

STATE OF MARYLAND

APPALACHIAN DEVELOPMENT PLAN

2008 - 2011



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I. Introduction

In 1965 Congress passed the Appalachian Regional Development Act to address persistent poverty and growing economic despair in the region. The Act was not unfounded and was based on a few simple statistics from the Appalachian region which was comprised of 13 states.

- One in every three Appalachians lived in poverty
- Per capita income was 23 percent less than the US average
- High unemployment and harsh living conditions had, in the 1950s, forced more than 2 million Appalachians to leave their homes and seek work in other regions.

“The Congress recognizes the comprehensive report of the President's Appalachian Regional Commission documenting these findings and concludes that region-wide development is feasible, desirable, and urgently needed.”

-Appalachian Regional Development Act of 1965, §2

Ultimately the program was designed to provide public works and economic development programs, and the planning and coordination needed to assist in the development of the Appalachian Region. For Maryland, this Act brought attention to the ever-declining economic conditions of Garrett, Allegany, and Washington Counties. In response to the Act, Maryland Governor Spiro Agnew issued an executive order creating a Council to formulate programs and projects to expand the economy and develop the resources and economic opportunities of Western Maryland.



In 1964, President Lyndon B. Johnson speaks on the steps of City Hall in Cumberland, MD, the first stop on his six-state Appalachian Regional Commission kick-off. Photo: Maryland Department of Planning, courtesy of Allegany County Historical Society.

On July 22, 1971, the Maryland Department of Assessments and Taxation approved the Articles of Incorporation for the Tri-County Council for Western Maryland, Inc.

Currently Governor Martin O'Malley is the State of Maryland Representative to the Appalachian Regional Commission. Upon being elected Governor O'Malley appointed Richard Hall as Secretary of the Maryland Department of Planning and his Alternate to ARC. He also appointed Albert Feldstein as the State Program Director whose job is to work directly with the Local Development District. In Maryland this includes three counties, 24 municipalities and countless development and civic organizations.

II. Development Priorities

Upon formation, the ARC was a comprehensive program for the economic development of the Appalachian Region. This program was designed to bring Appalachia in socioeconomic parity with the Nation. The original ACT clearly stated that Appalachia as a region has not shared equally in the economic prosperity of the Nation. The goal for the state of Maryland has not changed over the years from the original mission set forth by ARC.

Maryland has built upon the major goals as set forth by ARC. Those goals are to: 1) Increase job opportunities and per capita income in Appalachia to reach parity with the nation. 2) Strengthen the capacity of the people of Appalachia to compete in the global economy. 3) Develop and improve Appalachia's infrastructure to make the Region economically competitive. 4) Build the Appalachian Development Highway System to reduce Appalachia's isolation.

As outlined in the ARC State Implementing Strategy Statement, specific objectives and strategies have been developed that have been identified in the State as critical areas of development for the Region.

Traditional smoke stack manufacturing plants are becoming a thing of the past all over the country. New plants of this nature are not being built and older plants are closing their doors and going elsewhere because of the global marketplace. Because of this fact, economic development efforts have gradually shifted to attraction of information technology and advanced manufacturing plants. It was quickly realized that the infrastructure to support such businesses is not adequate in most places and where it is adequate, it is expensive compared with urban areas of the state. Because of this, the focus has been on improved broadband access at reasonable costs as this is what is needed to attract new companies, increase wages and revitalize the economy.

It is no secret that most new jobs are created by small businesses and entrepreneurial efforts. This has also been a focus at the regional level to again help spark the economy by putting more money back into the community.

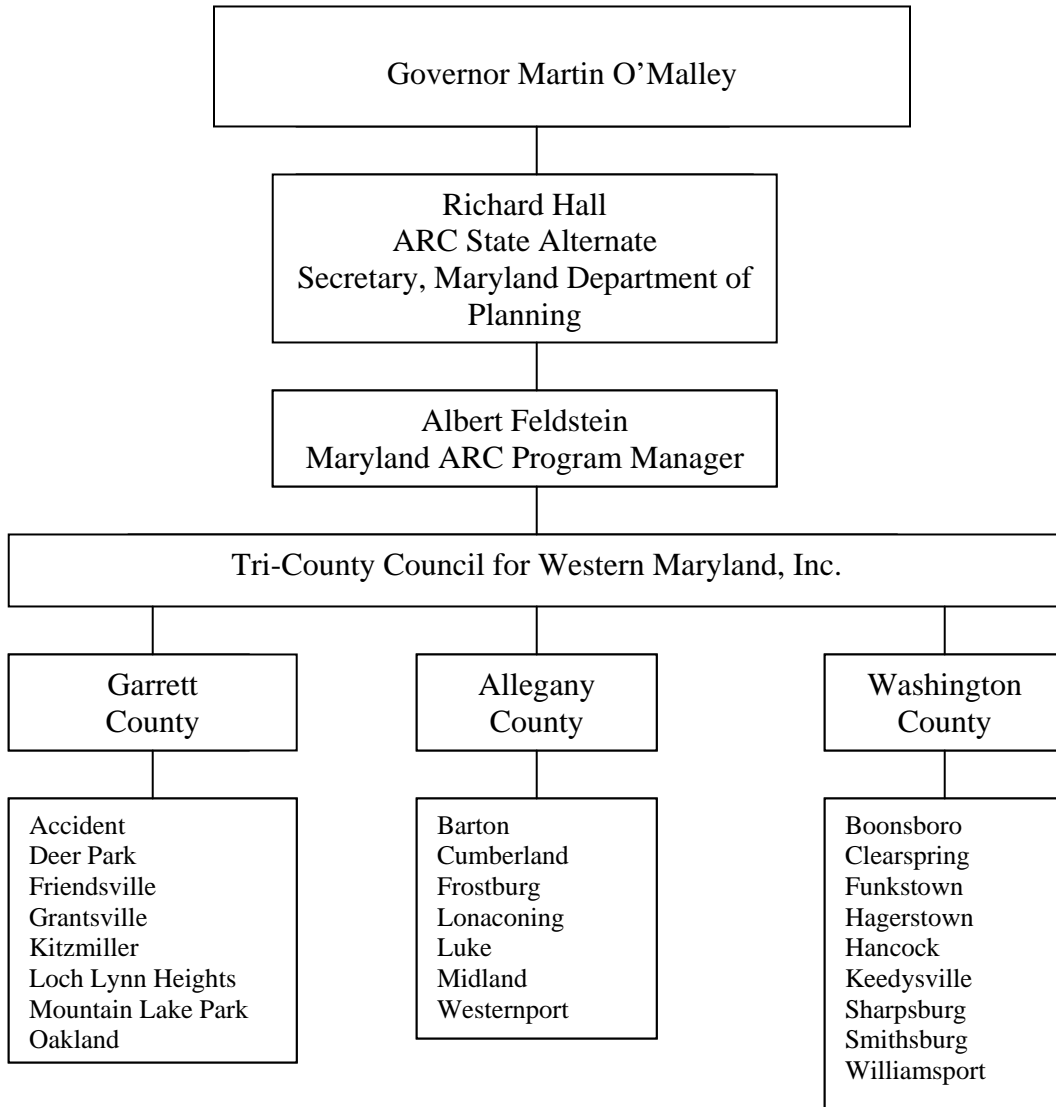
The number one priority without any exception is always infrastructure, be it telecommunications, water lines, sewer lines, gas, electric or roads you can not have success without it. There are two types of infrastructure projects that generally come along and one generally takes president over the other. The first is replacement of existing infrastructure. Old, failing and inadequate water and sewer lines combined with new regulations for storm water/sewer separation have to be taken care of prior to new lines being run for additional development. Maintaining existing systems is generally so costly building new systems is often times monetarily unachievable without federal and state assistance. In addition to this, western Maryland is uniquely challenged geographically as new large tracts of flat land suitable for development may be miles away from the last parcel of developed land. In order

to build a new park, adequate infrastructure must be run many miles to get from one tract to the next.

Since the completion of Interstate 68, steady although moderate increases in growth have occurred. This interstate, also known as Corridor E in the Appalachian Development Highway System connected the area with other interstates and made doing business in the area more cost effective. One major effort of Allegany and Garrett Counties is to develop a north/south interstate to connect to corridor H in West Virginia. This connection will keep areas in West Virginia going through the Cumberland marketplace when corridor H is finished and keep the economy from being eroded. Improved access to the north has been seen on both Route 220 and Route 219 with plans to continue development on Route 219. Studies on route locations for both roads are currently underway.

Smart Growth still continues to gain acceptance in western Maryland but has been part of the ARC plan since the legislation was passed. Regardless of the project or location, planning is an integral part of making a project sustainable into the future. While the program sometimes creates challenges in this area, particularly with those projects that need to happen quickly, the value of minimizing impact and unnecessary sprawl needs to be in the forefront.

III. ARC Maryland - Organizational Structure

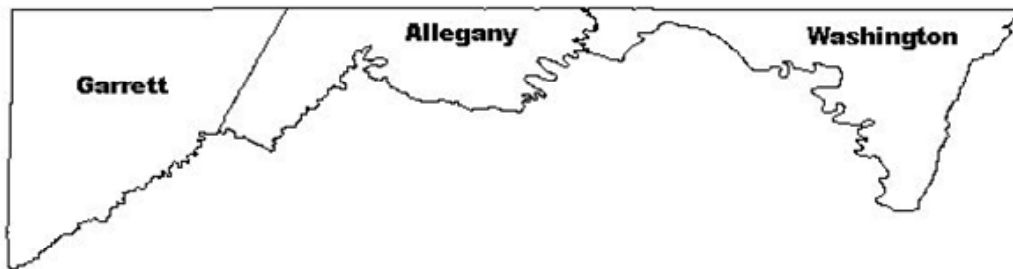


IV. ANNUAL ASSESSMENT OF APPALACHIA IN MARYLAND

A. Identification of Counties

Appalachian Maryland consists of the three western most counties of Allegany, Garrett and Washington. Historically these counties have thrived on a manufacturing base. It was this lack of diversity and geographic isolation that contributed to the economic decline over the years.

The Appalachian Regional Commission (ARC) has designated Allegany and Garrett Counties as Transitional for FY 2008. Washington County remains a Competitive County for FY 2008.



B. Demographic History

1. Population

The Appalachian Region of Maryland has historically had one of the slowest growth rates of the State. For many years this area saw a decline in population, while the rest of the state was growing rapidly. Over the past decade the decline has begun to stabilize while growth still remains at a minimum.

