

# SOUTHEAST KENTUCKY CHAMBER OF COMMERCE



Southeast Kentucky  
Chamber of Commerce  
— The Power To Be Heard —

## REGIONAL BLUEPRINT FOR ECONOMIC DEVELOPMENT



**AEP** **KENTUCKY  
POWER**<sup>®</sup>  
*A unit of American Electric Power*



**insite**  
August 2013

## TABLE OF CONTENTS

---

<b>SECTION 1: Project Introduction</b>	<b>3</b>
<b>SECTION 2: Executive Summary</b>	<b>4</b>
<b>SECTION 3: Asset Inventory</b>	<b>9</b>
<b>SECTION 4: Identified Gaps</b>	<b>11</b>
<b>SECTION 5: Regional Recommendations to Bridge the Identified Gaps</b>	<b>13</b>
<b>SECTION 6: Local Recommendations to Bridge the Identified Gaps</b>	<b>30</b>
<b>SECTION 7: County and Existing Industry Inventory</b>	<b>31</b>
<b>SECTION 8: Snapshot of Benchmark and Economic Conditions</b>	<b>41</b>
<b>SECTION 9: Implementation Schedule</b>	<b>43</b>

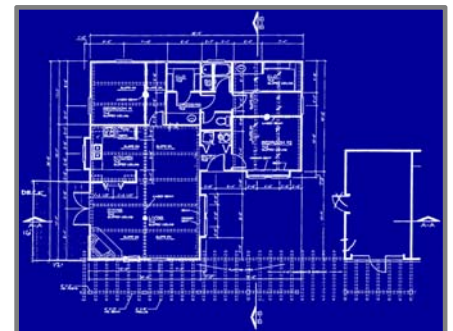
## SECTION 1: PROJECT INTRODUCTION

Kentucky Power Company retained InSite Consulting, an economic development and site selection consulting firm based in Greer, South Carolina, to develop initiatives and execution items to assist the Southeast Kentucky Chamber of Commerce with forming a regional economic development program for the eight-county region. The eight counties are: Letcher, Lawrence, Floyd, Martin, Johnson, Knott, Pike and Magoffin. This effort included specific focus on the eight-county region "getting on the map" for manufacturing projects. The purpose of the project was to guide the efforts of a customized plan for the region and its stakeholders that determined the best of class strategies, initiatives, methods, and techniques to encourage capital investment, create jobs in desired sectors, and stimulate sustainable economic growth throughout the southeast Kentucky region. InSite's competitive assessment identifies specific economic development weaknesses and makes recommendations to mitigate those identified weaknesses. InSite's assessment is a true "gap analysis" with three layers of evaluation: baseline of what is desired in a location; what you have to offer as a location; and what the resulting "gaps" are. A customized implementation plan was developed for the region to mitigate the location-specific gaps. Results: region and organizations that is truly "client ready and desired". The scope of services included:

- Alignment meeting
- Extensive and exhaustive tour and inventory, to include: local and public officials focus group meeting; stakeholders focus group meeting; product evaluation; and quality of life tour completed for:
  - Letcher, Johnson, Lawrence, Floyd, Magoffin, Knott, Martin and Pike counties
- Stakeholder and existing company discussions:
  - Over 26 one-on-one meetings and 122 individuals
- Exhaustive desktop, program and statistical analysis
- Development of a spreadsheet containing economic data relevant to choosing a location:
  - Benchmarking the southeastern Kentucky regional data against Johnson City, TN; Florence, SC; Charleston, WV; and Clarksville, TN-KY
- Recommendations for economic development excellence to include a newly formed regional public / private organization

This is a "working plan" that houses a check-list / step-by-step guide of initiatives that can actually be implemented, along with a suggested prioritized approach. With the proper strategy, the unique assets of the Southeast Kentucky region can be leveraged to recruit quality jobs benefiting all stakeholders. The Southeast Chamber of Commerce must utilize the following working plan to push forward and enhance initiatives that have lain dormant in an incomplete state or have never been addressed. Based on our research, the consulting team's work experience, and community-level SWOT methodology, the following economic development initiatives will lead the region's future economic development efforts, beginning with a solid foundation and producing sustainable results. There are four (4) basic outcomes to ensure the successful development of a champion economic development organization:

- Asset inventory
- A client readiness assessment and gap to success analysis for each county
- Organizational development and execution model
- A Regional Organization Blueprint for the future outlining the organizational structure and strategic plan recommendations that takes into account each county's unique asset and potential liabilities



## SECTION 2: EXECUTIVE SUMMARY

### ORGANIZATIONAL STRATEGIES

It is imperative to first detail the baselines of a legitimate, functional economic development entity. The following are the critical elements that must exist to legitimize having tax-based funds dedicated to an economic development department whose sole purpose is to create jobs and investment for the county:

- Defined program of work for economic development
- Full staff at a minimum of two individuals to accommodate a professional, responsive, functioning economic development focused entity. This staff does not share responsibilities with any other county department and has only an economic development focus – estimated cost of at least \$200,000
- Ability to work projects from finish to end (RFI to site visit)
- All individuals proficient in Word, Excel and PowerPoint
- Up-to-date technology to support the efforts of a functioning, professional organization such as smartphones, laptops, and the latest versions of Microsoft Office
- Business retention and expansion program
- Small business and entrepreneurial program
- Product databases, development and management
- Marketing materials for the community and industrial park to include a fully assembled and producible prospect package
- Proactive recruitment plan
- Internal or external communication plans
- Formalized future product development plan to include enhancing the existing and developing new
- Stand-alone economic development website / presence for economic development
- Ability to track business successes and losses
- Formalized incentive package

When inventorying each county and the region as a whole, it is important to note that none of the above is being executed at the local or regional level. So in essence, the counties / region are “out of business”. There is no economic development program in place with a formalized business plan to be the resource and Champion for economic development in Southeast Kentucky. We are not advocating that any of the above elements be executed at the local level. What we are saying is imperative is that the local leaders strongly commit to regional economic development efforts for the eight county southeast Kentucky region (Letcher, Lawrence, Floyd, Martin, Johnson, Knott, Pike and Magoffin) in both resource allocation and plan execution to reach short- and long-term goals. The following recommended strategies provide a best of class plan for the successful implementation of a Southeast Kentucky regional economic development effort to be called One East Kentucky (OEK):

### REGIONAL STRUCTURE

A new regional public / private economic development organization must be created (One East Kentucky) within the Southeast Kentucky Chamber of Commerce for the eight county region to execute as a functioning economic development entity. Proposed funding from the private sector would come directly from existing chamber membership and targeted new investors under a new President's Club for economic development with three funding levels.

### FUNDING / BUDGET DEVELOPMENT

InSite recommends funding from local communities come directly from a county \$0.20 per capita rate, multi-county coal severance monies annually and private sector contributions of at least fifty (50) percent of total contributions. Based on our benchmarking of best practices for economic development programs, the One East Kentucky (OEK) Regional Economic Development Program should have an annual budget in the range of \$700,000 to \$900,000.



## SECTION 2: EXECUTIVE SUMMARY

### PERSONNEL

To successfully implement a quality regional economic development program, there are four main priorities with regard to personnel: President of Economic Development; Vice President of Research; Vice President, Business Retention and Expansion; and Vice President, Project Management.

### PROCESS RECOMMENDATIONS

InSite recommends comprehensive procedures be incorporated into project response and execution models for project management including Request For Information (a Request For Information / RFI is a community questionnaire issued by a consultant to a region on behalf of prospective companies to gather critical location information) team training, client visit team training and local company involvement.

### REGIONAL BRAND

One East Kentucky must develop a new business brand highlighting the region's business assets such as highway access, trainable workforce, proximity to markets, UPIKE, healthcare facilities, etc.

### PROFESSIONAL DEVELOPMENT

InSite recommends hiring an outside site selection consultant to conduct basic economic development training for community stakeholders including but not limited to OEK personnel, OEK board members, county officials, city officials, utilities, business leaders, etc.

### PROGRAM OF WORK STRATEGIES

#### BUSINESS RETENTION AND EXPANSION PROGRAM (BRE)

One East Kentucky must develop a formalized business retention and expansion program (BRE) staffed by a full-time BRE Vice President. The BRE program will include incentive grants facilitation, industry appreciation event, publication of industry directories, visitation program, milestone achievement awards, creation of a manufacturing managers association, a human resources managers association, a dedicated project management website tab for local companies and adding a vertical marketing element to the program.

#### PRODUCT AND INFRASTRUCTURE STRATEGIES

Our team evaluated the region's product from the perspective of a site selection consultant conducting a client site evaluation. The consulting team's review of the region's product development offerings reveals an inadequate inventory of viable sites and buildings within the region. Information on most sites and buildings was not readily available, and when information was available, it was inaccurate. There are currently no viable (at least 24 ft. clear height; a infrastructure in place with excess capacity; no interior walls; no existing structures; no pits; not a special use; in an industrial park – all are examples of viability), available industrial buildings in the eight-county region listed on the ThinkKentucky.com website. Presently, there is no local or regional mechanism for providing prospective companies with online product information. The lack of product information is at a critical, emergency level. Without viable, fully infrastructure (water in excess, sewer in excess, natural gas, electric, and fiber) product in a community, an economic development program will not attract quality companies.

During our analysis, the consulting team discovered several properties throughout the region that may be viable product development offerings in the future with proper due diligence by the respective landowner. Our team recommends regional inventory and evaluation for available sites, parks and buildings that could be marketed to prospective companies. These efforts are currently underway through Kentucky Power's Regional Product Development Program. This program will identify, evaluate and prioritize marketable properties in the region.



## SECTION 2: EXECUTIVE SUMMARY

Please note for several business parks in the region, InSite has recommended changing the name of the park for marketing purposes. Due to the large percentage of companies utilizing web searches to identify potential locations, it is crucial that these business parks present a national or global presence in order to maximize internet search results. In addition, clients prefer the park name, their "home", to have a global location impact – an indicator to their suppliers, customers, etc., as to where they are in the world. The following recommendations for the respective landowners focus on a select group of properties within the region:

### GATEWAY REGIONAL BUSINESS PARK

This is a 200 acre regional business park located on Hwy. 23 in Letcher County. This site has all utilities and is owned by the Appalachian Industrial Authority. The state site flyer indicates a negative 15,000 gallons in excess sewer capacity which would contribute to the park not being short listed in a competitive site search. InSite recommends: rename the park, increase excess sewer capacity, create new park website, develop comprehensive incentive package for the park, and provide all park information on the website.

### HONEY BRANCH REGIONAL BUSINESS PARK

Consisting of approximately 300 acres, this regional business park, located in Martin County, has all utilities on site. Excess sewer capacity is listed at only 37,000 gallons per day which is a significant weakness in a competitive site selection search. The park is adjacent to the Big Sandy Federal Prison, a high security penitentiary housing approximately 1,400 inmates. Our recommendations with regard to making this site marketable: be cognizant that the adjacent prison limits the marketability of the site, so prioritize efforts listed respectively; improve 37,000 gallons per day excess sewer capacity; change the name of the park - create a global, recognizable identity; develop a master plan for the park; develop at least one pad ready site in the park; complete InSite's Site Questionnaire; market as a Permitted Business Ready Park; develop a new marketing piece for the site; and develop a comprehensive incentive package for the park.

### STONE CREST SITE

Owned by the City of Prestonsburg and with all utilities on site, this 30 acre site sits adjacent to the Stone Crest golf course. This is a unique site as road access is not great but, if marketed properly, could be positioned as a headquarters location, to include outdoor or sporting equipment companies. Our recommendations with regard to making this site marketable: needs to be master planned; rename it to Southeast Kentucky Vista Corporate Park - create a global, recognizable identity; conduct a site evaluation process to validate marketability; complete InSite's Site Questionnaire; market as a Permitted Business Ready Park; develop a master plan for the park; create protective covenants for the park; develop a marketing piece for the site; develop a comprehensive incentive package for the park; create a forgivable loan / grant program for the land.

