

ECONOMIC DEVELOPMENT ELEMENT

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Economic Element Comprehensive Plan

I. Introduction:

Georgetown County includes economic development as an element of the Comprehensive Plan to ensure business and employment growth are balanced with population growth. Balanced growth in both population and employment ensures the County will be a thriving community for many years to come and helps the county allocate resources to important initiatives to ensure long-term health and stability. Because the County has an Economic Development Department which is allied with various other state, regional, county, municipal and local no-profit economic development entities, it is possible to establish a strategy that can be executed by the County. Economic development is a tool the County has to encourage non-residential growth and ensure a balance of employment sectors.

Purpose:

Economic development is an important component of the Comprehensive Plan to tie recommendations for business and employment growth with the land use and housing recommendations. The purpose and intent of the element is to provide strategies that allow Georgetown County to be a key player in the support of a unified economic development vision for the Georgetown area. The strategies for economic development should foster a stable and competitive business climate to draw business to the County and should support and strengthen the economic viability of existing industries. The strategies contained in this element are also intended to encourage new business start-ups, including small business enterprises, minority owned businesses and high-technology businesses and attract new targeted industry sectors to Georgetown County. The Economic Development Department should continue to promote the development of a trained quality workforce, evaluate new economic development opportunities as they arise and support the other recommendations of this Plan as part of the comprehensive strategy for the future of Georgetown County.

Background:

For much of its history, Georgetown County has relied on agriculture as its major economic base. The County prospered from growing and marketing both rice and indigo. Many of the large plantations in the County were built and still exist as a result of the influence of the “rice culture”. However, with the abolition of slavery and the resulting loss of workers, the County had to turn to other types of industry to generate income. Agriculture, however, continued to be the major economic base until World War II.

After the war, manufacturing began to replace agriculture as companies expanded or relocated to the South to take advantage of lower wages and overall operating costs. Since the 1980's though, wholesale and retail trade have increased significantly and by the mid 1990's the number of workers in those sectors had surpassed those in manufacturing. With the emergence of the recreation-tourist industry, employment in services is becoming a dominant sector, as the economic structure of Georgetown County begins to experience another transition. County economic development efforts have begun to focus on diversifying the local economic base with higher-tech, higher-wage employment opportunities for residents.

II. Overall Economic Trends

United States

During the decade of the 1970's the nation witnessed an unsettled national economy. Following the Vietnam War, the country had inflation that reached double digits and an absence of capital spending for plants and equipment. These factors contributed to a reduction in consumer spending. The fuel embargo of 1973-1974 only served to heighten these negative trends. As a result, the nation suffered its most severe recession since World War II. In 1975 the economy began improving and made a relatively strong rebound only to be slowed again by the recession and high interest rates. Interest rates began to fall gradually during the 1980's, but increased foreign competition and other factors contributed to the continuance of unemployment and lack of expansion in the industrial base.

The recession of the early 1990's was the beginning of fundamental structural change in the nation's economy and would revolutionize the way the world did business. As technology from computers to the Internet progressed at a dramatic pace, businesses were implementing the new technologies and upgrading old ones to boost productivity. While the national productivity statistics were not able to capture the progress being made by the new information-based economy, the low unemployment rate along with the low inflation rate suggested that productivity increases were keeping unit labor costs down at a time of rising wages. With businesses continuing to incorporate new technologies, it became more imperative to also upgrade the "human capital" as well. To do that employees needed to be constantly retrained to take full advantage of the new technologies being developed and implemented. With continuing increases in productivity the national economy continued to grow at a moderate pace while inflation remained low and interest rates remained steady. However, as the economy progressed through the 1990's staggering changes began and continue to occur. Massive layoffs and cutbacks in all economic sectors carried over into the 2000's. Although interest rates have fallen to all time lows, this has not been enough to pull the economy out of another recession. The Stock Market has suffered extreme fluctuations from both the scandals in the market place and the ongoing war in the Middle East.

South Carolina

In the early 1990's the state weathered two economic storms. The first was the national recession and the second was the significant cutback in military bases across the state. While the economy did not escape unaffected it did recover from both events surprisingly quickly. Manufacturing increased its presence in the state with major investments from BMW, Nucor Steel, Amoco Oil and others providing billions of dollars in capital investment around the state and creating thousands of new, well-paying jobs.

