

ECONOMY

Because of its strategic location in relation to other areas, the Frederick County-Winchester area has been a center of commerce and transportation since the eighteenth century. In the County, major roads traveling west from the Washington metropolitan area meet major roads traveling north and south in the Shenandoah Valley. Economic growth continues in the County as a result of these advantages.

Economic growth is one of the forces that drives other types of growth in any community. In order to plan for growth and development in Frederick County, it is important to examine economic trends. It is particularly important to coordinate economic development policy with other planning policies.

The City of Winchester and Frederick County together comprise a single, unified economic area. Economic growth in the City of Winchester certainly has an effect on growth in the County. Therefore, the City and County have developed a cooperative approach to economic development.

Employment Trends

The number of employed people living in Frederick County and Winchester has grown in recent years despite fluctuations following the rise and fall of the national economy. The average annual number of employed people, as reported by the Virginia Employment Commission, increased steadily during the late 1970's from about 23,000 in 1975 to 26,800 in 1979. The number of employed people living in the area dropped slightly in 1980 and 1981. Since 1981, the number has risen steadily to 28,723 in 1985. Over the ten year period from 1975 to 1985, the number of employed people living in the area increased at an average annual rate of 2.3%. This compares with an average annual rate of growth in population of 1.3% for the same period.

Monthly and annual unemployment rates, the percentage of the labor force which are unemployed, have also fluctuated in Frederick County and Winchester in response to national trends. Average annual unemployment rates for the local area were generally above the state and national averages during the 1970's and early 1980's. During the peak recessionary year of 1982, the unemployment rates in the area reached a high of 11.7%, above the national average of 9.7%. However, during the past several years the average annual unemployment rates have fallen below the national average. During certain months in 1987, monthly unemployment rates for the area fell below the state averages.

According to the Virginia Employment Commission, the number of people employed in local business and government in March increased from about 22,500 in 1975 to 26,254 in 1980. After 1980, employment in the area dropped to about 23,900 in 1982. After 1982, local employment rose to 25,660 in 1985. Between 1975 and 1985, employment in the private sector in Frederick County and Winchester increased at an average rate of about 2.6% compared with an employment growth rate in the State of 3.7%. Since 1982, the number of jobs in the area have grown at a rate of over 3.0% per year.

Manufacturing plays a particularly important role in the economy of the Winchester-Frederick County area. In 1984 according to the Census Bureau, approximately 36% of employees working in the private sector worked in manufacturing compared with 23.5% in manufacturing in the State as a whole. In Frederick County, 44% of workers were in manufacturing in 1984.

Sector	1975	1984	1990	1995
Winchester-Frederick Total	16866	21285	24497	26839
Agricultural Services	38	90	190	242
Mining	229	136	163	180
Contract Construction	950	789	741	843
Manufacturing	6307	7681	8686	9176
Transportation and Utilities	875	1185	1379	1468
Wholesale Trade	1134	1393	1707	1833
Retail Trade	3224	4319	4728	5220
Finance, Insurance & Real Estate	723	772	840	855
Services	3314	4784	5650	6514
Nonclassifiable	72	136	414	507

Source: U. S. Census Bureau, Frederick County Department of Planning and Development

Table 6
Employment Projections
Private Sector
Frederick County

Sector	1975	1984	1990	1995
Frederick County Total	2942	3045	6268	7220
Agricultural Services	*	*	100	152
Mining	229	136	163	180
Contract Construction	138	168	444	506
Manufacturing	1441	1347	2121	2498
Transportation and Utilities	*	455	813	866
Wholesale Trade	223	89	325	419
Retail Trade	279	323	1040	1148
Finance, Insurance & Real Estate	114	84	106	112
Services	317	402	1073	1238
Nonclassifiable	17	*	83	101

* Not available.

