

8. Economic Development

An economic assessment is a critical component of a successful comprehensive plan. Without a strong understanding of the local market, its dynamics and major stakeholders, implementation strategies may miss the realities of the place. A key component of this analysis was to identify relative strengths in the regional economy which suggest opportunities for Morgantown. The information from this analysis can be used to help refine targeted economic development, marketing and long-term planning and recruitment efforts.

A. Goal

A regional approach to economic development and infrastructure investment that keeps Morgantown competitive and attractive to existing and new businesses, while strengthening the city's fiscal health.

B. Key Findings

This section summarizes key points raised during the public meetings and from the technical analysis conducted for Crossroads. The objectives and strategies outlined later in the chapter are shaped by these ideas.

Public Input

The following themes highlight the most commonly expressed ideas from small group discussions and surveys conducted during the public meetings.

Continued employment growth. Despite the region's relatively strong employment during the national recession, the community is very interested in helping businesses and the university expand its workforce and provide additional employment opportunities.

Small businesses are the backbone of the local economy and should be encouraged and supported. Participants frequently mentioned small businesses as having a critical role in the local economy. Strategies that help them succeed and grow will greatly benefit the city and the region.

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West Virginia Code Compliance

This chapter addresses the following topics required for a Comprehensive Plan in Chapter 8A of the West Virginia Code:

- Economic Development
- Financing

Challenging to find qualified employees. There are many highly-educated people in the community, but an under supply of skilled laborers or trades people. Local businesses face competition for skilled and unskilled labor from drilling operations that offer high wages (these industries are cyclical, so their effect on the labor market varies). There needs to be more emphasis on skills training and promoting existing opportunities.

A survey of local business owners revealed several advantages to the economic climate within Morgantown. The city's central location within the larger North-Central West Virginia region gives businesses owners a larger market to capture. Only 13 percent of the businesses surveyed depended solely on Morgantown for their sales. Additionally, the University provides a multiplying effect to the local economy and creates a larger, recession resistant consumer pool for the city's businesses.

Growth Prospects

West Virginia University's Bureau of Business and Economic Research (BBER) has forecasted positive job growth in all major industry sectors through 2015 for the Morgantown Metropolitan Statistical Area, which includes Monongalia and Preston Counties. The highest rates of growth will be in professional, scientific and technical services (3.7% per annum); construction (2.9%); education and health services (2.4%); and leisure and hospitality (1.8%).

Competitive Advantages

Several of the city's competitive advantages are identified below, based on the various economic analyses, field reconnaissance, interviews, surveys, and other inputs.

West Virginia University. WVU provides economic stability, attracts the "best and brightest" from the state and beyond, and invests in innovation that attracts entrepreneurial activity. WVU faculty, staff and students also provide a large and well-educated market base for various goods and services in the regional economy. WVU's move to the Big 12 athletic conference in 2012 has strengthened the university's national recognition.

Federal Laboratories and Innovation Base. The presence of WVU as well as Mylan Pharmaceuticals and several federal government research facilities has helped strengthen the area's competitiveness for attracting industry and skilled professionals. The university has established an R&D park, various incubators, and other programs which help strengthen the

region's innovation base. WVU is also an anchor for marketing the region's I-79 High Tech Corridor. The cluster of these activities provides the region with a solid base for recruiting technology companies.

Skilled Professional Base. The Morgantown area has a relatively high concentration of skilled, educated professionals and business service providers that is unique within the state and broader region, excluding the major metropolitan areas of Washington D.C. and Pittsburgh. The presence of the university, along with federal research facilities, no doubt plays a role in attracting these professionals.

Regional Health Care Center. Morgantown and Monongalia County are the health care hub for north-central West Virginia as well as southwestern Pennsylvania and western Maryland. The presence of competitive and high-quality health care facilities helps enhance the quality of life for residents and increases health care standards for workers.

Interstate access and proximity to Pittsburgh. Morgantown's strategic location just 1½ hours south of Pittsburgh, accessible north and south by I-79 and east by I-68 provides a competitive advantage for economic growth. Morgantown is part of an urban corridor linked closely with growing cities like Clarksburg and Fairmont in north-central West Virginia.

Access to Natural Resources. The Morgantown area has access to natural resources, including shale reserves for natural gas production. The surrounding area also has a strong reputation for outdoor sports and recreation that increasingly attracts sports enthusiasts and tourists from around the country. Natural beauty and recreation assets in the region contribute to the quality of life that is attractive to young entrepreneurs and emerging technology companies, as well as to retirees and others seeking recreation amenities and a slower pace of life.

