

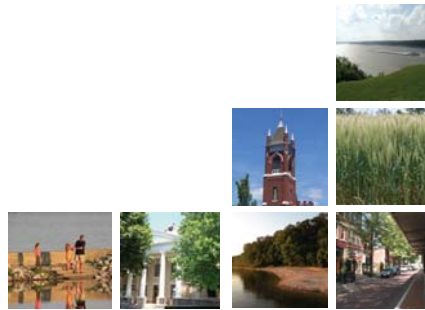
Purchase Future:

Regional Economic Development Strategy

TIP Strategies, Inc.

Tom Stellman, President & CEO
Karen Beard, Senior Consultant

July 19, 2010



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Agenda

- Introductions
- Project Overview
- Considerations
- Discussion



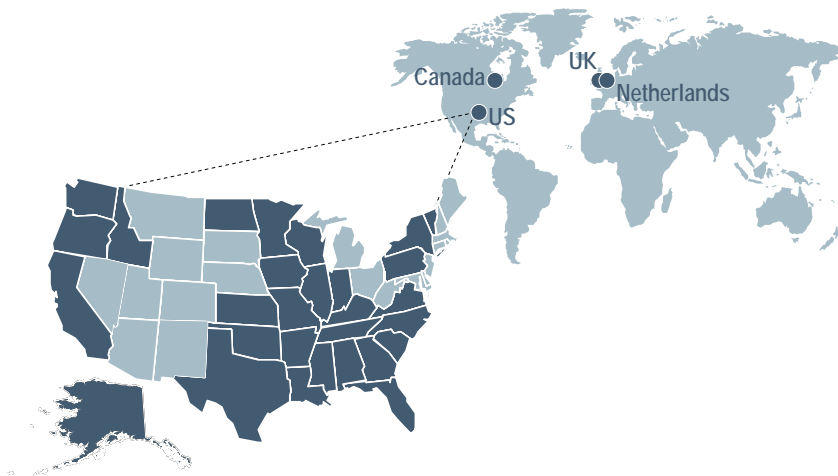
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TIP Strategies

- Strategic Planning
- Workforce Development
- Entrepreneurship
- Site Selection & Analysis
- Defense Communities
- Industry Cluster Analysis

