

Leadership Visit 2019
SUMMARY REPORT



Raleigh

PRESENTED BY



Leadership Visit | Raleigh, N.C. | May 8-10, 2019

On May 8-10, 2019, Commerce Lexington Inc. – the Greater Lexington (KY) Chamber of Commerce – and many of its key community leaders and business professionals embarked on the organization’s 80th annual Leadership Visit presented by Central Bank & Trust Co. About 170 people participated in this year’s trip to Raleigh, North Carolina to study the area’s successes and challenges in the hopes of further enhancing the Bluegrass Region.

One of the longest-running and largest intercity visits of its kind among chambers of commerce and economic development groups nationally, Commerce Lexington’s annual trip has influenced many community initiatives and programs, such as the Access Loan small business financing program, Coldstream Research Park, the wildly-popular Thursday Night Live, enhancements in our trail system, improvements in Fayette County Public Schools facilities, and the award-winning EMERGE conference for emerging leaders.

The Lexington delegation began the visit to Raleigh on May 8th at the James B. Hunt Library on the campus of North Carolina

State University. The group heard from current Greater Raleigh Chamber President Adrienne Cole and retired President Harvey Schmitt. Then, Michael Haley, executive director of Wake County Economic Development, talked about what has made Raleigh such an attractive place for business. During the final session of day one, a panel of speakers discussed the focus of business and education leaders on building a strong talent pipeline for the region.

Morning sessions on day two (May 9th) entitled “Regionalism – More Than a Mantra” and “Opportunities for All” were followed by elective lunch and tour opportunities that enabled participants to experience Raleigh in the afternoon. Electives included a downtown Raleigh walking tour, a sightseeing trikke tour, a visit to HQ Raleigh, and a Warehouse District scavenger hunt. On the final day of the trip (May 10th), the group heard from local economic development consultant Ted Abernathy, and then concluded the trip by reflecting on what participants saw and heard in Raleigh during a session entitled “From Inspiration to Action.”

Leadership Visits Since 1980



Collaboration: Raleigh's Secret Sauce

The first session of the 2019 Leadership Visit to Raleigh featured Adrienne Cole, President & CEO of the Greater Raleigh Chamber of Commerce, and longtime Raleigh Chamber President & CEO and now retired Harvey Schmitt. Mr. Schmitt began by talking about the importance and value of intercity visits he led at multiple chambers of commerce throughout his career.

While the session was entitled "Collaboration: Raleigh's Secret Sauce," Mr. Schmitt said that he would rather refer to it as the 'Secret Grease.' He stressed that the process was not a panacea, but it is an effort that the chamber helps promulgate in the community to bring the different parts of the community together.

Schmitt stressed that Raleigh's transformation over the years could not have happened without working together. He added, "We didn't do things quick, but we did things well. We weren't a first adapter, but when we did get there, we had profited by the decisions other people had made in other markets and learned from them and got better."

Schmitt talked about a time when business, government and education worked together – led by then-Governor Jim Hunt – to advance things like Research Triangle Park, the North Carolina Global Transpark in Kinston, and North Carolina State's Centennial Campus. Today, there's a different philosophy where government wants to get out of the way of business.

When Schmitt arrived at the chamber in 1994, there were already elements of collaboration underway in Raleigh. On the first Friday of every month, the chamber hosts a leadership roundtable, which includes representatives of the university, city, county, convention and visitor's bureau, Downtown Raleigh Alliance, the school board, legislative delegation, the airport authority, Wake Tech and the Raleigh Chamber. Schmitt said, "It is not an action group. It is simply there to share ideas. Each member gets three minutes to share their story. It's a way for community leaders to keep track of what's percolating in the market. In the absence of information,



Raleigh Chamber President & CEO Adrienne Cole and retired Chamber President Harvey Schmitt during the opening session at N.C. State University. (Photo by Bill Straus Photography)

people assume the worst."

The big challenge in the mid-1990's was the relationship between Raleigh and Durham. Mr. Schmitt said that Durham was very suspicious of Raleigh, and they did not like that Raleigh promoted the attributes of Durham as their own. "Despite the fact that the region was getting a lot of attention, there wasn't a lot of dialogue in between. We had to find some way to articulate a regional relationship," said Schmitt.

Schmitt said that to create more dialogue within the region, they were able to get city leaders from Raleigh, Durham and Chapel Hill, leaders from Wake, Durham and Orange counties, the chambers, and the CVB's all to sit and meet regularly for a period of about two years. They agreed that the Research Triangle was a family of communities – each with its own identity and personality, but they could collaborate on regional issues like transportation and economic development.

Current Raleigh Chamber President and CEO, Adrienne Cole, stressed that the intentionality of the collaboration is really a key to the process. The leaders of the organizations make it a priority and show up. She said, "Having people come to the table and meet with one another, not necessarily agree, but being committed to that has been part of the Secret Sauce or Grease as Harvey says. And, if someone isn't showing up, I pick up the phone, and I call them and say, 'We miss you. Where are you? We need your voice at the table.' If there's an issue we need to work through, then we work through it."

Cole also cited the importance of keeping those meetings on the calendar, and her staff knows to protect those times. "I don't want to break that cadence of regular conversations and regular meetings," she added. "Sometimes people think that the collaboration that we enjoy in this market just sort of magically happens. It does not. It's very intentional, and it isn't something that we are doing alone at the chamber. It requires that intentionality with all of the different organizations that are coming to the table."



James Hunt Library, N.C. State University | Photo by Bill Straus Photography

Why Raleigh?

Wake County Economic Development (WCED) is the primary economic development organization for Wake County, providing economic development support for its 12 municipalities. As a program of the Greater Raleigh Chamber of Commerce, the organization proactively creates an environment in which Wake County can grow and thrive, resulting in new jobs and capital investment. WCED is a public-private partnership and is currently in the final year of its fifth five-year investor campaign. WCED accomplishes its mission through business recruitment, retention and expansion; marketing and public relations; talent recruitment and retention; and support of entrepreneurship.



Michael Haley, Executive Director, Wake County Economic Development. (Photo by Bill Straus Photography)

What does the WCED do? The WCED focuses on five broad pillars of economic development.

