

2010-2015 GO-EDC Strategic Plan and Economic Development Strategy

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Introduction

In 2006 the Greater Owensboro Economic Development Corporation adopted a new strategic plan that significantly broadened the focus of economic development in the Greater Owensboro region. The plan suggested a new long-term course for the region focusing on a more comprehensive approach to economic development focusing on economic diversification in high tech development, a strong emphasis on workforce development and education, and helping to make the region more of a destination and quality place for groups like young professionals and college students. Ultimately the plan focused on re-positioning Owensboro to be competitive in the 21st century economy—an economy more focused on knowledge creation and talent.

The 2006 Plan presented the following conclusions about the need broaden and diversify the approach to economic development to help Owensboro compete in the 21st Century:

- Innovation and education are keys to future both nationally and locally.
- Further diversification of the economy is critical; the Greater Owensboro region cannot be successful relying on industrial development as its sole approach to economic growth.
- An infrastructure supporting innovation and entrepreneurship must be created in our community, such as access to venture capital, being a part of the innovation and commercialization program, university research collaborations, and a business incubator/ accelerator.
- The success of this strategy will be equally dependent on “soft” infrastructure such as amenities to entice entrepreneurs, young professionals, college students, and company executives to want to live in Owensboro.
- Workforce development and education must be an important part of our strategy. A four year public university campus is an important tool currently missing in the region.
- Securing improved highway transportation is the most significant infrastructure issue for our region.
- Improved regional cooperation is more vital to our success than the arbitrary political and geographic boundaries on the map.

Significant infrastructure investments and progress have been made over the past four years. Despite the accomplishments over the past few years, the 2006 plan was really a bold change, a

10-year strategy. Much work remains to be done. The recent recession and the challenges the region is likely to face with environmental and energy policies necessitate a long-term and comprehensive approach now more than ever.

The 2010-2015 Strategy continues much of the work started in 2006. The GO-EDC Board kicked off the 2010-2015 Strategic Planning process in June 2010 with meetings that included community leaders, elected officials and candidates, investors, and stakeholder groups. The EDC also hosted two public input sessions and distributed a survey online and through its Facebook site to solicit public comment and feedback.

The plan developed is well researched, more comprehensive, and involved a greater level of public input and participation than any other in the history of the organization.

Based on the evaluation of data in this document, the SWOT analysis conducted by the staff, and public input and feedback gathered in June and July 2010, the strategy will consist of a three pronged emphasis focusing on the following:

- **TALENT**- Developing, Attracting, and Retaining Talent
- **INNOVATION AND INDUSTRY**- Providing Support for Existing and Emerging Industry Clusters
- **PLACE**- Creating a Quality of Place that Meets the Needs of Current and Future Residents

PART I: REVIEW OF 2006-2010 GO-EDC STRATEGIC PLAN

Goal 1: Nurture, Grow and Diversify the Regional Economy

1. Diversified Regional Economy- The region will have a strong diversified economy with growth through new business location, expansion of existing business and industry, and entrepreneurship.
 - a. Existing Business and Industry Program- Partner with local businesses and industries to remain engaged in our community, assist them with expansion projects, and increase their competitiveness in the wider marketplace.
 - b. Targeted Marketing in New Business Expansion- Target bioprocessing and life science, advanced manufacturing, logistics, energy, health science and medical related industries
 - c. Regional Development- Work closely with representatives from Hancock, Ohio, Henderson, McLean, and Spencer, IN counties to develop stronger regional cooperation.
2. Innovation and Commercialization in the Life Sciences – The region's economy will be strengthened by creating an economic cluster in the life sciences and bioprocessing centered on Kentucky Bioprocessing, LLC, Owensboro Medical Health System, agriculture and natural products industries.
 - a. Innovation and Commercialization program- Support a life science incubator and leverage applied research through college, university and private sector scientists and researchers.

2006-2010 Results

The Great Recession of 2008-2009 severely limited business attraction opportunities in this region as well as all regions around the United States. Client and lead generation was down significantly at the Kentucky Cabinet for Economic Development as well. The region has been successful in attracting new startup technology based companies to locate in Owensboro.

Since the inception of the Emerging Ventures Center for innovation, the region has attracted 15 new high tech companies, representing more than 50 new jobs with salary levels three times the per capita income of the region and over \$20 million in venture capital.

The following is a summary of the largest projects the EDC worked during this period:

Table 1: Economic Development Leads and Sources

Source	Leads	Projects
Cabinet for ED	6	4
Northeast Trip	10	2
Kentucky United	21	2
Green Energy Campaign	12	1
Professional Service Campaign	5	0
Existing Businesses	8	3

Table 2: Mega-Projects in the Owensboro Region, 2006-2010

Project	Site	Description	Result	Jobs/Investment
Project Washington	Lewisport River Site	Fortune 500 semi-conductor manufacturer	Selected Clarksville, TN; availability of power	450 jobs, \$1.5 billion investment
Project Steel	Lewisport & Coleman Terminal	CSN, the Brazilian steel company	Project never happened due to economic downturn	500 jobs; \$500 million investment
Project Kyle	Skillman River Site	Coal Gasification Facility	Project lost financing due to economic downturn	250 jobs; \$500 million investment
Project River	Coleman Terminal	Mammoth Marine barge construction	The project lost funding due to the Jones Act and the economic downturn.	150 jobs; \$23 million investment
Project Barsee	Lewisport River Site	Steel manufacturing company	Project never happened due to the economic downturn.	150 jobs; 100 million investment
Project Amber	Lewisport River Site	Polysilicon manufacturing	The project was not completed.	250 jobs; \$500 million investment

Table 3: Strategic Planning Objectives and Results, 2006-2010

Objective	Accomplishment	Evidence	Date
Existing Business Program	Single point of contact, team visitation program, partnerships with Cabinet, OCTC, GRADD, others	Average 3 visits per week to area businesses, support on expansions, layoffs, and increased applications to state incentives leading to job growth and retention	May 2006-present
New Business/ Investment Attraction	Marketing campaigns, web marketing program, prospecting trips	80% increase in lead generation and projects	Nov 2006 to present
Regional Development	Partnership with Hancock County Industrial Foundation	MOU with Hancock County, Board Representation, Hancock County projects	Aug 2008 to present
Life Science Strategy	Infrastructure to support KBP and OCRP and Owensboro as center of PMPs	KBP investments/ grants, new PMP companies/ jobs	May 2006 to present

Goal 2 : Innovate and Educate

1. Entrepreneurship- The region will have a culture of innovation and entrepreneurship that is nurtured by businesses, colleges and universities, and economic development entities.
 - a. Venture Capital/ Angel Investors- Create opportunities to finance innovation and entrepreneurs through venture capital and other business start-up financing.
 - b. Small Business Incubator- Work with local colleges to secure space and resources for a small business incubator and/or a downtown retail incubator.
 - c. Positive Entrepreneurial Culture- Partner with Chamber of Commerce, local colleges and school systems to shape the perceptions that job opportunities can be created as well as attracted.
2. Human “Creative” Capital/ Education- The region’s existing and future workforce will have the skills and education levels necessary to create and succeed in the jobs of today and those of the future.

- a. Attraction of Creative Talent- Develop a strategy and partner with other agencies to help attract creative talent.
- b. High School alignment efforts- Support efforts of high schools to prepare all students for postsecondary education and for workforce opportunities in areas such as health care, applied engineering and science, entrepreneurship, and the arts.
- c. Baccalaureate degree and applied research opportunities- Promote partnerships that will expand access to bachelor's and graduate degree programs and to applied research in biotechnology and engineering/ advanced manufacturing.
- d. Workforce Development/ Greater Owensboro Works- Support efforts of OCTC workforce programs, particularly in Hancock County and in the implementation of the GO Works database.

2006-2010 Results

Education and Workforce Development: GO-EDC was one of the state and nation's early adopters of the role of partnership in education as part of a sound economic development strategy. Many of the early established partnerships from the early decade had lapsed by 2006. Efforts were made to revive the business- education partnership through the Regional Alliance for Education. Much of the work focused on enhancing bachelor attainment levels through partnerships with local colleges and universities. GO-EDC was given the responsibility by the Daviess County Fiscal Court to serve as a liaison and party to the MOU with Western Kentucky University as they establish a new campus in Owensboro. Other partnerships stronger than ever with the Owensboro Community and Technical College to provide workforce development and training, this has been especially during the recent economic downturn in providing training opportunities to workers that have lost their jobs. Other initiative and activities include the following:

- WKU-Owensboro
- Applied Research Centers
- High School Academies (Arts, Life Sciences, STEM)
- Project Lead the Way
- Leadership, Inc./ Emerge
- OCTC Workforce Programs

Table 4: Strategic Planning Objectives and Results, 2006-2010

Objective	Accomplishment	Evidence	Date
Workforce Development	OCTC Workforce Solutions/ GRADD partnership, Owensboro Works	Owensboro Works/ GR Works database, OCTC Career Pathway programs and degrees, Rapid Response activities	April 2007 to present
Bachelor Degree Attainment	Negotiated MOU with WKU-O; BU, KWC partnerships	WKU-O Campus MOU	July 2007 to present
High School Alignment with the Workforce	Discover College curriculum in Health Care, Biotech and Engineering	Project Lead the Way Grant for OCTC- Discover College	Jan. 2007 to present
Talent Attraction and Development	Emerge leadership development program	Emerge Class of 2010, partnership with Chamber	June 2009 to present

Entrepreneurship and Innovation: In 2000 that the General Assembly passed the Kentucky Innovation Act. This legislation created a network and infrastructure of innovation and commercialization centers that capitalized on university research and innovation. The legislation ignored Owensboro. The network and infrastructure was created all around us—in places like Paducah, Bowling Green, Elizabethtown, Ashland, and of course Lexington, Louisville and northern Kentucky, but not Owensboro. The best long-term strategy for sustained economic growth is to build on the entrepreneurial talent in the community through new business startup and the commercialization of ideas.