Population estimates by the U.S. Census Bureau show relatively stable populations with the exception of Washington County which continues to grow steadily. Population growths for the overall region are as follows:

POPULATION DEMOGRAPHICS

County Populations

	<u>7/1/2006</u>	<u>7/1/2005</u>	<u>7/1/2004</u>	<u>7/1/2003</u>	<u>7/1/2002</u>	<u>7/1/2001</u>	<u>7/1/2000</u>	<u>4/1/2000</u>
MARYLAND	5,615,727	5,589,599	5,553,249	5,506,684	5,441,349	5,379,795	5,311,695	5,296,506
WESTERN MARYLAND REGION	<u>246,438</u>	<u>244,671</u>	<u>242,960</u>	<u>240,480</u>	<u>238,606</u>	<u>237,187</u>	<u>236,784</u>	<u>236,699</u>
Allegany County	72,831	73,245	73,833	73,726	74,001	74,424	74,823	74,930
Garrett County	29,859	29,863	30,014	30,077	29,905	29,814	29,834	29,846
Washington County	143,748	141,563	139,113	136,677	134,700	132,949	132,127	131,923

Western Maryland Municipalities

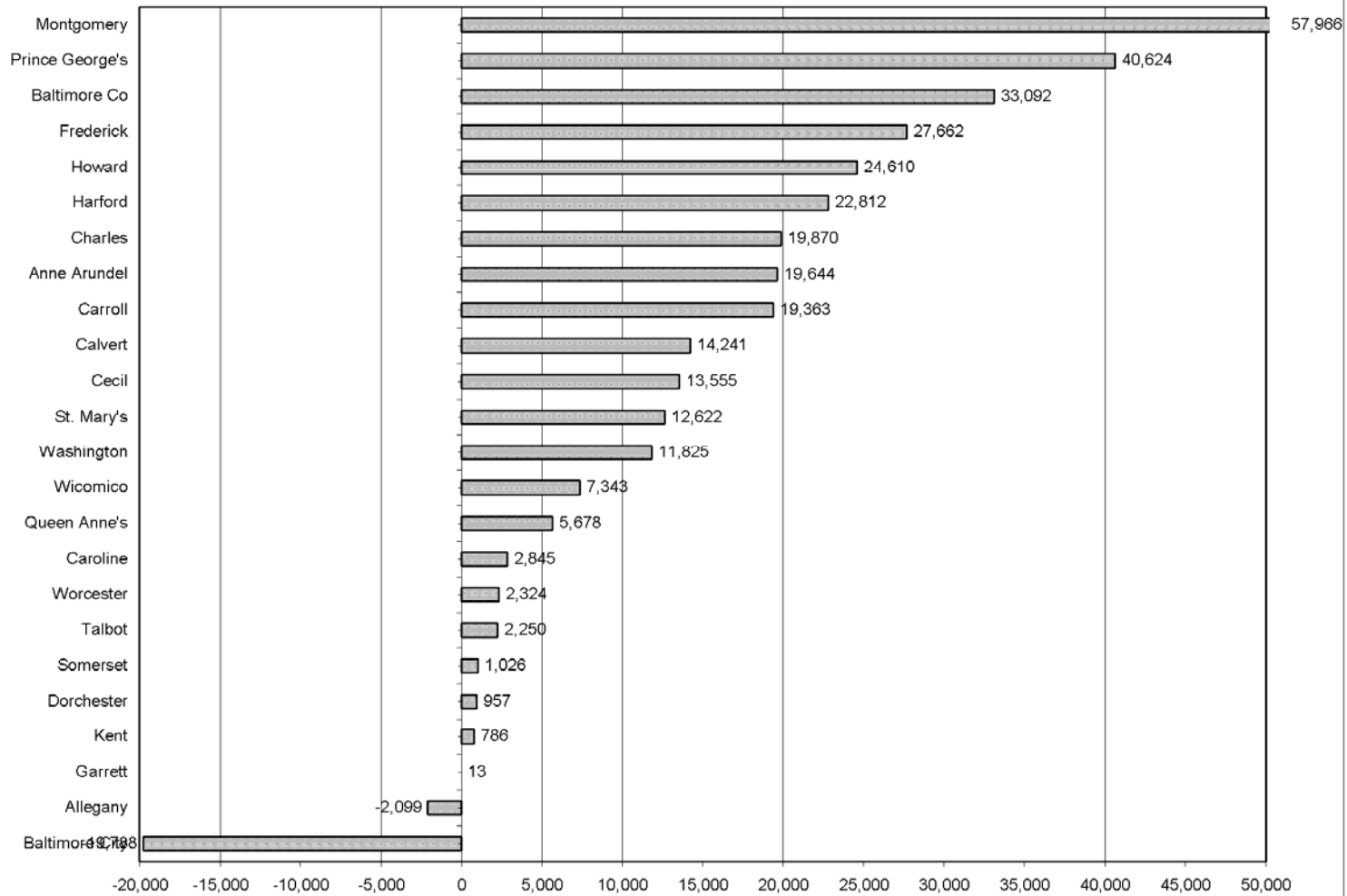
Place	July 1, 2005 Population	July 1, 2004 Population	July 1, 2003 Population	July 1, 2002 Population	July 1, 2001 Population	July 1, 2000 Population	April 1, 2000 Population Estimates Base*
Maryland	5,600,388	5,561,332	5,512,477	5,442,268	5,379,591	5,311,543	5,296,506
Accident town	340	344	348	348	350	352	353
Barton town	464	464	465	468	472	477	478
Boonsboro town	2,982	2,984	2,844	2,799	2,795	2,801	2,803
Clear Spring town	467	461	457	448	450	454	455
Cumberland city	20,915	21,104	20,976	21,101	21,304	21,473	21,520
Deer Park town	392	397	400	401	402	404	405
Friendsville town	518	525	530	531	534	538	539
Frostburg city	7,958	7,965	7,921	8,154	8,140	8,199	8,212
Funkstown town	960	963	963	969	975	981	983
Grantsville town	593	601	608	609	612	617	619
Hagerstown city	38,326	37,554	37,226	36,978	36,728	36,776	36,796
Hancock town	1,736	1,729	1,726	1,736	1,736	1,743	1,745
Keedysville town	812	673	576	552	528	491	482

Kitzmilller town	288	292	296	297	298	301	302
Loch Lynn Heights town	449	455	460	462	464	468	469
Lonaconing town	1,164	1,175	1,180	1,185	1,193	1,203	1,205
Luke town	76	77	78	78	79	80	80
Midland town	457	459	460	463	467	472	473
Mountain Lake Park town	2,164	2,192	2,213	2,217	2,226	2,243	2,248
Oakland town	1,896	1,919	1,936	1,940	1,948	1,963	1,967
Sharpsburg town	674	674	675	680	684	689	691
Smithsburg town	2,859	2,725	2,601	2,336	2,229	2,169	2,154
Westernport town	2,020	2,040	2,051	2,064	2,081	2,099	2,104
Williamsport town	2,135	2,019	1,920	1,841	1,851	1,864	1,868

Total Population Change for Minorities and Non-Minorities for Western Maryland's Jurisdictions, April 1, 2000 - July 1, 2005

State/Region/Jurisdiction	Total Population Change		Non Hispanic White Alone Change	Non-Hispanic White Change as Pct of Total Change		Total Minority Change	Minority Change as a Percent of Total Change
Maryland	303,902		12,582	4.1%		291,320	95.9%
Western Maryland Region	8,744		4,311	49.3%		4,433	50.7%
Allegany	-1,291		-1,698	131.5%		407	-31.5%
Garrett	63		79	125.4%		-16	-25.4%
Washington	9,972		5,930	59.5%		4,042	40.5%

Chart 1B. Population Change for Maryland's Jurisdictions, 2000-2006



Source: Population Division, U.S. Census
 Prepared by the Maryland Department of Planning, Planning Data Services, March 2007

2. Income

Income in Western Maryland is still well below the average for the State of Maryland. This is reflected in the high poverty rates seen in all three counties. The average per capita personal income for the State of Maryland is a healthy \$41,962, well above the national average of \$34,471. The numbers reflected by Western Maryland show that income levels are well below the state and national average. The per capita personal income for western Maryland is \$29,045 or 69% of the state average.

As outlined in the table below, the income in western Maryland has remained among the lowest in the state for many years.

<u>County</u>	<u>Per capita personal income (2005)</u>
United States	\$34,471
Maryland	\$41,972
Western Maryland	\$29,045
Allegany	\$25,728
Garrett	\$27,843
Washington	\$31,015

Source: BEA Data 2007

PER CAPITA PERSONAL INCOME (current dollars)

	<u>2000</u>	<u>RNK</u>	<u>2001</u>	<u>RNK</u>	<u>2002</u>	<u>RNK</u>	<u>2003</u>	<u>RNK</u>	<u>2004</u>	<u>RNK</u>	<u>2005</u>	<u>RNK</u>
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UNITED STATES	\$29,843		\$30,562		\$30,795		\$31,466		\$33,090		\$34,471	
MARYLAND	\$34,256		\$35,625		\$36,539		\$37,361		\$39,725		\$41,972	
Maryland (Metropolitan Portion)	\$34,608		\$35,999		\$36,917		\$37,727		\$40,090		\$42,381	
Maryland (Non-Metropolitan Portion)	\$27,856		\$28,797		\$29,650		\$30,699		\$33,115		\$34,623	
BALTIMORE REGION	\$33,280		\$34,884		\$35,929		\$36,691		\$39,042		\$41,339	
Anne Arundel County	\$36,464	4	\$38,438	4	\$39,313	4	\$40,440	4	\$43,230	4	\$45,648	4
Baltimore County	\$35,823	5	\$37,739	5	\$38,729	5	\$39,496	5	\$42,108	5	\$44,375	5
Carroll County	\$32,371	8	\$33,727	8	\$34,410	7	\$34,607	9	\$35,168	11	\$36,874	11
Harford County	\$31,316	9	\$32,737	9	\$33,692	9	\$34,887	8	\$36,664	9	\$38,595	9
Howard County	\$43,642	2	\$44,661	2	\$45,376	2	\$46,384	2	\$49,851	2	\$52,580	2
Baltimore City	\$24,792	18	\$25,922	18	\$27,196	17	\$27,578	17	\$29,391	17	\$31,607	17
WASHINGTON SUBURBAN REGION	\$38,977		\$40,193		\$41,004		\$41,942		\$44,591		\$47,096	
Frederick County	\$32,693	7	\$34,252	7	\$34,324	8	\$35,265	7	\$37,486	7	\$39,587	7
Montgomery County	\$49,592	1	\$50,904	1	\$51,812	1	\$52,973	1	\$56,678	1	\$59,953	1
Prince George's County	\$28,896	14	\$29,922	13	\$30,812	13	\$31,518	14	\$33,143	13	\$34,912	14
SOUTHERN MARYLAND REGION	\$30,364		\$31,091		\$32,055		\$32,950		\$34,465		\$35,990	
Calvert County	\$31,283	10	\$32,383	10	\$33,085	10	\$33,740	10	\$35,432	10	\$37,323	10
Charles County	\$30,754	11	\$31,641	11	\$32,596	12	\$33,399	11	\$34,830	12	\$36,537	12
St. Mary's County	\$29,019	13	\$29,158	14	\$30,359	14	\$31,592	13	\$33,065	15	\$34,004	15
WESTERN MARYLAND REGION	\$23,395		\$24,636		\$25,195		\$25,764		\$27,363		\$29,045	
Allegany County	\$20,808	23	\$21,816	23	\$22,459	23	\$23,108	23	\$24,151	23	\$25,728	23
Garrett County	\$22,124	21	\$22,692	21	\$23,222	21	\$24,394	21	\$26,034	21	\$27,843	21
Washington County	\$25,147	17	\$26,650	17	\$27,136	18	\$27,497	18	\$29,354	18	\$31,015	18