- **Regional competitiveness:** “This is truly a region,” said Michael Haley. “The entire region is important. In our program, we have very specific aims around that regional partnership. We’re the largest funder of our regional economic development programs, so we’re putting our money where our mouth is. Regional collaboration is critical to our success.”
- **Brand awareness:** A national media campaign helps Raleigh tell its story across the country every day. “We are well aware that we’re not a household name across this country or around the world,” said Haley. “But, when we start talking about who we are, the companies, and what we’re doing here, we quickly become a household name. Our number one brand is our talent. We know that companies are going to go where the talent is going.”
- **Talent:** Haley stressed the importance of Raleigh and its region having a highly skilled talent eco-system. They are focused not only on talent attraction, but also talent pipeline and development. He added, “We can’t rely just on people moving here to fill roles for us. Making our community better every day means employing our neighbors and the citizens of our community.”

- **Economic prosperity:** Supporting existing businesses and attracting new companies.
- **Entrepreneurship & innovation.**

Why Raleigh?

- **Talent:** 47.6% of Raleigh’s population has earned a bachelor’s degree or higher. “This is one of the most highly-educated cities in the country,” said Haley. “Our peers in that regard include San Jose, San Francisco, and Washington, D.C.” Raleigh is growing by about 63 people per day. The net-migration is about 43 people per day. People are mostly coming from the Northeast. About 75% of those working age people who are moving to Raleigh have a bachelor’s degree or higher.
- **Higher education opportunities:** Historically, the first large investment the state of North Carolina made was in public education when it founded UNC Chapel Hill. Haley stressed that the universities in North Carolina don’t necessarily compete with each other for students, because each school offers different academic programs and colleges. About 176,000 people are enrolled in some form of higher education in the region. About 46,000 degrees are conferred annually. The area’s largest university is the community college, Wake Tech.
- **Diverse economy:** Raleigh is built on three large economic sectors – technology, life sciences, and advanced manufacturing. Some of the emerging sectors are being driven by what’s coming out of the universities, such as ag-tech, financial services & tech, and defense technology. The area is also home to IBM’s largest presence in North America, Cisco’s largest presence outside of California, and others. The largest concentration of contract research organizations in the world is also located in the Raleigh region. “Life sciences really drives who we are,” said Haley.
- **Excellent quality of life:** Over the next 40 years, Raleigh is projected to grow by about 74 percent. It took Wake County 264 years to reach one million in population, but it is expected to take only 35 more years to reach two million. “To grow that fast means this is an attractive place to live,” added Haley.

When asked about economic development challenges facing Raleigh, Haley said that much of the issues come from Raleigh’s popularity and rapid growth, such as housing affordability and transportation. A business-led entity called the Regional Transportation Alliance focuses on transportation issues. In the last couple of years, Raleigh has passed a referendum that provides about \$100 million annually, locally controlled funds, exclusively for transportation.

Photos by Bill Straus Photography



Talent Is Everything Panel



Talent is Everything panel, including (left to right) Ashley Cagle (Wake Co. Economic Development), Jenn Bosser (City of Raleigh), Nate Spilker (Citrix), Pat Sturdivant (Capital Area Workforce Development Board), Anthony Caison (Wake Tech Community College), Joy Frankoff (Wake County Public Schools), and Tom White (Economic Development Partnership, N.C. State). (Photo by Bill Straus Photography)

The availability of skilled labor is a top priority for both existing companies and those considering relocation and expansion. This priority is shared among top performing communities across the country, including the Research Triangle and Central Kentucky. During the session entitled “Talent is Everything,” Raleigh leaders discussed the region’s data-driven, strategic three-pronged approach to meeting the talent needs of their future. With an equal focus on development, retention, and recruitment, Raleigh’s education and business leaders work in partnership to build a strong talent pipeline.

Ashley Cagle from the Greater Raleigh Chamber and Wake County Economic Development led off by saying that when leaders there talk about the area in terms of workforce or economic development, they always do it from a regional perspective. “We know that what’s driving companies to locate here has to do with people and talent. We are constantly working to improve and import talent, but we also have some honest conversations with companies about culture and fit.” She also said that sometimes Raleigh gets compared to being the next Silicon Valley, but she added, “That’s not who we want to be. We want to be authentically Raleigh.”

Wake County Economic Development, in partnership with regional economic development organizations, including the Greater Raleigh Chamber of Commerce, Greater Durham Chamber of Commerce, Orange County Economic Development, Chapel Hill - Carrboro Chamber of Commerce, Research Triangle Foundation and the Research Triangle Regional Partnership, has begun laying the groundwork for a proactive talent initiative, called “Work in the Triangle, Smarter From Any Angle.” The campaign’s goal is to showcase the Triangle nationally and internationally as one of the top destinations for talented professionals in the next five years. Raleigh was the first place in the U.S. to implement a place-based strategy for talent attraction, according to Cagle.

Part of the Work in the Triangle initiative includes something called #TriangleTuesdays, which features a social media campaign each Tuesday featuring job opportunities in the region. Companies can post jobs using the website or post openings themselves on social media using the hashtag #TriangleTuesdays. A recent #TriangleTuesdays campaign generated 801,704 impressions and reached 78,803 people.

This mission supports the talent recruitment initiative of EDGE 5 – The Leading Edge, a program of the Greater Raleigh Chamber of Commerce,

which aims to expand the number of highly skilled employees in target industry sectors and is one of five strategies designed to bring prosperity and growth to the region.

Pat Sturdivant of the Capital Area Workforce Development Board mentioned that she has a business engagement director who is at the table with chamber and city officials when a company is looking to relocate to the region. They inform company representatives of all the services that are available to help them build and maintain their workforce.

Anthony Caison added that Wake Tech is also at the table to let companies know what the community college brings to the table from a training employee perspective. When a company does locate to the area, Wake Tech is responsible for delivering the training component that is contained within any incentive package. Wake Tech Community College serves 74,000 students and is part of the North Carolina Community College System, which consists of 58 community colleges and is the third-largest community college system in the nation.

Jenn Bosser, Economic Development Manager for the City of Raleigh said, “For talent strategy in general, it’s definitely playing the long game. You don’t see a lot of immediate wins. You’re really playing the long game in place-based strategy in something like a national media campaign.”

