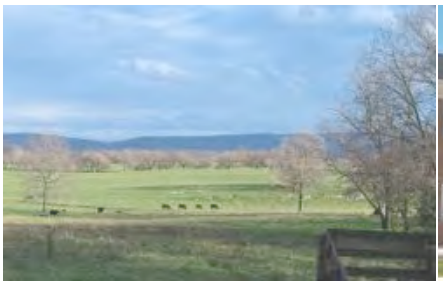
Economic Development Strategic Plan
For Clarke County, Virginia

An Implementing Component of the 2013 Comprehensive Plan



Adopted by the Board of Supervisors on October 21, 2014

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An Implementing Component of the 2013 Comprehensive Plan

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I. Executive Summary

Overview

Strategic Plans are specific and *action-oriented*, and thus tend to have a short-term horizon, whereas the Comprehensive Plan (required by the Virginia Code) is general in nature and takes a long-term view of the future.

This strategic plan for economic development in Clarke County will become an "implementing component" of the 2013 Comprehensive Plan (along with other such components such as the transportation plan, the water resources plan, etc.) Objective 10 of the 2013 Comprehensive Plan sets forth the policies that guide the development of the Economic Development Strategic Plan's recommendations. The actions for economic development must support and draw guidance from the County's overall growth management policies for rural land conservation and other key goals set forth in the Comprehensive Plan and relevant component plans.

The County is in a challenging yet opportune location, situated in the Shenandoah Valley of Northern Virginia between the larger and more rapidly growing counties of Loudoun, Frederick, and Jefferson, West Virginia to the north. This makes it a "rural jewel" surrounded by those intensively developing areas. While the County's small population and employment base can present constraints on economic development, because of its good location, they can also present opportunities. Its proximity to a very large and expanding regional market of population and businesses offers the attraction of a high quality, rural life style with relatively low land costs.

These qualities are the purpose and basis for the County's overall land use philosophy which might be best expressed in the forward to the Comprehensive Plan: *"…to protect and enhance attributes that contribute to the rural and agricultural character of the County, while it accommodates additional people and businesses primarily in the designated growth areas."*

Guiding Principles

Based on the County's long-standing land use philosophy and the policies of its Comprehensive Plan, the following principles serve as guidance for this Strategic Plan.

The Economic Development Strategy must:

- **Support the County's Comprehensive Plan** and desired future land use pattern of concentrated population within a largely rural environment. The County must avoid compromising its overall growth management philosophy by taking advantage of the natural and historic resources in ways that help preserve them while enhancing their economic value.
- **Grow the tax base** as the primary objective, with a secondary objective to increase economic activity through the expansion of business transactions and/or by adding new jobs, particularly if the jobs are filled by the existing labor force or in-commuters.
- **Build on past and current successes** in business development.
- **Target short-term as well as long-term** economic prospects.

- **Foster close cooperation between the County and the Town of Berryville,** as the two jurisdictions form a unified local economy.
- **Set and memorialize clear priorities and responsibilities** to allow the County and Town to best use limited resources, take best advantage of the community's key attributes, and focus on the most important and practical actions for early success.

Summary of Major Initiatives for Action

The research, data analysis, and public input conducted during this planning effort produced a package of goals, strategies, and actions that provide a work plan for the County to follow in the coming few years. These can be summarized as a set of four major initiatives. All of the specific strategies and actions that are detailed later in this plan support these overarching initiatives.

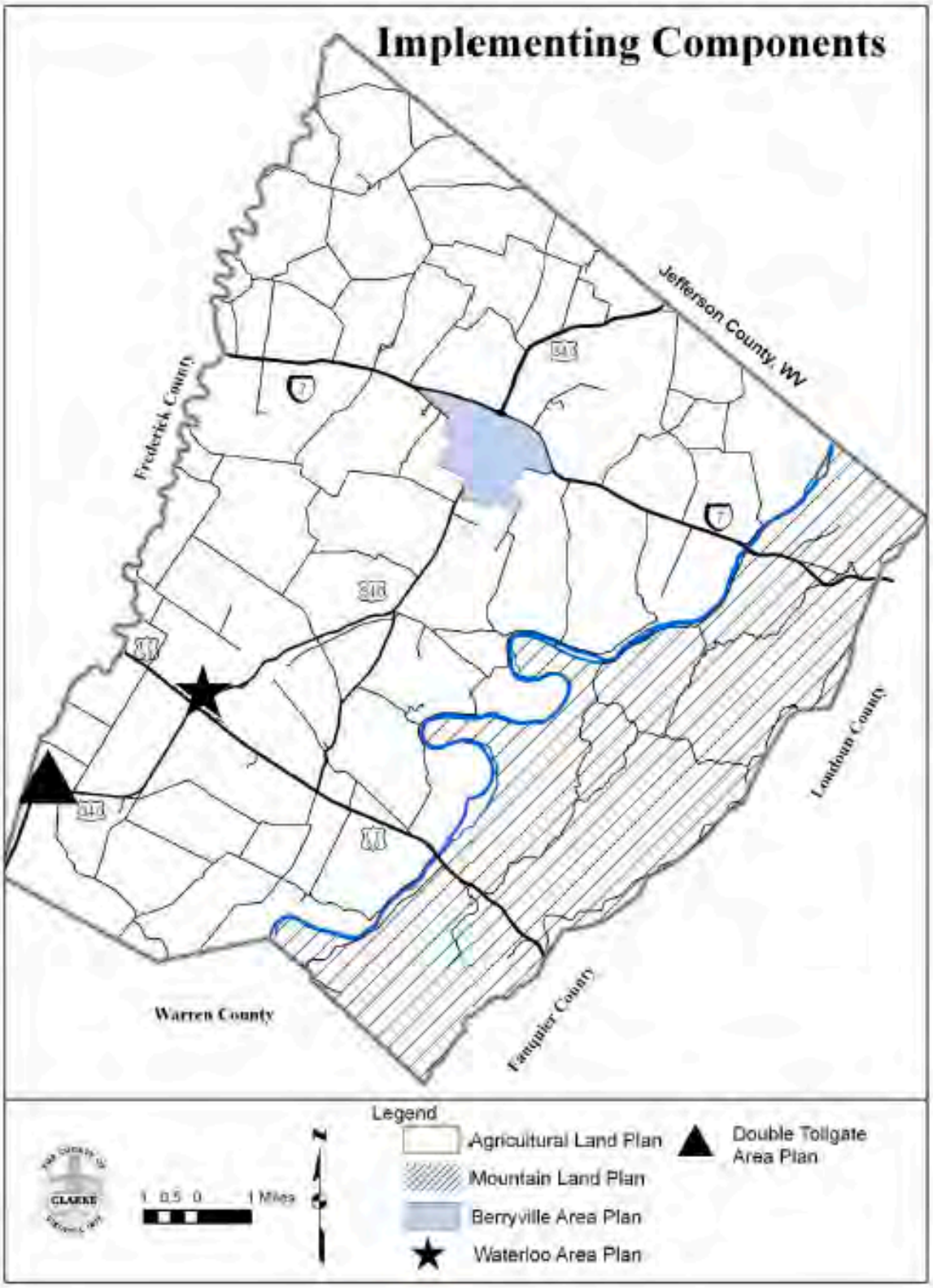
1. **Foster close collaboration between the County and Town of Berryville** through a formally documented provision for shared authority and shared investments in economic development leadership.

2. **Expand the technical capacity of local government** to provide leadership and support for economic development, particularly to:

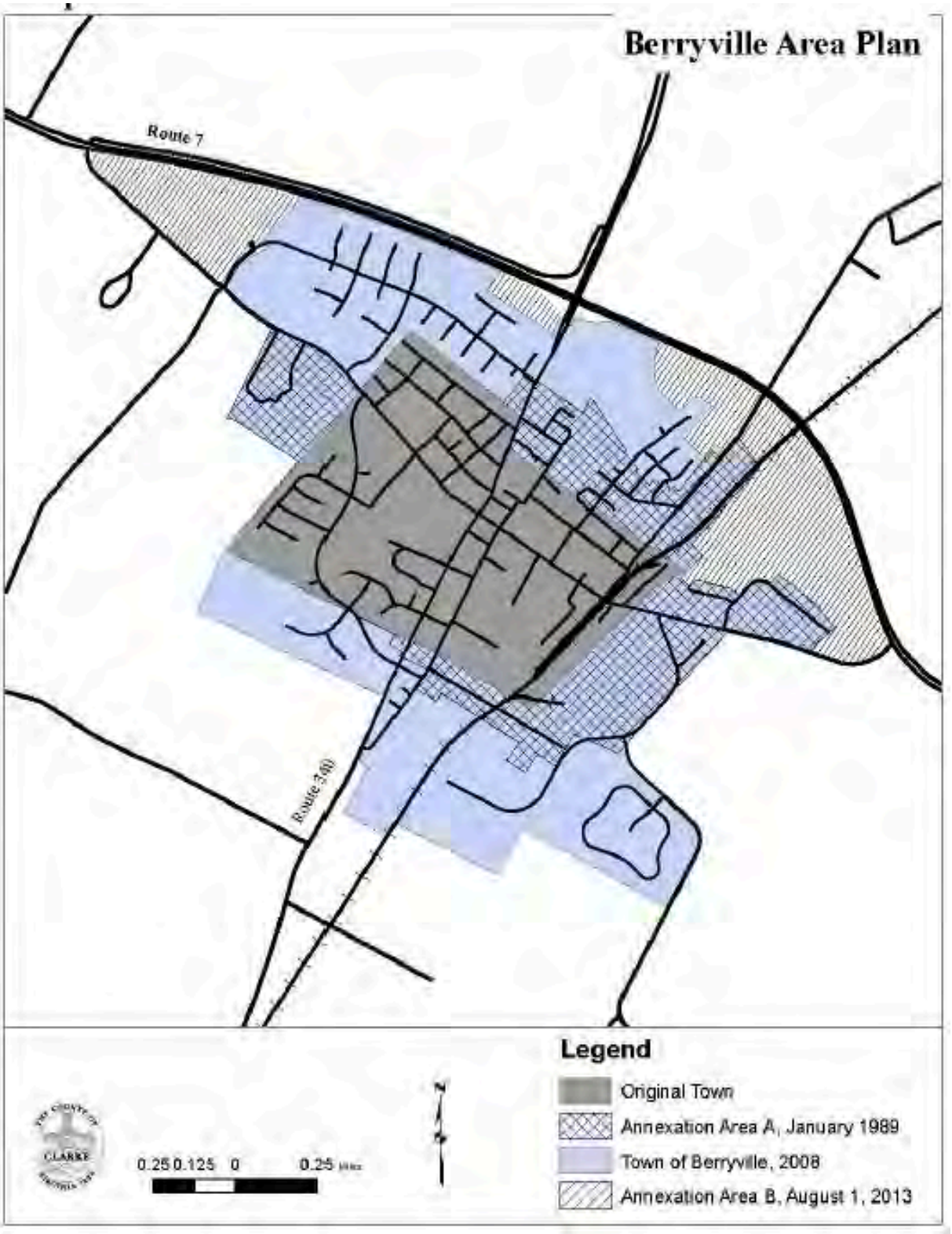
    - Retain, expand, and recruit *compatible industry*
    - Promote *tourism*
    - Foster growth and vitality of the *agricultural industry*

3. **Upgrade the local economic development website** to improve e-marketing capability – this is a growing demand, expectation, and opportunity in today's economic development efforts.

4. **Improve the readiness of key industrial sites** by making strategic investments through public/private partnerships in order to attract and develop new businesses.



Implementing Components of the Clarke County Comprehensive Plan



Berryville Area Plan

Summary of Goals, Strategies and *Top Priority* Actions

Based upon those guiding principles, this plan has three main goals and each goal has two key strategies. Each strategy has several actions to implement it. The *top priority* actions for the next three years (FY 2015 through FY 2017) are shown within the framework of goals and strategies, below.

Goal A. Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy 1: Expand Overall Planning and Economic Development Efforts

- Action A.1. Clarify role of economic development in County's general growth management strategy
- Action A.2 Remove real and perceived barriers to desirable economic development
- Action A.3. Establish a formal economic development program in coordination with Town of Berryville
- Action A.4. Upgrade web-based marketing, branding, and promotion

Strategy 2: Increase Direct Revenues to Fund Economic Development

- Action A.5. Examine cost/benefit of increasing TOT (Transient Occupancy Tax) and establishing BPOL (Business Professional and Occupational License)

Downtown Berryville *photo by Herd Planning & Design*

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry

Strategy 1: Promote Compatible Light Industrial Development

Action B.1. Implement business retention strategies

Action B.2. Partner with industrial landowners and the Town

(Note: Action B.3 - Pursue Tax Increment Financing (TIF) is under Longer Term Priorities)

Strategy 2: Initiate Long-Term Development Opportunities

Action B.4. Continue to collaborate with the Town of Boyce.

Action B.5. Support Efforts to Expand Retail and Office Space.

Clarke County Business Park *photo courtesy of S. Patz & Assoc.*

Goal C. Increase the Vitality of Agriculture and Tourism

Strategy 1: Foster Growth and Vitality of the Agricultural Industry *[coordinate with Agricultural Land Plan]*

Action C.1. Promote information and understanding of local agriculture

Action C.2. Promote activities that support local agriculture

Strategy 2: Promote Tourism Development *[coordinate with Tourism Strategic Plan]*

Action C.3. Improve regional cooperation and coordination in marketing and promotion

Action C.4. Establish/Revive Tourism Advisory Committee

Action C.5. Promote Development of Increased Accommodation Capacity

photo by Herd Planning & Design

II. Introduction/Background

Summary of the Purpose and Process of this Plan

Clarke County's strategic plan for economic development will become an "implementing component" of the Comprehensive Plan (along with other components such as the transportation plan, the water resources plan, etc.)

The County wants economic development strategies and actions that will:

- help diversify its tax base without undermining the County's rural, agricultural character.
- support its strong and venerable growth management program, and
- not unduly increase the cost of providing public services.

The economic development strategy must support the County's other Comprehensive Plan components and balance the fundamental goal of land preservation with the important need for economic vitality and a healthy business tax base.

An important issue is that job growth tends to cause population growth. This can add economic and social vitality to the community, yet can conflict with the goal of preserving agricultural and open-space resources, unless employment growth occurs in locations, amounts, and sectors that are consistent with the overall vision. Thus, it is important for the County and the Town of Berryville to coordinate their actions, since their economies are largely unified. This became very clear during the analysis phase of this planning effort, which began as a County-centered project with input from the Town, but has yielded the understanding that joint implementation by both jurisdictions is critical to success. Actions for enhancing coordination are identified in this plan, including a new opportunity with regard to the draft Tourism Strategic Plan, which is currently being prepared at the Town's initiative.

Challenges to overcome include a limited amount of land that features the highest level of readiness that would allow for immediate occupancy by new or expanding businesses of the type needed for tax revenue generation (refer to the seven "levels of readiness" described in the Appendix), and strong competition from surrounding jurisdictions - the Winchester marketplace in particular - for most non-residential land uses.

The technical work to develop the plan has included

- identification of methods for expanding local business.
- analysis of regional economic factors and Clarke County's competitive position.
- analysis of constraints to economic growth and how to overcome them.
- analysis of the fiscal impact of new growth.
- identification of short-term and long-term strategies and actions for economic development; and
- identification of options for the magnitude, locations, and types of economic growth in light of costs and benefits.

Project Work Plan

The County's lead economic development consultant, Herd Planning and Design, worked in conjunction with County planning and economic development staff to develop a project work plan for the creation of the Strategic Plan. The work plan included five major tasks.

Task 1 - Initial Public Input Meeting (February 2013)

Task 2 - Evaluate County's Economic Development Issues, Needs & Opportunities (Spring 2013)

(Included interviews and "round tables" with business owners, field survey of key growth areas, regional analysis of economic factors, and best practices research)

Task 3 - Evaluate Comprehensive Plan components in relation to Economic Development (Summer/Fall 2013)

Task 4 - Prepare Economic Development Strategies for Implementing Component Plans (Winter 2013)

Task 5 - Develop Draft Economic Development Strategic Plan as a New Component (April 2014)

An Economic Development Strategic Plan subcommittee was appointed in November 2013 to serve as the work group for Plan Development (Tasks 4 and 5). This subcommittee consisted of members of the County Planning Commission, Economic Development Advisory Committee, and Town of Berryville and County Staffs.

Relationship to the Comprehensive Plan

As noted above, the Strategic Plan is a component of the County's Comprehensive Plan and is driven by the policies and objectives for Economic Development. The strategic plan is more "project-oriented" but its strategic actions should be consistent with and support the policies of the Comprehensive Plan, as shown below.

Objective 10 – Economic Development (from Comprehensive Plan)
Encourage economic growth that is compatible with the County's environmental quality, rural character, and residential neighborhoods, and that provides a healthy balance between revenues from residential and agricultural uses, and those from commercial and industrial uses.

Policies

1. Establish and maintain an Economic Development Strategic Plan as a component plan to implement this Objective and its policies.

2. Direct the location of compatible businesses to designated growth areas and existing commercial centers as allowed by the adopted plans for those areas.

3. Encourage new or expanded businesses that have minimal impact on the County's sensitive environment and that do not adversely impact surrounding properties with excessive noise, odor, or light pollution.

4. Ordinances and policies should be implemented to ensure high-quality design and construction of new and redeveloped businesses. This shall include context-sensitive landscaping that makes use of native plants, xeriscaping, and use of gray water for irrigation where possible. Maintenance of landscaping and site plan features should be enforced by the County throughout the lifespan of the business.

5. Promote types of economic development that are consistent with the County's existing uses and character, including but not limited to the following.

    a. Tourism and the land uses that would benefit from it.
    b. Agricultural businesses.
    c. Agriculturally related businesses.
    d. Equine businesses and related services.
    e. Compatible light industrial uses in designated locations.

6. Protect and enhance the environmental resources of the County, recognizing that they can serve as an attraction to business and industry.

7. Encourage the attraction of business activities that complement or that work in conjunction with existing industrial and commercial activities in the County, particularly active farming and forestry operations.

8. Ensure that new commercial development occurs according to the following provisions.

    a. Does not impede traffic flow on roads and/or overload intersections.
    b. Prevents strip development by integrating new development with existing development through the use of reverse frontage, consolidated or shared access points, shared parking and/or drive aisles, internal circulation networks, and interparcel access; and ensures that land use ordinances provide flexibility to facilitate clustered development patterns.
    c. Ensures that access to and impacts on the transportation network are safe and do not degrade efficiency.
    d. Meets all applicable zoning- and building-code regulations and all standards for water, sewage disposal, and waste disposal needs.
    e. Does not have a negative impact on adjacent property values.

9. Evaluation of adaptive reuse projects, and projects to redevelop existing agricultural, commercial, and light industrial uses shall include the following elements in addition to the criteria set forth in Policy 8 above for new development projects.

    a. Whether the project is in general accord with the Comprehensive Plan.
    b. Whether the resultant structures, parking, lighting, landscaping, stormwater management, onsite well and septic systems, property ingress/egress, and other site elements would be in full compliance with County land use ordinances and State regulations.
    c. The degree to which the project mitigates an existing public safety concern.
    d. The degree to which the project mitigates any new impact to the existing character of the area including but not limited to noise, odor, intensity, or aesthetics.

e. In the case of a conditional rezoning application, the degree that the applicant's proffer package addresses all existing and potential site impacts to surrounding properties.

f. Consistency with prior land use decisions involving similar cases.

10. Support a vigorous agricultural development program in the County that emphasizes promotion of Clarke County agricultural products, encourages cooperation with individual agricultural interests within the County and advocacy agencies, and establishes liaisons with counties in the area that have similar development programs.

11. Seek and consider additional fiscal tools by which the County may enhance its tax base.

12. Promote the retention, attraction, and expansion of businesses and industries that support the land use goals of the County, in particular, businesses that generate a relatively high level of local tax revenue in relation to the number of jobs, create minimal impact on public services, and are compatible with the County's agricultural and natural resources.

As the Comprehensive Plan and related component plans are periodically updated, any material changes should be reconciled with updates to this Economic Development Strategic Plan.

III. Analysis – Current Conditions, Market Analysis, and Public Input

(Summary of content of Technical Memo #1 [public input] and Technical Memo #2 [Analysis of Issues, Needs, and Opportunities] which are Appendices to this Plan, under separate cover)

Initial Input

Initial input on economic development strategies was obtained from a public meeting and key stakeholder "round table" sessions conducted from February through April 2013, and via several individual interviews with business owners and property owners in the County, including the Berryville area. A full report on the results of this input is included in Technical Memorandum #1 of the consultant's work, located in the Appendix to this plan.

Summary highlights of this input include the following:

- The business community is fully aware of the challenges that officials face in expanding the County's economic base. Their input focused on small scale or short-term solutions, such as the need for an anchor store at Waterloo and the need to upgrade the level of service at the Food Lion, as well as larger or longer-term solutions such as providing sewer service to the Double Toll Gate area, changing the perception that the County doesn't want business growth, and coordinating the marketing of tourist events and attractions. While the public and business community fully embrace the traditional goals of the County, there is the underlying recognition of the need for more tax revenue and economic activity.

- There is great support for the value of current growth trends and the agricultural and equine base of the County, but little focus on the outdated industrial properties in the town, and their prospects for redevelopment or adaptive reuse.

- It appears that the Clarke County community believes that Berryville's retail and office space markets will remain modest in size. However, there is recognition that stability could be improved with various upgrades such as providing sites that meet modern market demands for parking and size of office spaces, providing some smaller housing units that meet a broad demographic spectrum, etc. (note that perceptions about lack of parking in historic downtown areas often conflict with the actual supply of parking).

- There is broad appreciation of the positive natural and cultural aspects of the County as a special place within the region, including the desire that economic development should not overwhelm the County's traditional character and quality of life.

Strengths and Weaknesses

Further evaluation of the strengths and weaknesses of the local community for supporting economic development, combined with local input yielded the following highlights.

The County has some highly valuable economic assets, particularly its:

- Open space resources, historic resources, and scenic quality.
- Good highway infrastructure.
- Regional proximity to a large population and work force.
- Adequate total supply of residential and industrial zoned land.
- Located within the primary service area of Foreign Trade Zone #137.
- Competitive tax rates and relatively low land costs compared to most adjacent localities.
- Improved proximity to Metro Rail – "Silver Line" to reach Reston in 2014 and to Dulles by 2020.

It also has some fundamental disadvantages to conventional economic development, including:

- Small resident population and gradual growth of economic base. (The county has had slow and steady population growth relative to its neighbors – see Comprehensive Plan Tables 5 and 6).
- Distance to I-81, the one interstate highway serving the western part of Northern Virginia (not relevant for counties to the east).
- Competition from adjacent jurisdictions, particularly the Winchester-Frederick area.
- Few "Occupancy Ready" or "Shovel Ready" industrial sites.
- Relatively high availability fees for public sewer and water service.
- Lack of (or costliness) of public utilities in some areas designated for future development.
- Limited number of locations where development is being promoted.
- Limited County staff resources to support economic development activities.

A review of the literature for rural economic development practices shows several trends:

- Efforts to expand, recruit and develop industrial uses that fit local resources and markets.
- Efforts to strengthen downtown business districts.
- Efforts to use local natural and historic assets to support tourism businesses, "home grown" businesses, and attract "creative class" workers.

All of these strategies are underpinned by four tenets for rethinking economic development in the modern economy:

- *Innovation* is the key to driving growth and prosperity in today's global economy.
- *Investments* of capital are required to put innovations to use.
- *Preservation* of valuable natural assets provides a foundation for the new rural economy.
- *Connections* of dense networks among individuals, organizations, and communities provide the social infrastructure to expand the local rural economy.

Six major economic sectors were examined in order to assess the market for their future prospects, and to develop specific strategies and actions. Findings are summarized below.

Light Industrial – Despite strong competition from surrounding counties, this sector offers the strongest prospects for the greatest tax base and economic growth in the short term, especially for light manufacturing/assembly, distribution/warehouse space, and local business services. These are uses that do not have heavy traffic or environmental impacts. The County has good proximity to regional markets and labor force, and relatively low real estate costs. Thus it can attract warehouse, light manufacturing and local service businesses that might otherwise locate in western Loudoun County or Frederick County.

Retail – This sector is relatively stable but is constrained by regional competition and the County's limited population growth. Some opportunities exist to capture some of the retail expenditures that are "leaking" from the local economy, particularly with upgraded buildings and continued enhancement of downtown Berryville.

Office – This sector has generally similar constraints and opportunities as the retail sector, as well as the need for office spaces larger than 1,800 square feet (the current average size of available spaces).

Agriculture – Despite the ongoing challenges from changing markets and technologies, this sector has good potential for sustainability through new market opportunities within the region, and greater linkage to tourism activities. The County's land use policies have created a generally stable land base for agriculture, and the growing regional population and changing food markets also create opportunities for niche products, including equine-related businesses, higher-intensity crops, etc.

Tourism – The outstanding natural and historic resources in the County and the surrounding region provide good long-term potential for tourism, particularly with ties to agriculture and outdoor recreation. However, expansion of the tourist industry should not be considered a "quick fix" or a strong potential for large increases in the tax base.

Housing – Well-planned housing can be an economic asset, but additional housing must be of a type, quantity, density, and location that are consistent with the County's overall goals for growth management, agriculture, environmental conservation, and fiscal well being. Promotion of a diverse, walkable, and well-connected housing stock, located in and around the towns, will tend to attract a sustainable demographic mix of older and younger people, which will help maintain a balanced economy.

Existing Businesses and Potential Target Businesses

The County is in a good position to attract the kinds of businesses that it has attracted to date to its business park. These are generally local and regional business services that benefit from the good proximity to the regional population, low land costs, and a good local labor force. These businesses are detailed in the Appendix and include well-drilling, cabinet making, equipment repair, millwork, warehousing, and general contracting, as examples. These are the kinds of businesses that offer the best prospects for near term economic growth in Clarke County, because they serve the regional market, benefit from the low land costs, and offer the opportunity for the County to capture businesses that might otherwise locate in western Loudoun County or

Frederick County. Some kinds of light industrial uses also have potential for Clarke County, such as light manufacturing and assembly, as well as regional warehouse/distribution uses. However, as noted in the analysis, regional competition for these uses is strong, and other locations, particularly the Winchester-Frederick area, have several competitive advantages. Thus, sites in Clarke County will generally rely on their central regional location and low land costs.

The agriculture and tourism sectors reflect the greatest inherent strengths of the County and best support its overall growth management philosophy. They offer strong long-term growth potential due to the trends and regional dynamics cited in the analysis, but these sectors would not be expected to be as important in terms of expanding the tax base. Expansion of these two sectors would also be expected to be gradual.

Strategic Action Framework

The analysis and input yielded the following four major themes and provided the basis for specific strategies and actions, which were then re-organized into a detailed Action Plan.

Leadership, Vision, and Policy

- Refine and Clarify Economic Development Policies, Programs, and Priorities (implement policies that promote an "open for business" image)
- Expand County Economic Development technical capacity for leadership- including marketing and tourism capabilities
- Continue and enhance the working relationship between the County and the Town of Berryville regarding all economic development efforts

Communications and Marketing

- Enhance working relationships with agencies, institutions, groups, and businesses
- Expand targeted economic development promotional efforts - web presence (including social media and other web-based tools), media relations, tours and visitations, partner organizations

Business Resource Development - Retention and Attraction

- Work with key landowners to improve site readiness
- Provide incentives for location, expansion, and retention
- Streamline and fine tune zoning regulations and permitting processes
- Promote public and private investment to improve resources, information, facilities/utilities/access, financing
- Explore Tax Increment Financing (TIF) for key areas

Agriculture and Tourism Infrastructure and Activities

- Coordinate efforts of tourist-related activities and resources, including cross-promotion
- Promote key resources – trail, river, historic sites, etc.
- Expand the number of economically productive special events– birding, hiking, competitions, festivals, etc.
- Foster development of rural tourist business enterprises with suitable regulations
- Promote high value-added agri-business, equine industry, and related activities

IV. Goals, Strategies, and Actions

Introduction

The following outline of proposed goals, strategies, and actions reflects the research, analysis, and public input carried out to date for this planning effort, including initial input from the Economic Development Advisory Committee, the County Planning Commission and the Economic Development Subcommittee of the Planning Commission.

The plan begins with a mission statement and a vision of the County's economic future, both derived from the Comprehensive Plan (the County's overall planning policy guide). Following that are three major goals, each with two strategies for achieving that goal. Under each strategy is a set of specific "action steps" which the County intends to take to implement the strategy. Most actions also have detailed "sub-actions" to show more specifically the work that is required to carry them out. Finally, all of the actions are presented in a "matrix" that compares the timing, cost, and priority of each one.

Mission

Objective #10 from the Comprehensive Plan sets forth the County's mission for economic development, which is to:

Encourage economic growth that is compatible with the County's environmental quality, rural character, and residential neighborhoods, and that provides a healthy balance between revenues from residential and agricultural uses, and those from commercial and industrial uses.

Vision

Part of Policy #5 under Objective #10 from the Comprehensive Plan expresses the County's vision for its economy, which is to achieve:

A balanced economy and a strong tax base that supports the county's growth management policies: a compact land use pattern, efficient delivery of public services, and the conservation of agricultural and natural resources. Economic sectors to be promoted include but are not limited to tourism, agriculture, agriculture-related businesses, equine businesses and related services, and compatible light industrial uses in designated locations.

Goals and Strategies

Goal A: Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy 1: Expand Overall Planning and Economic Development Efforts

Action A.1. Clarify the Role of Economic Development in the County's General Growth Management Strategy

Description. The County wishes to maintain its long-standing and venerable growth management strategy aimed at *preserving rural and environmental resources* and focusing *growth in well-defined, planned areas,* particularly the Berryville area. This is a sound approach, and the County's economic development strategy must be implemented within this larger planning framework.

However, the County also needs to effectively generate desirable economic development and to put forth that message among existing and potential businesses that support the County planning goals. No fundamental changes to the underlying planning philosophy are needed, yet the strategies of this plan will help clarify how the County will pursue economic growth, and the kinds of economic growth it will pursue.

Action Steps: Maintain a clear and consistent posture toward development and preservation, in accord with the goals and strategies of the updated Comprehensive Plan and the new Economic Development Strategic Plan. Ensure that all provisions support and do not undermine the broader County growth management strategy while also generating adequate growth in the County's tax base.

Schedule:	FY 2015.
Responsibility:	Board of Supervisors and County Staff
Estimated Cost:	(within current budget for staff work plans)

Action A.2. Remove Real and Perceived Barriers to Desirable Economic Development

Strong land conservation policies can sometimes be mistaken or misunderstood as being non-supportive of business development. Since Clarke County has been effective in its land conservation efforts, it is especially important for it to avoid substantive or perceived barriers to compatible economic development activities and investments.

Consistent with this Strategy #1 above, the County should ensure that it has a receptive and supportive policy climate for compatible economic development projects that are consistent with its Comprehensive Planning goals, but also sufficient to improve its tax base. While the County needs to be prudent in its invitation to development, it also needs to be seen as being "business-friendly" or "open for business" (two common ways of expressing this idea) for projects that are consistent with its planning goals. This issue

involves both substance and perception. This also calls for close coordination and shared effort between the County and Town of Berryville so that they positively reinforce each other's efforts *(see Action A.3, following).*

For example, to make clear that the County welcomes appropriate business development, the County can increase its promotion of compatible and sustainable business growth through enhanced marketing efforts, business support functions, and financial partnerships with businesses to improve site readiness.

In no way should such efforts undermine the County's long-term conservation ethic – in fact, being known for welcoming compatible economic development should ultimately enhance the County's reputation as a prudent steward of its land resources, and thus have a positive long-term economic effect.

Action Steps:

(1) Formally announce and promote the new and refined strategies and actions that are contained in the Economic Development Strategic Plan.

Sub-steps:

(a) Issue a press release upon adoption of the new economic development strategic plan.

(b) Put the announcement of the new plan on the Board of Supervisors and Planning Commission meeting agendas for recognition.

(c) Have County officials attend meetings with local civic groups and business organizations to present and promote the Strategic Plan during the months following adoption.

Schedule: FY 2015.
Responsibility: Board of Supervisors and County Staff
Estimated Cost (within current budget for staff work plans)

(2) Promote ongoing awareness and understanding of the new economic development strategies among all County personnel and through all County communications, including the web site, public meetings, etc.

This is an ongoing assignment for all County officials and personnel, who should be knowledgeable about the plan and how it affects their mission, and their roles and responsibilities in implementing it.

Schedule: FY 2015.
Responsibility: Board of Supervisors and County Staff
Estimated Cost: (within current budget for staff work plans)

(3) Decide how and whether to clarify that the County is pro-economic development, but only for the types of activities it wants.

Like most places, the County has a "brand", even if it is somewhat informal. In its promotional efforts, the County can shape this brand to reinforce its planning goals, include promoting the county as a great place for those who want a rural lifestyle oriented toward small town quality of life and outdoor activities, which will help to attract creative young people, and high income seniors.