### MARION'S BRANCH SITE

Marion's Branch consists of 1,000 acres (400 acres developable) owned by the City of Pikeville. Water and natural gas service are available on site with plans to extend sewer and telecommunications service within twelve months. Rail accessibility is provided by an off loading site adjacent to the Marion's Branch Park. Currently, road access to the site is a weakness. The current access road goes through a residential area and would not meet industrial standards. Plans have been completed for the construction of a new road served directly by Hwy. 23. Presently, Marion's Branch would not compete favorably in a competitive site selection search due to access. However, considering the early developmental stages of the site and planned infrastructure improvements, this site has the potential to become a significant job creation tool for the entire region. The following represents some of our recommendations with regard to marketing initiatives for the Marion's Branch Site: complete InSite's Site Questionnaire; construct new entrance road as soon as possible; develop an entrance sign for the park; create protective covenants for the park; create a name for the park - create a global, recognizable identity; provide the most competitive telecommunications infrastructure possible; change the master plan for the park by eliminating residential development; include provisions to ensure the park is pedestrian friendly; and market as a Permitted Business Ready Park.

## SECTION 2: EXECUTIVE SUMMARY

### SCOTT FORK SITE

This is a 78 acre site owned by Pike County with frontage on Highway 119. Scott Fork has natural gas, water and fiber on site but does not have sewer service available. There are two pad ready sites in the park with the largest contiguous parcel of 20 acres. Scott Fork, due to lack of sewer service, would not be viable in a competitive site selection search. The site is not listed on ThinkKentucky.com and the county does not have an economic development website. The following represents some of our recommendations with regard to marketing initiatives for the Scott Fork site: extend sewer service to the park as soon as possible; change the name of the park (Kentucky Energy Business Park) - create a global, recognizable identity; complete InSite's Site Questionnaire; market as a Permitted Business Ready Park; develop a master plan for the park; create protective covenants for the park; and develop an entrance sign for the park.

### HOLLAND SITE

The Holland site is a privately owned 850 acre tract located in Paintsville. All utilities (water, sewer, natural gas, fiber) are on site. There is a 40,000 SF building (formerly MidWay College) at the entrance to the Holland site. Information regarding excess capacities and topography was limited at the time of our team's visit. Information obtained included excess water capacity of 3 MGD and excess sewer capacity of 400,000 GPD, which are tremendous assets. The site is not actively being marketed at this time and is not listed with the Kentucky Cabinet for Economic Development. Our team did not conduct an exhaustive review of the 850 acre site but recommends further site due diligence be conducted to determine the viability of developing it as a new business park. If this is a site the community desires to market, the following lists some of items that must be addressed before attempting to market to prospective companies: determine from the landowner the property's availability and willingness to enter into a marketing agreement; site due diligence – must be completed before any other steps are taken; work with One East Kentucky to identify competitors' business parks within and outside of the region and develop a superior product offering for expanding and relocating companies; name the park based upon a nationally recognized brand.

### COAL FIELDS REGIONAL INDUSTRIAL PARK

Consisting of approximately 385 acres, this regional business park, located in Perry County, has ample excess water and sewer capacity (1.4 MGD) on site. However, the lack of natural gas service in the park is a significant weakness in a competitive site selection search. Coal Fields currently has four tenants in the park and one available industrial building (300,000 SF Woodmark Facility). Some of our recommendations with regard to making this industrial park marketable: extend natural gas service to the park; change the name of the park - create a global, recognizable identity; develop a master plan for the park; and develop at least one pad ready site in the park.

### EASTPARK REGIONAL BUSINESS PARK

This is an 800 acre regional business park located in Ashland. This site has all utilities and is owned by the Northeast Kentucky Regional Industrial Authority. The state site flyer indicates an N/A in excess sewer capacity which could contribute to the park not being short listed in a competitive site search. Some of our recommendations with regard to making this park marketable include: develop a new website for the park; leverage the excess water capacity of 13 MGD; and develop at least one pad ready site in the park.

### CHESTNUT MOUNTAIN

Knott County owns the 65,000 SF Sportsplex and related baseball and soccer fields, located within the 650 acre Chestnut Mountain development. Chestnut Mountain is owned by a private development company. Currently the site is being marketed as a commercial and residential development. Other than the Knott County recreation complex (Since 2007), there have been no business or residential development in Chestnut Mountain. Chestnut Mountain possesses four lane highway frontage on Hwy. 80. Limited information on natural gas availability and excess water and sewer capacity is a significant weakness. Our team did not conduct an exhaustive review of the 650 acre site but recommends further site due diligence be conducted to determine the viability of developing it as a new business park. If this is a site the community desires to market, the following lists some of items that must be addressed before attempting to market to prospective companies: determine from the landowner the property's availability as an industrial park and willingness to enter into a marketing agreement; site due diligence – must be completed before any other steps are taken; work with One East Kentucky to identify competitors' business parks within and outside of the region and develop a superior product offering for expanding and relocating companies; name the park based upon a nationally recognized brand.

## **SECTION 2: EXECUTIVE SUMMARY**

### **MAGOFFIN COUNTY SITE (GIFFORD SITE)**

Magoffin County owns 200 acres (80 useable acres) located on the Mountain Parkway. At the time of our site visit, there was limited access to the site, no natural gas service and limited water and sewer service information. However, this site possesses Mountain Parkway frontage with a planned interchange and improvements of the parkway from two lanes to a four lane highway at the site's entrance. Magoffin County also owns the site's mineral rights and may have the opportunity to provide low cost natural gas to potential companies. For this site to be viable, the following list of items must be addressed before attempting to market to prospective companies; site due diligence – must be completed before any other steps are taken; master plan the site; create a forgivable loan/grant program for the land; develop protective covenants for the park; market the availability of inexpensive natural gas; develop a comprehensive incentive package for the park.

### **SMALL BUSINESS AND ENTREPRENEUR PROGRAM (SBE)**

Empowering and supporting small business and entrepreneurial efforts should be a critical element of the region's sustainable economic development goals. Small businesses and entrepreneurs are primary mobilizers of resources for the local economy and are stabilizing factors in society as a whole. They are a source of innovation in services, products and technologies. These entities provide a tremendous employment base for all thriving communities. One East Kentucky should serve as a clearinghouse of information for small business. Small Business program of work recommendations include providing a dedicated entrepreneur / small business tab on the OEK website, and developing a database of all available commercial and retail buildings in the region.

### **MARKETING AND COMMUNICATIONS**

A region's identity and "marketing toolbox" is critical to the success of any economic development program. These key items that will assist in the communication of the location assets of the region:

#### **WEBSITE**

Currently, there is no dedicated economic development website for the region. Therefore, our consulting team recommends developing a stand – alone One East Kentucky website that features existing companies, new buildings and sites database, incentives tab, a BRE tab, and a workforce tab, etc.

#### **SALES MESSAGE**

InSite recommends utilizing "talking points" (see Asset Section) as a consistent economic development message in all written and verbal communication, including the region sound bite.

#### **SALES MATERIALS**

Incorporate new regional identity in all marketing materials including the development of site / building brochures; a profile of taxes and incentives; an existing industry testimonial piece; and a comprehensive prospect notebook.

#### **INTERNAL AND EXTERNAL COMMUNICATION PLANS**

A communication plan for internal and external audiences was developed that includes the development of an email blast template, a sequencing of communications to all established internal and external databases / targets on a consistent basis, company visitations and permission-based marketing campaign.

### **OTHER AREA PROGRAM RECOMMENDATIONS**

#### **FLOYD, JOHNSON, KNOTT, LAWRENCE, LETCHER, MAGOFFIN, MARTIN AND PIKE COUNTIES**

InSite recommends local communities assume the roles and responsibilities for the following program of work elements to include but not limited to: developing local incentive packages; compiling product information; providing RFI and prospect visit support; supporting regional airport initiative; developing fully infrastructured industrial parks; promoting tourism, etc.



## SECTION 3: ASSET INVENTORY

### REGIONAL ASSET INVENTORY

A critical element of InSite's methodology was to inventory the locational asset of the region. Leveraging these assets will be important in the implementation of the organizational recommendations, creating a quantifiable marketing approach to recruit jobs and investment to the area. The following are some of the key business assets discovered:

- Gateway Regional and Honey Branch Business Parks – fully infrastructured industrial parks
- Potential product examples: Marion's Branch; Holland site; Stonecrest Site; Scott Fork; Chestnut Mountain; East-Park; Coal Fields; Thunder Ridge; Gifford Site; RJ Property; and West Property Group
- Highway transportation - Great four-lane transportation access; quality access to West Virginia and Virginia
- Midway College building
- Brown Foods building
- Woodmark building
- Potential excess water capacity
- Potential excess sewer capacity
- Big Sandy Community and Technical College system
- Available, trainable labor force
- Southeast Kentucky Economic Development Corporation
- Access to higher education
- Access to technical colleges and vocational schools
- Apprentice program in development
- General aviation
- Rail access in limited locales
- Proximity to commercial airports (Huntington, WVA; Charleston, WVA; Lexington, KY; Blountville, TN)
- Southeast Kentucky Chamber of Commerce regional approach
- Renewed focus on economic development from Kentucky Power
- Competitive electric rates
- Eastern Kentucky Concentrated Employment Program, Inc. (EKCEP)
- H.O.M.E. Program
- Governor Patton
- Strong existing industry like Kellogg, Joy Mining, Booth Energy
- UPIKE
- Big Sandy Area Development District
- Kentucky River Area Development District
- Access to Federal and State political resources – Mitch McConnell, Senate Minority Leader; Hal Rogers, Chairman of House Appropriations Committee; Greg Stumbo, Speaker, Kentucky House of Representatives; Robert Stivers, President of the Kentucky Senate
- Hospital / access to medical care

## SECTION 3: ASSET INVENTORY

- Pikeville Medical Center – Affiliate of Mayo Clinic Healthcare Network
- Access to recreational facilities (golf, trails, lakes, natural resources)
- Low cost of living
- Equine center
- Low crime rates



*A unit of American Electric Power*

## SECTION 4: IDENTIFIED GAPS

### IDENTIFIED GAPS

InSite's process and assessment identified specific economic development strengths within each organization with regard to attracting and retaining investment and jobs. We identified weaknesses and made recommendations to mitigate those identified weaknesses. InSite's assessment, in cooperation with property owners and local governments, is a true "gap analysis" with three (3) layers of evaluation: baseline of what is desired in a location; what each county has to offer as a location; and what the resulting "gaps" are. In addition, we developed a customized implementation plan for the Southeast Chamber of Commerce's new economic development department to mitigate location-specific gaps and become the target of companies that are looking for the region's location-specific assets. Results: in cooperation with owners and local government, a region of communities that is truly "client ready and desired". The following is a comprehensive listing of the existing gaps at the local and regional level to successful economic development efforts for the southeastern region. The recommendations to bridge these gaps follow the identified gaps.

