

## ECONOMIC DEVELOPMENT

### Economic Development Findings in the NTC

#### Community Survey

Economic opportunity is a key element in the quality of life for both individual households and communities. The community survey conducted as part of this planning process asked, for this reason, a number of questions bearing upon economic development of the region. The results included the following relevant findings:

- Job opportunities ranked as the single most often identified factor of importance to respondents. Existing job opportunities and places to shop also received the highest poor ratings, 70% and 60%, respectively.
- Some 44% of respondents are employed full-time and 12% part-time, 9% are homemakers and 31% are retired. The Northern Tier is not a region that people necessarily look to for jobs or business opportunities.
- Nevertheless, some 51% of employed respondents do find work in Susquehanna County - 16% with a home-based business, 9% in their home municipality and 26% elsewhere in the County. Therefore, there is an economic base to build upon.
- Some 31% of employed respondents in the NTC area travel to Broome County to work. This emphasizes the economic role the Northern Tier plays as part of the greater Triple Cities area.
- Small stores, shops and offices are the commercial uses viewed by the largest proportion of respondents (29%) as compatible everywhere, with 62% suggesting such uses are compatible some places.
- Some 63% of respondents believe tourism, hotels and motels are compatible some places, but 21% of those same individuals believe such uses are not compatible anywhere. This illustrates the reluctance many rural areas have to dealing with the impacts of tourism (e.g. traffic, cultural conflicts).
- A higher proportion of respondents believe more intense commercial uses such as light

manufacturing (67%), electronic/high tech firms (58%), and industry (55%) are only compatible some places within the Northern Tier, suggesting that such uses can fit the Northern Tier if regulated.

- Large scale commercial uses and industry are uses perceived as totally incompatible with the NTC area by the highest proportion of respondents, 35% and 22% respectively. While the Northern Tier is an unlikely prospect for such uses, the Proctor and Gamble facility in nearby Wyoming County proves they can be attracted to such areas. However, respondents are not convinced this is what they want.
- Notwithstanding the concerns regarding large industry, natural resources uses are viewed as compatible in some places by the majority of respondents. These include: mining, stone and gravel operations (71%); timbering (74%); sawmills (77%); and intensive livestock/poultry operations (67%).
- Some 67% of survey respondents want municipalities in the Northern Tier to help establish cellular telephone service in the area by working with private companies in locating sites for cellular telephone towers. This is a reflection of the Northern Tier's isolation from the economic mainstream and the desire of respondents to gain at least some of the benefits of economic development.

These results and other public input received indicate that Northern Tier residents want a certain amount of economic development, provided that it is compatible with other important community goals of maintaining environmental quality, ensuring good schools and otherwise providing for the public welfare. Merely wishing for such development does not produce it, however. Moreover, there are clearly limits to what local communities can do to promote economic development.

Markets and other economic factors outside the control of localities and government properly guide those decisions. They are made by thousands of individual entrepreneurs and job seekers operating in a capitalist free market system that has served to make the U.S.