Historic Downtown and Riverfront Amenities. Morgantown's walk-able downtown offers an environment that is attractive for visitors and residents alike. There are several unique destination stores catering not only to university patrons but also to the region's large recreation-based market. The Wharf District on the riverfront south of Downtown offers relatively new meeting, lodging, entertainment and convention facilities.

Economic Development Challenges

Despite many advantages, the city also has several major economic development challenges.

Limited land for industrial development. The physical geography of the region makes industrial development challenging. The sprawling, flat lots necessary for this type of land use are virtually non-existent within the city. Strategic redevelopment of existing under-utilized or vacant properties could provide more opportunities for growth in this productive sector.

High development cost due to land availability. With limited developable land, property costs maybe prohibitive in many parts of the city. Redevelopment may again be key for businesses or residential developers looking for suitable parcels.

Traffic congestion and inadequate infrastructure are major concerns for business owners of all types. The congestion of Morgantown's street network combined with overuse from heavy-haul trucking have affected the appearance and function of this infrastructure. Greater investment and consideration are needed to provide solutions to this growing problem.

The B&O tax structure is not pro-business. The Business and Occupancy tax (B&O) is a major source of revenue for the city, but is widely viewed as a regressive tax. Businesses would like to replace the B&O tax with a tax structure that would improve the business climate while providing city revenues to support infrastructure improvements.

A key finding was the opportunity to utilize the region's amenity offerings, including West Virginia University and the region's stunning natural resources, to enhance lifestyle-driven economic opportunities, especially for small businesses and entrepreneurs. Businesses which often thrive in high-amenity, education-rich regions include those that employ young people attracted to recreation and leisure activities, such as those who work in information technology and software development, arts and entertainment, tourism, and health services. College towns like Morgantown are also attractive retirement destinations, again due to the lifestyle amenities, further contributing to the growth of such industries as health care, real estate, leisure and recreation services.

Economic Development Opportunities

The following industries build on the region's assets and competitive advantages, provide strong prospects for growth, strengthen existing industry clusters and concentrations, create opportunities for small businesses and entrepreneurs, and provide well-paying jobs that match the workforce requirements of the region and existing economic development efforts.

Bio-Technology. Synergies exist between the university's research and development efforts, Mylan Pharmaceuticals, the large local healthcare community, and the large concentration of biometric expertise in the I-79 Corridor. The State and local governments are already heavily invested in marketing the region for growing bio-tech industries.

Information Technologies. In addition to bio-information management, Morgantown has room to grow as a broader hub for information technology management and software development. The analysis of IT concentrations in comparable college towns found that Morgantown has potential for further development of this industry. The region also has a

fairly high concentration of electronics-related manufacturing, which could be developed further into a sustainable industry cluster.

Arts, Entertainment and Recreation Services. College towns are thriving centers for art and culture, and there are opportunities to build on WVU and the region’s art and craft strengths to grow production and associated tourism. The region’s competitive advantages for recreation translate into some existing destination recreation retail and services, but again there is room to expand the depth and breadth of this sector.

Arts, cultural and recreational venues help technology and other businesses recruit the “best and brightest” young workers to stay in or move to Morgantown and Monongalia County. An excellent example of recreation-oriented marketing is Eugene, Oregon, a university town that has a strong reputation as the nation’s track and field capital.

Energy Support Services. Growth in the oil, gas, and alternative energy sectors has driven demand for various suppliers and services to extractive industries, environmental, geotechnical and engineering consulting, and marketing and management services for energy companies. Monongalia County is not the coal mining capital of West Virginia, but it is well-located to take advantage of growth in the broader region’s natural gas industry.

Specialized Health Services, Leisure & Health Tourism, and Accommodation Services. In addition to recreation tourism, there are opportunities for further development of retirement, leisure and health-related tourism. Morgantown’s strength as a medical and health-care hub can be developed further to attract “in-flow” from major metropolitan areas in the region, such as Pittsburgh and Washington, DC.

Sustainable Energy Technologies. The region has a role to play in research and development of new and sustainable energy technologies, with synergies between WVU’s activities and the region’s growing energy production.

Food and Beverage Production. There are opportunities to expand the region’s existing manufacturing base with more specialized food and beverage manufacturing. West Virginia has a strong association with the natural environment and Morgantown is well-placed, as a college town, to test new beverages and foods for a health-conscious market. The area already has a concentration in this industry and competitive advantages, such as central location for distribution to regional markets.

Economic Development Resources

While there is no agency within Morgantown City government which is focused on economic development, there are various organizations and entities involved in economic development throughout Monongalia County and the region. These key economic development agents are described on the following pages.

