport Advisory Council: as we describe in Case Study 1 below, the Massachusetts Seaport Advisory Council (SAC) has been an important resource and program driver in revitalizing the state's large seaports and fishing communities. In addition to providing capital investment in critical infrastructure, SAC provides critical technical assistance and expertise to waterfront cities and towns on all manner of maritime issues including: dredging; fishing regulations; construction; permitting; costing; and economic development. In addition, SAC often makes small grants to allow communities to do initial planning and engineering before anticipated infrastructure financing. Though the capital financing is critically important, true effectiveness is captured within the holistic structure of the SAC program.<sup>5</sup>

Maine's Department of Marine Resources Working Waterfront Access Protection Program. In an effort to prevent critical waterfront assets from disappearing, the State of Maine established the Working Waterfront Access Protection Program. The program combines matching grant

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<sup>4</sup> The Sustainable Working Waterfronts Toolkit: Final Report. March 2013. Department of Commerce.

<sup>5</sup> [http://www.ctps.org/drupal/data/calendar/pdfs/2010/011310\\_rtac\\_materials.pdf](http://www.ctps.org/drupal/data/calendar/pdfs/2010/011310_rtac_materials.pdf).

funds with the sale of development rights on critical waterfront properties. The objective is to help address the high cost of commercial fisheries properties on the coast of Maine, and help protect these community assets for generations to come.<sup>6</sup>

Through a competitive application process matching funds are available to assist commercial fisheries businesses, co-ops, municipalities and other interested parties in securing strategically significant working waterfront properties. Funds can be used to purchase property, or for the purchase of access easements, rights of way, or development rights to preserve walk-in or small boat access, properties entirely dedicated to commercial fisheries uses, or mixed use properties.<sup>7</sup>

Assessment of Maryland's Financing Tools and Strategies. Next, we provide an assessment of the State of Maryland's capacity to advance local working waterfront programs and efforts. We start by offering an important observation from the 2013 national working waterfront study. The report identified more than 500 entities or programs, the focus of which is in one way or another supporting working waterfront programs. Though dedicated funding can be very important for supporting direct financing initiatives or even technical assistance programs, many of the resources and tools available for advancing working waterfront efforts are not directly associated or targeted to expanding commercial operations in waterfront areas. Rather, the programs have a stated purpose that is complementary to working waterfront development. This is important when assessing Maryland's capacity to engage on these issues. As we discuss below, though there are no state funds in Maryland dedicated exclusively to addressing working waterfront needs, there are a variety of resources that can be, have been, or are being applied to waterfront issues.

The 2008 Commission report provides a relatively detailed assessment of the financing resources available at the state level to address waterfront access issues. Our objective was not to redo the analysis that has already been done, but rather to identify needs and opportunities for establishing an effective state program. Overall, Maryland has capacity within each of the five financing mechanisms.

In spite of the relative importance and demonstrated effectiveness of direct funding and associated financing mechanisms, it is highly unlikely that a new source of revenue, or even existing sources of revenue, will be made available soon to directly support working waterfront programs and efforts. Therefore, a more creative approach will be needed. However, echoing the findings of the 2008 Commission report, Maryland has a variety of financing mechanisms—both direct and indirect—available for influencing local programs. And, state leaders have a demonstrated commitment and capacity to apply a variety of financing mechanisms in support of local waterfront access efforts. The state's investments in Somers Cove in Crisfield, Maryland offers a great example of that creative financing approach.

***The key components of successful working waterfront development efforts.*** Much of EFC's work over the past six months has focused on assessing the attributes and characteristics of

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<sup>6</sup> <http://www.maine.gov/dmr/council/WWAP/WorkingWaterfrontAccessProgram.shtml>.

<sup>7</sup> Ibid.

successful working waterfront development programs across the state, region, and the country. In summary, our findings indicate that there are four key attributes to successful working waterfront programs:

- Effective local leadership and planning;
- Economic and business development;
- Infrastructure financing and investment; and,
- Natural resource restoration and protection.

Effective local leadership and planning. Coastal communities across the country are impacted by both the benefits of diverse and productive commercial waterfronts, as well as the negative impacts when traditional waterfront industries disappear. And, while the positive and negative impacts of working waterfront issues are often considered in terms of regional economic impacts and growth, working waterfront development efforts are in fact, at their core, very local in nature. As a result, one of the most important components of successful working waterfront development efforts is effective local leadership.

As with any successful economic development effort, effectively restoring and developing working waterfronts requires a clear vision for the future, as well as an understanding and acceptance of the importance of a community's culture and past economic heritage. In many communities, commercial waterfronts are under threat because while traditional industries such as commercial fisheries may be relatively profitable and vibrant, they lack the scale and impact to compete for waterfront access and resources with other potential uses such as residential development. Therefore, maintaining traditional industries often requires local interventions that are counter to other economic development activities; for example, restricting land use activities in waterfront areas or leveraging financial resources to protect or purchase waterfront assets. As a result, these types of effort require strong local leadership.