To involve the business community in the Work in the Triangle initiative, Bosser said that they developed a corporate talent task force for businesses to come together and talk about things that were important to them in talent attraction. One of the outcomes they came up with was something called “30 Things in 30 Days,” which was sort of a checklist that included practical things people needed to know when they moved to the region and fun things that have a Raleigh flavor.

Once the regional leaders had the Work in the Triangle initiative up and running and then the national media campaign established, they realized that they needed to begin to have conversations about development of the talent pipeline. Cagle said, “We were starting to get questions from consultants, prospective employers, and existing employers about we aligned our talent pipeline. We found that many of people involved in this process were trying to do the same thing. We needed to better understand what our employer needs were by asking our employers directly and taking a look at what their forward needs were going to be, so we could better align and produce better talent and results.”

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Talent Is Everything Panel (from page 5)

To do this, Wake County Economic Development, the City of Raleigh, and Capital Area Workforce Development Board partnered to survey industry in 15 counties to raise awareness and identify the areas of highest growth and skills needs in the Research Triangle region. They surveyed industry across ten sectors, and engaged more than 50 partners, including chambers, industry associations, and other stakeholders.

Key findings of that Regional Skills Analysis included the following:

- Area employers that responded expected to hire 36,000 people over three years.
- Construction & skilled trades had the lowest evaluation of Raleigh’s talent pipeline.
- Life sciences had the highest evaluation.
- 87% of I.T. companies planned to add employees (none indicated a decline).
- Companies were mostly sourcing talent through friends and networks.
- All industries cited critical thinking, taking initiative, and responsibility/self-discipline as the most difficult soft skills to find.

The data collected from the survey told a story that is overall positive for the region. The survey also showed the importance of a traditional degree and technical education. Respondents reported that a four-year degree is valued but there is variation across industries. Some industries reported a higher value on technical training. Data on soft skill ability showed room for improvement per feedback from respondents, and this will continue to be

a focus point in training programs, classrooms, and internship/apprenticeships. Overall, Wake County is well-suited to proactively build and educate the incoming and current workforce.

To help address the growth in the construction industry, a program through the Capital Area Workforce Development Board called YouthBuild consists of project-based academic learning and construction skills training in preparation for career placement. Participants learn by building or significantly renovating homes for low-income families or transitional housing for homeless families or individuals. Improving their own lives as well as impacting the lives of others in their community produces a win-win. The program is designed for those who need to obtain a high school diploma or GED and are facing other life challenges that make it difficult to find and retain meaningful work.

Another project that regional leaders have been working on is an idea that came from Nate Spilker who works for Citrix. He said, “We’ve been working on a pretty cool project that doesn’t just solve the need for I.T. companies, but also solves a need for all companies who deal with technology.”

The Downtown Raleigh Education and Mentoring – Information Technology Academy (or DREAM-IT Academy) is a non-traditional training academy designed to get more people into I.T. careers faster. Wake Tech will be the primary curriculum provider, along with partners from N.C. State, Capital Area Workforce Development, and other people from Citrix and a variety of other companies. The Academy, which is scheduled to launch in the spring of 2020, addresses a need to diversify and expand local tech-talent pools, while providing training programs targeted to overlooked populations.

Opening Night Reception Photos by Bill Straus

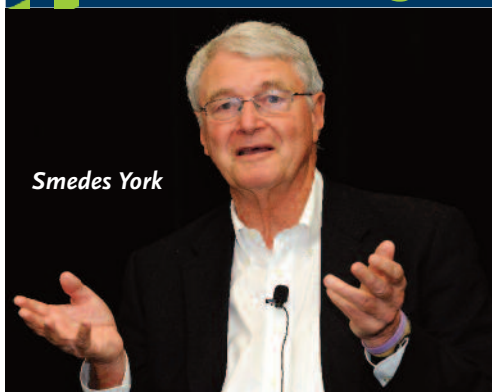


1. Lexington Police Chief Lawrence Weathers & Scott Lanter (Blue Grass Airport) enjoyed the Opening Night Reception at Whiskey Kitchen on May 8, 2019, in Raleigh. 2. Larry Forester (Cumberland Valley National Bank), Mia Farrell (University of Kentucky), Bridgett Rice (Community Action Council), and Daryl Love (Fayette County Public School Board). 3. Larry Jones (Community Trust Bank) & Debbie Jones. 4. Nan Plummer (LexArts) & Darryl Terry (Kentucky Bank). 5. Foster Ockerman, Jr. (Lexington History Museum) & Susan Lancho (Kentucky American Water). 6. P.G. Peeples (Urban League of Lexington-Fayette Co.), Dudley Webb (The Webb Companies), and Todd Ziegler (Republic Bank).

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Regionalism - More Than a Mantra



Photos by Bill Straus Photography

Leaders in Raleigh, Durham and surrounding communities have embraced the “WIN FOR ONE IS A WIN FOR ALL” mentality, and “regionalism” is not just their mantra, it’s their culture. However, it didn’t happen overnight, and took time to develop the trust necessary to bring about true regional collaboration. In this session, a panel of speakers discussed the historical context, current initiatives, and the development of leaders, which have helped the region become one of the most economically vibrant metro areas in the nation.

Smedes York, Board Chairman for York Properties and former Raleigh Mayor in the 1980’s, talked about some of challenges of starting the first regional economic development organization. He said that there were a couple of things like the airport authority and Research Triangle Park in which cities collaborated, but at the time, “working together was not something we did all of the time.”

An impetus that created more collaboration among the region came when Raleigh hosted an event in 1987 called the Olympic Festival, which was held every year that there wasn’t an Olympic Games. “We knew we needed to work together, but we needed an organization to pull it together,” added York. By 1990, the Raleigh-Durham Regional Alliance was formed.

York said that one of the early challenges was a lack of trust. Although Wake County was a lot bigger in population than the Durham and Chapel Hill areas, he said that it was important that each area would have equal footing, and they decided that the organization would be business-led, so that there was continuity over a long period of time. The mission was for the region to market itself as a region.

