

December 2016

ECONOMIC DEVELOPMENT STRATEGIC PLAN

Bath County, Virginia



Prepared by:



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Economic Development Strategic Plan

Bath County, Virginia

January 2016

Prepared for:



Bath County Economic Development Authority
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1 EXECUTIVE SUMMARY

A. INTRODUCTION

Situated on the western border of Virginia at the heart of the Allegheny Mountains and the George Washington National Forest, Bath County's economy is an ecotourism-based economy focused on an array of outdoor recreational amenities (e.g., mountains, rivers, trails, etc.) and a major seasonal resort property known as The Omni Homestead. Opened nearly 250 years ago, The Homestead Resort, known today as The Omni Homestead, is the county's largest employer and one with strong ties to the region's natural resource base. Recent declines in population, largely due to the loss of young adults and families, emphasize the importance of economic diversification and competitiveness within the region. Recognizing the need to pursue economic development initiatives to expand the economy, add new jobs and retain residents, Bath County established an Economic Development Authority and refocused the Office of Tourism to the Office of Tourism and Economic development in 2013.

The notion that Bath County can be successful economically by maintaining the status quo is a false assumption. The county's economic well-being is inherently vulnerable to seasonal and annual fluctuations in regional tourism activity and the independent decision-making of a single, large employer, The Omni Homestead. While The Omni Homestead and its predecessors have been a dominant source of employment for many decades, it would be wrong for Bath County officials and civic leaders to become too complacent and reliant on one company for its economic well-being. Likewise, Dominion Virginia Power is the County's largest taxpayer. The value of their power generation facility is a depreciating asset, which over time will gradually generate less tax revenue. This financial reality of this fact demands that Bath County pursue other strategies for growing the economy in order to offset this revenue loss over time. With corporate decisions being made on a global level that can directly affect Bath County, local initiatives to grow and diversify the employment base become increasingly important. Therefore, the strategies in this report are focused on economic development initiatives designed to capitalize on local competitive advantage and to grow small businesses and entrepreneurial opportunities.

RKG Associates, Inc., with its planning partner Land Planning & Design Associates, Inc. (LPDA) were retained by Bath County to develop an economic development strategy and implementation plan focused on non-tourism-based job growth throughout the county and the close economic connection with The Omni Homestead and tourism by identifying potential economic initiatives throughout Bath County that can sustain the population in the future. The RKG team worked closely with the county as well as a locally-appointed Steering Committee established for the project and composed of property owners, county staff and other individuals concerned about the economic future of the area. In person interviews and meetings were held in February, May, July and November of 2015 to engage county staff and stakeholders, tour the county, and conducted two community meeting/visioning sessions. This report is a culmination of the efforts of RKG Associates and LPDA, Inc. It provides an overview of existing conditions and an analysis of real estate and retail markets. This document also includes an implementation strategy based on the results of this analysis, meetings with county stakeholders and community visioning sessions. A summary of the findings of the team's analysis follows.

B. SUMMARY OF MAJOR FINDINGS

1. Demographic Analysis Findings:

Since 2000, the population of Bath County has declined by nearly 2% annually dropping to 4,732 people in 2010. According to Alteryx, a firm specializing in local demographic forecasts, the population has continued to decline between 2010 and 2014. These trends are of increasing concern to the leadership of Bath County and reversing population decline is of paramount importance. Much of this decline has resulted in the loss of young people and families and mid-career professionals who have left the county, presumably in search of greater economic opportunities.

During this same period, Bath County has started to establish itself as a destination location for retirees as a seasonal/second-home community and the home of the historic Homestead Resort. Not surprisingly, these demographic changes have resulted in a steady aging of the population. With a median household age of 48.2 years, Bath County is one of the oldest communities in Virginia and second only to Highland County in the region.

Shifts within the community's population are creating a unique mix of households and income levels which could present challenges in the future. Although small, the new second homeowners and seasonal resident population brings a level of affluence to the community that's different than the year-round population. The expectations of these new property owners is also different as many people come from larger urban centers (i.e., Washington, DC, Richmond, VA and Charlotte, NC) where municipal services, shopping and dining are different than Bath County. While this new population offers some challenges for the community, it also creates economic development opportunities due to this population's added spending power.

Major Findings

- Bath County has one of the smallest populations in the Central Shenandoah Planning District Commission region with 4,591 people. The population has declined since 2000 and is projected to increase only slightly by 2019.
- Much of the decline in population is due to a loss of families and young people, while the number of retirees and seniors has increased. Therefore, the median age of the county is 48 years, one of the highest in the Commonwealth of Virginia.
- The generally older population and loss of young families has impacted the size of households and education attainment level of the population over 25 years of age which is overall lower than that of the surrounding region. It has also impacted the county's median household income which falls below the national median income and is a middle value compared to the other counties and cities in the region.
- The current demographic characteristics of Bath indicate that attracting and keeping these young individuals and families is important the economic future of the county.

2. Economic Base Analysis Findings

Although tourism and associated industries are likely to remain a large part of the Bath County economy in the future, Bath County leaders recognize the benefits of diversifying the local economy. Industry sectors other than Accommodation with employment concentrations include Health Care and Social Assistance, Construction and Utilities all associated with either top employers in the county and a large second home market. Additionally, the Utilities and Private Household (i.e. personal chefs) employment sectors are strong performers when compared to the Commonwealth which is directly related to the presence of Dominion Power, BARC Electric Cooperative and a large number of second home owners looking for personalized services.

Bath County is also locally competitive for professional, scientific and technical service consulting firms, nursing and residential care facilities, construction and the performing arts industry. Fostering employment growth by continuing to provide a supportive business environment and maintaining competitiveness born of project-based employment growth (Construction), are other potential avenues for economic expansion. Conversely, Retail Trade remains non-competitive indicating that expansion to meet some of the retail needs of local population is possible, but the economy does not currently support a larger commercial center model similar to that in neighboring communities such as Staunton and Lexington.

The county also has a proportionally large group (over 300 establishments) of self-employed individuals engage as: Personal and Laundry Service providers, Specialty Trade Contractors such as plumbers and carpenters. Additionally, there has been a growth in Administrative and Support Service establishments indicating that a growing number of sole-proprietors in the county are providing services either in person or remotely to businesses which previously would have done so in-house. These businesses have the potential to expand and employ additional workers, presenting an opportunity for the county to provide resources for small businesses and promote growth.

However, efforts to foster economic expansion must contend with the existing Bath County economy and workforce. Currently, the county is a net exporter of labor, indicating that more residents leave the county for employment each day than commute into Bath. Additionally, the county is experiencing a loss of young professionals and families. The expansion of employment opportunities may be able to stem this trend, but growth in the industries highlighted above may require retooling or certifying the existing workforce and providing opportunities for current students to gain the skills they need to stay in Bath County once they graduate. Opportunities for workforce development exist within the region, both through the regional Workforce Investment Board and Dabney S. Lancaster Community College. Unfortunately, these resources are not located within the county. Therefore, there is the potential to work with these entities to increase access to resources should sufficient interest be generated from local residents.

Major Findings

- The Bath County economy is primarily focused on the Accommodation or hospitality sector due to the large employment footprint (1,000 to 1,500 employees) of The Omni Homestead. Other notable sectors include Healthcare and Social Assistance, Construction and Utilities.
- The seasonal and second home market in Bath County has an impact on the local economy by increasing the demand for household services such as: landscaping and lawn care services, home maintenance, personal and laundry services, as well as specialty trade construction contractors.
- Bath County has the potential to add jobs related to Administrative and Support services, and Professional, Scientific and Technical Services, which have experienced growth over the past 15 years. In both cases, these are industry sectors that allow for remote work and have the potential for growth in Bath County. However, access to high speed Internet service is critical to job growth in these industries.
- The workforce development programs that do exist for persons looking to enhance their training and education require travel to larger communities outside the county to take advantage of regionally-based services.
- Industries that present an opportunity for economic development include Accommodation, Utilities and the Private Household sectors.
- Bath County is locally competitive in sectors and sub-sectors where there have been large county-focused projects, increased interest from businesses that can work remotely like consulting firms or from a primary provider for services in industries with growing demand.

3. Housing and Second Home Analysis

Limited development activity has occurred over the last 10 years, particularly since 2009 as the county has recovered from the economic downturn of the last recession in 2008 and 2009. Recovery after the recession has been slow, leading to modest sales activity and properties staying on the market for multiple years. Households earning \$43,282 or less appear to have a number of housing options but a shortage of options for middle and upper income households reduces this surplus of housing for households earning less than the median household income. It also does not address the need of residents seeking rental options. Therefore, additional ownership units within a range that is affordable to middle income households, as well as moderately priced rental units, might provide more housing options for current residents assuming the number developed is modest given the overall low level of market activity.

Major Findings

- The Bath County housing market is composed primarily of single family units and limited development activity has occurred over the last 10 years, particularly since the 2008 recession.
- There have been a limited number of residential sales since the 2008-2009 recession. Properties tend to stay on the market for multiple years in Bath County, which is indicative of a small rural market. Before the recession, the second home market was quite active but has not returned to previous levels.
- Households earning the median income or less have a sufficient number of housing options but there is a shortage of housing units for middle and upper income households. Therefore, the overall number of housing units available for households earning less than the median household income is reduced as middle and upper income households compete for homes priced below their ability to pay.
- Additional ownership units within a range that is affordable to middle income households, as well as moderately priced rental units, would provide more housing options for current residents if developed at an appropriate scale given the level of activity in the market.
- Between 2005 and 2014, an estimated 78 second homes were built in Bath County. This represents approximately 48% of the 162 new residential units during the study period. Most of these homes (53 units) were single family homes on lots of less than 20 acres. More than half of these single family units (36) were built between 2005 and 2009 before or during the recession. An additional 17 single family units have been built since 2010, mirroring the slower pace of development of single family units also seen in the entire residential market in recent years and consistent with declines in permit activity discussed above.
- Of Bath County's 2,226 residential properties, 1,416 properties or 64% are owned by persons living within the Bath County. The remaining 36%, 810 properties, are owned by persons with mailing addresses outside the county. Approximately 570 owners live elsewhere in Virginia with the largest concentrations living in: Richmond (45 properties), Roanoke (33 properties), Staunton (31 properties), and Covington (27 properties). Additionally, 22% of the properties are owned by persons outside Virginia and nearby states of Maryland, West Virginia and the District of Columbia. Other small concentrations of these owners come from North Carolina (33 properties) and Florida (29 properties).

4. Retail Market Analysis

Most Bath County residents must travel outside the county for the goods and services they need for their daily lives. Recapturing some of this spending, either through additional retail establishments or through the expansion of merchandise lines at existing retail establishments may be possible. Approximately \$23.8 million in household retail demand is spent outside the Hot Springs trade area in areas south and \$23 million in household income is spent outside the Millboro trade area in areas to the East (Table 5-2). An additional \$4.3 million is spent by the households living between these two

trade areas. Further research into the impact of second home and seasonal residents and local tourists further increases the demand for certain goods, primarily restaurant, grocery, and health and personal care categories.

Bath County may have the ability to recapture a portion of the sales that are currently leaving the county if new stores are opened. The total supportable square feet for all retail merchandise categories ranges from a low of 27,081 square feet to a high of 67,072 square feet at different captures of 20%, 35% and 50% (Table 5-3). These percentages represent the amount of “leaked” sales that might be recaptured by new Bath County businesses in the future.

Downtown Hot Springs currently has a small number of commercial uses along Main Street/Route 615 just north of The Omni Homestead. The retail-oriented uses include boutiques and restaurants, particularly clustered near the intersection of Sam Snead Highway and Main Street which is closest to Homestead. However, the largest building uses are apartments, office space and shops and support operations for The Omni Homestead, which are not compatible with a vibrant downtown district.

Based on community input obtained during a May 2015 community design workshop, Bath County residents identified a set of priorities for the future revitalization of Downtown Hot Spring. The RKG team developed a series of revitalization recommendations that responded to community input and were supported by market conditions, community needs, and were generally feasible given site conditions, cost and potential for implementation.

Major Findings

- Most residents travel outside the county for the goods and services they need for their daily lives. Recapturing some of this spending, either through new stores or expanded merchandise lines at existing stores may be possible. This is particularly the case for Other General Merchandise, Health and Personal Care Services, Grocery Stores and Limited Service Eating Places.
- Further research into the impact and demand of The Omni Homestead guests and second home owners may further expand the demand for certain goods, most likely in the restaurant, grocery store and health and personal care retail categories.
- The building uses that account for the most space in downtown Hot Springs are apartments, offices and shop/facilities buildings owned and used by The Omni Homestead. The current poor business mix in Downtown Hot Springs is limiting its potential to better serve the seasonal and year-round population of Bath County.
- Ultimately the vacant land and buildings along Main Street present the greatest potential for future redevelopment.
- Community feedback regarding priorities for the future of downtown Hot Springs included mixed use redevelopment of the gravel parking lot, accommodating parking needs, creating recreation and event opportunities, enhancing pedestrian walkability, focusing on adaptive reuse for the Virginia Building and the need for partnerships.

5. Implementation Strategy

The complete implementation strategy for the Bath County Economic Development Strategic Plan is organized into five sections: (1) Implementation Organization, (2) Economic Development, (3) Downtown Revitalization, (4) Workforce Development and (5) Housing.

BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix	Implementation Lead		Implementation Timing (Years)							Estimated Cost
	Public/NP	Private	1	2	3	4	5	6 to 10	10+	

IMPLEMENTATION ORGANIZATION

GOAL: To create the organizational capacity to implement the Bath County Economic Development Strategic Plan

Recommendation #1: Designate the Bath County Economic Development Authority as the lead implementation organization to carry out the strategic plan												
Action 1: Have the EDA Board of Directors adopt the Bath County Economic Development Strategic Plan	EDA											N/A
Action 2: Provide the current EDA board members with economic development training and education relative to economic development finance and project implementation	TED,EDA											A
Action 3: Prepare a 3-Year work plan and set economic developments priorities for Bath County	TED,EDA											N/A
Action 4: Consider hiring a seasoned economic development professional to complement the county's tourism efforts	CA,EDA											B
Recommendation #2: Use the EDA's powers and authorities to facilitate the revitalization of Downtown Hot Springs												
Action 1: Create a public/private development partnership to revitalize Downtown Hot Springs and initiate key redevelopment projects	EDA	HR,NP										N/A
Action 2: Consider the creation of a Tourism Enterprise Fund to fund beautification projects, marketing & promotion and special events planning	EDA,BOS	PO										A
Action 3: Hire an experienced economic development professional to improve Downtown Hot Springs and work in partnership with property owners, business owners, real estate developers, the Board of Supervisors and residents on implementation initiatives	CA,EDA,BOS											B
Action 4: Consider entering into a ground lease or acquire key properties to create a downtown festival marketplace, entertainment venue and town green	EDA	HR,NP										E
Recommendation #3: Seek outside grant funding to provide public financing in support of EDA project initiatives												
Action 1: Seek grant funds to construct a new commercial kitchen for Bath County High School's Culinary Arts & Hospitality Program	EDA,SD											A
Action 2: Seek grant funds and appropriate local funds to make infrastructure & streetscape improvements in Downtown Hot Springs	TED,EDA											A
Action 3: Seek grant funds for the construction of a commercial greenhouse at Bath County Industrial Park in support of a "Farm to Table" Regional Cooperative	TED,EDA											A

ECONOMIC DEVELOPMENT

GOAL: To create more diverse, non-tourism-based employment opportunities for Bath County residents

Recommendation #1: Create an industrial/flex incubator at the Bath County Industrial Park in Millboro												
Action 1: Set aside 20,000 SF for use by registered small companies in need industrial/flex space to support their business growth	EDA	BO										A
Action 2: Hold a series of outreach meetings/events with small entrepreneurs in need of small business support services and conduct a need assessment	TED	BO										A
Action 3: Target construction, specialty tradesmen, assembly, real estate/building services and home services companies for future growth	TED											N/A
Recommendation #2: Create a local "Business Innovation Team" in cooperation with Dabney Lancaster Community College to identify and help grow qualified small businesses												
Action 1: Seek volunteer support from 10-12 local business people with advanced business skills to assist local entrepreneurs in creating business plans and growing their businesses	TED	CC										N/A
Action 2: The Bath County Chamber of Commerce should sponsor an annual "Best in Bath" contest for the top three entrepreneurs with the best business plans		CC,BO										A
Action 3: Provide up to \$5,000 in support for 3 small businesses per year that have a plan to either start or grow a business in Bath County		CC,BO										A
Recommendation #3: Coordinate with regional leaders for improved small business support and workforce training programs for Bath County small businesses												
Action 1: Seek the establishment of a new Small Business Development Center at Dabney Lancaster Community College to provide better small business support services in the Shenandoah Region	TED,DL											C
Recommendation #4: Organize a "Farm to Table" Cooperative to provide fresh livestock, fish, vegetables and fruits to local restaurants												
Action 1: Work with Virginia Cooperative Extension through Virginia Tech to survey regional demand for Farm to Table products within the Shenandoah Valley Region	TED											A
Action 2: Establish a regional Cooperative with restaurateurs, hotel operators, farmers, orchards, greenhouses and food distributors to provide locally-grown food products to end users	TED	BO										A
Action 3: Establish a Cooperative with restaurateurs, hotel operators, farmers and food distributors	TED	BO										A
Action 4: Host the 6th Annual Virginia Farm to Table Conference (2017) at the Omni Homestead to draw attention to this opportunity in Bath County	TED,EDA	HR										A
Action 5: Consider the construction of a commercial greenhouse at Bath County Industrial Park in support of the "Farm to Table" initiative												C
Action 6: Investigate the potential to attract an aquaculture company to Bath County Industrial Park	TED,EDA	BO										A

GOAL: To leverage the county's competitive advantages in resort lodging, recreation-based tourism and mountain housing to create new educational opportunities

Recommendation #1: Create an International Culinary Arts Academy to introduce talented high school-age students to the world of culinary/pastry arts and hospitality services												
Action 1: Create a Virginia Governor's Academy for the Culinary Arts offering a summer emersion program in culinary and pastry arts and hospitality services	TED											C
Action 2: Create a summer emersion program in cooperation with The Omni Homestead, Dabney Lancaster CC and the Art Institutes of Washington	TED,DL	HR,AI										C
Action 3: Enter into a Memorandum of Understanding with The Omni Homestead to host and assist with student instruction, housing and access to the resort facilities	EDA	HR										N/A
Action 4: Undertake a local marketing program to cultivate local and regional high school students to attend the program	TED,SD											A
Action 5: Fund two \$5000 scholarships to allow talented local high school students to attend the Culinary Arts Academy	EDA	CC										A
Action 6: Work with the Bath County Public Schools to investigate the potential to create a new Culinary Arts Vocational program at the high school.	TED,SD,DL											A
Action 7: Construct a new Bath County Welcome Center and indoor/outdoor performance venues in Mitchelltown to anchor the county's tourism development efforts	TED											F

Implementation Lead - Legend

Public	CA - County Administrator SD - Bath Col Public Schools	BOS - Board of Supervisors VDOT - VA Dept. of Transportation	EDA - Economic Development Authority DL - Dabney Lancaster CC	TED - Bath Co. Tourism & ED	AI - Art Institutes of Washington
Private	D - Real Estate Developer BO - Business Owner	PO - Property Owners C - Consultant	HR - The Omni Homestead Resort CC - Chamber of Commerce	NR - Natural Retreats	BCH - Bath Community Hospital

Cost Range

A - \$0-\$25,000	D - \$250,000 - \$500,000
B - \$25,001 - \$100,000	E - \$500,001 - \$1 million
C - \$100,001 - \$250,000	F - \$1 million +

 Task Initiated	 Task Implemented
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BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix		Implementation Lead		Implementation Timing (Years)							Estimated Cost
		Public/NP	Private	1	2	3	4	5	6 to 10	10+	
GOAL: To provide community support necessary to strengthen The Omni Homestead as the county's largest employer											
Recommendation #1: Assist The Omni Homestead in relocating their engineering and maintenance support functions from the downtown											
Action 1: Work with The Omni Homestead management to find a suitable property to relocate and consolidate their support operations at a new location		TED	HR								N/A
Action 2: Consider the provision of County-owned land for this purpose as part of larger negotiated deal to create a downtown marketplace		EDA,BOD	HR								B
Recommendation #2: Work with The Omni Homestead and Bath Community Hospital to create mid-priced housing and apartments to meet workforce housing needs											
Action 1: Meet with both employers to help identify the extent of their workforce housing needs		TED	HR,BCH								N/A
Action 2: Examine opportunities to create additional apartment housing in or near Downtown Hot Springs		TED	HR,NP								N/A
Action 3: Seek developer interest in constructing a new residential development in Millboro on EDA-owned land		TED,EDA	D								A
GOAL: To provide outreach and support to all Bath County businesses through a business retention and expansion program											
Recommendation #1: Establish a "Business Innovation Team" to outreach and provide assistance to local businesses and identify potential growth opportunities											
Action 1: Create and maintain a complete Bath County business list to organize a business visitation program			CC								A
Action 2: Assemble members of the Business Innovation Team to conduct 25 business visitations per year targeting Bath County's larger employers		TED	CC								A
Action 3: Identify and help solve local problems that are constraining local business growth or making it difficult to operate in Bath County		EDA	CC								N/A
DOWNTOWN REVITALIZATION											
GOAL: To make Downtown a special, mixed-use district to meet the dining, entertainment and cultural needs of year-round residents, seasonal residents and visitors											
Recommendation #1: Consider taking a ground lease or acquiring key properties to create a downtown festival marketplace, entertainment venue and town green											
Action 1: Negotiate with The Omni Homestead regarding the acquisition of the downtown engineering building and maintenance building		CA,EDA,BOS	HR								N/A
Action 2: Seek federal and state economic development grant funds to relocate The Omni Homestead's support operations out of Downtown Hot Springs to a new location		CA,EDA,BOS	HR								B
Action 3: Negotiate with Natural Retreats regarding the acquisition of the former Homestead stable property for a new town green and event pavilion		CA,EDA,BOS	NP								C
Recommendation #2: Create a retail recruitment strategy to grow or attract new businesses to Downtown Hot Springs											
Action 1: Identify new business targets to improve the mix of businesses downtown (e.g., retail, shops, restaurants, etc.)		TED	CC,BO								N/A
Action 2: Identify specific businesses or small business entrepreneurs to recruit for downtown		TED	CC,C								A
Action 3: Create a promotional and marketing package to provide information about downtown business opportunities		TED	CC,C								A
Action 4: Consider organizing and hosting a statewide downtown business recruitment workshop at The Omni Homestead		TED	CC,HR								A
Action 5: Host a recruitment event through the Chamber of Commerce to invite businesses and small business entrepreneurs to Downtown Hot Springs		TED	CC,BO								A
GOAL: To improve the appearance, access and year-round drawing power of Downtown											
Recommendation #1: Create a new visual gateway entrance to Bath County and Downtown Hot Springs											
Action 1: Work with VDOT on the design and construction of a new landscaped "roundabout" at the southern entrance of the downtown		CA,TED,VDOT									B
Action 2: Seek state and federal grant funds to create a façade improvement grant/loan program		TED									C
Recommendation #2: Create a new town green and event pavilion at the former Homestead stables property											
Action 1: Negotiate the acquisition of the property from NA Homestead Preserve		CA,EDA,BOS	NP								C
Action 2: Select a landscape design firm to design the Hot Springs town green, event pavilion and creek walking path		TED									B
Action 3: Seek federal grant funds to construct the project		TED									N/A
GOAL: To expand shopping, dining, entertainment and residential development opportunities in Downtown											
Recommendation #1: Work in cooperation with The Omni Homestead and Bath Community Hospital to create new workforce and management housing											
Action 1: Encourage the renovation of the Virginia Building as a mixed-use residential building with new apartment homes		CA,TED	HR,D								F
Action 2: Encourage the relocation of The Omni Homestead Laundry Facility off Main Street for new workforce apartments		CA,TED	HR,D								C
Action 3: Seek Brownfield Remediation Funding to investigate and clean up The Omni Homestead Laundry Facility site to allow for new housing development		CA,TED	HR,C								UNK
Recommendation #2: Create an open-air marketplace destination with a general store, restaurant and entertainment venue in the downtown											
Action 1: Meet with The Omni Homestead management to review the concept of relocating their current engineering and maintenance support functions out of the downtown to an alternative location		TED	HR								N/A
Action 2: Coordinate with Homestead management to investigate the condition and floorplan of the engineering and maintenance buildings adjacent to the former stables property		TED	HR,C								B
Action 3: Conduct real estate appraisals on these buildings and negotiate the EDA's acquisition of this property for a new downtown marketplace development		EDA	HR,C								A
Action 4: Hire an architect and land planner to design the new marketplace, town green with event pavilion and a pedestrian trail along the creek		TED	C								B
Action 5: Seek outside grant funding and local appropriations to renovate the existing structure or construct a new on-air marketplace and town green		EDA,BOS									F
Recommendation #3: Encourage and support the development of a new commercial block and downtown parking lot on the current gravel lot adjacent to the Chamber of Commerce											
Action 1: Work closely with Natural Retreats to plan two new commercial buildings with 15,000 SF of new commercial ground floor space with second floor apartments		TED	NP								N/A
Action 2: Assist the property owners in recruiting new businesses, restaurants and shops for the new ground floor commercial space		TED,CC	PO								B
Action 3: Provide infrastructure in support of this project relative to streetscape improvements		EDA,BOS									F

Implementation Lead - Legend

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	Task Initiated		Task Implemented
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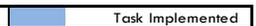
BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix		Implementation Lead		Implementation Timing (Years)							Estimated Cost	
		Public/NP	Private	1	2	3	4	5	6 to 10	10+		
Recommendation #4: Create a venue for regional musicians, artists, and craftspeople to display their skills and products in Downtown Hot Springs												
Action 1: Create an open-air marketplace to provide a venue for regional artists and craftspeople to display their products		EDA,BOS										F
Action 2: Have two juried art shows in Downtown Hot Springs per year to highlight regional artist and attract visitors to Bath County		TED,CC										A
Action 3: Create a new restaurant/bar and entertainment venue at the new Bath County General Store on Main Street to highlight regional musicians, local food products and cultural products		EDA,BOS	BO									D
Action 4: Consider creating an artist in residence program inside the vacated Homestead Maintenance Building at the north end of Main Street to house artist in need of production and retail space		TED	HR									A
GOAL: To promote Warm Springs as an mid-County office location												
Recommendation #1: Work with local property owners to renovate available office properties in Warm Springs												
Action 1: Work with ground floor office tenants in Downtown Hot Springs to relocate to Warm Springs if possible		TED	BO									N/A
Action 2: Provide a façade improvement loan/grant program to renovate prospective office buildings in Warm Springs		TED	BO									C
WORKFORCE DEVELOPMENT												
GOAL: To create a workforce development program that capitalizes and supports the county's hospitality industry												
Recommendation #1: Provide business planning and entrepreneurial support to individuals looking to formalize their business ideas												
Action 1: Network with specialty contractors, real estate maintenance, repair shop and other B2B companies to assess their interest in growing their businesses		TED,CC	BO									A
Action 2: Provide small business training and business plan services to help these entrepreneurs grow their businesses		TED,CC,DL	BO									B
Action 3: Meet with The Omni Homestead Resort to identify service needs being met by companies outside Bath County		TED	HR									N/A
Action 4: Work with Homestead management to identify and pre-approve companies or specialty tradesmen that want to sell their services to the resort		TED	HR									N/A
GOAL: To identify and nurture local entrepreneurs looking to start new businesses in Bath County												
Recommendation #1: Create an industrial/flex incubator at the Bath County Industrial Park in Millboro												
Action 1: Set aside 20,000 SF for use by registered small companies in need of industrial/flex space to support their business growth		CA,EDA	BO									N/A
Action 2: Hold a series of outreach meetings/events with small entrepreneurs in need of small business support services and conduct a needs assessment		TED,CC	BO									A
Action 3: Target construction, specialty tradesmen, assembly, real estate/building services and home services companies for future growth		TED,CC	BO									N/A
Action 4: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		TED,CC	BO									B
Recommendation #2: Consider the creation of an small business services incubator in Warm Springs to support B2B companies, professional service firms and other small businesses operating in an office environment												
Action 1: Create a Business Mentorship Program to pair new business owners and startup companies with experienced business people to coach them and direct them to others that can assist their business operation		CC	BO									A
Action 2: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		CC	BO									B
Action 3: Identify existing office space that can be used as co-share office incubator with administrative support, answering service, conference room, copy services, billing and accounting services and strategic business planning		TED	BO									C
Active 4: Provide high-speed internet services to allow local small businesses to connect to the world of commerce through teleconferencing, video conferencing and web access		CA,BOS	BO									F
HOUSING												
GOAL: To promote the development of housing priced to meet the needs of local wage earners												
GOAL: To promote housing that meets the diverse needs of the local workforce, young families and seniors												
Recommendation #1: Consider subdividing some of the land at Bath County Industrial Park for a new residential development												
Action 1: Work with the EDA to examine the need for new mid-level housing in Millboro and the feasibility of using industrial park land for up to 50 new homes		TED,EDA	D									N/A
Recommendation #2: Solicit developer interest in developing a phased housing subdivision to support new growth												
Action 1: Retain the services of an experienced a real estate advisor, land planner, architect and engineer to prepare a development strategy, master plan, site plan and subdivision plan to market to regional developers		TED,EDA	C									B
Action 2: Meet with regional developers to review plans to Request Proposals from qualified residential developers to create a public/private development partnership with the EDA		TED,CA	C,D									N/A
Action 3: Review development proposals and select a developer to construct a new residential subdivision in Millboro, VA		TED,CA	D									A
GOAL: To promote additional residential opportunities in downtown Hot Springs												
Recommendation #1: Work in cooperation with The Omni Homestead and Bath Community Hospital to create new workforce and management housing												
Action 1: Encourage the renovation of the Virginia Building as a mixed-use residential building with new apartment homes		CA,TED	HR									F
Action 2: Encourage the relocation of The Omni Homestead Laundry Facility off Main Street for new workforce apartments		CA,TED	HR									C
Action 3: Seek Brownfield Remediation Funding to investigate and clean up The Omni Homestead Laundry Facility site to allow for new downtown apartments		CA,TED	HR									UNK
GOAL: To track the presence of second and seasonal housing in Bath County and provide support services												
Recommendation #1: Support the creation of small businesses that provide real estate, building, household and concierge services to seasonal residents												
Action 1: Offer small business assistance to individuals and firms interested in creating businesses to support this population		TED	BO									B
Action 2: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		TED,CC	BO									B
Action 3: Investigate the need for a series of video conference courses called "Managing your Small Business" taught by Dabney Lancaster Community College.		TED,DL	BO									B

Implementation Lead - Legend

Public	CA - County Administrator SD - Bath Col Public Schools	BOS - Board of Supervisors VDOT - VA Dept. of Transportation	EDA - Economic Development Authority DL - Dabney Lancaster CC	TED - Bath Co. Tourism & ED	AI - Art Institutes of Washington
Private	D - Real Estate Developer BO - Business Owner	PO - Property Owners C - Consultant	HR - The Omni Homestead Resort CC - Chamber of Commerce	NR - Natural Retreats	BCH - Bath Community Hospital

Cost Range

A - \$0-\$25,000	D - \$250,000 - \$500,000
B - \$25,001 - \$100,000	E - \$500,001 - \$1 million
C - \$100,001 - \$250,000	F - \$1 million +

 Task Initiated	 Task Implemented
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2 DEMOGRAPHIC TREND ANALYSIS

Bath County is located in western Virginia along the Virginia-West Virginia border. While relatively similar in size to other counties in this part of the state, it has smaller population due in part to its mountainous topography. Its location in the Shenandoah Valley is one of the county's greatest assets and the setting for its primary employment industry – hospitality and tourism. In order to understand the existing economy in Bath County, it is necessary to first understanding more about the current residents.

A. METHODOLOGY

The following section provides an analysis of the existing demographic characteristics of residents in Bath County. In order to complete this analysis, the consultant used U.S. Census Bureau data for resident characteristics in 2000 and 2010 while 2014 estimates and 2019 projections were provided by Alteryx. Alteryx is a nationally recognized provider of demographic data for a variety of geographic levels and their estimates and projections are based upon data produced by the U.S. Census Bureau.

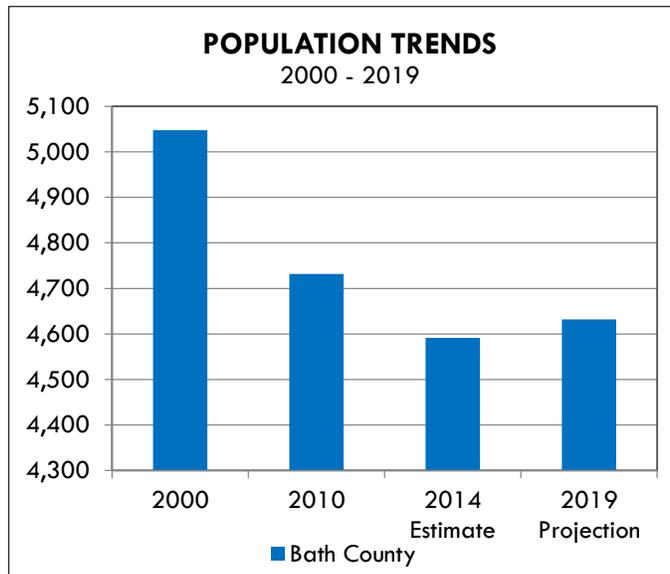
When appropriate, characteristics of existing county residents were compared to the larger region and the state. For this analysis, the region is considered the larger Central Shenandoah Planning District Commission (CSPDC). As seen in Map 2-1, the following counties and municipalities are part of the CSPDC: Bath, Augusta, Highland, Rockbridge and Rockingham counties and the cities of Buena Vista, Harrisonburg, Lexington, Staunton and Waynesboro.

