

Chapter 4 Economy, Business Activity and Economic Development

Current Status:

Labor Force, Type of Employment and Sources of Income:

According to Census data, the size of the labor force in Pikeville declined by 164 between 1990 and 2000, but more significantly the unemployment rate declined from 13.0% to 6.6% during the same time period, although it remains higher than the 1980 rate of only 4.5%. These figures follow the same trends as the County and state, although the decline in unemployment within the City was greater than in the County.

| TABLE 4-1 PIKE COUNTY LABOR FORCE 1980 - 1983 - 1990 - 1993 - 2000 - 2003 | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|------------------|
| | 1980 | 1983 | 1990 | 1993 | 2000 | 2003 | October, 2004 |
| Labor Force | 30,330 | 31,784 | 25,683 | 25,683 | 24,416 | 25,717 | 25,460 |
| Unemployment Rate | 6.2% | 23.2% | 7.2% | 13.9% | 9.0% | 6.6% | 4.4% |

Source: U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, 1990 Census of Population, 2000 Census of Population, Kentucky Department of Workforce Development

In both 2001 and 2002, the respective 4.5% and 5.6% unemployment rates for Pike County remained lower than the rates for the country overall (4.7% and 5.8% respectively), as well as for the Appalachian Region (5% and 5.8%) and Appalachian Kentucky (6.8% both years). Pike County’s rate was lower than the state rate (5.4%) in 2001, and the same as the state rate (5.6%) in 2002 (Appalachian Regional Commission).

| TABLE 4-2 | | | | | | |
|---|-------|------|-------|------|-------|------|
| CITY OF PIKEVILLE LABOR FORCE | | | | | | |
| 1980 - 1983 - 1990 - 1993 - 2000 - 2003 | | | | | | |
| | 1980 | 1983 | 1990 | 1993 | 2000 | 2003 |
| Labor Force | 2,024 | N/A | 2,558 | N/A | 2,394 | N/A |
| Unemployment Rate | 4.5% | N/A | 13.0% | N/A | 6.6% | N/A |

Source: U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, 1990 Census of Population, 2000 Census of Population

In general, employment in non-mining sectors has increased over the last several decades, while employment in mining has declined. The decline in retail trade may be a reflection of the change in economic purchasing power of residents in the region; it may also be the result of improved roads enabling consumers easier access to more metropolitan retail centers and/or increased internet retail activity and diminished reliance on local retailers for both necessities and luxury items.

While the economic history of Pikeville and Pike County are inextricably intertwined with the coal industry, labor statistics indicate that the area currently has a much more diversified economic base. Census data from 2000 indicate that 41.5% of workers within the City are in management, professional and related occupations, with an additional 30.1% in sales and office occupations; 12.9% are employed in service occupations, and only 8.1% in construction, extraction (including mining) and maintenance occupations, and another 6.6% in production, transportation and material moving.

By far the greatest industry sector based on 2000 Census data is the education, health and social services area, comprising 32.6% of City workers, well above the next greatest categories of retail trade (11.2%) and professional, scientific, management, administrative and waste management services (10.3%).

Agricultural activity for Pike County overall appears to have become more consolidated: while the number of acres of farmland has steadily increased for a total gain of 57% over the last 20 years, the number of farms has fluctuated dramatically, with an overall

decline of 15% over the same period. The average size of farms has also fluctuated dramatically, with an overall increase from 109 to 160 acres (an increase of 46.9%) between 1982 and 2002.

The trend away from manual and agricultural jobs to professional, education and health services, and sales positions is reflected in the mean income based on earnings: while the overall median household income for the City was only \$22,026 based on 2000 Census data, the mean earnings income was significantly higher at \$56,366, covering 60% of Pikeville’s population. The labor force of the City employs 47% of the population age 16 years and older, with the majority (74.4%) working as private wage and salary employees, and only 17.1% as government workers.

| TABLE 4-3 | | | | | |
|---|-------|-------|------|------|------|
| TRENDS IN AGRICULTURE 1982 - 1987 - 1992 - 1997 - 2002 | | | | | |
| PIKE COUNTY | | | | | |
| | 1982 | 1987 | 1992 | 1997 | 2002 |
| Number of Farms | 53 | 38 | 57 | 44 | 45 |
| Land in Farms (acres) | 4,570 | 4,809 | 6158 | 6576 | 7194 |
| Average Size of Farm (acres) | 109 | 127 | 1080 | 149 | 160 |

Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, 1987 Census of Agriculture, 1992 Census of Agriculture, 1997 Census of Agriculture, 2002 Census of Agriculture

Personal income figures for the County indicate that although there are fewer persons employed in the coal mining industry due to the increased mechanization of the process of extraction, the decline in total personal income from coal mining in Pike County between 1990 and 2000 was 17.24% while the state decline for the same period was 24.2%. Other sources of personal income increased during that time period, indicating increased diversification of economic activity, however those increases still significantly lagged behind the state increases: Income from construction in Pike County increased by only 37.80% compared to the state increase of 87.1%; transportation and public utilities increased by 33.03% in Pike County, while it increased by 90.8% for the state; wholesale trade increased by 89.1% for the state, and only 22.5% for the County; and while finance, insurance and real estate increased 53.9% for Pike County, that was still only half the state increase of 109.7% for the same period (Scorsone, 2003).

Pike County did see some important gains, however, between 1990 and 2000, particularly in manufacturing, which increased by 155.97% for the County while the state increase was only 53.2%. Other changes were comparable to the state trends: income from services increased by 99.80% for the County, similar to the increase of

95.9% statewide; retail trade rose 71.3% for the state and 63.99% for the county; and income from government and government enterprises increased 52.09% for the county while the state change was 59.7% (Scorsone, 2003).

Table 4-4 (Scorsone, 2003)

Sources of Personal Income by Industry for Pike County

| Source of Income | 1990 | 2000 | % Change | State % Change |
|--|---------|-----------|----------|----------------|
| Total Personal income | 974,206 | 1,404,815 | 44.20% | |
| Population (number of persons) | 72,419 | 68,521 | -5.38% | |
| Per capita personal income (dollars) | 13,452 | 20,502 | 52.41% | |
| Average Earnings Per Job | 21,014 | 26,251 | 24.92% | |
| Ag. services, forestry, fishing | 1,623 | 2,561 | 57.79% | 97.6% |
| Mining | 282,597 | 233,876 | -17.24% | -24.2% |
| Metal mining | 0 | 0 | | -199.8% |
| Coal mining | 275,639 | 230,695 | -16.31% | -32.7% |
| Oil and gas extraction | 5,575 | (D) | | 56.9% |
| Nonmetallic minerals, except fuels | 1,391 | (D) | | 68.6% |
| Construction | 21,703 | 29,906 | 37.80% | 87.1% |
| General building contractors | 3,502 | 5,167 | 47.54% | 74.6% |
| Heavy construction contractors | 8,443 | 8,123 | -3.79% | 80.2% |
| Special trade contractors | 9,758 | 16,616 | 70.28% | 93.2% |
| Manufacturing | 8,939 | 22,881 | 155.97% | 53.2% |
| Transportation and public utilities | 60,291 | 80,203 | 33.03% | 90.8% |
| Railroad transportation | 7,092 | 7,930 | 11.82% | (N) |
| Trucking and warehousing | 36,598 | 50,647 | 38.39% | 85.5% |
| Water transportation | 0 | 0 | | 42.6% |
| Other transportation | 1,925 | 4,643 | 141.19% | (N) |
| Local and interurban passenger transit | 426 | 2,362 | 454.46% | 140.9% |
| Communications | 5,865 | 7,817 | 33.28% | 53.0% |
| Electric, gas, and sanitary services | (D) | 9,157 | | 33.3% |
| Wholesale trade | 25,248 | 30,891 | 22.35% | 89.1% |
| Retail trade | 62,915 | 103,175 | 63.99% | 71.3% |
| Building materials and garden equip | 3,394 | 6,457 | 90.25% | 113.3% |
| General merchandise stores | 6,781 | 20,619 | 204.07% | 108.5% |
| Food stores | 11,996 | 16,637 | 38.69% | 38.6% |
| Automotive dealers and service | 13,703 | 22,580 | 64.78% | 63.3% |
| Apparel and accessory stores | 4,452 | 2,829 | -36.46% | 41.3% |
| Home furniture and furnishings stores | 1,861 | 2,826 | 51.85% | 55.8% |
| Eating and drinking places | 10,365 | 16,264 | 56.91% | 85.8% |
| Miscellaneous retail | 10,363 | 14,963 | 44.39% | 68.8% |
| Finance, insurance, and real estate | 20,811 | 32,039 | 53.95% | 109.7% |
| Depository and non depository | (D) | 19,158 | | 63.9% |
| Insurance carriers | 1,366 | (D) | | 96.5% |
| Insurance agents, brokers, services | 4,091 | 4,385 | 7.19% | 110.3% |
| Real estate | 2,634 | 5,837 | 121.60% | 224.3% |

