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# Dauphin/ Cumberland

Business Report 2014

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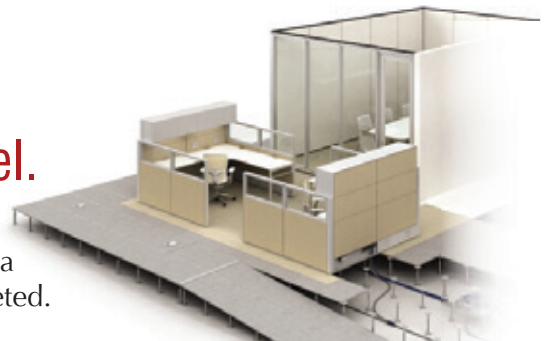


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## Dear Readers:

Cumberland Area Economic Development Corp. (CAEDC) and Cumberland Valley Visitors Bureau (CVVB) are proud to serve the Cumberland Valley community, which includes Cumberland County and the surrounding area, through the attraction of new business, the growth and retention of existing

business, and the promotion of our tourism and natural assets. We work each day to create jobs, generate investment and maintain a high quality of life for our community. Our success is contingent upon the strength of our partnerships with businesses, nonprofits, local municipalities and residents.

As the county's designated economic development agency, CAEDC has access to a variety of investment strategies to help new and existing businesses bridge the financing gap between private investment and total project cost. We offer development services ranging from site selection, capital access, permit navigation, community planning and more.

The CVVB, CAEDC's tourism arm, is the designated destination marketing organization for the county. We assist organizations through tourism grant programs; the Tourism Infrastructure Loan Fund; increasing visitation through leisure, group and business travel; and by providing public relations support.

In 2013, CAEDC experienced its best year since its inception in 2005. We financed or funded seven projects with a total investment of \$24 million, which leveraged another \$46 million in private investment or matching funds. Site selection was also strong, with three development projects with a total investment of \$207 million and 2,287 jobs created and/or retained.

When we talk to businesses about why they moved to Cumberland Valley, or continue to stay in the area, their response always includes the combination of a highly skilled, trained and educated workforce alongside our strategic location and high quality of life. We look forward to continuing that momentum through advancing and promoting economic growth in Cumberland Valley and fostering strategic partnerships. Thank you to our partners, because together we make Cumberland Valley the best place to live, work and play.

Sincerely,

**Jonathan Bowser, CEO**

Cumberland Area Economic Development Corp.

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## EMPLOYMENT BY INDUSTRY

# Getting to know Dauphin and Cumberland counties

## 10 TOP EMPLOYERS

### Dauphin County

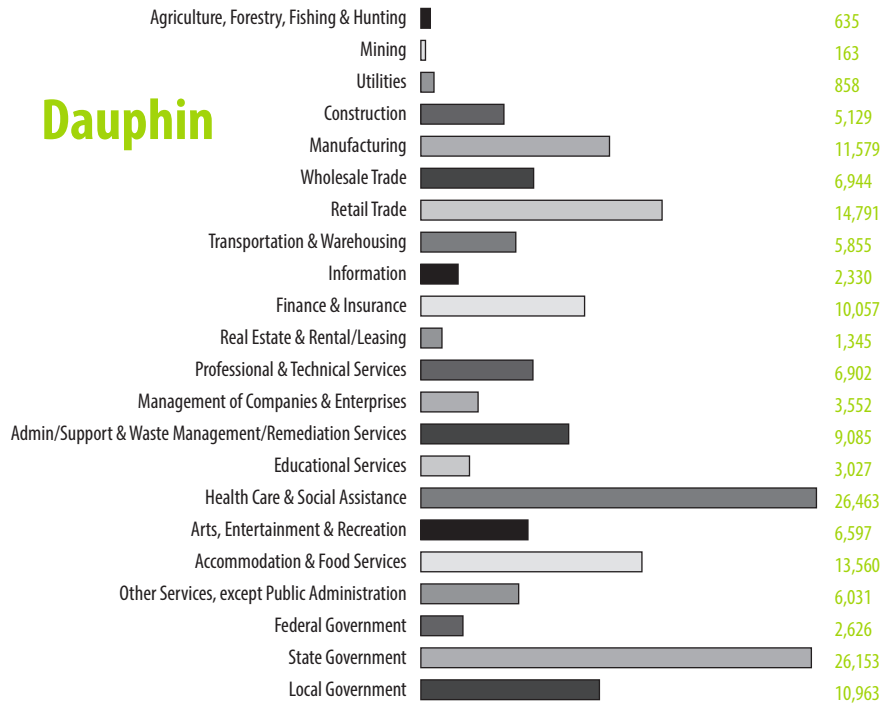
1. State government
2. Milton S. Hershey Medical Center
3. Hershey Entertainment & Resorts Co.
4. The Hershey Co.
5. PinnacleHealth Hospitals
6. PHEAA
7. Federal government
8. Tyco Electronics Corp.
9. Pennsylvania State University
10. Harrisburg Area Community College