B. POPULATION TRENDS

1. Population

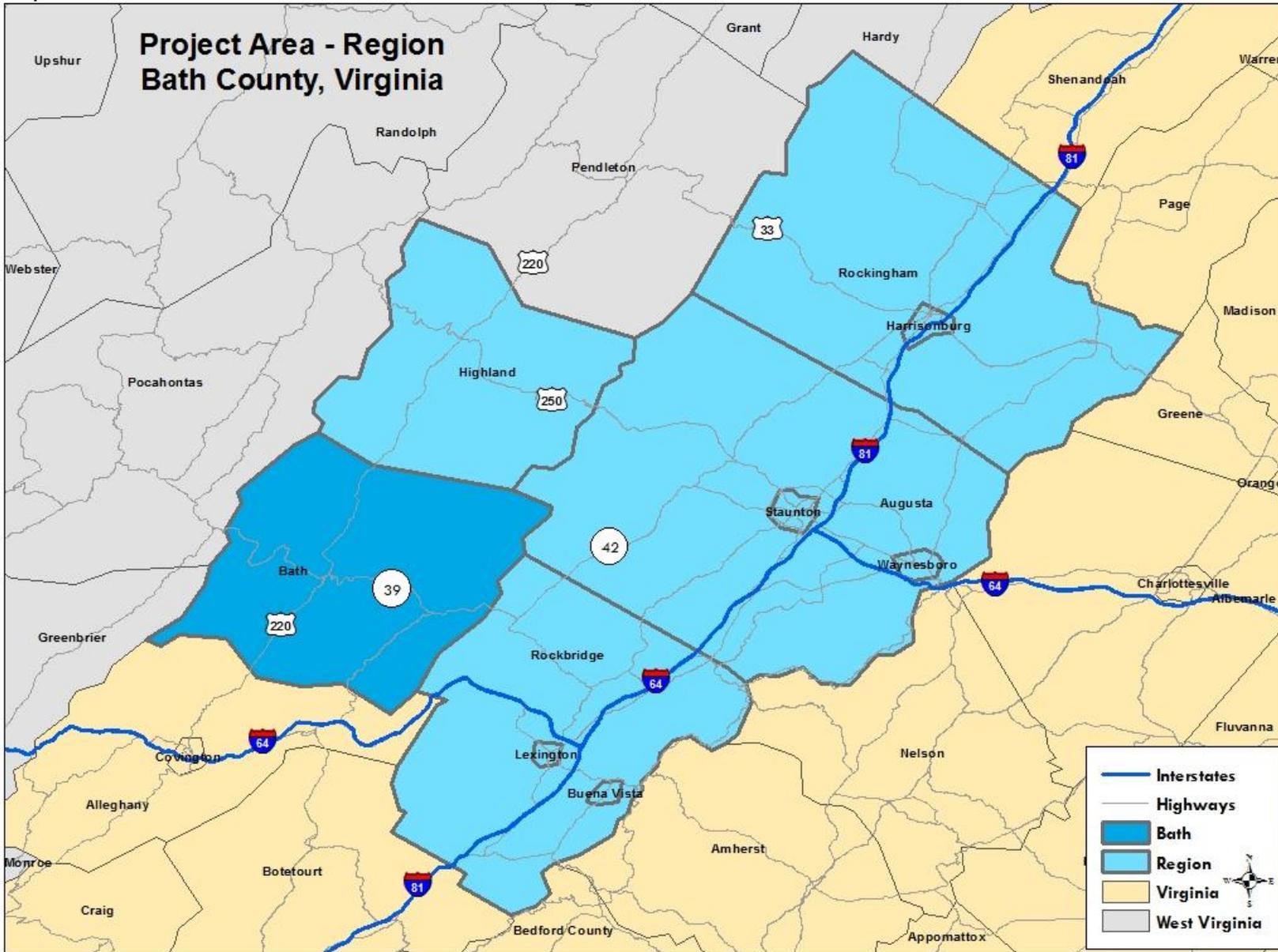
The population of Bath County is the second smallest in the Region; only Highland County has a smaller population of approximately 2,200 in 2014. Since 2000, the population of Bath County has declined by nearly 2% annually from 5,048 in 2000 to 4,732 in 2010. The population continued to decline between 2010 and 2014 to 4,591, but is projected to increase by 41 persons by 2019. The decline in population through 2014 is similar to declines in Highland County's population but, in general, the rest of the region has grown in population and projected to continue to do so through 2019 (Figure 2-1).

Figure 2-1



Source: U.S. Census Bureau, Alteryx, 2015

Map 2-1



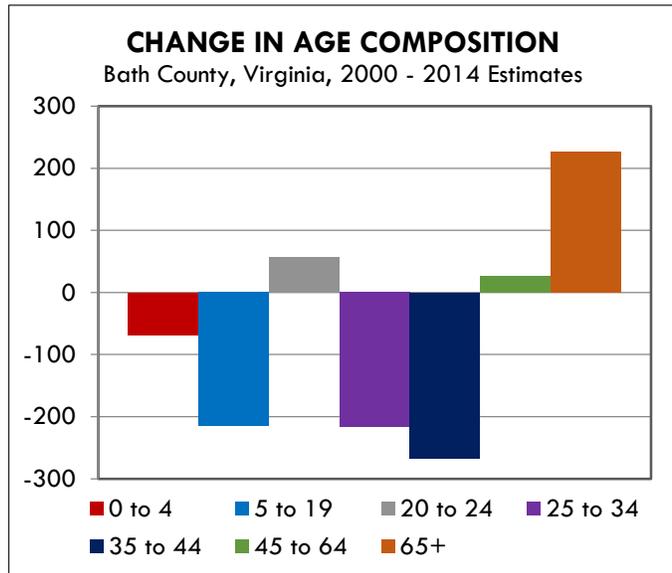
Source: U.S. Census Bureau, Esri, RKG Associates, Inc., 2014

2. Population Age Distribution

The loss of population in Bath County between 2000 and 2014 is largely due to the decline in young families with children and early to mid-career professionals. As seen in Figure 2-2, there were declines of more than 200 people age 5 years to 19 years, 25 years to 34 years and 35 years to 44 years during this period. However, the number of retirees within the county, 65 years of age or more, has increased by more than 200 people during this 14 year period. This indicates that the population of Bath County is declining because young professionals and families are finding other areas more attractive likely due to job opportunities, increased access to amenities and a broader range of housing options. Ultimately, this loss of the younger population and the growth in retirees has led to a high median age when compared to the rest of the region. In 2014, the median age in Bath County is an estimated 48.2 years and is projected to increase to 50 years of age by 2019. At approximately 48 years of age, Bath County has the second highest median age in the region. Only Highland County, with a similarly declining population, has a higher median age of approximately 54 years (Figure 2-3).

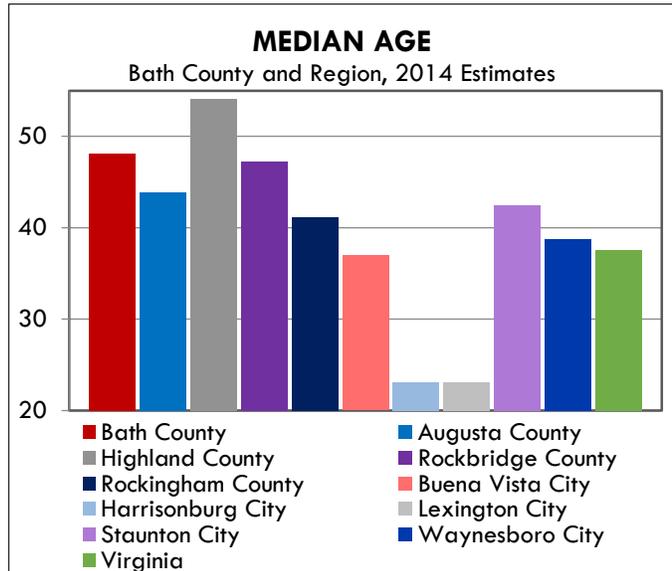
The decline in the population of children and persons age 25 years to 44 years illustrates some of the challenges facing Bath County. From an economic perspective, the labor force portion of the population has declined indicating a lack of employment opportunities. Additionally, the young family population which has the greatest potential to make a long-term investment in Bath County as a place to raise children has also declined. This indicates that Bath County does not have enough amenities, educational opportunities or other quality of life essentials to retain this portion of the population long-term.

Figure 2-2



Source: Alteryx, 2015

Figure 2-3

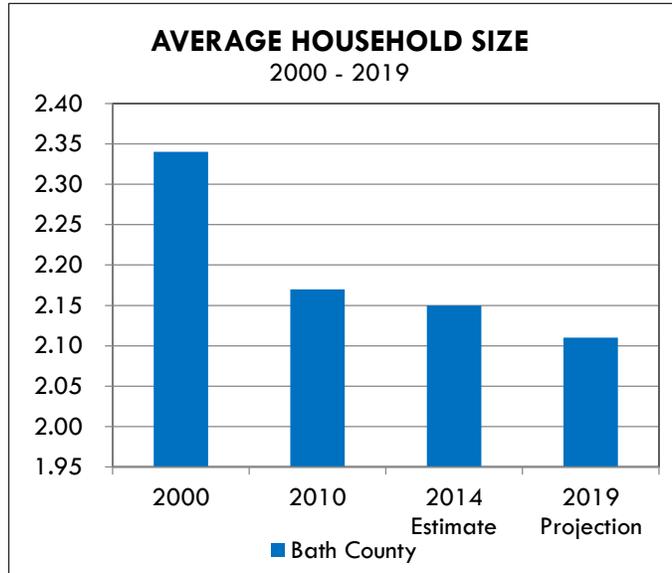


Source: Alteryx, 2015

3. Households and Household Size

While the population of Bath County decreased between 2000 and 2014, the number of households has overall increased. In 2000, Bath County had 2,053 households. By 2014, the number of households has grown to an estimated 2,109. The overall increase in households in Bath County while the population has declined has led to a similar decline in household size. The average size of households in Bath County decreased from 2.34 persons in 2000 to an estimated 2.15 persons in 2014 (Figure 2-4). The size of households is projected to continue to decline through 2019. The increase in households but overall decline in household size indicated that there has been an increase in the number of smaller households in Bath County. This is likely due to the increase in the population of retirees who no longer have children at home and live in either one person or two person households.

Figure 2-4

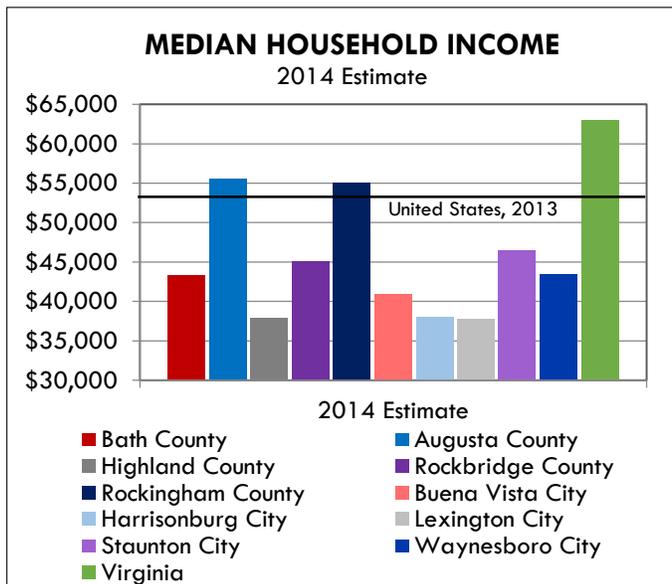


Source: U.S. Census Bureau, Alteryx, 2015

4. Household Income

Since 2000, the median household incomes for Bath County and the other counties and municipalities in the region have increased and are projected to continue to do so through 2019. However, Bath County has and remains below the median household income for the rest of the region combined. The median household income for Bath County in 2014 is an estimated \$43,282 (Figure 2-5). While higher than four other areas in the region, it is lower than the remaining five areas, particularly Augusta County (\$55,561) and Rockingham County (\$55,006). When compared to the median household income for Virginia, \$63,017, all areas are under performing. Additionally, the national median household income based on American Community Survey 2013 5-Year estimates is approximately \$53,000, indicating that while the state median household income exceeds that of the nation; most of the region including Bath County is several thousand dollars below the national median household income.

Figure 2-5



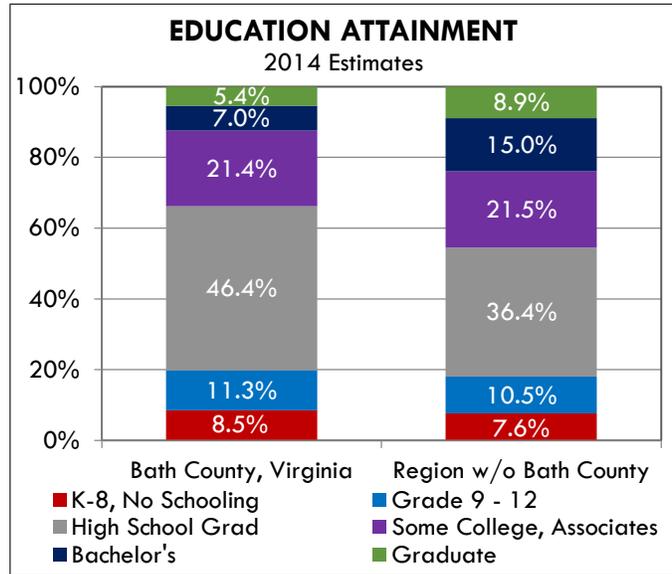
Source: Alteryx, U.S. Census Bureau, 2015

While Bath County does not have the lowest incomes in the region, the fact that the region and the county are substantially below the median household income of the state and in most cases the nation indicates that households in the region are generally of lower economic status. However, it should be noted that the second home/vacation home population and tourists are not included in the median income calculation for Bath County. Therefore, from the perspective of purchasing goods and services the potential exists for more demand and more income to spend on goods and services than represented in the U.S. Census data presented above.

5. Education Attainment

Based on current estimates, Bath County has a lower level of education attainment when compared to the remaining counties and cities in the region. Approximately 66% of the Bath County population over the age of 25 years has at most a high school degree while 54.5% of the rest of the region is similarly educated (Figure 2-6). Additionally, while approximately 21% of both the county and the region's population has some college or an Associate's degree, a larger portion (24%) of the surrounding region has a Bachelor's or graduate degree when compared with the county (12%). This indicates that not only has the size of the labor force declined within Bath County over the last 14 years, but the current labor force needs additional education and training in order to be competitive with the rest of the region.

Figure 2-4



Source: Alteryx, 2015

C. IMPLICATIONS

Since 2000, the population of Bath County has declined by nearly 2% annually dropping to 4,732 people in 2010. According to Alteryx, a firm specializing in local demographic forecasts, the population has continued to decline between 2010 and 2014. These trends are of increasing concern to the leadership of Bath County and reversing population decline is of paramount importance. Much of this decline has resulted in the loss of young people and families and mid-career professionals who have left the county, presumably in search of greater economic opportunities.

During this same period, Bath County has started to establish itself as a destination location for retirees as a seasonal/second-home community and the home of the historic Omni Homestead Resort. Not surprisingly, these demographic changes have resulted in a steady aging of the population. With a median household age of 48.2 years, Bath County is one of the oldest communities in Virginia and second only to Highland County in the region.

Shifts within the community's population are creating a unique mix of households and income levels which could present challenges in the future. Although small, the new second homeowners and seasonal resident population brings a level of affluence to the community that's different than the year-round population. The expectations of these new property owners is also different as many people come from larger urban centers (i.e., Washington, DC, Richmond, VA and Charlotte, NC) where municipal services, shopping and dining are different than Bath County. While this new population offers some

challenges for the community, it also creates economic development opportunities due to this population's added spending power.

3 ECONOMIC BASE ANALYSIS

An analysis of recent economic trends and existing conditions for both the county and the region is the foundation for the Bath County Economic Development Strategic Plan. The consultants assessed a variety of factors including employment trends, workforce characteristics, and regionally competitive employment sectors. Ultimately, this information was used to draw certain conclusions and highlight opportunities for Bath County's future economic development efforts.

A. METHODOLOGY

Similar to the demographic analysis, the economic analysis focuses on Bath County and includes the surrounding region for comparison when relevant. The region is considered the counties and cities within the CSPDC including Bath County unless otherwise noted. Please refer to Map 2-1 in the previous section for a review of the regional geography.

A variety of data sources were used to analyze the economy of Bath County. JobsEQ, developed and maintained by Chmura Economics and Analytics, provided economic trend data for a variety of geographic areas using U.S. Census Bureau and U.S. Bureau of Labor Statistics data. This data is compiled by using a proprietary methodology at a national level. There are two employment industries, Public Administration and Health Care and Social Assistance for which the change in hospital and government support staff employment was not consistent with input provided by the Bath Community Hospital and staff within Bath County Government. Therefore, conclusions for some of the analyses within this section could not be made for these employment industries. In addition, The U.S. Census Bureau's American Community Survey 5-Year 2013 estimates were used to provide data regarding labor force participation. The U.S. Bureau of Labor Statistics was the source for current data on occupational skill levels and unemployment. The OnTheMap service through the U.S. Census Bureau and the Center for Economic Studies provided data on commuting patterns based on information gathered from the Longitudinal-Employer Household Demographics (LEHD) program data. Any other data sources not mentioned here are outlined within the section when relevant.

B. EMPLOYMENT ANALYSIS

1. Employment Trends

Employment trends for Bath County and the region are based on data from the first quarter of 2004, 2009 and 2014. For simplicity within the narrative, only the year the data was collected will be used. Employees are divided among the North American Industry Classification System (NAICS) codes based on the type of establishment in which they are employed. The analysis was set up this way to capture changes in employment before and after the national recession of 2008-2009. The economic decline following the recession was felt nationally and globally and the consultants wanted to document changes in the Bath County job base.

As seen in Table 3-1, over the last 10 years, total employment in Bath County has not substantially changed. There was a slight loss of employment between 2004 and 2009 (79 employees) but by 2014 these jobs were recovered and 85 jobs were added to the local economy for a total of 2,315 jobs by 2014. Conversely, at the regional level there were the 119, 287 jobs in 2004 which grew to

Table 3-1
Employment Trends, 2004q1 to 2014q1
Bath County, Virginia and Surrounding Region

NAICS	Industry	Bath County, Virginia						Bath County Region (Central Shenandoah Planning District Commission)							
		2004q1	2009q1	2014q1	Change '04 - '09		Change '09 -'14		2004q1	2009q1	2014q1	Change '04-'09		Change '09-'14	
					Count	Percent	Count	Percent				Count	Percent	Count	Percent
Total		2,309	2,230	2,315	(79)	-3.4%	85	3.8%	119,287	123,443	121,428	4,156	3.5%	(2,015)	-1.6%
11	Agriculture, Forestry, Fishing and Hunting	35	26	20	(9)	-25.7%	(6)	-23.1%	917	865	1,183	(52)	-5.7%	318	36.8%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0	0.0%	0	0.0%	174	195	177	21	12.1%	(18)	-9.2%
22	Utilities	117	148	132	31	26.5%	(16)	-10.8%	868	1,023	821	155	17.9%	(202)	-19.7%
23	Construction	135	201	207	66	48.9%	6	3.0%	7,811	9,032	6,603	1,221	15.6%	(2,429)	-26.9%
31	Manufacturing	67	41	45	(26)	-38.8%	4	9.8%	26,353	21,417	19,150	(4,936)	-18.7%	(2,267)	-10.6%
42	Wholesale Trade	6	5	6	(1)	-16.7%	1	20.0%	4,050	4,041	3,595	(9)	-0.2%	(446)	-11.0%
44	Retail Trade	105	104	90	(1)	-1.0%	(14)	-13.5%	14,156	15,609	14,195	1,453	10.3%	(1,414)	-9.1%
48	Transportation and Warehousing	18	40	38	22	122.2%	(2)	-5.0%	5,825	6,193	7,362	368	6.3%	1,169	18.9%
51	Information	18	21	42	3	16.7%	21	100.0%	2,173	2,383	2,135	210	9.7%	(248)	-10.4%
52	Finance and Insurance	13	13	11	0	0.0%	(2)	-15.4%	2,158	2,234	2,205	76	3.5%	(29)	-1.3%
53	Real Estate and Rental and Leasing	16	49	45	33	206.3%	(4)	-8.2%	1,627	1,488	1,383	(139)	-8.5%	(105)	-7.1%
54	Professional, Scientific, and Technical Services	22	28	81	6	27.3%	53	189.3%	2,686	2,944	3,031	258	9.6%	87	3.0%
55	Management of Companies and Enterprises	2	5	33	3	150.0%	28	560.0%	1,192	1,285	1,389	93	7.8%	104	8.1%
56	Administrative and Support and Waste Management	32	31	28	(1)	-3.1%	(3)	-9.7%	3,295	4,008	4,113	713	21.6%	105	2.6%
61	Educational Services	153	130	107	(23)	-15.0%	(23)	-17.7%	11,873	13,482	14,472	1,609	13.6%	990	7.3%
62	Health Care and Social Assistance	322	352	275	30	9.3%	(77)	-21.9%	13,938	15,261	17,136	1,323	9.5%	1,875	12.3%
71	Arts, Entertainment, and Recreation	39	36	19	(3)	-7.7%	(17)	-47.2%	1,905	2,219	1,687	314	16.5%	(532)	-24.0%
72	Accommodation and Food Services	1,006	827	978	(179)	-17.8%	151	18.3%	11,105	12,234	13,341	1,129	10.2%	1,107	9.0%
81	Other Services (except Public Administration)	42	35	39	(7)	-16.7%	4	11.4%	3,062	3,104	3,123	42	1.4%	19	0.6%
92	Public Administration	161	138	119	(23)	-14.3%	(19)	-13.8%	4,119	4,426	4,327	307	7.5%	(99)	-2.2%

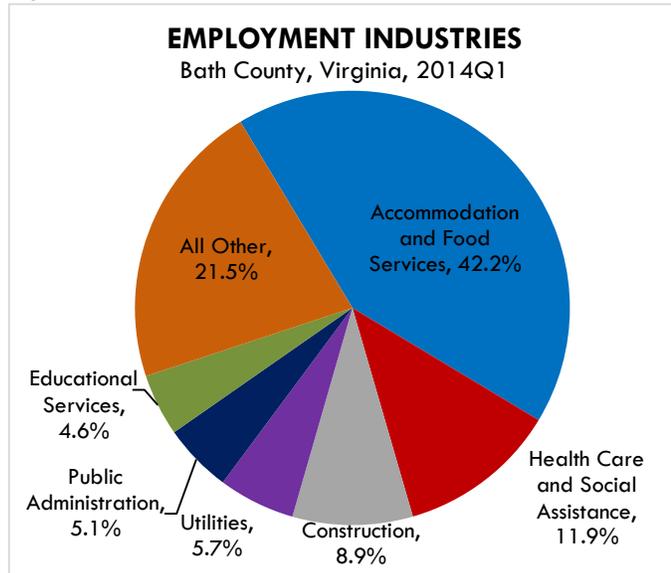
Source: Chmura, RKG Associates, Inc., 2015

more than 123,000 by 2009 but then declined by more than 2,000 jobs after the recession to 121,428 jobs. The loss of jobs following the recession shows a regional economy that has not fully recovered. This is particularly true when the region is compared to the Commonwealth of Virginia which grew in total employment by 6.3% before the recession and then lost few jobs, less than 700, post-recession.

During this period, Bath County's largest employment industry was Accommodation and Food Service comprising over 42% of all employment. The Omni Homestead anchors this industry but there are many other bed & breakfast and accommodation businesses in Bath County.

As seen in Figure 3-1, employment data shows that in addition to this industry, Health Care and Social Assistance (11.9%), Construction (8.9%), Public Administration (5.1%) and Educational Services (4.6%) also have significant employment within the county. Major employers in these industries include Bath Community Hospital (BCH), County Government, Bath County Public Schools and construction jobs related to large projects such as the renovation and expansion of BCH.

Figure 3-1



Source: Chmura Economics and Analytics, RKG Associates, Inc., 2015

The most notable gain in jobs post-recession was the addition of 151 jobs within the Accommodation & Food Services industry which is consistent with the size and prominence of this employment sector historically. The additional jobs also coincide with the purchase of the Homestead Resort by Omni from KSL Resorts in 2013. Perhaps the more interesting employment changes have occurred in the Information, Professional, Scientific & Technology Services and the Management of Companies and Enterprises. These employment categories, although small in size, experienced consistent job growth before and after the recession. These are industries not typically associated with Bath County's rural, tourism-based economy and may speak to potential growth opportunities in non-traditional industries.

Regionally, the largest employment sector in 2014 was Manufacturing, due primarily to Food Manufacturing with 6,561 employees. However this sector experienced a notable drop in employment both before and after the recession starting with 26,353 employees in 2004 and declining to 19,150 employees by 2014 for a loss of 27.3%. The region experienced a similar shift in its other industries within its top five: Health Care and Social Assistance, Educational Services, Accommodation and Food Service and Retail Trade (Table 3-1). Several employment sub-sectors did experienced growth post-recession at the regional level including Education Services which added 909 jobs, Food Services and Drinking Places (890 jobs), Hospitals (829 jobs), Social Assistance (722 jobs) and Warehousing and Storage which gained 609 jobs. This indicates that there are some similarities between the Bath County economy and that of the region, such as Health Care and Social Assistance, a sector that has grown nationally. It also indicates that the Bath County economy is heavily focused on Accommodation, an industry that is not as prominent across the region. The dominance of a single industry points to the county's economic vulnerability should The Omni Homestead experience a decline in the future, or worse yet, a closure or change in ownership. Omni Hotels & Resorts is a privately held, international luxury hotel company based in Dallas, Texas. The company is currently owned by private equity investor Robert Rowling of TRT Holdings. Future decisions about their resort properties

will be made by corporate leadership outside Bath County. In this regard, the county recognizes the need to explore job growth beyond resort tourism.

C. LOCAL COMPETITIVE ADVANTAGE

1. Methodology

Location quotient analysis compares the presence of industry employment at the local level versus the same industry at the state level. Local geography examined in this analysis includes both Bath County and the larger region (CSPDC counties and cities) compared to the Commonwealth's economy. A relative measure of how a local economy is performing can be estimated by comparing employment levels for specific industry sectors to that of a larger economy. This measurement, which is represented as a ratio, is referred to as a Location Quotient (LQ). If the LQ is equal to 1.0, it indicates that the local industry has the same proportion of industry employment as the state economy. Location quotients above 1.0 indicate that the local economy has a greater proportion of employment in a given industry than the state average, which often suggests the local industry enjoys certain competitive advantages that allow it to perform at a higher level than the rest of Virginia. The best example in Bath County is the LQ for Accommodations, which is an extraordinarily high 32.58. This indicates that employment in this industry is 32.58 times greater than the same industry at the state level. Not surprisingly, The Omni Homestead, Bath County's largest employer drives these numbers. Location quotients less than 1.0 denote industries that are performing below the state average.

2. LQ Analysis Results

As stated above, with Bath County's tourism-based economy, the Accommodation industry performs at a very high level with an LQ of 32.58 and 939 employees in 2014 (Table 3-2). Utilities have an LQ of 11.34 and are also performing above the state average due to the presence of companies including Dominion Virginia Power and BARC Electric Cooperative that employed an estimated 132 persons in 2014.

Additionally, due to the large number of vacation and second homes throughout the county, Private Household workers such as household chefs and gardeners have an LQ of 3.62 although there are only 25 employees in this subsector in 2014. Another employment industry that performed better than the Commonwealth and has a moderate number of local employees is Heavy and Civil Engineering Construction with 96 employees and an LQ of 4.08 (Table 3-2).

While the strong presence of the Accommodations points to the county tourism economy, the LQ analysis results for the region are much different and are more reflective of a manufacturing-based

Table 3-2
Location Quotient - Top Sub-Sectors, 2014Q1
Bath County, Virginia and Surrounding Region

NAICS	Description	2014LQ
BATH COUNTY		
721	Accommodation	32.58
221	Utilities	11.34
315	Apparel Manufacturing	10.74
113	Forestry and Logging	4.52
237	Heavy and Civil Engineering Construction	4.08
814	Private Households	3.62
924	Administration of Environmental Quality Programs	3.09
562	Waste Management and Remediation Services	2.78
326	Plastics and Rubber Products Manufacturing	2.54
REGION		
311	Food Manufacturing	6.76
112	Animal Production and Aquaculture	5.41
314	Textile Product Mills	5.29
323	Printing and Related Support Activities	5.18
313	Textile Mills	5.16
493	Warehousing and Storage	4.17
331	Primary Metal Manufacturing	3.37
115	Support Activities for Agriculture and Forestry	3.18
339	Miscellaneous Manufacturing	3.05
332	Fabricated Metal Product Manufacturing	2.67

Source: JobsEq, RKG Associates, Inc., 2015

economy (Table 3-2). While no single industry performs at the level of Accommodation in Bath County, Food Manufacturing with 6,561 employees in 2014 had a location quotient of 6.76. Animal Production and Aquaculture also showed a strong presence with an LQ of 5.41. Although the employment is relatively small at 560 employees, this area has seen small but steady growth since 2004 likely due to a growing interest in local and sustainable production of livestock and produce. Other large employment sub-sectors within the list of top performers in the region include Printing and Related Support Activities with 1,799 employees in 2014 and an LQ of 5.18, Warehousing and Storage with 2,728 employees in 2014 and an LQ of 4.17 and Fabricated Metal Product Manufacturing with 1,622 employees in 2014 and an LQ of 2.67 (Table 3-10).

This analysis indicates that Bath County remains a strong performer in Accommodation, consistent with county's overall tourism-focused economy and is a strength that has the potential to expand and spin off other support industries. Other industries that have a strong presence include Utilities which employs more than 100 persons in the county and the Private Household businesses.

D. SHIFT/SHARE ANALYSIS

1. Methodology and Data Sources

RKG Associate employed another analytical technique called "shift-share analysis" to understand the Bath County economy. This technique provides a way to separate national, industrial, and local employment trends from each other. The analysis is primarily used to attribute industry employment changes within an economy into three contributing factors:

- National Growth Share (National Shift): Growth that is attributable to overall employment growth in the national economy.
- Industrial Mix Share (Industry Mix): Growth that is attributable to the employment changes in a specific industry, irrespective of changes occurring in the national economy.
- Local Share: Growth that is attributable to the competitive nature of the local industries.

Specifically, shift-share enables one to explain changes in local industry employment based on local, industry or national economic forces. To the extent that local conditions are the primary reason why certain industries are growing or declining, local officials can take steps to adjust local policies and economic development strategies. However, industries that are gaining or losing employment because of larger industry or national economic trends, can inform policymakers on how to direct their economic development efforts. For example, the manufacturing of textiles in the southern United States has declined in employment for many decades, largely due to lower cost foreign competition. As such, national industry trends have shown a steady loss of jobs in this industry. These larger trends make local efforts to support and grow local textile manufacturers a difficult proposition at best and one that may not bear fruit over the long-term.

The shift/share analysis uses the change in employment for the United States and Bath County over a 10 year period from 2004Q3 to 2014Q3 based on data provided by Chmura Economics and Analytics to calculate the three elements of the shift/share analysis: national share, industry mix and local share. The results of the analysis appear in the far right columns in Table 3-3. Red numbers denote a loss of employment and black denote employment gains.

2. Shift/Share Analysis Results

a) Locally-Competitive Employment Industries

Between 2004 and 2014 there were several employment industries where the local share factor had a greater impact on employment change than the national share or industry mix. Professional, Scientific and Technical Services (+57 jobs), Nursing and Residential Care Facilities

(+46 jobs) within Health Care and Social Assistance, Construction (+33 jobs) due largely to the competitiveness of Heavy and Civil Engineering Construction and Specialty Trade Contractors, and Performing Arts, Spectator Sports and Related Industries (+20 jobs) are all industries where local factors contributed more to employment growth than either industry trends or the national economy. These industries are thought to enjoy some local competitive advantage by operating in Bath County, which has contributed to their employment growth over the past 10 years.

Professional, Scientific and Technical Service grew in employment during this period due to the addition of consulting service firms such as Phantom Eagle, LLC to the local economy. Nursing and Residential Care Facilities has also experienced locally-influenced growth due to the expansion of services at local facilities such as the Kissito Healthcare Hot Springs “The Springs” 60-bed facility which was founded in 2005 and is a major provider of nursing and rehabilitation care for area residents. Construction has remained locally competitive even as the industry nationally has experienced declines due to local projects such as residual contractor needs after the refurbishment of Dominion Power Pump Storage Station during the 2000s, the renovations and additions to the Bath Community Hospital and highway, street and bridge related construction within the county. Additionally, the growth of the Garth Newel Performing Arts Center and its lodging, event space and restaurant/catering services has had an impact on the Performing Arts industry sector which has seen locally-focused employment growth. In addition, part of this growth may be due to increased employees in third quarter 2014 data due to seasonal needs of facilities such as this within the county.

Accommodation and Food Service, the largest employment sector in Bath County, had limited growth between 2004 and 2014. While the local share for this sector is -115, the shift-share analysis indicates that the local industry did grow, but was largely driven by national industry growth as employment increased by 18.2% during the study period. The lag in this industry’s local growth behind that of the industry nationally is likely due to the fact that a single company dominates the accommodation market in Bath County. Therefore, employment in this industry changes throughout the year based on The Omni Homestead’s seasonal employment needs. According to the resort’s General Manager, The Omni Homestead staff can fluctuate between 1,000 and 1,500 workers depending on the season.

Competitiveness born from localized factors provides the opportunity for expansion within the local economy. Alternatively, project-based growth and competitiveness creates an opportunity to identify ways to maintain this competitiveness and potentially identify areas of economic specialization with the presence of an existing, trained labor force.

b) Locally-Noncompetitive Industries

There is one notable industry sector where the local share factor contributes to the decline in employment that is greater than either growth or decline of the national share or industry mix. Retail Trade (-39 jobs) had a local impact on employment decline that was greater than the industry overall even while there was a small growth based on the national share factor. Retail Trade as a sector experienced a decline in employment due largely to the local economy where employment industries like Food and Beverage Stores and Gas Stations had high local share losses. The decline in these employment industries is likely due to the steady loss of population in Bath County. The retail sector is particularly sensitive to changes in population and household spending levels, which can limit sales and job growth. So while Retail Trade has grown nationally following the recession, Bath County has not kept pace. However, General Merchandise was the only retail category with a positive Local Share (+10 jobs), likely due to the addition of the Dollar General to the Bath County economy which has been performing well because it is the only store of its type in the county.

Table 3-3
Shift Share Analysis, 2004Q3 - 2014Q3
Bath County, Virginia

NAICS Code	Industry Sector	United States				Bath County, Virginia				Shift-Share Analysis			
		Employment		Change '04 - '14		Employment		Change '04 - '14		National Shift	Industry Mix	Local Share	Total Emp. Change
		2004Q3	2014Q3	Actual Change	% Change	2004Q3	2014Q3	Actual Change	% Change				
	Total - All Industries	128,748,700	135,861,681	7,112,981	5.5%	2,330	2,341	11	0.5%	129	137	(255)	11
11	Agriculture, Forestry, Fishing and Hunting	1,165,163	1,232,069	66,906	5.7%	34	17	(17)	-50.0%	2	0	(19)	(17)
111	Crop Production	556,441	555,376	(1,065)	-0.2%	15	6	(9)	-60.0%	1	(1)	(9)	(9)
112	Animal Production and Aquaculture	209,091	243,368	34,277	16.4%	0	5	5	0.0%	0	0	0	0
113	Forestry and Logging	77,129	60,231	(16,898)	-21.9%	18	6	(12)	-66.7%	1	(5)	(8)	(12)
115	Support Activities for Agriculture and Forestry	312,822	365,398	52,576	16.8%	1	0	(1)	-100.0%	0	0	(1)	(1)
22	Utilities	822,201	805,805	(16,396)	-2.0%	129	135	6	4.7%	7	(10)	9	6
221	Utilities	822,201	805,805	(16,396)	-2.0%	129	135	6	4.7%	7	(10)	9	6
23	Construction	7,036,180	6,205,690	(830,490)	-11.8%	139	156	17	12.2%	8	(24)	33	17
236	Construction of Buildings	1,602,566	1,331,191	(271,375)	-16.9%	36	36	0	0.0%	2	(8)	6	0
237	Heavy and Civil Engineering Construction	1,082,982	1,069,835	(13,147)	-1.2%	45	55	10	22.2%	2	(3)	11	10
238	Specialty Trade Contractors	4,350,633	3,804,665	(545,968)	-12.5%	58	65	7	12.1%	3	(10)	14	7
31	Manufacturing	14,308,046	12,153,197	(2,154,849)	-15.1%	72	43	(29)	-40.3%	4	(15)	(18)	(29)
314	Textile Product Mills	189,387	113,884	(75,503)	-39.9%	22	0	(22)	-100.0%	1	(10)	(13)	(22)
315	Apparel Manufacturing	277,990	141,043	(136,947)	-49.3%	18	15	(3)	-16.7%	1	(10)	6	(3)
321	Wood Product Manufacturing	546,501	367,062	(179,439)	-32.8%	33	14	(19)	-57.6%	2	(13)	(8)	(19)
326	Plastics and Rubber Products Manufacturing	799,907	668,813	(131,094)	-16.4%	0	15	15	0.0%	0	0	0	0
42	Wholesale Trade	5,616,133	5,795,381	179,248	3.2%	9	6	(3)	-33.3%	0	(0)	(3)	(3)
423	Merchant Wholesalers, Durable Goods	2,930,545	2,896,644	(33,901)	-1.2%	0	5	5	0.0%	0	0	0	0
424	Merchant Wholesalers, Nondurable Goods	1,996,652	2,003,395	6,743	0.3%	7	0	(7)	-100.0%	0	(0)	(7)	(7)
425	Wholesale Electronic Markets and Agents and Brokers	688,936	895,342	206,406	30.0%	2	1	(1)	-50.0%	0	0	(2)	(1)
44	Retail Trade	15,096,405	15,344,130	247,725	1.6%	104	67	(37)	-35.6%	6	(4)	(39)	(37)
444	Building Material and Garden Equipment and Supplies Dealers	1,224,302	1,220,968	(3,334)	-0.3%	1	0	(1)	-100.0%	0	(0)	(1)	(1)
445	Food and Beverage Stores	2,849,036	3,004,555	155,519	5.5%	29	8	(21)	-72.4%	2	(0)	(23)	(21)
447	Gasoline Stations	876,131	875,256	(875)	-0.1%	48	27	(21)	-43.8%	3	(3)	(21)	(21)
452	General Merchandise Stores	2,881,210	3,157,492	276,282	9.6%	20	32	12	60.0%	1	1	10	12
453	Miscellaneous Store Retailers	923,459	818,215	(105,244)	-11.4%	3	0	(3)	-100.0%	0	(1)	(3)	(3)
454	Nonstore Retailers	423,755	485,163	61,408	14.5%	3	0	(3)	-100.0%	0	0	(3)	(3)
48	Transportation and Warehousing	5,102,442	5,273,175	170,733	3.3%	16	14	(2)	-12.5%	1	(0)	(3)	(2)
491	Postal Service	791,529	597,703	(193,826)	-24.5%	16	14	(2)	-12.5%	1	(5)	2	(2)
51	Information	3,257,347	2,867,355	(389,992)	-12.0%	18	42	24	133.3%	1	(3)	26	24
511	Publishing Industries (except Internet)	911,289	723,117	(188,172)	-20.6%	2	0	(2)	-100.0%	0	(1)	(2)	(2)
517	Telecommunications	1,148,279	852,394	(295,885)	-25.8%	17	42	25	147.1%	1	(5)	29	25
52	Finance and Insurance	5,824,495	5,659,662	(164,833)	-2.8%	12	12	0	0.0%	1	(1)	0	(0)
522	Credit Intermediation and Related Activities	2,816,133	2,579,687	(236,446)	-8.4%	9	7	(2)	-22.2%	0	(1)	(1)	(2)
523	Securities, Commodity Contracts, and Other Financial Investments	760,731	878,087	117,356	15.4%	0	2	2	0.0%	0	0	0	0
524	Insurance Carriers and Related Activities	2,138,470	2,178,319	39,849	1.9%	3	3	0	0.0%	0	(0)	(0)	0
53	Real Estate and Rental and Leasing	2,123,828	2,070,601	(53,227)	-2.5%	20	34	14	70.0%	1	(2)	15	14
531	Real Estate	1,457,427	1,521,072	63,645	4.4%	14	28	14	100.0%	1	(0)	13	14
532	Rental and Leasing Services	640,389	525,717	(114,672)	-17.9%	7	6	(1)	-14.3%	0	(2)	0	(1)
54	Professional, Scientific, and Technical Services	6,804,876	8,385,140	1,580,264	23.2%	22	84	62	281.8%	1	4	57	62
541	Professional, Scientific, and Technical Services	6,804,876	8,385,140	1,580,264	23.2%	22	84	62	281.8%	1	4	57	62
56	Administrative and Support and Waste Management	7,861,919	8,567,654	705,735	9.0%	33	39	6	18.2%	2	1	3	6
561	Administrative and Support Services	7,503,388	8,150,153	646,765	8.6%	16	9	(7)	-43.8%	1	0	(8)	(7)
562	Waste Management and Remediation Services	358,531	417,501	58,970	16.4%	17	30	13	76.5%	1	2	10	13
61	Educational Services	11,373,734	12,180,299	806,565	7.1%	140	131	(9)	-6.4%	8	2	(19)	(9)
611	Educational Services	11,373,734	12,180,299	806,565	7.1%	140	131	(9)	-6.4%	8	2	(19)	(9)
62	Health Care and Social Assistance	15,658,490	19,685,709	4,027,219	25.7%	351	287	(64)	-18.2%	19	71	(154)	(64)
621	Ambulatory Health Care Services	4,991,375	6,704,691	1,713,316	34.3%	25	8	(17)	-68.0%	1	7	(26)	(17)
622	Hospitals	5,442,645	6,047,803	605,158	11.1%	283	172	(111)	-39.2%	16	16	(142)	(111)
623	Nursing and Residential Care Facilities	3,015,804	3,450,354	434,550	14.4%	36	87	51	141.7%	2	3	46	51
624	Social Assistance	2,208,666	3,482,861	1,274,195	57.7%	7	20	13	185.7%	0	4	9	13
71	Arts, Entertainment, and Recreation	2,217,117	2,464,492	247,375	11.2%	43	59	16	37.2%	2	2	11	16
711	Performing Arts, Spectator Sports, and Related Industries	395,621	453,012	57,391	14.5%	6	27	21	350.0%	0	1	20	21
712	Museums, Historical Sites, and Similar Institutions	202,613	233,115	30,502	15.1%	29	31	2	6.9%	2	3	(2)	2
713	Amusement, Gambling, and Recreation Industries	1,618,883	1,778,365	159,482	9.9%	7	1	(6)	-85.7%	0	0	(7)	(6)
72	Accommodation and Food Services	10,601,346	12,530,581	1,929,235	18.2%	989	1,054	65	6.6%	55	125	(115)	65
721	Accommodation	1,819,607	1,947,912	128,305	7.1%	963	1,012	49	5.1%	53	15	(19)	49
722	Food Services and Drinking Places	8,781,739	10,582,669	1,800,930	20.5%	26	42	16	61.5%	1	4	11	16
81	Other Services (except Public Administration)	4,332,467	4,247,637	(84,830)	-2.0%	43	41	(2)	-4.7%	2	(3)	(1)	(2)
811	Repair and Maintenance	1,236,714	1,243,816	7,102	0.6%	1	1	0	0.0%	0	(0)	(0)	(0)
812	Personal and Laundry Services	1,271,787	1,368,814	97,027	7.6%	4	8	4	100.0%	0	0	4	4
813	Religious, Grantmaking, Civic, Professional, and Similar Orgs	1,326,080	1,360,627	34,547	2.6%	4	6	2	50.0%	0	(0)	2	2
814	Private Households	497,886	274,380	(223,506)	-44.9%	34	27	(7)	-20.6%	2	(17)	8	(7)
92	Public Administration	7,115,656	7,215,216	99,560	1.4%	155	119	(36)	-23.2%	9	(6)	(38)	(36)
921	Executive, Legislative, and Other General Government Support	3,068,768	2,985,125	(83,643)	-2.7%	98	69	(29)	-29.6%	5	(8)	(26)	(29)
922	Justice, Public Order, and Safety Activities	1,752,936	1,868,148	115,212	6.6%	7	8	1	14.3%	0	0	1	1
923	Administration of Human Resource Programs	748,520	769,085	20,565	2.7%	19	14	(5)	-26.3%	1	(1)	(6)	(5)
924	Administration of Environmental Quality Programs	328,570	314,921	(13,649)	-4.2%	27	21	(6)	-22.2%	1	(3)	(5)	(6)
926	Administration of Economic Programs	579,877	596,751	16,874	2.9%	3	7	4	133.3%	0	(0)	4	4
99	Unclassified	232,292	209,062	(23,230)	-10.0%	0	1	1	0.0%	0	0	0	0
999	Unclassified	232,292	209,062	(23,230)	-10.0%	0	1	1	0.0%	0	0	0	0

Source: Chumera, RKG Associates, Inc., 2015

E. REGIONAL INDUSTRIAL PARKS

In order to document the existing supply of industrial and commerce parks throughout the region, RKG compiled an inventory of industrial parks with information provided by regional economic development organizations including the Shenandoah Valley Partnership, the Virginia Economic Development Partnership, Botetourt County, West Virginia Department of Commerce, Pendleton County Economic Development Authority and the Greenbrier Valley Economic Development Corporation. For this analysis, the region includes the CSPDC counties and cities as well as the West Virginia counties of Greenbrier, Pendleton and Pocahontas.

As seen in Table 3-4, there are 26 industrial or commerce parks within the greater region including Bath County. Parks range in size from the Acorn Industrial and Business Park in Harrisonburg (6.7 acres) to Botetourt Center at Greenfield in Botetourt County (484 acres) for a total of more than 3,450 acres. While some of the parks, including East Park Commerce Center, Jack C. Smith Industrial Park and Vista Corporate Park in Botetourt County are fully developed, at least 2,165 acres is available or to support new business growth based on available information. In some cases less than half of the total acreage is available but often a majority or the entire site is available for development. Most parks also have utility providers available for electric, natural gas, water, sewer and telecommunications through the county, city or a private utility.

The location of an industrial or commerce park is also an important factor most developers and business consider. As seen in Map 3-1 most of the industrial and commerce parks in the region are along Interstates 81 and 64, the two major interstate highways in the region. Additional sites are located along U.S. highways, such as 220 for the industrial parks in Pendleton and Botetourt Counties. Only industrial and commerce parks in Pendleton and Pocahontas counties in West Virginia are located on highways including both U.S. and state route systems similar to Bath County Industrial Park.

Ultimately, the region has a relatively large number of industrial and commerce parks with a substantial amount of land that is available and/or suitable for construction. While not all parks have all utilities available, the majority do. Additionally, there are a large number of parks, more than 20, within close proximity to interstates. For local businesses with light industrial or warehouse space needs, the Bath County Industrial Park provides an opportunity for expansion within the county. The 144.7-acre industrial park located off Route 637 in Millboro, Virginia and is the only industrial or commerce park in the county. Currently it has one primary tenant, Bluegrass Woods, Inc. which produces fiberglass products and 64 acres suitable for development with electric, water, sewer and telecommunications are available. However, within the region, there are a number of other industrial parks with more available acreage and better access to major transportation routes that might be more attractive to businesses looking to move into the region. The park is currently 25 minutes from Interstate 64 at Exit 43 and roughly 45 minutes from Interstate 81 at Exit 191. The future demand for space at Bath County Industrial Park is uncertain because of its location and its regional competition.

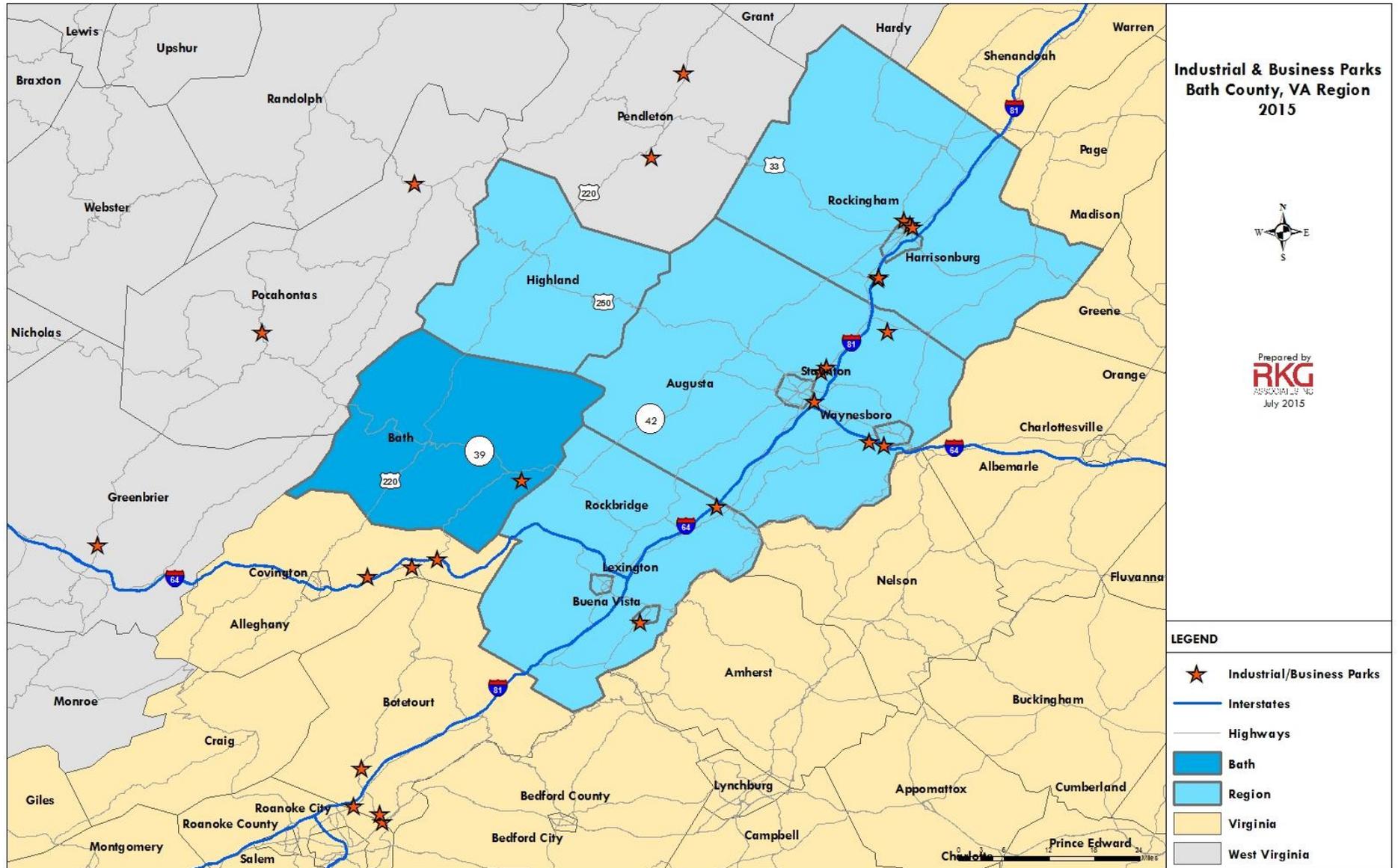
**Table 3-4
Regional Industrial Parks, Virginia and West Virginia
Bath County, VA and Surrounding Area**

Name	Location	Land Area (Acres)		Provider Available				
		Total	Available/ Suitable for Construction	Electric	Natural Gas	Water	Sewer	Telecom
Alleghany Innovation Park	Alleghany County	140.0	N/A	x		x	x	x
Clifton Forge Business Park	Alleghany County	20.5	N/A	x	x	x	x	x
Mill Place Commerce Park	Augusta County	400.0	186.0	x	x	x	x	x
Shenandoah Valley Regional Aviation Park	Augusta County	30.0	30.0	x	x	x	x	x
Bath County Industrial Park	Bath County	144.7	64.0	x		x	x	x
Botetourt Center at Greenfield	Botetourt County	484.0	400.0	x	x	x	x	x
EastPark Commerce Center	Botetourt County	N/A	0.0	x	x	x	x	x
Jack C. Smith Industrial Park	Botetourt County	N/A	0.0	x	x	x	x	x
Vista Corporate Park	Botetourt County	N/A	0.0	x	x	x	x	x
Rockbridge Regional Industrial Park	Buena Vista, VA	34.5	30.9	x	x	x	x	x
Alleghany Regional Commerce Center	Covington, VA	300.0	N/A	x		x	x	x
Acorn LC Industrial Park	Harrisonburg, VA	94.4	94.4	x	x	x	x	x
Acorn Industrial and Business Park	Harrisonburg, VA	6.7	6.7	x	x	x	x	x
Rockbridge Commerce Park	Rockbridge County	115.0	115.0	x	x	x	x	x
Shenandoah Valley Industrial Park Central Campus	Rockingham County	67.0	40.0	x	x	x	x	x
Shenandoah Valley Industrial Park South Campus	Rockingham County	245.0	245.0	x	x	x	x	x
Innovation Village @ Rockingham	Rockingham County	365.0	325.0	x	x	x	x	x
Green Hills Industry and Technology Park	Staunton, VA	210.0	101.0	x	x	x	x	x
Staunton Crossing	Staunton, VA	295.0	220.0	x	x	x	x	x
Exit 96 Business and Industry Park	Waynesboro, VA	170.0	150.0	x	x	x	x	x
Waynesboro B&I Exit 94 Park	Waynesboro, VA	50.0	18.0	x	x	x	x	x
Greenbrier Valley Airport Industrial Park	Greenbrier County, WV	58.0	29.0	x	x	x	x	x
Pendleton Industrial Park (Upper Tract)	Pendleton County, WV	28.2	14.1	x	x	x	x	x
Pendleton Business Park	Pendleton County, WV	33.7	N/A	x		x	x	x
Edray Business Park	Pocahontas County, WV	96.0	96.0	x		x		x
East Fork Industrial Site	Pocahontas County, WV	99.0	N/A	x		x		x
Total		3,486.6	2,165.1					

Source: RKG Associates, Inc., 2015

Note: N/A indicates where information was unavailable.

Map 3-1



Source: U.S. Census Bureau, Esri, RKG Associates, Inc., 2014

F. SOLE PROPRIETOR/ENTREPRENEURSHIP TRENDS

RKG's stakeholder interviews indicated that the county may have a number of self-employed sole proprietors working at very small businesses as form of employment. This is quite common in rural areas where employment opportunities are limited or where the types of available jobs are a mismatch with local workers. Individuals working as self-employed are one indicator of entrepreneurial activity. In order to better understand this element of the local economy, RKG Associates analyzed nonemployer statistics collected by the U.S. Census Bureau. In order to be included in the nonemployer survey, a business must have no employees other than the owner and pay federal income tax. Similar to employment trends, the nonemployer establishments are assigned a NAICS code to identify the type of business. Industries with no reported data in Table 3-5 represents data that was withheld by the U.S. Census Bureau to avoid disclosing information for an individual business. However, these businesses are included in the total number of establishments. However, it should be noted that many sole proprietors are not captured in federal data sources because they do not operate legally registered companies and may not always report their revenues to the government. Therefore, many undisclosed sole proprietors operate as part of a rural underground economy.

Between 2004 and 2013, the number of sole proprietors in Bath County declined by 1.8% from 338 to 332. This is a small decrease in establishments over the last 10 years, indicating that a generally stable but moderately sized portion of the economy is represented by sole proprietors. For those categories for which information is available, the largest concentration of self-employed persons was in businesses within Other Services (except public administration), Construction as well as establishments within the Administrative and Support and Waste Management and Remediation Services in 2013. As a point of reference, Bath County had a total of 2,315 jobs in 2014. Based on the data below, self-employed persons comprise roughly 14.3% of this total and roughly one-third of the people who report that they live and work in Bath County.

Table 3-5
Sole Proprietor/Nonemployment Trends, 2004 - 2013
Bath County, Virginia

NAICS	2004		2013		Change '04 - '13	
	Count	Percent	Count	Percent	Count	Percent
Total Establishments	338	100.0%	332	100.0%	(6)	-1.8%
11 Agriculture, Forestry, Fishing & Hunting	--	--	18	5.4%	--	--
23 Construction	57	16.9%	65	19.6%	8	14.0%
31 Manufacturing	--	--	6	1.8%	--	--
42 Wholesale Trade	--	--	--	--	--	--
44 Retail Trade	36	10.7%	31	9.3%	(5)	-13.9%
48 Transportation & Warehousing	--	--	8	2.4%	--	--
51 Information	--	--	3	0.9%	--	--
52 Finance & Insurance	--	--	8	2.4%	--	--
53 Real Estate & Rental & Leasing	30	8.9%	36	10.8%	6	20.0%
54 Professional, Scientific & Technical Services	36	10.7%	17	5.1%	(19)	-52.8%
56 Admin & Support & Waste Mgmt & Remediation	23	6.8%	48	14.5%	25	108.7%
61 Educational Services	--	--	4	1.2%	--	--
62 Health Care & Social Assistance	11	3.3%	14	4.2%	3	27.3%
71 Arts, Entertainment & Recreation	26	7.7%	16	4.8%	(10)	-38.5%
72 Accommodation & Food Services	--	--	--	--	--	--
81 Other Services (except Public Administration)	65	19.2%	48	14.5%	(17)	-26.2%

Source: U.S. Census Bureau, 2015

While Other Services declined during this period by 17 establishments, this industry remained one of the larger industry categories in 2004 (19%, 65 establishments) and 2013 (14.5%, 48 establishments). The majority of the establishments within this industry sector are in Personal and Laundry Services. Examples of the type of businesses in this sub-sector include dry cleaners, pet care (not veterinary) and photofinishing services. Sole proprietor Construction businesses increased in number of establishments between 2004 and 2013 by 8 businesses. The Construction sector represented a growing portion of all establishments during this period increasing from 16.9% (57 establishments) in 2004 to 19.6% (65 establishments) in 2013. While data was not provided for the establishments within the Construction sub-sectors for 2004, Specialty Trade Contractors such as plumbers and electricians comprised 58 of the 65 establishments in 2013.

Administrative and Support Services and Waste Management and Remediation Services establishments more than doubled in size from 2004 to 2013. By 2013, this industry sector had a total of 48 establishments and represents 14.5% of the 332 sole proprietor establishments in Bath County. The majority of these businesses are in Administrative and Support Services (46 establishments) such as personnel administration and business facility cleaning services.

The analysis of sole proprietors indicates that there are concentrations of self-employed individuals in Personal and Laundry Services, Specialty Trade Contracts and Administrative and Support Services. Personal and Laundry Services likely cater to the second home and vacation home portion of the Bath County economy although the number of these establishments has declined. Specialty Trade Contractors who can provide renovation and maintenance work of the existing housing stock, such as plumbers and electricians, comprise most of the current self-employed establishments in Construction in Bath County in 2013. This indicates that there is continued demand for these specialty trades even as development of housing units has slowed. Additionally, there has been an increase in Administrative and Support Service establishments indicating that a growing number of sole proprietors are providing services either in person or remotely to businesses which previously would have done these services themselves. These three industries, which comprise a number of sole-proprietors, have the greatest potential for expansion and present an opportunity to provide support for local business development.

G. WORKFORCE CHARACTERISTICS

1. Labor Force Participation Rate

Labor force participation reflects the percentage of the total population age 16 years or older who are in the labor force and are either employed or unemployed but looking for a job. For this analysis, American Community Survey (ACS) 5 Year 2013 estimates were used. While these 2013 estimates are based upon samples taken from five years of data collection, ACS was the only identifiable source that has sufficient data on both economic and demographic variables to provide labor force participation information at the county level.

Approximately 64% of the local population 16 years of age or over is in the labor force in Bath County (Table 3-6). Anecdotal evidence obtained through interviews indicated that a higher percentage of females were participating in the workforce than males. Based upon labor force information gathered by ACS, there is only a slightly larger number of females 16 years of age or greater than males within the population, approximately 52% to 48% respectively. However, approximately 68% of males are in the labor force as compared to 60% of females. Therefore, it is possible that the perception that more females

**Table 3-6
 Labor Force Participation: 2013 5-Year Estimates
 Bath County, Virginia**

	Total 16 Years +		In Labor Force	
	Count	Percent Total	Count	Percent 16 Years +
Male	1,819	48.2%	1,243	68.3%
Female	1,954	51.8%	1,185	60.6%
Total	3,773	100.0%	2,428	64.4%

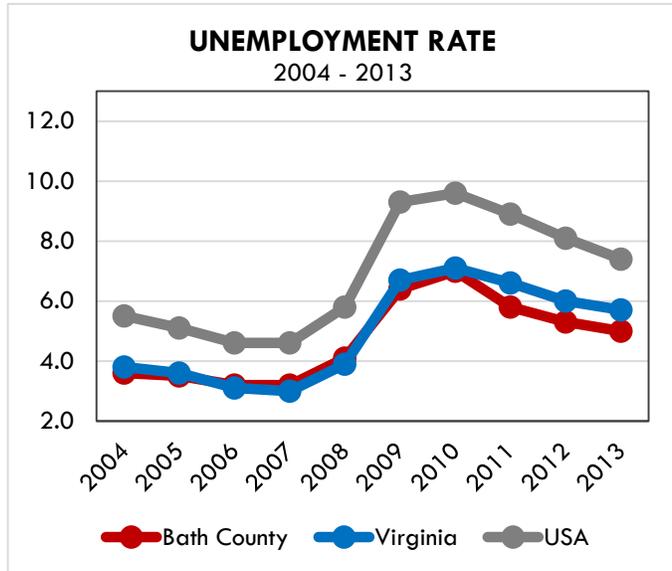
Source: U.S. Census Bureau, American Community Survey, 2015

are working than males may be due to the visibility of the jobs that employ these individuals such as service and hospitality positions. It may also indicate that more males out-commute for employment or are self-employed whereas females are working for local employers. In some rural, tourist-based economies, RKG has noticed lower participation rates in males due to a perceived mismatch between the types of tourism jobs available (e.g., hotel and restaurant jobs, etc.) and predominant blue collar skill sets of local males.

2. Unemployment Trends

Unemployment in Bath County has remained below that of the nation since 2004 (Figure 3-2). Similar to both the Commonwealth and the nation, Bath County experienced a notable increase in unemployment between 2008 and 2010 like the rest of the U.S. However, since 2010, Bath County has recovered more quickly than the rest of Virginia, which the county closely mirrored between 2004 and 2009. Additionally, when compared to the other cities and counties in the region, the 5% unemployment rate in Bath County in 2013 is one of the lowest. It is also possible that the lower unemployment rates since the 2008 recession could be partially due to persons who were previously unemployed but no longer looking for employment. Persons who have stopped seeking employment are not considered part of the labor force.

Figure 3-2



Source: U.S. Bureau of Labor Statistics, 2015

3. Occupational Skill Level

Using data provided by the U.S. Bureau of Labor Statistics, RKG Associates examined the occupational skill level of the Northwestern Virginia Non-Metropolitan Area labor force based on Standard Occupation Classifications. Data were not available for Bath County specifically. The non-metropolitan area includes the following counties and cities: (1) Alleghany, (2) Augusta, (3) Bath, (4) Culpeper, (5) Highland, (6) Madison, (7) Orange, (8) Page, (9) Rappahannock, (10) Rockbridge and (11) Shenandoah counties and (12) Buena Vista, (13) Clifton Forge, (14) Covington, (15) Lexington, (16) Staunton and (17) Waynesboro cities. The consultants then classified each occupation by the general skill and education level required to do each job. Occupations were grouped as white collar or blue collar and one of three skill levels, low-skilled, semi-skilled and high-skilled. While this level of categorization is general in nature, it does start to identify the region's workforce characteristics. Examples of the types of occupations that fall within these categories are as follows:

White Collar

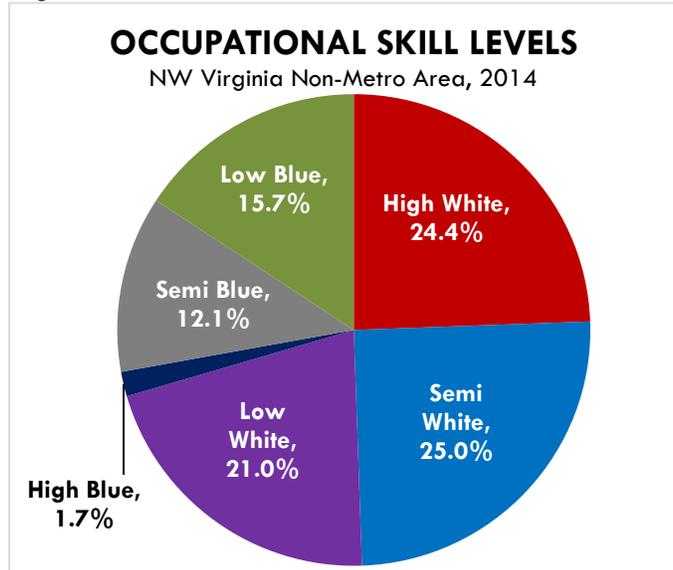
- Highly-Skilled: registered nurses, school teachers and medical doctors
- Semi-Skilled: secretaries, administrative assistants, office clerks and correctional officers
- Low-Skilled: food preparation and service workers, retail sales persons and cashiers

Blue Collar

- Highly-Skilled: first-line supervisors of production, operations and construction
- Semi-Skilled: tool setters and operators, team assemblers and machinists
- Low-Skilled: truck and delivery service drivers and laborers in various fields

Approximately 70% of the labor force in northwestern Virginia work in white collar positions ranging from low-skilled to high-skilled (Table 3-3). This is consistent with four of the top five industries in the Central Shenandoah Planning District Commission region discussed previously: Health Care and Social Assistance, Education Services, Retail Trade and Accommodation and Food Service. The top regional industry, Manufacturing, primarily offers blue collar positions which represent the remaining 30% of the jobs in the Northwestern Virginia Non-Metropolitan Area. Therefore, the current skill level of the labor force generally matches that of the major employment sectors within the region. However, feedback from employers within Bath County indicates that additional training and a more highly skilled labor force could help to meet current employment needs. Given that approximately 74% of the current employed population is in low-skilled and semi-skilled blue or white collar occupations, there is a large portion of this population that could gain additional training to meet these needs.

