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PLANNING & DEVELOPMENT COUNCIL



Fiscal Year 2011

REGIONAL DEVELOPMENT PLAN UPDATE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2011 ANNUAL REPORT

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Introduction

The Region 8 Comprehensive Economic Development Strategy is a tool used to promote development in the Potomac Highlands. The plan describes the resources of the region, identifies areas of need and sets forth goals and strategies to develop the Potomac Highlands in a sound and sustainable manner. Without such a tool needed development may not occur or will occur in a manner that harms the Region's quality of life and environment.

The Region 8 Planning and Development Council has maintained its planning process for nearly forty years. During that period, the Region 8 PDC has continuously worked to improve its planning process. The current process reflects the Council's desire to have a plan that derives from significant input from a broad range of sectors and fosters sustainable long term growth without sacrificing environmental quality.

The resulting plan should be viewed as a living document derived from an evolving process. The Council expects that the plan will continue to evolve as it moves forward in its effort to foster economic and community progress. This report updates the FY 2009-2014 Regional Development Plan Comprehensive Economic Development Strategy.

Purpose

During the fall of 2008 the Region 8 PDC issued The 2009 – 2014 Comprehensive Economic Development Strategy and Regional Development Plan/FY - 2008 Annual Report to Governor Manchin and the United States Economic Development Administration to comply with the Economic Development Administration Act of 1965, as amended, and the West Virginia Regional Planning and Development Act. The Regional Council has prepared this report to reflect changes in the regional economy and progress made during FY 2011.

The Region 8 Planning and Development Council

Mission

It is the mission of the Region 8 Planning and Development Council to obtain the maximum level of sustainable economic and community development in the Potomac Highlands of West Virginia through development, planning and by assisting local governments and businesses implement projects and programs.

Organization

The West Virginia Planning and Development Act of 1972 mandates the division of the State into planning and development regions. The Act also mandates that Regional Councils be formed in each area and that at least fifty-one percent of the Council's membership be locally elected officials. These members may select other persons to serve on the Council, thus permitting input from major sectors of the regional community.

The Region 8 Planning and Development District was formally designated on May 3, 1972, as consisting of Grant, Hampshire, Hardy, Mineral and Pendleton Counties. The Region 8 Planning and Development Council, which serves as the Region's board of directors, is composed of representatives from the District's five county commissions, twelve municipalities, and up to 16 members representing various elements of the private sector. Appendix A provides a listing of Council members.

During FY 2011 the following changes occurred in the membership of the Region 8 Planning and Development Council:

- Private sector representatives appointed were Amy Funkhouser – Hardy County and Dale Walker – Pendleton County
- The City of Piedmont appointed Patrick Amoroso as Acting Mayor shortly after the death of Mayor James Gilmore
- The Town of Moorefield's Mayor Gary Stalnaker became an active member upon the death of longtime Council member Carlton Hilliard
- The Town Council of Capon Bridge appointed Susan Sirbaugh Rubenstein as Acting Mayor upon the untimely death of Mayor Donald Largent
- The Town of Ridgeley's Council appointed James Twigg to replace Dr. Richard Lechlitter when he became an active Mineral County Commissioner
- Newly elected Commissioner – Pendleton County, Carl Hevener replaced Robert Armentrout
- Hardy County Commission appointed William "J. R." Keplinger as the Commission's representative for the Regional Council

During FY 2011 the PDC made no changes to its policies. The PDC was not selected as the fiscal agent for the Region 7 Workforce Investment Board therefore the PDC no longer houses the WIB nor provides staff for that program. The PDC does not anticipate changes during FY 2012.

Programs

Community and Economic Development

The Regional Council is responsible for fostering community and economic growth through planning and development in the district. The Regional Planning and Development Act empowers the Council to receive and expend funds; engage in comprehensive development planning; publish specialized studies; provide technical assistance to local governments; perform regional development; and exercise powers jointly or in cooperation with agencies and political subdivisions of the state. The Regional Council receives funds from federal, state, and local governmental organizations to provide its services. Through its Comprehensive Economic Development Strategy the Region 8 Planning and Development Council provides a planning base for economic growth and community improvement. The PDC provides community development support to local governments. The Council works with local governments and their authorities to expand and improve water/sewer systems, industrial parks and other infrastructure needed to make the Potomac Highlands economically competitive and to provide a quality living environment for residents of the Potomac Highlands. Much of this activity focuses on financial packaging and administration of infrastructure projects. The Regional Council employs an experienced staff and has committed local elected officials and community leaders.

The Region 8 Planning and Development Council offers a number of economic development tools to local businesses and member governments. The Council has loan programs that assist businesses with expansion, retention or start up. The Council's loan programs can be combined with state and conventional lending sources to create attractive financial packages.

In addition to its planning and development services, the Council also provides a variety of community service programs.

Community Service Programs

The Senior Community Service Employment Program trains income eligible persons age 55 and older to serve in various community agencies in order to prepare for unsubsidized employment. SCSEP assists with job search and placement (part-time/full-time) in the private sector. SCSEP operates in Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, and Pendleton Counties of West Virginia.

The Foster Grandparent Program places senior volunteers in schools, day care facilities, and/or head start centers to help tutoring/mentoring students with special needs. Foster Grandparents receive a stipend of \$2.65 an hour for volunteering up to 20 hours a week, reimbursement for transportation, meals, annual physical examinations, and accident and liability insurance while on duty. FGP operates in Barbour, Berkeley, Doddridge, Grant,

Hampshire, Hardy, Harrison, Jefferson, Lewis, Mineral, Morgan, Pendleton, Preston, Pocahontas, Randolph, Taylor, Tucker and Upshur Counties of West Virginia

The Retired and Senior Volunteer Program helps people age 55 and over volunteer in community and faith-based organizations meeting local needs. Volunteers are not paid, but sponsoring organizations may reimburse them for some costs incurred during service. Volunteers receive limited insurance coverage and receive pre-service orientation and in-service training from the agency or organization where they are placed. RSVP operates in Berkeley, Morgan, and Jefferson Counties of West Virginia.

The Transitional Housing Center (THC) operating on the grounds of the Veterans Administration Medical Center in Martinsburg, West Virginia provides formerly homeless veterans with a supportive living environment while the veterans transition to independent living. Its residents are largely referred to the facility by the Veterans Administration.

The Region 8 Planning and Development Council provides staffing and administrative services to the Upper Potomac Area Agency on Aging www.upaaa.net and its Aging and Disability Resource Center www.wnavigate.org/adrc/.

Accomplishments FY 2011

During the year ending June 30, 2011 the Region 8 Planning and Development Council made significant progress in achieving its development objectives. The PDC's efforts obtained funding commitments that will allow the replacement of failing water and wastewater treatment plants in Grant, Hardy, and Mineral Counties. The PDC's efforts expanded the region's ability to provide water or sewer service in unserved areas of Hampshire, Hardy, and Pendleton Counties. Public Service Districts assisted by the Regional Council finished construction of projects that will provide first time water service to approximately 150 homes in Grant and Pendleton Counties. The PDC's efforts resulted in the opening of additional industrial park acreage in Grant County. The Regional Council supported the Potomac Highlands five county development authorities and operated loan programs that addressed credit gaps in the region. Projects assisted by the Region 8 PDC will expand the Potomac Highlands development potential while improving the quality of life for thousands of residents. Projects supported by the PDC will improve the Potomac Highlands' environmental quality. The PDC provided a planning structure that assures that the region can obtain sustainable economic and community development while protecting the Potomac Highlands' environmental quality. Tables 1 – 6 provide a more detailed description of the Region 8 PDC's accomplishments during FY 2011. Appendix B provides even further detail for major infrastructure projects.

Table 1

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 –2014:

It is the objective of the Region 8 PDC to develop utilities to support long-term growth in the Potomac Highlands. During the current five year planning period the PDC proposes:

- Replacement of one antiquated water treatment plants.
- Upgrading three wastewater treatment plants to meet the Potomac River Basin Tributary Strategy.
- Studying a multi-county broadband project.

Accomplishments FY 2010

- The PDC helped the City of Petersburg to get within 90% or more substantial completion for it's water treatment plant upgrade project. The project provides growth capacity in Grant County by replacing a functionally obsolete water plant and by increasing the system's storage capacity.
- The PDC helped the City of Keyser initiate design to improve its water facilities. The project will increase growth capacity in the New Creek Valley.
- The PDC helped the Town of Wardensville close-out construction contracts for improvement of the Town's wastewater treatment plant. The project will allow the system to meet the Potomac River Tributary Strategy.

Table 2

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 –2014:

- It is the objective of the Region 8 PDC to develop utility projects to allow for land development. During the current five year planning period the PDC proposes:
- Undertaking five water and/or sewer projects to extend service to previously underserved areas of the Potomac Highlands.
 - Promoting the use of alternative technologies in less densely settled areas of the Potomac Highlands.

Accomplishments FY 2010

- The PDC helped the Town of Wardensville close-out of the Wardensville Water Improvement Project that will expand the system's capacity to better serve a growing east Hardy County.
- The PDC helped the Mountain Top Water PSD to close-out its current water project. The project serves approximately seventy homes on the Bismarck, Arnold Mine, and Cherry Hill Roads.
- The PDC helped the Pendleton County PSD to close-out on construction work for the Kline – Mozer Water Extension Project that will provide first time water service to approximately seventy homes.

Table 3

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 -2014:

Accomplishments FY 2010

It is the objective of the Region 8 PDC to undertake projects that will develop acreage and space for enterprise growth. During the current five year planning period the PDC proposes:

- Undertaking the development of an enterprise park in an underserved area of the Potomac Highlands.
- Encouraging the use of brownfields programs to make better use of previously developed sites.

- The PDC helped the Grant County Development Authority close-out contacts on the Grant County Industrial Park. The project adds seventy acres of business and industrial park acreage to the Potomac Highlands.
- The PDC helped the Grant County Development Authority add a rail spur to Authority property near the Petersburg and Grant County Industrial Parks.

Table 4

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 -2014:

It is the objective of the Region 8 PDC to assure that the economic and community development are consistent with the Potomac Highlands' environmental carrying capacity. During the current five year planning period the PDC proposes:

- Continuously update the Region 8 Development Plan.
- Promoting the adoption and implementation of local growth management tools.
- Assessing the environmental impacts of projects.

Accomplishments FY 2010

- The PDC issued the Potomac Highlands Comprehensive Economic Development Strategy 2009 -2014.
- The PDC completed environmental assessments for four housing authorities, a public service district, and several municipalities.

Table 5

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 -2014:

It is the objective of the Region 8 PDC to support enterprise development to create jobs and wealth. During the current five year planning period the PDC proposes:

- Assisting ten businesses secure loan funds required for start-up or expansion.
- Issuing four updates to the Region 8 Development Plan.
- Hosting twenty forums for local economic development authorities.
- Providing ten training opportunities for enterprises.

Accomplishments FY 2010

- The PDC began the process of updating the Potomac Highlands Economic Development Strategy.
- The PDC operated an EDA funded Revolving Loan Program and a state funded Micro Loan Program. During the past year the PDC reviewed seven loan applications and closed five loans.
- The PDC hosted forums for the Potomac Highlands economic development authorities quarterly.
- The PDC hosted a "Veteran's Round Table," the 2nd Annual Commercial Loan Officers Seminar, and also "Business Fundamentals" and "Substantial Growth" workshops.

Table 6

Overall Goal 2009 – 2014:

It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life while the region's environment is protected and residents and enterprises enjoy increased wealth.

Objective 2009 -2014:

It is the objective of the Region 8 PDC to support projects that allow individuals to compete in a 21st century economy while residing in high quality communities. During the current five year planning period the PDC proposes:

- Studying a multi-county broadband improvement project.
- Implementing three projects that improve communities and neighborhoods.

Accomplishments FY 2010

- The PDC helped the Town of Bayard repair the deteriorated Buffalo Creek Flood Control Levy.
- The PDC helped the Town of Bayard construct sidewalks.
- The PDC helped the City of Romney obtain resources required for its Water Plant Emergency Power Project.
- The PDC helped the City of Piedmont obtain funds for a preliminary fund for a water improvement project.

The Area and Its Economy

The following Executive Summary is in part taken from the Potomac Highlands Region Outlook as prepared by West Virginia University's Bureau of Business and Economic Research for the Region 8 Planning and Development Council and statsamerica.org. The complete economic forecast for 2007 – 2011 is included as Appendix C of this document.