Sub-steps:

(a) *See Actions A.3 and A.4:* Enhance the County's website to serve as a strong marketing tool for economic development. Retain an expert e-marketing firm to rebuild the economic development portion of the website or create a separate linked site. Consider retaining such firm to run the website and/or to train County staff to do so.

(b) *See Actions A.3 and C.3:* Explore the potential of sharing costs with neighboring jurisdictions and regional organizations, and possible tie-ins to the tourism marketing efforts.

Schedule:	FY 2015.
Responsibility:	Board of Supervisors and County Staff
Estimated Cost:	(within current budget for staff work plans)

(4) Use the new economic development strategies as guidelines for all interactions between the County and businesses.

Schedule:	FY 2015.
Responsibility:	Board of Supervisors and County Staff
Estimated Cost:	(within current budget for staff work plans)

Priority subject to funding decisions:

(5) Revise/streamline zoning and permitting regulations as needed. Review regulations that could affect business attraction and retention; review event-permitting processes (county with town)

It is important that the regulatory climate - as well as the specific ordinance requirements - are effective at conserving the rural land resources while also supporting desirable economic development. This is a difficult but necessary balance to strike due to the inherent conflicts between effective regulation, and promotion of new development. Close coordination between the County and the Town of Berryville on such matters is essential.

Sub-steps:

(a) Evaluate the zoning and subdivision ordinances to identify any regulatory and procedural provisions that have the potential to unduly restrict or encumber

compatible economic development activities, including review of current use lists of by-right and special uses, and the speed and complexity of the County's (and Town of Berryville's) review processes.

(b) If any potential problems are identified, create and evaluate potential alternative provisions that would strike a better balance of County goals, and refine these alternatives so that they can be adopted as amendments to the current regulations.

(c) Work closely with the Town of Berryville to ensure that the County and Town regulations are coordinated to achieve mutually desired policy outcomes, e.g. development in and around the Town in the annexation area and revitalization of the downtown.

Schedule: FY 2015.
Responsibility: Planning Director
Estimated Cost: Within current budget, depending on existing priority assignments; approximately $20,000 value.

(6) Inventory all existing businesses in County and Towns; categorize by type, location, revenue; include names and contact data. [to be conducted after the economic development capacity is expanded through Action A.3 below]

Schedule: FY 2015.
Responsibility: Board of Supervisors and County and Town Staff, in conjunction with Berryville Main Street
Estimated Cost: $5,000 to initiate; ongoing updates part of expanded economic development staff budget.

photo by Herd Planning & Design

Action A.3. Establish a formal economic development program in coordination with the Town of Berryville

The County is doing a good job in light of the relatively limited resources it has available to support economic development initiatives. Its current economic development staff is essentially one person whose duties are divided between zoning administration and economic development. Devoting a full-time equivalent position ("F. T. E.") to the economic development functions would allow the County to better support the policies and programs currently underway as well as the new ones identified in this plan. An increase in staff resources is particularly important in light of the competitive environment among rural localities in the region, and at the state and national levels.

Businesses look to local governments for leadership in promoting economic development, including providing information, coordinating activities, maintaining a sound regulatory environment, and making investments in public services and infrastructure. Having a more robust local staff capacity would help the County (and its Towns) fulfill these expectations and compete more effectively with other localities.

An important element of both the substance and perception of positive economic development efforts is collaboration with the County's many partners. The County has a long history of successful partnerships, particularly with the Towns of Berryville and Boyce, for example. Yet such collaboration can still be enhanced and broadened, all to the good. Strengthening and formalizing ties to neighboring communities, as well as to the local business sectors, will help the County promote good will, creativity, and efficient use of resources.

While the County and Town have a long and successful history of working together on planning initiatives, the level of collaboration could be further strengthened in order to gain additional economies of scale. The benefits of coordination and cooperation between these two local governments cannot be underestimated. Coordinated efforts allow the two small jurisdictions to gain of economies of scale in pursuing shared goals, thereby making the most efficient use of public funds, and reducing redundancy and conflict. Close cooperation also sends a positive signal to the business community that the two jurisdictions are working together in harmony and reinforcing each other's capabilities. This strengthens the confidence that businesses have in local government policy and management.

Currently, the two jurisdictions collaborate extensively at both the policy-making level (elected and appointed officials), and at the staff level (professional employees):

- The Berryville Area Development Authority (BADA) serves as the planning commission for the annexation area surrounding the Town. It includes an equal number of representatives from both the Town and County. The Economic Development Advisory Committee (EDAC) advises the Board of Supervisors and staff concerning economic development. Four members are appointed by the Board, and one representative of the Town also serves on the Committee.
- The County Industrial Development Authority (IDA) is a County entity that issues bonds, buys and sells property and other activities as set forth in the Code of Virginia for such authorities.

- The County and Town staffs for planning and economic development work very closely together.

Further collaborative and cost sharing efforts could include sharing staff duties in designing and maintaining the economic development website, working together to share staff capacity for new and expanded economic development functions, and sharing duties and responsibilities for industrial development programs, among others.

Together, the County and Town can also strengthen their mutual collaboration with regional agencies such as the Northern Shenandoah Valley Regional Commission (NSVRC) and the Small Business Development Center (SBDC), in economic development activities through work with regional agency representatives and neighboring jurisdictions, including Virginia counties such as Warren, Fauquier, Frederick, and Loudoun, as well as Jefferson County, West Virginia. Coordination on tourism promotion is an obvious possibility, as well as joint promotion of commercial and industrial sites. Following initial communications, a more formal, ongoing effort could be established to ensure continued collaboration.

Action Steps:

(1) Form a joint County-Town committee that would explore partnering and cost-sharing strategies for tourism and economic development.

Inventory and assess economic development activities currently done collaboratively by County and Town staffs. Identify opportunities for reducing redundancy.

Explore a more formal integration of economic development functions so as to make the "boundary" between County and Town functions as "seamless" as possible. A Memorandum of Understanding (MOU) would memorialize such agreements.

(2) Identify the professional capacity needed to fulfill the enhancements to the economic development program. Most of the duties and activities are either currently underway, are identified in this plan, or are standard practice in local economic development offices. Duties typically include:

- Working with property owners to determine issues and opportunities for their sites and how to upgrade site suitability
- Actively seeking to attract new businesses and assisting existing businesses with expansion efforts and other growth activities.
- Maintaining on-going communications with the local community regarding economic development issues and activities, and serving as a key liaison to local government agencies for the business community.
- Collecting, analyzing, and disseminating data about local economic development markets, resources, etc.
- Evaluating existing economic development resources including infrastructure, site availability and readiness, market demand, etc.
- Conducting marketing and promotional efforts for the local economic initiatives.
- Serving as point of contact and liaison to public and private sector partners and sister agencies; and

- Providing staff support to the Industrial Development Authority, Economic Development Advisory Committee and Clarke County Tourism Alliance (if it is resurrected in fulfillment of Action C.4).

Identify what roles County staff should fulfill and what roles, if any, consultants or contractors should fulfill, particularly in the early set-up stages.

(3) Identify how the additional capacity fits into the current organizational structure, including the relationship between County and Town economic development activities, and how the County and Town might be able to share the costs and benefits of enhanced economic development functions.

(4) Create (or update) job and/or program descriptions and retain the appropriate professional assistance. Choose the priority for allocating resources between business retention and development and tourism coordination.

Schedule: Calendar 2014.
Responsibility: Board of Supervisors, Town Council, with County Administrator and Town Manager
Estimated Cost: Current Budget

Small Business Development Centers *source: Virginia Economic Development Partnership*

Priority subject to funding decisions:

(5) Allocate funding and retain appropriate professional staff.

Schedule: FY 2015.
Responsibility: Board of Supervisors, Town Council, with County Administrator and Town Manager

Estimated Cost: Annually $100,000 to $200,000 total for a full-time position plus administrative support. Part-time at $65,000 to $100,000. Dependent on the level of salary and program support. Consider phasing in over a two to three year period.

Action A.4. **Upgrade web-based marketing, branding, and promotion**, partly in coordination with neighboring jurisdictions (including West Virginia), and including greater use of social media technology.

Marketing Objectives include:

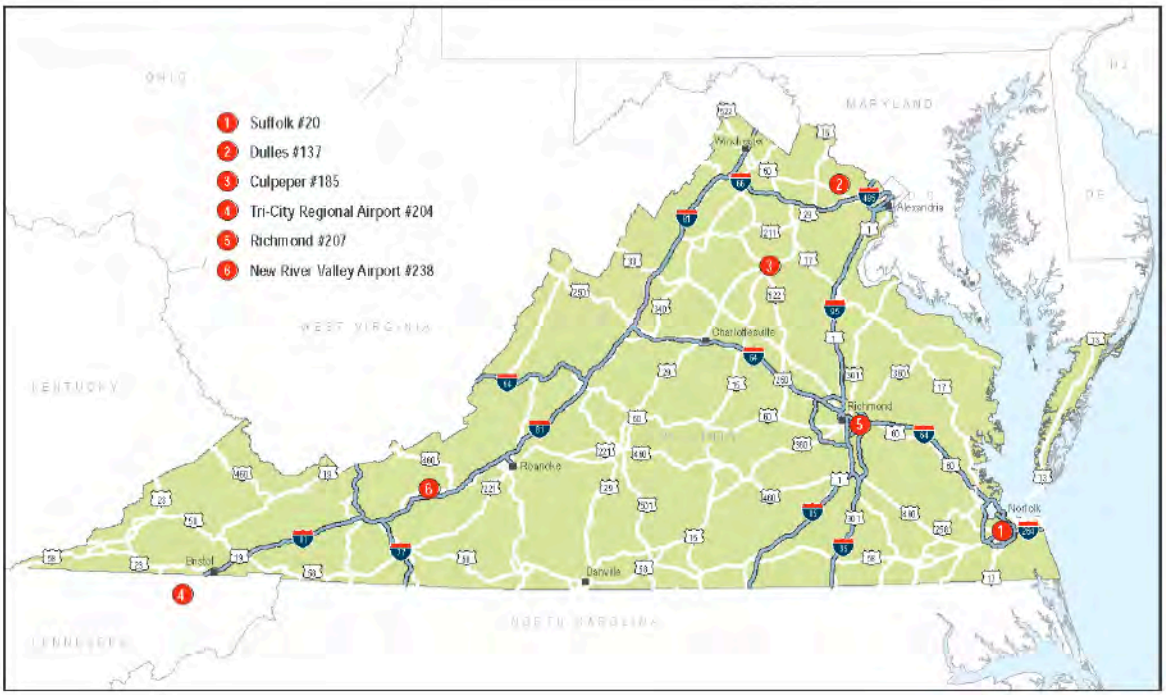
- Strengthen the "brand" identity for Clarke County and Town of Berryville Economic Development *(the County and Town are mentioned together here because of the close interaction between them, particularly with regard to industrial development opportunities. The two jurisdictions would maintain the distinction of their different key attributes – rural vs. urban – but can benefit from a shared or "paired" identity as a great place to live and work within the larger region.)*
- Establish a marketing system that reflects and supports the short-term and long-term County planning vision and goals.
- Increase awareness of Clarke County's benefits and assets.

- Promote the idea that the County is an outstanding place to do business, live and visit, particularly for the target population and business sectors.
- Highlight the new Comprehensive Plan and the Economic Development Strategic Plan with a particular emphasis on the goals of compatible economic development.

Marketable benefits of Clarke County and the Town of Berryville include:

- *Affordable* – industrial, agricultural, and residential property
- *Lifestyle* – a rural and small town lifestyle in the midst of a vibrant, populous region
- *Conservation* – a strong conservation ethic for natural and historic resources as the basis of the economic and social fabric of the community
- *Proximity* – located between Dulles Airport and I-81 (within the "hole of the donut" of a huge regional population), and within Foreign Trade Zone #137, and Port of Virginia Development Zone.

These benefits add up to *"affordable proximity"* for those seeking to locate or expand business enterprises in the County.



Foreign Trade Zones *source: Virginia Economic Development Partnership*

Port of Virginia Development Zone *source: Virginia Economic Development Partnership*

Action Steps:

(1) Develop and implement a new marketing system to promote the County's (and Town's) economic development message, including new or enhanced website.

Sub-steps:

(a) Create marketing plan – branding strategy, marketing system with logo, style guide, etc. for County economic development that would help strengthen the association of Clarke County's key brand features in the minds of target audiences.

Schedule: FY 2015.
Responsibility: Economic Development Director.
Estimated Cost: $5,000 to $10,000

(b) Work with web designer to create an Economic Development website design and preliminary cost estimate – minimal upgrade

Schedule: Calendar 2014.
Responsibility: County and Town staff (in conjunction with any new economic development or tourism entities)
Estimated Cost: $4,000 to $8,000 for design and $150/month for hosting and maintenance

c) Retain expert assistance to design, implement and maintain a more robust website, including optimize search engine visibility, enhance social media marketing thru Facebook, Twitter, and blogs, coordinate joint efforts with all regional partners, create a media kit for distribution.

Evaluate whether this should be a separate site linked to the County's existing website, or a page within the existing site. Logical integration or linkage with the Town would be helpful. Additional components such as video elements (such as news segments, interviews, case studies, or testimonials), social media tools, maps of resources and key sites, etc., could be incorporated. This could include creating and maintaining a Resource Profile of key information about the County as well as contacts that existing and prospective businesses need.

Efforts could include a new hard-copy promotional/informational product for print media – a color brochure and presentation folder to give to prospects; Optimize search engine visibility; Enhance social media marketing through Facebook, Twitter, and blogs; Coordinate joint efforts with all regional partners.

Schedule: FY 2015 and ongoing.
Responsibility: Economic Development Director
Estimated Cost: $20,000+ and $150 to $250 per month for hosting and maintenance.

(2) Attend selected, occasional conferences and trade shows. This is a mid-term priority action and would focus limited resources on events with best prospect for beneficial return.

Schedule: FY 2016 and ongoing.
Responsibility: Economic Development Director
Estimated Cost: $2,000 to $5,000+ each for attending; $5,000 to $10,000+ each for exhibiting

Strategy 2. Increase Direct Revenues to Fund Economic Development

Action A.5. Examine cost/benefit of increasing Transient Occupancy Tax (TOT) and establishing Business & Professional Occupational Licensing (BPOL)

The TOT increase would require General Assembly approval. Funds from these sources would be earmarked for economic development.

Schedule: FY 2015.
Responsibility: Board of Supervisors, Town Council, with County Administrator and Town Manager
Estimated Cost: Current Budget

Longer-Term Priority (Post 2016)

Strategy 3. Promote Suitable Housing Development

Action A.6 Ensure that Comprehensive Plans and Zoning and Subdivision Ordinances of County and Towns allow and encourage diverse, walkable, connected, accessible, human-scale development patterns.

Appropriate housing development can enhance the County's overall economic vitality (and in some cases the tax base as well), if the new housing supports a balance of demographic sectors, and is located in conformance with the Comprehensive Plan. The Comprehensive Plans of the County and Town should provide clear policy guidance for achieving a well-planned and balanced mix of housing types in and around the Town of Berryville. The zoning regulations of both the County and Town should be updated as needed to allow and encourage these forms of development.

Schedule: FY 2016-17.
Responsibility: *County and Town Planning Directors*
Estimated Cost: *Current Budget* – $20,000 +/- value.

Goal B: Retain, Attract, and Develop Compatible and Innovative Industry

Strategy 1. Promote Compatible Industrial Development

Action B.1. Implement Business Retention Strategies

A foundational component of every sound economic development program is to retain existing businesses, especially those that are compatible with the long-term vision of the local economy.

Schedule: FY 2015-16.
Responsibility: Economic Development Director
Estimated Cost (for each step shown below): Current Budget (subsumed in future Economic Development budget plus approximately $3,000 annual value from other county departments for their involvement.) Each step shown would be roughly a $3,000 equivalent value annually.

Action Steps:

(1) Maintain and enhance the working relationships between the County and Town governments, business enterprises, business groups and organizations, real estate professionals, developers, and other stakeholders who are engaged in local and regional economic development, through the future economic development staff and the other collaboration actions identified in this plan.

(2) Establish a formal visitation or survey program that allows the County and Towns to collect, organize and assess input from key businesses in each economic sector, in order to monitor the local economic development climate.

(3) Assist local businesses (and prospects) on an as-needed basis by providing information and contacts with government (local, state, federal) and private sources of business assistance.

(4) Establish a "strike team" of key County and Town officials and staff to respond to prospect visits, incentive requests, and retention issues. The strike team should develop and stay current on protocols for handling such matters with little or no notice.

Photos S. Patz & Assoc.

Clarke County Business Park

Action B.2. Partner with industrial landowners, users, and developers and the Town of Berryville to develop currently or potentially available industrial land

The County can work together with the Town to identify additional incentives that can be offered to potential industrial developers and users.

The County can work with property owners (and the Town where applicable) to:

- Encourage restoration of neglected buildings (remove if needed), improve the readiness of available land.
- Encourage adaptive use of existing structures (within County and Town).
- Plan for future sites and facilitate the necessary permit approvals as appropriate.
- Provide incentives – funding assistance with facility relocation and utility fees, worker recruitment/training, micro loans, building demolition and/or rehab, etc.

Schedule:	*FY 2015/16 (Step #6 below can begin in 2014)*
Responsibility:	*Economic Development Director with Town*
Estimated Cost:	Generally within Economic Development Budget or $3-5,000 equivalent value (except Step #4 below which involves investment related to infrastructure and site readiness upgrades).

Action Steps:

(1) Organize, consolidate and update information about available and potential sites; maintain this database; make it easily available through the web. Work with property owners, the Town and Main Street to establish list of potential commercial, business and industrial properties for lease or sale. Place list on economic development website, and advise realtors.

(2) Evaluate and rank all existing and potential sites in terms of current level of readiness for development.

(3) Identify specific actions needed to upgrade the level of readiness for each site.

(4) Identify what incentives the County and Town might provide, including funding, loans, infrastructure assistance, permits, etc. Such incentives would be in conjunction with actions by the owners to provide the maximum amount of leverage of local government assistance, and could involve increased funding for the County's Industrial Development Authority.

(5) Establish a list of types of businesses desired in the County and which are feasible to attract or develop, and contact appropriate businesses to determine interest.

(6) Report on success of above actions to Board of Supervisors, Town Council, and Planning Commissions.

Calendar 2014/15 and ongoing.

Action B.3. Pursue Tax Increment Financing (TIF) ***(Longer Term Priority)***

TIF districts are permitted under § 58.1-3245.2 of the Code of Virginia. The legislation essentially permits the County to adopt an ordinance that designates a development project area in which physical improvements are made to increase the value of the real estate. The real estate tax revenues attributable to the increase in value from the original assessed value are paid into a special fund to pay the debt on bonds issued to finance the cost of the physical improvements within the project area.

Action Steps:

(1) Evaluate the feasibility and suitability for a TIF if new public infrastructure will benefit a site

(a) Identify the area or areas for the TIF district designation (Note – this may involve collaborating with the Town of Berryville. It may also involve determining whether a joint, inter-jurisdictional TIF is possible. This may also involve determining whether special consulting assistance is necessary for this strategy).

(b) Allocate funding to support the actions necessary to establish a TIF.

(c) Conduct feasibility studies to determine whether development or redevelopment could take place within an acceptable timeframe without the assistance that would be provided by the TIF district.

(d) Prepare a forecast of the costs and revenues for the project.

(e) Analyze the long-term economic benefit to the local economy for the term of the TIF district, including the total impact of TIF districts on the tax base.

(f) Prepare a maintenance plan for the TIF district's projects, including ongoing and future capital costs, revenue sources, and any risk sharing between the County and any third party of private sector partners, including backup for project revenue, ongoing maintenance, project reporting and monitoring, etc.

(2) If the evaluation affirms feasibility, implement the TIF.

(a) Prepare a development or redevelopment plan that includes detailed performance measures, steps for monitoring and evaluating the plan, and outlining future benefits and burdens under alternative economic scenarios.
(b) Affirm viability of any third-party or private sector partners.
(c) Obtain input from all parties involved, including the public.
(d) Periodically evaluate the performance of the TIF district.

Schedule:	FY 2016-17
Responsibility:	Economic Development Director with Board of Supervisors (and Town as appropriate)
Estimated Cost:	TBD

Strategy 2. Initiate Long-Term Development Opportunities

Action B.4. Continue to collaborate with the Town of Boyce.

The Town of Boyce has potential for additional residential development, and to a lesser degree, new commercial development. Although it also has relatively good regional access via Routes 50 and 340, it may have some potential for incremental commercial growth to serve commuting traffic on Route 340. Substantial commercial or industrial expansion opportunities will likely be limited due to the proximity to the Waterloo Business Growth Area.

Continue to work in close collaboration with the Town to ensure that planning policies and regulations for the Town and surrounding area continue to reflect the goals and policies of the Town's and County's Comprehensive Plans.

Schedule:	Ongoing.
Responsibility:	Board of Supervisors, Planning Director.
Estimated Cost:	Current Budget.

Action B.5. Support Efforts to Expand Retail and Office Space.

Notwithstanding the longer term potential for commercial development in the Double Tollgate and Waterloo areas, the best prospect for both short and long-term expansion that is also consistent and supportive of broad County goals is to intensify the Berryville Area, including downtown Berryville, in a manner consistent with the Town's plans, the Berryville Area Plan, and the historic character of the Town.

A master plan for land use, urban design, and streetscape improvements would provide a framework for improving the competitive posture of the Berryville Area - especially

downtown - in attracting retail and office development and redevelopment, as well as appropriate housing to reinforce the retail and office uses.

Action Steps:

(1) Urban Design: Support the efforts of the Town of Berryville in promoting the long-term physical improvement of the downtown area. The level of support would be dependent on the specific provisions contained in any agreement between the County and Town for coordinated economic development efforts.

(2) Information: Support the efforts of the Town of Berryville to establish or upgrade the process for collecting, updating and disseminating physical and market data for the downtown area. Such efforts might include studying and monitoring available space, occupancy rates, parking supply and access, etc. The initial information piece might be an evaluation of downtown parking supply and accessibility, including wayfinding needs.

Schedule:	Calendar 2014 and ongoing
Responsibility:	Planning Directors of County and Town
Estimated Cost:	Step 1 would be within the Current Budget plus up to $75,000 for a streetscape plan (assume to be allocated in out-years); Step 2 would be within the Current Budget and/or subsumed within the future Economic Development budget.

Action B.6. Pursue Partnerships to Provide Public Water and Sewer to the Double Toll Gate Area. ***(Longer Term Priority)***

Note: *Step #7 below* ***"****Review and revise the Area Plan…" could be a nearer term priority in conjunction with ongoing County planning staff work program.*

This area is situated on Route 340/522, an important highway connecting the Berryville, Front Royal and Winchester areas. There is landowner interest for commercial development in this area, but the County would have to partner with landowners – and possibly other government agencies – to provide public water and sewer to the area. An advantage to Clarke County for development in the Double Toll Gate area is its location at the western edge of the County where any increases in land use intensity and traffic generation from economic development will have a relatively small impact on most Clarke County residents. To increase the likelihood of economic development in this area, the County needs to take a leadership role.

photo by Herd Planning & Design

Action Steps:

(1) Update and affirm the prospects and feasibility of the various options available for providing utilities to the area, including options for the source, design, ownership, financing, and timing for utilities.

(2) Continually monitor, on a regular, ongoing basis, the status of these options and be prepared to help facilitate public and/or private sector initiatives for providing utility service to this area, including the potential for public investment. Monitoring should include the market environment, including growth triggers from Warren and Frederick counties, and any expansions or changes in water and sewer plans or policies in those counties.

(3) Review and revise the Area Plan to ensure that it reflects the current goals and policies of the new Comprehensive Plan.

(4) Review the Zoning Ordinance and Zoning Map, and the Subdivision Ordinance to ensure that the regulations reflect and support the County's policies for this area.

Schedule:	FY 2017+
Responsibility:	Board of Supervisors; Planning Director
Estimated Cost:	TBD

Action B.7. Continue to promote well-designed commercial development in the Waterloo Area. *(Longer Term Priority)*

Note: *Step #1 below* ***"****Review and revise the Area Plan…" could be a nearer term priority in conjunction with ongoing County planning staff work program.*

The Waterloo area has some potential for additional highway commercial development, although it is not as competitive for light industrial as areas in and around Berryville. However, given the area's good regional access via Rt. 50, the County can and should continue to promote well-designed and well-accessed commercial development here. There is currently no clear need to expand the planned size or capacity of the area.

Action Steps:

(1) Review and revise the Waterloo Area Plan to ensure that it reflects the current goals and policies of the new Comprehensive Plan.

(2) Review the Zoning Ordinance and Zoning Map, and the Subdivision Ordinance to ensure that the regulations reflect and support the County's policies for this area, with particular attention to signage, interparcel access, and pedestrian circulation.

Schedule:	FY 2017+
Responsibility:	Board of Supervisors; Planning Director
Estimated Cost:	TBD

photo by Herd Planning & Design

Action B.8. Promote Rural Economic Innovation (including compatible home-based businesses**) *(Longer Term Priority)***

Given its resources and location, the County has excellent potential to expand its rural economy in the long-term. An important method for such expansion is through innovation, which includes a wide range of topics such as new markets for goods and services, new kinds of goods and services, new kinds of business operations and procedures, new locational opportunities for businesses, and new marketing techniques. Home-based and farm-based locations offer special opportunities for Clarke County due to the quality of life in its rural area. Aspects of these have been included in some of the preceding strategies for specific economic sectors.

Over the course of time, a variety of new businesses and economic sectors will likely emerge within Clarke County, as demographic, technological, and economic change continues in and around the region.

Examples of potential prospects could include:

- *"E-commerce" and telework* offer multiple business opportunities, from enabling professionals to work from a rural home to creating new e-commerce businesses

that can link to global markets. High quality broadband infrastructure is critical. Thus, the County should monitor changes in local broadband service to determine the existing and future need, and if there are policies, actions, or investments the County could take to meet that need.

- *"Ecosystem services"* such as habitat and watershed protection, in part through collaboration with environmental groups and agricultural and recreational businesses that see the value of working landscapes as a way to conserve and enhance the natural environmental resources.
- *Regional food systems* where larger stores are buying local products. The growing interest in local fresh food supports this strategy, as well as the County's proximity to a large and relatively high-income metropolitan population.
- *Sustainable agricultural systems* based on substituting internal inputs, including labor and management, for externally purchased ones.
- *Alternative energy* through wind farms, solar farms, and other alternative energy generators (subject to mitigation or avoidance of any environmental issues that would conflict with tourism and other planning goals).

A broad, long-term approach to innovation depends on seven key strategies:

1. *Provide critical information* needed by businesses.
   Information on economic and demographic trends are especially valuable for the County to promulgate, as well as information on connections and linkages, as described in #3 below.

2. *Maintain and continually improve the high quality of life*, and a local culture that embraces creativity, growth and change in the local business sectors. This includes promoting "place-based" development that capitalizes on the County's and Town's special characteristics, including the traditional, historic downtown, other historic buildings and sites, scenic rural landscapes, and the "small-town" rural social and cultural environment of the County. This can be done through appropriate planning, zoning, and urban design policies and regulations as cited herein, as well as through prudent investments in utilities and communications infrastructure, information, and marketing.

3. *Enhance connections* between businesses and the people and organizations that can help them prosper through sharing information with business associations, universities, service providers, etc.

4. *Cultivate talent and creativity* by fostering an environment that supports individuals and firms who use art or design in their products and services, as well as fostering a community spirit and culture that values innovation and creativity within the business community and local economy.

5. *Use local resources* as the basis for innovation and growth. Local products and processes, local talent, and the local quality of life can all provide the identity and "brand" that will further distinguish Clarke County from other areas.

6. *Promote the enhancement of broadband access*. High speed internet service is widespread in Berryville (including some public Wi-Fi), and a fiber line runs along Rt. 7, but most of the rural areas rely on wireless service; identify how the County might be able to promote the enhancement of broadband access and quality countywide (study similar to hotel and equine). Constantly changing technologies and business models presents a challenge for the County to address this issue. However, good broadband service will be increasingly important in all sectors of the future economy.

7. *Foster the further development of home-based and farm-based businesses* by evaluating and modifying the zoning regulations as needed to ensure a proper balance between land use compatibility and efficient review and approval processing. For example, by expanding the number of defined types of home-based businesses, the standards and permit processes can be properly tailored to the level of intensity of the business, thereby creating the most efficient and effective level of regulation.

Schedule:	FY 2017+
Responsibility:	Economic Development Director; Planning Director
Estimated Cost:	TBD

Goal C. Increase the Vitality of Agriculture and Tourism

*[**Note:** Draft Berryville Clarke County Tourism Plan Objective 7 – "Foster growth and development of new tourism sectors including agribusiness, tourism, promotion of local artists and musicians" is embedded in this Goal C, which includes these other sectors.]*

Strategy 1. Foster Growth and Vitality of the Agricultural Industry

The County currently provides some assistance and information to the local farm community as well as relying on state organizations such as the Virginia Cooperative Extension, the Virginia Department of Agriculture and Consumer Services, and the Virginia Farm Bureau.

While the County could enhance its involvement and support for local agricultural businesses through the establishment of a County office of Agricultural Development, as some other neighboring counties have done, such a separate local government office is probably premature for Clarke County at this time in terms of assigning a full-time staff member. Yet some of the work done by these offices could be included in the work plan for an enhanced County Economic Development program. Any such efforts should be done in coordination with future updates to the Agricultural Land Plan.

Each of the strategies below is something that the County staff is currently doing but with very limited capacity. If professional capacity is expanded, these activities could be part of that.

Clarke County Farmer's Market

Action C.1. Promote information and understanding of the local agricultural industry.

In conjunction with enhancement of the County's website for all economic development components. As the County expands and broadens its programmatic support for the local farm industry, the website can reflect and reinforce those efforts by providing data and information, links to other resources, and other networking tools, etc. Specific content will depend on how the website emerges in relation to expansion of agricultural development efforts.

Schedule: FY 2015 and ongoing.
Responsibility: Economic Development Director.
Estimated Cost: (Subsumed in future Economic Development Budget)

Action C.2. Promote activities that support local agriculture, including farm tours, "buy local" initiatives, "pick-your-own" enterprises, Farmers Markets, Community Supported Agriculture (CSAs), etc., in conjunction with enhancement of the County's website for all economic development components. The website is an ideal tool for informing and promoting the full range of activities, both within the County, as well as among its regional and state partners.

Schedule: FY 2015 and ongoing.
Responsibility: Economic Development Director.
Estimated Cost: (Subsumed in future Economic Development Budget)

photo by Herd Planning & Design

photo by Herd Planning & Design

Strategy 2 Promote Tourism Development *[coordinate with Tourism Strategic Plan]*

Action C.3. Improve regional cooperation and coordination in marketing and promotion.

[Matches up with draft BVCC Tourism Plan:

- *Objective 1 – Increase local awareness of tourism assets in Berryville and Clarke County*
- *Objective 2 – Increase collaboration of all organizations, businesses, and local government and*
- *Objective 3 – Enhance Tourism Marketing and Promotional Efforts].*

This action would include intensive local coordination among tourist businesses and improvement of web-marketing and website/social media. The enhancement of the County's web presence is a major, essential project for economic development, and is broader than just tourism (as referenced in Strategy A.1.d - Upgrade web-based marketing, branding, and promotion).

However, the tourism sector could be a focal point of early web-based initiatives because it is consumer-oriented sector and the County has natural partners within Clarke County and throughout the region and state with which to share costs and benefits.

Action Steps:

(1) Create a Tourism Organization and Marketing Plan. The plan would be a joint effort of the County and the Town of Berryville and would incorporate many of the initiatives contained in the Tourism Strategic Plan.
(2) Identify all current and potential tourism partners and stakeholders internally and externally to the County (both public and private sector).
(3) Determine how staff support is provided – separate tourism office, or County's economic development office.
(4) Secure an economic development/tourism coordinator to oversee implementation, marketing and development. Share cost: County, Town & Alliance (or equivalent entity) [Target 2.2 from BV CC Tourism Plan]

Schedule:	Calendar 2014 and ongoing (except step #4 below which is expected to be FY 2015).
Responsibility:	Steps 1 and 2 above - Economic Development Director with the Town; Steps 3 and 4 above – Board of Supervisors and Town Council.
Estimated Cost:	(Subsumed in future Economic Development Budget)

photo by Brandon Stidham

Action C.4. **Establish/Revive "Tourism Advisory Committee"** *[and/or resurrect Clarke County Tourism Alliance (CCTA)] [coordinate with Tourism Strategic Plan [Objective 5 from BVCC Tourism Plan] and Increase local awareness of tourism assets in Berryville and Clarke County [BVCC Objective 1]*

[Note: All tourism strategies should be coordinated with the Town of Berryville, especially regarding the effort to recruit new, independent lodging, restaurants, and unique shopping opportunities.]