By the mid-1990’s the Raleigh-Durham Regional Alliance would transition to the Research Triangle Regional Partnership when state money comes in, the number of counties included in the organization surged from three to thirteen. Today, the economic development organization is sustained by and committed to 10 core counties located in Central North Carolina. The organization serves as a connector between businesses looking to expand or relocate, and the economic development offices, government agencies, and business organizations that support private sector growth. Keith Burns, a member with Nexsen-Pruett, is the organization’s current board chair.

It was about this same time that an organization called Leadership Triangle was founded in 1992. Jessica Averhart, who serves as the organization’s executive director today, said that the area’s concerted effort back then around regionalism was the impetus for Leadership Triangle with the idea of building leadership capacity across the business and nonprofit communities to help strengthen the region as a whole.

The organization also promotes regionalism across the separate communities of the Triangle (Chatham, Durham, Orange and Wake Counties). It does this through leadership development classes, social networking, public forums and an annual Leadership Summit and award celebration. Leadership Triangle strives to preserve local uniqueness, while acting regionally to address issues, such as regional growth, transit, water quality, housing affordability, open space, education, and economic and social equity.

Averhart said that while each community in the region is distinctly different, they each add something extra to the others so that when marketed together, it becomes something special. She added, “Durham will never be Raleigh, but what Durham does is make Raleigh cooler. When Raleigh is marketing itself,

they want to market the start-up community in Durham. Likewise, Durham needs Raleigh and its historic, structured, foundational and thoughtful vision that Raleigh provides to the state. We all need each other, but we don’t need to look the same.”

Mr. York noted that when Research Triangle Park was created in the late 1950’s, it was formed to reverse the region’s “brain drain.” The regional business leadership came together then to build a research park using land that was not usable as farmland. The park is owned by the three universities – Duke, N.C. State and UNC-Chapel Hill. In 1965, IBM decided to locate inside the Research Triangle Park, which was the beginning of what today has become the largest research park in the country, with 280 businesses that employ 50,000 within 7,000 acres.

When the North Carolina legislature began to pull back funding from the Research Triangle Regional Partnership in about 2010, regional leaders had to figure out how to fill that gap. At first, the organization added more counties to the organization’s reach, but that meant more demand for services, stretching the organization even further. That model was eventually abandoned in about 2016-17.

To help solidify the organization, leaders decided to return to the core of the mission, which was marketing. Burns said, “We went back to our counties and said, ‘here’s our value proposition.’ We’re going to market the region, and that means having a great website with all of the analytics and data that site selection consultants need. We’re going to fund the research necessary to keep that information current. We’re going to be outbound to meet with site selectors in New York, Chicago, Atlanta and wherever else. We’re going to host site selectors here, and we’re going to go overseas to meet with companies and government officials and whoever else is necessary to move the needle in economic development.”

The organization also flipped its scope of work. Instead of the marketing decisions being developed by the executive director, they began to ask its Economic Development Advisory Committee, which is comprised of economic developers from the counties that they serve, to decide what the right plan of work needed to be, supplemented with ideas from both the board of directors and the executive director.

When asked where the struggles exist within regionalism in Raleigh-Durham, Averhart said that she believes the regional leaders don’t do a good job of addressing life challenges like affordable housing or transit from a regional perspective. “We are not doing a good job of figuring out these bigger issues across city lines,” added Averhart. “That is going to affect us long-term. I don’t think we do a great job of best practice sharing. The pride in ownership needs to come down, and that’s the only way we’re going to push these initiatives going forward.”

Burns concluded, “There are constant struggles with keeping that culture of regionalism in place, because every day the draw is to retreat to your corner and to worry about your corner of the world only, and ignore the rest, and to let the things that you perceive as benefitting you only dominate the conversation. Every day, there’s a struggle to make sure that everybody stays on the same playbook as it relates to thinking regionally, because there are so many factors at play that drag you away from that regional thinking.”

Opportunities for All Panel

Danya Perry from the Greater Raleigh Chamber of Commerce moderated a panel of speakers who talked about Raleigh's efforts to support under-represented segments of the community and provide companies with resources and best practices to become more diverse. Perry opened by saying that Raleigh is getting to the point where they are becoming very comfortable with being uncomfortable. "We've been asking the question, 'why,' and talking about some of the systemic things going on that really create some of the disparities we're seeing across our city."

Gregg Warren is President of the Downtown Housing Improvement Corporation (DHIC), which supports individuals, families, and seniors by providing homes and opportunities that promote the financial, physical, and mental well-being of people and communities. It is the region's largest owner of affordable housing, with over 2,500 apartments developed. The DHIC also has a Homeownership Center, which helps first-time buyers develop and implement a homeownership plan tailored to their individual needs and circumstances.

The DHIC's tagline is "Home to Opportunity." Warren said, "That has really been part of our DNA for many years. We wanted to provide affordable housing opportunities throughout the entire region to give our residents a choice of where they might want to live."

Malinda Todd from the Capital Area Workforce Development Board stressed that there are a lot of opportunities available to people in the area, but they aren't taking advantage of them. "It's not just about that opportunity," she added. "How do we create a pathway so that first step is not so scary. A rising tide lifts all boats, but all of the boats have to be in good shape for that to be true."

Veronica Creech from the City of Raleigh's Office of Economic Development and Innovation said that her office looks at equity in terms of balancing business attraction/recruitment and investing in the people who are already in the region. She said the city became very intentional about equitable economic development. She stressed that it's still very important to recruit business, but said, "How do we grow the next Amazon or grow the next Apple?" To aid that effort, Raleigh's mayor and city council approved a \$500,000 fund to stimulate the innovation community by detailing the success and gaps in the innovation eco-system.

She also referenced the 13 building blocks to economic mobility, according to The Urban Institute. How do we help the people who are here to invest in those building blocks? "Building blocks start at birth," added Creech. "Just like our talent pipeline starts at birth, and economic development starts at birth. If we don't get it right out of the gate, that talent pipeline that we are so in need of to keep our companies here – if that pipeline becomes disrupted or is not healthy or vibrant, that's going to mess up the whole formula."