Executive Summary

The Potomac Highlands Region has posted a modest growth during the past six years. The region's job growth has been similar to state and national rates. Population growth in the region has far exceeded the state average, although it fell short of national growth. Regional growth in inflation-adjusted per capita personal income beat the national rate, but came in below the state rate. The region's unemployment rate was 9.6 percent in for the past 24 months above the state average and on par with the national rate. The Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia. Mineral County is part of the Cumberland metropolitan statistical area (MSA) and Hampshire County is part of the Winchester MSA.

The leisure and hospitality sector demonstrated the fastest job growth during the 2001-2006 period, followed by natural resources and mining, posting 3.2 and 2.5 percent, respectively. Education and health care was a close third, with an annual average growth rate of 2.3 percent. Leisure and hospitality growth was concentrated in Hardy County. Natural resources and mining job gains came primarily in Grant County, with increased coal mining activity. Rising employment in education and health care was concentrated primarily in Hampshire and Mineral counties.

The Potomac Highlands Region posted large job losses in the construction sector. The primary factor in this job loss was the completion of scrubbers at the Mount Storm power plant. Both professional and business services and manufacturing employment posted modest job losses during the last five years. Manufacturing employment was hit hard during the early years of the decade, but has bounced back nicely during 2005 and adding 420 jobs by 2006. Job gains in manufacturing have come in the defense munitions sector (Mineral County) and furniture and wood products (Hardy County).

The outlook for the Potomac Highlands Region calls for continued solid growth, assuming that the national economy avoids "double-dip" recession. The forecast calls for the region to generate roughly 200 jobs per year during the 2006 to 2011 period, which translates into an annual growth rate of 0.8 percent. That growth rate is similar to the state average of 0.9 percent, but well below the national average of 1.3 percent. Both the goods-producing and service-providing sectors are expected to add jobs, but the majority of new jobs are forecast to come in the service-providing sectors, such as trade, transportation, and utilities; leisure and hospitality; government; and health care.

Solid job gains contribute to continued inflation-adjusted per capita personal income growth. Job and income growth combine to generate continued population gains in the region, with annual population gains expected to average roughly 650 (0.8 percent per year). That far exceeds expected state population growth (0.1 percent per year) and is close to the national rate of 0.9 percent.

Risks to the Potomac Highlands Region outlook include the risk of a national recession driven by a housing bust, which has the potential to reduce activity in the goods-producing sector (particularly furniture and wood products). The region is also likely to face an increasingly challenging labor market, as demographic aging leads region residents to consider reducing labor market activity.

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Recent Economic Trends

The ongoing national recession has adversely impacted the Potomac Highlands economy. Unemployment during the 24 months ending in June 2011 was 9.67% in the region. This represents no improvement of the unemployment rate in the last year. Table 7 provides a comparison of labor force, employment, and unemployment for the region and its counties. In the last year the number of employed persons decreased by more than 2% and approximately 210 fewer people were employed during June 2010 than June 2009.

Table 7
Labor Force, Employment, and Unemployment

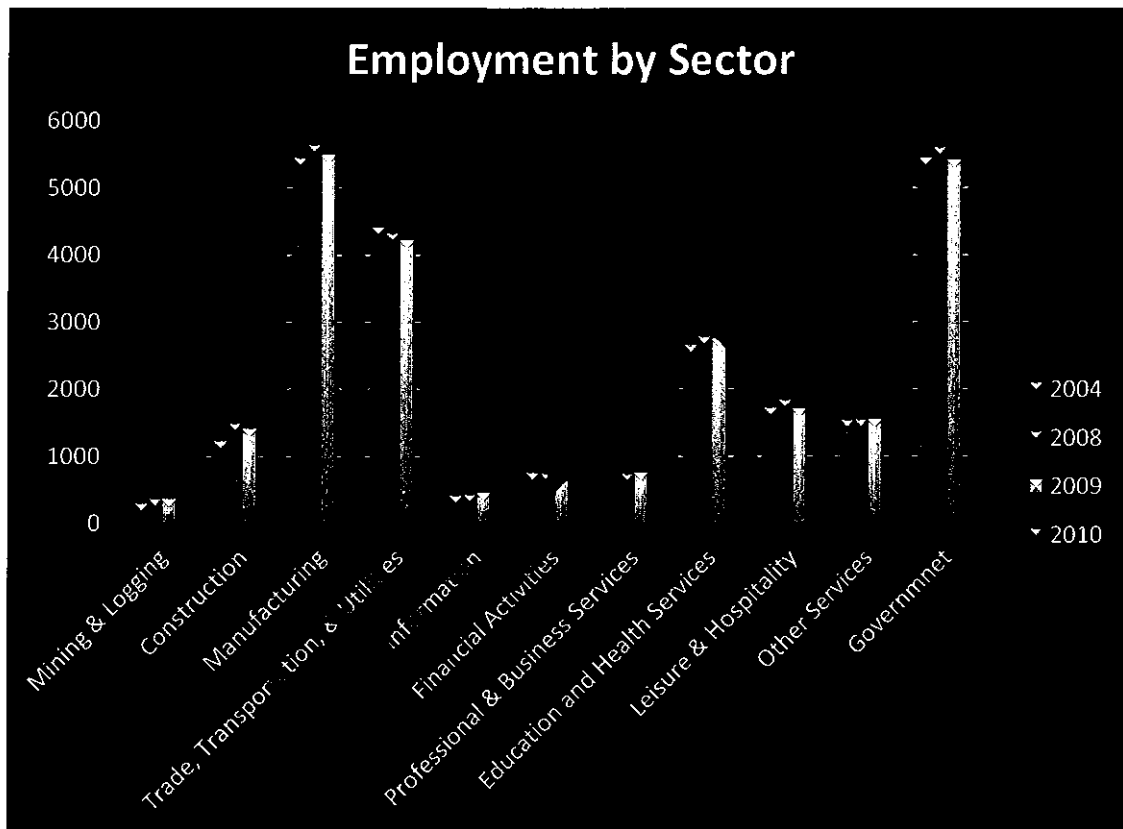
2008	Grant	Hampshire	Hardy	Mineral	Pendleton	Region
Labor Force	5,310	9,720	6,990	13,740	3,820	39,580
Employed	5,050	9,340	6,690	13,110	3,650	37,840
Unemployed	270	390	290	630	160	1,740
Unemployment Rate	5.08%	4.11%	4.15%	4.59%	4.19%	4.40%
2009	Grant	Hampshire	Hardy	Mineral	Pendleton	Region
Labor Force	5,160	9,230	6,540	13,190	3,650	37,770
Employed	4,580	8,440	5,890	12,070	3,340	34,320
Unemployed	580	790	650	1,120	310	3,440
Unemployment Rate	11.05%	8.56%	9.94%	8.49%	8.49%	9.11%
2010	Grant	Hampshire	Hardy	Mineral	Pendleton	Region
Labor Force	4,850	9,050	6,440	13,260	3,420	37,020
Employed	4,240	8,140	5,770	12,100	3,130	33,380
Unemployed	600	910	670	1,160	290	3,630
Unemployment Rate	12.4%	10.0%	10.3%	8.7%	8.5%	9.98%

Notably the Potomac Highlands labor force shrank by nearly 3% during the last year, ending a long period of growth.

Source: www.workforcewv.org

The current recession has impacted all of the Potomac Highlands employment sectors. As Chart 1 indicates, virtually every employment sector shrank with the Leisure/Hospitality and Construction sectors experiencing the greatest rates of loss. Among private employment sectors, manufacturing experienced the greatest numerical loss during the last year. The two sectors that experienced growth, Information Services and Business/Professional Services, created a total of 30 jobs while the balance of the sectors loss over 1,000 jobs.

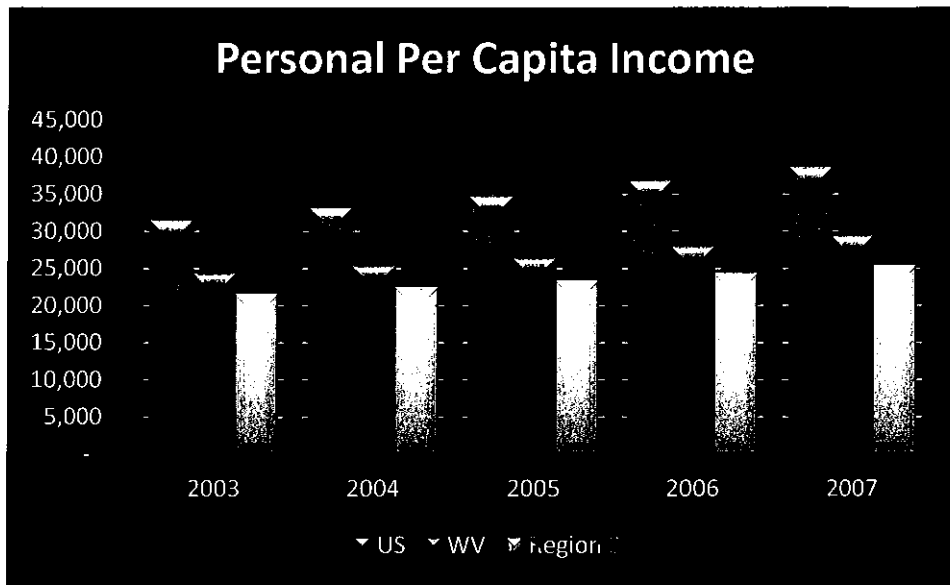
Chart 1



Source: www.workforcewv.org

While wage and income information for the current period has yet to become available, nothing in current information points to improvement of the distress that results from the region's low wages and incomes. As indicated by Chart 2, the gap between the nation's personal per capita income and the Potomac Highlands personal per capita income continues to grow. The average weekly wage in the Potomac Highlands during 2008 was only 86.3% of the state average.

Chart 2



Source: U. S. Bureau of Economic Analysis

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Strategic Evaluation

Background

Recent economic uncertainty has created broad concern for the future. This concern is typical of recessionary times and reflects neither the Potomac Highlands potential nor the challenges it faces in maximizing this potential. The regional council conducted a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis during the fall of 2011. The PDC invited community leaders from all geographic areas and economic sectors to participate in the analysis. Approximately thirty individuals provided input into the analysis. The analysis suggests that assets of the region include natural beauty and high environmental quality in close proximity to growing metropolitan areas and a highly productive and motivated work force that is reinforced by a strong commitment to home and community. The region's inadequate and often failing infrastructure challenges the Potomac Highlands ability to realize its development potential. A resistance to change and parochial attitudes weakens the region and the lack of good jobs makes it difficult to retain better educated youth.

Economic Clusters

The analysis performed by WVU's Bureau of Business and Economic Research and found in Appendix C of this document identifies three significant economic clusters in the Potomac Highlands, wood products, poultry products, and defense related transportation equipment. All five counties have strong location quotients for wood products, while poultry products are concentrated in Hardy County and defense related transportation equipment is concentrated in Mineral County.

The ongoing global/national recession has posed real risks to the Potomac Highlands' economic health. While defense equipment and poultry products are not especially business cycle sensitive, wood products are sensitive to housing construction cycles and overall economic growth. With a slow exit from the recession likely, the Potomac Highlands will face weak economic growth and job loss during the near term. The region must position itself to minimize economic loss and to quickly rebound from the adverse impacts associated with the recession. The following analysis provides sector specific considerations:

Wood Products

Region 8 contains extensive forest with a high percentage of hard woods. These hardwoods, especially oak, present a significant renewable resource for which there is world-wide demand. Much of this resource is contained in national forests located within the region. Currently, timber is harvested for dimensioned lumber and pulp wood. Pulp wood from the region is processed at New Page's paper mill at Luke, MD. Paper production is a mature sector and little growth is expected. In contrast, dimensioned lumber provides significant growth opportunities over the long term, as does component manufacturing. The worldwide demand for quality lumber and wood products makes this

asset important to the Potomac Highlands' ability to compete in the global marketplace. While the current global recession has dampened growth in this sector in the near term, all indicators suggest that demand for quality lumber and wood products will continue over the long term.

