

A Five-Year Regional Job Creation Initiative

Floyd • Johnson • Knott • Lawrence • Letcher • Magoffin • Martin • Perry • Pike



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East Kentucky leaders are setting a new course for our economy

Five chambers of commerce have formed an alliance to focus on the economic development of nine eastern Kentucky counties. These include: **Letcher, Lawrence, Floyd, Martin, Johnson, Knott, Pike, Magoffin, and Perry.**

On October 2, 2014, a broad cross-section of business and organization leaders convened as a Strategy Development Task Force to identify the most critical and achievable strategies they believed would create new jobs in the region. The group was chaired by former Governor **Paul E. Patton**, Chancellor of the University of Pikeville, and **W. Allen Gillum**, CEO of Appalachian Wireless. The major recommendations resulting from the group's vigorous discussions were:

- Launch an aggressive regional development strategy structured to achieve measurable job creation goals.
- Focus on attracting and growing primary jobs with annual wages that meet or exceed the state average of \$42,000.
- Support localized efforts to expand and retain existing employers.
- Advocate for making existing industrial sites and facilities "shovel ready" for new and expanding companies.



"One East Kentucky, a key result of SOAR's planning efforts, champions new business recruitment and economic development marketing in a nine-county area."

- Jared Arnett, SOAR

"I think you're going to have to get Eastern Kentucky and the people of Eastern Kentucky to work more as a region if they are going to turn their economy around. I believe they are now ready to do just that."

- Governor Steve Beshear



Moving from planning to action

A study commissioned by Kentucky Power in 2013 by *inSite Consulting, LLC*, and a report from the *International Economic Development Council* in August, 2014 recommended substantially the same priorities as those of the Task Force. **Both reports asserted that Eastern Kentucky has ample assets to succeed in attracting new jobs and payrolls, but the missing elements are (1.) a clear strategic plan and, (2.) a mechanism and financial resources to implement it.**

The Task Force, assisted by National Community Development Services, Inc. has now drafted the following five-year strategy, "**One East Kentucky**" as a blueprint for building a diversified, sustainable economy.

ONE EAST KENTUCKY: A focused strategy, clear goals

The **One East Kentucky** strategy does not attempt to lead every aspect of a broad economic development effort. Local Chambers are capable and willing to take the lead on small business development, workforce enhancement, entrepreneurial development, infrastructure, and business climate, which are all critical to a successful development strategy, but **One East Kentucky will focus on marketing and recruitment.** It will lend support to local companies in their expansion efforts, but the priority will be marketing the region to corporate decision makers nationally and internationally.



Investor Oversight and Governance

A *One East Kentucky Steering Committee* will be formed after fundraising has been completed. Steering Committee members will serve for five years, meeting quarterly or semi-annually, and will be primarily major investors.

They will provide broad oversight, guidance and continuity, and will assure the highest level of transparency and communication to all investors, allies and stakeholders. In short, *One East Kentucky will be “investor owned” and accountable* to those with the greatest stake in the region’s economic health.

Funding and financial considerations

Similar successful initiatives in other regions have achieved results and sustained their programs by assuring that the private sector assumes primary underwriting responsibility for the initiative. The engagement of public sector partners is also critically important, but successful efforts elsewhere prove that divisive politics and “turf issues” are less likely when private sector leaders provide the majority of funding and visible, ongoing leadership. Funds would be committed by regional stakeholders and paid over a five-year period. These funds would only be utilized for the specific purposes and tactics in the strategic plan. When funding commitments expire, *One East Kentucky’s* stakeholders will evaluate the “return on investment” and determine the scope of any subsequent economic development efforts. Funds would be under the direction of the Steering Committee comprised of top investors in *One East Kentucky*.

The Economic Impact of 2,500 New Jobs in East Kentucky

Eastern Kentucky has lost over 9000 coal-mining jobs since employment peaked in 2009. Almost 400 jobs were lost in the *One East Kentucky* region from January through March of 2015. The benefits of achieving the *One East Kentucky* five-year goal of 2500 new, well-paying jobs will play a key role in boosting every local economy in the region. Each county and their respective local businesses will benefit from a reversal of the decline in payroll dollars, housing demand, goods and services, greater capital investment and, most importantly, an enhancement of tax base.

East Kentucky Can Do Better!

Those who are proposing the *One East Kentucky* strategy believe our region can and should do more to create a prosperous, sustainable economic future. Proposing a more aggressive growth and development plan that is strategic and proactive is a transition away from total dependence on a coal based economy, no matter how vital we believe coal can be to America’s well being.

