

4: ECONOMY or ECONOMIC DEVELOPMENT

1.0 Introduction

The purpose of this chapter is to provide guiding principles for economic development in Shenandoah County that adhere to the vision of the Comprehensive Plan, summarize Shenandoah County's economy, and identify trends and changes important to the county's economic vitality. The County economy has been examined several times before the comprehensive planning process began, first during the development of an Overall Economic Development Program in the late 1970s, and as part of meeting certification requirements of the Virginia Department of Economic Development's Community Certification program. Most recently the County's economy has been re-examined through updates to the Comprehensive Plan and a 2013 Economic Development Strategic Plan. In 2019 the County initiated a process to update the 2013 Strategic Plan. The following vision and guiding principles are intended to help guide that process.

Vision

By 2030, Shenandoah County will have a diverse economy driven by a population mix of citizens educated at high school, trade school, college and post-graduate levels. Economic opportunities will exist in technology, manufacturing, agriculture, small business, tourism and business innovation in a rural, historic, environmentally conscious area of the Commonwealth attracting, encouraging and balancing population growth with ever improving educational, recreational and governmental service.

Economic development in Shenandoah County is based upon the following principles:

Principle #1: Encouragement of agriculture and related businesses

The County and its citizens recognize and appreciate our strong agricultural heritage. In the most recent census of agriculture, this County ranked fifth overall of all Virginia counties in the dollar value of agricultural production. As agriculture and the related businesses that support and sustain agricultural production are expected to remain an important economic sector, the County will remain committed to policies and programs to strengthen our existing industry including land use valuation and other favorable taxation policies, encouraging enrollment of farms and open land into Agricultural and Forrestral Districts, use of the County Farm as a positive example for farm management and conservation, and making full and advantageous use of the County's Conservation Easement Program. To encourage added growth in this sector, the County will educate farmers on the programs and vast array of assistance through available educational resources to improve farm profitability from new products and production opportunities, diversification, value added products and agritourism. The County will also actively recruit additional agricultural related business including additional processing, equipment sales and repair, and new production and retail business opportunities presented by cooperative agricultural partnerships and farmers' markets.

Principle #2: Active Promotion of tourism based upon scenic, historic and recreational assets

Shenandoah County recognizes tourism as a leading industry along with agriculture with potential to contribute to the environmental, economic, and social viability of the community. Tourism activities will be focused on marketing Shenandoah County as a tourist destination based on its scenic, cultural, historical, natural and recreational assets across the state and region. The County

will assure that adequate resources are devoted to building capacity of existing businesses and cultivating opportunities for future tourism based enterprises to meet the needs of a changing population. Ongoing planning and analysis will determine future areas of growth and opportunity. Active promotion of attractions will be conducted in a manner that encourages the conservation of elements such as open space, historic buildings, and rural viewsheds.

Principle #3: Providing educational and vocational preparedness training consistent with career opportunities

Shenandoah County understands and values the significant importance of providing quality education not only for the benefits of students, but also for overall societal well-being. Changing demographics in the County will require increased levels of service related careers such as health care, elderly care, legal services, and a wide range of domestic assistance. The County will attract innovative, forward-thinking enterprises to promote new local employment opportunities. A wide variety of traditional trades will continue to be needed to support agriculture, tourism and other existing businesses. Educational and vocational training will match these diverse and forward-looking workforce needs and career opportunities locally and globally.

The County must engage businesses and manufacturers to identify skills and training that are needed to support a robust and employable work force. Building and maintaining strong partnerships and programs with local colleges, universities, and public and private educational facilities will help the County be responsive to changing and emerging needs in workforce training.

Principle #4: Recognition of existing businesses as a key, the County will support economic gardening

Local businesses are the foundation of our community. The County will support them through (1) regular communication, (2) training for people who seek the jobs needed for local businesses, i.e., services business training, retention and expansion, and (3) providing incentives that encourage a special connection with the community, allowing them to pursue expansion and diversification.

Principle #5: Encouraging the establishment of small to moderate scale businesses and industries in appropriate locations

Consistent with its vision of remaining a primarily rural and agricultural county, Shenandoah County will look primarily to smaller businesses for economic growth. This includes businesses employing less than 100 people, not placing undue burden on the County's natural resources such as clean water, open space, and attractive viewsheds. Light manufacturing, warehouse operations, and other commercial operations will be encouraged in existing industrial parks and other areas currently zoned for business and commercial use. Where the supply of appropriate sites is insufficient, limited rezoning will be considered. Special use permits will be carefully considered in terms of their impact on neighborhood areas including traffic, noise, and lighting.

Resources to be used for the establishment of new business include state and regional partnerships, the IDA, and Lord Fairfax Small Business Development Center. The County will consider tax incentives for the new or expanding businesses. The County will support the development of an incubator process for start-up businesses. The County will develop a process to identify the types of businesses most desired.

Principle #6: Encouraging entrepreneurship with incentives and a responsible regulatory climate

Economic progress is fueled by small business success. The County will foster an environment that encourages and promotes individuals to start new businesses. The County will work with the local Chamber of Commerce to establish a program to assist individuals wanting to begin their own business. Resources and assistance are available from the Lord Fairfax Small Business Development Center and Shenandoah County Chamber of Commerce. The County will continually review its regulations to ensure that barriers to small businesses do not exist. The County will consider incentives to promote business expansion.

Understanding the county's economic sectors, drivers, and challenges is important for developing a strategic plan that can pursue building a diversified portfolio of economic opportunity. A financially sound economic development program in the County will attract and retain industry from commercial, agricultural, and manufacturing sectors providing a balanced economic tax base. A well-rounded diverse tax portfolio will also strengthen the economy of Shenandoah County by helping it be more resilient to changes in markets and capable of withstanding a drop in one sector while other sectors can continue to generate revenue.

