

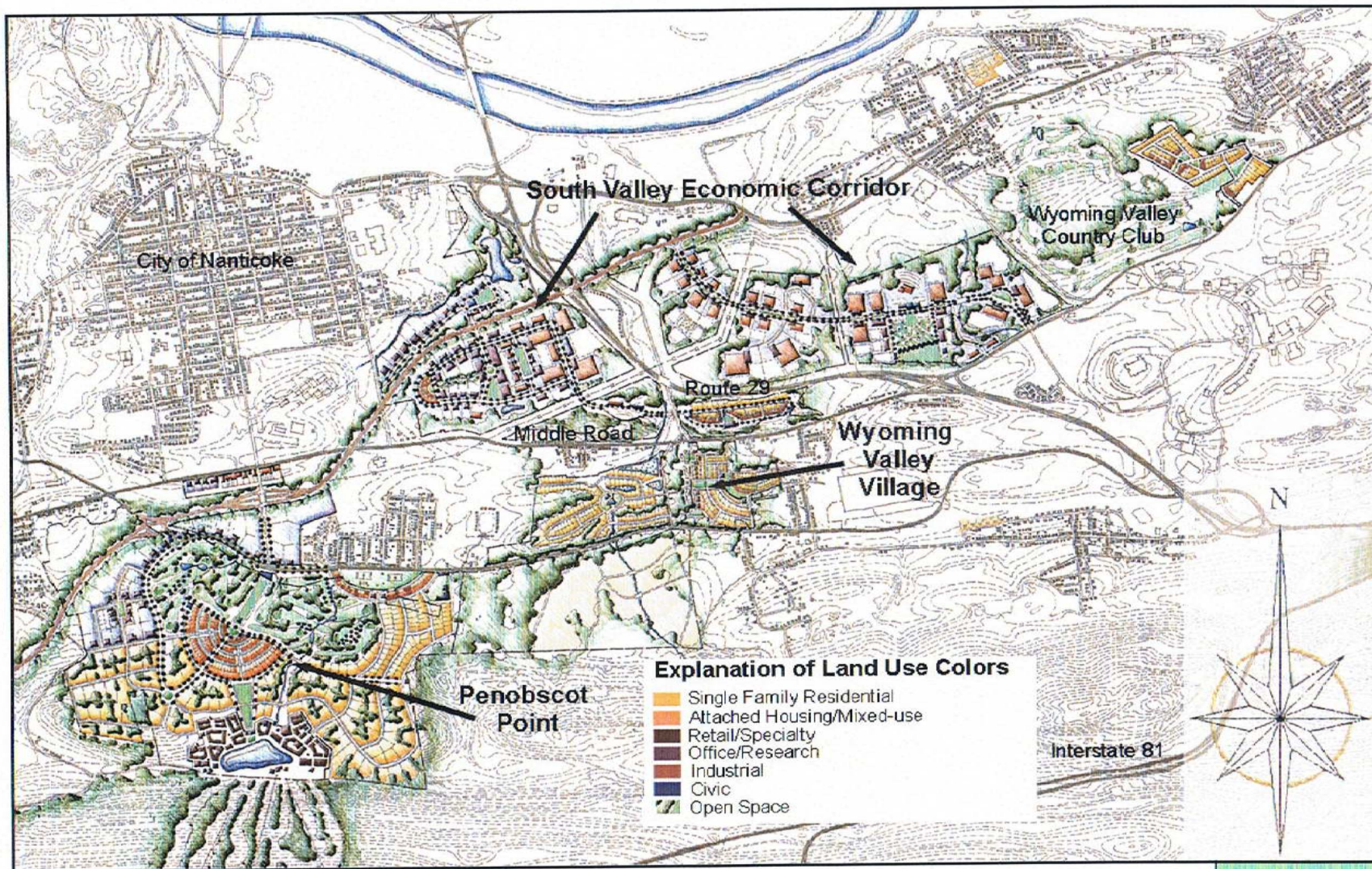
**Earth  
Conservancy**  
Route 29 Mixed-Use  
Development Master Plan  
Project Report

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*Earth Conservancy Route 29 Mixed-Use Development Master Plan  
Final Report, 10 August 1999*

*Prepared by Legg Mason Real Estate Services  
Philadelphia, Pennsylvania*





Proposed Master Plan for the Route 29 Mixed-use Development Project

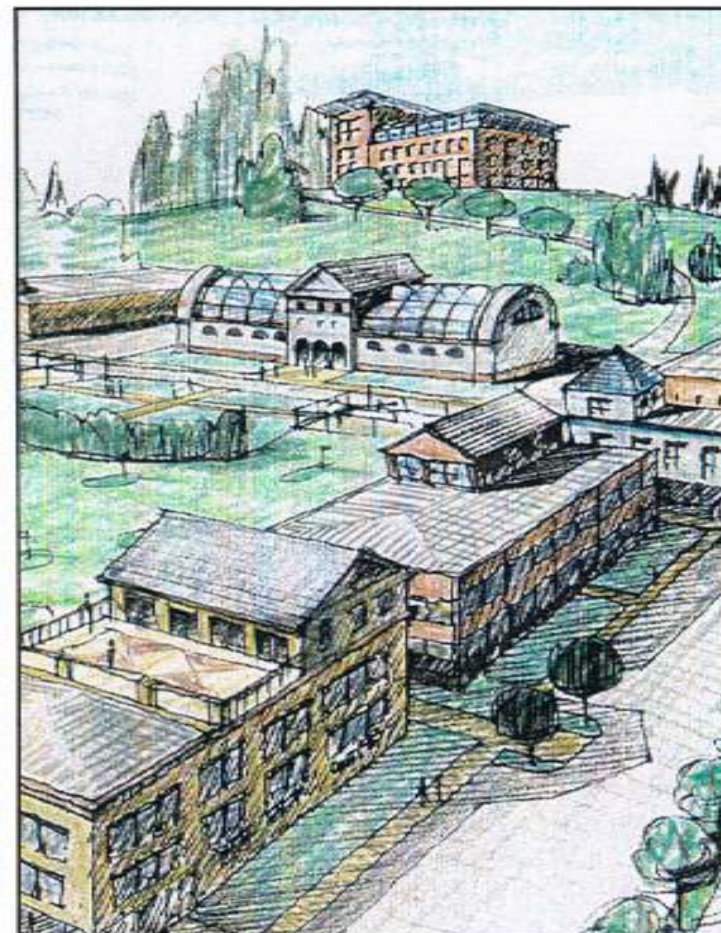


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*Artist Rendering of Mixed-use Development on the Parcel Hanover – 7. Pictured are office buildings in the foreground, a golf and recreation center, and a hotel overlooking the development. (Killinger Alberto Town Planning)*

# I. Executive Summary

*This report was compiled by a team of consultants—Legg Mason Real Estate Services, Killinger Alberto Town Planning, and Borton Lawson Engineering—to summarize the Team's planning process and conclusions regarding the master planning of a 2,000-acre mixed-use development for the Earth Conservancy.*

Incorporated as a private non-profit corporation in 1991, Earth Conservancy (EC) was created to reclaim industrially scarred land in Northeastern Pennsylvania formerly owned by the bankrupt Blue Coal Corporation. EC was further charged with returning the reclaimed land to environmentally responsible and socially productive use. This process has involved an intensive, long-range land planning effort that began several years ago, which identified approximately 6,100 acres of the total 16,300 acres as being suitable for industrial, commercial, residential, and recreational forms of development. The remaining acreage, approximately 10,200 acres, was planned for various open space uses as addressed in EC's recently completed Open Space Master Plan.

As a further step in the long-range land use planning process, EC has identified approximately 2,000 acres of its land holdings in Hanover Township, Newport Township, and the City of Nanticoke as of significant value to the future development of the Wilkes-Barre metro region. With funding support from the Fannie Mae Foundation and the Economic Development Administration of the US Department of Commerce, EC retained a team of consultants to develop a plan that would optimize the development potential of this land and would promote economic and community development in the region. In terms of the planning process, this translated into a strategy that would meet current market demands while providing a strong, vibrant vision for the future. This report serves to summarize the planning process and the conclusions that have been drawn from it.

## Planning Inputs

The planning of a mixed-use development on 2,000 discontinuous acres of land requires a highly integrated process. The process involved gathering information from three primary sources: (1) community input to formulate a desired future vision; (2) an economic/market analysis to determine regional strengths and weaknesses; and (3) a clear physical analysis of the site. The site analysis revolved around two primary points: (1) challenges associated with topography and mine scarring and (2) the provision of various forms of infrastructure to access the individual parcels. Input from community leaders played a critical role in developing the future vision for the region.

## Development Strategies: Short- and Long-term

The Team's analysis of the physical and economic geography presented a list of regional strengths and weaknesses that could be coupled with the development opportunities associated with the site. From the strengths, the Team developed the short-term development strategy.

*EC retained a team of consultants to develop a plan that would optimize the development potential of this land and would promote economic and community development in the region.*

*Input from community leaders played a critical role in developing the future vision for the region.*



The regional strengths include:

- ❖ A strong market for light industrial/distribution and flex space uses;
- ❖ Strong economic incentives associated with state and local tax-free Keystone Opportunity Zones (KOZ);
- ❖ High level of public investment in local infrastructure, including a new parkway connector between the San Souci Parkway and West Kirmar Avenue/Roberts Road;
- ❖ A highly proactive client group – Earth Conservancy – that has a strong relationship with its neighbors and all levels of government;
- ❖ A strong, projected growth in the Effective Buying Income (EBI) of the region's households that may signify the continued and gradual reawakening of the local economy.

Identifying market constraints as well as the physical challenges of the EC land was necessary for creating the long-term strategy. Private investment typically takes advantage of the strengths and opportunities within the market and so these usually need less planning and consideration. However, all regions have weaknesses, and addressing those weaknesses is the primary concern of planning and economic development organizations.

The weaknesses centered on the region's labor markets (the major factor influencing business location decisions) and the corresponding employee-wage expectations.<sup>1</sup> More specifically, the weaknesses include:

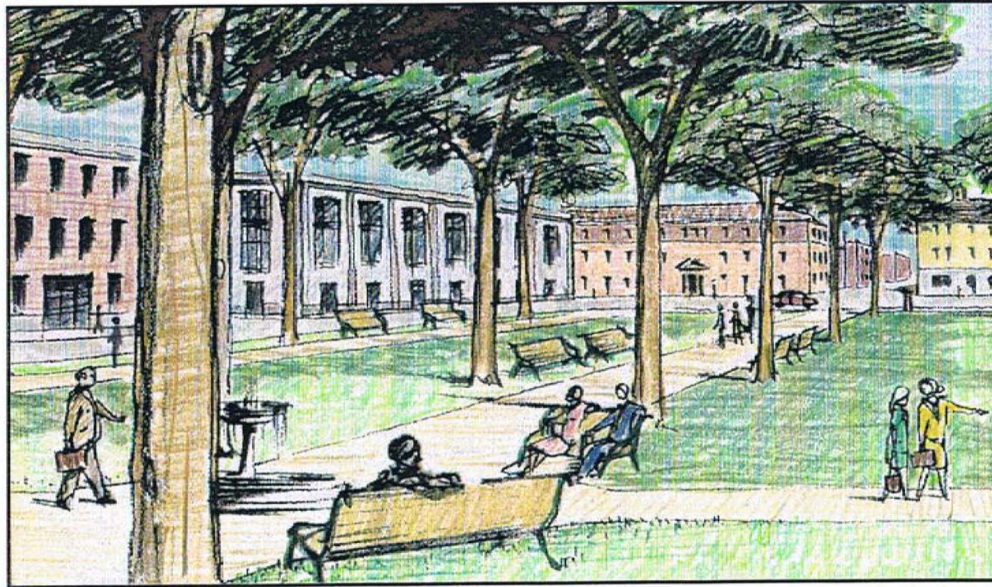
- ❖ An aged population and work force (based on median age);
- ❖ A tertiary education base that, while serving a large undergraduate populace, is relatively limited in offering technical degrees, graduate programs, and research;
- ❖ A declining market size (through the loss of population) that if it continues may counteract some of the potential gains in household income (see EBI point above);
- ❖ A weak housing market that has resulted, in part, from a declining population base as well as a relatively low median household income;

*Private investment typically takes advantage of the strengths and opportunities within the market and so these usually need less planning and consideration. However, all regions have weaknesses, and addressing those weaknesses is the primary concern of planning and economic development organizations.*

- ❖ A cost-of-living to income ratio that is low and makes attracting/retaining competitive labor (i.e. labor for modern, high-tech businesses) difficult (see Table III.2 for explanation);
- ❖ A continuing perception of Pennsylvania and particularly Northeastern Pennsylvania as having a less favorable business climate than most other regions in the country.<sup>ii</sup>

The Team considered the short-term strategy, based on the strengths summarized above, to cover a five-year perspective. Within five years, most of the market conditions are relatively predictable. This time frame also coincides with access to more EC lands for development resulting from the completion of the future connector highway between the San Souci Parkway and West Kirmar Avenue/ Roberts Road (subsequently referred to as the “south valley parkway”).

