



The 2020-2025

# *Southern New Jersey Comprehensive Economic Development Strategy (CEDS)*

Prepared by the South Jersey Economic Development District  
In Collaboration with its  
District Members and Stakeholders  
March 4, 2021



*Facilitated By*

# TRIAD

ASSOCIATES

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# THE 2020-2025 SOUTHERN NEW JERSEY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)



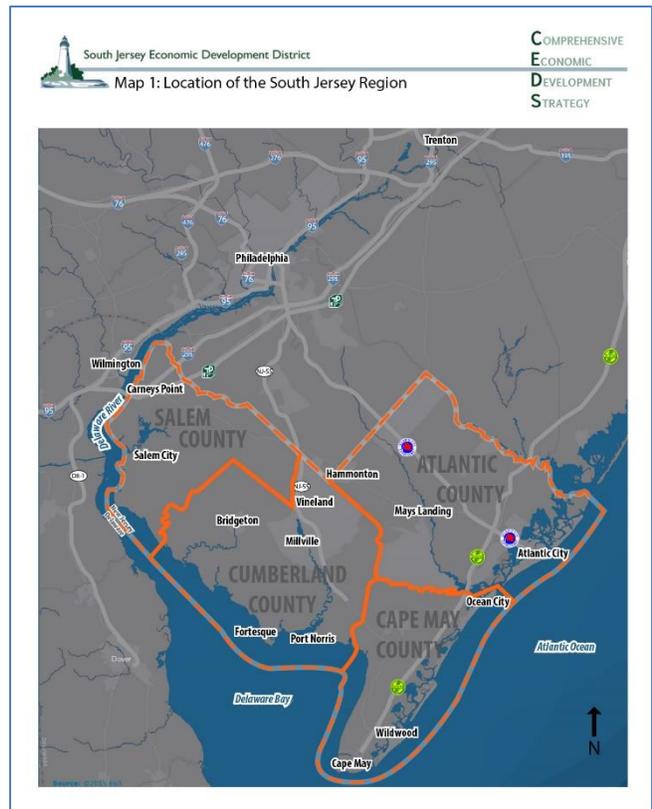
February 2021

## INTRODUCTION

The South Jersey Economic Development District encompasses a four-county region of southern New Jersey, including the counties of Atlantic, Cape May, Cumberland and Salem. The District was established in the early 1980s. Its mission is to encourage economic development and redevelopment in one of the most economically distressed regions of the State.

The Board of the South Jersey Economic Development District prepared and adopted the FY 2015-2020 Comprehensive Economic Development Strategy, (CEDs) that established a framework for economic development and regional collaboration for the past five years. That document was significantly updated in 2017. This new 2020-2025 version of the CEDs was prepared because there have been significant changes in the region's economy which have altered the District's strategic approach to its economic development goals and objectives.

This 2020-2025 CEDs reflects the vision of the District, its constituent municipalities, and counties. The CEDs is used by the member counties and municipalities of the South Jersey Economic Development District as a vehicle through which project priorities, and economic development and redevelopment initiatives are identified and funded. Both the District and the CEDs are creations of the U.S. Economic Development Administration (EDA) which



requires an EDA funded project to be compatible with the CEDS. The EDA defines the CEDS as follows:

*“Simply put, a CEDS is a strategy-driven plan for regional economic development. A CEDS is the result of a regionally-owned planning process designed to build capacity and guide the economic prosperity and resiliency of an area or region. It is a key component in establishing and maintaining a robust economic ecosystem by helping to build regional capacity (through hard and soft infrastructure) that contributes to individual, firm, and community success. The CEDS provides a vehicle for individuals, organizations, local governments, institutes of learning, and private industry to engage in a meaningful conversation and debate about what capacity building efforts would best serve economic development in the region.” (Source: U.S. EDA CEDS Content Guidelines)*

This CEDS brings together economic development leadership, political constituents, community officials, the general public, and other stakeholders in an effort to take a close look at the SJEDD Region today. It complements the work done previously in the 2015-2020 CEDS and its 2017 update, but it also examines those changes that have occurred or underway in the region today that may warrant a shift in policy or priorities. Specifically, this document addresses the following issues:

1. The economic and demographic characteristics of the region. The CEDS reflects the significant changes that have occurred since the previous (2017) update of the CEDS;
2. The implications of economic and demographic changes. The document presents an assessment of policy implications for the District and Region, including new or revised goals and objectives.
3. The CEDS reviews economic development plans and project priorities in each of the counties and the major development accomplishments of its member counties over the previous five-year period;
4. The CEDS defines policy adjustments to reflect greater emphasis on economic resiliency, implications from the COVID19 crisis and other issues that affect the ability of the region to foster a diverse and healthy regional economy;
5. Community and stakeholder outreach are integral to the CEDS. The District has engaged the regional community and its stakeholders in the planning process so that the CEDS is a broad-based document, inclusive of multiple perspectives, interests, and points-of-view. This challenge was particularly difficult in light of the pandemic facing the region.
6. The CEDS ensures compliance with the direction provided by the U.S. EDA in the preparation and development of the document; and finally
7. It presents a Strategic Action Agenda and a revised inventory of project priorities and regional economic development initiatives which the District supports and that can enhance the job and development opportunities of the South Jersey Region.

Following this introduction, this document is broken into five sections. The first examines any significant changes that have occurred in the economic and demographic characteristics of the region over the past five years. It explores new economic opportunities that have arisen as well as new challenges that may be on the horizon. Section 2 provides an overview



of the COVID19 Crisis and the potential impacts that the pandemic will have on the future of the South Jersey economy. Section 3 follows with a presentation of a regional SWOT Analysis which assesses the challenges and opportunities facing the South Jersey Region today. Section 4 then evaluates the SWOT with the on-the-ground assets of the region and the issue of economic resiliency, in order to modify the regional economic development vision, goals and objectives. Section 5 provides a plan summary and detailed Action Agenda for the South

Jersey District along with a summary of the public outreach that was conducted with both the counties and regional stakeholders that led to the development of the Action Agenda.

The CEDS is a living document. It can be changed and modified by the Board of the South Jersey Economic Development District to reflect the needs and changes in the region and to address new challenges and opportunities as they may emerge. The region has been hard hit with fallout from the “Great Recession” of 2008 and most recently from the COVID Pandemic. Emerging from the economic impacts of these challenges, the regional leadership and its economic development partners must find ways to identify investments in innovation that will complement traditional approaches to expanding the economy, creating new jobs, and developing new industry to sustain growth and promote a more resilient regional economy. These will be primary goals of this CEDS.

## Section 1

# An Economic and Demographic Overview of the South Jersey Region

### REGIONAL DEMOGRAPHICS

The 2017 update to the 2015-2020 CEDS examined several key economic and demographic characteristics. These included:

- The composition of the regional population
- Employment and unemployment statistics
- Tourism impacts
- Regional industrial and manufacturing trends
- Anticipated Job Growth
- Educational and Workforce Characteristics



This document examines each of these aspects of the South Jersey Region to determine whether there have been any significant changes in these areas that may suggest the need for changes in SJEDD policies or programs.

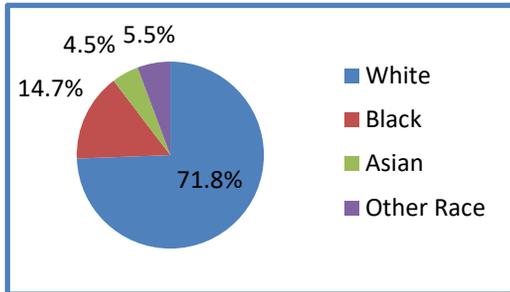
The first statistic that bears examining is the trend in regional population. This analysis shows consistent declines in population across all four counties. These declines led to a drop in the total regional population of more than 23,000 residents.

This alarming regional trend runs counter to that of the State’s population, which has grown modestly over the same period. Between 2010 and 2018, the State’s population grew from 8,791,894 to 8,908,520 residents – an increase of 1.3% - with most of that growth centered in seven counties in central and northern New Jersey. In contrast, the region’s population fell during that period by 3.9%.

**Table 1**  
**Regional Population Trends**

County	2000 Pop	2010 Pop	2018 ACS Census Pop Estimate	% Change 2010-2018
Atlantic	252,552	274,549	265,429	-3.3%
Cape May	102,326	97,265	92,560	-4.8%
Cumberland	146,438	156,898	150,972	-3.8%
Salem	64,285	66,083	62,607	-5.3%
<b>Four County Region</b>	<b>565,601</b>	<b>594,795</b>	<b>571,568</b>	<b>-3.9%</b>

Source: U.S. Census Estimates, 2018. New Jersey counties with population growth included Bergen, Middlesex, Essex, Hudson, Ocean, Union, Somerset and Gloucester.



The 2017 CEDS Update showed the racial breakdown of the region as shown on the chart on the following page. The most recent statistics available through ESRI indicate that there have not been substantial changes to this composition. The most significant change in regional demographics is the continuing increase in the numbers of Hispanic residents. In

2000, the number of Hispanic residents in the region was 64,428. By 2010, the Census showed an increase of 32,148 new residents; and by 2018 estimates show that those numbers reached 108,706 residents region-wide. The table below shows those increases by County.

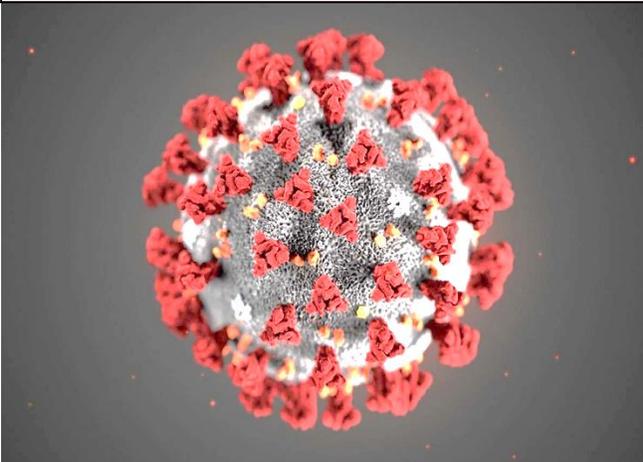
**Table 2**  
**Changes in the Hispanic Population: 2000 – 2018**

COUNTY	2000	2010	2018	Average Annual % Change 2000-2018
Atlantic	30,729	43,558	50,510	3.5%
Cape May	3,378	6,054	6,954	5.9%
Cumberland	27,823	42,457	45,966	5.6%
Salem	2,498	4,507	5,276	5.6%
<b>South Jersey Region</b>	<b>64,428</b>	<b>96,576</b>	<b>108,706</b>	<b>3.8%</b>

Source: U.S. Census, American Fact Finder

Since the 2015-2020 CEDS was updated, (and prior to the COVID19 Crisis which will be examined in the following Section), there have been significant improvements in the unemployment rates in the regional economy. While these rates still lag behind New Jersey as a whole, the unemployment rate for each of the counties has shown improvement over the earlier numbers. New Jersey’s unemployment rate for the comparable 2019 benchmark was 3.5%.

**More about the COVID19 Crisis and its Impact on the South Jersey Region will be presented in the following section of the CEDS**



Despite these improvements in the unemployment rate, as can be seen in Table 3, the size of the labor force in each of the counties (except Cape May) has declined. A significant drop in the Cumberland County labor force helped to spur a decline regionally of 2,900 individuals. The level of educational attainment in the region lags behind New Jersey averages.

**Table 3**  
**South Jersey Region Labor Force Comparison 2017-2019**

COUNTY	2017		2019		Percent Change	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
Atlantic	123,800	7.3	123,400	5.4	(400)	-1.9%
Cape May	44,900	12.1	45,200	10.0	300	-2.1%
Cumberland	69,500	7.1	67,400	5.9	(2,100)	-1.2%
Salem	30,900	6.4	30,200	5.2	(700)	-1.2%
<b>Four County Region</b>	<b>269,100</b>	<b>8.0</b>	<b>266,200</b>	<b>6.3</b>	<b>(2,900)</b>	<b>-1.7%</b>

*Source: NJ Department of Labor & Workforce Development 11/17 and 12/19*

To get a better handle on workforce dynamics, the NJ Department of Labor & Workforce Development has prepared “Inflow-Outflow Analyses” for each of the State’s counties. These diagrams are found in the Appendix of this document. In the case of each of the region’s four counties, there is a significant outflow of labor – meaning that more people are commuting outside of the county for employment than are coming into the county to work. Salem County, in particular, shows a high percentage of its workforce leaving the County for employment opportunities elsewhere. These out-commutation figures are as follows.<sup>1</sup>

- Atlantic County – Net Outflow of 3,451 workers
- Cape May County – Net Outflow of 5,668 workers
- Cumberland County – Net Outflow of 5,148 workers
- Salem County – Net Outflow of 11,168 workers

### **TOURISM EMPLOYMENT AND TRENDS**

In the Pre-pandemic environment, tourism was one of the bright spots in the regional economy. Each of the four South Jersey counties experienced an increase in tourism related sales in the last two years. The prior update to the CEDS reported 2016 figures. The most recent “Economic Impact of Tourism in New Jersey” from Tourism Economics was released in March 2020. It contained summary statistics from 2019, as shown on the following table. Only Cumberland County showed a decrease in overall tourism employment, despite a modest increase in direct sales from tourism. All the other counties showed modest increases across the board. The regional employment increase also outpaced the State by a significant percentage.

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<sup>1</sup> The regional total for Net Outflow of workers is not the sum of the four counties, since outflow from one county may be counted as inflow to another of the region’s counties.



**Table 4**  
**Tourism Impacts in the South Jersey Region and Statewide**

COUNTY	Direct Sales from Tourism (millions)			Tourism Employment		
	2016	2019	% Change	2016	2019	% Change
Atlantic	\$6,856	\$7,784	+13.5%	48,131	54,697	+13.6%
Cape May	\$6,271	\$6,905	+10.1%	26,151	26,981	+3.2%
Cumberland	\$351	\$355	+1.1%	3,304	3,178	-3.8%
Salem	\$201	\$220	+9.5%	1,575	1,648	+4.6%
Region	\$13,679	\$15,264	+11.6%	79,161	86,504	+9.3%
New Jersey	\$41,881	\$46,442	+10.9%	321,231	342,937	+6.8%

*Source: 2019 New Jersey Tourism Economics Report*

Given that the region depends so heavily on tourism as one of the anchors of the local economy, the positive trend in tourism sales and employment is significant. This is despite the challenges of the gaming industry. Atlantic City's casino hotels employed 26,761 people in December 2018, a 4.2% decrease from the same month in 2018, according to data from the state Division of Gaming Enforcement. As seen in table 5, gaming employment is still well below 2013 levels. However, in 2018 employees in the South Jersey Region had a slightly higher percentage share of total gaming employment. This latest report obviously does not account for the COVID19 shutdown of the casino industry in the spring of 2020. More information on the impacts of the health crisis on the tourism and hospitality industries is found in the next section of the plan.

**Table 5**  
**Gaming Employment Trends**

COUNTY	2013 Employment	2018 Employment	Change 2013-2018
South Jersey Region	29,257	25,504	-12.8%
Total Casino Employment	32,072	27,558	-14.1%
Percentage of Total Employment	91.2%	92.5%	+1.3%

Source: Casino Control Commission Annual Reports, 2013 and 2018

### TRENDS IN INDUSTRY SECTORS

As can be seen from in Table 6, the trend lines in the industry sectors are alarming. Modest to significant declines in both business establishments and employment are found in almost all industry sectors. Overall employment in the region has increased, but the major employment gain is seen in the services sector, despite a decrease in the number of establishments. This increase is due to an expanding health care industry and the rebound in the entertainment and hospitality industries, post-recession. The “Great Recession” clearly took a toll on the numbers of businesses in the region and the employment base.

**Table 6**  
**Industrial Sector Business and Employment Trends in the Four County South Jersey Region**

Industry Sector	Number of Businesses			Number of Employees		
	2012	2019	% Change	2012	2019	% Change
Agriculture & Mining	708	553	(21%)	3,272	3,935	20%
Construction	2,717	1,724	(37%)	15,923	10,698	(33%)
Manufacturing	648	560	(14%)	16,079	13,639	(15%)
Transportation	906	642	(29%)	8,621	7,766	(10%)
Communication	181	190	5%	1,818	1,247	(31%)
Utilities	121	78	(36%)	2,448	1,835	(25%)
Wholesale Trade	1,106	643	(42%)	8,780	6,777	(23%)
Retail Trade	6,578	5,614	(15%)	77,285	67,300	(13%)
Finance, Insurance, Real Estate	2,224	1,836	(17%)	15,155	13,592	(10%)
Services	10,444	8,592	(18%)	142,239	178,012	25%
Public Administration	1,552	1,260	(19%)	35,723	29,621	(17%)
Unclassified	454	550	21%	1,674	577	(66%)
<b>TOTAL EMPLOYMENT</b>	<b>27,639</b>	<b>22,242</b>	<b>(20%)</b>	<b>329,017</b>	<b>334,999</b>	<b>2%</b>

Source: ESRI 2012 and 2019

### Anticipated Job Growth

There are positive signs in the regional economy. The NJ Department of Labor & Workforce Development anticipates growth through 2024 in multiple sectors. The most significant sectors are those where annual growth exceeds 1.0% in three or more of the four counties, including professional/business services, ambulatory health care, construction, waste management, arts, entertainment & recreation, nursing & residential care, and real estate & rental leasing.

**Table 7**  
**Anticipated Growth by Industry Sector**

Industry Sector	Atlantic		Cape May		Cumberland		Salem	
	Trend	Ann %	Trend	Ann %	Trend	Ann %	Trend	Ann %
Health Care & Social Services	+	0.7%	+	1.0%	+	0.9%	+	0.9%
Transportation & Utilities	Stable	0.4%	+	0.7%	+	1.1%	+	1.2%
Warehousing	Stable	0.3%	+	0.7%	+	1.9%	+	2.1%
Professional/Business Services	+	1.3%	+	1.3%	+	1.2%	+	0.9%
Ambulatory Health Care	+	1.4%	+	1.2%	+	1.3%	+	1.6%
Prof/Scientific & Tech Services	+	1.8%	+	1.7%	Stable	0.3%	+	0.7%
Retail Trade	Stable	0.3%	+	0.7%	+	1.2%	+	1.0%
Construction	+	1.5%	+	2.2%	+	1.9%	NA	NA.
Waste Management Admin	+	0.9%	+	1.0%	+	1.6%	+	1.2%
Arts, Entertainment & Rec	+	1.6%	+	0.9%	+	2.1%	+	2.0%
Leisure & Hospitality	Stable	0.3%	Stable	0.3%	+	0.9%	+	1.4%
Accommodation/Food Services	Stable	0.2%	Stable	0.2%	+	0.7%	+	1.3%
Wholesale Trade	+	1.0%	NA.	NA.	+	0.5%	Stable	0.1%
Nursing & Residential Care	+	0.6%	+	1.5%	+	1.8%	+	1.2%
Hospital Employment	Stable	0.1%	+	0.5%	Stable	0.1%	NA.	NA.
Real Estate & Rental Leasing	+	1.2%	+	0.7%	+	1.5%	+	1.7%
Corporate Management	+	0.6%	+	0.6%	+	1.7%	NA.	NA.
Total All Industries	Stable	0.3%	Stable	0.3%	Stable	0.4%	Stable	0.3%

*Source: NJ Department of Labor & Workforce Development, Projections through 2024*

In addition, there have been a number of significant developments since the update to the 2015-2020 CEDS that augment the trends seen here. With the legalization of cannabis, new opportunities for job growth and development exist in the agricultural and retail industries. Atlantic County has invested heavily in the future of the aviation and aeronautics industry. The County has created an Aviation & Aeronautics District and is planning to construct an Aviation Training & Maintenance Academy to train new workers for employment in a range of industry specific jobs. Embry Riddle Aeronautical University – one of the nation’s leading aviation training institutions – has been engaged to play a role in the regional growth and development of this industry.

