



CABINET FOR  
ECONOMIC DEVELOPMENT



# INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

October 26, 2023

# TOPICS TO BE COVERED



1. Business Development Activities
2. Update on Strategy
3. KPDI Program Overview

# **TEAM KENTUCKY: BUILDING A BETTER TOMORROW**



**A stable job is the beginning, a safe place to live and a community to call home allows us to dream bigger, do better and create more opportunities for future generations who live in the special place we call Kentucky.**

# WE'RE HERE TO HELP

- The Kentucky Cabinet for Economic Development is the primary point of contact for a business as long as it operates in Kentucky
- Our Cabinet serves as a super collaborator for companies, state, regional and local economic development organizations, all levels of government, utility providers and colleges/universities, among others
- We assist with all facets of an organization's business

# RECORD-BREAKING MOMENTUM

2021 - 2022



**34,000+**

New full-time jobs  
announced



**\$26.78**

2022- Average  
hourly incentivized  
wage before  
benefits



**\$21.7B**

Announced  
investment



**BlueOvalSK and  
Envision AESC –**  
The two largest  
economic  
development  
projects in Kentucky

# WAGE GROWTH

## A STRATEGIC PRIORITY

In 2022, the average incentivized hourly wage was the second-highest across the past eight years

| Rank | Average Hourly Wage | Year Preliminarily Approved |
|------|---------------------|-----------------------------|
| 1*   | \$28.38             | 2019                        |
| 2    | <b>\$26.78</b>      | <b>2022</b>                 |
| 3    | \$23.99             | 2021                        |
| 4    | \$21.93             | 2020                        |
| 5    | \$21.39             | 2017                        |
| 6    | \$20.94             | 2016                        |
| 7    | \$20.64             | 2018                        |
| 8    | \$19.96             | 2015                        |

\*Includes UPS pilots announcement, 1,000 jobs at \$70 average hourly wage

# ENTREPRENEURIAL SUPPORT

2021 – 2022 KY Innovation Hub Totals



**900+**

New jobs  
Added by  
served startups



**170+**

Startups  
Launched



**\$190M**

Private capital  
Raised by  
served startups



# KENTUCKY BATTERY & EV SUPPLIERS

**\$10.97B**

in new investment

Over

**10,400**

Full-time Jobs





# AUG 2023 ANNOUNCEMENTS



|                                 |                          |  |                |    |         |
|---------------------------------|--------------------------|--|----------------|----|---------|
| Washington Penn Plastic         | Winchester, Clark County | Expansion facility to produce polypropylene & polyethylene compounds | \$105 million  | 88 | \$37.39 |
| Safran Landing Systems Kentucky | Walton, Boone County     | Expanding carbon composite brake facility                            | \$65.2 million | 92 | \$44.34 |
| Levy Environmental Services     | Ghent, Carroll County    | Mini steel mill  | \$38.6 million | 50 | \$24.86 |
| HVAC Distributing               | Hickory, Graves County   | Expanding HVAC distribution  | \$5.4 million  | 40 | \$26.00 |

# SEP 2023 ANNOUNCEMENTS



|   |                                      |  |                |     |         |
|---|--------------------------------------|--|----------------|-----|---------|
| WPT Corporation                             | Bowling Green,<br>Warren County      | New facility to<br>expand into the<br>spunbound<br>nonwoven market | \$304 million  | 150 | \$26.29 |
| Ascend<br>Elements Joint<br>Venture         | Hopkinsville,<br>Christian<br>County | 2nd battery<br>shredding facility<br>in the US                     | \$65.8 million | 53  | \$34.00 |
| Intellimodus dba<br>ControlTouch<br>Systems | Louisville,<br>Jefferson<br>County   | New manufacturing<br>facility of baggage<br>handling systems       | \$3.6 million  | 60  | \$55.00 |
| Play Mart                                   | Somerset,<br>Pulaski County          | Expansion of<br>playset<br>manufacturing<br>facility               | \$1.7 million  | 10  | \$22.61 |

# SHARED RESPONSIBILITY - SHARED OPPORTUNITY

## WHY?

### Our Vision

Team Kentucky: Great jobs for neighbors supporting one another to build a better Kentucky with an economy that works for all residents and not just a few

## WHAT?

### Our Mission

Earn trust, be strategic and a super collaborator in growing jobs, investments and opportunity in all our interdependent communities

### Strategic Imperatives

Strategic roadmap for entrepreneurialism, expanding innovation and growing new and existing industry leaders

