



Jim Justice
Governor of West Virginia

September 20, 2017

Mr. Scott T. Hamilton
Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20009-1086

Dear Scott:

I am pleased to send to you for your review the State of West Virginia's Appalachian Development Plan. The Plan sets forth my goals, objectives, and priorities for the State. It identifies the need upon which such goals, objectives, and priorities are based.

Please be advised the Plan shall be my plan of record until otherwise notified and is consistent with the Appalachian Regional Commission's Code Section 5.3. Also, contained within the Plan is the Fiscal Year 2018 Annual Implementing Strategy Statement. This document outlines our intended use of ARC funds, and is consistent with the requirements set forth in Section 5.4 of the ARC Code.

If you should have any questions regarding this matter, please feel free to contact Mary Jo Thompson, ARC State Alternate, at 304-558-2234.

Sincerely,

A handwritten signature in blue ink that reads "Jim Justice".

Jim Justice
Governor

Enclosure

STATE OF WEST VIRGINIA

FY 2018

**STATE APPALACHIAN DEVELOPMENT
PLAN AND ANNUAL STRATEGY
STATEMENT**

for the

**APPALACHIAN REGIONAL
COMMISSION**

Jim Justice, Governor

Prepared by the

West Virginia Development Office

Mary Jo Thompson, ARC State Alternate

Introduction

The State of West Virginia submits this four-year state development plan in compliance with the requirements set forth in Section 5 of the Appalachian Regional Commission (ARC) Code. West Virginia's state development plan provides an overview of the state's economy, documents needs and challenges for economic and community development, identifies opportunities that can spur economic growth, and outlines the Governor's goals and priorities for the West Virginia ARC program. A focus is provided in the state development plan and strategy statement for addressing the economic and community development needs of ARC-designated distressed counties, as required by Section 7.4 of the ARC Code.

West Virginia's state development plan and annual strategy statement are correlated with ARC's overall strategic plan, Investing in Appalachia's Future 2016-2020. Needs, opportunities, and goals outlined in the state development plan relate to all 5 of ARC's strategic investment goals:

- **Strategic Goal 1: Economic Opportunities**
Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.
- **Strategic Goal 2: Ready Workforce**
Increase the education, knowledge, skills, and health of residents to work and succeed in Appalachia.
- **Strategic Goal 3: Critical Infrastructure**
Invest in critical infrastructure—especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems.
- **Strategic Goal 4: Natural and Cultural Assets**
Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets.
- **Strategic Goal 5: Leadership and Community Capacity**
Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development.

West Virginia's four-year State Development Plan includes:

- Overview of state economy
- Economic and community development challenges
- Emerging economic and community development opportunities
- Governor's goals and priorities
- Recent economic and community development initiatives such as the ARC POWER Initiative
- Annual ARC state strategy statement that describes the West Virginia ARC program, state strategies, and specific strategies, gaps, and initiatives for ARC-designated distressed counties in the state.

Federal-State-Local Partnership

The Appalachian Regional Commission (ARC) program is a partnership between the federal government and the 13 states that make up the Appalachian Region. This partnership includes local participation provided through multi-county local development districts (LDDs), which in West Virginia are referred to as Regional Planning and Development Councils.

West Virginia has 11 Regional Planning and Development Councils that cover all 55 counties in the state. The regional councils offer a wide range of services to support community and economic development, including regional planning, project development, intergovernmental cooperation, grant writing, and project administration.

The regional councils are instrumental in developing the Comprehensive Economic Development Strategy (CEDs) for their regions and updating it annually, implementing a regional planning process that includes local citizen input and participation. The regional councils and the CEDs play a key role in the development of the priorities of the West Virginia ARC program and in its implementation.