Further processing of timber will not occur until the region's infrastructural limitations are addressed. Highway improvements are central to developing this sector. Highway improvements would decrease transit time and would make the region's location and timber resources irresistible to manufacturing firms. Importantly, completion of Corridor H will allow the Potomac Highlands to more effectively access the Virginia Inland Port at Front Royal. Development would be aided by the provision of additional industrial sites that could meet the horizontal storage requirements of wood processing firms. Assuring sufficient water for fire-fighting is also a key determinant. Additionally, the region should promote its supply of knowledgeable people who are available at reasonable wage rates.

Many of the firms engaged in wood products are relatively small firms. These firms often have only limited management skills and thus experience difficulties in maintaining financial records, evaluating costs, and obtaining financing. There is a need to provide assistance to these firms, especially those that are encountering difficulties in obtaining sufficient financing to undertaken business expansion.

Growth in timber related firms is dependent on continued availability of wood from national forests. Changes in national forest policy could limit growth or completely eliminate the potential for growth. Without stability in policies for national forests, growth will be modest. Additionally, national policies should balance national recreational needs, national environmental concerns, and local development issues in setting timber harvesting plans. It should be noted that development of the travel and tourism industry requires a stringent balancing of timber production and environmental considerations.

Poultry

The region's location away from migratory bird flyways decreases threats from avian disease. Combining the region's location with an available and knowledgeable work force and interested investors, creates an extremely large potential for growth in the poultry industry. While future growth will not be as dramatic as past growth, potential still exists. This potential includes additional processing plants and the development of industries to support existing firms.

The growth of the poultry industry has caused issues to surface that may retard growth if not appropriately addressed. These include:

- An inability of local roads to handle poultry production related traffic. Moorefield in particular is experiencing congestion around poultry processing plants and driving times are increasing in direct relationship to the number of workers and trucks involved with poultry products.
- The ability of growing houses to co-exist with other land uses. This is especially critical for areas experiencing residential and travel and tourism growth. Conflict could raise anti-poultry growth sentiments as occurred in nearby Virginia counties.
- Environmental issues such as odors from processing plants and wastewater disposal limitations. These may result in regulations that severely limit the production capacity of processing plants.

Many of the threats can be addressed by infrastructure improvements and planning activity. Planning is critical in addressing environmental issues.

Defense Equipment

Alliant Techsystems operates the Allegheny Ballistics Laboratory under contract from the Naval Sea Systems Command. The facility is West Virginia's largest defense contractor employing nearly 1,200 individuals producing advanced component structures for military aircraft, components for munitions, and legacy rocket motors. The firm has projected employment growing at the facility to over 2,000 workers. Much of the growth is expected in the composites and electronic integration areas. With the continuing need to defend the nation from a wide array of threats, strong growth at the facility seems reasonable.

While the operation is a relatively self contained facility, its growth requires substantial community improvement. Shortages of quality housing have particularly challenged the firm's ability to grow by discouraging individuals with critical skills from locating to the region. The Potomac Highlands diminished medical, cultural, and commercial resources have reinforced this problem. The limited availability of development sites with adequate public infrastructure have hindered the region's ability to address these problems and have discouraged investors wishing to serve the facility's growth potential.

Addressing Development Needs in the Potomac Highlands

It is readily apparent that the development potential of growth clusters and the quality is adversely impacted by:

- A lack of infrastructure capacity
- A lack of quality sites for housing and business
- A shortage of readily available enterprise sites
- A lack of support for job and wealth creation
- Limitation on the ability of individuals to compete in a 21st century economy
- Failure to consider the region's environmental carrying capacity

The Potomac Highlands can only prosper if attention is paid to these issues. This specifically includes:

- Replacing or upgrading failing water and wastewater treatment plants
- Improving the availability and quality of broadband service
- Developing and improving highways to promote growth in the region
- Locating utilities to promote sound land use development
- Promoting the use of alternative technologies for public utilities
- Making use of brownfield sites for enterprise development
- Developing additional enterprise park acreage
- Adopting land use management tools
- Supporting business growth by supporting entrepreneurs
- Expanding educational opportunities
- Improving communities and neighborhoods.

Addressing these issues will allow the Potomac Highlands to maximize the development potential of its economic growth clusters and centers by removing obstructions to growth while creating an atmosphere where entrepreneurs and individuals can succeed. Importantly, addressing these issues will improve the quality of life by broadly increasing wealth, improving day to day living conditions, and by assuring that the region preserves the existing high environmental quality.

Goals, Objectives, and Strategies

The Region 8 Planning and Development Council adopted the following vision statement for the Potomac Highlands:

Vision

All residents of the Potomac Highlands will enjoy a high standard of living and quality of life by fully participating in a growing regional economy and living in vibrant healthy communities.

Achieving the following goals will allow the Potomac Highlands to achieve this vision.

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Goals 2009 - 2014

- It is the goal of the Region 8 PDC to assure that the Potomac Highlands offers the highest quality of life.
- It is the goal of the Region 8 PDC to protect the Potomac Highlands' environmental quality.
- It is the goal of the Region 8 PDC to increase the wealth of residents and enterprises in the Potomac Highlands.

Objectives 2009 - 2014

- It is the objective of the Region 8 PDC to develop utilities to support long-term growth in the Potomac Highlands. During the next five years the PDC proposes:
 - Replacement of two antiquated water treatment plants
 - Upgrading three wastewater treatment plants to meet the Potomac River Basin Tributary Strategy
 - Studying a multi-county broadband improvement project
- It is the objective of the Region 8 PDC to undertake utility projects to allow for land development. During the next five years the PDC proposes:
 - Undertaking five water and/or sewer projects to extend service to previously unserved areas of the Potomac Highlands.
 - Promoting the use of alternative technologies to provide water and sewer service in the less densely settled areas of the Potomac Highlands.
- It is the objective of the Region 8 PDC to undertake projects that will develop acreage and space for enterprise growth. During the next five year the PDC proposes:
 - Undertaking the development of an enterprise park in an underserved area of the Potomac Highlands.
 - Encouraging the use of brownfields programs to make better use of previously developed sites.

Objectives 2009 - 2014

- It is the objective of the Region 8 PDC to assure that economic and community development are consistent with the Potomac Highlands' environmental carrying capacity. During the next five years the PDC proposes:
 - Continuously update the Region 8 Development Plan.
 - Promoting the adoption and implementation of local growth management tools.
 - Assessing the environmental impacts of all projects .
- It is the objective of the Region 8 PDC to support enterprise development to create jobs and wealth. During the next five years the PDC proposes:
 - Assisting ten businesses in securing loan funds required for start-up or expansion.
 - Issuing four updates to the Region 8 Development Plan.
 - Hosting twenty forums for local economic development authorities.
 - Providing ten training opportunities for enterprises.

Objectives 2009 - 2014

- It is the objective of the Region 8 PDC to support projects that allow individuals to compete in a 21st century economy while residing in high quality communities. During the next five years the PDC proposes:
 - Studying a multi-county broadband improvement project.
 - Identifying resources to expand the capacity of the Region 7 Workforce Investment Board.
 - Implementing three projects that improve communities and neighborhoods.

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Strategies 2009 - 2014

The Region 8 PDC will achieve its 2009 – 2014 objectives by:

- Conducting regional strategic economic and community development planning in the Potomac Highlands. This process will identify projects required for economic and community development.
- Assisting localities develop and implement projects identified during the regional strategic planning program.
- Advocating policies and practices of local, state, and federal entities that will assure sound and sustainable growth in the Potomac Highlands.
- Coordinating planning and development efforts in the Potomac Highlands.
- Serving as a forum for discussion of issues related to the sound development of the Potomac Highlands.
- Supporting the management of the information required for decision making related to sound and sustainable growth.

Regional Development Program

Project Selection

The Regional Council uses several means to identify priority projects. In the past, the council identified potential priority projects through staff members reviewing needs statements, staff members' knowledge of projects, through contacts with individual communities, submissions by local governments and their agencies and through suggestions by the public during public meetings or in writing during the planning process.

The Regional Council has taken positive action to assure the maximum opportunity exists to have projects submitted to it from key agencies and the public. Thus, the Regional Council periodically surveys local governments and their agencies as to potential projects. This process allows the Regional Council to update project information and normally gives the local government or agency an opportunity to provide their own project ranking.

Once the council identifies a series of projects, it uses a rating system to rank all projects. After the council has evaluated all projects, the council reviews the ranked projects to consider subjective issues. The Council uses the following rating system:

Rating System

Is the project market driven?

The Regional Council will award five points to a project that has an analysis that demonstrates that the project is market based or the Regional Council will award five points to a non-economic development project that can demonstrate that it is feasible through a written study.

Is the project sponsor requesting a proactive investment?

The Regional Council will award five points to a project that has funding commitments and is seeking the last segment of funding.

The Regional Council will award three points to a project that has at least 50% of the required funding committed to the project.

The Regional Council will award two points to a project that does not require other funds.

Will the project diversify the regional economy or allow the Potomac Highlands to anticipate and address economic change?

The Regional Council will award five points to any project that acts to diversify the economy or allows the Potomac Highlands to anticipate and address change.

The Regional Council will award three points to any project that looks beyond the immediate economic future and provides the Potomac Highlands capacity for long term sustained growth.

Will the project result in the direct investment of private capital?

The Regional Council will award five points to a project that demonstrates an ability to cause private sector investment in the region.

The Regional Council will award three points to a project that will support private sector investment in the region.

Does the project have a high probability of success?

The Regional Council will award five points that can demonstrate a high probability of success. Favorable IJDC comments will serve as such evidence. Other evidence includes:

The provision of a higher that requires a local match

The existence of a broadly representative project committee

Overwhelming favorable comments during public meetings

Will the project create higher paying jobs?

The Regional Council will award five points to a project that can demonstrate an ability to support higher paying jobs.

The Regional Council will award three points to a project that will support higher paying jobs.

Will the project produce a return on the needed public investment?

The Regional Council will award five points to a project that will produce a positive return on the public investment. Evidence of this can be found in:

Increases in private sector property values

Increases in worker incomes

Elimination of threats to health

Elimination of threats to the environment

Will the project create the potential for economic growth by strengthening existing economic clusters?

The Regional Council will award fifteen points to a project that directly supports the creation of jobs and wealth in food products or wood products or defense equipment.

The Regional Council will award twelve points to a project that address issues of overriding regional importance, including:

- Projects that retain existing or create new employment opportunities
- Projects that expands the availability of land for homes and business sites
- Projects that add capacity to the transportation system critical for growth
- Projects that increase the educational attainment or skill level of residents
- Projects that allow communities to manage growth
- Projects that directly protect the environment
- Projects that substantially increase the number of year round housing units
- Projects that increase the capacity of water and wastewater treatment systems
- Projects that increase the capacity and quality of broadband service

The Regional Council will be award nine points to projects that result in significant improvements to the quality of life or that support increasing the capacity of communities to achieve economic development. Such projects include:

- Projects that improve elements of the transportation system that are likely to be used by industry
- Projects that expand the service area of water and waste disposal systems
- Projects to develop recreational facilities that have the capacity to attract tourists
- Projects that address downtown revitalization
- Projects that allow for comprehensive neighborhood revitalization
- Projects that increase the availability of health care services in under-served areas

The Regional Council will be award six points to projects that support improvement of the quality of life. Such projects include:

Projects that significantly improve local roads

Projects that improve the quality of water or waste disposal system without expanding its capacity or increasing its service

Projects to provide multi-use community buildings/structures

Projects that provide community wide recreational facilities

Projects that provide new or significantly improve existing public services

Projects that address a single element required in a neighborhood revitalization program

Projects that improve existing health services

Projects that address potential threats to health and safety

Does the community have an urgent need for the project?

The Regional Council will allow each member government to identify one project as of urgent need for the community/county. Such project will be awarded five points provided no project shall exceed a total of fifty points.

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FY 2012 Priority Projects

The Regional Council is currently reviewing its priority list.

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**Comprehensive Economic Development Strategy Meeting
Minutes**

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Community Planning Meetings
September 7, 2011 – Candlewyck Inn, Keyser
September 13, 2011 – Ponderosa Steakhouse, Moorefield

Terry Lively, Executive Director – Region 8 Planning and Development Council, welcomed community leaders and thanked them for participating in the effort to update the Region’s Comprehensive Economic Development Strategy. Terry presented an overview of what the development plan entails and its purpose in economic development. He pointed out the changes in the region during the past 20 years such as population growth, decrease in poverty, and an increase in labor force. A change has occurred in the region’s manufacturing base, moving from apparel manufacturing to food processing and cabinet production. Locally owned stores have closed and the national chain “big box” stores have come into the region.

