
BUILDING ON OUR STRENGTHS

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.

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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

