

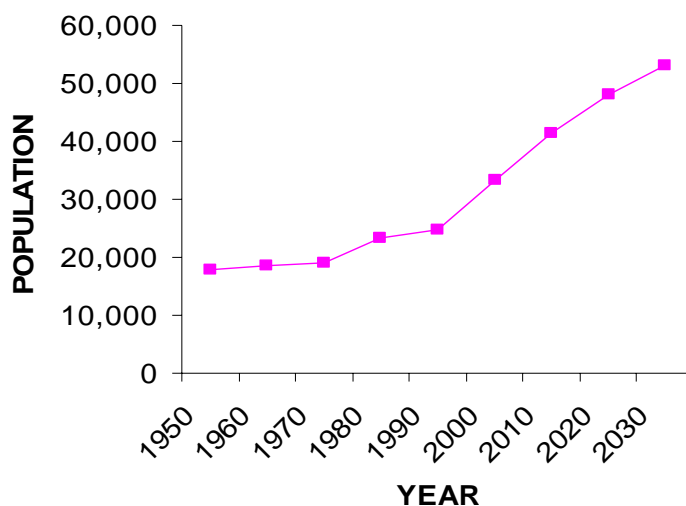
4. COMMUNITY PROFILE

A. Population Growth

Shelby County Population Trends

According to U.S. Census data, the population of Shelby County grew from 23,323 to 24,824 between 1980 and 1990, an increase of 6.4% (**Figure 4-1**). However, the county experienced a much higher rate of population growth during the 1990s. Between 1990 and 2000, the county's population increased by 34.3% percent, bringing the population to 33,337. According to Kentucky State Data Center population estimates, Shelby County's 2005 population was 38,205, a 14.6% increase since the 2000 Census. Between 2000 and 2005, Shelby County ranked fifth in percentage of population growth compared to other counties in the state.

Figure 4-1
Shelby County Population



Substantial population growth is likely to occur throughout the decade. Kentucky State Data Center projections indicate that the county's population is expected to reach 41,445 by the year 2010. This would signify a 24.3% population gain since 2000. The 2005 population estimate of 38,205 confirms that the growth rate for the county is on track to meet this projection.

While Shelby County is expected to continue experiencing substantial population increases until 2010, growth is expected to slow to around 16% in the following decade. Although this anticipated rate of growth would be much lower than what was experienced in the two preceding decades, the county's population would reach nearly 48,000 by 2020. If such population growth does continue to occur, Shelby County's population will double between the years of 1980 and 2020.

City of Shelbyville Population Trends

Like Shelby County, the City of Shelbyville also experienced substantial population growth in the 1990s. Between the years of 1990 and 2000, Shelbyville's population increased from 6,238 to 10,085 (U.S. Census 2000). This represents a 61.7% increase in population for the city. During this time, the proportion of Shelby County's population residing within the City of Shelbyville rose from 25 to 30 percent of the total county population.

If this percentage remains constant in upcoming years and county growth projections made by the Kentucky Data Center are correct, the population of Shelbyville will reach approximately 12,434 by 2010. Thus, Shelbyville's population will have nearly doubled in size in the twenty years between 1990 and 2010 and will have climbed to approximately 14,398 in 2020.

B. Economic Development Issues

Background

In today's world, globalization and new technologies are altering economies faster than ever before, and this has probably changed the way American businesses operate forever. Since 2001, significant losses have occurred in manufacturing employment in this country. Five out of six of those job losses were the result of productivity gains, primarily due to increased worker output and new technology. For the first time, manufacturing competitiveness does not lead to manufacturing job growth for 90% of the countries in the world, including the United States. Every community in the country has experienced shifts in its employment and tax base in recent years, and it is certain that this will continue.

For the U.S., more goods are manufactured outside the country, produced at lowest cost locations, and then imported back to American consumers. Now, local communities do not compete for jobs just with communities in other states, as they did five to 10 years ago; today, they compete for jobs with communities in Ireland, India, Germany, and many other countries. In India, a company can hire 11 qualified engineers for the cost of just one in this country; and, in South Korea, 38% of all undergraduates receive degrees in science or engineering, compared to only 15% in the U.S. To continue to enjoy the standard of living and the quality of life that Americans expect, communities must learn to compete in new ways: balancing the desire to attract and retain businesses with the need to provide a better education for children and to create communities where people want and can afford to live.