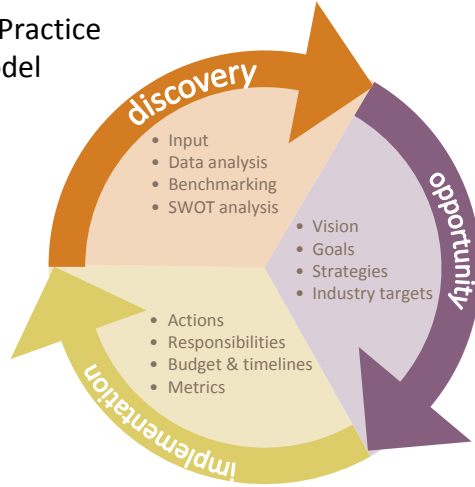


TIP Project Locations

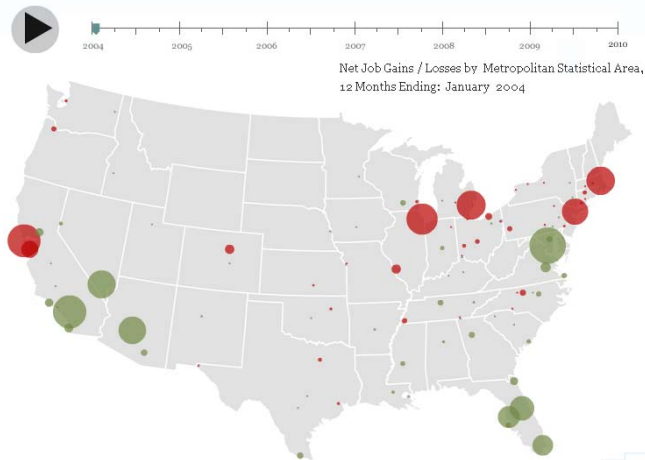


Our Approach

Theory Into Practice planning model

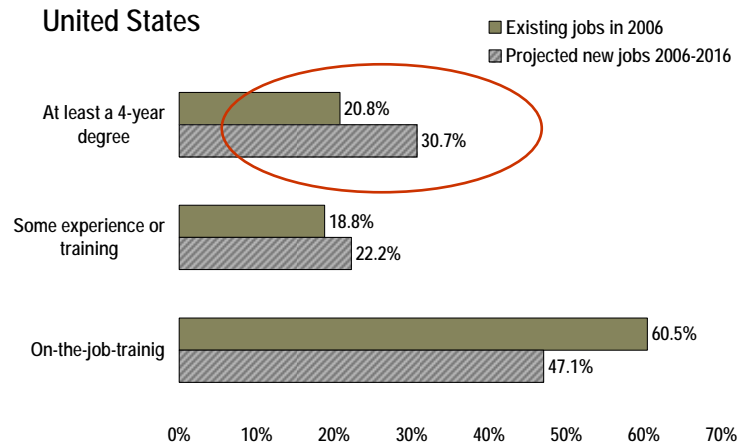


The Geography of Jobs



Note: Top 100 Metropolitan Statistical Areas in the contiguous United States based on number of jobs as of December 2008
Source: BLS and state labor agencies (via Moody's Analytics), TIP Strategies

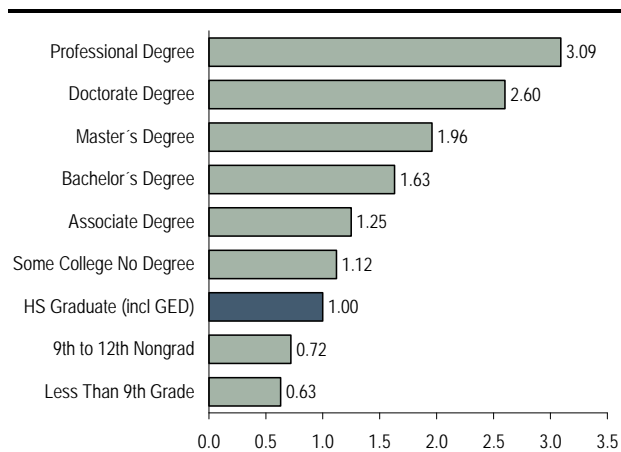
New Jobs Require Higher Skills



SOURCE: EMSI: TIP Strategies, Inc. Excludes military employment

The link between learning and earning

Expected lifetime earnings relative to high school graduates, by education level

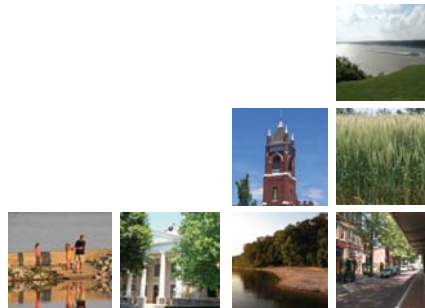


SOURCE: U.S. Census Bureau, CPS 2008 Annual Social and Economic Supplement, PINC-03. Modeled after similar chart in *Fast Facts from Education Pays 2007: The Benefits of Higher Education for Individuals and Society*, prepared by The College Board.

Purchase Future:

Regional Economic Development Strategy

Project Overview



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Workforce Strategies, Sectors & Action Plan

“The focus of this project is to position the regional economy in the most competitive and sustainable position over the next 5 to 10 years and beyond.”

“The major project component is: sector analysis, identifying emerging sectors of the region's economy with the most promise for economic growth, and an action plan that outlines implementation strategies and specific action activities for the region.”