Establishing strong local leadership can make all the difference in striving to protect traditional working waterfronts. For example, in Gig Harbor, Washington, a coalition of local business, government, and non-profit leaders joined forces to develop a campaign to create a functioning working waterfront park and maintain the heritage of their commercial fisheries. This group of dedicated and engaged citizens used very limited resources to generate significant public support for the idea of investing in a way of life on their waterfront that was slowly slipping away. Gig Harbor was able to use its own investments as the foundation for building partnerships statewide to expand their efforts and achieve success; the key was establishing local leadership as a catalyst for their working waterfront development activities.

In Gloucester, Massachusetts, the combination of a motivated, charismatic mayor with an equally talented and committed community planner resulted in an aggressive, locally led effort to revitalize the city's seaport area. Through their leadership, Gloucester has been able to attract significant state investment through the Seaport Advisory Council (see Case Study 1) for infrastructure needs as well as technical assistance for economic development efforts. The result has been a revitalized working waterfront.

One of the most reliable indicators of effective local leadership is thoughtful community planning. Virtually every community across the country has an expressed interest in stimulating

economic development. However, those communities—coastal or otherwise—that are most successful at incentivizing growth are often the ones that implement economic development efforts as part of a comprehensive and well thought out community vision and plan. If communities desire to protect traditional economies and waterfront industries, then they must explicitly plan for how they intend to do so. Without effective actionable plans in place, waterfronts will develop according to prevailing economic forces, which are often in conflict with the needs of the community, as well as traditional industries. In spite of the importance of local economic planning, the resources to develop and execute local plans are often lacking.

Economic and Business Development. Working waterfront development is by its very nature an exercise in economic development. Successful efforts to protect traditional economies and water dependent industries are primarily focused on growing and developing local economies in a way that embraces a community's economic culture and heritage. As a result, the most effective working waterfront programs are those that focus on sustainable economic development.

Efforts to expand working waterfronts in Maryland must move beyond focusing exclusively on commercial fishing operations to include other water-dependent industries such as marine trades, transit of goods, recreational and tourism, and links to cultural heritage. It is the diversity of these elements that make every waterfront in Maryland unique. Working waterfront businesses support local jobs and often bring considerable financial contributions to the local economies. The success of these businesses and traditional water dependent industries can aid in the preservation of community heritage and culture.

The problem facing traditional working waterfront industries—specifically those related to commercial fisheries—in effect defines the solution to those problems. Property values and corresponding increases in property taxes have crowded out the businesses based on commercial fisheries because the industry is not large enough or profitable enough to compete for waterfront resources and assets. Therefore, the only way to ensure that waterfront assets are available to these businesses is to incentivize the development of complementary businesses and industries, including marine trades, recreational boating, heritage tourism, and main street development. In other words, those industries that have often been considered at odds with each other may actually be in a position to provide mutual benefit. As a result the total economic capacity and impact of working waterfronts can be expanded.

Infrastructure financing and investment. The primary concern for many waterfront businesses and industries is having appropriate and adequate access to waterfront resources. As a result, investing in sufficient waterfront assets and resources is an important part of many working waterfront programs across the country. And, when infrastructure programs are structured appropriately they can serve as a strong incentive for local governments to establish effective zoning and planning in support of their working waterfronts. For example, the state of Massachusetts established the Seaport Advisory Council (SAC) in 1994. The purpose of the SAC is to enhance and develop the commercial maritime resources of the state. They achieve these goals by investing in projects that are focused on the commercial fishing industry, dredging, port marketing, and public access among other issues. Over \$115 million has been invested in over 300 projects (\$50 million of that investment has been made during the past seven years).



And, while each of the projects and communities the council supports is unique, each community that benefits from SAC investments must pass local ordinances restricting waterfront access to water-dependent businesses and industries. As a result, the state's investments have the effect of influencing local waterfront development efforts. Ensuring access is certainly the component of waterfront development that requires the most fiscal and financial resources.

Infrastructure investments, like those in Massachusetts, are always critical for waterfront access. However, there are actually three infrastructure issues that are most critical to successful working waterfront programs:

1. Land access and protection;
2. Waterway access (dredging); and,
3. Fisheries and natural resource restoration and protection.

*Land access and protection.* The 2008 Commission report addressed the primary causes and effects of waterfront access issues as they relate to commercial fisheries and the needs of watermen. Specifically, the report cited the lack of commercial boat docks and landing areas as primary adverse impacts of the competition for waterfront space. And, while the needs for access are varied and complicated, public engagement is often essential for financing projects designed to improve waterfront access.

**Case Study 1: Creating Strong Local Incentives with State Resources.**

The State of Massachusetts established the Seaport Advisory Council in 1994. The purpose of the Council is to enhance and develop the commercial maritime resources of the state. They achieve these goals by investing in projects that are focused on the commercial fishing industry, dredging, port marketing, and public access among other issues. Over \$115 million has been invested in over 300 projects (\$50 million of that investment has been made during the past seven years). And, while each of the projects and communities the Council supports is unique, each community that benefits from Council investments must pass local ordinances restricting waterfront access to water-dependent businesses and industries. As a result, the state's investments have the effect of influencing local waterfront development efforts. Ensuring access is certainly the component of waterfront development that requires the most fiscal and financial resources.

