

CHAPTER 8 – ECONOMIC DEVELOPMENT

Introduction

Economic development efforts in Morgan County are an ongoing process of adapting to the changes experienced by the community both through demographic growth and employment. In an effort to promote and maintain a stable and growing economy, the planning process must be flexible enough to allow for various types of employment opportunity, but cognizant of the placement of these uses in compatible areas that compliment neighboring citizens and businesses.

There are several types of individual commercial and industrial economic development entities in Morgan County. There are also several locations within the County that have been developed and are promoted as business parks to generate a concentration of employment opportunity. However, it appears that the largest economic development impact that exists within the County is the growing building trades industry, due in large part to the growing number of housing projects under construction.

Labor Force Characteristics

In order to better understand how the economy within Morgan County functions, it is important to outline the dynamics of the workforce. This includes such trends as migration to and from the labor markets, changes in employment sectors and earnings.

Migration

Between 1980 and 2000 the population increased from 10,687 to 14,943 growing by nearly 40%. During that same time the number of persons eligible to enter the work force (16 years of age and older) increased from 8,005 to 11,962, or a 67% increase. Of this total the labor force increased from 4,587 to 6,953, or a 66% increase. The number of employed persons increased nearly 64%, while at the same time the unemployment rate decreased from 7.6% in 1980 to 4.1% in 2000. However the total number of people not employed or seeking employment increased from 3,418 in 1980 to 5,009 in 2000 which represents a 68% increase. As of 2005 the unemployment rate was 4.2%.

In further review of the changes in employment demographics, the number of females in the labor force increased from 38% in 1980 to 51% in 2000. This is nearly 3% above the State average, and 8% below the National average. During this same period the female unemployment rate of 8.4% in 1980 fell to 3.7% in 2000, while the male unemployment rate decreased from just over 7% to 4.4% during the same period.

Table 8-1 Labor Force Characteristics

Statistic	1970	1980	1990	2000	Change 1970-2000
Persons over 16	5,898	8,005	9,652	11,962	67%
Labor Force	2,984	4,587	5,605	6,953	66%
Employed	2,791	4,231	5,269	6,659	64%
Unemployed	193	356	336	294	52%
Not in Labor Force	2,914	3,418	4,047	5,009	68%

Source: US Census Reports

In 1980, it was projected that approximately 38% of the workforce living in Morgan County commuted to jobs outside of the County. Most were commuting to Washington County, MD, and Berkeley County, WV. As of 2000, the workforce commuting to jobs outside of the County increased to 61%, with the largest draw continuing to be Washington County. However, there were also significant additional commuters added in Jefferson County to the east, and Winchester City to the south.

Table 8-2 Traveling to County Place of Work

Place of Work	1980	1990	2000	Change 1980-2000
Morgan County	2,321	N/A	2,571	250
Washington County	497	N/A	1,166	669
Berkeley County	342	N/A	890	548
Frederick County, VA	168	N/A	600	432
Winchester City	N/A	N/A	407	N/A
Jefferson County	N/A	N/A	147	N/A
Frederick County, MD	68	N/A	86	18
Montgomery County	N/A	N/A	59	N/A
Clarke County	23	N/A	51	28
Prince George's County	N/A	N/A	49	N/A
All Others	780	N/A	652	-128
Total	4,199	N/A	6,512	2,313

Source: US Census Reports

While commuting population from other counties into Morgan County for employment has not increased dramatically overtime, there has been an increase on overall employment growth, due in part to increasing population creating increasing demands for general services. Another factor influencing employment growth has been the increased interest of the local tourism economy generated by inns and spas as well as seasonal recreation homes.

Table 8-3 Traveling from County to Morgan County Place of Work

County	1980	1990	2000	Change 1980-2000
Morgan County	2,321	N/A	2,571	250
Washington County	N/A	N/A	132	N/A
Berkeley County	N/A	N/A	128	N/A
Hampshire County	N/A	N/A	71	N/A
Fulton County	N/A	N/A	57	N/A
Allegany County	N/A	N/A	48	N/A
Bedford County	N/A	N/A	25	N/A
Jefferson County	N/A	N/A	21	N/A
Frederick County, VA	N/A	N/A	13	N/A
All Others	N/A	N/A	51	N/A
Total	N/A	N/A	3,118	N/A

