The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the left and right sides of the slide, framing the central text area.

LFUCG Economic Development:

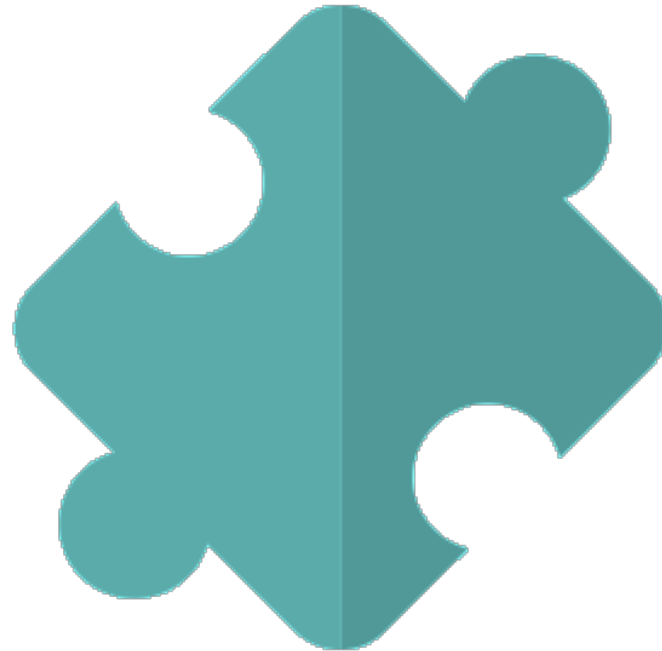
Making Strides Towards Strategic, Performance-Driven Partnerships

Sarah Ausmus Smith



The Big Picture

- ▶ There are lots of organizations focused on economic development in Lexington.
- ▶ How do LFUCG's activities fit in?
- ▶ How can LFUCG monitor investment performance to meet changing needs?



Questions

- ▶ While the City does not have a strategic plan, what are its **informal economic development priorities**?
- ▶ Who is most impacted by these partnerships and programs? Conversely, are there gaps in coverage? What are we *not* getting from these alliances?
- ▶ What other entities are working in the same policy area in Lexington, and what do their programs look like in **comparison**?
- ▶ What **performance metrics** might be used to define a return-on-investment for each alliance?

Informal Economic Development Priorities

- ▶ Increase wages.
- ▶ Increase jobs.
- ▶ Industries:
 - ▶ Advanced Manufacturing
 - ▶ Animal Sciences
 - ▶ Business & Professional Services
 - ▶ Clean Technology
 - ▶ Life Sciences
 - ▶ Software & IT
 - ▶ Visitor Industries

Lexington Economic Development Landscape

An Analysis of Internal and External Organizations



LFUCG Administered Programs

Program	Description	FY2017 Funding (if applicable)
Economic Development Partners	Commerce Lexington, DLC, LDDA, SCORE, WTC	\$903,250
Tax Increment Financing (TIF) Projects	Financial incentive offered in conjunction with state to reduce burden of eligible development projects.	N/A**
Kentucky Business Incentive (KBI)	A state tax incentive that is partially matched by LFUCG to incentivize job creation by lessening payroll tax burden.	N/A**
Workforce Development Grant	Provides \$25,000 to \$50,000 grants for workforce development programs. Administered by the Mayor's Office	\$150,000
JOBS Fund	A financial incentive program that provides forgivable loans/grants to local businesses creating jobs above the median hourly wage.	\$1.25M***
Bluegrass Economic Advancement Movement (BEAM)	Regional collaboration to support advanced manufacturing workforce development.	N/A**

Select State Incentives – Fayette County

Type	Max Tax Incentive Amount*	Incentive : Project Cost Ratio
High-Tech Investment / Construction Pools	\$9,430,000	73.33%
Economic Development Bonds	\$13,574,000*	N/A**
Kentucky Business Investment Program	\$43,965,000	38.96%
Kentucky Enterprise Initiative Act	\$1,574,000	0.93%
Kentucky Industrial Development Act	\$5,180,000	7.97%
Kentucky Jobs Development Act	\$14,263,250	45.56%
Kentucky Reinvestment Act	\$2,000,000	5.09%
Kentucky Small Business Tax Credit	\$803,000	47.41%
Tax Increment Financing	\$103,556,600	10.96%

