
BUILDING ON OUR STRENGTHS

**A COMMUNITY-BASED STRATEGY
FOR THE MON VALLEY INITIATIVE**

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A Community-Based Strategy for the Mon Valley Initiative

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SUMMARY
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ORGANIZATIONAL BACKGROUND

The Mon Valley Initiative (MVI) was formed in 1988 with a three part purpose: 1) provide a staff to be shared by its member community development corporations (CDCs) that would assist the all-volunteer boards of those organizations in identifying and implementing development strategies; 2) raise funds to support development projects; and 3) join together for regional action and advocacy.

The MVI grew out of an earlier effort to facilitate the formation of grassroots community organizations that would undertake economic development projects. These projects would attract private investment and provide both a social and economic benefit to the community. This initial effort was funded by the Heinz Endowments and The Pittsburgh Foundation and the Local Initiatives Support Corporation (LISC).

Dominated by newly formed CDCs, the initial activity of the MVI and its member groups was to support (small) local housing, commercial real estate and business development projects and build strong grassroots organizations. In 1991, leaders within the MVI began to question the almost exclusive focus on local projects and began to press for a larger vision for the organization. By early 1992, there was growing

consensus that local projects had to be woven together into a regional context and that a regional plan had to be developed that would focus on the economic rebuilding of the Mon Valley.

PLANNING PROCESS

The intent of the MVI in developing a plan was not to provide the sole answer for the economic rebuilding of the Mon Valley. Rather the goal was to deploy the financial and human resources of the MVI and its member CDCs in a more strategic and regional direction. The effort was also to delineate a role for the MVI and its member groups that would allow the organizations to work in partnership with public and non-profit economic development actors in the region, especially those (like RIDC) undertaking the development of major industrial sites.

Emerging from a conference of CDC members in May of 1992, MVI and CDC Board members and staff embarked on a planning process to define local projects within a regional context, articulate a regional economic development plan, and begin to define resources to implement the plan. LISC staff and Bob Brandwein of Policy and Management Associates were consultants to the MVI in the formulation of the plan. Advice was sought from a number of individuals and organizations in the region and a variety of secondary sources were consulted.

The MVI Planning Committee was charged with considering the information and directions emerging from the planning

process and forming recommendations which were made to the MVI Board. Staff and consultants were responsible for research, assembling information for the Planning Committee, and writing preliminary and final reports based on decisions made by the MVI Board and Planning Committee.

Before the planning activity began, the MVI Board agreed on key goals for the organization. It was determined by the Board that the plan should utilize organizational strengths and support the goals of the organization. These goals are to:

- o increase investment;
- o create and retain jobs;
- o stabilize and strengthen neighborhoods;
- o revitalize commercial districts; and
- o encourage cooperation among political entities.

COMMUNITY-BASED ECONOMIC DEVELOPMENT STRATEGY **Partnership for Jobs and Industry**

Based on all of the above, the MVI Board of Delegates endorsed a strategy to use the community organizing and development strengths of the MVI to support high performance manufacturing. The cornerstone of the strategy is a demonstration project to link high performance manufacturing, entrepreneurship, and education and training as a **Partnership for Jobs and Industry**.

The **Partnership for Jobs and Industry** will be operated by linking three centers: a Manufacturing Support Center at Keystone Commons, a Business Development Center at Monessen,

and an Education and Training Center, proposed to be located in Braddock. Residents, workers, and manufacturers will be served from these three centers.

The Manufacturing Support Center at Keystone Commons will provide a shared manufacturing facility, business and technical services, and specialized training. The shared manufacturing facility will allow manufacturers to see equipment demonstrations, test equipment, and give small and medium-sized firms in the region access to updated technology on a leased basis. With the shared manufacturing facility will come a range of technical support services: engineering, product design, process audits, and trouble-shooting. The Manufacturing Support Center will also provide a range of business support services: marketing, accounting, and financial. Training in high performance manufacturing techniques and practices will be provided by MicroTeaching Factory, a leading training organization in the region. These various activities will be organized around developing supplier networks as new markets for Mon Valley firms; small and medium-sized firms will be linked with corporate buyers.

The second center at Monessen will extend the entrepreneurial and business support services of the Monessen Business Development Center to a broader region. The Monessen Center will be linked to the Manufacturing Support Center through projects and programs to 1) identify gaps in supplier networks which represent opportunities for entrepreneurs, and

2) pull existing entrepreneurial support programs further into the Mon Valley. In addition to specific technical assistance, the Business Development Center can be a convener and sponsor of forums, workshops, and seminars on high performance manufacturing and entrepreneurship.

The Education and Training Center is proposed for Braddock. This location has several advantages. First, there is community demand for a facility of this type. Second, it fits with existing resources in the community, the Community College of Allegheny County Center at Braddock, Office of Federal Programs and Braddock Library being examples of complementary resources. Finally, it is located in both the center of that sub-region of the Mon Valley with the lowest educational attainment levels, and the sub-region with the greatest mass of property presently being developed as industrial park space. Its proximity to Keystone Commons also allows a connection to the higher-end training proposed for that Center.

The **Partnership for Jobs and Industry** will be overseen by an Operating Committee composed of representatives of CDCs in the "host" communities and several MVI Board members. An Advisory Board made up of representatives of business, labor, government, and schools, colleges, and universities will provide input to the community-based committee on the conduct of the demonstration project and help evaluate its progress.

The implementation of this **Partnership** and the development

of a regional context for housing and commercial district projects creates the set of development tools that Mon Valley communities seek. Combined with action to increase investment and advocacy to create public policies which support development, the MVI and CDCs are able to act both locally and regionally for the betterment of communities.

A more complete description of activities to meet the goals related to investment, neighborhoods, commercial districts, and public sector cooperation and a broader discussion of the context for manufacturing, housing, and commercial development are contained in the full report. Surveys of Mon Valley manufacturers and municipal officials conducted in development of the plan are available from the MVI. The remainder of this summary report describes the policies and factors which were considered in the development of the plan.

CONTEXT FOR DEVELOPMENT

Political and Public Policy Context

The Response from Government to Deindustrialization

The federal response to deindustrialization during the 1980s was to minimize its intervention in the economy. Therefore, there have been few federal resources to employ in the rebuilding of the region's economy. New policies emerging from the Clinton Administration are more proactive and suggest major changes in the federal role.

The state level was the only level of government at which

policies and programs were formed which address the issues of deindustrialization. Innovative programs like the Ben Franklin Partnership and Industrial Resource Centers and more traditional economic development programs like Enterprise Zones have benefitted the Mon Valley.

