

STATE OF MARYLAND

APPALACHIAN DEVELOPMENT PLAN

2016 - 2020



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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; and
- 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

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.



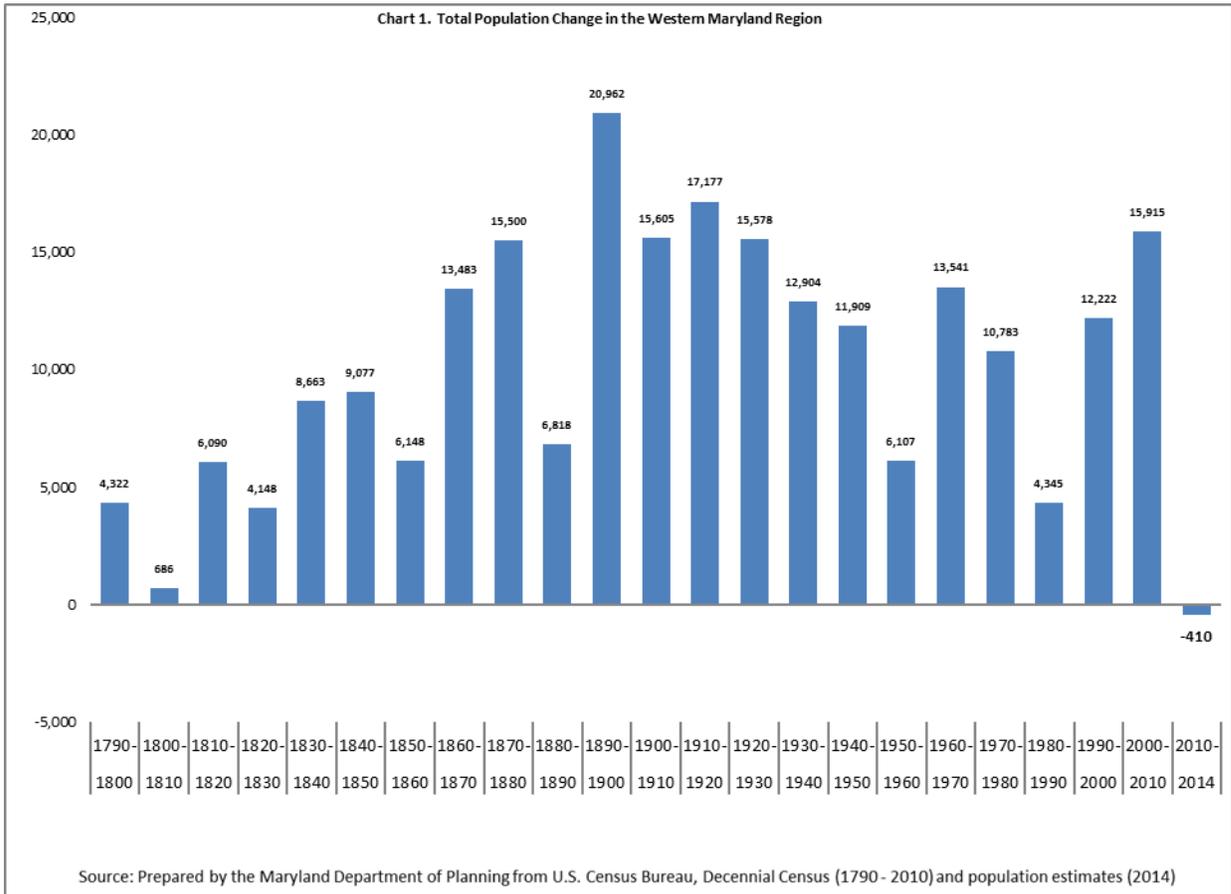
In 1964, President Lyndon B. Johnson speaks on the steps of City Hall in Cumberland, MD, the first stop on his six-state Appalachian Regional Commission kick-off. Photo: Maryland Department of Planning, courtesy of Allegany County Historical Society.

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 Larry Hogan is the State of Maryland representative to the Appalachian Regional Commission. Linda Janey, Assistant Secretary of MDP, was appointed as the Alternate to ARC. Bill Atkinson, Regional Planner for MDP, serves as the State Program Director who works directly with the Local Development District in the daily operation of the ARC Program. In Maryland this includes three counties, twenty-four municipalities and countless development and civic organizations.

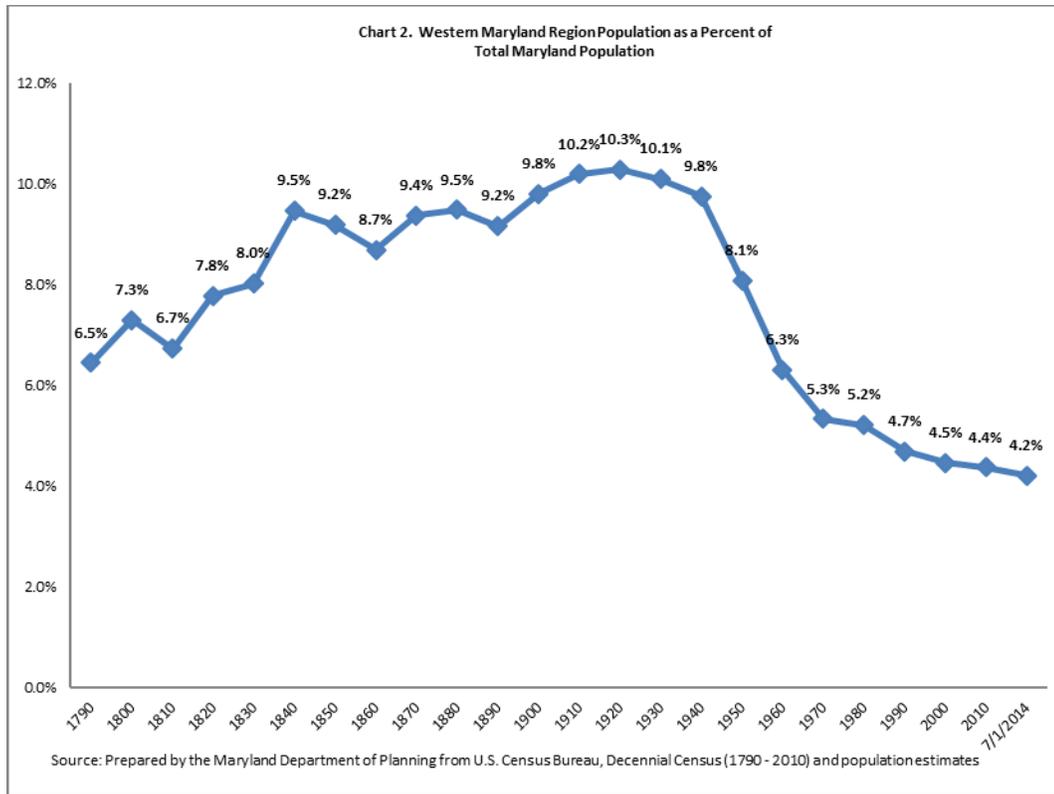
I. ANNUAL ASSESSMENT OF APPALACHIA IN MARYLAND

1. Population

The populations of the three counties that make up the Western Maryland Region – Allegany, Garrett and Washington, as shown in Chart 1, have grown in every decade up to and including the 2000 to 2010 period.



