Kentucky Strategic Plan for Economic Development

1998 Annual Report
Kentucky Economic Development Partnership Members

The Honorable Paul E. Patton, Chairman
Governor
Commonwealth of Kentucky

Luther Deaton, Jr., Vice Chairman
President and CEO
Central Bank & Trust Company

Secretary James E. Bickford
Natural Resources and
Environmental Protection Cabinet

Darrell R. Gilliam
Executive Director
Capital Community Economic/Industrial
Development Authority

William J. Jones
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CBT Corporation

Secretary Ann R. Latta
Tourism Development Cabinet

Secretary John P. McCarty
Finance and Administration Cabinet

Katherine G. Peden

President
Peden and Associates Inc.

Richard E. Searles
Vice President-Administration
Clarion Manufacturing Corporation
of America

William R. Sprague
Secretary Marvin E. Strong, Jr.
Cabinet for Economic Development

Ernest R. Thompson
Director
United Steel Workers of America

Jean Wells
Vice-President
Wells Health Systems
The places we will go

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2. Overview of the Kentucky Economy
3. Kentucky Strategic Plan
4. Measuring Our Progress
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6. 1998 Accomplishments
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Note From the Secretary

With 587 companies creating 25,157 net new jobs, 1998 was a record year! This 28.9% gain over 1997 is the highest number of jobs created since the Kentucky Cabinet for Economic Development (KCED) has tracked new jobs resulting from new and expanding business and industry. Capital investment, at $2.9 billion, demonstrates the confidence business has in the Commonwealth.

The Kentucky Strategic Plan for Economic Development solidly guides the Cabinet's efforts throughout the Commonwealth. In fact, several legislative initiatives are a direct result of Strategic Plan tactics and tactic team members. Notably, House Bill 206 created the Kentucky Investment Fund Act, which makes venture capital funds available to Kentucky-based small businesses. Existing Kentucky companies that invest in their most valuable asset, their workforce, can receive benefits from House Bill 280 - the Skills Training Investment Credit Act.

Another major undertaking, implementation of a fully automated Geographic Information System (GIS), directly results from the Strategic Plan. GIS incorporates information from many databases - and gives companies what they need when they need it.

As always, support from the private sector, local governments, economic development organizations, other state agencies and many more makes implementation of the Strategic Plan an easier reality. Accomplishments over the last four years could not, nor would not, have succeeded without the involvement of Kentucky business and industry. On behalf of the Kentucky Cabinet for Economic Development, I am extremely proud of the efforts so many Kentuckians made to make 1998 a most successful year of growth and opportunity.

Sincerely,

Marvin E. Strong, Jr.
Secretary
Overview of the economy

The U.S. economy is in the midst of the longest peacetime expansion in history. Inflation has remained low and finished the year at around 1.6%. Inflation is expected to average only 2.5% over the next ten years. Real gross domestic product finished the year 3.9% above the 1997 level. Slower growth is expected in 1999.

Kentucky has continued to benefit from the national expansion. Fifty-one of Kentucky’s 120 counties (43%) finished the year with unemployment rates below the U.S. level of 4.5%. Kentucky’s total employment was 1.9% higher in 1998. The fastest growing job creators were transportation and public utilities, construction, and services. The Center for Business and Economic Research at the University of Kentucky has issued a moderate forecast for the next few years. From 1999 to 2001, employment is expected to grow by 1.6% per year, above the U.S. forecast of 1.5% per year.

The growth occurring in the Kentucky economy can be appreciated further by comparing the current economic environment of the state with a decade ago. In 1987, Kentucky ranked 43rd in per capita personal income compared to 41st in 1997. Kentucky’s per capita income narrowed from 22.0% below the nation in 1987 to 18.5% below the nation in 1997. Over the ten-year period, the average annual increase of total personal income was the same in Kentucky and the nation (5.8%). Employment in the state increased 2.1% per year, while national average annual employment growth was only 1.8% from 1987 to 1997.
## Comparison Between Kentucky and the United States

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>KENTUCKY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Personal Income ($MM)</td>
<td>45,825</td>
<td>80,503</td>
<td>5.80</td>
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<tr>
<td>Population (000s)</td>
<td>3,683</td>
<td>3,908</td>
<td>0.60</td>
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<tr>
<td>Per Capita Personal Income ($)</td>
<td>12,441</td>
<td>20,599</td>
<td>5.20</td>
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<tr>
<td>Earnings ($MM)</td>
<td>30,781</td>
<td>52,012</td>
<td>5.40</td>
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<tr>
<td>Employment (000s)</td>
<td>1,774</td>
<td>2,189</td>
<td>2.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UNITED STATES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Personal Income ($MM)</td>
<td>3,863,177</td>
<td>6,770,709</td>
<td>5.80</td>
</tr>
<tr>
<td>Population (000s)</td>
<td>242,289</td>
<td>267,636</td>
<td>1.00</td>
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<tr>
<td>Per Capita Personal Income ($)</td>
<td>15,945</td>
<td>25,298</td>
<td>4.70</td>
</tr>
<tr>
<td>Earnings ($MM)</td>
<td>2,624,893</td>
<td>4,494,537</td>
<td>5.50</td>
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<tr>
<td>Employment (000s)</td>
<td>130,371</td>
<td>156,400</td>
<td>1.80</td>
</tr>
</tbody>
</table>

**Note:** Total personal income is a residence based measure, while earnings is an establishment based measure. Earnings include wages and salaries, while total personal income includes earnings plus dividends, rent, interest, and transfer payments.


1 Since 1997 is the most recent year of complete data, the comparison will be made between 1997 and 1987.
Kentucky Strategic Plan for Economic Development

In 1992 the Kentucky General Assembly enacted KRS 154.10-120 mandating preparation of a state strategic plan for economic development. The Kentucky Economic Development Partnership adopted the Kentucky Strategic Plan for Economic Development in May 1994. The Plan was developed to generate a dynamic course of action to foster and focus Kentucky's economic development efforts.

The Partnership is composed of 13 members. Eight private sector members represent each of the state's congressional districts and various sectors of the state's economy. The secretaries of four Cabinets—Economic Development, Finance and Administration, Natural Resources and Environmental Protection, and Tourism Development—serve as public sector, ex officio members. The secretaries of Economic Development and Tourism are non-voting members. The Governor serves as chairman of the Partnership.

From the start of the strategic planning process in 1994, the Partnership has sought broad-based input and participation of public and private individuals and organizations. Other agencies of state government are active with various tactics of the Plan as well. Public/private sector cooperation remains a driving force in realizing a common mission for improving Kentucky's economy.

Values and Mission Statement

Five overriding values and a mission statement govern the operation of the Cabinet and Strategic Plan. The values are:

Openness and honesty
Respect for people as individuals
Being results oriented
Innovation and risk
A commitment to being the best

The mission statement adopted by the Partnership as part of the Strategic Plan is:

To create more and higher quality opportunities for all Kentuckians by building an expanding sustainable economy.
Framework for KCED’s Efforts

The Kentucky Strategic Plan for Economic Development provides a framework for "creating more and higher quality opportunities for all Kentuckians." The Strategic Plan is organized under five major goals, which are subdivided into strategies, which in turn are subdivided into tactics. Completion of 31 tactics has been accomplished through the work of Kentuckians representing each geographic area of our diverse state, including seven completed in 1998.

There are currently 62 tactics in the Plan, although many of these have completed their tasks and are considered finished. Tactic teams are composed of members from the public and private sectors, with a team leader from the private sector, and a facilitator from the Cabinet assisting the team in its work. (See page 17 for a complete listing of tactic team progress reports.)

Five Major Goals

Goal 1
Build and maintain consensus to implement the mission

Goal 2
Reduce unemployment and increase per capita income

Goal 3
Create a globally competitive business environment

Goal 4
Manage resources to maximize return on investment

Goal 5
Manage Kentucky’s natural resources and cultural assets to ensure long-term productivity and quality of life
KRS 154.10-140 states that the Kentucky Economic Development Partnership is to “establish objective benchmarks to measure the performance of Kentucky's economy and progress toward achievement of the mission statement, goals, and guiding principles (from the Kentucky Strategic Plan for Economic Development).”

