

## IV. BUSINESS DEVELOPMENT



## **INTRODUCTION**

chapter focuses on four areas that are all integral to the economy of Frederick County. These areas are:

- **OFFICE AND INDUSTRIAL**
- **RETAIL**
- **TOURISM**
- **AGRIBUSINESS**

Frederick County currently has a consistent and competitive real estate tax rate in comparison to neighboring communities. Supported by a proactive Economic Development Authority (EDA), the area's workforce has a high work ethic and a low turnover rate. The County's attractiveness as a residential community will continue to expand our population and our opportunities for business growth. Each new residence only generates approximately 50% of the taxes needed to offset the service burden created by the residence; the goal of planning for new business development is to attract businesses that will balance the tax base and jobs.

The opportunity for residents to have an expanded employment base affords not only an enhanced quality of life and increased income, but also results in increased local spending and therefore increased sales tax collections.

## **CURRENT CONDITIONS**

Our strategic geographic location, diverse business community, skilled workforce, recognized economic performance, and commitment to business Frederick County's strategic economic cornerstones. These, in combination with outstanding public education institutions and top-ranking healthcare facilities, provide additional confidence to businesses about Frederick County's economic environment.

Multiple four-lane highways (which can reach much of the U.S./Canadian population in one day), quick access to a general airport and three international airports (Washington-Dulles International Airport, Baltimore-Washington International Airport, and Ronald Reagan Washington National Airport), and daily intermodal connection via the Virginia Inland Port are just a few of the reasons businesses like operating in Frederick County, Virginia.

Geographically, Frederick County is strategically placed in the Mid-Atlantic region of the United States and along major North/South and East/West transportation routes. This is a valuable asset to companies serving the North American and European markets.

In addition to the outstanding geographic reach, Frederick County employers enjoy a labor supply from a 45-minute drive-time across 10 counties in Virginia, Maryland, Pennsylvania,

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and West Virginia. The total labor supply is more than 340,000 professionals, over 90.8% of which are high school graduates (or higher); 40.1% hold an associate degree or higher.

Widely recognized employers are operating in Frederick County, including HP Hood, Kraft-Heinz Foods, M&H Plastics, Navy Federal Credit Union, Rubbermaid and Thermo Fisher Scientific. A mix of manufacturing, retail, professional service, logistics, customer service, technology and entrepreneurial enterprises keep the economy strong. Our region is among the top 10% best performing metros in Virginia for capital investment and new job creation over the last decade.

The County's business community has steadily grown over the years and has been recognized for its range of offerings, proximity to major metros and its long-term appeal to some of today's leading manufacturers, financial operations and more.

With an extensive and diverse business portfolio, \$326 million in capital expenditures between 2018-2020, and ongoing partnerships between the business community and educational institutions, Frederick County has consistently retained leading companies. Frederick County has also been recognized as one of the most prosperous economies in the state. In fact, the County falls within the top 10% of Virginia localities over the last decade for new capital investment and new job growth and is consistently rated a great place to operate a business. Winchester VA-WV MSA is No. 9 on Forbes' "Best Small Places for Business and Careers" in 2019.

Frederick County prides itself as a vibrant, pro-business community with an immense commitment to business. In fact, the County, has employed a "business support at every step" approached for over 30 years. One such resource includes call-team visits to local businesses to communicate training resources and expansion assistance opportunities. The Frederick County EDA has an established track record of facilitating financial and workforce training assistance to expanding companies. Frederick County, Virginia's, consistent economic success provides businesses with assurance that their investment will grow.

The largest employment sector in the County, is Manufacturing, (6,048 workers). The next-largest sectors are Transportation and Warehousing (4,197), Retail Trade (3,615 workers) and Educational Services (3,071). Sectors with the highest average wage per worker are Public Administration (\$71,453), Finance and Insurance (\$68,960), and Utilities (\$64,375).

Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Transportation and Warehousing (1,980), Manufacturing (+954 jobs), Finance and Insurance (+693), and Public Administration (+427). Over the next 10 years, employment in the County, is projected to expand by 6,618 jobs. The fastest growing sector in the region is expected to be HealthCare and Social Assistance with a +3.3% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Transportation and Warehousing (+1,007), Manufacturing (+744), HealthCare and Social Assistance (+655), Construction (+576) and Retail Trade (+519).