Other key objectives from draft BVCC Tourism Plan:

- *Objective 4* – Develop a viable workforce for tourism-based businesses through education program for tourism services.
- *Objective 6* – Improve Community infrastructure to compliment tourism development efforts.

Schedule:	Calendar 2014-15
Responsibility:	Board of Supervisors, County Administrator, Town Council
Estimated Cost:	(Subsumed in future Economic Development Budget)

va.water.usgs.gov

photo by Herd Planning & Design

Action C.5. Promote Development of Increased Accommodation Capacity

The action would be a joint effort of the County and the Town of Berryville and would be done in conjunction with current efforts by the Town and through future implementation of the Tourism Strategic Plan.

Schedule:	Calendar 2014-15
Responsibility:	Board of Supervisors, County Administrator, Town Council
Estimated Cost:	(Subsumed in future Economic Development Budget)

Strategy 3. Promote Equine Development *(Longer Term Priority)*

Action C.6 Conduct a detailed study of the equine industry

This would include identifying the barriers and opportunities for expanding, and steps to pursue (similar to the Town's recent hotel market study). The purpose is to identify to identify the short and long term potential for the industry and the most practical steps and priorities for achieving the potential.

Action Steps:

(1) Identify the scope of the study and funding resources.
(2) Issue an RFP for the work.
(3) Retain the firm to conduct the study.
(4) Assess, promulgate, and implement the findings.

Schedule:	FY 2017+
Responsibility:	Economic Development Director
Estimated Cost:	TBD

Action C.7 Strengthen businesses in the local equestrian industry

Develop a county or regional website devoted to the industry, offering up to date information on hay pricing, horse shows, and other business trends. (This could be in conjunction with the overall effort to upgrade the County's website for economic development marketing and tourism). Any such efforts should build on the success of the existing Equine Alliance and be an outgrowth or enhancement of that group. Businesses in the industry include stables and breeders, but also support businesses such as farriers, saddle-makers/marketers, and specialty construction companies.

Schedule:	FY 2017+
Responsibility:	Economic Development Director
Estimated Cost:	TBD

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Conclusion

Clarke County faces strong competition from its neighboring jurisdictions, but it has many favorable attributes for expanding its tax base and economy in concert with its overarching goal of preserving open space resources and rural character. Such growth will depend on effective marketing of its economic and cultural assets, collaborative efforts with the Town of Berryville, as well as neighboring jurisdictions, and working closely with landowners to improve site availability and readiness for industrial and business service uses. The action steps in this plan layout a work plan for the next several years that will help move the County forward in achieving its goals.

berryvillebusiness.com

IV. Action Plan

Guiding Principles:

- **Support the County's Comprehensive Plan** for concentrated population within a largely rural environment.
- **Grow the tax base** as the primary objective, with a secondary objective to increase economic activity and adding new jobs.
- **Build on past and current successes** in business development.
- **Target short-term as well as long-term** economic prospects.
- **Foster close cooperation between the County and the Town of Berryville.**
- **Set and memorialize clear priorities and responsibilities.**

Major Initiatives for Action:

1. **Foster close collaboration between the County and Town of Berryville** through shared authority and investments.

2. **Expand the technical capacity of local government** to lead and support for economic development, particularly to:

    - Retain, expand, and recruit *compatible industry*
    - Promote *tourism*
    - Foster growth and vitality of the *agricultural industry*

3. **Upgrade the local economic development website** to improve e-marketing capability.

4. **Improve the readiness of key industrial sites** through public/private partnerships.

Organization of the Action Plan:

- **Immediate and short term priorities** based on urgency, importance, or prospect for quick success, including those that require minimal, if any, additional costs and those that are very important and also reasonably feasible in terms of cost or level of effort.
- **Remaining priorities** are those that require greater cost/effort and/or have greater uncertainty and/or have less urgency.

Consolidated List of Top Priorities (Calendar 2014 through FY 2017)

Goal A. Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy 1: Expand Overall Planning and Economic Development Efforts

Action A.1. Clarify role of economic development in County's general growth management strategy
Action A.2. Remove real and perceived barriers to desirable economic development

Action A.3. Establish a formal economic development program in coordination with Town of Berryville
Action A.4. Upgrade web-based marketing, branding, and promotion

Strategy 2: Increase Direct Revenues to Fund Economic Development

Action A.5. Examine cost/benefit of increasing Transient Occupancy Tax (TOT) and establishing Business Professional and Occupational License (BPOL)

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry

Strategy 1: Promote Compatible Industrial Development

Action B.1. Implement business retention strategies
Action B.2. Partner with industrial landowners and the Town
(Action B.3. Pursue Tax Increment Financing (TIF) is under Longer Term Priorities)

Strategy 2: Initiate Long-Term Development Opportunities

Action B.4. Continue to collaborate with the Town of Boyce.
Action B.5. Support Efforts to Expand Retail and Office Space.
***(Note:** Portions of Action B.6 and B.7 could be added as nearer term priorities – see note under longer-term priorities below)*

Goal C. Increase the Vitality of Agriculture and Tourism

Strategy 1: Foster Growth and Vitality of the Agricultural Industry *[coordinate with Agricultural Land Plan]*

Action C.1. Promote information and understanding of local agriculture
Action C.2. Promote activities that support local agriculture

Strategy 2: Promote Tourism Development *[coordinate with Tourism Strategic Plan]*

Action C.3. Improve regional cooperation and coordination in marketing and promotion

Action C.4. Establish/Revive a Tourism Advisory Committee
Action C.5. Promote Development of Increased Accommodation Capacity

Longer Term Priorities (FY 2018 and Beyond)

Goal A. Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy 3. Promote Suitable Housing Development

Action A.6 Ensure that Comprehensive Plans and Zoning and Subdivision Ordinances of County and Town allow and encourage diverse, walkable, well-connected, accessible, human-scale patterns of development.

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry

Strategy 1. Promote Compatible Industrial Development

Action B.3. Pursue Tax Increment Financing (TIF)

Strategy 2. Pursue Long-Term Development Opportunities

Action B.6. Pursue Partnerships to Provide Public Water and Sewer to the Double Toll Gate Area. ***(Note:*** *Review of DTG Area Plan could be a nearer term priority in conjunction with ongoing County planning staff work program).*
Action B.7. Continue to promote well-designed commercial development in the Waterloo Area. ***(Note:*** *Review of Waterloo Area Plan could be a nearer term priority in conjunction with ongoing County planning staff work program).*
Action B.8. Promote Rural Economic Innovation

Goal C. Increase the Vitality of Agriculture and Tourism

Strategy 3. Promote Equine Development

Action C.6 Conduct a detailed study of the equine industry
Action C.7 Strengthen businesses in the local equestrian industry

Action Plan Matrix

Notes:

- Costs shown are rough estimates that depend on multiple variables.
- Costs listed as "current budget" means they would be part of existing staff work plans; in some cases an equivalent value is shown if task was outsourced or if staff time was re-allocated from other existing tasks.
- Costs are generally amounts that the proposed task would add to current County budget (some would be one-time costs, others are recurring as noted).
- Cross-references are to economic development objectives and policies in the County Comprehensive Plan.

Goal A: Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy/Action		Cross-References	Schedule	Responsibility	Estimated Cost
Strategy 1	**Expand Overall Planning and Economic Development Efforts**				
Action A.1	**Clarify the Role of Economic Development in the County's General Growth Management Strategy**	Comp. Plan - Objective 10 – Policies 1, 2	FY 2015	Board of Supervisors (BOS); County Staff	Current Budget
Action A.2	**Remove Real and Perceived Barriers to Desirable Economic Development**	Comp Plan - Obj 10 – Pols. 1, 2, 5, 7, 12	FY 2015		Current Budget
	(1) Formally announce and promote the new Economic Development Strategic Plan.		FY 2015	BOS, County Staff	Current Budget
	(2) Promote ongoing awareness and understanding of the new strategies among all County personnel & the public.		FY 2015	BOS, County Staff	Current Budget
	(3) Decide how & whether to clarify that County is pro-economic develop. (only for preferred types of activities).		FY 2015	BOS, County Staff	Current Budget
	(4) Use the new economic development strategies as guidelines for all interactions between County & businesses.		FY 2015 and ongoing	BOS, County Staff	Current Budget

Priority subject to funding decisions:

	(5) Revise/streamline zoning & permitting regulations as needed. Review for business retention; Review event-permitting processes (county with town).	Comp Plan - Objective 10 - Policy 12	FY 2015-16	Planning Director	Current Budget / $20K value
	(6) Inventory existing businesses in county & towns by type, location, revenue; include names & contact data. [after economic development capacity is expanded]	CP - Objective 10 - Policy 12	FY 2015 (depending on funding)	BOS, County and Town Staff	Current Budget / $5K value to initiate; Maintenance part of Econ Dev. budget

Strategy/Action	Cross-References	Schedule	Responsibility	Estimated Cost
Action A.3 Establish a formal economic development program in coordination with Town of Berryville	Comp Plan - Objective 10 – Policies 1, 2			
(1) Form a joint County-Town committee that would explore partnering and cost-sharing strategies for tourism and economic development. Inventory & assess economic development activities currently done collaboratively by County & Town staffs. Identify opportunities for reducing redundancy. Explore a more formal integration of economic development functions so as to make the "boundary" between County and Town functions as "seamless" as possible. A Memorandum of Understanding would memorialize such agreements.		Calendar 2014 ASAP	BOS, Town Council, w/ County Administrator & Town Manager	Current Budget/ $5K value
(2) Identify the professional capacity needed to fulfill the enhancements to the economic development program, including what roles staff should fulfill and what roles, if any, consultants should fulfill.		Calendar 2014	BOS, Town Council, w/ County Administrator & Town Manager	Current Budget
(3) Identify how the additional capacity fits into the current organizational structure, including the relationship between County and Town.		Calendar 2014	BOS, Town Council, w/ County Admin & Town Mgr	Current Budget
(4) Create (or update) job and/or program descriptions – Choose the priority for allocating resources between business retention and development and tourism coordination.		Calendar 2014	BOS, Town Council, w/ County Admin & Town Mgr	Current Budget

Priority subject to funding decisions:

(5) Allocate funding and retain appropriate professional staff.		FY 2015	BOS, Town Council, w/ Co Adm & Town Mgr	FT: $100K - $200K PT: $65K -$100K annual cost - depends on salary & program support; consider phasing in

Strategy/Action	Cross-References	Schedule	Responsibility	Estimated Cost
Action A.4 Upgrade web-based marketing, branding, and promotion	Comp Plan - Objective 10 - Policies 1, 5, 12			
(1) Develop and implement a new marketing system to promote County's [& Town's] economic development message, including new or enhanced website.				
(a) Create marketing plan – branding strategy, marketing system with logo, style guide, etc.		FY 2015	Econ Dev. Director	$5K to10K
(b) Work with web designer to create an Economic Development/Tourism website design and preliminary cost estimate – minimal upgrade		Calendar 2014	County and Town staff	$4K to 8K for design and $150/month hosting/ maintenance
(c) Retain expert assistance to design, implement and maintain a more robust website, including optimize search engine visibility, enhance social media marketing thru Facebook, Twitter, & blogs, coordinate joint efforts with all regional partners; create a media kit for distribution.		FY 2015 and ongoing	Econ Dev. Director	$20K+ and $150-$250/month hosting/maintenance
(2) Attend *selected, occasional* conferences & trade shows.		FY 2016 and ongoing	Econ Dev Director	$2K to $5K+ each for attending; $5K to $10K+ each for exhibiting
Strategy 2. Increase Direct Revenues to Fund Economic Development				
Action 5. Examine cost/benefit of increasing Transient Occupancy Tax (TOT) and establishing Business & Professional Occupational Licensing (BPOL) (TOT increase requires General Assembly approval) (Earmark all new funds for economic development)	Comp Plan - Objective 10 – Policy 1, 11	FY 2015	BOS, County Administrator and Town Council and Manager	Current Budget

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry

Strategy/Action	Cross-References	Schedule	Responsibility	Estimated Cost
Strategy 1. Promote Compatible Industrial Development				
Action B.1 Implement Business Retention Strategies	Comp Plan - Obj 10 – Policies 2, 5, 12			
(1) Maintain and enhance working relationships between County & Town governments, businesses, business groups ...& other stakeholders ...thru economic development staff & collaborations identified in this plan.		FY 2015	Econ Dev Director	Current Budget (subsumed in future Econ Dev Budget)
(2) Establish formal visitation program for County and Towns to collect, organize and assess input from key businesses in each economic sector, in order to monitor the local economic development climate.		FY 2015/16	Econ Dev Director	Current Budget / (subsumed in future Econ Dev Budget plus $3K annual value from other county depts.)
(3) Assist local businesses & prospects on as-needed basis by providing information & contacts w/ local, state, & fed. governments & private sources of business assistance.		FY 2016	Econ Dev Director	Current Budget / (subsumed in future Econ Dev Budget plus $3K annual value from other county depts.)
(4) Establish a "strike team" of key County & Town officials to respond to prospect visits, incentive requests, and retention issues. Strike team should develop protocols for handling such matters with little or no notice.		FY 2016	Econ Dev Director with BOS & Town	Current Budget / (subsumed in future Econ Dev Budget plus $3K annual value from other county depts.)
Action B.2 Partner with industrial landowners, users, and developers and the Town of Berryville to develop currently or potentially available industrial land	Comp Plan - Objective 10 – Policies 2, 5, 9, 12			
(1) Organize, consolidate and update information about available & potential sites; maintain this database; make it easily available thru web. Work with property owners & Town to establish list of potential commercial, business & industrial properties for lease or sale. Place list on economic development website; advise realtors.		FY 2015	Econ Dev Director w/ Town	Current Budget / (subsumed in future Econ Dev Budget or $3K annual value)
(2) Evaluate and rank all existing and potential sites in terms of current level of readiness for development.		FY 2015/16	Econ Dev Director w/ Town	Current Budget / $5K value

Strategy/Action	Cross-References	Schedule	Responsibility	Estimated Cost
(3) Identify the specific actions needed to upgrade the level of readiness for each site.		FY 2015/16	Econ Dev Director w/ Town	Current Budget / $3K value
(4) Identify what incentives the County and Town might provide, including funding, loans, infrastructure assistance, permits, etc. Such incentives would be in conjunction with actions by the owners to provide the maximum amount of leverage of local government assistance, and could involve increased funding for the County's Industrial Development Authority.		FY 2015/16	Econ Dev Director w/ Town	Actual funding assistance would be allocated after priorities are identified
(5) Establish a list of types of businesses desired in the County and which are feasible to attract or develop, and contact appropriate businesses to determine interest.		FY 2015/16	Econ Dev Director w/ Town	Current Budget
(6) Report on success of above actions to Board of Supervisors, Town Council, and Planning Commissions.		Calendar 2014/15 and ongoing	Econ Dev Director w/ Town	Current Budget
(Action B.3 Pursue a Tax Increment Financing (TIF) Plan – see Longer Term Actions below)				
Strategy 2. Initiate Long-Term Development Opportunities				
Action B.4 Continue to collaborate w/ Town of Boyce		Ongoing	BOS, Planng Dir	Current Budget
Action B.5 Support Efforts to Expand Retail and Office Space	Comp Plan – Obj. 10 – Policies 2, 8, 12			
(1) Urban Design: Support efforts of Town of Berryville in promoting long-term physical improvement of downtown area.		Calendar 2014 and ongoing	Planning Directors of County and Town	Current Budget
(2) Information: Support efforts of Town of Berryville to establish or upgrade the process for collecting, updating and disseminating physical & market data for the downtown area.		Calendar 2014 and ongoing	Planning Directors of County and Town	Current Budget / (subsumed in future Econ Dev Budget)
Action B.6 Pursue Partnerships to Provide Public Water & Sewer to the Double Toll Gate Area - *Note:* *Step 7 – Review and Revise Area Plan could be a near-term priority*				
Action B.7 Continue to promote well-designed commercial development in the Waterloo Area - *Note:* *Step 1 – Review and Revise Area Plan could be a near-term priority*				

Goal C. Increase the Vitality of Agriculture and Tourism

Strategy/Action	Cross-References	Schedule	Responsibility	Estimated Cost
Strategy 1. Foster Growth and Vitality of the Agricultural Industry				
Action C.1 Promote information and understanding of the benefits of the local agricultural industry in conjunction with enhancement of County's website for all economic development components.	Comp Plan - Objective 10 – Policies 5, 6, 7, 10	FY 2015 and ongoing	Econ Dev Director	(subsumed in future Econ Dev Budget)
Action C.2 Promote activities that support local agriculture, including farm tours, "buy local", "pick-your-own", Farmers Markets, etc. In conjunction with enhancing website. Promote partnerships w/ state & local organizations.	Comp Plan - Objective 10 – Policies 5, 6, 7, 10	FY 2015 and ongoing	Econ Dev Director	(subsumed in future Econ Dev Budget)
Strategy 2: Promote Tourism Development *[coordinate with Tourism Strategic Plan]*				
Action C.3 Improve regional cooperation and coordination in marketing and promotion	Comp Plan - Obj 10 – Policies 2, 12			
(1) Create a Tourism Organization & Marketing Plan. The plan would be a joint effort of the County and the Town of Berryville and would incorporate many of the initiatives contained in the Tourism Strategic Plan.		Calendar 2014 and ongoing	Econ Dev Director w/ Town	(subsumed in future Econ Dev Budget
(2) Identify all current and potential tourism partners and stakeholders (internal & external, both public & private).		Calendar 2014 & ongoing	Econ Dev Director w/ Town	(subsumed in future Econ Dev Budget)
(3) Determine how staff support is provided – separate tourism office, or County's econ. development office.		Calendar 2014 & ongoing	BOS & Co. Admin. w/ Town Council	Current Budget
(4) Secure an economic development/tourism coordinator to oversee implementation, marketing & development. *Share cost: County, Town & Alliance (or equiv. entity)*	Target 2.2 -BVCC Tourism Plan	FY 2015 and ongoing	BOS and Co. Admin. with Town Council	(subsumed in future Econ Dev Budget
Action C.4 Establish/Revive Tourism Advisory Committee [and/or Re-establish C.C. Tourism Alliance] Coordinate with Northern Shenandoah Valley Regional Commission, Berryville Main Street, & Barns of Rose Hill.	Target 2.1 under Obj. 2 of BVCC Tourism Plan. Comp Plan - Obj 10 – Policies 3, 5, 7	Calendar 2014-15	BOS, County Administrator, Town Council	Current Budget (subsumed in future Econ Dev Budget
Action C.5. Promote Development of Increased Accommodation Capacity Joint effort of County & Town of Berryville in conjunction w/ current efforts & implementation of Tourism Strategic Plan.		Calendar 2014-15	BOS, County Administrator, Town Council	Current Budget (subsumed in future Econ Dev Budget

Longer Term Priorities (FY 2018 and beyond)

Goal A. Increase Collaboration and Capacity for Supporting Compatible Economic Development (Long Term Strategies)

Strategy/Action		Cross-References	Schedule	Responsibility	Estimated Cost
Strategy 3:	**Promote Suitable Housing Development**				
Action A.6	Ensure that Comprehensive Plans and Zoning & Sub. Ords of County & Towns allow & encourage diverse, walkable, connected, accessible, human-scale development patterns.		FY 2017-18	County and Town Planning Directors	Current Budget / $20K +/- value

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry (Long Term Strategies)

Strategy/Action		Cross-References	Schedule	Responsibility	Estimated Cost
Strategy 1.	**Promote Compatible Industrial Development**				
Action B.3	**Pursue a Tax Increment Financing (TIF) Plan**	Comp Plan - Obj 10 – Pols, 2, 11, 12			
	(1) Evaluate the feasibility and suitability for a TIF (2) If the evaluation affirms feasibility, implement the TIF.		FY 2017-18	Econ Dev Director with BOS (and Town as appropriate)	To Be Determined (TBD)
Strategy 2.	**Initiate Long-Term Development Opportunities**				
Action B.6	**Pursue Partnerships to Provide Public Water & Sewer to the Double Toll Gate Area**	Comp Plan - Obj 10 – Policies 2, 12	FY 2018+	BOS, Planning Director	TBD
Action B.7	**Continue to promote well-designed commercial development in the Waterloo Area**	Comp Plan - Obj 10 – Policies 2, 12	FY 2018+	BOS, Planning Director	TBD
Action B.8	**Promote Rural Economic Innovation** (including compatible home-based businesses)	Comp Plan - Obj 10 – Policies 2, 12	FY 2018+	Econ Dev Director; Planning Director	TBD

Goal C. Increase the Vitality of Agriculture and Tourism (Long Term Strategies)

Strategy/Action		Cross-References	Schedule	Responsibility	Estimated Cost
Strategy C.3.	**Promote Equine Development**				
Action C.6	**Conduct a detailed study of the equine industry**		FY 2018+	Econ Dev Director	TBD
Action C.7	**Strengthen businesses in the local equestrian industry**	Comp Plan - Obj 10 – Policies 5, 7	FY 2018+	Econ Dev Director	TBD

Annual Cost Schedule (2014 through FY 2018)

(**Notes:** The following are rough, working estimates, subject to further refinement and deliberation by the Board of Supervisors; $0 means no additional funding beyond current or normal work plan budget)

	Additional Funding from current FY 14 budget				
Priority Strategies and Actions	**Cal 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
Goal A: Increase Collaboration and Capacity for Econ Dev					
Strategy 1. Expand Overall Planning & Economic Dev Efforts					
Action A.1 Clarify role of econ dev in County's growth management strat.	$0	$0	$0	$0	$0
Action A.2. Remove real & perceived barriers to desirable econ developt	$0	$0	$0	$0	$0
1 Formally announce and promote the new Econ Development Strategic Plan.	$0	$0	$0	$0	$0
2 Promote ongoing awareness and understanding of the new strategies	$0	$0	$0	$0	$0
3 Decide how and whether to clarify County's "brand" as pro-econ development	$0	$0	$0	$0	$0
4 Use the new economic development strategies as guidelines	$0	$0	$0	$0	$0
5 Revise/streamline zoning & permitting regulations as needed	$0	$10,000	$10,000	$0	$0
6 Inventory all existing businesses in county & towns	$0	$5,000	$0	$0	$0
Action A.3. Establish a formal econ dev program in coord w/ Berryville					
1 Form joint County-Town committee to explore partnering and cost-sharing	$5,000	$5,000	$0	$0	$0
2 Identify the professional capacity needed	$0	$0	$0	$0	$0
3 Identify how the additional capacity fits into the current org structure	$0	$0	$0	$0	$0
4 Create (or update) job and/or program descriptions.	$0	$0	$0	$0	$0
5 Allocate funding and retain appropriate professional staff.	$0	$0	$65,000	$100,000	$100,000
Action A.4. Upgrade web-based marketing, branding, and promotion					
1 Develop & Implement new marketing system for County & Town					
(1a) Creating marketing plan	$0	$5,000			
(1b) Work with web designer to create an Econ Development/Tourism website	$2,000	$2,000	$2,000	$2,000	$0
(1c) Retain expert to design, implement and maintain a more robust website	$0	$10,000	$10,000	$3,000	$3,000
2 Attend selected, occasional conferences and trade shows	$0	$0	$0	$5,000	$5,000
Strategy 2. Increase Direct Revenues to Fund Economic Development					
Action A.5. Examine cost/benefit of (TOT) & (BPOL)	$0	$0	$0	$0	$0

	Cal 2014	2015	2016	2017	2018
Goal B:Retain, Attract & Develop Compatible & Innovative Industry					
Strategy 1. Promote Compatible Industrial Development					
Action B.1. Implement business retention strategies					
1 Maintain and enhance working relationships between County and Town	$0	$0	$0	$0	$0
2 Establish a formal visitation program	$0	$0	$3,000	$3,000	$3,000
3 Assist local businesses (and prospects) on an as-needed basis	$0	$0	$3,000	$3,000	$3,000
4 Establish a "strike team" of County & Town officials to respond to prospects	$0	$0	$3,000	$3,000	$3,000
Action B.2. Partner with industrial landowners(and the Town					
1 Organize, consolidate and update info about available & potential sites	$0	$0	$3,000	$3,000	$3,000
2 Evaluate and rank sites in terms of level of readiness	$0	$0	$5,000	$2,000	$2,000
3 Identify the specific actions needed to upgrade the level of readiness	$0	$0	$3,000	$0	$0
4 Identify what incentives the County and Town might provide **(costs TBD)**	$0	**TBD**	**TBD**	**TBD**	**TBD**
5 Establish a list of types of businesses desired and which are feasible	$0	$0	$0	$0	$0
6 Report on success of above actions to BOS, TC, and Planning Commissions	$0	$0	$0	$0	$0
(Action B.3 is a long-term action not shown in this table)					
Strategy 2. Initiate Long-Term Development Opportunities					
Action B.4. Continue to collaborate with the Town of Boyce	$0	$0	$0	$0	$0
Action B.5. Support Efforts to Expand Retail and Office Space					
1 Urban Design: Support efforts of Town in long-term improvement of downtown	$0	$0	$0	$0	$0
2 Information: Support efforts of Town of Berryville to establish or upgrade data	$0	$0	$0	$0	$0
Goal C: Increase Vitality of Agriculture and Tourism					
Strategy 1. Promote Ag Development and Innovation					
Action C.1. Promote information and understanding of local agriculture	$0	$0	$0	$0	$0
Action C.2. Promote activities that support local agriculture	$0	$0	$0	$0	$0

	Cal 2014	2015	2016	2017	2018
Strategy 2. Promote Tourism Development					
Action C.3. Improve regional coopert'n & coord'n in marketing & promotion.					
1 Create a Tourism Org & Marketing Plan by end of 2014.	$0	$0	$0	$0	$0
2 Identify all tourism partners and stakeholders	$0	$0	$0	$0	$0
3 Determine how staff support is provided	$0	$0	$0	$0	$0
4 Secure an econ develop/tourism coordinator or resource	$0	$0	$0	$0	$0
Action C.4. Establish/Revive Tourism Advisory Committee	$5,000	$5,000	$0	$0	$0
Action C.5. Promote Development of Increased Accommodation Capacity	$5,000	$5,000	$0	$0	$0
	$10,000	$10,000	$0	$0	$0
Annual Totals	$17,000	$47,000	$107,000	$124,000	$122,000

Total List of Actions

Goal A. Increase Collaboration and Capacity for Supporting Compatible Economic Development

Strategy 1: Expand Overall Planning and Economic Development Efforts

Action A.1. Clarify role of economic development in County's general growth management strategy
Action A.2 Remove real and perceived barriers to desirable economic development
Action A.3. Establish a formalized economic development program in coordination with Town
Action A.4. Upgrade web-based marketing, branding, and promotion

Strategy 2: Increase Direct Revenues to Fund Economic Development

Action A.5. Examine cost/benefit of increasing TOT and establishing BPOL

Strategy 3: Promote Suitable Housing Development

Action A.6 Ensure that Comprehensive Plans and Zoning and Subdivision Ordinances of County and Town allow and even encourage diverse, walkable, well-connected, accessible, human-scale patterns of development.

Goal B. Retain, Attract, and Develop Compatible and Innovative Industry

Strategy 1: Promote Compatible Industrial Development

Action B.1. Implement business retention strategies
Action B.2. Partner with industrial landowners and the Town (B.1.c)
Action B.3. Pursue Tax Increment Financing (TIF)

Strategy 2: Initiate Long-Term Development Opportunities

Action B.4. Continue to collaborate with the Town of Boyce.
Action B.5. Support Efforts to Expand Retail and Office Space.
Action B.6. Pursue Partnerships to Provide Public Water and Sewer to the Double Toll Gate Area.
Action B.7. Continue to promote well-designed commercial development in the Waterloo Area.
Action B.8. Promote Rural Economic Innovation

Goal C. Increase the Vitality of Agriculture and Tourism

Strategy 1: Foster Growth and Vitality of the Agricultural Industry

Action C.1. Promote information and understanding of local agriculture
Action C.2. Promote activities that support local agriculture

Strategy 2: Promote Tourism Development *[coordinate with Tourism Strategic Plan]*

Action C.3. Improve regional cooperation and coordination in marketing and promotion
Action C.4. Establish/Revive a Tourism Advisory Committee *[Coordinate with Tourism Strategic Plan]*
Action C.5 Promote Development of Increased Accommodation Capacity

Strategy 3. Promote Equine Development

Action C.6 Conduct a detailed study of the equine industry
Action C.7 Strengthen businesses in the local equestrian industry

VI. Appendices

Appendix 1:

TECHNICAL MEMORANDUM #1
Summary of Initial Public Input

July 10, 2013

Economic Development Strategic Plan for Clarke County, Virginia

Prepared By:

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TECHNICAL MEMORANDUM #1

Summary of Initial Public Input
for the Economic Development Strategic Plan

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1. Input at Initial Public Meeting

Meeting Date: Wednesday, February 13, 2013, 7:00 p.m.
Location: Clarke County Government Center
Purpose: To begin the preparation of an Economic Development Strategic Plan for Clarke County by convening interested stakeholders to obtain initial input about issues and opportunities for economic development in the County

The meeting room opened at 6:00 p.m. and several citizens arrived early to talk informally with County representatives. By 7:00 p.m. approximately three dozen people were present, despite the snowy weather.

Welcome and Introductions

Planning Commission Chairman George Ohrstrom opened the meeting by welcoming the public and introducing the members of the consulting team, Milton Herd and Stuart Patz.

Presentation – Agenda and Project Overview

Mr. Herd thanked those in attendance for participating and gave a 30-minute presentation, in conjunction with Mr. Patz, that included an overview of the purpose of the project, the objectives for this initial meeting, key tasks ahead, a general outline of the schedule which calls for completing the project in the September time frame, and a few key data highlights regarding the County's demographic and economic situation.

Mr. Herd explained the differences between a comprehensive plan and a strategic plan, as well as the various roles of the participants in this effort. He also reviewed the agenda and the procedures for the evening. He noted that the County is well known for its successful efforts at agricultural and rural land preservation through its innovative sliding scale zoning regulations. He also noted that the County faces some challenging issues involving trade-offs between rural preservation and economic growth, and a key aspect of this process will be finding the right balance between those two important goals.

Following the presentation, the participants engaged in a brief, general question and answer session. Key points made by citizens included:

- The County has a small population size - How big do we have to be to support businesses?
- Type of housing development – we need a range of housing types
- What is the definition of economic development? Response: Growth in jobs, economic base, and tax base.
- $107,000 median household income – but how many of those work in the county?
- We need to look at other than just retail.
- Silver line of metro rail will affect our county.
- What is a healthy balance between residential and commercial land? Response: The consultants will research that question.
- There is potential for upgrading downtown Berryville.

- We have missed capturing past retail opportunities, such as CVS.
- Tourism? How much contribution is it to the economy?
- It's as much an image as a dollar amount.
- Surrounding tourism in the region affects us.
- Through traffic flow brings revenue – success at Waterloo.
- Tax revenue from development is limited.
- How much sales tax?
- Separate highway commercial from other "retail" uses – need to be realistic – go for economic niches like highway commercial uses.
- Good location on Route 7; cheaper gas than over the mountain.

Break-out Discussions

Participants broke into four groups of about eight people each to undertake a "SWOT" exercise in which they brainstormed the various strengths, weaknesses, opportunities and threats facing the County in terms of its future economy.

These discussions produced some valuable ideas and priority issues for the consulting team to examine in more detail. They also revealed some interesting conflicts or dilemmas that the County will have to wrestle with as it formulates a suitable strategy for economic development. For example, the County's restrictive zoning was cited as both a strength and a weakness, as was the County's small size. The metro rail line extension into Loudoun County was also cited as both an opportunity and a threat to Clarke County.