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Major Tasks

- Economic assessment
- Entrepreneurship assessment
- Stakeholder engagement
- Benchmarking
- Target industry & occupational analysis
- Transferability of skills
- Workforce and business development asset mapping
- Education & training matrix
- Vision
- Opportunities analysis
- Workforce & sector strategies
- Marketing strategy
- Implementation matrix

Project Schedule

TIMELINE	APR	MAY	JUN	JUL	AUG
Workforce analysis	█				
Stakeholder meetings		█			
Target sector analysis		█			
Deliver recommendations			█		

www.purchasefuture.org

Purchase Future | Regional Economic Development Strategy

West Kentucky Workforce

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Purchase Future Project
Project Team
Project Documents
Get Involved
Contact Us

Planning Our Future

Since the start of the recession, the U.S. has seen a precipitous drop in production, a staggering loss of jobs, and an unprecedented decline in consumer spending. While signs of recovery are on the horizon, the current situation forces us to think about how the future will unfold, and what our options for dealing with it will be. The West Kentucky Workforce Investment Board (WKWIB) and the Purchase Area Development District (Purchase ADD) are asking for your help to ensure that our region is prepared for the future.

With funding support from the U.S. Department of Labor, the WKWIB and the Purchase ADD are undertaking a planning process that will help position our region to leverage our opportunities and assets. Led by Austin-based TIP Strategies, the planning process will include a review of existing information about the region, a quantitative analysis, and discussions with stakeholders throughout the region, including a series of opportunity workshops that will be held in each county. The resulting document will provide recommendations for improving the region's future economic vitality.

[Click here to share your thoughts about the future of the Purchase Region.](#)

Sponsored by:

West Kentucky Workforce Investment Board
300 Rosewood Drive | Highgateville, KY 40302 | www.wkwib.org

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Stakeholder Outreach

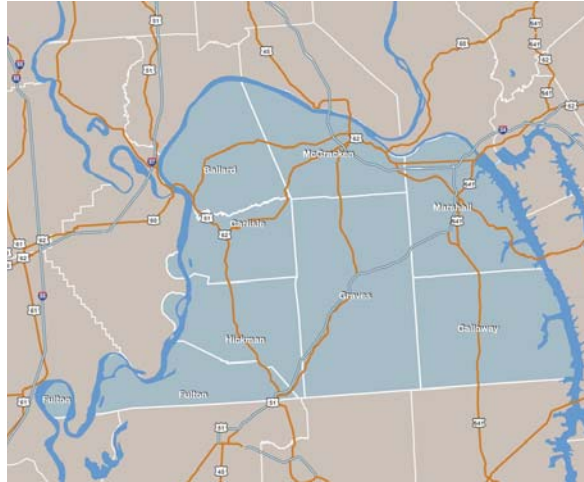
- Major employers representing >5,300 full-time employees
- Training providers
 - WKCTC
 - Murray State
 - Mid-Continent
- Local economic development organizations
- USEC / DOE (2,500+ jobs)



Alcan Composites
Briggs & Stratton
CSI (Computer Services, Inc.)
Dippin' Dots, Inc.
Henry A. Petter Supply Co.
Ingram Barge, Co.
MVP Group Int'l
Murray-Calloway County Hospitals
NewPage Corporation
Pilgrims Pride
Progress Rail Services
Sekisui Specialty Chemical, Inc.
S'portable Scoreboards, Inc.
Wacker Polymer
Westlake Vinyls, Inc.

Opportunity Workshops

- Tuesday, June 1
 - Graves County
- Wednesday, June 2
 - Marshall County
 - McCracken County
 - Ballard County
- Thursday, June 3
 - Carlisle County
 - Hickman County
 - Fulton County
- Friday, June 4
 - Calloway County

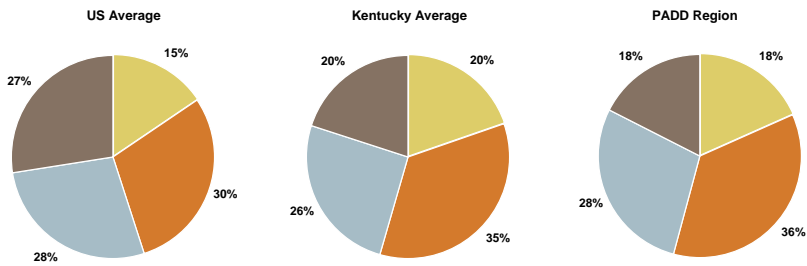


Educational attainment

Highest level of education achieved by the population age 25 or older

- no high school diploma
- high school diploma or GED
- some college but less than a 4-year degree
- bachelor's degree or higher

demographics



NOTE: For Ballard, Carlisle, Fulton, and Hickman counties, only Census 2000 averages were available; all other ratios are calculated from 2006-2008 ACS averages.
 SOURCES: U.S. Census Bureau (decennial census & American Community Survey, 2006-2008 average)

