



City of Erie Investment Prospectus

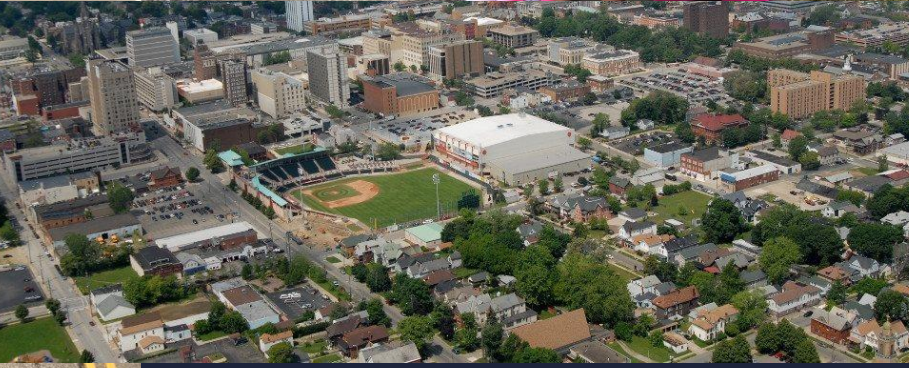
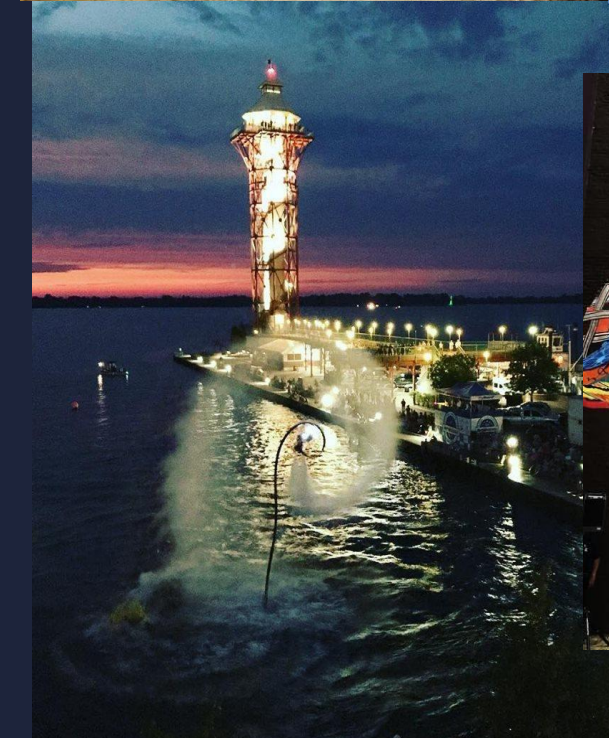
Building Opportunity | Restoring Hope | Transforming Erie

Prepared by the City of Erie In partnership with

The Erie Downtown Development Corporation

The Erie County Community and Economic Development Data Center

Cover photo by Paul Gibbens of Gibbens Creative



“We don’t need to travel farther than Erie, Pennsylvania, to see that grand things are possible and that cities can leverage their distinctive advantages.” Bruce Katz and Jeremy Nowak, *The New Localism*

“Erie feels like a work in progress, but one that is clearly progressing.” James and Deb Fallows, *The Atlantic*

“The pie-men have long since departed, and the Governor has come. He recognizes the plight and, we hope, the promise of the region. Our future may not be predestined by the grace of God, but it's in our humble, human hands. Perhaps it's time we lay new track.”
Jim Wertz, Erie Reader

“As the city’s new mission statement conveys, Erie’s resurrection will be achieved via strong schools, tolerance and inclusion, vibrant culture and commerce.” Lisa Thompson, *Erie Times News*

“Like other Rust Belt cities, Erie is reemerging in the 21st century, working to find its way in a post-industrial, post-manufacturing climate. With regional, city, and downtown plans drafted and the implementation process underway, Erie’s next generation of leaders are indeed helping to move the city forward.” Urban Land Institute

“Erie is on the cusp of greater things. To be sure, problems remain to be worked on, but something is happening here. There is a turn-the-corner feel in the air. A coming together.” Dean Barber, Barber Business Advisors

“There is no doubt some in the community will want an easier, softer way. With all the earnestness at our command, we beg of you to be fearless in the face of resistance to change and be thorough from the very start. By holding onto old ideas the result for Erie will be nil. Half measures will avail Erie nothing because your city is at a turning point.” Charles Buki, czb Consulting

CONTENTS

- **A COMMUNITY ON THE RISE**
- **WHY INVEST IN ERIE?**
- **CONCIERGE SERVICE**
- **OPPORTUNITY ZONES**
 - BACKGROUND INFORMATION
 - WHAT ARE THE TAX INCENTIVES FOR INVESTORS?
 - WHAT ASSETS ARE ELIGIBLE FOR INVESTMENTS?
- **OPPORTUNITY ZONES IN ERIE**
 - GEOGRAPHY OF ERIE OPPORTUNITY ZONES
 - TYPOLOGY OF OPPORTUNITY ZONE BY CENSUS TRACT
 - ERIE MARKET MENTAL MAP
 - LOCAL, STATE, AND FEDERAL INCENTIVE MAP
 - SOCIAL AND ECONOMIC OVERVIEW: METRO, CITY, OPPORTUNITY ZONES
 - ZONE STRATEGY
- **CENTRAL BUSINESS & BAYFRONT DEVELOPMENT DISTRICT**
 - ERIE DOWNTOWN DEVELOPMENT CORPORATION
 - ERIE INNOVATION DISTRICT
 - ERIE EVENTS | BAYFRONT PLACE
 - SCOTT ENTERPRISES | HARBOR PLACE
 - ERIE WESTERN PA PORT AUTHORITY
- **ADJACENT COMMERCIAL AND RESIDENTIAL DISTRICT**
 - OUR WEST BAYFRONT
 - BAYFRONT EASTSIDE TASK FORCE
- **INDUSTRIAL DEVELOPMENT DISTRICTS**
 - SB3 INDUSTRIAL PARK
 - JOYCE A. SAVOCCHIO OPPORTUNITY PARK
- **INSTITUTIONAL CAPACITY**
 - PENNSYLVANIA'S FLAGSHIP OPPORTUNITY ZONE
 - CITY OF ERIE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
 - ERIE COUNTY ECONOMIC DEVELOPMENT
 - SBA LOAN ACTIVITY IN ERIE COUNTY
- **INSTITUTIONAL SEED STAGE FUNDING IN ERIE COUNTY**
- **ERIE COUNTY GAMING REVENUE AUTHORITY | IGNITE ERIE**
- **ERIE COUNTY GAMING REVENUE AUTHORITY PLACEMAKING PROJECTS**
- **CONTINUUM OF LOCAL CAPITAL INVESTMENTS BY ERIE COUNTY GAMING REVENUE AUTHORITY**
- **HOUSING AND NEIGHBORHOOD DEVELOPMENT SERVICES**
- **REGIONAL UNIVERSITY PIPELINE**
- **INCLUSION STRATEGY**
 - ERIE'S INCLUSION STRATEGY
 - ERIE'S PUBLIC SCHOOLS ADULT EDUCATION PROGRAM TECH AFTER HOURS
 - COMMUNITY CENTERS
 - EAGLE'S NEST LEADERSHIP CORPORATION
 - ERIE'S PUBLIC SCHOOLS: A POINT OF PRIDE
- **MARKET STRENGTHS**
 - SIGNIFICANT CAPITAL INVESTMENTS FROM ANCHOR INSTITUTIONS
 - ERIE'S DIVERSE ECONOMY
 - UNPRECEDENTED PRIVATE SECTOR COALITION AIMED AT DOWNTOWN REDEVELOPMENT
 - ENGAGED PHILANTHROPIC COMMUNITY FOCUSED ON TRANSFORMATIONAL CHANGE
 - SIGNIFICANT INVESTMENTS FROM THE COMMONWEALTH
 - MARKET PROXIMITY, STRATEGIC TRANSPORTATION INFRASTRUCTURE, AND GREAT LAKES PORT ACCESS
 - WATER AVAILABILITY, RELIABILITY, AND SUSTAINABILITY
 - RENEWED CONFIDENCE IN CIVIC AND PUBLIC LEADERSHIP
 - MARKET CHALLENGES
- **APPENDIX: QUANTITATIVE AND QUALITATIVE REVIEW**
 - POPULATION GROWTH
 - ERIE MSA EMPLOYMENT PROFILE
 - EMPLOYMENT GROWTH
 - LARGEST NON-GOVERNMENT EMPLOYERS
 - LOCATION OF LARGEST NON-GOVERNMENT EMPLOYERS
 - GEOGRAPHY OF EMPLOYMENT
 - ERIE'S PUBLIC SCHOOLS: A POINT OF PRIDE
 - PUBLIC SCHOOL TALENT PIPELINE

A COMMUNITY ON THE RISE

Pennsylvania's only Great Lakes port city is at an inflection point.

A city in the throes of reinvention; characterized by renewed enthusiasm and optimism across broad segments of the community.

Highlighted by unprecedented collaboration, anchor investment, civic resurgence, and a convergence of stakeholders aimed at community renewal.

What follows in this document is a story.

A story of a city wrestling with renewed optimism yet persistent challenges.

A story of a community poised to recreate itself so that all segments of the community can usher in the next decade equitably.

This story will identify the unique sets of institutions, programs, and resources available to investors and developers.

It will identify shovel ready projects and high potential startup and operating businesses.

And it will include a strategy to ensure that investment is aimed at inclusive and equitable growth and wealth generation for all segments of the community.



Photo by Paul Gibbens of Gibbens Creative

WHY INVEST IN ERIE?

**NEARLY \$750 MILLION IN
PRIVATE, PUBLIC AND
PHILANTHROPIC INVESTMENT**

**470 ACRES OF BAYFRONT
PROPERTY – 176 ACRES PRIME FOR
DEVELOPMENT**

**23,000+ UNIVERSITY
STUDENTS**



SECURE SMART CITY

**1,000,000+ SQUARE FEET OF
COMMERCIAL & RESIDENTIAL PROPERTY
READY FOR REDEVELOPMENT**

**ONLY ONE OF TWO 1,000 FOOT DRY
DOCKS AND THE LARGEST CRANE ON
THE ENTIRE GREAT LAKES**

CONCIERGE SERVICE

We recognize that entering a new market and conducting the necessary due diligence can be overwhelming.

We're prepared to assist you every step of the way.

The PA Flagship Opportunity Zone Corp. was developed to serve as your concierge. We can help:

- Identify dealflow;
- Identify local funds;
- Connect you with developers and investable business opportunities;
- Work with economic development organizations and professionals;
- And connect you with local investors, lenders, bankers, and service providers.

We look forward to working with you.

More information on page 41 and at www.ErieFlagshipOpportunityZone.com



OPPORTUNITY ZONES

OPPORTUNITY ZONES: BACKGROUND INFORMATION

- Opportunity Zones are a bipartisan provision of the Tax Cuts and Jobs Act of 2017 championed by Senators Tim Scott (R-SC) and Cory Booker (D-NJ).
- The legislation is designed to encourage & incentivize investors to redeploy and invest capital into low-income communities.
- “Opportunity Funds” managed by professionals are currently being formed for the purpose of investing directly into low-income communities designated Opportunity Zones. Individuals may also form, fund and self manage an Opportunity Fund via a straightforward “self-certification” process.
- Opportunity Zones have no detrimental effect upon state or local tax revenue. The goal is to increase investment in low-income communities to solidify and strengthen the state and local tax base!
- The tax provision provides three (3) main benefits to an investor in an Opportunity Zone. The tax benefits include the following: (1) temporary tax deferral, (2) basis “step-up,” and (3) permanent exclusion of gain.



WHAT ARE THE TAX INCENTIVES FOR INVESTORS?

Temporary Tax Deferral

An investor may defer recognition of income associated with any current capital gains realized (but not yet recognized for federal tax purposes by the private investor) that are reinvested into an Opportunity Fund.

Basis Step-Up

An investor is granted a step-up in the basis of any current capital gains reinvested into an Opportunity Fund. The private investor's basis in his or her original investment is increased by ten percent (10%) of the amount of the unrecognized capital gain if the Opportunity Fund investment is held for a minimum of five (5) years, and fifteen percent (15%) if the investment is held for a minimum of seven (7) years. The effect of the step-up in basis is to reduce the amount of the re-invested capital gain that is subject to tax.

Permanent Exclusion

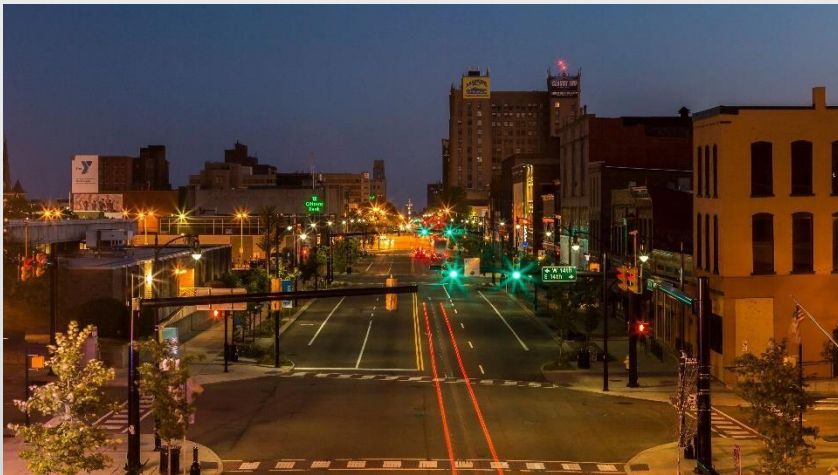
Long term investments in Opportunity Funds are encouraged because private investors are granted a permanent exclusion of any future capital gain income realized upon the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least ten (10) years. Thus, in such a case, a private investor would be permitted to exclude the entire amount of gain an investment accrues after the initial investment is made into the Opportunity Fund.



WHAT ASSETS ARE ELIGIBLE FOR INVESTMENT?

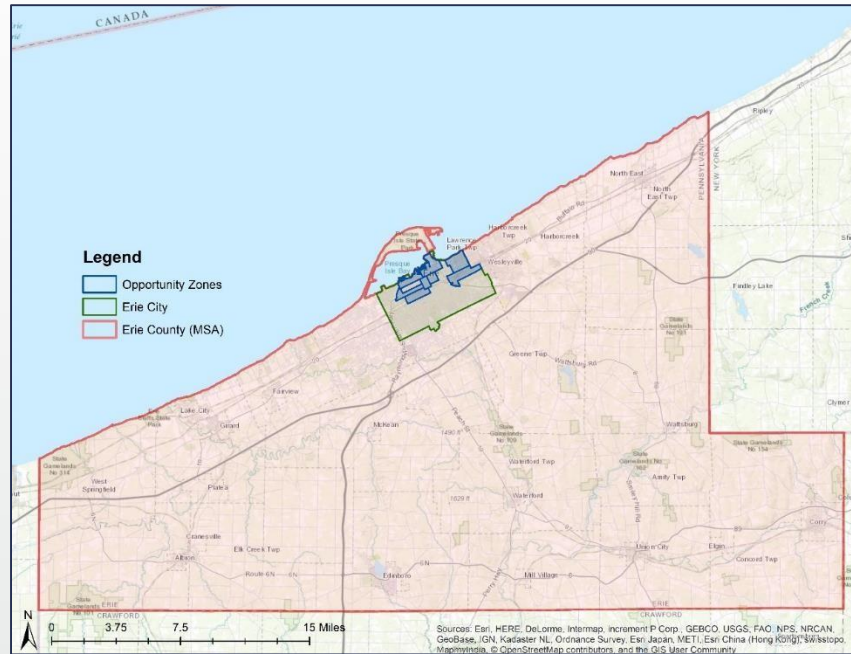
Real estate and businesses (i.e., LLCs, corporations, partnerships, etc.) located in Opportunity Zones are generally eligible for investment. Federal Treasury Regulations provide additional detail about qualifying investments, however, generally:

- Opportunity Funds may generally hold an interest in real estate located in Opportunity Zones (either directly or through business entities) and develop real estate properties.
- Opportunity Funds may generally invest in for-profit entities located in Opportunity Zones (for example, start-up technology companies in business accelerators or incubators).
- Investments must meet certain “substantial improvement” requirements the details of which are set forth in the Federal Treasury Regulations.