<u>Strengths</u>

- Our location – multiple cross-roads, easy highway access, lots of through traffic
- Commuter traffic along main roads
- Route 7 traffic county high
- Good traffic infrastructure
- Downtown Berryville – preserved historic character; the Barns at Rose Hill; Center of the community.
- Different and unique place – special
- We didn't jump on "every bandwagon" or trend that came along
- Policy consistency over the course of time (and between town and county)
- Educated population – appreciates what we have
- Median income levels
- Cheap labor cost
- Reasonable tax rates
- Ag community/commodities (horse community, wineries, farm markets)
- Income generation outside county, reinvest in county
- Home businesses
- County aesthetics / natural resources
- **Restrictive zoning**
- **County size**

Weaknesses

- Our out-of-the-box thinking now “stops us” too.
- Housing types – imbalanced - Our death rate exceeds our birth rate.
- High availability fees for Water and Sewer – Town and Waterloo
- Square feet of business in town doesn’t match the need – vacant space in Berryville.
- All needs can’t be met on Main Street – potential users can’t find commercial space – complaints: “too small, no parking, too expensive, no visibility” for all types of uses.
- Loss of spending trips to Winchester - Can’t find what you need to buy here in the county
- Business license tax is a flat fee
- Lack of hotel rooms - No hotel to support events
- Limited inventory of business parking zoning
- Limited area for commercial retail on road – 7 and 340 intersections
- Demographics
- Perceived attitudes on business growth
- Karst geology re: cost of infrastructure
- Internet in rural area
- **Restrictive zoning**
- Retaining young residents / affordable housing and labor jobs
- **Population size**
- Limited public access to river
- Meeting space for conferences
- Out of room in industrial park

Opportunities

- We want more walkability (in Berryville)
- County can build on what county is now – antiques, etc, Nalls; build on these assets.
- Highway commercial on Route 7
- NSVRC – “antique road”, “local food road” – regional efforts
- Diverse agriculture/agribusiness, agri-tourism (proximity to metro areas)
- Appalachian Trail – food, lodging there?
- **End of the metro silver line only 30 miles from county boundary – opportunity and threat** – we need affordable dwelling units
- Move or retire Dwelling Unit Rights from rural lands through T.D.R.
- Timing of doing strategy
- Keeping existing businesses
- Open space for commercial ag businesses
- Construct houses for both an elderly population and young population without kids
- Promote our county’s resources
- Promote tourism sites and natural areas (e.g. Blandy)
- Pursue businesses that generate tax revenues

Threats

- Lack of good internet service
- Lack of recognition of needs

- Proffer expectations from county
- For residential rezonings – need cluster lots in the growth area – driven by concern about school children
- Aging population
- Adjacent jurisdiction growth
- Perception that change equals loss of quality of life
- Housing costs
- Diversity of opinions on county's future
- Restrictive zoning
- Limited utility capacity due to regulations
- Funding cuts

Reconvene for Plenary Discussion

After the four break-out groups had reported back to the whole group in a plenary session, participants engaged in a concluding discussion, in which related key points were raised, including the following:

- Need to focus more on private / local investment – but less confident of success
- Past proposal for solar farm by double toll gate
- Talk to local realtors
- Look at VDOT, Electric, Rail lines, etc.
- Look at ag-related business (it was noted that some ag-related businesses create various impacts that need to be taken into account, including traffic, etc.)

Recap and Next Steps

Mr. Herd urged participants to follow-up with any additional ideas that they might have by emailing Brandon Stidham, the County Planning Director. Meanwhile, the consulting team will carry on with its research and analysis work in accord with the project work plan, and will be reporting to the Planning Commission on a regular basis.

Meeting Adjourned at 9:15 p.m.

2. Input at Business Round Table Sessions

Summary of Business "Roundtable" Sessions

Meeting Dates: April 22, 23 and 25, 2013, from 7:00 pm to 8:30 pm.
Location: Clarke County Parks and Recreation Center
Purpose: To talk with representatives of the major economic sectors of the County to understand their perspectives on the current business environment, and prospects for the future.

Scope of the Discussions

Each meeting was devoted to a different major economic sector in the County:

- Retail/Realtors/Banking
- Industrial & Farming, and
- Agribusiness/Agritourism/Tourism.

Each of the sessions had wide-ranging and informative discussions. The retail and tourism sessions had about a dozen participants each, while the industrial and farming session had about half that number.

Each session began with a brief overview of the strategic plan project followed by a preview of some key questions for the representatives to consider, mainly as a way of generating discussion. Samples of initial questions are shown below (the full list of questions is attached as an appendix).

- To what degree does the County's population, growth rate, and the retail competition from adjacent counties limit the retail market in Clarke?
- What geographic area do local retailers consider to be their prime market area?
- What are the current barriers to retail development and leasing?
- What is the approximate vacancy rate of office space in the County?
- Are there indications that a demand for additional office space exists?
- Are there indications that the current style of industrial buildings in the County's Industrial Park is viable in today's current market?
- How has the mix of farm products changed during the past decade?
- What are the current barriers to industrial site development and/or use today?
- Do the County's policies and regulations support the retention and attraction of businesses that complement or support existing industries, including farming?
- What kinds of tourism businesses are currently considered successful in the County?

Highlights of the Discussions – Key Takeaways

Retail/Realtors/Banking

Issues and limitations:

- The market area for retail businesses is limited mainly to Berryville and Clarke County; retail still struggles downtown; storefronts are small, serving niche markets such as specialty shops and antiques, as well as restaurants, and other service businesses; there is substantial turnover; apartments and office space are on upper floors, with some office vacancy.
- Fewer people are coming to downtown Berryville, due in part to alternatives such as online banking, etc.
- There is substantial retail "leakage" with local people shopping at businesses outside the county where they stop on their way to and from work.
- Hotel facilities are insufficient to meet County needs.
- There's a perception that the County doesn't *want* business.
- The local economy lacks a critical mass of activity in many sectors.
- Property owners tend to "sit on their land" rather than make investments or sell.

Opportunities and potential:

- Millwood is Clarke County's own "Waterford" – it has four or five antique stores.
- Waterloo needs an anchor – it could support a small food store. But Route 50 traffic volumes have dropped off and Wal-Mart is on Rt 522 in Frederick County, only seven minutes from Waterloo.
- Rt. 340 north in Berryville has more traffic but no retail; has potential due to high traffic volumes.
- Double Tollgate needs water and sewer service – the area has 42 acres zoned commercial.
- There are no major County regulatory barriers for retail and office uses.
- Berryville needs smaller housing units to fit the demographic/demand profile.
- The "Barns" (concert venue and gallery) in Berryville is doing well and enhancing the Town.
- The market would support a good, clustered, retirement housing project.

Industrial & Farming

Issues and limitations:

- Land is too expensive for conventional farmers to buy– good for grass but too rocky for crops.
- Available land is going down, due to construction of "farmettes".
- There's a trend of wealthy folks hiring managers rather than leasing land to neighboring farmers.
- Lack of weed control on farmettes near farms is a growing problem – the use value assessment program would be more effective if weed control was enforced.
- If niche farmers don't have enough produce to go to big market in DC, they can't make it.
- Farm market needs to be more like a supermarket in terms of scope – need big volume.

Opportunities and potential:

- The demand for hay and straw (for equine industry) has grown by leaps and bounds. Clarke County is ranked third in the state for Equine.
- Niche farming is increasing.
- Clarke is becoming the "central park" of the region.
- A local meat processing plant which would allow us to "brand" our beef as "Clarke county beef" and provide a "value-added" component.
- We need a good horse facility for horse shows – needs about 200 acres – for hunters, jumpers, rodeos, etc.
- Fundamental thing is to keep land open for farming
- Help locals get their products into salable form here in the County (value-added).

<u>Agribusiness/Agritourism/Tourism.</u>

Issues and limitations:

- Traffic - rural roads, etc.
- When is it agriculture and when is it public assembly?
- How do we increase volume of events sensibly?
- Only 40 to 60 overnight rooms in the County.
- Special event permit process is a barrier.

Opportunities and potential:

- A "Clarke Tourism Alliance" was formed in 2004 and lasted about two and half years.

- County has many good attractions:
  - History, products, etc. for tourism – but lacks marketing.
  - Mill, wineries, vineyards
  - Shenandoah River
  - Appalachian trail
  - Watermelon park
  - Horses
  - Blandy Farm - 170,000 visitors annually.
  - L'Auberge
  - Clarke County fair
  - The Barns at Rose Hill
  - Concerts at fairgrounds – big names

- Promotion:
  - Promote travel routes: "top 10 ways to see Clarke"
  - County has decided to coordinate event notices - potential for further coordination of tourism marketing.
  - Need to establish perception of Clarke as a "destination"

- Funding:
  - Need to show economic cost/benefit of county using money to promote tourism – need professional staff support.
  - Occupancy tax revenues should go to tourism – raise it – how do you measure tax revenue from tourism businesses?

- Impacts and regulations:
  - Lessons from Loudoun: don't let problems fester.
  - Need communication between agri-business and county and economic development — get in front of the issue and the conflicts
  - Define the rules up front, for businesses. – recognize limits of intensity – maybe greater limitations than in Loudoun.

- Lodging:
  - Need to appeal to high end spenders for lodging.
  - Ag-tourism and horses will get draw for overnight rooms

- Looks at other tourist localities (e.g. Loudoun, Bucks County, PA) – create and market tourist routes ("top 10 ways to see Clarke")

- Ideas:
  - First Friday – get arts people to set up in vacant store fronts
  - Big annual event to attract high volume of patrons from afar
  - Keep Clarke rural, but allow ag-businesses to survive and grow

Recap and Next Steps

Participants were encourage to follow-up with any additional ideas that they might have by emailing Brandon Stidham, the County Planning Director. Meanwhile, the consulting team will carry on with its research and analysis work in accord with the project work plan, and will be reporting to the Planning Commission in the near future.

3. **Appendix** [to Technical Memo #1]

A. Meeting Agenda and Notes from Initial Public Meeting

Public Input Meeting
on The Future Vision of the Clarke County Economy

2013 Comprehensive Plan Update

AGENDA

Date and Time: Wednesday, February 13, 2013, 7:00 p.m. – 9:30 p.m. (Doors open at 6:00 p.m.)

Location: Clarke County Government Center – Main Meeting Room, Second Floor

Purpose: To begin the preparation of an Economic Development Strategic Plan for Clarke County by convening interested stakeholders to obtain initial input about issues and opportunities for economic development in the County

6:00 pm **Doors Open –** Citizens can examine exhibits and speak informally with County Staff and the Consulting Team

7:00 pm **Welcome and Introductions –** Brandon Stidham, Planning Director

7:15 pm **Presentation – Agenda and Project Overview –** Consulting Team

8:00 pm **Break-out Discussions –** Participants will Identify and Discuss Major Issues and Opportunities facing the County regarding Economic Development

8:45 pm **Reconvene for Plenary Discussion**

9:20 pm **Recap and Next Steps –** Consulting Team and Staff

9:30 pm. **Adjourn**

Notes From Initial Public Meeting February 13, 2013

Compilation of flip chart sheets from each breakout group

Group 1

Strengths

- Our location – multiple cross-roads, easy highway access, lots of through traffic
- Downtown Berryville – preserved historic character; the Barns at Rose Hill; Center of the community.
- Different and unique place – special
- W didn't jump on "every bandwagon" or trend that came along
- Policy consistency over the course of time (and between town and county)
- Educated population – appreciates what we have

Weaknesses

- Our out-of-the-box thinking now "stops us" too.
- Housing types – imbalanced.
- Our death rate exceeds our birth rate.
- High availability fees for Water and Sewer – Town and Waterloo
- Square feet of business in town doesn't match the need – vacant space in Berryville.
- All needs can't be met on Main Street – potential users can't find commercial space – complaints: "too small, no parking, too expensive, no visibility" for all types of uses.
- Loss of spending trips to Winchester
- Business license tax is a flat fee
- Lack of hotel rooms

Opportunities

- We want more walkability (in Berryville)
- In county to build on what county is now – antiques, etc, Nalls; build on these assets.
- Highway commercial on route 7
- NSVRC – "antique road", "local food road" – regional efforts
- Appalachian Trail – food, lodging there?
- End of the metro silver line only 30 miles from county boundary – opportunity and threat – we need affordable dwelling units
- Move or retire Dwelling Unit Rights from rural lands through T.D.R.

Threats

- Lack of good internet service
- Lack of recognition of needs
- Proffer expectations from county
- For residential rezonings – need cluster lots in the growth area – driven by concern about school children

Group 2

Strengths

- Location
- Median income levels
- Low tax rates
- Commuter traffic along main roads
- Cheap labor cost
- Reasonable tax rates

Weaknesses

- Limited inventory of business parking zoning
- Limited area for commercial retail on road – 7 and 340 intersections
- Demographics
- High water and sewer fees
- Perceived attitudes on business growth
- Karst geology re: cost of infrastructure

Opportunities

- Timing of doing strategy
- Keeping existing businesses
- Open space for commercial ag businesses
- Construct houses for both an elderly population and young population without kids

Threats

- Aging population
- Adjacent jurisdiction growth
- Perception that change equals loss of quality of life

Group 3

Strengths

- Average income (disposable income)
- Ag community/commodities (horse community, wineries, farm markets)
- Income generation outside county, reinvest in county
- Home businesses
- Good traffic infrastructure
- County aesthetics / natural resources
- Restrictive zoning

Weaknesses

- Internet in rural area
- Restrictive zoning
- Retaining young residents / affordable housing and labor jobs

- Population size
- Limited public access to river
- No hotel to support events
- Meeting space for conferences
- Diverse housing stock

Opportunities

- Promote our county's resources
- Future close assets to metrorail, time to plan for it
- Promote tourism sites and natural areas (e.g. Blandy)
- Pursue businesses that generate tax revenues
- Diverse agriculture/agribusiness, agri-tourism (proximity to metro areas)

Threats

- Aging population
- Housing costs
- Diversity of opinions on county's future
- Restrictive zoning
- Limited utility capacity due to regulations
- Funding cuts

Group 4

Strengths

- Route 7 traffic county high
- Area local preservation
- County size

Weaknesses

- Can't find what you need to buy here in the county
- Size
- No space for eco_____ identified
- Out of room in industrial park

Compilation of individual written comment sheets

Strengths
Location
Proximity to other areas
Farming
Preservation, conservation
Train
No wal-mart
Rose Hill Theater
Route 7 major commuter road between Frederick county, Winchester and Northern Virginia. These are all potential customers.
Distribution into Northern Virginia area, proximity.
Agriculture
Location
Tax rates
Median income
Rt 7 traffic – primary highway

Weaknesses
Too much what the citizens need is elsewhere
Commercial square footage has remained unoccupied in our villages and towns – this space is inadequate.
No movie theater
Need a hotel
Need a conference room
Tax dollars are being spent in Winchester and surrounding counties instead of Clarke county.
At moment only one grocery store.
Neighboring counties are already retail meccas – which really limits our possibilities.
Lack of inventory of developable land
High fees for infrastructure hook ups
Perceived anti-business philosophy.

Opportunities
Commuting corridors, particularly outside Berryville between 340 and Triple J in the Rt 7 corridor.
Accent the positive – rural farms, cattle, open spaces
Development of tourism opportunities with available entities – Blandy, Mill, Barns, Ruritan Club, Clermont, Long Branch, Shenandoah River
36,000 [vehicles] intersect Rt 340 and Rt 7 north of Berryville. 95% are cars. They need to buy food, retail, restaurants, etc.
we don't actually know – we've painted ourselves into the heritage tourism basket so that's about it.
Because of slow economy allows for planning time
Large parcels with potential agricultural ventures.

Threats
As overall lack of recognition of the needs, a lack of planning for these needs and our focus on areas outside population centers a high volume commuting corridors.

Trying to save downtown at the expense of rest of county. Increased retail traffic on Rt 7 could actually help downtown.
Boutique shops.
Disorganization
Franchises
Probably the viability of traditional agriculture.
Aging population – demographics

C. Meeting Agenda and Notes from Business Round Table Sessions

Business Round Table Discussion
on The Future Vision of the Clarke County Economy

A Part of the 2013 Comprehensive Plan Update

AGENDA

*[**Note**: This is the generic Agenda – The Three Round Table sessions focused on three different topics:*
April 22 Realtors, Retailers, and Banking
April 23 Industrial and Farming
April 25 Agribusiness / Agritourism / Tourism

Time: 7:00 p.m. – 8:30 p.m.

Location: Clarke County Parks & Recreation Center Multi-purpose Room, 225 Al Smith Circle, Berryville

Purpose: To engage in a discussion with the consulting team to identify the barriers and potential opportunities for improving the retention, attraction, and expansion of appropriate businesses and industries in the County

7:00 pm **Welcome and Introductions –** Brandon Stidham, Planning Director

7:10 pm **Overview** by the Consulting Team – Milt Herd and Stu Patz

7:15 pm **Plenary Discussion –** Participants will the major barriers and potential opportunities, based upon their experience in the County, and the consultant's research and analysis to date.

8:15 pm **Recap and Next Steps** – Participants will review results of the discussion and identify policy conflicts, missing information, remaining questions, etc.

8:30 pm. **Adjourn**

Meeting Notes from Round Table Sessions

Key Questions for beginning the discussions:

Realtors, Retailers, and Banking

Retail –

- To what degree does the County's population, growth rate, and the retail competition from adjacent counties limit the retail market in Clarke?
- What geographic area do local retailers consider to be their prime market area?
- What population segments do local retailers consider to be their prime customer base?
- What are the current barriers to retail development and leasing?
- What are the opportunities?
- What is needed to help retain and grow existing businesses?

Office –

- What is the approximate vacancy rate of office space in the County?
- Are there indications that a demand for additional office space exists?
- What are the current barriers to office development and leasing?
- What are the opportunities?

Industrial and Farming

- Are there indications that the current style of industrial buildings in the County's Industrial Park is viable in today's current market?
- Does the demand for this type of light industrial space remain reasonably strong?
- How has the mix of farm products changed during the past decade?
- What are the current barriers to industrial site development and/or use today?
- What are the current barriers to farming and farm expansion?
- Do the County's policies and regulations support the retention and attraction of businesses that complement or support existing industries, including farming?
- Are there opportunities for further industrial development that could be nurtured or promoted?
- Are there opportunities for retention or expansion of farming operations that could be nurtured or promoted?

Agribusiness / Agritourism / Tourism

- What kinds of tourism businesses are currently considered successful in the County?
- Is there much partnering or networking activity among tourism businesses or sectors? Is there potential for regional coordination/partnering?
- What are the current barriers to tourism development and expansion?
- Do the County's policies and regulations support the retention and attraction of businesses that complement or support tourism?
- What kinds of tourism opportunities are seen as having future potential?

Notes from Discussion

Retail/Realtors/Banking

- The market area for retail is Berryville and Clarke County only; retail struggles downtown; storefronts are small; niche markets such as specialty shops, antiques, and restaurants; lots of turnover in the past year or year and a half.
- Fewer people are coming to downtown Berryville – online banking, etc.
- Home occupations are picking up; we hear that rents are high, but landlords have to charge rent for rehabilitation, maintenance, etc. We're losing some local people to outside businesses where they stop on their way to and from work, for example. Retailers are undercapitalized.
- Can Berryville be a destination?
- Hotel facilities are insufficient to meet County needs.
- Millwood is Clarke County's own "Waterford" – it has four or five antique stores. Waterloo needs an anchor – it could support a small food store. But Route 50 traffic volumes have dropped off – the Toll Road and traffic calming in Loudoun County. But Route 340 traffic is increasing – Rt. 340 north in Berryville has more traffic but no retail – Buckmarsh has potential due to high traffic volumes.
- In Double Toll Gate we've been trying to get sewer service – the area has 42 acres zoned commercial.
- When asked about County regulatory barriers for retail and office, no one responded.
- Berryville does have an inventory of vacant space, rents, etc., in the downtown. There are nine vacant storefronts. Most enterprises are service businesses, not retail. There is available office space on the upper floors, although more apartments on upper floors than offices. Businesses are afraid to commit.
- The Town needs smaller housing units to fit the demographic/demand profile.
- There's a perception that the County doesn't *want* business.
- Marketing and perception – the message that is communicated is important.
- There is a need for synergy and a critical mass of enterprise activity in each sub-sector of the local economy.
- There is a plan for new buildings on East Main Street in Berryville – where the hardware store is now – but there are road entrance issues with VDOT.
- Ancillary retail is allowed on Route 340 near the Food Lion and Red Apple.
- Waterloo needs an anchor store.
- Wal-Mart is on Rt 522, only seven minutes from Waterloo, which likely undermines the potential for large scale "big box" retail at Waterloo.
- The level of service provided by the local Food Lion is not up to the level of its regional competitors.
- Property owners tend to "sit on their land" rather than make investments or pursue offers for purchase/lease.
- The "Barns" (concert venue and gallery) in Berryville is doing very well and changing the Town, in a good way.
- The market would support a good, clustered, retirement housing project.

Industrial & Farming

- The demand for hay and straw (for equine industry) has grown by leaps and bounds. Clarke County is ranked third in the state for Equine: boarding is probably the largest component, but also breeding for racing, the Hunt, trail rides, horse "retirement" facilities. 150 to 200 are primarily horse farms.
- Conventional farmers can't buy land – too expensive – our soil is good for grass but not for crops – too rocky.
- Available land is going down, due to construction of "farmettes".
- Niche farming is increasing.
- Direct marketing requires a different personal temperament than conventional farming
- Two acres required per horse; 2 to 5 acres per cow/calf.
- The situation in agriculture is unstable.
- Diversification is key to farming.
- Small farmers can get by but beef cattle farming requires 400 head to make any money.
- Might make $200/acre off corn, therefore won't support $6,000/acre land costs.
- There's a trend back to rich folks buying land and hiring managers rather than just leasing it out to neighboring farmers.
- Clarke is becoming the "central park" of the region.
- We're going to get more pressure from demand for farmettes.
- Lack of weed control on farmettes near farms is a growing problem.
- Use value assessment program – maybe give a lesser tax break if you don't control your weeds; dilapidated fences. If Use Value meant more (enforced), that would help farmers.
- It would be good to have a meat processing plant which would allow us to "brand" our beef as "Clarke county beef" and provide a "value-added" component. But not enough market support for such an enterprise locally. Closest facility is in Gore, VA, in Frederick County.
- The local horse industry is very diverse – we need a good horse facility for horse shows – needs about 200 acres – for hunters, jumpers, rodeos, etc. It requires money to establish. Could be similar to Lexington, VA, but not as elaborate. Lots of parking needed, large indoor arena.
- We need to be able to adapt to change – need to be able to go back and forth between things.
- We worked on an ordinance that would make farm markets by-right for locally produced food, etc.
- If niche farmers don't have enough produce to go to big market in DC, they can't make it – need to provide for small farmers not just produce sles, so they don't have to go to Leesburg, or DC.
- Farm market needs to be more like a supermarket in terms of scope – need big volume.
- The big boys like Smithfield Farm just go to Washington, DC, rather than try to market locally.
- Fundamental thing is to keep land open for farming
- Help locals get their products into salable form here in the County (value-added)
- Fewer farmers make their living solely off farm business.
- Environmental regulations (federal/EPA, not County or DEQ) are a challenge.

Agribusiness / Agritourism / Tourism

- A "Clarke Tourism Alliance" was formed in 2004 at initiative of Board of Supervisors. It lasted about two and half years. Cataloged historic properties and created a brochure showing key sites.
- County has history, products, etc. for tourism – but lacks marketing.
- Mill, wineries, vineyards

- River is a big attraction – beer and wine
- Appalachian trail
- Watermelon park – hundreds of thousands of people per year (mostly from Loudoun) – camping, tubing and festivals – about four months of the year – relatively low-end economic level.
- Horses
- Bridal trail at Blandy Farm - $5 donation required – Blandy has 700+ acres on the whole site – education of 6,000 kids per year (9 months/yr), 170,000 visitors to Blandy annually. Potential for coordinated marketing.
- "Longbranch" could coordinate with Blandy
- L'Auberge is a big draw.
- Loudoun and Fauquier provide contrasts on how to handle impacts – lessons from Loudoun: don't let problems fester.
- Traffic is an issue - rural roads, etc.
- Loudoun model – dialog between agri-business and county and economic development – communication – get in front of the issue and the conflicts
- When is it agriculture and when is it public assembly? – difficult question.
- Define the rules up front, for businesses. – recognize limits of intensity – maybe greater limitations than Loudoun.
- Mindset of owner/operator – "people out/off site by 10:00 pm" – how do we increase volume sensibly?
- Clarke county fair
- Only 40 to 60 overnight rooms in the County
- Need to appeal to high end spenders for lodging.
- We're going for ag-tourism and education – "wayside" next to Nalls Market
- Need to establish perception of Clarke as a "destination"
- Need to show economic cost/benefit of county using money to promote tourism – we have things in place, we have a basis for documenting our revenue – need professional staff support.
- The Barns at Rose Hill
- Special event permit process – barrier
- Inhibits horse shows, too – needs to be simplified
- Very cumbersome for events at a winery
- Occupancy tax revenues should go to tourism – raise it – how do you measure tax revenue from tourism businesses?
- Loudoun puts TOT money into promotion efforts.
- Need coordinated marketing of all tourism together, like "visit Loudoun"
- Looks at others, like Loudoun, Bucks County, PA – people need to be spoon-fed to do routes, "top 10 ways to see Clarke"
- County has decided to coordinate event notices
- Concerts at fairgrounds – big names
- Ag-tourism and horses will get draw for overnight rooms
- Have all businesses carry each other's brochures, etc.
- First Friday – get arts people to set up in vacant store fronts – or third Friday.
- Big annual event to attract high volume of patrons from afar [e.g. Sturgis, SD].
- Keep Clarke rural, but allow ag-businesses to survive – increase number of ag-businesses in Clarke
- Embrace value-added agriculture [some disagreed].

C. Invitation to Business Round Table Sessions

Clarke County Planning Department
101 Chalmers Court, Suite B
Berryville, Virginia 22611
(540) 955-5132

TO: **Participants in the Economic Development "Roundtable" Sessions**

FROM: **Brandon Stidham (Director of Planning)**
Milton Herd, AICP (Planning Consultant)

RE: **"Roundtable" Sessions with County's Planning Consultants**

DATE: **April 9, 2013**

Clarke County is currently updating the Comprehensive Plan, including adding a new element for Economic Development Strategy. An important task in this effort is to talk with representatives of the major economic sectors of the County to understand their perspectives on the current business environment, and prospects for the future.

To do this, we will conduct a series of "round table" discussions on April 22, 23, and 25, with County staff and the Consulting Team. Each meeting will be devoted to a major economic sector in the County:

- Retail/Realtors/Banking
- Industrial & Farming, and
- Agribusiness/Agritourism/Tourism.

We invite you to participate in the Agribusiness/Tourism discussion, to be held on April 25 at the Clarke County Parks & Recreation Center Kitchen/Preschool Meeting Room, 225 Al Smith Circle, from 7:00 pm to 8:30 pm.

As a preview to this session, we wanted to share some of the key questions we would like to explore with you and your colleagues. These are rather general questions, aimed primarily at obtaining empirical information from people who are working in these sectors, and exploring barriers as well as opportunities for expansion of these sectors.

These are the questions we want to start with, knowing that these will likely lead to further questions as we dig into the issues.

Thursday, April 25, 7:00PM – Agribusiness / Agritourism / Tourism

- What kinds of tourism businesses are currently considered successful in the County?
- Is there much partnering or networking activity among tourism businesses or sectors? Is there potential for regional coordination/partnering?
- What are the current barriers to tourism development and expansion?
- Do the County's policies and regulations support the retention and attraction of businesses that complement or support tourism?
- What kinds of tourism opportunities are seen as having future potential?

Please affirm that you will be able to attend this session by calling or emailing Brandon Stidham at (540) 955-5130 or bstidham@clarkecounty.gov.

Economic Development Strategic Plan for Clarke County, Virginia

Appendix 2:

TECHNICAL MEMORANDUM #2
Economic Development Issues, Needs, and Opportunities

December 4, 2013

Prepared By:

Herd Planning & Design, Ltd. and S. Patz & Associates, Inc.

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A preview of formal economic development strategies for the County to pursue in the short and long term time frames, to be developed in the next stage of the process

Appendix A – Comparison of Local Tax Rates
Appendix B – Comparison of Availability Fees

Executive Summary

Clarke County wants to prepare economic development strategies and actions that will help diversify its tax base without undermining the rural, agricultural character of the County, or the effectiveness of its strong and venerable growth management program, or unduly increasing the cost of providing services.

A key challenge in formulating a long-term economic development strategy for the County is to balance the fundamental goal of land preservation with the important need for economic vitality. A related challenge is to identify strategies that if successful, will allow the County to evolve in a manner and pace that is consistent with its past traditions.

The County has some highly valuable economic assets, particularly its:

- Open space resources, historic resources, and scenic quality.
- Good highway infrastructure
- Regional proximity to a large population and work force, and
- Adequate total supply of residential and industrial zoned land.
- Located within the primary service area of Foreign Trade Zone #137
- Competitive tax rates and relatively low land costs compared to most adjacent localities
- Improved proximity to Metro Rail – "Silver Line" to reach Reston in 2014 and to Dulles by 2020.

It also has some fundamental disadvantages to conventional economic development, including:

- Small local population and gradual growth of economic base
- Distance to I-81, the one interstate highway serving the western part of Northern Virginia (not relevant for counties to the east)
- Competition from adjacent jurisdictions, particularly the Winchester-Frederick area
- Few "Occupancy Ready" or "Shovel Ready" industrial sites
- Relatively high availability fees for public sewer and water service

Six major economic sectors were examined as a prelude to developing specific strategies and actions:

Industrial – Offers the strongest prospects for the greatest economic benefit in the short term, especially light manufacturing, distribution/service space and local business services.

Retail – Relatively stable but constrained by regional competition and limited population growth.

Office –Generally similar constraints to the retail sector.

Agriculture – Faces ongoing challenges but has good potential for sustainability through new markets and greater linkage to tourism activities. The County's land use policies have created a generally stable land base for agriculture, and the pressure of increased population and changing markets also creates opportunities for niche markets including equine-related businesses, higher-intensity crops, etc.

Tourism – Has good long-term potential in light of local resources and regional location, particularly with ties to agriculture and outdoor recreation, but should not be considered a "quick fix".

Housing – Well-planned housing can be an economic asset, but additional housing must be of a type, quantity, density, and location that is consistent with the County's overall goals for growth management, agriculture, environmental conservation, and fiscal well-being.

Next Steps

Develop specific Strategies and Actions to take advantage of the County's assets and mitigate its disadvantages; work with the Planning Commission and EDAC to refine these strategies and actions.

1. Introduction

The new Strategic Plan for Economic Development will take its place alongside the County's other Comprehensive Plan elements, including the Agricultural Land Plan, the Mountain Land Plan, the Berryville Area Plan, etc. However, whereas most Comprehensive Plan elements are broad, long-term, policy-oriented documents, the Strategic Plan will feature a short to medium-term time horizon, a focus on one sector (economic development), and an action-orientation. The purpose of this memorandum is to clarify issues and opportunities to provide the basis for developing strategies and actions for economic development.

Initial Guidance from the Board of Supervisors:

The Economic Development Strategy must be consistent with the County's long-standing growth management policies, including agricultural and open-space conservation. Yet it must also reflect:

1. "Out of the box" thinking to capture new opportunities
2. Involvement of Key Stakeholders to be most effective and practical
3. Coordination with County Officials to ensure broad support

In addition, based on early input from County officials and active participation from County citizens, the County's *primary objective* for economic development is to grow the tax base.

A *second objective* is to increase economic activity through the expansion of business transactions and/or by adding new jobs, particularly if the jobs are filled by the existing labor force or in-commuters. An important issue is that job growth tends to cause population growth. This can add economic and social vitality to the community, yet can conflict with the goal of preserving agricultural and open-space resources, unless employment growth occurs in locations, amounts, and sectors that are consistent with the overall community vision. This shows the importance of coordination between the County and the Town of Berryville, since their economies are largely unified, even though each has its own plans, policies and regulations.

Thus, a key challenge in formulating a long-term economic development strategy for the County is to balance the fundamental goal of land preservation with the important need for economic vitality. A related challenge is to identify strategies that if successful, will allow the County to evolve in a manner and pace that is consistent with its past traditions.

There are, however, challenges with preparing an Economic Development Strategy for Clarke County. Past efforts have not produced as much net tax revenue as the County would prefer to offset the burden on residential properties; there is a limited amount of readily available land for new development of the type needed for tax revenue generation; and the County has strong competition from the Winchester marketplace, in particular, for most non-residential land uses.

The Technical Work of the Project Includes Several Key Items:

1. Identification of methods for expanding business
2. Analysis of regional economic factors and Clarke County's competitive position
3. Analysis of constraints to economic growth and how to overcome them
4. Analysis of the Fiscal Impact of new growth (impacts on County government budget)
5. Short-Term and Long-Term plans for economic development (strategies and actions)
6. Options for the magnitude, locations, and types of economic growth in light of costs & benefits

Project Work Plan and Status:

Task 1 Initial Public Input Meeting *(completed February 2013)*

Task 2 - Evaluate County's Economic Development Issues, Needs & Opportunities

- Interviews and "round tables" with business owners *(completed April 2013)*
- Field Survey of key growth areas *(completed April 2013)*
- Regional Analysis of economic factors *(completed June 2013)*
- Fiscal Impact Analysis of growth sectors *(partially completed June 2013)*
- Research "Best Practices" of comparative localities *(completed June 2013)*

Task 3 - Evaluate Comprehensive Plan components re: Economic Development *(underway)*

Task 4 - Prepare Economic Development Strategies for Implementing Component Plans *(underway)*

Task 5 - Develop Draft Economic Development Strategic Plan as a New Component *(underway)*

2. Summary of Initial Public Input

Initial input on economic development strategies was obtained from a public meeting meeting and key stakeholder "round table" sessions during February through April 2013, and through several individual interviews with business owners and property owners in the County, including the Berryville area. A full report on the results of this input is included in Technical Memorandum #1 of the consultant's work, included in the appendix to this memo.

