

# Scott County Kentucky Economic Competitiveness Strategy

## Aligning Aspirations, Investments and Actions

In late 2021 Scott County United, a group of Scott County, Kentucky leaders and stewards, contracted with Economic Leadership, an economic and workforce development consultancy, to engage stakeholders, conduct research, examine best practices, and prepare recommendations to help the county become more economically competitive. Economic Leadership worked with staff from Scott County United and the Georgetown/Scott County Chamber of Commerce, and a leadership committee composed of public and private sector leaders from across the county on this project.

All strategy development begins with an assessment of the current community reality, then determines what the local stakeholders want for their community in the future. The final step is to identify, and then implement, specific actions to move from where you are to where you aspire to be. Successful plans are future-focused, realistic, actionable, resourced, and are regularly updated.



This strategic plan reviews the many trends influencing the economy and workforce in Scott County – demographic, economic, and more. It recommends five strategic areas for focus, and 12 specific actions. Stakeholders must determine ongoing organizational leadership, responsibility, resources, and timeframes.

## The Current Economic Reality

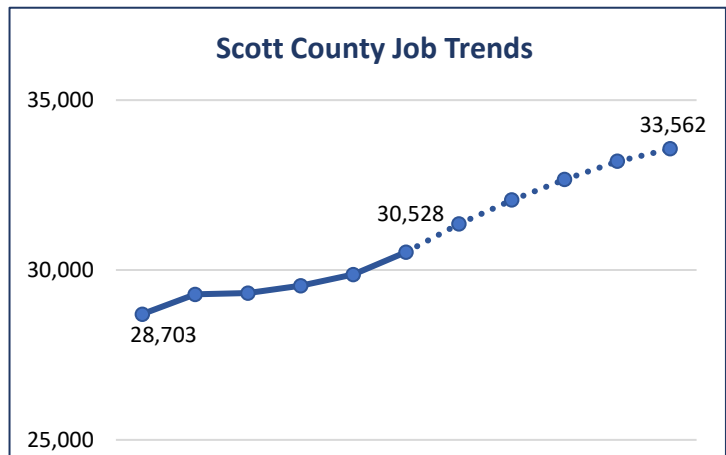
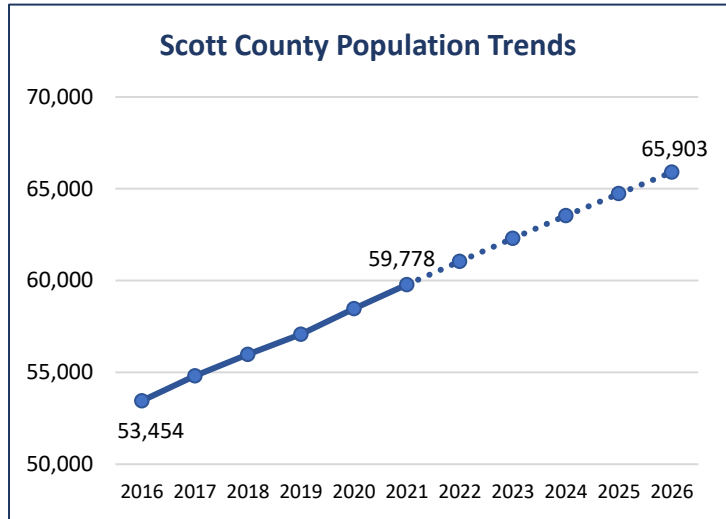
Scott County, Kentucky is part of the Lexington Kentucky Metro and part of the Bluegrass Economic Development Alliance. In recent years, the County has been among the fastest growing counties in Kentucky. As the home of Toyota's largest worldwide vehicle manufacturing plant, Georgetown employs over 15,000 high-wage industrial jobs, along with the indirect and induced jobs that emanate from a large manufacturing facility.

Assets such as Georgetown College, beautiful architecture and the nearby Kentucky Horse Park combine to create a locally celebrated and beloved quality of life. The combination of abundant jobs and high quality of life has nevertheless created challenges.

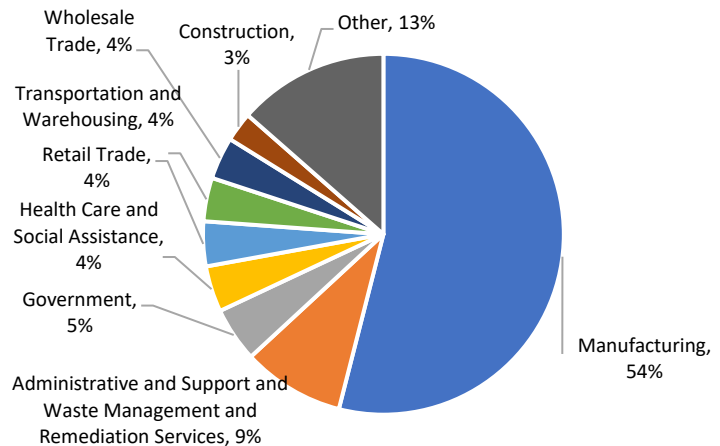
Growth will require continuous local investment in infrastructure and K-12 education. Having sufficient and appropriately trained workers, a ready-for-occupancy supply of buildings, and a mix of shovel-ready sites is both necessary to compete successfully and requires aggressive, intentional efforts by local actors.

The chart at the right shows that more than half of the Scott County gross domestic product (GRP) is generated from the manufacturing sector. Few counties in American can claim that a majority of their economy is from manufacturing.

Manufacturing's impact is further amplified by the payroll revenue generated. The average earnings in manufacturing in Scott County are the



Scott County Top Industry Gross Regional Product 2021

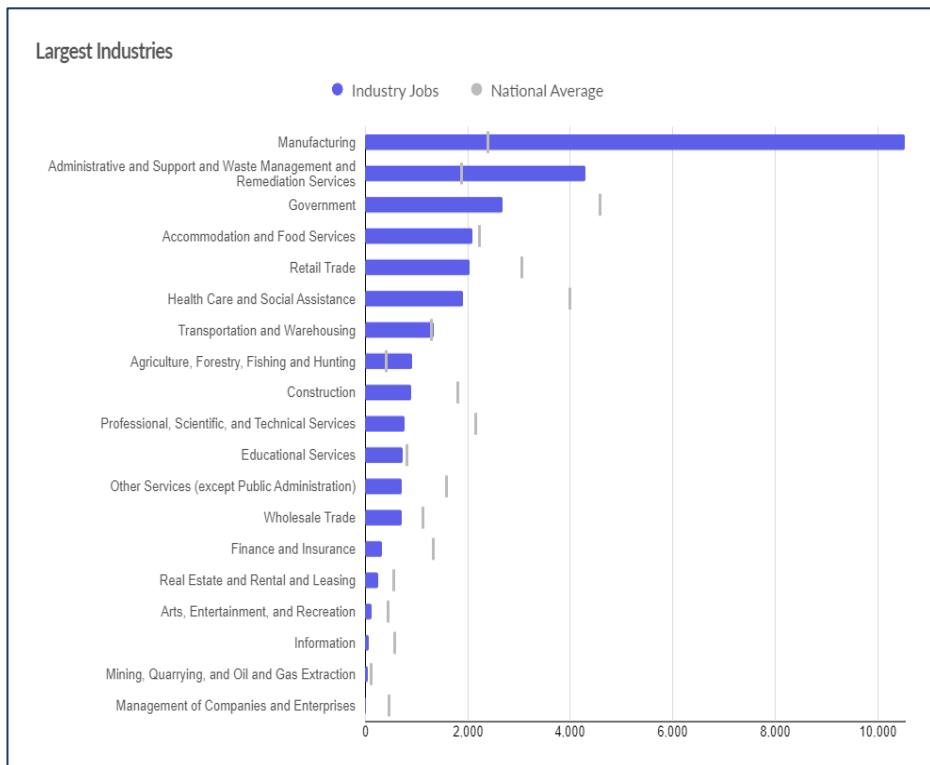
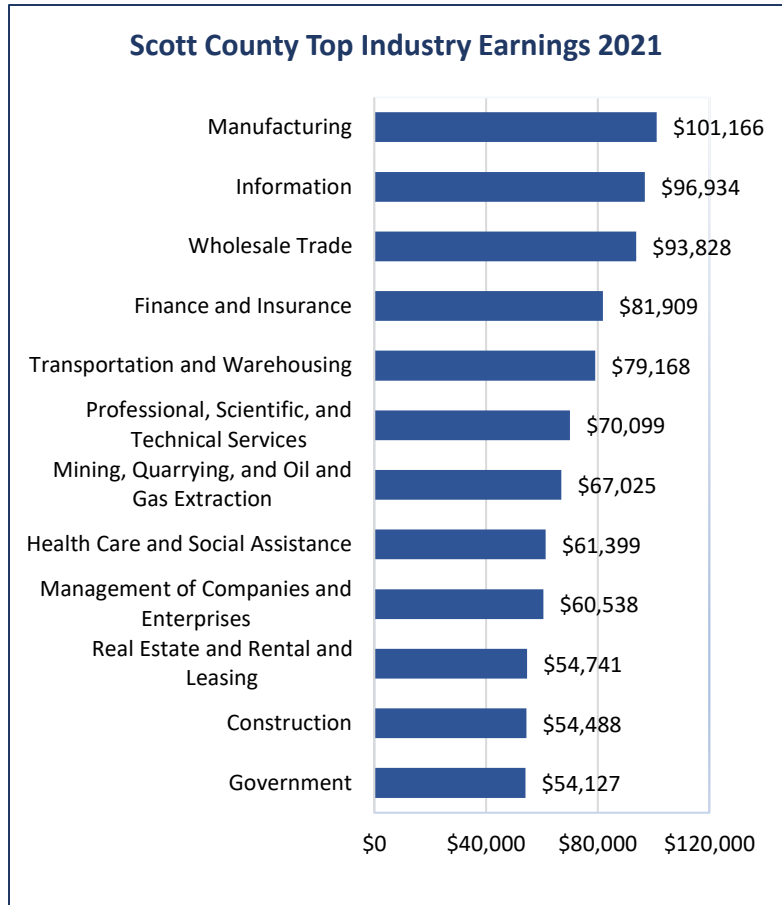


highest of any sector, and in 2021 exceeded \$100,000 per job. An abundance of high-paying jobs is always a top economic development priority.

From this economic strength, Scott County faces three ongoing economic challenges: (1) having enough entry level and skilled labor to meet the needs of all local businesses, (2) providing enough land/buildings and utilities to accommodate growth, including supply chain companies that support local manufacturing, and (3) diversifying the economy to hedge against economic shocks.

A broader examination of the economy offers possible future opportunities. When compared to an average county across the country, Scott County exceeds the average number of jobs in Manufacturing, Administrative and Support and Waste Management and Remediation Services, (comprised of establishments performing routine support activities for the day-to-day operations of other organizations), and Agriculture. Jobs in Transportation and Warehousing are at the national average, but as is discussed later, is the fastest growing.

In all other sectors Scott County has fewer jobs than would be expected in an average county. Big deficiencies in Professional, Scientific and Technical



Services; Finance and Insurance, Real Estate, Arts and Entertainment and Construction offer areas for future growth.

## Competitiveness Factors

The factors that influence new investment in any community are well documented. Each year executives and site selection consultants are surveyed by *Area Development Magazine* to gauge which factors are most important. The issues that are consistently most important to companies and site selectors can be grouped in three categories: workforce, infrastructure, and business climate (including cost). Along with local availability of shovel-ready sites and ready and appropriate buildings, these factors are typically labeled the county's "product". Without a competitive product most economic development marketing and promotion efforts are not effective.

Locational decision makers typically look first at statewide factors such as business climate, legal and regulatory climate, general location, the state economic health, broad risk factors such as workforce health, weather, fiscal stability and ultimately state incentives. Kentucky's overall competitiveness is mixed. The state is currently ranked as having the 18<sup>th</sup> best tax climate by the Tax Foundation. The U.S. Chamber's Institute for Legal Reform ranks the legal climate as 40<sup>th</sup>. Kentucky's long term fiscal stability is ranked among the worst by the Mercatus Center and U.S. News. Economic Leadership creates an annual ranking for best states for manufacturing business and Kentucky typically scores among the best 15. Improvements in the state's competitiveness should be a priority for all Kentucky economic developers.

After a state analysis, most companies then consider regional strengths and weaknesses. Labor sheds, transportation networks, quality of life assets, and housing markets are all regional in nature. As part of their current strategic work, Commerce Lexington identified the regional strengths and weaknesses below.

### Lexington Regional Strengths

- Good access to quality healthcare
- Energy availability & moderate cost
- Excellent highway accessibility
- Abundant quality of life amenities
- Low crime rate
- Low labor costs
- High ratings of public schools

### Top Site Selection Factors 2021

(Corporate Executives)

1. Availability of skilled labor
2. Highway accessibility
3. Energy availability and costs
4. Quality of life
5. Labor costs
6. Occupancy or construction costs
7. Corporate tax rate
8. Tax exemptions
9. State and local incentives
10. Inbound/outbound shipping costs

### Lexington Regional Weaknesses

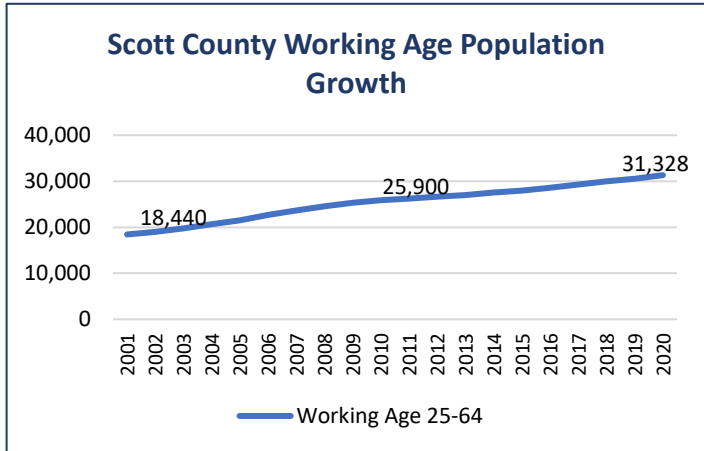
- Insufficient shovel ready land
- Limited available buildings
- Limited housing availability
- Onerous state/local regulations
- Insufficient skilled labor
- High development costs
- Burdensome housing affordability

At the local level, when surveyed, the leadership committee felt that Scott County's competitive advantages included, excellent highway accessibility, a great quality of life, a low union profile, energy reliability and costs, low crime rates and very good healthcare and educational opportunities. Areas that needed improving were the availability of zoned and prepared land, ready-to-occupy buildings,

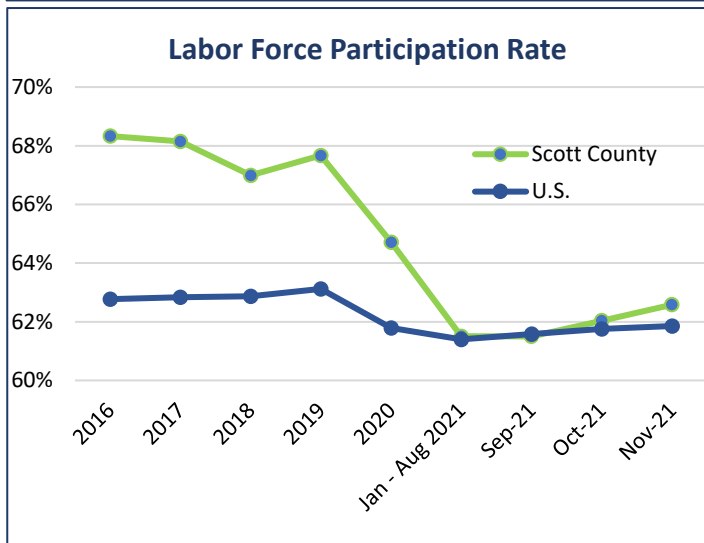
occupancy costs, housing availability and costs, and the highest priority, increasing the availability of entry level and skilled labor.

## The Scott County Labor Market

Three workforce issues are a common challenge across our country, including in Scott County. **The first is the overall lack of people in the labor pool.** Nationally, the growth in the workforce has not kept up with demand due to decades of falling fertility rates, declining labor force participation that has been amplified by the pandemic, a 75 percent reduction in new immigrant labor, and the huge wave of Baby Boomer retirements. In Scott County, labor growth has been steady, but is insufficient to meet the needs of current businesses. Between 2001 and 2010 the county’s working age population grew by just over 40 percent. Between 2010 and 2020 the growth slowed to just over 20 percent.



A second local challenge is the need to raise the labor force participation rate. Kentucky has historically had a low participation rate, and it fell significantly during the pandemic. Scott County’s rate has typically been among the highest in the state, but it also dropped during the pandemic. Attracting adults back to work must be among the goals.

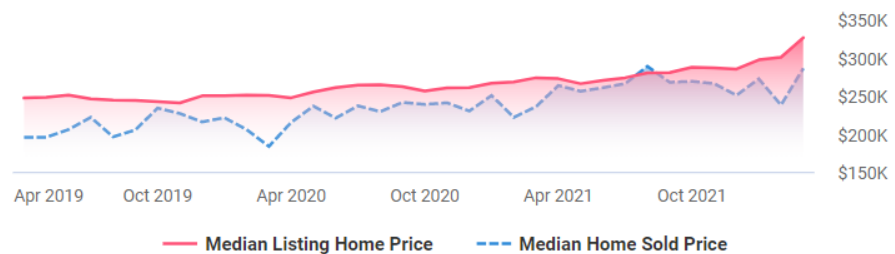


One popular way to increase the local labor pool is to attract more people to move to your community. Scott County has the quality of life that would be attractive to new residents, but housing supply is limited, and according to Realtor.com, prices jumped almost 20 percent over the past year to a median home

### Scott County, KY Housing Market

In February 2022, the median listing home price in Scott County, KY was \$325K, trending up 19.2% year-over-year. The median listing home price per square foot was \$162. The median home sold price was \$285K.

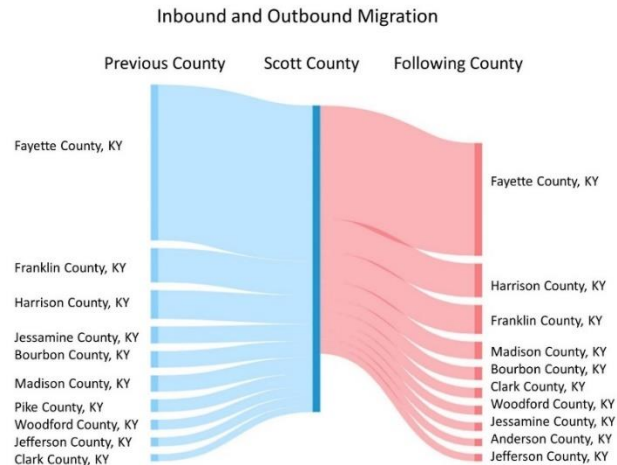
#### Median Listing Home Price vs. Median Home Sold Price



sale price of over \$285,000. Talent attraction programs often include financial inducements such as tax breaks, relocation bonuses or free incentives. Communities like Tulsa, OK, Bentonville, AR, and Greensboro, NC are actively marketing their assets and are often targeting young people, or people with specific skills.

Currently most permanent movement to and from Scott County has been generated from surrounding counties. Building national name recognition as a desirable location would be expensive, and would work best on a regional level. Daily commuting defies the local desire for a live-work-play community, with less than half of local workers working in Scott County and less than half of local jobs filled with local residents.

Some examples of programs often viewed as best practices are below.



- To attract transitioning military some places are aligning with the Manufacturing Institute’s **Heroes MAKE America** program. This initiative is currently active at four bases in America. This is typically a 10-week, full-time program for separating military, veterans, and military spouses. Coursework includes Certified Production Technician (CPT) certification training. Heroes MAKE America claims a 92 percent placement rate. Current corporate sponsors include Samsung, Caterpillar, Stanley Black & Decker, and Honeywell. About 200,000 service members transition to civilian life each year in America.
- Some communities have focused on second chance programs. Lockhart Correctional Facility, a state prison for women located south of Austin, Texas, partnered with Austin Community College to begin an in-house **Certified Production Technician** program for inmates. Fourteen women graduated in the initial class in August 2019. This is the first time that Austin Community College has partnered with a prison in its region.
- Oklahoma: Many employers in Kentucky are aware of, and envious of, Oklahoma’s **Aerospace Industry Engineer Workforce Tax Credit** program which rewards both employees and employers. Started in 2009, the program provides state tax credits for five years to the company that hires aerospace engineers, and to the engineers themselves. In the program’s first six years it helped attract over 4,200 aerospace engineers with average wages of \$80,000 annually, approximately \$287 million in total wages.