| Source of Income | 1990 | 2000 | % Change | State % Change |
|--|-----------|------------|----------|----------------|
| Services | 117,649 | 235,060 | 99.80% | 95.9% |
| Hotels and other lodging places | 950 | 2,295 | 141.58% | 69.1% |
| Personal services | 4,900 | 7,646 | 56.04% | 69.3% |
| Private households | 1,624 | 2,300 | 41.63% | 41.8% |
| Business services | 12,695 | 26,463 | 108.45% | 179.1% |
| Auto repair, services, and parking | 2,974 | 3,857 | 29.69% | 88.5% |
| Miscellaneous repair services | 3,074 | 9,167 | 198.21% | 103.8% |
| Amusement and recreation services | 796 | 1,523 | 91.33% | 103.0% |
| Motion pictures | 864 | 569 | -34.14% | 28.2% |
| Health services | 57,290 | 120,358 | 110.09% | 75.7% |
| Legal services | 9,387 | 19,507 | 107.81% | 76.8% |
| Social services 11/ | D) | 5,079 | | 161.4% |
| Membership organizations | 5,901 | 7,925 | 34.30% | 145.4% |
| Engineering and management services | 9,376 | 16,188 | 72.65% | 50.5% |
| Miscellaneous services | 2,140 | (D) | | -3.2% |
| Government and government enterprises | 84,032 | 127,802 | 52.09% | 59.7% |
| Federal, civilian | 14,507 | 19,147 | 31.98% | 30.0% |
| Military | 3,058 | 3,449 | 12.79% | 50.3% |
| State and local | 66,467 | 105,206 | 58.28% | 72.2% |
| State | 14,976 | 27,348 | 82.61% | 63.6% |
| Local | 51,491 | 77,858 | 51.21% | 77.7% |

(D) or (N) – Data not Available or not disclosed (Bureau of Economic Analysis)

Table 4-5: (Scorsone, 2003)

Pike County Employment 1980, 1990, 2000 by Sector

| Sector | 1980 | 1990 | 2000 |
|---------------------------|--------|--------|--------|
| Total Employment | 27,087 | 27,662 | 30,786 |
| Proprietors' | 3,775 | 4,490 | 4,365 |
| Private employment | 23,685 | 23,854 | 26,837 |
| Ag. Services | 42 | 136 | 162 |
| Mining | 9,953 | 6,424 | 4,466 |
| Construction | 1,355 | 1,149 | 1,286 |
| Manufacturing | 316 | 420 | 832 |
| Transportation / util. | 2,018 | 2,007 | 2,001 |
| Wholesale trade | 809 | 844 | 823 |
| Retail trade | 4,107 | 5,523 | 6,731 |
| Finance & insurance | 754 | 1,157 | 1,559 |
| Services | 4,331 | 6,194 | 8,977 |
| Government | 3,350 | 3,749 | 3,898 |
| Federal, civilian | 392 | 375 | 340 |
| Military | 296 | 323 | 246 |
| State and local | 2,662 | 3,051 | 3,312 |

(Bureau of Economic Analysis)

All of this indicates that as the region can depend less and less upon coal mining and the extraction of other minerals and natural resources as the backbone of the economy, Pike County and Pikeville are accommodating the need for broader and more diversified economic activity. However, overall, growth in most sectors remains relatively slow and far behind the rate of growth for the state overall. The most significant area of growth for Pike County and particularly for the City of Pikeville, has been in the health services sector: Pikeville Medical Center employs large numbers of people from the City and County, draws professionals to the City, and has created a breadth of spin-off businesses, services and jobs ranging from construction to related health services. From 1990 to 2000, personal income from health services in Pike County increased by 110.09%, a significantly greater gain than the state increase of 75.7% for the same period (Scorsone, 2003).