In addition to partnering with the state's LDDs, the West Virginia ARC program also collaborates regularly with other federal, state, and nonprofit sector partners. These partnerships allow for a greater leverage of limited ARC funds in the state and promote greater cooperation and alignment of agency funding. The West Virginia ARC program partners include:

- United States Department of Agriculture
- Federal Economic Development Administration
- Department of Housing and Urban Development
- Claude Worthington Benedum Foundation
- West Virginia Department of Transportation
- West Virginia Department of Commerce
- West Virginia Department of Environmental Protection
- West Virginia Commission on National and Community Service
- West Virginia Infrastructure and Jobs Development Council
- West Virginia Department of Health and Human Resources
- West Virginia Broadband Enhancement Council
- West Virginia Community Development Hub
- National Main Street Program
- West Virginia University Land Use Law Clinic

These partnerships affirm that the West Virginia ARC program strives to not only provide funding for community and economic improvement but also to actively foster and facilitate collaboration, coordination, and information-sharing across public, private, and nonprofit agencies.

Overview of West Virginia Economic and Demographic Data

General Economic Characteristics:

The following economic data comes from the West Virginia Economic Outlook 2017-2021, produced by the West Virginia University Bureau of Business and Economic Research:

- After consistent and healthy job growth between 2010 and early-2012, the state has seen employment decline for much of the last four years, with a cumulative loss of around 17,000 jobs.
- A significant portion of the State's job losses can be traced to the downturn in the coal industry, although weak levels of construction activity and weakness in natural gas employment over the last year have contributed. Over this period, job gains have been recorded in several of the state's largest service-providing industries, but these gains fail to offset the losses in coal.
- The state's unemployment rate has been volatile over recent years. Currently West Virginia's jobless rate is higher than around 45 other states.
- Only 53% of West Virginia's adult population is either working or looking for work. This is the lowest rate of labor force participation among all 50 states.
- Per capita personal income in West Virginia grew in 2015. However, growth has failed to match that at the national level for each of the past four years. Overall, per capita personal income in West Virginia stands at 77 percent of the national average.

Demographics

- West Virginia's population declined in 2016 and has seen a cumulative loss of more than 25,000 residents over the past 4 years. This marks the first 4-year stretch of population declines since the late 1990s and has put the state's total number of residents at its lowest point since 2008. According to the U.S. Census Bureau, the State experienced an outflow of nearly 11,500 residents on net since the mid-point of 2013.
- 47 of the state's 55 counties lost residents between 2015 and 2016. Kanawha County saw the largest absolute decline in population (loss of 1,966 residents). Berkeley, Monongalia and Jefferson Counties once again registered both the largest absolute and percentage gains in population, with these three counties accounting for most of the population growth the state experienced during the 2000s.

- West Virginia is projected to go through a sustained population loss at least through 2030, losing nearly 19,500 residents in that period (West Virginia University, Bureau of Business and Economic Research, Population Trends in West Virginia through 2030).
- West Virginia's overall poverty rate is 18%, higher than the national average of 14.7%. West Virginia has 20 counties with poverty rates over 20% (US Census Bureau).
- West Virginia's percentage of population 65 and older is 18.8%, higher than the national average of 15.2%. West Virginia has the third highest percentage of elderly population in the nation, behind only Florida and Maine (US Census Bureau and World Atlas, 2016). This trend is projected to continue, and by 2030 22.9% of the state's population will be 65 or older, as compared to 20.3% nationally (West Virginia University, Bureau of Business and Economic Research, Population Trends in West Virginia through 2030). The aging population of the state will increase demand and need for public services and spending, including health care, in-home and community-based services, and transportation.

Overview of Economic and Community Development Challenges in West Virginia

General:

West Virginia is ranked 37th in the nation and the District of Columbia in terms of population (US Census Bureau, 2010 Census). The largest city in terms of population is the state capital of Charleston with a little over 49,000 people as of 2016. The sparse and dispersed population reflects the rural nature of the state, which in turn impacts community and economic development efforts in significant ways:

- Rural economies are often focused around one industry, usually an extractive industry based upon abundant natural resources. Such economies are very vulnerable to sudden or even gradual economic shocks or transitions that adversely impact a specific industry. The lack of economic diversification means a lack of resilience to economic change, which can lead communities on a path of severe and long-term economic collapse.
- In terms of funding, rural communities are frequently overlooked by federal, state, and foundation funders because their sparse populations lack the scale or numbers that funders like to see in projects that they fund. A sort of bias exists among many funders that quantity matters, that larger impact is to be gained only where there are larger populations of people. All too often this leads to rural communities being overlooked or simply outmatched by urban centers.

