

# Economic Development Strategic Positioning for the Greater Owensboro Region, 2006-2015

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

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

<b>Objective</b>	<b>Accomplishment</b>	<b>Evidence</b>	<b>Date</b>
<b>Existing Business Program</b>	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
<b>New Business/ Investment Attraction</b>	Marketing campaigns, web marketing program, prospecting trips	80% increase in lead generation and projects	Nov 2006 to present
<b>Regional Development</b>	Partnership with Hancock County Industrial Foundation	MOU with Hancock County, Board Representation, Hancock County projects	Aug 2008 to present
<b>Life Science Strategy</b>	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

<b>Objective</b>	<b>Accomplishment</b>	<b>Evidence</b>	<b>Date</b>
<b>Workforce Development</b>	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

<b>Bachelor Degree Attainment</b>	Negotiated MOU with WKU-O; BU, KWC partnerships	WKU-O Campus MOU	July 2007 to present
<b>High School Alignment with the Workforce</b>	Discover College curriculum in Health Care, Biotech and Engineering	Project Lead the Way Grant for OCTC- Discover College	Jan. 2007 to present
<b>Talent Attraction and Development</b>	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

<b>Objective</b>	<b>Accomplishment</b>	<b>Evidence</b>	<b>Date</b>
<b>Innovation and Commercialization Program</b>	IC program, full-time staff, SBDC/ SCORE partnership	State IC funding, Emerging Ventures Center, 18 new companies, 50 jobs	Oct. 2007 to present
<b>Business Incubator</b>	Centre for Business and Research	Funding for Centre from City, County, EDA	Oct. 2008 to present
<b>Applied Research Programs</b>	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
<b>Access to capital</b>	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

<b>Objective</b>	<b>Accomplishment</b>	<b>Evidence</b>	<b>Date</b>
<b>Downtown/Riverfront Development</b>	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
<b>Infrastructure Development</b>	Enhanced transportation network, Riverport, Airport amenities	Partnership with Chamber on Community Priorities, funded transportation/ infrastructure projects	Nov. 2007 to present
<b>Local Incentive Program</b>	Developed Shared Investment strategy for local development incentives	Presented incentive strategy to the City	Sept. 2008 to May 2009
<b>Economic Development Funding</b>	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
<b>Workforce &amp; Population</b>				
<b>Total Population (increase, 00-08)</b>		7%		1.90%
<b>Male</b>	49%	49%	48%	48%
<b>Female</b>	51%	51%	52%	52%
<b>Workforce Participation Rate</b>	64%	65%	64%	61%
<b>Average Commute Time (minutes)</b>	25.5	25.3	20.6	18.9

<b>Poverty</b>				
	<b>United States</b>		<b>Owensboro, KY MSA</b>	
	2000	2008	2000	2008
<b>Below Poverty Level</b>	9.20%	13.20%	12.30%	15.20%
<b>Per Capita Income</b>	\$21,587	\$27,466	\$18,739	\$22,646
<b>Median Household Income</b>	\$41,994	\$52,175	\$36,813	\$42,664
<b>Households under \$25,000</b>	29%	34%	34%	32%
<b>Households over \$200,000</b>	2%	4%	1%	1%
<b>Female householder, no husband present</b>	12%	12%	10%	13%
<b>With own children under 18 years</b>	59%	59%	63%	66%
<b>Female householder, below poverty</b>	27%	28%	32%	41%
<b>With related children under 5 years in poverty</b>	46%	45%	60%	81%
<b>Housing</b>				
<b>Housing Units (increase, 00-08)</b>		10%		33%
<b>Housing Vacancy Rate</b>	9%	12%	6%	9%
<b>Home Ownership Rate</b>	66%	67%	70%	71%
<b>Percent with Mortgage</b>	55%	68%	55%	61%
<b>Median Home Value</b>	\$119,600	\$192,400	\$81,800	\$100,300
<b>Educational Attainment</b>				
<b>Population over 25 with high school or equivalent</b>	80%	85%	81%	85%
<b>Population over 25 with bachelor's degree</b>	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
<b>Total private industries</b>	39,821	100%	1%	16%	38,843	(978.29)
<b>Manufacturing</b>	9,205	23%	-8%	-18%	8,463	(741.51)
<b>Leisure and Hospitality</b>	4,660	12%	26%	13%	6,279	1,619.21
<b>Financial</b>	2,446	6%	18%	6%	2,998	551.67
<b>Professional and Business Services</b>	3,132	8%	3%	8%	2,979	(152.93)
<b>Natural Resources and Mining</b>	477	1%	16%	10%	957	479.76
<b>Agriculture</b>	274	1%	101%	4%	755	480.85
<b>Utilities</b>	181	1%	-11%	-7%	160	(20.96)
<b>Information</b>	524	1%	-9%	-17%	448	(76.36)
<b>Construction</b>	2,358	6%	-28%	-22%	1,404	(953.58)
<b>Education and Health Services</b>	5,275	13%	24%	7%	6,354	1,079
<b>Specific Industry Clusters (by NAICS Code)</b>						
<b>NAICS 331 Primary metal manufacturing</b>	2,196	6%	-10%	79%	1,975	(221.39)
<b>NAICS 311 Food Manufacturing</b>	1,335	3%	18%	-5%	1,688	353.08
<b>NAICS 48-49 Transportation and warehousing</b>	1,754	5%	7%	9%	1,894	108.38
<b>NAICS 621 Ambulatory health care services</b>	2,293	6%	31%	27%	2,976	682.52
<b>NAICS 622 Hospitals</b>	3,100	6%	27%	16%	4,152	1,051.99
<b>NAICS 623 Nursing and residential care facilities</b>	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.

