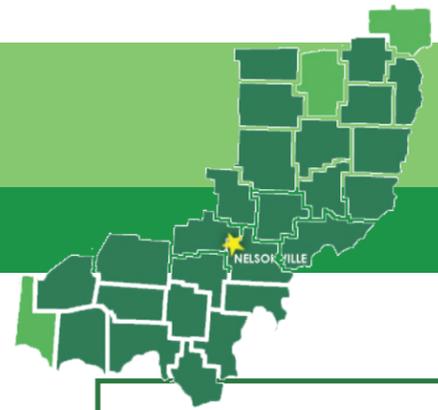


# 2013 REVIEW

## Appalachian Partnership for Economic Growth



### Ohio's Newest Economic Development Region Delivers for Appalachia

The newest of JobsOhio's six economic development partners, the Appalachian Partnership completed its first full year of operation in 2013. President and CEO John Molinaro was hired in July, 2012, and began to staff the fledging operation, headquartered in Nelsonville.



John Molinaro, President and CEO, APEG

Today, APEG's experienced economic development professionals and support staff are establishing working relationships with existing business and industry leaders in the 28-county Appalachian region.

Project managers are located in the part of the region they serve.

In addition, the Appalachian Partnership offers its businesses access to tailored training and consulting expertise through a unique collaboration with the Manufacturing Extension Partnership.

"Our effort on behalf of Ohio's Appalachian people is to accelerate business growth and job creation to build enduring, widely-shared prosperity," said Molinaro. "We want our Appalachian communities to thrive so they will be there for the generations of families to come."

#### Shale Play

Driven by the Marcellus and Utica shale boom, the Appalachian region reported the largest total of capital

investment among JobsOhio's six regional economic development partners in 2013. At a whopping \$986 million, the Appalachian Partnership for Economic Growth led the state which tallied over \$2.58 billion in capital investment last year.

"The area is very fortunate to have the shale resources that have led to this enormous investment. As the drilling and pipeline construction continue to grow and expand, one of APEG's key strategies for the future is to develop mid- and end-stream processes that will capture jobs utilizing the natural gas and oil being produced," said Molinaro.

#### Kraton Polymers

But shale isn't the only game in the region. The Appalachian Partnership helped Kraton, a world-class polymer manufacturer located in Washington County, with a decision to make major investments to install new natural gas fired boilers and electrical cogeneration equipment.

APEG aided their research process by helping the company assess the potential for increased use of barge shipping on the Ohio River and researching the regulations about utility installations. **The result was 428 jobs retained and an \$80 million capital investment in the Belpre plant.**

#### Miba Sinter

APEG's strong advocacy for Miba Sinter USA helped attract corporate investment in a major expansion, developing a Sinter operation as a companion to the McCannelsville

bearings operation of this Austrian-owned company. MIBA Sinter and MIBA Bearings also received extensive assistance through APEG's Manufacturing Extension Partnership. **The Miba Sinter project yielded 110 new jobs and retained 88 jobs plus a capital investment of \$34 million in Morgan County.**

#### GKN Sinter

GKN Sinter Metals expansion was accomplished with APEG's strong involvement in the project. **APEG worked with the City of Gallipolis, Gallia County and JobsOhio to secure the growth project resulting in 50 new jobs, 163 retained jobs and a \$10 million capital investment in Gallia County.**

Ohio gained this commitment and came out on top among several non-Ohio locations being considered. The Gallipolis plant manufactures clutches and gears; GKN group headquarters is located in the United Kingdom.

#### Business Retention & Expansion

Last year APEG staff made more than 139 Business Retention and Expansion calls and hundreds of Manufacturing Extension Partnership visits to help companies overcome barriers in their operations and identify and capitalize on opportunities for growth.

"The Appalachian Partnership continues to focus on supporting and expanding existing industries; diversity is our best strategy and the best way to use the rich experiences and assets available in the region," said Molinaro.

