



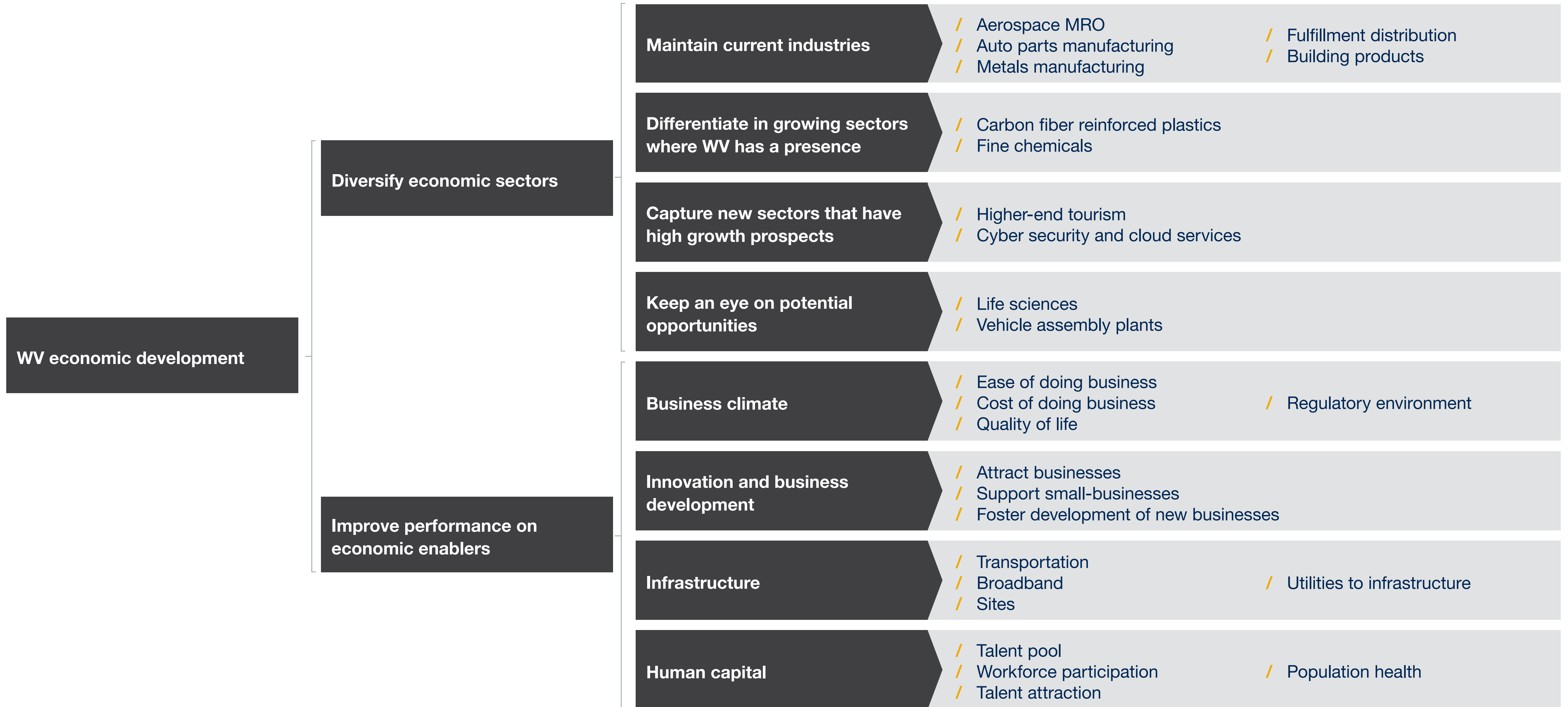
September 27, 2017

West Virginia Forward:

Summary of Findings

We are focused on understanding West Virginia's strengths and opportunities and identifying initiatives that will provide the collaboration to achieve both short- and long-term success in revitalizing the economy, creating jobs and priming the state for success in our changing economic and technological landscape.