### Cumberland County

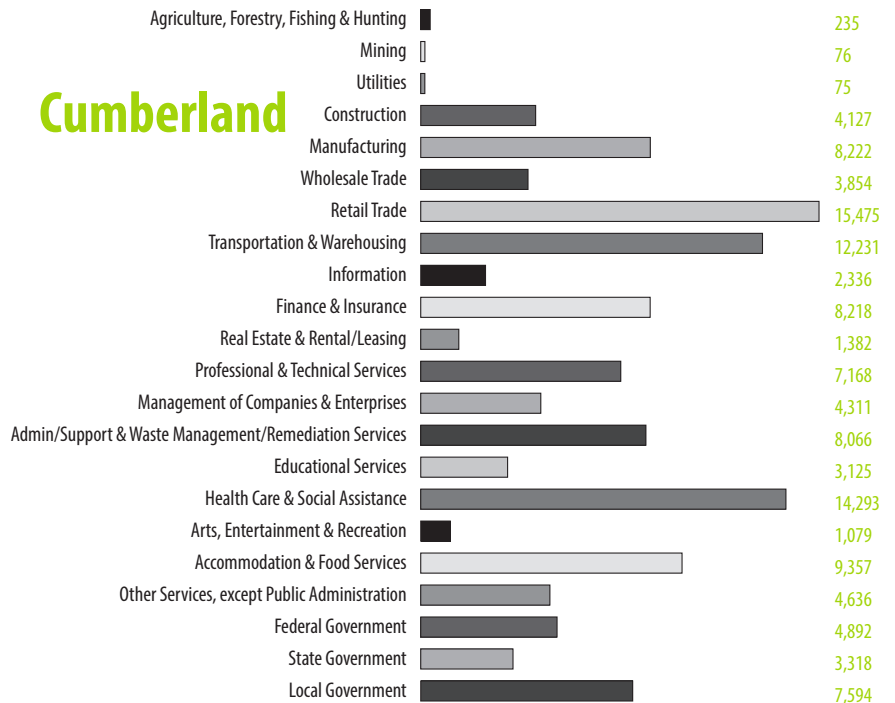
1. Federal government
2. Highmark Health Services
3. Holy Spirit Hospital
4. State government
5. Giant Food Stores LLC
6. Cumberland County
7. Cumberland Valley School District
8. Ahold Financial Services LLC
9. Fry Communications Inc.
10. Dickinson College

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry, third quarter 2013

### Dauphin



### Cumberland



Source: Pennsylvania Department of Labor & Industry, 2012 annual average



## LABOR FORCE

Dauphin/Cumberland unemployment rates are lower than the statewide rate.

	Dauphin	Cumberland	Pennsylvania
<b>Civilian labor force</b>	<b>140,200</b>	<b>125,800</b>	<b>6,430,000</b>
<b>Unemployment rate</b>	<b>5.5%</b>	<b>4.8%</b>	<b>6.2%</b>

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor and Industry, 2014; preliminary February 2014 figures, seasonally adjusted

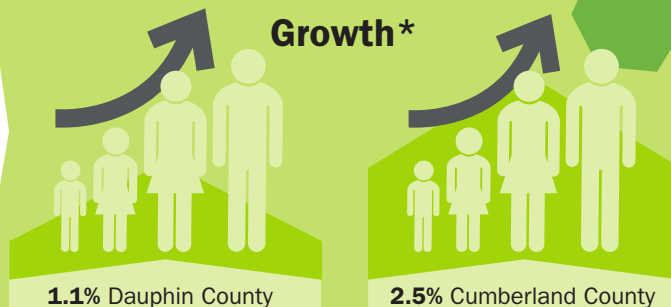
## POPULATION GROWTH

Cumberland has been Pennsylvania's fastest-growing county since 2010.

POPULATION

<b>Dauphin County</b>	<b>270,937</b>
<b>Cumberland County</b>	<b>241,212</b>
<b>Pennsylvania</b>	<b>12,773,801</b>

\*Population growth from April 1, 2010 to July 1, 2013  
Source: Pennsylvania State Data Center, 2013 estimates

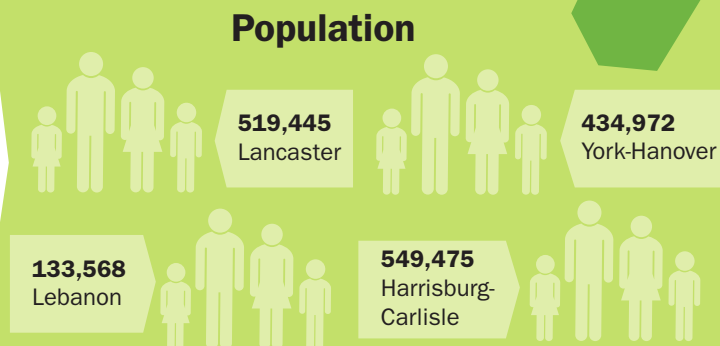


## POPULATION DENSITY

The Harrisburg-Carlisle MSA has the lowest population density in Central Pennsylvania.

