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**PA House of Representatives
Commerce Committee
Economic Development Hearing
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Sharon PA**

Testimony

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Welcome:

On behalf of the Penn Northwest Development Corporation we welcome the House Commerce Committee to Mercer County and hope that the input received will be of benefit to the Committee and provide information that can assist in streamlining and improving the development process. My name is Larry Reichard and I am the Executive Director of the Penn Northwest Development Corporation, a 501 c 3 private non-profit economic development corporation, incorporated in 1985, serving the economic development needs of Mercer County and with strong collaborative working relationships with local partners and surrounding counties in PA and Ohio.

Background:

By way of background the Penn Northwest Development Corporation manages, in cooperation with our Chambers of Commerce, the Department of Community and Economic Development Business Retention and Expansion Program; provides Attraction/marketing, prospect and project management assistance; facilitates infrastructure and sites development; and provides administrative services to sister agencies the Mercer County Industrial Development Authority, MCIDA, and the Shenango Valley Industrial Development Corporation, SVIDC. Focus of the Penn Northwest Development Corporation and its partners is on valued added industrial

development activities with the goal of creating new investments and quality value added jobs through out the county and regional area.

Demographics:

Mercer County has a population of 120,000, has a non farm workforce of 48,800 and has a goods producing, valued added, economic sector that totals 10,500 or 21% of the non farm workforce. Industrial, manufacturing, and value added companies in the county total 256 with 173 companies or 68% having less than 50 employees, 83 companies or 33% of the industrial, valued added, sector has 50 or more employees. Needless to say the contributions of small business and industry in aggregate are extremely important to the economic success of the county as a whole. Principle economic centers include the regional areas of the Shenango Valley, Greenville, Mercer, Grove City, and Sandy Lake/Stoneboro. See Mercer County Community Profile attached (2000 Census).

Functional Service Delivery/Co-Location of Agencies and Organizations:

Mercer County economic development activities are implemented at the Penn Northwest Professional Center, Mercer, and are conducted within the context of a “one stop shop” including the Mercer County Industrial Development Authority, MCIDA; Shenango Valley Industrial Development Corporation, SVIDC; Gannon Small Business Development Center, SBDC; the Northwest Industrial Development Resource Center, NWIRC; and most recently the NW Commission, LDD, established field offices in the center to facilitate International Trade and Development opportunities in the Mercer County regional area. In direct proximity to the Center is the Mercer County Conservation District which is directly involved in environmental permitting as related to expansion and development projects throughout Mercer County and the Mercer County Career Center.

Co-location of the seven (7) agencies and organizations results in day to day exchange of leads, prospects, and integration of resources which has facilitated significant growth

in service delivery by the agencies located within the center. For example the SBDC provided direct service to 136 clients in Mercer County FY 2006/2007. The NWIRC has experienced significant activity as well including prominent clients such as General Electric, Grove City and the Ellwood Group, Hermitage.

With seven (7) agencies currently co-located to date it is the hope that this integration of resources can be expanded to include the Mercer County Regional Planning Commission, planning and regulatory functions, and possibly a satellite of the Mercer County CareerLink to expand area wide workforce development initiatives into eastern Mercer County.

We note and emphasize that this center is not consolidation of agencies but physical co-location of functions. Though each agency has distinct structures and different functions daily interaction dramatically enhances comprehensive and timely economic development service delivery to business and industry.

Short of consolidations we would urge the Committee and the Department of Community and Economic Development to enact polices, incentives if needed, to encourage co-locations and the functional integration of agencies and organizations in these "one stop" service delivery environments. By experience co-location works for the benefit of all agencies involved. Obviously where clear duplications do exist the DCED should enact policies and procedures and take necessary steps to consolidate programs and eliminate duplication throughout the system.

Streamlining Programs and the Process:

First, and as a general statement, the most important program implemented by the Department is the Business Retention and Expansion Program. With 75% of new investments and new jobs created by existing business and industry this program needs to be in the forefront of the Commerce Committee and Department of Community and Economic Development initiatives.

Second, in addition to Business Retention and Expansion, key programs that have benefited Mercer County include Ben Franklin Partnership, Business in our Sites, Infrastructure Development program, Industrial Sites Reuse Program, Job Training Programs, and Penn Vest as it supports municipal upgrades to sewerage and water facilities essential to positive economic development initiatives.

Third, and in view of significant program assistance by the Commonwealth , Penn Northwest Development Corporation has long been a proponent of streamlining the economic development programs, advocate of the single application, and the overall service delivery process. The basic needs of business and industry that we deal with in Mercer County include incentives and assistance to implement the following:

- Development of Land and Buildings (Real estate development),
- Machinery and Equipment,
- Workforce Recruitment and Development, (CareerLinks and training)
- Infrastructure and Sites development, and;
- Technology Enhancements and Technical Assistance.

A quick visit to www.newPA.com and the DCED program finder illustrates 51 DCED program offerings in support of these five (5) basic business and industry needs.

By rough count there are 9 infrastructure programs, 5+ workforce training programs, 12 business financing programs, a half dozen technology/technical assistance programs, and a half dozen tax incentive programs including KOZ's, among the programs listed. In the interest of creating a user, and particularly a customer, friendly environment significant efforts need to be made to consolidate these programs based on funding functions and avoid new programs that simply duplicate current program offerings that exist. Where duplication of functions are found to exist these duplicative programs should be consolidated and/or eliminated as the case may be. Current example: the

NWIRC, the SBDC, and now the NW Commission via DCED are all implementing energy efficiency programs. First there is a significant duplication and second it is questionable whether they should be included in the matrix of economic development programs.

Streamlining services and programs are particularly important for small business and industry (in Mercer County 68% less than 50 employees) as they do not have the staff resources to manage public programs and as a result in many cases companies simply do not want to get involved in the process due to the complexity or lack of program understanding. Thus the hands on support generated through the Business Retention and Expansion Program and direct support from local economic development practitioners becomes even more critical to the service delivery process to assure business, and particularly small business and industry, growth and development.

Admittedly streamlining, and particularly consolidation, of programs is not an easy task but one that should be addressed to the greatest extent possible and as new initiatives may be considered integration and consolidation of new initiatives into established programs would make more sense. We would recommend at a minimum that the newpa.com website be reconfigured by basic program function rather than by program.

Challenges for New business Start Ups:

In addition to attraction, retention and expansion, new business development is the third critical component to the overall development process. Co-located in the Penn Northwest Center the Gannon Small Business Development Center provides direct business planning support for new start ups as well as assistance to existing business and industry. Principle challenges facing entrepreneurial growth and new business development start ups are:

- Capital formation – having enough funding for start-up and 3 to 6 months of operations/working capital
- Management Experience
- Financial knowledge – lack of understanding financial statements

- Federal/State Filing Requirements – registration, etc.
- Labor Laws, including worker's compensation

In addition and per our Gannon Business Analyst program offerings as listed are confusing and programs are not easily understood by startup entrepreneurs. We believe that this reinforces the need to adjust the program listings by function and supports the need for services to support attraction and expansion needs.

Summary and Closing Remarks:

Once again we thank you for visiting Mercer County and we appreciate the opportunity to provide input to the House Commerce Committee. We encourage the co-location of agencies and organizations in the context of "one stops", evaluate program offerings and eliminate duplication of programs and service delivery, reconfigure the web site to address functions rather than programs, and where appropriate implement consolidation of programs and agencies in the interest of streamlining the service delivery process to better serve the needs of the economic development customers.

Questions and Answers: