

5. Localized Strategic Project Impacts

Although reporting mandates create the need for statistical impact analysis which occupies much of this report, it would be a mistake to lose sight of the strategic purposes of development investments. While statistical impacts are one measure of success, broader, often more subjective results describe progress on strategic objectives at least as dramatically.

This section looks at various projects that fulfilled specific development objectives in the Region and among various local project areas, and identifies common approaches among project toward those needs. The identified objectives (both implicit and explicit) that are examined include:

- Economic diversification efforts targeted previously under-represented sectors in the local economy, with the aim of strengthening the economic base of the community.
- Reuse of vacant or underutilized sites, including abandoned industrial and commercial sites in areas ranging from traditional manufacturing centers to urban downtowns;
- Support for traditional industries that continue to be the mainstay of many project counties;
- Speculative development efforts;
- Projects that contributed to area work force development efforts
- Projects with significant non-economic community service Impacts
- The effects of projects in distressed counties and attempts to identify cases in which projects may have contributed to tangible progress in distressed counties.

5.1 Economic Diversification

Economic diversification is a key objective of the Commission because increasing the number of industries in a local economy helps stimulate overall growth and decrease risky dependence on any one sector. To assess progress in project areas, a diversification analysis was performed for each project location. Results of this analysis on a project-by-project area basis are discussed in Section 6.1 of this report and detailed for each area in the appendices.

So that the diverse measures included in the economic analysis can be easily digested, they are presented for each project impact area in an indexed format

that compares the project area to the corresponding US average. In each case, the US average equals 1.00, and the relative measure for the project area is above or below 1.00 in the same proportion. For example, a project area index of 1.10 indicates that the project area is 10% above the US average; if 0.90, it is 10% below. This methodology is discussed in greater detail in the introduction to Section 6: Economic Conditions in Project Areas.

| Table 5.1 Aggregated Project Area Economic Concentrations | | | | | | |
|--|-----------------------|-------------|-------------------|-------------|-----------------------|-------------|
| | Business Count | | Employment | | Reported Sales | |
| | 1998 | 2004 | 1998 | 2004 | 1998 | 2004 |
| Agriculture | 0.81 | 0.94 | 0.82 | 0.80 | 1.02 | 1.07 |
| Mining | 1.77 | 1.57 | 2.24 | 1.87 | 1.15 | 0.72 |
| Construction | 1.01 | 1.08 | 0.97 | 0.94 | 1.43 | 1.21 |
| Manufacturing | 0.98 | 1.00 | 1.34 | 1.26 | 0.75 | 0.73 |
| Transport-Commun. | 1.05 | 1.05 | 0.88 | 0.95 | 0.81 | 0.58 |
| Wholesale | 0.85 | 0.88 | 0.83 | 0.83 | 0.81 | ** 1.90 |
| Retail | 1.18 | 1.15 | 1.07 | 1.10 | 1.51 | 1.21 |
| Finance-Ins-Real Estate | 0.86 | 0.88 | 0.74 | 0.74 | 0.93 | 0.80 |
| Services | 0.96 | 0.96 | 0.90 | 0.95 | 1.24 | 1.15 |

** The large sales index increase is due to a single firm; backing out that data, the 2004 Sales Index remains at about 0.80.

The aggregate analysis emphasizes the heavy reliance of project areas on the mining section, but also shows that significant movement was made toward US concentration levels between 1998 and the beginning of 2005. By the same token, the indices indicate concerns in at least three important sectors:

- The number of business operations in the manufacturing sector is on par with US concentrations. The aggregated project results exhibit a continued high level of employment dependency on the sector, one that has dropped since 1998 and appears to be moving toward US levels. The real concern here is that the sales of region-based manufacturers are still far below US levels, suggesting a heavy employment reliance on branch operations controlled from outside the project areas. (A lower-value industry mix may be a contributing factor, but, is unlikely the dominant one.) High levels of locally controlled sales may provide greater long-term stability.
- While the business count index in the energetic transport-communications sector is 5% above US concentration levels, average establishment size is smaller than the US average, accounting for lower (but improving) employment indices. However, the sales index again reflects a major

concern; already low in 1998, it plunged to 42% below the US concentration level by 2005, suggesting a lack of dynamism among locally based firms and a probable increase in operations controlled from outside the project areas.

- The Finance-Insurance-Real Estate sector has been consistently and significantly under-represented. The business count index has moved very slightly toward US levels since 1998, but the proportion of project-area employment engaged in this sector remains 26% below the US average. The sales index has fallen significantly and is now only 80% of the US level, indicating weakness among locally controlled firms and a likely increase in control of businesses from outside the project areas.

It is a matter of debate whether a well-diversified or balanced industry mix is necessarily a good thing. Indeed, many economic developers would suggest that heavier concentrations of high value-added jobs in manufacturing and in the so-called “traded services” are desirable. Nonetheless, reliance on a particular industry (or extreme weakness in it) does make a region vulnerable. The point of the aggregate analysis here is to underscore the importance of projects which are geared toward, or result in, significant diversification of the specific project area or the larger region.