There are new initiatives in the region in a number of industry sectors that have the potential to transform the local economy.

Cape May County is on a similar path with the construction of its new Technology Center at the Cape May Innovation Port, (aka Cape May Airport.) Geared to drone technology and testing, this facility has already secured clients and County officials are moving to expand to a second phase of the Center's development. The location of the Technology Center is perfectly situated to facilitate the testing and development of a wide range of drone aircraft and related industries. Commercial fishing in Cape May, Atlantic and Cumberland Counties, including oystering, are also sectors of the agribusiness economy that contribute over \$325,000,000 to the local economy.

The advent of a major offshore wind farm has also spurred interest in the South Jersey Region. Offshore wind on the Atlantic Coast could spur 300,000 jobs and \$200 billion in economic activity. The first offshore wind installation in New Jersey is the Ocean Wind project. This \$1billion, 1,100-megawatt wind farm is being built by Orsted, a Danish company, and PSE&G. Proposals for additional offshore wind farm are being reviewed by the New Jersey Board of Public Utilities (NJBPU). Orsted is establishing its Operations and Maintenance Center in Atlantic City and other wind operators are siting similar facilities in this City. Atlantic City is also competing for the State's WIND Institute to be located in the City. In March 2020, the NJBPU approved the former B.L. England site in Upper Township as a site for to interconnect the offshore and onshore power grids. In addition, Lower Alloway Creek Township in Salem County was chosen as the site for a Wind Farm Port to be developed in conjunction with PSE&G. This facility, which is expected to employ 1,500 people when completed, will be a major boost to the region's economy. These "blue economy" developments encompass not only clean energy initiatives but many of the ecotourism, fishing, and environmental investments being made throughout the region that are aimed at enhancing both jobs and the quality of life.

This industry certainly complements the aeronautic technologies being promoted in Atlantic and Cape May Counties. The Woodbine Airport in Cape May County has been a recent beneficiary of new aviation related development.

In Cumberland County, both the City of Bridgeton and the County's Improvement Authority (known now as "The Authority") are investing in new food science and processing technologies. The Authority is constructing a new food specialization center at the Florida Avenue Industrial Park in Bridgeton and the City is exploring new tools to enhance its attractiveness as a Food Industry Hub. Both the Food Specialization Center and the Cape May Technology Park were funded in part with grants from the U.S. EDA.

In addition, the Vineland Industrial Parks are seeing significant new development. A new South Vineland Park at Lincoln Avenue and Route 55 is being created, facilitated by the development of the Northeast Precast Project and there are expansions in cold storage, food processing, a glass manufacturing occurring throughout the County.

The James Hurley Industrial Park in Millville just received its first tenant, a large food processing facility, and the Oatley Food Plant in South Millville is undergoing an expansion. The Millville Airport Industrial Park is anticipating a new aviation maintenance tenant in the second half of 2021 and advanced manufacturing operations are being initiated or expanded in a number of food processing and other companies.

In Salem County, the Delaware River Industrial Corridor is undergoing redevelopment at the Carney’s Point Industrial Park and other locations. New interest in the Port of Salem may be on the horizon, which will add to the growing importance of the Delaware River Maritime Corridor and the future of large-scale trade and commerce in the region.

**OPPORTUNITY ZONES**

Another significant change in the development environment has been the designation of 13 Federal Opportunity Zones throughout the region. Each of the four counties has several designations that can help to target U.S. EDA financing, other Federal funding, and private investment for development and redevelopment projects. These Zones are located in designated census tracts in the following communities.

LOCATION OF OPPORTUNITY ZONES ATLANTIC COUNTY	LOCATION OF OPPORTUNITY ZONES CUMBERLAND COUNTY
Atlantic City	Bridgeton
Egg Harbor City	Millville
Egg Harbor Township	Vineland
Pleasantville	SALEM COUNTY
Somers Point	Carneys Point
CAPE MAY COUNTY	Salem City
Lower Township	
Wildwood	
West Wildwood	

*Opportunity Zones were designated by census tract, based on levels of poverty at or greater than 20% and a median family income at or less than 80% of the national average.*

**SUMMARY AND IMPLICATIONS**

There are new opportunities that have arisen since the prior CEDS update and challenges to the region’s economy that remain. It is difficult to assess the implications of the data over the long-term because the COVID Crisis has exacerbated some of the challenges and it is unclear how it has affected trends that were promising.

**Population Decline**

The reasons for population decline need to be understood. Regionally, this appears to have mixed explanations. In Cape May County, the population is aging. The percentage of individuals 65 years of age and older (25.2%) is significantly higher than that of the State,

(21.7%.) This fact, coupled with the impact of the seasonal economy that is heavily reliant on tourism and the hospitality industry explains some of the population loss in Cape May County.

In Cumberland County, the population loss is due to the labor force decline. Fewer jobs are available in the County and region, which has caused an outmigration of the County's working age population. This is particularly evident given that the County's population of senior citizens (14.6%) is well under that State figure, and its percentage share of residents 18 years of age and younger (26%) is higher than that State share, (24.7%.)

Atlantic and Salem Counties both have smaller percentage of senior citizens than the State as a whole, but their share of young, non-working age individuals is comparable to the State figure. The outmigration of senior citizens to other parts of the region or nation, coupled with a shortage of job opportunities explains much of the region's small population loss.

Other reasons include losses in the long-standing manufacturing sectors where textiles, chemicals and other manufacturers have left the region. The casino industry lost thousands of jobs from its peak employment in the 1980s and 1990s as alternative gaming sites were authorized throughout the region and online gaming has become available. Birth rates are declining. Weather has also been a major issue. Superstorm Sandy, Hurricane Irene and other weather events have left many shore communities vulnerable. The COVID pandemic has also impacted the region causing declines in tourism, forcing small businesses to close and hampering operations in many of the area's larger employment sectors.

### **Diversification of the Population**

Demographic characteristics, such as educational attainment and incomes, which are not as high in the region as in the State continue to point to the need for significant investment in workforce training in order to keep pace with existing and emerging job opportunities in industries such as aeronautics, aviation and food technology. Language and cultural barriers posed by growing numbers of Hispanic residents further prioritize this need.

### **Labor Force Declines**

Incomes in the region, while faring well against national averages, lag behind the State of New Jersey and also point to the need for higher paying technology and professional employment. The need for this economic diversification is documented in the District's recently completed Resiliency Study, which focuses on the opportunities for industrial expansion and development in light of the possibility of layoffs in the utility industry, one of the few high technology employment sectors in the region.<sup>2</sup>

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<sup>2</sup> The Resiliency Study can be found at: <http://sjedd.com/pdf/SJEDDResiliency2020.pdf>

While the tourism industry had a banner year in 2019 and has exhibited growth across the region, it remains seasonal. The 2020 season was severely impacted by the COVID Pandemic. The gaming industry, which has seen employment gains recently, has not recovered from its employment high of a decade or more ago and is further hampered by the pandemic crisis. Nonetheless, this sector of the economy is a significant area from which to build and expand new job opportunities.

Particularly important to the future of the regional economy is transportation. Rail and port infrastructure in the region need to be maintained and expanded. The rail network in Cumberland County serves the significant sand, gravel, and food processing industries. In Atlantic and Cape May Counties, the rail line that previously distributed coal to the Beesley's Point B.L. England Power Plant needs to be protected as a rail corridor, particularly given the new interest in the potential for distribution of wind farm assembly, manufacturing and related commerce. The Port of Salem is an underutilized asset that with redevelopment can augment the growing industrial potential of the Delaware River Maritime Corridor. The Salem County Shortline Railroad which has been substantially rehabilitated, provides connections from the Port of Salem to the national freight network. Highway corridors throughout the region particularly those that connect to the greater interstate system, such as NJ Route 47, NJ Route 55, U.S. Route 40, the Atlantic City Expressway, the Garden State Parkway must be maintained and, in some cases, improved to handle regional traffic needs.

### **Opportunity Zones and Their Implications**

The Opportunity Zone Program has presented new incentives for private investment in many of the region's distressed communities. Coupled with other tools, grant programs and other initiatives, this new designation can help to spur new development and redevelopment, but there is a timeline that requires municipalities to act quickly to define projects, clear the regulatory hurdles, and prepare the incentive packages that can lure private sector investment, and to date the program has been aimed primarily at large residential rental projects, which are not supported by market trends in some of the more rural parts of the region. The extent to which the Opportunity Zone Program will be renewed or expanded is uncertain.

In summary, there are certainly regional changes that have occurred since the prior CEDS update that may precipitate adjustments in the policies, goals, objectives and project priorities of the District. The potential long-term impacts on small business, hospitality and tourism have serious implications for the ability of the region to bounce back quickly from the pandemic.

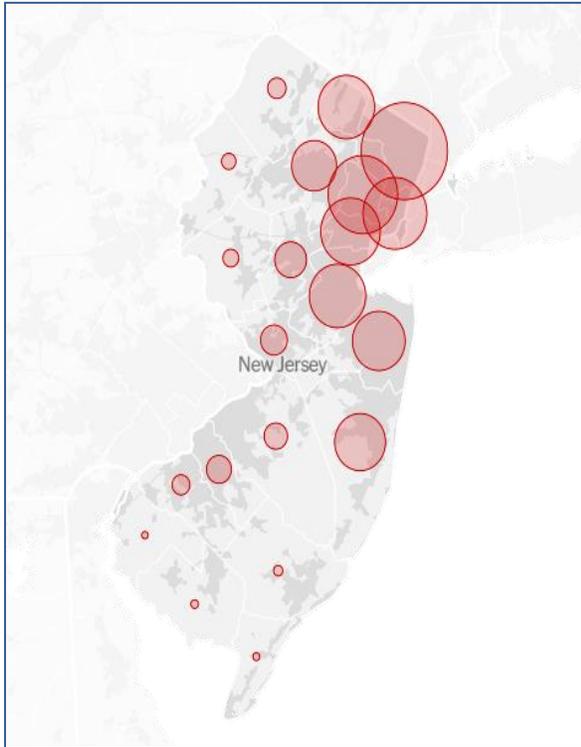
The statistics and findings presented thus far, present a picture of the region prior to the Coronavirus Pandemic of 2020. Obviously, the COVID19 Crisis poses both short and long-

term challenges for the region and its economy. The following section of the CEDS takes a look at these impacts. The impacts are summarized in Section 2 and a more detailed assessment of each county is found in the Appendix to this document.

## Section 2

### The Impacts of the COVID19 Crisis on the South Jersey Region

#### INTRODUCTION



#### [A Huge Unknown: The Near-Term and Long-Range Impacts of Coronavirus](#)

In early 2020, the economy of South Jersey shifted dramatically from one that was stable and showing signs of improving to one where the future was suddenly very uncertain. The international pandemic that is the coronavirus impacted areas in northern New Jersey and the New York City Metro Area in a huge way, as shown on the map. But the counties of southern New Jersey, while not exhibiting the same number of cases were nonetheless faced with the same statewide shutdown of non-essential businesses and quarantine.

As spring moved into summer, the pandemic and its impacts crept across the State. The mid and longer-term effects of the crisis began to

emerge. This was particularly true for many of the region's major industry sectors. These sectors were explored in greater detail in a regional report on the COVID Crisis prepared in September 2020. This report is appendicized to this document and is summarized as follows.

#### [REGIONAL IMPACTS OF THE COVID CRISIS](#)

Gross Domestic Product, or GDP is used as **the best measure of overall economic activity** in a region. The GDP is measured at the industry where final sales take place. The use of employment data only does not take into account the variations in the productivity or value-added qualities of labor. As a result, using both GDP and

employment data gives a much more complete view of economic performance. The relative sizes of GDP for the four counties in the SJEDD and the State of New Jersey are shown in the table on the right. As can be seen from this table, the economy of each county is relatively

GDP BY COUNTY, 2018 (CURRENT \$1,000s)		
		<u>% of NJ</u>
New Jersey	\$622,002,807	100%
Atlantic	\$14,706,662	2.4%
Cape May	\$5,569,716	0.9%
Cumberland	\$6,823,510	1.1%
Salem	\$5,730,068	0.9%
<b>SJEDD</b>	<b>\$32,829,956</b>	<b>5.3%</b>

small compared to the counties in Central and Northern NJ. However, despite the relatively small GDP's Atlantic County's economy has been particularly hard hit by the COVID Pandemic.

### **County Impacts**

According to a U.S. Bureau of Labor Statistics there are 3,142 counties or their equivalent in the United States. Atlantic County, NJ experienced the greatest year-over-year job loss of 34.2 percent in June 2020. The next closest region was Maui, Hawaii, with a loss of nearly 33 percent. Depending on the range of data evaluated, 30% to fully 50% of employment in the shore communities of the region is based around leisure and hospitality. These industries thrive off in-person attendance, which has been severely curtailed or closed outright due to social distancing guidelines and Executive Orders. The most recent statistics available indicate that Atlantic County has the highest unemployment rate of all 21 New Jersey counties (November 2020)

Unemployment	U.S.	N.J.	Atlantic County	Cape May County	Cumberland County	Salem County
	6.7%	10.2%	15.2%	13.7%	11.2%	10.4%

*Source: U.S. Bureau of Labor Statistics/NJ Department of Labor & Workforce Development*

Furthermore, according to the Brookings Institute, *“The COVID-19 recession is the most unequal in modern U.S. history. The costs of the pandemic are being borne disproportionately by poorer segments of society. Low-income populations are more exposed to the health risks and more likely to experience job losses and declines in well-being.”* This is particularly impactful in many southern New Jersey communities, which historically have been among the most economically disadvantaged in the State.

### **Local and Regional Impacts on Gross Domestic Product**

Using the information on the components of GDP showing the contributions by industry to total output, the information in Table 8 is instrumental in understanding the potential impact of the pandemic on the regional economy. For instance, while the Leisure Services sectors of Atlantic and Cape May counties are responsible for 18.3% and 11.4% of their GDP respectively, the end sales of the Real Estate Renting and Leasing sector are far greater and will certainly be impacted by tourism disruptions. This greatly magnifies the potential economic disruptions due to declines in the Leisure Services industries. This complementary sector needs to be part of any strategy to recover from the current economic slowdown in these counties. Interestingly, Cape May has seen an uptick in seasonal home occupancy, since many people have elected to work remotely from their vacation homes.

In Salem County, the utility industry which is centered around the nuclear generating plants, accounts for 55% of the GDP in Salem County. Similar to the large (15.8%) contribution of manufacturing in Cumberland County, the relative stability of these sectors despite the pandemic reveals the basis for less economic disruption in these counties compared to the tourism sectors in Atlantic and Cape May counties. Both nuclear energy and manufacturing (especially food processing in Cumberland County) are essential industries while Leisure Services are non-essential and limited by disposable income.

**Table 8**  
**Components of Gross Domestic Product (GDP) by County**

COMPONENTS OF GDP BY INDUSTRY, 2018 (\$1,000)						
	New Jersey	Atlantic	Cape May	Cumberland	Salem	SJEDD
<b>Private Industries</b>	89.7%	83.3%	83.1%	81.5%	93.0%	84.6%
Agriculture, Forestry, Fishing and Hunting	0.1%	0.7%	(D)	0.9%	(D)	0.5%
Mining, Quarrying, and Oil and Gas Extraction	0.1%	0.1%	0.1%	0.6%	(D)	0.2%
Utilities	1.7%	0.9%	(D)	1.0%	55.2%	10.3%
Construction	3.7%	5.3%	6.1%	4.6%	3.1%	4.9%
Manufacturing	8.4%	1.8%	1.3%	15.8%	5.7%	5.3%
Wholesale Trade	8.3%	3.4%	1.6%	7.5%	(D)	3.3%
Retail Trade	5.6%	7.0%	7.4%	7.4%	2.4%	6.4%
Transportation and Warehousing	3.7%	1.8%	0.4%	(D)	2.6%	1.4%
Information	4.3%	1.2%	1.2%	2.7%	0.3%	1.4%
Finance, Insurance, Real Estate, Rental & Leasing	22.8%	20.7%	36.9%	17.4%	9.3%	20.8%
Real estate and rental and leasing	16.1%	18.4%	34.8%	15.8%	8.7%	18.9%
Professional and Business Services	16.2%	8.5%	(D)	(D)	(D)	3.8%
Educational Services, Health Care & Social Assistance	9.3%	11.6%	5.6%	11.9%	4.1%	9.3%
Arts, Entertainment, Rec, Accommodation, Food Services	3.5%	18.3%	11.4%	2.0%	1.1%	10.8%
Other Services (Except Gov't and Gov't Enterprises)	2.0%	2.1%	2.0%	1.7%	0.8%	1.8%
<b>Government and Government Enterprises</b>	10.3%	16.7%	16.9%	18.5%	7.0%	15.4%

Source: U.S. Bureau of Economic Analysis, 2018

In summary, the service area of the SJEDD has an economic structure that differs markedly from that of the state. **It is of significant importance that many industries - especially Arts, Entertainment, Recreation, Accommodations and Food Services - most impacted by the pandemic are overrepresented in the SJEDD region's total output as measured by GDP.** This has led to a greater negative economic impact in the region, a conclusion which is supported in more detail in the full report, found in the CEDS Appendix.

While employment data by industry is not available for Salem County, the other three component counties of the SJEDD provide evidence of more severe impacts in the region compared to the state. The overall decrease in non-farm employment in Atlantic County (-19.9%) and Cape May County (-29.7%) far exceed that of New Jersey (-10.7%). Once again, there is sufficient evidence that declines in the Leisure and Hospitality sector leave the southern counties far more at-risk. In New Jersey, while the declines are similar in

percentage terms, that sector represents only 10% of the overall employment. In Atlantic County it represents 34% of total employment while in Cape May County it is a very significant 39%.

These analyses lead to a couple key conclusions for New Jersey and the Region. As estimated, the results for the state are that the -12.3% decline in GDP has replaced an expected 3.9% expansion. This results in economic losses of \$82B in GDP in 2020. Likewise, while a recovery is expected in 2021, the losses still are expected to be \$70B in that year. If the recovery continues as expected, the 2022 New Jersey economy should finally exceed the 2019 level of GDP.

For the entire SJEDD region expected losses total \$6.6B with much of that lost in the just expired second quarter. The 18.7% loss of GDP is 52% greater than the 12.3% estimated loss for the state. This roughly follows evidence shown previously on unemployment rates and employment losses.

