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2013 ANNUAL REPORT

2013: Letter from the President

Dear JARI Stakeholders:

The Johnstown region is a special place – and, JARI is a special organization

that works each and every day to build the regional economy, assisting in the creation and retention of family-sustaining jobs. It is

my hope that through this year's annual report, you will gain an understanding of the work JARI has done toward this mission.

First and foremost, all statistics that we track on an annual basis were

re-employment assistance. Our professional team of service providers saw more activity within our small business segment as well as a greater emphasis on entrepreneurship.

The story of the year,

In 2013, JARI worked with local businesses to secure over \$5.5 million in financing and tax credits.

better in 2013 than the year before. Positive gains were seen in job creation and retention, amount of loans and grants secured for expansion purposes, and government contracts. The number of dislocated workers dropped by several hundred, so less people required re-training or

without a doubt, was the groundbreaking of Rt. 219 South between Somerset and Meyersdale. Thousands of jobs will be realized as a result of this new transportation corridor, both during construction and into the future.

I want to take this opportunity to thank some very special people who have helped JARI succeed: Elmer Laslo, President of 1st Summit Bank, JARI Chair; Bill Polacek, CEO of JWF Industries and Glenn Wilson, CEO of AmeriServ, Chair and Vice Chair of the It's About Jobs Fund Drive; Dr. Jim Greco, JIDC Chair; Ed Sheehan, President and CEO of CTC, JARI Defense Business Council Chair and Showcase for Commerce Chair; and the many business leaders who serve as officers, board members, committee members and workforce consortia chairs and members throughout the organization.

Regards,

Linda Thomson
President/CEO



Route 219 Groundbreaking

On August 27, hundreds of civic and business leaders gathered in Somerset County to celebrate the groundbreaking of the Route 219 expansion. When complete, the construction project will replace the two-lane road

expected to take five years, will create a significant economic impact for the region. Workers will move an estimated 10 million cubic yards of earth in the construction process, and the project includes two interchanges and

In 2013, JARI participated in the North/South Highway Coalition Core Work Group.

from Somerset all the way to Meyersdale with a four-lane, limited-access highway, facilitating travel to and from major metropolitan areas such as Baltimore, MD and Washington, DC.

The construction of the 11-mile expansion, which is

six bridges. But more importantly, the finished highway will be a major improvement in the region's transportation infrastructure, and will become a significant economic growth generator by promoting commerce for small and large businesses alike.

The groundbreaking was made possible by decades of persistence through the region's civic and business leadership. JARI participated in the effort by working closely with partners in Somerset County and the region, and by becoming a member of the North/South Highway Coalition. The coalition, which was a major driver in the Route 219 project, is part of the Greater Cumberland Committee, an economic development organization serving Pennsylvania, Maryland and West Virginia.

Meanwhile, the region is already working collaboratively to expand Route 219 from Meyersdale to the Maryland state border.



“The groundbreaking ceremony was a celebration of everyone’s hard work, but at the lunch afterward the conversation was already about how we could get the highway finished to the Maryland border,” noted Linda Thomson, President of JARI. “There was no pause, just a focus on moving forward.”

The construction of the 11-mile expansion, which is expected to take five years, will create a significant economic impact for the region.

Cultivating a Culture of Entrepreneurship



Small businesses have added 8 million jobs to our national economy since 1990, according to a study by the

create “entrepreneurial alchemy” (EA) in our region to help encourage people to start more small businesses here.

“Entrepreneurial alchemy is bringing people, funding, resources, and expertise together, connecting them to one another to reach goals established by the various partners here in this region,” explained Linda Thomson, JARI President. “This is a

new initiative for 2013, and is gaining momentum as we continue to establish partnerships that enable us to offer more forms of assistance. Collaboration with the various groups involved in EA helps to promote JARI programs and our efforts to grow small businesses throughout the region, which has been

a focus of JARI over our 40 years of activity.”

Many area organizations work to attract investment and create jobs by helping entrepreneurs get started. But entrepreneurial alchemy means the organizations are working cooperatively, and are therefore able to offer much more coordinated, sustained support that is tailored to each entrepreneur’s needs. Whether the potential entrepreneur is a current resident, former resident or someone without ties to the region, the partners are finding ways to provide assistance.

From technical assistance to networking opportunities, JARI is equipped to offer a wide variety of services to entrepreneurs. JARI assists

potential entrepreneurs identify and qualify for low-interest financing options, tax incentive opportunities, and an array of additional state and federal incentive programs. In regards to physical location, available sites can be viewed on the Property Locator at www.jari.com.

