

# RIDE TO PROSPERITY: STRATEGIES FOR ECONOMIC COMPETITIVENESS IN GREATER READING

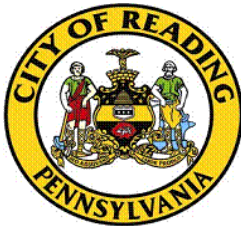
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**June 17, 2010**



**Berks County  
Workforce  
Investment Board**



# RIDE TO PROSPERITY: STRATEGIES FOR ECONOMIC COMPETITIVENESS IN GREATER READING

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## EXECUTIVE SUMMARY

Where will the Greater Reading economy be in ten years? In twenty years? Where should it be? While we cannot predict the exact outline of our economy circa 2020, we do know where we want and hope to be. We would like to see a transformed Greater Reading:

- Where residents are more prosperous
- Where businesses are more innovative and faster growing
- Where opportunity is available to all, and
- Where long-time residents and newcomers are happy to live.

How do we get there? Transforming our economy will take years of hard work, but every long journey starts with some early steps. We are beginning this journey by coordinating the work of eight leading Berks County economic development and workforce organizations who have come together to brainstorm and develop pathways to prosperity that can be put into place over the next five years.

This effort is an initial step forward. We are seeking to spark ideas and move forward in critical areas that will contribute to a more entrepreneurial local business climate, to new job creation, to more effective approaches to nurturing talent, and to improving the quality of life for all of our region's residents.

We recognize that we cannot achieve these outcomes on our own. However, because each of us has daily responsibility related to Berks County and City of Reading economic development, we believe we also have a responsibility to help spur action among all of the County's stakeholders. We hope that our work will continue to stimulate a County-wide conversation on how to build a stronger and prosperous economy.

We propose to act in five key areas where our respective groups can positively affect the Greater Reading's economic development environment over the next three to five years. Our proposed priorities are:

- 1) Entrepreneurship and Innovation: Greater Reading should accelerate existing efforts and introduce new initiatives to improve our ability to nurture and support high-growth entrepreneurs.
- 2) Workforce/Talent Development: Concerted action to improve Greater Reading's lagging educational attainment levels is needed, especially in improving high school, community college, and college completion rates.

- 3) Business Clusters: We will seek to identify and refine emerging business clusters where we can target business retention and growth efforts, improve business-education partnerships to strengthen the local workforce, and promote these sectors as leading targets for new business development efforts.
  - 4) Sites and Infrastructure: We will introduce a new set of initiatives to improve the area's site development processes with a goal of 300 shovel-ready acres by 2015, to provide a sufficient number of acres to accommodate local business development as well as any large prospects that we can attract to our region. Meanwhile, we will continue to promote signature projects, such as the proposed Berks Research and Technology Center and the I-78 Industrial Park @ Bethel, and reach out to localities that want to build collaborative partnerships around a series of smaller "shovel ready" sites. We also intend to prepare an inventory of both large (100+ acres) and small sites (e.g. 25-50 acres) that can be more rapidly converted into viable project opportunities.
  - 5) Quality of Place: Improving the quality of local amenities should have two primary future directions. First, we need to enhance tourism promotion efforts and capitalize on Greater Reading's assets that could be used to attract visitors with an interest in outdoor recreation, scenic amenities, and arts and culture-related offerings. Even more importantly, the County must make catalytic investments that improve the quality of life for local residents, especially in support of key projects in the City of Reading.
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## Why Did We Come Together?

There has been no shortage of reports and analyses highlighting our region's economic challenges, and providing numerous excellent recommendations for how to remedy them. Our purpose is not to "reinvent the wheel," i.e. to produce yet another study that highlights these issues. Instead, we are action-oriented. We seek to develop a compact and achievable work plan that can make tangible and important changes in Greater Reading's competitive economic position within the next three to five years.

Our coalition consists of the chief executive staff of eight organizations<sup>1</sup> whose work includes a daily focus on fostering economic and workforce development in Greater Reading and Berks County. We are not the only key stakeholders in Berks County's economic development discussions, but all of our organizations have a primary mission of promoting economic prosperity for the County's residents, businesses, and communities. We are all focused on the task of generating new jobs and new economic opportunities in the region. We have come together with the purpose of further advancing this important work.

As a coalition, we are focused on the following goals:

- **Accelerating What's Working:** Past economic development analyses have included a number of excellent ideas and programs that are currently underway. The region is making great progress in a number of areas, such as the development of the Penn Corridor, ongoing efforts to establish a county Research and Technology Center, gaining the attention of national site selectors, and in further positioning the County as desirable destination for visitors and new residents. We hope that our collective work can build further momentum behind these worthwhile undertakings.
- **Changing Direction where Current Programs and Policies are Falling Short:** While there are many bright spots in the County's economy, we must acknowledge that we also face significant economic challenges. If we are to reverse these negative trends, we need to revisit and revise policies and programs that are no longer working or where conditions have changed. In some cases, we need to introduce new efforts, such as our recommendations to improve support for local high-growth entrepreneurs who can help jump-start the local economy. Our dropout rates must be cut and education attainment levels must be improved

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<sup>1</sup> Members include: The Berks County Industrial Development Authority, the Berks County Planning Commission, the Berks County Workforce Investment Board, the Berks Economic Partnership, the City of Reading, the Greater Berks Development Fund, the Greater Reading Chamber of Commerce and Industry, and the Greater Reading Convention and Visitors Bureau.