Though the 2008 Commission report focused exclusively on commercial fisheries, access to waterfront assets is a significant problem and issue for other water-dependent industries and businesses, including marine trades and businesses serving recreational boaters.

*Waterway access and dredging.* In many situations, access to waterfront assets is dependent on appropriate waterway access, which in turn requires keeping channels and harbors clear. As a result, harbor and channel dredging is a critical infrastructure financing need in many coastal communities. Whether dredging is done to create new channels or to deepen or maintain existing channels and berths, the driving force behind a dredging project is navigation for recreation and more importantly commerce.<sup>8</sup>

Most of the dredging projects that are

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<sup>8</sup> National Coastal Program Dredging Policies: An Analysis of State, Territory, & Commonwealth Policies Related to Dredging & Dredged Material Management. Volume I of II. April 2000. OCRM/CPD. Coastal Management Program Policy Series. Technical Document 00-02. Page 2.

undertaken in the U.S. are associated with federal navigation projects that are carried out by the Army Corps of Engineers and cost-shared with a local sponsor, most often the local port authority.<sup>9</sup> In Maryland, the financing partner is often the Department of Natural Resources and the Boating Services Unit through the use of the Waterway Improvement Fund.

Maryland's Waterway Improvement Fund (WIF) is used to maintain more than 400 public boating facilities and over 250 public navigation channels. This includes shallow water channels that are no longer maintained by the United States Army Corps of Engineers. The WIF was established in 1965 and is referred to as Maryland's Waterway Transportation Trust Fund. The Fund finances projects and activities that benefit the general boating public, including:

- Establishing and maintaining aids to navigation;
- Clearing debris and obstructions from waters of the state;
- Dredging channels and harbors in cooperation with the Army Corps of Engineers;
- Constructing and maintaining public boating facilities and pump-out stations;
- Developing comprehensive plans for waterway improvements and evaluating water-oriented recreation needs and capacities of Maryland waterways;
- Acquiring vessels and equipment for marine firefighting, police and medical services;
- Funding shoreline erosion control projects;
- Providing boating information and education; and,
- Supporting boating safety patrols by the Natural Resources Police.

The Waterway Improvement Fund has financed over 4,500 grant projects valued at \$300 million that have been used for developing and maintaining public boating access sites throughout the state. As mentioned, the WIF finances projects and activities that promote, develop and maintain Maryland's waterways for the boating public, which is important because boater preference studies have demonstrated that these types of services are critical for maintaining boater demand and its associated economic impact in the state. In fact, studies indicate that boating experience, including water quality, safety, and access, are as important, if not more important, than taxes and fees in influencing boater preferences. As a result, the Waterway Improvement Fund is an important working waterfront resource for the state.

Natural resource restoration and protection. Historically, natural resources have been one of the main drivers for why working waterfronts exist in Maryland and throughout the country. With a place to land the "catch of the day," whether it is for commercial or recreational fishery use, working waterfronts have played a critical role in helping to shape the culture and local economies of the small and large waterfront towns that dot Maryland's landscape. Successful working waterfronts rely on a maintained level of water quality good enough to support biologically diverse ecosystems. This is also important for residents and visitors that utilize the waterfronts. Poor environmental conditions can lead to a reduction in the number of residents and visitors enjoying the waterfronts, in turn leading to a reduction in the local economy. The same is true for watermen who rely on a healthy fishery. Additionally, climate change impacts

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<sup>9</sup> Ibid.

and associated rising sea levels will eventually consume waterfront areas if factors that can make waterfronts more resilient are not considered.

With these program components as a foundation, we provide summary findings and recommendations for creating a state working waterfronts program.

## Section 2: Summary Findings and Recommendations

The following section provides key findings and associated recommendations for establishing a working waterfronts program at DNR. Our recommendations are categorized around themes. First, we address institutional issues and structures; we then focus on recommended state engagement within the four program components: local leadership and planning; economic and business development; infrastructure financing; and, natural resource restoration and protection.

**Part 1: Establishing a Working Waterfronts Program.** At the risk of stating the obvious, we believe that a working waterfronts program would meet an important need within Maryland. The state's role in advancing working waterfront development efforts is complex and evolving. Though the 2008 Maryland Working Waterfront Commission report effectively articulates the stresses and issues complicating water access issues, the Commission's report was clearly focused on the demise of commercial fishing within the state. This focus on commercial fisheries is of course at the expense of other water-dependent industries and businesses, including those associated with serving the needs of recreational boating and fishing. By establishing a coordinated working waterfronts program, state leaders will be in a better position to coordinate state resources around seemingly myriad working waterfront issues and concerns.