UPPER EASTERN SHORE REGION	\$30,201		\$31,121		\$31,835		\$32,815		\$35,100		\$36,932	
Caroline County	\$21,731	22	\$21,965	22	\$22,493	22	\$23,831	22	\$25,595	22	\$26,409	22
Cecil County	\$28,238	15	\$28,414	16	\$29,168	16	\$30,078	15	\$31,337	16	\$33,214	16
Kent County	\$30,261	12	\$31,595	12	\$32,620	11	\$33,181	12	\$36,735	8	\$39,389	8
Queen Anne's County	\$34,084	6	\$34,595	6	\$35,000	6	\$36,153	6	\$38,461	6	\$40,262	6
Talbot County	\$37,962	3	\$41,711	3	\$42,708	3	\$43,735	3	\$48,501	3	\$50,872	3
LOWER EASTERN SHORE REGION	\$24,181		\$25,160		\$25,761		\$26,409		\$28,749		\$30,262	
Dorchester County	\$23,526	20	\$24,361	20	\$24,732	20	\$25,873	20	\$27,949	20	\$29,221	20
Somerset County	\$18,399	24	\$19,280	24	\$19,409	24	\$20,468	24	\$21,991	24	\$23,125	24
Wicomico County	\$24,119	19	\$25,198	19	\$25,961	19	\$26,319	19	\$28,602	19	\$30,092	19
Worcester County	\$27,783	16	\$28,727	15	\$29,422	15	\$30,034	16	\$33,094	14	\$35,016	13
<u>BY BEA METROPOLITAN REGION:</u>												
Baltimore-Towson, MD (MSA)	\$33,293		\$34,880		\$35,914		\$36,682		\$39,032		\$41,320	
Cumberland, MD-WV (MSA)	\$20,615		\$21,579		\$22,263		\$22,834		\$23,943		\$25,352	
Hagerstown-Martinsburg, MD-WV (MSA)	\$24,392		\$25,741		\$26,437		\$26,740		\$28,127		\$29,468	
Phil-Camden-Wilm, PA-NJ-DE-MD (MSA)	\$34,058		\$34,985		\$35,983		\$37,056		\$38,869		\$40,727	
Salisbury, MD (MSA)	\$22,828		\$23,847		\$24,465		\$24,995		\$27,113		\$28,549	
Wash-Arling-Alex, DC-VA-MD-WV (MSA)	\$40,667		\$42,318		\$42,664		\$43,693		\$46,311		\$48,697	
Phil-Cam-Vineland, PA-NJ-DE-MD (CSA)	\$33,487		\$34,368		\$35,352		\$36,360		\$38,067		\$39,859	
Salisbury-Ocean Pines, MD (CSA)	\$24,310		\$25,315		\$25,958		\$26,511		\$28,901		\$30,460	
Wash-Balt-N.Virginia, DC-MD-VA-WV(CSA)	\$37,784		\$39,407		\$40,002		\$40,938		\$43,436		\$45,765	

Data extracts prepared by the Maryland Department of Planning, Planning Data Services, from U.S. BEA, April 2007.

3. Unemployment

Unemployment in the region continues to stay steady with slight decreases in lines with the national rate. As seen by the table below, Western Maryland rates while in line with the national average are higher than that of the Maryland average.

<u>Location</u>	<u>Unemployment 2006 (%)</u>
United States	4.6
Maryland	3.9
Allegany	5.7
Cumberland, MD MSA	5.5
Garrett	5.0
Washington	4.4
Hagerstown-Martinsburg MSA	4.4

Source: Maryland Department of Labor, Licensing and Regulation (unadjusted)

C. Economy

The economy of Western Maryland continues to grow steadily with new companies entering the area and housing costs on the rise. Some of the new companies that now call our region home are: Parker Plastics, Federal Express hub, FEMA, and Closet Maid and American Woodmark. In addition, there are many projects underway such as new wet lab facilities at the Technical Innovation Center, the completion of Adventure Sports and the new incubator building in the Allegany Business Center.

Plans are already underway to expand the interstate to six lanes in Virginia; Maryland is currently working to develop a study to reconstruct the 12 miles of interstate that runs through the state although no funding source has been procured.

Unemployment continues to stay as low as it has ever been in the region, but is still much higher than the state average. Although wages are much lower here than further down state, it is anticipated that as unemployment gets even lower that companies will have to pay more to compete for the same workforce. This trend is already occurring in Washington County. In the near future, the problem of underemployment may no longer be an issue as an emphasis on technology is now being brought to the forefront. All of Western Maryland is now focused on, and committed to, bringing information technology companies and the infrastructure needed to the area.

Population of the region is very steady and even on a slight increase based upon estimates from the U.S. Census Bureau. Most of the growth is occurring on the eastern end of the region but recent planning efforts show that growth further west is probable in the near future and planning for that growth will be critical. With infrastructure already stretched to its limits in some places and the high cost of building and maintaining infrastructure, private development will be the key to new development.

Western Maryland's approach to supporting growth in its economy is centered on assuring that the tools are in place for economic growth. This includes both the infrastructure and human resources necessary to modernize the region's economy. The region is concentrating on reuse and development of brown fields, and having infrastructure in place for new green field development. Of equal importance is insuring that the region has the human resources ready and in place that will meet the needs of a new modernized economy. The local colleges and universities continue to produce a strong workforce and offer new and expanding courses each year. In addition, the community colleges in particular offer a wide variety of specialty training for existing and new employers.

Housing developments continue to grow across the region with some of the biggest developments planned in decades on the eastern end of Allegany County and Marsh Mountain in Garrett County. Combined these new major residential developments have over 4,500 homes planned. Housing costs in the area have risen dramatically over the past several years and wages have not kept up. This may be one of the biggest challenges in future.

The region has seen years of prosperity in the 1960's and 1970's and been through downsizing and depression in the 1980's. Over the past fifteen years the economy has gone from stationary to growing. Statistically speaking, the economy of the area is better than it has been in a long time.

D. Education

Education continues to be a major priority for the region. The Council serves as Regional Education Service Agency and brings together the leaders of the area under the Education Committee of the Council. Superintendents from all three school districts as well as representatives from the five colleges are represented on this Committee in order to better coordinate the efforts of the area. This Committee reports to the full Council Board of Directors that ultimately provides a channel of communication between educators and economic development directors. The meetings also serve as a forum for ideas to be shared and regional priorities and projects to be identified such as Project "Lead the Way"

In 2006, Garrett County made a bold move to enhance educational opportunities for the local students. In 2005 Garrett County ranked 21st out of 24 counties in Maryland for per capita personal income. Realizing that local graduates wishing to go to college can not always afford the tuition, Garrett County has set aside funds that will give every high school graduate in the County the opportunity to attend the local community college tuition free for two years. Not only will this enhance the workforce of the County and surrounding area, but will also help ensure those in the county that wish to further their education will not be deprived of that opportunity. During the first year of this program 136 students took advantage of this program. Not only will this program ensure a higher educational attainment but it will also increase enrollment at Garrett College, which in turn increases funding. In addition the County is exploring additional opportunities to provide classes not

offered at Garrett College thought agreements with adjacent Colleges. While the details have not been worked out, this program is still expanding.

With the College located in McHenry, affordable student rentals, has been a persistent problem over the years. While many still commute, there will soon be an alternative to living in the adjacent areas. Plans are now underway to construct a student dorm that will consist of 120 rooms. While this is significant, it is not the only expansion taking place at the College. Plans are also underway to construct the Community Recreation and Athletic Center (CARC) which will tie directly into the Adventure Sports Program. The new facility will boast a swimming pool and gymnasium as well meeting or classrooms.

Garrett County has also gone hi-tech and taken advantage of one of the former manufacturing building to enhance the curriculum for middle and high school students. The former Phenix Technologies building is now in use to provide a robotics training center for student in the county.

In Allegany County, the first new High School in over 30 years will be opening its doors in August and will be known as Mountain Ridge HS, replacing both Beall and Westmar High Schools near Frostburg. The project will also require the building of a new stadium once the demolition of the old school takes place. The County also has several new programs to provide additional opportunities to students. The Medical Careers Academy is expected to begin this August providing high school students wishing to enter the medical field an opportunity in to begin these studies prior to college. In addition, the Center for Career and Technical Education is now offering an apprenticeship program for high school seniors in the construction trade. This on-the-job training will allow seniors to graduate with experience already under their belt.

Allegany College continues to offer a variety of higher education courses as well as customized workforce training programs tailored the needs of local companies. While this is not new, it is a key element in attracting companies to the area. In addition the college has continued to expand on its health care course including home health aide programs. Tied directly to the Allegany College programs, Frostburg State University will begin offering the option for nursing students to continue on and receive a four year degree in that field. Most recently, Frostburg State University's Allegany Business Center now how it's first building under construction that will serve as a multi-tenant facility with a telecommunications firm utilizing the majority of the space.