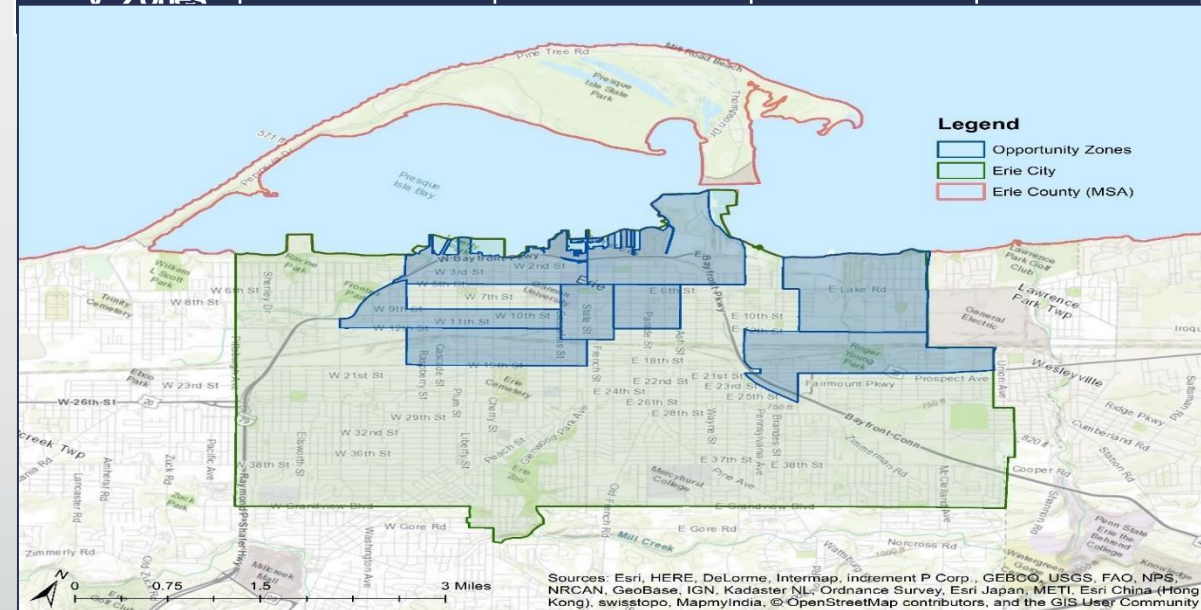
OPPORTUNITY ZONES IN ERIE

GEOGRAPHY OF OPPORTUNITY ZONES



- **8** Opportunity Zone tracts
- **71** total tracts in Erie MSA
- **11%** of all tracts
- **22,561** Opportunity Zone Population
- **274,541** Erie MSAPopulation
- **8.22%** of the population

	<u>Populatio n 2010</u>	<u>Populatio n 2016</u>	<u>% Change</u>	<u>Square Miles</u>
Erie County MSA	280,564	274,541	-2.10%	1,558 sq. miles
Erie City	101,782	97,369	-4.30%	19.37 sq. miles
Opportunit v Zones	23,615	22,561	-4.67%	5.31 sq. miles



TYOLOGY OF OPPORTUNITY ZONE BY CENSUS TRACT

(Methodology)

Methodology

- Utilizing Longitudinal Employer-Household Dynamics (LEHD) data aggregated to the census tract level
 - Calculated the work area profile of the census tracts in Erie County (MSA) for Manufacturing job loss (NAICS 31-22)
 - Performed a longitudinal study observing Manufacturing job loss 2002-2015
- Utilizing Planning Database (PDB) data aggregated to the census tract level and census block group level
 - Analyzed block groups for concentration of renter occupied housing, mixed-use occupied housing, high density housing
- Utilizing government funding highlights via Pennsylvania Department of Community and Economic Development (DCED)
 - Performed density analysis based on points of investment in Erie County (MSA)
- Utilizing the Erie County Asset inventory via Erie County Data Center
 - Performed density analysis based on anchor institutions
 - Analyzed block groups for blighted housing

Typologies

Industrial Development Hub

- Areas identified as being the focus of local development organizations
- Greenfield development site concentration

Distressed Industrial Corridor

- Tracts identified as having experienced a loss of manufacturing employment greater than 350 jobs since 2002
- Brownfield development site concentration

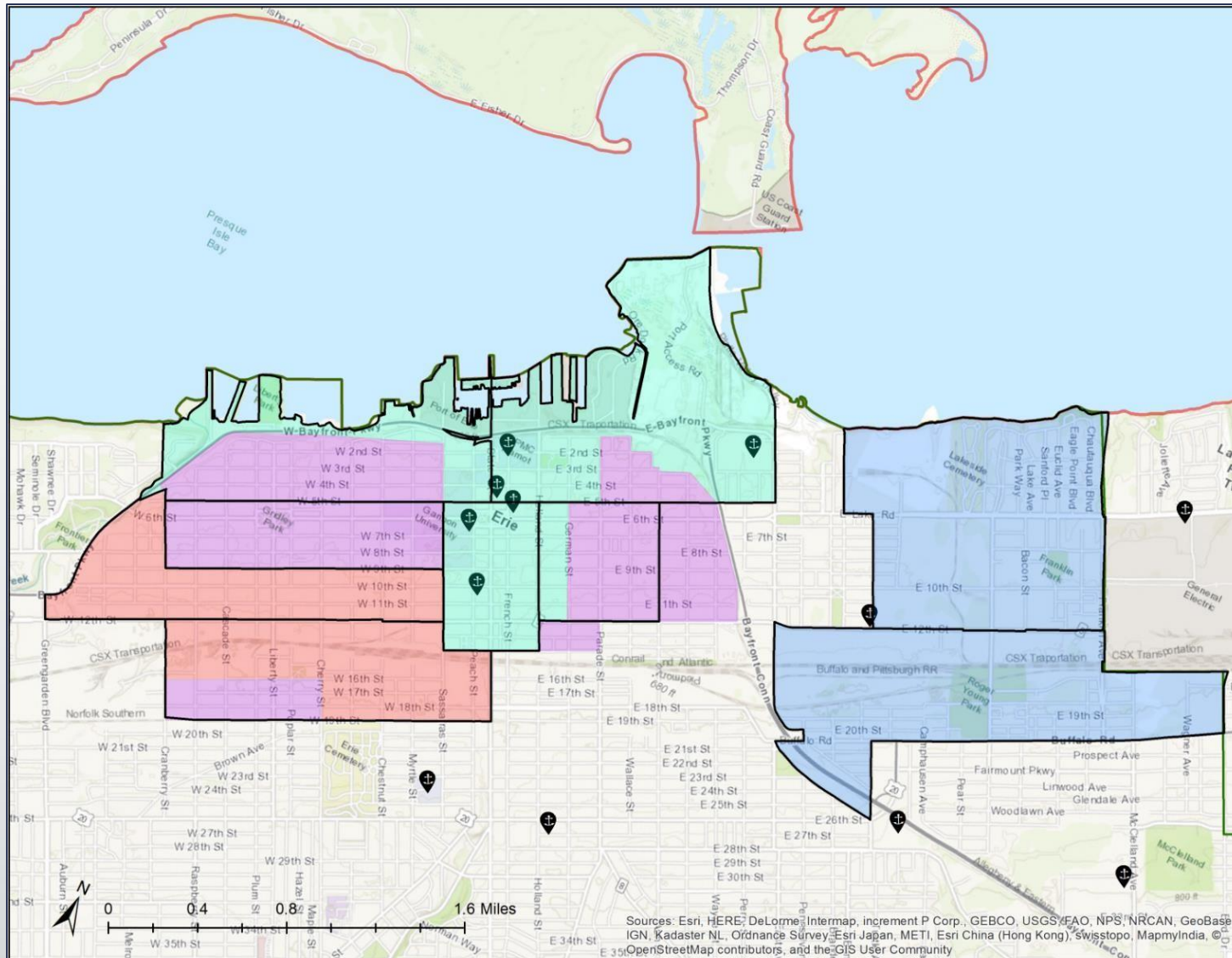
Investment Core

- Areas identified as experiencing higher than average government funded projects via density analysis
- Areas identified as being the focus of local investment initiatives
- Areas containing anchor institution concentration, and subsequent employment density

Residential Development Opportunities

- Areas identified as high density renter-occupied housing, high mixed- and multi-use dwelling areas, and areas of city identified blighted property

TYOLOGY VISUALIZATION BY CENSUS TRACTS



Zone Typologies

- Industrial Development Hub
- Distressed Industrial Corridor
- Investment Core
- Residential Development Opportunities

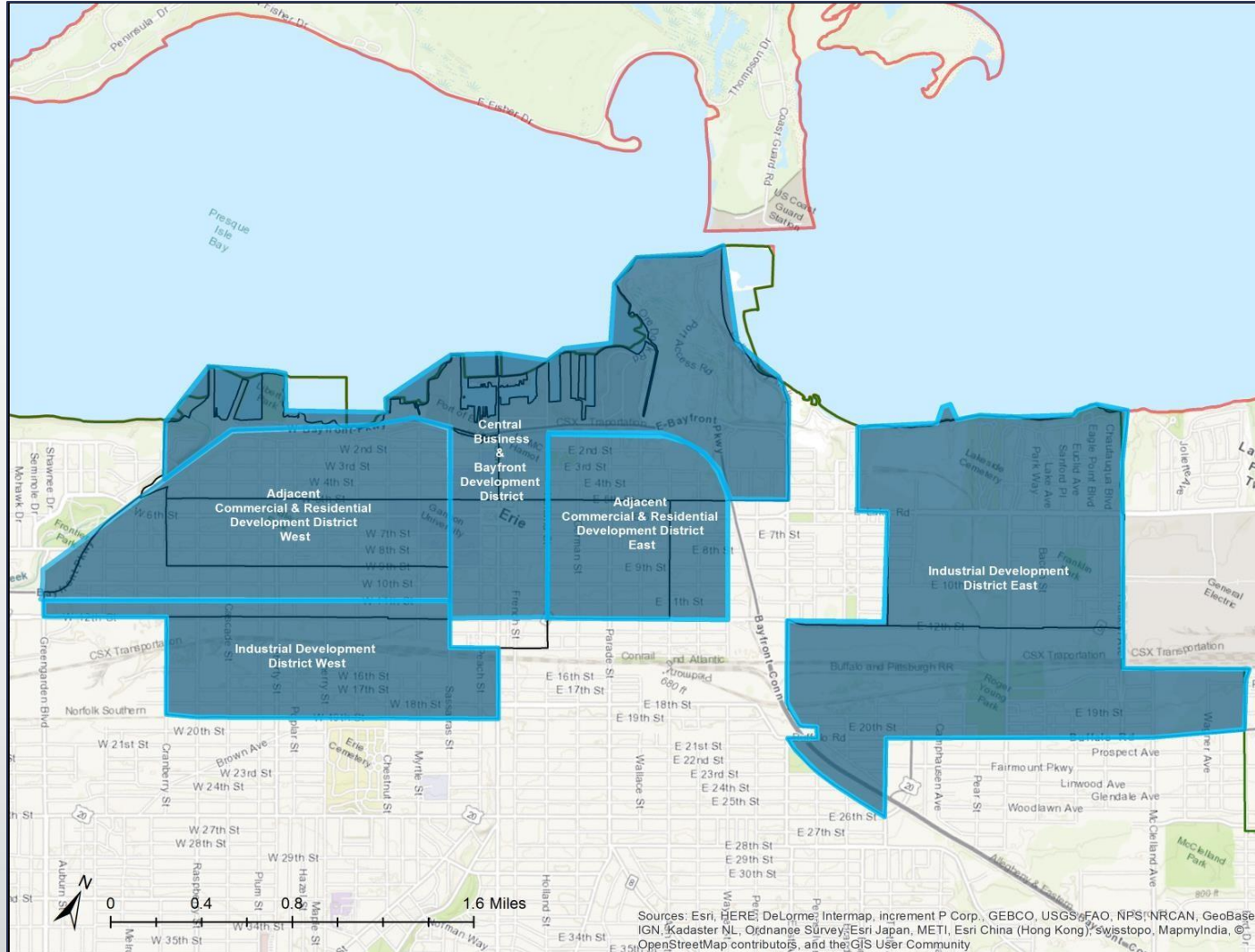
Boundaries

- Erie County (MSA)
- Erie City
- Opportunity Zones

Icons

- Anchor Institutions

MARKET MENTAL MAP



Central Business and Bayfront Development District

- Erie Downtown Development Corp.
- Erie Innovation District
- Erie Technology Incubator
- Erie-Western Pennsylvania Port Authority
- Harbor Place Bayfront Development
- Bayfront Place Development