Beyond the five-year mark, the strategy is to provide land and a vision for the further growth of the metro region that will create fully integrated communities of housing, employment, and daily amenities. The growth of local employment and improvements in the quality of available jobs is critical to the success of future community development.



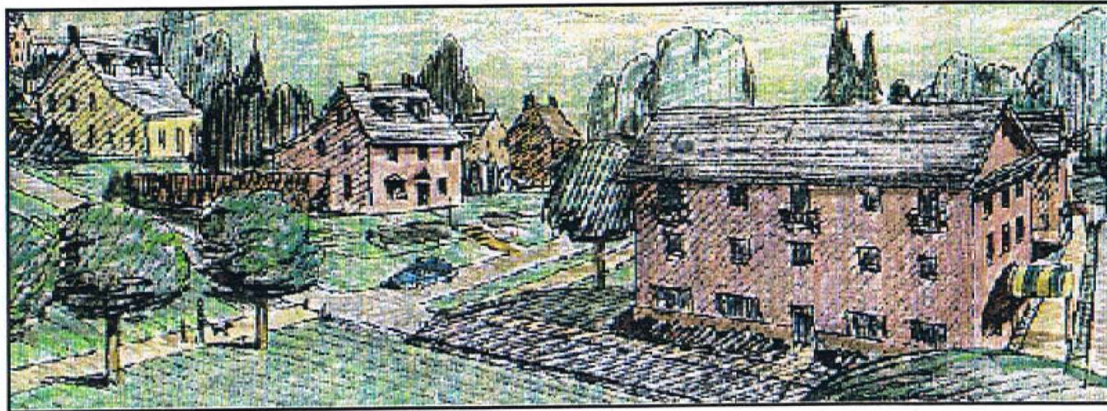
*Artist Rendering of Village Green Space in a High-Tech Employment Area. (Killingier Alberto)*

*The growth of local employment and improvements in the quality of available jobs is critical to the success of future community development.*



The Team identified the following critical components of the development strategy:

- ❖ With a short supply of light industrial land and flex-style office space to meet the continued growth in this sector of the market, facilitate the growth of this key portion of the local economic base by providing land for these uses.<sup>iii</sup> Design guidelines, as drafted already and guided by the Team's plans, should be used to assure a better presentation quality within the business park.
- ❖ Partner with local/regional educational institutions and organizations experienced in knowledge-based business development to improve the labor market's ability to meet the strong labor demands of technology industries. The creation of leading-edge research centers in fields such as environmental technology will contribute to the success of such a partnership.
- ❖ Market the smaller peripheral parcels for near-term residential development, the success of which will strongly correlate with the successful expansion of employment opportunities on Hanover 7. (If this process does not produce any attractive financial offers, these parcels may be included in the option discussed in the next point.)
- ❖ Enter into discussions with larger land venture capitalists regarding the possible strategies for long-term community development. Venture capitalists take on greater development risks, especially those who



*Artist Rendering of Village-style Housing in Mixed-use Communities. (Killinger Alberto)*



are familiar with brownfields development, but they correspondingly expect a higher return. Partnering with these types of groups may create a means of addressing infrastructure and land development costs.

- ❖ Identify capital sources (private and public) for the future infrastructure requirements of growth beyond five years. Also, with regard to lands outside of the KOZ, EC should investigate options for other state and local tax abatement/incentives.
- ❖ Continually monitor the need for business capital particularly as related to growing local industries. Partnering with target industries within the region may provide some opportunities to create well-needed venture capital.<sup>iv</sup>
- ❖ Develop a cooperative marketing package among the stakeholders. With this package, market particular parcels to large valuable employers as attractive locations through economic incentives as well as through the larger, overall vision for the future of the Wyoming Valley.

### The Master Plan

The master plan includes all vital aspects of daily living in a community—home, work, and play. It is critical to the success of each of these components that the others be in place to support it. For example, providing employment without considerable residential development would burden the existing infrastructure and disrupt current traffic flows. By integrating uses, the plan presents more efficient use of space and public infrastructure.

The plan possesses three distinct but integrated parts: a central spine of employment and two growth centers for mixed-use communities. (See Figure V.1 for a graphical depiction of the concept plan described here.) The “South Valley (SouthVal) Economic Development Corridor” serves as the spine to the master plan, running along the length of the new south valley parkway. It is in this corridor that the majority of the employment opportunities will occur. “Penobscot Point,” the second development center, is a large mixed-use village development that climbs the north face of Penobscot Ridge, with a wide range of housing types, retail, employment uses, and recreation opportunities. The third development node, “Wyoming Valley Village,” provides the unique opportunity to build housing, retail, and entertainment near the new employment opportunities in the SouthVal Corridor in the early development stages.

*By integrating uses, the plan presents more efficient use of space and public infrastructure.*

*The plan possesses three distinct but integrated parts: a central spine of employment and two growth centers for mixed-use communities.*



## Course of Action

The final section of the report makes specific recommendations as to what actions should be pursued presently to fulfill the Team's recommended plan. The Team recognizes that there are a number of economic and social hurdles that need to be anticipated. In fact, to address as many of these problems as possible and initiate the Team's plan, EC must continue its open dialogue with the community. The actions described at the end of this report are influenced by the strategies discussed above and the form of the plan. These actions are as follows:

- ❖ Organize and market a master development strategy with partners, such as the Chamber, universities and colleges, VoTech schools, and private developers.
- ❖ Team up with regional educational institutions and others experienced in tech-business development (i.e. the University City Science Center) to address the specific needs of knowledge-based industries.
- ❖ Investigate opportunities with various private sector real estate developers, including traditional firms and venture capitalists.

## The Endnotes and Appendices

This report concisely presents the Team's analytical conclusions and recommendations. The report provides a section for endnotes to add clarity to the Team's analysis and methodology and to reference sources of cited information. The detailed aspects of this report and of the Team's analysis are available in the appendices of this report. The appendices include:

- Appendix A: Plans, Diagrams, Renderings, and Associated Text
- Appendix B: Economic and Community Development Analysis
- Appendix C: Physical Features and Site Analysis
- Appendix D: Financial Report and Pro Forma

*To address as many of development-related problems as possible and initiate the Team's plan, EC must continue its open dialogue with the community.*



## II. Introduction

### *Planning for Economic and Community Development*

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*Make no little plans. They have no magic to stir men's blood and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistency. Remember our sons are going to do things that would stagger us. Let your watchword be order and your beacon beauty.*

- Daniel Burnham  
Architect, c.: 1910

#### **The Master Plan**

Incorporated as a private non-profit corporation in 1991, Earth Conservancy (EC) was created to reclaim industrially scarred land in Northeastern Pennsylvania formerly owned by the bankrupt Blue Coal Corporation. EC was further charged with returning the reclaimed land to environmentally responsible and socially productive use. This process has involved an intensive, long-range land planning effort that began several years ago, which identified approximately 6,100 acres of the total 16,300 acres as being suitable for development.

As a further step in the long-range land use planning process, EC has identified approximately 2,000 acres of its land holdings in Hanover Township, Newport Township, and the City of Nanticoke as of significant value to the future development of the Wilkes-Barre metro region. With funding support from the Fannie Mae Foundation and the Economic Development Administration of the US Department of Commerce, EC retained a team of consultants to develop a plan that would optimize the development potential of this land and would promote economic and community development in the region.

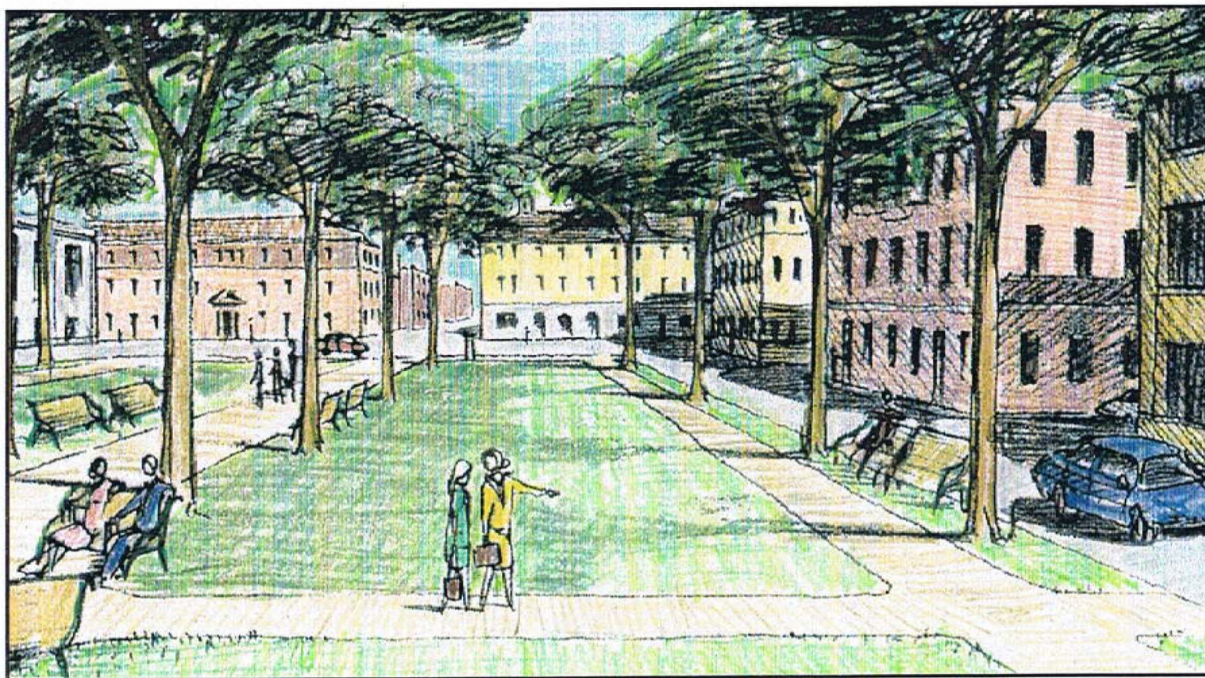
The planning of a mixed-use development on nearly 2,000 discontinuous acres of land requires a highly integrated planning process. The process involved gathering information on three primary fronts: (1) community input to formulate a desired future vision; (2) an economic/market analysis to determine regional strengths and weaknesses; and (3) a clear physical analysis of the site. The site analysis constitutes two primary points: (1) challenges associated with topography and mine scarring; (2) the provision of various forms of infrastructure to access the individual parcels.

*With funding support from the Fannie Mae Foundation and the Economic Development Administration of the US Department of Commerce, EC retained a team of consultants to develop a plan that would optimize the development potential of this land and would promote economic and community development in the region.*



EC also recognizes an interest within the community to proactively pursue a healthier and more dynamic economic future. At the same time, it recognizes that the plan must have a basis in the economic reality of the market place. The economic and community development analysis was critical in determining where the present opportunities exist and what components need to be in place to realize the vision of a vibrant economic future. In effect, EC recognizes that a market for certain knowledge-based industries needs to be created in the near future. Consequently, it is positioning much of its land to be available when that market matures.

This report is provided as a summary of the planning process and the conclusions that have been drawn from that work. Since economic and community development involves a dynamic, on-going process, this report represents the next step in the implementation of the EC's land use planning recommendations and the continuation of the public dialogue that started with the planning process several years ago. The report concludes with a section on how EC might take this process further toward realization.



