

OVERALL ECONOMY

POPULATION

Population is a key factor not only in terms of workforce, but for certain types of businesses as a market. While both the US and the Commonwealth of Pennsylvania gained population over both the 1960 to 1990 and the 1990 to 2000 periods, Allegheny County, the City of Pittsburgh, and Tarentum Borough lost population over the same timeframes.

Pennsylvania experienced a single-digit growth rate of 8.5% over the 40 year period while the US population grew 56.94%. Allegheny County, the City of Pittsburgh, and Tarentum Borough all had double digit population declines over the same period with the City showing the largest decrease at 44.64%. Over the 1990s, the rate of decline

PLACE	1960	1990	2000		60/90%	60/2000%	90/2000%
US	179,323,175	248,791,000	281,421,906		38.74%	56.94%	13.12%
Pennsylvania	11,319,366	11,881,643	12,281,054		4.97%	8.50%	3.36%
Allegheny	1,628,587	1,336,449	1,281,666		-17.94%	-21.30%	-4.10%
Pittsburgh	604,332	369,879	334,563		-38.80%	-44.64%	-9.55%
Tarentum	8232	5674	4993		-31.07%	-39.35%	-12.00%

**TABLE 1
POPULATION COMPARISON
1960 – 1990 - 2000**

decreased for the local jurisdictions, although Tarentum had the only double decrease over the ten year period at 12.0%. While population decreased locally, it appears that the rate of decline has slowed during the 1990 to 2000 Census period.

Beyond simple population change, it is important to understand where the change is occurring according to the age of the population. Aging of the population is represented by both the median age of the population as well as the change in certain age cohorts.

In terms of median age, the nation as a whole had the youngest population figure with a median age of 32.9 years in 1990 and a median age of 35.3 in 2000. Allegheny County had the highest median age in 1990 at 36.6 years and

also the highest median age in 2000 at 39.6 years. While Pennsylvania had the largest percentage increase in the median age of the population at 8.57%, Pittsburgh had the lowest increase at 2.9%. Tarentum had the second lowest increase in median age at 5.57%.

Additional information can be gleaned by breaking down the population into age cohorts. Rather than the usual breakdown of cohorts into years, four distinct cohorts were used in this planning effort. The 0 to 5 year cohort represents youngest children at a preschool age. The 5 to 17 year cohort represents school age youth who should be in the education system and require recreational services. The 18 to 64 year old age group represents those who are in or about to enter the workforce. Until recently, the 65 year and older group represented a lower level of economic activity,

but their presence due to delayed retirement should now be considered when considering employment needs and as an available workforce.

In terms of age cohorts in 2000, the Borough of Tarentum had the highest percentage of residents in the 18 to 64 group and experienced the greatest increase from 1990 in this same group at 7.24%. The Borough’s smallest cohort

included those less than five years of age. This group had a decrease of 5.0% from 1990, which was second to the 65+ age group which experienced a decrease of 18.97%, the most extreme change in any of the comparison jurisdictions or cohorts. The change in the 18 to 64 group is a positive statistic for Tarentum as it means that the largest section of the population is at least an age available to fill the workforce needs of the economy

	US		PA		COUNTY		PIITSBURGH		TARENTUM	
AGE	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
Median	32.9	35.3	35	38	36.6	39.6	34.5	35.5	35.9	37.9
< 5	7.4%	6.8%	6.7%	5.9%	6.3%	5.5%	6.2%	5.3%	6.0%	5.7%
5 to 17	18.2%	18.9%	16.8%	17.9%	14.8%	16.4%	13.6%	14.6%	16.5%	16.3%
18 to 64	61.8%	61.9%	61.1%	60.6%	61.5%	60.3%	62.3%	64.0%	58.0%	62.2%
65*	12.6%	12.4%	15.4%	15.6%	17.4%	17.8%	17.9%	16.4%	19.5%	15.8%

**TABLE 2
AGE COHORTS 1990 – 2000**

Further support for this assumption is provided by reviewing the source of income for municipal residents. The percentage of Borough residents with earnings income in 2000 was 77.2%, a figure second only to the US statistic of 80.5%. Considering that Tarentum had the lowest

percentage of residents with earnings in 1990 when compared to the other jurisdictions, the current number is even more impressive. For information purposes, Supplemental Security Income (SSI) and Public Assistance were counted as one category in 1990.