METRO AREA	DENSITY
<b>Lancaster</b>	<b>528.00/square mile</b>
<b>York-Hanover</b>	<b>477.61/square mile</b>
<b>Lebanon</b>	<b>368.47/square mile</b>
<b>Harrisburg-Carlisle*</b>	<b>330.21/square mile</b>

\*Harrisburg-Carlisle MSA includes Perry County  
Source: USA.com; based on 2010 data



**\$57,368** **MEDIAN HOUSEHOLD INCOME\***

\*For Harrisburg-Carlisle MSA; includes Perry County  
Source: USA.com; based on 2008-2012 data



**\$169,000** **MEDIAN HOUSE PRICE\***

\*For Harrisburg-Carlisle MSA; includes Perry County  
Source: USA.com; based on 2008-2012 data



## COLLEGE GRADUATES



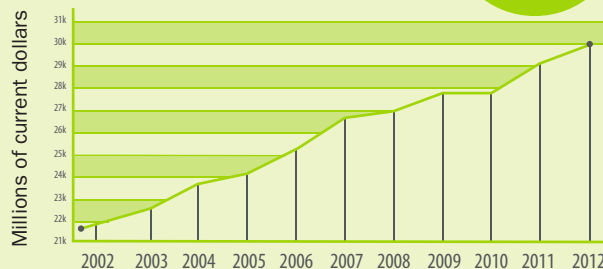
**28.7%** of residents had college degrees in **2010**

**9.4%** of residents had college degrees in **1970**

That represents **19.3% growth**

Source: Cities with the Most College-Educated Residents, The New York Times, May 30, 2012; based on data from the Brookings Metropolitan Policy Program for the Harrisburg-Carlisle metro area

## GDP\*



\*For Harrisburg-Carlisle MSA; includes Perry County  
Source: U.S. Department of Commerce, Bureau of Economic Analysis



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- Susan Stough, Benefits Administration Manager, Hershey Entertainment & Resorts

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As a multi-location John Deere equipment dealer, Valley Ag & Turf rents, services and provides parts for agricultural equipment, commercial work products and lawn and garden equipment. PHOTO/SUBMITTED

# Businesses that Listen

## Local business growth stems from meeting customer needs

By Barbara Phillips Long

When you look at some of the fastest-growing companies in Dauphin and Cumberland counties, it is quickly apparent that they are also sharply focused on customer needs. They start by offering a quality product and then acquire the skilled workforce needed for success. Choosing the right employees is important and training and integrating them into the business's culture is important, but satisfying customers is even more important. It's a back-to-basics approach about knowing the customer, in contrast to the big-box stores that have lowered prices through efficiencies.

"A lot of it is taking a lesson learned from mom and pop stores," said Matt Hummel, president of Red Privet in downtown Harrisburg. "People value someone who listens."



Hummel

### Red Privet

Red Privet is a business-to-business firm specializing in user experience research and service design. It's the kind of work that owner Matt Hummel considers

to be at "the intersection between business goals and customer results."

Most of Red Privet's clientele is drawn from the insurance, health care and financial sectors, with goals being to support the clients' business processes, keep customers satisfied and increase business. For example, Hummel cited Amazon Prime as a product that has increased returns for a company while creating a group of customers who are fans of the service.

Red Privet starts by interviewing the client's customers to discover what will make customers satisfied with their

Continued on page 8





Red Privet's focus on helping businesses improve their customers' user experience results in efficiency gains and cost reductions. PHOTO/SUBMITTED

experience. The company then does primary research and observes customers navigating through a website, mobile site or using a social media project, and then it designs a prototype and tests it.

"We're very rigorous and evidence-based," Hummel said, noting that his company does not favor a particular platform or method. "We're technology agnostic."

That means its designers look for the most effective technology and then design in order to produce a satisfactory customer experience. Sometimes the product is a blend of online and offline services.

Hummel once watched a woman using a software product, and at the end, when asked, she said "The software's fine, but I'm just too stupid to use it."

Having customers use software that makes them feel inadequate is not effective design, and design is not just about appearance. The design has to be seamless and functional. "(Our) designs have to look good, but they also have to work well and anticipate what the customers will do next," Hummel said. "It's about being useful now."

But it's the qualitative and quantitative research the firm does that sets it apart from the competition. "We don't design on instinct ... we go out and test it," Hummel said.

Red Privet isn't a retail operation, but it still has back-office needs. "We're really a consultancy as much as anything. Our fixed costs are relatively small ... we are mostly about our thinking power," Hummel said.

Nevertheless, the company has found that it needs people to manage its office operations. In addition, having project managers on staff to make sure products are delivered on schedule has turned out to be essential.

The firm began with an office in Harrisburg, which is located above the train station. There are also some employees in Pittsburgh and an office in the Philadelphia area in Chester County within walking distance of the Paoli train station.