Since 2006 GO-EDC have created from scratch the infrastructure to attract growing technology based companies and entrepreneurs to this region. It began with the creation of our Emerging Ventures Center, now a part of the state network receiving state funding. Other infrastructure include he Centre for Business and Research, a 40,000 square foot facility will contain wet lab space, equipment, and office space to allow technology companies to incubate and grow. It also includes the Emerging Ventures Fund, seed capital to entice entrepreneurs to select Owensboro as the base for their businesses. The following activities and initiatives support innovation and entrepreneur development in the region:

- Emerging Ventures Center for Innovation

- Centre for Business and Research
- Emerging Ventures Seed Fund
- Life Science Partnership
- Emerging Ventures Challenge
- Plant Pharmaceutical Infrastructure for KBP

Table 5: Strategic Planning Objectives and Results, 2006-2010

Objective	Accomplishment	Evidence	Date
Innovation and Commercialization Program	IC program, full-time staff, SBDC/ SCORE partnership	State IC funding, Emerging Ventures Center, 18 new companies, 50 jobs	Oct. 2007 to present
Business Incubator	Centre for Business and Research	Funding for Centre from City, County, EDA	Oct. 2008 to present
Applied Research Programs	WKU Research programs in foods and biotech, U of L partnership, KWC degree program	2 WKU-O full-time staff in research areas, EDA/ County/ RWRA grants for labs at CBR	Oct. 2008 to present
Access to capital	Angel investor network, seed capital fund, access to state ICC funds	\$22 million in private funding since 2006	Jan. 2008 to present

Goal 3: Develop a community to attract people

1. Community Development Partnerships- The region will develop a process for community development which is fluid, dynamic, and based on public and private partnerships.
 - a. Downtown Re-development/ Community Development- Facilitate community development projects in conjunction with city and county focusing especially on riverfront and downtown re-development activities.
 - b. Private Investment- Increase private funding for community and economic development.
2. Infrastructure- the region will invest in both the infrastructure and the planning necessary to improve the quality of life for new and existing businesses.

- a. Incentive programs- Organize a program of local incentives designed to support strategically significant projects, programs and efforts.
- b. Transportation- Support efforts to improve all modes of transportation and partner with existing resources such as the Riverport Authority and Regional Airport for economic development purposes.
- c. Land Development- Work with industrial foundation, city and county to increase and diversify land inventory for economic development.

2006-2010 Results

GO-EDC heard the concerns from regional existing companies about challenges in attracting talent and young people to the region. Demographic and educational attainment data bear this out. In 2008 GO-EDC raised funds to hire the Gateway Planning Team to develop an aggressive master plan that would focus on Place Making and downtown revitalization. The subsequent \$120 million of publicly funded infrastructure will transform the downtown to a mixed use urban center and will be a magnet for talent. Other activities and initiative supporting a quality of place environment include the following:

- Downtown Placemaking Initiative
- Carnegie Village
- Frederica Street Rapid Transit
- Shared Investment Policy
- Downtown Residential Development
- Owensboro U- College Town Marketing
- Transportation Infrastructure

Table 6: Strategic Planning Objectives and Results, 2006-2010

Objective	Accomplishment	Evidence	Date
Downtown/Riverfront Development	Raised funds and hired Gateway Planning for Placemaking Initiative and Master Plan	Master Plan completed, fully funded and being implemented by full-time downtown development director	Jan 2008 to present
Infrastructure Development	Enhanced transportation network, Riverport, Airport amenities	Partnership with Chamber on Community Priorities, funded transportation/ infrastructure projects	Nov. 2007 to present

Local Incentive Program	Developed Shared Investment strategy for local development incentives	Presented incentive strategy to the City	Sept. 2008 to May 2009
Economic Development Funding	Investment 2020 fund development program	300% increase in private funding since 2006	Jan. 2007 to present

PART II: DATA REVIEW AND ECONOMIC PROFILE OF GREATER OWENSBORO REGION

The following section is a comprehensive economic development profile of the Greater Owensboro, Kentucky region. The profile is intended to guide the board of directors and staff of the Greater Owensboro Economic Development Corporation in charting a course of growth for the region. This comprehensive analysis consists of the following data from the Owensboro metropolitan area:

- Population characteristics for the Owensboro MSA, Daviess and Hancock counties.
- Employment data for industry sectors and projected employment figures to 2018.
- Profiles of key industry clusters, including occupational skill profiles of the most highly concentrated jobs in the region.
- Location quotients for industry sectors and industry-specific clusters to show the concentration of jobs and industry in the region.

Greater Owensboro Region

For the purpose of this profile, the Greater Owensboro region includes the Owensboro Metropolitan Statistical Area (MSA), including the City of Owensboro, Daviess, Hancock and McLean counties. Some analysis in the study will include the Owensboro Labor Market Area, or “labor-shed” area, which is a combination of the Owensboro MSA and the Evansville MSA, which includes Vanderburgh, Warrick, Gibson and Posey counties in Indiana; and Henderson and Webster counties in Kentucky.

Population Characteristics

- The region has a lower projected population growth than the state and national average.
- The Workforce Age and Early to Mid-Career population cohorts are expected to decline by one percent in Daviess and Hancock counties and regionally. This sector is expected to grow three to five percent nationally over the next five years.
- The Retirement Aged population group (65 year and older) has a location quotient of 1.13, meaning that there are 13 percent more Retirement Aged people in the region than the national average.
- The Owensboro region has a location quotient of 0.71 for adults with college degrees. This means that the proportion of adults in the region with college degrees is 71 percent of the national average. The region is projected to see a three percent increase in degree holding individuals, which equals the projected statewide growth.

Table 7: Total Population

	2009 Population	2014 Estimate	5 Year % Growth
Daviess	94,242	95,621	1%
Hancock	8,660	8,778	1%
Region	580,868	588,513	1%
Kentucky	4,292,492	4,403,027	3%
United States	307,777,493	322,893,290	5%

Table 8: Population by Age Cohort, Daviess and Hancock Counties

	2009 Population	Estimated 2014 Population	5 Year % Growth	LQ
Workforce Age (15-64)	66,770	66,089	-1%	1.01
Early-Mid Career (25-44)	25,923	25,744	-1%	0.97
Late Career (45-64)	28,023	28,043	0%	1.10
Adults with College Degrees	17,048	17,299	2%	0.73

Table 9: Population by Age Cohort, Labor Market Region (Owensboro and Evansville MSAs)

	2009 Population	Estimated 2014 Population	5 Year % Growth	LQ
Workforce Age (15-64)	384,439	381,328	-1%	1.03
Early-Mid Career (25-44)	148,684	148,432	0%	0.99
Late Career (45-64)	160,425	160,274	0%	1.12
Adults with College Degrees	97,737	101,021	3%	0.71

Migration Data

- The Labor Market Region experienced a net out-migration of 2,574 individuals between 2004 and 2007. Daviess County reversed a five year trend of out-migration in 2006 and had a net of 212 individuals since 2005.

Table 10: In and Out Migration, 2005-2007

	2005			2006			2007			Total Net
	In	Out	Net	In	Out	Net	In	Out	Net	
Daviess	2,796	2,935	-139	3,040	2,814	226	2,939	2,814	125	212
Hancock	484	383	101	433	461	-28	411	387	24	97
Vanderburgh	6,677	7,116	-439	7,164	7,268	-104	6,785	7,151	-366	909

Table 11 below includes specific details about the Owensboro MSA population compared to the nation using the data from the American Community Survey and decennial census, 2000 to 2008. The following are significant differences between the Owensboro MSA and the nation:

- The workforce participation rate (the percentage of the population 16 and over in the workforce) has declined by three percent since 2000. The national rate increased slightly.
- Owensboro continues to struggle with poverty and low income levels compared to the nation. The per capita income and household median income grew slower than the national level. Owensboro PCI grew by 21% since 2000, national PCI grew 27%. Household income grew 24% nationally, compared to only 15% in the region. There are significantly more residents of Owensboro below the poverty level (15% compared to 13%), although nationally the poverty rate is growing more rapidly than in the Owensboro MSA. Nearly a third of households in Owensboro make less than \$25,000 per year, while only one percent make more than \$200,000 compared to four percent nationally.
- Former state demographer Ron Crouch describes the “bubba” problem in Owensboro. He refers to the large percentage of single mothers. While the rate of female householders without husbands is similar to the national rate (13% region, 12% nation), the number of with children under 18 in their households is higher in the region than nationally and the rate of poverty for single mothers in the Owensboro MSA is a staggering 81% compared to 45% nationally.
- Housing has remained relatively stable in the region. The vacancy rate is lower than the nation, homeownership rates are higher than the national level and home values did not inflate to the level of the nation at the start of the “housing bubble.” Nationally home values jumped 61%, compared to just 22% in the Owensboro MSA.