Summary highlights of this input include the following:

- The business community is fully aware of the challenges that officials face in expanding the County's economic base. However, most of their input focused on relatively small scale or short-term solutions. While the public and business community fully embrace the traditional goals of the County, there is the underlying recognition of the need for more tax revenue and economic activity.

- There was great support expressed about the value of current growth trends and the agricultural and equine base of the County, but little mention of the outdated industrial properties in the town, and their prospects for redevelopment.

- It appears that the Clarke County community believes that Berryville's retail and office space markets will remain modest in size. However, there is recognition that upgrades are required to maintain stability.

- There was broad appreciation of the positive natural and cultural aspects of the County as a special place within the region, including the desire that economic development should not overwhelm the County's traditional character and quality of life.

Overall, there was great interest in the need for the Economic Development Strategy and an abundance of support for creative ideas.

3. Research and Analysis

A. Regional Overview

The County's regional location is somewhat of a detriment to economic development and job growth. The County is a sort of "hole in the donut" in terms of land use and population intensity within the region. While the major competition is from Winchester-Frederick to the west, Clarke is surrounded on all sides by major population and job centers, including:

- Winchester and Frederick County to the west
- Front Royal and Warren County to the south
- Purcellville and Loudoun County to the east
- Martinsburg and Charles Town to the north

The Winchester marketplace is the prime competitive location, as well as Warren County. Winchester has the advantage of being along the I-81 corridor, which is a "must" for most area industrial businesses. Winchester also has a large retail component. Warren County has proximity to both I-66 and I-81, as well as the inland port. These factors require the Clarke County marketplace to compete for a more limited niche market.

B. Growth Areas and Potential in Clarke County

Clarke County has six general geographic areas for potential economic growth:

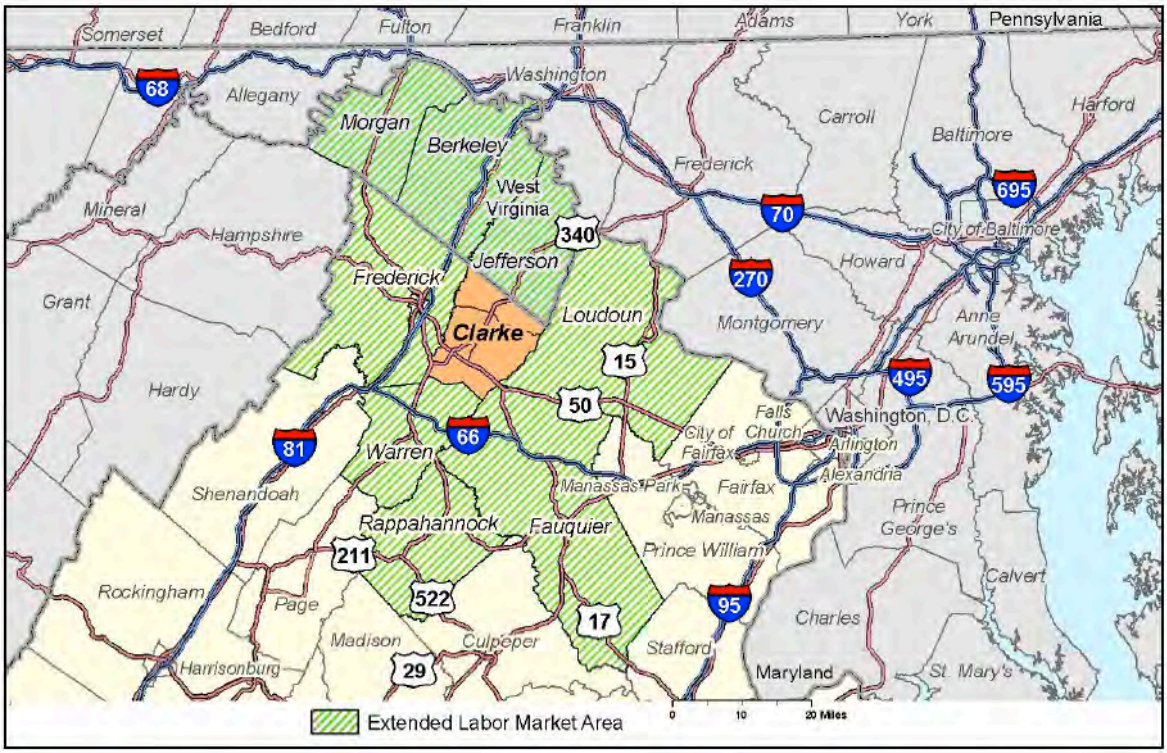
- Town of Berryville and designated annexation areas
- Waterloo Area
- Town of Boyce
- Double Tollgate Area
- Villages of Millwood, White Post, and Pine Grove
- Rural Areas

In the short term, the Town of Berryville and its designated annexation areas is the most competitive location in the County for conventional industrial, retail, and office development. This indicates a clear need for the County and Town to continue to work closely together to promote appropriate economic development.

In the long term, growth could be expected in the Waterloo and Double Tollgate areas, as both locations are well located with good highway access. Although Double Tollgate needs water and sewer service, both areas have attracted some interest from the development community. Double Tollgate is well located on the Rt. 522 corridor adjacent to employment uses in Warren and Frederick Counties, and on the very western edge of Clarke, thereby limiting impacts on most of the County from more intensive development.

The Town of Boyce has public utilities, a location on Rt. 340, and proximity to Rt. 50, and thus has some potential for development. The several historic villages in the County have unique charm and historic settings but generally less potential for development due to limitations of access and/or utilities.

The Route 7 corridor is an excellent location for the development of additional retail space, but most locations along the corridor are without public utilities. As with other areas for long-term growth opportunities, care must be taken to prevent standard highway related "strip" development.



Source: Community Profile – Clarke County, Virginia Economic Development Partnership

Map of Regional Labor Market Area

In the longer term, increased economic development can be expected in the rural area, mainly in the rural-based agricultural and tourism sectors. However, expansion in this sector is expected to be gradual. Sites with good proximity to the four major arterial corridors (Routes 7, 50, 340, and 522/340) offer the best prospects for compatibility with the County's broader land use planning goals.

Not all of the existing industrial sites are ready for immediate use. The County as a whole has more than enough land zoned for commercial or industrial uses, much of it undeveloped or underdeveloped. However, some sites need improvement and not all of the land is located to meet current market demand (for example the commercial zoning at Double Tollgate, which has longer term development potential).

Besides the geographic perspective, the County also has a basic overall economic structure similar to other localities, in that there are three basic levels of business activity:

- Level 1 include primary "economic base" businesses that generate revenue from outside the County. These would include most manufacturing and distribution enterprises, tourism businesses, state and federal government facilities, agriculture, and large wholesale or retail operations.

- Level 2 businesses are those that support the Level 1 businesses, and include commercial real estate, construction services, banking and insurance, and printing.

- Level 3 businesses are those that serve local residents, including retail stores, personal services, entertainment and recreation.

Level 1 businesses are fundamental to future growth in the economy and tax base. In Clarke County these include manufacturing and distribution, agriculture, tourism, and business services that serve non-local markets.

Summary of Assets and Liabilities for Economic Growth in Clarke County

Key tasks in formulating an economic development strategy are to identify ways to:

- *Build upon* the County's existing economic assets and resources
- *Correct* existing liabilities, including outdated buildings and sites, as well as policies and regulations
- *Convert* liabilities into assets through creative financing and public financial support, as well as marketing and networking.

Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Using input from stakeholders, combined with further research, the SWOT features were identified. These are listed below under the four headings. Two salient issues form a backdrop to most of the other issues.

Ready Sites. In terms of conventional, high value industrial economic development, the County lacks shovel ready industrial sites. The developability of existing sites can likely be improved with some level of public support, such as timely review and approval of development applications, and possibly assistance with infrastructure improvements under a well-designed program such as a service district, micro loan program, or tax increment financing. These sites are likely to be competitively priced compared with both the Winchester and Loudoun marketplaces, which should make them more marketable. Many industrial buildings are outdated and no longer usable for quality industrial businesses. The County also has mature office space which is no longer competitive and some of the better space lacks nearby parking. Some of these issues have been in place for years and could be rectified with public and private sector initiatives.

Population and Housing Growth. Clarke County's population is aging and not growing as fast as in nearby communities. This provides benefits to the County in terms of lesser impacts from growth. Yet a very slowly expanding population tends to constrain retail expenditures and limits the expansion of retail sales and other area businesses. This is also an issue related to housing unit demand. Without population growth, there is limited household growth and limited housing unit demand. This can be a factor in the supply of affordable housing, in particular, which can be a detriment to new business growth, if housing unit availability stymies employees from finding nearby, acceptable housing. The County is very aware of the delicate balance between having a healthy amount of population and housing growth, without having an excessive amount that overwhelms public services and community character. The County has a lower

level of affordability in housing compared to some of its neighboring jurisdictions, although the data do not suggest a severe problem. Thus, it would be prudent for the County to monitor this issue.

The County values the benefits of slow population growth, and thus the challenge is to find strategies that can succeed without a more rapid population growth rate, and to focus population and housing growth in the most advantageous areas and with a mix of unit types that will foster a healthy demographic balance to underpin a strong local economy.

Summary of SWOT factors

Strengths

- Small population size
- Protective planning policy/Restrictive rural zoning
- Existing vacant industrial space
- Cost-competitive space and land
- Good access to a high quality work force
- Successful, County-developed business park
- Location and access
- Substantial volumes of through traffic, including commuter traffic along major roads
- Good road infrastructure
- Land zoned for highway commercial retail
- Historic downtown Berryville
- Well-preserved natural environment and historic character
- Unique place within the region
- Policy consistency over the course of time
- Relatively high household income
- Reasonable tax rates
- Ag community/commodities (equine community, wineries, farm markets)

Opportunities

- Population growth in adjacent jurisdictions
- Downtown Berryville – improve walkability, mixed-use, vitality
- Expand tourism-related businesses - antiques, farm markets/stands, wineries, etc.
- Diversify agriculture/agribusiness, agri-tourism
- Expand highway commercial uses
- Expand home business activity
- Regional tourism coordination such as “antique road”, “local food road”
- Retain existing businesses
- New housing for both an elderly population and young population without kids

Weaknesses

- Small population size
- Protective planning policy/Restrictive rural zoning
- Lack of “shovel ready” (level 5) or “occupancy ready” (level 1) sites
- Imbalance of housing types for expected demographic changes
- High availability fees for water and sewer
- Vacant retail and office space in Berryville
- Uncompetitive commercial space
- Retail leakage to surrounding counties
- Perceived attitudes on business growth
- Karst geology (environmental sensitivity; cost of infrastructure)
- Poor or spotty internet service in rural area
- Limited public access to river

Threats

- Population growth in adjacent jurisdictions
- Lack of adequate housing diversity and affordability
- Aging population; loss of maturing young people
- Perception that change equals loss of quality of life
- Housing costs
- Limits on utility capacity due to state/federal regulations

C. Fiscal Impact of Development

This analysis examines the fiscal benefits of the businesses that are most likely to generate net economic benefits for Clarke County. The most immediate is industrial development, as land could be made available and market support likely exists for available sites. Market support also exists for other commercial uses, but these would not be as sizable as prospective industrial uses. *(further analysis forthcoming)*

D. Best Practices for Rural Economic Development

Comparison to Other Counties

This study compared Clarke County to several other jurisdictions to identify potential strategies that may offer good prospects for application in Clarke County.

Comparative peer or neighboring counties in Virginia were selected, based on:

- Population size and local government resources
- Geographic location and character – proximity to urban centers, major roadways, and natural amenities
- Major economic components, sectors, and resources
- Income and education levels

Counties examined:

1	Botetourt County	5	Goochland County
2	Fauquier County	6	Nelson County
3	Fluvanna County	7	Rappahannock County
4	Frederick County	8	Warren County

Comparison of Key Attributes

Direct comparisons between Clarke County and other jurisdictions in Virginia is challenging because Clarke is one of the smallest counties in the state, in both population and land area, and most of the counties with such small populations are fundamentally different from Clarke in terms of population, income, proximity to urban areas, and other attributes that make direct comparisons useful.

Thus, most of the counties selected for comparison are larger, yet still rural with somewhat similar demographic characteristics. Of the counties selected as peer communities, only Rappahannock has a smaller population, with Nelson being about the same. None of the counties has as small a land area as Clarke. This fact is particularly salient when comparing the agricultural productivities. Although Clarke County has the smallest land area of this group of counties, it was second only to Fauquier and Frederick in the total value of farm products sold, and both of those counties have more than twice the land area of Clarke. Further, despite its small size, Clarke ranks 4th among all counties in Virginia in its inventory of horses, and 7th in sales of apples.

The following table summarizes various key attributes of the comparison jurisdictions.

County	2012 Population* Land Area	Per capita income (2007-11)*	Education Level**	Location	Major Economic Sectors*** (2011)*	Agriculture – Market Value of Farm Products****	Retail Sales per capita*
Botetourt	33,148 543 sq. mi.	$30,293	22.9%	• Bisected by I-81 • Adjacent to Roanoke	Manufacturing Retail trade Construction Trans & warehg.	• Total: $13,548,000 • Per Farm: $21,234 • Ranked 10th in Apples in VA	$7,661
Clarke	**14,323** **177 sq. mi.**	**$37,551**	**30.7%**	• 9 mi. to I-81 • Between Winchester & Loudoun • Mountain ridge on east	Manufacturing Education Health care Retail trade Construction	• Total: $21,901,000 • Per Farm: $44,156 • Ranked 4th in Horses in VA; • 7th in Apples	$6,381
Fauquier	66,542 650 sq. mi.	$40,569	32.3%	• Bisected by Rt. 17, 15, I-66 • Warrenton is largest Town	Retail; Health care Accommodn & food serv. Construction Prof., scientific, tech	• Total: $47,981,000 • Per Farm: $39,264 • Ranked 3rd in Hay in VA; • 1st in Horses • 5th in Milk	$12,845
Fluvanna	25,927 287 sq. mi.	$28,864	28.1%	• East of Charlottes-ville • West of Goochland • South of I-64	Construction Accommodation and food serv. Retail Health care	• Total: $5,595,000 • Per Farm: $17,110 • Ranked 21st in Broiler chickens	$3,144
Frederick	80,317 415 sq. mi.	$29,409	24.2%	• On I-81 • Surrounds City of Winchester	Manufacturing Retail Accomdn & food Transportation & warehouseg.	• Total: $27,957,000 • Per Farm: $41,346 • Ranked 1st in Fruits & berries; • 1st in Apples	$15,427
Goochland	21,347 284 sq. mi.	$46,697	37.1%	• Adjacent to Henrico Co. & Richmond • Bisected by I-64	Finance and Insurance Management Construction	• Total: $11,236,000 • Per Farm: $29,647 • Ranked 23rd in Horses	$8,914
Nelson	14,827 472 sq. mi.	$26,060	24.6%	• Bisected by Rt. 29 • South of I-64 • No large towns • Mountains on the west	Arts, entertainment, recreation Retail Health care Construction	• Total: $12,445,000 • Per Farm: $26,937 • Ranked 4th in Fruits & berries; • 5th in Apples	$4,967
Rappahan-nock	7,456 267 sq. mi.	$39,735	37.2%	• Served by Rt. 211 • No large towns	Accommodation and food serv. Trans & warehsg. Retail; Constrtn	• Total: $7,539,000 • Per Farm: $18,122 • 40th in Horses • 11th in Apples	$3,042
Warren	38,070 214 sq. mi.	$30,069	21.7%	• Served by Rt. 522 • Includes Front Royal	Retail Health care Accommodation and food serv Trans & warehsg.	• Total: $5,559,000 • Per Farm: $14,365 • Ranked 10th in Turkeys	$10,182

* U. S. Census; University of Virginia Geostat Center, County and City Data Book
** Bachelor's degree or higher, percent of persons age 25+
*** by number of employed and/or land coverage
**** 2007 Census of Agriculture, USDA; rankings reflect sales of farm products, except for horses which reflect inventory

Comparison of Major Economic Development Strategies

1. Botetourt County

Botetourt County is adjacent to, and north of Roanoke, and is bisected by I-81. The County's overall planning strategy is to achieve a balanced land use pattern and to focus new growth in areas where services exist or are planned, while protecting rural residential areas and prime agricultural lands from future growth.

The County has specific strategies for economic development, including:

- Targeting manufacturing segments involved in the production of parts and components from metals, plastics and other materials for transportation, energy and medical equipment industries and wood-based products; limited distribution operations, back-office service operations, professional and technical services, medical offices and imaging centers, and tourism.
- Support small businesses, existing and new.
- Shift focus from business attraction to support for a broad range of economic activity.
- Establish a formal Office of Economic Development, as have many other counties in Virginia.
- Enhance site-readiness of available sites.
- Encourage younger workers to live and/or work in the County.
- Improve the marketing of tourism resources.

2. Fauquier County

Neighboring Fauquier County is known for its agricultural industry, especially the horse farms and wineries, as well as its long-standing commitment to rural land preservation and strong growth management though the establishment of defined service districts for concentrating residential development.

The County's overall goal is to promote economic growth that preserves the natural and cultural heritage of the County, and maintain the uniqueness of the area, including encouraging appropriate commercial, retail, tourism and agri-businesses.

Key strategies are to:

- Establish infrastructure plans for the County's service districts
- Create individualized service district plans
- Streamline the permitting process
- Develop incentive packages

3. Fluvanna County

Located southeast of Charlottesville and west of Goochland County and the City of Richmond, Fluvanna is a small, rural locality with several small towns and villages. Nearly two-thirds of the workforce is employed outside the County. Major taxpayers include energy generation and distribution companies, utilities, and transportation companies. Leading employment sectors are health care, accommodation and food services, and retail trade.

Fluvanna's economic vision is to increase quality employment opportunities, the strength and diversity of the county's taxable base, and the quality and variety of businesses and business districts. Strategies include:

- *Strengthen and clarify the county's commitment to economic development.* This strategy calls for active engagement of the Economic Development Commission, Economic Development Authority, Board of Supervisors, and Planning Commission. It also calls for creating a full-time position, with support staff, to focus on economic development issues, as well as revamping the county's Web site, and utilize other media, to professionally and effectively promote Fluvanna County.

- *To implement the county's community planning areas, as shown on the Future Land Use Map.* This strategy calls for creating a planned unit development (PUD) zoning district to allow for increased flexibility for commercial, industrial, and residential uses, as well as increased residential density within well-planned, mixed-use communities within the community planning areas, and constructing a water line to the urban development area, along with necessary waste treatment facilities, broadband and cellular services, and road improvements to provide the infrastructure necessary for healthy, successful community planning areas.

- *To protect rural areas through economic development.* This strategy calls for using the county's natural resources, culture, and historic and recreational sites to capitalize on heritage, ecological, and recreational tourism, as well as attracting other visitors, offering incentives for building mixed-income housing, with an emphasis on workforce and affordable housing, in the community planning areas, and promote local and regional markets for value-added agricultural and forestry enterprises and products.

- *To diversify and strengthen the county's tax base.* This strategy calls for creating an economic development team and then implementing a program such as Business First that will keep in contact with existing businesses, and streamlining the application and permitting process by working with businesses to help them locate in the appropriate areas of the county.

4. Frederick County

Neighboring Frederick County surrounds the City of Winchester and is fully bisected by I-81, including the intersections of I-81 and Routes 7 and 50.

The County seeks to achieve an appropriate ratio between the taxable value of residential versus non-residential land. It also recognizes that its attractiveness will generate additional population growth and that an expanded employment base affords increased income and a higher quality of life.

The County's planning strategy focuses on four major economic sectors:

- Office and industrial
- Retail
- Tourism
- Agribusiness

Office and industrial

The County foresees future opportunities for office and industrial growth in six key segments:

- Food Processing
- Distribution/Repackaging and assembly centers
- Healthcare Research and Development
- Plastics Manufacturing
- Back Office Support
- Government Activity

The County believes that "a low residential tax rate is a direct result of the expansion of the commercial and industrial tax base." The County's goal is to enlarge the share of the commercial and industrial tax base from 13% to 25% of the total.

Strategies include:

- Ensure that enough suitable acreage is identified and reserved for office and industrial use
- Minimize low tax generating entities such as distribution centers, and maximize high-tax base industries
- Determine funding plan for policies such as service redundancy, water availability, electric service, communication, etc. These could include public/private funding and transportation access funds for industrial development.
- Address how the County's public role could be used more effectively in lowering development costs.

Retail

The County recognizes that the retail sales potential of any geographic market is based upon two factors:

1) The number of households within the market and the income of those households.

2) The market's ability to compete successfully against neighboring markets.

The County expects its future population growth to fuel retail development, with an opportunity for growth of specialty retailers of regional and national scope, in addition to the growth of locally-based retailers. The County's strategy is promote itself as a dynamic and vital retail market at the regional and national levels. It also aims to focus on high quality development and architectural design for such uses.

Tourism

The County recognizes tourism as a strong and important industry not only in Frederick County, but throughout Virginia, annually providing the County with millions of dollars of business activity and tax revenue, as well as over a thousand jobs. The County aims to focus especially on the heritage tourism market because this demographic tends to spend more and have longer stays. Strategies include:

- Linking the area's visitor attractions with a trail network
- Preserving the rural agricultural landscape
- Maximizing the opportunities of Cedar Creek and Belle Grove.
- Pursue combined commercial and recreational uses.

Agribusiness

While the County's total acreage in farmland has continued to decline, the support of its agricultural economy remains strong. The County expects agriculture to become more intensive, requiring less acreage than traditional farming activities, while increasing the income from operations. It will also continue to diversify into related enterprises such as new value added products, new processes, new retail opportunities, and agri-tourism. Agriculture will also change to take advantage of the technical results of research and development. Strategies include:

- Encourage diverse uses on farm sites, such as farm markets, alternative fuels, pick-your-own operations, etc.
- Review ordinances to enable agriculturally related activities in the rural areas, while ensuring they are compatible in scale, size and intensity with surround land uses.
- Provide opportunities for combining agricultural operations with recreational uses, including equine operations and golf courses.

5. Goochland County

Goochland County is located west of Henrico County and the City of Richmond, with a relatively small population of 22,000 people. The County's vision for future land use aims to foster economic growth while preserving the rural character of the County, supporting a sustainable agricultural community, and reinforcing desirable neighborhoods required for maintaining the high quality of life. It's policies also aim to actively pursue industrial development that is compatible with the County's growth goals, including improving the marketing capabilities of its economic development office, and designating suitable areas for industrial development.

The County faces similar challenges as Clarke County in that it has a small population relative to its neighboring jurisdictions, and faces stiff competition from those neighbors for economic growth.

The County's Action Plan for Economic Growth includes several key steps:

1. *Establish an Economic Development Program*

   - Hire and Economic Development Director and support with adequate operating budget.

   - Develop Tools to Effectively Market the County

     Resource profile, economic development web site, blogs, etc. to provide prospects with contact information, description of resources available to support each type of industry, updates on activities, and listing of major properties available.

   - Establish a Set of Metrics to Track Economic Development Progress

     Includes transaction-related activities, etc.

   - Gather on going feedback from existing employers and support efforts to expand their businesses

     Outreach to each business in the County and make sure the right level of attention and support is provided to them whether they are recruiting new employees or expanding a facility

   - Streamline processes for doing business within the County

     Actions include:

     Examine current Board of Supervisor policies & practices to see if approval times could be shortened.

     Create a project contact/project manager to navigate the applicant through the permitting process & be an advocate for the applicant during the process

     Amend ordinances to allow Plan of Development and subdivision approval in one application

   - Provide on going updates on economic development progress to County residents

     Media releases, posting on County web site, periodic public meetings and roundtable discussion and other methods.

2. *Stimulate Investment in Tuckahoe Creek Service District to Build County's Tax Base*

- Amend the Comprehensive Plan and Zoning ordinances to allow for mixed use (retail, services, multi tenant offices and some multi family residential) development in selected locations within the District.
- Prepare master plans that include mixed use (in selected areas) that is approved by the County.
- Prepare and certify selected sites at a Shovel/Pad Ready status.
- Promote the area to prospective retailers, investors and companies.

3. *Business Growth Along the I 64 Corridor (in the vicinity of Exits 148, 152 and 167)*

- Evaluate existing/potential parcels available for industrial, distribution and commercial activities.
- Develop plan to enhance water/sewer/telecom at each exit (I-64). May include partnering with Louisa County and/or the State.

4. *Expand venues to support outdoor related tourism*

- Identify and development access points on the James River within the County for canoeing, kayaking and fishing.
- Lay out a road trail for biking in different parts of the community, identified by signage. Develop map of trails and a description of interesting sites along the trail and place it on web site.
- Working with Parks and Recreation, develop a series of trails for walking, observing birds/wildlife, mountain biking and horseback riding throughout the County. These trails could be the most popular tourist attraction in the County once established.

5. *Promote additional sports and other outdoor events that leverage the outdoor venues*

- Triathlon including biking, running and canoeing/kayaking.
- Road races for bikes.
- Special events for birding and hiking for groups.

6. Nelson County

Nelson County is a small, mountainous, rural jurisdiction south of Charlottesville, bisected by Route 29, and includes the four-season resort of Wintergreen. I-64 runs east and west in Albemarle County, just to the north of Nelson. Its population size is similar to Clarke County's.

The County's goals for Economic Development are:

- Enhance the quality of life for Nelson County residents by maintaining and encouraging a diverse and vibrant local economy in designated development areas and compatible with the county's size and rural character.

- Seek to have new residential development support the additional county costs associated with the development.

- Support and encourage tourism as a viable means to diversify the local economy.

- Recognize the importance of the county's agricultural economy as an integral part of Nelson's economic heritage and as an important part of the current economy.

The County's Economic Development Authority has a simple mission statement which is *"to promote the diversity and growth of the County's economic base."*

The EDA's strategic plan has four goals with objectives, in order of priority:

Goal 1. Business and Industry Development

1. Business retention and expansion
2. Rehab and renovated existing vacant buildings
3. Target industry study

Goal 2. Communications and Relationships with Other Economic Development Actors

Objectives:

1. Spur/encourage other economic development groups to become more active and develop relationships with other economic development actors. Activities to accomplish this objective – meet with the following groups (amongst others) in the next 12 -18 months: - Chamber of Commerce - Hospitality and Travel Association - NAMA - School Board - Farm Bureau - Service authorities - Planning District Commission - Industrial Development Authorities of neighboring counties - Historic society.

2. Get word out to public regarding what the EDA can do for community, in addition to educating the public regarding the benefits of economic development, tourism, and the like.

Goal 3. Education, Workforce, and Technology

Objectives:

1. Work with Nelson County School District in developing entrepreneurism, whether through courses, seminars, etc.
2. Conduct a workforce audit (labor market study).
3. Prepare for adult education and retraining needs.
4. Continue to monitor internet technology opportunities and to develop internet technology access plan for County.

Goal 4. Tourism

Objectives (in rank order):

1. Improve signage in County
2. Diversify tourism base in County
3. Develop infrastructure to support tourism (current and future), including hotels, restaurants, workforce, housing for tourism workforce, etc.
4. Maintain inventory of tourism product and infrastructure

7. Rappahannock County

Rappahannock is one of the smallest counties in Virginia, both in population and land area. It has only 7,500 people on 267 square miles. It lies to the south of Clarke County, and is separated from Clarke by Warren County and the Blue Ridge Mountains, which border it on the northwest. The Rappahannock River borders it on the northeast. The topography is hilly and nearly two-thirds of the County is classified as forestland. The County's population has remained very stable, and at 7,500 people today, it has only 300 more people than it did in 1940, although after losing population after World War II, it has added 2,300 people since 1960 (a 45% increase).

Although agriculture remains the foundation of the County's economy, it plays a smaller role than it has in the past, although it has shown signs of resurgence in recent years with a rise in specialty "niche" markets, such as grapes and organic products. A substantial portion of the labor force commutes out of the County to jobs in neighboring jurisdictions.

The cornerstone of the County's land use planning is the declaration of Rappahannock as a "scenic county", which means:

- One in which preservation and enhancement of the natural and historic beauty and cultural value of the countryside shall be respected as being of foremost importance, and

- One in which conditions for a sustainable agricultural and tourism economy not be dependent upon traditionally defined growth patterns as have developed in jurisdictions to the east as a consequence of the growth of the Washington, D.C. metropolitan area.

Thus, the County's goals emphasize preservation of agriculture land, and natural, historic, recreational, and scenic values. However, the County's plan also encourages residential development in designated growth areas, including the desire for the broadest possible range of housing opportunities, styles and configurations, within the context of a rural, agricultural community.

The County promotes only economic growth that is compatible with environmental quality and rural character. In particular, it aims to limit strip commercial development, and to focus new businesses on Lee Highway between the old Toll House and Rock Mills Road (Rt. 622).

8. Warren County

Located contiguous to the south of Clarke County, Warren County has a significantly larger population than Clarke, and includes the Town of Front Royal as its county seat.

The County's Economic Development Authority has prepared economic development strategies that center on targeting companies in the following sectors:

- Manufacturing
- Food Preparation/Packaging/Distribution
- Technology
- Bio-Medical Technology
- Health and Wellness
- Distribution and Logistics
- Hospitality

The EDA's guiding objective is to create 300 new jobs in 2013-2015, although it also intends to focus on capital intensive firms with high-paying jobs, as well as expanding industrial uses in the Rt. 522 corridor.

In association with its aggressive objectives for job growth, the EDA plans to work with the Town of Front Royal and Warren County to expand the supply of workforce housing that offer a diverse range of housing types and prices.

The County's Comprehensive Plan establishes economic goals and objectives which include achieving a diverse tax base, fostering the growth of existing businesses, coordinating the Town and County's tourism marketing efforts, increase the group tours and festivals in the community, attract Shenandoah National Park visitors, and support local and regional agricultural tourism.

Implementation efforts include:

- **Enterprise Zone** - expanding and extending the County's enterprise zones

- **Public/Private Partnerships** - encourage public/private partnerships that will provide well serviced industrial sites which can be developed quickly.

- **Shell Building Program** - Invest in a shell building program that will provide available space as well as incubator facilities for new and small businesses.

- **Site Identification** - Identify potential sites compatible with the Future Land Use map for industrial, commercial, and office development, based on the following criteria:

    - Availability of infrastructure.
    - Commercial/Community Center location.
    - Access to major transportation routes.

- Compatibility with surrounding development.

- **Tourism -** Continue to emphasize and promote tourism as an industry. This should be accomplished through coordination with local, regional, and State tourism development Boards and agencies.

- **Water/Sewer Service -** Examine alternative means of providing solutions for servicing the County's water and sewer needs, including State and Federal agency grant funds. Ultimately, a regional water/sewer authority should be developed.

The County also has a variety of economic development programs and activities, including a micro loan program (in which Clarke County participates), a technology consortium which works to address high speed bandwidth availability and cellular phone coverage, as well as an industrial roundtable hosted by the EDA which is a quarterly luncheon meeting of plant managers and leaders from larger industries to discuss issues of interest.

Best Practices in Rural Communities

A review of the literature for rural economic development practices shows several trends:

1 Efforts to expand, recruit and develop industrial uses that fit local resources and markets
2 Efforts to Strengthen Downtown Business Districts
3 Efforts to use local natural and historic assets to support tourism businesses, "home grown" businesses, and attract "creative class" workers.

1. Efforts to expand, recruit and develop industrial uses

Resources That Support Economic Opportunities

For conventional economic development targets such as manufacturing and distribution, several sets of resources are most important to prospects.

- *Sites and Buildings:* location, size, cost, functionality, and level of readiness.
- *Labor:* the right skill mix, cost and availability.
- *Utilities:* accessible at the right capacity, reliability/redundancy and cost.
- *Transportation:* interstate, air, rail, etc. that meet specific needs.
- *Business environment:* taxes, cost, regulatory climate and local interest.
- *R&D:* applied toward new products, process upgrades and new techniques.
- *Support Services:* professional, technical and software related.

Evaluation of Site Readiness

Sites and buildings are a very fundamental consideration for industrial location. There are seven "levels" of readiness:

Level 1– "Occupancy Ready" - Building in place and in good condition.

Level 2 – "Rehab Ready" – Building in place but unfinished (shell) or needs rehab/ expansion.

Level 3 – "Building Ready" - Zoning permit and/or Building permit approved.

Level 4 – "Pad Ready" site – cleared, graded, with road access in place.

Level 5 – "Shovel Ready" site – zoning in place, site studies complete, site plan approved.

Level 6 – Zoning in place.

Level 7 – Planned for commercial/industrial in Comprehensive Plan but not zoned for such.

A preliminary evaluation of the readiness of key available sites within the County has been made and will be reported at the next stage of this process.

2. Efforts to Strengthen Downtown Business Districts

A recent Ohio State University study ("Central Business Districts: The Measures of Success") analyzed more than 500 rural and exurban mid-size (population between 2,000 and 15,000) communities and identified proven strategies and policies for developing successful central business districts (CBDs).