At the County level, the implied policy has been to invest public resources away from the Mon Valley. Allegheny County, the richest and most populous of the counties encompassing the Mon Valley, sponsored three initiatives which are indicative of its response to deindustrialization. The first, the Mon Valley Commission, contained \$333 million in recommendations; \$265,000 was to be the County's share of that cost. The second, a Regional Urban Design Assistance Team (RUDAT) was enthusiastically embraced by county officials, but got a mixed response in the Mon Valley -- none of its recommendations have been implemented. The third, a proposal to create a 37-community Enterprise Zone, never got past the proposal stage. The primary economic focus of Allegheny County government in the recent past has been the construction of the Pittsburgh International Airport. This focus is consistent with the thinking of other political and civic leaders within Western Pennsylvania concerning the region's future as a center for service and high technology industries.

At the most local level of government, the municipal one, economic development had for decades been equated with serving the needs of the dominant corporation. There was little

capacity within local government to devise new economic initiatives and even less likelihood, given policies at higher levels of government, that new initiatives could be funded.

Theoretical Context
The Impact of Economic Theories

Ideologies and theories on the future of the American economy must be considered in that they define and constrain the alternatives available to political (and community actors). In the 1980s, the dominating currents of thought were that the American economy was entering a post-industrial period. Growth could be expected in service, finance and information management sectors. Actual manufacturing, except for those industries usually grouped under the label "high technology", would occur in other countries. The impact of this thinking was clearly felt in Western Pennsylvania in a number of ways, including the activities linked by civic and political leaders in Strategy 21 and in a set of economic strategy recommendations developed by Peter Bearse for the Working Group on Community Development in the City of Pittsburgh.

Other lines of thinking did not hold out much hope for the Mon Valley. Most deindustrialization models of the 1980s argued that there were product and industry life cycle processes, and that these cycles had a geographic tie. Capitalist industrial economies were seen as using up places and then abandoning them. The Mon Valley would be a prime

example of a "used-up" place.

More recent thinking on economic planning has begun to change both the theoretical and policy context for economic development action. Global competition has shifted the base of manufacturing activity to increasingly sophisticated, high-quality, high value-added products and services, not just mass produced commodities. In this "high performance" environment, sustainable economic advantage requires the ability to create and harness knowledge in new product design and development, and continuous improvement of products and processes on the factory floor.

• The success of foreign investment in employing high performance methods and processes to revitalize the very industries and regions that were supposed to be lost to the American economy, combined with the success of select American firms, has led to renewed attention to manufacturing as a sector vital to the economy. This new look at manufacturing has been further stimulated by the inability of the economy (and political policies) over the past decade to create good-paying jobs. A healthy manufacturing sector, therefore, is important not only to the economic, but to the social and political health of the nation.

EARLY FINDINGS AND CONCLUSIONS

The planning team (composed of Board members, staff, and consultants) recognized the opportunities presented by the

adoption of high performance manufacturing methods to retain and expand the manufacturing base of the region. It also recognized that a shift to high performance requires more than a change in the strategies of individual firms. It must involve the development of broader infrastructure at the regional level. New partnerships among business, labor, philanthropic and economic development non-profits, community and government will be required to provide these crucial inputs and to develop the broader political economy which can support the shift to high performance.

Shifts in policy at the federal level, a state government which had demonstrated a willingness to support manufacturing innovation, and a history of philanthropic support for grassroots efforts were considered as factors which would favor the successful implementation of a regional strategy. However, unlike other regions (the Great Lakes being an example) there is not a coalition of local civic and political leaders committed to creating the infrastructure for the next generation of manufacturers.

Given the significant changes required, especially at the local level, MVI members considered a) the role the organization might play in facilitating change, b) the resources available to the organization, c) the nature of the manufacturing base in the region and d) linking Mon Valley residents to future employment opportunities.

The role of organization in facilitating change

It was concluded that the MVI and CDCs, as grassroots organizations, are effective mechanisms for community education and change. As CDCs bring together various constituencies in communities -- residents, workers, businesspeople, clergy, elected officials -- issues related to manufacturing employment are often at the forefront of community concerns. The success of the MVI and CDCs in developing close to \$11 million in real estate and business development projects demonstrated an organizational capacity that could be applied to creating projects to support high performance manufacturing. The community organizing capacity of the MVI and CDCs would allow the formation of the partnerships required to develop the broader context for creating a high performance infrastructure in the Mon Valley.

The resources available to the organization

Like all non-profit organizations, the MVI and its member CDCs face limits on financial and human resources. Given those limits, the planning team recommended the development of one or several demonstration projects as the most appropriate way to use scarce resources and to entice other organizations to commit staff and funding.

Even recognizing limits, the MVI's commitment to demonstration projects could be significant. The organization possesses staff and MVI/CDC Board capacity to undertake complicated development projects, as demonstrated by the

development of such projects as the Monessen Business Development Center, Clairton Recycling Associates, and the initial (1991) work on the development of a Manufacturing Support Center. The MVI has been able to supplement staff and Board resources by forming partnerships with other organizations and institutions -- a number of which were participants in the planning process and could be partners in a demonstration project. Further, the MVI had good working relationships with LISC staff and national consultants to supplement the expertise and knowledge within the organization.

A core of financial resources was also identified to apply to new initiatives. The Community Investment Fund of the MVI provides a source of low-interest loans for project development. An expanded relationship with LISC, in the discussion stage during planning but since committed, would open additional resources. There was also the anticipation of new public resources directed to this kind of activity and both the Manufacturing Support Center and Monessen Business Development Center had already attracted funds from competitive grant sources at the U.S. Department of Health and Human Services. It was recognized, though, that additional sources of both operating and development funds would have to be identified to implement any project, even at the demonstration level.

The nature of the manufacturing base in the region

MVI member CDCs and staff compiled a survey of the

manufacturing base in the Mon Valley. There are some 277 small and medium-sized manufacturers in the communities comprising the CDCs which are members of the MVI. Although these firms are spread over a number of industries, firms in the metals industry dominate. Most of these firms are producing to the quality standards required by their former customers in the steel industry. A number of firms in metals and other industries had, though, begun the shift toward high performance standards and the potential exists for more to do the same. Retaining the existing base of small and medium-sized manufacturers would be key to any demonstration project. It was further concluded that not all firms would make the transition to high performance standards and that demonstration project(s) should address encouraging business formation and entrepreneurship, and should include some thinking on ways to attract new (probably foreign) investment in manufacturing.

Linking Mon Valley residents to employment

Given the gap between educational achievement among residents of Mon Valley communities and skill requirements of desirable manufacturing jobs, any economic development strategy would have to incorporate a continuum of education and training opportunities. Data from the 1990 census reveal that across Mon Valley communities, 30% of residents over the age of 25 do not have a high school diploma. Census data also show a concentration of employment among Mon Valley residents in service and retail industry jobs. Recent surveys demonstrate

that the Mon Valley has higher rates of unemployment and underemployment than the rest of the region and that unemployment rates are particularly high among African-Americans and single female heads-of-households.

The challenge ahead for the MVI will be in forming the strategic partnerships that are central to the **Partnership for Jobs and Industry**. If efforts to create a high performance manufacturing sector in the Mon Valley succeed, the second challenge will lie in the ability to provide the right set of education and training programs to open higher wage employment to Mon Valley residents.

