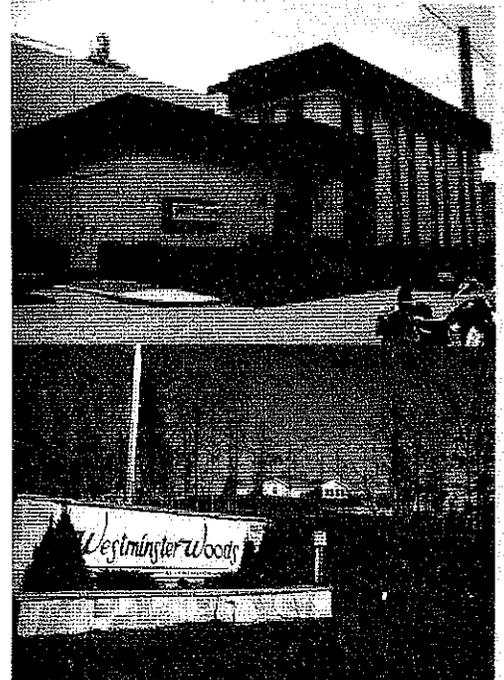
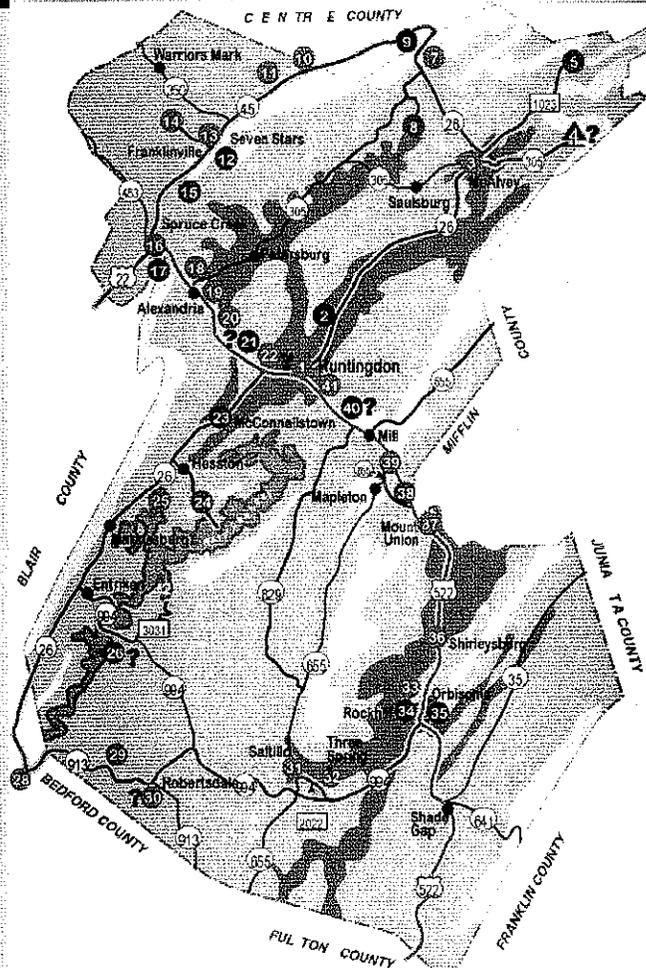
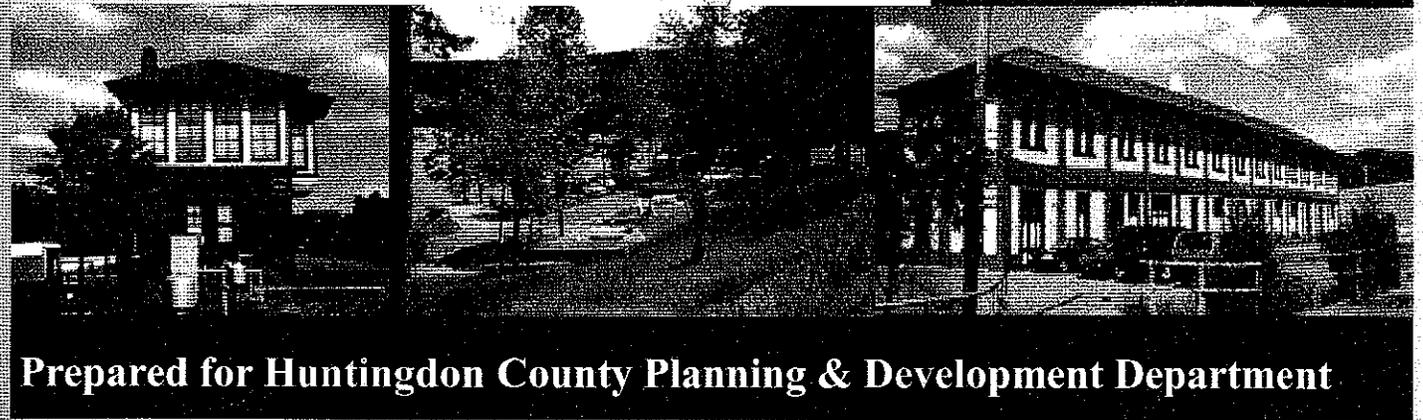


A Comprehensive Economic Analysis *for*

Huntingdon County



April 2003



Prepared for Huntingdon County Planning & Development Department

Prepared by:



Gannett Fleming

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EYDIE S. MILLER
Chief Clerk



SCOT GILL
Solicitor

MEETING DAY
TUESDAY — 9:30 A.M.

Huntingdon County, Pennsylvania

OFFICE OF

COUNTY COMMISSIONERS

HUNTINGDON, PENNSYLVANIA 16652-1486

RESOLUTION 2003-12

PHONE: 814-643-3091
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ADOPTION OF COMPREHENSIVE PLAN

WHEREAS, the Huntingdon County Board of Commissioners is committed to fostering proper growth and development through effective planning to ensure the enjoyment of life by each citizen in a pleasant and harmonious environment; and,

WHEREAS, the Pennsylvania Municipalities Planning Code (Act 247) requires counties to prepare and adopt comprehensive plans; and,

WHEREAS, the Huntingdon County Planning Commission, under the direction of the Board of Commissioners, through careful study, community input and public discussion, has prepared a "Huntingdon County Comprehensive Economic Analysis" to provide guidance in the area of economic development; and,

WHEREAS, the Huntingdon County Comprehensive Plan is a tool to promote economic development; to revitalize communities; to protect farms, forests, and streams; to safeguard recreational and natural areas; and to sustain open space as well as the aesthetic and historic characteristics of the County; and,

WHEREAS, the Huntingdon County Planning Commission has recommended adoption of the "Huntingdon County Comprehensive Economic Analysis," consisting of maps, charts, tables and textual matter, by the Huntingdon County Board of Commissioners; and,

WHEREAS, the required public meeting and public hearing have been held by the Planning Commission and County Commissioners.

NOW, THEREFORE, BE IT RESOLVED, the Commissioners of Huntingdon County hereby adopts an amendment to Huntingdon County Comprehensive Plan, titled "Huntingdon County Comprehensive Economic Analysis," dated April 2003, as part of the official Comprehensive Plan for the County.

Adopted this 29th day of July, 2003.

HUNTINGDON COUNTY COMMISSIONERS

Alexa R. Cook
Alexa R. Cook, Chairman

Kent W. East
Kent W. East, Vice Chairman

Roy E. Thomas
Roy E. Thomas, Secretary

Attest:

Eydie S. Miller
Eydie S. Miller, Chief Clerk

ACKNOWLEDGMENTS

Huntingdon County Commissioners

Alexa R. Cook, Chairman
 Kent W. East, Vice Chairman
 Roy E. Thomas, Secretary

Huntingdon County Planning Commission

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Project Funding

This project was funded in part with a Land Use Planning and Technical Assistance Grant (LUPTAP) from the State of Pennsylvania, Department of Community and Economic Development (DCED), Bureau of Planning; and local funds from the Huntingdon County Commissioners.

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Geographic Information System

The Economic Analysis is based, in part, on data from the Huntingdon County Geographic Information System. The GIS has been developed with the technical assistance of the Spatial Sciences Research Center of Indiana University of Pennsylvania. Additional GIS services were provided by Geo Decisions, a division of Gannett Fleming.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	1
BUSINESS AND WORKFORCE DEVELOPMENT	2
ENTERPRISE ZONE (EZ) & TECHNOLOGY PROCUREMENT	3
MARKETING AND VISITOR PROMOTION	5
STRATEGIC PLAN SUMMARY	6
REVIEW OF PREVIOUS DEVELOPMENT STUDIES	13
ECONOMIC DEVELOPMENT MODEL FOR HUNTINGDON COUNTY	13
HUNTINGDON COUNTY ECONOMIC PROFILE	14
PREPARATION FOR A NEW MILLENNIUM IN HUNTINGDON COUNTY	15
CONTINUITY THROUGH CONSERVATION, BACKGROUND STUDIES	16
HUNTINGDON COUNTY QUALITY OF LIFE SURVEY	17
CONTINUITY THROUGH CONSERVATION, THE PLAN	17
ECONOMIC DEVELOPMENT TASK FORCE STRATEGIC PLAN	21
PLANNING IMPLICATIONS	22
ANALYSIS OF INDUSTRIAL STRUCTURE & PERFORMANCE	25
NATIONAL ECONOMIC OUTLOOK	25
PENNSYLVANIA ECONOMIC OUTLOOK	26
HUNTINGDON COUNTY ECONOMIC OUTLOOK	27
ECONOMIC BASE ANALYSIS	28
Location Quotient Analysis	30
Shift-Share Analysis	42
Preliminary Findings	44
LABOR FORCE ANALYSIS	51
Industry Employment	52
Occupational Mix	53
Unemployment Rates	54
Commuting Patterns	57
Educational Attainment	58
Occupational Composition	60
Wage Rates	60
Personal Income	62
Age Structure	65
INDUSTRY CLUSTER ANALYSIS	69
TARGET INDUSTRY ASSESSMENT	71
Mature Sectors	74
Emerging Sectors	77
Potential Growth Sectors	80
PLANNING IMPLICATIONS	84

BUSINESS LEADER SURVEY & STAKEHOLDER INTERVIEWS.....	86
INTRODUCTION.....	86
OBJECTIVES.....	87
METHODOLOGY.....	87
SURVEY FINDINGS.....	88
STAKEHOLDER INTERVIEWS: SUMMARY OF KEY THEMES.....	93
Educational & Career Development Agencies.....	94
Economic Development Organizations.....	95
Chambers of Commerce.....	97
County and State Government.....	98
PLANNING IMPLICATIONS.....	99
ANALYSIS OF ECONOMIC DEVELOPMENT AGENCIES.....	101
ECONOMIC DEVELOPMENT SERVICE PROVIDERS.....	101
PLANNING IMPLICATIONS.....	106
ANALYSIS OF AVAILABLE DEVELOPMENT SITES.....	107
INTRODUCTION.....	107
METHODOLOGY.....	107
PLANNING IMPLICATIONS.....	109
NEW COMMUNITIES PROGRAM OPPORTUNITIES.....	120
WHAT IS THE NEW COMMUNITIES PROGRAM?.....	120
WHAT IS AN ENTERPRISE ZONE?.....	121
REQUIRED ACTIVITIES FOR AN ENTERPRISE ZONE.....	122
REQUIREMENTS FOR ENTERPRISE ZONE DESIGNATION.....	123
APPLICATION FOR ENTERPRISE ZONE DESIGNATION.....	125
ENTERPRISE ZONE PROGRAM BENEFITS.....	127
THE NEW COMMUNITIES PROGRAM: MAIN STREET COMPONENT.....	128
Main Street Planning Projects.....	129
Main Street Community Projects.....	130
Main Street Affiliate Projects.....	131
Program Benefits.....	131
THE NEW COMMUNITIES PROGRAM: HYBRID ZONES.....	132
THE NEW COMMUNITIES PROGRAM: ANCHOR BUILDINGS.....	133
BRAIN GAIN: BUILDING A COMPETITIVE FRAMEWORK.....	134
SUCCESSFUL AND UNSUCCESSFUL EZ AND MAIN STREET PROJECTS.....	135
HUNTINGDON COUNTY NEW COMMUNITIES ASSESSMENT.....	137
PLANNING IMPLICATIONS.....	140
TECHNOLOGY ASSESSMENT.....	142
INTRODUCTION.....	142
OPPORTUNITIES—ENABLING ROLES AND FUNCTIONS.....	143
OBSTACLES TO RURAL ACCESS.....	149
RURAL BROADBAND INTERNET SUCCESS STORIES.....	152
HUNTINGDON COUNTY’S ROUTE 22 CORRIDOR.....	156

RELATED TECHNOLOGY INITIATIVES 157

RECOMMENDATIONS AND OPTIONS 159

 KeyNet Alliance..... 161

 Digital Divide..... 162

 Ben Franklin Technology Development Authority (BFTDA)..... 162

 Shared Municipal Services 163

PLANNING IMPLICATIONS..... 163

MARKETING PLAN 164

 INTRODUCTION..... 164

 BUSINESS CLIMATE..... 164

 CURRENT MARKETING EFFORTS 165

 TRADITIONAL TARGET AUDIENCE 166

 ECONOMIC DEVELOPMENT OBJECTIVES..... 166

 MARKETING COMMUNICATIONS: OBJECTIVES..... 169

 MARKETING STRATEGIES 170

 MARKETING MESSAGES 170

STRATEGIC INITIATIVES..... 171

 BUSINESS & WORKFORCE DEVELOPMENT..... 174

 MARKETING & VISITOR PROMOTION..... 191

 ENTERPRISE ZONE (EZ) & TECHNOLOGY PROCUREMENT 201

APPENDICIES

- Appendix A - SIC Descriptions
- Appendix B - Shift Share
- Appendix C - Commuting Patterns
- Appendix D - Average Annual Wage
- Appendix E - Industry Assessment
- Appendix F - Business Owner Survey
- Appendix G - Survey Listing
- Appendix H - Broadband
- Appendix I - Economic Development Plan, "Continuity Through Conservation II"

TABLE OF FIGURES

Table 2-1: Total Population – 1990-2000	19
Table 2-2: Population by Age Group.....	19
Table 2-3: Population by Race.....	20
Table 2-4: Income Comparisons.....	20
Table 2-5: Unemployment Rate.....	21
Figure 3-1: Standard Industrial Classification (SIC) System	31
Table 3-1: Location Quotient Analysis.....	33
Table 3-2: Market Profile – Consumer & Producer Markets	36
Figure 3-2: Huntingdon County’s Service Sector 1990.....	38
Figure 3-3: Huntingdon County’s Service Sector 2000.....	38
Table 3-3: Industries with Fastest Wage & Salary Employment Growth	40
Figure 3-4: Composition of Huntingdon County’s Manufacturing Sector.....	41
Table 3-4: Top Manufacturing Employers	42
Table 3-5: U.S. Business Cycle Expansions & Contractions	43
Table 3-6: Shift-Share Analysis.....	45
Table 3-7: Employment Trends Among Key Industries.....	47
Table 3-8: Competitive Advantage of the Service Sector	50
Table 3-9: Industry Employment.....	52
Figure 3-5: Occupational Composition.....	53
Table 3-10: Change in Occupational Employment.....	54
Table 3-11: Unemployment Rates	55
Figure 3-6: Unemployment Rate: Civilian Labor Force.....	56
Figure 3-7: Commuting Patterns.....	57
Table 3-12: Educational Attainment in 2000.....	58
Table 3-13: Cost of Living Estimates Southern Alleghenies Region.....	61
Table 3-14: Analysis of Personal Income 1990.....	63
Table 3-15: Analysis of Personal Income 2000.....	64
Table 3-16: Per Capita Income Comparisons 1990-2000.....	65
Figure 3-8: Population Pyramid for Huntingdon County (2001).....	66
Figure 3-9: Age Dependency Ratios (2000).....	67

Table 3-17: Vital Health Statistics for Huntingdon County	68
Figure 3-10: Huntingdon County’s Pyramid of Advantage.....	72
Table 3-18: Economic Impact of Domestic Travel.....	81
Table 4-1: Survey Respondent Profile.....	89
Table 4-2: Ranking of Site Selection Criteria.....	90
Table 4-3: Business Investment Plans	91
Table 4-4: Composition of the Local Workforce.....	92
Table 5-1: Economic Development Service Providers.....	102
Table 6-1: Site Selection Ranking	109
Map 7-1: Huntingdon County Enterprise Zone	141

*Section 1***Executive Summary****Introduction**

In the Spring of 2002, Delta Development Group, Inc. (Delta) was retained by Huntingdon County to prepare a countywide economic development plan. From the onset, the scope of services called for a participatory planning process that sought input from a wide variety of community stakeholders. The Economic Task Force and Planning Commission became a sounding board for the consulting team, keeping Delta's progress in check and providing constructive feedback during all stages of plan development. An ad hoc Study Committee was formed from the members of the Task Force, Planning Commission and other community leaders to assist in development of the Economic Analysis. Study Committee members work in a variety of professional fields, including economic development, visitor promotion, education, workforce development, municipal government, and private industry. Their diverse backgrounds have helped the consulting team maintain a "big picture" perspective throughout the planning process. To date, Delta has completed the following tasks:

- Review of Previous Economic Development Plans
- Stakeholder Interviews
- Analysis of Industrial Structure & Performance
- Business Leader Survey
- Enterprise Zone and Main Street Opportunity Analysis
- Analysis of Development Sites
- New Communities-Enterprise Zone Grant Application
- Technology Assessment
- Marketing & Visitor Promotion Strategy

The analysis provides a solid foundation for making informed decisions about the future direction of Huntingdon County. By presenting Delta's findings in a concise format, this report provides the basis for recommending actions that lead to implementation. For discussion purposes, findings have been categorized as follows: Business & Workforce Development, Enterprise Zone (EZ) & Technology Procurement, and Marketing & Visitor Promotion.

Business and Workforce Development

The industry analysis, stakeholder interviews, and business surveys were utilized to gain a broader understanding of the County's 'basic' industries, comprised of firms that generate cash flow by exporting products and services. By circulating their cash earnings through the local economy, economic 'base' sectors stimulate *local* economic growth, hence their importance to any economic development strategy. The analysis identified the following strengths and weaknesses within Huntingdon County's economy:

- Huntingdon County exhibits a fairly diverse export base, comprised of industries that serve both consumer and producer markets. Signs of competitive weakness are evident in the manufacturing sector, where employment is often concentrated in sectors that have not kept pace with national employment growth.
- In contrast to the sluggish manufacturing sector, the service sector has witnessed unprecedented growth. From 1991-1997, manufacturing sector employment grew by only ½ percent, whereas service sector employment increased by 13 percent. Despite its weak specialization ratio, Health Services (SIC 80) exhibits positive employment growth and local competitive advantage, an indication that this *emerging sector* is poised for future growth. The proximity of JC Blair Memorial Hospital to other health care facilities within the Southern Alleghenies Region creates an opportunity for utilizing telemedicine to enhance the delivery of rural health care services.
- The comparative weakness of the County's other service industries suggests the need for diversification, particularly in the area of Business Services (SIC 73), a potential growth sector that has *lost* employment over the decade. Business Services (SIC 73) has been identified as a *potential growth sector* because it exhibits a weak local specialization (LQ=.1895), an indication that demand is being partly satisfied by imports. Non-basic industries represent an opportunity for import substitution.
- Traditional segments of the County's economy exhibited some staying power in the 1990s. While Agricultural Production-Livestock (SIC 02) did not demonstrate significant employment growth, its strong specialization ratio (LQ=10.9913) shows its importance to the County economy. The analysis confirms a comparatively weak Agricultural Services (SIC 07) sector. This finding is consistent with the County's comprehensive plan "Continuity Through Conservation II" (1999), which identified the lack of agricultural support businesses as a factor contributing to the tenuous position of farming operations in the County.
- The analysis identified several *mature sectors* that would benefit from supply chain management. These sectors have a strong local presence, but are facing increased pressures from foreign competitors: Nonmetallic Minerals, Except Fuels (SIC 14); Stone, Clay & Glass Products (SIC 32); Fabricated Metal Products (SIC 34);

Electronic & Other Electronic Equipment (SIC 36). Enhancing the local supply chain - a network of buyers and suppliers operating collectively to deliver the final product - is one of the best means of building competitive advantage within the County's mature sectors.

- While Huntingdon County does not have a high performance industry cluster that can serve as a foundation for an economic development strategy, it has access to the necessary human capital to help pioneer process improvements within mature sectors.
- An important segment of Huntingdon County's economy, State government accounts for over 50 percent of all government jobs in the County. A significant percentage of these jobs can be attributed to the State Correctional Institution (SCI) at Huntingdon and Smithfield that employs approximately 1,000 full-time staff.
- The County's overall employment growth rate has been stagnant and its unemployment rate is one of the highest in the Southern Alleghenies and in Pennsylvania. This rate has ranged from 7.3 percent to 13.2 percent over the last ten years.
- According to U.S. Census Worker Flow Files, approximately 30 percent of Huntingdon County residents work outside of the County. This demonstrates the availability of good paying jobs in the Altoona and State College areas, which are within easy commuting distance of Huntingdon County.
- Results from the Business Leader Survey indicate that workforce development is a key concern for many employers. When discussing skill gaps within the labor force, employers identified a need for training in customer service, team building, leadership, and computers as top priorities. A host of local employers also identified the need for more skilled tradesmen, in occupations ranging from mechanical and electrical work to CADD design. Local education providers and businesses should work together to develop training programs.
- Stakeholder interviews indicated that hospitality training of the workforce was important when considering the impact of Raystown Lake and other visitor amenities.

Enterprise Zone (EZ) & Technology Procurement

Delta conducted an opportunity analysis to position Huntingdon County for the State's Enterprise Zone (EZ) Program. The analysis included an assessment of the current business environment, a discussion of factors that impede business development, and a proposed business development strategy. Delta also prepared a technology assessment, which included an inventory of current Internet providers, general cost

comparisons, and recommendations for developing broadband Internet access on a community level. The findings of the opportunity analysis and technology assessment are as follows:

- There are opportunities to develop and redevelop several key industrial sites in the County. These include Huntingdon Business Park, Riverview Business Center and the Smithfield Township Economic Development Corporation (STEDCO) property.
- An enterprise zone should be developed connecting Huntingdon to Mount Union. This should include portions of Huntingdon and Mount Union Boroughs as well as key parcels of land along U.S. Route 22. The Enterprise Zone coordinator will need to undertake a business visitation program that encourages ongoing business networking. This strategy will enable the coordinator to identify barriers to growth and place him/her in the best position to provide technical assistance.
- The Enterprise Zone coordinator should identify funding opportunities for business development and expansion and foster the development of a revolving loan program.
- The recent establishment of an Information Technology (IT) Program at Juniata College, the construction of a \$20 million state of the art science center, and plans for a virtual business incubator serve as a framework for technology related businesses in the County.
- Of the 47 (out of 116) businesses that responded to the Business Leader Survey, 39 currently have Internet access. When asked how they currently utilize the Internet, these businesses answered as follows: Marketing (17), Sales (18), Inventory Orders (9), and Other (22).
- The technology assessment revealed that Huntingdon County is currently underserved in broadband Internet technology. The typical installation rate for T-1 service is \$3,000 to \$4,000 in the County versus \$1,000 in more developed areas.
- The proposed enterprise zone for the County will focus on the development of additional technology capacity along the U.S. Route 22 corridor between Huntingdon and Mount Union. The technology assessment recommends that a local consortium of stakeholders be formed to improve their bargaining power with provider firms.
- The Center for Entrepreneurial Leadership (CEL) and the Juniata Incubator can help local businesses develop e-commerce components within their business plans.

Marketing and Visitor Promotion

The marketing and visitor promotion strategy focuses upon two key themes. The first is what the County can do to market itself internally and externally. The second is how the County can more effectively promote itself as a destination location. These themes are illustrated as follows:

- It is more beneficial to concentrate on the County's existing businesses than to market the region to those companies who know little or nothing about Huntingdon County.
- Offer local alternatives to local companies who no longer are served by their current facility. This will help smaller companies continue to call the County their home.
- Local economic development agencies need to showcase the County's strengths in a "real time" environment to companies considering relocation.
- Business attraction efforts should be focused upon a 'critical mass' of similar industries in the County. This includes qualifying leads through the Governor's Action Team (GAT) and other entities.
- Huntingdon County should have a clear and established line of communication for business attraction. This includes appropriate contact entities to answer questions and provide information in a timely manner.
- Contact business leaders who have knowledge of the region to attract businesses to Huntingdon County. This could include alumni of local school districts or Juniata College.
- Develop a strategy to provide employment opportunities for relocated spouses coming into Huntingdon County.
- Utilize media options to build an image of the County for potential niche or emerging industries. This would include advertising the Enterprise Zone.
- The most fertile environment for business start-ups is in a college or university environment. These institutions can provide support in business planning and product development.
- Utilize Juniata College and Penn State University as a way to attract students to Huntingdon County. This can be accomplished through internships and community involvement.
- Utilize Raystown Lake and other visitor attractions in the County, such as the East Broad Top Railroad, as a "gateway" for the County's marketing message.

Strategic Plan Summary

Business & Workforce Development		
Action	Timeframe	Partners
1.1 Establish an Early Warning Network to monitor the health of existing business and to provide rapid response to at-risk companies.	Short-term (0-2 years)	State Rapid Response Coordinators (L&I) Area Chambers of Commerce Huntingdon County Business & Industry (HCBI) Enterprise Zone (EZ) Coordinator * Huntingdon County CareerLink TEAM PA Business Calling Program Local Union & Labor Organizations Juniata College Industrial Modernization Center
1.2 Promote business participation in PA SourceNet.	Mid-term (2-5 years)	TEAM PA Foundation Southern Alleghenies Regional Planning & Development Commission Area Chambers of Commerce *
1.3 Promote utilization of the U.S. Small Business Administration's SCORE (State Corps of Retired Executives) program.	Ongoing	Greater Huntingdon Chamber of Commerce* Mt. Union Chamber of Commerce Broad Top Chamber of Commerce St. Francis Small Business Development Center Juniata College Center for Entrepreneurial Leadership
1.4 Establish a shared-risk seed fund to provide gap financing to business start-ups and local firms.	Short-term (0-2 years)	Enterprise Zone (EZ) Coordinator * Huntingdon County Business & Industry Southern Alleghenies Regional Planning & Development Commission Local financial institutions
1.5 Work in partnership with area businesses and school districts to implement a Teacher/Job Shadow program.	Mid-term (2-5 years)	Private Businesses Public School District Huntingdon CareerLink Local Junior Achievement Chapter Tuscarora Intermediate Unit II *
1.6 Support the continuation of Huntingdon County's family farms by identifying market niche opportunities, supporting agricultural land preservation, and advocating policy changes at the State and National level.		

Action	Timeframe	Partners
<ul style="list-style-type: none"> Explore niche market opportunities 	Ongoing	Northeast Federation of Family Farm Co-ops (NeFFFCo) Penn State/Huntingdon Cooperative Extension * Appalachian Farming Systems Research Center (USDA)
<ul style="list-style-type: none"> Continue to support the preservation of agricultural land in Huntingdon County 	Ongoing	Huntingdon County Commissioners * Penn State/Huntingdon Cooperative Extension
<ul style="list-style-type: none"> Advocate for improvements to existing Farm Service Agency (FSA) programs to reward farmers that implement conservation practices. 	Long-term (5+ years)	Huntingdon County Agricultural Land Preservation Board* Huntingdon County Commissioners State and Federal Delegation Pennsylvania Department of Agriculture Local Farm Service Agency (FSA) Office
<ul style="list-style-type: none"> Work with Penn State Cooperative Extension to educate farmers about non-traditional financing opportunities 	Mid-term (2-5 years)	Penn State/Huntingdon Cooperative Extension * Huntingdon County Agricultural Land Preservation Board
1.7 Perform a market analysis of Huntingdon Borough's Central Business District (CBD).	Mid-term (2-5 years)	Greater Huntingdon Chamber of Commerce* Huntingdon Area Merchants Pennsylvania Downtown Center
1.8 Introduce a hospitality curriculum as an adjunct to the Culinary Arts Program currently offered at the Huntingdon County Career & Technology Center.	Mid-term (2-5 years)	Huntingdon County Visitors Bureau Huntingdon County Career & Technology Center (HCCTC) * HCCTC's Craft Advisory Committee Pennsylvania Tourism & Lodging Association
1.9 Work in conjunction with Juniata College to establish an E-business Network.	Long-term (5+ years)	Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Huntingdon County Business & Industry Juniata College Center for Entrepreneurial Leadership * St. Francis Small Business Development Center Enterprise Zone (EZ) Coordinator

<p>1.10 Sponsor a Workforce Development Summit.</p>	<p>Short-term (0-2 years)</p>	<p>Greater Huntingdon Chamber of Commerce Huntingdon County Career & Technology Center Huntingdon County School Districts CareerLink Huntingdon County Business & Industry Enterprise Zone (EZ) Coordinator *</p>
<p>1.11 Diversify Huntingdon County's tourism sector and encourage year-round visitation.</p>	<p>On-going</p>	<p>Huntingdon County Planning & Development Department* Huntingdon County Visitor's Bureau Southern Alleghenies Regional Tourism Confederation Huntingdon County Business & Industry Huntingdon County Economic Development Task Force</p>
<p>1.12 Establish a Partnership Agreement among the area's economic development entities.</p>	<p>Short-term (0-2 years)</p>	<p>Huntingdon County Business & Industry Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Southern Alleghenies Planning & Development Commission Huntingdon County Economic Development Task Force * Huntingdon County Visitors Bureau</p>
<p>1.13 Retain the Economic Task Force as a permanent organizational body.</p>	<p>Ongoing</p>	<p>Huntingdon County Commissioners Huntingdon County Planning & Development Department* Huntingdon County Economic Development Task Force</p>
<p>1.14 Implement a countywide leadership development program</p>	<p>Ongoing</p>	<p>Huntingdon County Commissioners Penn State Cooperative Extension * Greater Huntingdon Chamber of Commerce Huntingdon County Economic Development Task Force Leadership Steering Committee Mt. Union Chamber of Commerce Broad Top Chamber of Commerce</p>
<p>1.15 Encourage the implementation of the County's comprehensive plan – Continuity Through Conservation II.</p>	<p>Ongoing</p>	<p>Huntingdon County Planning & Development Department* Huntingdon County Economic Development Task Force</p>

Marketing & Visitor Promotion		
Action	Timeframe	Partners
2.1 Continue offering Customer Service Training to support downtown redevelopment and expansion within the County's tourism sector.	Ongoing	Huntingdon County Visitors Bureau * Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Huntingdon Area Merchants
2.2 Establish a locals-only program to familiarize residents with local attractions.	Short-term (0-2 years)	Huntingdon County Visitors Bureau * Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Huntingdon Area Merchants
2.3 Automate the Huntingdon County Data Book.	Short-term (0-2 years)	Huntingdon County Business & Industry *
2.4 Align potential sites with the next phase of SelectSites.	Short-term (0-2 years)	Huntingdon County Business & Industry *
2.5 Form a Student/Community Relations Committee to establish a dialogue with the County's student population.	Short-term (0-2 years)	Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Juniata College *
2.6 Coordinate a work session with Penn State and Juniata College to discuss a niche strategy for the County's marketing plan.	Short-term (0-2 years)	Juniata College Center for Entrepreneurial Leadership Penn State University Huntingdon County Planning & Development Department * Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce St. Francis Small Business Development Center Broad Top Chamber of Commerce Huntingdon County Visitors Bureau Huntingdon County Business & Industry Southern Alleghenies Planning & Development Commission

Action	Timeframe	Partners
2.7 Establish an indirect marketing campaign that complements the Quality of Life video project.	Short-term (0-2 years)	Huntingdon County Visitors Bureau * U.S. Army Corps of Engineers Juniata College Westsylvania Heritage Corporation
2.8 Prepare a market study to document the spending habits and purchasing power of the County visitor base.	Mid-term (2-5 years)	Huntingdon County Visitors Bureau * Juniata College Penn State University Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Southern Alleghenies Planning & Development Commission
2.9 Conduct a workforce assessment to document workforce availability and skills within Huntingdon County's labor force.	Mid-term (2-5 years)	CareerLink * Southern Alleghenies Regional Planning & Development Commission
2.10 Continue to promote the community assets that distinguish Huntingdon County as a progressive rural community.	Short-term (0-2 years)	Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Huntingdon County Business & Industry Huntingdon County Planning & Development Department * Huntingdon County Visitors Bureau
2.11 Utilize signage, landscaping, and other streetscape enhancements to delineate gateways along the County's major transportation arteries.	Mid-term (2-5 years)	Huntingdon County Planning & Development Department * Juniata College
2.12 Develop a public awareness campaign to build support for the Comprehensive Economic Analysis.	Short-term (0-2)	Huntingdon County Economic Development Task Force * Huntingdon County Business & Industry Southern Alleghenies Planning & Development Commission

Enterprise Zone (EZ) & Technology Procurement		
Action	Timeframe	Partners
3.1 Form an organizational structure to ensure coordination of business development efforts.	Short-term (0-2 years)	Enterprise Zone (EZ) Coordinator * Huntingdon County Planning & Development Department Huntingdon County Economic Task Force
3.2 Hire an Enterprise Zone (EZ) coordinator.	Short-term (0-2 years)	Huntingdon County Commissioners * Huntingdon County Planning & Development Department Huntingdon County Business & Industry Greater Huntingdon Chamber of Commerce Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Juniata College Broadband Consortium St. Francis Small Business Development Center (SBDC)
3.3 Identify financial and technical resource needs of EZ corridor businesses with larger than local markets, and procure resources which will respond effectively to those needs.	Ongoing	Huntingdon County Business & Industry Juniata College Center for Entrepreneurial Leadership Enterprise Zone (EZ) Coordinator *
3.4 Develop a business Revolving Loan Fund (RLF) to be capitalized by repayments of loans provided by DCED and other public lenders.	Ongoing	Huntingdon County Commissioners Huntingdon County Business & Industry Juniata College Center for Entrepreneurial Leadership Enterprise Zone (EZ) Coordinator *
3.5 Form a Rural Area Network to aggregate broadband demand.	Short-term (0-2 years)	Enterprise Zone (EZ) Coordinator * Greater Huntingdon Chamber of Commerce/ Technology Committee Mt. Union Chamber of Commerce Broad Top Chamber of Commerce Juniata College
3.6 Review State and Federal funding assistance programs	Mid-term (2-5 years)	Broadband Consortium Enterprise Zone (EZ) Coordinator * Early adopters along the U.S. Route 22 corridor/enterprise zone

Action	Timeframe	Partners
3.7 Prepare a Broadband Business Plan	Short-term (0-2 years)	Broadband Consortium Enterprise Zone (EZ) Coordinator * Juniata College Center for Entrepreneurial Leadership St. Francis Small Business Development Center (SBDC)
3.8 Develop an Anchor Building project in Huntingdon Borough's Central Business District (CBD).	Mid-term (2-5 years)	Enterprise Zone (EZ) Coordinator Broadband Consortium Greater Huntingdon Chamber of Commerce Huntingdon County Planning & Development Department

Section 2

Review of Previous Development Studies

A primary objective of the *Comprehensive Economic Analysis* is to diversify the County's economic base by strengthening its internal capacity. Capacity-building not only refers to a community's physical capital, but also to the quality of its human resources – the job readiness of the labor pool, the resources of local development agencies, etc. Over the years, a number of studies have profiled the Huntingdon County economy and examined both sides of this economic equation. While some studies chose to focus upon a particular segment of the economy, a greater number take a broader view – relying upon surveys, interviews, and quantitative analysis to identify key trends and issues. These studies provide a useful *benchmark* for today's planning efforts because they document competitive challenges and opportunities that may still persist today.

Looking back over the last 20 years, this section highlights key trends and issues that impacted Huntingdon County's growth and development. Although some issues no longer remain relevant, a surprising number still resonate today. This review helped the consulting team and Study Committee arrive at a shared understanding of the opportunities and challenges facing Huntingdon County. It also provided a foundation for setting priorities and establishing policies that would build the County's capacity from the inside-out.

Economic Development Model for Huntingdon County**Juniata College (1988)**

Declaring that "...no single strategy can/should be used to promote development in the County," the report called for a broad-based approach to economic development that would address the County's primary obstacles to growth: (1) low per capita income, (2) weak job growth, and a (3) lack of economic diversification. Topographic constraints (e.g. steep slopes, forestland) were also identified as factors that limited development potential in many areas of the County. In addition, many municipal governments lacked sufficient revenue to finance infrastructure improvements needed to support commercial development. While the County's physical capacity to support development was a concern, the job readiness of the workforce was also at issue. The report expressed concern about the County's high unemployment rates and lower than average educational attainment. Persistently high unemployment suggested a mismatch between worker skills and workplace needs. A primary recommendation of the report was to update the County's property database, which would be maintained by staff at Huntingdon County Business & Industry (HCBI).

Huntingdon County Economic Profile

Richard C. Sutter & Associates, Inc. (1994)

Richard Sutter and Associates, Inc. completed this County profile on behalf of the Southern Alleghenies Planning and Development Commission. In addition to providing a general overview of the County economy between 1979 and 1988, the profile also reported on a range of quality of life indicators, including demographic trends, labor force characteristics, and business climate. This was followed by an in-depth analysis of regional, Statewide, and national economic trends. From 1988 to 1993, the State and national economy witnessed modest employment growth, which was mirrored by the six-county Southern Alleghenies Region. Over the same period, Huntingdon County lost employment, particularly in the manufacturing and service sectors. Job losses in the Hotels & Other Lodging Places (SIC 70) sector was of notable concern because the County was working to build a more robust tourism industry.

The report indicated that County and State government were the largest engines of employment growth in Huntingdon County. By far, the largest State employer was the Pennsylvania Department of Corrections, which operated two (2) prison facilities in Huntingdon County. By 1990, local and State government employed over 2,500 persons and consisted of seventy-eight (78) business establishments. Because State government paid well above the average wage, this sector remained a retention target for Huntingdon County.

In addition to documenting industry and employment trends, the consultant utilized Input-Output (I-O) analysis to identify linkages between local industries. By identifying the forward- and backward linkages that connect suppliers and customers, I-O analysis determines if a local economy is dependent upon a few key employers – or if the local economy is diversified amongst a large network of related industries. In many cases, local firms are unaware that local or regional businesses can meet their supply needs. In this instance, I-O analysis is utilized to identify potential gaps in the “supply chain.” Once these gaps have been identified, a targeted marketing campaign can be developed to recruit firms within the industry cluster. I-O analysis suggested that the County’s primary cluster was the Lumber & Wood Products (SIC 24) industry – an emerging sector that deserved heightened attention from economic development agencies. The consultant recommended that a targeted marketing campaign be paired with entrepreneurial development efforts to diversify this particularly cluster. It also noted a significant regional cluster in the Paper & Allied Products (SIC 26) sector and the wholesale trade of nondurable goods (SIC 51). From the consultant’s perspective, these potential growth sectors required some effort be expended to strengthen inter-firm linkages.

Preparation for a New Millennium in Huntingdon County

Richard C. Sutter & Associates, Inc. (1996)

In 1996, Huntingdon County Business & Industry (HCBI) secured the services of a private consulting firm to identify strengths and weaknesses within Huntingdon County's economy. The study examined industry and labor force trends from 1988 to 1993, a period of transition in the County economy. While the private sector lost employment share over this time period, these losses were mostly concentrated in the manufacturing sector. Employment within Huntingdon County's government sector was relatively stable. But the same could not be said of the service sector, which witnessed unusually poor performance during this period. From 1988-1993, employment within Huntingdon County's service sector grew by only 5.2 percent, whereas the Southern Alleghenies Region experienced job growth of 23.4 percent. In an area that was attempting to build a more dynamic tourist industry, hotels and restaurant related industries showed a disappointing decline.

In addition to these quantitative findings, the study included results from an attitudinal survey distributed to approximately forty (40) employers in Huntingdon County. The survey asked employers to discuss the job readiness of the local workforce. Employers noted the following: (1) Recent high school graduates were more computer savvy, more literate and open to change; (2) Employers had concerns about the lack of maturity and absence of work ethic among the current workforce; and (3) Older members of the workforce were viewed as more reliable, yet resistant to change. In some cases, more mature workers resisted upgrading skills to remain competitive within their industry. Employers added that they wanted additional courses available in computer skills, reading blueprints and mechanical drawings, team building, conflict management, resume writing, and interview skills.

As a result of the survey and industry analysis, the marketing committee for Huntingdon County Business and Industry (HCBI) worked with the consultant to identify several industry targets. These "targets" would provide the foundation for a direct marketing campaign that was designed to attract and retain businesses within sectors for which Huntingdon County exhibited a strong competitive advantage:

- **Lumber & Wood Products (SIC 24)**
Wood Kitchen Cabinets
Structural Wood Members
- **Furniture & Fixtures (SIC 25)**
Public Building & Related Furniture
Wood Office Fixtures & Partitions
- **Machinery & Computers (SIC 35)**
Special Dies & Tools
Cutting Tools & Machine Tool Accessories

- **Instruments & Related Products (SIC 38)**
Surgical & Medical Instruments & Apparatus
Orthopedic, Prosthetic, & Surgical Appliances & Supplies
Electromedical & Electrotherapeutic Apparatus
- **Miscellaneous Retail (SIC 59)**
Mail Order Retail
- **Hotels & Other Lodging Places (SIC 70)**
Hotels & Motels
- **Business Services (SIC 73)**
Credit Reporting
Direct Mail Advertising – same as credit reporting
- **Engineering & Management Services (SIC 87)**
Testing Laboratories

Continuity Through Conservation, Background Studies

Huntingdon County Comprehensive Plan Phase I, Background Studies (1997)

This first phase of the Huntingdon County Comprehensive Plan was prepared by Richard C. Sutter and Associates. The Background Studies report suggested that the County's economy had changed substantially over the past fifty years, primarily in structure rather than size. During this period, the County's civilian labor force increased by 31 percent, from 13,077 to 17,185, while agricultural employment decreased by 19.4 percent and mining employment decreased by 5.4 percent, respectively. The manufacturing sector lost significant employment share, dropping from 31.4 percent to 23.7 percent of the total labor force. Other employment sectors increased proportionately to account for overall employment growth. The principle conclusions of the Background Studies report were as follows:

- The County had a higher percentage of manufacturing workers (25%) than either Pennsylvania or the U.S. as a whole.
- Similar to other rural counties, a higher than average percentage of workers (29.8%) commuted out of the County for employment.
- For several decades unemployment in the County was higher than the State average, and had often been the highest in the State.
- The County workforce was characterized as primarily blue collar.
- Wages paid by area businesses were below average for the State.

- The percentage of government employees (23%) was much higher than average, reflecting the presence of State Correctional Institutions and several important State offices in the area.
- While the acreage devoted to agricultural activities remained fairly consistent, farms decreased in number. This reflects a trend toward larger farming operations to achieve greater economies of scale. Particularly significant was the loss of dairy farms, one of the County's primary agricultural industries. From 1990 to 1995, the County lost 40 dairy farms.

Huntingdon County Quality of Life Survey

VanLandingham Consulting/Graney, Grossman, Ray & Associates (1999)

The survey was completed in 1999 to fulfill the public participation objectives of the County Comprehensive Plan Update. Mailed to a representative sample of County residents, the opinion survey asked respondents to rank the desirability of Huntingdon County on a number of levels, including job opportunities, consumer preferences, and standard of living. The survey was distributed to 1,760 residents – and resulted in a 43 percent response rate. Based upon the survey findings, employment concerns ranked high amongst many respondents. Three (3) out of every four (4) respondents considered high unemployment to be a “severe problem” – the only issue to receive such a rating by a majority of respondents. In addition, nine (9) out of ten (10) respondents felt that job creation should be the greatest priority.

In the area specifically related to economic development, assisting local business to stay/expand within the County was rated the highest priority, followed by new industry recruitment. Improving the quality of life and marketing the County's attractiveness to high-tech, information-age businesses also received high rankings in the survey, as did providing assistance for small business development. When compared with other economic development concerns (e.g. job creation, business retention), tourism development did not receive a high ranking; only 26% of respondents felt it was important. Because this survey did *not* specifically focus upon community attitudes with regards to tourism, it would be erroneous to conclude that a majority of County residents oppose further development of this sector. The survey does suggest, however, that some people do not consider the industry a primary engine of economic development – or a source for family sustaining job opportunities. The survey points to a lack of awareness about the role of tourism within the County economy. Public education may broaden awareness about the tourism industry and its linkages to other key industry sectors.

Continuity Through Conservation, The Plan

County Comprehensive Plan, Phase II (November 1999)

Phase II of the County Comprehensive Plan was prepared by Graney, Grossman, Ray and Associates. Through a series of objectives and policy statements, the plan outlines a *vision* for Huntingdon County – an image of the County that it will aspire to

achieve over the next 20 years. The vision for economic development reflects the priorities outlined within the *Quality of Life Survey* (1999). When the survey was conducted, residents' primary concerns centered upon the need for family-sustaining jobs, new business development, and infrastructure that would support diversification within the service sector (e.g. additional retail, knowledge-based businesses). The economic development vision stayed true to these concerns: "To encourage the development of a healthy and diversified economic base capable of providing employment and goods and services to the residents of Huntingdon County." In support of the vision, five (5) objectives for economic development were established:

- Support and foster economic development activities that will continue the sustainable use of farm and forest resources. Support sound resource extraction policies.
- Support and foster efforts to expand the breadth of tourism attractions and tourism-related business in Huntingdon County.
- Reduce the flow of retail dollars from Huntingdon County by developing a stronger, more diverse retail service base.
- Continue successful efforts to expand the industrial sector of the economy and attract new industry sectors that match the County's resources.
- Widen use of tools for economic development.

The plan outlined a series of "action steps," proactive strategies that would help the County fulfill its economic development goals. These policy recommendations provided the framework for the *Comprehensive Economic Analysis* – an in-depth examination of the County economy intended to strengthen the County's competitive edge, achieve consensus on key issues, and establish realistic goals for the future.

Socio-Economic Profile

In addition to the economic development plan, Phase II included a demographic profile of the County. According to the U.S. Census, Huntingdon County's decadal growth rate (DGR) has mirrored Pennsylvania's growth rate. As shown in **Table 2-1**, Pennsylvania gained 399,411 people from 1990-2000. This represents a DGR of 3.4 percent. Over the same period, Huntingdon County gained 1,422 persons – a DGR of 3.2 percent. While Huntingdon County's population growth reflected Statewide trends, the Southern Alleghenies Region experienced a fairly significant population loss. From 1990-2000, the six-county region lost 5,103 persons – a DGR of *negative* 1 percent.

Table 2 - 1

Population Change: 1990-2000			
Year	Huntingdon County	Southern Alleghenies Region	PA
1990	44,164	477,709	11,881,643
1996	45,061	479,709	12,033,856
2000	45,586	472,606	12,281,054
Total Change: 1990-2000	+1,422 (3.2%)	-5,103 (-1.1%)	+399,411 (+3.4%)

Source: United States Census Bureau

As shown in **Table 2-2**, Huntingdon County maintained a fairly consistent age *distribution* throughout this time period. For instance, the “18-64 years” age group represented 63 percent of the County’s total population in both 1990 and 2000, while the “65+ years” age group represented 13-14 percent of the total population. Although the County’s age *distribution* mirrors that of Pennsylvania, the County has experienced more rapid growth in its elderly population. From 1990-2000, the 65+ age group grew by 14 percent, while Pennsylvania’s 65+ category grew by a lesser 5 percent. In contrast, Pennsylvania’s “under 18” age group grew by 4 percent while Huntingdon County’s *declined* by 5.3 percent. Because the County’s “under 18” population is decreasing at roughly the same rate as its “65+” population is increasing, the County is likely gaining population due to attrition. As the population becomes progressively older, labor force constraints will become an ever-pressing issue.

Table 2 - 2

Population By Age Group % of total population				
Age Group	Huntingdon		Pennsylvania	
	1990	2000	1990	2000
Under 18 yrs.	23.5%	21.7%	23.5%	23.8%
18-64 yrs.	63.0%	63.5%	61.1%	60.5%
65 yrs. and over	13.5%	14.8%	15.4%	15.6%
Total Population	44,164	45,586	11,881,643	12,281,054

Source: United States Census Bureau

As depicted in **Table 2-3**, the racial composition showed little change in the County between the 1990 Census and the 2000 Census. This is also true on a Statewide basis. When compared to Pennsylvania, Huntingdon County has a larger percentage of those identified as “white” and a smaller percentage of those identified as “black.”

Table 2 - 3

Population By Race % of total population				
Race	Huntingdon		Pennsylvania	
	1990	2000	1990	2000
White	93.4%	93.3%	85.4%	85.4%
Black	4.5%	5.1%	10.0%	10.0%
Asian	0.25%	0.2%	1.8%	1.8%
Other	1.55%	1.4%	2.8%	2.8%
Total	100%	100%	100%	100%

Source: United States Census Bureau

Table 2-4 compares Huntingdon County's income structure to that of surrounding counties, the State, and the nation. In 1995, the Southern Alleghenies Region had a Median Household Income (MHI) of \$28,370, which represented 82 percent of Pennsylvania's MHI (\$34,439) and 83 percent of the MHI for the entire United States (\$34,076). Huntingdon County's MHI was only 1 percent lower than the regional average. In contrast, the County's per capita income was significantly lower than the regional number. In 1998, the County's per capita income (\$17,491) was nearly 14 percent lower than the per capita income for the Southern Alleghenies Region (\$19,890) and 57 percent lower than the per capita income for Pennsylvania (\$27,469). The presence of Juniata College and two (2) State Correctional Institutions may account for the County's comparatively lower income levels. Because large institutional populations are not actively contributing to the economy, they can give the impression that a community is not fairing well financially. Per capita income figures must be interpreted with this understanding in mind.

Table 2 - 4

Income Comparisons Per Capita & Median Household Income (MHI)		
Southern Alleghenies Region	Median Household Income (1995)	Per Capita Income (1998)
Bedford County	\$27,978	\$18,657
Blair County	\$28,315	\$22,216
Cambria County	\$28,055	\$21,058
Fulton County	\$30,343	\$19,830
Somerset County	\$27,556	\$20,091
Huntingdon County	\$27,978	\$17,491
Southern Alleghenies	\$28,370	\$19,890
Pennsylvania	\$34,439	\$27,469
United States	\$34,076	\$27,203

Source: Pennsylvania Department of Labor and Industry

As shown in **Table 2-5**, the County's unemployment rate has significantly exceeded that of the State and nation even as the economy experienced one of its greatest job generating periods ever. On an annualized basis, the 7.3% unemployment rate of 2000 far exceeded Pennsylvania's 4.2% unemployment rate and the nation's 4.0% unemployment rate. As of January 2002, Huntingdon County's unemployment rate had exceeded the State unemployment rate by more than 50 percent.

Job creation and employment growth during the 1990s was not evenly distributed across all regions of the State or nation. Job growth in the economy came in industries that were located in more urbanized areas of the country. In many communities with persistently high unemployment, strategies to stimulate economic development are undertaken through partnerships between the public and private sectors. Local economic activity and resources first must be analyzed before they can be restructured, sustained, or expanded as necessary to achieve the desired development.

Table 2 - 5

Unemployment Rate (%)			
	Huntingdon County	Pennsylvania	United States
January 2002	14.2	6.1	5.6
December 2001	10.4	5.8	5.8
2000 (Annualized)	7.3	4.2	4.0
1999 (Annualized)	8.5	4.2	4.2
1996 (Annualized)	10.2	4.4	5.4
1990 (Annualized)	10.3	5.3	5.6

Source: United States Bureau of Labor Statistics

Economic Development Task Force Strategic Plan

The Huntingdon County Commissioners established the Economic Development Task Force on April 11, 2000 by adopting Resolution #11. As outlined in the resolution, the primary mission of the Task Force is "...to share information and encourage economic development in Huntingdon County." To fulfill that mission, the Task Force developed a strategic plan to bring focus and direction to the County's economic development efforts. Adopted in September 2000, the Strategic Plan included a vision statement and action plan with measurable objectives:

Vision

It is the vision of the Huntingdon County Economic Development Task Force to improve the economic health and the quality of life of Huntingdon County residents by fostering and enhancing community education and innovation, agency communication and coordination, and promotion of a positive image of the County.

Action Plan

1. The Task Force will work proactively, through regular communication and coordination, with local organizations to meet community needs and to minimize duplication of services.
2. The Task Force will work to create and support an ongoing community leadership development program to build leadership capacity in the County.
3. The Task Force seeks the development of a comprehensive economic analysis of the County and an evaluation of economic development incentives.
4. The Task Force will work to identify a target market for business/industrial recruitment focusing on small- and medium-sized companies.
5. The Task Force seeks the development and implementation of a comprehensive marketing plan for the County to communicate positive images of the County using all possible methods (including print media, web sites and events such as Huntingdon County Expo 2000).
6. The Task Force encourages implementation of identified highway and transit priorities and technology initiatives such as fiber optics, web sites and e-commerce to facilitate the movement of people, goods and services.
7. The Task Force encourages employers to offer continuing education and job training to new and existing employees.

Since the adoption of the Strategic Plan, the Task Force has organized committees to carry out the Action Plan and has completed many of its objectives. Members of the Task Force have been actively involved in the development of the *Comprehensive Economic Analysis*.

Planning Implications

The various studies profiling Huntingdon County's economy provide a snapshot of the changes that have transpired in the national and state arena over the past 15 years. Where heavy industry once dominated American business and meant significant employment opportunities for the local workforce, the service sector is now the key to sustainable economic growth. The studies note this need and suggest different approaches to take advantage of local competitive strengths. There are indications in the studies that the County has attempted to respond to the changing business climate by targeting specific sectors with business retention and attraction strategies.

- Some industry targets identified as growth opportunities for Huntingdon County have undergone fairly significant restructuring since the 1990s.

For instance, the *Huntingdon County Economic Profile* (1994) and *Preparation for a New Millennium* (1996) identify the Lumber and Wood Products (SIC 24) industry as an emerging cluster with a strong regional presence. It is true that the lumber industry is a basic (i.e. export-oriented) industry in Pennsylvania. According to a report by the Pennsylvania Department of Labor & Industry, Pennsylvania ranks sixth (6th) in the nation for employment. However, growth of this industry in Huntingdon County has been stymied by overall contraction in the manufacturing sector. Although the industry exhibited job growth in the mid-1990s, sectors that contribute to the lumber industry's "supply chain" exhibited stagnant or negative job growth throughout the same period. Both the Furniture & Fixtures (SIC 25) industry and the Paper & Allied Products (SIC 26) industry have undergone consolidation and restructuring in recent years. The shift-share analysis conducted for the *Comprehensive Economic Analysis* showed that neither sector exhibits signs of local competitive advantage. Furthermore, the domestic lumber industry is experiencing increased competition from foreign markets – competition that is making it increasingly difficult to move into value-added production (e.g. furniture). Pennsylvania's lumber industry is dominated by primary manufacturers, such as logging firms, sawmills, and chipping plants. While domestic manufacturers have had some success developing niche markets (e.g. cabinet production, wood pellets), the American furniture industry has been hard hit by foreign competition. Many domestic manufacturers maintain distribution facilities within the U.S., but have exported primary production to Asian countries that offer lower labor costs and favorable exchange rates.

- Today, the lumber industry is not considered a growth opportunity for Huntingdon County. However, the tourism sector and the business services sector remain strong targets – provided the County takes proactive measures to support their development.

In 1996, Richard C. Sutter & Associates, Inc. recommended that the County pursue targeted marketing for these sectors for the following reasons: (1) The County has several regional attractions that draw over two million visitors annually to Huntingdon County. This visitor base can support a more robust tourism infrastructure; and (2) Back office business functions should be able to take advantage of the relatively low costs of doing business in the County. The lack of telecommunications infrastructure remains the primary obstacle to the diversification of the County's Business Services (SIC 73) sector. This is particularly true for the type of back-office operations Sutter proposed because they require a higher level of productivity and system redundancy than the average business. Diversification of the County's tourism sector relies upon two primary factors: (1) Developing a year-round tourism season to create more full-time job opportunities within the service sector; and (2) Supporting niche marketing concepts that capitalize upon the County's diverse mix of historical, cultural, and recreational attractions.

- While some industry targets have changed, certain workforce issues have persisted to the present day. The persistence of these issues suggests a need for targeted workforce development programming.

For instance, employer surveys conducted in 1996 noted a lack of “work ethic” and a general resistance to skill upgrading, particularly among the County’s mature population. An employer survey conducted for the *current* study found that many workers lack the willingness to “think analytically” and work effectively as teams. The identified the need for training in customer service, team-building, leadership development, and computer literacy as top concerns.

*Section 3***Analysis of Industrial Structure & Performance**

An Economic Development Plan should provide leaders of business and industry with the necessary tools to formulate policy and to make sound investment decisions. To achieve these objectives, one must evaluate Huntingdon County's economy in light of regional and national trends. In so doing, the County can develop a strategy that capitalizes upon the community's existing assets and builds competitive advantage in an increasingly global marketplace.

National Economic Outlook

The national recession that began in March 2001 brought to an end ten years of economic expansion – the longest period of economic growth in U.S. history. Economists refer to this recession as a “business recession” because cutbacks in the business sector – rather than a bottoming-out of the stock market - drove the decline. Although the events of September 11 and various corporate accounting scandals contributed to a climate of economic uncertainty, signs of a pending recession were evident in the nation's manufacturing sector a year and a half earlier. Because recession typically begins in the higher stages of production, economists closely monitor business activity in the manufacturing sector.

The Institute for Supply Management (ISM) (formerly the National Association of Purchasing Managers) produces an index that is widely recognized by economists and forecasters as a strong indicator of economic activity and a good proxy for overall economic health. This composite index is derived from a national survey of 250 companies in 21 industry sectors, across all fifty states. Six (6) variables are evaluated to develop the index – production, orders, commodity prices, inventories, vendor performance, and employment. A score of 50 indicates that the economy is unchanged, while a score above 50 indicates that the economy is expanding. A retrospective look at the index shows that manufacturing activity began to slip in the summer of 2000. By August of that year, the index had slipped below 50, an indicator of a declining economy. Over the ensuing months, the index continued its steady decline, reaching levels in January 2001 (41.7) that mirrored the 1991 recession.

Although the index slightly rebounded in early 2002, the manufacturing sector has thus far not gained significant momentum. The West Coast dock strike has drastically increased transportation costs as manufacturers have been forced to utilize airfreight services to satisfy foreign trade obligations. According to the NAPM's recent Report of Business, the threat of terrorist attacks and potential military action in the Middle East have contributed to stagnation in the nation's manufacturing sector¹, where capital investments and employment growth are particularly soft.

¹ Institute for Supply Management. “October Manufacturing ISM Report on Business.” Released 11/01/02. Web Site: <http://www.ism.sw/ISMReport/ROB112002.cfm>.

This outlook is consistent with the Federal Reserve Board's take on the national economy. While the recent recession has been relatively mild, the manufacturing sector was particularly hard-hit. Declining demand forced many manufacturers to slow production in order to reduce excess capacity. In an effort to cut costs and rebuild profits, many firms also reduced the size of their workforce and reduced their capital spending, unwilling to initiate new lines of business until signs of economic recovery are more evident. Sectors that have experienced particularly flat demand include computer hardware, electronics, and electrical machinery – industries that are experiencing increased foreign competition. As the economy continues its tentative recovery, manufacturing employment is expected to lag behind output, as firms utilize outsourcing or temporary workers to meet increased demand.

Because the service sector is less susceptible to cyclical fluctuations in the economy, it has been insulated somewhat from the recent recession. While some sectors have reported employment losses, many others have experienced employment growth. According to the Institute for Supply Management's (ISM) *Report on Business* (November 2002), the following industries have reported the highest rates of business activity growth: entertainment, finance & banking, utilities, business services, and health services. Industries that showed a contraction of business activity include agriculture, wholesale trade, communication, insurance, and construction. Overall, employment growth in the non-manufacturing sector has been sluggish, but strong consumer spending is expected to avert significant decline. It remains to be seen how the recession will impact other segments of the economy. Some analysts argue that the manufacturing sector represents only the first wave of the downturn, to be followed by retraction in other segments of the economy. Fiscal stimulus from the federal government should spark business investment and an increase in consumer confidence.

It is expected that the national unemployment rate will continue to hover around 6 percent, as this indicator tends to lack behind economic output during a recovery period. An anticipated decline in government spending may squeeze state and local governments, forcing them to lower costs and raise taxes in order to meet balanced budget requirements. The national recession has forced many states to dip into their rainy-day fund and tobacco settlement monies to achieve balanced budgets.² The Commonwealth of Pennsylvania has followed suit, tapping into its rainy day fund to balance its 2002 budget.

Pennsylvania Economic Outlook

Pennsylvania has mirrored the economic highs and lows of the national recession. An annual report issued by the Pennsylvania Economic Development Association (PEDA) entitled "Road to 2003: An Update on Pennsylvania" identifies some of the challenges Pennsylvania faces in the coming months. The report shows Pennsylvania trailing the nation in both employment and population growth. From 1990-2000, the State population grew by only 3.2 percent, while nationally, population increased by 12.8 percent. Similarly, Pennsylvania employment grew 10.3 over the decade, while nationally employment grew by 20.6 percent. These modest growth rates are not necessarily cause for concern, as long as unemployment rates

² "The Budget & Economic Outlook: An Update." August 2002. Congressional Budget Office (CBO). This volume is one in a series of reports issued by the CBO on the state of the economy each year.

remain low. However, analysts have expressed concern for communities that exhibit a strong dependence upon the manufacturing sector, which lost employment as Pennsylvania entered the recession.

