

✓ LISA - Bob prepared this
Friday after his talk with the
President

MEMORANDUM

To: President Clinton, Gary Gensler, Sylvia Mathews & Chuck Brain
From: U.S. Rep. Bob Wise, (WV-2)
Date: June 4, 1999
Re: New Markets Initiative & Rite Aid Corporation

I am writing to raise concerns about the commitment of some of the private sector participants that you chose to attend a roundtable aimed at encouraging investment in underserved inner-city and rural areas as part of your recently proposed New Markets Initiative.

On May 7, 1999, the Rite Aid Corporation announced plans to close its distribution center in Poca, West Virginia. This decision came as a complete surprise to the workers at this facility and will have a devastating impact on the economy of Putnam County by leaving more than 600 people jobless.

On May 11, 1999, Mr. Martin Grass, Chairman of Rite Aid, travelled to Atlanta, Georgia, with President Clinton, Vice President Gore and 16 other CEOs of major American corporations to discuss the New Markets Initiative and ways to mobilize new private investment in America's most economically underserved communities.

Such a contradiction is tough to swallow, and I believe could present a real credibility problem with the New Markets Initiative among the people of West Virginia or similar communities that are given promises one day and are abandoned the next.

This leaves me with two issues that I would like to raise with you:

1.) I would like to invite you to visit portions of my district as part of the New Markets Initiative. West Virginia is the only state that is entirely in Appalachia, and we have a number of local communities that could benefit directly from this program.

2.) I would like to request your support in helping us seek options that will allow Rite Aid to remain at their distribution center in Poca, West Virginia. A wide range of union, political and community leaders have taken an active role in this effort, and your backing would help greatly to achieve a goal that we all share.

Thank you for your attention to this important matter.

CHAUFFEURS, TEAMSTERS AND HELPERS

LOCAL UNION No. 175

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May 18, 1999

RICHARD K. HALL
President

DAVID R. ATKINS
Secretary-Treasurer

Affiliated with the:
International Brotherhood
of Teamsters, AFL-CIO
Teamsters Joint Council No.

The Honorable Robert E. Wise, Jr.
Representative in Congress
Elk Office Center
4710 Chimney Drive
Charleston, WV 25302

Dear Mr. Wise:

I am sure you are aware Rite Aid announced that it intends to close its Poca, West Virginia Distribution Center in June of 2000 resulting in the loss of over 600 good paying jobs. Obviously, this will have a devastating effect on the workers and their families. These are all local employees who reside in Putnam, Kanawha and the surrounding counties. These job losses will be a severe blow to the economy in those areas as well as the State of West Virginia. The ripple effect of these job losses will impact local businesses and suppliers which will result in even more job losses. The annual payroll at this facility is approximately 16 million dollars. Therefore, the closing will result in a significant loss of tax revenue for the affected counties and the State of West Virginia.

I am sure you will agree that it is in the best interest of all West Virginians that we band together and take immediate action in an attempt to convince this Company to reverse their decision and keep those good paying jobs in West Virginia. This is not about labor unions nor partisan politics but rather about keeping good paying jobs in West Virginia. Jobs that are necessary for workers to support their families, send their children to school and to enjoy a decent standard of living.

Therefore, on behalf of the more than 600 workers at Rite Aid, I am asking our elected officials to come together and to generate a plan to keep these jobs in our State.

In the past week there has been tremendous community support for these employees. As a first step, a rally is being held to support these workers and I would like to take this opportunity to invite you to attend. **The rally will be held at the Poca High School gymnasium on Sunday, May 23rd, 1999, at 2:00 p.m.** I hope to see you there. Thanking you in advance for your support and assistance in our attempt to keep these jobs in West Virginia.

Yours truly,

TEAMSTERS LOCAL UNION NO. 175

Ken Hall
Ken Hall, President

KH:sjs

DEMAND ALL YOUR DELIVERIES BY A UNION DRIVER

COMMITTEES
COMMITTEE ON TRANSPORTATION
& INFRASTRUCTURE
COMMITTEE ON GOVERNMENT REFORM
& OVERSIGHT
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May 7, 1999

Mr. Martin Grass
Chairman & CEO
Rite Aid
30 Hunter Lane
Camp Hill, Pennsylvania 17011

Dear Mr. Grass:

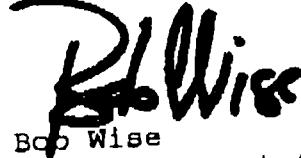
I am writing in regards to the May 7, 1999, announcement of your plans to close the Rite Aid distribution center located in Poca, West Virginia, by June 6, 2000.

The decision to close the Rite Aid facility in Poca comes as quite a surprise and will have a devastating impact on the economy of Putnam County by leaving more than 600 people jobless. The employees of the distribution center have performed admirably for Rite Aid over the past two decades. They have watched Rite Aid grow to become a national name over this period and we are all disappointed by this development.

I would appreciate the opportunity to discuss this matter with you. Given the workforce's good productivity, as well as the regional location of the distribution center, it is my hope that some options may be put forward which offer solutions to Rite Aid's restructuring that will satisfy all involved parties. I know I speak for all West Virginia officials in wanting to work with you.

Once again, thank you for your attention to this important matter. I look forward to discussing this with you. Please do not hesitate to contact me if I can be of any assistance.

