

SECTION FOUR ECONOMIC DEVELOPMENT & TOURISM






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OVERVIEW

In recent years, education, tourism and the arts have played significant roles in the local economy, driving much of the economic growth in Town. With a focus on the future of Shepherdstown, the planning process investigated opportunities that the Town could pursue to both strengthen and diversify its economy. The process also explored the role the Town could play in supporting economic development, such as business retention strategies, providing incentives for new or expanding businesses and similar efforts.

As one of the primary drivers of the local economy (along with Shepherd University), tourism plays an outsized role in the fiscal and economic health of the Town. During the planning process, a great deal of concern was expressed about the changing nature of tourism in Shepherdstown. With changes in demographics, tastes and economic challenges cited as the underlying causes for continuing declines in tourism related spending and visits to the community, it appears that this once reliable source of economic stability is undergoing a significant transformation.

During the comprehensive plan development process, the decline of the local arts community was identified as having

a negative effect on the local economy. In particular, the loss of downtown art galleries and associated businesses was determined as contributing to changes in the local tourism economy, which was once heavily oriented toward the local arts community.

A second major theme that was identified was the changing length of tourist visits. Specifically, what were once primarily multi-day visits to town have been trending more toward shorter visits due to economic constraints and transportation improvements that have essentially shortened the distance (as a function of time) between Shepherdstown and the nearby metropolitan areas from which the majority of the tourist base is drawn.

The presence of the C&O Canal, Civil War historic sites, the expansive and well preserved stock of historic architecture in town, community events, and the CATF were all cited as examples of attractors in the community for tourism. Better capitalizing on these assets and modifying the local approach to attracting and catering toward the changing needs and desires of tourists was a recurring theme throughout the process.



ECONOMIC PROFILE

Income

The 2012 median household income in Shepherdstown was \$81,029, which is 13% higher than the median household income in the Growth Management Boundary (\$71,607) and 26% higher than in Jefferson County as a whole (\$64,314). Since 1990, median household income has increased significantly, going up by nearly \$50,000, or approximately 155%, over that time period.

Jurisdiction	Median Household Income
Shepherdstown	\$81,029
Growth Management Boundary	\$71,607
Jefferson County	\$64,314

Table 30 - 2012 Median Household Income Comparison

Shepherdstown	1990	2000	2012	Change in Dollars	Percent Change
Median Household Income	\$31,741	\$40,642	\$81,029	\$49,288	155%

Table 31 - Shepherdstown Change in Median Household Income 1990-2012

In contrast to the high levels of household income, the per capita income in Shepherdstown is lower than the per capita incomes in the Growth Management Boundary and Jefferson County. This is due in large part to the large share of the population being full time college students, which is generally associated with lower incomes than the population as a whole. At \$31,740, the per capita income in The Urban Growth Boundary is 33% higher than in town, while the Jefferson County per capita income of

Jurisdiction	Per Capita Income
Shepherdstown	\$21,234
Growth Management Boundary	\$31,740
Jefferson County	\$29,655

Table 32 - 2012 Per Capita Income Comparison



\$29,655 is 28% higher than in town. Since 1990, per capita income in Shepherdstown has nearly doubled, increasing by almost \$10,000, or 88%, over the 1990 level of \$11,291.

Shepherdstown	1990	2000	2012	Change in Dollars	Percent Change
Per Capita Income	\$11,291	\$28,539	\$21,234	\$9,943	88%

Table 33 - Shepherdstown Change in Per Capita Income 1990-2012

The poverty rate in Shepherdstown in 2012 was significantly higher than the poverty rates found in the Growth Management Boundary or Jefferson County as a whole. The 2012 poverty threshold for an individual was \$11,170 and \$23,050 for a family of four. In the corporate limits, approximately 21% of the total population lived below the poverty line, while the Growth Management Boundary and Jefferson County had similar rates of 12% and 11% respectively. Like the per capita income, the higher rate of poverty in Shepherdstown proper is likely influenced heavily by the large number of college students, particularly those residing off-campus, who would be more likely to have lower incomes than other adults in town.