- Rural communities possess smaller tax bases and fewer local funders that can provide matching funds for projects. This produces a vicious cycle where larger populated areas with larger tax bases—and local funders that can contribute matching funds—continue to receive a larger share of dollars from funders, whether public or private.
- Another common characteristic of rural residents is that many live in unincorporated areas and therefore lack a central local government that can act as a vehicle to manage local public spaces, provide local services, and apply for and manage funds for further development. For unincorporated areas, the absence of organization frequently leads to having no voice, no focus of effort, and no means to sustain improvement efforts.

Specific needs and challenges in the state:

Infrastructure:

- The cost of providing public water service to currently unserved customers in the state is estimated to be \$2.2 billion. The cost of providing public wastewater service to unserved customers in the state is estimated to be \$10.1 billion (West Virginia Infrastructure and Jobs Development Council, Infrastructure Needs Assessment, 2014).
- West Virginia’s geography and geology mandate relatively higher costs for underground infrastructure, such as water and sewer projects. This impact exists not only for new construction, but for replacement and rehabilitation projects as well. Typically, existing systems will expand service to more accessible areas first. As time progresses, the remaining unserved areas will tend to be in more remote, rugged, and less densely populated areas. This tends to result in higher costs, both on a per-customer and per-mile basis (West Virginia Infrastructure and Jobs Development Council, Infrastructure Needs Assessment, 2014).

Geography:

- West Virginia’s mountainous terrain hinders the development of large-scale industry, which normally requires large tracts of flat land. Because of the steep and mountainous terrain, building an industrial or commercial facility requires substantial up-front investment in moving earth just to prepare the site for development. This added cost handicaps efforts to attract or develop industry, and pushes local communities out of competition for development since firms are much more likely to locate where development costs are lower.

Business Development:

- According to the Kaufmann Index for Business Start-Ups, West Virginia ranks 25 out of the 25 states with the smallest population nationally for business start-ups (Kaufmann Index, 2016).

- Developing and creating small businesses is a critical component of diversifying economies, creating communities that are more resilient and self-sustaining because they are identifying and taking advantage of local and regional assets and building local wealth. West Virginia needs to not only create more homegrown businesses but also needs to create a more robust culture of entrepreneurship and economic self-reliance, particularly in youth.

Broadband:

- According to the Federal Communications Commission (FCC), West Virginia ranks 48th in the nation in access to broadband services that meet FCC standards, ahead of only Mississippi and Montana (FCC, 2016 Broadband Progress Report).
- Lack of adequate broadband not only hinders economic growth but also hinders residents from receiving critical health care and medical services, affects education because rural schools cannot provide efficient online curricula, research, and testing, and limits access to critical government services such as social security, student loans, and benefits, many of which are now transitioning to online platforms.

Education:

- Less than 12% of the state's residents 25 or older possess a bachelor's degree or higher, a rate that is the lowest in the nation (US Census Bureau). Both this statistic and the health data cited below indicate a workforce that is not attractive for recruiting industries and businesses or expanding homegrown businesses.

Health:

- West Virginia has the highest adult overweight/obesity rate in the nation (Henry J. Kaiser Family Foundation, 2015).
- West Virginia is ranked highest in the nation in opioid overdoses death rate and in all drug overdose death rate (Henry J. Kaiser Family Foundation, 2015).
- West Virginia is ranked second in the nation in percentage of adults diagnosed with diabetes (Henry J. Kaiser Family Foundation, 2014).
- Poor health is an issue that affects many other issues, including workforce development, quality of life, education, and economic growth. A healthy community, with a physical and social environment that supports healthy and active lifestyles, is also one that tends to attract and support economic growth and social activity, all of which contribute to a better quality of life for residents.

Abandoned and Dilapidated Buildings:

- An estimated 16.2% of the housing units in West Virginia are vacant, as compared to 12.3% nationally (US Census Bureau, 2015).
- Abandoned and dilapidated buildings have a negative impact on community attractiveness and image, deplete municipal resources (such as crime and fire prevention), and decrease local property values and the tax base. Particularly for small rural towns, maintaining a vibrant downtown core is vital as an anchor for any revitalization efforts. Such efforts are undermined by the presence and prevalence of vacant and dilapidated properties.

Comprehensive Community Planning:

- Only 3 counties in West Virginia (out of 55) have county-wide comprehensive plans in place, with only a handful in the process of developing a plan. Comprehensive planning requires communities to analyze flood-prone areas and encourage development efforts outside those areas, provide a roadmap of economic and community development strengths and weaknesses in communities and regions, and increase the competitiveness of communities for grant funding as it demonstrates strategic thinking and analysis to support requests for funding.

Volunteerism:

- West Virginia ranks 44th out of the 50 states and the District of Columbia for residents who volunteer (Corporation for National and Community Service, 2015). Low volunteer rates lead to a lack of local community leaders who can galvanize local improvement efforts, provide a voice for community needs, and maintain vital community services and programs.

Overview of Emerging Opportunities in West Virginia

Tourism:

According to the Outdoor Industry Association, outdoor recreation in West Virginia generates:

- \$7.6 billion in consumer spending
- \$2.0 billion in wages and salaries
- 82,000 direct jobs
- \$523 million in state and local revenue

West Virginia possesses excellent outdoor recreation destinations and assets, including the New River Gorge area, Monongahela National Forest, 34 state parks, and the Hatfield-McCoy Trail System. Trout fishing is another potential attraction: Chris Wood, President and CEO of Trout Unlimited, has said that “West Virginia might have highest potential in the east for wild-trout fishing. It has the elevation and it has great habitat.” (Charleston Gazette- Mail, Trout Unlimited’s national president touts WV’s trout potential, March 4, 2017).

The state park system recently conducted an economic impact study which found that:

- In FY15, West Virginia State Parks and Forests attracted 7.1 million visitors who spent \$226.5 million throughout the state during these trips. Approximately, 46 percent [\$103.6 million] of this spending was by out-of-state visitors.
- The total economic significance of West Virginia State Parks and Forests during FY15 was between \$213.4 million and \$248.7 million. Economic significance is a measure of all economic activity attributed to park visitors.
- In FY15, for every \$1 of general tax revenue provided to State Parks, \$13.15 on average was generated in fresh money that wouldn’t be there if not for the operation of State Parks and Forests.

These outdoor recreation assets and attractions will be developed further as a means to diversify the state economy.

Surface Mine Sites:

Due to the state’s geography and terrain, the availability of flat developable land in West Virginia is scarce, particularly in the southern part of the state. One approach to addressing this problem is the reuse of surface mined lands. West Virginia has 31 counties with surface mine properties, most which are in southern West Virginia. Mined sites are currently being used for many uses including commercial and industrial developments, school construction, community facilities, federal prisons, and renewable energy applications, further evidence of their key role in industrial, commercial, and community development in the state.

Forestry:

According to the West Virginia Forestry Association, West Virginia is the third most forested state in the nation, behind only Maine and New Hampshire. The association also notes that in West Virginia:

- forestry and related industries employ over 30,000 people
- forestry contributes over \$3 billion annually to the state economy

Although hampered by the recent recession, West Virginia's "wood products and furniture [industry] will continue to enjoy solid growth over the next several years as the US housing market's recovery stays on course, bolstering demand for framing lumber, flooring, cabinetry and other homebuilding materials." (WVU, Bureau of Business and Economic Research, West Virginia Economic Outlook 2017-2021).