*An artist's rendering of park space in the Technology Center of Hanover 9 (Killinger Alberto Town Planning)*

*In effect, EC recognizes that a market for certain knowledge-based industries needs to be created in the near future, and is positioning much of its land to be available when that market matures.*

*Since economic and community development involves a dynamic, on-going process, this report represents the next step in the implementation of the EC's land use planning recommendations and the continuation of the public dialogue that started with the planning process several years ago.*



### III.a. Planning Inputs: Site Analysis

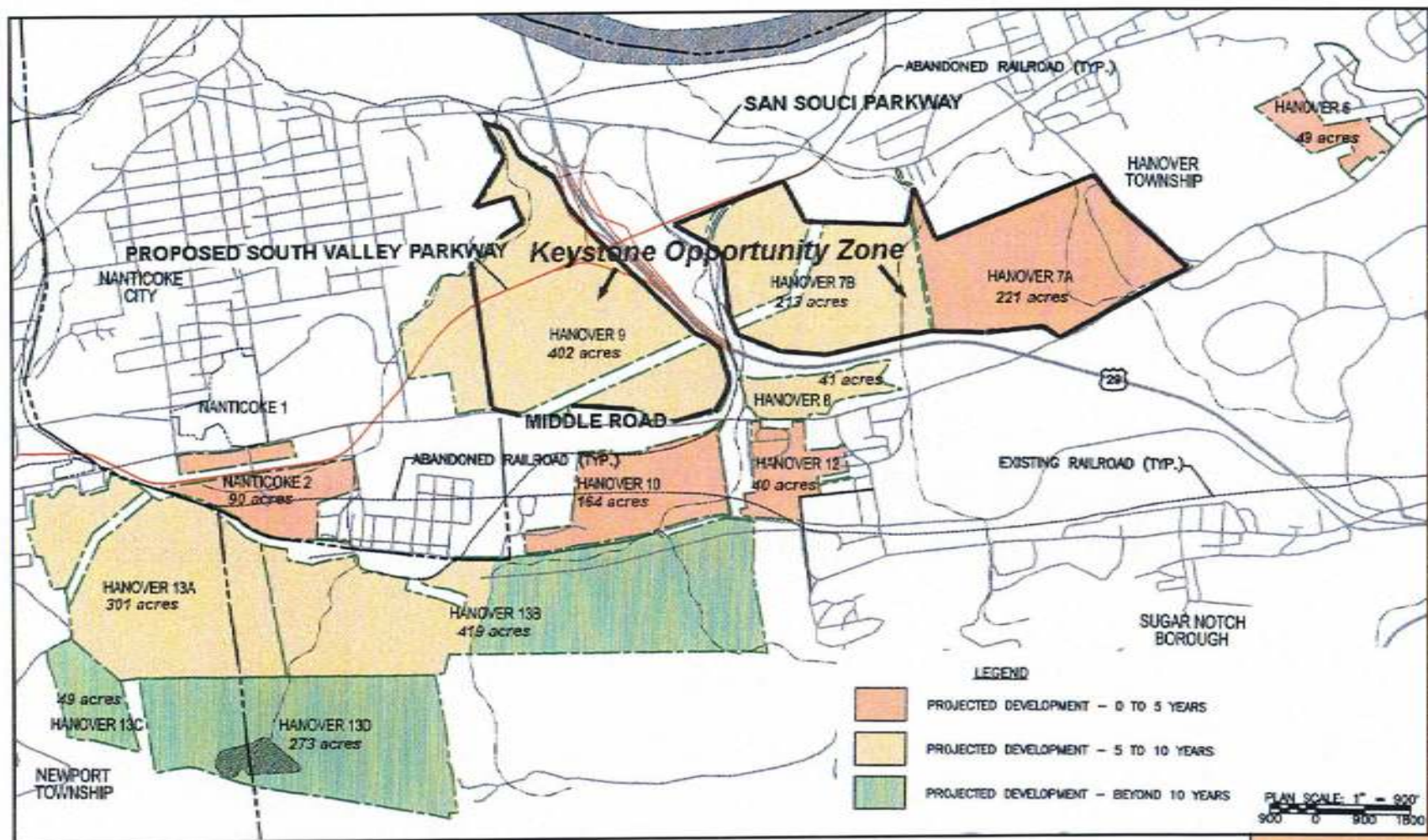
#### Topographic Features and Infrastructure Availability

Figure III.1 on the following page depicts each of the parcels included in the plan area. As indicated by the color-coding, most of the parcels are not available for development immediately or in the very near future. These timing constraints are generally attributed to either the scheduling of reclamation work or access that is yet to be provided to the parcel. The following text highlights the key issues surrounding the timing issues of each parcel.<sup>7</sup>

##### Reclamation and Infrastructure Issues:

Parcel	Time of Availability	Issues to Address	Comments
Hanover 6	0 – 5 yrs.	<ul style="list-style-type: none"> <li>Water and sewer extensions required</li> </ul>	<ul style="list-style-type: none"> <li>Close to Wyoming Valley Country Club</li> </ul>
Hanover 7A	0 – 5 yrs.	<ul style="list-style-type: none"> <li>Water and sewer extensions required</li> <li>Landfill site within parcel (can be capped for development)</li> </ul>	<ul style="list-style-type: none"> <li>Excellent freeway access</li> </ul>
Hanover 7B	5 – 10 yrs.	<ul style="list-style-type: none"> <li>Overhead wires (UGI) divide parcel</li> <li>Utility extensions required</li> </ul>	<ul style="list-style-type: none"> <li>Excellent, future freeway access</li> </ul>
Hanover 8	5 – 10 yrs.	<ul style="list-style-type: none"> <li>Difficult topographic characteristics</li> <li>Access difficulty</li> </ul>	<ul style="list-style-type: none"> <li>Commanding view</li> </ul>
Hanover 9	5 – 10 yrs.	<ul style="list-style-type: none"> <li>Overhead wires (UGI) divide parcel</li> <li>Requires connector hghy. for access</li> </ul>	<ul style="list-style-type: none"> <li>Excellent, future freeway access</li> </ul>
Hanover 10	0 – 5 yrs.	<ul style="list-style-type: none"> <li>Wetlands on part of parcel</li> </ul>	<ul style="list-style-type: none"> <li>Local access and utilities available</li> </ul>
Hanover 12	0 – 5 yrs.	<ul style="list-style-type: none"> <li>Some challenging topographic issues</li> </ul>	<ul style="list-style-type: none"> <li>Parcel is currently available</li> </ul>
Hanover 13a	5 – 10 yrs.	<ul style="list-style-type: none"> <li>Substantial mine scarring</li> </ul>	<ul style="list-style-type: none"> <li>Large, contiguous parcel</li> </ul>
Han-13b (west)	5 – 10 yrs.	<ul style="list-style-type: none"> <li>Utility extensions required</li> </ul>	<ul style="list-style-type: none"> <li>Large, contiguous parcel</li> </ul>
Han-13b (east)	15 – 20 yrs.	<ul style="list-style-type: none"> <li>Undergoing reclamation work</li> </ul>	<ul style="list-style-type: none"> <li>Large, contiguous parcel</li> </ul>
Hanover 13c	Beyond 10 yrs.	<ul style="list-style-type: none"> <li>Utility and roadway extensions required</li> </ul>	<ul style="list-style-type: none"> <li>Abuts large, contiguous parcels</li> <li>Natural features</li> </ul>
Hanover 13d	Beyond 10 yrs.	<ul style="list-style-type: none"> <li>Difficult topographic characteristics</li> <li>Requires utility and roadway extens.</li> </ul>	<ul style="list-style-type: none"> <li>Large, contiguous parcel</li> <li>Natural feature</li> </ul>
Nanticoke 2	0 – 5 yrs.	<ul style="list-style-type: none"> <li>Overhead wires (UGI) divide parcel</li> </ul>	<ul style="list-style-type: none"> <li>Currently available with excellent, future freeway access</li> </ul>





**Figure III.1** General Projected Phasing of the Earth Conservancy Parcels based on Land Reclamation and Infrastructure Provision. (KOZ shown in bold borders)



## III.b. Planning Inputs: Economic Analysis

### Local Market and Economic Development Analysis

The Wilkes-Barre metro market has shown significant strength in certain types of “business park” style uses, which primarily include light industrial, smaller office, and “flex” office space. (See endnote iii on flex space.) This market strength is partly based on the commanding geographic position the region has to the nation’s largest market conglomeration.<sup>vi</sup> This opportunity also reflects the larger economic transformation of the region from its previous mining-based economy (and, to a lesser extent, textiles) toward a larger service-based economy.

To determine the future development potential of the region, the Team conducted a comprehensive economic analysis. One of the intentions of this analysis was to investigate the strengths and weaknesses of the real estate market. While the market strengths reveal the current development opportunities, the weaknesses present those aspects of the economy that need special attention to ensure the future vision for the region. This section summarizes the conclusions of the economic analysis, which are presented in greater detail in Appendix B.

#### Comparative Analysis

The analysis included an extensive comparative study with other metro markets to identify regional strengths and weakness. Many of the tables and text in this report refer to this comparative analysis that included the following metro regions:

- **Research Triangle, NC.** While the most geographically dissimilar to the Greater Wilkes-Barre region, the fast-growing Research Triangle is interesting because it is a region comprised of several medium-sized cities, similar to the Wilkes-Barre–Scranton–Hazleton metro region. Much of its highly acknowledged success is attributed to the multitude of research institutions in the region.
- **Ceramics Corridor, Corning, NY.** The smallest of the sample locations, the Ceramics Corridor is highly manufacturing-oriented in the midst of the so-called Rust Belt. The long-held presence of a dominant industry (ceramics) seems to make this area attractive to continued manufacturing use though its growth has been limited over recent decades by the lack of high-tech employment expansion.
- **Princeton Corridor, NJ.** The Princeton Corridor is similar to the EC’s region in that it is positioned between Philadelphia and New York as well as being located in a relatively slow growth area. As a model, it maintains a high number of well-paying, manufacturing and manufacturing-related industries. Venture capital investment in this area is still among the highest in the nation (over \$403 million during last year).

*The strength in certain segments of the region’s real estate markets may be predictable based on the commanding geographic position the region has to the nation’s largest market conglomeration—the Northeast Megalopolis.*

*The Team’s economic analysis was fundamentally important in determining where future development potential exists.*



- **Finance Center, DE.** To broaden the scope of our benchmark analysis beyond centers of manufacturing and research, the Team assessed this region because of the recent growth in attracting financial institutions. The Commonwealth's low corporate taxes have been a significant factor on the growth.

## Labor Force

The most significant change occurring in the modern American economy is the influence that labor market qualities are having on business location decisions. The cost of land and doing business are diminishing in importance among the nation's most influential forward-moving businesses and industries. Rather, America's growth industries, primarily high-tech businesses, are expanding in areas where there is an available, educated, and skilled work force. This factor promotes the most significant challenge to the Wilkes-Barre region where it has been difficult to retain and attract the younger, educated workers who are attractive to modern industry.<sup>vii</sup>

Unfortunately, attracting the desired labor force is a unique challenge; it often takes having competitive employment that pays well to attract the appropriate labor. Yet, one of the region's weaknesses is that wages are relatively low compared to benchmark regions. Table III.1 shows the wide disparity in average wages between the EC's metro region, the Commonwealth, and the average of the four other markets used in the *Economic and Community Development Analysis* (Appendix B). The table also indicates that the disparity is diminishing.

*The most significant change occurring in the modern American economy is the influence that labor market qualities are having on business location decisions. The cost of land and doing business are diminishing in importance among the nation's most influential forward-moving businesses and industries.*

**Table III.1**  
**Labor Market and**  
**Wage Growth**

(Source: *County*  
*Business Patterns,*  
*US Census*)

Region	County	Active Labor Market (1996)	Average Wage (1996)	Active Labor Market Growth (1993-1996)	Average Wage Growth (1993-1996)
<i>(Average of Benchmarks)</i>		235,261	\$ 29,880	11.59%	8.39%
<i>Pennsylvania Average</i>		4,729,704	\$ 27,319	3.68%	11.65%
Scranton—Wilkes-Barre	Luzerne	118,370	\$ 22,202	0.89%	12.99%
	Lackawana	88,648	\$ 21,736	3.02%	8.81%
	<b>TOTAL</b>	<b>207,018</b>	<b>\$ 22,002</b>	<b>1.79%</b>	<b>11.19%</b>



While the wage trends indicated in Table III.1 may show a relative improvement in wages, there has been no significant growth in absolute dollars earned. Even still, this trend in wage growth may indicate that an underlying improvement in the local economy has begun. Further analysis of projected growth in effective buying income (EBI) also indicates that the region may see a higher rate of real wage growth over similar regions. In an analysis of similarly-sized metro markets (between the 75<sup>th</sup> to 100<sup>th</sup> largest metros in the Country), Wilkes-Barre's growth in average household effective buying income is expected to increase by 19.17%, compared to the 17.40% average growth of the 25 benchmark communities.<sup>viii</sup> This growth in wage earning potential is a critical component to attracting the valuable labor for competitive businesses and future economic development.