Adjacent Commercial & Residential Development District West

- Our West Bayfront

Adjacent Commercial & Residential Development District East

- Bayfront Eastside Taskforce
- SERVErie

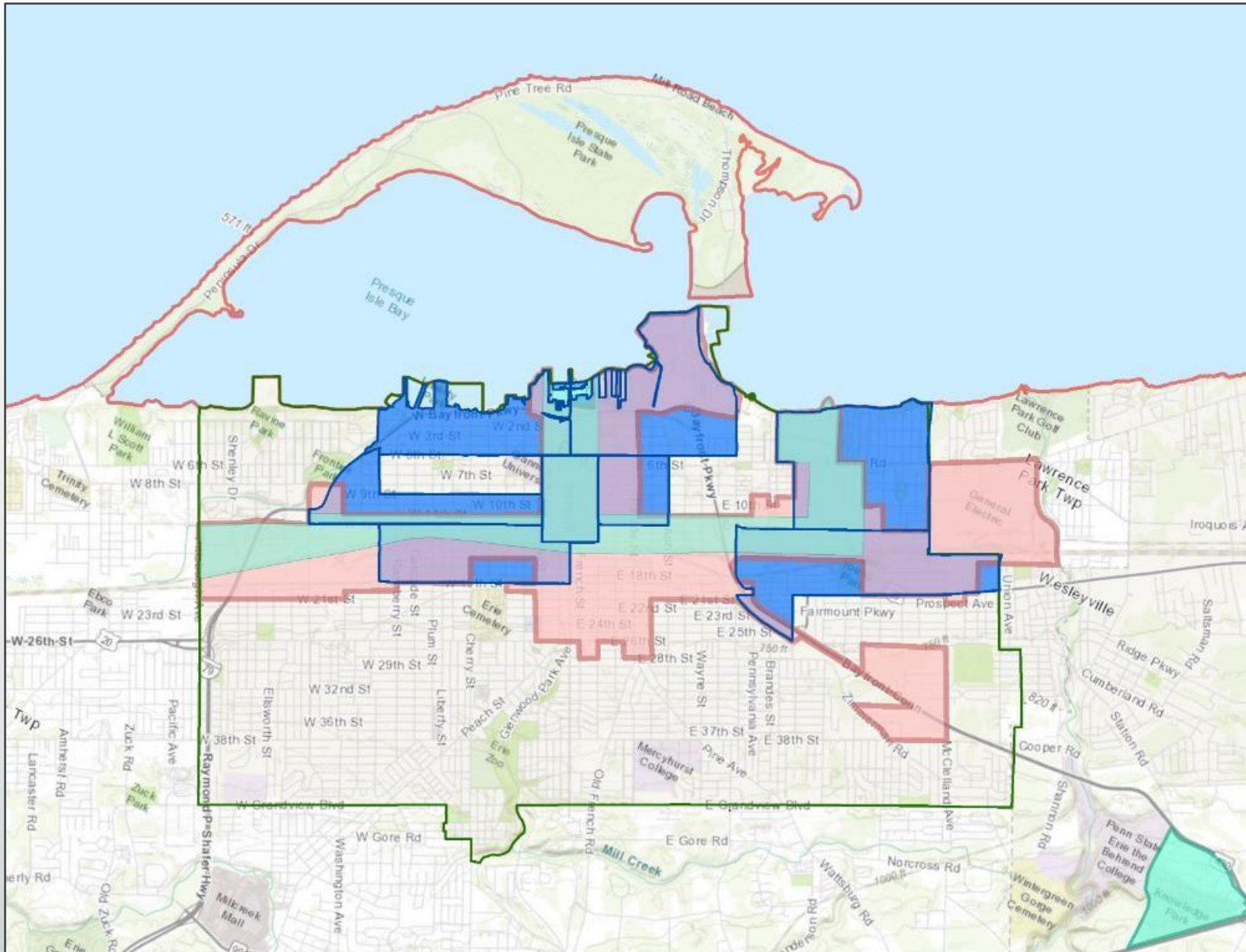
Industrial Development District East

- Greenfield Development Opportunity
- SB3
- Savocchio Business Park




Industrial Development District West

- Brownfield Development Opportunity

LOCAL, STATE, AND FEDERAL INCENTIVE MAP



Incentive Zones

-  Opportunity Zones
-  Enterprise Zones
-  Keystone Innovation Zones

Boundaries

-  Erie County (MSA)
-  Erie City

Enterprise Zones

An incentive program that provides tax credits to businesses or private companies investing in rehabilitating, expanding, or improving buildings or land.

Keystone Innovation Zones

An incentive program that provides tax credits to for-profit companies less than eight years old operating within specific targeted industries within the boundaries of a Keystone Innovation Zone.

SOCIAL AND ECONOMIC OVERVIEW

Metro, City, Opportunity Zones

	Black	Hispanic	Foreign Born	Poverty	Median Household Income	% BA Degree *	% Some College*	% No HS degree*	% Under 18	% Over 65	% Unemployment
MSA	7.8%	4.36%	4.5%	15.7%	\$47,094	27%	15.9%	8.9%	21.9%	17.3%	4.3%
Erie City	16.4%	7.2%	7.3%	26.4%	\$35,205	21.7%	16.2%	12.9%	23%	13.6%	5.6%
O-Zones	23.4%	10.4%	5.5%	43.4%	\$23,787	10.2%	n/a	18.3%	24.7%	11.9%	6.4%
State (PA)	11.9%	7.3%	6.4%	12.9%	\$54,895	29.3%	16.2%	10.4%	20.8%	17.8%	4.5%
US	13.4%	18.1%	13.2%	12.7%	\$55,322	30.3%	21%	13%	22.6%	15.6%	3.9%

Source: Census Planning Database (PDB), American Community Survey (ACS)

* Age 25 years and over

ZONE STRATEGY

1.

To reinforce the growth of the Central Business District and adjacent Commercial and Residential districts by leveraging current investment from anchor institutions, philanthropic stakeholders, and public sector partners at state and local level.

2.

To accelerate the rate of investment in the emerging entrepreneurial ecosystem centered around the Erie Innovation District, the Erie Technology Incubator, and legacy manufacturing companies in the urban core and adjacent urban industrial parks.

CENTRAL BUSINESS &
BAYFRONT DEVELOPMENT
DISTRICT

ERIE DOWNTOWN DEVELOPMENT CORPORATION

Facts about the Erie Downtown Development Corporation

- In its first operational year, the EDDC acquired more than 118,000 square feet of underutilized mixed use property. The EDDC is actively pursuing additional real estate in the Central Business District for revitalization.
- The EDDC is working with national investment funds, philanthropic organizations, and urban planning leaders to leverage investment through Opportunity Funds in the Central Business District.
- The EDDC engaged HR&A Advisors in 2017 to study the real estate market in the Central Business District. The market research found a current need for 750 market rate housing units.
- The EDDC hosted an Urban Land Institute (“ULI”) advisory panel in July 2018 to assess the EDDC’s revitalization efforts in the City of Erie. The advisory panel consisted of a group of nationally renowned land use and urban planning experts.
- The EDDC is leveraging existing community-developed plans, including Erie Refocused, Emerge 2040, and the Erie Downtown Master Plan.



EDDC

ERIE DOWNTOWN
DEVELOPMENT
CORPORATION

ERIE DOWNTOWN DEVELOPMENT CORPORATION

Erie Downtown Development Corporation Strategy

1. Acquire and Redevelopment of Commercial and Residential Real Estate

- Concentrate investment in the Central Business District to maximize impact.
- Restore, revitalize and construct mixed use property in the Central Business District to increase housing stock, dining, entertainment and retail options in the Central Business District.

2. Attract New Businesses, Residents and Investment

- Market, attract and recruit new businesses and residents to the Central Business District.
- Leverage the EDEF to attract additional investment, including Opportunity Zones, and financial institutions community reinvestment act ("CRA") requirements in the Central Business District.

3. Support and Enhance the Public Spaces

- Restore and revitalize public spaces through streetscaping activities, improved safety, and pedestrian and bicycle access in the Central Business District.

4. Create Programming

- Activate and develop programming in the Central Business District to support existing businesses and residents, and incentives further commercial and residential investment.



ERIE INNOVATION DISTRICT

Facts about the Erie Innovation District

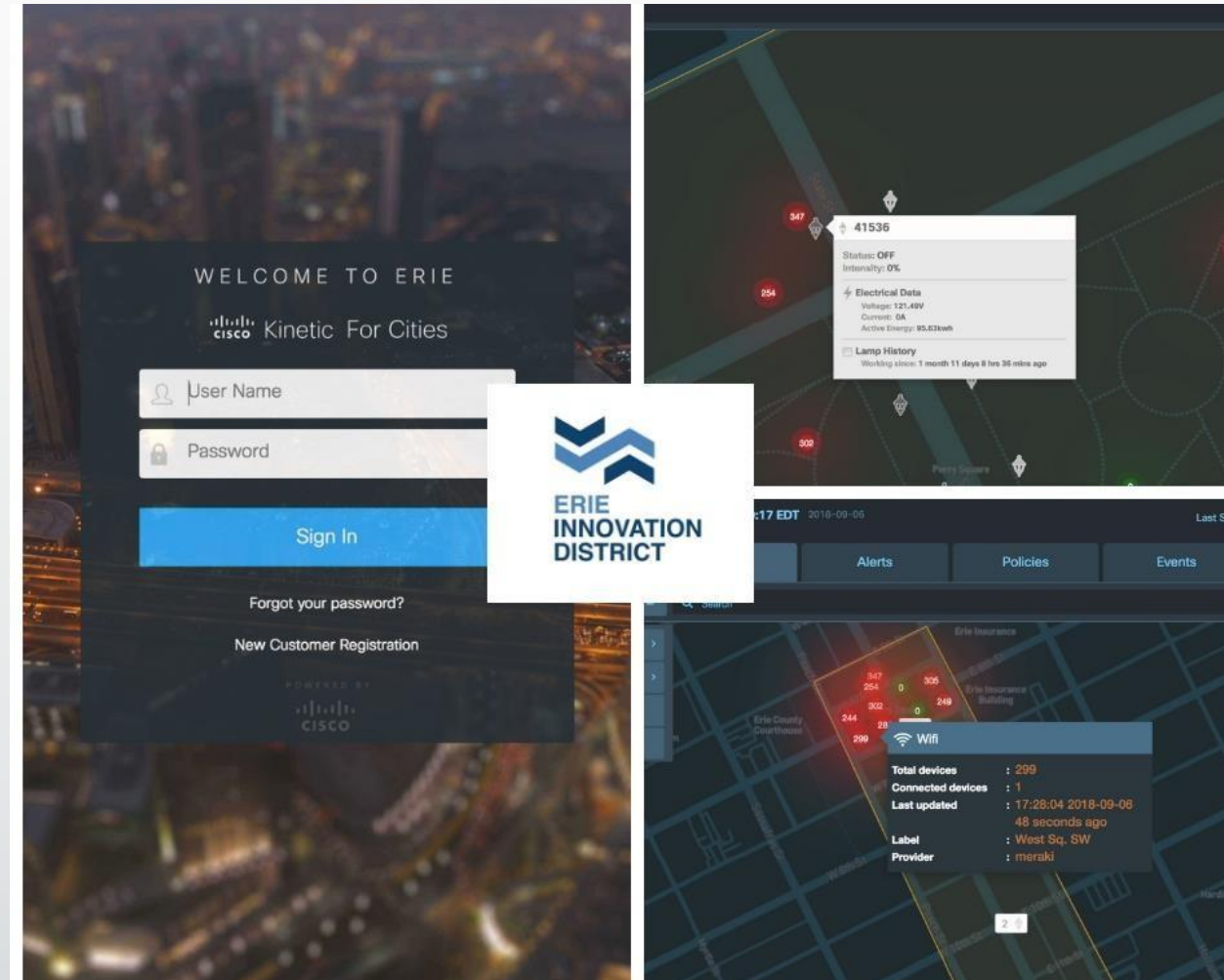
- **Mission:** Lead a place-based urban development 501c3 initiative designed to transform the Erie region into a safety and security innovation hub that will become a destination for secure cyber and connected services.
- **Means:** Launched in 2017 by a **\$4M local grant** and at the consultative advice of the Brookings Institution, EID brings together governmental leadership, regional universities, startups and established Fortune 500s in a singular downtown footprint, which lies in the heart of the city's historic business district and Qualified Opportunity Zone. This public/private partnership involves collaboration on business and technology investments across entities including the City of Erie, DellEMC, Erie Insurance, MCPc, Mercyhurst and Gannon Universities, Quantela, VelocityNet and others.
- **Place:** Collocated at 717 State Street with the city's largest Fortune 500 employer, EID jointly operates a state-of-the-art *Innovation Center* of over 10,000 sqft, as part of a larger 4-block radius footprint including both coworking spaces and incubation. The center's space offers both an open floor plan and break-out rooms for both small and large working events.



ERIE INNOVATION DISTRICT

Strategy for the Erie Innovation District.

- **Transformational Strategy:** Establish a digital infrastructure and technology workforce that reimagines a historic test and manufacturing city into a “living laboratory” with field-testing of new security products and connected services on a community scale. In essence, build, test, and distribute to the globe out of the marketplace city of the future.
- To achieve this physical and economic transformation, EID has launched an integrated revitalization plan with two primary initiatives:
- **“Secure Smart City™”** Deploying smart products across an integrated fiber and power network and managing secure city services through a single command and control center dashboard beginning with such features as smart lighting, free public access Wi-Fi, and safety and security cameras in high-traffic areas.
- **“Secure Erie Accelerator”** Attracting, supporting and further equipping a series of startups through accelerator cohorts in partnership with Silicon Valley partner - Singularity University – in order to mentor and link promising companies with investors and partners within a multi-city, regional business ecosystem.



ERIE INNOVATION DISTRICT

Secure Accelerator Fund Erie (SAFE)

Secure Accelerator Fund Erie (SAFE)

The SAFE program will organize and manage a venture investment fund dedicated to developing a regional technology workforce of talent and intellectual property through startups linked to the Erie's secure smart city campaign. Specifically, late-stage startups will be attracted to a companion acceleration program for this investment fund, based on proven acceleration processes of Singularity University, and will graduate with pilots, additional rounds, and/or partnerships with both local and multinational corporate sponsors.

- **Method:** The startups selected to participate in the relevant accelerator will receive **\$100,000 (or more)** in seed funding through SAFE, using a standard KISS agreement. SAFE will attract and retain late-stage startups that demonstrate a minimum viable product along with prior revenue and/or angel investment. EID plans to support two (or more) cohorts/year.
- **Focus:** Candidate companies will map their existing businesses to security and/or connected services and field test them within Erie's Qualified Opportunity Zone, squarely in the center of the secure smart city. Additionally, SAFE will run vertical cohorts for industrial topics such as: fintech, insurtech, medtech, and other regionally relevant industries.



ERIE EVENTS | BAYFRONT PLACE

Facts about Bayfront Place

- Bayfront Place is a **29-acre site**, owned by Erie Events (Erie County Convention Center Authority), that includes the former GAF shingle plant property and the land occupied by the Bayfront Convention Center, The Sheraton Erie Bayfront Hotel, and the Courtyard Marriott Erie Bayfront Hotel.
- The Bayfront Place Development Plan promotes new restaurants and retail spaces at ground level with residential apartments and condominiums on upper floors. A market house and new office buildings will be located on the south end of the site. The proposed buildings are organized around a network of parks and open spaces providing “view corridors” of Presque Isle Bay.
- The Bayfront Place Development Plan includes **790,000 square feet** of new development with an estimated construction cost between \$200 and \$300 million dollars.



ERIE EVENTS | BAYFRONT PLACE

Bayfront Place Strategy

- The goal for the Development Plan is to transform Erie's waterfront into a vibrant and pedestrian friendly, mixed use neighborhood that will contribute to the vitality of the City of Erie and the region.
- The Development Plan promotes new restaurants and retail spaces at ground level with residential apartments and condominiums on upper floors. A market house and new office buildings will be located on the south end of the site. The proposed buildings are organized around a network of parks and open spaces providing "view corridors" of Presque Isle Bay.
- More than 40% of the site is dedicated to parks and open space, making this site a valuable public amenity. The remainder of the site is divided, with 32% being structures, 15% parking and 12% roads.
- Once the site is fully developed, it will generate an estimated \$7-10 million in property tax annually and will create thousands of short and long term jobs.