Washington County has several new capital projects related to education. In recent years the increasing population base has outgrown the existing school capacity meaning addition schools are needed. Three new elementary schools near Hagerstown will be built and are scheduled to be open by 2009. In addition a fourth elementary school, Cascade Elementary near Smithsburg, will be undergoing improvements to handle the impacts of the redeveloping Fort Ritchie. In addition to the new schools, the k-12 system has also expanded its curriculum and now will be offering courses related to biotechnology.

In higher education Hagerstown Community College now offers expanded medical opportunities with additional nursing programs and a new wet lab that will be instrumental in providing a local workforce to new bio technology firms interested in the area. Five other Maryland Universities including Towson, Salisbury State, and Frostburg State have also shown and interest in Washington County and now offer courses in Hagerstown.

Additional higher education programs now available in Washington County include the truck driving school in conjunction with Volvo and the soon to be constructed Barbara Ingram School for the Arts.

The higher education institutions also continue to focus on the importance of education and technology and have worked with the state and local governments to achieve state of the art technologies for many of their curriculums. With much of this technology in place, the colleges are now working to share this infrastructure with public schools and create greater opportunities for advanced learning, including the formation of magnet schools in the near future.

The Education Committee of TCC, is currently working to find new and varied funding opportunities to help area educational institutions meet some of the goals they have set for themselves. While some of these funding sources may be offered by federal and state government, the Education Committee also continues to explore the possibility of philanthropic sources.

E. Infrastructure

1. Transportation

Commerce in Western Maryland is largely driven by transportation via the Highway System. It is very evident that the majority of the growth in our region is attributed directly to interstate commerce. For instance, the largest growth area for industrial and commercial centers in the region is located within a few miles of the intersection of Interstate 81 and Interstate 70. West of Washington County, Interstate 68 is the driving force for development. For this reason, upgrades to Routes 219 and 220 are both in the planning stages.

While Virginia and West Virginia are currently working on a plan to upgrade Interstate 81 to six lanes, Maryland has still not endorsed the idea largely due to the cost involved. Maryland State Highway Administration is currently conducting a study of the 12 mile project area, with tentative plans to improve this section of interstate in the future. While no clear solution has become evident, it is clear that Interstate 70 from Frederick to Hagerstown is also become overly crowded particularly during the rush hours. This will also need to be studied in the near future to plan for possible expansion.

While Interstates are very important, the focus now has become a major North/South Corridor to serve Allegany and Garrett Counties. Route 219 continues to be one of

the primary focal points in this development. Pennsylvania has made major improvements north of the Maryland line by completing the Meyersdale bypass. They continue to proceed with environmental assessments and design needed for completing the Pennsylvania portion of the project. Maryland has also begun preliminary engineering for the 2 mile stretch between the Mason Dixon Line and Interstate 68. While construction will most assuredly happen one day, the stumbling block before Congress, at this point, is appropriating the funds to purchase the extensive right of way needed from Meyersdale to Maryland. Currently there are several alternatives for this new route which are being assessed. Five alternatives have been presented will no decision made at this time.

Further south on Route 219, a much needed bypass is underway around the town of Oakland. Governor Ehrlich committed \$31 million towards this project that will reduce traffic congestion in the town of Oakland, and enhance the access to two of the county's major business and industrial parks. Plans for this new bypass continue to be finalized.

Also very important to Allegany County is the development of a major North/ South Corridor. Maryland Route 220 is currently a 2 lane road that parallels the Potomac River from Cumberland, MD to Keyser, WV. Along the way, the road passes though the towns of Creasaptown and Bel Air where the road becomes very congested. One of the areas largest employers, New Page, located just west of Maryland Route 220 receives approximately 350 trucks per day to the site at the mill. Approximately 60 percent of this truck traffic utilizes Route 220 as access to the mill. When calculated on a round trip basis, this means that approximately 420 trucks travel this route each day just going to New Page. Allegany County's newest advanced manufacturing park is also located along this route and has its first tenant who may eventually reach 500 employees. This will create further congestion in years to come. In addition, this area continues to be look at as for new residential development which would add to the already congested areas.

Route 220 also has a bottleneck to the south where the road connects to West Virginia. The Keyser-McCoole Bridge, which receives all truck traffic to the southerly direction, is in need of replacement or upgrading to handle the large volumes of traffic currently utilizing this infrastructure. In a recent study the traffic volume was nearly 19,300 vehicles per day. With the cooperation between Allegany and Mineral Counties the project is now moving forward through SHA and is currently under design. The bridge should be under construction during 2009.

A study is now being undertaken to determine the best route for Western Maryland to connect to Corridor H. Without this development of a connector system between I-68 and Corridor H, the only Interstate quality access points to the Eastern portion of West Virginia will be through Clarksburg, WV or Front Royal, VA. The traditional Cumberland service marketing area, which extends to Moorefield and Petersburg, WV, will drastically shrink. Even though these markets are further in distance, travel times will be similar to the Cumberland market area because of the improved road

access. In May of 2007 the West Virginia Division of Highways and the Maryland State Highway Administration began hosting informational public workshops to discuss the 220 Corridor Planning Study. The workgroups identified five potential routes for further study.

There are several projects underway to improve air traffic facilities in the area. Garrett County has finished the lengthening of its runway to 5,000 feet to support small jet aircrafts. The airport will also be building a new terminal building in the near future. Washington County is finishing its airport expansion to 7,000 feet to accommodate larger aircrafts which should be completed this year. This expansion enables the areas service companies to accept larger aircrafts and opens up new and expanded possibilities for economic development in the aviation industry. Despite the investments, commuter flights from Cumberland and Oakland to BWI are still not a reality. This is considered a major challenge for economic development and will continue to be an issue.

The Western Maryland region has a well-developed rail network. Since the purchase of Conrail by CSX there has been increased rail traffic in the region as well as increased job opportunities. Currently, there is a need to develop two specific rail projects in Western Maryland. The extension of the commuter rail system, between Hancock and Washington, DC, would open the Hagerstown-Martinsburg area to a wider labor force. Studies continue to look at commuter patterns for the expansion of the MARC rail system to this area. The second major rail need is for rail spur access in Garrett County. A main rail line is located near Southern Garrett Industrial Park, and the new expansion of the park is being graded for the addition of a rail spur. Therefore, this industrial park provides the potential for location of businesses that utilize the rail transportation.

Other transportation projects in the region include a new access road to the top of Marsh Mountain in Garrett County that will relieve congestion on Marsh Hill Road and allow additional access to the new housing development consisting of 2,500 lots.

2. Water and Sewer

Municipal water systems are in place throughout region and contribute the majority of the supply to the population. While many of these water systems have been in place for decades, some small municipalities are receiving their first distribution lines ever. Although largely there is more than enough water supply to go around, construction of the water lines themselves is very expensive. Major water plants for the City of Cumberland and the City of Hagerstown currently have no problem meeting the demand placed on the systems.

Unfunded Federal mandates to end pollution from storm overflows and leaky sewer lines could lead to major economic impacts to the affected communities. The cost of separating the sewer lines from the storm water lines effectively means that in many cases entire systems will need to be duplicated in order to complete this task. To small towns alone this could mean in excess of one million dollars per year over the

next twenty years. For larger municipalities the cost could be over \$100 million or more. The city of Frostburg will be undergoing a project in 2008 to begin the process of eliminating the combined storm water and sanitary sewer.

Recently, the Maryland General Assembly passed legislation to address sewer plant upgrades. Every Marylander will pay a fee on their sewer bill that will go towards nutrient removal upgrades on treatment facilities. While it will take many years to complete, the major plants will be the first to be upgraded and smaller plants will follow as money permits.

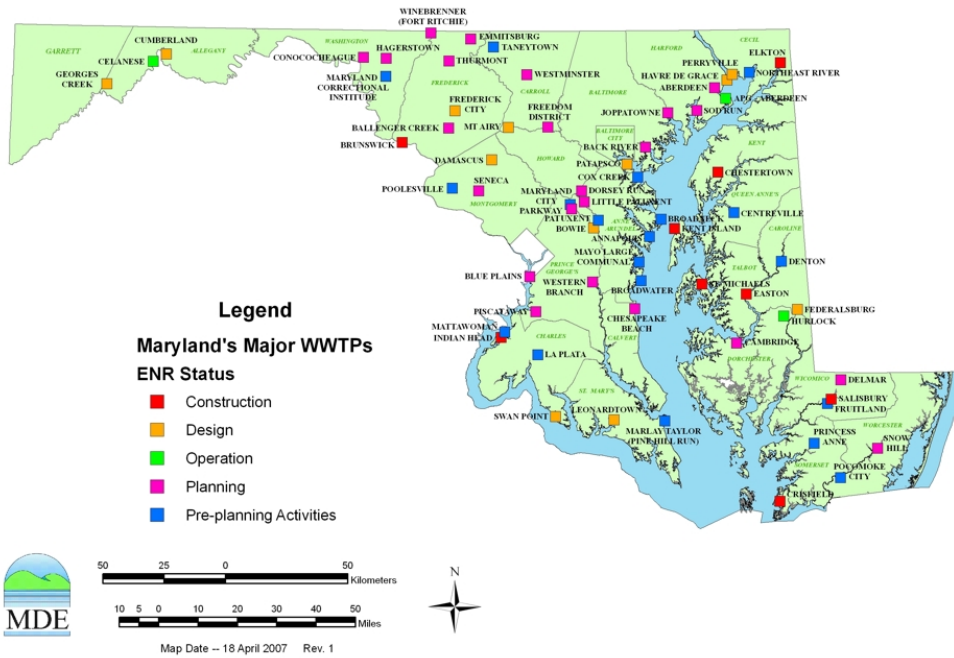
Washington County currently has no water issues, although it is becoming clear as more and more communities draw water from the Potomac River in the urban areas, there may come a time when this issue will need to be addressed.

Several municipalities are in the process of upgrading their treating facilities to handle a larger volume of waste. Consent orders from MDE prohibited further development until such upgrades were completed. In Washington County a plan was recently completed that shows how the County will utilize sewer capacity over the next twenty years. Please see the chart below for the most recent projects.

Garrett County has completed the construction of new waste treatment plant near McHenry that is now the largest in the County. This new plant will replace the existing one and serve the entire Deep Creek Lake area. Other projects underway in Garrett County include upgrades of the Accident and Friendsville sewer system, and new construction to serve the Keyser's Ridge Business Park, McHenry Business Park and the Exhibit Hall to be located at the Garrett County Fairgrounds.