However, because this Region has grown slower than the rest of Maryland for decades, its share of the statewide population has been steadily declining since peaking in 1920 at 10.2 percent, falling to an estimated 4.2 percent by 2014. (See Chart 2.)



While the total numeric gain of the Region during the 2000 to 2010 period of 15,915 was the largest since the 1920s, two troubling trends are evident when looking at the data annually through that decade as well as the post census annual estimates through 2014. The first is that virtually all (97.4%) of the growth in the Western Maryland Region occurred in Washington County. The second is that there was a fundamental change in this Region’s growth path that roughly corresponds to before and after the Great Recession and which continues through today.¹ Table 1 illustrates the annual population estimates for the Region and the three counties from 2000 through 2014. The dominance of the growth in Washington County is evident, but growth for that County was nearly five times greater in the 2000 to 2007 period, averaging 2,017 per year, than in the 2008 to 2014 period with an average gain of only 486 per year.

¹ The Great Recession’s official starting and ending dates are December 2007 through June 2009 as identified by the National Bureau of Economic Research.

Table 1. Total Population Estimates, 2000 through 2014

I. Total Population

	<u>7/1/2000</u>	<u>7/1/2001</u>	<u>7/1/2002</u>	<u>7/1/2003</u>	<u>7/1/2004</u>	<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>	<u>7/1/2011</u>	<u>7/1/2012</u>	<u>7/1/2013</u>	<u>7/1/2014</u>
MARYLAND	5,311,034	5,374,691	5,440,389	5,496,269	5,546,935	5,592,379	5,627,367	5,653,408	5,684,965	5,730,388	5,788,101	5,843,833	5,891,819	5,938,737	5,976,407
WESTERN MARYLAND REGION	236,693	237,430	239,022	241,130	243,978	246,146	248,413	250,770	251,534	252,199	252,824	253,448	252,946	252,747	252,204
Allegany County	74,804	74,525	74,204	74,076	74,408	73,979	73,980	74,449	74,638	75,101	74,988	74,527	73,883	73,531	72,952
Garrett County	29,838	29,812	29,987	30,182	30,147	30,083	30,147	30,148	30,222	30,145	30,087	30,107	29,901	29,950	29,679
Washington County	132,051	133,093	134,831	136,872	139,423	142,084	144,286	146,173	146,674	146,953	147,749	148,814	149,162	149,266	149,573

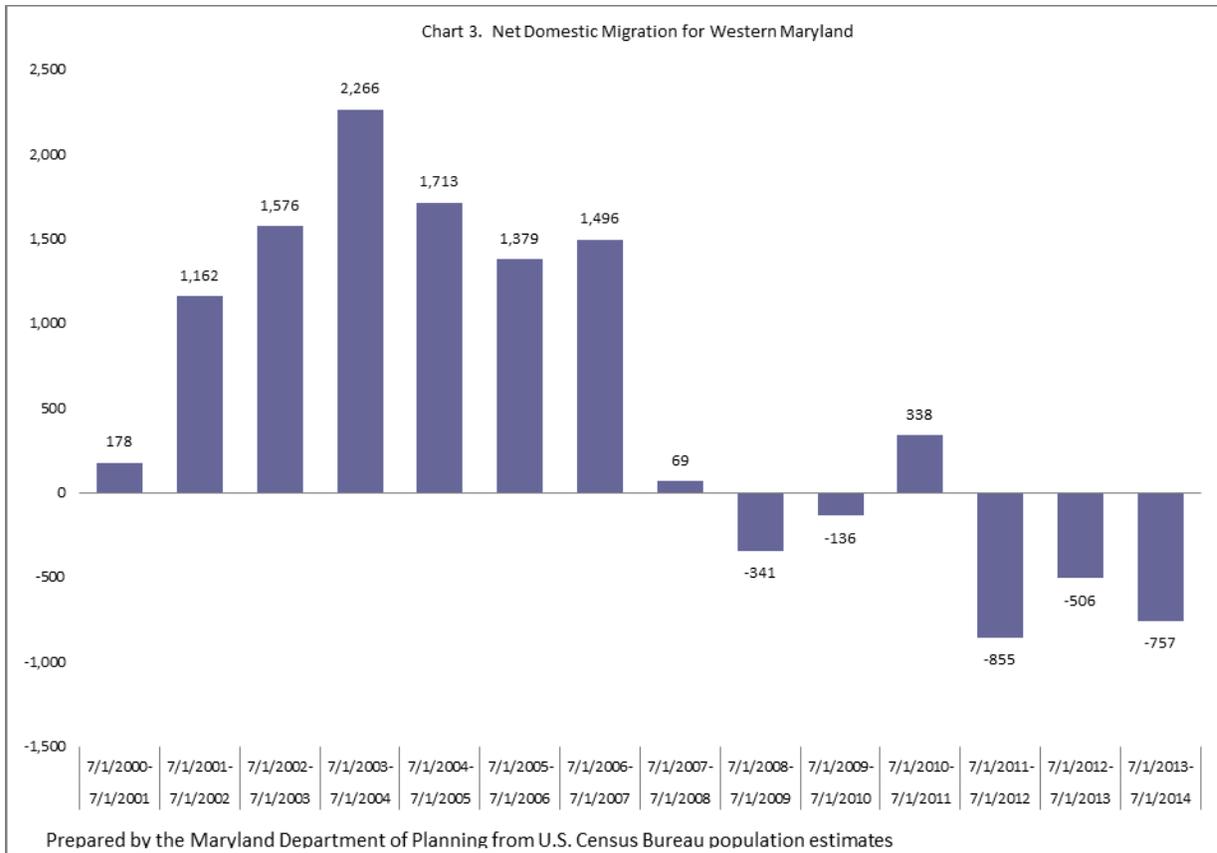
II. Change in population

	<u>7/1/2000-7/1/2001</u>	<u>7/1/2001-7/1/2002</u>	<u>7/1/2002-7/1/2003</u>	<u>7/1/2003-7/1/2004</u>	<u>7/1/2004-7/1/2005</u>	<u>7/1/2005-7/1/2006</u>	<u>7/1/2006-7/1/2007</u>	<u>7/1/2007-7/1/2008</u>	<u>7/1/2008-7/1/2009</u>	<u>7/1/2009-7/1/2010</u>	<u>7/1/2010-7/1/2011</u>	<u>7/1/2011-7/1/2012</u>	<u>7/1/2012-7/1/2013</u>	<u>7/1/2013-7/1/2014</u>
MARYLAND	63,657	65,698	55,880	50,666	45,444	34,988	26,041	31,557	45,423	57,713	55,732	47,986	46,918	37,670
WESTERN MARYLAND REGION	737	1,592	2,108	2,848	2,168	2,267	2,357	764	665	625	624	-502	-199	-543
Allegany County	-279	-321	-128	332	-429	1	469	189	463	-113	-461	-644	-352	-579
Garrett County	-26	175	195	-35	-64	64	1	74	-77	-58	20	-206	49	-271
Washington County	1,042	1,738	2,041	2,551	2,661	2,202	1,887	501	279	796	1,065	348	104	307
Change in Western MD Region as a Pct of MD Pop Change	1.2%	2.4%	3.8%	5.6%	4.8%	6.5%	9.1%	2.4%	1.5%	1.1%	1.1%	-1.0%	-0.4%	-1.4%

Prepared by the Maryland Department of Planning from U.S. Census Bureau population estimates

While Washington County had substantial growth through 2007, Allegany County and Garrett County have had very little or no growth for the entire period. For Allegany County, nine of the fourteen years showed population declines, while Garrett County showed population declines in seven out of the fourteen years. There has been a net loss in Allegany and Garrett counties, and for the Western Maryland region as a whole, since 2010.