Link Job growth to programs that inspire everyone to make lifelong learning and earning a values trait

Targeted industry clusters that strengthen the core areas of Kentucky's economy

Shared responsibilities, Shared Regional opportunities

## HOW?

### Operational Priorities

Flawless execution on all announced projects to deliver results. Effective compliance

Polished tool kit and narrative that builds the Kentucky brand globally

Best Service  
Best Value  
Best Opportunity

Team Kentucky is a culture that delivers results that matter

### Leadership Behaviors

Lead with Impact: Straight Talk: Bias for action with accountability

- Serve
- Listen
- Build
- Lead

### Our Values

Respect

Inclusion & Diversity

Teamwork

Spirit of Winning with Integrity

## 2023 Performance Goals

12,000 new jobs announced

\$7.5 B new investment

\$27 average hourly wage without benefits

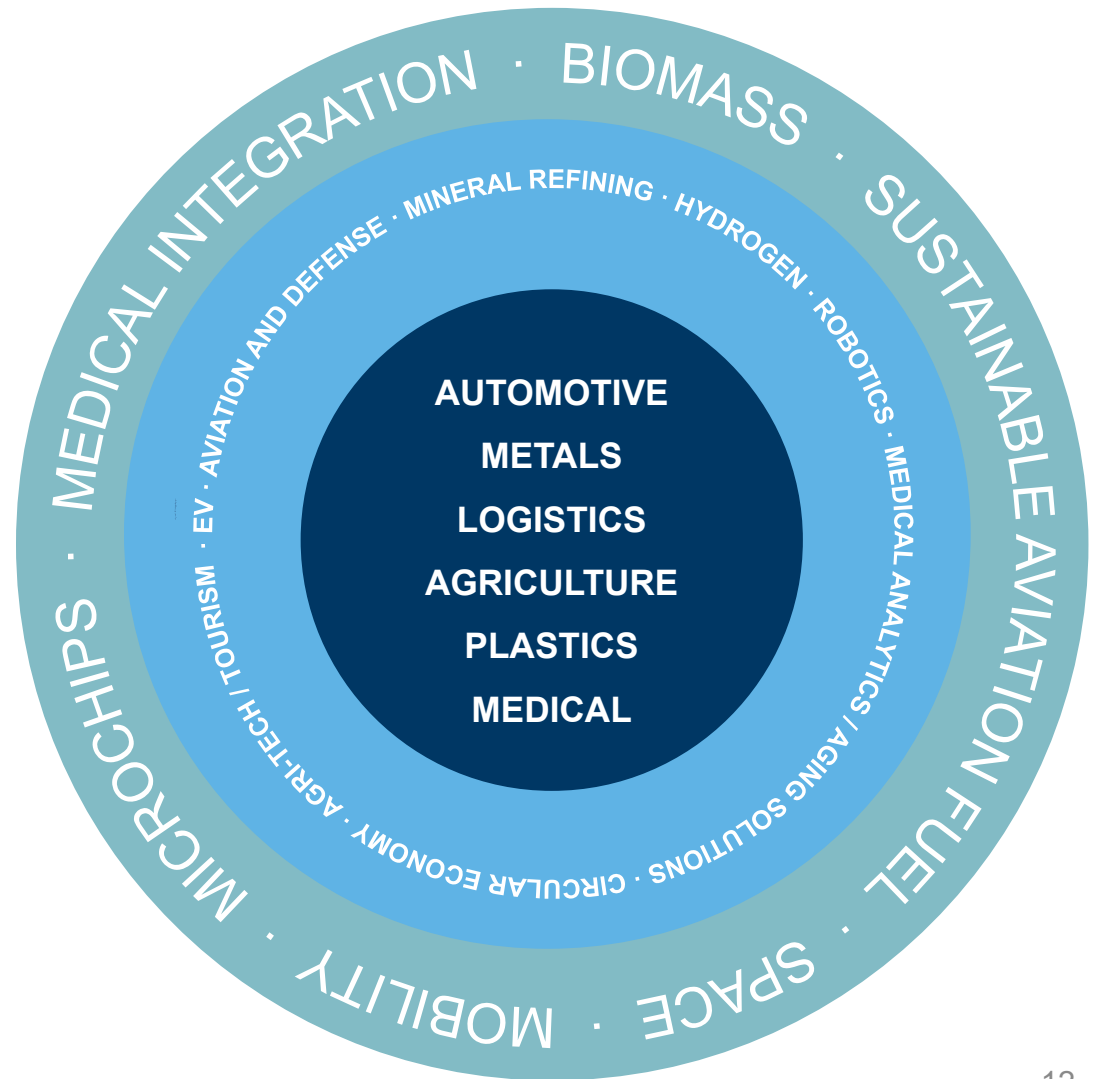
5% increase in Team Kentucky ED/Site media impressions