- At first glance, educational attainment in the Purchase Region looks remarkably similar to the US and Kentucky averages, but in fact, there are nuanced differences...
- Purchase Region adults are slightly more likely to have completed high school than the statewide average, with only 18 percent of residents lacking a high school diploma versus 20 percent statewide.
- But, they are less likely to have completed a four-year degree than their fellow Kentuckians or than the U.S. as a whole.

demographics

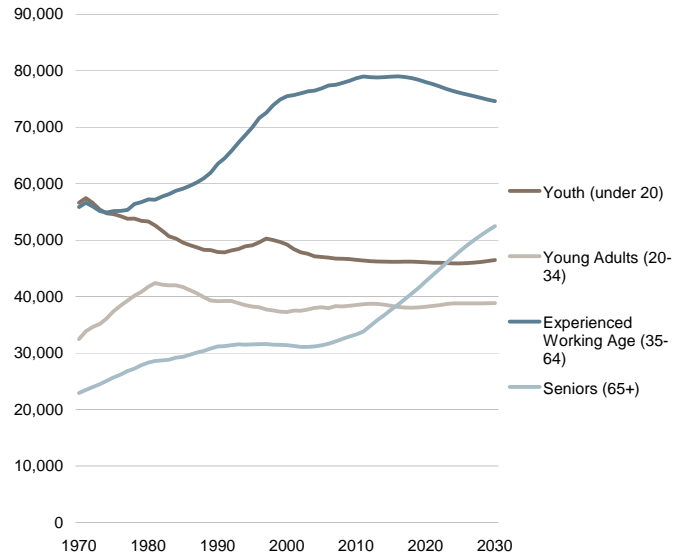
- As the senior population in the Purchase Region grows, the rest of the population will maintain relatively steady or declining absolute levels across cohorts.

- The experienced working age population (age 35 to 64) will hold between 75,000 and 80,000 in the region over the next generation.

- The number of young adults (age 20 to 34) will hold steady at below 40,000 in the region over the next 20 years.

Purchase Region net population change by age cohort

As seniors grow in number, other cohorts hold relatively steady



SOURCES: U.S. Bureau of the Census (history); Moody's Analytics (projections)

economy

- Two scenarios are presented here. One assumes the region's growth over the next 10 years will follow similar patterns as it has in past years. The other assumes the region will grow at rates more in line with the US forecast.

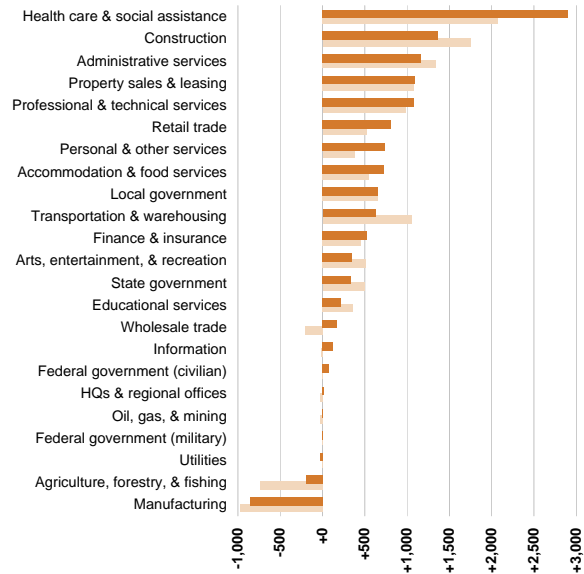
- The differences in the two scenarios are notable. The Purchase Region is weighted heavily in declining industries like manufacturing and agricultural, but transportation, warehousing, and construction look poised for a comeback that is significantly stronger than the US.