### **Forecast of Small Business Impacts**

The small business community and real estate sectors in all parts of the South Jersey Region are also critically important sectors of the economy that will be adversely impacted. Second home owners in the shore communities may be forced to sell, although with remote work & school environments, many people are using their 2<sup>nd</sup> homes as their primary homes for significantly longer periods of time than is traditional. Low-income home owners who are impacted by high levels of unemployment may also be unable to afford them.

While the major retailers will eventually recover, many small businesses impacted nationally by COVID will not. In a May 2020 article from the [McKinsey Global Institute](#), it was reported that nearly half of all small business jobs “are concentrated in a handful of industries, especially accommodations and food services, construction, retailing, and healthcare and social assistance. Two occupational categories—food service and customer service and sales—account for more than four in ten vulnerable small-business jobs.”

### **The Ongoing Impact of the Coronavirus Crisis**

The short and long-term impacts of the COVID19 Crisis are significant and will have lasting effects on the South Jersey Region. While vaccines became available in early 2021 and new cases of the virus have been declining, the epidemic continues to pose threats not only to personal health and the economy, but the overall capacity of the regional healthcare system.

There are significant implications of these data that will have to be addressed by regional policies and initiatives. Actions to deal with the impacts stemming from the COVID Crisis and the other aspects of the Regional Economy are addressed in Section 5 of this document.

## Section 3

### Strengths, Weaknesses, Opportunities and Threats (SWOT)

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#### OVERVIEW

The four counties of the South Jersey Region are similar in many ways. But there is also considerable diversity. Each of them possesses characteristics that define them as unique communities. In order to appreciate both the differences and similarities, the following pages present an analysis of the Strengths, Weaknesses, Opportunities and Threats facing the region. This S.W.O.T. Analysis examines the broad-based issues posed by the region as a whole; then looks more closely at areas where individual counties may exhibit some of their unique characteristics.

#### STRENGTHS OF THE SOUTH JERSEY REGION

The South Jersey Region has a multitude of strengths. Some of them stem from its traditional characteristics and long-time economic base. Others relate to the area's location and proximity to the greater Mid-Atlantic Region. In any event, southern New Jersey provides a range of strengths that can be the basis for future economic growth and development. The following are some of the characteristics that exemplify those assets.

#### **A Strong Tourism and Recreational Economy**

Clearly, one of the key strengths of the region is its many tourism assets. The region is a premier tourism destination. Atlantic and Cape May Counties have some of the most popular shore communities in the nation, driven by outstanding natural resources. Gaming remains a significant industry, despite recent challenges. All the counties, including Cumberland and Salem have a number of ecotourism, historic and cultural attractions. The impacts of the COVID pandemic have raised serious questions about the ability of the tourism and recreational economies to recover quickly. Nonetheless, this remains a significant asset in the long-term.

**The Cost of Doing Business.** Land in the region is relatively inexpensive when compared to other areas of New Jersey. Wages and the general cost of living in this part of the State are

The SWOT Analysis defines the various characteristics of the South Jersey Region – both those that are favorable as well as those that are unfavorable – with the expectation that these forces will significantly influence the future of the region. By building on the strengths and mitigating the challenges, the South Jersey District can more effectively sustain regional growth.

also lower. According to 2020 ESRI statistics, the average home value in the region ranged from \$171,774 in Cumberland County to \$337,850 in Cape May County. Even the high price of Cape May housing is still less than prices upwards of \$500,000 in many areas of northern New Jersey. When compared with home prices nationally, all the counties in the region with the exception of Cape May were at or below the national average of \$234,154. The region has abundant land at affordable prices for both residential and business development. Salem County is a reduced sales tax (3.5%) county and there are Urban Enterprise Zones in Cumberland, Cape May and Atlantic Counties that offer reduced sales taxes plus incentives for business expansion and development.

**The Affordability Index.** While one of the strengths of the region is its lower costs for housing and doing business, there are distinctions in different parts of the region. While real estate costs are less, so are regional incomes. ESRI data show that in Cumberland and Salem Counties, the housing affordability index was more favorable than the national average. This means that someone earning a median family income will be able to afford a home valued at the county median. In Cape May and Atlantic Counties, probably due in great measure to the cost and number of seasonal properties, the affordability index is slightly below the national average.

**A Favorable Regional Location.** While somewhat removed from the heart of the northeast corridor, the region is easily accessible to the Mid-Atlantic Region and has good interstate and international transportation connections. Atlantic County has regional access to metropolitan areas through the AC Expressway to the west and Garden State Parkway to the north. Similar access is afforded from Cape May County via the Parkway. Cumberland County has a direct link to the Philadelphia metro area via NJ Route 55 with significant industrial development adjacent to several Rt. 55 interchanges. Salem County is host to the NJ Turnpike, Interstate 295, US Rt. 40 and the Delaware Memorial Bridge giving businesses in the County easy access to the interstate highway system and significant US population centers within a few hour's drive of the County.



**Unique Historic, Cultural and Natural Assets.** The region's rural character, quaint towns and villages, historic sites and cultural resources offer a unique quality of life and a slower, less-congested pace of life with access to an abundance of natural and recreational amenities. Places such as Fortescue provide marinas for both pleasure and fishing boats. Birding is a prominent pursuit in all four counties, with the annual Audubon Society's *World Series of*

*Birding* drawing thousands of birders to the region. The Cape May Bird Observatory is world renowned for its research activities. Eco-tourism is becoming a prominent activity including agri-tourism in the rural areas of Cumberland and Salem Counties. The Cape May Zoo and the Cohanzik Zoo are recognized for their unique resources, with close to a million visitors attracted annually to these zoos, (750,000 to the Cape May Zoo alone.)

**The Emergence of Newly Targeted Industry Clusters.** Key industry clusters such as aviation; agriculture and food processing; entertainment and recreation; transportation and logistics; health care; and advanced manufacturing can be the core of an expanded and diversified economy. The region is home to the William J. Hughes FAA Technical Center at the Atlantic City International Airport and the Stockton Aviation Research and Technical Park which will foster innovation and growth of the regions' aviation industry. In addition, the airports at Cape May County and Millville offer ample space for business and industrial growth. Smaller general aviation airports in the counties will support additional aviation businesses. Agriculture and Agri-business are significant contributors to the regional economy both for food production and horticultural products. A new Food Specialization Center in Bridgeton complements the Rutgers Food Innovation Center's investment in food technology. A growing viticulture and winery sector is providing the region with a unique destination tourism opportunity. As noted previously, the emergence of cannabis as a new cash crop and retail commodity, and the commercial fishing and oystering industries which have been long-time contributors to the agricultural economy, are also prominent strengths. Commercial fishing is the second largest industry in the county, producing millions of dollars



in revenue each year and the second largest industry in the county. The combined port of Cape May/Wildwood is the largest commercial fishing port in New Jersey and is one of the largest on the East Coast. The Cape May/Wildwood port is the center of fish processing and freezing in New Jersey. The regional transportation network connections in Salem and Cumberland counties particularly offer opportunity to expand on the Transportation Distribution and

Logistics (TDL) sector, and provide advantages to local manufacturing entities for supply and shipment of goods. Healthcare opportunities are expanding with the regional hospitals adding significant numbers of specialty care clinics and alternative treatment sites, and partnering with regional education institutions for medical training. An emerging manufacturing sector, 3D printing, is located in the region.

**The Vision for Clean Energy Production.** The development of the "Ocean Wind" facility off the coast of southern New Jersey is the first utility-sized wind farm in the State. The project,

being constructed by Orsted, a Danish company, and PSEG will supply more than 32 million users with clean energy by 2035.



This project is having a ripple effect on the entire region. In June 2020 the Governor's office announced the construction of a 200-acre Wind Port Facility in Lower Alloways Creek Township in Salem County. The Governor

indicated that this facility has the potential to create up to 1,500 manufacturing, assembly, operations and transportation jobs, as well as hundreds of construction jobs.

**Strong Job Training and Educational Partnerships.** Workforce Development Boards in the region have excellent reputations and bring experience in all sectors of job training and development. In addition, the region has demonstrated good inter-county and inter-municipal cooperation in a range of educational and job development initiatives. Cumberland County has opened a full-time technical high school in 2016. Cumberland County has created a Workforce and Economic Development center at the Cumberland County College. Salem Community College and Salem County Vo-Tech collaborate with the Cumberland-Salem-Cape May Workforce Development Board on specialized training initiatives. Cape May County Technical School and Atlantic Cape Community College have a unique program for a degree pathway in the aviation field leading from high school to a bachelor's degree. The County Colleges in all four counties have articulation agreements with four-year colleges to guarantee transfer students entrance into a baccalaureate program and in the case of Cumberland County, its community college has merged with Rowan University to be known as Rowan College of South Jersey, Cumberland Campus. Atlantic County has plans for an Aviation Training and Maintenance Academy and is working with a major aeronautic institution to get that project developed.

**Special Development Designations.** In May 2018, Governor Murphy signed legislation extending Urban Enterprise Zone (UEZ) designation in New Jersey to December 2023. Businesses applying for and receiving certification in these Zones have the ability to levy a reduced sales tax of half the New Jersey State rate, or 3.5%. In the South Jersey Region, UEZs are active in Vineland/Millville, the Wildwoods and Pleasantville.

Opportunity Zones also exist in many of the region's municipalities. This Federal designation provides investors who finance projects in the Opportunity Zones to reduce their capital gains and realize a savings on the long-term appreciation of their investment.

Many areas of the region have special development designations. Foreign Trade Zone (FTZ) status has been granted to the Port of Salem and the Millville Airport. The areas near transit hubs, or are listed as distressed communities are eligible for targeted grants and aid from organizations such as the NJEDA. Additional incentives from the State are available to designated Redevelopment Areas that have been approved consistent with the Local Redevelopment and Housing Law. Federal assistance may be available as well through USEDA and USDA Rural Development funding.

**The U.S. Coast Guard Training Academy.** The coast guard training academy represents a \$12,000,000 annual impact on the Cape May County economy and draws thousands of individuals from the defense industry and visitors to the region annually. It is the only such defense establishment in the Country and is a significant regional asset.

### **WEAKNESSES OF THE REGION**

Every region has vulnerabilities. The South Jersey Region is no exception. One of the primary missions of the CEDS is to identify ways to address or mitigate these weaknesses.

**Infrastructure Needs.** The region lacks sufficient infrastructure in the places most attractive to the growth industries of the present and future. This includes broadband and internet connections which are so vital to the communications industry and all sectors of business as well as limited access to public water and sewer in many areas of the region.

**A Lack of Workforce and Public Transit.** The rural nature of the region and the disbursed location of job clusters means that many people need public transit to get to work. As an example, the NJT Route 553 bus from Bridgeton to Atlantic City is one of the most active transit lines in the entire NJ Transit system. Yet, public transit service is sparse and does not



connect all population and employment centers inside and outside the region. Public transit is lacking to service rural populations throughout the region, with limited funding available to establish such services. This is a significant workforce and economic development challenge.

**Inadequate 21<sup>st</sup> Century Workforce Skills.** One of the long-time weaknesses of the region is a remnant of its historic manufacturing base when people without high school or college degrees could get family-wage jobs in the glass, textile, or food processing industries. This is no longer the case. The regional workforce lags behind the rest of the State and region in educational and job skills. For example, all four of the region’s counties fall well short of New Jersey where 41.2% of residents had a Bachelor’s Degree or higher. Yet, higher education comes with a cost and sometimes it is not necessary in order to secure a living wage. The trades sectors of the economy are all seeking skilled workers, many of whom will be in greater demand as some of the targeted industries in the region’s economy expand.

Like many areas of the Country, the South Jersey Region needs to assess the changes resulting from the Coronavirus Pandemic, the new opportunities emerging in the “blue economy,” clean energy, and the other sectors of the region’s industry where new investment and technologies are targeted. Communities that offer higher incomes and a greater diversity of job opportunities tend to be healthier with more diverse and resilient economies. Furthermore, demographic statistics in such communities reflect lower rates of crime and poverty, and higher levels of civic engagement and economic opportunity.

**A Challenging Regulatory Environment.** Many areas of the region have important coastal and environmental characteristics. A significant portion of the land is regulated by the New Jersey CAFRA Zone, (Coastal Area Facilities Act.) The New Jersey Pinelands is a major presence in the eastern half of the region. While there are certainly good reasons for protecting these critical environmental areas, this limits the availability of land for commercial and industrial purposes and restricts the viability of adjacent parcels.



**A Seasonal Industry Base.** Again, given the historic nature of the region's economy, the tourism, hospitality and agricultural industries have been cyclical, providing relatively strong employment opportunities in the growing season and summer months and diminished potential in the off-season and winter months. These trends stem from the limited diversity of the area's economic base and are reflected in the regional unemployment rates. Despite recent challenges, the gaming industry remains one of the largest employers in the South Jersey Region.



## **REGIONAL OPPORTUNITIES**

There are assets in the region that are important to new and growing industries. These include small but highly skilled occupational clusters that could support other industries that demand technical skills. However, they are not sufficiently coordinated or marketed. The aviation, healthcare and renewable energy industries represent examples of key technology industries that provide high paying jobs that foster significant increase in standards of living. In addition, the following are other opportunities.

**Repositioning and Envisioning.** As an older industrial market, there are many locations throughout the region where brownfield or grayfield sites lend themselves to redevelopment. They also provide opportunities for repositioning the local and regional economies for new types of businesses and employment. This is particularly true in some of the region's economically distressed urban centers. The State of New Jersey Business Action Center maintains a database of Redevelopment Areas. There are distinct advantages for a municipality to engage in redevelopment including the provision of property tax abatements, or payment in lieu of taxes (PILOT) agreements and flexible development regulations. Envisioning new linkages between areas of the region where clusters of new industries can be located and where connections can be made between the assets of the region to promote new tourism opportunities can help to spur new growth in retail trade and related services.

**The Trades Sector and Remote Work.** The Cumberland-Salem-Cape May Workforce Development Board reports more job openings than can be filled, particularly in many of the trade professions. There needs to be a repositioning of many of the training programs, now aimed at Technology Schools, which no longer cater to the traditional jobs inherent in many of the construction and trade industries. The potential for remote work in many of the large service industries in the region means that employment does not necessarily have to be on-site any more, which raises new possibilities for recruitment and labor force expertise.

**Revitalized Rail/Port Infrastructure.** A major regional rail/port corridor along the Delaware River is being revitalized. The Delair Bridge in Camden County has been upgraded



to handle state-of-the-art 286,000 lb. rail cars, which means it can handle the full range of commodities that might be shipped to or from the South Jersey Region. The Port of Paulsboro, while located just outside the South Jersey Region, will provide new employment opportunities for area residents. The Port of Salem has redevelopment potential and Mid-Atlantic Shipping in Salem City links to international ports with regular liner services. The region's current mainline and shortline rail freight network links many of the brownfield and redevelopment areas, in addition to providing a direct link to the

national rail freight network. The planned Wind Farm Port Facility in Lower Alloways Creek Township, mentioned earlier in this plan will also benefit from the regional network of rail, port, and freight transportation.

**Burgeoning Domestic Travel Market.** Concerns for international terrorism and threats to the European travel market make domestic travel an increasingly desirable option. The South Jersey Region provides one of the nation's most popular travel destinations. While currently crippled by the COVID Pandemic, this travel market will rebound, however the international implications of the pandemic have made it more difficult for the shore communities to recruit seasonal labor. This will pose ongoing challenges for the industry's recovery. The tourism challenges facing the region in regaining its share of the market in the Post-COVID environment should be a priority in the CEDS Action Agenda.

**Potential for Transit Expansion.** The planned expansion of light rail transit from the Camden/Philadelphia area to Glassboro will open the northern and western areas of the region to new transit possibilities and employment potential.

**Historic and Cultural Assets.** History and culture are important aspects of South Jersey's character. For example, there are many small towns, villages, and historic sites scattered throughout the region that tell the story of the region's settlement, maritime heritage, glass industry, or native American history. Investing in these assets can help to expand visitation to the region and promote the conservation of the region's past.

## **REGIONAL THREATS**

There are competitive pressures on the region's current industry clusters including tourism, distribution, and aviation research. Also, environmental issues and how they are dealt with

could limit growth potential. Finally, the general lack of industrial diversification makes the region particularly vulnerable to these competitive pressures. Specific threats include:

**Changing Demographics.** An increasing challenge for the region will be to address the language and cultural barriers to workforce and business development in the Hispanic Community and an increasingly diverse population. An aging population, and a decline in immigration both pose potential for labor shortages in key areas of the economy such as the hospitality and agricultural industries.



**Sea Level Rise.** This is a particularly significant threat to the sustainability and resilience of coastal communities, both along the Atlantic Coast and Delaware Bay Shore. The impacts of Super Storm Sandy are still being felt in many locations throughout the region. Shore communities continue to battle beach erosion and flooding from routine high tides and coastal storms.

**Available but Diminishing Industrial Land Base.** The area has available land for industrial development and commercial expansion, but it is limited in the level of infrastructure supporting it and is disappearing rapidly to other types of development and/or regulatory pressure.

**Regional Competition.** The gaming industry has suffered significantly from the growth of similar venues in Philadelphia, Connecticut and elsewhere. In addition, there are always threats and competition for jobs and employers from regional markets in Pennsylvania, Delaware, Maryland and other locations in the Mid-Atlantic Region.

**Global Marketplace.** As the speed of communication and logistics technology changes, the global marketplace will be an increasing threat to the region's industry.

**Ongoing Population Loss.** Recovering from the COVID Pandemic and addressing the other causes of population loss regionally represent threats to the long-term health of the regional economy. Diversifying job opportunities, industry composition, and the exodus of working age individuals to other parts of the State and Region is necessary.

**The Ongoing Impact of the Coronavirus Crisis.** Every community in the nation is dealing with the impacts of COVID. As indicated in Section 2 however, the significant reliance on

tourism and hospitality leaves the South Jersey Region particularly vulnerable and points to the need for economic diversification as a key goal for the CEDS.

## **SUMMARY**

Like all regions, Southern New Jersey has strengths and weaknesses. Viewed as a whole, its strengths are considerable. It is the last place in the State where large tracts of land remain available for development. It is well positioned within the greater region and accessible to a wide range of transportation. It provides an excellent environment and an array of investment choices ranging from urban and suburban to rural, small town and village life. These strengths provide opportunities for new growth and development. They are the basis for building a new economy or repositioning areas of the region for new types of investment.

The weaknesses and threats of the region are also important. They represent conditions that need to be eliminated or mitigated if the region is to prosper. Each of the four counties in the South Jersey Region will assume different approaches to building on its strengths and dealing with its weaknesses. Together, these counties will bring considerable talent and resources to the South Jersey District that will provide a regional approach to economic development.

