Technical Task Force Meeting – June 13th, 2012

Attending: Samantha Brown, Mike Schoettelkotte, Dan Allen, Dan Tobergte, Thomas Witt, Jim Kreissl, Emi Randall, Tim Bender, Gary Wolnitzek, Mary Singler, Dan Petronio.

Staff: Jenna Haverkos, Sharmili Reddy, Martin Scribner, Ed Dietrich, Amy Albright

The meeting began with a review of the May meeting minutes. With no changes to the minutes to note, Ms. Haverkos announced the public meeting on June 14, which focused on housing and health, and a public meeting to be held in July, which shall focus on economic competitiveness and mobility.

Ms. Haverkos explained that staff has begun putting together a matrix of key issues. Based on public input received thus far in the engagement process, staff has worked to filter comments into broad categories as the project moves closer to key policy discussions. The primary categories currently include: mobility, healthy communities, open space, economic competitiveness, housing, services, rural Kenton County, and regionalism.

Mr. Wolnitzek stated that young people who grew up in the area tend to move away, but then often choose to come back after four or five years. This migratory pattern is likely a result of people going out and getting other experiences before moving back.

Mr. Witt commented that Northern Kentucky’s proximity to Cincinnati is an attraction. The creative class of young people desire community elements like walkability, access to local services, sustainability, and ability to live a healthy lifestyle. The younger generation does not want the traditional lifestyle; they want to be a part of a modern, vibrant community.

Mr. Schoettelkotte explained to the Task Force that 3CDC has been buying properties in Cincinnati’s Over the Rhine area, and that this development has been followed by private investments. However, he has not seen this phenomenon happening on the Kentucky side of the river; Northern Kentucky seems to have small individual operations. Mr. Schoettelkotte also suggested that the Catalytic fund may be too broad. A possible solution could include looking at what makes development and investment happen in Cincinnati, and making legislative changes to accommodate those efforts.

Mr. Allen cited Milwaukee’s urban gardening initiative in support of Mr. Schoettelkotte’s suggestion that economic development can be spurred by less restrictive legislation. When the Milwaukee legislature became less restrictive of urban gardening, this agricultural practice became an economic engine and brought people back to the city. Specifically, young people migrated back when regulations and taxes on urban gardening were decreased/eliminated.
Ms. Havervkos introduced Dan Tobergte, President/CEO of Northern Kentucky Tri-ED, who presented background information on Tri-ED and a report (attached) on current economic development and competitiveness trends in NKY.

Mr. Tobergte stated his support for regional planning and its connection to economic development. He then explained current industrial statistics and trends. Northern Kentucky is home to 370 primary industries, which only export the dollars outside the region. Advanced manufacturing in Northern Kentucky employs 150-200 people, and 18,000 people are employed in general manufacturing as a whole. Yet, the manufacturing industry still needs to be nurtured; companies like Mazak need a skilled workforce in advanced manufacturing. Developing land use policies that encourage manufacturing is a possible strategy.

Aided by Northern Kentucky’s low cost of power, the region has high engineering content. This sector was first pioneered by several Japanese companies. An average salary at such companies is currently about $63,000.

Fidelity Investments is a significant asset to the area, as is NKU’s College of Informatics (only one of nine in the country). The College will contribute to the tech/data centers industry, a target industry for the state along with bio-health, advanced manufacturing, and professional office/HQ enterprises. The area’s focus on biologic industry (e.g. St. Elizabeth’s Hospital) should continue to be developed.

There is a current emphasis on BR&E (business retention and expansion) in the region. For instance, ZF made a good contract with CVG and is doing very well. Normal BR&E investment is about $200 million annually, but the past year saw about two times that amount.

Mr. Tobergte pointed out that it is essential to make sure that residential development does not encroach upon existing industrial sites.

The Northern Kentucky region is short on venture capital and entrepreneurship. Up Tech is a business incubator focused on informatics, and is aiming to do this for the next five years. Low levels of venture capital and entrepreneurship have resulted in high vacancy rates, especially in Covington (24%). Omnicare and Neilsen also played a role in the high vacancy rate.

There is a shortage of skilled workers in certain areas, such as welding. Gateway Community and Technical College is conducting a significant study on these shortages in an effort to begin solving the problem.

In terms of regional infrastructure, Mr. Tobergte said that regional freight on the Ohio River is a priority, as it is a more sustainable practice than transporting products by truck.

Construction for Richwood and Mt. Zion Roads is funded, but adjacent infrastructure is needed. Mr. Tobergte also commented on the need for an underpass to serve 1,400 acres reserved in Boone and Kenton County, and stated that a study on broadband infrastructure should be conducted.
Economic development could be more incentive-based. For instance, Tier 1 is moving from 5th Street to Rivercenter One. Incentives could be offered for sidewalks, lighting, and bike paths through industrial parks.

