

June 27, 2011

FINAL REPORT: Economic Development Assessment of the Centre Region

Appendices

Centre Region Council of Governments

Prepared For:

Centre Region Council of Governments

Prepared By:



BBP & Associates, LLC
111 Annapolis Street
Annapolis, MD 21401

APPENDIX A – TARGET MARKET ANALYSIS

Top Employment Industries

To identify top employment industry clusters in Centre County, BBP analyzed the top industries in Centre County with the highest employment. At-place employment refers to all employees of establishments located in a specific geography (Centre County), and is distinctive from the labor force in that an at-place employee may or may not reside in that specific geography (and a member of the labor force may or may not work in that specific geography).

The table provided below lists the top 20 employment industry clusters by number of employees.

- Of the 85,136 employees in Centre County, Pennsylvania State University (colleges and universities) account for a large portion (27.2 percent) of the employment in the county and employs approximately 23,186 individuals. As one of the top ten largest public universities in the United States, the Pennsylvania State University is located in the University Park area within State College and College Township.
- Other notable top employment industries in Centre County include business services (1,336 employees), noncommercial research organizations (1,288 employees), and engineering services (506 employees).

Top 20 Employment Industries - Centre County, PA (2010-Q3)				
Rank	Industry/4-digit SIC Code	No Bus	Total Emps	% of Total
1	8221 Colleges and Universities / Pennsylvania State University	-	23,186	27.2%
2	8211 Elementary and Secondary Schools	53	12,133	14.3%
3	5812 Eating Places	206	3,871	4.5%
4	5411 Grocery Stores	61	1,872	2.2%
5	5311 Department Stores	12	1,496	1.8%
6	7011 Hotels and Motels	59	1,399	1.6%
7	7389 Business Services, Nec	577	1,336	1.6%
8	8733 Noncommercial Research Organizations	24	1,288	1.5%
9	8062 General Medical and Surgical Hospitals	4	1,202	1.4%
10	8011 Offices and Clinics of Medical Doctors	103	1,016	1.2%
11	9223 Correctional Institutions	2	737	0.9%
12	3663 Radio and T.v. Communications Equipment	7	671	0.8%
13	8322 Individual and Family Services	71	625	0.7%
14	8661 Religious Organizations	160	601	0.7%
15	8641 Civic and Social Associations	64	597	0.7%
16	8711 Engineering Services	85	506	0.6%
17	5211 Lumber and Other Building Materials	25	503	0.6%
18	1521 Single-family Housing Construction	147	496	0.6%
19	6021 National Commercial Banks	30	485	0.6%
20	1611 Highway and Street Construction	8	472	0.6%
Subtotal (Top 20)		1,698	54,492	64.0%
Total (Centre County)		6,120	85,136	100.0%

Location Quotient

To identify whether or not an industry cluster represents a local specialization, BBP conducted a location quotient analysis. The location quotient is the most commonly used economic base analysis method. The location quotient compares a local economy to reference economies to identify specializations. Location quotients typically compare the proportion of local employment in an industry to the proportion of employment of a larger geography in the same industry.

The analysis examined all 4-digit SIC code industries to determine whether or not the local economy has a greater share of that industry than expected. If a particular location quotient for an industry is greater than 1, the area is considered to be more specialized in that industry or cluster when compared to the larger geography, because industries in the clusters are producing for more than local needs and assumed to be exporting.

The tables provided below show the top 10 industry clusters for each analysis. In the case of Centre County, the location quotient was calculated between the following geographies:

- Center County vs. Pennsylvania
- Centre County vs. United States
- Pennsylvania vs. United States

Location Quotient - Centre County vs. Pennsylvania (2010-Q3)			
Industry/4-digit SIC Code	Centre County	Pennsylvania	LQ
3812 Search and Navigation Equipment	401	449	53.37
3675 Electronic Capacitors	257	386	39.79
3274 Lime	60	149	24.06
3911 Jewelry, Precious Metal	402	1,034	23.23
3172 Personal Leather Goods, Nec	9	30	17.93
3663 Radio and T.v. Communications Equipment	671	2,920	13.73
3631 Household Cooking Equipment	14	62	13.49
2673 Bags: Plastic, Laminated, and Coated	122	545	13.38
3676 Electronic Resistors	108	487	13.25
8221 Colleges and Universities	23,186	107,665	12.87
Total	85,136	5,087,592	1.00

When comparing Centre County to the Commonwealth of Pennsylvania, Centre County is considered to be more specialized in industries such as search and navigation equipment, electronic capacitors, lime, previous metal jewelry, electronic resistors, and colleges and universities.

Location Quotient - Centre County vs. United States (2010-Q3)			
SIC / Industry	Centre County	United States	LQ
3676 Electronic Resistors	108	3,170	48.20
3675 Electronic Capacitors	257	9,406	38.65
3274 Lime	60	2,633	32.24
3297 Nonclay Refractories	105	5,517	26.92
8221 Colleges and Universities	23,186	1,809,070	18.13
3911 Jewelry, Precious Metal	402	34,176	16.64
7041 Membership-basis Organization Hotels	196	21,417	12.95
3556 Food Products Machinery	225	24,750	12.86
5989 Fuel Dealers, Nec	18	2,737	9.30
3542 Machine Tools, Metal Forming Type	85	13,102	9.18
Total	85,136	120,435,481	1.00

Similar to that of Centre County compared to the Commonwealth of Pennsylvania, when compared to the United States, Centre County is considered to be more specialized in industries such as electronic resistors, electronic capacitors, lime, and nonclay refractories, and colleges and universities.