Source: US Census Reports

Employment Trends

While the number of employed persons increased by more than 67% from 1980 to 2000, employment trends within specific sectors of the economy varied widely. All major sectors except mining and wholesale trade increased in employment. The largest net increase in workers occurred in the various categories of general services, which are further broken out in the 2000 Census report. This was due in large part to the apparent expansion of service related needs in the educational, health and social services category as well as the arts, entertainment, and food services. Other significant increases occurred in categories such as construction and real estate reflecting the increase in the housing construction market, which was beginning to escalate significantly in the late 1990s, and should be an even greater percentage of the workforce in the 2010 census.

In terms of total number of employees in 2000, it appears that the County is most dependent on educational and manufacturing occupations, which is reflected by several of the top 10 employers within the County falling under these fields. At the same time, employment in agriculture and mining have continued to decline, while the need for general services has increased, possibly to keep pace with the increase in general service needs of a growing population. Further, it appears from Table 8-4 that employment in the construction industry and those services such as finance, insurance, and real estate that accompany these economic sectors has also increased, providing an indication of the inward migration that has occurred with the increase in housing stock, yet reflective as well of the increasing in commuting population that are employed elsewhere.

Table 8-4 Industry of Employed Persons

Industry	1980	1990	2000	Change
Agriculture	118	195	184	66
Mining*	250	N/A	N/A	N/A
Construction	480	381	658	178
Manufacturing	869	296	1,391	522
Transportation, Warehouse, and Utilities	406	N/A	439	33
Wholesale Trade	124	107	112	-12
Retail Trade	543	565	635	92
Finance, Insurance, Real Estate	153	296	368	215
General Services**	1,080	1,099	N/A	N/A
Professional and Management Services	N/A	N/A	432	N/A
Educational, Health, Social Services	N/A	N/A	1,183	N/A
Arts, Entertainment, Food Services	N/A	N/A	658	N/A
Other Services	N/A	N/A	275	N/A
Public Administration	268	N/A	324	56

* Mining is included in Ag count on 2000 census.

** General Services is broken down into several new occupational categories for 2000

Source: US Census Reports

Employment Earnings

The economic success and viability of the County employment capacity depends not only on the creation of jobs, but also the increase in terms of total earnings. Given the apparent increase in costs associated with housing and services, it is important for the County to sustain economic opportunities for employment in all sectors that will provide earnings sufficient to support the ability for the local population to live in the County in which they work. As reflected in Chapter 2 of the Comprehensive Plan, per capita and household income has increased over time climbing above the State average by 12% and 9%, respectively. Due to the County's location in close proximity to employment markets of four other States, of which nearly 50% of the County workforce currently travels to, it is also important to note the rankings of the County in income comparative to these areas.

In an effort to show a more relevant change in wage scale for identified occupations, data was collected for five year periods from 1995 forward. As noted in Table 8-5 some information for specific classifications may either be represented in other designations or not available for a particular period. From the data available, this Table represents several trends that are reflective of the overall economic climate experienced by the County. It appears that manufacturing and real estate have experienced the most significant increases in earnings between 1995 and 2005, while other sectors such as hospitality services have produced much slower financial growth.

Table 8-5 Annual Earned Income per Industry (weekly dollars)

<u>Industry</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>Change</u>
Agriculture	240	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A
Construction	283	354	392	109
Manufacturing	308	441	572	264
Transportation, Warehouse, and Utilities	459	366	409	-50
Wholesale Trade	438	362	414	-24
Retail Trade	209	346	380	171
Finance, Insurance, Real Estate	342	402	529	187
General Services	228	N/A	N/A	N/A
Professional and Management Services	N/A	843	574	N/A
Educational, Health, Social Services	211	367	402	91
Arts, Entertainment, Food Services	193	239	237	40
Other Services	N/A	260	N/A	N/A
<u>Public Administration</u>	<u>375</u>	<u>452</u>	<u>496</u>	<u>121</u>

Source: US Census Reports, WV Bureau of Business and Economic Research, Workforce West Virginia

In comparing this data with the increases in industry employment growth or decline, it is evident that manufacturing and real estate have increased in employment base comparably to increases in wages, just as conversely as declines in wholesale are evident for both wage and employment. One correlation that may be beneficial for the County to monitor in future employment growth is the significant increases in total jobs available in general services that are not producing significant increases in wages. If this trend continues, it may become increasingly difficult for those employed in these industries to keep pace with increases in cost of living.