Figure 3-3



Source: U.S. Bureau of Labor Statistics, 2015

4. Regional Commuting Patterns

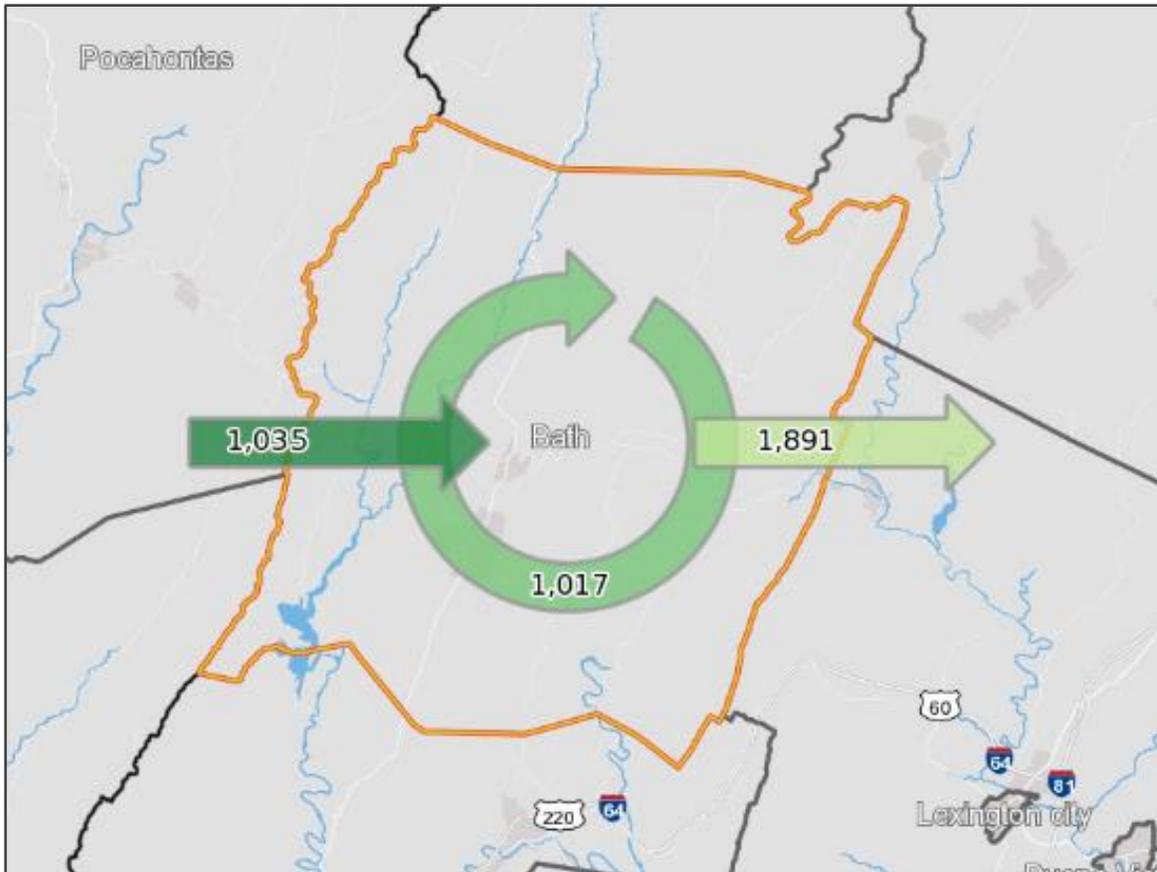
In order to understand the labor force dynamics of Bath County, RKG Associates analyzed commuting patterns of Bath County residents in the labor force and persons employed in jobs within the county. This data was provided by the U.S. Commission for Economic Studies and the Longitudinal Employment Household Demographics (LEHD) survey for 2013.

Bath County is a net-exporter of workers as more people out-commute for work each morning than in-commute. Approximately 1,017 residents live and work in Bath County, while approximately 1,035 in-commute and 1,891 out-commute to cities and counties outside Bath for employment (Map 3-2). Of those employees commuting to Bath County, the largest portions come from:

In-commuting Locations (Place of Residence):

- Alleghany (12.8%),
- Highland (8.2%),
- Augusta (6.2%)
- Rockbridge (2.4%) counties and
- City of Covington, VA (4.4%) (Table 3-7).

Map 3-2



Source: OnTheMap, LEHD, 2015

**Table 3-7
 Commuting Patterns, Bath County Employees
 County and Incorporated Places, 2013**

	Count	Share
Bath County, VA	1,017	49.6%
Alleghany County, VA	262	12.8%
Highland County, VA	169	8.2%
Augusta County, VA	127	6.2%
Covington City, VA	90	4.4%
Rockbridge County, VA	50	2.4%
Greenbrier County, WV	27	1.3%
Botetourt County, VA	23	1.1%
Waynesboro City, VA	22	1.1%
Rockingham County, VA	20	1.0%
All Other Locations	245	11.9%
Total	2,052	100.0%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2015

**Table 3-8
 Commuting Patterns, Bath County Residents
 County and Incorporated Places, 2013**

	Count	Share
Bath County, VA	1,017	35.0%
Augusta County, VA	320	11.0%
Alleghany County, VA	214	7.4%
Covington City, VA	118	4.1%
Rockbridge County, VA	117	4.0%
Staunton City, VA	98	3.4%
Waynesboro City, VA	84	2.9%
Rockingham County, VA	75	2.6%
Harrisonburg City, VA	74	2.5%
Roanoke City, VA	51	1.8%
All Other Locations	740	25.4%
Total	2,908	100.0%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2015

Out-commuting Locations (Place of Employment)

- Augusta (11%),
- Alleghany (7.4%)
- Rockbridge (4 %) counties and
- City of Covington (4.1%) (Table 3-8).

In addition to the City of Covington, the cities of Staunton (3.4%) and Waynesboro (2.9%) are locations within the above counties to which Bath County residents out-commute. In terms of in-commuting at a city level, only Waynesboro (1.1%) contributes more than 1% of persons commuting to Bath County for work in addition to the City of Covington. Therefore, the data confirms there is not a sufficient job base to meet the needs of Bath County residents. However, if the local job base was larger and more diverse, there is the potential to recapture County residents to work locally.

5. Workforce Asset & Needs Analysis

The workforce in Bath County includes both employed persons and those actively seeking employment. Much of the earlier analysis in this section addressed recent employment trends, but this analysis is focused on the characteristics of those unemployed residents seeking employment. RKG Associates analyzed the characteristics of current job-seekers and consulted with the Shenandoah Valley Workforce Investment Board, the organization chiefly responsible for building the region's workforce.

a) Job Applicant Characteristics

The Virginia Employment Commission's (VEC) primary purpose is the administration of unemployment insurance benefits to qualified Virginia residents and help to connect employers with jobs seekers. VEC is a partner in the Virginia Workforce Network which administers the Virginia Workforce Connection system that provides a range of job services. Anyone can register with the system, although unemployed persons are required to register.

For this analysis, data was compiled for 83 persons from Bath County who registered from June 2014 to May 2015 (Table 3-9).¹ During the last year just over half of the jobs seekers who registered with VEC were male (43 persons) and the remainder female (40 persons). Approximately 52% of the registrants from Bath County were younger than 35 years of age, with only approximately 10% or 8 registrants close to or beyond retirement age. The largest

**Table 3-9
Job Applicant Demographics
Bath County, VA, 6/2014 - 5/2015**

	Count	Percent
GENDER		
Male	43	51.8%
Female	40	48.2%
Total	83	100.0%
AGE		
Under 22 years	15	18.1%
22 to 24 years	13	15.7%
25 to 34 years	14	16.9%
35 to 44 years	18	21.7%
45 to 54 years	15	18.1%
55 to 64 years	5	6.0%
65 years and over	3	3.6%
Total	83	100.0%
RACE/ETHNICITY		
White, Not Hispanic or Latino	72	86.7%
Black or African American, Not Hispanic or Latino	5	6.0%
Hispanic or Latino	3	3.6%
Multiple Races, Ethnicity Unknown	1	1.2%
Race/Ethnicity Unknown	2	2.4%
Total	83	100.0%
EDUCATION ATTAINMENT		
Some High School	6	7.2%
High School Grad/GED	42	50.6%
Some College	11	13.3%
Associate's Degree	4	4.8%
Bachelor's Degree	8	9.6%
Post Graduate Degree	3	3.6%
Unknown	9	10.8%
Total	83	100.0%

Source: Virginia Employment Commission, 2015

¹ Virginia Workforce Connection. (2015). Virginia Employment Commission. Retrieved on July 19, 2015 from <http://www.vec.virginia.gov/virginia-workforce-connection>.

concentration of registrants, approximately 22%, was between the ages of 35 years and 44 years and nearing the midpoint of their work life. Additionally, 18% or 15 registrants were under the age of 22 years of age.

Relative to education attainment, 42 (50.4%) of the 74 registrants had a high school degree or graduate equivalency. An additional 15%, 11 registrants, have some college but no degree. When compared to the 2014 estimates of educational attainment for Bath County the level of education attainment for persons registering with the VEC appears to be distributed similarly, with a large percentage of high school graduates.

The demographics of those registering with the VEC system indicates that most have a high school degree and are slightly more likely to be between the ages of 35 years and 44 years. Additionally, they are more likely to be male than female. In general, this small group of Bath County residents approximately resembles much of the county's demographic characteristics.

Approximately half (41) of the VEC job applicants elected to complete the skills assessment portion of the registration process to determine their occupational skills category. The largest concentrations of applicants are Construction Trade Workers (15%, 6 registrants), Motor Vehicle Operators (10%, 4 registrants) and Cooks and Food Preparation Workers (7%, 3 registrants). This indicates that many recent job seekers are workers with experience in low-skilled and semi-skilled blue and white collar positions (Table 3-10).

Table 3-10
Job Applicant Recent Occupation
Bath County, VA, 6/2014 - 5/2015

Code	Occupation	Count	Percent
11-2000	Advertising, Marketing, Promotions, Public Relations	2	4.9%
11-3000	Operations Specialties Managers	2	4.9%
	Counselors, Social Workers, and Other Community and Social		
21-1000	Service Specialists	1	2.4%
25-1000	Postsecondary Teachers	1	2.4%
27-1000	Art and Design Workers	1	2.4%
35-2000	Cooks and Food Preparation Workers	3	7.3%
35-3000	Food and Beverage Serving Workers	1	2.4%
37-1000	Supervisors of Building and Grounds Cleaning and Maintenance	1	2.4%
37-2000	Building Cleaning and Pest Control Workers	1	2.4%
37-3000	Grounds Maintenance Workers	1	2.4%
39-1000	Supervisors of Personal Care and Service Workers	1	2.4%
39-3000	Entertainment Attendants and Related Workers	1	2.4%
41-2000	Retail Sales Workers	2	4.9%
43-4000	Information and Record Clerks	2	4.9%
43-5000	Material Recording, Scheduling, Dispatching, and Distributing	1	2.4%
43-6000	Secretaries and Administrative Assistants	1	2.4%
43-9000	Other Office and Administrative Support Workers	1	2.4%
47-1000	Supervisors of Construction and Extraction Workers	1	2.4%
47-2000	Construction Trades Workers	6	14.6%
51-2000	Assemblers and Fabricators	1	2.4%
51-3000	Food Processing Workers	1	2.4%
51-4000	Metal Workers and Plastic Workers	2	4.9%
51-9000	Other Production Occupations	2	4.9%
53-1000	Supervisors of Transportation and Material Moving	1	2.4%
53-3000	Motor Vehicle Operators	4	9.8%
Total		41	100.0%

Source: Virginia Employment Commission, 2015

b) Labor Needs Analysis

The characteristics of recent job applicants that registered with the VEC, indicate that those persons looking for work in Bath County are sometimes in the middle of their careers, have a high school education and experience in low-skilled and semi-skilled blue collar or white collar jobs. Discussions with the Shenandoah Valley Workforce Improvement Board (SVWIB) indicate that many of the individuals who are looking for work do not have specialized training and have already tried employment at some of the county's larger employers such as The Omni Homestead, Bath Community Hospital or BARC Electric Cooperative. Job seekers are looking for positions that offer stability and a higher income. Those that do find work are often employed in nearby counties such as Rockbridge and Alleghany or in cities such as Staunton, Buena Vista and Lexington. These jobs are often in manufacturing, at area universities or in accommodation at other regional resorts. Ultimately, these individuals are willing to commit to long commutes to find the opportunities for which they are qualified and meet their needs.

The SVWIB confirms that those who do have specialized training have an easier time finding a new position but those that do not require additional training in order to qualify for the jobs that are available. However, the locations for job training are not close to most residents in the county and often require nearly an hour's drive. There are opportunities for on-the-job training, and SVWIB provides a limited amount of financial support for training of this type, particularly for smaller businesses in the area. Additionally, an evaluation of the manufacturing workforce conducted for the SVWIB in 2013 indicates that the entire valley, ranging from Bath County at the southern end to Frederick County in the north, is experiencing an aging workforce with a growing number of workers nearing retirement age. This is projected to lead to the decline in the portion of first-time workers in the valley's workforce and also generate a growing demand for workers over the next 10 years. The report indicated that this would be particularly true in knowledge-based areas such as engineering and electrical technologies, machining, mechanical technologies, welding, pipefitting, and computer occupations. These positions require training and in some cases additional education. In their research for the report, Chmura found that a large number of workforce training and education opportunities were available to the valley workforce but better access to these programs is needed.² This is consistent with feedback at the county level from SVWIB staff which indicates that increased access to training opportunities closer to the county might be beneficial for the Bath County workforce, particularly in the near future.

6. Workforce Training & Development

Local input from local employers indicate that local business are experiencing challenges in filling positions from the local workforce; partially due to the limited number of workers but also due to insufficient skills and education. This is further supported by growing regional demands for a trained workforce mentioned in the previous section. The following is a summary of the workforce training programs available to residents in Bath County.

a) Shenandoah Valley Workforce Investment Board (SVWIB)

The SVWIB is located in downtown Harrisburg and serves 16 areas in northwestern Virginia including Bath County. SVWIB offers a variety of services for both the valley workforce as well as employers. Those pertaining to workforce development include workforce training scholarships and assisting with on-the-job training opportunities. The Board also operates several Valley Workforce Centers including locations in Staunton and Buena Vista at the Rockbridge Regional Center of Dabney S. Lancaster Community College. Workforce Centers focus on provide a variety of services for jobs seekers including resume writing, skills assessments, internet access, jobs searching assistance and interviewing skills assistance.

² *The Changing Manufacturing Workforce in the Shenandoah Valley: A Look at Regional Issues Related to Worker Upskilling and an Aging Workforce*, Chmura Economics & Analytics, 2013.

b) Dabney S. Lancaster Community College (DSLCC)

DSLCC's has a main campus in Clifton Forge and a second location in Buena Vista called the Rockbridge Regional Center. One of the primary focuses of the community college is their Workforce Solutions and Continuing Education (WSCE) division. While this division is housed on the main campus, classes are also available at the Rockbridge Regional Center.³

WSCE provides customized workforce development training programs initiated by businesses in the community. WSCE work with businesses to identify training curriculum, facilities and evaluation methods and can offer classes either on-site or at a business location. The WSCE also utilizes its partnership and connections with Commonwealth-wide service providers such as the Virginia Center for Innovative Technology and other community colleges to ensure that the proper training is provided. WSCE also offers Educational Talent Search which is a program that focuses on individuals who are potentially first generation college students and works with these students from grade six through high school to help them complete high school and attend college.

"On Ramp," another workforce development program, targets unemployed adults who need additional education and training to gain the credentials needed for in-demand careers. Participants are provided with a variety of assistance including a skills assessment and identifying potential employers based on gained credentials from the program. Additionally, DSLCC now offers the Virginia Career Readiness Certificate which provides basic training for current or potential employees in applied mathematics, reading for information and information gathering.

DSLCC also offers a variety of certificate and degree programs that can help to better prepare and tool the existing labor force in Bath County and the region. Certificates are offered in a range of areas including hospitality services, hospitality management, culinary arts, baking and pastry arts, advanced manufacturing fundamentals, small business management, sustainable agriculture, practical nursing and microcomputer operations, among others. DSLCC also offers degree programs including business administration, nursing, business management, culinary arts and management and forest management technology. Online courses are also available on a variety of topics including health care, hospitality and service and media and design.

H. IMPLICATIONS

Although tourism and associated industries are likely to remain a large part of the Bath County economy in the future, Bath County leaders recognize the benefits of diversifying the local economy. Industry sectors other than Accommodation with employment concentrations include Health Care and Social Assistance, Construction and Utilities all associated with either top employers in the county and a large second home market. Additionally, the Utilities and Private Household (i.e. personal chefs) employment sectors are strong performers when compared to the Commonwealth which is directly related to the presence of Dominion Power, BARC Electric Cooperative and a large number of second home owners looking for personalized services.

Bath County is also locally competitive for professional, scientific and technical service consulting firms, nursing and residential care facilities, construction and the performing arts industry. Fostering employment growth by continuing to provide a supportive business environment and maintaining competitiveness born of project-based employment growth (Construction), are other potential avenues for economic expansion. Conversely, Retail Trade remains non-competitive indicating that expansion to meet the some of the retail needs of local population is possible, but the economy does not currently support a larger commercial center model similar to that in neighboring communities such as Staunton and Lexington.

³ Information about the workforce training, degree and certificate programs discussed below can be found on the DSLCC website, www.dslcc.edu.

The county also has a proportionally large group (over 300 establishments) of self-employed individuals engage as: Personal and Laundry Service providers, Specialty Trade Contractors such as plumbers and carpenters. Additionally, there has been a growth in Administrative and Support Services establishments indicating that a growing number of sole-proprietors in the county are providing services either in person or remotely to businesses which previously would have done so in-house. These businesses have the potential to expand and employ additional workers, presenting an opportunity for the county to provide resources for small businesses and promote growth.

However, efforts to foster economic expansion must contend with the existing Bath County economy and workforce. Currently, the county is a net exporter of labor, indicating that more residents leave the county for employment each day than commute into Bath. Additionally, the county is experiencing a loss of young professionals and families. The expansion of employment opportunities may be able to stem this trend, but growth in the industries highlighted above may require retooling or certifying the existing workforce and providing opportunities for current students to gain the skills they need to stay in Bath County once they graduate. Opportunities for workforce development exist within the region, both through the regional workforce improvement board and Dabney S. Lancaster Community College. Unfortunately, these resources are not located within the county. Therefore, there is the potential to work with these entities to increase access to resources should sufficient interest be generated from local residents.

4 HOUSING AND SECOND HOME ANALYSIS

Bath County's housing market has been impacted by changes in the economy as a whole, most notably the 2008 recession and financial crisis. Bath County has an emerging seasonal and second home market. Given the county's reliance on tourism as its primary economic industry, the dynamics of this second home market brings and added dimension to the county's visitor base. The following housing analysis examines the seasonal and second home market, as well as housing for year-round residents.

A. METHODOLOGY

A large part of the housing analysis utilized 2014 Bath County property tax assessment records. While property values are based upon the last assessment in 2011, this data represent the most complete accounting of residential property in the county. This data was used for the second home and housing affordability analyses. Additional explanation related to the specifics of these analyses is included throughout the analysis. Other sources of information include the U.S. Census Bureau for permit data and estimates provided by third party data provider Experian¹ for housing tenure and vacancy data. Additionally, interviews were conducted with major vacation and second home developments and local brokers to gain an on-the-ground perspective of the current market conditions and trends in Bath County.

B. RESIDENTIAL MARKET ANALYSIS

1. Residential Market Profile

The residential market in Bath County is composed of primarily owner-occupied single family homes. RKG estimates that 75% of the occupied units in the county are owner-occupied units (Table 4-1). The remaining 25% of occupied units are renter-occupied. Given that property assessment records indicate that only 23 small multi-family properties exist in the county, some of these rental units are likely single family homes.

In 2014, an estimated 36% of the housing units in Bath County were vacant. This high portion of vacant units is largely due to the substantial second home market in the county. Second homes are not counted as occupied units by the U.S. Census Bureau and thus are not included in the 2014 estimates. Additionally, with an overall decline in the number of resident households in Bath County, vacancy rates for housing units geared towards year-round residents have likely also increased over the last decade and are contributing to the high vacancy rate.

Table 4-1

**Housing Characteristics, 2014 Estimates
Bath County, Virginia**

	Count	Percent
Total Units	3,296	100.0%
Occupied Units	2,109	64.0%
Owner-Occupied	1,577	74.8%
Renter-Occupied	532	25.2%
Vacant Units	1,186	36.0%

Source: Experian, 2015

¹ Experian is a nationally recognized third party data provider that uses proprietary methodology to generate U.S. Census-based estimates and projections for a variety of geographies and data points.

2. Building Permit Trends

In order to understand development activity both pre and post-recession, the consultant analyzed new privately owned residential building permits as reported to the U.S. Census Bureau for Bath County. Building permits provide an approximate estimate of housing development activity since the year a building permit is issued is not necessarily the year the building is completed. The issuance of a building permit does not guaranty that the unit will be built and occupied so it is not a perfect housing measure.

Consistent with the largely single family housing market, building permits have only been approved for single family housing units between 2005 and 2014. Over the last 10 years, there has been a decline in permit activity in Bath County. The number of permits issued peaked in 2006 with 39 permits. However, between 2006 and 2010 there was slight decline in permits issued to between 19 and 26 permits annually (Table 4-2). The decline in new residential building permits continued through the rest of the decade as the national recession hit in 2008-2009. In 2011, less than half the number of the previous year was issued. A similarly small amount of residential permits were issued in 2012 and 2013, but in 2014 dropped further to 4 permits. To the extent that permit activity corresponds to development activity, the overall decline in permit activity since 2005 indicates that there has been only a small amount of residential development in Bath County and even this level of activity has declined over the last decade particularly in the years after the 2008 recession.

In addition to permit data, the U.S. Census Bureau also requests data on construction costs associated with the buildings for which permits are issued. The average cost per unit peaked at approximately \$390,000 per unit in 2007 before the recession and dropped to less than \$85,000 per unit after the recession in 2012 and 2013. The overall decline in construction cost per unit indicates that the size and quality of the single family units built after 2009 was below that of the units built before the recession.

Table 4-2

**New Privately-Owned Residential Building Permits, Units 2005 - 2014
 Bath County, Virginia**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Units									
Single Family	31	39	21	26	19	25	11	10	12	4

Source: U.S. Census Bureau, 2015

C. SECOND HOME MARKET ANALYSIS

Real estate interviews and RKG's independent analysis indicates that the second home market in Bath County plays a role in both the overall residential market and the county's economy through the demand for goods and services. In order to understand this market, the consultant analyzed the county's property assessment records focusing on single family, townhouse, condominiums and dwelling units on large acreage as the most likely candidates for second homes. Only records with a single dwelling were included. For this analysis, a residential property was assumed to be a second home if the mailing address of the property owner was outside the five zip codes that Bath County falls within.² While the consultant acknowledges that there are cases where this methodology does not always identify a second home, it was determined to be the best way to identify likely second home properties for the entire county based on available data. The following are the results of this analysis.

² Bath County includes zip codes: 24484, 24487, 24460, 24445 and 24412

1. Second Home Development Trends

Over the last 10 years, 162 residential units were developed in Bath County. Approximately 121 units (75%) were single family units on less than 20 acres of land. The remaining 41 units (25%) were dwelling units on large properties of 20 acres or more. Since 2005, no smaller units such as townhouses or condominiums have been built, which is consistent with the predominance of single family units in the residential market (Table 4-4).

Between 2005 and 2014, an estimated 78 second homes were built in Bath County. This represents approximately 48% of the 162 new residential units during the study period. Most of these homes (53 units) were single family homes on lots of less than 20 acres. More than half of these single family units (36) were built between 2005 and 2009 before or during the recession. An additional 17 single family units have been built since 2010, mirroring the slower pace of development of single family units also seen in the entire residential market in recent years and consistent with declines in permit activity discussed above.

When compared to residential units with Bath County owners, or those with mailing addresses within the five zip code area, second homes built over the last 10 years are both larger and in most cases have a higher building value per square foot. Second homes ranged from an average of more than 2,700 square feet per unit pre-recession to approximately 2,300 square feet after the recession. By comparison, the average size of housing units owned by Bath County residents was generally smaller, approximately 2,000 square feet before and after the recession.

Second homes built before the recession were valued at roughly \$215 per square foot while housing units owned by Bath County residents during this time were \$129 per square foot. After the recession, the building value per square foot declined for both groups. Single family second homes built between 2010 and 2014 were on average \$163 per square foot while single family units built during this time and owned by Bath residents were less than half of the value at an average of \$79 per square foot. This indicates that for residential units built over the last 10 years there exists two distinct residential segments within the Bath County residential market: those houses built for Bath County residents and those built for households interested in owning a vacation or second home.

However, when the entire housing inventory is analyzed, the difference between primary residences and second homes is less substantial. Second homes are generally less than 400 square feet bigger on average. Additionally, single family second homes are approximately \$30 higher in value per square foot on average and dwelling units on properties of more than 99 acres are \$25 per square foot higher on average. This indicates that it is likely that second home development in more recent years has been focused on larger, higher value homes.

Table 4-4

Development Trends, 2005 to 2014
Bath County, Virginia

	Total Units	Bath County Owner									Outside Ownership								
		Units	% Total	Square Feet	Bldg. Value	SF/Unit	Value/ SF	Acres	Land Value	Value/Acre	Units	% Total	Square Feet	Bldg. Value	SF/Unit	Value/ SF	Acres	Land Value	Value/Acre
2005 - 2009																			
Single Family Units	86	50	58.1%	98,356	\$12,662,686	1,967	\$129	297.1	\$3,933,800	\$13,240	36	41.9%	98,268	\$21,166,798	2,730	\$215	185.6	\$8,539,200	\$46,016
DU (20 to 99 Acres)	19	6	31.6%	10,711	\$930,516	1,785	\$87	182.8	\$451,700	\$2,471	13	68.4%	24,668	\$3,483,578	1,898	\$141	464.9	\$1,875,400	\$4,034
DU (99 + Acres)	5	1	20.0%	2,601	\$430,548	2,601	\$166	52.2	\$226,200	\$4,335	4	80.0%	13,018	\$2,226,972	3,255	\$171	781.7	\$2,450,600	\$3,135
Total	110	57	51.8%	111,667	\$14,023,750	N/A	N/A	532.1	\$4,611,700	N/A	53	48.2%	135,954	\$26,877,348	N/A	N/A	1,432.1	\$12,865,200	N/A
2010 - 2014																			
Single Family Units	35	18	51.4%	36,504	\$2,898,430	2,028	\$79	93.0	\$695,600	\$7,476	17	48.6%	39,070	\$6,381,816	2,298	\$163	110.2	\$3,131,700	\$28,416
DU (20 to 99 Acres)	12	7	58.3%	13,695	\$1,258,731	1,956	\$92	439.7	\$951,800	\$2,165	5	41.7%	13,555	\$827,460	2,711	\$61	204.9	\$751,400	\$3,668
DU (99 + Acres)	5	2	40.0%	3,107	\$240,830	1,553	\$78	424.7	\$599,800	\$1,412	3	60.0%	7,653	\$1,372,264	2,551	\$179	492.5	\$1,733,200	\$3,519
Total	52	27	51.9%	53,305	\$4,397,991	N/A	N/A	957.4	\$2,247,200	N/A	25	48.1%	60,277	\$8,581,540	N/A	N/A	807.6	\$5,616,300	N/A
TOTAL																			
Single Family Units	121	68	56.2%	134,860	\$15,561,116	1,983	\$115	390.2	\$4,629,400	\$11,866	53	43.8%	137,338	\$27,548,614	2,591	\$201	295.8	\$11,670,900	\$39,458
DU (20 to 99 Acres)	31	13	41.9%	24,406	\$2,189,247	1,877	\$90	622.5	\$1,403,500	\$2,255	18	58.1%	38,223	\$4,311,038	2,123	\$113	669.7	\$2,626,800	\$3,922
DU (99 + Acres)	10	3	30.0%	5,707	\$671,378	1,902	\$118	476.8	\$826,000	\$1,732	7	70.0%	20,671	\$3,599,236	2,953	\$174	1,274.2	\$4,183,800	\$3,284
Total	162	84	51.9%	164,973	\$18,421,741	N/A	N/A	1,489.5	\$6,858,900	N/A	78	48.1%	196,231	\$35,458,888	N/A	N/A	2,239.7	\$18,481,500	N/A

Source: RKG Associates, Inc, 2015

2. Second Homeowner Place-of-Residence

In order to understand where the owners of Bath County second homes reside, RKG Associates examined the mailing address associated with the property tax records for residential properties identified as being second homes. While it is possible that the mailing address is not always the location of the residence of the owner, it provides a sense of geographical ownership trends for second homes in Bath County.

Of the 2,226 residential properties analyzed, 1,416 properties or 64% are owned by persons living within the Bath County zip codes. The remaining 36%, 810 properties, are owned by persons outside the county. As seen in Table 4-5, most of the owners, 570, are from elsewhere in Virginia. The largest concentrations of these owners live in Richmond (45 properties), Roanoke (33 properties), Staunton (31 properties), and Covington (27 properties). Additionally, 22% of the properties are owned by persons outside Virginia and nearby states of Maryland, West Virginia and the District of Columbia. Other small concentrations of these owners come from North Carolina (33 properties) and Florida (29 properties).

**Table 4-5
 Residential Home Ownership Patterns
 Bath County, Virginia**

	Count	Share
County (Zip Code)	1,416	63.6%
24484	254	17.9%
24487	52	3.7%
24460	461	32.6%
24445	617	43.6%
24412	32	2.3%
Outside County	810	36.4%
Virginia	570	70.4%
Maryland	33	4.1%
West Virginia	25	3.1%
Washington, DC	6	0.7%
All Other	176	21.7%
Total Properties	2,226	100.0%

Source: RKG Associates, Inc., 2015

This indicates that the demand for second homes in Bath County is primarily generated from Virginia and those cities within a relatively short driving distance. This is consistent with broker and stakeholder interviews, which indicate that the vacation and second home market is largely generated by persons living within 250 miles of Bath County. Most of these second home owners have experienced Bath County prior to purchasing a property in the area, many of them visiting The Omni Homestead. Additionally, most typically drive no more than four to six hours from their primary residence to Bath County making frequent, long weekends possible.

3. Bath County Second Home Developments

There are two primary vacation and second home developments in Bath County: The Owner's Club at Homestead Resort (Owner's Club) and Natura Retreats' Homestead Preserve (the Preserve). Based on broker feedback, these are the two primary concentrations of second homes in Bath County. The remaining units are scattered throughout the county. In addition, a variety of services are offered to owners throughout the year. The following is a description of these developments and the services provided to second home owners.

a) The Owner's Club at The Omni Homestead Resort

The Owner's Club is situated on property east of The Omni Homestead. There are 33 single families, three-bedroom vacation homes on the property built between 2000 and 2002. The units are approximately 2,500 square feet in size and can accommodate up to eight adults. Owner's Club members buy a share of the property and can stay up to 27 nights per year. In addition to owning a share in the 33 units, members have access to all of the amenities at The Omni Homestead and other benefits such as access to the Resort's two golf courses at cart fee only rates, discounted green fees for guests, and on-site concierge service.

Currently, all Owners' Club memberships are in use and the Owner's Club's busiest time is between April and November, during holidays and most weekends. Members are typically between 50 years and 70 years of age, many are retirees and live within a four hour to six hour drive of Bath County. According to Owners Club Association staff there has been an increase in sales from the Richmond, Virginia area since the early 2000s. When members are interested in selling their shares, they work through local realtors, not the Owner's Club Association. Memberships are most often resold to resort guests and guests of current members. These guests make up the primary target market for the Owner's Club, which has found that word-of-mouth is the primary source of interest in memberships.