Perry added, "What makes Raleigh and Wake County unique right now is we have all of these entities talking to each other to strategize and figure out how do we look at upward mobility, and what are the resources here." Perry said that the community recently conducted an assessment and do an economic mobility asset match to identify where the resources were to support each of the economic mobility building blocks. He added that it was important not just to know how many resources were available, but where they are located and how accessible they are to people.

Wake County leaders created a Community Vulnerabilities Index, which helps to identify problem areas and solve the issues. The index contains the following socioeconomic and demographic variables, which were then used to create a **Vulnerability Map of Wake County** (<https://tinyurl.com/yvdcrc9>).

- **Unemployment:** Defined as the county population age 16 and over who are unemployed in the civilian labor force;
- **Age Dependency:** The population under the age of 18 and over the age of 64 combined;
- **Low Educational Attainment:** The population of ages 25 and over who have less than a high school diploma;



The Opportunities for All panel included (left to right) Veronica Creech, Manager, Office of Economic Development + Innovation, City of Raleigh, Gregg Warren, President, Downtown Housing Improvement Corporation (DHIC), Malinda Todd, Director, Strategic Initiatives, Capital Area Workforce Development Board, and Danya Perry, Director of Diversity, Equity & Inclusivity, Greater Raleigh Chamber of Commerce & Director of Equitable Economic Development. (Photo by Bill Straus Photography)

- **Housing Vacancy:** The total number of vacant or unoccupied housing units in a block group; and
- **Below Poverty Level:** The population living below the federal poverty threshold in Wake County.

By creating the map, officials know that the most vulnerable areas are to the south and east of Raleigh. So, how can they affect change in those areas without impacting those most at risk of being gentrified? Mr. Warren said that they try to encourage long-time homeowners to consult an attorney or other expert to ensure they are getting a good deal on their home sale, and the city has been committed to building new affordable rental housing in many of those vulnerable areas. According to Warren, Durham and Durham County, Raleigh and Wake County, and Chapel Hill and Orange County have all agreed to raise taxes a penny to go toward affordable housing, which generates about \$15 million per year. "If you're going to do affordable housing, you need some level of subsidy," added Warren.

Perry stressed that the area is still dealing with the effects of North Carolina's HB2 (Bathroom Bill) and is trying to create a new narrative that all people are welcome. The Triangle Diversity, Equity & Inclusion Alliance was recently launched and includes a community of businesses that have come together to ensure that all people feel that they can be completely themselves within the community. "We want to be on the right side of history," said Perry. "It's the right thing to do."

Perry also said they have a conference coming up in August where the theme is "Is DEI in Your DNA?" to ensure that the community is inclusive and inviting to all cultures. There's also a series called Courageous Conversations, which presented an event on Understanding the Structural Roots of Racism. "We're not there yet," said Perry. "But, it's nice to see all the positivity and the folks that are invested in making sure that folks feel completely included."

Elective Tours & Lunches



Leadership Visit participants enjoyed a variety of elective tours and lunches during the afternoon of day two in Raleigh. **ABOVE LEFT:** A group explored the downtown area during a guided walking tour. **ABOVE RIGHT:** A group explored HQ Raleigh in the Warehouse District, which contains 48,000 square feet of co-working space serving a community of more than 150 companies. (Photos by Commerce Lexington Inc. Staff)



ABOVE LEFT: A group participated in a sightseeing adventure aboard electric Trikes in the downtown area. **ABOVE RIGHT:** One of this year's topical lunches included a discussion on neighborhoods-in-transition with P.G. Peeples (Urban League), Marchell Adams-David, Raleigh's Assistant City Manager for Community, and Larry Jarvis, Raleigh's Director of Housing & Neighborhoods Department. (Photos by Commerce Lexington Inc. Staff)



ABOVE LEFT: A group took part in a Warehouse District Scavenger Hunt. **ABOVE MIDDLE:** Branden Gross (Bingham Greenebaum Doll LLP) and Lexington Mayor Linda Gorton at Morgan Street Food Hall in the Warehouse District. **ABOVE RIGHT:** Topical lunch discussion on Lexington's social & community services networks, led by Tawanda Lewis Owsley (American Red Cross), Yajaira West (PNC Bank), Stephanie Spires (FCPS Board Chair), and Chris Ford, Lexington's Commissioner of Social Services. (Photos by Commerce Lexington Inc. Staff)

A Look to the Future - Ted Abernathy

To kick off the final day of sessions in Raleigh, Ted Abernathy, Managing Partner of an economic and workforce development consulting firm called Economic Leadership LLC, discussed trends that are changing communities and challenging leaders. His firm focuses on four areas, including data analytics for city and regional comparisons, best practices, collaborative leadership, and trendspotting.

With respect to trendspotting, Abernathy said, "If we can just imagine a future, we can get ahead of it. By the time you get to the point where everybody else is already doing it, you've got a problem. When we think about what's going on in the future, the world's changing. There are trends that are changing our whole world. Every industry is being changed. Every occupation is being changed. You can take a look at what the next step is by figuring out who's already figured it out."



Ted Abernathy, Managing Partner of Economic Leadership LLC. (Photo by Bill Straus Photography)

According to Abernathy, there are four overarching trends that impact everything, including:

1. Acceleration – It means you have to do things faster, make decisions faster, and change your products to market faster. "We think about acceleration in terms of technology, because we can see it all around us," said Abernathy. "When we ask corporate CEO's about acceleration, they think that some combination of machine learning, artificial intelligence, quantum computing and genomics are going to change everything."

2. Hyper Connectivity – People are more connected than ever before, with some 4.1 billion people on the Internet, 2.5 billion people with smartphones, and a projected 30 billion connected devices by next year.

3. Constant Disruption – So many things have disrupted industries, such as Uber, Lyft, AirBnB, smartphones, and more. Things that cause disruption include technology, demographics, social issues, global consciousness, etc. "Every industry has been mapped on which will be the most disrupted for the shortest amount of time," said Abernathy. "As a community, if every part of your community is changing, the challenge is not to try to figure out where you are, but to try to direct where you're going to be."

4. Rising Complexity – The concept of utilizing collective intelligence, collective imagination, and collective leadership to create a collective impact. "How do we put all of that together, so that we can jointly have an imagination and work together," added Abernathy. "It means that because you're doing it all the time, you're continuously doing scenario planning."