Very truly yours,



Bob Wise
U.S. Representative

BW:gs

BOB WISE
20 DISTRICT, WEST VIRGINIA

COMMITTEES:
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& INFRASTRUCTURE
COMMITTEE ON GOVERNMENT REFORM
& OVERSIGHT
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June 4, 1999

Mr. Martin Grass
Chairman & CEO
Rite Aid
30 Hunter Lane
Camp Hill, Pennsylvania 17011

Dear Mr. Grass:

I was pleased to hear of your participation in President Clinton's New Markets Initiative on May 11, 1999, in Atlanta, Georgia. This program is seeking to promote a number of goals that I believe are worthwhile and attainable with the proper commitment from business and political leaders.

The National Economic Council developed the New Markets Initiative to encourage investment in underserved inner-city and rural areas of the United States. Included among the elements of this plan are a combination of tax credits and loan guarantees to promote investment in these untapped or depressed economies. As you know, a number of the local communities in West Virginia already provide similar incentives, but a federal program to back-up these efforts could help ensure the stability required to retain and promote investments to our region.

At the roundtable you attended, President Clinton announced his intention to take a bipartisan delegation of CEOs and Members of Congress on a nationwide tour of some of these economically underserved areas. The President has already announced his intention to bring this tour to Appalachia. As the only state existing entirely in this territory, I am going to strongly recommend including areas of West Virginia on the New Market Initiative tour.

I would like to take this opportunity to invite you to come to West Virginia, with or without the New Markets Initiative tour, to see firsthand the strong values and commitment of our workforce to their employers. West Virginia has great potential for the future, but many of our communities just require a little help to achieve success. By understanding the needs and character of our people, you may gain an even greater appreciation of the real value of bringing business to West Virginia and similar areas.

1-39 10:30AM

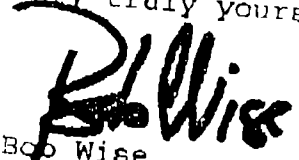
CONG BOB WISE-

Rep. Bob Wise: # 1/
Rep. Bob Wise: # 3/

Mr. Martin Grass -- Page 2

Once again, thank you for your attention to this important request. I look forward to hearing from you with your thoughts on this matter.

Very truly yours,



Bob Wise
U.S. Representative

BW:gs

*'We've been
on such a roll'*

Rite Aid knocks wind out of Putnam

Workers, officials look
for answers to decision
to shut down warehouse

By Tara Tuckwiller
PUTNAM COUNTY REPORTER

5/8/94

Rite Aid's timing is "so ironic," Putnam County Commissioner Jim Caruthers said.

The morning after Rite Aid Corp. announced it will shut down its warehouse in Rock Branch within a year, leaving 600 people unemployed, the county got a letter from a New York bank.

The county owes the bank a \$700 "administrative fee," the letter said, for financing part of the \$7.8 million worth of government incentives the Rite Aid warehouse pulled down from the state and county since 1978.

Companies that get such financial aid usually take care of those fees anyway, Caruthers said. But on Friday, of all days, it was just a little too much to bear.

The Rite Aid warehouse is Putnam County's second-biggest employer, behind the school system. It's bigger than Toyota and Diamond Electric combined — the two new automotive plants in Putnam County that state officials point to when they talk about West Virginia's economic turnaround.

"We've been on such a roll down here," Caruthers said. "Then you get hit with something like this."

At the Rite Aid warehouse Friday, employees talked of nothing else. Some just talked of nothing, period.

"It's just like a ghost town," said shipping worker Mike Winters. "Nobody's saying nothing. Usually, people will be getting on the intercom, wishing each other happy birthday. Not today."

Winters sat under a picnic shelter with fellow workers Mike Davis and Shane Evans on their break. They sipped Cokes and speculated about why Rite Aid is transferring operations to a new, bigger warehouse in Perryman, Md.

"They've only got two union warehouses left. This one, and Rome, New York," said Davis, one of the Rite Aid employees represented by Teamsters Local 175. "They're trying to get rid of the union."

"Last year, they said production was down," Winters added. "It's because morale's down. It's like this every three years, whenever the union contract comes up. It's going to affect your work when you have to wonder every three years if your job's going to be there."

A Rite Aid spokeswoman referred questions to a press release, which

RITE AID

Continued from 1A

states that the corporation is switching to big warehouses because changes in the industry make small ones "uneconomic."

According to a 1997 article in the Baltimore Sun, state and county governments in Maryland provided \$7.65 million in incentives to attract the Perryman warehouse.

Rite Aid has accepted at least \$7.8 million worth of incentives from West Virginia and Putnam County. The Putnam County Commission has fronted Rite Aid \$4.9 million in industrial revenue bonds — \$1.9 million when the warehouse was first built in 1978, and another \$3 million for an expansion in 1982.

The state development office loaned Rite Aid another \$2.9 million — \$2.4 million in 1978, and another \$500,000 in 1988. The last loans were paid off last year, exactly 20 years after the warehouse opened.

It's a near replica of the situation Kanawha County faced two years ago, when a large Kroger warehouse used up the last of its government incentives, then quickly moved its operations out of state. Only it's worse — Kroger left 230 people jobless, not 600.