Benchmarking, for purposes of meeting statutory requirements, is defined as the “public announcement of measurable indicators to mark the achievement of strategic plan goals.” In effect, the benchmarks are the performance indicators for strategic plan goals. The benchmarks should provide information on whether Kentucky's economy is keeping pace or falling behind compared to our competitor states and the nation.

The Partnership chose six benchmarks in 1997. They are: per capita gross state product; per capita income; annual pay per employee; manufacturing share of private, non-farm employment; unemployment rate; and poverty rate. The benchmarks are presented relative to the U.S. average. Also, three sub-state regions of Kentucky are identified and provided with benchmark goals.

Given current trends, Kentucky is in line to reach the gross state product benchmark goal for 2000. The gap between Kentucky and the U.S. per capita income continues to shrink, but progress remains to be made to close the gap in terms of annual pay per employee. The state has already reached the 2000 benchmark goal for manufacturing share of private, non-farm employment. Unemployment in Kentucky rose relative to the nation in 1996 and 1997, but 1998 saw the state unemployment rate once again dip below the national average. Lastly, the percent of population in poverty, relative to the nation, has declined, and the state is in line to meet the year 2000 benchmark goal for poverty rate.
Where We Are and Where We’ve Been

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>Kentucky as a percent of the U.S. average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
</tr>
<tr>
<td>Gross State Product Per Capita</td>
<td>1996</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>1997</td>
</tr>
<tr>
<td>Annual Pay Per Employee</td>
<td>1997</td>
</tr>
<tr>
<td>Manufacturing Share</td>
<td>1997</td>
</tr>
<tr>
<td>Unemployment Rate*</td>
<td>1998**</td>
</tr>
<tr>
<td>Poverty Rate*</td>
<td>1995</td>
</tr>
</tbody>
</table>

* - Expressed as a percent above(+) or below(-) the U.S. average.
** - Preliminary annual average.
*** - 1993 was used as the baseline, and 1999 was used as the first benchmark year for poverty rate.

Current Levels

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>Year</th>
<th>U.S.</th>
<th>Kentucky</th>
<th>Competitor States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross State Product Per Capita</td>
<td>1996</td>
<td>$26,110</td>
<td>$22,992</td>
<td>$25,186</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>1997</td>
<td>$25,298</td>
<td>$20,599</td>
<td>$23,882</td>
</tr>
<tr>
<td>Annual Pay Per Employee</td>
<td>1997</td>
<td>$29,809</td>
<td>$25,028</td>
<td>$28,300</td>
</tr>
<tr>
<td>Manufacturing Share</td>
<td>1997</td>
<td>14.7%</td>
<td>18.6%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Unemployment Rate*</td>
<td>1998*</td>
<td>4.5%</td>
<td>4.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td>1995</td>
<td>13.8%</td>
<td>17.9%</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

* - Preliminary annual average.
The following tactics from the revised 1997 Kentucky Strategic Plan for Economic Development accomplished their objective and are considered completed, even though implementation continues for many of the tactics:

2.1.2
Increase access to industry specific worker training and skills upgrade
The 1998 General Assembly passed the Skills Training Investment Credit Act to provide tax credits to existing businesses for skills upgrade training.

2.2.1
Fund and implement the Commonwealth Venture Fund
The 1998 General Assembly passed the Kentucky Investment Fund Act, which certifies venture capital funds for investor tax credits.

2.3.2
Identify industry sectors which are appropriate for networks and establish networks
Four major network initiatives are underway including the Kentucky Auto/Truck Industry Council, the Kentucky Wood Alliance, the United Sourcing Alliance LCC, and the Advanced Alliance Assistance.

4.3.2
Assure that available information on each community is up-to-date and reliable, resulting in a strengthening of the relationship between the Cabinet and communities
Local economic development professionals were surveyed and their ideas incorporated into the community brochure publications, including a new definition for labor market areas.

5.1.2
Support the efforts of the Kentucky Forest Stewardship Act
The 1998 General Assembly passed the Kentucky Forest Conservation Act, which establishes the best management practices in logging operations.

5.2.4
Evaluate and recommend financial assistance programs for agricultural producers
The 1998 General Assembly approved changes to the linked deposit loan program, raising the maximum loan amount to $100,000.

5.4.3
Develop and implement regional tourism development plans
Tourism development plans for nine regions covering the state were completed.

The following points highlight the 1998 accomplishments of
Kentucky’s economic development efforts:

For calendar year 1998, some 25,157 net new jobs were announced for Kentucky, with an investment of over $2.9 billion. The total net new jobs announced in 1998 represents an all time high for Kentucky.

A record number of jobs were created through expansion, totaling 18,345 jobs for 1998. Major expansions include UPS (6,000 jobs), DHL (700 jobs), and Comair (900 jobs). The UPS investment of $860,000,000 represents its largest capital investment project to date.

New manufacturing companies locating in Kentucky for 1998 totaled 62, with 4,430 new jobs created and $384.7 million of total investment. New service/supporting companies locating in Kentucky for 1998 totaled 32, with 6,952 new jobs announced and $385.1 million of total investment.

New Locations Worth Noting Include:

- GE Capital Information Technology Solutions (GECITS)

This $33 million investment and 975 new jobs is significant for Kentucky. GECITS will consolidate its headquarters in Northern Kentucky as well as build a facility to house a high-tech call center/tech support operation and computer configuration facility. An extremely important part of the total state package is a partnership between Northern Kentucky University and the Kentucky Community and Technical College System (KCTCS). Specific training courses will be developed and administered either on campus or through the Commonwealth Virtual University.

- A-Carb LLC

This is the most recent French company to announce a location in Kentucky. A-Carb will invest approximately $31,450,000 and
employ 60-100 people making aircraft components.

Carhartt Inc.
Carhartt committed to investing approximately $26,564,500 and employs 472 people in Hopkins County.

Richmond Auto Parts Technology (RAPT)
RAPT announced plans to build a manufacturing facility in Richmond. Investment will be $46,000,000, and employment is expected to be 120.

Stupp Brothers Bridge & Iron Co.
This family-owned company from St. Louis announced plans to invest $40,000,000 and employ 160 people in Bowling Green.

Gibson Greetings, Inc.
Covington is the new headquarters for Gibson Greetings. Investment is estimated at $38,500,000 with an employment of 357.

More Accomplishments
Cabinet legislation passed during the 1998 General Assembly includes: HB 206-Kentucky Investment Fund Act for venture capital formation, HB 280- Skills Training Investment Credit Act for tax credit cost recovery for existing businesses investing in occupational and skills upgrade training; HB 199- Property Tax on Leased Machinery, which provides for the same favorable rate on leased machinery as for owned machinery; and HB 444- Kentucky Aviation Economic Development Fund, which provides sales tax credits to air carriers and establishes a fund for publicly owned or operated aviation facilities.

From 1996 to 1998, Site Selection magazine ranked Kentucky third with new jobs, fourth among the states with new facilities and expansions, and ninth in investment per one million population.

The Cabinet published the "Business Start Up Guide," partnered with Empower Kentucky and the Secretary of State for streamlining the permitting process, organized a session for Kentucky businesses on contracting with the new federal prison in Martin County, created a model program for establishing business networks, and initiated a micro enterprise loan program in counties hit by massive layoffs in the garment industry.

The Office of Coal County Development was established to administer the Local Government Economic Development Program. The Office awards grants to eligible counties to diversify their economies by developing Regional Industrial Parks (RIP) for new and expanded industry. Three RIPs were funded in 1998: MMRC Regional Industrial Park (Morgan, Menifee, Rowan and Carter), West Kentucky Regional Industrial Park (Henderson, McLean, Union and Webster), and Coal Field Regional Industrial Park (Perry, Leslie, Harlan and Breathitt). Two other RIPs were approved for preliminary
engineering work in 1998: Honey Branch Regional Industrial Park (Floyd, Martin, Johnson and Pike), and Northeast Industrial Park (Boyd, Carter, Elliott, Greenup and Lawrence).

The Cabinet led a trade mission to Mexico and organized the Governor's trade mission to Europe. Kentucky's exports rose 23.3% from 1996 to 1997 compared to a rise nationally of only 10.4%, the 7th fastest growth rate among the 50 states. Kentucky's 1997 total export value of $8.7 billion ranks the state 22nd in value of exports.