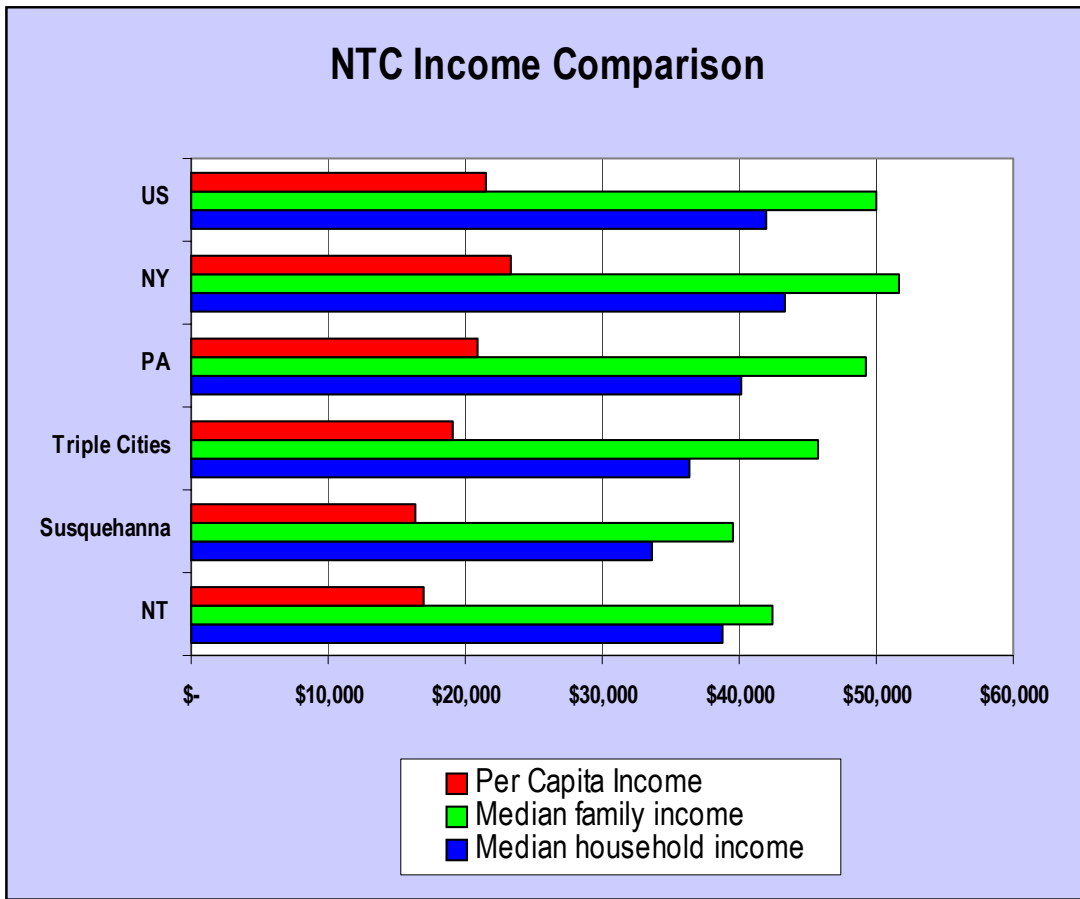


Figure - NTC Income Comparison

economy the most powerful in the world. Determining what it is, if anything, that Northern Tier communities can or should do to influence economic development or create the conditions for it starts with understanding the area’s economic base, especially as it relates to Susquehanna County and the greater Triple Cities region.

**Economic Base**

The Northern Tier economic base is both a function of those industries that operate within the area and the employment residents find elsewhere. The U.S. 2000 Census and the U.S. Economic Census, as well as labor data, provide some insights. Comparing average incomes for the 12 municipalities with those of the County, the Commonwealth, New York State, the U.S. and the Triple Cities metropolitan area suggests that the region is not doing badly but could use improvement.

The *Income Trends, 1989 - 1999 Table* provides the details but, as the *NTC Income Comparison Figure* illustrates, average Northern Tier Coalition incomes,

measured on a per capita, median household or median family income basis, are slightly higher than the Susquehanna County and slightly lower than the Triple Cities (Binghamton MSA) region. Both Pennsylvania and New York do better yet, as does the nation as a whole. Significantly, Northern Tier area per capita incomes are, on average, only about 79% of the U.S. figure. This is important because per capita income is, arguably, the best measure of individual economic opportunity.

It is also important to examine how the area has performed over time. For this purpose, County data is adequate, there being relatively little difference between Susquehanna and Northern Tier area per capita incomes. Census data indicates that per capita income rose from \$10,297 in 1989 to \$16,435 in 1999, an increase of 60%. When the 1989 number is inflation-adjusted to 1999 dollars (\$14,073), the increase is still 17%. This is very respectable. It almost double the rate of improvement obtained for the Commonwealth. Susquehanna County is also gaining relative to the U.S.. as a whole.