	Built Environment	Business Development	Human Capital	Neighborhood
Internal	<ul style="list-style-type: none"> • Department of PPD • Department of Parks and Recreation • TIF Projects* 	<ul style="list-style-type: none"> • KBI Projects* • JOBS Fund • Bluegrass Farm to Table 	<ul style="list-style-type: none"> • Workforce Development Grant Fund 	<ul style="list-style-type: none"> • Department of PPD • Urban County Council*
External	<ul style="list-style-type: none"> • LDDA* • Bluegrass Area Development District 	<ul style="list-style-type: none"> • Commerce Lexington* • Bluegrass Small Business Development Center • Downtown Lexington Corporation* • SCORE* • University of Kentucky (ex: Venture Studio) • Lexington Farmers Market • KY Export Initiative • World Trade Center Kentucky* • KY Innovation Network • 23 other I-990 filing nonprofits, totaling ~\$15.6M in revenue.*** 	<ul style="list-style-type: none"> • Commerce Lexington* • SCORE* • BEAM* • Fayette County Public Schools • University of Kentucky • Bluegrass Area Development District • Community college system (BCTCS) • 26 other I-990 filing nonprofits, totaling over \$23M in revenue.** 	<ul style="list-style-type: none"> • Downtown Lexington Corporation* • LDDA* • LDMD* • North Limestone Community Development • Neighborhood associations

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• Higher Education• Educational Attainment• Growth Sectors• Heritage Industries• Civic Engagement	<ul style="list-style-type: none">• Lack of Strategic Plan• Neighborhood Variation in Education, Poverty, Labor Force Participation• Organizational Silos• Rural/Urban Priorities• Lack of Regional Approach
Opportunities	Threats
<ul style="list-style-type: none">• Location• University Students• Target Sector Pipeline• Mitigate Barriers to Full—Time Work	<ul style="list-style-type: none">• Export Market• Legislative Uncertainty• Lack of Regional Approach

Performance Management

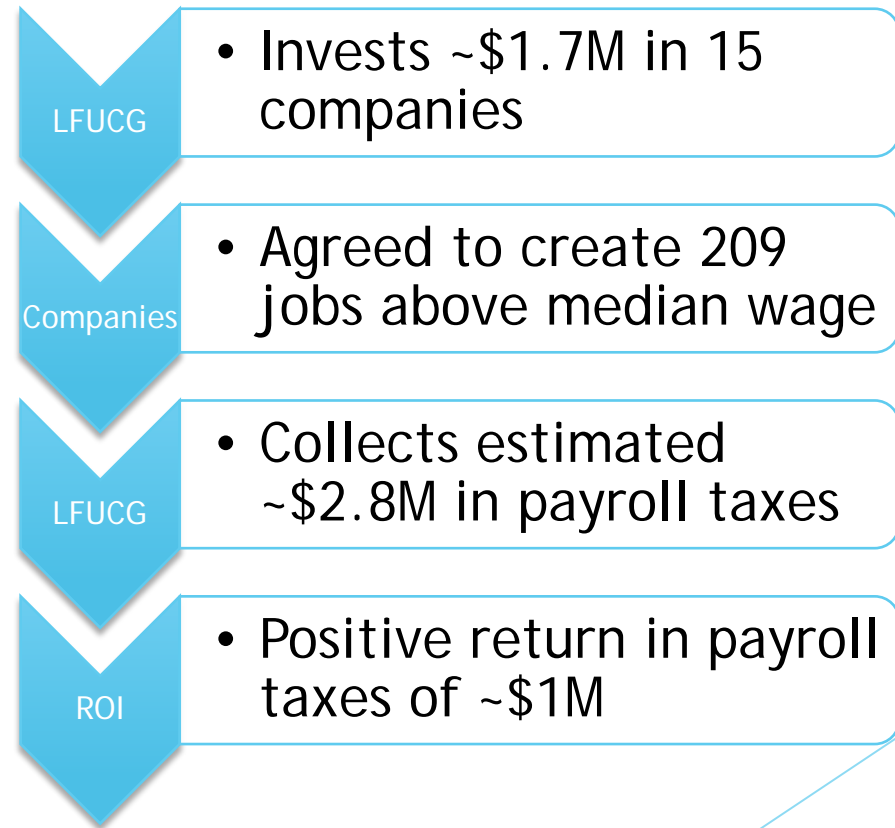
How do we drive outcomes?

The Goal

- ▶ Collect meaningful metrics that help us articulate the return on investment in partners.
- ▶ Negotiate with partners to create an economic development dashboard based on compliance reporting metrics.