"This has more of an impact than Kroger," Caruthers said. "In Kanawha County, they've got a good industrial base. That's where we're hurting. We're growing, but it's people moving into houses."

Most of the Rite Aid workers are young women — "single mommies," as one worker put it — who will probably have a hard time finding another job that will pay them between \$11.50 and \$15.10 an hour. They're skilled in warehouse work, Caruthers said, but all the warehouses are leaving the area.

"We lost Kroger. We lost Heck's warehouse. We lost Stone & Thomas warehouse. We lost N&W warehouse," he said. "We've lost three warehouses, just within this 2-mile radius, within the last 10 or 12 years."

Plus, Putnam County govern-



Gazette photo by RACHEL GRITTLER

Rite Aid employees (from right) Kelly Raynes, Barbara Kittle and Jane Thomas gathered with others outside the Rock Branch warehouse during their break Friday to discuss their pending layoffs.

ment and schools are going to lose a big chunk of tax money. Last year, the Rite Aid warehouse paid about \$295,000 in taxes on the building, equipment and inventory.

This year, Rite Aid's total tax was estimated at only \$176,500 — a 40 percent drop. The reason, Putnam County Assessor Peachie Arthur said, is that the warehouse got rid of about \$30 million worth of inventory.

"They were selling it off," Arthur said. The tax office had the figures by February, but nobody noticed the severe drop.

"I wasn't looking for it," Arthur said. "You don't, when you've got so many businesses. You're not looking for a decrease."

Officials at every level of government are scrambling to schedule meetings with Rite Aid officials, trying to salvage the jobs. Rep. Bob Wise sent a letter to the chairman of Rite Aid on Friday. Caruthers said he's trying to set up a meeting with state Sen. Osbel Craig and the rest of Putnam County's state lawmakers.

Jan Dickinson of the state Development Office said her office has done the same thing.

"We had already been in contact with them several times," she

said. Someone from the Development Office visited the warehouse in February, just routinely checking in with the company. The closing never came up, she said.

"We were totally surprised," she said. "We've contacted the company and said, 'What can we do to keep you here?'"

Ken Hall, president of Teamsters Local 175, said officials there met Friday to discuss their strategy. The Teamsters took Kroger to court when that warehouse was closed, saying the corporation shouldn't be allowed to skip out after government incentives run out. The union lost in circuit court, and the state Supreme Court refused to hear the case.

"Our state officials have to wake up," Hall said. "We can't continue to give handout money to these companies, and they leave after they've taken advantage of all the tax breaks and incentives."

"We're not going to just say, 'golly gee, that's too bad,' and start discussing severance packages. We're going to find out why they're destroying 600 good-paying jobs."

To contact staff writer Tina Tuckwiller, call 348-5189.

Charleston Gazette

 COLLAPSE STORY NEXT STORY PREV STORY

AM-WV-BRF--Rite Aid Closing,140

11:52:04, 22 May 1999

ssI Community rallies for Rite Aid workers set to lose jobs

CHARLESTON, W.Va. (AP) — A petition drive to keep a Rite Aid Corp. warehouse in Putnam County has won the support from more than 20,000 area residents.

Teamsters Local 175, which represents 600 workers who would be left jobless with the announced shutdown of the warehouse, also organized a rally set for Sunday to show support for the employees.

"I don't think they expected the kind of support from the citizens here," Teamsters President Ken Hall said Friday.

Rite Aid announced earlier this month it would move its distribution operation to a recently built warehouse at Perryman, Md., in June 2000.

Hall said the company has asked to discuss severance pay. "We're not prepared to talk about severance," he said. "We want to talk about keeping these jobs here first."

A spokeswoman at Rite Aid in Harrisburg, Pa., declined to comment Saturday.

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 STORY TOP



Rally source of hope

5-22-79

Teamster hopes Rite Aid will keep warehouse here

By **GEORGE HOHMANN**
DAILY MAIL BUSINESS EDITOR

Teamsters Local 175 President Ken Hall thinks Sunday's rally for Rite Aid workers at Poca High School might help change the drugstore chain's decision to close its Putnam County distribution center.

"I don't think they expected the kind of support (workers have received) from the citizens here," Hall said Friday. "I've never seen people this upset. I get calls every day from people suggesting all kinds of remedies.

"In 11 days there are 21,000 signatures on petitions. That's a tremendous show of support. I think the company needs to recognize that. After all, that's their customers."

The Teamsters are organizing Sunday's 2 p.m. rally.

Rite Aid on May 6 announced it would move its distribution operation to a newer warehouse at Perryman, Md. The move would throw about 600 employees out of work at the distribution center in the Rock Branch Industrial Park when the scheduled transfer takes place in another year.

Hall said Rite Aid has proposed several dates for a meeting to discuss severance pay, but "we're not prepared to talk about severance. We want to talk about keeping these jobs here first."

The shift from Putnam County to Perryman, Md., "doesn't make any sense," Hall said.

Rite Aid has said it is moving the operation to Maryland because the Perryman warehouse is newer, close to Interstate 95 and very close to two major Rite Aid markets — Philadelphia and Baltimore.

"When they announced in 1997 they would build the Maryland warehouse, they immediately told their people in Harrisburg, Pa., that they would close Harrisburg and consolidate in Maryland," Hall said.