The Cabinet is quickly establishing and implementing a Geographic Information System (GIS). GIS incorporates site data, maps, photos, demographics and more in a central database, allowing the Cabinet to meet client's informational needs almost immediately.

The continued success and implementation of the Strategic Plan, along with the successful recruitment and expansion of major employers to the state, and the establishment of new programs this past year, clearly show Kentucky is making progress with its economic development efforts.
Major expansions 1998

United Parcel Service announced they would build a new $860 million automated sorting hub in Kentucky. The new facility, at the Louisville International Airport, will result in as many as 6,000 new full and part-time jobs. "Hub 2000," as the new facility is called, is the largest construction project ever for UPS, doubling the company's current capacity in Louisville.

DHL Airways, Inc. announced its decision to locate a new $170 million airline hub and sort facility at the Cincinnati/Northern Kentucky International Airport. DHL currently employs 1,100 people at the existing facility and estimates that more than 700 new jobs will be created over the next ten years. Design of the new facility is currently underway, with completion targeted for the fall of 2001.

Hayes Lemmerz International announced its decision to make a major expansion of its Bowling Green facilities and to hire an additional 200 people. Hayes Lemmerz International is the world's leading supplier of wheels and brake components to the transportation industry. The company broke ground for a 133,000 square foot expansion, which will nearly double the size of its current facility. The additional space will be used to store raw materials and finished goods.

COMAIR, Inc. announced a major expansion of its headquarter facilities at the Cincinnati/Northern Kentucky International Airport. The expansion could create up to 900 new jobs over the next ten years. COMAIR's $25 million expansion project will accommodate its growing fleet of regional jets and the support facilities to maintain the fleet. The expansion includes maintenance and training facilities as well as office space near COMAIR's headquarters.
### Jobs Created In Kentucky 1982 - 1998

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Jobs Created</th>
<th>Net Jobs Created</th>
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</thead>
<tbody>
<tr>
<td>1982</td>
<td>11,599</td>
<td>5,460</td>
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<tr>
<td>1983</td>
<td>11,370</td>
<td>4,960</td>
</tr>
<tr>
<td>1984</td>
<td>22,009</td>
<td>18,191</td>
</tr>
<tr>
<td>1985</td>
<td>23,348</td>
<td>19,398</td>
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<tr>
<td>1986</td>
<td>21,177</td>
<td>17,142</td>
</tr>
<tr>
<td>1987</td>
<td>26,314</td>
<td>23,050</td>
</tr>
<tr>
<td>1988</td>
<td>23,706</td>
<td>19,250</td>
</tr>
<tr>
<td>1989</td>
<td>17,131</td>
<td>13,651</td>
</tr>
<tr>
<td>1990</td>
<td>21,161</td>
<td>17,263</td>
</tr>
<tr>
<td>1991</td>
<td>8,058</td>
<td>3,974</td>
</tr>
<tr>
<td>1992</td>
<td>18,705</td>
<td>14,522</td>
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<td>1993</td>
<td>17,422</td>
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<tr>
<td>1994</td>
<td>26,329</td>
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</tr>
<tr>
<td>1995</td>
<td>21,628</td>
<td>17,906</td>
</tr>
<tr>
<td>1996</td>
<td>21,704</td>
<td>18,098</td>
</tr>
<tr>
<td>1997</td>
<td>21,145</td>
<td>17,322</td>
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<tr>
<td>1998</td>
<td>29,727</td>
<td>25,157</td>
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</table>
## 1998 New and Expanding Industries Representing 100 or More New Jobs*

<table>
<thead>
<tr>
<th>Company</th>
<th>Product/Service</th>
<th>County/Area</th>
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<tbody>
<tr>
<td><strong>NEW MANUFACTURING FIRMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Commercial Windows</td>
<td>Windows, doors</td>
<td>Bourbon</td>
</tr>
<tr>
<td>American Woodmark Corp.</td>
<td>Wood processing</td>
<td>Wayne</td>
</tr>
<tr>
<td>C.H. Millery Mfg. Co.</td>
<td>T-shirts, caps, uniforms</td>
<td>Harlan</td>
</tr>
<tr>
<td>Carhartt Inc.</td>
<td>Clothing</td>
<td>Hopkins</td>
</tr>
<tr>
<td>Fleetwood Homes</td>
<td>Manufactured housing</td>
<td>Marshall</td>
</tr>
<tr>
<td>Fontaine Trailer Co.</td>
<td>Steel flatbed trailers</td>
<td>Caldwell</td>
</tr>
<tr>
<td>GE Capital Information Tech. Solutions</td>
<td>Configuration center</td>
<td>Northern Ky.</td>
</tr>
<tr>
<td>L.J. Miller Co.</td>
<td>Hardwood office furniture</td>
<td>Pike</td>
</tr>
<tr>
<td>Midwest Stamping</td>
<td>Metal stamping</td>
<td>Washington</td>
</tr>
<tr>
<td>Montebello Packaging Inc.</td>
<td>Collapsible aluminum tubes</td>
<td>Marion</td>
</tr>
<tr>
<td>Owens Corning</td>
<td>Insulation material</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Pacific Coast Feather</td>
<td>Feathers</td>
<td>Boone</td>
</tr>
<tr>
<td>Richmond Auto Parts Technology</td>
<td>Transmission gears</td>
<td>Madison</td>
</tr>
<tr>
<td>Stupp Brothers Bridge &amp; Iron Co.</td>
<td>Steel girders for bridges</td>
<td>Warren</td>
</tr>
<tr>
<td><strong>EXPANDING MANUFACTURING FIRMS</strong></td>
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<td></td>
</tr>
<tr>
<td>Crumax Magnetics Inc.</td>
<td>Magnets</td>
<td>Hardin</td>
</tr>
<tr>
<td>Curtis-Maruyasa America Inc.</td>
<td>Tube fabricating</td>
<td>Marion</td>
</tr>
<tr>
<td>Douglas Autotech Corp.</td>
<td>Steering columns, shifters</td>
<td>Christian</td>
</tr>
<tr>
<td>Federal Mogul Friction Products</td>
<td>Brakes</td>
<td>Allen</td>
</tr>
<tr>
<td>Hayes Lemmerz Intl.</td>
<td>Wheels</td>
<td>Warren</td>
</tr>
<tr>
<td>Jakel Inc.</td>
<td>Small electric motors</td>
<td>Calloway</td>
</tr>
<tr>
<td>Katayama American Co.</td>
<td>Auto parts</td>
<td>Shelby</td>
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<td>Ken Mar Tool</td>
<td>Metal fabrication</td>
<td>Marion</td>
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<td>Lear Corp.</td>
<td>Auto seats</td>
<td>Jefferson</td>
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<td>LeSportsac Inc.</td>
<td>Nylon bags</td>
<td>McCreary</td>
</tr>
<tr>
<td>Lexair</td>
<td>Valves, equipment</td>
<td>Fayette</td>
</tr>
<tr>
<td>Lincoln Hardwoods</td>
<td>Kiln dried lumber</td>
<td>Pulaski</td>
</tr>
<tr>
<td>Packaging Unlimited</td>
<td>Corrugated containers</td>
<td>Kenton</td>
</tr>
<tr>
<td>Redken Laboratories</td>
<td>Hair care products</td>
<td>Boone</td>
</tr>
<tr>
<td>Sachs Automotive</td>
<td>Struts</td>
<td>Boone</td>
</tr>
<tr>
<td>Toyo Seat</td>
<td>Auto seating components</td>
<td>Fleming</td>
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<td>Vuteq Corp.</td>
<td>Auto glass</td>
<td>Scott</td>
</tr>
<tr>
<td>Ziniz Co.</td>
<td>Conveyors</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Company</td>
<td>Product/Service</td>
<td>County/Area</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>NEW SUPPORTIVE/SERVICE FIRMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATC Distribution Group</td>
<td>Auto parts distribution</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Commercial Aircraft Services (CAS)</td>
<td>Maintenance hangar</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Faccor</td>
<td>Training facility</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Federal Bureau of Prisons</td>
<td>Prison facility</td>
<td>Martin</td>
</tr>
<tr>
<td>GAP</td>
<td>Distribution</td>
<td>Boone</td>
</tr>
<tr>
<td>GE Capital Information Tech. Solutions</td>
<td>Global headquarters, customer service center</td>
<td>Northern</td>
</tr>
<tr>
<td>Gibson Greetings, Inc.</td>
<td>Headquarters, administrative services</td>
<td>Kenton</td>
</tr>
<tr>
<td>Image Entry</td>
<td>Data processing</td>
<td>Letcher</td>
</tr>
<tr>
<td>INS</td>
<td>Call center</td>
<td>Knox</td>
</tr>
<tr>
<td>Lester Telemarketing Inc.</td>
<td>Outbound call center</td>
<td>Greenup</td>
</tr>
<tr>
<td>Lynx Services</td>
<td>Customer service center</td>
<td>McCracken</td>
</tr>
<tr>
<td>Mesaba Aviation, Inc.</td>
<td>Maintenance operation for commuter jets</td>
<td>Boone</td>
</tr>
<tr>
<td>Pulmados Pharmacy</td>
<td>Pharmaceuticals distribution</td>
<td>Calloway</td>
</tr>
<tr>
<td>Quality Communications</td>
<td>Telecommunications service center</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Renaissance Bankcard</td>
<td>Call center</td>
<td>Laurel</td>
</tr>
<tr>
<td>Smart Mail</td>
<td>Mail processing</td>
<td>Boone</td>
</tr>
<tr>
<td>TeleQuest Teleservices</td>
<td>Inbound call center</td>
<td>Fayette</td>
</tr>
<tr>
<td>Thomson Corp.</td>
<td>Book distribution</td>
<td>Boone</td>
</tr>
<tr>
<td>Toyota Motor Sales</td>
<td>Auto parts distribution</td>
<td>Boone</td>
</tr>
<tr>
<td>Universal Coach Parts</td>
<td>Parts distribution for buses</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Universal Coach Parts Inc.</td>
<td>Warehouse, distribution, corporate offices</td>
<td>Jefferson</td>
</tr>
<tr>
<td><strong>EXPANDING SUPPORTIVE/SERVICE FIRMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comair Inc.</td>
<td>Maintenance, training, office facility</td>
<td>Boone</td>
</tr>
<tr>
<td>DHL Airways Inc.</td>
<td>Airline hub, sort facility</td>
<td>Boone</td>
</tr>
<tr>
<td>Image Entry</td>
<td>Data processing</td>
<td>Laurel</td>
</tr>
<tr>
<td>Lexmark Intl. Inc.</td>
<td>Research &amp; development</td>
<td>Fayette</td>
</tr>
<tr>
<td>Pegasus Satellite Television</td>
<td>Inbound call center</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Providian Financial Corp.</td>
<td>Credit card operations center</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Sykes Health Plan Service Bureau</td>
<td>Call center</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Tricon Global Restaurants</td>
<td>Support center</td>
<td>Jefferson</td>
</tr>
<tr>
<td>UniDial Communications Inc.</td>
<td>Telecommunications services</td>
<td>Jefferson</td>
</tr>
<tr>
<td>Unifirst</td>
<td>Uniform distribution</td>
<td>Daviess</td>
</tr>
<tr>
<td>United Parcel Service</td>
<td>Automated sorting facility</td>
<td>Jefferson</td>
</tr>
</tbody>
</table>
Distribution of 1998 New Industry Locations & Expansions with > 100 Jobs Created
Goal 1-Build and Maintain Consensus to Implement the Mission