Economic Development Activity:

Over the last several decades, Pikeville, along with all of eastern Kentucky, has worked to identify and secure a broad economic base to replace the support once provided by the coal industry. Although coal mining had periods of boom and bust, it remained the backbone, and in some cases, almost sole source of economic activity for the region. And, even with a surge in both the production and prices for coal and oil and gas in the last few years, the increased mechanization of mineral extraction has meant significantly lower economic gain for the region, much less employment, and fewer spin off industries and services. Pikeville, like many places throughout eastern Kentucky, has been trying to address the issue of economic development for the last 20 years. A history of economic dependence on the coal industry, with some additional dependence on the extraction of other natural resources including oil, natural gas and timber, created conditions that present both strengths and challenges for the development of a more diversified economy. In an effort to replace the benefits of coal mining, Pikeville and Pike County, like most of eastern Kentucky, have looked to the recruitment of outside industry and business.

During the last ten to fifteen years Pikeville and Pike County have seen some successes in their efforts to recruit and retain industry and business to the region: Mountain Top Baking opened in Elkhorn City in 1991 and remains a strong employer in the County. However, there have been many disappointments: businesses are wooed to the area with tax incentives, facilities, infrastructure and utility services, housing and other perks, they open, train workers, provide jobs and benefits, and then, once the perks are no longer as lucrative, or another cheaper opportunity offshore or in an even more disadvantaged part of the country is offered, they pack up and close, laying off workers and leaving cavernous buildings, houses, and roads empty, never having really returned the investment made by the community. The recent departure of Sykes Enterprises, touted as a huge benefit for all of eastern Kentucky with call centers opening in Hazard

and Pikeville, and at one time employing 700 workers in Pikeville alone, is one such example. The great promises of economic benefit from Sykes call centers in Pikeville and other parts of the state proved to be short-lived as they moved out of the area after only five years. The recent opening of Affiliated Computer Services, Inc., (ACS) is very promising, however, with 275 positions being filled immediately and the promise of up to 700 within by February 2006. ACS employs 40,000 people nation-wide including 1,700 in Kentucky (not including the Pike County location) and based on the company history and profile it appears that there is less risk the company will seek cheaper offshore locales than other similar companies. The promise of jobs will be very beneficial to Pikeville and the entire region, especially for the 324 workers suddenly unemployed with the closing of Sykes.

Another area of increased activity is in retail and service industry jobs. These increases must be greeted with some caution as such positions often pay at minimum wage or only slightly above, are often less than full time and generally do not provide benefits for workers. Thus, although there may be an increase in overall dollars and in economic activity in the retail and service industry sectors, those persons employed in those sectors may continue to struggle financially and even be dependent upon public assistance for medical care, groceries, utilities and housing.

Certainly, economic development in Pikeville, and throughout all of eastern Kentucky, faces many challenges: The location, topography and geography of the region restrict transportation of goods primarily to trucking, with some rail services available but no water or air cargo transport available. The mountainous topography also increases the costs of infrastructure development, maintenance and access. Other challenges include the relatively low level of education among the adult work force; limited exposure to and experience with high technology among the available work force; limited venture capital available for investment and start-ups; and a comparatively remote and rural location, far from a major metropolitan area. These challenges have proven to be most significant when trying to entice or retain outside industry or investors.

The Kentucky Industrial Development Council (KIDC) and the Kentucky Cabinet for Economic Development (KCED) completed a Community Assessment for Pike County in May, 2003. In the assessment they identified a number of challenges facing the County, many of which also apply to the City of Pikeville. Among the most significant and relevant to this plan update are limited zoning, lack of venture capital, a “risk aversion to dealing with small businesses”, a lack of coordinated and coherent vision for economic development and the future within the community and among the community leaders (including business leaders and volunteers), a lack of trust among community members, the negative media stereotypes that prevail about the region elsewhere, the assumption among young people that in order to be successful you have to leave the area, and the reality of the severe and repetitive economic cycles of boom and bust that have plagued the area for the last half century. The KIDC/KCED

assessment also cites the problem of Pike County being “caught in an industrial transformation” from jobs utilizing manual labor to “intelligent jobs” requiring technological knowledge. Finally, the assessment also notes the aging population as a threat to future growth in economic activity.