County-level diversification efforts reflected a perceived need to move away from high levels of dependence on (and decline of) traditional industries, most often in mining or textiles. In other situations, development efforts created entirely new economic environments for rural counties.

In most situations, ARC investments focused on value-added manufacturing growth. However, a new twist in this evaluation round was the emphasis put by several areas on distribution, health care and community revitalization in the form of projects that affected retail vitality. When investments fell within already high manufacturing concentrations, they rarely added to industries on which counties were already highly reliant. Rather, ARC investments went into varying local area industrial operations, aiding stabilization efforts within the high-value, high-multiplier manufacturing sector. The higher quality of jobs resulting from ARC investments was an often-heard theme in the interview process. In a wide majority of cases, industrial park and business incubator development created the conditions for a variety of new and expanding firms to thrive in several different industries. Business incubators, water projects that opened new residential and commercial sites, and some industrial projects played an ongoing role in community diversification efforts.

In sum, the project sample clearly reflected successful efforts to move local economies in the Region away from traditional reliance on often declining industries. Most often this move occurred within the manufacturing environment. But, as a review of the project profiles suggests, a substantial number brought new retail and, in some cases, value-added service vitality to ARC counties.

Healthcare Development

Projects in three different classifications focused on assistance to the healthcare industry as a means of elevating the level of local care and augmenting economic stability in their respective project areas:

- Coaldale Site Development (Schuylkill County, PA): This project enabled the local hospital, the largest employer in the industrial park, to expand operations including the emergency center, improving medical access for county residents and creating 40 new jobs to date. (The county has high manufacturing and mining indices, and lower than average service employment concentrations, which this project helped elevate toward national norms.) The project included development of an access road to circumvent nearby residential neighborhoods, improving the quality of life.
- Hancock County Picture Archiving Communications system (Sneedville, TN): This project involved the acquisition of tele-radiology equipment for a new hospital facility in Sneedville. An estimated private investment of over \$6 million was leveraged by the project, which could create a regional customer attractor due to the technology involved. Thirty-two medical-related jobs were created in an area with very high employment indices in both manufacturing and agriculture.
- Icard Water Improvement/Carolina Health Care Center (Burke, NC): This project involved water system improvements needed for new nursing home investment in the community. As a result of the project, over 240 jobs were retained and 115 new jobs created, mitigating the county's strong dependence on manufacturing without decreasing manufacturing jobs.
- Jackson Water Storage Tank Replacement (Breathitt County, KY): This project was a contributing factor in the addition of 75 hospital jobs in a distressed county as a by-product of a larger effort to serve over 2300 households with an improved water system. Already strong service sector employment received a boost, helping to balancing high employment indices in retail, mining and transport-communications.

Distribution

Several projects focused --or inadvertently created -- new warehouse and distribution centers in at least one distressed and three at-risk project areas.

- Fort Payne Distribution Center Utilities (DeKalb County, AL) involved the extension of utility lines to a new wholesale distributor. Stakeholders had

focused on locating new “clean” industries on the site and were successful in creating 200 new jobs to date. Results of the project have helped to elevate the low wholesale and distribution employment indices in the county area.

- **Monroe County Industrial Building (Monroe County, MS):** This project focused on manufacturing, but resulted in the development of a warehousing and assembly furniture facility (private investment \$3.2 million) and the creation of 100 new jobs. The area already shows a high manufacturing employment index (1.85) but a transportation-communications employment index 36% below the US level, which should receive a boost from this development.
- **Morehead 801 Industrial Park Water Storage Tank (Rowan County, KY):** This project included the development of a water tank needed to serve a 75-acre industrial site whose largest tenant is a Family Dollar distribution center utilizing over 200 trucks per day. The project retained 410 jobs in an area with a low (0.48) transportation-communications employment index.
- **Tompkinsville Industrial Park Development (Tompkinsville, KY):** The development of this industrial park includes plans (not yet implemented) for a medical supply company projecting 50 wholesale jobs. In this instance, the area already reflects strong wholesale and manufacturing indices.

Tourism Development

Tourism development has taken hold as a diversification strategy in many parts of the Appalachian Region. Although these are often secondary objectives and almost always unaccompanied by outcomes, significant numbers of projects (almost 10% of the sample) include tourism in their discussion of the impacts of various projects:

Tourism diversification efforts and impacts include:

- **Brushfork Sewer Project (Mercer County, WV):** This sewer project connected almost 600 customers and helped clean the local river, a tourist destination, which was being used as a sewage dump, obviously enhancing the area’s tourism attraction efforts.
- **Dawsonville Water System Improvements (Dawsonville, KY)** was designed to assist a major tourism project (the Thunder Road Racing Museum)
- **Hammondsport Industrial Access Road (Hammondsport, NY):** This access road project including servicing the needs of the area’s important and growing wine (and winery tour) industry.