Location Quotient - Pennsylvania vs. United States (2010-Q3)			
Industry/4-digit SIC Code	Pennsylvania	United States	LQ
1231 Anthracite Mining	257	482	12.62
1044 Silver Ores	128	273	11.10
3322 Malleable Iron Foundries	397	1,036	9.07
3313 Electrometallurgical Products	870	2,563	8.04
0182 Food Crops Grown Under Cover	4,232	12,910	7.76
6722 Management Investment, Open-ended	12,886	39,441	7.73
4925 Gas Production and/or Distribution	2,530	7,857	7.62
2823 Cellulosic Manmade Fibers	330	1,025	7.62
3399 Primary Metal Products	4,101	12,777	7.60
3799 Transportation Equipment, Nec	5,616	19,781	6.72
Total	5,087,592	120,435,481	1.00

When compared to the United States, the Commonwealth of Pennsylvania is considered to be more specialized in industries such as anthracite mining, silver ores, malleable iron foundries, electrometallurgical products, and other geological / energy related industries.

POTENTIAL TARGET INDUSTRY SECTORS

The analysis above combines analyzed the industry sectors in the Centre region and identified those sectors of highest priority. While the asset of Penn State University and the Beneficial Reuse Water are formidable, the geographic and transportation constraints provide difficult obstacles to attracting industry sectors that do not now have a presence in the region. Especially in these strained economic times, it is not recommended that the Centre Region expend resources chasing new industry sectors that do not have a defined linkage to the area.

The table below shows the top industry sectors by employment and location quotient results. The table also shows which industry sectors have a potential relationship with PSU or could benefit from the Beneficial Reuse Water.

<u>Industry/4-digit SIC Code</u>	<u>Emps</u>	<u>LQ - Centre vs. PA</u>	<u>LQ - Centre vs. US</u>	<u>LQ - PA vs. US</u>	<u>LQ Points</u>	<u>PSU Potential</u>	<u>Beneficial Reuse Water</u>
8221 Colleges and Universities	23,186	12.87	18.13	1.41	3		
8733 Noncommercial Research Organizations	1,288	8.09	8.50	1.05	3	☑	
9223 Correctional Institutions	737	1.90	2.16	1.14	3		
6021 National Commercial Banks	485	1.55	1.60	1.03	3		
3274 Lime	225	9.89	12.86	1.30	3		
3676 Electronic Resistors	196	10.81	12.95	1.20	3		
3297 Nonclay Refractories	108	13.25	48.20	3.64	3		
7041 Membership-basis Organization Hotels	105	5.77	26.92	4.66	3		☑
3556 Food Products Machinery	85	6.86	9.18	1.34	3		
5989 Fuel Dealers, Nec	60	24.06	32.24	1.34	3		
3542 Machine Tools, Metal Forming Type	18	3.38	9.30	2.75	3		☑
8641 Civic and Social Associations	597	1.05	1.33	1.27	3		
8211 Elementary and Secondary Schools	12,133	3.03	2.96	0.98	2		
3663 Radio and T.v. Communications Equipment	671	13.73	6.78	0.49	2		
1611 Highway and Street Construction	472	2.95	2.04	0.69	2		
3812 Search and Navigation Equipment	402	23.23	16.64	0.72	2	☑	
3675 Electronic Capacitors	401	53.37	5.39	0.10	2		
3911 Jewelry, Precious Metal	257	39.79	38.65	0.97	2		
3172 Personal Leather Goods, Nec	122	13.38	6.75	0.50	2		
2673 Bags: Plastic, Laminated, and Coated	9	17.93	2.69	0.15	2		☑
3631 Household Cooking Equipment	14	13.49	1.27	0.09	2		
1231 Anthracite Mining	12	0.17	1.33	7.60	2		☑
7011 Hotels and Motels	1,399	1.46	1.21	0.83	2	☑	
5411 Grocery Stores	1,872	0.87	0.98	1.13	1		
8062 General Medical and Surgical Hospitals	1,202	0.39	0.56	1.42	1		☑
8011 Offices and Clinics of Medical Doctors	1,016	0.53	0.57	1.06	1		

Economic Development Assessment of the Centre Region

8322 Individual and Family Services	625	0.54	0.70	1.29	1		
8661 Religious Organizations	601	0.54	0.57	1.06	1		
8711 Engineering Services	506	0.75	0.81	1.09	1	<input checked="" type="checkbox"/>	
1044 Silver Ores	1	0.01	0.07	6.72	1		<input checked="" type="checkbox"/>
3322 Malleable Iron Foundries	0	0.00	0.00	12.62	1		<input checked="" type="checkbox"/>
3313 Electrometallurgical Products	0	0.00	0.00	11.10	1		
0182 Food Crops Grown Under Cover	0	0.00	0.00	9.07	1		<input checked="" type="checkbox"/>
6722 Management Investment, Open-ended	0	0.00	0.00	8.04	1		
4925 Gas Production and/or Distribution	0	0.00	0.00	7.76	1		
2823 Cellulosic Manmade Fibers	0	0.00	0.00	7.73	1		<input checked="" type="checkbox"/>
3399 Primary Metal Products	0	0.00	0.00	7.62	1		
3799 Transportation Equipment, Nec	0	0.00	0.00	7.62	1		
5812 Eating Places	3,871	0.98	0.90	0.92	0		
5311 Department Stores	1,496	0.92	0.90	0.97	0		
7389 Business Services, Nec	1,336	0.62	0.51	0.82	0		
5211 Lumber and Other Building Materials	503	0.82	0.77	0.94	0		
1521 Single-family Housing Construction	496	0.75	0.69	0.92	0		
<i>* Top 20 Employer - Centre County</i>							
<i>* Top 10 LQ - Centre County vs. Pennsylvania</i>							
<i>* Top 10 LQ - Centre County vs. United States</i>							
<i>* Top 10 LQ - Pennsylvania vs. United States</i>							

RECOMMENDED TARGETS

From the table and analysis above Recommended Target sectors have been identified. Primary targets have at least two positive LQ ratings and are an industry sector that is market driven and can be targeted. Sectors covering institutions (colleges, prisons) or other community oriented services (religious institutions) are not economic development targets.