- Under the US scenario, the healthcare sector would grow significantly faster.

Industry sector scenarios, 2009 to 2019

Purchase Region's growth under two different assumptions

US forecast conditions (national growth rates) PADD's growth assuming local patterns continue as in the recent past

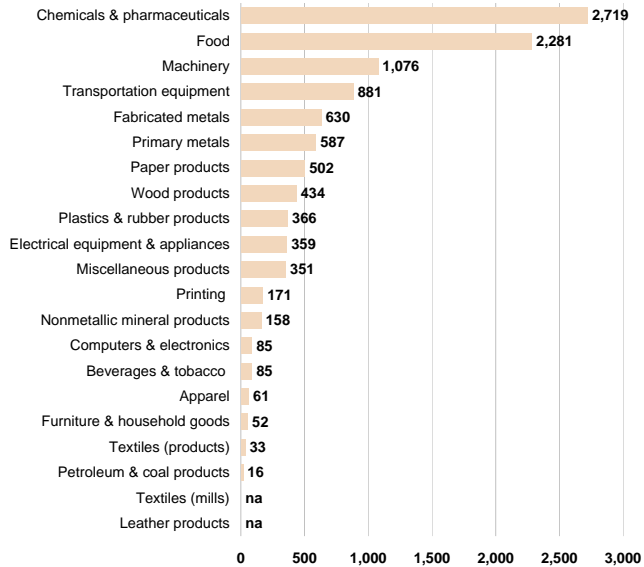


SOURCES: EMSI, Spring 2010 forecast

- Chemicals/drugs and food processing are the only two manufacturing industries providing the Purchase Region with more than 2,000 total jobs. Machinery is the third largest manufacturing industry with over 1,000 jobs.
- The 8-county region also supports several hundred more jobs in the production and fabrication of basic materials like metals, wood, paper, and plastics.

2009 manufacturing job base by industry

Chemical-related production is region's top manufacturing employer



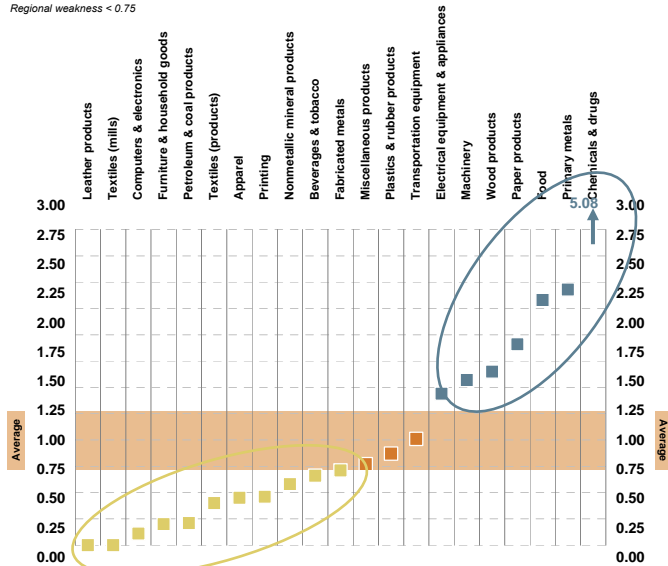
NOTE: Miscellaneous manufacturing includes medical equipment & supplies, sporting goods, jewelry, toys & games, non-paper office supplies, & caskets
 SOURCES: EMSI, Spring 2010 forecast

- Not surprisingly, the manufacturing industries with the most jobs in the PADD region (i.e., chemicals, food processing, and machinery) all have above average LQs, as do some of the material processing sectors like primary metals, wood, paper products.