- Robbinsville Sewer Line Extension (Robbinsville, NC): This water-sewer project extended a sewer line south of town, serving general residential and commercial needs in this distressed county, which is experiencing modest but discernible tourism growth. Stakeholders feel that the project was an important one to businesses involved in the tourism industry.
- Tompkinsville Industrial Park Development (Tompkinsville, KY): This primarily industrial-focus project is credited by stakeholders as creating a new push for downtown revitalization and tourism.
- Watkins Glen Second Street Water/Sewer Upgrade (Watkins Glen, NY): The project upgraded systems serving residential and commercial customers, reportedly increasing the area's Main Street and tourist attraction efforts, which include a natural gorge (park) attraction as well as a regional wine industry and a NASCAR racetrack and annual rally.

Prison Development

Projects that have supported new prisons have produced numerous well-paying jobs, often with significant local spin off to other businesses in the community. Depending on levels of outsourcing, prisons often have high local job multipliers because they are large consumers of goods and services such as food, laundry, maintenance, health care, and insurance. Prison development examples from the project pool include:

- Paintsville, KY: The Paintsville-Honey Branch Wastewater project was an \$8.8 million project (ARC investment: \$400,000) that involved the development of a wastewater treatment plant and more than nine miles of sewer line to serve a new federal prison at the Honey Branch Industrial site. The prison has created 400 new jobs in this multi-county area (including distressed counties), and additionally diversified the local economy by creating a demand for supplies from the prison, as well as retail and service amenities for visiting families. Airport activity has reportedly increased as well. The fact that the industrial site is now properly served also resulted in the relocation of an existing oil services firm which would have otherwise moved from the area. This area had been heavily over-represented in the mining sector and far behind the US concentration levels in services prior to this project.
- McCreary County, KY: The McCreary County Prison Infrastructure project developed a new sewer system to serve a one thousand bed federal prison. The prison has created 400 new jobs in this distressed county. It has spurred hotel and restaurant development as well, and stakeholders are optimistic about current plans for additional retail and service outlets. This area had

heavy representation in the manufacturing sector and a low service sector business count index before this project.

Other Industrial and Commercial Diversification Projects

Some of the most interesting projects did not fall into common categories, but involved a variety of outreach and diversification efforts toward companies and industries that were unusual for their area or the Region. These fell generally into industrial and commercial categories:

Examples of other industrial-related diversification:

- **Brushfork Sewer Project (Mercer WV):** In addition to enhancing area tourism, this project involved the location of a new telecommunications firm in an area with a low communications sales index and a sector employment index that had dropped since 1998 to 17% below US levels in this at-risk project area.
- **Endless Mountains Industrial Building Renovation (Sullivan County, PA):** This project involved rehabilitation of an existing facility into a multi-site manufacturing complex. Results included the location of a bio-medical company unique to the area.
- **Jenkins Industrial Site Infrastructure (Letcher County, KY):** This project involved improvement to an industrial park, resulting in the location of a data processing center and a gas industry service firm, as well as at least one commercial business, enhancing diversity but not yet making progress on very weak area manufacturing indices.
- **Logan-Hocking Industrial Park (Hocking, OH)** included the development of a new industrial park. While the park itself is experiencing modest development (two companies to date), a third (alternative fuels) firm has developed as site near the industrial park as a result of the project, including five related buildings.
- **The Rock Springs Industrial Park Improvements project (Walker County, GA)** has attracted a \$10 million investment from a Japanese food processor and construction of an automotive parts facility in an area heavily dependent on textile manufacturing.

Examples of other commercial-related diversification:

- **The Gaffney-Clary Wastewater Treatment Plan Upgrade (Cherokee, SC)** was an industrially-focused project that also resulted in unanticipated retail and educational spin-offs.

- The Winder Sewer System Expansion Project (Barrow County, GA) was largely a housing project that has resulted in added commercial development activity and the planned location of a new “big box” regional store.
- The Salt Lick Sewer Collection System (Salt Lick, KY) developed a wastewater collection and treatment system focused on household service, but which has resulted in additional downtown and educational development, including a new school, a new downtown bank and other downtown commercial enterprises that would not have otherwise located there.
- The Madison County Water System Improvements project (Madison, GA) enabled investment from two diverse sources -- a downtown supermarket and a higher educational institution (total investment of \$9 million from both). The new school created a demand for housing and retail development, including a mini-mall and pharmacy. The mini-mall alone supports fifty new jobs.
- Taylorsville Industrial Water (Taylorsville, NC): This project developed a 0.9 mile water line extension to serve a commercial area. The project leveraged \$3 million in private investment, including the development of a regional Wal-Mart facility and 135 new jobs (in an area with a wholesale business count index 25% below US levels and an even lower wholesale sector employment concentration index). Transport-Communications employment indices are also very low, and the retail employment index is 19% less than the US average concentration.

Re-Use Projects

Almost by their nature, projects involving rehabilitation and re-use of existing facilities, most often industrial, provide a venue for diversification efforts. Invariably, the projects enhance not only immediate employment and serve tenant firms, but augment the general desirability of the larger surrounding area by putting abandoned buildings or vacant brownfield sites to productive use. ARC-investments supported the recycling of several industrial sites, often providing high-quality blue-collar jobs in industries new to their areas and often for dislocated workers.