Businesses today must compete in a global marketplace. They must meet customer demands and survive rising costs, thus, they must re-think where they locate facilities to economically and reliably serve their customers wherever they are at a price that will be competitive. To prosper in the future, Shelbyville leaders must understand how the international marketplace affects existing businesses and how the community can help those businesses remain as competitive as possible for as long as possible. Shelbyville must understand the area's competitive advantages and market them effectively in order to attract new businesses in the future.

Transportation and infrastructure have always played an important role in the economic development of communities. In today's economy, the integral linkage between transportation and community competitiveness has never been more important. In 1970, the U.S. imported and exported \$84 billion of goods; in 2005, the total two-way goods trade reached \$84 billion in less than two weeks into the year, while the total value of goods traded during 2005 was \$2.6 trillion. Therefore, indications are that logistics is becoming a significant economic development strategy for many communities. Containerized cargo is expected to grow nearly threefold by 2020 as more products are manufactured at the lowest cost locations and transported to consuming nations. Wages for warehousing and distribution are now above the average manufacturing wage. Projects such as the Clark Maritime Center in Jeffersonville, Indiana demonstrate the opportunities that exist in the expanding logistics sector.

Shelbyville/Shelby County Economic Development Issues

Like other communities, Shelbyville's economy is extremely vulnerable to global and domestic shifts in the manufacturing sector, particularly as some major automotive firms are expected to downsize their production capacity over the next few years. As more companies apply new technologies to enhance manufacturing productivity and continue to evaluate production opportunities in other countries, the potential for job shifts in Shelbyville should be carefully evaluated.

So what does this mean for Shelbyville? U.S. Department of Labor statistics indicate that a very significant portion of the employment base in Shelby County is concentrated in manufacturing. Almost 5,000 people in Shelby County are employed in manufacturing, representing 34.6% of the total employment in the community. By comparison, only 13.1% of employment in the Shelbyville area is in the manufacturing sector. Therefore, this indicates that many Shelbyville/Shelby County residents travel to manufacturing jobs in other areas.

According to Bureau of Census data, over 44% of Shelby County residents commute out of county to major employment centers in other counties, such as those in Louisville, Frankfort, and Lexington. However, discussions with local economic development officials and input at public meetings revealed the desire that Shelbyville not be considered a "bedroom community." To stem the tide of out-migration for employment, Shelbyville leaders must recognize future employment opportunities. As the community's population continues to grow, it is important to evaluate what this out-migration for employment actually means and how that should influence the community's economic development decisions in the future.

In 2004, 314 students graduated from Shelby County high schools, and 206 of those students entered post-secondary education that same year. In 2005, 84 students from Shelby County earned a bachelor's degree from a Kentucky college or university, and over 1,500 students from Shelby County are currently enrolled in undergraduate institutions around the state (information is not readily available for those attending

college outside of Kentucky). Over 17% of Shelby County residents hold a bachelor's degree or above, which is higher than the state average; and 34.2% of local residents have a high school diploma or the equivalent.

As the workforce requirements for businesses change, the skill base in Shelbyville will become even more important. The businesses that the community will be able to effectively attract, and the opportunity for building a stronger entrepreneurial environment, will depend in large measure on the education and the skill level of the people in Shelbyville and Shelby County.

In the most recent Corporate Site Selection survey, the top ten site selection factors were:

- Highway accessibility 91.4%
- Labor costs 87.9%
- Availability of skilled labor 87.2%
- State and local incentives 86.0%
- Availability of high-speed internet access 85.7%
- Corporate tax rates 85.0%
- Occupancy or construction costs 83.7%
- Tax exemptions 83.6%
- Proximity to major markets 83.2%
- Energy availability and costs 82.8%

Shelbyville would be considered as an attractive location based on most of these factors. Given the significant employment concentration in the manufacturing sector, the community should assess its competitive advantages and begin to formulate a long range economic development strategy for the future.

