Message from the Director

Frederick’s Department of Economic Development (DED) is pleased to report a successful 2014. This has been a year of milestones and growth for our City. We are pleased with our accomplishments, and look forward to the impacts they will have on our future.

Key economic development projects moved forward this year, including the Downtown Frederick Hotel and Conference Center. Plamondon Hospitality Partners, was chosen during a competitive bid process to develop the project along Carroll Creek Park. With this important step complete, the City and the Hotel Advisory Committee have turned their focus to the entitlement process and securing financing. Construction is anticipated to begin in 2016 with a hotel opening in 2017.

Frederick continues to grow as the northern anchor of the I-270 Technology Corridor. Frederick’s AstraZeneca facility received an “Economic Development Project” award at the Maryland Economic Development Association (MEDA) annual conference last spring. The award recognized the 385,000 square foot, $600 million manufacturing facility that opened in August 2011. This year, AstraZeneca announced plans to expand its biologics manufacturing center in Frederick. The more than $200 million project is expected to bring a total of 300 new jobs.

The 16-member Economic Development Advisory Council (EDAC), appointed this year by Mayor Randy McClement, is poised provide specific recommendations to ensure The City of Frederick, today and in the future, attracts private business investment, jobs, and economic opportunity.

In 2015, we look forward to the completion of Phase II of Carroll Creek Park and important infrastructure projects moving forward. We have a growing population, educated workforce, low unemployment, great schools, active commercial and residential development community, and robust entrepreneurial climate.

We are working with dozens of businesses seeking to expand or locate to the area. We look forward to working with your business too. Call us or visit our website at www.businessinfrederick.com for more information.

Best Regards,

Richard G. Griffin, AICP, CEcD
Director of Economic Development
Economic Health

**AA+ AA Aa2**
Bond Ratings: Fitch, S&P, Moody’s**

$66,161
Median Household Income+

$86,044,316
Commercial Permitting Activity*

$1,925,241,477
Commercial Assessable Tax Base**

Business Composition

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment by Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>52.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>11.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>7.5%</td>
</tr>
<tr>
<td>Finance/Insurance/Real Estate</td>
<td>8.6%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>8.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5%</td>
</tr>
<tr>
<td>Transportation/Utilities</td>
<td>3%</td>
</tr>
<tr>
<td>Information</td>
<td>1.4%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1.7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Advanced Technology Cluster:

- **41** IT Firms^  
- **24** Bioscience Firms^  

Labor Market Data

- **47,000** Jobs^^
- **3,400** Businesses^^
- **5.4%** Average Unemployment++

Source: ESRI

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* 1/1/2014 - 12/31/14 169 permits for $86,044,316.
**FY2014 City of Frederick Finance Department, +2010 Census Data, ++DLLR 2014 Average Unemployment through November, ^DED Verified with each firm, ^^Adapted from City/County Planning Data
In 2014, the Department successfully applied for $140,000 in grant funding from the State of Maryland:

• $100,000 Community Legacy grant to support facade improvements in Downtown Frederick, the Golden Mile, and East Frederick (Awarded)

• $40,000 BRAC Revitalization and Incentive Zone grant to support public infrastructure to foster BRAC related growth. (Year 4 Reimbursement)

**Department Budget**

<table>
<thead>
<tr>
<th>Attraction</th>
<th>$418,319</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion</td>
<td>$227,960</td>
</tr>
<tr>
<td>Retention</td>
<td>$152,720</td>
</tr>
</tbody>
</table>

**Leveraged Partner Investments**

- *East Frederick Rising*
- *FITCI (Frederick Business Incubator)*
- *Golden Mile Alliance*
- *Downtown Frederick Partnership*
- *Tourism Council of Frederick County*

**Business Development Fund**

The Business Development Fund provides incentive funding for business retention, expansion, and recruitment. Created in FY13 with $70,000, the fund enables the City to partner with the Maryland Department of Business & Economic Development, via a required 10% local match. Most recently, Frederick-based SomeoneWith Group was the recipient of a conditional loan agreement to assist with the expansion of the firm’s healthcare information technology service.

**Department Services**

In 2014, the Department engaged in 65 business development opportunities, including 41 business attraction activities, 9 business expansion activities, and 15 business retention activities.

The Department was also responsible for 16 commercial filming applications and fielded 83 requests from the media.

**Business Support**

- 110 business visits, including 14 new businesses, 55 retention visits, and 41 visits during Frederick County Business Appreciation Week
- 149 formal meetings with businesses
- 13 department organized/hosted events
- 31 presentations to the business community
Marketing & Outreach

Startup Maryland
The Department partnered once again with Startup Maryland’s Pitch Across Maryland tour, with a stop in Downtown Frederick at Brewer’s Alley. The regional initiative provides entrepreneurs a chance to pitch their start-up business concept for angel investors. This year’s stop garnered press coverage from the Daily Record (at right).

BIO 2014:
The Department exhibited in 2014 at the BioShow, within the BioMaryland Pavilion. Bio is the single largest biotechnology trade show in the world and provides access to thousands of biotech company representatives. The Department increased awareness of Frederick’s position as the northern anchor of the I-270 Technology Corridor and business incubator (FITCI), while prospecting for new business with site selectors and bioscience decision makers.