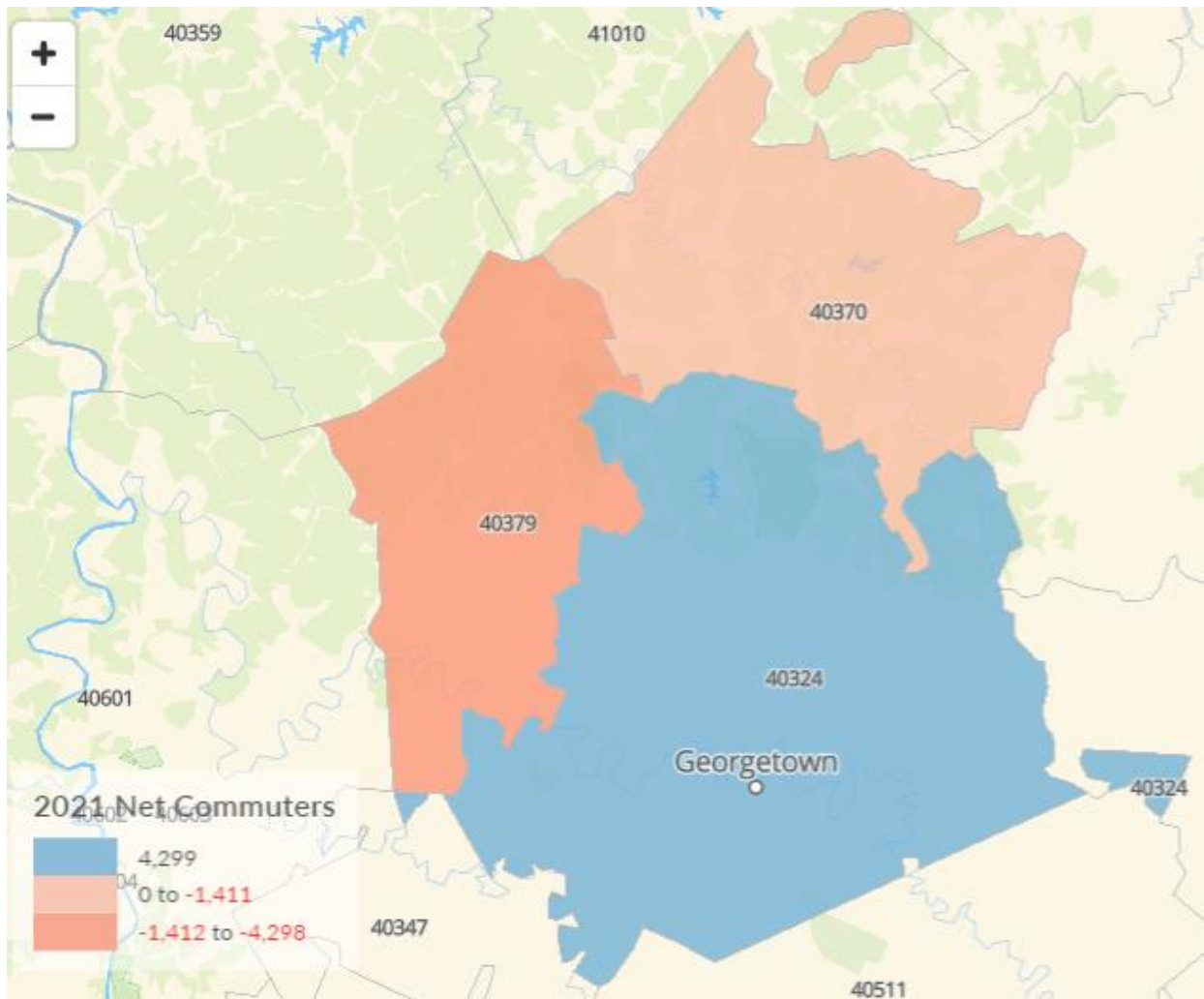
Not all programs include financial incentives.

- The Northwest Arkansas Council developed the **Finding NWA** program to help businesses deliver information on the region’s quality of life, recreation, and entertainment options to out-of-state job candidates. Northwest Arkansas also hosts a **Young Professionals Summit** annually, with a goal of retaining and developing young talent.

- Belknap County, New Hampshire: The Small Lakes Region of New Hampshire, about two hours north of Boston, has a very high median age. In 2013 the Belknap Economic Development Council began a campaign to attract young people, particularly natives who have left the area. The campaign uses social media, a revamped website with a “Meet Our Young Talent” section, and radio ads.

### Scott County Commuting Patterns

Another important strategy is encouraging Scott County residents to work in the County and attract additional labor force from surrounding counties. 2021 data shows that Scott County has more jobs than resident workers.



ZIP	ZIP Name	2021 Jobs	2021 Resident Workers	2021 Net Commuters
40324	Georgetown	29,568	25,269	4,299
40370	Sadieville	395	1,517	(1,121)
40379	Stamping Ground	470	1,882	(1,412)

Total Scott County

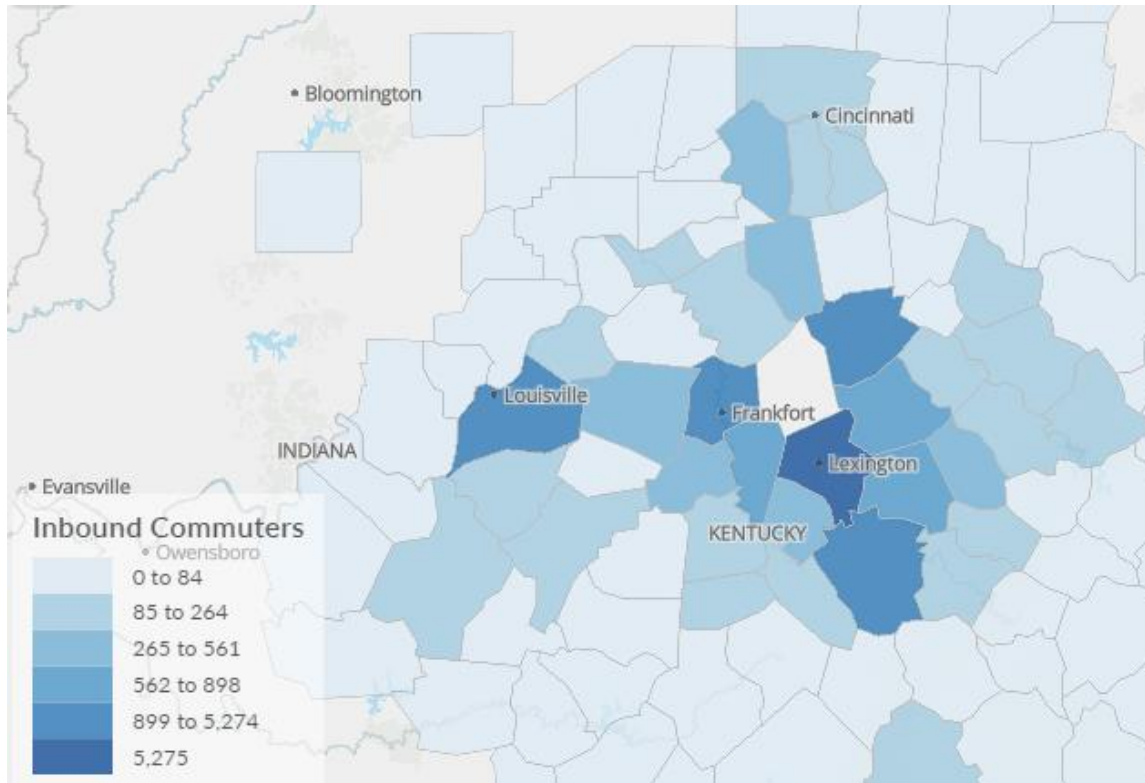
30,433

28,668

1,765

Looking at broader commuting patterns, the data below shows where Scott County residents commute for work and where incoming commuters come from. Overall, in 2021 there were more people commuting into Scott County for work (17,857) than out of the county (16,446), resulting in net gain of workers each day of 1,412.

### Where Inbound Commuters Are Coming From



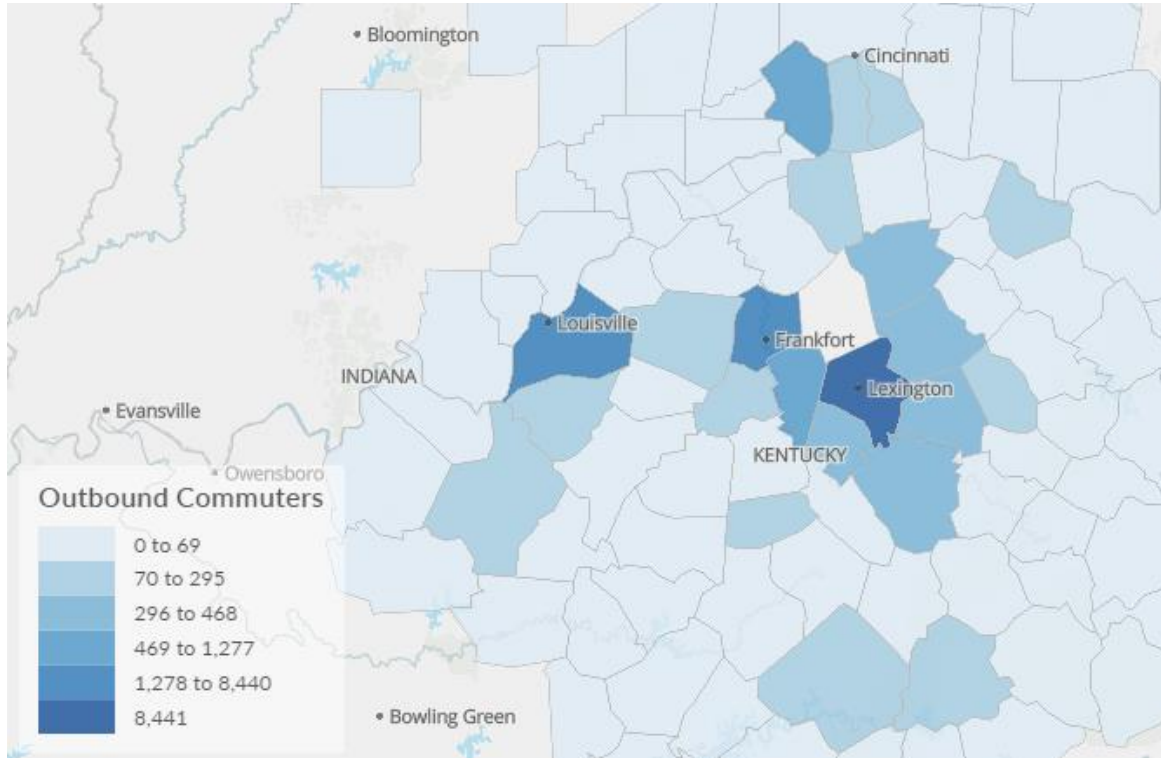
Scott County is attracting workers primarily from Fayette, Harrison and Franklin counties. The top counties are:

County	Inbound Commuters
Fayette County, KY	5,275
Harrison County, KY	1,190
Franklin County, KY	1,021
Jefferson County, KY	980
Madison County, KY	899
Clark County, KY	661
Bourbon County, KY	657
Woodford County, KY	562
Boone County, KY	454



Grant County, KY	450
Jessamine County, KY	449
Montgomery County, KY	354
Anderson County, KY	324
Shelby County, KY	265

**Where Scott County Residents are Commuting for Work**

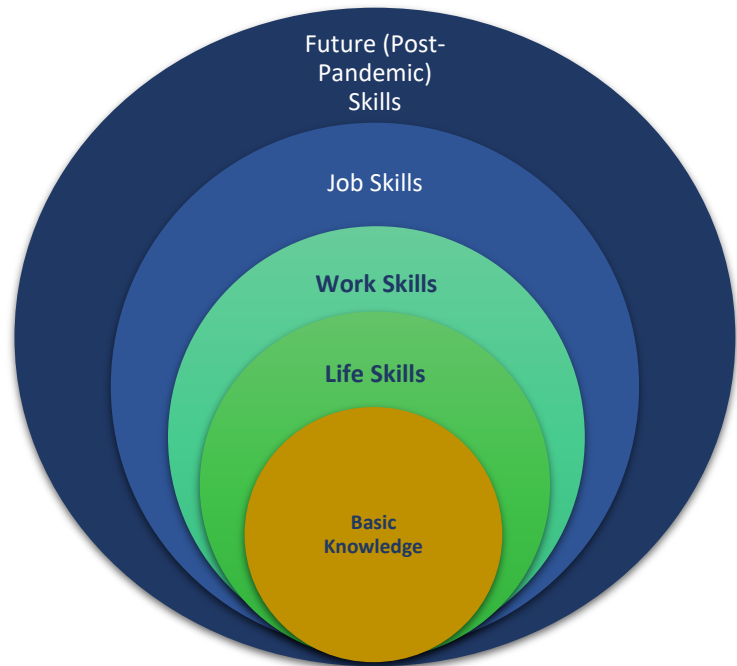


Scott County residents are commuting for work primarily to Fayette, Jefferson and Franklin Counties.

County	Outbound Commuters
Fayette County, KY	8,441
Jefferson County, KY	1,492
Franklin County, KY	1,278
Woodford County, KY	562
Boone County, KY	469
Madison County, KY	387
Jessamine County, KY	369
Bourbon County, KY	355
Harrison County, KY	329
Clark County, KY	296
Montgomery County, KY	189
Shelby County, KY	170
Grant County, KY	112
Anderson County, KY	92

**The second workforce issue is the continued mismatch between the skills workers possess, and the skills employers need.** There is no simple, universally agreed upon list of the skills that employers want. Often a specific job's most important skill is determined by the overall ability of the work team. Scott County stakeholders raised concerns about people not in the labor force and skill shortages that are usually referred to as "soft skills," including work attendance, ability to pass a drug test, and attitude. These challenges were more acute for entry level workers. Some stakeholders talked about the inability to fill jobs with specific technical skills.

Naming and framing the problem is essential to any problem-solving. The following breakdown, created by Economic Leadership, helps to explain the "skills gap," and the skills that citizens will need to successfully compete for better jobs in the future. Each tier builds on the previous set of skills. By identifying specific skill deficiencies, specific actions can be created to address them.



**Basic Knowledge** is the set of core academic competencies being taught by elementary, middle, and high schools in Scott County, Kentucky, and the local districts, make choices about curriculum, instructional strategies, materials, and textbooks. Many social, economic, and family factors heavily impact academic achievement. From the employers' perspective, an effective course of study would result in proficiency in reading comprehension, writing and, increasingly important, applied mathematics. Almost all jobs in the future, will require these skills, and also require that the skill-level be quantified by new assessment methods.

**Life Skills** are made up of those personal attributes that are sometimes described as "soft skills." They include motivation (initiative), responsibility, honesty, punctuality, personal accountability, adaptability, and conflict resolution. Often barriers to employment such as failing a drug test or having a criminal record are included in this category.

**Work Skills** are sometimes considered "soft skills" since many are viewed as personal traits. These skills are increasingly important to employers, and they are also generally transferable between jobs. Employees with strong work skills have greater opportunities in a dynamic employment market. Today, most jobs demand that successful employees have teamwork, problem solving, flexibility, perseverance, and communication skills. Increasingly innovation, creativity, leadership, selling, and negotiation abilities are valued.

**Job Skills** are specific to an individual job. A machinist, truck driver, or pastry chef must receive specific training for the task. Higher education institutions and individual employers will be the primary provider of this training, but increased exposure to sector skills can, and should, begin earlier, including during

CTE classes in high school. Many employers are demanding more skills than the basic knowledge conferred by a high school diploma, but do not need workers with a college degree. While only about a third of the jobs in the near future will require a four-year bachelor's degree, an equal number will require post high school training, a certificate or an associate degree. Early exposure for parents and students,

starting with assessments and programs in 5<sup>th</sup> grade can help everyone find opportunity.

In Scott County the percentage of jobs that require a bachelor's degree is only 13.5 percent. That percentage will change little over the next few years with the requirements reaching only 14.6 percent by 2030. A persistent focus, or at least perceived focus, of educators toward more students being prepared for a 4-year college career rather than for high-paying middle skill jobs is contributing to the skills mismatch. Research suggests that many students entering higher education are not prepared, requiring remediation, nor are they armed with the skills for successful work. Higher education rates of noncompleters, mounting student debt, and even early signs of stagnate wages due to oversupply of some bachelor's degree concentrations have caused many communities to reevaluate their educational priorities.

Severe shortage in production and specialty skill workers is one of the primary throttles on the Scott County economy. A targeted, aggressive effort to entice more people into these opportunities is needed.

To attract more people into manufacturing some ideas are gaining traction.

- Partner to develop a website, and related social media, highlighting a positive image of modern manufacturing and good career opportunities in the region. Emphasize pay, the ability to get a good-paying job without student debt, and work-life balance. Promote the website to high school and middle school counselors and parents. Good examples include [Gold Collar Careers](#) (Wisconsin) and [Get on the Grid](#) (Mississippi).
- Work with receptive public school districts to create **Simulated Workplace** CTE classrooms in high schools, based on a successful model in West Virginia. Simulated Workplace creates team-based business settings in classrooms, with regional company leaders evaluating student team projects. In West Virginia, **Simulated Workplace** led to the percentage of high school seniors completing a CTE program to rise from 18 percent in 2010 to 37 percent in 2016.



- **Be Pro Be Proud** is a heralded initiative of the Arkansas Chamber of Commerce and Associated Industries of Arkansas. Be Pro Be Proud takes a common-sense approach to promoting career opportunities in technical positions and skilled trades. The BPBP website notes over 70,000 positions available and that these types of jobs pay \$16,000 more than the state average. Jobs are searchable by ZIP code. The program’s traveling Workforce Workshop is another asset, visiting schools and organizations across the state. North and South Carolina also have statewide Be Pro Be Proud programs.

Finally, **Future Skills** or Post-Pandemic skills are emerging as abilities that can add worth to the employee, especially in these rapidly changing economic times. Once, being able to use a computer was new. Today, the ability to use and interface with technology, manage multiple simultaneous priorities, comfortably absorb and apply data, and successfully interact with colleagues and customers of different backgrounds – often remotely – are all highly valued. Automation will dramatically change the jobs that are available, and the skills needed for success. These future skills should be gained during school years and augmented by ongoing education and practice.