	US		PA		COUNTY		PIITSBURGH		TARENTUM	
INCOME	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
With Earnings	77.4%	80.5%	73.9%	76.7%	71.6%	74.9%	67.6%	72.4%	66.0%	77.2%
Social Security	26.3%	25.7%	31.6%	30.4%	34.0%	31.9%	34.5%	30.0%	39.6%	30.6%
SSI		4.4%		4.3%		4.2%		6.2%		7.9%
Public assistance	7.5%	3.4%	7.4%	3.1%	8.0%	3.1%	13.7%	5.5%	9.8%	3.5%
Retirement	15.6%	16.7%	19.3	19.7%	21.2%	20.1%	18.8%	17.3%	23.8%	16.4%

**TABLE 3
SOURCE OF INCOME 1990 – 2000**

As the population has decreased in Tarentum, the size of the labor force has fluctuated over the period from 1960 to 2000, but its percentage of the total population has

increased consistently. The unemployment rate has decreased overall, with the largest increase occurring in the 1980s when it reached double digits. The increase in the workforce has

occurred as the percent of the population engaged in manufacturing has decreased 52.5% from 52.2% in 1960 to 24.8% in 2000. The increase in employability also appears to have come as the result of an increase in the level of

education as indicated by an approximately equal increase of 52.4% in the percentage of those who have graduated high school from 36.1% in 1960 to 55.0% in 2000.

TARENTUM	1960	1970	1980	1990	2000
Population	8232	7379	6419	5674	4993
Labor Force	2279	2700	2667	2548	2456
% Population in Labor Force	27.7%	36.6%	41.5%	44.9%	49.2%
% Unemployed	9.1%	6.0%	10.0%	8.0%	4.1%
% Graduated high school	36.1%	46.1%	58.7%	43.8%	55.0%
% Employed in manufacturing	52.2%	42.0%	36.1%	33.2%	24.8%

**TABLE 4
WORKFORCE CHANGES 1960 – 2000**

The 2000 Census indicates that there are 1,866 people employed in Tarentum. At the same time, the number of Borough residents employed is 2,251. The number of those who both live and work in the municipality is 318, or 17% of all employees working in Tarentum and

14.1% of all working residents. The largest percentage of workers, 62.2%, live in Allegheny County while outside of the borough itself, while the second and third largest percentage of workers live in Harrison Township (13.1%) and Brackenridge Borough (4.3%).

LIVE IN	WORK IN	
Allegheny County	Tarentum	843
Tarentum Borough	"	318
Westmoreland County	"	420
Harrison Township	"	244
Butler County	"	120
City of Lower Burrell	"	103
City of New Kensington	"	103
Brackenridge Borough	"	80
Buffalo Township	"	74

**TABLE 5
% OF TARENTUM WORKERS BY RESIDENCE**

Of those who live in Tarentum, 77.1% do not leave Allegheny County when commuting to work. Within the County, the percentage of Borough residents who work in the City of Pittsburgh, 12.2%, is closely followed by the percentage who commute to Harrison

Township, 11.2%. Westmoreland County is a work destination for 13.7% of Tarentum residents, with 4.8 % going to New Kensington.

LIVE	WORK	
Tarentum	Allegheny County	1736
"	Tarentum	318
"	Westmoreland County	308
"	Pittsburgh	274
"	Harrison	252
"	Brackenridge	176
"	New Kensington	109
"	O'Hara	101
"	Lower Burrel	82

TABLE 6
% OF TARENTUM WORKERS BY PLACE OF WORK

In terms of occupation, jobs that involve sales and office occupations are the most common employment for Tarentum residents at 25.5%, followed closely by production, transportation and material moving jobs at 25.1%. Management, professional, and related occupations rank third at 20.7%. For the comparison areas, management, professional

and related occupations exceed 30% of all employment. Sales and office occupations rank second, while production, transportation and material moving jobs rank third. Farming, fishing, and forestry occupations are the least common for all jurisdictions with construction, extraction, and maintenance occupations ranking second least common.