The region has improved its infrastructure by doubling the industrial parks, constructing seven multi-tenant industrial buildings, building new or improving existing water/wastewater treatment plants in all counties, and extending water/sewer service into unincorporated areas. Accomplishments occurring since the last CEDS Update include funding of Keyser water treatment plant, construction of a water system in the Kline-Mozer area of Pendleton County, funding of the Deep Spring water extension in Grant County, Romney emergency generator project has been funded and Baker water plant and lines have been funded.

A light lunch was served.

Melissa Earle, Assistant Director – Region 8 Planning and Development Council, led participants in a SWOT analysis of the region. She began by asking the following questions:

- What does our region have to offer?
 - o To the elderly
 - o To students
 - o To adults
 - o To tourists
- Why is our region appealing to others?
- What are the deficiencies in the region?
- What hinders the growth in our region?
- What must we change in our region?

Post-It sheets were on the walls identifying Strengths, Weaknesses, Opportunities, and Threats. Participants were given smaller post-its to record their ideas. Melissa instructed participants to look at the region as a whole as the discussion continues and record their thoughts on the post-its. Each heading was discussed among groups for approximately 10 minutes, individual recordings were completed, and then information was added to the heading sheets. At the end of the exercise members funded their most important topics with Region 8 Play Money.

**Region 8 Planning and Development Council
Full Council
October 20, 2011**

Terry Lively, Executive Director – Region 8 Planning and Development Council, discussed that throughout 2010, West Virginia continued its battle with post-recessionary economic factors. Labor statistics for West Virginia residents indicate the average unemployment rate for 2010 was 9.1%. The average rates for Region 8 counties were:

- Grant 12.4%
- Hampshire 10.0%
- Hardy 10.3%
- Mineral 8.7%
- Pendleton 8.5%

In 2010, thirty-six counties in West Virginia had higher unemployment rates than the state average. In Region 8 three counties were higher and two were below the state average of 9.1%. The Region 8 PDC has engaged in an economic development planning effort since 1972. The Development Plan has guided federal and state investments as well as staff activities for more than 35 years.

Melissa Earle, Assistant Director, led Council members in a SWOT analysis of the region. This exercise had been completed previously at two community meetings with community leaders. Council members identified strengths, weaknesses, opportunities, and threats for the region. At the end of the exercise members funded their most important topics with Region 8 Play Money.

The most important topics included:

Strengths:

- Tourist attractions
- Corridor H
- Cost of living
- Location
- Natural beauty
- Police force

Weaknesses:

- Lack of water resources
- Broadband
- Cell phone coverage
- Crime
- Drugs
- Lack of finance
- Resistance to change

Opportunities:

- Broadband – Hardy Telecommunications
- Emergency services
- Corridor H
- Open space

Threats:

- EPA regulations
- Loss of youth
- Drug activity
- Government
- Lack of planning
- Lack of water

Information from this meeting and the two previous community meetings will be used to prepare the CEDS Update. The following schedule would allow the document to be presented to the Economic Development Administration (EDA) in a timely fashion.

- November 14 – draft available for public review
- November 17 – Priority Project reviewed at Council meeting
- November 30 – draft due to EDA
- December 15 – final review and approval
- December 29 – final submission due date to EDA

Public Meeting on Development Plan Update
Region 8 Planning and Development Council

Public meetings to receive comments on the Regional Development Plan Update are scheduled for November 29 at 6:00 p.m. at Region 8 Planning and Development Council's conference room, Grant County Industrial Park, Petersburg, WV and November 30 - 2:00 p.m. at Mineral County Courthouse, County Commission room, 150 Armstrong Street, Keyser, WV.

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Appendix A

Membership and Staffing

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Region 8 Planning and Development Council's Membership

County	Name	Address	Race	Sex	Appt Date	Exec. Comm.	Office/Occupation
Grant	Harold Hiser	5 Highland Avenue Petersburg, WV 26847	C	M	06/01/82	Yes	Clerk, Grant County Commission
Grant	Gary Michael	P.O. Box 669 Petersburg, WV 26847	C	M	07/01/01	Yes	Mayor, Petersburg
Grant	Thomas C. Brown	132 Pine Street, Bayard, WV 26707	C	M	06/04/10		Councilman, Town of Bayard
Grant	Jim Wilson	705 Circle Drive, Petersburg, WV 26847	C	M	01/01/09	Yes	Grant County Commission
Grant	Selena Redman	103 W Central Ave, Petersburg, WV 26847	B	F	01/16/03	Yes	Customer Relations
Hampshire	David Parker	PO Box 901, Romney, WV 26757	C	M	01/01/09	Yes	Hampshire County Commission
Hampshire	Susan Sirbaugh Rubenstein	PO Box 118, Capon Bridge, WV 26711	C	M	4/15/11		Acting Mayor, Capon Bridge
Hampshire	Daniel Hileman	340 East Main Street Romney, WV 26757	C	M	07/01/09	Yes	Mayor, Romney
Hampshire	O Grady Bradfield	HC 64 Box 400 Yellow Springs, WV 26865	C	M	01/01/99	Yes	Business Owner
Hampshire	Alan Brill	HC 87 Box 11, Yellow Springs, WV 26865	C	M	07/01/02		President - Capon Valley Bank
Hampshire	John Hammond	PO Box 177, Yellow Springs, WV 26865	C	M	07/01/05		Business Owner
Hardy	Richard Smith	401 Maple Avenue, Moorefield, WV 26836	C	M	12/11/03	Yes	Region 7 Workforce Investment
Hardy	William J.R. Keplinger	PO Box 337, Moorefield, WV 26836	C	M	01/01/11	Yes	Hardy County Commission
Hardy	Gary Stalnaker	Winchester Avenue, Moorefield, WV 26836	W	M	12/15/11	Yes	Mayor, Town of Moorefield
Hardy	Mallie Combs-Snyder	P.O. 209 Moorefield, WV 26836	C	F	07/01/84		Hardy County RDA Director
Hardy	Amy Funkhouser	92 Middle Cove Road, Mathias, WV 26812	C	F	7/15/10		Insurance Business Owner
Hardy	Tracey S. Miller	P.O. Box 7 Wardensville WV 26851	C	M	07/24/01		Mayor, Wardensville

Hardy	William Bean	P.O. Drawer 30 Moorefield, WV 26807	C	M	05/21/92	Yes	Business Owner
Hardy	Sherry Watts	1929 State Road 55, Moorefield, WV 26836	C	F	05/17/07		Eastern WV Community and Te College Business Owner
Hardy	Elwood Williams	504 Clement Street, Moorefield, WV 26836	C	M	07/01/05		Mineral County Commission
Mineral	Janice LaRue	276 W Fairview Street, Piedmont, WV 26750	C	F	03/14/03	Yes	Mayor, Carpendale
Mineral	Doron Armentrout	P.O. Box 7 Ridgeley, WV 26753	C	M	07/01/08	Yes	Mayor, Elk Garden
Mineral	Lawrence Stonebreaker	Town of Elk Garden Elk Garden, WV 26717	C	M	08/06/07		Acting Mayor, Piedmont
Mineral	Patrick Amoroso	Second Street Piedmont, WV 26750	C	M	07/15/10		Mineral County Coordinator
Mineral	Michael Bland	150 Armstrong Street Keyser, WV 26726	C	M	06/01/93		Acting Mayor, Ridgeley
Mineral	James Twigg	PO Box 822, Ridgeley, WV 26750	C	M	11/1/10	Yes	Councilman, City of Keyser,
Mineral	Charlie Junkins	350 Hawthorne Road, Keyser, WV 26726	C	M	07/01/09	Yes	Business Representative
Mineral	Tom Braithwaite	PO Box 256, Elk Garden, WV 26714	C	M	05/17/07		Councilman, Town of Franklin
Pendleton	Bob Horan	PO Box 277, Franklin, WV 26807	C	M	11/26/08	Yes	Business Owner
Pendleton	Alice Hartman	P.O. Box 885 Franklin, WV 26807	C	F	07/01/02	Yes	Pendleton County Commission
Pendleton	Carl Hevener	HC 72 Box 20, Franklin, WV 26807	C	M	01/01/11	Yes	Business Owner
Pendleton	Joan Ashley	Rt.#5 Box 300 Franklin, WV 26807	C	F	05/05/92	Yes	Loan Officer, Grant County Bank
Pendleton	J.D. Wilkins	PO Box 26, River View, WV 26814	C	M	04/17/08		Farm Business Owner
Pendleton	Dale Walker	HC 69 Box 228, Fort Seybert, WV 26802	C	M	07/15/10		

REGION 8 PDC STAFF

Petersburg Office 304-257-1221	<u>Name</u>	Telephone Extension	E-mail Address
Executive Director	Terry Lively	225	tlively@regioneight.org
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Transitional Housing Assistant	Mary Mowbray		mmowbray@regioneight.org
THC Social Worker	Carrie Williams		cwilliams@regioneight.org

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Appendix B

Major Infrastructure Accomplishments

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FY 2011 Infrastructure Accomplishments

County	Project	Accomplishment	Strategy Used	Objective Met	Goal Impacted	Year	Type	Cost	Comments
Grant	Petersburg Water Plant	The PDC helped bring the Petersburg Water System Upgrade project to near completion.	Assisting localities develop and implement projects identified during the regional strategic planning process	Development of utility projects to support long-term growth in the Potomac Highlands	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Water	\$ 11,054,815	This project assures the availability of water in Grant County by replacing a functionally obsolete water plant.
Mineral	Keyser Water System Improvement	The PDC helped the City of Keyser obtain funding to replace its failing water treatment plant and to improve the water storage/ distribution and hire an engineering firm to begin design of the improvements.	Assisting localities develop and implement projects identified during the regional strategic planning process	Development of utility projects to support long-term growth in the Potomac Highlands	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Water	\$ 11,450,000	This project will replace the functionally obsolete and failing water plant, make distribution improvements, and extend water service to approximately 50 homes.
Grant	Mountain Top Water Extension	The PDC helped bring to substantial completion the Mountain Top Water System Extension project.	Assisting localities develop and implement projects identified during the regional strategic planning process	Development of utility projects that allow for sound land development	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Water	\$ 2,673,000	This project extends water service to approximately 70 homes on Bismarck, Arnold Mine, and Cherry Hill Roads.
Grant	Buffalo Creek Flood Control Levy	The PDC helped the Town of Bayard repair the Buffalo Creek Flood Control Levy .	Assisting localities develop and implement projects identified during the regional strategic planning process	Supporting projects that allow individuals to compete in a 21st century economy while living in high quality communities	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Community Development	\$ 252,677	The project repairs the deteriorated flood levy.
Grant	Bayard Sidewalks	The PDC helped the Town of Bayard construct additional sidewalks.	Assisting localities develop and implement projects identified during the regional strategic planning process	Supporting projects that allow individuals to compete in a 21st century economy while living in high quality communities	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Community Development	\$ 124,346	Construction of sidewalks in the Town of Bayard.
Hampshire	Romney Water Plant Emergency Power Project	The PDC assisted the City of Romney in completion of its Romney Water Plant Emergency Power Project .	Supporting the management of information needed for decision making for sound and sustainable growth.	Supporting projects that allow individuals to compete in a 21st century economy while living in high quality communities	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Water	\$ 480,000	The project helps assure that Romney's water plant can function during a flood.
Mineral	Piedmont Water Planning	The PDC assisted the City of Piedmont in completing a study to protect its water source.	Supporting the management of information needed for decision making for sound and sustainable growth.	Supporting projects that allow individuals to compete in a 21st century economy while living in high quality communities	Assuring the highest quality of life in the Potomac Highlands	FY 2010	Water	\$ 40,000	This project provides a plan to assure the protection of the Piedmont water Source and Plant.