INCOME TRENDS, 1989 - 1999 (1989 Figures Inflation Adjusted to 1999)				
	1989	1999	% Change	% of U.S.
<b>Per Capita Income</b>				
Susquehanna Co.	\$14,073	\$16,435	16.80%	76.1%
Triple Cities	\$18,471	\$19,067	3.30%	88.3%
Pennsylvania	\$19,227	\$20,880	8.60%	96.7%
United States	\$19,708	\$21,587	9.50%	100.0%
<b>Median Household Income</b>				
Susquehanna Co.	\$33,814	\$33,622	-0.60%	80.1%
Triple Cities	\$39,978	\$36,374	-9.00%	86.6%
Pennsylvania	\$39,737	\$40,106	0.90%	95.5%
United States	\$41,807	\$41,994	0.40%	100.0%
<b>Median Family Income</b>				
Susquehanna Co.	\$39,677	\$39,564	-0.30%	79.1%
Triple Cities	\$49,038	\$45,698	-6.80%	91.3%
Pennsylvania	\$47,648	\$49,184	3.20%	98.3%
United States	\$48,153	\$50,046	3.90%	100.0%

Nevertheless, with incomes still well below average, much more improvement is needed. There is a need, within the Northern Tier region of Susquehanna County, to increase economic opportunity by welcoming, and perhaps soliciting, private sector development of industries offering higher average salary levels and entrepreneurship possibilities. Those industries can only be obtained on the basis of marketable competitive advantages. To help identify what those advantages might be, an economic development workshop was conducted with local business and government leaders. Public meetings were also conducted in Rush, Silver Lake and Montrose for the purpose of obtaining local input on strengths, weaknesses, opportunities and threats related to economic development in the Northern Tier Region.

**NTC Economic Strengths, Weaknesses, Opportunities and Threats**

The following is a summary of some of the key observations on economic strengths, weaknesses, opportunities and threats from the aforementioned public input sessions:

Economic Strengths

- The Northern Tier region, while offering a high

quality living environment, is also close to metropolitan markets.

- Taxes and housing are both very affordable for workers.
- The Northern Tier region is not over regulated.
- There is an abundance of working landscapes and other scenery that offers a tourism base.
- The area possesses a strong work ethic.
- The region offers numerous natural resource assets, including bluestone, hunting and fishing lands, high quality hardwood timber, good farmland and a plentiful ground water supply.
- The region offers access to a large number of displaced skilled workers from IBM and other Triple Cities enterprises, as well as the New York metro region.
- Local government is very supportive of business and industry.
- The region is very attractive for telecommuters and those with other home occupations.

Economic Weaknesses

- There are a great many employees with relatively low skill levels.
- The area lacks much basic infrastructure (from water and sewer to cellular phone coverage to high speed Internet access).
- The local road system is inadequate, particularly for east-west travel.
- The region is relatively isolated and often fails to attract the attention of others.
- There is relatively little available locally in the way of cultural and social opportunities.
- Complacency and fear of change are often obstacles.
- Local agriculture is commodity focused and very vulnerable, therefore, to pricing pressure.

- The natural environment and landscapes are relatively unprotected and potentially vulnerable to haphazard development.

#### Economic Opportunities

- Recreational and tourism development is a natural fit for the area's assets.
- Developing stronger links to the Triple Cities may create new local business opportunities or at least bring more wealth to the area if residents are able to locate better jobs there.
- Service businesses geared toward the urban markets, home occupations, web-based businesses and telecommuting offer the potential for more local entrepreneurship.
- Valued-added agriculture is another good fit, given the proximity of urban markets to which to sell farm products on a direct basis.
- Tool and die and other light metal fabrication businesses that do not require much infrastructure and are quite unobtrusive make sense for a rural region close to the metropolitan area.
- Niche activities such as architectural restoration, woodworking, stone cutting, vocational enterprises such as small engine repair and crafts fit the character and skills of the population.
- Heritage and natural resource based tourism, building on the Endless Mountains initiatives could generate much new economic activity.
- Agriculture, bluestone and timbering industries can continue to grow if more is done to add value locally to the products and stronger links are made to tourism promotion activities that allow these products to gain greater exposure.
- Tourism packaging of different activities can help to grow the activity of diverse businesses. Incentives to promote tourism could help to spur its development.

#### Economic Threats

- Broome County's future is unknown and tenuous.

Much of the Northern Tier's potential depends on Broome County succeeding.