- **Updating Plans and Ideas that have been Overtaken by Events:** Some of recommendations made in previous reports and studies fall into the category of “seemed like a good idea at the time.” In these cases, our coalition will help update earlier program ideas to make them more relevant to the economy in 2010 and beyond. For example, some of the business clusters identified as past economic development targets have been viewed as too limiting, and new strategies are required.
- **Capitalize on our Growing Latino Population:** Entrepreneurial support efforts and the Penn Corridor Initiatives should specifically target our Latino population. The Reading Market could celebrate the Latino culture as part of the destination draw, but also serve as an incubator for aspiring storefront owners in food or retail. Workforce initiatives should also target the Latino population as an upwardly mobile workforce pipeline via technical career pathways.

### **What This Effort is Not . . .**

We do not view this initiative as a new comprehensive economic development plan for Greater Reading and Berks County. Segments of existing reports and work plans, such as Berks Vision 2020 and the Initiative for a Competitive Greater Reading (ICGR) study, still remain relevant and contain many important ideas. Our project is designed to serve as a bridge, building on the strength of past analyses and moving in new directions where circumstances and economic conditions have changed. We are focused on action items and strategies that can help improve the local economic development climate in the short term, i.e. within the next three to five years.

### **What this Effort is . . .**

Our group is collectively committed to identifying and acting upon a handful of priority action items that meet the following criteria:

- *Tangible Benefits:* We seek to support initiatives that will produce tangible and measureable results within five years.
- *Strong Alignment:* We will primarily support initiatives that are aligned with current County and City of Reading vision statements and strategies.
- *Collaborative:* As a coalition, we will focus on projects and programs that will benefit from collaboration. Each of us will continue our regular operations to support a stronger local economy. We will come together in areas that require cooperation across areas of expertise or across political jurisdictions.
- *Significant:* We will focus on initiatives that can have a significant impact on improving local economic prosperity and net job growth.
- *Opportunity Driven:* We will support initiatives that are well-linked to available opportunities in the form of new public policies or outside funding.

## Key Themes and Action Plans

Beginning in August 2009, our eight organizations have held a regular series of meetings where we have revisited and reviewed past economic development strategies and recommendations for Greater Reading and Berks County. These past efforts include the Berks County Vision 2020 plan, the Initiative for a Competitive Greater Reading (ICGR), ongoing workforce research, and the 2001 Leak-Goforth study of the county's industrial sites and infrastructure.<sup>2</sup>

Based on our review of this past work as well as more recent analyses undertaken by our respective organizations, we identified five sets of issues that warranted further discussion and collaborative activity. Your input is being requested to help further develop these thoughts. This document is an initial draft designed to start the conversation. Our working group desires community feedback and suggestions. These issue areas are:

- **Entrepreneurship and Innovation:** How can we help stimulate the growth of new businesses and support faster growth paths for existing businesses?
- **Workforce/Talent Development:** How can we improve educational outcomes in the community, especially in terms of high school, community college, and college completion rates? Can we continue to build industry partnerships as a vehicle to update skills of the incumbent workforce and facilitate communication between industry, education, and workforce development?
- **Clusters Revisited:** What industry clusters offer the best prospects for future business development and job opportunities and for retaining existing businesses?
- **Sites and Infrastructure:** What can we do to help identify and secure additional shovel-ready industrial sites for potential business customers?
- **Quality of Place:** What steps will help make the County a more attractive location for current residents, potential new residents, and visitors?

As this report was in its final draft stages and near completion, a significant study was disseminated by the International Economic Development Council (IEDC): *Creating Quality Jobs: Transforming the Economic Development Landscape*.<sup>3</sup> The report, dated

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<sup>2</sup>Reviewed studies include: Berks County Planning Commission, *Berks Vision 2020*, 2001; Brookings Institution, *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*, (Washington, DC: Brookings Institution, 2003); Initiative for a Greater Competitive Reading, "Greater Reading: A Call to Action," 2004. Leak-Goforth Company and URBANOMICS, Inc. Industrial Site Assessment for Berks County, Report Prepared for the PRO-BERKS alliance, June 2001; Thomas P. Miller and Associates, "Accelerating Community Talent in Greater Reading," Report Prepared for Berks County Community Foundation, 2007; Berks County Workforce Investment Board, Berks County Strategic Plan—General Demographic Conditions: Living in Berks County, (Reading: BCWIB, 2009).

<sup>3</sup> International Economic Development Council, *Creating Quality Jobs: Transforming the Economic Development Landscape*. (Washington, DC: IEDC, March 2010).

March, 2010, and funded by a grant from The Ford Foundation, was the collaborative work of several renowned experts in the field of economic development and related areas- especially workforce and education. This report provides important validation for the recommendations and action plans developed by the economic development partners involved in this initiative.

Further details on each of these issue areas are provided below. Each issue summary includes a short issue statement, followed by background on the issue area and suggested next steps and preliminary action plans. .