Huntingdon County Economic Outlook

At the onset of the recession, Pennsylvania's unemployment rate was 5.9 percent, compared to a national unemployment rate of 6.1 percent. In contrast, Huntingdon County's unemployment rate was 11.2 percent. Historically, Huntingdon County has reported unemployment rates that have exceeded statewide averages. The County has been particularly affected by this recession because of its close ties to manufacturing. Close to 20 percent of the County's workforce is employed in the manufacturing sector, which has been experiencing a gradual decline over the last decade. Signs of the pending recession were evident in early 2001 when one of the County's largest employers, FCI (formerly Berg Electronics) announced it would be closing its York County facility. Shortly thereafter, its Clearfield County facility was closed and layoffs were announced at the Mount Union plant. The company, which manufactures electrical connections for the telecommunications and computer industries, has been shifting production out of the United States in an effort to rebuild profits. These NAFTA-related job losses point to the impact that trade deficits have had upon the manufacturing sector. According to the Economic Policy Institute, a non-profit non-partisan think tank based in Washington, D.C., Pennsylvania has lost over 27,000 manufacturing jobs in the seven years since the North American Free Trade Agreement (NAFTA) was enacted. In addition to Apparel and other Textile Products (SIC 23), job losses were also strongly felt in the electronics industry (SIC 36).³

While reduced demand and trade adjustment have had their affect on Huntingdon County's economy, other factors have exacerbated the County's recession: (1) A strong dependence upon manufacturing, which is more susceptible to cyclical fluctuations in employment; (2) Limited economic diversification within the manufacturing sector; (3) Weak population growth and job growth; and (4) Limited investment in new technologies. Because employment represents the dependence of a community upon various industries, economists utilize employment as a measure of economic diversification. In Huntingdon County's manufacturing sector, several companies employ more than 2 percent of the County's workforce – a sign of limited diversification in this sector. From 1990-2000, Pennsylvania's population grew by 3.4 percent. Huntingdon County's population growth trailed behind the state at 3.2 percent. When considered within the context of the Labor Force Analysis, this data suggests that efforts are needed to strengthen the County's labor market and to diversify its economic base. To position its core businesses for economic recovery, the County should support efforts to invest in new technologies. Research shows that companies which invest in technology experience increased efficiency and productivity. To protect the County from cyclical fluctuations in the economy, policy leaders should promote efforts to strengthen the County's service sector.

³ "NAFTA at Seven: Its impact on workers in all three nations." Economic Policy Institute briefing paper. April 2001.

Economic Base Analysis

Huntingdon County's economy is a dynamic system with an ever-changing cast of characters. Business location decisions, consumer spending patterns, demographics, government policy, and trends in industrial production all give shape to the current economic climate. To position the County for future growth opportunities, Huntingdon County must be considered within the context of this dynamic system. Qualitative and quantitative analysis is used to identify "high potential" industries – industries that exhibit positive growth, offer competitive wages, and provide opportunities for family-sustaining employment. Through this analysis we will attempt to answer the following questions:

- What industries exhibit local specialization and have a positive growth outlook?
- Which of the County's growth industries offer competitive wage rates?
- What is the composition of the County's labor force (i.e., educational attainment, commuting behavior, age profiles, household income) and how will that composition impact the County's workforce development strategy?
- What industry sectors should the County focus upon to promote more efficient economic development policies and programs?

Economic Base Analysis is a time-tested methodology for conducting regional economic analysis. It views *employment* as the primary indicator of economic growth and utilizes this data to arrive at a big picture understanding of the local economy. The methodology assumes that industrial activity can be classified within two economic sectors: (1) the *basic* or export-oriented sector and the (2) *nonbasic* or local sector. Economic base theory assumes that these *basic* industries export a high percentage of their goods and/or services *outside* the local community, to domestic and/or international markets. Because basic industries inject revenue into the local economy, they increase consumer spending power, forcing an upward expansion in the nonbasic (i.e. local) sector. Expansion or contraction within a County's basic sector is often dictated by factors that cannot be locally controlled, such as the value of the US dollar in foreign markets, changes in consumer spending patterns, and unemployment rates. Nonetheless, the overall health of the County's basic sector has a strong influence on the non-basic market, which is the foundation of a community's local economy.

Regions that exhibit a diverse mix of 'basic' and 'nonbasic' industries tend to be more resilient during economic recessions than highly specialized economies. Many rural communities lack the economic diversification of their metropolitan counterparts. Due to their physical isolation and traditional reliance upon resource-based industries, many rural areas are susceptible to "boom and bust" business cycles where a change in corporate strategy can lead to widespread layoffs. When dislocated workers cannot be absorbed into the local labor market, the results can be devastating. Richard Klosterman (1990) utilizes a hypothetical community to demonstrate the problems associated with "one industry" towns. In the following example, a

steel mill is the largest employer within an isolated rural community. The majority of the company's output is produced for export markets:

The mills' income and employment are dependent almost exclusively on nonlocal factors such as the national and international demand for the steel products the mill produces. If the external demand for the mill's products decreases, the resulting decline in regional income and employment reduces the demand for local goods and services, negatively affecting the entire local economy. If the mill is closed, the economic viability of the entire community may be threatened⁴ (p. 117)

This example highlights the "boom and bust" cycle that can result when a community depends upon one industry sector for its long-term survival. Rural communities are particularly susceptible to this type of economic dislocation when their labor force lacks the technical and interpersonal skills sought by today's employers. A low-skill labor market may attract businesses seeking to reduce their labor costs, but it also places downward pressure on wages and earnings potential. To promote sustainable economic development, communities must diversify their economic base through targeted business retention and attraction strategies and an emphasis upon workforce development.

To determine if Huntingdon County's economy exhibits a healthy industrial mix, location quotient is utilized to determine which industries have a strong presence in the County economy. These industries are further analyzed to determine if their growth rates, wage structure, and occupational composition position the County for future economic growth. According to Economic Base Theory, *basic* (i.e. export-oriented) industries are the underlying determinants of local economic growth and should therefore be the focal point of any economic development strategy. A multi-layered screening process was utilized to identify Huntingdon County's high potential industries:

1. **Location Quotient Analysis:** This technique utilizes employment data to compare industry employment at various scales of geography. Industries that exhibit high shares of employment, particularly when compared to the State or Nation, are thought to exhibit local specialization. Location Quotients (LQs) are also referred to as "specialization ratios."
2. **Shift Share Analysis.** Shift-share analysis helps to isolate the underlying causes of local economic growth. By comparing industry employment at the local and national levels, shift-share determines how industry performance is affected by national trends, industry mix, and local competitive advantage.
3. **Differential Shift.** In layman's terms, the differential shift represents the absolute difference between local growth rates and national growth rates. Industries that exhibit local employment growth that outpaces national employment growth deliver a positive *differential shift*. These industries are classified as high-growth industries.

⁴ Klosterman, Richard. 1990. Community Analysis and Planning Techniques. Savage, Maryland: Rowman & Littlefield Publishers, Inc.

4. **Occupational Composition & Wage Rates.** Federal and State data sources were utilized to examine the occupational composition and wage rates for the County's basic and non-basic industries. By examining wage rate differentials, an analyst can determine if a County's growth industries are offering competitive wages, or if efforts are needed to bolster wages within certain sectors of the economy.

Location Quotient Analysis

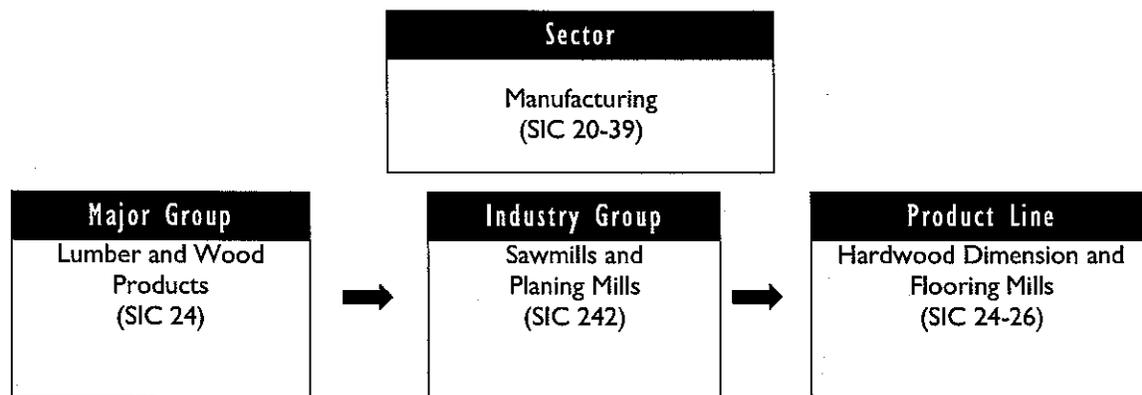
By comparing local industry employment to employment within a larger 'reference region,' location quotient analysis helps identify industries that exhibit a strong local concentration. These *basic* industries are thought to bolster the economy because the markets for their goods and services extend beyond the local area. Nonbasic industries are no less important to this equation. Because nonbasic sectors primarily serve *local* markets, they present opportunities to re-circulate money within the local economy through import substitution and targeted business development. Location quotient analysis should not be viewed as an end unto itself. Rather, it provides an indication of competitive industry advantages that warrant more in-depth analysis.

A location quotient analysis was conducted for Huntingdon County to determine which industries exhibited a comparative advantage to the State of Pennsylvania. *Unemployment Compensation Statistics* (otherwise referred to as ES-202 data) published by the Pennsylvania Department of Labor & Industry (L&I) provided the employment data utilized for the analysis. The Department compiles this employment data from quarterly reports, which are submitted by employers subject to the State's Unemployment Compensation Law. This law affects most employers, with the exception of self-employed persons and federal government employees. While confidentiality thresholds preclude the identification of individual companies, *Unemployment Compensation Statistics* are the most complete record of employment data available in the Commonwealth. They report establishment, wage, and employment data represented in aggregate form using the Standard Industrial Classification (SIC) system (**Appendix A**). This federally sponsored system, which classifies business establishments by their primary activity, recognizes ten (10) industry sectors:

- Agriculture, Forestry, and Fishing (SIC 01-09)
- Mining (SIC 10-14)
- Construction (SIC 15-17)
- Manufacturing (SIC 20-30)
- Transportation & Public Utilities (SIC 40)
- Wholesale Trade (SIC 50-51)
- Retail Trade (SIC 52-59)
- Finance, Insurance, and Real Estate (SIC 60-67)
- Services (SIC 70-80)
- Government

Methodology. To identify industries within Huntingdon County that enjoy a comparative advantage over other counties in the region, location quotient analysis was also performed for the Southern Alleghenies Region, which is comprised of Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset Counties. *Unemployment Compensation Statistics (ES-202)* were obtained for the most recent calendar year (2000) and location quotients were calculated, using the State of Pennsylvania as a reference region⁵. As **Figure 3 - 1** indicates, Industry Group (3-digit SIC) data delivers more precise calculations when conducting location quotient analysis. However, because the Pennsylvania Department of Labor & Industry (L&I) is prohibited from disclosing data that might be identified with an individual employer, data disclosure requirements inhibit industry analysis at the 3- and 4-digit SIC levels.

Figure 3 - 1
Standard Industrial Classification (SIC) System
Example of Industry Hierarchy



It is important to note that *Unemployment Compensation Statistics* are compiled from tax reports filed by businesses employing one or more persons. Federal government workers and the self-employed are excluded from this database. Because self-employed persons are not required to carry unemployment compensation insurance, a significant percentage of privately operated businesses may not be represented within ES-202 data. This becomes particularly important when examining industry sectors that are known for having high concentrations of self-employed persons. For instance, a majority of Pennsylvania farms are family-owned operations. Because they are self-employed, surviving with support from the immediate and extended family, many agricultural workers are not represented by ES-202 data. This trend is not uncommon in rural areas, which tend to have a higher concentration of small businesses. According to the 2000 Census, 8.5 percent of Huntingdon County's workforce is self-employed as compared to 6.0 percent of the workforce Statewide. Huntingdon County's comparatively higher percentage of self-employed may account for some of the data discrepancies inherent in ES-202 data.

⁵ The study acknowledges that the U.S. Census Bureau has been reporting industry data using the North American Industrial Classification System (NAICS) since 1999. The NAICS system recognizes twenty (20) broad industry sectors to the ten (10) sectors recognized by the Standard Industrial Classification (SIC) system. Although NAICS allows for more precise analysis, the SIC system was selected over the NAICS data because it afforded the opportunity to conduct time-series analysis.

Nonetheless, it remains the most consistent and reliable data source for conducting industry analysis at a County, regional, and national level.

Assumptions. All mathematical models are *representations* of dynamic systems and therefore operate under a set of assumptions. To provide a “snapshot” of the County’s economy, location quotient analysis makes the following assumptions about the study area (i.e. Huntingdon County) and its reference region (i.e., Pennsylvania): (1) Both regions exhibit comparable levels of labor productivity; (2) In both regions, consumption per employee is equal; and (3) No net national exports. Location quotient analysis also assumes that an increase in export demand will result in more export activity, rather than higher-priced commodities. Despite these assumptions, location quotient analysis remains a reliable measure of *relative* employment share and a strong indicator of industry concentration within a community.

The following formula was used to calculate the location quotient for the ten (10) SIC sectors and their Major Groups:

$$\text{Location Quotient (LQ)} = \frac{e^i/e^t}{E^i/E^t}$$

The variables are defined as follows:

e^i = employment by industry in Huntingdon County

e^t = total employment in Huntingdon County

E^i = employment by industry in Pennsylvania

E^t = total employment in Pennsylvania

Industries with location quotients greater than one ($LQ > 1.00$) are assumed to exceed the reference region’s share of industry employment, a sign of local specialization and export-orientation. Because export industries drive local spending patterns, they are considered ‘basic’ industries and should be emphasized within a county economic development strategy.

Industries exhibiting a location quotient less than one ($LQ < 1.00$) are classified as ‘non-basic,’ because the reference region employs a larger share of the industry’s workforce. A weak specialization ratio ($LQ < 1.00$) suggests that products and/or services must be imported from outside the County to meet local demand. While in some instances, local constraints (i.e., workforce capacity, infrastructure, local taxes) inhibit the expansion of nonbasic sectors, some of these industries represent an opportunity to strengthen and diversify the County’s economic base.

Industries that exhibit a location quotient equal to one ($LQ=1.0$) employ an equivalent portion of the workforce in both the reference region and the study area. It is assumed that local production satisfies local demand (i.e. the industry is self-sufficient) and that all employment is non-basic. For purposes of this analysis, industries exhibiting location quotients ranging from .85 to 1.12 were considered equivalent to 1.00. Location quotients within this range do not

capture a significant share of the reference region's employment and are not considered growth opportunities.

Table 3 - 1

Location Quotient (LQ) Analysis: Pennsylvania as Reference Region Basic Industries exhibit a LQ > 1.12			
SIC Code	Industry Sector	Huntingdon County	Southern Alleghenies Region
AGRICULTURE, FORESTRY, AND FISHING		1.5338	.6493
01	Agriculture Production-Crops	ND*	0.2480
02	Agriculture Production-Livestock	10.9913	1.7403
07	Agricultural Services	0.8081	0.6114
08	Forestry	11.8152**	No Listing
09	Fishing, Hunting, and Trapping	No Listing	No Listing
MINING		No Listing	1.8313
10	Metal Mining	No Listing	No Listing
12	Coal Mining	No Listing	2.3759
13	Oil and Gas Extraction	No Listing	No Listing
14	Nonmetallic Minerals, Except Fuels	8.2575**	No Listing
CONSTRUCTION		1.0876	0.9899
15	General Building Contractors*	1.2181	1.0989
16	Heavy Construction, Except Building	1.2 and higher*	0.5195
17	Special Trade Contractors	1.1284	0.8135
20	Food and Kindred Products	0 - 0.8	0.7173
MANUFACTURING		1.2059	1.1002
21	Tobacco Products	No Listing	No Listing
22	Textile Mill Products	.0939**	0.1896
23	Apparel and Other Textile Products*	1.2474	2.7865
24	Lumber and Wood Products*	2.0309	1.6571
25	Furniture and Fixtures	0 - 0.8*	0.5216
26	Paper and Allied Products	4.0365**	1.6211
27	Printing and Publishing	0.6043	0.5864
28	Chemical and Allied Products	No Listing	No Listing
29	Petroleum and Coal Products	ND*	0.3736
30	Rubber and Misc. Plastics Products	1.2 and higher*	0.3475
31	Leather and Leather Products	No Listing	No Listing
32	Stone, Clay, and Glass Products	1.2 and higher*	0.8750
33	Primary Metal Industries	No Listing	0.7828
34	Fabricated Metal Products	2.5611**	0.8320
35	Industrial Machinery and Equipment	0 - 0.8*	1.6885

SIC Code	Industry Sector	Huntingdon County	Southern Alleghenies Region
36	Electronic and Other Electric Equipment	2.3917**	0.5283
37	Transportation Equipment	No Listing	0.8133
38	Instruments and Related Products	No Listing	No Listing
39	Misc. Manufacturing Industries	No Listing	0.5144
TRANSPORTATION AND PUBLIC UTILITIES		0.4829	1.0373
40	Railroad Transportation	No Listing	No Listing
41	Local and Interurban Passenger Transit	0.6737	1.6555
42	Trucking and Warehousing	0.5138	1.4887
44	Water Transportation	9.2635**	No Listing
45	Transportation By Air	No Listing	0.3068
46	Pipelines, Except Natural Gas	No Listing	No Listing
47	Transportation Services	.5833**	No Listing
48	Communication	0.2536	0.7443
49	Electric, Gas, and Sanitary Services	0.9132	1.1777
WHOLESALE TRADE		0.5188	0.8479
50	Durable Goods	0.6119	0.7785
51	Nondurable Goods	0.3670	0.9613
RETAIL TRADE		0.9483	1.1308
52	Building Materials and Garden Supplies*	1.5456	1.4177
53	General Merchandise Stores	0 - 0.8*	1.0693
54	Food Stores	1.4838	1.1355
55	Automotive Dealers and Service Stations*	1.2320	1.4125
56	Apparel and Accessory Stores	0 - 0.8*	0.6334
57	Furniture and Homefurnishings Stores	0.3176	0.8128
58	Eating and Drinking Places	1.0173	1.1509
59	Misc. Retail	0.7407	0.9036
FINANCE, INSURANCE, AND REAL ESTATE		0.6813	0.6563
60	Depository Institutions*	1.2521	0.9819
61	Nondepository Institutions	0 - 0.8*	0.1109
62	Security and Commodity Brokers	0 - 0.8*	0.2449
63	Insurance Carriers	0.8 - 1.2*	0.1282
64	Insurance Agents, Brokers, and Services	0.5133	0.6502
65	Real Estate	0.2839	0.3628
67	Holding and Other Investment Offices	No Listing	No Listing
SERVICES		0.7388	0.8158
70	Hotels and Other Lodging Places*	0.8 - 1.2*	1.6072
72	Personal Services	0.5817	0.8641
73	Business Services	0.1895	0.4279
75	Auto Repair, Services, and Parking	0.4353	0.9011
76	Misc. Repair Services*	1.5606	0.9152
78	Motion Pictures	0.9024	0.5338

SIC Code	Industry Sector	Huntingdon County	Southern Alleghenies Region
79	Amusement and Recreation Services	0.4239	0.7001
80	Health Services	0.9749	1.0009
81	Legal Services	0.4197	0.3955
82	Educational Services*	1.3135	0.5381
83	Social Services	0.8728	1.0079
84	Museums, Botanical, Zoological Gardens	2.0409**	0.2785
86	Membership Organizations*	1.3355	1.1723
87	Engineering and Management Services	0.1632	0.7056
88	Private Households	0 – 0.8*	0.3301
89	Misc. Services	8.2855**	No Listing
GOVERNMENT		2.1491	1.3799
	Local Government	1.3592	1.2487
	State Government*	4.8376	1.8265
	Federal Government (Excluded from Total)	0.5174	0.8022
<p>“ND” indicates data that could not be disclosed due to data suppression concerns. * Indicates calculations generated by Carnegie Mellon’s Center for Economic Development using year 2000 ES-202 data. Some data is provided in ranges so as not to violate nondisclosure rules. ** Indicates calculations generated from employment data extracted from the <i>Huntingdon County Business & Employer Directory</i> (2000), an annual document published by HCBI.</p>			

Source: Unemployment Compensation Statistics, PA Department of Labor & Industry (2000)

Dividing an economy into ‘basic’ and ‘non-basic’ sectors is certainly an oversimplification of a complex and dynamic system. Nevertheless, the theory helps us to understand the fundamental relationship between a local community and its larger economic region. A successful economic development strategy must be aware of this reality and support a healthy balance between local and non-local sectors. Highly specialized economies are less resilient during periods of retracted economic activity.

Interpretation of Results. The above table (Table 3 - 1) compares the results for Huntingdon County and the Southern Alleghenies Region. In accordance with economic base theory, a strong specialization ratio ($LQ > 1.12$) recognizes industries that are driven by non-local demand. Huntingdon County exhibits a fairly diverse export base, comprised of industries that serve both **consumer markets** and **producer markets**. While some basic industries serve consumer markets, others tend to focus upon intermediate markets – those businesses and organizations that create products *for* the consumer. For instance, Lumber & Wood Products (SIC 24) is an example of a sector that primarily serves intermediate markets. Products are not typically sold direct to the consumer. Rather, businesses within this sector sell unfinished products to furniture manufacturers, wholesalers, and retailers who then sell a finished product on the storeroom floor. As Table 3 - 2 indicates, Huntingdon County’s basic industries are well balanced between sectors that serve consumer and producer markets.

Table 3 - 2

Market Profile: Consumer & Producer Markets for Huntingdon County's Basic Industries			
Consumer Markets: Sectors that primarily serve the final consumer		Producer Markets: Sectors that serve intermediate markets (i.e. business-to-business)	
SIC 02	Agriculture Production – Livestock	SIC 08	Forestry
SIC 15	General Building Contractors	SIC 14	Nonmetallic Minerals, Except Fuels
SIC 52	Building Materials & Garden Supplies	SIC 16	Heavy Construction, Except Building
SIC 54	Food Stores	SIC 17	Special Trade Contractors
SIC 55	Automotive Dealers & Service Stations	SIC 23	Apparel & Other Textile Products
SIC 60	Depository Institutions	SIC 24	Lumber & Wood Products
SIC 63	Insurance Carriers	SIC 26	Paper & Allied Products
SIC 76	Misc. Repair Services	SIC 30	Rubber & Misc. Plastics Products
SIC 84	Museums, botanical, Zoological Gardens	SIC 32	Stone, Clay, & Glass Products
SIC 86	Membership Organizations	SIC 34	Fabricated Metal Products
SIC 89	Misc. Services	SIC 36	Electronic & Other Electric Equipment
		SIC 44	Water Transportation
		SIC 70	Hotels & Other Lodging Places
		SIC 82	Educational Services

Distinguishing between local and regional markets is important for this reason: Location quotient analysis recognizes *employment data* as the primary determinant of economic well being. While employment data is recognized as a fairly good indicator of economic activity, it can overstate (or understate!) the strength of certain industries. For instance, Food Stores (SIC 54) exhibit a strong specialization in Huntingdon County (LQ = 1.4838). This high location quotient suggests that the Food Store sector employs a greater share of people in Huntingdon County than elsewhere in the Southern Alleghenies Region. Indeed, Giant Food Stores is recognized among the County's TOP 25 largest employers. However, this sector is comprised primarily of retail businesses that sell perishable products such as meat, fruits & vegetables, and dairy products. These types of food products are typically purchased by *local* consumers at area supermarkets, bakeries, and farmers markets. Location quotient analysis identifies the Food Store (SIC 54) sector as a basic industry, yet a more thorough exploration of the sector reveals that many of the markets for these goods and services are specific to Huntingdon County. In this case, a strong specialization ratio may not reflect an export orientation, but a rapidly growing market.

A similar comparison can be drawn for Huntingdon's local government sector, which exhibits a strong specialization ratio (LQ = 1.3592). Despite the sector's apparent orientation toward the export market, it is generally assumed that local government employment reflects local conditions – not export demand. In contrast, businesses that support the tourist industry may not deliver strong specialization ratios, but nonetheless attract consumers from outside the area. For instance, location quotient analysis revealed a less-than-definitive specialization ratio

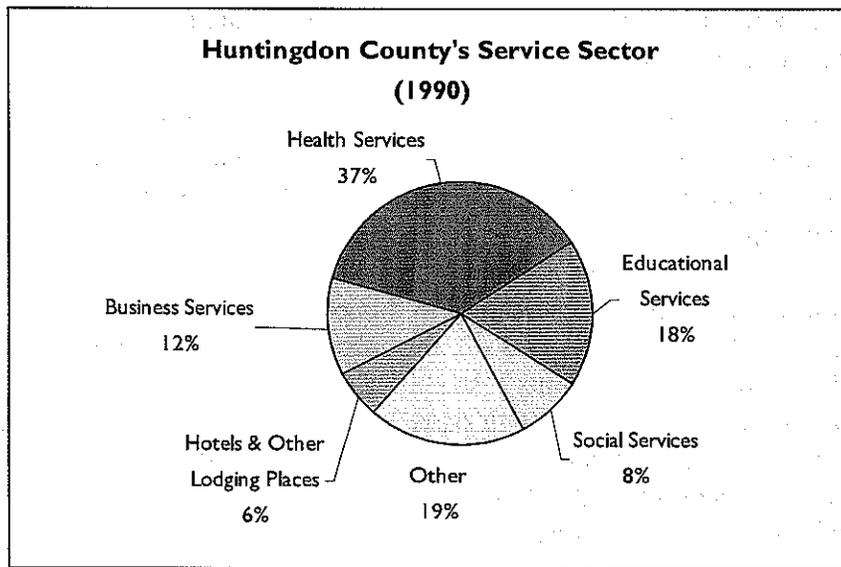
for SIC 70 - Hotels & Other Lodging Places (LQ ranges from 0.8 - 1.2). The seasonal nature of the County's tourist industry may account for this basic-nonbasic continuum. These examples illustrate an important point: Interpreting location quotients with any degree of accuracy requires an informed understanding of the local and regional economy.

The *health services* (SIC 80) sector is a primary example of a non-basic sector that is well-positioned to foster future economic growth, despite its weak specialization ratio (LQ = .9749). From 1990 – 2000, employment in Huntingdon County's service sector grew by 30 percent, superceding manufacturing as the County's top employer. As the County's largest service sector employer, Health Services (SIC 80) was a primary engine of service sector growth. Throughout the decade, this sector increased its representation in the local economy, both in real and comparative terms⁶. As indicated in **Figure 3 - 2**, the sector presently accounts for 44 percent of all service sector jobs in Huntingdon County. As shift-share analysis will demonstrate, local growth rates have far outpaced national growth rates for this industry. This *local* competitive advantage can be attributed to the human capital in the region. Juniata College operates a successful health professions program that has strong ties to the community. Both the College and JC Blair Memorial Hospital are among the County's top employers.

The health service industry is recognized as one of the State's leading growth industries. According to "Pennsylvania Workforce 2005," a publication of the Pennsylvania Department of Labor & Industry, hospitals will continue to employ the largest number of people, while nursing and personal care facilities will add the most jobs to the industry (1998). For health services to continue its positive growth trend, however, it will need to address the growing shortage of healthcare practitioners. In 2000, the Hospital & Healthsystem Association of Pennsylvania (HAP) surveyed its membership of licensed hospitals to assess the demand for nurses in Pennsylvania's health system. 188 hospitals were surveyed, of which 54 percent responded. As a follow-up to HAP's 1994 nursing survey, the 2000 study collected vacancy rates for various nursing positions at member facilities. With the exception of clinical nurse specialists and nurse managers, all other nursing positions registered vacancy rates that exceeded 1994 levels. While Pennsylvania's experience is not unique, the HAP study suggests that a prolonged nursing shortage will affect health systems throughout the country. Many of the nation's nurses are nearing retirement, yet fewer students are graduating from nursing education programs and school admissions are on the decline. The HAP study suggests that Pennsylvania's nursing shortage could negatively impact the future quality of health care and opportunities for industry diversification if the workforce shortage is not addressed in a proactive manner.

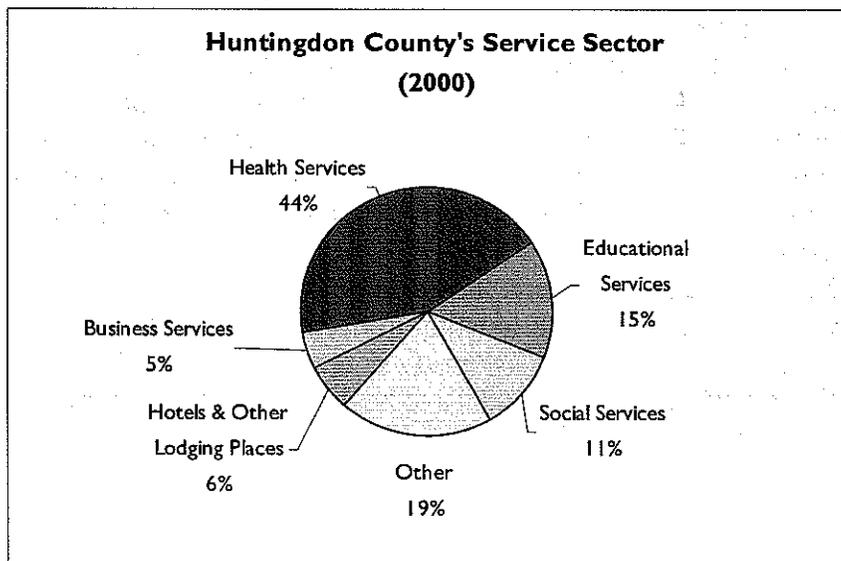
⁶ From 1990 to 2000, the service sector gained 3,078 new jobs. Of that number, jobs in the Health Services (SIC 80) sector represented 22 percent of the total. Over the same period, the specialization ratio for the Health Services (SIC 80) sector also increased, an indication of increased employment share. In 1990, the sector's location quotient was .7236. By the year 2000, the location quotient had increased to .9749, an indication that this industry may be approaching self-sufficiency.

Figure 3 - 2



Source: Unemployment Compensation Statistics, PA Department of Labor & Industry (1990)

Figure 3 - 3



Source: Unemployment Compensation Statistics, PA Department of Labor & Industry (2000)

Although the County's health sector has witnessed unprecedented growth, other service industries have not followed suit. In fact, many service industries lost competitive position over the decade despite modest employment gains. As the shift-share analysis will demonstrate, many of the County's service industries have grown at a much slower pace than their national counterparts, which suggests that local factors have contributed to their weak competitive

position. The Business Services (SIC 73) sector is a particular stand-out because it is the *only* service industry that lost employment over the decade, dropping from 12 percent of sector employment to 5 percent of sector employment (see Figures 2.2 and 2.3). Although Business Services (SIC 73) has never been the service sector's largest employer (this position has been held by health services since at least 1990), its negative growth rate stands in stark contrast to its expansion regionally and statewide. With the exception of Somerset, all other counties in the Southern Alleghenies Region have witnessed positive employment gains over the last decade. Statewide, business services increased employment by 29 percent! Based upon past growth trends, the Pennsylvania Department of Labor & Industry predicts that by 2005, four out of five Pennsylvanians will work in service producing industries and the highest growth occupations will be found in three sectors - health, business and social services⁷. The comparative weakness of the County's service sector is a reflection of its small labor market share. Strategies that facilitate e-commerce capabilities and vertical integration can help to diversify the service sector and expand its market beyond the immediate community.

The U.S. Bureau of Labor Statistics (BLS) has released employment projections for the nation's fastest-growing economic sectors (**Table 3 - 3**). By far, the highest rates of growth are expected in health and business. From an employment standpoint, Huntingdon County's health sector may not demonstrate local specialization. However, it comprises a much higher share of the service sector than is exhibited Statewide or nationally. In addition, employment gains over the last decade have far outpaced national growth rates, an indication that this local industry exhibits competitive advantage and potential for future expansion.

The weak competitive position of the County's business service sector may reflect changes taking place in manufacturing. To remain globally competitive, today's manufacturers are adopting technologies that automate production, manage inventory, and improve quality control. Because many rural communities lack sufficient IT infrastructure, manufacturers may be hitting a "glass ceiling" that limits their ability to implement new technology. Similarly, future expansion within the business service sector may be constrained by the lack of adequate broadband capacity.

⁷ Pennsylvania Department of Labor and Industry. Winter 1997-1998. "Pennsylvania Workforce 2005." Bureau of Research & Statistics, p. 26.

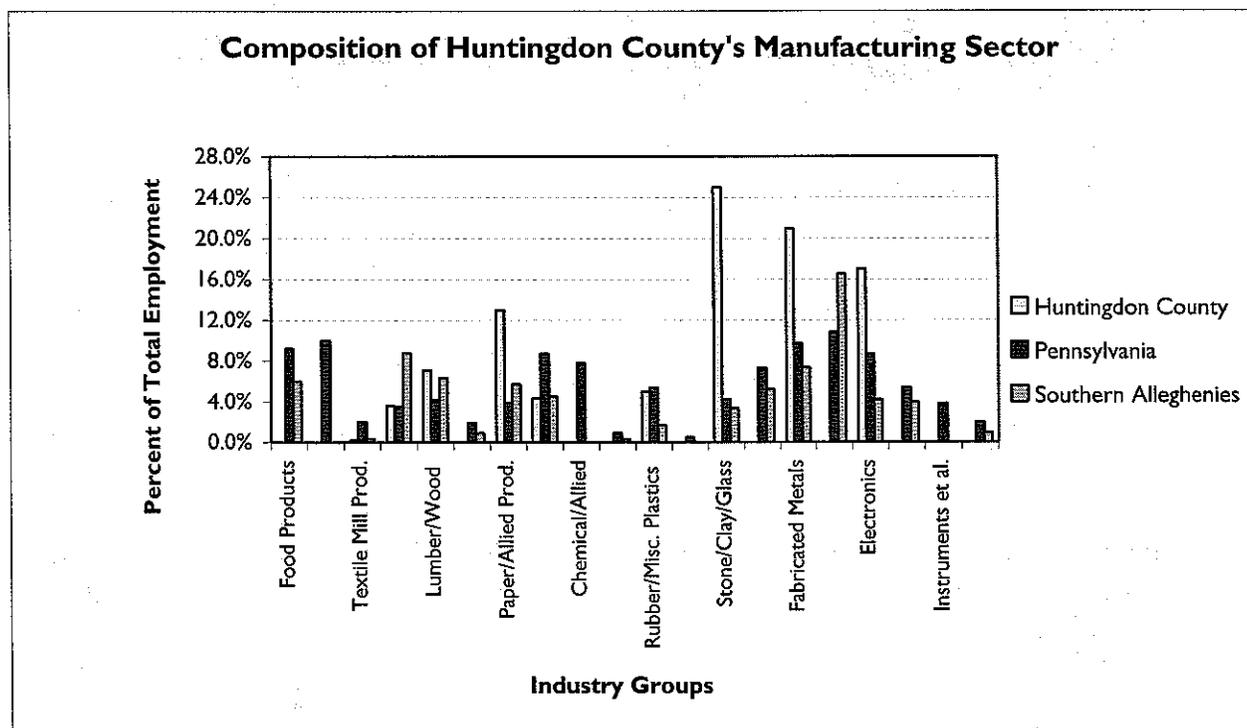
Table 3 - 3

Industries with Fastest Wage & Salary Employment Growth 2000-2010		
Sector	Industry Description	Average Annual Rate of Change: 2000-2010
Business Services (SIC 73)		
SIC 735	Misc. Equipment Rental & Leasing	3.6%
SIC 737	Computer & Data Processing Services	6.4%
SIC 738	Miscellaneous Business Services	3.7%
SIC 736	Personnel Supply Services	4.1%
SIC 762	Cable and Pay Television Services	4.2%
Health Services (SIC 80)		
SIC 805	Residential Care	5.0%
SIC 809	Health Services, nec.	4.6%
Engineering & Mgt. Services (SIC 87)		
SIC 874	Management & Public Relations	3.6%
Trans. & Public Utilities (SIC 40)		
SIC 422	Warehousing & Storage	3.8%
SIC 494-495	Water & Sanitation	3.8%

Source: U.S. Bureau of Labor Statistics (2002)

Some analysts argue that manufacturing and the service sector are inextricably linked. In the new economy, the definition of "manufacturing" must be expanded to include those value-added services that support innovation within the industry. As a *producer market*, the service sector plays a fundamental role in the manufacturing sector. Manufacturers rely upon a host of services that indirectly affect their bottom line. For instance, manufacturers utilize logistics companies to oversee quality control and delivery matters; some use a third-party provider to meet their workforce needs. Today, more than ever before, companies are outsourcing in an effort to increase productivity and focus upon core competencies. In this respect, many service industries are integral components of the manufacturing sector. When compared to statewide figures, the relative weakness of the County's service sector is indicative of a sustained downturn in the County's manufacturing economy. Despite the 30 percent job growth that has characterized the service sector at both the State and County levels, the lagging employment numbers for the industry at-large are cause for concern. If the County is to enjoy sustained economic growth, diversification of its service sector will be essential.

Figure 3 - 4



As shown in **Figure 3 - 4**, the Southern Alleghenies Region and the State of Pennsylvania exhibit manufacturing economies that are more highly diversified than Huntingdon County - where over three-fourths of all production jobs are concentrated in four (4) industry groups:

- Paper & Allied Products (SIC 26)
- Stone, Clay & Glass Products (SIC 32)
- Fabricated Metal Products (SIC 34)
- Electronic & Other Electric Equipment (SIC 36)

These *basic* industries are the foundation of Huntingdon County's manufacturing sector, which has weathered workforce layoffs and plant closures over the last decade. In rural economies where agriculture is the dominant industry, a downturn in the manufacturing sector often reflects process modernization (i.e., mechanization) that has increased productivity and farm output, but reduced the need for hired labor. In Huntingdon County's case, the causative factor points to extractive-based industries. For instance, Huntingdon County's landscape contains an abundant supply of raw minerals (i.e., sand, stone, and lime) that have supported the development of an extractive sector. A traditional stronghold in Huntingdon County, this sector will continue to thrive as long as demand for output remains strong. However, as some markets reach maturity, this cluster may have difficulty differentiating itself from its competitors.

Table 3 - 4

Huntingdon County's Top Manufacturing Employers			
SIC Code	Industry Group	Employment	% of Total
SIC 26	Paper & Allied Products	330*	13.0%
SIC 32	Stone, Clay & Glass Products	650*	25.4%
SIC 34	Fabricated Metal Products	527*	20.6%
SIC 36	Electronic & Other Electric Equipment	443*	17.3%
All Manufacturing Sectors		2,556	76.3%
* Indicates data obtained from the 2000 Huntingdon County Business & Employer Directory (HCBI)			

Source: Unemployment Compensation Statistics published by the PA Department of Labor & Industry (2000)

Some economists view the contracted activity within the manufacturing sector as a sign of industry recession. This may be true for certain manufacturing sectors, particularly those that face increased competition from overseas markets. There is no doubt that the manufacturing sector has lost employment over the last decade. Although employment is a strong indicator of an economy's overall health, other factors must be taken into consideration, such as output and productivity. Indeed, some analysts see these job losses as an outward reflection of increased productivity and industrial restructuring. A growing number of manufacturers are outsourcing operations that were formerly handled "in-house." This presents an opportunity for the service sector to strengthen its presence in Huntingdon County.

Shift-Share Analysis

In the previous section, location quotient analysis helped to identify Huntingdon County's basic industries – those industries that exhibit a high employment share when compared to the Southern Alleghenies Region and the State of Pennsylvania. These industries are considered the "engines" of local economic growth because their expansion or contraction relies upon non-local conditions (i.e., value of the US dollar, consumer spending patterns, foreign competition). Location quotient analysis does an adequate job identifying a community's *basic* industries. However, it cannot arrive at the underlying causes for an industry's export-orientation. Shift-Share Analysis evaluates a community's basic industries to determine if local economic growth is primarily the result of national trends, industrial structure, or local conditions. While qualitative analysis – via surveys, industry forums, and stakeholder interviews – are necessary to fully understand the dynamics of local industries, Shift-Share Analysis demonstrates how a community fits into a larger economic picture. By examining the root causes of growth, Shift-Share Analysis can determine if local conditions are contributing to poor industry performance *or* if they favor industry growth. This evaluation is a necessary first-step toward a comprehensive economic development strategy. There are three (3) components to shift-share analysis: National Share, Industry Mix, and Competitive Advantage. Data provided in **Appendix B** will be utilized to demonstrate the calculation and interpretation of each component.

National Share. The national share calculation assumes that local industries will grow at the same rate as the national economy. First, the national growth rate is calculated for all U.S. industries. This represents the percent employment change, in this case, from 1991-1997. This observed growth rate (+14.23%) is then applied to the base year (1991) employment for each County industry. The resulting number represents the employment growth attributable to national economic growth or decline. For example, the employment growth for all U.S. industries, from 1991-1997, was 14.23 percent. Automotive Dealers & Service Stations (SIC 55) employed 249 people in 1991, the base year. To determine what percentage of new job growth is attributable to trends in the national economy, the following equation is applied: base year employment * national growth rate (249 * .1423 = 35.4). The results can be interpreted as follows: Assuming the Automotive Dealers & Service Stations (SIC 55) sector grew at the same rate as the national economy, the County would have gained 35 jobs. This represents 37 percent of the total jobs created (35 ÷ 94 = 37.23%) in this sector.

Industry Mix. This calculation determines the jobs created as a result of industrial structure – the mix of industries within the national economy. First, the national growth rate (GR) for a given industry is subtracted from the overall growth rate. Building upon the above example (SIC 55), we apply the following equation: National Industry GR - National GR = Influence of Industry Mix (.1526 - .1423 = .0103). The resulting number (.0103) is multiplied by the base year employment to determine jobs created as a result of industry mix (249 * .0103 = 2.56). In the Automotive Dealers & Service Stations (SIC 55) example, only 3 of the 94 jobs created in this industry could be attributed to a favorable industry mix. The majority of new jobs are attributable to National Share and Competitive Advantage.

Competitive Advantage. To calculate competitive advantage, local industry growth rates are compared with national industry growth rates to identify high-growth industries – industries that outpace national growth rates. The resulting figure – known as the *differential* - is applied to the base year employment to determine the number of jobs created as a result of local competitive advantage. Referencing the above example (SIC 55), we utilize the following equation: [(local GR_i – national GR_i) * base year employment] = differential. A negative number indicates that the local industry is growing at a slower rate than its national counterpart. For the Automotive Dealers & Service Stations (SIC 55) sector, we determine that 56 jobs were created as a result of local competitive advantage – nearly 60 percent of all jobs created within that sector.

Table 3 - 5

U.S. Business Cycle Expansions & Contractions	
Trough	Peak
March 1975 (1 st quarter)	January 1980 (1 st quarter)
July 1980 (3 rd quarter)	July 1981 (3 rd quarter)
November 1982 (4 th quarter)	July 1990 (3 rd quarter)
March 1991 (1 st quarter)	March 2001 (1 st quarter)

Source: National Bureau of Economic Research (2002)

Because the economy follows a cyclical pattern defined by *peaks* and *troughs*, minimizing these cyclical impacts is important when evaluating employment growth. At first glance, an industry exhibiting employment increases may be considered a “growth industry.” However, upon closer examination, this industry may be a “lagging performer” that has failed to recover from earlier employment losses. To minimize the influence of cyclical effects, the National Bureau of Economic Research (NBER) was consulted to identify a comparable business cycle (**Table 3 - 5**).

In 1998, the U.S. Census Bureau transitioned from Standard Industrial Classification System (SIC) to the North American Industrial Classification System (NAICS). This transition was developed to provide a uniform standard for comparing business activity throughout North America. The NAICS is a more definitive categorization system than the SIC system. It recognizes 20 major industry sectors to the SIC’s 10 major sectors and is better equipped to capture emerging and advanced technology industries. However, the transition from the SIC system to the NAICS has limited the analyst’s ability to monitor changes over time. For this reason, the time period selected for the Shift-Share Analysis extends from 1991-1997, slightly short of the NBER’s recognized business cycle. The results of the Shift-Share Analysis are depicted on **Table 3 - 6**.

Preliminary Findings

Over the study period (1991-1997), national employment grew by 14.23 percent, while Huntingdon County’s job growth lagged behind at 4.8 percent. A reasonable question to ask is: “Why did Huntingdon County not receive a proportionate share of growth?” An examination of *industry mix* may provide some clues. Industry mix provides a tool for interpreting growth trends within various industries. A *negative* industry mix indicates that a specific industry is growing slower nationally than all industries, while a *positive* industry mix suggests that a given industry is growing faster than the national economy as a whole. As shown in **Table 3 - 6**, the total industry mix for Huntingdon County is -9.43%, which suggests that the County’s employment composition is tilted toward slower-growing industries. Indeed, when we examine the County’s employment composition, we see that over 60 percent of the County’s employment is concentrated in sectors that are not performing on par with the national economy.

For instance, the manufacturing sector is among the County’s largest employers, accounting for 24.86% of the workforce. Yet, both locally and nationally, this industry has lagged behind other sectors – a response to foreign competition, process modernization, and declining demand for U.S.-produced goods.

Table 3 - 6

Shift-Share Analysis ⁸				
	Huntingdon County	National Economy		
Industry Sector	Employment Composition (1997)	National Growth Rates by Industry (GR _i)	National Growth Rate for all Industries (GR _N)	National Industry Mix (GR _i -GR _N)
Agriculture, Forestry, & Fishing	0.69%	33.79%	14.23%	+19.56%
Mining	0.98%	-18.22%	14.23%	-32.45%
Construction	5.35%	18.01%	14.23%	+3.78%
Manufacturing	24.86%	1.36%	14.23%	-12.87%
Transportation & Public Utilities	3.36%	11.86%	14.23%	-2.37%
Wholesale Trade	5.33%	9.51%	14.23%	-4.72%
Retail Trade	22.30%	12.26%	14.23%	-1.97%
Finance, Insurance & Real Estate	4.69%	7.38%	14.23%	-6.85%
Services	32.44%	26.39%	14.23%	+12.16%
TOTAL	9,602	4.80%	14.23%	-9.43%

Note: See Appendix B for detailed calculations

Source: County Business Patterns, US Census Bureau (1991, 1997)

Restructuring within the Manufacturing Sector. Analysts posit many theories for the decline of manufacturing in the United States. The overvaluation of the U.S. dollar in many foreign markets makes it more cost effective to establish manufacturing plants outside the United States. Furthermore, many foreign countries offer lower labor costs and fewer regulations that decrease the cost of doing business. These factors make imported goods a more affordable and attractive alternative for U.S. consumers. To compete within this global marketplace, U.S. industries must invest in Research and Development (R & D). According to the National Science Foundation, "innovation leads to better production processes and higher quality products, thereby providing the competitive advantage high-wage countries need when competing against low-wage nations." However, as the cost of R&D has skyrocketed, many companies have sought to reduce costs by outsourcing operations, eliminating staff, and merging with other companies. These trends, oftentimes referred to as "business process re-engineering," are affecting many sectors of the economy, from electronics manufacture to the pharmaceutical industry, which is increasingly outsourcing drug manufacture to focus upon its core competencies. To a degree, the trend toward outsourcing has paralleled employment growth in the service sector. Preliminary evidence suggests that two (2) key factors have contributed to the decline of Huntingdon County's manufacturing sector: (1) A high concentration of employment in comparatively slow-growing sectors; and (2) a strong dependence upon national economic trends. **Table 3 - 7** depicts the growth rates for Huntingdon County's manufacturing sector.

⁸ This analysis was conducted for the 1991-1997 period, a corresponding period of economic expansion in the national economy as identified by the National Bureau of Economic Research (NBER). Total employment reflects total employment in 1997, as reported in the U.S. Census Bureau's County Business Patterns publication.

From 1991-1997, three (3) of the County's top five manufacturing sectors experienced negligible employment growth, which reflects a high employment concentration in slow-growing industries:

- Stone, Clay, & Glass Products (SIC 32)
- Electronic & Other Electric Equipment (SIC 36)
- Paper & Allied Products (SIC 26)

A slight anomaly is the Rubber & Misc. Plastics Products (SIC 30) sector, which has recorded significant job losses in Huntingdon County despite a 19.95 percent gain in national employment. Although the location quotient for SIC 30 is "1.2 and higher," a strong indication of export orientation, the industry's negative *competitive advantage* suggests that local weaknesses are affecting the industry's performance. In contrast, the rate of employment growth in the Fabricated Metal Products (SIC 34) sector has outpaced its national counterpart and the local contribution to growth (competitive advantage = 4.3%) is strong. Among the County's top manufacturing employers, SIC 34 is the only industry group that exhibits a comparatively strong local contribution to growth.

A comparison of shift-share components (see **Appendix B**) demonstrates that a majority of the County's workforce is employed in industries that have failed to keep pace with national employment growth. For instance, the *competitive advantage* of Rubber & Miscellaneous Plastics Products (SIC 30) is -65.5%. This indicates that this industry sector grew at a much slower pace locally than it grew at the national level. Nationwide, the industry increased employment by 20 percent, while locally it lost 46 percent of its employment base. A significant proportion of Huntingdon County's basic employment is concentrated in industries that have not kept pace with their counterparts at the national level. In addition, employment within these sectors is not dispersed among a large number of companies. As shown in **Table 3 - 7**, employment is concentrated among a handful of companies, which makes the County's manufacturing sector more susceptible to boom and bust cycles.

The shift-share analysis shows that many of the County's basic industries have grown in response to nonlocal factors, namely favorable national economic conditions and industry-wide growth. Not surprisingly, those industries that registered sharp employment losses also struggled with poor local performance. Both General Building Contractors (SIC 15) and Apparel & Other Textile Products (SIC 23) lost over 50 percent of their labor force in a six-year period. Nationwide, the apparel and textile industry has been losing employment. Changing demographics and rising imports are placing increased pressure on US apparel manufacturers. To remain competitive in this highly fragmented market, many domestic companies have downsized their labor force. According to the American Textile Manufacturers Institute (ATMI), three (3) primary factors contribute to the mergers, plant closings and job losses that have come to characterize the American textile industry: (1) The U.S. dollar is overvalued in comparison with foreign currency, (2) Smugglers are transporting goods through Mexico to avoid trade tariffs, and (3) Many foreign markets remain closed to U.S. imports⁹. As consumers continue to demand higher quality clothing at lower prices, we can expect to see further restructuring within this industry.

⁹ "U.S. Textile Industry Is Singing the Blues." Manufacturing News.Com. April 15, 2002. Volume 9, No. 7.

Table 3 - 7

Huntingdon County's Manufacturing Sector Employment Trends Among Key Industries				
SIC Code	Manufacturing Sector Primary Employers	Employment (% of Sector)	County Growth Rate	National Growth Rate (All Industries = 14.23%)
32	Stone, Clay, & Glass Products Containment Solutions Advanced Glassfiber Yarns	750 (31.0%)	0.00%	5.00%
34	Fabricated Metal Products Diebold, Inc. Bonney Forge Corp	443 (18%)	15.47%	11.13%
36	Electronic & Other Electric Equipment FCI (formerly Berg Electronics)	375 (16%)	0.00%	3.15%
26	Paper & Allied Products Mead School & Office Products	375 (16%)	0.00%	-0.25%
30	Rubber & Misc. Plastics Products Bleyer Industries, Inc.	204 (8.5%)	-45.60%	19.95%

Source: County Business Patterns (US Census Bureau, 1997) & Huntingdon County Business & Employer Directory (HCBI, 1999)

Employment Growth within the Service Sector. In contrast to the sluggish performance in the nation's manufacturing sector, the service sector has witnessed unprecedented growth. Based on total employment, the service sector is Huntingdon County's largest industry, engaging nearly one-third (32.44%) of the County's total workforce. This percentage is comparable with other counties in the Southern Alleghenies region, which averaged 32 percent service-sector employment during the mid-1990s. The sector's high rate of employment growth (26.39%) is reflected in its positive *industry mix* value, which exceeds the national average by over 12 percent. **Table 3 - 8** examines the rate of employment growth for various sub-sectors of the service industry – both at the County level (GR_L) and the national level (GR_N). The negative values in the last column (i.e. *competitive advantage*) indicate that the County's service sector employment is tilted toward slower-growing industries. Upon closer examination, we also see that a handful of industries dominate this sector:

- Business Services (SIC 73)
- Amusement & Recreation Services (SIC 79)
- Museums, Botanical, Zoological Gardens (SIC 84)
- Misc. Services (SIC 89)

Nationwide, Business Services (SIC 73) is not the largest service sector employer. In fact, health services tops the list as the service industry with the largest number of employees. However, the business sector outpaces the health service industry in its overall *rate* of growth. From 1991-1997, an additional 2.8 million jobs were added to this sector—a 54 percent growth rate. What accounts for the accelerated growth in the nation's business sector? Many analysts agree that Information Technology (IT) is a principle economic generator that is transforming business operations and consumer activity in almost every segment of the market.

In contrast to its national counterpart, Huntingdon County's business service sector has witnessed significant job losses. From 1991-1997, the County added 585 jobs to the *health services* industry. In contrast, 297 jobs were lost from the business service sector—a decline of 89 percent. The fact that the County's business services sector has lost employment share—and competitive advantage—in the midst of a national growth spurt suggests that local factors have weakened this sector of the economy. Modest growth within the County's manufacturing sector and job losses within the financial service industry may be contributing to lost employment share. Worth noting are the comparatively weak location quotients (LQs) for the Finance, Insurance, & Real Estate (SIC 60-67) sector (see **Table 3 - 1**). With the exception of depository institutions (SIC 60), the other sub-sectors exhibit non-basic location quotients. The non-basic orientation of this industry suggests that revenue is being lost to imports from nearby metropolitan areas outside the County. The weakness of *local* supply could be exacerbating decline within both sectors. Of the industries depicted in **Table 3 - 8** only four (4) sub-sectors have shown a strong increase in their competitive share:

- Hotels & Other Lodging Places (SIC 70)
- Health Services (SIC 80)
- Membership Organizations (SIC 86)
- Engineering & Management Services (SIC 87)

In this instance, Huntingdon County's relative isolation from major urban centers may be contributing to the strength of these industries, which operate in smaller markets with limited competition. While the lack of competition contributes to the strength of *individual* businesses, it also represents an opportunity for import substitution, which can invigorate the economy by diversifying the local base. For instance, Engineering & Management Services (SIC 87) exhibits a location quotient of .1632, an indication that local providers are not satisfying consumer demand. To reverse this revenue leakage, the County can introduce competition to the local marketplace by supporting entrepreneurial development within this sector. Competition promotes consumer choice and innovation in the marketplace—positive signs of a healthy economy. As demonstrated in this example, shift-share analysis points to areas of strength or weakness in the local economy—a good starting point for an economic development strategy.

In contrast to the manufacturing sector, Huntingdon County's service sector has a strong leaning toward faster-growing industries. In addition, the sector is characterized by a large number of small business establishments – as opposed to a handful of larger corporations. When shift-share analysis is utilized to examine the strengths and weaknesses of the County's service sector, several observations can be made:

The employment composition of the County's service sector is dominated by faster-growing industries. Of the fifteen (15) industry groups exhibited, only five (5) exhibit national growth rates that lag behind the national economy.

Several of the County's top employers exhibit strong local growth: Hotels & Other Lodging (19.7%), Health Services (78.31%), Membership Organizations (21.52%), and Engineering & Management Services (76.6%). The competitive advantage column suggests that local factors have a strong influence over growth within the Health Services (SIC 80) sector and the Engineering & Management Services (SIC 87) sector.

Huntingdon County's retail sector has grown substantially over the last decade. From 1990-2000, retail employment increased 16 percent, outpacing the State's growth rate of 10.5 percent. Despite these employment gains, however, Huntingdon County's retail sector remains a non-basic industry (LQ = .9483). Location quotient analysis suggests that sales leakages are occurring within the following sectors:

- General Merchandise (SIC 53)
- Furniture & Homefurnishings (SIC 57)
- Eating & Drinking Places (SIC 58)
- Miscellaneous Retail (SIC 59)

Convenience goods are the largest segment of Huntingdon's retail economy. By definition, convenience retailers rely upon their accessibility, name recognition, and customer volume to generate sales. The growing popularity of mass retailers such as Wal-Mart, Target, and Costco demonstrates that consumers seek stores with a wide range of product offerings. To counteract the sales leakages taking place within this sector, the County can encourage more comparison-shopping opportunities.

One of the County's *basic* industries that has potential for future growth is the Building Materials & Garden Supplies (SIC 52) sector. Favorable mortgage rates have led to a boom in the residential construction industry. As more homeowners undertake do-it-yourself projects and home renovations, this sector of the economy is anticipated to grow.

Table 3 - 8

Competitive Advantage of the Service Sector					
SIC Code	Industry Sector	National Industry Mix GR _N -14.23%	Industry Growth Rates		
			Local GR _L (1991-1997)	National GR _N (1991-1997)	Competitive Advantage (GR _L -GR _N)
70	Hotels & Other Lodging	-1.7%	19.70%	12.49%	-7.2%
72	Personal Services	-9.5%	0.00%	4.73%	-4.7%
73	Business Services	+39.6%	-89.19%	53.81%	-143.0%
75	Auto Repair, Services, & Parking	+14.2%	4.35%	28.48%	-24.1%
76	Misc. Repair Services	-8.8%	0.00%	5.47%	-5.5%
78	Motion Pictures	+18.2%	0.00%	32.40%	-32.4%
79	Amusement & Recreation Services	+24.0%	-11.67%	38.28%	-49.9%
80	Health Services	9.1%	78.31%	23.33%	+55.0%
81	Legal Services	-10.9%	-45.00%	3.30%	-48.3%
82	Educational Services	+5.8%	0.00%	20.04%	-20.0%
83	Social Services	+6.4%	3.45%	20.63%	-17.2%
84	Museums, Botanical, Zoological Gardens	+22.0%	0.00%	36.22%	-36.2%
86	Membership Organizations	-2.1%	21.52%	12.17%	+9.4%
87	Engineering & Management Services	+9.8%	76.60%	24.01%	+52.6%
89	Misc. Services	+26.9%	-90.00%	41.10%	-131.1%
	TOTAL	+12.16%	12.70	26.39	-13.7%

Modest Growth within State Government. One component of the local economy that should not be overlooked is government employment. In 2000, State and local government employed over 2,800 people, or 23 percent of the County's workforce. Despite its strong specialization ratio (LQ=1.3592), local government is not considered a basic sector activity. Rather, because employment in local government reflects *local* economic conditions, this sector is considered non-basic - regardless of location quotient results. State government employment, on the other hand, should be viewed as a *basic* sector activity because employment and purchases are primarily dependent upon factors *external* to the local economy. Although state workers are employed in a variety of industries, the majority of occupations can be found in the service sector. According to the location quotient analysis, Huntingdon County exhibits an employment share (LQ=4.8376) that is significantly higher than the LQ for the Southern Alleghenies Region (LQ=1.8265). The Department of Corrections maintains two facilities in the County -- SCI Huntingdon and SCI Smithfield. The facilities employ a combined total of approximately 1,100 state workers, a significant contribution to the local economy. While the Commonwealth has allocated budget increases for its correctional system in response to growing

inmate populations, an aggressive multiple occupancy strategy (MOS) has been the preferred alternative to adding capacity over new facility construction. While Huntingdon SCI does not anticipate a significant increase in its workforce, employment within State government has been steadily increasing since the early 1990s. Huntingdon County can anticipate modest growth in this sector. According to one source, state employment was anticipated to increase 2-3 percent from 1994-2005¹⁰. More recent projections from the Bureau of Labor Statistics (BLS) project only a 1 percent job growth for state and local government from 2000-2010.

The Pennsylvania Department of Corrections (DOC) has announced plans to replace SCI Huntingdon, built in 1888, with a new facility. It is difficult to determine the impact of this change on employment or inmate population; however, HCBI and other economic development organizations should monitor DOC plans for SCI Huntingdon.

Labor Force Analysis

The previous sections have provided a descriptive overview of the trends impacting Huntingdon County's economy. Discussion has centered upon the competitiveness of the County's primary industries. The future health of these industries cannot be fully evaluated without an understanding of the labor market. In this section, the following indicator variables will be used to evaluate the overall competitiveness of the County's labor force: unemployment rates, commuting patterns, educational attainment, occupational mix, wage rates, and age structure

Although Huntingdon County has a fairly diverse economic base, the protracted decline of its manufacturing sector has had a negative impact upon the labor market. Manufacturing continues to be a mainstay of the County economy, employing nearly 25 percent of the local workforce. Yet, much of this employment is concentrated in sectors that are declining at a national level. There is no denying that the North American Free Trade Agreement (NAFTA) has contributed to worker displacement in the manufacturing sector. In the last 3 years alone, over 700 workers in Huntingdon County have qualified for assistance through the North American Development Bank, a financial institution that provides assistance to trade-impacted communities. Additionally, NADBank recognizes Huntingdon County among nine (9) NAFTA-impacted counties in the Commonwealth.

Since NAFTA was ratified in 1993, a growing number of production jobs have shifted outside U.S. borders, leaving many plant workers to pursue lower-paying jobs in the growing service sector. Because the average compensation in the service industry is roughly 75 percent the compensation earned in the manufacturing sector, the decline of manufacturing activity is cause for concern. More recently, the national recession has driven a slowdown in manufacturing production that has resulted in job losses and reduced capital spending. Recent survey results from the Institute for Supply Management indicate a drop in new orders, an indication of stagnation in the manufacturing sector. The possibility of war in the Middle East has only added to the uncertain outlook for the manufacturing sector.

¹⁰ Bureau of Research & Statistics, PA Department of Labor and Industry. Winter 1997-1998. "Pennsylvania Workforce 2005."