SCOTT ENTERPRISES | HARBOR PLACE

Facts about Harbor Place

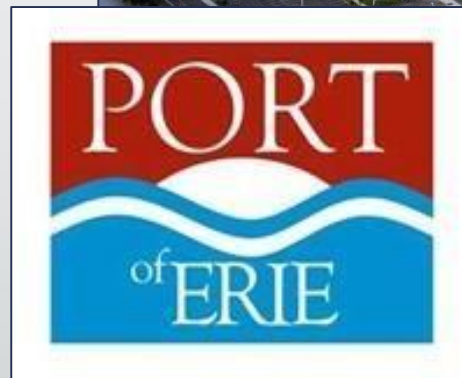
- Harbor Place is a **10-phase \$160 million** dynamic mixed-use development plan that will change the face of Erie's Bayfront. The proposed plan includes corporate offices, a restaurant, hotels, retail shops, parking garages, an outdoor ice skating rink, condominiums and apartments. A skywalk will connect the complex to UPMC Hamot Hospital, allowing quick covered access for patients and staff.
- On May 11, 2018, Scott Enterprises officially broke ground on Phase One of the Harbor Place project - which will be a brand new Hampton Inn & Suites that will feature event space and a rooftop bar. This Hampton Inn & Suites will provide 95 guest rooms, with 31 suites.
- Phase Two will dawn a mixed-use office building with the first floor dedicated to retail.
- Estimated 300 residential units to be built throughout the 10 phase project timeline



ERIE-WESTERN PENNSYLVANIA PORT AUTHORITY

Facts about EWPPA

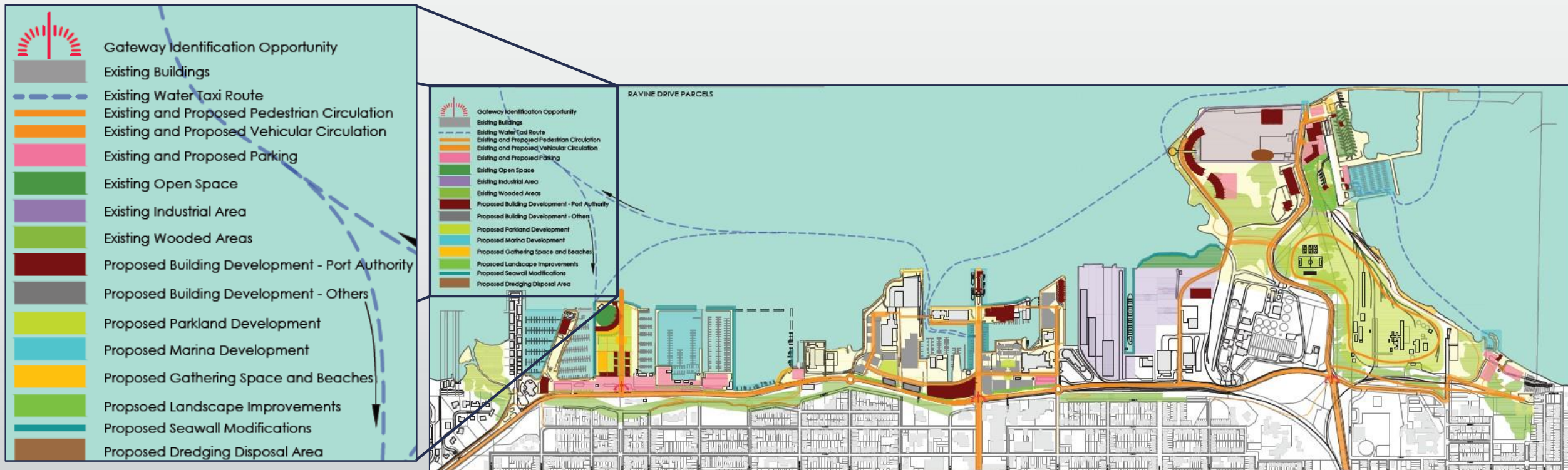
- The Port Authority owns 471 acres of Bayfront property that stretch along Presque Isle Bay and Lake Erie
- Of the 264 acres of dry land, **approximate 176 acres is developable**
- Total square footage of existing buildings is over 535,000 with most leased to commercial tenants
- Uses within the Port's footprint include boat sales and repair, Manufacturing and light industrial, office/service, retail and restaurants, and open space/recreation including 42 campsites and Liberty Park outdoor amphitheater
- One of the country's largest ship building and repair facilities, Donjon Shipbuilding, is located on Port property
- There are 7 marinas and two canal basins for commercial and transient vessels. Combined they have capacity for nearly 1,200 vessels



ERIE-WESTERN PENNSYLVANIA PORT AUTHORITY

EWPPA Strategy

- The Port completed a Master Development and Facilities Plan in the fall of 2017 that identified 8 areas to capitalize on for future investment
- The first will act to expand the area as a tourist destination by enhancing Dobbins Landing
- Another aims to relocate boat storage to more suitable areas and enhance boater services
- Liberty Park, a waterfront and outdoor amphitheater venue, is planned for improvement to allow for big name entertainment opportunities
- Future development potential includes redevelopment of McAllister's land to accommodate expanded and unique retail uses including artist gallery and fish market



ADJACENT COMMERCIAL AND RESIDENTIAL DISTRICTS

OUR WEST BAYFRONT DISTRICT

Our West Bayfront: “Erie’s Greatest Residential Asset”

- The Our West Bayfront district is a dense residential community with pockets of neighborhood commercial uses and public parks. The east side of the district abuts Downtown Erie including the campuses of Gannon University and UPMC Hamot offices, while the southern edge has industrial/commercial focus (the West 12th Street Industrial Corridor), and an institutional/commercial/office focus on its western edge
- Our West Bayfront district represents significant land area, and more importantly, a series of neighborhoods – each with their own history, residents and identity. These neighborhoods are shaped by their location and proximity to assets, whether those be the waterfront, beautiful views, public parks, or significant streets and corridors
 - Area: 843 acres
 - Population: 13,000 +/- (2010 census)
 - Number of structures – 4,459
 - Miles of roadway – 31.5 miles
 - Waterfront views and promenades
 - Public parks and gathering spaces
 - Historic buildings
 - Schools and campuses
 - Proximity to Central Business district and Waterfront
 - Easy access via Bayfront Connector to Route I-79



OUR WEST BAYFRONT DISTRICT



Strategy for Our West Bayfront District

Residential

- A range of residential initiatives are required to help boost the existing housing stock that forms the foundation of this area. These include addressing blighted and vacant homes, supporting renovation and preservation initiatives, and identifying opportunities for new infill construction

Parks and Public Spaces

- This can include the provision of new and upgraded facilities as well as the development of recreation-based programming for all ages in the community

Infrastructure

- This includes the consideration of upgrades to sidewalks and spaces for pedestrian movement, the provision of facilities for bicycles and transit users, and changes to roadway and traffic patterns to improve how people within and outside of the community experience its neighborhoods, parks and businesses

Social / Programming

- Neighborhood service strategies will focus on unmet needs within the neighborhood. These can be physical or programmatic in nature, and have the potential to incorporate a wide range of community needs. The ability to group multiple services in a specific area or building can support a more efficient use of resources

Local Business

- The creation of a commercial corridor where investment can be focused, as well as programs to support small businesses (storefront programs, small business loans, etc.) can help the neighborhood to be a more complete and supportive place



BAYFRONT EASTSIDE TASK FORCE DISTRICT

Facts about Bayfront Eastside Task Force District

- Erie's East Bayfront is a 25-block neighborhood located directly east of Erie's downtown improvement district between Holland and Wayne Streets from East Sixth to East Front Street
- Approximately 2,340 people live in the neighborhood
- The median household income is \$ 19,514
- 43% of residents living in the East Bayfront target area (Census Tract 4) live below the poverty level
- There are approximately 1,194 housing units in the East Bayfront neighborhood. 88% of housing units are occupied, while 12% remain vacant
- 39% of units are single-family units and 61 % are multi-family units
- The majority of housing is renter occupied at 75% compared to 25% owner-occupied units



BAYFRONT EASTSIDE TASK FORCE DISTRICT

Strategy for Bayfront Eastside Task Force District

Provide quality neighborhood housing and home ownership:

- Through new owner-occupied home construction, home renovations, and blight removal

Create larger developments:

- By obtaining grants and financing, building financial partnerships, and working with investors

Increase safety and youth activities:

- By working with the East Bayfront Neighborhood Watch, law enforcement, and providers of youth services

Improve communication and cooperation with local government:

- By serving as the single point of contact on neighborhood issues with local government, agencies, and departments

Revive neighborhood image:

- Through signage, gateway gardens, streetscaping, care for parks, and other beautification efforts and events which create a positive image throughout the community

Consider the many and often competing needs of many different constituents:

- Residents, businesses, politicians, landlords, developers and many others



INDUSTRIAL DEVELOPMENT DISTRICTS

SB3 INDUSTRIAL PARK

Facts about SB3 Industrial Park

- SB3 Industrial Park includes a premier office complex with over 35,000+ square feet of marketable commercial space as well as 100 acres of developable industrial land
- Formerly the sites of the Hammermill Paper Company in the late 1800s and early 1900s, and later the International Paper Company, the SB3 Industrial Park borders the shores of Lake Erie and extends south to the industrial corridor of busy East 12th Street in the City of Erie
- The Class A office building sits on a **9.5-acre curated campus**, is ADA accessible, has parking for 275, complete access control system, onsite security 24/7, green space with arboretum, building receptionist & client waiting area, plus much more



Developable brownfield acreage includes:

- South Yard – **21 acres** remain undeveloped between East 10th and East Lake Road along Downing Avenue, Zoning M2 Heavy Manufacturing
- Dunn Brick Yard – **15-acre** parcel at East 12th & Downing Ave, inactive/archived DEP SuperFund Site, Zoning M1 Light Manufacturing
- North Yard – **74-acre** parcel located between the SB3 Office complex and Lake Erie along Hammermill Drive. 2017 \$5m RACP award to Erie County General Authority for continued development at the site. Access to CSX rail line. Zoning M2 Heavy Manufacturing



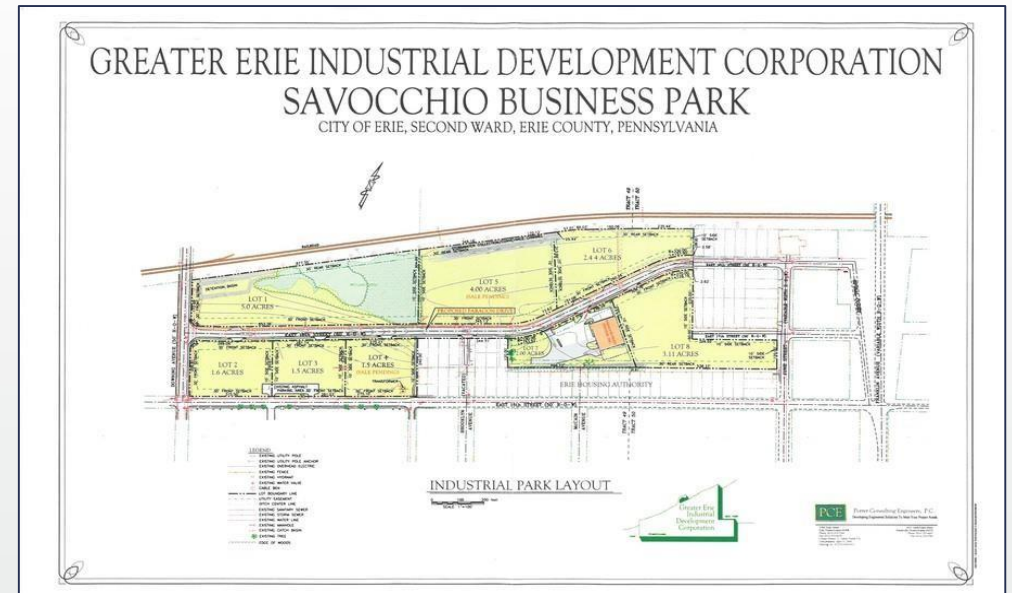
JOYCE A. SAVOCCHIO OPPORTUNITY PARK

Facts about Savocchio BusinessPark

- The Joyce A. Savocchio Business Park, located in the Harbor Homes Hope Zone, and located in the 2nd poorest census tract in the City, is named after Erie's first and only woman mayor. Serving the Erie community for years as an educator, councilwoman, and Mayor, Joyce Savocchio has acted affirmatively to advance minority representation in local government, boards, and authorities.
- A former Super Fund site with approximately 11 acres of undeveloped land, including all utilities, this park is primed for true community development benefiting minorities and New Americans living in Erie's urban core.
- All development initiatives will be overseen by Gary Horton, Founder of the Urban Economic Development Corporation, and Special Assistant for 10 years under Mayor Joyce Savocchio. In addition, under the umbrella of the Minority Community Investment Coalition (MCIC), James Sherrod and Shantell Hilliard, of the Martin Luther King and Booker T. Washington Centers respectively, will work to ensure equitable and inclusive growth opportunities through the development of the park.

In addition:

- All utilities and storm water available
- Approximately 11 acres of undeveloped land
- Keystone OpportunityZone
- City of Erie Enterprise Zone



INSTITUTIONAL CAPACITY

PENNSYLVANIA'S FLAGSHIP OPPORTUNITY ZONE

Community Partners

- The Erie Government, Business and Non-Profit Communities have coalesced around the common goal of promoting Erie's Opportunity Zones, designated as Pennsylvania's Flagship Opportunity Zone
- The Pennsylvania Flagship Opportunity Zone Development Company was created under the umbrella of the Erie Regional Chamber and Growth Partnership to focus economic development and promotion efforts within the Opportunity Zones
- The Development Company will, on a non-fund proprietary basis,
 - Quantify deal flow and availability of local capital
 - Identify projects, local investors, funds, and partner investment
 - Promote the Zone, eligible projects, entrepreneurs, investors, and funds
- The Flagship Opportunity Zone includes the Erie Innovation District, the hospital district, the downtown, industrial parks, and residential areas that are often overlaid with other economic development zones, and are prime for investment

Formore information, visit www.ErieFlagshipOpportunityZone.com



www.ErieFlagshipOpportunityZone.com

CITY OF ERIE | DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

\$7 million in Gap Financing Revolving Loan Funds

Enterprise Zone Revolving Loan Fund

- The Enterprise Zone Revolving Loan Fund (EZRLF) provides low interest financing to credit worthy businesses that contribute significantly to the areas economy
- Land and building acquisition, construction and renovations, machinery and equipment purchases, and other expansion projects that result in the creation or retention of jobs qualify for funding
- EZRLF funding fills the gap between bank financing and an organization's equity

City of Erie Infrastructure Development Fund

- Low interest gap financing for infrastructure projects including: underground utilities; paving; lighting; fencing; water/sewer improvements; and gas lines

City of Erie Business Development Fund

- Similar to Enterprise Zone RLF
- Can support projects outside of traditional manufacturing
- Interest generated from funds support Flagship Fund Micro-Grant program

