



***Economic Development Strategic Plan
Hagerstown-Washington County, Maryland***

Guiding Principles

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Hagerstown-Washington County Economic Development Strategic Plan Guiding Principles

The over-arching goal of the Economic Development Strategic Plan for Washington County and the City of Hagerstown is to position and prepare the County and City for a future of sustainable economic growth and prosperity. The following strategic plan principles will guide pursuit and achievement of this goal:

- *A More Diversified and Recession Proof Economic Base*
- *Economic Development that is Compatible with the Environment and Quality of Life*
- *An Educated and Skilled Workforce Prepared for Contemporary and Emerging Businesses and Industries*
- *Economic Development that Generates Opportunities for Small Business*
- *An Attractive, Inviting, and Vibrant Hagerstown City Center*
- *Economic Development that Benefits and Recognizes Opportunities in Small Towns and Rural Areas*

A MORE DIVERSIFIED AND RECESSION PROOF ECONOMIC BASE. Hagerstown-Washington County has a long history of attracting large private employers, including Fairchild Aircraft and Mack Trucks more than 50 years ago, collectively employing more than 15,000 workers at their peaks. Fairchild ceased operations in the 1980s, and many other prominent manufacturers left the scene as well. Mack was acquired by Swedish-based Volvo in the 1990s, and has evolved to the existing Volvo Powertrain, which today employs over 1,500 workers.

Volvo is one of a number of manufacturing, distribution, and/or service firms that today employ 500 or more workers, most of which are headquartered elsewhere. The two largest, CitiGroup and First Data, both have over 2,000 employees. It is noteworthy and significant that the Hagerstown-Washington County area has attracted and supports such large national and globally-oriented firms, as it demonstrates the merits of the area as a competitive regional location for business and industry and the confidence these firms have in their decisions to locate here. At the same time, their presence makes the area vulnerable to corporate mergers, realignments, consolidation, and downsizing, particularly in difficult economic times.

Attainment of a more diversified and recession-proof economic base will require pro-active marketing focused on attracting smaller firms primarily in the range of 100 to 250 workers in desired and targeted business and industry sectors. An economic base made up of many smaller firms tends to be much more recession proof than a local economy dominated by a few large firms, for several reasons:

- Smaller firms are more likely to be headquartered locally.
- Smaller firms are less likely to be subject to off-site corporate restructuring.
- Smaller firms are less likely to require levels of financial incentives required by larger firms.
- Smaller firms are more likely to purchase greater shares of goods and services from the local market.

At the same time it is necessary to recognize, appreciate, and work with existing employers, large and small. Commonly referred to as “business retention,” it is essential to make sure that the interests and needs of existing businesses and industries in the community are recognized and dealt with in a prompt effective manner. These business retention efforts may help convince off-site corporate management of the wisdom of continuing and even expanding operations in the Hagerstown area.

Implicit in the diversification of the economic base and retention of existing business and industry are initiatives that increase jobs, earnings, and incomes in the County, and by so doing enhances the standard of living and quality of life of residents.

ECONOMIC DEVELOPMENT COMPATIBLE WITH THE ENVIRONMENT AND QUALITY OF LIFE. Types of business and industry sought after by most communities today include research and clean manufacturing, distribution and logistics, and office-based services (financial, information, technical, and professional services). Economic activities that are unsightly or generate excessive noise, dust, vibration, electrical interference, heavy truck traffic, and waste products of any type generally are unwelcome today in most communities.

Attracting and retaining good-paying jobs and tax-generating capital investments remain the hallmarks of economic development, but not at the expense of the local environment and quality of life. Indeed, attraction and retention of jobs and capital investments while protecting the environment and safeguarding and enhancing quality of life are inherent in contemporary economic development thinking and practice.

AN EDUCATED AND SKILLED WORKFORCE PREPARED FOR CONTEMPORARY AND EMERGING BUSINESSES AND INDUSTRIES. A skilled workforce is among the most important factors that corporations and site consultants list as requirements for deciding where to locate to and expand a business or industry. Skills vary widely by type of business or industry and may include craftsmen, machine operators, aircraft and automotive mechanics, computer programmers, electronics technicians, engineers, scientists, and many others.

Success in attracting and retaining businesses and industries in advanced manufacturing, logistics, information technology, biotechnology, professional and technical services, and other tech-oriented sectors as may be desired in Washington County will depend on the availability

and skills of the local and regional labor force. Given a long history in many of these economic sectors, Washington County is positioned for continued success, to the extent that secondary and higher education facilities and workforce training providers in the County and region adapt and expand to meet the needs of new business and industry.

Hagerstown Community College (HCC) is taking the lead in educating the future workforce in several leading edge technologies, including biotechnology, cybersecurity, and alternative energy technology. These and other technology-oriented programs are available through HCC's new 65,000 square foot Science, Technology, Engineering, and Math (STEM) center. Hagerstown-based Western Maryland Consortium also has a key role in workforce training and matching companies with the workers they seek.

ECONOMIC DEVELOPMENT THAT GENERATES OPPORTUNITIES FOR SMALL BUSINESS. How small business is defined varies widely. The Federal government defines small business as having less than 500 employees. Under this definition, all but comparatively few employers in Washington County would be considered small businesses. Most people tend to think of small businesses as having to up to five or ten employees. Approximately 87 percent of employers in the Hagerstown Metropolitan Statistical Area (MSA) have fewer than 20 employees, and 71 percent have fewer than 10. This does not include self-employed individuals. Small businesses comprise the vast majority of employers in the Hagerstown region, as is the case in all regions.