### PROGRAM / PRESENCE / OPERATIONS

- No functional, local or regional economic development programs
- No Champion or vision for economic development, locally or regionally
- There is no entity within the Southeast Region representing the interests of economic development in assisting with job growth and capital investment. There is no entity quantifiably working for the best interest of the unemployed in the Southeast Region
- No local or regional economic development programs of work (adequate staff; Business Retention and Expansion; Small Business and Entrepreneurs; proactive marketing; Economic Development website presence; research capability; process execution; product development, etc.)
- No one-source contact person for economic development
- No unified plan to bring all entities together with a common vision
- No local commercial airport
- Dependency on mining
- Lack of globally recognized brand / identity
- Minimal use of "war horses" (UPIKE and Pikeville Medical Center) for economic development efforts
- Inability to work projects from finish to end (Request for Information (RFI) to site visit)
- Lack of leadership's understanding of what economic development means
- No entity is tracking business wins and losses in the region

### PRODUCT

- Limited competitive, marketable industrial parks
- Limited competitive, marketable existing buildings
- No future product development plans / program of work
- Gateway Regional Business Park deficiencies: lack of excess capacity; lack of fiber; lack of critical information available
- Honey Branch Regional Business Park deficiencies: lack of excess capacities; incompatible surrounding use; lack of critical information available
- Lack of information on all product: Marion's Branch; 850 acres in Johnson County (Holland Property); 40,000 SF former Midway College facility in Paintsville / Johnson County; 650 acres (Chestnut Mountain) in Knott County; 200 acre Gifford Site in Magoffin County; Stonecrest site owned by Prestonsburg; 100 acre Thunder Ridge site in Floyd County; Letcher-County rail served site; 86,000 SF Brown Foods building located in Louisa and Lawrence County; Louisa owned 9 acre site

## SECTION 4: IDENTIFIED GAPS

- Consistent theme of lots of “property” but no information which translates to not viable or marketable
- Minimal sewer capacity to key regional product
- Lack of diverse industrial base
- No comprehensive database of available product in the region

### MARKETING

- No proactive recruitment plans
- Misperception of great highway system in eastern Kentucky. Several individuals expressed that transportation was a challenge. As site selection experts, we see the transportation system of interstate quality highway systems to be a great asset.
- Billboards cast negative impression on the community. Limit the number of billboards as they distract from the natural and professional integrity of the area
- No dominant economic development web presence
- No internal or external communication plans at the local or regional level
- No marketing materials at the local or regional level for clients
- No formalized prospect packages

### WORKFORCE DEVELOPMENT / TRAINING

- Perception of lack of skilled trade workers
- Upgrade the unemployed minors’ skills base
- Need more employer involvement with the community college
- Inability to breakdown the unemployed miner population by type and number of and workers

### BUSINESS CLIMATE

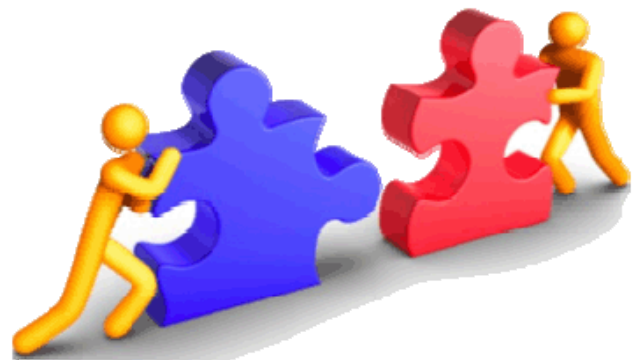
- Dependency on mining
- Loss of hope

### INCENTIVES

- Lack of formalized incentive programs with documentation at the local level

### POLITICAL CLIMATE

- Lack of harnessed political clout that resides at the state level to make things happen at the local level
- Local political system is a monumental gap; county entities work against one another – lack of consensus
- Too dependent on coal severance tax revenue





## **SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS**

The southeastern Kentucky region is in great need of an organization that creates an economic development presence in the United States. Currently, there is no Champion or vision for economic development locally or regionally. There is no vehicle to develop or execute a plan that brings all the entities touching economic development in the region together with a common vision. There is no arena for the economic development pillars such as UPIKE, Pikeville Medical Center, Appalachian Wireless, Kellogg, Joy Mining and Booth Energy to collaborate and be a force for business expansion and recruitment efforts, both within their own companies and new companies. There is an inability within the region for any entity to work an economic development project / prospect from start to finish – from the request for information (RFI) to the client visit.

InSite is recommending through the following strategies that the Southeast Kentucky Chamber develop an operating division, One East Kentucky (OEK), dedicated solely to the efforts of economic development for the region. The following strategies based upon our evaluation of the region and consulting experience, provide a vehicle for the assets of the entire region to be leveraged, the gaps to success to be addressed and the voice of southeast Kentucky to be heard through the new organization (OEK). These recommendations take into account each county's capabilities and do not duplicate any efforts that are currently being executed. It provides each county with a team to leverage and support their efforts and a vehicle to not only create a national presence, but also one to recruit new industry and grow existing companies. The following recommendations provide an economic development blueprint for creating jobs and capital investment in the region for OEK to follow, step-by-step, in order to successfully win projects.

### **ORGANIZATIONAL STRATEGIES**

When inventorying each county and the region as a whole, it is important to note that none of the above is being executed at the local or regional level. So in essence, the counties / region are "out of business". There is no economic development program in place with a formalized business plan to be the resource and Champion for economic development in Southeast Kentucky. We are not advocating that any of the above elements be executed at the local level. What we are saying is imperative is that the local leaders strongly commit to regional economic development efforts for the eight county southeast Kentucky region (Letcher, Lawrence, Floyd, Martin, Johnson, Knott, Pike and Magoffin) in both resource allocation and plan execution to reach short- and long-term goals. The following recommended strategies provide a best of class plan for the successful implementation of a Southeast Kentucky regional economic development effort to be called One East Kentucky (OEK):

### **REGIONAL STRUCTURE**

A new regional Champion, public / private organization, for economic development must be created, beginning with a new regional economic development entity (One East Kentucky) within the Southeast Kentucky Chamber of Commerce for the eight-county region. This organization must have a plan and provide a blueprint for proactive regional economic development. This public / private partnership will be funded from existing chamber members to include local industry and communities.

Proposed funding from the private sector would come directly from existing chamber membership and targeted new investors under a new President's Club for economic development with three funding levels ranging from \$5,000 to \$15,000 annually, with contributions equaling at least (50) percent of total contributions. Please note that all regional economic development supporters must be current members of the Southeast Kentucky Chamber or a local chamber. The regional economic development advisory board would be separate from the Chamber board and consist of chosen President level contributors (who must be members of the Chamber or a local chamber) and the immediate past Chairman of the Southeast Kentucky Chamber. The immediate past chairman of the Southeast Kentucky Chamber would become the chairman of the new One East Kentucky regional economic development organization. This board would consist of no more than nine members and would meet on a quarterly basis. All monies raised for economic development would be separate from normal Chamber dues. Key steps in this process include:

- Create a new, professional organization with a qualified plan, to include governing bylaws, that will appeal to investor communities and companies
- Develop a target list of key, potential investors
- Present the region's new economic development program of work to the target group of key, potential investors individually (entities most likely to contribute first)

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Once two or three champions have committed, have them present the economic development vision to a large group of potential investors (including communities) and explain how they can help diversify and grow the local economy. Utilize the new champions to deliver the message
- Develop the governing board of eleven members. These members must contribute at the President level and be directly involved in existing business and industry throughout the eight-county region
- After gaining local community and private sector financial support, meet with county judges and state legislative delegation for commitment of multi-county coal severance monies annually to assist in funding the regional economic development program

### FUNDING / BUDGET DEVELOPMENT

Proposed funding, which should be at least fifty-five percent, from the private sector would come directly from existing chamber membership and targeted new investors under a new President's Club for economic development with three funding levels ranging from \$5,000 to \$15,000 annually. Proposed funding from local communities would come directly from a \$0.20 per capita rate, multi-county coal severance monies of \$500,000 annually and occupational tax. Any communities joining after OEK's first organizational year may join the regional effort at a \$0.40 per capita rate. All monies raised for economic development would be dedicated to business expansion / recruitment efforts and remain as a separate accounting function from normal Chamber dues / financial operations. Based on our benchmarking of best practices for economic development programs, the One East Kentucky (OEK) Regional Economic Development Program should have an annual budget in the range of \$700,000 to \$900,000. Possible economic development budget items may include but not be limited to salaries, FICA, insurance fringe, retirement fringe, workers compensation, vehicle allowance, marketing, office supplies, postage, dues/publications, printing, travel, training, telephone, and professional services.

### PERSONNEL

There are several priorities with regard to staffing that need to be addressed by the new economic development operating unit (OEK). The first three staffing priorities are immediate needs:

- The number one priority is to hire a President of Economic Development to focus solely on retention and attraction of companies to the region. Professional qualifications would include but not be limited to; a Bachelor's degree in business, economics, marketing, finance, or closely related field, with an advanced degree preferred. The ideal candidate will have a proven track record of executive or senior leadership experience and may come from a variety of backgrounds such as: top executive within a progressive and comparably-sized economic development-focused organization; experience as a No. 2 or senior-level executive at a larger like enterprise as described above.
- The second priority is to hire a research person whose main function is to maintain the sites and building database respond to RFIs, update and manage website content and coordinate directly with the counties and Area Development Districts to meet various project needs.
- The third priority for a new staff position must be the addition of a business retention Vice President. The Business Retention and Expansion (BRE) VP's responsibility will be the implementation of the new BRE program (as outlined further in this document) and assisting with project RFIs and business attraction projects.
- The fourth priority for a new staff position would be the addition of a Project Manager whose responsibility would be to manage prospect leads and new projects.
- Utilize existing chamber communications manager for economic development marketing.
- Create and fund a formalized, consistent year-round internship program with the University of Pikeville and local Community / Technical Colleges to conduct research and assist with maintaining and updating the economic development website, available site and buildings database, target company database, research and other functions as necessary.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

### PROCESS RECOMMENDATIONS

InSite recommends the following process recommendations be incorporated into project response and execution models for project management:

- Develop relationships locally to extract key data / information
- Develop relationships at the ADD level
- Develop and train a Request for Information (RFI) Team:
  - Most RFIs request consistent information, so make sure individuals proficient and knowledgeable in specific areas are not only educated about the RFI process, but are always mobilized to submit information
  - Content and team includes but not limited to: utilities (water, sewer, electric, natural gas, and fiber – have them calculate the rates); rail; building or site owner; environmental; permitting; taxes; and incentives
  - Sit down with the RFI Team and go over their portion of the RFI to explain the necessary content. Supply them with an overview of the project details and timeline (no matter how brief or short)
  - Communicate the talking points detailed in the Marketing Section for their training purposes
- Develop and train a Consultant / Client Visit Team:
  - Any participant in the visit process should have first had professional economic development training.
  - Each time a consultant and or client visits, the following entities should be represented at all times: local company executives (1 – 2 individuals); new economic development organization professionals; electric utility provider representative; community college; land and / or building owner; all entities directly involved in the incentive decision making process; and only one state project manager.
  - Sit down before the visit with the Visit Team and go over in detail the project description, timeline and completed RFI. Highlight their specific role and purpose in the discussions. Communicate the talking points detailed in the Marketing Section for their training purposes. Discuss in detail what to say and what not to say.
  - Conduct a pre-visit trial run for logistic purposes.
  - Begin all community visits at a local manufacturing company's facility (Kellogg, Joy Mining, Booth Energy, etc.) as logistics allow. Always have a senior-level company executive conduct the community welcome. Perform the entire community orientation (focus on location orientation, transportation routes, regional labor force statistics, and incentives) and overview at the company's offices, to include PowerPoint presentation and refreshments. In addition, produce an electronic overview of the site/building clearly delineating all utilities and roads; provide all documents in hard copy and on a flash drive; make all documents accessible via password on a protected project website which will allow prospects real time access to information.
  - Minimize local government and maximize private business exposure to clients / prospects.
  - Have a tent (if possible) and table(s) on the actual, proposed site and or in the building to review the site and park and or building layouts. Include bottled water as refreshment.

### REGIONAL BRAND

InSite suggests One East Kentucky focus on an updated brand for the region to assist with website development, a new tag line, marketing materials, site and building brochures, etc.

- Develop a comprehensive and cohesive regional brand for business:
  - The brand should be concise and based upon the region's business assets such as highway access, trainable work force, proximity to markets, University of Pikeville, etc.
- Retain an economic development-focused marketing firm to assist with finalizing the brand for production and communication purposes (brochures, website, etc.) to include focused marketing message, tagline and website.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

### PROFESSIONAL DEVELOPMENT

Insite recommends hiring an outside site selection consultant immediately to train the following entities and individuals on basic economic development concepts and the business assets of the region:

- One East Kentucky (OEK) personnel
- OEK board members
- County officials
- City officials
- EKCEP
- Utilities
- Stakeholders
- Any participant in client / prospect visits

InSite recommends a site selection visit simulation with the new economic development team. This will assist with the efforts of training and mobilizing response and visit teams, as detailed in the Process Recommendations of this document.

### PROGRAM OF WORK STRATEGIES

Southeast Kentucky's regional economic development success depends on executing a focused program of work. The following regional program of work concentrates on four primary areas: Business Retention and Expansion Services; Product Development Services; Entrepreneurial & Small Business Services; and Marketing and Communication Services.