Since 2004, staff estimates that approximately 40% of the more than 400 member interests have been resold. Prior to 2005, Owner's Club ownership peaked at more than \$135,000. Today, interests are sold for between \$30,000 and \$40,000 due in part to the impact of the 2008 recession and a decrease in demand for vacation home properties. There are a small number of member interests on the market today. Staff indicates that with additional demand, prices for shares may increase over time, as all shares will adjust in price based on most recent sales due to the similarity in shares.

b) Natural Retreats: Homestead Preserve

The Homestead Preserve is a second home community operated by Natural Retreats. Natural Retreats is a second home development company with 19 U.S. destinations, mostly in mountain and seaside communities, as well as several international destinations. The Homestead Preserve property includes 385 home sites in a residential subdivision centrally located in Bath County with easy access to the area's attractions. The Delafield Rise and Sheep Meadow subdivisions are located in the central to southern portion of Hot Springs just to the east and southeast of The Omni Homestead. Two additional subdivisions, Warm Springs Farm and the Old Dairy are located just north of Warm Springs and in the eastern half of the community. Natural Retreats also owns two additional pieces of land, Parcel 8 along the southern boundary of Delafield Rise and Parcel 9 next to The Omni Homestead Old Golf Course which includes additional building rights.

With the purchase of a home site within the Homestead Preserve, owners have the right to buy a membership at The Omni Homestead and have access to the amenities at The Omni Homestead Preserve's Warm Springs Dairy Community Center in the Old Dairy subdivision. The community center includes amenities such as a fitness center, pool, game room, a banquet hall and meeting rooms. Additionally, owners have exclusive access to trails and conservation land within the development and convenient access to additional trails and conservation land adjacent to the subdivisions. Natural Retreats can also coordinate vacation rentals and property management for second homes within The Omni Homestead Preserve. This service is also available to second home owners throughout the county and rentals are advertised as part of the Handpicked Collection on their website.

The Homestead Preserve focuses on a retiree oriented market seeking custom built homes with amenities in a more rural setting. Since its inception, 157 lots have been sold and 35 single family homes have been built. According to Natural Retreats staff, a majority of these are second homes but a few are primary residences. Of these, 27 lots have been sold and 10 houses have been built over the last 3 years. The future status of the remaining unbuilt home sites is uncertain because the lots, originally purchased at the top of the market, no longer hold the same value as when purchased new. For those owners that purchased lots on speculation, which was quite common during the mid-2000s, there is no opportunity to recoup their original investment.

Prior to the 2008-2009 recession, homes were priced at more than \$1 million. However, after the economic downturn, the homes built are often less than \$800,000. In the years after the recession, staff has indicated that relatively lower priced, smaller homes have been of greater interest to current land owners than in the past. From a price perspective, lots within the subdivisions have

experienced a similar decline. Originally, lots sold for approximately \$200,000 per acre. Currently, lots are selling for 50% of this price, approximately \$100,000 per acre reflecting the impact of the recession on second home demand and investment in the county.

c) Vacation/Second Home Services

Vacation and second home owners in the county have a range of services available to them to maintain their properties and enjoy their time in Bath County. Virginia Hot Springs Realty/Clarkson & Wallace provide support services for a large number of second home owners in the county. These services are also provided by small one or two person entities, on a less formalized basis as highlighted in stakeholder feedback. Area providers offer “dark house” services including property checks, systems maintenance and alarm system response. When homeowners plan to be in town, providers also offer pre-arrival grocery pickup, accept packages and provide cleaning services. Ultimately, services provided are wide ranging and vary by homeowner, property and provider.

D. HOUSING AFFORDABILITY ANALYSIS

1. Affordability Defined

Affordable housing can be defined a number of ways. For this analysis, housing affordability is defined as spending no more than 30% of household annual gross income on housing costs which is consistent with the definition of housing affordability used by the U.S. Department of Housing and Urban Development (HUD). A household has the potential to become cost burdened when it pays more than 30% of annual gross income towards housing costs. Homeownership housing costs, the focus of this analysis, include mortgage payments, homeowners insurance and property taxes.

2. Data Sources

The data used for this analysis is as follows. Data related to the housing costs associated with homeownership was gathered using a variety of sources, including property tax rate information from the Bath County Tax Assessor’s Office, mortgage rates from www.bankrate.com and homeowners insurance rates from ici.homesite.com through Geico Insurance. FHA mortgage information was provided by HUD and conventional loan information was provided by Wells Fargo Bank. The 2014 estimates for median household income were provided by Experian. Residential housing units included in this analysis are those single family, townhouse, condominium and dwelling units on more than 20 acres of land that and are the only dwelling unit on the property as identified by the Bath County property tax assessment database.

3. Affordability Analysis

Housing affordability is an issue in many communities. Affordability, as depicted in this analysis, does not only apply to those who have difficulty finding housing due to lower incomes, it more broadly addresses the ability of households in a community to pay for available housing at all levels of income. In order to gain a general understanding of housing affordability in Bath County, the consultant used the 2014 estimate for median household income, \$43,282, as the income threshold for determining affordability. Based on this income, RKG Associates determined that a household can afford residential ownership units valued at or below \$229,971 with a conventional loan or \$189,002 using a Federal Housing Administration (FHA) loan. Using these housing value thresholds, the consultant analyzed the existing residential units in Bath County using the property tax assessment database.

a) Housing Supply

As seen in Table 4-6, there is a supply of 2,226 residential housing units in Bath County included in this analysis. The total property value of each residential housing unit was compared to that of the property value affordable to households earning the median household income using either

conventional or FHA lending. Based on this analysis, most housing units are valued at or below what is affordable for a household earning the median household income regardless of loan type. Approximately 77% or 1,171 units are affordable housing conventional lending and approximately 69% or 1,544 units are affordable housing FHA loans. To the extent to which value is related to the quality and condition of a housing unit, the distribution of housing indicates that those that are affordable to households earning below the median income are likely of lower quality than those that are affordable to households with higher incomes.

**Table 4-6
Housing Affordability*
Bath County, Virginia**

	Units - Housing Supply			Income - Housing Demand		Gap Analysis	
	Housing Value Threshold	Units	% of Units	Households	Percent of Households	Surplus/ (Shortage)	Supply as a % of Demand
CONVENTIONAL LENDING							
Affordable At Median HH Income	\$229,971	1,717	77.1%	1,050	49.8%	667	163.6%
Affordable Above Median HH Income	\$229,971	509	22.9%	1,060	50.2%	(551)	48.0%
Total		2,226	100.0%	2,109	100%	117	105.5%
FHA LENDING							
Affordable At Median HH Income	\$189,002	1,544	69.4%	1,050	49.8%	494	147.1%
Affordable Above Median HH Income	\$189,002	682	30.6%	1,060	50.2%	(378)	64.4%
Total		2,226	100.0%	2,109	100%	117	105.5%

Source: RKG Associates, Inc., 2015

*All single family, townhouses, condos and dwelling units on large acreage.

Further analysis of recently developed residential units (built in 2005 or later), indicates that less than 8% of the total residential housing stock has been built in the last 10 years. As seen in Table 4-7, a greater number of units built since 2005 are valued above a level that is affordable to a households earning the median income in Bath County with both conventional lending (91 of 162 units) and FHA lending (107 of 162 units). Additionally, these newer housing units represent only 2% to 3% of the total units affordable to households earning the median income and 4% to 5% of units valued above those affordable for the median household income. This indicates that most recently developed units have a value that is primarily affordable to those households earning more than the median income.

**Table 4-7
Housing Affordability, Units Developed Since 2005*
Bath County, Virginia**

	Units - Housing Supply		
	Housing Value Threshold	Units	% of All Units
CONVENTIONAL LENDING			
Affordable At Median HH Income	\$229,971	71	3.2%
Affordability Above Median HH Income	\$229,971	91	4.1%
Total		162	7.3%
FHA LENDING			
Affordable At Median HH Income	\$189,002	55	2.5%
Affordability Above Median HH Income	\$189,002	107	4.8%
Total		162	7.3%

Source: RKG Associates, Inc., 2015

*All single family, townhouses, condos and dwelling units on large acreage.

b) Housing Quality Assessment

RKG Associates mapped the distribution of housing values throughout Bath County in order to judge the quality of housing conditions. Housing units at or above 100% of the average value per square foot (\$78/sq. ft.) for the county were generally located along highway 220 and in proximity to the communities of Warm Springs, Hot Springs and Bacova, Virginia. This indicates that the higher value homes are in areas near community centers, The Omni Homestead and along the major North/South transportation route in the county. Residential properties with a value per square foot of less than the county average were located primarily in the eastern half of the county near Millboro. This suggests that housing of moderate to lower value and affordable to those earning less, is located equidistant from The Omni Homestead and employment centers outside the county, as well as near a well-regarded elementary school.

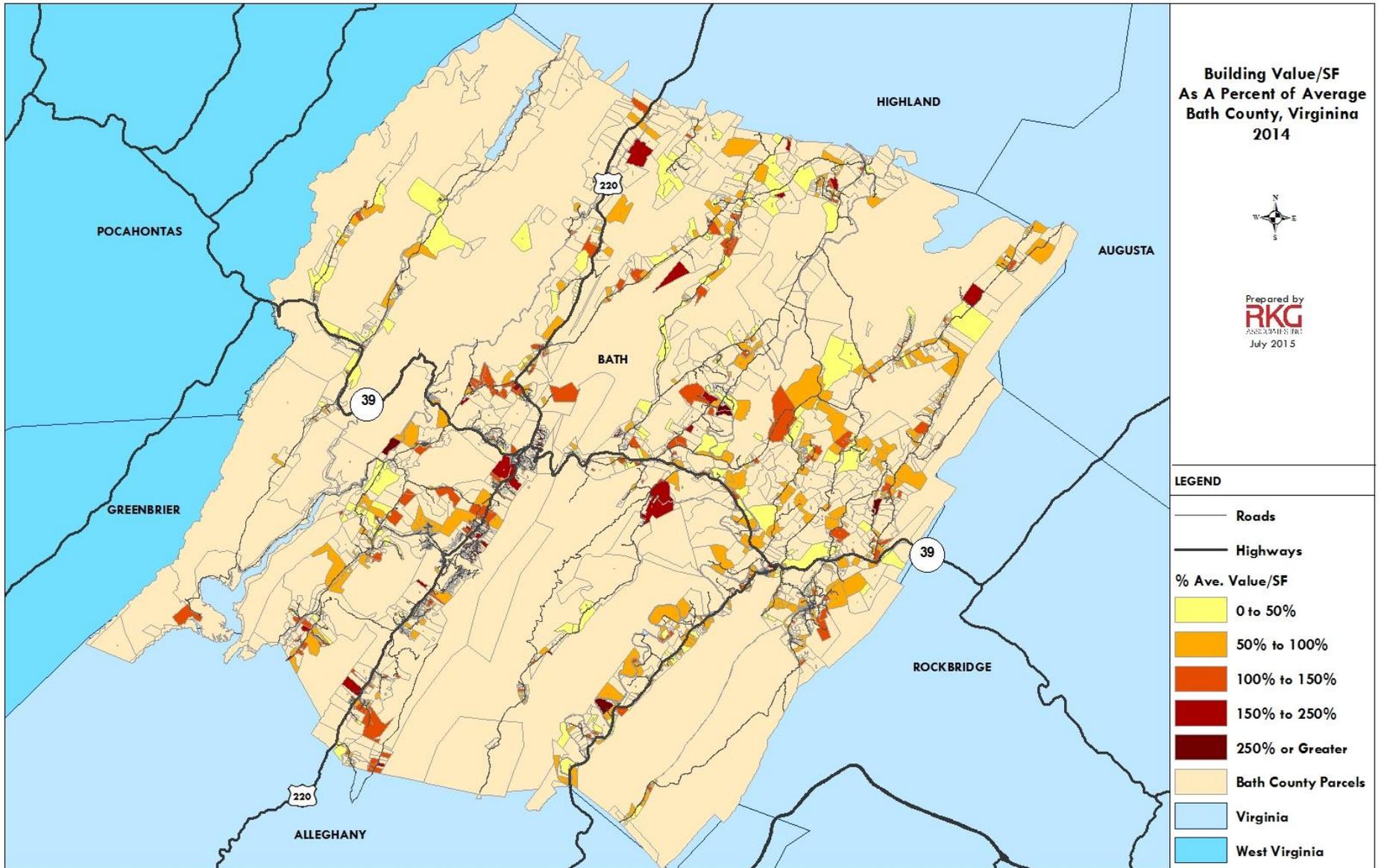
c) Surplus/Shortage Analysis

Using the analysis of the existing housing supply in Bath, the consultant compared the supply of housing to existing demand represented by a household income of \$43,282. As seen in Table 4-6, approximately 50% of the households have incomes that fall either above or below the median household income. There are 1,050 households that fall at or below the median income and 1,060 that are above this household income. When these households are compared to the existing supply of units, the surplus or shortage of affordable housing units can be analyzed.

In Bath County, there is a surplus of 667 housing units valued at or below \$229,971 for conventional loans and 494 units at or below \$189,002 for FHA loans. Therefore, there are more housing units of relatively lower value in Bath County than there are households with incomes at or below the median income. Conversely, there is a shortage of between 378 units and 551 units based on loan type of higher value households for the number of households with incomes above the median.

In both cases, there is a sufficient housing surplus of lower value homes to accommodate the excess demand of higher income households. However, this indicates that it is likely that housing units near the value affordable for middle income households are purchased by households with higher incomes. This is supported by community feedback indicating that there are housing units available at low or high prices but few available in the middle price range. Additionally, the affordability analysis includes the 810 residential units that are likely second homes, but does not include second home owner households, in the demand. If these second home households (often middle to upper income) are included in the analysis, there would likely be a further shortage of housing units for households making above the median generating additional pressure on the existing supply. Therefore this analysis indicates that there is a demand for residential units between \$189,000 and \$230,000 either through renovation of existing units or through new development.

Map 4-1



Source: Bath County, U.S. Census Bureau, Biri, RKG Associates, Inc., 2015

E. RESIDENTIAL SALES ANALYSIS

The residential sales analysis uses the same data used in the second home and affordability analysis. Therefore, sales analyzed are only those properties with a single dwelling unit, classified as either single family, townhouse, condo or dwelling units on more than 20 acres of land. Additionally, the property values for this analysis are those from 2014 property tax assessment data but reflect the assessment from 2011. The consultant analyzed residential properties sold in 2012, 2013 and 2014 in order to assess the recent residential sales market in Bath County. The value of the property sold was compared to the sales price and only those sales with a price of at least 50% of the property value were included in this analysis. The 24 sales left out of the analysis were not considered based on the assumption that properties which sold for less than half of their value were likely not true sales and were either sold to a friend, family member or through other unique circumstances. Therefore, the analysis of recent sales is intended to reflect the current market for true sales, or those made between two third-party entities and not under significant financial distress. Table 4-8 at the end of this discussion details the results of this analysis.

Between 2012 and 2014, a total of 125 residential properties were sold. Between 33 and 48 properties were sold annually, with an increase in the number of sales each year. The majority of sales (85%) were of single family units. This is consistent with the predominance of this type of residential property in Bath County. When compared to the total inventory of single family units, only 1.5% to 2.5% of the inventory was sold annually. This reflects a low level of sales activity, as most healthy markets will have a sales turnover rate of between 4% and 5% of the total housing inventory.

The single family units that sold during this period ranged in size from approximately 1,500 square feet to 1,800 square feet (Table 4-8). Approximately 92% (97 units) were built prior to 2005. When the sales price was compared to the total value of the property, the average price was similar to the property value for houses sold in 2013 and 2014, ranging from 93% to 102% of the total value. In 2012, the average sales price was approximately 85% of the property value. This indicates that it is likely that demand for single family homes was lower during 2012 leading to properties that were sold for less than their assessed value.

Based on the number of recent sales, activity in the market has been modest over the past three years. Broker feedback supports this conclusion indicating that there has been little activity in the residential market, particularly since the 2008 recession. Additionally, brokers indicated that the number of days on market for residential properties ranges from two to four years. This suggests that there are a number of residential properties in the county that are available, but finding a buyer interested in the property takes time even with values for some homes low enough for brokers to indicate that it is a buyer's market. This further supports the lack of residential market activity seen in recent sales and indicates that the residential market in Bath County is not as healthy as other markets where demand for residential property is higher.

**Table 4-8
Residential Sales, 2012 - 2014
Bath County, VA**

	Sales	Square Feet	Square Feet/Unit	Sales Price	Total Value	Price/Value
2012						
Single Family	28	46,474	1,660	\$5,579,050	\$6,603,700	84.5%
Town House/Condo	1	1,288	1,288	\$65,000	\$96,300	67.5%
Dwelling Unit (20 - 99 Acres)	3	7,249	2,416	\$901,289	\$749,900	120.2%
Dwelling Unit (99 Plus Acres)	1	3,183	3,183	\$375,000	\$454,200	82.6%
Total	33					
2013						
Single Family	35	63,734	1,821	\$8,260,100	\$8,914,900	92.7%
Town House/Condo	0	0	0	\$0	\$0	0.0%
Dwelling Unit (20 - 99 Acres)	9	23,130	2,570	\$2,461,000	\$2,622,100	93.9%
Dwelling Unit (99 Plus Acres)	0	0	0	\$0	\$0	0.0%
Total	44					
2014						
Single Family	43	64,527	1,501	\$6,175,235	\$6,007,800	102.8%
Town House/Condo	1	1,628	1,628	\$75,000	\$111,300	67.4%
Dwelling Unit (20 - 99 Acres)	3	5,190	1,730	\$2,775,000	\$2,521,500	110.1%
Dwelling Unit (99 Plus Acres)	1	3,673	3,673	\$1,570,000	\$1,012,300	155.1%
Total	48					

Source: RKG Associates, Inc. 2015

F. BROKER INTERVIEWS

While data and trends provide a quantitative understanding of the current conditions of the residential market in Bath County, interviews with brokers provide context to the analysis findings and add the perspective to real estate professionals active in the local market. To encourage candid response and discussion during interviews, interview participants will remain anonymous. The major findings from interviews conducted by the consultant are as follows:

- The residential market, including primary residences and second homes, was impacted by the 2008 recession. The last five years have seen a slow recovery of the market activity overall has remained slow.
- Given its prominence in the Bath County economy, The Omni Homestead has an impact on the residential market. This includes attracting second home buyers to the area and attracting employees who need housing.
- The Omni Homestead and Bath Community Hospital has had difficulty finding housing for their senior management staff and physicians. Also, The Omni Homestead is forced to import foreign students as part of their labor force during peak season. The lack of rental housing for these workers has resulted in The Omni Homestead providing their own workforce housing.
- Real estate purchases in Bath County are viewed as long-term investments.
- While second home buyers may be interested in more rustic housing with modern amenities, residents typically look for single family housing units on small lots with new, modern interiors and appliances.
- Potential buyers that express interest but do not purchase homes are often those that are dissuaded by the lack of convenient goods and services and amenities within a relatively short drive. Those that do purchase in the area are attracted to the Bath County way of life.

- There has been essentially no recent residential development in Bath County. When development does occur, construction costs are often higher than other areas in the region due to the costs associated with transporting materials from suppliers outside the county.
- There is a small demand for additional rental housing options, both apartments and single family-style units.

Broker feedback indicates that residential market activity has been slow and little to no development has occurred in recent years, particularly since the 2008-2009 recession. Potential buyers in Bath County, both second home and primary home purchasers, are those that are attracted to the slower pace of life in Bath County and are not deterred by the reduced access to conveniences typically available in major metropolitan areas. Most buyers are familiar with the area prior to purchasing property, either from staying at The Omni Homestead, vacationing with friends, growing up in the area or having family in Bath County. Ultimately, an investment in Bath County residential property is a long-term one, motivated not strictly by monetary gain but by the desire to take advantage of the quality of life and natural resources that are the focus of Bath County and its primary employer, The Omni Homestead.

G. IMPLICATIONS

Limited development activity has occurred over the last 10 years, particularly since 2009 as the county has recovered from the economic downturn of the last 2000s. Recovery after the recession has been slow, leading to modest sales activity and properties staying on the market for multiple years. Households earning \$43,282 or less appear to have a number of housing options. However, a shortage of options for middle and upper income households reduces this surplus of housing for households earning less than the median household income. It also does not address the need of residents seeking rental options. Therefore, additional ownership units within a range that is affordable to middle income households, as well as moderately priced rental units, might provide more housing options for current residents assuming the number developed is modest given the overall low level of market activity.

5 RETAIL MARKET ANALYSIS

A. INTRODUCTION

While retail market studies are not often part of most economic development strategies, the lack of retail options in Bath County has the potential to negatively impact the county's tourism economy, which is dependent on serving the needs of visitors and second homeowners. In addition, the ability to attract new year-round residents to Bath County is in part based on the local quality of life and providing for the day-to-day needs of local residents. While local shopping options are just one of many factors that contribute to quality of life, it becomes more important when basic shopping needs are not being met (e.g., full-service grocery store, pharmacy, dry cleaner, etc.).

Historically, Bath County residents travel 30 to 60 minutes in order to shop for basic goods and services. Although some shopping needs are met by existing stores, the local offerings are limited and many residents must travel outside the community to places such as Staunton, Lexington or Covington to shop. RKG Associates conducted a retail market analysis in order to document the current buying patterns of County residents and to identify retail merchandise categories that may be supportable in Bath County in the future. The analysis accounts for the fact that topography greatly impacts the shopping patterns of local residents. Those households south of Warm Springs typically head southwest to Covington and Clifton Forge to shop and households on the eastern side of the mountain head north and east to Staunton and Lexington.

As the largest retail center in Bath County, Downtown Hot Springs is an important retail district due to its proximity to The Omni Homestead and second home concentrations in The Omni Homestead Preserve Hot Springs subdivisions and the Owner's Club. Given the current underutilization of this district, RKG Associates and its land planning partner LPDA, Inc., prepared a revitalization strategy to reposition Downtown Hot Springs as a destination retail, dining and mixed-use district. A public workshop was held in June 2015 to gather citizen input in order to prepare a concept land plan to guide future revitalization efforts and to encourage a partnership between the County, The Omni Homestead, Natural Retreats and other downtown property owners.

B. RETAIL GAP ANALYSIS

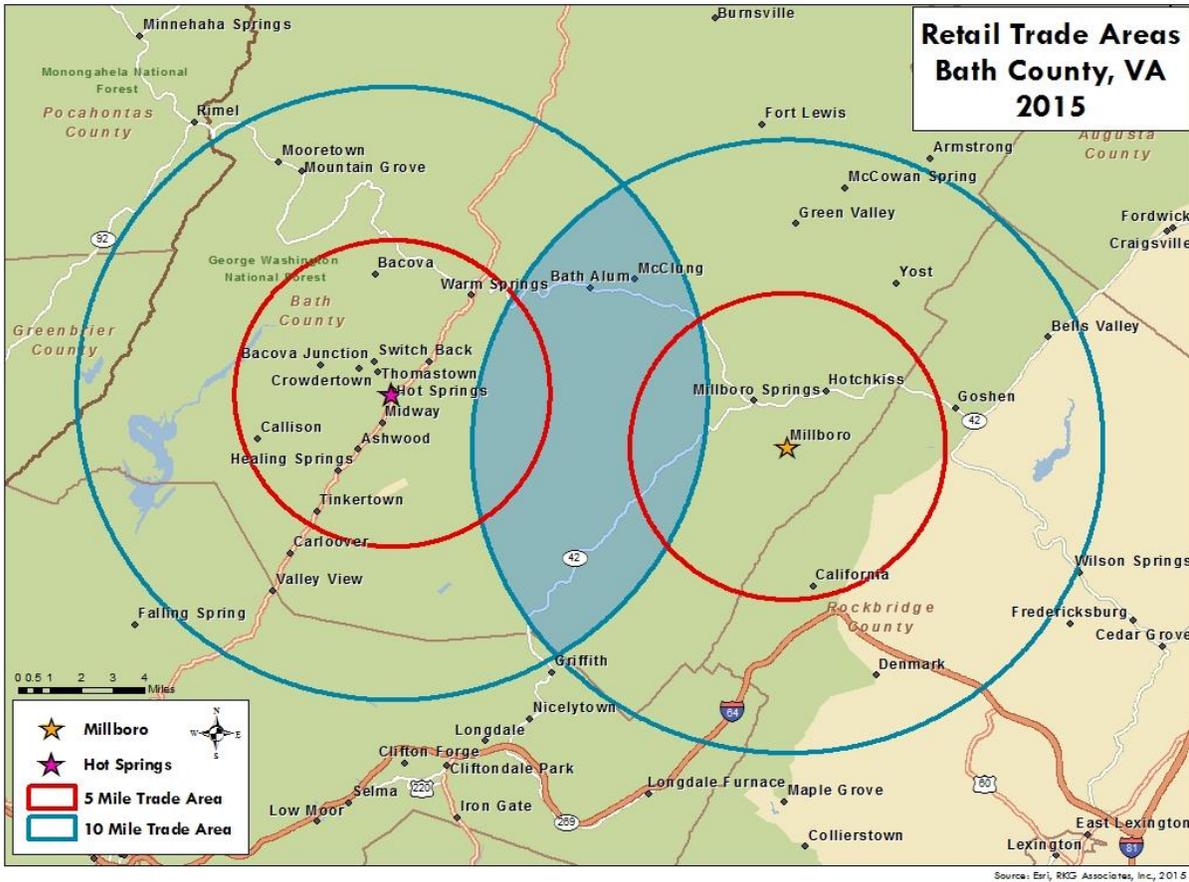
1. Retail Trade Area Defined

Based on interview feedback and the consultant's in-field observations, RKG Associates defined the primary retail trade areas for Bath County. Hot Springs and Millboro were used as the geographic center points for two different retail market areas in an effort to reflect the impact that topography has on the buying patterns of local residents (Map 5-1). As stated previously, the presence of a mountain range divides the county and largely determines where households typically shop. Both 5- and 10-mile rings were drawn around these two communities to estimate the approximate trade area for retail. The 10-mile ring was ultimately chosen as the focus of this analysis, as the assumption was made that a 10-mile radius was large enough to include a substantial portion of the county but was small enough that residents within the radius might be more inclined to shop within the trade area if given the opportunity instead of leaving the county for larger shopping destinations as indicated in stakeholder interviews. Given that the 10-mile rings overlap each other, the household spending

attributed to the “overlap area” is separated from the two retail trade areas to reduce the chance for double counting these 260 households.

The primary data source for the retail gap analysis is 2015 supply and demand estimate data for retail provided by Dun and Bradstreet and ESRI, both nationally recognized firms for retail data collection and geographic data collection respectively. Information about where Bath County residents most often shop throughout the region was gathered from stakeholder feedback.

Map 5-1



2. Retail Demand Analysis

For this analysis, retail demand is represented by household spending potential within each retail trade area. Based on 2015 estimates, there are 1,668 households in the Hot Springs 10-mile trade area less the overlap and 1,138 households within the Millboro 10-mile retail trade area less the overlap. Households within the Hot Springs retail trade area have demand for an annual average of \$20,632 on retail goods while Millboro households have demand for an average of \$21,613 annually. Additionally, the 260 households living between Hot Springs and Millboro spend an average of approximately \$20,400 annually on retail goods, which is \$213 and \$1,194 less than these trade areas respectively. Given that the 2014 estimate for the median household income in Bath County is \$43,282, retail demand accounts for approximately 48% and 50% of median household income respectively (Table 5-1).

**Table 5-1
 Household Spending Patterns
 Bath County, Virginia**

Industry Group	NAICS Code	10 Mile Radius Less Overlap	
		Hot Springs Demand/HH	Millboro Demand/HH
TOTAL		\$20,632	\$21,613
Motor Vehicle & Parts Dealers	441	\$4,806	\$5,164
Furniture & Home Furnishings Stores	442	\$471	\$449
Electronics & Appliance Stores	443	\$461	\$453
Bldg Materials, Garden Equip. & Supply Stores	444	\$799	\$878
Food & Beverage Stores	445	\$3,583	\$3,834
Health & Personal Care Stores	446,4461	\$1,794	\$1,970
Clothing & Clothing Accessories Stores	448	\$1,249	\$1,172
Sporting Goods, Hobby, Book & Music Stores	451	\$549	\$566
General Merchandise Stores	452	\$4,061	\$4,268
Miscellaneous Store Retailers	453	\$619	\$684
Food Services & Drinking Places	722	\$2,240	\$2,176

Source: Esri, Dun and Bradstreet, RKG Associates, Inc., 2015

As seen in Table 5-1, a large portion of household demand in both Hot Springs and Millboro trade areas is at General Merchandise Stores, such as Dollar General and large big box retailers such as Target and Wal-Mart. Hot Springs trade area households demand approximately \$4,061 annually at these stores and Millboro trade area households demand an average of \$4,268 annually. Households in both trade areas also demand approximately \$3,600 and \$3,800 annually at Food and Beverage Stores, particularly grocery stores. For those households living between the two trade areas, their overall spending habits mirror those of households in these trade areas, particularly that of the Hot Springs trade area in the predominant spending categories described above. It is likely that households will make decisions on where to spend their money based upon which side of the mountain with which they associate. Those on the western side are more likely to shop in Hot Springs, those on the eastern side, Millboro. Ultimately, the concept of household “demand” recognizes that every household, based on their income, has demand for an array of retail goods and services. How that demand is met by local or regional stores is the essence of the retail gap analysis.

3. Retail Supply Analysis

Many of the retail stores serving the needs of Bath County households are located outside the county. Stakeholder interviews indicate that there is a geographic divide in spending patterns due to the mountain that separates Hot Springs from the Millboro trade area. Anecdotal evidence indicates that households in the Millboro area more often shop at Staunton or Lexington, both communities are located east and north of Bath County. Households closer to Hot Springs are more likely to shop in Covington and Clifton Forge. These are both communities to the south of the county which can be accessed by using Highway 220. It should also be noted that residents report that any trip outside the county can often include a stop for purchases given that it can take 30 minute to an hour to get to some of the larger stores in the communities surrounding Bath County.

4. Retail Sales Leakage Analysis

A retail gap or sales leakage analysis compares household retail demand, or the amount of dollars spent on retail goods, with the total amount of that spending captured by local businesses. The results of this comparison show that sales either exceed demand or do not fulfill all of the demand leading to

a leakage of sales outside the primary trade area. The concept of retail sales leakage recognizes that households and individuals make purchases outside their primary trade area, which is typically an area where 70 percent of local retail demand is captured. This is because people make purchases at their place of employment or when traveling outside their primary market. They also make Internet purchases and these “leaked” sales are not captured by local stores. In that regard, 100% of local demand can never be captured by local business establishments. In other instances, local retail sales can actually exceed the total household demand in a given area. This occurs when certain stores attract customers from outside the primary trade area. Regional shopping malls are a good example of this phenomenon as total mall sales often exceed the spending demand of local households. These are often referred to as “imported sales” or a surplus because they are derived from shoppers from outside the trade area.

Using data provided by ESRI and Dun and Bradstreet, the consultant compared the demand for retail in the 10-mile Hot Springs and Millboro trade areas (less the overlap area) with the sales recorded for the trade area businesses. The comparison of existing retail supply in Bath County to household demand indicates that there is insufficient supply across all retail categories and nearly all retail sub-categories. Approximately \$23.8 million in household income is spent outside the Hot Springs trade area in areas south and \$23 million in household income is spent outside the Millboro trade area in areas to the East (Table 5-2). An additional \$4.3 million is spent by the households living between these two trade areas. While some of this spending may occur within these two trade areas, much of this surplus demand is likely spent outside either trade area to the east or south depending on where the households are located in relation to the mountain that divides the County. This is consistent with the household spending patterns described in stakeholder interviews and may indicate that there is the potential to recapture some of these “leaked” retail sales with additional retail offerings within each trade areas.

The largest retail gaps in the Hot Springs trade area that have the potential to lead to additional retail offerings include \$3.8 million in Other General Merchandise Stores, \$2.4 million in Health and Personal Care Stores, approximately \$2 million in demand for Grocery Stores and \$1.8 million in unmet demand for Limited Service Eating Places. Further analysis is necessary to identify the extent to which a percentage of these sales could be recaptured by new or existing store offerings in Bath County. In the Millboro trade area the greatest gaps between retail supply and demand are \$4.1 million in unmet demand for Grocery Stores, \$3 million in Other General Merchandise spending, \$2.2 million in spending at Health and Personal Care Stores and \$1.5 million in spending at Department Stores.

Finally, it should be noted that this analysis only takes into account the demand for retail goods generated by Bath County households and does not include visitors to the County or guests at The Omni Homestead or households in second or vacation homes. These households generate additional demand for retail goods and services such as restaurants, grocery stores, and health and personal care stores. Further analysis into calculating the potential capture of sales generated by these households is necessary and has the potential to directly impact the demand for retailers, particularly within the Hot Springs trade area.

