



AN ANALYSIS OF NORTHEASTERN PENNSYLVANIA
AS A MANUFACTURING INDUSTRY LOCATION

MANUFACTURING WHITE PAPER

2014 Q4

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INTRODUCTION

Northeastern Pennsylvania (NEPA), which encompasses Northern I-81 Corridor communities such as Scranton, Pittston, Wilkes-Barre, and Hazleton, has a long history of supporting a diverse array of manufacturing operations.

Several factors in NEPA combined to grow the manufacturing industry. These include a highly productive and cost competitive labor supply, quick access to raw materials, close proximity to the Northeast's major metropolitan areas, a superior interstate network, abundant and reliable utilities, and available industrial sites and buildings in tax abatement zones.

According to the United States Census, in 2012 there were **580 manufacturing establishments** in the Scranton/Wilkes-Barre/Hazleton MSA employing **27,389 people**. The largest manufacturing subsectors ranked by total employment were as follows:





Well-known companies with manufacturing plants in the region include Lockheed Martin, Graham Packaging Company, General Dynamics, Simmons Company, PepsiCo, Sealy Manufacturing, Procter & Gamble, Sanofi Pasteur, BAE Systems, Bimbo Bakeries, Hershey Company, Fairchild Semiconductor, International Paper, Dial Corporation, Archer Daniels Midland, Air Products & Chemicals, Bemis, and Cargill Meat Solutions.

TOP MANUFACTURING EMPLOYERS IN NEPA

COMPANY	PRODUCTS	COUNTY	APPROX. EMPLOYEES
A. Rifkin Company	Textile bags	Luzerne	D
Air Products & Chemicals	Chemicals & chemical products	Luzerne	D
Altadis USA	Cigars, boxes, & wrappers	Carbon	D
Altec Industries	Industrial trucks & tractors	Luzerne	D
American Silk Mills	Fiber, yarn, & thread mills	Luzerne	D
Archer Daniels Midland	Cocoa products	Luzerne	D
Arlington Industries Inc.	Electrical fittings	Lackawanna	C
BAE Systems	Medical equipment & supplies manufacturing	Lackawanna	B
Bemis Company, Inc.	Polyfilm	Luzerne	C
Bimbo Bakeries, USA	Bakery products	Luzerne	C
Bridon American Corp.	Wire & wire rope	Luzerne	C
Cargill Meat Solutions	Meat processing facility	Luzerne	B
Cascades Tissue Group of PA	Paper products	Luzerne	D
Certech	Technical & decorative ceramics	Luzerne	C
Citterio U.S.A.	Meat products & processing	Luzerne	D
Cornell Iron Works	Steel rolling doors	Luzerne	C
CPG International	Compression molded polyethylene slab	Lackawanna	B
Dial Corporation Henkel	Household laundry products	Luzerne	D
Diamond Manufacturing Co.	Perforated metal & plastic	Luzerne	D
EAM Mosca	Plastic strapping	Luzerne	D
E.S. Kluff & Company	Luxury mattresses	Luzerne	D
Fabri-Kal Corp.	Packaging products	Luzerne	C
Fairchild Semiconductor	Semiconductor manufacturer	Luzerne	D
First Quality Nonwovens	Nonwoven fabric	Luzerne	C
General Dynamics	Military tanks & shells	Lackawanna	C
Gentex Corporation	Personal protective products	Lackawanna	B
Gertrude Hawk Chocolates	Chocolate & cocoa products	Lackawanna	B
Golden Technologies	Home health care	Lackawanna	C
Gonnella Frozen Products	Frozen bakery products	Luzerne	D
Graham Packaging	Plastic containers	Luzerne	D
Greiner Packaging	Plastic food containers	Luzerne	D
Hazleton Standard Speaker	Newspapers: publishing & printing	Luzerne	D
Hershey Company	Molded chocolate	Luzerne	C
Indalex	Aluminum anodized & fabricated extrusions	Luzerne	C
InterMetro Industries Corp (HQ)	Wire shelving, material, & handling storage	Luzerne	B
International Paper	Corrugated shipping containers	Luzerne	D
Kappa Graphics L.P.	Commercial printer	Luzerne	D
Letica Corporation	Commercial plastic containers	Luzerne	D

KEY

- A** - 1000+ employees
- B** - 500-999 employees
- C** - 250-499 employees
- D** - 100-250 employees
- E** - less than 100 employees

COMPANY	PRODUCTS	COUNTY	APPROX. EMPLOYEES
Lion Brewery	Beverages	Luzerne	D
Lockheed Martin Tactical Defense	Nuclear components, armaments, etc.	Lackawanna	B
Luzerne Optical Laboratories	Ophthalmic lenses	Luzerne	D
MACTac	Electro sensitive paper	Lackawanna	D
Maid-Rite Specialty Foods	Frozen portion control meats	Lackawanna	C
Master Halco	Fences	Lackawanna	D
Medico Industries	Metal, heavy equipment, & ammunition manufacturing	Luzerne	D
Mesko Glass	Glass & glass product manufacturing	Lackawanna	D
MIA Products	Ice cream & frozen dessert manufacturing	Lackawanna	D
Mission Foods	Tortilla manufacturing	Luzerne	C
Nardone Brothers Baking Co.	Bakery	Luzerne	D
Nature's Way	Bottled beverages	Luzerne	D
Northeastern Envelope Company	Commercial printer	Lackawanna	D
Offset Paperback Inc., Div Bergelsman Corp.	Book printing	Luzerne	C
Otis Spunkmeyer	Frozen bakery products	Luzerne	D
P.A. Hutchison Company	Book printer	Lackawanna	D
Preferred Meal Systems	Prepackaged frozen food items	Lackawanna	D
Pretium Packaging	Clear polyester bottles	Luzerne	D
Pride Mobility Products Inc.	Lift & power wheelchairs & scooters	Luzerne	B
Procter & Gamble Paper Products	Paper products, tissues, & diapers	Wyoming	A
QTG (Quaker Oats Corporation)	Beverages	Luzerne	C
Quadrant	Plastic sheets	Lackawanna	D
Quebecor World (Quad Graphics)	Telephone directory printing	Luzerne	C
Reynolds Packaging KAMA	Plastics	Luzerne	D
Sandvik Steel Inc.	Seamless tubular products	Lackawanna	C
Sanofi Pasteur	Vaccines	Monroe	A
Sauquoit Industries	Conductive fiber & fabric	Lackawanna	D
Schott North America	Optical, ophthalmic, & specialty glasses	Lackawanna	C
Scranton Times Tribune (HQ)	Newspapers: publishing & printing	Lackawanna	C
Silgan White Cap	Metal closures	Luzerne	D
Simmons Company	Mattresses	Luzerne	C
Simplex Industries	Modular homes	Lackawanna	C
Tobyhanna Army Depot	Electronics repair, fabrication, & component manufacturing	Monroe	A
Trion Industries Inc.	Store fixtures	Luzerne	C
Unison Engine Components	Aerospace product & parts manufacturing	Luzerne	D
Universal Printing Co.	Commercial printer	Lackawanna	D
UTC Cargo Group	Sport, racing, concession trailers	Carbon	D
Valmont Newmark	Tubular steel poles	Luzerne	D
Weatherly and Hazleton Casting	Foundry	Luzerne	D
Wilkes-Barre Publishing Co.	Newspaper printing & publishing	Luzerne	D