With regard to the labor markets, the metro Wilkes-Barre market has a relatively low cost labor force (as apparent in Table III.2), which also possesses a high level of productivity and strong work ethic.<sup>ix</sup> However, to attract competitive business and labor, the cost of living must reflect the lower wage-earning potential. If the cost of living does not reflect the lower income, competitive labor may be lured away to other cities/regions. Recent reforms in Commonwealth taxation and utility deregulation, as well as geographically local incentives like the Keystone Opportunity Zones and other tax incentives (i.e. tax increment financing), offer opportunities for the region to cut costs.

*To attract competitive business and labor, the cost of living must reflect the lower wage-earning potential. If the cost of living does not reflect the lower income, competitive labor may be lured away to other cities/regions.*

**Table III.2**  
**Relative Labor and**  
**Living Costs**

(Source: *County Business Patterns, 1996*  
US Census Bureau;  
CUED, 1999)

Analysis	EC Market Area (Wilkes-Barre Metro Region)	Mean of "Model" Market Areas	Maximum of "Model" Market Areas	Minimum of "Model" Market Areas
Labor Cost (wages only)	\$22,000	\$30,900 (140.5% higher)	\$34,200 (Financial Corridor)	\$24,000 (Ceramics Corridor)
Cost of Living Factor	100.0%	107.0%	117.3% (Princeton Corridor)	101.5% (Ceramics Corridor)

While the analysis that led to the results displayed in Table III.2 attempted to examine both income and costs trends, the Team's analysis also identified positive economic indicators within the community. The Wilkes-Barre metro region has a fast growing level of EBI. Table III.3 indicates that this region possesses the potential for a greater rate of growth in EBI than those of the other comparative regions. This growth in EBI most likely reflects the



stabilization of household size (which has been on the decline), relatively low absolute taxes deriving from low real asset value, a growth in smaller and wealthier households (e.g. Empty Nester), as well as genuine economic growth. This growth, however, must be recognized as being relative, whereby a 19.2% growth in Wilkes-Barre household income is approximately only \$800 in absolute dollar terms over the average of the other labor markets.

**Table III.3**  
**Market Growth (1997 to**  
**2002) and Effective**  
**Buying Income**  
**Projections**

(Source: *Sales and*  
*Marketing Management,*  
*1998*)

Metro Market Area	2002 Proj. Population (000s)	Percent Change	2002 Proj. Households (000s)	Percent Change	Effective Buying Income (\$000s)			
					2002 Total	% Change	2002 Avg. HH	% Change
<i>Average of Comparative Analysis Markets</i>	574.7	3.6%	223.5	7.3%	12,286,503	19.8%	55,220	14.5%
Scranton-Wilkes-Barre-Hazleton	595.6	-4.0%	237.2	-2.3%	10,885,730	16.5%	45,893	19.2%

### Education's Role in Labor Force Development

Today, education strongly influences labor market attractiveness, especially with regard to knowledge-based industries and economies. The American Electronics Association (AEA) recently published a study that reports a growing disparity in the demand for educated labor and the supply of such labor graduating from the nation's tertiary institutions. In *CyberEducation*, the AEA reports that high-tech companies cluster around strong technical colleges and universities. Yet, while these companies have a growing demand for educated labor, the number of "technology degrees" has decreased 5% in the last ten years. The AEA does not attribute this decline entirely to the failings within the tertiary institutional system. According to the report, secondary institutions must play a larger role in preparing students for the challenging degrees of today's colleges and universities. In turn, the universities must then provide the degrees necessary for a growing knowledge-based economy.

*High-tech companies cluster around strong technical colleges and universities. Yet, while these companies have a growing demand for educated labor, the number of "technology degrees" has decreased 5% in the last ten years.*



Locally, Northeastern Pennsylvania has a strong education base, with a relatively high number of tertiary institutions and undergraduate students (higher than the average of those in the comparative analysis, see Table III.4 below). However, if the region's colleges and universities can provide a greater base of technology degrees and research opportunities, it would have a substantial impact on the attractiveness of the labor force.

A study currently being conducted by the Battelle Institute is closely examining the region's opportunities to develop a stronger knowledge-based economy and could prove very useful to guiding the institutions' future goals. Furthermore, it would be advantageous to any educational conglomerate in the area to partner with other experienced organizations from outside the area. (This concept will be discussed in the final section of this report.)

*If the region's colleges and universities can provide a greater base of technology degrees and research opportunities, it would have a substantial impact on the attractiveness of the labor force.*

**Table III.4**  
**Tertiary Education**  
**Institutions in Select**  
**Markets**

\* Indicates samples that are part of a larger metropolitan area with a much larger institutional base than that which is represented here.

Metro Region	Colleges & Universities	Total Number of Undergraduates	Total Number of Graduates
Raleigh-Durham MSA <i>Research Triangle</i>	14	85,900	18,900
Wilmington-Newark* <i>Finance Center</i>	4	21,600	3,300
Princeton-Trenton* <i>Princeton Corridor</i>	4	26,600	2,400
Chemung-Steuben <i>Ceramics Corridor</i>	2	6,500	-
Wilkes-Barre—Scranton	12	34,100	2,800



## Housing Market and Community Building

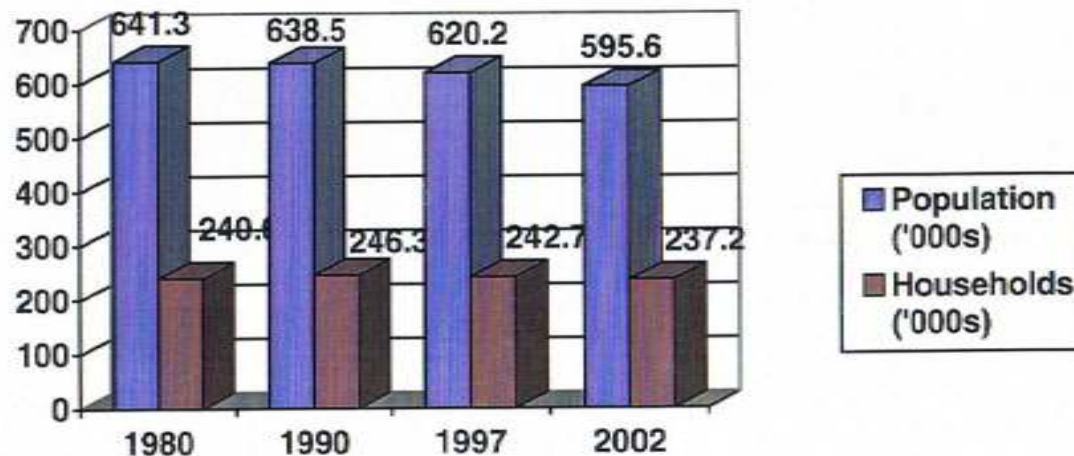
The regional market for housing is relatively weak, making new construction and community development on a grand scale difficult. The two most significant factors influencing the housing market are: (1) a declining population and (2) relatively low new home purchasing power. Figure III.2 shows the population trend/projection for the region, and it indicates that the number of households has not changed along with population. This disjointed relationship between household number and population is a factor of decreasing household size, a national trend that is beginning to stabilize. Attracting and retaining residents will be key to improving the housing market.

To be attractive to individuals outside their immediate area, all regions need to provide a high level of amenities along with adequate paying jobs. The Wilkes-Barre area offers a great deal of amenities to attract valuable labor with the proximity to the recreational and leisure uses of the Pocono Mountains. Furthermore, the addition of a new, state-of-the-art arena (complementing the existing minor league baseball franchise) will partially address entertainment demands, especially for sports and special events. The new communities of the region must build-in more features that are attractive to people from outside the region. Features should include cultural diversity and

*The two most significant factors influencing the housing market are: (1) a declining population and (2) relatively low new home purchasing power.*

*The new communities of the region must build-in more features that are attractive to people from outside the region.*

Figure III.2 Wilkes-Barre -- Scranton MSA

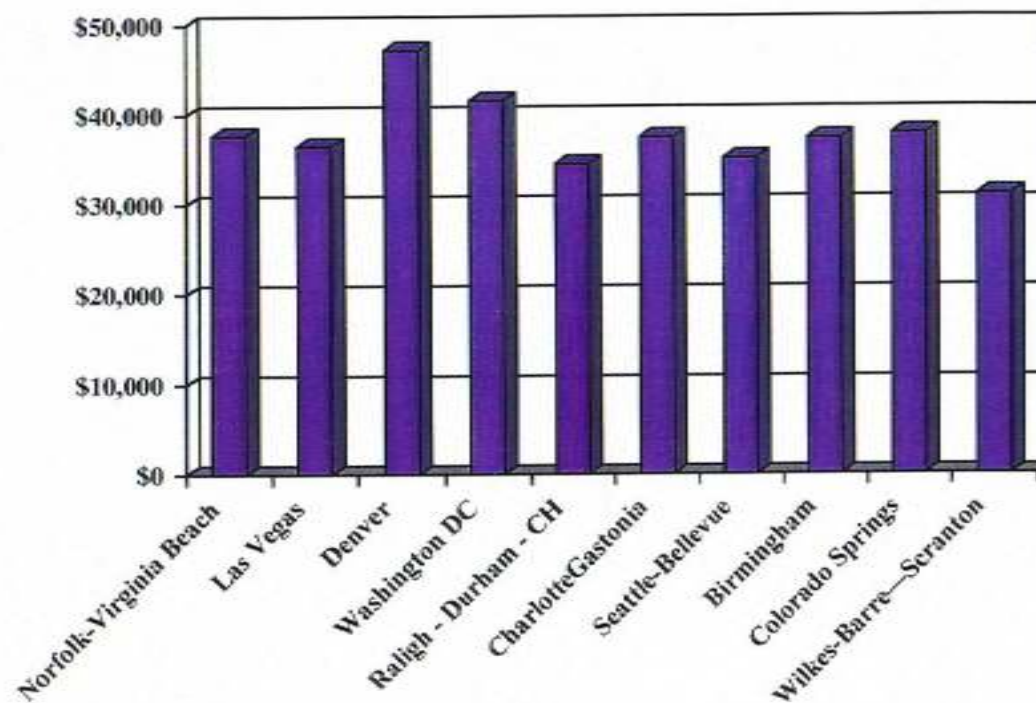




social vitality, and they should be particularly attractive to young adults, including those with and without children. In particular, the region needs to develop stronger centers of entertainment and activity. These places should have active public spaces where people can interact.

The provision of new and vibrant communities will be integrally important to the future growth of the labor market. In the southern end of the Wyoming Valley, community development is challenged by a particularly weak housing market and the absence of relatively high-paying employment. Along with the diminishing size in population, low household income has the largest impact on the new housing market.<sup>x</sup> When compared with other regions in the community benchmark analysis, as shown in Figure III.3, it is clear that household income needs to increase to

**Figure III.3 Cost of Living-Standardized Household Income (1995\$s)**



*When compared with other regions in the benchmark analysis, it is clear that household income needs to rise to make new construction more marketable.*



make new construction more marketable.<sup>xi</sup> Generally, a \$1,000 increase in household income can translate into an added \$6,500 in home buying power. Therefore, it is critical to the development of housing in the local market that the employment base in the southern end of the Valley be expanded and improved. (This facet of the housing market, consequently, plays into the larger phasing of the project, whereby most of the employment uses are slated to be developed earlier or simultaneously with the residential.)

### Keystone Opportunity Zones

The Keystone Opportunity Zones (KOZs) present a strong incentive for business relocation to designated areas.<sup>xii</sup> All the initial stages of the commercial/industrial development plan occur within KOZs and thus strongly position them in the regional market place. It is important to recognize, however, that these zones are available around the Commonwealth, and thus the region cannot passively assume that they will be a tremendous incentive for new employers to locate to the region. Indeed, the region will have to market the KOZ land (discussed in the report's final section) to those prospective users who will most likely find the area and the incentives attractive.<sup>xiii</sup>

### Review of the Economic Strengths and Weakness

The regional strengths include:

- ❖ A strong market for light industrial/distribution and flex space uses;
- ❖ Strong economic incentives associated with State and local tax-free Keystone Opportunity Zones (KOZ);
- ❖ High level of public investment in local infrastructure, including a new parkway connector between the San Souci Parkway and West Kirmar Avenue/Roberts Road;
- ❖ A strong projected growth in the Effective Buying Income (EBI) of the region's households.