Charleston
Daily Mail

Hope

■ Continued From 1A

"I went through their annual reports and the information they have provided about their new distribution system, and there's no mention of closing their West Virginia facility.

"Frankly, it doesn't make a lot of sense," Hall said. "Our drivers meet drivers from Tuscaloosa, Ala. It will be difficult for them to service the area from Maryland.

"They talk about the lack of technology at the warehouse here, but their warehouses in Alabama and Pontiac, Mich., are basically the same size as here and have no advanced technology," he said.

Hall said the union met with the company the week before the announcement.

"I asked the corporation folks then, 'Do you think the warehouse in Maryland will have an impact on Poca?' They said, 'No, no impact,'" Hall said.

At that time, the company was just talking about moving the distribution services for a couple of stores, he said.

"They told us they only made the decision (to close the Putnam County center) two days before the announcement," Hall said. "It doesn't seem like a well thought-out plan."

Allison Costello, a spokeswoman at Rite Aid's corporate headquarters in Harrisburg, today declined to respond to Hall's comments.

Hall thinks the support of community, state leaders and West Virginia's congressional delegation offers "a chance to convince the company this is not the right decision.

"The company does not dispute that this work force is very productive," Hall said. "One week before the closing announcement, they had an awards ceremony and gave away TVs and bought the employees lunch, recognizing their quality achievements."

Hall said the union has asked the company for information about the decision to close the Putnam County operation.

"Frankly, we want to keep these jobs here," Hall said. "Nobody's complaining that they're making money. Companies have to make money. But there has to be some consideration for the people who have helped them be profitable."

Hall said Rite Aid has 10 stores in West Virginia, provides prescriptions to government-related health agencies, "they're making a substantial amount of money from the retail liquor business," and a subsidiary processes some prescription paperwork for the Public Employees Insurance Agency.

"They're making a lot of money in West Virginia," Hall said.

Writer George Hohmann can be reached at 348-4836.

"I'm not the only one here depending on this job," she said. "There are people who have been here 15 or 20 years. There are husband-and-wife teams and single parents. They all have very good stories. We're a very productive work force."

Union and elected officials hope to meet with company officials to explain why closing the Poca warehouse makes no sense, said Ken Hall, president of Teamsters Local 175.

The decision to close appears to be an impulse, Hall said:

▲ Days before the announcement, while meeting with company officials on another matter, Hall asked if the new Maryland warehouse would have an effect on Poca. The answer was no.

▲ At the same meeting, union and company officials discussed hiring more workers in Poca and long-term issues concerning the warehouse.

▲ When the Maryland warehouse was first announced in 1996, the plan called for closing a warehouse in Pennsylvania, but not Poca.

▲ Standard & Poor's downgraded Rite Aid's stock value in April, said state Democratic Co-chairman Pat Maroney. "Given [Rite Aid's] long operating history, we view management's missteps as troubling," Standard & Poor's report says. Their report questions whether Rite Aid can efficiently manage its growth.

▲ On May 11, Rite Aid Chief Executive Officer Martin Grass traveled with President Clinton in an effort to encourage corporations to invest in rural and urban areas previously viewed as too risky. The closure announcement had come on May 7.

Congressman Bob Wise said he is sure Grass wants to do the right thing.

"Our message to Rite Aid is, 'You made a mistake. We're going to work with you to get through it, and you're going to be better off than you were before,'" Wise said.

He asked the workers to help union and elected officials represent them, to share ideas, stick together and not to give up if rumors start to circulate.

He talked himself almost hoarse at the rally. Reaching for a drink of water, he jokingly asked if anyone had a prescription for a sore throat.

"Rite Aid!" someone called out.

"Rite Aid," he repeated. "I'm not going to take it unless it

you that!"

The crowd stood and applauded this sentiment, although Wise, Hall and Jim Bowen, president of the AFL-CIO, all said it is too early to talk boycott the possibility exists.

"If you want West Virginia to continue spending money on these stores, then you have to keep these workers' jobs in Virginia," Hall said during a 1/2-hour rally.

"The day they lock that is the day we need to put picket lines in front of every Rite Aid store in this state," said Putnam County Commissioner Jim Carruthers.

He also said the county should ask legislators to change the law to allow only West Virginia-based companies to have liquor licenses.

Rite Aid has expanded stores in recent years and new ones, some within blocks of each other. The new stores have spacious liquor aisles.

Local officials also have eyes on Rite Aid's contract to provide prescription drugs for about 200,000 people insured by the Public Employees Insurance Agency.

"If you're with us, we're with you," Carruthers said. "If you're against us, we're against you."

Wise urged residents to stick to positive tactics.

When Rite Aid's new Maryland warehouse had troubling orders, drivers from the 10-year-old warehouse in Poca made extra runs to stock stores, said driver Gibbie Carter.

They did the same thing at the Alabama warehouse, but it couldn't keep up with demand.

At 55, Carter wonders if he would find another job. His wife, who is sick with cancer, worries where he will work when he will retire.

At the rally, Carter ran into Clem Bossie, a fellow driver for Roadway.

If the warehouse closes, he will be out of work, too, he said. He has four trucks going in and out every week," Bossie said.

Democratic Co-chairman Pat Maroney and Steve Venable planned to write to President Clinton today.