LOCATION

NEPA is in the center of the Boston/Washington Corridor and is at the confluence of six major highways. Interstates 81, 80, 84, 380, 476, and 78 meet here and provide excellent access to firms wishing to serve Maine to Virginia and west to Ohio.

More than 51 million people live within 200 miles of NEPA. New York City, Philadelphia, Harrisburg, and Syracuse are located within two hours of the region.

Interstates 81, 80, 84, 380, and 78 are toll-free in NEPA. There are no major bridges or tunnels in the region to delay truck departures or arrivals. The region's main highway, I-81, runs from the US/Canadian border in the North to Knoxville, Tennessee in the South.

I-81 intersects several major East-West highways, which include I-80 (access to New York City), I-78 (access to the Lehigh Valley and New Jersey), I-84/I-90 (access to Boston), I-76 (access to Pittsburgh and Philadelphia), I-70/I-270 (access to Washington DC), and I-83 (access to Baltimore).

The Northern I-81 Corridor provides quick access to most major seaports along the East Coast, which are predicted to experience increased volume once infrastructure upgrades to the Panama Canal are complete. Upgrades to the Canal will allow for the passage of "post-Panamax" ships, which have a capacity to carry 12,000 containers. That is three times more than a ship can currently carry through the Canal.

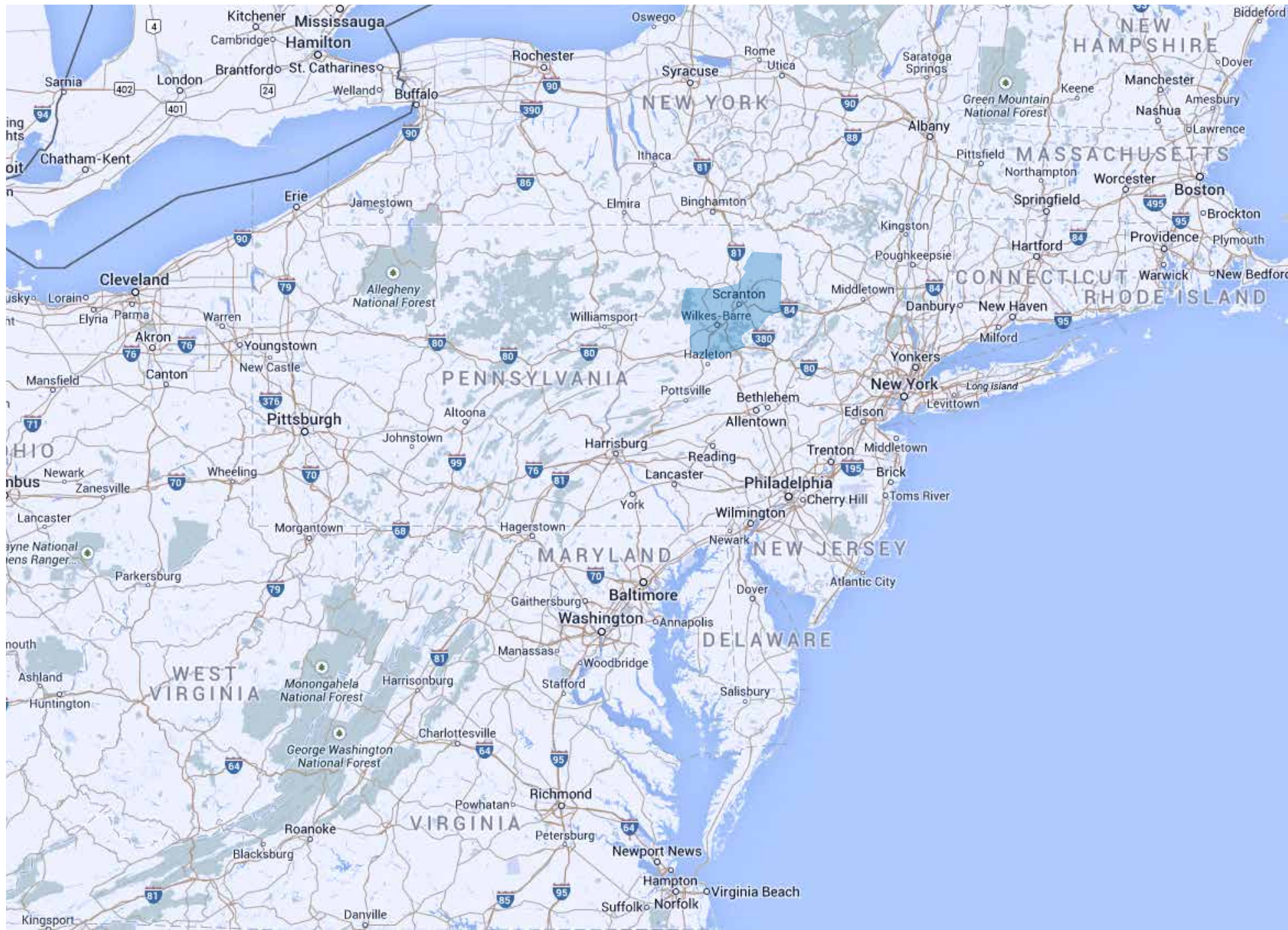
ACCESS TO CONSUMPTION ZONES FROM CENTER OF NEPA



Source: NEPA Alliance

DISTANCE TO MAJOR CITIES FROM CENTER OF NEPA

CITY	MILES
Allentown, PA	67
Morristown, NJ	96
Philadelphia, PA	113
Harrisburg, PA	116
Port Newark, NJ	126
New York, NY	128
Syracuse, NY	152
Baltimore, MD	194
Hartford, CT	198
Washington, DC	237
Pittsburgh, PA	290
Boston, MA	301





TRANSPORTATION RESOURCES

Dozens of truckload and less than truckload firms serve the region including ABF Freight, A. Duie Pyle, Bolus Freight Systems, Calex Logistics, Con-Way Freight, Evans Distribution Systems, Estes Express Lines, Kane is Able, Karchner Logistics, M.S. Carriers, NFI Logistics, New Penn Motor Express, Pitt Ohio Express, PRIME, Inc., R.C. Moore, R&L Carriers, RLS Logistics, Ward Trucking, and YRC National.

