

APPALACHIAN MARYLAND

ARC STRATEGY STATEMENT

FY 2009

July 2008

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I. EXECUTIVE SUMMARY

A. Introduction

The Appalachian Maryland ARC Strategy Statement continues to focus limited resources on the efforts of economic development. In Fiscal Year 2009 we continue the effort from FY 2008 on emphasizing the development of an educational system that will lead to a sustainable workforce. All three counties continue to see a low or stable unemployment rate relative to the past several decades. With the growth of the economy there has been renewed interest in the area by private sector companies. As new companies make commitments to the area and existing companies expand, the need for new infrastructure and upgrades of existing systems continues to be a priority. The areas of need continue to be transportation, water, sewer and telecommunications.

The Council continues to address and implement the report recommendations made in FY 2007, as well as in FY 2008, by both private and public individuals as part of the commitment to have an up-to-date, all-inclusive, plan for the future. This planning process has proved to be a very effective tool in planning for growth and focusing resources in the regions economy.

This report defined the following areas of planning: Agriculture and Natural Resources, Community Support Services, Education and Technology, Infrastructure Development and Tourism. Each area was led by a workgroup comprise of both private and public partners and have a defined area of interest in which to address. Included in the meetings were the Western Maryland Delegation that can directly address those issues in Annapolis and representatives of the Congressional Delegation that can address issues in Washington DC.

This effort begins in Western Maryland with the development of an educational system which provides a solid foundation for the workforce needed to sustain the economy. Great strides are being made in each county to improve on both the primary and secondary education systems as noted later in the document. A key focus is growing our own workforce by keeping our graduates employed in the area with an emphasis on entrepreneurship.

The APPALACHIAN MARYLAND STATE IMPLEMENTING STRATEGY STATEMENT AND INVESTMENT PROGRAM FISCAL YEAR 2009 reflects the needs as addressed by the committee as well as those identified by the three county departments of economic development.

B. Background

The Maryland Appalachian region consists of three counties and twenty-four municipalities. From the foothills of Washington County to the plateaus of Garrett County, it is a picturesque view of high peaks and fertile valleys. In the past, the eastern valleys saw high agricultural production, while the mountainous regions produced bituminous coal. Eventually, large manufacturers saw this prosperous region as an excellent location for their new business.

During the early 20th century, Western Maryland thrived as a transportation hub. The combination of the C & O Canal, National Road, and Baltimore and Ohio Railroad truly made Appalachian Maryland the “gateway to the west”.

As highway systems became the preferred mode of transportation for industry, Western Maryland, and in particular, Allegany and Garrett Counties were left behind. Interstate highways became a critical factor for development and investment by company’s looking for fast, efficient modes of transport. Interstate 68 in Western Maryland was completed in August of 1991 - almost thirty years after this vital infrastructure was planned for development. During this thirty-year period, Appalachian Maryland saw some of its biggest declines in employment and population and increased poverty levels.

Over the years, several manufacturing companies in the region employed 1,500 or more people. Most of those companies are no longer here, and new plants of this size are few and far between. This decline in large manufacturing plants forced the region to diversify and they have grown because of that effort. Manufacturing is still a major part of the workforce today, but large companies today employ 150 - 400 people instead of 1,500 or 5,000, and a plant closing does not devastate the region as it once did. Other major industries of the past such as mining and agriculture are being supplemented with new and emerging tourism efforts and information technology related business.

The highways that spark prosperity and growth today do not carry cars or trucks, but instead carry information, voice and data. Again, Western Maryland has been left behind in the development of this critical infrastructure to attract and retain businesses. The three counties of Western Maryland now suffer more from underemployment than unemployment and they know that technology related infrastructure and focusing on education is the key to higher paying jobs, population growth and ultimately the building of a sustainable tax base.

Recently, a growing housing market is starting to emerge and things are looking better. More areas than ever are now served with some form of access to broadband but there is still much work to be done. It may be years before the “last mile” issue is solved but the area is always improving.

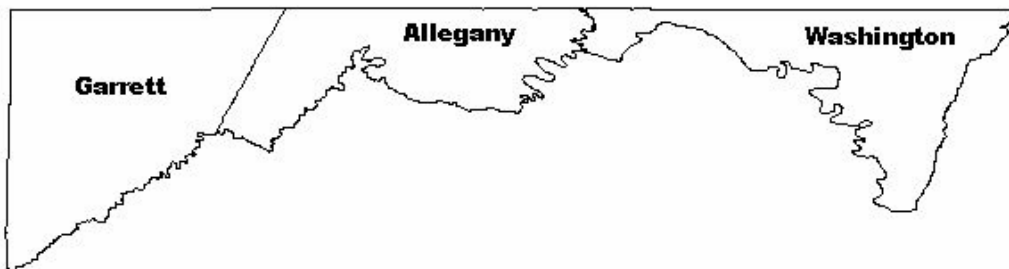
ANNUAL ASSESSMENT OF APPALACHIA IN MARYLAND

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 2009. Washington County remains a Competitive County for FY 2009.

