



# From Opportunity to Action: An Economic Development Strategy for Covington, Kentucky

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Prepared for the:



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## Executive Summary

In December 2018, the City of Covington, Kentucky (City), retained Garner Economics, LLC to help create a multiyear, citywide economic development strategy that takes into account the dynamics of the Covington market and propels the City into more high-value economic growth.



The resulting plan, **FROM OPPORTUNITY TO ACTION: AN ECONOMIC DEVELOPMENT STRATEGY FOR COVINGTON, KENTUCKY**, details the asset development, marketing, and organizational changes the City, its economic development department, and its economic development partners must make to reinvigorate the City and strengthen its competitive position as a business location. The end result will help the City attract and retain businesses that will create jobs and opportunities and attract more talent to the area. It will also serve as a guide to regional organizations in their support of Covington.

Specifically, the scope of services for the overall project included:

- A comprehensive and holistic assessment of key forces driving the area’s economy;
- An **ASSETS AND CHALLENGES ASSESSMENT (A&C)** of Covington from the perspective of a site-location consultant that facilitates investment decisions;
- Recommendations for business targets suitable for the City to pursue based on our research and analysis; and finally,
- A set of implementable recommendations that the leadership in Covington can utilize to enhance the economic well-being of the area and make the City a desirable business location while sustaining and enhancing its character and quality of place.

FIGURE 1: PROJECT PROCESS



### Analysis and Assessments

In April of 2019, Garner Economics published a summary of the Phase 1 discovery process, called the **COMPETITIVE REALITIES REPORT**—a compilation of local and regional facts and data points. Combined with the A&C (and the background analysis and research that validate it), this discovery process informed the work to identify target business sectors for Covington and, ultimately, the other recommendations in the report to enhance Covington’s economic vitality. These building blocks are also the basis upon which the strategic recommendations were built. The assessments and key findings were presented to the City in April 2019 and are summarized in Chapter 1.

### Target Business Sectors

The Optimal Business Sector Targets presented in Chapter 3 provide the rationale for three core business sector targets and one target for improving the City’s quality of place. Together, the targets will help Covington grow and diversify its economic base and mitigate identified challenges. These targets are best fits for Covington based on the current economic and business climate conditions and recent initiatives to improve the City’s competitiveness as a business location. The targets are recommended given the City’s attributes and assets (Figure 2).

### Recommendations

In conducting this analysis, the Garner Economics team found Covington to be at an inflection point. While the City is well poised to increase its overall competitive position and set itself apart, Covington must be proactive in building its real estate portfolio, stem its population losses, and build the talent pipeline.

Chapter 4 offers a set of implementable recommendations that will help the City better focus its efforts to attract high-quality companies and talent, position the City to leverage the next wave of economic growth, and be an optimal business location choice within the Cincinnati metropolitan region.

FIGURE 2: RECOMMENDED TARGET BUSINESS SECTORS

CORE TARGETS	
	<i>“All Things Office” &amp; New-Collar Jobs</i>
	<i>“A Healthier You” Life &amp; Bioscience Businesses</i>
	<i>“Made in the COV” Micro Manufacturing &amp; Process Technology</i>
QUALITY OF PLACE TARGET	
	<i>“Experiencing Covington” Experiential &amp; The Entrepreneurial Economy</i>

The recommendations reflect items that the City, its economic development office, and other partners should undertake to mitigate the current product challenges and better position itself to site-location advisors or companies in the identified target business sectors. The recommendations also include tactics the City can use to leverage strengths and effectively market the City to those targets.

The recommendations are broken into three categories:

- **Reimagining Covington:** Policy changes and investments that should be made to strengthen the City’s product;
- **Effective City Support and Implementation:** Key organizational recommendations and tactics to provide strong economic development service delivery and market the City better; and
- **Telling the Covington Story:** Marketing approaches to share the City’s story of economic dynamism with target prospects, talent, and the Covington community.

Additionally, the resulting recommendations identify areas where the City can act as a catalyst to lead initiatives to improve the City’s quality of place and business climate. The tactics to market the City to prospective target businesses are primarily for the City. However, the messaging and brand

refresh should be supported by all economic development organizations working to improve Covington.

The recommendations proposed in the [ECONOMIC DEVELOPMENT STRATEGY FOR COVINGTON, KENTUCKY](#), call on the City to enhance its economic development service delivery, reposition branding and marketing efforts, and serve as a

catalyst and advocate in initiatives that will build upon and improve the City’s available product and overall business climate. By highlighting its unique advantages, its character and renaissance, Covington can shape its economic future and encourage the business and talent growth it desires.

FIGURE 3: RECOMMENDATIONS

Reimagining Covington	Effective City Support and Implementation	Telling the Covington Story
<ol style="list-style-type: none"> <li>1. Create a Manufacturing Makerspace to complement Covington’s already robust entrepreneurial framework*</li> <li>2. Encourage and help facilitate a long-range, regional infrastructure plan*</li> <li>3. Create a plan to improve gateways into the City—including new signage, landscaping, and beautification initiatives*</li> <li>4. Incentivize remote workers to move to Covington*</li> <li>5. Evaluate relocation of Gateway Community and Technical College’s Urban Campus</li> <li>6. Develop and Invest in Real Estate Product for the City – <i>(And leverage the former IRS site for the highest-and-best use for Covington)*</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluate options to bring all building permits and inspections back under City control*               <ol style="list-style-type: none"> <li>a. Consider bringing some PDS functions back to the City</li> <li>b. Create a “One-Stop Shop”</li> <li>c. Create an Ombudsman or Concierge</li> </ol> </li> <li>2. Augment the City’s economic development department staff to successfully implement operational and strategic efforts</li> <li>3. Update Covington’s existing incentive policy and tools               <ol style="list-style-type: none"> <li>a. Focus on inducing primary or value-added jobs</li> <li>b. Provide a higher incentive scoring to the targeted business sectors</li> <li>c. Require each applicant to provide an economic impact analysis and ROI scenario</li> <li>d. Charge a bond origination fee</li> <li>e. Develop tax exemption terms for IRB’s based on the sector</li> </ol> </li> <li>4. Conduct community leadership learning labs to other “inspirational” communities (intercity visits)</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance the City’s Economic Development Department’s marketing tools and tactics in its external outreach efforts               <ol style="list-style-type: none"> <li>a. Update (redo) the current City of Covington brand, mark, tagline, and related collateral materials</li> <li>b. Update the economic development pages of the City’s website or create a stand-alone portal for the economic development functions</li> <li>c. Integrate social media platforms into the redesigned website</li> <li>d. Enhance and utilize social media channels for greater local awareness</li> </ol> </li> <li>2. Undertake focused external outreach efforts to allied economic development partners and multipliers</li> <li>3. Conduct a focused, targeted outreach to Cincinnati area real estate brokers and developers</li> <li>4. Conduct targeted company and consultant calls</li> </ol>

\*Denotes transformational recommendation

## Chapter 1: Where Covington Stands as a Place for Business

### ***A Summary of the Competitive Realities Report***



This chapter summarizes the team’s findings in the Discovery Phase. A more detailed discussion of the following information was presented to the City as a **COMPETITIVE REALITIES REPORT** in April 2019.

The **COMPETITIVE REALITIES REPORT** is an objective and subjective evaluation of where Covington stands as a place for business. To build the report, the team collected data, conducted on-site visits, and solicited opinions and feedback from the area’s stakeholders from a site-selection perspective. The team used the same criteria and measures that potential companies looking to invest or expand in Covington would employ. Additionally, the City’s economic position was compared against the benchmark communities of Asheville, North Carolina, and Chattanooga, Tennessee, as well as the Cincinnati Metro, Tri-ED region, state of Kentucky, and the United States. Three primary vehicles were used to make the assessment: an Asset and Challenges Assessment; a Labor, Demographics, and Economic Analysis; and research composed of a series of focus groups and an electronic survey.

In addition to informing the targeting and recommendations phases of the project, having a solid sense of where Covington stands allows the City to recognize its strengths as a business location so they can be marketed and to identify gaps in the area’s product, so the City and its partners can take steps to mitigate those gaps and nurture a more attractive business climate.

#### **What Stakeholders Think**

As a complement to the assessment of the physical and regulatory structure of Covington, Garner Economics conducted four focus groups with key community stakeholders, issued an online survey to solicit a

variety of perceptions of the City’s business climate, and conducted ten one-on-one interviews. The objective was to gather stakeholders’ thoughts on Covington’s attractiveness to companies, the types of companies that would be a good fit for the area, and facets of the City’s business climate the City should work to improve.

Forty-one people participated in four groups held on February 26, 2019. The focus groups were organized into the following categories: Large Employers, Entrepreneurs and Smaller-company Employers, Government/Academia/Non-profits, and Real Estate Developers. Participants were invited by the City’s Economic Development Department.

The electronic survey was built based on feedback garnered from the focus groups. It was distributed by the City and Steering Committee. The survey was open March 12–22, 2019 and was completed by 117 people.

As reported in the **COMPETITIVE REALITIES REPORT**, several high-level themes that validate and reinforce the Discovery Phase assessments and analysis emerged from the stakeholder engagement. The themes are presented below. *Garner Economics recognizes that the comments (and their summation) may not necessarily be statements of fact, but represent opinions or perceptions.*

#### **Building on Positive Momentum**

All groups of stakeholders—focus group participants, interviewees, and survey respondents—noted the unique character of Covington and its resurgence and tenacity. Work to diversify the City’s economy is gaining momentum, and most stakeholders noted the need to leverage and build upon that. Stakeholders recognized the need to invest in the City’s infrastructure to attract businesses and talent, while still keeping Covington’s character.

When asked what assets and initiatives set Covington apart from others with whom they compete for business, participants noted the opportunity posed by the soon-vacant IRS facility. They also touted the gains made by Renaissance Covington in reinvigorating the City core. They also praised the efforts of UpTech, Aviatra, and Innovation Alley in supporting the existing entrepreneurs and attracting new ones to the City.

### Helpful City Government, but Structure Needed

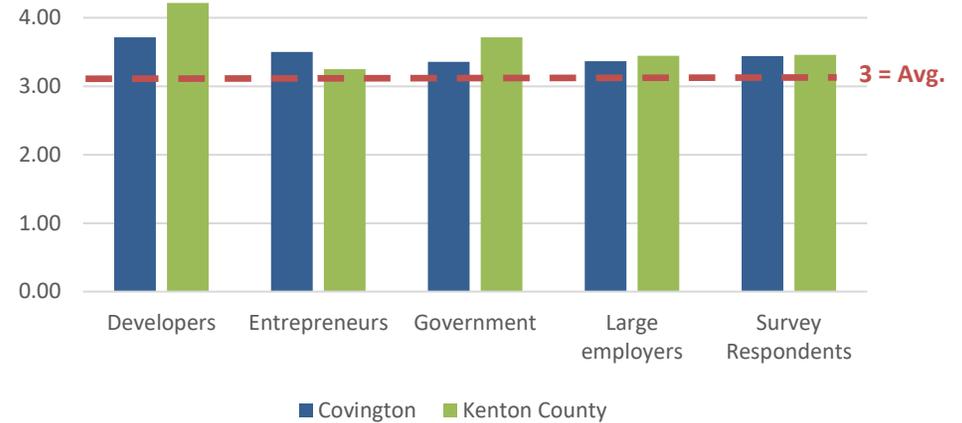
One of the feedback points solicited of all stakeholders was a sense of the business climate in the City.<sup>1</sup> Both focus group participants and survey respondents were asked to score the business climate in the City and for Kenton County on a scale from one to five, with five being the strongest. All respondent groups scored the City and the County above average. Respondents pointed to the improvements they have seen through the years and the willingness of the City to find solutions. To varying degrees, respondents noted that policies and regulations in the City are not well-publicized/known and that more could be done to communicate initiatives and/or provide more structure. Respondents also believe that the City needs more resources to make the investments (both physical and staffing) to make further impact. Participants also noted the City's history and protection of historic assets, as well as the importance of its geography and position along two rivers (the Ohio and Licking). Negative perceptions center around the large concentration of social services in the City's core, which impact sensitivities of public safety and stretch the City's resources.

"Be bold, provocative and "edgy;" this is Covington's strength.

—Survey respondent & business owner

<sup>1</sup> Business climate is defined as those local policies and laws that local government enact and administer that may have an impact, either in a positive or negative way, on local businesses.

FIGURE 1.1: BUSINESS CLIMATE SCORES



Several participants noted the need to invest more in the City's aging infrastructure and aesthetics. Other participants noted the challenge of the City being landlocked. Lastly, several participants noted the great asset the City has in being on two rivers but note that the City has not fully leveraged these river assets. Plans for the Riverfront Commons Park will help address this. Conversely, participants noted the area's aging infrastructure, the need to focus on social services (and hence lack of resources for other initiatives), and lack of a consensus vision as detriments to attracting business. Participants also noted that there is often a lack of guidance from the City as to regulations. While the participants report that the City has been helpful once the issue is identified, there is no one place to go for information. Recent efforts to communicate better by the City are helpful, and the participants hope that will continue and expand.

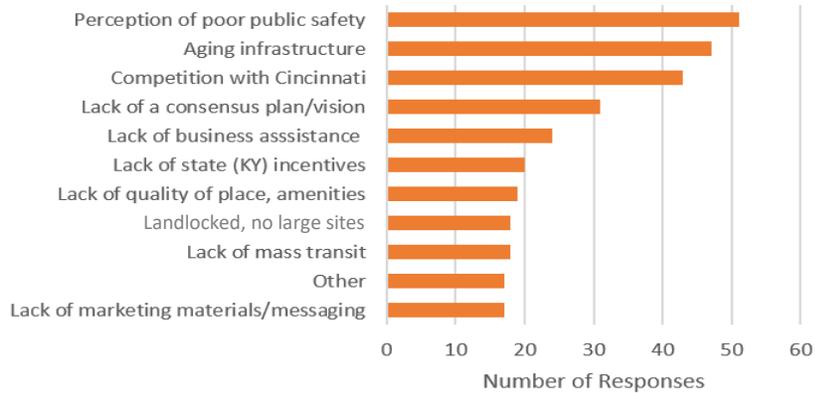
### Setting a Vision for Covington

Stakeholders (both focus group participants and survey respondents) were asked their economic vision for Covington. The vast majority in all groups referenced the City’s authentic character and wanting to nurture and enhance that quality of place. The concept of distinguishing the City was

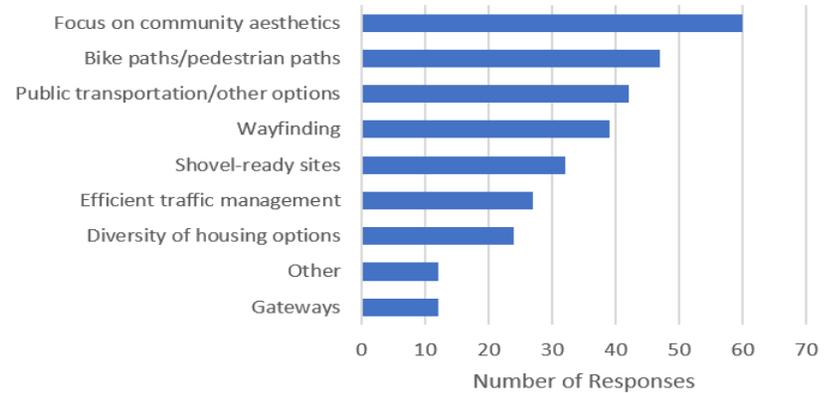
high on the list of potential futures for the City. Stakeholders noted wanting to encourage more green space, continued historic preservation, and leveraging the rivers to enhance what the City offers to both residents and potential companies.