## Section 4

# Envisioning Policies and Strategies for the Southern New Jersey Region

## GOALS

The FY 2020 update to the 2015-2020 CEDS defined goals for the District that foster future growth, development, and redevelopment in the region. These goals form the foundation and justification for the District's policy and program priorities. They include:

1. *Expanding Regional Markets to Enhance Economic Diversification.* The CEDS promotes the expansion of markets for existing technology-based industries to ensure their development, retention, and competitiveness. In addition, new industries will be attracted that complement the existing industrial clusters and diversify the region's economic base.
2. *Promoting Regional Workforce Cooperation.* In coordination with county and municipal governments; workforce investment boards; and industry representatives, investments will be targeted that promote the expansion of a technically-skilled and qualified workforce that meets the demands of existing industries in the region and those that are being recruited.
3. *Fostering Redevelopment Opportunities.* Recognizing that there are redevelopment opportunities in the counties of the region, the CEDS encourages investments that foster downtown and urban revitalization; the redevelopment of brownfield sites; and the development of suitable publicly owned lands in order to ensure compatible development patterns with the region's environmentally sensitive lands.
4. *Promoting Education and Training.* A goal of the CEDS must be to promote an educational and training infrastructure that supports the existing retail, hospitality, arts, and cultural occupational clusters while providing additional technical training that offers opportunity for vertical career mobility.
5. *Expanding Financial Resources.* New sources of funding and delivery systems for financial resources are needed to encourage business expansion and reinvestment.
6. *Improving Transportation.* Investments are needed in the transportation network that is required by the growth in regional population, tourism, logistics and other key industries.
7. *Enhancing Quality of Life.* Supplementing the existing attractive quality of life with additional cultural, historical, environmental and educational opportunities is an important goal.
8. *Increasing Economic and Natural Resiliency.* Develop a resiliency program to address the effects of both economic and natural disruptions that will assist in the recovery and sustainability of impacted communities within the region.

These goals remain as the guiding principles in support of the District’s mission. However, in presenting the current trends and characteristics of the Southern New Jersey Region., the findings are for the most part troubling ones. The 2020 COVID19 Pandemic aside, the region was losing jobs and population. Incomes, education and workforce training lag behind the rest of the State. Tourism, one of the bright spots in the regional economy, was devastated by the Coronavirus. The Atlantic City gaming industry, while recovering from the declines suffered during the “Great Recession” of 2008 has not reached its previous levels of employment and economic impact. These trends require a focused effort at regional transformation and sustainability that previous versions of the CEDS did not address.

The composition of the region’s economy must be redefined. Also, there must be a coordinated and unified approach at the municipal, county and regional levels for investing in industry, fostering job development, and promoting the new initiatives that will have the transformational impacts needed to make this transformation.

### **CRAFTING A REGIONAL VISION**

The South Jersey Economic Development District provides the region with a forum through which the policies and strategies for growth and development can occur. This is a great advantage in that other areas do not have a conduit like this through which to work.

There are four industry sectors that are present or envisioned in the Southern New Jersey Region that should be the focus of new growth and investment. They are:

- The Tourism Industry
- The Agriculture, Food Processing and Technology Industry
- The Aviation and Aeronautical Industry, and
- The Blue Economy including Wind and Clean Energy Industries

These four sectors of the economy have the most potential through which to build a revitalized and more sustainable economy.

***The government partners and stakeholders of Southern New Jersey envision a region where there is a collaborative and integrated approach to economic development; where there is a focused effort to coordinate regional initiatives and investments; and where there are additional opportunities to foster new economic investment and a better quality of life for the region’s citizens.***

To accomplish this vision, new investments in traditional industries must be made and clusters of new industries must be developed. This will take a strategic approach at all levels of government and the involvement of many public and private sector partners. This will

include roles for the State of New Jersey, the South Jersey Economic Development District, its member counties and municipalities.

### **The Tourism Industry**

According to the 2019 Tourism Economics Report, “Economic Impact of Tourism in New Jersey”, tourism is currently a \$14.7 Billion Dollar industry in the four-county region. The great majority of this industry is focused on Atlantic and Cape May Counties. Tourism activity centers primarily on seasonal spending in shore towns and communities and the year-round impacts of the gaming industry.

The CEDS and the South Jersey Economic Development District need to propose ways to expand this industry by creating new venues for tourism and fostering a more regional approach to tourism development and marketing. This could include initiatives to:

1. **Invest More Heavily in Ecotourism.** The South Jersey Region is rich in ecotourism. Its Delaware Bayshore, birding, oystering and ship building heritage offer many opportunities to encourage greater visitation. There are not many locations, however, that provide formal organized interpretive experiences. The region already has a number of significant coastal and heritage trails that traverse the area, as well as nationally significant resources such as the National Scenic and Recreational Maurice River, birding and wildlife habitat along the Delaware Bay, and the historic oystering and fishing industries.
2. **Create Venues for E-Sports.** According to numerous Wall Street and investment analysts, including *The Economist*, E-Sports are exploding in popularity. In 2018, E-Sports viewership grew 13.8% to 380 million people worldwide. E-Sports analyst *Newzoo* expects this number to reach 557 million in 2021.<sup>3</sup> With the presence of region’s gaming industry, E-Sports would offer venues that could be folded into existing convention and gaming facilities or the opportunity to create new ones.
3. **Ensure Infrastructure Maintenance and Investment.** Maintaining the tourism industry in the region involves ensuring that the infrastructure that is at the heart of this industry is protected. Boardwalks require large investments in annual and long-term maintenance. Shore communities require beach replenishment on a regular

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<sup>3</sup> <https://www.fool.com/investing/2019/07/29/the-rise-of-esports-a-gamers-perspective.aspx#:~:text=While%20you%20may%20have%20never%20seen%20a%20game,this%20number%20to%20reach%20557%20million%20in%202021.>

basis. Highway signage, visitor information, and other infrastructure is critical to fostering the expansion of the industry.

4. Expand Opportunities for Wine, Craft Beer, Distilleries and Cultural Tourism. The growing popularity of craft beer, wineries, and unique cultural experiences also provide ways for the region to expand its tourism appeal. There are many new wineries, breweries, distilleries, and existing historic and cultural venues in the area that could be expanded and marketed to provide a unique regional draw.
5. Create Regional Tour Itineraries and Expanding Marketing. For tourism and marketing purposes, the State of New Jersey has divided the South Jersey Region into three separate tourism councils. The Southern Shore Region encompasses Cape May and Cumberland Counties. The Greater Atlantic City Region includes all of Atlantic County, and the Delaware River Region includes Salem County and other counties to the north. There is no single organization through which the entire, four-county region can be promoted and marketed.

### **Agriculture, Food Processing and Technology**

The South Jersey Region has a tremendous asset in the Rutgers Food Innovation Center, located in Bridgeton. This facility has served over 1,500 clients since its inception in 2001 and has graduated more than 100 new food businesses. Many of these businesses, however, have left the region. There needs to be a more integrated communication protocol between the Center and region's counties and economic development stakeholders in order to identify available commercial space and other incentives that can keep these fledgling businesses here. The Authority is taking steps to mitigate this issue with the construction of the region's first Food Specialization Center, scheduled to open in late 2020 or early 2021. This facility can be a model for expanding opportunities for new food industries or for recruiting existing businesses. Other food processing and agribusiness initiatives include:

1. Providing New Refrigerated Warehousing and Flex Space. Food processing, food logistics and warehousing space are important aspects of the food industry in all four counties. Creating space for small businesses that graduate from the Rutgers Food Innovation Center or for those firms seeking to move to the region is a critical aspect of industry expansion and development.
2. Developing New Food Technologies. This can include research and development activities, given the region's long-standing history of agriculture. It can also involve

new processing, packaging, and distribution techniques as well as consumable product development.

3. Fostering the Region as Targeted Industry Cluster. Bridgeton received an NJ EDA grant to create a food industry hub in the Cumberland County area. That study can serve as a guide for investments in other areas of the region where a nucleus of a food industry exists.
4. Highlighting Oystering and Seafood Distribution. The oyster industry in particular is an important part of the region's economic and cultural heritage. Refrigerated warehousing to enhance distribution of raw oysters or to promote the processing and distribution of oyster products could aid in expanding the industry. More shoreside facilities are needed to avoid transporting seafood to remote packaging and distribution centers. Also, exhibition or interpretive facilities that might accompany venues such as the Bayshore Discovery Center would help to highlight this industry locally and regionally.
5. Exploring Opportunities in the Newly Legalized Cannabis Industry. Southern New Jersey is the heart of the State's agricultural economy. Cannabis is a newly legal crop that will create new farming opportunities, medical research facilities, and retail outlets. These opportunities present many potential venues for jobs and new investment in one of the region's most prominent industries.

### **The Aviation and Aeronautical Industry**

The region has airport facilities, particularly in Cape May (Lower Township) and Millville, where airports serve as centerpieces for industrial and technological development. Atlantic County has created a new Aviation Hub, is proposing an Aviation Training & Maintenance Academy, and is the home county for the region's only commercial facility at Atlantic City International Airport.

1. Drone Testing and Repair. Cape May County is the focal point of this industry and investments in technology. The new Technology Center and its new hangars are the location where testing and research can now occur. As this industry grows and as large logistics companies such as Amazon initiate drone delivery services, this is an industry that can expand to multiple locations in the region.

2. Aviation Industry Cluster. With Atlantic City International Airport as the hub for commercial aviation, training, repair and maintenance of aircraft in and around that hub can provide the catalyst to grow this industry and promote new activity at the airport. It also provides for new workforce training, as indicated by Atlantic County's interest in an Aviation Academy.
3. Regional Freight Distribution and Foreign Trade. As the logistics industry is transformed and as new concepts for the delivery of goods and services emerge, there is also an opportunity for the region to serve as a secondary hub for the larger distribution network. The Millville Airport has the runway capacity to handle large, jet aircraft that might provide logistical support for a larger distribution network.
4. Synergistic Coordination with the Offshore Wind Industry. The offshore wind industry and the aviation/aeronautic industry share many of the same component needs and maintenance and repair services. Identifying these services and component manufacturers can help to build a base of support in the region for this expanding industry.

### **The Blue Economy, Clean Energy and Offshore Wind**

The supplier industry is a central part of the offshore value chain. Suppliers include, in particular, companies from industry sectors such as steelwork and mechanical and electrical engineering. Important supplier companies within the offshore sector include manufacturers of large components such as transmission units, foundation structures and towers as well as parts and components for powertrains, rotor blades and cables.

Around 900,000 jobs in offshore wind sector could be created over the next five years if nearly 51 gigawatts (GW) of new offshore wind capacity were installed worldwide by 2024, the Global Wind Energy Council (GWEC) said in recent report.

According to the GWEC's Global Wind Report 2020, GWEC estimates that 17.3 direct jobs defined as one year of full-time employment for one person are created per megawatts (MW) of generation capacity over the 25-year lifetime of an offshore wind project.<sup>4</sup>

1. Support Investment and Development of Wind Port. The proposed New Jersey Wind Port in Lower Alloways Creek, Salem County is a huge, \$400 million-dollar facility

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<sup>4</sup> <https://www.aa.com.tr/en/energy/investments/offshore-wind-sector-to-create-nearly-1m-jobs-in-5-years/30220>

scheduled to begin construction in 2021. Buildout is estimated to occur by 2026. The facility will bring 1,500 new jobs to the region and an estimated \$500 million dollars annually to the economy.

2. Target Supply Chain Investment. Suppliers to this industry range from small parts vendors to the larger manufacturers previously referenced. An inventory of such businesses will provide the region with a vehicle through which new investment can be targeted to serve this industry.
3. Ensure Intermodal Opportunity. Intermodal transportation will be an important aspect of the logistical services needed to support the wind and clean energy industry in the region. Transfer facilities from port to rail and rail to truck will be needed as part of the logistics services sector.
4. Promote Workforce Training. Obviously, as the wind port is constructed, training for the estimated 1,500 new jobs will be an important component of the industry's growth. Colleges in the area, technical schools, and workforce development boards should be mobilized to coordinate training for the industry and its supportive businesses. The region's schools, colleges and workforce training organizations need to revisit the alignment of career tracks with emerging industries, the demands for skilled labor, and the levels of technology training needed to sustain and grow the economy.

The following section of the CEDS provides the Action Agenda necessary to advance the vision and goals of the District over the coming five years. The Action Agenda is a very exacting set of tasks for the District as well as its regional partners.

Each of the counties has identified specific initiatives that it wishes to achieve within the coming five-year life of the CEDS (2020-2025.) The District staff has also identified ways that it can help achieve those initiatives. In addition, other partners needed to lead and implement the Action Agenda along with funding sources and other resources are identified.

## Section 5

# Implementation, Resilience, and Evaluation Strategies

## The Path Forward

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### Introduction

The COVID Pandemic of 2020 has precipitated challenges for the South Jersey Region that have never before been seen. The tourism economy has been hobbled. Unemployment in some areas has surged above 30%. The long-term impacts on real estate – including the second home market in the shore communities as well as rental and home ownership markets region-wide – will have consequences yet to be measured. Uncertainty reigns.

This vulnerability on top of the trends in the region’s economy indicated by the SWOT and the previous sections of the CEDS point to the need for ***dramatic action and new roles*** for the SJEDD. The 2020-2025 CEDS brings new ideas and new initiatives for the South Jersey Economic Development District necessary to advance the region’s economy. The COVID19 Pandemic has forced innovation. (For example, Cumberland Dairy converted from milk production to producing sanitizer. A Sheet Metal Company went from no work for sheet metal to converting machines to cut and process plexiglass for PCE shields.) How the region capitalizes on that kind of thinking can move economic development leaders and businesses beyond simply seeking new factories to exploring transitional innovation that can be adapted to the existing skill level of workforce.

This section of the CEDS focuses on three areas of implementation. First, an Action Agenda is presented which outlines a summary of initiatives including actions that the four counties and the District have identified as priorities that can help restore and sustain the economy of the region. The second implementation area includes an evaluation framework is also established to measure changes over time and provide an early warning “Dashboard” to signal economic downturns. Finally, in concert with U.S. EDA guidelines, there are resiliency strategies provided that will broaden and diversify the economy so it is not as susceptible to long-term recessionary trends.

### 1. THE ACTION AGENDA

The Action Agenda is broken into three subsections. The first focuses on Near Term Actions. These are actions that the District and its partners will undertake in the first two years (2020-2022) of the CEDS. Mid-Term Actions are those that are slated to occur within the 2023-2025 timeframe. Long-Term Actions are those that may be initiated but that will transcend the life of the CEDS.

## **1A. NEAR-TERM INITIATIVES AND PRIORITIES**

**Advance Project Development.** It is the goal of the District to work with its partner counties and municipalities to develop and advance a minimum of one (1) new investment project per quarter to the U.S. EDA for funding. Ideally, this process will ensure that each member county has an opportunity to advance ready projects.

The counties have identified the following initiatives and priorities as areas in which they envision specific projects being developed. Project examples are provided in some instances.

### **COUNTY INITIATIVES AND PRIORITIES FOR NEAR-TERM ACTION**

#### **Atlantic County**

**Establish a Loan Guarantee Fund.** Establish a \$10 million no interest/no personal guarantee revolving loan fund, administered locally, to support business expansion in targeted industries including Life Sciences, Manufacturing, Offshore Wind and supporting businesses, Entrepreneurial Services, Food and Agriculture, and Aviation.

**Implement Airport Capital Plan.** Execute an Atlantic City International Airport Capital Plan to Include Infrastructure/Air Cargo Improvements at Atlantic City Airport (ACY).

- a. Build air cargo infrastructure at ACY to attract distribution and eCommerce to Atlantic County, creating hundreds of new permanent jobs in southern New Jersey. Build new jetways and tarmac to support an air cargo facility. Estimated cost of \$30 million. Build cold storage warehouses. Estimated cost of \$20 million each. Total cost is \$50 million assuming one cold storage warehouse.
- b. Construct state of the art hangers at ACY. Two hangers subsidized at \$10 million each for a total of \$20 million.
- c. Build a Rail Station in Pomona to support ACY. A rail station will attract more business, jobs, cargo traffic, and commercial air traffic to ACY. Estimated cost of \$5 million.
- d. Aviation Maintenance and Technical Training Academy to train in aviation repair and overhaul. The Academy will be located at the airport ACY. Estimated cost of the training facility and buildout is \$14 million.

**Expand National Aviation Research Park.** National Aviation Research Park subsidy for the second building is estimated at \$3 to \$7 million. The remaining construction costs will be picked up by private sector developers at \$20 to \$25 million. The NARTP campus is located on the FAA reservation.

**Provide Debt Retirement.** Provide funding to retire \$3.5 million Casino Reinvestment Development Authority loan to a grant for the National Aviation Research and Technology

Park and a \$1.5 million start up loan from Stockton University to the National Aviation Research and Technology Park.

*Atlantic County Institute of Technology Expansion.* The ACIT is applying for a \$40 million grant through the New Jersey Department of Education to construct a new \$53.5 million building at our Mays Landing Campus. This new space will provide over 400 additional students with the opportunity to participate in career and technical programs in high-demand areas such as Health Sciences, Aviation Maintenance, Welding and Manufacturing, and Culinary which are aligned with the County's Economic Development Plan. Additional programs in Transportation and Building Trades will also be created as a result of this new facility.

### **Cape May County**

*Work to Advance Economic Diversification.* The County will continue to work with its partners in the public and private sectors to identify opportunities to diversify the County's economy and to facilitate the creation of year-round well-paying jobs. Of particular interest is the recruitment of technology companies to the Cape May County Air + Innovation Port. These businesses will be inclusive of research and development firms, component manufacturers, and aviation related businesses.

*Promote Infrastructure Investment and Marketing.* The County also seeks to maintain the high quality of life enjoyed by County residents and visitors through facilitation of municipal redevelopment initiatives, provision of a sound infrastructure system, and the development of a diverse system of high-quality public spaces. Through a cooperative marketing campaign, we will encourage businesses to take part of the "Coastal Shift", encouraging businesses and families to settle in the County year-round and to become invested in our local communities.

*Encourage expansion of Eco and Agri-tourism business opportunities.* The County will provide assistance through research and marketing to expand nature based and agri-tourism activities that include wineries, distilleries and breweries, as well as farm-to-table restaurants and the oyster/clam aquaculture industries. Nature-based or eco-activities generate approximately 11% of the total tourism expenditures and rank in the top three activities of visitors and resident and add to the quality of life in the county. Eco and Agri-tourism are a huge element of the appeal for those looking to relocate as part of the "Coastal Shift".

### **Cumberland County**

*Expand Existing Food Cluster.* With the presence of the Rutgers Food Innovation Center, the new CCIA (Cumberland County Improvement Authority) Food Specialization Center, and Bridgeton's Smart Food Manufacturing Center, Cumberland County has become a regional hub for food manufacturing and processing. New funding and other resources to expand this industry are a key near term priority. The presence of food companies in the County leads

to the potential to develop shared kitchen facilities, caterers, and small food processors in downtowns and other retail locations.

Promote Clean Energy Jobs. The CCIA has invested in a new clean energy microgrid to provide power to its landfill operation. With the prospect of a large wind farm, solar investments, and other blue energy and green energy facilities in the region, recruiting new companies that manufacture or distribute clean energy products will be a high priority.

Create Stronger Workforce Development Partnerships. The technical skills of the workforce continue to lag behind other areas of the State. The County will work with the Cumberland-Salem-Cape May Workforce Development Board to identify opportunities for business apprenticeships and internships for students; align training opportunities in the trades industries; and advance smart manufacturing curricula.

