

AN ANALYSIS OF NORTHEASTERN PENNSYLVANIA
AS A FOOD INDUSTRY LOCATION

FOOD WHITE PAPER

2014 Q4





CONTENTS

01

INTRODUCTION

04

**LOCATION &
TRANSPORTATION**

07

REAL ESTATE

13

WORKFORCE

19

EDUCATION & TRAINING

21

INCENTIVE PROGRAMS

INTRODUCTION

Northeastern Pennsylvania (NEPA), consisting of Northern I-81 Corridor communities such as Scranton, Pittston, Wilkes-Barre, and Hazleton, has long been a magnet for food and beverage manufacturing and distribution operations.

Several factors have combined to grow the food industry in NEPA. These include quick access to raw materials and the Northeast's consumption zones, an available, quality, and affordable labor supply, abundant and reliable utilities, and a wide variety of available ReadyToGo!™ Sites and Buildings with room for expansion.

Food and beverage companies with manufacturing plants in the region include Archer Daniels Midland, Ateco (Mrs. T's Pierogies), Bakkavor, Bimbo Bakeries, BC Bundt, Cargill Meat Solutions, Citterio USA, DelMonte Pet Products, D.G. Yuengling & Son, General Mills, Gertrude Hawk Chocolates, Gonnella Frozen Products, Hershey Chocolate USA, J&J Snack Foods, Keystone Coca Cola Bottling Company, Kraft Foods, Lion Brewery, Maid-Rite Specialty Foods, Michael Foods Egg Products, Mission Foods, Nardone Brothers Baking, National Bakery, Nature's Way Purewater, Otis Spunkmeyer, Preferred Meals, Quaker Oats (Gatorade), Stroehman Bakeries, and Wise Foods.

Companies with food or beverage distribution operations in NEPA include Americold, Bell-Carter Foods, Bimbo Bakeries, Core-Mark, Gress Refrigerated Services & Logistics, Henningsen Cold Storage, Hilshire Farms, Herr's Food Products, igourmet.com, Kane is Able, MaineSource, McLane Co., Nature's Bounty (NBTY), PepsiCo, Pero Family Farms, Romark Logistics, Sun-Maid, Tootsie Roll Industries, U.S. Cold Storage, US Foods, Walmart, Wegmans Food Markets, and WellPet.

Continue reading for more information about NEPA's assets that food and beverage companies find appealing.









LOCATION & TRANSPORTATION

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.

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 is quickly accessible 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 with a capacity to carry 12,000 containers (three times more than a ship can currently carry through the Canal).

More than 99 million people, about one third of the nation's population, live within a 500 mile radius of NEPA, and more than 51 million people live within 200 miles. New York City, Philadelphia, Harrisburg, and Syracuse can all be reached in about two hours.

Dozens of truckload and less than truckload trucking firms serve the region. Some companies active here include 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.

UPS, FedEx Ground, and FedEx Express have major facilities in NEPA. In fact, FedEx Ground and UPS have operations at the main entrances of CenterPoint Commerce & Trade Park East, near Pittston, PA, while FedEx Express is located in an adjacent business park.

Two Class I railroads (Norfolk Southern and Canadian Pacific) and several short lines are active here. An inter-modal rail yard is operated in Taylor, which is located near Scranton.



NEPA is served by two main airports, the Wilkes-Barre/Scranton International Airport (AVP) and the Lehigh Valley Airport (ABE).