An Example in Action: JOBS Fund

- ▶ Use priorities to define ROI
 - ▶ Ex: jobs created, payroll tax added as ultimate outcome
- ▶ JOBS Fund



An Example in Action: Workforce Grants

- ▶ Reporting process includes outcome metrics.
- ▶ \$150K given to 7 nonprofits, with +134 clients targeted.
- ▶ Cost per participant: \$1,094.89.
- ▶ To measure ROI, consider new payroll tax revenue generated over time...

Break Even Point Per Grant Participant Over Time (Average Increase in Wages)

1 Year	5 Years	10 Years
\$43,795.62 increase	\$8,759.12 increase	\$4,379.56 increase

Economic Development Partners

- ▶ How do we expect each partner to impact economic development?
 - ▶ Consider audience, programs, and relationship to the local economy.
- ▶ Develop performance metrics to measure inputs, outputs, and outcomes appropriate to their mission as it relates to LFUCG goals.
 - ▶ Track via quarterly compliance reports to create an economic development dashboard.

Economic Development Dashboard

Dashboard					
Partner	LFUCG Funding	Jobs Created (Quarterly)	Average Wage (Quarterly)	Project Annual Payroll Tax Produced	Projected Base ROI
World Trade Center	\$ 72,000	52	\$23.40	\$ 227,784.96	\$ 155,784.96
SCORE	\$ 7,000	300	\$15.50	\$ 870,480.00	\$ 863,480.00
Commerce Lexington	\$ 457,000	252	\$21.18	\$ 999,153.79	\$ 542,154
Downtown Lexington Corp.	\$ 42,710	N/A	N/A	N/A	#VALUE!
Downtown Development Authority	\$ 324,540	N/A	N/A	N/A	#VALUE!
<div>**Hypothetical numbers used**</div>					
Idea for ROI for DLC, DDA:		Calculate increase in property value square footage for downtown footprint and tax value going to LFUCG from that increase.			
** There are more metrics that could be used for DLC and DDA, but perhaps best to wait until they complete their merger to develop those					

Dashboard

WTC KY

SCORE

DLC

LDDA

Com LEX

+

Policy Recommendations

Recommendations

- ▶ Devise a strategic plan – leverage the “On the Table” results.
 - ▶ Coordinate with others based on these plans.
- ▶ Increase focus on neighborhood-based programs and human capital development.
- ▶ Focus on outcomes in contracting.
- ▶ Consider a regional approach where appropriate.
- ▶ Implement performance dashboards.

Questions?

Supplemental Slides

World Trade Center Kentucky

Inputs/Outputs Directions: Report each metric per last quarterly activities. Calculation specifications, if needed, are provided. ONLY report on previous quarter's activities. Report on all activities falling in to the listed types. If "other," indicate in a cell comment the nature of the event.

Outcomes									
Export Productivity as Percentage of State Activity (annual)		8.10%	Export Activity by Industry (annual, top 5)				Job Growth in High-Export Industries		
Change in Total Export Activity (Current Year \$ / Last Year \$)		94.3%	Transport. Equip. Manufacturing				Transport. Equip. Manufacturing	30	
		-\$125M	Machinery Manufacturing				Machinery Manufacturing	0	
			Animal Production				Animal Production	15	
			Computer, Electronic Product Manufacturing				Computer, Electronic Product Manufacturing	30	
			Chemical Manufacturing				Chemical Manufacturing	4	
Export Activity By Region (annual, top 5)			Number of Jobs Created by Participating Lexington Businesses:				Input/Output Measures		
Asia-Pacific Econ. Coop.		\$1.59B					Total Number of Events	5	
TPP		\$1.47B					Lexington Business Attendance	49	
FTA		\$1.45B					Certification/Training Completions	49	
NAFTA		\$1.32B					LFUCG Cost Per LFUCG Participant	\$20.41	
Asia		\$332M							
Inputs					Outputs				
Event Name	Type	Number of Sessions (if applicable)	Cost Per Person	Total Cost Covered by LFUCG	Overall Attendance	Lexington-Based Business Attendance	Industries Represented (by Percentage)	Business Age by Percentage in the following categories: <2 Years 2-5 Years 5-10 Years >10 Years	Number of Certifications/Training Completions by Lexington-Based Businesses (if applicable)
Name	Training	5	\$200	\$1,000	540	49	10% - Biotechnology 25% - Beverage Industry 50% - Manufacturing 15% - Agriculture	<2 Years: 25% 2-5 Years: 50% 5-10 Years: 10% >10 Years: 15%	49