### BUSINESS RETENTION AND EXPANSION PROGRAM

In discussing the importance of a dedicated, formalized business retention and expansion program (BRE), the following should be emphasized: there must be an organization and staff who maintains ownership of the program; competing states are targeting the region's existing companies; a large percentage of closures arise from mergers and acquisition, consolidations, restructuring, and planned relocations - some of which can be minimized with a solid BRE plan; and a true program legitimizes the commitment to local companies. Considering the fact that, nationally, roughly 80 percent of all new jobs and capital investment are created by existing companies, InSite recommends the following strategies for One East Kentucky (OEK) for a dedicated business retention and expansion program. The strategies and program language include expanding existing chamber efforts:

### COMMITTEES AND ASSOCIATIONS

**Existing Industry Committee:** The Existing Industry Committee, comprised of local companies, is a committee dedicated to the retention and expansion of existing industry in the Southeast Kentucky eight county region. This committee:

- Meets throughout the year (quarterly) to refine and improve current programs, develop new programs, and discuss new ideas and opportunities pertaining to existing industry and the business retention program.
- Serves as a rapid response team that assists existing companies with small and large emergencies.
- Will be capable of addressing everything from regulatory issues to a potential facility closing.

**Manufacturing Managers Association (MMA):** OEK manages all operations of the Manufacturing Managers Association (MMA). Members must be comprised of only the top management (General Management) of private sector business and industry (including large commercial and distribution operations) in the region. The MMA will provide these leaders with the opportunity to foster working relationships between and among industry and at the same time work together to better the community. The MMA should meet on an every-other month schedule. During these lunch meetings, members will discuss industrial issues ranging from labor relations, to incentive legislation to facility planning.



## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

**Human Resource Managers Association (SHRM):** OEK should utilize the existing Society for Human Resource Management group (SHRM). Members must be comprised of only the top management (Human Resources) of private sector business and industry (including large commercial and distribution operations) in the region. The SHRM will provide these leaders with the opportunity to foster working relationships between and among industry and at the same time work together to better the region. The SHRM should continue to meet on their regular schedule. During these lunch meetings, members will discuss industrial issues ranging from ergonomics to OSHA regulations to labor needs and availability.

### SERVICES AND PROGRAMS

**Incentive Grants Facilitation:** One East Kentucky (OEK) is to coordinate and assist with all state and federal grant applications pertaining to facilitation of local funds to existing companies within the region. OEK will facilitate with the Area Development Districts and others to walk through the federal and state grant process from beginning to end. Beginning with assistance filling out the application to presenting the grant request to the appropriate governing bodies, OEK's role will be to there to make the process smooth and simple for existing industry. There should be no limit to the services provided to existing companies. OEK will utilize the numerous allies that collectively work together to make eastern Kentucky the natural place for industry to thrive. From the Employment Security Commission to the Community College, to the city and county, to utility companies and many more, OEK will mobilize the abundance of resources to aid in assisting the industrial base. Examples of assistance to local companies:

- Fast track permitting – develop permitting process upfront
- Provide information on local apprenticeship programs
- Employment issues
- Procurement information
- Utility issues
- Liaison to local officials and departments
- Provide information and contacts to the cities and county
- Provide information and contacts to state and federal departments
- Community grants and / or incentives
- Public hearing presentations
- Prepare press releases and communication assistance.

**Existing Industry Directories:** OEK will maintain and provide an online Manufacturers and Distributors Directory, Top 25 Employer Directory and Recent Announcements Summary for the region.

**Existing Industry Recognition Event:** OEK will host an annual existing industry appreciation event. A suggestion for an inclusive and up-to-date type of event is a family day for executives and their families (potential to coincide with an existing community festival or event). This type of event is considered a best practice for industry appreciation events. The day may include cookout, games, mobile recreational units, water sports, etc.

**Expand Visitation Program:** Expand annual visits and tours of the region's industrial facilities to provide an opportunity for the staff to establish and maintain rapport and solid working relationships with existing businesses. It further fosters a better understanding of businesses and their products. The insight and information received during company visits can be used to identify supplier linkages, create new inter-county business relationships and increase OEK's understanding of the local business community. Most important, it provides the company with the opportunity to learn more about the region's commitment to retaining and assisting local companies. Through the annual visitation program, OEK will give special attention to any management change within the industry and include contacting headquarters of existing companies to schedule a visit when traveling near their location.

**Communication Program:** OEK will communicate with regional companies via email blast on a bi-monthly basis. Email blast topics range from legislative updates, to new announcements, to available buildings within the region. This consistent communication helps maintain a close business relationship with local companies.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

**Expand Milestone Achievement Awards:** OEK will present Milestone Achievement Awards each year to manufacturers and distributors as well as significant office operations located in the eight county region. The purpose of the award is to recognize and thank local industry for their past, present and future commitment to the community. Manufacturers and industries operating in the region are eligible for the award. Awards will be presented to companies on their fifth year anniversaries (5, 10, 15, 20, etc.). Milestone Achievement Awards will be presented during an annual luncheon in honor of the recipients.

### SUPPORTING BRE EFFORTS AND PROGRAMS

- Develop a comprehensive business resource guide accessible online and in printed format to distribute to all local companies / industries. The guide may include:
  - Brief description of the Business Retention Program and its mission
  - Contact information for regional economic development office
  - Introduction to and explanation of the new existing business website tab
  - Pre-employment training programs
  - Overview of available incentives
- Develop a public relations strategy around getting the word out about local company / industry successes such as contract awards, safety achievements, new employees hired, capital investment spent, etc. This strategy would include local, regional, state and national exposure.
- Create a dedicated website tab for local companies to access important information about incentives, permitting, training and available site and building information.
- Concentrate on a vertical marketing element of the BRE program. Call on existing company executives / management to assist with lead development for target businesses. Solicit and mine leads from these organizations housing suggestions for suppliers, etc. that could potentially relocate to service their market or even other divisions of their company.
- Provide a brief introduction of the region's BRE program during the project management phase of recruiting new companies to the area.

### PRODUCT DEVELOPMENT STRATEGIES

The new regional economic development team will market all viable properties in the eight-county region. In light of the fact that the region does not own any property, the execution of the recommendations for the product to be viable and marketable, lies in the hands of the landowner. Therefore, it is the landowners' responsibility to provide viable, marketable sites and buildings. It will be the region's responsibility to market the product. The region's role in product strategies revolves around: inventory; marketing; and guidance and counsel on future product development to include speculative buildings, pad-ready sites, rail sites, and infrastructure development.

Product development initiatives do not happen by chance. All successful rural communities throughout the country made a deliberate decision, at some point in their history, to invest in themselves and not wait on other organizations. Those communities have utilized local sales tax, TIF financing, public bonds, and a dedicated economic development property tax; just to name a few, to fund long-term product development initiatives.

The consulting team's review of the region's product development offerings reveals an inadequate inventory of viable sites and buildings within the region. Information on most sites and buildings was not readily available, and when information was available, it was inaccurate. There are currently no viable (at least 24 ft. clear height; a infrastructure in place with excess capacity; no interior walls; no existing structures; no pits; not a special use; in an industrial park – all are examples of viability), available industrial buildings in the eight-county region listed on the ThinkKentucky.com website. Presently, there is no local or regional mechanism for providing prospective companies with online product information. The lack of product information is at a critical, emergency level. Without fully infrastructured (water in excess, sewer in excess, natural gas, electric, and fiber) product in a community, an economic development program will not attract quality companies.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

Having available product and enhancing a community's physical attributes assures the ability to attract new business and provide options for existing industry to expand. Our team evaluated southeast Kentucky's product from the perspective of a site selection consultant conducting a site evaluation and found most of the product to be in an "incomplete" state, negatively impacting marketability. From a viable building standpoint, there were numerous buildings (Browns Food, Midway College, Woodmark, Hobbs, East Park Shell, Martin County Business Center) within the region ranging in size from 7,500 SF to 300,000 SF, but lack of readily available building information at the local level severely restricts the competitiveness of those buildings in a national site search, in addition to our ability to determine marketability.

During our analysis, the consulting team discovered several properties throughout the region that may be viable product development offerings in the future with proper due diligence by the respective landowner. Our team recommends regional inventory and evaluation for available sites, parks and buildings that could be marketed to prospective companies. These efforts are currently underway through Kentucky Power's Regional Product Development Program. This program will identify, evaluate and prioritize marketable properties in the region. The following recommendations for the respective landowners focus on a select group of properties within the region:

### GATEWAY REGIONAL BUSINESS PARK

This is a 200 acre regional business park located on Hwy. 23 in Letcher County. This site has all utilities and is owned by the Appalachian Industrial Authority. The state site flyer indicates a negative 15,000 gallons in excess sewer capacity which would contribute to the park not being short-listed in a competitive site search. Our observations include:

- Has potential to be a tremendous asset
- Adjacent Letcher County-owned land must incorporate same protective covenants as the Gateway Park
- Lack of information with regard to the park is a weakness
- The excess water capacity is stated to be 373,000 GPD which is acceptable
- The excess sewer capacity is stated to be a negative 15,000 GPD, which is a fatal flaw, eliminating consideration for future projects
- Lack of fiber as stated is a fatal flaw, eliminating consideration for most future projects
- Presence of natural gas is an asset
- Access to the park is good
- The location of the future speculative building needs to be moved
- Flat acreage / pad ready sites are an asset
- Grass should be constantly maintained
- Highway visibility is excellent (50 acres)
- Existing tenants are a strength
- No marketing materials and plan for the industrial park is a weakness
- Location within the city limits is a weakness due to perception of higher taxes
- Surrounding uses are incompatible (industrial prefers to be near other industrial, not kid and pedestrian inhabited areas for safety purposes) with the DeVita Dialysis Center going in at the entrance of the industrial park
- Covenants in place are a strength
- Signage is good
- Lack of web-presence is a weakness
- Childers Oil Company presents the capability for automated fueling for trucks

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

Our recommendations with regard to making this site marketable:

- Develop a new website for the park (do not use the name Appalachian Industrial Authority).
- Change the name of the park. Create a global, recognizable identity.
- Develop a master plan for the park.
- Develop a park conceptual to include the layout of the park and sites.
- Develop at least one pad ready site in the park. A pad ready site has been graded by the community to accelerate a company's construction schedule.
- Complete the InSite's Site Questionnaire.
- Market as a Permitted Business Ready Park.
- Develop a new marketing piece for the site. Make this marketing piece accessible on the website.
- Develop a comprehensive incentive package for the park.

### HONEY BRANCH REGIONAL BUSINESS PARK

Consisting of approximately 300 acres, this regional business park, located in Martin County, has all utilities on site. Excess sewer capacity is listed at only 37,000 gallons per day which is a significant weakness in a competitive site selection search. The park is adjacent to the Big Sandy Federal Prison, a high security penitentiary housing approximately 1,400 inmates. Our additional observations include:

- Fully infrastructured – a tremendous strength
- Great access
- Available, flat sites are an asset
- Tenants include Chesapeake Energy; David Brown; and Logan Steel – all assets
- Lack of information with regard to the park is a tremendous liability
- The excess capacity for sewer is stated to be 37,000, which is a fatal flaw, eliminating consideration for future projects
- The excess capacity for water is stated to be 150,000, which will limit the parks' consideration for future projects
- Adjacent to the airport is a strength
- Presence of fiber is an asset
- Presence of natural gas is an asset
- Existing tenants are a strength
- No marketing materials and plan for the industrial park is a weakness

Our recommendations with regard to making this site marketable:

- Be cognizant that the adjacent prison limits the marketability of the site, so prioritize efforts listed below respectively.
- Improve 37,000 gallons per day excess sewer capacity.
- Change the name of the park. Create a global, recognizable identity.
- Develop a master plan for marketing purposes.
- Develop a park conceptual to include the layout of the park and sites.
- Develop at least one pad ready site in the park. A pad ready site has been graded by the community to accelerate a company's construction schedule.
- Complete InSite's Site Questionnaire.



## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Market as a Permitted Business Ready Park.
- Develop a new marketing piece for the site. Make this marketing piece accessible on the website.
- Develop a comprehensive incentive package for the park.