**BUILDING ON OUR STRENGTHS
A COMMUNITY-BASED STRATEGY FOR THE MON VALLEY INITIATIVE**

**CONTEXT FOR DEVELOPING A COMMUNITY-BASED STRATEGY
Economic Decline in the Mon Valley**

In the late 1970s and early 1980s, US Steel, Westinghouse Electric, WABCO, Union Switch and Signal, and Wheeling-Pittsburgh Steel all closed major manufacturing plants in the Monongahela (Mon) Valley. These facilities had provided a major portion of the employment base of not just the Mon Valley, but of Western Pennsylvania. Particularly effected were the skilled blue collar jobs that defined and often dominated the Pittsburgh regional work force. Major industrial sites occupied hundreds of acres of land and as landowners the corporations were major taxpayers.

The collapse of "Big Steel" and other major industries was the final blow to communities that in many ways had already begun to show the signs of decline. In the 1950s, economic prosperity allowed blue collar workers to move away from the communities in which they worked and into growing suburbs. Changing corporate policies also allowed plant managers to move from their company-owned homes near manufacturing plants into white-collar suburban communities. As a measure of this exodus, metal industries employment among residents of communities in which a steel mill was located

steadily declined from its peak in the 1950s. Decline in metals employment was more severe than decline in employment as a whole, a trend which also began in the 1950s. Through that period, median family income declined. By 1990, all Mon Valley communities had a median family income less than 80% of the median family income for the resident County. Another indicator of community economic well-being, homeownership, also declined through this period.

Deterioration of community commercial districts occurred through this period. In addition to the impact of lower income and population, neighborhood shopping districts felt the effects of regional shopping malls which emerged in the 1960s. By the 1970s, boarded-up storefronts and abandoned buildings pockmarked many commercial districts. Efforts to reverse this trend included the creation of pedestrian malls, demolition of downtown shopping areas to make way for strip shopping centers, and development of improved parking facilities. These efforts did not address basic market issues. Some, in fact, exacerbated the decline of Mon Valley commercial districts.

The Response from Government to Deindustrialization

The impact of these events and trends became most severe at the time (the early 1980s) when the federal government was pursuing a policy to minimize its intervention in the economy. In particular, the federal government did not want to play any

role in the revitalization of distressed areas. One by one, federal programs and funding sources which might have been used to stimulate investment in the Mon Valley were cut. Even the traditional roles of government, such as building or rebuilding the physical infrastructure, were largely abandoned. The shrinkage of the federal role left a vacuum which was filled by state and local governments as well as the private non-profit sector, in various manners and with various degrees of involvement.

Some of the innovative experiments which have attempted to address the issue of deindustrialization have taken place at the state level. The Commonwealth of Pennsylvania developed a set of related programs grouped under the Ben Franklin Partnership, which tried systematically to leverage private funds to add to scarce resources and to provide incentives to stimulate cooperation among private firms, universities, training agencies, non-profit organizations and, of course, governmental entities. This double strategy to respond to federal withdrawal -- creating inter-organizational cooperation and raising private dollars to match scarce state funds -- is usually summarized by saying that the Commonwealth stimulated the development of public-private partnerships. Ben Franklin made funds available for scientific research, education and training, entrepreneurial support (creation of incubators) and other forms of assistance to businesses. In addition to Ben Franklin's programs, the Commonwealth has made

other funds available through its various Departments and authorities for purposes such as low-interest loans to businesses (particularly through the Pennsylvania Industrial Development Authority and the Enterprise Zone program), grants for the rehabilitation of old industrial sites (and special programs targeted to such sites) and various forms of tax incentives. More recently the Commonwealth created the Industrial Resource Centers to deliver technical resources to manufacturing firms. All in all, Pennsylvania has been willing to commit substantial resources to industrial redevelopment and to experiment with new ways of supporting business creation. Most of these policies and programs, although not focussed specifically on distressed areas, have been used by agencies and organizations working in the Mon Valley.

The third level of government from which some form of response could be expected is the local one, particularly the county. The positioning of the county level of government as the appropriate one to take responsibility for development efforts comes from the belief that the many small municipalities in the Mon Valley are too small and ill-equipped to effectively handle economic development initiatives.

Allegheny County is the richest and most populous of the counties encompassing the Mon Valley and the one most affected by deindustrialization. In the late 1980s it sponsored three

initiatives in the Mon Valley. In 1986, it formed the Mon Valley Commission to "develop a strategy which would include recommendations for immediate actions as well as long range plans, and would make a cohesive whole out of the many fragmented studies and reports already in existence."

Sixteen members were appointed to the Commission and it was organized into seven task forces. Allegheny County administrators and staff had a strong presence on the Commission. The recommendations (announced in early 1987) called for total funding of \$333 million, \$307 million of which was to come from the state. The County's share of the cost was placed at \$265,000, primarily for planning purposes. Despite its small financial investment, the County would have primary responsibility for redevelopment efforts. No other level of government, including municipalities, was assigned a primary implementing role by the Mon Valley Commission.

The second initiative was to fund and organize a Regional/Urban Design Assistance Team (RUDAT) study of Monongahela Valley industrial sites. Connected to this was a Remaking Cities Conference (both held in early 1988) sponsored by the American Institute of Architects. The RUDAT report got a mixed reception in the Mon Valley, but an enthusiastic response from the Chairman of the Allegheny County Board of Commissioners. In newspaper articles he lauded the recommendations of the RUDAT, especially those calling for common zoning, and reported that he had been contacted by

developers interested in implementing some of the plans proposed by the RUDAT.

The third initiative was a proposal by the Allegheny County Department of Development to create a 37-community State Enterprise Zone, to be administered by the County. Local opposition to this proposal included criticism from State legislators and within months of its introduction in early 1988, the plan was abandoned.

Other Mon Valley counties did not have to contend with the swift and severe impact of deindustrialization in the same way that Allegheny County did. Washington, Westmoreland and Fayette counties were also affected by the loss of employment and manufacturing facilities, including those in the steel industry. These counties had also experienced the demise of earlier industries, such as boat building, coal mining, and railroads.

Washington and Westmoreland Counties have added special programs and funds to spur economic development, opened new industrial park developments and stepped up efforts to recruit businesses to the region. None of these efforts has been targeted to the Mon Valley. Fayette County, a more rural area, has had fewer resources to deal with economic issues. In 1990 it was ranked the poorest among Pennsylvania's 67 counties.

The Impact of Economic Theories

A second kind of context, related to the political one, has to do with ideologies and theories on the future of the American economy. These are important in that they define and constrain the alternatives available to political (and community) actors.

The currents of thought most responsible for blocking attempts at reindustrialization in the 1980s were those decreeing that the American economy was entering a post-industrial period. Growth was to be expected in sectors relating to service, finance and information management. The U.S. economy would specialize in the provision of knowledge and managerial know-how of all kinds, leaving actual manufacturing to other nations (with the exception of the industries usually grouped together under the label "high tech"). The impact of these modes of thought was clearly felt in Western Pennsylvania.

