

Section 7. Economic Development

Economic Development Funding

Funding for economic development projects, unlike that for transportation infrastructure, comes from somewhat less predictable sources. However, more often than not, the Commonwealth of Pennsylvania with its wide array of programs provides the public support to an identified project. In Pennsylvania, there are a total of approximately 105 available programs from the state and federal level that can be matched to an economic development project, with 91 of those programs being designated for business development and 14 programs closely related to site revitalization and site development (*Source: PA Department of Community and Economic Development*).

Reviewing the historical funding for projects that are similar in scope to those identified in the proposed CEDS document, most projects have been funded through the Economic Development Administration (EDA), Appalachian Regional Commission (ARC), Commonwealth of Pennsylvania Redevelopment Assistance Capital Program (RACP), federal appropriations through the region's six U.S. Representatives and two Senators, and one or more of the state's 14 site revitalization programs.

Figure 7.1. Pennsylvania Site Revitalization Programs

Site Revitalization Program	Description
Building PA	Provides mezzanine capital for developers for real estate assets in small to mid-sized Pennsylvania communities.
Business in Our Sites Grants and Loans	Empowers communities to attract growing and expanding businesses by helping them build an inventory of ready sites.
Industrial Sites Reuse Program	Grant and low-interest loan financing to perform environmental site assessment and remediation work at former industrial sites.
Infrastructure and Facilities Improvement Program	A multi-year grant program that will provide grants to certain issuers of debt in order to assist with the payment of debt service.
Infrastructure Development Program	Grant and low-interest loan financing for public and private infrastructure improvements.
Neighborhood Assistance Program (NAP)	Tax credit program to encourage businesses to donate capital that can be used to provide eligible services to low-income persons or distressed neighborhoods.
Neighborhood Assistance, Neighborhood Partnership Program (NAP/NPP)	Corporate tax liability credit for businesses that sponsor a neighborhood organization to develop and implement a neighborhood revitalization plan by contributing a substantial amount of cash per year over an extended period of time.
Opportunity Grant Program	Grant funds to create or preserve jobs within the Commonwealth.
Pennsylvania Economic Development Financing Authority (PEDFA) Tax Exempt Bond Program	Tax-exempt and taxable bonds, both in pooled transactions and stand-alone transactions, to be used to finance land, building, equipment, working capital and refinancings.
Pennsylvania Infrastructure Investment Authority (PENNVEST)	Low-interest loans for design, engineering and construction of publicly and privately owned drinking water distribution and treatment facilities, storm water conveyance and wastewater treatment and collection systems.
Rail Freight Assistance (RFA)	Grants to build or repair rail lines or spurs.
Tax Increment Financing (TIF) Guarantee Program	Promotes and stimulates the general economic welfare of various regions and communities in the Commonwealth and assists in the development, redevelopment and revitalization of Brownfield and Greenfield sites in accordance with the TIF Act. The program provides credit enhancement for TIF projects to improve market access and lower capital costs through the use of guarantees to issuers of bonds or other indebtedness.
Underground Storage Tank Upgrade Loan Program (USTULP)	Low-interest loan financing to business owners of regulated underground storage tanks to meet federal Environmental Protection Agency (EPA) upgrade requirements.
Water Supply and Wastewater Infrastructure Program (PennWorks)	A program to ensure safe water supply and proper wastewater infrastructure.

Analyzing funding levels from the above major economic development funding sources reveals the following:

- ARC – From 1999 to 2006 ARC has funded 61 projects through the SPC. Funding for these projects totaled approximately \$9 million, with projects averaging \$150,000.
- EDA – Dating back to 1980, federal funding through the US Department of Commerce’s EDA program resulted in 69 eligible projects being funded for approximately \$28 million, with the projects averaging \$404,000.
- RACP – From 1998 – 2006 the Commonwealth of Pennsylvania has awarded funding for eligible projects totaling \$322 million. The most recent research through the Department of Community and Economic Development indicates that the region received \$73 million for 31 projects in 2005-2006.