**Recommendation 1a: Establish a Working Waterfronts Program at DNR.** Though there are legitimate reasons why a state-based program could or should be located at any of a number of other agencies, we feel that DNR is the appropriate institutional location for two primary reasons. First, much of the state's direct financing capacity, specifically through programs such as the Waterway Improvement Fund, Program Open Space, and the Chesapeake and Atlantic Coastal Bays Trust Fund are managed within DNR. Second, DNR's focus on natural resource restoration and protection will be essential when advancing waterfront programs, as we discuss below. Therefore, assuming that a state-based program would be established at DNR, it should be founded on three primary program components or elements:

1. First, the program's primary function should be to serve as a **coordinating element** for state resources. The 2008 Working Waterfront Commission report identified a variety of resources, programs, institutions, and agencies that have either the direct or indirect mission of advancing working waterfront development efforts. However, these resources are often not targeted effectively or specifically at local economic development efforts or needs, which dramatically reduces the collective impact that they could have. A new working waterfront program at DNR would provide significant value by serving in a coordinating capacity in this regard.
2. Second, the program should focus exclusively on **building local implementation capacity**. In reality, working waterfront programs will be implemented at the local level. Though the state has considerable resources at its disposal to influence working waterfront protection efforts, success will require thoughtful leadership, planning, and capacity at the local level. Therefore, expanding local capacity should be the primary focus of the state's working waterfront efforts.

3. Finally, the program should stress coupling working waterfront programs with ***natural resource restoration and protection issues and efforts***. Again, working waterfront development efforts are primarily focused on local economic development. And, as with any economic development effort, there is a need to ensure appropriate balance between economic goals and natural resource protection goals. In some ways this is an extension of the need for coordinating state resources. That coordination must include ensuring that local waterfront development efforts are executed in a way that incentivizes things like:
- Protecting living shorelines;
  - Ensuring that appropriate water quality (for example, stormwater) controls are in place; and,
  - Linking working waterfront programs to climate change adaptation, resiliency, and mitigation.

We address this issue in more detail below.

***Recommendation 1b: Establish a state-based working waterfronts task force.*** Though we believe that DNR is the most appropriate agency to house a working waterfronts program, effectively engaging at the local level will require coordinating resources and programs from multiple state agencies. Therefore, we recommend convening a program task force comprised primarily of leaders from key state agencies that manage programs that directly or indirectly impact working waterfront development efforts. We recognize that there is often an overuse of task forces and advisory committees related to these types of programs; as a result, there is often the perception that time is committed with little potential for substantive change or impact. Therefore, we would recommend establishing a task force with a discrete or finite goal in mind; specifically, the task force should be formed around engaging in a specific working waterfront community. The opportunity to pilot this approach exists in Cambridge, Maryland.<sup>10</sup>

***Essential Partnering Agencies and Programs.*** Again, the Maryland Working Waterfronts Program as well as the Working Waterfronts Task Force should be focused on coordinating and targeting state-level resources. Therefore, direct participation from those agencies and programs is essential. In addition to the various programs and divisions of DNR, the following is a list of state agencies, academic institutions, and non-profit organizations that we feel are essential for this effort:

Maryland Department of Business and Economic Development (DBED)

Maryland Sea Grant

Maryland Agricultural & Resource-Based Industry Development Corporation (MARBIBCO)

University of Maryland Small Business and Technology Development Center (SBTDC)

University of Maryland Environmental Finance Center (EFC)

Maryland Department of Planning (MDP)

Maryland Department of the Environment (MDE)

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<sup>10</sup> The City of Cambridge will be the focus of the second component of EFC's working waterfronts partnership with DNR; program details are available in the recently approved work plan.

**Part 2: Expanding Local Capacity, Leadership, and Planning Efforts.** Though the leadership and implementation of working waterfronts programs must come from within the communities themselves, the state can provide vital support capacity, primarily in the form of technical assistance and data. The application of those resources should be based on a community's demonstrated commitment for ensuring program success.

***Recommendation 2a: Link state resources to local leadership capacity and demonstrated commitment.*** We recommend that the Maryland Working Waterfront Program focus its resources on those communities that have established appropriate leadership, planning, and economic development processes in place. For example, in Massachusetts, the state allocated financial resources only if communities had put certain supporting working waterfront ordinances in place; this primarily meant establishing zoning restrictions that limited waterfront development to water dependent industries. Though we are not recommending that Maryland establish a new working waterfronts funding resource, we do suggest that state resources only be employed and invested in those communities that have established certain measures to ensure program success. Establishing exactly what these metrics should be would be a very appropriate first deliverable for the Working Waterfronts Task Force.

***Recommendation 2b: Establish a local leadership-training program.*** There are opportunities for DNR to directly engage in leadership development, specifically through the use of leadership training programs. To that end, we recommend that DNR establish and offer leadership-training sessions to communities working to address waterfront issues. These trainings can be done as part of Maryland Municipal League conferences, or as part of another conference or workshop that gives the information local leaders need to place more value and seek opportunities about supporting their waterfronts more. By building the capacity of local leadership, DNR will be able to advance local ownership of the issue and be much more likely to see successful waterfront initiatives.