Income Characteristics

Income characteristics are economic indicators, which are most useful when compared to characteristics of like areas. As defined in the 1985 Comprehensive Plan, Morgan County, which is situated within the Cumberland Valley/Shenandoah Valley quad-state region, may be compared to the other 11 counties in this region with respect to median household income, per capita income, percent of the population below poverty level and other statistical economic demographic measurements.

Morgan County ranks second among the five West Virginia counties and seventh overall for median household income. It also ranks second and sixth in per capita income. At the same time it ranks second and eighth respectively for percent of persons with income below the poverty level. All are significant positive changes over its rankings in 1980, and indicates that the County has quickly become second to Jefferson County in the Eastern Panhandle and continues to keep pace with the average income statistics of the region overall. However, as its per capita income has climbed over the average during the past two decades, making it one of the fastest growing counties within the region for individual income earnings, the County remains somewhat behind in comparison to the region for median household income. Perhaps the most significant change

and success of the County income characteristics has been the ability for Morgan County to go from the second highest poverty level in the region, in 1980, to the eighth lowest in 2000, reducing the impact by more than 5% during that period.

Morgan County made significant gains in per capita income between 1980 and 2000, increasing from 73% of the US average to 83% in 2000. The most significant increase during this period was between 1990 and 2000. One factor not displayed as part of the table above is the County's regional ranking in terms of total income comprised of transfer income such as welfare and social security payments.

Table 8-6 Regional Income Characteristics

State County	Med. Household Income		Per Capita Income		% Below Poverty	
	1980	2000	1980	2000	1980	2000
West Virginia						
Berkeley County	15,390	32,967	6,376	16,477	13.9	16.3
Hampshire County	11,926	34,813	5,125	14,851	16.9	14.1
Jefferson County	15,803	48,567	6,139	20,441	13.4	9.3
Mineral County	14,662	33,870	5,697	15,384	13.3	13.9
Morgan County	13,632	36,805	6,242	18,109	16.7	11.3
Virginia						
Clarke County	16,649	53,651	7,473	24,844	9.8	6.7
Frederick County	17,110	52,617	6,503	21,080	9.8	6.7
Maryland						
Allegany County	13,885	32,492	6,049	16,780	12.2	13.5
Washington County	16,623	43,829	6,765	20,062	10.8	9.8
Pennsylvania						
Bedford County	13,167	34,792	5,403	16,316	14.7	10.7
Franklin County	16,911	42,888	6,675	19,339	7.4	8.2
Fulton County	13,573	37,852	5,402	16,409	14.4	9.4
Average	14,944	40,429	6,154	18,341	12.8	10.8

Source: US Census Reports

Although the local economy is growing and population is increasing, Morgan County residents continue to spend much of their income outside of the County. This includes residents in the northern part of the County traveling to larger retail centers for food stuffs, essential and secondary needs and durable and non-durable goods in Washington County, MD and Berkeley County, WV. It also includes the growing southern central valley region residents continuing to shop for such goods and services in Winchester, VA. Further, due to geographic proximity of the Cacapon area, most residents in this western part of the County shop and seek employment exclusively in the growing commercial hubs of Allegheny County, MD.

Major Employers

Export industries, or “basic industries”, are an important component to an area’s economy. Basic industries are considered to drive the area’s economy because the goods and services are sold elsewhere, thus bringing revenue into the area. This revenue then supports the non-basic, or service oriented industries in the local economy. Basic industries in Morgan County include, mining, lodging, wholesale trade, agriculture, fabrication, manufacturing, and freight transportation. Since 1980, both basic and non-basic industries as they relate to major employers have changed as indicated on the following comparative table.