<table>
<thead>
<tr>
<th>Strategy 1.1</th>
<th>Communicate the Economic Development Mission to the Citizens of the Commonwealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic 1.1.1</td>
<td>Maintain and market a current presentation package on Kentucky’s economic development efforts to be used by local organizations and the Economic Development Cabinet</td>
</tr>
<tr>
<td>Facilitator</td>
<td>Pamela Trautner</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual</td>
</tr>
<tr>
<td>Measures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>M - August 1998</td>
</tr>
<tr>
<td>Summary</td>
<td>A video of economic development activities has been produced and sent to economic development offices around the state. The video will be used during speaking engagements by the local economic development leaders and Cabinet officials and will be offered to various clubs and community organizations throughout the state.</td>
</tr>
</tbody>
</table>

<p>| Tactic 1.1.2 | Publish quarterly newsletter and create other media opportunities to inform the general public, business leaders and government officials about Kentucky’s economic development progress |
| Facilitator | Pamela Trautner  | Leader  | Tom Harris |
| Performance | Annual  | Number of calls to fax on demand system |
| Measures    | Annual  | Results of questionnaire to newsletter recipients |
|             | Annual  | Number of newsletters distributed |
| Summary     | The circulation of the Cabinet’s quarterly newsletter has expanded from 6,000 to 10,000 with the addition of mailing lists from the Small and Minority Business Development Division and Kentucky Procurement Assistance Program. A fax on demand system provides informational fact sheets on doing business in Kentucky. |</p>
<table>
<thead>
<tr>
<th>Tactic 1.1.3</th>
<th>Create systemized approach for Cabinet officials to conduct interviews with local, state and national news media to communicate Kentucky’s economic development efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Pamela Trautner</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual</td>
</tr>
<tr>
<td>Measures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td>Summary</td>
<td>Approximately 250 state, regional and national media outlets are routinely contacted through news releases issued by the Cabinet. All press releases will be posted on our new web site, including archived press releases from the past. Secretary Strong wrote an op ed letter that was published in the Lexington <em>Herald-Leader</em>.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactic 1.1.4</th>
<th>Communicate economic development efforts to support existing industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Pamela Trautner</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual</td>
</tr>
<tr>
<td>Measures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td>Summary</td>
<td>The economic development efforts and expansions of existing industries continue to be featured in the Cabinet newsletter. Existing industry expansions are communicated to the news media. The role of existing industry expansions is also featured in the Cabinet video.</td>
</tr>
</tbody>
</table>

Tactic 1.2.1  Involve economic development groups and business leaders in the Cabinet’s economic development efforts, including the Strategic Plan

Facilitator  Terri Wellman  Leader  Sandy Napper

Performance Measures
Annual  Extent of formal communications and activities
Annual  Level of involvement
Annual  Number of groups who agree to help

Summary  The Cabinet is included in the planning of general and concurrent sessions for each Kentucky Industrial Development Council quarterly meeting and provides a 15-30 minute Cabinet update at each meeting. Cabinet staff serves as an active member of several Kentucky Chamber of Commerce Board committees, including the Public Policy Steering Committee, which looks at both long and short term legislative initiatives, and the Community and Economic Development Committee. Cabinet staff members are involved in numerous welfare reform efforts and the activities of the Commission on Human Services Collaboration, both currently underway by the Cabinet for Families and Children. The Cabinet is involved with the Renaissance Kentucky program, which is designed to encourage economic growth in downtown community areas.

Tactic 1.2.2  Present an economic development progress report at the annual Labor/Management Conference and other annual statewide conferences sponsored by agencies affected by the Strategic Plan including Natural Resources, Agriculture and Tourism

Facilitator  Janet Williamson  Leader  Gary Moberly

Performance Measures
Annual  Requests to participate in conferences
Annual  Attendee response from Labor-Management Conference
Annual  Attendees at Labor-Management Conference

Summary  The annual Labor-Management Conference was held September 15-17, 1998, at Kentucky Dam Village State Resort Park. Attendance was the largest to date with 920 registered participants. The theme of this year’s conference was “The World of Work is Changing.” Secretary Strong, Governor Patton and others presented an economic development progress report at the conference.
Tactic 1.2.3  Recognize the efforts of tactic team leaders and members and others involved in economic development efforts in Kentucky

Facilitator  René True  Leader  Darrell Gilliam
Performance Measures  Annual  Number of recognition efforts
Summary  The Governor’s Economic Development Leadership Summit recognizes outstanding leadership efforts in economic development. Tactic team leaders were recognized in the 1997 Annual Report.

Strategy 1.3  Ensure Continuing Involvement of All State Government Agencies and the Kentucky Legislature

Tactic 1.3.1  Conduct an annual briefing for the Governor, other elected officials and Cabinet secretaries on the progress of the state’s economic development efforts, including the Strategic Plan

Facilitator  Marvin E. (Gene) Strong, Jr.  Leader  Marvin E. (Gene) Strong, Jr.
Performance Measures  Annual  Number of briefings
Summary  Presentations to the Governor and Cabinet Secretaries are conducted at Cabinet Secretary’s staff meetings as the need arises. Strategic Plan progress is communicated at the staff meetings.