The overall quality of life truly matters for attracting and retaining business. For example, we must examine the cleanliness of our streets and the condition of bridges. Highway interchanges need to be taken on by cities in order to make them beautiful and attractive. The idea of a “Welcome to NKY” sign might be further considered.

Jim suggested that the airport should be discussed because of its impact on economic development and competitiveness; we should deal with what we already have.

L’Oreal made the point that the region is very well located and has the attraction of a solid Mid-Western values location, which could offer the ability to make profit. However, the low cost of energy is a challenge with the prevalence of coal. Furthermore, 14 major colleges and universities are located within a 100 mile radius, but the level of education is still a problem. Improvements are being made, but less than 23% of the workforce under 25 years is educated.

The Task Force did not indicate that they have been hearing any major issues regarding housing. They generally feel that the supply of single family, multi-family, urban, and suburban housing options are sufficient.

Ms. Haverkos ended the meeting at 4:30 pm, noting that the conversation surrounding economic competitiveness will be continued at next month’s meeting.
NKAPC Technical Task Force
Economic Competitiveness
Daniel E. Tobergte, CCeD
President/CEO, Northern Kentucky Tri-ED

Introduction / Background on Tri-ED
• Mission Statement - Build a world-class economic in NKY through the expansion of existing businesses and the creation and attraction of high quality, primary industry employers.
• Founded in 1987; serves as the primary economic development marketing agency for Boone, Kenton, and Campbell counties.
• In past 25 years, 550 companies have located or expanded in NKY; 52,593 new primary jobs; $5.3B CI

Allies
• Regional Cooperation and Partnership -- Boone, Kenton and Campbell Counties; Kentucky Cabinet for Economic Development; Southbank Partners, Vision 2015; Cincinnati USA; NKY Chamber; CVG; NKAPC; NKADD; Boone County Planning Commission; ezone; NKU; Gateway Community and Technical College; CCEPA; Northern Kentucky Water District; SD1; Duke Energy; Owen Electric

2011-2013 Strategic Plan and Target Industries
• Elements: Visionary, Entrepreneurship, Funding, Marketing, Business Retention and Expansion
• Target Industries: Advanced Mfg, Professional Office/HQ, Tech/Data Centers, Bio/Health

Current Economic Development Trends in NKY
• Emphasis on BR&E
  o ZF Steering expansion in 2010 and 2011; major growth of DHL operations in 2011 and 2012
  o Eagle Mfg. and Mubea were just awarded 2012 Silver Shovel Awards from Area Development magazine
  o 2011 Capital Investment level of $384M was the 4th highest amount in NKY since 1987
• Focus on Entrepreneurship
• UpTech
  o Business accelerator tied to academics offered at NKU’s College of Informatics
  o Joint project of Tri-ED, Vision 2015, CCEPA and NKU
  o UpTech Class 1 announced with 8 start-ups -- each company receives up to $100,000, office space, professional support services and applied research assistance from NKU
• Reduction of build-to-suit projects for new buildings
  o Companies are looking to lease vs. build, given economic downturn and large availability of buildings in NKY
  o Workforce sizes have shrunk and become virtual on the office side, creating less office demand; current office inventory is 4.8M s.f. in 77 buildings, with a 1.16M s.f. vacant for a rate of 24%.
Capital investment in equipment has produced efficiencies on the industrial/manufacturing side, reducing the need for additional jobs.

- Skilled workforce shortage
  - Mazak – need for skilled workforce in Advanced Manufacturing

- Sites/Buildings Readiness programs
  - New Connector road from KY 18 to Turfway Rd. and Houston Rd will open up 400+ acres near/on CVG
    - Sites reviewed: Marydale, Richwood SE, Southgate Site, KY18/CVG Parcels, Newport Steel/IPSCO, CirclePort V, Showcase Site, Tackett Site.

**Infrastructure**

- Transportation
  - Brent Spence Bridge
    - Top regional freight priority of OKI Regional Freight Plan
    - Cost - $2.3B
    - Issues with lack of access to 5th Street in Covington
  - I-471 Reconstruction
    - 3rd most important regional freight priority of OKI Regional Freight Plan
    - Cost - $36.6M
  - Richwood and Mt. Zion interchanges
    - Both part of KYTC six-year plan
  - KY 16
    - New 1.3 mile section between Klette Rd. & Senour Rd. now open
    - The remainder of the four-part project have been approved and funded
    - Will encourage development of the Districts of Taylor Mill

- Sanitary Sewer
  - Western Regional Water Reclamation Facility – began operations April 23
  - Relieves demand on the Dry Creek Wastewater Treatment Plant, which serves all NKY counties.
  - Treats an est. average of 6 million gallons a day (MGD) of wastewater, with the capacity to treat up to 20 MGD as demand increases.

- Telecommunications
  - Digital Infrastructure Assessment