However, there are two economic sectors that have grown noticeably and demonstrate creative approaches to economic and community development in Pikeville: Health Care and Secondary Education. With the completion of a \$75 million expansion project in 2000, Pikeville Medical Center grew from a moderate-sized regional medical center to the largest and most comprehensive tertiary care center in the region. Pikeville Medical Center now employs more than 1,200 people, and together with related businesses and industry including physician offices, home health services, physical therapy, dialysis centers, labs and diagnostic services comprise nearly 25% of the workforce. In addition, Pikeville Medical Center serves as a teaching facility and its growth has enabled the Pikeville College School of Osteopathic Medicine to flourish since opening in 1997. Both entities are a major force in recruiting people to the City and serve significantly to increase economic activity and spending in the region.

Economic Development is not solely a matter of employment, however. The City of Pikeville through its Renaissance and Main Street Programs (now combined to be Renaissance on Main) has made great strides in the revitalization and redevelopment of the Historic Downtown (formerly called the Renaissance) area. This sector, as described in the 1999 Downtown Market and Survey Analysis, extends from Pike Street to Huffman Avenue, although there are historic buildings and houses in adjacent blocks as well. Since the 1993 Comprehensive Plan the landscape of this Downtown area has changed with the completion of the Justice Center and Jail, the completion of the Old Courthouse Restoration, traffic rerouting, development in the adjacent Riverfill area, and recent improvements to this historic Downtown section include the relocation of all utilities underground, road surface repaving, sidewalk and curb repair and maintenance, sidewalk landscaping, installation of historical style lighting fixtures, and renewing interest in the restoration of and rehabilitation of historic buildings and facades. Plans to extend these types of improvements to additional areas, and to continue to address issues of occupancy, parking, building maintenance, are a collaborative and ongoing process involving Renaissance on Main, the City of Pikeville, the Pike County Chamber of Commerce and downtown business owners and residents. The 1999 Marketing Study reported that although vacancy rates in the Downtown area (historic and other) are relatively low, the types of businesses filling these spaces do not necessarily yield the best economic return for either the building owners or the community. This study identified the need for increased retail business and restaurants in particular throughout the Downtown area. The obstacles to Downtown development noted in that study are being addressed by both the City and Renaissance on Main, and include: limited parking, limited pedestrian access and connectors, lack of retail and eating establishments, and the presence of vacant and dilapidated structures. These

improvements are beneficial in creating a climate of support and opportunity for small and locally owned business development and entrepreneurship. Finally, the construction of the Eastern Kentucky Exposition Center in the Riverfill will be a great boost for economic development in service and related industry in the City and the surrounding area alike.

Tourism development has also been a focus of economic development activity for the City, the Pike County Chamber of Commerce and, of course, Pikeville/ Pike County Chamber of Commerce. Great attention has been given to increasing lodging and restaurant opportunities, parking availability and retail establishments, as well as increasing awareness of and access to City and area attractions since the last Comprehensive Plan Update. The area has identified ways to capitalize on the history, folklore, indigenous arts and heritage, and contemporary success stories to increase tourism appeal and economic activity. At the time of this writing, the Pikeville/Pike County Tourism commission has a Requests for Proposals for an extensive marketing study to be able to maximize tourism marketing efforts outside the region. All of these activities are obviously beneficial to the economic vitality and development of the City of Pikeville and the surrounding region. (See the Chapter 8: Tourism, Recreation and Leisure for more details.)

Future Needs:

While all these challenges create significant obstacles in the recruitment of outside business or industry, this is not the only means of economic development. Other approaches to create a sustainable and more resilient economy include the expansion and development of existing businesses, and the development of new locally owned and operated businesses. With the exception of the success of Pikeville Medical Center, both of these strategies seem to have taken a very back seat to the approach of recruiting outside industry, and been overlooked in long term planning for the City.

The current literature in economic development generally, and rural development specifically, is quite clear that nurturing local entrepreneurial activity so that regional economies depend on a large number of healthy, locally connected, small businesses as opposed to a few absentee owned large companies, is critical. This is part of the shift away from a rural economy dependent upon unskilled labor to one rooted in the current knowledge-based economy: jobs that are not highly skilled are increasingly moving offshore, while more skilled and precision-oriented positions are less apt to be outsourced overseas. A knowledge-based economy with intelligent jobs demands not only a more skilled labor force, but a more creative and proactive management approach. In this age of information and technology, computer technology and infrastructure render geography and location less critical, and economic activity gravitates towards areas of creativity and innovation. With less emphasis on the physical location of these high tech activities, the incentive to remain in an area will be

the supports, resources, and personal connections to the location. The development of locally-owned and operated businesses is a means of capitalizing on the personal connections to place that have historically been very strong in eastern Kentucky. Such activity is a means of retaining talented and skilled workers, including young people, as well as a way of keeping financial resources within the community.