Manufacturing industry concentrations

Location quotient analysis

US average for each industry = 1.00
 Regional strength > 1.25
 Regional weakness < 0.75



NOTE: Miscellaneous manufacturing includes medical equipment & supplies, sporting goods, jewelry, toys & games, non-paper office supplies, & caskets
 SOURCES: EMSI, Spring 2010 forecast

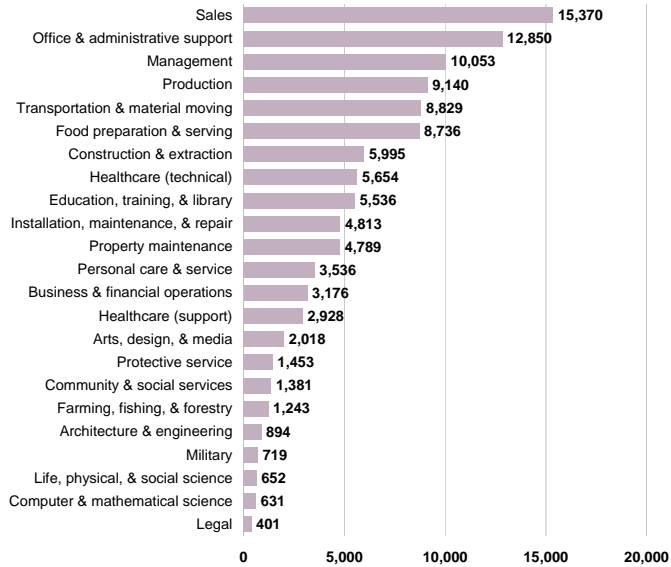
■ The Purchase Region's core blue collar occupational groups—production and transportation & material moving—together comprise close to 20,000 workers.

■ Clarification: Self-employed farmers & ranchers are classified under management occupations rather than farming, thus the apparent discrepancies in the sizes of these two groups.

■ The high-paying, highly educated occupational groups like science, engineering, computers, and law, each have fewer than 1,000 jobs in the eight-county region.

Purchase Region 2009 job base by occupational group

Core blue-collar occupations total nearly 20,000 jobs



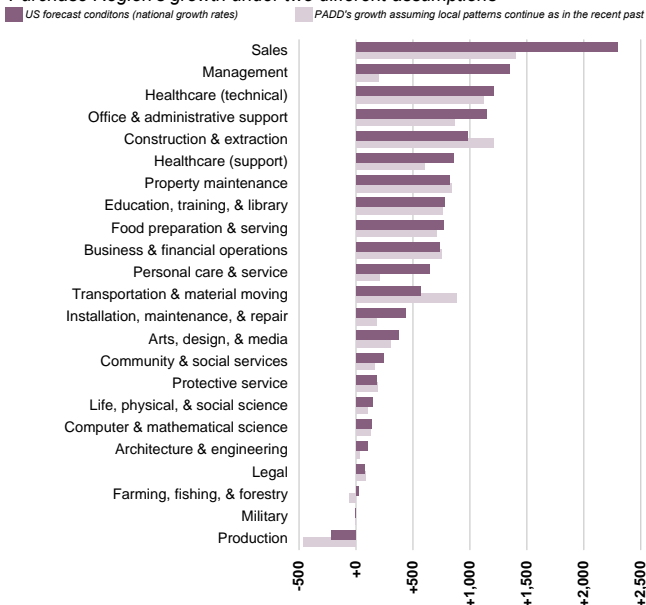
SOURCES: EMSI, Spring 2010 forecast

■ The two scenarios for occupational growth look remarkably different. With the exceptions of construction and transportation, most occupational groups fare better under the US-growth rate scenario than under the one that assumes past local patterns.

■ The forecast decline for production occupations (approaching 500 jobs) implies that the region's already existing surplus of trained production workers will increase further.

Occupational group scenarios, 2009 to 2019

Purchase Region's growth under two different assumptions

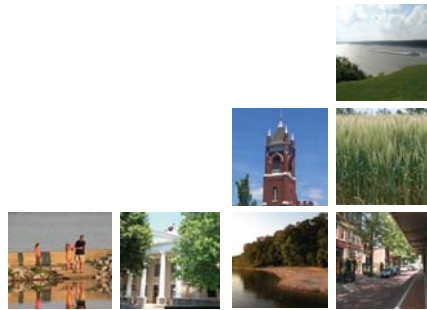


SOURCES: EMSI, Spring 2010 forecast

Purchase Future:

Regional Economic Development Strategy

Considerations



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Framework

- Existing Strengths
 - *What sectors should a regional strategy build on?*
- Emerging Opportunities
 - *Where are new opportunities?*
- Building Blocks
 - *What fundamentals need to be enhanced or supported?*
- County Opportunities
 - *Are there unique attributes that can be leveraged?*



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Existing Strengths: Manufacturing

- Manufacturing
 - Chemicals
 - Food Processing
 - Metal Fabrication
 - Transportation equipment

Existing Strengths: Transp & Whsng

- Transportation & Warehousing
 - Maritime
 - Panama Canal
 - Distribution
 - Logistics operations
 - Switching yard?
 - Intermodal?
 - Rail services
 - Locomotive & rail car

The U.S. Department of Transportation expects overall freight rail service to jump 75 percent by 2035, and other federal forecasts call for rail intermodal shipments to grow faster than long-haul trucking.

*"Freight Finds Its Niche,"
Planning magazine, May/June 2010*

Existing Strengths: Agriculture

- Agriculture
 - Soybeans
 - Aquaculture
 - Biomass
 - Switchgrass?
 - Algae?
 - Waste-to-energy

Acres of soybean crops by county

	Acres	State Rank
Ballard	32,602	12
Calloway	34,121	11
Carlisle	27,794	16
Fulton	48,150	7
Graves	53,964	3
Hickman	45,868	8
Marshall	10,114	30
McCracken	19,998	19
TOTAL	272,611	—

SOURCE: U.S. Department of Agriculture, National Agricultural Statistics Service. County's rank out of 100 Kentucky counties that produce soybeans.

Emerging Opportunities: Energy

- Energy
 - Biomass/biodiesel
 - Waste-to-energy
 - Coal-related (CTG/CTL)
 - Carbon sequestration
 - Shale gas
 - Nuclear
 - Hydrokinetics

	Score (%)			
	Biomass	Nuclear	CTG/CTL	Solar
Bailey Port Marshall Co. 650 acres	76	55	82	55
Marshall Co. Industrial Park Marshall Co. 736 acres	75	59	80	50
Purchase Region Ind. Park Graves Co. 2000 acres	66	0	69	39
TVA Hickman Fulton Co. 841 acres	75	51	80	46

SOURCE: Kentucky Alternative Energy Site Bank Evaluation, June 2009; Department for Energy Development & Independence, Kentucky Energy and Environment Cabinet

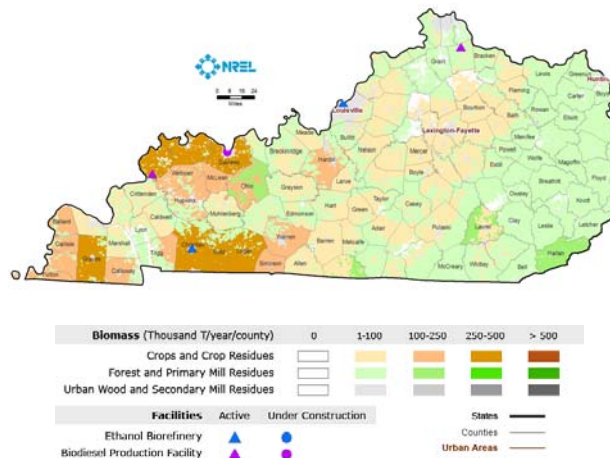
Emerging Opportunities: Energy

- Drivers for alternative energy growth:
 - Federal regulations:
 - Expansion of Renewable Fuels Standard (RFS)
 - Will expand KY demand for biodiesel from 150 million gallons to 775 million gallons per year by 2022
 - Renewable Portfolio Standard (RPS)
 - Will increase competition for renewable energy sources
 - Potential for cap and trade legislation
 - Fuel prices
 - Public opinion/consumer demand
 - Awareness of Kentucky's carbon footprint

Biomass Resources Defined

Any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees; wood and wood residues; plants, aquatic plants, and plant oils; grasses; animal fats and animal by-products; animal manure; residue materials; and waste products.