Closely related to manufacturing, the ports along the coast witnessed annual double-digit growth in cargo as 28 states did business through South Carolina ports. International trade began to play an increasingly important part in the national economy and the state took full advantage of the change. The tourism economy, centered mainly along the coastal areas, has continued to boom. Tourism has had the greatest economic impact of any industry and employs more people than any other segment. Finally, retirees have been moving to South Carolina in record numbers and have pumped money into the local economy.

As the country moved into the 2010's South Carolina failed to remain untouched by the crisis in the national economy. Cutbacks in state government funding have affected all cities and counties and forced local organizations to look to other options for additional monies. Manufacturing is off, retail revenues have fallen and unemployment is still up. With high gas prices at the beginning of the 2013 it remains to be seen if tourism will suffer a second decline.

Grand Strand Area

The strong tourism economy across the entire state has been felt all along the Grand Strand area and into the Georgetown area. Record accommodations and admissions tax revenues have been collected. New shops, restaurants and golf courses have been developed and built throughout the area to meet the seemingly unending stream of tourists. At the height of the season most service related employers report problems obtaining qualified workers even though pay is significantly above minimum wage. Other evidence of the effects of tourism can be seen in such proposals as one to change school start dates to allow students to stay and work through the Labor Day holiday. As more and more golfers discover the area, the tourist season continues to lengthen. Population along the coastal area continues to rise as more and more retirees move to the area or build second homes in the region. A building boom has resulted, with some labor shortages in construction reported; however in late 2008 there was a major decline in building which resulted in many layoffs.

As the area goes into the 2010's the same situation that applies to the state also applies to the coastal area. Counties and cities are experiencing cutbacks and budget deficits and are being forced to look at alternative sources of revenue. Tourism continues to provide needed dollars and retirees continue to relocate to the area continuing the need for housing and other services. There has been some reduction in the number of golfers coming into the state and speculation that the Grand Strand has overbuilt itself in courses, but owners remain optimistic. Despite the recession, tourism grew along the Grand

Strand in 2012. Predictions are for that to continue into 2013 unless increased gas prices, high unemployment rates or the ongoing war keep tourists at home.

Georgetown County

As has been the case throughout the history of the county the major economic product is still lumber and related lumber products. According to the South Carolina Forestry Commission there are 419,907 acres of timberland in Georgetown County. Private owners hold 390,513 acres while State, County and other municipal groups own the remaining 29,393 acres. Commercial timber harvests yield more than \$40.9 million annually, putting the county at number two in the state in timber production. The County ranks third in commercial seafood landings and dockside values for seafood. The total cash value of harvested seafood exceeds \$4.4 million. The top private employers in the County represent manufacturing, retail trade, health care and accommodations and food services. The County has five employers with 250 or more employees. They are: Georgetown Hospital, Georgetown County Schools, International Paper, Georgetown County Government and Santee Cooper. (Genesis Study, 2011) Unfortunately, the Port of Georgetown is currently threatened by a lack of much needed dredging. Much work is on-going to secure funds for dredging but to date the efforts have not been successful.