About 20 years ago, the region developed a strategic plan called "Staying on Top: Winning the Job Wars of the Future," but according to Abernathy, many people didn't understand it. The Research Triangle Region's economic vision at the time was "To be a world leader in intellectual capacity, education and innovation in order to enhance productivity and economic growth and achieve a superior quality of life for all our citizens."

RTI, the biggest research firm in the region, was asked "to figure out what we're good at." In other words, where was the region's research and development better than everybody else? What sectors were better where the jobs were growing? What will prevent offshoring from happening to the Raleigh region? Where is government funding going in R&D, and what can be done to sustain the job growth?

The research ultimately showed that the priority growth opportunities (or today called strategic targets) were in the areas of pharmaceuticals, advanced medical care, biological agents and infectious disease, agricultural

biotechnology, informatics, pervasive computing, nanoscale technologies, and analytical instruments. Over 100 institutional partners met quarterly and helped implement the plan and keep everything aligned around job growth for the future in these areas.

Today, many of the cities that rank at or near the top of economic ranking, like Forbes' Best Places for Business & Careers, are developing their own "big data," using multifactor analysis to analyze several tables of variables simultaneously, and to obtain results, in particular, charts, that allow studying the relationship between the observations, the variables, and tables.

Abernathy said, "These cities are really trying to understand how the way consultants see them, because today, site selectors don't call anyone until they are down to the final two or three [cities]. They just sit at their computers and do data analysis."

Abernathy outlined three competitive challenges for cities today:

1. Size matters: Wealth and jobs continue to be concentrated with fewer winners, meaning the largest places in the country since the recession have grown the fastest. He mentioned the he wasn't sure when the trend will shift, but right now, it's all about winners and losers for job growth.

2. Talent wars: It's all about people, said Abernathy. He added, "Our national labor force is growing slower than any time since World War II, and the availability of qualified workers is the top concern among business leaders. Fighting for that workforce has become the major thing economic developers are doing."

3. Collective impact: How does a group of people come together to make an impact broadly in their community? How can you build an organization or community approach where the whole is greater than the sum of its parts? This starts with a common agenda. Abernathy said, "Everybody has an agenda. What is important for Lexington and your region to go forward, and how can you work together on that?"

Ideas for group leadership improvement include:

- Master your own data. Abernathy said, "There is story being told about every community through data - the consequences are enormous."
- Be future focused. Continually ask, "what will be the trends for the next ten years."
- Respect all stakeholders. Engage as many stakeholders as are willing.

"I applaud you for taking these types of trips," added Abernathy. "You build the collaborative capacity between you that you need to act. You look for things that you can emulate, and hopefully during the discussions, you figure out that there are actual paths forward as you go. This region sees competitiveness as a journey, and it's always going to be trying to do more. Unlike a lot of places, this region never wanted to be anybody else. People here spend a great deal of time looking at what we have and trying to improve each piece of that."

Affordable Housing

During the Leadership Visit to Raleigh, participants named affordable housing among the common themes/issues that are important to Lexington. On the final day of the trip, attendees were asked to spend some time in groups discussing ideas, barriers, strengths and action items for the common issues during a session entitled “From Inspiration to Action...”

Participants agreed that there was a great need to define affordable housing for our community, since it can mean different things based on one’s perspective. The group also mentioned that those who are most in need or would most likely utilize affordable housing options should be part of the conversation about the best way to approach the issue.

A lot of people are not aware of the affordable housing resources available through the City of Lexington, the Urban League of Lexington-Fayette County, Community Ventures, Habitat for Humanity, the Lexington Housing Authority, Kentucky Housing Corporation, and others. For example, Lexington’s Affordable Housing Program was created in 2014 to help create affordable housing for households at or below 80 percent of area median income (\$56,100 for a family of four) by offering loans and grants from the Affordable Housing Fund.

The mission of the Affordable Housing Fund is to leverage public investment to preserve, produce, and provide safe, quality, affordable housing. The fund was created with an initial allocation of \$3 million from Lexington’s FY 2014 general fund budget. Annual allocations of at least \$2 million were

adopted by Ordinance 103-2014. People in need can apply for funding online on the City of Lexington’s web site at www.lexingtonky.gov/departments/office-affordable-housing.

Meanwhile, the local Urban League has been working to create affordable housing for 38 years. Its Fayette County Local Development Corporation has been building single-family rental properties since 2005. In the last 10 years, the organization has shifted its focus from home ownership to affordable rental units, and it just recently completed its 57th rental unit on Ash Street off Newtown Pike.

The delegation also felt that we should develop an analysis of affordable housing needs and locations in Lexington, and work to ensure that housing developments match our growing workforce and target specific industries of workers for the future. For instance, what are I.T. workers looking for in affordable housing?

The participants were encouraged by the fact that so many people recognized affordable housing as a top issue for Lexington and the need for more of it. Some of the recommendations of the group included: assembling key stakeholders to find solutions and educate the public on projects and resources available; further evaluating the strategy/costs of developing “up” versus “out”; better re-purposing of properties; and studying best practices from other cities.

IDEAS/KEY TAKEAWAYS:

- Identify places where housing developments should be a focus. Invest in an assessment of affordable housing needs/locations. (2)
- Revisit Lexington’s Comprehensive Plan that protects certain parcels.
- Create a small (1%) land tax to pay for affordable housing or direct rent subsidy.
- Work with the state to create a 1% tax to be used for upgrading sub-standard housing to allow elderly homeowners to age in place.
- Look at best practices across the country. (2)
- Provide incentives for developers that would prompt more options for affordable housing.
- Business community could support affordable housing through funds to pay off loans/loan forgiveness.
- Go vertical. (2)
- More awareness & education needed on the issue for community and leaders. (3)

BARRIERS:

- Transportation. Develop transportation that works. (4)
- Stigma of affordable housing.
- Price points. Market rate versus affordable housing rates. (2)
- Displacement/gentrification.
- Lack of land/Density issue. USB – can’t grow out, and it’s expensive to go up. (4)
- Money for incentives. Financing for affordable housing developments. (3)
- Few organizations focused on the issue. Passing of Don Ball left a void in business leadership on the issue. (2)
- Zoning and ordinances that may be causing constraints. (2)
- Current state law does not allow for a local dedicated tax for a specific purpose. Requires change in the constitution.