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Appendix C
Economic Forecast

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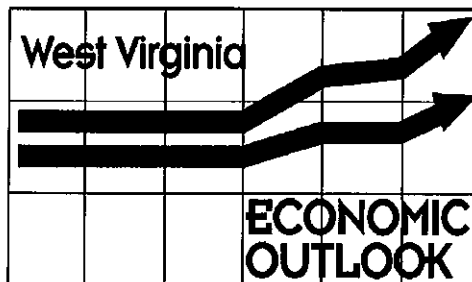
Potomac Highlands Region Outlook

FORECAST: 2007-2011

June 2007

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
COLLEGE OF BUSINESS AND ECONOMICS
WEST VIRGINIA UNIVERSITY
www.bber.wvu.edu

*THIS FORECAST WAS SPONSORED BY THE REGION 8 PLANNING AND
DEVELOPMENT COUNCIL USING FUNDS PROVIDED BY THE ECONOMIC
DEVELOPMENT ADMINISTRATION OF THE U.S. DEPARTMENT OF COMMERCE.*



Executive Summary

The Potomac Highlands Region has posted solid growth during the last five years. The region's job growth has been similar to state and national rates. Population growth in the region has far exceeded the state average, although it fell short of national growth. Regional growth in inflation-adjusted per capita personal income beat the national rate, but came in below the state rate. The region's unemployment rate was 4.6 percent in 2006, below the state average of 4.9 percent and on par with the national rate. The Potomac Highlands Region includes Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia. Mineral County is part of the Cumberland metropolitan statistical area (MSA) and Hampshire County is part of the Winchester MSA.

The leisure and hospitality sector demonstrated the fastest job growth during the 2001-2006 period, followed by natural resources and mining, posting 3.2 and 2.5 percent, respectively. Education and health care was a close third, with an annual average growth rate of 2.3 percent. Leisure and hospitality growth was concentrated in Hardy County. Natural resources and mining job gains came primarily in Grant County, with increased coal mining activity. Rising employment in education and health care was concentrated primarily in Hampshire and Mineral counties.

The Potomac Highlands Region posted large job losses in the construction sector. The primary factor in this job loss was the completion of scrubbers at the Mount Storm power plant. Both professional and business services and manufacturing employment posted modest job losses during the last five years. Manufacturing employment was hit hard during the early years of the decade, but has bounced back nicely during the last two years, adding 420 jobs by 2006. Job gains in manufacturing have come in the defense munitions sector (Mineral County) and furniture and wood products (Hardy County).

The outlook for the Potomac Highlands Region calls for continued solid growth, assuming that the national economy avoids recession. The forecast calls for the region to generate roughly 200 jobs per year during the 2006 to 2011 period, which translates into an annual growth rate of 0.8 percent. That growth rate is similar to the state average of 0.9 percent, but well below the national average of 1.3 percent. Both the goods-producing and service-providing sectors are expected to add jobs, but the majority of new jobs are forecast to come in the service-providing sectors, such as trade, transportation, and utilities; leisure and hospitality; government; and health care.

Solid job gains contribute to continued inflation-adjusted per capita personal income growth. Job and income growth combine to generate continued population gains in the region, with annual population gains expected to average roughly 650 (0.8 percent per year). That far exceeds expected state population growth (0.1 percent per year) and is close to the national rate of 0.9 percent.

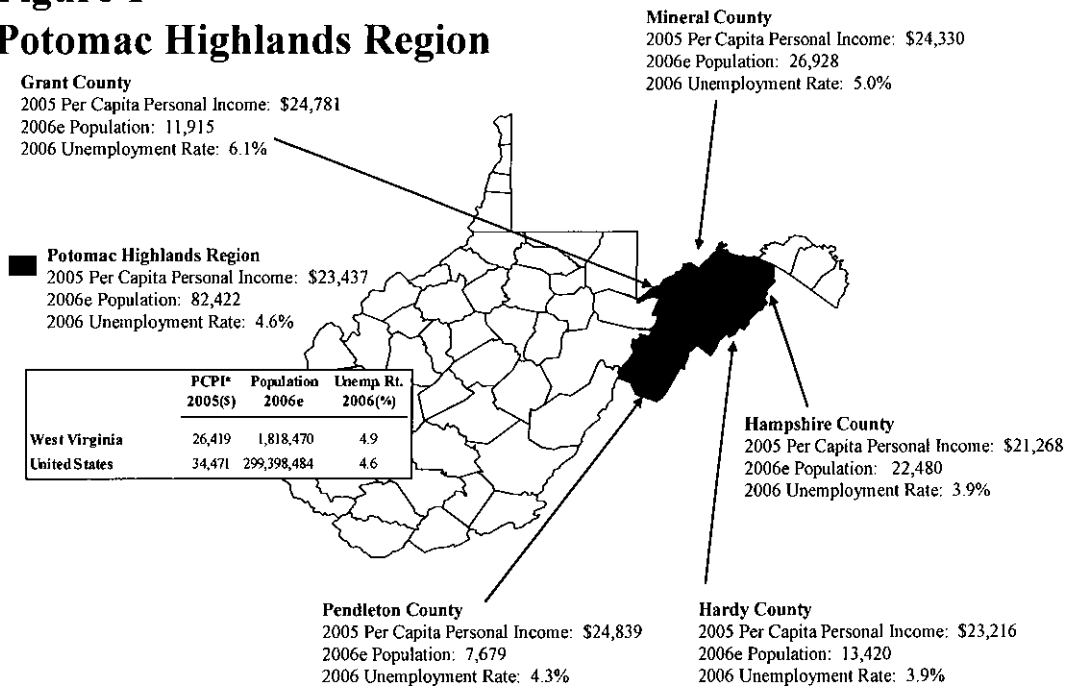
Risks to the Potomac Highlands Region outlook include the risk of a national recession driven by a housing bust, which has the potential to reduce activity in the goods-producing sector (particularly furniture and wood products). The region is also likely to face an increasingly challenging labor market, as demographic aging leads region residents to consider reducing labor market activity.

Potomac Highlands Region in Perspective

As shown in Figure 1, the Potomac Highlands Regions is comprised of Grant, Hampshire, Hardy, Mineral, and Pendleton counties in West Virginia. The Potomac Highlands Regions displayed an estimated population of 82,422 residents in 2006, with Mineral County demonstrating the largest population of any county in the region at 26,928 residents. The county with the lowest population in the region was Pendleton County at 7,679 residents.

Figure 1

Potomac Highlands Region



There are two metropolitan statistical areas (MSAs) with component counties in the Potomac Highlands Region. Mineral County is one of the component counties of the Cumberland MSA along with Allegany County in Maryland. The Cumberland MSA had an estimated population of 99,759, with Mineral County making up approximately 27.0 percent of the MSA's population.

The other MSA in the region is the Winchester MSA, which is made up of Hampshire County in West Virginia and Frederick County and Winchester City in Virginia. During 2006 this MSA demonstrated a population of 118,932, with Hampshire County accounting for approximately 19.0 percent.

The inclusion of Mineral and Hampshire counties in their respective MSAs indicates the high degree of commuting flows between these counties and the core counties in other states. In each case, the core county (and thus the core city) of the MSA is located outside of West Virginia. Finally, the Winchester MSA is a new metropolitan statistical area, designated in 2003, which indicates that the core city has just exceeded the 50,000 resident mark required for MSA status.

Compared to the U.S., the median age of residents of the Potomac Highlands Region is considerably higher. As Table 1 shows, all five of the component counties have median ages that exceed the U.S. average of 35.3 years in 2000. Only one of the component counties had a lower median age than West Virginia's 38.9 years. According to the 2000 U.S. Census, Pendleton has the highest median age in the Potomac Highlands Region at 41.1 years.

The region's high median age is reflected in relatively high shares of workers in the 55-64 age group. Indeed, on average during the first quarter of 2005 to the first quarter of 2006 period, four out of five counties in the region posted a higher share in this age group than the West Virginia average of 13.3 percent. Pendleton County had the highest share (17.6 percent), followed by Hampshire County (16.3 percent), Grant County (15.4 percent), and Mineral County (14.4 percent). Hardy County had the lowest share with 12.7 percent. This age group is an important one, because all of these workers will hit retirement age (65 years) in the next decade.

While demographic aging remains an issue for the region, labor force participation rates are relatively high according to data from Census 2000. Indeed, the region's labor force participation rate in 2000 was 59.8 percent, well above the state average of 55.3 percent, but well below the national rate of 64.9 percent.

Table 1 displays the per capita personal income (PCPI) for 2005, which for the Potomac Highlands Region was \$23,437. The Potomac Highlands Region PCPI underperformed West Virginia's PCPI of \$26,419. The highest PCPI in the region was demonstrated by Pendleton County at \$24,839. The Cumberland and Winchester MSAs displayed PCPIs that were higher than the Potomac Highlands Region at \$25,352 and \$29,873, respectively.

Table 1
Potomac Highlands Region Selected Economic Indicators by County

	Population			FW Dodge	Per Capita		Nonfarm	Unempl.	Median	Educational
	Census	Av. An. G.R.	Median Age	Total Constr.	Personal Income		Job	Rate	Household	Attainment
	2005e	2000-2006(%)	2000	(\$ in thous.)	2005(\$)	2000-2005(%)	Growth	(%)	Income	Assoc. Deg.+
				2006			2001-2006(%)	2005(%)	1999(\$)	2000(%)
Grant, W.Va.	11,915	0.9	39.3	33,031	24,781	3.5	-4.3	6.1	28,916	14.2
Hampshire, W.Va.	22,480	1.7	38.5	53,783	21,268	2.5	1.6	3.9	31,666	14.7
Hardy, W.Va.	13,420	0.9	38.9	105,805	23,216	3.9	2.1	3.9	31,846	12.5
Mineral, W.Va.	26,928	-0.1	39.1	32,425	24,330	3.9	1.9	5.0	31,149	18.0
Pendleton, W.Va.	7,679	-1.0	41.1	5,812	24,839	4.1	0.9	4.3	30,429	14.5
Cumberland, MD-WV MSA	99,759	-0.3	—	—	25,352	4.2	1.5	5.5	—	20.2
Winchester, VA-WV MSA	118,932	2.3	—	—	29,873	3.2	2.8	2.6	—	23.0
Potomac Highlands Region	82,422	0.6	—	230,856	23,437	3.5	0.7	4.6	—	15.4
Maryland	5,615,727	0.9	36.0	—	41,972	4.1	0.9	3.9	52,066	36.8
Virginia	7,642,884	1.2	35.7	—	37,503	3.8	1.2	3.0	46,877	35.1
West Virginia	1,818,470	0.1	38.9	3,164,358	26,419	3.8	0.6	4.9	29,696	19.2
U.S.	299,398,464	1.0	35.3	—	34,471	2.9	0.7	4.6	41,994	30.7

Population data are estimates from U.S. Census Bureau

U.S. employment data are from the BLS - labor force data.

Per capita personal income data are from the U.S. Bureau of Economic Analysis.

Median household incomes and Median Age are from the U.S. Census Bureau, Census 2000

Nonfarm Job data is from BLS and WVBEF

Educational Attainment measures the percent of the population above age 25 that has earned an associate's degree or higher from Census 2000.

Median household income is another method of measuring an area's income. Unlike per capita personal income, median household income excludes payments in kind, such as, Medicare and Medicaid and is a measure of income per household rather than per individual. The most recent data on median household income is 1999 from Census 2000, which reports West Virginia's median household income as \$29,696. Using this measure of income the Potomac Highlands Region appears to be earning more than the state average with only one of its five component counties (Grant County) below the West Virginia average.

Of West Virginia's population aged 25 years or older in 2000, 19.2 percent of them earned an associate's degree or higher. The Potomac Highlands Region's educational attainment rate was well below the state rate in 2000, at 15.4 percent. The highest attainment rate in the region was found in Mineral County, which had a rate of 18.0 percent, according to the U.S. Census. None of the component counties came close to the national attainment rate of 30.7 percent. Neither of the two nearby MSAs of Cumberland (20.2 percent) or Winchester (23.0 percent) had higher attainment rates than the U.S. rate. The Potomac Highlands Region also has a much lower attainment rate compared to the two neighboring states of Virginia (35.1 percent) and Maryland (36.8 percent).

Finally, it is important to remember that agriculture remains an important part of the regional economy. According to the U.S. Bureau of Economic Analysis, farming employed 3,223 residents during 2002. Farming accounted for 9.2 percent of total employment, which was a much higher share than West Virginia (2.6 percent) and the nation (1.8 percent). The region saw a decline in farm jobs during the 2002 to 2005 period with annual average growth rate -0.7 percent or 71 jobs lost for the period. The Potomac Highlands Region lost jobs in the farming sector at a similar rate to West Virginia (approximately -0.7 percent) but at a slower rate than the nation (-1.8 percent).