Red Privet has a high percentage of repeat business, although it also is expanding strategically into new markets, and many repeat customers have multiple services redesigned by the Red Privet staff.

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The repeat customers are also a source of referrals, bringing in new customers.



Kotkiewicz

## Valley Ag & Turf LLC

“We are in the people business first,” said George S. “Tige” Kotkiewicz, vice president and general manager of Valley Ag & Turf LLC in Halifax. “It is a ‘now society,’ period.”

Since 1996, this John Deere dealer has grown from one location to five, and it has also added behind-the-scenes business doing setup and service for John Deere products that sold through about a dozen big-box stores in the region, such as Lowe’s and Home Depot. While business peaks in the spring and fall, Kotkiewicz said Valley Ag has been able to level out some demand by adding “a very strong winter service program.” A fleet of service trucks and a deep inventory of parts allow for service in a homeowner’s driveway, at a big-box store or at a business location or farm.

In addition to the residential market, the business sells John Deere products to



Valley Ag & Turf has John Deere dealerships in Halifax, Watsontown, Centre Hall, Reedsville and Harrisburg. PHOTO/SUBMITTED

commercial landscapers, light industry, small agricultural operations and large agricultural businesses. Innovation from John Deere is coming at the high end of the product lines, mostly in equipment designed to serve large agricultural op-

erations, and the new features may move into commercial landscaping equipment next. Tractors, sprayers and harvesters offer auto tracking and auto steering using GPS and ground-based data, wireless data transfer, remote monitoring of equip-

Continued on page 11

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ment (hydraulic fluid levels, engine fluid temperatures and more) and remote monitoring of performance so that farm fleet managers can compare how different operators are using the machinery.

Naturally, there are also tradeoffs in serving the different markets. Large equipment may come with a higher commission, but fewer units are sold and the dealer is required to carry a deep inventory of parts, which ties up capital. With residential products, the per-item commission is smaller but the return comes from volume sales and the subcontracting that Valley Ag does with big-box stores. In essence, the business benefits from the sales force at the big-box stores, even though it doesn't directly employ them, Kotkiewicz said.

In order to support the sales and service force, Valley Ag relies on in-house financial management and HR staff members. And while the back-end staff members are not visible in showrooms, they are essential to keeping the business running smoothly.



## West Shore Window & Door

**Werzyn**

Lower Allen Township-based West Shore Window & Door installs replacement windows, doors and garage doors, and it recently expanded to add bath and shower units. While most replacement-window businesses use subcontractors, West Shore Window owner B.J. Werzyn took a different route.

"We don't use any subcontractors, and that's very unique in our industry ... we can control the quality of the installation," Werzyn said. "You lose that when you subcontract."

While much of his business involves replacing windows in homes built in the 1950s, '60s and '70s, the company also replaces windows in homes that were built in 2004-2006, mainly because the builders used inexpensive materials. Werzyn estimates that inexpensive replacement windows have a life cycle of five to seven years, but he no longer uses windows that won't last. "Now we get repeat customers and referrals," Werzyn said.

Refocusing the business also made a big difference in growth. By the begin-



**By closing its Maryland and Virginia locations, West Shore Window & Door has been able to double the revenue at its Mechanicsburg location. PHOTO/SUBMITTED**

ning of 2013, West Shore Window & Door had an office in Maryland and another in Virginia, in addition to its current one. Things were going well, Werzyn said, but 80 percent of the profit was coming from the Central Pennsylvania location while it was taking 80 percent of his effort to run the other two offices. It simply didn't make sense.

At the same time, Werzyn was becoming increasingly aware of statistics about the danger of slip-and-fall accidents in bathrooms. His new goal was to offer a product that would serve people who wanted to stay in their homes even though their mobility was declining, and he thought that would be an expanding market. It worked — the business was grossing \$1 million a month with the three offices, and after closing the two out-of-state offices and adding the West Shore Shower & Bath division, West Shore Window & Door is now grossing \$2 million a month and has about 100 employees.

"I am here every day anyway. I can oversee everything," Werzyn said. "It's probably the best move I've ever made."

In early 2013, West Shore Window & Door moved into a new building on Simpson Ferry Road. And, more recently, Werzyn purchased half of the vacant lot between his site and the auto supply store further down the street in order to expand his parking lot and redo the dumpster area



**West Shore Window & Door recently opened a West Shore Shower & Bath division adjacent to its current Lower Allen Township location. PHOTO/SUBMITTED**

where the construction trash is housed.

Werzyn has also had to beef up his staff in order to support this growth. There's now a graphic designer, an HR manager and a full-time in-house recruiter, among others. In order to ensure that these new employees have the skills needed for their jobs, he uses screening procedures. Hiring is not only a matter of getting "all the right people on the bus" but also "making sure they're in the right seat," he said. ■





# STRATEGIC LOCATION= THRIVING ECONOMY

Earth Spring Farm, Monroe Township  
Photo by Amy Spangler

## Finding the balance is key

Cumberland Valley, encompassing Cumberland County and the surrounding area, offers a close proximity to major east coast markets and regional seaports, along with viable connections via Interstate 81, I-83, I-76 and US 11/15. These unique geographic assets set the stage for a vast selection of industries that thrive, expand and are headquartered here in the Valley.