Table 3 - 9

Industry Employment Percent (%) Comparisons by County							
	Southern Alleghenies Region						PA
	Huntingdon	Bedford	Blair	Cambria	Fulton	Somerset	
Agriculture, forestry, fishing, hunting, and mining	3.9	4.9	1.6	1.7	5.2	5.1	1.3
Construction	9.2	9.0	6.1	6.3	10.9	7.9	6.0
Manufacturing	21.6	22.4	15.9	11.5	26.9	16.9	16.0
Wholesale trade	2.2	3.2	4.5	3	2.2	2.8	3.6
Retail trade	9.8	12.8	14.5	12.9	10.4	12.2	12.1
Transportation, warehousing, and utilities	4.2	6.6	7.1	6.4	4.6	5.6	5.4
Information	1.8	1.3	2.2	2.0	1.4	1.8	2.6
Finance, insurance, real estate, rental and leasing (F.I.R.E.)	2.9	2.9	4.3	5.7	3.9	4.6	6.6
Professional, scientific, management, administrative, and waste management	3.7	4.1	5.4	6.8	3.5	5.2	8.5
Educational, health and social services	21.8	15.8	21.8	25.5	15.7	19.3	21.9
Arts, entertainment, recreation, accommodation, and food services	6.1	8.1	7.8	7.3	6.2	8.1	7.0
Other services (except public administration)	5.4	5.2	5.1	5.5	4.2	5.6	4.8
Public Administration	7.5	3.8	3.8	5.4	5.0	5.0	4.2

Source: U.S. Census Bureau (2000)

Industry Employment

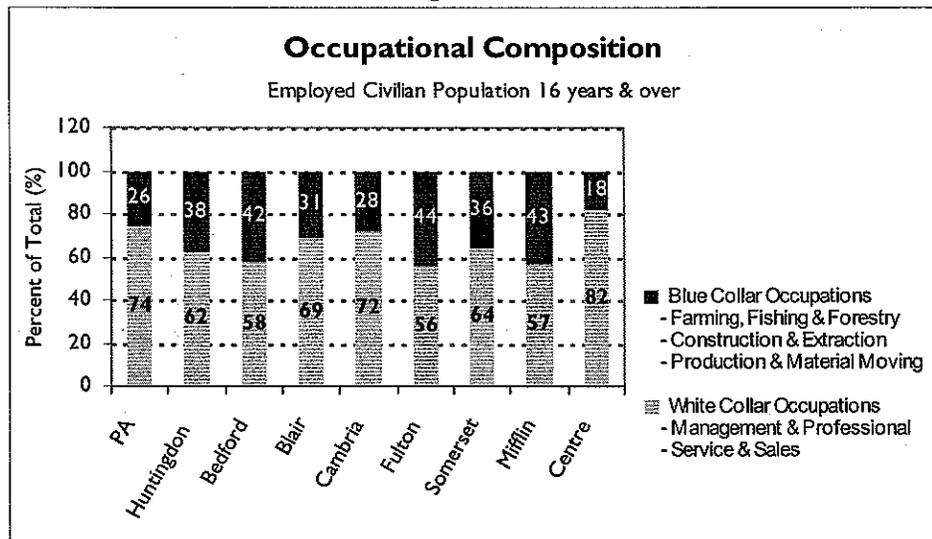
Expansion within the service sector presents the County's best opportunities for future growth. As indicated in the Economic Base Analysis, the service sector has witnessed unprecedented growth over the last decade. Although current employment is concentrated in slower-growing sectors, the industry's *nonbasic* orientation indicates that there is potential for import substitution. A comparative analysis of industry employment validates this finding. As shown in **Table 3-9**, the County exhibits a comparatively low concentration of employment in specific service sectors, namely F.I.R.E. (Finance, Insurance, and Real Estate) and Professional Services, when compared to statewide employment. In contrast, a larger percentage of the civilian workforce is concentrated in resource-dependent industries such as agriculture, construction, and manufacturing. The largest concentration of workers - 21.8 percent - is found in educational, health and social services, a reflection of local competitive advantage within the

health sector. Indeed, the Southern Alleghenies Workforce Investment Board (SAWIB) has identified health-related occupations as “in-demand” occupations throughout the region.

Occupational Mix

Occupational mix examines the distribution of employees across the entire range of job categories. By examining shifts in occupational mix *over time*, analysts can identify the competitive strengths and weaknesses of the local workforce. For instance, if management positions are in high demand, but the local workforce is primarily experienced in trades and construction activity, then there is an evident mismatch between supply and demand. With this knowledge in hand, local agencies can work in conjunction with the Workforce Investment Board (WIB) to develop training programs and workforce recruitment programs aimed at addressing this skill gap. **Figure 3-5** examines the occupational mix of several Southcentral PA communities. The results reflect the blue-collar nature of the local economy. Blue-collar occupations currently account for 38 percent of all occupations in Huntingdon County - compared to 26 percent statewide.

Figure 3 - 5



Source: U.S. Census Bureau (2000)

According to the U.S. Census Bureau, 38 percent of the County’s 18,887 workers are employed in blue-collar occupations. A majority of these jobs are found in production, transportation, and material moving operations. Of the 62 percent employed in while-collar jobs, over half work in service and/or sales-related positions. While the County retains a high concentration of blue-collar workers, an examination of growth trends indicates that fewer people are entering these professions. **Table 3-10** shows that the County has steadily lost tradesmen and rapidly gained white-collar workers.

While a growth in white-collar jobs may place upward pressure on wages, there remains a relatively high demand for trained craftsman and construction workers. In contrast, the County has seen tremendous growth in white-collar occupations. From 1990-2000, the County witnessed a 53 percent growth rate in its *management-related* occupations and a 37 percent growth rate in its *service-related* occupations – nearly double the rate of growth at the State

level. Despite this positive growth rate, a location quotient calculation reveals that the County is under-represented by *management* occupations. This analysis suggests the need for workforce development programs that encourage management capabilities in the local workforce.

Table 3 - 10

Percent (%) Change in Occupational Employment 1990-2000				
	Occupation	Pennsylvania	Huntingdon County	Location Quotient
White Collar	Management, professional, and related occupations	+25.7%	+52.8%	0.76
	Service occupations	+15.5%	+37.0%	1.16
	Sales and office occupations	-13.0%	-11.3%	0.74
Blue Collar	Farming, fishing, and forestry occupations	-237.8%	-69.7%	2.91
	Construction, extraction, and maintenance occupations	-25.4%	-0.6%	1.41
	Production, transportation, and material moving occupations	+0.5%	-0.2%	1.48

Note: The location quotient value was calculated using year 2000 Census data

Source: U.S. Census Bureau (1990, 2000)

Unemployment Rates

The unemployment rate is a key indicator of economic performance. A rising unemployment rate indicates that the size of the available labor pool is expanding, creating increased competition for available jobs. Communities that are transitioning from a resource-based economy to a service-oriented economy face particular challenges with high unemployment rates. A significant percentage of unemployed persons is often displaced workers – individuals who lost their jobs as a result of industry downsizing, consolidation, or technical innovation. These displaced workers often require additional education and/or training in order to compete in today’s job market, which places them at a competitive disadvantage to more qualified workers. This is particularly true in rural communities where infrastructure constraints often limit opportunities to travel outside the area for work.

To gauge the tightness or slackness of Huntingdon County’s labor market, time series data was collected for the 1990-2001 time period. The Current Population Survey (CPS) was the primary data source consulted for this section. Unlike Unemployment Compensation Statistics (ES-202), which are collected from all establishments that pay for UC coverage, the Current Population Survey collects data from the *individual* householder, which may or may not receive UC coverage. Because the Survey captures a larger universe of the civilian labor force, it is a preferred data source for examining the “supply side” of the labor market. The U.S. Bureau of Labor Statistics (BLS) utilizes the results of the CPS to monitor employment trends and to formulate economic policy.

Table 3 - 11

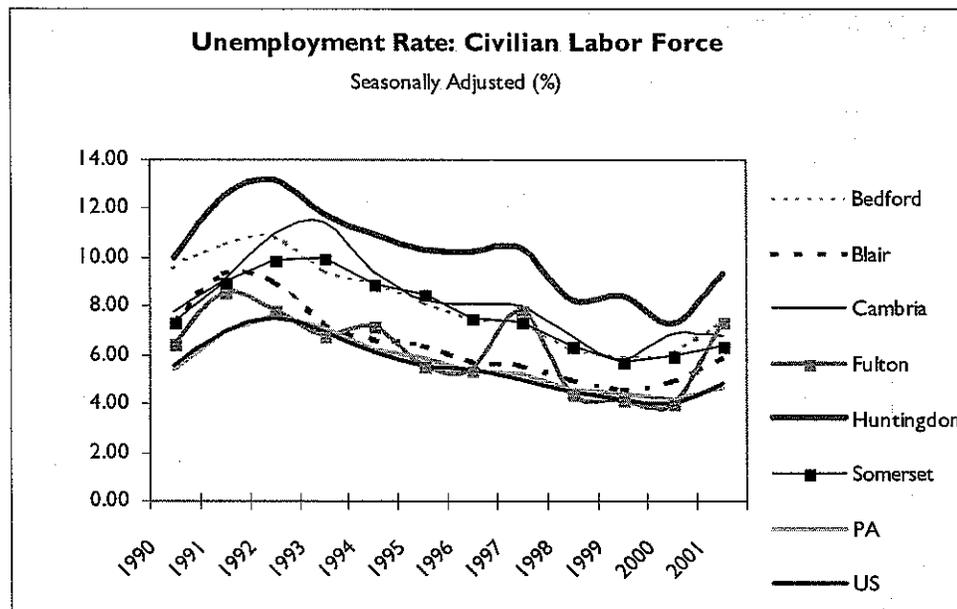
Unemployment Rates in Huntingdon County					
Year	Civilian Labor Force			Annual Unemployment Rate Seasonally Adjusted	
	Employed Persons	Unemployed Persons	Civilian Labor Force (Employed + Unemployed)	Huntingdon County	PA
1990	17,300	2,000	19,300	10.3	5.4
1991	17,100	2,400	19,600	12.5	7.0
1992	17,200	2,600	19,800	13.2	7.6
1993	17,300	2,300	19,700	11.8	7.1
1994	17,100	2,100	19,200	11.0	6.2
1995	17,100	2,000	19,000	10.3	5.9
1996	16,900	1,900	18,800	10.2	5.3
1997	17,300	2,000	19,300	10.4	5.2
1998	17,100	1,500	18,600	8.3	4.6
1999	17,200	1,600	18,800	8.4	4.4
2000	17,200	1,400	18,500	7.3	4.2
2001	17,500	1,800	19,300	9.3	4.7

Source: Current Population Survey, Bureau of Labor Statistics – U.S. Department of Labor

Table 3 - 11 shows the composition of Huntingdon County's civilian labor force, which is defined as all persons aged 16 and over who have a job (i.e. employed) or are actively seeking work (i.e. unemployed). A community's institutional population is excluded from the civilian labor force because it is assumed that these populations - correctional institution inmates, residents of senior care facilities, and students at local colleges and universities - are not in a position to enter the workforce. Utilizing employment as a proxy for the number of jobs in Huntingdon County, we see that the overall rate of job growth has been relatively stagnant. From 1990-2001, the County gained only 200 jobs – a growth rate of 1.15 percent. While the number of jobs has remained relatively stagnant, the unemployment rate has fluctuated from a high of 13.2 percent in 1992 to a low of 7.3 percent in 2000. Throughout the study period, the unemployment rate outpaces job growth by a fairly significant margin, a pattern that suggests Huntingdon residents are having difficulty finding employment. As compared to other counties in the Southern Alleghenies Region, it would appear that Huntingdon County is experiencing what economist Andre Neveu refers to as a "localized depression."¹¹ **Figure 3 - 6** depicts annual unemployment rates for all six (6) counties in the Southern Alleghenies Region, the State of Pennsylvania, and the United States.

¹¹ Neveu, Andre. June 2002. "Where the Jobs Aren't: Local Unemployment Spreads." Washington, D.C.: Employment Policies Institute.

Figure 3 - 6



Source: Current Population Survey, Bureau of Labor Statistics – U.S. Department of Labor

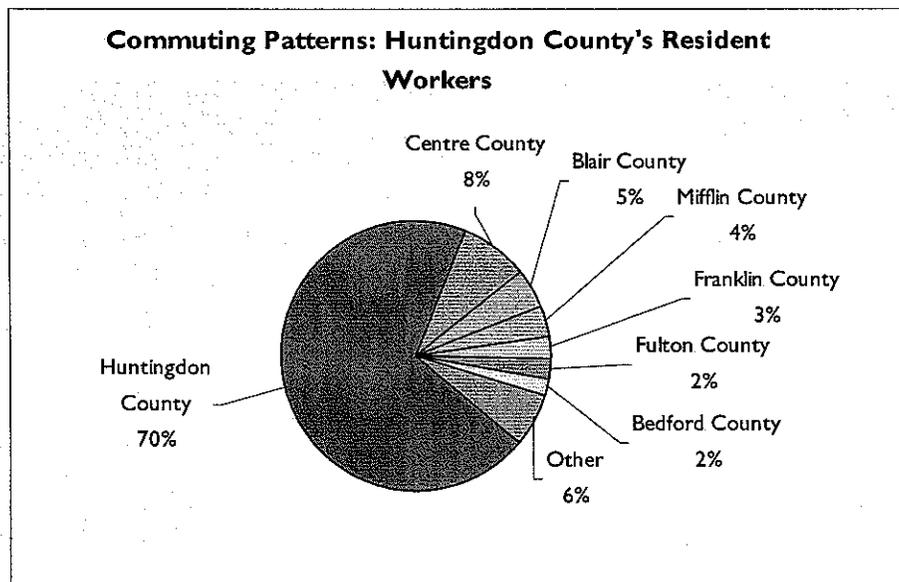
While the unemployment rates for the United States and Pennsylvania have ranged from 4 to 8 percent over the last decade, Huntingdon County has recorded unemployment rates that exceed any of its rural neighbors. The Employment Policies Institute recently released a report entitled “Where the Jobs Aren’t: Local Unemployment Spreads,” (June 2002) which identifies all counties and cities (with a population of at least 10,000 people) that are experiencing unemployment at 9 percent or higher – nearly double the national average of 4.8 percent. Only two counties in Pennsylvania have been identified as “pockets of economic distress”: Elk County and Huntingdon County. In addition to the national recession, a number of factors may be contributing to the historically high unemployment rates in Huntingdon County:

- Industry layoffs may have increased the number of dislocated workers
- Recent graduates may be entering the workforce, yet unable to find full employment
- A lack of diversification in the job market. If local industries only exhibit weak vertical or horizontal relationships with one another, displaced workers may have difficulty transferring their skills (particularly technical skills) to other job opportunities. The concentration of employment in slow-growing sectors could be exacerbating the problem.
- The “lag effect.” Because many employers are hesitant to hire additional staff until they are confident of the economy’s recovery, the unemployment rate tends to lag behind the overall economy.

Commuting Patterns

The relatively small size of the County's labor market area may also be contributing to the unusually high unemployment rates. The U.S. Bureau of Labor Statistics (BLS) uses commuting patterns as a proxy for Labor Market Areas (LMAs) – areas that are somewhat cohesive because of the workforce and job opportunities they have in common. If 15 percent or more of a County's *resident* workforce commutes to another county, the BLS qualifies that county as part of an LMA.

Figure 3 - 7



Source: Worker Flow Files, U.S. Census Bureau (1990)

An examination of commuting pattern data¹² failed to qualify any other county in the Commonwealth as a component of Huntingdon County's LMA (see **Figure 3 – 7**). The BLS currently recognizes Huntingdon County as its own LMA, meaning that the county-to-county commuting patterns do not suggest any strong economic ties between Huntingdon County and its adjacent counties. Presumably, a regional economic development strategy would yield limited economic gains for Huntingdon County because its resident workforce would need to relocate *outside* the current LMA to take advantage of new job opportunities. This analysis suggests that internal capacity-building is the key to Huntingdon County's long-term sustainable economic growth.

¹² The 1990 U.S. Census "Worker Flow Files" provided the data for this analysis. To see more detailed breakdown of the database, go to **Appendix C**. When data for the 2000 Census is released in February 2003, commuting patterns can be examined to determine if the level of economic integration between Huntingdon County and its neighboring communities has changed.

Educational Attainment

While the availability of labor is a key consideration for businesses seeking to expand or relocate to a given community, the skill level of the incumbent workforce is a more pressing issue. Characterizing an area's labor force can be an elusive task, primarily because employers utilize a range of criteria for assessing employee performance and qualifications. Some businesses require a certain level of technical competency, which they supplement with on-the-job training. Others consider "soft skills" (i.e., work ethic, communication, leadership abilities) to be a more valuable measure of work readiness. Because job requirements vary by industry, direct employer surveys are perhaps the most reliable source for assessing the skill level of the civilian labor force. In the absence of this first-hand information, *educational attainment* is often utilized as an indicator of labor force quality.

Table 3 - 12

Educational Attainment in 2000 (number in parentheses represents 1990 values)							
	PA	Huntingdon	Bedford	Blair	Cambria	Fulton	Somerset
Population 25 yrs. & over	8,266,284 (7,872,932)	31,152 (28,598)	34,582 (31,555)	88,366 (86,870)	106,780 (110,251)	9,687 (8,823)	55,956 (52,252)
Less than 9 th Grade	5.5% (9.4%)	7.0% (11.8%)	7.2% (13.2%)	4.8% (8.7%)	7.6% (13.6%)	9.0% (15.4%)	8.7% (14.8%)
9 th -12 th Grade, no diploma	12.6% (15.9%)	18.4% (16.9%)	14.5% (18.3%)	11.5% (16.2%)	12.4% (15.1%)	17.8% (20.6%)	13.8% (16.3%)
High school graduate (inc. equivalency)	38.1% (38.5%)	47.3% (48.6%)	50.7% (48.3%)	49.9% (48.8%)	47.4% (46.3%)	48.3% (46.0%)	50.3% (47.5%)
Some college, no degree	15.5% (12.9%)	11.6% (8.9%)	12.5% (8.7%)	14.2% (11.1%)	13.1% (9.7%)	11.2% (7.6%)	11.5% (8.9%)
Associate degree	5.9% (5.2%)	3.9% (4.2%)	4.8% (3.7%)	5.8% (4.5%)	5.9% (4.4%)	4.4% (2.9%)	4.8% (3.6%)
Bachelor's degree	14.0% (11.3%)	7.5% (5.8%)	6.7% (5.2%)	9.2% (6.6%)	9.0% (6.9%)	5.7% (4.6%)	7.2% (5.6%)
Graduate or professional degree	8.4% (6.63%)	4.4% (3.6%)	3.6% (2.5%)	4.7% (3.8%)	4.7% (#.9%)	3.6% (2.7%)	3.6% (3.2%)

Source: U.S. Census Bureau (1990, 2000)

Educational attainment data is published in the decennial census by the U.S. Census Bureau. In general, care should be taken when interpreting this data because the surveyed population does not directly correspond with the civilian labor force population. Unlike the Current Population Survey, which aggregates data for the entire *civilian labor force* (i.e. the noninstitutional population ages 16+ that is employed or unemployed), the educational attainment figures only reflect persons ages "25 years and over." Despite this discrepancy, education attainment is a useful benchmark for determining the overall competency of the labor

force and its ability to keep pace with technological advances. The U.S. Census Bureau recently published a study that utilized time-series data from the Current Population Survey to examine the relationship between educational attainment and work-life earnings. While acknowledging that many factors, including family responsibilities, place of residence, and work experience, impact a person's earnings, the study clearly identified a causal link between educational level and the earnings one could expect to earn over an average 40-year work life¹³.

Table 3 - 11 presents educational attainment data for both the State of Pennsylvania and the Southern Alleghenies Region. On average, about 20 percent of the State's "25 years and over" population has received a bachelors degree or higher as compared to 10 percent of Huntingdon County's population. This discrepancy may reflect the higher levels of educational attainment associated with Pennsylvania's urban areas. Indeed, the USDA's Economic Research Service has referred to an "urban-rural gap," which reflects the economic disparity between metro and nonmetro areas. To an extent, it is thought that the higher concentration of knowledge-based jobs within urban areas attracts a more educated workforce, which in turn leads to higher job earnings. The discrepancy in job opportunities and educational level is thought to prevent rural areas from achieving economic parity with their urban counterparts.

As acknowledged earlier, educational attainment is not the *sole* determinant of a person's career success. Work experience, motivation, and ability also influence a person's capacity to achieve higher earnings. However, a community that exhibits comparably low levels of educational attainment may have difficulty cultivating knowledge-based industry clusters, which tend to offer more competitive wages than service-based industries. Educational attainment, therefore, is an indirect measure of economic prosperity because it shapes the upward mobility of a community's incumbent workforce. This dynamic is magnified in communities with fairly constrained labor market areas like Huntingdon County, which must look to its resident population to support labor force demand.

Due to the independent nature of Huntingdon County's labor market area, the educational attainment of its resident population can be utilized as a rough proxy for the competency of its labor force. As shown in **Table 3 - 12**, a higher percentage of the County's adult population has chosen to pursue advanced degrees. In 1990, 9.4 percent of the "25 years and over" population reported having earned a bachelor's degree, graduate or professional degree. By 2000, that number had increased to 11.9 percent. For those that have chosen not to pursue an advanced degree, more are obtaining their high school equivalency or taking college courses. Although the U.S. Census cannot qualify this information, the comparatively higher percentages of people that reported "some college, no degree" suggests that more adults are pursuing college coursework in an effort to retool themselves for new career opportunities. Adult continuing education may be a self-motivated decision or one arrived at by necessity (i.e., industry layoffs, plant closures). Regardless, the comparably high percentage (22.4 percent) of people *statewide* that have earned advanced degrees may reflect differences in age structure and industry composition – particularly between urban and rural areas.

¹³ Day, Jennifer and Eric Newburger. July 2002. "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings." Current Population Reports, U.S. Census Bureau.

Increasing the educational attainment of the County's workforce should focus particularly on adult continuing education. Research has shown that educational level has a direct impact upon work-life earnings. Additionally, when companies are considering a new location, educational attainment is often considered in their workforce analysis. Raising the educational level of the workforce can help attract employers that offer competitive wage rates, and may establish a foundation for attracting more knowledge-based companies to the area. This in turn, will help the County retain its best and brightest and build Huntingdon's economic future from the inside out.

Occupational Composition

Like educational attainment, occupational composition is often utilized as an indirect measure of labor force quality. By examining how a community's occupational mix changes over time, inferences can be drawn about the concentration of employment in higher paying and lower paying jobs. However, a growing body of literature refutes occupational data – and unemployment rates for that matter – as a sound basis for addressing workforce development. Across the United States, a growing number of state economic development agencies are grappling with high unemployment rates – or seeking to expand their economies in a tight labor market. Under either scenario, the *underemployed* represent untapped potential in the civilian labor market force. In addition to the unemployed, the *underemployed* include the following classes of people: (1) **Involuntary Part-Time Workers**. This group includes individuals that are working fewer than 35 hours per week for reasons beyond their control. For instance, many firms will reduce employee work hours before instituting mass layoffs. Part-time employment for these workers is an involuntary decision; (2) **Working Poor**. This group represents full-time employees who are earning less than 125 percent of the poverty line. The assumption here is that low-wage workers have the potential to increase their earnings through additional education or on-the-job training; and (3) **Discouraged Workers**. Due to a perceived lack of opportunities, this group is no longer classified as unemployed, but has dropped out of the labor force entirely.

Recognizing that the *underemployed* can represent a significant segment of the labor market, many states have conducted studies to characterize this population. By determining whether a mismatch exists between workforce skills and in-demand occupations, these studies help to direct job training programs and to quantify the labor force for business prospects. The majority of these studies rely upon population polls to arrive at an estimate of underemployment. While many researchers agree that underemployment is a more accurate characterization of the labor market, documenting this population remains a challenge. This observation underscores the importance of hands-on research (i.e. interviews, business surveys, discussion forums) when preparing any economic development plan. By speaking with area educational institutions and training programs, an economic analyst can obtain first-hand information about the post-secondary education and on-the-job training opportunities accessible to the incumbent work force.

Wage Rates

Because workforce studies can be time-intensive and costly, analysts often rely upon wage data to estimate underemployment. In theory, if the cost of living (COL) in Huntingdon County does not differ substantially from its rural neighbors, then wages should not differ substantially, either. Cost of living (COL) has a *direct* bearing upon wage rates because employers frequently

adjust wages to reflect COL differences among communities. While COL has long been recognized as a factor that exhibits fairly significant geographical variation, few studies have focused upon COL differences, particularly in rural areas. A university study sponsored by the Center for Rural Pennsylvania has attempted to address this research gap by developing a methodology for estimating COL in rural communities. Researchers with Penn State University (Erie Campus) initiated the study for several reasons: (1) To establish baseline COL data for rural areas; (2) To determine if indeed rural communities offer cost advantage over urban areas, as is often assumed; and (3) To determine if certain costs are consistently higher (or lower) in rural areas. The study found that residents in Pennsylvania's urban counties are experiencing a COL that is roughly 6 percent higher than the COL in most rural counties. Based upon a national average (100.0), Huntingdon County and Cambria County had the lowest COL index (100.2) in the Southern Alleghenies Region. As indicated in **Table 3 - 13**, housing costs exhibited the greatest cost variation among the six COL sub-indices. Statewide, urban housing costs were 6.2 percent higher than rural housing costs. In fact, Huntingdon County was found to have the lowest housing index (95.2) in the entire Commonwealth, while Philadelphia County recorded the highest (148.6). Despite the perception that longer commuting distances equate to higher transportation costs in rural areas, this sub-index was also proven to be more affordable in rural areas. On average, urban counties carried transportation costs that were 3.7 percent higher than rural counties.

Table 3 - 13

Cost of Living Estimates Southern Alleghenies Region (1997)						
Subindex	Huntingdon	Bedford	Blair	Cambria	Fulton	Somerset
Groceries	100.9	100.9	101.0	101.0	100.8	100.9
Housing	95.2	98.2	100.9	98.5	97.7	98.3
Utilities	120.8	120.8	121.0	121.0	120.8	120.9
Transportation	97.3	96.8	98.0	98.1	96.4	97.1
Health Care	91.5	92.2	95.1	94.6	92.7	93.6
Misc.	98.6	98.4	98.7	98.8	97.7	100.2
Total*	100.2	100.4	100.6	100.2	101.2	100.5

Source: "Difference in the Cost of Living Across Pennsylvania's 67 Counties" (July 2000), a research project conducted by Penn State Erie and sponsored by the Center for Rural Pennsylvania.

Because Huntingdon County's cost of living is comparable with other counties in the Southern Alleghenies Region, one would expect industry wages to be roughly equivalent throughout the Southern Alleghenies Region. As illustrated in **Appendix D**, several of the County's basic sectors offer wages that are competitive with neighboring counties, and in some instances even exceed the County average (\$25,722). Worth noting is the comparably high wage

*For purposes of this study, 100.0 represents the national average cost of living, as represented by the 321 urban areas that participated in the American Chamber of Commerce Researchers Association Cost of Living Index (COLI). With a total index of 100.2, Huntingdon County's cost of living (COL) is estimated to be less than 1 percent (0.2%) higher than the national average.

rate offered to Special Trade Contractors (SIC 17), a growth sector within the economy that exhibits strong local specialization. Many of the employment offerings within this sector have been identified as demand occupations by the Southern Alleghenies Workforce Investment Board, which suggests that this industry may have potential for future growth. Although the County's Agriculture Production – Livestock (SIC 02) industry exhibits comparatively strong wage rates, the lack of a diversified agricultural service sector is not indicative of future growth. In contrast, a handful of the County's nonbasic sectors deliver wages that are significantly lower than neighboring counties, despite competitive COL indices. Three (3) local sectors that exhibit strong competitive advantage, but deliver below-average wages are: Furniture & Homefurnishings Stores (SIC 57), Real Estate (SIC 65) and Engineering & Management Services (SIC 87).

Personal Income

When formulating economic development policy, wages are an important consideration. Employment earnings represent a significant percentage of a person's total wealth and as such, are an indicator of purchasing power – the ability of local consumers to buy goods and services. However, communities should not overlook the importance of unearned income – income derived outside the workplace. This may encompass personal investments, such as stocks, pensions, and rental properties, as well as income from social security, welfare, and unemployment compensation. An analysis of personal income in Huntingdon County demonstrates the significance of unearned income to the County economy.

The Bureau of Economic Analysis (BEA) publishes an annual series known as Regional Accounts Data, which is compiled from reports filed by employers covered by Unemployment Compensation (UC) insurance, as well as from information gathered by the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Earnings and employment estimates are published (on a two-year time lag) for all states, counties, metropolitan areas, and BEA analysis regions in the United States. Because data is based upon 'place of employment,' personal income must be adjusted to account for the net inflow/outflow of earnings attributed to commuting activity. The *commuting adjustment* shown in **Table 3-12** and **Table 3-13** reflects the net inflow of earnings due to interarea commuting. It is calculated as follows:

Commuting Adjustment Calculation

	Wages and salary disbursements to residents working <i>outside</i> Huntingdon County
+	Wages and salary disbursements to nonresidents working <i>inside</i> Huntingdon County
=	NET INFLOW OF EARNINGS

Because Huntingdon County does not import a significant share of its labor force, the commuting adjustment should reflect a net inflow of earnings. Indeed, the *commuting adjustment* values for 1990 and 2000 indicate a positive increase in wage and salary disbursements for resident commuters. When one considers that consumer spending mirrors residential patterns, a positive commuting adjustment indicates an opportunity to reverse income leakages that may be occurring due to a lack of diversity in the local marketplace.

Table 3 - 14

Analysis of Personal Income, 1990 (in thousands of dollars)				
Components of Personal Income	Huntingdon County	% of total personal income	PA	% of total personal income
Gross Earnings by Place of Work	\$314,552	55.5%	\$162,095,132	68.7%
Adjustments to Earnings				
-Personal Contribution to SSI	-16,424	-2.9%	-9,526,866	-4.0%
-Commuting Adjustment	61,116	10.8%	956,847	0.4%
Net Earnings by Place of Residence	359,244	63.4%	153,525,113	65.1%
Unearned Income	207,133	36.6%	82,277,204	34.9%
-Dividends, Interest & Rent	101,999	18.0%	48,111,517	20.4%
-Transfer Payments	105,134	18.6%	34,165,687	14.5%
Total Personal Income	566,377	100.0%	235,802,317	100.0%
Per Capita Personal Income*	\$12,808		\$19,810	

Source: Bureau of Economic Analysis (BEA) Regional Accounts Data, US Department of Commerce

A comparison of unearned income for Huntingdon County and Pennsylvania also shows that Huntingdon County residents derive a higher percentage of their earnings from *transfer payments* than their counterparts statewide. Transfer payments are primarily comprised of social security, disability payments, military and government pensions, welfare support, and unemployment compensation. The dominance of transfer payments as a significant portion of unearned income may reflect the growing importance of the County's elderly population, which is projected to increase over the next six (6) years. While many elderly are on fixed incomes, empty nesters often have greater financial freedom due to a lack of familial responsibilities (i.e., child rearing, education costs, etc.). Although a more detailed analysis is needed to characterize the income characteristics of this population, it is clear that demand for services catering to this population will increase.

In contrast to other counties in Pennsylvania, Huntingdon County derives a *greater* percentage of its personal income from non-work earnings. This finding should be expected in

* Care must be taken when interpreting per capita personal income data because this calculation can be distorted by seasonal fluctuations in population or by the presence of large institutional populations (e.g. college students, prison inmates). Because institutional populations contribute little income to the community, their inclusion in the per capita income calculation can give the impression that a community is not fairing well financially, when in reality its permanent resident population is experiencing healthy income levels.

communities that have large populations on fixed incomes, such as the elderly or working poor. However, in contrast with other counties, Huntingdon County has a low ratio of elderly dependents living in the community. A more likely explanation is the County's unemployed population, which in 2001 comprised 9.3 percent of the civilian labor force. The County's persistently high unemployment may also be contributing to comparatively low levels of disposable income. In 2002, Huntingdon County's per capita personal income represented only 63 percent of the per capita personal income for the entire Commonwealth (\$29,504). **Table 3-15** presents per capita personal income data for several counties in Southcentral Pennsylvania. In order to analyze decadal trends, the 1990 data was adjusted for inflation. In *real* terms, Huntingdon County experienced a 10 percent growth in its per capita personal income – a growth rate that is 6.6 percent below the regional average and 3.2 percent below the State average. Considering the presence of large institutional populations in neighboring counties, Huntingdon County's conservative growth is surprising. Two factors may be contributing to this trend. First, the County's high unemployment rate means that a significant portion of the civilian labor force is not contributing to the County's economic growth. A secondary factor that may be contributing to the County's comparatively low per capita personal income is the presence of agricultural activity. When calculating per capita personal income, the U.S. Bureau of Economic Analysis (BEA) does not consider inventory sales when determining farm income. By excluding inventory sales, the BEA can deflate per capita earnings in rural communities, particularly those with a strong agricultural sector. This discussion has exemplified how data interpretation can be clouded by outlier variables, including seasonal population growth, institutional populations, and industry concentration. What conclusions can be drawn from this data? Huntingdon County's per capita income has increased modestly throughout the decade. This conservative growth can be expected to continue if the unemployment rate remains high and the elderly population continues to grow.

Table 3 - 15

Analysis of Personal Income, 2000 (in thousands of dollars)				
Components of Personal Income	Huntingdon County	% of total personal income	PA	% of total personal income
Gross Earnings by Place of Work	\$461,455	54.6%	\$252,138,602	69.6%
Adjustments to Earnings				
-Personal Contribution to SSI	-24,853	-2.9%	-15,249,074	-4.2%
-Commuting Adjustment	93,626	11.1%	1,708,229	0.5%
Net Earnings by Place of Residence	530,228	62.7%	238,597,757	65.8%
Unearned Income	314,833	37.3%	123,793,742	34.2%
-Dividends, Interest & Rent	140,979	16.7%	65,953,247	18.2%
-Transfer Payments	173,854	20.6%	57,840,495	16.0%
Total Personal Income	845,061	100.0%	362,391,499	100.0%
Per Capita Personal Income*	\$18,537		\$29,504	

Source: Bureau of Economic Analysis (BEA) Regional Accounts Data, US Department of Commerce

Age Structure

The relative isolation of Huntingdon County's labor market suggests that the *resident* population plays a significant role in the local economy. As consumers, local residents are the primary market for many non-basic goods and services. Because income levels and discretionary spending patterns vary among age groups, the age distribution of a community's population has implications for the vitality of local markets. The size and composition of the *local* population will determine if the County has an adequate labor pool to meet employers' needs. Population pyramids are a useful way to graphically depict a population's age structure and growth characteristics. By dividing the population into age cohorts – groups of people that share the same birth year – pyramids indicate whether a population's growth rate is rapid, slow, or negligible. Because a population's age structure heavily influences birth and death rates, demographers utilize population pyramids to uncover the social and biological factors that influence population change. In this section, the population pyramid is being utilized to identify broad trends in Huntingdon County's population. For instance, we will be examining trends within the prime working age category (21-64 years) to determine if the County's potential labor pool is increasing or decreasing. According to McLean and Voytek (1992), a projected decline in a community's prime working age population may suggest that people are seeking employment outside the labor market area. It also suggests that communities may have difficulty meeting workforce needs without importing labor from outside the area. In addition to the analysis of key age cohorts, this section addresses the three (3) engines of population growth - fertility, mortality, and migration – to determine if Huntingdon County's population is growing primarily due to *natural increase* (i.e. births minus deaths) or *net migration*.

Table 3 - 16

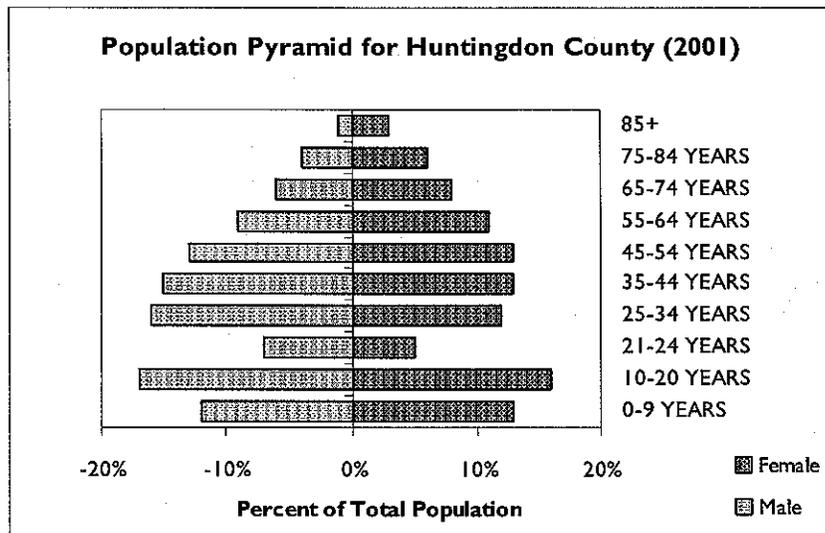
Per Capita Income Comparisons 1990-2000				
	1990 Per Capita Income	1990 Per Capita Income (Inflation Adjusted to 2000 dollars)	2000 Per Capita Income	Percent Change in Real Terms
PENNSYLVANIA	\$19,810	\$26,074	\$29,504	13.2%
Southern Alleghenies	\$14,223	\$18,720	\$21,824	16.6%
Huntingdon County	\$12,808	\$16,858	\$18,537	10.0%
Bedford County	\$12,719	\$16,741	\$20,389	21.8%
Blair County	\$15,252	\$20,075	\$24,533	22.2%
Cambria County	\$15,332	\$20,180	\$23,352	15.7%
Fulton County	\$13,650	\$17,966	\$22,782	26.8%
Somerset County	\$15,579	\$20,505	\$21,352	4.1%
Mifflin County	\$13,974	\$18,393	\$20,558	11.8%
Centre County	\$16,820	\$22,139	\$25,237	14.0%

Note: The Consumer Price Index (CPI) for the Northeast Region was utilized to adjust the 1990 data to reflect year 2000 dollar values. The Northeast Region includes the following states: Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, and Vermont.

Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce 1990 and 2000 Regional Accounts Data

The population pyramid for Huntingdon County is depicted in **Figure 3 – 8**. The horizontal bars represent various age cohorts separated by a vertical axis, which shows the dispersion between the male and female population. The pyramid illustrates a County that is experiencing moderate population growth. In communities that are growing quite rapidly, the largest age cohorts will be the youngest age cohorts, located at the *base* of the pyramid. In Huntingdon County, we see more mature age cohorts, particularly those within their prime working age (21-64 years) rivaling the younger populations for representation. Pyramids such as this, which depicts a rather even distribution among cohorts, reflect a population with slow or declining rates of growth. The age cohorts within the *prime working age* category (21-64 years) currently represent 57 percent of the County’s total population, a proportion that is comparable with the composition of Pennsylvania’s population. Over the last 20 years, the number of people within this category has continued to increase – in real terms. However, the overall *rate* of growth has declined markedly. From 1980-1990, this category grew by 12.3 percent, far outpacing the growth rate for the County’s entire population (4.5 percent). From 1990-2000, the growth rate dropped to 4 percent. This declining rate of growth is expected to continue in the future.

Figure 3 - 8



Source: Claritas, Inc. (2002)

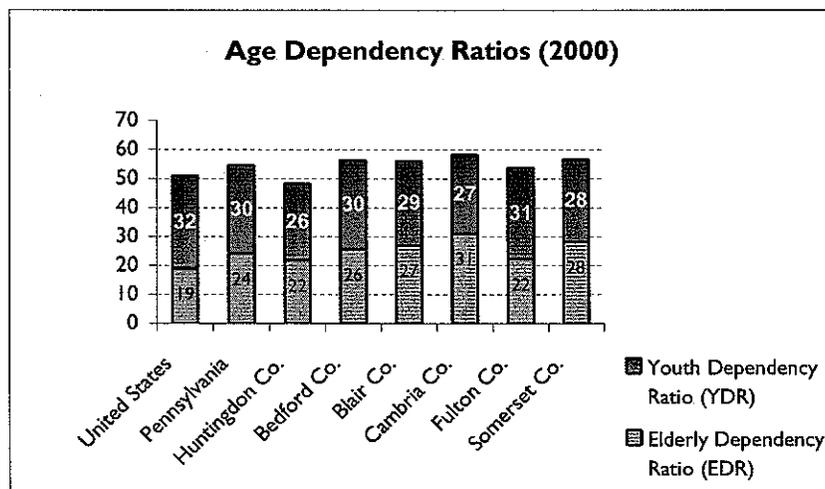
Claritas, Inc., an acknowledged provider of demographic and economic data, utilized 2001 population estimates to prepare 5-year projections for the County’s various age cohorts. Results indicate that the County’s prime working age category (21-64 years) will still represent 57 percent of the County’s total population. However, the 5-year growth rate will have dropped to 1.3 percent. Another statistic that speaks to the economic self-sufficiency of a population is the *age dependency ratio*. According to the Population Reference Bureau, a non-profit think tank located in Washington, D.C., the age-dependency ratio “...is often used as an indicator of the economic burden the productive portion of a population must carry – even though some persons

defined as ‘dependent’ are producers and some persons in the ‘productive’ ages are economically dependent” (p. 6)¹⁴. The ratio is calculated as follows:

$$\left[\frac{(\text{Pop. } < 15 \text{ years}) + (\text{Pop. } 65+ \text{ years})}{\text{Pop. Ages } 15-64 \text{ years}} \right] * 100$$

These two age cohorts – “less than 15 years” and “65+ years” are characterized as dependent populations because they represent persons that are least likely to be active participants in the labor force. As indicated in **Figure 3 - 9** Huntingdon County’s age dependency ratio is lower than any other county in the Southern Alleghenies Region. The County’s ratio (48) should be interpreted as follows: For every 100 people in the working age population (15-64 years), 48 people are dependent. In comparison, Pennsylvania has a dependency ratio of 54 and the United States has a dependency ratio of 51. When examined against unemployment rates, the County’s favorable age dependency ratio suggests that the County has the potential to support an economically productive population. The persistent unemployment that plagues the County may reflect a mismatch between workforce skills and employers needs, but further analysis (i.e., surveys, interviews, focus groups) would be necessary to validate this hypothesis.

Figure 3 - 9



Source: U.S. Census Bureau, Census 2000 (2002)

How will Huntingdon County provide employees for the jobs of tomorrow? The rate of *natural increase* provides some clue about the characteristics of population change in Huntingdon County. **Table 3 - 17** depicts vital statistics for Huntingdon County over the 1990-2000 period. By subtracting the number of deaths from the number of resident live births in the County, we can determine how the rate of natural increase impacts the County’s long-term growth. From 1990-2000, Huntingdon County experienced a Decadal Growth Rate (DGR) of

¹⁴ Haupt, Arthur and Thomas T. Kane. (1998). *Population Handbook*. Washington, D.C.: Population Reference Bureau

3.2 percent, gaining an additional 1,422 residents. Because 1,042 of these residents represent additional births, we can say that 73 percent ($1,042/1,422 * 100$) of the County's population gain is directly attributable to natural increase. The remainder of the county's decadal growth (27 percent) is due to *net migration* (in-migration minus outmigration).

Table 3 - 17

Vital Health Statistics for Huntingdon County			
Years	Births	Deaths	Natural Increase (Births - Deaths)
1990	523	428	95
1991	548	414	134
1992	514	423	91
1993	554	412	142
1994	451	382	69
1995	489	382	107
1996	499	391	108
1997	466	408	58
1998	476	417	59
1999	499	395	104
2000	510	435	75
Total	5,529	4,487	1,042

Source: Vital Health Statistics, PA Department of Health

Industry Cluster Analysis

Historically high unemployment rates – and a projected decline in the primary working age population (21-64 years) - are indicative of a persistent underemployment in Huntingdon County. The situation is compounded by the relative isolation of the local labor market, which has difficulty absorbing displaced workers due to the absence of definitive industry clusters. Unlike *sectoral* analysis, which classifies businesses according to their primary activity (i.e. SIC code), industry clusters are identified using a host of typologies, from shared workforce requirements to the presence of critical supply chains. However clusters are defined, at their foundation they seek to characterize the interfirm relationships that make a local economy ‘tick.’ The literature generally attributes the following characteristics to successful industry clusters:

- Presence of a skilled labor pool
- Strong interfirm communication and collaboration
- Emphasis upon technological innovation and product development
- Increased productivity and higher employee earnings

The economies of scale that can be achieved – on behalf of both the public and private sectors – attributes to the growing popularity of cluster strategies as an economic development tool. By leveraging the assets of related industries, a cluster strategy can increase the level of local job creation and improve the competitive advantage of local firms. How is this competitive advantage achieved? By establishing a critical mass of complementary firms within a region. According to research sponsored by the Southern Rural Development Center, four (4) primary benefits are associated with industrial clusters: “...(1) access to inputs and infrastructure (2) labor and human resource pooling (3) access to information and performance measures and (4) complementary products.”¹⁵ Because established clusters often share similar labor input requirements, cluster firms can collectively pool from a larger labor shed than a sector dominated by one or two companies. Conversely, (dislocated) employees are provided the opportunity to transfer skills from one workplace to another without facing the prospect of relocation. Industry clusters can mitigate the effects of plant layoffs and closures because the local workforce can transfer their skills to other employers in the labor market. The expanded job opportunities place upward pressure on workforce skills and wages, which in turn will attract a higher caliber company to the area. A cluster strategy can feed upon itself, helping to reverse the brain drain that so often characterizes rural labor markets.¹⁶

Communities well suited to a cluster strategy exhibit a high degree of information-sharing among local firms and a concentration of employment in growing sectors. The economic base analysis did not identify a critical mass of complementary businesses – the foundation for a successful cluster strategy. The County’s persistently high unemployment rate suggests that dislocated workers are having difficulty transferring their skills to job opportunities *within* the

¹⁵ Scorsone, Eric A. No. 23, February 2002. “Industrial clusters: Enhancing rural economies through business linkages.” The Southern Rural Development Center.

¹⁶ Gibbs, Robert and G. Andrew Bernat, Jr. Vol. 12, No. 3. “Rural Industry Clusters Raise Local Earnings.” Rural Development Perspectives.

County, further evidence that the County's cluster foundation is weak. In the absence of a "critical mass," a cluster strategy can be highly speculative and capital intensive – a risk most communities cannot afford to take. To establish a market that fosters cluster development, communities such as Huntingdon County must go back to basics – concentrating resources on "what matters most" to the majority of businesses - infrastructure, workforce, retention and expansion.

While the economic base analysis identified several *basic* sectors that underpin the local economy, the concentration of employment within a handful of firms suggests a lack of diversification among Huntingdon County's export industries. For instance, several of the County's manufacturing firms are branch plant operations facing increased foreign competition and maturing markets. Remaining competitive in this climate requires an emphasis upon value-added and process innovation. However, with suppliers and buyers located outside the County, one must wonder if higher production and transportation costs are not constraining the manufacturing sector's ability to strengthen its competitive edge.¹⁷

The lack of economic diversification is evident in the manufacturing sector, which is dominated by a handful of larger employers. Recent newspaper headlines underscore the inherent vulnerabilities associated with this type of market dominance. The bankruptcy filing by Adelphia Communications will have untold consequences for Coudersport, the small Pennsylvania community where the cable company giant is headquartered. As the community's largest employer, Adelphia's economic future is closely linked with the community's. As service-producing industries supercede manufacturing as the top employer in the County, we must grapple with another issue that inhibits economic growth: low wages. A recent comparison of average annual wages in Huntingdon County showed that for every dollar earned in the manufacturing sector, retail jobs earned 40 cents and service sector jobs earned 65 cents. Yet, these industries far outpace the goods-producing sector in terms of overall job growth.

All aspects of an economy are affected when employment is concentrated in lower-paying jobs. Personal income losses translate into restricted consumer spending, which affect a community's ability to attract new business. A boost in overall earnings will help to attract and retain a qualified workforce and a more diverse mix of businesses. Diversification of the County's economic base should begin with the implementation of process innovations that enable local manufacturers to increase productivity, reduce transaction costs, and increase their connection to the regional economy by establishing more sophisticated supply chains. Unfortunately, many manufacturers have responded to the recent recession by adopting a "wait and see" attitude - delaying capital expenditures and R&D investment until they have further evidence that economic recovery is near. It is important to support manufacturing activity because it drives activity in so many other industry sectors. However, the County must realize that an investment in its manufacturing sector may not translate into significant job creation. Many industry analysts have suggested that recovery in the manufacturing sector will be a "jobless recovery" as a result of automation, computerization, and increased worker productivity. Tomorrow's manufacturing sector will utilize fewer workers, but those workers will be more educated and computer literate than the production worker of ten years ago.

¹⁷ Indeed, the Business Leader Survey, conducted for the Comprehensive Economic Analysis, identified infrastructure (i.e., road, rail, utility) requirements as a constraining influence on a number of local firms.

Target Industry Assessment

In addition to supporting diversification within its manufacturing sector, Huntingdon County must bring heightened focus to its business retention and expansion (BR&E) efforts. To facilitate the identification of Huntingdon County's target industries, Delta utilized a screening process adopted from the text Understanding Your Economy (McLean & Voytek). The process is outlined as follows:

Step 1:

Location Quotient (LQ) Analysis was used to identify those industries that exhibit local specialization. All industries that delivered a $LQ > 1.12$ were classified as basic industries – industries that expand or contract in response to nonlocal conditions. Because basic industries are considered the engines of local economic growth, these industries were retained for further analysis. Those industries that deliver a $LQ < 1.12$ were classified as non-basic industries, comprised of businesses that primarily depend upon *local* market conditions. To the extent that nonbasic industries are not meeting current demand, these industries represent an opportunity to strengthen local competitive advantage through import substitution.

Step 2:

Shift-Share Analysis was used to examine the underlying causes of industry specialization. By comparing local industry growth to national growth trends, shift-share isolates the three (3) factors that contribute to local growth: National Share, Industry Mix, and Local Competitive Advantage. Growth industries that exhibit local weakness present an opportunity to strengthen the County's competitive position. These industries should be the focus of local economic development efforts.

Step 3:

Calculate the differential shift for each of the County's basic industries. Industries that exhibit employment growth that outpaces national employment growth are considered the County's growth industries. By comparing the differential shift to the results of the Shift-Share Analysis, an analyst can determine if these growth industries have also maintained their local competitive position.

Based upon the results of this three-step process, the County's basic and non-basic sectors were broken down into three categories: (1) strong performers, (2) lagging performers, and (3) poor performers (see **Appendix E**). McLean & Voytek define each category as follows:

Strong Performers

These industries are current strengths in the local economy characterized by positive employment growth and a positive differential shift. These industries grew because they exhibited strong local competitive advantage and opportunities to strengthen their competitive position should be capitalized upon.

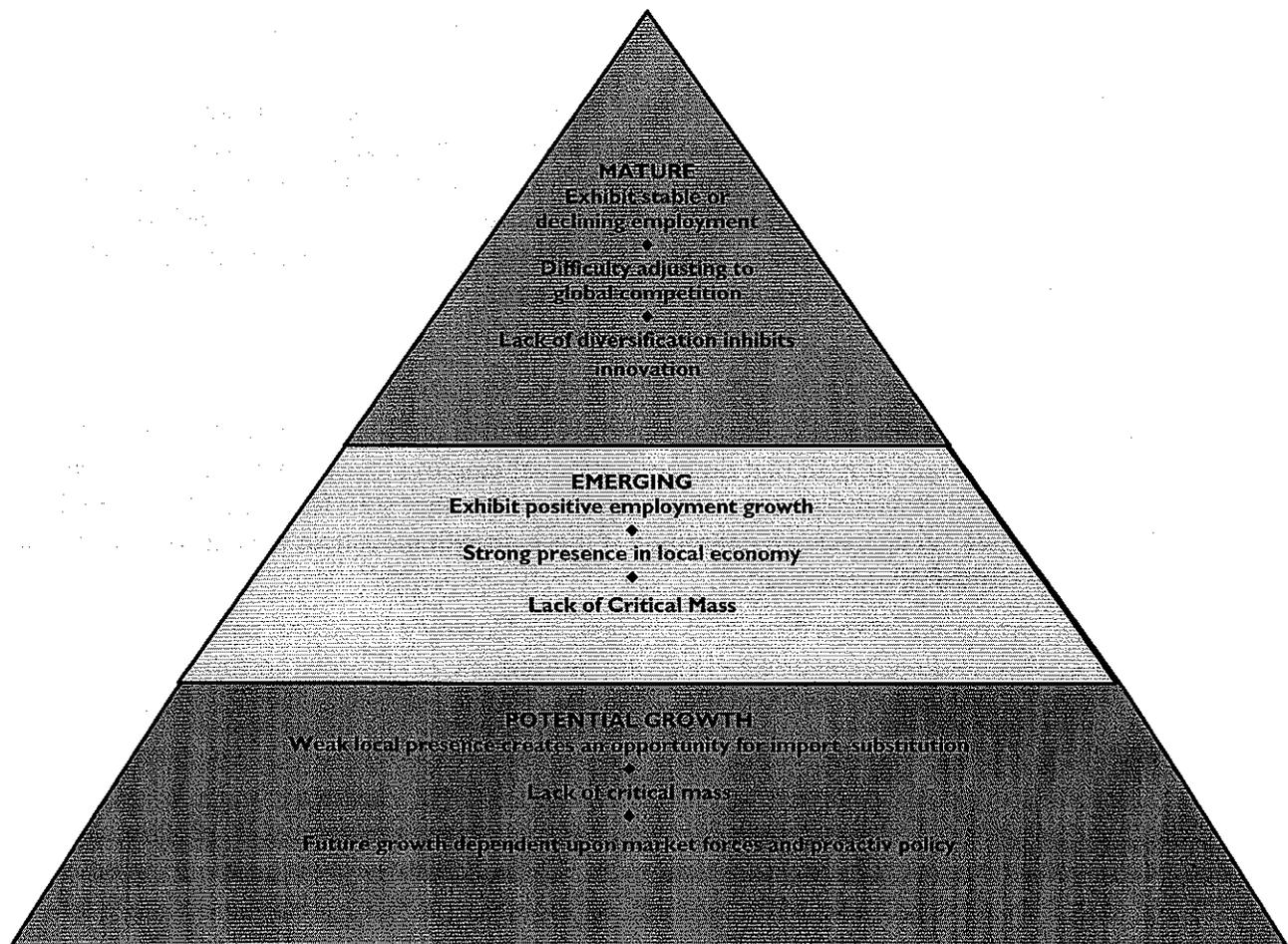
Lagging Performers

These industries also exhibit positive employment growth, but are not keeping pace with the national economy. Their employment growth and employment share (LQ) indicate, however, that these industries have growth potential. Within this category, basic industries are considered “retention targets,” which should be the focal point of a community’s economic development strategy. Non-basic industries, on the other hand, exhibit weak competitive position and may present a community with limited growth prospects.

Poor Performers

These industries have failed to keep pace with national employment growth and have lost employment share over the years. Unless extenuating circumstances exist, these industries should not be the primary focus of an economic development strategy because local conditions do not support future growth.

Figure 3 - 10
Huntingdon County’s Pyramid of Advantage



Based upon the findings from this industry assessment – and the qualitative input received via surveys, interviews, and market research – Delta has identified several industry targets that should be the focal point of the County’s business retention and expansion (BR&E) activities. As depicted in **Figure 3 - 10**, the sectors are organized into three (3) categories: mature, emerging, and potential growth.

Mature Sectors

Nonmetallic Minerals, Except Fuels – SIC 14
Stone, Clay, & Glass Products – SIC 32
Fabricated Metal Products – SIC 34
Electronic & Other Electronic Equipment – SIC 36

Overview

While these sectors have a strong presence in the local economy, they are struggling to maintain competitive position in an increasingly global marketplace. The lack of intra-sector diversification hinders technology transfer and competition – necessary ingredients for building competitive advantage.

Market Outlook

Firms within the mature sector are significant to Huntingdon County because they are connected to *external* markets. By circulating outside revenue through the local economy, basic industries create opportunities for expansion within the non-basic (i.e. local) sector. With the exception of SIC 34, the economic base analysis shows that employment growth within these sectors lags behind national employment growth. *A high concentration of employment in comparatively slow-growing sectors and a strong dependence upon national economic trends have made these sectors quite susceptible to cyclical economic fluctuations.* In addition, these sectors are typically dominated by a single firm, a situation that does not foster competition, technology transfer, or access to a skilled labor pool. A strategy that solely focuses upon the retention of the dominant players will fail to address a fundamental problem: dependence upon large organizations as the primary engine for job creation. Certainly, these firms have the potential to be cluster pioneers, but they are currently operating independent from one another.

In 1998, Standard & Poor's DRI prepared a cluster analysis for the State of Pennsylvania entitled "Pennsylvania's Clusters: Building Blocks for a Technology-Led Competitiveness Strategy." Two of the County's mature sectors – SIC 14 and SIC 34 – were identified by DRI as cash cows – "...industries that are highly developed, but have low-forecasted growth" (p.1-21).¹⁸ In this instance, what holds true for the Commonwealth holds true for Huntingdon County. To best support these industries, the County should focus upon efforts to build their competitive advantage.

¹⁸ Standard & Poor's DRI, in associated with the Economic Competitiveness Group. May 1998. "Pennsylvania's Clusters: Building Blocks for a Technology-Led Competitiveness Strategy." Prepared for the Pennsylvania Department of Community & Economic Development.

Building Competitive Advantage

Enhancing the local supply chain offers the best means for building competitive advantage within the County's mature sectors. A basic definition of a supply chain is as follows: a network of buyers and suppliers that operate collectively to deliver an end-product to consumers. The growth of the business logistics sector represents the utilization of supply chain management: as more companies adopt a customer-driven focus, they need to be more responsive to shifting consumer demands. The growth of just-in-time delivery has enabled logistics firms to fill a niche in the distribution supply chain. Supply chains vary greatly from industry to industry, company to company. Targeting prospects that can strengthen the local supply chain will require a close familiarization with each company's product/service and internal processes. The business attraction strategy should emphasize the development of small and medium-sized companies that can help re-circulate basic income throughout the local economy.

Challenge

Because consumers are often located outside the county, high infrastructure costs (i.e., transportation, rail, utility) inhibit companies from investing in on-site improvements. It also limits their geographic "reach" to more distant markets, limiting their ability to remain competitive.

Opportunity

This constraint presents an opportunity to enhance the local supply chain by focusing business attraction efforts on companies that can utilize the primary outputs of this sector as inputs within their production process. By establishing these vertical "supply chain" relationships, the County will create an environment that supports technology transfer and competition – both of which will provide a boost to workforce skills while diffusing the impact of cyclical downturns in the economy. Working in conjunction with local and regional partners, the County can act as a "broker" for these potential cluster pioneers – connecting them with small and mid-sized businesses that can help them automate processes, procure new equipment, and otherwise add value to their manufacturing process.

Potential Partners

Huntingdon County does not have a high performance cluster that can serve as the foundation for an economic development strategy. However, it has access to the necessary human capital to help these pioneer sectors compete in the global economy. A growing body of research suggests that knowledge is the foundation for building competitive advantage. "The evidence from rural clusters suggests that localized 'knowledge' embedded in the people and institutions – about technologies, processes, markets, etc. – may be an instrumental factor behind

their innovation and success in overcoming disadvantages of rural location.”¹⁹ The foundation for this rural knowledge cluster rests with the following organizations.

- Industrial Modernization Center (IMC)
- Concurrent Technologies Corporation (CTC)
- Penn State’s Regional Center for Manufacturing Education
- Technology Transfer Center at the Pennsylvania College of Technology
- MANTEC, Inc. , an affiliate of Pennsylvania’s Industrial Resource Centers (IRC)
- Huntingdon County Career & Technology Center
- Juniata College Center for Entrepreneurial Leadership (CEL)
- Huntingdon Area School Districts
- Dubois Business College

The region’s academic institutions and Research & Development (R&D) Centers provide the foundation for a “knowledge cluster” that may enable the County to strengthen the competitive position of its mature manufacturing sectors and support the diversification of its emerging health services sector.

¹⁹ Munnich, Lee and Greg Schrock. March 2001. “Rural Knowledge Clusters: The Challenge of Rural Economic Prosperity.” State and Local Policy Program, Humbert H. Humphrey Institute of Public Affairs at the University of Minnesota.

Emerging Sectors

Health Services (SIC 80)
Special Trade Contractors (SIC 17)

Overview

These sectors exhibit positive employment growth and local competitive advantage; however, they lack a critical mass to be considered a true 'cluster.' Firms within emerging sectors are significant to Huntingdon County because local factors have contributed to their favorable growth, which often exceeds their counterparts at a state level. These industries represent an opportunity to diversify the County's economic base by supporting small business expansion and entrepreneurial development. The health sector is certainly facing challenges in today's economy. The passage of the Balanced Budget Act of 1997 introduced new Medicare payment policies designed to control rising costs within the home health care market - a segment of health services that expanded rapidly throughout the 1990s. The implementation of new cost limits have created controversy within the industry and have contributed to agency closures in Pennsylvania. Nonetheless, managed care has created an opportunity for growth in outpatient and community-based health care. An emphasis upon health care also presents an opportunity to attract and recruit firms that value quality of life. A survey of 2,000 rural manufacturing firms ranked 'quality of life' as the most important location factor.²⁰ Health care is an often overlooked aspect of economic development, but can be a critical factor in a company's decision to locate within a particular community. The quality of the health care networks impacts a company's benefit costs and is a factor that can enhance employee recruitment.

Market Outlook

Statewide, the health service industry is expected to outpace growth within other service-producing industries as the aging baby-boom generation requires increased levels of care.²¹ The State's Center for Workforce Information & Analysis developed industry employment estimates for 1998 and project employment through 2008. Within the Southern Alleghenies Region, health service employment is expected to grow by 26 percent.