In the 1980s, the Working Group on Community Development in the City of Pittsburgh brought in Peter Bearse (who works on the idea of the post-industrial city) to help put together a regional plan based on the notion of a post-industrial division of labor (the plan was to have sketched an economic role for the City of Pittsburgh for the 1980s and beyond). Similarly, much of Allegheny County's emphasis on the role of the Airport for the future growth of the region had to do with the national skepticism on the ability of manufacturing (other

than "high tech") to become once again the dynamic center of the economy.

Civic leaders and City of Pittsburgh planners and economic development professionals responded to this thinking, positioning the region as a center for high technology and service industries.

In 1983, the Urban Redevelopment Authority purchased a former J&L steel mill site to create the Pittsburgh Technology Center. This site would be the centerpiece in a City which would have an economy anchored by the University of Pittsburgh and its medical complex and Carnegie Mellon University and its premier research and development in robotics, software, and artificial intelligence. The City worked hard to dispel its "smoky city" blue-collar image and to promote its Universities, cultural attractions, and opportunities for riverfront recreation and development.

Other lines of thinking also did not hold much hope for areas like the Mon Valley. Most deindustrialization models in the 1980s (Markusen, Classmier, Hall) argued that there were product and industry life cycle processes, and that these cycles had a geographic tie. There would be a life cycle of an industry in a region, and once that was complete, capital would leave the area in search of new places to establish accumulation. The evidence of the 1980s seemed to confirm these ideas, with the shift of industry away from the Rust Belt and toward new kinds of entrepreneurial places (based on

new industries) like Silicon Valley and Boston Route 128. Capitalist industrial economies, in short, were seen as using up places and then abandoning them. The Mon Valley would be a prime example of a "used-up" place.

More Recent Thinking on Economic Planning

Recent history has undermined both these ideological and theoretical constructs, and started to change the overall national political context. Some of the major facts that deserve to be mentioned are the following: a) the success of foreign investment, especially Japanese, in revitalizing the very industries and regions that were supposed to be irretrievably lost to the American economy -- steel, automobile, glass, rubber and auto parts in the American Midwest, for example; b) the renewed attention to manufacturing as a sector vital to the economy. This attention has had to do with the foreign successes mentioned before, but also with American successes (Xerox, Motorola, and others); c) a change in the national political climate, which relates to the inability of the economic policies of the past decade to create well-paying jobs, and to the consequent polarization of American society in terms of distribution of wealth. A healthy manufacturing sector, therefore, is important not only to the economic, but to the social and political health, of the nation.

The Initiation of Community-Based Economic Development Efforts

In the mid-1980s, as government policy was being formed at the county level and played out at the federal and state level, an alternative was considered that focused responsibility for economic planning and development at the local level. The Heinz Endowments and The Pittsburgh Foundation and the Allegheny Conference on Community Development had already experienced some success in supporting neighborhood-based development efforts in the City of Pittsburgh, with participation from a national community-development intermediary, LISC (the Local Initiatives Support Corporation). There was skepticism as to whether the successful example of neighborhood development in the City could be applied to small Mon Valley communities, especially given the isolation of Mon Valley communities from each other, Pittsburgh, and Harrisburg. The neighborhood development movement in the City had also been built on a number of existing neighborhood organizations -- groups which had organized to fight crime or lobby for increased City services or out of concern over plans which would physically alter their neighborhoods. It did not appear that such groups existed in the Mon Valley and LISC had not had success in introducing its financing mechanisms and form of technical assistance in areas which did not have local grassroots groups.

However, civic leaders were increasingly alarmed at the

situation in the Mon Valley. It appeared that officials at the most local level of government in the Mon Valley (boroughs, townships, and small cities) were waiting for the federal, state, or county governments to step in and "save" them with economic policies, special programs and development funds. Given the public policies in play at higher levels of government, this was unlikely. Also, in communities where economic development had been equated with serving the needs of the dominating corporation, there was little capacity to devise new economic initiatives.

In 1985, the Allegheny Conference, with support from the Howard Heinz Endowments and The Pittsburgh Foundation, hired a community organizer to evaluate the situation in Mon Valley communities and to make recommendations on an appropriate course of action. The strategy recommended was to facilitate the formation of grassroots community organizations using LISC as an organizing tool. This recommendation was based, in part, on the conclusion that there was good quality local leadership in the Mon Valley and further, that these people, although not presently in leadership positions, were frustrated by inaction and willing to devise and implement economic development projects which followed the LISC "model". That is, the projects would have an economic rationale to attract local partners and investors and would have to provide both a social benefit and financial return to the community.

In January of 1987, a "Mon Valley Development Team" was

formed to organize local development corporations in Mon Valley communities. Funded with a one year grant from the Heinz Endowments, this experiment began to yield results. By early 1988, with continuing operating support from the Heinz Endowments, nine community development corporations (CDCs) had been organized and four "CDC-like" organizations in the Mon Valley had been identified. In April of 1988, representatives of these thirteen organizations began to discuss the possibility of forming some type of regional coalition. These discussions led to the incorporation of the Mon Valley Initiative (MVI) in December of 1988.

The initial goals of the newly-formed coalition were to create a mechanism through which these groups could 1) share a staff that would assist the all-volunteer groups in identifying and implementing development strategies, 2) raise funds to support these development projects, and 3) join together for regional action and advocacy.

DEVELOPING A COMMUNITY-BASED PLAN

Dominated by newly-formed groups and groups with little development experience, the primary focus of the MVI and its member CDCs was to support (small) local development projects and build strong grassroots organizations at the local level. It was not until 1991 that leaders within the MVI began to question the almost exclusive focus on local projects. By early 1992, there was growing consensus that local projects

had to be woven together into a regional context and that a regional plan had to be developed that would focus on the economic rebuilding of the Mon Valley.

Emerging from a conference for CDC members in early May of 1992, MVI Board members and staff embarked on the development of a regional plan. This plan would define local projects (especially housing and commercial district development) within a regional context, articulate a regional economic development strategy, and begin to define resources to implement the plan.

In the process of developing the plan, MVI and CDC Board members and staff were assisted by the Local Initiatives Support Corporation (LISC), Pennsylvania Downtown Center, Center for Economic Development of the Heinz School of Public Policy and Management at Carnegie Mellon University, and Robert Brandwein, of the consulting firm Policy and Management Associates, Inc.

Preceding the plan, five key goals were identified by MVI and CDC members:

- o increase investment in the Mon Valley
- o create and retain jobs
- o stabilize and strengthen neighborhoods
- o revitalize city/town commercial districts
- o create cooperation among political entities

Initial work focused on understanding the factors which affect investment and where opportunities for action or

barriers to investment might exist. Also in the initial phase, information was collected from a variety of sources: census data, recent research on unemployment in the region, workforce training programs and resources, the region's manufacturing infrastructure, and comparative studies of economic strategies. Barry Maciak from SPIRC, Larry McGeehan of the Ben Franklin Technology Center, and Rob Rogers of the Allegheny County Commission for Workforce Excellence were asked to participate in several planning sessions. Linda Croushore of the Mon Valley Education Consortium was consulted, staff of the McKeesport Job Center were interviewed and additional employment information was collected from local manufacturers. This was added to the collective experience and expertise of Board, staff, and consultants

Several early conclusions guided the planning effort.