Ready

SCORE

16	Section 2: Performance Metrics				
17	<p><i>Outcomes Directions: Report each metric on a quarterly basis, unless it is only available annually. If an annual measure, use latest available.</i></p> <p><i>Inputs/Outputs Directions: Report each metric per last quarterly activities. Calculation specifications, if needed, are provided. ONLY report on previous quarter's activities.</i></p>				
18	Outcomes				
19					
20	Establishment Birth Rate (Annual)		10%	Average Wage of Jobs Created by Participating Clients (annual)	\$15.50
21					
22					
23	Number of Jobs Created by Participating Clients:		300	Establishment Death Rate Within 2 Years (Annual)	9.64%
24					
25					
26	Inputs				
27					
28	Number of Volunteer Mentors		###	Cost Covered by LFUCG Per Service	expenses
29					
30					
31	Total Number of Mentor Meetings		###	Total Number of Other Events	
32					
33	Mentors - Industries			Mentors - Experience Level	
34	Manufacturing		%	<5 Years	
35	Trade / Transportation / Warehousing		%	5-15 Years	
36	Information		%	15-30 Years	
37	Financial / Professional & Business Services		%	30+ Years	
38	Other		%		
39					

40	Outputs			
41				
42	Number of Clients Served	###	Client Characteristics	
43			Female - Percentage	%
44			Minorities - Percentage	%
45	Clients - Industries		ZIP Code - 405011	%
46	Manufacturing	%	ZIP Code - 40502	%
47	Trade / Transportation / Warehousing	%	ZIP Code - 40503	%
48	Information	%	ZIP Code - 40504	%
49	Financial / Professional & Business Services	%	ZIP Code - 40505	%
50	Other	%	ZIP Code - 40506	%
51			ZIP Code - 40507	%
52	Percentage of Clients Served that	%	ZIP Code - 40508	%
53	Successfully Started a Business		ZIP Code - 40509	%
54			ZIP Code - 40510	%
55			ZIP Code - 40513	%
56			ZIP Code - 40514	%
57			ZIP Code - 40515	%
58			ZIP Code - 40516	%
59			ZIP Code - 40517	%
60				
61				
62				

Downtown Lexington Corporation

17	Section 2: Performance Metrics				
18	Outcomes Directions: Report each metric on a quarterly basis, unless it is only available annually. If an annual measure, use latest available.				
19	Inputs/Outputs Directions: Report each metric per last quarterly activities. Calculation specifications, if needed, are provided. ONLY report on previous quarter's activities.				
20	Outcomes				
21	Business Growth Downtown (ZIP: 40506, 40507, 40508)	-2.33%	Business Employment Downtown (ZIP: 40506, 40507, 40508)	-1.22%	
22					
23	Inputs				
24					
25	Number of Events	###	Number of Members	###	
26					
27					
28	Cost Covered by LFUCG per Event	LFUCG funding spent / c17			
29					
30	Event Target Audiences - Event Percentages		Members by Industry		
31	Professionals	%	Financial / Professional & Business Services	%	
32	Families	%	Leisure & Hospitality / Accommodation & Food Services	%	
33	Young People	%	Nonprofit / Government	%	
34	Visitors	%	Other	%	
35	Other	%			
36					
37	Outputs				
38					
39	Event Attendance		Total Event Attendance	0	
40	Event Name	Date	Est. Attendance		
41					
42					
43					
Dashboard WTC KY SCORE DLC LDDA Com LEX +					
Ready					

LDDA

20	quarter 3 activities.			
21	Outcomes			
22				
23	Average Property Values (per sq. ft) (Annual)	Total PVA Value / Total Sq Ft	Average Property Values (per sq. ft) (Change)	FY - (FY-1)
24				
25	Percentage of Population Living Downtown (Annual)	5.54%	Change in Population Living Downtown (Annual)	-0.02%
26				
27				
28	Inputs			
29				
30	Number of Projects Consulted	###	Location of Projects Consulted	
31			Name	ZIP Code
32				
33	Number of Hours Devoted Expertise to Public Projects	###		
34				
35	Grant Dollars Raised for Downtown Place-Making Projects	\$0		
36				
37				
38	Outputs			
39				
40	Downtown Walkability Score (Annual)	93	In-Progress Projects Value	
41			Ex: Town Branch Commons	\$
42				
43	Downtown Occupancy Rate			
44	Residential	%		
45	Retail/Office	%		
46	Other	%		
47				
48	Percentage Infill Opportunities Realized	%		
49				
50				
51				

Commerce Lexington

[illegible]