Flagship Fund Micro-Grant Program

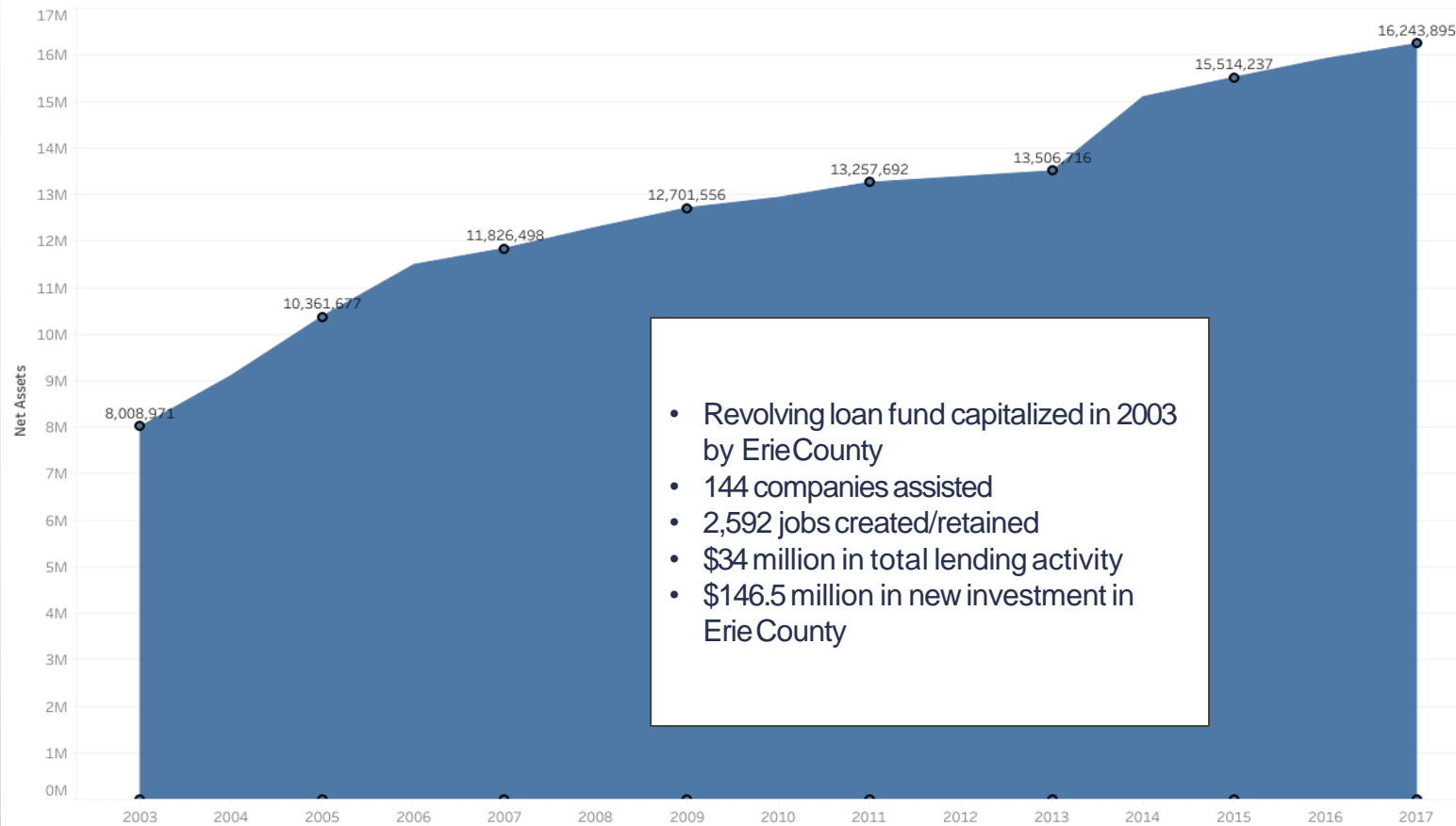
- The Flagship Fund is the City of Erie's first ever Micro-Grant program for small businesses
- It was established to provide financial assistance to support market-ready products and services that enhance the City of Erie's reputation for innovation and creativity; contribute to a thriving, sustainable business culture; and improve the quality of life for residents of the City of Erie



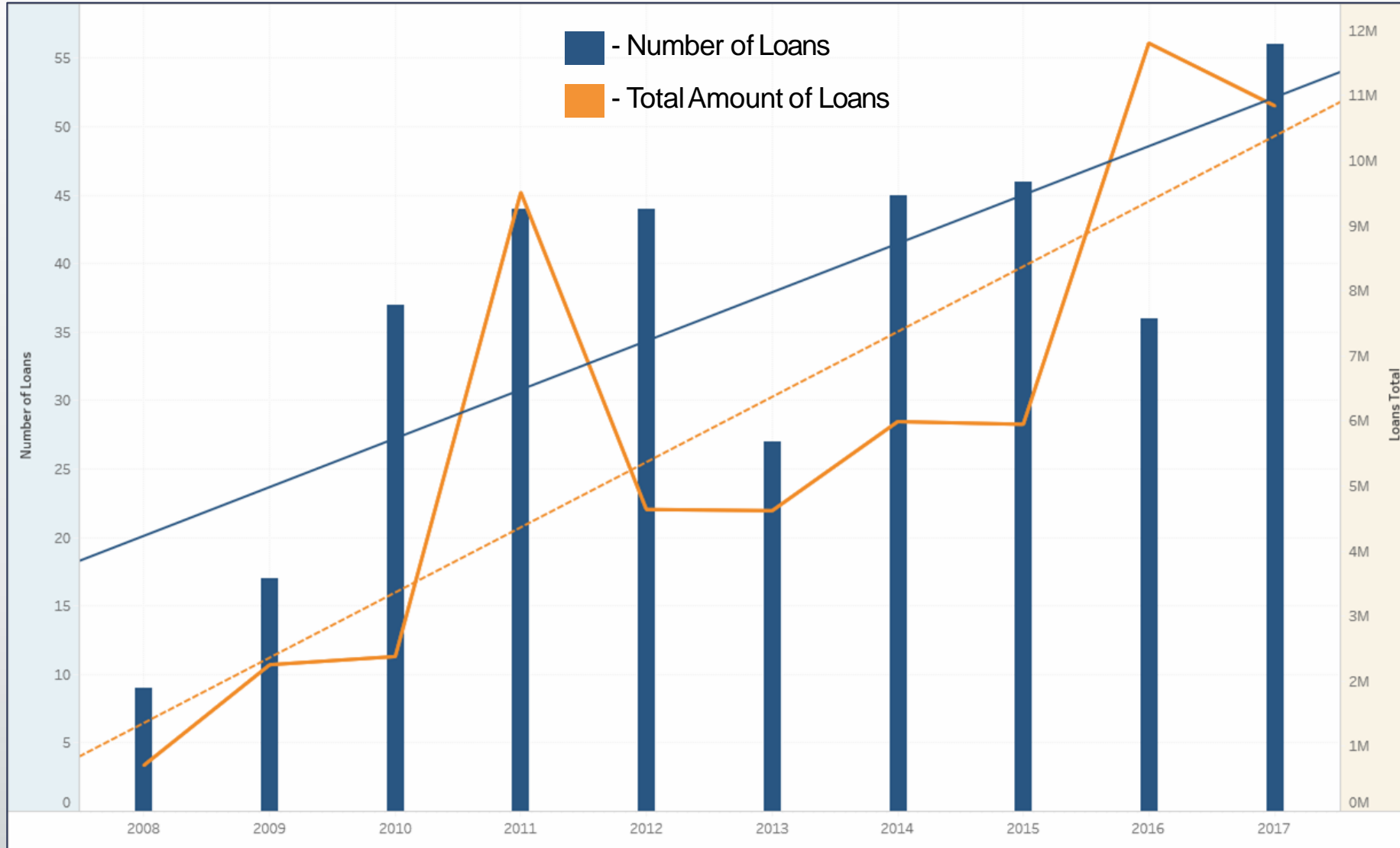
ERIE COUNTY ECONOMIC DEVELOPMENT

Erie County Economic Development is a full service development team that provides low interest financing, real estate services and grant assistance to businesses and non-profit organizations with the ultimate goal of fostering investment and employment in the Erie Region

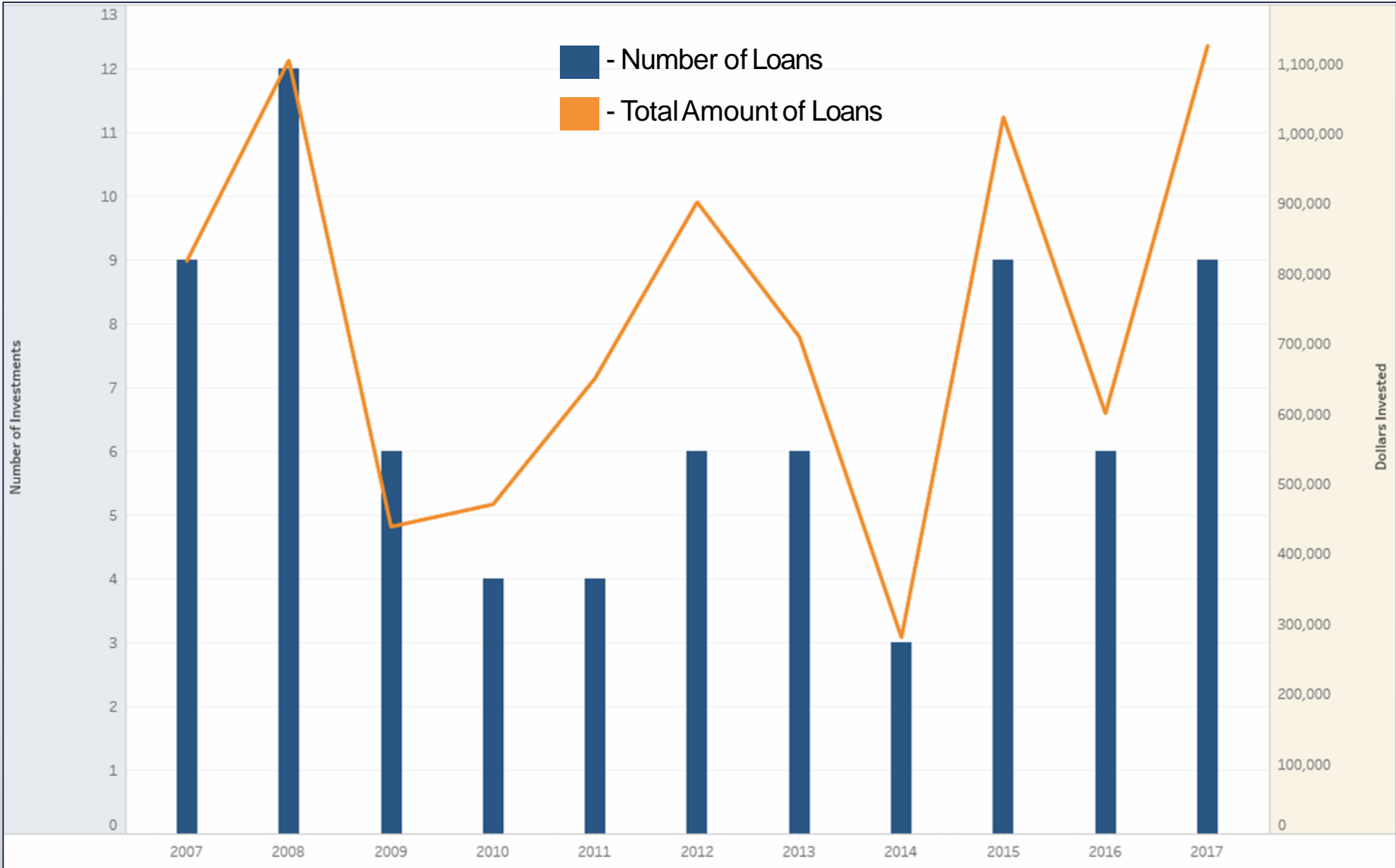
ECRDA Net Assets 2003 - 2017



SBA LOAN ACTIVITY IN ERIE COUNTYMSA 2008 - 2017

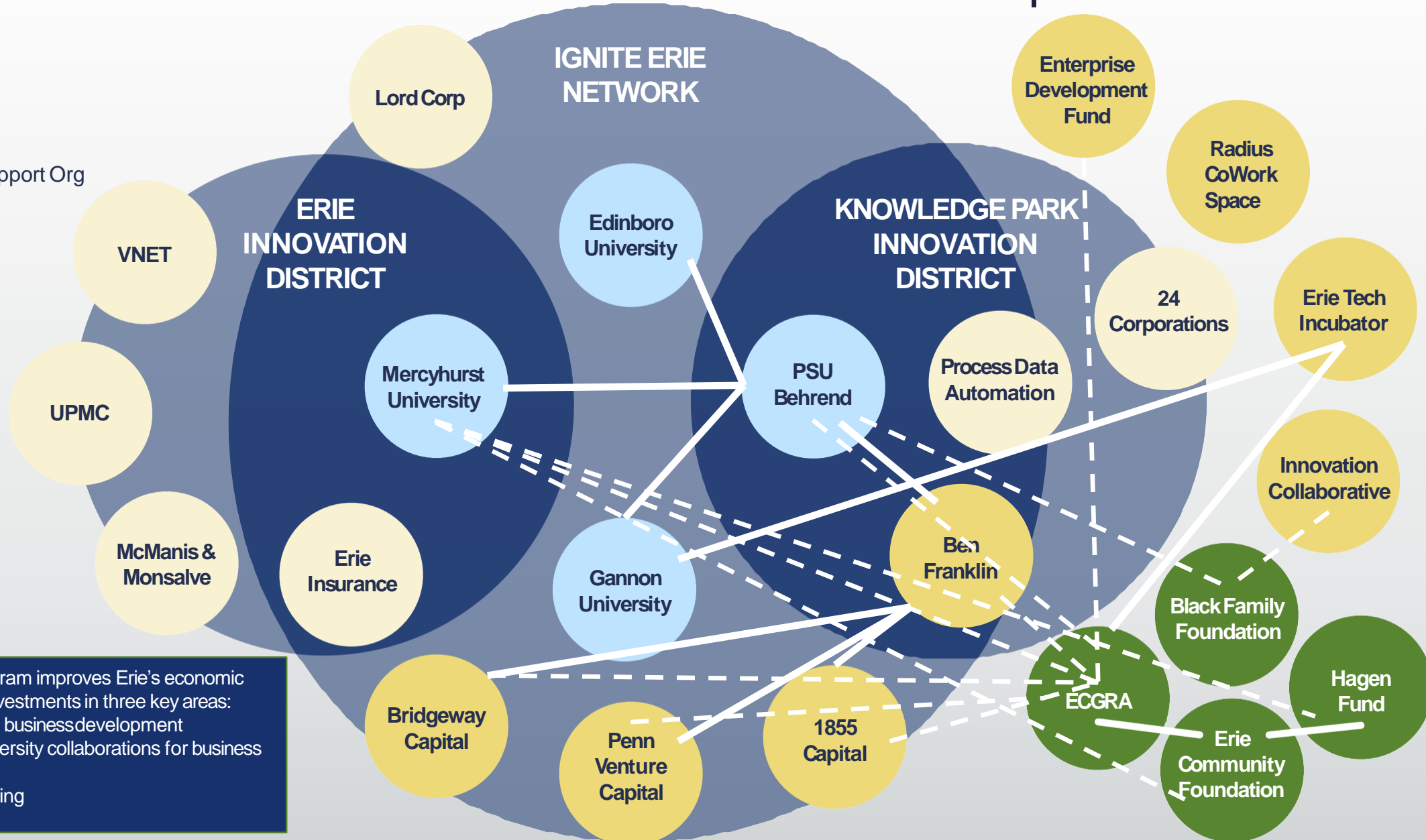


INSTITUTIONAL SEED STAGE FUNDING IN ERIE COUNTY MSA 2007-2017



ERIE COUNTY GAMING REVENUE AUTHORITY | IGNITE ERIE

- Relationship
- - - Funding
- Funding Entities
- Entrepreneur Support Org
- Universities
- Private Sector