There are four Distressed Area Census Tracts in Appalachia Maryland for FY 2009. All four of these are located within the City of Cumberland, Allegany County



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>7/1/2007</u>	<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>
MARYLAND	5,618,344	5,615,727	5,589,599	5,553,249	5,506,684	5,441,349	5,379,795	5,311,695
WESTERN MARYLAND REGION	<u>247,334</u>	<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>
Allegany County	72,594	72,831	73,245	73,833	73,726	74,001	74,424	74,823
Garrett County	29,627	29,859	29,863	30,014	30,077	29,905	29,814	29,834
Washington County	145,113	143,748	141,563	139,113	136,677	134,700	132,949	132,127

Prepared by the Maryland Department of Planning, Planning Data Services, May 2008

Western Maryland Municipalities

Place	July 1, 2007 Population	July 1, 2006 Population	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	5,618,344	5,602,017	5,600,388	5,561,332	5,512,477	5,442,268	5,379,591	5,311,543	5,296,506
Accident town	332	334	340	344	348	348	350	352	353
Barton town	457	460	464	464	465	468	472	477	478
Boonsboro town	3,379	3,326	2,982	2,984	2,844	2,799	2,795	2,801	2,803
Clear Spring town	464	465	467	461	457	448	450	454	455
Cumberland city	20,676	20,679	20,915	21,104	20,976	21,101	21,304	21,473	21,520
Deer Park town	384	387	392	397	400	401	402	404	405
Friendsville town	505	509	518	525	530	531	534	538	539
Frostburg city	7,804	7,796	7,958	7,965	7,921	8,154	8,140	8,199	8,212
Funkstown town	942	939	960	963	963	969	975	981	983
Grantsville town	578	582	593	601	608	609	612	617	619
Hagerstown city	39,640	38,980	38,326	37,554	37,226	36,978	36,728	36,776	36,796
Hancock town	1,741	1,718	1,736	1,729	1,726	1,736	1,736	1,743	1,745
Keedysville town	840	812	812	673	576	552	528	491	482

Kitzmilller town	280	282	288	292	296	297	298	301	302
Loch Lynn Heights town	437	441	449	455	460	462	464	468	469
Lonaconing town	1,138	1,140	1,164	1,175	1,180	1,185	1,193	1,203	1,205
Luke town	74	75	76	77	78	78	79	80	80
Midland town	445	447	457	459	460	463	467	472	473
Mountain Lake Park town	2,114	2,127	2,164	2,192	2,213	2,217	2,226	2,243	2,248
Oakland town	1,856	1,867	1,896	1,919	1,936	1,940	1,948	1,963	1,967
Sharpsburg town	662	663	674	674	675	680	684	689	691
Smithsburg town	2,902	2,893	2,859	2,725	2,601	2,336	2,229	2,169	2,154
Westernport town	1,966	1,978	2,020	2,040	2,051	2,064	2,081	2,099	2,104
Williamsport town	2,285	2,197	2,135	2,019	1,920	1,841	1,851	1,864	1,868

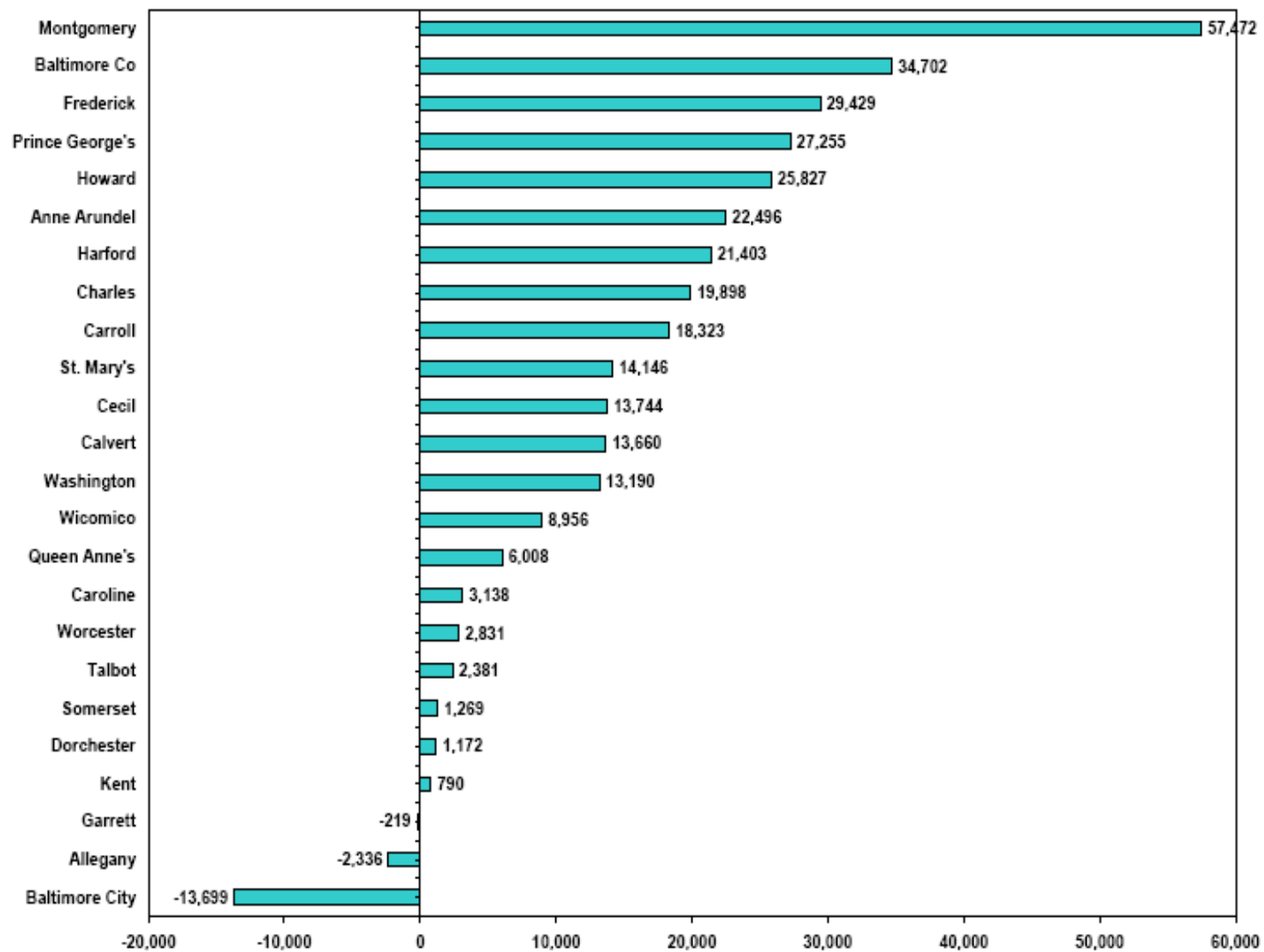
Prepared by the Maryland Department of Planning, Planning Data Services, May 2008