An important goal of the Economic Development Strategic Plan for Hagerstown-Washington County is to help guide and promote creation of an economic environment that stimulates the establishment of small home-grown businesses of many types. The “economic gardening” concept (i.e., growing your own businesses) is gaining in popularity as a viable and vital component of a comprehensive economic development effort and program. Steps necessary to create this economic environment include:

- Attraction and retention of larger businesses and industries that “lift all boats,” by increasing employment, disposable incomes, and the purchase of local goods and services.
- Improvement of the economic and social environment and private investment and business opportunities in downtown Hagerstown (see below).
- Providing financial and technical assistance to business start-ups and entrepreneurs, including incubator space for technology-oriented start-ups.

Towards these ends, several initiatives and programs are already under way, including the Technical Innovation Center at HCC, a 34,000 square foot business incubator that includes 4,000 square feet of laboratory facilities for lease to start-up biotech and life science firms.

AN ATTRACTIVE, INVITING, AND VIBRANT HAGERSTOWN CITY CENTER. The character and vitality of the downtown area of the central city in a county or metro region are important quality of life factors in marketing the area to new business and industry, and are particularly critical in attracting high-wage knowledge-based firms and professionals. The look and feel of downtown and cultural and entertainment amenities offered in downtown are reflections of the self-image of the broader community. A rundown look and attitudes that downtown is unsafe, not user friendly, and/or lacking in things to do present clear indications to business and leisure visitors that the whole community or area may suffer from less visible problems and general malaise.

Downtown Hagerstown has its share of economic, physical, and social problems, as older cities do. Years of suburban commercial development ensures that downtown is unlikely to return to the days when it functioned as the trade and services center for a multi-state region extending beyond Washington County. Many retailers, service establishments, business and professional offices, banks, hotels, and have closed or moved to the suburbs. Most downtown residents who once frequented these stores and services moved out as well.

Many commercial and residential buildings since have been reoccupied by a large low income and indigent populations, including a sizeable senior population, and a plethora of social service firms and organizations on which these poor and needy residents depend. Many vacant storefronts remain and upper floors of many multi-story buildings are mostly vacant.

Despite present difficulties, downtown Hagerstown retains much of the rich architectural heritage and urban character and flavor present in its heyday. Downtown has shortcomings, but is far from rundown and inhospitable. City officials and business leaders, in partnership with Washington County, are making the public investments and taking other initiatives necessary to transition downtown Hagerstown from a regional trade and services center into a center for government, education, and arts and entertainment. These initiatives include:

- Establishment of a downtown Arts and Entertainment District.
- Location of the Barbara Ingram School of the Arts in downtown
- Location of the University System of Maryland Hagerstown (USMH) in downtown.
- Construction of a major new downtown library.
- Potential relocation of Washington County School Board offices to downtown.
- Development of a new \$30 million sports stadium complex in downtown.

The hope and expectation is that with these and other investments and initiatives, downtown Hagerstown will recapture some of its lost retail trade, services, and middle and upper income residents, resulting in upgrading existing properties and displacement of existing blighting factors over time.

ECONOMIC DEVELOPMENT THAT BENEFITS AND RECOGNIZES OPPORTUNITIES IN SMALL TOWNS AND RURAL AREAS.

In addition to Hagerstown, Washington County has eight incorporated small municipalities, ranging in size from approximately 400 to 3,400 residents. From largest to smallest these towns are Boonsboro, Smithsburg, Williamsport, Hancock, Keedysville, Funkstown, Sharpsburg, and Clear Spring. Williamsport and Funkstown are in the Hagerstown urbanized area. The others are located in rural sections of the County. Williamsport, Hancock, and Clear Spring have Interstate highway access.

Small to medium-sized firms in the construction, manufacturing, distribution, and/or service industries are located in and around most towns. Williamsport has a comparatively large number of firms in these industries, and is headquarters to Potomac Edison and the Bowman Group, one of the largest employers in Washington County. Several firms are found in the Smithsburg and Boonsboro areas, the two most populated towns, including small technology-oriented firms.

The rural towns serve as centers for surrounding farming areas. Tourism is also prominent in several towns. Hancock and Williamsport attract tourists because of their location on the C&O Canal National Historic Park. Boonsboro is becoming a regional tourist attraction because of the impact that popular novelist, Nora Roberts, is having with her investments and presence in the community. All small towns are part of the history of the Civil War. Civil War battles were waged throughout the County, most notably the Battle of Antietam. Sharpsburg and Keedysville are short distances from the heavily visited Antietam National Battlefield. Funkstown has become a visitor attraction with its “funky” collection of antique, collectibles, and artist shops.

These small towns contribute to the economy of Washington County in various ways and will continue to be important factors in the County economy as places to locate small and medium-size businesses and industries in construction, manufacturing, distribution, various services, agribusiness, and tourism. An 1,850-acre state Enterprise Zone provides additional benefits for locating businesses in the Hancock area.

Washington County is predominantly a rural and agricultural with an estimated 114,000 acres of land actively farmed, representing 40 percent of the land area in the County. The County ranks at or near the top in Maryland in milk and other dairy products, livestock sales, fruit orchards (apples and peaches), honey production, and silage corn. Farming and agribusiness will continue to be important to the ambiance and economy of the County.

Most existing and potential new farm operations and agribusiness facilities -- creameries, roadside markets, wineries, etc. -- and a great many travel and tourism-related facilities and support services in Washington County are “small businesses.” They should be recognized as small businesses and included in programs that benefit small business interests in the County.