ECGRA's IgniteErie™ program improves Erie's economic outlook through impact investments in three key areas:

- Inner-city small business development
- Industry & University collaborations for business acceleration
- Business financing

ERIE COUNTY GAMING REVENUE AUTHORITY PLACEMAKING PROJECTS

RENAISSANCE BLOCK PROGRAM

- Part of the Neighborhood Impact Investing strategy through ECGRA, The Renaissance Block program was created in 2018 and designed to reinvigorate neighborhoods and main corridors, boost buy-local efforts and combat blight in Erie County
- The Renaissance Block Program is a matching program that helps finance eligible exterior repairs, permanent improvements, and streetscapes. Funds can also be used to improve publicly owned property that is targeted to improve the block's visual appearance
- The program in its first year awarded nearly \$500,000 to eleven neighborhood groups in Erie County

ANCHOR BUILDING PROGRAM

- The Anchor Building Grant Program, created in 2018, is an adaptive reuse funding program designed to strengthen a community, neighborhood, or commercial district by redeveloping, enhancing, and preserving an underutilized or vacant building that has the potential to serve as a catalyst for greater investment and commercial or social activity
- ECGRA funding serves as a vital part of the financing structure to bridge the gap, boost the real estate market, assist in developing equity, and enhance quality of place
- The program in its first year awarded nearly \$500,000 for five catalytic projects in Erie County

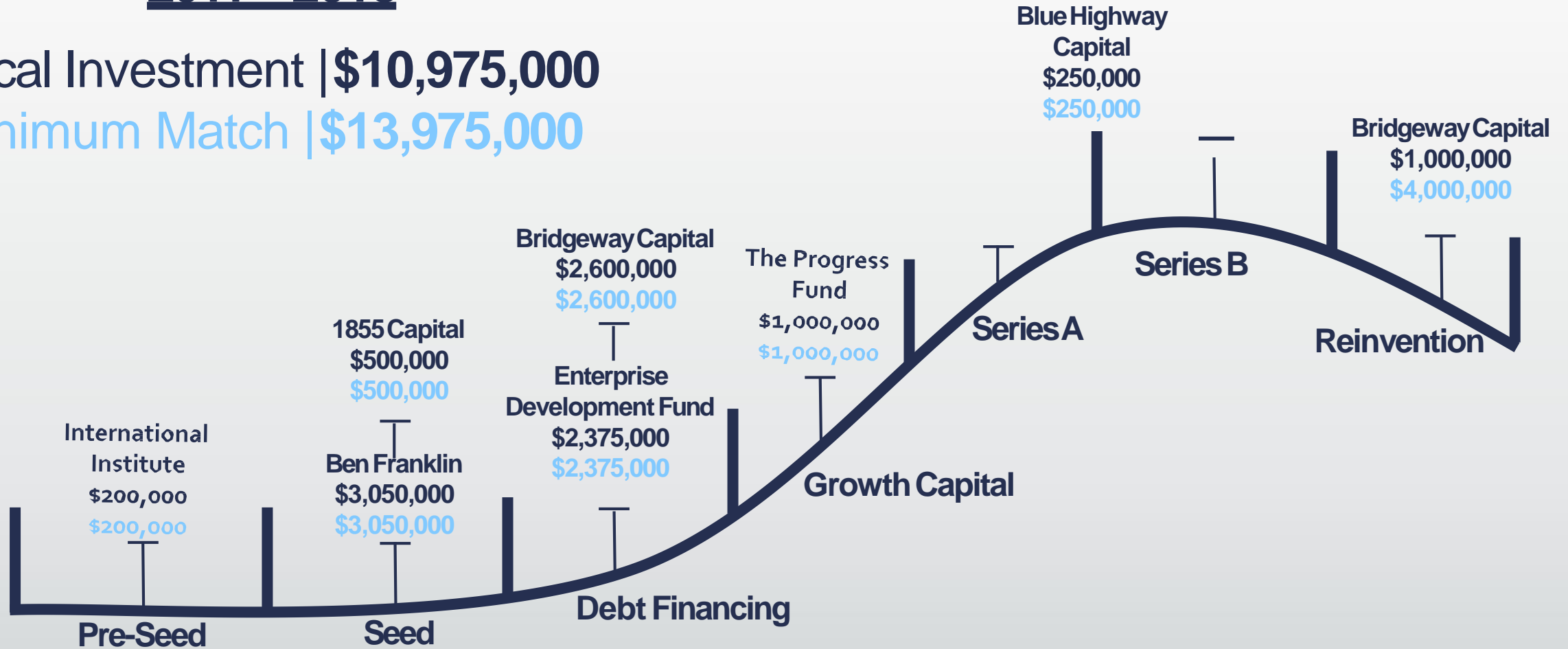


CONTINUUM OF LOCAL CAPITAL INVESTMENTS BY ERIE COUNTY GAMING REVENUE AUTHORITY

2011 – 2018

Local Investment | **\$10,975,000**

Minimum Match | **\$13,975,000**

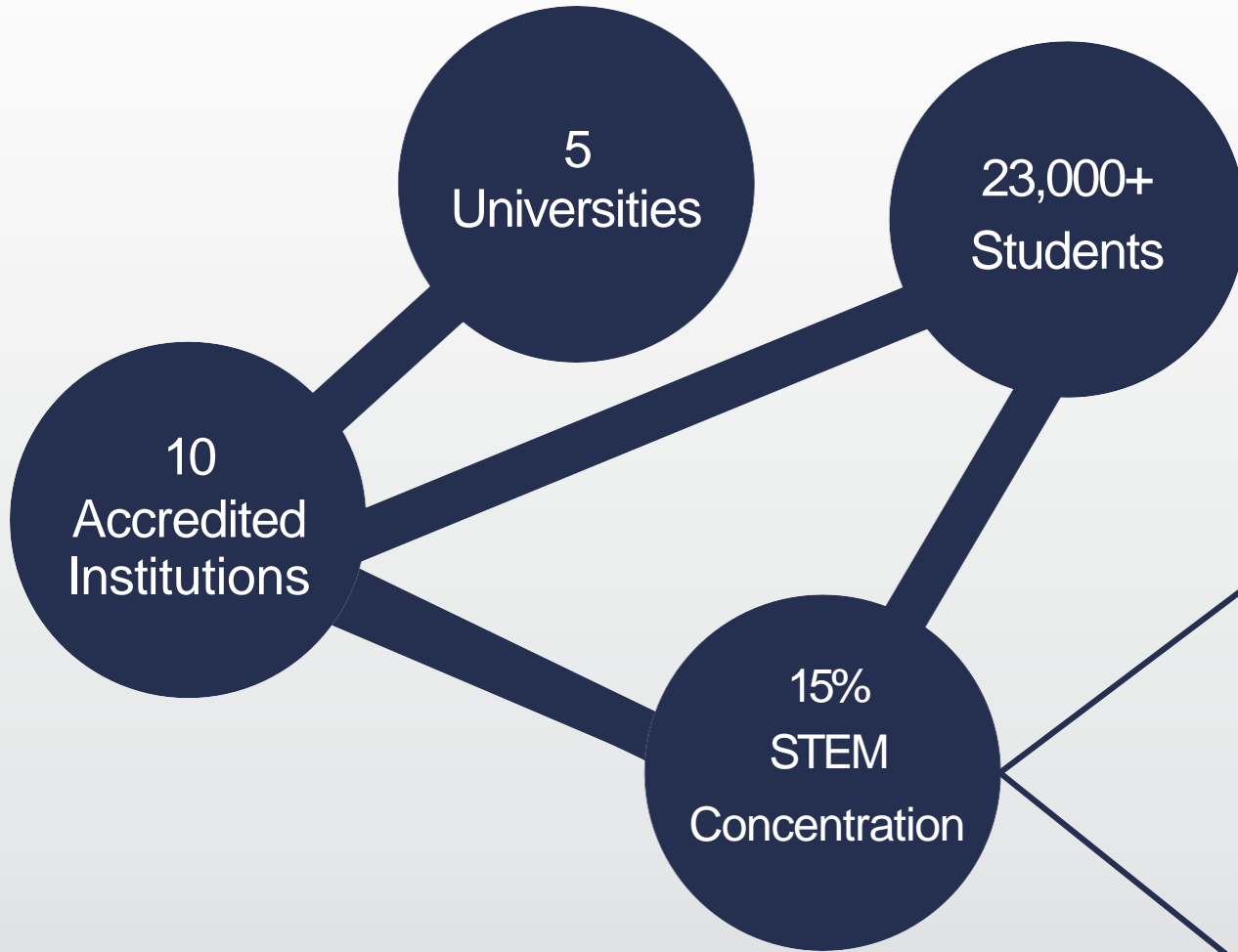


HOUSING AND NEIGHBORHOOD DEVELOPMENT SERVICE (HANDS)

- Housing and Neighborhood Development Service (HANDS) is Northwestern Pennsylvania's leader in the development and management of multifamily apartment homes for low-income families, elderly and adults living with a disability
- Over the course of 50 years, HANDS has completed 4 dozen housing developments resulting in the production of more than 1,000 units of affordable housing
- HANDS forms strategic partnerships with local municipalities, counties, social service agencies and community organizations to address their housing needs. Each development provides HANDS and the community at large with the opportunity to promote greater choice of housing and further reduces impediments to fair housing
- HANDS has worked with and secured funding through numerous federal, state, local and private agencies. A few of HANDS supporters include: the Department of Housing and Urban Development, Pennsylvania Housing Finance Agency, Federal Home Loan Bank, the Pennsylvania Department of Community and Economic Development, Crawford County, the City of Erie Department of Economic and Community Development, Erie County, the Erie Redevelopment Authority and the Erie Community Foundation
- HANDS is designated as a Community Housing Development Organization (CHDO) by the City of Erie and Commonwealth of Pennsylvania



REGIONAL UNIVERSITY PIPELINE



<u>School</u>	<u>Total</u>	<u>Undergrad</u>
Mercyhurst	2,759	2,452
MNE	793	793
Behrend	4,502	4,345
Gannon	4,149	3,076
Edinboro	5,574	4,290
LECOM	4,163	0
FORTIS	391	391
Great Lakes	396	396
EIT	295	295
Triangle Tech	61	61
TOTAL	23,083	16,099

<u>STEM Degrees Awarded</u>	<u>2016 - 2017</u>
Biological And Biomedical Sciences	162
Computer and Information Sciences and Support Services	169
Engineering	447
Engineering Technology and Engineering-Related Fields	308
Mathematics and Statistics	22
Physical Sciences	65
Health Professions and Related Programs	2253
TOTAL:	3426



INCLUSION STRATEGY

INCLUSION STRATEGY

The City of Erie is dedicated to facilitating equitable and inclusive growth for all segments of the community. Our inclusion strategy is informed by the work of Policy Link which aspires to these outcomes:

- **Equitable growth.** Opportunity Zones should leverage tax incentives to create good jobs, increase economic security and mobility, and eliminate the racial wealth gap. Projects in the zones should result in jobs that provide wages that support a dignified standard of living, full benefits and workers rights, and safe and healthy working conditions. Developers and investors of color should have access to contracting opportunities in the zones
- **Development without displacement.** In addition to bringing economic opportunity and vitality to disinvested communities, development in Opportunity Zones should foster greater housing affordability and security for families most at risk of displacement, including low-income households and households of color
- **Healthy communities of opportunity.** Investments should drive equitable growth and prosperity for current low-income residents and communities of color within the zones. Projects should increase services available to vulnerable populations such as affordable transportation options, health-care facilities, healthy food retail, and quality education services*



ERIE'S PUBLIC SCHOOLS | TECH AFTERHOURS

Facts about Erie's Public Schools TechAfter Hours

- Erie's Public Schools Adult Education Program **Tech After Hours** focus is to fulfill education, instructional, and support services for the Erie Community to earn industry credentials in the focused fields of training and high school diploma program
- Training Includes the fields of welding, machinist, construction trades and health careers. The programs are designed as a path to industry-recognized certifications in the health careers, construction trades, welding and machining fields
- Tooling-U, OSHA 10, resume/portfolio and soft skill development are part of each program
- Individualized training programs can be designed based on an employer's needs related to a particular O-NET code or defined by the employer for their employment requirements



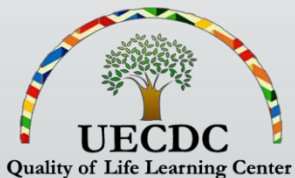
COMMUNITY CENTERS

Erie features a robust and vibrant network of Community Centers. The community centers offer a wide range of services including housing assistance, after school programs, childcare, financial empowerment training, adult learning, workforce training, and more.

The Centers include:

- The Booker T. Washing Center
- The JFKCenter
- The MLKCenter
- Quality of Life Learning Center

Working together in a collaborative manner, the Community Center's have recently created the Minority Community Investment Coalition – aimed at better coordinating services, and speaking as one voice as they seek more financial resources.



EAGLE'S NEST LEADERSHIP CORPORATION

Facts about Eagle's Nest

- The Eagle's Nest Leadership Corporation, a recognized 501 c(3) non-profit organization, is a think tank of community leaders dedicated to the dynamics of vision, educational initiatives, career development, and community civility
- The Eagle's Nest Leadership Corporation is a collaborative effort from a multitude of solutions. The program instills hope for a future by providing a concrete plan for a pathway to a career (not a job), it stimulates the economy, it transforms the mind for life-readiness instead of the "just getting by" mentality, it improves education and financial literacy, and partners with major corporate institutions who are investing in the lives of our youth because of the reality of their potential and the potential of the programs
- Boy's Academy
 - The assignment of the Eagle's Nest African-American Boys Academy, an institution dedicated to the intellectual stimulation of elementary-age boys, is to introduce and reinforce the values of citizenship, self-esteem, self-determination, and honor by exploring African-American culture through historical and contemporary analysis
- School of Financial Literacy
 - Provides a robust, multi-faceted program designed to give students the tools and resources needed to obtain personal financial success after high school. At the end of the program, each student will receive a monetary scholarship to invest in a savings account



ERIE'S PUBLIC SCHOOLS: A POINT OF PRIDE

- Northwest Pennsylvania Collegiate Academy – Ranked 4th high school in Pennsylvania by US News and World Report
- 2018 – created game-changing, 5 year Strategic Plan that places an emphasis on student success at every level. Over 140 school and community leaders were actively involved in the process
- 2017 completed largest reconfiguration in school district's history that provided immediate and measurable relief to operational and maintenance costs of underutilized buildings
- Attracted an additional \$14 million in annual funding from the State of Pennsylvania
- Spearheaded fair funding reform at the State level to ensure that future funding would be in place to help meet the aspirational benchmarks of the Strategic Plan

"We all know Erie is a great place to live. It boasts beautiful sunsets, a low cost of living and is a stable place to raise a family. But the real thing Erie has going for it- the thing I think we sometimes underestimate- is our sense of community. When there is a need, big or small, people in this community step up to help." Brian Polito, Superintendent for Erie Public Schools, Superintendent's Message - 2018 Strategic Plan



2018-2024 Strategic Plan
Mobilizing *Community*,
Igniting *Excellence!*

Our Commitment:
In Erie's Public Schools, we champion high levels of Student Engagement and Personalized Pathways to Educational Excellence for every student, without exception.