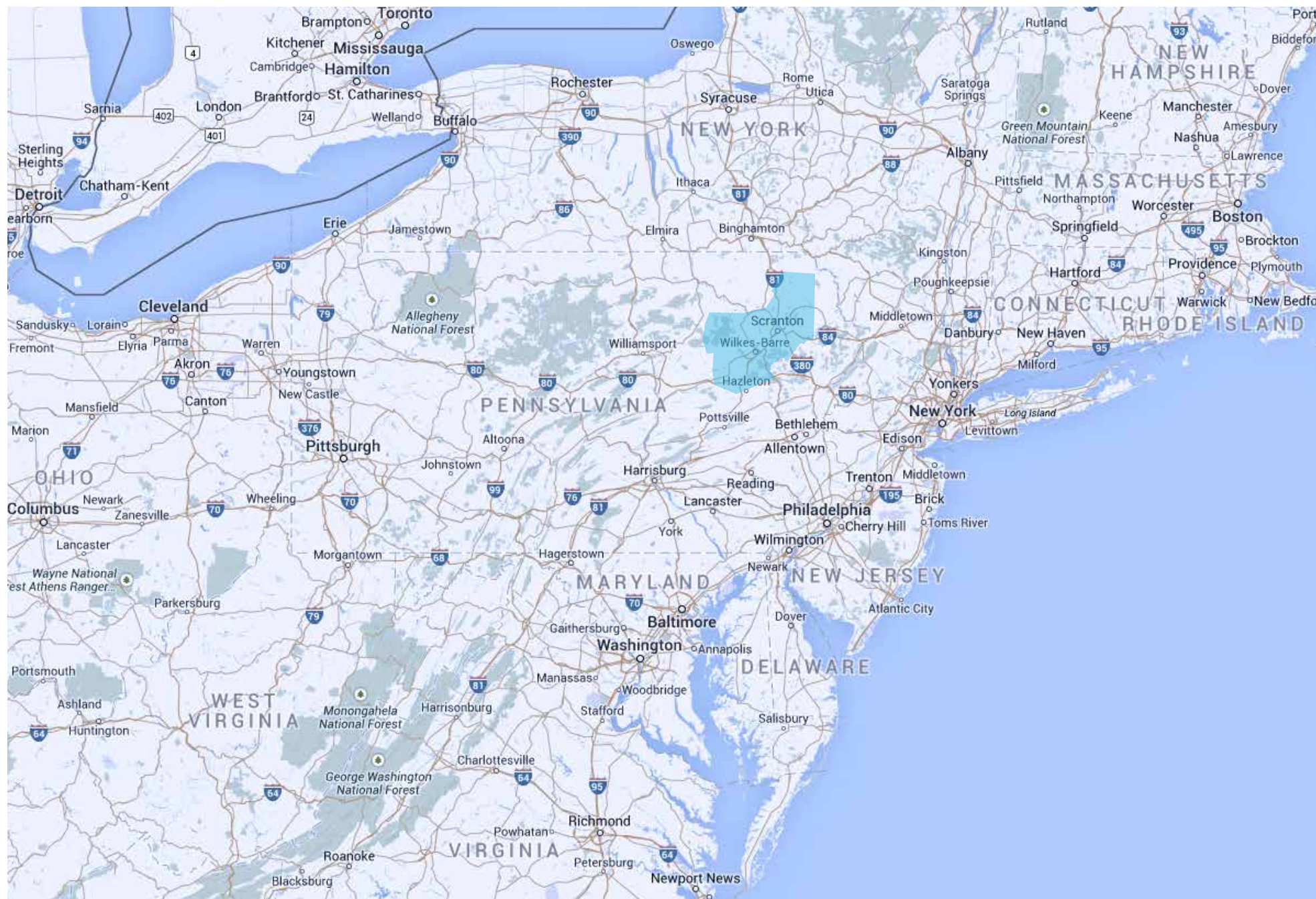
The Wilkes-Barre/Scranton International Airport (www.flyavp.com) offers approximately 40 daily arrivals and departures to seven major hubs with one-stop service to more than 450 destinations worldwide. AVP provides direct daily flights to Atlanta, Charlotte, Chicago, Detroit, Newark, Orlando, and Philadelphia. 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.

The Lehigh Valley International Airport (www.lvvia.org) provides direct daily flights to Atlanta, Charlotte, Chicago, Newark, Detroit, the District of Columbia, Orlando, Philadelphia, St. Petersburg, and Toronto.

ACCESS TO CONSUMPTION ZONES FROM CENTER OF NEPA

RADIUS	POPULATION
100 MILES	17,049,097
200 MILES	51,067,989
300 MILES	65,595,311
400 MILES	83,103,487
500 MILES	99,002,235

Source: NEPA Alliance





REAL ESTATE

MERICLE COMMERCIAL REAL ESTATE SERVICES

In the late 1980s, Mericle Commercial Real Estate Services became the first private 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 approximately 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 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 by 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 food 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 food and beverage manufacturing, distribution, and packaging companies. These include Aramark, Bakkavor (Two Chef's on a Roll), Bimbo Bakeries, Greiner Packaging, Mission Foods, Nature's Bounty, Nature's Way Purewater, PepsiCo (Gatorade), Tech Packaging, and Wegmans.

All of Mericle's available buildings and sites can be reviewed at mericlereadytogo.com.

Average industrial lease rates in NEPA are significantly lower than those in most major Northeast metro areas. A study by national business consultant Wadley Donovan Growth Tech compared lease rates for several areas in NEPA with rates in Middletown, New York and Hightstown, New Jersey. On average, lease rates in NEPA are 79% of those in Middletown and just 69% of those in Hightstown. Likewise, in several Industrial Market Reports released in 2014, prominent national real estate firm Cushman & Wakefield listed average lease rates for industrial space in NEPA that were 74% of those in Central New Jersey and 59% of those in Northern New Jersey.