***Recommendation 2c: Target state-based planning tools to working waterfront communities.*** If Maryland's working waterfronts are going to meet their full potential and provide the community with the resources needed to become a vital part of a community, more support for planning will be required. It is important to recognize that a working waterfront can become the "centerpiece" of a community and that any planning efforts must take into consideration social, economic, and environmental concerns that reflect the community and incorporate its cultural diversity. By investing in proper planning at the local level, community leaders can begin to build necessary support for advancing economic development efforts.

Many Maryland communities lack even a reference of their waterfront in their town or city's Comprehensive Plan. This could simply be due to a lack of local leadership, an underestimation of the value of their waterfront in the community, or simply a lack of guidance on how to build local support or planning around the waterfront. There are many national models available to provide guidance or the appropriate model language to use in Comprehensive Plans. DNR can play an instrumental role in working with regional planners and local staff to encourage support for adopting language and specific actions about the waterfront that will become part of the local Comprehensive Plan.

**Part 3: Economic and Business Development.** The state can take a more direct approach at the local level in regards to economic and business development. Though most local governments have agencies and staff assigned to expand business and economic opportunities in their communities, the state can employ significant resources that are beyond the capacity of most local governments. This is especially true as it relates to marketing and tourism resources.

**Recommendation 3a: Establish a “Working Waterfronts—Main Street Development” program.** Efforts to expand Maryland’s working waterfronts and economies should consider the role that traditional commercial districts adjacent to those waterfronts have played in the economic health of those communities. The main streets and commercial hubs of small waterfront towns have served watermen and residents for years, but also provide an important opportunity to provide a hub for year round recreational tourism, eco-tourism, and agri-tourism to attract out-of-market guests and revenue streams.

The State of Maryland enjoys 26 designated National Trust Main Streets and several of them demonstrate the value of an organized, vibrant commercial district and its importance to working waterfront facilities. The obvious examples are Cambridge, Easton, Chestertown, Havre de Grace, Annapolis, Ocean City and even Dundalk. Other small waterfront towns, though, offer real opportunities to provide hospitality to travelers wanting to explore and celebrate the rich heritage of Maryland’s waterfronts and the legacy of its Bay maritime aquaculture and crab and oyster harvesting. Municipalities like Tylerton, Crisfield, Leonardtown, St. Michael’s, North Beach, Chesapeake Beach, and Solomon’s Island have all created destinations for visitors based on the waterfront and historical attractions of their vicinities. Indeed, the opportunity presented along Maryland’s coast line is almost infinite.

The imperative, of course, is to balance the ecological preservation and restoration interests of DNR, the business interests of the watermen, and the potential of year-round tourist activity to meet the needs of a well-defined and prioritized program that is sensitive to the cultural priorities of the communities. There are many pertinent examples that serve as a starting point for advancing a program; Cambridge is an obvious one. Focusing on a vibrant Main Street partnered with the Grand Hyatt on the Choptank, the City has just purchased the second deepest port in Maryland from the state at Sail Winds at the mouth of Cambridge Creek – the entry way for watermen to access delivery and processing docks deeper down the Creek in the heart of Cambridge. The Main Street group uses the “Programming the Downtown” model to accommodate out-of-market guests and serve the needs of residents.

**Key Program Partner: Maryland’s Department of Business and Economic Development (DBED).** Maryland’s Department of Business and Economic Development (DBED) agency can be a powerful marketing resource for local government. DBED’s Office of Tourism Development/Division of Tourism, Film, and the Arts is tasked with growing tourism across the state, and Maryland’s waterfronts are critical for making that happen. Any efforts to revitalize, develop, and improve Maryland’s waterfronts should include collaboration with this office, especially as it relates to connecting tourism to local waterfront businesses. The agency can be helpful in promoting local waterfront activities, can help to engage appropriate partners, and possibly provide assistance in securing grants and loans.

A group of local businesses partnered with the working watermen and traditional Bay-oriented industries can create a vibrant attraction, and make use of assets off-season, to maintain year-round activity. Hospitality, food service, shops, outdoor recreation, tour companies, working boat excursions, museums, educational forums, architectural and flora and fauna tours, wildlife and birding tours and the like can create activity along the working coastal waterways. The Main Street orientation combined with points of access to water should be considered when exploring options to keep Maryland's coastal communities and their traditional industries alive and well.

***Recommendation 3c: Incentivize direct connections to Maryland Heritage Areas Program.*** As the Project Team learned throughout this study, embracing local heritage is an important part of developing and supporting a working waterfront. The Maryland Heritage Areas Program is a unit supported by the Maryland Historical Trust, an agency located within the Maryland Department of Planning. Through this program, DNR could leverage local priorities relating to historic preservation on the waterfront. This includes property acquisition and rehabilitation, documentation and survey, heritage tourism development, and educational programs. There are also tax credits available for private commercial and residential rehabilitation projects, grants for preservation projects, and loans to enable local waterfronts to further support projects.