Statewide employment projections show the service sector as the fastest-growing segment of Pennsylvania's economy. As a whole, the goods-producing sector (principally mining and manufacturing) is expected to experience job losses over the next few years. However, the construction industry is projected to grow by 6 percent, a growth primarily attributable to the specialty trades. Locally, the special trades (SIC 17) gained 34 percent employment from 1991 to 1997 and its shift-share analysis demonstrated that the industry was the only construction trade that exceeded national employment growth - an indication of local competitive advantage.

²⁰ Halstead, John M. and Steven Deller. Journal of the Community Development Society.

²¹ Pennsylvania Department of Labor & Industry. 1998. "Pennsylvania Workforce 2005."

Building Competitive Advantage

The County's landscape is dotted with small business establishments (many of them owner-operator) that specialize in the specialty trades. Areas of emphasis include electrical work, building remodeling, plumbing, heating, and excavation. The concentration of business activity among small firms reflects a healthy entrepreneurial spirit. However, shifting paradigms within nonresidential construction negatively impact the ability of small business to compete in today's marketplace. In an effort to remove non-earning assets from their balance sheets, many companies are opting to lease buildings rather than construct their own facilities. The trend toward office/commercial leasing has led to the utilization of large construction companies that can oversee the entire building process, from site preparation to internal wiring. Regardless of their union status, small companies do not often have the breadth of qualifications, project experience, and bonding capacity to participate in larger construction projects. This limits their participation in the construction sector and their ability to strengthen market share.

Challenge

Growth in the population of uninsured persons, limitations on Medicaid reimbursement, and a persistent labor shortage will continue to affect the ability of rural health care systems to remain competitive. Finding it increasingly difficult to attract and retain primary care physicians, some rural hospitals have adopted a limited-service model that emphasizes emergency, primary, and outpatient care instead of inpatient and surgical services.²² This analysis does not contend that such a model be implemented in Huntingdon County. It is intended, however, to illustrate the challenges of health care delivery in rural settings, particularly in the face of rising drug costs and Medicare/Medicaid reimbursement limits.

Results from the Business Leader Survey indicate that limited highway access makes it difficult for local tradesmen to obtain supplies and to effectively market outside the County. Survey respondents also indicated a need for workforce development programs that emphasize skilled trades (i.e., electrical, CADD, mechanical) and computer literacy. Small businesses, in particular, cannot afford the overhead associated with on-the-job training, which can greatly diminish a new hire's productivity.

Opportunity

The proximity of JC Blair Memorial Hospital to other health care facilities in Altoona, Johnstown, and State College create an opportunity for utilizing telemedicine to enhance the delivery of rural health care services and to provide distance learning opportunities in support of Juniata College's pre-health degree program. The long-term success of the specialty trades (SIC 17) will require enhanced collaboration among existing businesses. Utilizing web-based technology, a virtual network of small- and mid-sized companies can be established. Collectively, these companies can have greater presence in the marketplace and respond to requests for proposals (RFPs) that would otherwise be out of their reach. Potential Partners

- JC Blair Memorial Health System

²² Capalbo, Susan and Christine Heggem. Vol. 14, No. 3. "Innovations in the Delivery of Health Care Services to Rural Communities." Rural Development Perspectives.

- Altoona Hospital
- Conemaugh Memorial Medical Center/UPMC Health System

Potential Growth Sectors

Amusement & Recreation (SIC 79)

Business Services (SIC 73)

Overview

These sectors exhibit weak location specialization, which suggests that local demand is not being satisfied by local suppliers. These sectors present an opportunity for developing niche markets, but will require the right market conditions and proactive policy to be fully realized.

Market Outlook

Employment projections prepared by the Pennsylvania Department of Labor & Industry identify business services (SIC 73) as a primary contributor to economic growth in the 21st century (Pennsylvania Workforce 2005). In the space of ten years, the sector's presence in Pennsylvania's economy has increased from 16 percent of service employment to nearly 20 percent of service employment. In contrast, the business services sector (SIC 73) has lost employment share. From 1990 to 2000, the industry dropped from 12.4 percent to 4.9 percent of service-related employment. Shift-share analysis suggests that local factors are diminishing growth opportunities within this sector. While multiple factors (i.e., labor skill and availability) may be inhibiting the County's ability to attract significant prospects, the root causes of this industry's poor performance may lie in the business supply chain. Among large corporations, the customer-oriented business model is becoming an increasingly popular way to do business. To anticipate customer needs, companies are developing sophisticated supply chains – relationships with other businesses - to manage various aspects of the production process, from raw materials to component parts and shipping needs. These "business-to-business" sales represent a growing segment of the American economy, particularly in the realm of e-commerce. The widespread use and affordability of the Internet have made it possible for companies of all sizes to participate in the business supply chain, which connects local businesses to regional (or even national) markets.

In June 2002, the Commonwealth released a report prepared by D.K. Shifflet & Associates entitled *The Economic Impact of Travel in Pennsylvania: 1999-2000*. The purpose of the study was to document the direct and indirect benefits associated with Pennsylvania's domestic traveler market. The report found that tourism activity supports job and sales growth in a variety of industry sectors, including transportation, services, retail trade, and manufacturing. When tourists expenditures increase, a chain reaction occurs: hotels, retailers, and restaurants increase their inventories, which in turn, drives their suppliers to manufacture more goods and services. Although job opportunities in the tourism industry are admittedly not the highest skill or highest paying, the potential for spin-off development begs the question: Could additional tourism development help Huntingdon County diversify its economy? The answer is a resounding "yes." According to D.K. Shifflet's report, domestic traveler spending in Huntingdon County exceeded \$39 million in the year 2000, a 6 percent increase from the previous year. The Huntingdon County Visitors Bureau reports an increase in tourist-related businesses and diversification in the visitor experience they are able to offer domestic travelers to the Raystown Lake Region.

As the table below demonstrates, many sectors of Huntingdon County's economy are positively impacted by the tourist trade through direct and indirect spending. In addition to direct consumer sales, the report estimates that Huntingdon County's tourist industry generated over \$6.3 million in tax revenues (combined federal, state, and local) from the firms, owners, and employees that serve domestic travelers. Because the consultant team utilized a 50-mile travel radius to determine the level of domestic travel, the study results may be underestimating the total economic impact of tourism in Huntingdon County.

Table 3 - 18

Economic Impact of Domestic Travel (dollar amounts in thousands of dollars)		
Industry	Direct Impact Sales as result of tourist spending	Indirect Impact Sales based on inter- industry purchases
Agriculture	\$0.0	\$598.1
Forestry	0.0	8.6
Fishing & Trapping	0.0	2.6
Mining	0.0	85.2
Construction	0.0	588.9
Manufacturing	60.4	1,802.6
Transportation	7,362.7	806.0
Communication	0.0	447.5
Utilities	0.0	634.3
Wholesale Trade	467.6	742.5
Retail Trade	3,637.5	69.4
Services-Restaurants	9,571.3	135.9
Finance, Insurance, Real Estate	0.0	1,550.2
Services-Accommodations	5,175.2	214.0
Services-Other	2,599.8	3,052.2
Services-Entertainment	5,822.8	759.2
TOTAL	\$34,697.2	\$11,497.2

Source: D.K. Shifflet & Associates (June 2002)

Building Competitive Advantage

The location quotient analysis shows that several tourist-related sectors, such as Amusement & Recreation (SIC 79), Miscellaneous Retail (SIC 59), and Transportation Services (SIC 47), are operating as non-basic sectors. The sub-par performance of these sectors presents the County with an opportunity to leverage its brand identity (i.e. Raystown Lake) to establish the County as an outdoor recreation destination. With regards to tourism, Huntingdon County has an opportunity to capture a larger share of the State's leisure travel market, which constitutes the majority of travel activity within the Commonwealth.

Because the County's business service sector is dominated by small establishments serving local markets, "business-to-business" supply chains are fairly unsophisticated, relying upon face-to-face interaction and basic telecommunications to serve customer needs. As a non-basic industry (LQ=.1895), the sector is not well-connected to larger business supply chains and therefore attracts low value-added opportunities. The lack of sufficient IT infrastructure may be constraining growth within this sector. However, the County exhibits several characteristics that provide a foundation for import substitution:

- **Affordable Site Development Costs.** The popularity of single-floor, large footprint construction favors rural locations, which offer lower taxes and lower lease rates.
- **Available Workforce.** Companies in large urban areas must often compete for workers in a tight labor market. This competition places upward pressure on wages, which eat into a company's profit margin. In contrast, rural areas offer a lower cost of living and comparatively lower pay scales, both of which are attractive to businesses seeking to outsource certain operations in an effort to remain competitive.
- **Good Quality of Life.** Throughout the Southern Alleghenies Region, Huntingdon County is known as a family-oriented community that values hard work and an honest day's pay. By establishing a definitive "brand image" and marketing it to a larger audience, Huntingdon County can utilize what at first appear to be competitive disadvantages (i.e., rural location, high unemployment, low pay) into competitive advantage.

These characteristics provide the foundation for attracting back-office operations, namely call centers, information processing centers, and corporate support centers. It is acknowledged that these operations provide a lower level of compensation than traditional manufacturing jobs or higher-end business occupations. However, what they do offer is an opportunity to diversify the local service sector, recruit local talent, and strengthen the business supply chain.

Challenge

The greatest challenge associated with this strategy is the provision of digital telecommunications. Back-office operations rely upon 24-hour service, 365 days a year. Maintaining this level of productivity requires redundancy and reliability within their basic utilities and IT infrastructure. Most companies will not finance the up-front costs associated with local capacity-building and service providers are equally disinclined to finance such improvements.

The outside perception of Huntingdon County could be a detriment to an aggressive business recruitment strategy. While site-selection is driven by many factors, companies must have confidence that their employees will be comfortable living within the community. If the quality of life is not viewed favorably, the company will have a difficult time attracting and retaining workers. Because high employee turnover significantly impacts labor costs, a recruitment strategy must focus upon Huntingdon County's "brand image."

While Raystown Lake is clearly the primary draw for visitors to Huntingdon County, the day-tripper and overnight travelers can avail themselves of a wide variety of recreation and cultural activities, from adventure sports at Raystown Lake to canoeing along the Juniata River. Research shows that extended work hours are inducing many travelers to take more frequent, but

shorter vacations that are closer to home. They are also seeking destinations that offer hands-on experiences and educational opportunities, such as those offered by Huntingdon's cultural and historic attractions. According to the National Leisure Travel Monitor, Pennsylvania's leisure traveler tends to be college educated, 35-54 years of age, with an annual household income above \$50,000. This population represents a target audience with spending power.

Opportunity

As a rural community experiencing persistent unemployment, Huntingdon County can avail itself of State (i.e., Pennsylvania Technology Investment Authority – PTIA) and federal funding (i.e., USDA's Rural Business Opportunity Grants, Distance Learning & Telemedicine Grant Program) to provide the infrastructure necessary to improve telecommunications service. The tax-incentives associated with a state-designated Enterprise Zone will provide added impetus for private investment. What these incentives cannot do is alter the public's perception of the community. Creating an image that sets Huntingdon County apart from other communities will require collaboration. Every organization that markets the County, both directly or indirectly, should be engaged in a visioning process to define the community's core values and develop a marketing plan. The marketing plan should include the development of a logo and slogan that can be utilized by partner agencies within their marketing materials. This strategy will communicate a positive message to existing and prospective businesses: that Huntingdon County's partners are working collectively to respond to business needs.

To fully realize the benefits of tourism development, Huntingdon County must create an environment that **supports more repeat visitation**. Promoting growth in tourist-related sectors will create a critical mass of businesses necessary to attract and retain tourist dollars. An emphasis upon customer service and hospitality training will ensure that the service industry promotes a visitor-friendly attitude that enhances visitor spending at public and private area attractions. This concept will be further evaluated in the Marketing and Tourism Strategy.

Potential Partners

- Huntingdon County Visitor's Bureau
- Huntingdon County Economic Development Task Force
- Greater Huntingdon Chamber of Commerce
- Mount Union Chamber of Commerce
- Broad Top Chamber of Commerce
- Huntingdon Area Merchants
- Juniata College Center for Entrepreneurial Leadership (CEL)

Planning Implications

- Manufacturing retains its position as a strong *basic* industry (LQ=1.2059) despite job losses throughout the decade. These job losses are partly attributable to a concentration of employment in sectors that experiencing sluggish growth at the national level.
- Because manufacturing jobs were already declining as the country entered this recession, the sector has been particularly affected by the downturn in business activity. Nationwide, manufacturers have responded to declining demand by instituting hiring freezes and delaying capital investments. Pennsylvania has mirrored the national economy, continuing its decade-long decline in the manufacturing sector.
- The recent recession highlights the importance of economic diversification to the future vitality of Huntingdon County. The basic orientation of the County's manufacturing sector obscures the fact that employment is highly concentrated. Efforts to diversify the County's manufacturing sector should focus upon value-added opportunities and potential spin-offs from regional employers.
- The County's service sector has witnessed unprecedented growth over the last decade. Although still a *nonbasic* sector, it has replaced manufacturing as the County's top employer. Although employment is tilted toward slower-growing industries, one sector that is a standout among all others is Health Services (SIC 80). Health services has exhibited strong employment gains; and shift-share analysis indicates the local factors are contributing to its strong position.
- In contrast to the national economy, the County's Business Services sector has lost employment share (LQ=.1895) and competitive advantage. A sluggish labor market and declining manufacturing sector may be contributing to the stagnation of this segment of the economy.
- Worker Flow Files are utilized by the U.S. Bureau of Labor Statistics to establish Labor Market Areas (LMAs), geographically defined regions that exhibit strong commuting activity. Files from the 1990 Census indicate that Huntingdon County is an independent Labor Market Area (LMA) – an indicator of economic isolation from the surrounding region. While business retention & expansion (BRE) efforts should be emphasized to strengthen the County economy, efforts should also be undertaken to integrate the County within the Southern Alleghenies Region. Such efforts would help to diversify an economic base that is too heavily concentrated in declining sectors.

- The industry analysis did not identify a “critical mass” of industries that is necessary to support a cluster strategy. Furthermore, the analysis determined that such a strategy would be highly speculative – and could place the County at greater risk of future economic dislocation. Rather than pursue a cluster strategy, the analysis suggested several target industries – mature, emerging, and potential growth sectors – that should be the foundation of the County’s economic development strategy.

Section 4

Business Leader Survey & Stakeholder Interviews

A strategic plan provides a framework for change. It acknowledges that organizations do not operate within a static environment. Rather, successful organizations are continually adapting to change, both internally and externally. Organizations that fail to understand both sides of this equation will never achieve optimum results. For example, a company plagued with high employee turnover may suffer financial losses despite strong growth in its target markets. Similarly, a company that fails to take stock of its competition is poorly positioned to attract and retain a stable workforce. In both examples, companies that overlooked their weaknesses – instead of addressing them head-on - were unable to reach their full potential. Strategic planning acknowledges that all organizations have certain limitations. These limitations may reflect budgetary, personnel, or time constraints, all of which impact an organization's ability to operate effectively. A strategic plan examines an organization within the context of these internal and external constraints and provides a framework for informed decision-making.

Introduction

At its heart, the *Huntingdon County Economic Analysis* is a strategic plan. Analysts are examining the County's *internal* and *external* environment to identify core competencies and to discover opportunities for improved coordination among the region's economic development organizations. Key person interviews and business surveys are a key component of this planning process. Despite the challenges associated with conducting surveys, such as potential for low response rates or inconsistent results, surveying local business serves many important functions:

- It provides a vehicle for engaging the business community, a target audience that may be called upon to assist with plan implementation; and
- It identifies positive and negative perceptions that can influence a community's ability to effectuate change; and
- It highlights problem areas that the County can act upon.

By identifying the County's strengths and weaknesses, this self-assessment will help community leaders formulate policies and programs that are more responsive to the business community. This community will not benefit from a one-size-fits-all approach to economic development. The County's businesses represent a diverse mix of industry sectors and establishment sizes. Certain industries may be highly dependent upon external market forces, while others may be locally driven. Likewise, a small business owner may face different challenges than a corporate CEO overseeing multiple business establishments. Regardless of their differences, all businesses operate at the *frontline* of economic development. They experience first-hand the successes – and failures – of workforce development programs,

infrastructure investments, and policy decisions. Their input can help the County develop programs and policies that are more responsive to business concerns.

Objectives

In June 2002, a Business Leader Survey was mailed to a representative sample of Huntingdon County businesses (**Appendix F**). The objective of the survey was to obtain first-hand information from owners and plant managers about the costs and benefits associated with operating a business in Huntingdon County. With this information, municipal officials would be well positioned to develop policies and programs that facilitate private investment. From the outset, the survey needed to satisfy several objectives:

1. To validate the quantitative findings contained in the economic base analysis and labor force analysis.
2. To understand how the business community perceives the County relative to other markets. Whether real or imagined, negative perceptions can inhibit the County's efforts to facilitate local investment.
3. To identify factors that inhibit business competitiveness on a firm-by-firm basis. This baseline information would enable the County to evaluate the benefits of a proposed Enterprise Zone (EZ).

To satisfy these objectives, the *target audience* needed to be clearly defined. To ensure that the survey was distributed to a diverse mix of business types and sizes, a formal methodology was utilized to identify the representative sample.

Methodology

The project team utilized a three-step approach to characterize the competitive position of the County's *basic* and *nonbasic* sectors. Basic industries are comprised of firms that export their product and/or service outside the local community. In accordance with economic base theory, basic sectors inject revenue into the local economy, making it possible for *nonbasic* firms to increase their market share. To understand the interplay between Huntingdon County's basic and nonbasic sectors, the target audience needed to include local and export-oriented firms. Trend analysis was utilized to examine Huntingdon County during a period of national economic expansion (1991-1997); this was thought to minimize the influence of cyclical effects on the data interpretation.

Step 1: Location Quotient Analysis

Location quotient (LQ) analysis compares County employment to State employment, identifying industry sectors that exhibit a strong *local* employment share. Those sectors that deliver a location quotient greater than one ($LQ > 1.00$) exceed the State's employment share, an indication of export-orientation. Because these industries are sustained by non-local demand, they are considered *basic* industries - drivers of local economic growth. In contrast, industry sectors that produce a location quotient less than

or equal to one ($LQ \leq 1.00$) are considered *nonbasic* industries - industries that are primarily sustained by local demand. A well-diversified economy contains a strong mix of basic and nonbasic sectors. Unemployment Compensation Statistics (ES-202) published by the Pennsylvania Department of Labor & Industry were utilized to calculate location quotients for 1991 and 1997. The percent change, from 1991-1997, was then calculated to determine which industry sectors lost employment share, gained employment share, or remained value neutral.

Step 2: Growth Rate Comparisons

Employment growth rates (1991-1997) were calculated for each two-digit industry sector. Results for Huntingdon County were compared to national data to identify industry sectors that outpaced national growth and those that lagged behind the national economy. Industries that exhibited a positive *differential shift* (i.e. county growth exceeded national growth) were classified as strong performers.

Step 3: Shift-Share Analysis

Shift-Share Analysis evaluates a community's basic industries to determine if local economic growth is primarily the result of national trends, industrial structure, or local conditions. Industries that are strongly influenced by local conditions are thought to exhibit competitive advantage. Because they are a sign of strength in the local economy, these industries are also classified as strong performers.

This three-step approach was utilized as a preliminary screen to identify the County's basic and nonbasic sectors. To identify *specific* firms within each sector, the project team consulted the *Huntingdon County Business & Employers Directory* (HCBI), a comprehensive inventory of firms operating in Huntingdon County. The directory catalogues businesses by their primary Standard Industrial Classification (SIC) code, which corresponds to the ES-202 data published by the PA Department of Labor & Industry. **Appendix G** contains a detailed listing of the firms targeted to receive the Business Leader Survey, which was distributed the first week of June. In the cover letter accompanying the survey, respondents were asked to complete and submit the survey no later than June 21, 2002. Subsequently, Delta administrative staff placed courtesy calls and faxed short-form surveys to all non-respondents. As a result, the County received 47 surveys out of 116 – a 40 percent response rate. When considering that the typical survey response rate hovers around 10-15 percent, the 40 percent response rate was considered a favorable number.

Survey Findings

The objective of this task was to gather first-hand information from a broad cross-section of the County's business community about the *advantages* and *disadvantages* of doing business in Huntingdon County. The survey utilized a range of question formats (e.g. yes/no; multiple choice, fill-in, and open-ended) to obtain information on four key areas:

- Customer-Supplier Relationships

- Site Selection & Business Plans
- Workforce Development
- Business Climate

As indicated in the following table, respondents are well represented by the County's *basic* and *nonbasic* industry sectors. While a number of surveyed businesses characterized their market area as local (limited to Huntingdon County), a significant number rely upon suppliers that are located *outside* Huntingdon County. For these businesses, the limited highway access was viewed as a competitive constraint, both in terms of accessing supplies and qualified labor. For those businesses primarily engaged in business-to-business sales (23 percent) the lack of improve highways is consistently noted as a disadvantage of 'doing business' in Huntingdon County.

Table 4 - 1

Survey Respondent Profile		
SIC Code	Industry Sector	# of Survey Respondents
SIC 02	Agricultural Production – Livestock	1
SIC 14	Nonmetallic Minerals	1
SIC 15	General Building Contractors	2
SIC 17	Special Trade Contractors	1
SIC 20	Food & Kindred Products	1
SIC 24	Lumber & Wood Products	2
SIC 26	Paper & Allied Products	1
SIC 30	Rubber & Misc. Plastic Products	1
SIC 70	Hotels & Other Lodging places	1
SIC 54	Food Stores	1
SIC 60	Depository Institutions	1
SIC 82	Educational Services	4
SIC 58	Eating & Drinking Places	1
SIC 65	Real Estate	2
SIC 80	Health Services	2
SIC 87	Engineering & Management Services	1
SIC 72	Personal Services	1
SIC 83	Social Services	2
SIC 51	Nondurable Goods	2
SIC 32	Stone, Clay, & Glass Products	1
SIC 34	Fabricated Metal Products	2
SIC 48	Communication	1
SIC 50	Durable Goods	1
SIC 81	Legal Services	1
SIC 61-63	Nondepository Institutions, Security & Commodity Brokers, Insurance Carriers	3

Market Orientation

Of those businesses that responded to the survey, 24 (51 percent) indicated that their output was primarily sold in the County. 65 percent (31 respondents) indicated that their output was sold primarily in the United States, while only 2 businesses indicated that their products were sold in foreign markets. Over 50 percent of survey respondents indicated that *direct* consumer sales accounted for 50-100% of their revenue. Business-to-business sales activity was generally concentrated in the manufacturing sector, a reflection of their export-orientation.

Locational Advantages & Disadvantages

When asked to identify the primary advantages associated with doing business in Huntingdon County, a majority of respondents identified *proximity to customers* as the primary advantage. The relative affordability of Huntingdon County was noted as a secondary benefit associated with business operations, a reflection of the County's low cost of living (COL) and competitive wage rates.

Table 4 - 2

Ranking of Site Selection Criteria		
Rank	Advantages of "doing business" in the County	# of survey responses
1	Located near its customer base	31 (66%)
2	Company can operate more affordable in the County	20(43%)
3	Located near its competitors	9 (19%)
4	Good access to a work ready labor pool	7 (14%)
5	Other	6 (13%)
6	Good access to its major suppliers	4 (9%)

Of the primary *disadvantages* of operating a business in Huntingdon County, the most commonly cited responses were as follows:

- Limited highway & air access (i.e. limited access from Interstates 76, 80 and 99).
- Deteriorating infrastructure
- High unemployment (e.g. difficulty placing students)
- Lack of skilled, work-ready labor force
- Professional workforce shortage
- High cost of Workers' and Unemployment Compensation
- Difficulty staffing seasonal businesses due to school calendar
- Too much focused attention on Huntingdon Borough

- Poor access to markets and suppliers due to infrastructure constraints (e.g. roads)

Despite these negative comments, many of the businesses surveyed are continuing to make investments in the County. Over half (51 percent) of all respondents indicated that they had introduced new products or services in recent months. In addition, when asked about their business plans for the next 2-3 years, many businesses were planning to hire additional personnel (44 percent) or invest in on-site improvements. Firms are also investing in their current workforce through in-house training and continuing education courses. The following table summarizes responses in the aggregate:

Table 4 - 3

Business Investment Plans Strategies Firms Anticipate Pursuing in the Next 2-3 Years		
Business Plans	Total	Percent of Total
Change mix of goods/services	8	17%
Hire additional employees	21	45%
Upgrade employee skills	22	47%
Introduce new business technologies	14	30%
Undertake capital improvements	15	32%
Purchase new machinery and/or equipment	27	57%
Open additional operations	6	13%
Relocate from current location	0	0%
Close the business	0	0%
Sell the business	1	2%

Workforce Development

When asked to characterize their workforce, 100 percent of surveyed businesses indicated that Huntingdon County residents comprised the lion’s share of their workforce. These results are consistent with the Labor Force Analysis, which characterized the County as having a constrained labor market. Because of the County’s insular character, it is difficult to attract and retain talented labor. As a result, many employers are focusing upon internal capacity-building by concentration their efforts upon workforce development programs. These programs range from apprenticeships and in-service training to continuing education courses. The survey results suggest that the County would greatly benefit from a diversification of its economic base. While many firms perceive their dominance in the local marketplace as a *competitive advantage*, this lack of competition can inhibit employees from *transferring* skills within the local labor market. Two consequences result from this scenario: (1) The County loses its talented labor pool to employment opportunities elsewhere; and (2) The County’s discouraged worker population grows in size. Due to a perceived lack of opportunities, this group is no longer classified as

unemployed, but has dropped out of the labor force entirely. The County’s persistently high unemployment rate could reflect both influences.

Responses suggest that some companies are having difficulty recruiting qualified workers because of the County’s physical isolation from surrounding communities (e.g. State College). One management services firm noted that the small market makes it “...almost impossible to attract professional employees to Huntingdon.” A large manufacturing company indicated that national recruiting must often be utilized to attract upper management; however the lack of cultural and community amenities make it difficult to retain these knowledge-based workers.

Table 4 - 4

Composition of the Local Workforce Based upon employer responses	
Resident County	# of Respondents
Huntingdon	47
Centre	2
Mifflin	4
Juniata	0
Franklin	0
Fulton	0
Bedford	0
Blair	7

There is further indication that some employees leave Huntingdon County because of a ceiling on job opportunities and wage rates that limits their opportunities for professional advancement. When discussing skill gaps within the labor force, employers identified both hard and soft skills as areas in need of improvement. Some respondents complained that many workers lack the willingness to “think analytically” and work effectively as teams. They identified the need for training in customer service, team building, leadership, and computers as top priorities. A host of local employers also identified the need for more skilled tradesmen, in occupations ranging from mechanical and electrical work to CADD design. Perhaps not surprisingly, businesses that observed the highest turnover rates (20-35%) were often in service-based industries (e.g. education, health, food). These businesses attributed their high turnover to several factors:

- Low starting salary/compensation
- Spouse relocation
- Retirement

A perceived increase in the County’s elderly population (65+) is thought to contribute to the high turnover rates and labor force shortages in the County.

Business Climate

The County’s rural character is viewed as an asset by many of the tourists that visit the area. Indeed, its physical isolation has contributed to a small-town way of life that still values face-to-

face interaction as a way of doing business. Several respondents noted that they worry less about competition because they are among a handful of providers in the County. Huntingdon County also offers its residents an affordable lifestyle. Businesses are able to offer lower levels of compensation than they might elsewhere because Huntingdon County enjoys a comparably low cost of living. Companies that primarily sell their output in *local* markets appear less concerned about the County's physical isolation than those companies that rely upon non-local markets to generate revenue. The latter group notes that high cost of transportation limited their ability to attract suppliers and serve larger markets. Accessibility issues and transportation costs appear to have a defining influence on the market potential of many businesses. By necessity, these businesses may continue to operate within a smaller market. Because they cannot compete successfully on a regional or statewide scale, these businesses cannot offer the level of compensation that attracts a highly skilled workforce. As a consequence, the physical isolation that may be benefiting non-basic industries may be limiting the ability of basic industries to attract and retain a quality workforce.

Among the technological changes or economic trends most impacting County businesses, the unemployment rate topped the list of business concerns. High unemployment impacts all sectors of the economy, particularly industries that rely upon discretionary consumer spending (i.e. tourist industry). As business and consumer confidence decrease, fewer businesses are willing to engage in risky investment decisions and fewer homes are purchased. Clearly, many local businesses feel that the County's high unemployment rate will have far-reaching affects on the County's economy.

Stakeholder Interviews: Summary of Key Themes

To obtain firsthand information about the County's economic condition and future outlook, Delta conducted stakeholder interviews at the very beginning of this project. Thirty (30) stakeholder interviews were conducted – in person or by phone – during the month of June 2002. In addition to speaking with County and State government leaders, Delta interviewed the County's leading academic and economic development agencies. The primary objective of the interviews was to understand how each organization's mission and activities supported the County's economic development. The interviews also helped to identify the County's strengths and competitive weaknesses, particularly in the area of inter-agency cooperation, workforce development, and business attraction. Although the interview questions were tailored to their respective audience, each interview was structured to obtain answers to these questions:

- How does your organization's work contribute to the County's economic development?
- How would you characterize the County's labor force – is there a good match between workforce skills and employer needs?
- How would you characterize economic development in Huntingdon County? Do the area's organizations work effectively as a team to reach common goals?

- In your opinion, what are the major obstacles to future economic growth in Huntingdon County?
- If you could do three (3) things to improve the business climate in Huntingdon County, what would they be?
- What types of funding programs does the organization utilize?

This section provides an overview of the survey responses – in the aggregate.

Educational & Career Development Agencies

Organizational Roles

Huntingdon County secondary schools' emphasis is to provide students with necessary skills that will give them the education required to attend 2 and 4-year colleges. Recently, 60 – 65% of students are taking college track course work and 40% attend 4 years colleges. Of note, most of those students expect to search for employment outside the area upon graduation from their school of choice.

The DuBois Business College provides two-year associate degrees with emphasis in grammar and communication, customer database maintenance, and computer technology. The school has recently formed cooperative relationships with the Intermediate Unit, the vo-tech school and Juniata College to develop programs that would focus on basis job and task skills; and on data and office skills; Juniata College would focus on management skills.

CareerLink, which used to be the unemployment office, continues its mission to assist residents to find employment and encourage self-sufficiency. CareerLink is primarily concerned with workforce development. CareerLink also provides career counseling. This office of CareerLink specializes in computer training (basic literacy through understanding the Microsoft site and also conducting CDL training for truck drivers.

Huntingdon County Career & Technology Center provides both On the Job Training and Customized Job Training for incumbent workers and displaced workers.

Characterization of the Labor Force

Respondents felt that, depending on the skills required, there was a 'work ready' workforce available. At the secondary school level, the discussion centered on the ability of the school to attract applicants. The district mirrors the country; science, math and special education teachers can be difficult to attract. In all other areas, there is no problem finding qualified applicants.

The workforce in the County is generally characterized as "a work-ready labor force." Most employers speak well of their work force. The work force in the County is oriented towards industrial type jobs and these are at a premium in the County. As might be expected in a rural area with a continuing history of an economy based on heavy industry and manufacturing, many workers do lack computer skills. Older workers are seen as having a very strong work ethic, while younger workers are seen as having a weaker work ethic.

Types of Training Employees Require

The school district has a need for employees to attain a Master's Degree and the proximity to Penn State is a plus. Contractors normally do professional development courses or seminars in house.

Service businesses, particularly those of large chain companies felt that their employees are not perceived as "hospitable." Career Link has conducted hospitality training and it has been poorly attended. CareerLink believes more attention needs to be devoted to this aspect of employee training. DuBois Business College believes that outsourced, on-the-job training seems to work best in the County. Most of the training revolves around computer skills.

Advantages/Disadvantages of Doing Business in Huntingdon County

According to respondents, the advantages of doing business in Huntingdon County include: low cost of living, rural atmosphere, access to State College and Altoona, pad ready industrial park sites in Mount Union, a large, reliable, and strongly motivated work force which wants to stay on the job in Huntingdon County.

The disadvantages of doing business in Huntingdon County included: the lack of transportation access, no major 4-lane highway, lack of available labor force and trained labor force, remote nature of county, the reception given to new businesses, and the weaker work ethic of younger workers. In addition, it was mentioned that the county has an available labor force, but that labor force does not necessarily have the skills companies need (2 of 2 respondents) Available labor is not the problem; it is the lack of adequately trained labor force in growth industries that seems to be the problem.

Type of Funding

The type of funding for the educational and career development agencies include: Title 1 from the federal government, and funding from the State Department of Labor.

Economic Development Organizations

Organizational Roles

There are a number of organizations that are involved in planning for or in direct, hands-on business recruitment, retention, or development in Huntingdon County; primarily in the City of Huntingdon area.

The Huntingdon County Planning and Development Department provides traditional planning services in the County. The Department also attempts to facilitate development in the County and provides input to the Commissioners on development issues. Smithfield Township has an IDA that is currently working to develop land on the corner of U.S. Route 22 and State Route 26. The Greater Huntingdon Chamber of Commerce's mission is to provide information for business and individuals relocating to Huntingdon County. Their main focus is business retention, providing incentives to businesses to keep them in the area. The Chamber administers a façade improvement program for the Borough. The Huntingdon County Business Industry (HCBI) provides financing, marketing, grant writing, and business planning. Its primary concern

is business retention and attraction. Southern Alleghenies Planning and Development Commission is involved in improving the regional economy and quality of life through SAPDC's role as an Appalachian Regional Commission Local Development District (ARC LDD), an Economic Development Administration (EDA) Economic Development District (EDD), and as a TEAM PA region. The ARC LDD function focuses on workforce training, technical assistance, economic development, access roads and other physical infrastructure. The EDA EDD role focuses on economic development and infrastructure.

Economic Development in Huntingdon County

The consensus seemed to support the notion that there seems to be no articulated plan between and shared among the organizations, although there is a level of coordination and cooperation taking place. There is a view that Huntingdon County "needs to decide what it wants to be, and become it." This could help limit previous tensions between the economic development organizations on the issue of possible large-scale development. Through the development of the Comprehensive Economic Analysis, the County Economic Task Force is exerting leadership in the development of regional projects.

Obstacles to Consensus

While geography was mentioned as it pertained to the problem with good highway access, the professional economic development organizations felt that there was a need to develop a higher degree of cooperation between the municipalities and between the economic development organizations. Raystown Lake is far from reaching its potential as a great tourist destination because of problems that range from accessibility constraints to the lack of adequate parking for boats, trucks and trailers. Tourism firms in the area see their growth limited by the lack of private investor interest in further investment at the lake.

Interviews identified two (2) things that could be done to improve the economic development climate in Huntingdon County:

- The need for stronger community leadership was mentioned by many of those interviewed.
- The individuals identified as most capable of more progressive leadership were thought to be among the ranks of high level executives in larger companies located in the County.
- There seemed to be a sense that many of the individuals who might tend to become more involved in the community because they work in the County, live in State College or Altoona.
- Respondents felt that there was a strong need for the establishment of a community college in Huntingdon County. Many people have had some experience with the community college system in Pennsylvania. They felt a community college would offer an excellent opportunity for young people to have access to a more affordable first two years of a college education.

Activities the County Could Undertake to Improve the Business Climate

It was felt that the resort and conference potential of Raystown Lake has not been developed. Other areas with lakes the size of Raystown have better public facilities and have seen the rapid growth of businesses that serve vacationers.

Those interviewed felt that the county government should encourage the leadership required to streamline the economic development process in the County. One suggestion was for the County to work to establish closer ties with Southern Alleghenies Planning and Development Commission.

Types of Funding Programs Economic Development Organizations Utilize

- Department of Community and Economic Development;
- Environmental Protection Agency;
- Economic Development Administration;
- Community Development Block Grants;
- County Commissioners Budget;
- Appalachian Regional Commission; and
- Business contributions.

Chambers of Commerce

Organizational Roles

The Chamber acts an information source for businesses and individuals relocating to Huntingdon County.

Huntingdon County Chamber of Commerce administers a micro-loan program for the Borough. The Chamber administers a façade improvement program for the Borough. When a firm wishing to relocate to the area contacts the Chamber, it refers the company to Huntingdon County Business & Industry.

Membership

Respondents said that members are primarily from the business community. Three (3) things to improve the economic development climate in Huntingdon County:

- Development of a plan to attract small businesses.
- Market Huntingdon County's present assets in a more focused manner.
- Development of a common vision on economic development among organizations.

Funding Programs

Dues paying membership. Façade program financed through DCED.

County and State Government

Development Trends

Over the past 5 to 10 years, the county has experienced major employers whom have moved from the county, downsized significantly, or gone out of business. During that same time, the national economy was experiencing very significant economic growth. Based on the observations of those businesses, none could have been classified as "new economy" businesses. All were in very slow growth, durable goods industries that have been continuing to downsize over the last two decades, regardless of the state of the economy. Most of the largest employers in the county are involved in some aspect of the manufacturing process and the industries they represent no longer are growth industries.

Promotion of Economic Development

The single biggest effort on the part of economic developers or government is the need for business retention. It seems that, all too often, businesses close with little or no warning to employees, or to government entities or economic developers that could have provided some assistance to that business to keep it a viable entity. In many cases, government cannot effect a change of a business decision.

It would seem that most state and federal government economic developers cite the lack of a well-coordinated effort at the local level in economic development efforts. Because most local economic development efforts are funded at the local level, those observations have to be a concern to the offices providing the funding. Many times, it does seem that the effort at the local level is seamless to those off us in a county or a region. But, on further inspection that may not always be the case. Many local units of government would find the authority to create one strong, central economic development office that could provide all economic development services for a county as a very attractive proposition. The role of the office in general, would be to: foster a more business friendly environment; responsible for business retention, business attraction, business expansion, provide assistance to small businesses to navigate issues related to government regulations or red tape. Many people tend to indicate that there needs to be a central point where everyone can go for services related to economic development, rather than the different groups we have now. When you do have different groups providing different services,

and each has a different agenda and constituency, it can be confusing to those who might benefit from available services. When you are faced with providing the best possible service possible with limited funds available, you have to be concerned about issues related to delivery of services. It also appears that the workforce needs to become more involved in workforce development. There are employers that indicate that some in the workforce lack the education that today's fast growing businesses require. The resources are available in the county for individuals to take advantage of continuing educations to meet the needs of employers.

Partnership Strategy

According to the County Commissioners, the County's economic development strategy needs to emphasize both local and regional partnerships. What happens in a neighboring County affects Huntingdon County. There are many things that can influence a business location decision. It is much better to work cooperatively with neighboring counties on economic development issues, quality of life issues, etc. It is that kind of rapport that can be the difference between success and failure for all people in a region in so many things. Political boundaries mean little to most businesses (all other things being equal) and to the movement of goods and people between where they live and where they work. A business location decision in a neighboring county will mean increased job opportunities for Huntingdon County residents. The Commissioners believe in working closely with Southern Alleghenies LDD for just that reason. In addition, Southern Alleghenies provides many other services besides economic development that positively impact the lives of Huntingdon County residents. Local partnerships can provide the needed information that regional groups like Southern Alleghenies need in determining how to target needed assistance/help.

Planning Implications

- In many circumstances, the lack of resources among municipalities leads to stiff competition for scarce dollars to finance everything from infrastructure improvements to the recruitment of new business. Rather than attempting to work cooperatively on similar issues that affect a region, the municipalities in the region can find themselves working at cross purposes with one another.
- Rural communities often reflect such valued norms as helping one's neighbor, strong work ethics, low crime rates, environmental quality, and a "we can do it" community spirit that provides fertile ground for creating a capacity for revitalization. In many cases, these qualities were cited during the interviews.
- Youth can be essential contributors to the well being and vitality of the community. Schools in regions where local funding for education is constrained because of limited resources must constantly look outside normal channels to find the funds needed to serve their students adequately. Based on those interviewed, there has been very good success at accessing funds from outside of the region. Many of those interviewed felt there is a need for a community college in the Huntingdon area. There is a vital link between experience, work, and education; and the community college experience does capture this link. Studies

have shown the correlation between sustainable economic development and a well-educated, local workforce.

- Rural areas face economic and community development issues very different in character than urban areas. The defining features are geographic isolation of communities separated from growth centers by inadequate highways, low-density settlement patterns, dependence on agriculture, continued population loss, out-migration, and economic upheaval or economic distress that may be based on rapidly changing technology patterns.
- Raystown Lake is a resource with great potential, but reaching that potential will take much work on the part of many individuals, groups, and organizations. Many people in the region recognize the potential opportunities for Raystown Lake to be a part of the future economic development of the region. It seems that some accommodation may be made between both sides of this issue at some point in the future.
- To have a chance to succeed in economic development, there is a need for strong leadership, patience, persistence and good planning. Economic development results from the implementation by a community, its government, its businesses, and other stakeholders of a series of interactive policies, procedures, and activities that influence the growth and restructuring of an economy.

*Section 5***Analysis of Economic Development Agencies**

Developing strong partnerships between the economic development organizations working in Huntingdon County and the region is critical to the overall success of County economic development efforts. An “economic development system” refers to the organization, management and delivery of services and programs that result in employment, investment and production within an area’s economy. There are many agencies that contribute to the economic development of Huntingdon County. One of the greatest challenges faced by economic development professionals is the need to be in continuous communication with the agencies that are a part of the overall economic development effort.

Economic Development Service Providers

There are a number of organizations that provide economic development services throughout Huntingdon County. Their function and the services they provide are included in **Table 5 – 1**. This table was initially developed by the Huntingdon County Economic Development Task Force.

Table 5 - 1

ORGANIZATION / FUNCTION	COORDINATE ACTIVITY	GENERAL PROMOTION	GENERAL MARKETING	GRANTSMANSHIP	GRANT MANAGEMENT	STATE GOVERNMENT LIAISON	MUNICIPAL GOVERNMENT LIAISON	GOVERNMENT LIAISON	PROVIDE INFORMATION	SERVICES TO MEMBERS	SITE SPECIFIC MARKETING	OPERATE INDUSTRIAL PARKS	ACQUIRE / DEV SITES	SEMINARS / MGT TRAINING	SCHOOL TO WORK	INDUSTRY / EDUCATION INTERFACE	FORMAL EDUCATION	ADULT EDUCATION / TRAINING	JOB PLACEMENT / MATCHING	DOWNTOWN REVITALIZATION	INFRASTRUCTURE	BUSINESS RETENTION	DIRECT BUSINESS FUNDING	PROVIDE LOAN PACKAGING	MICRO ENTERPRISE FUNDING	COBG FUNDING	LONG-RANGE PLANNING	COMMUNITY LEADERSHIP	BUSINESS RECRUITMENT	
Career Link	N	S	S	N	N	N	S	S	S	S	N	N	N	N	S	S	N	P	P	N	N	S	N	N	N	N	N	N	N	
Career and Technology Center	S	S	N	S	S	N	S	N	S	S	N	N	N	S	P	P	S	P	S	N	N	S	N	N	N	N	N	N	N	
Cooperative Extension	S	N	N	S	N	N	S	N	P	N	N	N	N	P	S	S	S	P	N	N	N	N	N	N	N	N	S	N	N	
County Planning and Development	S	S	N	P	P	P	P	P	P	N	N	N	N	N	N	N	N	S	S	N	S	N	N	N	N	P	S	S	S	
Economic Dev Task Force	P	N	N	N	N	P	P	N	P	S	N	N	N	N	S	N	N	N	N	N	P	N	N	N	N	N	S	S	S	
Greater Huntingdon Chamber of Commerce	N	N	N	S	S	N	N	N	P	P	S	N	N	P	S	N	N	S	N	N	N	P	N	N	N	N	N	N	N	
Huntingdon Area Merchants	N	S	N	N	N	N	N	N	S	S	N	N	N	N	N	N	N	N	N	N	P	S	N	N	N	N	N	N	N	
Huntingdon County Business & Industry	S	S	S	P	P	N	N	N	S	S	P	P	P	P	N	S	N	N	S	N	S	P	N	P	N	N	N	N	P	
Huntingdon County Commissioners	P	S	N	S	S	P	P	S	N	N	N	N	N	N	N	N	N	N	N	N	S	N	N	N	P	S	S	S	S	
Huntingdon County Employment and Training	P	N	N	S	S	N	N	N	P	P	N	N	N	P	P	P	S	P	P	N	N	S	N	N	S	S	S	S	N	
Huntingdon County Industrial Development	S	S	S	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	S	N	S	N	N	N	N	S	
Huntingdon County Visitors Bureau	S	P	P	S	S	S	S	S	P	P	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	
Local School Districts	N	S	N	S	N	S	N	N	S	S	N	N	N	S	P	P	P	S	S	N	S	N	N	N	N	N	N	N	N	
Mount Union Chamber of Commerce	S	P	P	N	N	S	S	S	P	P	S	N	N	N	S	S	N	N	N	N	P	P	S	S	N	N	N	N	S	
Municipalities	S	N	N	S	S	S	N	N	S	N	N	N	N	N	N	N	N	N	N	N	P	N	N	N	S	S	P	S	S	
Southern Alleghenies	P	S	S	P	P	S	S	S	P	N	S	N	N	S	S	P	N	N	N	P	P	P	P	P	P	N	N	N	S	
STEDCO	S	N	S	N	N	N	N	N	N	N	P	N	P	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	P

N = Little or no service

P = A principle service

S = A secondary service

CareerLink

CareerLink assists residents of Huntingdon County to find employment and encourage self-sufficiency. CareerLink's primary focus is workforce development and provides remedial education for workforce training. CareerLink staff takes a proactive stance with job retention and retraining through a program of meeting with employers to discuss training and education needs. The organization provides on the job training for employers, and crafts programs to meet employer needs. Staff of CareerLink also provide career counseling and serve on boards of various economic employment agencies throughout the County.

Huntingdon County Career and Technology Center

Huntingdon County Career and Technology Center serves a wide variety of students. As a vocational/technical school, it serves the following populations with all four school districts of the County: (1) 10th – 12th grade students, (2) Incumbent Workers through CJT and OJT, (3) Lifelong Learning, and (4) Displaced Workers. The Center administers courses within thirteen (13) program areas. When providing job training, the Center attempts to provide that training around one of the thirteen program areas.

Cooperative Extension Service

The Cooperative Extension Service helps individuals, families, and communities put research-based knowledge to work to improve their lives. The Extension Service enables individuals, families and communities to improve the quality of their lives by enhancing the agricultural, economic, environmental, and social well being of Huntingdon County through education. The Cooperative Extension Service is a joint partnership between Penn State University and county-based staff. The Extension Service provides courses, workshops, and other programs tailored for the needs of the rural areas it serves. Much of the service provided is focused on agriculture; including business assistance, management assistance and direction.

Huntingdon County Board of Commissioners

The Huntingdon County Board of Commissioners provide the policy framework from which county government operates. The Commissioners are committed to the welfare of the entire Huntingdon County community. The Commissioners are involved in economic development in the county through their participation as Board Members of Southern Alleghenies Planning and Development Commission, Huntingdon County Business and Industry; through their active participation in programs involved in workforce development, the continuing development of County infrastructure, and participating in planning for the future.

Huntingdon County Economic Development Task Force

In early April 2000, the Huntingdon County Commissioners created the Huntingdon County Huntingdon County Economic Development Task Force. The purpose of the Task Force is to share information and encourage economic development in Huntingdon County. The Task Force has developed an Action Plan to further the economic health and quality of life of County residents. The Task Force includes representatives from the major community and economic

development organizations in the County as well as other interest groups such as government and education.

“It is the vision of the Huntingdon County Economic Development Task Force to improve the economic health and the quality of life of Huntingdon County residents by fostering and enhancing community education and innovation, agency communication and coordination and promotion of a positive image of the County.”

County Planning and Development Office

The County Planning and Development Office has cultivated a vision to facilitate quality-sustaining development in the County. In addition to providing special studies in relation to economic development issues for the County Commissioners, the Development Office has worked with HCB&I on the development of Riverview Park by providing support in infrastructure issues and GIS. The County Comprehensive Plan has been a conduit to engage the public on economic development and quality of life issues. This process has led to the establishment of goals and objectives regarding economic development. The Office provides key public information such as census information, County land development regulations, and building permit ordinances. The Pennsylvania Municipalities Planning Code (Act 247) gives the Planning Commission the authority to review and comment on various public facility projects, zoning, subdivision and other land development ordinances.

Huntingdon County Visitors Bureau

The Huntingdon County Visitors Bureau is one of 51 Tourist Promotion Agencies across the Commonwealth that promotes travel and tourism. HCVB is a membership organization that is funded through membership dues, a state government tourism grant, room taxes, and ad sales. The Bureau develops promotional materials, advertisements and other marketing activities to stimulate travel and tourism. The tourism industry is for the most part, nationally and in Pennsylvania, small business-based, with big-business results. It produces in good economic times and in bad. Through its communications to various audiences, it creates an image of the County as a destination in which to visit exciting places, to experience its rich history and culture, and to explore its great natural beauty and grandness. Those who visit come from all walks of life and businesses. The advertising message can pay large dividends when corporate and manufacturing relocation decisions are made.

Greater Huntingdon Chamber of Commerce

The Greater Huntingdon Chamber of Commerce is a member organization serving six townships (Henderson, Juniata, Oneida, Porter, Smithfield, Walker) and Alexandria and Huntingdon Boroughs. The Chamber provides a number of services for its members; including: membership directory, networking, seminars, and monitoring legislative policies and issues. In addition, the Chamber administers a façade improvement program for Huntingdon Borough as part of the Main Street Program. The Chamber provides area information in the form of maps and location information; a community profile which includes the history of the area, land and climate, people, and housing; government, business, culture, education, recreation, community services and other facts. These relocation packets are made available to individuals and businesses indicating an interest in relocating to the area.

Huntingdon County Business and Industry

Huntingdon County Business and Industry (HCB&I) was founded in 1982 as the successor to four different local development organizations. HCB&I is a member-supported economic development organization. HCB&I provides entrepreneurial assistance, business planning, financial planning, technical assistance, site search, marketing assistance, and is the single point of contact to access to state and federal financing programs in the County. For those programs that it cannot provide in-house, it seeks the assistance from Small Business Development Centers, SAPDC, and the Commonwealth of Pennsylvania. HCB&I is the developer of both the 160-acre Huntingdon Industrial Park and the 250-acre Riverview Business Center.

Huntingdon County Industrial Development Authority

The Authority may engage in tax exempt and taxable bond and mortgage financing on behalf of manufacturers, non-profits and companies establishing corporate headquarters in the County. Its members are appointed by the Huntingdon County Commissioners.

Southern Alleghenies Planning and Development

SAPDC provides community and economic development services in the six county region using local, state, federal and private sources of funds. SAPDC has been credited with providing significant infrastructure improvements in Huntingdon County that include education and workforce training programs, highway construction, water and sewer system construction, leadership development programs, small business start-ups and expansions, and development of health care resources.

SAPDC economic development staff provides support services to local economic development groups, including certain services that local economic development offices may not provide, such as being accredited by the Small Business Administration (SBA) as a Community Development Company or Local Development Company, able to provide SBA financing.

SAPDC also supports the seven-county Southern Alleghenies Tourism Confederation. This group seeks to promote visitation to the region through joint marketing and development of visitor attractions. The seven counties which make up the Confederation are: Bedford, Blair, Cambria, Centre, Fulton, Huntingdon, and Somerset.

STEDCO

Smithfield Township Development Corporation (STEDCO) was formed to develop the 116 acres of prison land that was divested from the Department of Corrections. This land is located on the northwest portion of the intersection of State Route 26 and U.S Route 22; and along the opposite side (south) of State Route 26. STEDCO is a partnership between the Smithfield Township Supervisors and Huntingdon County Business and Industry (HCB&I) for the express purpose of facilitating the land development project. HCB&I provides staff assistance to STEDCO. The Board of STEDCO consists of representatives from Smithfield Township, HCB&I, the Huntingdon County Commissioners, and local business and community leaders.

Center for Entrepreneurial Leadership

The “Center for Entrepreneurial Leadership” (CEL) is a business education and development project being developed by Juniata College. CEL will offer a business development program, technical support, and modest levels of (financial) seed capital, as well as small business incubator space at the Juniata Valley Business Incubator. There will be a virtual component, as well as the “hotel” or resident component, of the incubator. The virtual component will offer technical assistance, i.e., business plan preparation, to small firms in the surrounding area. Some of this may be offered on-line. The St. Francis Small Business Development Center will also have scheduled hours in the CEL to offer additional technical assistance to area small businesses seeking expertise in business administration.

Planning Implications

- The role of a Board of Directors is to set policy rather than to be involved in day-to-day activities of an agency. Subcommittees provide oversight on the operations of the agency. Most successful economic development agencies have Boards that take a very active role in marketing the agency and spreading the word on the role of the agency
- Develop a partnership agreement among the County’s economic development organizations. This can provide a framework to mutually recognize each other’s roles and responsibilities in the economic development process in the County.
- Identify opportunities for consolidated business financing programs. All business financing programs are either located at HCB&I or through Southern Alleghenies. Consolidated Business Finance Programs will make it easier service delivery

Section 6

Analysis of Available Development Sites**Introduction**

The “*Analysis of Industrial Structure & Performance*” (Section 3) utilized quantitative analysis to identify the County’s competitive strengths and weakness. This self-assessment focused primarily upon the job readiness of the workforce and the competitive position of local industries. At its conclusion, the analysis identified several “industry targets” that should remain at the core of the County’s business retention and attraction program (see page 64). These target industries will help provide focus and direction to the County’s marketing efforts. For any marketing strategy to take root, however, the County must have sites amenable to development. It became clear that the County needed to develop a site inventory that documented the opportunities and constraints associated with each parcel.

Methodology

Working in partnership with Gannett Fleming, Delta first conducted a field view to identify sites suitable for development. As a result of the field view, the following sites were selected for further evaluation:

- Mt. Union East Broad Top Site
- Riverview Business Center
- Mt. Union Development Site
- Smithfield Commercial District
- Alexandria Development Zone
- Downtown Huntingdon & Huntingdon Industrial Park
- STEDCO Property
- U.S. Silica
- PA Glass & Sand
- Huntingdon Industrial Park

Subsequently, the team developed a list of site selection criteria that was utilized to rank the sites for their development potential. Once incorporated into a Geographic Information System (GIS), the site attributes were used to conduct *constraint mapping* - a process whereby various map layers are digitally overlain to determine which sites have the greatest development potential and which sites face significant barriers to their development. The following site attributes were utilized as part of this secondary screening process:

✓ Brownfields (0 or 20 points)

Brownfields have a significant amount of reuse potential. In most cases, these former industrial and commercial properties are well serviced by public infrastructure (e.g. sewer, water, and roads). Furthermore, because of the perceived (or real) environmental threat, these sites cannot support residential development, but are ideally suited for new business

uses. In addition, many state and federal funding programs support the remediation or brownfield sites, making them a strong candidate for redevelopment. A site that fell completely within a known or suspected brownfield received the highest score (20) because of the positive opportunity for redevelopment.

✓ **Land Use Restrictions (10-30 points)**

If there was inappropriate zoning, the value was 10; areas with zoning and subdivision plans, which were appropriate, had a value of 20; and areas without zoning and subdivision plans were given a value of 30.

✓ **Infrastructure (yes or no)**

Based on whether a water service or sewer service area fell within the boundaries of the economic development zone. (Note: May change based on the boundaries of the polygon for the economic development shape file.)

✓ **Lot Size (10-30 points)**

Because many of today's business models require large development parcels, sites with the greatest amount of available acreage were awarded the highest points.

✓ **Highway/Rail Access (10-30 points)**

Scores were assigned based upon proximity to a major road or active rail line. The Geographic Information System (GIS) was used to create a 0.5 mile buffer around active railroads and major highways. If the economic development site fell less than half a mile from the rail/highway access, it was given a higher value.

✓ **Environmental Conditions (10-30 points)**

While lot size and access are important considerations, it is equally important to consider environmental factors that may preclude development on specific sites. For instance, the presence of steep slopes (greater than 25%) not only exacerbates erosion and runoff, but can make the provision of public sewer and water cost prohibitive. In addition, jurisdictional wetlands and federally-designated floodplains can also constrain development opportunities. To take these matters into account, the team mapped the following criteria: (1) Slopes greater than 25 percent; (2) National Wetlands Inventory data from the U.S. Fish & Wildlife Service; and (3) Floodplain data from the Federal Emergency Management Agency (FEMA). Utilizing constraint mapping, the team arrived at a percent impact for each site. The higher the percentage, the lower the development potential.

✓ **Actual or Perceived Extent of Contamination (10-30 points)**

Based on whether the EPA sites fell within a 0.25 mile buffer. EPA sites include Industrial Facility Discharge, Resource Conservation & Recovery Inventory, Toxic Release Inventory, and Pollution Control Sites.

✓ **Existing Buildings/Structures (10-30 points)**

Based on whether there was an existing building that fell within the economic development zone. All buildings were considered reusable unless otherwise noted.

- ✓ **Recreational, Historical, & Cultural Value (10 or 20 points)**
If a recreational, historical or cultural site fell within a 0.25 mile buffer surrounding the economic development site, then it was given an “identified unique value” with a value of 10.
- ✓ **Potential Economic/Social Benefits (10 or 20 points)**
Based on associated benefits to the people using the development sites, and areas surrounding the development sites (0.25 mile buffer) for possible future growth.
- ✓ **Owner Buy-In (0 or 10 points)**
Values based on agencies that own the development sites and/or are on the market and seeking to develop them.