In general, these projects put back into productive use sites that had been symbols of community blight for long periods, a value difficult to reflect in “jobs created” or “businesses served” measures.

Our project pool included at least five projects within this specialized re-use category, two of them in distressed counties:

- Blue Ridge Tele-center Development (Alleghany County, NC): Possibly the ultimate in re-use is the rehab of an older industrial plant into a high technology service -- precisely the format applied to this telecommunications project, whose objective is to provide daily technical assistance to project area firms (twelve to date). The project is credited with creating 46 jobs in a technology field, in an area with very low business count, sales and employment industries in the corresponding sector.
- Cambria Iron Works Complex Repair and Rehabilitation (Johnstown, PA): A more traditional re-use project, the Cambria Iron Works re-use rehabilitated a heavy industry facility (listed on the national historical register) into a suitable home for smaller machine shop and carpentry firms. Although the project has not yet attained its stated job creation objectives, it is on its way since its 2004 completion.
- Cumberland Rolling Mill Infrastructure (Cumberland, MD): This project improved the infrastructure of a commercial development built on the site of an older primary metals facility and railroad property in a low-income neighborhood. The retail-oriented development now includes a supermarket and a variety of locally owned small retail and service operations which have created 200 new jobs. The availability of localized services has enhanced neighborhood quality of life.
- Fay-Penn Business Center Improvement Over-run (Fayette, PA): This project helped transform an abandoned plastics molding facility into a multi-tenant building which is fully operational and occupied. The site (two tenants and 93 jobs, significantly exceeding projections) is strategically situated on a viable industrial strip across from the local campus of Pennsylvania State University.
- Irvine Downtown Project (Irvine, KY): This project took a different approach to re-use, converting three older downtown buildings into thirty one-bedroom units for low-income seniors. While the focus of the project was the re-use itself and the provision of elderly housing, its strategic location appears to have had a significant impact on the downtown area, reportedly sparking \$600,000 in new downtown spending and spurring new businesses supported in part by the results of the project. Project stakeholders testified that the town is "now being brought back to life" as a result of the residential rehabilitation and re-use.
- ReltoC Building Renovation (Colbert, AL): The creation of the Shoals Entrepreneurial Center in an old industrial building slated for demolition was an explicit effort to put new entrepreneurial life into a community and create a diversification effort to combat the area's historic reliance on troubled segments of the textile industry. Plans call for up to ten light manufacturing enterprises (five have located to date) in an area that struggles with a startup activity index 27% below the national level.

5.2 Support for Traditional Industries

In an effort to shore up long-term businesses or a traditional industrial base, several projects were developed to serve company-specific retention needs. Some of these in fact served a single firm, while others were developed, or naturally served, to extend infrastructure improvements to multiple firms. In all, the projects summarized below created more than 700 jobs and retained over 1,700, all in transitional or (one) distressed county. In more than one case, the major business to be served suffered a significant reduction in force during or shortly after project completion.

- **Big Flats Sewer system Improvements (Chemung, NY):** This project assisted three businesses, including the long term are mainstay Corning. Overall, the project retained 222 jobs and created 10, primarily as a result of an expansion of Corning's Science Products Division, a technology-edged segment of the business. The project also facilitated further development of a nearby retail district.
- **Dushore Borough/Cherry Township Water Extension (Sullivan County, PA):** This project assisted an expansion of a large dry cleaning equipment manufacturer in this smaller jurisdiction. As an ancillary motivation, the water line improvements also affected fifty-five households.
- **Greenville Hardin Industrial Park (Greenville, TN):** This project was designed to help locate a large truck component manufacturer in a local industrial park, creating 300 jobs over a five-year period, and attracting \$15 million private investment.
- **Hammondsport Industrial Access Road (Hammondsport, NY):** This project was primarily designed to serve a large aircraft component manufacturer that downsized at the start of the project but remained in the area. The access road fulfilled secondary purposes, including service to residential communities and the regional winery tourism industry.
- **Hardy County Industrial Building (Hardy, WV):** This project brought a new player into the region's traditional wood products industry, creating new cluster activity in the local area. Development is still short of projections.
- **Johnson City Utility Line Relocation (Johnson City, TN):** The project helped capture a private investment of over \$12 million and 250 new jobs from an appliance manufacturer (including headquarters). The larger vitality impact of the project has reportedly increased business interest in the area and encouraged community morale.

- Mountain City Sewer Line Extension (Mountain City, TN): This project primarily served a local glove manufacturer which was able to temporarily maintain operations, reportedly as a result of the assistance from this project, but closed a few years later. The project also extended sewer service to approximately 50 new residential households as well as commercial property. This was perhaps the only project in the sample of which a stakeholder conceded that "...in hindsight the town had water and sewer needs (that should have been) met instead".
- Prescott Avenue Industrial Access Road (Chemung County, NY): This project primarily served a large longer-term glass manufacturer, facilitating expansion and the addition of fifty new jobs. The company invested an estimated \$90 million. The access road also facilitated the development of another (unrelated) commercial brownfield site.
- Valley Head Sewer System (Valley Head, AL): This project enabled a textile plant -- the only large manufacturer in the area -- to retain and create over 400 local jobs, averting a major rupture in the county economy.

5.3 Speculative Development Efforts

Speculative development efforts -- relying on the "build it and they will come" perspective -- are often controversial. Difficult projects look like a waste of time and money after the fact, but successful projects look like genius at work. Our sample pool included a mix of speculative site projects that returned strong, mixed and (to-date, at least) weak results.

For our purposes, what defines a speculative development effort? It is the development of a site for the sole purpose of selling or renting to industrial users who are not on the horizon at the time that the scope of the project is determined. This would exclude re-use projects, even brownfields, which have other important community revitalization purposes, such as blight eradication. It also excludes more predictable commercial, retail and residential development efforts, even when those projects call for greenfields development. We are not insisting that this is the only proper definition for speculative development, but it is the one we utilize here to develop an apples-to-apples perspective on a category of projects undertaken in this sample pool.

Reported job creation and businesses served in the following speculative projects were at or above projections, regardless of the project completion year.

- Macedonia Industrial Park Phase I (Roane, TN): This project was only completed in 2004, but already claims fulfillment of 80% of its job creation objective (401 of 500 projected jobs). Additional spin-off jobs have been created and the larger park project also improved road infrastructure in the area. Experience has been solid enough so that a speculative building is now being constructed in the park. This is a transitional county.
- Mount Hope South Industrial Park (Fayette (WV): This project was conceived in a distressed county which has now advanced to at-risk designation. New job creation has exceeded projections by several multiples (125 projected, 500 actual). Private investment has been substantial. Direct spin-offs and induced benefits are reportedly substantial. ARC investment returned one new job for less than \$3500 per job.
- Northeast MS Regional Water Supply Facilities (Lee, MS): This project created area-wide water treatment improvements, but with the specific intention of job creation. Stakeholders are firm that the local (North Lee) industrial park would not exist without the benefits of this project. Business growth since has far exceeded expectations, including five new firms (rather than the projected two) with 1200 jobs (four times the projection for this project). This is a transitional county.
- Pickens County 18 Mile Creek Regional Sewer (Pickens, SC): This was another water-sewer project with specific (non-residential) development projections. Stakeholders say that in the last 18 months, the area has attracted \$50 million in private investment as a result of project-driven improvements, resulting in 850 new jobs with sixteen additional businesses locating to the area. This effort veers slightly from our definition since existing business (and jobs retained) were also served. This is a transitional county.

The following projects have been partially developed. They report outcomes somewhat below projections, but completion time frames may be recent or experience to date may be generating cause for optimism among stakeholders:

- Belmont County Fox Commerce Park (Belmont OH): This project was completed in 2003 and reports 109 new jobs created of the originally anticipated 300. Stakeholders state that the park will meet the goal of filling the park completely within ten years. Five companies are currently under negotiation to locate in the park and would bring an additional 261 jobs. This is a transitional county.
- County Line Industrial Park/Smoke Rise Sewer (Blount, AL): This project anticipated 185 new jobs and reports only ten. Stakeholders attribute much of the difference to a shortfall in funds, so that only a portion of the original project scope could be completed. There was some internal debate about

whether to complete the industrial park or sewer segment first, and disagreement continues about the decision that was made. One company has located on the site, and two other sites have been sold but not developed, possibly as a result of the uncompleted sewer project segment, which (when completed) may alter the outlook for the industrial park. This is a transitional county.

- **Crestwood Industrial Park Expansion (Luzerne, PA):** This project was completed in 2002 in a transitional county. The larger project included access, water-sewer improvements, storm management, utility services, as well as the construction of seven buildings, including three speculative buildings. The project anticipated 1200 new jobs and ten new businesses. It was fueled by the perception that the area is woefully short of developable land. Stakeholders report the actual creation of 413 jobs and three new businesses as a result of the project. Despite the substantial outcomes shortfall, the ARC investment has yielded one new job per \$4941 by the more conservative ARC share calculation.
- **Hardy County Industrial Building (Hardy, WV):** This project anticipated 200 new jobs and reports twenty since project closure in 2001. A single wood products firm has local in the speculative multi-tenant building. Results of this project are largely classified as ambiguous because of stakeholder assertion that additional wood cluster operations are showing vitality and may positively impact future development. This is a transitional county.
- **Central Garrett Industrial Park Improvements (Garrett, MD):** This project was completed in 2002. Stakeholders report one business retained (66 retained jobs plus an expansion) and one new business located at the site. Outcomes for retained jobs have been satisfied, but new jobs were originally projected at 85 and have been reported at 35 to-date. Much of the return appears to have been from an expansion of the large business retained, including private investment of \$2.5 million. The expansion was to a new, commanding lot on the site, freeing up an older, cramped facility for re-marketing. The retained firm is an international manufacturer of technology components, a valuable asset to the diversity of the county. Using the ARC share calculation, the ARC has invested over \$52,000 per new job in this project. This is a transitional county.