Table 8-7 Major Employers 1984 and 2005

Rank	1984	# of employees F/P	2005	# of employees F/P
1	Pennsylvania Glass Sand	290	MC Board of Education	400
2	MC Board of Education	250	US Silica (PA Glass Sand)	168
3	Coolfont Recreation	105/40	Morgan County Hospital	150
4	Vanguard Products	120	Caperton Furniture (Seely’s)	103
5	Valley View Nurse Home	102	Citizens National Bank	70
6	Morgan County Hospital	75/21	Food Lion	68
7	Consolidated Orchards	60/50	Country Inn	60
8	Cacapon State Park	60/20	Cacapon State Park	26/100
9	Country Inn & Spa	59/9	Washington Homeopathic Products	34
10	Seely’s Pine Furniture	62	Eddie’s Tire Service	19
Total		1,183/140		1,098/100

Source: Morgan County Government

The above table would indicate that over time, while general government employment has grown to include additional jobs, especially in the public education and health fields, overall major employment entities, especially in the manufacturing and service industry sectors has continued to decline, losing approximately 70 jobs among the top 10 employers. This is evident in the fact that its private sector employment between 1990 and 2000 increasing at 13% ranked as one of the lowest in the region while its government and other public employment rate grew by more than 25% during the same period. Given that the smaller non-basic employment sector is an integral part of the success of the local economic employment industry as a whole, it is important to further explore the make up of those employment opportunities not included in the top ten listed in Table 8-7, as those industries combined produce a significant amount of the labor force.

Non-Basic

Non-basic or commercial development includes those general types of retail and service trades that often reflect the growing or declining pace of residential growth. As Morgan County continues to experience increased growth in the number of new housing units being constructed each year, and thus additional public services required, general commercial types of development will follow closely behind and in close proximity to new residents, especially for those areas of newer large subdivisions that may attract residents relocating from areas where such commercial conveniences may have been more prevalent.

Two examples from very different perspectives provide evidence of this occurring over time, having widely disparate affects on both long time and new employers. Food Lion for example, which was not listed as one of the major employers in 1984, and being built after that year, provides services on a regional level, unlike most smaller grocers that existed in more locations in the 1980s. However, it should also be noted that non-basic services such as Eddie's Tire Service, which employed 50 people in 1984, and was one of only two providers of such services in the County at that time, now employs only 19 people and has been directly affected in part by the proliferation and specialization of similar service providers spread among convenient locations throughout the region, making pricing and service a key component of market competitiveness.

Tourism

Morgan County, as outlined in Chapters 2 and 7, is unique from its surrounding neighbors, with nearly 15% of its housing units designated as recreational homes, and a larger per capita share of tourism related activity. The economic benefits of this element have grown over time as reflected by the increase in employment opportunities, which include the addition of at least one major employer, the Country Inn, to the list above. Efforts must continue to promote the County to tourists and new employers that will nurture the potential for small business growth within the community.

Basic

While the construction industry is on the incline and commuting is made easier over time, there will be a limit to both the amount of new residents the County may adequately provide services for, as well as a finite capacity of the number of people willing to commute to work elsewhere. For these and many other reasons it is important that the County grow, sustain, and diversify its basic economic development industries.

As noted above, basic industry businesses, which make up 20% of County jobs, are of great importance to the long-term sustainability of the area's economy, driving the local economy with goods and services being sold elsewhere, thus causing dollars to flow back into the local area through consumer exchange in non-basic purchases. As a general rule, it is estimated that a healthy ratio exists when there are two to three jobs created in non-basic services for every one job in basic industries.

Industrial Sites

Of the nine industrial sites identified in the 1985 Morgan County Comprehensive Plan, few exist in the Economic Development Authority (EDA) index today. Factors facilitating this change in direction include; previous sites identified being too small or incompatible with surrounding uses, environmental regulations that have changed over time that would limit the intensity of uses, and outside funding promoting the development of alternative locations.

One of the most prevalent factors in the change in the index from 1985, is community outlook on defining what an industrial site should be. This is highly evident in both citizen feedback during public review of the Plan update as well as the identifier used by the EDA office in promoting the current list of sites on the Index. As citizens appear to be pressing large industrial and manufacturing employers to become both more environmentally aware and aesthetically appealing, the EDA promotes areas identified in Table 8-8 as Business Parks.