## Entrepreneurship and Innovation

*OUR CHALLENGE: Berks County was built by entrepreneurs. Firms like Carpenter Technology and Boscov's have long served as anchors for the local economy. Yet, in recent decades, the pace of local entrepreneurial activity has slowed. Economic development organizations must develop new approaches to supporting local entrepreneurs and innovators. These strategies should seek to grow new businesses and help existing business achieve faster growth rates. As economic development organizations, we cannot create new entrepreneurs, but we can help create an environment where they have greater chances of success.*

When it comes to building a more supportive entrepreneurial environment in Berks County, many observers agree that we should start with efforts to build a more “entrepreneurial culture.” For a variety of historical reasons, County residents appear to be more risk-averse and less willing to “take the leap” by starting a new venture. Many data sources back this claim. For example, according to the YourEconomy.org data set,<sup>4</sup> the Reading Metropolitan Statistical Area (MSA) ranked in the bottom fifth of US metros (from 1998 to 2007) in terms of spawning new establishments and in generating jobs from these companies. Like many regions, the Reading MSA is also facing challenges in spurring the development of second-stage companies--firms with 10-99 employees who are often the key drivers of local economic growth. Between 1998 and 2007, the number of these firms as a portion of all local businesses declined by more than three percent. Over this same time frame, the portion of second stage companies as a portion of all US firms grew by more than five percent.<sup>5</sup>

These findings suggest two potential areas for action. First, we should consider initial programming that can help bring about long-term changes in the County’s “entrepreneurial culture.” Second, we should make targeted investments to help improve the quality and availability of local business services and support so that more firms can achieve fast growth paths. The County has a strong set of services and organization that work with start-ups and early stage firms. In fact, local organizations have been recognized as national leaders. In 2010, the Kutztown Small Business Development Center was named by the SBA as the “Small Business Development Center of the Year,” and the Community First Fund received the “Community/Rural Lender of the Year” award. In 2008, the Ben Franklin Technology Partners program received the Economic Development Administration’s Excellence in Economic Development Award in the area of Technology-Led Economic Development. Nevertheless, there is a need for a more effective local system to assist firms that are developing new technologies or that have potential for very rapid growth, i.e. what some analysts call “gazelles.”

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<sup>4</sup> YourEconomy.org is a web-based data source developed by the Edward Lowe Foundation. This data tracks company growth trajectories using the Dun & Bradstreet National Establishment Time Series Data Set.

<sup>5</sup> YourEconomy.org: Industry Composition Data for Reading MSA. Available at [www.youreconomy.org](http://www.youreconomy.org).

Building an “entrepreneurial culture” takes time, so we cannot expect to complete this task within our current five year time frame. However, we can introduce a series of new programs and activities that can get the process started. Extensive research suggests that a number of strategies can help encourage people to think entrepreneurially and to be more open to considering starting a new venture of their own. In particular, County leaders should examine ways to encourage young people to learn more about entrepreneurship.

As a first step, we should consider a concerted effort to expand entrepreneurial offerings at the Reading Area Community College (RACC). Community colleges are becoming an important part of the nation’s entrepreneurial support landscape, and more schools are providing extended access to entrepreneurial training via course work, business support services, incubation, and outside internships and training.<sup>6</sup> These types of support efforts should be introduced at RACC; they would align especially well with the work of the Schmidt Training and Technology Center (STTC).

In addition, we should work with local four-year institutions to introduce their own entrepreneurship classes and programs or to enhance their existing offerings. The Keystone Innovation Zone can serve as a catalyst. At the most expansive level, the schools could offer certificate programs in entrepreneurship. At a minimum, each school should develop appropriate classes and provide support to student organizations with an entrepreneurial focus. These clubs might include local SIFE (Students in Free Enterprise)<sup>7</sup> or even more targeted groups like NetImpact, which is focused on sustainable business.

Beyond this focus on building the local “entrepreneurial culture,” the coalition should also support several initiatives that improve and enhance the current support services provided to new and growing local companies. The creation of the Greater Reading Entrepreneurial Support Alliance (GRESA) has significantly improved cooperation and collaboration among the County’s business service providers. In the coming year, GRESA should consider developing a system that focuses on improving support for high-growth ventures.

This work has already begun bearing fruit with the enhancement of the Chamber’s new Business Resource Center located in Reading’s Gateway Building. The Center is designed to become a critical nucleus for the County’s business support providers, making it easier for local business owners and aspiring entrepreneurs to obtain needed information and services.

This new initiative cannot be developed with a sole focus on Berks County. Thus, we believe that this work should begin with two primary initial thrusts. First, GRESA should design and implement a high-growth entrepreneurship initiative with the

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<sup>6</sup> The National Association of Community College Entrepreneurship ([www.nacce.com](http://www.nacce.com)) is the leading trade association for these schools and their faculty.

<sup>7</sup> SIFE chapters presently operate at Albright College and Kutztown University.

Kutztown University Small Business Development Center (SBDC) system and the Ben Franklin Technology Partnership (BFTP) programs. This effort should include an early focus on developing new sources of funding to help finance local entrepreneurs beyond the start-up phase. With local partners tapping into their statewide SBDC and BFTP networks, GRESA can utilize an already-proven process for vetting investment and also develop more creative financing tools that combine state and local (e.g. Greater Berks Development Fund ) resources.

A second set of strategies should build on Berks' strategic location near to leading entrepreneurial resources found in the Philadelphia metro area. The KIZ and the partners involved in the proposed Research Park should develop formal alliances with key innovation efforts in Philadelphia, such as the Ben Franklin Center of Southeast Pennsylvania, Innovation Philadelphia, and the Mid-Atlantic Capital Alliance.

Finally, GRESA should intensify its current efforts to build a more effective entrepreneurial support system in Berks County. This effort would involve production of a regular on-line and hard copy entrepreneur and innovation resource guide along with an internet-based referral system. While some of this already exists at the Chamber's website, it should be expanded to include course offerings and schedules of SCORE, SBDC, the Kutztown University Latino Business Resource Center (KULBRC), the Community First Fund and other educational and training programs targeted for small businesses. This effort would also emphasize programs tied to BFTP and the Keystone Innovation Zone (KIZ) efforts.

County and city leaders should also begin an effort to assess the feasibility of locating a business incubation program in the City of Reading. An incubator facility could serve as a critical local resource for assisting entrepreneurs with business planning, access to capital, and linking to coaches and mentors. This initiative could take multiple forms, from a dedicated facility to a virtual "incubator without walls" to a specialized mentoring program that links to new business owners to more seasoned entrepreneurs.