Jurisdiction	Poverty Rate
Shepherdstown	21.1%
Growth Management Boundary	12.4%
Jefferson County	11.1%

Table 34 - 2012 Poverty Rate Comparison

Employment

The 2012 labor force participation rate in Shepherdstown was approximately 61%, which is slightly lower than the rate of 61.3% in the Growth Management Boundary and significantly lower than the rate of 67.8% found in Jefferson County as a whole. The rate of 61% is, however, much higher than the 55.4% of the population who were in the labor force in Shepherdstown in 1990. This increase reflects a



general trend of higher labor force participation by college students. The unemployment rate in Shepherdstown was 8.8% in 2012, which is higher than the unemployment rates seen in the Growth Management Boundary (7.1%) and Jefferson County as a whole (8.1%). The recent unemployment rate in town is in contrast to the much lower rates seen in 1990 (3.7%) and 2000 (4.6%). While reflective of nationally high unemployment rates over the past several years, this too was likely influenced by higher labor force participation rates, particularly among college students.

Jurisdiction	Labor Force Participation
Shepherdstown	60.9%
Growth Management Boundary	61.3%
Jefferson County	67.8%

Table 35 - 2012 Labor Force Participation Rate Comparison

Jurisdiction	Unemployed Labor Force
Shepherdstown	8.8%
Growth Management Boundary	7.1%
Jefferson County	8.1%

Table 36 - 2012 Unemployment Rate Comparison

Shepherdstown	1990	2000	2012
Unemployment Rate	3.7%	4.6%	8.8%

Table 37 - Shepherdstown Change in Unemployment Rate

Occupations and Industries

As could be expected with the presence of Shepherd University in town, the industry sector comprised of education, health care and social services employed the largest percentage of the town's residents with over 27% of the town's workforce employed in that sector. The arts and entertainment sector and information sector each employed over 15% of the town's workforce, while the retail sector was the only other sector employing more than 10% of the workforce. Industry sectors employing between 5% and 10% of the workforce include

the public administration and professional, scientific and management sectors, each of which employed nearly 8% of the workforce, while the finance, insurance and real estate sector employed just over 5% of the workforce. Of particular note in the industry sector data is that less than 1% of the workforce was employed in the manufacturing sector and only slightly more than 1% were employed in the construction sector. As the data suggests, the town's workforce is heavily aligned to knowledge, service and similar sectors rather than the extraction, production or transportation sectors.

Industry Sector	Percent of Workforce
Educational Services, Health Care and Social Assistance	27.2%
Arts, Entertainment, Recreation and Hospitality	15.7%
Information	15.2%
Retail Trade	12.3%
Professional, Scientific, And Management	7.9%
Public Administration	7.9%
Finance, Insurance and Real Estate	5.4%
Transportation ,Warehousing and Utilities	3.7%
Other Services (except Public Administration)	1.5%
Construction	1.2%
Resource Extraction (Agriculture, Mining etc.)	0.9%
Manufacturing	0.9%
Wholesale Trade	0.0%

Table 38 - 2012 Employment by Industry Sector

The occupations held by members of Shepherdstown's workforce (the specific type of job within the industry sector) were concentrated most heavily in the management, business, science and arts occupations, with over 43% of the workforce employed in this capacity.



Service occupations and those related to sales or office employment accounted for around 26% and 27% of the employed workforce respectively. The remaining portion of the workforce was employed in jobs related to natural resources and construction (1.8%) and production and transportation (0.9%).

Commuting Times

The average commute for Shepherdstown’s workforce was much lower in 2012 than for workers in the Growth Management Boundary of Jefferson County as a whole. At 19.3 minutes, workers in Shepherdstown traveled, on average, for 30% less time than workers in the Growth Management Boundary (27.6 minutes) and 51% less than workers in Jefferson County (39.2 minutes). The average commute time for Shepherdstown’s workforce has increased from 1990, when the average time to work was only 15.7 minutes, but has decreased since 2000, when the average commute rose to over 21 minutes.

