

ARTICLE II

THE GENERAL PLAN

CHAPTER 4

ECONOMIC DEVELOPMENT

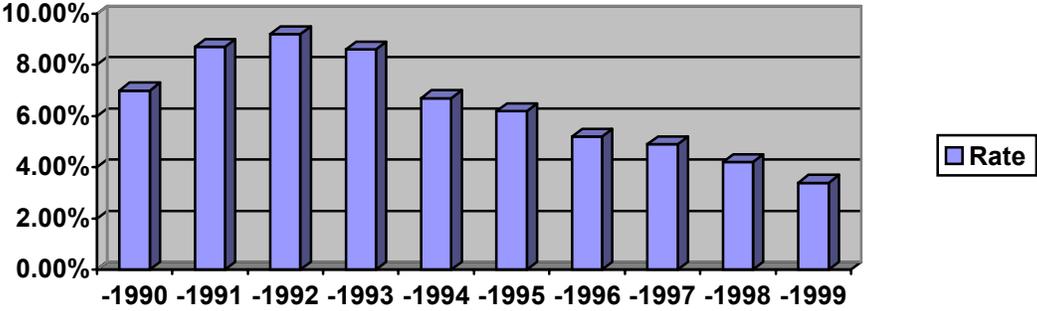
A. INTRODUCTION

The economy of Washington County has changed dramatically from its creation in 1776. Rural areas of the County maintain its connection with its agricultural roots, while urban areas have seen dramatic changes in types of employment opportunities. From farming area, railroad hub and heavy manufacturing center, to regional retail center, warehouse/distribution hub and hi-tech financial processing clearinghouse; the evolution of the economy of Washington County has seen it all, and is poised for further expansion and evolution in the 21st century.

Unemployment trends in the County have plummeted over the decade of the 1990s from near double digit at the beginning of the decade, to around 3% by the end of the decade. This decrease in unemployment rates is consistent with both Maryland and National employment patterns. In contrast, at the beginning of the decade Washington County's unemployment rates were higher than both the State and National averages, while at the end of the decade Washington County's unemployment rates have been lower than the State and National averages. The following table illustrates annual average unemployment rates in the 1990s.

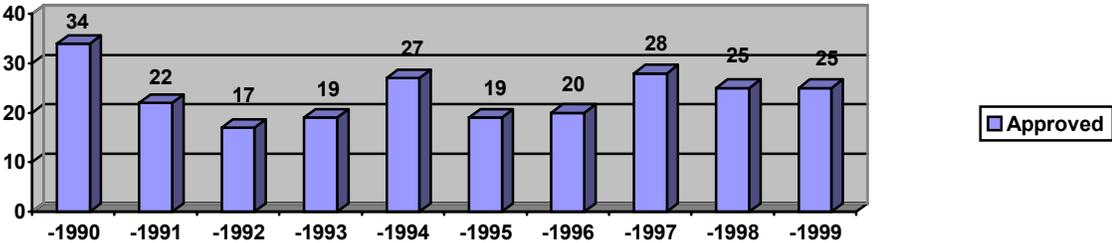
Average Annual Unemployment Rates 1990-1999										
Year	(1990)	(1991)	(1992)	(1993)	(1994)	(1995)	(1996)	(1997)	(1998)	(1999)
Rate	7.0%	8.7%	9.2%	8.6%	6.7%	6.2%	5.2%	4.9%	4.2%	3.4%

Average Annual Unemployment Rates 1990-1999



This decrease in unemployment correlates with the number of major site plans approved for development during the 1990s with a significant number of major developments being approved toward the end of the decade.

Major Site Plans Approved 1990-1999



The economic impact of recent development is also felt through an increase in the amount of corporate real property tax assessment, rising from approximately 24% of the total County assessment in 1995 to 26% in 1999.

The factors contributing to this economic development growth are location, labor force, infrastructure and available land. When combined with land use initiatives that target areas of the County for economic development, such as Hopewell Valley, these factors provide the components to sustain economic growth well into the 21st Century.