- An aging population could overwhelm the County with social service demands as Baby Boomers retire in the region.
- Uncontrolled growth could create poor development patterns that would make an attractive area unattractive.
- The costs of living in a bedroom community if housing development is not balanced with commercial rates could make it difficult to attract quality economic development.
- The area's limited infrastructure is aging and may not serve future needs without large investments of new capital.

#### Existing Business

The mix of existing businesses within an area is a good indicator of future potential as well because most job growth comes from the expansion of small businesses. The Northern Tier region includes the following major businesses and enterprises, among others:

Summer Camps  
Bluestone Quarries  
Pallet and Lumber Mills  
Dairy, Beef and Horse Farms  
Feed Manufacturing  
Cabinet and Door Making  
Machine Shops  
Montrose Bible Conference

Existing employment patterns by industry are depicted in the *NYC Employment by Industry Table*: The large numbers of persons with jobs in manufacturing, health and education, retail and construction demonstrate how important the relationship to the Triple Cities is to the Northern Tier. Those industries are not, for the most part, found in the Northern Tier. However, employment in agriculture, forestry and mining is also strong, even for a rural area and this indicates what opportunities do exist locally if the Triple Cities economy is not strong in the future. The same holds true for employment in services and tourism, which can be operated from a Northern Tier region base and generate local employment.

NTC EMPLOYMENT BY INDUSTRY, 2000	
Industry	#
Manufacturing	1,102
Educational/health/social services	1,007
Retail trade	674
Construction	464
Ag/forestry/mining	448
Professional/scientific/mgt./administrative	324
Other services (except pub. admin.)	306
Transportation/warehousing/utilities	262
Arts/entertain/rec/tourism	249
Finance/insurance/real estate/rental	212
Wholesale trade	206
Public administration	168
Information	120

**The Bluestone Industry**

The County’s bluestone industry forms the bulk of its mining activity. Susquehanna ranked 7th among Pennsylvania’s 67 counties in mining employment and 13th in earnings from mining, according to the U.S. Bureau of Economic Analysis. Employment in mining has grown by 58% since 1970 as the *Mining Jobs Figure* illustrates, reaching 836 jobs in 2000.