Education

Since 1990, the share of Shepherdstown’s population over the age of 25 who hold a bachelor’s degree or graduate degree has steadily increased, from around 44% in 1990

Occupational Category	Percent of Workforce
Management, Business, Science and Arts Occupations	43.4%
Service Occupations	26.3%
Sales and Office Occupations	27.6%
Natural Resources, Construction, and Maintenance Occupations	1.8%
Production, Transportation and Material Moving Occupations	0.9%

Table 39 - 2012 Employment by Occupational Category

Jurisdiction	Average Commute (minutes)
Shepherdstown	19.3
Growth Management Boundary	27.6
Jefferson County	29.2

Table 40 - 2012 Average Commuting Time Comparison

Shepherdstown	1990	2000	2012
Average Commute (minutes)	15.7	21.4	19.3

Table 41 - Shepherdstown Change in Average Commute Times



to over 50% in 2012. In 2000, the share of the population in this age group holding a graduate degree actually exceeded the share of the population with a bachelor's degree. This greatly exceeds the share of the over 25 population in both Jefferson County (28%) and West Virginia (18%) holding a bachelor's degree or higher, and is reflected in the town's exceptionally high median household income. As the share of the town's population with a bachelor's or graduate degree steadily increased since 1990, the share of the population who did not graduate from high school steadily decreased, from almost 19% of the population in 1990 to under 10% of the population in 2012. The 2012 share of the population in this category is significantly lower than Jefferson County's (16%) and the share of the population in West Virginia as a whole (18%).

Education Level	1990	2000	2012
No High School Diploma	18.5%	13.2%	9.9%
High School Graduate	15.0%	14.9%	15.9%
Some College (no degree)	15.9%	20.8%	15.9%
Associate's Degree	6.1%	2.3%	5.7%
Bachelor's Degree	23.5%	22.7%	27.7%
Graduate Degree	21.0%	26.1%	23.8%

Table 42 - Shepherdstown Change in Education Levels (age 25+)

Jurisdiction	No High School Diploma	Bachelor's Degree	Graduate Degree
Shepherdstown	9.9%	27.7%	23.8%
Jefferson County	15.6%	17.0%	10.8%
West Virginia	17.8%	11.0%	6.9%

Table 43 - Comparison of Selected 2012 Educational Levels (age 25+)



Property Values

Between fiscal years 2005-06 and 2013-14, Shepherdstown has seen the value of property within the corporate limits rise dramatically to a peak in fiscal years 2008-09 and 2009-10, before falling back significantly in later years. In fiscal year 2005-06, the total value of all taxable property in town was \$56.9 million dollars. By 2008, this had increased to over \$94 million, and then began to go down in fiscal year 2010-11, finally settling around \$74 million in fiscal years 2012-13 and 2013-14. Despite the recent decreases in value, the most recent valuation is more than 23% higher than in fiscal year 2005-06, which is around 21% lower than the peak values seen several years ago. The distribution of the value of taxable property between Class II properties, or those which are owned, occupied and used for the benefit of the owner, and Class IV properties, which all other property within the town falls in, has remained fairly constant since fiscal year 2005-06, with Class II properties comprising around 46% of the town's assessed valuation.

Fiscal Year	Assessed Value	Class II	Class IV	Class II Share
2005-06	\$56,906,188	\$27,024,400	\$29,881,788	47.5%
2006-07	\$58,186,759	\$26,573,660	\$31,613,099	45.7%
2007-08	\$67,594,101	\$29,559,350	\$38,034,751	43.7%
2008-09	\$94,246,812	\$43,446,430	\$50,800,382	46.1%
2009-10	\$94,426,973	\$43,938,850	\$50,488,123	46.5%
2010-11	\$81,393,482	\$37,378,170	\$44,015,312	45.9%
2011-12	\$79,901,363	\$36,863,070	\$43,038,293	46.1%
2012-13	\$74,290,616	\$34,056,290	\$40,234,326	45.8%
2013-14	\$74,325,974	\$35,017,400	\$39,308,574	47.1%
Dollar Change 2005-2013	\$17,419,786	\$7,993,000	\$9,426,786	
Percent Change 2005-2013	23.4%	22.8%	24.0%	