Partners

DED COMMUNICATION
• eNEWS - Monthly newsletter distributed to 3,277 subscribers with a 30% open-rate.
• Blog - The department authored 40 blog posts in 2014, eclipsing the previous 31 posts achieved in 2011.
• Facebook - The DED Facebook page increased its number of likes by 109% in 2014.
• Twitter - The department’s Twitter page increased its number of followers by 80% in 2014.

Below: Construction updates along Carroll Creek Park were frequent blog posts in 2014.
Commercial Market & Leasing Activity

Frederick’s commercial real estate market remained stable in 2014. Overall commercial vacancy remained comparable to 2013 with an average vacancy rate of 11.55%. The office market improved most notably with a vacancy rate of 13.7%. Additionally, three office buildings were delivered in 2014, totaling 75,284 SFT. Full-service office lease rates also remained steady at $21.42/SFT.

<table>
<thead>
<tr>
<th>Business</th>
<th>Employees</th>
<th>Industry Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Detrick</td>
<td>6,400</td>
<td>Military, Bioscience, Communications</td>
</tr>
<tr>
<td>Frederick County Board of Education</td>
<td>5,650</td>
<td>Public Education</td>
</tr>
<tr>
<td>NCI /Leidos Biomedical</td>
<td>2,700</td>
<td>Bioscience</td>
</tr>
<tr>
<td>Frederick Memorial Healthcare</td>
<td>2,232</td>
<td>Comprehensive Health Care</td>
</tr>
<tr>
<td>Frederick County Government</td>
<td>1,937</td>
<td>County Government</td>
</tr>
<tr>
<td>Wells Fargo Home Mortgage</td>
<td>1,742</td>
<td>Mortgage Loans &amp; Service Center</td>
</tr>
<tr>
<td>Frederick Community College</td>
<td>992</td>
<td>Two-Year College</td>
</tr>
<tr>
<td>City of Frederick Government</td>
<td>842</td>
<td>Municipal Government</td>
</tr>
<tr>
<td>State Farm Insurance Corporation</td>
<td>832</td>
<td>Regional Headquarters - Insurance</td>
</tr>
<tr>
<td>United Healthcare</td>
<td>635</td>
<td>Health Insurance Provider</td>
</tr>
<tr>
<td>Astra Zeneca / MedImmune</td>
<td>630</td>
<td>Biotech Manufacturing</td>
</tr>
<tr>
<td>Hood College</td>
<td>427</td>
<td>Four-Year College</td>
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<tr>
<td>Wegman’s</td>
<td>400</td>
<td>Retail Supermarket</td>
</tr>
<tr>
<td>YMCA of Frederick County</td>
<td>395</td>
<td>Non-Profit, Full-Service Fitness &amp; Health Facility</td>
</tr>
<tr>
<td>Stulz Air Technology Systems</td>
<td>388</td>
<td>Manufacturer of Precision A/C Equipment</td>
</tr>
<tr>
<td>Homewood Retirement Center</td>
<td>306</td>
<td>Retirement Community</td>
</tr>
<tr>
<td>Maryland School for the Deaf</td>
<td>300</td>
<td>Educational Institution for the Hearing Impaired</td>
</tr>
<tr>
<td>Fountain Rock Management Services</td>
<td>285</td>
<td>Restaurant Management</td>
</tr>
<tr>
<td>Morgan Keller</td>
<td>175</td>
<td>General Contractors</td>
</tr>
<tr>
<td>Home Depot</td>
<td>140</td>
<td>Home Improvement Retail Store</td>
</tr>
</tbody>
</table>
2014 Major Announcements

AstraZeneca (MedImmune)
AstraZeneca announced plans to expand its biologics manufacturing center in Frederick. The more than $200 million project will increase production capacity at the facility to support AstraZeneca’s maturing pipeline and will help position the company to keep pace with a growing demand for the development and use of biologics, which currently represents nearly 50% of AstraZeneca’s overall pipeline. Construction is underway and is expected to be complete in mid-2017. The expansion is expected to bring a total of 300 new jobs to Frederick.

Stulz Air Technology Systems (Stulz ATS)
Stulz ATS announced a 41,000 square foot expansion to support the firm’s advanced manufacturing capabilities in the United States. The Hamburg, Germany based company has maintained its design and manufacturing infrastructure in Frederick since 2001. The new building will expand the company’s sheet metal fabrication area and weld shop. The expansion is expected to create more than 25 permanent jobs in Frederick.

Chiesi Pharmaceuticals
Parma, Italy based Chiesi Pharmaceuticals announced its relocation from Rockville to Downtown Frederick and became the first tenant of the recently rehabilitated Monocacy Valley Cannery on South East Street. The 3,000 square foot lease will provide office space for 9 employees. Chiesi’s Frederick location works with federal agencies to obtain product approval in the United States.