In addition to the trucking companies with operations in NEPA, there are also numerous national and local third party logistics (3PL) companies located here. Some of the most active 3PLs in NEPA include Kane is Able, Romark Logistics, GENCO ATC, Jacobson Companies, Penske Logistics, J.B. Hunt, and LeSaint Logistics.

UPS, FedEx Ground, and FedEx Express all have major facilities in NEPA.

Several rail freight carriers serve the region, including Class One railroads (Canadian Pacific Railway and Norfolk Southern Railway) and short line railroads (Luzerne and Susquehanna Railroad, Reading Blue Mountain & Northern Railroad, and Pennsylvania Northeast Regional Railroad Authority). Several local business parks are rail served.

The Wilkes-Barre/Scranton International Airport (airport code AVP) is located in the center of the region and offers approximately 40 daily arrivals and departures to seven major hubs with one-stop service to more than 450 destinations worldwide. AVP provides direct daily flights to Atlanta, Charlotte, Chicago, Detroit, Newark, Orlando, and Philadelphia. Carriers include Allegiant, Delta Connection, United Express, and US Airways Express. AVP is also served by Saker Aviation, one of the finest fixed base operators in the Northeastern United States. Visit www.flyavp.com for more information.

The Lehigh Valley International Airport (airport code ABE) is less than one hour from NEPA's southern border and provides direct daily flights to Atlanta, Charlotte, Chicago, Newark, Detroit, the District of Columbia, Orlando, Philadelphia, St. Petersburg, and Toronto.

WORKFORCE



LABOR AVAILABILITY

Local employers report that most non-skilled workers will commute up to 20 miles to work while skilled workers will commute more than 30 miles. Local commutes are enhanced by an excellent interstate and local road network. For example, a 20 mile commute can typically be made in less than 30 minutes. According to the United States Census Bureau, average daily commutes to work range from 20 to 25 minutes throughout NEPA.

Recent unemployment information for 20, 30, and 40 miles from the center of NEPA:

20 MILES FROM CENTER OF NEPA TOTAL POPULATION = 472,196

YEAR	CIV. LABOR FORCE	EMPLOYED	UNEMPLOYED
2014	227,598	210,768	16,598

30 MILES FROM CENTER OF NEPA TOTAL POPULATION = 686,140

YEAR	CIV. LABOR FORCE	EMPLOYED	UNEMPLOYED
2014	330,719	307,900	22,820

40 MILES FROM CENTER OF NEPA TOTAL POPULATION = 958,329

YEAR	CIV. LABOR FORCE	EMPLOYED	UNEMPLOYED
2014	461,915	430,042	31,872



LABOR MANAGEMENT

The following statistics, released by PA L&I, demonstrate how the region's unemployment rate has compared to the state and nation in recent years. These are seasonally adjusted rates that have been rounded:

YEAR	NEPA REGION CIV. LABOR FORCE	EMP.	UNEMP.	NEPA RATE %	PA RATE %	U.S. RATE %
2014	532,700	495,800	36,900	6.9%	5.7%	6.1%
2013	532,100	484,600	47,000	9.0%	7.9%	7.6%
2012	530,600	482,300	48,100	9.1%	7.6%	8.2%

The rate of unionization of private employers in NEPA has been steadily declining since the 1980s. In 1986, 18.4% of the private workforce in NEPA was unionized. By 2012, the percentage had dropped to 9.9%. Of the more than 200 major new private employers that have moved to the region since 1996, less than 10 are believed to have become unionized.

NEPA region includes the counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Susquehanna, Wayne, and Wyoming.

LABOR COST

Employers considering establishing a facility along Pennsylvania's I-81 Corridor sometimes consider locating in counties in the Lehigh Valley, Southeast, and South Central parts of the state. Here is how NEPA (Lackawanna and Luzerne counties) compares to those areas and the state averages for industrial labor costs.



MANUFACTURING EMPLOYMENT

PA COUNTY	AVERAGE MFG. WEEKLY WAGE	AVERAGE MFG. ANNUAL WAGE	STATE REGION
LACKAWANNA	\$805	\$41,860	NORTHEAST
LEBANON	\$813	\$42,276	SOUTH CENTRAL
LUZERNE	\$878	\$45,656	NORTHEAST
CUMBERLAND	\$923	\$47,996	SOUTH CENTRAL
LANCASTER	\$960	\$49,920	SOUTH CENTRAL
YORK	\$1,014	\$52,728	SOUTH CENTRAL
LEHIGH	\$1,044	\$54,288	LEHIGH VALLEY
NORTHAMPTON	\$1,075	\$55,900	LEHIGH VALLEY
BERKS	\$1,091	\$56,732	LEHIGH VALLEY
PHILADELPHIA	\$1,097	\$57,044	SOUTHEAST
BUCKS	\$1,114	\$57,928	SOUTHEAST
PA STATEWIDE	\$1,123	\$58,396	
DAUPHIN	\$1,137	\$59,124	SOUTH CENTRAL
CHESTER	\$1,329	\$69,108	SOUTHEAST
MONTGOMERY	\$1,536	\$79,872	SOUTHEAST
DELAWARE	\$1,550	\$80,600	SOUTHEAST

Source: www.paworkstats.state.pa.us

TRANSPORTATION & WAREHOUSING EMPLOYMENT

PA COUNTY	AVERAGE MFG. WEEKLY WAGE	AVERAGE MFG. ANNUAL WAGE	STATE REGION
LUZERNE	\$702	\$36,504	NORTHEAST
LEBANON	\$710	\$36,920	SOUTH CENTRAL
YORK	\$768	\$39,936	SOUTH CENTRAL
LACKAWANNA	\$810	\$42,120	NORTHEAST
LEHIGH	\$828	\$43,056	LEHIGH VALLEY
BERKS	\$835	\$43,420	LEHIGH VALLEY
NORTHAMPTON	\$846	\$43,992	LEHIGH VALLEY
PA STATEWIDE	\$850	\$44,200	
LANCASTER	\$862	\$44,824	SOUTH CENTRAL
BUCKS	\$869	\$45,188	SOUTHEAST
MONTGOMERY	\$877	\$45,604	SOUTHEAST
CHESTER	\$881	\$45,812	SOUTHEAST
DELAWARE	\$884	\$45,968	SOUTHEAST
CUMBERLAND	\$896	\$46,952	SOUTH CENTRAL
DAUPHIN	\$932	\$48,464	SOUTH CENTRAL
PHILADELPHIA	\$987	\$51,324	SOUTHEAST

Source: www.paworkstats.state.pa.us



LABOR QUALITY

NEPA is known throughout the United States for its dedicated and highly productive workforce. In fact, prominent national site selection consultant John Rhodes of Moran, Stahl and Boyer said, “It’s almost like Northeast PA defines what work ethic is. People come to work with an eagerness and a willingness to get the job done.”