1150 compliance reviews found acceptable

575 business applications approved

# THE CED PRIORITIZATION

1. Focus on protecting our Core traditional existing industries
2. Extend the Core as ESG, Supply Chain and Geo-Political issues cause disruption
3. Be strategic in moving beyond the Core



# STRATEGIC PLAN BY ECONOMIC DEVELOPERS FOR ECONOMIC DEVELOPERS

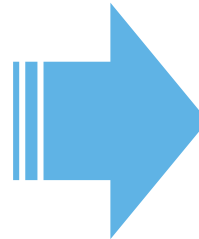


## AN OPERATIONAL BLUEPRINT FOR ECONOMIC DEVELOPMENT



### BLUEPRINT DEVELOPMENT PLAN

- Consultant-led study involving a steering committee that includes members from the Cabinet for Economic Development, KAED, state agency partners, and other economic development organizations.
- Regional stakeholder engagement with members from structured Government, Education, Business, Utilities, Workforce, and Entrepreneurship organizations.
- Process involves looking at the Economic Development community and what strategic direction it should take working through the structures of government within the framework of global business realities



| Final Report               |                                 |
|----------------------------|---------------------------------|
| ▪ 75 Pages                 | ▪ State Priorities              |
| ▪ 5 Page Executive Summary | ▪ Input From Every Region       |
| ▪ Top 10 Recommendations   | ▪ Emphasis On Local Flexibility |