### RETAIL

Retail trade is the top industry in the Valley and shows significant growth in areas like the Carlisle Pike in Hampden and Silver Spring Townships with announcements of retailers, automotive dealers, and restaurants to occupy space along the pike. Strong national retailers such as New England Retailers Properties have also continued to show interest in the Valley, as they see demand is starting to increase as population grows at a fast pace. According to the U.S. Census Bureau, the county is the fastest growing county in Pennsylvania since 2010 with 2.5% growth. The population projection for 2020, according to the Penn State Data Center, is 258,880.

### HEALTHCARE

Highlights of Cumberland Valley's healthcare industry include the new PinnacleHealth West Shore Hospital in Hampden Township, Holy Spirit's expansion in East Pennsboro Township and Highmark's continued presence as the number one private employer. Smaller medical practices have also expanded, including the opening of the second location for AllBetterCare Urgent Care Center in South Middleton Township.

### DISTRIBUTION & MANUFACTURING

Cumberland Valley continues to be an attractive location for the logistics, distribution and manufacturing industries due to accessible transportation systems and an available, skilled and educated workforce. These unique qualities meet the demands of international and national developers such as; Goodman Birtcher, Panattoni Development, and Hillwood. It's also why companies like Carlisle Construction Materials and Volvo Construction Equipment continue to expand and invest in this community.



## AGRICULTURE

The community and the Cumberland Area Economic Development Corporation (CAEDC) recognize the importance of agriculture to our local economy. The expansion at Earth Spring Farm is a great example of this investment in local farms and ag-related businesses. CAEDC assisted with financing for Earth Spring Farm's new 42-acre agricultural site located in Monroe Township. Due to significant increases in production and customer base, the company decided to expand its operation and create additional jobs.

## TOURISM DEVELOPMENT

CAEDC invests in tourism-related attractions and projects, viewing this type of economic development vital to our area's success. For example, CAEDC reached out to community leaders in Newville to begin discussions for the town to develop into a Trail Town as the Cumberland Valley Rail Trail plans to expand to Carlisle, placing Newville in the center.

CAEDC also uses in-house programs like the Tourism Infrastructure Loan Fund for projects, most recently to assist with the acquisition and renovation costs for Comfort Suites Carlisle.

Lodging growth develops in tandem with increased visitation and business expansion in the area. Since 2005, the county has gained 731 rooms from 14 new properties, for a total of 4,191 rooms. Three new hotels are currently underway for an estimated total of 310 additional rooms.

## REDEVELOPMENT

A project that will spark both economic development and tourism growth will be the Carlisle Urban Redevelopment Plan. The three vacant manufacturing properties includes plans for residential, commercial-mixed use and light industrial development. CAEDC will continue to support this project through financing options and incentives.

## WHAT'S THE IMPACT?

The county's approximately 6,000 businesses employ around 116,000 and, according to the PA Center for Workforce Information and Analysis March 2014 report, the county's unemployment rate is one of the lowest in the state – 4.9%. Growth in the industries listed above allows for the continued success and demand for a skilled workforce in Cumberland Valley and a high quality of life.

Tourism in Cumberland Valley generated an estimated 1.4 million in overnight leisure and business travelers in 2013 and \$749.8 million in visitor spending, \$35.5 million in federal taxes and \$41.4 million in state & local taxes. Tourism also employs 6,068 people and adds \$153.5 million in wages. Each household would pay \$442 more in taxes without the tax revenue generated by the tourism industry in the county.

CAEDC is invested in this region to support local business and a thriving economy. As the county's designated economic development agency and destination marketing organization, CAEDC values the diversity of assets we have here in the region and looks forward to future responsible growth and maintaining the balance that makes Cumberland Valley special to those who choose to live, work and visit here.



AllBetterCare, South Middleton Township



Volvo Construction Equipment, Shippensburg



Cumberland Valley Rail Trail, Newville to Shippensburg



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Office buildings flank the East Shore of the Susquehanna River in Harrisburg. PHOTO/VISITERSHEYHARRISBURG.ORG

# A Different Kind of River Economy

The Susquehanna River is no longer just a means of transportation

By Barbara Phillips Long

From its origins as a trading post, the Harrisburg area is now thriving from a different kind of river economy — one that attracts housing, restaurants and other businesses.

“Historically, the river’s been a very good thing for the city,” said Shaun Donovan, economic development specialist for Harrisburg Regional Chamber & CREDC.

When the city was forming, industries set up their businesses near the Susquehanna River. When railroads were built, the river provided fairly flat topography for

the new lines. Highway Routes 11 and 15 also run along the river.

Some of the original industries, such as the steel industry, needed water from the river, said August “Skip” Memmi, executive director of Dauphin County’s Department of Community and Economic Development.