The slowdown in the growth in Washington County can be tied directly to the effects of the Great Recession on the migration pattern of residents in Maryland (as well as other states). During the first part of the last decade, when the “housing bubble” was inflating and housing prices were rising rapidly, people were moving further out into the exurban, or “third tier” of suburbs in order to purchase homes that were more affordable. This particularly impacted Washington County which had an influx of residents from Frederick County, and to a lesser extent from Montgomery County, boosting its population growth. When the housing price bubble collapsed and the Great Recession took hold leading to significant job losses, the desire or even the means to move were no longer there. Both the buying and selling of homes became more difficult as mortgage lending standards were significantly tightened. With the loss of jobs, many could no longer afford to buy a home. Chart 3 shows the estimated annual net domestic migration for the Western Maryland Region over the most recent 14-year period. From strong net inflows through 2007 (almost all of which went to Washington County), the Region has experienced net domestic outmigration in six out of the last seven years.



2. Income

Median household income for the Western Maryland Region has been and remains significantly below statewide figures. In the 2011-2013 period (latest available for all counties) the median household income for the Western Maryland Region of \$49,110 is two-thirds (67.9%) of the statewide median household income of \$72,345. (See Table 2.) However, there is also a large difference within the Western Maryland Region, with the median income of Washington County (\$55,700) significantly above that of Allegany (\$39,846) and Garrett (\$41,728) counties. The median incomes of the latter two counties are on the order of 55 to 57 percent of the statewide median while Washington County’s median is a little over three-quarters of the state.

Table 2. Median Household Income (in constant \$2013 dollars)

	<u>2011-2013</u>	<u>1999</u>	<u>Change</u>	<u>Percent Change</u>	<u>2011-2013 Pct of Maryland</u>	<u>1999 Pct of Maryland</u>
Maryland	\$72,345	\$73,911	-\$1,566	-2.2%		
Western Maryland Region	\$49,110	\$50,823	-\$1,713	-3.5%	67.9%	68.8%
Allegany	\$39,846	\$43,089	-\$3,243	-8.1%	55.1%	58.3%
Garrett	\$41,728	\$45,070	-\$3,342	-8.0%	57.7%	61.0%
Washington	\$55,700	\$56,784	-\$1,084	-1.9%	77.0%	76.8%

Prepared by the Maryland Department of Planning from Census 2000 and American Community Survey 2011-2013 data.

The change in median household income since 1999 has been a bit worse in the Western Maryland Region compared to the state as a whole. Adjusted for inflation, Maryland’s median household income dropped by 2.2 percent between 1999 and the 2011-2013 period, a smaller decline than for the Western Maryland Region (-3.5%). The declines for Allegany and Garrett counties were much more severe – around 8.0 percent, while Washington County’s drop (-1.9%) was a bit better than the state.

3. Unemployment

Unemployment rates rose with the Great Recession and have slowly come back down, both in the Western Maryland Region and for the state as a whole. However, before, during, and after the Great Recession, Western Maryland unemployment rates remained stubbornly higher than statewide averages. The Western Maryland Region was hit harder than the state in general from the Great Recession with unemployment rates rising 4.9 percentage points (from 4.6% to 9.4% between 2007 and 2010), compared to a 4.2 percentage point increase for the state as a whole (3.5% to 7.7% for the same period). While unemployment rates have come down throughout the state, the unemployment rate for the Western Maryland Region remains 1.2 percentage points above the state. For Allegany and Garrett counties, the difference is even greater, 1.8 percentage points higher through the first five months of 2015. (See Table 3.)

Table 3. Annualized Unemployment Rates									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
Maryland	3.5%	4.2%	7.0%	7.7%	7.2%	7.0%	6.6%	5.8%	5.4%
Western Maryland Region	4.6%	5.5%	9.1%	9.4%	8.7%	8.1%	7.7%	6.8%	6.6%
Allegany County	5.1%	5.7%	8.5%	9.3%	8.8%	8.6%	8.2%	7.3%	7.2%
Garrett County	4.4%	4.8%	7.8%	8.9%	8.2%	8.0%	7.8%	6.9%	7.2%
Washington County	4.3%	5.5%	9.7%	9.6%	8.8%	8.0%	7.5%	6.5%	6.3%
Difference from Maryland									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
Western Maryland	1.1%	1.2%	2.1%	1.8%	1.5%	1.2%	1.1%	1.0%	1.2%
Allegany County	1.6%	1.4%	1.5%	1.7%	1.6%	1.6%	1.6%	1.5%	1.8%
Garrett County	0.9%	0.6%	0.8%	1.2%	1.0%	1.1%	1.2%	1.1%	1.8%
Washington County	0.9%	1.3%	2.7%	1.9%	1.6%	1.0%	0.9%	0.7%	0.9%