This chapter incorporates data from several sources. The best available recent data has been used for each specific topic, from a variety of State and Federal agencies including: Shenandoah County's Economic Development Strategic Plan: A Roadmap to the Future, the Virginia Employment Commission, the Weldon Cooper Center, the U.S. Bureau of the Census, and the Bureau of Economic Analysis. Due to multiple statistical methods and source data, some variation may be evident throughout the chapter; however, this does not affect the larger economic picture.

In accordance with the state code, this Comprehensive Plan presents existing conditions and trends of growth of the probable future requirements of the County. To guide a coordinated, adjusted, and harmonious development of the County, which will address existing conditions and the next 10-15 years, the trends identified herein point to the future needs and resources to best promote the prosperity and general welfare of the citizens of Shenandoah County. Updates to the Comprehensive Plan's Economic chapter have been evaluated and coordinated through the Citizen Advisory Committee to reflect current growth and projected trends.

2.0 Labor Analysis

2.1 Labor Force

A thriving economy relies on the workforce labor pool in the County. Maintaining a trained workforce in a variety of business sectors including manufacturing, industry, commercial and agriculture will improve the County's economic profile. Below is a description of the existing labor pool.

Labor force refers to the number of persons living in Shenandoah County who are 16 years of age or older employed or seeking work, either within the County or elsewhere. Of the two basic labor force components-- armed forces and civilian--the military portion consisted of only a small number of persons. Accordingly, only the civilian labor force is considered in this study. In Shenandoah County, according to the 2017 American Community Survey data from U.S. Census Bureau for employment data, 61.3% of the total County population over 16 years of age were in the civilian

labor force. Over 94% of the civilian labor force was employed, and 58% of the total County population over age 16 years were employed. The survey revealed 5.19% of the civilian labor force was unemployed. Those found not in the labor force include people in the Armed Forces, and all others in the 16 years of age and older population not classified as members of the civilian labor force.

Below, in Figure 4-1, is a table of the Labor Force Data and historic results for comparison.

Figure 4-1: Shenandoah County Workforce

	2010	2015	2016	2017
Total Civilian population 16 years and over	33,432	34,469	35,040	34,718
Civilian labor force	21,159	21,275	21,396	21,287
Employed	20,013	19,990	20,212	20,182
Unemployed	1,146	1,285	1,184	1,105
Not in labor force	12,270	13,194	13,540	13,380

Sources: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates. The margin of error is less than 2% for each category. Descriptions of each category can be found here <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

In Figure 4-1, it is important to note the 2017 American Community Survey (ACS) data is the most recent available and involves collecting data from a sample of people, versus a survey from all people as the decennial censuses do. Therefore, note there will be a margin of error for the 2015 ACS data when comparing to previous years of decennial census data. Prior to the 2010 Census, data on industry, and class of worker were collected on the decennial long-form (File 3); however, from 2010 to present, the data now is collected through the ACS. Therefore, when comparing data to determine trends, one is cautioned to use the decennial long-form File 3 for data prior to 2010 and the ACS data for characterizing data from 2010 to present. Because of this difference in methodology data prior to 2010 is not presented.

2.2 Labor Characteristics by Industry

The resident labor force is classified in two different ways by the Bureau of Census ACS. The first is by the industry, and the second is by occupation. This section provides a description of employment by industry.

Figure 4-2 depicts the County population occupations in various industries based on the 2011-2015 U.S. Census Bureau American Community Survey (ACS) 5-Year Estimate from table S2405. Due to the U.S. Census industry classification changes from the ones currently in the last edition of the County Comprehensive Plan, it is not possible to compare previous years' data. Figure 4-2 breaks down the employed civilian persons by industry sectors for years 2015, 2016, and 2017.

Figure 4-2 Employment by Industry in Shenandoah County

	Total by 2015	Total by 2016	Total by 2017	Percent change from 2015 to 2017
Civilian Population Employed (16+ years)	19,990	20,212	20,182	1.0
Agriculture, forestry, hunting, and mining	767	923	689	-10.2
Arts, entertainment, recreation, accommodation, and food services	1,606	1,544	1,429	-11.0
Construction	1,638	2,069	1,994	21.7
Educational Services, health care, and social assistance	4,021	3,883	4,215	4.8
Finance and insurance, and real estate and rental leasing	671	700	772	15.1
Information	539	482	563	4.5
Manufacturing	3,340	3,222	2,679	-19.8
Other services, except public administration	915	815	948	3.6
Professional, scientific, management, administrative, and waste management services	1,538	1,605	1,616	5.1
Public administration	1,027	1,211	1,163	13.2
Retail Trade	2,386	2,475	2,675	12.1
Transportation and warehousing, and utilities	1,034	862	942	-8.9
Wholesale Trade	508	421	497	-2.2

Sources: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates Table S2405. The margin of error is less than 2% for each category.

The data in Figure 4-2 represents Shenandoah County civilian citizens employed regardless of the location of that employment. Figure 4-2 indicates the predominant field of employment is educational services, health care, and social administration. The second largest industry employing Shenandoah County employed civilians is manufacturing, followed by retail trade. It is important to note that these data refer to the job where a person worked the greatest number of hours. According to the 2012 Census of Agriculture approximately half of farm operators in Shenandoah County indicated their primary occupation was something other than farming. While the figures for employment in agriculture, forestry, hunting, and mining look comparatively low to other industry categories many farmers that contribute to the local economy have second jobs off the farm.