West Virginia also has abundant biomass resources. The state produces approximately 2.4 million dry tons of wood residues per year and there are opportunities to procure additional woody biomass feedstock through increased management of the state's forest resource. As new markets develop around woody biomass, landowners will have more access to markets that will help them properly manage their resource. This will also help to strengthen and ensure the long-term sustainability of the forest products sector.

It should also be kept in mind that in addition to the wood products industry and woody biomass, West Virginia's forests provide other benefits including wildlife habitat and recreation opportunities that also feed directly into outdoor recreation tourism.

Heartland Intermodal Gateway:

Located in Prichard, The Heartland Intermodal Gateway is a 100-acre truck-to-rail cargo transfer facility. The facility improves access to ports and distribution centers and will increase the ability of manufacturers and companies to efficiently ship products west to Chicago or east to the Port of Virginia in Norfolk, opening markets across the country and even globally. The facility will decrease shipping and vehicle maintenance costs of companies and serve as a magnet attracting distribution and warehousing businesses.

Historic Preservation:

Historic preservation is commonly overlooked as an economic sector, but it should not be. West Virginia has more than 1,000 properties and historic districts listed on the National Register of Historic Places, and a recent economic impact study by the West Virginia University Bureau of Business and Economic Research in 2015 found that:

- \$192 million in economic impact was generated from economic rehabilitation projects supported by the state's historic incentive programs
- Nearly 800 direct jobs, and almost 1,400 total jobs once secondary impacts are included, were supported by historic rehabilitation projects during the time of construction
- Every dollar spent by the state in tax incentives or grants supported \$11.45 of output in the state economy.

Furthermore, unlike manufacturing jobs that can move from area to area or state to state, historic properties do not move, and therefore the construction and maintenance jobs required for rehabilitation do not move away either.

Other benefits of historic preservation include:

- Historic preservation retains the uniqueness of a community, adding character instead of all communities looking the same—this also promotes community attachment and identification by residents and promotes tourism
- A rehabilitated historic building or neighborhood can become the focus of revitalization efforts in a community, spurring further momentum and development around the historic property
- Historic preservation conserves resources, reduces waste, and saves money by repairing and reusing existing buildings instead of tearing them down and building new ones.

West Virginia ARC County Designations and Distressed Counties

ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system compares each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value. Counties are designated as distressed, at-risk, transitional, competitive, or attainment, based on their ranking in the index. Designations are revised annually using the most current data available.

For FY 2018, West Virginia will have 12 distressed counties (most economically depressed counties); 13 at-risk counties (counties at-risk of becoming economically distressed); 29 transitional counties (those counties transitioning between strong and weak economies); and 1 competitive county (counties that are able to compete in the national economy). West Virginia has no attainment counties (counties that are economically the strongest).

As compared to FY 2017, West Virginia has seen an increase from 8 distressed counties to 12 distressed counties. The number of at-risk counties has dropped from 15 in FY 2017 to 13 in FY 2018. The number of transitional counties has remained comparatively steady. This sudden increase in distressed counties for FY 2018 runs counter against a relatively steady trend of counties moving out of distressed status in West Virginia. For example, in 2005, West Virginia had 19 distressed counties, followed by 11 distressed counties in FY 2010 and 8 distressed counties in FY 2015.

For FY 2018, the ARC-designated distressed counties in West Virginia are: Boone, Braxton, Calhoun, Clay, Gilmer, Lincoln, Logan, McDowell, Mingo, Roane, Webster, and Wyoming. Combined, these 12 counties have an average poverty rate of 24.6%, well above the state average of 18% and the national average of 15.5%. In addition, ARC also tracks persistent high-poverty counties—those counties with poverty rates at least 1.5 times the national average. West Virginia has 5 persistent high-poverty counties: McDowell, Lincoln, Clay, Roane, and Gilmer.