In Allegany County there are plans underway to expand the existing treatment plant on Route 220 South to accommodate a growing business park and future residential growth in the area.

Maryland's Major Wastewater Treatment Plants Current ENR Status



3. Telecommunications

The Western Maryland Focus is on securing telecommunications and broad band services at competitive costs with the urban areas. We believe that this is the key to retaining and attracting companies that provide higher than average wage rates for the area. In addition to attracting companies, upgraded infrastructure also means people working in the urban area now have the option to telecommute from Western Maryland. This practice is becoming more common every year.

The Allconet II project has received national recognition for being the first of its kind wireless system. The proprietary technology used in this system is one that can be replicated in most rural areas. The major accomplishment of the system is not just offering broadband in areas where it did not exist before, but partnering with Connex to provide a Point of Presence in Cumberland, MD which eliminates back hauling fees to Hagerstown. The full impact of this system has not yet been felt, but businesses in the area have seen it as robust system that was unavailable in the past. While this system largely targets businesses, there will come a day when it may play a large role in solving the last mile issues for residential customers as well.

Most of the larger cities in the region now have either DSL, cable or both. Many areas including downtown Cumberland also have Wi-Fi available. Cumberland plans to expand this project across the entire city over the next year.

There are still many rural areas in the region without affordable competitive broadband services that still are in need of being addresses. Many areas still have no option but dial up speeds on antiquated lines but that is improving all the time. In some of these areas, Wi-Fi has been explored as a possible solution but that remains to be seen.

Recently Washington County began a study to identify the available telecommunications infrastructure in the Hagerstown growth area. While there are many fiber lines available, the exact location remains somewhat of a mystery as private companies are often unwilling to share that information.

Most recently the five regional councils of Maryland have formed the Maryland Broadband Cooperative. This initiative serves to build out infrastructure where it is needed. In addition the Cooperative also works with private companies to exchange usage on their infrastructure for usage on the Cooperatives infrastructure this doubling or tripling the amount of line that is available. Western Maryland is scheduled to be constructed in 2008-2009 as part of the third cycle of funding. The Cooperative is looking to have new or shared fiber along Interstate 68 across the region, as well as a loop through Garrett County down 219 south and back to Grantsville possibly along 495.

Ultimately, Western Maryland's businesses and citizens will be best served by development of public policy that helps encourage private sector companies to invest in broadband deployment. This may come in the form of legislation, private-public partnerships, or subsidies to help build the needed infrastructure. This situation is not unique to Western Maryland, but in fact is common to most rural areas in the State.

F. Health Care

Appalachian Maryland has a developed medical care system. However, access to that care, especially affordable care for the uninsured, is still limited in many areas. The medical care system includes county health departments, hospitals, community health centers, mental health facilities, emergency care networks, a full variety of elderly care programs, and a National Cancer Research Center. The health care and related service industry continues to be the largest employers in the region despite having fewer doctors per population than the national average.

Over the past several years, the cost of health insurance has been one of the major issues facing Western Maryland. Although this problem is not unique to Western Maryland, it tends to impact the rural areas in an amplified manner due to the existence of many small businesses, lower average wages and higher unemployment levels. Since small and medium sized companies make up a large portion of the rural employment base, many of these companies are unable to continue providing health care to their employees. The Maryland Health Care Commission continues to study the problem and hopes to come up with new and innovative ways to cut costs associated with this benefit. Statistics from the Maryland

Department of Health and Mental Hygiene, Office of Primary Care and Rural Health show that the population of uninsured in all three western Maryland Counties is higher than that of the state average. The most recent available numbers for Western Maryland are from 1998.

<u>AREA</u>	<u>% UNINSURED</u>
United States	15.9%
Maryland	14.2%
Washington	18 %
Allegany	22 %
Garrett	25 %

Hospital trauma programs are also facing large financial problems in Western Maryland, due to increasing costs and state requirements. The Western Maryland Health System in Cumberland offers a Trauma Center at the Sacred Heart campus, as does Washington County Hospital in Hagerstown.

The Federal Government designates many areas in Western Maryland as Medically Underserved, where there is a lack of medical professionals to serve the low-income uninsured and underinsured. For this reason there has been an expansion of Federally Qualified Health Centers in the region. Federally Qualified Health Centers are now located in all three western Maryland Counties with two in Washington County, one in Allegany County, and one in Garrett County. Garrett County's facility will be building a new facility this upcoming year and be located adjacent the Garrett County Health Department.

Currently Garrett County has completed a major building expansion which now provides a new Emergency Department and Same-Day surgery suite, including a new hospital laboratory, radiology department and other crucial outpatient services.

After a study to upgrade facilities in Washington County, the Health System there is planning its largest facility in over 100 years. The new facility will be located near the Health System's Robinwood Medical Campus, and will create a good connection with that largely out-patient, 400,000 square foot facility. The new hospital is expected to begin construction as early as the fall of 2007.

Allegany County has now made plans to build a new hospital that would combine the Sacred Heart and Memorial Hospital campuses. The new facility is under construction in and is located on Willowbrook Road near Allegany Community College. This facility will also house a new Allegany County Health Department. The new hospital is expected to be open in early 2009.

Other health care facilities include: mental health facilities located in Allegany County, the Thomas B. Finan Center and the Joseph D. Brandenburg Center, Washington County's mental health facility and Western Maryland Hospital for long-term care, as well as the National Cancer Research Center. In addition to the region's medical facilities, the area has access to the major medical facilities in Baltimore, Morgantown, Pittsburgh and Washington. The region is also served by the Maryland State Police Medivac helicopter service.

In addition to the upgrading of facilities, the local colleges have recognized the shortage of health care professionals and offer new and expanded curriculum in this field, including four year programs to be offered at the University of Maryland Center in downtown Hagerstown, expanded curriculum at Hagerstown Community College and a four year bachelors degree in nursing at Frostburg State University.

G. Local Capacity Building

Western Maryland has developed a wide variety of unique partnerships to help build local capacity. Regional initiatives, as well as public and private partnerships, are just a few ways that resources can be extended beyond their initial capacity. The three county economic development departments work closely with private foundations that provide valuable input from a perspective that could not be obtained otherwise. In some cases the foundations provide marketing events, industrial land, and equipment purchases. These groups generally work very closely with the Chambers of Commerce in each respective county.

Tri-County Council is also involved in several initiatives to support this effort. The Council works with the three Appalachian Counties under the informal heading of the Western Maryland Partnership. This enables each county to combine resources and receive enhanced exposure at numerous events that would otherwise be limited due to excessive costs. In the past the Partnership has done informal meetings with DBED officials to relay needs in the area, meet new staff and build upon the relationships already created.

Over the past year the region has partnered on a GIS initiative that will provide orthophotography, topography, planimetrics and addressing for the entire area. The project is well behind schedule but is expected to be completed sometime in July 2007. This new data will allow sharing of information across county lines for both planning initiatives and 911 resources.

Recently the region contracted with Towson State University to complete a Labors Skills Study to identify the workforce of the region. Independently this would have cost considerably more than the combined effort of the Partnership.

The Council provides a Revolving Loan Fund that provides gap financing to qualified businesses. Without this special fund, many small and mid-sized businesses would experience tremendous difficulty raising capital to open or expand their operation. Lenders Loan Forums are being held in each county annually to make private business leaders and commercial bankers aware of the program. The Loan Fund programs have grown almost annually due to an upswing in the economy. Not having money in the bank means the loan fund is getting money on the streets and businesses are thriving.

Washington County is a member of QUADCO, an industrial development organization established for the purpose of cooperation and marketing of the four county I-81 corridor

regions. Members consist of Franklin County, PA, Washington County, MD, Berkley County, WV, and Frederick County, VA.

Additionally, there are many groups, committees, and organizations throughout the region supporting tourism-related activities and events. The local tourism offices work to coordinate, and when possible, support these numerous special purpose groups to enhance the local travel and tourism industry. During the past year, with ARC support, activities have been taken on a regional level to coordinate joint marketing, advertising, and promotion of the region's hospitality industry. One major project is the Allegheny Highlands Trail; projected to bring over one hundred thousand people into the area upon completion. The Allegheny Highlands Trail will be one of the premier trails on the East Coast totaling almost 350 miles and will include the C & O Canal historic towpath. This project is completed and been open for only months but has already made a big impact.

Over the past year, the region also began a new region wide tourism initiative that will provide real time kiosks in several locations in the three counties. These digital screens will provide access to the various attractions in the region, and in some cases print driving directions and allow for purchase of event tickets on line. This program proved so successful the first year, it is currently being expanded and will most likely double in size.

Housing developments will also contribute to the tax base of the region. With proposed developments ranging from hundreds to thousands of new units across this region it is hoped a much needed housing gap will be filled in the near future. With housing costs on the rise, workforce housing is becoming an area of major concern. Garrett County has done a tremendous job at addressing this issue. The Community Action Agency has served as an example to the other Counties as how to address this issue.

In addition, the Local Development District has held a number of meetings with representatives from ARC as well as private companies giving presentations on the advantages of New Market Tax Credits. Currently a feasibility study is underway to determine the interest of private developers.

Most recently, Tri-County Council has formed the Allegheny/Garrett Community Foundation. These two counties were identified as the only two in the state without such a Foundation. Over the past year, the 501 c3 was formed and a board was comprised of the founding donors. Several funds are now in place and the first grants were awarded this year. In the spirit of making this project truly regional, the Washington County Community Foundation agreed to administer the funds until such a time as the Council can have the infrastructure in place to manage the funds.

H. Travel and Tourism

Many of the assets in Appalachian Maryland revolve around its natural beauty and scenic landscapes. With the numerous State Parks and recreational opportunities, the tourism industry helps sustain the economy.

With the National Road being named an “All American Road” and a scenic byway, there has been a great deal of publicity generated from this designation. Many of the sites along this road were featured in National Geographic with the Appalachian map of tourism destinations. With this designation and the completion of the Scenic Byways Corridor Assessment Plan, sites along the National Road that are consistent with the plan will be eligible for money from the Federal Scenic Byways Program.