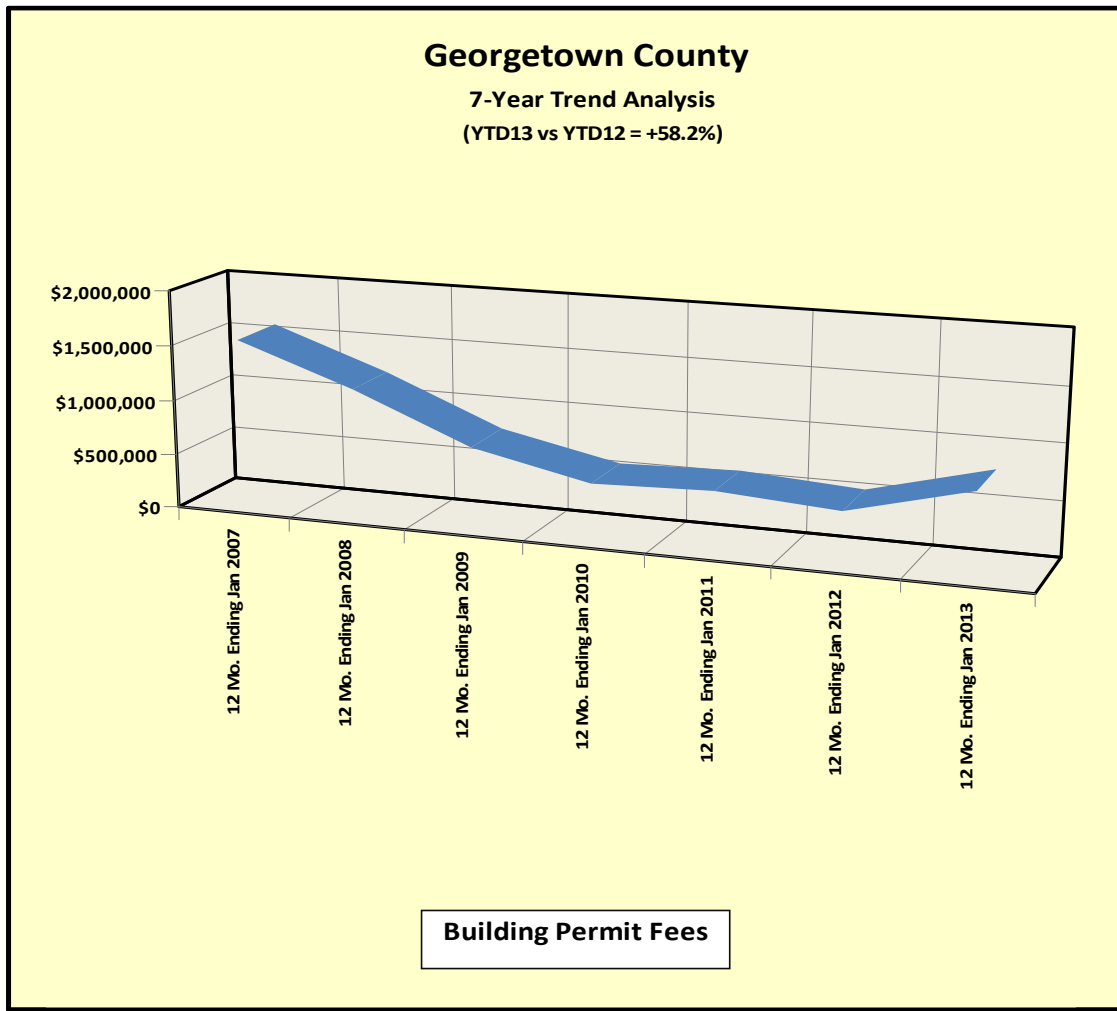
Although manufacturing dominates the economic base, the County has begun to emerge as a tourist destination and that has fueled an increase in the services sector. Tourism constitutes a significant part of the local economy, contributing more than \$2 million in accommodations and admissions tax revenues each year. As this trend continues, employment in the retail and services sectors will outpace manufacturing jobs in the next decade. County economic efforts have also begun to focus on diversifying the local economic base with higher-tech, higher-wage employment opportunities for residents. The need for this type of diversification is more apparent when one considers the effect of recent downturns in the manufacturing sector of the County. The closing of the major manufacturing firms near the Town of Andrews had a tremendous negative effect on that portion of the County. The loss of approximately 450 jobs at Cooper Wire (Eagle Electric) and the instability of Georgetown Steel have focused attention on the need for more diversity in the economic sector. In 2003, Georgetown Steel filed bankruptcy but it reopened in 2004 under new ownership and in 2007, ArcelorMittal, the world's largest steel producer purchased the mill. Due to lack of orders ArcelorMittal stopped production on July 10, 2009, laying off about 240 workers; however, an agreement was reached and the mill reopened in January 2011 but with only 200 workers. As of October 26, 2012 the mill again laid off another 20 workers and another 20 positions remain unfilled. The layoffs come as ArcelorMittal reported October 31, 2012, its lowest quarterly profit in almost three years and slashed its dividend for investors by almost 75 percent. (The Sun News, November 2012)

In November 2010, Georgetown County entered into a Professional Services Contract with Genesis Consulting Group to assist with the preparation of a "Program of Work" for Economic Development. Over a 5 month period, this group performed a series of interrelated tasks that included a review of the organization responsibilities for the existing County Economic Development organization and the preparation of specific

recommendations and implementation measure for guiding the organization with its core mission and responsibility. These findings are used throughout this document.