*The region will have to market the KOZ land to those prospective users who will most likely find the area and the incentives attractive: businesses in Northern New Jersey and Southeastern New York State.*



The regional weaknesses include:

- ❖ An aged population and work force (based on median age) that is twelfth oldest in the US;
- ❖ A tertiary education base that, while serving a large undergraduate populace, is relatively limited in offering technical degrees, graduate programs, and research;
- ❖ A declining market size (through the loss of population) that, if it continues, may counteract some of the gains in household income;
- ❖ A weak housing market that has arisen, in part, from a weak demand for new housing and relatively low household income;
- ❖ A cost-of-living to income ratio that makes attracting/retaining competitive labor difficult;
- ❖ A continuing perception of the Commonwealth and Northeastern Pennsylvania as having a less favorable business climate than most other region's in the country. (See endnote ii.)



*Artist Rendering of Housing in the Wyoming Valley Village Plan for  
Hanover 12 (Killinger Alberto Town Planning)*



## IV. Development Strategy: Short- and Long-term Current Market Strengths & Addressing Weaknesses

Through the analysis of the economic and physical environment and directed by those elements expressed in the future vision, the Team has developed the following outline to guide the development strategy. Moving from the analysis to strategy phase primarily involved: (1) identifying strengths and playing to them in the short-term; and (2) addressing critical weaknesses to better deal with the more distant development issues. While the latter is often referred to as long-term, the process of addressing the long-term objectives may begin immediately.

The development strategy influences to a large degree the plans that follow in the next section. Furthermore, a set of action steps is also drawn from the following development strategies. These action steps are included in Section VI of this report.

- A. **Expand upon the current market strengths in “business park” (i.e. light industrial, flex space) type uses.**
  - ❖ Provide land for light industrial and flex space uses while assuring a higher standard of park design through design covenants.
  - ❖ Provide prime locations within the first phase business park for potential higher rent users who may be looking for space in the next five years. Developing higher-end uses will be important to the future possibility of relocating employees, and hence new housing, to this area of the metro region.
- B. **Market smaller peripheral parcels for residential community development, including market specific communities (i.e. assisted care), that will eventually grow into a larger integrated community.**
  - ❖ While the market is not presently conducive for large-scale community development, efficient, small-scale residential development may be possible. (The most feasible residential sub-market is the “empty nester” group whose numbers are growing nationwide and typically have limited space requirements and more money to spend on housing.) Integrating these parcels, where possible, could add some value to their present position in the market and will enhance the future value of the communities.

*Moving from the analysis to strategy phase primarily involved: (1) identifying strengths and playing to them in the short-term; and (2) addressing critical weaknesses to enable the more distant development issues.*



- C. Address weaknesses in the economy and create a long-term strategy to grow modern technology-based businesses. It is critical to the region's growth in the future that a healthy economic environment be in place to nurture the industries that have been the driving force behind the nation's outstanding economic growth: high-tech businesses.

- ❖ The table below presents those factors that are critical in various stages of initiating, growing, and fortifying a technology-strong economy.

**Table IV. 1 High-Tech Development Factors**

*Source: Devol, R. C. et. al. America's High-Tech Economy, Milken Institute, 13 July 1999.*

	Inception	Growth	Fortification
<b>Public Policy</b>			
Tax Incentives	Critical	Important	
Public Investment	Important	Very Important	
Commercialization of Ideas	Important	Very Important	Very Important
<b>Comparative Location Benchmarking</b>			
Cost Factors	Critical		
Research Institutions	Critical	Critical	Critical
Skilled/Educated Labor Force	Very Important	Critical	Critical
Transportation Center	Important		
Proximity to Supplies and Markets	Very Important	Important	Important

*(Table Continued)*

	Inception	Growth	Fortification
<b>Social Infrastructure Developments</b>			
Attending to Changing Needs		Very Important	Critical
Re-education & Training Facilities		Critical	Important
Establishing Trade Groups, & Affiliations		Critical	Critical
Housing, Zoning, & Quality of Life	Very Important	Very Important	Critical

The following outline, addresses the above items specifically as they apply to EC's planning project.

#### Public Policy

- ❖ Tax Incentives      Market the KOZ to target industries, both geographically and by industry type. (*See Section VI for industry description.*)
- ❖ Public Investment      Gain funding for infrastructure and to develop research programs.
- ❖ Commercialization of Ideas      Develop incubator/facilitator program to enable the commercialization of ideas particularly for those in the academic institutions. Monitor the capital requirements of growing businesses and industries.

#### Comparative Location Benchmarking

- ❖ Cost Factors      Market the KOZ to target industries, both geographically and by industry type (*see Section VI for industry description*), and the impacts of privatization of power generation in the Commonwealth.



- ❖ **Research Institutions** Partner with regional colleges, universities, and other organizations experienced in developing technology/research centers. (The University City Science Center model is mentioned in the final section.)
- ❖ **Skilled/Educated Labor Force** Work with both secondary and tertiary institutions to provide the programs and training for a tech-skilled force. In particular, it is important that the local universities grow post-graduate programs that can feed into and off of the research programs.
- ❖ **Transportation Center** Improve Interstate access as necessary. Passenger rail link opportunities should continue to be examined.
- ❖ **Proximity to Supplies and Markets** Improve Interstate access as necessary. Passenger rail link opportunities should continue to be examined.

#### **Social Infrastructure Developments**

- ❖ **Attending Changing Needs** Develop a local Economic Development Organization (EDO), perhaps within the existing Chamber, to monitor employment and community issues in the southern end of the Wyoming Valley.
- ❖ **Re-education & Training Facilities** Work closely with the colleges and universities, the Luzerne County Community College in particular, to attend to the needs of non-traditional students.
- ❖ **Establishing Trade Groups, & Affiliations** Develop a local EDO.
- ❖ **Housing, Zoning, & Quality of Life** Provide a mix of housing with a mix of uses to enable more pedestrian friendly communities. Be particularly mindful of the housing/community desires of young people and young families. The New Urbanism model addresses many of these issues.

## *V.a. Master Plan: Overview*

### *Three Distinct and Integrated Areas for Development*

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Guided by the converging influences of the market and site conditions, the master plan is an employment-driven plan. As a completed project, the employment uses will take a central position in the south valley corridor. In the phasing of the plan, this focus on employment is equally apparent because the first developed parcel will become a quality, mixed-use business park with a high level of amenities.

When discussing the phasing aspects of the plan, it is critical to recognize the role that transportation access plays in determining when the parcels can be developed. The new connector highway, linking the San Souci Parkway, the South Cross Valley Expressway, and the Middle Road corridor, is the critical access supplier to the parcels. Therefore, the phasing corresponds with its construction and completion. The preliminary plan for this highway is a four-lane parkway that runs along the length of the southern end of the Wyoming Valley, and thus it is referred to herein as the "south valley parkway."

Immediately along the flanks of the south valley parkway is the spine of the economic development of the area, or the South Valley (SouthVal) Economic Development Corridor. From this corridor of mixed-use employment parks, residential communities will develop and grow. This growth includes areas of existing development—such as the City of Nanticoke and the Hanover section of Nanticoke. Integrating these areas and their major attractions (i.e. the Luzerne County Community College) into the plan will both serve the existing communities and benefit the overall diversity and quality of the South Valley community.

The discontinuity of the parcels and the existing development make integration difficult. Wherever possible, connections have been made both for vehicles and non-motorized transport. The plan has been integrated into the larger open space network being developed by EC's open space planners.

Totals for the entirety of the Mixed-use Master Plan Program are as follows:

Type of Land Use	Space Allotted
Employment	8,500,000 sq. ft.
Retail/Entertainment	1,000,000 sq. ft.
Institutional	600,000 sq. ft.
Residential	2,150 units
Open Space	1070 ac. (50%)





## Economic Impact

While the full development of the plan may take twenty-five years to fulfill, the opening of such a large land area for development may have a very significant impact on the future of the Wilkes-Barre region. The breadth and mix of uses within the plan may impact all aspects of life in the southern end of the Wyoming Valley and beyond.

The gross floor area of employment uses – commercial and industrial – may house thousands of jobs, many of them may be some of the most prestigious and well-paying in the region.

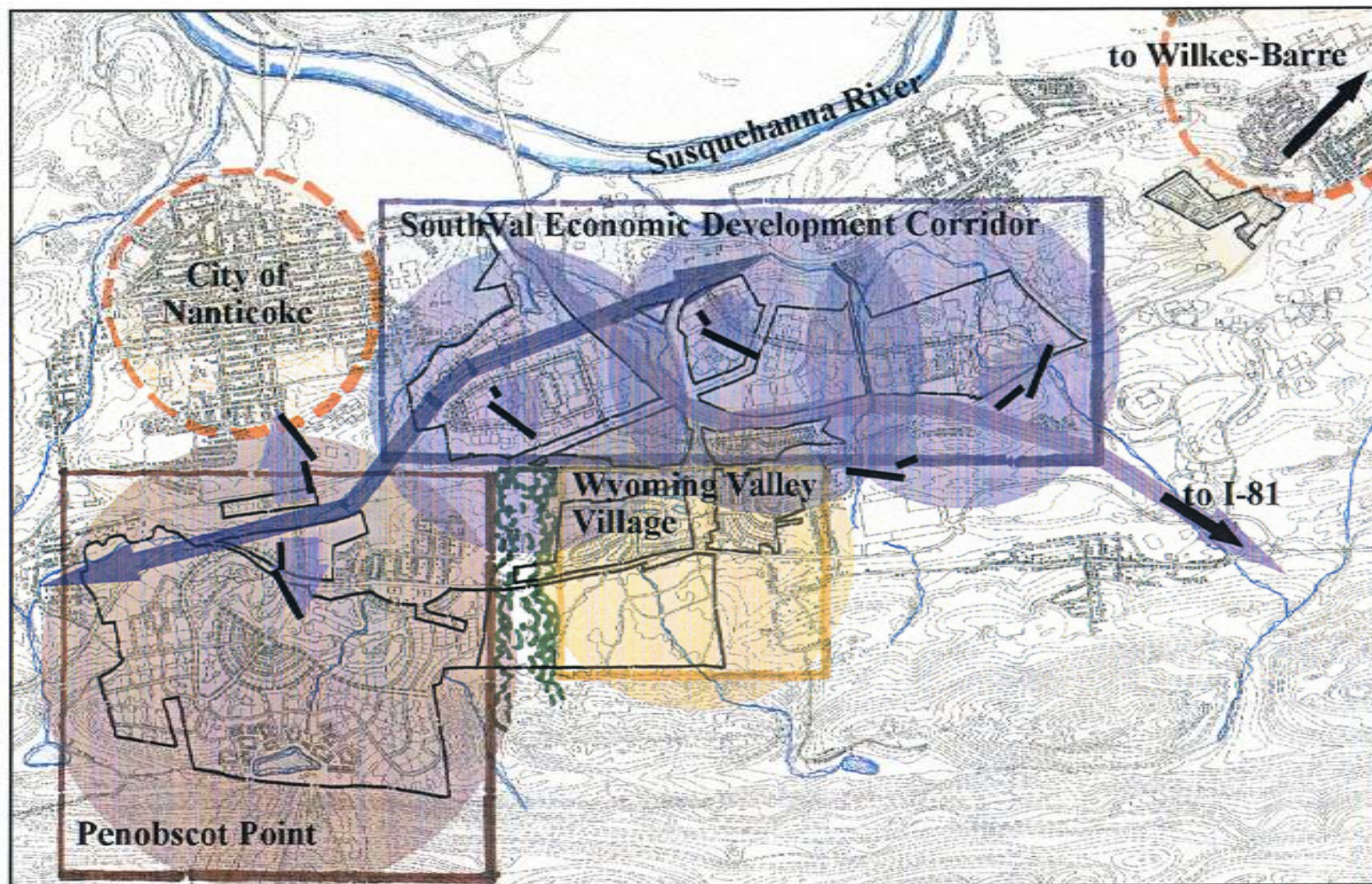
Approximate Number of Jobs	Industrial	Office, Research, & Institutional	Retail & Services	Total
	4,600	13,000	2,500	20,100

The plan also provides the land for 2,150 residential units: apartments, extended stay executive suites, townhouses, and detached single-family houses from small village lots to expansive estate lots. This correlates to approximately 2,500 additional school-aged children in the area by the year 2025.<sup>xiv</sup>