These and other sources leverage private sector development dollars to undertake development projects throughout the region. For example, EDA reports leveraging private sector investment between \$30 to \$37 dollars for every dollar invested.

Economic Development Investment Strategies

The primary focus of the Economic Development Strategies Work Group was to consider key strategies in state, local and regional partners’ plans for common themes and complementary policies in developing an overall preferred regional scenario. Review and discussion of the various programs underway resulted in a consensus set of policies about regional activities, places and connections throughout the region. Economic development and related infrastructure projects that are appropriate for inclusion in a Comprehensive Economic Development Strategy for the Economic Development Administration, as well as other major economic programs that utilize public funding, are provided in Appendix E.

Projects considered for inclusion in the plan, whether economic or transportation and related infrastructure, show primary consistency with one of more of the major policies emphasized in the preferred scenario (see project lists in Appendix E).

- Revitalization and redevelopment of the region’s existing communities is a priority.
- Investment in infrastructure improvements will be coordinated and targeted at the corridor level to optimize the impact of the investment.
- The region will focus on the identification and development of industrial sites with special attention given to well situated brownfield locations.
- The entire region will have access to broadband communications infrastructure.
- The region will place a priority on business development with a focus on existing business retention and expansion.

- The region will support initiatives designed to improve both the quality and quantity of the region's workforce to meet emerging industry demands.
- The region will support identified strategic industry clusters.
- The region will place a priority on programs and services to attract and retain a diverse population with a particular focus on young adults and immigrants.
- The region will proactively support the emerging role of colleges and universities in economic development.
- The region will preserve, promote and develop the tourism and hospitality industries by capitalizing on historic, cultural, recreational and ecological assets.
- The region will preserve and develop its agricultural industry.

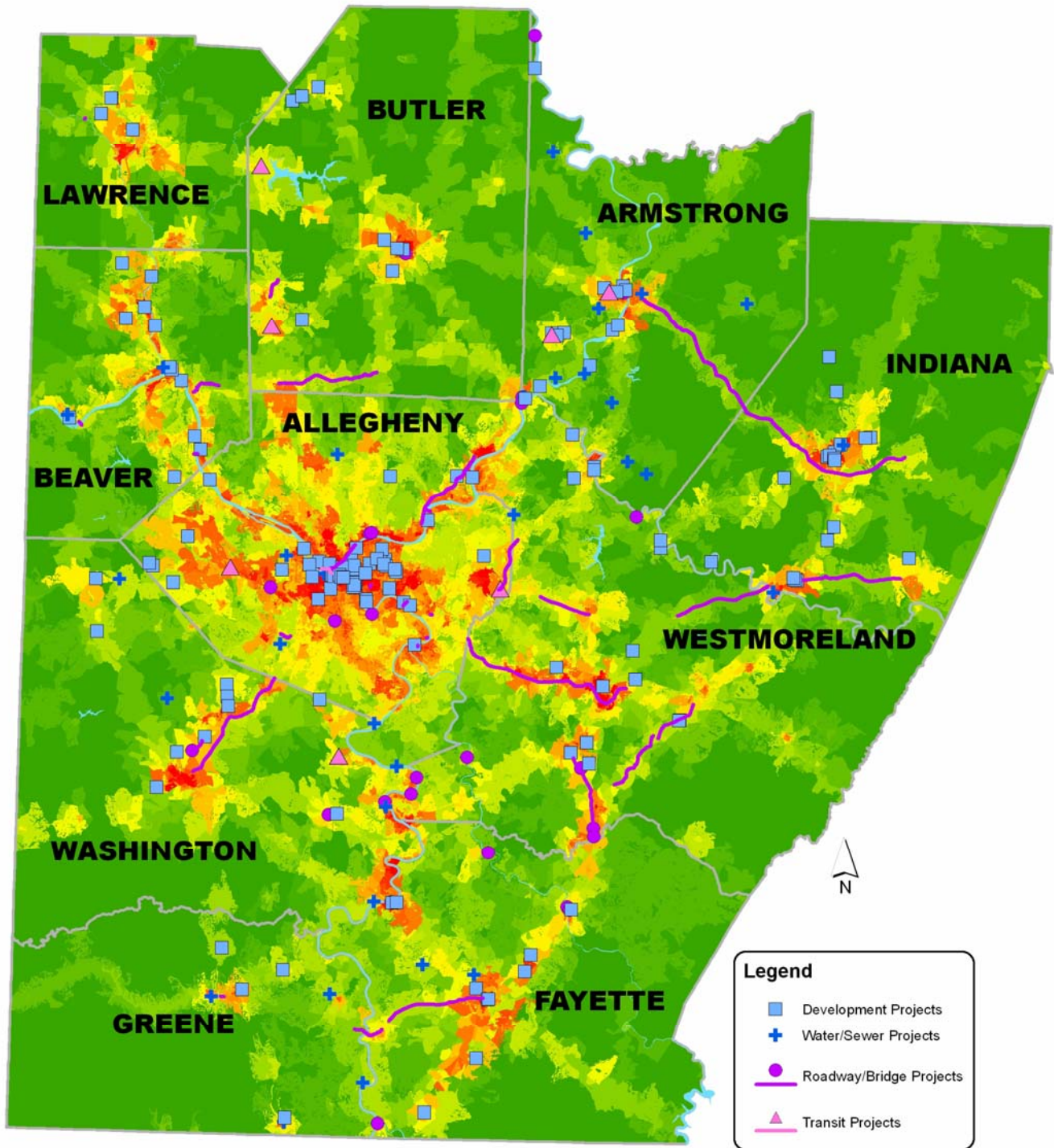
In addition to those specific projects identified, SPC will continue to actively support projects that demonstrate consistency with the policies identified in this plan.