Planning Implications

Based upon the analysis, the sites with the greatest development potential are the Riverview Business Center, Mt. Union/East Broadtop Site, and the STEDCO property. All three (3) sites are readily accessible and serviced by public water and sewer. While the STEDCO property is a Greenfield, both Riverview and Mt. Union site have reusable buildings and significant acreage to support redevelopment. The Smithfield Commercial District received the lowest total score (25), primarily due to environmental constraints and a high unique value. The presence of steep slopes, floodplains, or historical properties limit the development potential of this site. The final weighted scores for each site are as follows:

Table 6 - 1

Site Selection Ranking Analysis of Development Sites	
Project Name	Total Score
Riverview Business Center	32
Mt. Union/East Broadtop Site	32
STEDCO Property	31
Downtown Huntingdon & Huntingdon Industrial Park	30
Alexandria Development Zone	29
Mt. Union Development Sites	29
Huntingdon Industrial Park	27
PA Glass & Sand Comp. Site	28
U.S. Silica	26
Smithfield Commercial District	25

Site Ranking Worksheet

Project Name: Mt. Union/East Broad Top Site
 Location: US 522, Groghan Pike
 Municipality: Shirley Township
 Approximate Size of Site: 99 acres

Ownership: Various
 Previous/Current Uses: mixed commercial and residential
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	20	0.10	2
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		30	0.10	3
	High > 30%	10			
	Medium 10-30%	20			
Actual or Perceived Extent of Contamination	Low < 10%	30			
	High	10	30	0.10	3
	Medium	20			
Existing Buildings/Structures	Low	30			
	demolition/cleanup required	10	30	0.10	3
	reusable building(s)	30			
Recreational, Historical & Cultural Value	no building(s)	20			
	identified unique value	10	10	0.10	1
Potential economic/social benefits	no identified unique value	20			
	Hi	20	10	0.10	1
Owner Buy-In	Low	10			
	No	0	0	0.10	0
	Yes	10			
					32

Site Ranking Worksheet

Project Name: Riverview Business Center
 Location: Lenape Road
 Municipality: Shirley Township
 Approximate Size of Site: 291 acres

Ownership: Huntingdon County Business and Industry
 Previous/Current Uses: Business Park
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	0	0.10	0
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		30	0.10	3
	High >30%	10			
	Medium 10-30%	20			
	Low <10%	30			
Actual or Perceived Extent of Contamination	High	10	30	0.10	3
	Medium	20			
	Low	30			
Existing Buildings/Structures	demolition/cleanup required	10	30	0.10	3
	reusable building(s)	30			
	no building(s)	20			
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1
	no identified unique value	20			
Potential economic/social benefits	Hi	20	20	0.10	2
	Low	10			
Owner Buy-In	No	0	10	0.10	1
	Yes	10			
					32

Site Ranking Worksheet

Project Name: Mt. Union Development Site
 Location: Downtown Mt. Union
 Municipality: Mt. Union Borough
 Approximate Size of Site: 147 acres

Ownership: Various
 Previous/Current Uses: Commercial/Industrial
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	10	0.10	1
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		20	0.10	2
	High >30%	10			
	Medium 10-30%	20			
Actual or Perceived Extent of Contamination	Low <10%	30			
	High	10	20	0.10	2
	Medium	20			
Existing Buildings/Structures	Low	30			
	demolition/cleanup required	10	30	0.10	3
	reusable building(s) no building(s)	30 20			
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1
	no identified unique value	20			
Potential economic/social benefits	Hi	20	10	0.10	1
	Low	10			
Owner Buy-In	No	0	0	0.10	0
	Yes	10			
					29

Site Ranking Worksheet						
Project Name: Smithfield Commercial District Location: US 22 Municipality: Smithfield Township Approximate Size of Site: 61 acres		Ownership: Various Previous/Current Uses: Commercial and Vacant Updated Last: 9/18/02				
Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)	
Brownfields Exception	Yes	20	0	0.10	0	
	No	0				
Land Use Restrictions	major land use restrictions	10	20	0.20	4	
	minor land use restrictions	20				
	no land use restrictions	30				
Infrastructure	None	10	30	0.20	6	
	Public Water or Sewer	20				
	Public Water and Sewer	30				
Lot Size	1 to 10 acres	10	30	0.10	3	
	10 to 25 acres	20				
	greater than 25 acres	30				
Highway/Rail Access	restricted access	10	30	0.20	6	
	unrestricted access (>0.5 mi.)	20				
	unrestricted access (<0.5 mi.)	30				
Environmental Condition	Impact		10	0.10	1	
	High >30%	10				
	Medium 10-30%	20				
Actual or Perceived Extent of Contamination	Low <10%	30			1	
	High	30	10	0.10		
	Medium	20				
Existing Buildings/Structures	demolition/cleanup required	10	20	0.10	2	
	reusable building(s)	30				
	no building(s)	20				
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1	
	no identified unique value	20				
Potential economic/social benefits	Hi	20	10	0.10	1	
	Low	10				
Owner Buy-In	No	0	0	0.10	0	
	Yes	10				
					25	

Site Ranking Worksheet

Project Name: Alexandria Development Zone
 Location: Porter Township
 Municipality: Porter Township
 Approximate Size of Site: 160 acres

Ownership: Various
 Previous/Current Uses: Industrial and Vacant
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	0	0.10	0
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		20	0.10	2
	High >30%	10			
	Medium 10-30%	20			
Actual or Perceived Extent of Contamination	Low <10%	30			
	High	10	30	0.10	3
	Medium	20			
Existing Buildings/Structures	Low	30			
	demolition/cleanup required	10	20	0.10	2
	reusable building(s)	30			
Recreational, Historical & Cultural Value	no building(s)	20			
	identified unique value	10	10	0.10	1
Potential economic/social benefits	no identified unique value	20			
	Hi	20	10	0.10	1
Owner Buy-In	Low	10			
	No	0	0	0.10	0
	Yes	10			
					29

Site Ranking Worksheet

Project Name: Downtown Huntingdon & Huntingdon Industrial Park
 Location: Ownership: Various
 Municipality: Huntingdon Borough Previous/Current Uses: Commercial/Industrial
 Approximate Size of Site: 103 acres Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	20	0.10	2
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		10	0.10	1
	High >30%	10			
	Medium 10-30%	20			
	Low <10%	30			
Actual or Perceived Extent of Contamination	High	10	20	0.10	2
	Medium	20			
	Low	30			
Existing Buildings/Structures	demolition/cleanup required	10	30	0.10	3
	reusable building(s)	30			
	no building(s)	20			
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1
	no identified unique value	20			
Potential economic/social benefits	Hi	20	20	0.10	2
	Low	10			
Owner Buy-In	No	0	0	0.10	0
	Yes	10			
					30

Site Ranking Worksheet

Project Name: PA Glass & Sand
 Location: US 22 and Oriskany Road
 Municipality: Brady Township
 Approximate Size of Site: 955 acres

Ownership: U.S. Silica
 Previous/Current Uses: Industrial/Mining
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	20	0.10	2
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	10	0.20	2
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		30	0.10	3
	High >30%	10			
	Medium 10-30%	20			
Actual or Perceived Extent of Contamination	Low <10%	30			
	High	10	30	0.10	3
	Medium	20			
Existing Buildings/Structures	Low	30			
	demolition/cleanup required	10	20	0.10	2
	reusable building(s)	30			
Recreational, Historical & Cultural Value	no building(s)	20			
	identified unique value	10	20	0.10	2
	no identified unique value	20			
Potential economic/social benefits	Hi	20	10	0.10	1
	Low	10			
Owner Buy-In	No	0	0	0.10	0
	Yes	10			
					28

Site Ranking Worksheet

Project Name: STEDCO Property Location: PA 26 Municipality: Smithfield Township Approximate Size of Site: 116 acres		Ownership: Previous/Current Uses: Agriculture/Vacant Updated Last: 9/18/02			
Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	0	0.10	0
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	30	0.20	6
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		30	0.10	3
	High >30%	10			
	Medium 10-30%	20			
	Low <10%	30			
Actual or Perceived Extent of Contamination	High	10	30	0.10	3
	Medium	20			
	Low	30			
Existing Buildings/Structures	demolition/cleanup required	10	20	0.10	2
	reusable building(s)	30			
	no building(s)	20			
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1
	no identified unique value	20			
Potential economic/social benefits	Hi	20	20	0.10	2
	Low	10			
Owner Buy-In	No	0	10	0.10	1
	Yes	10			
					31

Site Ranking Worksheet

Project Name: U.S. Silica #2
 Location: US 22 and Oriskany Road
 Municipality: Brady Township
 Approximate Size of Site: 85 acres

Ownership: U.S. Silica
 Previous/Current Uses: Industrial/Mining
 Updated Last: 9/18/02

Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)
Brownfields Exception	Yes	20	0	0.10	0
	No	0			
Land Use Restrictions	major land use restrictions	10	20	0.20	4
	minor land use restrictions	20			
	no land use restrictions	30			
Infrastructure	None	10	20	0.20	4
	Public Water or Sewer	20			
	Public Water and Sewer	30			
Lot Size	1 to 10 acres	10	30	0.10	3
	10 to 25 acres	20			
	greater than 25 acres	30			
Highway/Rail Access	restricted access	10	30	0.20	6
	unrestricted access (>0.5 mi.)	20			
	unrestricted access (<0.5 mi.)	30			
Environmental Condition	Impact		10	0.10	1
	High >30%	10			
	Medium 10-30%	20			
	Low <10%	30			
Actual or Perceived Extent of Contamination	High	10	30	0.10	3
	Medium	20			
	Low	30			
Existing Buildings/Structures	demolition/cleanup required	10	20	0.10	2
	reusable building(s)	30			
	no building(s)	20			
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1
	no identified unique value	20			
Potential economic/social benefits	Hi	20	20	0.10	2
	Low	10			
Owner Buy-In	No	0	0	0.10	0
	Yes	10			
					26

Site Ranking Worksheet						
Project Name: Huntingdon Industrial Park		Ownership: Various				
Location: Fairgrounds Road		Previous/Current Uses: Industrial				
Municipality: Smithfield Township		Updated Last: 9/18/02				
Approximate Size of Site: 209 acres						
Sites Attributes	Criteria	Values	Score	Weight	Total Score (Weight x Score)	
Brownfields Exception	Yes	20	0	0.10	0	
	No	0				
Land Use Restrictions	major land use restrictions	10	20	0.20	4	
	minor land use restrictions	20				
	no land use restrictions	30				
Infrastructure	None	10	30	0.20	6	
	Public Water or Sewer	20				
	Public Water and Sewer	30				
Lot Size	1 to 10 acres	10	30	0.10	3	
	10 to 25 acres	20				
	greater than 25 acres	30				
Highway/Rail Access	restricted access	10	30	0.20	6	
	unrestricted access (>0.5 mi.)	20				
	unrestricted access (<0.5 mi.)	30				
Environmental Condition	Impact		10	0.10	1	
	High >30%		10			
	Medium 10-30%		20			
	Low <10%		30			
Actual or Perceived Extent of Contamination	High	10	30	0.10	3	
	Medium	20				
	Low	30				
Existing Buildings/Structures	demolition/cleanup required	10	20	0.10	2	
	reusable building(s)	30				
	no building(s)	20				
Recreational, Historical & Cultural Value	identified unique value	10	10	0.10	1	
	no identified unique value	20				
Potential economic/social benefits	Hi	20	10	0.10	1	
	Low	10				
Owner Buy-In	No	0	0	0.10	0	
	Yes	10				
					27	

Section 7

New Communities Program Opportunities

The Enterprise Zone Program and the Main Street Program began in the 1980's in Pennsylvania. The Enterprise Zone Program was substantially revised under the Casey Administration, and both the Main Street Program and the Enterprise Zone Program were retained by the Ridge Administration. In 2001, both were merged to form the Pennsylvania New Communities Program.

The Ridge Administration also developed the Keystone Opportunity Zone program. Keystone Opportunity Zones and Enterprise Zones complement each other, but are fundamentally different. Keystone Opportunity Zones provide tax *abatement* of many local and state taxes for up to 12 years in return for business investment and job investment. Enterprise Zones provide tax *credits*, low interest loans, and administrative grants for existing business expansion and new business development, and job creation. Geographically, Keystone Opportunity Zones often are located within the boundaries of an Enterprise Zone, but there is no requirement that they do so.

What is the New Communities Program?

The New Communities Program combines the former Main Street Program and the former Enterprise Zone Program. The purpose of the program is to assist communities, which want to bring downtown development within the framework of *area-wide* business and community development.

While communities may continue to apply either for Main Street projects or for Enterprise Zones, the New Communities Program provides a third alternative, known as the Hybrid Zone, which combines the two. Although Huntingdon Borough has had a Main Street project, there has never been an Enterprise Zone in Huntingdon County. A hybrid New Communities Zone would offer Huntingdon County an opportunity to explore an economic development role for a downtown, coordinated with the business development orientation of the surrounding industrial and business parks.

On the other hand, since Huntingdon Borough had and continues to operate, a successful Main Street project, it may be preferable to concentrate attention on development of an Enterprise Zone, rather than a Hybrid Zone combining a Main Street project and an Enterprise Zone. DCED has made it clear that each hybrid zone application should contain only one Main Street project. DCED staff reports that there have been problems with projects in multiple communities assigned to a single Main Street manager. Earlier efforts such as Main Street manager circuit riders convinced DCED that the duties of a Main Street project are too time-intensive for a single manager to carry out in two communities, simultaneously. Therefore, any Huntingdon County New Communities Hybrid application should request only one Main Street project location.

To have the best chance of funding during the current fiscal year of 2002, a New Communities Program application for funding of a Huntingdon County Hybrid zone or Enterprise Zone should be submitted to DCED by or before October 1, 2002.

In order to be eligible, at least one municipality in a New Communities Hybrid Zone or Enterprise Zone must be considered financially disadvantaged by DCED. DCED has a weighted computerized index of 15 indicators, which rates every municipality in Pennsylvania in terms of relative financial disadvantage. If anyone is interested in DCED's statistical definition of eligibility, it is one-half standard deviation above the statewide mean composite score for financial disadvantage. That definition provides an eligible pool of about 800 municipalities out of the state's more than 2,500 municipalities. Most municipalities in Huntingdon County are considered by DCED for purposes of this index to be financially disadvantaged, and accordingly are eligible to apply for New Communities Program funding.

In terms of location, it is important to bear in mind that competitive applicants for New Communities Program funding are those with a *threshold of opportunity* that can be identified and defined. A threshold of opportunity defines a community's comparative advantage in specific areas over other communities under consideration. It answers this question: what specific types of businesses would grow better in your community than in other communities?

What is an Enterprise Zone?

An Enterprise Zone is a multi-municipal area enclosed with contiguous boundaries, which focuses on business development among businesses employing skilled labor and professional positions. Especially for enterprise zones located in rural areas, DCED prefers that the entire County be considered for the best one or two sites for an Enterprise Zone. Once the location or locations are determined, it is expected that County government will make that location or locations a priority for allocation of available business development resources.

An important objective of an Enterprise Zone is to bring businesses, which provide family-sustaining jobs to the Enterprise Zone. Enterprise Zones typically are located in older industrial areas in which the former large anchor manufacturers that provided greater numbers of good-paying jobs have either re-located or closed. Those firms that remain in business in Enterprise Zone locations usually are predominantly local market firms, such as retail, convenience stores, and local consumer services. In order to compete with national chains, these local market firms often are forced to provide part-time jobs at or near minimum wage with few or no fringe benefits. These are not family-sustaining jobs.

For the most part, businesses which provide better quality jobs require skilled labor and professional staffs, and their markets cover a far larger area than those of local market firms. This has an additional benefit. When the local business cycle goes into a downturn, these businesses are still selling to customers in other areas that are unlikely to experience business cycle downturns at the same time as the local business area. Thus, these businesses may avoid layoffs or even hire a few new employees during periods when local firms need to downsize in order to ride out the local business cycle downturn. These businesses with better jobs and more distant markets can be thought of as 'export' firms in the sense that they export their products or services outside the local economy, and they import cash earnings back into the local economy,

which is how the local economy grows. Referring to these business cycles, business writers refer to a focus on export firms as a strategy of counter-cyclical insulation. Types of businesses include manufacturing, business-to-business services, warehousing and distribution, back office firms, high technology firms, and virtually all Internet-related firms.

In order to provide adequate selection among alternative business sites and facilities, an Enterprise Zone needs to include more than one municipality. Across the State, new Enterprise Zone applications typically include appropriate parts of four to six municipalities. The appropriate part of each municipality in an Enterprise Zone would be those sections well suited for the export business mentioned, above. Ideally, the member municipalities should form one contiguous boundary for the Enterprise Zone. This is true in rural areas where a single contiguous boundary could not include all of the attractive business opportunities, which would benefit from the Enterprise Zone, one additional site can be considered by DCED.

Required Activities for an Enterprise Zone

While there is some flexibility in terms of specific required activities, the general mandated activities require a full-time position or an experienced consultant firm in lieu of a full-time position. Mandated activities center on an active program of business surveys, visits and networking with each of the eligible businesses in the Enterprise Zone so that every business is contacted within a specified recurring cycle. The purpose is to become and remain informed from the business people, themselves, of the resources which would best assist them in the growth of their businesses, and those which would be most effective in helping them resolve barriers to growth. In a word, the purpose is informed and effective business advocacy.

Where a new business needs financing for an equipment purchase in order to take advantage of its next market opportunity, an Enterprise Zone coordinator can file an application with DCED for a low interest loan, which will subordinate to bank financing. This is often enough to bring the balance of the loan request within the bank's risk parameters, enabling it to extend financing which would not otherwise have been available to a small new business.

If a larger business is considering a building addition to house additional equipment, the Enterprise Zone coordinator can file a tax credit application with DCED. The savings from the tax credits may enable the business to increase the size of its investment and the number of new jobs it creates. Where a zoning classification, subdivision regulation, or building code significantly inhibits business investment and job creation, the Enterprise Zone coordinator often can work with local or county planners to resolve such dilemmas in ways, which expedite business investment and job creation without defeating the legitimate purposes of the regulations. Where the absence of vital publicly-owned infrastructure deters business investment and job creation, the Enterprise Zone coordinator may prepare grant applications to various state and federal agencies to provide at least part of the funding needed to install the necessary infrastructure.

The Enterprise Zone coordinator also is responsible to prepare applications for DCED administrative funding of the Enterprise Zone, and the aforementioned business loan and tax credit applications on behalf of enterprise zone firms. These activities carry responsibilities for periodic reporting to DCED on expenditures and on levels of job creation and business investment within the Enterprise Zone.

The Enterprise Zone coordinator also is expected to establish an Enterprise Zone business revolving loan fund. This fund may be capitalized by several sources, but one source should include the repayments from business loans to local Enterprise Zone firms. A loan review committee must be established, and loan guidelines and forms must be prepared. When loan repayments from an Enterprise Zone business borrower run behind, the Enterprise Zone coordinator must visit the business, discuss the delinquency, decide whether the loan terms should be restructured, or, in extreme cases, whether to recommend foreclosure. The operative rule is that one week of delinquency requires a visit to the business.

In the final two years of the seven-year period of Enterprise Zone administrative funding, the coordinator must prepare an Enterprise Zone exit strategy. The objective of the Enterprise Zone exit strategy is to prepare an Enterprise Zone to continue its vital business development activities after it is no longer eligible for New Communities Program funding for the Enterprise Zone. The net worth of the Enterprise Zone business revolving loan should be a key asset in the Enterprise Zone exit strategy.

Exit strategies could include the use of interest earnings from loan repayments and deposits to offset administrative expenses from continuation of the Enterprise Zone. Other strategies have involved taking title to discarded business facilities, obtaining funding to renovate them, and using margins from rental fees for continued administrative support of the Enterprise Zone. The sale of office and business technical assistance services even at low margins within business multi-tenant facilities can also provide continuing financial support. Modest points charged on loans are another possible source. Buying utilities services at wholesale and selling at low retail to business tenants is still another example.

Requirements for Enterprise Zone Designation

The Enterprise Zone Planning Study

By way of background information for the application for Designation, the completed Enterprise Zone Planning study should describe the boundaries of the proposed Enterprise Zone in sufficient legible detail, such as street names, to make the boundaries clear at every point. Maps of dominant land uses and zoning classifications should be included. The size of the proposed enterprise zone in acres or square miles should be provided. The final background item concerns the most recent available demographic statistics applicable to the proposed Enterprise Zone for population, percentage of unemployment, and percentage of population below the poverty line.

The application for Designation should also contain information about the business development characteristics of the area. This information should focus on the current business environment of the area in terms of prevailing patterns and sectors of business expansion or contraction, including any available data about the number of businesses with Internet connections, Internet pages, and the use of Internet-based transactions. This information should be assessed in terms of its relationship to current types and levels of employment opportunities and unemployment levels, and in terms of the Zone's present ability to attract business investment.

Particular area characteristics, which either facilitate or impede business and employment growth should be examined, such as the following:

- Proximity to fiber-optic trunk line
- Availability of wireless Internet access
- Availability and adequacy of Internet service providers for business needs
- Accessibility of information technology, e-commerce, and other New Economy education and training courses for business in the proposed Zone.
- Accessibility of corporate or university R & D facilities
- Labor cost, labor pool composition, reliability, and availability
- Convenience of transportation access to customers, suppliers, and key markets.
- Capital availability in terms of conventional bank financing, seed and venture capital, and any government financing programs
- Availability of business sites and structures with adequate infrastructure and energy availability at competitive prices
- Business climate in terms of local government responsiveness and community attitude toward business
- Area quality of life in terms of environmental quality, cost of living, and availability of cultural amenities and recreational facilities
- Assessment of need, availability, and adequacy for public transportation for work force accessibility to area firms
- Use of capital budgets and capital improvement programs by Zone local governments

Recipients of Enterprise Zone Planning grants are also expected to carry out business surveys of eligible ('export') businesses located in the proposed Enterprise Zone in order to learn directly from business people what types of assistance would be most useful in helping them to expand their businesses and create additional jobs, and what type of assistance would be most effective in solving problems impeding expansions of their businesses. Business responses to these surveys provide the focus for the Enterprise Zone's business development strategy, in terms of the types of assistance, which become a priority, and in terms of the particular firms

selected for prompt attention when the business development strategy is approved and implemented.

An organization which will administer the Enterprise Zone must be selected and identified. Preferably, the organization selected would be an existing county or local organization with some business development experience and expertise, for which additional staff assistance in the Enterprise Zone coordinator's position could be provided. Alternatives would be a local public or private non-profit agency with some business development experience and expertise, acceptable to all of the municipalities involved in the prospective Enterprise Zone. Less preferable alternatives would be either a consultant firm with some credentials for administering a local project of this sort, or the development of a new local agency. Decisions about this organization should reflect the need for guidance from those who are experienced in the administration of 'export' businesses, rather than local market firms, non-profit agencies, or government agencies. This organization will need to act on loan applications and tax credit applications for 'export' firms located in the proposed Enterprise Zone.

Application for Enterprise Zone Designation

Maps for the requested Enterprise Zone boundaries should be updated if any changes occurred during the Enterprise Zone Planning Study. Additional background should summarize briefly the most important business development opportunities and needs as they were perceived before the business surveys were undertaken.

The Business Development Strategy, which is the principal product of the Enterprise Zone Planning Study and the basis for Enterprise Zone Designation, should summarize the *current* appraisal of the *competitive advantage* of the Enterprise Zone as a location for specific sectors of business investment, using insights gained from the business surveys. The factors to be considered are the thirteen factors previously listed in the section on The Enterprise Planning Study.

In addition, the Business Development Strategy should list imminent (feasible) business development opportunities, naming each firm, and in each case, a brief description of the type of project each business wishes to undertake, i.e., a 20,000 sq. ft. building expansion and the installation of \$2 million of additional, new programmable laser cutting equipment, creating 20 (new) full-time jobs with fringe benefits.

The Business Development Strategy also should list feasibly addressable business development constraints, describing each constraint, naming or describing the type(s) of firms facing each constraint, whether the constraint is a general problem calling for a generalized solution, as in the case of highway improvements, or whether it is particular to an individual firm calling for a customized solution, as in recently discovered site contaminants or the need for low-cost financing, or whether the constraint involves elements of both.

Also needed for the Business Development Strategy are *quantified* five-year objectives. The objectives are the following, for which five-year numerical targets are to be specified:

- Number of jobs to be created

- Number of jobs to be retained
- Amount of private investment, including business equity and bank financing
- Amount of non- Program *public* investment
- Dollar value increase in taxable business property

The purpose of these quantified five-year objectives is not to nourish expectations that the Enterprise Zone can predict events five years into the future. On the contrary, it is simply to establish base-lines for project performance on an annual basis. These targets can be adjusted annually with the submittal of the annual New Communities Program administrative grant application for the Enterprise Zone. Tracking these estimates will provide information about whether business development in the Enterprise Zone is exceeding or lagging initial expectations. If estimates are exceeded, that may point to important emerging opportunities for even more effective business development efforts. If estimates are lagging, they may indicate areas in which business development efforts in the Enterprise Zone need to be modified to increase effectiveness.

The New Communities Program Application for Enterprise Zone Designation should also include a paragraph which summarizes the types of business development assistance most often requested through the local business interview surveys undertaken in preparation of the local Business Development Strategy. A second paragraph should briefly describe the types of assistance activities to be implemented to respond to these requests. Again, the completed Business Development Strategy should be the source of the assistance activities selected.

The Application for Enterprise Zone Designation should include a completed budget form. The budget form from the DCED Single Application and/or a New Communities Program budget form, if available, can be used. The budget form(s) should be accompanied by a budget narrative, which briefly describes in one or two sentences each major type of activity to be undertaken during the program year for which grant approval is requested. The budget forms also should list *all* of the private and public resources, which make up the total private and public sector investment in the project.

A section of the application that describes the prospective Enterprise Zone organization, as described in the last paragraph of the section on the Enterprise Zone Planning Application on page 5, should be included in the Application for Enterprise Zone Designation.

The application should specify who will perform the work program, i.e., present staff, a specific county or local agency, an existing non-profit business development agency, a consultant firm, or a new organization. The names of individuals expected to perform the tasks outlined in the application should be provided, with a brief history of previous success local business development projects undertaken by these individuals.

Finally, where business people have identified a need for low-interest business financing, the application should include a budget line-item and narrative work element for administration of an Enterprise Zone Business Revolving Loan Fund. DCED loan repayments will be retained by the local Enterprise Zone for its Business Revolving Loan Fund. This work activity should include provision for counseling and technical assistance to make sure that each loan applicant

has a credible business plan. The purpose is to ensure that conventional bank financing, PIDA, and other sources can be made available to the maximum extent, and on the most advantageous terms possible.

A local inter-bank commitment of pooled resources should be negotiated to supplement New Communities Enterprise Zone funding contributions to the business revolving loan fund. Local bank commercial loan officers and local business people should comprise the bulk of the Enterprise Zone loan review committee.

The application should list the name and affiliation relevant to the Enterprise Zone of each member of the loan review committee for the Enterprise Zone business revolving loan fund. Procedures must be implemented to avoid conflicts and/or appearances of conflicts of interests on the part of loan review committee members. A description of these procedures should be included with the application.

Applicants without at least three years of successful experience in the administration of business loan funds should name a cooperative business development agency with appropriate experience to administer the revolving loan fund. Documentation should be provided of the nature and length of the agency's experience, a copy of the agency's loan policies, and a general but quantitative review of performance of outstanding loans in terms of payment regularity and any non-performing loans or defaults.

Enterprise Zone Program Benefits

In an effort to ensure that resources are directed to areas of greatest opportunity and greatest need, DCED reserves the right to fund Enterprise Zone projects with eligible resources outside the New Communities Program. An example is the Huntingdon County Land Use & Planning Technical Assistance Program (LUPTAP) grant, which was approved by DCED after careful coordination between the Governor's Center for Local Government, which administers the LUPTAP, and DCED's Office of Community Development, which administers the New Communities Program. Amounts of funding are approved on a case-by-case basis.

Within that framework, New Communities Enterprise Zone Program Benefits are as follows:

- Up to \$50,000 for an Enterprise Zone Planning grant for one year.
- Up to \$50,000 for an Enterprise Zone Designation and Administrative grant for one year.
- Up to \$50,000 each for up to six additional consecutive Administrative grants.
- Up to \$250,000 in low-interest grants-to-loans for imminent business investment and job creation or job retention projects, not to exceed 30 percent of total project investment. These are DCED grants to the Enterprise Zone, which lends the proceeds to Enterprise Zone Businesses. Loan repayments return to the Enterprise Zone Business Revolving Loan Fund. On a case-by-case basis, grants may be considered for projects under public ownership. A

Phase I environmental assessment is required for projects involving acquisition, or construction, which disturbs subsurface soil. Each Enterprise Zone remains eligible to apply for such grants-to-loans for up to seven years after the date of Enterprise Zone Designation.

- Up to \$250,000 in tax credits against the PA corporate income tax for twenty percent of the cost of improvements made to any business property located within an Enterprise Zone. The approval has a five-year carry-forward. Project expenditures must await DCED tax credit approval to retain eligibility for tax credits. Of greatest benefit to C-corporations, since credits are issued against the state corporate tax. Businesses located in Enterprise Zones remain eligible to apply for Enterprise Zone Tax Credits for up to ten years after the date of Enterprise Zone Designation.
- Enterprise Zone firms receive the lowest statewide interest rates for PA Industrial Development Authority (PIDA) mortgage loans of up to \$1.5 million and Machinery and Equipment Loan Fund (MELF) loans of up to \$500,000. Each Enterprise Zone remains eligible for these low interest rates for up to ten years after Enterprise Zone Designation.
- Enterprise Zone firms wishing to bid for state contracts are considered Socially and Economically Restricted Businesses (SERB), a category, which confers bidding preference with the PA Dept. of General Services. Businesses located in Enterprise Zones remain eligible to apply for SERB status for up to thirteen years after Enterprise Zone Designation.
- Enterprise zone firms with site contamination problems are eligible for cleanup assistance under Act 2, administered by the PA Dept. of Environmental Protection. Businesses in Enterprise Zones are eligible to apply for assistance under Act 2 for up to thirteen years after Enterprise Zone Designation.
- In cases of imminent business investment and job creation, Enterprise Zones receive priority consideration for resources administered by state government, which would assist the imminent business development project. Eligibility for up to ten years after Enterprise Zone Designation.

The New Communities Program: Main Street Component

The Main Street Program focuses on preservation of downtown businesses and historic buildings, which are well-suited for small business locations. As is the case in Huntingdon Borough's Main Street project, most of the downtown businesses serve local markets and are affected, together, by the local business cycle. The feasibility of small high technology firms and Internet-related firms, which serve more distant markets locating downtown could diversify the downtown part of the local economic base without in any way compromising the goals of historic preservation and locally owned business development.

Main Street Planning Projects

The Main Street program seeks to preserve and strengthen the existing retail, local government, and business centers of Pennsylvania's communities. By working to make traditional downtowns more attractive as a place to live and to work, the Main Street program works to increase residents' quality of life. The program also acts as a catalyst for small business development, seeking to increase employment and tax revenues in traditional downtown locations. Through its utilization of the National Main Street Center's Four Point Approach of organization, economic restructuring, promotion, and design, it seeks to structure a local strategic approach to downtown business investment and development. The program also works to ensure that the importance of reinvestment in traditional downtown is considered in areawide overall economic development strategies.

Eligible applicants include local governments, redevelopment authorities, non-profit economic development organizations, and other non-profit organizations and business district authorities. Non-profits and business district authorities must have at least two years of satisfactory operational experience as evidenced by satisfactory audits and evidence of municipal support through an executed cooperation agreement. Preference may be given to local governments and redevelopment authorities, depending on the activity.

Eligible activities include those necessary for the preparation of a five-year strategy that can be updated annually. Main Street five-year strategies must also include a long-term fundraising plan, an assessment of the local market, and building improvement design standards. The marketing assessment must determine market strengths, weaknesses, and business opportunities. The five-year strategy should be based on the Four Point Main Street approach for improving the traditional business district. The plan is to be based on input from residents, community-based organizations, businesses, property owners, and municipal officials, as well as other downtown stakeholders. This plan must contain detailed implementation timelines, as well as budget estimates and revenue projections.

The design element should include guidelines and procedures to oversee a local façade grant approval process and information for local property owners about the benefits of good design and its effect on the overall downtown environment. The Strategy also should include a long-term fundraising element for the continuing support of the local program with, and without, Commonwealth financial support.

A 'Clean, Green, and Safe' Element should also be included in the plan. This element would focus on issues such as security, litter and graffiti removal, maintenance and upkeep of existing and/or design and funding of new public improvements and public spaces. By the end of the fourth year, an e-commerce element, within the context of a Geographic Information System (GIS) where appropriate, that includes buyer-seller transactional capabilities, and provision for business Internet marketing, business inventory management, area available building inventory identification, area electronic infrastructure inventory, available financial assistance, and links to appropriate public sector and non-profit agency activities should be added to the plan.

Main Street Community Projects

The mandated Main Street Four Point Approach for Main Street *Community* designation can be defined as: 1) organization – the establishment of a local Main Street organization, 2) “economic re-structuring” – the completion of a market assessment for the community and the creation of a *strategic* development plan for downtown promotion and marketing, 3) design – selection of building and streetscape design guidelines, and 4) the development and implementation of a fund-raising plan for support of the Main Street project after the conclusion of the four year DCED funding cycle.

Eligibility criteria for Main Street *Community* designation include the existence of a ‘critical mass’ of at least 65 businesses within a single business district, a municipal population of 5,000 to 50,000, and a pedestrian-oriented business district with traditional older buildings eligible for local or National Historic District Registration. Huntingdon Borough is the only municipality in Huntingdon County with a population of 5,000 or more. Hence, Huntingdon Borough is the only municipality in Huntingdon County, which would be eligible for Main Street funding. Local Matching funds of at least \$90,000 must be raised over the four years of DCED funding. Due in part to the committees which must be formed and provided with staff assistance for each of these four program objectives, the Main Street *Community* Manager’s position is a full-time position.

For the grant application, the organization expected to undertake the project must be identified. This organization must be one that is capable of carrying out the five-year project with on-going assessments of the progress of the project. A brief mission statement, a vision statement for the improvements in the appearance, economic function, and business investment levels of the downtown, and priority goals already approved by the appropriate local governing bodies must be included in the application. The application also must include a copy of the organizational by-laws, official incorporation papers, and non-profit tax status approval.

The basis for Main Street designation is a favorable community appraisal performed by the Pennsylvania Downtown Center, in conjunction with the DCED Regional Office, and subsequent approval by the DCED Central Office. This appraisal focuses on factors such as local organizational capacity, the existence of a downtown vision, and the availability of the human and financial resources necessary for successful implementation of a downtown revitalization effort.

All communities that are selected for Main Street *Community* funding must complete the planning phase and receive approval from DCED before they receive DCED funding to hire a full-time manager. The planning phase consists of the following:

- Completion of a five-year strategy
- Completion of a market assessment
- Completion of a long-term fundraising plan
- Completion of design guidelines

Main Street Affiliate Projects

Main Street *Affiliate* designation is for communities, which meet most, but not all, of Main Street program eligibility criteria. For example, the municipal population may fall below 5,000, or the downtown may have fewer than 65 businesses, or they may lack adequate financial resources to sustain a five-year Main Street Community strategy and program. A Main Street *Affiliate* project is not required to undertake the fund-raising component to raise the necessary matching funds required for a Main Street *Community* project. Main Street *Affiliate* projects generally do not receive funding for a Manager's position.

However, existing organizations, such as local governments, incorporated downtown associations, non-profit organizations, and local chambers of commerce can receive funding for Main Street *Affiliate* Design/Challenge/Façade projects. An *Affiliate* project must complete at least one of the four components of the Main Street Four Point Approach, which is the completion of architectural and physical design guidelines for downtown development, approved by DCED.

An *Affiliate* is eligible for technical assistance and training from DCED and/or the PA Downtown Center staff for a period of five years. This includes an annual assessment of progress made, and training focused on one or more of the four components of the Main Street Four Point Approach. Planning grants will be made available as deemed necessary by DCED. Upon completion of their five-year strategy, *Affiliates* are eligible to receive up to four years of design/façade improvement grant funding for up to \$80,000.

Program Benefits

Benefits include the following:

- A one-time planning grant of up to \$50,000 will be made available at DCED's discretion. Applicants will enhance their competitiveness if they provide dollar-for-dollar matching funds for these activities.
- Administrative grants for Main Street *Community* projects are available up to a total over four years of \$115,000 to hire a professional downtown Manager. Administrative grants must be matched with local public and/or private funds totaling at least \$90,000. The administrative grants are available in the amount of \$35,000 in year one, \$30,000 in year two, \$25,000 in year three, and \$20,000 in year four.
- For design/challenge/façade improvements, \$20,000 per year is available, or \$80,00 over a four-year period. At the end of the fifth year (one planning year and 4 administrative years), if \$20,000 or more has been raised and deposited in an account dedicated to sustaining the Main Street project, DCED may match the amount in this account on a dollar-for-dollar basis not to exceed \$60,000 in DCED matching funds. The designated Main Street project staff must show that these dollars are above and beyond the required local match of the previous five years of the program.

- Downtown reinvestment grants on a dollar-for-dollar matching basis. The average grant amount is \$250,000, although there is no minimum or maximum.
- Technical assistance and training in various aspects of downtown revitalization through the Pennsylvania Downtown Center.

The New Communities Program: Hybrid Zones

This is one of the new components of the New Communities Program, and this component is still in a pilot phase. In this phase, DCED will select two or three applications annually for Hybrid zone approval and funding on a pilot basis. Previously designated Main Streets and Enterprise Zones are eligible for designation as a Hybrid.

To be eligible, at least one of the applicant municipalities must be considered financially disadvantaged by DCED. For the downtown Main Street component of the Hybrid, there must be indicators of significant physical deterioration and business disinvestment, such as a 20 percent vacancy rate in the central business district. A project area that includes both a downtown revitalization area and areas with industrial, business, and office parks must be selected and the boundaries described in detail, accompanied by evidence of recent business investor interest and support.

The application should also show progress in the achievement of a long-term development strategy, which integrates the opportunities and needs of downtown businesses with those in the outlying office, business and industrial parks. Insofar as the DCED application is concerned, an important objective of the strategy is to demonstrate to DCED that the proposed hybrid zone provides a threshold of opportunity for private and public investment and job creation.

The requirements of both the Enterprise Zone and the Main Street components of the New Communities Program, as described, above, are required for New Communities Hybrid Zone grant applications. Finally, the application must document for DCED sufficient local organizational capacity to carry out all the planned activities.

A first year planning application for a New Communities Hybrid grant must include the following activities:

- An organizational Vision/Mission Statement, which includes vital interests of both downtown and outlying business park firms.
- A market assessment of the downtown part of the proposed project area.
- A structured business survey of office, business, and industrial park firms.
- A five-year strategy that includes downtown firms, manufacturing, business-to-business, high technology, and Internet-related firms.

- A Safe, Green, and Clean Element
- A long-term organizational fundraising plan for the downtown part of the project area.
- Building design guidelines for the downtown part of the project area.

Benefits include those available to Enterprise Zones and those available to a Main Street Affiliate project, as described, above.

The New Communities Program: Anchor Buildings

The Anchor Building component of the New Communities Program focuses on downtown buildings of historic architectural significance, which are vital elements of a downtown revitalization strategy. Building renovation of stand-alone building projects is outside the purpose of this component. Municipalities with present or successful past Main Street projects may be more likely to meet this strategic requirement. Local governments and redevelopment authorities with designated Main Street projects will be given preference. However, communities with well thought out strategic plans can be successful competitors for Anchor Building Grants. Projects in which the Anchor Building project is part of an integration of economic development activity levels between local and county government with strategic linkages between community and economic development will be given priority.

Generally, these are grants-to-loans to a local public or private non-profit entity that are to be borrowed and repaid to a local revolving loan fund. The municipality in which the Anchor Building project is located must be a participant in the revolving loan fund that receives the loan repayments. Other Anchor Building projects in the municipality located within or close by the traditional business district that support the downtown must be given first priority consideration in subsequent loans of these repayments.

Local loans must be collateralized and offer a reasonable security position. At its discretion in exceptional cases, DCED may consider approval of an Anchor Building Grant as a grant or local equity in an Anchor Building project. A Phase I environmental assessment and an appraisal are required for projects which involve real estate acquisition and/or site improvements.

Eligible applicants are local governments, redevelopment authorities, certain non-profit Main Street organizations and business district authorities with at least two years of satisfactory operational experience evidenced by satisfactory audits. Municipal support is to be provided through an executed cooperation agreement.

Anchor Building projects should focus on vacant or underutilized buildings greater than 10,000 sq. ft., which are considered by the community to be an important downtown building vital to the health of the downtown. The building should be structurally sound, and eligible for or already listed on the National Historic Register. It should be a building appropriate to house indigenous local business startups and/or expansions which will create full-time positions paying substantially above minimum wage and providing fringe benefits, as the businesses grow.

Eligible Anchor Building grants-to-loans can be used for up to thirty percent of the total project investment required to acquire and renovate the building, including installation of fiber-optic wiring in the building. Existing configurations of interior space should be carefully examined and redesigned if necessary, with sensitivity to historic preservation requirements, to ensure that they will fully accommodate Internet-access needs of small businesses. Architects with previous successful experience in this area should be retained for this purpose. Costs of public infrastructure development and of hazardous waste testing may be considered if other funding sources are not available.

Generally, Anchor Building grants-to-loans will not exceed \$250,000 or 30 percent of total project investment.

Brain Gain: Building a Competitive Framework

Brain Gain is an essential component of Threshold of Opportunity. A community is a more competitive location for business investment and job creation if it is able to retain its skilled laborers and professionals, and attract others. Thus, while Brain Drain weakens a community's threshold of opportunity, Brain Gain strengthens it. That is why DCED expects New Communities hybrid applications to address the Brain Gain issue. Some other Threshold of Opportunity factors:

- ***Skilled Labor Supply.*** The availability of a skilled area workforce may be the single most important factor for success in business development. Although the job market for skilled laborers and professionals may not be as tight as it was two years ago, that means that companies have more locations from which to select. And that, in turn, means that those locations with the largest labor pool of skilled laborers and professionals has an important competitive edge.
- ***Fiberoptic Trunkline or Wireless High Speed Internet Access.*** The first requirement, here, is that a business location include the availability of an Internet Service Provider (ISP). The second is that the location have high-speed Internet access. Increasingly, businesses need to have Internet components in their business plans to reap the time savings and improved communication with suppliers and customers needed for such business management practices as just-in-time inventory management and on-line business transactions for much faster customer service. While such functions may be technically manageable with slower dial-up Internet service, time is money, and businesses need high-speed Internet access in order to be as competitive as possible. Thus, a business location with only slower dial-up assistance is likely to be less competitive, and to create fewer high quality jobs for a skilled and professional workforce.
- ***Prepared Space for Small Businesses and Business Startups.*** Prepared space for small businesses and business startups is an important strategy for Brain Gain and for area business growth. Highly trained and educated entrepreneurs can gain an important edge in the establishment of their businesses if they can operate from low-cost prepared business space which also provides required business services at lower costs. The most effective of these incubators and/or multi-tenant centers for small business develop, is a selected mix of

business tenants which can develop synergies among themselves. This expands the markets and contributes additional growth to these small firms. Especially in the area of providing vital low cost business analytical services, college and university staffs can play a unique and vital role in the provision of such services to business tenants of incubators and multi-tenant centers, and to area businesses.

- ***Proximity to Higher Education Instruction and Facilities.*** Proximity to higher education instruction and facilities is important because many individuals, that are part of skilled and professional workforces, desire to upgrade their skills and enhance their educational accomplishments as part of their individual career strategies. This makes a vital difference as to whether an area workforce which is not yet cutting edge can improve its skills, and whether an already cutting edge workforce can remain so.
- ***Area and Site Infrastructure.*** Area and site infrastructure, as suggested above, now includes electronic infrastructure such as high-speed Internet access. The availability of adequate other area and site infrastructure is important because it reduces the need for substantial capital expenditures on the part of businesses for such items as water and waste water treatment facilities. It is also important because it reduces business uncertainty in terms of unforeseen regulatory penalties for environmental problems avoided by the availability of public water and sewer.
- ***Transportation Access.*** Especially for manufacturing of relatively low value-added products, i.e., large and/or heavy products, good transportation access is important in terms of time value of money cost savings with shorter shipping to destination time frames. Restrictions such as tonnage reductions on vital connecting route bridges can be costly to businesses, which ship from their plants. It is attractive to prospective business investors in terms of limiting wear and tear on trucks from road surfaces in poor repair. High tech businesses with high value-added products, i.e., small products, often request availability of air freight and air passenger service.

Successful and Unsuccessful EZ and Main Street Projects

All of the following examples involved Enterprise Zones and Main Street projects with good potential thresholds of opportunity. Some succeeded, and some did not.

An unsuccessful Enterprise Zone in Western PA made retail development its overall objective. Included was renovation of several cultural and entertainment local landmark buildings. Projects also included big-box retail attraction and renovation of old buildings for the office lease market. When progress did not occur, the Enterprise Zone coordinator attempted to prime the pump by investing funds in a retail importer. The retail import store went out of business, the big-box retail did not arrive, office building renovations were plagued with cost and time overruns due to unanticipated damage and difficulty with older structures. These problems limited funds available to make interior space competitively attractive with the surrounding market. This was a zone with much energy to identify and begin projects. However, it lacked

expertise to identify and focus on those with the *best* opportunity for success. As a result, its resources were too widely dispersed to be successful in individual projects.

An unsuccessful Main Street project, also in Western PA, accessed sufficient funding to renovate its Main Street building façades and signs. The result was visually very attractive. However, this was only a design project, undertaken in the apparent hope that design, alone, would provide sufficient market appeal to substantially increase business for the storeowners. This did not occur. At the end of five years, paint had faded, and the downtown began to develop again the visual deterioration, which the project sought to arrest. This project might have benefited from coordination with county business development efforts. It suffered disproportionately in comparison with business development efforts elsewhere in the county.

In a small rural area, an Enterprise Zone, which was to become very successful, was confronted with one after another of its larger industrial firms either closing or relocating, leaving growing unemployment and a glut of large industrial space unoccupied and off the tax rolls. The Enterprise Zone coordinator, who was on the staff of a redevelopment authority, made the acquaintance of a successful business person in the area, whose family had a pattern of launching small, successful high technology businesses, selling them after several years, and starting others. The business person became a mentor of the Enterprise Zone coordinator. He started his next business as a tenant in a new multi-tenant building in the Enterprise Zone's new industrial park. As older industrial space became available, he contacted business acquaintances who might have an interest in the space, advised the coordinator on how the space should be renovated, and helped the coordinator get approval of bank financing to carry out the renovations. Other small new businesses located in the new industrial park, and larger firms moved into the renovated older industrial space. To assist the small new high technology firms acquire needed equipment, the coordinator procured funding to buy the equipment they needed, and leased it to them. This kept debt off their balance sheets, and enabled them to grow without forfeiting the availability of conventional bank financing. This Enterprise Zone was so successful that the coordinator received DCED approval to terminate it two years early, in order to start another one elsewhere in the county. The business mentor helped the Enterprise Zone coordinator turn empty industrial space into an asset.

In Eastern PA, a small Main Street community has achieved considerable success to date with emphasis on both Main Street business development and on historic preservation of Main Street structures. The Main Street coordinator knows all of the business people in the Main Street project very well. They seek the coordinator whenever they confront unusual business opportunity or unusual business constraints, and on design issues such as façade renovation as well. The effectiveness of the coordinator's advocacy and technical assistance has attracted other expertise. The dean of a university branch located in the municipality has volunteered time, and attracted the energy of students and faculty in the cause of Main Street preservation and development. A community development consultant living in the municipality volunteered time to develop a highly analytical downtown marketing study with credible areawide and regional reference points to broaden the options considered for emphasis in the downtown marketing strategy. The distinctive building stock and excellent regional transportation access, combined with the energy and focus of the Main Street Manager, are elements in this Main Street project's success.

Huntingdon County New Communities Assessment

Currently, no part of Huntingdon County is growing substantially in terms of business investment and job creation. The first priority should be the development of a growth area within Huntingdon County. Resources need to be focused on that area until its growth becomes a self-sustaining critical mass. This involves changing market perceptions of Huntingdon County as a place for doing business. This is not easily achieved, especially in a rural county, or it would have been done long ago. For that reason, it is critical that the most promising area of Huntingdon County be selected. If the most promising area is not selected, the project operates from the beginning with less than the best available chances for success. The dilution of resources by scattering them among various locations usually guarantees the failure of such projects, because the resources remaining for the most promising area are inadequate to establish the area as an attractive growth center for business investment in the eyes of the marketplace.

Broad Top Area

The Broad Top area has a tourism asset – the East Broad Top Railroad. This is an attractive recreational asset, which more people probably would patronize if it had greater media visibility. While quality of life in the Broad Top area is high, that is true for Huntingdon County, generally, and does not offer a regional competitive advantage to Broad Top. Transportation access presently is quite limited. Lack of site infrastructure such as public water and sewer service means that business investment will be more difficult to attract. That business investment would be assisted by the enactment of subdivision and land development ordinances. These ordinances are important because they reduce business uncertainty about the imposition of new requirements and restrictions, incompatible adjoining uses.

Broad Top could assist its prospects for development by beginning with a comprehensive planning study to investigate the adoption of development ordinances. That would identify parcels and areas for business where specific business uses are likely to be approved, and it would then indicate what capacity of infrastructure should be built to provide needed levels of service, i.e., industrial capacity arterial, secondary, and access roads, water and sewer conduit sizing, water treatment capacity and levels.

Decisions on these issues could provide the basis for state and federal grant applications for infrastructure funding. When funding prospects are firm, construction time-lines can be prepared, and recruitment of housing, business, recreational investors can then be organized and pursued. If Broad Top local officials would like to pursue development, the next step would be authorization of the County planning office for preparation of a Land Use Planning and Technical Assistance Planning application to DCED. DCED approval could provide funding to prepare the development ordinances, which would make the Broad Top area more competitive for infrastructure funding, and private business and housing investment.

Huntingdon - Mt. Union Corridor

The Huntingdon Borough area – Mt. Union area corridor offers Huntingdon County its best opportunity to be competitive for a New Communities Program Hybrid Zone or Enterprise Zone. The Mt. Union Area, including Shirley Township and the Riverview Business Center offer the best group of ‘export’ businesses in the county. With well developed plans for improved site infrastructure in the Riverview Business Center and U.S. Route 22 transportation access, the Mt. Union area is in a strategic position for prompt utilization of Enterprise Zone incentives. Similarly, the more mature export businesses in the Mt. Union area are sufficiently mature firms, measured in terms of business life cycles, to begin to utilize brain gain resources available from Juniata College’s virtual incubator project.

Within its own boundaries, Huntingdon Borough has the area’s best prospect for Brain Gain resources and strategies, and that is Juniata College and its plans for the Juniata Valley Incubator, with resident businesses and technical assistance, as well as virtual residence for off-site businesses in the form of technical assistance delivered electronically. Juniata College’s working relationship with the Greater Huntingdon Chamber of Commerce and with Huntingdon County Business and Industry offers a strategic Brain Gain building block.

However, Huntingdon Borough does not offer substantial amounts of developable land for expansion of existing businesses and significant numbers of new small businesses attracted by the prospects of skilled labor and professional staff trained at Juniata College, the DuBois College of Business, and area vocational and technical schools. This is a strategic gap that Smithfield Township can fill. Sites along Route 26, and U.S. Route 22, including the ‘prison land’ site, along with those in the vicinity of the Huntingdon Industrial Park and the Huntingdon County Fairgrounds can provide room for business investment and job creation which could provide significant employment opportunity for Huntingdon Borough residents, as well as residents throughout the area.

Finally, Huntingdon Borough also has the County’s best stock of architecturally significant historic buildings. This is exactly the kind of architectural environment and physical setting for which young high tech and internet-related entrepreneurs have demonstrated a decided preference in several other Pennsylvania cities.

Precedent for a corridor Enterprise Zone already exists in the Southern Alleghenies region, and that is the successful I-99 Corridor Enterprise Zone in Blair County. The Route 22 corridor Huntingdon Borough-Smithfield Township to Mt. Union-Shirley Township offers the best opportunity to organize for similarly positive results in Huntingdon County.

Description of Huntingdon County Enterprise Zone

The Huntingdon County Enterprise Zone extends approximately 14 miles from Mt. Union to Huntingdon following the Pittsburgh to Harrisburg Mainline of the Norfolk Southern Railroad. It contains approximately 1,485 acres. The zone closely parallels the Juniata River and U.S. Route 22, Huntingdon County's primary transportation route. The zone contains a substantial portion of the County's employers, employing 3,279 people.

In the Huntingdon area, the zone includes the 117-acre STEDCO property currently being marketed for commercial use, the Huntingdon Industrial Park, the site of the Juniata Valley Incubator near Juniata College and Downtown Huntingdon. Downtown Huntingdon contains several underutilized commercial buildings suitable for commercial reuse.

In the Mt. Union area, the zone includes the 200-acre Riverview Business center and Downtown Mt. Union. The older area of Mt. Union contains several vacant former industrial sites and buildings. Near Mapleton the zone included a portion of the U.S. Silica property and near Mill Creek the zone includes a number of commercial properties along U.S. Route 22.

Benefits to Huntingdon County

Huntingdon County, and in particular, Huntingdon Borough and the Greater Huntingdon Chamber of Commerce, already have demonstrated their ability to initiate and sustain a business development program. That is the successful Huntingdon Borough Main Street project. While every downtown in this period of our national history struggles to maintain its assets and viability, Huntingdon Borough has done a highly creditable job in maintaining levels of downtown business investment and in preserving a priceless and beautiful stock of historic buildings with distinctive architecture. It is quite possible that the value of Huntingdon Borough's accomplishment can be leveraged to an even more impressive level than these outstanding accomplishments.

In some communities, young high technology and Internet business entrepreneurs are demonstrating a preference for business locations in downtown locations with historic ambience, and locally owned restaurants and shops, as compared with those franchised or owned by national chains. If this becomes an acknowledged trend, it will greatly expand the opportunities for business investment stability in downtown locations. High technology and internet-related businesses almost by definition serve customers in far-flung locations with many differently-timed business cycles.

Not only are these small businesses approaching the period of their respective business life-cycle in which they will grow most rapidly, but they will be much more resistant to area business downturns than the local market firms which often dominate downtowns, currently. These firms can be sources of technical assistance to area firms seeking to upgrade their technology or add Internet components to their business plans. Conversely, these more traditional firms can provide part of the market for these small new technology and Internet-related firms. Such business relationships build important business bridges between downtowns and outlying business and office parks. As small high technology firms grow, they will need more space than is available downtown, and should relocate to prepared space in outlying office and business

parks. In those locations, young engineers may want to start their own new small businesses. The best location for such ventures would be back to the downtown.

An Enterprise Zone coordinator can help to develop such strategies and to marshal the resources needed to implement them.

Planning Implications

- The Enterprise Zone boundaries include downtown Huntingdon and Mt. Union Boroughs. The well-preserved historic architecture provides the ambience, which would be attractive to young entrepreneurs seeking locations for their high technology and internet-related firms. Juniata College's small business incubator may produce such firms looking for more space than the incubator would want to allocate to a single business. By including downtown Huntingdon and Mt. Union in the enterprise zone boundaries, these entrepreneurs would be eligible for low-cost financing for their businesses, as well as for preferential status in bidding for state contracts.
- To increase the likelihood of downtown locations selected by such firms, a suitable building should be identified, and planning should begin for a New Communities Anchor Building grant-to-loan application to help finance renovations such as fiber-optic wiring to make the building usable as prepared space for high tech and/or internet-related firms. Such an application will have to document the integral role to be played by such a building in bringing about the vision for downtown renovation and economic strengthening.
- Given the likelihood of eventual big box retail development in the area around Huntingdon Borough, concerned Chamber of Commerce officials might want to contact Chamber officials in the other Pennsylvania communities with Wal-Mart stores. One year after the opening of a Wal-Mart store, many downtown business people report that there have been no adverse impacts on downtown business. Concerned about the wide-spread impression that they take business away from downtown firms, a big box retailer interested in the Huntingdon Borough area might consider requests from downtown merchants which would increase the likelihood that they could co-exist profitably.
- With the possibility of new business in the nearby Saxton Borough Keystone Opportunity Zone, this could be a good time for Broad Top area officials to prepare for development by undertaking planning studies and considering the adoption of development ordinances. This could position the Broad Top area more favorably for infrastructure funding needed to attract business and housing investment.

As a result of Enterprise Zone and Main Street analysis, Huntingdon County prepared an Enterprise Zone application that was submitted to DCED in November 2002. The application included a zone incorporating downtown Huntingdon Borough, Smithfield Township, the U.S. Route 22 corridor communities, Huntingdon to Mount Union Borough, and Riverview Industrial Park. This zone is shown on **Map 7 – 1**.

Section 8

Technology Assessment**Introduction**

Delta's technical review of Huntingdon County focuses on the availability of Internet access to the community with an emphasis on business community. In today's global economy, high speed Internet (broadband) access is necessary to connect citizens to world markets and allows businesses to streamline their supply chain, maintain current clients and expand into new markets. Communities that lack affordable broadband are at a competitive disadvantage in maintaining, growing and attracting businesses. (See **Appendix H** for broadband measurements)

To accomplish the technical overview, Delta examined business survey results for Huntingdon County, and interviewed/contacted local businesses, educational institutions, service providers, economic development organizations and state agencies. In summary, Delta found that Huntingdon County is underserved in broadband Internet technology and will require local action coupled with state and federal support to increase broadband Internet access.

According to the Pennsylvania Department of Labor & Industry, the service sector is the largest growing segment of the State's economy. By 2005, the Department expects that four out of five Pennsylvanians will be working in service-oriented industries. In Huntingdon County, the service sector has begun to outpace manufacturing as the County's largest employer. From 1990-1999, manufacturing employment declined by 12 percent while service sector employment increased by 28 percent.

There is no doubt that foreign competition, the availability of inexpensive labor, and rising production costs have led many manufacturers to consolidate operations and reduce the size of their labor force. As a result, the American economy is increasingly a service-oriented economy. One component of this change is the growing business-to-business sector, businesses performing services for other businesses. As firms have trimmed their business plans to re-orient them to their core business missions, they contract with outside firms for services formerly performed in-house. Knowledge-based firms form a growing and important part of this group.

Whereas the manufacturing sector is heavily reliant upon access to raw materials, knowledge-based industries are attracted to communities that are known for possessing a highly educated workforce and a quality living environment. The growth in service employment begs the question: Does Huntingdon County have the necessary infrastructure to support a "next generation economy?" Given the importance of knowledge-based services firms to manufacturing firms concerned about maintaining their competitiveness, this can be viewed as a question concerning the future of manufacturing firms in Huntingdon County and in rural counties, everywhere.

According to a paper by Tom Rowley from a 1996 conference hosted by TVA Rural Studies and the Foundation for Rural Service, experts agreed on several key points concerning the status of rural telecommunications infrastructure and the need for its improvement:

- Investment in additional telecommunications infrastructure is essential for rural economic development. Much of the infrastructure now in place in rural areas is not capable of supporting advanced telecommunications services.
- Local access to the Internet (the ability to go online without making a long distance call) is essential if rural areas are to avoid being left further behind. Local basic service needs to provide digital switching and line quality sufficient for high-speed Internet access, voice, fax, and data transmission at 128,000 bits per second.
- Getting advanced telecommunications services to rural areas and having them adopted and used by rural areas will take time—years in many cases. As the reasons for delays in rural service are understood, pro-active strategies to reduce these delays can be adopted.²³ These points should provide a backdrop for Huntingdon County's planning and development of the electronic infrastructure needed to attract growing businesses and keep them competitive in their respective markets.

Opportunities—Enabling Roles and Functions

The National Telecommunications Information Administration (NTIA) and the Economics and Statistics Administration have published *A Nation Online: How Americans Are Expanding Their Use Of The Internet*. This report is based on the September 2001 U.S. Census Bureau's Current Population Survey - a survey of approximately 57,000 households and more than 137,000 individuals across the United States. As such, the data in this study are among the most broad-based and reliable datasets that have been gathered on Internet, broadband, and computer connectivity. Following are some of their findings concerning Internet users in the USA:

- The rate of growth of Internet use in the United States is currently two million new Internet users per month.
- More than half of the nation is now online. In September 2001, 143 million Americans (about 54 percent of the population) were using the Internet — an increase of 26 million in 13 months.
- Seventy-five percent of 14-17 year olds and 65 percent of 10-13 year olds use the Internet.
- Between December 1998 and September 2001, Internet use by individuals in the lowest-income households (those earning less than \$15,000 per year) increased at a 25 percent annual growth rate.
- Between August 2000 and September 2001, Internet use among Blacks and Hispanics increased at annual rates of 33 and 30 percent, respectively.

²³ "Rural Telecommunications: Why Your Community Isn't Connected and What You Can Do About It," by Tom Rowley. January 1999 Staff Paper 99-1. TVA Rural Studies

- Over the 1998 to 2001 period, growth in Internet use among people living in *rural* households has been at an average annual rate of 24 percent, and the percentage of Internet users in rural areas (53 percent) is now almost even with the national average (54 percent).
- Between August 2000 and September 2001, residential use of high-speed, broadband service doubled—from about 5 to 11 percent of all individuals, and from 11 to 20 percent of Internet users.
- Approximately one-third of Americans use the Internet to search for product and service information (36 percent, up from 26 percent in 2000).
- Among Internet users, 39 percent of individuals are making online purchases and 35 percent of individuals are searching for health information.

In terms of types of use, the NTIA study found that in 2001, 2.8 percent of all users made Internet phone calls, 7.5 percent did employment searches, 21.0 percent made product/service purchases, 33.3 percent followed news, weather and sports, 36.2 percent researched product/service information, and 45.2 percent used e-mail.

These facts should make it clear that Huntingdon County needs an electronic infrastructure backbone, which will facilitate the patterns of Internet use described above. This is a basic requirement of equipping Huntingdon County to reverse the 'brain drain,' which, like many other Pennsylvania communities, complicates present efforts to attract high quality export business sector employers. Following is a summary of high speed Internet or broadband business, community, and residential uses or applications of a broadband internet access.

As reported in a document by Carnegie-Mellon University and 3 Rivers Connect, entitled: "Digital Rivers Final Report, April 11, 2002," other sections of the NTIA study also noted that rapidly growing applications for broadband (i.e., high speed internet) technology, include enterprise business, home business/small business, residential/consumer, and machine-to-machine networking. As listed in the Digital Rivers Final Report, examples of applications for these environments include:

Commerce (both buying and selling). E-Commerce is one of the fastest growing segments of Internet usage, both buying and selling. Amazon.com, eBay, and L. L. Bean are familiar examples. The potential of e-commerce is one of the most significant reasons that companies install broadband connections. E-commerce can require significant amounts of bandwidth. When customers browse online catalogs, request information, and place orders 24 hours a day, the significance of a permanent, high-speed connection becomes obvious. Bandwidth needed for such transactions typically begins at the T-1 line speed range and can increase to OC-3 (155 Mbps) and higher speeds.

While small businesses and home offices typically require less bandwidth, the big advantage of DSL (direct subscriber line), T-1 or higher speed telecommunications is that it enables small businesses or home offices to compete directly with larger businesses in terms of marketing to customers.

Intranets (secure links among a company's sites provided over the public Internet) and *extranets* (secure links between a company and its business partners/associates over the public Internet) are both likely to be enhanced by broadband access. Many of the activities conducted on both intranets and extranets are web-based and involve lots of information, interactions with branch offices, small suppliers, and point-of-sale locations. They are enhanced by broadband access and may work poorly without it.

As e-commerce becomes more graphic intensive with three-dimensional photos and video catalogs offering large merchandise selections, consumers have a much more pleasant shopping experience with a broadband connection, resulting in more sales for online retailers.

Video conferencing and audio conferencing. Many large firms use video and audio conferencing to reduce the time and cost of business travel. Video and audio conferencing can also be used to make telecommuting a more viable option for office workers. Corporate network conferencing typically takes place in a dedicated room equipped with high-quality camera, microphone, and network equipment, operating over a corporate Internet connection. A single conference can consume significant network bandwidth and may require a corporation to upgrade its network connection to at least T-1 speeds. Multiple conferences require even more bandwidth.

The recent proliferation of inexpensive "web cameras" and inexpensive or free applications such as Microsoft® NetMeeting have moved video conferencing into the small business market. While these configurations have lower network requirements than the full-featured enterprise configurations, they still require at least DSL speeds to be effective communication tools.

For residential users of "video chats," DSL or cable modem access, at a minimum is required to make video chats tolerable.

Web broadcasting. Web casting is different from video conferencing in that a web cast is typically a one-way broadcast from a central facility to recipients, which may number as few as ten to as many as thousands. This scale of transmission places an extreme load on a company's network and Internet connection.

Large businesses are often both creators and consumers of web broadcasts. These broadcasts may be transmitted over the corporate intranet, or may be broadcast to many sites across the Internet in general. Hundreds of people may view a web broadcast, resulting in network server requirements exceeding hundreds of megabytes per second – OC-3 speed, for example. Depending on the number of viewers, on the client side, network requirements may be for T-1 speeds or greater.

Broadcasts by small businesses are usually viewed by smaller audiences, i.e., 10 to 100. Even so, bandwidth requirements will exceed T-1 speeds, requiring multiple T-1 lines or a partial OC-3 to support such web broadcasts.

Residential users are generally viewers, rather than senders, of such broadcasts. Dial-up connections provide too low a frame rate to provide good video signals, resulting in loss of significant amounts of data or a failed connection. Generally, DSL or cable modem connections are adequate to view web broadcasts.