Ultimately, it’s up to us

New resources, energetic leadership and a fresh infusion of capital will be required to implement a high performance strategy. In proposing a proactive strategy based on careful professional analysis and thoughtful stakeholder input, the Task Force challenges both private and public sectors to come together to help shape an economy that will provide good jobs for East Kentucky citizens, payrolls that sustain a better quality of life, and an expanding tax base to provide quality government services.

One East Kentucky: Five-year Goals

- 2,500 new jobs with average wages meeting or exceeding Kentucky’s average of \$42,000
- \$30 million in capital investment from relocating and expanding operations. “shovel ready” for new and expanding companies.



Strategic Initiative I.

Sustain an aggressive marketing and sales effort designed to attract “best fit” companies to Eastern Kentucky.

- Identify at least six target business sectors most likely to respond to East Kentucky’s assets and incentives. Identify the primary companies as prospects within each sector.
- Consistently market East Kentucky’s assets to targeted companies through target company sales visits, attendance at trade events, and advertising specific industrial sites.
- Organize an “**One East Kentucky** Ready Team” of volunteers to respond when prospects visit the region or when traveling to prospects’ headquarters.
- Participate with *the Kentucky Cabinet* on prospect solicitation trips and trade missions. Involve volunteer business leaders in out-of-region sales calls.
- Execute at least one major annual prospecting trip to cities with concentrations of target sector companies. Maintain ongoing contact and create “open files on 25-30 prospects annually.
- Identify site selection professionals in each target sector and arrange visits to East Kentucky for “familiarization tours.”
- Create a clearly identifiable, marketable East Kentucky brand and integrate it into all marketing effort, including allies and partners.
- Develop high quality statistical data, and persuasive regional promotional materials for use in all recruiting efforts.



“This is an investment, not a contribution.”

- Former Governor Paul Patton

- Aggregate and maintain a comprehensive East Kentucky sites and facilities inventory and keep it up to date and easily accessible on a web site designed to accommodate site selectors.
- Generate leads and create “deal flow” through active cultivation and relationship building with leading national commercial realtors.
- Create a compelling web site specifically to service business inquiries and present an appealing first impression of East Kentucky.
- Develop prospect handling procedures in cooperation with the Chambers, Industrial Park Authorities and elected officials in the region.

Strategic Initiative II.

Assure that existing sites and facilities are viable and competitive for company relocations and expansions.

- Advocate for enforcing covenants assuring existing industrial sites are available only for compatible, legitimate high impact job producers.
- Assist local authorities with seed funding to implement *inSite Consulting’s* recommendations that would enhance existing industrial parks’ marketability and eliminate “fatal flaws.” (This includes, among other recommendations, new signage, pricing, adding natural gas lines, fiber, zoning, sewer capacity, roads, marketing material, and maintenance.)



Strategic Initiative III.

Establish One East Kentucky as the champion and “one stop service center” for recruiting jobs to the region.

- Equip and operate a **One East Kentucky Briefing Center** as headquarters for regional economic development efforts.
- Conduct a professional search, and hire an experienced economic development professional (President) who will travel, recruit and close deals.
- Hire a skilled Researcher/Assistant to support **One East Kentucky’s** economic development efforts, and assist local Chambers in their retention/expansion programs.
- Provide requisite support for the Center, such as meeting costs, catering, and suitable transportation for hosting and touring visiting site selectors and corporate executives throughout the 9 county region.

Strategic Initiative IV.

Resource development and investor relations.

- Acquire and sustain a sufficient financial base to assure that the **One East Kentucky** strategy is implemented.
- Implement an ongoing investor relations program for **One East Kentucky**.



One East Kentucky Five-Year Budget

I. Marketing and Recruitment	\$765,000
II. Marketable Sites and Facilities	\$250,000
III. Professional Staff & Regional Briefing Center	\$1,355,000
IV. Resource Development & Investor Relations	<u>\$350,000</u>

Five-Year Budget Total: \$2,720,000



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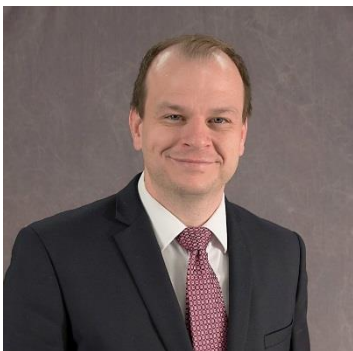
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Photographs of Stonecrest Golf Course, Prestonsburg, KY, Paintsville Lake State Park provided by Allen Bolling Photography.
Photograph of Eastern Kentucky Industrial Park, Speculative Building provided by Denise Thomas