UTILITIES

The region is utility strong with natural gas, public water and sewer, abundant power, and fiber service readily available to business parks.

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, the Northern Tier of Pennsylvania, and Upstate New York, 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 companies. 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.

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

The primary water supplier in NEPA is Pennsylvania American Water Company (PAWC). Because PAWC is part of American Water, it benefits from the company’s central laboratory in Belleville, Illinois, one of the most advanced water quality laboratories in the US.



“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



There, the company performs tests to monitor for about 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.

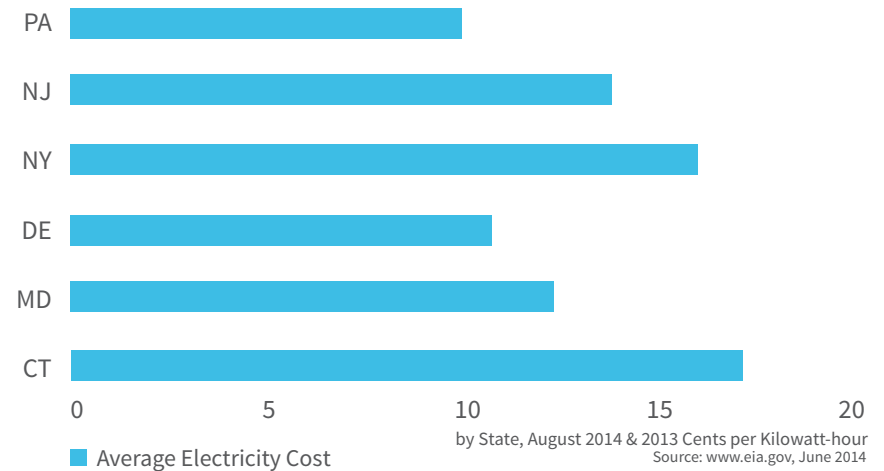
Since 1993, the American Water research team has won nearly two dozen awards for best research, received more than \$31 million in research grants, and been granted four patents for water and wastewater research.

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

Redundant 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.

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

AVERAGE ELECTRICITY COST FOR PA & SURROUNDING STATES



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 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.





THIRD PARTY LOGISTICS

In addition to the dozens of truckload and less than truckload companies with operations in NEPA, there are also numerous national and local **third party logistics (3PL)** companies 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. Mericle has provided space to most of these companies.



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.

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 U.S. 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



Despite its strong industrial growth since 2000, NEPA's unemployment rate continues to run higher than state and national averages. In fact, in an unemployment report issued by the Pennsylvania Department of Labor & Industry (PA L&I) in 2014, NEPA's unemployment rate was the highest of any metro area in Pennsylvania.