“We’ve built the framework to cultivate a culture of entrepreneurship, which is a key community development initiative,” Thomson said. As for 2014, JARI’s goal is to continue building momentum by further engaging the community in this important economic opportunity.

Showcase for Commerce

Bolstered by a supportive Congressional delegation and interest generated by the keynote speakers and special guests, the 2013 Showcase for Commerce affirmed its role as a magnet for regional

Senator Bob Casey led the region's Congressional leadership, supported by Senator Pat Toomey and Representative Keith Rothfus (PA-12), as well as a guest of Representative Rothfus, Representative

Thomson said. "The programming was very strong. We are grateful to our Congressional leaders for all they did to make it happen, and for their bipartisan cooperation."

In 2014, Showcase for Commerce will mark its 24th anniversary. Look for key political leadership participation, strong programming, and briefings with government acquisition leaders as well as new events during the afternoon public exposition.

The companies JARI worked with in 2013 created 253 new jobs right here in the Greater Johnstown region.

economic development with a record number of sponsors. Strong keynote speakers included Heidi Shyu, Assistant Secretary of the Army -- Acquisition, Logistics & Technology, and Brett B. Lambert, Deputy Assistant Secretary of Defense -- Manufacturing and Industrial Base Policy.

Mac Thornberry (TX-13), who currently serves as Vice Chairman of the House Armed Services Committee. Representative Bill Shuster (PA-9) also contributed greatly to the success of the event.

"We once again had a tremendously successful Showcase," Linda



\$369 Million

in new contracts announced at the
2013 Showcase for Commerce
press conference.

MetLife

In 1976, JARI attracted the Mid-Eastern Regional Head Office of **Metropolitan Life Insurance Company** to Johnstown, a process that took time and perseverance.

George P. Jenkins, board chairman of Metropolitan Life Insurance Company, said, "Johnstown was selected because of its economic growth and stability, its diversification, the availability of qualified clerical and secretarial help and the area's excellent educational and medical facilities."

The 200,000 square foot MetLife facility was built at a cost of \$10 million. As part of the project, JARI worked with several state and regional agencies to widen Schoolhouse Road to four lanes.

Today, the Johnstown office of MetLife employs 432 people.

1970

Abex Corporation

Abex Corporation of IC

Industries began construction of the world's largest and most modern railroad wheel foundry in 1979 at JARI's Quemahoning Industrial Park in Quemahoning Township. JARI affiliate, Johnstown Economic Development Corporation played a major role in the project which included project financing, infrastructure development, construction of a rail line, and an access road. The project was completed in 1980 at a cost of \$17.5 million. By 1981, the plant was producing 400,000 wheels annually.

John McVicker, Project Manager of Abex's N. George Belury Plant stated that the "local labor force is sure to please any new industry in our area."

Today, the infrastructure is used for the second largest producer of powdered metal – North American Höganäs.

1980

South Fork Sewage Project

JARI facilitated the \$37 million South Fork Regional Wastewater Treatment Project, which keeps millions of gallons of raw sewage out of the Little Conemaugh River watershed. The project also opened a section of the Route 219 corridor from the Galleria to New Germany to residential and economic development.

Today, the system supports growth in the Johnstown Business Park and throughout the corridor.

1990

International Diversification

- **Martin-Baker Aircraft Company** is the world's largest manufacturer of aircraft ejection seats and related safety equipment. JARI assisted the company in establishing its first U.S. location at the JARI Center for Business Development. Martin-Baker America, which now employs 130 people, expanded to Stonycreek Township in 2011 and is now constructing a 17,000 square foot addition.

- Sweden based **North American Höganäs**, a powdered metal producer, opened its first American facility at JARI's Quemahoning Industrial Park in 2000. JIDC assisted in the transfer of property and grant funding. In 2013, we assisted them with grant funds to maintain the rail to allow receipt of the raw materials.

- JARI provided extensive startup assistance to Norway's **Kongsberg Defense Systems**. The company manufactures advanced weapons systems for military combat vehicles

and has since expanded into 150,000 square feet in the Johnstown Industrial Park, currently employing 182 people. Commenting on their expansion, Kongsberg Vice President, Espen Henrikson remarked that, "This decision was based on a lot of research and the reputation of the work ethic of the people here. Plus, we have a very good relationship with JARI, and that's really what facilitated what we are doing here."