Further, according to the 2002 Census of Agriculture, the Potomac Highlands Region accounted for 56.1 percent of all West Virginia agricultural sales (including both crops and livestock). The share of agricultural sales in the region has risen from 1997, which it accounted for 52.2 percent of the state total. Agricultural activity in the region is dominated by livestock sales (especially poultry), which accounted for 97.8 percent of total agricultural sales in the region in 2002. Finally, Hardy County posted the highest level of agricultural sales in the region in 2002, with \$123.6 million, which accounted for 45.7 percent of the Potomac Highlands total.

Recent Developments

The Potomac Highlands Region displayed an average annual population growth rate of 0.6 percent during the 2000 to 2006 period. The region demonstrated an average annual growth rate higher than West Virginia's 0.1 percent, but lower than the nation's 1.0 percent. During the period, Maryland and Virginia both displayed growth rates higher than the Potomac Highlands Region at 0.9 percent and 1.2 percent, respectively.

Hampshire County exhibited the highest population growth with an average annual growth rate of 1.7 percent during the 2000 to 2006 period. The county within the region that displayed the lowest annual average growth rate was Pendleton County at -1.0 percent during the period.

The two MSAs with component counties in the Potomac Highlands Region displayed very different population trends. The Cumberland MSA showed a decline in its population, exhibiting an annual average growth rate of -0.3 percent during the period. On the other hand, the Winchester MSA showed strong population growth during the period with an annual average growth rate of 2.3 percent. The growth of the Winchester MSA was primarily due to Frederick County in Virginia with a growth rate of 3.0 percent.

During 2005, the Potomac Highlands Region's PCPI was \$11,034 less than the nation's average; however, the region displayed a higher annual average growth rate of 3.5 percent compared to the nation's 2.9 percent during the 2000 to 2005 period. West Virginia's PCPI was \$2,982 higher than the Potomac Highland Region, and displayed a high growth rate of 3.8 percent during the 2000 to 2005 period. Hardy and Mineral County shared the highest PCPI average annual growth rate of 3.9 percent for the period. The PCPI growth rate in the Cumberland MSA (4.2 percent) outperformed the Winchester MSA (3.2 percent) during the period.

The Potomac Highlands Region displayed an average annual nonfarm job growth of 0.7 percent between 2001 and 2006. Hardy County demonstrated the highest average annual growth rate for nonfarm employment at 2.1 percent. During the 2001 to 2006 period, Grant County was the only county to display a negative average annual growth rate at -4.3 percent. The large job loss in Grant County is primarily due to the closure of Advantage Foods (poultry processing, owned by Perdue Farms) and the Mount Storm power plant completion of a new scrubber. The remaining counties, Hampshire (1.6 percent), Mineral (1.9 percent), and Pendleton (0.9 percent) all displayed positive growth rates that were higher than the region.

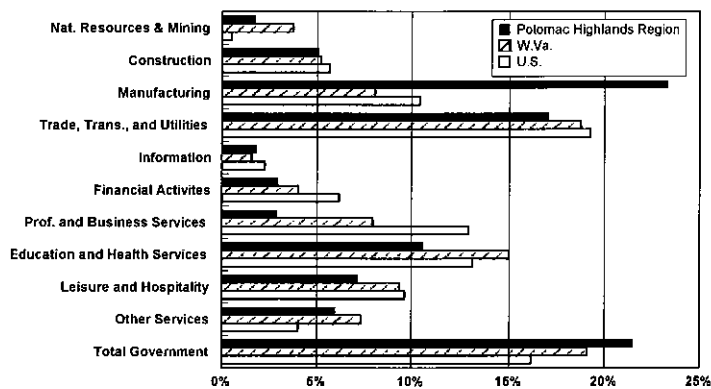
West Virginia fell slightly below the Potomac Highlands Region, with an average annual nonfarm job growth rate of 0.6 percent, during the 2001 to 2006 period. The nation shared the same growth rate as the Potomac Highlands Region at 0.7 percent. Maryland and Virginia outperformed the nation with nonfarm job growth of 0.9 and 1.2 percent, respectively. The Cumberland and Winchester MSAs performed very well with average annual growth rates of 1.5 and 2.8 percent, respectively.

During 2006, the Potomac Highlands Region exhibited an unemployment rate of 4.6, which is at par with the nation. The region also outperformed West Virginia's unemployment rate of 4.9 percent. Hampshire and Hardy County displayed the lowest unemployment rate within the region at 3.9 percent during 2006. The highest unemployment rate was demonstrated by Grant County at 6.1 percent. Maryland and Virginia had lower unemployment rates than West Virginia at 3.9 and 3.0 percent, respectively. The two MSAs with component counties in the region displayed high contrast in their unemployment rates; Cumberland MSA (5.5 percent) had a higher unemployment rate than the nation, while the Winchester MSA (2.8 percent) was significantly lower than the nation.

According to FW Dodge, the Potomac Highlands Region had new construction starts valuing approximately \$230.9 million, or equivalently \$2,801 per capita, during 2006. Total construction starts for West Virginia was \$1,740 per capita. Hardy County exhibited the largest value of construction starts accounted for \$105.8 million, and of that amount, non-building projects accounted for 80.1 percent. The non-building projects in Hardy County were primarily from highway construction related to Corridor H.

Figure 2 shows the employment shares for the Potomac Highlands Region, West Virginia, and the U.S. during 2006. As shown in Figure 2, manufacturing accounts for the largest amount of employment in the region at 23.3 percent. Indeed, 9.5 percent of West Virginia manufacturing jobs are located in the region, a far higher share than any other sector. Government jobs came in a close second accounting for 21.5 percent of employment in the Potomac Highlands Region. Natural resources and mining accounted for the smallest portion of employment, followed closely by the information sector posting, 1.7 and 1.8 percent, respectively.

Figure 2
Potomac Highlands Region
Employment Shares* Compared to the State
And Nation for 2006



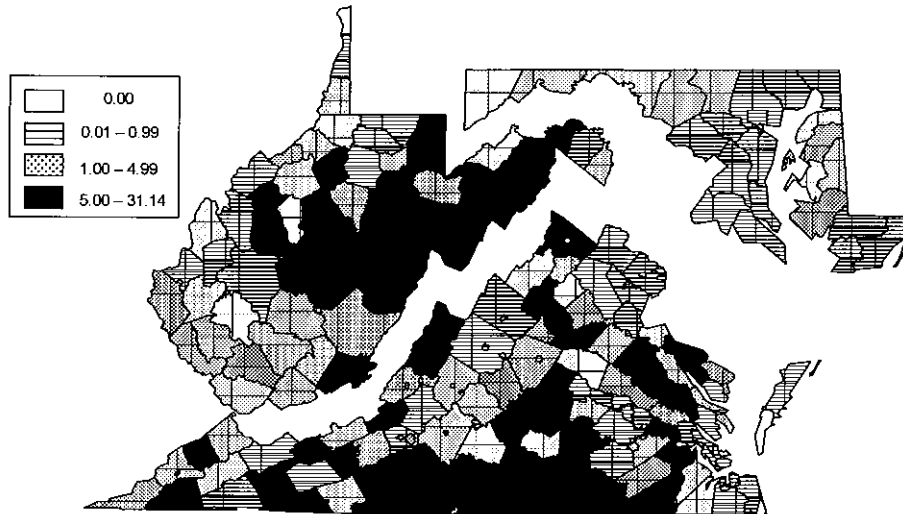
*Employment shares are based on nonfarm employment data.

The Potomac Highlands' high share of jobs in the manufacturing sector can be attributed to a large concentrations in wood products and poultry products, with transportation equipment (defense related missile propulsion) also contributing a significant number of jobs. The wood products industry includes forestry, logging, sawmills, and manufacturers of other wood products like furniture, flooring, cabinets, manufactured homes, and doors. Figure 3, shows location quotients for these wood products jobs in West Virginia, Maryland, and Virginia. Location quotients are relative to national averages in which any county with a location quotient greater than one has a higher-than-average concentration of jobs in a given sector.

Figure 3

Concentration of Wood Products Jobs (NAICS 113, 321, & 337)

$\frac{\text{Wood Products Share of Jobs Locally}}{\text{Wood Products Share of Jobs Nationally}}$



County Business Patterns 2004

All five of the counties in the Potomac Highlands Region had location quotients higher than 3.0 in the wood products sector. The region's location quotients ranged from 3.3 to 29.0. Hardy County had the highest location quotient at 29.0, with American Woodmark Corporation, Christopher Peacock Cabinetry, and Fertig Cabinet located in the county. Growth in the Potomac Highlands in this subsector looks promising.

The food processing sector (NAICS 311) still remains an important sector in the Potomac Highlands Region. As seen in Figure 4, both Hardy County had the highest location quotient of any county in the state in this sector in 2004. Hardy County's location quotient was 47.0, which means that the concentration of food processing jobs in the county was 47.0 times the national level. Indeed, Pilgrim's Pride Corporation of West Virginia was the number one employer in Hardy County in 2002 and remains the top employer in 2006. There are also very high concentrations in the food processing sector in Northern Virginia, particularly Shenandoah and Rockingham Counties.

Figure 4 Concentration of Food Processing Jobs (NAICS 311)

Food Processing Share of Jobs Locally
Food Processing Share of Jobs Nationally

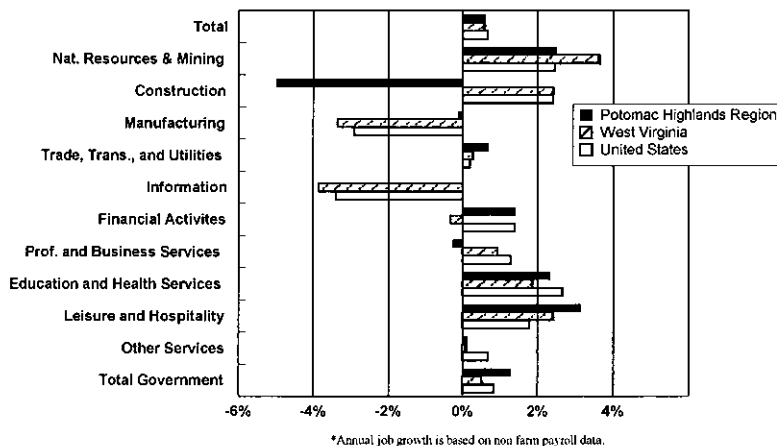


County Business Patterns 2004

The Potomac Highlands also has a high concentration in defense-related manufacturing, thanks to the location of ATK Tactical Systems Company in Mineral County. As of March 2006, ATK Tactical Systems was the largest employer in Mineral County.

Figure 5 shows the average annual job growth between 2001 and 2006 for the Potomac Highlands Region by industry. As Figure 5 shows, leisure and hospitality demonstrated the largest growth during the period, followed by natural resources and mining, posting 3.2 and 2.5 percent, respectively. Education and health care was a close third, with an annual average growth rate of 2.3 percent during the 2001 to 2006 period. Leisure and hospitality growth was concentrated in Hardy County. Natural resources and mining job gains came primarily in Grant County, with increased coal mining activity. Rising employment in education and health care was concentrated primarily in Hampshire and Mineral counties.

Figure 5
Potomac Highlands Region
***Annual Job Growth: 2001-2006**



The Potomac Highlands Region posted large job losses in the construction sector, with an annual average decline of -5.0 percent for the period. The primary factor in this job loss was the completion of scrubbers at the Mount Storm power plant. Both professional and business services and manufacturing employment posted modest job losses during the last five years.

Manufacturing employment was hit hard during the early years of the decade, but has bounced back nicely during the last two years, adding 420 jobs by 2006. Job gains in manufacturing have come in the defense munitions sector (Mineral County) and furniture and wood products (Hardy County).

Forecast: 2007-2011

The economy of the Potomac Highlands Region depends, in part, on the performance of the national economy. This subjects the region to the same risks and opportunities the country faces in the global market place. Thus, in order to create a forecast for the Potomac Highlands Region, we need to think about what the future holds for the U.S. and world economies.