Linking Transportation & Economic Development Investments

As the Economic Development District and the Metropolitan Planning Organization for Southwestern Pennsylvania, SPC has integrated the development of its Comprehensive Economic Development Strategy with the development of its Long Range Transportation Plan into a joint transportation and development plan. In that regard, this plan explicitly recognizes and stresses the linkage between a well-maintained, efficient transportation system and economic opportunity.

This linkage takes place at both the policy and the project level. As one joint plan, Project Region has a single vision and a set of policy statements that guide investments for transportation and economic development. On the project level, consistently evaluating investments in transportation and economic development against the spirit and intent of the plan ensures that projects are mutually beneficial. This means that projects either work in tandem or are mutually supportive, and that they do not work at cross purposes or hinder one another.

Figure 7.2 Regional Projects



Economic Development Policies

The 2035 Plan serves as the Comprehensive Economic Development Strategy (CEDS) for the region. A comprehensive economic development strategy is designed to bring together the public and private sectors in the creation of an integrated economic roadmap to diversify and strengthen regional economies. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs.

SPC has participated in, reviewed, and collected other development plans including: the Commonwealth's Transportation and Land Use for Economic Development Initiative, the strategies of the Allegheny Conference on Community Development, the Keystone Principles for Development, County and City comprehensive or strategic plans, and the Action Plan for Investing in a New Pennsylvania (*IBM*). The majority of these plans showed consistent strategies for economic development which have been incorporated into the 2035 Plan as regional level policies. These include:

Geographic targeting of investment. – The coordinated targeting of investment in areas suitable for long term sustainability, supportive of completed and planned infrastructure investments and responsive to market realities.

Business development. - Provide the economic development infrastructure needed for entrepreneurial endeavors and more critically the infrastructure needed to retain and expand existing businesses.

Workforce Development. – Provide the essential services needed to ensure that the region has a qualified workforce to meet the needs of industries of today and industries of tomorrow.

Community revitalization and development. – Support revitalization of the region's existing communities and focus on initiatives that build and develop communities.

Expand and enhance tourism. – Develop a tourism and hospitality infrastructure to maximize the economic potential of the region's multitude of historical, cultural, recreation and natural assets.