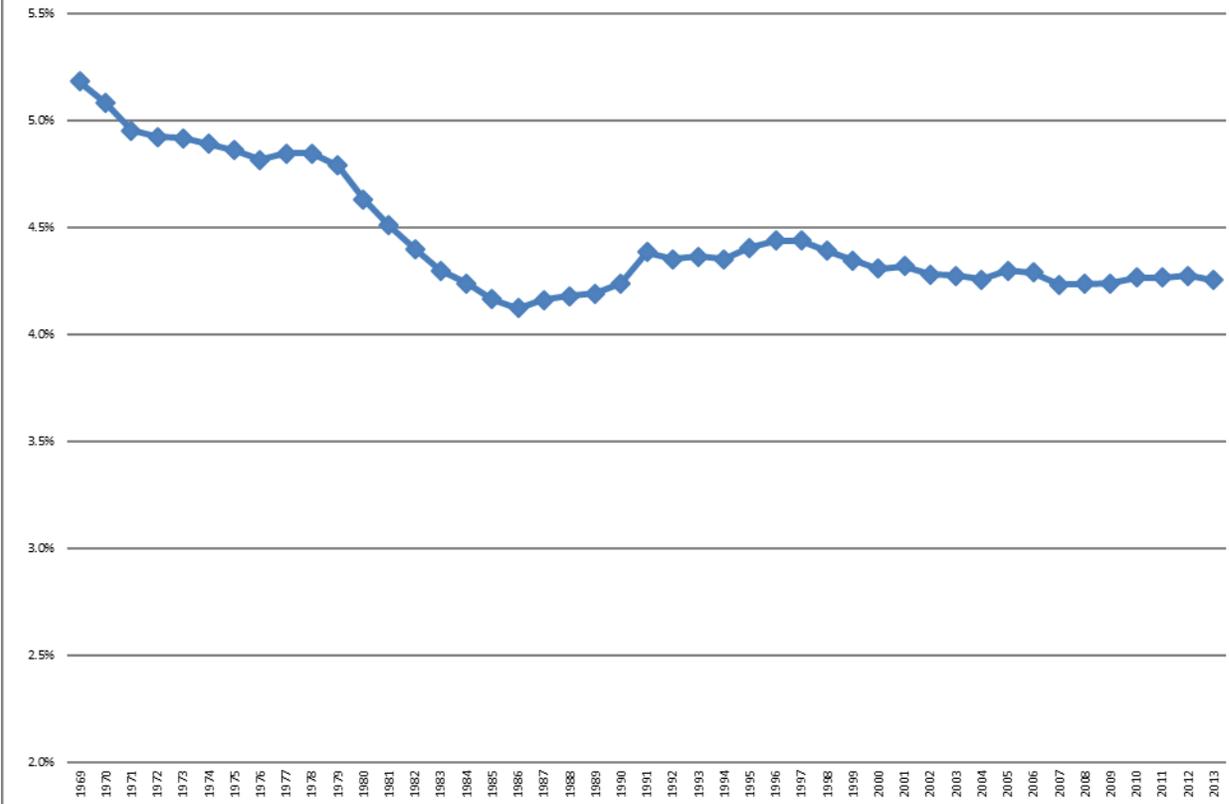
* January through May, preliminary

Prepared by the Maryland Department of Planning from U.S. BLS labor force and unemployment data

4. Economy

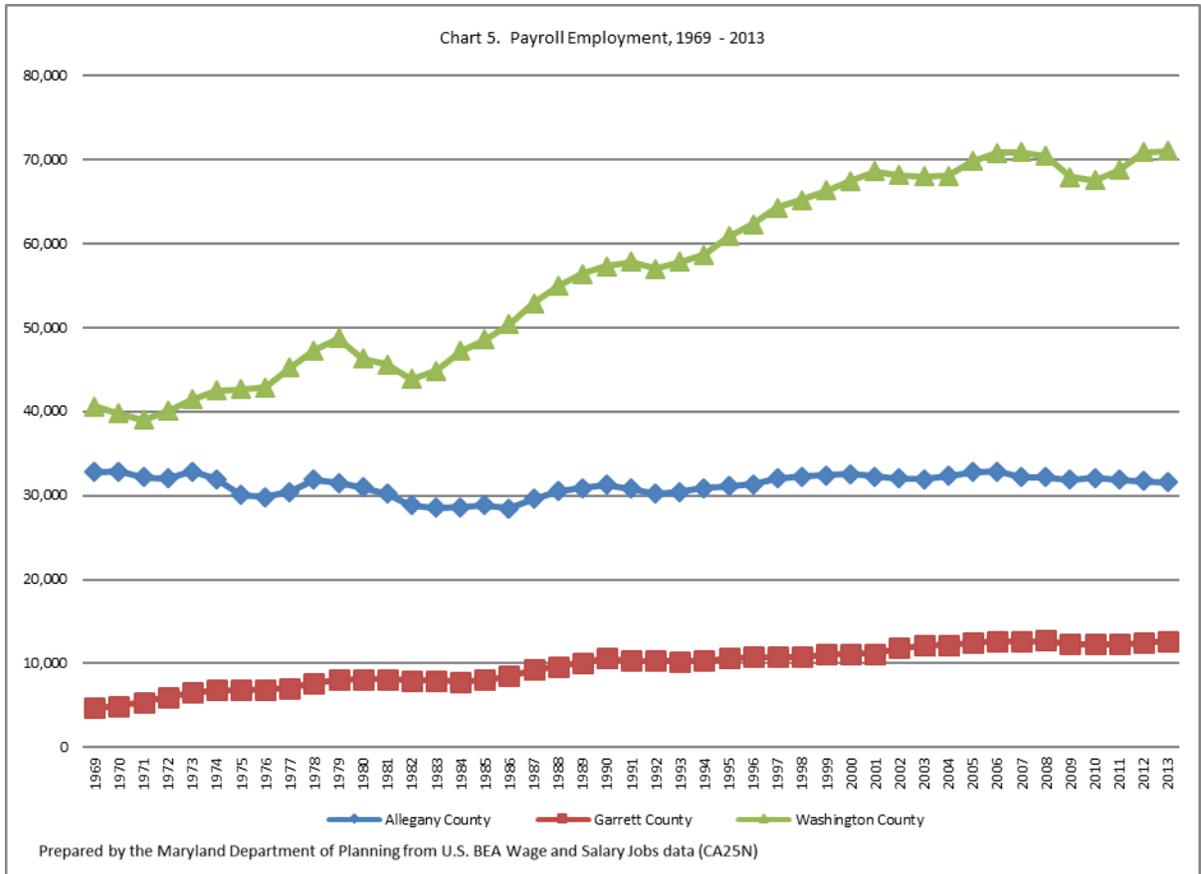
Despite a declining population share and higher unemployment rates, the Western Maryland Region seems to be holding its own in terms of job growth. While both the Region and the state were severely hurt by the Great Recession, both are slowly recovering. In fact the Western Maryland Region’s share of statewide payroll employment has stabilized at around 4.3 percent of total payroll employment in the state over the last four years. (See Chart 4.) This share is below historical levels. In 1969 (earliest data available), the Western Maryland Region made up 5.2 percent of statewide payroll employment. The low point was in 1986 when its share was 4.1 percent.

**Chart 4. Payroll Jobs in the Western Maryland Region
as a Percent of Total Maryland Payroll Jobs**



Prepared by the Maryland Department of Planning from U.S. BEA Wage and Salary Jobs data (CA25N)

As with population and income, growth in jobs is uneven within the Western Maryland Region. The bulk of the long-term growth in jobs is almost entirely due to gains in Washington County. (See Chart 5.) Allegany continues to suffer job losses.



Since a pre-recession peak of 32,885 payroll jobs in 2006, the County has lost jobs in five of the next seven years, including the last three years. As a result, 2013 totals are about 1,350 (-4.1%) below the 2006 peak. Garrett County’s 2013 total is just below its 2006 peak, while Washington County is 155 above its 2007 peak. (See Table 4.)

Table 4. Payroll Jobs in Western Maryland, 2005 - 2013

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	From Peak:	
										Change	Pct Change
WESTERN MARYLAND REGION	115,070	116,369	115,628	115,366	112,128	111,967	113,018	115,025	115,207	-1,162	-1.0%
Allegany County	32,806	32,885	32,148	32,166	31,907	32,131	31,906	31,736	31,539	-1,346	-4.1%
Garrett County	12,473	12,677	12,614	12,788	12,265	12,282	12,322	12,430	12,647	-30	-0.2%
Washington County	69,791	70,807	70,866	70,412	67,956	67,554	68,790	70,859	71,021	155	0.2%
Annual Change		2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	2012- 2013		
WESTERN MARYLAND REGION		1,299	-741	-262	-3,238	-161	1,051	2,007	182		
Allegany County		79	-737	18	-259	224	-225	-170	-197		
Garrett County		204	-63	174	-523	17	40	108	217		
Washington County		1,016	59	-454	-2,456	-402	1,236	2,069	162		

Prepared by the Maryland Department of Planning from U.S. BEA wage & salary data (CA25N)

All of Western Maryland is now focused on, and committed to, bringing information technology companies and the needed infrastructure to the area. The Maryland Broadband Cooperative is committed to bringing much needed infrastructure and competition to the rural areas of Maryland including Allegany, Garrett and Washington Counties.