Expand Industrial Parks and Invest in Brownfield Redevelopment. Investing in the County's industrial parks, particularly including the proposed Vineland Industrial Park West, available land at Millville Airport, and in the Florida Avenue Park in Bridgeton will be a priority. This will include infrastructure improvements and new industrial development. Redeveloping brownfield properties and reusing vacant industrial space will also be a near-term initiative.

## **Salem County**

Pursue Wind Port Development. As noted previously, this project is one with huge transformational impacts not only for Salem County but for the entire region. The County and the South Jersey District need to be in the forefront of a lobbying effort to ensure that this project remains on track. A coordinated effort to engage elected officials, industry leaders, investors, grant funding and other resources to advance the project should occur.

Identify (and Secure) Funding for Dredging the Salem Creek and Port Development. The County and District should work with the South Jersey Port Corporation to identify prospective funding sources that would facilitate dredging of the Salem Creek to allow new investment to occur at the Port of Salem.

Identify a Minimum of One New Industrial and Manufacturing Project. County officials would like to see new manufacturing facilities as opposed to but not exclusive of warehousing as targeted investments in some of the County's older industrial sites. These would include sites in Salem City, Penns Grove, Carney's Point, and Pennsville. U.S. EDA, USDA or other funding to facilitate these investments can accompany project identification.

Prepare a New Salem County Economic Development Strategy. The County Economic Development Advisory Council is working on a new strategic plan for economic development and exploring the possibility of creating an office of economic development. The plan should be completed in 2021.

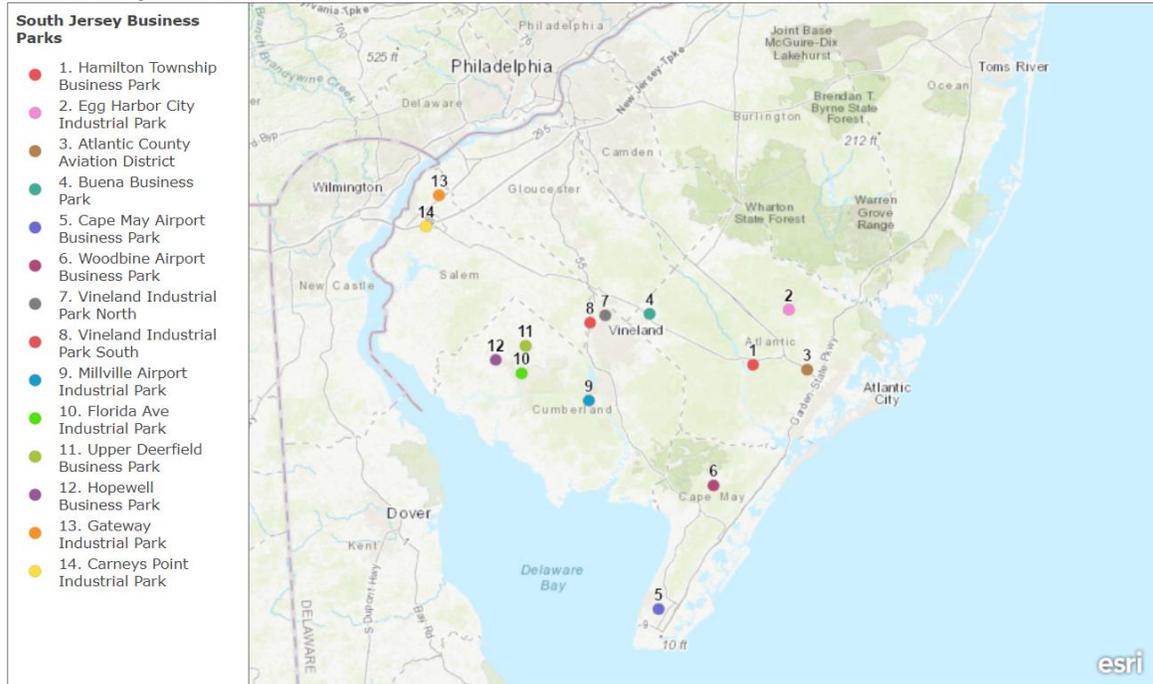
## REGIONAL AND INTERCOUNTY INITIATIVES AND NEAR-TERM PRIORITIES

**Establish a Business and Industry Recruitment Team (BIRT.)** In order for the District to be a catalyst for new investment in the region, a team of business recruitment specialists needs to be established. This should include representatives of the Federal, State and Local governments, business leaders, and legislative liaisons. It is proposed that this group meets quarterly to explore new recruitment leads, strategies, and funding opportunities. The BIRT will have the additional benefit of raising the profile of the region to ensure that economic development and redevelopment opportunities are front and center of the appropriate professionals and that the region is getting the assistance needed. This effort will also enhance coordination and dialogue between the various levels of government necessary to advance the District's development goals.

**Create and Maintain an Inventory of Existing Industrial Sites.** The South Jersey Region has multiple sites currently available for new industrial and business development. This includes areas in some of the older cities and towns where redevelopment is a very viable option. The map on the following page illustrates the locations which are listed in the following inventory.

While there has been growth in warehousing and other aspects of the logistics industry, the creation of manufacturing is sorely needed. Warehousing and distribution typically provide a limited number of jobs and skill sets. Both the regional leadership and its municipal and county partners need to market the area for manufacturing and other industries that focus on assembly and production.

### South Jersey Industrial Parks



Atlantic County: Hamilton Township Business Park, Mays Landing; Egg Harbor City Industrial Park, Egg Harbor; Atlantic County Aviation District, Egg Harbor Township; Buena Business Park, Buena Borough.

Cape May County: Airport Business Park, Lower Township; Airport Business Park, Woodbine.

Cumberland County: Vineland Industrial Park(s), Vineland; Airport Industrial Park, Millville; Florida Avenue Industrial Park, Bridgeton; Upper Deerfield Business Park, Upper Deerfield Township; Hopewell Business Park, Hopewell Township.

Salem County: Gateway Industrial Park, Oldman's Township; Carney's Point Industrial Park, Carneys Point Township.

**Prepare a Regional Infrastructure Needs Study.** Investment in new broadband and other infrastructure are regional priorities. There are locations where there is inadequate infrastructure including sewer, water, broadband service – particularly 5G service – and other improvements needed to attract the level of business and industry that can transform the region's economy. A Regional Infrastructure Needs Assessment should be initiated to identify gaps, key locations, resiliency issues and investments that can enhance the capacity to support new growth and development. Funds to undertake this study can be provided by a U.S.D.A. Rural Business Development Grant; a U.S. EDA Technical Assistance Grant; FEMA Building Resilient Infrastructure and Communities Grant; and other sources of funding. In addition, large companies such as SpaceX are expanding the opportunity for service delivery in many of the more rural areas of the region. Counties and the SJEDD need to engage with these companies to ensure that a dialogue is initiated with as many potential providers as possible. U.S. HUD's "*ConnectHome*" Program also provides opportunities to link broadband to underserved areas and individuals.

**Create a Blue Economy and Clean Energy Business Inventory.** The construction of the Wind Port in Lower Alloway Creek Township is a project that will have transformational impacts on the economy of the South Jersey Region. State commitments to this project must be honored. Through the District and its partners, there should be an ongoing effort to lobby State officials to move forward with plans for Wind Port Construction. The construction of the Orsted Operations and Maintenance Center in Atlantic City, and similar centers as the industry expands are key. The WIND Institute will focus on research and development and training for this new industry. It will also be important to begin identifying those businesses and industries needed throughout the logistics chain to support the wind industry. The District may want to consider securing U.S. EDA funding to develop a Blue Economy and Clean Energy Business Inventory and possible to support these and other wind related projects.

## **Identify Funding for Boardwalk and Tourism Development.**

**Boardwalk and Shore Related Infrastructure.** Boardwalk, beach restoration, and FEMA investments in storm management are all examples of infrastructure projects critical to sustaining the South Jersey Tourism Economy. The Atlantic City and Wildwood Boardwalks are currently projects for which funding is being sought. The District needs to advance funding applications that support the needs of its shore counties and communities.

**District Tourism Website.** As noted previously, tourism information about the region is bifurcated among three State Tourism Councils and four counties. Good information about the region should be consolidated in one location, with sample day trip and longer stay itineraries that would highlight the cultural, historic, recreational and other tourism destinations region wide.

**Create a South Jersey District Data Dashboard.** The U.S. EDA suggests establishing a Data Dashboard, which is a webpage for tracking data that can provide an annual trendline of information that suggests changes in the regional economy. This can include population change, unemployment rates, regional income levels, new corporate investment, and other data or economically impactful regional news.

**Foster a Regional Social Media Marketing Effort.** For a minimal amount of funding, the SJEDD could develop a Social Media Marketing Campaign that would highlight existing sites, locations, and advantages associated with industrial and commercial development and redevelopment in the South Jersey Region. This campaign would be coordinated with County and municipal partners to ensure that all priority sites are included. Salem County is expanding its social media outreach significantly, through Facebook, Twitter and other platforms which has resulted in a considerable amount of new exposure in a very short period of time.

## **Engage Agricultural Development Boards in Food and Agribusiness Development**

There are many industrial and business options stemming from the region's agricultural heritage. The region's Agriculture Development Boards should be assembled for a joint meeting to assess the status of new investments in food processing, the opportunities for Cannabis production and retail marketing, and new opportunities in the nursery, vegetable production, oystering, fishing and other sectors of the agricultural industry.

## **1B. REGIONAL MID-TERM ACTIONS AND PRIORITIES** (Years 3-5)

**Advance Project Development.** Continue to work with SJEDD partners on projects that would represent the Phase II or Years 3-5 inventory of priorities that the four South Jersey Counties want to include in the 2020-2025 CEDS.

**Expand Marketing Campaign/Public Private Partnership.** At Year 3, the District will have targeted or secured additional funding for program administration from U.S. EDA or

other grant source that will enable an expansion of the social media marketing campaign. Potential sources of funding include the NJ Cooperative Marketing Grant Program; U.S. EDA Planning Grants; and pooled resources from local government and private sector entities.

**Secure Grant Funding to Invest in Infrastructure Needs.** Based on the Infrastructure Needs Assessment that will be completed in Years 1-2 of the District's Implementation Agenda, the priority investments targeted by the District Board should be the focus of grant applications to U.S. EDA, U.S.D.A. and other State and Federal Agencies that will invest in infrastructure priorities in targeted areas of the region.

**Recruit Businesses in Support of Wind Industry and Clean Energy Projects.** In coordination with State and County partners, new businesses that supply construction, repair, logistics, and material support the wind industry, including the Wind Port Project, should be recruited to the region.

**Foster Ecotourism and Cultural Tourism Partnerships.** For years, there has been discussion in multiple parts of the South Jersey Region about several facilities that could broaden the market for tourism and could complement the region's historical and cultural resource base. These include:

- A Heritage Facility Dedicated to the History of Oystering in South Jersey
- A South Jersey Visitor's Center
- An Ecotourism Facility

The District should undertake a study to develop conceptual plans for such facilities including potential locations. Partners in the non-profit, conservation, and government sectors should be engaged that would assist in developing and operating these facilities.

Federal Enhancements to Funding Programs. The South Jersey District can play an important role as an advocate for enhancing Federal funding to the region from various U.S. Government agencies and departments including the EDA, the USDA, the USDOT and others. Atlantic County in particular, has offered suggestions for targeting such funds. (see endnote.)<sup>i</sup>

**Explore Creating an Innovation Station.** The COVID19 Pandemic has forced many companies in the region to innovate or modify their business and production processes in order to survive. This response to the COVID Crisis illustrates the importance of innovation as a means to promoting economic resiliency and sustainability. Through the offices of the South Jersey District, an "Innovation Station" could be created that would provide regularly scheduled webinars and technology training presentations to small business, area manufacturing, and other sectors of the regional economy to help them diversify.

**1C. REGIONAL LONG-TERM ACTIONS AND PRIORITIES** (Beyond the 2025 Life of the CEDS)

**Broadband Investment.** One of the most critical infrastructure needs facing Southern New Jersey is the installation of broadband and high-speed internet access in all parts of the region. Many areas of the region, both rural and urban, are still without this service. Obviously, this is an essential need in attracting state-of-the-art technology firms and other employers who rely on a high level of data storage and connectivity. While service cannot be extended immediately in all areas, the Regional Infrastructure Needs Study to be developed as a Near-Term Action will identify those priority locations identified by the counties in the region where service is needed. The District in coordination with County and State government should identify funding possibilities for the extension of this infrastructure that will provide the catalyst for broadband providers to extend service.

**Ecotourism and Cultural Facility Development.** There are numerous possibilities to advance ecotourism in the South Jersey Region. The Ecotourism Study suggested as a Near Term project should explore the need for new facilities and services as well as augmenting the existing natural, cultural, and historic properties that already exist region-wide. Funding and construction of these new facilities needs to be a long-term goal of the region.

**Sea Rise Infrastructure Study.** Many areas along the Atlantic Coast and Delaware Bay shore will be affected by sea level rise and global warming. A study to identify the most vulnerable areas and prepare an action agenda to protect against storm surge and sea level rise is being completed by the US Army Corps of Engineers and should be supported by the District.

**Logistics and Transportation Investments.** There are many projects and investments region-wide related to enhancing the logistics and transportation industries. These include redevelopment of the Port of Salem; maintaining rail infrastructure and expanding service; enhancing highway access to shore communities; expanding airports aviation technology and aeronautic facilities;

**Matrix of Near, Mid and Long-Term Initiatives**

The following matrix outlines the projects and suggestions offered in this CEDS and suggests partners that can assist in their implementation.

**Action Agenda Implementation Matrix**

<b>PROJECT</b>	<b>LEAD ORGANIZATION</b>	<b>NEAR, MID OR LONG TERM</b>	<b>PRINCIPAL PARTNERS</b>
Identify and Advance County Projects and Priorities	Individual Counties based on Project Location	Near to Long Term	SJEDD, Counties, Municipal Partners, Federal and State Grant and Financing entities (i.e. USDA, US EDA, US DOT, etc.)
Create the Business & Industry Recruitment Team	SJEDD	Near Term	SJEDD Counties, Municipal Partners, NJ Business Action Center, New Jersey Assembly Representative, U.S. Congressional Representative, Private Industry

<b>PROJECT</b>	<b>LEAD ORGANIZATION</b>	<b>NEAR, MID OR LONG TERM</b>	<b>PRINCIPAL PARTNERS</b>
Prepare a Regional Infrastructure Needs Study inclusive of regional broadband needs	SJEDD	Near Term	U.S. EDA, USDA, SJEDD Counties, Broadband Providers, New Jersey EDA and Business Action Center
Create a Blue Energy and Clean Energy Business Inventory	N.J. Governor's Office	Near to Long Term	NJBPU, NJEDA, USEDA, Wind Companies, Unions, Universities, Colleges, BIRT
ID funding for Boardwalk Restoration and Tourism Development	Affected Shore Communities, SJEDD	Near to Long Term	USDOT, NJDOT, USEDA, Business Organizations, Travel & Tourism Partners, N.J. Travel & Tourism
Create SJEDD Tourism Website	SJEDD	Near Term	N.J. Travel & Tourism, Regional Tourism Councils, SJEDD Counties and Municipalities
Create SJEDD Dashboard	SJEDD	Near Term	N.J. Department of Labor & Workforce Development; N.J. DCA; U.S. Census; County Partners
Initiate Social Media and Marketing Outreach	SJEDD	Near Term	SJEDD Counties and Municipalities
Engage County Agri Dev Boards in Food & AgriBusiness Development	SJEDD	Near Term	SJEDD, Member Counties, CADB's and Local Agribusinesses, NJ Department of Agriculture
Identify and Advance County Mid-Term Projects and Priorities	Individual Counties based on Project Location	Near to Long Term	SJEDD, Counties, Federal and State Grant and Financing entities (i.e. USDA, US EDA, US DOT, etc.)
Expand Marketing Campaign	SJEDD	Mid-Term	SJEDD Counties and Municipalities; Chambers of Commerce
Recruit Businesses for Wind Port & Clean Energy Projects	BIRT, SJEDD Counties	Near to Mid-Term	SJEDD, Counties, Federal and State Grant and Financing Entities, NJ Business Action Center, Private Industry
Foster Ecotourism and Cultural Tourism Partnerships	SJEDD Counties	Mid-Term	The Nature Conservancy, the Audubon Society, The National Park Service, Regional Tourism Organizations, NJ DEP, NJ Travel & Tourism
Explore Innovation Station	SJEDD	Mid to Long-Term	SJEDD, Counties, Federal and State Grant and Financing entities (i.e. USDA, US EDA, US DOT, etc.), NJ Business Action Center, Workforce Development Boards
Identify and Advance County Long-Term Projects and Priorities	Individual Counties based on Project Location	Near to Long Term	SJEDD, Counties, Federal and State Grant and Financing entities (i.e. USDA, US EDA, US DOT, etc.)
Advance Broadband Investments	SJEDD and Member Counties	Mid to Long Term	Regional and County Priority Sites, USDA, Broadband Providers, Improvement Authorities
Ecotourism and Cultural Tourism Facility Development	SJEDD Counties	Long-Term	NJ Travel & Tourism, Legislative Appropriations, Regional Tourism Organizations, Local and National Environmental Organizations, NJ DEP
Prepare Sea Rise Infrastructure Study	SJEDD	Long-Term	FEMA, SJEDD, Member Counties and Critically Impacted Municipalities, NJ DEP
Implement Ongoing Logistics and Transportation Projects	SJEDD and Member Counties	Long-Term	SJTPO, NJDOT, US DOT, NJ Transit, Member Counties,

## **2. EVALUATING AND IMPLEMENTING THE CEDS**

This CEDS Update provides a comprehensive overview of the South Jersey Region's existing economic and demographic characteristics; a thorough SWOT Analysis that defines both assets and regional deficiencies; an examination of economic clusters and the unique, regional attributes on which development and redevelopment strategies and actions can be

built. Once adopted, the CEDS must be reviewed on a regular basis to ensure that it is a relevant and “living” plan – one that is used by the South Jersey Economic Development District Board and the District’s member counties and municipalities.

This Evaluation Framework is built around the U.S. EDA’s “Peer Standards of Excellence” for Economic Development Districts. There are seven (7) standards that represent performance criteria for District CEDS. Each of these criteria is identified (in an abbreviated fashion) and evaluation metrics that relate directly to the Strategy’s principal goals are defined.

From this evaluation framework, the Board of the South Jersey Economic Development District will gauge the success of the CEDS annually as projects are implemented and the characteristics of the economy change. The Director of the District will assemble an Implementation Report for presentation to the Board and the U.S. EDA that tracks evaluation and focuses on the District’s priorities. Copies of these reports and an “Annual Report on CEDS Implementation” will also be placed on the SJEDD website.

### **CEDS STANDARDS OF EXCELLENCE AND EVALUATION CRITERIA**

#### **Build more resilient economies and communities.**

This CEDS has identified a number of regional strategies for economic growth, based on the region’s strengths and asset base. These include building on the area’s tourism and ecotourism economy; expanding the tradition of agriculture and food processing to focus on wine production and aquaculture; expanding health services and employment; investing in various aspects of aeronautics and the clean energy economy; and promoting small business development and retention. The following metrics will be used to measure success.