Tactic 1.3.2  Meet with each Cabinet and relevant state agencies to develop specific actions to support the state’s economic development efforts, including the Strategic Plan

Facilitator  René True  Leader  Marvin E. (Gene) Strong, Jr.
Performance Measures  Annual  Number of agencies involved
Summary  Several Cabinets and state agencies are involved with economic development efforts or implementation of the Strategic Plan. The Natural Resources & Environmental Protection Cabinet, Department of Agriculture, Education, Arts & Humanities Cabinet, and the Tourism Development Cabinet are all involved with a strategy in Goal 5. The Workforce Development Cabinet, Revenue Cabinet, and Finance & Administration Cabinet participate on one or more tactics.

Tactic 1.3.3  Report annually to the Interim Joint Committee on Economic Development
Facilitator: Marvin E. (Gene) Strong, Jr.  
Leader: Gene Fuqua

Performance Measures: Annual Committee response

Summary: The Interim Joint Committee on Economic Development requests a presentation from the Cabinet for Economic Development at least annually, where Strategic Plan progress is communicated.

Goal 2 - Reduce Unemployment and Increase Per Capita Income

Strategy 2.1: Pursue Existing and New Business Development

Tactic 2.1.1: Review and improve as necessary existing incentive programs

Facilitator: Gordon Duke  
Leader: Gordon Duke

Performance Measures:
- Fall 1998: Conduct review of current statutes, regulations and administrative procedures to determine whether improvements are needed
- Fall 1999: Draft appropriate statutory, regulatory or administrative documents to affect improvements if necessary

Summary: The team met to review changes made to incentive programs in the 1998 General Assembly and will continue to meet to prepare recommendations for the 2000 General Assembly.

Tactic 2.1.2: Increase access to industry specific worker training and skills upgrade
**Tactic 2.1.3** Monitor state recruiting and establish a formal state marketing plan

<table>
<thead>
<tr>
<th>Facilitator</th>
<th>Pamela Trautner</th>
<th>Leader</th>
<th>Dan Tobergte</th>
</tr>
</thead>
</table>

**Performance**
Annual Implementation of new marketing strategies

**Measures**
Annual Usage of the Target Industry Analysis in marketing/advertising efforts
M-Fall 1997 Plan revision based on current efforts

**Summary**
The Kentucky Marketing Oversight Committee (KMOC) meets quarterly to review the Cabinet’s marketing activities and to make suggestions/recommendations on new initiatives. The Target Industry Analysis is used to determine the majority of the Cabinet’s marketing activities and advertising placement, resulting in more industry-specific ads in industry publications. The direct mail campaign schedule for 1998-1999 has been developed and sent out. The Cabinet began a more aggressive lead follow-up program, hiring a project manager to focus on actively following up with prospects through telephone and mail contact.

**Tactic 2.1.4** Develop a fully automated state industrial site and buildings database using GIS
Facilitator Brenda Workman  Leader Susan Lambert

Performance Annual Number of times used to support recruiting or expansion
Measures Annual Number of sites included in inventory

Summary Cabinet’s budget for 1998-2000 includes funding for a Geographic Information System (GIS) needs assessment, hardware, software and staff support, and $40,000 in grant funds were awarded. Hired a Director of the Site Evaluation Division with responsibility for developing the Kentucky Economic Development Information System using GIS. Hired Plan Graphics as the GIS consulting vendor to help develop the System. Hired a GIS Geo Processor Principal. Installed GIS equipment: server, workstation, software. Established a Cabinet test work group to begin developing the database.

Tactic 2.1.5 Emphasize the advantages of rural Kentucky in recruiting
Facilitator Drew Dennis  Leader Darrell Gilliam

Performance Annual Amount of marketing efforts emphasizing rural Kentucky
Measures Annual Amount of new and expanding industry in rural areas
Summary The team implemented numerous suggestions regarding a “rural theme” in various marketing activities including: advertising, trade shows, recruiting trips and direct mail efforts.

Strategy 2.2 Promote Entrepreneurial Activities

Tactic 2.2.1 Fund and implement the Commonwealth Venture Fund
Facilitator David Bratcher  Leader Jerry Rickett

Performance M-April 1998 Favorable action by Legislature
Measures M-Fall 1998 Establish fund administrative structure
Summary The Kentucky Investment Fund Act passed the 1998 General Assembly. Staff is now engaged in the implementation of the new venture fund program.
<table>
<thead>
<tr>
<th>Tactic 2.2.2</th>
<th>Include entrepreneurial assistance in training programs for economic developers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Melissa Wheeler-Scott  Leader      Wayne Foster</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual Training as part of KIED</td>
</tr>
<tr>
<td>Measures</td>
<td>Spring 1999 Annual one-day statewide “Entrepreneurship and Small Business Development Training Program for Economic Development Professionals”</td>
</tr>
<tr>
<td>Summary</td>
<td>The Tactic Team met periodically throughout the year and plans to have a seminar by Spring 1999. Contacting potential speakers for seminar presentation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactic 2.2.3</th>
<th>Identify ways to assist entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Theresa Damron  Leader      Jane Dirr</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual Identify and address any gaps in assistance</td>
</tr>
<tr>
<td>Measures</td>
<td>Annual Keeping information current</td>
</tr>
<tr>
<td>Summary</td>
<td>The final recommendations of the tactic team are: 1) Develop a database of programs available that assist entrepreneurs and find a way to keep the database current, easily available and user friendly; 2) Encourage the development of a “Career Awareness Program” at the high school level and encourage schools to promote interaction with entrepreneur-type businesses through work/study programs designed to introduce students to all facets of a business; tours of business operations in varied industries; seminars by business owners at schools; and open discussion forums between students, guidance counselors and business owners; and 3) Draft legislation to require Economics be part of the high school curriculum.</td>
</tr>
</tbody>
</table>
Strategy 2.3  Encourage the Establishment of Business Networks

Tactic 2.3.1  Seek funding for Kentucky First Program

Facilitator  Jim Kurz  Leader  Larry Shindeldecker

Performance Measures
Annual  Number of matches made between purchasers and suppliers, and dollar amounts of matches
Annual  Number of training events conducted, and number of attendees
Annual  Number of purchasers and suppliers assisted, total and by categories
Annual  Number of counseling sessions, total and by category of participants

Summary  Many Kentucky firms are discovering that goods and services traditionally purchased long-distance can be found right here in the Commonwealth. Consequently, the tactic team proposed a Kentucky First program to help Kentucky firms make this networking connection to keep more business in Kentucky.

Tactic 2.3.2  Identify industry sectors which are appropriate for networks and establish networks

Facilitator  Rodney Brown  Leader  Rodney Henson

Performance Measures
Annual  Business evaluation of network effectiveness
Annual  Level of activity within the networks
Annual  Number of firms per network
Annual  Number of networks established

Summary  Four major initiatives have been undertaken and/or supported by the Cabinet Network Staff including: 1) Kentucky Auto/Truck Industry Council - Activities include holding the first annual trade expo in Louisville, creating a capabilities database, incorporating as a non-profit organization, holding several meetings for members, providing benchmarking for members and hiring an Executive Director for Member Services to assist member companies with the formation of networks and alliances; 2) Kentucky Wood Alliance - This alliance of 16 wood industry companies in Kentucky was formed this year to bid on a prime vendor contract for the State of Kentucky. Several members of this alliance have transacted business including a contract for approximately $2.7 million; 3) United Sourcing Alliance, LLC - This Louisville-based company is a joint venture between Value Systems of North Carolina and Unistar, a Louisville-based company, and it will provide statewide cost reduction opportunities for Kentucky companies; and 4) Advanced Alliance Assistance - The Network Grant Review Committee approved the expansion of services offered by the Cabinet's Network Initiative to include an alliance building guide, an alliance web site and an advanced program for the creation of alliances.
Goal 3—Create a Globally Competitive Business Environment

Strategy 3.1  Pursue the Infrastructure Necessary for Kentucky Communities and Businesses to be Competitive in the World Economy

Tactic 3.1.1  Develop and maintain the electronic infrastructure necessary to implement an effective information strategy

Facilitator  René True  Leader  Doug Robinson

Performance Measures  M-June 1996  Infrastructure established

Summary  The infrastructure for the Kentucky Information Highway (KIH), along with an agreement between 20 local telephone companies and LCI International is completed. Kentucky now enjoys an information highway with connections to all courthouses, school districts, colleges and universities.