Source: U. S. Census Bureau, Frederick County Department of Planning and Development

Winchester-Frederick County Economic Development Commission

In 1982 the Winchester Frederick County Economic Development Commission was created by joint resolution of the City of Winchester and Frederick County governing bodies. The Commission is composed of representatives from the County and City along with representation from local industry. The Economic Development Commission is charged with fostering cooperative efforts towards establishing economic development goals and strategies to meet those goals. The Commission maintains an office and employs a coordinator who is charged with coordinating efforts to support the retention and expansion of existing industry and to attract and assist new industry. The following are adopted goals and strategies of the Economic Development Commission.

GOALS AND STRATEGIES
OF THE WINCHESTER-FREDERICK ECONOMIC DEVELOPMENT COMMISSION

GOALS

1. *To establish and maintain a moderate employment growth rate of 2.5-4.0% per year. The growth rate should be sufficient to provide ample opportunities for local residents, and their children entering the job market, to remain in the area.*
2. *To encourage a diversified pattern of industrial and commercial growth. This diversification could have at least two characteristics. There could be diversification among the different types of industries with respect to their relative labor and capital intensities and with respect to their relative use of so-called high technology. Within individual firms there could also be a mixture of job types (managerial and production; technical and non-technical). An effort should also be made to accelerate the growth of office developments and corporate offices in order to further diversify employment opportunities in the area.*

Diversification along these lines would protect the economy of the area against over reliance on one particular type of industry, and the attendant risk of serious damage from fluctuations in that industry. It would also provide employment opportunities in a number of different levels.

3. *To maintain the vitality of existing industries and commercial activities in the area. The area should ensure that gains made in the past are not lost due to actions by local jurisdictions. All possible efforts should also be made to maintain the vitality of agriculture and its related industries and to encourage the establishment of industries which use raw farm products. Efforts should also be made to encourage the establishment of agricultural research and development industries.*
4. *To maintain the vitality of the downtown area of the City of Winchester. The Loudoun Street Mall and surrounding areas are important to the overall economy of the area and contribute to the social and cultural vitality of the City and County.*
5. *To maintain the existing pattern of high labor productivity with the area. Labor productivity is consistently cited by firms as an important determinant in location decisions.*

STRATEGIES

1. *The Frederick County/Winchester area would be much better served by a coordinated economic development effort. A joint "Economic Development Commission" should be established to direct this effort and assist in setting economic development policies. This Commission would have representatives for both the City and County. It could help to*

coordinate and streamline the handling of industrial and commercial inquiries and, thereby, reduce the time spent gathering basic information.

- 2. A person should be employed to act as a coordinator of the economic development effort. This person would act as the major contact person for industrial and commercial inquiries, and work with the Economic Development Commission on coordinated programs. In addition, this person could relay economic development policies to those firms that make inquiries about this area.*
- 3. An information brochure should be printed and maintained along with a statistical data base to consolidate information on available industrial and commercial sites in the area. This brochure can be used to provide inquiries with all pertinent basic data on sites in the area. This would significantly streamline the dissemination of information to potential industries. The distribution of this brochure should be established by policy to ensure its use in a manner consistent with the goals of the area.*
- 4. Greater coordination should be fostered among existing groups involved in economic development. Such groups include the Chamber of Commerce, the Frederick County IDA, the Winchester IDA, the Winchester Downtown Development Board, the Winchester-Frederick County IDC, and the Frederick County Farm Bureau. In addition, local economic development policies and programs should be better coordinated with the State Division of Industrial Development.*
- 5. Local land use regulations and economic development goals should be continually reviewed to ensure their consistency with one another. The administration of these regulations should also be streamlined to minimize the approval process.*
- 6. The availability of public utilities should be reviewed continually to ensure their adequacy to serve industrial and commercial sites in the area. The extension of these utilities should not, however, unnecessarily extend into areas where their existence would accelerate the conversion of significant agricultural land to other uses.*

Virginia Community Certification Program

In 1985, the Frederick County-Winchester area became a certified community under the Virginia Community Betterment and Certification Program. The purpose of this program is to provide a process whereby a community can become prepared for industrial and economic development. In order to be certified, the community has to meet certain basic requirements concerning economic development organizations, community information, quality of life, local contacts, financial capability, existing industry, and industrial sites.