Morgantown Area Economic Partnership (MAP) and Monongalia County Development Authority (MCDA). The Morgantown Area Economic Partnership (MAP) operates as a non-profit, public-private partnership for economic development in Monongalia and Preston counties. MAP includes representation from local governments, the counties' respective economic development authorities, the Morgantown Area Chamber of Commerce, WVU, and various local businesses, financial institutions and utility companies. The Monongalia County Development Authority (MCDA) was established to “promote, develop, and advance the business prosperity and economic welfare of Monongalia County.” MAP and MCDA collaborate on providing business assistance to new and existing businesses in the form of capital financing, employee recruitment, training, tax incentives, trade, buildings and sites, and community and economic data.

Morgantown Area Chamber of Commerce and Greater Morgantown Convention & Visitors Bureau. The Morgantown Area Chamber of Commerce is active in representing and supporting local business development. The Chamber has worked through Vision 2020, a volunteer organization of community leaders that supports efforts to solve problems and capture opportunities at the local level. The Greater Morgantown Convention and Visitors Bureau (CVB) helps support and promote the region's meeting and tourism base. Waterfront Place Hotel and the Morgantown Event Center provide rooms and 30,000 square feet of meeting space to accommodate intermediate-level conventions and trade shows. Overall, the area offers about 2,000 hotel rooms in support of business and tourism.

Main Street Morgantown. Main Street Morgantown (MSM) actively works to support the revitalization and continued success of downtown Morgantown and the Wharf District. MSM states that, since its founding in 1984, the organization has helped spur the creation of 1,300 new jobs, open 200 new businesses, and attract \$126 million in investments through its historic preservation and economic development efforts.

West Virginia University. West Virginia University also plays an active role in regional and state economic development. The WVU Bureau of Business and Economic Research (BBER) provides regular updates on the region's and state's economy, sponsors conferences, and produces research on the region's economic outlook and opportunities within specific sectors. Within the Office of the Provost, the WVU Research Office has set as

its goal to “...broaden its impact on the economies of West Virginia and the United States.” The 5,000 square-foot West Virginia University Small Business Development Center (SBDC) “promotes economic development by supporting entrepreneurs, advancing entrepreneurial activities, and nurturing early-stage businesses with space, facilities, and support services.”

I-79 Development Council. The I-79 Development Council focuses on promoting the I-79 High Tech Corridor. The council’s Executive Committee is comprised of representatives of WVU Office of Economic Development, banks, colleges, development authorities, and businesses. The Council is staffed to provide business assistance (focused on finance, tax credits, transportation and utilities), workforce development, information on available properties, and information on the area’s technology resources. The council has a particular focus on promoting the area’s concentration of biometrics, aerospace, and forensics technologies. The council developed the West Virginia Biometrics Initiative (WVBI), which is particularly focused on growing the region’s biometrics and identity management economy.

Region VI Workforce Investment Board (WIB). The Region VI Workforce Investment Board (WIB) operates as a non-profit organization under direction of the Governor’s Workforce Investment Division. WIB is responsible for local implementation of the 1998 Workforce Investment Act, which aims to improve the quality of the workforce, reduce welfare dependency, and enhance productivity and competitiveness through various workforce training and investment activities.

C. Objectives and Strategies

Outlined below are seven objectives and 24 strategies to support the economic development element. The objectives indicate a specific policy direction, while the strategies are detailed actions necessary to initiate or complete an objective such as a program, policy or a project.

Objective 1. Promote investment in infrastructure.

ED 1.1 Implement innovative strategies to diversify revenue and financing mechanisms that fairly, equitably, and expeditiously fund infrastructure improvements and expansions (examples include user-fees, business improvement districts, tax increment financing (TIF), public-private partnerships (P3s), impact fees, assessments, state and federal grants, etc.)

COMMUNITY PRIORITY

ED 1.2 Lobby the state for a larger share of road improvement funds by demonstrating local revenue commitments to augment state investments.

Objective 2. Retain and grow existing businesses.

ED 2.1 Maintain a leadership role on MAP/MCDA policy boards by prioritizing efforts to identify and understand issues facing local businesses and seek active opportunities to promote business growth, expansion, and diversification.

ED 2.2 Prioritize transportation improvements in coordination with the MMMPO to reduce congestion and increase mobility options near major employers and growth areas.

ED 2.3 Provide real estate incentives (e.g., tax abatements) tied to net employment creation and/or tax revenue impacts for existing companies that wish to expand locally.

ED 2.4 Continue to develop buildings at MAP business parks that are offered at reasonable market rates for sale as well as leasing to local businesses.

ED 2.5 Develop promotional material on the region's amenity package to help local companies recruit employees (particularly those with higher-degrees). The amenity package includes arts, culture, and recreation facilities; dining and entertainment; competitive cost of living; quality of life, etc.

Objective 3. Capitalize on Morgantown's competitive advantages and attract new businesses to diversify the City's economic base.

