

Chapter 7 - Economy



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Economy

A. Introduction

The Berks County economy is broad-based, characterized by a diversity of business and industry. The County's current economic characteristics, and its industrial and commercial land use patterns, mirror our historical development. The importance of foundries and metal related industries reflects the County's early lead in iron furnaces. Similarly, industrial land use, especially within the City of Reading, follows the Schuylkill River and early railroad lines. The County's favorable climate and topography fostered the growth of agriculture, which resulted in a thriving food and related products industry.

The following sections summarize agriculture, manufacturing, wholesale trade, retail trade, construction, and service related industry data. The information for each section, with the exception of Agriculture, is from the 2007 Census of Business completed by the U.S. Department of Commerce, Bureau of the Census.

B. Agriculture

Despite its small percentage of overall County employment, agriculture plays an important economic role within Berks County. The County has consistently ranked among the top five counties in the state for agricultural products and is among the top 100 counties in the nation. In 2007, Berks County ranked third in the state for the market value of agricultural products sold as 1,980 area farms produced \$367.8 million in sales. The sale of poultry, livestock and livestock products in the County amounted to nearly \$202 million with dairy products (\$86 million) recording the highest value of agricultural products sold within this category. The sale of crops, nursery, and greenhouse products amounted to \$165.5 million with nursery, floriculture, greenhouse, and sod (\$123.5 million) showing the highest value within this category and overall in Berks County. Farm employment also adds to the local economy. In 2007, 458 farms employed 3,621 workers with a payroll in excess of \$53.6 million. The strength of basic agriculture continues to support a considerable number of service establishments and is a major reason for the number of food processing establishments located within the County. Also, those 1,980 farms expended over \$317.4 million in 2007 in order to aid their production. Those expenses included everything from local property taxes, feed, fertilizer, labor, equipment and maintenance, and other various expenses. Though difficult to quantify, a significant portion of those funds were expended in Berks County.

C. Manufacturing

Activities of this sector include the mechanical, physical, or chemical transformation of material, substances, or components into new products. According to the 2007 Census of Manufacturing, there were a total of 550 manufacturing establishments in Berks County that employed 32,597 workers and produced goods valued at \$8.5 billion. The County's chief products in terms of value of shipments were primarily metals, food products, transportation equipment, computer and electronic products, electrical equipment, and fabricated metal products. The leading subsector for number of establishments was fabricated metal product manufacturers. The manufacturing sector generated the highest payroll with wage and salary income of almost \$1.5 billion.

D. Wholesale Trade

Activities of this sector are selling or arranging for the purchase or sale of goods for resale and providing services incidental to the sale of the merchandise. According to the 2007 Economic Census of Wholesale Trade, there were a total of 375 wholesale trade establishments in Berks County, which employed 6,306 workers and produced sales of over \$4.4 billion. The subsector with the most establishments was machinery equipment and supply with 92 businesses. Although the Census reported Transportation and Warehousing separately, the data will be kept separate but shown in this category because of its similar distribution characteristics. There were 233 transportation and warehousing establishments in Berks County which employed 4,763 workers and produced \$350.5 million in revenues.

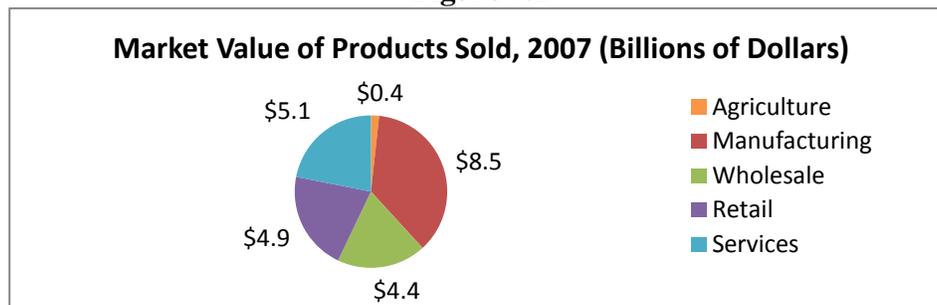
E. Retail Trade

Activities of this sector involve retailing merchandise generally in small quantities to the general public and providing services incidental to the sale of the merchandise. According to the 2007 Economic Census, there were a total of 1,372 retail trade establishments in Berks County that employed 20,443 workers and had over \$4.9 billion in sales. Motor vehicles and parts dealers, food and beverage stores, general merchandise stores, building material and garden equipment dealers were the leading subsectors for sales. Food and Beverage stores had the most establishments with 192 stores, followed closely by Clothing and Clothing Accessory stores with 188 establishments.