The national forecast that underpins the regional outlook was produced by Global Insight, Inc. (a global economic forecasting and consulting firm) in May 2007. The overall national outlook calls for growth to slow significantly next year, but for the economy to avoid outright recession. As shown in Table 2, Global Insight anticipates real GDP growth to be slow, at 2.1 percent, during 2007. This is primarily due to the slowdown in the housing market. During the first quarter of 2007 the housing slowdown cut GDP growth by 1.0 percent. Despite sluggish real GDP growth, the U.S. unemployment rate is expected to only rise by 0.1 percent from 2006 to 2007, reaching 4.7 percent during 2007. Real GDP growth is expected to increase through 2009 (to 3.3 percent) then decrease through 2011 (to 2.6 percent).

Table 2
U.S. Forecast
Global Insight May 2007

	Actual 2006	Years				
		Forecast				
		2007	2008	2009	2010	2011
		Annual Percent Change				
Real GDP	3.3	2.1	2.8	3.3	3.1	2.6
Industrial Production	4.0	1.7	2.3	3.0	2.7	2.4
Nonfarm Employment	1.9	1.3	1.1	1.5	1.4	1.0
Nominal Personal Income	6.3	5.7	5.3	5.9	6.0	5.4
Personal Consumption Deflator	2.7	2.1	1.8	2.0	2.0	2.0
Real Export Growth (GDP Basis)	8.9	6.4	9.2	9.0	8.1	7.0
Real Import Growth (GDP Basis)	5.8	2.3	4.1	5.7	5.8	5.6
Housing Price Growth Average, Existing Houses	1.3	-3.1	-3.5	2.8	3.9	4.1
		Percent				
Unemployment Rate	4.6	4.7	4.9	4.7	4.5	4.4
Federal Funds Rate	4.96	5.15	5.00	5.00	5.00	5.00
30-Year Fixed Mortgage Rate	6.42	6.21	6.59	6.88	7.02	7.04
		Billions of Dollars (FY)				
Federal Budget Surplus (Unified Basis)	-248	-192	-221	-230	-215	-187
		Key Prices				
Trd.Wtd. Value of U.S. Dollar vs Major Trading Partners (2000=1.000)	0.813	0.780	0.742	0.722	0.731	0.739
Oil - West Texas Intermediate (\$ per barrel)	66.12	62.10	61.42	61.96	61.75	61.79

As Table 2 shows, housing prices are expected to drop by 3.1 percent during 2007, and then to decline another 3.5 percent during 2008. After 2008, housing price growth is anticipated to be positive and increasing through the end of the forecast period reaching 4.1 percent by 2011. Global Insight also expects the 30-year fixed mortgage rate to increase every year during the forecast period hitting 7.04 percent in 2011.

Inflation is expected to reach 2.1 percent in 2007, which is down from 2.7 percent in 2006. However, the rate of inflation expected for 2007 is still at the upper range of the Federal Reserve's preferred level of 1 to 2 percent per year. Global Insight anticipates that the Fed will do little to stimulate economic growth during the forecast. Specifically, the forecast calls for the Fed to reduce the federal funds rate by just 0.25% this year and then stand pat through 2011.

The U.S. dollar is expected to depreciate against the currencies of our major trading partners between 2007 and 2009, and slightly increase thereafter until the end of the forecast period. As shown in Table 2, the depreciation of the dollar (combined with solid world economic growth) is expected to cause real exports to grow faster than real imports throughout the forecast period. Strong export performance, relative to import growth, stabilizes the U.S. trade deficit during the forecast.

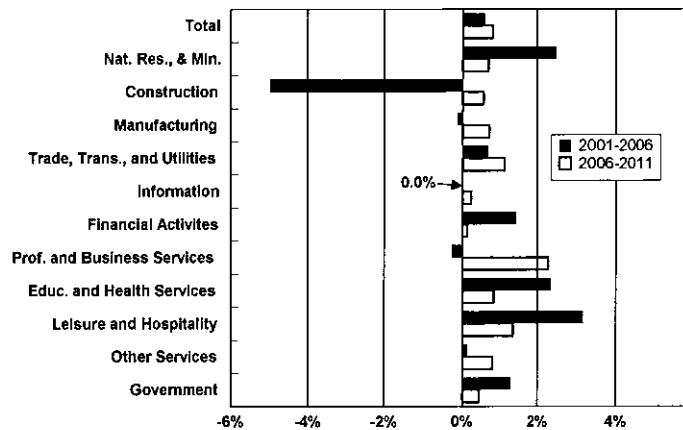
The West Texas Intermediate oil price is projected to reach \$62.10 per barrel during 2007 and decline to \$61.79 per barrel during 2011 with slight fluctuations throughout the forecast period. During the second quarter of 2007 oil prices are expected to reach an average price of \$2.93 (per gallon) at the pump.

Global Insight also calls for the federal budget deficit to increase from \$192 billion in 2007 to \$230 billion in 2009, as slower economic growth reduces tax revenue gains.

Continued national growth sets the stage for sustained economic gains in the Potomac Highlands Region. Table 3 below shows the outlook for jobs, the unemployment rate, population, and personal income for the region through 2011. As the table shows, the forecast calls for continued solid job, income, and population gains in the region.

The outlook calls for the region to generate roughly 200 jobs per year during the 2006 to 2011 period, which translates into an annual growth rate of 0.8 percent. That growth rate is similar to the state average of 0.9 percent, but well below the national average of 1.3 percent. Figure 6 shows the outlook for employment growth by major industry. Job gains during the next five years are expected to be concentrated in the service-providing sectors, especially in trade, transportation, and utilities; leisure and hospitality; government; and health care. The service-providing sector as a whole is forecast to add 150 jobs per year during the forecast.

Figure 6
Potomac Highlands Region
Annual Job Growth: History and Forecast



The goods-producing sector of the Potomac Highlands Region economy is also expected to contribute to job gains during the forecast. The forecast calls for modest job gains in natural resources and mining, as demand for the higher-sulfur coals mined in the region remains solid. Construction jobs stabilize at relatively high levels as the region continues to invest in its infrastructure (including Corridor H). Residential construction is expected to continue in the region (including second homes) although at a slower rate. The manufacturing sector generates relatively strong job gains during the period, as the region remains competitive in food products and the defense munitions sector. Furniture and wood products activity is likely to slow through 2008, as the impact of the national housing slowdown spreads through the local economy.

Sustained job gains in the region are expected to contribute to inflation-adjusted income growth during the next five years. The forecasts calls for real per capita personal income to rise by 1.9 percent per year during the next five years, significantly above the 0.7 percent rate of the last five years. Real income growth in the region is expected to be similar to the state average, but to fall below the national rate.

The combination of job and real income growth during the forecast generates positive population growth in the Potomac Highlands Region. The region is forecast to add roughly 650 residents per year during the next five years, which translates into a growth rate of 0.8 percent per year. That growth rate far exceeds the West Virginia average of 0.1 percent and is similar to the expected national rate of 0.9 percent.

Solid job gains combined with population growth during the next five years generates a stable unemployment rate in the Potomac Highlands Region. The unemployment rate in the region is forecast to stabilize between 4.6 and 4.3 percent during the forecast, well below the state rate but close to the national average.

The baseline outlook calls for the Potomac Highlands Region to sustain the solid gains posted during the last two years. However, there are risks to the forecast. One such risk is the possibility of a national recession. With the Fed holding interest rates steady in the face of weakening residential investment and high energy prices, the risk of a national recession remains a possibility. A national recession during the forecast would weaken regional growth, particularly in the manufacturing and professional and business services sectors.

While defense munitions and poultry production are not particularly business-cycle sensitive, wood products and furniture production tends to be tied to residential construction cycles and overall economic growth. A more severe housing construction slow down than envisioned under baseline assumptions would produce weaker wood products and furniture activity in the region. Poultry production, in addition, faces regulatory risks related to clean water concerns. Further, domestic and international competitive pressure will remain intense for all manufacturing sectors.

Job and income growth in the region depends on the ability of employers to locate an adequate supply of workers with the required skills. Demographic trends in the region have important impacts on labor force participation, as workers age 65 and older are highly likely to reduce labor market activity. As noted above, counties in the region tend to have higher-than-average median ages, which suggests that the labor market impacts of retirement will hit the region before the state. Policymakers and employers in the region will need to focus on workforce retention/attraction in the coming years, as the baby boom generation approaches retirement age.

Forecast Data Glossary

Forecast data for West Virginia and the regional forecasts come from the West Virginia Economic Outlook Project. U.S. forecast data are from Global Insight.

Nonfarm Payroll Employment by Industry

Historical employment data come from the U.S. Bureau of Labor Statistics and the West Virginia Bureau of Employment Programs, Research, Information and Analysis. Data can be found on-line at www.workforcewv.org. Estimates are from a survey of employers. Jobs are counted based on where the establishment is located, not on where the worker lives.

Civilian Labor Force, Employment, Unemployment, and the Unemployment Rate

Historical labor force data are available in the West Virginia County Profiles, published by the Bureau of Employment Programs. These data are available on-line at www.workforcewv.org. Labor force data cover West Virginia residents only. They are counted as participating in the labor force if they are employed or, if unemployed, actively seeking work. The unemployment rate is the number of unemployed residents divided by the labor force.

Population

Historical population estimates are from the U.S. Census Bureau and are available on-line at www.census.gov. Population data reflect the number of persons whose usual place of residence was within the state or county on July 1. Persons in the military or institutionalized are counted where the military base or institution is located, as long as that is within the U.S.

Real Personal Income

Real personal income is nominal personal income adjusted for the effects of inflation, using the U.S. personal consumption deflator. Personal income includes earnings from work (wages, proprietors' income, fringe benefits); dividends, interest and rent; and transfer income (social security, Medicare, Medicaid, welfare). Historical data are compiled by the U.S. Bureau of Economic Analysis and is available on-line at www.bea.gov.

Potomac Highlands Region Outlook 2007-2011

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Appendix D
Investment Summaries

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**INVESTMENT SUMMARY
CITY OF ROMNEY
WASTEWATER IMPROVEMENT PROJECT**

Applicant: City of Romney	Project Location: Romney, WV 26847
Total Project Cost: \$ 7,500,000	Public Investment Required: \$13,000,000
Projected Private Investment: \$ 120,000,000	Projected Jobs: 300

INVESTMENT ANALYSIS

1. Market-Based: During 2001 the State of West Virginia undertook a significant study of the State's economic regions. The West Virginia Regionalism Project identified the Potomac Highlands as an economic region. The identification was in part based on the Potomac Highlands significant level of manufacturing and ongoing growth caused by adjacent metropolitan areas. The Potomac Highlands economic forecast, prepared by the Bureau of Economic and Business Research for the Region 8 PDC projects continued economic growth. The growth will center on service providing sectors. The Romney sewer system is the source of wastewater treatment for a significant portion of Hampshire County. The availability of sewage treatment will govern the ability of firms to locate in the county. Firms are interested in locating in and around Romney if the City can provide a sewage treatment. The need for this project is supported by economic studies and known demand from business customers.
2. Proactive Investments Without public participation the City cannot assume the risk of financing the project. In the past the City has committed millions of dollars to improve its sewer system in support of environmental quality. The City borrowed these funds to support environmental quality and job creation in the Potomac Highlands region. This represents a significant investment risk for a relatively small population. It should be noted that the Mayor and Council have devoted considerable hours to developing a sewer system that will support growth. Local elected officials are active in both the County Development Authority and the Region 8 Planning and Development Council. It is virtually impossible to meaningfully quantify this effort. However, the strength of this effort has resulted in the area's strong growth.
3. Economic Changes and Diversification The Potomac Highlands that include Hampshire County and the City of Romney is a rural area of West Virginia. For many years the local economy was agriculturally based. In recent years the area has created a significant number of service sector and manufacturing. The ability to diversify the economy from the low wage paying agricultural sector has been based on the area's close proximity to major metropolitan areas. This project will support the creation of jobs in and near Romney, these jobs will further the diversification from an economy that was centered on agriculture. The project will also support the area's ability to create commercial and service sector employment. It is the goal of the community to create an economic base that is centered on better paying jobs in the manufacturing and commercial sectors.
4. Private Capital Investment The private sector investment in this project will come from the wages paid to individuals employed by firms that use the Romney sewer system. The City expects the project to directly support the creation of 300 jobs. These jobs would have an annual payroll of approximately \$6,000,000. Over a 20-year period firms would invest \$120,000,000 in payroll in Hampshire County.