II. Economic 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 enabling legislation 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; and
- 4) Build the Appalachian Development Highway System to reduce Appalachia's isolation.

As detailed in the ARC State Implementing Strategy Statement, Maryland has identified specific objectives and strategies that are critical to the development of the Region. This Development Plan outlines the overall economic development priorities and strategies of the State for the Appalachian Region:

1. Infrastructure Development - Focus on Broadband (ARC Strategic Investment GOAL 3)

The number one priority without exception is infrastructure, be it telecommunications, water lines, sewer lines, gas, electric or roads; you cannot have success without it. There are two distinct types of infrastructure projects. The first is replacement of existing infrastructure. Old, failing and inadequate water and sewer lines combined with new regulations for stormwater and sanitary sewer separation have to be taken care of prior to new lines being run for additional development. Maintaining antiquated, 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 employment park, adequate infrastructure must be run many miles to get from one tract to the next.

Economic development efforts have shifted to attraction of information technology and advanced manufacturing plants. It is recognized 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.

The situation has improved over the last several years with the formation of the Maryland Broadband Cooperative (MDBCC) and the Federal investments to install fiber in some of the underserved areas. Federal grants have greatly improved the ability for public and non-profit agencies to connect to this infrastructure as funding to complete the "last mile" of infrastructure from the fiber backbone to the facility has been made available. Unfortunately the same funding does not exist to complete the required infrastructure to connect to private businesses or residential areas. This will remain a challenge as local jurisdictions lack the funding to complete this same "last mile" of infrastructure.

With the recent change in FCC regulations, rural areas such as Western Maryland are now turning to wireless solutions to serve their populations. Various spectrums unavailable in the past have been released to allow this possibility to become a reality. The new spectrums are less impacted by weather and the foliage which was a detriment to wireless frequencies previously used. Currently projects are

underway in Garrett County to utilize the 700 MHz frequency to deliver high speed internet to areas that previously were only able to be reached by slow and expensive satellite connections.

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

2. Workforce Development and Education (ARC Strategic Investment GOAL 2)

Development of a highly competent and well-educated workforce with the skills desired by existing, new, and relocating businesses is another of the State's priorities. Economic development efforts and the local education institutions will coordinate their efforts in establishing education opportunities that match the needs of existing and new businesses being recruited by economic development agencies.

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.

Garrett County continues to enhance educational opportunities for the local students by providing scholarships. Realizing that local graduates wishing to go to college cannot 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. This will enhance the workforce for the county and surrounding area and help ensure those in the county that wish to further their education will not be deprived of that opportunity.

Allegany County now offers a similar Opportunity Scholarship, which is only available to residents of Allegany County. Tuition subsidies will be provided to help support the cost of tuition that is not covered by federal or state aid and scholarship support. Up to 50% of the in-county tuition rate per credit hour will be provided through this scholarship fund.

3. Expand Tourism and Recreation (ARC Strategic Investment GOAL 4)

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.

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.

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 three state certified heritage areas – one in each of the western counties.

The area has seen recent growth and development of tourism related business and impact from its recreational, historical and heritage attractions. Continued development of the attractions and additional promotion and marketing is needed to see this sector grow. Small business and entrepreneurial efforts associated with this sector should be encouraged and efforts made to market asset-based development around the outdoor recreational opportunities of the region.

For example, Bon Appétit Appalachia showcases the Appalachian Region's most distinctive food destinations, and was available as an insert in the summer 2014 issue of Food Traveler Magazine. Sites featured include local farms, farmer's markets, farm-to-table restaurants, wineries, craft breweries, and other culinary destinations. ARC is currently looking to build upon this success and partner with Edible Magazine to further develop this economic sector. Supporting its growing food-systems sector is one of the important steps the Region has taken to diversify its economic base.

4. Energy Development (ARC Strategic Investment GOAL 4)

The region has a steep history in the development of traditional energy resources, mainly coal and natural gas that has at times created economic growth. These industries will continue to have an important impact on the economy and should continue to be supported within the new environmental guidelines. The ARC Power Plus Program can be used if the region starts to see a decline in the economic impact of coal industry.

Allegany and Garrett Counties also are part of the Marcellus Shale natural gas area. The state has spent several years preparing studies to develop best practices and protect against the environmental impacts of shale development. Copies of these studies can be found at:

<http://www.mde.state.md.us/programs/Land/mining/marcellus/Pages/index.aspx>

The State currently has a moratorium on issuing any permits for shale development until 2017.

Garrett County is undertaking a study with ARC FY15 funds to review the potential impacts that the shale development may have on the tourism industry, second home values and outdoor recreation.

However with the increase environmental regulations and the focus to decrease demand for carbon fuel the area needs to develop strategies to take advantage of the area's natural climate for wind and solar energy development.

5. Expanding the Health Care Industry (ARC Strategic Investment GOAL 2)

Appalachian Maryland has a comprehensive and well 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. Due to the rural nature of the region and the need to improve care, TeleHealth initiatives will continue to be a way of improving health care to the residents of Western Maryland.

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. The health care and related service industry continues to be one of the largest employers in the region despite having fewer doctors per population than the national average. The State Department of Health and Mental Hygiene is now actively promoting the ARC J-1 Wavier Program to attract qualified physicians to the region.

Three hospital operators serving rural western Maryland have developed a joint regional alliance board that could lead to sharing services and management, combined quality initiatives and clinical integration. The three hospitals are the Frederick Regional Health System in Frederick, Meritus Health in Hagerstown and Western Maryland Health System in Cumberland. The citizens of Western Maryland will benefit greatly from an alliance that focuses its collective resources and expertise on the health and well-being of the regional communities being served.

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 bachelor's degree in nursing at Frostburg State University. Additionally, the Allegany County Board of Education has a pre-medical concentration program for high school students.

6. Continue to Improve Transportation System (ARC Strategic Investment GOAL 3)

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. Improved access to the north and south is being planned for Route 220 and Route 219. Studies on route locations for both roads are currently underway. In Washington County the emphasis is on the widening of Interstate 81 through the county.

The airports on all three western counties now have runways of 5,000 feet or more to accommodate small commercial jets. This is a major accomplishment as corporations rely on air traffic for corporate visits as well as deliveries. A new terminal building is currently slated for construction at Garrett County airport, and Washington County is now offering commercial air traffic to Orlando, Myrtle Beach and Dulles International Airport.

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 has been graded for the addition of a rail spur. Therefore, this industrial park provides the potential for location of businesses that utilize the rail transportation.

Another transportation need to be addressed is the link to municipal revitalization through enhanced pedestrian and biking opportunities through an integrated transportation system that stimulates economic

development, increases alternative transportation options, encourages healthier lifestyles, decreases traffic pollution, and improves accessibility to the Region's natural resources.

7. Local Capacity Building and Leadership Training (ARC Strategic Investment GOAL 5)

Across the region, young leaders — those from 18 to 35 years old — are needed to help create vibrant, economically diverse, and healthy communities. The region needs to develop effective programs for young leaders that include both learning and taking action to help their communities overcome challenges and reach their economic development goals.