#### **Metrics**

- Use the annual New Jersey Economic Impact of Tourism to measure the performance of each of the region’s four counties and the SJEDD Region as a whole.
- Identify the locations of new investments in aeronautics, food processing, and clean energy indicating business name and employment figures
- Track annually, the completion of County and SJEDD Project Priorities
- Use annually released ESRI data to track the numbers of business establishments and employment by industry sector, county, and regional totals and contrast their percentages to the State as a whole
- Document changes in the annualized labor force and unemployment rates by County, as prepared by the New Jersey Department of Labor & Workforce Development

#### **Foster a regional, collaborative framework.**

While the CEDS is an excellent tool through which to promote a regional, economic development agenda, each of the four counties of the SJEDD and many of the larger

municipalities play obvious roles in the day-to-day work of development and redevelopment. Coordination of public investments and the efforts of philanthropic organizations are critical to advancing the goals of the CEDS. These efforts will be tracked and measured annually as follows.

### Metrics

- Report to the SJEDD Board on the regional coordination of public investment strategies by convening quarterly meetings of county and municipal economic development directors to track investment initiatives
- Develop an inventory of regional grant and foundation awards that will be presented to the SJEDD Board, and suggest modifications to the CEDS Implementation Framework to take advantage of and build on regional successes and initiatives.

### **Transform the CEDS into a strategy driven planning process**

This CEDS is a strategically driven document. It identifies four cluster-based industrial sectors around which regional growth and development are encouraged. It sets priorities within the context of a publicly vetted and community driven process, and provides very specific actions, summarized in the Regional Implementation Matrix that can be tracked and measured. Evaluation metrics are as follows.

### Metrics

- Use the CEDS Action Agenda to track the steps toward strategically-driven growth particularly in those industrial sectors that are priorities and include progress in the Annual Report on CEDS Implementation
- Present suggested amendments to the CEDS annually to the SJEDD Board to take advantage of new trends, developments, and changes in the region's asset base to more effectively channel growth and development

### **Promote and support peer reviews**

Too often, plans of any kind get placed on shelves and forgotten. This CEDS will be different. The South Jersey Economic Development District Board is committed to using the CEDS as a regional guide to development; amending it regularly to address changing needs and opportunities; and tracking its implementation using the metrics outlined here and through regular peer reviews.

### Metrics

- Regional agencies and organizations not represented on the South Jersey Economic Development District Board will be invited to the annual, year-end meeting of the District to discuss regional initiatives and provide suggestions on ways to partner and expand

the impact of the CEDS. Comments will be received, recorded, evaluated, and acted-on as needed by the District Board.

- Request and report on review and comment from the general public through the District's website.
- Amend the CEDS annually to reflect suggestions as merited from outside organizations or partners not specifically involved with the SJEDD Board; Track and report edits to Board.

### **Broaden communication to include print, online media and social media.**

This CEDS recognizes the importance of young people to the growth and development of the region. It also recognizes that young people do not access information in traditional ways, using newspapers or even internet services. The CEDS suggests broadening the means of access to residents of the region to enhance communication with as many constituents as possible.

#### Metrics

- Comments received on social media will be recorded and tracked
- Hits on the District Website will be monitored and recorded to register trends in the CEDS and the economic development actions proposed
- Articles and press releases documenting initiatives and successes of the District will be compiled and included as an addendum in the District Annual Report

### **Engage the public and stakeholders**

The CEDS was developed in a collaborative fashion, through a representative task force and with the help of member counties, municipalities and other organizations. But, if the CEDS is to be a living document and one that reflects the ongoing interests of the District and adapts to changing environment and opportunities, then the ongoing participation of the public and interested stakeholders must be integral to the process. This participation will be measured by the following.

#### Metrics

- Tracking and recording engagements as noted in this Section
- Phone calls from interested parties
- Ongoing opportunities for public review and comment

### **3. ENSURING THE ECONOMIC AND CULTURAL RESILIENCY AND SUSTAINABILITY OF THE SOUTH JERSEY REGION**

Change is inevitable. Both the regional and national economies expand and contract regularly. Demographic change often influences the course of events. Regulatory, political or other governmental actions can impact a region's growth and development. Natural or

environmental phenomena can also affect even the best plans and alter their outcomes. The CEDS must therefore anticipate those possibilities and define strategies to ensure that the region will be able to sustain a successful CEDS Agenda in light of unanticipated circumstances.

This section of the CEDS examines three areas of public policy that can promote resilience and various courses of action that anticipate and attempt to formulate change that is sustainable. They include: Governmental, Environmental and Economic Policies.

### **Governmental Policy**

Promoting Effective Land Use and Regulatory Policies. New Jersey is a heavily regulated State. Regulatory issues are often cited as reasons why businesses do not want to locate here. While the South Jersey Economic Development District cannot play a direct role in mitigating the regulatory process, it can be an advocate for both streamlining regulation and fostering greater intergovernmental coordination of regulatory policy. For example, the need to identify and possibly acquire land throughout the region for future economic development is one area where the District can be an advocate. With so much of the region devoted to environmental conservation and land preservation, the District should work with its member counties to target lands for redevelopment, or locations outside the critical environmental areas where infrastructure investments can be made and where new business development can occur. Otherwise, these locations will be consumed by residential or other uses. District staff can also provide help to developers in the role of an Ombudsman to help shepherd developers and investors through the maze of contacts, resources, and economic opportunities that exist throughout the region. Acting proactively to channel regional issues and concerns to state agencies, legislators and other organizations that can impact regulatory or land use policy is also a constructive role that the District can play to promote a more business friendly, South Jersey environment.

Coordinating Services and Resources. One of the principal missions of the CEDS is to focus on industry clusters and economic development priorities where the services and resources of multiple agencies and stakeholders can be invested to promote positive change. There are a number of ways this can occur.

- Regular meetings of County Development Directors. By sharing information regularly, District project priorities can be coordinated with local or county-level initiatives.
- Prescriptive Prioritization of Projects. Historically, the District has funded projects based on which project sponsor was in line for funding. The District Board may want to consider funding projects based on their ability to demonstrate a regional impact, augment a priority industry cluster, or build on other projects, programs and initiatives. (See Matrix on Page 44.)
- Aggressive Approach to Grant Funding and Financing. The District has been a conduit to many State, Federal and non-profit grants, but historically has been limited in its ability to implement them. The District may want to consider developing a

consortium of county, municipal and private sector support for grant writing and implementation that would allow the District to pursue aggressively, the formulation and implementation of grants that would augment priority regional goals. (See Partnership Matrix on Page 44.)

Fostering a More Aggressive State Based Approach to Redevelopment. The New Jersey State Development and Redevelopment Plan was adopted in 1992. The purpose of the plan was to define areas for managed growth while protecting the State's critical natural resources. State agencies have been effective in coordinating preservation policy, but not very effective in channeling needed resources to areas of the State where economic distress and the need for redevelopment is paramount.

- Dialogue with Key Agencies. The SJEDD should open a dialogue with key State agencies such as the Department of State, NJDCA and NJEDA to make them aware of the development and redevelopment needs that are so important to the region, and working with them to target new development and funding opportunities. This CEDS has suggested creating a BIRT (Business and Industry Recruitment Team) comprised of local, County, State and private sector interests to expand business and industry recruitment in the region.
- Private Sector Advocacy. The public sector (BIRT) alone cannot assume full responsibility for promoting the region as a place to do business. The private sector needs to be more effectively engaged – particularly some of the large companies and organizations – to put pressure on state and federal agencies to channel the technical, financial and other resources needed to redevelop the distressed cities and towns across the region.

Expanding Intergovernmental Partnerships. Aside from the bricks and mortar development projects that the District can help fund or promote, there are other aspects of economic development that have a direct bearing on future growth but are outside the immediate purview of the District. Issues involving workforce development, transportation, housing opportunity, and quality of life will all affect the region's ability to attract development. The District can influence initiatives and investments regarding these issues as follows.

- WDB Engagement. Each of the four South Jersey counties participates in a Workforce Development Board (WDB, formerly Workforce Investment Board or WIB) that coordinates investments in labor force training and education. The plans and programs of these agencies need to be tailored to the regional needs and priorities outlined in the CEDS. Staff of the SJEDD should meet annually with WDB leadership to ensure that investments are coordinated and that schools, colleges and other educational and training institutions throughout the region are aware of the economic opportunities being promoted by the District.
- Regional Transportation Investment. The SJEDD is located in the same office as the South Jersey Transportation Planning Organization, SJTPO. This makes it easy to work closely with SJTPO staff to coordinate transportation investments with the development priorities of the District. Together, the District and the SJTPO can be a very effective force for transportation investments outside the immediate region that

will have a positive economic impact. For example, the District should continue to be an advocate for the extension of a light rail system to Glassboro. While this is not in the District itself, the impact of a light rail system would expand development opportunities in the District and relieve traffic congestion on area highways.

- Promoting Sound Housing Policy. The availability of good housing, a variety of housing options, and access to affordable housing are all important to the growth and development of the region. Working with counties and municipalities to ensure that housing development does not conflict with locations for economic investment and promoting the location of new housing in communities where redevelopment needs are critical are roles that the District can play.
- Helping to Coordinate and Fund QOL Initiatives. Historically, the SJEDD has helped its member constituents seek grant opportunities to build parks, protect open space, develop bike and hiking trails, and invest in other initiatives that will enhance the quality of life for regional residents. In ways that do not overtax the ability of the District to perform this role, this assistance to local governments remains a valuable service and one that can also advance a sustainable development policy.

### **Environmental Policy**

Mitigating the Effect of Sea Level Rise. Rising sea level is a reality regardless to what it might be attributable. Coastal communities in the South Jersey Region need to plan for changes in water levels and more frequent, property damaging storm surges and back bay flooding. There are a number of actions that the SJEDD can take to help ensure greater resiliency throughout the coastal region.

- Promote wetlands protection. Wetlands are nature's sponge and will absorb tidal and storm surges when left undisturbed.
- Work with the Army Corps of Engineers, the Federal Emergency Management Agency and the State of New Jersey to provide flood mitigation in coastal areas. The Army Corps is preparing the New Jersey back Bays Coastal Risk Management Study which will provide a plan to make the coastal areas more resilient. Post Sandy recovery funding requires elevating homes and businesses; making modifications to structural design to withstand potential wind damage; and where possible, developing outside the storm zone. SJEDD can be a conduit for information that aide developers and communities more effectively design and plan for land uses.
- Work with NJDCA to replicate Superstorm Sandy project design. Post Sandy recovery funding requires elevating homes and businesses; making modifications to structural design to withstand potential wind damage; and where possible, developing outside the storm zone. SJEDD can be a conduit for information that aids developers and communities more effectively design and plan for land uses.
- Help target funding for beach replenishment and storm surge barriers. Beaches and dunes provide natural barriers to storm surges and rising tides. Funding to ensure that the height of dunes is increased and that beaches are restored needs to be a high regional, State and Federal funding priority. Recent storm flooding has also highlighted the need for bayside flood control initiatives.

- Pumping and flood mitigation measures. FEMA provides funding for pump stations that can provide ongoing relief in communities where flooding barriers have been breached. Well placed pump stations can mitigate flooding impacts and provide additional resiliency.

Promoting Natural Resource Protection. Encouraging additional public or non-profit conservation ownership of coastal areas will diminish the potential for development in areas where coastal storm damage is likely.

Advancing Brownfield Clean-up and Redevelopment. Cleaning and restoring brownfield properties is not only good environmental policy. It also provides new developable space in a region that has limited options for large scale commercial or industrial uses.

### **Economic Policy**

Marketing Approach. The District should work with its member counties, municipalities, and state agencies to promote the area as a place to visit, start a business, live and work.

- Grant Funding. The District should work with tourism and marketing partners to promote opportunities in the region.
- Website Development. The District website should be expanded to include links to regional business & industry resources, tourism contacts, and other development interests.
- Business Retention. Attracting new business to the region is not the only way to create a more resilient economy. Retaining business and encouraging local expansion is critically important.

Infrastructure. New investments to expand and improve infrastructure are essential in diversifying the regional economy and ensuring that the region can break the cycle of seasonal employment. New infrastructure will also make the area more attractive to prospective businesses seeking transportation, communication and other linkages to the greater region.

- Rail. Underused or abandoned rail corridors should be protected for future rail use and not turned into bike or hiking trails or otherwise lost to other types of development.
- Roads. The southern New Jersey Region has historically been isolated from the rest of the State and the greater Philadelphia area by a lack of four lane or interstate highways. Lands at highway interchanges that are suitable for industrial and business development need to be zoned appropriately so as not to be used for residential, small strip commercial, or other development.
- Boardwalks. The iconic boardwalks of Atlantic City and Wildwood are over 100 years old and need replacement. This infrastructure supports a wide variety of economic and tourism related activities and are a major attraction in the coastal region.
- Broadband and Internet. Almost as important as any other type of infrastructure that provides access, good broadband and internet service is essential. The region needs

to identify gaps, particularly around key clusters of existing or potential development, and ensure that service is provided.

- Sewer and Water. One of the most common EDA grants involves funding for the installation or extension of sewer and water infrastructure. Again, an expansion of this service means opening up key sites for needed industrial and commercial development.

Diversification. Diversification of the regional economy is essential to moderate the spike in seasonal unemployment and to ensure that workers throughout the area gain access to good, family-wage jobs. The targeted industry clusters and the investments in new businesses as outlined in this CEDS will promote that diversification.

The 2019 Resiliency Study prepared by the District to promote the development of high technology businesses and other companies that diversify the region's economy is a guide to the range of initiatives and actions needed.

## **SUMMARY**

Certainly, all of these policies and actions cannot be implemented at once. But each of them helps to expand the economy of the region and foster greater economic sustainability. Recovery from a natural disaster or from an economic recession depends on the regional economy being broad based; one that is expanding and growing; and one that is nimble and not constricted by land use issues, over-regulation, or a top-heavy bureaucracy.

This CEDS provides a road map for regional collaboration, greater outreach, and new initiatives to diversity and in fact reinvent the regional economy. In the project priorities, the implementation strategy and the policies outlined in this Action Agenda, the region's economy will gain the traction it needs to prosper and provide a good quality of life and business environment for its citizens and future investors.

## **Next Steps**

This document has provided a new database for policies and programs. It includes a look at the region's Strengths, Weaknesses, Opportunities and Threats. It encompasses new projects for the region's four counties and includes substantial new sections on evaluation and resiliency.

The South Jersey Economic Development District has strong leadership and a coordinated approach to regionally based programs and policies. This CEDS is a major step forward in reshaping the District's approach to economic development. With the help of the EDA, member counties and the citizens of the South Jersey Region, this CEDS and forthcoming amendment will chart a bold new path for regional investment and prosperity.

The South Jersey Economic Development District is committed to ensuring that the CEDS is a document that unites the region in a collaborative and coordinated effort to build a better quality of life for its residents and a more prosperous economy. The District and its partners are positioned to invest a considerable amount of staff time and local resources in tracking the implementation of the CEDS and measuring its success.

The Board of the District has provided considerable oversight in the development of the CEDS and is strongly supportive of an aggressive and proactive approach to building “Ladders of Opportunity” for the business community, residents of the region, and other stakeholders. This commitment to leadership and a renewed sense of purpose is evident in the detailed timeline and approach to strategic implementation outlined in the matrix that is part of this plan.

The COVID19 Pandemic has also forced many businesses and industries to rethink operations and protocols. There are opportunities to reinvent, pivot and reengineer the ways that business is conducted. The Post-COVID world will not look like it did just a few years ago. But that offers a chance for partners in economic development throughout the region to be innovative, to do things differently, and chart new paths toward a more vigorous and sustainable economy.

As a united board and in partnership with its member counties and municipalities, the South Jersey Economic Development District is on a continued trajectory for growth and development.

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*<sup>i</sup> Double incentives from the U.S. Economic Development Administration (U.S. EDA) for 5 years for the 100 counties in the United States that have suffered the highest percentage job loss and unemployment rates from COVID. Incentive funds from the U.S. EDA should be used for capital expenditures and infrastructure projects that diversify the economy and make it more resilient to future disasters.*

*Establish federal tax credits for five years for research and development activity in the 100 counties in the United States that have suffered the highest percentage job loss and unemployment rates from COVID.*

*Establish federal tax credits for five years for companies that create 10 or more new job in targeted industries (Life Sciences, Manufacturing, Entrepreneurial Services, Food and Agriculture, and Aviation) in the 100 counties in the United States that have suffered the highest percentage job loss and unemployment rates from COVID.*

*Mandate U.S. Departments of Transportation, Commerce, and Agriculture monies of up to \$10 million annually for up to 10 years to perform infrastructure improvements within the state designated Aviation District (The Aviation District includes all property within the boundary fence of ACY and a 1-mile radius outside the fence.)*

- a. Sewage and water upgrades and expansion*
- b. Widen Tilton and Pomona Roads*
- c. Ingress and Egress to the Atlantic City Expressway*
- d. Micro grid construction to handle the heightened power requirements and peak load periods.*

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# **APPENDIX DOCUMENT**

## **Regional Impact of the COVID19 Crisis**

### **Commutation Maps of Each County**

*Assessing the Economic Impacts of the Covid19 Pandemic  
on the  
South Jersey Economic Development District*



South Jersey Economic Development District

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**SUBMITTED TO:**

**South Jersey Economic Development District**

**BY:**

**Richard C. Perniciaro, Ph.D.  
Economic Consultant**

**September 2020**

*Assessing the Economic Impacts of the Covid19 Pandemic  
on the  
South Jersey Economic Development District*

**PART I. INTRODUCTION**

Since late April of 2020, the author has conducted studies of each of the four counties which comprise the South Jersey Economic Development District (SJEDD) to estimate the near-term impacts of the COVID19 pandemic on their economies (see the **APPENDIX** of any of the individual studies for the author's qualifications). This report will summarize those studies and, where possible, aggregate the data to the SJEDD level. At the time that each study was being prepared, the most recently available information was used. This report has the advantage of having the second quarter 2020 data available to compare to 2019 with an entire quarter (April to June) of impacts and policies influenced by the COVID19 pandemic.

The reports for each individual county are in the Appendix to the CEDS. Since the methodology and computations for all the studies are similar, this report will only present the latest data in detail and use the relevant results from the previous studies. Those interested in the details of how the results were prepared should reference the individual studies. The individual reports and their sponsoring agencies are:

- Atlantic and Cape May counties: Atlantic County Economic Alliance
- Cumberland County: Cumberland County Improvement Authority
- Salem County: South Jersey Economic Development District

The studies were done following a consistent methodology which has now been used by many regions in the country to estimate economic losses due to the pandemic.