FIGURE 1.2: SAMPLE OF SURVEY RESPONSES

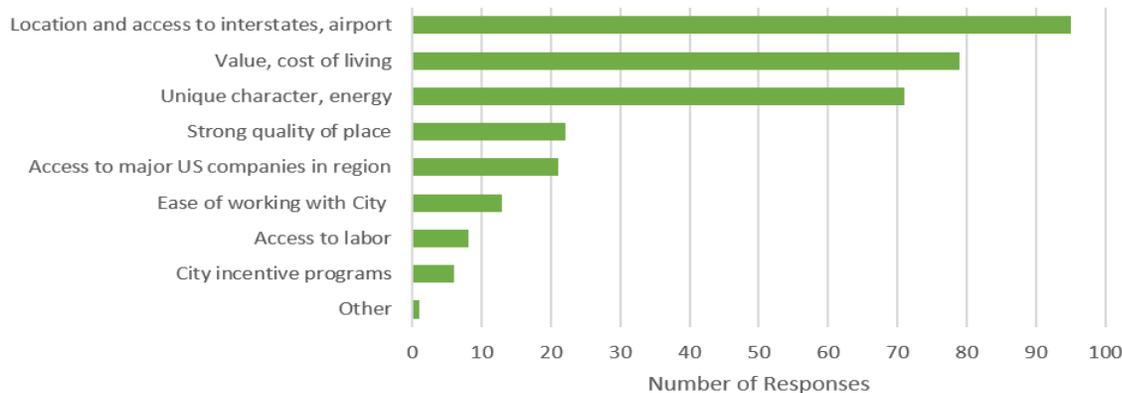
**What do you think are some of the biggest obstacles that inhibit the region in its ability to attract, expand, or retain businesses and investment?**



**What hard or soft infrastructure is weak or missing in the area? \***



**What do you see as the community's strengths?**



\*For the purposes of the question, hard infrastructure is defined as the physical networks such as roadways, sewer, broadband internet, airports, etc.; soft infrastructure refers to institutions or places that support the economic, health, and cultural climate of a place, such as the education system, the health care system, system of government, and/or parks.

### Assets and Challenges Assessment

Concurrent to soliciting stakeholder perspectives, Garner Economics undertook primary and web-based research to assess where the City stands. The team used a rigorous set of techniques based on fully sourced and reliable datasets to completely understand Covington’s current economic state. This assessment was undertaken from the perspective of businesses looking at Covington as a possible location for operations and was grounded in decades of economic development, site-location analysis, and business sector targeting experience.

A key component of the Discovery Phase was the **ASSETS AND CHALLENGES ASSESSMENT**, which is a compilation of local facts and data points with quantitative analysis and some subjective opinions. These are the same variables typically employed when undertaking a locational assessment for a corporate client.

Garner Economics analyzed 43 community factors as part of the assessment. Ratings were identified by evaluating the City’s position for each of the factors against Asheville, North Carolina; Chattanooga, Tennessee; the state of Kentucky; and the United States. The benchmarked communities were selected by the City and Steering Committee.

Of the 43 variables analyzed, 22 are considered an *Asset* for the community and nine (9) are considered a *Challenge* (12 are rated as *Neutral*). The ratio of 22 Assets to nine Challenges is considered a positive assessment. However, any of the nine factors rated as *Challenges* (especially product inventory) and 12 rated as a *Neutral* can deter or disqualify an investment decision for the community.

As noted in the **COMPETITIVE REALITIES REPORT**, the City sits at a relatively strong position. However, the *Challenges* to the City must be mitigated so as not to detract from the recent gains. As Covington looks to continue to improve its business climate, it must take on initiatives to make the Neutral rankings *Assets* and to mitigate *Challenge* rankings.

The following tables summarize the key findings of the **COMPETITIVE REALITIES REPORT**, using the symbols and definitions below.

#### REPORT DASHBOARD



Indicates the City is better (more positive) compared to a majority of the benchmark geographies or points to a positive trend or asset within the area.



Indicates the City is neutral or normal, neither positive nor negative. Indicator may represent an observation or be in the middle of the benchmark geographies.



Indicates the City is more challenged compared to a majority of the benchmark geographies or points to a negative trend or challenge within the area.

FIGURE 1.3: COVINGTON ASSETS AND CHALLENGES

Detailed data and rationale for the ratings can be found in the **COMPETITIVE REALITIES REPORT**.

	 Assets	 Challenges	 Neutral
Access to Markets	<ul style="list-style-type: none"> <li>Centrally located for major regional market</li> <li>Centrally located for national market</li> <li>Well-positioned to serve international markets</li> <li>Interstate highways</li> <li>Rail service</li> <li>Port facilities (inland and/or water)</li> <li>Within 1 hour of commercial air passenger service</li> <li>Broadband availability and speeds</li> </ul>	No relative <i>Challenges</i> noted	No <i>Neutral</i> assessments
Labor	<ul style="list-style-type: none"> <li>Availability of <i>Business and Financial Operations</i> occupations</li> <li>Availability of <i>Management</i> occupations</li> <li>Availability of post-secondary vocational training</li> <li>Within 1/2 hour of major university/college</li> </ul>	<ul style="list-style-type: none"> <li>Lack of skilled <i>Production</i> occupations</li> <li>Cost of labor</li> </ul>	<ul style="list-style-type: none"> <li>Availability of <i>Office and Administrative Support</i> occupations</li> <li>Availability of <i>Computer and Mathematical</i> occupations</li> </ul>
Access to Space	No relative <i>Assets</i> noted	<ul style="list-style-type: none"> <li>Lack/availability of fully served and attractive flex sites and buildings</li> <li>Lack/availability of fully served and attractive office space and sites (Class A and B)</li> </ul>	No <i>Neutral</i> assessments
Access to Capital	<ul style="list-style-type: none"> <li>Availability of tax-exempt financing for qualified investment projects</li> <li>Availability of low-interest loans or grants for small business</li> <li>Availability of venture capital from local sources for business startups or early-stage funding</li> </ul>	No relative <i>Challenges</i> noted	No <i>Neutral</i> assessments

	 Assets	 Challenges	 Neutral
City's Economic Development Department	<ul style="list-style-type: none"> <li>Level of funding for local economic development program</li> </ul>	No relative <i>Challenges</i> noted	<ul style="list-style-type: none"> <li>Adequate level of professional staff</li> <li>Involvement of both public and private sectors</li> <li>Local economic development organization (city economic development department) has a strategic plan</li> <li>Level of cooperation between various organizations involved in economic development activity</li> <li>Level of awareness of community regarding economic development</li> </ul>
Government Impact on Business	<ul style="list-style-type: none"> <li>Availability and type of local incentives</li> </ul>	<ul style="list-style-type: none"> <li>Condition and maintenance of local streets</li> <li>Test scores for the local school system (public)</li> <li>Business permitting procedures and costs</li> <li>Local taxes</li> </ul>	No Neutral assessments
Quality of Place	<ul style="list-style-type: none"> <li>Cost-of-living index</li> <li>Availability of recreational opportunities</li> <li>Availability of four- or five-diamond/star rated hotels, motels, and resorts</li> <li>Variety of local restaurants</li> <li>Crime rates</li> </ul>	<ul style="list-style-type: none"> <li>General appearance of the community</li> </ul>	<ul style="list-style-type: none"> <li>Lack of executive-level housing</li> <li>Lack of moderate-cost housing</li> <li>Lack of apartments</li> <li>Medical facilities</li> <li>Appearance of the Central Business District(s)</li> </ul>

### Demographic, Labor, Economic Trends, and Retail Analysis

As a complement to the asset benchmarking work above, Garner Economics examined Covington’s economic position relative to the same benchmark communities, the Cincinnati Metro, Tri-ED region, the state of Kentucky, and the United States.

This analysis relies heavily on raw objective data collected by governmental

or impartial third-party agencies. Garner Economics used data that can be verified and, for which, comparisons with other cities or areas can be made at the level of detail preferred by most site-selection professionals. In all cases, the original and most current available data as of February 2019 are used.

The scorecards presented below are provided in more detail within the **COMPETITIVE REALITIES REPORT**.



Demographic & Community Trends		
Population Change		Covington has experienced several growth and loss cycles in population in the past 10 years. As a smaller city, minor ripples can affect this population picture. The current flat population growth rate for a five-year period is a <i>Challenge</i> , and, paired with a net loss over a 10-year period is a negative factor for the City. All other benchmarks and comparative geographies grew for both the five- and 10-year period with Asheville showing the most dramatic increase of 7.8 percent from 2012–2017.
Age Distribution		The median age of Covington is 35.8, reflecting a younger population, and is the youngest of all benchmarks. Although the current population has a younger feel to it, the national trend is an aging population. The change between 2012 and 2017 has mixed results with three categories dropping slightly—two in the younger age groups—and the remainder have a very modest growth for this period.

Demographic & Community Trends *(continued)*

<p>New Residents</p>		<p>Covington gained most of its new residents through domestic migration—equal parts from another county within the same state and from a different state (48.5 percent). The percentages of the sources for new residents were not significantly different at the local, state, and national level.</p> <p>Covington gained nearly 4,000 new residents (who had reported moving in the past year), which represented 9.9 percent of the entire population, the highest among benchmarks.</p>
<p>Educational Attainment</p>		<p>Educational attainment among Covington’s population ages 25 and over is lower than the nation, the metro, and the other community benchmarks. Kentucky has a similar educational profile to Covington. Approximately 52 percent of the City’s population has received some higher education experience.</p>
<p>Secondary School Performance</p>		<p>The four-year graduation rate for Covington experienced several years of decline in 2016 and 2017, but the latest rate shows an 8-point increase. Even with this higher score in 2018, Covington is below all benchmarks. Covington Independent School District had an average composite score of 16.6 in 2018, which was lower than the state, nation, and comparative benchmarks. Overall, Covington’s school district has consistently performed below all benchmarks, remaining several points below all comparatives.</p>
<p>Household Income</p>		<p>Covington’s median household income in 2017 was \$38,346, below all benchmarks. The Tri-ED region and the Cincinnati Metro had the highest median household incomes among all comparisons.</p> <p>Covington did see a sizable increase (4.2 percent) among those households making \$100,000–\$150,000 dollars from 2012–2017. For the latest figures in 2017, however, Covington has the highest share of households in the bottom tier of income groups</p>
<p>Personal Income</p>		<p>Covington’s average individual earnings of \$47,610 rank below all benchmarks. This average income falls behind the state, nation, and local benchmarks, and grew at a rate of 7.7 percent in the past five years, which underperforms when compared to the growth of the other geographies in this study. The 2017 personal income distribution for Covington shows strength in mid-range levels with the highest concentration in the \$35,000–\$49,999 range.</p>

Demographic & Community Trends *(continued)*

Per Capita Income		Covington’s 2017 per capita income was lower than all benchmarks and grew at a rate behind all other comparatives.
Poverty		The measurement of poverty in the City helps to evaluate the well-being of the citizens and the state of the economy. Covington has a high poverty rate of 24.7 percent for the entire population and 38.3 percent for <i>Children Under 18</i> . Both indicators are higher than all comparative geographies.
Crime Rate		Covington’s <i>Property Crime Rate</i> is moderate with 3,283 crimes reported per 100,000 persons. This rate fares much better than its urban benchmarks of Asheville and Chattanooga, but higher than larger geographic comparatives with less population density. The <i>Violent Crime Rate</i> , 452.9 crimes reported per 100,000 persons, is again lower than the other benchmark cities but higher than regional, metro, state, and national rates.
Cost of Living		The composite Cost-of-Living Index for Covington is 87 compared to 101 for Asheville, 91 for Chattanooga, and 89 for Cincinnati. The state of Kentucky was estimated to have an index of 89. Covington ranked below national levels for most measures with the exception of <i>Transportation</i> and <i>Goods &amp; Services</i> . Covington had the lowest <i>Housing</i> index (59 compared to 100 average).

Labor Market Analysis & Employment Trends

Labor Force Participation		<p>Covington is the only geography analyzed that experienced an increase (2 percent) in labor force participation between 2012 and 2017. The national trend has been a general decline in participation, which makes Covington’s departure from this trend a very positive indicator.</p> <p>Among all families in Covington, 33.1 percent are <i>Dual Income Families</i>, which is the biggest sector of families participating in the labor force. Covington has the highest share of <i>Single Adults in Labor Force</i> at 29.8 percent. Overall, the participation rate of families in Covington is 78.4 percent, which is on par with the nation, but higher than the state and all other benchmarks except the Tri-ED region and the Cincinnati Metro.</p>
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Labor Market Analysis & Employment Trends (*continued*)

<p>Labor Draw</p>		<p>Using a 45-minute drive-time analysis from Covington, the estimated 2017 population is 1,913,171. The drive-time analysis greatly enhances the existing labor force in Covington of approximately 19,000. The drive-time workforce is diverse with 15 percent employed in <i>Health Care &amp; Social Services</i>, 14 percent in <i>Manufacturing</i>, and 11 percent in <i>Retail</i>.</p>
<p>College Enrollment &amp; Degrees Granted</p>		<p>Within the Cincinnati Metro area, there are nearly 40 colleges, universities, and training institutes with 140,000 students enrolled as of the 2016–2017 school year. These higher education assets provide a boost to the workforce pipeline and offer training programs with a variety of concentrations. In the three-county Tri-ED region alone, there are nearly 27,000 students attending eight schools.</p> <p>Larger schools within the Cincinnati Metro include the University of Cincinnati, Miami University, and Northern Kentucky University. Certificates and degrees awarded by colleges and universities in the metro area number nearly 30,000 for 2017 among many disciplines. The top fields of study include <i>Health Professions</i> and <i>Business Management</i>. Nearly half of the awards were bachelor’s level.</p>
<p>Commuting Patterns</p>		<p>The City of Covington serves as an employment center to many workers; however, there are relatively few who both live and work in the city limits. The commuting patterns show there was a net job outflow of more than 400 people reported in 2015. Employers in the City pull in about 15,600 employees from outside city limits, and 2,200 workers who live and work in Covington.</p> <p>Of those who live in the city limits, those 2,200 workers represent only 12 percent of the resident workforce. The remainder, roughly 16,000 workers, leave the City for work.</p> <p>Over the past five years, the composition of the commuting pattern has changed with more workers commuting and fewer employees commuting into Covington. The net result is a move from a surplus of employees in the City (1,375 in 2010) to a net outflow of residents leaving the City for work (-428 in 2015).</p>

Labor Market Analysis & Employment Trends *(continued)*

<p>Major Industry Composition</p>		<p>Covington’s largest sector of employment in 2018 was Finance &amp; Insurance, with 16.1 percent of the total employment. Total employment includes covered and uncovered employment and self-employed and, therefore, would include military personnel. Covington also has the highest level of Accommodation &amp; Food Services employment at 12.9 percent.</p> <p>The City’s next largest employment sectors are <i>Government</i> and <i>Health Care &amp; Social Assistance</i> with 13.7 percent and 11.4 percent respectively. Covington also ranks highly with <i>Professional, Scientific and Technical Services</i> at 9.8 percent, greater than any other geography.</p>
<p>Average Wage</p>		<p>Covington’s average annual wage is the highest among the benchmark geographies except for the national average wage. Adjusted for inflation, Covington’s average annual wages grew at a steady pace in the past 10 years.</p>
<p>Self-Employment</p>		<p>As of 2017, 6.2 percent of workers in Covington were self-employed. The proportion is well below the national and state self-employment levels as well as the benchmark communities.</p> <p>Of those self-employed, a much higher share is in the category of <i>Not Incorporated</i> and <i>Unpaid Family Workers</i> for all geographies versus Incorporated ventures. All benchmark geographies had modest growth or declined in self-employment over the past five years, with Covington losing 0.2 percent of self-employed from 2012 to 2017.</p>
<p>Broadband</p>		<p>Covington has no issue gaining internet access for almost all of its citizens. Service with speeds of 100 megabytes per second (Mbps) is universally accessible and speeds of 250 or more are widely available. More impressive is the fact that 73.7 percent of Covington has the opportunity to get gigabit service.</p> <p>In fact, Covington has a much higher rate of availability compared to the metro, state, and nation at all levels. Covington performs better than Asheville for internet access; however, it is behind Chattanooga—which was one of the first Gig Cities in the nation.</p> <p>According to BroadbandNow, a national aggregator of broadband access, Covington has an average download speed of 44.56 Mbps. This is in the middle of the speeds reported for benchmarks—behind Chattanooga, Cincinnati Metro, and the nation. Speeds recorded in Covington are impressive with one carrier showing consistent high speeds over the past 12 months.</p>