Recommended Targets	
Primary	Secondary
8733 Noncommercial Research Organizations	5411 Grocery Stores
3676 Electronic Resistors	8062 General Medical and Surgical Hospitals
3297 Nonclay Refractories	8011 Offices and Clinics of Medical Doctors
7041 Membership-basis Organization Hotels	8322 Individual and Family Services
3556 Food Products Machinery	8711 Engineering Services
5989 Fuel Dealers, Nec	3313 Electrometallurgical Products
3542 Machine Tools, Metal Forming Type	0182 Food Crops Grown Under Cover
3663 Radio and TV. Communications Equipment	6722 Management Investment, Open-ended
3812 Search and Navigation Equipment	4925 Gas Production and/or Distribution
3675 Electronic Capacitors	2823 Cellulosic Manmade Fibers
3911 Jewelry, Precious Metal	3399 Primary Metal Products
3172 Personal Leather Goods, Nec	3799 Transportation Equipment, Nec
2673 Bags: Plastic, Laminated, and Coated	
3631 Household Cooking Equipment	
7011 Hotels and Motels	

APPENDIX B – BENEFICIAL REUSE WATER

Beneficial Reuse Water

Recycled water can be used for a wide range of beneficial purposes if treated to a quality which is fit for the intended purpose.

Urban, Residential, Commercial and Municipal Use of Recycled Water

- Residential and commercial uses of recycled water include:
 - Irrigation of sporting fields and golf courses, public open space and landscaping
 - Residential garden watering and toilet flushing
 - Commercial buildings
 - Cooling water for air-conditioning systems
 - Clothes washing
 - Washing of vehicles and equipment
 - Municipal construction and cleaning
 - Fire Protection

Industrial Use of Recycled Water

Industrial uses of recycled water include:

- **Industrial process water:** Industrial uses of recycled water range from large volumes of low quality water for cleaning and cooling applications to high quality process water for manufacturing or boiler feedwater. In some cases water can be recycled internally within an industrial plant to achieve zero discharge of wastewater. Other industrial plants can use large quantities of recycled water from municipal sources for process needs.
- **Cooling water:** Large quantities of cooling water are used in thermal electricity generating plants and in manufacturing plants such as steel-making plants
- **Steam production:** Steam is used in power plants and many industrial processes. High grade recycled water may be used for boiler feedwater after supplementary demineralisation treatment to prevent corrosion and scaling.
- **Process water:** Pulp and paper and textile plants require large quantities of process water. Internal water recycling has been used to reduce the amount of fresh water needed. Recycled water is used in some plants but is best suited to lower grade papers such as cardboard.

Recycled water can be used in various textile production processes including carpet-dyeing and cotton fabrication.

High grade recycled water can be used in specialized manufacturing processes such as the manufacture of industrial chemicals. In Singapore, recycled water from the NEWater plants is used for semiconductor manufacture.

- **Other industrial uses**
 - Mineral processing
 - Concrete making
 - Cleaning and dust control in industrial premises.

Agricultural Use of Recycled Water

Agricultural uses of recycled water include:

- Irrigation of pastures
- Irrigation of field crops
- Irrigation of horticultural crops
- Other agricultural applications
- Low technology irrigation

Environmental and Recreational Use of Recycled Water

Environmental and recreational uses of recycled water include:

- Restoring streams and wetlands
- Creation of artificial wetlands
- Creating new ornamental and recreational waters
- Other uses

APPENDIX C – BUSINESS RETENTION AND EXPANSION: KEY COMPONENTS AND MODELS

A strong knowledge of business retention and expansion (BRE) includes an understanding of how to develop a BRE team and of common survey techniques for assessing the current business climate. BRE management should be familiar with the process of development networks and alliances within the business community and other economic development organizations to provide the most comprehensive business service package available.

What is Business Retention and Expansion?

Business retention and expansion is the process of understanding the local business and industry base in your community, identifying those businesses and industries are either at risk or expanding, accessing their needs, and seeking to assist them in order to keep them in your community or expand as needed. An effective business retention and expansion program also gives credence to a business attraction and recruitment program because existing businesses are the best source of finding out if a locality or region is a good place to locate and conduct business. The most important components of a successful BRE program are:

- a. Marketing: a program that gets the word out to all companies that you exist and your services.
- b. Ongoing Communication: Comprehensive and recurring process of communication with businesses in your community.
- c. Needs Assessment: A defined process of identifying the needs, responding to those needs and following up to make sure the needs have been met.
- d. Early Warning System: Create an Early Warning System that spans all City departments and agencies to identify at risk companies.
- e. Support Growing Companies: Programs to support growing companies that are not at risk or considering relocation are needed as well to continue to grow the economy.
- f. Technical Assistance Support: Many of the technical assistance programs will be offered by others outside the City. Providing a conduit/provider for database of services for companies in need is critical.

What is the Economic Developer's Role in BRE?

The primary role of the economic development agency is to coordinate and run the BRE program. This involves researching and understanding the business community, organizing the BRE program and conducting business surveys. The most important component of a successful program is to respond to client-company needs and solve city-related problems that allow the company to expand and prosper in Providence.

A secondary responsibility of a BRE program is to provide important technical assistance to expanding or at-risk companies. This assistance can come in several forms depending on the client needs and size/characteristics of the economic development agency and BRE manager:

- a. Provide the resources directly, (financial and technical assistance programs)
- b. Act as a broker between the sources of assistance and the company needing them
- c. The practitioner may play the role of advocate for the business community concerns, especially as they relate to policies and procedures of local and state government

Pros and Cons of Different BRE Models

There are four main models of BRE programs?