ED 3.1 Develop a collaborative regional branding and marketing initiative.

ED 3.2 Identify incentives that the city could offer to attract businesses in targeted industries (see examples on the facing page).

Objective 4. Stimulate and support small business and entrepreneurial activity.

ED 4.1 Expand the MCDA's Morgantown Enterprise Center (MEC) to provide additional office and incubation space to new small businesses that employ skilled workers and have good growth potential.

- ED 4.2 Provide office and incubation space within Downtown for small businesses and start-ups.
- ED 4.3 Develop a technology incubation program that provides access to laboratory space, offices, tools, and business expertise, to facilitate the commercialization of local research and innovations in fields such as bioscience, information technology, and energy.
- ED 4.4 Contribute to MAP's revolving loan fund for small businesses.

Objective 5. Provide desirable locations for business expansion.

- ED 5.1 Maintain a listing of available business locations and their amenities, in collaboration with MAP and the I-79 Development Council.
- ED 5.2 Continue to market available business expansion sites (with emphasis on offering building space at reasonable rates).
- ED 5.3 Develop a specific target marketing plan for the Morgantown Airport Technology Park in concert with federal laboratories and other major employers that positions the park for technology tenants that are not already accommodated in the market.

The incentives mentioned below should be packaged with sites and buildings in the Morgantown Airport Technology Park or WVU's Research Park, and targeted to technology tenants most likely to locate there (such as aerospace/IT, food and beverage, energy, bioscience, etc.)

Example incentives for target industries

Bio-Tech & IT: The I-79 Development Council helps in marketing the I-79 corridor for aerospace, biometrics, forensics and the WV High Technology Consortium Foundation. At present, State and selected county incentives include financing (such as a leveraged technology loan insurance program), as well as various tax credits (including a Strategic R&D Credit), among others. There are opportunities to further "package" these existing incentives with land, buildings and infrastructure improvements in concert with contracting through the area's federal laboratories, targeted specifically to bio-tech businesses locating in the corridor.

Energy Services & Technologies. The State and counties offer various incentives for general business development, but few are targeted specifically to energy services. At present, the need is mainly for land and buildings to accommodate businesses servicing the oil and gas industry. A business park located in northern Monongalia County has been designated for this purpose and is marketed by MAP. However, the supply chain could be strengthened by packaging links with other types of services (e.g., professional, technical, and scientific) companies located in the Morgantown area.

Arts, Entertainment, Recreation & Leisure. This is an area where State and local governments are typically less involved. However, neighboring Maryland offers incentives packaged for State Arts & Entertainment Districts, where various corporate income, property tax, and business investment tax incentives are offered for arts, cultural, and entertainment institutions and individuals. A local version of these incentives targeting Downtown Morgantown may be appropriate, with a focus on facilitating site assembly and property tax abatements, among others. The City might also consider development of recreation specialty venues to help to strengthen the region's overall recreation brand. Direct outreach could target recreation equipment manufacturers to locate in the area.

Food & Beverage Production. There are few existing incentives specifically targeting the food and beverage industry. One opportunity might be to build on the existing Morgantown Farmers Market as a full-service venue not only for bringing local farmed foods to consumers but also to provide outreach and marketing of locally-produced specialty niche food and beverage products.

- ED 5.4 Expand infrastructure development from the West Virginia National Guard Readiness Center for Airport Technology Park economic development.
- ED 5.5 Support the construction of a light manufacturing business incubator building in the Morgantown Airport Technology Park.
- ED 5.6 Establish a relationship with a local real estate professional to track real estate trends in the various office, retail and industrial markets.
- ED 5.7 Pursue zoning map amendments where appropriate to address potential zoning conflicts and promote non-residential infill and redevelopment in appropriate areas (See Areas for Future Study in Appendix A).

see Strategy ED 2.4 (MAP Business Parks)

Objective 6. Strive for a balanced approach to economic development that considers the fiscal impacts of growth.

- ED 6.1 Study the feasibility and regulatory constraints of diversifying municipal and county tax revenue formulas and tax incentives across the greater Morgantown market that promote fair, equitable, balanced, progressive, and competitive taxing policies.
- ED 6.2 Consider the fiscal impact on city and county governments of any proposed major development or annexation.
- ED 6.3 Use incentives and zoning to promote development in areas with existing infrastructure capacity, in order to reduce the need for infrastructure extensions, and to concentrate infrastructure improvements reducing short-term and long-term operating costs.

see LM 2.5 (TIF financing)

Objective 7. Support workforce development and training initiatives.

- ED 7.1 Hold annual meetings between MAP, property and business owners groups, WVU, Monongalia County Schools, and large employers to collaboratively ensure that existing workforce development and training initiatives are meeting the needs of employers in the region.