Retail Analysis		
Retail Gap		<p>Covington’s 2017 retail sales were estimated to be \$435.8 million for retail trades, food, and drink sales. The City has a Retail Gap of \$16.7 million dollars. This is the difference between retail demand, or the “Retail Potential,” and actual retail sales. This means that Covington is sufficient in generating retail sales, but deeper analysis may offer opportunity.</p> <p>A review of 13 major retail categories reveals that several categories out-sell local demand and the City is attracting retail buyers in these categories. Major areas that sell more than estimated demand include <i>Food &amp; Beverage Stores</i> and <i>Food Services &amp; Drinking Places</i>.</p> <p><i>Motor Vehicle &amp; Parts Dealers</i> and <i>General Merchandise Stores</i> have a high leakage factor with both categories having more than a \$50 million retail gap each.</p>

Local Specialization, Competitiveness & Growth	
Below are general observations from an in-depth analysis of industry sectors and occupational groups. This information is not benchmarked.	
Major Industry Sector Change	<ul style="list-style-type: none"> <li>✓ The largest absolute industry job gains in Covington between 2012 and 2017 came from <i>Finance &amp; Insurance</i>, increasing by 536 jobs. This is followed by <i>Accommodation &amp; Food Services</i> (+302 jobs) and <i>Professional, Scientific &amp; Technical Services</i> (+158 Jobs). Overall, Covington shows a net increase of 844 jobs taking into consideration covered, non-covered, and self-employed individuals.</li> <li>✓ Gains were made in most industry categories with the exception of <i>Government</i>, which lost 355 jobs; <i>Administration, Support, Waste Management &amp; Remediation</i> (-235 jobs); and <i>Educational Services</i> (-31 jobs).</li> </ul>
Industry Earnings	<ul style="list-style-type: none"> <li>✓ A comparison of Covington’s average industry earnings to national averages offers insights into areas of unique expertise and cost-saving opportunities.</li> <li>✓ Overall, the average earnings per job in Covington is \$54,862, which is 2 percent above the national average of \$53,676.</li> <li>✓ Earnings in the City are below national averages for all major employment sectors except <i>Wholesale Trade</i>, which is 11 percent above the national average.</li> </ul>

Local Specialization, Competitiveness & Growth <i>(continued)</i>	
Major Occupational Change	<ul style="list-style-type: none"> <li>✓ Over the last five years, a majority of occupational categories in Covington added jobs. The strongest job gains were in <i>Management</i>, gaining 213 jobs</li> <li>✓ Other occupational groups that saw sizable increases were <i>Business and Financial Operations</i> (+138 jobs), <i>Food Preparation &amp; Serving Related</i> (+134 jobs), and <i>Computer &amp; Mathematical</i> (+110 jobs).</li> <li>✓ A handful of occupational groups lost jobs over the past five years. These include <i>Education, Training &amp; Library</i> (-78 jobs), <i>Office &amp; Administrative Support</i> (-36 jobs), and <i>Legal</i> occupations (-30).</li> </ul>
Occupational Earnings	<ul style="list-style-type: none"> <li>✓ A comparison of the same-occupation average hourly earnings for Covington to the national median wage revealed five occupations that were higher than the national average: <i>Healthcare Support</i>; <i>Sales &amp; Related</i>; <i>Office &amp; Administrative Support</i>; <i>Installation, Maintenance &amp; Repair</i>; and <i>Transportation and Material Moving</i>.</li> <li>✓ The national average wage is only 11 cents lower per hour than the all-occupation average in Covington. The average wage for all occupations in Covington was \$23.98 compared to \$23.87 for the national average hourly wage.</li> </ul>
Major Industry Sector Specialization & Growth	<ul style="list-style-type: none"> <li>✓ Major industry sector specialization focuses on the geographic concentrations of similarly classified industries. For many industry sectors there exist interconnections between suppliers, occupations, and associated supporting institutions.</li> <li>✓ Five industries sectors have a local specialization above 1 and experienced job growth in the past five years in Covington. These comprise the <i>Competitive</i> category and are: <ul style="list-style-type: none"> <li>• <i>Finance &amp; Insurance</i> (4.0 LQ)</li> <li>• <i>Accommodation &amp; Food Services</i> (1.5 LQ)</li> <li>• <i>Professional, Scientific &amp; Technical Services</i> (1.5 LQ)</li> <li>• <i>Real Estate, Rental &amp; Leasing</i> (1.1 LQ)</li> <li>• <i>Management of Companies &amp; Enterprises</i> (2.8 LQ)</li> </ul> </li> <li>✓ Industries with local specialization below 1 but with job growth within the City over the past five years belong in the <i>Emerging</i> category. There are nine sectors with this classification.</li> <li>✓ Four sectors are classified as <i>Declining</i> due to job loss and low local specialization: <i>Mining</i>; <i>Wholesale Trade</i>; <i>Transportation and Warehousing</i>; and <i>Educational Services</i>.</li> </ul>

Local Specialization, Competitiveness & Growth <i>(continued)</i>					
<p>Industry Competitiveness</p>	<ul style="list-style-type: none"> <li>✓ By the Competitiveness measure, <i>Construction</i> and <i>Accommodation &amp; Food Services</i> are the sectors with both local and national growth.</li> <li>✓ Five other industries have local growth with the most significant sector being <i>Finance &amp; Insurance</i>.</li> <li>✓ Seven industry sectors had positive industry effect with national growth but experienced local job loss.</li> <li>✓ This analysis suggests the City’s least competitive sectors are <i>Mining, Retail Trade, Wholesale Trade, Other Services</i> and <i>Government</i>.</li> </ul>				
<p>Major Occupational Sector Specialization and Growth</p>	<ul style="list-style-type: none"> <li>✓ Nine occupational groups have location quotients over 1, experienced some employment growth recently, and are considered <i>Competitive</i>:               <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• <i>Business and Financial Operations</i></li> <li>• <i>Food Preparation and Serving Related</i></li> <li>• <i>Management</i></li> <li>• <i>Community and Social Service</i></li> <li>• <i>Computer and Mathematical</i></li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• <i>Arts, Design, Entertainment, Sports, and Media</i></li> <li>• <i>Architecture and Engineering</i></li> <li>• <i>Life, Physical, and Social Science</i></li> <li>• <i>Personal Care and Service</i></li> </ul> </td> </tr> </table> </li> <li>✓ Five occupational categories saw modest employment gains over the past five years but have concentrations (LQs) under 1. These <i>Emerging</i> sectors are:               <table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• <i>Sales and Related</i></li> <li>• <i>Installation, Maintenance, and Repair</i></li> <li>• <i>Healthcare Practitioners and Technical</i></li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• <i>Construction and Extraction</i></li> <li>• <i>Production</i></li> </ul> </td> </tr> </table> </li> <li>✓ Due to recent job loss, some occupations with LQs above 1 are <i>At-Risk</i>. <i>Legal</i> occupations and <i>Office &amp; Administrative Support</i> are the two biggest employment groups on this list.</li> <li>✓ The remaining occupational groups (6) are classified as <i>Declining</i> or having employment loss/no change along with local specialization under 1.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Business and Financial Operations</i></li> <li>• <i>Food Preparation and Serving Related</i></li> <li>• <i>Management</i></li> <li>• <i>Community and Social Service</i></li> <li>• <i>Computer and Mathematical</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Arts, Design, Entertainment, Sports, and Media</i></li> <li>• <i>Architecture and Engineering</i></li> <li>• <i>Life, Physical, and Social Science</i></li> <li>• <i>Personal Care and Service</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Sales and Related</i></li> <li>• <i>Installation, Maintenance, and Repair</i></li> <li>• <i>Healthcare Practitioners and Technical</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Construction and Extraction</i></li> <li>• <i>Production</i></li> </ul>
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<ul style="list-style-type: none"> <li>• <i>Sales and Related</i></li> <li>• <i>Installation, Maintenance, and Repair</i></li> <li>• <i>Healthcare Practitioners and Technical</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Construction and Extraction</i></li> <li>• <i>Production</i></li> </ul>				

## Chapter 2: Optimal Business Targets for Covington

The optimal business sectors selection is based on the specific characteristics of the economy and assets of Covington. These recommended targets are designed to assist the City and its economic development efforts in prioritizing resources and focusing on sectors in which Covington holds a competitive advantage and/or has significant growth potential. This approach will help policymakers prioritize the City’s community and economic development strategy.

Garner Economics uses a desirability and feasibility screening matrix to determine the optimal targets. Desirability begins by considering the types of business sectors that stakeholders of Covington would like to see in the community (Figure 2.1). Feasibility includes what the City can reasonably achieve in the short- to mid-term based on current or planned locational assets and on an analytical review of the economy. Desirability considers what local stakeholders would like to see, but not necessarily a supporting rationale of why that target is logical for the community.

Using results from the previously completed **COMPETITIVE REALITIES REPORT**, the Assets and Challenges Assessment, focus groups, a community survey, and field visits, three business and industry families were chosen that best match Covington’s unique competitive advantages to the needs of particular industry sectors. These targets are: **“All Things Office” & New-Collar Jobs**, **“A Healthier You” Life & Bioscience**, and **“Made in the COV” Micro Manufacturing & Process Technology**.

In addition to these core business targets, a fourth **“Experiencing Covington” Experiential & The Entrepreneurial Economy** target is presented to enhance the quality of place and entrepreneurial activities. This target has a direct linkage to talent attraction and retention and builds on both residents and visitors experiencing an inviting Covington.

It is worthwhile to note that the growing trend of the gig economy is woven throughout all targets. Defined as economic activity that involves the use of temporary or freelance workers to perform jobs, or “gigs”, offering flexibility in choosing when and where they work.

For each targeted business sector, the community’s competitive advantages are presented, along with national trends and projections of the targets. In some cases, target sectors are flat or actually losing jobs nationally, but the particular set of economic development assets in Covington position it to capture any growing demand. Target profiles include a list of individual subsectors provided with accompanying NAICS classifications along with a bulleted list of rationales that are presented and identified as appealing to the needs of **prospects (P)** or the **community (C)**. This material can be used in marketing and community support efforts or to help economic development personnel prioritize targeting efforts.

FIGURE 2.1:  
OPTIMAL TARGET  
SCREENING PROCESS



### Optimal Targets

1. “All Things Office” & New-Collar Jobs
2. “A Healthier You” Life & Bioscience
3. “Made in the COV” Micro Manufacturing & Process Technology
4. “Experiencing Covington” Experiential & The Entrepreneurial Economy

FIGURE 2.2: OPTIMAL TARGETS FOR COVINGTON, KENTUCKY<sup>2</sup>

CORE BUSINESS TARGETS			QUALITY OF PLACE TARGET <sup>3</sup>
“All Things Office” & New-Collar Jobs <sup>4</sup>	“A Healthier You” Life & Bioscience Businesses	“Made in the COV” Micro Manufacturing <sup>5</sup> & Process Technology	“Experiencing Covington” Experiential & The Entrepreneurial Economy
<ul style="list-style-type: none"> <li>• Creative Design &amp; Services</li> <li>• Software Publishers</li> <li>• IT &amp; Computer Systems Design</li> <li>• Data Processing, Hosting</li> <li>• Internet Publishing &amp; Web Portals</li> <li>• FinTech/InsureTech/HealthTech &amp; Related Customer Service</li> <li>• Business &amp; Administrative Services (Legal, Accounting, etc.)</li> <li>• Architectural &amp; Engineering Services</li> <li>• Logistics Consulting</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology Research &amp; Development</li> <li>• Nanotechnology Research &amp; Development</li> <li>• Research &amp; Development in the Physical, Engineering, and Life Sciences</li> <li>• Medical and Diagnostic Laboratories</li> <li>• Other Scientific and Technical Consulting Services</li> <li>• Data Science &amp; Analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Automation &amp; Production Technology</li> <li>• 3D Printing &amp; Rapid Prototyping Service</li> <li>• Electrical Equipment Mfg.</li> <li>• Beauty &amp; Personal Products Mfg.</li> <li>• Metal Fabrication &amp; Metal Products</li> <li>• Jewelry Design &amp; Mfg.</li> </ul>	<ul style="list-style-type: none"> <li>• Mobile Entrepreneurs</li> <li>• Makerspace<sup>6</sup></li> <li>• Local or Unique/Boutique Retail</li> <li>• Craft Breweries &amp; Distilleries, Specialty/Small Batch</li> <li>• Performing Artists, Writers, and Performers</li> <li>• Quality of Place business establishments, e.g., food &amp; drink businesses</li> </ul>

<sup>2</sup> How the **Gig Economy** is woven into these targets: Miriam-Webster and Garner Economics define the gig economy as economic activity that involves the use of temporary or freelance workers to perform jobs, typically but not exclusively, in the service sector. People tend to change jobs more frequently and many enjoy the flexibility of choosing when and where they work. The gig economy transcends all generations, but while they are still able to work, boomers will be a big part of a subset of the gig economy. Gigs are what they sound like: assignments, contracts, or part-time jobs. As such, the gig economy is applicable to each of these targets.

<sup>3</sup> The **Quality of Place** target has a direct linkage to talent attraction and retention and builds on both residents and visitors experiencing an inviting Covington.

<sup>4</sup> **New-collar jobs**, coined by IBM CEO Ginni Rometty: roles that require technical and soft skills gained through largely nontraditional education paths. These could include cybersecurity analysts, application developers and cloud computing specialists.

<sup>5</sup> **Micro Manufacturing** targets are those requiring smaller spaces with a more compact footprint.

<sup>6</sup> **Makerspaces** are all places with tools and resources for manufacturing and collaboration. For this target, the type of makerspace envisioned is a place stocked with equipment like 3D printers, laser cutters, CNC machines, electronics, etc. Makerspaces are also fostering entrepreneurship and are being utilized as incubators and accelerators for business startups. Craft and artisan type manufacturing would be ventures that a makerspace would support.



Covington holds great promise for a variety of functions that fit into the "All Things Office" category. As part of a large metro area with proximity to Cincinnati/Northern Kentucky International Airport (CVG) and downtown Cincinnati, Covington's location is an attractive option for headquarters, back office, and other professional operations. The City also offers fast broadband internet, which is necessary to compete today; free Wi-Fi downtown; and affordable cost of living. Covington has a low vacancy rate of office space for Class A & B properties, and the availability of this space is essential for the target.

With the presence of the IRS and Fidelity in Covington, a strong concentration of financial talent presents an asset to build on. Although the IRS is closing its facility in Covington, in a tight labor market, this registers as availability of talent. In addition to finance, other staff support functions such as customer service, information technology, legal, logistics, sales, and marketing can be co-located as headquarter or back office operations for global companies to achieve efficiencies and cost savings.

Consumer trends toward self-service in the finance, insurance, and health care industries create the **FinTech**, **InsureTech** and **HealthTech** sectors, which blend deep industry knowledge with the accessibility, predictability, and analytics that technology provides. These new iterations aim to compete with traditional methods in the delivery of services. For instance, FinTech would involve areas such as app design, digital money management, and support. InsureTech reflects internet-driven insurance business, digital claims processing, and other technological advances. HealthTech continues to revolutionize delivery from medical device communication to medical record management.

Some subsectors in this target could be home to "**New-Collar**" jobs. This phrase, coined by IBM's CEO Ginni Rometty, refers to jobs that require technical and soft skills gained largely through nontraditional education paths. Championed by IBM in their New-Collar Certificate Program, these positions could include cybersecurity analysts, application developers, and cloud computing specialists. Programs such as code academies or hacker schools provide credentials like Certified Ethical Hacker or specific software or programming certificates.