Tactic 3.1.2  Complete an annual priority listing of proposed transportation improvement projects

Facilitator  Drew Dennis  Leader

Performance Measures  F-July 1998  Priority list completed

Summary  This tactic is to be revised or deleted.

Tactic 3.1.3  Create and propose a set of funding guidelines and priorities for use by state agencies in allocating resources for public utility construction important to the economic development of the Commonwealth

Facilitator  David Bratcher  Leader

Performance Measures  F-July 1998  Create priority funding list

Summary  Other state agencies including the Kentucky Infrastructure Authority and the Division of Water are establishing priorities for public infrastructure projects in the state.
Tactic 3.1.4  Establish an effective and formal system for coordination of efforts with the state’s private for profit utility providers to improve the economic development of the Commonwealth

Facilitator  Dick Cirre  Leader
Performance  Annual  Report success of utility network

Summary  Deregulation of the national and state electric utility industry is expected to impact the provision and cost of electrical power in Kentucky. HJR 95 created an Electricity Restructuring Task Force to study electricity restructuring in Kentucky, with intentions of producing a report by 11/15/99.

Strategy 3.2  Increase Kentuckians’ Awareness of the Importance of the International Economy and Provide Knowledge on How To Participate

Tactic 3.2.1  Develop, plan and offer informational opportunities to Kentuckians on issues related to the international economy

Facilitator  Peggy Pauley  Leader  Campbell Barnum
Performance  F-Fall 1998  Presentation to legislators
Measures  F-Fall 1998  Presentation to state agencies
F-Summer 1998  Develop presentation on international awareness

Summary  Six ideas were developed to increase Kentuckians’ awareness of the international economy. The ideas are: 1) Develop school curriculum to support international awareness; 2) Educate legislators as to the importance of the international economy; 3) Increase awareness of available international resources; 4) Increase the multipliers around the state; 5) Develop non-traditional marketing activities such as web sites and electronic catalogs; and 6) Increase foreign language skills earlier in schools. The team developed four action plans to implement the ideas.

Tactic 3.2.2  Work with the Department of Education and the Council on Postsecondary Education to make economic development lesson plans and classes a part of the state’s educational curricula

Facilitator  Jim Kurz  Leader  Joanne Lange
Performance  Annual  Number of primary, secondary and post-secondary schools using curricula
Measures  F-July 1998  Develop curricula

Summary  Recommendations were made, but funding not approved.
### Tactic 3.2.3

**Use economic development professionals to educate students, business and civic leaders and government officials on economic development and global issues**

**Facilitator:** Jim Kurz  
**Leader:** Louis Adams-Rogers

**Performance Measures:** Annual  
**Number of programs related to ED in the schools**

**Summary:** Recommendations were made, but funding not approved.

### Strategy 3.3

**Develop Legislative Initiatives and Policy Changes Reflective of a Positive Business Attitude**

#### Tactic 3.3.1

**Implement procedures and actions that result in the Cabinet for Economic Development working closely with all agencies that develop regulatory policies that effect Kentucky’s globally competitive position**

**Facilitator:** Joe Brown  
**Leader:** Valerie Hudson

**Performance Measures:** Annual  
**Implementation of recommendations**

**Summary:** The team decided that implementing procedures and actions that affect regulatory policies and create a more competitive position for Kentucky in the global marketplace is better served by the Empower Kentucky program.

#### Tactic 3.3.2

**Formulate policies and practices that enhance the Commonwealth’s international business potential by studying and analyzing political and economic conditions to ensure an accurate knowledge of Kentucky’s global competition**

**Facilitator:** Tom Bailey  
**Leader:** Holly Groshek

**Performance Measures:** Spring 1999  
**Recommendations for tactics, laws, or programs to enhance global competitiveness**

**Summary:** A survey of non-exporting manufacturing firms will be conducted in January; report and recommendations will follow.
<table>
<thead>
<tr>
<th>Tactic 3.3.3</th>
<th>Develop a process to evaluate the adequacy of the state’s current governmental policy to help Kentucky to be globally competitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>René True</td>
</tr>
<tr>
<td>Leader</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
</tr>
<tr>
<td>Measures</td>
<td></td>
</tr>
<tr>
<td>Summary</td>
<td>Combined with tactic team 3.3.2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy 3.4</th>
<th>Provide Assistance to Kentucky Companies in Assuming a Greater Role in the World Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic 3.4.1</td>
<td>Implement strategies to increase the export of Kentucky products and services, and encourage and support industry based consortia for export development</td>
</tr>
<tr>
<td>Facilitator</td>
<td>Mary Beth Cordy  <strong>Leader</strong>  Margaret Graves</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual  Number of export consortia formed</td>
</tr>
<tr>
<td>Measures</td>
<td>Annual  Implement strategies to increase exports</td>
</tr>
<tr>
<td></td>
<td>M-Fall 1998  Develop strategies to increase exports</td>
</tr>
<tr>
<td>Summary</td>
<td>Three industries of focus are secondary wood, environmental technologies and food and kindred products. International Trade Division staff presented a plan to assist each of these industries upon entering a targeted market. Staff is implementing approved plans.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactic 3.4.2</th>
<th>Develop strategies to transfer technology to Kentucky businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Bill Morris  <strong>Leader</strong></td>
</tr>
<tr>
<td>Performance</td>
<td>Annual  Number of companies involved in program</td>
</tr>
<tr>
<td>Measures</td>
<td>F-Fall 1998  Strategies developed</td>
</tr>
<tr>
<td>Summary</td>
<td>The Science and Technology Project Team is currently developing a statewide technology plan under the leadership of the Kentucky Science and Technology Council. The team recommends using the Project Team findings as the end product for tactic 3.4.2.</td>
</tr>
</tbody>
</table>
Goal 4-Manage Resources to Maximize Return on Investment

**Strategy 4.1**  Create an Effective Statewide Economic Development Organization Structure

**Tactic 4.1.1**  Prepare a detailed analysis of the existing economic development organizational structure and service delivery system

**Facilitator**  Terri Wellman  **Leader**  Darrell Gilliam

**Performance**  January 1999  **Measures**  Complete inventory and profile

**Summary**  The Cabinet is represented on a committee reviewing economic development service delivery systems with the Kentucky Chamber of Commerce.

**Tactic 4.1.2**  Create a model of Kentucky’s “ideal” economic development service delivery system

**Facilitator**  Terri Wellman  **Leader**  Darrell Gilliam

**Performance**  Fall 1999  **Measures**  Create model

**Summary**  See tactic 4.1.1 report.

**Tactic 4.1.3**  Compare the current structure with the “ideal” model and its criteria and standards. Based on this comparison, develop and implement a more efficient and effective organizational structure

**Facilitator**  Terri Wellman  **Leader**  Darrell Gilliam

**Performance**  Fall 1999  **Measures**  Support for new organizational structure

**Summary**  See tactic 4.1.1 report.
Tactic 4.1.4  Establish programs which encourage and reward regional cooperation in economic development

Facilitator  Kim Logsdon  Leader  Sim Davenport

Performance  Annual  Movement within economic development community toward regional organizations and cooperation

Measures  Annual  Extent to which economic development programs encourage and reward regional cooperation

Summary  Developed draft outline of suggested actions for communities to use to enhance regional cooperation. Tactic team will review and suggest improvements to outline before distributing to communities. Three Regional Industrial Parks were funded in 1998, with two others approved for preliminary engineering work.

Strategy 4.2  Develop Leadership and Leadership Vision, Capacity and Tools, Particularly at the Community Level

Tactic 4.2.1  Establish and implement an effective economic development leadership development program which improves the depth and quality of the leadership base at the local and regional levels, and which focuses community preparedness efforts on the development of local leadership.