The full economic impact of such a long-range plan on local and state tax revenues is difficult to project because (1) it involves the application of numerous assumptions; (2) it is complicated by the KOZ; and (3) the impacts are not confined to the development area. Approximating the present value of future tax revenues (over the first 15 years), as shown below, presents one way of analyzing the economic impact of government investment in the local area.<sup>xv</sup>

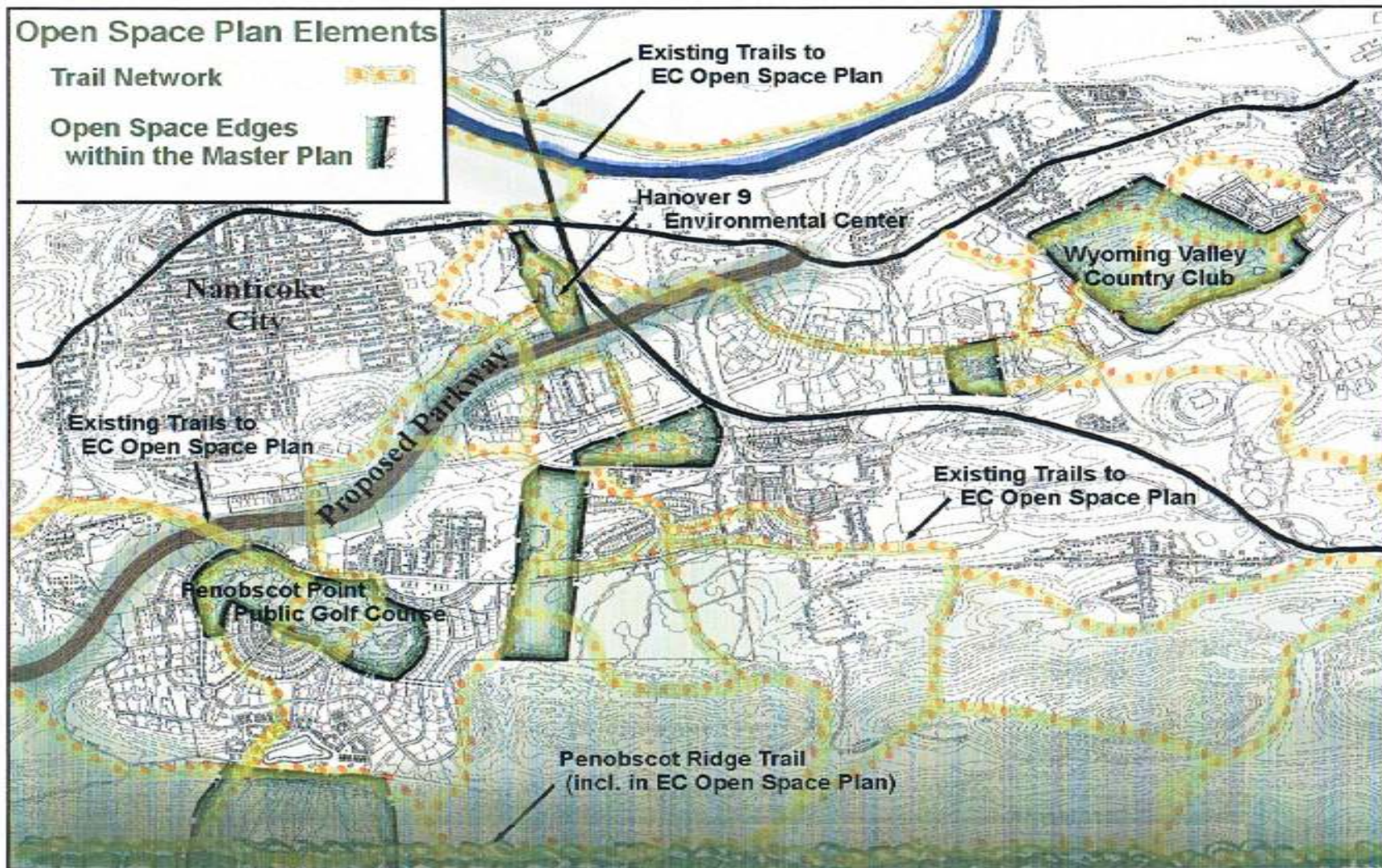
Present Value of 15- Year Tax Revenues	Non-residential Uses	Residential Uses	Total
Property Tax	\$12.3 million	\$10.3 million	\$22.6 million
State Income Tax	\$ -	\$2.2 million	\$2.2 million
State Sales Tax	\$16.9 million	\$ -	\$16.9 million
State Corporate Tax	\$15.0 million	\$ -	\$15.0 million
<b>Totals</b>	<b>\$44.2 million</b>	<b>\$12.5 million</b>	<b>\$56.7 million</b>





**Figure V.1** Conceptual Representation of the Entire Mixed-use Development Master Plan





**Figure V.2 Open Space and Trail Network Plan for Mixed-use Development**



## *V.b. Master Plan: SouthVal Corridor*

### *A New Face to Economic Development in the Region*

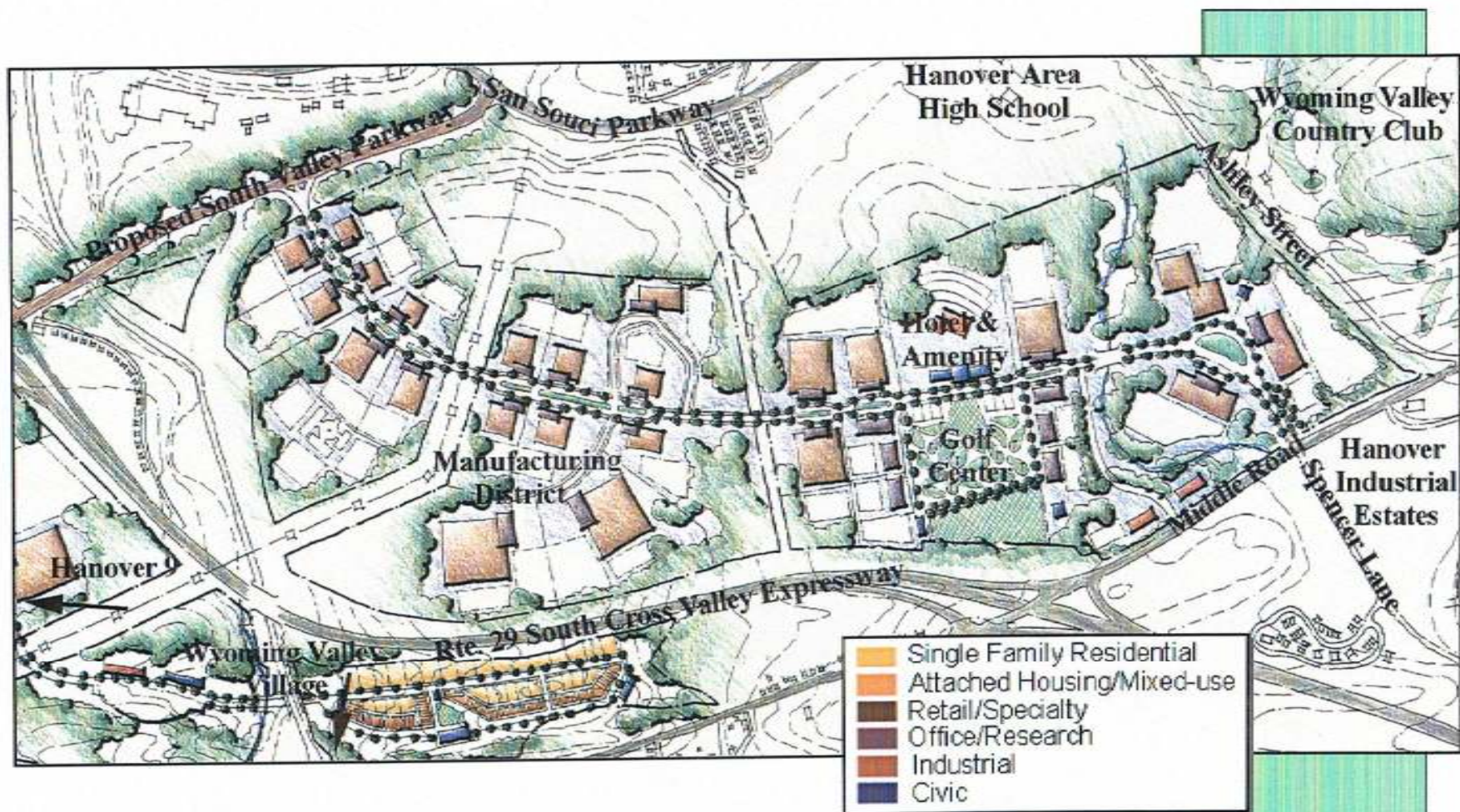
The table below describes the objectives of the SouthVal Corridor plan, which appears on the next two pages, and the planning response to those objectives.

Plan Objective	Plan Response
<ul style="list-style-type: none"><li>• Satisfy current market demand for light industrial and flex space.</li></ul>	<ul style="list-style-type: none"><li>• Land east of the ravine on Han-7A is immediately available for flex space and light industrial uses.</li></ul>
<ul style="list-style-type: none"><li>• Satisfy shortage of extra-large-lots for industrial uses.</li></ul>	<ul style="list-style-type: none"><li>• Northern edge of Han-7 provides lots of greater than 20 acres.</li></ul>
<ul style="list-style-type: none"><li>• Provide land for potential high-end users in the near-term.</li></ul>	<ul style="list-style-type: none"><li>• Provide a second access point to the southern, more visible edge of Han-7; the lots around which are reserved for higher-end uses</li></ul>
<ul style="list-style-type: none"><li>• Allow flexibility to accommodate uses desiring rail siding.</li></ul>	<ul style="list-style-type: none"><li>• The lots on west end of Han-7B are reserved for potential rail users along rail right-of-way.</li></ul>
<ul style="list-style-type: none"><li>• Create a high quality environment for business and industry.</li></ul>	<ul style="list-style-type: none"><li>• Han-9 is designed to create an appropriate environment for high-end employment uses.</li></ul>

The following table summarizes the program elements and quantities.

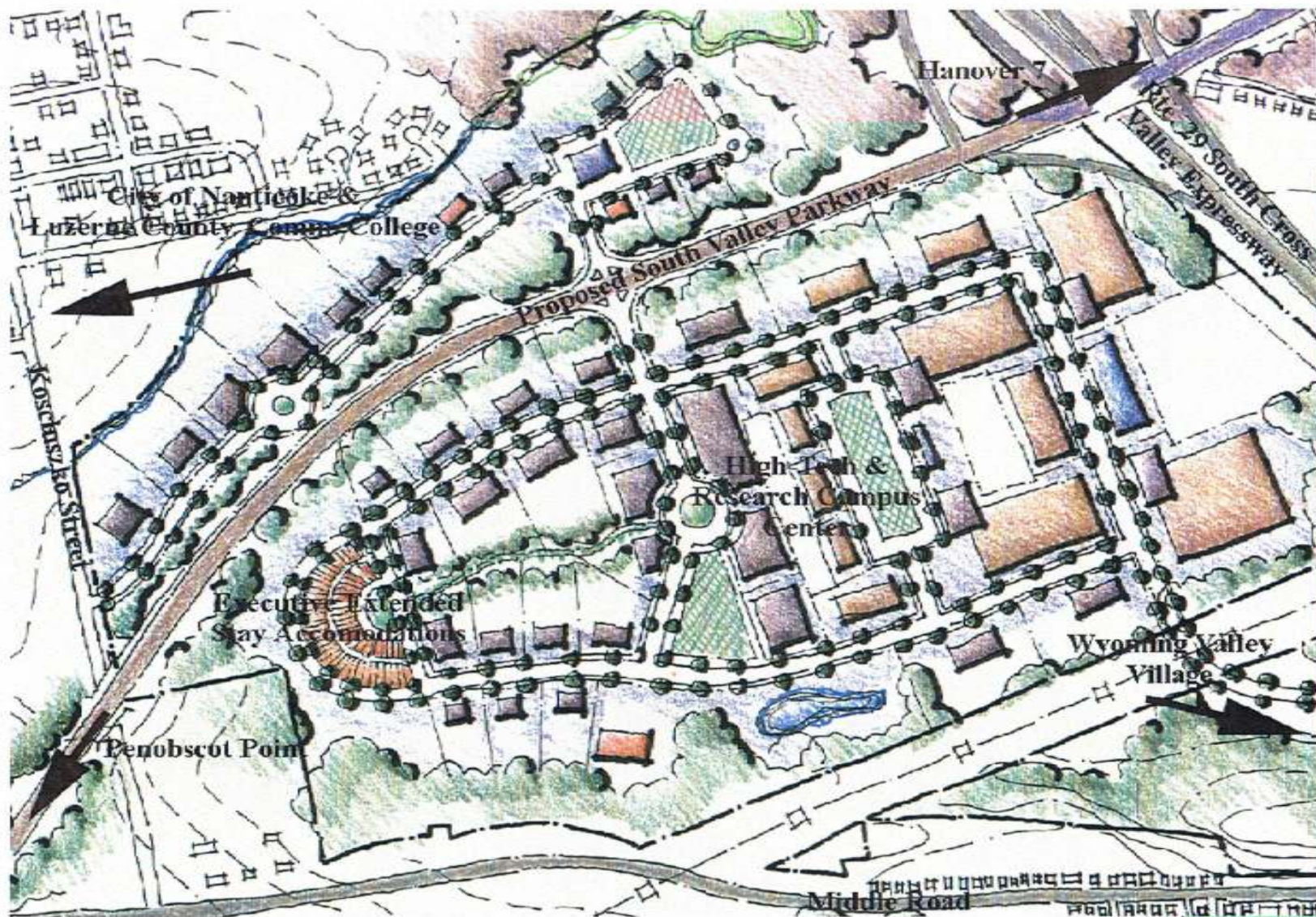
Type of Land Use	Space Allotted
Employment	6,000,000 sq. ft.
Retail/Entertainment	150,000 sq. ft.
Institutional/R&D	400,000 sq. ft.
Open Space	500 acres