Today, businesses along the river that draw on its water supply still include steel-fabricating plants, as well as the Three Mile Island nuclear power plant.

The railroads and rail yards constructed earlier are now the basis, along with highways, for transportation and logistics businesses. “That directly provides jobs for the people who live here, Donovan said. “That’s helped keep our economy strong.”

According to its website, Norfolk Southern operates the most extensive intermodal network in the eastern United



A Norfolk Southern intermodal train pulls out of Harrisburg and crosses the Susquehanna River on the Rockville Bridge. PHOTO/SUBMITTED

States, deriving 19 percent of its revenue from intermodal business. In Dauphin and Cumberland counties, the Norfolk Southern network includes the Rutherford intermodal facility in Swatara Township, Harrisburg intermodal facility on Industrial Road and the Enola yard in East Pennsboro Township. The Harrisburg area is a key routing point for freight rail traffic moving east-west and also north-south, and recent improvements to the Rutherford yard were expected to add 400 jobs.

Yet, the river is also a place for fishing, boating and tubing, in addition to photography and birding, attracting both local residents and visitors. “From a tourism perspective, it’s a landmark in our region,” said Shireen Farr, tourism director and



Three Mile Island still uses the Susquehanna River’s water supply to produce nuclear power. PHOTO/THINKSTOCK



chief operating officer for Cumberland Area Economic Development Corp. (CAEDC), as well as a Lemoyne resident. "A lot of pictures are taken of the river. It's very serene."

This viewshed has commercial outcomes, too. Housing overlooking the river on the Cumberland County side, known locally as the West Shore, includes "spectacular views of the river with the Harrisburg capitol dome in the background," Farr said.

Luxury housing in Harrisburg puts residents within walking distance of the river and in the heart of downtown, and it seems to be in demand. For example, the Lux condominium renovation on Third and State streets by Brickbox Enterprises Ltd. is opening to tenants in June, and more than half the building's units have already been sold or are in the process of being sold.

Developed by Vartan Group, the 1500 Condominium building on Sixth and Reily

streets attracts a wide range of residents, said Nicole Conway, executive vice president and general counsel. "The one



**The 1500 Condominium building is the first new residential highrise built in Harrisburg in nearly 40 years. PHOTO/SUBMITTED**

commonality that our residents seem to share is that nearly all have lived somewhere outside of Central Pennsylvania at some point in their lives," she said. "They all seem to appreciate the type of urban living that our building offers and all of its features that make it so unique from every

other building in the city of Harrisburg."

The building includes fitness rooms and a rooftop garden in addition to parking and neighboring retail businesses and eateries. That includes nearby Restaurant Row on Second Street, which has morphed into a sea of restaurants, bars and lounges over the past 10 to 15 years.

"The river adds a great deal of ambience," Memmi said, noting that buildings in Dauphin County with a view of the river can also command premium rents.

Young professionals appreciate the chance to live in the city within walking or biking distance of work, restaurants, night life and recreation, including the Harris-

burg Senators baseball and the Harrisburg City Islanders soccer teams, both of which call City Island home.

The Harrisburg Senators benefit from their location on City Island, and the team uses that fact in its branding, said Kevin Kulp, president of the Senators franchise.

*Continued on page 16*

Art by renowned illustrator Alex Nabaum.



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**Metro Bank Park, located on City Island, is home of the Harrisburg Senators.** PHOTO/VISITERSHEYHARRISBURG.ORG

The sense of being separate from the hustle and bustle of both shores of the river appeals to the fans and the players. "It's like being in your own little world here," he said. "It just feels like you're secluded but you're not."

The real challenge of being on an island is game-day parking. "We work real hard to get people in and out," Kulp said.

However, minor league baseball isn't just about a day at the ballpark. There's also an emphasis on serving the community. "The minor league market is very hometown," Kulp said. "We are a small company, but we have a large platform. We work with hundreds of charities in the course of a year."

The river can also negatively affect the island and city-owned Metro Bank Park. Floods can leave silt on the field, which is expensive to clean off, and the stadium and the offices are raised to deal with flooding. Since the river is a hatching site for mayflies, it can be annoying to spectators a couple of nights a year when they swarm near the field. Some of the lights on the field were positioned to reduce the annoyance when the stadium was renovated in 2009-10, Kulp said. Senators' caps feature a picture of the mayflies, and "we have some fun with it," Kulp said.

"(Recreation) is part of any successful community," Kulp said. "We're just a small part, but we make an impact."

Other attractions on City Island add to the appeal for visitors. There are canoe and kayak rentals, marinas, water golf, a carousel, a railroad ride around the island, and other businesses and activities that are seasonal.