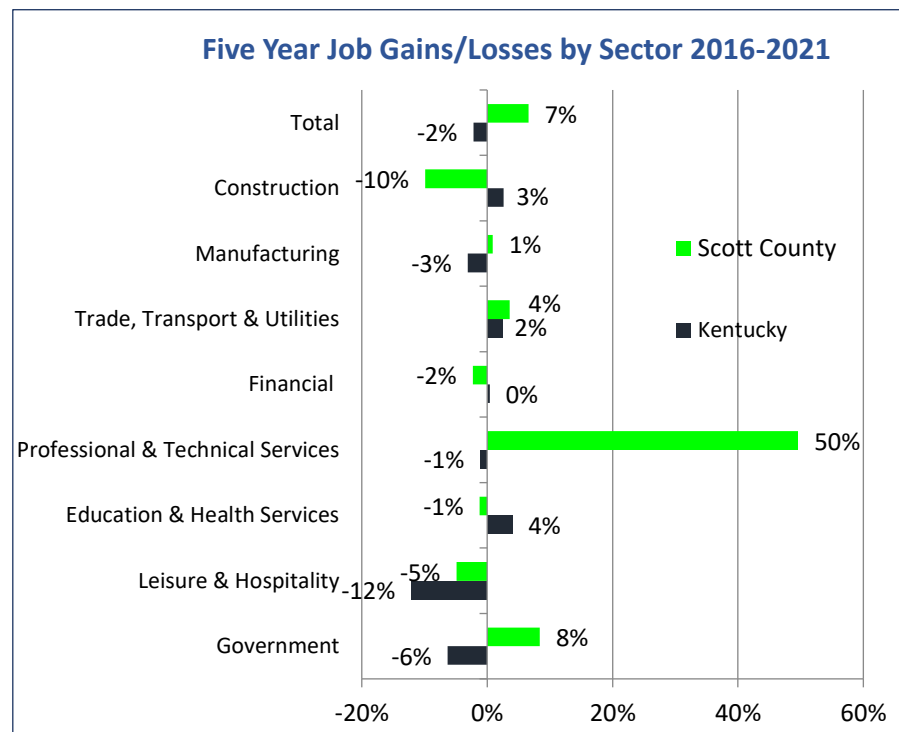
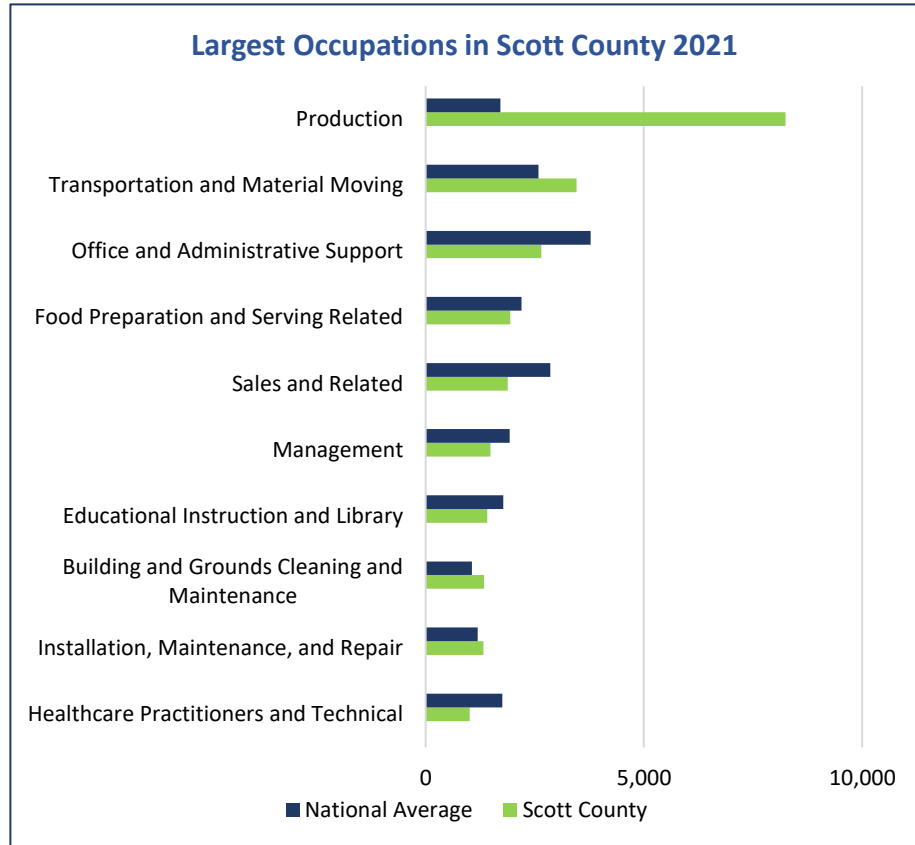


**The third issue is aligning and focusing the various people and programs that build the labor force skills.** The main way that potential workers gain the skills needed is through a community’s education and training programs, but those programs are far from the only influencer in the talent pipeline. The acquisition of skills begins before formal education, especially life skills and work skills. Parents,

relatives, neighbors, and daycare workers all mold how a child communicates, thinks, interacts well with others, and solves problems.

At about age five the future worker usually starts more structured instruction in reading and math and the other pieces of Basic Knowledge. Their interaction with teachers and classmates becomes critical to their development. Eventually most school curricula include instruction and practice in teamwork, communication, critical thinking, and problem solving. Most also expose students to career exploration and some students actively participate in Career and Technical Education (CTE) or work-based learning. After K-12, universities, community colleges, the military or on-the-job training expand a person's skills.

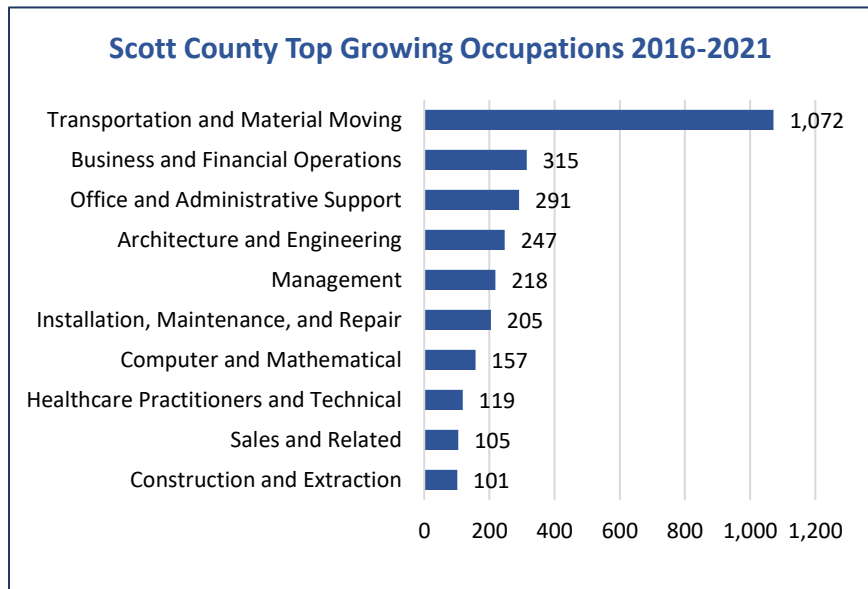
We are all members of the Talent Pipeline, and our world of work necessitates life-long learning. Some of us go back to school, while others are taught new skills by their employers, their peers or by reading or watching YouTube. Developing and continuously improving the talent pipeline for Scott County involves every parent, every educator, and **every employer**. It is daunting, and requires resources, but future growth depends on it.



Disruptions caused by rapid automation, changing consumer preferences, and supply chain modifications have impacted industry sector and occupation growth over the past few years. As expected, Scott County’s biggest occupations are in Production and Transportation and Material Moving. Both sectors are struggling locally to fill open positions. Education and training organizations in Scott County should be focused on developing “best practice” programs that address the shortfall.

The Transportation and Material Moving occupation is the fastest growing, adding over a thousand jobs in the past five years. Other occupations that are not currently among the county’s largest are showing

significant growth such as Architecture and Engineering, Computer and Mathematics and Construction.



The Scott County Economy is expected to continue to evolve, and to prosper. While Kentucky had two percent job losses between 2016 and 2021, Scott County added seven percent to its job inventory. No issue is more important to the Scott County economy, or the future prosperity of its citizens, than preparing them for opportunity.

## Scott County, KY Cluster Analysis

Traded clusters are groupings of industries that serve markets outside of a region (internationally and/or domestically). Clusters also contain supply chains that support an industry such as component suppliers, infrastructure and training capacity. Focusing or targeting clusters as part of a community’s economic development strategy narrows efforts to those industries which are most likely to thrive in a region. Studies have shown that assets that support clusters are more efficient and cost effective than providing subsidies and solutions to individual companies.

According to Bloomberg, “What makes clusters unique is not just that companies with similar or complementary interests, competencies, and



needs congregate around each other. It's that an entire value chain exists within a cluster: suppliers, manufacturers, distributors, academic institutions, researchers, and workforce training, as well as those who provide relevant support services." Traded clusters often account for less than 40 percent of a region's employment, however, they are usually responsible for 50 percent or more of a region's income and innovation.

To determine the current state of traded clusters in Scott County, Kentucky, Economic Leadership collected employment and wage data for over 680 six-digit NAICS code industries for the MSA region. These industries were then grouped into 53 traded clusters. The cluster groupings are very closely related to those provide by US Cluster Mapping, a project produced by the Harvard Business School. Those cluster groupings have not been updated to reflect the most recent iteration of NAICS codes.

Therefore, EMSI's conversion of the Harvard clusters using 2017 NAICS codes was used. A few technology related sectors were moved from the business services cluster to the technology cluster. An **appendix** at the end of this report shows the cluster groupings in

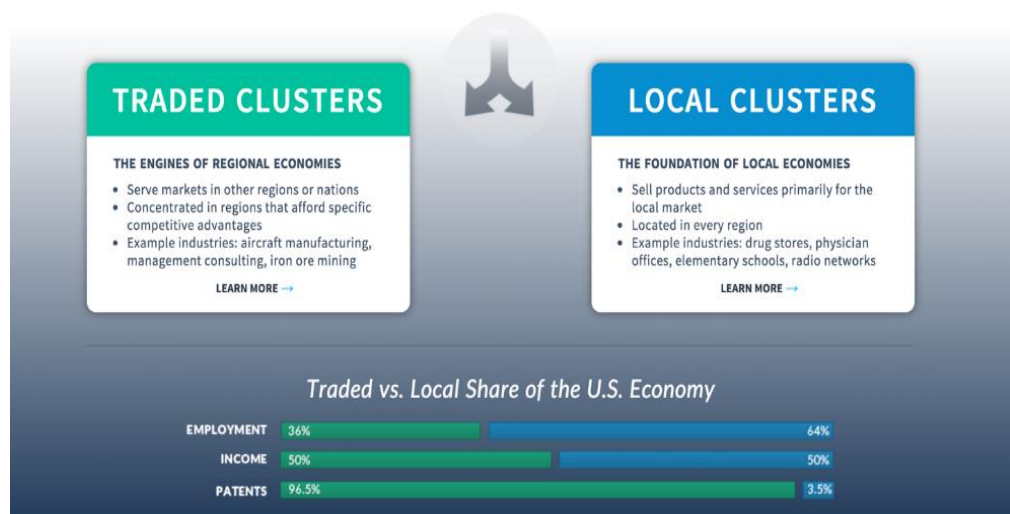
detail. These clusters were then evaluated on recent growth, location quotients, wages, and total employment.

Location quotients (LQs) help demonstrate the clusters that have high concentrations in a region. LQs are the concentration of a cluster's employment in the region compared to national employment levels. A location quotient of 1.00 or greater demonstrates a higher concentration than what would be expected based on national levels. This can reveal what clusters are unique to Scott County and are generating money from outside of the region through exporting.

LQs, when mapped alongside employment growth, can show which clusters are thriving or declining. The chart below shows where Scott County clusters fall on the map and how it corresponds to its strength and growth. The top, right quadrant shows that Automotive, Transportation and Logistics, and Metalworking Technology are the counties strongest and fastest growing clusters.