Table 44 - Shepherdstown Assessed Property Value



University Enrollment

Since 1999, Shepherd University has seen a significant increase in both the number of individuals enrolled as students as well as the number of full-time equivalent students. Since 1999, the total number of students enrolled at the university has increased by almost 38%, going from just over 3,000 students in 1999 to over 4,200 in 2013. Increases in enrollment were seen in each academic year, with the exception of 2001, 2010, 2012 and 2013, which all saw small decreases in the total number of enrolled students.

Year	Enrollment	Percent Change	FTE Enrollment	Percent Change
1999	3,063		2,782	
2000	3,125	2.0%	2,770	-0.4%
2001	3,071	-1.7%	2,816	1.7%
2002	3,260	6.2%	2,957	5.0%
2003	3,344	2.6%	3,020	2.1%
2004	3,682	10.1%	3,183	5.4%
2005	3,901	5.9%	3,330	4.6%
2006	4,091	4.9%	3,467	4.1%
2007	4,119	0.7%	3,512	1.3%
2008	4,185	1.6%	3,569	1.6%
2009	4,256	1.7%	3,721	4.3%
2010	4,234	-0.5%	3,748	0.7%
2011	4,393	3.8%	3,837	2.4%
2012	4,326	-1.5%	3,774	-1.6%
2013	4,221	-2.4%	3,642	-3.5%
Change 1999 – 2013	1,158	37.8%	860	30.9%

Table 45 - Shepherd University Enrollment



Strengthen and support local business development and business retention, while embracing the need for a diverse mix of uses and innovative business types.

1.1 Develop Enhanced Telecommunications Infrastructure

STRATEGY: Support and facilitate the development of enhanced telecommunications infrastructure and similar technological improvements throughout the community.

JUSTIFICATION: The development of these improved facilities will help local businesses thrive and grow, as well as to attract and foster the growth of communications-dependent enterprises.

1.2 Establish Business Improvement Programs

STRATEGY: Develop a program to assist local businesses with enhancing their environmental and financial sustainability through gains in energy efficiency, reduced utility costs and similar practices that can increase their competitiveness.

JUSTIFICATION: Due to the age of many of the structures in the business district, a need exists to provide information on improving the energy efficiency of operating a business in a historic property. New businesses will also benefit from general business improvement practices to help them sustain and grow profits in a responsible manner.

1.3 Implement a Buy Local Campaign

STRATEGY: Work with local business groups and Shepherd University to develop and implement a “buy local” campaign.

JUSTIFICATION: The purpose of the program is to help improve the frequency with which local businesses are chosen by residents and other businesses in the community as their goods and services.

1.4 Institute an Entrepreneurship Program

STRATEGY: Develop business mentoring and entrepreneurship programs that connect Shepherd University with local businesses to encourage young entrepreneurs to start businesses in town, while matching local businesses with students for internship and potential future full-time employment.

JUSTIFICATION: An opportunity exists to retain recent graduates that have a desire to start and grow a business locally. Infusing young and talented entrepreneurs into the local economy can help Shepherdstown ensure a vibrant future.

1.5 Collaborate with Creative Arts Industry Start-ups

STRATEGY: Work with the visual and performing arts communities to support their commercial ventures and help to ensure that they have sufficient resources available to become and remain a part of Shepherdstown’s business community.

JUSTIFICATION: Start-up creative arts businesses need specialized assistance in running their creative ventures as a business. Local business leaders and resources from Shepherd University can be made available to help

1.6 New Business Ribbon Cutting Program

STRATEGY: Provide visible support from the town, such as public announcements, ribbon cuttings by elected officials, Shepherdstown Business Association, Shepherd University and similar actions when new locally owned businesses are opened.

JUSTIFICATION: It is important to raise awareness and build local support within the community when new businesses open up or expand. This increased support will help business start on a good note.