**Figure V.3** Master Plan for the Eastern Section of the SouthVal Corridor (Hanover 7)







# V.c. Master Plan: Penobscot Point

## A Residential Community with Work, Amenity, and Play Nearby

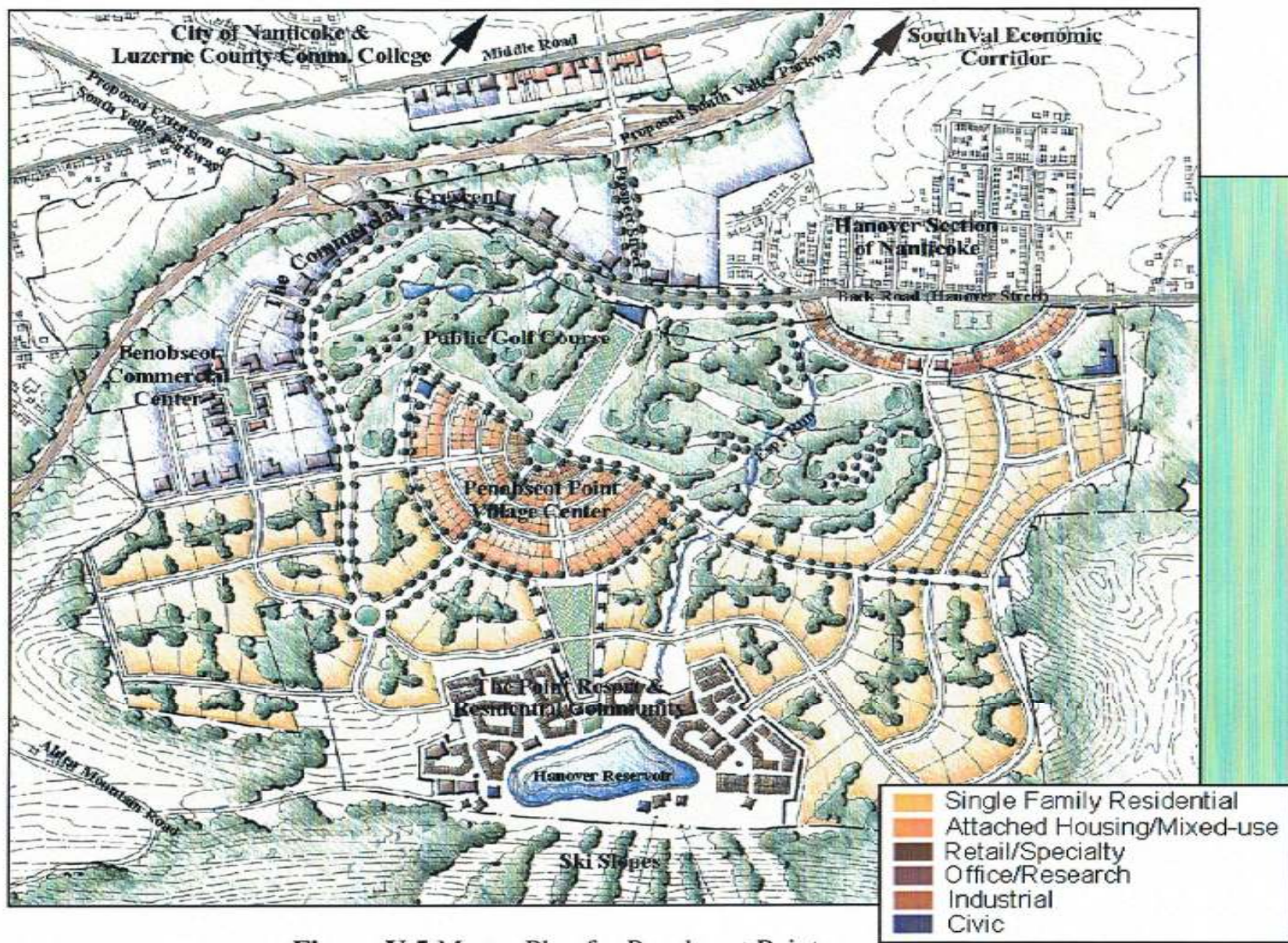
The table below describes the objectives of the Penobscot Point plan, which appears on the following page, and the planning response to those objectives.

Plan Objective	Plan Response
<ul style="list-style-type: none"> <li>Meet projected demand for employment space beyond five years.</li> </ul>	<ul style="list-style-type: none"> <li>Utilize the access to the south valley parkway to continue the SouthVal Economic Development Corridor.</li> </ul>
<ul style="list-style-type: none"> <li>Provide a new environment to encourage residential development.</li> </ul>	<ul style="list-style-type: none"> <li>Integrate high-profile amenities such as employment and recreation (i.e. golf course) in with the residential.</li> </ul>
<ul style="list-style-type: none"> <li>Address issues of automobile dependence in typical suburban development.</li> </ul>	<ul style="list-style-type: none"> <li>Provide a dense, pedestrian-friendly, mixed-use community center; positioned by golf-course adds value.</li> </ul>
<ul style="list-style-type: none"> <li>Recognize that current and projected demand in the housing market is strong in the upper-income empty-nester group.</li> </ul>	<ul style="list-style-type: none"> <li>Mix in estate homes on the edge of the village center.</li> </ul>
<ul style="list-style-type: none"> <li>Utilize topography and natural features.</li> </ul>	<ul style="list-style-type: none"> <li>Tie into the open space network and attractiveness of reservoir area with a quality resort/village mixed-use development.</li> </ul>

The following table summarizes the program elements and quantities.

Type of Land Use	Space Allotted
Employment	1,800,000 sq. ft.
Retail/Entertainment	850,000 sq. ft.
Institutional/R&D	200,000 sq. ft.
Residential	1,495 units
Open Space	550 acres





**Figure V.5 Master Plan for Penobscot Point.**



# *V.d. Master Plan: Wyoming Valley Village*

## *A New Community for the Wyoming Valley*

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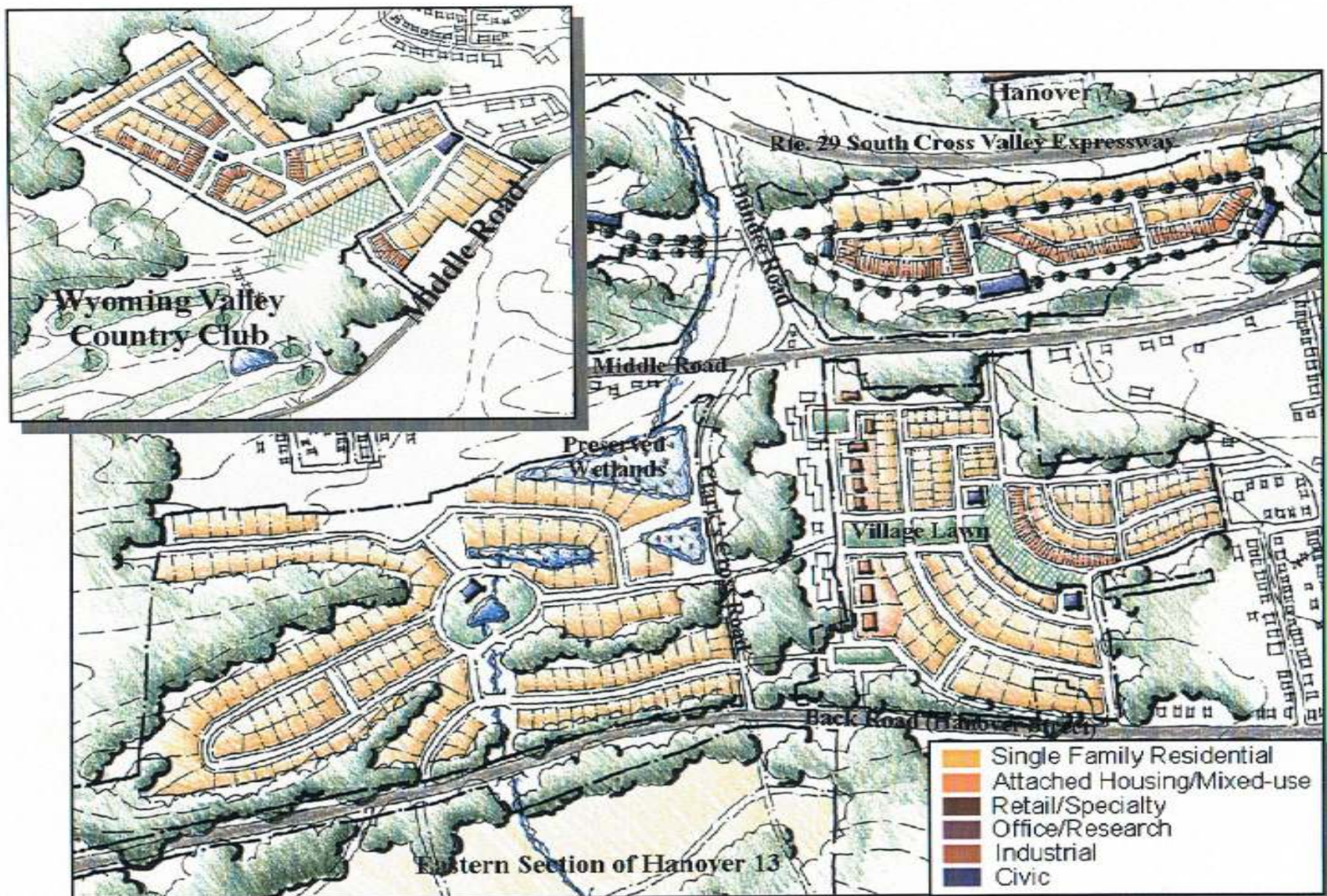
The table below describes the objectives of the Wyoming Valley Village plan, which appears on the following page, and the planning response to those objectives.

Plan Objective	Plan Response
<ul style="list-style-type: none"><li>• Tie-in the several discontinuous parcels on the southeastern corner of the overall site.</li></ul>	<ul style="list-style-type: none"><li>• Address development on Han-13B (east), Han-10, and Han-12 to the abutting edges rather than internally; investigate the off-site uses for possible connections through existing streets.</li></ul>
<ul style="list-style-type: none"><li>• Provide land for near-term residential development</li></ul>	<ul style="list-style-type: none"><li>• Utilize land that is currently available to kick-off the new home residential market in the South Valley area.</li></ul>
<ul style="list-style-type: none"><li>• Resolve difficulties of topography and natural features.</li></ul>	<ul style="list-style-type: none"><li>• Accent natural features as development focus.</li></ul>

The following table summarizes the program elements and quantities.