Facilitator  Janet Williamson  Leader  Darrell Gilliam

Performance  Annual  Evaluation of program effectiveness by community and business leaders

Measures  Annual  Continue annual Governor’s Economic Development Leadership Summit

Annual  Participation in training programs

Annual  Number of training programs offered

Summary  The 1998 Governor’s Leadership Conference was held in conjunction with KIDC’s Annual Meeting November 4-6, 1998, in Bowling Green. The conference featured the Third Annual Governor’s Economic Development Leadership Awards Presentations and Dinner, which included recognition of 41 Centennial Businesses, Founders Awards winners, Gray Award winners, and five people receiving the Governor’s Economic Development Leadership Award.
**Tactic 4.2.2**  Assist and encourage all communities to prepare a comprehensive development plan and related economic development strategy

**Facilitator**  Tim Back  **Leader**  Darrell Gilliam

**Performance**  Annual  Feedback from communities on effectiveness of comprehensive development plan assistance

**Measures**  Annual  Number of comprehensive community plans which fit with regional and state plans

**Summary**  A draft revision to the team’s Community Planning & Development Handbook was completed. It is currently being circulated for review and comment, with final review and comments due by March 1999.

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**Tactic 4.2.3**  KEEP - sponsor training seminars in existing business support for economic developers and local leaders

**Facilitator**  Patti Kirk  **Leader**  Joe Mefford

**Performance**  Annual  Business evaluation of economic development support for existing businesses

**Measures**  Annual  Number of attendees

**Summary**  The KEEP Program is an ongoing partnership between BellSouth, UK and the Cabinet for Economic Development. Program refinements include implementing follow-up and evaluation procedures for working with communities following a local KEEP Program. KEEP was recently highlighted in the quarterly newsletter of the Business Retention and Expansion International Society as a model program. New KEEP programs include Winchester/Clark County and possibly Hart County, which received an initial presentation.

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**Strategy 4.3**  Make the Economic Development Cabinet’s Programs and Activities Effective and Accessible

**Tactic 4.3.1**  Develop an evaluation process for current economic development programs, and tactic teams using Cabinet staff.

**Facilitator**  René True  **Leader**  Ernest Yanarella

**Performance**  Annual  Changes which result from evaluation

**Measures**  Annual  Number of programs evaluated

**Summary**  Draft Bluegrass State Skills Corporation program evaluation completed. Future program evaluations to be contracted.
Tactic 4.3.2
Assure that available information on each community is up-to-date and reliable, resulting in a strengthening of the relationship between the Cabinet and communities.

Facilitator  Becke McGaughey  Leader  Lisa Mills

Performance
M-December 1998  Implement changes to community brochures

Measures

Summary
The Cabinet has implemented recommendations of the team into their community brochure publications. Community brochures updated annually rather than every two years.

Tactic 4.3.3
Identify, or create, and make available on-line appropriate economic development related databases of direct and immediate value to economic development professionals, community leaders and businesses.

Facilitator  René True  Leader  Joe Mefford

Performance
Annual  Evaluation of current web site
Annual  Evaluation of web site’s effectiveness
Annual  Number of hits to web site
F-March 1999  Redesign of web site completed

Measures

Summary
Cabinet’s new web site is under construction with new graphics, updated and new information and a navigation system developed from the point of view of the Cabinet’s customers.

Strategy 4.4
Develop a Coherent and Integrated Workforce Training Delivery System

Tactic 4.4.1
Evaluate training activities funded by or designed to serve economic development by creating a working level task force with broad authority.

Facilitator  Ken Carroll  Leader  Allen Rose

Performance
Annual  Number of requests for employee screening and testing
Annual  Business response to new training organization
Annual  Perceived value of screening and testing by business clients

Measures

Summary
The task force membership will be the new board of directors implementing the Workforce Investment Act.
Tactic 4.4.2  Create a state-level training information and services clearinghouse.

Facilitator  Glenna Glass  Leader  Steve Allen

Performance  Annual  Customer evaluation of clearinghouse
Measures  Annual  Number of responses by clearinghouse

Summary  This tactic is being driven by the Cabinet for Workforce Development and the Simplified Access process, which is a vital portion of Governor Patton’s Empower Kentucky initiative. Five major components of Simplified Access that have been implemented: 1) Resource Directory; 2) Virtual Office and Telecommuting Project; 3) Employ Kentucky Network; 4) Data Warehouse Project; and 5) Commonwealth Access to Resources (CARE System). In addition to this effort, the Bluegrass State Skills Corporation Directory of Customized Training Providers is scheduled to be available via Internet February 1999.

Strategy 4.5  Revise and Improve the Regulatory Processes

Tactic 4.5.1  Maintain a Regulatory Expediting Center within the Economic Development Cabinet that includes coordination of a Single Point of Contact Program

Facilitator  Joe Brown  Leader  Valerie Hudson

Performance  Annual  Evaluate the effectiveness and quality of the Regulatory Expediting Center
Measures  Annual  Number of agencies which establish single point of contact

Summary  Empower Kentucky is addressing the issues of this tactic.

Tactic 4.5.2  Have the Economic Development Cabinet work closely with the Natural Resources Cabinet in the development of environmental regulations which affect business

Facilitator  Joe Brown  Leader

Performance  Annual  Number of regulations developed cooperatively
Measures  Annual  Number of regulations developed cooperatively

Summary  Tactic merged with tactic 3.3.1.
Goal 5-Manage Kentucky’s Natural Resources and Cultural Assets to Ensure Long-Term Productivity and Quality of Life

<table>
<thead>
<tr>
<th>Strategy 5.1</th>
<th>Promote Sustainable Management of Kentucky’s Environmental Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic 5.1.1</td>
<td>Provide environmental asset and secondary wood industry training to economic development professionals</td>
</tr>
<tr>
<td>Facilitator</td>
<td>Bill Morris</td>
</tr>
<tr>
<td>Performance</td>
<td>F-Fall 1998</td>
</tr>
<tr>
<td>Measures</td>
<td>F-February 1998</td>
</tr>
<tr>
<td>Summary</td>
<td>Staff of the Department of Natural Resources presented the report and recommendations prepared on this tactic, but funding has not been secured.</td>
</tr>
</tbody>
</table>

| Tactic 5.1.2 | Support the efforts of the Kentucky Forest Stewardship Act |
| Facilitator  | Bill Morris | Leader | Steve Kull |
| Performance  | M-Spring 1998 | Favorable action by legislation |
| Measures     | |
| Summary      | The Kentucky Forest Conservation Act passed the 1998 General Assembly. |

| Tactic 5.1.3 | Promote incentives for development of the secondary wood industry |
| Facilitator  | Bill Morris | Leader | Mark Kaser |
| Performance  | Annual | Number of secondary wood industry facilities expanding or locating in Kentucky |
| Measures     | F-Summer 1999 | Develop strategies for promoting incentive programs |
| Summary      | A pilot project is being prepared to equip a selected community with the tools needed for the application/location/expansion process in the wood manufacturing industry, as a means of boosting a specific location’s development potential and equipping the local economic development base with a valuable, marketable asset. |
**Tactic 5.1.4**  Support the efforts of the Department for Surface Mining Reclamation and Enforcement to promote development of post-mine land uses for long-term economic growth  
**Facilitator**  Bob Fouts  
**Leader**  Paul Hall  
**Performance Measures**  Annual  Amount of federal money obtained  
**Summary**  The tactic team set the goal of obtaining funds from the Abandoned Mined Land Funds for economic development purposes. The team focused on gathering information on the funds and uses in other states, preparing types of possible projects these funds could finance, and possible ways of administering the funds.

**Tactic 5.1.5**  Promote development of business recruitment and tourism with a focus on minimizing harmful waste management practices  
**Facilitator**  Dick Cirre  
**Leader**  
**Performance Measures**  Annual  Number of industry and tourism projects that minimize harmful waste management practices  
F-Winter 1998  Implement strategies to minimize harmful waste management practices  
F-Summer 1998  Develop strategies to minimize harmful waste management practices  
**Summary**  No recommendations to report.