Support for entrepreneurial activity requires technical support and assistance as well as local interest and investment. Current literature indicates that the most successful approaches involve private-public partnerships that utilize public sources of funding and expertise along with local investment and leadership. The infusion of venture capital from the Pikeville area into local economic activities seems to have largely been missing from economic development approaches in the past, and must be pursued in order to maximize local interest in, support for and sustainability of economic gains. The establishment of the Mountain Ingenuity Venture Capital Club represents an important opportunity for local venture capital investment and the City should work with this group as appropriate. Also, the opening of a regional office of the Mountain Association for Community Economic Development (MACED) in Paintsville to serve the entire region, including Pikeville and Pike County, is another opportunity to promote and encourage investment. Local “angel investing” is lucrative for both the investor and the community over the long run: although it may be longer before significant returns are realized, ultimately the benefits are greater since the costs to the local community often seen with absentee-owned businesses are reduced.

The City of Pikeville must create an economic “think tank” such as the Kentucky Highland Entrepreneurial Center of local business leaders and investors as well as outside experts to identify, explore, customize and implement the most appropriate economic development strategies for the City. While the charge of this group may seem similar to existing councils, boards or entities, it will not be a repetition of existing boards or councils: Its focus will be the City specifically and solely and while it may work with other entities within the County, region or state, its purpose will be to address economic development within the City. It will have the flexibility to explore and consider a range of options, without any statutory or other policy limitations. It will be able to create unique and innovative partnerships and collaborations between the public and private sector, the academic, research, financial and business communities, and large and small entrepreneurs. It will be able to seek out ways to address approaches to economic development heretofore not emphasized, including entrepreneurship, local venture capital investment, and small business development. It will be able to consult with state, national and international resources and adopt existing models to fit the specific needs of the City of Pikeville.

The opportunity for consultation would benefit the City in many ways. There are numerous models, a wealth of literature and extensive research in the areas of rural economic development that should be examined and might be successfully adapted to

the City of Pikeville. Consultation with academic, research and business experts would enable the City to avail itself of this material and to then adapt it and craft more comprehensive and specialized strategies for development. The University of Kentucky College of Agriculture Cooperative Extension Service has several specialists related to rural economic development who are available for consultation. They also have published a series of Community Economic Surveys that use a gap analysis to identify the potential areas of business or industry needed by a community or region based on the number of dollars being spent outside the region to purchase those products or services and comparing them to the number of dollars coming into the region for those same products or services. Such an approach is a more targeted way of recruiting industry and may yield more favorable results. The City of Pikeville, along with Pike County, the Chamber of Commerce and other agencies, individuals and government bodies dedicated to the economic resurgence and stability of Pikeville and the surrounding region, should consult with these specialists to consider additional and alternative approaches to economic development. The initial consultations are available at no charge, and specialists at the University of Kentucky include Rick Maurer Extension Professor, Assistant Director of the Cooperative Extension Service for Rural and Economic Development Programs, Lori Garkovich, UK Rural Sociologist, and Eric Scorsone, UK Community Economist, and local contact Dr. Tim Campbell, UK's first County Extension agent for community development.

More locally, the Pikeville Area Innovation Center, on the Pikeville College Campus, the Morehead State University Small Business Development Center in Pikeville, the Center of Economic Innovation at Big Sandy Community and Technical College System, and the Kentucky Highlands Entrepreneur Center in Paintsville are regional resources that should be accessed. Other potential consulting entities include national, regional and state organizations and consortia, including the Appalachian Regional Commission, Center for Rural Entrepreneurship, National Center for Small Communities, Kentucky Highlands Investment Corporation, Asset Based Community Development Institute at Northwestern University, National Rural Economic Developers Association, Southern Rural Development Center and Rural Community College Initiative to name only a few.