Total Population Change for Minorities and Non-Minorities for Western Maryland's Jurisdictions, April 1, 2000 - July 1, 2006

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	319,241		-18,288	-5.7%		337,529	105.7%
Western Maryland Region	9,739		3,159	32.4%		6,580	67.6%
Allegany	-2,099		-2,781	132.5%		682	-32.5%
Garrett	13		-82	-630.8%		95	730.8%
Washington	11,825		6,022	50.9%		5,803	49.1%

Prepared by the Maryland Department of Planning, Planning Data Services, from the Population Division, US Census Bureau, August 2007

Chart 1B. Population Change for Maryland's Jurisdictions, 2000-2007



Source: Population Division, U.S. Census
 Prepared by the Maryland Department of Planning, Planning Data Services, March 2008

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 \$43,788, well above the national average of \$36,714. 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 \$29,542 or 67% 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 (2006)</u>
United States	\$36,714
Maryland	\$43,788
Western Maryland	\$29,542
Allegany	\$26,127
Garrett	\$28,310
Washington	\$31,527

Source: BEA Data 2008

PER CAPITA PERSONAL INCOME (current dollars)

	2001	RNK	2002	RNK	2003	RNK	2004	RNK	2005	RNK	2006	RNK
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UNITED STATES	\$30,574		\$30,821		\$31,504		\$33,123		\$34,757		\$36,714	
MARYLAND	\$35,657		\$36,590		\$37,447		\$39,751		\$41,657		\$43,788	
Maryland (Metropolitan Portion)	\$36,032		\$36,970		\$37,817		\$40,131		\$42,090		\$44,249	
Maryland (Non-Metropolitan Portion)	\$28,809		\$29,664		\$30,718		\$32,872		\$33,865		\$35,569	
BALTIMORE REGION	\$34,899		\$35,941		\$36,731		\$39,159		\$40,944		\$43,045	
Anne Arundel County	\$38,435	4	\$39,265	4	\$40,364	4	\$43,939	4	\$46,321	4	\$48,580	4
Baltimore County	\$37,740	5	\$38,736	5	\$39,499	5	\$41,875	5	\$43,022	5	\$45,400	5
Carroll County	\$33,796	8	\$34,566	7	\$34,810	9	\$35,641	10	\$37,069	10	\$38,694	11
Harford County	\$32,792	9	\$33,760	9	\$35,020	8	\$36,668	9	\$38,520	9	\$40,609	9
Howard County	\$44,721	2	\$45,479	2	\$46,539	2	\$50,308	2	\$53,082	2	\$55,730	2
Baltimore City	\$25,924	18	\$27,177	17	\$27,620	17	\$29,257	17	\$30,950	17	\$32,445	17
WASHINGTON SUBURBAN REGION	\$40,252		\$41,111		\$42,092		\$44,583		\$47,035		\$49,577	
Frederick County	\$34,309	7	\$34,403	8	\$35,350	7	\$37,423	7	\$38,924	7	\$41,125	8
Montgomery County	\$51,004	1	\$51,991	1	\$53,219	1	\$56,670	1	\$60,389	1	\$63,753	1
Prince George's County	\$29,948	13	\$30,867	13	\$31,603	13	\$33,180	13	\$34,483	13	\$36,108	13
SOUTHERN MARYLAND REGION	\$31,143		\$32,133		\$33,062		\$34,321		\$35,706		\$37,425	
Calvert County	\$32,502	10	\$33,267	10	\$33,987	10	\$35,414	11	\$37,066	11	\$39,134	10
Charles County	\$31,695	11	\$32,666	12	\$33,537	11	\$34,782	12	\$36,468	12	\$37,982	12
St. Mary's County	\$29,152	14	\$30,362	14	\$31,556	14	\$32,684	14	\$33,408	15	\$35,120	15
WESTERN MARYLAND REGION	\$24,647		\$25,238		\$25,846		\$27,145		\$28,237		\$29,542	
Allegany County	\$21,841	23	\$22,531	23	\$23,222	23	\$23,993	23	\$24,883	23	\$26,127	22
Garrett County	\$22,757	21	\$23,280	21	\$24,512	21	\$25,872	21	\$27,215	21	\$28,310	21
Washington County	\$26,638	17	\$27,155	18	\$27,551	18	\$29,085	18	\$30,180	18	\$31,527	18