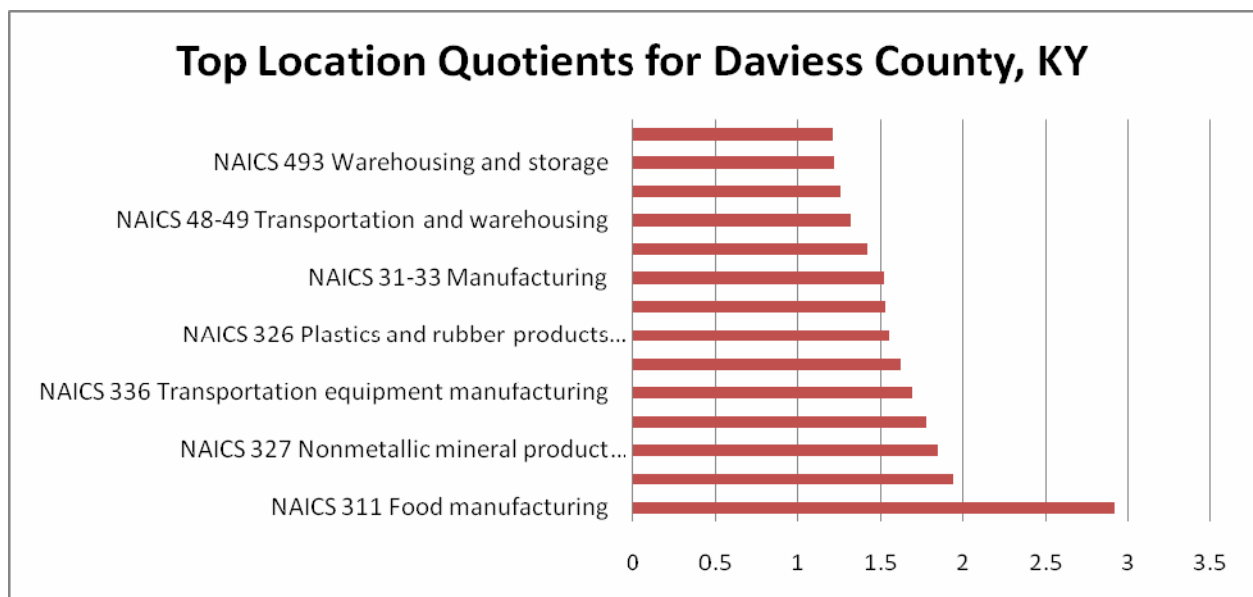
Table 13 below includes a comparison of location quotients from the MSA, Daviess and Hancock counties from 2001 to 2008. The most notable change is the increased concentration of manufacturing over the eight year period. Manufacturing grew in concentration regionally from 1.7 to 1.96. Metal manufacturing 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)**

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

<b>Industry</b>	<b>Daviess County, Kentucky</b>
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 20<sup>th</sup> 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
<b>Daviess</b>	3,226	4%	1.32
<b>Vanderburgh</b>	7,966	0%	1.6
<b>Region</b>	21,085	4%	1.4
<b>Kentucky</b>	166,752	6%	1.5
<b>United States</b>	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
<b>Daviess</b>	5,439	10%	1.26
<b>Vanderburgh</b>	18,644	8%	1.43
<b>Region</b>	38,458	9%	1.11
<b>Kentucky</b>	241,138	12%	0.96
<b>United States</b>	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