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Education opportunities abound in Frederick County which include a well-respected primary education system and higher education opportunities at the following establishments:

- Shenandoah University
- Laurel Ridge Community College
- Old Dominion University Satellite Office at LRCC

The Community has an excellent healthcare system which is centered around the Valley Health Systems. The rate of expansion in the County has increased significantly in the last 10 years. Facilities in the Winchester-Frederick County area now include:

- Winchester Medical Center
- Regional Referral Center
- Level II Trauma Center
- Heart and Vascular Center
- Cancer Center
- Diagnostic and Imaging Center
- Quick Care / Urgent Care Centers
- Health and Wellness Center

Frederick County provides a quality of living which is considered to be a factor in recruiting companies and maintaining a desirable workforce. The City of Winchester, with its successful downtown walking mall, is a resource for additional workforce and provides numerous retail and entertainment opportunities.

### **FOCUS FOR THE FUTURE**

The Plan recognizes the changing nature of the social and economic environment and identifies potential adjustments to existing resource use.

In order to maintain a desirable and competitive real estate tax rate, the County strives to achieve ratio of 25/75 between commercial/industrial (C&I) land uses and residential uses in terms of their collective taxable value. The County seeks to achieve fiscal balance through land use planning.

To encourage C & I uses, Frederick County has designated certain areas solely for their potential development, such as the Route 11 North corridor, Kernstown area, Round Hill, the Route 277 Triangle area (SoFred), and in the vicinity of the Winchester Regional Airport. Future planning efforts will continue to identify opportunities to align land uses to promote business development.

### **COMMUNITY BENEFITS**

Adequate amounts of land must be planned for and designated for both C & I uses and new residential developments. Striking a balance of these land uses and ensuring that the tax

rates remain low and that services are available to support these initiatives will help make Frederick County an economic engine within the region.

## **GOALS/STRATEGIES**

**GOAL 1:    DEVELOP A STRATEGY THAT PROMOTES THE EXPANSION OF DESIRABLE BUSINESS AND INDUSTRIAL LAND USES.**

### **STRATEGIES:**

- The Frederick County Economic Development Authority’s (EDA) targeted industries: (as of February 2021) include the following:
  - Advanced Manufacturing
  - Headquarters & Back Office
  - Professional & Creative Services
  - Agribusiness & Food Processing

## **OFFICE AND INDUSTRIAL**

### **CURRENT CONDITIONS**

Geographically, Frederick County is strategically placed in the Mid-Atlantic region of the United States and along major North/South and East/West transportation routes. This is a valuable asset to companies serving the North American and European markets.

The County's location places its businesses halfway between the markets of the north and south, and therefore the ability to reach much of the U.S./Canadian population in one day. Over 60% of the goods manufactured in the United States are distributed from the 750-mile (1,207 kilometers) area.

In addition to being halfway between Boston and Atlanta, Winchester-Frederick County is well positioned equidistant between Los Angeles and London. For national and international companies, being in the Eastern Time Zone maximizes their hours of operations, which helps to improve efficiencies.

Excellent road, rail, inland ocean port and the Dulles World Cargo Center provide access to the major markets in North America, Latin America, and globally.

Interstate 81 runs directly through the County. Several major airports are within 100 miles of Frederick County, including Washington-Dulles International Airport (IAD), Baltimore-Washington International Airport (BWI), and Ronald Reagan Washington National Airport (DCA). Frederick County is home to a growing regional general aviation airport. These assets support access to Frederick County's business development opportunities.

With the formation of the Washington-Baltimore Metropolitan Statistical Area after the 1990 US Census, the sixth largest USA market begins at the County Line. This close proximity to Washington D.C. also provides access to the unique opportunities associated with the Federal Government and the County's location is supportive of those policies established for purposes of Homeland Security.

In addition to the central geographic location of Frederick County, other significant strengths of the County market, particular to attracting new office and industrial development, include size of skilled workforce, recognized economic performance, business support at every step, and a diverse current office and industrial community. Frederick County is currently the site of several government facilities, including, the Federal Emergency Management Agency (FEMA), the Army Corps of Engineers, and the Federal Bureau of Investigation (FBI) Records Storage facility.

Current office and industrial operations within the community provide for diversity in current business markets. The economic strength of the area is further enhanced by the fact that the area is not linked to one major industry or employer. There is a redundancy in resources offered at certain business parks.

## **FOCUS FOR THE FUTURE**

Frederick County should focus on targeted office and industrial business development opportunities over the next twenty years (as outlined in the Introduction).

No business development marketing strategy will be effective if sufficient acreage has not been designated to accommodate desired business uses in suitable key locations. Area plans should continue to identify and incorporate ample areas of business and industrial land use.