Here are comments from executives from a few of NEPA’s manufacturing employers:

“We have a great workforce. We have capable people who are passionate about achieving their goals. We are in a low-cost area, yet we have people with the skills you might think you would find only in a high-cost area. Everything in Northeast PA is just right. It’s the Goldilocks theory of doing business.”

SCOTT MEUSER, CHAIRMAN & CEO


PRIDE MOBILITY PRODUCTS CORPORATION, EXETER, PA

“Even though we own and operate 73 retail stores that cover a 150 mile radius from Pennsylvania to New Jersey and upstate New York...I can tell you that the very best people we have working for us can be found right here in Northeastern PA. In this business, we live for the holiday seasons. That means we have no choice but to meet our commitments. And our employees do everything to make sure that happens – year after year. We just have terrific people.”

DAVID W. HAWK, CHAIRMAN OF THE BOARD, DIRECTOR OF RESEARCH & DEVELOPMENT

GERTRUDE HAWK CHOCOLATES, DUNMORE, PA





“In practical terms, our reason for being here is that we have a very high-quality workforce, which is interested in doing good work. The core of our business is not based on high output. We make highly-engineered products at generally low volume. We don’t focus on large degrees of automation...so we really do depend upon a workforce that has a lot of individual skill. And we cross train our people for that reason...A lot of our employees can do various jobs. The people here are very capable and committed to learning a variety of skills – and their work ethic is outstanding.”

L. PETER FRIEDER, JR., PRESIDENT
GENTEX CORPORATION, CARBONDALE, PA

“Our employees are spirited and have a great deal of passion when it comes to their work and our company’s mission to protect against diseases and save lives. In fact, our employees are so positive about the work they do, they serve as ambassadors for the company...helping brand us within the community. This region is just loaded with great colleges and universities, and we’re so close to New York and Philadelphia – they’re each only about an hour and a half away.”

BRIAN CROCEFOGLIA, SENIOR DIRECTOR, STAFFING, HR
SANOFI PASTEUR, SWIFTWATER, PA

“Our Northeastern Pennsylvania employees are amazing. If you give them a problem or goal and divide them into teams and give them the basic tools...they will come up with the right solution. They have a very good work ethic. Our retention is higher and our absenteeism is lower than the average in our industry. This year alone we are giving out more than 70 awards to employees with over 15 years of service.”

RUDY SINGH, P.E., DIRECTOR OF MANUFACTURING
BERWICK OFFRAY LLC, BERWICK, PA

“The Hazleton plant has been the best-performing plant for at least the last 10 years. Soon, we are going to be passing out about 30 service awards to employees who have been here 20, 25, 30, 35 years.”

JOHN KITTREDGE, VICE PRESIDENT OF MARKETING
FABRI-KAL, HAZLETON, PA

EDUCATION





There are **17 colleges and universities** with close to **55,000 enrolled students** located within about a one hour drive from the center of NEPA. Several of these schools offer programs of study that support the manufacturing sector. These schools often work together to provide customized training programs to local employers. In addition, Pennsylvania College of Technology, which specializes in training manufacturing employees, is just 90 minutes away.

SCHOOL	ENROLLMENT	MILES FROM CENTER OF NEPA
King's College www.kings.edu	2,621	9
Wilkes University www.wilkes.edu	5,163	9
Lackawanna College www.lackawanna.edu	1,681	11
University of Scranton www.scranton.edu	6,034	11
Commonwealth Medical College www.tcmc.edu	235	12
Marywood University www.marywood.edu	3,398	14
Penn State: Worthington Scranton worthingtonscranton.psu.edu	1,374	14
Johnson College www.johnson.edu	440	15
Misericordia University www.misericordia.edu	2,830	17
Luzerne County Community College www.luzerne.edu	6,779	17
Baptist Bible College www.bbc.edu	870	20
Penn State: Wilkes-Barre wb.psu.edu	683	21
Keystone College www.keystone.edu	1,752	26
Penn State: Hazleton hazleton.psu.edu	1,172	32
Northampton Community College: Monroe Branch www.northampton.edu	2,377	46
Bloomsburg University www.bloomu.edu	10,159	53
East Stroudsburg University www.esu.edu	7,353	55
Pennsylvania College of Technology www.pct.edu	5,638	78
Total Enrollment:	60,559	



Some of the schools known for providing programs of study that are of interest to manufacturing employers include:

Luzerne County Community College (luzerne.edu)

Luzerne County Community College's (LCCC) main campus is located in Nanticoke in Luzerne County. LCCC has 11 satellite campuses in NEPA and offers a vast array of quality liberal arts and technology programs. A public, two-year comprehensive college, LCCC is accredited by the Commission on Higher Education Middle States Association of Colleges and Schools. LCC offers more than 100 academic, technical, and career training programs including:

- Automated Manufacturing Systems Technology
- Computer-Aided Drafting and Design Technology
- Electronics Engineering Technology
- Dual Track Automated Systems Robotics
- Nanofabrication Manufacturing Technology
- Culinary Arts
- Warehouse Management Distribution
- Building Maintenance Technology
- Pastry Arts Management
- Industrial Management

Johnson College (johnson.edu)

A private, two-year college, Johnson College offers 13 degree programs that focus on providing its students with technical skills. The 44-acre campus is located in Scranton in Lackawanna County and is accredited by the Accrediting Commissions of Career Schools and Colleges (ACCSC). Areas of study include:

- Carpentry & Cabinetmaking Technology
- Electrical Construction & Maintenance Technology
- Heating, Ventilation, & Air Conditioning Technology
- Biomedical Equipment Technology
- Computer Information Technology
- Electronic Technology
- Welding Technology
- Automotive Technology
- Diesel Truck Technology
- Distribution and Supply Logistics Technology
- Logistics and Supply Chain Management
- Diesel Preventative Maintenance Technology



The Pennsylvania State University (psu.edu)