### STONE CREST SITE

Owned by the City of Prestonsburg and with all utilities on site, this 30 acre site sits adjacent to the Stone Crest golf course. This is a unique site as road access is not great, but if marketed properly, could be positioned as a headquarters location, to include outdoor or sporting equipment companies. Our additional observations include:

- City-owned is an asset
- Lack of information with regard to the park is a tremendous liability
- Excess sewer capacity of 741,000 gpd – excellent
- Excess water capacity of 1.6 mgd – excellent
- Excellent visibility
- Dual entrance is an asset
- Challenging terrain is a weakness
- Amenities on-site (golf course, lodge, residential, recreation) are an asset

Our recommendations with regard to making this site marketable:

- Rename it to Southeast Kentucky Vista Corporate Park; create a global, recognizable identity.
- A site evaluation process needs to occur to validate marketability; need to complete InSite's Site Questionnaire.
- Market as a Permitted Business Ready Park.
- Develop a master plan for the park.
- Develop a park conceptual to include the layout of the park and sites.
- Create protective covenants for the park.
- Develop a marketing piece for the site. Make this marketing piece accessible on the website.
- Develop a comprehensive incentive package for the park.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.
- Post on the One East Kentucky website.

### MARION'S BRANCH SITE

Marion's Branch consists of 1,000 acres (400 acres developable) owned by the City of Pikeville. Water and natural gas service are available on site with plans to extend sewer and telecommunications service within twelve months. Rail accessibility is provided by an off loading site adjacent to the Marion's Branch Park. Currently, road access to the site is a weakness. The current access road goes through a residential area and would not meet industrial standards. Plans have been completed for the construction of a new road served directly by Hwy. 23. Presently, Marion's Branch would not compete favorably in a competitive site selection search due to access. However, considering the early developmental stages of the site and planned infrastructure improvements, this site has the potential to become a significant job creation tool for the entire region. InSite recommends the following marketing initiatives for the Marion's Branch site:

- Complete InSite's Site Questionnaire.
- Construct new entrance road as soon as possible.
- Develop an entrance sign for the park.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Create protective covenants for the park.
- Create a name for the park. Create a global, recognizable identity.
- Provide the most competitive telecommunications infrastructure possible.
- Change the master plan for the park by eliminating residential development.
- Develop a park conceptual to include the layout of the park and sites
- Include provisions in the master plan to ensure the park utilizes a campus type atmosphere and is pedestrian friendly.
- Market as a Permitted Business Ready Park.
- Develop a new marketing piece for the site. Highlight rail access information, fully infrastructure and excess capacities on the site flyer. Make the marketing piece accessible via the website.
- Create a dedicated Marion's Branch website – the website should include a Google earth aerial view, detail excess capacities, illustrate regional workforce numbers, and provide all site certification documents via password.
- Invite all utility service providers, regional, and state officials individually for a comprehensive site and community overview.
- View site via helicopter with prospects / clients when possible.
- Develop a comprehensive incentive package for the park.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.
- Partner with the county to develop a Shell building program for the park.
- Post on the City of Pikeville website when marketable.
- Post on the One East Kentucky website when marketable.
- Post on the ThinkKentucky.com website when marketable.

### SCOTT FORK SITE

This is a 78 acre site owned by Pike County with frontage on Highway 119. Scott Fork has natural gas, water and fiber on site but does not have sewer service available. There are two pad ready sites in the park with the largest contiguous parcel of 20 acres. Scott Fork, due to lack of sewer service, would not be viable in a competitive site selection search. The site is not listed on ThinkKentucky.com and the county does not have an economic development website. InSite recommends the following marketing initiatives for the Scotts Fork site:

- Lack of information with regard to the park is a tremendous liability.
- Extend sewer service to the park as soon as possible.
- Change the name of the park (Kentucky Energy Business Park). Create a global, recognizable identity.
- Complete InSite's Site Questionnaire.
- Market as a Permitted Business Ready Park.
- Develop a master plan for the park.
- Develop a park conceptual to include the layout of the park and sites
- Create protective covenants for the park.
- Develop an entrance sign for the park.
- Develop a marketing piece for the site. Make this marketing piece accessible on the website.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Develop a comprehensive incentive package for the park.
- Post on the One East Kentucky website.
- Post on the ThinkKentucky.com website.

### HOLLAND SITE

The Holland site is a privately owned 850 acre tract located in Paintsville. All utilities (water, sewer, natural gas, electric and fiber) are on site. There is a 40,000 SF building (formerly Midway College Building) at the entrance to the Holland site (The Midway Building is not listed on the state or local economic development website). Information regarding excess capacities and topography was limited at the time of our team's visit. Information obtained included excess water capacity of 3 MGD and excess sewer capacity of 400,000 GPD, which are tremendous assets. Our team did not conduct an exhaustive review of the 850 acre site but recommends further site due diligence be conducted to determine the viability of developing it as a new business park. If this is a site the community desires to market, the following list of items must be addressed before attempting to market to prospective companies:

- Determine from the landowner the property's availability and willingness to enter into a marketing agreement.
- Site due diligence – must be completed before any other steps are taken: accessibility analysis; infrastructure evaluation; marketability study; Phase; wetlands delineation; archaeological study; endangered species analysis; and geotechnical study.
- Work with One East Kentucky to identify competitors' business parks within and outside of the region and develop a superior product offering for expanding and relocating companies.
- Name the park based upon a nationally recognized brand.
- Master plan the site to include existing companies located at the park entrance.
- Develop a park conceptual to include the layout of the park and sites.
- Leverage the park by aggressively marketing the former 40,000 SF Midway College Building to prospective private sector tenants.
- Complete InSite's Site Questionnaire.
- Develop "pad ready" sites in the new business park. A pad ready site has been graded by the community to accelerate a company's construction schedule.
- Develop a comprehensive incentive package for the park.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.
- Develop protective covenants for the park.
- Develop a marketing piece for the site. Make this marketing piece accessible on the website.
- Market as a Permitted Business Ready Site.

### COAL FIELDS REGIONAL INDUSTRIAL PARK

Consisting of approximately 385 acres, this regional business park, located in Perry County, has ample excess water and sewer capacity (1.4 MGD) on site. However, the lack of natural gas service in the park is a significant weakness in a competitive site selection search. Coal Fields currently has four tenants in the park and one available industrial building (300,000 SF Woodmark Facility). Our observations include:

- Poor road access
- Lack of natural gas to the park is a tremendous liability
- Tenants include Sykes; FedEx; Scott King Enterprises; and AODD Transport – excellent
- Excellent water and sewer capacity
- No marketing materials for the industrial park is a weakness

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

Our recommendations with regard to making this industrial park marketable:

- Extend natural gas service to the park.
- Change the name of the park. Create a global, recognizable identity.
- Develop a master plan for the park.
- Develop a park conceptual to include the layout of the park and sites.
- Develop at least one pad ready site in the park. A pad ready site has been graded by the community to accelerate a company's construction schedule.
- Complete InSite's Site Questionnaire.
- Market as a Permitted Business Ready Park.
- Develop a new marketing piece for the site. Make this marketing piece accessible on the website.
- Develop a comprehensive incentive package for the park.
- Develop new website for the park.

### EASTPARK REGIONAL BUSINESS PARK

This is an 800 acre regional business park located in the city of Ashland. This site has all utilities and is owned by the Northeast Kentucky Regional Industrial Authority. The state site flyer indicates an N/A in excess sewer capacity which could contribute to the park not being short-listed in a competitive site search. Our observations include:

- Lack of information on sewer capacity is a major weakness
- Excess water capacity of 13 MGD is excellent
- Presence of a 110,000 SF Speculative Building is an asset
- Access to the park is good
- Flat acreage is an asset
- Ability to assemble large tracts is a strength
- 15 miles from Tri-State Airport is a strength
- Surrounding uses are compatible
- Covenants in place are a strength
- Signage is good
- Lack of a stand-alone quality web-presence is a weakness

Our recommendations with regard to making this park marketable:

- Develop a new website for the park.
- Leverage the excess water capacity of 13 MGD.
- Develop at least one pad ready site in the park. A pad ready site has been graded by the community to accelerate a company's construction schedule.
- Complete InSite's Site Questionnaire.
- Market as a Permitted Business Ready Park.
- Develop a new marketing piece for the site. Make this marketing piece accessible on the website.
- Develop a comprehensive incentive package for the park.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

### CHESTNUT MOUNTAIN

Knott County owns the 65,000 SF Sportsplex and related baseball and soccer fields, located within the 650 acre Chestnut Mountain development. Chestnut Mountain is owned by a private development company. Currently the site is being marketed as a commercial and residential development. Other than the Knott County recreation complex (Since 2007), there have been no businesses or residences locate in Chestnut Mountain. Chestnut Mountain possesses four lane highway frontage on Hwy. 80. Limited information on natural gas availability, excess water and sewer capacity is a significant weakness. Our team did not conduct an exhaustive review of the 650 acre site but recommends further site due diligence be conducted to determine the viability of developing it as a new business park. If this is a site the community desires to market, the following list of items must be addressed before attempting to market to prospective companies:

- Determine from the landowner the property's availability as an industrial park and willingness to enter into a marketing agreement.
- Site due diligence – must be completed before any other steps are taken: accessibility analysis; infrastructure evaluation; marketability study; Phase; wetlands delineation; archaeological study; endangered species analysis; and geotechnical study.
- Work with One East Kentucky to identify competitors' business parks within and outside of the region and develop a superior product offering for expanding and relocating companies.
- Name the park based upon a nationally recognized brand.
- Master plan the site to accommodate industrial users.
- Develop a park conceptual to include the layout of the park and sites.
- Complete InSite's Site Questionnaire.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.
- Develop protective covenants for the park.
- Development a comprehensive incentive package for the park.
- Develop a marketing piece for the site. Make this marketing piece accessible on the website.
- Market as a Permitted Business Ready Site.

### MAGOFFIN COUNTY SITE (GIFFORD SITE)

Magoffin County owns 200 acres (80 useable acres) located on the Mountain Parkway. At the time of our site visit, there was limited access to the site, no natural gas service and limited water and sewer service information. However, this site possesses Mountain Parkway frontage with a planned interchange and improvement of the parkway from two lanes to a four lane highway at the site's entrance. Magoffin County also owns the site's mineral rights and may have the opportunity to provide low cost natural gas to potential companies. If this is a site the community desires to market, the following list of items must be addressed before attempting to market to prospective companies:

- Site due diligence – must be completed before any other steps are taken: accessibility analysis; infrastructure evaluation; marketability study; Phase; wetlands delineation; archaeological study; endangered species analysis; and geotechnical study.

Work with One East Kentucky to identify competitors' business parks within and outside of the region and develop a superior product offering for expanding and relocating companies.

- Name the park based upon a nationally recognized brand.
- Master plan the site to show improved road access and future interchange.
- Develop a park conceptual to include the layout of the park and sites.
- Complete InSite's Site Questionnaire.



## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Highlight the availability of low cost natural gas.
- Create a forgivable loan / grant program for the land. As new companies meet specific job creation and capital investment milestones, a portion of the land cost would be forgiven over a 3 – 5 year time frame.
- Develop protective covenants for the park.
- Development a comprehensive incentive package for the park.
- Develop a marketing piece for the site. Make this marketing piece accessible on the website.
- Market as a Permitted Business Ready Site.

### ENTREPRENEURIAL AND SMALL BUSINESS PROGRAM

Continue to empower and support small business and entrepreneurial efforts should be a critical element of the region's sustainable economic development goals through the Chamber of Commerce. Small businesses and entrepreneurs are primary mobilizers of resources for the local economy and are stabilizing factors in society as a whole. They are a source of innovation in services, products and technologies. These entities provide a tremendous employment base for all thriving communities. One East Kentucky should serve as a clearinghouse of information for small business. Small Business program of work recommendations are listed below:

- Provide an entrepreneur /small business tab on the One East Kentucky website including information on financing, small business development center, available commercial and retail buildings, etc.
- Provide a comprehensive listing of all available commercial and retail buildings on the OEK website.
- Develop and / or inventory office and retail space similar to the Martin County Business Center (7,500 SF office building in Inez) throughout the region. Promote as a location for Kentucky Teleworks.

### MARKETING AND COMMUNICATIONS

A region's identity and "marketing toolbox" is critical to the success of any economic development program. These key items that will assist in the communication of the location assets of the region:

#### WEBSITE

Site selection consultants and prospective companies utilize web searches during the early phases of a site search. In a recent Corporate Executive's Survey conducted by DCI, corporations listed information on available incentives, workforce statistics / training, demographic information and a directory of available buildings and sites as the four most important areas for an economic development website. With those four categories in mind, our consulting team website recommendations follow:

- Develop a stand-alone One East Kentucky regional economic development website.
- Provide an overview of quality companies and business diversity in the region.
- Provide a Buildings and Sites listings and database by utilizing Kentucky Power's Location One (LOIS) system. Drop downs should include Available Buildings, Available Industrial / Business Parks, and Available Sites. Develop One East Kentucky building and sites information sheets.
- Provide an "Add my Building or Site" tab that allows owners or communities to list their property on the One East Kentucky database, with baseline parameters for inclusion.
- Profile Available Sites (industrial parks) and Buildings, Incentives and regional demographics links immediately on the homepage.
- Highlight a featured site and building on the home page – (Update every few months).
- Develop a Business Retention and Expansion (BRE) tab for existing companies. The dedicated business retention tab within the One East Kentucky website is designed to give companies an immediate mechanism to gain pertinent information on a variety of subjects. The section would also include comprehensive information on available incentives; pre-employment training; financial assistance; database of all programs offered to business and industry by your area colleges and universities; real estate assistance; and local contacts.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Under workforce tab, provide regional: population, labor force numbers, top ranking public schools, community colleges, University of Pikeville, medical school and training information. Provide information on innovative workforce programs (i.e. H.O.M.E., KY Teleworks, Work Keys and Apprenticeships) and quantify local skill sets.
- Provide an "Incentives" tab on the homepage. Include worker training information within this section.
- Under Incentives tab, provide detailed explanation of incentives. Highlight innovative regional incentive packages.
- Highlight Kentucky's pre-employment training programs under the "Incentives" and "Workforce" tabs.
- Add a location map highlighting highway access on the homepage.
- Under maps tab, provide regional and transportation maps.
- Provide information about all commercial airports serving the region. Provide number of flights and provide a location map.
- Develop a secure project management client login that is dedicated to new and expansion projects that allows the region to share critical information in real-time with prospective companies.

### SALES MESSAGE

InSite recommends utilizing the following "talking points" (see Asset Section) as a consistent economic development message in all written and verbal communication, including the region sound bite:

- Fully infrastructured industrial parks and buildings
- Excess water and sewer capacity
- Excellent transportation routes
- Recognizable, strong, stable existing industry – examples Kellogg, Joy Mining, Booth Energy
- Available, trainable labor force; access to excellent Community College systems
- General aviation
- Rail access
- Proximity to commercial airports (Huntington, WVA; Charleston, WVA; Lexington, KY; Blountville, TN)
- Presence of University of Pikeville
- Promote the area as a region; market the region as a whole intensely

### SALES MATERIALS

- Incorporate new regional identity in all marketing materials.
- Develop a flyer detailing regional services offered by OEK.
- Develop new marketing flyers for all regional available product (buildings and sites). All information should be available on the website.
- Develop a one page, front and back profile of taxes and incentives per county.
- Develop a one page, front and back existing industry testimonial piece.

## SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

- Develop a comprehensive prospect notebook for companies when they visit the region. The prospect notebook would include the following:
  - General Region Overview
  - Education
  - Regional Labor Force
  - Utilities
  - Regional Quality of Life
  - Transportation
  - Incentives
  - Sites / Buildings (listing excess capacities)
  - Regional Major Employers
  - Target Industries
  - Contact Us
- Utilize regional population and workforce numbers on all marketing / promotional / collateral materials.

### DEVELOP NON-TRADITIONAL TARGETS FOR COMMUNICATION

One East Kentucky's non-traditional sectors (groups or organizations that can generate or influence projects for the region) listed below should receive the same communication as all other primary sectors. This important target group can influence and generate projects and should not be overlooked in the marketing plan:

- Local Utilities (water, sewer, electric, natural gas and fiber)
- All Railroads
- Community and Technical Colleges, vocational schools and higher education facilities
- EKCEP
- SKED
- MAECD
- Area Development Districts
- Site Selection Consultants
- Community Stakeholders and Leadership
- Kentucky Cabinet for Economic Development
- Legislative Delegation
- Local Government Officials (City and County)
- Southeast Kentucky Chamber Board
- Local Chambers of Commerce
- Local Tourism Offices
- Real Estate Companies



## **SECTION 5: REGION RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS**

### **INTERNAL AND EXTERNAL COMMUNICATION**

- Meet with each town, county, Kentucky Cabinet for Economic Development, railroad providers, and electric utility providers to explain One East Kentucky's new program of work and key economic development selling points.
- Develop, maintain and update a database of entire internal / local and external audience (leadership, all government-related officials (to include school system), general public, universities and colleges, local and state media, etc.) and include them in the communication plan. Include all non-traditional targets, as identified above, in the local audience database.
- Develop a customized One East Kentucky email blast template for all communications and schedule monthly blasts to the database.
- Create a systemized economic development public relation strategy / internal communication schedule to create local buy-in and awareness. This schedule must include minimum monthly communication to your internal audience.
- Consistently communicate and promote: industry recruitment; existing industry initiatives and successes; entrepreneurial and small business developments; incentives; available product; etc.
- Develop and maintain a regional, state and national media contact list and publicize regional successes to those entities.
- Continual database management. Staff will update database as new contacts are added and deleted from the program.



## SECTION 6: LOCAL RECOMMENDATIONS TO BRIDGE THE IDENTIFIED GAPS

### LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS

Communities must focus on product development and local incentives. The number one responsibility for local communities is leading product development efforts and becoming the expert on all buildings and sites within your respective community. The importance of communities formalizing a local incentive package for expanding and newly locating companies cannot be overstated. A formalized (in writing and approved by the local government) incentive package sends a pro-business message to prospective companies and lets prospects know that your community is comfortable with the incentive process. Examples of local incentives may include reduced water and sewer rates, impact fee waivers, property tax abatements, discounted building permit fees, land grants, occupational tax abatements, temporary office or training space, reduced home mortgage rates, expedited construction permits, etc. The second priority is communicating product and local incentive information to the region. The local economic development organization will be the point person in working with the region on economic development initiatives. InSite recommends the local entities assume the roles and responsibilities for the following program of work elements:

- Develop local incentive packages
- Compile all necessary product information to assist in regional marketing efforts
- Project research support for RFIs and prospect visits
- Provide project support for prospect visits
- Create a mechanism to procure funds to develop, maintain and sustain industrial parks
- Develop fully infrastructured industrial parks – local counties must be in support of and proactive in developing viable, marketable industrial parks
- Construct speculative buildings with guidance and counsel from the One East Kentucky
- Inventory all local office and retail space. Be able to utilize LOIS to track properties
- Provide internal contacts (leadership, political, industry, stakeholders, and local officials) to the region for internal and external communication plan
- Identify potential location for Kentucky Teleworks Hub
- Identify additional location for a County Business Center
- Support regional airport initiative
- Tourism
- Main Street
- Retail
- Downtown



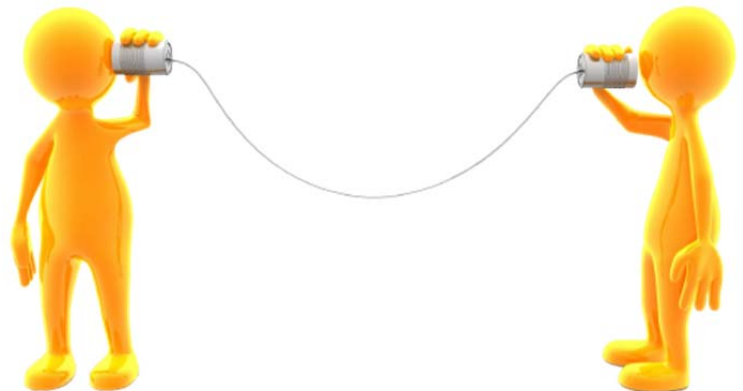


## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

This section, Section 7, details first, the baselines of a legitimate, functional economic development entity. Then it dives into an inventory of each county for what exists, specifically, program- and product-specific and a gap analysis, all of which were utilized to determine the local recommendations detailed on Section 6.

As stated previously in the document, the following are the critical elements that must exist to legitimize having tax-based funds dedicated to an economic development department:

- Defined program of work for economic development
- Full staff at a minimum of two individuals to accommodate a professional, responsive, functioning economic development focused entity. This staff does not share responsibilities with any other county department and has only an economic development focus
- Ability to work projects from finish to end (RFI to site visit)
- All individuals proficient in Word, Excel and PowerPoint
- Up-to-date technology to support the efforts of a functioning, professional organization such as smartphones, laptops, and the latest versions of Microsoft Office
- Business retention and expansion program
- Small business and entrepreneurial program
- Product databases, development and management
- Marketing materials for the community and industrial park to include a fully assembled and producible prospect package
- Proactive recruitment plan
- Internal or external communication plans
- Formalized future product development plan to include enhancing the existing and developing new
- Stand-alone economic development website / presence for economic development
- Ability to track business successes and losses
- Formalized incentive package



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

The following is an inventory of each county for what exists, specifically, program- and product-specific and a gap analysis, all of which were utilized to determine the local recommendations detailed on Section 6.

### LETCHER COUNTY

Letcher County is home to one of the few industrial parks in the region, the Gateway Regional Business Park, making it an attractive location for business and industry. The population for the area as of 2010 was 24,519, and the county seat is Whitesburg, population of 1,600. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- There is a sincere desire to support the regional effort
- Commitment to a speculative building
- Potential for a county-owned rail site on 40 acres
- Types of existing industries
- Kentucky River Area Development District
- Access to life support services (retail, restaurants, grocery, etc.)
- Strong and revitalized school system
- Recreation center
- Golf course
- Trail system
- Downtown Whitesburg
- The Cut Through is a tremendous, yet unknown asset.

#### LIABILITIES

- There is no county-wide economic development program of work (as described above)
- Having only one person to accommodate economic development but is not solely dedicated to economic development
- The county only being in a position to react
- Lack of available, affordable housing



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### JOHNSON COUNTY

Johnson County is home to the Paintsville Chamber of Commerce who oversees the economic development efforts county-wide. Excess water capacity of 3 MGD and excess sewer capacity of 400,000 GPD are tremendous selling points for the Johnson County / Paintsville area. Coupled with a unique available building opportunity (former MidWay College facility) and the recently formed Paintsville / Johnson County Industrial Authority, the community is poised to successfully leverage a regional proactive approach to economic development. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- The chamber economic development program of work includes:
  - Downtown Paintsville has an economic development plan
  - Business retention and expansion
- Big Sandy Area Development District.
- Support for tourism
- Paintsville controls all utilities
- There is a sincere desire to support the regional effort
- Downtown
- Strong and revitalized school system is an asset; Two quality school districts.
- Access to life support services (retail, restaurants, grocery, etc.).
- Available, affordable housing
- Golf course
- Lakes
- Shopping hub

#### LIABILITIES

- There is no county-wide economic development program of work (as described above)
- Having only one person part-time to accommodate economic development but is not solely dedicated to economic development
- Lack of competitive, marketable industrial parks
- Lack of competitive, marketable existing buildings
- Lack of accessible information on available product
- No large private sector employers
- Limited manufacturing operations in the area
- The county only being in a position to react



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### FLOYD COUNTY

Floyd County, Kentucky is considered to be the home of the "Star City" where five major highways converge. It is home to the city of Prestonsburg, an area hosting economic development assets for the region. The locational attributes make Floyd County attractive for industrial development. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- City-owned infrastructure
- Big Sandy Area Development District
- Planetarium
- Home of natural outdoor assets (trails, parks, lake)
- The town of Prestonsburg has an economic development plan
- There is a sincere desire to support the regional effort
- Vibrant downtown
- Strong and revitalized school system
- Hospital / access to medical care
- Access to life support services (retail, restaurants, grocery, etc.)
- Golf course
- Lake
- Access to local cultural events
- Available space for business in the town of Prestonsburg