The following projects report little or no achievement of outcomes to-date, despite project completion dates early enough to raise some concern:

- **Meadow Ridge Business Park (Greene, PA):** This speculative business park site improvement project reports no post-project development despite a projection for 522 new jobs. The original business park to be served already had road and water done by time funds were available. As a result, the

project scope changed; funds were used to grade twelve acres for development. No jobs or businesses have been attracted as a direct result of project, but stakeholders expect future attraction. Results have likely been depressed since the project was only completed in 2004. This is a transitional county which had a distressed designation at the time of project approval.

- Columbia/Adair County Industrial Park (Adair (KY): This project (completed in 2004) was designed to provide eleven building sites at the Adair Industrial Park in at-risk Adair County. Stakeholders state that there has been no private investment to date because industry is not in a growth mode. 3,000 jobs were originally projected. This is an at-risk county, and was classified as transitional in the pre-project phase.
- Tompkinsville Industrial Park Development (Monroe KY): The industrial park improvement project was completed in this distressed county in 2002. Projections included three new businesses and 263 new jobs created. There are uncompleted plans for a distribution startup that could add fifty jobs within two years. Stakeholders seem optimistic about longer term efforts to market the 75 acre park.

5.4 Workforce Development and Job Quality

Several projects resulted in positive impacts on local work force training and upgrades, including:

- Belmont County Fox Commerce Park (Belmont, OH): This industrial park project created usable development property in an area which had little. Five businesses have already been located on the site and more are in negotiations. Several have brought jobs requiring locally-based training programs.
- Bessemer Airport Water Main Extension (Jefferson, AL): Expansion and improvement of water service in this community resulted in the creation of hundreds of new jobs and attraction of an ITT Institute job training facility to the newly served area.
- Browder Switch Industrial Park Infrastructure (Marion, TN): Infrastructure improvements to an industrial park helped locate a new industrial tenant, sparked private investment and required work force training to match the skill sets required by the for new area heavy manufacturing industry.
- Kemper County Incubator Expansion (Kemper, MS): Stakeholders attribute the local community college training programs, in part, to the success of this incubator project (and vice versa).

- Mount Hope South Industrial Park (Fayette, WV): Additional work force development programs have been established to satisfy the requirements of the 550 jobs already created by this successful industrial park project.
- Mountain Empire Regional Business Incubator (Lee-Scott-Wise, VA): This very successful incubator project, serving 43 companies, has required the development of new work force skills and training programs to provide them.
- Rock Springs Industrial Park Improvements (Walker, GA): This project helped locate an automotive parts manufacturer in this transitional county industrial park. The park is adjacent to the Northwest Technical College, which provides technical training, including the Quickstart program which served many of the employees hired by the new company.

In addition, several stakeholders noted that improved conditions generated by ARC investments tended to result in higher-quality jobs and employment. A sampling of these includes:

- Belmont County Fox Commerce Park (Belmont, OH): Stakeholders of this industrial park project commented on the higher quality jobs and wages paid by businesses attracted as a result of this project.
- Monroe Industrial Park Building (Monroe, OH): The new business serviced by this project (metal and powder coating) increased incomes and provided jobs which stakeholders report have enhanced quality of life.
- Pickens County 18 Mile Creek Regional Sewer (Pickens, SC): This sewer project sparked extensive levels of development activity, creating 850 new jobs, far over projections. Stakeholders report that many of the new jobs are “high tech and high paying”.
- Greenville Hardin Industrial Park (Greenville, TN) reports jobs paying wages about 20% above the anticipated average wage for 300 new jobs at a transportation equipment manufacturing plant.
- Washington County Industrial Park Water & Sewer Line Extension (Washington, TN) enabled the location of a large manufacturer and 375 new jobs. Stakeholders report on the high quality of employment and positive work force and community relations fostered by the employer.

5.6 Community Service Impacts

In addition to projects focused on the development or expansion of medical facilities (discussed in the section 5.1 Economic Diversification segment on Healthcare Development) several projects enhanced community services efforts in their local areas, including:

- Clifty Heights Elderly Rental Housing (Pulaski, KY) constructed a rental housing complex for elderly, low-income families. Stakeholders report that spin-off community development from this project includes a Boys and Girls club and a Domestic Abuse Violence Center and an after-school. A community center has opened next to the project.
- Hardy County Industrial Building (Hardy, WV): This developing industrial park project was successful in catalyzing follow-up work (and an ARC grant) to open a successful day care center in the industrial park.
- Irvine Downtown Project (Estill, KY): Created thirty senior housing units from three older downtown buildings, sparking a business renaissance in the downtown area. The project focused on a small town where one-third of the main street block had been condemned. The new population triggered \$600,000 in additional sales for long-term downtown shops.
- Jefferson Water & Sewer Extension (Ashe, NC): The project renovated a school building which was converted into a one stop family services center. The former high school building now houses Family Central (including a day care center), North Carolina Cooperative Extension, an alternative school for at-risk youth, the Literacy League, New River Behavioral Health Care (developmentally disabled services), Joblink Center and the Employment Security office.
- Safe Harbor Transitional Housing (Floyd, KY): This project renovated a portion of a community facility for use as transitional housing for low income individuals and families. The center is now used not only for emergency shelter, but also for or receptions and weddings, etc. Stakeholders content that it is “really the center of the community”. Low-income residents were hired to work on the project, which also utilized locally-purchased materials.
- Stoney Fork/Red Bird/Saylor Hollow Water (Bell, KY): This water-sewer project was designed to served 180 households, but stakeholders reported unanticipated positive impacts on the local senior citizen and child development centers.
- Winder Sewer System Expansion (Barrow, GA): This residential project was designed in part to serve a senior housing community and medical complex. The project has been slow taking hold but is now in the development process,

and expected to have a major impact on area neighborhoods, senior housing and medical facilities.

5.7 Distressed Community Impacts

Thirty-six projects in the sample pool (35%) were developed in 32 single county impact areas which were classified as distressed in the pre-project stage. Another eight were identified multi-county impact areas that included at least one distressed county prior to project implementation. In all, 42% of all sample projects impacted distressed counties. The projects covered 40 different project impact areas with at least partial distress designation.

Of the forty project areas represented in the sample pool, sixteen (40%) improved their distress designation in the post-project review; that is, 40% of the distressed county projects moved from distress designations to either the “higher” at-risk or transitional categories between project initiation until after project closure. (The years varied depending on the timing of each project.)

| Table 5.2 Distressed Pre-Project/Post-Project Designations | | | | | | | | | |
|--|----------------------|----------------------------|---------------------------|---------------|-------------|---------|--------------|----------|------------|
| | Pre-Project Distress | | Post-Project Designations | | | | | Improved | % Improved |
| | Single County | Multi-County 1+ Distressed | Single Distressed | Multi-County | | At-Risk | Transitional | | |
| | | | | 1+ Distressed | No Distress | | | | |
| AL | 1 | | 1 | | | | | 0 of 1 | 0% |
| KY | 12 | 3 | 9 | 2 | 1 | 3 | | 4 of 12 | 33% |
| MS | 4 | 2 | 2 | 1 | | 2 | 1 | 3 of 6 | 50% |
| NC | 1 | 1 | 1 | 1 | | | | 0 of 1 | 0% |
| OH | 3 | | 2 | | | | 1 | 1 of 3 | 33% |
| PA | 2 | | | | | 2 | | 2 of 2 | 100% |
| TN | 4 | | 3 | | | 1 | | 1 of 4 | 25% |
| VA | 2 | 1 | | | 1 | 2 | | 3 of 3 | 100% |
| WV | 3 | 1 | 2 | | 1 | 1 | | 2 of 4 | 50% |
| Total | 32 | 8 | 20 | 4 | 3 | 11 | 2 | 16 of 40 | 40% |

Among the single county impact area projects, two (Monroe, OH and Greene, PA) were elevated from distressed to the higher transitional classification, while another ten moved from distressed to at-risk designations (Pike, Rowan and Lincoln, KY; Monroe and Tishomingo, MS; Fayette, PA; Pickett, TN; Buchanan

and Wise, VA; and Fayette, WV). Although the number of original distress designations in each state was relatively small, Table 5.2 indicates that Mississippi, Pennsylvania, Virginia and West Virginia all experienced upward mobility in at least half of their project areas that began with distress designations. Kentucky, which started the process with the most distressed counties in the sample pool (12) also had the most (4) that were re-classified upward in the post-project period.

There were significant outcomes in distressed counties as well. Table 5.3 details more than 3,400 new jobs created and over one thousand retained, as well as 345 new businesses served, mainly in Kentucky. As the site of all four of the sample pool housing projects, Kentucky also had the largest number of households served, both new and existing.

In the four states with the greatest movement out of distress designations among project pool areas, Kentucky, Mississippi, Virginia and West Virginia benefited most significantly to-date from these specific projects. Projects in Pennsylvania did not significantly affect the two counties that moved from distressed to at-risk and transitional during the time period under review.

| Table 5.3 Project Outcomes in All Pre-Project Impact w/ Distress* | | | | | | |
|---|--------------|----------|-----------------|----------|-------------------|----------|
| | Jobs Created | | Business Served | | Households Served | |
| | Created | Retained | New | Retained | New | Existing |
| AL | 0 | 50 | 0 | 0 | 95 | 0 |
| KY | 1,425 | 660 | 186 | 8 | 6,554 | 3,177 |
| MS | 355 | 150 | 2 | 6 | 40 | 820 |
| NC | 57 | 53 | 39 | 0 | 0 | 0 |
| OH | 40 | 0 | 1 | 0 | 83 | 0 |
| PA | 78 | 15 | 3 | 2 | 0 | 0 |
| TN | 42 | 40 | 0 | 1 | 903 | 0 |
| VA | 320 | 100 | 23 | 20 | 405 | 0 |
| WV | 866 | 0 | 67 | 0 | 864 | 0 |
| Total | 3,183 | 1,068 | 321 | 37 | 8,944 | 3,997 |