The Pennsylvania State University is a public, state-related research university with 24 campuses across Pennsylvania, including three in NEPA. Known as one of the leaders in higher education, Penn State has been highly ranked by many well-known sources, including U.S. News & World Report, Kiplinger's Personal Finance, The Wall Street Journal, Academic Rankings of World Universities (AWRU), and National Science Foundation. Additionally, it has recently been ranked 49th in the Times Higher Education World University Rankings for 2013-2014. Some of the school's areas of study include:

- Electrical and Computer Engineering Technology
- Industrial Engineering
- Plastics Engineering Technology
- Project and Supply Chain Management
- Food Science
- Agribusiness
- Supply Chain and Information Systems
- Master of Manufacturing Management

Lackawanna College (lackawanna.edu)

Located in Scranton, Lackawanna College is a private, two-year college that began in 1894 as the Scranton Business College. This premier institution offers many degree and certificate programs and recently created its School of Petroleum & Natural Gas. Programs include:

- Petroleum & Natural Gas Technology
- Culinary Arts

Keystone College (keystone.edu)

Keystone College is a private educational institution located in La Plume, Pennsylvania. Founded in 1868, Keystone College offers many academic programs, including Culinary Arts.

Pennsylvania College of Technology (pct.edu)

An affiliate of The Pennsylvania State University, Pennsylvania College of Technology is an established institution focused on applied technology education. Located in Williamsport, Pennsylvania, Penn College administers the state's largest worker training program through its Workforce Development and Continuing Education division. Programs include:

- Automated Manufacturing & Machining
- Electronics & Computer Engineering Technology
- Engineering Design Technology
- Plastics & Polymer Engineering Technology
- Welding & Fabrication Technology
- Automotive Technology Management
- Aviation Technology
- Diesel Technology
- Baking, Pastry & Culinary Arts





In addition to the higher education institutions that serve the region, several local businesses and technical schools provide training programs that benefit area employers. These include:

FORTIS (fortis.edu)

A leading post-secondary network of institutions, FORTIS provides its students with reliable learning and training. FORTIS offers career-based training, diploma, and degree-granting programs at over 40 different schools in 15 states. These campuses, like the ones located in Forty Fort and Scranton, offer programs in healthcare, business, technology, as well as many other trades.

McCann School of Business & Technology (mccann.edu)

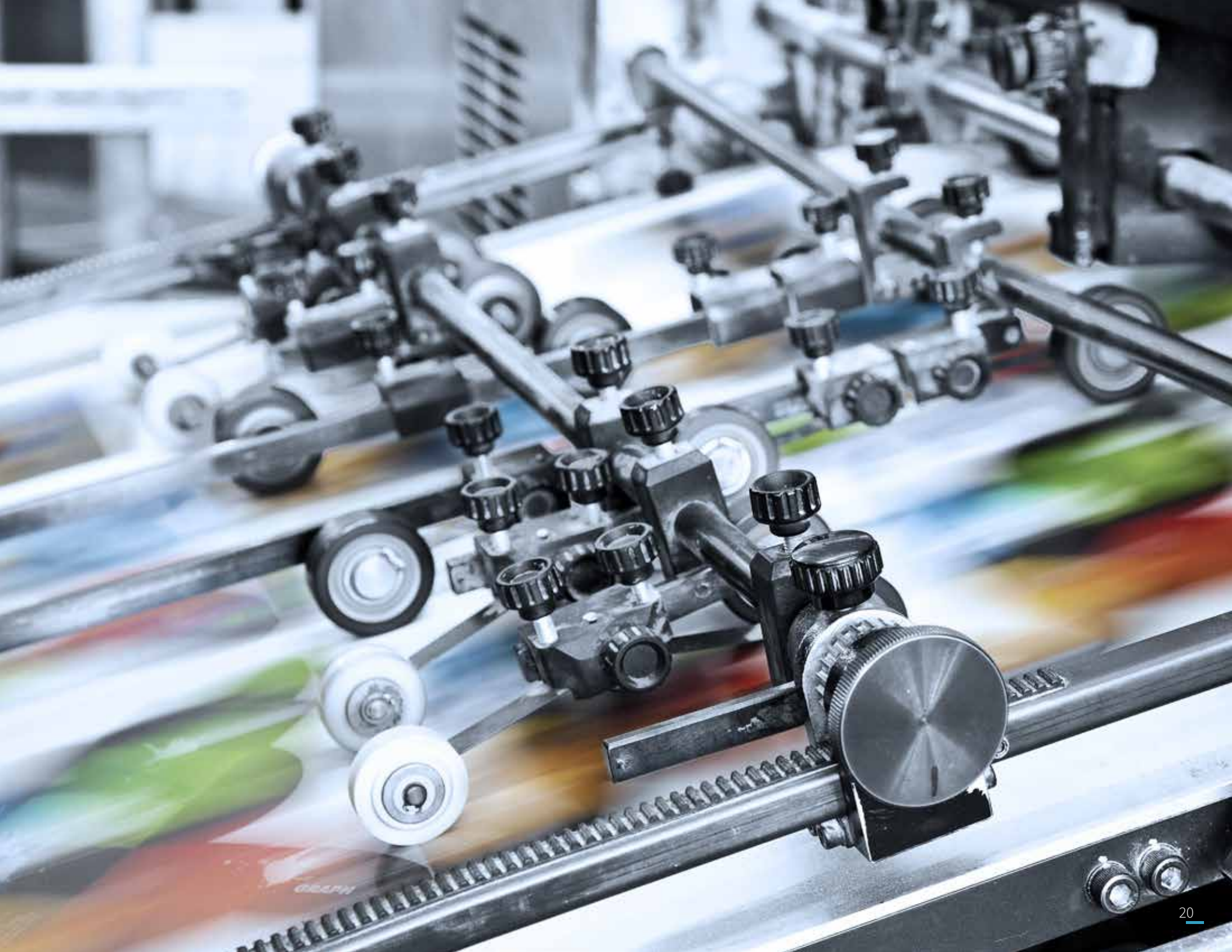
McCann offers a long history of post-secondary education. With multiple locations in Pennsylvania, including Wilkes-Barre, Dickson City, and Hazleton, McCann provides its students more than 35 different program options across eight unique industries. These include technology, medical, and other skilled trades such as electrical systems and HVAC technologies. McCann also has a CDL Class A tractor-trailer program at its Wilkes-Barre campus.

New Horizons Computer Learning Centers (nhnepa.com)

New Horizons Computer Learning Centers has convenient locations in Jenkins Township in Luzerne County and Scranton. New Horizons offers innovative training programs to assist companies and their employees.

ITT Technical Institute (itt-tech.edu)

With more than 140 locations in 38 states, including Dunmore, Lackawanna County, ITT Technical Institute is a leading private college institution with a focus on technology-oriented programs. ITT's schools of study in Dunmore include the School of Information Technology, the School of Drafting and Design, and the School of Electronics Technology.