Certification results in enhanced recognition and promotion of the community in state economic development efforts and in improved economic development efforts at the local level.

Conclusions

During the past ten years, the economy in Frederick County has grown. However, the national recession that occurred in the early 1980's had a significant impact on the local economy with a decrease in the number of jobs in the area and an increase in unemployment. Growth in the economy has occurred during the past several years. Particularly significant rates of growth have occurred in recent years in trade and service business activity. The following are some general conclusions concerning economic trends in Frederick County and Winchester.

The number of employed people living locally has increased at a more rapid rate than the population as a whole.

Local unemployment rates have generally followed the rise and fall of national rates. Unemployment rates were generally above state and national averages in the 1970's and rose to a particularly high level in 1982. Since 1982, local unemployment rates have fallen to below the national average.

Between 1980 and 1985, there was \$70 million of non-residential construction in Frederick County and Winchester. There was \$23 million of industrial construction, mostly in Frederick County, and \$19 million of commercial construction, mostly in the City of Winchester.

Between 1975 and 1985, employment in the private sector in Frederick County and Winchester increased at an average rate of about 2.6%. Since 1982, the employment in the area has grown at a rate of over 3.0% per year.

Manufacturing is particularly important in the local economy. Despite a significant drop in manufacturing employment in the early 1980's, manufacturing employment grew by 1,300 jobs between 1975 and 1985.

Local employment in trade has been growing faster than in the local economy as a whole and at a faster rate than in trade in the state as a whole.

The amount of local retail sales has been growing at a particularly rapid rate.

Travel-related and tourist expenditures have grown at a rapid rate.

Employment in service businesses has grown at a more rapid rate than any other sector.

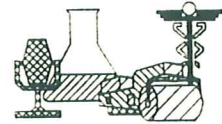
Median family income in the area remains below the state average but is high in relation to a majority of other counties and cities in Virginia.

At least 77% of workers living in the area worked locally in 1980. General information comparing the number of employed people living in the area with the number of people working in the area might suggest that the proportion of workers commuting to work outside the area has been increasing.

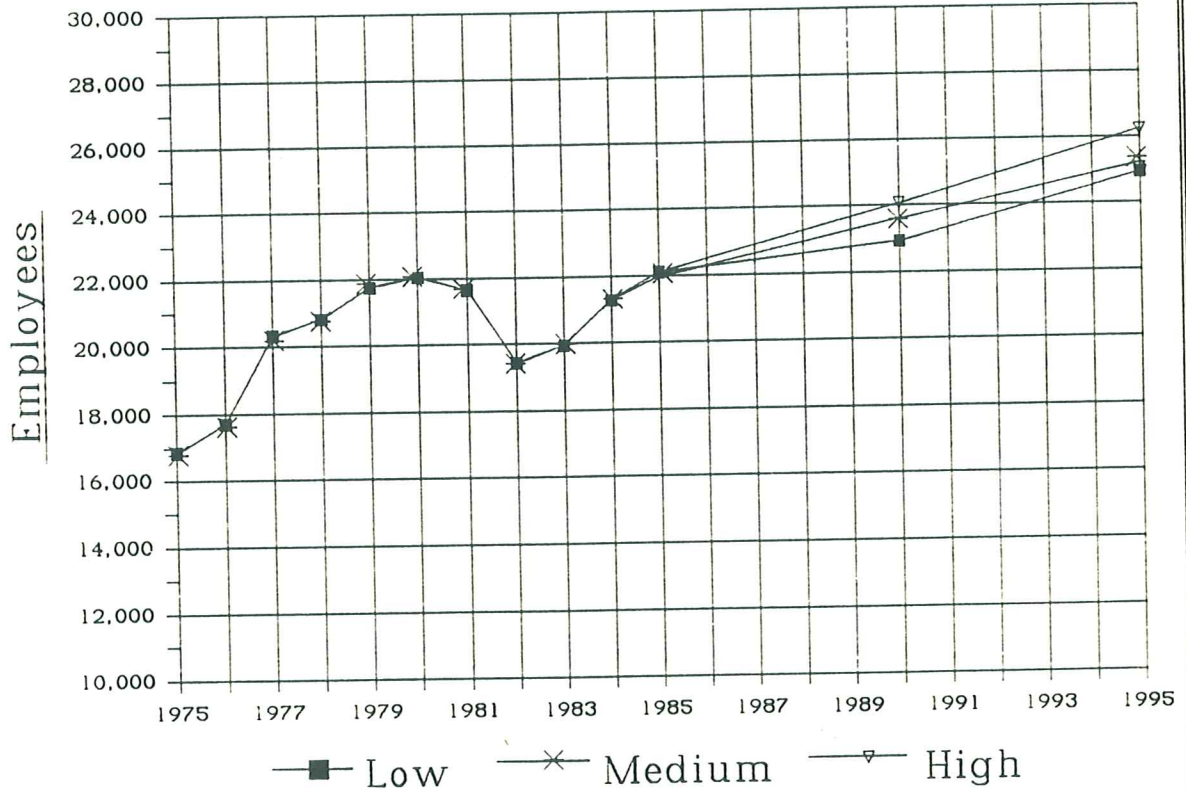
Projections, based on recent trends and national projections, suggest that the local economy will continue to grow.