The lower right quadrant shows the clusters that are not yet strong but have demonstrated the latest recent growth. Government, education, and tourism have grown recently. It is unlikely that local economic developers will target education or government for growth, but hospitality and tourism can be an important area of focus for a community. Efforts by the Georgetown/Scott County Tourism Commission can bring money into the community and help support quality of life assets like retail,

## Cluster: a regional concentration of related industries

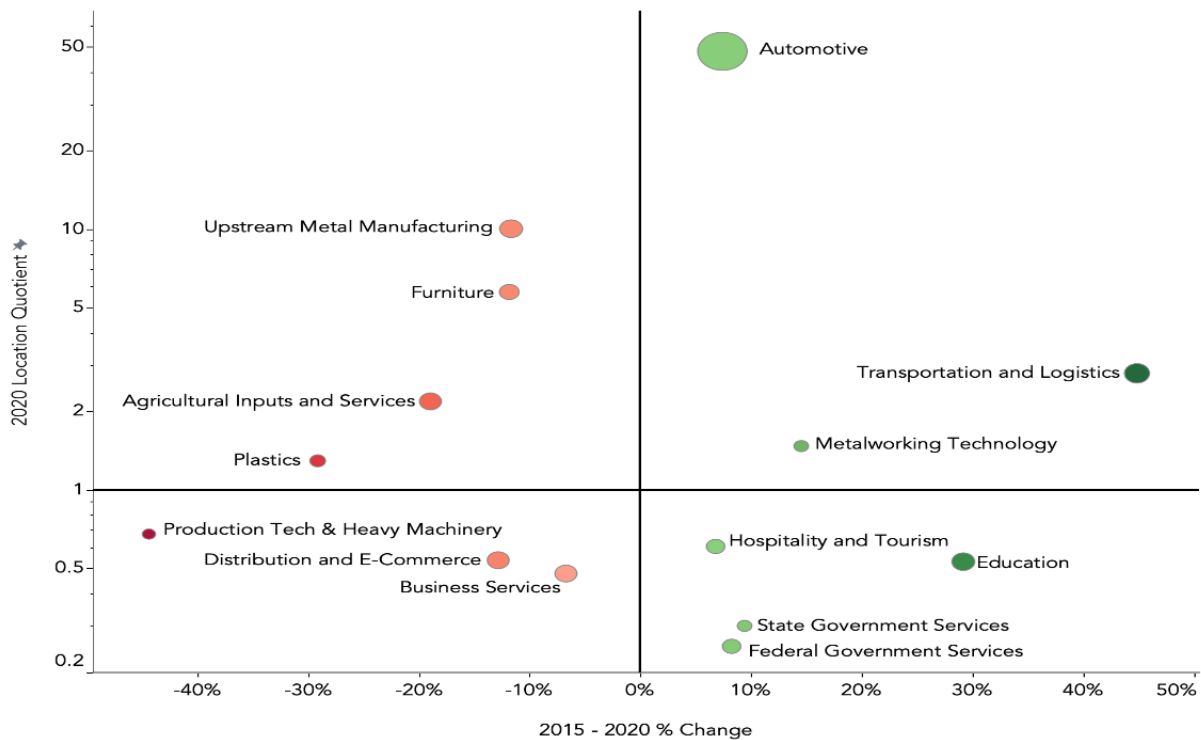


restaurants, and recreation. These efforts create an enhance quality-of-life quotient for prospective employees.

**Agriculture remains important to the county despite recent reductions in jobs. New growth in Upstream Metal Manufacturing, Business Services, and E-Commerce could portend an opportunity for future growth.**



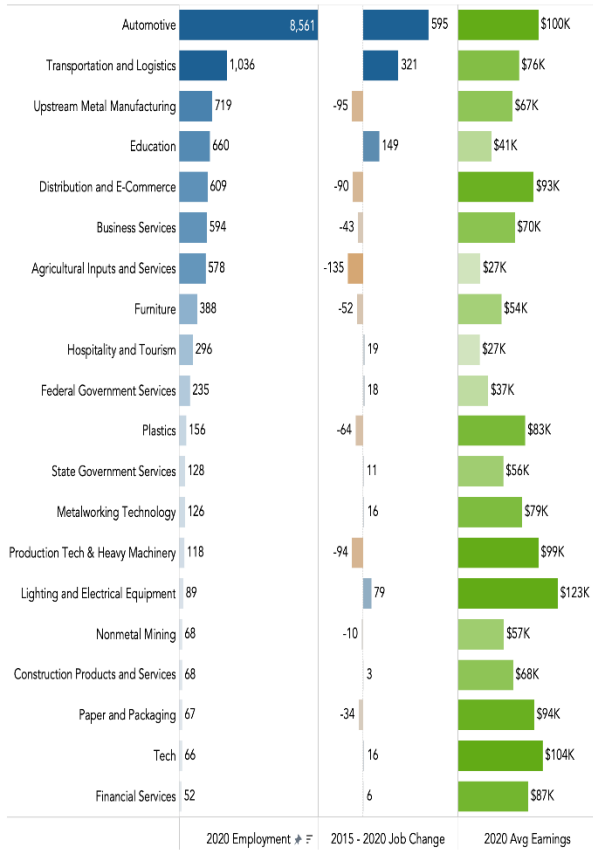
### Scott County, KY Cluster Map (Location Quotients-LQ)



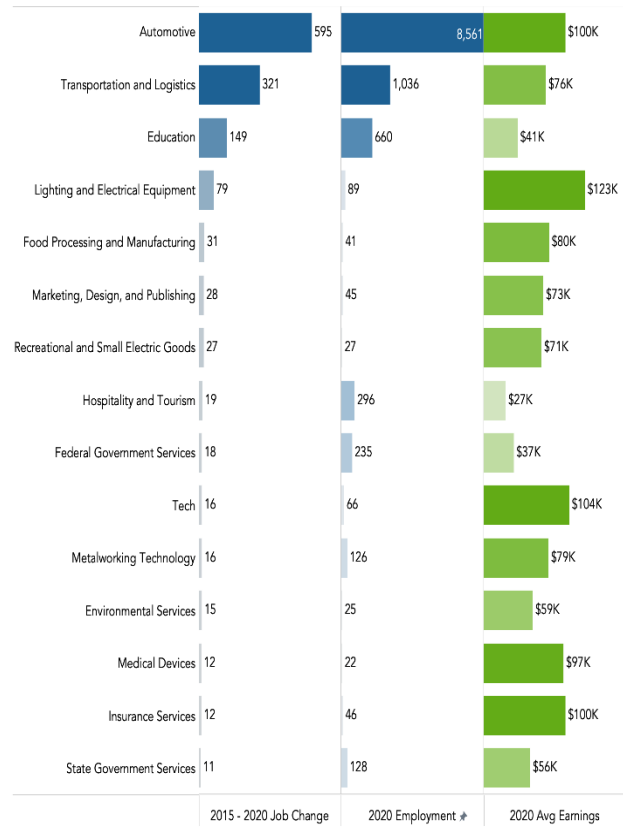
Source: EMSI 2021.2 Note: The size of each cluster bubble is determined by the size of 2020 employment levels. The color of each cluster is determined by the employment growth from 2015 to 2020. Clusters with fewer than 90 employees were left off the chart.



## Top Traded Clusters by Employment-Scott County



## Fastest Growing Clusters in Scott County



In almost all communities, the majority of future growth is generated by existing businesses or clusters of business. A top economic development trend nationally is to focus on attraction of supply chain suppliers for larger employers. The pandemic and the current international conflicts have exposed weaknesses in global supply chains and motivated companies to reassess geography and redundancy. **In Scott County the cluster analysis suggests prioritizing support for Automotive, Transportation and Logistics, Upstream Metal Manufacturing, Agriculture Inputs and Services, and Plastics.** If resources

are available, new opportunities are emerging in Lighting and Electrical Equipment, Metal Working Technology and Production Technology.

Although not yet an emerging cluster locally, promoting and recruiting professional and business services, as well as small to mid-sized technology companies, could help diversify the economy. Post-pandemic impacts such as increased remote work and a migration outward toward more affordable collar counties should give Scott County an opportunity. Local efforts will yield better results if coordinated and aligned with regional and statewide targets and marketing. Commerce Lexington is currently in the final stages of developing a new strategy.

The purpose of choosing targeted industries is to allocate marketing resources to targets where you can be successful, and to signal to other institutional partners such as education institutions, planners, elected officials, and infrastructure providers what their future needs may be. Targets are inconsequential if specific resources and actions are not implemented. A targeted supply chain marketing effort, development of a new training program, or endowment of a research professor to contribute to new R&D are examples of targeted industry strategies.



## Identifying Target Industries for Scott County in a Rapidly Changing World

In 2022, knowing your community's strengths is only part of the challenge. The global economy has been changed, probably permanently, by the pandemic and its impact on corporations and consumers.

Many of the trends that we are expecting post-pandemic are poised to change daily life and the way our local economy functions. Some trends seem likely to be part of the new normal, but since we are yet to have a clear idea of whether consumers will revert to old habits the future remains elusive.

Ten trends that seem likely, and will impact Scott County's future growth, are listed below.

1. More workers will continue working from home well into the future. Current estimates are that 20 to 40 percent of those previously working in office settings will be mostly home-based for at least the next several years. Early signs are that collar counties like Scott will be the beneficiary of professionals looking for an alternative to the metro center.

2. Consumers will continue some of the on-line purchasing habits that they have recently learned. Online purchases of office supplies, furniture and fixtures, cosmetics and cleaning supplies, pet food, and many home goods are not likely to revert to instore purchases. Currently vacant retail space will likely be converted to other uses and long-term vacancies of big box stores could become common.
3. Student counts could be down in public schools, higher education, and childcare as parents decide to keep children more isolated or continue recent practices of home schooling. Higher education student losses could also mount due to a strong job market.
4. Labor force participation rates will remain lower as more adults choose to homeschool their children or eldercare their parents, and they will remain out of the workforce.
5. Manufacturing and logistics companies are expected to grow as reshoring takes hold. Prior to the pandemic there were specialty skill shortages in those sectors. They are likely to get worse with wage wars on the horizon.
6. Businesses will deploy robots and automation anywhere they can to moderate future disruptions. The last decade saw a surge in robot deployment in manufacturing, warehousing, and construction. We should expect a new surge in service industries, retail, and health care.
7. Recent housing shortage will continue for several years as home builders struggle to find materials and labor. Price increases will push more people toward rental properties. Rental housing prices are expected to soar, and the creation of all rental single-family subdivisions is gaining momentum.
8. 2021 was a record year for small business. Gig work (independent or freelance) is expected to continue to expand, putting pressure on planners as home-based businesses become the norm.
9. Business cycles will shorten, requiring communities that want to be successful in economic development to maintain a broader inventory of existing buildings and shovel ready sites. This trend will also push local governments to shorten approval processes.
10. Data analytics will be used by businesses and citizens to decide where they will invest, build and live. Data analytics are ever more important. Easily attainable data is a prerequisite to success.