1.7 Pursue Coordinated Business Hours and Promotions

STRATEGY: Work closely with the Shepherdstown Business Association and other business leaders to develop coordinated marketing campaigns and extended business operation hours.

JUSTIFICATION: Local businesses working together can stretch their limited resources through joint marketing and advertising campaigns. Working together on coordinated and extended hours of operation can help create an improved evening atmosphere and encourage new business start-ups that can bring a new and vibrant nightlife to the German Street / Downtown Business area.



Existing developed commercial properties within town will be utilized for their highest and best use.

2.1

Utilize Existing Developed Properties as a Priority

STRATEGY: Adopt development policies that strongly encourage new and expanding businesses, during the development review and application process, to consider using existing developed properties and sites prior to pursuing a greenfield site for development or expansion.

JUSTIFICATION: Encouraging redevelopment of existing properties helps maintain and rebuild business clusters, while utilizing existing infrastructure. Greenfield sites for new or expanding development may increase some service costs delivered by the Town due to the loss of efficiencies gained by businesses being located close to one another and potential expenses associated with utility extension and related infrastructure improvements.

2.2

Consider Redevelopment Incentives

STRATEGY: Develop financial incentives such as rent subsidies, tax credits and other means to encourage the adaptive reuse of existing commercial structures that are vacant or otherwise underutilized buildings for new or expanding businesses.

JUSTIFICATION: In the short-term, historic properties are typically more expensive to redevelop for individuals when compared to the lower building costs of associated with the development of a greenfield site. Financial incentives for entrepreneurs will help fill the gap in traditional financing for the redevelopment and adaptive reuse of existing commercial properties, helping offset the lower initial costs associated with greenfield development. As an important note, the cost to the Town in greenfield situations can be much higher as a result of utility and service expansions in lieu of utilizing existing infrastructure first.



Attract businesses to Shepherdstown that will contribute to the vibrancy of the existing local business base and expand the range of goods and services available in the community.

3.1 Develop a Business Recruitment Plan

STRATEGY: Prepare a comprehensive business recruitment and retention strategy based on stakeholder input and a market analysis that identifies existing business clusters and desired business sectors (to include the arts, culture and the “creative economy”), key locational strengths, available sites/buildings, rental rates, and incentives for locating in Shepherdstown.

JUSTIFICATION: The Shepherdstown market potential is difficult to identify based on available industry standard data due to its smaller market size, geographic location and specialized businesses. A more comprehensive approach that examines retail spending, local buying power and on-the-ground knowledge is needed to more accurately identify traditional business sectors with surplus and leakage and the non-traditional

creative business opportunities. This detailed information on the current and potential market for various industry sectors is needed to help new or expanded businesses better assess and plan for the risks with operating a particular business or offering a particular product line and merchandise in Shepherdstown.

3.2 Develop Partnerships for Business Development

STRATEGY: Work closely with the Shepherdstown Business Association, other business organizations and leaders, and the Jefferson County Development Authority to develop partnerships for attracting new business and strategies to retain existing businesses.

JUSTIFICATION: Support from many partners will be necessary

to develop a detailed business recruitment and retention strategy for Shepherdstown. Actively engaging potential partners will help ensure a comprehensive strategy is prepared. Developing

partnerships helps identify local business needs more quickly, while helping to establish a solid network of available resources for new and existing businesses in Shepherdstown.

ED GOAL 4

Ensure that visitors to Shepherdstown are warmly welcomed in the community and are provided with a unique and memorable experience.

4.1 Develop a Proactive Tourism Plan

STRATEGY: Develop an action oriented tourism marketing plan with input from all sectors of the local tourism community that examines existing tourism related sites, historic resources, activities and businesses in the area, with accompanying recommendations and materials for a marketing and promotions package for Shepherdstown.

JUSTIFICATION: Shepherdstown has benefited from well-advertised and well-known events that are frequently reported in local and regional news media, journals and other publications.

However, a more targeted and proactive approach is needed to encourage new and former tourists to choose Shepherdstown as a destination for a weekend getaway or day trip. This plan would benefit from information related to the business and recruitment strategy and should begin after that strategy and study is completed.