MARKET STRENGTHS

SIGNIFICANT CAPITAL INVESTMENT FROM ANCHOR INSTITUTIONS

Over the last few years, some of the largest anchor institutions in the region have invested nearly **\$600 million dollars in capital projects**, including Fortune 500 company Erie Insurance, UPMC- Hamot Hospital, Allegheny Health Network - Saint Vincent Hospital, Gannon University, Mercyhurst University, Scott Enterprises, and Velocity Network.

- Erie Insurance | **\$135 million**
- UPMC Hamot | **\$111 million**
- Saint Vincent Allegheny Health Network | **\$115 million**
- Velocity Network | **\$8 million**
- Gannon University | **\$16 million**
- Mercyhurst University | **\$5 million**
- Scott Enterprises | **\$160 million**

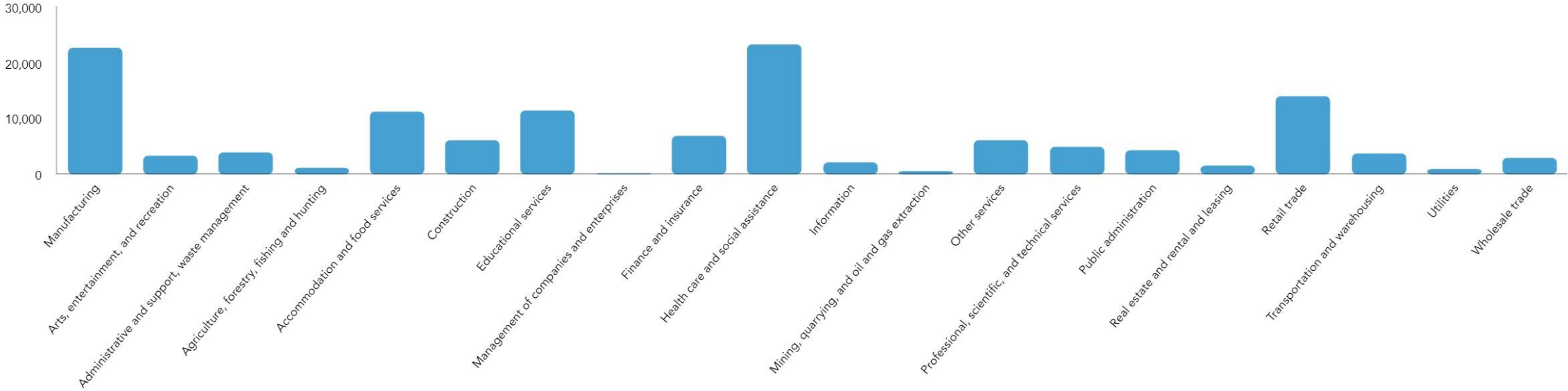


ERIE'S DIVERSE ECONOMY

Erie is a diverse economy with a 2.0 manufacturing location quotient, and emerging strengths in education, medicine, advanced manufacturing and tourism. These industries are not only providing an abundance of employment opportunities, but also livable wages for the thousands of families living in the surrounding communities

Erie's nascent Innovation District - focusing on cybersecurity, data science, insurtech, fintech, and other emerging industries - is poised to create jobs for the 21st century in Erie County. Radius CoWork and the Erie Technology Incubator hatch new startups everyday – and will continue to create a diverse mix of tech-enabled jobs in the region

Residents' Industry of Employment
Erie County



UNPRECEDENTED PRIVATE SECTOR COALITION AIMED AT DOWNTOWN REDEVELOPMENT

Erie Downtown Development Corporation (“EDDC”)

- The EDDC is a newly formed and privately funded nonprofit corporation led by a group of business and community leaders. The mission of the EDDC is to fuel economic growth through real estate development in the Central Business District of the City of Erie
- The EDDC works closely with the Erie Downtown Equity Fund (“EDEF”), a for-profit private equity fund raised to provide “gap-financing” to assist the EDDC’s real estate development activity
- The **EDEF has raised approximately \$30 million to date**, led by the efforts of community stakeholders, including, Erie Insurance and its chairman Tom Hagen, along with UPMC Hamot, Gannon University, Saint Vincent Hospital, Erie Community Foundation, Marquette Savings Bank, Erie Bank, and Northwest Bank
- The EDDC is modeled after the Cincinnati Center City Development Corporation (“3CDC”), a successful initiative that has spearheaded revitalization efforts in the City of Cincinnati



ENGAGED PHILANTHROPIC COMMUNITY FOCUSED ON TRANSFORMATIONAL CHANGE

Susan Hirt Hagen Center for Transformational Philanthropy

\$10 million Community Investment

- Erie Innovation District **\$4 million** investment
- Empower Erie | Community College **\$4 million** investment
- Erie School District Community Schools **\$1.5 million** investment
- Neighborhood Revitalization Investment **\$500 thousand** investment

Erie Community Foundation

- The ECF made grants totaling **\$18.8 million** in 2017. At year end, assets totaled **\$259 million** with an increase in **\$77 million** over the last decade

Erie County Gaming Revenue Authority

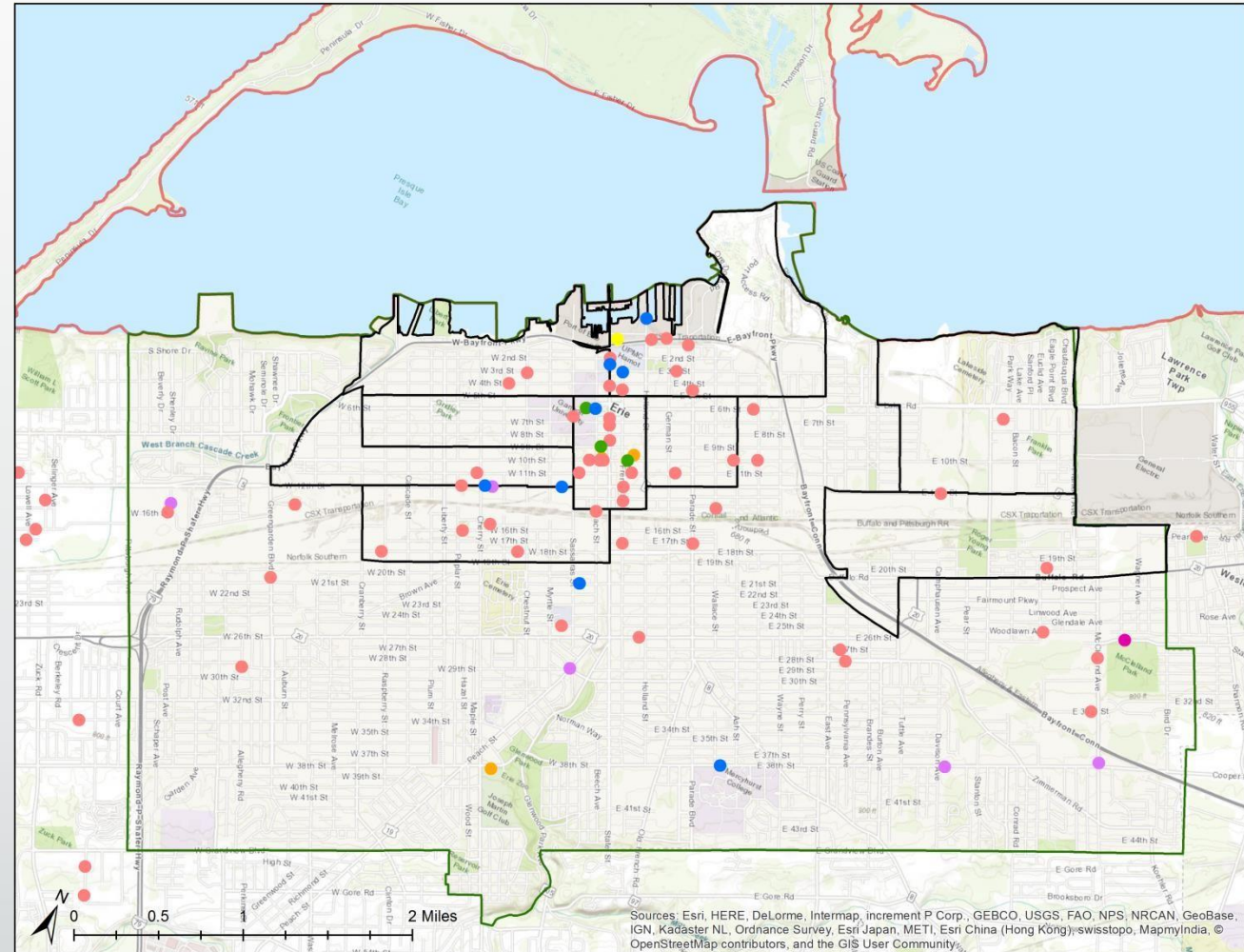
- Created in 2008 in reaction to the 2004 PA Racehorse Development and Gaming Act, the Erie County Gaming Revenue Authority (ECGRA), an innovative local share gaming revenue model, has invested nearly **\$50 million** across Erie County to support placemaking, neighborhoods, education, arts and culture, and entrepreneurship and innovation



OVER \$50 MILLION IN ONGOING INVESTMENTS FROM THE COMMONWEALTH

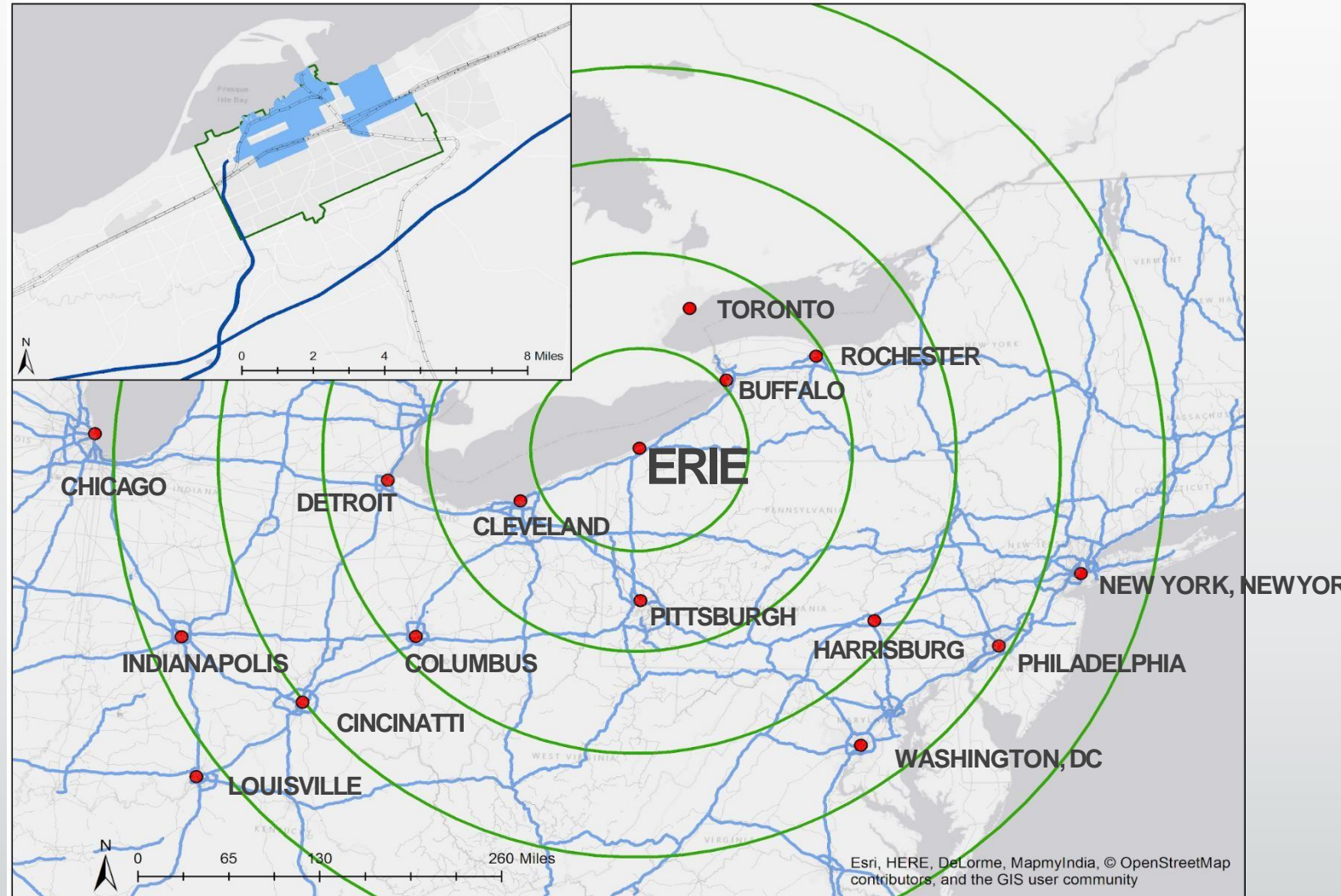
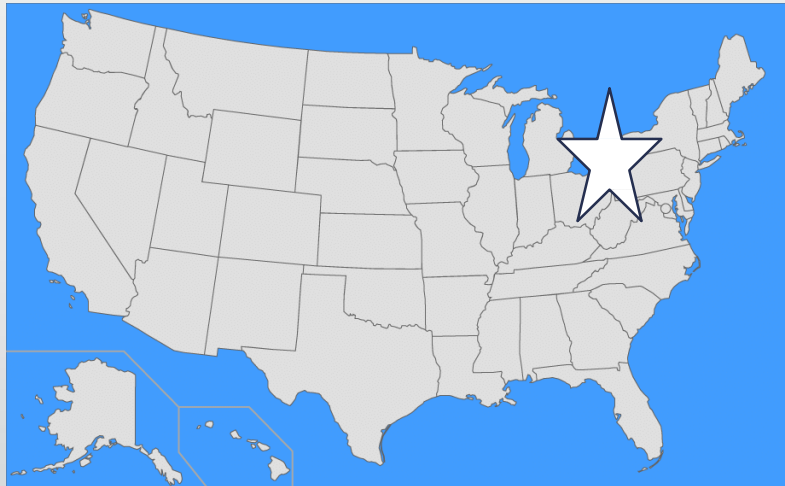
The Commonwealth of Pennsylvania, through various agencies, has invested tens of millions of dollars in a concentrated manner to protect and de-risk investment for the private sector. Investment includes capital projects, infrastructure improvements, neighborhood support, and environmental sustainability

- Department of Agriculture (DOA)
- Department of Environmental Protection (DEP)
- Department of Conservation and Natural Resources (DCNR)
- Department of Community and Economic Development (DCED)
- Redevelopment Assistance Capital Program (RACP)
- Pennsylvania Department of Transportation (PennDOT)



MARKET PROXIMITY, STRATEGIC TRANSPORTATION INFRASTRUCTURE, AND GREAT LAKES PORT ACCESS

Pennsylvania's only port access to the Great Lakes and located at the nexus of two major interstate highways (I-90 & I-79) Erie boasts market proximity to major markets in Pittsburgh, Buffalo, Cleveland, and Toronto. And falls within one day's drive to 80% of consumers in the continental United States. Erie has also been gaining visibility in recent years as a regional tourist destination by leveraging its natural resources



WATER AVAILABILITY, RELIABILITY, AND SUSTAINABILITY

- Erie County MSA has nearly 51 miles of shoreline and a natural peninsula known as Presque Isle State Park
- 36 million gallons of excess water and sewer capacity; membrane filtration system provides highest quality water available; and the largest industrial crane at the only Pennsylvania port on the Great Lakes



RENEWED CONFIDENCE IN CIVIC AND PUBLIC LEADERSHIP

Energized leadership from City Hall; Mayor Joe Schember and his administration have embraced the city's comprehensive plan Erie Refocused to bring transformational change to the city and the region

- Mayor Schember has added several new positions to his administration including a City Planner, Liaison to the African American Community, Liaison to the New American Community, Digital Media Coordinator, Business Development Officer, and Full-time Grant Writer
- The Department of Economic & Community Development manages over \$7 million in self-sustaining revolving loan funds and manages a \$50 thousand small business micro-grant fund



THE CITY OF ERIE

OUR VISION FOR ERIE

Erie is a **Community of Choice.**

We celebrate our:

- Diverse cultures,
- Welcoming, vibrant neighborhoods,
- World-class downtown and bayfront,
- Schools of excellence, and
- Abundance of family-sustaining jobs.