These 5 counties have always shown poverty rates of at least 1.5 times the national average since 1960, hence the designation of persistent high-poverty.

Section 7.5 of the ARC Code, Distressed Counties Program, states that:

The Commission recognizes that there are counties within Appalachia with persistent, long-term problems that have resulted in extraordinary levels of economic and human distress. The Commission is committed to providing special assistance to these distressed counties, so that their residents are better able to address problems, realize opportunities, and effectively participate in setting the course of their future development.

The West Virginia ARC Program is committed to prioritizing the ARC-designated distressed counties in its area development program and developing partnerships to target resources for projects and initiatives in distressed counties.

ARC POWER Initiative and Distressed Counties

As of June, 2017, ARC has invested over \$92 million specifically to diversify the economy in the Region's coal-impacted communities through the POWER (Partnerships for Opportunity and Workforce and Economic Revitalization) Initiative. The ARC POWER Initiative is a multi-agency, congressionally funded initiative that targets federal resources to help communities and regions that have been affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of America's energy production.

Many of the POWER projects funded in West Virginia directly impact ARC distressed counties. These projects include:

\$1,870,000 ARC grant to the Coalfield Development Corporation in Wayne, WV, for the Appalachian Social Entrepreneurship Investment Strategy. ARC funds will be used to incubate job-creating social enterprises; scale-up Coalfield Development Corporation's innovate 33-6-3 on-the-job training/education/life skills workforce development model; and expand Coalfield Development Corporation's service territory to other coal-impacted areas in Southern West Virginia. The award will be supported by funding from the Claude Worthington Benedum Foundation.

\$1,500,000 ARC grant to the Marshall University Research Corporation in Huntington, WV, for the Appalachian Hatchery project. The program, operated through the Robert C. Byrd Institute, will assist specific businesses affected by the decline in coal production return to profitability through the adoption and deployment of emerging advanced manufacturing technologies. In addition, the program will provide other business assistance services, including shared equipment options, modern workforce development strategies, and the establishment of better

linkages between large and small manufacturers. Additional funding is being provided by the Claude Worthington Benedum Foundation.

\$1,372,275 ARC grant to the Hatfield McCoy Regional Recreation Authority in Man, WV, for the Southern Coalfields Sustainable Tourism & Entrepreneurship Program. ARC funds will develop and implement a comprehensive program to expand tourism-related employment and businesses in southern West Virginia, and will foster Hatfield McCoy Trail expansion in Kentucky and Virginia. In addition, the award provides for the deployment of a coordinated marketing effort, which will increase the region-wide economic impact of the Trails by \$13,000,000 per year. The project will be supported by funding from the Claude Worthington Benedum Foundation.

\$1,073,304 ARC grant to the West Virginia Regional Technology Park Corporation in South Charleston, WV, for the Green Mining Model Business Program. The project brings 17 public and private partners together to operate a system of linked activities designed to use reclaimed soils on inactive surface mining land to grow value-added crops; extract high-value products from these crops and market/sell them; and leverage land reclamation, crop cultivation, and chemical extraction and processing activities to provide displaced coal and energy industry workers across 13 West Virginia counties with training, employment, and entrepreneurial opportunities. Additional funding for will be provided by the Claude Worthington Benedum Foundation.

\$899,791 ARC grant to PRIDE Community Services in Logan, WV, for the BuildJobs Initiative project. To develop a pool of construction trade professionals for the region, the BuildJobs Initiative will provide training programs with career pathways and re-employment opportunities in construction trades for displaced coal economy workers. It will also provide entrepreneurial support for participants who wish to create new businesses in the construction sector. PRIDE will implement the project in partnership with EnAct Community Action, MountainHeart Community Services, Southern Community Action Council, Coalfield Community Action Partnership, and Southern West Virginia Technical College. The BuildJobs Initiative will focus on five ARC counties in southern West Virginia that have been adversely affected by the decline in the coal industry sector: Boone, Lincoln, Logan, Mingo, and Wyoming.