1. Well-developed community and government relations built on trust
2. Consistent pedestrian traffic
3. Effective downtown promotion
4. Easy access to good financial and educational resources
5. Reliable communication network
6. Active downtown business recruitment and retention
7. Transparent and flexible planning and zoning
8. Capable, collaborative business and civic organizations
9. Physical design of the CBD
10. Strong neighborhood customer base (which yields daily and year-round sales)

While these efforts would be mainly focused on the Town of Berryville, they also pertain in part to the entire Berryville Growth Area. Further, the Town and County continually cooperate in various planning efforts, so the jurisdictional boundaries are not true barriers to economic development strategies.

3. Efforts to use local natural and historic assets to support tourism businesses

Several broad strategies are emerging in many other localities across the nation that have similar attributes to Clarke County. Some of these may fit well with Clarke's growth management and economic goals.

- **Place-based development** capitalizes on the distinctive and special characteristics of a particular place, such as its natural resources, cultural heritage, and other amenities. Clarke County's position as the so-called "central park" of the region is particularly important to this concept.
- **Economic gardening** relies on "growing your own" by cultivating local entrepreneurs and small firms, and creating an environment that supports their growth. This is particularly relevant to Clarke County's location in the midst of highly competitive jurisdictions like Loudoun and Frederick counties.
- **Creativity and talent cultivation** involves fostering an environment that supports individuals and firms who use art or design in their products and services. The "creative class" of workers in the modern economy is an important potential asset to rural communities like Clarke County that are on the fringe of major metropolitan regions. Attracting "creative class" talent draws new people for those jobs, and thus expands the population. Thus, the benefits must be weighed against the impact of additional residents.

Several specific opportunity areas offer potential for follow-up from the general strategies noted above:

- "**E-commerce" and telework** offer multiple business opportunities, from enabling professionals to work from a rural home to creating new e-commerce businesses that can link to global markets. High quality broadband infrastructure is critical. These opportunities relate directly to the "economic gardening" of small businesses, and can be encouraged by providing networking opportunities, expansion of the micro-loan program, regulatory streamlining, etc.
- **"Ecosystem services"** such as habitat and watershed protection, in part through collaboration with environmental groups that see the value of working landscapes as a way to conserve and enhance the natural environmental resources.
- **Opportunities for a return to regional food systems** that can bolster local regional economies, particularly when larger stores are buying local products. The growing interest in local fresh food supports this strategy, as well as the County's proximity to a large metro population.
- **Sustainable agricultural systems.** Sustainable agriculture is based on substituting internal inputs, including labor and management, for externally purchased ones. Specific practices include "natural" processes such as nutrient cycling, nitrogen fixation, and pest-predator relationships; greater reliance on biological potential of plants and animals; and improved management of soil, water, and energy.
- A**lternative energy**, through wind farms, solar farms, and other alternative energy generators (subject to mitigation or avoidance of any environmental issues that would conflict with tourism and other planning goals).

All of these strategies are underpinned by four tenets for rethinking economic development in the modern economy:

1 - *Innovation* is the key to driving growth and prosperity in today's global economy
2 - *Investments* of capital are required to put innovations to use
3 - *Preservation* of valuable natural assets provide a foundation for the new rural economy
4 - *Connections* of dense networks among individuals, organizations, and communities provide the social infrastructure to expand the local rural economy.

As the County's new economic development strategy is formulated, all of the above concepts should be considered for incorporation into specific policies and actions.

E. Population, Employment and Land Use Forecasts

A key factor in economic development strategy is ensuring adequate and suitable land is available for appropriate job growth, as well as for expected population growth. This analysis includes:

- Population Forecast (provided by the Virginia Employment Commission)
- Employment Forecast (based on regional as well as local trends)
- Land Demand for expected population and job growth

The results of this analysis shows that the County as a whole has adequate land allocated by zoning and/or subdivision approval to accommodate the expected residential and employment uses for the next two decades or more. In both cases, however, some this land does not meet the precise levels of readiness and suitability to meet the current market needs.

Residential Land Demand Forecast

	2000	2011-12	2020	2030	2040	Total Change 2011-2040
Total County Population[1]	12,652	14,323	15,025	15,871	16,631	2,308 people
Total Dwelling Units		6,238[1]	6,594[2]	7,052[2]	7,451[2]	1,213 units[2]
Population per Unit		2.48[1]	2.45[2]	2.42[2]	2.40[2]	
New Units needed[3]						
Urban			214 units	275 units	240 units	728 units
Rural			143 units	183 units	160 units	485 units
Total			356 units	458 units	399 units	1,213 units
Total Average Density of All New Units[4]			0.71 units/ac	0.71 units/ac	0.71 units/ac	
Residential land absorption[4]						
Urban			71 ac	91 ac	79 ac	
Rural			428 ac	549 ac	479 ac	
Total			499 ac	640 ac	558 ac	1,696 acres
Land Capacity						
Urban lots available[5]		782	568	294	54	
Rural lots (DUR) available[6]		3,699	3,556	3,373	3,214	
Total		4,481	4,125	3,667	3,268	

[1] U.S. Census Bureau and Virginia Employment Commission (note: this is a slightly lower forecast for 2020 than that by SPA)
[2] Herd Planning & Design (forecasts assume average 7% vacancy rate)
[3] Herd Planning & Design (based on 20-year trend of 44% of new lots located in rural areas)
[4] Herd Planning & Design (assumes urban lots avg. 0.33 acres and rural lots avg. 3.0 acres) Absorption rate based on population forecast)
[5] Herd Planning & Design (includes only land within the Berryville Growth Area as estimated by the Town of Berryville in the BADA meeting summary 2-27-13)
[6] Herd Planning & Design (Dwelling Unit Rights (DUR) represent existing or potential lots in rural zoning districts estimated by Clarke Co.)

Employment Land Demand Forecast

		2010	2020	2030	2040	Total Change 2011-2040
Total Jobs in County[1]		3,777	4,383	5,087	5,904	2,127 jobs
Total Jobs added		n/a	606	704	817	2,127 jobs
Square Feet of Employment Space	Sq. Ft. / Job[2]					
Retail[3]	450 sf/job		68,175	79,200	91,913	239,288
Office[3]	200 sf/job		30,300	35,200	40,850	106,350
Industrial/warehouse[3]	900 sf/job		272,700	316,800	367,650	957,150
Total			**371,175**	**431,200**	**500,413**	**1,302,788**
Acres needed	Floor Area Ratio					
Retail	0.22[4]	F.A.R. [5]	7 acres	8 acres	10 acres	25 acres
Office	0.25[4]	F.A.R. [5]	3 acres	3 acres	4 acres	10 acres
Industrial/warehouse	0.18[4]	F.A.R. [5]	35 acres	40 acres	47 acres	122 acres
Total			**45 acres**	**51 acres**	**61 acres**	**157 acres**

[1] Herd Planning & Design, assumes correlation with regional job growth forecast from Virginia Employment Commission
[2] Herd Planning & Design, based on data from GMU Center for Regional Analysis and NPA Data Services, Inc.
[3] Herd Planning & Design, assumes 50% industrial, 25% office, 25% retail
[4] Herd Planning & Design, based on local and regional patterns
[5] Floor Area Ratio (the ratio of total square feet of building to total site acreage)

According to estimates made by the Town of Berryville (BADA meeting summary 2-27-13) there is currently enough zoned but undeveloped land within the Berryville Growth Area to accommodate over 400,000 square feet of business/industrial uses, and nearly 300,000 square feet of business/retail uses, in addition to existing vacant space.

4. Potential Strategies for Economic Development

This section lays the groundwork for developing specific economic development strategies and actions for the County, by identifying and clarifying key opportunities and constraints. A Strategic Plan for action will be the next major task of work.

A. Constraints to Economic Growth and How to Overcome Them

Clarke County has some significant constraints to growth of its tax base and the local economy. Some of these are immutable, while others can be mitigated or overcome.

Further, some of the "constraints" are also advantages or opportunities when seen in a different context. This dichotomy of advantages and disadvantages is an important theme for the County because in order to be more successful in growing the tax base while still achieving its other quality of life goals, the County must embrace the dual nature of its key assets, particularly the small population size, and stable rural land base.

Thus, part of developing an economic development strategy is to determine ways to turn "disadvantages" into advantages by converting "permanent" constraints into opportunities.

Major Immutable Constraints:

- Small local population and slow growth economic base
- Distance to I-81, the one interstate highway that serves the western portion of Northern Virginia
- Competition from adjacent jurisdictions

Major Constraints to Mitigate:

- Few "Occupancy Ready" or "Shovel Ready" industrial sites
- Lack of public utilities in some areas designated for future development
- Limited number of locations where development is being promoted
- Limited County staff resources to support economic development activities

B. Options for the Magnitude, Locations, and Types of Economic Growth

Findings are based on the results of research and analysis done to date, including general public input, discussions with local business leaders, analysis of local and regional market activities, and research on "best practices" in other localities.

Six economic sectors were examined:

Industrial – strongest prospects for greatest economic benefit in the short term

Retail – stable but constrained by regional competition and limited population growth

Office – relatively small market

Agriculture – faces challenges but good potential for sustainability and greater linkage to tourism

Tourism – strong long-term potential in light of local resources and regional location

Housing – the right kind of housing in the right location can be an economic asset

The context of this analysis is that the County's economic development strategy must fit into its overall planning and growth management goals, which strongly emphasize protection of the agricultural, natural, and open-space character of the County.

Industrial

In the short term, the County has good prospects for additional light industrial development, particularly by providing small sites suitable for smaller industrial businesses which serve the local and regional market. These types of sites can help the County attract "spillover" development from Loudoun County (Purcellville area), Frederick County (Winchester vicinity), and in the longer term Warren County (Rt. 522 corridor).

The County has a significant amount of suitable industrial space available, including 100,000± square feet of space within the Town of Berryville in the Station Road area. Much of the current available industrial space is not being absorbed, in part due to it being older and outdated space. Thus, the County could be proactive in helping to get the space onto the market at competitive rates.

In the longer term there may be potential for specialty uses such as federal facilities, institutional facilities, and the like. Examples include the Mt. Weather facility on the Blue Ridge mountain, the FBI facility in Winchester, and the Library of Congress facility in Culpeper (Packard Campus of the National Audio-Visual Conservation Center). These types of projects offer the opportunity for ancillary economic growth.

However, these projects are relatively rare, and the County has less ability to be proactive in pursuing them. Further, they typically require significant infrastructure, zoning approval, and face stiff competition from neighboring localities. Yet the County can position itself to be nimble in reacting to such opportunities that may emerge in the future, particularly with large properties at more affordable prices.

Specific conventional industrial development opportunities:

- Light Manufacturing

  This segment includes production and assembly of components for a variety of types of industrial equipment and industrial and consumer goods, as well as food processing and packaging, and high value wood products. It also includes paper, metal, and/or electronics recycling. Several of these kinds of prospects have shown an interest in the available sites in the Berryville area.

  The County has several sites with good potential for many types of users, at competitive prices, with available utilities and good access to the regional highway network, although

some of the sites have various deficiencies which to date have delayed full lease-up or sale. If these deficiencies are corrected, these sites could be competitive in the regional market.

- Limited Distribution/Service Space

  Includes small distribution, service businesses, warehouse and transfer facilities with local and regional scope, often directly associated with a local manufacturer. The available sites for manufacturing are also suitable for distribution uses.

- Local business services

  Includes support services for local businesses and residents, including well-drilling, cabinet making, printing, construction services, etc. In general, the available sites for manufacturing and distribution are also suitable for business services, although additional smaller sites of one to three acres would be desirable.

In summary, the County has relatively cheap land prices compared to regional competitors, which for some users can off set disadvantages such as proximity to I-81. However, the County lacks a good supply of updated sites and buildings. Working with landowners to expand the supply and improve the suitability of sites would enhance the County's competitive position in attracting light industrial users. Since the best sites are in and around the Town of Berryville, it is essential that the Town and County coordinate their efforts for mutual benefit.

Retail

The market for retail space is fairly stable, but growth is hindered by regional competition and a small and slowly growing household population, despite the County's relatively high household income. While there is some potential to capture a greater share of local disposable income as well as to capture additional retail business from through-traffic, the County will do well to simply maintain a stable retail commercial base unless there is further growth in population and/or household income. In the meantime, significant retail expansion will likely be limited mostly to the tourism and agriculture sectors as noted below.

Office

Like the retail sector, the office space market is small. The existing space with adequate parking is mostly leased. Local real estate brokers have some available land for new office space development, but have been unable to market it. There is likely some level of demand for new office space, but marketable sites must be made available. The key is to have land that is fully permitted and on sites with adequate parking. However, the total size and value of office and retail space in the County is too small to offer strong potential for significant expansion of the County's economic base or tax base, compared to the potential for industrial development.

In the longer term, the County may be able attract growth in the professional, technical, and creative services sector, due to the County's competitive price for land services, supplemented by its unique position in the region as a pristine rural environment with good access to a large regional job market. This sector includes a wide range of activities including accounting,

software development, graphic design, etc. These will tend to be firms with relatively few employees and small space requirements, but which may have wide-ranging client bases.

This sector also includes the growing trend of high-end home occupations, either as independent businesses or as satellite offices of larger companies located in nearby urban areas. With improved telecommunications technology, the County has good long-term prospects for growth in the home-based, creative-class workforce. The County's rural amenities such as the rural landscape and outdoor recreational opportunities will help attract and retain these kinds of businesses, but they also need certain urban amenities that support small, independent business life styles, including restaurants, coffee shops, business support services, etc. While these kinds of amenities are often associated with larger concentrations of population, as the population of the Berryville Area increases, the market support for these types of businesses will also increase.

Agriculture

The agriculture sector is under increasing pressure from changing markets and regional population and land value increases. However, the County land use policies and regulations have been effective in creating a generally stable land base to support agriculture, especially compared to neighboring jurisdictions. While the pressures for change are not expected to abate, many of these changes (markets, population increase, etc.) also offer new opportunities. The County is well positioned to benefit from the increase in regional population by tapping into niche markets and products in the agricultural sector, in addition to its traditional commodity products. Potential expansion areas could include horses and equine-related businesses, vegetables, higher-intensity crops, etc. Many of the new agricultural markets intersect with the tourism sector, which is discussed in more detail below.

Tourism

The tourism sector is highly competitive and many other localities have attributes and resources similar to Clarke's. However, there is still significant potential for tourism to play a bigger role in the County's economy in the long term, in light of the quality of the local historic, scenic, recreational, environmental and agricultural resources. Yet tourism should not be the sole foundation for future economic development as it is unlikely to generate the desired tax base increase.

Substantial progress in expanding the local tourism sector will also require professional staff support, from the County and/or from the private sector. Volunteers alone are not likely to be able to support a competitive and robust local tourism sector. Tourism expansion will also be most effective if pursued on a regional basis in cooperation with neighboring localities, institutions, and businesses.

While tourism development does not tend to attract a large amount of permanent population growth, it does raise issues similar to those associated with other forms of job growth, as well as with housing development – i.e. traffic, land use intensification, and changes to the rural character of the County.

Rural tourism (agri-tourism, heritage tourism, and ecotourism) has significant potential for growth in Clarke County, but mainly as a long-term prospect. The rural communities that have

successfully transformed their economies are mainly places with economic bases in retirement, recreation, trade centers, and those near urban areas. Clarke County has most of these features. However, most rural tourism enterprises are not as economically intensive as industrial or office uses, for example. Rural tourism activities include:

- Agriculture Festivals
- Antique Stores
- Bed and Breakfasts
- Farmers' Markets
- Mazes (corn, hay)
- Wineries
- Tractor Pulls/Hay Rides
- Horse stables/riding
- Petting Zoos
- Pet Shows
- Pet Competitions
- Roadside Markets
- Scenic Byway Tours
- Ecosystem Preserves
- Hiking
- Rafting
- Living History Farms
- Pick-Your-Own Farms
- Wedding Venues
- Rural retreats/camps

Although it will not create a massive amount of jobs in any one rural region, agri-tourism can be an important component of a sustainable agricultural economy. Regionalization is a critical strategy for developing an agri-tourism experience, drawing on the clusters of interesting sites, activities, and events that have linkages across jurisdictional boundaries.

With many excellent resources for leveraging tourist activity, including the Shenandoah River, the Appalachian Trail, historic sites, towns and villages, and local-oriented farming operations, the County is well situated to expand its tourism sector, especially in conjunction with its neighboring localities, as a long-term strategy, but not a short-term fix.

The 2013 Virgnia State Tourism Plan prepared for the Virginia Tourism Corporation provides a useful framework for stakeholders in the region to develop the tourist industry. For the Shenandoah Valley, the Plan identifies the primary focus areas ("themes") as: Nature and Outdoor Recreation, Town/City Centers, History & Heritage, Arts & Music, and Events. It defines secondary focus areas as: Culinary (Agri-tourism, Dining, Wineries), Meetings (Meetings & Conferences), Sports, Industry (Corporate/Business Base), and Commercial Attractions (Family, Higher-end).

Some of the key policy recommendations it offers for the region as a whole are applicable to Clarke County specifically, and will be further developed as the Economic Development Strategic Plan is created. These are consistent with the above analysis and include:

- Enhance collaboration among tourist attractions through additional trail, package and itinerary development, based on key visitor themes for the region (nature/outdoors, history/heritage, town/city centers, music, arts, wine, agri-tourism, and others)
- Explore theme trail development to enhance destination and attraction connectivity
- Continue niche market promotions where appropriate, including Civil War enthusiasts
- Continue to improve intra-government coordination and collaboration among the multiple destinations
- Explore the development of a tourism council at the community level in localities where policy enforcement is recognized as an issue. The council should be comprised of public and private stakeholders that are responsible for overseeing the use of tourism tax revenue in the community.

Housing

- There could be strong growth in the County's housing market, but additional housing must be of a type and location that is consistent with the County's overall goals for growth management, agriculture, environmental conservation, and fiscal well-being. Housing can be fiscally and economically positive if it is high value, high quality, properly located, and served by adequate infrastructure. New housing should thus be primarily located within the Berryville Growth Area where the County seeks to focus residential development and should be consistent with the land use goals and policies pertaining to that area.

- In addition to conventional housing, the County could expect a growing market opportunity for senior living facilities, including assisted living, rehabilitation, and nursing care facilities (or inclusive "continuing care" facilities) that serve the local and regional market. Sites within the Berryville growth area would be most appropriate.

- Overall, the County should strive to achieve and maintain a balanced housing supply, including housing for a full range of age and income groups, thereby balancing the costs and benefits of the different demographic groups that occupy different housing types, and providing greater stability in the County's residential tax base, as well as in the local work force.

A. Identification of Methods for Retaining and Growing Existing Businesses

Several general methods are appropriate:

- Promote the creation of viable locations for growth, meaning newer buildings and more modern buildings in suitable locations.

- Promote the creation of a "critical mass" of companies that will provide needed ancillary uses for area businesses.

- Facilitate expansions and upgrades of existing operations by working with local businesses to ease the process of obtaining permits and site improvements to expand facilities on existing sites, or to relocate to other larger local sites.

B. Potential Strategies – Short-Term and Long-Term

Short-term strategies refer to public-private investment in areas where current market support exists. Long-term strategies will result from approved policies that will lead to new infrastructure in designated "controlled" growth areas.

Specific actions will be further developed in subsequent work as the Strategic Plan is developed.

Strategic Action Framework

Leadership, Vision, and Policy

- Refine and Clarify Economic Development Policies, Programs, and Priorities (implement policies that promote an "open for business" image)
- Expand County Economic Development staff capacity - including marketing and tourism capabilities
- Continue and enhance the working relationship between the County and the Town of Berryville regarding all economic development efforts

Communications and Marketing

- Enhance working relationships with agencies, institutions, groups, and businesses
- Expand targeted economic development promotional efforts - web presence - including social media and other web-based tools - media relations, tours and visitations, partner organizations

Business Resource Development - Retention and Attraction

- Work with key landowners to improve site readiness
- Provide incentives for location, expansion, and retention
- Streamline and fine tune zoning regulations and permitting processes
- Promote public and private investment to improve resources, information, facilities/utilities/access, financing
- Explore Tax Increment Financing (TIF) for key areas

Promote Agriculture and Tourism Infrastructure and Activities

- Coordinate efforts of tourist-related activities and resources, including cross-promotion
- Promote key resources – trail, river, historic sites, etc.
- Expand special events calendar – birding, hiking, competitions, festivals, dog shows, etc.
- Foster development of rural tourist business enterprises with suitable regulations
- Promote high value-added agri-business, equine industry, and related activities

Next Steps in this Planning Process

Immediate next steps in this process include:

- Meet with the Planning Commission and EDAC to review the findings of Technical Memorandum #2. *[completed 10/29/13]*

- Develop specific strategies and actions to take advantage of the County's assets and mitigate its disadvantages, based upon this analysis and further input from County.

- Work with the Planning Commission, EDAC, and other key stakeholders to refine these strategies and actions, and compile them into a draft Strategic Plan element.

APPENDIX – A [of Technical Memo #2]

Comparison of Local Tax Rates in Peer Communities

Real Property Nominal Tax Rates for Localities Reporting, 2011
(Rate per $100 of Assessed Value)

	Cities	Counties
Mean*	$0.94	$0.61
Median	$0.94	$0.58

*unweighted

Real Property Nominal Tax Rate 2011

County	Rate/$100		
Botetourt	$0.65		
Clarke	$0.62	Berryville	$0.0116
Fauquier	$0.97	Warrenton	$0.015
Fluvanna	$0.57		
Frederick	$0.545	Winchester*	$0.86
Goochland	$0.53		
Nelson	$0.55		
Rappahannock	$0.58		
Warren	$0.59	Front Royal	$0.11

*base rate (not including special districts)

Tangible Personal Tax 2011

County	Rate/$100		
Botetourt	$2.55		
Clarke	$4.69	Berryville	$1.00
Fauquier	$4.65	Warrenton	$1.00
Fluvanna	$4.15		
Frederick	$4.86	Winchester	$4.50
Goochland	$4.00		
Nelson	$2.95		
Rappahannock	$4.20		
Warren	$4.00	Front Royal	$0.64

Tangible Personal Tax 2011 - for Large Trucks

County	Rate/$100		
Botetourt	$2.55		
Clarke	$4.69	Berryville	$1.00
Fauquier	$4.65		
Fluvanna	$4.15		
Frederick	$4.86	Winchester	$4.50
Goochland	$4.00		
Nelson	$2.95		
Rappahannock	$4.20		
Warren	$4.00	Front Royal	$0.64

Tangible Personal Tax 2011 - Heavy Tools & Machinery

County	Rate/$100		
Botetourt	$2.55		
Clarke	$4.69	Berryville	N/A
Fauquier	$2.30	Warrenton	$1.00
Fluvanna	$4.15		
Frederick	$4.86	Winchester	$4.50
Goochland	$4.00		
Nelson	$2.95		
Rappahannock	N/A		
Warren	$4.00	Front Royal	$0.64

Tangible Personal Tax 2011
Computer Hardware

County	Rate/$100		
Botetourt	$2.55		
Clarke	$4.69	Berryville	N/A
Fauquier	$2.30	Warrenton	$1.00
Fluvanna	$4.15		
Frederick	$4.86	Winchester	$1.09
Goochland	$4.00		
Nelson	$2.95		
Rappahannock	N/A		
Warren	$4.00	Front Royal	$0.64

Tangible Personal Tax 2011
Generating Equipment

County	Rate/$100		
Botetourt	$2.55		
Clarke	$4.69		
Fauquier	$2.30	Warrenton	$1.00
Fluvanna	$4.15		
Frederick	$4.86	Winchester	$4.50
Goochland	$3.75		
Nelson	$2.95		
Rappahannock	N/A		
Warren	$4.00		

Machinery and Tools
Property tax 2011

County	Nominal rate/$100		
Botetourt	$1.80		
Clarke	$1.25	Berryville	$1.00
Fauquier	$2.30	Warrenton	$1.00
Fluvanna	$2.00		
Frederick	$2.00	Winchester	$1.30
Goochland	$3.75		
Nelson	$1.25		
Rappahannock	N/A		
Warren	$1.30	Front Royal	$0.60

BPOL Tax Rates 2011
(selected categories)

County	Rates per $100					
	Retail			Financial, RE and Prof. Services		
Botetourt	0.10	Fincastle	0.08	0.29	Fincastle	0.23
Clarke	N/A	Berryville	0.12	N/A	Berryville	0.15
Fauquier	0.10	Warrenton	0.10	0.2975	Warrenton	0.2975
Fluvanna	N/A			N/A		
Frederick	0.20	Winchester	0.20	0.58	Winchester	0.58
Goochland	0.05			0.15		
Nelson	N/A			N/A		
Rappahannock	N/A			N/A		
Warren	0.14	Front Royal	0.12	0.39	Front Royal	0.36

Meals (restaurant) 2011

County	%		
Botetourt	4.0%	Fincastle	4.0%
Clarke	N/A	Berryville	2.0%
Fauquier	N/A	Warrenton	4.0%
Fluvanna	N/A		
Frederick	4.0%	Winchester	5.0%
Goochland	N/A		
Nelson	4.0%		
Rappahannock	4.0%		
Warren	4.0%	Front Royal	4.0%

Transient Occupancy Tax 2011
Hotel and Motel

County	%		
Botetourt	5.0%	Fincastle	N/A
Clarke	2.0%	Berryville	N/A
Fauquier	2.0%	Warrenton	4.0%
Fluvanna	N/A		
Frederick	2.0%	Winchester	5.0%
Goochland	N/A		
Nelson	5.0%		
Rappahannock	2.0%		
Warren	2.0%	Front Royal	6.0%

APPENDIX – B [of Technical Memo #2]

Comparison of Local Availability Fees

VARIOUS WATER AND SEWER AVAILABILITY FEE RATES
Source: Clarke County, 2013

For this study, a 5/8" or 3/4" meter was utilized for a 500 gpd service, a 2" meter was utilized for a 2,000 gpd service, and 4" meter was utilized for a 10,000 gpd service.*

	500 gpd-Water	500 gpd-Sewer	500 gpd-Total	2,000 gpd-Water	2,000 gpd-Sewer	2,000 gpd-Total	10,000gpd-Water	10,000gpd -Sewer	10,000 gpd-Total
CCSA	**$27,600**	**$40,500**	**$68,100**	**$110,400**	**$162,000**	**$272,400**	**$552,000**	**$810,000**	**$1,362,000**
Town of Purcellville	$38,631	$32,400	$71,031	$206,032	$172,800	$378,832	$643,850	$540,000	$1,183,850
Berryville	**$7,825**	**$34,125**	**$41,950**	**$42,000**	**$182,000**	**$224,000**	**$131,250**	**$568,750**	**$700,000**
Fauquier County, VA	**$9,750**	**$21,000**	**$30,750**	**$52,000**	**$112,000**	**$164,000**	**$195,000**	**$420,000**	**$615,000**
Town of Lovettsville	$12,150	$17,850	$30,000	$64,800	$95,200	$160,000	$202,500	$297,500	$500,000
Loudoun County, VA	$7,616	$6,417	$14,033	$91,392	$77,004	$168,396	$116,700	$276,900	$393,600
Stafford County, VA	$10,350	$5,250	$15,600	$55,200	$28,000	$83,200	$172,500	$87,500	$260,000
Culpeper County	$9,750	$15,000	$24,750	$37,104	$40,056	$77,160	Negotiate w/BOS	Negotiate w/BOS	Negotiate w/BOS
Rockbridge, VA	$4,000	$4,500	$8,500	$32,000	$36,000	$68,000	$120,000	$135,000	$255,000
Chesterfield County	$4,795	$4,025	$8,820	$38,360	$32,200	$70,560	$119,875	$100,625	$220,500
Frederick County, VA	**$6,388**	**$12,534**	**$18,922**	**$11,931**	**$33,043**	**$44,974**	**$46,115**	**$159,519**	**$205,634**
Rockingham County	$2,650	$5,300	$7,950	$21,175	$42,325	$63,500	$66,125	$132,250	$198,375
Botetourt County, VA	$3,200	$3,250	$6,450	$22,600	$16,250	$38,850	$90,110	$58,750	$148,860
Strasburg	$11,950	$11,825	$23,775	$21,510	$30,745	$52,255	$40,630	$76,863	$117,493
Winchester, VA	**$5,000**	**$7,400**	**$12,400**	**$13,500**	**$10,600**	**$24,100**	**$30,000**	**$45,000**	**$75,000**
Orange County, VA	$2,000	$8,220	$10,220	$5,658	$18,985	$24,643	$10,000	$33,560	$43,560
Halifax County	$1,250	$1,500	$2,750	$4,000	$4,800	$8,800	$8,000	$9,600	$17,600

*Note that Berryville charges $5,250 for a 5/8” meter and $7,825 for a ¾” meter; $22,750 for sewer with a 5/8” water meter, and $34,125 with a ¾” water meter.

Appendix 3:

Appendix to Technical Memorandum #2: Market Data and Analysis In Support of Economic Development Strategy

December 5, 2013

Appendix 3: Market Data and Analysis In Support of Economic Development Strategy

The base market data in support of our market study conclusions and economic development strategy plan are presented in this part of the report. As noted above, there are three land uses where new development can be expected, both in the near-term future and within a longer term study period. These include industrial land and building space development, retail and office (commercial) space development and equestrian related expansion, related to commercial uses for the equestrian business. These represent the identified primary development opportunities within the overall Economic Development Strategy.

These are the most logical land uses defined as growth sectors for the Clarke County economy, based on market trends and the ability to generate new growth in locations that are designated for development. Our overall strategies, related to economic expansion, provide other recommendations for County action.

We did not study the housing market, but our overall market research shows that a pent-up demand exists for new apartment units, and for new for-sale homes as the housing market is improving locally and nationwide. Without some new housing unit development, resulting in population growth, the County's prospects for retail and office space development and occupancy are less likely to occur, and the retention of commercial businesses will be more of a challenge.

That said, there are several sizable new subdivisions in active planning in Frederick County that would provide strong competition for County sites. However, there is, and will be, some level of market support for new housing development in Clarke County.

The base market data analysis starts with the following demographic and economic trends and is followed by detailed market analysis of each land use under study. A brief evaluation of the need for more housing unit development is also presented.

Economic Base Overview

Within the economic base overview are three key factors, each related to net new job growth. These are the basic economic factors that support population and household growth and thus, housing unit demand. They are also the key indicators for office space and industrial space occupancy, and ultimately, for growth in retail expenditure potential.

The first table, Table 1, shows trends in at-place jobs within the County and includes data from the Town of Berryville. Data are only current to year-end 2012, with 2013 data not expected to be published until mid-2014. At-place jobs refer to jobs located within the County and Town.

These data are not positive. They show a sizable (21%) decline in jobs in the County since 2002. The County realized job losses prior to the recession of 2008 and that trend continued after the recession officially ended. While most communities generated some net job growth in 2011 and 2012, if not before, that did not occur in Clarke County. There was a modest job decline in both 2011 and 2012.

For the past 10 years, the net decline in jobs in the County was 980. There was modest growth in the industrial categories of Wholesale Trade, Professional/Technical Services and Accommodations/Food. The Health Care sector also was likely a growth category, but Department of Labor disclosure issues with these data do not allow for publication of data. Significant job declines occurred in Manufacturing, and to a lesser extent, in Construction, and Finance/Insurance. Small job increases were realized in the government sector.

The job losses in the Manufacturing sector are troublesome, not only due to the magnitude of the losses, but also to the fact that job declines still are occurring and manufacturing jobs are being studied as the primary industrial job category in the county. There were no major company closures or lay-offs during the past 10 years. The declines in manufacturing jobs shown in Table 1 are likely due to losses at small companies. Data presented below will show increased industrial building vacancy which will "explain" some of the job losses in the manufacturing sector.

Retail trade jobs also declined, but jobs in accommodations/food increased. These trends are important factors in support of an economic development strategy plan. Clearly, the past national recession was a cause of some job losses, but competition from other jurisdictions is another.

Table 1 : Trends in Average At-Place Employment, Clarke County, VA, 2002- 2012

Industry	2002	2005	2008	2009	2010	2011	2012
Agriculture, Forestry, Fishing	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	ND	ND	82	ND	ND
Construction	370	443	385	309	294	286	300
Manufacturing	1,171	1,156	1,103	912	667	618	539
Wholesale Trade	52	95	160	156	152	147	152
Retail Trade	309	298	293	288	284	273	245
Transport. & Warehousing	ND	26	24	22	20	15	17
Information	ND	21	21	19	21	22	18
Finance/Insurance	161	216	104	102	99	97	93
Real Estate	43	48	43	43	39	45	47
Professional/Tech. Services	95	136	165	16	170	198	217
Management of Companies	ND	ND	ND	ND	82	ND	ND
Admin./Waste Services	ND	ND	ND	ND	82	ND	ND
Educational Services	ND	ND	ND	ND	205	237	ND
Health Care	ND	ND	ND	ND	311	339	ND
Arts/Enter./Recreation	97	75	95	104	118	80	52
Accommodations/Food	129	176	168	192	210	220	214
Other Services	161	156	140	141	129	132	133
Local Government	541	577	594	587	581	579	567
State Government	107	105	111	108	110	118	131
Federal Government	34	34	37	41	44	40	37
Total	**4,699**	**4,413**	**4,298**	**4,021**	**3,806**	**3,794**	**3,719**

Notes: ND = Data do not meet BLS or State agency disclosure standards.