Two other action items will serve to help stimulate new entrepreneurial activity in the City of Reading. Following on initial research for the ICGR effort, we will begin planning for the creation of a downtown Mercado that can serve as a hub for Latino-based businesses in the City.<sup>8</sup> Modeled on similar programs located in cities across the US, the Mercado will be a marketplace where local entrepreneurs can sell products and also gain easier access to technical assistance support from peers and from service providers like the Business Resource Center.

This effort is already moving ahead as part of the current initiative to establish a regular Farmer's Market at 8<sup>th</sup> and Penn Street in Reading. This year will start with farmer stands and a few prepared foods with the expansion in subsequent years to more stands, perhaps of a retail nature. As the vendors expand, the plan is to start moving the market down Penn Street to additional locations. This growing outdoor

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<sup>8</sup> ICGR, p. 49.

market will provide shopping venues for city residents, a point of interest for visitors, as well as serve as an incubator for aspiring retail storefront owners.

These earlier efforts are appropriately focused on nurturing a new base of local entrepreneurs. They should also be complemented with initiatives to help spur the development of more technology-based businesses in the County. Our work group's efforts on this front will focus on supporting creation of the Berks Research and Technology Park located near the airport facility. .

## Workforce/Talent Development

*OUR CHALLENGE: We are regularly told that success in the “new” economy depends on talent, i.e. the capacity to develop and nurture a skilled workforce. Yet, few of the County’s past economic development planning initiatives have included a sustained commitment to effective workforce development strategies. The County is home to many innovative workforce development initiatives, but they are principally funded with state and Federal resources that are often narrowly targeted or inflexible. We need to enhance integration between workforce and economic development with the goal of designing new strategies and programs that align with broader county development strategies. For example, can we develop new training initiatives that provide a talented workforce for employers in leading regional industry clusters? Can we introduce new programs that help reverse trends of lagging educational attainment within the County’s workforce?*

Lagging educational attainment is likely the County’s number one economic development challenge. Recent research from the Berks County Workforce Investment Board shows that educational attainment in Berks County falls below statewide averages.<sup>9</sup> At present, 57% of residents have a high-school diploma or less. Berks County also lags the state in terms of the portion of the population with a college degree or higher.

This lagging educational attainment creates a host of long-term challenges. At the most basic level, local residents may be ill-prepared for the new world of work, where up to 80% of new jobs will require some post-college training. Community college education will become especially important as jobs requiring an associate degree are expected to grow at twice the national average.<sup>10</sup>

Lagging educational attainment levels also have a clear cut effect on the bottom line. A recent study sponsored by CEOs for Cities found that, for every percentage point increase in the college graduation rate of a city population, total annual per capita income increases by an average of \$763.<sup>11</sup> A quick and incomplete application of this data to Berks County yields the following estimates: a one percent increase in college attainment would produce roughly 4000 new college graduates who could add an additional \$300 million in value to the local economy.

These admittedly rough figures suggest that improving educational attainment is a mandatory high-value added strategy. But, simply stating the need for better

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<sup>9</sup> Berks County Workforce Investment Board, Berks County Strategic Plan—General Demographic Conditions: Living in Berks County, (Reading: BCWIB, 2009).

<sup>10</sup> Jessica Milano, Bruce Reed, and Paul Weinstein, Jr., “Tomorrow’s Fastest-Growing Jobs and Why Community College Graduates Will Get Them,” (Washington, DC: Democratic Leadership Council, September 2009), Available at: [http://www.dlc.org/documents/DLC\\_HotJobs.pdf](http://www.dlc.org/documents/DLC_HotJobs.pdf)

<sup>11</sup> CEOs for Cities, City Dividends: Gains from Improving Metropolitan Performance, 2009. [http://www.ceosforcities.org/files/City\\_DividendsFINAL.pdf](http://www.ceosforcities.org/files/City_DividendsFINAL.pdf)

educational outcomes is not enough. Our coalition should focus on building a stronger pipeline so that more students complete high school, more students enroll in and complete community college, and more students opt to pursue and complete a college education.

Because of the relatively short time frame envisioned for this project, our workforce development initiatives must be tightly focused. Several specific action items offer the best prospects for significant short-term impacts. These efforts are focused on improving high school completion rates and on building better connections between high school, career-technical education, and community college training.

Expanding awareness of current dual-enrollment and 2+2+2 programs should be our first priority. These efforts allow students to earn dual credits that apply to both high school and community college. They have been shown to increase high school completion rates and to improve community college enrollment rates; yet participation rates have been fairly limited.

Strengthening the County's technical training education pipeline is a top near-term priority for our Workforce Development Working Group. This effort is designed to help strengthen our local Career and Technical Education (CTE) systems. CTE programs need and deserve a significant marketing and outreach push. We should consider not only a more focused effort to provide better information to parents, students and school personnel on the potential for Career & Technology Education, but also on a "multiple exit point" strategy which demonstrates the ability to go on to post-high school training and even Baccalaureate and Graduate degrees.

While improved marketing of CTE programs makes sense, that step is not sufficient. We need to begin considering a large scale reform of these programs. Current students and business owners agree that the present County system could do a better job of preparing students for future careers. The current half-day model is largely unchanged from its origins in the late 1960s, and does not effectively support the development of key technical skills or provide clear career pathways or a sense of identity for its students. We recommend the convening of a new County partnership, to include educators, business leaders, and economic developers, to review reform options that could be more attractive, effective, and efficient. These could include, among others, well-designed and innovative programs similar to "Pathways to an Engineering Career" at Lehigh Career & Technical Institute or even a full-time, comprehensive technical (not "vocational") high school with high entrance and performance standards.