Even with all these disruptions some opportunities will emerge. Covid-19 has helped all of us realize the security and safety advantages of having specific industries and their supply chains within our borders. No one can be sure at this point in the recovery, but we should see extra growth over the next five years in biopharmaceuticals, medical devices, defense components and food processing. There should be significant opportunities for Scott County. Affordability and access to good transportation infrastructure

should be key advantages for the region. Building targeted marketing around the supply chains of the county's existing companies and targeting the industries that are most likely to reshore their production to the Lexington region, the Cincinnati region, or the Louisville region could yield results.

## Aspirations for Scott County's Economic Future

Given the County's current reality, and the accelerated change impacting us all, the next step is determining what stakeholders want for the future.

An initial review of existing strategies and missions revealed a consistent desire to maintain the community's high quality of life, to support orderly growth and to provide diverse, good jobs locally. The community's vision is "a well-planned community, with balance between residential, commercial, agricultural, and industrial uses so families can live, work, shop, and find recreational activities in a safe environment. We will seek job diversification and full and meaningful employment by focusing on self-development efforts, retention and expansion of existing business and industry, and development and nurturing of entrepreneurial efforts through a policy of balanced and managed growth."

The existing 2020 vision is also consistent in its call for economic diversity, good jobs, skilled residents, and a high quality of life. The 2020 vision acknowledges that the community is part of a dynamic regional economy and faces accelerated disruption from technological, geopolitical, demographic changes and evolving consumer preferences. The lingering impacts from the pandemic add additional uncertainty to future trend predictions.

Currently the community is engaged in the development of a new comprehensive plan.

**Aligning the comprehensive plan with the economic strategy will be critical to the success of both efforts. Also critical, will be ensuring sufficient institutional capacity, staff, and resources to implement the recommendations.**

The mission of **Scott County United** is to achieve sustained, orderly, and objective economic growth consistent with resources in the geographic region and maintain a high quality of life for the residents by providing guidance, counsel, coordination, and support when needed. to the various agencies, commissions, organizations and government units.

### Scott County Vision 2020

In the year 2020, Scott County is a thriving community where the citizens know, understand and support a diverse business environment. Planned and controlled growth has provided a balance between preserving green space, provision of housing, and expansion of our businesses to preserve and improve the quality of life in Scott County.

The community enjoys full employment with a wide range of job opportunities for local residents and those from surrounding counties. Community partnerships, which link business, education and the latest technology, provide a framework for developing critical skills in young work-ready graduates as well as advancement & retooling opportunities for adults through lifelong learning.

Catering to the growing needs of the local community, the commercial and retail sectors support a unique blend of businesses from agriculture, manufacturing, and the service sectors to compete in local, regional, and global markets. By diversifying and expanding the variety of businesses in the community, the Scott County economy is buffered from large swings in consumer preferences, changing technology, and unplanned changes affecting individual business sectors. As new community needs arise, entrepreneurialism is encouraged and supported.

The process to develop this plan has also included a leadership committee survey and three strategic meetings where feedback was received. During the discussions several other hopes for the future were expressed.

- **Better preparation for growth.** Development and alignment of the Comprehensive Plan, Capital Investment Plan and Economic Plan so that each is complementary to the other. Accommodating growth will require the comprehensive plan to designate new areas, especially along transportation corridors, for industrial, commercial, and retail growth. To grow the local economy, the Capital Investment Plan will need to ensure that adequate utilities serve designated nonresidential areas identified by the Comprehensive Plan. In addition to other priorities the Economic Development Strategy must promote shovel-ready sites and occupancy-ready buildings created either by private investors or public-private partnership.
- **Increased investment to ensure an adequate workforce for existing companies.** One common idea was exploring the creation of an Area Technical School with pathways for students in production, logistics, and other high-demand occupations. Other suggestions were for more engagement and ownership from the education and training institutions to achieve the goals.
- **Zoning and promotion for more Live-Work-Play planning housing communities.**
- **Increased capacity to act.** Expanded staff capacity, business engagement, public-private interaction, and reemphasized leadership development.
- Build a **community brand** and align all organizations around the brand
- Create a list of **Metrics of Success** to provide direction and accountability.

## The Capacity to Grow - Product Development

**Quality growth that creates good jobs and diversifies the economy is a common aspiration for almost all stakeholders that were engaged in the project. Currently the limited supply of buildings and sites is a factor preventing such growth. Even if growth continues at its recent pace, additional land and new buildings will be needed.**

The focus of the media, many local elected officials, and local property owners are focused on the idea of few very large business relocations or expansion projects, employing hundreds of people. However, experienced commercial real estate and economic development professionals know that the great majority of business needs are smaller. A recent corporate executives survey indicated that the total number of new jobs each executive expected to be created by their firm's domestic expansion in the coming year was:

- less than 20 jobs for 49 percent of respondents; and
- less than 50 jobs for 70 percent of respondents

A sizable majority of businesses are looking for building space rather than land, and to lease rather than to own. Some prospects need 75,000 to 150,000 square feet of space, but many more are seeking 5,000 to 15,000 square feet. It can be difficult to convey realistic expectations regarding business space demand to local landowners and building owners; however proper zoning will allow private and public partnerships to develop.

### **Creating the Real Estate Evaluation Matrix to Determine Local Needs**

The matrix to follow is ambitious, in that it attempts to take all business needs into account – from very

large to very small, from land to buildings, from industrial to office to retail uses. Certainly, the highest-priority factors can vary greatly depending on the company’s size, experience, and business niche. This matrix was developed by Economic Leadership with input from experienced commercial real estate professionals and economic developers.

In each category, priority factors are ranked 1 through 10, with 10 indicating the highest priority and 1 being the lowest. Also, “mandatory” items – those that virtually all business must have to consider a location - are listed for each type of use.

### For Industrial/Warehouse/Flex Uses

LAND			EXISTING BUILDING		
Criteria	Priority (1-10)	Comments	Criteria	Priority	Comments
Location	8	Central to region, RDU Airport 70%	Availability	9	Within 60 - 90 days
Proximity to Interstate or 4-lane highway	8	1-2 miles	Location	8	Central to region, RDU Airport 70%
Price	7	Compared to regional market	Proximity to Interstate or 4-lane highway	8	1-2 miles
Proximity to employees	7	Demographics @ 10, 20, 30 miles; existing county workforce data	Ceiling heights	8	
Developability/ Buildable acres	6	Slopes, streams, wetlands	Price	7	Buy or lease
Permitting / regulatory reputation	5	Timing uncertainty is major negative - avoid risks	Clear span / column spacing	7	
Amenities	5	Restaurants, bank, daycare etc within 2 miles	Loading docks and drive-in doors	7	
Natural gas	5	Mandatory for some	Size(s)	6	
Due diligence package completed?	5	Limits uncertainty, saves time	Heat and air conditioning	6	Especially in warehouse / open area - depends on uses
Expandability	5		Proximity to employees	5	
Incentives	4	Important for large projects	Configuration	5	Including offices, conference room, break room
Proximity to suppliers and customers	4		Outdoor storage / fenced yard	5	Mandatory for some
Community college / training reputation	4	Especially for larger employers	Amenities	5	Restaurants, bank, daycare etc 1-2 miles
Neighboring uses	4	Avoid conflicts	Natural gas	5	
Local taxes	3		3-phase power	5	
Construction issues and costs	3	Soil compaction, rock	Proximity to suppliers and customers	4	
Rail	3	Mandatory for approx 20%	Sprinklers	4	ESFR desired
Redundant power	2		Telecomm / data room	4	Increasing importance
<i>Other considerations:</i> Proximity to ports/intermodal connections. FTZ? Air quality non-attainment area?			Parking	3	Shared or dedicated; truck court
			Expandability	3	
			Rail	2	
<i>Mandatory:</i> Availability/no ownership issues; 3-phase electricity; water & sewer (< 250 ft); telecomm; zoning; no environmental issues (80%-90%); direct access to public road; clear title; survey.			<i>Mandatory:</i> Electricity; water & sewer; zoning; telecomm (DSL or cable).		

## For Office Use

LAND			EXISTING BUILDING		
Criteria	Priority (1-10)	Comments	Criteria	Priority	Comments
Location	9	Central to region or downtown. Level of traffic congestion.	Location	9	Central to region or downtown. Level of traffic congestion.
Proximity to Interstate or major highway	7		Availability	9	90 days
Price	7		Size of space(s)	7	
Proximity to business' owners	6		Configuration of space(s)	7	Individual offices, open work area, conference / training rooms
Proximity to employees	6	Demographics @ 10, 20, 30 miles	Price	7	Buy or lease; TI allowance
Site-specific location characteristics	6	Visibility, ease of access	Image / atmosphere	6	Class A, B, C. Downtown? Attractive to Millennials? Visitors and employees
Amenities	6	Within 1-2 miles	Proximity to business' owners	6	
Developability/ Buildable acres	6	Limit complications and risk	Parking	5	Employees and visitors. Changing with space standards.
Proximity to airport	5		Quality and maintenance of building, utilities	5	
Permitting / regulatory reputation	5		Nearby amenities	5	Within 1-2 miles
Natural gas	4		Proximity to employees	5	
Neighboring uses	3	Affects image	Telecomm / data room and capabilities	5	Fiber optic important
			Expansion opportunities	4	
			Building amenities	4	Coffee, food, exercise, showers, building efficiency, LEED certified
			Lease terms	4	Length, core factor, relocation clause, ownership reputation
			Neighbors	3	Competition or synergy
			Public transit	3	

*Comment: Little office demand seen outside of larger cities.*

**Mandatory:**  
Availability/no ownership issues; electricity; water & sewer (< 250 ft); telecomm; zoning; no known environmental issues (80%-90%); good access to public road; clear title; boundary survey.