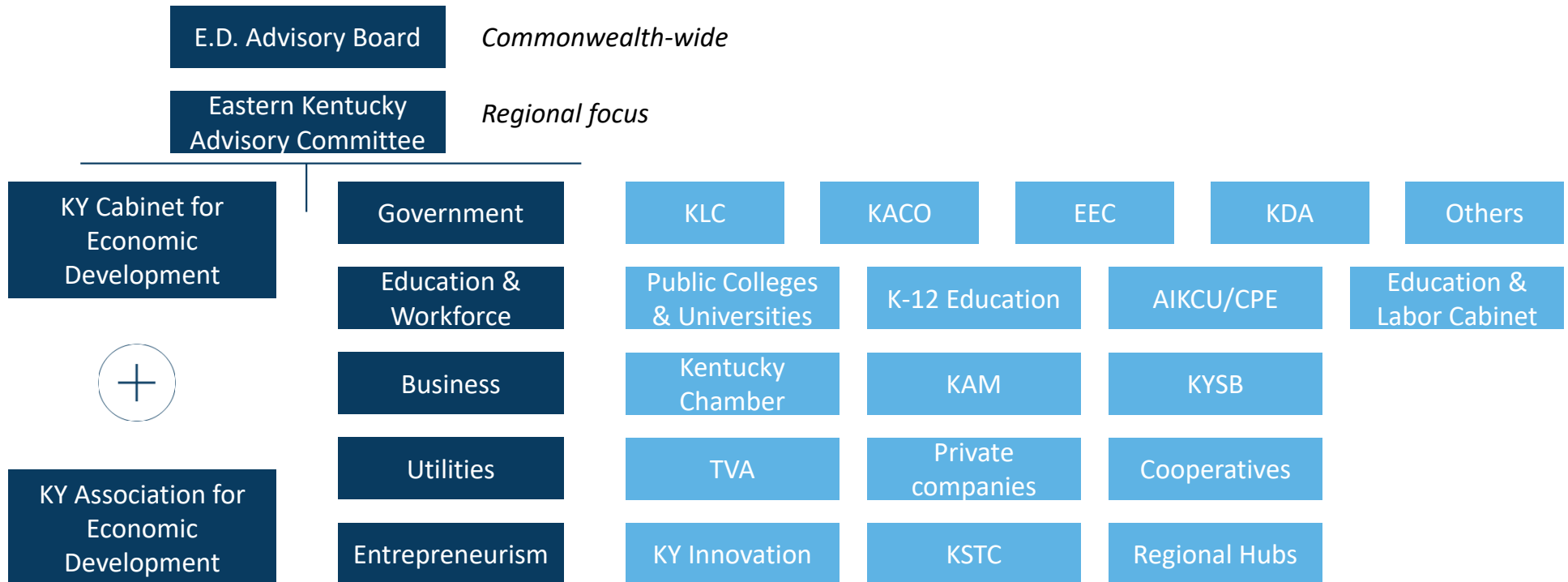


## Pillars in Any Strategy



# LEADERSHIP, STRATEGY, STRUCTURE & PROCESS

YOU ARE THE KEY TO OUR SHARED OPPORTUNITY



Consultants facilitate strategic planning process

# Charting the course to impact: project plan

# Analyses & Planning

# Stakeholder engagement



## Phase

**I. Assessing current state and trends**  
*August to September 2023*



## Proposed activities

- 1 Economic competitiveness analysis by sector and region
- 2 Impact of potential macro disruptions
- 3 Stakeholder perspectives on strengths and opportunities
- 4 Shared aspiration and targets



**II. Identifying priorities**  
*September to November 2023*



- 5 Scan of potential opportunities
- 6 Impact and feasibility assessment
- 7 Stakeholder perspectives on strategic priorities
- 8 Finalized list of strategic priorities

# The strategic planning process is building upon insights from engagement with diverse stakeholders and in-depth analytics

AS OF OCTOBER 16<sup>th</sup>, 2023

## 930+

Validated survey responses from two  
KAED / KCED joint surveys

## 5

In-person regional  
focus groups

## 110+

Cross-functional stakeholders  
engaged through in-person,  
regional focus group discussions

## 60+

Stakeholders engaged  
1-1 or small group  
interviews, including...

## 14

workforce and  
education  
leaders

## 25+

Commonwealth  
Cabinet leaders

## 30+

External subject matter expert and advisors consulted

## 58 = 3500+ members

Stakeholders engaged in utilities, Economic  
Development Advisory Board and Eastern Kentucky  
Advisory Committee focus groups, trade organizations

## 30+

Data sources, including Lightcast, Moody's, Pitchbook,  
the Commonwealth of Kentucky, U.S. Energy  
Information Administration, Bureau of Labor Statistics

## In-person focus groups engaged 110+ participants across all regions



1. Regional are grouped by Area Development Districts: East – Buffalo Trace, Gateway, FIVCO, Big Sandy, Kentucky River, Cumberland Valley; Central – Northern Kentucky, KIPD, Bluegrass; South - Central – Barren River, Lake Cumberland, Lincoln Trail; West – Purchase, Pennyrite, Green River



## Ky Product Development Initiative (KPDI)



# Spirit of Winning with Integrity in Kentucky:

**Success** in Economic Development is not about sites alone, rather it is the holistic approach to having a great product to sell that is better than the competition.

**Solution:** Thanks to the leadership of our Governor and our Legislature, the Kentucky PDI program was created to help raise the bar for Kentucky Communities to develop great products that includes sites to create success befitting the strength of all our interdependent communities in Kentucky.

- *Product Development Pilot Initiative ( 2019-2022)*
- *Kentucky Product Development Initiative ( HB 745) \$100 Million*

The screenshot displays the 'TEAM KENTUCKY' website's 'Property Results' section. The top navigation bar includes the logo, a count of '377 total Properties', and a 'Sort By: Featured' dropdown. Below the navigation, there are three property listings, each with a featured image, title, address, city, county, zip code, and size range. The listings are: 'Southwest One Industrial Park' in Benton, 'John H. Stigall Business Center' in Danville, and 'Begley Properties - Lexington' in Lexington. Each listing has a 'View Details' button. Below the listings, there are three map thumbnails. The bottom section of the screenshot shows a large map of Kentucky with numbered green circles indicating various locations. The map includes a 'Map Layers' panel on the left, a search bar, and a legend on the right.