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. These groups generally work very closely with the Chamber of Commerce in each respective county and The Greater Cumberland Committee in working to identify and assist in the development of new leadership.

III. State Strategic Goals and Objectives

The following is Maryland's integration of its objectives and strategies to further ARC's goals:

A. **ARC Investment Goal 1: Economic Opportunities – Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy**

State Objective 1.1: Stimulate growth of the region's businesses through development of technology resources.

State Strategy 1.1.1: Develop educational programs that support new technology development in the region.

State Strategy 1.1.2: Work with the region's higher education institutions to develop new programs that support new technology.

State Strategy 1.1.3: Provide startup funding through RLF programs for development of new technology related industry in the region.

State Strategy 1.1.4: Provide the infrastructure to support the development of new technology related industry in the region.

State Objective 1.2: Increase international exports from the ARC region.

State Strategy 1.2.1: Provide assistance to local companies' exports efforts through a regional export assistance office.

State Objective 1.3: Carry on a comprehensive economic development planning effort for the region.

State Strategy 1.3.1: Develop and maintain economic development plans.

State Strategy 1.3.2: Implement Sustainable Communities planning initiatives in order to enhance and maintain job creation and economic growth.

State Objective 1.4: 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 1.4.1: Develop projects that encourage the reuse and/or the redirection of the use of downtown areas.

State Strategy 1.4.2: Provide the necessary infrastructure for reuse and/or redirect the use of downtown areas.

State Objective 1.5: Continue to support business expansions, start-ups and entrepreneurship.

State Strategy 1.5.1: Provide assistance to the region's entrepreneurs through the use of the district's RLF program.

State Strategy 1.5.2: Support the region's entrepreneurs through procurement assistance programs.

State Strategy 1.5.3: Support the region's entrepreneurs through the SBDC and other state programs.

State Strategy 1.5.4: Support programs that do not duplicate existing services but that fill gaps in the existing entrepreneur network.

State Strategy 1.5.5: 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 1.5.6: Develop advisory and training programs, as well as networking and "roundtable" opportunities for the region's entrepreneurs.

State Objective 1.6: 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 1.6.1: Development of comprehensive planning.

State Strategy 1.6.2: Development of downtown planning documents.

State Strategy 1.6.3: Develop projects that encourage the reuse and/or the redirection of the use of downtown areas.

State Objective 1.7: Increase the number of marketable industrial sites within all three counties including the conversion and rehabilitation of vacant industrial facilities.

State Strategy 1.7.1: Provide the basic infrastructure to new industrial sites and rehabilitate vacant industrial facilities.

State Strategy 1.7.2: Utilize "Energy Efficient Efforts" when possible in the provision of infrastructure.

B. ARC Investment Goal 2: Ready Workforce – Increase the education, knowledge, skills, and health of residents to work and succeed in Appalachian

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 provider's 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: Appalachian high school students will have access to both school-to-work and postsecondary education compatible with real-world needs, technology applications, and academic preparation.

State Strategy 2.4.1: Work with local business to create a valuable school-to-work transition program.

State Strategy 2.4.2: Work to create programs directed toward postsecondary access and success.

State Objective 2.5: The percentage of Appalachian workers receiving advanced skills training will equal or exceed the national average.

State Strategy 2.5.1: Increase the region's emphasis on science, math, and engineering programs.

State Strategy 2.5.2: Development of new educational programs that will lead to the development of the new skills necessary in the 21st century.

State Strategy 2.5.3: Provide continuing education training in advanced skills to the regions workers.

State Strategy 2.5.4: Work with local businesses to develop programs that will encourage workers to take advantage of post-secondary education programs.

State Objective 2.6: All Appalachian counties will equal or exceed the national average for enrollment in post-secondary education.

State Strategy 2.6.1: Encourage academic competition between the regions post-secondary educational institutions.

State Strategy 2.6.2: Increase the region's employment opportunities for college educated personnel.

State Strategy 2.6.3: Increase emphasis on technical employment opportunities.

State Strategy 2.6.4: Development of new career programs in science and engineering.

State Strategy 2.6.5: Development of graduate degree opportunities locally, either by offering advanced degrees through existing institutions or through remote classroom programs.

C. ARC Investment Goal 3: Critical Infrastructure – Invest in critical infrastructure – especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems

State Objective 3.1: 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 3.1.1: Provide the basic infrastructure necessary for the public sector to develop and maintain a communication network.

State Objective 3.2: 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 3.2.1: Preserve the existing housing stock available to low and moderate income residents.

State Strategy 3.2.2: Increase the degree of homeownership affordable by low and moderate-income residents.

State Strategy 3.2.3: Increase the supply, choice and condition of Appalachian Maryland's housing stock.

State Strategy 3.2.4: Stimulate and assist with the production of Housing for low and moderate income residents.

State Objective 3.3: Develop a balanced transportation system, which is supportive of economic growth and investment potential in the region.

State Strategy 3.3.1: Development of a north-south transportation network in the region.

State Strategy 3.3.2: 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 3.3.3: Increase the region's rail service capacity to meet potential increase in demand and to facilitate continuing industrial development.

State Strategy 3.3.4: Upgrade the region's airports to compliment future development and increase marketing support for air service.

State Strategy 3.3.5: Improve or provide access to recreational, health, or educational facilities.

State Objective 3.4: Support a viable system of public transportation.

State Strategy 3.4.1: Develop planning studies for public transportation.

State Strategy 3.4.2: Develop planning studies which incorporate walkable community strategies and consideration for bike paths.

State Objective 3.5: Provide required access to key industrial or commercial centers.

State Strategy 3.5.1: 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 3.5.2: Support studies to increase use of public transit.

State Strategy 3.5.3: Support transportation studies that will help to revitalize or alleviate problems in downtown commercial areas.

D. ARC Investment Goal 4: Natural and Cultural Assets – Strengthen Appalachia’s community and economic development potential by leveraging the Region’s natural and cultural heritage assets

State Objective 4.1: 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 4.1.1: Support regional marketing programs for the travel and tourism industry.

State Strategy 4.1.2: Support the development of heritage tourism products linked to state and national byway and heritage area efforts.

E. ARC Investment Goal 5: Leadership and Community Capacity – Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development

State Objective 5.1: Enhance the capacity of local municipalities to plan for economic development and the needs of Western Maryland citizens.

State Strategy 5.1.1: Develop and maintain programs that will train residents of the region in economic development.

State Strategy 5.1.2: Develop and maintain economic development plans.

State Objective 5.2: Provide training opportunities to enhance the leadership skills of local officials and private nonprofit groups tasked with providing services to the community.

State Strategy 5.2.1: Development of programs that provide training in leadership development.

State Strategy 5.2.2: Development of programs that provide management skills to non-profit organizations.

State Objective 5.3: Enhance and strengthen the communication capability of non-profit and government organizations.

State Strategy 5.3.1: Develop and maintain a modern telecommunications network.

State Strategy 5.3.2: Monitor the effects upon the region caused by the deregulation of telecommunications.

State Objective 5.4: Develop skills necessary to promote collaborative partnerships among government.

State Strategy 5.4.1: Sponsor groups, meeting, workshops and retreats that provide opportunities for intergovernmental cooperation.