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

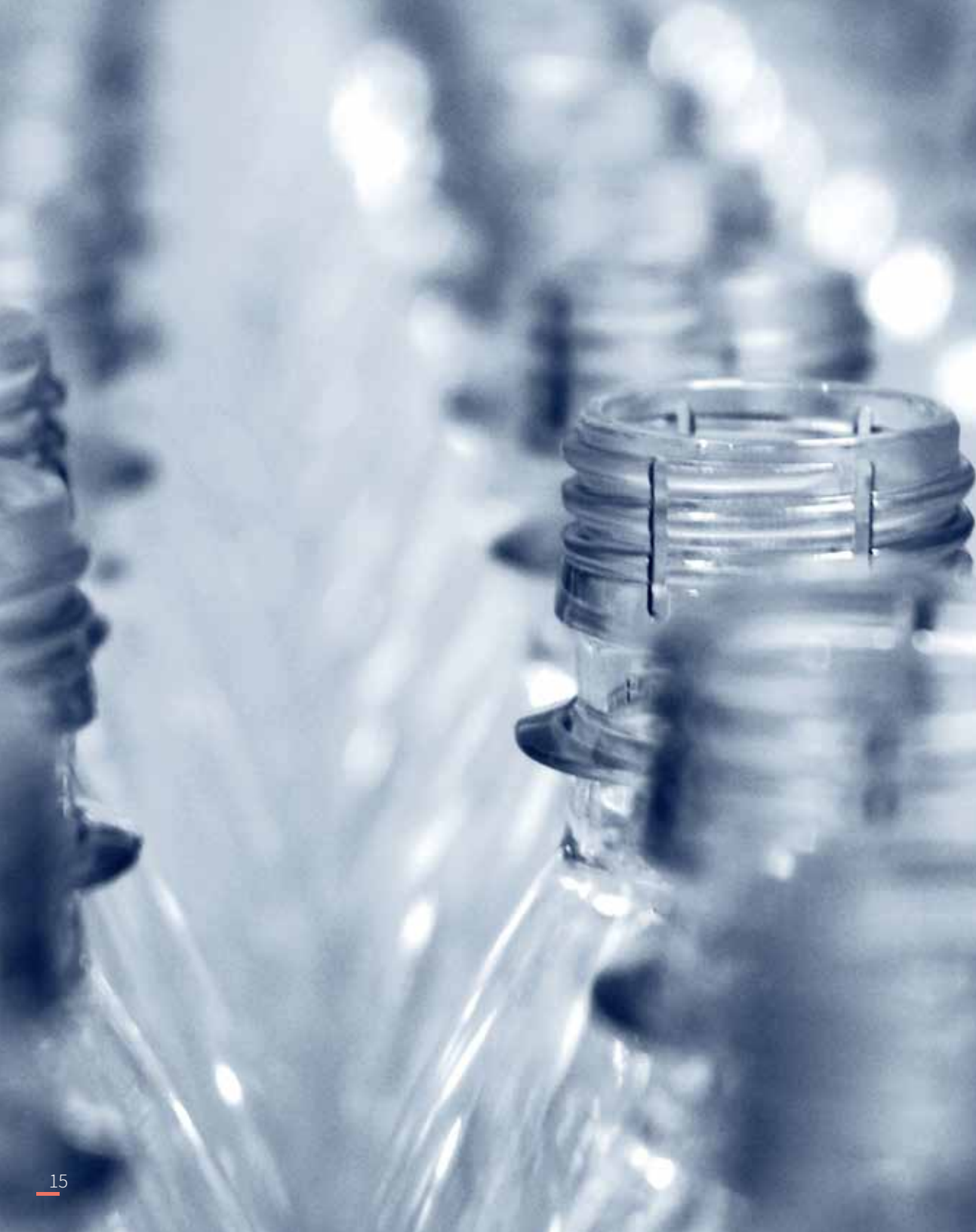
YEAR	NEPA CIV. LABOR FORCE	EMP.	UNEMP.	NEPA RATE %	PA RATE %	U.S. RATE %
2014	532,700	495,800	36,900	6.9%	5.7%	6.1%
2013	532,100	484,600	47,000	9.0%	7.9%	7.6%
2012	530,600	482,300	48,100	9.1%	7.6%	8.2%

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

Labor availability for companies needing seasonal help is enhanced by the fact that there are close to 55,000 college students in the immediate NEPA area, many of whom often seek part-time employment.

LABOR MANAGEMENT

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.



LABOR COST

In addition to being readily available, NEPA's labor force is also cost competitive compared to the rest of Pennsylvania and the major metro areas in the Northeast US.

Within Pennsylvania, NEPA often competes for new corporate locations against the Lehigh Valley (Allentown/Bethlehem/Easton/Reading), South Central, PA (Harrisburg/Carlisle/York/Lancaster), and Southeast PA (Philadelphia and its suburbs).

National site selection consultant Wadley Donovan Growth Tech, LLC completed a detailed analysis of NEPA as a logistics location. Included was a comparison of wage rates in several NEPA communities versus those in the competing locations of Middletown, New York (Orange County) and Hightstown, New Jersey (Mercer County).

For its analysis, Wadley Donovan used a model of a large distribution center employing 800 workers at the unweighted average wage/salary of ten warehouse/distribution related occupations. Average annual wages according to the analysis were as follows: NEPA - \$37,761, Middletown - \$40,843, and Hightstown - \$42,682. For an 800 employee operation, average annual wages in NEPA will be \$2,465,600 less than Middletown and \$3,936,800 less than Hightstown.

According to 2013 wage data supplied by the Pennsylvania Department of Labor & Industry via www.paworkstats.state.pa.us, here is how wage rates in NEPA compare to those in competing areas.



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 nationally known for its highly productive and dependable workforce. Here are testimonials from a few employers:

“Even though we own and operate 73 retail stores 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 Northeast PA.”

DAVID HAWK, CHAIRMAN, GERTRUDE HAWK CHOCOLATES

“We have a tremendous group of dedicated, hardworking people who helped us pull together a triumphant year. We have a very, very productive team. We moved to Northeastern Pennsylvania from Yorktown Heights, which is about 45 minutes north of Manhattan, and we’ve found this to be a very cost effective area to find intelligent, skilled people.”