Building Permit Fees

As shown on the graph inserted below, the building permit fees for Georgetown County have been steadily declining since 2007 with its highest amount of \$1,557,229 in January 2007 and the lowest coming in at \$491,000 in January 2012. However, Georgetown County had a 58.2 % increase in building permit fees from January 2012 to January 2013. It is hopeful that this upswing continues as a result of new and expanding industries in the County, as well as an increase in new house construction.



Industry

Since December 2011, three companies in the county announced expansions, bringing a total investment of \$29.2 million and the promise of 137 jobs. At least 88 of those jobs have already materialized and the other 49 are on the way in the next few months, thanks to an expansion of Agru America Inc.'s Georgetown County production facility, which

was announced early December 2012. The geosynthetics company plans to add 40,000 square feet to the facility, with a 130,000-square-foot asphalt storage yard to accommodate new production equipment. The expansion involves a \$19.2 million investment.

In addition to Agru America's expansion, Mercom Corporation and SafeRack LLC also expanded in 2012. Mercom, a provider of network technology services, announced in August 2012 that it would expand its operations in the Pawleys Island area. The expansion included a \$1 million investment and generated 30 new jobs. SafeRack, a maker of loading racks, announced in December 2011 that it would add production capabilities to its plant at the county's industrial park outside Andrews. The move came with an investment of more than \$9 million and created 58 new jobs.

Impact Fees

In 2009, Georgetown County adopted an impact fee ordinance for Libraries, Law Enforcement, Parks/Recreation and Roads. The fees were developed pursuant to the South Carolina Development Impact Act. The County has collected impact fees for the fire service area for many years. These fees are highly restricted fees that must be spent only on projects identified in the Capital Improvements Plan (CIP). Money generated by impact fees is held in separate accounts and can only be used for new capital improvements or infrastructure. Impact fee revenue cannot be used to operate County government, or solve pre-existing problems.

These impact fees are one-time fees assessed on new and additional construction to offset the cost of capital improvements within the community, which are created by, and needed to service the new development. Impact Fees are one of the most widely used growth management tools nationally, especially to cover some of the infrastructure costs for growth. Although impact fee rarely are sufficient to cover the actual capital costs of new residential construction, they at least reduce the amount of burden that is shifted to existing residents by paying for infrastructure with bonds that are repaid through the property tax. Impact fees are only applied to building permits associated with new construction of residential dwellings, not including mobile homes, and businesses (or an increase in square footage of existing businesses) in the County. Residential impact fees are fixed amounts that are not influenced by the dwelling size. Non-residential or commercial uses are calculated on a square foot basis. Guidelines contained within the SC State Code define how impact fees must be levied. As of June 30, 2012, the County has collected \$1,681,024 in revenue. (Impact Fee Reports 2010-2012)

III. Population Growth and Characteristics

As discussed in the Population Element of the Plan, the County has experienced significant growth throughout the last twenty years. However, that growth has been localized in both the areas where it has occurred and the age groups represented. The Waccamaw Neck area has experienced a growth of nearly 250% from 1970 to 2000 while other areas, such as the City of Georgetown, have actually lost population. From 2000 to

2010 the population in most areas stayed the same while the City of Georgetown and the Waccamaw Division increased by 2.5 percent and 33.5 percent, respectively.