Industrial site identification and creation. – Identify and develop industrial sites to meet site selection needs, with a particular focus on brownfield sites.

Collaboration of entities providing economic development services. – Systematic cooperation and collaboration of state, regional, and local economic development services providers.

Support growth in targeted industry sectors. – Provide the appropriate business climate and infrastructure to support identified industry sectors.

In preparation of the CEDS, SPC conducted a series of meetings with each county's planning and development director. Economic development projects that potentially could advance in the next 10 to 12 years were identified through this series of meetings.

Overall, 156 economic development projects (see Appendix E) have been submitted for inclusion in the Comprehensive Economic Development Strategy portion of the Plan. The economic development projects listed for the CEDS have all been chosen based on their consistency with the policy statements that comprise the 2035 Plan. All of the projects show primary consistency with at least one of the sixteen policy statements in the plan, hitting nine of sixteen overall, with a total of 193 "hits" being applied overall.

All listed projects have an identified local match for possible state and federal funding. This financial support on behalf of the local and county governments illustrates their commitment to continually move the region forward.

As stated in a previous section, the policy statements that drive this document have been divided into three categories – Regional Places, Regional Connections, and Regional Activities. A comparison of the projects and their relevant policy statements reveals:

Regional Places Policies

Sixty (60) projects show a primary consistency with the policy statement "Revitalization and redevelopment of the region's existing communities is a priority".

Forty-seven (47) projects show a primary consistency with the policy statement "Investment in infrastructure improvements will be coordinated and targeted at the corridor level to optimize the impact of the investment".

Thirty (30) projects show a primary consistency with the policy statement "The region will focus on the identification and development of industrial sites with special attention given to well situated brownfield locations".

Twelve (12) projects show a primary consistency with the policy statement "Transportation and development choices will reflect a priority on safe and secure multimodal and intermodal networks for both people and goods".

Regional Connections Policies

One project shows a primary consistency with the policy statement "The entire region will have access to broadband communications infrastructure".

One project shows a primary consistency with the policy statement "The region's infrastructure system will be designed to protect and enhance public health and the environment".

Regional Activities Policies

Thirty-three (33) projects show a primary consistency with the policy statement “The region will preserve, promote and develop the tourism and hospitality industries by capitalizing on historic, cultural, recreational and ecological assets”.

Nine (9) projects show a primary consistency with the policy statement “The region will support identified strategic industry clusters”.

Five (5) projects show a primary consistency with the policy statement “The region will proactively support the emerging role of colleges and universities in economic development”.

To assist in the development of any of the economic development projects, a wide variety of economic development programs have been identified by SPC. Our staff will work with project sponsors to seek out all available resources to move the project forward and coordinate all involved parties.

While the region has been successful at securing funds for physical development – bricks and mortar, the importance of workforce development will not be overlooked. A solid workforce is the key to sustaining the physical improvements made in the region. Most regions have land and buildings available for development and subsequent incentive programs. However, an educated and available workforce is what will set us apart. The Project Region plan includes this essential element that is illustrated in the following policy statement:

“The region will support initiatives designed to improve both the quality and quantity of the region’s workforce to meet emerging industry demands”

Improvements to the region’s workforce not only include programs for training and education along with job placement but also viable transportation options to keep the region’s workforce mobile and easily accessible. One of the hallmarks of the 2035 Plan is that it is a combined transportation and economic development plan capable of addressing these types of access issues.

According to a study completed by the County Commissioners Association of Pennsylvania and Pennsylvania Association of Workforce Investment Boards in 2002, it was concluded that workforce development was the key ingredient in moving regional economies forward and that the citizens of a region are the ultimate beneficiaries of this progress. (SOURCE: Taking Pennsylvania’s Workforce Development System Into the Future, 2002) These conclusions of the study clearly reflect the need to support workforce development initiatives that further drive transportation and economic development policies.

The 2035 Plan promotes community and economic development through a philosophy of plan integration. By integrating the plans and program of our partners, both public and private into policy development, by integrating the policies into project development, and by integrating

economic development planning with transportation development planning the region can use its unique advantages to maximize economic opportunity for its residents.