U.S. Silica*
In 2014, U.S. Silica, headquartered at Riverside Research Park, was named by Forbes magazine as top small company in America. Businesses were evaluated on 1-year and 5-year earnings growth, sales growth, return on equity, and stock performance. U.S. Silica received high marks for its earnings per share growth of 60% and return on equity of 28% with sales of $680 million.

Workforce

Frederick continues to generate a highly educated workforce. The labor force totaled **35,275** in 2014 according to the Maryland DLLR. According to the 2012 American Communities study by the Census Bureau, 36% of residents have attained a **Bachelors Degree or higher**. The City of Frederick is also home to Hood College, Frederick Community College, and the Frederick County Career and Technology Center.

Housing

Providing workforce housing for all income levels and job types contributes to the quality of life enjoyed in Frederick. Select new projects include:

**Eastchurch:**
Located near the intersection of East Church Street and Highland Street, the Eastchurch project features single-family detached homes and townhomes in close proximity to historic Downtown Frederick. (Builder: Richmond American Homes).

**Townes at Maxwell Square:**
Located on Maxwell Avenue between East 4th and East 5th Streets. Initial deliveries for the 45 townhome project began in 2014. (Builder: Comstock Homes).

**Prospect Hall Apartments:**
A ribbon cutting was held on September 17th to announce the grand opening of the complex. The 376 unit multi-family development is located on Butterfly Lane at the former site of St. John’s at Prospect Hall. (Developer: Matan Companies, Management: Stellar Realty).

**Homewood Villas & The Lodge:**
Homewood Retirement Centers continued its expansion at the Crumland Farms campus, located north of Downtown Frederick. The Lodge at Willow Ponds features apartment homes and the Patio Homes at Willow Ponds section offers active adult living. (Management: Homewood Retirement Centers)
Carroll Creek Project

The $15.8 million second phase of construction along Carroll Creek began in the spring of 2014. The current phase of park improvements include new and widened multi-use paths, landscape planters, lighting, water features, and crosswalk improvements. The work is focused primarily between Bentz and S. Market Streets and between the Delaplaine Arts Center and East Patrick Street. More than $100 million in new and renovated private construction is planned along the new park/path sections, which will eventually result in hundreds of new jobs and increased local and state tax revenues.

Downtown Frederick Hotel & Conference Center

The City of Frederick, on behalf of the Downtown Frederick Hotel Advisory Committee, issued a Request for Proposal for the development of a privately owned and operated full-service hotel and conference center in historic Downtown Frederick, for which the City received two proposals. After an exhaustive evaluation, the Advisory Team recommended the Plamondon Hospitality Partners, LLC proposal for a 207-room Marriott hotel with 23,459 square feet of meeting space. The project will feature a ballroom with seating for 700, on-site parking, and the renovation of the historic trolley building. The estimated cost of the project is $64 million and is expected to bring 110 new jobs and an annual payroll of $2.9 million. Project construction is anticipated to begin in 2016, with completion slated for 2017.

Golden Mile Redevelopment

• Planned redevelopment of the former Frederick Towne Mall advanced in 2014 with approval of the final site plan for the 155,000 SFT Wal-Mart and additional out-parcel commercial buildings. The multi-million dollar project is expected to create 300 jobs and generate $4.2 million in local and state taxes.
• Redevelopment plans for the former Maryland State Police Barracks on Route 40 also advanced in 2014. The Golden Mile Gateway is expected to be anchored by a Wawa convenience store and fueling station.
Economic Development Advisory Council (EDAC)

In 2014, the Mayor appointed an ad-hoc committee of the City to provide advice and recommendations to the Department of Economic Development and City elected officials. The Economic Development Advisory Council provides multi-discipline expertise from the community to supplement staff skills in fields such as land development, finance, business management, real estate, employment training, transportation, industrial management, and retail management. In 2015, the Council will provide recommendations on three initiatives: Development of a small business toolkit, Phase-out strategies for the business personal property tax, and Land Management Code revisions.

EDAC Council

Bert Anderson - Shab Row/Everedy Square
Peter Borgel - Fairchild Controls
David Heimbrook - Leidos Biomedical
Mike Henningsen - Plamondon Hospitality
Tom Kleinhanzel - Frederick Memorial Hospital
Rocky Mackintosh - MacRo (Co-Chair)
Don Merril - US Silica
Rick Miller - Woodsboro Bank
Brad Montgomery - State Farm
Karl Morris - Matan Companies
Joe Parsley - Frederick Shell
April Reardon - Velvet Lounge (Co-Chair)
Rick Rogers - Fenestra
Jason Stanczyk - EDCO
Nick Tressler - AstraZeneca
Maribeth Visco - Kline Scott Visco

Frederick Municipal Airport Expansion

Multi-year effort to position Frederick Municipal Airport as the premier corporate executive general aviation airport for the Capital Region. Recent efforts to advance this initiative include:

• City has forward-funded land acquisition and recently received $4.7 million in FAA reimbursement grants to support plans to extend the airport’s primary runway. Projected total cost of the project is around $32 million.
Mayor & Board of Aldermen

61st Administration

Randy McClement  
Mayor

Kelly Russell  
President Pro Tem

Michael O’Connor

Phil Dacey

Josh Bokee

Donna Kuzemchak