TRAINING PROGRAMS

Pennsylvania's Workforce Investment Boards (WIBs) help employers recruit and screen potential employees at no cost to the employers. WIBs are non-profit boards of business-people and community leaders engaged in the promotion of workforce development, planning, and oversight of local training efforts under the auspices of the Federal Workforce Investment Act (WIA). Four WIBs serve NEPA.

There are several grant programs available to help companies reduce their training costs.

The **Guaranteed Free Training Program** provides basic skills and Information Technology training for eligible employees of expanding businesses.

The program can be used towards basic and entry-level skills training and Information Technology-Advanced Information Technology training.

The Program is available to Pennsylvania manufacturing and technology-based businesses. Trainees must be Pennsylvania residents, employed in Pennsylvania, permanent full-time employees, and earn at least 150% of the current federal minimum wage. The program's Basic Skills training provides up to \$450 per trainee and \$75,000 per company. The Information Technology training provides up to \$850 per trainee and \$50,000 per company.

The **Work Force Investment Act of 1998** is a federal program that reimburses employees for part of the cost of training. Eligible candidates for this program include private and public sector employers and employees. Any employer that trains program-eligible applicants can apply for reimbursement through the WIA program. Eligible applicants include dislocated workers and unemployed persons.

The funds can be used for job search and placement, skills assessment and evaluation, counseling and training services for individuals and companies, supportive services, and labor market information.

Companies can receive reimbursement for up to 50% of wages paid to eligible employees during training and up to actual costs of classroom training and related training support services. Reimbursement varies by local workforce WIB area.

Please visit www.newpa.com for more information.

OTHER RESOURCES

Many manufacturing companies in Northeastern Pennsylvania benefit from local support organizations including **Northeast Pennsylvania Manufacturers & Employers Association (MAEA)**, **Northeastern Pennsylvania Industrial Resource Center (NE-PIRC)**, and **Ben Franklin Technology Partners of Northeastern Pennsylvania (BFTP-NEPA)**. These organizations help manufacturing companies with training, consulting, networking, and much more.



Northeast Pennsylvania Manufacturers & Employers Association (MAEA) provides continuing education and training to employees, certification programs, workshops, and networking. MAEA also consults in human resources, process improvement, supply chain management, Information Technology, Safety, and Affirmative Action plans.

www.maeaweb.biz



Northeastern Pennsylvania Industrial Resource Center (NEPIRC) provides consulting services specifically to the manufacturers in Northern and Northeastern Pennsylvania. NEPIRC assists their clients with lean and continuous improvements, quality management systems, industry certification, innovation, sustainability, workforce development, and supply chain development.

www.nepirc.com



Ben Franklin
Technology PARTners

Ben Franklin Technology Partners of Northeastern Pennsylvania (BFTP-NEPA) provides companies with funding and business assistance and introduces them to a prominent network of innovative expert resources. **BFTP-NEPA** has a regional headquarters in Bethlehem, PA with local offices in Wilkes-Barre.

BFTP-NEPA invests in early-stage companies that cannot secure seed funding through conventional means and assists young, unproven firms as they prepare to raise additional capital. Investments typically range from \$30,000 to \$150,000 per year for up to three years.

Selection is competitive and is based upon many factors, including the company's ability to create and/or retain highly paid, sustainable jobs. To qualify, a company must be:

- A manufacturing firm or technology company offering significant potential for future growth through the development or application of an innovative technology. Retail and service companies are not eligible.
- Located in, or relocating to, Northeastern Pennsylvania. The region served by **BFTP-NEPA** includes 21 counties, including Lackawanna and Luzerne counties.

<http://nep.benfranklin.org>

REAL ESTATE

MERICLE COMMERCIAL REAL ESTATE SERVICES

In the late 1980s, Mericle Commercial Real Estate Services became the first private for-profit developer to construct industrial shell buildings on speculation in NEPA. Mericle purchased land that had been developed by area chambers of commerce and constructed speculative buildings ranging from 40,000 square feet to 100,000 square feet. Since that time, Mericle has developed more than 18 million square feet of industrial, office, and flex space in NEPA, including numerous bulk industrial buildings. More than 13,400 people work in Mericle-developed properties.

Today, Mericle owns and maintains close to 11 million square feet in NEPA. Mericle is a vertically integrated “master builder” that self-performs its development projects. The company’s approximately 200 employees design, construct, and maintain all of its facilities.

Among its in-house team are two Leadership in Energy & Environmental Design (LEED) accredited professionals who obtained Silver LEED status for Mericle buildings occupied by Amazon.com, Kimberly Clark, and Benco Dental.

Several years ago, Mericle started a Green Building Program and made a commitment to provide lower operating costs to tenants through the implementation of eco-friendly, energy-saving measures. By constructing tight building envelopes, installing energy-efficient T-bay lighting and HVAC systems, improving ventilation and indoor air quality, and using native and adaptive landscaping and recycled/regional materials, Mericle is making a concerted effort to “go green.”

In addition to regularly constructing buildings on speculation, Mericle also prepares sites in advance for new construction. In fact, through its ReadyToGo!™ Program, Mericle is developing more than 90 such sites in 11 NEPA business parks.

Mericle’s Design Department obtains all necessary permits and approvals, and its 50-employee Excavation Division, considered to be one of the largest of its kind in the US, clears, grades, and compacts the ReadyToGo!™ Sites and makes them ready for the immediate construction of building foundations. These sites also have all permits and approvals in hand, all utilities in place, and can accommodate buildings ranging from as small as 10,000 square feet to as large as 1 million square feet.

Mericle’s vertically integrated “one-stop-shop” structure and its aggressive development of speculative industrial buildings and ReadyToGo!™ Sites are very helpful to manufacturers and distributors operating under compressed timeframes wishing to deal with a single source.

Mericle has provided commercial real estate solutions to a variety of manufacturing companies. These include Greiner Packaging International, Cardinal Glass, Freedom Corrugated, Bakkavor, E.S. Kluft & Company, Graham Packaging, Itoh Denki, Mission Foods, QuietFlex Manufacturing, Sealy, and Simmons Company.

For more information about Mericle’s available buildings and sites visit mericlereadytogo.com.



COLD CHAIN SPACE

Some of the nation's largest cold storage companies have major industrial facilities in NEPA. For example, Henningsen Cold Storage Company, United States Cold Storage, Inc., Americold, and RLS Logistics, together operate about 1 million square feet of cold chain space here. In addition, PRIME Inc., one of North America's largest refrigerated trucking companies, has a large terminal in NEPA.