Estimated biomass availability



Final Report From the Executive Task Force on Biomass and Biofuels Development in Kentucky, Governor's Office of Agricultural Policy and the Energy and Environment Cabinet, December 10, 2009

Emerging Opportunities: Eship

- Entrepreneurship
 - Growing interest nationally among workforce and economic development practitioners
 - Doesn't have same challenges as recruitment strategy
 - Typically people already vested in the region
 - Costs per job created often lower
 - Changing nature of work
 - Workforce becoming more entrepreneurial even within traditional settings

Establishment Data

Establishment Births, Deaths, Expansions, Contractions, and Constants, 2005-2006

County	Births	Deaths	Expansions	Contractions	Constants
Ballard	17	26	33	39	55
Calloway	76	67	231	186	261
Carlisle	7	7	15	18	26
Fulton	13	29	37	41	55
Graves	68	71	205	156	245
Hickman	3	6	17	21	32
Marshall	49	51	171	152	224
McCracken	158	169	586	581	689
Region Total	624	683	2,004	1,807	2,485

SOURCE: US Census Bureau, Business Information Tracking Series.

Emerging Opportunities: Tourism

- Tourism
 - Linking strategies
 - Road & RV trips
 - Day trips
 - Theme travel
 - Invest in needed infrastructure
 - Mechanism for talent and business recruitment



Building Blocks: Talent

- Talent
 - Pipeline
 - Training key occupations
 - Chemical engineers
 - Process control & instrumentation
 - Talent management
 - Development (grow your own)
 - Retention
 - Attraction

Building Blocks: Infrastructure



Priority Regional Projects:

- Interstate-69
- Bridges



Building Blocks: Infrastructure

Operating Ports

1. Hickman-Fulton County Riverport Authority
2. Paducah-McCracken County Riverport Authority
3. Henderson County Riverport
4. Owensboro Riverport Authority
5. Louisville-Jefferson County Riverport Authority
6. Greenup-Boyd County Riverport Authority
7. Eddyville Riverport & Industrial Development Authority

Developing Ports

8. Wickliffe-Ballard County Port Authority
9. Marshall County-Calvert City Riverport Authority
10. Meade County Riverport
11. Maysville-Mason County Port Authority





County Opportunities *Ballard*

Population, 2009 estimate	8,161
Change from 2000 Census	-1.5%
Share of region's population, 2009	4.2%
Total employment (2009, complete)	4,329
Agriculture, natural res., & mining	13.7%
Construction	8.1%
Education and health services	5.0%
Financial activities	4.6%
Government	10.2%
Information	2.1%
Leisure and hospitality	2.7%
Manufacturing	13.9%
Other services	7.4%
Professional and business services	15.6%
Trade, transportation, and utilities	16.6%
Unemployment rate	
Current (April 2010, preliminary)	8.9%
Annual average (2009)	9.9%

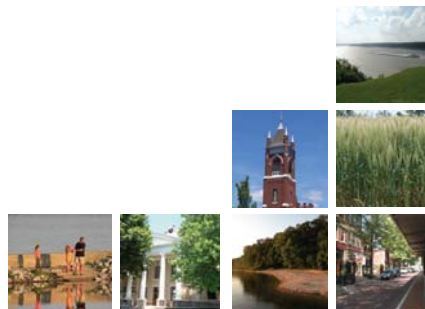
Sources: U.S. Census Bureau, EMSI, U.S. Bureau of Labor Statistics
Photo: C. Bedford Crenshaw via Wikipedia

- Energy contractors (USEC)
- River port development
- Maritime services
- Tourism
 - Wickliffe Mounds
 - Jefferson Cross
 - Hunting/fishing

Purchase Future:

Regional Economic Development Strategy

Discussion



Questions?



Purchase Future: Regional Economic Development Strategy

Thank You

TIP Strategies, Inc.
106 East 6th Street, Suite 550
Austin, Texas 78701
512.343.9113
www.tipstrategies.com

Tom Stellman, President & CEO
tom@tipstrategies.com
Karen Beard, Senior Consultant
karen@tipstrategies.com