The Tischler Fiscal Analysis Study utilizes employment projections for the period 1998-2020 ranging from 9,252 new jobs under the “Low Growth” scenario to 26,801 under the “Economic Development Scenario”. Under the “Trends” scenario projected new job growth is 18,493. From the period from 2020 to 2050 these employment figures could easily be duplicated generating 40,000 to 50,000 new jobs in the County during the longer 50-year horizon period. Sites to house these new jobs, as well as the needed infrastructure to support the new growth, must be planned for now if sites to accommodate the anticipated growth will be available in the future.

Approximately 10,763 acres in the County are zoned for industrial or commercial activity. This equates to approximately 3.75% of the County zoned land. Of these 10,763 acres, approximately 48% are developed. This leaves approximately 5,570 acres for potential development. When roads, infrastructure, storm water management facilities, environmental sensitive areas, and forest conservation requirements are considered the actual area available to address new job growth becomes significantly reduced.

Prime sites for economic development identified within the Urban Growth Area and

Town Growth Areas need to have proper zoning in place to facilitate economic development. Sufficient land needs to be identified to meet employment projections over at least the twenty (20) year planning period, and allow for a variety of choices in site location and size.

Economic Development strategies need to sustain and expand existing businesses and industries, attract new firms which can diversify the industrial/commercial base, promote increased opportunities as well as economic mobility for the labor force, while remaining sensitive to high standards of environmental quality. To accomplish these objectives, County economic development strategies have placed emphasis on:

Increasing efforts to retain and expand existing businesses;

Expanding educational opportunities to facilitate development of a prepared work force to meet future demands;

Development and implementation of strategic marketing to attract higher technology and higher wage jobs;

Encouraging the development of new industrial parks;

Developing strategic partnerships that can foster economic growth through development of financial and regulatory incentives;

Diversifying the County economy to insulate against cyclical economic swings;

Preserving sufficient area to promote agriculture as a viable economic industry;

Promoting recreational and heritage tourism;

Encouraging redevelopment, revitalization, or rehabilitation of existing developed areas or sites where appropriate; and

Targeting specific areas for economic development and providing the needed infrastructure to support new development.

These strategies are not meant as the only actions steering economic development efforts

in Washington County. However, they do establish a framework for land use policy associated with economic development both in the urban and rural areas of the County.

B. ANALYSIS

1. Economic Development in Urban and Town Growth Areas

The amount of land needed in designated growth areas for commercial, industrial and office space is difficult to project since markets for these types of space are very dynamic. Nationally, the expansion of existing business is the most significant factor associated with generating the need for new space. However, relocation into or within a community by a large business may have a significant impact on growth area plans. Industrial site location is driven by specialized needs for infrastructure, parcel acreage, building configuration, access, and regional resource requirements. Commercial site locations tend to reflect the need to be located where the market can best be served. The general trend in industrial uses is shifting away from heavy manufacturing, and toward service industries. In many instances the differences between industrial and commercial, or wholesale and retail use has become blurred with the terms business park and industrial park being used interchangeably. The Tischler Study uses the term “industrial-flex” to address the blurring of traditional land use classifications. With the majority of new jobs anticipated to be in the service arena, the traditional areas set aside generally for industrial and commercial sites need to be supplemented by office/hi-tech areas and mixed use areas.

Sites identified for industrial, commercial or office uses should generally conform to the following requirements:

Infrastructure and utilities should be either available or capable of being provided;

Access to the interstate system should be over arterial highway routes that do not require the movement of heavy traffic through residential neighborhoods;

The ability to mitigate developmental impacts on sensitive environmental, historical or cultural features;

Physical characteristics that minimize site improvement costs;

Sufficient land area to accommodate development including buildings, parking, storm water management, buffering, and screening if required;

Avoidance of areas where there is a high probability of incompatibility with existing residential development;

Locations where mixed uses can provide opportunities for transitioning from heavy industrial or commercial uses to institutional or residential uses;

Adaptive reuse of existing sites or buildings as a catalyst for rehabilitation or preservation of historic or environmental resources;

Retail commercial sites are located where they best serve the market niche being targeted whether regional, community wide or neighborhood; and

When feasible association with an approved or proposed Enterprise Zone.