# PILOT PDI & KPDI PROGRAMS

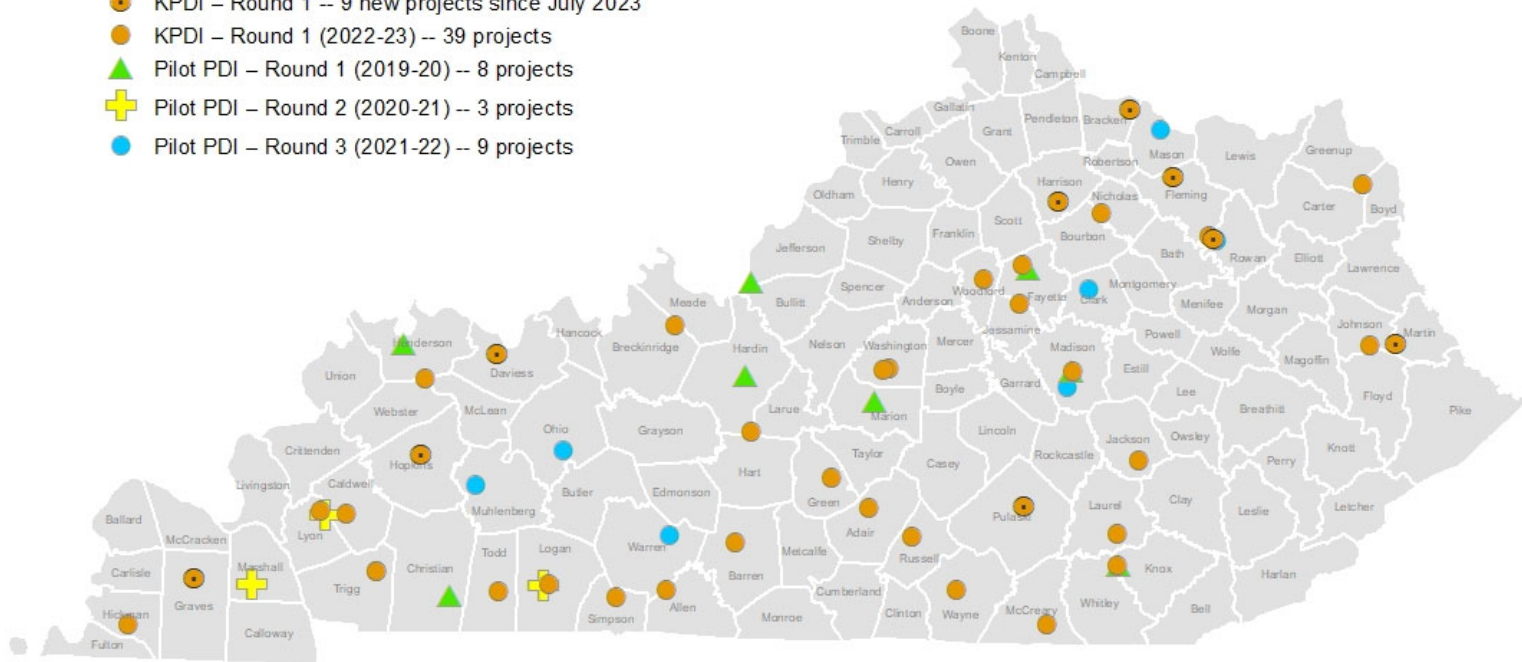
| PROJECTS APPROVED             | # of Projects | Projected Investment | Amount Approved     | Amount Disbursed |
|-------------------------------|---------------|----------------------|---------------------|------------------|
| Pilot PDI – Round 1 (2019-20) | 8             | \$24,312,378         | \$2,923,189         | \$2,656,548      |
| Pilot PDI – Round 2 (2020-21) | 3             | \$2,212,140          | \$695,602           | \$594,281        |
| Pilot PDI – Round 3 (2021-22) | 9             | \$10,055,000         | \$3,177,500         | Not completed    |
| KPDI – Round 1 (2022-23)      | 39            | \$89,657,226         | \$21,881,453        | Not completed    |
| <i>TOTAL</i>                  |               | <i>\$126,236,744</i> | <i>\$28,677,744</i> |                  |

| PROJECTS STILL IN DUE DILIGENCE | # of Projects | Potential Request |
|---------------------------------|---------------|-------------------|
| KPDI – Round 1 (2022-23)        | 13            | \$10,110,395      |

## PILOT PDI & KPDI PROJECTS

**Approved PDI Projects as of 10/16/2023**

- KPDI – Round 1 – 9 new projects since July 2023
- KPDI – Round 1 (2022-23) – 39 projects
- ▲ Pilot PDI – Round 1 (2019-20) – 8 projects
- ✚ Pilot PDI – Round 2 (2020-21) – 3 projects
- Pilot PDI – Round 3 (2021-22) – 9 projects



## TOTAL PDI PILOT SUCCESSES TO DATE

|  |                      |
|--|----------------------|
| Total Number of Projects Approved      | 20                   |
| Projected Investment                   | \$36.6 million       |
| <b>Total Approved and/or Disbursed</b> | <b>\$6.8 million</b> |

|  |                      |
|--|----------------------|
| Total Number of Projects Located/Announced | 10                   |
| Projected Jobs                             | 3,500                |
| <b>Total Projected Investment</b>          | <b>\$4.0 billion</b> |