UTILITIES

Northeastern Pennsylvania is utility strong with public water and sewer, abundant power, and fiber service readily available to business parks.

NEPA is strategically located within Pennsylvania's Marcellus Shale Natural Gas play. High pressure gas mains owned and maintained by UGI Penn Natural Gas provide service to area business parks.

The discovery of an estimated 500 trillion cubic feet of natural gas in the rock located under a 22.4 million acre area that covers much of NEPA and the Northern Tier of Pennsylvania has had an enormous impact on the regional economy. The Marcellus Shale region has been recognized as the "largest unconventional natural gas reserve in the world."

Thousands of acres in NEPA and the Northern Tier have been leased by natural gas firms. Billions of dollars are being invested here by Southwest US energy companies. Because of this investment in Marcellus Shale, NEPA is expected to have access to abundant and affordable natural gas for decades to come.

"Serving Northeastern Pennsylvania, UGI Penn Natural Gas Inc. is uniquely situated in the heart of the Marcellus Shale region. Our large commercial and industrial transportation customers have access to some of the most favorably priced natural gas in the country. Further, the abundance of supply in the region is expected to provide long term price stability, making the region a prime target for growth."

DON BROMINSKI, DIRECTOR OF BUSINESS DEVELOPMENT
UGI PENN NATURAL GAS, WILKES-BARRE, PA

Water quality and pressures are very good in the area. In fact, in some business parks, companies choose to install pressure reducers to control water pressure to their buildings.

Water is primarily supplied in NEPA by Pennsylvania American Water Company (PAWC). PAWC is part of American Water, which has one of the most advanced water quality laboratories in the US, located in Belleville, Illinois.

There, the company performs tests to monitor for approximately 100 regulated contaminants and other “emerging contaminants” that are not currently regulated. Additionally, PAWC provides input to the US Environmental Protection Agency as new testing regulations are developed.

Since 1993, the American Water research team has won nearly two dozen awards for best research, received more than \$31 million in research grants, and been granted four patents for water and wastewater research.

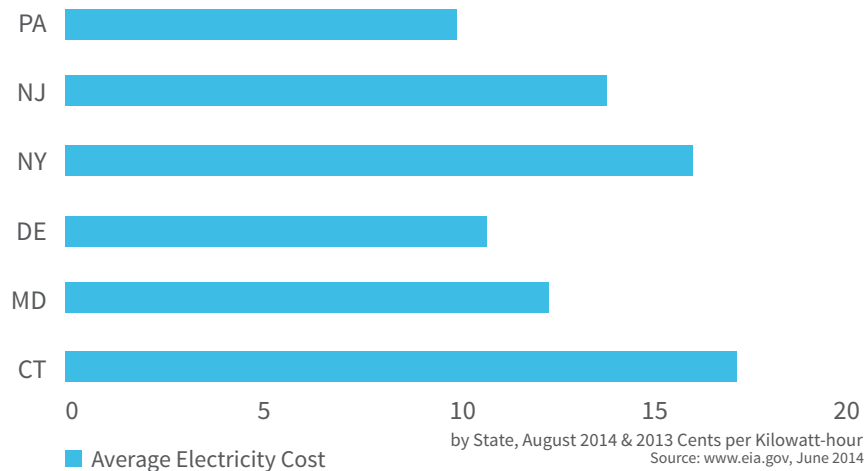
Several local sewage treatment facilities can accept large amounts of biochemical oxygen demand (BOD) and suspended solids without requiring businesses to pre-treat their effluent.

Power is supplied to several local industrial and office parks via PPL Electric Utilities and UGI Utilities. In most parks, 4000 amp service is offered. Pennsylvania continues to have some of the lowest costs of electricity in the Mid-Atlantic and New England regions.

Numerous telecom vendors, including Verizon, Frontier Communications, Level 3, and Comcast provide fiber, copper, and cable service to local business parks.



AVERAGE ELECTRICITY COST FOR PA & SURROUNDING STATES



INCENTIVE PROGRAMS



A variety of grant, tax credit, tax abatement, and low interest loan programs exist to help manufacturing employers reduce their operating costs. Some of the programs commonly used by manufacturers follow. More information about most of these programs can be found at newpa.com.

LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE ACT (LERTA)

Mericle's CenterPoint Commerce & Trade Park near Pittston, PA offers industrial sites and buildings located in **Local Economic Revitalization Tax Assistance (LERTA) Zones**. In CenterPoint, the three taxing bodies – the county, the local municipality, and the school district – have all approved the zone status.

Real estate taxes on improvements for buildings constructed in CenterPoint are 100% abated for 10 years. The table to the left gives estimates of total savings that will be realized for industrial buildings of various sizes via LERTA. Actual savings may vary depending upon the cost of construction required to meet a tenant's specifications.

SQUARE FEET	EST. SAVINGS
150,000	\$915,000
250,000	\$1,525,000
500,000	\$3,050,000

KEYSTONE OPPORTUNITY ZONE (KOZ)

Thanks to the **Keystone Opportunity Zone (KOZ) Program**, an initiative started in 1998, local counties, municipalities, and school districts are allowed to designate certain properties within their jurisdictions as special tax-free zones. When an eligible company moves into a KOZ, it is exempt from paying most state and local taxes through the end date of the zone. All three taxing bodies must agree to forgive local taxes for a property to receive KOZ status.

Mericle has been the leading developer in KOZs in Pennsylvania. Mericle has available properties in KOZs in the Jessup Small Business Center, the Valley View Business Park near Scranton, Humboldt Industrial Park near Hazelton, and in the Duryea KOZ Industrial Park in Duryea Borough.

EXISTING PENNSYLVANIA BUSINESS RELOCATING TO A KEYSTONE OPPORTUNITY ZONE

Any Pennsylvania business that moves from a non-KOZ location into a KOZ is not eligible to receive exemptions, deductions, abatements, or credits set forth in the Act unless the business meets at least one of the following criteria:

- Increases full-time employment by at least 20% in the first full year of operation within the KOZ
- Makes a capital investment in the property located within the KOZ at least equivalent to 10% of the gross revenues of that business in the immediately preceding calendar or fiscal year attributable to the business location or locations that are being relocated to the KOZ
- Enters into a lease agreement for property located within the KOZ for a term at least equivalent to the duration of the KOZ and with the aggregate payment under the lease agreement at least equivalent to 5% of the gross revenues of that business in the immediately preceding calendar or fiscal year.

A business relocating from outside Pennsylvania into a KOZ is not subject to the relocation provisions. Such a business must simply own or lease real property in a KOZ from which it actively conducts a trade, profession, or business, and obtain annual certification from the Pennsylvania Department of Community and Economic Development.