## 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.
- 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.

**Neal Pierce, in his now famous report about Owensboro in 1990, noted the following:**

*“The successful communities of the 1990s will be those that transform splintered power into shared power. They’ll be those that consciously include all groups, learn to be mutually supportive, to work cooperatively on shared problems. They’ll create all sorts of imaginative mechanisms they’ll have an open spirit about new ideas.*

*Today’s lack of trust is disturbing. So are the contradictory ways Owensborans talk about their community. On the one hand they boast about life in their prosperous, serene, comfortable, solid middle-class American community. ‘I wouldn’t want to live any other place,’ person after person seemed to be saying. ‘This is a good community. I never moved anyone here who didn’t love it or who wanted to leave,’ a prominent business leader told us.*

*But there’s another Owensboro-Daviess County mind-set. It’s rife with deeply held suspicions—urban-rural, white-black, privileged elites versus regular folks. We heard that folks in Owensboro-Daviess County have great love for stability, resist any kind of unproven change. But a thin line separates what’s stable from what’s stale. Ask leaders of this community about its downside and they often reach for such words as stubbornness, complacency, and resignation. We heard echoes of the all-American quotient of selfishness and shortsightedness—‘I got mine, you get your own.’”*

### PART III: 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 the results of the 2006-2010 economic development vision, the following is a draft of an economic development strategy for the next five years.

#### **Investment Attraction Strategy**

1. **Existing Business Program-** Support for existing businesses should 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.
2. **Targeted Business Attraction-** EDC will employ a business attraction strategy, using a targeted approach for the attraction of new companies in the following clusters:
  - a. 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.
  - b. Advanced Manufacturing- specifically NAICS Codes 311- Food Manufacturing, 336- Transportation Equipment Manufacturing, 441- Motor Vehicle Parts Manufacturing, Fabricated Metal Manufacturing
  - c. 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.
3. **Technology Based Startup Companies-** support for startup linked to the areas of emphasis in the Centre for Business and Research.
  - a. Plant biotechnology- working in support of the efforts of Kentucky BioProcessing to make Owensboro the world center of plant bioprocessing.

- b. Green energy- entrepreneurs are naturally attracting to this region for the opportunity to create new energy technologies for use in the various high energy consumption industries.
  - c. 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.
  - d. Innovative food production- capitalizing on WKU-O Food Science Research Center and Food Manufacturing degree, regional agriculture
4. **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 has a 0.71 LQ for college graduates, yet a 1.13 LQ for retirees, opportunities exist to attract both.
- a. 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.
  - b. 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.
  - c. 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.

### **Infrastructure and Community Development**

#### **1. Logistics/ Transportation Infrastructure-**

- a. The Owensboro Riverport Authority (ORA) should begin the process of preparing the port to 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.

- b. Local governments and the boards EDC, as well as the advocacy efforts of the Greater Owensboro Chamber of Commerce and other related economic development organizations should work collaboratively on funding opportunities from local, state, and federal sources to make the necessary investments in infrastructure, such as I-69, for Owensboro to be competitive in the logistics industry.
  - c. Explore opportunities to acquire river and rail property in Hancock County creating a certified river mega-site. Most of the largest and potentially transformational projects since 2006 have been interested in the river sites in Lewisport.
- 2. **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 aspect of economic development previously ignored. Investments in Emerging Ventures, the Centre for Business and Research and the Emerging Ventures Seed Fund should continue.
  - a. The growth of Second Stage Companies (those with between 10 and 99 jobs) has lagged behind the national pace since 2005 (0% of jobs in Daviess County compared to 24% nationally). Phase II Company program, such as Economic Gardening, is a critical aspect of closing this gap.
  - b. Support for infrastructure useful to Kentucky BioProcessing should remain a high priority.
- 3. **Environment**, 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.
  - a. Well planned expansion of the OMHS/ I-64-65 Connector corridor
  - b. Retail Opportunities- incentives for I-64-65 Corridor and downtown
- 4. **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.

- a. 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.
  - b. Expanded Higher Education opportunities, particularly with applied research programs that support entrepreneurs are important. Bachelor 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.
5. **Investment in economic development-** community financial support (public and private) for economic development must increase to be successful with a complete program. Peer city Dubuque, Iowa—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. If the funds are not available to operate a comprehensive program as articulated in this strategy, then the most cost effective approach is to focus on existing businesses and economic gardening.

### **Conclusion**

Significant infrastructure investments have been made over the past four years creating opportunities for economic diversification in high tech development and helping to make the region more of a destination and quality place for young professionals—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 Kentucky's third largest city

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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