A related set of initiatives involves the promotion of formal certifications, including wider use of the WorkKeys certification system<sup>12</sup>, at Career Technical Education

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<sup>12</sup> The WorkKeys skills assessment system measures "real-world" skills such as business writing, teamwork, work readiness, and applied mathematics. Businesses rely on the WorkKeys certification system to be certain that potential employees are truly "ready to work." To learn more, visit <http://www.act.org/workkeys/>

Centers and area high schools. By utilizing these new tools, local schools can help better prepare students for future careers and also provide assurances to employers that local youth are truly “ready to work.” Our working group expects to have three area high schools using these tools in coming years.

Lagging educational attainment is not simply about students dropping out of high school. Berks County is home to many residents who began college, but ultimately failed to graduate. These residents are an important home-grown talent pool who can and should be encouraged to complete their degrees. Our working group has begun an effort to work with local higher educational institutions to better promote and enhance existing programming for college degree completion.

Our final set of talent development initiatives may require a longer-term commitment as it seeks to address one of the County’s most chronic educational challenges: increasing the high school completion rate at area schools, especially at Reading High School.

No one single initiative can “fix” this problem, and many promising efforts, such as the expanded use of home visitations and alternative education programs, are already underway. Because of our expertise in the workforce field, our working group is focused on building connections between high school and later career training options. For example, expanding awareness of current dual-enrollment and 2+2+2 programs will be a high priority. These efforts allow students to earn dual credits that apply to both high school and community college. They have been shown to increase high school completion rates and to improve community college enrollment rates; yet participation rates have been fairly limited.

## Clusters Revisited

*OUR CHALLENGE: Several previous economic development strategy efforts have suggested that Reading and Berks County target leading clusters as part of a competitive economic development approach. The concept of cluster-based economic development still makes sense, but many of the premises of past recommendations must be revisited. Several of the past “target” clusters, such as financial services specifically tied to Wall Street, had to be re-targeted, while others, such as energy storage or diversified manufacturing, deserve greater levels of investment and support. At the same time, new types of cluster support strategies should be considered, especially in regards to strengthening our region’s business retention initiatives. In the past, cluster targeting was primarily tied to external business recruitment efforts and training partnerships. In the future, other strategies, such as the strengthening of local business cluster networks and supply chain development, could also be added to the policy mix.*

Nearly all of the recent County’s economic development studies have included a listing or review of key industry clusters that might serve as drivers of economic growth. Identifying emerging clusters is often more of an art than a science, and these listings must always be considered a work in progress that may change over time.

As part of our research for this project, our coalition reviewed past research and more recent analyses to identify clusters that are more likely to generate new jobs and new economic activity over the next five years. We began with a review of the 2004-2005 work led by ICGR, which, for the first time in Reading’s economic development history, generated comparable data to identify specific industry businesses to target for attraction purposes. Concurrently in 2005, the Commonwealth engaged IBM Global to do its own assessment of business cluster analysis for the entire Commonwealth. These two studies created the first set of business target industries that the Greater Reading area specifically attempted to reach out and attract for business expansion purposes.

As the Economic Development Strategy Team looked at the most important work areas to focus on in its 2009/2010 effort to update the region’s economic development plan and strategy, it became obvious that there was the need to re-examine and re-visit the business cluster concept. Over the last five years, numerous things have changed: the massive collapse of Wall Street and the overall recession have had an impact on all communities, and Greater Reading has not been excluded from the negative impacts that have affected our entire country. Also, new and exciting developments in the areas of alternative and green energy have been occurring at an extremely rapid pace.

Perhaps most importantly, it was universally agreed that, as a region, we need to give more focus on retaining jobs and helping existing local businesses grow as much as possible. While the job attraction side of the equation has more “media hype”, we need to do as much as possible to support our existing businesses. Therefore, the

original clusters have been re-visited, with our working group, under the leadership of the Berks Economic Partnership's (BEP), Greater Reading will focus on five key clusters:

- **Alternative and Renewable Energy:** This is a brand new business industry cluster that has been identified as having good growth prospects in our region... Berks County has a deep and rich history of battery manufacturing, and therefore has excellent opportunities for energy storage and different battery applications. Additionally, numerous solar energy/photovoltaic companies have explored new locations in Greater Reading, and the region has ended up on a “short-list” on several occasions. We have exciting biomass opportunities, and we also will continue to explore various supply chain elements for other forms of alternative, renewable, and existing energy sources.
- **Agriculture and Food Production:** Previous research has identified this cluster as a promising target sector, and several successful business attraction and retentions projects have been realized. However, our research has confirmed, that, in some locations, the County lacks the critical water and sewer infrastructure needed to support many types of food processing industries. Our working group is thus focused on “dry” types of food processing with less stringent demands on water and sewer infrastructure. This working group will also examine how best to promote Berks’ overall agricultural and farming communities in terms of economic development – particularly because of our extraordinary proximity to a large number of crops and animals that are locally produced and marketed.
- **Advanced and Diversified Manufacturing:** Our region has major competitive advantages in the manufacturing sector, and manufacturing continues to be an important part of the County’s economy. And, the word is out that Berks is good place to operate a manufacturing facility. For example, between 2007 and 2009, a good portion of relocation inquires to BEP came from manufacturing-related businesses. Therefore, BEP, with the support of our broader working group, will continue to target this cluster as an important source of new businesses and employment opportunities. In particular, medical device companies have a legacy in our region, and due to the higher cost of doing business in the Philadelphia area, Greater Reading is the next geographic frontier for many manufacturing opportunities.
- **Health Sciences/Biotechnology:** While Berks County is unlikely to become a major pharmaceuticals center in the near future, our region does have many competitive strengths in health care and related biomedical technologies. Moreover, BEP and other local economic development partners have seen growing interest in the County from companies in these sectors. Therefore, this will be a continuing initiative in terms of outreach and retention efforts. The development of the new Berks Research and Technology Center will provide further support to this work.