Maryland's Heritage Areas are locally designated and state certified regions where public and private partners make commitments to preserving historical, cultural and natural resources for sustainable economic development through heritage tourism. At the local level, Heritage Areas focus community attention on often under-appreciated aspects of history, living culture, and distinctive natural areas, thus fostering a stronger sense of pride in the places where Marylanders live and work. The Maryland Heritage Areas Authority (MHAA) does this through targeted state financial and technical assistance within a limited number of areas designated as "Certified Heritage Areas."<sup>11</sup>

Each of Maryland's current twelve Certified Heritage Areas is defined by a distinct focus or theme that makes that place or region different from other areas in the state. These distinctive places exhibit tangible evidence of the area's heritage in historic buildings and districts, distinctive cultural traditions, singular natural landscapes, as well as other resources such as museums, parks, and traditional ways of life as revealed in food, music, and art. This "special flavor" of each Heritage Area attracts not only out-of-state visitors, but locals who are also looking for an experience that is different than "back home."<sup>12</sup>

The program recognizes that a successful Heritage Area needs to have a viable economy, which recognizes the value of the area's unique heritage resources, and through state, government, and private sector partnerships, strives to preserve and enhance the resources that make the area attractive to visitors. By investing public dollars to create tourism-related products, spark matching private investment, and motivate local leadership, MHAA seeks to promote a

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<sup>11</sup> [http://mht.maryland.gov/heritageareas\\_program.html](http://mht.maryland.gov/heritageareas_program.html)

<sup>12</sup> Ibid



balanced, sustainable level of heritage tourism that strengthens communities and improves the state's quality of life.<sup>13</sup>

**Part 4: Coordinating Infrastructure Investments.** One of the issues that make working waterfront programs so difficult and perplexing is the cost associated with ensuring adequate access to waterfront resources and assets. It is the value and scarcity of waterfront lands that has created crises in most coastal communities. As a result, infrastructure financing is one of the most critical elements of working waterfront development efforts, and one of the most important roles at the state level.

**Recommendation 4a: Coordinate and target state funding tools.** Again, though Maryland does not have a revenue source that is directly supporting working waterfront programs, there are a number of revenue and funding tools that have been and can continue to be applied to projects that have direct positive impacts on local working waterfronts. The 2008 Commission report highlights projects across the state, such as Crisfield, Maryland that have benefited from a suite of funding programs. Through case studies and projects like these, state leaders have demonstrated the capacity to coordinate resources when necessary. Certainly part of the process of coordinating funding is to establish a clear need or priority for the proposed work. In other words, the state will fund what it believes to be important (again, the Somers Cove project is a good example of the results of that perceived importance) and DNR's Working Waterfronts Program would have a critical role in creating that value or the perception of value among state leaders. In addition, program managers would be critical for identifying how multiple revenue programs can achieve local working waterfront goals and priorities.

**Recommendation 4b: Improve DNR-owned waterfront properties.** We offer the following recommendation as an example of how state resources can have both either a positive or negative impact in a community. DNR owns property throughout the state but not all of it is kept up to the standards that local municipalities would like to see. One of the easiest, albeit not the cheapest way that DNR can assist municipalities with impacting local economic development is to focus attention on making DNR-owned waterfront and marinas more visually attractive. An example of this would be the state owned property located in Cambridge. This property is well known by residents and businesses as being visually unattractive and in plain view of many residential properties. Beautification efforts and other resources could be put towards improving state owned waterfront property so that it is less industrial looking and more visually appealing to support local efforts to promote economic development tied to their waterfront businesses. Leading by example in this way will develop Working Waterfront Program credibility at the local level and advance efforts to create and enhance the sense of value discussed earlier.

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<sup>13</sup> Ibid

**Part 5: Aligning Natural Resource Protection with Working Waterfront Development.** Finally, we address the issue of working waterfront development and the restoration and protection of natural resources. The EFC Project Team found that many of the working waterfront programs across the country have, at the very least, put in some consideration to natural resource issues. Many of these issues deal directly with conserving and protecting waterfront property as well as the importance of maintaining a healthy and sustainable commercial and recreational fishery. Since Maryland is engulfed by the Chesapeake Bay (literally and figuratively), and consequently engulfed by the large-scale restoration effort to clean it up, it is important that natural resource issues be dealt with inherently throughout the process of implementing a working waterfronts program. When thinking about formally implementing a working waterfronts program, the Maryland DNR, more so than any other agency, has the opportunity to link natural resource and climate change issues directly into the planning process.

### **Case Study 3: Maryland Sea Grant**

In almost every state that has a functioning working waterfronts program, Sea Grant has provided important leadership and had a coordinating role in various aspects of local implementation. In some states, Sea Grant has been essential for pulling together local stakeholders to create a vision of what a working waterfront should be. In most states, Sea Grant is relied upon to host trainings and conferences; and, perhaps most importantly, Sea Grant has led efforts to conduct robust research and investigation of key working waterfront issues. In Maryland, Sea Grant fills an equally important role and will be an indispensable partner for DNR moving forward. Maryland Sea Grant has diverse capabilities and capacities and will continue to provide leadership on a variety of working waterfront efforts.