2. Enterprise Zones

Approximately 5,100 acres in Washington County are associated with three state designated enterprise zones. Local and state incentives are available to new or expanding companies in these zones to promote growth of the industrial and commercial economic base. Each enterprise zone is approved by the state for a ten-year period. (See Map 22.) The three Enterprise Zones are:

City of Hagerstown/Washington County Enterprise Zone

Renewed by the State of Maryland in 1992, this zone encompasses approximately 1,400 acres, including 1,200 acres within the City of Hagerstown and 200 contiguous acres in Washington County. The Washington County Business Park, CSX Valley Park, Downtown Hagerstown, and the City of Hagerstown Business Park are located within this zone.

Hancock Enterprise Zone

Approved in 1995, this 1,500 acre zone surrounds the Town of Hancock, stretching from the Pennsylvania border down to the Potomac River. The zone includes commercial and industrial development opportunities in select areas of the town, as well as commercial frontage along Main Street.

Hagerstown Regional Airport Enterprise Zone

Renewed in 1994, this 700 acre zone includes the Hagerstown Regional Airport, Topflight Airpark, Washington County Business Airpark and property along US 11.

3. Zoning

Industrial General (IG) and Highway Interchange One (HI-1) are the two zoning categories with the most undeveloped acreage in the growth areas. The HI-1 zoned areas are primarily located around the I-81 and I-70 interchanges with the largest amount of undeveloped IG zoning being found in the Hopewell Valley Area. The HI-1 classification allows for light industrial and heavy commercial as well as offices. The IG classification is associated with heavy industrial uses. The Airport – “AP” zoning classification is an industrial type classification with height limitations located around the airport. With the majority of new jobs projected to be in the transportation, wholesale trade, retail trade and service areas of the economy, these three zoning classifications or similar variations of them would appear to be positioned to meet the bulk of the need.

Other significant zoning classifications related to economic development are: Industrial Restricted, which is primarily a light industrial classification; Business General, a broad based commercial classification; Business Local, a limited commercial classification; Planned Business, a commercial classification geared toward large shopping center type developments; Planned Industrial, which has been associated with industrial park developments; and the Special

Economic Development area which was created to facilitate the reuse plan for Fort Ritchie. Major commercial development has also occurred as part of planned unit development projects. Existing zoning classifications need to be examined for potential revisions to address changes in the economic development environment. In some cases, existing zoning classifications may no longer be appropriate and should be eliminated or revised.

Advances in information management and communication technology have provided a need for a “business or office park” zoning classification separate and distinct from other classifications in order to satisfy demand for high quality office facilities in areas not associated with heavy industrial or commercial activity.

4. Economic Development within the Rural Area

The industries associated with the greatest economic impact on the rural areas of the County are agriculture, tourism and mining. Rural businesses of a service variety are also scattered throughout the rural area. Current zoning for the rural area is primarily Agricultural, Conservation or Industrial Mining. The zoning classification Special Economic Development district was created for implementation of the reuse plan for Fort Ritchie.

Agriculture

According to the National Agriculture Statistical Service (NASS), the market value of agricultural products sold in Washington County in 1997 was \$61 million. This was an increase of \$7 million dollars from the \$54 million figure in 1987. The \$7 million figure can mostly be attributed to inflation during this time period, indicating that market value for agricultural products has remained stable.

The most significant economic consideration is that approximately 80% of the market value comes from animal agriculture. A continued decline in the number of dairy farms could

significantly impact the viability of agriculture as a major component of Washington County's economy. Increased concerns over manure storage, environmental regulations, and fluctuating market prices are issues, now more than any time over the last few decades, creating instability in the animal agricultural economy.

During this same time period, average annual net farm income for the County remained around \$14 million dollars. However, there was a wide disparity in net cash value between farms. The farms producing net gains over the period showed net cash return increasing from \$39,000 in 1992, to \$48,000 in 1997. In contrast while the net cash return increased during this 10 year period, the percentage of farms reporting net gains decreased from 55% in 1992 to 47% in 1997.

The value of farmland and buildings for the average Washington County farm increased from \$399,000 in 1992, to \$454,000 in 1997. In the same manner, the average value of machinery and equipment increased from \$52,000 in 1992, to \$68,000 in 1997. These increases can be explained in part by the fact that while the number of farms has decreased, the amount of active farmland has remained stable with the average farm size increasing from 153 acres in 1992 to 164 acres in 1997.