The Harrisburg City Islanders, a USL PRO soccer team, play at the Skyline Sports Complex, but the team offices are in Harrisburg. The team has proposed a new stadium that would cost about \$14 million and open in 2016. Preliminary plans call for 4,500 seats, new restrooms, locker rooms, a concession area and scoreboard, plus other amenities. As a multi-use facility, it could host concerts, too. The construction project is expected to create about 200 jobs and state and local tax revenue of more than \$1 million. Once the facility opens, Delta Development Inc. projects tax revenue of \$910,000 annually (about five times greater than current receipts), along with an additional annual \$191,000 in amusement taxes for the city of Harrisburg.

"The players and the fans absolutely love our home field location here on City Island," said City Islanders President Eric Pettis in a press release about the stadium project.

The West Shore features three waterfront restaurants in Wormleysburg, not

far from City Island — RockBass Grill, Dockside Willies and Dukes Bar and Grille. If their perpetually full parking lots are any indication (especially during the warmer months), the restaurants are thriving, and that helps contribute to local economic activity.

The Susquehanna does affect businesses when weather causes flooding or excessive ice. If the river gets outside its banks, then it is costly for some businesses to repair damage and recover lost earnings. Excessive ice can also cause damage. The increasing cost of flood insurance is also a problem for businesses and homeowners, and Memmi said that the Dauphin County commissioners are concerned about the effect of increasing premiums, which may drive housing prices down in flood-plain areas.

Indirectly, the Susquehanna also contributes to the regional economy because its tributaries are popular fly-fishing destinations, particularly LeTort Run in Carlisle, but also the Yellow Breeches and Conodoguinet creeks. Because fishing is a more solitary activity, the customers are quieter and less visible than crowds at Carlisle's well-known car



**Dukes Bar and Grille offers riverside dining on the West Shore of the Susquehanna River.** PHOTO/ERIC FORBERGER, CUMBERLAND VALLEY VISITORS BUREAU

shows, but the visiting fly-fishing enthusiasts provide steady business for local lodging, fishing equipment and gear and related businesses.

"People come from all over the world to experience (the Susquehanna River)," Farr said. ■



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## President & CEO Karns Quality Foods



By Lori Myers

PHOTO/SUBMITTED

# Q&A WITH SCOTT KARNs

Scott Karns, president and CEO of Karns Quality Foods, has been operating this family-owned business — founded by his father in 1959 — for more than 20 years. But he didn't jump right into management; he worked at the store as a teenager, and then he joined the staff full time after college, working as a buyer and a merchandiser. Karns attributes the growth of the business to being true to his family roots and the team players who run the eight locations, five of which have been added during Karns' tenure.

**Q: Why did you and your father choose this area as a base for establishing and growing your business?**

**A:** The Karns family members are long-term natives of the area, and as a result, we are organically in touch with the customer base. This knowledge of our customers is truly what leads to our growth in the area.

**What incentives have you found in Cumberland and Dauphin counties that attract business and economic development? What makes them stand out from other counties in Central Pennsylvania?**

Central Pennsylvania has a good diversity of employment that has really kept growth constant over the past 50 years. Additionally, we are perfectly located to

take advantage of the infrastructure of the East Coast.

**What incentives or amenities do you think are missing in Cumberland and Dauphin counties? What would you like to see in order to help your business grow?**

Pennsylvania and the whole country needs to be more focused on job creation and making our economy based on taxpayers. Without a strong economic base, growth grinds to a halt, and no growth leads to lower standards of living for all.

**What's your competitive advantage? How do you shape your business to have a competitive advantage in the retail grocery industry?**

Karns truly is the LOCAL grocer and

butcher shop. We have the ability to react to customer needs and the seasonal markets much quicker than the larger retailers that have international ties or stockholders pushing set agendas rather than agendas specific for the Central Pennsylvania customer.

**What are some of your recent successes?**

In 2013, we added a store in the Carlisle market, and we will be doubling the size of our location in Lemoyne in 2014. The Lemoyne location has been bursting at the seams for years, and we are really excited to expand this location and bring loads of new products and departments.

**Beyond the move and expansion of the Lemoyne store, are there any new initiatives that you're currently working on?**



Karns is currently working on a number of areas to improve the shopping experience. One: an improved customer rewards card program. Two: energy reduction plans with refrigerator and freezer case replacements. Three: expanded lines of local and specialty foods in all categories.

### What trends are you seeing in retail grocery in this area and beyond?

The biggest national trends are grocery pickup services and expansion of store brands. Currently, we are not offering pickup service, but we have been doing work in this area. In reference to store brands, we are fortunate to have the support of our distributor — Supervalu — that brings us great, quality store-brand lines in Essential Everyday products, Equaline, Super Chill and Carlita.

### What are the biggest challenges that you are currently facing in your business and in your industry? How are you handling them?

Health care costs and premium costs are going up, and it's very much out of our hands. We have always offered a good

health care plan with coverage for our full-time associates. But I am really concerned that at some point this expense will be growing faster than sales growth.

We have always been good at taking expenses out of the system that don't affect our customer — items like packaging, energy, distribution fees and advertising. Our goal has been and always will be to lower our cost of doing business without the customer feeling any variance in the level of service they receive or products they purchase.