The region boasts many tourism attractions and has continued to rely on them as a key piece in the economic development puzzle. Outdoor enthusiasts can enjoy numerous state parks and forests in the region from Deep Creek Lake to Washington Monument State Park. These parks include lakes, golf course and historic attractions throughout the region. State forests also offer bike trails, backpacking, camping, fishing, hunting and hiking trails. Some of the forests are over 50,000 acres and offer a chance to get away from the hustle and bustle of the city.

The region also has many new ventures that upon completion will compliment the other attractions and draw thousands of visitors from afar. Recently Cumberland has started the first phase of the rewatering the C & O Canal. The construction of a railroad bridge over the canal continues to slow the project that should be completed over the next several years. In addition, the Allegheny Highlands trail, completed in 2007, is the final link between the Great Allegheny Passage and the C& O Canal and offers a continuous hiking and biking trail 300 miles long from Pittsburgh to Washington DC. A study is now underway to repair a small section of the C & O canal in Washington County that is currently in disrepair.

Garrett County has also implemented a trail system that upon completion will traverse most of the county and link with many existing hiking trails. The trail system will be accessible from many of the municipalities and also serve as recreation areas for the local public.

The Garrett County regional has become a destination for fly fishermen from across the country to experience one of the few places on the east coast where fisherman can achieve the grand slam of trout fishing. In a single day anglers and catch brown, rainbow, brook and cutthroat trout. Work continues to improve these fisheries and new businesses such as bed and breakfast are growing to meet the demand.

Also tied to outdoor recreation, a grant was recently obtained to upgrade public access areas to the Savage River Reservoir. Additional public access areas are planned for Deep Creek Lake.

Near Marsh Mountain adjacent to Deep Creek Lake, the region has undertaken a multi year, private/public partnership to develop the Adventure Sports Complex. This complex opened this spring and offers a recirculating whitewater course, amphitheater, rock climbing facility and an Adventure Sports Hall of Fame. While the project is still under construction, much of the facility is open to the public. In conjunction with the Adventure Sports Center, Garrett County is also construction the Community Athletic and Recreation Center adjacent to the College that will feature a swimming pool and gymnasium.

Currently Garrett County is undergoing a tourism study to identify what future needs will have to be met to accommodate those just traveling through and individuals there for an extended stay.

In addition, the region has combined technology with the tourism industry and developed a regional kiosk system that will allow visitors to view tourism venues in the region and even purchase tickets to various attractions at their fingertips. The first phase of this project was so successful that a second phase is underway. Phase II is expected to be completed by the fall of 2007 and will more than double the number of kiosks available and have a more robust operating system making the machines virtually maintenance free.

Washington County also offers many tourist attractions, most notable the Prime Outlets located directly off of Interstate 70. Most recently the Yogi Bear Water Park was completed south of Hagerstown and offers a new adventure for the summertime.

I. Workforce

Because of the extensive history in manufacturing and the presence of several colleges and universities in the region, the workforce remains strong. Companies entering the area that pay a living wage, generally are impressed with the quality workforce and the sizable number of applicants they receive.

The workforce of the Western Maryland area is largely characterized as being of a dedicated, hard-working, traditional manufacturing quality. Employees and their families have worked life-long at plants, mills, and large corporations and are used to shift work. They do not, as a rule, relocate for a minimal increase in salary.

Unfortunately, the skills and requirements of the workforce are changing. The workforce needs to become more technologically competent. To a certain degree, the Western Maryland workforce lags behind in the skills needed for the new workforce, largely due to geographic isolation, and the lack of educational capabilities and opportunities. Contributing to this isolation is the “digital divide” or lack of telecommunications infrastructure. This isolation is beginning to change as Universities and Colleges take note. New courses related to Biotechnology and Robotics emerges every year and the infrastructure needed to support those industries is slowly improving.

Region-wide there is a shortage of qualified machinists. Several programs are in place throughout the region to help add new machinists to the workforce. In Garrett County, Southern and Northern High School offers a machinists training program. Across the border in Rocket Center, West Virginia the Robert C. Byrd Institute in conjunction with the Allegany County Career and Technical Institute is also offering training for machinists. These programs have been highly successful and graduates often have local jobs waiting as they complete the program.

In addition to the focused areas of education, Garrett County has focused on taking high school graduates and making them skilled labor. For the first time in Western Maryland, Garrett County High School graduates will receive two years tuition free at Garrett Community College. The County anticipates expanding upon this program in the upcoming years. In addition High School and Middle School students also have the opportunity to participate in the robotics program now offered at that level.

Independent Labor Skill Studies are often a key to characterizing a workforce to new businesses looking to locate in the area. Because of the ever changing demographics of the region, studies such as this have a very short shelf life. Most recently the three Counties contracted with Towson State University, and EDA University Center to complete a new study not done since 2002. The study is to be completed July 1, 2007 and will show updated information and more importantly trends based upon the 2002 study. In addition Washington County completed a migration study to identify which segment of the workforce is out-commuting. This study will also provide the economic development department with valuable information as to which businesses will be prone to growth in the future. It is hoped that funding will allow these studies to be updated on a regular basis.

V. TRI-COUNTY COUNCIL WORK PLAN ELEMENTS FOR 2007

The purpose of the Tri-County Council shall be to complement and support local government within the tri-county region. The Tri-County Council will support local governments in the areas of economic development, tourism promotion and intergovernmental cooperation.

The two primary goals of the work program are to:

- 1) Advance the economic welfare in Western Maryland and carry out a comprehensive economic development planning effort for the region.
- 2) Provide a forum to resolve issues that transcend traditional political boundaries and foster intergovernmental cooperation.

In support of these primary goals, the specific objectives of the work program are:

- 1) To assist local jurisdictions in the development of economic development strategies, public works project applications and related technical assistance, specifically designed to increase job opportunities and ultimately increase the median family income for the region.
- 2) To coordinate economic development planning activities and programs within the three county region with various State and Federal agencies.
- 3) To provide project management capabilities to local jurisdictions and special districts when required in order to facilitate the delivery of services and improve the quality of economic development activities in the area.
- 4) To work with businesses and industries interested in locating or expanding within the three county region, and coordinate these activities with other agencies, such as County and City economic development departments.
- 5) To provide services to local jurisdictions when to do so will improve the quality of those services and reduce the expenditures of tax dollars.
- 6) To encourage participation from the private sector in the field of economic development.
- 7) Promote intergovernmental cooperation within the region and work with the various local governments and agencies toward achieving greater effectiveness and efficiency and solving area-wide problems.
- 8) Develop and maintain short and long term goals for the regional educational institutions.

- 9) Write grants and perform workshops to achieve the goals set by the Regional Education Committee.

WORK PLAN GOALS

The Tri-County Council for Western Maryland Work Program supports the following Maryland ARC Goals.

Goal 1 – Increase Job Opportunities and per Capita Income in Appalachia to Reach Parity with the Nation.

Goal 2 – Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy.

Goal 3 – Develop and Improve Appalachia’s Infrastructure to Make the Region Economically Competitive.

Goal 4 – Build the Appalachian Development Highway System to Reduce Appalachia’s Isolation.

The Goals, Objectives, and Strategies are cited for each project in the Annual Investment Package. The Local Development District work activities described herein represent strategies for achieving the goals and objectives within each work plan component of Planning, Community and Economic Development Activities, Technical Assistance, Performance Measurement, and Agency Administration.

Federal and State Agency Relationships and Affiliations

Administrative & Planning Funding

Appalachian Regional Commission
Economic Development Administration
Maryland Department of Business & Economic Development

Program Affiliation and Program Funding Agencies

Revolving Loan Fund	Appalachian Regional Commission, Economic Development Administration, USDA Rural Development, MD DBED
Business Assistance	United States Department of Agriculture Rural Development, Appalachian Regional Commission, Economic Development Administration, Local Government
Grants	Appalachian Regional Commission, Economic Development Administration, Maryland Department of Housing & Community Development, Maryland Department of Business & Economic Development, Maryland Agriculture Education & Rural Development Assistance Fund, and USDA Rural Development Maryland Department of Planning – ARC/CTA
Data Center	Maryland Department of Planning, U.S. Bureau of Census, Frostburg State University, West Virginia State Data Center and Pennsylvania State Data Center
Education	Allegheny, Garrett, & Washington County Boards of Education, Allegheny College of MD, Garrett College, Hagerstown Community College, Frostburg State University, and University of Maryland System.

The Tri-County Council is a member of the Western Maryland Business Resource Network and coordinates its business assistance program with other State of Maryland economic development service providers.

I. PLANNING ACTIVITIES

The Tri-County Council for Western Maryland shall engage in planning activities in response to the needs of our member governments and their constituents during the program year. These activities provide the foundation of our Strategic Plans.

1. Appalachian Maryland State Implementing Strategy Statement – ARC

TCCWMD represents the only local development district in Maryland and therefore supports the entire Appalachian Maryland region. As a result, the TCCWMD staff work closely with the State Program Manager and the State Alternate in developing the annual strategy statement. The implementing strategy consists of the following elements:

- Annual Assessment of:
 - Demographics
 - Economy
 - Education
 - Infrastructure
 - Health Care
 - Local Capacity Building
 - Travel and Tourism
 - Workforce
- Needs and Assets
- Strategies, Goals and Objectives
- State Operating Policies

Output Measurable:

- Complete Strategic Statement – July 1, 2007
- Complete Appalachian Maryland Development Plan – June 1, 2007

2. Comprehensive Economic Development Strategy – ARC, DBED, EDA

As the designated EDD for Western Maryland, the Council is responsible for completing a Comprehensive Economic Development Strategy. This document is required in order for Western Maryland to be eligible for funding from EDA.

Outputs Measurable:

- Complete subcommittee meetings for the five workgroups – Sept 30, 2007
- Completed CEDS Document – Oct 31, 2007

3. Consortium of Regional Councils in Maryland – DBED, EDA

TCCWMD is working with the Rural Maryland Council and the four other Regional

Councils on the Eastern Shore and Southern Maryland. The communication between these Councils allows for a united view on several issues common to rural Maryland.

Outputs Measurable:

- Support a statewide plan of initiatives as developed by the boards of the five regional councils
- Maintain effective communications with the Consortium and the Western Maryland Delegation during the General Assembly session
- Maintain effective communications with the Congressional Delegation on issues relevant to the region
- Support the Rural Maryland 2020 Prosperity Initiative

4. Administrator Roundtable

The Council feels that bringing together the Administrators of the three Counties brings a regional approach to the table. Discussions held will help determine how to best use resources and the common issues among counties.