1) The strength of the Mon Valley (and its future) is in manufacturing. The region's business and physical infrastructure is geared to support manufacturing activity and manufacturing firms provide the preferred employment base for the Mon Valley. 2) Any plan developed has to benefit residents of Mon Valley communities. Therefore, given the gap between educational achievement among residents and skill requirements of desirable manufacturing jobs, any economic development strategy would have to incorporate a continuum of education and training opportunities. 3) Any plan has to present opportunities for regional participation and has to

define an appropriate role for both the MVI and its member organizations. 4) The plan must utilize the organizing strength of the organization and build on the growing capacity of the MVI and its member CDCs to implement economic development projects.

Discussion of Economic Development Issues

The planning team (Board members, staff, and consultants) identified a number of factors which affect investment:

- o Capital Sources
- o Entrepreneurs and an environment which supports entrepreneurs
- o The existing business base
- o The nature and size of regional, national, and international markets
- o Available Labor Force
- o Physical and institutional infrastructure
- o External investment

These factors were considered separately in light of availability and accessibility.

Capital Sources

Capital sources were broken into six categories:

- o equity
- o grants
- o short-term loans
- o below-market loans

- o credit enhancements
- o long-term market rate loans

Overall, there does not appear to be a general shortage of capital in the region, with the exception of high risk capital for new ventures. There are, however, issues around deployment of capital, especially if the manufacturing base in the region begins to grow and place different demands on local capital sources and if more businesses are to be created.

A number of entrepreneurs have cited the lack of investment capital as a primary impediment to business development. Although some venture capital firms and entrepreneurial assistance providers point to an unwillingness on the part of entrepreneurs to give up a "fair" portion of their ownership in exchange for equity, high risk capital is in short supply. This appears to be especially true at early stages of business development when capital is needed for prototype development or market research.

Given the level of risk, expansion of this kind of grant or equity financing will almost certainly have to come from public and/or philanthropic sources. Currently, the Ben Franklin Technology Center's R&D grants and SBIR grants appear to be the most available high risk sources for certain types of business development, but these publicly funded resources have been shrinking rather than expanding. Grants available through CDCs and other non-profits are another source, but are scarce and often carry conditions from the

grant source which are difficult to fulfill in the short-term (i.e. job creation goals). It appears that without a new or expanded commitment from grant sources, the entrepreneurs themselves, or their families, will continue to bear much the burden for early stage financing and as a result many new entrepreneurial ventures will be undercapitalized.

The public and non-profit sectors offer a variety of below-market rate loans and credit enhancements. One complaint heard about these forms of financing is that accessing public sector loans is a highly politicized process. Another is that decision-making is slow and that the lending system is unwieldy. In part, these impressions may arise from the fact that these forms of financing are almost always used in combination with bank financing. Therefore, not only is the borrower negotiating with several lenders, but there is a certain amount of negotiation among or between lenders. This process can certainly be improved. Feedback from businesses and discussions among frequent lending partners to better respond to business needs would be an easy first step to improved coordination.

Private lending continues to be a thorny issue. The fact that the major lenders in the Pittsburgh area are locally based is a major advantage for the region. However bank performance relative to small business lending is uneven. This is especially true in the Mon Valley where anecdotal information collected by community development corporation

members and MVI staff indicate that branch offices of major banks are not providing an adequate level of business services. This factor combined with current regulatory constraints has created a credit crunch, especially for small businesses. There is also concern that banks will be slow to respond to changing needs of business borrowers, especially manufacturers, as new processes and methods are accepted which are performance-based, rather than inventory-based.

Entrepreneurs and an Environment which Support Entrepreneurs

The general consensus of the participants in this process and the other organizations and individuals consulted was that there are two sources of high-quality entrepreneurial support and assistance in the region: the Enterprise Corporation and Dr. Robert Meeder. Entrepreneurial assistance was cited as a bottleneck by several people, and the Ben Franklin Technology Center is developing a mentor program as one way to address this issue as it has been raised by their clients.

The traditional corporate orientation within the region and especially in the Mon Valley does not create an environment which fosters entrepreneurship. However, there are some pockets of encouragement and support which have worked to make entrepreneurship a more visible sector on the Western Pennsylvania economic scene, and which might be more effectively engaged in the Mon Valley.

Over the past ten years there has been significant growth in the number of venture capital firms in the region. Carnegie Mellon University has been a breeding ground for entrepreneurs, aided in part by the supply of capital and by encouragement from the Enterprise Corporation and the Pittsburgh High Technology Council. The annual Entrepreneurs' Day sponsored by the Enterprise Corporation, the breakfast briefings held by the High Technology Council, and the various specialized networks sponsored by each have highlighted the growing community of entrepreneurs.

The Existing Business Base

The existing business base contains enough manufacturing activity to provide a critical core. In a survey conducted by SPIRC in 1989 and revised and updated by the MVI in 1992, a total of 277 manufacturing firms were identified in the 30 communities of the Mon Valley served by Mon Valley Initiative CDCs. There is a wide range of products produced but industries related to metals predominate. (A complete listing of manufacturers by municipality, SIC code(s), number of employees and product description is available from the MVI.)

Nature of Markets

Metals industry firms in the Mon Valley have had limited success in accessing new markets. Many are very small

companies (less than 10 employees) and are producing to the quality standards required by their former customers in the steel industry. Unlike other regions (the Great Lakes region being one) Western Pennsylvania has not had major corporate customers pushing the adoption of higher performance manufacturing methods down to their suppliers. Transforming these metalworking, machine tools, and tool and die firms to operate in a high performance setting will require linking these firms to new customers. Within the larger region are a number of firms which represent these kinds of markets; for example, MSA, AEG Westinghouse, and Respironics are all high performance firms requiring suppliers who meet the same quality performance standards.

Plastic injection molding, electronics, and instrumentation firms in the region also have opportunities to become suppliers to the firms listed previously and others outside the region. The key for small prospective supplier firms is to meet performance standards being demanded by growth corporations. A local leading example is Precise Plastics; this small manufacturer is in the process of qualifying to meet ISO 9000 standards, which will open global markets for their products. Development of new technologies such as MAGLEV or commercialization of university research could provide additional manufacturing opportunities for firms in the region.

Available Labor Force

Any discussion of business growth and development eventually turns to the size and quality of the available labor force. Although a number of firms in the region have cited a shortage of workers in a few skill categories, (machinists, for example), skilled employees are in ample supply. Interviews with manufacturers and the staff of the McKeesport Job Center demonstrated that ratios of 20 or more qualified applicants for each job opening are not unusual. Further analysis of these numbers, however, yields information which has serious implications for the long-term health of the region and for Mon Valley residents.