The ACS five-year data indicates a stable percentage of the total population (aged 16 and older) employed in the civilian labor workforce. For example, in 2017 the ACS data revealed 20,182 employed civilians in the total population (16 years and older) of 34,718 for 58% employed. In the 2015 and 2016 five-year ACS data, the percentage was 58% and 57%.

In Shenandoah County, the largest percentage gains from 2015 to 2017 of nonfarm jobs occurred in Construction (21.7%), Finance and insurance real estate (15.1%), Public Administration (13.2%), and Retail Trade (12.1%). Eight industrial sectors added jobs from 2015 to 2017 while five industrial sectors lost jobs.

2.3 Labor Characteristics by Occupation

The data for employment by occupation from 2015 to 2017 is presented in Figure 4-3.

The two leading occupation groups for County residents in all three years were “management, business, science, and arts occupations” at 28-30% and “sales and office occupations” at 22%. Production, transportation, and material moving occupations represented 16-19% of the employed civilian population, and service occupations were 16-17%. Natural resources, construction, and maintenance occupations had the least percentage of employment at 12.5-14%.

All occupations had net increases from 2015 to 2017, except for "Production, transportation, and material moving occupations" which had a net decrease of 568 (14.7%). The occupations are displayed in Figures 4-3.

Figure 4-3: Occupations of Employed Residents

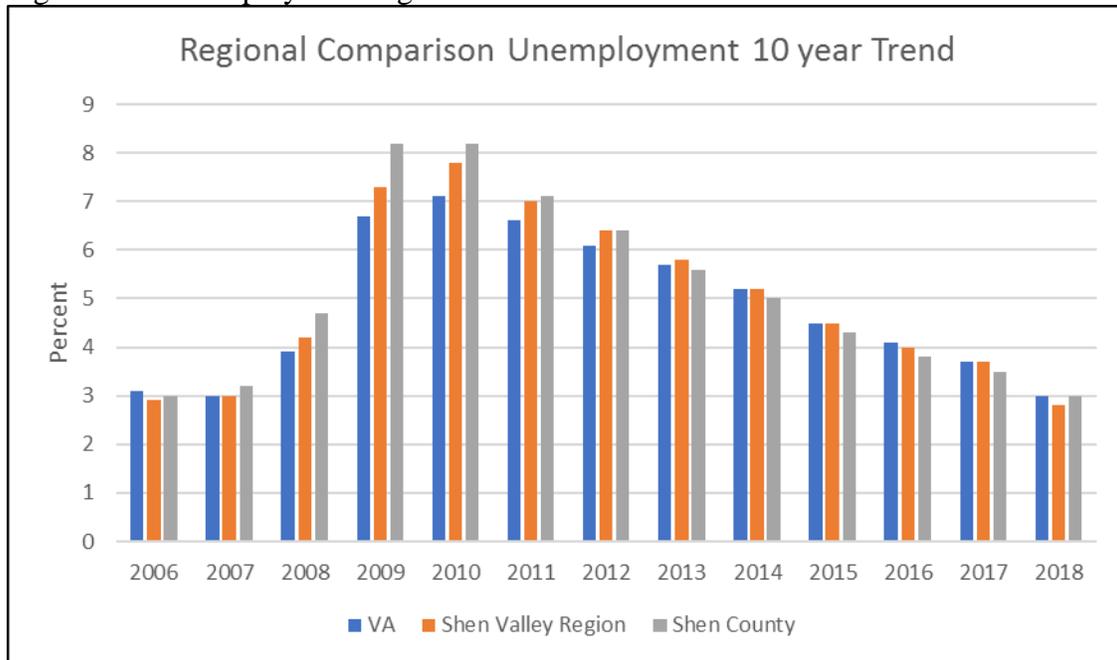
	Total by 2015	Total by 2016	Total by 2017	Percent Change from 2015 to 2017
Civilian Population Employed (16+ years)	19,990	20,212	20,182	1.0
Management, business, science, and arts occupations	5,715	5,864	6,062	6.1
Service occupations	3,531	3,335	3,567	1.0
Sales and office occupations	4,379	4,365	4,482	2.4
Natural resources, construction, and maintenance occupations	2,509	2,927	2,783	10.9
Production, transportation, and material moving occupations	3,856	3,721	3,288	-14.7

Sources: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates Table S2405. The margin of error is less than 2% for each category.

2.4 Unemployment

A twelve-year view of the regional unemployment rate during 2006 through 2018, profiles Shenandoah County as having higher unemployment in 2006 through 2011 than the surrounding Shenandoah Valley workforce region, but lower 2013 through 2017. This data is presented in Figure 4-4.

Figure 4-4. Unemployment Figures.



Source: Virginia Employment Commission, Shenandoah Valley Workforce Region.

The monthly unemployment rate in Shenandoah County in December 2018 was 2.5%, while the state rate for the same month was 2.6% and the regional rate was 2.5%.

3.0 Employment/Work Force Composition

3.1 Shenandoah County

The County's employment is divided into basic and supporting employment. Basic employment industries sell most of their goods and services outside the County. Manufacturing and farming are considered basic industries and are subject to national and regional demands. The nonbasic industries provide support to the basic industries. This supporting sector markets their goods and services locally. These industries include wholesale and retail trade, construction, finance, insurance, real estate, and most services along with local and routine state government functions. Most supporting industries rely upon the basic industries and local economy rather than regional and national markets. The Virginia data for the second quarter of 2018 noted the top ten employers in Shenandoah County, shown below in Figure 4-5.