1970 – 2010 Resident Population of Georgetown County

CENSUS COUNTY DIVISION/ MUNICIPALITIES	1970	1980	1990	2000	2010	70 - 10 % CHANGE
Andrews Division	5,174	6,914	7,401	7,929	7,608	47.04
Town of Andrews	2,831	3,129	3,050	3,068	2,861	1.05
Georgetown Division	15,638	19,281	19,578	20,111	19,865	27.03
City of Georgetown	10,449	10,144	9,517	8,950	9,163	-12.3
Plantersville Division	2,499	2,706	2,650	3,199	2,957	18.3
Pleasant Hill/Folly Grove Division	3,059	3,518	3,533	3,994	3,592	17.4
Sampit/Santee Division	3,977	3,519	3,440	3,918	3,913	-1.60
Waccamaw Division	3,153	6,523	9,700	16,646	22,223	604.85
Town of Pawleys Island	-	-	176	138	103	-41.5
TOTALS	33,500	42,461	46,302	55,797	72,285	115.75

SOURCE: United States Census Bureau; American Fact Finder 2010 Demographic Profile Data (DP-1)

Age:

The major increase in population has resulted from migration rather than natural increase. Nearly three times as many persons relocated to the area as were born here and the majority of those were retirees from other sections of the county. The US Census Bureau predicts that the 65 and older population will grow from one in eight today to one in six by 2020. Georgetown County has already experienced a 38.8% increase in the number of people over 62 years of age and a 40.3% increase in those 65 and older. At the same time, the age group of 18 and younger has declined. In 1970, that group made up 46% of the County population. In 2010, that number had decreased to 21.2%. This is an important factor in economic development as the primary work force, or productive sector, is the age group of 20-64. Ways must be devised to keep young people in the County and have them contribute to the economic base. Attracting new types of industry that would provide such needed jobs is an important goal.

This growth in an older population is also the trend in adjoining counties. Horry County, for example, has experienced a 62.3% growth in persons 18 to 64 and a 17.7% increase in those 65 and other.

Table 2.8 Population Figures and Percentages by Age Group (2010)

COUNTY	UNDER 18	18 TO 64	65 AND OLDER
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	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
GEORGETOWN	12,718	21.2%	34,855	58.10%	12,418	20.7%
HORRY	55,268	20%	172,160	62.3%	48,912	17.7%
WILLIAMSBURG	7,839	23%	21,132	62%	5,113	15%
BERKELEY	45,881	25%	118,924	64.8%	18,720	10.2%
CHARLESTON	74,045	20.7%	249,092	66.3%	46,502	13%

SOURCE: US CENSUS BUREAU (Quickfacts)

Income:

Family income levels are another measure of the County's economic well-being. They can also be an indicator of the need for diversification in the economy. The following tables compare Georgetown and surrounding counties in different aspects of family income.

Median Household Income in Dollars(2010)

Berkeley	Charleston	Georgetown	Horry	Williamsburg
\$50,777	\$48,433	\$42,666	\$43,142	\$24,191

SOURCE: US CENSUS BUREAU (Quickfacts)

These figures compare with \$43,939 as a State average and \$51,914 for the country as a whole. Median family income is considered to be earnings and other compensations before deductions for taxes and other expenses.

Another comparison of income is average wages and salaries. This average is based on wages for full-time, part-time and salaried workers in the County. These figures show figures that are even further below the state and national average than median household income. This further indicates the need for a more diversified economy that offers higher paying jobs.

Average Wages and Salaries

	2011 Average Weekly Wage	2011 Average Annual Salary
Berkeley County	\$856	\$44,512
Charleston County	\$829	\$43,108
Georgetown County	\$679	\$35,308
Horry County	\$569	\$29,588
Williamsburg County	\$661	\$34,372
South Carolina	\$763	\$39,676
United States	\$1,019	\$52,988

SOURCE: Labor Force Statistics

The following chart shows the actual number of households at various earning levels. These figures can be correlated with other factors such as education levels and age.