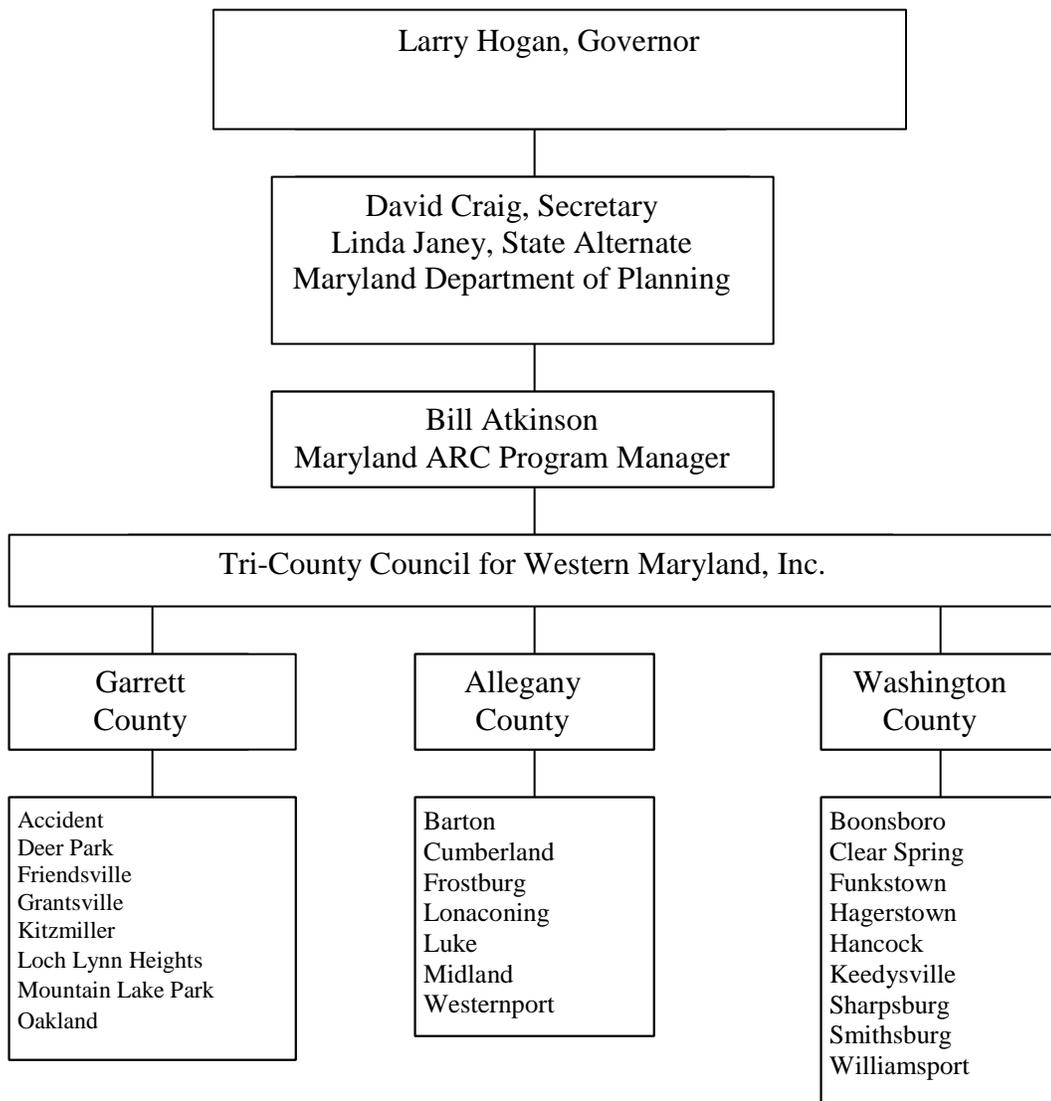
State Objective 5.5: Provide training, which emphasizes the roles and responsibilities of being an effective board member.

State Strategy 5.4.1: Sponsor programs on effective board membership and their responsibilities.

IV. State ARC Operations

The ARC Program in Maryland is directed through the Office of the Governor and coordinated and managed by an Assistant Secretary of the Maryland Department of Planning. The Assistant Secretary serves as the Governor's Alternate to the ARC, and works with the Program Manager located in the Western Maryland Regional Office. The State of Maryland, via the Program Manager, submits projects to the ARC on behalf of Appalachia Maryland's local governments, non-profits, and other regional institutions. The Program Manager works closely with the Tri-County Council for Western Maryland, Inc. Maryland's Local Development District (LDD), via its Western Maryland Regional Office. Counties develop and rank preliminary project descriptions and submit these to the LDD, which in turn provides copies to the State's ARC Program Manager. The LDD and the Program Manager then review and develop a priority list for funding. The availability of matching funds, potential for job creation and growth, equitable funding among the counties and consistency with state and federal objectives and policies are all factors taken into consideration within the review. Recommendations are then presented to the LDD Board and State for review and approval.

ARC Maryland - Organizational Structure



Tri-County Council for western Maryland, Inc.

Tri-County Council has operated as the Local Development District for the Appalachian Regional Commission for over forty years and represents a working partnership of federal, state and local governments. The Council's primary focus is to solve area-wide problems and encourage regional economic development. The Council provides a forum whereby business and civic leaders share in the decision-making process with elected officials to resolve issues that transcend traditional political boundaries.

The Council serves as the regional planning agency for Western Maryland under the guidelines of the Appalachian Regional Commission and the Economic Development Administration. Both agencies require annual investment strategies for the region to ensure that qualified areas are eligible for capital funds to be invested in the target areas or areas of critical need. These projects are submitted annually to ARC after ensuring that they meet the goals and guidelines of the individual programs. Projects that are identified as having the most economic impact are selected to apply for the available funding.

The Tri-County Council also plays a critical role by providing a Revolving Loan Fund (RLF) 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. The Council works directly with primary lenders to ensure that the program is marketed and available to potential clients. Banks must be involved in the process for clients to be eligible for funding. With qualified businesses in need of funds, the RLF is providing these funds and helping businesses to function and succeed.

In addition to gap financing, the Council can also provide direct lending to businesses across the region through the State Lottery Terminal Fund (SLoT). This program can fund projects just as a traditional bank and is risk-rated to provide the lowest interest rates possible to qualified companies. Funding for the program is available annually and is generated through revenues from the Maryland based casinos.

The Council also serves as the regional Clearinghouse for transportation projects available through the Maryland Transit Administration, provides technical assistance for grant applications, serves as a state data center, and sits on the Maryland Broadband Cooperative Executive Board of Directors.

VI. State Policies for Evaluation

Projects will be evaluated using the following screening tools, which are a combination of state law and policy.

1. Planning Visions

Projects should be consistent with the State of Maryland's growth policy, which is articulated in statute through the twelve planning visions. These visions address quality of life and sustainability, public participation, growth areas, community design, infrastructure, transportation, housing, economic development, environmental protection, resource conservation, stewardship, and implementation approaches. Local jurisdictions must address the visions in their comprehensive plans and implement them through zoning ordinances and regulations.