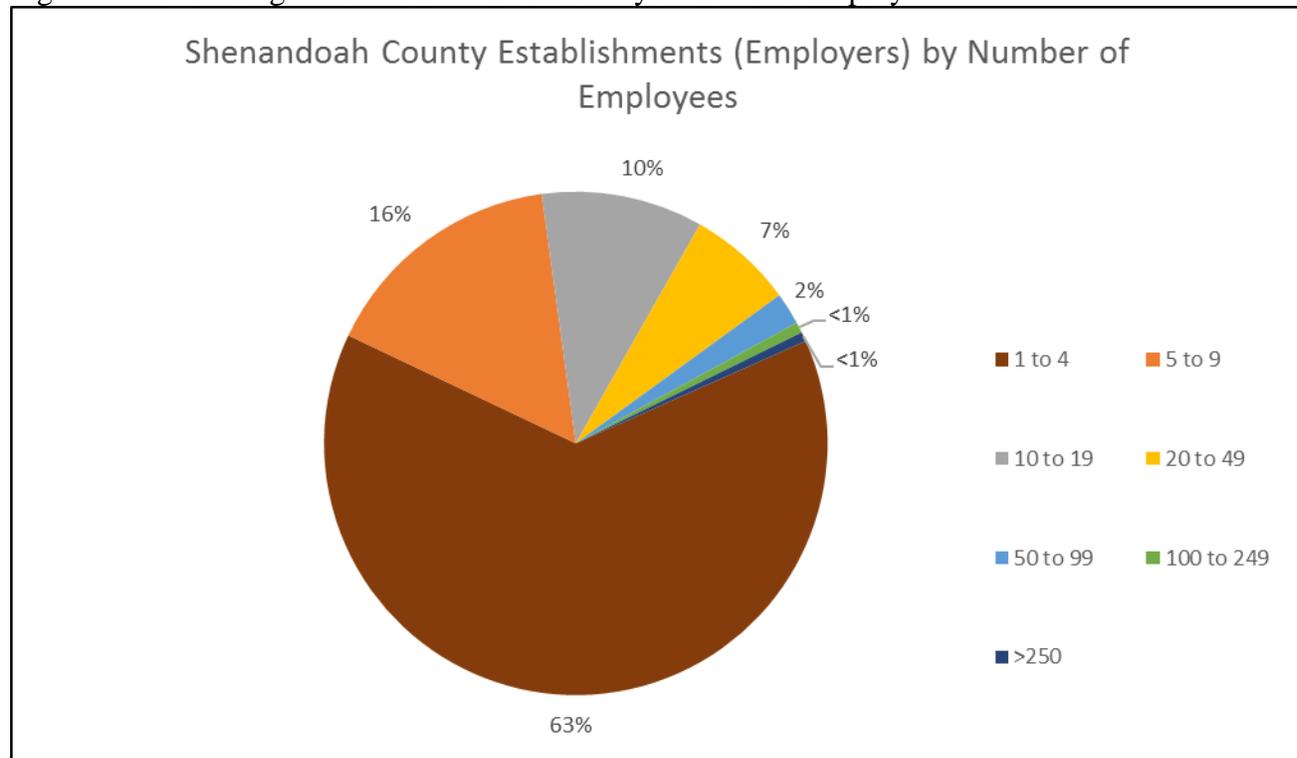
Figure 4-5: Shenandoah County Major Employers

Figure 4-5: Shenandoah County Major Employers	
Employer	
Shenandoah County Public Schools	
George's Chicken, LLC	
Shentel Management Company	
Bowman Andros Products	
LSC Communication US, LLC	
County of Shenandoah	
IAC Strasburg, LLC	
Valley Health Care System	
Masco Builder Cabinet Group	
Wal-Mart Associates	

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 2nd Quarter (April, May, June) 2018.

As depicted in the Figure 4-6 below, the majority of establishments (employers) 743 out of 1,169 in Shenandoah County have under five employees, this pattern parallels Virginia employers by size of establishment.

Figure 4-6. Percentage of Total Establishments by Number of Employees



Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 3rd Quarter (July, August, September) 2018.

3.2 Regional

While the county's office of Economic Development is actively engaged in attracting new businesses to Shenandoah County, the county is also participating in local and regional economic development with multiple agencies and organizations to increase economic opportunities with a diversity of jobs. Partners include the Shenandoah County Industrial Development Authority, GOVirginia, Shenandoah Valley Workforce Development Board (SVWDB), and the Shenandoah Valley Partnership (SVP). Shenandoah County staff and elected officials or designees are members appointed to both the SVP and the SVWDB. Shenandoah County makes annual financial contributions to the SVP as part of its membership.

The Shenandoah Valley Partnership (SVP) is a public-private partnership to support economic success for businesses. The footprint of the SVP includes the counties of Shenandoah, Page, Rockingham, Augusta, Highland, Bath, and Rockbridge. Through regional cooperation, the SVP brings together business, government, and education leaders to attract new business to the area, help existing businesses expand, and guide strategic workforce development to grow and sustain a healthy economic future for the Shenandoah Valley region. The SVP collaborates with localities and the SVWDB to hold high school and college training programs.