***Recommendation 5a: Link local working waterfront development to natural resource protection, restoration, and climate change resiliency funding.*** After review of several funding programs and program administrators, the EFC Project Team found that some grants and loans are given to communities to address waterfront issues, whether for park restoration, shoreline stabilization, etc., without a clear linkage or comprehensive plan in place to address the long-term issues of natural resource protection or sea-level rise associated with climate change, and many times without a long-term maintenance plan in place. The result is that state resources are at risk in regards to the anticipated return on investment.

As DNR looks at implementing more comprehensive working waterfront programs, it is important to build in assurances that address these fundamental environmental issues. While some funding programs, such as Coastal Zone Management (CZM), does require policies and assurances be in place before funds are disbursed to address long-term concerns, additional funding programs can be better aligned to address these concerns as well. For example, the State of Florida working waterfront program requires the community to meet four planning objectives, two of which are: 1) environmental and cultural resource protection, and 2) hazard mitigation.<sup>14</sup> These objectives must be met before funding and staff assistance is disbursed.

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<sup>14</sup> Interview with Julie Dennis, Community Program Manager for the Florida Department of Economic Opportunity – Division of Community Development. January 22, 2014.

Once these objectives are met, the community becomes eligible for a variety of state funding, planning and staff assistance. The other objectives include planning for retention of viable traditional waterfront economies and addressing public access to working waterfronts and coastal resources.

***Recommendation 5b: Directly link working waterfront programs to local efforts to climate change resiliency.*** Perhaps the greatest risk to state investments in working waterfronts is associated with climate change. Obviously, waterfronts themselves are uniquely at risk in regards to sea level rise and the impacts of increasingly powerful weather events. As a result, any infrastructure investments made in coastal communities is more at risk, relatively speaking. A state-based working waterfront program would have a unique ability to help incentivize more effective adaptation measures within coastal communities. Specifically, state resources could be linked or predicated on commitments from local leaders on the implementation of climate resiliency and mitigation efforts. We recognize the climate change policies and issues are still unnecessarily controversial in many communities, but Maryland in general and the current administration specifically have been national leaders in being both open and upfront about the issue as well as taking action. A working waterfront program could be another resource in advancing what can only be considered an innovative climate change policy approach.

Coincidentally, one of the state's most important climate change mitigation and adaption programs—the Coast Smart Communities (CSC) program—provides a highly effective model for structuring a working waterfronts program. Specifically, three program elements stand out as being important. First, the program is entirely focused on impacts and issues at the local level. The program creators and managers recognize that climate change impacts will be “most intensely experienced at the local level, therefore requiring local action.”<sup>15</sup> The CSC program structures its resources and implementation approach towards incentivizing that local action. Second, the program effectively mixes a variety of intervention and capacity building tools to meet the needs of local government: grants and technical assistance, as well as information and data resources. Finally, and perhaps more importantly, the program addresses what we believe to be one of the most important issues facing coastal communities and their associated working waterfronts: the impacts of climate change.

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<sup>15</sup> <http://www.dnr.state.md.us/coastsmart/>

**Conclusion.** Working waterfronts not only help to strengthen a community's local economy, preserve vital waterfront access and help to protect natural resources, but they also bring about a sense of cultural heritage. While working waterfronts of today may differ from the traditional sense of working waterfronts, they share the same purpose – to serve the community and feed the local economy. A successful working waterfront program must be innovative in the sense that it must look beyond serving one industry but rather a variety of industries, from commercial and recreational fisheries to tourism and community recreation. Each working waterfront around the country is unique because they are built upon the local needs of each community that they serve; there is no one-size-fits-all approach. There are, however, a wealth of existing frameworks, lessons learned and financing programs that can help shape how Maryland unveils and builds its Working Waterfront Program. What will be most important, though, is a clear understanding of the local needs and wants of the communities that a working waterfronts program serves, for it is these local priorities that will drive the community to embrace their working waterfront program and ensure its success.

## Appendix 1: Project Activities

Over the past six months, EFC has completed four key activities in support of this project:

- Convened an advisory committee of key local, state, and federal decision-makers and leaders associated with working waterfront issues in Maryland as well as other coastal states. Though EFC's intent has been to provide a fresh perspective on working waterfront financing issues, we feel it is essential to engage existing leaders to help guide the research process and provide perspective on the barriers and opportunities associated with various financing policies and programs. Therefore, we have assisted CCS staff in convening an advisory committee of 10-15 experts and leaders over the course of the project. The committee has had two meetings to date, one directly prior to the start of this project and one on February 20, 2014 in Annapolis.
- Conducted a thorough literature and program review. Again, our EFC's efforts on this project have been built on the Maryland Working Waterfront Commission report and the National Working Waterfronts Network report. In addition, we have conducted a thorough literature review and program evaluation of successful economic development and financing activities that have demonstrated effectiveness in revitalizing waterfront communities and their associated industries. Though our focus has been on efforts related to fisheries-based economies and industries, we assessed the potential impact of a variety of public and fiscal policy initiatives in multiple industry sectors. To that end, we have researched, interviewed, and visited leaders from across the country, with the goal of identifying uniquely successful working waterfronts programs that can effectively inform Maryland's efforts to establish a program at the state level. Specifically, we interviewed leaders from the following communities:
  - Gig Harbor, Washington;
  - Gloucester, Massachusetts;
  - Michigan Sea Grant;
  - Florida Department of Economic Opportunity;
  - Mississippi-Alabama Sea Grant Consortium;
  - Maine Department of Marine Resources; and
  - North Carolina State University.

Though each of these communities provides a unique perspective that can inform Maryland's program, our strategy was to ask each interviewee a series of questions that focused on state-level engagement in their community or program.

The results of our interviews will be included in the final project report. In addition to interviewing leaders from other states and communities, we interviewed leaders from within Maryland as a way of understanding the resources that currently exist within the state and to identify any capacity gaps. To date we have interviewed or scheduled interviews with the following leaders and organizations:

- MD Sea Grant;
- Lisa Gutierrez-Program Chief of the Maryland Greenways and Water Trails Program;

- Steve McHenry, MARBIDCO;
- Jorge Holzer, UMD Dept. of Ag and Resource Economics;
- Mark O'Malley, DNR Boating Director;
- Natalie Chabot, Cambridge Economic Development Director;
- Robert T. Brown, MD Watermen's Association; and,
- Hannah Byron and Marci Ross, Maryland Department of Business and Economic Development.

## Appendix 2: Key Findings From Other State Working Waterfront Programs

### Alabama

- Waterfront program was put in place after a natural disaster; in this case it was Hurricane Katrina.
- Program is funded and supported through Alabama Sea Grant.
- Loosely defined working waterfront definition.
- Formed the Alabama Working Waterfront Coalition.
  - The Coalition completed an economic importance of working waterfronts study

### Florida

- Waterfront program was put in place after the 'net ban' was put in place in the early 1990s. The net ban forever changed the fisheries economy and the decline of working waterfronts was noted.
- Program was originally funded by NOAA CZM 309 Strategy. CZM funding ended and it is now funded by the Florida Dept. of Economic Opportunity but only through staff salary. No funding for specific projects.
- Loosely defined working waterfronts definition but includes both recreational and commercial activities. "To support traditional water-dependent uses and to support new waterfront uses that protect natural and cultural resources. This includes charter boats, downtown urban areas, etc."

### Maine

- Waterfront program was put in place to protect access to coastal areas to keep commercial fisheries thriving. Land for Maine's Future (LMF) was put in place to protect and conserve property rights and access.
- Program is funded by state legislated tax breaks and state issued bonds.
- Tourism is a big driver for working waterfronts that feeds the local economy.
- Loosely defined working waterfronts definition with a heavy focus on protecting commercial fisheries.
- Trade associations are very active participants in the program. They are also very supportive of the program.

### Massachusetts

- At the state level, the primary focus is on infrastructure investments in the five deep-water seaports. More than \$100 million has been invested to date.
- In Gloucester, MA, the community has successfully repurposed and redefined its working waterfront to compensate for the shrinking commercial fishery.
- Significant focus has been given to maintain commercial operations within a more diverse waterfront economy.
- The most important component in the community is leadership.

## **Michigan**

- Michigan's does not have commercial fisheries at scale; as a result, working waterfronts in that state are focused almost exclusively on recreational boating and waterway access.
- The cutback in dredging operations by the Army Core of Engineers had a significant negative impact on the state's dredging and channel maintenance needs. As a result, a one-time revenue investment was made into critical dredging projects.
- Long-term revenue needs will be met through a new voluntary tax check off program; the revenue will fund maintenance of the entire park system within the state.

## **North Carolina**

- North Carolina does not have a formal WWF program in place like other states that were interviewed.
- Protecting North Carolina's WWFs came about because of the limited access to the coasts. Many residents and politicians were concerned about development pressures.
- NC's Waterfront access program was funded by a Waterfront Access Marine Industry Fund (WAMI) in 2007. This set a one-time amount aside for the state to purchase land to allow waterfront access. The WAMI was never re-funded.
- WWFs defined as commercial facilities that require direct access to or a location on, over or adjacent to NC's coastal public trust waters and submerged lands. The term includes water-dependent facilities that may be open to the public, offer access by vessels to State waters and lands or the support facilities for recreational, commercial, research or government vessels.

## **Washington**

- Our focus was on the City of Gig Harbor, located just west of Tacoma.
- The city still maintains a traditional fishing fleet, which is under threat from residential building expansion.
- Local leaders successfully led an effort to purchase critical waterfront infrastructure to ensure future access. The properties will serve as both public parks and educational facilities as access points for the fishing fleet.