UPPER EASTERN SHORE REGION	\$31,185		\$31,940		\$32,975		\$35,255		\$36,317		\$38,213	
Caroline County	\$22,048	22	\$22,620	22	\$23,990	22	\$25,574	22	\$25,842	22	\$26,111	23
Cecil County	\$28,456	16	\$29,243	16	\$30,227	15	\$31,398	16	\$32,355	16	\$34,009	16
Kent County	\$31,691	12	\$32,758	11	\$33,378	12	\$37,103	8	\$38,592	8	\$41,970	6
Queen Anne's County	\$34,728	6	\$35,202	6	\$36,449	6	\$38,870	6	\$40,293	6	\$41,962	7
Talbot County	\$41,688	3	\$42,681	3	\$43,665	3	\$48,500	3	\$50,045	3	\$53,710	3
LOWER EASTERN SHORE REGION	\$25,150		\$25,736		\$26,389		\$28,425		\$29,507		\$30,416	
Dorchester County	\$24,350	20	\$24,767	20	\$25,941	20	\$27,690	20	\$28,166	20	\$28,842	20
Somerset County	\$19,314	24	\$19,439	24	\$20,520	24	\$21,995	24	\$22,260	24	\$22,656	24
Wicomico County	\$25,193	19	\$25,947	19	\$26,291	19	\$28,331	19	\$29,643	19	\$30,435	19
Worcester County	\$28,675	15	\$29,286	15	\$29,909	16	\$32,430	15	\$33,904	14	\$35,460	14
<u>BY BEA METROPOLITAN REGION:</u>												
Baltimore-Towson, MD (MSA)	\$34,896		\$35,929		\$36,727		\$39,154		\$40,933		\$43,026	
Cumberland, MD-WV (MSA)	\$21,604		\$22,309		\$22,903		\$23,757		\$24,775		\$26,038	
Hagerstown-Martinsburg, MD-WV (MSA)	\$25,756		\$26,492		\$26,839		\$27,885		\$29,071		\$30,289	
Phil-Camden-Wilm, PA-NJ-DE-MD (MSA)	\$35,003		\$36,020		\$37,115		\$39,066		\$40,948		\$43,364	
Salisbury, MD (MSA)	\$23,853		\$24,463		\$24,990		\$26,910		\$28,016		\$28,737	
Wash-Arling-Alex, DC-VA-MD-WV (MSA)	\$42,370		\$42,762		\$43,830		\$46,452		\$49,442		\$51,868	
Phil-Cam-Vineland, PA-NJ-DE-MD (CSA)	\$34,389		\$35,393		\$36,423		\$38,254		\$40,041		\$42,389	
Salisbury-Ocean Pines, MD (CSA)	\$25,305		\$25,920		\$26,474		\$28,564		\$29,760		\$30,711	
Wash-Balt-N.Virginia, DC-MD-VA-WV(CSA)	\$39,446		\$40,067		\$41,037		\$43,559		\$46,100		\$48,375	

Data extracts prepared by the Maryland Department of Planning, Planning Data Services, from U.S. BEA, May 2008.

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 2008 (%)</u>
United States	5.5
Maryland	3.7
Allegany	5.5
Cumberland, MD MSA	5.5
Garrett	4.8
Washington	4.9
Hagerstown-Martinsburg MSA	5.2

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: the Adventure Sports Center International, Parker Plastics, FEMA, and Closet Maid and American Woodmark. In addition, there are many projects still under development such as new wet lab facilities at the Hagerstown Community College Technical Innovation Center (completed but not yet operational), and the new incubator building in the Allegany Business Center at Frostburg State University.

Maryland is still 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. Affordable housing continues to be one of the biggest challenges, now, as well as in the future.

The region has seen years of prosperity from the post-World War II era through the 1970s, 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 141 students took advantage of this program. In 2008, 210 students participated. 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 through 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. A new student dorm consisting of 120 rooms was constructed during the past year to help mitigate this concern. 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 students in the county.

In Allegany County, the first new High School in over 30 years opened in September 2007 and is known as Mountain Ridge High School, replacing both Beall and Westmar High Schools near Frostburg. Fundraising for a new stadium is also underway. The County also has several new programs to provide additional opportunities to students. The Medical Careers Academy began in August 2007 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 just began 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 has its first building nearing completion 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 biotechnology firms interested in the area. Five other Maryland Universities including Towson, Salisbury State, and Frostburg State have also shown an 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 recently opened 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, but still has 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 continues to be 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 and public comment and review for the two-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. The State of Pennsylvania is also working toward meeting this funding hurdle. Currently there are several alternatives for this new route which are being assessed. Five alternatives have been presented with no clear decision made at this time.

Further south on Route 219, a much needed bypass project remains underway around the town of Oakland. The State of Maryland has 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 two-lane road that parallels the Potomac River from Cumberland, MD to Keyser, WV. Along the way, the road passes through the towns of Cresaptown and Bel Air where the road becomes very congested. One of the area's 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 looked at for new residential development, with a major subdivision recently approved, 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 has finished its airport expansion to 7,000 feet to accommodate larger aircrafts. This expansion will enable the areas service companies to accept larger aircrafts and opens up new and expanded possibilities for economic development in the aviation industry. 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. Limited local resources have delayed this project for the foreseeable future

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 received funding in FY 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.