1. Local government run program (city or county)
 - a. Advantages
 - i. Will have a day to day contact with top elected and appointed officials
 - ii. Will have a working knowledge of the community and business community
 - iii. Will have better response from other local government departments for assistance
 - b. Disadvantages
 - i. Some business owners may be dismissive of the public sector's ability to help
 - ii. Funding for programs may be reduced or eliminated during times of budget crisis
 - iii. Agency may be reluctant to change focus from attraction to retention
 - iv. Existing staff may not be qualified to run the program
2. Private BRE Organization (Chamber of Commerce)
 - a. Advantages
 - i. Staff should have more credibility with the business community
 - ii. They can leverage existing business members
 - iii. Free from the political process
 - b. Disadvantages
 - i. Regulatory agencies may be unresponsive
 - ii. Some business members may think the BRE's will bring increased competition to their industry sector
 - iii. Many chambers have tight budgets and cannot afford a program
3. Public-private Partnership Organizations
 - a. Advantages
 - i. Initial government funding leverages substantial contributions from the private sector
 - ii. Structure outside local government
 - iii. Increased flexibility and staffing and personnel issues
 - b. Disadvantages
 - i. Local chamber of commerce may view the partnership is competing for funding
 - ii. May be criticized as redundant in communities that have economic development programs
4. Private Contractor
 - a. Advantages
 - i. Professional staff is very experienced in conducting business surveys.
 - ii. The quality of the data and responses will be higher, and more consistent.
 - iii. Does not rely on existing City staff or volunteers to carry out the surveys.
 - b. Disadvantages
 - i. Typically has a higher cost than the other approaches
 - ii. Unless a local contractor is selected, the contractor won't have local knowledge of, or contacts in, the business community
 - iii. As an outside third party, the interviewer may not be seen as having the authority to help or make decisions.

In our experience the preferred approach is one that is run by the City/County Economic Development Office in partnership with the Chamber of Commerce. The City/County can use city, state and federal funds for the programming costs, will have immediate access to other city officials to assist client companies and will have an intimate knowledge of the current business environment and impending changes. By leveraging the Chamber, and its membership, visits can be conducted on businesses by businesses. This often provides more credibility and generates better conversation and idea flow. It is best to match companies with complementary companies that understand their industry, perhaps working within it, but are not competitors.

Business Visitation and Surveying

- Purposes.*
- 1) Early warning system for companies at risk
 - 2) Keeps EDO aware of the local business climate

Surveying approaches:

- Postal mail (Inexpensive but not as effective)
- E-mail/web based (least expensive and least effective)
- Phone
- Combined postal mail/in person interview follow-up
- Personal visits
 - Volunteer based
 - Fulltime EDO staff based

In Person Interviews: Volunteer/consultant Conducted

- Key steps in the process
 - Obtain support of senior elected official
 - Appoint a BRE Survey task force
 - Identify firms to be interviewed
 - Send introduction letter and copy of survey
 - Hold training session for volunteers
 - Holding kickoff event
- Advantages
 - Responses are more timely and have greater statistical value
 - Businesses are more trusting of other business volunteers
 - Provides superior PR and widespread support
 - More interviews can be conducted
 - Lower cost than if staff does it themselves
 - Tried and true proven methodology
- Disadvantages
 - Potential variation in the quality of the data
 - Some volunteers fail to complete all the interviews
 - Must take care to avoid conflict of interest
 - Only provides a one shot look at the community

In person interviews: Economic Development staff conducting

- Advantages
 - Staff can greatly reduce response time to address companies
 - Insures confidentiality
 - Establishes ongoing BRE presence
 - Data collected is more reliable statistically
 - Staff quicker to recognize warning signs
 - Won't make promises they can't keep
 - No need to spend time recruiting volunteers
- Disadvantages
 - Lacks the PR bonus
 - Less statistical value due to time lag
 - Highest cost option
 - Staffing constraints of fact number of contacts made

Mail Survey with In-Person Follow-up

- Advantages
 - Focuses resources on at risk firms
 - Appropriate as follow-up for an existing program
 - Lower cost
 - Efficient for smaller staffed EDOs
- Disadvantages
 - Does not provide widespread data
 - Not all at risk firms will say so in the mailing
 - We'll focus only on at risk and not local growing firms
 - May offend small business community by focusing on largest employers

Internet

- Least expensive method
- Companies are a dealing with access junk mail made nor e-mail from EDO
- Companies are busy and filling out Internet surveys is not a high priority

Selecting firms/industries to survey

- Based on size (employment or revenue)
- Industry sector
- Geographic location
- Ownership status

Sources of information on targeting firms

- Local sources
 - Chamber of commerce
 - Economic development organization files
 - Business license information
 - Other local sources

- State sources
 - State industrial directories
 - State chamber of commerce
- National Sources
 - Directory of technology businesses
 - Dun and Bradstreet
 - Hoover's handbook
 - Moody's investors service
 - Standard & Poor's Register
 - Thomas Register
 - Others

Designing the survey questionnaire

- Mailed survey should be very short no more than two pages
- In person interviews should be 45 minutes to one hour
- Test the questionnaire with your Board of Directors and other business leaders
- Assure the subject of confidentiality
- Types of information gathered
 - Basic company data
 - Focus areas of the survey
 - Background
 - Business climate
 - Labor and training needs
 - Marketing and trade
 - Financing needs
 - Regulatory issues
 - Satisfaction with public services
- Identify the key information you need from the companies and be mindful not to ask questions you know the answers to. Pre-load the questionnaire with the answers you know, asking the company to verify the information