Table 11: Owensboro MSA Population Characteristics Compared to National, 2000 to 2008

	United States		Owensboro, KY MSA	
	2000	2008	2000	2008
Workforce & Population				
Total Population (increase, 00-08)		7%		1.90%
Male	49%	49%	48%	48%
Female	51%	51%	52%	52%
Workforce Participation Rate	64%	65%	64%	61%
Average Commute Time (minutes)	25.5	25.3	20.6	18.9

Poverty				
	United States		Owensboro, KY MSA	
	2000	2008	2000	2008
Below Poverty Level	9.20%	13.20%	12.30%	15.20%
Per Capita Income	\$21,587	\$27,466	\$18,739	\$22,646
Median Household Income	\$41,994	\$52,175	\$36,813	\$42,664
Households under \$25,000	29%	34%	34%	32%
Households over \$200,000	2%	4%	1%	1%
Female householder, no husband present	12%	12%	10%	13%
With own children under 18 years	59%	59%	63%	66%
Female householder, below poverty	27%	28%	32%	41%
With related children under 5 years in poverty	46%	45%	60%	81%
Housing				
Housing Units (increase, 00-08)		10%		33%
Housing Vacancy Rate	9%	12%	6%	9%
Home Ownership Rate	66%	67%	70%	71%
Percent with Mortgage	55%	68%	55%	61%
Median Home Value	\$119,600	\$192,400	\$81,800	\$100,300
Educational Attainment				
Population over 25 with high school or equivalent	80%	85%	81%	85%
Population over 25 with bachelor's degree	24%	27%	17%	17%
Source: American Community Survey, US Census Bureau				

Employment Growth

Employment growth in Owensboro is slower than the nation. Projections over the next eight years show that employment in Owensboro will continue to be slow.

Table 12 below uses shift-share analysis to project employment growth in the Owensboro MSA in 2018. The shift-share technique is used to estimate regional employment using the national employment growth projections from the Bureau of Labor Statistics and adjusting the national growth to growth levels commonly found in the Owensboro metro region.

Table 12: Jobs by Industry Sector and Projections to 2018 using Shift-Share Analysis

Industry	Private Employment Owensboro MSA 2008	% MSA Employment	Owensboro MSA 2001-2008 % Growth	U.S. % Growth 2001-08	Owensboro MSA Total Jobs 2018	Shift- Share Owensboro MSA New Jobs 2008-2018
Total private industries	39,821	100%	1%	16%	38,843	(978.29)
Manufacturing	9,205	23%	-8%	-18%	8,463	(741.51)
Leisure and Hospitality	4,660	12%	26%	13%	6,279	1,619.21
Financial	2,446	6%	18%	6%	2,998	551.67
Professional and Business Services	3,132	8%	3%	8%	2,979	(152.93)
Natural Resources and Mining	477	1%	16%	10%	957	479.76
Agriculture	274	1%	101%	4%	755	480.85
Utilities	181	1%	-11%	-7%	160	(20.96)
Information	524	1%	-9%	-17%	448	(76.36)
Construction	2,358	6%	-28%	-22%	1,404	(953.58)
Education and Health Services	5,275	13%	24%	7%	6,354	1,079
Specific Industry Clusters (by NAICS Code)						
NAICS 331 Primary metal manufacturing	2,196	6%	-10%	79%	1,975	(221.39)
NAICS 311 Food Manufacturing	1,335	3%	18%	-5%	1,688	353.08
NAICS 48-49 Transportation and warehousing	1,754	5%	7%	9%	1,894	108.38
NAICS 621 Ambulatory health care services	2,293	6%	31%	27%	2,976	682.52
NAICS 622 Hospitals	3,100	6%	27%	16%	4,152	1,051.99
NAICS 623 Nursing and residential care facilities	1,530	4%	14%	13%	1,700	169.97

The largest expected growth areas in the region should be found in hospitality, health care, mining, and the financial industry. Owensboro has lost significantly fewer manufacturing jobs than the nation; however, little growth is expected nationally or regionally in this sector. The exception seems to be food manufacturing, where Owensboro can expect some potential job growth.

Industry Cluster and Occupational Skill Area Analysis

The following is an analysis of the primary industry clusters and occupational skill areas found in the Greater Owensboro region. A business cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters are

considered to increase the productivity with which companies can compete, nationally and globally. In urban study, the term agglomeration is often used.

This term industry cluster, or agglomeration, was introduced and the term cluster popularized by Michael Porter in *The Competitive Advantage of Nations* (1990). The importance of economic geography, or more correctly geographical economics, was also brought to attention by Paul Krugman in *Geography and Trade* (1991). Cluster development has since become a focus for many government programs. While not a “silver bullet” clusters can be helpful in economic development for understanding the interdependence among businesses and the competitive advantages found in certain regions which can guide the development of economic development strategy and growth opportunities.

Top Location Quotients

The following tables and graph depicts the top location quotients in the Owensboro MSA, Daviess and Hancock counties. A location quotient greater than one (LQ>1) signifies that the local region specializes more than the nation as a whole in that particular sector (or industry). The higher the location quotient, the greater the local specialization and the greater the local comparative advantage in the given sector or industry.

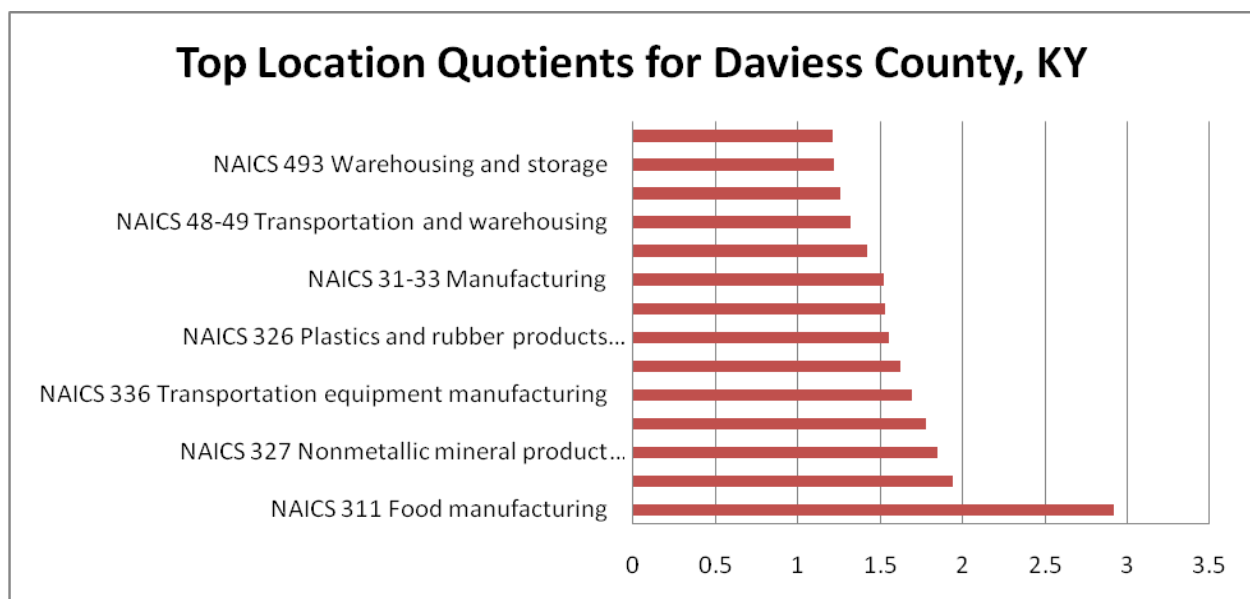
Table 13 below includes a comparison of location quotients from the MSA, Daviess and Hancock counties from 2001 to 2008. The most notable change is the increased concentration of manufacturing over the eight year period. Manufacturing grew in concentration regionally from 1.7 to 1.96. Metal manufacturing is the largest specific industry cluster and its concentration grew as well between 2001 and 2008 from 11.88 to 14.06 (106.86 to 138.17 in Hancock County alone). This growth in concentration of jobs in manufacturing is usually a sign of the need for increased diversification.