The continued identification and preparation of industrial sites would be enhanced by such consultation and more targeted recruitment since then sites and strategies could be tailored to specific types of industries and businesses. One approach to identifying sectors to target involves a supply and demand type of gap analysis that compares what types of dollars go out of the county for the purchase of goods and services and what types of dollars come in from outside. Based on this type of analysis, Pikeville and the surrounding region might be able to identify specific types of businesses or industries for that are truly needed in the region, thereby enhancing the chance of sustainability and longevity, as well as ties to and investment in the community from outside owners. In addition, this type of analysis can identify possible areas for local entrepreneurship, investment and growth of locally owned and operated businesses.

Economic development in the area of technology should also be pursued for a number of reasons: the ability to provide technology-based services in remote locations reduces the obstacles that geography and topography typically present to businesses considering location in the area; the available support from secondary educational institutions including Pikeville College, Big Sandy Community and Technical College System and Pikeville National College of Business and Technology to tailor training and education to the needs of such activities is unique; and the availability of federal funds for security related technology, data processing and support services through Congressman Hal Rogers is a tremendous opportunity. The Pikeville College Community Technology Center adjacent to the Pikeville Free Public Library provides state-of-the-art technology and communication equipment to support a myriad of activities including video conferencing, wireless computer labs, distance learning, telemedicine and more, as well as educational and training opportunities available to the community. Increased education and training in technology will also be beneficial to growth in the health services field – Pikeville Medical Center is preparing to install one of the most sophisticated diagnostic radiology units in the country. The recent opening of ACS in the old Sykes building speaks to the opportunities technology innovation can bring to the City and region, and similar opportunities should not be overlooked. As part of the development and recruitment of technology-related business, both Pikeville College and the Big Sandy Community and Technical College (BSCTC) can provide numerous services and offset training costs to new companies by as much as 65%. Services include custom screening and training to meet the company's criteria; short-term certification or credentialing programs in specific areas; workforce assessment, facts and figures for potential employers; a constant supply of ready and trained employees; and access to statewide resources in technology, training and workforce readiness. Additional services can be obtained by Big Sandy Area Development District.

The success of the Pikeville Medical Center and the presence of the Pikeville College School of Osteopathic Medicine provide a unique opportunity for potential medical and clinical research activity in the region. The University of Kentucky Center for Rural Health in Hazard is beginning to identify researchers and projects appropriate for eastern Kentucky and could assist the City, Pikeville Medical Center and the School of Osteopathic Medicine in pursuing such opportunities. Other types of research and innovation including pharmaceutical, chemical, and technological should also be investigated through existing academic and private research entities as part of a comprehensive approach to development. The recent announcement of the Pikeville Medical Development Corporation to collaborate with medical and research entities in Louisville and throughout the state to enhance medical care, medical and scientific research and economic development in Pike County is exciting and promising.

Downtown and tourism development including improved parking and pedestrian access, increased lodging, restaurants and retail establishments, continued downtown revitalization and beautification, and the development of support services to enable

Pikeville to become a business convention destination once the Eastern Kentucky Exposition Center is open are also critical to making Pikeville a stable, thriving and sustainable economy. Improved access to the City and surrounding areas is also critical for both commercial and tourist development: support for the proposed I-66 and increased passenger and cargo air access at Hatcher Field are both important for future economic development of the City. (See Chapter 5: Transportation and Chapter 8: Tourism, Recreation and Leisure for a more detailed discussion of these issues.)

Economy and Economic Development Goals and Objectives:

Goal: The City of Pikeville will support, promote, encourage and pursue economic development to create a stable, sustainable economic environment with opportunities for future growth and employment for the City and surrounding region. This will include consideration of all opportunities and strategies for economic development.

- Create a local “think tank” for economic development to include business leaders and outside experts to identify, assess and ultimately recommend the most appropriate development strategies for the City. Available resources for the creation of and consultation to this think tank include:
 - Pikeville Area Innovation Center and the Center for Economic Development, Entrepreneurship and Technology at Eastern Kentucky University
 - Center of Economic Innovation, Kentucky Community and Technical College System, Paintsville
 - Academic resources including the University of Kentucky College of Agriculture, Department of Sociology and Cooperative Extension Services, Pikeville College Business Faculty and Big Sandy Community and Technical College System Business Faculty
 - Regional, state and national organizations working in rural development, southern development and Appalachian development