#### LIABILITIES

- There is no county-wide economic development program of work (as described above) to include zero staff
- Lack of competitive, marketable industrial parks
- Lack of competitive, marketable existing buildings
- Minimal municipal sewer capacity
- The county only being in a position to react
- Absentee landowners in downtown
- Cost to develop property is high
- Intense presence of billboards is a negative



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### LAWRENCE COUNTY

Lawrence County, Kentucky has many business climate assets (such as excess water and sewer capacity) to leverage in the promotion of the region. Its location and accessibility make it a viable location for manufacturing expansions. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- Excess water capacity of 1.6 MGD
- Excess sewer capacity of 700,000 gpd
- Quality transportation access: Highway 23 and proximity to I-64
- Proximity to commercial airport (Huntington, WVA)
- Attitude of staff toward regional economic development
- Nearby Riverport
- Access to life support services (retail, restaurants, grocery, etc.)
- Golf course
- Yatesville Lake and marina
- Downtown
- Potential rail site availability

#### LIABILITIES

- There is no county-wide economic development program of work nor any full-time professionals dedicated to the program
- Lack of a manufacturing presence in the county
- Lack of competitive, marketable industrial parks
- Lack of broadband capacity
- Low education attainment





## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### MAGOFFIN COUNTY

Magoffin County is home to the well-known and successful company called Joy Mining. The presence of Joy Mining sends the message to other manufacturing / industrial prospects that they, too, can thrive in this area. As of 2010, the population was 13,333 and the county seat is Salyersville. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- Presence of Joy Mining and Mineral Labs (100 employees).
- Rails to trails project
- Access to fiber
- County owned industrial site
- Civil War Project
- Big Sandy Area Development District

#### LIABILITIES

- There is no county-wide economic development program of work nor any full-time professionals dedicated to the program
- Lack of access to medical care facility / hospital
- Lack of infrastructure with excess capacity
- Lack of leadership on infrastructure planning



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### KNOTT COUNTY

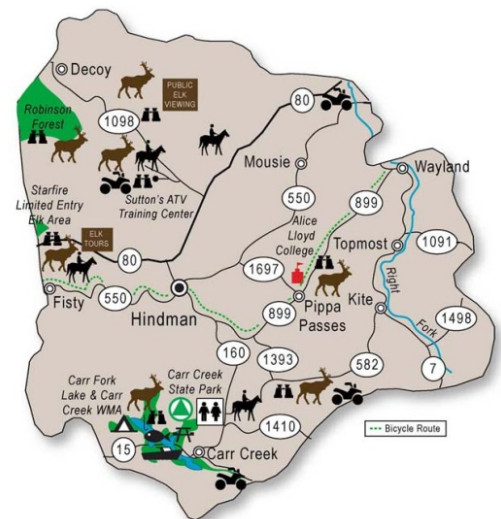
Knott County, Kentucky has many business climate assets to leverage in the promotion of the region. The community has displayed the willingness to work regionally as evidenced by Knott County's participation in the Coalfields Regional Industrial Park and possesses the region's largest available industrial building (311,000 SF Woodmark Building). Knott County is also the home of Alice Lloyd College, with a 1,000 student enrollment offering a pre-med program and unique work study requirement for all students. Based on desktop research and visits to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- Alice Lloyd College is a strength – leverage their work study and internship programs and provide an incentive
- Kentucky River Area Development District
- Knott County Appalachian Artisan Center for tourism
- Hindman Settlement School
- Limited economic development website / presence on the knottcountyadventure.com website

#### LIABILITIES

- There is no county-wide economic development program of work nor any full-time professionals dedicated to the program
- Limited excess water and sewer capacities
- Historical political climate and lack of political leadership
- Lack of a manufacturing presence in the county
- Lack of life support services (lodging, restaurants, downtown, etc.)



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### MARTIN COUNTY

The Martin County / Inez area possesses one of the two regional industrial parks (Honey Branch Regional Industrial Park) in the eight county study region. The city and county have a successful history of working together on various projects. The community has redeveloped several properties within the county including the 35,000 SF Martin County Business Center located in downtown Inez. Based on desktop research and visit to the county, the following information is an inventory of the county's assets and liabilities:

#### **ASSETS** (other than those mentioned for the entire region which applies to each county)

- Big Sandy Area Development District
- Economic Development participants such as Jim Booth
- Attitude of staff toward regional economic development
- Access to trails and outdoor recreation

#### **LIABILITIES**

- There is no county-wide economic development program of work (as described above)
- Having only one person to accommodate economic development but is not solely dedicated to economic development
- Limited manufacturing presence in the community
- Culturally and economically isolated
- Low workforce participation
- Low self-esteem; feeling of lack of hope



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### PIKEVILLE / PIKE COUNTY

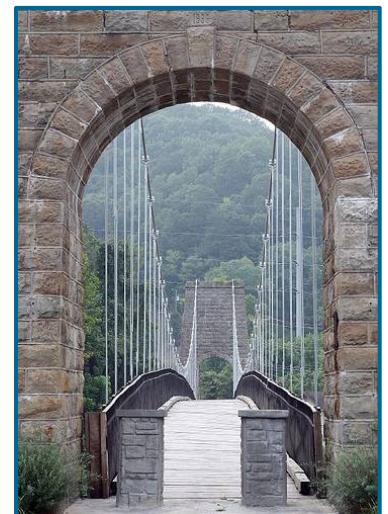
Serving as the region's business and retail hub, Pikeville / Pike County is home to UPIKE, Pikeville Medical Center and the third largest banking hub in Kentucky. A real opportunity exists for the city and county to work closer together and become a dynamic economic development leader for the southeast Kentucky region. Several ongoing product development initiatives within the community have the potential to transform the local economy. Based on desktop research and visit to the county, the following information is an inventory of the county's assets and liabilities:

#### ASSETS (other than those mentioned for the entire region which applies to each county)

- Presence of Kellogg
- Presence of University of Pikeville, Medical School
- City of Pikeville's presence and proactive approach to economic development
- City of Pikeville's willingness to be creative to create jobs and investment (i.e. Texas Roadhouse)
- City of Pikeville's commitment to comprehensive planning
- Big Sandy Area Development District
- Excess water and sewer capacity
- Natural gas availability
- Potential rail access
- Excellent schools – 4<sup>th</sup> highest test scores in Kentucky
- Fourth largest Banking community in Kentucky
- Access to life support services (retail, restaurants, grocery, etc.)
- Presence of EQT
- Access to local cultural events
- Presence of two high quality hotels downtown

#### LIABILITIES

- There is no county-wide economic development program of work (as described above)
- Having only one person to accommodate economic development but is not solely dedicated to economic development
- There is no county-wide economic development website presence with key information.
- UPIKE graduates leave region because limited job opportunities.
- Two hours to the nearest airport
- Lack of middle class housing
- Lack of public transportation
- Lack of funding for infrastructure development
- Pikeville and Pike County do not work together
- Without Pikeville's efforts, Pike County has nothing to offer new and expanding companies



## SECTION 7: COUNTY AND EXISTING INDUSTRY INVENTORY

### EXISTING INDUSTRY

Local industry has to work harder in the region to be successful due to the lack of a support system / program. The following is information as perceived by existing industry in the region:

- There is a lack of understanding about economic development in the general public.
- Need to leverage the existing companies in the region by utilizing them in the economic development process.
- Potential for multi-county incentive packages.
- Local regulations for construction are inhibitive.
- State regulations for construction are inhibitive.
- Need to lobby the state for more business-friendly regulations.
- People want to work – strong work ethic.
- The region seems to be in a reactionary mode for projects versus proactive.
- Needs to be a strong marketing effort on behalf of the region.
- Must to be a strong BRE effort on behalf of the region.
- Utilities are a strength - natural gas is an asset.
- Existing industries' needs have to be heard so they will expand in the area.
- Need assistance with rail companies for rail in and rail out.
- Transportation costs are a weakness.
- Negative perception of eastern Kentucky is a problem.
- Regional parks are weak – counties will not work together.
- Kentucky's largest domiciled bank holding company – HQ.
- Local protectionism is a weakness.
- Challenge to recruit skilled labor – electrical, mechanical.
- Turnover and absentee low.
- Lack of regional air service – weakness.
- Horrible local political systems – major weakness.
- Lack of vision for economic development.
- There is no understanding of the training program, its financial and education capabilities.
- There needs to be an education process for existing companies, through a strong BRE program, on the state and local incentives available to them.
- Local technical college needs to work closer with industry to offer quality, impactful training programs.
- There is no entity assisting with recruiting parts supplies or supply chain.
- Finding skilled labor is an issue.
- Lack of cell service in some areas is an issue.
- Great extended family and church network.







**SECTION 8: SOUTHEAST KENTUCKY CHAMBER REGION / KENTUCKY POWER PROJECT**  
**SNAPSHOT OF BENCHMARK AND ECONOMIC CONDITIONS**

	Pike County - No MSA		Huntington-Ashland		Johnson City, TN MSA		Florence SC, MSA		Charleston WV, MSA		Clarksville TN-KY, MSA		KY		US	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>SCHOOL ENROLLMENT</b>																
Population 3 years and over enrolled in school	13,966	13,966	68,526	68,526	47,642	47,642	51,774	51,774	64,664	64,664	74,245	74,245	1,088,379	1,088,379	80,939,002	80,939,002
Nursery school, preschool	705	5.0%	3,541	5.2%	2,173	4.6%	2,460	4.8%	3,723	5.8%	4,165	5.6%	63,967	5.9%	4,924,145	6.1%
Kindergarten	804	5.8%	3,694	5.4%	1,903	4.0%	4,139	8.0%	3,871	6.0%	4,088	5.5%	57,625	5.3%	4,113,849	5.1%
Elementary school (grades 1-8)	6,655	47.7%	27,728	40.5%	18,359	38.5%	22,220	42.9%	29,229	45.2%	31,247	42.1%	454,451	41.8%	32,578,808	40.3%
High school (grades 9-12)	3,110	22.3%	14,507	21.2%	9,573	20.1%	12,255	23.7%	14,757	22.8%	14,741	19.9%	232,765	21.4%	17,532,181	21.7%
College or graduate school	2,692	19.3%	19,056	27.8%	15,634	32.8%	10,700	20.7%	13,084	20.2%	20,004	26.9%	279,571	25.7%	21,790,019	26.9%
<b>EDUCATIONAL ATTAINMENT</b>																
Population 25 years and over	45,366	45,366	198,426	198,426	135,509	135,509	135,787	135,787	215,484	215,484	161,837	161,837	2,881,383	2,881,383	199,726,659	199,726,659
Less than 9th grade	6,087	13.4%	11,408	5.7%	10,310	7.6%	9,333	6.9%	12,720	5.9%	7,391	4.6%	227,766	7.9%	12,435,227	6.2%
9th to 12th grade, no diploma	7,457	16.4%	22,160	11.2%	15,175	11.2%	17,020	12.5%	21,501	10.0%	12,742	7.9%	300,804	10.4%	17,463,256	8.7%
High school graduate (includes equivalency)	16,364	36.1%	75,481	38.0%	45,294	33.4%	47,749	35.2%	83,464	38.7%	54,906	33.9%	987,495	34.3%	57,903,353	29.0%
Some college, no degree	8,192	18.1%	40,619	20.5%	26,633	19.7%	25,622	18.9%	39,614	18.4%	42,241	26.1%	577,977	20.1%	41,175,904	20.6%
Associate's degree	1,973	4.3%	14,413	7.3%	7,623	5.6%	10,411	7.7%	12,776	5.9%	13,167	8.1%	192,610	6.7%	15,021,920	7.5%
Bachelor's degree	2,419	5.3%	20,146	10.2%	19,274	14.2%	16,814	12.4%	27,253	12.6%	20,819	12.9%	353,907	12.3%	35,148,428	17.6%
Graduate or professional degree	2,874	6.3%	14,199	7.2%	11,200	8.3%	8,838	6.5%	18,156	8.4%	10,571	6.5%	240,824	8.4%	20,578,571	10.3%
Percent high school graduate or higher		70.1%		83.1%		81.2%		80.6%		84.1%		87.6%		81.7%		85.0%
Percent bachelor's degree or higher		11.7%		17.3%		22.5%		18.9%		21.1%		19.4%		20.6%		27.9%
<b>EMPLOYMENT STATUS</b>																
Population 16 years and over	52,106	52,106	232,787	232,787	160,188	160,188	155,853	155,853	246,472	246,472	202,157	202,157	3,412,180	3,412,180	238,733,844	238,733,844
In labor force	23,131	44.4%	123,989	53.3%	93,384	58.3%	95,787	61.5%	142,882	58.0%	131,875	65.2%	2,065,869	60.5%	155,163,977	65.0%
Civilian labor force	23,131	44.4%	123,847	53.2%	93,205	58.2%	95,603	61.3%	142,632	57.9%	113,940	56.4%	2,048,159	60.0%	154,037,474	64.5%
Employed	20,927	40.2%	114,034	49.0%	86,436	54.0%	86,728	55.6%	131,780	53.5%	101,868	50.4%	1,865,652	54.7%	141,833,331	59.4%
Unemployed	2,204	4.2%	9,813	4.2%	6,769	4.2%	8,875	5.7%	10,852	4.4%	12,072	6.0%	182,507	5.3%	12,204,143	5.1%
Armed Forces	0	0.0%	142	0.1%	179	0.1%	184	0.1%	250	0.1%	17,935	8.9%	17,710	0.5%	1,126,503	0.5%
Not in labor force	28,975	55.6%	108,798	46.7%	66,804	41.7%	60,066	38.5%	103,590	42.0%	70,282	34.8%	1,346,311	39.5%	83,569,867	35.0%
Percent Unemployed		9.5%		7.9%		6.1%		9.3%		7.6%		10.6%		8.9%		7.8%
<b>OCCUPATION</b>																
Civilian employed population 16 years and over	20,927	20,927	114,034	114,034	86,436	86,436	86,728	86,728	131,780	131,780	101,868	101,868	1,865,652	1,865,652	141,833,331	141,833,331
Management, professional, and related occupations	5,588	26.7%	36,172	31.7%	28,065	32.5%	26,396	30.4%	46,396	35.2%	30,192	29.6%	594,360	31.9%	50,034,578	35.3%
Service occupations	3,665	17.5%	20,853	18.3%	15,327	17.7%	15,348	17.7%	24,004	18.2%	17,995	17.7%	307,996	16.5%	24,281,015	17.1%
Sales and office occupations	5,127	24.5%	30,682	26.9%	22,500	26.0%	21,290	24.5%	34,019	25.8%	25,599	25.1%	460,735	24.7%	36,000,118	25.4%
Natural resources, construction and maintenance occupations	3,797	18.1%	10,762	9.4%	7,997	9.3%	454	0.5%	13,945	10.6%	10,672	10.5%	193,989	10.4%	13,940,273	9.8%
Production, transportation, and material moving occupations	2,750	13.1%	15,565	13.6%	12,547	14.5%	15,118	17.4%	13,416	10.2%	17,410	17.1%	308,572	16.5%	17,577,347	12.4%