### APEG's 2014 PRIORITIES

- Inventory and develop high-value sites along the Ohio River.
- Help existing manufacturers retain and build jobs by linking Manufacturing Extension Partnership and JobsOhio incentive programs.
- With American Electric Power investment, heighten skills among local and regional economic development professionals.
- Apply Make It in America Challenge grant resources to strengthen manufacturers and capture re-shored manufacturing from foreign locations.
- Promote mid-stream development linked to the region's Utica and Marcellus shale gas resources.

### MEP Goal: Increase top-line, reduce bottom-line

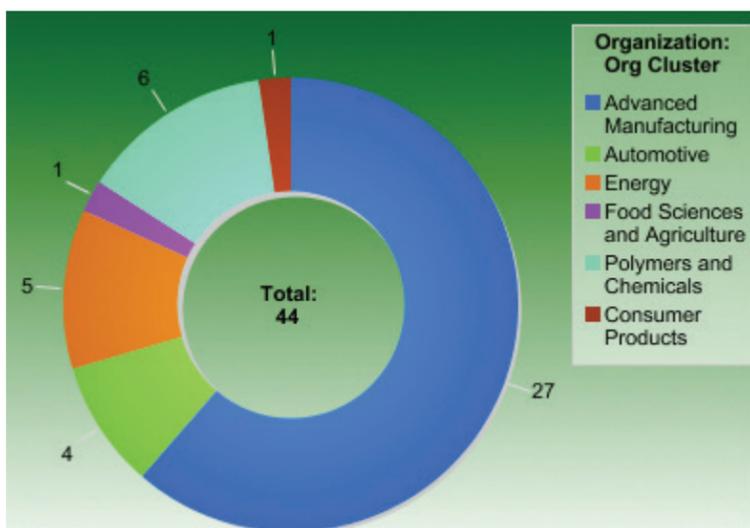
As part of the vision for establishing the Appalachian Partnership for Economic Growth, John Molinaro, president and CEO, felt it critical for area business and industry to have access to the kinds of high level expertise and training that help companies improve their processes and productivity to sustain and grow. He accomplished that by incorporating the regional Manufacturing Extension Partnership (MEP) outreach into APEG.

MEP provides proven solutions and expertise for manufacturing companies to achieve market growth, increase sales, implement operational savings and build skills at all levels of the organization. This on-site assistance and training is specific to each company's unique challenges and requirements to increase top-line growth and reduce bottom-line cost.

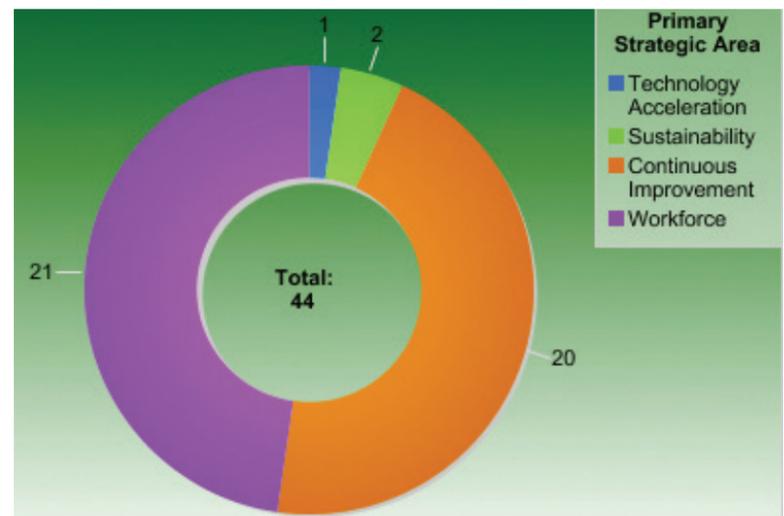
"MEP is the manufacturing parallel to the agricultural extension programs that helped create America's highly competitive agribusiness industry. Closely aligning access to improvement tactics and economic development strategies gives our business and industry leadership the tools to stay competitive and to grow," said Molinaro.