Frederick County supports green initiatives in the field of economic development. Viable development initiatives should be recognized, and their implementation encouraged. Such an example is rail access and transportation which will become more valuable and expected in industrial settings due to desire to operate effectively and efficiently. The County should be proactive in ensuring the resources necessary for business development are planned for in a viable way and available to support identified office and industrial users.

With regards to infrastructure (i.e. water, wastewater treatment, communication and electricity), manufacturers will require adequate supply and availability, but will also be interested in quality and service reliability. There is a finite capacity of these resources that must be managed accordingly.

## **COMMUNITY BENEFITS**

The value of office and industrial business development to Frederick County is immeasurable. As part of the County's economic development effort, office and industrial growth is a key component for ensuring a broad selection of employment opportunities for **its** citizens.

The continuation of a low residential tax rate is a direct result of the expansion of the commercial and industrial tax base. Currently commercial and industrial tax revenue accounts for approximately 20.3% of the County's tax base. The County's goal indicates this should be around 25% to ensure a balanced fiscal environment.

Tax revenue derived from the average single-family residence is approximately fifty percent of the cost of service provided for that same residence. The County's fiscal survival is dependent upon recruiting office and industrial occupants which offset those residential costs.

Overall, a sound office and industrial business development strategy will result in the conservation of a variety of finite resources and promote a high quality of life for the citizens of Frederick County.

## **GOALS/STRATEGIES**

**GOAL 1:      IDENTIFY AND RECOGNIZE AREAS IN THE COUNTY MOST STRATEGICALLY SUITED FOR OFFICE AND INDUSTRIAL DEVELOPMENT**

**STRATEGIES:**

- Complete review of area land use plans to ensure sufficient acreage is designated for office and industrial uses.
- All infrastructure, such as voice and data fiber, electric, water, wastewater, and natural gas, should be extended to areas identified for office and industrial uses and non-rural residential areas.
- The rezoning process should be examined and streamlined as appropriate in order to encourage landowners of properties identified in Area Plans (see Appendix I) to proceed with rezoning.

**GOAL 2: PROACTIVELY ATTRACT DESIRED BUSINESS ENTITIES**

**STRATEGIES:**

- Review and revise the office and manufacturing zoning districts to further encourage development of targeted industries.
- Continue to examine and fund business location marketing studies that build or modify the current business base, to help the County forward its goal of increased income for its citizens and tax value for the County.

**GOAL 3: CONSIDER REGULATIONS ENCOURAGING AND/OR REQUIRING SERVICE REDUNDANCY IN OFFICE & INDUSTRIAL AREAS**

**STRATEGIES:**

- Create incentives for industrial site developers to implement service redundancy.



## **RETAIL**

### **CURRENT CONDITIONS**

The retail sales potential of any geographic market is based upon a mixture of many factors, a few of which are:

- The number of households within the market.
- The average disposable income of those households.
- The sophistication and depth of surrounding competing markets.
- The presence of a marketing effort for the area (as opposed to the marketing of an individual venue).

From a land use perspective as well as general business development, retail needs to be viewed in at least 3 parts:

- National Retail
- Small Retail
- Meals Away from Home

### **FOCUS FOR THE FUTURE**

Over the next twenty years, population growth in Frederick County and its environs will continue to fuel retail development and the opening of varied retailers throughout the area. Frederick County has already taken necessary steps to prepare. The establishment of the Frederick County Economic Development Authority (EDA) is an example. A locality has little impact on the decision of the “national” retailer to locate in an area, unless the number of households in the market and the average disposable income of those households meet their individual business model. With a “small” retailer the driving factor is affordable available space.

Frederick County must strategically identify prime areas for commercial land use in key locations to capitalize on future commercial opportunities. In addition, Frederick County must continue to effectively market itself to the network of developers, national and regional retail trade organizations, retailers, and tenant-representation real estate agents and brokers that influence site selection decisions.

While the County’s ability to attract national and regional developers and retailers to the area cannot be understated, the County must not underestimate the importance of supporting locally owned and operated developments and retail establishments. The growth of such locally owned businesses within the market’s retail mix will have a direct positive impact to the vitality of the market’s retail profile and the quality of life of residents.

## **COMMUNITY BENEFITS**

Successful growth of retail equates to an increase in sales tax revenue to support county services and capital improvements. A strong retail environment also plays a key role in the quality of life for the residents of any geographic area and thus plays an integral role in an individual family, a corporation, or other entity deciding to relocate to that area. Retail growth also equates to more jobs, both directly (with the retailers themselves) and indirectly (a strong retail environment plays a role in drawing employers to the area).

