



Appalachian Regional Commission

State of Alabama
STRATEGY STATEMENT
2019

Kay Ivey
Governor

Alabama Department
of
Economic and Community Affairs

Alabama's ARC program partners with eight (8) Local Development Districts (LDDs) for development and implementation of projects designed to meet the needs of communities in Appalachian Alabama. The Executive Directors and staff of Alabama's LDDs work closely with their board members, elected officials, economic developers and citizens to identify priority needs in their communities. In turn, the LDDs develop and implement plans for economic development in their communities.

Local Development Districts in Appalachian Alabama include:

- Northwest Alabama Council of Local Governments (NACOLG): Colbert, Franklin, Lauderdale, Marion and Winston Counties
- West Alabama Regional Commission (WARC): Bibb, Fayette, Hale, Lamar, Pickens and Tuscaloosa Counties
- Regional Planning Commission of Greater Birmingham (RPCGB): Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties
- East Alabama Regional Planning and Development Commission (EARPDC): Calhoun, Chambers, Cherokee, Clay, Cleburne, Coosa, Etowah, Randolph, Talladega and Tallapoosa Counties
- South Central Alabama Development Commission (SCADC): Macon County
- Central Alabama Regional Planning & Development Commission (CARPDC): Elmore County
- North Central Alabama Regional Council of Governments (NARCOG): Cullman, Lawrence and Morgan Counties
- Top of Alabama Regional Council of Governments (TARCOG): DeKalb, Jackson, Limestone, Madison and Marshall Counties

Economic Opportunities and Challenges

Alabama's coal industry experienced a steady decline in the last several years. The nation relies less on coal and more on natural gas as the primary energy source. Jobs related to the coal industry have been lost, leaving many hundreds of coal miners unemployed and/or dislocated. In an attempt to transform an economy historically reliant on coal, the POWER Initiative was introduced by the federal government in 2016. Through the POWER Initiative, communities and regions that historically relied on the coal industry were afforded an opportunity to diversify and grow their economies. As a result, many hundreds of jobs will be created for those negatively affected by the downturn in the coal industry.

Economic Opportunities

Alabama received POWER Initiative funding to assist displaced workers, allowing them to develop skills to secure employment in fields other than the coal industry and to encourage entrepreneurship. Alabama has a strong network of community colleges that offer training and resources targeting emerging industries.

The automotive and aviation industries sustain a healthy commerce for state by offering high-paying jobs and contributing to the low unemployment rate. In 2016, these two industries accounted for \$747.1 million in investments within the state and the creation of 2,582 jobs.

Tourism in North Alabama is a thriving industry. A variety of attractions can be found in North Alabama, including Alabama State Parks, where visitors can enjoy fishing, golfing, dining, ziplines and trails. A wide selection of camping and lodging options are available at Alabama State Parks such as chalets, cabins, hotels, pet friendly facilities, primitive campgrounds, and semi-primitive campgrounds. Activities that can be experienced in North Alabama include hiking, camping, boating, rock climbing, birding and biking.

Economic Challenges

One of Appalachian Alabama's greatest challenges is the lack of broadband access. It is a priority of Governor Ivey's to expand broadband access throughout the state. Broadband access is key to economic development and to ensuring that students in rural areas of Alabama have the same competitive advantage and educational opportunities as students in urban areas.

Outdated or inadequate infrastructure is a problem for many areas in Appalachian Alabama. Dilapidated roads and bridges are a safety concern across the state. According to Governor Kay Ivey, "Roads and bridges are an essential service of government and investing in them will bring more jobs and businesses to our state, creating opportunities for everyone. More than 1,400 Alabamians died on state highways due to insufficient roads in the past several years. Companies rate roads as the second most important reason for selecting a place to locate. Our transportation network supports nearly a million jobs."

Computer Information Sciences will be one of the biggest job growth areas in the coming decade. The average annual salary for an employee in a computer science (CS) field is over \$82,000. Alabama's workforce is not prepared to meet this labor demand. Postsecondary education (a certificate, a 2-year degree or a 4-year degree) will be a requirement for 62% of jobs in Alabama by 2020. Per Governor Ivey's website, only 37% of our workforce currently meet that criteria. Inadequate education and training present a disadvantage to economic development in Appalachian Alabama.

New Developments or Resources

The Opportunity Zones program is a new alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster private-sector investments in low-income rural and urban areas. The program provides a federal tax incentive for investors to use their unrealized capital gains into Opportunity Funds dedicated for investing in the designated Opportunity Zones. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their low-income community census tracts. In Alabama, 629 of the state's 1,181 census tracts qualified as low-income community tracts. Of those 629 eligible tracts, Governor Kay Ivey was authorized to select 158 as Opportunity Zones.