**Strategy 5.2**  Promote Expanded Opportunities for Value-Added Agri-Business, Enhanced Marketing Efforts and State Financing Programs  
**Tactic 5.2.1**  Monitor and support the efforts of the Ag Marketing Advisory Board and Ag 2000  
**Facilitator**  Smith Mitchell  
**Leader**  
**Performance Measures**  Annual  Progress of the Ag Marketing Advisory board and Ag 2000  
**Summary**  The Cabinet is represented at Ag Marketing Advisory Board meetings, and activities are reported to Secretary Strong.
<table>
<thead>
<tr>
<th>Tactic 5.2.2</th>
<th>Implement commodity marketing projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Don Goodin/David Bratcher Leader Jim Mansfield</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual Number of commodity marketing projects implemented</td>
</tr>
<tr>
<td>Summary</td>
<td>Cabinet for Economic Development and Department of Agriculture staff worked with the Legislature to make changes to the Linked Deposit program. The loan amount increased to $100,000 and interest rates will be equal to New York prime.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactic 5.2.3</th>
<th>Promote incentive programs for value-added agri-business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Don Goodin/David Bratcher Leader Todd Barlow</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual Number of value-added agri-businesses expanding or locating in Kentucky</td>
</tr>
<tr>
<td>Summary</td>
<td>See report for Tactic 5.2.2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactic 5.2.4</th>
<th>Evaluate and recommend financial assistance programs for agricultural producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitator</td>
<td>Don Goodin/David Bratcher Leader Vertress Warner</td>
</tr>
<tr>
<td>Performance</td>
<td>Annual Number of agricultural producers receiving financial assistance</td>
</tr>
<tr>
<td>Summary</td>
<td>See report for Tactic 5.2.2.</td>
</tr>
</tbody>
</table>
Strategy 5.3  Promote and Develop Kentucky’s Cultural and Historical Assets as Tools for Economic and Tourism Development

Tactic 5.3.1  Develop and implement a plan to maximize the use of state, federal and private funds for programs to increase the economic and tourism development impact of local and regional, cultural, historical and natural assets

Facilitator: Brenda Rice  Leader: Lou DeLuca

Performance:
F-Fall 1999  Completion of heritage/cultural development guide by the end of this year

Measures:
F-July 1998  Acceptance of the plan by Tourism Development, Economic Development and Education Arts & Humanities personnel
M-Fall 1997  Establishment of the Cultural and Heritage Tourism Committee

Summary:
A tactic implementation committee made up of Education, Arts & Humanities and Tourism Development Cabinet staff to implement tactic 5.3.1, will coordinate with the regional tourism planning work being done under Tactic 5.4.3. The committee proposed a plan to compile a sourcebook of technical assistance available to Kentucky regions or communities, listing all existing state, federal and private programs and fund sources available, which impact heritage, cultural, or tourism development. The tactic committee has planned a Cultural/Heritage Tourism Workshop for May ’99. The projected date for the sourcebook is September 1999.

Tactic 5.3.2  Emphasize cultural, historical and natural asset-quality of life in economic and tourism development marketing and publications

Facilitator: Pamela Trautner  Leader: Alan Fowler

Performance:
Annual  Level of increase in cultural and historical attractions attributable to marketing

Measures:
Annual  Amount of time and space devoted to cultural and natural assets in Economic Development marketing

Summary:
Tactic 5.3.2 has been incorporated into Tactic 2.1.3. The following marketing strategy and action steps are included in the revised state industrial marketing plan: 1) Encourage local economic development agencies to identify and inventory natural and cultural assets of their respective areas; 2) Include summaries of natural and cultural assets in each of the Cabinet’s community brochures and other informational packets as deemed appropriate; and 3) Work with the Tourism Cabinet to establish a “Quality of Life” brochure for use with prospects.

Tactic 5.3.3  Include cultural, heritage, and tourism leaders in economic development planning and leadership training; and provide incentives and technical assistance to communities for the inclusion of cultural/heritage/tourism planning in community development plans

Facilitator: Craig Kelly  Leader: David Morgan/Gerri Combs
### Tactic 5.3.4

Expand local, regional, national and international markets for Kentucky crafts, cultural, historical and agricultural products, including a strong emphasis on these products in state facilities.

<table>
<thead>
<tr>
<th>Facilitator</th>
<th>Sara Bell</th>
<th>Leader</th>
<th>Fran Redmon</th>
</tr>
</thead>
</table>

#### Performance

| Annual | Craft producer evaluation of marketing efforts |

#### Measures

| Annual | Export of Kentucky crafts |
| Annual | Total sales of Kentucky crafts |
| Annual | Number of outlets selling Kentucky crafts |
| F-Fall 1998 | Develop catalog of Kentucky produced crafts and products |

#### Summary

During 1998, work started on the Artisans Center in Berea, the Hindman Craft Education Project, and on the Hwy. 23 Corridor Projects. The upgrading of the state parks’ gift shops is completed.
Strategy 5.4  Promote and Develop the Tourism Industry

Tactic 5.4.1  Implement the master plan for tourism development, which ties it to the overall economic development strategy

Facilitator  Jane Sullivan  Leader  Ann Latta

Performance Measures  Annual  Evaluation of plan by tourism and related industries

Summary  The Tourism Development Cabinet now publishes County Profiles of Tourism Industry Resources. These profiles will enable potential entrepreneurs in the tourism industry to assess each county’s tourism environment. The Tourism Development Cabinet continues to implement the Tourism Development Master Plan.

Tactic 5.4.2  Actively seek tourism projects with significant economic impact

Facilitator  Tom Hoehner  Leader  David Lovelace

Performance Measures  Annual  Number of tourism projects applying for and receiving sales tax credit under Kentucky Tourism Development Act

Summary  Promotional efforts center around the Kentucky Tourism Development Act (KTDA), which provides a state sales tax incentive to eligible new or expanding tourism attractions. In 1998 the Millennium Monument Company in Newport received preliminary approval for KTDA incentives. Also, in 1998 the Newport on the Levee LLC in Newport and the Kentucky Speedway LLC in Gallatin received final approval for KTDA incentives. HB 397 enacted during the 1998 General Assembly made modifications to KTDA.

Tactic 5.4.3  Develop and implement regional tourism development plans

Facilitator  Melissa Wheeler-Scott  Leader  Debbie Giannini

Performance Measures  M-Fall 1997  Develop regional plans

Summary  Tourism regional development plans for nine regions covering the state are final and have been submitted to each region for implementation.
Tactic Team Leaders

Lois Adams-Rogers  
Department of Education

Steve Allen  
Empower Kentucky

Todd Barlow  
Corn Growers Association

Campbell Barnum  
D.D. Williamson Company

Gerri Combs  
Education, Arts and Humanities Cabinet

Sim Davenport  
BellSouth

Lou DeLuca  
Education, Arts, and Humanities Cabinet

Jane Dirr  
Specialty Film and Associates Inc.

Wayne Foster  
Commonwealth Research, Inc.

Alan Fowler  
James N. Gray Company

Gene Fuqua  
Cabinet for Economic Development

Debbie Giannini  
Tourism Development Cabinet

Darrell Gilliam  
Capital Community Economic-Industrial Development

Authority
Margaret Graves  
Bluegrass Conservancy

Bob Green  
Workforce Development Cabinet

Holly Groshek  
Kentucky World Trade Center

Paul Hall  
Kentucky River Area Development District

Tom Harris  
Toyota Motor Manufacturing, Kentucky, Inc.

Rodney Henson  
Sachs Automotive of America

Valerie Hudson  
Gallatin Steel Company

Mark Kaser  
Kentucky Wood Products Competitiveness Corporation

Tom Kelly  
Publishers Printing

Steve Kull  
Cabinet for Natural Resources and Environmental Protection

Susan Lambert  
Office of Geographic Information Systems

Joanne Lange  
Department of Education

Ann Latta  
Tourism Development Cabinet

David Lovelace  
Tourism Development Cabinet

Jim Mansfield  
Department of Agriculture

Joe Mefford  
BellSouth

Lisa Mills  
Greater Louisville, Inc.

Gary Moberly  
Labor Cabinet

David Morgan  
Kentucky Heritage Council

Sandy Napper  
Kentucky Industrial Development Council

Fran Redmon  
Education, Arts and Humanities Cabinet

Jerry Rickett  
Kentucky Highlands Investment Corporation

Doug Robinson  
Kentucky Information Resource Management

Allen Rose  
Workforce Development Cabinet

Larry Shindeldecker  
Clarion Corporation

Linda Stacy  
Cabinet for Natural Resources and Environmental Protection

Marvin E. (Gene) Strong, Jr.  
Cabinet for Economic Development

Dan Toberge  
Tri-County Economic Development Corporation

Vertress Warner  
Kentucky Agricultural Finance Corporation

Ernest Yanarella  
University of Kentucky