The profile of a successful applicant for a recent skilled manufacturing job opening the Mon Valley would be a man who is already employed, over 35 years of age, who lives in the greater Pittsburgh region, but not in the Mon Valley. The primary reason for this individual switching jobs is to obtain better benefits, with salary a secondary reason. This person has acquired skills on the job and in corporate-sponsored training, typically through U.S. Steel or Westinghouse. Although he may have roots in the Mon Valley, it is likely that he now lives in the South Hills or Eastern suburbs.

As skilled individuals move into newly-created jobs due to an expansion of an existing business (Clairton Coke Works) or new business (NexTech), it is presumed that openings are

created on down the line. However, it is likely that the profile holds for these job openings, as well.

The job training "system" which operated in the Mon Valley largely disappeared with the steel mills and electric plants. Despite a narrow focus on a limited range of tasks, rather than the more conceptual or multi-disciplinary approach now preferred, this "system" was responsible for establishing a skills base among the region's older workers. As the pool of trained workers continues to age, there will have to be a replacement system developed to train the next-generation work force. This task is complicated if a goal is to increase employment among residents of Mon Valley communities. A review of educational attainment levels, employment information, and income would indicate that Mon Valley residents are far down on the employment chain. Across MVI member communities, an average of 30 percent of residents over the age of 25 do not have a high school diploma. The unemployment rate in the Mon Valley, as measured by specific surveys of these communities, demonstrates that the Mon Valley remains a pocket of comparatively high unemployment. Occupational data show a concentration in service and retail industry jobs.

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It can be concluded that within the larger region, there remains a sizable work force at all skill levels. However, it appears that the most skilled portion of that work force is aging and that younger workers do not have the skills or

opportunities to develop the skills needed to replace older workers. When the labor force, or potential labor force, residing in Mon Valley communities is considered, there is a bigger gap. There are fewer skilled workers and lower levels of educational attainment. Therefore, any effort which is designed to increase the number of jobs in the region, especially good paying jobs, will require education and training programs that are designed to meet the demand for more skilled workers.

Infrastructure

The analysis considered five categories of infrastructure: transportation systems, utilities, housing, municipal services and local government, and amenities and quality of life. In a report prepared last year by Policy and Management Associates examining the potential for manufacturing development at the former Homestead mill site, interviews with industrial park developers, manufacturers, and regional economic development organizations revealed that infrastructure issues are major concerns in the revitalization of the Mon Valley.

Transportation systems considered include river, rail, and roads. The Monongahela River and the railroad system in the Mon Valley had been the historical transportation network on which the steel and coal industries relied. Plans to replace locks and dams along the Mon River are directed to

improved conditions for commercial users. These improvements and the linked river and rail systems which presently exist will continue to meet the transportation needs of those users which rely on these forms of transportation and open the way for the development of intermodal transportation systems in the Mon Valley. However, the number of firms which rely on these two forms of transportation is small and the presence of river and rail networks provides limited advantages to Mon Valley communities.

The Mon Valley does not have an adequate roads network to support development. Although Mon Valley communities are accustomed to and accepting of heavy truck traffic, the existing road systems will not support any substantial increase in traffic. The condition of state, county, and local roads is generally poor. Links to major highway networks are weak (two-lane roads wind through communities and residential neighborhoods).

Availability of adequate utilities services to support increased investment is mixed in the Mon Valley. Ample electric and gas supplies exist to serve new businesses. In Mid-Mon communities, availability of water and sewage service is a significant concern. In a recent survey of municipal officials conducted by MVI member CDCs, many officials cited the absence of public water and sewer lines as a constraint to all forms of development -- residential, commercial and industrial. Officials in several communities could give

specific examples of development projects that were halted by the lack of availability of water and sewer lines.

In lower (northern) Mon communities, availability of public water and sewer lines is not the issue, as much as the condition of these lines. Frequent water line breaks and the questionable condition of sewer lines is a concern in a number of communities. Increased demands on these systems will necessitate repairs and replacement of lines. It is not clear how these costs will be covered, or what the long-term impact on development might be.

The cost of electric power in Allegheny County is of concern when considering a strategy to support manufacturing growth. Duquesne Light, which serves Allegheny County, has rates that are among the highest in the nation. West Penn Power, which serves Mid-Mon communities has much lower rates. The irony for MVI member communities is that the greatest portion of land available for development is in Allegheny County, while the available land in the Mid-Mon tends to be located away from river communities. Extended discussions between Duquesne Light officials and MVI members regarding the rate structure and the need for special rate incentives for small and medium-sized manufacturers ended in April 1992. In an internal memo dated March 5, 1992, Robert T. Callen, Manager of the Economic Development Department wrote to Kerry Diehl, General Manager for Marketing & Economic Development, that:

"Duquesne Light Company's rates are the highest in southwestern Pennsylvania and one of the highest in the state. Our Economic Development Rider 9, as currently enforced, has not proven effective in the Mon Valley communities for primarily two (2) reasons: 1) industrial/manufacturing enterprises, conducive to the Mon Valley region fall below the 100 KW threshold as stipulated by Rider 9 and 2) neighboring West Penn Power's low rates cause us to lose opportunities when power supply costs become a determining factor in business start-up and/or business location decision-making analyses."

Callen went on to recommend in the memo:

"In order to stay competitive and as an active and committed corporate partner with the State, county and local municipalities, I propose that Duquesne Light Company provide a test-case creative mechanism to position our energy costs as attractive and enticing for the industrial-zoned areas of the Mon Valley region."

Despite Callen's proposal, Duquesne Light Company has yet to enact a program that would provide an economic development rate to small and medium-sized users.

A special advertising supplement in Forbes Magazine sponsored by the electric utility industry entitled "Helping America Prosper" and an independent analysis of the industry prepared for the MVI (Electric Utility Rates and Industrial/Business Development, Policy and Management Associates, Inc., January 1992) demonstrate that electric utility companies nationally have employed a variety of creative incentives to spur economic development.

The third category of infrastructure, housing, is also in ample supply. Mon Valley communities have a substantial stock of affordable housing. However, in many communities, affordability is a function of age and condition. There are

high numbers of vacant units and significant deterioration in some residential neighborhoods. The low (and declining) assessed value of these properties is a contributor to the financially distressed condition of Mon Valley municipalities.

Municipal services and local governments represent another area in which there are problems which clearly affect business expansion and location decisions. Developers, realtors, and business owners and managers (i.e., potential investors) have expressed concerns about municipal stability and the ability of local governments to provide basic services, especially police protection. Potential investors have also expressed a lack of confidence in the ability of municipal officials to deal with the financial and municipal service issues facing Mon Valley communities.