**Understanding the trends and magnitude of on-going economic disruptions is vital to the best efforts of the SJEDD at informing the public and making efficient decisions about available resources.** As more reliable data becomes available, this will allow for analysis to be done on both overall economic activity as well as that of many vital sub-markets like housing, retail sales and construction

### ***General Methodology:***

These studies relied on a methodology which has now been used in many regional studies seeking to analyze the economic impacts of COVID19 and the public policies adopted to minimize its spread. This methodology was first proposed the Brookings Institute (<https://www.brookings.edu/blog/the-avenue/2020/03/17/the-places-a-covid-19-recession-will-likely-hit-hardest/>). In this study, due to their reliance on travel and tourism industries **Atlantic and Cape May counties are ranked number 3 and 7 respectively in the country for vulnerability.** However, Vineland-Millville-Bridgeton (Cumberland County) is ranked #365 out of the 382 national metro areas due to its greater reliance on more basic, essential industries.

An example of the many regional studies now published using the Brookings methodology is from George Mason University assesses the impacts of COVID19 on the Washington, D/C. region. See: (<https://sfullerstitute.gmu.edu/2020/03/18/coronavirus/>)

## **PART II. MEASURING ECONOMIC ACTIVITY AND KEY RISKS TO THE REGION**

### ***Measures of Economic Performance:***

In this section, using both the county-level GDP data from the BEA as well as the at-risk industry scheme suggested by the Brookings study, several measures of economic performance are reported. A perspective on the performance of the county's economy is available using the recently published information on county-level GDP. The GDP is used as **the best measure of overall economic activity** in a region. The GDP is measured at the industry where final sales take place. The use of employment data only does not take into account the variations in the productivity or value-added qualities of labor. As a result, using both GDP and employment data gives a much more complete view of economic performance. The relative sizes of GDP for the four counties in the SJEDD and the State of New Jersey are shown below:

**TABLE 1**

<b>GDP BY COUNTY, 2018 (CURRENT \$1,000s)</b>		
		<b>% of NJ</b>
<b>New Jersey</b>	<b>\$622,002,807</b>	<b>100%</b>
Atlantic	\$14,706,662	2.4%
Cape May	\$5,569,716	0.9%
Cumberland	\$6,823,510	1.1%
Salem	\$5,730,068	0.9%
<b>SJEDD</b>	<b>\$32,829,956</b>	<b>5.3%</b>

Without going into the politics of NJ, **TABLE 1** clearly shows why state efforts at stimulating growth in Southern NJ have been limited and inconsistent. Its economy is relatively small compared to the counties in Central and Northern NJ.

The recent performance of the SJEDD economy is shown in **TABLE 2** below. In 2018, the last year for which data is available at the county level, the region out-performed the state mostly due to the reinvigoration of the casino industry in Atlantic City. In addition, the tourism economy of Cape May County continued its growth while Salem County also improved significantly. In short, the region was finally recovering from the national recession, the effects of which lingered in the region as the housing market suffered one of the most severe rates of foreclosures in the country.

**TABLE 2**

<b>GDP BY STATE AND COUNTY, 2016 - 2019 (CURRENT \$1,000s)</b>				
<b>Place/Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>New Jersey</b>	\$582,427,513	\$595,324,457	\$622,002,807	\$642,826,391
<b>Growth %</b>		<b>2.2%</b>	<b>4.5%</b>	<b>3.3%</b>
<b>Atlantic County</b>	\$13,694,551	\$13,888,946	\$14,706,662	NA
<b>Growth %</b>		<b>1.4%</b>	<b>5.9%</b>	
<b>Cape May County</b>	\$5,285,073	\$5,340,591	\$5,569,716	NA
<b>Growth %</b>		<b>1.1%</b>	<b>4.3%</b>	
<b>Cumberland County</b>	\$6,704,284	\$6,597,959	\$6,823,510	NA
<b>Growth %</b>		<b>-1.6%</b>	<b>3.4%</b>	
<b>Salem County</b>	\$5,097,376	\$5,464,530	\$5,730,068	NA
<b>Growth %</b>		<b>7.2%</b>	<b>4.9%</b>	
<b>SJEDD</b>	\$30,781,284	\$31,292,026	\$32,829,956	NA
<b>Growth %</b>		<b>1.7%</b>	<b>4.9%</b>	

Using the information on the components of GDP showing the contributions by industry to total output, the information in **TABLE 3** is instrumental in understanding **the potential impact of the**

**pandemic on the regional economy.** For instance, while the Leisure Services sectors of Atlantic and Cape May counties are responsible for 18.3% and 11.4% of their GDP respectively, the end sales of the Real Estate Renting and Leasing sector are far greater and will certainly be impacted by tourism disruptions. This greatly magnifies the potential economic disruptions due to declines in the Leisure Services industries, this complementary sector needs to be part of any strategy to recover from the current economic slowdown in these counties.

Likewise, the utility industry in Salem County, centered around the three nuclear generating plants, accounts for 55% of the GDP in Salem County. Similar to the large (15.8%) contribution of manufacturing in Cumberland County, the relative stability of these sectors despite the pandemic reveal the basis for less economic disruption in these counties compared to the tourism sectors in Atlantic and Cape May counties. Both nuclear energy and manufacturing (especially food processing in Cumberland County) are essential industries while Leisure Services are non-essential and limited by disposable income.

**TABLE 3**

COMPONENTS OF GDP BY INDUSTRY, 2018 (\$1,000)						
	<u>New Jersey</u>	<u>Atlantic</u>	<u>Cape May</u>	<u>Cumberland</u>	<u>Salem</u>	<u>SJEDD</u>
<b>Private industries</b>	89.7%	83.3%	83.1%	81.5%	93.0%	84.6%
<b>Agriculture, forestry, fishing and hunting</b>	0.1%	0.7%	(D)	0.9%	(D)	0.5%
<b>Mining, quarrying, and oil and gas extraction</b>	0.1%	0.1%	0.1%	0.6%	(D)	0.2%
<b>Utilities</b>	1.7%	0.9%	(D)	1.0%	55.2%	10.3%
<b>Construction</b>	3.7%	5.3%	6.1%	4.6%	3.1%	4.9%
<b>Manufacturing</b>	8.4%	1.8%	1.3%	15.8%	5.7%	5.3%
<b>Wholesale trade</b>	8.3%	3.4%	1.6%	7.5%	(D)	3.3%
<b>Retail trade</b>	5.6%	7.0%	7.4%	7.4%	2.4%	6.4%
<b>Transportation and warehousing</b>	3.7%	1.8%	0.4%	(D)	2.6%	1.4%
<b>Information</b>	4.3%	1.2%	1.2%	2.7%	0.3%	1.4%
<b>Finance, insurance, real estate, rental, and leasing</b>	22.8%	20.7%	36.9%	17.4%	9.3%	20.8%
Real estate and rental and leasing	16.1%	18.4%	34.8%	15.8%	8.7%	18.9%
<b>Professional and business services</b>	16.2%	8.5%	(D)	(D)	(D)	3.8%
<b>Educational services, health care, and social assistance</b>	9.3%	11.6%	5.6%	11.9%	4.1%	9.3%
<b>Arts, entertainment, rec., accommod., and food services</b>	3.5%	18.3%	11.4%	2.0%	1.1%	10.8%
<b>Other services (except gov. and gov. enterprises)</b>	2.0%	2.1%	2.0%	1.7%	0.8%	1.8%
<b>Government and government enterprises</b>	10.3%	16.7%	16.9%	18.5%	7.0%	15.4%

In summary, the service area of the SJEDD has an economic structure that differs markedly from that of the state. **It is of significant importance that many industries – especially Arts, Entertainment, Recreation, Accommodations and Food Services - most impacted by the pandemic are overrepresented in the SJEDD region’s total output as measured by GDP.** This has led to a greater negative economic impact in the region, a conclusion which following tables will support.

**TABLE 4** reports the adverse impacts of COVID19 and its public policies on the employment of the SJEDD region. While the first quarter of 2020 was very similar to that of 2019 for both the region and the state, the second quarter reveals the impacts brought upon the region by the pandemic as a result of its economic structure. The average unemployment rate of 20.7% far exceeds that of the state’s 12.8%. To reiterate the point made previously from another perspective,

the diversity of the state's economy has enabled it to better defend itself against the pandemic's disruptions.

**TABLE 4**

LABOR FORCE ESTIMATES FOR 2019 VS. 2020 BY AREA								
COUNTY	JAN	FEB	MAR	APR	MAY	JUN	AVG., Q1	AVG., Q2
<b>New Jersey</b>								
Unemployment	200,300	191,600	169,000	710,300	681,000	746,500		
Unemployment Rate, 2020	4.4%	4.2%	3.7%	15.9%	15.1%	16.4%	4.1%	15.8%
2019	4.3%	4.1%	3.7%	2.8%	3.0%	3.3%	4.0%	3.0%
Difference 2020 vs. 2019							<b>0.1%</b>	<b>12.8%</b>
<b>Atlantic County</b>								
Unemployment	8,200	7,700	6,800	41,400	40,100	44,300		
Unemployment Rate, 2020	6.8%	6.4%	5.7%	33.8%	32.5%	34.3%	6.3%	33.5%
2019	6.7%	6.1%	5.5%	4.2%	4.2%	4.4%	6.1%	4.3%
Difference 2020 vs. 2019							<b>0.2%</b>	<b>29.3%</b>
<b>Cape May County</b>								
Unemployment	5,700	5,100	4,500	11,300	9,700	9,300		
Unemployment Rate, 2020	13.6%	12.1%	10.9%	26.9%	22.6%	20.0%	12.2%	23.2%
2019	13.7%	12.2%	10.9%	7.4%	5.0%	4.2%	12.3%	5.5%
Difference 2020 vs. 2019							<b>-0.1%</b>	<b>17.6%</b>
<b>Cumberland County</b>								
Unemployment	4,800	4,500	4,000	11,100	10,300	11,100		
Unemployment Rate, 2020	7.3%	6.8%	6.0%	16.5%	15.1%	16.7%	6.7%	16.1%
2019	7.0%	6.7%	6.0%	4.5%	4.3%	4.8%	6.6%	4.5%
Difference 2020 vs. 2019							<b>0.1%</b>	<b>11.6%</b>
<b>Salem County, NJ</b>								
Unemployment	1,800	1,700	1,500	4,200	4,000	4,300		
Unemployment Rate, 2020	6.2%	5.8%	5.1%	14.4%	13.3%	14.6%	5.7%	14.1%
2019	5.8%	5.6%	5.0%	3.8%	3.9%	4.5%	5.5%	4.1%
Difference 2020 vs. 2019							<b>0.2%</b>	<b>10.0%</b>
<b>SJEDD</b>								
Unemployment	20,500	19,000	16,800	68,000	64,100	69,000		
Unemployment Rate, 2020	8.0%	7.3%	6.5%	26.0%	24.3%	25.4%	7.3%	25.2%
2019	7.9%	7.1%	6.4%	4.7%	4.3%	4.5%	7.1%	4.5%
Difference 2020 vs. 2019							<b>0.2%</b>	<b>20.7%</b>

A final set of data that reveals the causes of the more severe impacts in the four southernmost counties compared to the rest of the state is employment by industry. While the GDP components in **TABLE 2** show the potential for negative economic impacts, the employment data in **TABLE 5** shows the actual performance to date. While employment data by industry is not available for Salem County, the other three component counties of the SJEDD provide evidence of more severe impacts in the region compared to the state. The overall decrease in non-farm employment in Atlantic County (-19.9%) and Cape May County (-29.7%) far exceed that of New Jersey (-10.7%). Once again, there is sufficient evidence that declines in the Leisure and Hospitality sector leave the southern counties far more at-risk. In New Jersey, while the declines are similar in percentage terms, that sector represents only 10% of the overall employment. In Atlantic County it represents 34% of total employment while in Cape May County it is a very significant 39%.

Similarly, the state had 6% of its employment in the Manufacturing sector while Cumberland County had 15%. While this made Cumberland more at-risk to national disruptions in that sector, its emphasis on food processing protected it from more severe employment disruptions. In fact, the decline of employment in that sector (-4.5%) was less than the state's -5.0%.

Finally, the Retail Trade sector was impacted far more in the tourism-centric counties. This sector is tied to local incomes as well as visitor traffic.

**TABLE 5**

Nonagricultural Wage and Salary Employment By Industry (in thousands)								
	New Jersey		Atlantic County		Cape May County		Cumberland County	
	% of Total	% Change	% of Total	% Change	% of Total	% Change	% of Total	% Change
<b>TOTAL NONFARM</b>	100%	-10.7%	100%	-19.9%	100%	-29.7%	100%	-5.4%
<b>TOTAL PRIVATE SECTOR</b>	86%	-10.9%	86%	-22.0%	85%	-32.7%	84%	-5.4%
<b>Goods-Producing</b>	10%	-5.9%	6%	-14.8%	7%	-7.7%	21%	-4.3%
<b>Manufacturing</b>	6%	-5.0%	2%	4.2%			15%	-4.5%
<b>Service-Providing</b>	90%	-11.3%	94%	-20.3%	93%	-31.3%	79%	-5.7%
<b>Private Service-Providing</b>	76%	-11.6%	80%	-22.5%	78%	-34.8%	64%	-5.8%
<b>Trade, Transportation, and Utilities</b>	21%	-6.7%	15%	-9.4%	18%	-29.8%	24%	0.0%
- Wholesale Trade	5%	-4.2%	2%	-4.0%			6%	0.0%
- Retail Trade	11%	-6.4%	11%	-10.7%	16%	-31.9%	12%	-2.8%
- Transpor., Warehousing, and Utilities	5%	-9.7%	2%	-7.1%				
<b>Information</b>	2%	-7.8%	0%	0.0%			1%	0.0%
<b>Financial Activities</b>	6%	-5.6%	3%	-12.8%			2%	-8.3%
<b>Professional and Business Services</b>	16%	-7.6%	8%	-7.1%			8%	-6.8%
<b>Education and Health Services</b>	17%	-9.3%	16%	-10.3%	9%	-22.0%	19%	-9.0%
<b>Leisure and Hospitality</b>	10%	-34.6%	34%	-39.6%	39%	-47.6%	6%	-13.5%
- Accommodation and Food Services	8%	-30.4%	31%	-41.7%	33%	-41.9%		
- Accommodation	1%	-32.1%	21%	-46.8%				
- Casino Hotels	1%	-48.1%	19%	-48.1%				
<b>Other Services</b>	4%	-13.7%	4%	-17.2%			3%	-10.5%
<b>Government</b>	14%	-9.7%	14%	-7.7%	15%	-13.5%	16%	-5.6%
- Federal Government	1%	1.2%	2%	4.0%	1%	0.0%	1%	0.0%
- State Government	3%	-4.3%	2%	3.3%	2%	-10.0%	4%	-4.8%
- Local Government	9%	-12.8%	10%	-12.2%	13%	-14.7%	11%	-6.3%

As stated previously, it is still too early to understand the consequences of these dislocations on sub-sectors like housing and education. In addition, the added costs to public administration of social welfare programs has yet to be accounted for in the fiscal budgets of municipalities and counties.

One final piece of information which demonstrates the impacts of COVID19 on the employees of the SJEDD region is fortunately available in real-time and shown in **TABLE 6**. Using the information available from the NJ Department of Labor on Unemployment Claimants since the

onset of the pandemic (late March 2020) through the most recent reporting period (July 18, 2020), the harm to resident employees by industry can be observed.

**TABLE 6**

<b>Characteristics of Initial Unemployment Insurance Claims</b>						
<b>New Jersey and Selected Area</b>						
<b>Week Ending March 21 Through Week Ending July 18, 2020</b>						
	<b>NJ Statewide</b>	<b>Atlantic</b>	<b>Cape May</b>	<b>Cumberland</b>	<b>Salem</b>	<b>SJEDD</b>
	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
<b>Total Claims</b>	<b>1,336,845</b>	<b>65,274</b>	<b>14,045</b>	<b>19,631</b>	<b>7,382</b>	<b>106,332</b>
<b>Industry Sector</b>						
Accommodation and Food Services	15%	50%	31%	13%	12%	38%
Administrative and Support	9%	5%	5%	9%	10%	6%
Agriculture, Forestry, Fishing and Hunting	0%	0%	0%	1%	1%	0%
Arts, Entertainment, and Recreation	3%	1%	4%	1%	1%	2%
Construction	5%	4%	6%	6%	8%	5%
Educational Services	5%	3%	4%	3%	4%	3%
Finance and Insurance	1%	0%	1%	0%	1%	0%
Health Care and Social Assistance	15%	10%	14%	17%	13%	12%
Information	1%	0%	1%	1%	1%	0%
Management of Companies and Enterprises	1%	0%	0%	1%	0%	0%
Manufacturing	6%	3%	3%	13%	10%	5%
Mining	0%	0%	0%	0%	0%	0%
Other Services (except Public Administration)	6%	4%	5%	5%	4%	5%
Professional, Scientific, and Technical Services	4%	2%	3%	2%	2%	2%
Public Administration	3%	2%	3%	4%	2%	2%
Real Estate Rental and Leasing	1%	1%	2%	1%	1%	1%
Retail Trade	15%	11%	14%	13%	14%	12%
Transportation and Warehousing	6%	2%	2%	6%	11%	3%
Utilities	0%	0%	0%	0%	0%	0%
Wholesale Trade	5%	2%	2%	3%	4%	2%
<b>Total Answered</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

With a few exceptions, the pattern of unemployment claims for the SJEDD are not dissimilar to those of the state. The large exception is in Accommodation and Food Services. In addition, the 13% of claims in Cumberland County (where 15% of jobs are in that sector) in Manufacturing and 10% in Salem County are the results of higher concentrations of employment in that sector. Also of note is that while the education/health care/social assistance sector is partially publicly funded, it accounts for one of the largest number of unemployment claims in Cumberland and Salem counties.

## **PART III. ASSESSING THE IMPACTS AND STRATEGIES FOR RECOVERY**

The final section uses the information presented above to estimate the economic losses expected in 2020 from the COVID19 virus and the policies put in place to control it. As commented on previously, the region was expecting a continuation of the growth and activity recorded in the 2019 economic indicators.

In order to assess the economic losses from COVID19, the first step is to estimate the economic performance that would have occurred in its absence. **TABLE 7** presents these projections, they are labeled “pre-pandemic”. The second step was to estimate the trends for GDP and employment in the “post-pandemic” case based on evidence now available. In all cases, the most severe loss in GDP was expected in the second quarter of 2020 with full recovery not occurring until the end of 2021.

**TABLE 7**

<b>ESTIMATES OF ECONOMIC LOSSES, 2020 (\$1,000)</b>						
	<b><u>NJ Statewide</u></b>	<b><u>Atlantic</u></b>	<b><u>Cape May</u></b>	<b><u>Cumberland</u></b>	<b><u>Salem</u></b>	<b><u>SJEDD</u></b>
<b>Pre-CV19 GDP Est.</b>	\$667,990,281	\$15,881,869	\$5,917,467	\$7,274,895	\$6,153,576	\$35,227,808
<b>Post-CV19 GDP Est.</b>	\$586,032,679	\$12,180,001	\$4,360,541	\$6,615,286	\$5,467,806	\$28,623,634
<b>GDP Loss</b>	<b>\$81,957,602</b>	<b>\$3,701,869</b>	<b>\$1,556,926</b>	<b>\$659,609</b>	<b>\$685,771</b>	<b>\$6,604,174</b>
<b>% Loss</b>	<b>12.3%</b>	<b>23.3%</b>	<b>26.3%</b>	<b>9.1%</b>	<b>11.1%</b>	<b>18.7%</b>

As estimated, the results for the state are that the -12.3% decline in GDP has replaced an expected 3.9% expansion. This results in economic losses of \$82B in GDP in 2020. Likewise, while a recovery is expected in 2021, the losses still are expected to be \$70B in that year. If the recovery continues as expected, the 2022 New Jersey economy should finally exceed the 2019 level of GDP.