JESSICA CHESMAN, PRESIDENT, IGOURMET.COM

“The workforce here is very strong. The work ethic is fantastic. We feel a lot of our success as a company is due to the fact that our associates have a genuine concern about doing a great job for our customers. That’s what makes us successful in Northeastern Pennsylvania.”

DICK KANE, PRESIDENT, KANE IS ABLE

“Our work force at the Entenmann’s Pittston DC confirms that the NEPA strong work ethic is indeed a fact and not a myth. Our employees treat the business as if they own it and pay close attention to detail to ensure that the job is done right. In addition, there is a strong sense of community within the work force that further reinforces the decision that our company made to locate their first-ever cake distribution center in this area.”

GEORGE J. MANTEL, JR., DISTRIBUTION MANAGER, BIMBO BAKERIES USA





"Since relocating our US based call center to Wilkes-Barre in November of 2007, C3i has had the opportunity to recruit and train more than 175 technical people to support our pharmaceutical clients. The workforce in NEPA is very strong, and we are continually able to obtain excellent people who are qualified, professional and dedicated to quality. Our customer satisfaction scores, which are a direct evaluation of our call center personnel, average 96%."

ROBERT JONES, CFO, C3I

"Moving the company here from New Jersey has been a great experience. We've been impressed by the quality of the workforce, the affordability of the area, and the presence of a number of strong colleges and universities. Our people feel a part of the organization, and there's a commitment among the workforce here that's far superior to any other area I've seen. What's telling is that employees in Northeastern Pennsylvania like to name who they're working with, as opposed to who they're working for...It's a big part of what defines them."

JACK KIEFER, PRESIDENT & CEO, BABYAGE.COM

"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

"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."

JOHN RHODES, SENIOR EXECUTIVE, MORAN, STAHL AND BOYER

"In 1930, our grandfather Benjamin Cohen opened a small dental depot in downtown Wilkes-Barre. Since then, Benco Dental has become the nation's largest independent dental distributor, with operations in 35 states. Key to our growth has been the excellent and dedicated team of Benco associates who deliver success, smile after smile, to thousands of dental customers every day. When we outgrew our previous facility, the quality and loyalty of our people made it an easy decision to stay and invest right here in Northeastern PA."

CHARLES COHEN & RICHARD COHEN, PRESIDENT & SENIOR VICE PRESIDENT BENCO DENTAL SUPPLY CO., INC

"I can honestly say that coming back to Pennsylvania and managing a facility where the employees care about their job, have a strong feeling of ownership of their company, and the motivation level to exceed is exciting and beneficial to our facility and company. I have not encountered this work ethic in many of the locations I have managed and lived in. Northeast PA is a company's best found option for exceeding their expectations."

BILL WELLIVER, FACILITY MANAGER, TELERX

EDUCATION & TRAINING

COLLEGES AND UNIVERSITIES

NEPA is home to 17 college campuses with a combined 55,000 students. Several of these local colleges offer degree and certificate programs that may be of interest to companies that manufacture or distribute food and beverage products. These schools and some of their key programs include:

Luzerne County Community College (luzerne.edu):

- Culinary Arts
- Warehouse Management Distribution
- Building Maintenance Technology
- Automated Manufacturing Systems Technology
- Pastry Arts Management
- Industrial Maintenance

Keystone College (keystone.edu):

- Culinary Arts

Lackawanna College (lackawanna.edu):

- Culinary Arts

Johnson College (johnson.edu):

- Diesel Truck Technology
- Distribution and Supply Logistics Technology
- Logistics and Supply Chain Management
- Diesel Preventative Maintenance Technology

The Pennsylvania State University (psu.edu):

- Food Science
- Agribusiness
- Supply Chain and Information Systems





TRAINING PROGRAMS

Pennsylvania's Workforce Investment Boards (WIBs) help employers recruit and screen potential employees at no cost to the employers. WIBs are nonprofit boards of businesspeople 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.

Once an employee is hired in 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, be 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, dislocated workers, and unemployed persons. Any employer that trains program-eligible applicants can apply for reimbursement through the WIA program. Reimbursement varies by local workforce WIB area.

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 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.



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 many 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.



CONTACT THE LEASING TEAM

Bob Besecker

Vice President - Senior Director of Leasing
bbesecker@mericle.com

Jim Hilsher

Vice President - Director of Marketing
jhilsher@mericle.com

Bill Jones

Vice President - Business Development
bjones@mericle.com

570.823.1100

100 Baltimore Drive, Wilkes-Barre, PA 18702



mericle.com



 mericle.com