5. High probability of success The City of Romney has an excellent track record with projects involving Federal and State agencies. Recently the City of Romney used SCBG funds to partial fund a water improvement project required for industrial expansion. The City successfully dealt with multiple funding requirements to implement the project.
6. Economic and human benefits The proposed improvements will directly support 300 new jobs. These jobs will be of a service sector nature and all positions are expected to produce an average pay rate of \$10.00 per hour. The additional direct payroll into the area's economy would be approximately \$6,000,000 per year. This estimate does not include the impact of fringe benefits that should equal at least 20% of wages or \$1,200,000 annually. It should be noted that this does not include payroll taxes and that all estimates are conservative. These jobs will reduce unemployment. Increases in jobs and wages will reduce the incidence of poverty and allow numerous persons to become self-sufficient. The project will result in a better standard of living in the county and will increase family and per capita incomes.
7. Return on investment The project should create 300 new jobs. The return on the public investment of would include the impact of direct annual payrolls totaling \$6,000,000. Over a 20-year period firms would invest \$120,000,000 in payroll in Hampshire County. Employees of the firms would pay nearly \$4,500,000 in WV income taxes during that period. The firms and the employees would each pay \$9,000,000 in FICA taxes during the 20-year period. Annually the project would generate over \$400,000 in federal income taxes. During a 20-year period the project would return \$8,000,000 to the federal government in income taxes. While returning these tax dollars the project will reduce demand for federally supported individual assistance.

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INVESTMENT SUMMARY
City of Keyser
Water Treatment Plant

Applicant: City of Keyser	Project Location: Keyser, WV 26847
Total Project Cost: \$ 9,000,000	EDA Investment Requested: \$1,000,000
Projected Private Investment: \$ 22,100,000	Projected Jobs: 350

Project Description: The Keyser water treatment plant is approximately eighty years old and is in a failing condition. The plant serves 4,600 residential, commercial, and industrial customers in the City and the New Creek Valley. The plant's service area includes the Keyser Industrial Park. While the City has continuously upgraded the water treatment plant it is nearing the end of its useful life and the City can no longer assure its continued operation. Problems at the plant include structural damage from leaking pipes buried under filters, antiquated failing controls, inability to meet future Cryptosporidium and Giardia reductions without pre-chlorination, and production of tri-halomethanes because of pre-chlorination. The use of one-ton chlorine cylinders and the lack of emergency power present major public safety issues. The threat of failure of the plant creates uncertainty in the community that hinders economic development including the marketing of the Keyser Industrial Park and property in the New Creek Valley.

The City has proposed undertaking the construction of new water treatment facilities to address the obsolete failing water plant. The new treatment plant would provide a 2,100-gpm mixed media filter system with building. The City would also undertake construction of distribution and storage improvements to provide water service to a low-income community near the City.

Background: Mineral County, located in West Virginia's Potomac Highlands, suffers from continuing economic distress. The County has been adversely impacted by the repercussions of national policy and changes in the global economy. The County has lost jobs to NAFTA, national environmental policy changes, and cut backs in the defense industry. Manufacturing employment fell from a high of 14,000 persons in 1987 to a low of 1,013 persons in 1998. During the same period mining virtually disappeared. Like many other counties the jobs lost in the county were among the better paying jobs.

Mineral County's economic development community including the county commission, the county development authority, the school board, municipalities, the chamber of commerce, and a local nonprofit development corporation mobilized to foster economic recovery. From the late 1980s forward the county prepared and implemented an economic recovery strategy. The commission constructed a multi-tenant industrial building, the development corporation expanded an existing industrial park, the development authority constructed a new industrial park and multi-tenant industrial building, municipalities added to the county's ability to treat water and wastewater, and the board of education transferred an old high school to the private sector allowing for the creation of a business center in Keyser. This effort has allowed the county to begin to recover and manufacturing employment has increased by over 30% since the low in the late 1990s. However, manufacturing employment remains less than two-thirds of its high, the county has unacceptably high unemployment, and per capita income is extremely low. The county experienced a 5.0 % unemployment rate during 2006 and had a 2005 personal per capita income of \$24,330.

Impact: The City of Keyser anticipates that construction of a new water treatment plant will remove the greatest impediment to economic development in the New Creek Valley of Mineral County. The project will allow the Mineral Industrial Development Corporation to successfully

market its Keyser Industrial Park. The Park contains 157 acres with 47 acres remaining available for development. Industrial parks in Region 8 contain 25 firms employing 1,525 workers using 307 acres. A similar level of development in the 47 available acres would result in four firms employing 230 workers. Experience in Region 8 indicates that the new firms would invest approximately \$70,000 per worker, resulting in a total investment of about \$16,100,000. Experience in Region 8 also indicates that a project the scale that Keyser proposes would result in eight firms with a total of 120 employees locating in the facility's service area. These eight firms will resemble the smaller firms in the industrial park and will invest approximately \$50,000 per job. The firms will invest a further \$6,000,000. The water project will result in \$22,100,000 of private sector investment and the creation of 350 jobs.

Investment Analysis

- 1) **Market Based:** During 2001 – 2002 West Virginia engaged in a study of regionalism in the state. The study resulted in “A Vision Shared” an economic development plan for West Virginia. The effort identified the Potomac Highlands as one of West Virginia’s economic regions. The strength of the Mineral County was important in this identification. The Potomac Highlands economic forecast, prepared by the Bureau of Economic and Business Research for the Region 8 PDC, projects continued economic growth. The demand for industrial land in the Potomac Highlands is evidenced by the fact that its mature industrial parks in Petersburg, Romney, and Moorefield are at capacity. The recently completed Capon Bridge Industrial and Technology Park sold over half of its available acreage within a year of its opening. Mineral County is proposing to meet the demand for industry and business park property by assuring water service to the existing Keyser Industrial Park thus assuring its marketability. The completion of proposed project will have the following results:
 - It will result in twelve firms investing \$22,100,000 in capital improvements in Mineral County.
 - It will allow the County to create 350 jobs. These jobs will markedly increase incomes in the community.
 - It will add \$18,350,000 in wages to personal income in Mineral County over a 20-year period.
 - It will return nearly \$2,580,000 in tax revenue to the U.S. and WV governments over a 20-year period.

- 2) **Organizational Leadership:** The City of Keyser is a general-purpose unit of government created under the West Virginia State Code. In the City’s recent history, it has undertaken water and wastewater improvement. The City has significant experience implementing federally funded infrastructure projects.

This project is a part of the county’s strategy to diversify its economic base. The City and County have invested local funds in water and wastewater systems, industrial sites, and buildings. Additionally, public officials and private sector representatives have devoted countless hours to developing and implementing growth strategies. It is virtually impossible to meaningfully qualify this effort, however the strength of this effort has resulted in the State of West Virginia committing scarce resources to local projects.

- 3) **Productivity, Innovation, and Entrepreneurship:** As proposed the water treatment plant will allow the Mineral County Development Corporation to market the Keyser Industrial Park. This would give the county the ability to diversify the area’s economy by attracting firms that have interest in the area’s proximity to the rapidly growing Washington D.C. – Northern

Virginia area. The region has developed the roadway and communications infrastructure needed to attract firms. It is the goal of the County to create an economic base that is centered on better paying jobs and move the area's economy away from dependence on more modestly paying non-manufacturing sectors. Without this project the county will continue to provide workers for relatively low pay.

- 4) Economic Changes and Diversification: Mineral County must strengthen its economy by diversifying its employment sectors. It must attract new employers that engage in a broad range of activities and pay higher than average wages. It must empower existing firms in sectors such as finance, professional/business services, health care, and education to grow. The development of suitable sites for industry and business development is an important element in empowering firms to create new wealth. While Mineral County has available industrial land, one of its most significant assets, the Keyser Industrial Park, is constrained by a lack of adequate water treatment capacity. The County must develop facilities to use all of its land resources.

While Mineral County has real needs, it has some significant resources. It has available acreage and floor space with reasonable access to an interstate highway that ties the County to the burgeoning Washington D.C. – Northern Virginia metropolitan area. The Keyser Industrial Park offers forty-seven acres to new businesses. Unfortunately firms locating in the Park currently must rely on an overburdened water treatment plant that cannot meet emerging standards. This discourages many firms from locating in the Park and limits the size of firms locating in the facility. The lack of sufficient water treatment capacity effectively strangles the Keyser Industrial Park's ability to impact the county's economic needs. The City of Keyser can only address current economic problems by constructing a new water treatment plant. Fortunately, the City has been working to develop a water project. The City must now identify resources to close the gap so that it can serve commercial and industrial demand.

- 5) High Degree of Commitment:
Private Sector Leverage: The development of the proposed water treatment project by the City of Keyser will result in substantial private sector investment in the County. The private sector investment will result from the construction of new manufacturing plants and business facilities in the Keyser Industrial Park, and the construction of commercial and industrial facilities elsewhere in the water plants service area. The Park contains 157 acres with 47 acres remaining for development. Industrial parks in Region 8 contain 25 firms employing 1,525 workers using 307 acres. A similar level of development in the 47 available acres would result in four firms employing 230 workers. Experience in Region 8 indicates that the new firms would invest approximately \$70,000 per worker, resulting in a total investment of about \$16,100,000. Experience in Region 8 also indicates that a project the scale that Keyser proposes would result in eight firms with a total of 120 employees locating in the facility's service area. These eight firms will resemble the smaller firms in the industrial park and will invest approximately \$50,000 per job. The firms will invest a further \$6,000,000. The water project will result in \$22,100,000 of private sector investment and the creation of 350 jobs.

Unified Leadership and Local Support: The City of Keyser, the Mineral County Commission, and the Mineral County Development Authority are united in the effort to develop economic opportunity in Mineral County. The City will support this effort by developing a new water treatment plant to serve the New Creek Valley.

Strong Cooperation Between Project Partners: The project has developed from a partnership that includes the Mineral County business sector that drives the activities of the County Development Authority, the City of Keyser that is attempting to provide water treatment capacity for business expansion, the Region 8 Planning and Development Council that has assisted the City, and the State of West Virginia that will provide funds that will allow the project to develop. These parties have been in close and continual interaction focused on building an improved Mineral County.

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**INVESTMENT SUMMARY
TOWN OF FRANKLIN
WASTEWATER IMPROVEMENT PROJECT**

Applicant: Town of Franklin	Project Location: Romney, WV 26847
Total Project Cost: \$ 5,000,000	Public Investment Required: \$5,00,000
Projected Private Investment: \$	Projected Jobs:

INVESTMENT ANALYSIS

Market-Based: During 2001 the State of West Virginia undertook a significant study of the State's economic regions. The West Virginia Regionalism Project identified the Potomac Highlands as an economic region. The identification was in part based on the Potomac Highlands significant level of manufacturing and ongoing growth caused by adjacent metropolitan areas. The Potomac Highlands economic forecast, prepared by the Bureau of Economic and Business Research for the Region 8 PDC projects term economic growth. The growth will center on service providing sectors, including travel and tourism. The Franklin sewer system is the source of wastewater treatment for the most developed portion of Pendleton County. The availability of sewage treatment will govern the ability of firms to locate in and around Franklin. The need for this project is supported by water quality studies that indicate that municipalities in the Potomac River Basin water shed must improve the quality of sewage effluent if the broader region is to clean up the river basin and the Chesapeake Bay.

Proactive Investments Without public participation the Town cannot assume the risk of financing the project. In the past the Town has committed millions of dollars to improve its sewer system in support of environmental quality. The Town borrowed these funds to support environmental quality and job creation in the Potomac Highlands region. This represents a significant investment risk for a relatively small population. It should be noted that the Mayor and Council have devoted countless hours to developing a sewer system that will support growth. Local elected officials are active in both the County Development Authority and the Region 8 Planning and Development Council. It is virtually impossible to meaningfully quantify this effort. However, the strength of this effort has resulted in the area's strong growth.

High probability of success The Town of Franklin has an excellent track record with projects involving Federal and State agencies. The Town has used federal and state resources to rebuild its water distribution system and to make more modest improvements to its wastewater system

Economic and human benefits The proposed improvements will directly support job creation and increased wealth. The jobs will largely be of a service sector nature that will reduce unemployment. Increases in jobs and wages will reduce the incidence of poverty and allow numerous persons to become self-sufficient. The project will result in a better standard of living in the county and will increase family and per capita incomes.

Appendix E

Financial Information

The Regional Council's financial information is not included in this draft.

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