Agricultural and Conservation zoning classifications associated with the rural areas have had both positive and negative impacts on agriculture. While one acre residential development has permitted a farmer to sell small parcels of property for income generation in times of cash flow shortages, it has also generated incompatibility issues associated with odors, spraying of pesticides, and traffic. Sustaining agriculture as a viable part of the Washington County economy in the future will depend upon addressing the incompatibility issues.

Mining

Quarrying has been a part of the economy of Washington County throughout its history. Limestone and shale are currently the two primary minerals involved with mining activity. Major quarry operations conducted by H.B. Mellott, St. Lawrence Cement Corporation, Martin Marietta, C. William Hetzer and Redland Brick should be continuous throughout the 20-year horizon period for this plan. Zoning for major mining operations is addressed through the Industrial Mining classification, which is a floating zone classification restricted to areas outside of designated growth areas. Compatibility issues between expanding mining operations and nearby residential development have been on the rise. Addressing incompatibility issues must be balanced with efforts to insure the sustainability of the industry and utilization of the resources.

5. Tourism

Tourism is a major part of the Washington County economy. Unlike other industries it transcends the bounds of the rural and urban areas providing economic opportunities all across the County. Active and passive recreation areas, National and State Parks, restaurants, hotels, outlets and specialty shops, spectator sports, performing arts, museums, and a variety of scenic and historic sites support the tourism industry.

The major non-retail tourism attraction in Washington County is the Antietam Civil War Battlefield. Efforts by the State of Maryland to create a “Civil War Trails” program will highlight this attraction as well as other Civil War sites in Washington County. The creation of the South Mountain State Civil War Battlefield should also add to the promotion of the Civil War Heritage of Washington County.

Development of a “Civil War Heritage Area” in conjunction with Carroll and Frederick Counties will provide opportunities to promote conservation of historical sites as well as target

dollars to encourage heritage tourism investment. Development of an Arts and Entertainment District in the City of Hagerstown is also taking place to promote more tourism within the County.

The major commercial tourism attraction in Washington County is shopping. With two major interstate highways providing access and exposure to huge traffic volumes, retail expansion, particularly in the discount shopping or outlet arena, has significantly increased this segment of the tourism industry. Antiquing is another major segment of the retail tourism economy.

Recreational tourism has also been a popular attraction in the County. Pen Mar Park, Greenbrier State Park, C & O Canal, Appalachian Trail and the Western Maryland Rail-Trail are some of the major recreational tourism attractions bringing visitors to the County.

Protecting Washington County's natural, historic, cultural, and man made resources is vital for tourism. However, it is important to protect these resources not only for tourism, but also for their use in attracting and retaining new businesses and industry. While factors such as business climate, work force and location are important aspects in business location decisions, community environment and amenities can also be a very important factor.

6. Lakeside Corporate Center

The redevelopment and reuse plan for the former Fort Ritchie Military Base is designed to turn the facility into the Lakeside Corporate Center. The Pen Mar Development Corporation is charged with the task of overseeing the redevelopment and reuse of the facility and they have adopted a reuse plan. The plan emphasizes a combination of residential, educational, and hi-tech uses building on the physical plant and electronic communication infrastructure left in place by the military.

7. Capital Improvement Program

Infrastructure improvements are essential to sustaining and enhancing the economy of Washington County. Improvements to the infrastructure system are primarily addressed through the programming of tax, grant, bond or general revenue funds through the Capital Improvement Program. The Capital Improvement Program or “CIP” is a six (6) year program for coordinating the expenditure of funds for infrastructure improvements.

Projects normally funded include: road and bridge improvements, storm water management facilities, sanitary sewer facilities, public water facilities, parks and recreation facilities, mass transit facilities, community and public buildings, solid waste facilities, airport facilities, Washington County Board of Education facilities and Hagerstown Community College facilities.

Because the amount of dollars needed to both maintain and expand the infrastructure system is substantially greater than the amount available in any given year, dollars need to be targeted to those projects that provide the maximum return on the investment. Of critical importance is the targeting of dollars to support land use policy that directs economic development to the appropriate areas. In addition, coordination of capital improvement expenditures with economic development marketing efforts can act as inducement to attract new industries or maintain and expand existing industries.