Type of Land Use	Space Allotted
Residential	655 units
Open Space	110 acres





**Figure V.6 Master Plan for the Wyoming Valley Village with Hanover 6 Inset.**



## *VI. Course of Action: The Next Steps*

### *Moving Forward with the Master Planning/Development Process*

The planning and development process that lays before EC and the community at large is a complicated one. The plans presented in the preceding sections are a product of an elaborate planning process, but they are not the only product. Developing the labor market, for example, cannot be expressed in such plans, although the plans account for certain issues related to the labor market development strategy.

In this section, the report outlines the next steps in the planning and development process that are necessary to take the plans from paper to soil. In particular, the Team is most concerned about addressing the weaknesses that hinder the completion of a rather expansive plan that was built on the vision of EC and various community leaders. Where the plan deals with the region's present strengths, the process is much less complicated.

Furthermore, as stated at the outset, community and economic development is a dynamic process that requires broad consensus in the community if it is to be conducted well and efficiently. EC has done an excellent job of keeping its neighbors in the community aware of its intended plans, and it is important that such a process continue. EC is fully committed to taking its development plans to the community to hear its concerns and to gain support. Supporting a master plan through all levels of government is necessary to realize the true potential of a development of this size.

The following outline presents the major issues that need to be addressed with several suggested actions to move the process in the proper direction. If the weak conditions in the market can be remedied over time, then the market forces will make realizing the vision expressed in these plans a far easier and more natural process.

#### *A. Master Plan Development Organization/Marketing*

- ❖ Gain community support from EC's neighbors and through all levels of the government. The EC needs to take the plans to the community to hear its concerns in order that fewer obstacles may arise in later development phases. These issues should address land use and zoning at the local level and funding requirements based on the following requirements.
- ❖ Working with the Wilkes-Barre Chamber of Business and Industry will be critical in the development process. EC needs to develop a partnership with one or more organizations that can work with the Chamber on key issues as well as focus on the particular circumstances of EC land holdings. We recommend that EC consider finding two partners for future development: (1) an

*In particular, this section is most concerned about addressing the weaknesses that hinder the completion of a rather expansive plan that was built on the vision of EC and various community leaders.*

*EC needs to take the plans to the community to hear its concerns in order that fewer obstacles may arise in the development phases.*

*EC needs to develop a partnership with one or more organizations that can work with the Chamber on key issues as well as focus on the particular circumstances of the EC land holdings.*



experienced institution in knowledge-based labor force/education development; (2) a land development group, such as a venture capital group, that can take on a higher development risk. The role of these two partners is explained below in 'B' and 'C.'

- ❖ Produce, with the development partners, a strategy for marketing the economic development strategy and the EC site. A recommended marketing strategy appears in Appendix B and is based on findings in the most recent surveys of successful economic development strategies.<sup>xvi</sup>

#### B. Labor Market Development

- ❖ Partner with an organization experienced in developing knowledge-based businesses, such as the University City Science Center (UCSC) of Philadelphia, Pennsylvania.<sup>xvii</sup>
- ❖ Continue the dialogue with local and regional educational institutions to develop/improve the necessary curriculum for educating and growing a knowledge-based labor force. Facilitate the process of bringing the colleges and universities of Northeastern Pennsylvania into a single labor force/business development institution similar to the UCSC model.
- ❖ Identify target industries on which to focus the labor market improvements. The consultant's analysis, appearing in Appendix B, identified the electronic industry as being an industry for which the region is already well-positioned as well as an industry which has good growth potential.<sup>xviii</sup> The environmental sciences and technologies industry presents another interesting possibility based on the fact that the region is already familiar with environmental remediation techniques and technologies.

*Produce, with the development partners, a strategy for marketing the economic development strategy and the EC site.*

*Partner with an organization experienced in developing knowledge-based businesses, such as the University City Science Center (UCSC).*

*The analysis identified the electronic industry as being an industry for which the region is already well-positioned. The environmental sciences and technologies industry presents another interesting possibility based on the fact that the region is already familiar with environmental remediation techniques and technologies.*



### C. Real Estate Development and Infrastructure Issues

- ❖ Develop Hanover-7 with the Chamber to meet the current shortage in the supply of industrial land. Use design standards, as written presently and with the current plan as a guide, to ensure a quality of presentation.
- ❖ Market the currently accessible parcels of the future Wyoming Valley Village and Hanover-6 to local and national developers. Developers must understand that certain qualities are required in the final development form that will enable cohesiveness between the parcels.<sup>xix</sup> If this process does not present any attractive offers, these parcels may be incorporated into the next point.
- ❖ Partner with a venture capital firm, experienced in land development, which can take on greater investment risk. Land speculation is a high-risk commodity in the real estate business and thus requires higher rates of return on investment. The Green Park Group is among those firms that may take an interest in EC's holdings.<sup>xx</sup>
- ❖ It is important that EC, along with the Chamber and any partners, monitor all the sectors of the real estate market. For the local and regional residential markets to improve, the local employment options need to expand and improve (i.e. provide higher wages). Monitoring the impact of the employment growth on the residential market will alert EC to when and how to market certain parcels for development.

*Land speculation is a high-risk commodity in the real estate business and thus requires higher rates of return on investment.*



# Endnotes

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The notes below refer back to points in the main body of the text. In most cases, greater detail can be found in the several appendices of this report.

<sup>i</sup> For more information on the importance of labor markets in modern economic development, there are many sources. The most recent and perhaps the most applicable to the plan's strategy are discussed in the Milken Institute's *America's High Tech Economy*, July 1999, by Ross C. Devol.

<sup>ii</sup> Recent changes in state policy as well as strong initiatives have brought Pennsylvania into the top ten of technology states. In the Northeast, Pennsylvania is particularly strong, but the Northeast still has the weakest business climate in the United States. According to a May 1999 survey by the Development Counsellors International, the Northeast scored a 40 out of 100 in perceived business climate, which is up strongly from 20 in 1996. The South scored the highest at 77%. The primary factors influencing the negative perception of the region's business climate seem to be unionization, labor costs, operation costs, and taxes.

<sup>iii</sup> Flex space gets its name because the shell of the building is built to allow for both light industrial/warehousing uses as well as low-end office space. Typically, the front of these buildings is fit-out into office space while the back end is free for storage and work space.

<sup>iv</sup> An example of successful industry-assisted marketing strategies is how the milk industry coordinated its now famous advertising campaign. Since no particular dairy farmer had the capital for mass advertisement, all member businesses had to contribute to the campaign which eventually bolstered dairy sales around the country. It may follow then that existing technology companies in the Wilkes-Barre region would benefit from a regional marketing campaign and thus would be willing to contribute to the campaign.

<sup>v</sup> Appendix C presents a detailed look at each individual parcel, examining topographic and infrastructure issues.

<sup>vi</sup> The Northeast megalopolis, running from Boston to Washington, is the nation's largest with approximately 40 million people.

<sup>vii</sup> The Greater Wilkes-Barre region has the twelfth highest median age in the nation's metro areas at approximate 39.5 years, whereby the national average is 35. Among the fourth quartile of metro regions, Wilkes-Barre's is one of four MSA's projected to lose people and, among them, it is projected to lose the most. It appears that the median age will remain around 40 unless the region can attract more young people from outside the region through job growth opportunities.

<sup>viii</sup> Effective Buying Income projections, provided exclusively by *Sales and Marketing Management* 1998, is defined as money income less personal tax and nontax payments—a number often referred to as 'disposable' or 'after-tax' income. Income and all income-related fields are benchmarked to the 1990 Census.

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“Money income is the aggregate of wages and salaries, net farm and non-farm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes (federal state, local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate...”

<sup>ix</sup> Several reports have been made that existing employers are happy with the productivity and work ethic of their employees.

<sup>x</sup> While population has been on the decline and is projected to continue to do so for some years to come by *Sales and Marketing Management* 1998, the impacts of this decline on household number have been offset for the time being by a decrease in household size. The decrease in household sizes arises from both the “empty nester” effect and the fact that young adults are staying single longer and have fewer children and have them later in life. This trend in diminishing household size will probably bottom out in the coming decade.

<sup>xi</sup> The set of benchmark MSAs used in the household income analysis was selected because each has had at least one, high profile ‘New Urbanism’ community built in recent years. We selected New Urbanism communities because New Urbanism presents the preferred planning paradigm for the community development we envision for the southern end of the Wyoming Valley.

<sup>xii</sup> KOZs are tax-exempt areas that provide Commonwealth and local tax abatements for up to a twelve-year period (the program was initiated at the beginning of 1999).

<sup>xiii</sup> Among the most likely new users are those that presently operate just outside the Northeastern Pennsylvania state borders: businesses in Northern New Jersey and Southern New York State.

<sup>xiv</sup> For a breakdown of each type of housing provided in the development program, see Appendix D. The number of school-aged children was determined by estimating 1.5 children for each single-family unit, no children for empty-nester housing, and .25 children for each young adult housing unit.

<sup>xv</sup> The present value of project tax revenues was determined by calculating tax flows over fifteen years and discounting them at a relatively low rate of 6.5% per year. The fifteen-year limit was established because of the discount rate’s effect on the present value of future tax revenues. In addition, because cash flows are generally irregular in practice, assumptions to create more regular cash flows were made in the economic impact analysis.



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The values given for the present value of future tax revenues are highly conditional. First, the program for the project is based on the vision planning process established by EC for this project and may not reflect the current market conditions. The purpose of the vision planning process was to provide a viable, desirable vision for the area's future and determine the several necessary components that need to be in place to realize that vision. If, for example, efforts to improve the labor market do not succeed, much of the program and the associated absorption rates used in the financial model will not occur. This will have a significant impact on the project's economic impact as approximated in this report.

Second, the economic impact estimated in this report anticipate a large amount of economic immigration from outside the state or new growth. The traditional difficulty of assessing the economic impact of development is that activities may be shuffled around within a state or local government zone. In this case, an assumption was developed to isolate new growth in the state from that which is already occurring in the state. This report assumes that 50% of new residents will come from outside the Commonwealth of Pennsylvania. It was also assumed that where the KOZ applies, 75% of the development in the Zone is KOZ-compliant and exempt of local and state taxes.

<sup>xvi</sup> "Winning Strategies in the Economic Development Marketing Game," Development Counsellors International and the International Development Research Council. May, 1999.

<sup>xvii</sup> The Team has put the EC in contact with the University City Science Center (UCSC) and further meetings are planned. The UCSC is the oldest and largest urban technology park in the country. The shareholders of the UCSC, a non-profit organization, are 33 universities and colleges between New York and Washington, DC. The UCSC is experienced in developing technology parks elsewhere on the Mid-Atlantic region, and is recognized by the Commonwealth of Pennsylvania as a major port for the Commonwealth's present and future technology-related business.

<sup>xviii</sup> The electronic industry has ties into many industries and thus has the ability to influence the growth of more sectors of the economy including the information technology businesses.

<sup>xix</sup> One of the attributes of neo-traditional planning, as expressed in the Killinger Alberto plans, is that as development proceeds there is a greater increase in future development value than under the typical suburban sprawl model.

<sup>xx</sup> The Team has put the EC in touch with the Green Park Group of Seal Beach, California. Future meetings are planned. A guide to understanding the approach of venture capital companies to land development appears in the marketing section of Appendix B.

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## UNDERLYING ASSUMPTION AND LIMITING CONDITIONS

### Route 29 Mixed-Use Development Master Plan and Project Report

In conducting this report, except as otherwise noted, Legg Mason Real Estate Services\* (LMRES) has assumed the following:

1. It is assumed that there are no hidden or undisclosed conditions of the land or of the proposed improvements which would impair the utility or the feasibility of the use of the property in accordance with this report. LMRES' scope of services did not include any services related to "Hazardous Environmental Condition," i.e. the presence at the site of asbestos, PCBs, petroleum, hazardous waste, or radioactive materials in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto in connection with these services.
2. The proposed property will be in compliance with all applicable proposed real estate developments, environmental, zoning and other federal, state and local laws, regulations and codes.

The report is subject to the following limiting conditions, except as otherwise noted in our report:

1. The conclusions stated in our report apply only as of the date indicated and no representation is made as to the effect of subsequent events.
2. Information, estimates and opinions contained in this report, obtained from sources outside of our office, are assumed to be reliable and may not have been independently verified.
3. The analyses contained in this report incorporate numerous estimates and assumptions regarding market performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. However, some estimates or assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analyses are likely to vary from our estimates, and the variations may be material.