Training the volunteers

- Welcome and introduction
- Overview of the program
- Overview of the survey form
- Interviewing tips
- Role play

Survey follow-up

- Immediate (w/in 2 days)
 - Review forms
 - Red flag at risk companies
- Short term (w/in 2 weeks)
 - Thank you notes

- Tabulates survey results
- Add/update company to the retention database
- Medium term (4 weeks)
 - Make sure all follow-up are complete
 - Keep company apprised of actions on their behalf

Develop an early warning system: indicators include

- Declining sales
- Recent ownership change
- Expiring leases
- Obsolete equipment or facilities
- Employment issues
- Companies landlocked
- Aging family owned business
- Has been downsizing over time

Applying Economic Development Tools

- Press releases for company's successes
- Local trade shows and marketing breakfasts
- Partnership marketing with utilities, community colleges, and the chamber
- Creating business networks for important industry clusters
- Creating site opportunities for BRE companies
 - Designate special manufacturing/industrial zones
 - Development of industrial Parks
 - Use of eminent domain
 - Use of a real estate database to track available properties
 - Provide necessary infrastructure

BRE Finance

How can the EDO/BRE Help

- Get to know the staff at the funding issuing authorities
- Secure industrial development bond financing
- Lake with source capital funders
 - Venture capitalist and angels
 - Capital networks

Technical Assistance

Key types of technical assistance

- Operations management
- Marketing and sales
- Financial assistance
- Workforce training
- Strategic planning

The steps in a Technical Assistance program

- Determine which companies to target for your program
- Develop standards for participation
- Define the scope of services
- If necessary secure consulting services
- Established pricing policies

Federal assistance programs

- NIST – national institute of standards and technology
- MEP – manufacturing extension partnerships

Using incentives to retain businesses

- Nontax incentives include
 - Customize industrial workforce training
 - Technical assistance
 - Consulting services
 - Technology commercialization and deployment
 - Land acquisition assistance
 - Infrastructure improvements
 - CD B. G. section 108 loan guarantees
 - Financial incentives
- Tax/revenue based incentives
 - General obligation bonds
 - Tax exemption on land and capital improvements
 - Tax exemption on equipment and machinery
 - Tax exemption on manufacturing inventories
 - Sales/used tax exemption
 - Tax exemption on raw materials are used in manufacturing
 - Tax exemption on corporate/personal income
 - Tax Increment Financing (TIF)
 - Enterprise zones
 - Renewal communities
 - Tax abatement-a reduction or elimination of certain taxes granted for a specific period of time
 - Tax credits for job creation
 - Accelerated depreciation of industrial equipment
- Performance based incentive criteria
 - Job creation
 - Quality of jobs increased
 - Minimum investment requirements
 - “but for” determination
- Performance-based management tools
 - Clawbacks: sanctions against a company that received and sent as but fail to reach their objectives
 - Calibrations

Federal funding sources

- Small business administration (SBA)
 - CDC 504 loan program – loans up to 1.5 million, one job per 50,000 funded
 - 7(a) small business loans – will guarantee up to 75% of alone, up to \$2 million
 - SBA express loan program
 - Export working capital program
 - International trade loans
 - Micro loan program for entrepreneurs
 - Small business innovation research grants
- Economic development administration (EDA)
 - Economic development adjustment program
- Housing and urban development (HUD)
 - CDBG – community development block grant
 - CDBG for small cities
 - Section 108 loan guarantee program
 - Renewal community/EZ/EC
 - Brownfields economic development initiative
 - Rural housing and economic development program
 - SuperNOFA
- USDA programs
 - Business and industry direct loans (BIDL)
 - Business and industry guaranteed loans (BIGL)
 - Rural economic development loans (Utilities)
 - Rural business enterprise grants (RBEG)
 - Rural business opportunity grants (RBOG)
- Community development financial institutions fund (CDFI)
- New markets tax credit (NMTC) – 39% Federal income tax credit over seven years against equity investments made in designated community development entities (CDE's)

APPENDIX D - DEFINITIONS AND SUPPORT ENTITY DESCRIPTIONS

This Appendix defines the acronyms that are used in the document and provides overview information on each entity.

Acronym definitions:

BRE. Business Recruitment and Retention Strategies (BRE) is a community-based economic development process that focuses on supporting existing businesses within the community. BRE provides both short term and long term objectives to help maintain the well-being of the local economy. A critical component to BRE strategy is a needs assessment to evaluate issues, concerns, and areas for expansion where appropriate. BRE creates and improves competitiveness of local businesses by acknowledging these needs and concerns and following up to make sure the needs have been met. BRE is an ongoing and long term effort between businesses, local government, and citizens to improve the existing business climate.

CBICC. The leading economic development organization in Centre County is the Chamber of Business and Industry of Centre County (CBICC). The CBICC serves as a chamber of commerce/economic development organization and was formed in 1992 with the merger of the State College Chamber of Commerce and the Centre County Industrial Development Corporation. The CBICC is a membership organization that unifies a range of voices from large international corporations to sole proprietorships. The organization has short term, intermediate and ongoing strategies for its members. These include: creating and retaining quality of jobs and increase tax base; increase member return on investment; increase and strengthen advocacy; enhance professional development and educational opportunities; revise organization operations to implement growth strategies. The funding for such programs is provided through membership income, special events, economic development, publication income, and foundation income. The CBICC provides a bridge between individuals, companies, and governing officials to better enhance economic well-being.