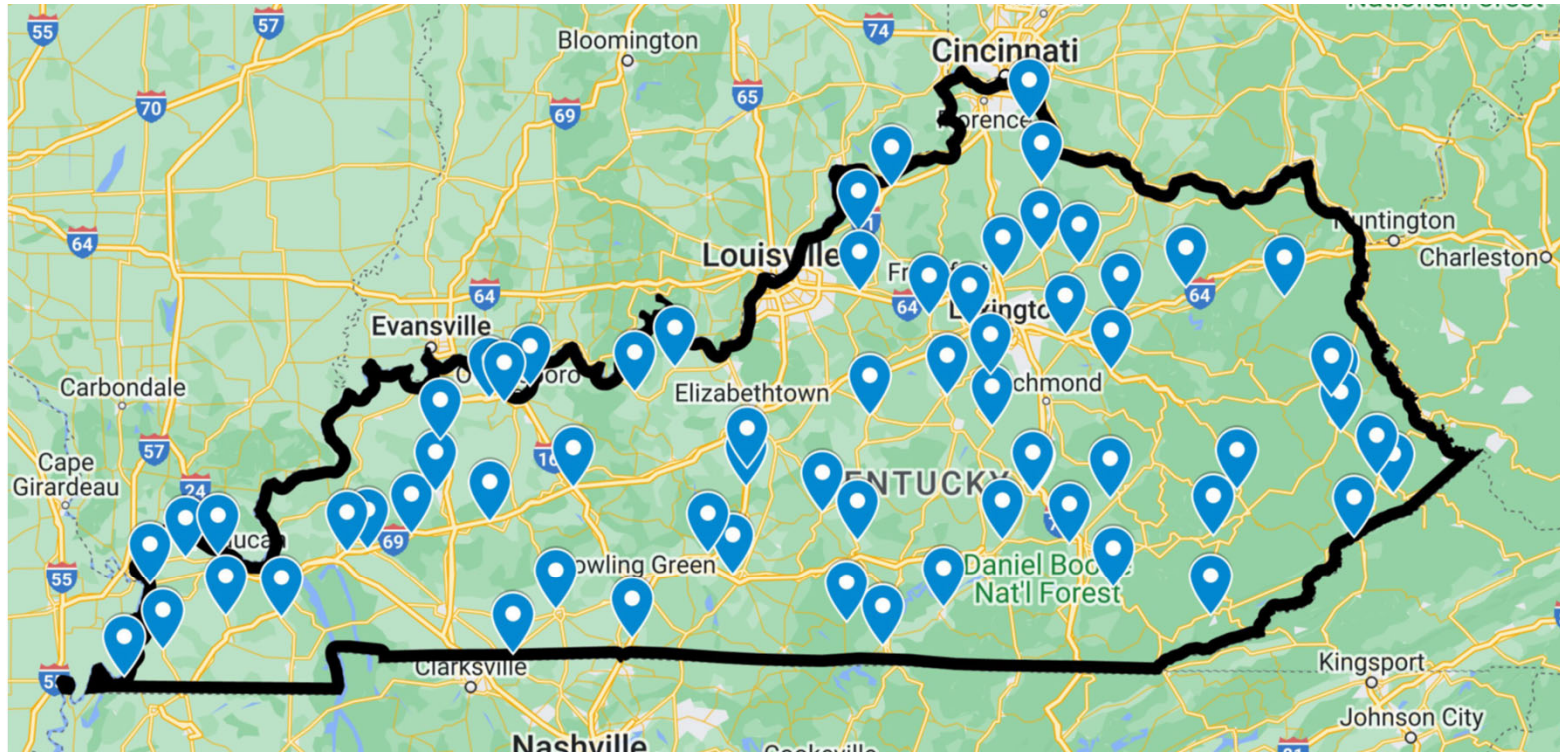
## KPDI ROUND 2

|                                     |                     |
|-------------------------------------|---------------------|
| HB 1 Appropriation                  | \$100,000,000       |
| Potential Round 1 Funding           | \$31,985,526        |
| <b>Round 2 Funding Availability</b> | <b>\$68,014,474</b> |

69 Applications received (11 regional projects)  
Independent consultant currently reviewing – site visits in September



# KPDI ROUND 2 – Letters of Intent



**Note: Not all LOIs submitted an application and some projects submitted an application without an LOI**



# KPDI PROCESS – PROJECT RECOMMENDATION





## **Q & A**



# THANK YOU