4.2 Assessment of Local Lodging Opportunities

STRATEGY: Work with the business community to develop an analysis of existing lodging facilities in the area to determine if



there are any gaps in the availability of rooms, including short-term / vacation rentals at the relevant market price points and amenity levels to accommodate the needs of a wide range of tourists.

JUSTIFICATION: The development of an assessment of the current state of the lodging sector in the local area will help the business community identify any opportunities that exist to expand or modify existing establishments to better meet demand, or to build new establishments to capture market share that is currently choosing lodging options in other communities due to the lack of accommodations that meet their needs in Shepherdstown. This type of assessment will also allow the town to better understand the needs to modify or expand its regulations related to short term or vacation rentals, and give property owners better information about this segment of the market and whether they might be able to monetize their properties by converting it for this purpose. Capturing a greater share of the market for overnight accommodations in the area will help to support the local economy by encouraging a larger number of longer stays in the community, thereby supporting associated businesses that cater to tourists, particularly in the food service and entertainment sectors.

4.3

Promote Outdoor Recreation

STRATEGY: Work collaboratively with regional stakeholders to promote the availability of outdoor recreation opportunities in the area.

JUSTIFICATION: The full potential of Shepherdstown's location and available outdoor recreation opportunities has not been attained. An opportunity exists to raise awareness and promote outdoor recreation with other existing events and opportunities within Shepherdstown in a more formalized way as many visitors have discovered over the years. Comprehensive vacation packages could include cycling, theatrical and musical events and festivals, along with historical tours.

4.4

Develop a Comprehensive Parking and Wayfinding Strategy

STRATEGY: Work with local businesses, organizations and the visitors center to develop a comprehensive parking strategy for tourists that includes online mapping and directions for parking, a parking pass program for tourists, potential tourist friendly policies



for parking enforcement, and a unified wayfinding program with Shepherd University that identifies key destinations and parking areas for Shepherdstown and Shepherd University.

JUSTIFICATION: Improvements are needed to guide potential tourists to key locations and parking areas in Town and on Shepherd University in a clear and consistent manner. The opportunity exists for the University to work collaboratively with the Town on a unifying wayfinding sign design and the identification of the most important destinations to ensure that the experience is seamless for all visitors to Shepherdstown and Shepherd University. The wayfinding program needs to be translated to online resources as well to help visitors plan their visit ahead of time. The Town and University need to identify parking policies and areas together to help ensure that visitors clearly understand where public parking is available.

4.5 Tourism Ambassador Program

STRATEGY: Work with local tourism, history and business groups to develop an “ambassador” program that would use volunteers to interact with visitors in the downtown area on weekends, major events, first year or transfer student orientation days, and

during peak tourism season to offer advice, provide historic perspectives, distribute discounts for local businesses, answer parking questions and perform similar duties.

JUSTIFICATION: Ensuring visitors have a positive and memorable experience will help Shepherdstown retain and attract businesses and more tourists. This program can also provide for coordination among many organizations in Town, creating an atmosphere for additional collaboration between businesses, tourism interest, historical groups, arts organizations and other interests in Town toward realizing a common goal of improving the visitor experience in Shepherdstown. This program could include volunteers dressed as important historical figures to add to the visitors experience and entertainment.

4.6 Public Restroom Downtown

STRATEGY: Explore opportunities to develop a downtown public restroom facility in a convenient location that is accessible to visitors.



JUSTIFICATION: Access to public restrooms will improve the visitor experience as some businesses have limited use of bathrooms for the general public, especially during major events.

4.7 Secure Bicycle Storage in Downtown

STRATEGY: Develop a secure public bicycle storage facility in a downtown location where bicyclist with large amounts of gear can safely store their bikes.

JUSTIFICATION: Shepherdstown is often a destination for bicyclists that are passing through along regional trails. Secure and convenient storage boxes or facilities for bikers with these storage needs will help encourage more bicyclists to choose Shepherdstown as a destination, while potentially generating more foot traffic for local businesses and overnight stays.