External Investment

Attracting firms from outside the region to invest in the Mon Valley is the traditional approach of industrial development organizations at state and local levels. Chambers of Commerce, business marketing offices and departments of local government all vie for new firms with promotional materials, advertisements, proposals and, in some cases, direct outreach. Throughout most of the United States, this development activity is directed to U.S. firms seeking to expand or relocate and become a competition of incentives. With few exceptions it becomes a zero sum approach, i.e., the

number of firms moving in is often offset by a number moving out. Certainly in the past in the Mon Valley, the balance has been on the side of moving out. While the general promotional and marketing approach in the United States should not be abandoned, a new approach -- an effort which focuses on the international aspects of business location -- should be tried. The three countries with the largest direct investments in the U.S. are Great Britain, Japan and Germany. Of these three, Germany is the country that may present the greatest opportunity. While Japan and Great Britain are larger investors in the U.S., the cumulative German direct investment in the U.S. has increased rapidly from \$7 billion in 1980 to \$14 billion in 1985 to \$27 billion in 1990. Further, most of this investment comes from manufacturing companies in the machinery and industrial products fields. The U.S. market is attractive to German firms since output-per-man hour is higher in the U.S. as compared to Germany. With the German mark growing in strength and driving German export prices higher, production in the U.S. becomes a viable and desirable option. As an example of the effect of exchange rates on German capital equipment costs, an imported machine with a value of DM 1 mm sold for \$320,000 in the U.S. in 1985. In 1992, the same machine would have to sell for \$660,000 as a result of the strong DM or weak dollar.

On the basis of lower production costs, large markets, favorable exchange rates, safety of the economic and political

fabric of the country and familiarity with the U.S. from past direct investment and sales, German firms will invest in the U.S. But why will German firms invest in the Mon Valley? There are 1,300 German firms currently operating the U.S. with over 100 in Pennsylvania and 29 with offices in Pittsburgh. Although many are sales offices, most of the firms are manufacturing companies. The Mon Valley can present an attractive investment location for German firms.

STRATEGIES TO MEET GOALS

The primary strength of the MVI is in its ability to organize people and communities for positive purposes. The MVI has not employed more "traditional" organizing techniques based on conflict and confrontation which emphasize the creation or definition of an "enemy" and a community organizing effort to fight that enemy. Rather the MVI has organized around accomplishing change to serve economic and community purposes. The tasks required to meet the goals defined by the MVI and member CDCs, within the policy and practical constraints enumerated, lend themselves to the kind of community organizing and community empowerment which is the hallmark of the MVI.

The tasks before the MVI (and CDCs) can be defined in a preliminarily manner: a) create strong ties to the state, the one level of government that has made a substantial commitment to economic development; b) play the role of advocates of

reindustrialization in relation to the federal government; c) exert political pressure to have local governments, i.e. County government, reorient their (implicit) economic development policies to focus on distressed areas rather than growing areas where development could be undertaken by private developers; d) recognize the limits on resources available to the MVI and the existing capacity of other organizations in the region by developing partnerships with existing economic development agencies, college and University programs, and manufacturers to meet goals; e) monitor the policies and practices of private (bank) and public (government) financing institutions to assure that the Mon Valley is not bypassed by investors.

Goal 1: Increase Investment in the Mon Valley

o Expand Capital Sources

A range of resources are available to support community-based development. Public and private grants, below market loans, credit enhancements and active bank lending to businesses must be in place to support business expansion and improve commercial districts and residential neighborhoods. Anecdotal information collected by CDC members would indicate that there are gaps in business services and lending by bank branch offices in the Mon Valley.

- . establish working committees with bank lenders to resolve credit issues and press for changes in loan products and/or policies where needed to support business

retention and expansion;

- . participate with banks in the active marketing of special products to ensure their use;
- . be a source of information for business on the full range of credit enhancements and below market loans available through public and philanthropic sources;
- . monitor and regularly report on the lending policies and practices of public and private sector lenders;
- . advocate at the federal and state level policies and programs which meet local needs;
- . work with LISC to expand the Community Investment Fund of the MVI to make additional below market rate loans and grants available to support the economic development activities of community development corporations;
- . support the position of the National Association of Community Development Loan Funds, Woodstock Institute, National Federation of Community Development Credit Unions and others, as articulated in "Principles of Community Development Lending & Proposals for Key Federal Support" in federal proposals related to the development of a national system of community development banks -- another source of below market rate loans for economic development;
- . support other organizations (for example, the Micro Enterprise Assistance Program and Community Loan Fund of Southwestern Pennsylvania) which seek to expand the pool of resources devoted to investment in Mon Valley and similar neighborhoods and communities.

o Create an environment which encourages entrepreneurs

There are in place a number of financial and technical

support systems designed to support entrepreneurs and to create a climate which fosters the formation of new businesses. Many of these organizations do not have an active presence in the Mon Valley. Based on the partnering strategy of the MVI, the following tasks should be undertaken by the MVI and CDCs:

- . establish a relationship with the Enterprise Corporation and the Minority Enterprise Corporation to facilitate referrals from the Mon Valley;
- . continue the relationship with Dr. Robert Meeder and his staff to accomplish the same;
- . sponsor programs on new business formation and provide scholarships for Mon Valley residents to attend programs highlighting entrepreneurship sponsored by others;
- . use the existing relationship between the MVI and Monessen Community Development Corporation in the Monessen Business Development Center to provide a regional focus for entrepreneurial growth;
- . work with the Mon Valley Education Consortium to provide school-based programs and school/business connections to foster entrepreneurial thinking in Mon Valley schools.

o Identify new markets for Mon Valley businesses

The primary sources of new markets for small and medium-sized Mon Valley manufacturers are corporations (OEMs) which are globally competitive. The best market opportunities for Mon Valley firms are as suppliers to these OEMs.

The MVI, in partnership with the East Pittsburgh Economic

Development Corporation and Turtle Creek Development Corporation, will establish a demonstration project at Keystone Commons which will enable the MVI to link potential suppliers with OEMs and assure that these potential suppliers will be able to meet world class or high performance manufacturing standards.

o Ensure a well-prepared, good quality work force

Regional training resources will be brought into the Mon Valley in a more effective way to expand employment opportunities for residents. New manufacturing methods demand managers and workers who have the skills and flexibility to meet higher quality and efficiency standards. The educational attainment levels of Mon Valley residents, high rates of unemployment and underemployment, and present occupations of residents (as indicated in census data), would demand a full range of remedial education and skills training resources for the region.