Distance education and distance training. While distance education accounts for only 3.5 percent of online usage, it is experiencing rapid growth in both business and residential use. Distance education can range from viewing online seminars similar to web-casting, to taking an entire degree program from a remote location, such as those offered by the University of Phoenix. Typically, distance education in effect combines video conferencing and web broadcasting. Lectures are often distributed as web broadcasts, with interactive sessions, including labs or Q & A sessions, held as a video conference. Materials such as lecture notes and readings can be distributed on a web site, with quizzes and tests being submitted by students through a secure web page.

Home schooling and cyber schools are other applications of distance learning likely to grow if present trends continue. Home schooling provides parents who have concerns about public education with alternative learning resources. Broadband access in the homes of home school and cyber school students substantially improves the realism of instructional graphics. Network requirements are similar to those for web broadcasting. Host sites for distance education need very high bandwidth (OC-3 if possible), and participating home sites need at least DSL or cable modem access.

Internet telephony. Also known as Voice Over Internet Protocol (VOIP), Internet telephony is a version of audio conferencing or audio chat which routes a telephone conversation through an IP (internet protocol) network, instead of over a standard telephone system. The telephone base station either connects directly to the IP network or to a computer, which places the call. Calls to recipients who lack IP telephony equipment are made through a bridge from the IP network to the standard telephone system.

Since audio telephone calls do not require significant bandwidth (about 8 Kbps), almost any Internet connection can be used to make standard calls. Multiple simultaneous corporate telephone calls may require a T-1 line, except in enterprise-scale Internet telephony. In addition to connection speed issues, there are quality-of-service issues with VOIP. For home use, a DSL line or cable modem is sufficient.

Telecommuting and remote office applications. A 1999 Bureau of Transportation Statistics study found that approximately 2 million workers telecommute, and that this number could increase to 7.5 to 15 million within a decade. These workers are 10 to 20 percent more productive than their in-office counterparts. Telecommuters must have access to corporate e-mail, web sites, file systems, databases, and other resources. Telecommuting permits a more efficient use of personnel, lowers commuting time and facility costs, and can help to retain valuable workers who cannot or do not wish to work in a traditional office environment.

The difficulty of providing a telecommuting environment is the problem of extending the infrastructure beyond the wired boundaries of the corporate buildings. Problems such as data security, network speed, authentication, and access control are difficult to resolve. The corporate infrastructure often must be redesigned to accommodate telecommuting.

Network speed requirements for telecommuting depend on many factors, such as the number of telecommuters, the size and number of files accessed, and the other network applications that are being used. Network requirements on the corporate side range from T-1 to partial or full OC-3 capabilities. DSL or cable modem usually meets network requirements at home, although very

intensive situations may require faster connections. Dial-up speeds are generally inadequate to support serious telecommuting.

Virtual Private Networks (VPN's) are a means of securing communications carried over the Internet between a business and remote sites, such as branch offices and telecommuters' homes. VPN's provide secure communication over the Internet, rather than over more expensive private leased-line or frame-relay networks. VPN use is growing.

Voice-over-DSL, a broadband but not necessarily an Internet application, is also used for remote office or telecommuting connections. VoDSL offers small businesses multiple trunks, Centrex switching, voicemail, Interactive Voice Response, unified messaging, etc. VoDSL multiple trunks in a single physical connection can provide multiple links between phones and voice function servers, which permits them to be procured as services rather than as capital investments.

Entertainment of all types. Entertainment use of the Internet is becoming the dominant use of the network. More than 42 percent of online users regularly plan online games, nearly 20 percent view online video or audio broadcasts, and 62 percent of users receive news, weather, and sports information. Combined, these functions comprise a very large amount of network use.

Streaming content, especially music, is a well-tested network application. Streaming content can require large amounts of network bandwidth on the provider's system. Streaming video requires even more bandwidth for effective use.

Like web broadcasting, multiple audio or video streams even when compressed, can require huge amounts of bandwidth. Most streaming content providers have at least an OC-3 connection, and some have multiple sites around the network for redundant content. Smaller companies with only a few content streams may find a fractional OC-3 adequate, especially when providing only audio streams. Multiple stream formats with different compression rates may allow more connections over the same bandwidth but with degraded quality. Meeting customer content quality will require greater bandwidth.

Residential customers for audio streaming content will need more than dial-up connections for adequate quality. DSL or cable modem will be needed for audio content. MPEG music can be downloaded or streamed, but broadband access will improve its quality.

Broadcast television could also develop with broadband access. The Public Broadcasting System (PBS) is converting its programming and network equipment to all-digital formats. Such digital content could be delivered over higher speed DSL to compete directly with analog or digital cable TV.

Multi-player gaming is another application simplified by broadband access. Games are being developed for all ages, tastes, and lifestyles, including fantasy games, sports, and gambling. These also will require broadband access to ensure adequate performance.

Remote monitoring, sensing and control. These relatively new Internet applications range from home automation and monitoring, to security and automated threat detection and monitoring. These applications require an always-on, reliable, high bandwidth connection for optimal effectiveness.

More companies are purchasing cameras that contain a built-in web server and are directly connected to a network. The signal is broadcast across the network, so the video can be viewed from any location on the corporate network, allowing for greater flexibility and security. Some municipalities are installing network-ready cameras and sensors at key locations in critical infrastructure such as water supplies, airports, and key buildings to monitor for unusual activity.

These applications would permit homeowners to monitor and possibly control their home HVAC systems, lighting, and security from remote locations, with the use of network-ready cameras, sensors and controls. These monitoring applications also require a broadband connection that is always on. For most applications, DSL or cable modem connections provide the necessary capacity.

Tele-medicine and tele-nursing. Tele-medicine is a relatively new network application that has the potential to greatly improve the quality of health care provided to residents in rural and other remote locations. It permits medical sub-specialists in urban centers to view images such as CAT scans, MRI's, and x-rays of patients transmitted via tele-medicine network designed to support the large files. With the addition of medical sensing equipment that can transmit patient health data to the medical office, health care providers can check patients' vital signs, interview patients about their conditions, and recommend new treatments. Specialists can use video-conferencing equipment to confer in real-time with on-site medical personnel to diagnose disorders, prescribe treatments, or explain complex procedures.

Such a system would enable seniors to stay in their homes longer, saving money spent on nursing or assisted care. It also creates a higher level of comfort for individuals reluctant to leave their homes.

The applications described, above, summarize the wide scope of business types and activities, government, and consumer functions, which can be offered, extended and made more efficient in Huntingdon County if broadband Internet infrastructure is in place. The business sectors include Internet retail (e-commerce), business supply chain management, business communications (video and audio conferencing, web broadcasting), education (distance education and training), telecommuting, entertainment, building security, and tele-medicine. These functions have applications in many other organizational settings, including education, health care, government, and in some cases, individual consumers.

By way of example, an early candidate for use of such broadband internet access in Huntingdon County might be the use of tele-medicine capabilities to extend the expertise of the J. C. Blair Memorial Hospital to medical clinics in rural areas throughout Huntingdon County, and quite possibly, to other areas in the Southern Alleghenies region.

It should be apparent that communities, which can offer the Internet broadband infrastructure required to offer these services, have substantially increased their comparative advantage in the competition for investment by business, government, education, health care, and prospective residents. The recent establishment of an IT program at Juniata College, the construction of a \$20 million state-of-the-art science center, and plans for a virtual business incubator are all positive signs that a major player in Huntingdon County's academic community is designing curricula that is responsive to workforce opportunities, and providing technical assistance to small businesses in emerging high growth sectors.

Obstacles to Rural Access

While the benefits of broadband Internet infrastructure investment are of obvious benefit to communities, that investment usually is made by business firms, which are service providers. They, too, must benefit if they are to justify their investment. It is particularly important to understand how current incentives interact with characteristics ascribed to typical rural areas to affect the willingness of providers to invest and offer broadband services to rural communities.

The importance of this consideration is illustrated by the persisting dilemma in Huntingdon Borough. A large bandwidth fiber optic cable runs through Huntingdon Borough's downtown. However, gaining access to this cable requires considerable business investment up front, before subscriber fees are available to amortize the cost of this investment. Despite efforts by several prospective Internet service providers to finance this cost, to date it has not been possible to identify a sufficient number of subscribers to recover the costs of this investment. Thus, high-speed Internet access is not generally available in downtown Huntingdon Borough, despite geographical proximity to the fiber optic cable, which could provide such access.

Huntingdon County will need to be cognizant of this problem in planning the financing and marketing of any broadband access system it decides to pursue. As pointed out in the Digital Rivers study, the deployment of DSL (direct subscriber line) services in many communities across the country suggests that service providers are less eager to provide such services than customers are to receive them. That is because delivery of such services is not always sufficiently profitable for providers. An incumbent local exchange carrier (ILEC) is likely to view DSL as a marginally profitable substitute for more profitable T-1 lines and ISDN, which they might otherwise be able to sell. Providers are not eager to trade high-margin for low-margin services when the resulting sales volume is difficult to predict, especially when the low-margin services require a large capital investment in electronic infrastructure.

Just as Huntingdon Borough has experienced, many network providers trying to provide broadband access directly to consumers are struggling financially. Smaller providers sometimes lack good business plans for the consumer broadband market, and are unable to finance expansion of their networks. Thus, many consumers are either unable to obtain broadband access or are limited to a small number of choices. Because of the low rate of return on investment, short-term substantial improvement in this situation seems unlikely. The major reason cited in the NTIA study for discontinuance of household Internet service, in general, is cost. Those consumers would find the cost of broadband Internet services that much more unaffordable.

The following categories are meant only as a framework, a conceptual tool to aid understanding. Clearly, they overlap, reflecting the multi-dimensional aspects of various obstacles. Readers who are residents of Huntingdon County are in the best position to decide which of these obstacles are significant for Huntingdon County.

Market Obstacles

Changes in governmental regulation of the telecommunications industry may play a role in limiting the expansion of rural broadband Internet services. The federal Telecommunications Act of 1996 changed federal telecommunications regulation from a focus on rate base administration to a focus on the economic efficiency and profitability sides of service provision, or price cap regulation. The goal was to bring the benefits of a competitive, deregulated market to telecommunications regulation with the expectation that this would lower service fees. Up to that point, regulated rate base administration included various cross-subsidies paid by urban users and providers, to offset the higher cost of service in rural areas. Under the 1996 federal Act, providers are more restricted in the cross-subsidies they are allowed to administer. It seems clear that any charges collected for cross-subsidies dare no longer be hidden. This has made cost recovery and profitability at previous service fee levels more difficult for telecommunications services providers in rural areas.

Some state telecommunications regulatory bodies have adopted a similar shift in emphasis. In Pennsylvania, Title 66, Chapter 30 of the Public Utility Code includes a goal of broadband access for all Pennsylvanians by 2015. The continuing process of telecommunications deregulation in Pennsylvania has raised questions, especially in the case of large telecommunications providers offering various telecommunications services, concerning the allowable sources of any cross-subsidies provided. Currently, it appears that large providers in Pennsylvania will not be permitted to use revenues from one type of service to subsidize another type of service. For example, large providers may not be permitted to levy charges on urban local telephone subscribers to subsidize rural broadband Internet service. Given continuing concern within the Pennsylvania PUC with issues of equity and universal service, it is possible that large providers will continue to be able to collect charges from urban users of a particular service to subsidize rural users of that same type of service.

If rural areas did not need such subsidies to help finance extension of telecommunication services into new communities, this regulatory change would be of no greater significance for rural areas than for urban areas. This raises the question: why do rural areas need the subsidies?

As pointed out in the Tennessee Valley Authority Rural Studies Program Staff Paper, a competitive market for rural telecommunications services has not yet developed. Rural areas by definition have relatively few people with low population densities located at a distance from urban areas. These characteristics complicate the development of competitive markets for telecommunications services in rural areas.

Rural areas, when compared with urban areas, have comparatively little demand for advanced telecommunications services, including broadband Internet services. Fewer people, fewer industries, fewer institutions, and fewer *large* industries and institutions are principal reasons for lower rural demand for services. For example, urban phone companies average ten

times as many subscriber connections per mile as in rural areas. In terms of economies of scale, this is a significant contribution to the greater profitability of urban areas for service providers. It helps to explain why most suppliers prefer higher-demand and more profitable urban markets.

A significant business risk for service providers in rural areas arises when one of the few large industries or institutions initiates its own in-house services. This can leave a rural provider with only the highest-cost and lowest-revenue part of its current customer base, making continued service either less profitable to the provider or more costly to remaining customers.

Another constraint in many rural service areas is hidden in their 'legacy' or existing investments in telecommunications. Some rural telecommunications providers still carry substantial debt from relatively recent upgrade from analog to digital switching. With a smaller customer base, it takes longer to recoup such investments, making it more difficult to write them off when the next generation of switching technologies is needed to maintain competitive service levels.

It is one of the ironies of life that areas with no legacy infrastructure, such as third world countries, are now installing state-of-the-art network such as third generation (3G) wireless systems. In the U.S., telecommunications providers generally do not upgrade equipment, which is functionally adequate to meet the needs of current applications, and has been providing a return on investment for years.

Rural markets generally cost more to serve, per user, than urban markets. Fewer users combined with longer distances are the problem. The greater complexity of rural terrain problems in some locations, such as mountainous territory, can also be cost and time obstacles for service providers. This can result in services being priced out of reach of the lower (average) household income earned by many rural residents, again reducing demand and opportunity for service providers.

Regulatory Obstacles

There is concern among some experienced observers of the telecommunications industry that deregulation may impede expansion of service in rural areas. In this view, deregulation tends to focus more on economic efficiency and profitability than on objectives of equity and universal service. It involves the assumption that market competition will lead to adequate and appropriate telecommunications service in rural areas. Accordingly, criteria for regulatory decisions on rate-of-return regulation, depreciation policies, alternative regulatory frameworks, cable/telecom cross-ownership, and authorization for telephone companies to provide information services would be applied in a similar manner in both urban and rural areas. With the higher rural cost factors cited, above, this could impede telecommunications service expansions in rural areas.

Part of the problem may concern lack of agreement on definition of terms. What constitutes 'universal service?' Is every citizen entitled to purchase local Internet access? Is every community entitled to broadband access?

Given typically lower levels of service demand in rural areas, if service expansions are to be undertaken successfully, federal and state telecommunications regulations will have to focus on both deployment (supply) and diffusion (demand). If deregulation focuses primarily on the cost and market side of regulation, the problem of diffusion will be treated as a problem of supply or deployment. That would not ensure that installations were used, and the benefits reaped.

Physical Obstacles

Distance is a defining characteristic of many rural areas. The square mile area served by a typical rural telephone switch is twice as large as a typical urban switch, and the typical larger rural switch serves far fewer people. Thus, rural telecommunications services require more copper, fiber, cable, poles, trenches, and towers, and more labor for installation.

Customer and Culture Obstacles

Education, income, and age are factors, which influence acceptance and use of technology. Areas with lower levels of education and income, and higher percentages of older people, rural or urban alike, tend to lag behind other areas with higher levels of education and income, and lower median age, where acceptance and use of technology is concerned. On average, rural residents have lower levels of education and income, and a higher median age, due in part to out-migration of younger and better-educated people. Urban population subgroups with these characteristics also lag behind in technology adoption.

Tom Rowley's TVA Rural Studies Program Staff Paper lists four hurdles to the use of advanced telecommunications, which are typical of many rural communities:

- A rural resistance to the adoption of technologies and practices closely associated with the dominant urban culture.
- A rural tendency toward economic conservatism stemming from an historical need to repair, reuse, and make do.
- Relatively fewer providers of technology training—whether educational institutions or telecommunications vendors.
- And as discussed above, fewer people, fewer firms, and fewer institutions in rural areas and fewer that are large users of advanced telecommunications. Therefore, not only is demand thin, but familiarity is thin as well.

Rural Broadband Internet Success Stories

If distance is one defining characteristic of rural communities, diversity is another. They differ in the character of their surrounding regions, their size, industry mix, institutions, and people. As would be expected, the obstacles which rural communities face in gaining access to, and benefiting from, advanced telecommunications services vary. Some communities seem to

have no obstacles. As Tom Rowley observes, what that means is that those communities worked hard and overcame their barriers.²⁴

Following are several brief accounts of small municipalities, which have taken significant steps to create broadband telecommunications system. There are points of similarity to various infrastructure and demographic characteristics of Huntingdon County. Note the unprofitably long period required for recovery of investment of private Internet investment in Pocahontas, Iowa. Note, too, the range of community Internet uses or applications being developed in Abingdon, Virginia, and the role that corporate philanthropy played in its financing.

Pocahontas, Iowa²⁵

When the town of Pocahontas, Iowa learned that their local telephone provider was not planning broadband service in the community, and their cable system was not capable of providing cable modem access, the town contemplated building a fiber/coaxial cable network themselves. With an estimated cost of \$4 million, they would have needed at least 20 years to see a return on their investment.

Evertex, Inc., which provides a line-of-sight system to the town of Traer, Iowa, devised a non-line-of-sight (NLOS) broadband fixed wireless option for tree-covered Pocahontas. The system is a multipoint microwave distribution system (MMDS), which serves as a wireless Internet access point. It operates in the 2.1 GHz to 2.7 GHz frequency range, so a single radio tower connected to a back-haul network can transmit to any receiver within a 35-mile radius.

The Pocahontas system allows users to download information at speeds up to 512 kilobits/sec. for only \$29.95 a month. The fee is included in the city utility bill. The monthly fee includes 10 megabits on the system for hosting Web sites and up to seven e-mail accounts. The system cost Pocahontas only \$40,000 for the wireless base station, the ongoing cost of providing services, and the staff hours it took to install an antenna on the top of the city's water tower. The original user goal was to have 150 consumers signed up by the end of the first year, but the system had more than 130 subscribers after only 2 months. The new goal is 250 customers by the end of year 2002.²⁶

Abingdon, Virginia (aka The Electronic Village of Abingdon, or EVA)

In late December 1995, a group of citizens met to discuss the potential of linking Abingdon to the rest of the world and the Internet through high-speed connections. Committees were formed, a plan was prepared, a Mission Statement was written, and the work began.

Abingdon conceived its web mission as a commitment to offering current and accurate information in an easy-to-use, easy-to-read format. The town is just beginning preparation to offer dynamic content, which should make the lives of its 'web citizens' easier. This will include the ability to pay bills on-line, to report incidents on-line, to be in direct contact with workers

²⁴ "Rural Telecommunications: Why Your Community Isn't Connected and What You Can Do About It," by Tom Rowley. January 1999 Staff Paper 99-1. TVA Rural Studies.

²⁵ "Digital Rivers Final Report." April 11, 2002. Produced by: Carnegie Mellon University and 3 Rivers Connect.

²⁶ "Digital Rivers Final Report." April 11, 2002. Produced by: Carnegie Mellon University and 3 Rivers Connect.

employed by the Town in order to resolve issues in an efficient manner, and to offer the most information possible. These objectives are to be met through a mix of technology and an efficient workflow.

The actual mission statement for EVA is detailed and informative. It is as follows:

“The mission of EVA is to use electronic technologies to improve the quality of life within its Abingdon and Washington County service area. To this end, EVA will develop, maintain and operate electronic systems that help people to understand and harness the power of electronic communication and information technology, as well as:

- Assist in economic development in Abingdon, Washington County and SW Virginia.
- Provide technological and research assistance to the business community.
- Increase the vitality of civic and cultural discourse.
- Promote a national image of the region as a desirable place to live and work.
- Revitalize interest in citizen participation in the community, and create new avenues for such participation through technology.
- Facilitate electronic communication among individuals and organizations, including one-to-one private communication, private small group discussions, and public discussions.
- Provide individuals, organizations, and businesses with opportunities to publish information and conduct commerce electronically.
- Provide free or low-cost access to the electronic community for individuals who could not otherwise afford to participate.
- Enhance the variety of educational opportunities.

In a good faith effort between SAP and the Town, the German software firm with international facilities donated over \$2,000,000 worth of software to initialize an E-Government strategy for Abingdon. During Phase I, EVA’s fiber optic service was extended in the downtown area. This phase encompassed approximately ten blocks around Courthouse Hill and toward the Town Hall area of Abingdon. This fiber-optic network made high-speed connections available to every building within 150 feet of this fiber backbone. Abingdon can now access data and information, and interface with other businesses around the globe as though they were next-door neighbors. Phase II is a collaborative effort with Highlands Union Bank to extend the fiber-optic cable toward the West between the bank and the Town Manager’s office through Plum Alley.

The web site was created using Macromedia's Dreamweaver and Fireworks Studio. It now runs on a Compaq Proliant DL360 server with 2 Pentium III 1.0 GHz processors, 1 GB of RAM, and 2 36.4 GB hard drives. The hard drives are mirrored so that if one drive happens to malfunction, the other will take over automatically.

The SAP system runs on 4 Compaq Proliant Servers, running 2 separate pieces of SAP software. EVA is using the Proliant ML570 which runs 4 Pentium III Xeon 700 MHz processors, 4 GB of RAM, and 180 GB of hard drive storage in a RAID 5 setup. DL380 systems with 2 1.0 GHZ processors, 2 GB of RAM, and 72 GB of hard drives in a RAID 5 setup are also used.

Currently, the Town employs one IS employee. Duties include: 1) Purchasing, maintaining, and repairing all Town PC's and computer equipment; 2) administering all network tasks and equipment which includes 8 servers; 3) developing, creating, and maintaining a Web presence; 4) Installing, maintaining and repairing Fiber Optic terminations, splices, and equipment for EVA; 5) Maintain a seat on the EVA committee; 6) Ensure reliability of all said systems, while working with subcontractors.

Connections to EVA are relatively simple. First, an application is made to NetAccess, which is forwarded to the Town. After it is established that a connection can be made, the correct parts are ordered to make the connection. On the customer side, certain networking equipment may be required to complete an EVA connection. These include a media converter, a hub, and perhaps a firewall/gateway.

The recommended media converter is made by Allied Telesyn and is model number MC-13. These media converters generally cost less than \$150. A hub is required to connect more than one computer to the fiber-optic network. This can be any type of hub or switch, as long as it supports the 10baseT or 100baseT standards.

EVA is a Wide Area Network (WAN), and therefore is open to all Internet traffic inside and outside of the network. Firewalls/gateways/proxies may be needed to secure connected networks from hackers. These devices separate internal traffic from outside traffic in order to provide security not otherwise available.

Because EVA has a limited amount of bandwidth and needs to charge, accordingly, fees are set on a per computer/per IP address, whichever is greater, as follows:

- 0-1 Computer/IP Address: \$35 per month, per computer*
- 2-3 Computers/IP Addresses: \$22 each per month, per computer*
- 4-6 Computers/IP Addresses: \$16 each per month, per computer*
- 7-10 Computers/IP Addresses: \$150 per month flat rate*
- 11-19 Computers/IP Addresses: \$225 per month flat rate*
- 20 & over Computers/IP Addresses: \$300 per month flat rate*

*EVA reserves the right to changes these rates at any time.

Abingdon's EVA website makes the following observation: "Businesses in Abingdon, Virginia can compete at the global level. In fact, decisions to locate in our area have been made on the availability of high-speed computer communications."²⁷

Huntingdon County's Route 22 Corridor

Delta's technical review of Huntingdon County focuses on the availability of Internet access to the entire community, with an emphasis on Huntingdon County's business community. In today's global economy, high speed Internet (broadband) access is necessary to connect business supply chains, maintain current clients and expand into new markets.

Communities that lack affordable broadband are at a competitive disadvantage in maintaining, growing and attracting businesses. Due to the diversity of interests equally well served by broadband access, such communities also are increasingly at a competitive disadvantage in the important locational attribute of comparative quality of life. On-line municipal transactions, civic communication, and access to cultural and recreational resources are also important mission components for a community's broadband network.

To accomplish our technical overview Delta has interviewed/contacted local businesses, educational institutions, service providers, economic development organizations and state agencies located in or involved with the corridor envisioned for Huntingdon County's enterprise zone. Returns to date from Delta's surveys report that 33 of 37 responding businesses have used Internet access for the following purposes: 16 market over the Internet, 17 conduct sales over the Internet, 7 use the Internet for inventory management, and 19 reported a range of uses.

Huntingdon County is underserved in broadband Internet technology. Although WorldCom and Adelphia offer T-1 services in Huntingdon County, as in most rural areas, the installation rates are substantially higher than the market average, i.e., a typical fee of \$3,000 - \$4,000 in Huntingdon County, compared to a typical \$1,000 fee, elsewhere. Monthly recurring costs are approximately \$1,000.

Verizon and Sprint have recently unveiled limited DSL service in Huntingdon County. Verizon offers DSL to customers within approximately two miles of the Central Office for the 643 exchange. Sprint currently offers the service in Orbisonia (447 exchange) and will soon offer the service in Three Springs (448 exchange).

In terms of dial-up connections, EarthLink, Country Systems, Huntingdon Computer Workshop, and Pennswoods.net have local exchange access points, while AOL has access points in Altoona and State College. Although local ISP's (Internet Service Providers) offer dial-up Internet connections, dial-up is unsatisfactory for business use. Dial-up connections are slow. Each access often takes several minutes before connection occurs. Dial-up access is also subject to busy signals, and to loss of connection which requires beginning the access process again, making dial-up unreliable for business purposes. The combination of slow access, periodic busy signals, and periodic loss of connection results in too much wasted time for efficient business

²⁷ <http://www.abingdon.com> - the web page for the town of Abingdon, Virginia

use. Adelphia began the process of enabling digital cable through its network in Huntingdon County. Unfortunately, that work has been halted due to Adelphia's Chapter 11 filing.

Getwireless.com provides wireless Internet access in Huntingdon County. Getwireless.com connections allow use at an average of 64 kps, with a charge for use above that average speed. Service is available for a \$25 hosting charge and a \$200 minimum monthly charge. This service is used by the Daily News, but is considered expensive access for small businesses.

Huntingdon County also has three telephone service providers—Alltel in the Northwest, Sprint in the South, and Verizon in the Central and Northern parts of the County, respectively. There is very limited DSL access available in downtown Huntingdon.

Juniata College facilities currently are networked with four T-1 lines—three from WorldCom, and one from Adelphia. The College is considering wireless Internet access, especially for its Raystown Lake Center, which houses 48 science students.

Related Technology Initiatives

The principal technology initiative in the U.S. Route 22 corridor is the Center for Entrepreneurial Leadership (CEL), which is to include the Juniata Valley Incubator, under development by Juniata College. This description is taken from the grant application prepared by Juniata College. The goal of the CEL is to act as a catalyst for the creation of a sustainable service-oriented economic base with a significant high technology component. Huntingdon County's favorable cost structure, a motivated and increasingly well-educated work force, and a highly desirable quality of life are supported by a strong college and university network within the region and nearby.

The CEL will provide services to the Huntingdon County and Southern Alleghenies business communities, and support Juniata College's academic programs. Broadly viewed, the CEL has four elements – curriculum, seed capital, incubator, and services. Juniata has acquired a building to house the facility. Renovations and outfitting are underway. This facility is expected to house six to eight student-run small businesses and a similar number of non-student businesses at any time. It will also house staff from the Small Business Development Center at St. Francis College, who will provide technical assistance to the businesses located in the incubator, and to principals of other firms which contact the CEL for technical assistance.

The Juniata Valley Incubator will have three modes of use by tenants – 'hotel style', 'dedicated', and 'virtual.' In the hotel mode, tenants will have access to all services of the incubator, but will have no dedicated physical space, reserving space as temporarily needed and paying an appropriate use charge. In the dedicated mode, tenants are able to secure dedicated storage, office, and assembly space for their ongoing needs. In the virtual mode, businesses throughout the region will be able to access the services of the incubator.

All users of the incubator – hotel, dedicated, and virtual – will have access to the services to be provided through the CEL at Juniata College. The intent is to make most of these services accessible eventually from the Internet. The services will include facilitated access to:

- Innovations for industry projects staffed by Information Technology students at Juniata to introduce and enhance uses of technology in regional businesses, government, education, and non-governmental organizations;
- Students from Juniata for short term and long term internships;
- Information on capabilities and deployment issues for innovative technologies;
- Business plan evaluations by CEL staff and students;
- Marketing plan evaluations by CEL staff and students;
- Seminars on small business and entrepreneurial issues;
- Specialized library resources and web linkages for entrepreneurial issues;
- Small Business Development Center resources and services;
- The venture capital community;
- Legal and accounting services; and
- Equipment and inventory financing.

A seed capital fund will be created to promote entrepreneurship in students. Juniata College has been successful in helping students achieve uncommon academic outcomes by using a broad range of experiential options, and by creating compelling and useful opportunities within the structures of its academic course work. Now, if students are interested in trying out a business idea, Juniata's Seed Capital Fund can provide modest funding to complement the student's intellectual capital – a great way for the student to learn by doing, with a safety net.

This program is believed to be the nation's only seed capital fund set up for undergraduate students. The fund, established with initial gifts and pledges of \$600,000 from four donors, will provide seed capital to individual students or groups of students wishing to create new businesses closely linked to their fields of study. The College will seek additional gifts to increase the fund to \$1,000,000 or more.

Juniata College will provide the principal resources, administer the project, and operate the Juniata Valley Incubator and the Center for Entrepreneurial Leadership. It will be joined initially by three partners. Huntingdon County Business and Industry will assist the Incubator and the Center in reaching investors and businesses interested in locating within Huntingdon County. The Greater Huntingdon Chamber of Commerce will promote dissemination of information and services to businesses and assist in forming relationships with Chambers of Commerce throughout the region. Both of these two partner organizations will survey the business

community to determine the range of services and methods of delivery that would be most useful to existing and new businesses.

St. Francis University Small Business Development Center will co-locate staff within the Incubator to facilitate access to its services by Incubator tenants and by the larger business community. They will provide business consulting services related to start-up, financing, exporting, marketing, research, and international trade to small business in the Southern Alleghenies region. They will also provide access to the Center for Global Competitiveness (CGC) that provides business consulting services to companies interested in developing international and domestic marketing strategies. An integral of the CGC is consulting in international trade matters, such as marketing, research and export issues.

The Incubator and the Center for Entrepreneurial Leadership will design a special short-version packaged tour to coordinate with Juniata College's normal admissions process that will reach over 2,000 visiting prospective students, annually. An expanded version will be created for an estimated 40 prospective students with particular interests in the entrepreneurial disciplines of business, information technology, and communications. The Center will also recruit at least five successful entrepreneurs as mentors in the first year of operation of the Incubator and the Center. Finally, the Center will create a strong outreach program, using the web, press, and direct promotion to communicate the capabilities of the region, early business development successes, and the overall quality of life.

Juniata College is well prepared to initiate the project and services described, above. However, at any point at which ownership of these service provider entities can be sold or otherwise equitably conveyed to the private sector, Juniata will act promptly to do so. Under no circumstances does Juniata College intend to compete with private sector interests in these areas.

Recommendations and Options

Leveraging local resource to aggregate broadband demand

Form a local consortium of business, education, government, and community leaders for a coordinated approach to development of broadband Internet access. Consideration should be given to using the Huntingdon County Technology Committee or another existing local group, as the nucleus of the consortium. Advantages of a consortium include the following:

- Representation from the beginning of all parties with vital and potentially vital interests at stake will maximize the range of useful and desirable applications, which such technology can accommodate (i.e., benefits to the entire community).
- Consider aggregating or pooling bandwidth demand from all members of the consortium, possibly including Juniata College and various business users with T-1 lines or other high-speed internet access located in the Route 22 prospective enterprise zone corridor, and other prospective users to form a Rural Area Network (RAN).
- The economies of scale which pooled demand will make available to telecommunications service providers will make the area more attractive and competitive for their investment

capital and market decisions which need to occur if Huntingdon County is to be able to offer broadband internet access.

- Conversely, it will improve the bargaining power of consortium members in terms of service fee bid packages by provider firms, with a possibility of lower Internet access fees, which would increase the competitive appeal of Huntingdon County enterprise zone business locations.
- Consortium members also may be able to make joint purchases of hardware and services at additional savings. These would be expected savings to individual users in the cost of the Internet facilities located within their individual business facilities.
- Finally, it will reinforce the value of coordinated action to Huntingdon County broadband Internet access consortium members at times when differences over strategy and management can strain such coordination.

Broadband Business Plan

A broadband business plan that highlights current demand, potential demand, set-up cost, operating cost, and revenue should be developed. The business plan will be needed to demonstrate aggregate demand to the telecommunication companies and will be necessary to attract state and federal funding.

Below are a few steps necessary for a business plan. The consortium should use the assistance of the local small business development center, Juniata College or consortium members to outline and complete a detailed business plan.

- Identify early adopters
- Identify existing resources
- Financial Analysis
- Estimate Cost
- Estimate user fees
- Determine ownership

E-Commerce Assistance

Use the Center for Entrepreneurial Leadership and the Juniata Incubator being developed by Juniata College, and the St. Francis Small Business Development Center staff to help local businesses develop e-commerce components to add to their business plans, and link these businesses to applications developers and web hosting services.

Funding

Delta has identified four DCED programs for which projects of the sort described above should be eligible. The four programs are:

- Keynet Alliance
- Digital Divide
- Ben Franklin Technology Development Authority (BFTDA)
Technology Development Grants
- Shared Municipal Services

KeyNet Alliance

The KeyNet Alliance is a not-for-profit business entity that was initiated by Adelphia Business Solutions (ABS) as part of the Commonwealth's contract to deliver advanced telecommunications services to Pennsylvania state government. The Alliance seeks to extend the reach of the Commonwealth's telecommunications network to ensure that under-served areas of Pennsylvania—both rural and urban—have access to advanced telecommunications services quickly and at the lowest cost possible.

Adelphia Business Solutions has provided \$10 million in seed funding for KeyNet projects. Despite Adelphia's current financial condition, this funding is in place. These funds will be matched with economic development dollars from state and federal funding sources.

Application Process

A letter of intent should describe:

- Level of telecommunications services currently available
- Ability to aggregate demand for broadband services, i.e., consortium
- Community support
- Industry, education, and government entities involved
- A strong business plan

The KeyNet Board reviews and approves projects on a rolling basis.

- Applicants must submit a letter of intent to:

KeyNet Alliance
Attn: Luc Miron, Executive Director
Governor's Row
25 North Front Street
Harrisburg, PA 17101

Digital Divide

DCED's Ben Franklin Technology Development Authority (BFTDA) provides grants to qualified organizations that help bridge the digital divide by providing high speed (broadband) Internet access to economically deprived and underserved areas of the Commonwealth.

Eligible applicants include:

- Non-profit community and economic development organizations
- Educational organizations

Eligible uses of funds include:

- Increase the participation of low-income community members in technology and the Internet
- Creating a computer lab for low-income residents
- Creating a community service website
- Providing technology to support the efforts of entrepreneurs from low-income communities.

Qualified applicants can apply for grants from \$25,000 to \$500,000. The program requires 25% in matching funds. For example, if an applicant applied for a \$500,000 grant, the applicant would have to demonstrate a commitment of \$125,000 in matching funds. The 25% in matching funds can come from multiple sources (i.e., municipal, private and/or other state funds). Applicants must use DCED's Single Application to apply for Digital Divide funding.

Ben Franklin Technology Development Authority (BFTDA)

This program supports local initiatives that stimulate the advancement of technology in businesses and communities. One focus of the Technology Development Grants is to broad the use and availability of broadband technologies in rural and urban areas. Eligible applicants include:

- Non-profit organizations
- Economic development organizations
- Community development organizations
- Local governments

Applicants must apply through their local Ben Franklin Partnership office. For the Southern Alleghenies region:

John Johnston
(814) 533-5137
johnjohnston@cnp.benfranklin.org

Shared Municipal Services

The Shared Municipal Services Program is administered by DCED's Governor's Center for Local Government Services with the goal of promoting cooperation among municipalities in delivering municipal services.

Eligible Applicants

- Group of two or more municipalities
- Project Examples
- Technology Initiatives
- Police Initiatives
- Recreation Initiatives

Applicants must use DCED's Single Application process to apply for the Shared Municipal Services Program. A SMS grant usually funds 50 percent of project costs. The local match can include labor and other in-kind services.

Planning Implications

Huntingdon County has indicated an interest in creating a U.S. Route 22 corridor/Enterprise Zone connecting Huntingdon Borough with Mount Union, specifically with the Riverview Business Center. Delta recommends using the local consortium to evaluate the funding option discussed above as a means to facilitate this corridor. The consortium would also need to identify and garner the support of the entities (i.e., government offices, schools, hospitals, businesses) to be connected by the project.

A KeyNet grant will fund broadband Internet connection to a building's point of demarcation (i.e., the point where the fiber enters the building). Huntingdon County should seek to augment a KeyNet grant with other state programs discussed above. Digital Divide and BFTDA Technology Grants could be used to match overall expenses and the Shared Municipal Services program could focus on municipal expenses.

Finally, Huntingdon County should investigate the U.S. Department of Agriculture for support of broadband access. The U.S. Department of Agriculture makes both grants and low-interest loans available for rural broadband access projects.

*Section 9***Marketing Plan****Introduction**

Although marketing is often considered a private sector venture, a growing number of communities are recognizing the value of self-promotion. However, when communities pursue marketing leads haphazardly, they can waste valuable resources. Marketing without a plan is akin to finding a needle in a haystack. Because all organizations must operate within budget constraints, it pays to think critically about the marketing opportunities that will deliver the greatest return on investment (ROI). In order to evaluate its alternatives, the County must first refine its message. By developing a message that communicates to its target audiences, the County will make the best use of limited resources. In addition to providing an overview of the County's current marketing efforts, this plan identifies the audiences that the County should target in its tactical plan. Recommendations for improving service delivery to the business community should enhance the County's image among existing businesses.

Business Climate

Huntingdon County has consistently ranked in the bottom five counties in the Commonwealth for employment percentage. This can be attributed to a lack of core industry clusters and corporate critical mass as well as the distance to major interstates. However, Huntingdon County has a great visitor economy, University support, high quality of life, affordable housing, and a strong workforce. Local residents have long identified with these assets. In 1999, the Huntingdon County Planning Commission conducted a Quality of Life survey to obtain input for the Comprehensive Plan Update. Mailed to a representative sample of residents, the survey asked respondents to rank the desirability of Huntingdon County on a number of levels. An overwhelming majority of people favored Huntingdon County for its small town atmosphere and bucolic setting. While many residents want to protect the rural way of life and protect open space from development, they recognized the benefits to be derived by encouraging growth. Over 70 percent of respondents supported the development of retail shopping areas and encouraged infrastructure improvements that would support investment in existing population centers.

These survey results tell a story about Huntingdon County that is worth sharing. Yet it is a story that is little known outside the Juniata Valley. In today's highly competitive climate, *visibility* in the marketplace is essential. The site selection process underscores the importance of marketing: pressed for time, site selection consultants select communities on the basis of readily-available information. Communities that fail to distinguish themselves in the marketplace are quickly eliminated from consideration. Taking its cue from the tourism sector, the County must market its assets as unique product.

Current Marketing Efforts

Various economic development stakeholders within the region are currently engaging in economic development and specifically tourism related marketing activity. Some examples of that activity are as follows:

- The “Huntingdon County Visitor’s Guide” is the principle marketing publication for the Huntingdon County Visitor’s Bureau, with 100,000 full-color guides printed and distributed each year.
- The STEDCO property has developed and is displaying signage on its property.
- Juniata College is utilizing public radio WPSU and is actively involved in marketing the institution to high schools.
- Juniata College is developing marketing material in conjunction with its incubator initiative.
- Huntingdon County Business & Industry (HCBI) is in the process of automating the data book to be interactive and placed on the web.
- In conjunction with the Southern Alleghenies Planning & Development Commission, Marketing Team Huntingdon is developing a quality of life video that will be utilized by the Huntingdon County Visitors Bureau and its partner agencies to promote the County within the Washington, D.C. market. A direct mail campaign will be geared toward certain target industries.
- An Huntingdon County Economic Development Task Force has formed to focus on technology initiatives through website development.
- The Huntingdon County Visitors Bureau produces approximately 100,000 copies of the Raystown Lake/Huntingdon County Visitors Guide each year. The guide is frequently utilized by other organizations when mailing information about the County to prospective businesses and visitors.
- Huntingdon County Business & Industry, Greater Huntingdon Chamber of Commerce, Huntingdon County Planning and Development and others maintain both printed and web-based information to respond to requests for information.

Websites

Huntingdon County (www.huntingdoncounty.net)

HCBI (www.hcbi.com)

Huntingdon Chamber (www.huntingdonchamber.org)

Huntingdon Community Gateway (www.huntingdonarea.info.com)

Huntingdon County Business and Information (www.hcbi.com)

Huntingdon County Visitors Bureau (www.raystown.org)

Southern Alleghenies Planning & Development Commission (www.sapdc.org)

Traditional Target Audience

Core Audience

The audience is composed of three types of individuals – Business professionals with decision-making ability regarding expansion or relocation, knowledge workers, who would decide to relocate in Huntingdon County, and tourists who come to the area. The preliminary contact should be made to executives and knowledge workers who are currently familiar with the region. Studies have also proven that targeting local alumni that have been in the workforce for five years to come back to their childhood home to raise their family is a receptive audience. Tourists who come to the County for rest, relaxation and recreation are excellent targets for the message of “return, relocate and invest” based on the high quality of life and business opportunities.

Intermediaries:

Site selection firms assist companies that are considering a relocation. They work to eliminate potential sites from consideration. They receive a large amount of information regarding multiple projects so it important to give only the information requested.

Economic Development Partners

This includes regional groups like the Huntingdon County Business and Industry, Greater Huntingdon Chamber of Commerce, Southern Alleghenies Planning and Development Commission, Huntingdon County Planning Commission, and numerous statewide organizations including the Ben Franklin Technology Partners, Governor’s Action Team, Pennsylvania Economic Development Association, Team Pennsylvania. It is also important to include elected officials like the County Commissioners, State Assemblymen, and Congressional delegations.

Economic Development Objectives

Tourism/Visitation

Attraction to tourists and visitors is probably the most visible marketing effort in the County. Each year 100,000 “Huntingdon County Visitor Guides” are printed and distributed by the Huntingdon County Visitors Bureau. A significant effort has been made recently to incorporate an economic development message in the Visitors Guide in addition to the traditional tourism

information. The Raystown Lake Visitors Center at the Seven Points area of Raystown Lake is also a principle location for visitor contact.

Huntingdon County Visitors Bureau is a membership organization that is funded through membership dues, a state government tourism grant, room taxes, and ad sales. The Bureau develops promotional materials, advertisements and other marketing activities to stimulate travel and tourism. The tourism industry is for the most part, nationally and in Pennsylvania, small business-based, with big-business results.

Retention/Expansion

Being able to retain and offer alternatives to local companies who no longer are served by their current facility is the foundation for a healthy local economy. It is more beneficial to concentrate on the existing companies in the county, rather than market the region to those companies who know little or nothing about the Huntingdon County. It is also vital to ensure that when your smaller local companies expand, they will still have the ability to call Huntingdon County home.

Ensuring that local companies have an open line of communication with and are comfortable consulting local economic development officials in times of need gives valuable insight on their mindsets. Building relationships with local executives by providing both financial incentives and a conduit to various state agencies and programs provides the opportunity to become a valuable business asset. In many cases, smaller businesses are skeptical about providing financial information and feel that government programs are too cumbersome to be of any value.

One of the primary issues facing the private sector today is a qualified workforce. Any support for training current employees and for locating potential employees will certainly work towards ensuring loyalty. Working with the local education providers to tailor training programs to meet the needs of local companies is something that is rarely done, but can be very productive. Across the region, Universities, Community Colleges, and Vocational-Technical Schools need to work closely to tailor their services to the dynamic needs of local companies.

International trade services can also be offered to local companies. Utilizing the offices within the Southern Alleghenies Planning and Development office as well as the resources within the Department of Community and Economic Development are readily available with contracted representation in over seventeen locations throughout the world.

Relocation/Attraction

Connecting with companies considering relocation requires the local economic development agencies to showcase its region's strengths. This should be accomplished in a matter that is real time and that stands out against the competition.

It is important to target efforts into the areas that are the most viable. Critical mass of similar industries and supplier companies are crucial decisions in considering corporate location. Chasing potential leads that are not qualified or short-listed is typically not an effective strategy. Qualifying leads and becoming a household name in certain industry sectors proves to be a better use of time and resources.

Communicating your niche to the marketing entities at the regional, state and association levels is also an essential piece to a business attraction strategy. This is done through communication and participation in sponsored programs like the Commonwealth's Select Sites and their Keystone Opportunity Zones. Communities that get selected in relocation searches are not always the best choice for the deciding executives but are typically the most visible and make the most economic sense with the information that is readily available.

Product Development

For professionals in the tourism industry, product development and visitor attraction go hand-in-hand. A community that has a well-defined *product* – be it an event, property, or location – can maximize its tourism potential by developing that product to its full potential. A case study from the state of Texas underscores the value of product development. In 1994, the state launched an effort to attract birders to coastal communities. Many of these communities were isolated rural areas that were losing population and revenue. Completed in 2000, the Great Texas Coastal Birding Trail is a 700-mile driving trail that connects over 300 wildlife viewing sites along the Gulf Coast. The State developed the birding concept into a full-fledged *product* that contributes significantly to the state's growing nature tourism sector. Product development – through land conservation, trail development, and promotion – has enabled the State of Texas to tap into a growing segment of its domestic traveler market.

The term *product development* is most often utilized within the context of tourism development. However, in many respects, economic developers are also marketing a *product*. In some cases that product is a specific site (e.g. industrial park), but in many respects, the economic development specialist is marketing one primary product – the community. When a business prospect evaluates potential development sites, he or she is placing a value upon a community's tangible and intangible assets. These assets may include local incentives, development costs, infrastructure requirements, and labor force availability – expenditures associated with large capital investments. But prospects are also concerned about less tangible community characteristics, such as school quality, cultural resources, housing availability, and safety. A community may have excellent industrial parks, but a high crime rate may dissuade businesses from investing in the community. An astute economic development professional will address these perception issues because they impact the *product* that they are responsible for promoting.

Although their audiences may differ, both the tourism professional and economic development professional are working toward the same goal: to attract and retain prospects. In that respect, strategies aimed at improving the County's tourism product can go a long way toward improving its overall business climate. For instance, a promotion that increases visitation at area attractions can expand the market for local retailers and service establishments. Direct and indirect visitor expenditures inject money into the local economy that can be utilized for much-needed capital improvement projects. Local residents can benefit from enhanced public services without witnessing an increase in their property taxes. While this discussion simplifies the issues at hand, it nonetheless demonstrates the benefits of tourism as an economic development strategy. It also demonstrates the importance of *product development*.

Whether pursuing an industrial recruitment strategy or a tourism promotion strategy, a community must have a product that is worth selling. Beyond packaging attractions and special promotions, product development speaks to the community's values and its overall support for tourism development. As one of the largest segments of the economy, tourism can diversify the economic base and provide job opportunities for local residents. However, to fully realize the benefits of tourism - and to manage tourism in a sustainable fashion – community support is essential. Communities interested in developing their tourism product may benefit from an *internal* marketing campaign that (1) Educates local stakeholders about the benefits of tourism and (2) Provides training to personnel in the areas of customer service and hospitality. Internal marketing can help to cultivate a customer-friendly atmosphere that benefits the entire business community.

Start-Ups

Targeting start-up development is another important facet of a business development strategy. The most likely place for developing start-up businesses are in educational institutions. Typically, these business owners are well versed in their product, however they need support in capitalization, business planning, tax structure, and rentable space with access to business services and equipment. By utilizing Juniata College or Penn State University, those targets become easier. The core competencies of those institutions become the targets. Fostering an environment in which start-ups can flourish is the role of a non-traditional economic development service provider.

Brain Gain

As the US Census of 2000 indicated, the region continues to lose population due to the outward migration of the regions young people. DCED has put considerable resources into overturning this trend. As in all marketing, perception drives reality. The County should utilize Juniata College and Penn State University as a way to get students into the local community. Internships, College Welcome Fairs, and showcasing local quality of life aspects that appeal to young people are ways to make college residents local participants. It is important to get these college students off the college campus and into the community. There is a group of young people who were willing to invest in the community through their involvement with the University or College. It is easier to keep students who have already decided to choose Huntingdon County for four years of their life than it is to compete with all of the other regions of the country who are working to attract these same individuals.

Marketing Communications: Objectives

1. Qualify leads that come through the Governor's Action Team and other organizations and ensure that all economic development efforts are targeted towards a single focus for all local economic development agencies.
2. Work closely with local business and education providers to ensure that the workforce connection to industry continues to evolve.

3. Utilize the strengths of Juniata College and Penn State University in determining the niche for the region. Agribusiness and Hotel Restaurant Management are two areas that may be considered. An Agribusiness greenhouse and research and development component could combine strengths of both Juniata College and Penn State University. The tourism industry in the region makes it an ideal location for student run establishments that would be used by the tourists. Penn State has one of the top two curriculums in the country for Hotel and Restaurant Management.
4. Utilize technology to deliver the message and package information.
5. Utilize one URL for promotional purposes as it relates to economic development marketing, this will ensure content consistency as well as an accurate lead tracking system.
6. Communicate a positive image of Huntingdon County as both a place for recreation and relaxation and as a business-friendly community.

Marketing Strategies

A steady heartbeat campaign that goes to build the image that the Huntingdon County region is one to be considered with its niche industries. Media options include:

- Radio Advertising
- Bill Boards
- Print campaign
- Public Relations
- Interactive

Direct Response activities focused on generating qualified leads with the niche industry sectors include:

- Sales Calls
- Trade Shows
- Retention Calls

Marketing Messages

Image and Information Campaign

1. Showcase the strengths of the region, like the Quality of Life, low housing costs, quality workforce, recreational opportunities and the first class school system.
2. Promote and build relationships with those decision makers in your niche industries.
3. Promote the relationship between workforce development and the local industry.
4. Focus on technology as a means of delivery and also ensure an efficient system to answer Requests for Proposals (RFPs) for sites within the niche industry sectors.
5. Ensure that all marketing activity is focused on the same objectives.

Section 10

Strategic Initiatives

The County's comprehensive plan, *Continuity Through Conservation II* (1999), articulates a vision for economic development in Huntingdon County. This vision does not reflect current reality, but rather describes a *preferred* future – the Huntingdon County residents wish to realize in the future. As described in the county comprehensive plan, the year 2020 will find Huntingdon County a prosperous community with a

- Highly trained local workforce;
- High quality of life that reflects the County's small-town atmosphere;
- Professional economic development team that has the resources at its disposal to support business development in all its facets;
- Thriving tourism economy that connects the region's various attractions and supports a strong retail sector; and a
- Diversified economic base that takes advantage of local sector opportunities.

Vision statements are important because they inspire communities to realize their goals. Like the brass ring on a carousel ride, the vision may be just out of reach. But in striving for the brass ring, we test our limits and realize our full capabilities. Huntingdon County's vision statement is intended to *inspire* the community's people and organizations to work collectively for that preferred future. Vision statements are also a useful starting point for strategic planning, a community-driven planning process that "takes stock" of existing assets and formulates realistic initiatives for achieving long-range goals. An effective strategic plan provides answers to the following questions:

- What are the *opportunities and obstacles* to economic development in Huntingdon County?
- What *tools* are needed to diversify the County's economic base and strengthen its core competencies?
- What *resources* are available to achieve the County's vision?
- What *strategies* will yield the greatest impact?

The initiatives presented in this Economic Analysis are intended to complement those contained in "Continuity Through Conservation II, The Plan," not to replace them (see Appendix I). The actions contained in the current plan are, like the initiatives which follow, designed to implement the vision, goal and objectives of the comprehensive plan. A complete tabular summary of all actions and initiatives are contained in the executive

summary at the beginning of this report. Following are the vision, goal and objectives of the comprehensive plan:

Vision: to achieve economic prosperity while retaining the qualities of rural and small-town living.

Goal: to encourage the development of a healthy and diversified economic base capable of providing employment and goods and services to the residents of Huntingdon County.

Objectives:

- Support and foster economic development activities which will continue the sustainable use of farm and forest resources. Support sound resource extraction policies.
- Support and foster efforts to expand the breadth of tourism attractions and tourism-related business in Huntingdon County.
- Reduce the flow of retail dollars from Huntingdon County by developing a stronger, more diverse retail service base.
- Continue successful efforts to expand the industrial sector of the economy and attract new industry in sectors that match the County's resources.
- Support the development and maintenance of organizational strategies and tools to meet economic development goals.

The *Huntingdon County Comprehensive Economic Analysis* would be little more than an academic exercise if strategic planning were absent from the picture. Strategic plans chart a course for the future. They recommend specific short- and long-term *actions* that will improve the County's business climate and identify *Partners* that will champion each initiative. This approach encourages accountability and continual monitoring to assure that the County is "on the right track." The project team has gathered information about the County's economy over the six (6) months. The insights obtained from stakeholder interviews, business surveys, brainstorming sessions, and good, old-fashioned data analysis has provided the framework for this strategic plan. Specific *timeframes* are associated with each action item*, indicating which strategies should receive highest priority. These timeframes are categorized as follows:

- **Short-term:** Action steps to be completed within 0-2 years of plan adoption.

* This section was developed to be consistent with the current County comprehensive plan. As such, the action items included in this section are equivalent to the policy recommendations outlined in *Continuity Through Conservation II, The Plan*.

- **Mid-term:** Action steps to be completed within 2-5 years of plan adoption.
- **Long-term:** Action steps to be completed within 5+ years of plan adoption.
- **Ongoing:** Action steps that require a sustained commitment of time and resources.

To facilitate plan implementation, the County must establish a framework that encourages shared responsibility. By assigning specific *action steps* to a group of partnering organizations, the County will encourage accountability and ownership of the strategic plan. By allowing the plan to serve as a touchstone for a wide variety of community organizations, the plan is more likely to survive times of transition, such as a change in government leadership or a downturn in the economy. For this reason, each action step is assigned to a host of *partner* organizations. The appropriate *lead partner* is indicated with an asterik (*) next to its name. The lead partner is expected to perform the role of project manager – organizing the effort, establishing goals, and overseeing implementation.

The strategic plan should be periodically evaluated as a means of benchmarking Huntingdon County's efforts. The County is encouraged to evaluate its progress at six-month intervals to determine if sufficient progress is being achieved on priority action items. It is understood, and expected, that this strategic plan will warrant modification due to changes in the economic or political climate at the local, regional, and state level.

Business & Workforce Development

Objective: "To support the diversification of Huntingdon County's economy through internal capacity-building."

Business and workforce development are inextricably linked. Communities can make every effort, through tax incentives and public infrastructure projects, to promote business growth, but if the workforce lacks the essential skills sought after by today's companies, no amount of incentives will entice companies to your community. For this reason, workforce development must be considered an integral component of any economic development plan. An investment in the local workforce will help Huntingdon County realize a brighter economic future. Absent from this document are recommendations related to cluster strategies. While some communities can benefit from a cluster approach, Huntingdon County's rural character recommends against such a strategy. A cluster approach could unknowingly tie Huntingdon County's future to sectors that are too closely related, resulting in the same "boom and bust" economic cycles that have affected its manufacturing sector. Instead, this plan focuses upon the local business climate. By improving the atmosphere in which businesses operate, the County creates an environment in which entrepreneurial economies can thrive.

Action 1.1 Establish an Early Warning Network to monitor the health of existing business and to provide rapid response to at-risk companies.

A company experiencing financial trouble may express distress in several ways. While extended furloughs, hiring freezes, and bankruptcy declarations are obvious red flags, more subtle signs of business distress may include discontinuing local chamber membership, reducing charitable work in the community, and losing key contracts. Viewed separately, any *one* of these indicators may not suggest a problem. But viewed collectively, they suggest a company is having financial problems. Oftentimes, by the time a company makes its financial situation public, it is too late to prevent a closure. The Early Warning Network can track these warning signs and raise the red flag when companies are in trouble. In so doing, the County can respond to company problems before they become insurmountable – and hopefully avert additional layoffs and/or job losses. If closure is inevitable, the Early Warning Network is in a better position to help companies restructure their debt financing, streamline production process, or introduce other cost-saving measures that can avert worker dislocation and closure. Funding to advance this initiative may be available through Workforce Investment Act (WIA) rapid response funds. Some states have utilized their 25 percent allocation of dislocated worker funds for similar business retention strategies.

Timeframe:

Short-term (0-2 years)

Partners:

State Rapid Response Coordinators (L&I)
Area Chambers of Commerce
Huntingdon County Business & Industry (HCBI)
Enterprise Zone (EZ) Coordinator*
Huntingdon County Careerlink
TEAM PA Business Calling Program
Local Unions & Labor Organizations
Juniata College
Industrial Modernization Center²⁸

This recommendation is modeled after the successful Strategic Early Warning Network (SEWN), a business retention team that monitors and provides assistance to middle-market manufacturing businesses in Western Pennsylvania. The Network is comprised of representatives from the Governor's Office, PA Department of Labor & Industry, workers unions, and other organizations. Since it was launched in 1993, the network is estimated to have retained some 8,500 jobs.

Action 1.2 ***Promote business participation in PA SourceNet, a statewide online network that encourages business-to-business networking.***

Established in 1995, PA SourceNet seeks to fill gaps in the supply chain by facilitating business-to-business interaction. This free service can be utilized by businesses as a marketing tool, which they can utilize to access global markets. A relatively new feature of PA SourceNet is an international trade lead matching service that enables businesses to connect with potential customers that have been pre-qualified by the State's Regional Export Assistance Network. This action step can help strengthen supply chains critical to the development of industry clusters and enhance the visibility of local businesses.

Timeframe:

Mid-term (2-5 years)

Partners:

TEAM PA Foundation
Southern Alleghenies Planning & Development Commission
Area Chambers of Commerce*

²⁸ This organization is affiliated with the Manufacturing Extension Partnership (MEP), a network of centers in all 50 states that provide technical assistance and business support services to manufacturers. MEP receives federal funding through the National Institution of Standards and Technology)

Action 1.3 *Promote utilization of the U.S. Small Business Administration's SCORE (State Corps of Retired Executives) program.*

Owners of many start-up businesses have great enthusiasm for their product/service, but lack the know-how that comes from being years in business. SCORE volunteers are active and retired business professionals that provide personal counseling to people considering a business idea or facing challenges at their current business. SCORE representatives can be great advocates for small businesses and because they are volunteers, the program has no financial cost to the County. While many people are referred to SCORE through the Small Business Development Center at St. Francis College, public awareness primarily relies upon referrals and word of mouth. Many businesses that could benefit from SCORE participation may be unaware of the program. Upon joining a local chamber of commerce, area business should receive a packet of information about SCORE and the other free resources available to small business. Successful small businesses should be tapped to become SCORE volunteers.

Timeframe:

Ongoing

Partners:

Greater Huntingdon Chamber of Commerce*
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
St. Francis Small Business Development Center
Juniata College Center for Entrepreneurial Leadership

Action 1.4 *Establish a shared-risk seed fund to provide gap financing to business start-ups and local firms pursuing expansion plans.*

Entrepreneurial activity is an important indicator of economic growth, yet many communities lack a business climate that nurtures an entrepreneurial spirit. This is particularly the case for small businesses, which often have difficulty qualifying for commercial loans due to collateral requirements, cash flow problems, and the high risk associated with business start-ups. Due to the low survival rate of many start-up companies and the risk averse nature of the banking industry, many owners rely upon financial contributions from family and friends, as well as their personal savings, to provide the necessary "seed" financing to start a business. To establish a business climate that is more supportive of small business development, it is recommended that the County establish a shared-risk seed fund. The fund would "pool" financing from several area banks, thus reducing the investment risk shouldered by any one lending institution. Once capitalized, the fund can be administered as a Revolving Loan Fund (RLF), a flexible source of financing that uses loan repayments to make additional loans. While federal and state funding can be utilized to capitalize a RLF, the regulations governing their use may place extensive limitations upon the eligible activities that can

be supported through the RLF. With this consideration in mind, the County is advised to seek non-governmental funding sources. In addition to the security position inherent in RLFs, commercial lending institutions may also find incentive to participate through the Community Reinvestment Act (CRA).

The Community Reinvestment Act (CRA) was established in 1977 in response to rising concerns about racial “redlining,” a practice whereby banks refused to extend credit to people living in predominantly low-income urban neighborhoods. The CRA is not a prescriptive piece of legislation that mandates banks engage in specific lending practices. Rather, the CRA stipulates that all federally insured banks must meet the needs of the *entire* community in which they are chartered to serve. If their community includes low- and moderate-income areas, lenders must develop a strategy for serving this population or face restrictions on their ability to open/close branch facilities, purchase other banks or merge with other financial institutions.

Timeframe:

Short-term (0-2 years)

Partners:

Enterprise Zone (EZ) Coordinator*

Huntingdon County Business & Industry

Southern Alleghenies Planning & Development Commission

Local financial institutions

As the Southern Alleghenies Planning & Development Commission (SAPDC) administers several RLF programs, the county must first identify the “gaps” in financial assistance that currently exist in the marketplace in order to establish program criteria that complement – rather than duplicate – existing programs.

Action 1.5 *Work in partnership with area businesses and school districts to implement a Teacher/Job Shadow program.*

Across the United States, school districts have organized student/teacher job shadow programs to enhance the connection between learning and earning. A Teacher Job Shadow Program demonstrates the link between skills required in the workplace and skills taught in the classroom. Teachers are placed in a work environment and paired with one or more employees to observe workplace activities. This requires minimal investment of time and resources on behalf of participating employers, but can yield great dividends in enhanced student interest and achievement. As teachers learn first-hand what basic skills and thought processes are needed to succeed in the workplace, they can translate their knowledge into new learning opportunities, such as student internships and in-school business panels. The private sector generally supports job shadow programs because they can demonstrate support for student achievement without committing a tremendous amount of time and resources.

Several years ago, the local school districts implemented a “Teachers in Work” program that utilized School-to-Work funding to support a similar job shadow program. Although the program met with some success, federal School-to-Work funding is no longer available. The in-service education offered through the Tuscarora Intermediate Unit 11 provides a viable option for offering the job shadow as part of the professional development requirements for area teachers. It is recommended that the County meet with the Intermediate Unit to discuss this partnership opportunity in greater detail.