Table 13: Location Quotients for Owensboro MSA, Daviess, and Hancock counties (2001, 2008)

Industry	Owensboro, KY MSA 2001	Owensboro, KY MSA 2008	Daviess County, Kentucky 2001	Daviess County, Kentucky 2008	Hancock County, Kentucky 2001	Hancock County, Kentucky 2008
Natural Resources and Mining	0.67	0.72	0.45	0.52	0.09	0.29
Construction	1.34	0.94	1.43	0.97	0.66	0.41
Manufacturing	1.7	1.96	1.28	1.52	5.15	6.49
Trade, Transportation, and Utilities	1.14	1.09	1.23	1.16	0.37	0.33
Information	0.45	0.48	0.51	0.55	0.09	0.13
Financial Activities	0.75	0.87	0.81	0.91	0.25	0.43
Professional and Business Services	0.52	0.5	0.58	0.55	0.15	0.14
Education and Health Services	0.8	0.84	0.87	0.91	0.2	0.26
Leisure and Hospitality	0.86	0.99	0.97	1.08	0.17	0.15
Other Services	0.95	1.09	1.03	1.16	0.31	0.3

Specific Industries (by NAICS Code)						
Industry	Owensboro, KY MSA 2001	Owensboro, KY MSA 2008	Daviess County, Kentucky 2001	Daviess County, Kentucky 2008	Hancock County, Kentucky 2001	Hancock County, Kentucky 2008
NAICS 48-49 Transportation and warehousing	ND	1.19	1.25	1.32	0.52	ND
NAICS 52 Finance and insurance	0.81	0.88	0.88	1	0.26	0.51
NAICS 311 Food manufacturing	1.91	2.01	2.36	2.92	NC	NC
NAICS 336 Transportation equipment manufacturing	ND	1.49	ND	1.69	ND	NC
NAICS 441 Motor vehicle and parts dealers	1.14	1.1	1.25	1.16	0.15	0.28
NAICS 331 Primary metal manufacturing	11.88	14.06	1.8	1.94	106.86	138.17
NAICS 332 Fabricated metal product manufacturing	ND	ND	1.85	1.42	ND	ND
NAICS 484 Truck transportation	ND	1.39	1.18	1.53	ND	ND
NAICS 486 Pipeline transportation	ND	31.8	44.5	36.04	NC	NC
NAICS 493 Warehousing and storage	ND	ND	1.61	1.22	ND	NC
NAICS 621 Ambulatory health care services	1.09	1.16	1.23	1.26	0.15	0.34
NAICS 623 Nursing and residential care facilities	1.53	1.44	1.64	1.54	ND	ND
NAICS 522 Credit intermediation and related activities	1.38	1.72	1.47	1.78	0.47	0.96
NAICS 811 Repair and maintenance	1.13	1.98	1.19	2.1	0.28	0.34

Source: Bureau of Labor Statistics, Location Quotients



Daviess County Location Quotients

The degree of Owensboro's specialization (comparative advantage) varies significantly among the industry sectors as shown by location quotients displayed in Table 14. At 36 the most impressive location quotient is shown by NAISC code 486, pipeline transportation. This is the industry in which Texas Gas, Boardwalk Pipelines and Southern Star Gas Pipelines employ hundreds of people in the Owensboro MSA. This indicates that the industry is almost 36 times as high as that industry's share nationally.

The second most impressive location quotient is 2.92 in food manufacturing (NAICS 311). Various other forms of manufacturing also show impressive location quotients ranging from 1.94 for primary metals to 1.69 for auto parts manufacturing. Credit intermediation, such as that done by US Bank in Owensboro, also shows impressive location quotients with a 1.78. Finance and insurance increased from a 0.88 to a 1 between 2001 and 2008.

Opportunities for growth exist in several logistics area location quotients. Transportation and warehousing increased from a 1.25 in 2001 to 1.32 in 2008. Truck transportation increased from 1.18 to 1.53 during the same period.

Table 14: Top Location Quotients for Daviess County, Kentucky, 2008

Industry	Daviess County, Kentucky
NAICS 486 Pipeline transportation	36.04
NAICS 311 Food manufacturing	2.92
NAICS 331 Primary metal manufacturing	1.94
NAICS 327 Nonmetallic mineral product manufacturing	1.85
NAICS 522 Credit intermediation and related activities	1.78
NAICS 336 Transportation equipment manufacturing	1.69
NAICS 325 Chemical manufacturing	1.62
NAICS 326 Plastics and rubber products manufacturing	1.55
NAICS 484 Truck transportation	1.53
NAICS 31-33 Manufacturing	1.52
NAICS 332 Fabricated metal product manufacturing	1.42
NAICS 48-49 Transportation and warehousing	1.32
NAICS 621 Ambulatory health care services	1.26
NAICS 493 Warehousing and storage	1.22
NAICS 424 Merchant wholesalers, nondurable goods	1.21

Source: Bureau of Labor Statistics

The following section includes a more detailed look at five clusters: manufacturing, logistics, health care, life sciences, and professional services.

Manufacturing Cluster

Manufacturing has been the single most important sector of the Greater Owensboro economy since the middle of the 20th Century. On the national level, this sector has been severely impacted by changes in technology and the globalization of the economy. The national economy has lost manufacturing jobs at an alarming rate over the past decade. This is one area where Owensboro exceeds the national, state, and levels of most peer and benchmark regions. Owensboro lost 8 percent of jobs in this sector. The national rate during this period was 18 percent, while Kentucky lost 13.7 percent of manufacturing jobs.

Depending on the sources of data, manufacturing constitutes between 15 and 23 percent of all jobs in the Owensboro region. The national average is around eight percent.

The largest manufacturing clusters in Owensboro are aluminum and metals manufacturing with an LQ of over 36 in the labor market region. In the seven counties of northwest Kentucky around the cities of Henderson and Owensboro, the aluminum industry employs over 5,000 people at over 30 establishments with an annual payroll of nearly \$300 million. With an employment multiplier of about 2.5, the industry accounts for 16,000 direct and indirect jobs in northwest Kentucky alone.

The second largest manufacturing cluster is foods with an LQ of 2.92 in Daviess County. This cluster includes sub-clusters with high regional location quotients such as animal slaughtering and processing (3.56), fruit and vegetable product manufacturing (2.18), and grain and oilseed milling (4.7 regional, 8.11 in Daviess County).

Table 15: Manufacturing Industry Clusters by NAISC Code for Labor Market Region

Occupation	2009 Jobs	5 Year Growth % Change	LQ
Alumina and Aluminum Production	4,219	-10%	36.87
Animal Slaughtering and Processing	3,363	8%	3.56
Motor Vehicle Parts Manufacturing	2,606	11%	2.95
Pharmaceutical and Medicine Manufacturing	1,878	9%	3.41
Pulp, Paper and Paper Mills	782	7%	3.58
Fruit and Vegetable Product Manufacturing	705	6%	2.18
Grain and Oilseed Milling	530	1%	4.70
Tobacco Manufacturing	148	-10%	4.14

Table 16 below includes occupational clusters in several manufacturing or production areas in the Owensboro region. The region includes several very high concentrations of production skills clusters, including industrial machine mechanics, which ranks second nationally in employment concentration in the Owensboro MSA. Overall eight skill areas rank with a location quotient near or above a two, indicating that these occupational clusters are twice as prevalent in the Owensboro region as they are nationally.

While production occupations in the MSA pay a higher annual wage than the per capita income, these occupational areas are in decline nationally. Nine out of the 12 occupations that are highly concentrated in the region are in decline over the next five years. Employment growth nation-wide is expected to continue to decline in the manufacturing sector.

Table 16: Manufacturing-Production Occupational Cluster, Owensboro MSA

Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth
Production Occupations	6,880	\$15.56	\$32,370	1.92	-4.90%
Helpers--Production Workers	520	\$11.57	\$24,060	2.88	-0.50%
Sewing Machine Operators	180	\$9.26	\$19,260	2.61	-27.80%
Packaging and Filling Machine Operators and Tenders	220	\$18.14	\$37,740	2.50	-5.40%
Inspectors, Testers, Sorters, Samplers, and Weighers	380	\$14.37	\$29,890	2.25	-7%
First-Line Supervisors/Managers of Production and Operating Workers	530	\$25.89	\$53,860	2.23	-4.80%
Coating, Painting, and Spraying Machine Setters, Operators, and Tenders	70	\$16.52	\$34,370	1.87	-12.86%
Assemblers and Fabricators, All Other	130	\$10.32	\$21,470	1.13	-4.40%
Industrial Production Managers	130	\$40.96	\$85,200	2.33	-5.80%
Bakers	120	NA	NA	2.35	10.50%
Electricians	330	\$22.79	\$47,410	1.44	7.40%
*Industrial Machinery Mechanics--second ranked nationally	550	\$22.76	\$47,340	5.42	9%

Table 17 below provides specific details about occupational clusters in the metals manufacturing areas. In this cluster, the Owensboro MSA has four occupations which are ranked in the top five nationally. Two, Milling and Planing Machine Setters and Tool Grinders, Filers, and Sharpeners, have the largest skill concentration in the nation. The Owensboro MSA has six metal production occupational areas with LQs above a five.

Also noteworthy is the high level of pay in the metals occupational skill areas. All metal production skill areas are above the Owensboro MSA per capita income, two are above a \$40,000 annual salary. The main challenge for the region is that despite this overwhelming skill concentration, the future employment outlook for these occupations are in decline. Six of the seven occupational areas highly represented in the Owensboro MSA are expected to decline at rates between 12 and 25 percent by 2016.