2. Priority Funding Areas

Projects should be consistent with the Smart Growth Areas Act of 1997, which directs state funding for growth-related infrastructure to Priority Funding Areas (PFAs), providing a geographic focus for state investment in growth. PFAs are existing communities and places where local governments want state funding for future growth. The act legislatively designated certain areas as PFAs and established criteria for locally-designated PFAs. Growth-related projects include most state programs which encourage or support growth and development such as highways, sewer and water construction, and certain types of economic development assistance. With this legislation, the state signaled its intention to focus resources on existing communities and other locally-designated growth areas.

3. Sustainable Communities

Projects should be consistent with Sustainable Communities effort, the State's place-based community revitalization strategy that offers a comprehensive package of resources to designated Sustainable Communities. To participate, municipal and county governments identify local areas in need of revitalization, create a comprehensive revitalization strategy to guide investment in accordance with the principles of sustainability, and nominate the areas for designation by the State's Smart Growth Subcabinet.

The Sustainable Communities strategy and designation supports more economically viable, environmentally responsible and equitable places to live, strengthens reinvestment and revitalization in established communities, and supports other locally-identified goals. Sustainable Communities designation encourages interagency and cross-governmental collaboration, aligning state and local resources to address the needs of Maryland's existing communities.

4. Sustainable Transformation of the Appalachian Region (STAR)

Project reviewers can use STAR to determine projects' consistency with local economic development priorities.

STAR includes two reports: an inventory of the goals of the Western Maryland region's current economic development plans (as of 2012), as well as a summary of existing conditions of the region's education, transportation and other infrastructure.

5. The Sustainable Growth & Agricultural Preservation Act of 2012

Projects should be consistent with the Sustainable Growth & Agricultural Preservation Act of 2012, which limits the spread of septic systems on large-lot residential development to reduce a major source of nitrogen pollution in the Chesapeake Bay and other waterways. In accordance with this law, local jurisdictions map areas that are currently served by public water and sewer (Tier 1); areas that are intended to be served by public water and sewer (Tier 2); areas planned for preservation and conservation (Tier 4); and areas that are not intended for preservation and conservation, or to be served by public water

and sewer (Tier 3). The law limits major residential subdivisions on septic systems to land within Tier 3. Evaluators should be familiar with the tier maps to ensure that the location of the proposed projects would not present a conflict with the maps.

6. Reinvest Maryland

Projects should reflect the priorities of Reinvest Maryland, a set of strategies designed to focus investments, budgets, regulatory authority, and resources to support places where people currently reside.

Reinvest Maryland complements and enhances the Priority Funding Areas law and Sustainable Communities strategy. It aims to ensure that residents can live in healthy, vibrant communities with a range of housing, employment, and transportation options, regardless of their income or the region in which they live. In many communities, an increase in the amount and quality of infill, redevelopment, and revitalization can help to achieve this goal.

For the purposes of Reinvest Maryland, the State has defined infill, redevelopment and revitalization in the following way:

- Infill is the development of vacant parcels within previously built areas.
- Redevelopment refers to building or rebuilding on parcels that have been previously developed, with redevelopment aiming for a higher and better use of the area for the community.
- Revitalization refers to instilling new life and vitality into a community through infill and redevelopment or other activities, such as building reuse and renovations, façade improvements, beautification efforts, small business loans, and special events.

7. State Energy Policy

The mission of the Maryland Energy Administration (MEA) is to maximize energy efficiency while promoting economic development, reducing reliance on foreign energy supplies, and improving the environment.

VII. ARC Project Status as of September 2015

The following is a list of Appalachian Regional Commission Projects by County that are currently underway. New projects for the Fiscal Year 2016 will be invited to apply for funds in the fall of 2015. These potential projects can be seen in the ARC Project Package FY16 at <http://tccwmd.org/>

Allegany County

Fairgrounds Waterline Replacement- involves the replacement of a hazardous, deteriorated and corroded waterline servicing a major economic center. The project is in closeout.

Frostburg Grows: Training & Research Field Station – is constructing a training facility for workshops and research, focusing upon the creation of new jobs in local food production and natural resource entrepreneurship. The project was redesigned for a prefab structure, and construction is expected in fall of 2015, with workshops and training beginning once construction is complete.

Cumberland Incubator/Co-Work Space Feasibility Study – will examine the viability and sustainability of a self-sufficient facility that supports entrepreneurs and new businesses by providing co-work space and offering world class training and educational resources. The project is in final stages of review and is to be completed by end of September 2015.

AllCoNet Backbone Microwave Link Upgrade – provides equipment upgrades to increase the capacity and stability of microwave links at critical spur towers, resulting in improved reliability and performance. The project is underway and anticipated completion is by end of 2015.

Development of Geochemistry laboratory at Frostburg State University – will provide a geochemistry laboratory to train students in the applied science of geochemistry through a collaborate effort of the Geography and Chemistry Departments. Classes will begin in the fall 2015.

Fiber Extension-John Humbird and Cash Valley Elementary Schools – installs a broadband fiber network to two elementary schools and continues the Board of Education’s effort to provide fiber technology to all schools within the county. The project was recently completed.

Board Governance and Leadership Training - provides leadership training and development for non-profit board members. Leadership and organizational training is vital for effective decision making and use of scarce resources in communities. The project is under review by ARC.

Economic Feasibility Analysis and Implementation Plan: City of Cumberland - focuses on implementing the recently completed Economic Development Strategic Plan by evaluating four sites to determine their redevelopment feasibility. The project recently was approved by ARC.

Fiber Extension – Downtown Cumberland and Board of Education Fiber Route - expands on the existing fiber network to provide a ring of broadband service in downtown Cumberland, as well as provides fiber to the Allegany County Board of Education Facilities and Maintenance building. The project is pending approval by ARC.

Garrett County

Last Mile Wireless Network Broadband Phase 2 and 3 - continue to design, install, and develop/refine the business plan for operations of a wireless network to make available broadband internet service to residences and businesses. The project is underway and each phase will provide access to different areas within the county.

HART Animal Center, Phase II – constructs the second phase of the Animal Center, enabling Garrett College to offer hands-on clinical training for graduates seeking employment in the veterinary field. Completion is set for spring of 2016 with training classes to begin in the fall.

Friendsville Economic Development Strategic Study – will prepare a comprehensive economic development and marketing strategy for the Town of Friendsville. The project near completion

Washington County

Meritus Telehealth Program – offers a remote monitoring system in the homes of patients suffering from chronic diseases. The purchase of equipment and patient education is intended to improve health and decrease hospital visits. A few systems were purchased and installed in patient’s homes. The initial use and effectiveness was very positive, however the project had some issues with interfacing which could not be resolved within the timeline of the grant funding. The project is under closeout with only a small percentage of funds being allocated. The potential to reapply for funds once the issues have been resolved has been discussed.

Hagerstown-Martinsburg MSA Manufacturing Supply Chain Study – will prepare an in-depth analysis of the Hagerstown-Martinsburg MSA manufacturing and fabrication companies by sector and identifying their current supply chain for materials and components. The project is near completion.

Sewer Rehabilitation and I&I Mitigation Phase One, Town of Boonsboro – proposes to evaluate and rehabilitate the older sections of the town’s sewer collection system. The project is on hold at ARC awaiting the State Department of Housing and Community Development applying to become a State Basic Agency to administer the grant funds.