Timeframe:

Mid-term (2-5 years)

Partners:

Private Businesses

Public School Districts

Huntingdon CareerLink

Local Junior Achievement Chapter

Tuscarora Intermediate Unit 11*

Action 1.6 *Support the continuation of Huntingdon County’s family farms by identifying market niche opportunities, supporting agricultural land preservation, and advocating policy changes at the State and National level.*

In Pennsylvania, the majority of farming operations are classified as family farms. While there is no universal definition of a family farm (size is irrelevant), the U.S. Department of Agriculture considers *ownership* and *employment* two critical factors. Family farms generally do not hire outside workers and have no hired manager. Because of their “family farm” status, many Pennsylvania farming operations are not represented in State employment data. As a result, analysts who rely upon employment data as an indicator of industry performance often overlook the importance of agriculture to the local economy. However, as a percentage of total land area and production value, agriculture makes significant contributions to Huntingdon County’s economy. The most recent Census of Agriculture (1997) shows that 22.3 percent of the County’s total land area is dedicated to agriculture, which is primarily dominated by dairy farming. Livestock farming and crop production are secondary agricultural enterprises. An overwhelming majority of farms in Huntingdon County are small (fewer than 200 acres), although a few dairy farms have expanded to around 400-500 acres. The Penn State Cooperative Extension estimates that agriculture is the largest industry in the County with an annual farm production value in excess of \$50 million. While it is true that agriculture is a favored land use in Huntingdon County, changes in the industry are making it more difficult for family farms to remain competitive with modern agribusiness:

- **Federal price supports.**

According to the Center for Rural Affairs, a non-profit advocacy organization, federal farm income support programs are designed to protect farmers from revenue loss due to crop failure and price decline for selected commodities. Because subsidies are not

capped at a certain production value, larger farming operations essentially receive bigger subsidies. The current farm income support program does not level the playing field for family farmers. It stacks the deck against them.

- **Loss of agricultural infrastructure.**

Over the last decade, agricultural support services have virtually disappeared from the County. According to the Penn State/Huntingdon Cooperative Extension Office, farmers must travel outside the County to meet most of their support needs. This includes feed suppliers, equipment dealers, and milking equipment distributors.

- **Consolidation among farm cooperatives.**

To gain better representation in the marketplace, many farmers belong to cooperatives – businesses that bargain commodity prices with buyers on their behalf. Cooperatives can be structured solely as marketing organizations that negotiate selling prices and also maintain manufacturing facilities that transform raw inputs into value-added products. In theory, because cooperatives *pool* commodities from member farmers, they should enable family farmers (small and large) to compete against agribusiness processors. However, research by the U.S. Department of Agriculture has shown that today's cooperatives are larger than ever before, making it more difficult for smaller farmers to realize profit from their share purchases²⁹. To a great extent, this consolidation is being driven by growth and consolidation in the retail sector. To take advantage of economies of scale, cooperatives have also consolidated production by eliminating manufacturing plants operating at sub-par levels. The dairy industry has been particularly affected by this consolidation trend.

- **Decline in new farming entrants.**

Nationwide, fewer farmers are entering the business, a downward trend that has troubled public policymakers for decades.³⁰ While age and experience certainly play a role in an operator's success, access to capital is considered a major barrier to new farm development. According to the Huntingdon County comprehensive plan, "Continuity Through Conservation II," this trend is reflected in the average age of the Pennsylvania's farmers, which has been increasing at alarming rates.

As the agricultural industry adapts to changing market conditions, it will become more difficult to retain economically viable family farming operations. As consolidation continues, family farms will have greater difficulty accessing the materials and services they need to remain economically viable. A decline in the number of Huntingdon County's full-time farms may be indicative of this trend. The Census of Agriculture (1997) estimates that 312 of the County's 586 farms (53 percent) are full-time farming operations. This represents a 4 percent decline from 1992. Many of the challenges facing Huntingdon County's farmers reflect national trends that are beyond the County's

²⁹ Liebrand, Carolyn. 2/22/02. "Structural Change in the Dairy Cooperative Sector, 1992-2000." Agricultural Outlook Forum 2002. Rural Business-Cooperative Services, U.S. Department of Agriculture.

³⁰ Dodson, Charles, and Steven Koenig. February 1995. "Young Commercial Farmers: Their Financial Structure and Credit Sources." Agricultural Income & Finance.

ability to directly influence. However, the County can help to sustain its agricultural sector of the economy by supporting policies that benefit family farmers:

Explore niche market opportunities.

The Tuscarora Organic Growers Cooperative in a grower-owned business that markets certified organic fruits and vegetables for over 20 family farms in southcentral Pennsylvania. In operation since 1988, the Cooperative sells produce to restaurants and government agencies in the Washington, D.C. area. Its success demonstrates the potential for niche market development. In an effort to identify niche opportunities for rural farms, the U.S. Department of Agriculture has undertaken research to identify market niche opportunities for Appalachia farmers. The USDA has found, for instance, that many health food stores and restaurants are purchasing leaner grass-fed beef from Argentina. By raising grass-fed rather than corn-fed beef, local farmers can potentially capture a greater share of this growing market. Because most of the *value added* is contributed by producers after a commodity leaves the local farm, many Huntingdon County farmers are not capturing the full value of their product. Value-added production can help create jobs in the agricultural sector and help the local farming community withstand the fluctuation in commodity prices. One federal program that is helping Pennsylvania farmers is the USDA's Value-Added Agricultural Product Market Development Grant Program. This program provides up to \$500,000 in matching fund to independent producers and cooperatives interested in developing value-added products.

Timeframe:

Ongoing

Partners:

Northeast Federation of Family Farm Co-ops (NeFFFCo)

Penn State/Huntingdon Cooperative Extension*

Appalachian Farming Systems Research Center (USDA)

Continue to support the preservation of agricultural land in Huntingdon County.

As an outgrowth of the County comprehensive plan, "Continuity Through Conservation II" (1999), the County has established an Agricultural Land Preservation Board that administers a countywide easement program. This voluntary program allows farmland owners to receive cash payments in exchange for relinquishing development rights to the property. The easement remains with the property, securing open space for years to come.

Timeframe:

Ongoing

Partners:

Huntingdon County Commissioners*

Penn State/Huntingdon Cooperative Extension

Advocate for improvements to existing Farm Service Agency (FSA) programs to reward farmers that implement conservation practices.

As federal price supports and subsidies diminish, a growing number of federal programs are channeling funds through environmental programs. The Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP) are both incentive programs that provide rental payments to farmers for converting highly erodible cropland into vegetative cover. Farmers that own their own land can benefit financially by enrolling their land in either program. However, for the many farmers renting farmland, these programs may spell higher rents and lower overall profits. Measures must be put in place to protect farmers that lease land in CRP and CREP-designated areas so that Pennsylvania farmers are not competing directly with their government for available land.

Timeframe:

Long-term (5+ years)

Partners:

Huntingdon County Agricultural Land Preservation Board*
Huntingdon County Commissioners
State and Federal Delegation
Pennsylvania Department of Agriculture
Local Farm Service Agency (FSA) Office

Work with Penn State Cooperative Extension to educate farmers about non-traditional financing opportunities.

Generational and social factors are contributing to the lack of interest among young people to enter the farming business. However, assistance programs are available for farmers that cannot obtain financing from a traditional lender. The USDA's Farm Service Agency aims to support future farming generations through the Beginning Farmer Down-payment Farm Ownership Program, which helps finance a portion of costs associated with farmland purchase, construction, and building repair. The Agricultural Land Preservation Board can utilize its public position to raise awareness of this program within the farming community.

Timeframe:

Mid-term (2-5 years)

Partners:

Penn State-Huntingdon Cooperative Extension*
Huntingdon County Agricultural Land Preservation Board

Action 1.7 *Perform a market analysis of Huntingdon Borough's Central Business District (CBD). A market analysis is necessary to (1) Characterize the current business climate, (2) Identify the downtown's position within its trade area, and to (3) Formulate strategies that promote effective business clustering. This strategy will strengthen the Borough's position as a gateway community and position the CBD to benefit from mixed-use development concepts being advanced in neighboring Smithfield Township.*

In 1995, the consulting firm of Richard C. Sutter & Associates, Inc. prepared a Retail Trade Analysis for Huntingdon County Business & Industry, Inc. The study utilized employment, population, and sales data to generate location quotients (LQ) for all two- and three-digit retail sectors. Regarding sales as the *primary* measure of industry performance, the study concluded that Huntingdon County was capturing just 75 percent of its retail market. It suggested that retail dollars were leaking to other population centers – namely Altoona, State College, Lewistown, and Chambersburg – primarily because these areas offered a stronger mix of comparison goods. For Huntingdon County to capture greater market share, the consultant recommended supporting “big box” retail development and downtown niche strategies that would not directly compete with large-scale retail development. The study did not outline specific recommendations for achieving those objectives.

Because market conditions are continually changing, Delta updated the location quotient (LQ) figures to identify current strengths and weaknesses in the County's retail sector. While retail is a large employer in Huntingdon County, its current LQ (.9483) suggests that there is a lower concentration of retail businesses in Huntingdon County than is found in Pennsylvania and the Southern Alleghenies Region. A handful of industry groups – namely Building Materials & Garden Supplies (SIC 52), Food Stores (SIC 54) and Automotive Dealers & Service Stations (SIC 55) - exhibit a strong export orientation. However, these industries emphasize low-order convenience goods when compared with the value-added comparison goods stores found in larger urban centers. Because local businesses are not satisfying consumer needs, retail dollars are leaking outside the area. The LQ analysis identifies the following retail categories as sectors experiencing a “leakage” of retail dollars:

- General Merchandise Stores (SIC 53)
- Apparel & Accessory Stores (SIC 56)
- Furniture & Homefurnishings Stores (SIC 57)
- Miscellaneous Retail (SIC 59)

These leakages represent an opportunity to capture lost sales and to diversify the existing retail base. *Huntingdon Borough is well positioned to lead this effort, both from a marketing and administrative perspective.* Situated along State Route 22, the Borough is a principle “gateway” – a means by which many residents and visitors enter the County. It also has a well-established Main Street Program, an indicator that local merchants support efforts to reinvest in the community. By strengthening the business

mix and image of this “gateway” community, the County will position the CBD as a retail anchor that will benefit from the mixed-use development concepts being pursued at the Lilly Creek Business Park in Smithfield Township. A market analysis should consist of the following:

Conduct a business inventory.

The business inventory identifies businesses by type, square footage, and ownership. It is utilized to identify existing business clusters that could be potential “anchors” within the central business district (CBD).

Identify the area’s retail sales potential.

By comparing retail sales to consumer purchases, sales leakages can be identified. These leakages represent the potential for downtown businesses to capture additional retail dollars.

Develop a business placement plan.

Businesses do not always fail because of bad ideas or poor business management. Oftentimes, location plays a critical role in the success or failure of a business. For small businesses that often have limited funds for advertising and promotion, a good location can make the difference between success and failure. Yet, optimizing business location is difficult to achieve. Unlike a mall manager, central business districts are not under the control of central management. A business placement strategy helps to maximize the appeal of individual businesses by grouping businesses according to common characteristics. For instance, businesses may be co-located because they offer *complimentary* goods and services (e.g. a women’s shoe store located next to a dress shop) or offer opportunities for *comparison* shopping (e.g. several shoe stores located in close proximity). The close physical association of like businesses creates a synergy in downtowns that attracts pedestrian activity. For this strategy to succeed, business owners must be educated about the benefits of clustering and the merchants association must be willing to take an active role in the plan’s implementation.

Establish new leadership at the Merchants Association and broaden its membership base.

Merchants associations can be quite effective in promoting and maintaining businesses within a downtown. Through their collective marketing efforts, they can achieve what individuals cannot afford to do. To encourage participation by property owners and businesses a Merchants Association must offer services that directly benefit members. Examples may include technical assistance, relocation services, legislative updates, and professional development programs. An established merchants association would be an effective vehicle for providing customer service training as a benefit of membership. At present, the merchants association is without an acting President and membership is quite small.

Timeframe:

Mid-term (2-5 years)

Partners:

Greater Huntingdon Chamber of Commerce*

Huntingdon Area Merchants

Pennsylvania Downtown Center

Action 1.8 Introduce a hospitality curriculum as an adjunct to the Culinary Arts Program currently offered at the Huntingdon County Career & Technology Center.

In the fall of 2000, the Pennsylvania Tourism & Lodging Association (PTLA) began to publicize Training for Lodging Careers (TLC), a nationally-credentialed hospitality curriculum that has received enthusiastic endorsement from both the public and private sectors. With funding provided by the Pennsylvania Department of Education (PDE) and the Department of Community & Economic Development (DCED), the Association has given presentations to high schools and vocational-technical schools across the State to discuss the benefits of the program as a workforce development strategy. The TLC program provides high school juniors and seniors with academic instruction and paid work experience to prepare them for entry-level management jobs within the lodging industry or for industry-related post-secondary education. Students that successfully complete the program receive a certificate of mastery from the American Hotel & Lodging Association's Educational Institute. Private sector partners currently include:

- Pennsylvania Hospitality Foundation
- Hospitality Business Alliance
- Harrisburg Hotel Corporation
- American Express Company
- Crown American Hotels
- Hershey Entertainment & Resorts Company
- Mountain View Inn
- Horst Hotels Willow Valley Associates

It is recommended that the TLC program be incorporated within the HCCTC's existing Culinary Arts Program to determine the level of student interest in the program. This approach will also help to minimize the financial and administrative costs to the school. With funding provided by the PA Department of Education, the Association is currently offering \$2,500 in seed funds for the purchase of course materials. The HCCTC is ideally suited to implement this action step. Like all vocational-technical schools, HCCTC's curriculum is designed to prepare students for careers after high school; and the curriculum is continually being modified to reflect the skill requirements being sought by business and industry. In fact, students attending any of Pennsylvania's vocational schools are administered the National Occupational Competency Testing Institute exam during their senior year; and some receive the Pennsylvania Skills

Certificate in recognition that they have achieved excellence in their field of study. Traditional public schools have greater difficulty incorporating occupational skill requirements within a core curriculum that must be responsive to other state-mandated educational outcomes.

Timeframe:

Mid-term (2-5 years)

Partners:

Huntingdon County Visitors Bureau

Huntingdon County Career & Technology Center (HCCTC)*

HCCTC's Craft Advisory Committee

Pennsylvania Tourism & Lodging Association

Action 1.9 *Work in conjunction with Juniata College to establish an E-business Network that pairs students enrolled in the college's Information Technology Program with client companies seeking to design and implement e-business solutions.*

Any Pennsylvania business interested in developing an e-business strategy can receive up to twenty (20) hours of free technical assistance from PENNTAP (Pennsylvania Technical Assistance Program), which can help identify strategies that will improve existing web sites, track visitation, and enable businesses to conduct a variety of business functions (e.g. procurement, marketing, sales) online. The SAPDC also administers an Electronic Commerce Program that provides grants for hiring consultants to implement e-business solutions. Using these established programs as a starting point, it is recommended that an E-business Network be developed in conjunction with Juniata College.

Juniata College has already demonstrated its capability to deliver on-the-ground results through its cutting-edge IT program and through the enterprise curriculum developed by the Department of Accounting, Business and Economics (ABE). Students enrolled in the College's IT Program must take a three-semester course entitled *Innovations for Industry*, which pairs student teams with corporate clients to address real world IT problems. In August 2002, several students enrolled in *Innovations for Industry* were recognized by Governor Schweiker for a project in Martinsburg, Pennsylvania: Students developed Palm Pilot applications for the Spring Cove School District – one of three digital school districts in Pennsylvania – that enabled administrators to access databases from a variety of servers. Like the College, the ABE Department has a strong tradition of internships and its Hands-on Enterprise Leadership Lab engages students in learning experiences as if they were an entrepreneur. Through a sequence of four, one-credit labs, students will develop venture ideas, pitch business plans to potential investors, and develop plans for commercializing their product. The Center for Entrepreneurial Leadership (CEL) – and an established venture capital fund – will provide the framework for student-run businesses. While clearly the College's first

responsibility is to its student population, the initiatives being advanced through the CEL provide fertile human capital for developing a formalized program linking students and local businesses. Should the College receive the concept favorably, it might be formalized through the College's internship program.

Timeframe:

Long-term (5+ years)

Partners:

Greater Huntingdon Chamber of Commerce
 Mt. Union Chamber of Commerce
 Broad Top Chamber of Commerce
 Huntingdon County Business & Industry
 Juniata College Center for Entrepreneurial Leadership*
 St. Francis Small Business Development Center
 Enterprise Zone (EZ) Coordinator

Action 1.10 Sponsor a Workforce Development Summit that provides a venue for educators and employers to discuss the skills needed for success in the workplace and how both parties can partner to promote a higher standard of academic performance for young people.

The County should sponsor a Workforce Development Summit to establish a dialogue on school-to-work issues. The summit, which should include representatives from the academic and business communities, will provide a venue for both parties to discuss the skill gaps that exist in the incumbent and emerging workforce. A Teacher Internship/Job Shadow Program should be considered as a strategy to promote a more informed understanding of workplace requirements. Coordinated through the area chambers of commerce, the program would provide an opportunity for educators to connect academic concepts with real-world learning. In addition, area businesses would have an opportunity to share their expertise with the local school system. And the County would have established a program that supports workforce development on a sustained basis.

Timeframe:

Short-term (0-2 years)

Partners:

Greater Huntingdon Chamber of Commerce
 Huntingdon County Career & Technology Center
 Huntingdon County School Districts
 CareerLink
 Huntingdon County Business & Industry
 Enterprise Zone (EZ) Coordinator*

Action 1.11 *Diversify Huntingdon County's tourism sector and encourage year-round visitation by: (1) Supporting niche marketing strategies that capitalize upon the region's "adventure tourism" opportunities; and (2) Encouraging the development of the Upper Corners Area at Raystown Lake.*

Constructed as a multi-purpose reservoir in the 1960s, Raystown Lake is an 8,300 acre flood control facility managed by the U.S. Army Corps of Engineers. In addition to providing flood control for the Juniata River and augmenting water quality for points downstream, the Lake supports a burgeoning tourism industry. Situated among 29,000 acres of Corps property that includes hardwood forest, shale barrens, and rangeland, the Lake has earned its reputation as the "Crown Jewel" of Pennsylvania. Visitors from throughout the Mid-Atlantic region travel to Huntingdon County to experience the wonders of Raystown Lake, which provides ample opportunity for hunting, fishing, camping, and a wide variety of adventure sports. Both as a cultural and economic resource, the Raystown Lake Region is a significant asset that Huntingdon County can utilize to enrich the community and strengthen its economic base. Yet, the tourism industry remains a seasonal industry for Huntingdon County.

To support diversification within its tourism industry, the County must have adequate *infrastructure* to support year-round destination development. Adventure tourism and resort development are critical infrastructure needs within Huntingdon County. It is recommended that the County support the efforts of its Visitors Bureau and regional partners (e.g. Southern Alleghenies Regional Tourism Confederation), specifically with regards to niche marketing strategies targeted as the outdoor enthusiast. Efforts to encourage outdoor activities in the Winter, Spring, and Fall are critical to the development of the Raystown Lake Region as a year-round attraction.

In addition to supporting niche marketing strategies, such as *Cycle The Southern Alleghenies*, the County should also encourage development of the Upper Corners area – a 228 site situated on Anderson Bay in Penn Township. The Corps' original 1976 Master Plan called for a large resort development that included a multi-story lodge, rental cabins, restaurants, tennis courts, and a marina. The current Master Plan (updated in 1993) calls for a more modest development, to include a conference center, lodges, cabins, health spa and recreation facility. Realization of this development concept would enable the Visitors' Bureau to market the meeting and conference segment of the tourism industry – a strategy that will also encourage year-round visitation.

Timeframe:

Ongoing

Partners:

Huntingdon County Planning & Development Department*

Huntingdon County Visitors Bureau

Southern Alleghenies Regional Tourism Confederation

Huntingdon County Business & Industry
Huntingdon County Economic Development Task Force

Action 1.12 *To maximize human and financial resources, and to improve service delivery to the business community, establish a Partnership Agreement among the area's economic development entities.*

Like many rural communities, Huntingdon County's economic development agencies must "do more with less" than many of their urban counterparts. To make the most of each organization's talents, it is recommended that a Partnership Agreement be established. This agreement would set forth the roles and responsibilities of each participating entity as they relate to all aspects of economic development: business retention & attraction, prospect handling, marketing, etc. Formation of this economic development "partnership" will make a bold statement to the business, academic, and political communities that Huntingdon County is working as a team to accomplish its goals. Marketing materials, particularly print publications, should be coordinated through the partnership to leverage the resources of all participating organizations.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Business & Industry
Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Southern Alleghenies Planning & Development Commission
Huntingdon County Economic Development Task Force*
Huntingdon County Visitors Bureau

Action 1.13 *Retain the Economic Task Force as a permanent organizational body. In addition to overseeing plan implementation, the Task Force can serve a larger role: to prioritize federal and state funding requests for infrastructure projects that are critical to the County's quality of life and sustainable development.*

While the Partnership Agreement is an important first step toward establishing effective interagency communication, a permanent organization will help to ensure that the lines of communication always remain open. This strategy will benefit the County in both a political and economic context. By approaching state and federal officials with a consistent and compelling message, the County stands a greater likelihood of securing support – and funding - for high priority projects. Furthermore, by coordinating efforts

on a countywide basis, the Task Force will help perpetuate a positive image of Huntingdon County within the development community.

Timeframe:

Ongoing

Partners:

Huntingdon County Commissioners

Huntingdon County Planning & Development Department*

Huntingdon County Economic Development Task Force

Action 1.14 To build leadership capacity within Huntingdon County, implement a countywide leadership development program.

The Huntingdon County Economic Development Task Force was convened by the Commissioners in April 2000 to focus upon critical economic issues facing the County. As one of its first actions, the Task Force developed a vision statement and action plan. A primary concern of the Task Force – both then and now – was the community’s poor self-image. Many community stakeholders agree that the lack of leadership capacity has contributed to a self-defeatist attitude that prevents the community from realizing its full potential. In response to this concern, the Task Force identified leadership development as a *top priority* for the County. Recently, the County was awarded a \$5,000 legislative grant to support the implementation of “Leadership Huntingdon County” – a training program designed to enhance leadership skills and improve the quality of life. It is recommended that this pilot project be retained as a permanent component of the County’s economic development program.

Timeframe:

Ongoing

Partners:

Huntingdon County Commissioners

Penn State Cooperative Extension*

Greater Huntingdon Chamber of Commerce

Huntingdon County Economic Development Task Force

Leadership Steering Committee

Mt. Union Chamber of Commerce

Broad Top Chamber of Commerce

Action 1.15 *To accommodate development without sacrificing the County's high quality of life, the County should encourage the implementation of its comprehensive plan – Continuity Through Conservation II. The development of local and regional comprehensive plans and zoning ordinances is particularly important to guide growth and protect the area's environmental and scenic resources.*

While it is clear from results of the Quality of Life Survey (1999) that Huntingdon County residents desire more job opportunities in their community, it is equally clear that residents do not embrace a “development at all costs” attitude. These values will serve the County well as it embraces the New Economy. In years past, businesses sought locations for their physical attributes – raw materials, transportation infrastructure, and proximity to market. Today's site selection firms still conduct due diligence on these issues. However, for a growing number of service-based firms, the location of knowledge workers is dictating their location decision. Because today's workforce possesses skills that are easily transferred, workers have greater freedom to choose where they want to live. And a growing number of these workers are seeking communities that offer a “sense of place” and unique identity. Communities that plan for development by adopting land use controls not only protect property values, but also maintain those community assets that make them unique.

Timeframe:

Ongoing

Partners:

Huntingdon County Planning & Development Department*
Huntingdon County Economic Development Task Force

Marketing & Visitor Promotion

Objective: "To enhance Huntingdon County's image among internal and external audiences."

Huntingdon County's economic growth must be led by private sector investment. While the public sector cannot *directly* influence the outcome of private sector initiatives, it can create an environment conducive to business growth and expansion. Marketing should not only be utilized to promote the region's destination attractions but also to create a business climate that fosters private sector growth. The private sector is comprised of several *internal* and *external* audiences. Because the lion's share of new job growth is created by existing business, this internal audience will comprise a critical piece of the County's marketing plan. Existing businesses possess first-hand knowledge about the local workforce and business climate, making them effective ambassadors for your community. As a liaison for the business community, Huntingdon County's Enterprise Zone (EZ) Coordinator will begin to identify barriers – real or perceived – that have hindered the County's economic development efforts. Addressing the constraints to internal business growth will drive external investment.

Action 2.1 Continue offering Customer Service Training to support downtown redevelopment and expansion within the County's tourism sector.

Because the tourism industry plays a supporting role to a wide variety of industry sectors, strategies that promote tourism can be a catalyst for economic diversification and job creation. Tourism is a service-based industry, and as such, customers evaluate their *experience* based upon the quality of service they receive. This *experience* extends beyond the destination itself to include other experiences in the community, from the ease of check-in at the local hotel to the reception from servers at local restaurants. The quality of the entire travel *experience* can make the difference between a one-time visit and a repeat customer. Clearly, repeat visitation is the ultimate goal. It not only benefits the tourist destinations, but the service-oriented businesses that support the County's tourist economy. Communities often underestimate the importance of customer service as an economic development strategy. Despite the quality of the product, if customers do not feel valued, they are unlikely to develop any brand loyalty. This statement is relevant to most businesses, but it particularly important to customer-oriented businesses in the tourism sector.

Huntingdon County recognizes that quality service can give local businesses the competitive edge they need to attract and retain customers. Over the past few years, the Greater Huntingdon Chamber of Commerce and the Huntingdon County Visitors Bureau have sponsored customer service training to provide front-line staff and management with the information they need to be good community ambassadors. These training opportunities should continue, and if possible, they should be provided in conjunction with familiarization tours of the Raystown Lake Region. By providing front-line staff with the knowledge and experience of local amenities, they are better positioned to assist customers and make them feel welcomed in Huntingdon County.

Timeframe:
Ongoing

Partners:

Huntingdon County Visitors Bureau*
Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Huntingdon Area Merchants

Action 2.2 *Establish a locals-only program to familiarize residents with local attractions and to give them insights on the benefits of tourism to the community.*

In 1999, a consultant team conducted a Quality of Life Survey to fulfill the public input objectives of the Huntingdon County Comprehensive Plan Update. A survey was mailed to a random sample of 1,760 residents who were asked a range of open-ended questions about quality of life issues in Huntingdon County. Based upon an evaluation of 768 surveys, the team asked respondents to rank economic development priorities by order of importance. By far, residents identified Business Retention & Expansion (BR&E) and industrial recruitment as the County's top issues. Tourism development did not receive strong support as a Countywide economic development priority. While the survey results cannot be considered conclusive, they reflect a sentiment toward tourism that is not unexpected. Concerned that tourism will alter their way of life (through increased traffic congestion, environmental contamination, commercialization, etc.) many people have legitimate concerns about rural tourism development. Effective tourism strategies acknowledge these concerns by involving community stakeholders in the planning process. Another way to dispel fears about tourism development is to familiarize residents with the attractions in their own backyard.

These locals-only programs, often referred to as BE A TOURIST IN YOUR OWN TOWN programs, provide free or discounted admission to a host of area attractions. They also highlight a wide range of no-cost entertainment opportunities that residents may be unaware of because they have received limited media coverage.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Visitors Bureau *
Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Huntingdon Area Merchants

Action 2.3 Automate the Huntingdon County Data Book to ensure that information on developable sites is readily available to internal and external clients.

Site selection consultants utilize a range of criteria to evaluate prospect communities on behalf of their clients. While this criteria varies to meet the goals of each client, virtually all site selection consultants utilize a standard screening process to narrow down their selection to the most promising locations. The four (4) or five (5) sites that survive the initial screening are subject to additional market research and site visits. Because site selection is a time-sensitive process, communities that cannot provide timely information are quickly eliminated from consideration. These communities rarely receive a Request for Proposal because they simply were not represented in the initial screening process. Timely information is equally important to an active marketing program because it allows your community to be responsive to developers seeking developable sites in your community. To level the economic playing field, it is recommended that the County Data Book be automated and hosted on national real estate databases such as LoopNet and CoStar. This action step is important for both active marketing as well as responsive marketing.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Business and Industry*

Action 2.4 Align potential sites with the next phase of SelectSites.

Participating in Commonwealth sponsored programs is one way to ensure that the Commonwealth is marketing your sites. It can also provide for the basis for seeking infrastructure funding at the state level. Developed by a leading site selection firm, Fluor Global Services, the SelectSites Program defines the *essential* and *preferred* site characteristics that businesses use when selecting a new location. Presented as a list of “Musts and Wants,” these characteristics allow communities to assess their developable sites against other competitive locations, using a set of standardized criteria. The program considers a community’s capacity to support development from several vantage points, including infrastructure, workforce, local amenities, and community characteristics. Qualifying a site in Huntingdon County as a SelectSite means that the location is “development-ready.” This will position the County for preferred consideration when the Governor’s Action Team (GAT) is working with prospective businesses to identify preferred locations.

As the Commonwealth transitions to a new administration, it will be important for the County to keep abreast of programmatic and administrative changes that may affect the utility of SelectSites.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Business and Industry*

Action 2.5 *Form a Student/Community Relations Committee to establish a dialogue with the County's student population.*

Although many student populations are not *permanent* community residents, they nonetheless comprise an important segment of the community. An investment in the County's youth could yield great dividends in the future. Yet, a disconnect appears to exist between the student population and the community at-large. For instance, a small percentage of Juniata College students live in downtown Huntingdon. And the College campus lies in close proximity to the central business district (CBD). A stronger relationship between these two parties could enhance the level of activity in downtown Huntingdon and help retain students that might otherwise leave the area after graduation. It is recommended that the County establish a Student/Community Relations Committee to establish a dialogue with students, to discuss their social interests and their desired role in the community. A goal of Juniata College's Center for Entrepreneurial Leadership (CEL) is to establish an "Entrepreneurial Club" to support its mission. This student-led organization could incorporate the student/community relations committee within its club framework. Regardless of the administering organization, a student relations committee would demonstrate that students are a welcome part of the community. This initiative can serve dual purposes: (1) To support the County's image marketing and (2) To support student internship opportunities – a "brain gain" strategy than will help to stem the outward migration of young professionals.

Timeframe:

Short-term (0-2 years)

Partners:

Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Juniata College*

Action 2.6 *Coordinate a work session with Penn State and Juniata College to discuss a niche strategy for the County's marketing plan.*

Before the County can effectively promote itself to prospective businesses and leisure travelers, it must define its niche – a market advantage that sets Huntingdon apart from other communities. Defining that niche will require a series of facilitated discussions and a commitment from all stakeholders to focus their resources accordingly. Coordinating a work session is an important *first step* in this planning process. It will determine which stakeholders are committed to the effort and have the resources to make it happen. These facilitated work sessions should include participation from local, state, and federal government.

Timeframe:

Short-term (0-2 years)

Partners:

Juniata College Center for Entrepreneurial Leadership
 Penn State University
 Huntingdon County Planning & Development Department*
 Greater Huntingdon Chamber of Commerce
 Mt. Union Chamber of Commerce
 St. Francis Small Business Development Center
 Broad Top Chamber of Commerce
 Huntingdon County Visitors Bureau
 Huntingdon County Business & Industry
 Southern Alleghenies Planning & Development Commission

Action 2.7 *As community "gateways," Raystown Lake and Juniata College present an ideal opportunity for Huntingdon County to showcase its strengths as a thriving rural community. It is recommended that the County "tap into" this audience through an indirect marketing campaign that complements the Quality of Life video project.*

As a major destination attraction in the Southern Alleghenies Region, Raystown Lake receives a high volume of local and tourism traffic. Juniata College also hosts more than 10,000 visitors annually in connection with sporting events, alumni activities, parents weekend, and a host of student events held throughout the year. As major destination attractions in Huntingdon County, Raystown Lake and Juniata College are often a visitor's first exposure to the community. Whether they are tourists, student prospects, alumni, or company representatives, these visitors form "first impressions" that shape their opinion of the County. Because both populations are potentially "captive audiences," the County should make the most of this marketing opportunity. It is recommended that the County establish an interactive kiosk at both the Raystown Lake Visitor's Center and the College's Student Union building. These kiosks

should take users through a virtual tour of the County, highlighting major employment centers, cultural activities, and outdoor adventures. The regional assets highlighted in the Quality of Life video project could be incorporated into this interactive display, which could eventually be hosted on the Huntingdon Community Gateway web site (<http://www.huntingdonarea.info.com>). The objective of this strategy is to highlight the County's assets beyond the tourism product.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Visitors Bureau*
 U.S. Army Corps of Engineers
 Juniata College
 Westsylvania Heritage Corporation³¹

Action 2.8 *Prepare a market study to document the spending habits and purchasing power of the County's visitor base. In concert, undertake an education program to communicate the importance of tourism to the County economy.*

At present, the Huntingdon County Visitors Bureau relies upon national and State-level data to develop a profile of its target audiences. Market research that is specific to Huntingdon County is desirable, but could be cost prohibitive. It is recommended that the Visitors Bureau seek outside partnerships to further define the spending habits and purchasing power of its visitor base. In addition to conducting this marketing research, it is recommended that the Visitors Bureau develop a public education program that communicates the importance of tourism to the County economy. The target audiences for the program should include all municipalities in Huntingdon County, particularly those directly impacted by Raystown Lake and its associated developments. This type of education program is needed to arrive at a shared understanding of the challenges and opportunities associated with tourism development in Huntingdon County.

Timeframe:

Mid-term (2-5 years)

Partners:

Huntingdon County Visitors Bureau*
 Juniata College
 Penn State University
 Greater Huntingdon Chamber of Commerce
 Mt. Union Chamber of Commerce
 Broad Top Chamber of Commerce
 Southern Alleghenies Planning & Development Commission

³¹ Westsylvania Heritage Corp. partnered with Juniata College to develop *Currents of the Juniata Valley*, a regional program that utilizes research, education, and community outreach to broaden awareness of the local history and heritage of the Juniata Valley.

Action 2.9 *Conduct a workforce assessment to document workforce availability and skills within Huntingdon County's labor force. The study should measure the level of underemployment that exists within the County's laborshed.*

When businesses are considering a capital investment that will require additional personnel, the skills and availability of the *local* workforce are key drivers in their decision-making process. Why? Because hiring locally is more cost effective than recruiting employees or relocating personnel from other locations. Firms that can hire locally are better positioned for future growth than firms that have exhausted the local labor market. This being the case, it is important that local development agencies can provide convincing evidence of both the size and quality of the local workforce. At present, local agencies must rely upon traditional data sources to characterize the local workforce – data provided by the U.S. Bureau of Labor Statistics, the state Department of Labor & Industry and the U.S. Census Bureau. While the data is reliable, it can obscure hidden assets and create false perceptions of a community. For instance, many businesses considering a rural location do not appreciate the distances people will commute for quality job opportunities. Nor do they understand that many people are working at jobs they consider below their capability because quality job opportunities are scarce.

A workforce assessment can document both the size of the County's laborshed and the degree of underemployment in that labor market. The County's economic development agencies can utilize this data when communicating with business prospects and site selection consultants. Businesses will be encouraged by the County's investment and willingness to provide 3rd party accounting of its workforce strengths.

Timeframe:

Mid-term (2-5 years)

Partners:

CareerLink*

Southern Alleghenies Planning & Development Commission

Action 2.10 *Continue to promote the community assets that distinguish Huntingdon County as a progressive rural community.*

In addition to workforce issues, business prospects also consider local amenities when evaluating competing locations. School system performance, the quality of the housing stock, and the availability of cultural opportunities all influence a company's ability to attract and retain quality workers. This soft data is evaluated alongside the hard costs associated with doing business - wage rate differentials, utility costs, and other cash flow considerations. As a small, family-centered community, Huntingdon County has a lot to offer today's business. To increase its chances of becoming a short-listed community, Huntingdon County should undertake the following action steps:

Develop a Business Ambassador Program to provide 3rd party testimonials about the quality of the local workforce and the ease of “doing business” in Huntingdon County.

When marketing their development sites to business prospects, all communities claim that they offer a “business friendly” environment. To win the selection game, communities must be able to validate their claims. A Business Ambassador Program requires local businesses that are willing to open their doors to new prospects. As community “hosts,” Business Ambassadors are expected to talk about their experience operating a business in Huntingdon County. This first-hand information lends a personal touch to a decision-making process that is often far-removed from the local community. Prospects are more apt to leave the County with a perception that the business community is progressive and supportive of new growth.

Develop tax comparisons to demonstrate the competitive advantage associated with doing business in Huntingdon County.

Although State corporate taxes influence business costs tremendously, local taxes can differentiate Huntingdon County from other communities in the Commonwealth. This marketing piece should highlight the unique advantages of operating a business in Huntingdon County.

Prepare project profiles that highlight business “success stories.”

When businesses perceive that local organizations are not cooperating as a team to address their concerns, they can quickly become disillusioned about the benefits of starting a business in Huntingdon County. To demonstrate how partner agencies continue to bring value to the business community, the County should develop case studies that highlight recent success stories. These profiles should be posted on cooperating web sites, utilized at trade shows, and in all marketing materials distributed by economic development agencies.

Develop a County “brag sheet” to counteract negative media coverage.

In the marketing arena, perception is reality. And in many cases, reality is shaped by media coverage. To counteract negative coverage, local stakeholders must be proactive about demonstrating the positive aspects of the region. It is recommended that the County develop its own “brag sheet” to actively market the region’s assets.

Timeframe:

Short-term (0-2 years)

Partners:

Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Huntingdon County Business & Industry
Huntingdon County Planning & Development Department*
Huntingdon County Visitors Bureau

Action 2.11 *To promote the County's identity both internally and externally, utilize signage, landscaping, and other streetscape enhancements to delineate gateways along the County's major transportation arteries.*

Oftentimes, a visitor's first impression of a place is formed before they even park their car. The images they see through the car windshield as they drive through a community create a lasting impression – and may influence their decision to visit, vacation, or relocate to your community. The ultimate objective of gateway design is to establish a place's unique identity and to create a positive impression of a community.

Gateways utilize landscaping, public art, and other design features to delineate major entrances into a community. These visual cues may include the protection of scenic vistas and landmark buildings that make the community unique and lend it a "sense of place." Frequently, major highways serve as *functional* gateways. But all too often, these corridors are comprised of an unending array of billboards, concrete highway medians, and nondescript buildings. Speed limit restrictions, a change in building density, and the occasional sign are often the only demarcation between communities. Gateway design uses visual cues to create a sense of "arrival" for motorists and pedestrians entering a community. It disrupts the visual monotony of the typical commercial corridor and enhances a community's overall image. Gateway design should be undertaken to welcome both residents and visitors to the County's major population centers and destinations, such as Raystown Lake, Juniata College, and historic downtown Huntingdon. Interpretive and directional signage should be utilized to help people form a strong mental map of the region, which includes shopping districts, public facilities, and visitor attractions.

Timeframe:

Mid-term (2-5 years)

Partners:

Huntingdon County Planning & Development Department*
Juniata College

Action 2.12 *Develop a public awareness campaign to build support for the Comprehensive Economic Analysis.*

With the completion of the comprehensive economic analysis, the Economic Development Task Force has achieved a significant milestone and is well-positioned to tackle another top priority: "development and implementation of a comprehensive marketing plan." This plan communicates a very positive message about Huntingdon County: It is a community that recognizes challenges as opportunities to make improvements. That is it a community with direction and purposes. This message should be communicated to a broader audience than the Task Force. To achieve this objective, it is recommended that the Task Force post key sections of this document, namely the Executive Summary, on the community gateway web site

(www.huntingdonarea.info.com). Because developers and site selection consultants will first visit a site hosted by the region's economic development agencies, the document should also be hosted on the web site for Huntingdon County Business & Industry (www.hcbi.com) and Southern Alleghenies Planning & Development Commission (www.sapdc.org).

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Economic Development Task Force*

Huntingdon County Business & Industry

Southern Alleghenies Planning & Development Commission

Enterprise Zone (EZ) & Technology Procurement

Objective: "To provide targeted assistance to the County's export-oriented businesses and to support the redevelopment of underutilized properties."

In the field of economic development, rural communities are at a competitive disadvantage when compared to their urban counterparts. Lacking full-service airports and extensive highway networks, many rural communities lack the physical accessibility that often characterizes high profile business locations. In the business world, accessibility is a highly valued commodity because it can heighten market visibility, strengthen supply chains, reduce transportation costs, and improve access to talented labor. Many rural communities lack the sophisticated highway networks that characterize metropolitan areas. Low population densities only help to fuel perceptions of rural areas as "backward" and "not competitive." Telecommunications infrastructure can counteract these stereotypes and level the playing field for rural economies. Without laying *one mile* of new roadway, telecommunications networks can heighten the visibility of local businesses and broaden their market penetration. Beyond business development, telecommunications can provide distance learning opportunities, improve health care delivery, and otherwise enhance the quality of life in rural areas. In less than a decade, the "information superhighway" has become a critical component of economic development – and a critical ingredient for rural competitiveness.

A telecommunications strategy can help Huntingdon County eliminate a major barrier to its competitiveness – *accessibility*. A high-speed broadband network will connect Huntingdon County to the global marketplace, enabling businesses to conduct transactions on a global scale. This infrastructure is essential for diversification across all sectors of the economy.

The Enterprise Zone (EZ) Program will provide the vehicle for Huntingdon County to strengthen its telecommunications infrastructure and thereby create a business climate that is supportive of economic growth. This Commonwealth program provides grants to distressed municipalities to improve job opportunities and to support local business expansion. Strengthening the County's telecommunications infrastructure is a key component of the EZ strategy, which is outlined in the following pages.

<p><i>Action 3.1 Form an organizational structure to ensure coordination of business development efforts.</i></p>
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County Commissioners, the Director of the County Department of Planning and Development, Chambers of Commerce officials, Juniata College marketing officials, and officials of Huntingdon County Business and Industry should meet to address issues such as the following:

- Development of agency and inter-agency structure in terms of reporting patterns and accountability for enterprise zone business development efforts.
- Designation of a single point of contact for business development inquiries.

- Identification of flow patterns of referrals of specific types of inquiries to various agencies.
- Development of an enterprise zone committee, preferably using the board of an existing business development organization.

Organization of the above efforts should include, as appropriate, Southern Alleghenies Planning and Development Commission, in addition to Huntingdon County and Juniata College officials.

Timeframe:

Short-term (0-2 years)

Partner:

Enterprise Zone (EZ) Coordinator*
Huntingdon County Planning & Development Department
Huntingdon County Economic Development Task Force

Action 3.2 *Hire an Enterprise Zone (EZ) coordinator to implement the organizational structure needed to ensure coordination of business development efforts.*

The enterprise zone program component of the PA New Communities Program is a decentralized effort, from a DCED perspective. That means that the enterprise zone coordinator, not DCED staff, is the primary staff resource for the enterprise zone. Accordingly, the experience and resourcefulness of the enterprise zone coordinator is the single greatest factor in the success or failure of an enterprise zone. Recruitment of a highly motivated enterprise zone coordinator with a documented record of business development success may be the single best investment an enterprise zone organization can make for its long-term success.

In addition to implementing organizational arrangements for a single point of contact for business development inquiries with defined patterns for referrals, the enterprise zone coordinator needs to initiate the following:

- A program of continuous networking with manufacturing firms in the Mt. Union area, as well as small firms in the business incubator to be established by Juniata College as part of its Center for Entrepreneurial Leadership, and small firms located in the Huntingdon Borough area with larger than local market areas.
- Organization of a broadband Internet consortium of business, government, and education leaders and users is another area of responsibility which the enterprise zone coordinator will need to pursue in order to aggregate broadband service demand for negotiations with Internet service providers.

Timeframe:

Short-term (0-2 years)

Partners:

Huntingdon County Commissioners*
Huntingdon County Planning and Development Department
Huntingdon County Business and Industry
Greater Huntingdon Chamber of Commerce
Mt. Union Chamber of Commerce
Broad Top Chamber of Commerce
Juniata College
Broadband Consortium
St. Francis Small Business Development Center (SBDC)

Action 3.3 Identify financial and technical resource needs of EZ corridor businesses with larger than local markets, and procure resources, which will respond effectively to those needs.

The enterprise zone will provide a geographic and programmatic focus for business development in Huntingdon County along the State Route 22 corridor. Designation of an enterprise zone will make low interest loan capital available from state government on condition of job creation and/or modernization of equipment to enhance the competitiveness of enterprise zone firms and the security of existing jobs. Through continuous networking with business principals and managers, the coordinator will undertake the following tasks:

- Identify capital and technical resources needed to enable enterprise zone firms to grow and create new higher quality jobs.
- Collect information on business demand and use of broadband Internet access, and referrals to technical resources to make it feasible for enterprise zone firms to expand their use of Internet resources for increased cost-effectiveness and growth.

Timeframe:

Ongoing

Partners:

Huntingdon County Business and Industry
Juniata College Center for Entrepreneurial Leadership
Enterprise Zone (EZ) Coordinator*

Action 3.4 *Develop a business Revolving Loan Fund (RLF) to be capitalized by repayments of loans provided by DCED and other public lenders.*

This action will require formation of a small loan committee of three to five members, each of whom should have experience in the review of the financial statements of firms applying for low-interest loans made available through the enterprise zone. A loan review committee made up of a bank commercial loan officer, an experienced business person, and a Juniata College Department of Business or Accounting faculty member would provide good coverage in terms of breadth of expertise. If desired, an ex officio membership for a public sector member could be included. Complete confidentiality is required of loan review committee members. Based on the details of the financial statements, the business plan, and the interview with the business loan applicant, the chairperson of the loan review committee will make recommendations concerning acceptance of individual business loan applications to those in the organizational structure to whom the enterprise zone coordinator will report.

- Select Loan Review Committee members and appoint them.
- Design and/or adapt loan review forms, loan criteria, e.g., what percentage of total business project investment can be considered for an enterprise zone business revolving loan fund, percentage of cash equity required, and a statement of the types of firms eligible, i.e., ‘export’ firms, collateral and security positions which are acceptable.

Timeframe:

Ongoing

Partners:

Huntingdon County Commissioners
 Huntingdon County Business and Industry
 Juniata College Center for Entrepreneurial Leadership
 Enterprise Zone (EZ) Coordinator*

Action 3.5 *Form a Rural Area Network to aggregate broadband demand.*

There are two (2) primary reasons rural areas lag behind urban areas in the provision of telecommunications infrastructure: (1) Density and (2) Distance. Higher population densities translate into higher demand for communication services. Therefore, broadband providers are more likely to choose urban locations that virtually guarantee demand and enable them to get a higher return on their investment. Distance plays a factor in the quality and cost of service delivery. Because rural telephone switches cover a larger geographic area than urban loops, service costs can increase – placing them out of reach for most rural users. By pooling users – government, educational, business, and residential – a consortium can create a “critical mass” of bandwidth demand necessary to attract a service provider. Huntingdon County should establish

a Rural Area Network to pool users willing to share the costs – and benefits – of improved telecommunications access. At a minimum, this consortium should include Juniata College and various businesses within the U.S. Route 22 corridor, particularly those that have T-1 lines or other high-speed Internet access.

Timeframe:

Short-term (0-2 years)

Partners:

Enterprise Zone (EZ) Coordinator*
 Greater Huntingdon Chamber of Commerce/Technology Committee
 Mt. Union Chamber of Commerce
 Broad Top Chamber of Commerce
 Juniata College

Action 3.6 <i>Review State and Federal funding assistance programs.</i>
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Since the current economic environment in Huntingdon County has not encouraged telecommunication companies to invest in broadband infrastructure development, government funding may be necessary to develop broadband capacity in Huntingdon County. Delta recommends using the local consortium to evaluate the funding option discussed in the Technology Assessment section of the Huntingdon County Economic Analysis Report.

Timeframe:

Mid-term (2-5 years)

Partners:

Broadband Consortium
 Enterprise Zone (EZ) Coordinator*
 Early adopters along the U.S. Route 22 corridor/enterprise zone

Action 3.7 <i>Prepare a Broadband Business Plan.</i>

Delta recommends developing a broadband business plan that highlights current demand, potential demand, set-up cost, operating cost, and revenue. The business plan will be needed to demonstrate aggregate demand to the telecommunication companies and will be necessary to attract state and federal funding.

Timeframe:

Short-term (0-2 years)

Partners:

Broadband Consortium
 Enterprise Zone (EZ) Coordinator*
 Juniata College Center for Entrepreneurial Leadership
 St. Francis Small Business Development Center (SBDC)

Action 3.8 *Develop an Anchor Building project in Huntingdon Borough's Central Business District (CBD).*

Anchor Building is a component of the New Communities Program, a relatively new Commonwealth initiative that supports redevelopment of commercial districts and industrial areas by combining key elements of the Enterprise Zone (EZ) Program and the Main Street Program. As administered by the Department of Community & Economic Development (DCED), Anchor Building provides grants-to-loans for the rehabilitation of historic buildings in Enterprise Zones and local business districts. Preference is given to projects that will house local businesses and create family-sustaining jobs in the community. Municipalities that have a designated Main Street program receive funding preference through this program.

Timeframe:

Mid-term (2-5 years)

Partners:

Enterprise Zone Coordinator*

Broadband Consortium

Greater Huntingdon Chamber of Commerce

Huntingdon County Planning & Development Department

APPENDIX A
STANDARD INDUSTRIAL CLASSIFICATION (SIC) SYSTEM

SIC Code	Major SIC Groups	Description
01	Agricultural Production – Crops	This major group includes establishments (e.g. farms, orchards, greenhouses, nurseries) primarily engaged in the production of crops, plants, vines, and trees (excluding forestry operations). This major group also includes establishments primarily engaged in the operation of sod farms, and cranberry bogs; in the production of mushrooms, bulbs, flower seeds, and vegetable seeds; and in the growing of hydroponic crops. Seeds of field crops are classified in the same industry as crops grown for other purposes.
02	Agricultural Production –Livestock and Animal Specialties	This major group includes establishments (e.g., farms, ranches, dairies, feedlots, egg production facilities, broiler facilities, poultry hatcheries, apiaries) primarily engaged in the keeping, grazing, or feeding of livestock for the sale of livestock or livestock products (including serums), for livestock increase, or for value increase. Livestock, as used here, includes cattle, hogs, sheep, goats, and poultry of all kinds; also included in this major group are animal specialties, such as horses, rabbits, bees, pets, fish in captivity, and fur-bearing animals in captivity.
07	Agricultural Services	This major group includes establishments primarily engaged in performing soil preparation services, crop services, veterinary services, other animal services, farm labor and management services, and landscape and horticultural services, for others on a contract or fee basis.
08	Forestry	This major group includes establishments primarily engaged in the operation of timber tracts, tree farms, forest nurseries, and related activities such as reforestation services and the gathering of gums, barks, balsam needles, maple sap, Spanish moss, and other forest products.

SIC Code		Major SIC Groups	Description
10	Metal Mining		This major group includes establishments primarily engaged in mining, developing mines, or exploring for metallic minerals (ores). These ores are valued chiefly for the metals contained, to be recovered for use as such or as constituents of alloys, chemicals, pigments or other products. This major group also includes all ore dressing and beneficiating operations, whether performed at mills operated in conjunction with the mines served or at mills, such as custom mills, operated separately. These include mills which crush, grind, wash, dry, sinter, calcine, or leach ore, or perform gravity separation or flotation operations.
12	Coal Mining		This major group includes establishments primarily engaged in producing bituminous coal, anthracite, and lignite. Included are mining operations and preparation plants (also known as cleaning plants and washeries), whether or not such plants are operated in conjunction with mine sites.
13	Oil and Gas Extraction		This major group includes establishments primarily engaged in: (1) producing crude petroleum and natural gas; (2) extracting oil from oil sands and oil shale; (3) producing natural gasoline and cycle condensate; and (4) producing gas and hydrocarbon liquids from coal at the mine site. Types of activities included are exploration, drilling, oil and gas well operation and maintenance, the operation of natural gasoline and cycle plants, and the gasification, liquefaction, and pyrolysis of coal at the mine site. This major group also includes such basic activities as emulsion breaking and desilting of crude petroleum in the preparation of oil and gas customarily done at the field site.
14	Mining and Quarrying of Nonmetallic Minerals, except Fuels		This major group includes establishments primarily engaged in mining or quarrying, developing mines, or exploring for nonmetallic minerals, except fuels. Also included are certain well and brine operations, and primary preparation plants, such as those engaged in crushing, grinding, washing, or other concentration.
15	Building Construction – General Contractors and Operative Builders		This major group includes general contractors and operative builders primarily engaged in the construction of residential, farm, industrial, commercial, or other buildings. General building contractors who combine a special trade with the contracting are included in this major group.

SIC Code	Major SIC Groups	Description
16	Heavy Construction other than Building Construction – Contractors	This major group includes general contractors primarily engaged in heavy construction other than building, such as highways and streets, bridges, sewers, railroads, irrigation projects, flood control projects and marine construction, and special trade contractors primarily engaged in activities of a type that are clearly specialized to such heavy construction and are normally performed on buildings or building-related projects. Specialized activities that are covered here include grading for highways and airport runways; guardrail construction; installation of highway signs; trenching; underwater rock removal; and asphalt and concrete construction of roads, highways, streets and public sidewalks.
17	Construction – Special Trade Contractors	This major group includes special trade contractors who undertake activities of a type that are specialized either to building construction, including work on mobile homes, or to both building and nonbuilding projects. These activities include painting (including bridge painting and traffic lane painting), electrical work (including work on bridges, power lines, and power plants), carpentry work, plumbing, heating, air-conditioning, roofing, and sheet metal work.
20	Food and Kindred Products	This major group includes establishments manufacturing or processing foods and beverages for human consumption, and certain related products, such as manufactured ice, chewing gum, vegetable and animal fats and oils, and prepared feeds for animals and fowls. Products described as dietetic are classified in the same manner as nondietetic products (e.g., as candy, canned fruits, cookies).
21	Tobacco Products	This major group includes establishments engaged in manufacturing cigarettes, cigars, smoking and chewing tobacco, snuff, and reconstituted tobacco and stemming and redrying tobacco. Also included in this major group is the manufacture of nontobacco cigarettes.

SIC Code	Major SIC Groups	Description
22	Textile Mill Products	<p>This major group includes establishments engaged in performing any of the following operations: 1) preparation of fiber and subsequent manufacturing of yarn, thread, braids, twine, and cordage; 2) manufacturing broadwoven fabrics, narrow woven fabrics, knit fabrics, and carpets and rugs from yarn; 3) dyeing and finishing fiber, yarn, fabrics, and knit apparel; 4) coating, waterproofing, or otherwise treating fabrics; 5) the integrated manufacture of knit apparel and other finished articles from yarn; and 6) the manufacture of felt goods, lace goods, nonwoven fabrics, and miscellaneous textiles.</p> <p>This classification makes no distinction between the two types of organizations which operate in the textile industry: 1) the integrated mill which purchases materials, produces textiles and related articles within the establishment, and sells the finished products; and 2) the contract or commission mill which processes materials owned by others.</p>
23	Apparel and Other Finished Products Made from Fabrics and Similar Materials	<p>This major group, known as the cutting-up and needle trades, includes establishments producing clothing and fabricating products by cutting and sewing purchased woven or knit textile fabrics and related materials, such as leather, rubberized fabrics, plastics, and furs. Also included are establishments that manufacture clothing by cutting and joining (for example, by adhesives) materials such as paper and nonwoven textiles. Included in the apparel industries are three types of establishments: 1) the regular or inside factories; 2) contract factories; and 3) apparel jobbers. The regular factories perform all of the usual manufacturing functions within their own plant; the contract factories manufacture apparel from materials owned by others; and apparel jobbers perform the entrepreneurial functions of a manufacturing company, such as buying raw materials, designing and preparing samples, arranging for the manufacture of clothing from their materials, and selling of the finished apparel.</p>
24	Lumber and Wood Products, Except Furniture	<p>This major group includes establishments engaged in cutting timber and pulpwood; merchant sawmills, lath mills, shingle mills, cooperage stock mills, planing mills, and plywood mills and veneer mills engaged in producing lumber and wood basic materials; and establishments engaged in manufacturing finished articles made entirely or mainly of wood or related materials.</p>

Major SIC Groups		Description
SIC Code		
25	Furniture and Fixtures	This major group includes establishments engaged in manufacturing household, office, public building, and restaurant furniture; and office and store fixtures.
26	Paper and Allied Products	This major group includes establishments primarily engaged in the manufacture of pulps from wood and other cellulose fibers, and from rags; the manufacture of paper and paperboard; and the manufacture of paper and paperboard into converted products, such as paper coated off the paper machine, paper bags, paper boxes, and envelopes. Also included are establishments primarily engaged in manufacturing bags of plastics film and sheet.
27	Printing, Publishing, and Allied Industries	This major group includes establishments engaged in printing by one or more common processes, such as letterpress; lithography (including offset), gravure, or screen; and those establishments which perform services for the printing trade, such as bookbinding and platemaking. This major group also includes establishments engaged in publishing newspapers, books, and periodicals, regardless of whether or not they do their own printing.
28	Chemicals and Allied Products	This major group includes establishments producing basic chemicals, and establishments manufacturing products by predominately chemical processes. Establishments classified in this major group manufacture three general classes of products: 1) basic chemicals, such as acids, alkalis, salts, and organic chemicals; 2) Chemical products to be used in further manufacture, such as synthetic fibers, plastics materials, dry colors, and pigments; and 3) finished chemical products to be used for ultimate consumption, such as drugs, cosmetics, and soaps; or to be used as materials or supplies in other industries, such as paints, fertilizers, and explosives.
29	Petroleum Refining and Related Industries	This major group includes establishments primarily engaged in petroleum refining, manufacturing paving and roofing materials, and compounding lubricating oils and grease from purchased materials.
30	Rubber and Miscellaneous Plastics Products	This major group includes establishments manufacturing products, not elsewhere classified, from plastics resins and from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak.

SIC Code		Major SIC Groups	Description
31	Leather and Leather Products		This major group includes establishments engaged in tanning, currying, and finishing hides and skins, leather converters, and establishments manufacturing finished leather and artificial leather products and some similar products made of other materials.
32	Stone, Clay, Glass, and Concrete Products		This major group includes establishments engaged in manufacturing flat glass and other glass products, cement, structural clay products, pottery, concrete and gypsum products, cut stone, abrasive and asbestos products, and other products from materials taken principally from the earth in the form of stone, clay, and sand.
33	Primary Metal Industries		This major group includes establishments engaged in smelting and refining ferrous and nonferrous metals from ore, pig, or scrap; in rolling, drawing, and alloying metals; in manufacturing castings and other basic metal products; and in manufacturing nails, spikes, and insulated wire and cable. This major group includes the production of coke.
34	Fabricated Metal Products, Except Machinery and Transportation Equipment		This major group includes establishments engaged in fabricating ferrous and nonferrous metal products, such as metal cans, tinware, handtools, cutlery, general hardware, nonelectric heating apparatus, fabricated structural metal products, metal forgings, metal stampings, ordnance (except vehicles and guided missiles), and a variety of metal and wire products, not elsewhere classified.
35	Industrial and Commercial Machinery and Computer Equipment		This major group includes establishments engaged in manufacturing industrial and commercial machinery and equipment and computers. Included are the manufactures of engines and turbines; farm and garden machinery; construction, mining, and oil field machinery; elevators and conveying equipment; hoists, cranes, monorails, and industrial trucks and tractors; metalworking machinery; special industry machinery; general industrial machinery; computer and peripheral equipment and office machinery; and refrigeration and service industry machinery. Machines powered by built-in or detachable motors ordinarily are included in this major group, with the exception of electrical household appliances. Power-driven handtools are included in this major group, whether electric or otherwise driven.

SIC Code	Major SIC Groups	Description
36	Electronic and Other Electrical Equipment and Components, Except Computer Equipment	This major group includes establishments engaged in manufacturing machinery, apparatus, and supplies for the generation, storage, transmission, transformation, and utilization of electrical energy. Included are the manufacturing of electricity distribution equipment; electrical industrial apparatus; household appliances; electrical lighting and wiring equipment; radio and television receiving equipment; communications equipment; electronic components and accessories; and other electrical equipment and supplies. The manufacture of household appliances is included in this group as well.
37	Transportation Equipment	This major group includes establishments engaged in manufacturing equipment for transportation of passengers and cargo by land, air, and water. Important products produced by establishments classified in this major group include motor vehicles, aircraft, guided missiles and space vehicles, ships, boats, railroad equipment, and miscellaneous transportation equipment, such as motorcycles, bicycles, and snowmobiles.
38	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks	This major group includes establishments engaged in manufacturing instruments (including professional and scientific) for measuring, testing, analyzing, and controlling, and their associated sensors and accessories; optical instruments and lenses; surveying and drafting instruments; hydrological, hydrographic, meteorological, and geophysical equipment; search, detection, navigation, and guidance systems and equipment; surgical, medical, and dental instruments, equipment, and supplies; ophthalmic goods; photographic equipment and supplies; and watches and clocks.
39	Miscellaneous Manufacturing Industries	This major group includes establishments primarily engaged in manufacturing products not classified in any other manufacturing major group. Industries in this group fall into the following categories; jewelry, silverware, and plated ware; musical instruments; dolls, toys, games, and sporting and athletic goods; pens, pencils, and artists' materials; buttons, costume novelties, miscellaneous notions; brooms and brushes; caskets; and other miscellaneous manufacturing industries.
40	Railroad Transportation	This major group includes establishments furnishing transportation by line-haul railroad, and switching and terminal establishments.