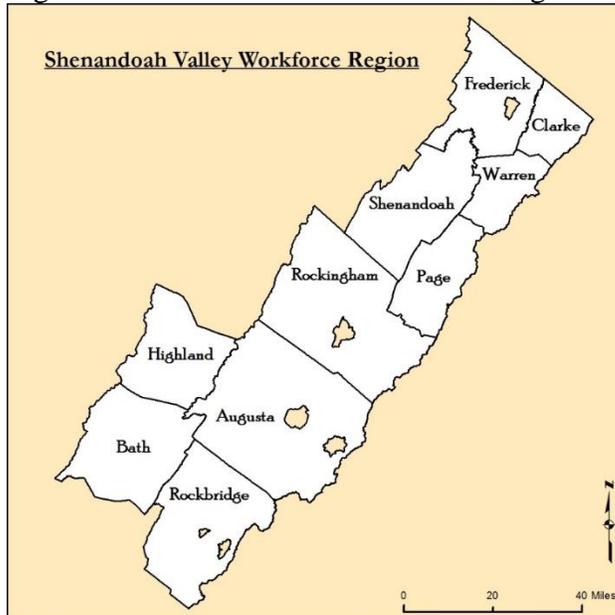
The Virginia Growth and Opportunity Board and Fund (GOVirginia) was approved by the 2016 Virginia General Assembly, and is a business-led, bipartisan initiative that is incentivized by the state with voluntary participation by localities. Shenandoah County is a member of the Region 8 GOVirginia region that covers the same footprint as the Shenandoah Valley Workforce Development Board region of 10 counties spanning from Frederick and Clarke to the north, to Rockbridge and Bath Counties in the south. GOVirginia is a collaborative initiative of private businesses, local governments, and state agencies administered by the Virginia Department of Housing and Community Development (DHCD). GOVirginia boosts local and regional economic development efforts by engaging business, education, and community leaders collaboratively in each region, and encouraging statewide partnering to maximize efforts. GOVirginia leverages local and regional economic efforts to attract greater financial and technical assistance supporting private-sector growth and job creation. GOVirginia ties local economic development efforts into the "New Virginia Economy" Plan and the Virginia Chamber of Commerce's "Blueprint Virginia" Strategic Plan.

The Virginia Employment Commission (VEC) prepares regional and local demographic data. The VEC work force labor data is presented for Shenandoah County compared to the surrounding counties in the Shenandoah Valley Workforce Development Board (SVWDB) area.

The SVWDB region covers a ten-county area stretching from Frederick and Clarke Counties to the north and Bath and Rockbridge Counties to the south.

The Valley region is depicted on the map below in Figure 4-7.

Figure 4-7: Localities of the SVWDB Region



By leveraging marketing and outreach resources throughout the larger region, Shenandoah County receives multiple benefits being part of the Shenandoah Valley Workforce Development Board. An additional economic partnership is realized through the County's membership with the Shenandoah Valley Partnership. The SVWDB retained an economic analysis of the manufacturing workforce in 2016, as a follow up to the 2013 study and prepared a report entitled "The SVWDA State of the Workforce Report – 2017 by Magnum Economics."

The findings of that analysis revealed an aging workforce in the manufacturing industry with an age composition higher than the national average with 25% of the workforce over 55 years of age in manufacturing. Based on surveys, 12% of the Shenandoah Valley workforce is expected to retire in the next five years.

The SVWDB report recommended a strategy to address skill shortages with aging workforce that includes a 5-Step Registered Apprenticeship Program. This involves older workforce mentoring younger hires, working with the community and local schools (K-12 through community colleges), and partnering with labor organizations to develop internship programs and training in areas of needed skills for local manufacturing.

The Shenandoah Valley 2017 State of the Workforce Report (Magnum Economics, 2017) presented the regional population growth rates for the years 2010 through 2015 and revealed a high growth rate in persons aged 65 years and over. The Workforce Report also indicated the greatest ethnic/race growth as Hispanic. The Workforce Report noted that the overall population growth in the region between 2000 and 2015 was comparable to the state average population growth. The region's population reflects losses in persons aged 19 years and younger,

The SVWDB commissioned Chmura Economics & Analytics to assess the manufacturing industry and workforce in the Shenandoah Valley region. In 2017, the economic report was released by Chmura with the following key findings for the SVWDB region:

- Age composition depicted 24% of all industries had workers 55 years and older, with 25% of manufacturing workers were 55 years and older.
- On average, the report indicated 12% of workforce are expected to retire in the next five years (2014 third quarter data).
- Firms surveyed indicated they hire 30% high-skilled employees and 23% of their low-skilled employees from outside Shenandoah Valley region
- 61% of firms use staffing agencies to fill vacancies
- An apprenticeship program partnering employers, schools, and agencies can improve workforce readiness and help fill employer needs.

Shenandoah County, in relation to other localities in the Shenandoah Valley Workforce Development Board footprint, had a 1% growth in employment from 2015 to 2016, which was less than the regional average of 1.9% employment growth.

The 2017 SVWDB Workforce Report presented the one-year change in total employment in the Shenandoah Valley region, by employer ownership category. The results from 2015 to 2016 in total employment change by ownership category is presented below. The private sector high growth represents primarily the Health Care sector. Although, in 2014 Health Care declined below the region's overall private sector; recent trends have indicated Health Care is once again a high performing employment sector rising above the regional private total (SVWDB Workforce Report, Jan. 2017, Magnum Economics). The private Manufacturing sector declined during the five-year period of 2011 through 2016, during the second quarter (Q2). The rate was a -2.5% in contrast to the 6.9% overall increase in the total private sector employers during the same time (Workforce Report, 2017, Magnum Economics). More information on the SVWDB can be found at <https://vcwvalley.com>

Commuting Patterns

As of 2015, approximately 7,214 persons live and work within Shenandoah County. Over 11,300 working residents commute out of Shenandoah County to work in other localities. Top localities workers commute to are Winchester City and Counties of Frederick, Fairfax, Warren, and Loudoun. Over 6,000 commuters from other localities travel to work in Shenandoah County, primarily from Rockingham, Frederick and Page Counties. (U.S. Census Bureau, OnTheMap Application and Census Longitudinal Employment Household Origin Destination Employment Statistics, 2015).