### "All Things Office" & New-Collar Jobs Rationales:

#### High Concentration of Finance Industries

- Securities Brokerage LQ 68.4 (P)
- Financial Transactions Processing LQ 11.5 (P)
- Credit Intermediation Activities LQ 5.3 (P)
- Investment Advice LQ 3.7 (P)

#### High Concentration of Design Industries

- Graphic Design Services LQ 6.9 (P)
- Computer Systems Design Services LQ 3.5 (P)

#### High Concentration of Finance Occupations

- Brokerage Clerks LQ 48.1 (P)
- Tax Examiners, Collectors & Revenue Agents LQ 21.9 (P)
- Actuaries LQ 8.3 (P)
- Securities, Commodities & Financial Services Sales Agents LQ 6.7 (P)
- Credit Analysts LQ 5.9 (P)

- Availability of *Business and Financial Operations* occupations (P)
- Availability of *Management* occupations (P)
- Existing pool of high-demand occupations and skills transferable occupations (P)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

**“All Things Office” &  
New-Collar Jobs Rationales:**

(continued):

- 18,531 degrees and certificates granted in majors related to target (metro area) (P)
- Within 1/2 hour of major university/college (P) (C)
- Tax-exempt financing for qualified investment projects (P)
- Low-interest loans or grants for small business (P) (C)
- Entrepreneurial opportunities (e.g., Incubators/Accelerators) (P) (C)
- Venture capital from local sources (P) (C)
- Centrally located for major national & regional markets (P)
- Well-positioned to serve international markets (P)
- Proximity to Cincinnati/Northern Kentucky International Airport (P) (C)
- Interstate highways (P) (C)
- Broadband availability and speeds (P) (C)
- Affordable cost of living (P) (C)
- Ample cultural & recreational opportunities (P) (C)
- Presence of four-diamond rated hotel (P) (C)
- Variety of local restaurants (P) (C)
- Historical national job growth of 18.6 percent for past decade (P)(C)
- National job growth forecast of 15.3 percent (P)(C)
- National average wage \$112,144 (C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

Another trend that affects this sector is the gig economy. This refers to temporary or freelance workers who perform contract jobs, or “gigs,” rather than a full-time employment situation. Typically, these workers are in the professional and service sectors that tie into this target. It is important to note that the City of Covington does not capture payroll taxes for a freelance worker. These individuals are required to register for occupational licenses according to the City’s website and would also be potential municipal income sources.

An area that would emphasize Covington’s eccentric vibe is the *Creative Design* subsector. Firms fitting into this group would involve advertising, marketing, multimedia, and video production as well as design. The City’s existing employment shows a high concentration of *Graphic Design Services* with a location quotient of 6.9.

The Cincinnati metro area granted more than 18,500 degrees and certificates related to this target sector, offering a robust talent pipeline. Those receiving credentials in *Health Professions* ranked the highest with 6,382 degrees or certificates awarded followed closely by *Business, Management & Marketing* at 5,212 (Table 2.1). The various levels of awards show that there is diversity, but it is also noteworthy that many of the New-Collar Job credentials or skills may not be reflected in this table.

**Table 2.1: Regional Degree Completions in Majors Related to Target, 2017**

Program/Major	Certificate or Associate Degree	Bachelor's Degree	Post-Baccalaureate Credentials	Total Certificates or Degrees
Architecture & Related	16	177	76	269
Business, Management & Marketing	923	3,074	1,215	5,212
Communication, Journalism & Related	258	947	9	1,214
Computer & Information Sciences	704	489	244	1,437
English Language & Literature	31	235	93	359
Health Professions & Related	2,624	1,924	1,834	6,382
Homeland Security, Law Enforcement	400	713	292	1,405
Legal Professions & Studies	42	26	177	245
Liberal Arts & Sciences, General Studies	652	318	31	1,001
Mathematics & Statistics	2	123	97	222
Social Sciences	48	652	85	785
<b>TOTAL</b>	<b>5,700</b>	<b>8,678</b>	<b>4,153</b>	<b>18,531</b>

Graduates from colleges & universities in the Cincinnati Metro area are included.

Source: National Center for Education Statistics, Garner Economics

**Table 2.2: “All Things Office” & New-Collar Jobs Target Subsectors  
National Level Employment, Change & Average Wages**

NAICS	Description	2018 Jobs	2018 Wages	2008–2018 % Change	2018–2028 % Change
51121	Software Publishers	398,963	\$167,193	52.2%	22.7%
51211	Motion Picture and Video Production	288,815	\$86,373	19.6%	16.0%
51219	Postproduction Services and Other Motion Picture and Video Industries	30,206	\$70,277	7.6%	27.8%
5122	Sound Recording Industries	29,306	\$64,759	2.2%	5.1%
51821	Data Processing, Hosting, and Related Services	334,915	\$118,574	26.5%	16.6%
51913	Internet Publishing and Broadcasting and Web Search Portals	252,369	\$228,574	184.6%	50.5%
5222	Nondepository Credit Intermediation	626,189	\$96,830	-3.1%	11.9%
52231	Mortgage and Nonmortgage Loan Brokers	93,356	\$96,612	2.6%	21.2%
52232	Financial Transactions Processing, Reserve, and Clearinghouse Activities	136,128	\$107,588	20.6%	29.6%
52239	Other Activities Related to Credit Intermediation	88,175	\$74,880	-11.5%	9.9%
5231	Securities and Commodity Contracts Intermediation and Brokerage	463,068	\$238,619	-11.6%	0.2%
52392	Portfolio Management	234,515	\$268,300	37.9%	23.1%
52393	Investment Advice	227,000	\$160,853	31.5%	19.3%
52399	All Other Financial Investment Activities	51,228	\$127,429	-4.2%	17.8%
5241	Insurance Carriers	1,260,951	\$94,023	-2.9%	3.4%
54119	Other Legal Services	104,215	\$63,395	13.0%	15.7%
54121	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	1,183,680	\$70,018	6.5%	8.8%
54131	Architectural Services	210,858	\$81,728	-10.2%	3.7%
54133	Engineering Services	1,005,859	\$96,138	3.5%	12.6%
54142	Industrial Design Services	25,681	\$75,559	27.1%	23.9%
54143	Graphic Design Services	134,440	\$43,292	-2.9%	0.1%
54149	Other Specialized Design Services	27,298	\$54,588	20.0%	20.9%
54151	Computer Systems Design and Related Services	2,259,076	\$111,014	41.1%	22.2%
5416	Management, Scientific, and Technical Consulting Services	1,793,449	\$84,983	40.3%	23.3%
54171	Research and Development in the Physical, Engineering, and Life Sciences	628,490	\$140,553	9.8%	16.3%
55111	Management of Companies and Enterprises	2,330,021	\$122,582	22.9%	9.2%
56111	Office Administrative Services	531,611	\$85,197	27.8%	23.5%
<b>TOTAL/WEIGHTED AVERAGE</b>		<b>14,749,863</b>	<b>\$112,144</b>	<b>18.6%</b>	<b>15.3%</b>

*Certain subsectors included in target matrix (Figure 2.2) have different naming than NAICS code subsector, and the business activity falls under NAICS listed above.*

*Source: EMSI, Garner Economics*

Figure 2.3: “All Things Office” & New-Collar Jobs Target Family Supply Chain Illustration



Source: IBIS World, Garner Economics

Including Major Subsectors of Professional & Business Services as indicator of Supply Chain patterns

**Table 2.3: Existing Pool of High-Demand Occupations, 2018**

Occupation Title	Covington 2018 Workers	Metro 2018 Workers	Typical Entry Level Education
Customer Service Representatives	132	19,662	High school
Accountants & Auditors	264	9,894	Bachelor's
Software Developers, Applications	66	6,972	Bachelor's
Computer Systems Analysts	28	7,013	Bachelor's
Lawyers	173	4,982	Doctoral/Professional
Bookkeeping, Accounting & Auditing Clerks	240	12,356	Some College, No Degree
Management Analysts	123	4,825	Bachelor's
General & Operations Managers	372	13,413	Bachelor's
Office Clerks, General	595	20,486	High School
Market Research Analysts, Marketing Specialists	109	5,899	Bachelor's
Financial Managers	123	5,383	Bachelor's
Secretaries & Administrative Assistants	394	16,375	High school
Business Operations Specialists	53	7,449	Bachelor's
Supervisors of Office & Administrative Support Workers	238	9,764	High school
Insurance Claims & Policy Processing Clerks	41	3,424	High school
Computer User Support Specialists	170	4,913	Some college, no degree
Sales Representatives, Services, All Other	91	7,972	High school
Computer & Information Systems Managers	71	3,507	Bachelor's
Insurance Sales Agents	97	5,908	High school
Human Resources Specialists	107	4,918	Bachelor's
Loan Officers	71	3,370	Bachelor's
Financial Analysts	131	2,561	Bachelor's
Network & Computer Systems Administrators	86	3,035	Bachelor's
Billing & Posting Clerks	73	4,230	High school
Securities, Commodities & Financial Services Sales Agents	363	3,345	Bachelor's
Paralegals & Legal Assistants	133	1,440	Associate
Loan Interviewers & Clerks	33	2,284	High school

Source: EMSI, Garner Economics

**Skills Transferability for Sample  
"All Things Office" & New-Collar Jobs**

**Software Developers, Applications**

35 occupations with 1,500 employed in Covington including:

- Computer Systems Analysts
- Web Developers
- Computer & Information Research Scientists
- Computer Hardware Engineers
- Bioinformatics Technicians
- Electrical Engineers & Electronic Drafters
- Computer Network Support & User Support Specialists
- Financial Examiners

**Management Analysts**

163 occupations with 10,000 employed in Covington including:

- Secretaries & Administrative Assistants
- Brokerage Clerks
- Bookkeeping, Accounting & Auditing Clerks
- Supervisors of Office and Administrative Support Workers
- Business Teachers, Postsecondary
- Tax Examiners, Collectors & Revenue Agents
- Hotel, Motel & Resort Desk Clerks
- Patient Representatives

Source: EMSI, O\*Net, Garner Economics  
Occupations with compatible index of 80 or above earning less than target occupation



Target:  
“A Healthier You”  
Life & Bioscience Businesses

There was a time not long ago that *Life Science, Bioscience, or Biotech* was the “it” cluster every economic development agency coveted and recruited. For so many, there were no real assets to build this cluster. Not so for Covington. The City has assets to support the growth of this sector and a corporate headquarters to show that it is indeed viable. CTI, the global clinical trials firm specializing in clinical research and consulting, moved its headquarters to Covington in 2017 and announced the creation of 500 jobs over 10 years. As part of this move, the Northern Kentucky Life Sciences Training Center was created to offer company-specific training in partnership with the public sector and the Northern Kentucky Convention Center. This case study is a big selling point for Covington and the *Life Sciences* sector.

Another impressive factor for this target is the presence of a biotech focused incubator. The community-funded bioLOGIC is a remarkable asset to assist *Life Science* companies in Covington. The accelerator boasts a portfolio of 19 companies, which includes Bexion Pharmaceuticals, focused on commercialization of innovative cures for cancer. The facility is expanding its laboratory space, which will house resources often cost-prohibitive for startup companies.

The bioLOGIC Innovation Awards (BIAs) offer impactful financial support to early stage companies working in *Life Science* fields advancing human health. These awards along with the availability of venture capital from local sources and low-interest loans for small business make Covington a fertile *Life Sciences* market. Additionally, Kentucky offers a Research & Development Tax Credit against its state income tax.

Being a part of the greater Cincinnati metro adds to appeal of this sector with the proximity of numerous firms in health care and consumer health products, such as Procter & Gamble, TriHealth, and Cincinnati Children’s Hospital Medical Center. *Health Care and Social Assistance* is the top sector in the Cincinnati Metro in 2018, based on employment.

“A Healthier You”  
Life & Bioscience Businesses  
Target Rationales:

- Research and Development in Biotechnology 8.77 LQ (P)
- BioLOGIC accelerator (P) (C)
- Global clinical trials firm CTI headquartered in Covington (P) (C)
- R&D tax credit in Kentucky (P)
- Entrepreneurial opportunities (e.g., Incubators/Accelerators) (P) (C)
- Venture capital from local sources (P) (C)
- Tax-exempt financing for qualified investment projects (P)
- Low-interest loans or grants for small business (P) (C)
- Existing pool of high-demand occupations and skills transferable occupations (P)

Legend: Items appealing to needs of  
**prospects (P) or community (C).**

**“A Healthier You”  
Life & Bioscience Businesses  
Target Rationales:**

*(continued):*

- Within 1/2 hour of major university/college (P) (C)
- 17,986 degrees and certificates granted in majors related to target (metro area) (P)
- Availability of *Business and Financial Operations* occupations (P)
- Availability of *Management* occupations (P)
- Centrally located for major national & regional markets (P)
- Well-positioned to serve international markets (P)
- Proximity to Cincinnati/Northern Kentucky International Airport (P) (C)
- Interstate highways (P) (C)
- Broadband availability and speeds (P) (C)
- Affordable cost of living (P) (C)
- Ample cultural & recreational opportunities (P) (C)
- Presence of four-diamond rated hotel (P) (C)
- Variety of local restaurants (P) (C)
- Historical national job growth of 20.9 percent for past decade (P)(C)
- National job growth forecast of 19 percent (P)(C)
- National average wage \$83,528 (C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

The Cincinnati Metro colleges and universities awarded nearly 18,000 degrees and awards in fields related to *Life* and *Biosciences*. Universities granting the most degrees are University of Cincinnati, Miami University-Oxford, and Northern Kentucky University. The Department of Biology Sciences at Northern Kentucky University, located just south of Covington, has approximately 400 undergraduate students, housed along with the Department of Chemistry and Biochemistry in a \$97 million state-of-the-art Health Innovations Center with neuroscience research laboratory.

Businesses in the target include medical and diagnostic laboratories, research & development, as well as scientific consulting services. Firms in this sector may not be large employers, particularly at early stage development, however average salaries tend to be higher. The aging population and continual health innovations will create demand for “A Healthier You” well into the future.

**Table 2.4: Regional Degree Completions in Majors Related to Target, 2017**

Program/Major	Certificate or Associate Degree	Bachelor's Degree	Post-Baccalaureate Credentials	Total Certificates or Degrees
Biological & Biomedical Sciences	63	786	325	1,174
Business, Management & Marketing	923	3,074	1,215	5,212
Communication, Journalism & Related	258	947	9	1,214
Computer & Information Sciences	704	489	244	1,437
Engineering	16	796	363	1,175
Engineering Technologies & Engineering-related	469	120		589
Family & Consumer Sciences/Human Sciences	65	148	1	214
Health Professions & Related	2,624	1,924	1,834	6,382
Mathematics & Statistics	2	123	97	222
Physical Sciences	19	245	83	347
Science Technologies/Technicians	20			20
<b>TOTAL</b>	<b>5,163</b>	<b>8,652</b>	<b>4,171</b>	<b>17,986</b>

*Graduates from colleges & universities in the Cincinnati Metro area are included.  
Source: National Center for Education Statistics, Garner Economics*

**Table 2.5: “A Healthier You” Life & Bioscience Businesses Target Subsectors  
National Level Employment, Change & Average Wages**

NAICS	Description	2018 Jobs	2018 Wages	2008–2018 % Change	2018-2028 % Change
5419	Other Professional, Scientific, and Technical Services	886,996	\$49,462	27.6%	18.4%
6215	Medical and Diagnostic Laboratories	288,205	\$64,015	25.2%	25.6%
541713	Research and Development in Nanotechnology	20,770	\$114,502	-7.1%	21.9%
541714	Research and Development in Biotechnology	191,462	\$175,407	32.4%	38.4%
541715	Research and Development in the Physical, Engineering, and Life Sciences	416,258	\$125,820	2.6%	5.8%
<b>TOTAL/WEIGHTED AVERAGE</b>		<b>1,803,691</b>	<b>\$83,528</b>	<b>20.4%</b>	<b>18.8%</b>

Certain subsectors included on target matrix (Figure 2.2) have different naming than NAICS code subsector, and the business activity falls under NAICS listed above.