For the entire SJEDD region expected losses total \$6.6B with much of that lost in the just expired second quarter. The 18.7% loss of GDP is 52% greater than the 12.3% estimated loss for the state. This roughly follows evidence shown previously on unemployment rates and employment losses.

### ***Strategies for Recovery:***

In the short-term strategies for economic recovery differ for the eastern counties versus the western counties. In Atlantic and Cape May counties, it is clear that the tourism industry needs to be opened up to more customers. Changing the structures of their economies is a very long-term strategy and certainly much more difficult in the middle of a pandemic. However, as has been

emphasized in many places over many years, the best protection against any economic dislocation which limits spending on discretionary activities is to promote more essential industries.

Examples of success in making these long-term structural changes can be found mostly where state governments have the will and reason to do so. Good examples are the actions of Virginia and Maryland to save and expand their shellfish industries. The levels of state support dwarf those of New Jersey in this area. In addition, see *Planting Innovation in Rural America Putting Together a Regional Innovation Cluster in Southside Virginia with All the Right Pieces* by Timothy V. Franklin, Sam Leiken, and Nancy E. Franklin. The willingness of the state to move whole sections of the state university to what was previously tobacco country shows that real investment without short-term expectations can be successfully accomplished.

For Cumberland and Salem counties, the short-term strategies are mostly to protect and expand the essential energy, manufacturing and transportation industries. The state has recently passed legislation to protect the nuclear industry in Salem County as part of a carbon-free plan. The manufacturing sector needs investment in technology and training for residents to participate in incorporating those technologies into an expanded list of products related to the existing plastics, pharmaceutical and food processing industries. The success of Teligent is a good example.

### *Summary:*

#### **In summary, three points need to be emphasized:**

1. The latest evidence confirms that the SJEDD region has been more susceptible to economic damage from the pandemic due to its over-reliance on non-essential industries.
2. While this study deals with a broad measure of economic activity, GDP, there are many sectors of the economy that need attention in terms of study and strategies. These include public as well as private concerns, any that rely on timely and consistent revenues and incomes. **There will be a host of unexpected and lagging economic consequences not the least of will impact the housing and real estate markets.**

As residents in this region know from the recession of 2007, the retail industry, the housing and construction industries and a host of other sectors are at risk of long-term damage from the current economic disruptions. **They need to be monitored, assisted and supported to survive.**

- 3. The information on the characteristics of claimants to unemployment benefits is the best and most timely data to understand which residents of the county are being impacted by the pandemic.** This data can be used for outreach to these targeted groups and to inform public and non-profit agencies of where the most pressing needs exist.

# SOUTH JERSEY REGION EMPLOYMENT COMMUTATION DYNAMICS

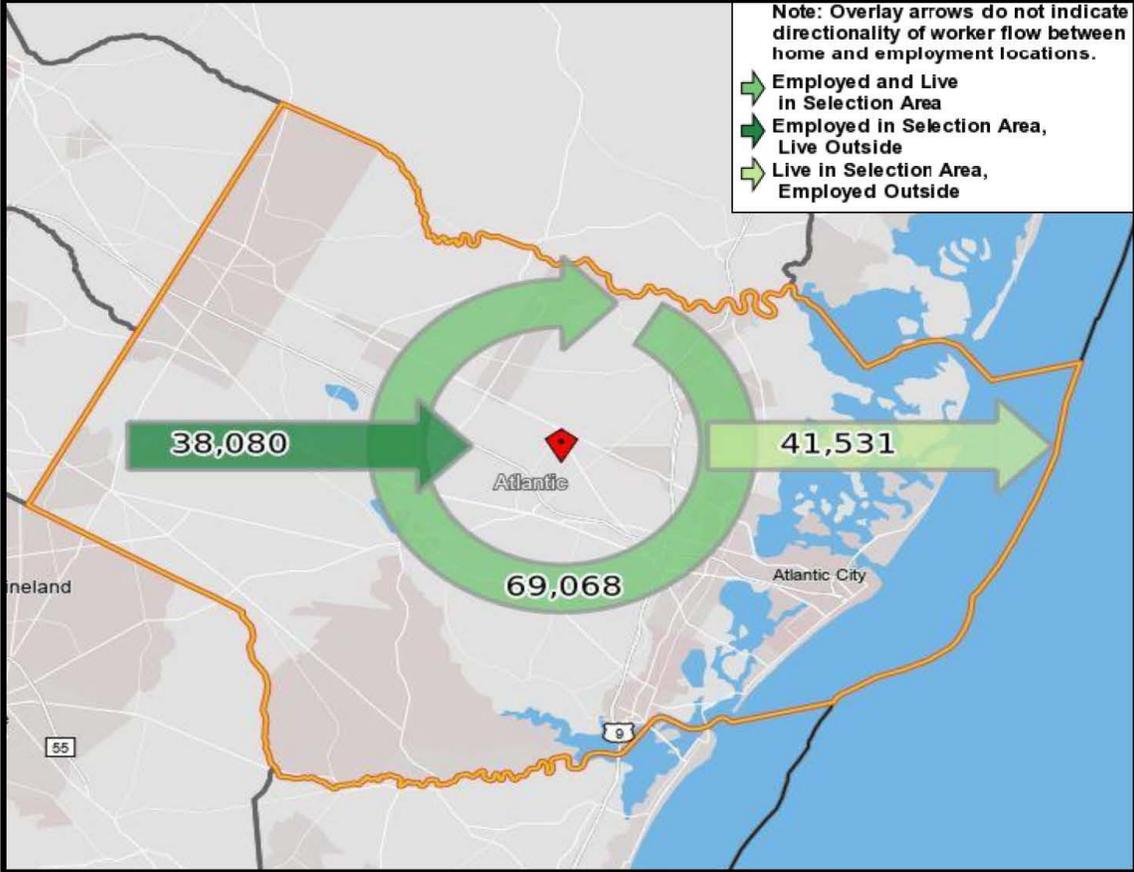
## Local Employment Dynamics *OnTheMap*

### Worker Inflow/Outflow Report

### Atlantic County

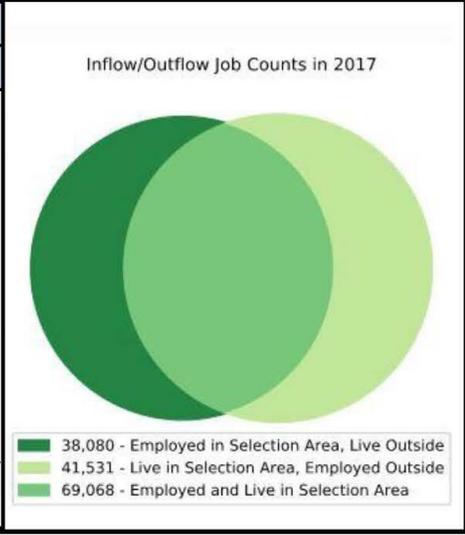
NEW JERSEY STATE DATA CENTER

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Inflow/Outflow Job Counts in 2017	Atlantic County	
Primary Jobs	Count	Share
Employed in the Selection Area	107,148	100.0%
Employed in the Selection Area but Living Outside	38,080	35.5%
Employed and Living in the Selection Area	69,068	64.5%
Living in the Selection Area	110,599	100.00%
Living in the Selection Area but Employed Outside	41,531	37.60%
Living and Employed in the Selection Area	69,068	62.40%
Net Job Inflow (+) or Outflow (-)	-3,451	-

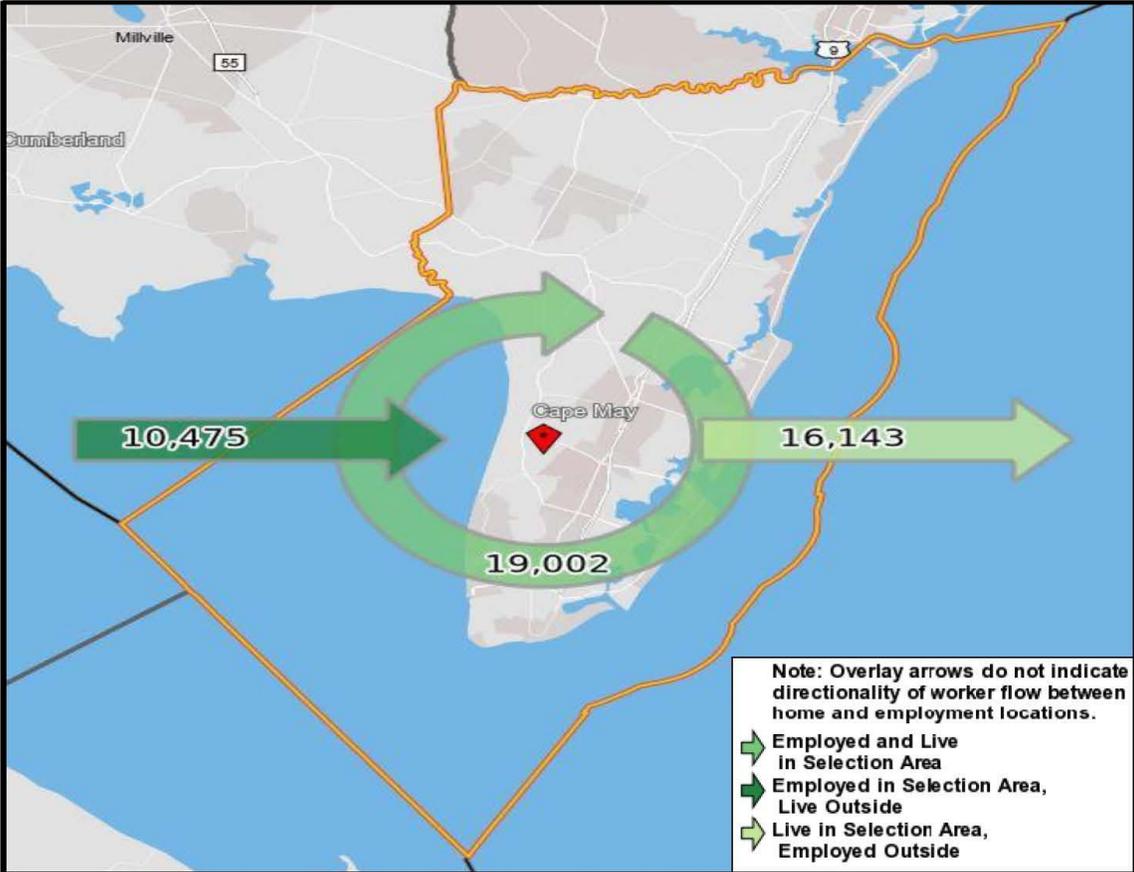
*Source: US Census Bureau Local Employment Dynamics*



# SOUTH JERSEY REGION EMPLOYMENT COMMUTATION DYNAMICS

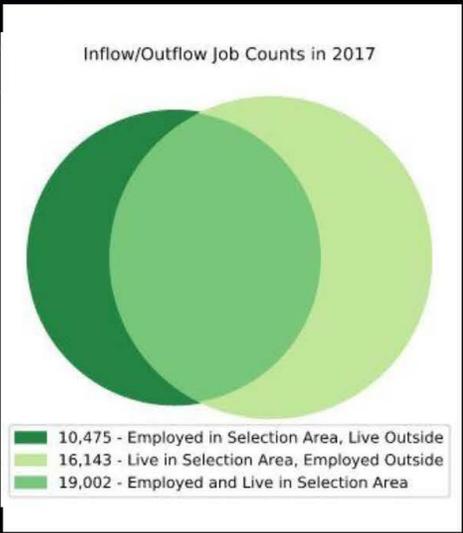
**Local Employment Dynamics *OnTheMap***  
**Worker Inflow/Outflow Report**  
**Cape May County**

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Inflow/Outflow Job Counts in 2017	Cape May County	
Primary Jobs	Count	Share
Employed in the Selection Area	29,477	100.0%
Employed in the Selection Area but Living Outside	10,475	35.5%
Employed and Living in the Selection Area	19,002	64.5%
Living in the Selection Area	35,145	100.00%
Living in the Selection Area but Employed Outside	16,143	45.90%
Living and Employed in the Selection Area	19,002	54.10%
Net Job Inflow (+) or Outflow (-)	-5,668	

*Source: US Census Bureau Local Employment Dynamics*



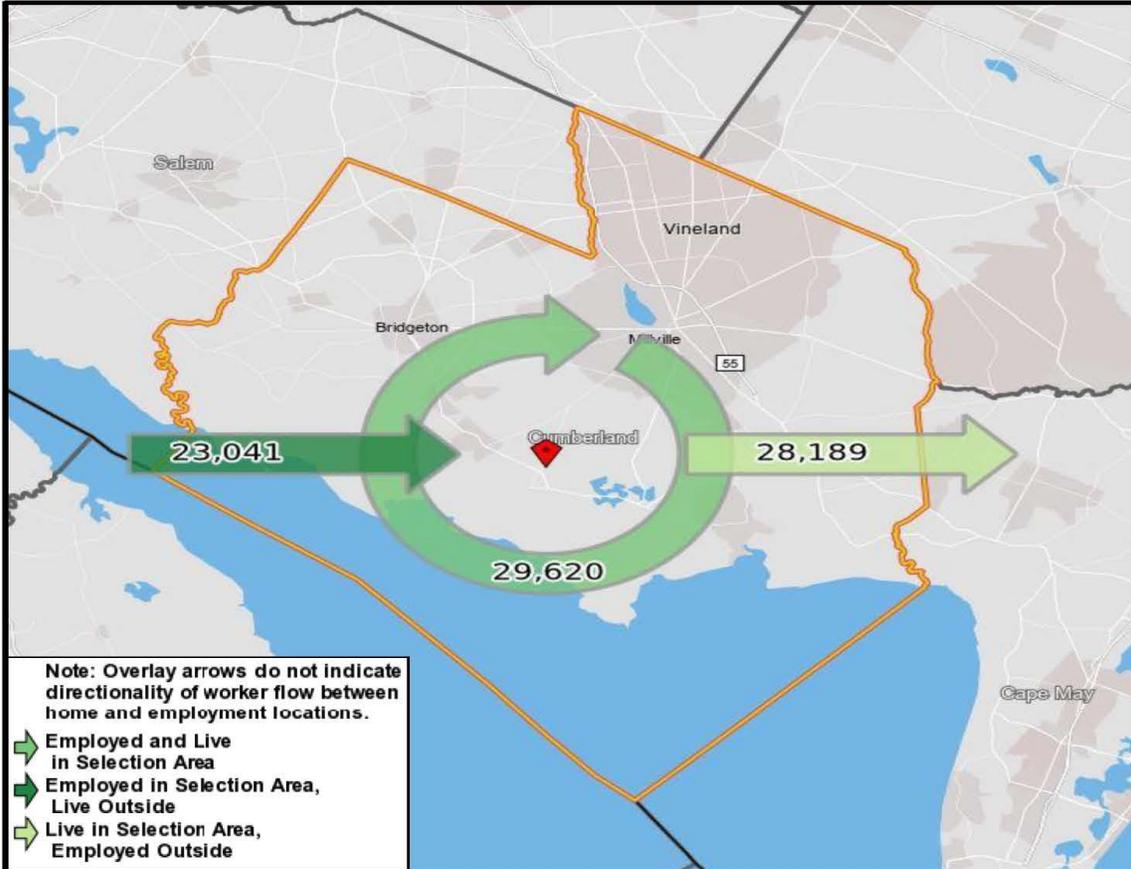
# SOUTH JERSEY REGION EMPLOYMENT COMMUTATION DYNAMICS

## Local Employment Dynamics *OnTheMap* Worker Inflow/Outflow Report Cumberland County

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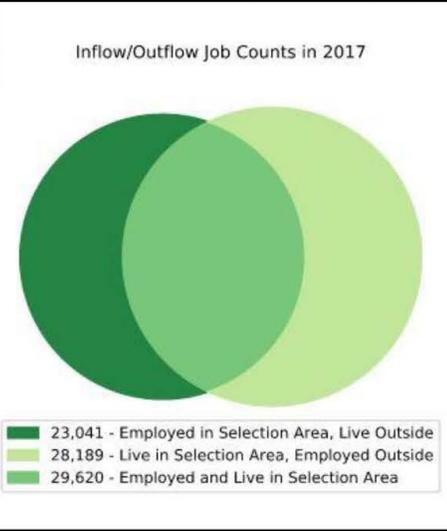


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Inflow/Outflow Job Counts in 2017 Primary Jobs	Cumberland County	
	Count	Share
Employed in the Selection Area	52,661	100.0%
Employed in the Selection Area but Living Outside	23,041	43.8%
Employed and Living in the Selection Area	29,620	56.2%
Living in the Selection Area	57,809	100.00%
Living in the Selection Area but Employed Outside	28,189	48.80%
Living and Employed in the Selection Area	29,620	51.20%
Net Job Inflow (+) or Outflow (-)	-5,148	

*Source: US Census Bureau Local Employment Dynamics*



# SOUTH JERSEY REGION EMPLOYMENT COMMUTATION DYNAMICS

## Local Employment Dynamics *OnTheMap* Worker Inflow/Outflow Report Salem County

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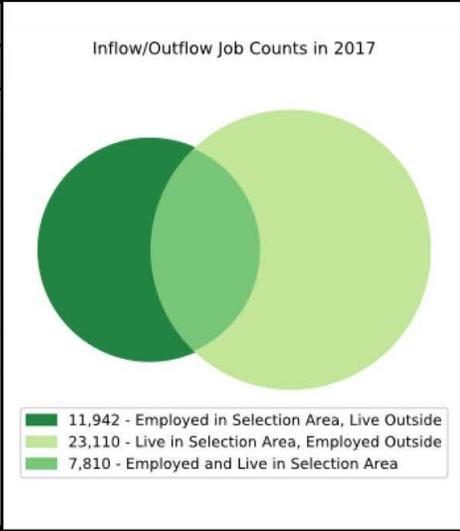


**Note:** Overlay arrows do not indicate directionality of worker flow between home and employment locations.

- ➔ Employed and Live in Selection Area
- ➔ Employed in Selection Area, Live Outside
- ➔ Live in Selection Area, Employed Outside

Inflow/Outflow Job Counts in 2017	Salem County	
	Count	Share
<b>Primary Jobs</b>		
Employed in the Selection Area	19,752	100.0%
Employed in the Selection Area but Living Outside	11,942	60.5%
Employed and Living in the Selection Area	7,810	39.5%
<b>Living in the Selection Area</b>	30,920	100.00%
Living in the Selection Area but Employed Outside	23,110	74.70%
Living and Employed in the Selection Area	7,810	25.30%
Net Job Inflow (+) or Outflow (-)	-11,168	-

*Source: US Census Bureau Local Employment Dynamics*



# SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

**MARCH 2021 DRAFT**