## **GOALS/STRATEGIES**

### **GOAL 1:      PROMOTE FREDERICK COUNTY AS A DYNAMIC, RETAIL MARKET.**

#### **STRATEGIES:**

- Develop a unified marketing plan for the County.
- Strategically identify prime areas for commercial land use in key locations to capitalize on future commercial opportunities.

### **GOAL 2:      FUTURE DEVELOPMENTS SHOULD BE OF A HIGH QUALITY.**

#### **STRATEGIES:**

- Promote enhanced architectural/design requirements for future retail development, including structure appearance, landscaping, and signage.
- Encourage mixed use developments for future residential and commercial developments.
- Identify regulations that may require modification to support the inclusion of a limited retail component within residential developments.

## **TOURISM**

### **CURRENT CONDITIONS**

Frederick County and the surrounding areas play host every year to nationally recognized events such as the Shenandoah Apple Blossom Festival and Belle Grove Civil War living history reenactments. The area is home to the Museum of the Shenandoah Valley, the Cedar Creek and Belle Grove National Historic Park, the North-South Skirmish, various year-round live theater and performance centers, a revitalized and vibrant Old Town Winchester, and other key assets such as orchards, farm markets, historic homes, battlefields, and natural resources that bring travelers and their tourism dollars to the area.

The County also supports a growing number of wineries and the potential for new craft breweries and distilleries, as well as outstanding outdoor recreational opportunities such as the Tuscarora hiking trail, an ATV trail, seasonal navigable waterways, and access to regional amenities such as the Appalachian Trail, Shenandoah River, and the Shenandoah National Park.

As the economy improves and travel increases, it is critical that the County be poised to capitalize on the growth in travel and tourism. The Winchester–Frederick County Convention and Visitors Bureau, a city/county tourism marketing partnership, is a key component in developing the marketing strategy to attract additional visitors, and subsequent spending, to the area.

The economic impact of travel and tourism reaches every citizen of Frederick County (each household pays less each year in local & state taxes due to the revenue generated by tourism) by providing employment and tax revenues. Tourism also helps to support a diverse portfolio of local events, attractions and activities and thereby contributes to the quality of life for residents.

### **FOCUS FOR THE FUTURE**

First impressions often set the tone for a visitor’s experience, and the great majority of travelers arrive in Frederick County through its roadways. The character of Frederick County’s entrance corridors, especially in areas adjacent to the city of Winchester, is a key factor for the visitor’s experience and their decision to stay longer and hopefully return. Enhancing the aesthetics and traffic flow of these corridors will improve visitor impressions and will benefit the quality of life for residents.

Frederick County should concentrate on strengthening its ability to attract an increasing number of overnight visitors through targeted, strategic, and collaborative branding and marketing efforts that focus on visitor experiences. The ultimate goal will be to enhance the visitor experience.

*Agritourism*

Agritourism takes place on a farm or ranch and may include the opportunity to assist with the day-to-day activities associated with running the farm or to participate in the use of these lands for outdoor related events or activities. The term *agritourism* has also been broadened now to include wineries, breweries, and distilleries, which, combined, are the hottest trend in tourism product development in the Commonwealth. Agritourism is discussed at length in the following section of this chapter.

**GOALS/STRATEGIES**

**GOAL 1:      RECOGNIZE DIVERSIFIED LAND USE FOR TOURISM RELATED ACTIVITIES**

**STRATEGIES:**

- Ensure that business owners are supported in their efforts to bring tourism activities to the local consumer market
- Continue to support rural agribusiness such as breweries, wineries, and distilleries.

**GOAL 2:      LINK THE AREA'S VISITOR ATTRACTIONS WITH A TRAIL NETWORK THAT FACILITATES NON-VEHICULAR MOVEMENT**

**STRATEGIES:**

- Work with the Northern Shenandoah Valley Regional Commission (NSVRC) and surrounding jurisdictions to update and improve the regional bicycle and pedestrian plan, "Walking and Wheeling in the Northern Shenandoah Valley".
- Support the Redbud Run Greenway project to provide a trail network that will link natural areas, battlefields, including the existing five-mile trail on the Civil War Preservation Trust property, schools, and other facilities in the Redbud Run corridor.

**GOAL 3:      PRESERVE AND ENHANCE THE HISTORIC CHARACTER OF FREDERICK COUNTY'S ROADWAYS**

**STRATEGIES:**

- Foster a compact community design that uses traditional building features to maintain Frederick County's unique historic character.
- Focus development in compact centers, using Neighborhood Design guidelines, and keeping the rural, agricultural landscape as part of the visitor experience in Frederick County.