Source: EMSI, Garner Economics

**Figure 2.4: “A Healthier You” Life & Bioscience Businesses Target Supply Chain Illustration**

**Key Economic Drivers**

- R&D expenditure
- Total health expenditure
- Federal funding for Medicare/Medicaid
- Number of people with private health insurance
- Median age of population
- Corporate profit
- Demand from biotechnology
- Yield on 10-year treasury note
- Trade-weighted index



**Supply Industries**

- Biotechnology
- Chemical Wholesaling
- Chemical Product Mfg.
- Electrical Equipment Mfg.
- Glass Product Mfg.
- Glasses & Contact Lens Mfg.
- Inorganic Chemical Mfg.
- Medical Device Mfg.
- Navigational Instrument Mfg.
- Soap & Cleaning Compound Mfg. Organic Chemical Mfg.



“A Healthier You” Life & Biosciences

**Demand Industries**

- Agriculture, Forestry, Fishing & Hunting
- Baking Mix & Prepared Food Production
- Generic Pharmaceutical Mfg.
- Semiconductor Machinery Mfg.
- Printing, Paper, Food, Textile & Other Machinery Mfg.
- Computer Mfg.
- Aircraft, Engine & Pats Mfg.
- Drug, Cosmetic & Toiletry Wholesale
- Pharmacies & Drug Stores
- Hospitals

Source: IBIS World combination of R&D/Pharmaceutical Supply Chain, Garner Economics

**Table 2.6: Existing Pool of High-Demand Occupations, 2018**

Occupation Title	Covington 2018 Workers	Metro 2018 Workers	Typical Entry Level Education
Clinical Laboratory Technologists & Technicians	40	2,060	Associate
Medical Scientists, Except Epidemiologists	14	1,156	Doctoral/Professional
Phlebotomists	9	950	Postsecondary Nondegree Award
Market Research Analysts & Specialists	109	5,899	Bachelor's
Biological Technicians	17	1,054	Bachelor's
Management Analysts	123	4,825	Bachelor's
Sales Representatives, Services	91	7,972	High school
General & Operations Managers	372	13,413	Bachelor's
Business Operations Specialists, All Other	53	7,449	Bachelor's
Software Developers, Applications	66	6,972	Bachelor's
Chemists	9	1,212	Bachelor's
Inspectors, Testers, Sorters, Samplers & Weighers	50	4,790	High school diploma
Radiologic Technologists	22	1,433	Associate
Managers, All Other	119	5,115	Bachelor's
Computer Systems Analysts	28	7,013	Bachelor's
Accountants & Auditors	264	9,894	Bachelor's
Medical & Health Services Managers	53	3,079	Bachelor's
Computer & Information Systems Managers	71	3,507	Bachelor's
Medical Secretaries	34	4,859	High school
Physicians & Surgeons, All Other	13	2,568	Doctoral/Professional
Sales Representatives, Technical & Scientific	41	4,046	Bachelor's
Compliance Officers	49	1,739	Bachelor's
Computer User Support Specialists	170	4,913	Some college, no degree
Chemical Technicians	13	868	Associate
Microbiologists	9	233	Bachelor's
Network & Computer Systems Administrators	86	3,035	Bachelor's
Marketing Managers	46	1,712	Bachelor's
Financial Managers	123	5,383	Bachelor's

Source: EMSI, Garner Economics

**Skills Transferability for Sample  
"A Healthier You" Life & Bioscience**

**Clinical Laboratory Technologists**

100+ occupations with 4,800 employed in Covington including:

- Histotechnologists
- Cytotechnologists
- Quality Control Analysts
- Dental Assistants
- Radiologic Technologists
- Computer User Support Specialists
- Medical Assistants
- Environmental Compliance Inspectors
- Licensed Practical & Licensed Vocational Nurses

**Chemist**

125+ occupations with 3,000 employed in Covington including:

- Nanotechnology Engineering Technologists
- Chemical Technicians
- Quality Control Analysts
- Medical & Clinical Laboratory Technologists
- Industrial Engineering Technologists
- Electromechanical Engineering Technologists
- Chemistry Teachers, Postsecondary
- Compliance Managers

Source: EMSI, O\*Net, Garner Economics  
Occupations with compatible index of 80 or above earning less than target occupation



Target:  
“Made in the COV”  
Micro Manufacturing  
& Process Technology

Covington is home to a variety of manufacturers; however, due to the limited industrial real estate available for new ventures, a target of *Micro Manufacturing & Process Technology* is recommended. Micro manufacturing is not necessarily the making of microscale components, but rather the production of products within a small footprint.

*Manufacturing* is a large employer in the greater region and Kentucky has a heritage and a support system for this sector. Approximately 11 percent of Covington’s residents work in the manufacturing industry—either within the City limits or in the region. Attracting or growing additional production firms will leverage workforce and knowledge residing in Covington. Types of companies that may thrive within small footprints include smaller *Metalworking, Electrical Equipment, Beauty and Personal Products* as well as *Jewelry Design and Manufacturers*. The production of niche, specialized products is suitable for small footprint facilities in an urban environment.

An example in Covington is the wrist ID and apparel maker Road ID. The company relocated its headquarters to a new facility in downtown Covington in 2017:

We wanted to take the opportunity to find that perfect place. We desired to move away from an industrial park setting and into an urban community environment. We also wanted a building that not only gives us more space but has character and charm. Someplace that enhances who we are. And we wanted a place that provides easy access to restaurants, community events, shopping, and entertainment.<sup>7</sup>

The future of manufacturing is trending toward automation, high-tech and efficiency. Covington can capitalize on this trend leveraging manufacturing knowledge and proximity to manufacturing facilities.

<sup>7</sup> <https://www.roadid.com/blogs/road-id/new-hq>

**“Made in the COV”  
Micro Manufacturing &  
Process Technology Rationales:**

- Tri-ED region *Manufacturing* 10.5 percent of employment (P)
- 1,375 Covington residents are *Production* workers (7.4 percent of total)
- 2,094 Covington residents work in *Manufacturing* (11.2 percent of total)
- Kentucky manufacturing heritage & support infrastructure
- Existing pool of high-demand occupations and skills transferable occupations (P)
- Tax-exempt financing for qualified investment projects (P)
- Low-interest loans or grants for small business (P) (C)
- Entrepreneurial opportunities (e.g. Incubators/Accelerators) (P) (C)
- Venture capital from local sources (P) (C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

**“Made in the COV”  
Micro Manufacturing &  
Process Technology Rationales:**

*(continued):*

- 10,444 degrees and certificates granted in majors related to target (metro area) (P)
- Within 1/2 hour of major university/college (P) (C)
- Centrally located for major national & regional markets (P)
- Well-positioned to serve international markets (P)
- Proximity to Cincinnati/Northern Kentucky International Airport (P) (C)
- Interstate highways (P) (C)
- Broadband availability and speeds (P) (C)
- Affordable cost of living (P) (C)
- Ample cultural & recreational opportunities (P) (C)
- Presence of four-diamond rated hotel (P) (C)
- Variety of local restaurants (P) (C)
- Historical national job growth of 8.5 percent for past decade (P)(C)
- National job growth forecast of 12.2 percent (P)(C)
- National average wage \$92,903 (C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

Operations that work in automation, production technology, 3D printing, and rapid prototyping are examples in this target.

The utilization of 3D printers has revolutionized the process for designers and inventors to turn ideas into products far more quickly and cheaply than ever before. This tool is used at every stage of the production cycle by companies like GE and Nike. Success stories that leverage this technology have become numerous.

Metro area schools grant more than 10,000 degrees and certificates in production, engineering, and related subjects. Half of these degrees are bachelor’s level and approximately 3,000 are associate degrees or certificates. Programs and research in area colleges and universities support manufacturing and innovative automation such as Northern Kentucky University’s study on robotics and communication. There is an existing “Associate of Applied Science in Engineering and Electronics Technology-Robotics and Automation Track” in the Kentucky Community & Technical College System and NKU’s Mechatronics Engineering Technology are examples of relevant programs.

**Table 2.7: Regional Degree Completions in Majors Related to Target, 2017**

Program/Major	Certificate or Associate Degree	Bachelor's Degree	Post-Baccalaureate Credentials	Total Certificates or Degrees
Business, Management & Marketing	923	3,074	1,215	5,212
Communication, Journalism & Related	258	947	9	1,214
Computer & Information Sciences	704	489	244	1,437
Engineering	16	796	363	1,175
Engineering Technologies & Engineering-Related	469	120		589
Mechanic & Repair Technologies/Technicians	505			505
Precision Production	312			312
<b>TOTAL</b>	<b>3,187</b>	<b>5,426</b>	<b>1,831</b>	<b>10,444</b>

*Graduates from colleges & universities in the Cincinnati Metro area are included.*

*Source: National Center for Education Statistics, Garner Economics*

**Table 2.8: “Made in the COV” Micro Manufacturing & Process Technology Target Subsectors**

***National Level Employment, Change & Average Wages***

NAICS	Description	2018 Jobs	2018 Wages	2008–2018 % Change	2018–2028 % Change
32562	Toilet Preparation Manufacturing	55,384	\$62,603	2.8%	-1.6%
32619	Other Plastics Product Manufacturing	319,364	\$51,098	-1.3%	-6.2%
33299	All Other Fabricated Metal Product Manufacturing	186,221	\$60,380	-2.9%	2.8%
33599	All Other Electrical Equipment and Component Manufacturing	39,244	\$71,404	5.8%	5.5%
33991	Jewelry and Silverware Manufacturing	30,470	\$46,983	-24.8%	-19.5%
54133	Engineering Services	1,005,859	\$96,138	3.5%	12.6%
54142	Industrial Design Services	25,681	\$75,559	27.1%	23.9%
54171	Research and Development in the Physical, Engineering, and Life Sciences	628,490	\$140,553	9.8%	16.3%
54199	All Other Professional, Scientific, and Technical Services	268,556	\$57,803	82.2%	35.7%
<b>TOTAL/WEIGHTED AVERAGE</b>		<b>2,559,269</b>	<b>\$92,903</b>	<b>8.5%</b>	<b>12.2%</b>

*Certain subsectors included on target matrix (Figure 2.2) have different naming than NAICS code subsector, and the business activity falls under NAICS listed above.*

*Source: EMSI, Garner Economics*

**Table 2.9: Existing Pool of High-Demand Occupations, 2018**

Occupation Title	Covington 2018 Workers	Metro 2018 Workers	Typical Entry Level Education
Mechanical Engineers	16	2,248	Bachelor's
Assemblers and Fabricators, All Other	60	8,442	High School
Architectural and Engineering Managers	62	1,633	Bachelor's
Industrial Engineers	64	4,073	Bachelor's
General and Operations Managers	372	13,413	Bachelor's
Electrical Engineers	9	1,118	Bachelor's
Software Developers, Applications	66	6,972	Bachelor's
Chemists	9	1,212	Bachelor's
Mixing and Blending Machine Operators	14	1,407	High School
Engineers, All Other	17	1,292	Bachelor's
Computer Systems Analysts	28	7,013	Bachelor's
Shipping, Receiving, and Traffic Clerks	46	7,047	High School
Maintenance and Repair Workers, General	179	11,605	High School
Machinists	40	4,669	High School
Industrial Machinery Mechanics	9	4,401	High School
Multiple Machine Tool Setters, Operators, and Tenders, Metal and Plastic	15	2,193	High School
Sales Representatives, Wholesale & Mfg.	108	12,004	High School
Environmental Engineers	9	379	Bachelor's
Market Research Analysts and Specialists	109	5,899	Bachelor's
Packers and Packagers, Hand	81	7,207	No formal educational credential
Industrial Production Managers	15	2,093	Bachelor's
Customer Service Representatives	132	19,662	High School
Graphic Designers	65	2,294	Bachelor's
Chemical Technicians	13	868	Associate
Production, Planning, and Expediting Clerks	26	2,872	High School
Welders, Cutters, Solderers, and Brazers	28	3,285	High School
Sales Representatives, Technical and Scientific	41	4,046	Bachelor's
Computer-Controlled Machine Tool Operators	9	1,689	High School

Source: EMSI, Garner Economics

**Skills Transferability for Sample  
"Made in the COV" Micro Manufacturing  
& Process Technology Occupations**

**Mechanical Engineers**

200+ occupations with 6,000 employed in Covington including:

- Molding, Coremaking, and Casting Machine Setters
- Automotive Body, Related Repairers & Specialty Technicians
- Helpers—Installation, Maintenance, and Repair Workers
- Electrical and Electronic Equipment Assemblers
- Computer, Automated Teller, and Office Machine Repairers

**CNC Machine Tool Operators**

160+ occupations with 2,400 employed in Covington including:

- Automotive Master Mechanics & Technicians
- Automotive Body and Related Repairers
- Extruding & Drawing Machine Operators
- Telecommunications Equipment Installers & Repairers
- Cutting, Punching & Press Machine Setters
- Computer, Automated Teller & Office Machine Repairers

Source: EMSI, O\*Net, Garner Economics

Occupations with compatible index of 80 or above earning less than target occupation



Target:  
“Experiencing Covington”  
Experiential & The Entrepreneurial  
Economy

Credit: Photo: Hailey Bollinger, Hotel Covington

Covington has a unique vibe. A welcoming city that is on the road to becoming a diverse and thriving community. Efforts to continue to build on the sense of place will make Covington more memorable to visitors and future residents and work toward retaining talent. Garner Economics has coined the phrase **“Talent is the New Currency®”** and any economic development plan today should include placemaking.

This target looks to add local or unique boutique retail along with other business establishments that emphasize the character of Covington. Leveraging this can make Covington the place to be in the Cincinnati metro. Envision Covington as the locale for entertainment and lodging that patrons flock to—either for a show or perhaps a game just across the river. Rounding out the current scene with additional hotels, breweries, and distilleries, which could tout the well-known Kentucky brand for bourbons, will enhance the ability to capture tourism dollars and cultivate future residents.

Covington has a robust support ecosystem that can assist the mobile entrepreneur. For those who can work anywhere, they can find fast broadband internet speeds; free Wi-Fi downtown; and plenty of incubators, accelerators, and coworking space in Covington. As a business owner or a freelancer in the gig economy, the City offers support and opportunity via an affordable cost of living and local, available venture capital to those who qualify. Also, low-interest loans make operating in Covington an attractive option for mobile entrepreneurs.

A recommended addition to the entrepreneurial ecosystem is a makerspace. This collaborative workspace for making, learning, and exploring using a variety of tools from high tech to no tech will be an excellent supplement for the suggested targets in this report. Makerspaces can be trademarked or locally grown establishments that can be housed in a variety of facilities.

**“Experiencing Covington”  
Experiential & The Entrepreneurial  
Economy Target Rationales:**

- Location within major metro area (P) (C)
- Proximity to large-scale entertainment venues in Cincinnati
- Variety of local restaurants (P) (C)
- Presence of four-diamond rated hotel (P) (C)
- Ample cultural & recreational opportunities (P) (C)
- Proximity to Cincinnati/Northern Kentucky International Airport (P) (C)
- Easy access via interstate highways (P) (C)
- Entrepreneurial opportunities (e.g., Incubators/Accelerators) (P) (C)
- Free public Wi-Fi downtown (P) (C)
- Overall broadband availability/speed (P) (C)
- RISE Grant from State (P) (C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

**“Experiencing Covington”  
Experiential & The Entrepreneurial  
Economy Target Rationales:  
(continued)**

- 12,094 degrees and certificates granted in majors related to target (metro area) (P)
- Within 1/2 hour of major university/college (P) (C)
- Affordable cost of living (P) (C)
- Existing pool of high-demand occupations and skills transferable occupations (P)
- Renaissance Covington and National Main Street award low-interest loans or grants for small business (P) (C)
- Tax-exempt financing for qualified investment projects (P)
- Historical national job growth of 20.9% percent for past decade (P)(C)
- National job growth forecast of 11.2 percent (P)(C)

Legend: Items appealing to needs of **prospects (P)** or **community (C)**.