STRENGTHS:

- There is a desire among more people, especially young people, to live and work downtown. People want to be there, if it’s affordable. (2)
- Leaders in the community are focused on this issue, and conversations are happening around affordable housing. (3)
- Community Ventures’ type partnerships/investments.
- Opportunity zones.
- Despite rapidly rising prices, Lexington is still an affordable place to live.
- Affordable housing fund already available through the city, but few are aware of it. (2)
- Lexington’s homelessness prevention efforts & affordable housing boards.
- Lexington has a strong record on this issue through nonprofit community and housing authority.
- Availability of Hope 6 project on Georgetown Street.

ACTION ITEMS:

- Request that local developers educate the public more around cost/feasibility in creating more affordable housing options (i.e. Winterwood, etc.).
- Have conversations with those most in need of affordable housing and then develop an analysis of what it should look like for Lexington. Build a definition of affordable housing and a continuum that fills the needs from low income to rentals for young professionals to senior living. (3)
- Create an advocacy plan and develop champions for the issue.
- Ensure LexTran officials are at the table during discussions about affordable housing.
- Get creative by providing incentives for homebuyers or incentives for multi-family units, lowering cost (below market) for developments.
- Re-purpose large former retail spaces into a form of affordable housing.

NOTE: Numbers at the end of ideas/suggestions indicate the number of times a similar thought was mentioned.

Diversity, Equity & Inclusion

Economic studies have shown that communities committed to diversity and inclusion, and reaching more equity in income, wealth-building, employment and entrepreneurial opportunities are going to be more successful. Diversity drives the economy and attracts a younger, more diverse population. During the Leadership Visit to Raleigh, participants named Diversity, Inclusion & Equity among the common themes/issues that are important to Lexington. On the final day of the trip, attendees were asked to spend some time in groups discussing ideas, barriers, strengths and action items for the common issues during a session entitled “From Inspiration

to Action...”

The Courageous Conversations that began during the Charleston Leadership Visit (2016) and subsequent conversations back in Lexington provided good dialogue and better understanding of different perspectives/cultures within the community. Lexington is a welcoming place, but those discussing this issue felt strongly that continued conversations are necessary to build relationships and awareness that will help improve quality of life, economic mobility, and career advancement for ALL of our residents.

IDEAS/KEY TAKEAWAYS:

- Develop a profile of what our community looks like and what we need to take the next step.
- Leverage UK as a partner in evaluating the issue locally and attracting young, diverse leaders. Form partnership between Commerce Lexington, UK, and the city to develop action plan. (4)
- Find best practices. Share best practices among businesses & organizations. Create a checklist tool to establish baseline for improving diversity. (3)
- Be honest & intentional about it. Leadership & business must make this a priority and work to recruit/attract diverse employees. (6)

BARRIERS:

- Lack of awareness surrounding the issue. (5)
- Lack of diversity among community & business leadership roles. (2)
- Not enough different people at the table during the decision-making process. Small businesses & minority leaders need a seat at the table. (5)
- National perception of what Kentucky and Lexington looks like.
- People don't branch out much beyond their own segment/silo of the community. People stuck with deep bias. People aren't aware that there are opportunities for discussion. (4)
- Regional communities not as far along as Lexington on this issue.
- Many leadership positions come through connections & ties that people of diverse backgrounds often don't have access to.

STRENGTHS:

- Gender inclusiveness in Lexington is better than some other cities.
- Direct access to government. Ability to talk to Mayor & councilmembers.
- Lexington candidates for city council have been more diverse recently.
- There has been a more intentional effort of reaching out to diverse communities and inviting people to serve on boards. Big businesses/industry more committed to diversity in their workforce. (3)
- Conversation is easier and expected today more so than in the past. People are more willing to talk about their own background, view and cultural upbringing. (3)

ACTION ITEMS:

- “Host” families to show new people around the community. Ambassadors for newcomers.
- Identify who needs to have those deeper conversations with the next generation of leadership.
- Educating/training people on how to engage in discussions about diversity – putting everything on the table, asking the question ‘why?’ and highlighting other cultures.
- Create more opportunities to allow diverse populations to serve on board through LFUCG & United Way's Get on Board program. Create an inventory of board positions to match with skill sets & interest of people. Use the knowledge of P.G. Peoples to find diverse candidates for boards.
- Review takeaways from On The Table diversity discussions for action steps.
- Need more Courageous Conversations!
- Develop a marketing plan to build on diversity.

NOTE: Numbers at the end of ideas/suggestions indicate the number of times a similar thought was mentioned.

Photo by Bill Straus Photography



Gentrification

During the Leadership Visit to Raleigh, participants named gentrification among the common themes/issues that are important to Lexington. On the final day of the trip, attendees were asked to spend some time in groups discussing ideas, barriers, strengths and action items for the common issues during a session entitled “From Inspiration to Action...”

The definition of gentrification is to repair, rebuild, and develop, especially in an urban area, which brings in more affluent people and displaces people who live in that area. Many cities, including Raleigh, are facing the difficult challenge of improving neighborhoods, while not driving people out who lived there for many years. Participants felt strongly that we need to be more proactive in identifying areas susceptible to gentrification. Right now, most cities are reactive and try to find solutions after it has already occurred.

Gentrification and affordable housing are issues that go hand in hand, because if people leave an area, where do they go when there aren't enough

affordable housing options? The groups also stressed that the right people and those who are closest to the issue need to be at the table finding solutions. The city of Lexington currently has a Neighborhoods-in-Transition Task Force that is working to find ways to mitigate gentrification before it occurs, but as yet has not identified a good solution.

Many participants believe that there needs to be a revenue stream (taxes) to tackle the issue, while others proposed tax subsidies that allow people to stay in their homes. Unlike Raleigh and many other cities across the nation that can designate funds (local option tax revenue) toward affordable housing or a specific issue, cities in Kentucky do not have that option based on the state constitution. The working groups also felt that we needed to do a better job of educating both property owners and tenants about this issue, as well as their rights and opportunities.