**Mandatory:**  
Electricity; water & sewer; zoning; updated telecomm (DSL or cable).

## For Retail Use

LAND			EXISTING BUILDING		
Criteria	Priority (1-10)	Comments	Criteria	Priority	Comments
Traffic Counts	9	Varies by product	Traffic counts	9	Varies by product
Proximity to people and rooftops	9	Within 1, 3, and 5 miles	Proximity to people and rooftops	9	Within 1, 3, and 5 miles
Other demographics at 1, 3, 5 miles	8	Med. HH income; growth trends; daytime population; age groups; HH expenditures	Other demographics at 1, 3, 5 miles	8	Med. HH income; growth trends; daytime population; age groups; HH expenditures
Specific location	8	Visibility; ease of access; traffic light / hard corner; going to work vs going home side of road	Availability	8	90 days
Price	7		Specific location	8	Visibility; ease of access; traffic light / hard corner; going to work vs going home side of road. Outparcel, end-cap, or in-line.
Site image and neighbors	6	Suitability for use. Neighbors - competition or complimentary	Price	7	Buy or lease
Proximity to Interstate or major highway	6		Image / atmosphere / quality level of property	7	Particularly in a multi-tenant center
Developability/ Buildable acres	5	Limit uncertainty and risk	Size of space(s)	7	
Permitting / regulatory reputation	4		Neighbors / tenant mix	6	Competition or complimentary
Natural gas	4		Parking	5	Dedicated or shared?
Zoning restrictions	3		Lease terms	4	Percentage rent? Exclusive?
			Space configuration(s)	3	

<p><i>Mandatory:</i></p> <p>Availability/no ownership issues; electricity; water &amp; sewer (&lt; 250 ft); zoning; telecomm (DSL or cable); no known environmental issues (80%-90%); good access to public road; clear title; boundary survey.</p>	<p><i>Mandatory:</i></p> <p>Electricity; water &amp; sewer; zoning.</p>
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**Scott County has had success with business park development and may need to be aggressive going forward. Economic Leadership has worked with several groups in the past and offers the following lessons.**

- 1) Counties commonly partner with city and town governments, private partners (landowners, builders, or developers), and/or state agencies for building and land/site investment/development projects.
- 2) Establishing a separate entity (usually a private, non-profit organization) can be a good way to attract funding from a variety of public and private sources, and to reduce the impact of rapid political changes and political pressure for short-term results. (Industrial Commission or Industrial Authority or an Ad Hoc Committee of Scott County United)
- 3) Initial efforts are often funded by multi-year commitments from local governments to purchase land or seed a new organization. In order to grow revenue and meet expectations, this effort is critical.
- 4) Organizations are prioritizing building development (not just site preparation) given the great majority of clients that prefer an existing building to meet their timelines.
- 5) Economic development organizations must do careful research on the most in-demand specifications for sites and buildings, to increase the chances of relatively quick success.

#### **Expand and Improve Property Databases**

“Collar” county regions are typically not the primary focus of commercial real estate brokers and firms, many of which are based in Fayette County. Because of this, it is important for economic development agencies in collar counties to have the most complete commercial property databases and offer clients more detailed information than is available elsewhere. Recommendations include:

Expand listings, particularly for existing buildings and individual spaces, covering available spaces as small as 5,000 square feet or even 2,500 square feet. Accomplishing this will likely require coordination with the county tax office and planning office, as well as significant field work to verify listings. Some counties have used student interns or teams of colleges students to expedite the necessary work. (Continued cooperation and participation with the database of Commerce Lexington and the Bluegrass Alliance can be an excellent approach)

Website thumbnail listings for available buildings should use a heading of “Space Size(s)” rather than “Acreage.”

Property zoning and infrastructure availability should be included on all thumbnail summaries, as well as on all detailed building and land listings.

Consider listing available properties by type (industrial, office, retail).

Economic Development Staff should strive to verify and update listings at least twice a year.

## Improve the Product Development Pipeline

Given the business community's need for building space with near-term availability, increasing the supply of buildings and spaces should be a priority for Scott County. The most logical types of products to develop in Scott County are industrial, warehouse, and flex buildings.

## Build Critical Mass in Selected Areas of the County

Scott County currently has a population concentrated in Georgetown. Increasing concentrations of both business and residential uses to create a "critical mass" in certain areas of the county will help create destinations that drive economic activity of all kinds. Two ways to accomplish this are 1) promoting infill development, greater density, and a mix of uses (particularly more residential uses) in existing downtowns; and 2) promoting new mixed-use developments, with amenities attractive to Millennials and families, in or near Georgetown, Sadieville, and Stamping Ground.

## Organizing for Action and Impact

Many communities are paralyzed by the complexity of the problems, the lack of capacity, and the countless opportunities to make a difference. No one has found a simple solution. In our experience, a structured approach works best. We often recommend the Collective Impact Model. The model is widely used, and research has verified that it works.

For a community like Scott County, it allows public and private organizations to work together more efficiently. It also works well on a regional level, which is an approach prioritized for the regional strategy being developed by Commerce Lexington.

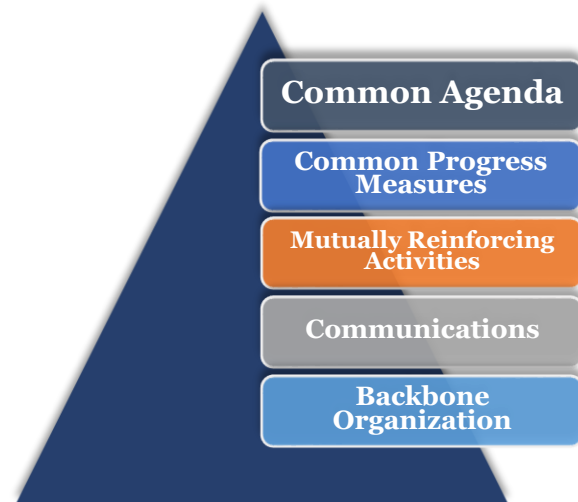
Five principles reinforce the collaboration.

- 1) **Common Agenda** - Keeps all partners moving toward common goals. This analysis and list of recommendations can be the basis for a set of shared goals for businesses and organizations that want to work together to improve the region's workforce competitiveness. In Scott County this report is step one, to be followed by a comprehensive plan that aligns and supports the agenda.
- 2) **Common Progress Measurements** - These are measures that have impact on the common outcomes. Examples are included for some of the recommendations in the report.
- 3) **Mutually Reinforcing Activities** - Each partner's expertise is leveraged to achieve the common goals. As stated earlier, the workforce pipeline is complex and involves many groups. No one has the staff to implement all the needed actions.
- 4) **Communication** builds transparency, trust, and collaboration, but it also keeps community leaders and citizens informed and engaged.

### Collective Impact Model

*"Collective impact" describes an intentional way of working together and sharing information for the purpose of solving a complex problem.*

- 5) **Backbone Organization** - It takes collaborative capacity to maintain the effort. The backbone group is the designated process glue and grease and herds all the other organizations to maintain the focus. Someone must “wake up every morning with the common agenda as a priority.” A better resourced Scott County United can be the backbone organization.



## Recommendations

General recommendations: improve the infrastructure, buildings and site product, target/fund new workforce activities toward the top needs of existing companies, expand the staff capacity to implement more activities, create a clear structure for on-going leadership coordination, align all planning activities, and more aggressively promote Scott County as a high quality of life location that can support a variety of businesses.

### 5 Strategic Focus Priorities for Economic Development

#### 1. Diversify the Economy

- Establish Automotive supply chain and Logistics and E-commerce as primary marketing targets working closely with the State and the Bluegrass Alliance. Locally develop a targeted marketing effort toward the three metros for Business Services, Professional and Technical Services, Finance and Insurance, and Technology services emphasizing smaller firms in Life Sciences and Software.
- Hire a firm to develop a new multi-organization branding message emphasizing Scott County’s Live-Work-Play advantages. Focus on plentiful jobs, good schools and health care, low crime rates, natural beauty and recreational options. Highlight the easy commutes to Cincinnati, Louisville, and Lexington for two-income professionals, and the friendly entrepreneurial friendly environment.
- Aggressively promote hospitality and tourism as a complement to the image of QOL, Live-Work-Play, and Kentucky’s image of horses and bourbon.

#### 2. Improve Workforce Quantity and the Skills for Local Jobs

- Appoint a committee to explore attracting a new facility, possibly an Area Technical School, focused on teaching manufacturing, production and other specialty high demand pathways identified by employers in Scott County.

- Charge the Chamber of Commerce with creating a work experience online portal to create more stickiness among young residents, provide exposure to a variety of career pathways and also provide experience that would improve soft skills.
- Increase business and career programs in the Scott County Schools. Explore K-12 programs like West Virginia’s **Simulated Workplace** initiative that turns classrooms into student-run business environments. Student teams create their own businesses and learn punctuality, workplace safety, and technical skills. Team projects are evaluated onsite by regional business owners. Simulated Workplace was created in 2013, and by 2015 was used in over 500 classrooms impacting more than 13,000 students. Thirty-seven percent of seniors in the state completed a technical education program in 2016, compared with 18 percent in 2010.
- Develop a marketing strategy for informing school parents and counselors about the economy and future in-demand career options for their children.

### **3. Support Existing Employers and Entrepreneurs**

- Create an easy-to-use online entrepreneurial support web portal.
- Develop a best practice in employee retention publication for local employers.
- Research local employers offshore supply chains and identify opportunities for reshoring locally.

### **4. Better Prepare the Community for Growth**

- Incorporate into the Comprehensive plan, embedding the economic strategies throughout.
- Expand growth opportunities by designating two to three 500-1,000-acre sites served by utilities along major transportation corridors for industrial growth.
- Designate 10-20 two-to-five-acre sites for office and commercial use, served by infrastructure near the city cores.
- Zone two to three large areas for planned mixed use development at urban densities served by utilities.
- Develop ongoing content for leaders regarding economic development trends, best practices, competitive position and local progress.
- Create and train a local rapid deployment team to support recruitment opportunities.
- Produce periodic content about economic development for community stakeholders (annual events, white papers, editorial content, social media, podcast).
- Fund additional capacity for economic development activities (entrepreneurial support, marketing outreach).
- Fund an additional position for Scott County United to manage coordination of the implementation of these activities, maintain continuous communication, manage information events, and maintain data on progress.
- Designate Scott County United as the backbone organization for employing a Collective Impact Model approach for implementation and on-going coordination.

### **5. Invest in Quality-of-Life to Attract New Employees and Serve Citizens**

- Leverage Kentucky Horse Park with cobranding and multistep planned tours.
- Create an entertainment district in Georgetown to enhance quality of life image.

Implementation of these strategies will require increased staff capacity of two full time positions, greater volunteer engagement, and additional operating, research, and marketing funds of \$120,000 to \$200,000 annually for the first three years. The total three-year commitment would be approximately \$750,000.