**Table 5-2
Retail Gap/Surplus Analysis, 2015 Estimates
Bath County, Virginia**

Industry Group	NAICS Code	Hot Springs, Virginia 10 Mile Radius Less Overlap			Millboro, Virginia 10 Mile Radius Less Overlap		
		Demand	Supply	(Gap)/Surplus	Demand	Supply	(Gap)/Surplus
TOTAL		\$34,413,578	\$10,545,380	(\$23,868,198)	\$24,596,063	\$1,501,027	(\$23,095,036)
Motor Vehicle & Parts Dealers	441	\$8,015,587	\$359,272	(\$7,656,315)	\$5,876,294	\$0	(\$5,876,294)
Automobile Dealers	4411	\$7,011,828	\$0	(\$7,011,828)	\$5,106,048	\$0	(\$5,106,048)
Other Motor Vehicle Dealers	4412	\$512,584	\$0	(\$512,584)	\$441,057	\$0	(\$441,057)
Auto Parts, Accessories & Tire Stores	4413	\$491,175	\$297,858	(\$193,317)	\$329,189	\$0	(\$329,189)
Furniture & Home Furnishings Stores	442	\$785,924	\$0	(\$785,924)	\$510,429	\$0	(\$510,429)
Furniture Stores	4421	\$422,866	\$0	(\$422,866)	\$274,356	\$0	(\$274,356)
Home Furnishings Stores	4422	\$363,058	\$0	(\$363,058)	\$236,073	\$0	(\$236,073)
Electronics & Appliance Stores	443	\$768,247	\$0	(\$768,247)	\$515,414	\$0	(\$515,414)
Bldg Materials, Garden Equip. & Supply Stores	444	\$1,333,075	\$0	(\$1,333,075)	\$998,599	\$263,016	(\$735,583)
Bldg Material & Supplies Dealers	4441	\$1,103,579	\$0	(\$1,103,579)	\$815,481	\$227,988	(\$587,493)
Lawn & Garden Equip & Supply Stores	4442	\$229,496	\$0	(\$229,496)	\$183,118	\$0	(\$183,118)
Food & Beverage Stores	445	\$5,976,786	\$5,645,634	(\$331,152)	\$4,363,052	\$169,991	(\$4,193,061)
Grocery Stores	4451	\$5,641,025	\$3,655,735	(\$1,985,290)	\$4,137,155	\$0	(\$4,137,155)
Specialty Food Stores	4452	\$98,918	\$0	(\$98,918)	\$71,923	\$0	(\$71,923)
Beer, Wine & Liquor Stores	4453	\$236,842	\$1,989,369	\$1,752,527	\$153,973	\$0	(\$153,973)
Health & Personal Care Stores	446,4461	\$2,992,969	\$639,870	(\$2,353,099)	\$2,242,282	\$0	(\$2,242,282)
Clothing & Clothing Accessories Stores	448	\$2,083,027	\$816,090	(\$1,266,937)	\$1,334,164	\$0	(\$1,334,164)
Clothing Stores	4481	\$1,513,731	\$816,090	(\$697,641)	\$968,037	\$0	(\$968,037)
Shoe Stores	4482	\$288,798	\$0	(\$288,798)	\$195,739	\$0	(\$195,739)
Jewelry, Luggage & Leather Goods Stores	4483	\$280,499	\$0	(\$280,499)	\$170,389	\$0	(\$170,389)
Sporting Goods, Hobby, Book & Music Stores	451	\$915,324	\$299,464	(\$615,860)	\$643,992	\$65,891	(\$578,101)
Sporting Goods/Hobby/Musical Instr Stores	4511	\$730,209	\$299,464	(\$430,745)	\$526,971	\$65,891	(\$461,080)
Book, Periodical & Music Stores	4512	\$185,116	\$0	(\$185,116)	\$117,023	\$0	(\$117,023)
General Merchandise Stores	452	\$6,773,803	\$1,875,821	(\$4,897,982)	\$4,857,346	\$510,052	(\$4,347,294)
Department Stores Excluding Leased Depts.	4521	\$2,168,063	\$1,112,130	(\$1,055,933)	\$1,483,243	\$0	(\$1,483,243)
Other General Merchandise Stores	4529	\$4,605,740	\$763,691	(\$3,842,049)	\$3,374,103	\$350,649	(\$3,023,454)
Miscellaneous Store Retailers	453	\$1,032,802	\$254,835	(\$777,967)	\$778,765	\$348,398	(\$430,367)
Florists	4531	\$51,578	\$70,557	\$18,979	\$35,298	\$0	(\$35,298)
Office Supplies, Stationery & Gift Stores	4532	\$353,378	\$66,922	(\$286,456)	\$251,433	\$74,823	(\$176,610)
Used Merchandise Stores	4533	\$109,127	\$93,082	(\$16,045)	\$70,287	\$239,392	\$169,105
Other Miscellaneous Store Retailers	4539	\$518,719	\$110,911	(\$407,808)	\$421,746	\$101,189	(\$320,557)
Food Services & Drinking Places	722	\$3,736,034	\$654,394	(\$3,081,640)	\$2,475,726	\$143,679	(\$2,332,047)
Full-Service Restaurants	7221	\$1,705,232	\$669,319	(\$1,035,913)	\$1,114,151	\$0	(\$1,114,151)
Limited-Service Eating Places	7222	\$1,794,736	\$0	(\$1,794,736)	\$1,210,397	\$0	(\$1,210,397)
Special Food Services	7223	\$141,302	\$0	(\$141,302)	\$92,773	\$0	(\$92,773)
Drinking Places - Alcoholic Beverages	7224	\$94,765	\$47,920	(\$46,845)	\$58,406	\$85,447	\$27,041

Source: Esri, Dun and Bradstreet, RKG Associates, Inc., 2015

5. Retail Sales Recapture Potential

The retail opportunity gaps shown in Table 5-2 are presented as dollar values of retail demand that can be translated into supportable square feet of retail space by category. The calculation of supportable retail square feet is based on national average sales per square foot for each category. For example, if the retail leakage recapture estimate for clothing stores in the trade area is \$1.4 million, supportable square feet of store space is calculated based on dividing by the national average sales per square foot of \$279.22, yielding an estimated 5,000 square feet ($\$1.4 \text{ million} \div \$279.22/\text{SF} = 5,032 \text{ SF}$). Of course, these demand numbers must be considered in the context of current market realities, so RKG has calculated a series of high, medium, and low estimates.

The total supportable square feet for all categories ranges from a low of 27,081 square feet to a high of 67,072 square feet at different captures of 20%, 35% and 50% (Table 5-3). These percentages represent the amount of “leaked” sales that might be recaptured by new Bath County businesses in the future. To put these numbers in perspective, a typical suburban neighborhood shopping center ranges in size from 30,000 square feet to 150,000 square feet. Taken individually however, the numbers also fit into the type of ground floor spaces available in a “Main Street” environment, where spaces may actually range from 500 to 5,000 square feet.

The retail dynamics of a downtown area that hosts a daytime worker population and attracts visitors are different than the rooftop/shopping center in a suburban area, in that it is often seasonal in nature and attracts more outside dollars. Retail offerings often include apparel, jewelry, home furnishings, gifts, antiques, florists and fine arts, interspersed with personal services such as beauty salons. Food and beverage offerings often include locally owned full-service restaurants, delicatessens, bakeries, and candy and ice cream stores. Even grocery stores have adopted small format models that fit into main street environments.

Although there are modest opportunity gaps in practically all retail categories, some are notable for their suitability to a downtown environment. Boutique furniture and home furnishing stores often seek out downtown locations that attract tourists and seasonal residents, and analysis shows support for up to 1,800 square feet of space. Clothing and clothing accessories stores are also excellent candidates for main street space, and could potentially occupy an estimated 4,000 to 10,000 square feet. Data show support for 1,000 to 2,800 square feet in the sporting goods stores category, which could position itself to the outdoors enthusiasts who regularly visit Bath County.

Although general merchandise stores are typically associated with large, suburban stores such as Target and Walmart, or smaller sized discount stores such as Dollar General, urban model general merchandise stores such as Mast General have been successful operating in urban environments in small to mid-sized towns and cities. A range of support between 9,000 and 23,000 square feet could certainly accommodate a small format general merchandise store.

Food and beverage establishments are key elements for a vibrant downtowns, which typically support both full-service (e.g., sit-down restaurants, pubs) and limited-service (e.g., delicatessens, coffee shops, etc.) eating places. Data show support for full-service restaurants in the 2,200 to 6,000 square feet range, and limited-service restaurants in the 700 to 2,000 square feet range.

Of course, the probability of retail and restaurants locating in any given geography is heavily dependent on the availability of appropriate space. In a main street environment, merchandise stores prefer space in areas with high visibility and maximum pedestrian traffic. Restaurants require a large up-front capital investment in equipment and furnishings, so many restaurateurs will seek out buildings that are already equipped. Therefore, it is important that Bath County inventory its buildings to understand how much retail square footage can be accommodated.

Table 5-3
Retail Leakage Recapture Estimates
Bath County, Virginia (2015)

Merchandise Category	NAICS Code	U.S. Avg. Sales/SF	Combned Sales Leakage	Retail Leakage Recapture			Supportable Building SF		
				High	Medium	Low	High	Medium	Low
				50.0%	35.0%	20.0%			
TOTAL - Categories			(43,892,377)	(21,946,189)	(15,362,332)	(8,778,475)	68,483	47,938	27,393
Furniture and Home Furnishings Stores	442								
Furniture Stores	4421	\$ 287.88	(\$756,902)	(\$378,451)	(\$264,916)	(\$151,380)	1,315	920	526
Home Furnishing Stores	4422	\$ 214.28	(\$649,457)	(\$324,729)	(\$227,310)	(\$129,891)	1,515	1,061	606
Electronics and Appliance Stores	443	\$ 358.22	(\$1,394,157)	(\$697,079)	(\$487,955)	(\$278,831)	1,946	1,362	778
Building Material, Garden Equip Stores	444								
Building Material and Supply Dealers	4441	\$ 403.68	(\$1,863,748)	(\$931,874)	(\$652,312)	(\$372,750)	2,308	1,616	923
Lawn, Garden Equipment, Supplies Stores	4442	\$ 216.45	(\$451,511)	(\$225,756)	(\$158,029)	(\$90,302)	1,043	730	417
Food and Beverage Stores	445								
Grocery Stores	4451	\$ 458.87	(\$7,017,460)	(\$3,508,730)	(\$2,456,111)	(\$1,403,492)	7,646	5,353	3,059
Specialty Food Stores	4452	\$ 581.16	(\$186,393)	(\$93,197)	(\$65,238)	(\$37,279)	160	112	64
Beer, Wine and Liquor Stores	4453	\$ 1,222.93	\$1,565,755	\$782,878	\$548,014	\$313,151			
Clothing and Clothing Accessories Stores	448								
Clothing Stores	4481	\$ 279.22	(\$2,810,323)	(\$1,405,162)	(\$983,613)	(\$562,065)	5,032	3,523	2,013
Shoe Stores	4482	\$ 205.63	(\$1,708,162)	(\$854,081)	(\$597,857)	(\$341,632)	4,154	2,907	1,661
Jewelry, Luggage, Leather Goods Stores	4483	\$ 406.92	(\$520,954)	(\$260,477)	(\$182,334)	(\$104,191)	640	448	256
Sporting Goods, Hobby, Book, Music Stores	451								
Sporting Goods, Hobby, Musical Inst Stores	4511	\$ 238.09	(\$1,307,637)	(\$653,819)	(\$457,673)	(\$261,527)	2,746	1,922	1,098
Book, Periodical and Music Stores	4512	\$ 338.74	(\$916,963)	(\$458,482)	(\$320,937)	(\$183,393)	1,353	947	541
General Merchandise Stores	452								
Department Stores Excl Leased Depts	4521	\$ 256.49	(\$9,566,207)	(\$4,783,104)	(\$3,348,172)	(\$1,913,241)	18,648	13,054	7,459
Other General Merchandise Stores	4529	\$ 385.28	(\$3,269,440)	(\$1,634,720)	(\$1,144,304)	(\$653,888)	4,243	2,970	1,697
Miscellaneous Store Retailers	453								
Florists	4531	\$ 205.63	(\$1,215,739)	(\$607,870)	(\$425,509)	(\$243,148)	2,956	2,069	1,182
Office Supplies, Stationery, Gift Stores	4532	\$ 251.08	(\$70,343)	(\$35,172)	(\$24,620)	(\$14,069)	140	98	56
Used Merchandise Stores	4533	\$ 306.27	(\$478,178)	(\$239,089)	(\$167,362)	(\$95,636)	781	546	312
Other Miscellaneous Store Retailers	4539	\$ 274.89	\$61,463	\$30,732	\$21,512	\$12,293	(112)	(78)	(45)
Foodservice and Drinking Places	722								
Full-Service Restaurants	7221	\$ 501.08	(\$5,653,260)	(\$2,826,630)	(\$1,978,641)	(\$1,130,652)	5,641	3,949	2,256
Limited-Service Eating Places [1]	7222	\$ 623.37	(\$2,410,996)	(\$1,205,498)	(\$843,849)	(\$482,199)	1,934	1,354	774
Special Foodservices	7223	\$ 366.88	(\$3,025,227)	(\$1,512,614)	(\$1,058,829)	(\$605,045)	4,123	2,886	1,649
Drinking Places -Alcoholic Beverages	7224	\$ 458.87	(\$246,538)	(\$123,269)	(\$86,288)	(\$49,308)	269	188	107

Source: Esri, Dun and Bradstreet, RKG Associates, Inc., 2015

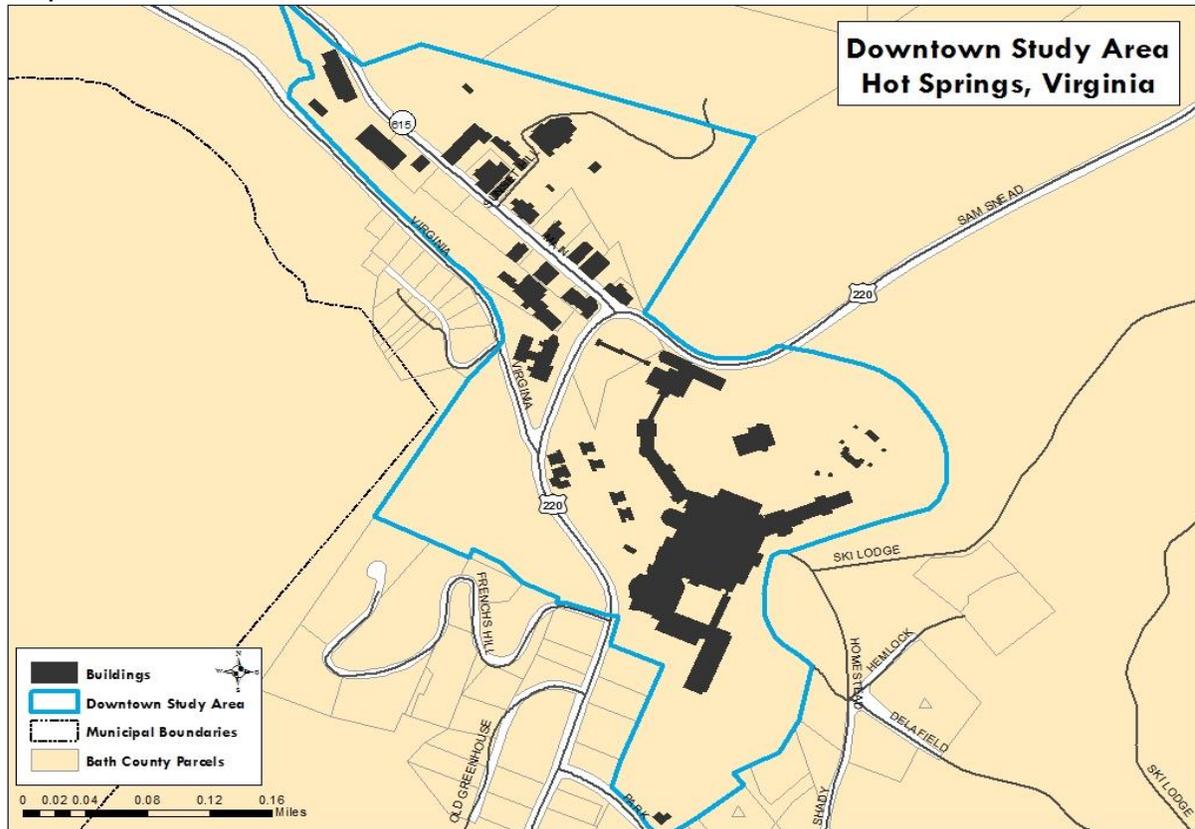
C. DOWNTOWN REVITALIZATION

As Bath County's most defined commercial district, RKG Associates conducted an analysis of the current conditions and potential for future revitalization in Downtown Hot Springs. The first part of this analysis includes a profile of existing such as existing land uses, business mix and building square footage by use type. The second part includes a conceptual land use plan that establishes a new vision for Downtown Hot Springs which represents the results of consultant site visits, the existing conditions analysis and a community workshop conducted in June 2015.

1. Methodology

In order to analyze Downtown Hot Springs, the consultant first established a study area using The Omni Homestead as the southern section and extending north along Main Street/Route 615 to The Omni Homestead grounds building just north of the Bath County Volunteer Fire and Rescue building and adjacent to the vacant land that used to be the location of the former Homestead stables. As seen in Map 5-2, the study area boundary was created to focus analysis on the cluster of buildings generally considered to be a part of Downtown Hot Springs while also including The Omni Homestead to which the downtown area has both a close physical and economic relationship.

Map 5-2



The analysis of the downtown study area includes a review of the existing building uses and property ownership based upon information gathered from property tax assessment data, site visits, consultant research and feedback from county planning staff. An analysis of the current supply and demand for retail was conducted primarily using data provided by Dun and Bradstreet and ESRI, both nationally

recognized firms for retail data collection and geographic data collection respectively. Additionally, traffic counts along the major roads within the downtown study area were provided by the Virginia Department of Transportation which tracks this information for the Commonwealth.

2. Downtown Building Uses

The Omni Homestead owns several properties located in the downtown study area and has been included due to its strong connection to the future success of downtown. The existing building use analysis focuses primarily on those buildings along Main Street/Route 615 and Sam Snead Highway/Highway 220 (Table 5-4 and Map 5-3). There are a variety of building uses in downtown Hot Springs comprising a total of 235,020 square feet ranging from apartments to municipal uses. The largest concentration of this building area is approximately 63,700 square feet of apartment space which makes up 27% of the total building inventory. Most of the apartments are in the Virginia Building on Highway 220 just on the southern edge of Main Street as well as a small number of second floor apartment units in mixed use buildings with first floor retail along Main Street. Service uses such as laundry, dry cleaning, professional photography and personal service uses such as a pharmacy and a hairstylists account for an additional 19% of the total building area or approximately 45,300 square feet.

**Table 5-4
 Downtown Study Area Inventory: Tenant Use
 Bath County, Virginia**

Use	Square Feet	Percent
Accommodation*	2,390	1.0%
Apartments	63,658	27.1%
Municipal	15,882	6.8%
Office	32,470	13.8%
Restaurant	11,623	4.9%
Retail	16,826	7.2%
Service	45,317	19.3%
Shop	26,722	11.4%
Utility	12,538	5.3%
Ancillary	7,595	3.2%
Total	235,020	100.0%

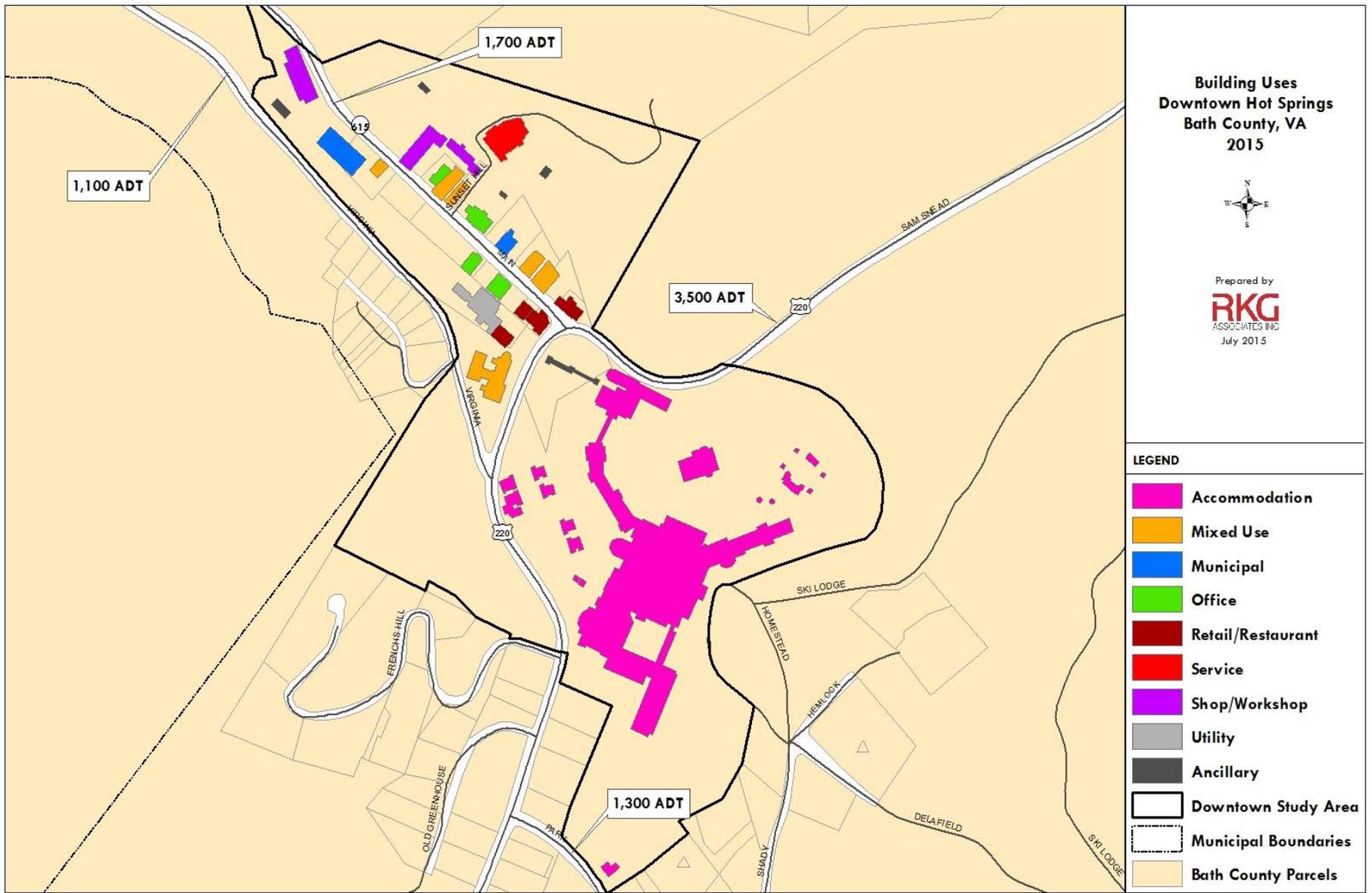
Source: Bath County, VA, RKG Associates, Inc., 2015

*Does not include Homestead Resort buildings on the main property.

There is approximately 32,500 square feet of office space and approximately 26,700 square feet of shop/facilities maintenance space which accounts for 14% and 11% of total building space respectively. The Omni Homestead's use of Main Street buildings for shop and maintenance space is problematic over the long-term. These are large uses that change the character of the downtown and introduce uses that are inconsistent with a vibrant commercial district. Also, retail and restaurants only account for 11,623 square feet and 16,826 square feet respectively, representing between 5% and 7% of the total downtown building square footage. The limited presence of retail and restaurant space is something that is keeping Downtown Hot Springs from reaching its full potential as a destination for local residents and visitors. This is particularly important to attracting visitors looking for a traditional, quaint downtown district. In addition, local business leaders confirm that the lack of attractions is counter to attract and sustain the interest of The Omni Homestead guests and year-round residents, who represent a captive market for downtown, but only if the right business mix can be achieved in the future.

There is currently a maintenance building at the northern end of the downtown study area owned by The Omni Homestead. Retail, service and restaurant uses are generally clustered near the middle of the study area at the intersection of Main Street and Highway 220. These properties can take advantage of visibility to resort guests and vacationers who enter Main Street from Highway 220.

Map 5-3



Source: Bath County, Virginia, RKG Associates, Inc., 2015

3. Vacant Buildings and Land

RKG Associates' analysis of the existing building uses in Downtown Hot Springs reveals that while vacancy is limited, it does exist. Currently, there is approximately 2,000 square feet of vacant apartment space above Main Street retail, 3,365 square feet of retail space off of Main Street in The Omni Homestead Power Plant building and approximately 5,500 square feet of office space in the building owned by TDS Telecom, which is not technically vacant but underutilized. Vacant and underutilized space represents only 5% of the total building space in the study area.

While a precise calculation of the vacant land within the study area was not possible due to inconsistencies between the property tax assessment database and available parcel data, RKG estimates that there is between 15 acres and 20 acres of vacant or underutilized land within the study area. These areas include the former Homestead stables site at the northern end of the study area and the vacant land along the western side of Main Street that is currently being used as a parking lot. There is also vacant land northwest of The Omni Homestead along Highway 220 and to the east of Main Street behind existing retail. However, this land is constrained by steep grade changes and would be difficult to develop. How these vacant parcels are utilized in the future could greatly impact the success of the downtown.

4. Traffic Counts

In addition to demand from existing residents, one other important factor for determining retail potential is the volume of traffic along proposed commercial corridors. Given that the focus of this section is Downtown Hot Springs, the consultant reviewed the most recent average daily trips (ADT) data collected by the Virginia Department of Transportation between 2009 and 2013. The following page shows the average daily trips for the major roads and highways within the downtown study area (Map 5-3).

Sam Snead/Highway 220 has the highest traffic volume at an average of 3,500 trips per day. Main Street/Route 615 has fewer average daily trips at 1,700, but this is a higher volume of traffic when compared to secondary roads in and around the study area such as Park (1,300 ADT) and Virginia (1,100 ADT). This data indicate that Main Street does generate a modest amount of vehicle traffic for the area which could benefit retailers (Map 5-3). Additionally, downtown redevelopment efforts have the potential to capitalize on the traffic along Highway 220 with either signage or other improvements at and just before the intersection of Highway 220 and Main Street to attract vehicle traffic from the highway into downtown. However, as a point of reference, most national retail chains looking for highly visible locations on major transportation routes will require traffic counts of at least 15,000 ADT per day. While there are exceptions to this, Downtown Hot Springs is more likely to appeal to locally-owned and operated businesses as opposed to national retail chains.

5. Property Ownership Characteristics

Ultimately, property ownership can have an impact on the future development and revitalization of an area. Often the larger the number of owners, the more difficult it can be to generate sufficient buy-in to potential redevelopment plans. Using the County's property assessment data RKG Associates identified and estimated when necessary, the total square footage and acreage for each property owner within Downtown Hot Springs. Due to inconsistencies between parcel data used for mapping and property assessment records, the County was consulted to ensure that Downtown buildings were associated with the correct property (Table 5-5).

There are 12 different property owners within the downtown study area (Map 5-4). However, as the map indicates, there are a relatively small number of entities that own a majority of the property in terms of land acres... A total of three entities hold the majority of the approximately 62 acres in

Downtown, including: The Omni Homestead (83.2%), Virginia Hot Springs Land Co (7.3%) and NA Homestead Preserve LLC (5.8%). These three entities also represent more than 75% of the total building square footage. Even without including the buildings associated with the main resort, The Omni Homestead buildings in Downtown represent more than half (52.5%) of the total building square footage. Roughly 27,000 square feet of building space is owned by NA Homestead Preserve (11.5%). An additional approximately 30,000 square feet (12.7%) is situated on the Virginia Hot Springs Land Co property; however, these buildings are associated with The Omni Homestead and based on tax records do not appear to be owned by this entity. The prominence of these three entities, through land area, buildings area or both suggests that redevelopment efforts or planned future development within the study area may be possible if sufficient support exists among these key stakeholders. This analysis also indicates that any decisions these entities make for their properties Downtown will have the greatest impact on its development or redevelopment moving forward.

Table 5-5

**Downtown Hot Springs Study Area: Ownership Data
 Bath County, Virginia**

			Square	
	Acres	Percent	Footage [3]	Percent
Carpenter Building LLC	0.13	0.2%	10,080	4.3%
Duck In LLC	0.11	0.2%	1,911	0.8%
First Virginia Bank-Southwest	0.56	0.9%	6,120	2.6%
GVM Properties #2 LLC	0.41	0.7%	3,040	1.3%
Haynes Building LLC	0.10	0.2%	5,976	2.5%
Hot Springs Vol. Fire Dept.	0.62	1.0%	12,842	5.5%
NA Homestead Preserve LLC	3.57	5.8%	27,097	11.5%
Ryder, Eddie H & Peggy	0.03	0.0%	4,000	1.7%
Snead, Samuel J Jr.	0.34	0.5%	5,924	2.5%
Solomon, Joyce Fam LTD Partnership	0.06	0.1%	4,775	2.0%
The Homestead LC [1]	51.50	83.2%	123,333	52.5%
Virginia Hot Springs Land Co [2]	4.50	7.3%	29,922	12.7%
Total	61.93	100.0%	235,020	100.0%

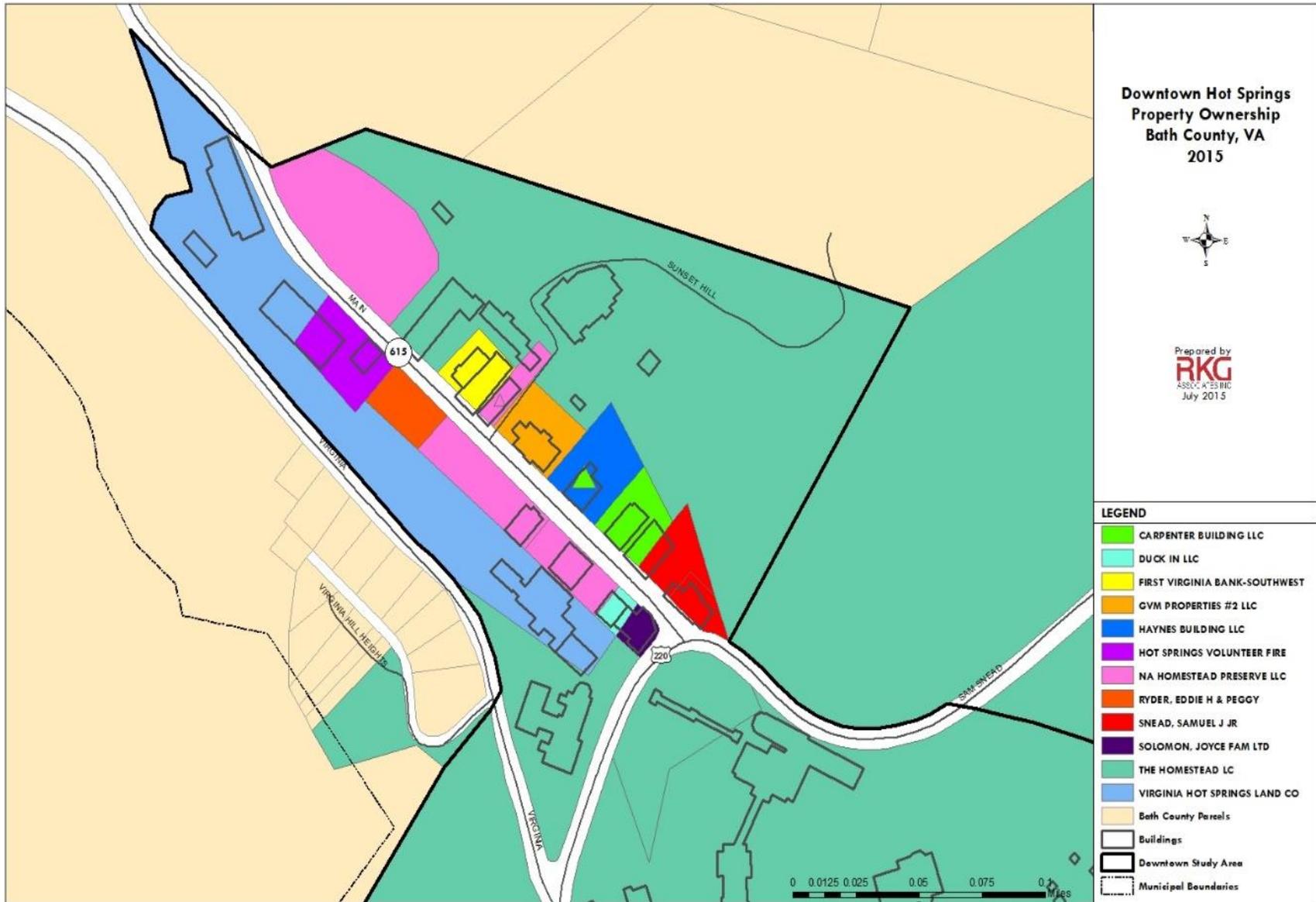
Source: RKG Associates, Inc., 2015

[1] Square footage excludes main property buildings. Acres estimate of Study Area only.

[2] Square footage reflect buildings on property, not ownership.

[3] Estimate use when data insufficient.

Map 5-4



Source: Bath County Property Assessment data and RKG Associates, Inc.

Source: Bath County, VA, RKG Associates, Inc., 2015

D. DOWNTOWN REVITALIZATION CONCEPT PLAN

As part of the overall economic development plan for Bath County, the RKG team developed a case study for the downtown Hot Springs area. The study intended to explore how a combination of physical changes, and market supported development efforts could be combined within the project area to positively influence economic and physical conditions. The project area boundaries included the Eastern edge of downtown Hot Springs along Rt. 220 to the intersection of Main Street and Sunset Hill road. The study corridor included the land between Virginia Avenue and Sunset Hill Rd.