Table 8-8 Industrial Business Park Site Index

Site	District	Total Acres	Acres Available
Robert C Byrd	Cacapon	30	17
Wolfe-Deerfield Property	Cacapon	30	25
522 Business Park	Timber Ridge	102	70
Shirley Farms West Site	Bath	40	40
Consolidated Orchard	Cacapon	7	7
Lippert Components	N/A	9	9
Vanguard Building	N/A	10	10
US Silica Property	Bath	2,786	500
Total Acres		3,014	678

Source: Morgan County Government

The Robert C. Byrd Industrial Park is located along WV Rt. 9 on the southeastern side of Paw Paw. It consists of 30 total acres divided into 8 lots with 17 acres on 6 lots remaining to be developed. Benefits to this site include the extension of available municipal water and sewer service from the Town of Paw Paw.

The Wolfe-Deerfield Industrial Park is also located along WV Rt.9 on the southeastern side of Paw Paw. It includes 30 total acres with 25 acres available for development, and is served by municipal water and sewer from Paw Paw.

The 522 Business Park was is located along US Rt. 522 in the Timber Ridge District, which is located in the Central Valley Planning Region. It is a large Business Park consisting of 102 acres, with 70 acre available for development on 9 of the 12 total lots. However, given it close proximity to surrounding rural land and natural waterways, not all land within this park is suitable for heavy use. It is served by a private on site water and sewer system.

The Shirley Farms West Site is located along US Rt. 522 in the Bath District, and includes 40 acres of undeveloped property being marketed for industrial business park use. It is served by a private well and septic system and does not currently have internal access roads.

The Lippert Components building is also located along US Rt. 522, and includes a vacant 53,000 square foot warehouse style building. Another building is the Vanguard Building, which is partially occupied. It has nearly 24,000 square feet of space available of its total 95,000 square foot structure, which is broken into several sections for multiple users.

Consolidated Orchard, located in the Town of Paw Paw, consists of an 81,000 square foot building broken into four sections of which three sections totaling 58,000 is currently available. It is located along WV Rt. 9, and is provided with municipal utilities and services.

By far the largest single industrial site in Morgan County, US Silica, which has changed names and ownership over its decades of existence, provides the most potential for continued and future major employment opportunity. Of the 2,786 acres owned by this single entity, only a small percentage is utilized for its major mining operations of Oriskany sand. However, as this natural mineral resource is depleted, it is expected that the company may only have approximately 20 years of productivity remaining. Given the location and importance of this industry within Morgan County, future use of this property must be taken into account in order to ensure that whatever reuse may evolve from this transition it is complimentary to the surrounding community and the goals of the Comprehensive Plan.

Economic Indicators

The Eastern Economic District, made up of the eight eastern most counties in West Virginia, which includes Morgan County, continues to fare better than other parts of the State in such categories as wages and benefits, income earnings, and labor management relationships. Unlike other areas of the State, it has not experienced the dominant influence of the unionized coal industry. It continues to produce a labor pool of high productivity, good mechanical skill and work discipline, and low absenteeism and turnover rates.

Access to the major transportation network continues to be improved as it relates to freight transportation and access to the metropolitan government employers. Although there appears to be some incline in the real estate market, housing costs remain relatively low with a healthy percentage of vacant land and structures for new residents and businesses.

The Morgan County Economic Development Authority monitors the economic climate of the County. It uses the information to identify barriers and promote positive economic growth through both a marketing and policy perspective. Positive factors include proximity to the metropolitan areas, relatively low real estate taxes and rent, low crime rate, and available structures for new industries. Some barriers that exist include the State Business and Occupation tax on gross income, lack of large accessible parcels of land served by public water and sewer, and lack of State programs offering tax package incentives.

The Authority's strategy in attracting new industry involves a system of priorities in marketing to potential employers. First priority is given to vacant and available buildings in the Berkeley Springs area. These locations are close to existing services, population, businesses, and infrastructure. Second priority is given to identified sites outside of the urban area, most of which are located along US Rt. 522 and having some level of water and sewer services. These industrial business parks as identified in Table 8-10, have been developed to group major employers in similar areas, which allows for sharing of necessary service costs, assurance of compatibility of uses, and larger eligible employment base. Having several business park settings also allows the County to meet its goal of diversifying employment opportunity by offering locations for several

smaller employers rather than few large ones, thus protecting the County from the impacts of major layoffs.

A new initiative and growing priority within the County economic development efforts, which is reflective of a growing trend throughout the region is the promotion of business parks that incorporate aesthetically appealing attributes such as more natural surroundings, well landscaped entrance and parking areas, and more environmentally friendly and community compatible practices.