Depending on the structure, these operations provide access to members, students, or entrepreneurs and have a variety of equipment including 3D printers, laser cutters, CNC machines, soldering irons, and even sewing machines. Makerspaces are often paired with programming and business planning support to foster entrepreneurial activity. Another positive use is to leverage the space and equipment to help the displaced and consistently unemployed to “skill up” or find resources for wealth building on their own merit.

Although many jobs within this sector may not need formal education, there are a multitude of degrees and certificates granted in related fields. In the Cincinnati Metro, there were more than 12,000 degrees and certificates awarded in studies ranging from *Business, Management & Marketing* to *Personal & Culinary Services*.

Renaissance Covington, focused on revitalizing the urban core, won one of three coveted Great American Main Street Awards in 2017. This recognition has helped the City’s efforts greatly. The culmination of efforts in placemaking, continuing to build the entrepreneurial ecosystem and opportunity for wealth creation will give citizens, businesses, visitors and future residents a chance to #LOVETHECOV.

**Table 2.10: Regional Degree Completions in Majors Related to Target, 2017**

Program/Major	Certificate or Associate Degree	Bachelor's Degree	Post-Baccalaureate Credentials	Total Certificates or Degrees
Business, Management & Marketing	923	3,074	1,215	5,212
Communication, Journalism & Related	258	947	9	1,214
Computer & Information Sciences	704	489	244	1,437
English Language & Literature	31	235	93	359
Family & Consumer Sciences	65	148	1	214
Liberal Arts & Sciences, General Studies	652	318	31	1,001
Mechanic & Repair Technologies	505			505
Natural Resources & Conservation	1	66	10	77
Parks, Recreation, Leisure & Fitness Studies	21	459	46	526
Personal & Culinary Services	148	7		155
Precision Production	312	0	0	312
Visual & Performing Arts	80	765	237	1,082
<b>TOTAL</b>	<b>3,700</b>	<b>6,508</b>	<b>1,886</b>	<b>12,094</b>

Graduates from colleges & universities in the Cincinnati Metro area are included.  
Source: National Center for Education Statistics, Garner Economics

**Table 2.11: “Experiencing Covington” Experiential & The Entrepreneurial Economy Target Subsectors  
National Level Employment, Change & Average Wages**

NAICS	Description	2018 Jobs	2018 Wages	2008-2018 % Change	2018-2028 % Change
31212	Breweries	76,510	\$45,496	188.3%	33.0%
31214	Distilleries	15,569	\$67,908	117.3%	25.5%
45112	Hobby, Toy, and Game Stores	166,027	\$18,613	7.9%	3.7%
45322	Gift, Novelty, and Souvenir Stores	163,848	\$20,347	-22.5%	-20.4%
45331	Used Merchandise Stores	219,731	\$20,711	31.8%	22.2%
45391	Pet and Pet Supplies Stores	125,498	\$24,252	19.4%	16.7%
45392	Art Dealers	24,227	\$48,824	-17.0%	0.9%
45399	All Other Miscellaneous Store Retailers	235,613	\$30,397	21.5%	18.4%
56143	Business Service Centers	84,007	\$37,745	-14.9%	-10.4%
56149	Other Business Support Services	129,509	\$50,843	2.0%	-13.5%
71151	Independent Artists, Writers, and Performers	304,252	\$40,070	4.7%	5.3%
72251	Restaurants and Other Eating Places	10,733,937	\$19,117	22.8%	11.8%
<b>TOTAL/WEIGHTED AVERAGE</b>		<b>12,278,729</b>	<b>\$20,690</b>	<b>20.9%</b>	<b>11.2%</b>

*Certain subsectors included in target matrix (Figure 2.2) have different naming than NAICS code subsector, and the business activity falls under NAICS listed above.*

*Source: EMSI, Garner Economics*

**Table 2.12: Existing Pool of High-Demand Occupations, 2018**

Occupation Title	Covington 2018 Workers	Metro 2018 Workers	Typical Entry Level Education
Combined Food Preparation & Serving Workers	602	31,968	No formal educational credential
Waiters & Waitresses	501	20,256	No formal educational credential
Cooks, Restaurant	270	8,830	No formal educational credential
Supervisors of Food Preparation & Serving Workers	200	8,049	High School
Cooks, Fast Food	41	4,777	No formal educational credential
Hosts & Hostesses, Restaurant, Lounge & Coffee Shop	40	3,568	No formal educational credential
Retail Salespersons	397	29,719	No formal educational credential
Food Preparation Workers	122	5,265	No formal educational credential
Cashiers	344	21,128	No formal educational credential
Bartenders	112	4,336	No formal educational credential
Counter Attendants, Cafeteria, Food Concession & Coffee Shop	56	4,143	No formal educational credential
Dishwashers	77	2,720	No formal educational credential
Dining Room & Cafeteria Attendants & Bartender Helpers	74	2,945	No formal educational credential
Cooks, Short Order	30	3,094	No formal educational credential
Driver/Sales Workers	42	4,233	High School
Food Service Managers	52	1,756	High School
Supervisors of Retail Sales Workers	130	8,985	High School
Customer Service Representatives	132	19,662	High School
General & Operations Managers	372	13,413	Bachelor's
Chefs & Head Cooks	13	662	High School
Janitors & Cleaners, Except Maids & Housekeeping Cleaners	188	17,831	No formal educational credential
Food Servers, Nonrestaurant	43	2,513	No formal educational credential
Bookkeeping, Accounting, & Auditing Clerks	240	12,356	Some college, no degree
Writers & Authors	22	844	Bachelor's
Musicians & Singers	17	1,280	No formal educational credential
Bill & Account Collectors	24	2,706	High School
Maintenance & Repair Workers, General	179	11,605	High School
Security Guards	63	7,956	High School
Fine Artists, Including Painters, Sculptors & Illustrators	9	282	Bachelor's
Sales Representatives, Services, All Other	91	7,972	High School

Source: EMSI, Garner Economics

## Chapter 3: From Complexity to Opportunity and Action: Covington's Next Steps



**The challenges:** Covington is a complex city. Geographically, its 13.7 square miles are long and narrow, mostly cobbled together from years of annexation. Its infrastructure, in many locations, is dangerously old and in a state of disrepair. Recently, the Kentucky Public Service

Commission granted the Northern Kentucky Water District, which serves Covington, a rate increase to replace or repair aging infrastructure, some of which is nearly a century old. According to the City and some employers, water pressure can have severe drops based on a water line break or severe leakage.

Covington has a high poverty rate of 24.7 percent for the entire population and 38.3 percent for *Children Under 18*. Both indicators are higher than all comparative benchmarks considered for this strategy. Covington has a number of those in need, and the City has no less than four shelters serving various groups, along with meal kitchens. Daily, it is estimated that several hundred are served by these charitable establishments. But the cost to the City is significant, with hundreds of thousands spent annually on these unfunded costs through police and emergency medical services. Additionally, the City has an aging housing stock. With just over 20,000 housing units in the City, almost 10,000 were built prior to 1940, and almost 9,000 are renter occupied.

The City's population loss has been severe. From 2007 to 2017, Covington's population dropped -2.1 percent, though all of the benchmarks had population gains, and some profound. From 2000 to 2017, the loss has been -6.7 percent. Its household income of \$38,346 compares to \$46,535 in Kentucky and \$57,562 in the United States. Its foreign-born population is 3.2 percent compared to Asheville's 7 percent and Chattanooga's 6 percent.

Last, because it is constrained geographically with topographical challenges, the ability to attract employers in *Manufacturing* and *Distribution* that need a large footprint is severely challenged.

**From opportunity to action:** Despite these challenges, Covington is seizing on new opportunities and capitalizing on them effectively. Its downtown development initiatives are showing great progress. New investments are occurring in *Residential, Retail, and Office*. The entrepreneurial framework is strong in Covington, with a multitude of entities engaged in supporting startups and early stage businesses. The City's business retention and expansion efforts are working diligently to retain and help grow local businesses. The nonprofit sectors are contributing effectively to enhance the business environment and grow wealth-building opportunities. The City's incentives program is generous (perhaps a bit too generous) and is helping to attract and retain investment in the City. The City has been a pathfinder and leader of human rights policies since 2003. Covington was one of the first cities in Kentucky to codify its commitment to protecting all people from discrimination. In 2003, the Covington City Commission passed a Human Rights Ordinance that added sexual orientation and gender identity as protected classes, prohibiting discrimination within the areas of employment, housing, public accommodations, resort and amusement.

Nevertheless, the status quo is not an option.

**Next steps:** The overriding goal for this strategy is to offer recommendations that will allow the City to build upon its past history of success and new initiatives to reinvigorate the City, while still maintaining its character as a community. If implemented, the recommendations will ensure that Covington can continue to sustain an upward trajectory toward higher-quality economic development growth and talent attraction for well-paying business sectors.

**From Opportunity to Action: AN ECONOMIC DEVELOPMENT STRATEGY FOR**

**COVINGTON, KENTUCKY**, seeks to help strengthen the City’s business climate, so the community can attract talent and companies to diversify the economy in a way that is sustainable and leverages its many assets.

As Figure 3.1 illustrates, the recommendations for action are categorized in three areas of opportunity: Reimagining Covington (Asset Development), Effective City Support and Implementation (Effective Economic Development Service Delivery), and Telling the Covington Story (Communicating the Brand and Key Messages).

An estimated timeline for the optimal implementation of the recommendations is included in the Recommendations Summary table on pages 58–59. Where appropriate or possible, an estimated budget, lead organization, and best practice example are noted with each recommendation. Those recommendations noted with an asterisk are considered transformational by Garner Economics, and if implemented, could have a profound impact on the economic vitality of the City.

FIGURE 3.1: RECOMMENDATION CATEGORIES



## I. Reimagining Covington (Asset Development)

**Goal: Stop the population decline, build the talent pipeline, and create new product for the City.**

The City’s “product” is defined as the infrastructure and favorable business climate needed to attract investment to Covington. Local development and marketing efforts will only be successful if the community has product to sell. This includes sites and buildings, utility infrastructure, workforce development initiatives, entrepreneurship, quality of place assets and amenities, and other features to attract targeted business sectors and talent.

### 1. Create a manufacturing makerspace to complement Covington’s already robust entrepreneurial framework\*

**Rationale:** The City has a robust entrepreneurial ecosystem that includes accelerators, venture and early stage capital, advice, counsel, and training. Covington’s rebirth is strongly associated with entrepreneurship, which also happens to be where the majority of all jobs are being created in the United States. One item that will enhance the entrepreneurial framework in Covington is the creation of a manufacturing makerspace. Atlantic Magazine published an article on how these makerspaces are helping local economies (please see, [How Makerspaces Help Local Economies](#)). A makerspace is a collaborative workspace for making, learning, and exploring that uses a variety of tools—from high tech to no tech tools. There are a few with trademarked names such as TechShop (governed as a for-profit corporation) or FabLab (nonprofit foundation). Depending on the structure, these operations provide access to members, students, or entrepreneurs and have a variety of maker equipment including 3D printers, laser cutters, CNC machines, soldering irons, and even sewing machines. Makerspaces are often entrepreneurial tools that can be paired with programming and business planning support. Another positive use is to leverage the space and equipment to help the displaced

and consistently unemployed to “skill up” or find resources for wealth building on their own merit.

**Recommendation:** The City should work to identify a location, such as the Kentucky Career Center, and potential funding partners to make this addition a welcomed enhancement to the Covington entrepreneurial network. This recommendation will complement the “*Made in the COV*” *Micro Manufacturing* target found on pages 32–35.

**Lead entity:** City of Covington; Tri-ED as an additional funding partner

**Timeline:** 2020–2021

**Best practice example(s):**

- Greensboro, North Carolina: <https://www.forgegreensboro.org/>
- Harford, Connecticut: <https://makerspacect.com/join-the-movement/>
- Greenville, South Carolina: <http://synergymill.com/>

## Covington Entrepreneurial Environment

**Covington welcomes all new businesses and is filled with resources for Entrepreneurs of all types.**

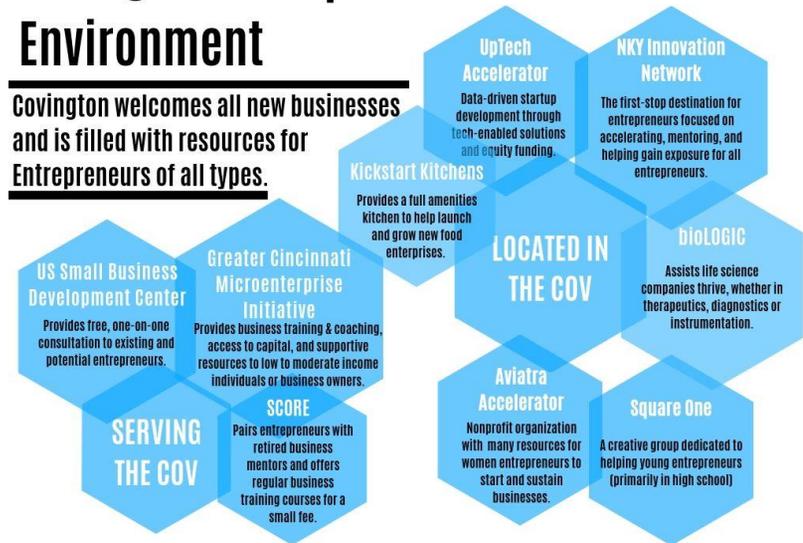


IMAGE COURTESY OF THE CITY OF COVINGTON

## 2. Encourage and help facilitate a long-range, regional infrastructure plan\*

**Rationale:** Covington is the largest city in the three-county region of northern Kentucky. It is also one of the oldest. Covington has some of the oldest water and sewer infrastructure in the region. According to the Northern Kentucky Water District, some of the piping is a century old. As noted above, the Water District recently received approval from the Kentucky Public Service Commission to enact a rate hike to help fund new lines and repairs. Additionally, the size of the lines in industrial and commercial areas may be inadequate to provide the volume and pressures certain types of companies need to operate effectively. For example, a food processor may be served by a 4” line in Covington. This creates production issues if there is a drop in water pressure when adjoining companies have concurrent large water usage needs. Even with water pressure issues, the ISO (Insurance Service Organization) fire suppression rating of the Covington Fire Department is a two, which is exemplary. This rating helps in securing a lower insurance rate by consumers. Because the most dire issues are with infrastructure systems, the challenge is to address them holistically and not on a piecemeal basis.

**Recommendations:** Covington must engage proactively and aggressively in the capture of infrastructure monies to fix the infrastructure crisis that exists in the City. Since the agencies that offer these water, sewer, and road services are regional or countywide in scope, Covington’s infrastructure issues need to be solved on a regional basis. A long-term, sustainable funding mechanism must be secured by the region to fund infrastructure improvements. Programming of the funds should be prioritized fairly based on population and need. The Northern Kentucky Regional Alliance and Tri-ED should both be facilitators and at the table for this initiative. Covington will not be able to create “product” if there isn’t the necessary infrastructure to create or sustain the product. As we note as part of our mantra: **“No Product—No Project.”**<sup>®</sup>

**Lead entity:** City of Covington (as the catalyst), Catalytic Fund, Kenton County and Tri-ED

**Timeline:** 2020–2022 to create a plan that may include either an interlocal agreement (such as the car rental tax at the CVG airport enacted in 1994) or state legislature approval of a regional funding plan.

### Best practice examples:

- Calgary, Canada: <https://www.youtube.com/watch?v=HQ5tiV1O7UA>
- Burlington, Vermont: <https://www.burlingtonvt.gov/sites/default/files/Mayor/CapitalPlan/20161108/Infrastructure%20Plan%20for%20a%20Sustainable%20City%209-9-16%20CC%20Final.pdf>



AERIAL VIEW OF DUVENECK PHASE II

### 3. Create a plan to improve gateways into the City—including new signage, landscaping, and beautification initiatives\*

**Rationale:** As reiterated by focus group participants and survey respondents, the gateways into Covington are either nondescript or not aesthetically pleasing. The lack of a memorable gateway sets an ambivalent or negative first impression of the community.