Source: United States Department of Labor, Bureau of Labor Statistics

The industrial job categories where data are not presented due to ND issues are included in the County totals.

Data in Table 2 show the trends in Employment in Clarke County. Employment refers to the number of residents in the County and Town who are employed, no matter where the job is located. The fact that employment is nearly double the size of at-place jobs means that a considerable number of residents of the County commute elsewhere for work, likely west to Winchester or east to Northern

Virginia. While that is a well known fact, data in tables 1 and 2 show the magnitude of out-commuting. As with at-place job data, employment counts are current to year-end 2012.

For the County over the past 10 years, there was a net growth of employment of 554. The County's net employment growth exceeded 750 for the 2002 to 2011 period, but as shown, employment decreased in 2012 after a net gain in 2011. The total number of persons employed in the County is above the 2002 totals, but below the peak year of 2006 and 2008. 2011 was a growth year, but a reversal occurred in 2012.

The County's labor force also declined in 2012 from 2011. These trends "suggest" that County residents did not find as many jobs as desired both in and outside of the County. Another note in the comparison of these two data sources is that employment did not decline prior to the recession, as at-place jobs did. **This indicates that employment losses were primarily the result of job losses in the County**.

While the County's unemployment rate is low compared with the state (5.8%) and national average (7.0+%), it has increased during the recession. Unemployment did decrease in 2010, 2011 and 2012, although the 2012 figure is slightly higher than the 2011 rate. The current unemployment rate is considerably higher than the rate prior to 2009. This would be another indication of job losses in industries such as manufacturing.

Table 2: Trends in Employment and Unemployment, Clarke County, Virginia 2002- 2012

	Labor Force	Employment	Unemployment	Percent Unemployed
2002	7,103	6,889	214	3.0%
2003	7,200	6,977	223	3.1%
2004	7,512	7,302	210	2.8%
2005	7,788	7,589	199	2.6%
2006	8,065	7,869	196	2.4%
2007	7,978	7,762	216	2.7%
2008	8,151	7,869	282	3.5%
2009	8,270	7,736	534	6.5%
2010	7,902	7,442	460	5.8%
2011	8,040	7,641	399	5.0%
2012	7,842	7,443	399	5.1%
Net Change	**739**	**554**	**185**	**2.1%**

Source: United States Department of Labor, Bureau of Labor Statistics

Summary. The base economic trends for the County are negative, particularly related to manufacturing jobs. The at-place job trends are more negative compared with employment trends and that is due to: (1) manufacturing job losses in the County and (2) more employment opportunities in neighboring jurisdictions. The manufacturing job losses are problematic as it relates to expected industrial land and building space development.

Frederick County/Winchester is the primary competitive marketplace for Clarke County in terms of industrial uses and retail space. Warren County to the south is not a location that competes with Clarke County due to the small marketplace in that jurisdiction. Purcellville is the closest community to the east in Loudoun County. It is a largely built out community with limited land for new development. Farther east is Leesburg which is a different market compared with Clarke County. Thus, in terms of evaluating Clarke County's economic trends, the Frederick County/Winchester area is the most relevant.

- **Frederick County and Winchester** combined have realized a net growth of 3,000+ at place jobs since 2002. All of that growth occurred in the County. Net job growth occurred in 2011 and 2012.

There were sizable job losses in the Manufacturing sector in the greater Winchester marketplace, consistent with trends in Clarke County. However, there continues to be growth of industrial companies in the Winchester area with new land and building space development and occupancy.

- Employment trends have been positive in the greater Winchester area with a net growth of nearly 9,000 for the past 10 years. Net growth did occur in 2010, 2011 and 2012.

- Both market areas, Clarke County and Frederick County, were affected by the recession. However, Clarke County has not yet "rebounded", while Frederick County has.

This conclusion is documented by the current development trends in each marketplace, as described below. The growth in the nearby Winchester area places Clarke County in a difficult competitive position.

Clarke County Development Trends

There is a limited number of small active development proposals in Clarke County at this time, indicating that current economic trends may not be reversed in the near term. Part of the reason for the modest level of development activity in the County is a lack of readily developable land, due to a lack of public utilities and /or property owners who are not willing sellers or willing developers. The past recession has been a major issue, and it appears that without some public support, increased development and economic growth may not be at desired levels.

One of the more recent scenarios in new development in Clarke County is the Berryville Graphics expansion. With a public grant provided to Berryville Graphics by County officials, the company consolidated it's book printing operations at the Berryville headquarters, which is also a manufacturing facility. With this consolidation (when completed), Berryville Graphics will expand its local labor force by 84 new employees and realized the addition of 80+ jobs from a shift of employees from Coral Graphics in Winchester. The County assisted in keeping this company in place, as it has been located in Berryville since 1956. These job growth figures will likely not be counted until 2013 data are published.

Other investments, active and/or planned, in Clarke County, include:

- **The Transfer Company**, currently located on Lloyds Lane near the intersection of East Main Street and the Station Road, needs to relocate from its current location. The company has been in Berryville for 83 years and is looking to relocate to a 30,000± square foot warehouse building. The company is a contractor that stores military family articles at its current location while military families are out of the country. There are government-related restrictions on the type of space to where the company can relocate. This is not a high employment company, but there is strong interest in keeping the company in Berryville. With town staff assistance, company officials are planning to purchase a parcel at Smalley Packaging.

- **The Dollar Store** plans to open a new store in the Waterloo area of the County along 340 South and next to the Handy Mart.

- A new convenience store was approved on Route 340, one mile north of Berryville, that will likely be completed by early-2014.

- There are three wineries in planning, all within close proximity to each other, and all within a mile radius of Route 7 East. Each will likely have a tasting room and will grow grapes on site. Each is on 10 to 20 acres. At full capacity, each should employ 10± workers.

- **Fisher Auto Parts** plans to open a new retail store on Route 7, west of Berryville, at its intersection with Kimble Road. The company will open in an existing industrial building.

- **MODA,** a high-end flooring company out of Florida is expected to lease 20,000 square feet of available industrial space in the large Woodmark Building on Railroad Street.

Clearly, the County must increase the level of new development if it is to generate increased tax revenues. None of these new proposals are of sufficient size to alter current trends. That means County officials will need to be more proactive in generating new development and the most likely area is industrial development.

There is one large project in planning in the County at this time that would generate significant new tax revenue for the County and likely add net job growth. This is the proposed redevelopment of the retail block at one East Main Street that formerly housed the Berryville Hotel. The property is located along the south side of East Main Street in the downtown area. The block runs from Church Street to Buckmarsh Street. The building contains 21,000 square feet of building space and 4,000 square feet of second floor space. There are 13 retail spaces in the building of which 11 are occupied. There are also two apartment units on the second floor. The property has 18 or 19 parking spaces in the rear of the buildings.

The concept is to renovate the building and retain as many of the existing retail tenants as possible. Some new, better capitalized retailers are expected. The sponsor reports that it is unlikely that the second floor can be used for apartment unit occupancy due to the high cost of renovation and the current rent limits that are marketable in the downtown of Berryville. However, that could change once the building is renovated. The proposal is still in active planning and any start of renovation will likely not occur until mid-2014 or after.

Of note is that none of these planned developments are competitive with other marketplaces. The Transfer Company found local space and the retail stores and wineries will serve a local and/or tourist market. Overall, the County and Town are not now in active competition with other jurisdictions for proposed developments, but that is a bad thing. Some modest competition has existed for area industrial buildings, but area realtors were not successful in attracting new industrial companies to the County.

Winchester-Frederick County Economic Development Activity

The following analysis shows the development trends in the greater Winchester area. The purpose of this analysis is to show the types and level of development that is occurring in that marketplace and whether Clarke County can be competitive for these types of companies.

Winchester and Frederick County are the regional commercial, industrial, and medical center. Because of their position as the regional economic center, and the extensive highway system in these

jurisdictions, the greater Winchester's draw for new development is from a substantially broad area. Employers in the area offer a wide variety of private sector jobs ranging from agriculture, forestry, and manufacturing, to retail, professional, educational, manufacturing and medical services.

Winchester's largest employer is the Valley Health Systems, which owns and operates the Winchester Medical Center and five smaller primary care hospitals along with other related services, such as urgent care clinics, home health services, a childcare facility, and transport services. The hospital recently completed a three-year construction project that produced over 368,000 square feet of new and 80,000 square feet of renovated space.

Another major economic "mover" in the City is Shenandoah University. Shenandoah University has recently undergone significant expansions, which include Halpin-Harrison Hall, the new home of the Harry F. Byrd, Jr. School of Business, the Brandt Student Center, the History and Tourism Center, and the forthcoming construction of new administrative offices on the site now housing the Virginia National Guard. More construction is expected to take place in the coming years around the east campus near Shentel Stadium. Today, the University enrolls approximately 4,200 students and employs over 400 people.

The Winchester area also serves as a major retail center for the region. Apple Blossom Mall, a mature enclosed regional shopping center, contains Sears, Belk, and J.C. Penney's as its anchors, along with an additional 85 specialty stores. It is being renovated. Commercial plazas, such as Apple Blossom Corners, Winchester Crossing, and Winchester Station house Martin's, Staples, Kohl's, Office Max, Books-A-Million, Michael's, Old Navy, and HH Gregg. Also, serving the area are three Wal-Mart Supercenters, Lowe's, Home Depot, Big K-Mart, Target, T.J. Maxx, and Pier 1 Imports. The Old Town Mall, a pedestrian mall in the City's downtown, offers a wide range of specialty shops and restaurants. There are also several anchorless strip centers and one life style center that contains Ann Taylor, Jos A Banks Clothier, and other high-end retail stores.

The federal government's presence is also growing in Winchester. The Federal Emergency Management Agency, better known as FEMA, opened a new operation headquarters in a two-building office complex of 120,520± square feet at 430 Market Street in 2008. The facility houses more than 600 FEMA staff and is the agency's Disaster Operations Center.

Also in Winchester is a 99,350± square foot facility occupied by the US Army Corps of Engineers. It is the headquarters of the agency's Transatlantic Division.

The FBI is currently planning on building a 256,430± square foot facility in Frederick County, called the Records Management Facility. The facility will consolidate FBI's paper records and will also provide storage for National Archives and Records Administration's (NARA) compliant records in an environmentally conditioned, fire-protected space. This facility is anticipated to open in 2016 date could employ as many as 1,200 people. This proposal has been in planning for several years, so the 2016 data may not be "hard and fast". The FBI currently operates its Records Management Division in a 16-year-old, 106,296 square foot facility at 170 Marcel Drive.

Because of the excellent transportation network in the Winchester area, particularly I-81, officials of Winchester-Frederick County are able to focus on two freight-intensive industries: food processing and distribution. Other notable and prominent industrial sectors include metal fabrication, plastics and printing.

Specific economic developments in Winchester and Frederick County are detailed in the paragraphs below. Much of this new growth is the result of the improving economy. It reflects the continued expansion of the growth industries in the Winchester marketplace.

- **Evolve Stone**, a manufacturer of ploy-based resins, announced in March, 2013 that it would launch operations in Winchester where it would employ 46 people.

- **Kraft Foods Group** announced in December, 2012 that it would increase Capri Sun beverages production and deploy new packaging technology at its Frederick County plant. The company currently employs around 460 at its Frederick County operation, and the latest expansion is expected to add an additional 25 jobs.

- **Green Bay Packaging Inc.**, a company that manufactures corrugated shipping containers, announced in December, 2012 that it would add 10 employees.

- **Gateway Office Condos**. There is currently one office building under construction within the City of Winchester. The site is located across from the Winchester Medical Center. The building will contain 44,500 square feet of space and, to date, 85% of the space is pre-sold as condominium units. This includes 8 condo units, of which only one is for non-medical use.

- **Invenio Marketing Solutions** opened a new 12,000 square foot office/warehouse building in Frederick County in October, 2012. The company moved its local office from a smaller warehouse. Sixty-one employees moved into the new space and 10 additional employees were hired soon after the move. The company added an additional 40 employees at the end of 2012.

- **McKesson Corp.**, a health care services and information technology company, announced in September, 2012 that it would open a distribution center in 2013 that will employ 205 people. The company distributes medical and surgical supplies to physicians and care facilities. The 450,000 square foot distribution center, now under construction, should begin operations by late-2013.

- **M&H Plastics**, a supplier and manufacturer of plastic packaging for the personal care and health care markets, announced in August, 2012 that it would create 20 new jobs and expand its facility by 50,000 square feet to 110,000 square feet.

- **Navy Federal Credit Union** announced in August, 2012 that it would build another facility on its Winchester campus and add 400 jobs. The credit union currently has about 500 workers at its site on Security Drive in Winchester. Most of the new jobs will be customer-support positions with salaries above $40,000. The facility is scheduled to open in late-2013.

- **Fabritek/Winchester Tool**, a metal fabrication manufacturer, announced in July, 2012 that it would expand by adding 29 new positions.

- **Melnor Inc.**, a Frederick County distributor of lawn and garden watering products, opened its new 130,000 square foot headquarters and distribution center at Stonewall Industrial Park in September, 2012.

- **Carmeuse Lime & Stone**, a manufacturer of lime and limestone products for a variety of industries, announced in June, 2012 that it would expand its manufacturing operations in Frederick County. The project will create 25 new jobs.

- **Thermo Fisher Scientific Inc.**, a biotechnology services company, announced in February, 2012 that it would expand its Frederick County repository for cancer research specimens by more than 22,000 square feet. The expansion added 30 new jobs to the existing 31. The facility stores samples for the majority of the National Cancer Institute's clinical trials.

- **Rubbermaid Commercial Products Inc.** announced in December, 2011 that it would expand its operations in Winchester and establish a distribution center in Frederick County. The company announced that it will invest in high-technology, energy-efficient injection molding machines to upgrade the Winchester facility's production capability while it would retrofit an existing 454,000 square foot Frederick County facility into a state-of-the-art logistics center in. The result is the expansion of 71 new jobs.

- **HP Hood** operates a 375,080± square foot milk plant at 160 Hood Way where it employs over 420 people. The company announced in May, 2013 that it would expand the facility to increase ultra-high temperature production capacity, creating 75 new jobs.

- **Loudoun Street Mall Renovation**. This renovation project was completed in May, 2013. The renovation project included construction of a splash pad water fountain, a public restroom, three gateways, new landscaping, replacement of water and sewer pipes, upgrading the storm water system and replacing the brick walkway and electrical system.

There are several large apartment projects in active planning in the Winchester area and 80± units have been added in adaptive reuse buildings over the past few years. These are all at top-of-the market rents for the City. Occupancy at area better apartment communities is 100 percent. An additional 80 units in downtown adaptive reuse buildings are in active planning.

Within Frederick County is an active development proposal for the former Russell 150 site (known now as Heritage Commons) located along U.S. Route 522, south of U.S. Route 50, east of I-81 and across from Airport Road. This is a mixed-use development with 1,200 homes (mostly apartment units), 600,000 square feet of office space and 100,000± square feet of retail space. The site is the location of the new Frederick County Administration Building. Development could start in 2015, with site work commencing before that. The mixed-use development is planned for a 15± year build out.

Two other large subdivisions are proposed. Madison Village, located next to Heritage Commons, will have nearly 600 units, with a mix of apartments and "towns".

Summary. These new development proposals will add over 1,000 new full-time jobs to the Winchester area over the next few years. Within this marketplace, job growth was 1,500 in 2011, but stable in 2012. The post-2012 period should be a much larger growth period. While it's difficult to determine whether Clarke County could be competitive for some of the growth in the Winchester area, because of a lack of readily available land in Clarke County and Berryville, clearly the growth in the Winchester area is an indication that the industrial land and building space market is expanding, in particular. The retail space market there is fully stored with most big box stores and an abundance of other local and national retailers. A key point to note is the large number of new government facilities that are being relocated to the area.

Demographic Trends and Projections

The following is an overview of the demographic trends and housing unit trends in Clarke County. These data include the Town of Berryville. For 1990, 2000 and 2010, data are from the census

count for each year. For 2012, the data is also from the U.S. Census, but is an estimate from the American Community Survey (ACS). Projection to 2015 and 2020 are from SPA.

These data and analysis will show the level of population and household growth that can be expected, but also the trends in retail goods and services expenditure potential. They are an integral part of the economic development strategy, as they indicate whether current trends will generate the level and type of economic growth that is expected.

Population Trends and Projections

Data in Table 3 present census data for the past three decades on population trends by age. These data are summarized in the following paragraphs:

- The total County population increased by nearly 1,400 during the 2000 decade after a nearly stagnant population over the 1990 to 2000 period.
- The County's population has gotten older over the past 20+ years. In 1990, 14 percent of the County's population was over 65 years of age. This percentage increased to 14.6 percent in 2000 and 16.3 percent in 2010. The State's percentage is 12.2, while the Country has 13 percent of its residents over 65 years of age.
- The County's under 18 aged population remained steady in terms of percentage of total population, but did increase in absolute numbers by a modest 440 for the 1990 to 2010 period.
- There was a decline over the past 20 years in the 18 to 44 aged population, but an increase in 45 to 64 aged population, s well as the 65 and over population.

The population estimate for the County as of 2012, based on the most recent 2012 census estimate is 14,320±. Current trends could generate a population forecast of 14,750 in 2015 and 15,500 in 2020. If the population by age continues, the growth in the school-aged population may not continue to increase at the same levels as during the 2000 decade.

Table 3 Population Trends by Age Categories, Clarke County, 1990-2010						
	1990		2000		2010	
Clarke County	#	%	#	%	#	%
Total Population	12,100	100.0%	12,650	100.0%	14,030	100.0%
Under 18	2,760	22.9%	2,958	23.3%	3,221	22.9%
18 to 24	1,030	8.6%	737	5.9%	821	5.9%
25 to 34	1,960	16.2%	1,359	10.8%	1,185	8.4%
35 to 44	1,960	16.2%	2,318	18.3%	1,802	12.9%
45 to 54	1,440	11.9%	1,988	15.7%	2,620	18.7%
55 to 64	1,250	10.4%	1,446	11.5%	2,098	14.9%
65 to 74	950	7.8%	1,024	8.1%	1,246	8.9%
75 to 84	550	4.6%	604	4.8%	740	5.3%
85 years and over	200	1.6%	218	1.7%	301	2.1%
Source: 1990, 2000 and 2010 Census, U.S. Department of Commerce, Bureau of the Census						

The following are median household income data for the County for the 2005 to 2013 period. These household income data are calculated by the U.S. Internal Revenue Service (IRS). They are reported in current dollar values, and thus, are not adjusted for inflation. These data were used because they are IRS data and are consistent. Census data are from a 25% survey and are "self" reporting figures.

There is confusion in trying to reconcile the IRS household income data with the IRS data. HUD officials use the IRS income data to evaluate housing markets. They do not use Census income data.

The IRS household income data are higher than the Census data. The IRS data is current to 2013. The most recent Census data are 1999 dollars, based on the 2000 Census. The more recent ACS data are estimates and to as reliable as the IRS data. Thus, the IRS data is used in this report.

These income data show a sizable increase in the median household income in the County over the 2005 to 2013 period. **This is the growth period prior to the past recession.** The increase in median household income continued during the recession, and for the post-recession period, the increase was at a much lower rate than in the pre-recession time frame.

Table 4 - Trends in Median Household Income In Clarke County, 2005 -2013 (current dollar values)	
	Median Household Income 1/
2005	$71,850
2006	$99,600
2007	$103,500
2013	$107,300
Note: 1/ Based on IRS counts from annual tax returns.	

The U.S. Bureau of the Census did not survey the population for income data in 2010, as they did in the past. Thus, the IRS data may differ from past Census counts related to household income. The IRS data is likely more accurate, as it is a near 100 percent count and based on tax return data. Census income data is a 25 percent sample with survey respondents self reporting.

Given the fact that income data from the 2010 U.S. Census count are not available, the breakdown of Census household income data is most recent for 2000. The 2000 household income data for the County were adjusted to constant 2013 dollars. They show that:

- 35% of the households in the County have incomes under $50,000, with $50,000± being the U.S. median income.
- Approximately 28 percent of the County's households have incomes of $100,000+.
- Approximately one-third of the County's households have incomes below the national average and nearly 30 percent have household incomes over double the national average.
- Less than 40% of the County's households are in the $50,000 to $99,999 household income category.

Household Data Trends. The next chart shows housing unit and household trends in Clarke County for the 1990 to 2011 period. These data show that the County realized a net increase of 850± new housing units in each of the past two decades. That total would average 85 new homes per year and would include new construction and apartment units built in prior commercial space. The most recent census estimate for 2011 is 6,238 housing units, a decrease of two units from the census count.

Table 5 - Housing Unit and Household Trends 1990-2011

	1990	2000	2010	2011
Housing Units	4,530	5,390	6,240	6,238
Vacant Units	290	450	730	--
Households	4,240	4,940	5,510	5,560
Persons Per HH	2.77	2.50	2.50	--

These trends show an increase of vacant housing units up to 2010, but some of the vacant units could be accounted for by seasonal occupied units. The County's average household size decreased since 1990. That is likely due to the County's aging population, i.e., empty nesters and retired couples.

Retail Sales Expenditure Potential. The following chart is an analysis of the retail sales expenditure potential in the County for 2007 and 2012. The analysis is presented in current dollars. The 2007 data on sales are from the American Community Survey prepared by the U.S. Census Bureau. Estimates of percentages of household income spent on retail sales are based on data from the Department of Commerce, Bureau of Labor Statistics.

The analysis for 2007 shows that the County's households generated nearly $554 million in retail sales expenditure potential. In 2007, the census count shows that $91.6+ million in retail sales were realized in County retail establishments, or 16.5% of total expenditure potential.

The definition of retail sales would exclude expenditures for housing, transportation, health care, education, etc. from the sales total. Thus, County retailers are capturing only 16.5 percent of total sales for food, restaurant sales, apparel, hobbies, personal services, etc. The remainder of the expenditure potential from County households are outflow sales to other jurisdictions.

For restaurant sales, County establishments captured $6.7+ million in sales in 2007, or a modest $1,260 per household on average. Restaurant sales represent approximately 5.0 percent of total household expenditure potential. Restaurants in the County realized a 1.2 percent capture of all restaurant expenditure potential from County residents in 2007.

All of these sales figures in the County would account for inflow sales from non-County residents, so the capture rate of County expenditure potential is slightly high. Census data on retail and restaurant sales from 2007 clearly show the significant amount of sales potential of County residents that is spent elsewhere.

For 2012, much of the data are estimates, as noted. There was an increase in expenditure potential of $46.6 million (current dollars) between 2007 and 2012. We estimate that the County's capture rates in 2012 are slightly higher compared with 2007 due to new retail store additions in the County, even thought the Winchester area, in particular, has also added new retail and restaurant outlets.

The 2012 data of retail sales in the County are not now available, but the trends and absolute sales totals likely did not increase much. The 2012 data are estimates for all data except the number of households and median household income. These estimates are based on the 2007 census figures.

Table 6 - Trends in Retail Sales Expenditure Potential, Clarke County, 2007-2012 (current dollars)

	2007	2012
Households	5,350	5,610
Median HH Income	$103,500	$107,000 1/
Total HH Retail Sales Expenditure Potential (000's)	$553,725	$600,300
Retail Sales in County (000's)	$91,615	$105,050 1/
Capture Rate	16.5% 2/	17.5% 1/
Restaurant Sales Potential (000's)	$27,200	$30,015
Restaurant Sales in County 4/	$6,735 4/	$7,500 4/
Capture Rate of Expenditure Potential	0.12% 3/	0.13% 3/

Notes: 1/ Estimate
2/ Of retail sales only
3/ Based on 5% of household income spent on food consumed outside of the home ($27.7 million).
4/ Based on 75% of Census calculation of accommodation and food sales.

Of note is that a Food Lion grocery store of the size of the facility located in Berryville likely generates annual sales of $30 to $35 million. This does not reflect the sales at the Berryville store, as it is a company average. However, if that sales level is "in the ball park", there are only $70+ million in annual retail sales at all other County retail stores. These data emphasize the modest retail sales market that exists in the County.

The new Dollar Store, the convenience store, Fisher Auto Parts and the three wineries will generate increased retail sales, but the vast amount of outflow retail expenditures will continue.

Summary. There is a stark contrast between the type and magnitude of development occurring in the Clarke County marketplace and the greater Winchester marketplace. The data related to development activity in the Winchester area shows the value of the regions proximity to I-81. It also shows some opportunities for officials of Clarke County if developable land is readily available.

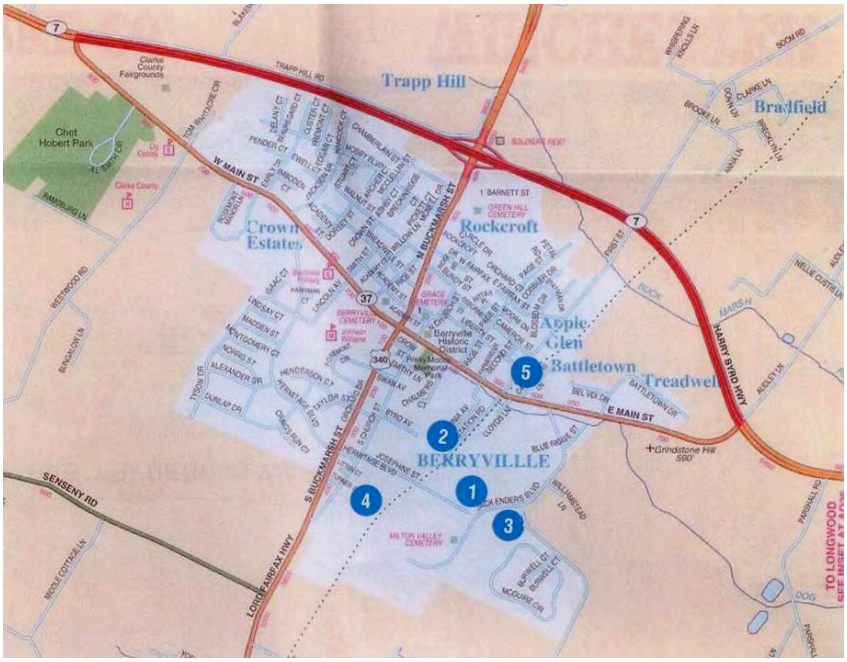
Most important is that County retailers are losing a sizable amount of retail and restaurant sales. A recapture of outflow sales can only occur with significant new retail space additions in the County.

Clarke County Industrial Market

There is one successful business park in Clarke County which is located along Jack Enders Boulevard on the southeast corner of the Town of Berryville (see Map A). The Clarke County Business Park is noted as No. 1 on the map. It is a 65± acre property developed by County officials during the early-2000's. The park is nearly fully developed and has two adjacent parcels for potential expansion (No.'s 3 & 4).

A second industrial area is at the south end of Station Road. This is a 20± acre parcel with a large vacant industrial warehouse and 10± acres of vacant land. On Map A, this site is shown as No. 2. The warehouse was a former fruit processing and warehouse facility, and after that, a furniture manufacturing company. The industrial building of nearly 100,000 square feet is only partially reusable for industrial.

On the north side of East Main Street is approximately 29 acres of industrial land located along First Street and Cattleman's Lane. This area is a "collection" of older, blighted industrial buildings with limited occupied space and limited value for reuse, as is. The area has excellent potential for redevelopment, but has numerous property owners (No. 5) and other issues. The site is bisected by an active railroad right-of-way.



Map A- Industrial Park and Site Locations in Berryville

- **Clarke County Business Park** was established in the early-2000's with the financial assistance of the Clark County Board of Supervisors. The park, which consists of approximately 65 acres, was a former school property owned by the County. County officials put all of the infrastructure in the property to establish the business park, including the extension of Jack Enders Boulevard and providing public utilities to the property. The business park has 14 finished lots that were sold to business owners at a reduced price of $65,000 to $70,000 per parcel. At present, only two parcels remain undeveloped. One, 614 Jack Enders Boulevard, was recently purchased by a Fairfax County business owner, but the parcel has not yet developed. The second, a 3.0± acre parcel located on the south side of the curve on Jack Enders Boulevard, has been sold but not yet developed.

  An aerial of the business park is shown below on page 23. It shows 12 developed lots with primarily owner-occupied businesses. One parcel has two leased tenants in one building. One building is a condominium with five warehouse bays of approximately 1,750 square feet.

  The park was primarily marketed during the 2002 to 2008 period, and prior to the past recession. There has been almost no activity in the County over the past few years. There are nearly 200,000 square feet of building space in the park in 14± buildings.

  We did interview several of the business owners to determine why they located in Clarke County. Many owners are local and expanded their businesses. The "non-local" companies moved from neighboring counties. Owners of four companies provided these insights:

  - **Pumpernickel Press**, a family-owned greeting cards company, was started in Leesburg in 1998. To accommodate its growth, the owners of Pumpernickel Press purchased its current 14,510 square foot building within the Clarke County Business Park. Berryville was reportedly chosen because of its close proximity to Leesburg and the low operating costs of the Clarke County setting.

  - **G.A. & F.C. Wagman**, a York, PA-based company that provides a wide range of Geotechnical Construction Services for public and private sector clients, entered the park in 2012 with the purchase of the facility at 601 Jack Enders Blvd. The 9,000 square foot building includes 3,600 square feet of office space and 5,400 square feet of block construction warehouse space. The site is the company's southern regional headquarters. The company chose Berryville because it had previously acquired an existing area business.

  - **Cochran's Lumber & Millwork**, a flooring and millwork company, began operations in 1978 in the Town of Bluemont, Virginia about 9 miles east of Berryville. In 2004 the company relocated to Berryville in a 28,600 square foot facility on 5.3 acres. The Berryville site was chosen because of its close proximity to Bluemont.

  - **Timberlake Cabinet Company**, a kitchen cabinets manufacturer based in Winchester, operates its Builder Direct Service Center for the Northeast Region from its 14,800 square foot building in the business park.

Most of the companies in the park own their facilities. There are several renters in The Makar Company building who occupy most of the 45,000± square foot structure at 520 Jack Enders Blvd.

Three of the condo warehouse bays at 516 Jack Enders Boulevard are investor-owned and available for lease.

The table below lists the tenants in the park. Collectively, 200± people are currently employed at the companies in the Clarke County Business Park in nearly 200,000 square feet of space. The buildings in the park average just under 17,000 square feet. Lot sizes average five acres.

Table 7: Characteristics of Clarke County Business Park Tenants

Tenant	Type	Year Built
Am-Liner East, Inc.	Sewer/Manhole Rehabilitation	2006
Caldwell Santmyer Inc	General Contracting	2003
Champion Iron Works, Inc.	Iron Works	2002
Cochran's Lumber & Millwork, Inc.	Flooring and Millwork	2004
G.A. & F.C. Wagman, Inc	Construction	2005
Jason's Shop LLC	Trucks Service & Repair	2006
Lou Who Contracting, Inc.	Heating and Air Conditioning Repair	2002
Pumpernickel Press	Greeting Cards	2005
River's Edge Landscapes	Landscaping	2008
Singhas & Michael Corps	Well Water Drilling & Service	2002
TC Beard Services	Beauty Equipment	2007
The Makar Company Building	General Contracting	2006
Timberlake Cabinet Company	Kitchen Cabinets	2004
Total 1/		

Notes: 1/ Excludes vacant structure at 614 Jack Enders Blvd.

Source: Clarke County Planning Department, Field and Telephone Survey by S. Patz & Associates, Inc.

These companies are generally a mix of construction related businesses, repair companies and warehouses. Two are somewhat different, warehouse and distribution of beauty equipment and greeting cards. Most of the businesses are in buildings of 9,000 to 20,000 square feet and on lots of two to five acres. Note 11 on the following aerial photo is the location of the new Hunt Company Propane Building.

The lot shown as No. 6 on the following aerial photo is a small vacant property. No. 7 is the other vacant property. No. 11 is a narrow lot that is now being developed.

Clarke County Business Park

The photos that follow are examples of buildings/businesses in the business park. These are typical of small businesses in industrial buildings with docks, storage areas and brick and metal exteriors.

On the following page, the first photo is a vacant 1.4-acre site within the park on a parcel referred to as the water tower site. The asking sales price is $195,000, which is likely above market at this time, as the site is irregular in shape and will be difficult to develop. This is the top left photo on the following page.