Table 17: Metals Production Occupational Cluster, Owensboro MSA

Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth	National Rank
Milling and Planing Machine Setters, Operators, and Tenders, Metal and Plastic	90	\$14.15	\$29,430	9.48	-21.10%	1
Tool Grinders, Filers, and Sharpeners	50	\$20.77	\$43,210	8.42	-15.70%	1
Rolling Machine Setters, Operators, and Tenders, Metal and Plastic	340	\$19.82	\$41,220	8.42	-11.80%	2
Heat Treating Equipment Setters, Operators, and Tenders, Metal and Plastic	60	\$15.76	\$32,780	7.01	-14.80%	5
Plating and Coating Machine Setters, Operators, and Tenders, Metal and Plastic	80	\$14.38	\$29,920	5.48	-12.20%	
Metal Workers and Plastic Workers, All Other	80	\$16.59	\$34,510	5.06	-25.10%	
Welders, Cutters, Solderers, and Brazers	550	\$15.67	\$32,590	3.87	5.10%	

Transportation and Logistics Cluster

Owensboro’s central geographic location suggests an apparent comparative advantage for its logistics industry. The degree of Owensboro’s specialization (comparative advantage) varies significantly among the sectors of the logistics industry as shown by location quotients displayed in Tables 18-19. At 36 the

most impressive location quotient is shown by NAISC code 486, pipeline transportation. This is the industry in which Texas Gas, Boardwalk Pipelines and Southern Star Gas Pipelines employ hundreds of people in the Owensboro MSA. This indicates that the industry is almost 36 times as high as that industry's share nationally.

The second most impressive location quotient is 6.7 in port and harbor operations (NAICS 488310). Various forms of freight trucking also show impressive location quotients ranging from 1.98 for specialized freight to 1.5 for long distance trucking. Support activities for water transportation also show impressive location quotients with a 1.6. Owensboro has a larger concentration of warehousing and storage with a location quotient of just over one. The presence of corporations such as Unifirst make this area an opportunity for future growth.

Table 18: Transportation and Logistics Employment and Growth

	2009 Jobs	5 Year Change % Growth	LQ
Daviess	3,226	4%	1.32
Vanderburgh	7,966	0%	1.6
Region	21,085	4%	1.4
Kentucky	166,752	6%	1.5
United States	10,233,138	6%	

Table 19: Transportation and Logistics Industry Clusters by NAICS Code for Labor Market Region

Occupation	2009 Jobs	5 Year Growth % Change	LQ
Truck Transportation	3,953	10%	1.5
Warehousing and Storage	260	2%	1.22* OWB
Pipeline Transportation	392	2%	36*OWB
Couriers and Messengers	549	3%	1.1
Water Transportation	348	1%	1.6

Table 20 provides local employment, location quotients and five-year growth projections for five of the 16 most prominent occupations in the logistics industry, according to the Council of Supply Chain Management Professionals. The occupations are based on the occupational classifications used by the Bureau of Labor Statistics. The Owensboro MSA has a location quotient of higher than one each of these areas. The highest LQ is in the Crane and Tower Operator sector with a 3.73.

Table 20: Transportation Occupational Cluster, Owensboro MSA

Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth
Crane and Tower Operators	60	\$17.89	\$37,210	3.73	2.80%
Industrial Truck and Tractor Operators	580	\$14.70	\$30,570	2.58	-2%
Truck Drivers, Heavy and Tractor-Trailer	590	\$15.86	\$32,990	1.79	10.30%
First-Line Supervisors/Managers of Transportation and Material-Moving Machine and Vehicle Operators	100	\$21.73	\$45,200	1.27	10.20%
Transportation, Storage, and Distribution Managers	40	\$30.74	\$63,940	1.15	8.40%

Health Care Cluster

Many labor economists predict that the fastest growing and most stable jobs sector in the coming decade will be the health care sector. Health care professions provide opportunities for many regions to fill many lost jobs in manufacturing.

Owensboro currently has a higher than average percentage of jobs in health care (10%) compared to both peer regions and nation (9% and 8% respectively). Table 21 below includes data on health care employment.

Hospitals make substantial contributions to local and regional economies through the purchase of goods and services and the employment of large numbers of workers. An analysis of data from the Bureau of Economic Analysis and the Bureau of Labor Statistics using RIMS II multipliers demonstrates that health care is a base industry in the Owensboro metropolitan statistical area, meaning that each dollar in earnings and jobs for employment create additional earnings and jobs in the region. The investment by the Owensboro Medical Health System (OMHS) in the local economy with a new hospital will lead to 500 new long-term health care jobs over the next five years, which will ultimately translate to a total of 800 net new jobs in the region and over \$24 million in new payroll earnings in the five county area. OMHS current annual payroll is \$162,936,094, employing 3,147, an increase of 1,000 people since 1995.

Table 21: Health Care Employment and Growth

	2009 Jobs	5 Year Change % Growth	LQ
Daviess	5,439	10%	1.26
Vanderburgh	18,644	8%	1.43
Region	38,458	9%	1.11
Kentucky	241,138	12%	0.96
United States	18,748,015	13%	

Another significant measure of export revenue from the health care industry is the percentage of Medicare received from Medicare patients outside the metropolitan area. According to data supplied by OMHS, roughly \$75 million in net payments, or 20 percent, come from patients outside the Owensboro MSA.

Occupational cluster data in Table 23 below from the Bureau of Labor Statistics shows a stronger concentration of health care related occupations in the Greater Owensboro region than nationally, another indicator of the significance of the health care sector to the overall regional economic base. The average salary for health practitioner occupations in the Greater Owensboro region is over \$52,000 per year, more than double the median income of the Owensboro MSA.

Table 22: Health Care Industry Clusters by NAISC Code for Labor Market Region

Occupation	2009 Jobs	5 Year Growth % Change	LQ
General Surgical Hospitals	11,84	8%	1.47
Physicians Offices	5,688	9%	1.21
Nursing Care Facilities	5,145	2%	1.67
Vocational Rehabilitation	1,327	1%	1.82

Table 23: Health Care Occupational Cluster, Owensboro MSA

Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth
Healthcare Practitioner and Technical Occupations	3,370	\$25.30	\$52,630	1.32	19.70%
Healthcare Support Occupations	1,560	\$10.68	\$22,210	1.14	16.70%
Surgical Technologists	120	\$15.01	\$31,230	3.70	24.40%
Physical Therapist Assistants	50	\$21.16	\$44,020	2.24	28.90%
Radiologic Technologists and Technicians	150	\$22.60	\$47,010	1.99	15.10%
Pharmacy Technicians	200	\$9.96	\$20,720	1.71	32%
Nursing Aides, Orderlies, and Attendants	870	\$9.62	\$20,000	1.69	18.20%
Registered Nurses	1,520	\$24.19	\$50,320	1.65	23.50%
Licensed Practical and Licensed Vocational Nurses	320	\$16.88	\$35,110	1.21	14%

Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth
Medical and Clinical Laboratory Technologists	70	\$23.81	\$49,530	1.16	15%
Physician Assistants	30	\$50.02	\$104,050	1.15	27%
Medical Records and Health Information Technicians	70	\$11.59	\$24,110	1.15	17.80%
Medical and Clinical Laboratory Technicians	60	\$16.10	\$33,490	1.11	12.40%
Medical Assistants	190	\$11.72	\$24,380	1.10	35.40%
Respiratory Therapists	40	\$20.15	\$41,910	1.06	22.60%
Medical and Health Services Managers	100	\$31.10	\$64,690	1.07	16.40%

Life Science and Plant Biotechnology Cluster

In 2006 the Greater Owensboro Economic Development Corp. released *A Strategic Plan for the Development of the Life Sciences in Greater Owensboro*, suggesting a new economic development approach focusing on high technology sector developments in the life sciences. The report contained nine major recommendations for building a competitive advantage for the Owensboro region in the life sciences. Owensboro possesses unique assets in the emerging plant-made pharmaceutical (PMP) field. As PMPs mature and become an industry, the Owensboro region is well positioned due to the presence of both human and intellectual capital at Kentucky BioProcessing, regional agricultural expertise, and higher education partnership in cancer research. The primary goal is to locate the PMP industry in Owensboro.

Kentucky BioProcessing is a catalyst for the PMP industry. KBP is the world's only full scale facility designed and built for the commercial production of plant made pharmaceuticals. The company uses tobacco as a bioreactor to produce disease curing proteins. Farmers are also getting involved in producing crops for use in biotechnology products through the Owensboro Biotech Alliance. OBA has a database of regional farmers that enjoy a national reputation for compliance with USDA regulations and a willingness to grow crops for use by plant biotech companies.

Four years after advancing the strategy to lure high tech life science companies, significant infrastructure is in place for Owensboro to be an epicenter for plant biotechnology. With financial support from the City of Owensboro, the Daviess County Fiscal Court, Owensboro Medical Health System and other private investors, the GO-EDC built a framework to support entrepreneurs and high tech startups through the Emerging Ventures Center for Innovation, part of the state Innovation and

Commercialization framework. The City of Owensboro also committed \$500,000 to the Emerging Ventures Seed Fund to provide capital for startup companies.

The latest investment in the high tech infrastructure in Owensboro to support KBP and the growth of plant biotech companies is a new business and research accelerator. The Centre will be equipped with life science labs suitable for education of undergraduate and graduate students, externally funded university research, and incubation of many of the small biotech companies working with KBP.