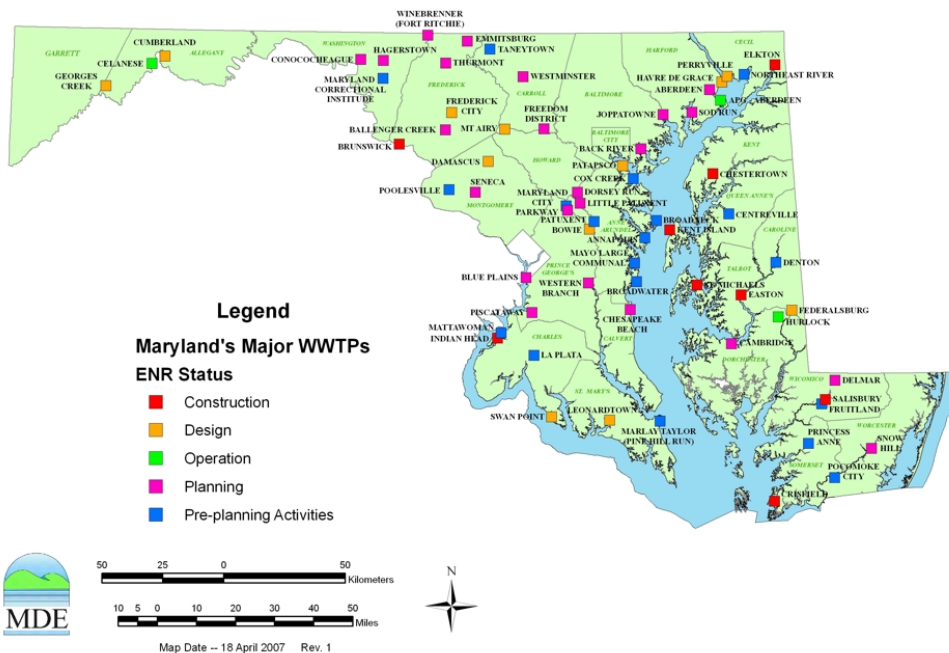
Washington County currently has no water issues, although it is becoming clear as more and more communities draw water from the Potomac River in the urban areas, there may come a time when this issue will need to be addressed.

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 broadband 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 (PoP) 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 is in the process of expanding this project across the entire city with the Central Business District already connected.

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 2009-2010 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. It is hoped that Network Maryland will play a part in accelerating the project by leasing fiber to MDBC until the new fiber is installed.

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 is almost complete and is located adjacent the Garrett County Health Department.

Garrett County Hospital 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 outpatient, 400,000 square foot facility. Construction of the hospital started in the spring of 2008.

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.

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 and convention bureau 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 Great Allegheny Passage (GAP); projected to bring over one hundred thousand people into the area upon completion. The Great Allegheny Passage 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 has already made a big impact.

In FY 2007 the region began a new region-wide tourism initiative to provide real time kiosks in several locations in the three counties. These digital screens 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 was expanded upon in FY 2008 with a ribbon cutting taking place at Sideling Hill Visitors Center which serves as a gateway to Allegany County.

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 Garrett County Community Action Agency has served as an example to the other Counties as how to address this issue and they are currently looking toward the possibility of a new affordable housing complex in the vicinity of the McHenry Business Park.

In FY 2007 Tri-County Council had formed the Allegany/Garrett Community Foundation. These two counties were identified as the only two in the state without such a Foundation. Over the first year, the 501 c3 was formed and a board was comprised of the founding donors. Since its establishment the Foundation has now been joined by Mineral County,

West Virginia, with the foundation now being known as, The Community Trust Foundation.

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. With this designation and the completion of the Scenic Byways Corridor Assessment Plan, sites along the National Road that are consistent with the plan are eligible for money from the Federal Scenic Byways Program.

State and National Heritage Area activities are also active in this region. The Maryland Heritage Areas Authority, which works to preserve historical and cultural resources and stimulate economic development through heritage tourism, provides support for two state certified heritage areas here. The Canal Place Heritage Area, located in the City of Cumberland, was created to be the catalyst for the preservation, development, and management of the lands adjacent to the C & O Canal in Cumberland, and to advocate for preservation and development within the Canal Place Preservation District and the greater Cumberland area. The Civil War Heritage Area, comprised of portions of Washington, Frederick, and Carroll Counties, was established to bring economic benefits to the three-county region by thematically linking and marketing the area’s Civil War heritage resources, supporting new and current visitor support businesses within the heritage area by generating greater visitation, and guiding visitors to places of unique character. A third state heritage area, located in Garrett County, is currently under development.

National Heritage Area efforts in the area include the work of the Appalachian Forest Heritage Area (AFHA). Consisting of sixteen counties in the eastern region of West Virginia and two in western Maryland (Garrett and Allegany), the AFHA is a regional, grassroots effort to integrate central Appalachian forest history, culture, natural history, products, and forestry management into a heritage tourism initiative to promote rural community development. AFHA has completed the first step in the national heritage area designation process – development of a feasibility study – and is now seeking Congressional support for designation as a National Heritage Area.