Hall read letters of support from the UMW, the Communications Workers and the national Brotherhood of Electrical Workers, all of whom support the Teamsters effort.

"I think we can turn this around," Carter said. Jim Bowen and Hall agreed.

To contact staff writer Miller, call 348-5117.

Rite Aid workers rally for jobs

Charleston Gazette

By Dawn Miller
STAFF WRITER

8/29/99



Gazette photo by KENNY KEMP

Tanner Neal, son of Rite Aid warehouse employee Angela Neal, protests the company's decision to lose the Poca facility, putting his mother out of work. The Neals joined about 800 workers and family members for a rally Sunday at Poca High School.

POCA — About 800 Rite Aid workers, friends and family members rallied at Poca High School on Sunday to figure out how to convince the company to keep its 20-year-old warehouse open.

About 600 workers will lose their jobs by the end of the year if Rite Aid continues with a plan announced two weeks ago to close the warehouse. The jobs pay \$11.50 to \$15.50 an hour.

Putnam County residents picked up signs for their yards, peddled Cokes to raise money for the effort and donned T-shirts saying, "Save West Virginia Jobs."

Beneath banners of the Poca Dots in the high school gym, employees told of working seven days a week for months to meet the demands of Rite Aid's expanding number of stores.

While the company says a new high-tech warehouse in Maryland will replace the Poca warehouse, workers say they still make extra runs to keep goods on the shelves because the Maryland warehouse cannot keep up with demand.

"Who do you think pulled them out?" said 11-year employee Donna Smith. "Poca did."

She worries what will happen if she loses her job and health benefits. She has three children, ages 9, 4 and 2. Two of them have asthma and one has a vision problem.

Please see **RALLY, 7A**

Charleston Daily Mail

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Our views

Rite Aid

The company shouldn't write off 600 loyal, hard-working employees

RITE Aid officials are having difficulty discussing severance pay for the company's 600 employees at its warehouse in Rock Branch with President Ken Hall of Teamsters Local 175.

"We're not prepared to talk about severance," Hall told Daily Mail Business Editor George Hohmann. "We want to talk about keeping these jobs here first."

That's the kind of can-do attitude that's needed to save these jobs from being transferred to a new warehouse in Maryland.

This is a battle worth waging. State officials should work with the union to save these well-paying jobs.

West Virginia is important to the company. Rite Aid has 123 stores in the state and it has a subsidiary that processes some prescription paperwork for the Public Employees Insurance Agency.

"They're making a substantial amount of money from the retail liquor business," Hall said of the Rite Aid stores.

At a rally on Sunday, workers told of bailing out the company's new Maryland warehouse when it failed to keep up with demand.

The state of Maryland may have made the company an offer it couldn't refuse, but West Virginia has something better to offer — good, loyal workers and good, loyal customers. Both are needed to make any enterprise successful.

AT&T learned this lesson five years ago, when it announced it was closing its center in downtown Charleston as part of a nationwide cutback of 15,000 jobs. State officials asked Robert Allen, then chairman of its board, to review the layoff.

He did. He realized it was a mistake. He kept the center open, saving 400 jobs.

Rite Aid Chief Executive Officer Martin Grass should learn from AT&T and review this decision.

West Virginians are the best workers in America. That's an asset that should offset any temporary tax incentive.

MEMORANDUM

*West
Virginia*

Date: June 7, 1999

To: Lisa Green

From: Jacquie Lawing, HUD

Re: New Market Travel

In response to your e-mail of June 4th, we have surveyed the following places where you have asked us to take another look: West Virginia, Northeastern cities, and East St. Louis. We have found some very exciting projects in those areas, which we believe have great potential for successful New Market visits. While some of this information is preliminary, I wanted to make sure it got to you today – we will update throughout tomorrow.

HUNTINGTON, WEST VIRGINIA**Background/Highlights**

- Huntington qualifies as a “double-burdened” community, as defined in HUD’s “Now is the Time: Places Left Behind in the New Economy.” This designation means that the city faces consistently high unemployment rates relative to the nation as a whole (6.2% in 1998), plus either significant long-run population loss (34% over the last 30 years) or persistently high poverty rates (23% in 1995).
- Huntington was first appointed an Enterprise Community in 1994. The EC has been very successful, resulting in 19 new businesses, 4,316 new jobs, 66 entrepreneurs starting up 44 new micro-enterprises, and 100,000 square feet of renovated downtown office space. The city won a “HUD Blue Ribbon Practice” award for its efforts to organize and enhance neighborhood participation in the EC application process.
- In February, Huntington was designated an Empowerment Zone. The community will receive \$3 million this year and a planned \$100 million over ten years.

Recent Investments

- Huntington was awarded a “HUD Blue Ribbon Practices” award for the successful redevelopment of a 42-acre brownfield. The site was vacated by Owens-Illinois Glass Company in 1993, and was the largest vacant industrial site in West Virginia. The community secured \$680,000 in CDBG funds, \$3.5 million in Section 108 loans, and a \$350,000 EDI grant to make improvements to the property and attract new businesses. As a result of these investments, Huntington has successfully leased 70% of the space to various businesses, including SNE Enterprises and Pure Tech Plastics, and created 350 new jobs with the potential for 200 more.