CCIDC. The Centre County Industrial Development Authority is a non-profit, non-partisan organization with the goal of promoting economic development throughout the Centre Region. The CCIDC is a subsidiary of the CBICC and the legal entity for economic development and business financing in Centre County. CCIDC is the lead agency in Centre County for the administration of Pennsylvania Industrial Development Authority loans, and it participates in sponsorship of Pennsylvania Economic Development Finance Authority loans. CCIDC also offers assistance to business through the Pennsylvania Retention and Expansion Program, Keystone Innovation Zones (KIZ) and Keystone Opportunity Zones (KOZ) 1-99 Keystone Innovation Zone Business Assistance Program, and also Small Business First (SBF). The CCIDC receives some financial support from Centre County government.

COG. The Centre Region Council of Governments (COG) is a voluntary association of the State College Borough and the townships of College, Halfmoon, Harris, Ferguson, and Patton. The COG was formed in 1969 to provide cost effective and high quality public service. The COG promotes a dialogue among municipalities to develop cooperative solutions to regional problems. The service area is 150 square miles with a population of 85,000 residents. The COG is governed by the General Forum, which is comprised of 32 elected officials from the six municipalities. In addition

there is a non-voting representative from Penn State University and a liaison from the local school district. Programs within the COG include the Office of Administration, Centre Region Code Agency, Centre Region Parks and Recreation Agency, Centre Region Emergency Management, Centre Region Planning Agency, and the Centre County Metropolitan Planning Agency. Budgetary funding for COG programs is provided by the six municipalities that participate in a COG program, costs are assigned according to a standard formula.

CRPA. The Centre Regional Planning Agency (CRPA) is a component of the COG and provides both regional and local planning services to its member municipalities. Regional planning services include the preparation and maintenance of the regional comprehensive plan, special studies and planning activities related to sewer, water, land use, open space, recreation, demographics, environmental, community facilities or transportation issues. Local planning services focus on zoning and subdivision ordinances, plan review, and other local issues.

DCED. The Department of Community and Economic Development (DCED) is designed to enhance opportunities for businesses across the Commonwealth of Pennsylvania so that they may achieve a high quality of life within our ever expanding global economy. The \$2.8 billion Economic Stimulus program introduced an array of projects that have expanded the Commonwealth economy. Within the DCED is the Governor's Action Team (GAT), a group of professionals chosen to guide businesses through issues such as expansion or relocation. There is also the Governor's Economic Development Cabinet, which has designed a set of principles to be used by State agencies, for guidance in local growth and economic development.

DID. The State College Downtown Improvement District (DID) is a Neighborhood Improvement District established by ordinances of the Borough of State College in accordance with Pennsylvania laws. The district includes Atherton Street to Sowers Street, College Avenue to Highland Alley. The mission of the DID is to provide a safe and clean environment so to encourage individuals to live, work, and play in State College. There are over 400 participating businesses that sponsor annual events and other civic-minded approaches, which add to the value of the downtown area. State legislation, Neighborhood Improvement District Act 2000-130, provides that property owners within the DID pay for such additional services. The Downtown State College Neighborhood Improvement District Management Association, Inc., is a non-profit corporation and is appointed as administrator of all DID.

SBDC. The Small Business Development Center at PSU (SBDC) is one of eighteen Small Business Development Centers in Pennsylvania and is staffed by a group of highly qualified consultants. SBDC was founded in 1997 as an organization to provide entrepreneurs with education, information, and the tools necessary to develop a successful business. SBDC provides free, confidential consulting services and education programs to individuals beginning a small business or those seeking to expand an existing firm.

SCBRA: State College Borough Redevelopment Authority's, is authorized under the state of Pennsylvania's Urban Redevelopment Law. The SCBRA's purpose is the promotion of the health, safety and welfare of the inhabitants of the State College Borough, the elimination of blighted areas through economically and socially sound redevelopment for residential, recreational, commercial, industrial, or other purposes, and the encouragement of the provision of healthful homes, a decent living environment, and adequate places of employment. The State College Borough

Redevelopment Authority consists of 5 members appointed by the Mayor to 4 year terms. Members must be residents of the Borough.

SEDA COG. The Susquehanna Economic Development Association Council of Governments (SEDA COG) is a public development organization serving eleven central Pennsylvania counties and 295 municipalities. The counties include: Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, and Union. The SEDA COG is overseen by a 22 member Board of elected officials, business people, and area residents. The organization covers a range of programs in business/industry, communities/non-profit, and individuals/residential. Several of these programs pertain to economic development within the region. The SEDA – COG Finance Program is an Area Loan Organization and a Certified Development Corporation that offers small businesses access to Local, State, and Federal loans including SBA 504 Program. Business Development Financing and Retention and Expansion are also available. For applicants that are eligible community economic development assistance is offered, while terms of use are designated by the Pennsylvania Department of Community Economic Development.

UAJA. The University Area Joint Authority (UAJA) is the municipal authority providing Wastewater Treatment to the majority of State College and Centre Region. UAJA is a public organization and includes: The Authority Board, Plan Operations, and Collection Systems. UAJA formed in 1964 as a part of a joint effort to provide sewage treatment to parts of Patton, Ferguson, College, Harris Township, and State College Borough. In 1997 College-Harris Joint Authority and the Patton-Ferguson Joint Authority joined with the UAJA to more effectively serve the region. Operational costs are divided between conventional water treatment (73%) and advanced water treatment (27%).

APPENDIX E – BARRIERS TO REDEVELOPMENT OF SELECT COMMERCIAL/INDUSTRIAL PROPERTIES

The analysis and comments in this section are the direct result of interviews with municipal planning staff, commercial brokers and other key stakeholders. In the Report Recommendation's section, one of the Mid-term Recommendations is to "Encourage the Revitalization of Aged Commercial Centers and Brownfields." In this section, the reuse, redevelopment, or revitalization of underutilized properties in the region will be addressed, including Hills Plaza, Westerly Plaza, the Ruetgers-Nease site and the Corning site. Based on interviews conducted during initial phases of this report, and on-going interviews with planners and brokers familiar with each site, a thorough overview, barriers to redevelopment and recommendations have been compiled that address this Mid-term Recommendation in the Centre Region. Summarized below are the barriers to redevelopment for each site listed in the RFP and the recommendations that address the barriers, as listed elsewhere in the report.