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, or a tunnel beneath it, continues to slow the project that should be completed over the next several years. In addition, the Great Allegheny Passage, completed in 2007 and running from Pittsburgh, Pennsylvania to Washington D.C, via the Chesapeake and Ohio Canal at Cumberland, Maryland, offers a continuous hiking and biking trail of over 300 miles. 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 successful with a second phase expanding on the first. Phase II was completed in the fall of 2007 and added several kiosks which are not only more robust but also 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 was completed in 2007 and provides updated information and more importantly trends based upon the 2002 study. In addition, the Washington County migration study identifies which segment of the workforce is out-commuting. This study provides 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.

Strategic Goals and Objectives

A. ARC GOAL 1: Increase Job Opportunities and per Capita Income in Appalachia to Reach Parity with the Nation

State Objective 1.1: Increase employment and sales in the travel and heritage tourism industry, particularly in the areas of outdoor recreation, convention attractions, and historical interest.

State Strategy 1.1.1: Support regional marketing programs for the travel and tourism industry.

State Strategy 1.1.2: Support the development of heritage tourism products linked to state and national byway and heritage area efforts.

State Objective 1.2: Stimulate growth of the region's businesses through development of technology resources.

State Strategy 1.2.1: Develop educational programs that support new technology development in the region.

State Strategy 1.2.2: Work with the region's higher education institutions to develop new programs that support new technology.

State Strategy 1.2.3: Provide startup funding through RLF programs for development of new technology related industry in the region.

State Strategy 1.2.4: Provide the infrastructure to support the development of new technology related industry in the region.

State Objective 1.3: Increase international exports from the ARC region.

State Strategy 1.3.1: Provide assistance to local companies' exports efforts through a regional export assistance office.

State Objective 1.4: Carry on a comprehensive economic development planning effort for the region.

State Strategy 1.4.1: Develop and maintain economic development plans.

State Strategy 1.4.2: Implement Sustainable Communities planning initiatives in order to enhance and maintain job creation and economic growth.

State Objective 1.5: Stimulate development of the central business districts of the region's municipalities and support projects, which will enhance the long-term development of the CBD areas.

State Strategy 1.5.1: Develop projects that encourage the reuse and/or the redirection of the use of downtown areas.

State Strategy 1.5.2: Provide the necessary infrastructure for reuse and/or redirect the use of downtown areas.

State Objective 1.6: Continue to support business expansions, start-ups and entrepreneurship.

State Strategy 1.6.1: Provide assistance to the region's entrepreneurs through the use of the district's RLF program.

State Strategy 1.6.2: Support the region's entrepreneurs through procurement assistance programs.

State Strategy 1.6.3: Support the region's entrepreneurs through the SBDC and other state programs.

State Strategy 1.6.4: Support programs that do not duplicate existing services but that fill gaps in the existing entrepreneur network.

State Strategy 1.6.5: Develop programs that will assist in the training or enabling of the region's entrepreneurs to market and do business development on an international level.

State Strategy 1.6.6: Develop advisory and training programs, as well as networking and "roundtable" opportunities for the region's entrepreneurs.

B. ARC GOAL 2: Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy

State Objective 2.1: Continued viability of health network as a regional medical center.

State Strategy 2.1.1: Include the medical community in the development of modern telecommunications network

State Objective 2.2: Creation of a regional medical telecommunication network capable of providing medical diagnostics to the service areas small hospitals and clinics.

State Strategy 2.2.1: Connect the medical communities in nearby states to the Western Maryland telecommunication network.

State Objective 2.3: Facilitate local medical providers access for diagnostics and training to neighboring major medical centers through a modern communications network.

State Strategy 2.3.1: Connect the Western Maryland telecommunication network to the nearby major medical centers.

State Objective 2.4: Enhance the capacity of local municipalities to plan for economic development and the needs of Western Maryland citizens.

State Strategy 2.4.1: Develop and maintain programs that will train residents of the region in economic development.

State Strategy 2.4.2: Develop and maintain economic development plans.

State Objective 2.5: Provide training opportunities to enhance the leadership skills of local officials and private nonprofit groups tasked with providing services to the community.

State Strategy 2.5.1: Development of programs that provide training in leadership development.

State Strategy 2.5.2: Development of programs that provide management skills to non-profit organizations.

State Objective 2.6: Enhance and strengthen the communication capability of non-profit and government organizations.

State Strategy 2.6.1: Develop and maintain a modern telecommunications network.

State Strategy 2.6.2: Monitor the effects upon the region caused by the deregulation of telecommunications.

State Objective 2.7: Develop skills necessary to promote collaborative partnerships among government.

State Strategy 2.7.1: Sponsor groups, meeting, workshops and retreats that provide opportunities for intergovernmental cooperation.

State Objective 2.8: Provide training, which emphasizes the roles and responsibilities of being an effective board member.

State Strategy 2.8.1: Sponsor programs on effective board membership and heir responsibilities.

State Objective 2.9: Appalachian high school students will have access to school-to-work transition programs compatible with real-world needs and technology applications.

State Strategy 2.9.1: Work with local business to create a valuable school-to-work transition program.

State Objective 2.10: The percentage of Appalachian workers receiving advanced skills training will equal or exceed the national average.

State Strategy 2.10.1: Increase the region's emphasis on science, math, and engineering programs.

State Strategy 2.10.2: Development of new educational programs that will lead to the development of the new skills necessary in the 21st century.

State Strategy 2.10.3: Provide continuing education training in advanced skills to the regions workers.