- **Business and Financial Services:** Previous economic development strategies placed great emphasis on linking our region to the growing financial services sector. With the economic downturn and major downsizing on Wall Street, these strategies did not yield immediate dividends. However, the downturn did not eliminate the need for financial and other business support services. Opportunities do exist in key areas such as banking, insurance, credit remediation, call centers, and information technology operations. Although incoming inquiries have not as frequent as those in the manufacturing sector, our region still receives calls of inquiry for these types of business opportunities.

BEP has assumed a leadership role for revisiting these clusters and identifying new ways to attract, retain, and grow businesses within these fields. BEP will continue to spend a predominate portion of its time, energy, and marketing resources in reaching out specifically to these five business clusters.

All of these efforts will require enhanced forms of collaboration, and important partnerships are already in place. In manufacturing, BEP and other partners are aggressively recruiting new firms to the county. In agriculture, the County's Agriculture Coordinator's office is working to strengthen the local cluster, and has recently announced the opening of a new Farmer's Market in downtown Reading.

This work group has formed a newly created Alternative/Renewable Energy Committee that is focused on how we, as a region, can best retain, grow, and attract additional energy-related companies to Greater Reading. This Energy Committee will be putting significant focus on retention and growth opportunities in Greater Reading. Individuals representing multiple energy-driven companies will continue to explore areas where the Economic Development Strategy Team can focus on the internal needs of our local companies. Entities represented include, but are not limited to: East Penn Manufacturing, Reading Electric, MetEd, Penn State Berks, Electric Power Research Institute, American Power Net, and SSM Group.

## Sites and Infrastructure

*OUR CHALLENGE: Previous research, such as the 2001 Leak-Goforth Study, has suggested that Berks County needs to develop and market an expanded and regularly updated inventory of industrial sites. They concluded that the market had failed to produce the supply of sites needed to meet the “time to market” demand of companies interested in Berks County. This was largely due to the significant up-front financial risks associated with receiving state and local development approvals. In accordance with the study’s recommendations and at the direction of the County Commissioners, the BCIDA has taken the initiative to begin to develop several new sites, such as the Bethel I-78 site and the Berks Research and Technology Center at the airport. We will continue to support these efforts, but an enhanced approach to facilitate the development of additional “shovel ready”<sup>13</sup> business/industrial sites is also needed. A strengthened program, including both the public and private development community, to identify and develop a new inventory of “shovel ready” business/industrial sites with adequate supporting infrastructure should be aggressively pursued. While this may generate some competition for resources, both the public and private sectors need to work together to make the development of additional commercial and industrial sites throughout the region a priority.*

The development and marketing of industrial sites has long been a top economic development priority for Greater Reading and Berks County. The 2001 Leak-Goforth Study presented a series of suggestions for improving site identification, preparation, and marketing. It recommended development of several specific site locations along with a regular pipeline of newly available properties. It also recommended an enhanced set of public-private partnerships to support this work. A number of these recommendations, such as creation of the Berks Economic Partnership, have gone forward. In addition, plans for the Berks Research and Technology Center are also proceeding ahead. However, a number of the other recommendations, some related to specific sites and some to the broader strategy of creating a stronger pipeline of available property, have not yet been completed.

Our coalition recognizes that current infrastructure limitations and the absence of available financing will complicate any effort to develop new large acreage sites beyond that envisioned for the proposed Research and Technology Center and the Industrial Park at Bethel. In response, the group agreed that, over the short term, it should focus its attention on having the Berks County Planning Commission update the Leak Goforth study with modern GPS technology along with a new focus on developing smaller sites. The goal would be to develop two smaller “shovel ready” sites with an average size

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<sup>13</sup> According to the Berks County Industrial Development Authority, “shovel ready” refers to sites that meet the following criteria: the site is truly for sale, preferably listed with a broker with established terms and conditions; is capable of being fully served by all utilities evidenced by a formal engineering plan (including cost estimates); and has completed all necessary due diligence items associated with site readiness (i.e. environmental assessments, wetlands delineations, geothermal studies, endangered and protected species assessments, archeological and historical investigations, etc.).

range of 25-50 acres. At the same time, Berks County should strive to prepare an additional 300-400 acres of shovel ready property over the next three to five years. Meanwhile, we will continue to support efforts to facilitate the development of the Bethel Industrial Park and the Berks Research and Technology Center at the Reading Regional Airport.

Securing these sites for future development will be easier said than done. Some form of land-banking may be required, and additional infrastructure finance resources must also be identified. While near-term funding resources appear limited, our group will continue explore alternative mechanisms and strategies for developing business and industrial sites. .

As the lead economic development organizations in Berks County, we also need to introduce new efforts that help remove complications and uncertainties from the process for developing new sites. We recommend two initiatives tied to this objective. First, our lead organizations will begin negotiations with “self selected” municipalities actively interested in business and industrial development. We will collaborate to prepare and adopt plans that provide an agreed upon reuse and development plan for business and industrial sites, and that can be used as a basis to seek private developers and provide the public infrastructure to support those plans. These plans, if approved by the local taxing bodies and the County Commissioners, will also examine the potential use of financing tools such as tax increment financing (TIF), federal Community Development Block Grant funds, and Local Economic Revitalization Tax Assistance Act (LERTA) dollars. Where possible, these efforts will align with our proposed new business cluster support initiatives.