4.0 Agricultural Economy

This section highlights the role the agricultural sector plays in the County's economy and visions to promote and enhance agricultural entrepreneurship. According to the most recent U.S. Department of Agriculture's Census of Agriculture (2012), Shenandoah County ranks 5th in the state

for total value of agricultural products sold. The land area in Shenandoah County devoted to agriculture is 133,519 acres, or approximately 41% of the total land area. Since Shenandoah County is a rural area as opposed to an urbanized area, an analysis of the agricultural economy is vital to understand how it relates to Shenandoah County's economy as a whole. In addition to information provided in this section, a summary of agricultural data for the county can be found at:

https://www.nass.usda.gov/Publications/AgCensus/2012/Online_Resources/County_Profiles/Virginia/cp51171.pdf

The total market value of all agricultural products sold in 2012 was \$128,766,000, almost double the revenue from agricultural products sold in 2002. While these figures indicate a substantial rise, much of it can be attributed to inflation rather than an increase in farm production. In Figure 4-23, below, net dollar values are given for comparison.

Figure 4-

8:

MARKET VALUE OF AGRICULTURAL PRODUCTS SOLD

(Value in \$1,000)	1997	2002	2007	2012	2017
Total Market Value of All Products Sold	\$73,044	\$69,658	\$101,766	\$128,766	

Source: Census of Agriculture, 1997, 2002, 2007, 2012, 2017.

The number of farms in Shenandoah County is presented in Figure 4-9. The greatest number of farms are those sized 10 to 49 acres and 50 to 179 acres. These mid-size farms are located throughout the landscape.

Figure 4-9: Shenandoah County Farms by Size from 1992 to 2012

Farm Size (Acres)	1997	2002	2007	2012	2017
1-9	67	59	90	107	
10-49	230	349	399	341	
50-179	317	370	339	322	
180-499	181	166	162	162	
500-999	35	34	36	28	
1,000+	11	11	17	20	
Total	841	989	1043	980	

Source: USDA Census of Agriculture 1997, 2002, 2007, 2012, 2017.

Agricultural entrepreneurialism is a focus area of the Shenandoah County Community Development office. Many tourists visit Shenandoah County to experience the open farmlands against the mountain backdrop. Additionally, locally grown products are being endorsed by local restaurants and industries, Chamber of Commerce, and Shenandoah County’s tourism department. Farm2Fork is an event supported by Shenandoah County and counties and businesses throughout the Valley. At this one-day event, farmers are connected with large-scale consumers throughout Virginia, West Virginia and Washington, D.C. Lasting partnerships between producers and buyers are created, allowing producers to market directly to buyers. Local foods are also promoted through the public school system to raise awareness of eating local healthy foods and support County producers.

To help this important sector of the County's economy remain viable, several methods are being used. There are 18 Agriculture and Forestal Districts (AFDs) encompassing over 38,000 acres of agricultural and forested land. These districts prevent land from being taken out of agricultural production for a period of ten years while providing enrolled landowners several incentives in return. In accordance with State Code, there is a Board-appointed AFD Advisory Committee that supports the AFD program and annual renewals. More information about AFDs can be found in Chapter 3 of the comprehensive plan <http://shenandoahcountyva.us/planning/comprehensive-plan/> and on the County website at <https://shenandoahcountyva.us/ag-forest/>.

Permanent easements are used to keep land in agricultural use when landowners are willing to voluntarily give up the right to develop the land for non-agricultural uses. Shenandoah County has easements held by private and semipublic holdings. In addition, the County is the holder/ co-holder of three easements located within the County. There is a Board appointed Conservation Easement Authority to support the County easement program. More information on conservation easements can be found: <https://shenandoahcountyva.us/conservation/>

The County's zoning ordinances direct growth to areas near towns or sanitary districts where central water and sewer service exists, while reducing development elsewhere in the County.

5.0 Tourism

According to the Virginia Tourism Corporation, tourism-generated revenue in 2017 totaled \$223,671,059 in Shenandoah County (including the towns) and ranked highest in the 11 jurisdictions located in the Shenandoah Valley region. There were 1,835 tourism-related jobs in 2017, which is a 28% increase since 2000. The Shenandoah County department of tourism reports visitors spent an average of \$612,797 per day during 2017. Bryce Resort, Shenvalee Golf Resort, Shenandoah Caverns, the American Celebration on Parade, the Civil War Battlefields, and an increased interest in agritourism (wineries and breweries, pick-your-own farms, etc.), have all contributed to these revenues. In 2017 Shenandoah County tourism generated \$6.6 million in local taxes and supported 1,835 local jobs with salaries totaling nearly \$38 Million. It is expected that tourism related jobs will continue to increase in the future.

6.0 Income Analysis

6.1 Income and Wages

Based on the U.S. Census American Community Survey (ACS) 2017 data estimates, the income for Shenandoah County households is summarized below in Figure 4-10. The estimated median household income in Shenandoah in 2017 was \$53,934. Statewide the median household income was \$68,766. The ACS household income estimates includes eight types of income:

- wage or salary,
- self-employment (both farm and non-farm),
- Interest, dividends, net rental income, royalty income, or income from estates and trusts,
- Social Security or Railroad Retirement income,
- Supplemental Security Income (SSI),
- Public assistance income (does not include payments for hospital or medical care or Food Stamps),
- Retirement, survivor, or disability income,
- All other income.