Hills Plaza

Overview of Site

- Owned by Vita-Vita leasing company located out of New Jersey.
- Located in College Township, at 1919-2153 South Atherton Street State College, PA.
- The Plaza opened in November 1972 and has over 80,000 square feet of empty space.
- No structural, environmental or topographical constraints to redeveloping this site.
- Zoned for general commercial which would enable the site to be redeveloped for office/retail.
- The property owner would like to keep it retail, in particular, big-box retail.
- Municipality has expressed interest in housing or commercial or mixed use redevelopment.

Barriers to Redevelopment

- Interest in redevelopment in the Southern part of the region is slow, in comparison to the northern part.
- Property owner does not seem interested in redevelopment outside retail and is "offsite."
- Not many tenants looking for space, and if so, will go to northern corridors and plazas.
- If pursued redevelopment, developers have expressed frustration with the laborious permitting process, and are inclined to redevelop elsewhere.
- Would need more residential in the area to support a grocery store.
- NIMBY-ism: housing developments are underway in the Centre region; surrounding communities may not accept an affordable/workforce housing development, if municipality pursued.
 - Region has not heard back on the affordable housing needs in the communities.
 - While workforce and affordable housing have been expressed as a need, until research results come back, unclear whether this is a need that would be met in this Plaza.

Report Recommendations that Address "Overcoming Barriers"

1. **Short-term Recommendation # 1 – Articulate and Optimize Development Approval and Permitting Process** (*necessary for redevelopment*)
 - a. Processes to be reviewed and refined for better efficiency and understanding.
 - b. Active participation by the municipalities and the development community to identify and review regulatory practices that may be barriers to development.
 - c. Identify best practices for individual municipalities to consider enhancing the permitting processes to streamline development efforts.

2. **Short-term Recommendation #3 – Participate in and support education and training seminars covering economic development financing and the government’s role (each municipality) in public/private partnerships.**
 - a. Topics would include: financing/funding strategies, target marketing, business retention and expansion (BRE), brownfield redevelopment, and others.
3. **Mid-term Recommendation # 7 – Encourage the Revitalization of Aged Commercial Centers and Brownfields**
 - a. Working with the owner/broker representing the property and the municipality, fully understand opportunities and features of the property including any development constraints.
 - b. If improvements are needed, work with the property representative to identify possible funding/financing programs or other incentives to assist in the rehabilitation (or redevelopment) costs.
4. **Mid-term Recommendation # 8 – Work with Centre County Industrial Development Corporation to promote an inventory of buildings and sites and a database to track them.**
 - a. Will benefit the municipalities by having an inventory of commercial buildings and sites accessible to respond to companies looking for new locations in the Centre Region.
 - i. Hills Plaza would come up on this database as having available space.
 - b. The system should continue to be accessible by all the local municipalities as well as the commercial brokerage community.

Westerly Plaza

Overview of Site

- Owned by Marx Realty and Improvement Company located out of New York City.
- Located in State College Borough, at 418 Westerly Parkway, State College, PA.
- Meets all structural codes; regular maintenance made to building.
- Built/opened in the 1960's; the building is aged with vacancies.
- Community utilizes the grocery store (Weis), drug store and restaurants – includes use by students from high school adjacent to the Plaza.
- Plans for a 570 bed residential building for Penn State University students behind this Plaza.

Barriers to Redevelopment

- Aged building with “offsite” property owner.
- Student housing may not provide enough buying power to maintain existing store fronts and to support additional tenants if the vacancies were filled.
- Potential for a big-box retailer to develop an 11 acre site five minutes away from this Plaza, which would put the Weis out of business; however, no solidified plans for this.
- Not many tenants are looking for space – commercial and retail needs seem to be met.
- High turn-over rate in this Plaza (always seems to have vacancies).

Report Recommendations that Address “Overcoming Barriers”

- 1. Short-term Recommendation # 3 – Participate in and support education and training seminars covering economic development financing and government’s role in public/private partnerships.**
 - a) Topics would include: financing/funding strategies, target marketing, business retention and expansion (BRE), brownfield redevelopment, and others.
 - i) This would serve to educate to enhance the marketability of the property, and provide opportunity to see how to incentivize the property owner to improve the Plaza.

- 2. Short-term Recommendation # 5 – Establish a regular meeting of regional and municipal government individuals to identify and address regulatory, customer service and business climate issues in the region.**
 - a) The benefit of roundtable would be to fully integrate the planning, infrastructure planning, capital improvement planning and other issues of regional importance.
 - i) Would serve to openly discuss issues surrounding Westerly Plaza, such as the high turn-over rate, and the potential for big-box development close by.

- 3. Mid-term Recommendation # 7 – Encourage the Revitalization of Aged and Commercial Centers and Brownfields.**
 - a) Working with the owner/broker representing the property and the municipality, fully understand opportunities and features of the property including any development constraints.
 - i) If property improvements need to be made as an aged site, opportunity to breach subject of improvements.
 - b) If improvements are needed, work with the property representative to identify possible funding/financing programs or other incentives to assist in the rehabilitation (or redevelopment) costs.