C. RECOMMENDATIONS

Urban Areas

The County has previously targeted investment to encourage economic development to occur in several primary areas within the Urban Growth Area. They include: (See Map 23.)

Hopewell Valley: This is a moderate-heavy industrial area that has seen significant development

in the later part of the 1990s. Development is primarily low-tech in nature with emphasis on manufacturing, warehouse/distribution centers and freight transportation support facilities

I-70/MD 632 Interchange Area: Development is anticipated to be high-tech in nature with emphasis on corporate offices along with research and development facilities.

The Friendship Technology Park will be the primary catalyst for development in this area. High-tech development could eventually bridge the area from MD 65 to MD 632 along I-70.

Airport Area: The area around the Hagerstown Regional Airport is anticipated to continue to develop in a mixed-use pattern of commercial, industrial and office facilities.

With the extension of the airport runway, reuse of existing buildings, as well as infill of the Business Airpark and the Airport Business Park are anticipated. New development of a commercial and light industrial or industrial flex nature is anticipated on the south side of Showalter Road.

Since these three areas contain a significant amount of the appropriately zoned property in designated Enterprise Zones, the County should continue to target investment to these areas.

Future investment to support economic development activity should also focus on, but not be limited to, the following areas:

Hancock Area: Development of sites and infrastructure necessary to support economic growth in the Rayloc Plant area east of Hancock. This development would primarily be low-tech in nature with emphasis on manufacturing or industrial flex facilities.

US 40/I-81 Area: Development of sites in this area is primarily anticipated to be associated with commercial/retail development. Coordination with the City of Hagerstown's development plans for this area is essential to maximize future infrastructure investment.

Brownfields Reuse: Support the reuse of brownfield sites in accordance with State policies and

incentive programs. Development of these facilities would be on a case-by-case basis as appropriate.

Urban Revitalization: Encourage revitalization of urban commercial and industrial areas through support for infrastructure improvements and/or when appropriate adaptive reuse of existing facilities.

Additional Recommendations

Existing Zoning Classifications: Review existing industrial and business classifications and eliminate those that are no longer considered relevant and revise remaining classifications to reflect development standards appropriate to promote economic development activity envisioned in that zoning classification.

New Zoning Classification: Develop a zoning classification primarily for office and business parks that would incorporate flexible design requirements that would promote the development of corporate office and/or research facilities.

Enterprise Zone Areas: Work with the State to expand Enterprise Zones in the Airport area and to designate a new enterprise zone in the Friendship Technology Park area.

Information Technology: Identify and map existing and planned hi-tech communication linkages for use in future economic development land use planning.

Comprehensive Regulatory Mitigation: Where feasible address storm water management, forest conservation, wetlands mitigation or other regulatory requirements on a comprehensive regional basis to achieve business cost parity or advantages with adjacent states.

Airport: Ensure that the Hagerstown Regional Airport remains an economic engine in the future by restricting non-compatible development around the perimeter of the Airport.

Rural Areas

Agriculture: Use Rural Legacy Program and Agricultural Preservation Program to preserve large blocks of agricultural land to sustain agriculture as a viable economic activity in the County.

Agricultural Support Industries: Promote agricultural support industries (equipment repairs, supplies and markets, banking, etc.) by promoting preservation of farm acreage sufficient to sustain their viability and the promotion of land use regulations that provide for the location of these types of industries.

Existing Zoning: Make revisions to existing zoning classifications to reduce incompatibility issues between agricultural and mineral extraction operations with residential development.

New Zoning Classifications: Establish a new Rural Business classification as a floating zone classification that can be located anywhere in the Rural Agricultural area. Restrictions on permitted uses, spacing between Rural Business districts, and architectural and scale compatibility should be included in the zoning regulations.

Adopt new zoning classifications or regulations that encourage preservation of historic, cultural or environmental resources that promote tourism.

Infrastructure Improvements: Target infrastructure improvements such as road widening to areas where there is a need to facilitate the movement of farm equipment or to facilitate recreational or heritage tourism promotion.

Fort Ritchie: Support and facilitate where possible the conversion of the Fort Ritchie Military Base into the Lakeside Corporate Center.