Outputs Measurable:

- Hold two meetings of the three County Administrators

II. COMMUNITY AND ECONOMIC DEVELOPMENT

1. Education – ARC

a. Western Maryland Science Expo

The WMSE is a year-long emphasis for students in the study of science through research and experimentation. The program begins with obtaining facilities in June and continuing through student/teacher attendance at the international event in May of the following year and a final report to sponsors.

Outputs Measurable:

- Develop, revise and execute the MOU with Education Partners for March 2007 event
- Revise/publish the Science Expo Manual
- Maintain current website information; corresponding with the Science Expo Manual
- Maintain Judges Database
- Maintain Mentors Database
- Coordinate event with the Science Review Committee
- Contract with a coordinator to support the SRC Committee.
- Submit the INTEL Final report; if international affiliation is maintained.
- Provide publicity for the Regional Science Expo and the Awards event.

b. Allegany-Garrett Community Foundation

Tri-County Council continues to work on the development of a community foundation for Allegany and Garrett Counties. Staff is working to obtain 501c3 tax exempt status for the foundation, which will provide an avenue for philanthropic giving and community development in Western Maryland.

Outputs Measurable:

- Obtain 501(c)(3) tax exempt status
- Hold monthly meetings with Board of Directors
- Effectively Market the Community Foundation
- Create website
- Administer the Foundation

c. Teaching American History

The Teaching American History Grant will enhance the education program in Western Maryland over the next 3 years.

Outputs Measurable:

- Provide regional coordination and administration

2. Infrastructure – ARC, EDA, & DBED

a. Project Development Assistance

TCCWMD staff assists applicants, when appropriate, in planning and developing projects culminating in the Investment Package process or other federal applications outside the ARC-EDA Investment process. The LDD staff plans to further update and refine their project submittal guidelines during this fiscal year, and increase technical assistance delivered at project point-of-contact levels. Each county point-of-contact is a member of the CEDS Committee and thus is frequently updated on changes in policy and funding status.

Outputs Measurable:

- Make available ARC Strategy Statement online
- Hold regular TCCWMD Strategy committee meetings to provide project updates and concerns for the upcoming year
- Assist Counties in all other infrastructure development projects as needed
- TCCWMD Annual ARC Investment Package Process, May – August

o Project Administration

When appropriate, TCCWMD staff assists local project applicants with regulatory compliance, construction management and project. TCCWMD will be continuing to provide administrative assistance for several projects as outlined in the ARC/EDA project package.

Outputs Measurable:

- Work with ARC for guidance on the format of a tracking system
- Application assistance and administration of projects as needed

c. Annual Project Package

TCCWMD staff begins preparing the Annual Project Package in February of each year. Meetings are generally held on a monthly basis with all three Counties and a process is implemented to ensure the most important projects of the region are given priority. After projects are ranked and reviewed by the Commissioners from each of the Counties, they are then passed on to the Council for review and inclusion into the ARC annual Project Package.

Outputs Measurable: Completed FY 2008 Project Package – July 1, 2007

3. Local Capacity Development – ARC, EDA, & DBED

a. Western Maryland Partnership

Provide support to the Western Maryland Partnership as requested. The partnership is an effort of the Economic Development Offices of Allegany, Garrett, and Washington Counties, Tri-County Council and Frostburg State University. Activities include marketing, trade show participation and initiatives that utilize regional resources to maximize impact.

Outputs Measurable:

- Provide staff support to the Partnership, coordinate and facilitate meetings and schedule events as requested
- Provide financial support to the Partnership, when appropriate
- Participate in regional events as necessary
- Maintain the Western Maryland Partnership website (www.wmdpartnership.org)

4. Business Development – ARC, EDA, USDA, and DBED

a. Revolving Loan Fund

The Tri-County Council continues to manage a successful revolving loan fund program targeted to business and industry located in Western Maryland. The RLF program will provide additional opportunities for businesses to utilize low interest public financing.

TCCWMD utilizes an independent loan review board which makes lending decisions and establishes terms and conditions. Staff acts to disseminate information on the program, assists in the preparation of applications to the loan committee, and recommends on the suitability of the project.

The Loan Fund Coordinator is also responsible for all reporting procedures as required by EDA, ARC, USDA, and the State of Maryland.

Outputs Measurable:

- Increase marketing of the fund
- Visit all existing clients, gather testimonials (and insure compliance with loan requirements)
- RLF marketing presentations through the Chambers of Commerce

- Visit each commercial bank in the region
- Build a database
- Initiate a monthly one page e-newsletter to banks, accountants, attorneys, and economic development offices
- Investigate re-capitalization opportunities
- Continually review/update management plans and compliance records
- Continually review and update management processes, procedures manual and applicant checklist/flowchart
- Provide portfolio management services for other local loan funds
- Increase program information available on line to help streamline the process

b. Tri-County Council Rural Enterprise Loan Fund/Western Maryland Micro-Loan Fund

The Rural Enterprise Loan Fund was initially designed to be a near-equity financing tool marketed towards developing and expanding high-tech companies in Western Maryland. To date four loans totaling \$540,000 have been made from this fund. This fund differs from Tri-County Council's other financing programs in that commercial lender participation is not necessary if there is at least 25% owner or other private investment into the project. Also, USDA requires the intermediary lending agency (TCC) to establish a loan loss reserve account of at least 5% of the outstanding loans. Therefore, loans made from this account are assessed a higher interest rate due to this and the much riskier nature of the projects financed through this fund. Also, although the projects must be in Allegany, Garrett, or Washington Counties, projects funded with the USDA portion of the funds can only be located in designated rural areas of the three counties. Due to the higher interest rate, the RELF funds have not been as attractive to potential applicants as TCC's regular Revolving Loan Funds. In addition, the high-tech companies that this fund targets typically locate in areas that are not designated as eligible for USDA funds. When Tri-County Council assumed these funds from the Mountain Maryland Entrepreneurial Development Center, TCC received permission to use these funds for community development projects if there are no projects that fit the initial criteria of the fund. Since most of the regular Tri-County Council's Revolving Loan Funds are currently expended, the use of the RELF money is a priority.

In April 2006, Tri-County Council was awarded a Maryland Economic Adjustment Fund (MEAF) Grant to establish the Western Maryland Micro-Loan Fund. Initially, \$50,000 was deposited to this account. The fund was established to fill a financing gap that is under-served in the Tri-County area. Garrett County Community Action has a micro-loan program that serves Garrett County, but Allegany and Washington Counties were without access to funding for smaller projects that owners typically try to finance through the use of high interest credit cards. Under the Western Maryland Micro-Loan Fund, applicants in all three counties are eligible to apply for \$500 to \$5000 to be used for start-up costs, working capital, equipment, marketing expenses, etc. Since these are higher risk and higher maintenance funds, interest rates will typically be WSJ Prime plus two percent. Applicants are required to have

their business plans certified by TCC's Business Technical Assistance Consultant.

Outputs Measurable:

During Fiscal Year 2007, Tri-County Council expects to disburse four loans totaling \$500,000 from the Rural Enterprise Loan Fund. This money will be used to leverage approximately \$750,000 in private investment and should create 20 new jobs in the region. Tri-County Council expects to disburse six loans totaling \$15,000 from the Western Maryland Micro-Loan Fund. This money should create 10 new jobs in the region.

In addition, TCCWMD expects to disburse two new loans totaling \$100,000 from the ARC Revolving Loan Fund. These funds will be used to create at least 10 new jobs and leverage \$200,000 in private investment.

c. Business Counseling

The Council is providing counseling to small businesses in Allegany, Garrett, and Washington Counties. Although most services provided will be to clients of Tri-County Council financing programs, clients of county and city loan funds and those who are referred by our bank partners and the county economic development offices, counseling will also be available to existing businesses with similar needs.

Outputs Measurable:

- Minimum of 100 business contacts per year
- Of those 100 contacts, have at least 20 successful financing packages
- 2 million dollars in deals per year (loans, grants, equity)
- 50-60 new jobs created
- 20 jobs retained

TECHNICAL ASSISTANCE

1. Grants Writers Consortium for Educational Institutions

The Council will provide a regional platform to allow educators to share ideas and opportunities for grants.

Outputs Measurable:

- Host quarterly meetings

2. Census Data Affiliate Activities – ARC

The Tri-County Council, acting as a Census Data Affiliate, is a recipient of state and federal census publications and technical information. Our Assistant Director is assigned to maintain a census library and data files, maintain a liaison with the State Data Centers and Bureau of Census and upon request, provide local governments, agencies and the private sector with responses to information requested.

On-going activities include a review of all census publications and aggregation of relevant census information. A primary task is fulfilling census requests by local agencies and the private sector.

Tri-County Council has established a significant library of census material in both paper and digital form including compact disks. The disks allow Tri-County Council to provide census material and to customize data for specific requests.

Research or project development activities may be directed by the Council or by Tri-County Council staff, if there is a perceived need or information gap, which would warrant a research project.

The Tri-County Council receives various census documents in both paper and electronic form and reports by the Maryland Department of Planning and U.S. Bureau of Census. Relevant information and statistics are, therefore, readily available and provides in-house capacity to furnish and analyze data for local officials. Tri-County Council also receives documents and publications from various federal and private sources, which provide technical information relevant to local government operations and economic development. Tri-County Council staff monitors this information and provides to constituent government personnel as appropriate.

The Council also provides some of this data in a GIS format as the State of Maryland has developed a product that integrates Census information with GIS.

Outputs Measurable:

- Test new products for the Maryland Department of Planning as needed
- Maintain a public library of U.S. Census and State Data Center Publications; and

- Keep other affiliates, districts and clients informed of available data, service and research activities.
- Provided demographic information to the public as requested

3. GIS Assistance Program – ARC

The GIS Assistance Program is now working with the Maryland Department of Planning to develop Land Use and Zoning Maps for small municipalities that have no resources to do these projects in-house. Currently the maps available (if one exists) are hand drawn and offer no exact boundaries. One of the largest draw-backs of the current maps is that they cannot be updated without completely redoing the entire map.

The Council continues to support the Economic Development Departments by supplying quick turn around times for projects that are directly related to prospects. These projects include mapping, presentations and the integration of digital imagery into proposals.

Council is also working with Allegany, Garrett and Washington Counties on a multi-million dollar new mapping program. The project is expected to be completed in 2007. Poor weather has contributed to the delay of this project.