State Strategy 2.10.4: Work with local businesses to develop programs that will encourage workers to take advantage of post-secondary education programs.

State Objective 2.11: All Appalachian counties will equal or exceed the national average for enrollment in post-secondary education.

State Strategy 2.11.1: Encourage academic competition between the regions post-secondary educational institutions.

State Strategy 2.11.2: Increase the region's employment opportunities for college educated personnel.

State Strategy 2.11.3: Increase emphasis on technical employment opportunities.

State Strategy 2.11.4: Development of new career programs in science and engineering.

State Strategy 2.11.5: Development of graduate degree opportunities locally, either by offering advanced degrees through existing institutions or through remote classroom programs.

C. ARC GOAL 3: Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive

State Objective 3.1: Stimulate smart growth and neighborhood conservation by encouraging the development of the central business districts of the region's municipalities and support projects which will enhance the long-term development of the CBD areas.

State Strategy 3.1.1: Development of comprehensive planning.

State Strategy 3.1.2: Development of downtown planning documents.

State Strategy 3.1.3: Develop projects that encourage the reuse and/or the redirection of the use of downtown areas.

State Objective 3.2: Increase the number of marketable industrial sites within all three counties including the conversion and rehabilitation of vacant industrial facilities.

State Strategy 3.2.1: Provide the basic infrastructure to new industrial sites and rehabilitate vacant industrial facilities.

State Objective 3.3: Continue the development of a modern communications network that includes voice, data, and video and provide the native human resources necessary to maintain these networks.

State Strategy 3.3.1: Provide the basic infrastructure necessary for the public sector to develop and maintain a communication network.

State Objective 3.4: Increase the supply, choice, and condition of Appalachian Maryland's housing stock in order to meet the housing demands of current and future residents, thereby making the area more attractive to retention, expansion, and recruitment of business and industry.

State Strategy 3.4.1: Preserve the existing housing stock available to low and moderate income residents.

State Strategy 3.4.2: Increase the degree of homeownership affordable by low and moderate-income residents.

State Strategy 3.4.3: Increase the supply, choice and condition of Appalachian Maryland's housing stock.

State Strategy 3.4.4: Stimulate and assist with the production of Housing for low and moderate income residents.

D. ARC GOAL 4: Build the Appalachian Development Highway System to Reduce Appalachia's Isolation

State Objective 4.1: Develop a balanced transportation system, which is supportive of economic growth and investment potential in the region.

State Strategy 4.1.1: Development of a north-south transportation network in the region.

State Strategy 4.1.2: Improve secondary and local access highways and roads that will support primary highway development and yield an integrated network of road transit in the region.

State Strategy 4.1.3: Increase the region's rail service capacity to meet potential increase in demand and to facilitate continuing industrial development.

State Strategy 4.1.4: Upgrade the region's airports to compliment future development and increase marketing support for air service.

State Strategy 4.1.5: Improve or provide access to recreational, health, or educational facilities.

State Objective 4.2: Support a viable system of public transportation.

State Strategy 4.2.1: Develop planning studies for public transportation.

State Objective 4.3: Provide required access to key industrial or commercial centers.

State Strategy 4.3.1: Transportation investments that will create or maintain employment opportunities in the region, such as projects that create access to an industrial park or area, strengthen city business district access, or upgrade multi-modal access to or from transportation facilities.

State Strategy 4.3.2: Support studies to increase use of public transit.

State Strategy 4.3.3: Support transportation studies that will help to revitalize or alleviate problems in downtown commercial areas.

II. STATE POLICIES AND METHOD OF EVALUATION

A. Investment Strategy Structure

Appalachian Maryland's Investment Strategies are structured according to the following: *The Maryland Economic Growth, Resource Protection and Planning Act of 1992*: The Planning Act of 1992 is designed to encourage economic growth, limit sprawl, and protect the State's natural resources. Each local jurisdiction is required to develop comprehensive plans, which designate growth areas and resource areas to be protected and that are consistent with the following seven "visions":

1. Development is concentrated in suitable areas.
2. Sensitive Areas are protected.
3. In rural areas, growth is directed to existing population centers and resource areas that are protected.
4. Stewardship of the Chesapeake Bay and the land is a universal ethic.
5. Conservation of resources, including a reduction in resource consumption is practiced.
6. To assure the achievement of 1 through 5 above, economic growth is encouraged and regulatory mechanisms are streamlined; and
7. Funding mechanisms are addressed to achieve these visions.

The "Smart Growth" Areas Act of 1997: This requires the State to target funding for "growth-related" projects to Priority Funding Areas (PFAs) beginning October 1, 1998. Growth related projects include most State programs which encourage or support growth and development such as highways, sewer and water construction and economic development assistance. ARC funds should be directed to those specific growth areas designated as Priority Funding Areas by the County as part of Maryland's Smart Growth policies.

In the 2000 Maryland legislative session, the first "Smart Codes" bill was passed. This enabling legislation establishes a Maryland Building Rehabilitation Code to promote the rehabilitation (improvement and redevelopment) of existing buildings. The legislation is important in that it will encourage property owners to upgrade existing structures, put abandoned buildings back into active use, preserve historic structures in older communities and "recycle" space for businesses or residences that might otherwise move to "Greenfield" sites. This legislation directly supports ARC Goal #2 in promoting the physical infrastructure necessary in Appalachian communities for self-sustaining economic development and improved quality of life. "Smart Codes" became effective statewide in June 2001.