In 2013 the MEP staff worked with 44 Appalachian companies providing training and expert guidance in: Lean/Process Improvement; Leadership; Quality Systems; Safety; Human Resources; Technical Skills and Growth Services.

The majority of the training focused on continuous improvement and workforce development. Among the most popular training areas were Lean topics, process improvement, supervisor leadership, and process mapping.



Of the 44 companies using MEP services in 2013 six of the industry groupings were represented; the majority of the companies were from advanced manufacturing.



Continuous improvement (Lean, process mapping, supply chain development) and workforce-related training (safety, supervision/leadership development, specific skills training) were the most utilized MEP service areas in 2013.

# First-time collaboration delivers \$2.1 million grant

Collaboration and partnership were front and center in November 2013 when a \$2.1 million Make It in America Challenge grant was awarded to a group of Appalachian Ohio development organizations in a tough competition.

The Appalachian Partnership for Economic Growth (APEG) brought together the region's three Local Development Districts in their first-ever combined effort for federal grant resources and created a winning proposal.

"Together we were able to create a very complex application," said John Molinaro, president and CEO of the Appalachian Partnership. "We wove funding streams from three federal agencies into a single unified project with a different applicant for each agency. It was the combination of all of our resources that brought us success."

One of only 11 awards made, the monies will be invested in incumbent worker training for the region's metal fabrication, polymers and chemicals industries, and in the creation of an online inventory of regional facilities and land

available for new or expanding industry development.

"A well-trained workforce in combination with available job sites that are accessible to our world-class high-way-rail-river infrastructure, proximity to locally sourced fuel and feed stocks, and manufacturing strength in the target industries will make Appalachian Ohio attractive as production returns to the U.S.," said Molinaro.

The third component of the Make It In America Grant is supply chain development for the region's wood furniture manufacturing industry.

Appalachian Ohio currently hosts about 400 high-quality wood furniture making firms. This is likely the largest remaining concentration of these firms in America and includes many very small Amish and family-owned enterprises.

The grant will support a supply chain development position to help these firms join together to design products, market their capabilities and fill orders that exceed the capacity of the individual firms. It will also connect furniture

manufacturers with sustainable forestry initiatives, allowing the firms to market a sustainably certified product line and further increase sales opportunities and profit margins.

The projects were designed to attract the re-shoring of manufacturing from Europe, Asia, the Middle East, and Russia.

The grant partners included Local Development Districts: OMEGA, Buckeye Hills-Hocking Valley Regional Development District, Ohio Valley Regional Development Commission and the Ohio Valley Employment Resources. A grant from the Appalachian Regional Commission supported the application expenses.

The funding is a collaborative effort by the U.S. Department of Labor's Employment and Training Administration and the Department of Commerce. In addition, funding is supplied by the Economic Development Administration (through the National Institute of Standards and Technology Manufacturing Extension Partnership) and the Delta Regional Authority.

The Make It in America Challenge is designed to help distressed regions build

on existing assets, promote a competitive environment for foreign-owned and domestic firms to establish and grow their U.S. operations, create jobs and develop a skilled workforce for specific industries.

"When the Local Development Districts asked us to facilitate this application we knew it wouldn't be easy," said Molinaro, "but forming a unified Appalachian Ohio to compete for economic development is what will make us successful. We demonstrated our first big success and I couldn't be more pleased or appreciative of everyone's efforts."



## APEG and partners pursue Ohio River development strategy



Infra-Metals Co. unloads steel at its Ohio River barge dock in New Boston, Scioto County.

APEG, in cooperation with JobsOhio, AEP, and the region's Local Development Districts, is working to develop a strategy and plan focused on the Ohio River as an economic development asset.

Among the unique benefits the river provides is a second barge route to the Gulf of Mexico via the Tennessee River and the Port of Mobile. Using the Ohio River, shippers can avoid disruptions caused by low or high water conditions on the Mississippi.