\$1,747,806 ARC grant to the Center for Rural Entrepreneurship in Chapel Hill, NC, for the Building Entrepreneurial Communities: The Foundation of an Economic Transition for Appalachia project. The project will build and strengthen the entrepreneurial ecosystem in an 18-county region covering southeastern Ohio, southern West Virginia, and southeastern Kentucky. Project activities include establishing a support system that can identify and develop new entrepreneurs; assisting new and expanding businesses with skill development; and connecting entrepreneurs with existing capacity-building resources in the region.

The West Virginia ARC program will place a priority on tracking the above POWER projects and others that have an impact in ARC distressed counties, working with partners to increase the sustainability of projects and activities once POWER funding ends and to strengthen the long-term economic and community development capacity of distressed counties.

Governor's Goals and Priorities for the West Virginia ARC Program

The Governors of the 13 Appalachian states and ARC's Federal Co-Chair approved the Appalachian Regional Commission's 2016-2020 Strategic Plan, Investing in Appalachia's Future, in 2015. This plan identifies the mission and vision of the Commission and provides guidance and strategies to capitalize on the economic development opportunities of the Appalachian region.

Governor Justice took office in January, 2017 and his administration is fully committed to advancing a more competitive business climate in the state, diversifying the economy, and creating job opportunities that lead to a more prosperous future for West Virginia. The following are Governor Justice's guiding principles and goals as they relate to the ARC program and to the ARC strategic plan, Investing in Appalachia's Future 2016-2020.

Guiding Principles:

Recognize regional approaches and strengths: the strengths of West Virginia lie not in communities competing with each other for limited resources but in communities working together in a regional manner to identify and develop common strengths and opportunities. Particularly in rural states like West Virginia, economic resources and assets must be fully maximized and developed, which can only happen when collaboration and regional thinking take the place of haphazard and isolated economic development efforts and initiatives.

Asset-Based Development: asset-based development is an economic development approach that looks to the strengths and opportunities of a community or region for economic development instead of focusing on the needs or problems of a community or region. It recognizes that long-term economic growth is based more upon what you have, not what you lack. The task is to strategically identify economic assets and strengths and develop them to their fullest potential and benefit.

Job Retention is as Important as Job Creation: While recruiting businesses and creating new jobs are essential, equally important is retaining the businesses and jobs that you do have, ensuring that they remain competitive in the national and global economy. Job retention is crucial as a foundation upon which economic diversification can take place.

Strategic Investment: Investment of limited public resources and funding for economic growth should be based upon sound analysis and planning, not on gut feelings or a hunch. Funding programs should not be "siloed" or isolated but complement and link with each other as much as possible. Finally, investment of limited funds should be based upon performance measures that can accurately gauge the progress and return on investment of projects.

These guiding principles are in alignment with the guiding principles of ARC as outlined in the Commission's strategic plan. These principles include investments that:

- Are strategic and encourage alignment of projects with the goals of community and regional plans
- Encourage and reward collaborative efforts to achieve common ends, with specific focus on connecting economically distressed counties and areas to Region-wide economic opportunities
- Achieve the greatest impact possible, leveraging ARC's limited resources to bring more resources into the Region
- Hold ARC, its partners, and its grantees accountable for achieving performance targets and helping Appalachia prosper.

Governor's Goals:

The following outlines the goals of Governor Justice for ARC funding and how his priorities relate to ARC's strategic investment goals.

1. Goal: Provide basic water and wastewater infrastructure for communities (ARC Strategic Investment Goal 3)

Provision of reliable water and wastewater systems is essential for furthering economic development and growth. Infrastructure systems:

- influence the decisions of businesses to locate in a community or region
- facilitate economic diversification by making it easier for a mix of businesses to develop or locate in an area
- mitigate pollution in streams which also fosters outdoor recreation tourism
- promote better public health and quality of life through the provision of clean water.