F. Services

This segment of the economy is engaged in providing a wide variety of services to individuals, businesses and institutions. According to the 2007 Economic Census, there were a total of 4,133 service establishments in Berks County that employed almost 57,000 workers and had over \$5.1 billion in sales. The leading subsectors in terms of sales/revenues were (in no specific order) professional, scientific, and technical services; health care and social assistance; and accommodation and food services. Health care and social assistance services had the most establishments (799) and employed the most workers (21,887).

Figure 7.1



G. Employment and Unemployment

Table 7.1 shows a comparison of the unemployment rates for Berks County, Pennsylvania and the United States between 1998 and 2010. The effects on unemployment rates of the economic downturn starting in 2008 are evident. Table 7.2 shows the top 20 employers in Berks County in 2010.

Table 7.1
Unemployment Rates, Berks County, Pennsylvania & United States,
Not Seasonally Adjusted: 1998 -2010

<u>Year</u>	<u>Berks County</u>	<u>Pennsylvania</u>	<u>United States</u>
1998	4.3	4.6	4.6
1999	4.1	4.4	4.3
2000	3.9	4.2	4.0
2001	4.7	4.8	4.7
2002	5.9	5.6	5.8
2003	6.0	5.7	6.0
2004	5.3	5.4	5.5
2005	4.9	5.0	5.1
2006	4.4	4.5	4.6
2007	4.2	4.3	4.6
2008	5.4	5.3	5.8
2009	8.7	8.0	9.3
2010	9.2	8.7	9.6
Change, 98-10	4.9	4.1	5.0

Source: U.S. Bureau of Labor Statistics

Table 7.2
Top 20 Employers of Berks County: 2010

<u>Organization</u>	<u># of Employees</u>
Reading Hospital & Medical Center	6,877
East Penn Manufacturing Co.	5,800
Reading School District	2,583
Berks County Government	2,494
Carpenter Technology Corporation	2,040
Pennsylvania Government	1,800
Wal-Mart Stores	1,786
St. Joseph Medical Center	1,525
Redner's Warehouse Markets	1,411
Boscov's Department Stores	1,400
Berks County Intermediate Unit	1,270
Weis Markets	1,225
Penske Truck Leasing	1,208
U.S. Government	1,200
Wilson School District	1,150
Berks & Beyond Employment Services	1,107
Giant Food Stores	1,080
Boyertown School District	1,075
Kutztown University	1,075
Sovereign Bancorp	1,050

Source: Reading Eagle Company, Largest Employers in 2010, January 2011

While Berks County’s economy has lost a number of large manufacturing establishments in the last 10 years, those lost jobs have been replaced with employers in the healthcare, government, retail, and education sectors. A study completed by the Higher Education Council of Berks County in 2007 noted that the five colleges and universities located in Berks County enrolled more than 21,000 students and supported over 2,600 full-time employees. The study estimated that the direct and indirect economic impacts to the local economy ranged between \$923 million and \$1.2 billion.

Table 7.3
Employment by Sector for Top 20 Employers of Berks County: 2010

<u>Sector</u>	<u># of Employees</u>
Manufacturing	7,840
Retail	6,902
Wholesale	1,208
Services, Medical	8,402
Services, Educational	7,153
Services, Government	5,494
Services, Other Various	2,157

H. Income and Poverty

Between 1989 (1990 Census) and 2010 (2010 American Community Survey) median household income in actual dollars has risen in Berks County by 61.5 percent. In the City of Reading, however, income has risen by only 13.3 percent in the same time period. In fact, Table 7.4 shows that median household income in the City has actually decreased by 6.2 percent between 1999 and 2010, while the overall County figure showed a 15.8 percent increase. The difference in City vs. County income has grown increasingly in that time. In 1989, City household incomes were 69.0 percent of the County figures; in 2010, that ratio grew to only 48.4 percent. It should be noted that the figures for Berks County include the City.