The anticipated expansion of the Panama Canal will triple the canal's tonnage capacity, making it easier and less expensive to move export goods by Gulf ports, enhancing the Ohio River asset.

Barge transport offers substantial cost-savings compared to rail or truck, especially when connecting to international markets. Goods moved

by barge are about 40 percent cheaper per ton than by rail. Transport by barge uses 28 percent less energy per ton than rail, and 73 percent less than truck.

With nine ports on Lake Erie and several Ohio River terminals, Ohio is the fourth largest state by tonnage, with more traffic than the Panama Canal.

To improve overall transportation and infrastructure, both Norfolk Southern and CSX have invested in high-volume rail lines linking Ohio with Mid Atlantic seaports.

The Heartland Corridor (Norfolk Southern) and National Gateway (CSX) will help the region drive economic growth resulting from the Panama Canal expansion, which is expected to bring more traffic through east coast ports.

## APEG and JobsOhio collaboration means broad support for the region

The economic development strategy in Ohio is designed to use the unique assets and strengths of the state's six regions' deep ties to local businesses. Networked with the power of a statewide entity that can support the regions plus market the entire state, the vision becomes a reality through JobsOhio.

This private, non-profit corporation was created to expand existing business and industry and bring new enterprises and investments to Ohio.

The state/regional, client-focused approach delivers all of Ohio's resources to proactively meet with companies and their management teams, listen to their business needs, and assess alternative ways to assist them.

The 21 APEG region companies listed below received economic development support from the Appalachian Partnership and JobsOhio in 2013. The matrix shows the resulting economic development outcomes from the partnerships.

	<u>2013 results</u>	<u>APEG</u>	<u>JobsOhio</u>
New jobs		1,051	17,857
Retained jobs		2,122	70,449
Capital investment		\$968 million	\$3.6 billion

GKN Sinter Metals, LLC  
 McWane, Inc.  
 Miba Sinter USA LLC  
 Southeastern Ohio Port Authority  
 Blue Racer Midstream  
 C.A. Joseph Company  
 Commercial Vehicle Group - Shadyside  
 Diagnostic Hybrids, A Quidel Company  
 Echo Environmental LLC  
 Electronic Design for Industry, Inc.  
 Gad Dairy  
 GE Aviation  
 Kraton Polymers U.S. LLC  
 Ludowici Roof Tile, Inc.  
 MarkWest Energy Partners, LP  
 Ohio Precious Metals LLC  
 Ohio Stoneware, LLC  
 PVR Partners, L.P.  
 Somerset Regional Water Resources  
 Spectra Energy  
 Yutzy Woodworking, Ltd.

County	City
Gallia	Gallipolis
Coshocton	Coshocton
Morgan	McConnelsville
Washington	Marietta
Monroe	-
Jefferson	-
Belmont	Shadyside
Athens	Athens
Pike	Waverly
Washington	Belpre
Holmes	Millersburg
Adams	Peebles
Washington	Belpre
Perry	Pike Township
Harrison	Cadiz
Jackson	Jackson
Perry	Crooksville
Jefferson	-
Harrison	Cadiz
Jefferson	Toronto
Holmes	Millersburg

	Jobs Created	Jobs retained	Capital investments
	50	163	\$10,000,000
	25	374	\$7,000,000
	110	88	\$34,200,000
	131	-	\$15,300,000
	10	-	\$100,000,000
	20	-	\$847,000
	-	181	-
	97	152	\$5,000,000
	350	-	-
	25	60	-
	20	-	\$550,000.00
	20	300	\$90,000,000
	-	428	\$80,000,000
	-	135	-
	-	-	\$500,000,000
	25	40	-
	12	3	-
	20	-	\$125,000,000
	40	-	-
	80	-	-
	16	198	\$500,000
<b>Totals</b>	<b>1,051</b>	<b>2,122</b>	<b>\$968,397,000</b>