**SECTION 8: SOUTHEAST KENTUCKY CHAMBER REGION / KENTUCKY POWER PROJECT**  
**SNAPSHOT OF BENCHMARK AND ECONOMIC CONDITIONS**

	Pike County - No MSA		Huntington-Ashland		Johnson City, TN MSA		Florence SC, MSA		Charleston WV, MSA		Clarksville TN-KY, MSA		KY		US	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>INDUSTRY</b>																
Civilian employed population 16 years and over	20,927	20,927	114,034	114,034	86,436	86,436	86,728	86,728	131,780	131,780	101,868	101,868	1,865,652	1,865,652	141,833,331	141,833,331
Agriculture, forestry, fishing and hunting, and mining	3,226	15.4%	1,526	1.3%	551	0.6%	1,391	1.6%	6,300	4.8%	1,803	1.8%	54,969	2.9%	2,634,188	1.9%
Construction	1,172	5.6%	7,232	6.3%	6,227	7.2%	4,852	5.6%	7,602	5.8%	6,855	6.7%	120,766	6.5%	10,115,885	7.1%
Manufacturing	864	4.1%	10,942	9.6%	12,475	14.4%	14,629	16.9%	7,791	5.9%	14,252	14.0%	259,242	13.9%	15,581,149	11.0%
Wholesale trade	251	1.2%	2,938	2.6%	2,170	2.5%	2,419	2.8%	4,046	3.1%	1,780	1.7%	51,594	2.8%	4,344,743	3.1%
Retail trade	2,677	12.5%	16,069	14.1%	10,831	12.5%	10,618	12.2%	15,146	11.5%	13,817	13.6%	219,571	11.8%	16,293,522	11.5%
Transportation and warehousing, and utilities	1,225	5.9%	6,658	5.8%	3,686	4.3%	4,221	4.9%	6,627	5.0%	4,978	4.9%	114,045	6.1%	7,183,907	5.1%
Information	229	1.1%	2,514	2.2%	1,769	2.0%	1,428	1.6%	3,094	2.3%	1,620	1.6%	34,033	1.8%	3,368,676	2.4%
Finance and insurance, and real estate and rental and leasing	764	3.7%	4,529	4.0%	4,629	5.4%	4,970	5.7%	8,108	6.2%	4,713	4.6%	103,383	5.5%	9,931	7.0%
Professional, scientific, and management, and administrative and waste management services	1,433	6.8%	8,019	7.0%	6,265	7.2%	6,718	7.7%	11,693	8.9%	8,014	7.9%	143,716	7.7%	14,772,322	10.4%
Educational services, and health care and social assistance	5,876	28.1%	33,157	29.1%	22,605	26.2%	21,139	24.4%	33,629	25.5%	22,615	22.2%	441,531	23.7%	31,277,542	22.1%
Arts, entertainment, and recreation, and accommodation and food services	1,203	5.7%	10,444	9.2%	7,745	9.0%	6,105	7.0%	11,735	8.9%	9,091	8.9%	151,582	8.2%	12,566,228	8.9%
Other services, except public administration	897	4.3%	5,618	4.9%	4,249	4.9%	4,930	5.7%	5,730	4.3%	4,077	4.0%	87,230	4.7%	6,899,223	4.9%
Public administration	1,110	5.3%	4,388	3.8%	3,234	3.7%	3,308	3.8%	10,729	7.8%	8,253	8.1%	82,990	4.4%	6,864,046	4.8%
<b>CLASS OF WORKER</b>																
Civilian employed population 16 years and over	20,927	20,927	114,034	114,034	86,436	86,436	86,728	86,728	131,780	131,780	101,868	101,868	1,865,652	1,865,652	141,833,331	141,833,331
Private wage and salary workers	16,175	77.3%	90,541	79.4%	66,011	76.4%	69,140	79.7%	100,602	76.0%	72,653	71.3%	1,464,340	78.5%	111,303,933	78.5%
Government workers	3,835	18.3%	18,592	16.3%	13,557	15.7%	12,592	14.5%	24,875	18.9%	21,929	21.5%	287,677	15.4%	21,024,265	14.8%
Self-employed in own not incorporated business workers	917	4.4%	4,825	4.2%	6,759	7.8%	4,907	5.7%	6,105	4.6%	7,017	6.9%	110,240	5.9%	9,250,789	6.5%
Unpaid family workers	0	0.0%	76	0.1%	109	0.1%	89	0.1%	198	0.2%	269	0.3%	3,395	0.2%	254,344	0.2%
<b>LABOR RATES</b>																
Average manufacturing wage rate	\$15.35		\$17.93		\$13.50		\$17.08		\$17.93		\$16.27		\$15.94		\$22.90	
<b>SEX AND AGE</b>																
Total population	65,055	65,055	287,337	287,337	195,735	195,735	205,563	205,563	304,124	304,124	269,001	269,001	4,369,356	4,369,356	303,965,272	303,965,272
Under 5 years	3,903	6.0%	16,704	5.8%	10,533	5.4%	13,773	6.7%	17,639	5.8%	23,258	8.6%	279,639	6.4%	20,131,420	6.6%
5 to 9 years	3,838	5.9%	17,099	6.0%	10,440	5.3%	13,567	6.6%	20,376	6.7%	20,367	7.6%	288,377	6.6%	20,116,654	6.6%
10 to 14 years	4,164	6.4%	17,048	5.9%	12,211	6.2%	14,389	7.0%	17,943	5.9%	19,321	7.2%	284,008	6.5%	20,643,730	6.8%
15 to 19 years	4,164	6.4%	19,321	6.7%	12,701	6.5%	14,389	7.0%	17,943	5.9%	18,921	7.0%	297,117	6.8%	22,132,691	7.3%
20 to 24 years	3,643	5.6%	18,739	6.5%	14,341	7.3%	13,773	6.7%	16,119	5.3%	25,297	9.4%	297,117	6.8%	21,214,118	7.0%
25 to 34 years	8,131	12.5%	35,437	12.3%	23,898	12.2%	24,873	12.1%	36,799	12.1%	43,073	16.0%	563,647	12.9%	40,191,013	13.2%
35 to 44 years	8,913	13.7%	37,494	13.0%	26,728	13.7%	26,517	12.9%	39,232	12.9%	35,481	13.2%	568,016	13.0%	42,206,141	13.9%
45 to 54 years	10,018	15.4%	41,370	14.4%	28,792	14.7%	29,190	14.2%	46,531	15.3%	32,875	12.2%	637,926	14.6%	44,302,697	14.6%
55 to 59 years	4,749	7.3%	19,617	6.8%	13,552	6.9%	14,595	7.1%	24,938	8.2%	13,619	5.1%	288,377	6.6%	18,817,728	6.2%
60 to 64 years	4,359	6.7%	18,198	6.3%	11,801	6.0%	12,745	6.2%	19,768	6.5%	11,114	4.1%	266,531	6.1%	15,459,667	5.1%
65 to 74 years	5,269	8.1%	25,171	8.8%	17,127	8.8%	16,445	8.0%	26,459	8.7%	14,829	5.5%	336,440	7.7%	20,493,467	6.7%
75 to 84 years	2,732	4.2%	15,886	5.5%	10,135	5.2%	8,223	4.0%	15,814	5.2%	7,845	2.9%	183,513	4.2%	13,079,803	4.3%
85 years and over	1,105	1.7%	5,253	1.8%	3,476	1.8%	3,083	1.5%	6,082	2.0%	3,001	1.1%	74,279	1.7%	5,176,143	1.7%
Median age (years)	40.4		40		40		38		42		31		38		37.0	
18 years and over	50,613	77.8%	225,399	78.4%	155,628	79.5%	155,406	75.6%	238,737	78.5%	194,930	72.5%	3,342,557	76.5%	229,932,155	75.6%
62 years and over	11,775	18.1%	56,202	19.6%	37,236	19.0%	35,357	17.2%	59,304	19.5%	32,383	12.0%	755,899	17.3%	47,432,207	15.6%
65 years and over	9,043	13.9%	46,310	16.1%	30,738	15.7%	27,957	13.6%	48,660	16.0%	25,675	9.5%	594,232	13.6%	38,749,413	12.7%



**SECTION 9: SOUTHEAST KENTUCKY CHAMBER REGION / KENTUCKY POWER PROJECT IMPLEMENTATION SCHEDULE**  
**JUNE 2013**

√	Priority	Action Item	Months	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>Organizational Strategies and Recommendations</b>																
	2	Establish Structure	6													
	2	Budget and Fund Raising	6													
	4	Hire Personnel	10													
	1	Process	1													
	3	Updated Regional Brand	8													
	3	Professional Development (on-going, but initial development)	8													
<b>Program of Work Strategies and Recommendations</b>																
	2	Business Retention and Expansion Program	6													
		Product and Infrastructure	24													
	1	Marion's Branch	12													
	2	Scott Fork Site	18													
	3	Holland Site	24													
	4	Gateway Regional Business Park	18													
	5	Honey Branch Regional Business Park	18													
	6	Coalfields Regional Industrial Park	24													
	7	Stone Crest Site	24													
	8	East Park Regional Business Park	6													
	2	Entrepreneurial and Small Business Program	4													
		Marketing and Communications	9													
	4	Website Development	7													
	1	Sales Message Development	4													
	2	Sales Materials Development	6													
	3	Develop Non-Traditional Targets for Communication	3													
	5	Internal and External Communication Development and Implementation	9													