**Recommendation:** To welcome both visiting talent and potential businesses, the City should work to improve major gateways into Covington by enhancing landscaping and improving aesthetics. The City should encourage redevelopment or refurbishing of structures near the gateways to complement the facelift. By improving the overall appearance of the City and by updating the City’s brand (see recommendation below), Covington can differentiate the community from others in the Cincinnati Metropolitan Region and build a greater sense of community pride.

The Keep Covington Beautiful campaign is a great start, but much of these efforts are centered around litter pick up, adopt-a-spot, and river refuse removal.



While the Keep Covington Beautiful campaign is a laudable vision, more should be done to enhance other facets of community aesthetics unrelated to decreasing litter or recycling. The presence of unattractive signage, junk cars, dilapidated housing, and other eyesores detract investment. Conversely, the “charm factor” or the genuine authenticity of an area is an important component to business attraction and investment

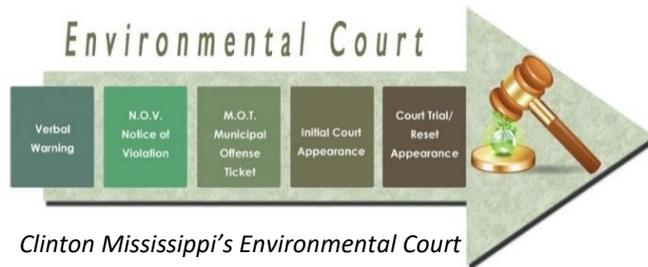
A more comprehensive community beautification initiative would have an immediate impact on enhancing the brand and identity of the City. The City should also consider the creation of an environmental court to provide “teeth” to any laws and citations enacted or issued by the City and to complement existing historic preservation efforts. According to a recent study by the University of Denver School of Law, environment court tribunals are contributing to the environmental rule of law, access to environmental justice, protection of the environment, and sustainable development of cities.

#### Best practice examples:

- Jersey City, New Jersey: The Jersey City, New Jersey, Gateway Beautification program sought to enhance the appearance of the Gateway areas and to make them safer by upgrading planting and maintenance of trees, shrubs, evergreens, and flowering plants and installing paved walkways and crosswalks, decorative steel fencing, flag and banner poles, and lighting. The program is run by the Jersey City Division of Economic Development. <http://www.jcedc.org/Pages/beautification.html>
- Midland, Michigan: The wayfinding and gateways program in Midland, Michigan, reflects the Frank Lloyd Wright-inspired architecture on gateways, parks, and recreational areas. The case for such an extensive wayfinding program is in reinforcing the entire urban brand through placemaking.



- Fairhope, Alabama: In 2000, the city competed in the Nations in Bloom competition and placed third for cities in its population category. This competition recognized cities and towns internationally for landscape and environmental stewardship. Since 2001, the city has added two tree trails, implemented a tree recognition program, and planted more than 100 trees for its Centennial in 2008. The city has continued to add flower beds throughout town and sidewalks to connect neighborhoods and schools.
- Clinton, Mississippi, Environmental Court: Clinton started its environmental court to enhance the quality of place of its citizens. Recognizing the importance property maintenance issues and code violations have on the quality of life and health of a community, the City of Clinton Environmental Court deals with derelict properties, tree ordinance violations, vandalism, building and fire-code violations, and other related issues.



**Lead Organization:** City of Covington, Kenton County, Tri-ED

**Timeline:** 2021–2024

#### 4. Incentivize remote workers to move to Covington\*

**Rationale:** As noted in the introduction of this chapter, population losses for Covington have been profound. From 2000 to 2017, Covington’s population loss was 6.7 percent. This sends an immediate red flag to companies and investors that consider talent attraction and retention as a primary factor in their investment and expansion decisions (which is typically all companies). *“Talent is the New Currency®”* and Covington will need to accept two new norms:

- Without stemming the population declines, Covington will be swimming upstream to thrive as a location for high-quality businesses; and,
- Because of Covington’s limited product related to any type of large footprint operation, most (not all) of the targets provided in the previous chapter are high density, smaller employment opportunities. These are primarily entrepreneurial in nature, and at first, will be small job creators. This will impact Covington’s revenue model since a portion of the City’s general fund is derived from payroll taxes. The fewer number of jobs, the less in payroll taxes.

It’s a chicken or egg scenario. The City needs people to live in Covington to build the density for both primary and secondary jobs and contribute to the payroll tax revenue stream. With the national unemployment rate dipping below 4 percent for the first time in nearly 50 years, more companies and communities across the United States continue to experience a talent crisis. A new focus on talent attraction, encouraging skilled workers to relocate to new places, continues as a top priority for American cities. *“Talent is the New Currency”* is another mantra of Garner Economics, that speaks volumes in today’s efforts to attract and retain a skilled workforce.

**Recommendation:** Covington should work to stem the population decline and build upon its established cadre of entrepreneurs by incentivizing remote workers to move to the City. Tulsa, Oklahoma, has addressed this issue head on with an audacious, new, and already successful plan called *Tulsa Remote*. Launched in November 2018, the program aims at attracting individuals who already have full-time employment or are self-employed in another city and have the flexibility to work from anywhere. Those accepted into the program receive \$10,000 in cash, an additional housing stipend of \$1,000, and free coworking space in Tulsa. The program is funded by the Tulsa-based George Kaiser Family Foundation.

“We thought maybe 600 to 1,000 people would apply,” said Aaron Bolzle, executive director of Tulsa Remote. “We ended up receiving over 10,000 applications in less than 10 weeks.”

Covington has the opportunity to replicate this program on a smaller, yet effective scale—an initiative we are naming, “**Covington Connect.**” The City could provide coworking space and require housing developments that are receiving City industrial revenue bond financing to provide subsidized housing to selected recipients. A cash incentive would need to be offered to prospective relocating individuals, as well as other related amenities. In the case of Tulsa, a significant grant was provided by a local philanthropic foundation. Covington could reach out to the various philanthropic foundations in the region to convince them on the merits of this initiative, e.g., The Greater Cincinnati Foundation, The Horizon Fund, Duke Energy Foundation, The Kroger Company Foundation.

**Lead entity:** City of Covington; Grow NKY

**Timeline:** 2020—2021

**Best practice example:** Tulsa Remote: <https://tulsaremove.com/>

## 5. Evaluate relocation of Gateway Community and Technical College’s Urban Campus

**Rationale:** According to Gateway Community and Technical Colleges (“Gateway”) website and other data, Gateway’s urban campus consists of five buildings ranging in size from 9,296 square feet to 81,412 square feet. These buildings are identified as Two Rivers; the YMCA; the Professional Services Building; the Bookstore and Administration; and



*TWO RIVERS BUILDING 1*

Technology, Innovation and Enterprise. Based on data received from the City and enrollment data from Gateway, the buildings may have serious underutilization. The downtown campus’s enrollment has dropped from 656 in the Fall 2017 semester to 540 in the Spring 2019 semester. This underutilization also will potentially hamper Covington in its effort to continue the transformation and renaissance of the City and the Central Business District.

**Recommendation:** Gateway should evaluate divesting the properties that no longer make sense for the college and allow those properties to be developed for highest-and-best use purposes—ideally as a site for a primary job creator—and to add to Covington’s quality of place. Conversely, Gateway should explore the option of consolidating space and utilizing vacant, or soon-to-be vacant, strip shopping centers as a vehicle to educate students within the disciplines that many of the local companies need, e.g., trades, manufacturing, technology.

**Lead entities** Gateway; City of Covington

**Timeline:** 2020—2021

**6. Develop and Invest in Real Estate Product for the City – (And leverage the former IRS site for the highest-and-best use for Covington.)\***

**Rationale:** In late 2019, the U.S. Internal Revenue Service (IRS) will be leaving a 23-acre riverfront site in Covington. This will result in a loss of approximately 1,800 jobs and \$1.5 million in annual payroll taxes. A separate master planning project is underway to plan for redevelopment of this site by the global architectural and design firm, Cooper Carry. As of publication of this strategy, Cooper Carry is still completing the land reuse strategy related to the IRS site.



FORMER IRS SITE 1

**Recommendation:** As the land reuse plan takes shape, it is incumbent for Covington to work expeditiously to identify and plan for new product related to the targeted business sectors and necessary quality of place assets recommended in this economic development strategy. Once the federal government relinquishes control of the site, the City should then issue an RFI to identify private-sector developers interested in developing the site. This site is an ideal waterfront location that will enhance the City’s product and offer both job opportunities (payroll tax) and quality of place value for the City. The City needs to effectively communicate the plan for the site to regional partners to tap into other available resources to assist in the redevelopment. **“No Product—No Project.”**<sup>®</sup>

**II. Effective City Support and Implementation (Organizational)**

**Goal: To have outstanding economic development service delivery, across all City functions.**

- 1. Evaluate options to bring all building permits and inspections back under City control\***

**Rationale:** The City of Covington outsources most of its planning and building codes functions to Kenton County through the Kenton County Planning and Development Services (PDS). This consolidated planning function was initiated in the 1960s to deal with suburban sprawl, rampant growth, and the lack of consistent development standards. The formation of this joint planning commission precluded individual cities from continuing their own individual planning efforts. PDS currently operates as it did when it was formed more than half a century ago. Today, however, Kenton County is home to 19 wholly contained local governments (including the city of Covington). Because each of these communities are unique, a one-size-fits-all approach will likely not be effective in providing quality services to the public and business community.

In the stakeholder engagement conducted by Garner Economics, three consistent themes stood out:

- The permitting process is onerous for both businesses and residents conducting business in Covington;
- There is inconsistency in the interpretation of the laws that govern the permitting process; and,
- Understanding the process—for example, who is in charge or how seemingly arbitrary fees based on the whims of the inspectors are rendered—is daunting.

Currently Covington maintains two functions within the City’s economic development department that complement the regional structure: a zoning specialist and a historic preservation specialist. Both functions have governing committees: the Board of Adjustments and the Urban Design Review Board.

**Recommendations:** Two quotes by famed business icon and leadership author Jack Welch are relevant to this multipart recommendation: *“Face reality as it is, not as it was,”* and, *“Control your own destiny or someone else will.”*

The creation of PDS in the 1960s was needed and helped create standards that were wanted at the time to prevent growth running amok. But as noted on the PDS website: “With very few exceptions, the two organizations—the Kenton County Planning Commission and Planning and Development Services of Kenton County as the two are known today—operate as they have since 1966 when the county planning commission was created.” Operating the same way today as was done 53 years ago is problematic. Much has changed in how cities and places develop; Covington—its economic makeup, population, and corporate needs— has also changed. By continuing to function through the PDS, the area is not controlling its own destiny.

To better service the needs of current growth, the City manager and City Commission should consider the following:

- Consider bringing some PDS functions back to the City:** Covington should conduct a cost/benefits analysis of bringing the building permits and inspections components of PDS back to the City. If this analysis proves favorable, makes financial sense to do so, and gains approval by the City Commission, a new Planning and Inspections Department should be created that would bring the City’s already existing zoning and historic preservation functions under one roof.
- Create a “one-stop shop”:** Covington should create a one-stop shop to facilitate the planning and inspections process. A one-stop shop would help those who live or do business in Covington find what they need in the most efficient, time-saving manner. Information on City development processes, including case submittals, plan submittals, permits, and development records, would be accessible in one location. Whether a business is looking to develop a property, or renovate a commercial building, the one-stop shop would be the place to start.
- Create an ombudsman or concierge:** The permitting process can be an intimidating task for any business applicant. Covington should create an ombudsman or concierge staffing position to serve as the main point of contact to bring together the various parties (both City staff and private) in the permitting process. This is a customer-focused initiative that will help Covington transform into being a leader in effective community solutions and services.



**Lead entity:** City of Covington

**Timeline:** 2020–2023

**Best practice examples:**

- City of El Paso: <https://www.elpasotexas.gov/planning-and-inspections/one-stop-shop>
- City of Scottsdale: <https://www.scottsdaleaz.gov/planning-development/one-stop-shop>

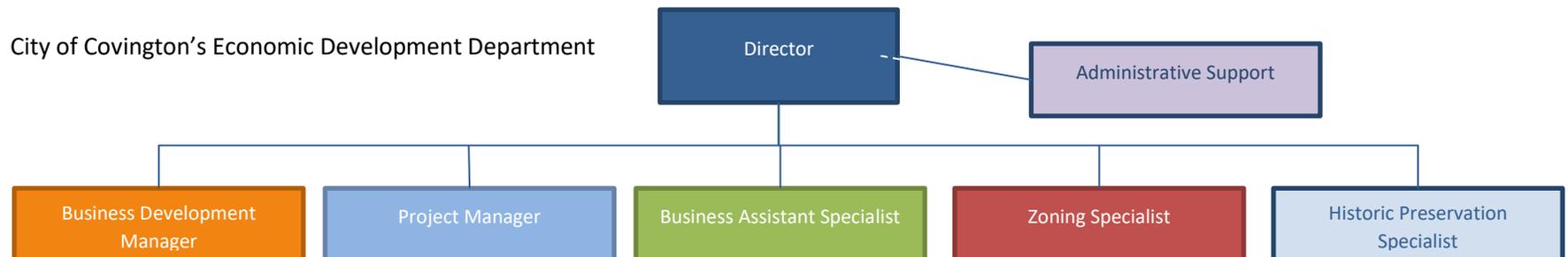
**2. Augment the City’s economic development department to successfully implement operational and strategic efforts**

**Rationale:** Garner Economics defines economic development simply as creating wealth-building opportunities for a community’s citizens. Communities typically achieve this goal through business recruitment activities, growing existing businesses, nurturing startups and entrepreneurship, and the promotion of the hospitality sector (tourism and conventions). To accomplish this goal, cities often create an economic development department. In most cases, the department is actually a hybrid of economic development programs but also includes planning and zoning and historic preservation functions—functions necessary to cultivate the community’s quality of place for both businesses and residents. As Tri-ED develops programing for the City core, the City should work closely to ensure Tri-ED’s efforts are aligned with the City’s strategy.

Successful economic development programs look to build the community holistically; effective economic development departments are ones that continue this holistic approach and are structured to focus on traditional economic development, as well as program responsibilities that are not necessarily identified or considered “economic development.” Because of the range of demands on such a department, sufficient staffing and resources must be invested if the department is to be successful. Trying to be everything to everyone, especially with a limited staff structure, is usually a recipe for failure. The current Covington Economic Development department has a staff of 5.5 full-time equivalents (FTE’s).

**Recommendation:** To successfully implement the recommendations in this economic development strategy and to provide effective economic development service delivery, Garner Economics recommends the addition of two full-time positions to the City’s Economic Development Office. The first is a business development manager to facilitate all investment opportunities in the City (viz., recruitment, expansion of existing businesses, facilitating the growth of entrepreneurship, creating the recommended manufacturing makerspace, and supporting development of quality of place assets). The second additional staffing should take the form of expanding the current part-time administration support position to full-time. This strategy entails a number of marketing, policy, and administrative functions that can easily bog down a nimble yet effective staff. The expansion of the existing part-time administrative support for the department to a full-time position will ease some of that burden (Figure 3.2).

FIGURE 3.2: PROPOSED STAFFING PLAN



In the event that the PDS function comes back in-house to the City and a Planning and Inspections function is added, the existing zoning and historic preservation specialists' positions should be moved to the planning and zoning department.

**Lead entity:** City of Covington

**Timeline:** 2021

### 3. Update Covington's existing incentive policy and tools

**Rationale:** As noted in the [COMPETITIVE REALITIES REPORT](#), Covington has a number of incentive programs and tools to attract jobs and investment from multiple business sectors. However, these tools could be considered overly generous related to property tax exemptions and payroll



tax rebates. Incentives are important if a community is to compete effectively in the current global business attraction environment. Economic development incentives are necessary because of the inherent competition between localities for new businesses, new investments, and jobs. Nevertheless, incentives should be used prudently on projects where they will be a deciding factor as to whether a business will either remain or locate in the City of Covington.