Detailed descriptions of each income type can be found in the American Community Survey 2017 Subject Definitions at the US Census Bureau website.

Figure: 4-10: Households by Income Brackets Shenandoah County and Virginia

Household Income (IN 2017 INFLATION-ADJUSTED DOLLARS)	Percent of Households Shenandoah County	Percent of Households Virginia
Total households	17,262	3,105,636
Less than \$10,000	6.4%	5.5%
\$10,000 to \$14,999	4.7%	3.8%
\$15,000 to \$24,999	11.0%	7.8%
\$25,000 to \$34,999	9.4%	7.9%
\$35,000 to \$49,999	15.8%	11.7%
\$50,000 to \$74,999	20.4%	17.1%
\$75,000 to \$99,999	14.3%	12.8%
\$100,000 to \$149,999	11.6%	16.4%
\$150,000 to \$199,999	4.2%	7.8%
\$200,000 or more	2.2%	9.2%

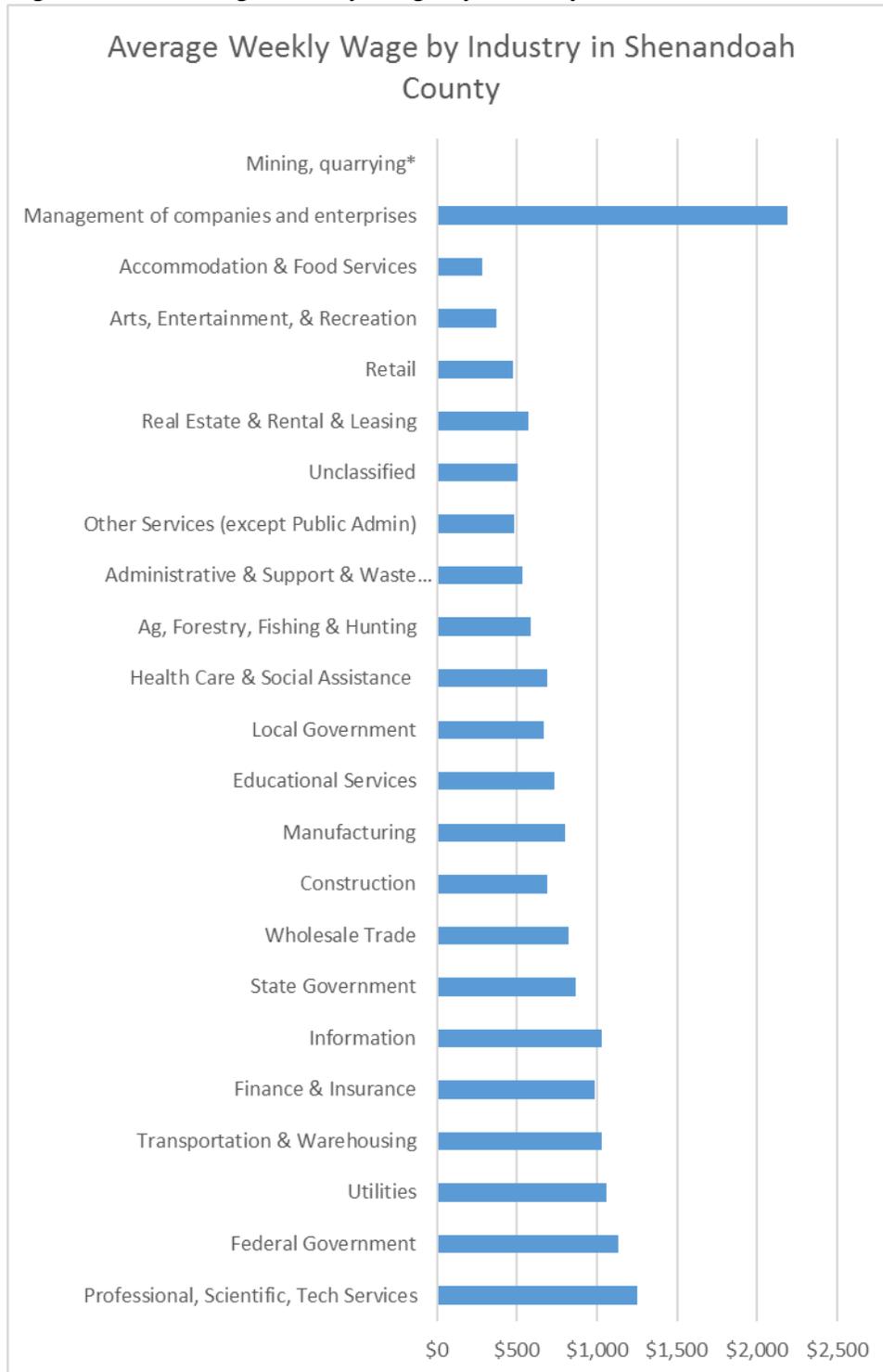
Source: U.S. Census American Community Survey (ACS) 5 year estimates, 2013-2017

Per capita personal income for 2017 is \$43,015 according to the Federal Reserve Bank of St. Louis which incorporates income received by persons from all sources including wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. This measure of income is calculated as the personal income of the residents of a given area divided by the resident population of the area. Additional sources for per capita income are available that calculate income using different methods. For example, per capita income in 2017 according to the ACS was \$27,016 but does not include income from capital gains, money received from the sale of property (unless the recipient was engaged in the business of selling such property) among other sources.