While no causal relationship can be ascertained, an analysis of the projects in counties that moved from “distressed” to “at-risk” or “transitional” designations suggests that project investments in several of these were significant contributing factors in elevating county status. A review of impacts of economic development projects in areas moving from distressed to higher classifications follows. Nine projects areas of the sixteen which progressed from distressed designations developed projects with a core economic development component. (Projects which did not have identifiable economic development objectives or outcomes

are not reviewed here, even if they were sponsored in areas which progressed from distress to a higher classification.) Of the nine, at least three reported impacts which had a significant role in elevating county distress designations.

Highest Relative Impacts:

- Morehead 801 Industrial Park Water Storage Tank (Rowan, KY): This project brought 500 new jobs to this formerly distressed county, including a large Family Dollar distribution center. The project also retained 410 jobs. It is estimated that the project impacts increased the private sector employment in the county by almost 5%.
- The Mountain Empire Regional Business Incubator Project (Lee-Scott-Wise, VA) has attracted several tenants and helped create 320 new jobs (retaining 100) while serving 46 new and longer-term businesses. Added skills training was required to satisfy the requirements of many of the new jobs. The project has created or retained about 2% of private sector employment in the three county area. The project itself is located in distressed Wise County, where the impact is projected as more than 4% of private sector employment.
- Mount Hope South Industrial Park (Fayette, WV): This project has had a clear and measurable impact. This industrial park has exceeded expectations and helped create 550 new jobs in the county, which calculates to approximately 4.8% of the private sector employment total.

Mid-Level Or Unknown Impacts:

- Monroe County industrial Building (Monroe, MS): Although this project developed as more of a storage and assembly facility than the manufacturing plant that stakeholders had hoped for, the area nonetheless benefited from the creation of one hundred new jobs. The newly created jobs account for a little under 1% of private sector employment in the project area.
- Monroe Industrial Park Building (Monroe, OH): This project constructed a manufacturing building to serve a single business startup in the industrial park. The project developed forty new jobs and a private investment of about \$1.2 million, accounting for about 0.6% of the private sector employment in the project area.
- Phelps/ Buskirk Sanitary Sewer System (Pike, KY): This project extended sanitary sewage to more than 900 homes and 177 businesses. Unfortunately, there were no job impacts projected, or job outcomes reported in the file or by stakeholders, limiting the opportunity to assess the impact of this project on the county's progress.

Low-Level Impacts to Date:

- Meadow Ridge Business Park (Greene, PA): This site development effort resulted in no newly created jobs to-date.
- Keystone Opportunity Zone Site Development Plans (Fayette, PA): This planning project has not yet been implemented and has resulted in no newly created jobs to-date. Another project in the same county, the Fay-Penn business Center Improvement, produced 78 new jobs and retained fifteen, affecting a small proportion of the county work force. Note that implementation was not part of the project investment scope in this instance.
- Upper Kanawha Valley Technology Center (Fayette-Kanawha, WV): While this technology center and incubator has shown little job impact to date, stakeholders are optimistic that the planned National Printing Innovation Center will generate support and spin-off businesses that will utilize the Center. In the meantime, the project appears to have had little influence on the change in distress designation in the area.

5.7 Mitigation of Environmental Problems/Quality-of-Life Factors

Many projects have addressed long-standing infrastructure issues that provide basic necessities and correct problems caused by environmental repercussions such as the effects of mining. Correction of these problems is often a prerequisite to economic revitalization. Projects designed primarily to mitigate these sorts of environmental problems fell into the water-sewer category in this evaluation round, and are largely reviewed in that section.

However, other projects contribute to community quality of life in less noticeable ways, by reducing commuting time and expenses for residents by bringing jobs to communities where residents had been previously required to travel long distances for employment. Of course, these investments were primarily focused on development impacts, not convenience, but they are worth noting:

- Safe Harbor Transitional Housing (Floyd, KY) developed an emergency housing and community services facility which is now used for a very wide array of community services, events and celebrations. Area residents had previously traveled up to 30 miles to reach similar services.
- Western MD Regional Video Switched Network (Allegheny-Garrett-Washington, MD): One of the tangible benefits cited to this rural telecommunications projects in low-income areas is reduced fuel due to less required travel.

- Cumberland Rolling Mill Infrastructure (Allegany, MD): This successful commercial project has developed retail and service outlets much closer to lower income residents, who were previously forced to travel a significant distance for basic shopping and services.
- Monroe County Industrial Building (Monroe, MS): Prior to the project, county residents largely had to travel considerable distances to work. The new development reduced their commute and drew in workers from other areas, increasing spending in the project area.
- Huntsville Infrastructure/Research Park (Madison, AL): Conversely, this wildly successful project in a competitive county reports traffic congestion problems due to large-scale development and business activity, and the need for future projects to alleviate congestion.