Outputs Measurable:

- Completion of new maps for municipal comprehensive plans
- Integrate traditional planning with new digital technology
- Improve Economic Development in the counties by reducing the burden of projects to individual planning departments
- Improve communications through information exchange
- Attend the Western Maryland GIS users Group meetings
- Completed three county mapping project

4. TCCWMD Web-Site – DBED, EDA & ARC

Tri-County Council maintains its website so that up to date information can be made available to the public in a real time manner. Regional documents will be available on this site for downloading as well as grant possibilities.

Outputs Measurable:

- Maintain the website
- Expand information available
- Reduce staff time involved in searching data by making it accessible on-line
- Provide project updates via the Council Web site
- Provide CEDS, AMDP, Annual Investment Package and Strategy Statement on line

5. Workshops and Training- ARC

TCCWMD works with ARC and other agencies to host workshops and training via satellite downlink and in real time. During this program year, the TCCWMD expects to continue providing these opportunities to Western Maryland as they are available. The Executive Director's membership on the DDAA training committee brings opportunities to the region for hosting and/or organizing events.

Outputs Measurable:

- Market and host training events as they are available

6. Associations & Advocacy – ARC & DBED

TCCWMD staff and board maintain strong contacts with the following organizations:

- Development District Association of Appalachia, Immediate Past President
- DDAA Training Committee Member
- Rural Maryland Council, Board Member
- The Greater Cumberland Committee, Liaison Board Member
- Maryland Economic Development Association
- National Association of Development Organizations, First Vice-President
- National Association of Development Organization's Research Foundation Advisory Committee
- Maryland Association of Counties
- Maryland Department of Planning
- Continue coordination with DBED Western Maryland Regional Office
- Continue coordination with the Maryland Regional Councils
- Maintain effective communications with the Western Maryland legislative delegation during the General Assembly session (January – April)
- Maintain contact and coordination, as necessary, with the Federal delegation regarding transportation, economic development and other regional issues.

VI. GOVERNORS INITIATIVES

Energy conservation, research into energy alternatives, new technologies, and renewable energy sources have been identified as major priorities and initiatives. Focused consideration will be given toward those projects, programs, and investments which reflect this policy.

VII. ARC PROJECT UPDATES AS OF JUNE 2007

Funded/ and Continuing Projects:

The following is a list of Appalachian Regional Commission Projects by County that are underway or in the application phase. New projects for the upcoming year will be invited in the fall of 2007 pending available funds. These potential projects can be seen in the ARC Project Package FY 2008.

Allegany County

HRDC New Facility Construction – Currently this project is in the application phase. The project is scheduled to go to construction during the summer of 2008 and will construction a new HRDC facility and Senior Center in the Virginia Avenue Corridor. This are in South Cumberland is a targeted redevelopment district for the City of Cumberland.

HRDC Wi-Fi – Currently this project is in the application phase. The project will install Wi-Fi on top of the new HRDC facility and will make this corridor more attractive to small and emerging businesses. The project is expected to take place in conjunction with the new facility.

Home Health Aide Program – This project is currently underway. The project will purchase equipment to develop a program to train persons on caring for the elderly and ill at home. The program will be implemented as both a credited class and continuing education.

Broadway Access Improvements – The project is currently 40% complete and is expected to be completed by the end of 2007. The project will improve access from the college to Main Street and also improve the streetscape as well as the upgrading of the sewer and storm water lines in this part of Frostburg.

North Branch Improvement Project – This project is essentially complete and in the closeout phase. The project provided sprinklers and additional building improvements at the former PPG plant that consists of 500,000 square feet. The building improvements allowed the County to secure a 10 year lease at the facility.

Garrett County

Adventure Sports Center Conveyor – Currently this project is in the application phase. The project is expected to be under construction this summer and is part of the overall Adventure Sports Center project. This project will provide boater access for the white water course and is paramount to making the facility run efficiently.

B & O Walking Trail – Currently this project is in the application phase. The project is part of an overall Garrett County Trail initiative. This portion of the project is largely a safety issue that will create a pedestrian corridor allowing access to various parts of downtown Mt. Lake Park previously less accessible.

Garrett Tourism Research – Due to the major influx of tourists and the projected growth in this field, the County has decided to embark on a major study that would define the audience currently going to the Garrett County area for recreation. The results of this study will allow the Office of Tourism to revise marketing efforts towards their targeted audience and define the overall impact of tourism.

McHenry Business Park – This project will be Garrett County's newest park located between the Garrett County Airport and Deep Creek Lake. The project should be completed by the end of 2008 and will be expandable for several projects. Upon completion, the park should be ready for building construction including already completed site pad preparation and in place utilities including fiber.

Frazer Estate Drive – This project is in the design phase and should be going to bid this fall after approval from all the various agencies. The project should be completed no later than the summer of 2008 and will serve the Garrett County Health Department as well as a new Federally Qualified Health Center scheduled to be constructed there shortly.

Hershberger Lane Extension – This project is currently under review by SHA and should be out to bid upon approval. This new road will serve as direct access from Main Street (Route 40) to a new section of town that contains Grantsville Park, the local Library, Outreach Center, Cassel Ridge and the new housing area that is being developed. There are currently 8 building lots and over 25 acres for future development.

Meadow Mountain Trail – This project will design and engineer a hike/bike trail near deep creek lake and along the Glendale Road where narrow shoulders currently make such activities unsafe. The RFP for the project is currently being developed and the project should be complete by year end 2007.

Yough Trail – This project has gone out to bid and should be under construction by late summer. Upon completion the project will open up the Scenic Yough Corridor to hikers and bikers up to the Kendal area.

Keyser's Ridge Water – This project supplies water to the new industrial park. The project is essentially completed and in the closeout phase.

Keyser's Ridge Sewer – This project is still in the preliminary stages and is a joint effort between the Department of Public Utilities and the County Economic Development Department. The project is intended to increase the existing sewer capacity based upon anticipated usage at the new business park.

Trade Enterprise Center – This project has submitted applications to ARC and USDA Rural Development for funding in May. Grant agreements have not yet been finalized but are expected to be in place by late summer. The project will construct a building to host a wide array of trade shows and cultural activities.

ClosetMaid Access Road – This project constructed an access road to serve the newly constructed ClosetMaid facility in Northern Garrett Industrial Park. The project is complete and a final invoice should be received in July 2007. The project will then enter the closeout phase.

Grantsville Welcome Center – The Garrett County Chamber of Commerce is establishing a new welcome center near Grantsville in a building known as the Granary that lies directly on the US Route 40 (the National Road). The project is currently under approval from USDA to administer the funds. Upon approval the project will move forward and be put out to bid.

ASCI Access Road – A new road is currently under design that will provide access to the top of Marsh Mountain and the newly opened Adventure Sports Center facility. Current routes are congested and do not meet SHA or County specifications. The design is expected to be completed by late summer. The project could be under construction by 2008.

Washington County

HCC Allied Health Education – This project is essentially complete and is part of larger \$18 million renovation. The new program provides additional educational opportunities in the area of health, nursing and bio technology including a newly installed wet lab. The College now also offers several new degrees in the nursing field.

Project Lead the Way – Project Lead the Way is a two fold approach of training teachers and enhanced curriculum. This program focuses on the math, science and engineering enhancement of student classes. The project is currently pending approval at ARC.

GIS Implementation Plan – The grant was just recently approved by ARC and the project is getting underway. The grant money will be used to enhance the Washington County GIS and 911 system hardware and software. As data continually get larger and higher quality, software and hardware requirements have to keep up in order to ensure

functionality. The ARC project is part of a three year implementation plan to enhance the system with this phase to be completed in the near future.

Boonsboro Campus Technology – This project is in the application phase and awaiting approval from ARC. The project will provide new digital infrastructure to the Boonsboro elementary, middle and high schools. This rural school is currently operating on outdated analogue systems that do not handle the demand for current operations or future projections. The project is expected to be completed over the course of the next year.

Regional Projects

Allegheny/Garrett Community Foundation – The Allegheny/Garrett Community Foundation was established by Tri-County Council to create an entity that would allow private individuals and corporations to give back to the community. Allegheny and Garrett Counties were the only two areas in Maryland with foundation available to keep money in the community at the request of donor. Funds continue to be built up and the first grant was given out just this year while receiving the office 501 C(3) status. Currently the fund is being managed through the Washington County Community Foundation in order to minimize overhead and maximize the available assets for the community. ARC funds are currently being used to develop a website to further improve visibility of the Foundation.

Western Maryland Labor Skills Study – This project is being performed by Towson University and will give statistics for Allegheny, Garrett and Washington Counties. The project is expected to be completed by the end of July 2007. The Council is acting as the facilitator for this project.

VII. PROJECTS SUMMARY

Infrastructure projects generally make up the bulk of the requests for Appalachian Regional Commission Funding. This trend has continued for many years as old infrastructure is in need of replacement and new infrastructure is needed to support projects. Infrastructure in one form or another is the key element for sustainability. Most of the projects involve traditional infrastructure such as water, sewer, roads and shell buildings but more and more often non-traditional infrastructure is playing a greater role in today's economy. Wireless high-speed microwaves and GIS data are not typically thought of as infrastructure, but each has its place when it comes to economic development and homeland security.

The wireless high-speed connectivity to the Internet at affordable costs is a problem common throughout western Maryland and therefore has had a lot of attention. It is easy to see that businesses need this infrastructure to be competitive in the global economy of today. What is not easy to see is that alert systems, emergency operations centers and homeland defense plans all rely on these same systems to move and share data continuously.

Integrated into both economic development and homeland defense is the use and technology of Geographic Information Systems (GIS). In layman's terms, GIS produces maps that have huge amounts of data incorporated within them because they are in a digital spatial format. As an example, the Hagerstown 3 Dimensional project mapped infrastructure within the city. As an example, a water line in GIS looks very much like a water line on any other given map, however in GIS you have the ability to add data at any point along that line that is available at the click of a button. Should a water line break in downtown Hagerstown, they now have the data they need available at the click of a mouse. They can tell where the line is, what size it is, how deep it is buried, where the closest shut off valve is and which businesses or households it will effect.

A new trend has emerged over the past several years as an emphasis has been put on education. Although money has not yet been appropriated at the Federal level to support FY 2008 projects, the majority of the projects are related in one way or another to the overall improvement of educational opportunities in the region. It is still unclear if this trend will continue, but it is region-wide at the moment and will most certainly be driven by County support and the availability of funds from ARC.