- During 2008-2009, JARI worked with **Fiberblade** officials, a subsidiary of Gamesa, to get the Spanish company's \$50 million Ebensburg blade plant approved, constructed, staffed and operational. The site was the company's first U.S. manufacturing facility. JARI affiliate, JIDC, helped identify, evaluate and secure a state-approved transportation route for the company's over-sized windmill blades.

- **CaerVision**, which delivers customized health education programming to physicians' offices,

opened in Johnstown in 2010.

CaerVision utilizes investments from Chinese companies and individuals to grow market share. CaerVision's staff relied on JARI for recruitment, training and training funds. "Without JARI, we would not be here," said Jack Zhang, CEO and President. "We have the confidence that we have a local partner who will support us."

- The Johnstown plant of **Kitron**, a Norwegian electronic components manufacturer, opened at the JARI Center for Business Development in January 2011. JARI staff worked with Kitron executives to help them navigate US Labor Laws. JARI staff was instrumental in helping the company find the right location, and hosted a company-specific job fair. Today the company employs 20.

2000

Microloan Program Expands

How much impact does small business have on the U.S. economy? Last year, this country's estimated 28 million small businesses accounted for 54% of the nation's sales, 57% of all private sector jobs and 44% of the total U.S. payroll. Here in the Greater Johnstown region, small businesses play a significant role in sustaining families, bolstering our communities and growing our local economy.

Supporting small business has been a core tenet of JARI's mission for the past 40 years – in fact, JARI has the region's only SBA microloan program.

The microloan program offers loans up to \$50,000

to qualifying businesses in Cambria and Somerset Counties. The loans can provide stand-alone financing or can be used to complement funding obtained from other sources.

In 2013, the microloan program had 12 active loans to area businesses, helping create and retain 100 jobs. Through a strong partnership with the Small Business Administration, the program expanded in 2013, increasing its total pool of available funds from \$325,000 to \$725,000.

"The microloan program was essential for us – when you start a business, it's hard to pay for all of the expenses up-front," said Jesper Neilsen, CEO of Croyle Neilsen Therapeutic Associates, a mental health therapy and testing business that opened in Johnstown on June 1, 2013. "We met with

JARI in August, and they were incredibly helpful through the application process. We were approved pretty quickly, and the loan helped us make some major upgrades." Croyle Neilsen has continued to grow, and in February 2014 opened a second location in Somerset.

The program also provides technical assistance that is

JARI assisted 392 businesses in 2013, resulting in the retention of more than 2,400 jobs.

equally crucial to a company's success. Last year, JARI offered 667 hours of one-on-one technical assistance to new businesses on a broad range of topics that included the development of HR policies, proper accounting techniques, legal structures for business, using social media, the ins and outs of payroll taxes, and much more.

KIZ Initiative

Political, civic and business leaders across Pennsylvania have long shared the common goal of fortifying the Commonwealth's status as a hub for pioneering companies. One program in particular, the Keystone Innovation Zone (KIZ), continues to encourage innovation and entrepreneurship across the Commonwealth.

program for a decade, last year alone helping five local companies leverage \$419,441 in KIZ tax credits.

"Through the KIZ program and with JARI's help, we were able to accomplish things we normally wouldn't have been able to," said Michael Stohon, President of Johnstown-based In-Shore Technologies. "We were able to make investments that helped us grow from a one person company to now having around 60 people on the payroll."

"Entrepreneurs who have benefited are helping to spread the word, and our KIZ companies continue to grow," said Joette Watson, Chief Financial Officer for JARI. "More people are recognizing that they qualify to participate."

JARI has been helping businesses benefit from this



Safety is a Priority

The 11th Annual Alleghenies Regional Safety Conference was held on October 1 with a special focus on handling incidents of workplace violence, wellness and accident prevention. More than 170 people participated in the event. The conference provided educational workshops on health and safety related issues and showcased 22 vendors products and services.

Over its eleven-year history, the conference has grown, expanding the audience to include attendees from 10 different industries. The conference location started in the hallways of the Greater Johnstown Career and Technology Center, moving to The Conference Center at the University of Pittsburgh at Johnstown, and is currently held at the Frank J. Pasquerella Conference Center to

accommodate the growing number of attendees.

“JARI first began holding safety conferences in response to a need for education about workplace safety in the manufacturing field,” according to Debi Balog, JARI Workforce Development Director.

Each year’s conference theme is chosen based on topics suggested by the business community. This year’s emphasis on preventing and reacting to violence and mental health issues in the workplace grew out of discussions with members of JARI’s four consortia: Advanced Manufacturing, Health Care, Safety, and Business & Education. The increase in reports of workplace violence in the national news made the topic particularly timely.