ECONOMIC SECTORS & ECONOMIC ENABLERS



West Virginia's Value Propositions

	WV	OH	PA	MD	VA	KY
Employee turnover	<u>8.8%</u>	9.3%	9.5%	9.5%	10.8%	9.9%
Home ownership	<u>74.2%</u>	66.4%	67.7%	65.6%	66.4%	69.6%
Earnings per hour	<u>\$21</u>	\$23	\$24	\$27	\$26	<u>\$21</u>
Cost of living (% of national average)	95.7%	93%	102.8%	125%	100.2%	95.7%
Cost of doing business (% of national average)	<u>93%</u>	97%	101%	105%	101%	94%
Business tax climate	<u>18</u>	45	24	42	33	34

Economic Enablers: Summary of Findings

Outperform peers

On par with peers

Underperform peers

Enablers:

Dimensions:

Diagnostic:

Potential opportunity to consider:

Business Climate

Cost of Doing Business

Regulatory Environment

Quality of Life

- / Top 15 states for cost of doing business, but energy costs are rising
- / 18th on State Business Tax Climate Index, ahead of peers
- / Has taken measures to improve legal climate
- / Ranks last in quality of life

- / **Rebrand WV's strengths** in business climate
- / Establish action plan to **combat rising utility costs**
- / **Ease administration of TPP**

Innovation and Business Development

Starting new businesses

Growing Existing Businesses

Attracting Businesses

- / Business exits higher than startups, ranking #49 on business birth rate and #47 on patent creation
- / Fewer small business innovation research awards (\$20 per \$1M of GDP), lesser seed/angel funding
- / Limited discretionary funds available to close deals

- / **Convene innovation actors** in the State and increase **support to growing startups**
- / Enhance **small business support resources**
- / **Change mix of incentive types**
- / **Expand development office investment attraction capabilities**
- / Create **financing mechanisms** to fund capital projects
- / Launch **site certification program**
- / **Expand broadband coverage**

Infrastructure

Transport

IT

Sites

- / #43 on bridge quality, and #37 on road quality
- / Bottom ten on access to broadband, with internet backbone missing WV entirely
- / Opportunity to certify more sites for business attraction

Human Capital

Foster Talent Pipeline

Improve Health and Skills of Workforce

Attract Talent from outside WV

- / Fewer STEM and college grads than all peers (14% and 20% respectively)
- / Net population loss of ~5K/year
- / Declining labor force participation (ranks worse in women and disabled people participation vs. peers)

- / Create concerted **statewide human capital effort**
- / **Expand STEM talent pool**
- / **Encourage returning/relocating to West Virginia**
- / **Combat the opioid crisis**
- / **Train workforce in jobs that are high in demand**

Implementation: Action items can be broken down into six initiatives

Business attraction

Human capital strategy

Local business support

Innovation leadership

Sector diversification

Infrastructure investment

Economic Sectors:

Carbon fiber reinforced plastics (CFRP)

- Commercialize infrastructure IP
- Become a CFRP recycling hub

Fine chemicals

- Attract producers directly downstream of existing production
- Invest in upstream and downstream connections

Higher-end tourism

- Attract higher spend adventurers
- Expand second homes market in the eastern part of the state
- Attract higher income retirees

Cybersecurity

- Attract anchor companies and progressively expand to other segments
- Invest in cybersecurity talent
- Create enabling innovation environment

Economic Enablers:

Business climate

- Rebrand WV's business climate
- Establish action plan to combat rising utility costs
- Ease administration of TPP

Innovation business development

- Set up an innovation council
- Launch enhanced small business support program
- Change mix of incentive types
- Expand role of development office