HUD

2

- Huntington used \$250,000 in EC funds to expand a small business incubator called Unlimited Future, Inc. (UFI). The Ford Foundation recognized UFI as the only incubator in the country to offer four key elements of small business development: space, counseling, business courses, and access to capital financing. UFI used the EC funding to purchase and renovate its facility so it could expand its services. Forty-four businesses have been initiated since UFI's inception, creating 83 full-time jobs.
- Huntington employed \$675,000 in CDBG funds and \$430,000 in EC dollars to construct the Enterprise Child Development Center. This state-of-the-art facility will offer child care services for 88 Huntington children. This project also illustrates the critical role that quality, affordable child care plays in economic development.

Possible Announcements/Events

- The former Owens-Illinois site offers a perfect example of how deserted properties can be revitalized through tax incentives and federal investments. Secretary Cuomo traveled there earlier this year to illustrate this very point.
- Huntington is planning to use Empowerment Zone funds to build "the premier business and tech park in West Virginia" (according to the city's economic development coordinator).
- **The Appalachian Summit:** HUD is planning, with interagency cooperation, the first major Appalachian Summit. This historic conference will attempt to comprehensively address the many challenges to economic and social development in this region. The President could announce the conference, which is scheduled for mid-August.

ROCHESTER, NY Upper Falls Shopping Center

Background/ Highlights

- Rochester's population has been declining, both in absolute terms and in proportion to its suburban neighbors. In 1960, the population was 318,611 which represented 55% of all of Monroe County. By 1990, the City's population declined by 28% to 231,636, while Monroe County overall grew 22%. The City now represents only 33% of the County's population. The population loss was not an evenly distributed migration: those remaining in the City in 1990 represented persons below the poverty level of 22.6%.
- Estimated median household income in 1990 was \$22,785, or 56% of the County median of \$40,931.
- Rochester lost 21,000 manufacturing jobs from 1970 - 1990. Partially offset by gains in the service sector, the City still had a net job loss of 13,200 during that period.
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Government Investments

- Part of the City's ECZ strategic plan identified the need for a neighborhood grocery store. The City developed a successful collaboration and partnership building initiative which culminated in major economic development and job creation endeavor known as the Upper Falls Shopping Center.

BusinessStart of People, Inc.

**Training* Technical Assistance* Direct Loans* Appalmade Marketing* Cars
for Work* Ninth District Development Loan Fund*

1173 West Main Street
Abingdon, VA 24212
(540) 628-2931 Fax (540) 619-2329 Office

FAX TRANSMISSION COVER SHEET

Date: 6/16/99

To: LISA GIPPA

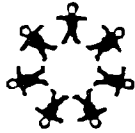
Fax: 202-456-5802

Re: New Markets Zone

Sender: Welthy H. Soni

(540) 619-2239-Direct Line / e-mail: welthysoni@naxs.com

YOU SHOULD RECEIVE ✓ PAGE(S), INCLUDING THIS COVER
SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE
CALL (540)619-2239



People Incorporated

OF SOUTHWEST VIRGINIA

Community Action Agency - Community Development Corporation

June 16, 1999

Ms. Lisa Greene, Senior Adviser
National Economic Council
The White House
Washington, D.C.

Dear Lisa:

I enjoyed meeting you yesterday and having the opportunity to hear more about the President's plan for 'marketing' the New Markets Initiative. I am particularly delighted that he will include a stop in Appalachia and also visit a microenterprise program. Hopefully, he will also have the opportunity to visit a site with an IDA program as well as a welfare to work program.

I understand that the Appalachian part of his itinerary may already be determined. However, I would like to press the case for a site visit from other members of his party to People, Incorporated of Southwest Virginia, if at all possible. I am attaching a memo to this letter, which states the case for such a visit.

Thanks again for including me in the meeting yesterday. I am extremely interested in the New Markets Initiative and all of its many facets and look forward to the passage of the initiative.

Sincerely,

Wekthy H. Soni

Central Office

1173 West Main Street
Abingdon, Virginia 24210
tel: (540) 623-9030 / (540) 456-2527
fax: (540) 628-2931
email: peopleinc@naxs.com

Grundy Office

P.O. Box 1362
Grundy, Virginia 24614
tel: (540) 935-4747
fax: (540) 935-4368
email: people@mtinter.net