OCCUPATION	US	PA	ALLEGHENY COUNTY	TARENTUM BOROUGH
Management, professional, and related occupations	33.6%	32.6%	37.8%	20.7%
Service occupations	14.9%	14.8%	15.8%	18.8%
Sales and office occupations	26.7%	27.0%	28.7%	25.5%
Farming, fishing, and forestry occupations	0.7%	0.5%	0.1%	0.0%
Construction, extraction, and maintenance occupations	9.4%	8.9%	7.5%	10.0%
Production, transportation, and material moving occupations	14.6%	16.3%	10.1%	25.1%

TABLE 7
OCCUPATION - 2000

In terms of industry of employment, the 2000 Census indicates that while manufacturing employment for Tarentum residents fell 52.5% from 1960, it was still the most common employment at 24.8%. For Allegheny County, educational, health and social service positions

were the most common industry at 24.4%, and were also the most common industries of choice in Pennsylvania and the US. The educational, health and social service group of industries was the second most common employment group for Tarentum residents at

18.4%. While manufacturing was the second most common industry of employment in the US and Pennsylvania, 11.9% of Allegheny County residents held positions in retail trade. Retail employment ranked third in the US, Pennsylvania and Tarentum; while professional

and management service industry jobs ranked third in Allegheny County. It should be noted that continuing changes in Census survey design do not allow specific comparisons across all industry groups.

INDUSTRY	US		PA		ALLEGHENY COUNTY		TARENTUM BOROUGH	
	1990	2000	1990	2000	1990	2000	1990	2000
Agriculture, forestry, fishing and hunting, and mining	3.3%	1.9%	2.4%	1.3%	0.8%	0.2%	1.0%	0.0%
Construction	6.2%	6.8%	6.1%	6.0%	5.7%	5.4%	6.0%	8.0%
Manufacturing	17.7%	14.1%	20.0%	16.0%	12.2%	9.0%	33.2%	24.8%
Wholesale trade	4.4%	3.6%	4.3%	3.6%	4.7%	3.4%	4.5%	1.7%
Retail trade	16.8%	11.7%	17.1%	12.1%	18.4%	11.9%	16.9%	10.7%
Transportation and warehousing, and utilities	7.4%	5.2%	7.2%	5.4%	8.1%	6.0%	6.4%	5.3%
Information	"	3.1%	"	2.6%	"	3.2%	"	2.9%
Finance, insurance, real estate, and rental and leasing	6.9%	6.9%	6.5%	6.6%	8.3%	8.5%	4.5%	3.2%
Professional, scientific, management, administrative, and waste management services	27.4%	9.3%	27.2%	8.5%	31.4%	11.2%	25.8%	7.6%
Educational, health and social services	"	19.9%	"	21.9%	"	24.4%	"	18.4%
Arts, entertainment, recreation, accommodation and food services	"	7.9%	"	7.0%	"	8.2%	"	8.3%
Other services (except public administration)	"	4.9%	"	4.8%	"	5.1%	"	6.7%
Public administration	4.8%	4.8%	4.0%	4.2%	3.3%	3.3%	1.6%	2.2%

**TABLE 8
EMPLOYMENT BY INDUSTRY – 1990/2000**

Another economic count provided by the Census is the County Business Patterns. This count provides both the number of establishments and employees for various jurisdictions. For Tarentum, the closest

approximation to its boundaries is the Zip Code level, or in this case 15084. While the statistics for the years 2000 to 2005 exhibit reasonable levels of change, the number of employees counted in 2006 does

	2000	2001	2002	2003	2004	2005	2006
ESTABLISHMENTS	217	212	223	221	219	277	313
EMPLOYEES	1995	1997	2155	2277	2304	2492	4821

TABLE 9
ESTABLISHMENTS AND EMPLOYMENT
ZIP CODED 15084

not appear consistent with the trend and, in fact, is only slightly less than the total population for Tarentum in 2000. In this case, we suspect that the large increase in employment is actually tracking new employment at the Pittsburgh Mills Mall which opened in 2005 and uses a Tarentum Post Office address.

The number of establishments counted in 2006 is of more curiosity because, as it would be logical to assume that it is also tracking the number of new businesses at Pittsburgh Mills, it does coincide with the number of commercial electric accounts counted by the Borough's electric utility. In any case, the statistics show a consistent number of establishments and a steady increase in related employment.

Tarentum Borough has maintained a business and resident friendly tax since the mid 1990s. While the Borough increased its non-resident Earned Income Tax (EIT) from 0.5% to 1.0% in 1991, it cut the rate back to 0.5% in 1996 and eliminated it in 2003. The municipal and school district EITs have been held to 0.5% respectively since the early 1990s. The municipal business privilege tax has also held steady at a flat rate of \$25.