- Recruit outside industry and business by strategically targeting businesses and manufacturers most compatible with the region based on geography, culture, and labor needs.
 - Complete a thorough and comprehensive assessment of the existing economy, resources and potential to be able to strategically target the most appropriate entities
 - Kentucky Community and Technical College System Department of Community Work Force and Economic Development should participate in recruitment to identify, anticipate and address work force development and training needs

- Financial incentives including the 65% reduction in workforce training costs through Kentucky Community and Technical College System Center of Economic Innovation and other similar programs
- Develop strategies to increase investment by the community in the community
 - Support opportunities for expansion and creation of locally owned business and industry and give them the same level of attention as recruitment of outside industry
 - Develop creative applications of and uses for Coal Severance Funds to increase economic diversity and enable new types of business opportunities to flourish
 - Work with the Mountain Ingenuity Venture Capital Club, local and regional financial institutions, and other economic development agencies to nurture increased local venture capital investment in the community
- Retain and expand existing businesses
 - Utilize workforce development services through Big Sandy Community and Technical College System and Pikeville College
 - Utilize technical assistance, training and support services available through the Pikeville College Community Technology Center, Center of Economic Innovation, Kentucky Highlands Entrepreneurial Center, Morehead State University Small Business Development Center and other regional agencies and consultants
 - Provide capital and technical support for entrepreneurial activity
- Work with existing and potential local business owners to create and increase opportunities for entrepreneurship and small business development
 - Work with the Morehead State University Small Business Development Center to increase visibility in and utilization by the community
 - Consult with experts including Center for Rural Entrepreneurship, Asset Based Community Development Institute, etc.
 - Assist with financial support/incentives, technical assistance, management support, legal training, support and market research
- Consider quality of employment to be as significant as quantity – jobs that provide full time employment, at wages above the minimum wage, with benefits and opportunities for advancement, i.e. the technology sector, should be targeted rather than minimum wage, part time jobs with no benefits and little opportunity for advancement
- Continue to recruit commercial activity to the Downtown area and continue to explore ways of providing amenities to entice such activity:

- Continue to address parking needs, including limits on downtown parking to ensure consumers and visitors parking spaces within the downtown area
 - Improve pedestrian access into and within the downtown area
 - Provide incentives for renovation and/or restoration of historic downtown buildings or facades; work with Renaissance on Main to identify sources of funding for such activity
 - Develop a small covered mall area Downtown for shopping, eating and business establishments
 - Increase public transportation options (i.e. trolley or shuttle bus) between parking facilities and major downtown commercial, recreational and retail areas
- Continue support for increased hospitality services within the City and surrounding area including:
- Increase quantity and quality of lodging options
 - Increase quantity and quality of restaurant options, especially within and near the downtown area
 - Increase availability of shopping and recreational activity within and near the Downtown district
- Capitalize on opportunities for technological development:
- Identify and secure sources of public funding for government contracts in the technology arena including data processing and monitoring
 - Work with area institutions of higher education including Pikeville College and Big Sandy Community and Technical College System to increase and improve training and experience of local labor force in the technology sector including computer security, health care diagnostics, data processing and management, electronic billing and accounting, precision work, numerical computer control, pharmaceutical work, etc.
 - Utilize Big Sandy Community and Technical College System and Pikeville College to provide customized employee screening and training for companies opening in the City and surrounding area
- Identify and recruit researchers and research entities to the area
- Work with Pikeville Medical Center, the Pikeville College School of Osteopathic Medicine, the UK Center for Rural Health, University of Kentucky and University of Louisville, among others, to identify areas of potential research and possible Primary Investigators to recruit
 - Identify other fields of research that may be feasible for location in the Pikeville region
- Make Pikeville a Convention Destination local

- Work with statewide business and professional organizations to attract conferences, conventions, professional meetings, expositions and markets to Pikeville
 - Work with the Eastern Kentucky Exposition Center, Pikeville/Pike County Chamber of Commerce and others on promotion and marketing of the City and those facilities that can support large scale business and commercial conventions and meetings
- Continue to make Pikeville and the surrounding region as attractive for industrial and commercial investment as possible:
- Develop industrial site at Marion's Branch
 - Develop commercial site at Poor Farm
 - Develop industrial site at Big Shoal/Little Shoal
 - Support efforts to improve air access to the region
 - Commuter flights
 - Increased air cargo runway services
 - Support the planning and building of I-66