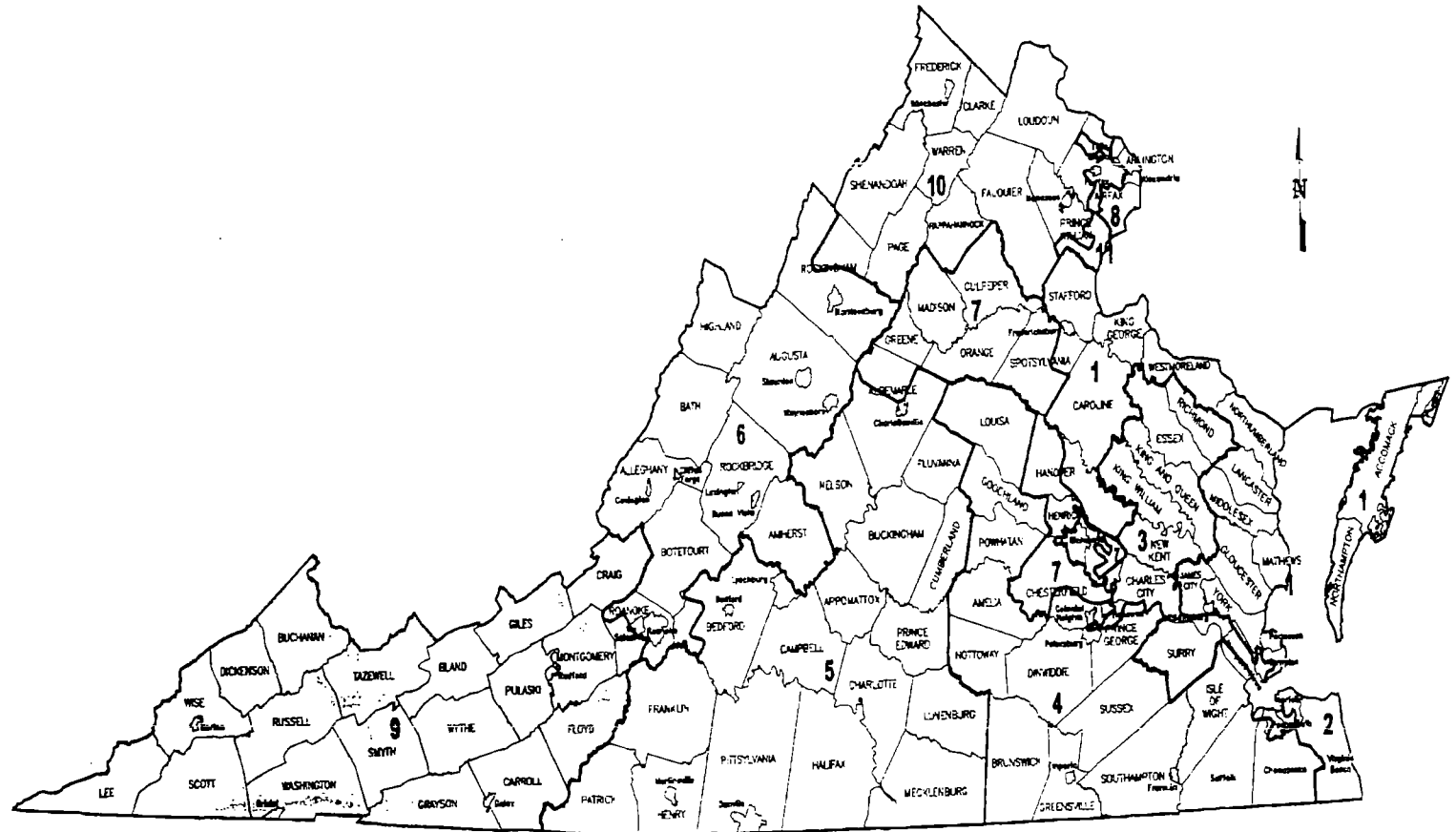
Lebanon Office

P.O. Box 1087
Lebanon, Virginia 24266
tel: (540) 885-0999
fax: (540) 888-0117
email: people@naxs.com



COMMONWEALTH OF VIRGINIA

CONGRESSIONAL DISTRICTS



PREPARED BY

MSAG E911 GIS

MSAG Data Consultants, Inc. 111 North Madison Road, Orange, VA 22960 / Telephone (540) 672-0807 / Fax (540) 672-0876

Round II Urban Empowerment Zone

Huntington, West Virginia/Ironton, Ohio

County Co-Sponsors: Cabell County, West Virginia and Lawrence County, Ohio

A. Zone Vital Statistics

1. **Population of the Most Populous City:** Huntington, WV - 54,844
2. **Zone Population:** 31,139
3. **Approximate Zone Size:** 10 square miles
4. **Poverty Rate:** Approximately 49%
5. **Unemployment Rate:** Approximately 16%
6. **Education:** Approximately 63% of Zone residents are high school graduates

B. Estimated Number of Jobs Created or Retained: 2,000

C. Total Proposed Commitments: \$700 million

1. **Public Sector:** \$600 million
2. **Private Sector:** \$100 million

D. Key Business Partnerships: Over 10 businesses made commitments in the Strategic Plan. Some of the key business partners are:

- BIOMASS Group, Inc
- Ironton Iron

E. List of Other Key Partners:

- Goodwill Industries of KYOVA
- NAACP
- First Baptist Church
- Marshall University
- YMCA
- Tri-State Opportunities Industrialization Center (OIC)
- Cabell County Schools

F. List of Developable Sites:

- Interstate 64 Corridor Site
- West Virginia Route 2 Site
- Ashland, Inc. Site

Round II Urban Empowerment Zone
Norfolk/Portsmouth, Virginia

A. Zone Vital Statistics:

1. **Population of the Most Populous City:** Norfolk - 261,229
2. **Zone Population:** 49,055
3. **Approximate Zone Size:** 10 square miles
4. **Poverty Rate:** 30%
5. **Unemployment Rate:** 19.95%
6. **Education:** 57% of Zone residents lack a high school diploma and 25% have less than a 9th grade education

B. Estimated Number of Jobs Created or Retained: 12,443

C. Proposed Leveraged Commitments: \$600 million

1. **Public Sector:** \$400 million
2. **Private Sector:** \$200 million

D. Key Business Partnerships: Over 160 businesses made commitments in the Strategic Plan. Some of the key business partners are:

-Crestar Bank	-First Union Bank	-NationsBank
-Wachovia Bank	-Branch Bank & Trust	-Dennys
-Interior Trends	-Wynn Nursery	-VA Power
-Office Depot	-Arthurs Drugs	-SSS Car Wash
-ERA Reality	-Burger King	-Pollards Chicken
-Maid Brigade	-Super 8 Motel	-Foot Locker
-Baker Street Metal	-Claud's Lawn Care	-B&B Exxon
-Dozier Enterprises	-Spirit Cruises	-Golds Gym

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- NAACP
- Norfolk Public Schools
- Portsmouth Public Schools
- Norfolk State University
- Old Dominion University
- The Urban League
- Tidewater Community College
- The United Way

F. List of Developable Sites:

- The Hampton Boulevard Redevelopment Project
- The Portsmouth Commerce Park / Tower Mall
- The Cox and Norfolk Southern Properties

MEMORANDUM

Date: June 7, 1999

To: Lisa Green

From: Jacquie Lawing, HUD

Re: New Market Travel

In response to your e-mail of June 4th, we have surveyed the following places where you have asked us to take another look: West Virginia, Northeastern cities, and East St. Louis. We have found some very exciting projects in those areas, which we believe have great potential for successful New Market visits. While some of this information is preliminary, I wanted to make sure it got to you today – we will update throughout tomorrow.

HUNTINGTON, WEST VIRGINIA

Background/Highlights

- Huntington qualifies as a “double-burdened” community, as defined in HUD’s “Now is the Time: Places Left Behind in the New Economy.” This designation means that the city faces consistently high unemployment rates relative to the nation as a whole (6.2% in 1998), plus either significant long-run population loss (34% over the last 30 years) or persistently high poverty rates (23% in 1995).
- Huntington was first appointed an Enterprise Community in 1994. The EC has been very successful, resulting in 19 new businesses, 4,316 new jobs, 66 entrepreneurs starting up 44 new micro-enterprises, and 100,000 square feet of renovated downtown office space.
- In February, Huntington was designated an Empowerment Zone. The community will receive \$3 million this year and a planned \$100 million over ten years.

Recent Investments

- Huntington was awarded a “HUD Blue Ribbon Practices” award for the successful redevelopment of a 42-acre brownfield. The site was vacated by Owens-Illinois Glass Company in 1993, and was the largest vacant industrial site in West Virginia. The community secured \$680,000 in CDBG funds, \$3.5 million in Section 108 loans, and a \$350,000 EDI grant to make improvements to the property and attract new businesses. As a result of these investments, Huntington has successfully leased 70% of the space to various businesses, including SNE Enterprises and Pure Tech Plastics, and created 350 new jobs with the potential for 200 more.
- Huntington used \$250,000 in EC funds to expand a small business incubator called Unlimited Future, Inc. (UFI). The Ford Foundation recognized UFI as the only

HUD

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incubator in the country to offer four key elements of small business development: space, counseling, business courses, and access to capital financing. UFI used the EC funding to purchase and renovate its facility so it could expand its services. Forty-four businesses have been initiated since UFI's inception, creating 83 full-time jobs.

- Huntington employed \$675,000 in CDBG funds and \$430,000 in EC dollars to construct the Enterprise Child Development Center. This state-of-the-art facility will offer child care services for 88 Huntington children. This project also illustrates the critical role that quality, affordable child care plays in economic development.

Possible Announcements/Events

- The former Owens-Illinois site offers a perfect example of how deserted properties can be revitalized through tax incentives and federal investments. Secretary Cuomo traveled there earlier this year to illustrate this very point.
- Huntington is planning to use Empowerment Zone funds to build "the premier business and tech park in West Virginia" (according to the city's economic development coordinator).
- **The Appalachian Summit:** HUD is planning, with interagency cooperation, the first major Appalachian Summit. This historic conference will attempt to comprehensively address the many challenges to economic and social development in this region. The President could announce the conference, which is scheduled for mid-August.

ROCHESTER, NY Upper Falls Shopping Center

Background/ Highlights

- Rochester's population has been declining, both in absolute terms and in proportion to its suburban neighbors. In 1960, the population was 318,611 which represented 55% of all of Monroe County. By 1990, the City's population declined by 28% to 231,636, while Monroe County overall grew 22%. The City now represents only 33% of the County's population. The population loss was not an evenly distributed migration: those remaining in the City in 1990 represented persons below the poverty level of 22.6%.
- Estimated median household income in 1990 was \$22,785, or 56% of the County median of \$40,931.
- Rochester lost 21,000 manufacturing jobs from 1970 - 1990. Partially offset by gains in the service sector, the City still had a net job loss of 13,200 during that period.
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Government Investments

- Part of the City's ECZ strategic plan identified the need for a neighborhood grocery store. The City developed a successful collaboration and partnership building initiative which culminated in major economic development and job creation endeavor known as the Upper Falls Shopping Center.
- This is an \$11.3 million project: \$3m Federal ECZ, \$980,000 CDBG, \$2.3m Rochester Econ. Dev. Corp, \$2.2M Urban Renewal Trust Fund.

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| -Maid Brigade | -Super 8 Motel | -Foot Locker |
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