KOZ EXEMPTIONS

Some of the local and state taxes from which an eligible business that moves into a KOZ will be exempt include:

- Local real estate taxes
- Local business privilege or mercantile taxes (if any)
- Pennsylvania's Corporate Net Income Tax
- Pennsylvania's Capital Stock & Foreign Franchise Tax
- State Sales Tax on the purchase of taxable property or services (excluding motor vehicles) that are used and consumed by the business within the zone
- State Sales Tax on telephone and electric service used by a business in the zone
- State Sales Tax on "building machinery and equipment" purchased by a contractor in conjunction with a construction contract
- The Bank and Trust Company Shares Tax or the Mutual Thrift Institutions Tax, subject to certain limitations, for liabilities attributable to business activity conducted within a zone. Only banks, trust companies, and mutual thrift institutions are subject to these taxes.
- The Insurance Premiums Tax - an insurance company that is a qualified business may take a Job Tax Credit, subject to certain limitations, against this tax liability attributable to business activity conducted within a zone.
- Personal Income Tax on a qualified sole proprietorship, partnership, or PA S-Corporation - income earned by a qualified business inside a zone is not subject to this tax when passed through to the resident/nonresident shareholder, partner, member, etc.



PENNSYLVANIA FIRST PROGRAM

Pennsylvania's flagship program to help businesses is the **Pennsylvania First Program**, a comprehensive funding tool used to enable increased investment and job creation. The program assists businesses, municipalities, and Industrial Development Corporations (IDCs), which intend to create or retain a significant number of jobs and make a substantial investment within Pennsylvania. These businesses can receive support in the form of grants, low interest loans, and loan guarantees for job training, property acquisition, site preparation, land and building improvements, purchasing or upgrading machinery and equipment, infrastructure, environmental assessments, job training, and working capital.

The program requires participants to commit to operating at the approved project site for a minimum of seven years. Businesses aided by Pennsylvania First must create or retain at least 100 full-time positions or increase their full-time employment by 20% within the Commonwealth. Full-time employees must earn at least 150% of the federal minimum wage. Other requirements include offering a substantial economic impact for the region and matching every \$1 in Pennsylvania First assistance requested with \$10 in private investment.

Loan terms can be up to 15 years for real estate and infrastructure and up to 10 years for machinery and equipment.

Interest rates will be set at the time of approval and will be based on the 10-year Treasury rate.

JOB CREATION TAX CREDIT PROGRAM (JCTC)

The **Job Creation Tax Credit Program (JCTC)** helps eligible employers off set various Pennsylvania business tax liabilities. The program offers a \$1,000 state tax credit per new full-time job per year to employers who demonstrate effective development or deployment of leading technologies in business operations. Businesses must create at least 25 new full-time jobs or expand their existing workforce by at least 20 percent within three years of approval. Tax credits will not be applied until the workforce increase requirement has been met.

In order to count as a full-time employee under the JCTC Program, new employees must earn an average of 150% of the federal minimum wage, excluding benefits. The credit may be utilized to pay a number of state business taxes. At least 25% of all available tax credits will be awarded every year to businesses that employ 100 or fewer employees.

An eligible business must agree to maintain its operation in Pennsylvania for a minimum period of five years from the start date of approval. Please visit newpa.com for specific requirements and restrictions.

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY (PEDFA)

The **PEDFA Tax Exempt Bond (PEDFA)** program assists in financing land and building acquisition, machinery and equipment acquisition and installation, as well as renovations and new construction.

The loan amount must fall between \$400,000 and \$10 million and may be pooled bond transactions or stand-alone transactions. The loan can be up to a 30-year term. Since 1989, the base interest rate has averaged 46 percent of Prime. The rate is weekly variable and dependent on a variety of market factors. Those eligible for the PEDFA Tax Exempt Bond Program are industries such as manufacturing, energy, solid waste disposal, wastewater treatment, transportation facilities, assisted living/housing, and nonprofit 501(c)(3). Eligible businesses may apply through Industrial Development Authorities and Industrial Development Corporations.

SMALL BUSINESS FIRST (SBF)

The **Small Business First (SBF)** program provides low-interest loan financing for land and building acquisition and construction, machinery and equipment purchases, as well as working capital, for companies with 100 or fewer employees.

Maximum loan amounts are up to \$200,000 (up to \$100,000 for working capital) or 50% of total eligible project costs - whichever is less. The low interest rate is fixed and is based on the market conditions. The loan terms are up to 15 years for land and building, up to 10 years for machinery and equipment, and up to three years for working capital. At least one full-time job must be created or retained for every \$25,000 borrowed.

Eligible businesses include manufacturing, industrial, construction, defense-related, agricultural enterprises, research and development, and computer-related services, among others.





FOREIGN TRADE ZONES

There are more than 2,000 acres of **Foreign Trade Zone (FTZ)** land located in six NEPA business parks. These lands are part of the FTZ #24 under the auspices of the Eastern Distribution Center. Much of Mericle's CenterPoint Commerce & Trade Park near Pittston, PA is in an FTZ. Mericle also owns properties in the Jessup Small Business Center and Valley View Business Park near Scranton, which have FTZ status.

FTZs encourage and expedite import/export cargo movements. These specially designated zones are considered outside the Customs territory of the US, which means that merchandise can be stored, exhibited, assembled, manufactured, and processed without being subject to formal Customs entry procedures and payment of duties – unless and until the merchandise enters the Customs territory for domestic consumption. FTZs offer a variety of benefits including duty deferral, relief from inverted tariffs, duty elimination on waste and scrap, duty exemption on re-exports, and no duties on domestic content, added value, and rejected or defective parts.

LUZERNE COUNTY'S EMPLOYMENT INCENTIVE PROGRAM

The goal of **Luzerne County's Employment Incentive Loan Program** is to create improved employment opportunities while strengthening the labor market through job training opportunities.

In order to receive a loan under this program, the business must demonstrate a positive direct impact on the community in which it is located, on residents of that community, or on the local and/or regional economy. The applicant must demonstrate the need for assistance through the program and commit to creating employment opportunities that meet the job creation incentives.

Loan funds are available for eligible businesses at an interest rate of 0% for terms of 7 or 15 years. The County can finance up to 50% of the eligible project costs. Monthly repayments of principal will be required for the term of the loan. County funds will be secured by a letter of credit from a financial institution. Funding will be provided for land and/or business acquisition, construction/renovation activities, purchase of machinery and equipment, and professional and financial fees. Funding may also be obtained for working capital by manufacturing firms. To view the details of the program or for more information, please visit luzernecounty.org.



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