Maryland Sustainable Communities Initiative: The limited nature of public resources makes it increasingly important for communities to make tough and strategic decisions for an economically sustainable future. Comprehensive planning provides an opportunity for community leaders and citizens to review local conditions and economic trends and to strategically allocate limited resources over time. Ideally, such resource decisions can help

local communities envision and achieve a sustainable future, a future in which economic, environmental and social aims are in balance.

The Sustainable Communities Initiative is a collaboration of agencies in the Governor's Smart Growth Sub-Cabinet which will provide access to resources for updating local comprehensive plans.

The Goals of the Maryland Sustainable Communities Initiative are as follows:

- To assist local communities in meeting increased standards for comprehensive planning.
- To help local communities achieve a sustainable future, balancing economic, environmental and social needs.
- To make State resources for planning and technical assistance easier to access by local communities through a streamlined application process and coordinated agency support.

It is anticipated that the Appalachian Regional Commission (ARC) will be utilized in partnership with state and local governments in the implementation of this initiative. In Maryland, the designated Appalachian counties eligible to receive funds are Allegany, Garrett and Washington.

Technical assistance is also a key benefit of participation in this initiative. Technical support teams will be available from Maryland Department of Planning (MDP), the Maryland Department of Housing and Community Development (DHCD), the Maryland Department of Business and Economic Development (DBED), the Maryland Department of the Environment (MDE), the Maryland Department of Transportation (MDOT), the Maryland Department of Natural Resources (DNR), the Rural Maryland Council and other agencies as needed.

B. Project Review and Selection Process

ARC projects are requested from County Government, Local Governments, and educational institutions in March of each year. Project descriptions are submitted to the respective county commissioners for review and priority ranking. County project priorities should be submitted to the district by May 1. Tri-County Council staff and the Maryland Department of Planning's ARC Program Manager review, collate, and rank the projects based upon the six set criteria below. A project package is then developed by Tri-County Council staff and submitted to the County Project Coordinators and Economic Development staff for review and comments. In August, the ranked project priority list is submitted to the full board of Tri County Council, which may make changes and approve the final priority list for submittal to the state. The Maryland ARC Alternate reviews the project package and upon State approval, submits the final project list to ARC. All projects that are in a fundable position should have applications submitted no later than June 1 of the following year.

1. Project Evaluation/Prioritization

Projects begin the evaluation process during submittal to the single point of contact for each county. Preliminary evaluation of goals and objectives are then screened for compliance. Prior to submittal to Tri County Council, these projects are evaluated and in some cases amended to include all pertinent information. Each individual county then ranks these projects based upon selected criteria and overall need.

All projects considered for funding should be one-time cost programs including educational projects. ARC funding should not be used to support administrative programs, staff salaries, or ongoing costs, except for regional, State or ARC special initiatives, the Local Development District Administrative grants, and certain Technical Assistance Projects.

2. Degree of Need

Projects must meet a degree of need within guidelines of the ARC Goals and Objectives to be considered for funding. Based upon this degree of need, the project is then ranked accordingly. Based upon past history, economic development and infrastructure projects typically have the most emphasis placed upon them by the individual counties. These projects also have a high probability of creating a long lasting viable impact to the largest amount of people.

3. Scope and Cost Effectiveness

The evaluation includes a specific focus on the scope of the project and the return for the investment. The scope includes a detailed assessment of the overall project with specific goals addressed and desired results to be returned.

4. Degree of Distress

Projects are evaluated based upon the degree of distress that will be alleviated. Generally the degree of distress is a measure of unemployment or per capita income. Various factors must be considered when evaluating for distress. Things to consider are instances of natural disaster, the closing of major employers, and the broadness of the geographic region the project tends to cover. Projects that impact the entire region (three counties) will have a greater effect on the overall health of the Appalachian Area. It then stands to reason that areas with the greatest level of distress will benefit most from these projects.

5. Degree of Non-ARC Funds

Project costs are limited to include no more than 50% funding from ARC for Transitional counties and 30% funding from ARC for Competitive counties. Special consideration is given to projects that use ARC funding as a small minority of the total project cost. This allows more projects to be funded with the limited annual allocation.

- a. Beginning in FY 2002 Allegany and Garrett Counties have been designated as Transitional Counties and Washington County is designated a Competitive County.
- b. ARC funds/grants will comprise no more than 50% of all project costs in Transitional Counties and no more than 30% in the Competitive County.
- c. The Local Development District Administrative Grant is funded at 50% in

accordance with the ARC legislation.

6. Project Readiness

Project ranking is subject to the readiness of the particular project. Projects that cannot meet deadlines for funding or are uncertain of readiness will be placed below projects that are able to meet readiness criteria. If a project becomes stalled and unable to be initiated during the projected timetable, the next highest-ranking project that meets the funding criteria will be selected.

7. Leveraged Private Investment

Leveraged Private Investment represents private sector commitments that follow on as a result of the completion of the ARC-supported project (such as an infrastructure project) or the delivery of services (e.g. worker training, marketing campaign, export promotion program) under an ARC-supported project. Leveraged private investment is a performance measurement since it is a desired outcome, and leveraged private investment is usually the principal reason that any project can report, “jobs created.”

Generally the project should estimate the expected leveraged private investment and job impacts over the three-year period following the completion of the project. In addition, the project should include letters of commitment by the private company regarding their projected investments and job creation or retention impacts.