Figure 4

Employment Projections



Winchester and Frederick County



Economic Policy

The policies in this section are intended to describe a general economic development policy which supports orderly economic growth in Frederick County. Economic development policies need to be coordinated with other types of planning policy. The primary economic issues identified include:

Rates of economic growth

The location of sites for business and industrial expansion

The maintenance and expansion of the local tax base

The potential for new types of economic activity

The need to provide special support for agriculture.

The proposed economic policies are as follows.

GOAL - Support a business climate conducive to economic activity and orderly economic growth.

Strategy 1 - Base decisions and work programs on the goals and strategies adopted for the Winchester-Frederick County Economic Development Commission.

Strategy 2 - Work with the Economic Development Commission and with existing business and industry to continue to evaluate and improve economic development strategies.

Strategy 3 - Provide a diversity of locations for business and industry.

Strategy 4 - Provide business and industrial locations that are attractive and compatible with surrounding uses and sites.

Implementation Methods

1. Obtain information from existing business and industry concerning economic development. Enlist their assistance on a continuous basis to identify opportunities for economic development, to take advantage of the unique opportunities available to this area, to identify strengths and weaknesses in the local economy, and to work to improve weaknesses in the local economy.
2. Provide a diversity of sites in a wide range of different types of locations for business and industrial sites.
3. Insure that industrial and business sites are provided with sufficient facilities, good access, and appropriate locations to avoid congestion and to efficiently provide necessary services.

4. Review ordinances to insure that appropriate business and industrial sites are provided, to insure compatibility with surrounding areas, and to insure that sufficient standards are available to insure quality development.

5. Continue to provide staff support and other forms of support to the Frederick County - Winchester Economic Development Commission.

GOAL - Provide support to agriculture as a major industry in the County.

Strategy 1 - Promote Frederick County as a location for agricultural activities and include agriculture in economic development strategies.

Strategy 2 - Allow and encourage businesses and activities that support agriculture.

Strategy 3 - Promote the participation of youth in the agricultural community and support agricultural education.

Implementation Methods

1. Work with local farmers, agricultural organizations, and agriculturally related businesses to develop economic development strategies in relation to agriculture.

2. Evaluate the uses allowed in the agricultural zoning districts and other districts to insure that a full range of agricultural activities are provided.

GOAL - Provide support to travel and tourist related activities.

Strategy 1 - Promote activities which will encourage tourism, including the preservation of historic sites and scenic vistas.

Implementation Methods

1. Review ordinances and policies to promote the preservation of historic sites and scenic vistas and to promote activities that will encourage tourism.

2. Review ordinances to provide appropriate sites for travel and tourist related businesses.