1. Conditions Assessment

The planning effort started with a frank assessment of physical conditions within the study area. The RKG Team toured the area and documented conditions. Conditions were reviewed with the context of having a positive or negative effect on economic conditions, quality of life, and community amenity.

Conditions reviewed included:

- Vehicular access
- Parking
- Gateways
- Wayfinding
- Open space
- Architectural quality
- Infill opportunities
- Aesthetics

The conditions assessment found that there were several key conditions which positively affected the overall quality of the downtown environment including:

- Current businesses
- Architectural quality
- Existing Streetscape and sidewalks
- Existing natural features and open space
- Scale and walkability

Several conditions negatively affected the overall quality of downtown including:

- Dilapidated and underutilized buildings
- Poor mix of building uses and business mix
- Limited building lot depth
- Majority owners and uncertainty of future use of key buildings
- Topographic and environmental constraints
- Poor pavement conditions
- Large expansive parking lot
- Poor drainage
- Lack of outdoor amenity and destination quality amenities
- Poor way finding signage and lack of a formal gateway
- Poor visual definition and visual termini
- Lack of pedestrian connectivity

2. Community Design Workshop

Input was gathered from members of the public at a community design workshop held on May 27, 2015 at the Hot Springs Fire Station. Members of the general public, Economic Development Steering Committee members and downtown property owners were asked to participate in an interactive design workshop. The workshop included a presentation of background information, including overall project scope and goals, demographic and economic conditions, and a review of physical conditions in the downtown study area. Mapping of the study area was reviewed and participants were asked to breakout into four groups with approximately eight to ten persons per group. Participants were asked to work together to review, identify and record opportunities and constraints related to economic development, quality of life and amenity in the study area. From this information each group was asked to identify solutions to problems and improvements which they felt would improve the overall quality of the study area.



GROUP 1

Opportunities Identified

- Convert downtown storefronts from offices to shops/commercial (Telecom building)
- Stripe on-street parking to fit more cars
- Convert the Virginia Building to storefronts on first floor and residential above
- Open gravel parking area between Chamber of Commerce and Telecom building could be redeveloped
- Enhance the gateway to downtown

Constraints Identified

- Drainage: flooding at back of properties on north-east end of town
- Lack of parking downtown
- Gravel parking lot used incorrectly by Homestead employees (they have a designated lot elsewhere)
- Bump-outs – restrict use of bump-outs
- Disconnect between events in county (i.e., airshow) and bringing those people downtown
- Limited volunteer base to organize downtown events/festivals
- Drainage on Main Street

Improvements Proposed

- Weekly downtown street fair
- Alternate route to Main St. so can close Main Street for events. Virginia Ave. could be an alternate
- Additional downtown restaurants at a variety of price points
- Multi-use (and exercise) trail from end to end of town along the stream
- Relocate Homestead maintenance/engineering to different location out of town and redevelop those downtown lots,
- Mixed use infill development in gravel parking lot
- Keep the open space at the north end of town
 - Develop as a park: dog park, playground, family activities, pavilion
- Incorporate green space into future mixed-use infill development downtown
- Create an outdoor gathering space downtown
- Introduce and outdoor concert series
- Partner with Homestead during Homestead events to spread the event downtown
- More development along Sam Snead Highway fronting The Omni Homestead, making downtown into an “L”. Will make the downtown more visible from The Omni Homestead and the highway.
 - Repurpose the Virginia Building as ground floor shopfronts and residential above
- Need better wayfinding signage,
- Create trail/access to back side of buildings to open up the back side of buildings for commercial use
- Create space for locals to show talents and make money
- Enhance the gateway of town and make crossing the street safer and easier

Top 5 Ideas (top idea in bold)

- **Redevelop gravel parking lot as mixed-use development with commercial and residential uses**
- Homestead employees to park in places other than downtown
- Gateway improvement
- Increase residential opportunities downtown
- Infill development downtown, to create density

GROUP 2

Opportunities Identified

- Virginia Building
- Open Parking lot
- Restaurants
- Unique history
- Dry goods store
- TDS building
- Creek
- Trails from golf course
- Train Depot (interpretive)

Constraints Identified

- Lack of a way around downtown
- Don't have a permanent market space

- Open parking lot
- Homestead maintenance shop
- Homestead Laundry
- Old dam (flooding)
- Drainage (being addressed)
- Lack of architectural control
- Smoke stack

Improvements Proposed

- Parking (garage)
- Retail and housing
- Trail connector
- Gateway (roundabout)
- More pedestrian friendly intersection (no stop light!)
- Maintenance facility converted to artisan workshops
- Improve drainage
- Event park
- 2 signature events
- Food trucks
- Retail infill
- Second floor housing (repurposed building)
- Information center
- Signage
- Boutique pet care
- Landscape (pocket park)
- Bike path
- Accessible
- Downtown Association fees for Main Street maintenance
- Bike and motorcycle parking
- Electric car charging spot
- Bike rentals
- Community garden
- Children oriented amenity

Top 5 Ideas (top idea in bold)

- **Retail/Restaurants open 7 days/week**
- **Parking**
- **Pedestrian friendly (safe/accessible)**
- **Recreation opportunities (events, parks)**
- **Adequate infrastructure (drainage, lighting, water sewer, Wi-Fi, coffee)**
- **Partnerships**

GROUP 3

Opportunities Identified

- Parking lot
- Hot Spring gallery

- Open space
 - Demolished stables area
 - Behind creek
- Creek – as a biking trail
- Pedestrian area along Sam Snead Highway
- Virginia Building architecture should be saved
- Anchor at the end of the block
- Connect Virginia Building to downtown via pedestrian access
- Parking lot as potential for retail development
- Relocate Homestead parking to behind stream
- Virginia Building retail
- Utility Building (Homestead)

Constraints Identified

- Condition of Homestead Utility buildings
- Better use of TDS building (not vacant)
- Not enough shops/dining/activities
- Pharmacy relocation, parking issue
- Not enough to draw in visitors
- Condition of Virginia building
- Parking
- Is the Chamber of Commerce located in the right position?
- Stream quality – contaminants/erosion
- Drainage along downtown streets
- Need more things to do downtown. Too many work offices/buildings.

Improvements Proposed

- Parking Lot ideas:
 - Retail
 - Place to have a beer/casual hang out
 - Apartments on upper floors
 - Mixed use – retail/lofts or condos above, rentable
- Stream
 - Walkway along stream
 - Place for festivals
 - Parking behind stream
- Walking trail
- Open Space:
 - Open concerts (like Clifton Forge)
 - Farmers Market should be relocated?
 - Market (ex: Covington) – tech connections
- Arts Co-op – local arts and crafts
 - Retail space
- Virginia Building area:
 - Outdoor dining
 - Shift walkway to by Virginia Building, move parking
 - Condos

Top 5 Ideas (ideas ranked, top idea in bold)

- Mixed-use development in the open gravel lot
 - Incorporate wide sidewalks,
- Stream improvement as an amenity
 - Walkway
- Depot walkway
 - Retail
 - New walking entrance
 - Gathering space
 - Park
 - Virginia Building options
- Develop open space as an anchor store (chain market)
- Aesthetic improvements along entire street
 - Better signage
 - Historical assets/signs

GROUP 4

Opportunities Identified – Did not report back

Constraints Identified

- Drainage
- Parking
 - Planters restrict parking
 - Parking spaces taken up by Homestead employees, owners of downtown businesses, and their employees
- Housing/mixed-use
- Dominant ownership of downtown properties is private

Improvements Proposed

- Want artisan/unique experience
- More efficient parking use
- Preserve architectural/historic character
- Improve Cedar Creek
- Pay attention to highest/best use
- Nurture arts culture
- Provide things for families/kids

Top 5 Ideas (top idea in bold)

- New housing/mixed-use
- Landscaping/trees
- Preserve and define gateways
- Business incubator space (commercial kitchen/artists)
- Visitor Center material/information

3. Community Priorities

Participants were asked to then prioritize their group's ideas and list the top 5 ideas and then to identify the one idea which was the most important.

- Redevelopment of the large gravel parking lot as mixed use
- Infill with residential
- Accommodate homestead employee parking somewhere else
- Gateway improvements at the intersection of Sam Snead Highway and Main Street
- Accommodating parking
- Creating recreation and event opportunities and enhancing pedestrian walkability
- Adaptive reuse of the Virginia building
- Partnerships for revitalization

Three out of the four groups selected redevelopment of the Main Street gravel parking lot with mixed use development as the most important idea. One group noted creating partnerships between land owners, the county and businesses as the most important.

4. Downtown Concept Plan Revitalization Initiatives

Based on community input and priorities the RKG team developed a list of initiatives which were supported by market conditions, community needs, and were generally feasible given site conditions, cost and potential for implementation by either governmental or private entities. The initiatives which were the most feasible and were most likely to positively affect the overall conditions in the study area were highlighted in the plan. Plan initiatives and project priorities are shown on Map 5-6).

a) Remove or Replace The Omni Homestead Maintenance Building

This building is located at the Western end of Main Street and serves as the de-facto visual terminus for the streetscape. The building, while exhibiting some classic industrial vernacular form, is unattractive and obtrusive. Access and parking in and around the building is unorganized. Improvements to the building's architecture, site access, and landscape would serve to enhance the visual quality of this portion of the study area and would be a positive addition to this end of Main Street. Proposed improvements include:

- Replace building and relocate existing support uses to a new off-site location,
- Organize and define access to the site and building,
- Construct a new 24 space parking lot to serve the building and special events in the proposed town green across the street, and
- Create landscaped edges.

b) Create New Downtown Green

This space is the former location of the old Homestead stables and is currently an open grass lot owned by Natural Retreats and used for small events such as the Farmer's Market. The site's adjacency to the Hot Spring Fire Department, and its location at the end of the street and potential greenway corridor along the creek makes it an ideal community park and event space. An event space at this location would also create a destination and would draw visitors and residents down Main Street, further bringing people to downtown to patronize local businesses. The site is also adjacent to The Omni



Homestead Engineering building which has potential to be redeveloped as a major artisan center, with outdoor plaza space (see Initiative C.) This will further enhance the areas function as an active, vibrant, destination park and event space.

Proposed improvements include:

- Develop multiuse lawn/event space with exterior loop path, space for tents and electric service
- Market/picnic pavilion
- Nature play area or waterpark
- Stream restoration
- Terminus of the proposed multi-use trail (see Initiative A).

c) Open-air Event Plaza

This is the site of an existing gravel parking area on the former Homestead Stables lot and offers adjacency to the proposed event park. It could serve as an activated outdoor urban plaza or courtyard offering space for outdoor seating, café space, performance staging. The space provides a transition between the Engineering building and the proposed event park while offering multiple functions. Parking would continue to be accommodated during regular business hours.



Outdoor Event Plaza and Pavilion

Proposed improvements include:

- Attractively paved plaza
- Space for café and artisan market related activity, and
- Utility infrastructure to support performance and markets.

d) Construct New Artisan Market Building

The new Artisan Market will be a hub of pedestrian activities. The building will be constructed in the location of The Omni Homestead Engineering Building, which would either be renovated or rebuilt as a multi-use building. The maintenance and engineering functions for The Omni Homestead would then be relocated to another facility outside the downtown.



Open air market in Downtown Charleston, SC

The new building would be designed as an open-air market place, artisan workshop, with a general store containing a restaurant, bar and

entertainment venue. This facility would highlight regional artists and crafts people and create a general store environment where people could shop for regional goods, enjoy a meal or a drink and be entertained by local musicians.

The building would open up onto the downtown green and an event plaza (Initiative C), which could be a staging area for outdoor concerts and festivals (Initiative B). A good example of an open air market place is called City Market in Downtown Charleston, SC. The marketplace building is a simple brick building with an open floor plan. The space can be set up for a farmers market, an art show or a small indoor performances. The general store concept is best exemplified by the Floyd Country Store in Floyd, Virginia. The Country Store has become a destination in Southwest Virginia as a place to buy regional products, connect with neighbors and enjoy dancing and music at night.



Floyd Country Store, Floyd, Virginia

- Construction of a new Market building with an arcade and breezeway and
- Space for an indoor market, artisan workshops, and restaurant and entertainment venue.

e) Demolish Homestead Engineering Building and Construct a Parking Lot

To serve the parking needs of the adjacent new Artisan Market building, The Omni Homestead Engineering Building that parallels the creek will be demolished, and its functions moved off site. The additional 16 spaces of the new lot will supplement the existing parking lot and serve the new Artisan Market as well as the existing businesses on Main Street. Removing The Omni Homestead Engineering Building also opens up views and connections to the adjacent stream. Proposed improvements include:

- Demolish the existing Homestead Engineering Building,
- Construct a new 16-space parking lot to serve the Artisan Market and existing Main Street businesses, and
- Landscape bump outs and edges.

f) New Apartment Living

This space currently houses The Omni Homestead's Laundry facilities, which would be relocated and the existing building demolished. Two new 3-story apartment buildings to serve Homestead employees would be constructed on site. The total building footprint is 23,000 SF, and would contain 57 units and have 46 parking spaces. The apartments are an easy walk to downtown, and do not interrupt the commercial corridor of Main Street. Proposed improvements include:

- Construct two apartment buildings with 57 total units on the site of The Omni Homestead Laundry facilities,

- Construct a new 46-space parking lot to serve the apartment complex, and
- Create landscaped buffers and parking islands.

The market opportunity for apartments in Downtown Hot Springs is limited and if The Omni Homestead is not interested in constructing new employee housing at this location, a smaller number of units would be required. The presence of the laundry facility could require environmental remediation activities before the site could be redeveloped for other uses.

g) Mixed-Use Infill Development and Downtown Central Parking Lot

This space is currently an open gravel lot used informally for parking by visitors and Homestead employees. It will be developed into two mixed-use buildings with a total footprint of 14,000 sf. Developing this site will fill in a gap in the Main Street corridor and offer additional downtown space for pedestrian-engaging businesses. The first level will be commercial space, with two stories of residential units above. The buildings will be constructed to front Main Street with a wide sidewalk for café seating and street trees. Parking will be behind the building, and will create 97 new spaces, in addition to maintaining 7 spaces for the Chamber of Commerce and 13 spaces for Natural Retreats and the TDS building. Homestead employees will be redirected to the existing off-site employee lot and shuttle. This mixed-use infill increases the business capacity of downtown Hot Springs and creates additional residential space. The infill buildings will frame a downtown pocket park (Initiative H). Proposed improvements include:



The buildings will be constructed to front Main Street with a wide sidewalk for café seating and street trees. Parking will be behind the building, and will create 97 new spaces, in addition to maintaining 7 spaces for the Chamber of Commerce and 13 spaces for Natural Retreats and the TDS building. Homestead employees will be redirected to the existing off-site employee lot and shuttle. This mixed-use infill increases the business capacity of downtown Hot Springs and creates additional residential space. The infill buildings will frame a downtown pocket park (Initiative H). Proposed improvements include:

- 2 mixed-use buildings to fit the architectural character of the town. Buildings will be first floor commercial, and 2 floors of residential,
- Widen sidewalks along Main Street to accommodate café seating, street trees, and pedestrian improvements,
- New parking lot with 117 spaces to serve the new development, Chamber of Commerce, and existing businesses,
- Landscape parking islands and buffer zones, and
- Enforce off-site parking by Homestead employees in the existing employee lot with shuttle service.

h) Pocket Park

As part of the infill development project (Initiative G) in what is currently a gravel parking lot, there will be a small downtown green. This park will be directly across the intersection with Sunset Hill Road, creating a central square in Hot Springs. The park will be an amenity for local residents and visitors, and can function as a landmark and meeting point. Proposed improvements include:

- Small park with lawn, trees, sidewalks and benches,
- Fountain or sculpture display. Potential to feature local artists, and
- Intersection improvements at Sunset Hill/Main Street with stamped asphalt and crosswalks.

i) Multi-Use Trail

The multi-use trail will create a destination loop through Hot Springs. The trail will parallel the stream from The Omni Homestead along an abandoned road bed up to the new Town Green. It will cross an existing bridge, and continue through the town green until it terminates on Main Street across from the Fire Station. People can complete the loop by walking along Main Street back towards The Omni Homestead. The trail gives access to Hot Springs' natural amenity of the stream, which will be restored (Initiative M), as well as connecting walkers to the historic and commercial amenity of downtown. Proposed improvements include:

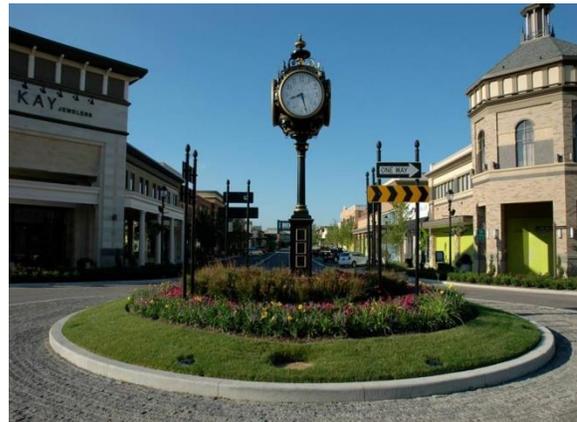


- Convert abandoned road bed into a multi-use trail,
- Connect trail from road bed terminus at Sunset Hill Road through the town green to Main Street, and
- Develop interpretive panels about the natural features and geology of the area along the trail.

j) Control Vehicular Access

Vehicular access behind the current ABC store, pharmacy, and Bacova Properties will be restricted to deliveries and emergency use only, rather than parking, which is currently allowed. This will improve circulation on Main Street since delivery vehicles will no longer block traffic. Proposed improvements include:

- Signage identifying no parking areas and for emergency and delivery use only.



k) Create Main Street/Sam Snead Highway Gateway

The intersection of Main Street and Sam Snead Highway will be improved to create entrance features for the town and to increase safety of pedestrians crossing between The Omni Homestead and Hot Springs. The current T-intersection will be replaced with a roundabout with landscaped medians and improved pedestrian crossings. The 100' diameter roundabout will accommodate tractor trailers. These improvements will increase drivers' awareness of Hot Springs and make the downtown more inviting and accessible to guests of The Omni Homestead. Proposed Improvements include:



Suggested Downtown Gateway Treatments

- Replacing the current T-intersection with a 100' roundabout,
 - Installing landscaped medians,
 - Crosswalk striping and pedestrian warning signs across Sam Snead Highway,
 - Landscaped Hot Springs welcome sign, and
- An optional scenario would be to maintain the current T-intersection, but add medians, planning, and improved crosswalks.

l) Virginia Building Renovation and Conversion

The Virginia Building currently functions as Homestead employee housing. The employees will be rehoused in the new apartment buildings (Initiative F), and the building will be converted into mixed use. There will be commercial space on the ground floor and residential apartments above. Proposed improvements include:

- Refurbish residential space into apartment or condo units,
- Remodel first floor as commercial space, and
- Repair and repaint the façade of the building.



Virginia Building Apartment Homes

m) Stream Restoration

Improve the quality of the stream and the riparian zone running through Hot Springs from its crossing at Sam Snead Highway to its crossing on Main Street. This may include cutting back banks, creating log weirs, and native species planting. The stream restoration will improve habitat quality and provide a natural amenity for residents and visitors. Restoration within the new town green may include best management practices that can address the high runoff rates experienced during rain events. Proposed improvements include:

- Remove trash and foreign objects from the stream bed,
- Constructed improvements to stream channel (log weirs, bank cuts, etc.) as needed,
- Invasive plant species removed and planting native riparian species, and
- Apply best management practices to address high runoff and flooding in the stream.

n) Bioretention Facility

Bioretention facilities are incorporated into parking lots, parks, and unused spaces throughout Hot Springs. These bioretention facilities are a visual amenity, and can address some of the flooding and high runoff experienced during rain events by capturing and slowing some of the water that would otherwise overflow the existing facilities and stream. Proposed improvements include:

- Engineering bioretention facilities into new construction throughout Hot Springs and
- Landscaping the bioretention facilities.

E. IMPLICATIONS

Most Bath County residents must travel outside the county for the goods and services they need for their daily lives. Recapturing some of this spending, either through additional retail establishments or through the expansion of merchandise lines at existing retail establishments may be possible. Approximately \$23.8 million in household retail demand is spent outside the Hot Springs trade area in areas south and \$23 million in household income is spent outside the Millboro trade area in areas to the East (Table 5-2). An additional \$4.3 million is spent by the households living between these two trade areas. Further research into the impact of second home and seasonal residents and local tourists further increases the demand for certain goods, primarily restaurant, grocery, and health and personal care categories.

Downtown Hot Springs currently has a small number of commercial uses along Main Street/Route 615 just north of The Omni Homestead. The retail-oriented uses include boutiques and restaurants, particularly clustered near the intersection of Sam Snead Highway and Main Street which is closest to The Omni Homestead. However, the largest building uses are apartments, office space, retail shops and support operations for The Omni Homestead, which are not compatible with a vibrant downtown district.

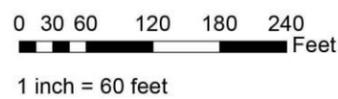
Based on community input obtained during a May 2015 community design workshop, Bath County residents identified a set of priorities for the future revitalization of Downtown Hot Spring. The RKG team developed a series of revitalization recommendations that responded to community input and were supported by market conditions, community needs, and were generally feasible given site conditions, cost and potential for implementation.

Map 5-5



- (A) Homestead Maintenance Building: Tighten up construction yard and screen building. Construct a new 24-space parking lot.
- (B) Town Park: Develop green space as a town park with a playground, picnic pavilion, and Market Pavilion. Park is the terminus of the new multi-use trail. Stream restoration and flood mitigation best management practices along the stream.
- (C) Plaza: A special event plaza that functions as an event space, concert venue, or parking lot. Connects the park with the Artisan Market.
- (D) Construct new Artisan Market building in location of Homestead Engineer Building. Will be an indoor marketplace/workshop/gallery/restaurant space. An arcade front along the park and a breezeway opens the building.
- (E) Demolish building and construction a 16-space parking lot.
- (F) New Apartments: Relocate Homestead Laundry facilities and demolish building. Construct 2 3-story employee apartment buildings with approximately 57 units, and 46 parking spaces. Building footprint is 23,100 sf.
- (G) Mixed-Use Infill: 14,000 sf footprint 3-story new construction in current empty lot. Commercial on ground floor, and 2 stories of residential above. Parking lot with 97 new spaces, 7 spaces for the Chamber, and 13 for Natural Retreats and the TDS building.
- (H) Pocket Park: An urban park
- (I) Multi-Use Trail: Connecting the Homestead to the Town Park, it follows an existing road bed beside the stream. Stream restoration along the trail route.
- (J) Vehicular access behind buildings for deliveries and emergency vehicles only.
- (K) Main Street/Sam Sneed Hwy. Create roundabout with landscaped medians and improved pedestrian crossings. 100' accommodates tractor trailers.
- (L) Virginia Building: Ground floor commercial and residential apartments above. Homestead employees relocated.
- (M) Stream Restoration
- (N) Bioretention facility

DOWNTOWN HOT SPRINGS - Conceptual Master Plan
 Bath County, Virginia



6 IMPLEMENTATION STRATEGY

A. INTRODUCTION

The following section provides a detailed description of the major implementation goals and recommendations designed to diversify Bath County's economy in the future. The notion that Bath County can be successful economically by maintaining the status quo is a false assumption. The county's economic well-being is inherently vulnerable to seasonal and annual fluctuations in regional tourism activity and the independent decision-making of a single, large employer, The Omni Homestead. While The Omni Homestead and its predecessors have been a dominant source of employment for many decades, it would be wrong for Bath County officials and civic leaders to become too complacent and reliant on one company for its economic well-being. With corporate decisions being made on a global level outside of Bath County, local initiatives to grow and diversify the job base become critical. Therefore, the strategies in this report are focused on economic development initiatives designed to capitalize on local competitive advantage and to grow small businesses and entrepreneurial opportunities.

In addition, RKG Associates has provided more detailed descriptions of several top initiatives that should be pursued in the near-term to position the county and its private partners for future success. While there are many activities and programs to undertake in the years to come, the county should consider these fundamental steps to reorganize its staff and put into place the financial resources necessary to foster local economic growth.

B. STRENGTHS, WEAKNESSES, THREATS, OPPORTUNITIES

The primary objective of the Bath County Economic Development Strategic Plan is to present a range of implementable actions steps that capitalize on the county's existing strengths and opportunities to increase the level of economic activity within the county. These action steps or strategies are designed to build upon community assets while accounting for existing limitations within the county's economy. A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is one way to organize these assets and limitations and identify specific areas to target within the Strategic Plan.

The following SWOT Analysis is to assess the competitive position and potential of Bath County within the context of economic development. Strengths can be seen as assets to further develop. Weaknesses are areas where Bath County might be at a disadvantage when compared to other counties in the region from an economic competitiveness perspective. Opportunities are potential future assets if further pursued and threats are existing conditions that might hinder future expansion of the Bath County economy. The following are the strengths, weaknesses, opportunities and threats as identified by Bath County and RKG Associates through previous studies, a survey of the county, analysis and stakeholder interviews.

1. Strengths

- Bath County has a strong tourism economy based on its natural resources and outdoor recreation opportunities and bolstered by The Omni Homestead. This is further supported by the perception of the community regarding the importance of this industry to the economy.

- A notable second and vacation home market exists which generates additional demand for goods and services beyond those of county residents.
- Strong institutional partnerships exist between the county and private industry and regional organizations.
- Bath County has an active music venue (Garth Newell Music Center) and local artists who work in a variety of mediums from jewelry and sculpture to woodworking.

2. Weaknesses

- The population over the age of 25 years old in Bath County has an overall lower level of education attainment than the same population in the surrounding region, impacting workforce competitiveness.
- Feedback from community businesses indicate that the existing workforce could benefit from additional training and education for a range of job opportunities from management positions to trades sectors such as plumbers and carpenters.
- Current opportunities for workforce training and additional education are not available within Bath County.
- Visitor amenities are limited: there is no formal visitor center, limited retail experiences and limited visitor wayfinding.
- Technology, including cellular service and broadband access, is weak in many areas.

3. Opportunities

- Manufacturing is the dominant employment industry for the surrounding region. Bath County has the opportunity to enhance its strengths in Accommodation, Utilities and Private Household Services which can set it apart from the rest of the region.
- Bath County has the potential to attract sole-proprietors and small businesses in areas such as business support services and professional, scientific and technical consulting firms, both of which can work remotely and want direct access to outdoor recreation activities and a rural way of life.
- Unmet demand for retail that meet both resident needs and that of second homeowners and vacationers such as Health and Personal Care Services, Grocery Stores and Limited Service Eating Establishments.
- Vacant land and buildings along Main Street in Downtown Hot Springs present an opportunity to revitalize this commercial center and take advantage of the existing customer base of The Omni Homestead.
- Develop active relationships/partnerships with local and regional educational institutions including the Bath County Public Schools and Dabney S. Lancaster Community College. (Comp/Tourism Plan)
- Capitalize on existing events and partnerships such as the local Car and Air Show, Artisans of the Alleghenies, the Bath County Fair, MVFA Small Pickup Pull and Farmers Market.
- Expand and enhance the existing local agriculture industry (Comp Plan Goal).

4. Threats

- Reliance and presence of a single, large employer currently ties the economic future of the county to one entity.
- The population of young professionals and families is in decline.
- Limited housing opportunities for households with middle to upper middle incomes and those seeking rental units.
- As in many communities, there is resistance to change.
- There is an insufficient level of activity in downtown Hots Springs to attract shoppers and diners both local and from out of town.

C. FUNDAMENTAL ECONOMIC DEVELOPMENT PRIORITIES

1. Expand Implementation Capabilities of the Bath County Economic Development Authority (EDA)

Given the strategic priorities within this plan, Bath County Government does not currently possess the organizational capacity or expertise to undertake the full range of tasks that will be required for successful implementation. Early action steps can be undertaken through the deployment of existing resources (Department of Tourism & Economic Development) in the short-term, but successful implementation of the plan will require a more robust economic development organization. In order to address the full range of opportunities described in this plan, the county must support an organization with the technical expertise, full-time staff resources, and the powers and authorities required to respond to the challenge.

Bath County has already established an EDA and has appointed a board of directors and the organizational structure currently exists to carry out the major initiatives in this plan. In addition, the county's Tourism & Economic Development Department can provide staff support to the EDA on many initiatives, particularly those related to tourism development. However, the county has not yet developed an expertise in more traditional areas of economic development (e.g., workforce training and development, business recruitment and retention, entrepreneurship development, etc.). This enhanced capacity is needed at this time to create new employment opportunities.

The EDA is one of the oldest, most well established vehicles for providing economic development powers, financing and incentives for revitalization and redevelopment activities. EDAs are used to finance governmental infrastructure, to serve as a conduit to pay incentives, and to acquire, build and lease or sell real estate. EDAs have increasingly been used to facilitate development of nonprofit and governmental facilities and housing. Typically, an EDA financing for governmental facilities involves a "pledge" of general fund revenues. Although the pledge is subject to annual appropriation, the typical EDA financing is not limited to a particular revenue source and is likely to be more marketable and bear a lower interest cost than the special tax district or tax increment financing options discussed below.

EDA Powers and Authorities

- a) Issuance of Bonds - An EDA is authorized to issue bonds for any of its purposes including payment of the cost of "authority facilities."
- b) Serve as Conduit for Incentives/Provide Shell Buildings or Industrial Parks - An EDA is authorized to acquire by purchase, exchange, gift, lease or otherwise and to improve, maintain, equip and furnish authority facilities, including real and personal property and to lease, sell, exchange, donate and convey its facilities or properties (Section 15.2-4905, paragraphs 4, 5 and 6). Paragraphs 12 and 13 of Section 15.2-4905 authorize EDAs to borrow money and accept contributions, grants and other financial assistance from federal and Commonwealth governmental entities for or in aid of authority facilities or to make loans or grants in furtherance of the purposes of the Act, including for the purposes of promoting economic development.
- c) Forgive Loans - EDA is also expressly authorized to forgive loans if it is deemed to further economic development.
- d) Hold Real Estate - Section 15.2-4917 authorizes a locality to acquire, but not by condemnation, a facility site and transfer it to an EDA. This section provides that the locality may transfer the site without regard to the requirements, restrictions, limitations or other provisions

contained in any other general, special or local law, presumably dispensing with the requirement of a public hearing before a locality may convey its property.

e) Accept Financial Appropriations - Section 15.2-953 expressly authorizes a locality to make gifts, donations and appropriations of money to an EDA for the purposes of promoting economic development.

f) Receive County Property - Section 15.2-1205 authorizes the governing body of a county to give, lend or advance funds or other county property to any authority created by it. The foregoing seems to provide ample authority for a locality to use its EDA to provide funds or other property as an incentive for economic development.

g) Providing Performance-based Grants - There are a number of non-bond mechanisms for moving incentive grant funds from a governing body to a business being incentivized to locate or expand in a given locality. One of the most effective is the "performance-based grant." While the Virginia constitution forbids local governing bodies from lending funds to private businesses, it has been well established that a locality may make a grant to an authority, which can then make a grant to the business to be incentivized.¹

EDA Board of Directors and Staff

An EDA board of directors should be given the lead role in implementing the economic development strategic plan and directing the lead activities of the EDA. It is recommended that the board membership remain separate and distinct from the Board of Supervisors, so that it is one step removed from County politics and inevitable leadership turnover associated with elected boards. The Board of Supervisors will have the power to appoint new members to serve on the board. Complex (re)development projects can take many years to complete and leadership stability is a valuable and necessary asset. Members of the board should have an understanding of economic development and real estate as much of the EDA's initiatives will be related to real estate development, revitalization and traditional economic development activities.

A senior level professional is necessary to run the authority and lead the county's effort. The director must have real estate expertise and the ability to negotiate complex deals with real estate developers, property owners and businesses. This position also requires this individual to be able to build relationships and work with all of the county's implementation partners to ensure seamless coordination and action on a number of different economic development initiatives. Strong interpersonal skills are a necessity. The director's primary responsibilities should include:

- Coordinate the activities of County departments, other government agencies, professional planners and consultants, and private property owners and development partners.
- Work in close cooperation with the county's Director of Tourism & Economic Development.
- Ensure oversight and focus on public improvements, regulatory and redevelopment activities in Bath County.
- Serve as the county's representative on real estate transactions and the county's key point of contact to facilitate actions such as transportation improvements that will support desirable development/redevelopment.
- Develop, negotiate, and administer real estate transactions on behalf of the county.
- Manage contracted consultants for special projects such as needed.
- Identify and seek to access funding sources and mechanisms for financing public improvements and attracting private development interest to the Bath County.

¹ "Financing Tools Available to Virginia Localities to Facilitate Economic Development and Redevelopment," Virginia Industrial/Economic Development Authorities Institute, William L. Nusbaum and Williams Mullen May 21-22, 2013.

The new EDA will require support staff to effectively implement the plan. It is recommended that support staff comprise one part or full time individual in the short term, with the potential of adding additional staff members as efforts increase and expand. This individual will also serve as a liaison between the EDA and the Board of Supervisors and keep the supervisors briefed periodically as necessary.