The most significant challenge in growing the PMP industry in Owensboro is capturing the talent and highly educated workforce for both biotech startups as well as the bio-manufacturing that will likely take place in Owensboro as a result of the work of KBP. In the case of this emerging industry, existing occupational skill clusters utilizing regulatory processes and quality control such as food and chemical manufacturing provide an employment base. Newly developed degree programs at the Owensboro Community and Technical College, Western Kentucky University-Owensboro, Kentucky Wesleyan College, and Sullivan University provide a future pipeline of talent.

Table 24: Industry Clusters relevant to Plant Pharmaceutical Production in Labor Market Region

NAICS Code	Industry Description	Employment	Mean Annual Earnings	LQ	Future Growth
3254	Pharmaceutical and medicine manufacturing	1,878	\$143,875	3.41	9%
3259	Chemical product manufacturing	747	\$64,860	4.17	-16%
3114	Fruit and vegetable manufacturing	705	\$65,901	2.18	6%
3121	Beverage manufacturing	530	\$78,620	1.57	2%
3115	Dairy product manufacturing	388	\$53,822	1.61	15%
3119	Other food manufacturing	352	\$50,831	1.08	6%
3251	Basic chemical manufacturing	211	\$100,462	0.78	-11%

Source: EMSI Owensboro Regional Asset Map, Green River Workforce Investment Board

Professional Services/ Back Offices

One of the fastest growing job sectors of the national economy is the business and professional service area. The largest private employer in Daviess County and the Owensboro MSA is US Bank Home Mortgage, with over 1,100 employees in a back office and mortgage processing center based in three locations in Owensboro.

The US Bank footprint is reflected in the 1.78 location quotient for credit intermediation. However, other location quotients in professional service sectors are low (Table 25), yet occupational skill concentrations in several skill areas needed for professional services are strong (Table 26).

The region has heavy concentration of occupational talent in purchasing, cost estimators, and human resources. The major weakness is a lack of highly concentrated workforce in information technology,

which is a major aspect of business and professional services occupations providing support for back office or call centers in the modern economy.

Overall, given the concentration of the workforce at US Bank and the presence of four local colleges in the region, Owensboro has an opportunity to attract additional professional service or back office locations.

Table 25: Location Quotients for Professional Services in Daviess County, KY

Industry	Daviess County, Kentucky
Information	0.55
Financial Activities	0.91
Professional and Business Services	0.55
NAICS 52 Finance and insurance	1
NAICS 522 Credit intermediation and related activities	1.78
NAICS 541 Professional and Technical Services	0.34
NAICS 551 Management of companies and enterprises	0.25

Source: Bureau of Labor Statistics, Location Quotients

Table 26: Occupational Skill Clusters for Professional Services in Owensboro MSA

Cluster	Occupation	Employment	Mean Hourly	Mean Annual	LQ	Future Growth
Business-Finance	Loan Officers	210	\$27.61	\$57,420	1.80	11.40%
Business-Finance	Purchasing Agents, Except Wholesale, Retail, and Farm Products	130	\$21.54	\$44,810	1.25	-8.60%
Business-Finance	Cost Estimators	80	\$29.70	\$61,770	1.01	18.50%
Management	Human Resources Managers, All Other	40	\$33.70	\$70,100	1.81	12.50%
Office-Admin	Stock Clerks and Order Fillers	740	\$10.20	\$21,220	1.09	-7.60%
Office-Admin	Shipping, Receiving, and Traffic Clerks	300	\$13.20	\$27,450	1.09	3.60%

Source: Bureau of Labor Statistics

PART III: PUBLIC INPUT AND S.W.O.T. ANALYSIS

Input from Stakeholder Groups

In the development of this strategy the EDC sought input from various stakeholder groups and the general public. All documents related to the process were published on a special Strategic Planning page of the EDC website. See Appendix B: EDC Strategic Planning Process. The following is a schedule and list of participating organizations involved with the development of the plan:

June 8, 2010- EDC Board of Directors, EDC Investors, Large Employers

June 22, 2010- Candidates for Public Office from the City and the County (two separate meetings)

June 24, 2010- The following EDC partners: GO- Chamber of Commerce, Convention and Visitor's Bureau, Owensboro Metropolitan Planning Commission, Owensboro-Daviess County Regional Airport, Owensboro Riverport, GRADD, Owensboro Community and Technical College, Kentucky Wesleyan College, Brescia University, Western Kentucky University-Owensboro, and Emerge Leadership Class Members

June 28, 2010- an input meeting open to the public with prior notice of the meeting published in the Messenger-Inquirer. Between 30 and 40 people attended.

July 26, 2010- Region of Opportunity Team (ROOT), part of the We the People Town Meeting, this meeting with open to the public and notice was sent to all participants in the We the People database. Eight people attended this meeting.

Economic Development Priority Survey

All participants in the Strategic Planning meetings as well as a small number of respondents online and through the EDC Facebook site completed an Economic Development Priority Survey. The survey asked respondents to prioritize strategies and activities for the EDC. A total of 83 surveys were completed and tabulated. A copy of the survey is found in Appendix A. The following are the results of the EDC Priority Surveys:

Top Economic Development Priorities

1. Existing Business Retention
2. Innovation and Entrepreneurship
3. Workforce Development
4. Infrastructure Development
5. New Business Attraction
6. Placemaking

Top Priorities within Existing Business Retention

1. Support for Stage II Company growth
2. Aluminum Industry Retention
3. Existing Business Visitation Program

Top Priority Targets for New Business Expansion

1. Life Science Companies
2. Food Manufacturing
3. Logistics
4. Back Office- Small Headquarters

Top Priorities within Innovation

1. Business Incubator/ Accelerator
2. Venture Capital/ Angel Investment
3. Entrepreneurship Program

Top Priorities within Workforce Development

1. Incumbent workforce
2. High school – workforce connections
3. Life Science / allied health programs

Top Priorities for Infrastructure Development

1. Transportation (Interstate network)
2. Commercial air service
3. Industrial Land in Hancock County
4. Riverport/ Airport infrastructure

Top Priorities within Placemaking

1. Downtown development projects
2. I-64/ I-65 Corridor planning
3. OMHS Parrish Campus
4. Destination tourism
5. Retail development

Top Priority Targets for Talent Recruitment

1. Young Professionals
2. Entrepreneurs
3. College Students
4. Second Lifers/ Military

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. The following is a SWOT analysis evaluating the growth potential industry in the Greater Owensboro region.

Strengths

- Location of Owensboro, close to the median center of US population
- Existing infrastructure such as the Riverport (with foreign trade zone), Airport, rail, and river
- Location of existing mature manufacturing, distribution industries, expertise and infrastructure
- Pipeline transportation cluster is a mature industry with high paying jobs, existing infrastructure and a highly skilled workforce.

- Owensboro has been successful in retaining a larger share of manufacturing jobs than many peer regions and nationally. Continued efforts to promote existing industry retention should be a priority.
- The Owensboro and Evansville region collectively have moderately high location quotients in several manufacturing and logistics areas such as food manufacturing, warehousing and fulfillment, trucking, and automotive parts manufacturing.
- Ample land for development along the river, near the airport and adjacent to highways.
- Available workforce with the skills for jobs in manufacturing and logistics. Among highest concentration of occupational skills in several areas of metal production, and industrial mechanics. High concentrations also in several professional service areas.
- Kentucky BioProcessing is a catalyst for the growth of the PMP industry in Owensboro
- Entrepreneurial infrastructure created with Emerging Ventures, Centre for Business and Research, and the Emerging Ventures Seed Feed.
- Quality of Place amenities in place for downtown development, the arts, and other recreational and amenities.
- Low cost region (taxes, energy, transportation, housing)
- Owensboro Community and Technical College workforce development programs and two-year degree programs in manufacturing offered at new Advanced Technology Center
- High quality education from public schools to four colleges and universities.

Weaknesses

- Not currently on the national interstate network, I-69 will be the closest interstate highway, accessible via the Audubon Parkway as a designated interstate spur. The I-64/I-65 connector will provide four-lane access to both I-65 and I-64.
- Much of the land for development of river and rail access is in the flood way. Hancock County has the most attractive river, rail, highway accessible land (opportunity).
- The Owensboro MSA has relatively low location quotients in several professional service and business back office functions, this limits potential opportunities for high paying professional jobs that could be attracted to the region due to the lack of a highly concentrated workforce.
- Workforce is a weakness for opportunities to grow the biotech sector; existing degree programs in biotech at local colleges have not attracted very many students.
- The transition from production-oriented jobs to higher tech advanced manufacturing jobs has led to skill gaps in the workforce in manufacturing. Existing manufacturing programs at OCTC do not attract many young students wishing to take manufacturing out of high school.
- Owensboro has struggled to attract and retain young people; the city lacks the image as a progressive and fun town for young people.
- Nearly all of the most highly concentrated occupational skill areas in the Owensboro MSA are in occupational areas that are in decline, such as those in production-oriented manufacturing—more specifically metal production.

- Lack of workforce training programs in logistics areas; this is also a potential opportunity for the Owensboro Community and Technical College to offer degrees and certificates similar to the Logistics Management program offered by Ivy Tech Community College in Indiana.