- 4. Mid-term Recommendation # 8 – Work with Centre County Industrial Development Corporation to promote an inventory of buildings and sites and a database to track them.**
 - a) A comprehensive commercial database of buildings and sites, available to all in the economic development arena
 - b) Will benefit the municipalities by having an inventory of commercial buildings and sites accessible to respond to companies looking for new locations in the Centre Region.
 - i) Westerly Plaza would come up on this database as having available space – help aid in filling the vacancies
 - c) The system should continue to be accessible by all the local municipalities as well as the commercial brokerage community
 - i) Help aid in filling the vacancies in this Plaza

Ruetgers-Nease Site

Overview of Site

- Ruetgers-Nease is the primary owner of this site.
- Located in College Township along Struble Road.
- Most of the original site is a Superfund site – not developable at this time.
- Portion of the site (9 acres) is developable, has no topographical constraints, and is zoned for industrial or commercial use.
- Residential development is not possible, given the extent of environmental contamination.
- Two buildings are in use that front the developable portion of the property – light industrial.
- Rail-road access abuts the site, and can be made accessible for industrial uses.
- Uses surrounding include a UPS hub office, a furniture manufacturer, and a small municipal garage, evidencing the potential for light industrial redevelopment would fit well with the area.

Barriers to Redevelopment

- The 9 acre site available for redevelopment is a long and narrow parcel – shape may be a constraint for reuse.
- No access road/driveway directly to the 9 acre site.
- Industrial space is not in high demand, as there is available workable industrial space, such as the Corning Site.
- Slight grade along Struble Road may present a challenge for large trucks.
- Site may require extensive environmental remediation:
 - Demolishing existing buildings;
 - Green industrial development would require modern buildings, and a developer would be unlikely to retrofit the existing buildings on this site.

Report Recommendations that Address “Overcoming Barriers”

- 1. Short-term Recommendation # 1 – Articulate and Optimize Development Approval and Permitting Process**
 - a) Active participation by the municipalities and the development community to identify and review regulatory practices that may be barriers to development.
 - i) This property may require demolition or extensive retrofitting. By identifying and reviewing potential laborious permitting barriers, this could help redevelopment move forward.
 - b) Identify best practices for individual municipalities to consider enhancing the permitting processes to streamline development efforts.

- 2. Short-term Recommendation # 5 – Participate in and support education and training seminars covering economic development financing and government’s role in public/private partnerships.**
 - a) Topics would include: financing/funding strategies, target marketing, business retention and expansion (BRE), brownfield redevelopment, and others.
 - i) This would serve to educate to enhance the marketability of the property, and provide opportunity to see how to incentivize developers to redevelop the property.

- 3. Mid-term Recommendation # 7 – Encourage the Revitalization of Aged and Commercial Centers and Brownfields.**
 - a) If improvements are needed, work with the property representative to identify possible funding/financing programs or other incentives to assist in the rehabilitation (or redevelopment) costs.
 - i) Addresses the lack of interest in redevelopment.
 - ii) Addresses the potential barrier of environmental remediation on the 9 acre parcel.

Corning Site

Overview of Site

- Located in College Township, along East College Avenue/Route 26.
- Small corner of undevelopable land (former landfill); 96 acres of developable land.
 - Half of the land available is parking areas.
 - 400,000 square foot building with approximately 200,000 is available for tenancy.
- Available for industrial (light/heavy) or commercial use.
- Road around the site.
- Located along a rail road – a rail spur could be put in for industrial use.
- Affordable tenancy cost – \$4.00-\$4.50/square foot (not including utility, build out costs).
- Recently painted, façade rehabilitated along Route 26, has available dock space, ample parking, prime access to the interconnector “transfer road” that in development.

Barriers to Redevelopment

- Not high demand for industrial space – available newer space throughout the Centre region is not filled to capacity.
- Tenants/developers are choosing existing sites and rehabilitating them for uses as needed.
 - Slow rehabilitation process with permitting is a deterrent to filling vacancies and upgrading or rebuilding, as needed.

Report Recommendations that Address “Overcoming Barriers”

- 1. Short-term Recommendation # 1 – Articulate and Optimize Development Approval and Permitting Process**
 - a) Active participation by the municipalities and the development community to identify and review regulatory practices that may be barriers to development.
 - b) Identify best practices for individual municipalities to consider enhancing the permitting processes to streamline development efforts.

- 2. Short-term Recommendation # 3 – Participate in and support education and training seminars covering economic development financing and government’s role in public/private partnerships.**
 - a) Topics would include: financing/funding strategies, target marketing, business retention and expansion (BRE), brownfield redevelopment, and others.

- i) This would serve to educate to enhance the marketability of the property, and provide opportunity to incentivize developers to redevelop the property.

- 3. Mid-term Recommendation # 5 - Consider a Comprehensive Business, Retention and Expansion (BRE) Strategy for Each Municipality**
 - a) Addresses the lack of interest in redevelopment – and the vacancy – may provide opportunity to fill the vacancies.

- 4. Mid-term Recommendation # 7 – Encourage the Revitalization of Aged and Commercial Centers and Brownfields.**
 - a) Have brownfield sites marketed more effectively along with other sites/buildings in the Centre Region for possible expansion and/or relocations.
 - b) If improvements are needed, work with the property representative to identify possible funding/financing programs or other incentives to assist in the rehabilitation (or redevelopment) costs.
 - i) Addresses the lack of interest in redevelopment.

- 5. Mid-term Recommendation # 8 – Work with Centre County Industrial Development Corporation to promote an inventory of buildings and sites and a database to track them.**
 - a) A comprehensive commercial database of buildings and sites, available to all in the economic development arena
 - b) Will benefit the municipalities by having an inventory of commercial buildings and sites accessible to respond to companies looking for new locations in the Centre Region.
 - i) The Corning Site would come up on this database as having available space – help aid in filling the vacancies
 - c) The system should continue to be accessible by all the local municipalities as well as the commercial brokerage community
 - i) Help aid in filling the vacancies in this Plaza