Economic development incentives should be offered to businesses demonstrating long-term commitment to the community and to encourage the expansion of commerce by:

- Creating and retaining quality value-added (primary) jobs;
- Broadening and diversifying the tax base;
- Encouraging capital investments;
- Increasing the City's global competitiveness; and
- Promoting the growth and well-being of the City of Covington.

Based on data from the City's Economic Development Department, for 2017 and 2018, \$54.9 million of investment was induced by the City with either a loan, grant, or tax exemption. These investments received incentives from the City totaling \$7,764,017 and contributing to the creation or retention of 708 jobs. The net cost per job from these incentives totals \$10,966 (per job).

Covington derives a vast portion of its revenue either from a payroll tax or from property tax. Rebates or exemptions to both of these tax models are used as an incentive inducement for companies or investors when the City works to attract investment to Covington. By offering the inducement, the City necessarily creates a net loss of revenue during the term of the incentive. The City has a responsibility to be very judicious in its use of incentives to where it's a "win-win" situation for both the City and the investor.

**Recommendation:** Covington has recently modified its incentive policy to create a stronger balance in the use of taxpayer-funded dollars as an inducement against the return on investment (ROI) —i.e., jobs created or retained—to the City. However, more needs to be done to ensure the inducements produce the results and return critical to the City at this point in its economic development trajectory. Garner Economics believes that a comprehensive incentives policy should be written that incorporates the following components to ensure that the City effectively utilizes taxpayer funded dollars to grow the economy:

- Focus on inducing **primary or value-added jobs**: A primary job is a job that produces goods and/or services for customers that are predominantly outside the community. This creates new "outside" dollars for the community. Once an employer is paid for the products and/or services, the employer then redistributes that wealth in the community through wages paid to employees and through suppliers.
- **Provide a higher incentive scoring to the targeted business sectors** recommended in Chapter 2: These targets were developed based on the highest-and-best-use possibilities for Covington and typically pay a higher wage than the current Covington median wage.
- **Require each IRB applicant to provide an economic impact analysis and ROI scenario**: Covington should require that each incentive applicant also provide projections of the economic impact or ROI of the investment to the City. The City should contract with an economic impact modeling firm and oversee the process to ensure standardization among applications and resulting impact predictions. The applicant should be made to cover the cost of the analysis.

- **Charge a bond origination fee**: The City should charge a 1 percent bond origination fee on the gross amount of the industrial revenue bond (IRB) being issued, paid at the closing (beginning) of the project. This is done by many revenue bonding issuing agencies throughout the U.S. and is expected as a cost of doing business.
- **Develop tax exemption terms for IRBs**: Tax exemption terms for the IRB should be developed based on the type of sector being financed. For example, a primary jobs user as defined above will have a longer tax exemption term than a housing developer, which adds to the quality of place in the City but does not create primary jobs with a higher multiplier.
- **Create Performance Agreements**: To ensure effective use of public incentives and funding in support of economic development activities, the City should put into place a process to ensure that all recipients of incentives honor their commitments to the City. The instrument for enforcement is a performance agreement, which will be required of all applicants prior to the execution of any incentives. A clawback provision should be included in all performance agreements. Clawback provisions are structured to recover revenue from nonperforming and/or noncomplying recipients of the City's economic incentives. Each recipient will also undergo annual compliance review of the use of their incentives.

**Lead entity:** City of Covington

**Timeline:** 2020

**Best practice example:** City of Wichita, Kansas:

<https://www.sedgwickcounty.org/finance/economic-development/economic-development-incentive-policy/>

#### 4. Conduct community leadership learning labs in other inspirational communities (intercity visits)

**Rationale:** An intercity visit is a trip to another city or region taken by a diverse delegation of leaders from a community's public, private, and nonprofit sectors. Intercity visits are typically led and facilitated by a community's chamber of commerce.



On an intercity trip, the visiting delegation discusses challenges and opportunities its community is facing with leaders of the host community. The visit provides an opportunity for interaction among city leaders and facilitates exchange of best practices and lessons learned between the two cities. These visits are often organized annually, serving as a regularly scheduled opportunity for collective community visioning. In the case of Covington, a number of stakeholder engagement participants mentioned how helpful it would be if the City Commission leaders, nonprofit community, educators, and business community could travel and learn together about what has worked well in other inspirational or aspirational communities.

**Recommendation:** Intercity visits are typically led and facilitated by a community's chamber of commerce. In the case of Covington, the Covington Business Council could be the logical lead for this initiative, or the City's economic development department and Tri-ED. A typical size for an intercity visit would be as few as 25 and as many as 100 people.

**Lead entity:** City of Covington; Tri-ED

**Timeline:** Starting in 2021

**Best practice example:** Richmond, Virginia:  
<https://www.chamberrva.com/programs/icv/>

### III. Telling the Covington Story (Communicate the brand and message)

**Goal:** Tell the Covington story and promote the brand, locally and globally.

In being more proactive, the City's Economic Development Department and the media functions of the City have the opportunity to tell the City's story more effectively and be a better spokesperson for the economic dynamism of the community. Site-location advisors and companies within the targeted sectors are the primary audience for such efforts.

#### 1. Enhance the City's Economic Development Department's marketing tools and tactics in its external outreach efforts

**Rationale:** With the City's efforts taking a more proactive and focused effort as a result of implementing this strategy and targeted business sectors approach, more emphasis should be placed on fine-tuning messages and marketing to the target audiences to have a direct impact on the City's economic development goals.

**Recommendations:** The City should leverage the wealth of information and data provided in this body of work and craft an integrated communications, marketing, and public relations plan to reach the target audiences. Doing so will strengthen the City's position for economic development, entrepreneurship, business attraction, and talent attraction to a U.S. and international audience comprised of C-level executives, site selectors, entrepreneurs, and skilled professionals making business location decisions.

Covington’s approach should be multi-pronged:

**a. Update (redo) the current City of Covington brand, mark, tagline, and related collateral materials**

Whether for talent or business recruitment, a city’s brand is one of the first interactions an individual has with the community and is a way to make a positive first impression. The current Covington mark with different applications of the hand creates a



question in the mind of site-selection advisors as to what the hand symbolizes. If someone has to ask its meaning, the mark (logo) has failed to create a positive impression. The #LOVETHECOV hashtag, which also serves as the City’s defacto tagline elicits a better response.

The City should use a brand development firm to update its mark and tagline based on the audiences (e.g., potential businesses considering an investment in the City) the City hopes to reach.

**Timeline:** 2021

**Cost:** \$55,000 for brand development costs

**b. Update the economic development pages of the City’s website or create a stand-alone portal for the economic development functions**

An economic development organization’s (EDO) website—in this case, the City’s since they are the economic development unit for Covington—is its most important marketing tool to attract investment into the area. As such, the City’s website needs to be designed to offer the resources that meet its primary and specific audiences’ needs.

As the Economic Development Department works to implement its business development and marketing efforts for the City, its website should be adjusted to serve both the information needs and the interests

of location advisory audiences and companies doing site searches on their own, including entrepreneurs. The site’s navigation functionality, graphic appeal, and available data should be built and directed to these external audiences.

**Though Covington’s website contains information that is of value to potential investors, it is difficult to find data on the current website or the data may be irrelevant to a site selector’s or company’s needs. The site also has a dated feel compared to other best practice websites noted below.**

From the perspective of a location advisory firm, Garner Economics suggests the following recommendations to enhance Covington’s website related to economic development:

- Navigation should be restructured to better serve each target sector, especially for recruitment. Successful websites have oriented navigation by audience type, such as the optimal industry targets noted in Chapter 2.
- While advisors will begin their expansion or location search via the internet, eventually real-time contact with considered locations is made. Contact information (especially phone and email) should be clearly visible on each page (e.g., in the header of the site) and on all material for printing or downloading.

- Data most commonly considered in the location process by site selectors and corporate end users should be available and easily accessible. The data compiled for the City from this report and the **COMPETITIVE REALITIES REPORT** should be used.
- Branded, thematic maps should be created to orient and inform website visitors of Covington’s location and its geography.
- Content providing a City overview and statistical data from the **COMPETITIVE REALITIES REPORT** should be created and translated into the languages of potential international clients (e.g., Japanese, Chinese, Korean, German, and Spanish). Use a professional translation services firm rather than a translation program for accuracy’s sake.

**Best practice examples:**

- EDC of Southwest Indiana: <http://www.southwestindiana.org>
- Louisville, Kentucky: <https://louisvilleky.gov/government/louisville-forward>

**Timeline:** 2020

**Cost:** \$20,000 +/- for the ED department’s portal or pages.



- c. **Integrate social media into the redesigned website.** Social media (SM) tools should be integrated into the website’s strategy given both the local audience and investors that use such tools. Site-location consultants and some companies that are engaged in the site-location search may not use social media as frequently; however, potential work talent and employees do, and they may influence their companies’ location decisions. This is especially applicable with LinkedIn and Twitter. And, small businesses and entrepreneurs will use SM tools proactively, e.g., Instagram, Facebook, and YouTube. The City’s economic development department staff will need to use these social media channels (and any other applicable SM channels) more proactively to effectively help promote the City’s message.
- d. **Enhance and utilize social media channels for local community awareness.** The City should have a program related to *“All Things Economic Development”* in Covington. Much of the community engagement that occurred during the discovery process suggested that the City needs to do a better job in messaging all of the activities occurring in Covington and the impressive transformation taking place. Social media platforms, e.g. podcasts, You Tube, Twitter, e mail newsletters, are examples of many communication platforms that can be used to tell the story. It is imperative the that City tell its story effectively and often, so the community can appreciate the change and improvements taking place. It is much better to overcommunicate than under communicate.

**2. Undertake focused external outreach efforts to allied economic development partners and multipliers**

**Rationale:** The City’s business solicitation efforts to date have been mostly reactive because of staffing and budget constraints. To implement the Target Business Sectors Strategy and related recommendations from this report, more emphasis should be placed on fine-tuning messages and marketing to target audiences that will have a direct impact on the City’s economic development goals.

**Recommendations:**

**a. Conduct a focused, targeted outreach to Cincinnati-area real estate brokers and developers**

The Cincinnati commercial real estate community can be of help in promoting Covington as a lower cost yet high-quality alternative to other parts of the Cincinnati metro, especially after new product comes online in the City and more space becomes available. As such, Covington should conduct a semi-annual or annual developer’s day in Covington with local commercial real estate brokers and developers, highlighting Covington’s value proposition as a business location.

**b. Conduct targeted consultant calls**

The City should partner with both Tri-ED and Kentucky United in calling on consultants and companies in major markets that have a high concentration and specialty with the identified targets. Those locations include Atlanta, New York/New Jersey, Chicago, and Dallas/Ft. Worth. There will also be pockets of opportunities in the California market.

## CHAPTER 4: WHAT'S NEXT?

Covington is experiencing a renaissance, but that rebirth is fragile. A large homeless population puts a drain on social services and City resources, the IRS is closing (resulting in the loss of approximately 1,000 long-standing jobs), and the City continues to lose population. But effective City leadership is working diligently to turn the tide. The key questions that policymakers must ask are, “What must be done to always stay globally competitive in our ability to attract and retain investment?” “What must we do to invest in ourselves so we will never become complacent?” “How can we be an effective alternative to the higher cost of the Cincinnati market?”

A key start to this will be the recommended targets that also allow for the diversification of the local economy. Additionally, local leaders will need to work diligently to enhance and grow the area’s real estate portfolio. For without the opportunity to grow its office, industrial and commercial base, Covington, like any other city, would eventually wither. **“No Product—No Project.”**

Through this report, [FROM OPPORTUNITY TO ACTION: AN ECONOMIC DEVELOPMENT STRATEGY FOR COVINGTON, KENTUCKY](#), community leaders can



make long-term structural investments to ensure that the City can attract the types of activity it wants while also taking on game-changing initiatives to augment the area’s quality of place assets.

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Garner Economics would like to thank the City of Covington Economic Development Department, the more than 41 people who participated in the focus groups, and the 117 people that participated in the electronic survey for their help and assistance during this process. Their feedback, compilation of data, and information—as well as their openness and willingness to explore various opportunities to strengthen operations—have contributed to the richness and rigor of this report. And a very special thanks to the staff of the City—true professionals—for their guidance and support in this action plan. A special thanks to Mayor Joseph Meyer and City Manager David Johnston for their input and feedback.

## RECOMMENDATIONS SUMMARY

The recommendations below form the core of the [ECONOMIC DEVELOPMENT STRATEGY FOR COVINGTON, KENTUCKY](#) and inform the City’s economic development efforts for years to come. Recommendations noted with an asterisk are considered transformational by Garner Economics and, if implemented, could have a profound impact on the economic vitality of the City.

By telling Covington’s story more succinctly and taking proactive steps to build more product and execute more effectively, Covington can build economic opportunities for its residents and businesses.

Strategy	Actions	Timing
<p><b>Reimagining Covington</b></p> <p>Asset development (product) initiatives to ensure Covington can compete to attract, retain, and grow the types of companies and talent the community desires</p>	<p>1. Create a manufacturing makerspace to complement Covington’s already robust entrepreneurial framework*</p>	<p>2020–2021</p>
	<p>2. Encourage and help facilitate a long-range, regional infrastructure plan*</p>	<p>2020–2023</p>
	<p>3. Create a plan to improve gateways into the City—including new signage, landscaping, and beautification initiatives*</p>	<p>2021–2024</p>
	<p>4. Incentivize remote workers to move to Covington*</p>	<p>2020–2022</p>
	<p>5. Evaluate relocation of Gateway Community and Technical College’s Urban Campus</p>	<p>2020–2021</p>
	<p>6. Develop and Invest in Real Estate Product for the City – (And leverage the former IRS site for the highest-and-best use for Covington.)*</p>	<p>2020</p>

Strategy	Actions	Timing
<p><b>Effective City Support and Implementation</b></p> <p>Organizational adjustments that allow the City to work proactively in those areas that will directly impact the economic growth the community desires</p>	<ol style="list-style-type: none"> <li>1. Evaluate options to bring all building permits and inspections back under City control*               <ol style="list-style-type: none"> <li>a. Consider bringing some PDS functions back to the City</li> <li>b. Create a “one-stop shop”</li> <li>c. Create an ombudsman or concierge</li> </ol> </li> </ol>	2020–2022
	<ol style="list-style-type: none"> <li>2. Augment the City’s economic development department staff to successfully implement operational and strategic efforts</li> </ol>	2021
	<ol style="list-style-type: none"> <li>3. Update Covington’s existing incentive policy and tools               <ol style="list-style-type: none"> <li>a. Focus on inducing primary jobs or value-added jobs</li> <li>b. Provide a higher incentive scoring to the targeted business sectors</li> <li>c. Require each applicant to provide an economic impact analysis and ROI scenario</li> <li>d. Charge a bond origination fee</li> <li>e. Develop tax exemption terms for IRBs based on the sector</li> </ol> </li> </ol>	2020–2021
	<ol style="list-style-type: none"> <li>4. Conduct community leadership learning labs to other inspirational communities (intercity visits).</li> </ol>	Starting in 2021

Strategy	Actions	Timing
<p><b>Telling the Covington Story</b></p> <p>Marketing approaches for the City to share the economic dynamism of the area with target prospects and talent, and the community as a whole</p>	<p>1. Enhance the City’s Economic Development Department’s marketing tools and tactics in its external outreach efforts</p>	<p>2020–2024</p>
	<p>a. Update (redo) the current City of Covington brand, mark, tagline, and related collateral materials</p>	<p>2021</p>
	<p>b. Update the economic development pages of the City’s website or create a stand-alone portal for the economic development functions</p>	<p>2020–2021</p>
	<p>c. Integrate social media platforms into the redesigned website</p>	<p>2020</p>
	<p>d. Enhance and utilize social media channels for local community awareness</p>	<p>2021</p>
	<p>2. Undertake focused external outreach efforts to allied economic development partners and multipliers</p>	<p>2020–2024</p>
	<p>3. Conduct a focused, targeted outreach to Cincinnati area real estate brokers and developers</p>	<p>2020–2024</p>
	<p>4. Conduct targeted company and consultant calls</p>	<p>2020–2024</p>

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