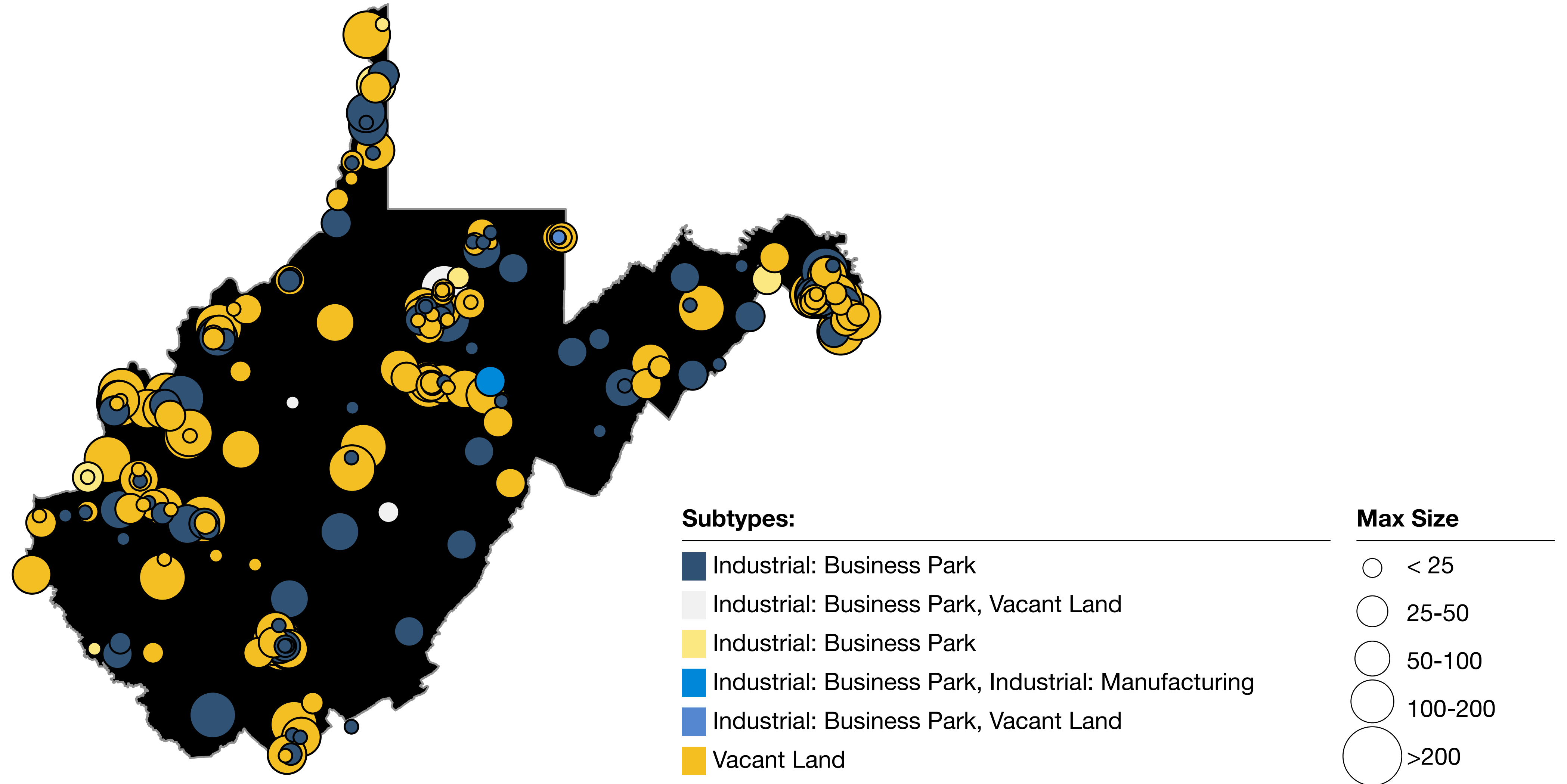
Infrastructure

- Create a financing mechanism/s for capital projects
- Launch site certification and outreach program
- Build middle mile network

Human capital

- Integrate existing human capital efforts across state
- Expand STEM talent pool
- Increase workforce participation
- Encourage returning/relocating to West Virginia
- Combat the opioid crisis
- Train workforce in jobs that are high in demand

Topography Limits Availability of Large Sites



WV DOES NOT CERTIFY SITES AND COULD LEARN FROM PEER STATES

What is a certified site?

- / A certified site is a development-ready industrial site that has completed a rigorous review process by the State and an independent, third-party engineering firm
- / Specific site details, such as zoning restrictions, title work, environmental studies, soil analysis and surveys, are assessed for compliance and authenticity



Best practice example - OH

- / WV's peers (OH, KY, etc.) have certified sites available to speed up development
- / OH launched SiteOhio to help companies find the best location in OH
- / SiteOhio puts properties through comprehensive review and analysis
- / OH shows a site is ready for immediate development with all utilities, adequate capacities, and all due diligence studies
- / OH also ensures the site is free of incompatible uses, with no limitations or insurance liability based on surrounding property

WV has a strong value proposition to offer to IT services operations

Key WV Assets:

Labor force

- / Low turnover rate (8.8% vs. 10.3% average)
- / High rate of home ownership
- / Significant cost advantages over most of the US

Affordability

- / Low cost of living (14% below average)
- / Low cost of doing business (7th best in US)
- / Low operating costs

Location & transportation

- / Easy access from D.C. and Pittsburgh
- / Safe distance from key federal sites

Favorable policies

- / Ranked higher than any neighboring state (21st) on State Business Tax Climate Index
- / Has decreased business tax burden by more than \$660 million in the last eight years
- / Provides IT specific incentives eliminating sales tax and reducing property tax