Water and Sewer

To accommodate and promote economic and community development, health and human safety, the maintenance, repair and development of aging sewer and water infrastructure is an important and expensive proposition. It was estimated five years ago that the cost to upgrade the region's sewer and water infrastructure would require \$9 billion (SOURCE: *Investing in Clean Water: A Report from the Southwestern Pennsylvania Water and Sewer Infrastructure Project Steering Committee* (WSIP, 2002)).

There is no consistently predictable allocated funding stream for water and sewer infrastructure to supplement user-fee based assessments and related bonding. Investment in the region's water and sewer infrastructure has been achieved primarily through a state funding source, the Pennsylvania Infrastructure Investment Authority (PENNVEST). PENNVEST funding is achieved through low-interest loans. Federal funding has also been a critical source for infrastructure investment through appropriations from the Energy and Commerce Committee in Congress.

Analyzing the investment in the region's infrastructure over the past five years (2002-2007) shows that Southwestern Pennsylvania has seen PENNVEST contribute a total of approximately \$567 million, with the following breakdown:

- Wastewater Projects — 112 Projects/Approx. \$401 Million
- Drinking water Projects — 47 Projects/Approx. \$151 Million
- Stormwater Projects — 9 Projects/Approx. \$15 Million

Looking at these investments, the typical wastewater project averaged approximately \$3.58 million per project, Drinking water projects averaged approximately \$3.21 million per project, and stormwater averaged approximately \$1.67 million per project. Overall, the average project that PENNVEST has invested is \$3.375 million per project in the region. Most importantly, as these projects have been completed through low interest loans through PENNVEST, it shows the region's local commitment to invest local funds to address the infrastructure needs.

Further funding through the Commonwealth has been identified through the following sources:

- DEP's Stormwater Management Program
- DCED's State Planning Assistance Grant Program
- DCNR's Community Grant Program, Rivers Conservation Grant Program and Watershed Restoration & Assistance Program
- Direct special appropriations

Further funding through the federal government has been identified through the following sources:

- EPA's Clean Water State Revolving Fund and Sustainable Development Challenge Grant Program
- USDA Rural Utility Service - water and environmental loans, grants, loan guarantees.
- NOAA Community Based Restoration Projects Program
- Abandoned Mine Land Reclamation dollars
- Direct special appropriations

Historically there has been no direct regional allocation of sewer and water dollars from these sources. Equally important to note, if the region maximized funding from these sources the estimated need would still not be met.

Currently, the region manages its sewer and water systems through the municipalities and/or the 234 sewer and water authorities that exist in southwestern Pennsylvania (*Source: Regional Water Management in Southwestern Pennsylvania: Moving Toward a Solution, July 2006*). These municipalities and authorities are seeking funding for approximately 35 identified high priority sewer and water projects (see Appendix E). These projects address both the economic development and community development needs throughout the region:

- 21 projects are identified as addressing the health and human safety concerns of the communities
- 4 projects are identified as solely addressing economic development concerns
- 10 projects are identified as addressing both the community and economic development impact in the region.

Clearly, the region has identified the need for a continuation of sewer and water infrastructure investment as evidenced by the policy statements. The region recognizes the need for investment into the sewer and water infrastructure to address the community and economic development through the following policy statements:

- "Revitalization and redevelopment of the region's existing communities is a priority"
- "The region's infrastructure system will be designed to protect and enhance public health and the environment"
- "Investment in infrastructure improvements will be coordinated and targeted at the corridor level to optimize the impact of the investment"

In addition to sewer and water infrastructure, county planners revealed during their meetings with SPC that storm water management was also a priority evident as most have applied for funding for a storm-water management plan through the Pennsylvania Department of Environmental Protection. SPC will continue to work with its members to assist them in addressing these issues by identifying funding sources for both effective planning and construction costs. SPC will also insure that these investments are made in a manner consistent with the policies adopted in this plan and more specifically in consideration of the region's natural resources and public health.