“We strive to meet the needs of local companies by providing continuing education credits on safety topics locally, which helps in keeping the costs down,”

JARI organized 57 training and outreach events in 2013 with over 3,365 attendees.

Balog said. “Our speakers donated their time to make the conference successful. Their expertise provided participants with tips and tools for keeping a safe working environment for their staff and clients.”

Companies that operate formal in-house safety committees can submit their CEU certificates to their workers’ compensation providers, who in turn offer them a reduction in their insurance costs.

The conference keynote address was delivered by Cambria County District Attorney Kelly Callihan, who spoke on Emergency Response and Crime

Prevention. Eleven additional workshops were presented on topics ranging from handling workplace fire emergencies to how to survive a school or workforce shooting. Tony Delph, who lost a limb as a result of an industrial accident, shared his powerful story.

“The Annual JARI Safety Conference is the most economical, local event that allows us to send our entire safety committee for a variety of training topics that helps us create a safer and

healthier work environment,” said Darren Cuppett, ESH Professional, Lockheed Martin Aeroparts.

“The Annual Safety Conference presented by JARI provides valuable information that can be easily applied to our Safety Program and daily practices at JWT,” said Renee Podlucky, Human Resources Manager for Johnstown Wire Technologies. “We always look forward to participating in this opportunity and know that it will be a well-organized and beneficial event each year.”

In addition to the praise of its attendees and presenters, the safety conference received a great deal of attention from the local press. JARI is grateful to the sponsors, speakers, workshop presenters and committee members whose hard work is integral to the success of the event each year.



Government Contracting (PTAC)

Government spending, primarily within the defense industry, continues to be a strong economic generator regionally, in part because of JARI's Procurement Technical Assistance Center (PTAC). Using our collective experience in processes, technology, and logistics, the PTAC continues to strengthen the government procurement industry in the region by building on past successes, broadening our geographic focus, and adapting to a changing business environment.

One initiative, the Government Business Development Forums, has been the pathway to approximately a million dollars of government contracts in our region over the past four years. These semi-annual forums

connect companies that are established in government contracting with others that are new to the process, creating collaborations that strengthen what the companies are able to offer. The focus of these forums has been broadened from

\$196 million in government contracts was reported to JARI PTAC in 2013.

defense procurement to include other opportunities such as homeland security and state-level business.

"JARI's Defense Business Council is at the heart and soul of the Forums -- they provide guidance and support to our PTAC, helping to identify companies that are best-suited for partnering, or have the connections that a particular

company might benefit from," said Bob Shark, Vice President, Procurement/Program Manager PTAC.

Deb Koontz, the owner of DK Environmental, was a first time Forum attendee this year. "I couldn't have

asked for a better way to find business opportunities. The PTAC actively matched me with other attendees that could benefit from partnering with me."

JARI's PTAC also continued outreach efforts with BizAssist events, drop-in sessions for local companies consisting of a brief educational presentation, followed by a roundtable

dialogue on the opportunities and challenges of procuring government contracts. Sessions were held in Cambria and Somerset Counties during 2013.

"Going out face-to-face really gets people interested," Shark noted.

Kelly Yannitelli, an RN at Resta Home Health, attended the BizAssist in Northern Cambria. "It was great to be introduced to all the PTAC services available without having to leave our hometown. Plus, we were able to interact with other close-by businesses."

The seventh annual Government Procurement Expo was held in conjunction with Showcase for Commerce this year. Government agencies attend the Expo and are matched

with companies that can meet their needs, which complements the Showcase's format where premier companies display their products and services.

JARI's PTAC also offers technical assistance with all facets of the government procurement industry; and most PTAC services are free of charge. Services can be offered in a one-on-one or group setting, and include support with company readiness evaluations, vendor registration, identifying opportunities, navigating regulations, and contract administration.

JARI is proud that Cambria County recently ranked seventh out of all Pennsylvania counties for government procurement contracts.

JARI

2013 Staff

Linda Thomson, President/CEO

Debi Balog, Director
Workforce Development

Holly Bodolosky, Staff Accountant

Michelle Clapper, Vice President,
Economic Development

Sherry Click, Administrative Assistant

Michelle Nyanko, Government
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Cindy Saylor, Executive Assistant

Bob Shark, Vice President,
Procurement/Program Manager–PTAC

Joette Watson, Chief Financial Officer

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Meadowview Nursing Center

John Akers, Director of Operations
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Dave Johnson, Manager,
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*to those who continue to support
our work in this community.*

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