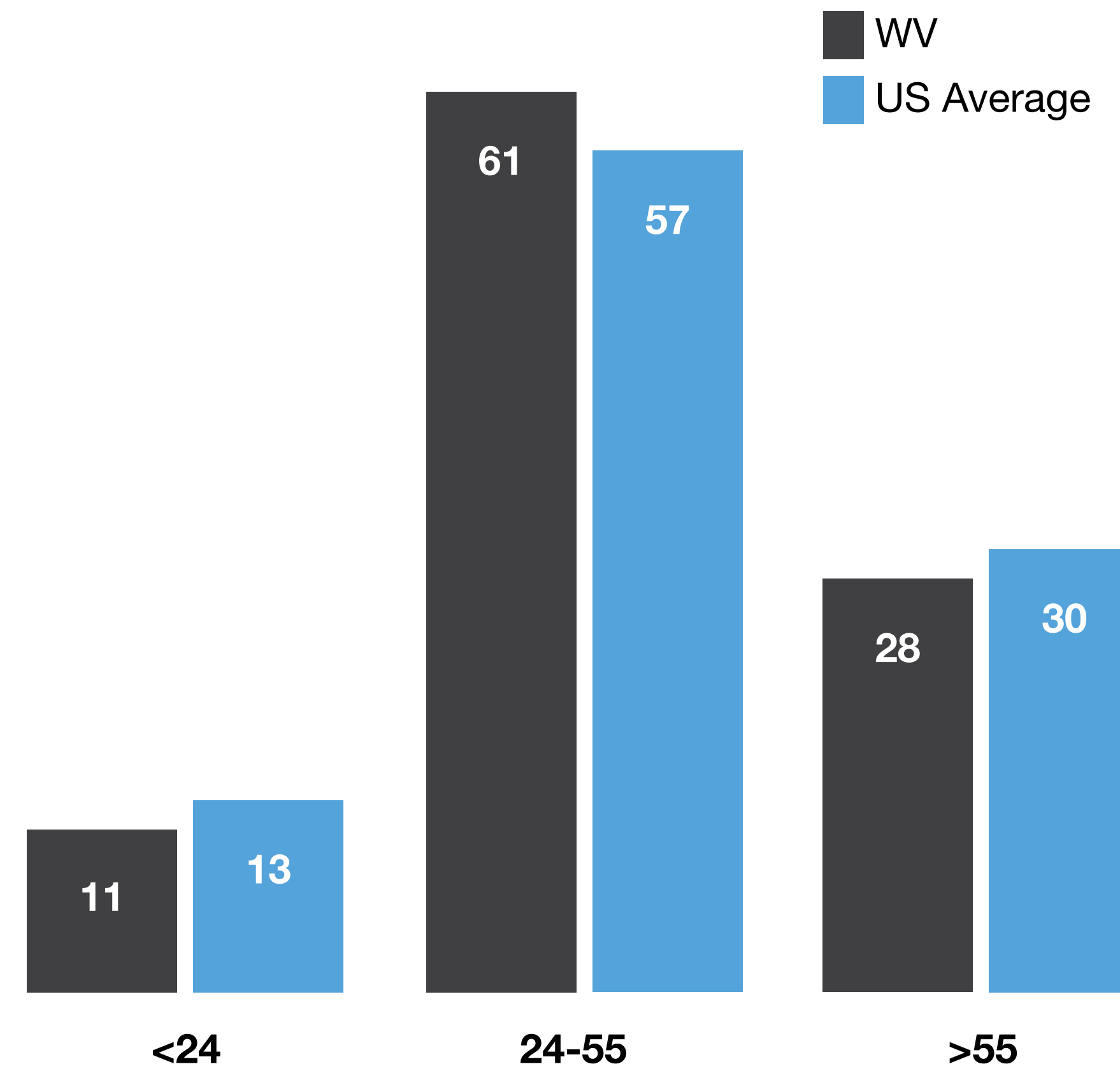
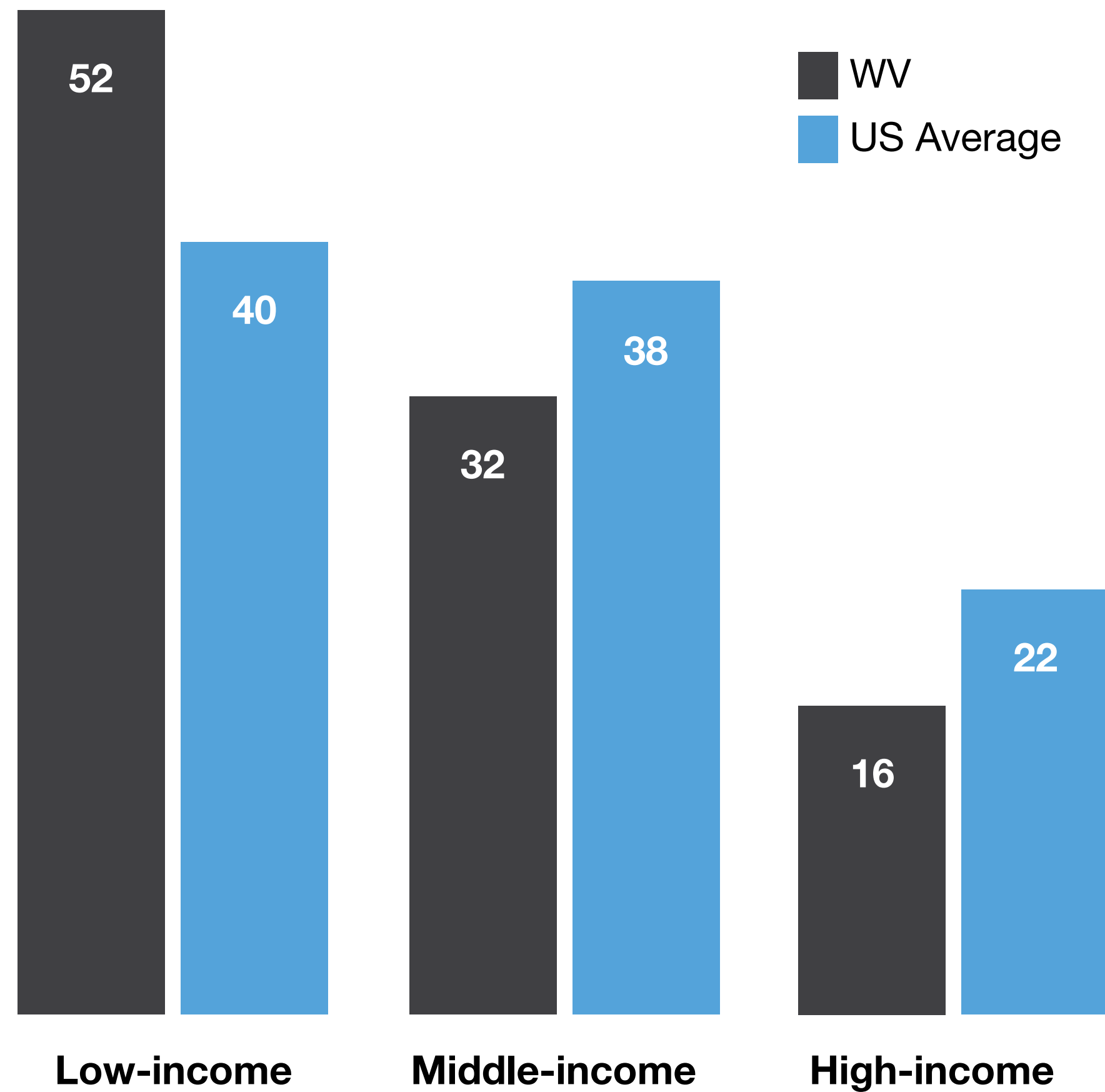
Value Proposition:

- / Dedicated, skilled and low-cost workforce; right to work state
- / Near major IT hubs and the federal government in COOP compliant geography
- / Ease and low cost of doing business

WV's tourist population is under-indexed on upper & middle class tourists & older tourists

There is an opportunity for West Virginia to capture higher-income tourists¹

West Virginia can also slightly increase visits from older tourists



THREE STRATEGIES FOR WV TOURISM

Capture more tourism spend:

Regional strategy keeps WV brand with diversified offerings.

- 1 Expand **adventure** options in the **southern region**
- 2 Attract **second home buyers** in the **eastern region**
- 3 Attract **higher-income retirees** in the **north**



IMPLEMENTATION STRUCTURE

- / MOU between WVU, the Commerce Department and Marshall University**
- / Will create a structure of accountability**
- / Engage stakeholders**
- / Steering committee**
- / Implementation working groups**

IMPLEMENTATION WORKING GROUPS

- / Energy**
- / Business Climate**
- / Human Capital**
- / Entrepreneurship**

CONCLUSION

West Virginia Forward has formulated a strategic plan to diversify West Virginia's economy by indentifying growing sectors the State could move to capture, as well as highlighting areas of strength and providing insight into how to address opportunities for improvement across economic enablers.

Effective implementation will be key to success.

QUESTIONS?