SIC Code	Major SIC Groups	Description
41	Local and Suburban Transit and Interurban Highway Passenger Transportation	This major group includes establishments primarily engaged in furnishing local and suburban passenger transportation, such as those providing passenger transportation within a single municipality, contiguous municipalities, or a municipality and its suburban areas, by bus, rail, or subway, either separately or in combination, and establishments engaged in furnishing highway passenger transportation and establishments furnishing highway passenger terminal or maintenance facilities.
42	Motor Freight Transportation and Warehousing	This major group includes establishments furnishing local or long-distance trucking transfer services, or those engaged in the storage of farm products, furniture and other household goods, or commercial goods of any nature. The operation of terminal facilities for handling freight, with or without maintenance facilities, is also included.
43	United States Postal Services	This major group includes all establishments of the United States Postal Service.
44	Water Transportation	This major group includes establishments engaged in freight and passenger transportation on the open seas or inland waters, and establishments furnishing such incidental services as lighterage, towing, and canal operations. This major group also includes excursion boats, sightseeing boats, and water taxis.
45	Transportation by Air	This major group includes establishments engaged in furnishing domestic and foreign transportation by air and also those operating airports and flying fields and furnishing terminal services. Establishments primarily engaged in performing services which may incidentally use airplanes (e.g., crop dusting and aerial photography) are classified according to the service performed.
46	Pipelines, except Natural Gas	This major group includes establishments primarily engaged in the pipeline transportation of petroleum and other commodities, except natural gas. Pipelines operated by petroleum producing or refining companies and separately reported are included.
47	Transportation Services	This major group includes establishments furnishing services incidental to transportation, such as forwarding and packing services, and the arrangement of passenger and freight transportation.

Major SIC Groups		Description
SIC Code		
48	Communications	This major group includes establishments furnishing point-to-point communications services, whether intended to be received aurally or visually; and radio and television broadcasting. This major group also includes establishments primarily engaged in providing paging and beeper services and those engaged in leasing telephone lines or other methods of telephone transmission, such as optical fiber lines and microwave or satellite facilities, and reselling the use of such methods to others.
49	Electric, Gas, and Sanitary Services	This major group includes establishments engaged in the generation, transmission, and/or distribution of electricity or gas or steam. Such establishments may be combinations of any of the above three services and also include other types of services, such as transportation, communications, and refrigeration. Water and irrigation systems, and sanitary systems engaged in the collection and disposal of garbage, sewage, and other wastes by means of destroying or processing materials, are also included.
50	Wholesale Trade – Durable Goods	This major group includes establishments primarily engaged in the wholesale distribution of durable goods.
51	Wholesale Trade – Nondurable Goods	This major group includes establishments primarily engaged in the wholesale distribution of nondurable goods.
52	Building Materials, Hardware, Garden Supply and Mobile Home Dealers	This major group includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; lawn and garden supplies; and mobile homes.
53	General Merchandise Stores	This major group includes retail stores which sell a number of lines of merchandise, such as dry goods, apparel and accessories, furniture and homefurnishings, small wares, hardware, and food. The stores included in this group are known by such names as department stores, variety stores, general merchandise stores, and general stores.
54	Food Stores	This major group includes retail stores primarily engaged in selling food for home preparation and consumption.

Major SIC Groups		Description
SIC Code		
55	Automotive Dealers and Gasoline Service Stations	This major group includes retail dealers selling new and used automobiles, boats, recreational vehicles, utility trailers, and motorcycles including mopeds; those selling new automobile parts and accessories; and gasoline service stations. Automobile repair shops maintained by establishments engaged in the sale of new automobiles are also included.
56	Apparel and Accessory Stores	This major group includes retail stores primarily engaged in selling new clothing, shoes, hats, underwear, and related articles for personal wear and adornment. Furriers and custom tailors carrying stocks of materials are included.
57	Home Furniture, Furnishings, and Equipment Stores	This major group includes retail stores selling goods used for furnishing the home, such as furniture, floor coverings, draperies, glass and china ware, domestic stoves, refrigerators, and other household electrical and gas appliances. Establishments selling electrical and gas appliances are included in this group only if the major part of their sales consists of articles for home use.
58	Eating and Drinking Places	The major group includes retail establishments selling prepared foods and drinks for consumption on the premises; and also lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption. Restaurants, lunch counters, and drinking places operated as a subordinate service facility by other establishments are not included in this industry, unless they are operated as leased departments by outside operators.
59	Miscellaneous Retail	This major group includes retail establishments, not elsewhere classified. These establishments fall into the following categories: drug stores, liquor stores, used merchandise stores, miscellaneous shopping goods stores, nonstore retailers, fuel dealers, and miscellaneous retail stores, not elsewhere classified.
60	Depository Institutions	This major group includes institutions that are engaged in deposit banking or closely related functions, including fiduciary activities.
61	Nondepository Credit Institutions	This major group includes establishments engaged in extending credit in the form of loans, but not engaged in deposit banking.

Major SIC Groups		Description
SIC Code		
62	Security and Commodity Brokers, Dealers, Exchanges, and Services	This major group includes establishments engaged in the underwriting, purchase, sale, or brokerage of securities and other financial contracts on their own account or for the account of others; and exchanges, exchange clearinghouse, and other services allied with the exchange of securities and commodities.
63	Insurance Carriers	This major group includes carriers of insurance of all types, including reinsurance.
64	Insurance Agents, Brokers, and Service	This major group includes agents and brokers dealing in insurance, and also organizations offering services to insurance companies and to policyholders.
65	Real Estate	This major group includes real estate operators, and owners and lessors of real property, as well as buyers, sellers, developers, agents, and brokers.
67	Holding and Other Investment Offices	This major group includes investment trusts, investment companies, holding companies, and miscellaneous investment offices.
70	Hotels, Rooming Houses, Camps, and Other Lodging Places	This major group includes commercial and noncommercial establishments engaged in furnishing lodging, or lodging and meals, and camping space and camping facilities.
72	Personal Services	This major group includes establishments primarily engaged in providing services generally to individuals, such as laundries, drycleaning plants, portrait photographic studios, and beauty and barber shops. Also included are establishments operating as industrial laundries and those primarily engaged in providing linen supply to commercial and business establishments.
73	Business Services	This major group includes establishments primarily engaged in rendering services, not elsewhere classified, to business establishments on a contract or fee basis, such as advertising, credit reporting, collection of claims, mailing, reproduction, stenographic, news syndicates, computer programming, photocopying, duplicating, data processing, services to buildings, and help supply services.
75	Automotive Repair, Services, and Parking	This major group includes establishments primarily engaged in furnishing automotive repair, rental, leasing, and parking services to the general public.
76	Miscellaneous Repair Services	This major group includes establishments engaged in miscellaneous repair services.

Major SIC Groups		Description
SIC Code		
78	Motion Pictures	This major group includes establishments producing and distributing motion pictures, exhibiting motion pictures in commercially operated theaters, and furnishing services to the motion picture industry. The term motion pictures, as used in this major group, includes similar productions for television or other media using film, tape, or other means.
79	Amusement and Recreation Services	This major group includes establishments engaged in providing amusement or entertainment services, not elsewhere classified.
80	Health Services	This major group includes establishments primarily engaged in furnishing medical, surgical, and other health services to persons. Establishments of associations or groups, such as HMOs, primarily engaged in providing medical or other health services to members are included.
81	Legal Services	This major group includes establishments which are headed by members of the bar and are engaged in offering legal advice or legal services.
82	Educational Services	This major group includes establishments providing academic or technical instruction. Also included are establishments providing educational services such as libraries, student exchange programs, and curriculum development.
83	Social Services	This major group includes establishments providing social services and rehabilitation services to those persons with social and personal problems requiring special services and to the handicapped and the disadvantaged. Also included are organizations soliciting funds to be used directly for these and related services.
84	Museums, Art Galleries, and Botanical and Zoological Gardens	This major group includes museums, art galleries, arboreta, and botanical and zoological gardens. These establishments are often historical, educational, or cultural interest.
86	Membership Organizations	This major group includes organizations on a membership basis for the promotion of the interests of their members. Included are organizations such as trade associations; professional membership organizations; labor unions and similar labor organizations; and political and religious organizations.
87	Engineering, Accounting, Research, Management, and Related Services	This major group includes establishments primarily engaged in providing engineering, architectural, and surveying services; and management and public relations services.

Major SIC Groups		Description
SIC Code		
88	Private Households	This major group includes private households which employ workers who serve on or about the premises in occupations usually considered as domestic service. Households classified in this major group may employ individuals such as cooks, laundresses, maids, sitters, gardeners, caretakers, and other maintenance workers.
89	Services, not elsewhere classified	Services, not elsewhere classified
91	Executive, Legislative, and General Government, except Finance	This major group includes offices of executives, legislative bodies, and general government offices, not elsewhere classified.
92	Justice, Public Order, and Safety	This major group includes government establishments engaged in justice, public order and safety.
93	Public Finance, Taxation, and Monetary Policy	This major group includes government establishments primarily engaged in public finance, taxation, and monetary policy.
94	Administration of Human Resource Programs	This major group includes government establishments primarily engaged in the administration of human resource programs.
95	Administration of Environmental Quality and Housing Programs	This major group includes government establishments primarily engaged in the administration of environmental quality and housing programs.
96	Administration of Economic Programs	This major group includes government establishments primarily engaged in the administration of economic programs.
97	National Security and International Affairs	This major group includes government establishments primarily engaged in national security and international affairs.
99	Nonclassifiable Establishments	This major group includes establishments which cannot be classified in any other industry. Establishments which can be classified in a division should be classified in the most appropriate industry within that division

APPENDIX B
Shift-Share Analysis

	Huntingdon County			United States			National Share (County base employment*1423)	Industry Mix (National GR _i 1423)*County base employment)	Differential Shift (County GR _i - National Industry GR _i)	Competitive Advantage (Differential Shift*County base employment)	Total Change	
	1991	1997	County Growth Rate	1991	1997	National Growth Rate						
							.1423 (National GR)					
		9,172	9,603	0.0470	92,301,543	105,299,123	0.1408	1,305	-14	-0.0938	-861	431
AGRICULTURE, FORESTRY, AND FISHING	60	66	0.1000	543,652	727,344	0.3379	9	12	-0.2379	-14	6	
02	Agriculture Production - Livestock											
07	Agricultural Services	60	60	0.0000	510,142	685,704	0.3441	9	12	-0.3441	-21	0
08	Forestry	-	10			26,530		-	-	-	-	-
MINING	60	94	0.5667	716,859	586,227	-0.1822	9	-19	0.7489	45	34	
14	Nonmetallic Minerals, Except Fuels	60	94	0.5667	100,431	98,792	-0.0163	9	-10	0.5830	35	34
CONSTRUCTION	561	514	-0.0838	4,671,221	5,512,547	0.1801	80	21	-0.2639	-148	-47	
15	General Building Contractors	375	157	-0.5813	1,187,919	1,274,707	0.0731	53	-26	-0.6544	-245	-218
16	Heavy Construction, Except Building	60	12	-0.8000	681,468	768,283	0.1274	9	-1	-0.9274	-56	-48
17	Special Trade Contractors	257	345	0.3424	2,781,238	3,447,485	0.2396	37	25	0.1029	26	88
MANUFACTURING	2,374	2,387	0.0055	18,383,368	18,632,696	0.0136	338	-306	-0.0081	-19	13	
20	Food and Kindred Products	36	10	-0.7222	1,471,535	1,539,682	0.0463	5	-3	-0.7685	-28	-26
23	Apparel and Other Textile Products	312	99	-0.6827	973,229	835,219	-0.1418	44	-89	-0.5409	-169	-213
24	Lumber and Wood Products	131	165	0.2595	635,024	745,254	0.1736	19	4	0.0860	11	34
25	Furniture and Fixtures	10	0	-1.0000	458,531	514,504	0.1221	1	0	-1.1221	-11	-10
26	Paper and Allied Products	375	375	0.0000	622,656	621,072	-0.0025	53	-54	0.0025	1	0
27	Printing and Publishing	175	148	-0.1543	1,502,760	1,501,714	-0.0007	25	-25	-0.1536	-27	-27
29	Petroleum & Coal Products	0	60	0.0000	114,872	107,829	-0.0613	0	0			
30	Rubber and Misc. Plastics Products	375	204	-0.4560	846,320	1,015,177	0.1995	53	21	-0.6555	-246	-171
32	Stone, Clay, and Glass Products	750	750	0.0000	476,986	500,828	0.0500	107	-69	-0.0500	-37	0
34	Fabricated Metal Products	375	433	0.1547	1,383,586	1,537,591	0.1113	53	-12	0.0434	16	58
35	Industrial Machinery and Equipment	10	10	0.0000	1,854,527	1,954,761	0.0540					
		375	375	0.0000	1,481,703	1,528,348	0.0315	1	-1	-0.0540	-1	0
36	Electronic and Other Electric Equipment							53	-42	-0.0315	-12	0
		-	60	-	368,948	399,391	0.0825					
TRANSPORTATION AND PUBLIC UTILITIES	322	323	0.0031	5,584,484	6,246,593	0.1186	46	-8	-0.1155	-37	1	
41	Local and Interurban Passenger Transit	60	60	0.0000	335,608	451,196	0.3444	9	12	-0.3444	-21	0
42	Trucking and Warehousing	60	105	0.7500	1,535,227	1,940,123	0.2637	9	7	0.4863	29	45
44	Water Transportation	10	10	0.0000	163,500	178,281	0.0904	1	-1	-0.0904	-1	0
47	Transportation Services	10	10	0.0000	380,843	421,621	0.1071	1	0	-0.1071	-1	0
48	Communication	83	53	-0.3614	1,355,110	1,413,655	0.0432	12	-8	-0.4046	-34	-30
49	Electric, Gas, and Sanitary Services	175	98	-0.4400	941,541	839,970	-0.1079	25	-44	-0.3321	-58	-77
WHOLESALE TRADE	745	512	-0.3128	6,218,875	6,810,072	0.0951	106	-35	-0.4078	-304	-233	
50	Durable Goods	175	175	0.0000	3,495,496	3,850,321	0.1015	25	-7	-0.1015	-18	0
51	Nondurable Goods	505	289	-0.4277	2,403,191	2,636,490	0.0971	72	-23	-0.5248	-265	-216
RETAIL TRADE	1,793	2,141	0.1941	19,600,024	22,002,559	0.1226	255	-35	0.0715	128	348	

APPENDIX B
Shift-Share Analysis

		Huntingdon County			United States			National Share (County base employment* .1423)	Industry Mix (National GR, .1423*County base employment)	Differential Shift (County GR _i - National Industry GR _i)	Competitive Advantage (Differential Shift*County base employment)	Total Change
		1991	1997	County Growth Rate	1991	1997	National Growth Rate					
								.1423 (National GR)				
52	Building Materials and Garden Supplies	105	123	0.1714	685,000	856,865	0.2509	15	11	-0.0795	-8	18
53	General Merchandise Stores	90	104	0.1556	2,092,928	2,445,425	0.1684	13	2	-0.0129	-1	14
54	Food Stores	487	487	0.0000	3,114,494	3,162,132	0.0153	69	-62	-0.0153	-7	0
55	Automotive Dealers and Service Stations	249	343	0.3775	2,005,613	2,311,582	0.1526	35	3	0.2250	56	94
56	Apparel and Accessory Stores	122	60	-0.5082	1,193,534	1,084,560	-0.0913	17	-28	-0.4169	-51	-62
57	Furniture and Homefurnishings Stores	23	60	1.6087	745,872	866,807	0.1621	3	0	1.4466	33	37
58	Eating and Drinking Places	543	704	0.2965	6,415,683	7,597,133	0.1842	77	23	0.1124	61	161
59	Misc. Retail	174	330	0.8966	2,504,481	2,807,467	0.1210	25	-4	0.7756	135	156
		483	450	-0.0683	6,860,177	7,366,687	0.0738					
	FINANCE, INSURANCE, AND REAL ESTATE							69	-33	-0.1422	-69	-33
60	Depository Institutions	265	201	-0.2415	2,214,815	2,066,890	-0.0668	38	-55	-0.1747	-46	-64
61	Nondepository Institutions	10	11	0.1000	446,028	566,999	0.2712	1	1	-0.1712	-2	1
62	Security and Commodity Brokers	10	10	0.0000	395,711	674,821	0.7053	1	6	-0.7053	-7	0
63	Insurance Carriers	10	10	0.0000	1,519,104	1,561,115	0.0277	1	-1	-0.0277	0	0
64	Insurance Agents, Brokers, and Services	176	194	0.1023	678,423	718,531	0.0591	25	-15	0.0432	8	18
65	Real Estate	11	31	1.8182	1,303,845	1,417,634	0.0873	2	-1	1.7309	19	20
67	Holding and Other Investment Offices	10	10	0.0000	247,781	269,358	0.0871	1	-1	-0.0871	-1	0
	SERVICES	2,764	3,115	0.1270	29,575,248	37,380,074	0.2639	393	336	-0.1369	-378	351
70	Hotels and Other Lodging Places	132	158	0.1970	1,508,273	1,696,642	0.1249	19	-2	0.0721	10	26
72	Personal Services	74	74	0.0000	1,228,938	1,287,106	0.0473	11	-7	-0.0473	-4	0
73	Business Services	333	36	-0.8919	5,212,688	8,017,839	0.5381	47	132	-1.4300	-476	-297
75	Auto Repair, Services, and Parking	46	48	0.0435	861,757	1,107,152	0.2848	7	7	-0.2413	-11	2
76	Misc. Repair Services	60	60	0.0000	401,532	423,502	0.0547	9	-5	-0.0547	-3	0
78	Motion Pictures	10	10	0.0000	419,890	555,926	0.3240	1	2	-0.3240	-3	0
79	Amusement and Recreation Services	60	53	-0.1167	1,060,453	1,466,346	0.3828	9	14	-0.4994	-30	-7
80	Health Services	747	1,332	0.7831	9,201,534	11,348,141	0.2333	106	68	0.5498	411	585
81	Legal Services	60	33	-0.4500	940,976	971,998	0.0330	9	-7	-0.4830	-29	-27
82	Educational Services	750	750	0.0000	1,818,943	2,183,438	0.2004	107	44	-0.2004	-150	0
83	Social Services	145	150	0.0345	1,861,985	2,246,164	0.2063	21	9	-0.1718	-25	5
84	Museums, Botanical, Zoological Gardens	10	10	0.0000	66,157	90,117	0.3622	1	2	-0.3622	-4	0
86	Membership Organizations	237	288	0.2152	1,968,382	2,207,886	0.1217	34	-5	0.0935	22	51
87	Engineering and Management Services	94	166	0.7660	2,565,380	3,181,353	0.2401	13	9	0.5258	49	72
89	Misc. Services	-	60	-	106,412	99,865	-0.0615	-	-	-	-	-
		10	1	-0.9000	351,948	496,599	0.4110	1	3	-1.3110	-13	-9
	Unclassified Establishments	10		-1.0000	147,635	34,324	-0.7675	1	-9	-0.2325	-2	-10
	TOTAL	9,162	9,602		92,153,908	105,264,799	0.1423					

APPENDIX C

Commuting Patterns of Huntingdon County's Resident Workforce

RESNAME	Huntingdon County		RESNAME	Huntingdon County
Sum of WORKERS			Sum of WORKERS	
WRKNAME	Total		WRKNAME	Total
Huntingdon County	12060		Huntingdon County	70.18%
Centre County	1398		Centre County	8.14%
Blair County	814		Blair County	4.74%
Mifflin County	656		Mifflin County	3.82%
Franklin County	457		Franklin County	2.66%
Fulton County	395		Fulton County	2.30%
Bedford County	329		Bedford County	1.91%
Cumberland County	129		Cumberland County	0.75%
York County	74		York County	0.43%
Dauphin County	73		Dauphin County	0.42%
Montgomery County	58		Montgomery County	0.34%
Allegheny County	50		Allegheny County	0.29%
Juniata County	49		Juniata County	0.29%
Washington County	45		Washington County	0.26%
Cambria County	41		Cambria County	0.24%
Erie County	32		Erie County	0.19%
Columbia County	26		Columbia County	0.15%
Lancaster County	24		Lancaster County	0.14%
Berks County	23		Berks County	0.13%
Fairfax County	23		Fairfax County	0.13%
Baltimore County	19		Baltimore County	0.11%
Carroll County	18		Carroll County	0.10%
Adams County	17		Adams County	0.10%
Clearfield County	16		Clearfield County	0.09%
Westmoreland County	15		Westmoreland County	0.09%
Somerset County	14		Somerset County	0.08%
Anne Arundel County	14		Anne Arundel County	0.08%
Clinton County	13		Clinton County	0.08%
Delaware County	13		Delaware County	0.08%
Wood County	12		Wood County	0.07%
Allegany County	12		Allegany County	0.07%
Luzerne County	12		Luzerne County	0.07%
Chester County	11		Chester County	0.06%
District of Columbia	11		District of Columbia	0.06%
Schuylkill County	11		Schuylkill County	0.06%
Philadelphia County	11		Philadelphia County	0.06%
Winnebago County	10		Winnebago County	0.06%
Prince George's County	10		Prince George's County	0.06%
Baltimore city	9		Baltimore city	0.05%
Frederick County	9		Frederick County	0.05%
Snyder County	9		Snyder County	0.05%
Perry County	9		Perry County	0.05%
Loudoun County	8		Loudoun County	0.05%
Bergen County	7		Bergen County	0.04%
Cuyahoga County	6		Cuyahoga County	0.03%
Wayne County	6		Wayne County	0.03%
Sussex County	6		Sussex County	0.03%
Grant County	5		Grant County	0.03%

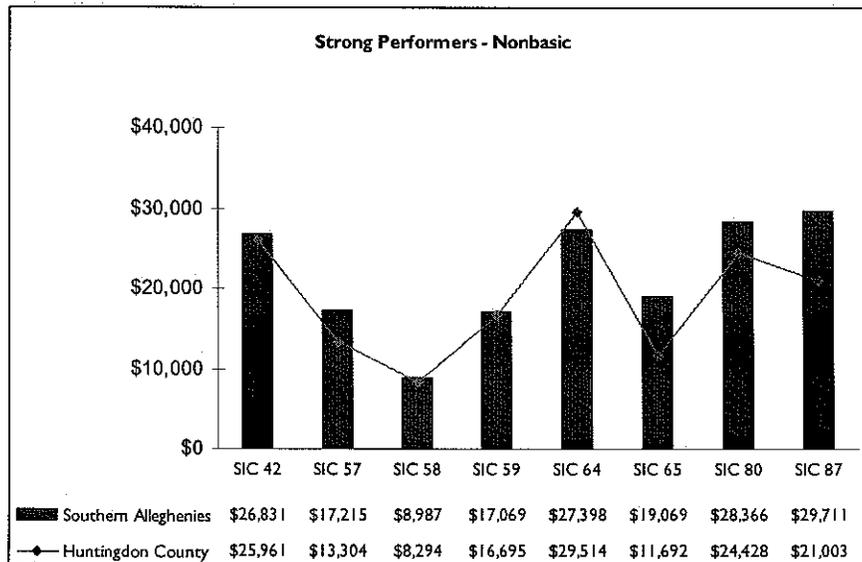
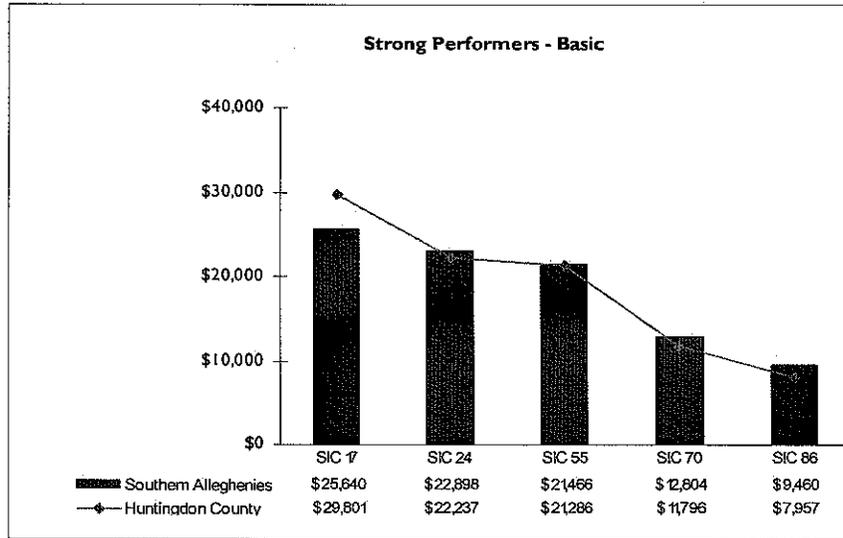
APPENDIX C

Commuting Patterns of Huntington County's Resident Workforce

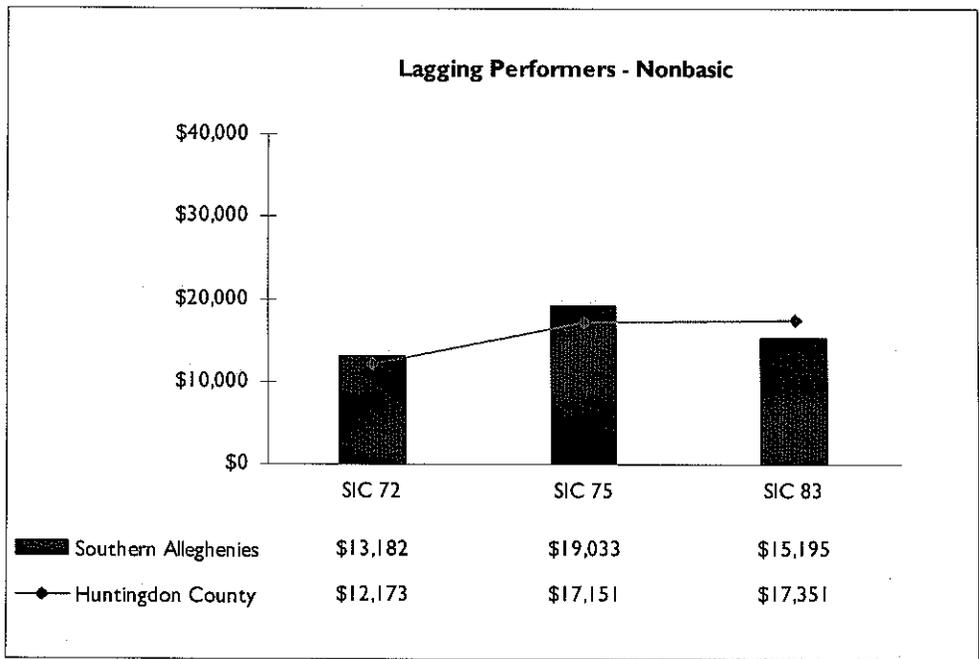
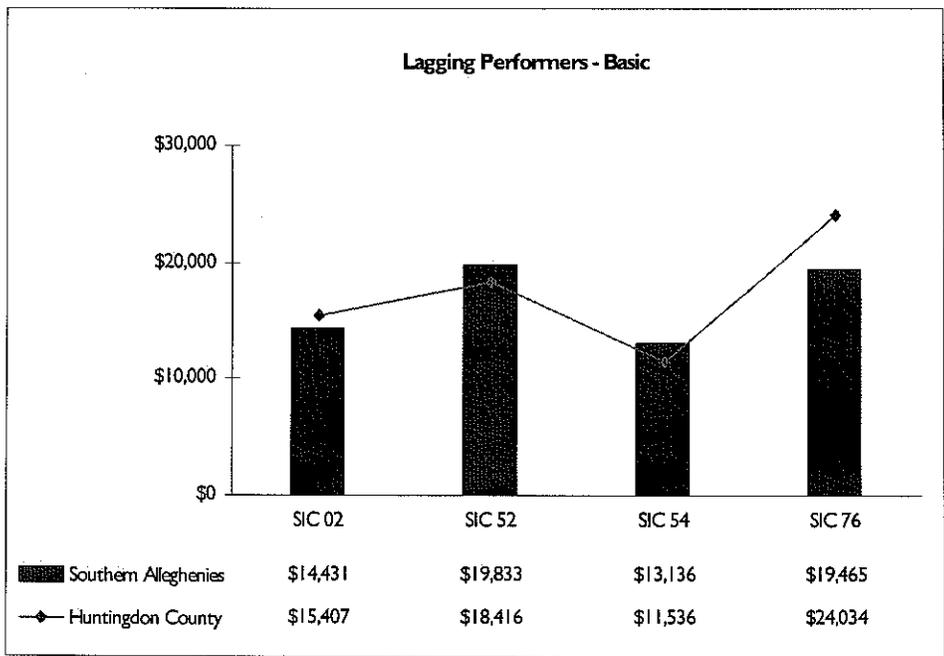
West Berlin	5	West Berlin	0.03%
Chattahoochee County	5	Chattahoochee County	0.03%
Lawrence County	5	Lawrence County	0.03%
Atlantic County	5	Atlantic County	0.03%
Multnomah County	5	Multnomah County	0.03%
Lebanon County	4	Lebanon County	0.02%
Harford County	4	Harford County	0.02%
Indiana County	4	Indiana County	0.02%
Mercer County	4	Mercer County	0.02%
Northampton County	4	Northampton County	0.02%
Mc Kean County	3	Mc Kean County	0.02%
Kings County	3	Kings County	0.02%
Waukesha County	3	Waukesha County	0.02%
Armstrong County	3	Armstrong County	0.02%
Susquehanna County	3	Susquehanna County	0.02%
Onslow County	3	Onslow County	0.02%
Marion County	2	Marion County	0.01%
Monmouth County	2	Monmouth County	0.01%
Abroad, not specified	2	Abroad, not specified	0.01%
Bradford County	2	Bradford County	0.01%
Pike County	2	Pike County	0.01%
Arlington County	2	Arlington County	0.01%
Ross County	2	Ross County	0.01%
Saratoga County	2	Saratoga County	0.01%
Fayette County	2	Fayette County	0.01%
Howard County	2	Howard County	0.01%
Solano County	2	Solano County	0.01%
Brown County	2	Brown County	0.01%
Stafford County	2	Stafford County	0.01%
Sullivan County	2	Sullivan County	0.01%
New York County	2	New York County	0.01%
Nassau County	2	Nassau County	0.01%
Ulster County	2	Ulster County	0.01%
Venango County	2	Venango County	0.01%
Ventura County	2	Ventura County	0.01%
Warren County	2	Warren County	0.01%
Essex County	2	Essex County	0.01%
Mahoning County	2	Mahoning County	0.01%
Bucks County	2	Bucks County	0.01%
Lehigh County	2	Lehigh County	0.01%
Morris County	2	Morris County	0.01%
Beaver County	2	Beaver County	0.01%
Los Angeles County	1	Los Angeles County	0.01%
Grand Total	17185	Grand Total	100.00%

APPENDIX D

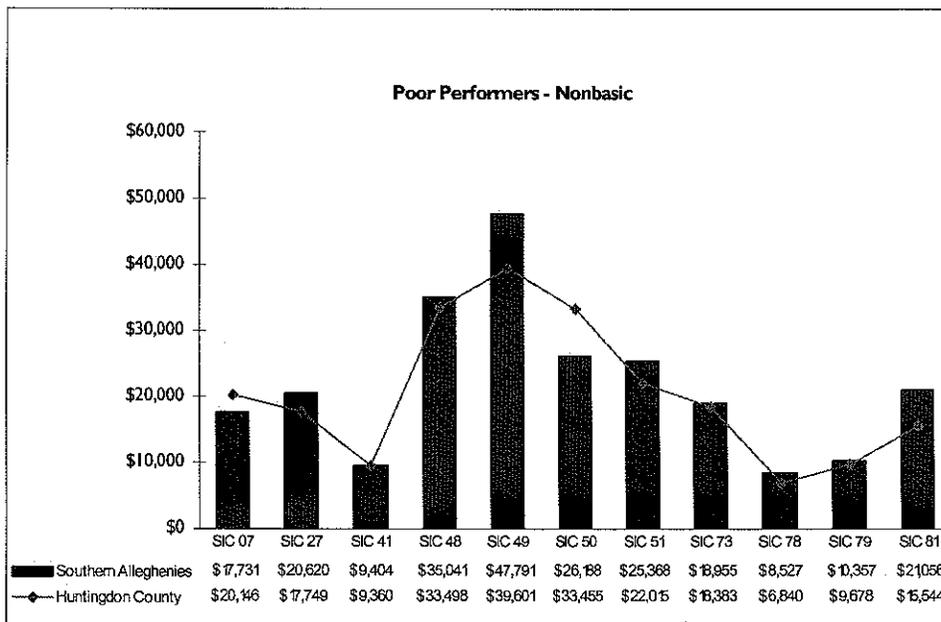
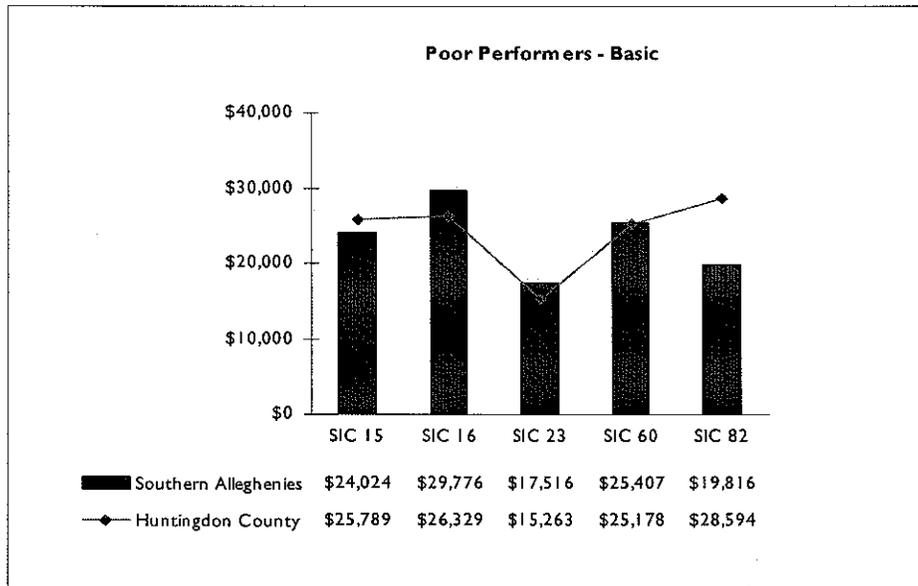
Average Annual Wage Comparisons for Huntington County's Industry Sectors*



* This wage rate data was obtained from the PA Department of Labor & Industry's *Unemployment Compensation Statistics (2000)*. Due to data disclosure issues, wage rates were not published for all industry sectors.



* This wage rate data was obtained from the PA Department of Labor & Industry's *Unemployment Compensation Statistics (2000)*. Due to data disclosure issues, wage rates were not published for all industry sectors.



* This wage rate data was obtained from the PA Department of Labor & Industry's *Unemployment Compensation Statistics (2000)*. Due to data disclosure issues, wage rates were not published for all industry sectors.

APPENDIX E
Industry Assessment
Assessment of Huntingdon County's Basic Industries

SIC Code	Industry Group	County Growth Rate (1991-1997)	Differential Shift Local Gr _i - National GR _i	Location Quotient (LQ) Local Employment Share/National		Shift-Share Analysis Competitive Advantage Strong, Average, Weak
				United States (1997)	Percent Change (1991-1997)	
<i>Strong Performers: These industries have a strong presence in the local economy. Job growth outpaces growth at the national level, a healthy indication that these industries are current or emerging strengths. Efforts to capitalize upon their competitive position should be pursued.</i>						
SIC 14	Nonmetallic Minerals, Except Fuels	56.67%	+5.830	10.4334	73.5%	Strong
SIC 17	Special Trade Contractors	34.24%	+1.1029	1.0973	18.0%	Average
SIC 24	Lumber & Wood Products	25.95%	+0.0860	2.4277	16.9%	Average
SIC 34	Fabricated Metal Products	15.47%	+0.0434	3.0879	13.21%	Strong
SIC 55	Automotive Dealers & Service Stations	37.75%	+2.250	1.6271	30.2%	Strong
SIC 70	Hotels & Other Lodging Places	19.70%	+0.0721	1.0211	15.94%	Average
SIC 86	Membership Organizations	21.52%	+0.0935	1.4303	18.0%	Strong
<i>Lagging Performers: Industries that are growing locally, as exhibited by a positive growth rate and rising employment share (LQ). However, industry growth is not keeping pace with other regions in the United States. Because local conditions have inhibited performance, these industries should be the focus of targeted business retention and attraction programs.</i>						
SIC 02	Agricultural Production - Livestock	NA	NA	NA	NA	NA
SIC 26	Paper & Allied Products	0.00%	+0.0025	6.6207	9.24%	Weak
SIC 32	Stone, Clay, & Glass Products	0.00%	-0.0500	16.4207	3.77%	Weak
SIC 36	Electronic & Other Electric Equipment	0.00%	-0.0315	2.6905	5.64%	Weak
SIC 52	Building Materials & Garden Supplies	17.14%	-0.0795	1.5740	2.0%	Weak
SIC 54	Food Stores	0.00%	-0.0153	1.6888	7.3%	Weak
SIC 76	Miscellaneous Repair	0.00%	-0.0547	1.5535	3.3%	Weak
<i>Poor Performers: These industries are losing employment share (LQ is declining) and have limited growth prospects. Although local conditions may necessitate intervention, these industries are low-priority targets for business retention and attraction efforts.</i>						
SIC 08	Forestry	NA	NA	4.1331	NA	Weak
SIC 15	General Building Contractors	-58.13%	-0.6544	1.3505	-57.5%	Weak
SIC 16	Heavy Construction, Except Building	-80.00%	-0.9274	.1713	-80.67%	Weak
SIC 23	Apparel & Other Textile Products	-68.27%	-0.5409	1.2997	-59.7%	Weak
SIC 30	Rubber & Misc. Plastics Products	-45.60%	-0.6555	2.2035	-50.6%	Weak
SIC 44	Water Transportation	0.00%	-0.0904	.6151	-0.07%	Weak
SIC 60	Depository Institutions	-24.15%	-0.1747	1.0663	-11.4%	Weak
SIC 82	Educational Services	0.00%	-0.2004	3.7665	-9.23%	Weak
SIC 84	Museums, Botanical, Zoological Gardens	0.00%	-0.3622	1.2168	-20.01%	Weak
SIC 89	Misc. Services	NA	NA	6.5880	NA	Weak

Note: The acronym "NA" indicates that data was not available.

Source: County Business Patterns, US Census Bureau (1991, 1997)

Assessment of Huntingdon County's Non-Basic Industries

SIC Code	Industry Group	County Growth Rate (1991-1997)	Differential Shift Local Gr _i - National GR _i	Location Quotient (LQ) Local Employment Share/National Employment Share		Shift-Share Analysis Competitive Advantage Strong, Average, Weak
				United States (1997)	Percent Change (1991-1997)	
<i>Strong Performers: These industries have a strong presence in the local economy. Job growth outpaces growth at the national level, a healthy indication that these industries are emerging strengths. Many of these industries are not meeting local demand (LQ < 1.12), however, which presents opportunities for import substitution. Further examination is required to determine what accounts for their local strength and to determine if future growth is supported by demographic and economic conditions.</i>						
SIC 42	Trucking & Warehousing	75.00%	+4863	.5934	50.9%	Strong
SIC 57	Furniture & Homefurnishings Stores	160.87%	+1,4466	.7590	144.6%	Strong
SIC 58	Eating & Drinking Places	26.65%	+1,124	1.0161	19.3%	Average
SIC 59	Misc. Retail	89.66%	+7756	1.2889	84.35%	Strong
SIC 64	Insurance Agents, Brokers, & Services	10.23%	+0,432	2.9606	13.40%	Average
SIC 65	Real Estate	184.82%	+1,7309	.2398	182.43%	Strong
SIC 80	Health Services	78.31%	+5,498	1.2871	57.54%	Strong
SIC 87	Engineering & Management Services	76.60%	+5,258	.5722	55.16%	Strong
<i>Lagging Performers: These local industries are growing as a positive rate. However, their growth is outpaced by national employment growth and they lack strong competitive advantage. Because these industries have weak competitive advantage, their future growth prospects are limited.</i>						
SIC 53	General Merchandise Stores	15.56%	-0,129	.4663	7.76%	Weak
SIC 61	Nondepository Institutions	10.00%	-1,712	.2127	-5.71%	Weak
SIC 63	Insurance Carriers	0.00%	-0,277	.0702	+6.03%	Weak
SIC 72	Personal Services	0.00%	-0,473	.6304	+4.04%	Weak
SIC 75	Auto Repair, Services, & Parking	4.35%	-2,413	.4754	-11.50%	Weak
SIC 83	Social Services	3.45%	-1,718	.7323	-6.56%	Weak
<i>Poor Performers: These industries are losing employment share (LQ is declining) and have limited growth prospects. Although local conditions may necessitate intervention, these industries are low-priority targets for stimulating economic growth.</i>						
SIC 07	Agricultural Services	0.00%	-3,441	.8081	-18.94%	Weak
SIC 20	Food & Kindred Products	-72.22%	-7,685	.0712	-71.07%	Weak
SIC 27	Printing & Publishing	-15.43%	-1,536	1.0807	-7.79%	Weak
SIC 35	Industrial Machinery & Equipment	0.00%	-0,540	.0561	3.37%	Weak
SIC 41	Local & Interurban Passenger Transit	0.00%	-3,444	1.4582	-18.95%	Weak
SIC 47	Transportation Services	0.00%	-1,071	.2601	-1.58%	Weak
SIC 48	Communication	-36.14%	-4,046	.4111	-33.30%	Weak
SIC 49	Electric, Gas, and Sanitary Services	-44.00%	-3,321	1.2793	-31.60%	Weak
SIC 50	Durable Goods	0.00%	-1,015	.4984	-1.08%	Weak
SIC 51	Nondurable Goods	-42.77%	-5,248	1.2020	-43.16%	Weak
SIC 56	Apparel & Accessory Stores	-50.82%	-4,169	.6066	-41.03%	Weak
SIC 62	Security & Commodity Brokers	0.00%	-7,053	.1625	-36.11%	Weak
SIC 73	Business Services	-89.19%	-1,4300	.0492	-92.34%	Weak
SIC 78	Motion Pictures	0.00%	-3,240	.1972	-17.70%	Weak
SIC 79	Amusement & Recreation Services	-11.67%	-4,994	.3963	-30.39%	Weak
SIC 81	Legal Services	-45.00%	-4,830	.3723	-41.98%	Weak

Note: The acronym "NA" indicates that data was not available
 Source: County Business Patterns, US Census Bureau (1991, 1997)

APPENDIX F

Business Leader Survey

Directions: This survey should be completed by a member of your organization's management team. Although individual responses will be held confidential, survey results will be reported in the aggregate. Please answer each question to the best of your ability, printing legibly or typing your responses in the space provided. If a question does not apply to your organization, please indicate as such by writing "NA" next to the question. Questions about this survey should be directed to the Huntingdon County Planning & Development Department (Tel. 814-643-5091).

Contact Information
To be completed by the survey respondent

Name: _____ Title: _____
(First and Last Name) (Position Held at Company)

Company Name: _____ Company Location: _____
(City, State, Zip Code)

Customer-Supplier Relationships

IA. Please list —by order of importance—the goods and/or services the company provides to its customers.

1. _____
2. _____
3. _____
4. _____
5. _____

IB. Referring to Question IA, please indicate whether the company utilizes one primary supplier or multiple suppliers for each good or service. Next, indicate whether the supplier is LOCAL (located in Huntingdon County) or NON-LOCAL (located outside of Huntingdon County).

	Primary Supplier <small>Check this box if the company uses a primary supplier for this good or service</small>	Location <small>(Circle One)</small>	Multiple <small>Check this box if the company uses multiple suppliers for this good or service</small>	Location <small>(Circle One)</small>
1.		Local or Non-local		Local/Non-local
2.		Local or Non-local		Local/Non-local
3.		Local or Non-local		Local/Non-local
4.		Local or Non-local		Local/Non-local
5.		Local or Non-local		Local/Non-local

2. Please answer the following questions about the company's SALES.

A. What percentage of the company's revenue can be attributed to *direct* consumer sales? Check One.

- 0-15% 15-30% 30-50% 50-75% 75-100%
-

B. What percentage of the company's revenue is determined by business-to-business sales? Check One.

- 0-15% 15-30% 30-50% 50-75% 75-100%
-

3. Please answer the following questions about the company's MARKETS.

Is the company's output primarily sold in the County? Yes No

Is the company's output primarily sold in the United States? Yes No

Is the company's output primary sold in foreign markets? Yes No

4. Does your company currently *outsource* (i.e. contract out) certain business functions that it used to accomplish with "in house" staff?

- Yes No

5. If you answered "yes" to Question #4, please provide a list of services you currently *outsource* (i.e. contract out):

Services the company outsources:

1. _____
2. _____
3. _____

Site Selection & Business Plans

6. What are the primary **ADVANTAGES** associated with doing business in **Huntingdon County**?

Please check all that apply.

- The company has good access to a work ready labor pool that requires little on-the-job training.
- The company has good access to its major suppliers.
- The company is located near its customer base.
- The company is located near its competitors.
- The company can operate more affordably (e.g. favorable wage rates, lower land & utility costs) in Huntingdon County than elsewhere.
- OTHER _____

7. What are the primary **DISADVANTAGES** of doing business in **Huntingdon County**?

8. What are the company's business plans for the next 2-3 years? Check all that apply.

- | | |
|--|---|
| <input type="checkbox"/> Change mix of goods/services | <input type="checkbox"/> Purchases new machinery and/or equipment |
| <input type="checkbox"/> Hire additional employees | <input type="checkbox"/> Open additional operations in _____ |
| <input type="checkbox"/> Upgrade employee skills | <input type="checkbox"/> Relocate from current location to _____ |
| <input type="checkbox"/> Introduce new business technologies | <input type="checkbox"/> Close the business |
| <input type="checkbox"/> Undertake capital improvements | <input type="checkbox"/> Sell the business |

9. Has the company introduced any new products or services recently? Yes No

10. What technologies have had the greatest influence on the COMPANY—the way it manages projects, markets services, or produces a final product? Please explain your answer.

Workforce Development

11. How has the size of the company's workforce changed over the last 5 years?

- The size of the workforce has **INCREASED** by approx. ____ employees. The increase in our workforce is primarily due to: (check all that apply)
- ____ Physical expansion at the facility
____ Introduction of new product lines and/or services
____ Consolidation: relocation of employees from another facility
____ Other: _____
- The size of the workforce has **DECREASED** by approx. ____ employees. The decline in our workforce is primarily due to: (check all that apply)
- ____ Increased Worker Productivity ____ Industry Trends
____ Mechanization ____ Other: _____
____ Outsourcing
- The size of the workforce has remained relatively unchanged.

12. What is the company's annual turnover rate? Each year, the company loses ____ % of its workforce.

This turnover rate is primarily due to . . .

13. Where do the majority of the company's employees live? Check all that apply.

- | | | |
|--|--|---|
| <input type="checkbox"/> Huntingdon County | <input type="checkbox"/> Juniata County | <input type="checkbox"/> Bedford County |
| <input type="checkbox"/> Centre County | <input type="checkbox"/> Franklin County | <input type="checkbox"/> Blair County |
| <input type="checkbox"/> Mifflin County | <input type="checkbox"/> Fulton County | <input type="checkbox"/> Other _____ |

14. Are there skill gaps in your current workforce?

- Yes No

APPENDIX G

Business Leader Survey Listing

Name	Title	Company
David K. Goodman, Jr.	President & CEO	D. C. Goodman & Sons, Inc.
Brian Miller & Bob Parsons	Owners	B & B Designed Systems, Inc.
Bradley Rogers	President	Rogers Electric, Inc.
Wilbur Hall	Manager	Marks Brothers
Larry M. Corbin	Plant Manager	Interforest Lumber Corp.
J. Robert Garner	President	Garner Lumber, Inc.
Richard Endres, Jr.	President	Endres Wood-Plastics, Inc.
Stephen C. Houston	President	Huston Ford Lincoln Mercury
Charles D. Lightner	Vice-President	Miller Auto Parts
B. J. Filson	Manager	Jim's Anchorage
Derek Grubb	Manager	Days Inn - Huntingdon
Samantha Ocelius	Manager	Lake Raystown Resort & Lodge
Harold J. Davis	Owner	Daland Farms
Arthur J. Decamp	Eastern Operations Manager	Containment Solutions
Frank Lukens	Plant Manager	Bleyer Industries, Inc.
Joseph A. Masciangelo	Plant Leader	Advanced Glassfiber Yarns, LLC
Jeff Tressler	Manager	Your Building Center, Inc. - Huntingdon
Michael Hetrick	Manager	A.P.M. Home Center
Kevin L. Mills	Owner	K. L. Mills Contracting & Supply
James Repogle	President	Alexandria Farm, Home & Garden Center
Bob Smith	Manager	BiLo Foods - Huntingdon
Bill Peters	Manager	Weis Market, Inc. - Huntingdon
Paul Rubal	Manager	Giant Food - Huntingdon
Dennis Stevens	Manager	Sandyridge Market
Leon E. Hopkins	President	Huntingdon Electric Motor Services, Inc.
Martha Wolfhope	Manager	Skills of Central Pennsylvania, Inc.
Edward J. Anderson	President	Poole-Anderson Construction
William J. Howe	President	Hickes Associates, Inc.
Dennis E. Cisney	President	Cisney & O'Donnell
Paul Woods	Plant Manager	Dalco Industries, Inc.
Diana A. Caldwell		Atherton Flag Company
K. Lee Hopkins	Sr. Vice President	Unitas Bank
Paul H. Yohn, Jr.	President	Community State Bank - Orbisonia
John R. Franks	President	Penn Central National Bank - Huntingdon
Dr. Jerry L. Dunkle	Superintendent	Mount Union Area School District
Mr. Hervey P. Hann	Superintendent	Huntingdon Area School District
Dr. Thomas R. Kepple, Jr.	President	Juniata College
Ronald G. Fortney	Superintendent	Southern Huntingdon County School District
Dr. David Leckvarcik	Superintendent	Juniata Valley School District
Jenannine Coursen	Director	DuBois Business College - Huntingdon
John Augustine	Director	Huntingdon County Career & Technology Center
Charles A. Shetrom	Owner	C.A. Shetrom, Inc.
Robert Bailes	Co-owner	Prestige Meats
Thomas C. Martin	Chairman	Martin Oil Company
Eugene Morgan	Owner	Mount Union Beverage Company
Dave Sorenson	Manager	Raystown Beverage
John & Cecil Rader	Manager	Laney's Feed Mill, Inc.
Charles R. Bard	Owner	Mapleton Farm & Garden
Rick Adams	Manager	Helena Chemical Company

Name	Title	Company
Mike Morgan	Owner	Shade Gap Farm Supply
Thomas B. Miller	President	C.H. Miller Hardware Company
Steve Tasker	Manager	Ames Department Store
Kay Miller	Manager	Fashion Bug
S. Louise Bajanowski	Manager	Payless Shoes Store - Huntingdon
James Monihen	Owner	Jim's Men's Shop
Sam Pandolfino	Owner	Sam's Sales & Service
James Stevens, III	Owner	Orbisonia Furniture & Rug
John & Barb Eastman	Owner/Operator	McDonald's EASTMAN #3736
Darin W. Grubb	Manager	Grubb's Diner
Erik J. Lindberg	General Manager	Hoss's Steak & Sea House
Hal Laughlin	Manager	Soddexo
Susan Fortney	Branch Manager	Citi Financial
Donna Ambrose	Manager	Huntingdon Financial Services
Lawrence E. Mundis, Jr.	Owner	American Express Financial Advisors
Robert D. Lloyd	Assistant Vice President	PNC Brokerage Corporation
Tim Schrack	Manager	Schrack Realty
Burgess A. Smith	Owner	Raystown Realty
Richard E. D'Albarto	CEO	J. C. Blair Memorial Hospital
Joanne V. Wible	Administrator	Woodland Retirement Center
Michael D. Greeley	Administrator	Huntingdon Manor
Micahel E. Rodli	President	John R. Wald Co., Inc.
Harry M. Stroup	Partner	Hearn & Stroup - CPA Associates
Pat Ebersole	Manager	Family Dollar Store
Robert & Jane Milles	Owners	Buck's Laundry & Dry Cleaning
David Howard & Keri Miller	Co-owners	H & R Block - Huntingdon
Martin R. Brown	Director	Martin R. Brown Funeral Home, Inc.
Kevin Busko	President	Busko's Auto Service, Inc.
Daniel C. McKinney	Partner	D & D Auto Repairs
Cindy Ruble-Brown	Marketing/PR Coordinator	Westminster Woods
Rita E. McDonel	Executive Director	Huntingdon County Child & Abuse Development Services
Shirley Bonrisco	President	Raystown Developmental Services
R. Alan Smith	Executive Director	Huntingdon - Bedford - Fulton Area Agency on Aging
Kelly L. Clapper		Clapper's Tree Services, Inc.
Drew M. Tomlinson	President	Lawnscape, LTD
Dr. Wayne A. Hershberger	President	Town & Country Animal Hospital, PC
Jeffrey E. Hall	Area Manager	Huntingdon Asphalt Products Co.
Dale Paffie	President	Mineral Springs Bottling Co.
Edwin B. Strickler, Jr.	President	Strickler's Ice and Bottled Water
Tom Henderson	Owner	Kunz Business Products, Inc.
George R. Sample, III	Publisher	The Daily News (The Joseph F. Biddle Publishing)
Chester P. Isett	General Manager	Adelphia
Dave Davies	General Manager	WHUN, WWLY, WXMT
Paul Statler	President	U.S. Municipal Supply, Inc.
Delmont Sunderland	President	World Marketing of America, Inc.
C. Arnold McClure	President	Centre Business Products, Inc.
Randy Brooks	President	Pennsylvania Net Works, Inc.
David Myers		Country Systems
Terry Sheffield	Manager	Huntingdon County CareerLink
Jonathan Clark	Manager	Standing Stone Golf Club
Genevieve Voldstadt	Park Manager	Greenwood Furnace State Park
Scott D. Grill, Esquire	Partner	Henry, Corcelius, Gatesm Gill & Ody
Robert S. McMinn, Esquire	Managing Partner	Bierbach, McDowell, McMinn & Zanic

Name	Title	Company
Barbara Baxter and Michael Kipphan, Esquire		Baxter & Kipphan Attorneys At Law
Edward M. Brown, Esquire	President	Central Penn Settlement Co.
Troy S. Parsons	Manager	Appleby's Drug Store
Richard Keifman	Vice-President	R & R Vending Company
Kurt Bookhammer	Owner	JB Tree Farm
Mark A. Kane	President	Mark A. Kane, Inc.
George Didawick	Plant Manager	US Silica Company
W. Donald Talasky	Plant Manager	Mead School & Office Products
Gene Henry	Manager	Kerr-McGee Chemical Corp.
Allan Daniels	Plant Manager	Bonney Forge Corporation
Jack A. Reihart	President	N.E. Reihart & Sons, Inc.
Carl H. Baxter	President	Baxter Machine Products, Inc.
Russ Schrock	Director of Operations	FCI Electronics, Inc.

APPENDIX H

Broadband Measurements

Maximum Dedicated Bandwidths	
Data Rate	Technology
40 Gbps	OC-768
13.27 Gbps	OC-256
10 Gbps	OC-192
4.976 Gbps	OC-96
2.488 Gbps	OC-48
1.866 Gbps	OC-36
1.244 Gbps	OC-24
933.12 Mbps	OC-18
622.08 Mbps	OC-12
466.56 Mbps	OC-9
155.52 Mbps	OC-3, category 5 cable, high-speed ADSL downstream
100 Mbps	Fast Ethernet
51.84 Mbps	OC-1
44.736 Mbps	T-3
20 Mbps	Category 4 cable
16 Mbps	Token Ring LANs
10Mbps	Thin Ethernet, category 3 cable, cable modem
6.312 Mbps	T-2
6.144 Mbps	Standard ADSL downstream
1.544 Mbps	T-1
128 Kbps	ISDN
56 Kbps	56flex, U.S. Robotics x2 modems, V.90 standard
33.6 Kbps	56flex, x2 modem communications rate
28.8 Kbps	V.34, Rockwell V.Fast Class modems
20 Kbps	Level 1 cable, minimum cable data speed
14.4 Kbps	V.32bis modem, V.17 fax
9600 bps	modem speed circa 1980s
2400 bps	modem speed circa 1980s

UNITS OF MEASUREMENT

- bit** = smallest unit of digital information, i.e. ones & zeros
- byte** = a set of bits
- Bps** = bits per second
- Kbps** = kilobits per second = 1000 bits per second
- Mbps** = Million bits per second = 1,000,000 bits per second
- Gbps** = Gigabits per second = 1,000,000,000 (one billion) bits per second
- Tbps** = Terabits per second = 1,000,000,000,000 (one trillion) bits per second
- Ebps** = Exabits per second = 240 bits per second
- Pbps** = Petabits per second = 250 bits per second
- Zbps** = Zettabits per second = 270 bits per second
- Ypbs** = Yottabits per second = 280 bits per second
- Obps** = Googabity pers second = 2100 bits per second

APPENDIX I

ECONOMIC DEVELOPMENT PLAN ELEMENTS OF THE VISION (GOALS)

Economic Prosperity – An Increase in Median Family Income, and a Reduction in Unemployment....

It is Our Goal that Huntington County Achieves Economic Prosperity while Retaining the Qualities of Rural and Small Town Living....

....Future Employment will be Balanced Between the Farm-Forest, Resource Extraction, Retail, Service, Manufacturing and Public Sectors.

To Encourage the Development of a Healthy and Diversified Economic Base Capable of Providing Employment and Goods and Services to the Residents of Huntington County.

OBJECTIVE: Support and foster economic development activities which will continue the sustainable use of farm and forest resources. Support sound resource extraction policies.

POLICIES:

Form a Huntington County Agriculture Development Council to become a full partner in local economic development efforts.

Support the development of new agriculture-related support businesses.

Support the direct sale of farm products to County institutions.

Support and encourage developing value-added forest products business in the County.

Encourage re-mining of areas already mined in Huntington County to maximize efficient use of limited resources and to assure sound reclamation.

OBJECTIVE: Support and foster efforts to expand the breadth of tourism attractions and tourism-related business in Huntington County.

POLICIES:

Support and encourage the development of a year-round, full-service resort at Raystown Lake.

Encourage the preservation, reconstruction, and interpretation of the East Broad Top Railroad to become a major tourist resource. Implement the Full-Steam Ahead report.

Support the expansion of new tourist-driven businesses (lodging, dining, retail), especially where they create new entrepreneurial opportunities for County residents.

Promote existing heritage festivals and events in the Raystown Country Guide.

Provide financial incentive grants for cultural activities at local festivals and events (festival fund).

Continue to distribute heritage promotional literature through Raystown County Visitors Bureau

Maintain the local satellite/tourist information Centers.

Develop signage for visitor information locations.

Provide for the recruitment and training of volunteers to guide visitors through Huntingdon County (step-on-guides for motor coach tours).

Continue to publish and distribute the Huntingdon County Heritage Guide.

Coordinate the promotion of local heritage activities with regional events such as Heritage Holidays.

Continue to publicize local heritage initiatives and events through local media articles, quarterly inserts, radio and TV coverage.

Support Path of Progress tour route and regional heritage partnerships.

Support the ongoing efforts of the Huntingdon County Visitor's Bureau in marketing, professional support, and scheduling efforts.

Support the development of a full-service amphitheater at Raystown Lake.

Examine the feasibility of a living outdoor farm museum at Raystown Lake.

OBJECTIVE: Reduce the flow of retail dollars from Huntingdon County by developing a stronger, more diverse retail service base.

Encourage retail development in both downtowns and planned commercial Centers.

Develop a retail market analysis to identify needed retail and services businesses.

Improve access to capital by developing a Countywide, two-tiered, subsidized loan program for both micro businesses and small businesses through the auspices of HCBI.

Market select high-quality sites for commercial development which will lead to net job and sales increases.

Develop prison land currently being released as a high-quality multi-use commercial Center.

Encourage the re-use and re-occupation of existing vacant industrial buildings throughout the County.

OBJECTIVE: Continue successful efforts to expand the industrial sector of the economy and attract new industry in sectors which match the County's resources.

Target major industrial-commercial development into 2-3 high-quality sites to be developed as true public-private partnerships.

Establish a Pennsylvania Enterprise Zone in the Mount Union area. Examine a feasibility of an inter-County Enterprise Zone in the Broad Top area.

Pursue the redevelopment and revitalization of the Huntingdon County Industrial Park and surrounding neighborhood.

Share local economic development success stories with the general public.

Encourage targeted marketing to small to medium industrial firms (roughly 40-70 employee size range) to fit local resources and reduce dependence on a few large employers.

Support the development of services to serve local businesses.

Support efforts at labor force training and development as a means to meet the needs of County employees.

Discourage large-scale industrial development outside already existing industrial areas or planned business parks.

Survey to determine if business service needs (accounting, computer services, communication) are being met for County enterprises.

Encourage and support local access to high-speed communications networks (fiber optics, et.al.).

OBJECTIVES: Support the development and maintenance of organizational strategies and tools to meet economic development goals

POLICIES:

Develop a Huntington County presence on the world wide web which provides a positive identity, rich information and is searchable through the key words.

Determine the need for and support the provision of short-term and longer-term housing for the lead personnel of area businesses.

Perform a net-jobs realization general study to apply to specific future developments.

Continue the present professional business support and recruitment efforts of HCB&I and local Chambers of Commerce.

Examine local economic revitalization tax assistance at all levels of local government.

Investigate the use of tax increment financing and impact fees to guide economic development.

Support cooperation and coordination between all development organizations.

Offer revolving loan funds to ensure access to capital for all types and sized of businesses.