Targeted Investment Priorities

Funding provided by the Appalachian Regional Commission in FY 2019 will support and promote the following priorities for Appalachian Alabama:

1. Economic development and job creation in distressed Macon County.
2. Expand broadband access throughout Appalachian Alabama.
3. Promote Governor Ivey's priorities for Appalachian Alabama, which include:

Alabama's "Strong Start, Strong Finish" Education Initiative

- Prioritize science, technology, engineering and mathematics (STEM) with a focus on computer coding to ensure Alabama's students receive education required for a successful career.
- Advocate for at least one computer science course to be available in every high school.

Job Creation

- Continue to recruit job-creating industries to the state.
- Ensure Alabama's workforce is well-educated and ready for new industries that create jobs in Alabama.

Infrastructure

- Ensure that Alabama citizens can easily get to the places they need to go with safe transportation infrastructure.
- Ensure that Alabama's infrastructure keeps up with the needs of our growing economy. A modern transportation infrastructure helps create jobs by recruiting industry.

Strategies for Distressed Macon County

Alabama's ARC program will give special emphasis to distressed Macon County. Projects that promote economic and community development, increase community capacity, strengthen workforce development and create jobs in Macon County will be prioritized. Macon County is also in the Delta Regional Authority (DRA); therefore, Alabama's ARC program will collaborate with DRA on economic development projects in Macon County when possible. Alabama's ARC program staff will work closely with the Mayors of Tuskegee and Shorter, local economic developers and community leaders to identify opportunities for economic development and the creation of new jobs. To assist Macon County in recruiting industries, ARC funding will be used for critical infrastructure and industrial site development in Macon and surrounding counties connected by I-85 with the purpose of benefiting Macon County.

Alabama ARC Operating Policies

The Alabama Department of Economic and Community Affairs (ADECA) solicits applications for ARC funding from Local Development Districts, educational institutions, non-profit

organizations, and governmental entities. ADECA notifies the public when ARC funding is available via the ADECA website, social media and through an email distribution list. Programs and activities benefiting the residents of Appalachian Alabama are eligible to receive consideration for ARC's congressionally designated allocations. Applications for ARC funding should be mailed to ADECA:

Alabama Department of Economic and Community Affairs
Director Kenneth W. Boswell
ARC Program
401 Adams Avenue
Montgomery, AL 36103-5690

The Alabama ARC program offered the annual "ARC Application Workshop" on August 1, 2018 in Montgomery, Alabama. The Application Workshop emphasized the goals of the ARC, state priorities and how to apply for ARC funding. The application deadline of October 1, 2018 was announced at the workshop.

Applications for ARC funding are reviewed by ADECA staff in the Community and Economic Development Division for eligibility and alignment with ARC goals and state priorities. Applications are ranked based on impact to the community, alignment with goals of the ARC and state priorities, project feasibility, community capacity, and performance measures. Applications that promote economic development and job creation in distressed counties are prioritized. Applications that promote the Governor's priorities are given special consideration.

After the review process, recommendations for funding are submitted to the Director of ADECA and Governor Ivey for review and approval. Applications that result in job creation and/ or benefit distressed counties are prioritized.

The state's maximum investment for counties as designated by the ARC are as follows:

- Distressed 80% of Total Project Cost
- At-Risk 70% of Total Project Cost
- Transitional 50% of Total Project Cost
- Competitive 30% of Total Project Cost
- Attainment Not eligible for ARC funding

The maximum investment of ARC funding in a project is \$200,000.00; however, the ceiling may be raised in certain critical and/ or promising circumstances. Special consideration may be given by the Director of ADECA for infrastructure projects in a distressed county or projects that will result in economic development and the creation of jobs. Cost overruns on previously approved projects will generally not be considered for funding. Overrun requests may be considered if additional jobs will be created by the modification.

Proposals for the following activities are not eligible for ARC funding: construction of schools, libraries, government offices, community centers, law enforcement facilities or day-use recreational facilities.

Investment opportunities outside of the state's targeted priorities may be considered for ARC funding if they are consistent with the goals and objectives outlined in the state's broader Appalachian Development Plan and the ARC Strategic Plan.

General Information

The ARC Application Workshop is generally held in late summer or early fall.

The deadline for submission of FY 19 ARC full applications is October 1, 2018 at 5:00 p.m.

Applicants should submit an original application and one copy for non-construction projects. An original application and two copies should be submitted for construction projects.

ARC funds will not be used for projects that duplicate services available from other established state funded programs.

Generally, ARC projects are funded for one year but may be considered for more years, depending on project performance, expansion of services or added components. A new proposal must be submitted each year to receive consideration.

Applications for construction projects should include a preliminary commitment of jobs provided by the employer, a preliminary engineering report and an economic impact study.

All required forms and information related to Alabama's ARC program can be found at <http://adeca.alabama.gov/Divisions/ced/Pages/Appalachian-Regional-Commission.aspx>