Limited water and sewer capacity is placing severe limits on our ability to support new development. In an effort to better understand the extent of current challenges, the Berks County Planning Commission is currently updating its 1998 Water and Sewer Survey. Armed with these results, our coalition needs to make a strong public case for increased investment in water and sewer facilities and for increased regional cooperation in the development of new or upgraded facilities in support of vibrant economic development. We will work with key County leaders to update the 2001 Leak-Goforth study. This analysis will provide an updated and complete list of available industrial sites throughout the County.

Finally, we will work with County and municipal leaders to create an “off-the-shelf and ready-to-go” set of county-wide policies that facilitate and encourage municipalities, school districts and developers to pursue development of business and industrial sites that are in accordance with the principles of the Berks County Comprehensive Plan. While each project will have unique characteristics and needs, this broad policy guidance will help reduce uncertainties in the process.

Reading and Berks County are presently involved in a host of important and challenging economic development discussions. These include responding to the City of Reading’s current financial challenges, statewide budget shortfalls, and the current

statewide business climate. Also, major infrastructure projects like the R6 transit project and improvements to Route 222 North are underway. Our organizations will continue to be actively engaged in these projects. The collaborative work detailed in this report represents initiatives to be pursued in addition to these other ongoing activities.

## Quality of Place

*OUR CHALLENGE: In today's economy, healthy and prosperous communities depend upon the sometimes elusive concept known as "quality of place." Quality of place can take many forms, but it generally involves a community that is "genuine" and that is a nice place to live and to visit. Effective quality of place strategies build upon a region's history and natural endowments. At the same time, they develop new amenities that attract visitors and new residents while engaging current residents in new ways. Excellent local projects, such as the Penn Corridor, are already underway. Additional investments throughout the entire County are needed, and we also need to further leverage and capitalize on significant recent Reading-based investments like the Sovereign Center, the Sovereign Performing Arts Center, GoggleWorks, Miller Theater and new parking facilities.*

Under the auspices of the Greater Reading Convention and Visitors Bureau, Berks County has developed an effective set of strategies and programs to promote the region as a wonderful place to visit. Our coalition is focused on extending this excellent work to help further promote Berks County as an attractive and desirable locale for current or new residents.

Economic development experts often talk about building communities that are good places to live, work, and play. "Play" is one primary focus of this part of our collective work. Our Quality of Place efforts seek to identify leverage points and activities that will help strengthen the County's reputation as a recreation and lifestyle center. This work includes a strong emphasis on promoting Berks County's assets in the field of arts and culture, and would consistently highlight such assets as the Reading Public Museum, the Reading Symphony Orchestra, and dozens of additional arts and culture-related activities and venues. An art map, currently in production, will highlight various arts and culture venues in and around the City of Reading.

In the near future, our quality of place working group will work to develop a new set of strategies to build on Berks County's beautiful natural amenities and eco- and adventure tourism potential in areas such as hiking, biking, hunting, fishing, camping, and kayaking. If funds can be found, this effort will likely entail specialized marketing, such as in now used in efforts such as Northeast Pennsylvania's Upstatepa.org or West Virginia's "Wild and Wonderful" ad campaigns. This work could also involve expanded support to bed and breakfast owners, outfitters, and other firms that serve this market. This effort would be packaged as part of a wider strategy to brand the County as a great place to live, work, and **play**.

Berks County can also do a better job of building connections with students at our five local colleges and universities who presently serve more than 24,000 students. We are proposing a number of initiatives tied to these objectives. First, our community should expand programming and activities for students at the five local colleges. These

efforts, modeled after ongoing programs in Philadelphia and Lancaster,<sup>14</sup> seek to introduce students to the community via nightlife, education programs, and internship and training opportunities. The purpose is to build community awareness so that more students will consider remaining in the region after graduation. This effort should build on the current Berks Works initiative and the ongoing work of the Greater Reading Young Professionals Group. GRYP's work is already underway, kicked off with a career fair and networking event held in April.

Our Quality of Place working group is committed to supporting the ongoing development of the Penn Corridor. Under the auspices of the Penn Corridor Initiative, this effort has been quite successful---especially in the development of Penn Avenue in West Reading as a dining, shopping and nightlife destination. Existing Corridor committees are in place to address key issues around signage, maps, website development, and partnerships with residents of key districts within the Corridor.

Our working group is focused on generating similar benefits within the City of Reading, especially the sections located on 400-500 block of Penn Street. This district could serve as an additional local attraction that could link well with other downtown assets such as the GoggleWorks, the Sovereign Center, and the Miller Theater. The Reading Market, cited earlier, should also be a part of this effort. We recommend that the City, and lead partners, develop a specific redevelopment plan for these specific blocks. The Blighted Property Committee and process should be more aggressively used to address abandoned properties in this area. The City should also use the Act 47 process to expedite access to funds for this purpose.

Our focus on the 400-500 blocks of Penn Street would be part of a wider strategy to improve key "nodes" on the Penn Corridor. At present, the quality of development along the Penn Corridor is very uneven. Some locations, especially in West Reading, have become very desirable destinations, but key parts of the Corridor, especially in the City, lack important amenities. Future Penn Corridor development efforts should emphasize upgrades at these important, and presently underserved, nodes. We hope that current efforts to reach out to residents, and to identify district chairs in key neighborhoods, will help spur participation in activities along the entire corridor.