The Shelbyville Bypass could offer strategic benefits to the economic development of the community:

- This new corridor must be effectively integrated with historic downtown Shelbyville to continue to support this unique community asset.
- It is possible to preserve environmental quality and promote high quality development in the Bypass Corridor that balances new residential development and neighborhood commercial development.
- Shelbyville has done an outstanding job in re-developing several older buildings in the community. The city should consider developing an inventory of vacant or underutilized sites within the city where buildings will become functionally obsolete in the next 10 to 15 years. These areas could provide new opportunities for re-development in the future. This will help concentrate development "inside" the Bypass in the foreseeable future, which is one of the land use goals for the community.
- In the future, many businesses will make location decisions based on where their existing or future employees want to live. Therefore, Shelbyville needs to a Bypass Plan that not only fosters an attractive community environment, but also

encourages housing development that is affordable to the workforce and preserves sites that can meet future requirements of businesses.

- The community should evaluate opportunities to create “office” and “technology” zones for a new higher-end business location in Shelbyville. Such businesses do not always require close proximity to interstates and often locate in park-like environments in a community setting. Such zones apply performance-based zoning standards with design requirements for buildings and landscaping set on a campus-like environment. This could include greenways that offer an amenity to the business and expand the city’s trail system. Shelbyville could be successful in attracting office and technology facilities that appreciate the community’s excellent quality of life, including the historic downtown area. However, further investigation is needed to determine if the Bypass Corridor is an appropriate location for such development.
- Shelbyville is strategically located relative to a number of major markets, so the community should consider how the logistics and distribution sector might be a target market in the future. There are already several industrial parks in the region located on or near I-64 that might be attractive to these types of companies.

Examples from Other Areas

The dramatic growth of international trade has redefined business priorities, challenged our transportation infrastructure almost to the breaking point, and created new opportunities for supply chain and warehouse management all of which have unique land use requirements. As the nature of work changes, the requirements that companies have for locating facilities changes as well, as exemplified by the following:

- Starkville, Mississippi has retained its small town charm and livability while growing a vibrant and competitive economy. This community has attracted visitors who enjoy the historic assets, the Mississippi Horse Park, and outdoor recreational opportunities. The home of Mississippi State University, Starkville has effectively utilized its competitive advantages to maintain a wonderful quality of life and build an outstanding economy. Shelbyville and Starkville share many attributes that are important to today’s businesses.
- Because of its proximity to I-65 and the UPS hub at the Louisville airport, Bullitt County, Kentucky has successfully attracted several major companies and distribution centers, including Johnson & Johnson, Geek Squad, Gordon Foods, and Linens n Things. Private developers are building 800,000 square foot speculative warehouses that are expected to fill up quickly. Less than 10 years ago, this was a rural community where over 75% of local residents commuted out of county to work each day. But, in the last three years, Bullitt County has attracted over 3,000 new jobs, not just in distribution, but also in pharmaceuticals and value manufacturing.
- Center Point Partners, a private development company, purchased a 1,100-acre brownfield site that was formerly an Army TNT manufacturing plant northwest of Chicago. They are now developing a multi-modal business park adjacent to the BNSF intermodal yard. This is one of the largest public/private redevelopments in the U.S. and, when completed, this park will hold over 15 million square feet of

industrial and distribution facilities, which will generate thousands of new jobs, e.g., Wal-Mart recently built a 3.4-million square foot distribution center here.

- Galesburg, Illinois lost a number of jobs to outsourcing in the past, but has now taken advantage of its location: with access to three interstates, two river barge facilities, seven rail lines, and two commercial and freight airports. Galesburg is targeting logistics as a low-cost alternative to Chicago, and they are having success because they have the transportation infrastructure, the land, and the workforce.

Conclusion

Economic development initiatives in Shelbyville and Shelby County can foster a sustained improvement in the standard of living, grow per capita income, and provide the tax revenues necessary to support education and community facilities. Growth will occur whether the community is ready or not, but economic development requires careful planning so the community can take steps to:

- Retain and enhance the community's character, including the attractive, historic downtown and the green space areas around Clear Creek and Lake Shelby;
- Attract businesses that provide high-quality, good-paying jobs; and
- Diversify the economy.

Shelbyville can maintain a quality community environment and also build a dynamic economy to provide good jobs and good incomes for its citizens. But this will require leadership, planning, and sustained effort.

The ***Shelbyville Bypass Corridor Land Use Management Plan*** is an important step to better control the future character and destiny of the community. The economic development, transportation, and land use choices that Shelbyville and Shelby County make today will have a major influence on the future of the community.