The top right photo shows the new building that will house Hunt County Propane. It is a 2,000± square foot office building with back area for truck parking and storage of propane tanks. The site is long and narrow and was unusable for traditional industrial users. The company is moving to Berryville from Middleburg.

The bottom left site shows the condominium warehouse building. It has five bays of 1,750 square feet. These are vacant.

The right bottom photo is the Makar Building. It is on the market for sale for $4.5 million, which includes a 45,000± square foot building and 7.3 acres of land. Calculated on a per square foot price for the building, the price is $100 per square foot for an occupied building. On a per acre basis, the price is $610,400 per acre. Rent at this building is $4.0 NNN.

The Water Tower Building has been available for sale for several years. The Hunt County Propane property was purchased from a bank after foreclosure. The condo bays have been available for lease for several years and are being offered at a very low per bay lease rate. The larger 45,000 square foot building with 7.3 acres has also been available for some time with only limited interest at this time.

Properties Being Marketed at Clarke County Business Park

Water Tower Site

Hunt Country Propane

Warehouse Condominium Bays

Makar Building For Sale

Clarke County staff have identified two parcels adjacent to the County's business park for potential future industrial site development. One site is a 12.57-acre property located along Jack Enders Blvd, technically within the business park, at the park's northeast corner. The site is flat meadowland which shares the same characteristics as the land within the business park. Utilities are in place along Jack Enders Boulevard. (see following aerial). The site is privately owned and reportedly available for sale, but is not being actively marketed.

This parcel is owned by the Mercke family. At one time the family, who operates Loudoun Stairs, Inc., in Purcellville, considered developing the parcel for it's own use. That is no longer an active idea.

Mercke Family Owned Property

The other potential site for industrial development is a 16.2-acre meadowland located on the opposite site of the railroad tracks along S. Buckmarsh Street (U.S. 340) and west of the Clarke County Business Park. Its eastern boundary is the railroad right-of-way and its western boundary is marked by several detached single-family homes. (see aerial). The site is accessed from U.S. 340. Utilities could likely be extended from the Clarke County Business Park.

This parcel is also owned by the Mercke family. Both parcels have been available for some time. The aerial below shows the close proximity of both sites to the existing county business park. Both sites could be natural expansions of the park. Also, on the top of the aerial, on the west side of the railroad tracks, along Station Road, is a second industrial property in the County, to be discussed below. It is across the railroad tracks from the large Berryville Graphics property.

There are approximately 35 acres of available industrial land in this area, all with road access and availability to public utilities. These sites are in private ownership and are excellent development parcels. However, there is no active marketing and no evidence that there is a market for these properties at this time.

There is other undeveloped land adjacent to the County's Business Park, as shown on the aerial to follow. This is the property on the south side of the park. It is not zoned land and utilities need to be extended to the property. This area could provide a sizable site for future industrial development.

There are two other industrial properties in the County that have potential for future development. These include the former manufacturing building at 351 Station Road and the industrial properties along First Street that are owned by the Smalley family.

Mercke Family Owned Property

- **<u>351 Station Road</u>** (see aerial on the following page) is a vacant 300,000± square foot warehouse on half of a 20± acre industrial property. The site is located at the terminus of Station Road, which is less than a mile south of Station Road's intersection with SR 340 business, East Main Street. The existing warehouse has multiple areas, as it was built in phases. The property was a former fruit processing plant and warehouse which has been vacant for several years. Part of the warehouse building is in good condition and nearly readily available for immediate use. This is a 90,000+ square foot portion of the building.

  Station Road is a two-lane, narrow hardtop road that primarily serves this warehouse property. It crosses a railroad line just north of 351 Station Road. This is the same railroad track that runs north-south throughout the County and north into West Virginia past Martinsburg and south past the west side of Clarke County Business Park.

  The warehouse property is being marketed for lease at $2.75 per square foot gross for a large warehouse user, or $3.20 per square foot gross for smaller users. The property is also reported

to be on the market for sale at somewhat more than $3.5 million. Photos of the warehouse building and property are shown below. The aerial that follows shows the warehouse property (No. 8) which is directly across the railroad right-of-way from Berryville Graphics (No. 9). The third industrial area under study is along First Street, shown on the right top of the aerial (No. 10).

Front View A

Rear View og

The property is level and has sufficient land for parking and truck docking. The vacant land is grass area to the east of the building. Town officials report that stormwater detention needs may limit the amount of the site that is developable.

This property has been recently studied by several companies from Winchester for warehouse use. The likely highest and best use of this property is reported to be the lease of the 90,000± square feet of newer portion of the warehouse space and the possible subdivision of the remaining land for finished lot sales, of the type on the County's business park. Alternatively, the entire parcel could be redeveloped for lot sales of two and five acres.

The property has issues related to redevelopment. The current proposed price is at least 50 percent above market, not including the cost to demolish the existing building, if required. There is also a need to determine whether the entire site is usable.

- **First Street Industrial Area.** This area, located on the north side of East Main Street along First Street, from east Main Street north of Fairfax Street, is an old, blighted area with several buildings in varying degrees of disrepair (see photo below). Combined, there is approximately 29 acres in this area with at least 10 industrial buildings with a total of 160,000 to 175,000 square feet. The Norfolk and Southern railroad tracks parallels First Street on the east. On the east side of the railroad tracks is Cattleman's Lane with several industrial buildings on approximately 10 acres of land, which is primarily owned by the railroad.

  One local family owns much of the land along First Street. The owner reports that all of the land is developable and that only 35± percent of the building space is occupied. A few of the older buildings along First Street were built in the early-1990's. The "newer" buildings were built between the mid-1950's to mid-1980's. There is more than 210,000 square feet of vacant space in the First Street industrial buildings, with most of this space not fully marketable.

  The owner also has vacant land on the west side of First Street next to the adjacent subdivision. That land is zoned residential and is part of the 29 acres owned by the Smalley family. Number 10 on the following aerial is the residential land. The remaining buildings on the south side of First Street are the 29 acres of industrial property. Additional industrial property exists along Cattleman's Lane, in addition to the 29 acres along First Street.

  There are old industrial buildings with market value primarily for storage space but also in light manufacturing. The 300 block of First Street contains the larger and better buildings. These buildings have some occupancy. They are primarily metal buildings that lease for $2.0 to $2.50 per square foot. There are 17.5 acres in this block. The more blighted and mostly vacant buildings are in the 200 block. The 200 block has 5 to 6 acres. The residential site is 6.5 acres.

Industrial Buildings Along First Street

Good Warehouse Space in 300 Block of First Street

Vacant Industrial Building in 300 Block of First Street

Example of Blighted Industrial Buildings in 200 Block of First Street

First Street Industrial Area

The property owner reports that they want to be more aggressive with marketing and that the property could be available for sale. However, at this time, the intention is to try to lease the better buildings, leaving only 5± acres that could be available to market. The 6.5-acre residential area is not an attractive location for housing with the adjacent industrial area being in such poor condition.

Summary. The following paragraphs summarize the findings related to the current Clarke County industrial land and building space market.

- The land sales effort at the County's industrial park during the early-2000's was successful in terms of land sales, albeit with very low land prices. The land sales effort has stalled since the recession. Industrial land is no longer available at below market prices.

- The Berryville/Clarke County industrial market has not expanded since the recession, which is one reason for limited response to investments by area property owners. Increased land and building prices also have been a detriment for industrial growth.

- The loss of manufacturing jobs in the County during the 2000 decade is a major problem to overcome in attracting investment in industrial land and building development.

- The two sites owned by the Mercke family are excellent properties for new industrial development, but they are not being professionally marketed and development may not occur without public support.

- The First Street industrial area clearly has more market value and development potential than is being exhibited, but the existing buildings have limited market appeal and better companies are not likely to be attracted to this location without some upgrades.

- Marketing of industrial building space along First Street and Station Road are not necessarily benefits for economic development in the County. It would simply be reuse of very modest, unattractive buildings with limited increase in rural estate value. It is simply town and county officials accepting the businesses that are attracted to the most inexpensive space.

- Current trends and conditions do not provide any reason for industrial firms to relocate to the County.

- Low priced finished lot sales have been the County's most successful economic development strategy for industrial development. There are few finished lots available for development at this time.

- Most of the available industrial land in the County is under private ownership. Current property owners will need inventories to develop their land. This could be in the form of a TIF program to have public investment for infrastructure development or the County could use funds from the IDA, with an expanded budget, to provide infrastructure development.

Winchester-Frederick County Industrial Market

The Winchester Region has 10 identified industrial parks with approximately 1,770 acres. Most of these industrial parks were developed prior to 1990. Some are now built out, but the greater Winchester area still has industrial park land available and a considerable amount of vacant industrial space.

While Clarke County has attracted primarily small businesses within the past 10+ years, the Winchester-Frederick County area has realized the development of large companies, focused on two freight-intensive industries.

- **Food Processing**. The food processing industry is a link between the agricultural and retail sectors and Winchester has been a favorable location for these companies to operate. Winchester has been an attractive location for perishable products and packaged foods manufacturing operations. Winchester-area food processors include Kraft Foods, New World Pasta, HP Hood, Miller Milling, National Fruit, and Royal Crown Bottling

- **Distribution**. Given that Winchester-Frederick County is located on the Interstate 81 corridor, the area is well-suited for assembly operations. Ford Distribution Center, Home Depot Distribution and Kohl's Distribution are three area companies.

Other notable industrial sectors that have been attracted to Winchester-Frederick County include **(1) Metal Fabrication** (Ashworth Brothers, Barrett Machine, Cives Steel Company, Extreme Steel, Fabritek, McElroy Metal, Miller Machine & Tool, Winchester Metals, and Winchester Tools), **(2) Plastics** (Creative Urethanes, M&H Plastics, Monoflo, O'Sullivan Films, Poly Processing, Southeastern Container, and Rubbermaid), and **(3) Printing** (Clear Choice Printing, Commercial Press, Coral Graphics, Quad/Graphics, Signet Screen Printing, and Winchester Printers). Each of these industrial sectors have been spread throughout the Winchester-Frederick County industrial parks.

Clarke County is not competitive for this sector of the market, but within the 11.5 million square feet of occupied space in the Winchester area are tenants who could be attracted to locations in Clarke County.

Data in Table 8 show the trends in industrial land and space development and in the Winchester area since the 1940's. The point to note is the significant amount of development during the 1990's and during the first part of the 2000 decade. However, during the recession and since 2010, there were 22 new buildings built with 1.4 million square feet of space. A negative point is that only 4 new buildings with 207,000± square feet were placed on the market since 2010. These four buildings were built on approximately 20 acres of land.

Table 8 Trends in Industrial Land and Building Development Pace, Winchester-Frederick County, 1940-2013

Years	Buildings	Building Size (Sq Ft)	Parcel Size (Acres)
1940s	1	34,272	14.85
1950s	1	76,802	5.14
1960s	16	1,069,468	203.14
1970s	25	1,376,190	221.62
1980s	45	1,890,888	238.33
1990s	64	4,150,784	604.96
2000s (Pre-Recession) 1/	31	2,357,384	311.52
2000s (Recession) 2/	18	1,200,532	148.64
2000s (Post-Recession) 3/	4	206,740	19.82
Total	**205**	**12,363,060**	**1,768.02**

Notes: 1/ 2000-2006
2/ 2007-2009
3/ 2010+

Essentially all industrial development within the Winchester-Frederick County marketplace since the end of the recession (2010) took place in Stonewall Industrial Park. These developments consist of four structures totaling 206,740± square feet of space, all of which are occupied. Approximately 128,000 square feet of this space was built by Melnor Inc, a producer of lawn and garden water products. The four new companies are shown in the table below:

Table 9	New Industrial Development in Winchester-Frederick County, 2010-2013			
Address	**Year Built**	**Building Size (Sq. Ft.)**	**Lot Size (Acre)**	**Tenant Type**
475 McGhee Rd	2012	12,800	2.66	Bakery
401 McGhee Rd	2012	24,400	2.06	Real Estate
101 Tyson Dr	2012	128,000	11.00	Lawn/Garden Products
645 McGhee Rd	2011	41,540	4.10	Food Processing/Packaging
Total/Average		**12,800**	**2.66**	

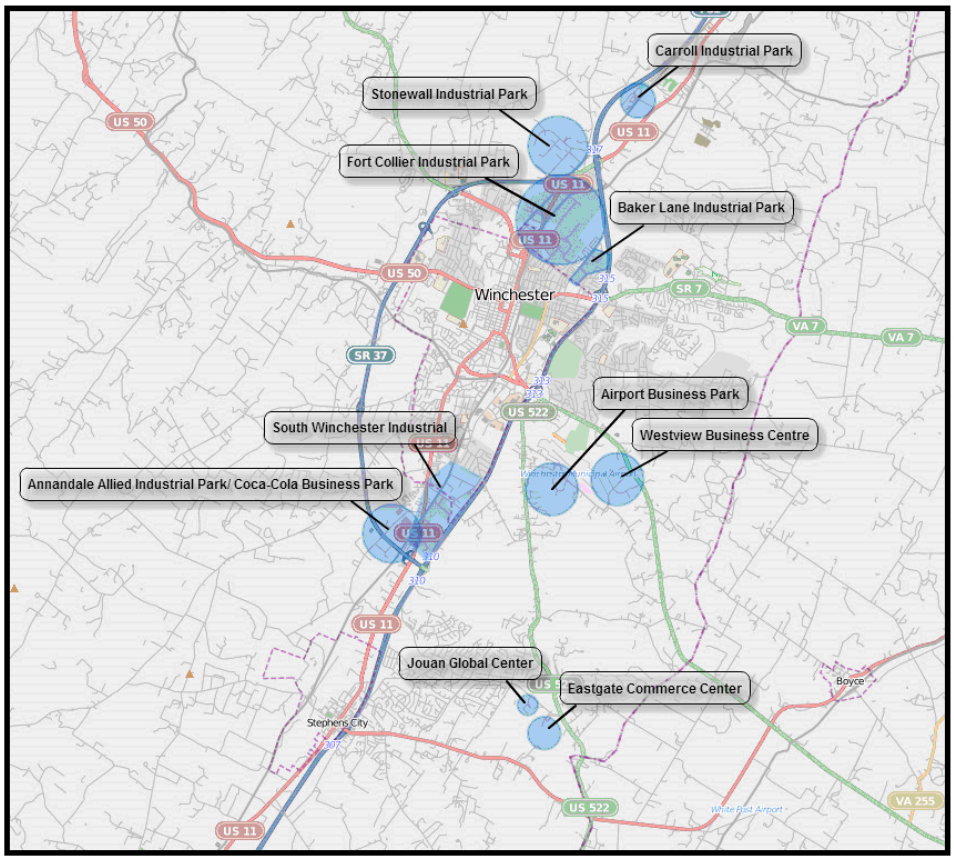
Source: S. Patz & Associates field and telephone survey.

The next table shows that the Winchester area has a current total of nearly 900,000 square feet of vacant space. However, nearly 90% of this space is in two mature parks. Four parks are fully occupied. Stonewall and Fort Collier have large vacant buildings.

Table 10 Available Industrial Space in Buildings in Winchester-Frederick County Industrial Parks, 2013

Industrial Park	Date Started	Vacant Space (Sq Ft)	Average Rental Rate
Airport Business Park	1987	30,327	$9.00
Annandale Allied/Coca-Cola Parks	1974	0	--
Baker Lane Industrial Park	1986	40,800	$6.30
Carroll Industrial Park	1967	0	--
Eastgate Industrial Park	2003	0	--
Fort Collier Industrial Park	1947	305,848	$6.18
Jouan Global Center	1997	0	--
South Winchester	1955	10,000	$7.50
Stonewall Industrial Park	1961	469,065	$3.35
Westview Business Centre	1975	20,474	--
Total		**876,514**	**$6.47**

The map below shows the locations of the above industrial parks. With the exception of some development in southern Winchester, all of the industrial parks are located within Frederick County. This is reported to be due to land availability and tax issues.



Map B - Location of Winchester-Frederick County Industrial Parks

In terms of the vacant space, Stonewall Industrial Park has a 245,000 square foot vacant building, the former National Wildlife Federation Distribution Center. This building has been vacant since mid-2006. The Fort Collier Industrial Park has nearly 250,000 square feet of vacant space in two buildings, the 92,250 square foot former Barber and Ross Company building that also was vacated in 2006 and a 150,000+ vacant warehouse. These three buildings represent nearly 60 percent of the vacant space in the area. Most of the available buildings are under 20,000 square feet in size. Excluding these three large vacant buildings, the total amount of vacant space is less than 400,000 square feet in a total marketplace with 12.4 million square feet –3.1 percent.

Vacant Space by Year Built. There are two salient issues regarding available space in Winchester. One is the amount. The second is the quality. The amount is large but 40 percent of the available space is large buildings that are not now marketable. Much of the remaining space is mature, as shown in Table 11. Vacant space built since 2000 equals 184,500+, with 153,500 of that space being a vacant warehouse. There is only 49,000 square feet of vacant 1990's-built space.

Area realtors report that current demand is largely for warehouse space with limited office area and high ceilings. This type of space is in low supply in Winchester at this time.

Table 11 Industrial Building Vacancies by Year Built, Winchester-Frederick County

	Industrial Park	Year Built	Available Space (Sq Ft)
1970s			
200 Lenoir Dr	Stonewall	1971	15,200
202 Lenoir Dr	Stonewall	1971	22,157
212 Fort Collier Rd	Fort Collier	1972	7,500
188 Brooke Rd	Fort Collier	1977	92,248
210 Fort Collier Rd	Fort Collier	1977	3,100
441 Victory Rd	Westview	1979	18,314
(Subtotal/Average)			*(158,519)*
1980s			
204 Lenoir Dr	Stonewall	1981	28,800
206 Lenoir Dr	Stonewall	1981	28,800
259 Brooke Rd	Fort Collier	1982	38,400
704 Baker Ln	Baker Lane	1986	10,000
155 Aviation Dr 1/	Airport	1987	23,327
255 Tyson Dr	Stonewall	1987	36,000
310 Tyson Dr	Stonewall	1987	244,500
326 McGhee Rd	Stonewall	1987	38,707
255 Tyson Dr	Stonewall	1987	36,000
(Subtotal/Average)			*(484,534)*
1990s			
214 Fort Collier Rd	Fort Collier	1991	11,150
200 Aviation Dr	Airport	1994	7,000
119 Imboden Dr	Baker Lane	1997	14,400
220 Imboden Dr	Baker Lane	1999	16,400
(Subtotal/Average)			*(48,950)*
2000s			
175 Commonwealth Court	S Winchester	2000	10,000
320-332 Independence Dr	Westview	2004	2,160
255 Fort Collier Rd	Fort Collier	2004	153,450
531 McGhee Rd	Stonewall	2006	18,901
(Subtotal/Average)			*(184,511)*
Total/Average			**876,514**

Notes: 1/ Owner wants to sell and lease back.
Source: S. Patz & Associates field and telephone survey.

Net Industrial Building Rents. In the Winchester marketplace, industrial building rents vary greatly based on building size, age and condition. The market area average is $6.50 per square foot. A few buildings offer a low rate of $2.50 to $2.75 per square foot. However, most space is offered at $4.00 and above. For small size spaces, the rent rate extends to $7.50± per square foot.

Industrial Finished Lot Prices. Within the greater Winchester marketplace, industrial land prices for finished lots range from $113,000 to $127,000.

Purcellville Industrial Market. Purcellville has a small industrial land and space market. It is a mature market with no recent development. The industrial space that exists is virtually fully occupied, at higher rents compared with the Clarke County and greater Winchester market areas. There is no land available for industrial development and area realtors report no activity in the town.

Downtown Berryville Office and Retail Space

Our (very rough) estimate is that there is at least 100,000 square feet of commercial space along Main Street and on adjacent streets. Approximately 70,000 square feet of this space is along Main Street. This total excludes the retail businesses east of the railroad tracks along East Main Street. It would also exclude the Food Lion on McNeil Drive on the north side of town and the other stores near Mosby Boulevard on No. Buckmarsh Street. Other scattered office or retail space may not be included in this total. For the entire town, another 100,000 square feet of primary retail space can be added to the downtown total.

Within the downtown Historic area, there are approximately 7 to 10 vacant spaces, both ground floor and second floor. This totals nearly 15,000 square feet, or 15± percent of the space within the Historic downtown blocks. The vacant space is typically small sizes, with a mix of upgraded and basic space. The 1,300 square foot 19 West Main Street was recently leased to a lawyer and the 16,000 square foot 401 East Main Street is fully rented at this time. The other space has been vacant for several years. The one large vacant building near the downtown is the former Mill Building that is under study for a brewery.

The above analysis noted the plans to upgrade the block of East Main Street that contains the former Berryville Hotel site. This renovation, if undertaken, will likely generate interest from new retailers.

Currently, the interest from small office tenants is very limited and quality space that is available for this type of use is also limited. All of the vacant buildings along East Main Street in the downtown average under 1,800 square feet, which only is attractive for a select group of "niche" businesses.

Tourism

The subsection on tourism in Clarke County is separated in two parts: (1) the overnight accommodations market; and (2) visitation facilities in the County. These two sectors are somewhat separated, as the tourist attractions within the County generate limited patronage for the seven facilities in the County that provide rooms for overnight stays, according to interviews with property owners of area B & B's and county inns.

Overnight Accommodations Market

A preliminary survey of existing overnight accommodations is shown in the table below. Further information and analysis on hotel accommodations in the Berryville area will be added pending the completion of the Town's hotel market study, expected in early 2014.

Table 12 Characteristics of Overnight Accommodations, Clarke County, Virginia

	Number of Rooms	Room Rates
Battletown Inn	7	$59-$125
Crossed Racquets Inn	3	$125-$150
L'Auberge Povencale 1/	14	$175-$325
Rosemont Manor	15	$250-$350
Smithfield Farm	5	$185-$275
Waypoint House	3	$125-$225
Total/Average	49 2/ 3/	($190)

Notes: 1/Includes Villas in Boyce
2/ Excludes Bears Den Youth Hostel
3/ Estimate of total annual occupied room nights is 2,800
Source: Field and telephone survey by S. Patz & Assoc. November, 2013

Tourist Attractions

Clarke County has four noteworthy tourist attractions. The State Arboretum at Blandy Experimental Farm is the largest with 180,000 annual visitors (FY 2012) and steady annual increases. There are 28,000+ visitors at the Burwell-Morgan Mill in Millwood, including the two annual art shows and weekly patronage at the Mill. This total would be expanded with shoppers at the Millwood antique stores and other village businesses. Millwood also has 20± horse farm with shows and competitions annually. This sector of tourism is studied in the equestrian subsection to follow. Data provided in the analysis is based on interviews with managers of the attractions.

Table 13 - Patronage at Clarke County's Larger Tourist Attractions	
	Annual Tourist Visits
Morgan Mill	28,400
• Art Shows	(18,000)
• Mill	(10,000)
Historic Asso. Museum	1,500
Long Branch Plantation	25,000
State Arboretum (at Blandy)	180,000
Total	214,900

The Historical Association Museum has limited annual visitation. Long Branch Historic Plantation generates 5,000± annual tourist visits, plus patronage for weddings and private parties.

Each of these operates independently with no central marketing or package deals. The County has other attractions which are not fully defined tourist attractions, such as:

- **Barnes at Rose Hill** which is a park and entertainment facility and contains a visitors center for Clarke County.
- **Holy Cross Abbey Monastery** which has a gift shop and holds church related retreats.
- **Josephine School Community Museum** generates modest patronage for this replicated school house that previously served the County's African American community.
- **Old Chapel** is not open to the public.

Clarke County does have two key attractions to build upon for increased tourism. Clearly, the Blandy Experimental Farm is one of them. The State Arboretum is located on 700± acres with grounds open to the public. The facility contains a slave quarters that was built between 1825 and 1830. This is a place for public events, including live music at Blandy's amphitheater and plant sales of indigenous and heritage varieties.

The Burwell-Morgan Mill is located in the historic Village of Millwood along with a cluster of antique stores and specialty shops. The Mill has two annual art shows and is an operable mill. Within the Millwood area is the Sandstone Farm which has 20 horse shows annually and draws a

considerable number of visitors annually, but these are reported to be primarily local patrons who have their own horses at the shows.

On a smaller scale is the privately owned Dinosaur Land that is an attractive facility for children. Patronage at this business, which is located in the Double Toll Gate area, is typically 45,000+ annually, but patronage increased to 49,700 in 2012 and 47,800 in 2011 with the 2013 estimate to exceed 50,000.

The County attracts numerous visitors for river-related activities along the Shenandoah River and for hiking along the Appalachian Trail. Bicycling is a growing sport within the County with the attraction the winding, rural country roads. The Virginia National Golf Club is public and is a most attractive setting for a golf course between the Shenandoah River and Blue Ridge Mountains. The analysis of the County's equestrian farms is presented below, but horseback riding and lessons are a major part of the County's rural environment. Added to these is Watermellon Park, a riverfront campsite, which hosts music festivals annually.

Lastly, there are several wineries in the County and three new ones planned for opening. Some of the wineries are settings for private parties.

Clarke County has a large outdoor, sport-related environment that draws thousands of visitors to the County annually. To date, this sector of the tourist/visitation market has not generated much overnight room demand.

Only one tourist facility is generating a large tourist draw, in spite of a number of truly attractive facilities. There are clearly viable and unique country inns and B & B's in the County in truly historic properties. This patronage at these facilities are far below market potential, based on full room occupancies during peak visitation periods.

The two key points that unfolded from the overview of the Clarke County tourist "market" is: (1) market potential far exceeds current patronage levels; and (2) there is no marketing or coordination among the various tourist related facilities and functions. These issues are further discussed in the economic development strategy.

Clarke County Equine Industry

According to the Clarke County Equine Alliance, there are currently 120 to 150 farms that are strictly horse farms in Clarke County. This includes a variety of types such as Thoroughbred Racing, Quarter Horse, Hunters, Jumpers, Eventing horses, carriage horses, breeding facilities, old trail riding horses, ponies and several horse farms for retirees. While horse shows and horse breeding are prevalent in Clarke County, they are reported not to be the main economic driver behind the local equine industry. Horses are expensive to maintain. This has created a very profitable horse hay market in the County. Horse hay is more expensive than cattle hay, as it must be a select grass or alfalfa, and bailed in square bales, not just round bales. Several local farmers provide horse hay. It is an expanding market. Horses also need farriers, specialists in equine hoof care (several are local), feed stores (one local and several regional in Frederick County and Fauquier County) that supply grain and other horse products.

Boarding horses is a big economic impact item for horses in Clarke County. Horses arrive in Clarke County from as far north as New York State. Various types of horses are boarded and trained for monthly fees as low as $200 per month per horse for field-boarded retirees, and up to $1,200 to $1,400 per month for stable boarding and training. Approximately 75 to 100 farms in Clarke County board horses, many of which also provide training, horse sales and breeding. These farms are located in Berryville, Boyce, Millwood and White Post.

Horse shows are a smaller economic driver in Clarke County. Attendees at horse shows include participants, members of participant's travel parties or spectators. Most, if not all attendees, however, are local. Unlike larger horse shows at the Virginia Horse Center outside the City of Lexington, horse shows in Clarke County are local events that draw participants primarily from Clarke County and its neighboring counties. Due to the physical constraints on outdoor competition during the winter, horse shows in Clarke County occur primarily in the late spring, summer and early fall. May is the busiest month, while December sees the least activity. Most shows occur during the weekends and last one day, and therefore do not create significant patronage for hotels.

Other notable regional horse show venues include the Upperville Colt and Horse Show in Fauquier County and the Warrenton Pony Show. A majority of national and state horse events in Virginia are hosted by Virginia Horse Center outside the City of Lexington in Rockbridge County,

which covers 600± acres with 19 show rings, a 4,000-seat coliseum, 8 barns, cross country and combined carriage driving courses, a tractor pull, campgrounds, special event spaces and full café services. This facility hosts over 80 events annually and is largely responsible for the 1,330± people employed in the equine industry in Rockbridge County, Lexington and Buena Vista. The Virginia Horse Center is a major source of business for the local lodging industry. According to the most recently conducted survey of lodging establishments in Lexington, Buena Vista, and Rockbridge, conducted in 2005, 28 percent of overall room rentals were directly attributable to the Virginia Horse Center. Unlike the equine events in Clarke County, many of these events are multi-day events that attract out-of-state visitors.

New Kent County, home to the Colonial Downs racetrack which directly employs over 300 people during the Thoroughbred racing season, is another significant economic activity center with a total economic impact of 790± jobs. Colonial Downs has had attendance and financial issues in recent years. It has seen attendance levels fall, prompting the facility to reduce the racing season from 32 days in 2012 to 25 days in 2013.

The three facilities that have the most horse shows in Clarke County are Sandstone Farm, Elmington Farm and Evergreen Farm. Sandstone Farm in Millwood has the most shows annually and is scheduled to have 21 horse shows by the end of 2013, and likely a similar amount in 2014. This is down from 24 in 2010. They do not anticipate any growth in the near future and the staff of the Clarke County Equine Alliance does not see room for additional shows in the County.

Elmington Farm in Berryville has about 6 shows annually. Evergreen Farm in Berryville has about 10 dressing shows annually. Because each of these facilities host shows and not races, essentially all attendees are local, from Clarke County or surrounding counties. Depending on the weather, and possible competing events elsewhere, attendance figures for these shows can range anywhere from 50 to 150 people. Spectators are generally friends and family of those competing, as these are not national events and do not attract a wide audience.

In addition to horse shows and events, Clarke County hosts the Blue Ridge Hunt Point-to-Point amateur horse races at Woodley Farm in Berryville, which is a big draw attracting over one thousand spectators. Like the other horse-related events in Clarke County, this is a single-day even.

Equine Employment. According to the Center of Economic and Policy Studies at the Weldon Cooper Center for Public Service, a total of 336 people were employed in the equine sector

in Clarke County in 2010, the date for which the most recent data are available. The table below shows the total employment in the equine industry in Clarke County and adjacent counties in Virginia.

Table 14: Equine Employment, Clarke and Neighboring VA Counties, 2010

	Employment
Clarke County	336
Fauquier County	883
Loudoun County	1,079
Warren County	81
Winchester-Frederick County	166
Total	**2,545**

Source: Center for Economic and Policy Studies, Weldon Cooper Center for Public Service.

Horse Inventory. According to the 2001 Virginia Equine Survey Report, Clarke County had approximately 4,400 horses, accounting for a total value of $70.3 million. The average value per horse in 2001 was approximately $15,975. By 2006, the number of horses in Clarke County rose to 6,000 for a total value of $73.4 million and an average value of $12,228 per animal. This is a 36.4% increase. While no official data has been published since 2006, the Clarke County Equine Alliance estimates that Clarke County currently has between 9,000± and 10,000± horses.

Table: 15 Equine Inventory and Value, Clarke County and Neighboring VA Counties, 2001-2006

	Equine Inventory		Total Value		Average Value per Equine	
	2001	2006	2001	2006	2001	2006
Clarke County	4,400	6,000	$70,289,000	$73,367,000	$15,975	$12,228
Fauquier County	13,700	14,800	$226,083,000	$268,254,000	$16,502	$18,125
Loudoun County	15,800	15,500	$294,671,000	$208,855,000	$18,650	$13,475
Warren Count	1,100	1,700	$11,610,000	$13,943,000	$10,555	$8,202
Winchester-Frederick County	2,000	3,000	$15,245,000	$38,166,000	$7,623	$12,722
Total	**37,000**	**41,000**	**$617,898,000**	**$602,585,000**	**$69,305**	**$64,752**

Source: 2006 Virginia Equine Survey Report

Equine Economic Impact. The total economic impact of the horse industry in Clarke County and adjacent counties in 2010, in terms of total sales and tax revenue, is shown in the table below for 2010, the data for which the most recent data are available. Data show that total sales

related to the horse industry accounted for nearly $20.5 million, leading to tax revenues of $608,960 for the County.

Table 16: Economic Impact of Horse Industry, Clarke and Neighboring VA Counties, 2010

	Total Sales	Tax Revenue 1/
Clarke County	$20,451,415	$608,963
Fauquier County	$53,676,492	$2,113,116
Loudoun County	$70,425,051	$2,890,422
Warren County	$4,299,750	$114,495
Winchester-Frederick County	$8,499,769	$170,381
Total	**$157,352,477**	**$5,897,377**

Note:1/ 2010 constant dollars.
Source: Center for Economic and Policy Studies, Weldon Cooper Center for Public Service

Findings

On a positive note, the Equine industry in Clarke County is expanding and currently generates considerable annual tax revenues for the County. The production of horse hay is an expanding business, as is the number of farms that provide services to the Equine market.

There are numerous local, single-day horse races and shows, but these have only a local draw. Area professionals in the horse farm market in Clarke County are not positive regarding an expansion of horse racing or shows on a more regional level, as the costs and risks for endeavors of this type could be excessive.

Nonetheless, there is clearly reason for business growth in the Equine industry that should expand the County's tax base.