- . create greater awareness of programs designed to provide remedial education in reading, math, and science, and where necessary, advocate the expansion of these programs;
- . advocate changes in the training delivery system to ensure a connection between job training and job availability;
- . advocate the provision of adequate facilities to provide training. (For example, the facilities of the Braddock Center of the Community College of Allegheny County are sub-standard and should be improved);
- . provide, as part of the demonstration

project at Keystone Commons, a training component that can serve as an example of high quality, job directed training;

- . seek federal funds for training, especially those directed to community based organizations, to expand the resources available in the region for training;
- . be a partner with schools, colleges and Universities in activities designed to ensure the highest quality educational programs in the Mon Valley.
- o Improve the physical and civic infrastructure

The MVI can play three roles in meeting this sub-goal -- advocate, partner, or developer. The MVI and member CDCs should advocate improved transportation systems and economic development rates from Duquesne Light Company. MVI member CDCs can be a partner with local government in 1) packaging certain infrastructure improvements as part of overall community development or community revitalization projects for which the CDC is a developer; and, 2) aiding local governments in working together to develop or identify funding sources to support infrastructure improvements. CDCs can also partner with local governments or act as developers in projects which enhance the quality of community life or provide community amenities. As developers, CDCs and the MVI, can improve certain categories of community infrastructure, most particularly housing and through efforts to improve commercial districts as described below under goals to strengthen neighborhoods and create more viable commercial districts.

Goal 2: Create and Retain Jobs

There is a critical need to expand the manufacturing base of the region to provide good paying, skilled employment that will attract new residents to Mon Valley communities. Global competition has shifted the base of manufacturing activity, as foreign competitors have succeeded in making lower-cost commodities to challenge U.S. companies in both domestic and international markets. Global markets demand increasingly sophisticated, high-quality, high value-added products and services, not just mass produced commodities.

In this environment, sustainable economic advantage requires the ability to create and harness knowledge in new product design and development, and continuous improvement of products and processes on the factory floor. The shift to high performance requires the development of a broader infrastructure at the regional level.

High performance regions provide the crucial elements required for high performance manufacturing to flourish. These include: 1) a manufacturing infrastructure of interconnected vendors and suppliers, a human infrastructure of qualified workers, engineers and researchers, and a communications and transportation infrastructure which facilitates constant sharing of information and just-in-time delivery of goods and services. New partnerships among business, labor, community and government will be required to provide these crucial inputs -- to develop the broader

political economy which can support the shift to high performance.

The MVI, through the formation of a demonstration project, a **Partnership for Jobs and Industry**, will engage communities in forming these new partnerships. The goal is to link community institutions and key players from outside the Mon Valley in an effort to strengthen and expand the manufacturing base of the region, especially to focus on those firms which will provide the greatest opportunity for sustainable, high wage employment. Education and training efforts will prepare Mon Valley residents for the technical and industrial jobs of today and tomorrow. Through this effort the MVI hopes to create an institutional environment that is conducive to and supportive of the change to high-performance -- not just immediate changes, but the capacity to react and adapt to changes in the global marketplace. In support of the transition to a high performance region as an effort to create and retain jobs, the MVI will:

- o link communities through three Centers: the Manufacturing Support Center (MSC) at Keystone Commons, the Business Development Center at Monessen, and the Education and Training Center proposed for Braddock;
- o at the MSC, assemble the resources needed to work with small and medium-sized manufacturers to adopt methods and processes that meet high performance manufacturing standards;
- o work with OEMs to organize supplier networks in the region;

- o through the outreach services of the Business Development Center, match entrepreneurs with business and market opportunities -- Encourage the formation of new businesses to fill gaps in supplier networks, especially for products being bought outside this region;
- o as infrastructure and capital resource deficiencies are addressed, the Mon Valley can be promoted as a business location. The MVI role will be as a convener, promoter and dissemination of research in attracting new firms;
- o advocate education and training programs to prepare Mon Valley residents for employment and promote the hiring of Mon Valley residents.

The use of a demonstration project is consistent with the strategy recommended to meet organizational goals, a strategy which focuses on community organizing and development of partnerships. Through this demonstration project the MVI can play a significant role as a leader in showing that manufacturing strategies expand the capacity of local manufacturers to meet high performance requirements will work to strengthen and expand the region's manufacturing and employment base. The aim of such a demonstration would be to allocate scarce resources and convince other parties in the region to invest funds and staff for ongoing programs. A good analogy for this approach is the Head Start Program which started as an OEO Research & Demonstration project, proved itself, and graduated to a full-fledged national program with a long-term commitment.

Goal 3: Stabilize and Strengthen Neighborhoods

The housing stock of the Mon Valley is an important asset which can be used in rebuilding the region. Beyond providing good quality affordable housing to families, the MVI's home ownership initiative facilitates investment and increases confidence in the viability of communities. This program, however, has been too focused on individual units and needs a more strategic approach to address the broader range of neighborhood housing issues:

- o incorporate housing development into community-based comprehensive housing programs which will include vacant property programs, the development of public amenities, tool lending libraries, fresh paint programs, Block Watch, and neighborhood clean-up projects;
- o work with municipal officials to incorporate infrastructure improvements (streets, sidewalks, utilities) into housing development plans;
- o include good quality, affordable rental housing and, where appropriate, newly constructed housing in community housing strategies, to ensure a full range of housing options for Mon Valley residents;
- o encourage real estate professionals to more actively market housing in the Mon Valley;
- o work with banks to increase the awareness and use of special mortgage products that make home ownership available to more people;
- o monitor bank lending and real estate sales practices to ensure that these practices support stronger neighborhoods. Where there are deficiencies, the MVI and its members will work with these institutions to improve performance.

Goal 4: Revitalize Community Commercial Districts

Competition from regional shopping centers and changing demographics have had a devastating impact on many Mon Valley business districts. A variety of organizing, technical and financial resources can be brought to bear on the problems facing these community centers. These resources can be directed to develop recruitment programs, coordinate promotional activities, undertake physical improvements, and devise new strategies for the use of commercial real estate that will expand the business mix in communities. The that end, the MVI will:

- o continue to work with the Pennsylvania Downtown Center and expand the availability and use of that resource in the Mon Valley;
- o work with Enterprise Zone Programs, and similar sources of technical and financial support for commercial district improvements;
- o survey business districts to determine the number and mix of businesses. Use surveys to develop business directories that can be used as part of "buy local" campaigns;
- o advocate greater emphasis on merchant organizing, merchandising, and marketing in public programs to support commercial districts;
- o monitor the use of special loan products made available through the efforts of the MVI to support facade improvements. These loan products feature below-market rates of interest and discounts on loan costs to make them more attractive to borrowers. Provide feedback to banks concerning the products.

Goal 5: Create Cooperation Among Political Entities

Within the regional strategy, the CDCs will continue to meet with local officials and to work cooperatively to address problems shared by municipalities throughout the Mon Valley. These problems, especially fiscal problems which prevent governments from providing an adequate level of municipal services, inhibit business development, job creation, commercial revitalization and housing investment.

The Municipal Survey conducted in 1992 by Mon Valley CDC members suggests a number of ways that municipal governments and CDCs can work together for community improvement. As CDCs report back to local government officials on the results of the survey, more opportunities should be revealed.

The MVI can also assist municipalities in organizing regionally around common issues and problems. There is a need to advocate public policies which support investment in the Mon Valley. Public investment at all levels of government should be coordinated to maximize the benefits of that investment especially in the policy formation and developing public-private initiatives.

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