To plan for development of the local economy, it is important to understand what issues guide businesses in their location decision making. While there may be a debate about the number of important issues and their order of importance, we believe that there are five primary issues that are important to businesses and therefore must be used as a benchmark by political jurisdictions in judging their

competitiveness and planning for economic development. These issues are:

- *Labor and work force*
- *Need to upgrade facilities or equipment*
- *Desire to reach new markets*
- *Desire to lower costs or increase cash flow*
- *Considerations about quality of life*

Chief among reasons for business relocation is the need for a suitable work force. Worker shortage in some occupations, especially those with technical training requirements, is a serious impediment to business success. One solution to worker shortage is relocation or opening of a second facility where worker shortage is not a concern. An excellent example of this situation is the opening of a facility by Google in the City of Pittsburgh. When Google was unable to recruit information sector professionals who were educated at Carnegie Mellon University, it opened a new office location in Pittsburgh. With rapid changes in technology, the availability of post secondary educational facilities and technical schools is also important to upgrade necessary skills. Related to workforce is the issue of unionism, which can have positive or negative implications depending on the employer.

When expansion and/or relocation occurs, it is often the result of outmoded or undersized facilities. The image of a business starting in a founder's garage is not without basis in reality, especially in the information age. Businesses start in a small facility to test their product and,

when successful, move to bigger facilities - usually in the same vicinity. When the business outgrows that location or discovers inefficiencies in its production facilities, physical plant or operational requirement; relocation is a necessity. When faced with this situation, a prudent business must consider other issues at the same time. Cost of living is a major concern and can vary widely from the Northeast to the Southwest. Cost of living may also vary widely within a region or even a state.

Another major location issue is proximity to target markets. With gas prices having broken the \$4 gallon mark, the importance of this issue is self-evident. However, companies often find a need to compromise between remaining close to target markets and choosing the most cost efficient facility. The market issue can work in both directions with proximity to raw materials and suppliers having its own cost concerns. Financial issues are also obviously a factor to consider. Major companies seeking to relocate trade the promise of major job creation for an inordinate amount of financial incentives that rarely justify the amount of public investment. In fact, it is routine for such companies to retain experts to make sure that they obtain all the “entitlements” for which they are eligible. The most intangible issue of concern is quality of life. Companies evaluating relocation often look at housing costs, quality of education facilities, crime rates, health care, recreational opportunities, and other factors when evaluating a city's quality of life. These factors usually end up as tiebreakers, as the ability to staff and operate a business in the most effective situation is usually the paramount location consideration. The major exception occurs when a business vacates a deteriorating inner city to locate to a nearby suburban location offering better amenities. Having set out a list of criteria for business relocation decisions, how does Tarentum Borough measure up against these criteria and how can the Borough plan to correct its deficiencies or improve its position?

SCORECARD

In terms of labor and work force, the Borough has experienced a decline in population, but has seen an increase in the size of its labor force due to an increase in the 18 to 64 age cohort of the population. The education of the population has also improved with a major increase in the percent of the population having graduated from high school.

A business seeking to upgrade its facilities or equipment can avail itself of a variety of economic development incentives through the Allegheny County Department of Economic Development and the Commonwealth of Pennsylvania.

The ability to reach new markets is in large measure dependent upon the efforts of the company itself. The existence of the Allegheny Conference and various specialized organizations such as DSN Innovations, can help businesses identify new markets and successfully capture new opportunities.

Although the Commonwealth of Pennsylvania has previously been labeled as a “not business friendly” state, more recently it has taken efforts to cut businesses and property taxes. Tarentum has also experienced stable rates for both property and mercantile taxes.

Considerations about quality of life are a “no brainer”, as the Borough is able to offer a strong residential housing market and a variety of cultural and recreational amenities either locally or through Allegheny County.

We submit that the Borough is a strong location for business expansion or relocation.

There are also a number of issues to consider when preparing an economic development strategy for any political jurisdiction. These include political expectations, tax revenues and employment.

EXPECTATIONS

The local political jurisdiction should consider the business plan approach to economic development and identify the reasons that it wants to retain or attract new businesses. While it may seem sacrilegious from an economic development standpoint to allow a business to leave a jurisdiction; changing industrial processes and/or changing neighborhood characteristics often cause businesses, especially older industries, to be seen as a nuisance. Smokestack industries that were viewed as sources of prosperity by immigrants arriving in this country during the 1800s and 1900s, are now seen as sources of air pollution and respiratory diseases. Businesses that formerly received supplies and transported finished product by rail may now have to rely on truck transportation that travels through residential areas.

If a jurisdiction is seeking to develop vacant land, new light industrial and/or office development can accomplish this with lower municipal service demands than residential development.