Economic Organizations

The Morgan County Economic Development Authority (EDA) is primarily responsible for promoting job development of major employers seeking to locate in the industrial business parks listed in Table 8-11. The Authority's Plan outlines several strategies in accomplishing sustainable economic growth, including:

- Provide support in accessing funds for community development projects that serve to develop infrastructure and attract business, commercial, and technology industries
- Encourage, recognize, and assist the growth of the existing business base
- Successfully attract new employment opportunities to Morgan County
- Support the efforts to promote tourism throughout the County
- Partner with regional organizations in planning economic development activities
- Provide support to private enterprise in placement of business tenants in sites and buildings, and maintain an inventory of available locations
- Maintain the position of the County's economic development organization
- Expand educational and workforce opportunities for citizens and employees living and working in Morgan County

In addition to the above strategies of the EDA to build the employment base within the County, the Authority has also outlined priorities on a regional level, including:

- Developing strong alliances with Counties of the Eastern Panhandle to promote causes that need a regional perspective and effort to achieve
- Providing attention to the needs of existing businesses within the County through various entrepreneurial assistance initiatives
- Using limited County marketing resources in an efficient manner to attract new businesses to the area that provide quality pay and sustainable job growth
- Maintaining a comprehensive list of properties available for business development and evaluate the need for additional land as properties are developed
- Working to become one of the premier economic development organizations in the State and region while developing a reputation as a community that supports business and industry growth

The Morgan County Chamber of Commerce, located on Fairfax Street in Berkeley Springs was established in 1952. However, it was not until 1978 that the Chamber became fully active with a full time staff person and dedicated office space. Since that time membership in this nonprofit

entity has grown to 190 businesses, with services dedicated to a wide array of projects and informational tools, that include a membership and civic organization directory, mapping and relocation information, tourism training, and many other community efforts such as new teacher mentoring and volunteer recognition.

Travel Berkeley Springs is the convention and visitors bureau for the County, with its main office located in Berkeley Springs, and having nearly 100 members. Half of its budget is funded through hotel/motel tax revenues. Its goals and strategies centered around two distinct objectives; protecting the historic character of Berkeley Springs and preserving the scenic wilderness throughout the County by promoting the tourism ambience of a place “caught in time”.

Goals and Objectives

Goals

The vitality of Morgan County is directly related to the health of its business and industry. The commercial sector provides jobs, as well as goods and services, to local residents. The following economic development goals support business and contribute to the well being of the county as a whole:

- Using incentives to locate businesses in appropriate areas with adequate access, including on unimproved land suitable for a range of compatible uses, as infill in existing commercial zones, and in vacant commercial properties and industrial sites suitable for redevelopment;
- Promoting infrastructure improvements in transportation, public services communications, and utilities to attract and retain businesses;
- Encouraging a strong local economy that motivates residents to spend more of their disposable income at businesses in the county;
- Working to attract a variety of new businesses—basic and non-basic—to meet the county’s growing needs, and draw in out-of-county dollars; and
- Encouraging protection of the viability of tourism assets.

Objectives

These goals may be met by accomplishing the following objectives:

- Maintaining an updated list of sites that could be developed by major employers and promoting incentives for locating on those sites;
- Encouraging programs for redevelopment and revitalization of underutilized vacant commercial properties and industrial sites;
- Encouraging incentive programs with the state to attract target employers and large and small businesses;
- Working to enhance the resources of the Morgan County Economic Development Authority and similar groups;
- Coordinating efforts between local government, business associations, and private property owners seeking small business endeavors;

- Encouraging the development of plans that address such issues as marketing, research, financing and location to assist in business start up and retention efforts;
- Promoting training opportunities to meet skill requirements and technology needs of existing and potential businesses;
- Supporting efforts to identify economic growth opportunities for retention and expansion of existing employers;
- Promoting development of an Information Technology building to provide office space to small start up IT businesses;
- Enhancing opportunities to establish cultural and recreational tourism-related businesses;
- Promoting businesses focused on 'green' industry;
- Encouraging creation of an eco-industrial park;
- Promoting the health and wellness industry; and
- Working with the farming community to identify the future role of agriculture and agribusiness industries in Morgan County.