IDEAS/KEY TAKEAWAYS:

- Engage neighborhood associations more.
- Emphasize the value of having adequate affordable housing options.
- Understand histories/culture of neighborhoods.
- Educate homeowners of predatory practices and their rights and opportunities. (2)
- Possibly look at European cities for a model.
- Use a renter inspection program – look at other cities for examples.
- Government intervention is necessary to protect tenants
- Neighborhoods in Transition Task Force needs more people at the table. Need more people being directly impacted to help solve the issue. Give everyone a voice. (4)

BARRIERS:

- Communicating with stakeholders in appropriate ways.
- Identifying what areas are most susceptible to gentrification. (2)
- Affordable housing – where do people go upon displacement. No options to stay in the neighborhood. (2)
- Rising housing costs and market pressures.
- Transportation.
- Absentee landlords who don't maintain properties, driving down the value, especially on rentals.

STRENGTHS:

- Lexington officials and business leaders recognize gentrification as an issue.
- Current work groups, nonprofits and Commerce Lexington convening partners.
- The Fayette Property Valuation Administrator provides data on Lexington and is a good partner on this issue.
- Passionate leaders like P.G. Peoples and others are leading the conversation on this topic. We have people in our community with political clout to create affordable housing, and they are supporting the efforts. (2)
- Comprehensive plan.
- Growing population.
- Some areas of success in Lexington, such as Midland Avenue area.
- Seeing more diversified neighborhoods with new different cultures moving in.

ACTION ITEMS:

- Utilize historical markers to celebrate neighborhood legacies.
- Offer incentives/loans for seniors or disabled.
- Generate additional revenue to fund affordable housing & keep people in their home. For example, increase property tax 1% to develop a plan, include a sunset clause for when the project is complete.
- Investigate the use of property tax subsidies. Provide property tax vouchers for low income residents. Caps on tax for residents who have lived in an area for a certain number of years. (4)
- Must keep the issue at the front of the conversation. Bring more awareness to housing options/challenges/what's happening. (2)
- Need more buy-in/awareness from city/planners to advance the issue. (i.e. Main Street Baptist may get pushed out of downtown due to lack of consideration by those pushing projects.)

NOTE: Numbers at the end of ideas/suggestions indicate the number of times a similar thought was mentioned.



Photo by Commerce Lexington Inc. Staff.

Regionalism

During the Leadership Visit to Raleigh, participants named regionalism among the common themes/issues that are important to Central Kentucky. On the final day of the trip, attendees were asked to spend some time in groups discussing ideas, barriers, strengths and action items for the common issues during a session entitled “From Inspiration to Action...” While there has been much talk recently as it pertains to the Lexington/Louisville super-region (i.e. Bluegrass Economic Advancement Movement), this portion of the group discussions focused on Lexington and its contiguous counties in Central Kentucky.

Leaders in Raleigh, Durham and surrounding communities have embraced the “WIN FOR ONE IS A WIN FOR ALL” mentality, and “regionalism” is not just their mantra, it’s their culture. Many of the speakers emphasized that it took time to overcome trust issues throughout the re-

gion. They also stressed that it wasn’t something that just magically happens. It takes a very intentional effort of bringing people together on a regular basis.

Retired Raleigh Chamber President Harvey Schmitt compared the success of regional issues to that of a tabletop. If the interest/weight of each community is of equal size like the table legs, then the issue can be safely addressed. Leadership Visit participants felt strongly that we need to find a common goal for our region, identifying what makes our region unique and viable. And, it must be an issue where we’re not in competition with one another (i.e. opioid/drug epidemic). Attendees also mentioned a great need for more dialogue between the counties, possibly through regular regional roundtable discussions that would include representation from **ALL** counties, and not just some of the counties.

IDEAS/KEY TAKEAWAYS:

- Expand the University of Kentucky’s AsTeCC Lab to include UK, EKU, Morehead State, Transylvania, Centre College, Georgetown College, and Berea College.
- Need for regional transportation plan/initiative. (3)
- More appreciation for what other counties bring to the table and how they make Lexington better/stronger. Market the attributes of surrounding cities. (2)
- Find common topics/challenges within the region. (3)

BARRIERS:

- Lack of communication/collaboration and lack of trust/relationships. Buy-in from other counties. Surrounding communities look at Lexington as the “900-pound gorilla.” We must be sensitive to their needs and include them as partners. (6)
- Rural/urban divide. (2)
- Drug epidemic.
- Bluegrass Area Development District is disjointed.
- An emphasis on county identity in Kentucky has created a hyper-competitive environment.
- Transportation. (3)
- Government funding structure means public entities don’t get involved as much across counties. What is the incentive of cities not to push ahead with their own agendas? (2)

STRENGTHS:

- Leadership Central Kentucky program is a strong advocate for educating people about the unique aspects of each county & how each county is inter-connected with the others to produce a strong economy. (2)
- A large portion of Lexington’s workforce (about 52%) commutes daily to Fayette County for work.
- Large and successful service/business footprint in the region. Diversity of industries doing well – medical, legal, banking and retail. (2)
- Merged government in Lexington-Fayette County.
- Central Kentucky’s geographic wheel and spoke design.
- Central Kentucky communities are growing overall versus other parts of the state. Unique character of surrounding cities. (2)
- Through Bluegrass Tomorrow, higher education institutions already meet regularly.

ACTION ITEMS:

- Create a group of Central Kentucky ‘ambassadors.’
- Create more awareness/discussion about the benefits of collaboration and detriments to not working together through regular roundtable meetings. Help public officials and entities define benefits of regionalism to combat ‘not in my backyard’ (NIMBY) and address immediate constituents’ concerns. Need to get the right people to the table. (5)
- Create a mayors’ regional roundtable to strengthen regional collaboration. Annual mayors/judge-executives meeting of the region. (3)
- Promote current collaborations where people can see the success metrics that would encourage more collaboration throughout the region.
- Define and create incentives for cities in the region not to compete.
- Need a clear definition of our region (i.e. Northern Kentucky) / Identity of each region.
- Use Bluegrass Tomorrow as a resource, but expand issues and influence, and enable it to become a catalyst for regionalism.

NOTE: Numbers at the end of ideas/suggestions indicate the number of times a similar thought was mentioned.



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