Table 7.4
Median Household Income and Individual Poverty,
Reading and Berks County: 1989-2010

<u>Year</u>	<u>Median Household Income</u>		<u>Persons Below Poverty Level</u>	
	<u>Reading City</u>	<u>Berks County</u>	<u>Reading City</u>	<u>Berks County</u>
1989	\$22,112	\$32,048	19.0%	7.8%
1999	\$26,698	\$44,714	26.1%	9.4%
2010	\$25,045	\$51,759	41.3%	14.1%

Source: U.S. Census Bureau, 1990 & 2000 Decennial Census’, and 2010 American Community Survey (1-Year Estimates)

Poverty figures paint an even more dire picture. Table 7.4 shows that, while the Berks County poverty rate for individuals increased by 80.1 percent in that 21-year time span, the same rate in the City increased by 117.4 percent. Data from the 2010 American Community Survey showed that Reading’s 41.3 percent poverty rate was the highest individual poverty rate of any city with 65,000 population or greater in the United States. Just as with income, the divide between City

and County poverty rates has grown over time. In 1989, Reading’s poverty rate (19.0 percent) was 144 percent higher than the overall Berks rate (7.8 percent). In 2010, Reading’s rate (41.3 percent) was 193 percent higher than Berks’ rate. Such an exceptionally high poverty rate, combined with high unemployment rates and higher costs of living, have collaborated to put extreme pressures on social services, government budgets and nonprofit assistance providers.

I. Economic Development Planning & Implementation

A variety of agencies in Berks County have different responsibilities for economic development. The Berks County Industrial Development Authority and the Greater Berks Development Fund provide site development and redevelopment assistance and financing. The Berks County Workforce Investment Board provides planning and funding for workforce education. The Berks Economic Partnership coordinates economic development marketing and outreach business development in the County. The Greater Reading Chamber of Commerce and Industry advocates for local businesses and provides training assistance.

In recent years the various public and private organizations have worked hard to coordinate activities with each other. The Planning Commission provides technical assistance regarding industrial sites, infrastructure capacity and local land development regulations to the front line economic development agencies. In 2010 collaboration among the various agencies resulted in the *Ride To Prosperity: Strategies for Economic Competitiveness in Greater Reading*. The program highlighted short term strategies in five key areas:

- 1) Entrepreneurship and Innovation: Greater Reading should accelerate existing efforts and introduce new initiatives to improve our ability to nurture and support high-growth entrepreneurs.
- 2) Workforce/Talent Development: Concerted action to improve Greater Reading’s lagging educational attainment levels is needed, especially in improving high school, community college, and college completion rates.
- 3) Business Clusters: Identify and refine emerging business clusters where we can target business retention and growth efforts, improve business-education partnerships to strengthen the local workforce, and promote these sectors as leading targets for new business development efforts.
- 4) Sites and Infrastructure: Introduce a new set of initiatives to improve the area’s site development processes with a goal of 300 shovel-ready acres by 2015, to provide a sufficient number of acres to accommodate local business development as well as any large prospects that we can attract to our region. Meanwhile, we will continue to promote signature projects, such as the proposed Berks Research and Technology Center and the I-78 Industrial Park @ Bethel, and reach out to localities that want to build collaborative partnerships around a series of smaller “shovel ready” sites. We also intend to prepare an inventory of both large (100+ acres) and small sites (e.g. 25-50 acres) that can be more rapidly converted into viable project opportunities.

- 5) Quality of Place: Improving the quality of local amenities should have two primary future directions. First, we need to enhance tourism promotion efforts and capitalize on Greater Reading's assets that could be used to attract visitors with an interest in outdoor recreation, scenic amenities, and arts and culture-related offerings. Even more importantly, the County must make catalytic investments that improve the quality of life for local residents, especially in support of key projects in the City of Reading.

The Planning Commission used its geographic information system resources to assist with industrial commercial site studies. We also completed an update to the Berks County Sewer and Water Regionalization Study to provide more accurate infrastructure and cost information to economic development organizations. The Commission will continue to provide this type of assistance.

Economy Policies

Economy Goal:

To expand and diversify the County’s economic base and provide quality employment opportunities for County residents.

a. Economic Involvement

- (1) The County and its appropriate economic development organizations should undertake the following activities:
 - (i) Promote new revenue-producing capital investments in plant and equipment through the attraction of new business and industry and the modernization and expansion of existing business and industry.
 - (ii) Promote diversification and growth of jobs, which fit and upgrade skills of the current workforce and provide sustainable quality employment opportunities for future generations.
 - (iii) Promote changes to land use regulations and expansion of infrastructure to improve the competitiveness of Berks County in order to share in future regional and national economic growth through attraction and retention of business and industry.
 - (iv) Promote growth of business and industry compatible with the quality of life and physical environment of Berks County, and consistent with the infrastructure and fiscal capacity.

b. Business Retention and Expansion

Goal:

To retain, expand, and enhance existing industry and business, to assure their continued presence and growth in Berks County.