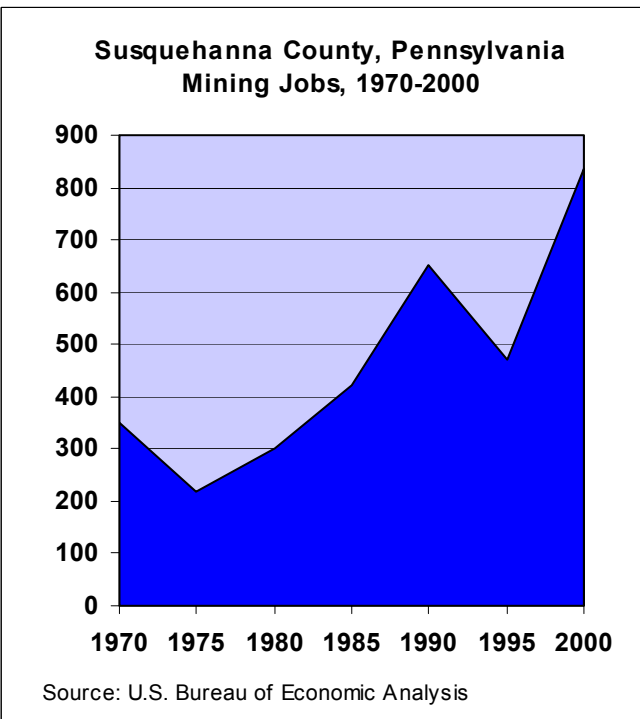


Figure - Mining Jobs

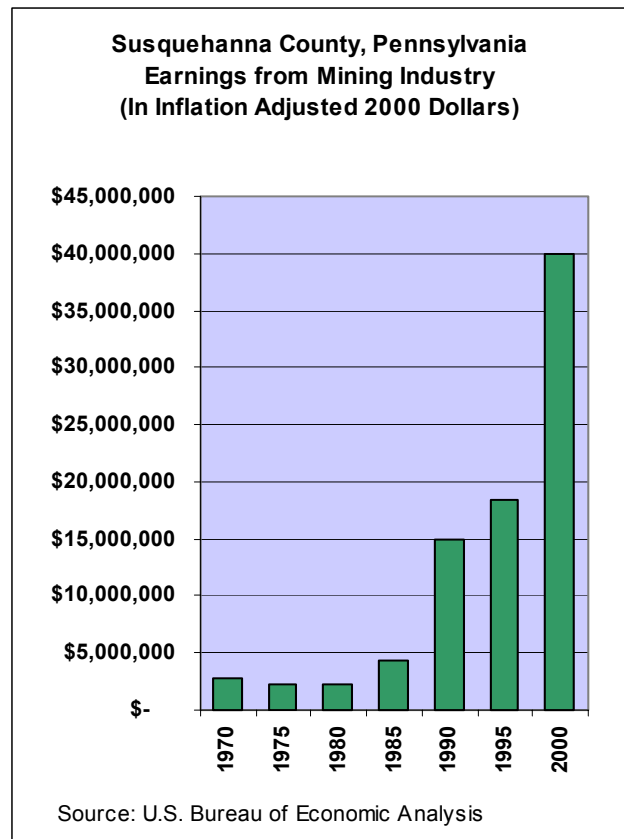
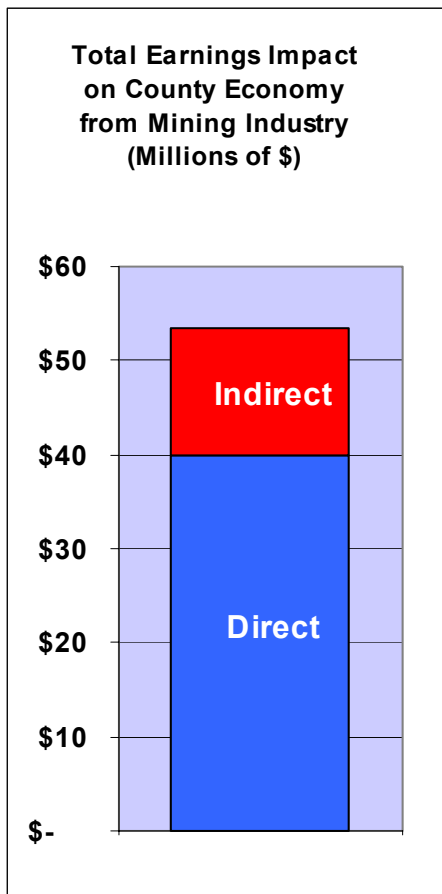


Figure - Mining Industry Earnings

Earnings growth (in inflation-adjusted dollars) has been even greater at 1,377%, almost 14 times greater. (See *Mining Industry Earnings Figure*.) The importance of the industry is quite obvious from these statistics, but there is still more to the picture. Mining generates indirect impacts on the regional economy as a result of the multiplier effects that occur when mining revenues are re-spent on other goods and services.

These multipliers, based on a Bureau of Economic Analysis input-output study for adjoining Wayne County, are estimated at 1.3369 for earnings and 1.4853 for jobs. This suggests that every \$1.00 of bluestone earnings generates \$1.34 for the overall economy and every bluestone job produces 1.49 jobs for the labor force as a whole. These impacts multipliers are shown on the *Total Earnings Impact Figure* and the *Total Jobs Impact Figure*.

Altogether, mining generates a minimum of \$53 million in earnings and over 1,240 jobs for the Susquehanna County economy. This is about 15% of the economy as a whole. However, given the lack of other industry in the Northern Tier region, most employers being located in Montrose, Forest City and similar areas of the County,