Opportunities

- The Owensboro-Daviess County Regional Airport is an underutilized asset with a newly expanded runway and ample land for expansion.
- Continued growth of the Owensboro Medical Health System will create opportunities within the health care industry. The new hospital will not only create a vibrant corridor on the east side of the county, but it will also create an opportunity to connect the OMHS Parrish Campus to the downtown development strategy as well as transform the entire ninth street area into a research and education corridor, with many uses of the OMHS already focused on education and research.
- The Owensboro MSA has location quotients and high enough concentrations in occupational skills in several areas that point to potential opportunities for new business attraction in logistics and manufacturing.
- River container traffic is likely to be headed toward inland waterways. This is a result of the expanded third channel of the Panama Canal which is expected to open in 2014. This should push more containers from the west coast to inland waterways. Owensboro has an opportunity to capture some of the container businesses due to its location and infrastructure at the ORA. Additional investments will have to be made to fully attract the inland container business.
- Owensboro is located between two large military bases, Ft. Knox (KY) and Ft. Campbell (KY-TN) and the two most important shipping companies in the world, UPS World Port in Louisville, KY and FedEx Operations Center in Memphis, TN. The region could gain a competitive advantage from its proximity between these key assets in areas such as warehousing, troop and goods transport, and aircraft maintenance.
- Explore mechanisms to extend the Foreign Trade Zone at the ORA to available property at OWB or the Mid-America Airpark for potential warehousing operations.
- The full development of the PMP industry should begin to emerge over the next five years, continued support for KBP is critical over the next several years.
- In the event that PMPs do not emerge as a major industry, alternative uses for KBP such as plant natural product production and alternative energy should remain an option.
- The growth of the health care industry can provide highly skilled and high paying jobs for people in the region—the primary issue is developing the workforce to fill these jobs in the future. Programs to connect high school students to these opportunities are critical.
- Owensboro has an ample water supply for the continued attraction of food-oriented manufacturing. This combined with a high location quotient, strong agriculture sector, food science expertise from WKU-O and incubator space at the Centre for Business and Research as

well as a unique bachelor degree program at WKU-O in food manufacturing lead to a significant competitive advantage.

- Owensboro can better position itself to attract more professional service jobs with continued investments into a creative and quality of place infrastructure that makes the region more attractive to young people and college students.
- The Skillman Site in Hancock County is listed as one of Kentucky's top sites for a nuclear power facility. Such a facility could be a potential game-changer from the standpoint of new jobs and keeping the region competitive as a provider of low cost energy.
- Owensboro has high location quotients and strong workforce occupational skill concentrations in manufacturing. While the attraction of these facilities is on the decline nationally due to globalization and cost factors, startup companies in manufacturing are among the fastest growing entrepreneurial ventures. Capitalizing on the existing manufacturing talent in the region for startup companies supported by Emerging Ventures, the OCTC Advanced Technology Center, and the Centre for Business and Research is an opportunity.
- Stage II companies are among the most important in the economy. They are also among the most ignored. They are critical because they are powerhouses when it comes to job creation. Second stage companies are privately held enterprises that have 10 to 99 employees. Second stage companies represented only 11.8 percent of all resident companies in the United States, but generated 34 percent of positive job growth.

Threats

- Dependence on energy-intensive industries such as aluminum will create a long-term problem for the region. Efforts to support aluminum through the Kentucky Aluminum Network vitally important, however, focus on industries that are less energy intensive such as logistics should be a major emphasis. The region needs to accept the inevitability of efforts to curb carbon emissions and either work toward a research and development solution or accept the fact that energy costs will be higher in the future.
- Several regions, including many in Kentucky and nearby states, have set strategic priorities to position themselves for public infrastructure investments, especially in the area of logistics.
- Lack of public and private resources to support future infrastructure needs is a threat to the competitiveness of the region in the logistics industry.
- The region needs an effective communication and marketing strategy.
- Lack of stable support for economic development, the region should look at Northern Kentucky scenario of tax on rental cars for more sustainable financial support for economic development activities.

**PART IV: ECONOMIC DEVELOPMENT STRATEGY
AND 2010-2015 STRATEGIC PLAN**

Based on the evaluation of data in this document, the SWOT analysis conducted by the staff, and public input and feedback gathered in June and July 2010, the strategy will consist of a three pronged emphasis focusing on the following:

- **TALENT**- Developing, Attracting, and Retaining Talent
- **INNOVATION AND INDUSTRY**- Providing Support for Existing and Emerging Industry Clusters
- **PLACE**- Creating a Quality of Place that Meets the Needs of Current and Future Residents

TALENT

Developing, Attracting, and Retaining Talent

Talent Attraction is important. Joel Kotkin in his book the *Next Hundred Million* talks about how America is growing at a record rate. In his opinion, and in the opinion of other demographers and economic development experts, the heartland is going to be a winner in capturing the next 100 million Americans.



- ❖ *Owensboro U-College Town Marketing* efforts to brand Owensboro as a college town with a goal of



having nearly 10,000, undergraduates enrolled by 2020. This is important since two out of three college graduates remain in the community where they attend college.

- ❖ *Second Lifers*- from retired career military to retiring Baby Boomers, the location quotient for retired people in Owensboro is high. The expansion of OMHS, the climate and location make it a favorable location for second lifers to bring their nest eggs ready for second careers.
- ❖ *Young Professionals* – this is the hardest group to capture in Owensboro. Recent initiatives with Placemaking and downtown revitalization are directed toward success in attracting this demographic. While

professional job opportunities are a problem in attracting young professionals, an increasing number have portable jobs that allow them to work anywhere. As a result, they are choosing cities for quality

of place rather than jobs. According Kotkin, Americans working at home increased by 23 percent between 1990 and 2000 to over four million. This is a prime target area to attract young professional talent in

Owensboro.

- ❖ *Medical professionals*-assist OMHS with quality of life issues regarding the recruitment of

medical professionals.

Education is a top economic development tool.

Research and development are particularly important, as the university has become the catalyst for economic development in the innovation-based economy.

- ❖ *Research and Education Corridor- between the OMHS Parrish Campus and the Carnegie Village area of downtown Owensboro.* This corridor will focus on the expansion of higher education and applied research programs that support entrepreneurs and create jobs. Bachelor and graduate programs aligned to workforce opportunities in health care and STEM areas will be an important part of reaching the goal of 10,000 undergraduates by 2020. The existing OMHS Parrish Avenue Campus can provide expansion opportunities in health care and medicine.



- ❖ *Workforce Aligned High School Programs-* encourage local school districts to support the creation of joint academy programs aligned to health care, the arts, entrepreneurship, and STEM disciplines.



- ❖ *Certified Work Ready Community-* using criteria established by the state Workforce Investment Board Owensboro will remain on the forefront with cutting edge workforce development programs such as apprenticeships, innovative adult



education, career pathway programs and internships.

INNOVATION AND INDUSTRY

Support for Existing and Emerging Industry

Existing Business Program- Support for existing businesses will continue to be a top priority, since a majority of the new jobs and investment in any given region are created by existing companies. EDC will partner with local businesses and industries to remain engaged in our community, assist them with expansion projects, and increase their competitiveness in the wider marketplace. New industries are also attracted to a region based on agglomerations or clusters of existing companies in any given region. EDC will work within these existing clusters to attract new businesses using a targeted industry approach.

Targeted Business Attraction- EDC will employ a business attraction strategy, using a targeted approach for the attraction of new companies in the following clusters:

- ❖ *Logistics/ Fulfillment/ Transportation-* NAICS Codes 48-49, specifically NAICS 484- Truck transportation, 493 -Warehousing and Storage. The Owensboro Riverport Authority and Owensboro-Daviess County Regional Airport (OWB), through its strategic planning efforts, should evaluate opportunities in the container and aviation industry to assist the



ports in attracting economic development opportunities associated with containers, warehousing, water and rail transportation, aircraft and military logistics.

- ❖ *Advanced Manufacturing*- due to Owensboro being designated as a non-attainment area in air quality, targets for manufacturing will emphasize clean industry, specifically NAICS Codes 311- Food Manufacturing, 336- Transportation Equipment Manufacturing, and 441- Motor Vehicle Parts Manufacturing
- ❖ *Professional and Business Services*- back office and call center facilities such as NAICS Code 522- Credit Intermediation and Related Activities, NAICS 52- Finance and Insurance, specifically NAICS 524 for health insurance claims due to the growth of health care activity regionally and

nationally.

Technology Based Startup Companies- support for startups linked to the areas of emphasis in the Centre for Business and Research and the research and education corridor between OMHS and Carnegie Village.