TAX REVENUE AND EMPLOYMENT

It is often not easy to separate these two development related issues. The construction of a new facility may result in an expansion of the tax base, but in the case of a warehouse, not a major increase in employment. Call centers usually create a large number of jobs, but in an effort to minimize facility costs, usually prefer to reuse existing facilities with little or no expansion of the tax base. Even if a facility creates new jobs, there is often little that can be legally done to ensure that a jurisdiction's residents receive the jobs; especially if there is a mismatch in qualifications or benefit expectations.

ORGANIZATION

One of the major issues in supporting local development is the availability of the appropriate organizations by acting as a conduit for federal and state program, there is no local not for profit development organization to represent Tarentum's interest in a development project and act as a conduit for foundation funding. As the majority of development projects now involve a "mega-community" approach, successful development efforts suggest the creation of such an entity to provide ongoing public involvement and support of local development projects. A previous attempt to fill this need resulted in the creation in the Pride In Tarentum (PIT). Unfortunately, this organization did not survive beyond its creation and attempts to track its history for the purpose of reactivation have been futile. The Borough has been working with student attorneys at the Duquesne University Economic and Community Development Law Clinic (ECD Law Clinic) who provide pro bono services to non-profit groups and distressed communities under the guidance of a supervising attorney, Dean Norma Tarquato. An initial effort was made to track previous steps in the creation of PIT. However, the possibility that the prior corporation had unresolved liabilities led the Clinic to suggest the establishment of a new non-profit would be the most prudent course of action. To distance the prior attempt at the creation of a CDC, the Borough's new non-profit development corporation will be known as the Redcat Redevelopment and Revitalization Corporation (RRRC). After obtaining an FEIN from the Internal Revenue Service and incorporating with the Commonwealth of Pennsylvania, the Borough Manager will identify the initial Board of Directors. The Law Clinic will then utilize this documentation to file for 501(c)(3) status with the IRS.

Beyond the establishment of its own development organization and in the spirit of intergovernmental cooperation, the Borough

should take an active role in obtaining DCED Enterprise Zone designation for itself and other communities in the Allegheny Valley. The City of New Kensington has held this designation since 2005, and under the Enterprise Program's current program duration of seven years, will exit the program in July, 2012. The Enterprise Zone designation for a separate municipality may be extended if it applies as part of a new regional zone. Such a proposed zone would cover portions of both Allegheny and Westmoreland Counties and include municipalities such as the City of Arnold, Brackenridge Borough, Lower Burrell, Springdale Borough and Tarentum Borough; in addition to the City of New Kensington. Planning for this new zone could be initiated in 2010 so the designation of the new zone would coincide with New Kensington's exit from its current designation status.

TARGET INDUSTRIES/BUSINESSES

Retain existing businesses (Economic Development Rule #1)

There are two businesses that should be given priority consideration for retention efforts: LaRusse Distributing Co., Inc. and F – Squared Inc. LaRusse has been a major beverage supplier in the region and even after the recent construction of a new facility in the Borough's Third Ward; is still in need of additional operational space. F – Squared is also an important local business featuring a machine shop and metals fabrication business that may be displaced as part of the Allegheny Together Program. Both of these facilities would benefit from location in the proposed Third Ward Riverfront Redevelopment Area, allowing them to expand and still be close to their present location. LaRusse would then have the option to continue to use its existing facility for a portion of its operations or sell or rent its current facility as a site for attracting a new business to Tarentum.

SITE AVAILABILITY

As part of the Third Ward Redevelopment Strategy, the Borough is proposing to acquire and reuse underutilized industrial land along its riverfront to retain existing businesses. Because of terrain and access problems, the Borough's KOZ does not offer the opportunities that were envisioned when it received its designation from the Pennsylvania Department of Community and Economic Development. It appears that one of the key strategies that the Borough can adopt to encourage economic development is to utilize the Redcat Redevelopment and Revitalization Corporation to acquire vacant or underutilized land and/or buildings and either assemble the land for new construction or renovate existing structures for reuse by new businesses.

FUNDING

While the Director of the DCED's Southwestern Office and the Community Action Team indicates that potential funding applicants should devise financing plans with his consultation, we list possible financing sources here as a matter of reference.

FEDERAL

Section 108 loan
Economic Development Initiative Grant
American Recovery and Reinvestment Act

STATE

Business in Our Sites Grants and Loans
Industrial Sites Reuse Program
Infrastructure Development Program
Machinery and Equipment Loan Fund (MELF)
Opportunity Grant Program
Pennsylvania Economic Development Financing Authority (PEDFA)
Small Business First

OTHER

Foundation funding