2. Create a local "Business Innovation Team" to Support Small Business and Workforce Development Initiatives

In order to create a successful economic development program in Bath County, a public/private partnership should be created that brings together the skills, expertise and resources of various key government, business and institutional leaders. Because of Bath County's limited resources it must be able to leverage the expertise that exists within the community and greater region to undertake certain economic development initiatives. RKG Associates is recommending the creation of a local Business Innovation Team to function as a volunteer task force that works in partnership with the EDA on certain economic development initiatives. The Innovation Team would be led by the county of Bath Chamber of Commerce and would consist of local business leaders, workforce development professionals and the county's economic development staff. This group would undertake joint initiatives related to small business development, entrepreneurship development, workforce training and lead Bath County's new business retention and recruitment efforts.

It is recommended that the Innovation Team consist of 10 to 12 local professionals with a varied array of business expertise that can be deployed on an as-needed basis to support the growth of local small businesses in Bath County. The group's primary responsibilities would consist of:

a) Business Retention and Recruitment Program – An essential component of many economic development programs is business retention and recruitment. Business retention efforts are designed to provide outreach to local companies through a "local visitation team" to help identify issues or barriers that are constraining growth. It also recognizes the notion that most employment growth comes from existing small business as compared to business recruitment. In Bath County, the Business Innovation Team will visit a rotating list of local businesses each year to offer support and put them in contact with resources or professionals that can help solve problems, make business connections or remove obstacles to growth.

In addition to retention efforts, the Innovation Team could provide support to the Chamber of Commerce to assist in the recruitment of new businesses to Bath County. The opinions and experiences of local business people are often helpful to prospective businesses in their assessment of Bath County as a business location. Business recruitment efforts could include a number of tasks for the Chamber and the Innovation Team, including:

- Identify new business targets to improve the mix of businesses downtown (e.g., retail, shops, restaurants, etc.)
- Identify specific businesses or small business entrepreneurs to recruit for Bath County.
- Create a promotional and marketing package to provide information about downtown business opportunities.
- Consider organizing and hosting a statewide downtown business recruitment workshop at The Omni Homestead.
- Host a recruitment event through the Chamber of Commerce to invite businesses and small business entrepreneurs to Bath County.

b) The "Best of Bath Business Plan Contest" – Members of the Innovation Team will be asked to participate in a new program to award \$5,000 to new Bath County business owners and

entrepreneurs with the best business plan. The event sponsored by the Chamber of Commerce would promote the program to encourage entrepreneurial development and new startup companies that want to open new local businesses.

c) Create a Business Mentorship Program – Business mentorship programs pair new business owners and start-up companies with experienced business people to coach them and direct them to others that can assist them in forming a business or helping them through their formative development phase. The vast majority of businesses fail within the first five years due to the general incompetence of the owner. Starting and operating a business takes a variety of expertise and experience in a number of different areas and the business mentorship programs would be designed to match new entrepreneurs with local business owners.

3. Create Two Small Business Incubators in Bath County

Small business incubators are designed to provide a wide array of support functions, including business services and even building space, in support of new and fledgling businesses. The concept has been widely used throughout the U.S. and is intended to provide support to small businesses during their formative years until they are stable enough to move out of the incubator and grow within the community at another location. During their time in the incubator, the small business owner gets the benefit of operating in an environment that may include: (1) competitively-priced building or office space, (2) shared facilities such as conference rooms, assembly and warehouse space, (3) equipment such as copiers and printers, telephone and Internet services, video conferencing and (4) business support services such as accounting, legal and business management.

RKG Associates recommends that Bath County EDA undertake an effort, partially funded through state and federal state grants, to create two very different small business incubators. Both incubators would be supported by members of the Business Innovation Team, but will similar business support services.

- Industrial/Flex Incubator - The first incubator would be an industrial/flex incubator located at the Bath County industrial park utilizing 20,000 SF of space in the existing industrial shell building. This would require the construction of a new shell building for this purpose, unless the current building tenant vacates existing space. The building space and grounds would be attractive to a group of businesses that are needed to support the county's hospitality and seasonal/retirement housing industries. There is the need for small contractors, skilled tradesmen, grounds and building maintenance and similar firms that can provide these services to a variety of local companies, private property owners and real estate management companies. These companies need workshop space, storage for building materials, heavy equipment and vehicles and a central location to serve the county. The EDA is currently leasing the industrial building in Millboro a single company that will require coordination and shared use of the facility. The objective of this program would be to support the growth of several companies and assist them in growing an employment base and help them create contractual relationships with local businesses.
- Business-to-Business Incubator – The business-to-business (B2B) incubator would use a similar model but would create more of an office setting for prospective small companies in need of a supportive business environment with access to a full array of business facilities, services, equipment and mentorship resources. RKG Associates recommends that this facility be located in Warm Springs in office space near the county Courthouse. The business mentorship program would be a program offered through the Chamber of Commerce through its new Business Innovation Team. Team members would provide pro bono or limited-fee services for incubator tenants for their advice in areas of: accounting, legal, business planning, accounts receivable, contracting and proposal writing. Small businesses at both incubators would be able to receive these service through the B2B incubator.

The EDA, through the county's Tourism & Economic Development Department, should identify office space in Warm Springs or other nearby location suitable for this purpose. The economic development professional hired by the EDA would have the primary responsibility of operating the incubator and providing daily management support to tenants. A co-share office incubator would offer administrative support, answering service, conference room, copy services, billing and accounting services and strategic business planning. In the future, it is hoped that high-speed internet services could be provided to allow incubator tenants to connect to the world of commerce through teleconferencing, video conferencing and web access.

The B2B Incubator responds to the need for Bath County to foster the growth of small companies that are mostly knowledge-based or services businesses that can operate locally and serve customers beyond Bath County. However, the ability to connect to the outside world through high speed Internet, teleconferencing and video conferencing services is an important element. The strategy addresses the county's steady loss of young professionals and people seeking employment outside Bath County.

Recently, Bath and Highland County's partnered to commission a study exploring options for providing high-speed internet service to business and residents in both jurisdictions. The study presented several options, all of which require costly investments in infrastructure. No decision has been made on the best course of action, but this service is becoming essential for most people and businesses. However, an additional planning grant has been secured to further investigate opportunities.

4. Consider New Public Finance Options for Implementation

The county will need additional financing tools to pay for infrastructure and capital improvements and to encourage development and redevelopment. A number of financing tools are available to Virginia localities that can provide additional revenue sources to supplement their general fund revenues, such as Community Development Authorities, tax increment financing, real estate tax abatements, and local option sales taxes. These financing tools are described in more detail below.

- **Community Development Authorities** - Community Development Authorities (CDAs), often called special tax districts in other states, were designed to finance and develop infrastructure and other improvements on a more comprehensive or timely basis in a particular area than might be desirable using traditional governmental financing, private financing or proffers. Cities, towns and certain counties may create community development authorities and issue tax exempt revenue bonds to develop and manage facilities and services including roads, parking, utilities, streetlights, landscaping, security, maintenance, recreation, schools, etc. A separate and additional tax on real estate may be assessed to pay the debt service on the bonds. (Code of VA, Sections 15.2-5152 through 5158 and 15.2-5125 through 5133).

CDAs are authorized to issue revenue bonds to pay the costs associated with the improvements listed above. Bonds of the CDA are payable solely from revenues of the CDA. Legislation authorizes a CDA to request annually that the municipality levy and collect an annual special *ad valorem* real estate tax on property within the district. The tax is levied and collected by the locality, not the CDA. It is limited to \$0.25 per \$100 of assessed value unless a greater tax is requested by all the landowners in the district. The taxes are collected and paid to the CDA by the locality.²

² Financing Tools Available to Virginia Localities to Facilitate Economic Development and Redevelopment, Nusbaum, William, Virginia Industrial/Economic Development Authorities Institute, 2013

- **Tax Increment Financing (TIF)** - Any locality may create TIF districts to stimulate private investment in development project areas. TIF district boundaries are set and the current or "base assessed value" of tax revenue is determined. In the ensuing years the base value tax revenues continue to go to the locality's general fund, but any increase in revenue due to increased real estate value (the increment) is placed in a separate TIF Fund. No additional taxes are levied, but rather the increase in tax collections resulting from the development or redevelopment in the district is pledged to repay infrastructure financing. TIF funds are usually used to pay off debt incurred to provide redevelopment incentives such as land assembly and site preparation, infrastructure improvements, etc. (Code of VA, Sections 58.1-3245 through 3245.5).

In many TIF financings in Virginia, the TIF statute is not used. The locality simply enters into an agreement with a CDA or its Economic Development Authority to pay over certain incremental tax revenues. This approach affords more flexibility than the TIF statute. The locality may determine by agreement which tax revenues and what percentage of those revenues it is willing to pay over for certain development. It may establish any year as the base year. Bonds secured under a TIF by agreement would need to be issued by a CDA, Economic Development Authority or other qualified issuer and not by the locality.³

- **Real Estate Tax Abatement** - Local governments may "provide for the partial exemption from taxation of real estate on which a structure no less than 20 years of age has been substantially rehabilitated." Taxes are paid on the pre-rehab value of the building for up to fifteen years, and can apply to residential, commercial or industrial properties. This has been substantially revised as of July 1, 1995. (Code of Virginia, Sections 58.1-3220 and 3221). Real estate tax abatement of up to 25 years is also allowed for hotel/motel properties at least 35 years of age which are rehabilitated for residential use. The abatement may be up to 90% of the structure's value after renovation. Real estate tax abatements are best suited for blighted or brownfields sites that are not generating local tax revenues and the cost of redevelopment is prohibitive. They are not typically used where market forces are adequate to support development. (Code of VA, Section 58.1-3220.01).
- **1% Local Option Sales Tax for Economic Development** - The council of any city and the governing body of any county which has levied or may hereafter levy a city or county sales tax under [58.1-605](#) may levy a city or county use tax at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall be added to the rate of the state use tax imposed by this chapter and shall be subject to all the provisions of this chapter, and all amendments thereof, and the rules and regulations published with respect thereto, except that no discount under [58.1-622](#) shall be allowed on a local use tax. Botetourt County is currently using its local option sales tax authority. If possible, these revenues could be used to underwrite the partial cost of operating the EDA. Even with a small staff of an Executive Director and one staff person, the cost of the operation would be \$100,000 to \$125,000 per year.
- **Tourism Improvement District** - Tourism Improvement Districts (TIDs) are a type of business improvement district; a public-private partnership formed by the local government at the request and/or with the approval of businesses in a district, with the aim of increasing the number of overnight visitors using business and services in that area.

TID funds are usually managed by a nonprofit corporation, generally a Convention and Visitors' Bureau, hotel association, or similar destination marketing organization. In this instance, the TID could be managed by the County Treasurer. TID activities typically include marketing

³ [ibid](#)

programs to raise awareness of the destination, sponsorship of special events that attract overnight visitors, and sales programs to bring in large-group business. Tourism improvement districts may also be referred to as tourism marketing districts, hotel improvement districts, and tourism business improvement districts.

While TIDs are not currently used in Virginia, Bath County has the legal authority to create a business improvement district, which effectively operates in much the same way. If the revitalization of Downtown Hot Springs is to be successful, a source of dedicated funds is necessary to carry out a number of district-specific initiatives. Below is a summary of

a) Marketing Materials and Services

TIDs will often take the lead to market TID businesses in a way that promotes them to a wider market. This is why it is important for the businesses within the TID to have common interests or customer bases. Depending on the quality of collateral materials used to market the Downtown Hot Spring tourism district and recruit businesses, the cost can vary greatly.

b) Special Events & Promotions

TIDs often create and organize special events or design special promotions to attract customers, tourists and residents to the district. Often these special events and promotions are designed to create unique shopping opportunities for the district businesses. The impact of these types of activities is better suited for retailers, personal service businesses, art galleries, and restaurants than commercial warehouses or business services firm. Much of the special events and promotional efforts will be led by the EDA or Tourism & Economic Development Department staff and carried out through volunteer efforts.

c) Trash Pickup and Disposal

Special trash pickup is provided to keep streets clear of paper and debris and to pick up trash on a more regular basis. The consultants did not notice a problem with trash pickup under the current situation, however, and attention is drawn to the study area through special events, it would be appropriate to plan for enhanced trash removal, especially after special events or promotions.

d) Business Recruitment

TIDs provide full-time expertise or a staff person to actively recruit new businesses to the district to fill vacancies or to achieve the desired business mix. This is common in downtown business districts where creating the right business mix generates foot traffic, creates a vibrant street scene and brings people into the district. The recruitment process will require a budget for the printing of collateral materials (e.g., brochures, property data sheets, etc.), market research and a budget for recruiting trips, meetings, mileage and site and building tours. The TID may also host functions or workshops to introduce small businesses owners to Downtown Hot Springs. The EDA director should establish a small network of real estate brokers protected by a non-exclusive listing agreement to encourage the cooperation of the real estate community in marketing Downtown Hot Springs. Real estate professional will be more inclined to list building space if their listing commissions are protected.

e) Real Estate Data Management and Leasing

More established TIDs can function as the central point of contact for new businesses looking for new space to rent or purchase. In this regard, the EDA staff would work closely with area property owners, Realtors and brokers to list and show real estate. They often serve as the central depository for real estate listings and market data and work on behalf of the district property owners to find tenants for vacant space.

- **Tourism Development Financing Program** – The Commonwealth of Virginia has established a financing program for qualified Virginia tourism development projects. The purpose of the program is to provide a gap financing mechanism for projects in partnership with developers, localities, financial institutions, and the state. This program provides a two-tiered method of financing to compensate for a shortfall in project funding.

TIER 1: 70/30 projects <\$100 million

- Compensates for a shortfall in project funding, not to exceed 30% of a qualified project's total cost
- Once the project is completed and generating income, the locality the VA Dept. of Tax perform a quarterly review of state sales and uses taxes collected on that project's income
- 1% of the identified, quarterly, sales and use tax is the amount each partner will contribute towards debt service on the project
- The local partner collects all contributions, and makes the payment to the lender of the 30% toward debt service

TIER 2: 80/20 projects \$100 million +

- Compensates for a shortfall in project funding, not to exceed 20% of a qualified project's total cost
- For larger-scale, \$100+ million projects of regional significances; excluding major retail
- Similarly, once the project is completed and generating income, the locality the VA Dept. of Tax perform a quarterly review of state sales and uses taxes collected on that project's income
- 1.5% of the identified, quarterly, sales and use tax is the amount each partner will contribute towards debt service on the project
- Section 58.1-3851.1 of the Virginia Code details both tiers of funding
- As required in the legislation, localities that are interested in pursuing the financing program will need to complete the following steps.

The first and key components to applying for the Tourism Development Financing Program is the securing of development, financial local economic development partners, as well as insuring that 80% financing is in place. Localities should structure its debt and equity financing and enter into a performance agreement with the appropriate political subdivision in the locality and confirm participating project developers will pay an access fee equal to one percent of the sales tax revenue generated and returned to the tourism project.

Localities that are interested in pursuing the financing will need to have a defined tourism zone(s) enacted by ordinance within which the proposed project is contained. Virginia cities, counties, or towns can establish such tourism zones as allowed for in the Code of Virginia. This section of the Virginia Code can be found at <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-3851>. Interested localities are encouraged to begin development of the required tourism zones.

Localities that are interested must have a Tourism Development Plan approved by the Virginia Tourism Authority dba Virginia Tourism Corporation (VTC). A clear understanding and proof of how a proposed tourism project will meet an identified deficiency is required in the plan. Upon approval by VTC the locality must adopt an ordinance authorizing the tourism project. Upon approval of the Tourism Development Plan by VTC, the locality must adopt such plan by

ordinance. VTC will advise localities throughout the approval process. Localities should be aware that there is a \$500 application and processing fee paid to the Virginia Tourism Corporation upon submission of their plan for approval.

BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix	Implementation Lead		Implementation Timing (Years)							Estimated Cost
	Public/NP	Private	1	2	3	4	5	6 to 10	10+	

IMPLEMENTATION ORGANIZATION

GOAL: To create the organizational capacity to implement the Bath County Economic Development Strategic Plan

Recommendation #1: Designate the Bath County Economic Development Authority as the lead implementation organization to carry out the strategic plan												
Action 1: Have the EDA Board of Directors adopt the Bath County Economic Development Strategic Plan	EDA											N/A
Action 2: Provide the current EDA board members with economic development training and education relative to economic development finance and project implementation	TED,EDA											A
Action 3: Prepare a 3-Year work plan and set economic developments priorities for Bath County	TED,EDA											N/A
Action 4: Consider hiring a seasoned economic development professional to complement the county's tourism efforts	CA,EDA											B
Recommendation #2: Use the EDA's powers and authorities to facilitate the revitalization of Downtown Hot Springs												
Action 1: Create a public/private development partnership to revitalize Downtown Hot Springs and initiate key redevelopment projects	EDA	HR,NP										N/A
Action 2: Consider the creation of a Tourism Enterprise Fund to fund beautification projects, marketing & promotion and special events planning	EDA,BOS	PO										A
Action 3: Hire an experienced economic development professional to improve Downtown Hot Springs and work in partnership with property owners, business owners, real estate developers, the Board of Supervisors and residents on implementation initiatives	CA,EDA,BOS											B
Action 4: Consider entering into a ground lease or acquire key properties to create a downtown festival marketplace, entertainment venue and town green	EDA	HR,NP										E
Recommendation #3: Seek outside grant funding to provide public financing in support of EDA project initiatives												
Action 1: Seek grant funds to construct a new commercial kitchen for Bath County High School's Culinary Arts & Hospitality Program	EDA,SD											A
Action 2: Seek grant funds and appropriate local funds to make infrastructure & streetscape improvements in Downtown Hot Springs	TED,EDA											A
Action 3: Seek grant funds for the construction of a commercial greenhouse at Bath County Industrial Park in support of a "Farm to Table" Regional Cooperative	TED,EDA											A

ECONOMIC DEVELOPMENT

GOAL: To create more diverse, non-tourism-based employment opportunities for Bath County residents

Recommendation #1: Create an industrial/flex incubator at the Bath County Industrial Park in Millboro												
Action 1: Set aside 20,000 SF for use by registered small companies in need industrial/flex space to support their business growth	EDA	BO										A
Action 2: Hold a series of outreach meetings/events with small entrepreneurs in need of small business support services and conduct a need assessment	TED	BO										A
Action 3: Target construction, specialty tradesmen, assembly, real estate/building services and home services companies for future growth	TED											N/A
Recommendation #2: Create a local "Business Innovation Team" in cooperation with Dabney Lancaster Community College to identify and help grow qualified small businesses												
Action 1: Seek volunteer support from 10-12 local business people with advanced business skills to assist local entrepreneurs in creating business plans and growing their businesses	TED	CC										N/A
Action 2: The Bath County Chamber of Commerce should sponsor an annual "Best in Bath" contest for the top three entrepreneurs with the best business plans		CC,BO										A
Action 3: Provide up to \$5,000 in support for 3 small businesses per year that have a plan to either start or grow a business in Bath County		CC,BO										A
Recommendation #3: Coordinate with regional leaders for improved small business support and workforce training programs for Bath County small businesses												
Action 1: Seek the establishment of a new Small Business Development Center at Dabney Lancaster Community College to provide better small business support services in the Shenandoah Region	TED,DL											C
Recommendation #4: Organize a "Farm to Table" Cooperative to provide fresh livestock, fish, vegetables and fruits to local restaurants												
Action 1: Work with Virginia Cooperative Extension through Virginia Tech to survey regional demand for Farm to Table products within the Shenandoah Valley Region	TED											A
Action 2: Establish a regional Cooperative with restaurateurs, hotel operators, farmers, orchards, greenhouses and food distributors to provide locally-grown food products to end users	TED	BO										A
Action 3: Establish a Cooperative with restaurateurs, hotel operators, farmers and food distributors	TED	BO										A
Action 4: Host the 6th Annual Virginia Farm to Table Conference (2017) at the Omni Homestead to draw attention to this opportunity in Bath County	TED,EDA	HR										A
Action 5: Consider the construction of a commercial greenhouse at Bath County Industrial Park in support of the "Farm to Table" initiative	TED,EDA											C
Action 6: Investigate the potential to attract an aquaculture company to Bath County Industrial Park	TED,EDA	BO										A

GOAL: To leverage the county's competitive advantages in resort lodging, recreation-based tourism and mountain housing to create new educational opportunities

Recommendation #1: Create an International Culinary Arts Academy to introduce talented high school-age students to the world of culinary/pastry arts and hospitality services												
Action 1: Create a Virginia Governor's Academy for the Culinary Arts offering a summer emersion program in culinary and pastry arts and hospitality services	TED											C
Action 2: Create a summer emersion program in cooperation with The Omni Homestead, Dabney Lancaster CC and the Art Institutes of Washington	TED,DL	HR,AI										C
Action 3: Enter into a Memorandum of Understanding with The Omni Homestead to host and assist with student instruction, housing and access to the resort facilities	EDA	HR										N/A
Action 4: Undertake a local marketing program to cultivate local and regional high school students to attend the program	TED,SD											A
Action 5: Fund two \$5000 scholarships to allow talented local high school students to attend the Culinary Arts Academy	EDA	CC										A
Action 6: Work with the Bath County Public Schools to investigate the potential to create a new Culinary Arts Vocational program at the high school.	TED,SD,DL											A
Action 7: Construct a new Bath County Welcome Center and indoor/outdoor performance venues in Mitchelltown to anchor the county's tourism development efforts	TED											F

Implementation Lead - Legend

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Private	D - Real Estate Developer BO - Business Owner	PO - Property Owners C - Consultant	HR - The Omni Homestead Resort CC - Chamber of Commerce	NR - Natural Retreats	BCH - Bath Community Hospital

Cost Range

A - \$0-\$25,000	D - \$250,000 - \$500,000
B - \$25,001 - \$100,000	E - \$500,001 - \$1 million
C - \$100,001 - \$250,000	F - \$1 million +

 Task Initiated	 Task Implemented
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BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix		Implementation Lead		Implementation Timing (Years)							Estimated Cost
		Public/NP	Private	1	2	3	4	5	6 to 10	10+	
GOAL: To provide community support necessary to strengthen The Omni Homestead as the county's largest employer											
Recommendation #1: Assist The Omni Homestead in relocating their engineering and maintenance support functions from the downtown											
Action 1: Work with The Omni Homestead management to find a suitable property to relocate and consolidate their support operations at a new location		TED	HR								N/A
Action 2: Consider the provision of County-owned land for this purpose as part of larger negotiated deal to create a downtown marketplace		EDA,BOD	HR								B
Recommendation #2: Work with The Omni Homestead and Bath Community Hospital to create mid-priced housing and apartments to meet workforce housing needs											
Action 1: Meet with both employers to help identify the extent of their workforce housing needs		TED	HR,BCH								N/A
Action 2: Examine opportunities to create additional apartment housing in or near Downtown Hot Springs		TED	HR,NP								N/A
Action 3: Seek developer interest in constructing a new residential development in Millboro on EDA-owned land		TED,EDA	D								A
GOAL: To provide outreach and support to all Bath County businesses through a business retention and expansion program											
Recommendation #1: Establish a "Business Innovation Team" to outreach and provide assistance to local businesses and identify potential growth opportunities											
Action 1: Create and maintain a complete Bath County business list to organize a business visitation program			CC								A
Action 2: Assemble members of the Business Innovation Team to conduct 25 business visitations per year targeting Bath County's larger employers		TED	CC								A
Action 3: Identify and help solve local problems that are constraining local business growth or making it difficult to operate in Bath County		EDA	CC								N/A
DOWNTOWN REVITALIZATION											
GOAL: To make Downtown a special, mixed-use district to meet the dining, entertainment and cultural needs of year-round residents, seasonal residents and visitors											
Recommendation #1: Consider taking a ground lease or acquiring key properties to create a downtown festival marketplace, entertainment venue and town green											
Action 1: Negotiate with The Omni Homestead regarding the acquisition of the downtown engineering building and maintenance building		CA,EDA,BOS	HR								N/A
Action 2: Seek federal and state economic development grant funds to relocate The Omni Homestead's support operations out of Downtown Hot Springs to a new location		CA,EDA,BOS	HR								B
Action 3: Negotiate with Natural Retreats regarding the acquisition of the former Homestead stable property for a new town green and event pavilion		CA,EDA,BOS	NP								C
Recommendation #2: Create a retail recruitment strategy to grow or attract new businesses to Downtown Hot Springs											
Action 1: Identify new business targets to improve the mix of businesses downtown (e.g., retail, shops, restaurants, etc.)		TED	CC,BO								N/A
Action 2: Identify specific businesses or small business entrepreneurs to recruit for downtown		TED	CC,C								A
Action 3: Create a promotional and marketing package to provide information about downtown business opportunities		TED	CC,C								A
Action 4: Consider organizing and hosting a statewide downtown business recruitment workshop at The Omni Homestead		TED	CC,HR								A
Action 5: Host a recruitment event through the Chamber of Commerce to invite businesses and small business entrepreneurs to Downtown Hot Springs		TED	CC,BO								A
GOAL: To improve the appearance, access and year-round drawing power of Downtown											
Recommendation #1: Create a new visual gateway entrance to Bath County and Downtown Hot Springs											
Action 1: Work with VDOT on the design and construction of a new landscaped "roundabout" at the southern entrance of the downtown		CA,TED,VDOT									B
Action 2: Seek state and federal grant funds to create a façade improvement grant/loan program		TED									C
Recommendation #2: Create a new town green and event pavilion at the former Homestead stables property											
Action 1: Negotiate the acquisition of the property from NA Homestead Preserve		CA,EDA,BOS	NP								C
Action 2: Select a landscape design firm to design the Hot Springs town green, event pavilion and creek walking path		TED									B
Action 3: Seek federal grant funds to construct the project		TED									N/A
GOAL: To expand shopping, dining, entertainment and residential development opportunities in Downtown											
Recommendation #1: Work in cooperation with The Omni Homestead and Bath Community Hospital to create new workforce and management housing											
Action 1: Encourage the renovation of the Virginia Building as a mixed-use residential building with new apartment homes		CA,TED	HR,D								F
Action 2: Encourage the relocation of The Omni Homestead Laundry Facility off Main Street for new workforce apartments		CA,TED	HR,D								C
Action 3: Seek Brownfield Remediation Funding to investigate and clean up The Omni Homestead Laundry Facility site to allow for new housing development		CA,TED	HR,C								UNK
Recommendation #2: Create an open-air marketplace destination with a general store, restaurant and entertainment venue in the downtown											
Action 1: Meet with The Omni Homestead management to review the concept of relocating their current engineering and maintenance support functions out of the downtown to an alternative location		TED	HR								N/A
Action 2: Coordinate with Homestead management to investigate the condition and floorplan of the engineering and maintenance buildings adjacent to the former stables property		TED	HR,C								B
Action 3: Conduct real estate appraisals on these buildings and negotiate the EDA's acquisition of this property for a new downtown marketplace development		EDA	HR,C								A
Action 4: Hire an architect and land planner to design the new marketplace, town green with event pavilion and a pedestrian trail along the creek		TED	C								B
Action 5: Seek outside grant funding and local appropriations to renovate the existing structure or construct a new on-air marketplace and town green		EDA,BOS									F
Recommendation #3: Encourage and support the development of a new commercial block and downtown parking lot on the current gravel lot adjacent to the Chamber of Commerce											
Action 1: Work closely with Natural Retreats to plan two new commercial buildings with 15,000 SF of new commercial ground floor space with second floor apartments		TED	NP								N/A
Action 2: Assist the property owners in recruiting new businesses, restaurants and shops for the new ground floor commercial space		TED,CC	PO								B
Action 3: Provide infrastructure in support of this project relative to streetscape improvements		EDA,BOS									F

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	BO - Business Owner	C - Consultant	CC - Chamber of Commerce		

Cost Range

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	Task Initiated		Task Implemented
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BATH COUNTY ECONOMIC DEVELOPMENT STRATEGIC PLAN Implementation Matrix		Implementation Lead		Implementation Timing (Years)							Estimated Cost	
		Public/NP	Private	1	2	3	4	5	6 to 10	10+		
Recommendation #4: Create a venue for regional musicians, artists, and craftspeople to display their skills and products in Downtown Hot Springs												
Action 1: Create an open-air marketplace to provide a venue for regional artists and craftspeople to display their products		EDA,BOS										F
Action 2: Have two juried art shows in Downtown Hot Springs per year to highlight regional artist and attract visitors to Bath County		TED,CC										A
Action 3: Create a new restaurant/bar and entertainment venue at the new Bath County General Store on Main Street to highlight regional musicians, local food products and cultural products		EDA,BOS	BO									D
Action 4: Consider creating an artist in residence program inside the vacated Homestead Maintenance Building at the north end of Main Street to house artist in need of production and retail space		TED	HR									A
GOAL: To promote Warm Springs as an mid-County office location												
Recommendation #1: Work with local property owners to renovate available office properties in Warm Springs												
Action 1: Work with ground floor office tenants in Downtown Hot Springs to relocate to Warm Springs if possible		TED	BO									N/A
Action 2: Provide a façade improvement loan/grant program to renovate prospective office buildings in Warm Springs		TED	BO									C
WORKFORCE DEVELOPMENT												
GOAL: To create a workforce development program that capitalizes and supports the county's hospitality industry												
Recommendation #1: Provide business planning and entrepreneurial support to individuals looking to formalize their business ideas												
Action 1: Network with specialty contractors, real estate maintenance, repair shop and other B2B companies to assess their interest in growing their businesses		TED,CC	BO									A
Action 2: Provide small business training and business plan services to help these entrepreneurs grow their businesses		TED,CC,DL	BO									B
Action 3: Meet with The Omni Homestead Resort to identify service needs being met by companies outside Bath County		TED	HR									N/A
Action 4: Work with Homestead management to identify and pre-approve companies or specialty tradesmen that want to sell their services to the resort		TED	HR									N/A
GOAL: To identify and nurture local entrepreneurs looking to start new businesses in Bath County												
Recommendation #1: Create an industrial/flex incubator at the Bath County Industrial Park in Millboro												
Action 1: Set aside 20,000 SF for use by registered small companies in need of industrial/flex space to support their business growth		CA,EDA	BO									N/A
Action 2: Hold a series of outreach meetings/events with small entrepreneurs in need of small business support services and conduct a needs assessment		TED,CC	BO									A
Action 3: Target construction, specialty tradesmen, assembly, real estate/building services and home services companies for future growth		TED,CC	BO									N/A
Action 4: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		TED,CC	BO									B
Recommendation #2: Consider the creation of an small business services incubator in Warm Springs to support B2B companies, professional service firms and other small businesses operating in an office environment												
Action 1: Create a Business Mentorship Program to pair new business owners and startup companies with experienced business people to coach them and direct them to others that can assist their business operation		CC	BO									A
Action 2: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		CC	BO									B
Action 3: Identify existing office space that can be used as co-share office incubator with administrative support, answering service, conference room, copy services, billing and accounting services and strategic business planning		TED	BO									C
Action 4: Provide high-speed internet services to allow local small businesses to connect to the world of commerce through teleconferencing, video conferencing and web access		CA,BOS	BO									F
HOUSING												
GOAL: To promote the development of housing priced to meet the needs of local wage earners												
GOAL: To promote housing that meets the diverse needs of the local workforce, young families and seniors												
Recommendation #1: Consider subdividing some of the land at Bath County Industrial Park for a new residential development												
Action 1: Work with the EDA to examine the need for new mid-level housing in Millboro and the feasibility of using industrial park land for up to 50 new homes		TED,EDA	D									N/A
Recommendation #2: Solicit developer interest in developing a phased housing subdivision to support new growth												
Action 1: Retain the services of an experienced a real estate advisor, land planner, architect and engineer to prepare a development strategy, master plan, site plan and subdivision plan to market to regional developers		TED,EDA	C									B
Action 2: Meet with regional developers to review plans to Request Proposals from qualified residential developers to create a public/private development partnership with the EDA		TED,CA	C,D									N/A
Action 3: Review development proposals and select a developer to construct a new residential subdivision in Millboro, VA		TED,CA	D									A
GOAL: To promote additional residential opportunities in downtown Hot Springs												
Recommendation #1: Work in cooperation with The Omni Homestead and Bath Community Hospital to create new workforce and management housing												
Action 1: Encourage the renovation of the Virginia Building as a mixed-use residential building with new apartment homes		CA,TED	HR									F
Action 2: Encourage the relocation of The Omni Homestead Laundry Facility off Main Street for new workforce apartments		CA,TED	HR									C
Action 3: Seek Brownfield Remediation Funding to investigate and clean up The Omni Homestead Laundry Facility site to allow for new downtown apartments		CA,TED	HR									UNK
GOAL: To track the presence of second and seasonal housing in Bath County and provide support services												
Recommendation #1: Support the creation of small businesses that provide real estate, building, household and concierge services to seasonal residents												
Action 1: Offer small business assistance to individuals and firms interested in creating businesses to support this population		TED	BO									B
Action 2: Provide a suite of pro bono business advisory services through the Business Innovation Team including: accounting, legal, business planning, accounts receivable, copying services, contracting and proposal writing, etc.		TED,CC	BO									B
Action 3: Investigate the need for a series of video conference courses called "Managing your Small Business" taught by Dabney Lancaster Community College.		TED,DL	BO									B

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