### What are your five- and 10-year growth plans?

Karns is well positioned for the next 10 years with excellent sites and a marketing program to continue to grow our business. We are planning on a major store upgrade each year at our current locations. This upgrade will ensure that each store is operating at the optimum level of performance. And while we do not have any plans for additional stores, we are constantly asked to locate a store in York County or Juniata County, and south along Interstate 81.

### What ideas do you have that you'd like to implement if given the opportunity?

In Pennsylvania, that's easy. Our customers for decades have wanted to be able to buy beer and wine in the stores. Hopefully, we will see this happen in the near future. ■



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# Protecting Liquid Assets

**Keystone Clearwater Solutions** securely transfers water for the shale industry

By Jennifer Vogel song

Keystone Clearwater Solutions recently completed several pipeline construction projects for water transfer in the Marcellus and Utica Shale formations. PHOTO/SUBMITTED



When Pennsylvania's Marcellus Shale industry kicked into high gear in 2008, Ned Wehler was doing engineering work for a couple of key players in the energy market.



Wehler

As he became familiar with the needs and operations of hydraulic fracturing, Wehler realized there was a demand for secure water supplies and protection of water resources.

By the end of 2009, Keystone Clearwater Solutions was born. The Hershey-based company began by supplying water to support hydraulic fracturing of the shale and by treating and properly disposing of flowback water produced by the wells.

By 2013, it was the third fastest-growing company, according to the Central Penn Business Journal's Top 50 Fastest Growing Companies list. "We were very excited and flattered by that," Wehler said. "We saw a need and decided to fill it."

As the Marcellus Shale industry exploded, so has Keystone's business. In addition to learning regulations and procedures for water sourcing, the company provides intake development, frac transfer, water storage and turnkey pipeline construction and management support for

shale gas operators. It takes care of application, permitting, installation, operation and maintenance of surface water intakes.

"I think many of the (energy) companies struggled doing this on their own, so they were open to having someone with the skill and expertise do that for them," he said.

Because Keystone owns eight water sources, as well as truck-loading depots, it has the ability to pump water 24 hours a day, seven days a week, 365 days a year. It can design, install and operate systems that serve a variety of hydraulic fracturing setups, including high-volume pumps, manifolds, tank farms and above-ground storage and impoundments.

"The growth we have experienced going from serving one or two customers to now serving about 20 different energy producers has really diversified the company," Wehler said. "We have gone beyond supply and pumping to doing our own construction, transfer, trucking and storage tank service." That allows the energy companies who make up Keystone's client base to deal with fewer suppliers in more of a one-stop-shopping setup.

Wehler said the company headquarters in Hershey provides access to a number of scientists and engineers who are skilled in environmental regulations governing the oil and natural gas industries, as well as well-pad construction and permitting.

The company also has two regional hubs — one in Williamsport that supports the section of Pennsylvania north of Interstate 80, and another in Seven Fields that supports western Pennsylvania past the Interstate 79 corridor and into Ohio and West Virginia. A number of yard locations throughout the state store supplies and equipment for the company's operations.

In addition to the Marcellus Shale fields, Keystone's work has expanded to include projects extracting natural gas from shale in Kansas and oil in Indiana and Illinois. Of the company's 250 full-time employees, about 80 percent work in the field as construction tradesmen, mechanics, plumbers, technicians, truck drivers and equipment operators.

"The biggest challenge we have is recruiting and retaining qualified personnel," Wehler said.

The explosive growth of the industry creates a constant demand for new hires, yet long days working in the field far from home can take its toll on some. "It is not a good fit for everyone because of the intensity and dedication required for a long time," he said. "It is good wages and opportunities, but there is travel involved."

Keystone has a few competitors in the market, but Wehler said the company's engineered solutions approach and standard operating procedures bring a level of quality and efficiency that are hard

Continued on page 22



Keystone's water pipeline solutions simplify the process of supplying water for hydraulic fracturing.

PHOTO/SUBMITTED

to match. "We are a 'Yes, we can' firm," he said. "This is a fast-paced field whose needs are many and immediate, so we

have to be able to find a way to serve customers as their need arises. We have built a reputation that is very attractive."

One of the company's biggest achievements is construction of permanent, underground water pipelines that run as far as 45 miles. It identifies the route; handles right-of-way agreements with landowners; obtains permits; designs, builds and delivers the system; and then operates and maintains it for the customer. "By using pipelines to deliver water, you are taking a lot of traffic off the roads," Wehler said.

Keystone also has expertise working with sensitive environments such as wetlands, endangered species, floodplains and watersheds of exceptional value. "There are special procedures you can use to minimize or eliminate any environmental impact and leave the ground the way you found it," he said.

Because the company holds only 10 to 15 percent of the market share, there is a tremendous opportunity for continued growth. "It is exciting to be involved with a growing enterprise," Wehler said. "We feel we are supporting a noble cause by supplying the energy needs of America and reducing the carbon footprint of our industry. We know that energy can be developed safely." ■

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