Household Income (2010)

	Berkeley County	Charleston County	Georgetown County	Horry County	Williamsburg County

Total:	60,768	138,024	22,202	112,769	10,984
Less than \$10,000	4,319	12,541	2,450	8,477	1,862
\$10,000-\$14,999	3,097	7,647	1,420	7,802	1,602
\$15,000-\$24,999	6,937	16,377	3,383	15,913	2,075
\$25,000-\$34,999	7,051	14,090	2,725	15,862	1,045
\$35,000-\$49,999	9,439	21,076	2,650	18,581	1,753
\$50,000-\$74,999	12,924	23,197	3,888	21,105	1,450
\$75,000-\$99,999	8,160	15,789	2,221	11,880	585
\$100,000-\$149,999	5,983	15,002	2,056	8,367	469
\$150,000-\$199,999	1,885	5,641	609	2,375	128
\$200,000 or more	973	6,664	800	2,408	15

SOURCE: US CENSUS BUREAU, American Community Survey 2010

IV. Labor Force Numbers and Characteristics

A more detailed look at the actual number of persons making up the labor force and the sectors where they are employed, along with other labor force characteristics, are an important part of understanding the economic sector of Georgetown County and for making comparisons to the State and surrounding counties.

Table 4-A: Projected Employment By Sector For Georgetown County

EMPLOYEMENT SECTOR	1995	2000	2005	2008	2010	2015	2018
Agriculture				2601			2157
Mining				112			102
Utilities				501			512
Construction				11,045			12,834
Manufacturing	4,672	4,686	4,806	8,761	4,926	5,046	8,601
Wholesale/Retail	4,790	5,515	6,240		6,965	7,690	
Wholesale Trade				3,183			3,564
Retail Trade				24,989			29,082
Transportation and Warehousing				1,789			1,887
Information				1,973			2,082
Finance and Insurance				3,874			4,113
Real Estate Rental and Leasing				5,669			6,372
Professional				4,138			5,173
Management of Companies/Enterprises				756			919
Admin/Support and Waste Management				7,619			8,984
Educational Services				10,145			11,847
Health Care and Social Assistance				13,053			15,890
Arts				6,731			7,684
Accommodation and Food Service				31,772			36,160
Other Services(Except Government)	3,484	4,219	4,954	5,755	5,689	6,424	6,494

Source: SC Dept. of Employment and Workforce (2012)

Table 4-B: Population in the Labor Force (2011)

	Population 16 Years And Over	In Labor Force (Number)	In Labor Force (Percentage)	Not in Labor Force (Number)	Not in Labor Force (Percentage)
South Carolina	3,631,888	2,275,905	62.7	1,355,983	37.3

Georgetown	48,595	26,601	54.7	21,994	45.3
Berkley	135,330	91,541	67.6	43,789	32.4
Charleston	281,651	187,983	66.7	93,668	33.3
Horry	217,941	135,680	62.3	82,261	37.7
Williamsburg	27,470	12,647	46	14,823	54

Source: US Census Bureau, American Community Survey 2010

Table 4-C: Employment by Industry for Population 16 Years and Older
(County Comparison) (2010)

	Berkeley County	Charleston County	Georgetown County	Horry County	Williamsburg County
Agriculture, forestry, fishing & hunting, mining	154	779	606	623	319
Construction	7,655	11,311	1,748	11,915	748
Manufacturing	9,810	9,490	1,980	4,373	1,727
Wholesale Trade	1,748	4,681	470	2,676	197
Retail Trade	8,934	20,830	2,271	19,481	1,316
Transportation, Utilities & Warehousing	5,173	8,054	749	4,034	770
Information	1,961	3,793	202	2,434	175
Finance, Real Estate, Insurance	4,226	10,373	1,664	9,098	379
Professional, Scientific, Management, Administrative, Waste Management	8,820	21,983	2,232	11,339	877
Educational, Health and Social Services	14,323	37,963	4,739	20,953	3,041
Arts, Entertainment, Recreation, Accomm. & Food Service	6,767	21,671	3,801	23,875	663
Other Services	4,102	8,217	870	5,459	385
Public Administration	4,328	8,178	1,226	4,654	724

SOURCE: US CENSUS, American Community Survey 2010

Table 4-D: Demographic Characteristics (Civilian Labor Force)