Total Earnings Impact

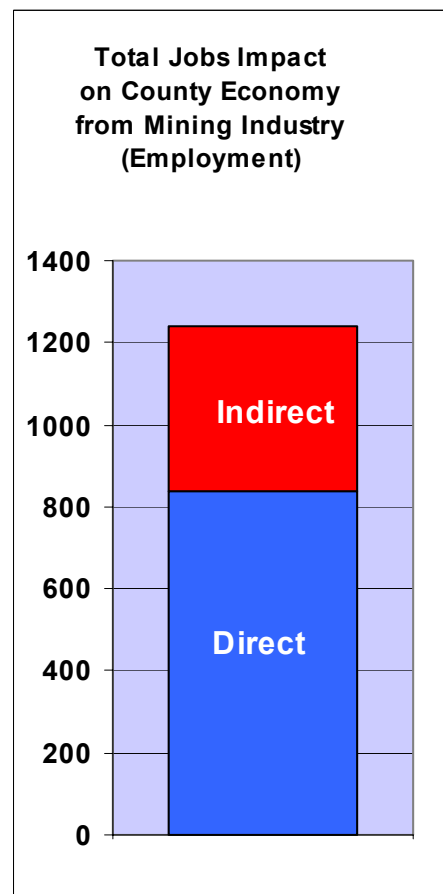


Figure - Total Jobs Impact

the impact on the planning area is very large. If the Northern Tier region accounts for half of the mining income of the County, as seems likely, those earnings accounts for about one-third of all earnings in the 12 municipalities, assuming that earnings are evenly distributed by population.

The reality, however, is that industry earnings are not distributed quite so evenly. As the most rural portion of the County, the Northern Tier gets considerably less of the overall pie than population would indicate. Therefore, mining is even more important than these numbers alone, indicate.

**Economic Development Goals and Actions**

The analysis offered above suggests a number of specific economic development goals for the Northern Tier region. Many of these goals demand the leadership of Susquehanna County, but the Northern Tier Coalition will bear the burden of securing that assistance from the County, which will, in turn, require local leadership. The economic development goals and action steps are as follows:

- Balance the anticipated future housing growth of the region with commercial and industrial development matched to the resources of the area, including but not limited to the agriculture, bluestone, forestry and tourism industries.
- Encourage the development of added value enterprises within all industries to achieve higher profit margins and retain more jobs and more wealth locally.
- Provide opportunities for small, low impact niche industries, such as light metal fabrication, that demand little infrastructure and can employ local talent at higher wages. The Northern Tier region is very suitable for agricultural and forestry specialty manufacturers, tool and die shops. These small businesses (typically 10 to 30 employees) are attracted to rural communities on the urban fringe because that's where the owners can find good labor, attractive living conditions and close access to the metropolitan areas. Provisions should be made in land use regulations to allow for these uses

throughout most of the region.

- Promote more agriculture, heritage and natural resource based tourism through brochures, web sites, trails, driving tours and similar mechanisms. The *Susquehanna County Country Christmas Trail* is a good example and should be replicated with other activities.
- Create a distinctive image of the region within the Endless Mountains by developing common welcoming signage themes and promoting local activities collectively.
- Support the bluestone industry by allowing for it in land use regulations, establishing designated truck routes that will aid in securing highway upgrades and creating more awareness of the industry and its economic and tax contributions.
- Enhance the character of the region's villages by promoting commercial facade restorations with incentives and encouraging other community beautification efforts that will draw tourists to these locations.
- Establish marketing relationships with the Triple Cities that allow local entrepreneurs increased access to those urban markets.
- Encourage the development of Montrose and surrounding Bridgewater Township as the local service center for the Northern Tier region.
- Employ capital improvements programming to ensure the continued maintenance and upgrading of highway infrastructure serving the agriculture, bluestone and timbering industry.
- Build right to farm and right to forest protections into local land use regulations. Ensure that local regulations do no harm to these and the bluestone industries when operated using sound management practices.
- Promote home-based and other local businesses, particularly tourism enterprises, through the development of a regional web site. Use will grow rapidly as new information is added and the Internet becomes an ever more popular method of doing business. Generously allow for these home-based businesses in the development of local land use regulations.
- Maintain low cost government that makes the Northern Tier a smart place to be for small businesses eager to serve the Triple Cities market without paying its high taxes.
- Establish effective site plan design criteria in local zoning and land development regulations to ensure that new development rises to a high standard and enhances, rather than detracts, from the appeal of the Northern Tier region.
- Work with the County Department of Economic Development to conduct an economic impact analysis regarding the bluestone and forestry industries. This study should document the contributions of these industries to the economy and general welfare of the region. Such documentation is critical to getting support from state and other regulatory and funding agencies as well as attracting ancillary businesses and tourism.