Policies:

- (1) The County will support reinvestment in mature economic areas, and aggressively market vacated facilities that have potential for reuse and redevelopment.
- (2) The County, its economic development agencies, and local governments should initiate and maintain regular interaction with existing firms to be aware of their concerns and needs.
- (3) The County and its economic development agencies should arrange for and coordinate provision of technical, financial, job training assistance, and infrastructure improvements as may be needed to serve existing firms and workers, including coordination with federal, state, regional, and local agencies, service providers, and others
- (4) The County will support the expansion of existing manufacturing, distribution, and service-based industries, and the agricultural/agribusiness and tourism industries.

c. New Business Development**Goal:**

To attract new, targeted businesses and industries that bring new sources of quality jobs and capital investments to Berks County.

Policies:

- (1) Pursue economic development targets that will build on the existing industrial and business base, as well as position Berks County to become a player in the growing and emerging knowledge-based and services sectors of the regional and national economies.
- (2) Undertake a direct marketing program aimed at attracting firms in target industry clusters identified by strategic economic development planning which include Alternative and Renewable Energy, Agriculture and Food Production, Advanced and Diversified Manufacturing, Health Services/Biotechnology, and Business and Financial Services. In addition to these targeted clusters, pursue opportunities to attract spinoff firms, suppliers and subsidiaries associated with the existing industrial and business base.
- (3) Initiate and maintain regular interactions with the Commonwealth's economic development representatives, industry site consultants and utility companies that are active in economic development.
- (4) Respond to prospect inquiries, arrange and host prospect and consultant visits.
- (5) Promote financial and tax incentives as well as infrastructure improvements needed to facilitate growth.

d. Community Preparation**Goal:**

Prepare Berks County to be a competitive and marketable location in order to attract new and sustainable economic activities and provide favorable conditions to retain existing industry.

Policies:

- (1) Continue an advertising and image enhancement program to create positive market awareness of the Reading/Berks area. Promote the County to the outside world as a competitive and attractive location for expansion and relocation of business.
- (2) Continuously monitor the business community's workforce needs, identify workforce deficiencies, and support the education/workforce development system in providing for a skilled, adaptable, and competitive workforce.
- (3) Coordinate with local governments on planning for adequate industrial/business sites and utility infrastructure.
- (4) Coordinate with local industrial/business property owners and brokers on their marketing and site infrastructure needs.
- (5) Develop and maintain an up-to-date inventory of sites and buildings.
- (6) Assure that all available sites in Berks County are listed on the Team Pennsylvania Foundation PASiteSearch website.
- (7) Develop and maintain an economic database, community profile, and website.
- (8) Foster a business friendly environment.
- (9) Raise the local awareness of the need for and economic and fiscal benefits of business development.

- (10) Create an atmosphere that promotes and supports local entrepreneurial ventures and small business success in urban neighborhoods.

e. Business and Industrial Site Development

Goal:

Facilitate the provision of adequate sites to accommodate new and expanding industries and businesses.

Policies:

- (1) Site selection and development efforts should focus on areas of the County which best meet the site location tendencies and needs of the target industry clusters.
- (2) A countywide economic development program should be based on the goal of developing both regional industrial parks and single-lot sites.

f. Brownfield Site Redevelopment

Goal:

To identify, assess, and support the safe cleanup and productive reuse of “brownfield” sites in a timely manner.

Brownfields are abandoned, idle or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination. Brownfield redevelopment is an integral part of our economic development strategy because it returns abandoned land to use creating a stronger tax base, generates jobs, revitalizes neighborhoods, reduces public costs for installing new water, sewer, and highway infrastructure, and accommodates new development that might otherwise occur in farmland and open spaces.

Policies:

- (1) The County will encourage the implementation of Pennsylvania’s Land Recycling Program to remove barriers often encountered in the redevelopment of former industrial sites. The Land Recycling Program establishes environmental standards for voluntary cleanup and promotes the reuse of brownfields.
- (2) The County will support the environmental assessment and remediation of contaminated sites to put them back into productive use. Participation in the Commonwealth’s brownfield program will be encouraged.