<u>Characteristics</u>	<u>Berkeley County</u>	<u>Charleston County</u>	<u>Georgetown County</u>	<u>Horry County</u>	<u>Williamsburg County</u>
Population 16 yrs and older (2010)	135,330	281,651	48,595	217,941	27,470
Distribution By Age (2010)	-	-	-	-	-
16 - 24	17.3%	17.9%	11.9%	14.5%	14.5%
25 - 44	37.4%	34.8%	25.9%	31.0%	30.7%
45 - 54	18.2%	16.9%	18.1%	16.8%	18.5%
55 - 64	14.3%	14.9%	20.0%	17.5%	18.0%
65 and older	12.7%	15.5%	24.0%	20.2%	18.2%
	-	-	-	-	-
Population 20 to 64 (2010)	108,078	218,910	34,257	160,261	20,537
Distribution By Sex (2010)					
Male	50%	48.9%	46.3%	49.0%	48.9%
Female	50%	51.1%	53.7%	51.0%	51.1%
	-	-	-	-	-

Population 25 to 64	94,684	187,660	31,174	142,304	18,480
Educational Attainment	-	-	-	-	-
Less than High School Graduate	11.8%	10.7%	14.5%	12.2%	19.1%
High School Graduates(includes GED)	34.2%	21.2%	34.9%	32.0%	43.9%
Some College or Associate's Degree	34.1%	27.9%	31.2%	33.5%	23.0%
Bachelor's Degree or Higher	19.9%	40.2%	19.4%	22.3%	14.0%

SOURCE: US Census Bureau (American Community Survey)

V. Unemployment:

Unemployment is always an indication of the economic health of a County. Georgetown is still experiencing a high number of unemployed persons with the closings and layoff in the manufacturing segment of the job market. The chart compares the adjoining counties at the end of both 2002 and 2012.

Table 5-A: Unemployment Rates and Labor Force Size
County Comparisons

County	Labor Force 12/02	Number of Unemployed	Percentage 2002	Labor Force 8/12	Number of Unemployed	Percentage 2012
Georgetown	28,210	3,090	11.0	29,365	2,704	9.2
Berkeley	67,790	2,740	4.0	84,630	6,952	8.2
Charleston	168,420	6,470	3.8	177,705	13,864	7.8
Horry	103,650	6,470	6.2	130,318	12,257	9.4
Williamsburg	13,460	2,230	16.6	15,936	1,922	12.10

Source: SC Department of Commerce(2012)

Table 5-B: Employment Characteristics: Number and Percent Change
(Non-agricultural Wage-and-Salary Employment)

	Employment Avg. 2012	Percent Change 2000 - 2012
Berkeley County	77,678	127.8%
Charleston County	163,841	(19.5%)
Georgetown County	26,661	21.5%
Horry County	118,061	13.5%
Williamsburg County	14,014	49%

SOURCE: SC DEPARTMENT OF COMMERCE(2012)

VI. Education:

Education is always an important factor in any discussion of the economic sector of the County. The level of education has always correlated with the type of job a person can expect to have and in turn determines the wages paid for that job. Education also relates to unemployment figures in the County.

Table 6-A: Educational Attainment for Persons 25 and Over

<u>COUNTY</u>	<u>TOTAL PERSONS IN AGE GROUP</u>	<u>LESS THAN 9TH GRADE OR NO HS DIPLOMA</u>		<u>HIGH SCHOOL GRADUATE</u>		<u>SOME COLLEGE NO DEGREE</u>		<u>ASSOCIATE, BACHELOR'S DEGREE OR HIGHER</u>	
		NO.	%	NO.	%	NO.	%	NO.	%
GEORGETOWN	42,825	7,152	16.7	14,261	33.3	8,051	18.8	13,319	31.1
HORRY	186,405	24,046	12.9	61,886	33.2	14,755	22.4	58,531	31.4
WILLIAMSBURG	23,482	5,283	22.5	9,886	42.1	3,875	16.5	4,462	19
BERKELEY	111,902	15,890	14.2	38,942	34.8	26,409	23.6	30,661	27.4
CHARLESTON	231,255	29,138	12.6	51,107	22.1	45,788	19.8	105,452	45.6

SOURCE: US CENSUS BUREAU 2010 American Community Survey

VII. Economic Development Goals

After examining the various aspects of the County's economic base and related features, goals can be established to address the situations that are of the most concern to local leaders and government. Time frames for the achievement of these goals can also be established and each can be examined separately for changes or additions.

Please see the attached report from Genesis, page 16, for the goals and recommendations that were previously adopted by County Council in February 2011.