JOSEPH V. SCHEMBER
Mayor, City of Erie

OFFICE OF THE MAYOR

MARKET CHALLENGES

Population Decline

The City of Erie has seen slow and significant population decline from its peak at 140,000 in 1960. The city currently has a population estimated at 98,000 in 2018

Blight and Disinvestment

Of the total citywide housing stock of 44,790, 4,700 housing units are vacant; 1,900 are abandoned; and 9,500 units show signs of moderate to severe distress

Stagnant Wages & Income Inequality

The Erie MSA boasts an unemployment rate of **4.6%**, which is nearly a percentage point higher than the state and national average. Per capita income in the county remains nearly **\$10,000** below the state average. Approximately **16.3%** of Erie County residents are living below the poverty threshold - a full percentage point higher than the national average, and nearly three percentage points higher than Pennsylvania as a whole. **1 in 4** individuals in the City limits live below the poverty threshold

Racial Divides and Tension

In 2018, a 24/7 Wall St report named Erie “The Worst City for Black Americans,” highlighting employment and income disparities, along with other factors, such as housing

Limited Venture and Angel Investment Activity

In the last ten years, only two companies have received true venture or angel investment to grow and scale their business

Lack of Spec Buildings and Industrial Space

Lack of available 21st century manufacturing space has left Erie in an uncompetitive position for business attraction and expansion opportunities

School District Transition

The City of Erie’s Public School system is considered to be in financial distress due to a broken state funding system and stagnant and declining property values in the City

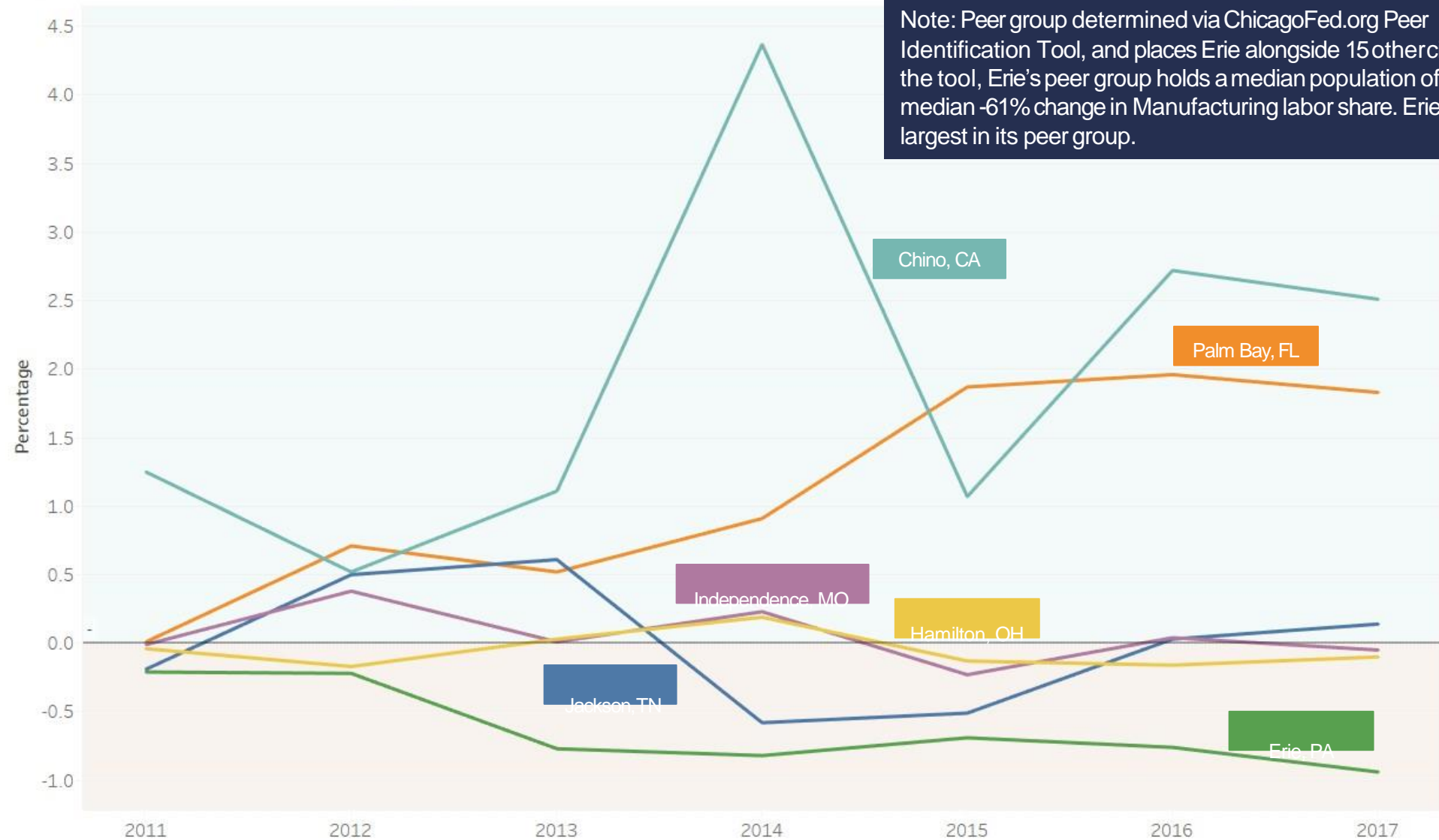
Industrial Workforce Decline

Like other legacy manufacturing cities, Erie has seen a precipitous decline in manufacturing employment. GE-Transportation, once the largest employer in the region has seen the workforce decline from approximately 20,000 workers in the 1960’s to just over 3,000 in 2018. Total manufacturing employment has declined 35% from 2001 to 2016

APPENDIX: QUANTITATIVE AND QUALITATIVE REVIEW

POPULATION GROWTH

Population Growth Percentage



Note: Peer group determined via ChicagoFed.org Peer City Identification Tool, and places Erie alongside 15 other cities. Based on the tool, Erie's peer group holds a median population of 55,302 and median -61% change in Manufacturing labor share. Erie is the third largest in its peer group.

EMPLOYMENT GROWTH Erie / ErieCounty



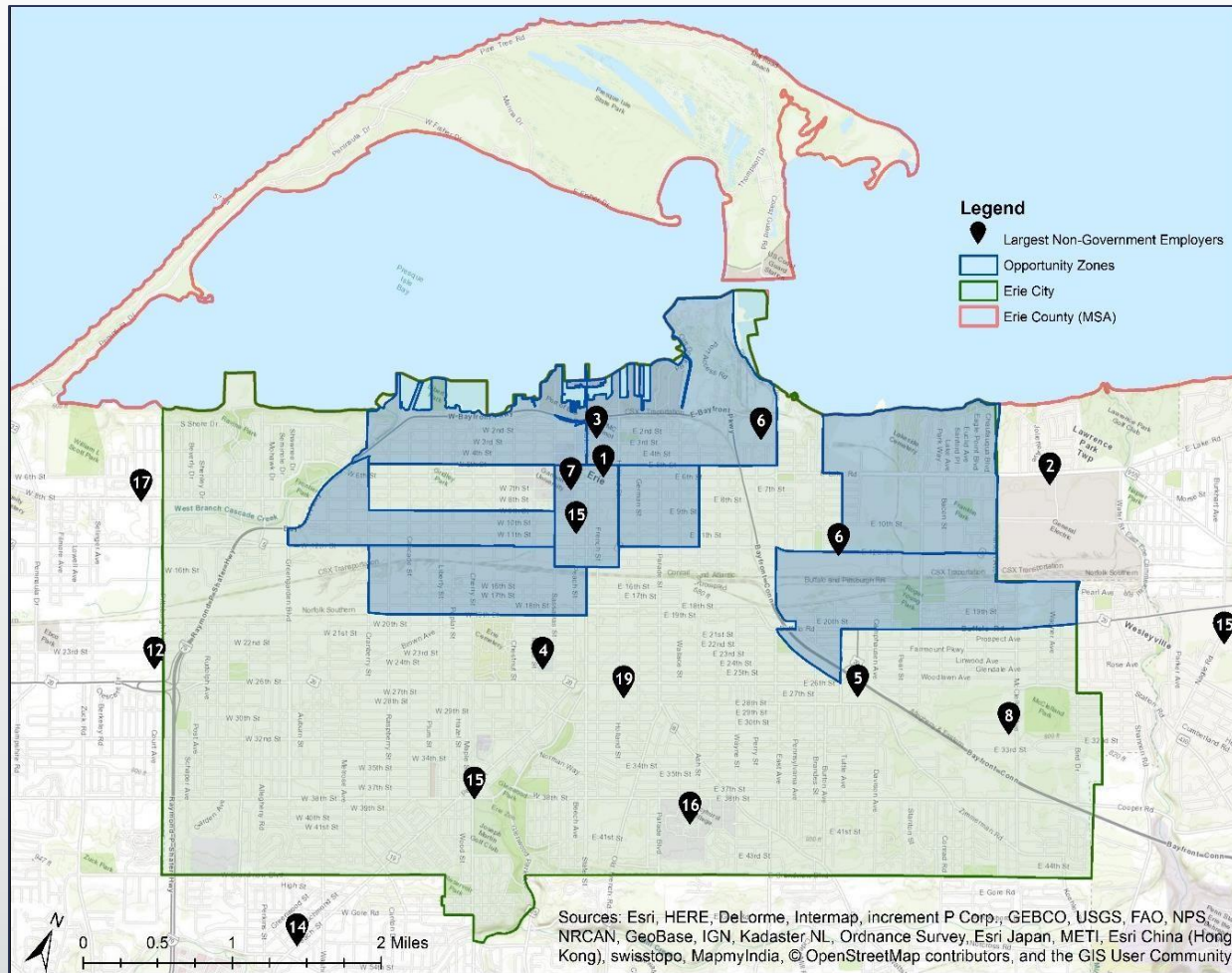
ERIE COUNTY MSA EMPLOYMENT PROFILE

	<u>2016 Count</u>	<u>2016 Share</u>	<u>2001 Count</u>	<u>2001 Share</u>	<u>Difference in Share</u>
Agriculture	1,801	1%	1,996	1%	0%
Construction	6,569	4%	7,845	5%	-1%
Educational Services	5,862	4%	4,441	3%	1%
Financial Activities	12,433	8%	10,366	6%	2%
Government	17,753	11%	17,539	11%	0%
Health Care and Social Assistance	26,055	16%	18,941	12%	4%
Information	1,449	1%	3,012	2%	-1%
Leisure and Hospitality	16,248	10%	13,318	8%	2%
Manufacturing	20,515	13%	31,607	20%	-7%
Natural Resources and Mining	819	1%	571	0%	1%
Other Services	9,677	6%	9,339	6%	0%
Professional and Business Services	14,134	9%	14,463	9%	0%
Transportation, Trade, and Utilities	26,908	17%	27,626	17%	0%

LARGEST NON-GOVERNMENT EMPLOYERS

<u>Company</u>	<u>Industry</u>	<u>Employees (Approx)</u>
1. Erie Indemnity Co	Financial Activities/Insurance	4000+
2. General Electric Company	Manufacturing	2500+
3. UPMC Hamot	Health Care and Social Assistance	2500+
4. Saint Vincent Health Center	Health Care and Social Assistance	2500+
5. Wal-Mart Associates Inc.	Retail/Grocery	1500+
6. Dr. Gertrude A Barber Center Inc.	Health Care and Social Assistance	1000+
7. Gannon University	Educational Services	700+
8. Country Fair Inc.	Retail/Grocery	700+
9. Presque Isle Downs Inc.	Leisure and Hospitality	700+
10. Regional Health Services Inc.	Health Care and Social Assistance	700+
11. Lord Corporation	Manufacturing	700+
12. Plastek Industries Inc.	Manufacturing	700+
13. Saint Vincent Med Ed & Research Inst.	Educational Services/Health Care	600+
14. Millcreek Community Hospital	Health Care and Social Assistance	600+
15. YMCA of Greater Erie	Leisure and Hospitality	500+
16. Mercyhurst University	Educational Services	500+
17. Infinity Resources Inc.	Professional and Business Services	500+
18. Wegmans Food Markets Inc.	Retail/Grocery	500+
19. Erie Homes for Children and Adults	Health Care and Social Assistance	400+
20. Voices for Independence	Health Care and Social Assistance	400+

LOCATION OF LARGEST NON-GOVERNMENT EMPLOYERS



- | | |
|--------------------------------------|---|
| 1. Erie IndemnityCo | 11. Lord Corporation |
| 2. General Electric Company | 12. Plastek Industries Inc. |
| 3. UPMC Hamot | 13. Saint Vincent Med Ed & Research Inst. |
| 4. Saint Vincent HealthCenter | 14. Millcreek Community Hospital |
| 5. Wal-Mart Associates Inc. | 15. YMCA of GreaterErie |
| 6. Dr. Gertrude A Barber Center Inc. | 16. Mercyhurst University |
| 7. Gannon University | 17. Infinity Resources Inc. |
| 8. Country Fair Inc. | 18. Wegmans Food Markets Inc. |
| 9. Presque Isle Downs Inc. | 19. Erie Homes for Children andAdults |
| 10. Regional Health Services Inc. | 20. Voices for Independence |

GEOGRAPHY OF EMPLOYMENT



63.1%
Of Those Employed in Erie City
Live Outside Erie City

36.9%
Employed in Erie City
Live in Erie City

52.1%
Of Those Living in Erie City
Work Outside Erie City



CONTACT US

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FLAGSHIP OPPORTUNITY ZONE DEVELOPMENT COMPANY
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