Finally, our group also supports the expansion of the current room tax to include all portions of Berks County. If Greater Reading is serious about marketing itself as a destination, it must generate additional resources to support this work. This move would provide additional and needed resources to market and promote our Quality of Place-related initiatives.

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<sup>14</sup> Philadelphia's program, "One Big Campus," can be accessed at: <http://www.onebigcampus.com/>. Lancaster's effort, "Campus Central," can be accessed at: <http://www.campuscentral.org/>

## **From Vision to Reality: Action Plan Implementation**

As noted earlier in this report, the Greater Reading area has supported the development of several economic development strategies and vision statements over the past decade. These past efforts have all been characterized by a high level of professionalism and the high quality of ideas and supporting research. Good ideas are not in short supply; what has been missing has been a commitment to implementation. We intend that successful implementation will be the factor that differentiates this work from previous economic development strategies.

Action plan implementation will be overseen by five working groups that correspond to the five issue areas highlighted earlier in our report. Each group is headed by a member of the action plan design team, with their responsibilities listed below:

- Entrepreneurship and Innovation: Ellen Horan, Greater Reading Chamber of Commerce and Industry
- Workforce Development: Ed McCann, Berks County Workforce Investment Board
- Clusters Revisited: Jon Scott, Berks Economic Partnership
- Sites and Infrastructure: Glenn Knoblauch, Berks County Planning Commission
- Quality of Place: Crystal Seitz, Reading and Berks County Visitors Bureau

Each working group leader has convened a group of key community stakeholders who share a commitment to fostering real on the ground change in each of the issue areas. These groups have developed initial action plans, along with a timeline for implementation.

Each working group will operate according to its own timeline for implementation. Many activities are already underway. These include marketing of Greater Reading as a desirable business location, the start-up of the Reading Market, the creation of a County-wide alternative energy network, the establishment of the Business Resource Center, and the beginning of work with local municipalities to create smaller shovel-ready development sites. Some of these projects, such as the unveiling of county wide marketing strategy around outdoor amenities, festivals, and local cultural assets, can be completed in shorter time frame of one to two years. Others, such as strategies to improve high school completion rates, will require more sustained efforts.

As we begin this effort, each work group has developed top priority short-term action items that can be achieved in the coming year: Current top action items are as follows:

- Entrepreneurship and Innovation: Establish a market in downtown Reading that can serve as a local hub for Latino entrepreneurs

- Workforce/Talent Development: Establish the WorkKeys certification system at three area high schools.
- Clusters Revisited: Establish a new Berks Energy Industry Network to improve countywide business collaboration.
- Sites and Infrastructure: Develop and market one to two smaller “shovel ready” sites.
- Quality of Place: Develop and implement a new tourism marketing campaign to promote Greater Reading’s arts and culture-related amenities.

These varying time frames and strategies for implementation are to be expected, and are the norm in most economic development planning efforts. We do not expect every initiative to be a smashing success, but we are committed to moving forward on all of these fronts. Our effort differs from past strategies in its commitment to transparency and accountability. Each working group is committed to publicly sharing its work plan, its progress to date, and areas where progress is faltering. Over the coming year, each working group will report their progress on a quarterly basis.

### **Measuring Impact: How Will We Know if We are Successful?**

This action plan operates according to a relatively short timeline when compared to other economic development strategies. Many economic development vision statements look out ten to twenty years. For example, Berks County Vision 2020 was originally drafted in 2001.

Our effort is designed with a much shorter time frame of three to five years. We purposely selected this timeline for several reasons. Primarily, we were comfortable with the general countywide vision found in Berks County Vision 2020, the ICGR report, and other documents. At the same time, we were also committed to action. We view this action plan as an effort to build positive momentum about economic development in Greater Reading. We don’t expect to change the world in three to five years, but we do plan to help make this region a better place to live, work, and play.

The economic challenges facing Reading and Berks County have emerged over the course of several decades. We cannot reverse these trends over the short term. We will not replace all lost manufacturing jobs, eliminate poverty, or change our local education system in three years. However, we can begin this important work. And, this action plan should be viewed as a major step toward long-term transformational change of our economic prospects.

Recognizing these caveats, we believe that we can assess our progress on several important measures which include the following:

- Are more local residents taking advantage of business support services provided by the Business Resource Center and other local partners? Are these services having a positive effect on their bottom lines?
- Are more residents—and visitors—tapping into Berks County's many outdoor amenities, and arts and culture attractions?
- Are we seeing enrollment increases in key training initiatives such as WorkKeys, dual enrollment programs, and other credentialing programs? Are students succeeding in obtaining good jobs?
- Are more local college students obtaining internships and other connections to local businesses?
- Does the County have a growing and available inventory of new shovel-ready development sites?
- Is the County seeing growth among new and existing businesses, and net job growth, in the alternative energy cluster and other targeted clusters?

These measures, along with the ability of our working groups to complete designated projects, will serve as clear-cut and widely understandable tools for benchmarking our success in creating a more competitive and prosperous Berks County. We hope our successes can help set the stage for a new County-wide vision and new economic development strategies that continue this important work.

### **Next Steps**

This progress report is not the last word on the County's future economic development priorities. Instead, we view our work as an opportunity to generate discussion, and, hopefully, enthusiasm about Greater Reading's future direction. We have sought to identify activities where our eight organizations can make a mark, but we cannot do it alone. Over the coming months, we will be reaching out to other community stakeholders who share our values and our commitment to building a more prosperous region. Please join us on this important journey.