2. Goal: Focus on workforce development and training (ARC Strategic Investment Goal 2)

Invest in workforce training that prepares the workforce for the present and future needs of employers, removes barriers to employment, and increases the competitiveness of businesses in West Virginia.

3. Goal: Strengthen educational attainment (ARC Strategic Investment Goal 2)

Invest in literacy, dropout prevention, and education attainment initiatives that prepare youth and students for postsecondary education and employment.

4. Goal: Improve industrial and commercial sites (ARC Strategic Investment Goal 3)

Invest in planning, assessment, and construction activities that develop sites for industrial and commercial development.

5. Goal: Improve broadband (ARC Strategic Investment Goal 3)

Invest in broadband projects that increase deployment of needed broadband infrastructure, deliver training to increase use of technology by businesses and residents, and support technology education to increase the adoption of broadband by businesses and residents.

6. Goal: Support small business development (ARC Strategic Investment Goal 1, Economic Opportunities)

Invest in technical assistance activities for small businesses, promote downtown revitalization, expand access to entrepreneurial education for youth, and increase access to capital for small businesses and entrepreneurs.

7. Goal: Expand access to health care and promote healthy communities (ARC Strategic Investment Goal 2, Ready Workforce)

Invest in activities that increase the health of the workforce, expand access to high-quality health care, and promote healthy and livable communities that support active lifestyles.

8. Goal: Increase economic diversification and community quality of life (ARC Strategic Investment Goal 4, Natural and Cultural Assets)

Invest in efforts that capitalize on the natural, cultural, and structural assets of West Virginia and improve the appearance, attractiveness, and quality of life in communities.

9. Goal: Strengthen economic development cooperation and capacity (ARC Strategic Investment Goal 5, Leadership and Community Capacity)

Invest in community and regional initiatives that will build local and regional leadership and promote collaboration to better align economic and community development efforts.

The Governor reserves the right to recommend projects for ARC final approval that are outside the above list of goals but within the ARC Strategic Plan and the ARC Code. Following Section 7.5 of the ARC Code, highest consideration will be given to projects requesting ARC assistance that are located in ARC-designated distressed counties.

ADHS System Corridors

All ADHS corridors in West Virginia have been completed except for Corridor H, which will run from I-79 at Weston to the Virginia state line near Wardensville. The total length of the corridor is 133.6 miles, of which approximately 101 miles (76%) has been completed and opened to traffic.

The advantages of completing Corridor H include:

- enable exported goods from West Virginia to be shipped around the world by providing a direct route to the Virginia Inland Port in Front Royal, Virginia
- increase tourism in the state by providing a direct route for people from eastern states such as Virginia, Maryland, and Delaware to travel to West Virginia
- provide a more accessible connection to Interstate Route 79, a major highway in the state that will open exports from the south-central part of West Virginia

The West Virginia ARC program is committed to supporting economic development along the ADHS corridors in the state, including through site development, provision of basic infrastructure for economic growth, and supporting initiatives that work with communities to draw traffic off the corridors and into towns and communities situated along corridors.

West Virginia LDD Realignment

West Virginia currently has 11 Local Development Districts (LDDs) that cover all 55 counties in the state. These LDDs are referred to as Regional Planning and Development Districts and they provide critical services to their regions, including planning, project development and administration, grant writing, and technical assistance.

Recognizing the importance of sustaining and elevating the role that the Regional Planning and Development Councils play in our state, the West Virginia Development Office has proposed that the councils be realigned from 11 to 7 councils that will cover all 55 counties in the state. The 7 realigned councils will be referred to as CAD zones, for Community Advancement and Development (CAD). This realignment will produce more regionalization in planning and project development, simplify and streamline the flow of state resources funneled down through the councils, and produce greater efficiencies in administration and coordination between the councils and the state. Maps illustrating the current configuration of the regional councils in the state and the proposed realignment are included as attachments.