## **AGRIBUSINESS**

### **CURRENT CONDITIONS**

Frederick County's rural character is a key component in its identity and one of the key aspects that draw visitors and new residents to the area. Historically, these rural areas have supported a wide array of agricultural uses, which at one time was the primary industry in the County. Today these agricultural and forestry activities generate roughly \$33 million per year and preserve close to 110,000 acres of rural land. From 2012 to 2017, the total acreage in Frederick County farms grew by over 9,000 acres.

Agritourism continues to be a growing sector within the County's rural areas. Agritourism is a term that is applied to activities that allow visitors to tour some or all of an operational farm, participate in the cultivation or harvest of farm products, purchase and consume products grown directly on the farm, or participate in festivals or activities related to significant agricultural seasons or events. Examples include farm tours, pick-your-own farm operations, roadside farm-stands, wineries, or fall harvest festivals.

The County in recent years has also seen increasing interest in the development of utility-scale photovoltaic energy generation facilities (i.e., solar farms). Due to the large land area assemblage needed to develop these facilities, the rural areas of the County have been the primary target. Utility scale solar facilities are typically passive uses with limited impacts to the environment and the rural character. Additionally, implementation of this use can facilitate the preservation of agricultural and rural land for future use once these sites are decommissioned, although the extent to which the use removes agricultural and rural land from current use should also be considered. Utility-scale solar facilities, when located in appropriate areas, can provide opportunities for landowners to recoup value from their property without subdividing. The Code of Virginia also enables localities implementing solar facilities to tax this utility infrastructure through the machinery and tools tax or revenue-share agreements with utility operators, generating additional tax revenue beyond the land use assessment. This additional revenue can help the County offset impacts from residential development.

To protect the amount of land available for agricultural use, the County provides variety of tools and programs for landowners. The County continues to offer the Land Use Tax Deferral Program which allows taxpayers to apply for reduced assessments, for qualifying agricultural, horticultural, and forestry uses. Participation in one of the County's many Agricultural and Forestal Districts is also available to County property owners. As of 2021, there were ten districts covering approximately 13,000 acres.

Frederick County has worked to implement new tools which not only help protect the agricultural lands in the County but at the same time also help rural landowners realize economic return from their property without developing or selling the land. These programs include the Purchase of Development Rights Program and the Transfer of Development Rights Program. These programs are discussed further in the Rural Areas chapter.

## **FOCUS FOR THE FUTURE**

Agricultural operations in Frederick County will continue to evolve. As such, the County should be prepared to respond to new rural related business and agricultural models including new agricultural techniques, value-added farm products, on-site events, sales, and services. These business opportunities can allow rural landowners to diversify their sources of income and engage niche agricultural and tourism markets.

## **COMMUNITY BENEFITS**

Once land is converted from agricultural use it is unlikely that it will ever be reclaimed. The rural economy of Frederick County plays a significant role in the life and livelihood of its inhabitants. In addition to providing food products for the region, agriculture is a revenue generator which requires very few local services. Agriculture contributes to Frederick County's extraordinary viewsheds while providing a living to its farmers, citizens, and a place of enjoyment for its visitors. Most importantly, active, profitable agricultural operations reduce the amount of land converted to more intensive uses. Diversification of land used for agricultural purposes not only generates notable income and drives more tourism dollars to the County, but it can also offer protection for the land from potential conversion to residential uses.

## **GOALS/STRATEGIES**

### **GOAL1: THE COUNTY SHOULD CONTINUE TO SUPPORT ITS AGRICULTURAL INDUSTRIES WHILE ALSO RESPONDING TO INDUSTRY CHANGES**

#### **STRATEGIES:**

- Diversified uses such as farm markets, alternative fuels, animal boarding, Pick-Your-Own operations, agritourism, vineyards, wineries, distilleries and micro-breweries and specialty crops, etc., should be encouraged to help preserve farming and agricultural uses in Frederick County.
- Ordinances should be reviewed to enable a wide range of agriculturally related activities. Care must be taken to ensure that such activities are compatible in scale, size and intensity with surrounding land uses and the rural character.
- Value added processes and support businesses should be examined for location within the Rural Area. These processes currently are permitted in the business districts.
- Continue to encourage use of the Land Use Tax Deferral Program, Agricultural and Forestal Programs, Purchase of Development Rights Program, and the Transfer of Development Rights Program.

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- Continue to regulate solar facilities through the Conditional Use Permit process to protect adjacent properties and the agricultural/rural character of these areas.
- The County should ensure that the siting of new solar facilities do not detract from the agricultural and rural character within its rural areas and will protect agricultural and rural land for future use once decommissioned.