- ❖ *Plant biotechnology*- working in support of the efforts of Kentucky BioProcessing to make Owensboro the world center of plant

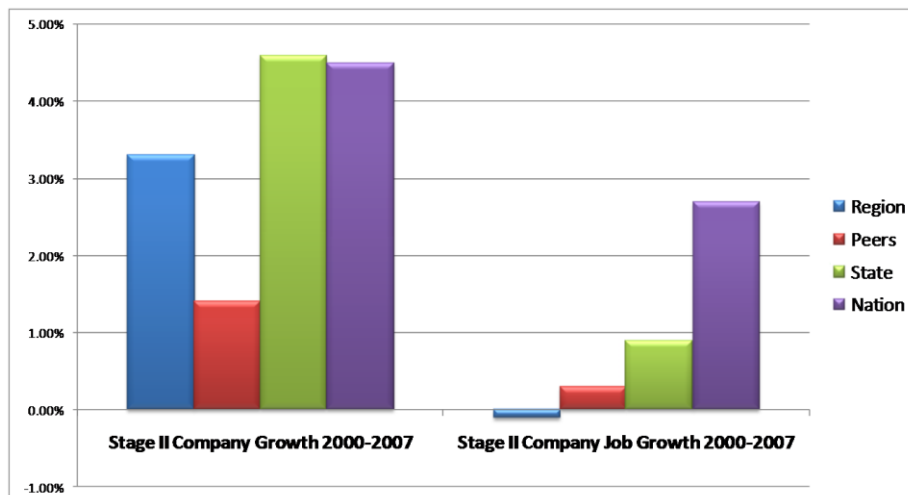


bioprocessing.

- ❖ *Green energy*- entrepreneurs are naturally attracted to this region for the opportunity to create new energy technologies for use in the various high energy consumption industries.
- ❖ *Health care related technologies*- capitalize on the expanding medical infrastructure to

attract entrepreneurs interested in using the hospital as a platform for new health care methods.

- ❖ *Innovative food production*- capitalizing on WKU-O Food Science Research



Center, Food Manufacturing degree, and regional agriculture.

Entrepreneurship - The best long-term strategy for sustained economic growth is to build on the talent in the community through new business startup, the commercialization of ideas, and providing support for Stage II companies to thrive. The infrastructure created during the last five years has been critical in establishing this strategy. Investments in Emerging Ventures, the Centre for Business and Research and the Emerging Ventures Seed Fund will continue.

- ❖ The growth of *Second Stage Companies* (those with between 10 and 99 jobs) has lagged behind the national pace since 2000 (0% of jobs in Daviess County compared to 3% nationally). Phase II Company program, such as Economic Gardening, is a critical aspect of closing this gap.
- ❖ Support for infrastructure useful to *Kentucky BioProcessing* will remain a high priority.

PLACE

Creating a Quality of Place that Meets the Needs of Current and Future Residents

Place, amenities, and livability are the key factor for people in today's world when



choosing a place to live. Many professionals, such as entrepreneurs and health care workers, are choosing smaller towns to avoid the business unfriendly environments of large urban areas, yet the urban appeal of a



vibrant downtown with loft spaces and “urban villages” are critical components in winning the competition for a highly skilled workforce. Investments in the downtown Place Making project, Carnegie Village, and the arts are all critical for not only the entrepreneur and high tech strategy, but to continue to attract and retain traditional industry.

- ❖ Continued implementation of downtown revitalization
- ❖ *Research and Education Corridor Redevelopment Master Plan* - between the OMHS Parrish Campus, Carnegie Village and downtown Owensboro.
- ❖ Well planned expansion of the new OMHS by creating an *I-64/I-65 Corridor Master Plan*.

Logistics/ Transportation Infrastructure

- ❖ The Owensboro Riverport Authority (ORA) should evaluate the opportunity for the container businesses. This includes the professional expertise in evaluating



the business opportunity as well as the necessary *infrastructure improvements needed to attract the container business.*

- ❖ The Riverport, Airport, and EDC will explore other infrastructure needs logistics industry growth, such as rail service to the Airport/ Airpark,
- ❖ Local leadership, including the EDC Board, the advocacy efforts of the Greater Owensboro Chamber of Commerce and other related economic development organizations will work collaboratively on funding opportunities from local, state, and federal sources to make the necessary investments in *transportation infrastructure*, such as I-69, for Owensboro to be competitive in the logistics industry.
- ❖ *Certified River Mega-Site-* explore opportunities to acquire river and rail property in Hancock County. Most of the largest and potentially transformational projects since 2006 have been interested in the river sites in Lewisport. However, the air quality non-attainment designation may impact the extent of investment and type of industrial targets for this property.

Conclusion

Significant infrastructure investments and progress have been made over the past four years creating opportunities for economic diversification in high tech development, continued focus on workforce development and education, and helping to make the region more of a destination and quality place for groups like young professionals.

Despite the accomplishments over the past few years, the 2006 plan suggested a new long-term course for the region focusing on a more comprehensive approach to economic development that had ever been deployed in the Greater Owensboro region. The recent recession and the challenges the region is likely to face with environmental and energy policies necessitate a long-term and comprehensive approach now more than ever.

Community financial support for economic development lags behind many of Owensboro's peer cities. Dubuque, Iowa, for example—a region that consistently out performs Owensboro on most economic measures—has a \$1.7 million budget with nine full-time staff, including three dedicated to existing industries. This is an ambitious plan that will require a consistent level of funding for economic development, especially from the private sector.

The 2010-2015 Strategic Plan suggests continued investment into this strategy of economic diversification and quality of place. At its core this plan is about reaching the next level.

Greater Owensboro Economic Development Corporation

As the Owensboro regional economic development agency, the Greater Owensboro Economic Development Corporation is a public-private partnership formed to create a diversified, sustainable economy generating wealth, quality jobs and improving quality of life of the Owensboro Metropolitan region.

The EDC fulfills its mission through the following activities:

- Create an environment to attract economic investment, business formation, company location and talent.
- Strategic positioning for the long-term development of the region by creating the infrastructure, nurturing a competitive workforce, and creating quality of place to enable the region to compete in the global economy.
- Serve as the primary point of contact for existing companies, new business prospects, and startup companies interested in investing in the region.



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APPENDIX A:

Economic Development Priority Survey

Economic Development Strategic Planning

2010-2015

GO-EDC Strategic Priorities

Please rank areas which GO-EDC should emphasize as part of a comprehensive economic development strategy with one (1) being the highest priority item in each group:

❖ Existing Business Retention

- Aluminum Industry Retention Efforts
- Stage II Company Growth Program (companies between 10-99 employees)
- Existing Business Visitation and Networking
- Other (Please Specify) _____

❖ Investment Attraction Targets

- Advanced Manufacturing with emphasis on Food Production
- Logistics/ Distribution
- Back Office/ Call Centers
- Life Sciences/ Plant Pharmaceuticals
- Other (Please Specify) _____

❖ Innovation/ Commercialization/ Technology Based Companies

- Entrepreneurship Programs
- Business Accelerator/ Incubator
- Venture Capital / Seed Capital
- Other (Please Specify) _____

❖ Talent Attraction Targets

- Retired Baby Boomers
- Retired Military
- College Students
- Entrepreneurs
- Young Professionals
- Other (Please Specify) _____

❖ Infrastructure Development

- Transportation (Interstate 69, Interstate spurs)

- Riverport Container Handling
- Industrial Land in Hancock County
- Airport Improvements
- Other (Please Specify)_____

❖ Education and Workforce Development

- Workforce Retraining Programs
- Health Care and Life Sciences at OMHS Campus
- High School Academies in Life Sciences and Engineering
- College Marketing
- Other (Please Specify)_____

❖ Placemaking Phase II

- Downtown Development Projects
- Destination Tourism
- Retail Development
- OMHS Parrish Ave. Campus
- I-64/ I-65 Corridor/ Highway 54 - Master Plan
- Other (Please Specify)_____

❖ Other Areas of Emphasis

- Please specify_____

If limited funding is available, which strategic areas should EDC focus on as priority strategies? Please rank the following with one (1) being most important and six (6) being least important.

- Existing Business Retention
- Investment/ New Business Attraction
- Entrepreneurship and High Tech Development
- Workforce Development
- Infrastructure Development
- Placemaking

Additional Feedback (Please use the back if necessary):



Complete at <http://www.facebook.com/pages/Greater-Owensboro-Economic-Development-Corp>

APPENDIX B:

Strategic Planning Process

Timeline	Activity	Persons Involved
April 13, 2010	Strategic Planning Process announced at EDC Board Meeting; logistics presentation and discussion with ORA and OWB; Board given logistics study	Nick Brake Bob Whitmer Ed Riney GO-EDC Board members
April 2010	Staff participation on SWOT and gathering of data to support strategic planning process	EDC Staff, Fred Reeves, Mike Baker
May 16, 2010	EDC Board given strategic planning documents with data and analysis in preparation for planning session in the summer Board presentation on Stage II Company program	Nick Brake Madison Silvert GO-EDC Board members
June 8, 2010	EDC Board Meeting with Investors Presentation on current economic development strategy and SWOT; Board members and investors do SWOT and give input to staff	Nick Brake GO-EDC Board members GO-EDC Investors
June-July 2010	EDC Staff and Board Members will host economic development input discussions with elected officials, candidates for office, economic development partners, and the general public	Nick Brake GO-EDC Board members
August 1, 2010	Draft of EDC Plan and Strategy delivered to GO-EDC Board members	Nick Brake GO-EDC Board members
August 10, 2010	Plan is on the EDC Board agenda for approval	GO-EDC Board members