The data in Figure 4-11 provides a summary of Shenandoah County wages by industry. Additional resources detailing population, income, and demographics are presented in Chapter 5, of this Comprehensive Plan. The Shenandoah County Community Profile developed by the Virginia Employment Commission offers much additional data and information and can be found at the following website:

<http://virginalmi.com/reportcenter/communityprofiles/5104000171.pdf>

Figure 4-11: Average Weekly Wage by Industry



Source: Virginia Employment Commission, Shenandoah County Economic Profile, 2nd Qtr 2018

*No data available for the industry of mining/quarrying.

7.0 Economy and Budget

Shenandoah County maintains economic expenditures and through an annual budget and Capital Improvement Plan. The annual budget cycle is summarized below. The five year Capital Improvement Program Plan can be viewed on our website at: <https://shenandoahcountyva.us/wp-content/uploads/2013/11/FY-2016-CIP-Program-Summary-Final-ADOPTED.pdf>

County Finance and Taxation

The County Board of Supervisors (CBOS) provides financial oversight for and is the primary taxing authority for our county government including public education. However, it should be noted, that incorporated towns (i.e. Woodstock) within the county boundaries have additional taxing authority. Those living within the boundaries of these towns are subject to both county and town taxation receiving services from both.

The general practice is to adopt a balanced budget and to maintain an unassigned fund balance (reserve) of at least 12.5% of general fund expenditures. For the last several years Shenandoah County has maintained an unassigned fund balance exceeding 12.5%. In 2017, the CBOS adopted a 70-million-dollar budget to provide services within county boundaries. In general terms, the budget provides funding for education (37%), public safety (22%), county administration (4%), and other county services including debt service (37%). Funding for the county is provided from taxes on real and personal property (62%), State and Federal funds (22%), and other local sources (16%).

The budget process begins in November and ends in April when the CBOS adopts a final budget and sets the year's tax rate. During the budget process all departments of government - including the Shenandoah County Public Schools (SCPS), sheriff's office, fire and rescue, and courts - submit a proposed budget which is considered by the CBOS during any number of public budget work sessions. Individuals or groups may request an audience at a work session or regular meeting to solicit public funds for public/private partnerships. The budget is further discussed at regular CBOS meetings and culminates with the announcement of a proposed tax rate, final public hearing, and subsequent vote. The vote is twofold; 1) to establish the current year's tax rates and 2) to adopt the next fiscal year budget. Subsequently, revisions to the budget may be made by the CBOS throughout the year, however, the tax rate is set for the year.

For example, tax rates (per \$100 assessed value) for FY 2018 were as follows: real estate and mobile homes (\$0.64); for automobiles, machinery and tools (\$3.90); and for merchants' capital (\$0.60). In 2018 a home, mobile home, or property valued at \$150,000 would be taxed at \$960. An automobile or recreational vehicle valued at \$15,000 would be taxed at \$585. Payments are due and payable in two installments on June 5th and Dec 5th.

To further provide for transparency in government, a report is issued for public review at the end of each fiscal year, July 1 - June 30. In 2017 the *Government Finance Officers Association*

awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Shenandoah. Comprehensive financial reports for previous fiscal years can be found on the County website. In addition, detailed financial reports for the SCPS can be found on the school's website.

8.0 Summary

The economic base of the County has slowly changed over the past several decades. Textiles were the dominant manufacturing industry for many decades, with plants in several of the towns as well as in the unincorporated area. There are no longer any active textile plants remaining in the County.

Manufacturing is still the classification that has the highest percentage of local jobs (although that percentage is falling). It is worth noting that several of the manufacturing enterprises and service industries that are located here are dependent upon the agricultural base for their existence.

Approximately 42 percent of the jobs in the County are in the industries which provide the County's economic base. Those "basic" industries are industries which sell most of their goods and services outside the County, thus bringing to the County revenue from other areas. Much of the County's basic employment is in manufacturing, but the composition of those manufacturing jobs is changing with advancements in technology and automation.

The manufacturing sector of the economy has decreased both in the number of employees and percentage of total employment between 1990 and 2010. Significant increases in employment and in total distribution have occurred in recent years in tourism in Shenandoah County.

Changes in the occupational distribution of the County's residents indicate a continued shift from blue collar to white collar type jobs. This trend may be due somewhat to those who have recently moved into the County but still retained their jobs in other areas, and now commute out to maintain their higher-skill and higher-pay employment.

The agricultural economy is a very important part of the County's overall economy. Livestock, poultry and their products account for most of the market value of all agricultural products sold. Many farmers also have second off the farm occupations that contribute to the local economy.

Historically, Shenandoah's unemployment rate had been higher than the State and the Planning District. Beginning with the late 1980s, the County's yearly average unemployment rate has been lower than both the State's and the Northern Shenandoah Valley Region.

The income of Shenandoah's residents has historically been lower than the average of the region and of the State, and it remains so as of the year 2017. It is also considerably lower than that of those living in the Northern Virginia/D.C. metropolitan area, providing an incentive for some residents to commute to those areas. In fact, twice as many workers commute to jobs outside the County as commute into the County from elsewhere.

Economic analysts agree that a locality's economic viability in the 21st century depends upon a quality work force in terms of basic education, continuing education to upgrade skills and a positive work ethic to maintain a critical mass of employable workers. To achieve the economic vision set forth in this chapter the county will need to attract different kinds of business and industry – ones

that require a better educated workforce, a more highly skilled workforce, a more technically oriented workforce, and a more knowledge-based workforce. Such companies hire mostly college graduates and pay substantially higher wages and salaries. Recruiting such companies requires a collective community effort to create a business-friendly climate and a targeted effort, perhaps on a regional basis, to recruit the right kind of companies to build or relocate here.