



LAWRENCE COUNTY
ECONOMIC DEVELOPMENT CORPORATION

. . . on the JOB

Update for members & strategic partners

November 2008

"Do not rule out working with your hands. It does not preclude using your head."

Andy Rooney

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Ellwood Group – Good Manufacturing Jobs in Lawrence County and Beyond

Anyone who thinks the steel industry is dying, and that local good-paying jobs in manufacturing are a thing of the past, hasn't heard of the Ellwood Group. For 98 years, Ellwood Group Incorporated (EGI) has been producing and marketing high-quality, engineered, heavy metal sections in Lawrence County and beyond – and is still growing. EGI is a family of nine operating companies in Pennsylvania, Ohio, Michigan, Texas, Canada, and Belgium. EGI has 600 full-time workers in Lawrence County and a payroll in excess of \$55 million for Lawrence and Mercer Counties combined. EGI recently completed major capital investments in New Castle that added 25 – 30 new jobs, and expects to add 100 new jobs in New Castle by 2010, as well as 50 new jobs in Mercer County.

"This is not the manufacturing environment of old," noted Pam Vass, EGI Vice President of Human Resources. "We offer good paying jobs, great benefits, profit sharing and training for people with good math skills and a good work ethic. Our employees work in safe, clean, well-lighted environments and are cross-trained to perform a variety of tasks."

It all began in 1910 with Ellwood City Forge, which manufactures concentric and eccentric contoured forgings and single cross-section products including hollow and disc forgings in sizes up to 80 inches in diameter, 50 feet in length and 80,000 pounds. ECF also makes crankshafts, plastic mold steels, forging die blocks, and a variety of other custom forgings.

Ellwood Group (continued)

In 1985, a second company Ellwood Quality Steels (EQS) was formed at the old MESTA open hearth site in New Castle. EQS operates a state-of-the-art Ultra High Power Electric Arc Furnace which taps 45 tons of raw liquid steel every 50 minutes around the clock, seven days per week. The raw liquid steel is then refined, alloyed, and vacuum treated in two ladle furnaces and one vacuum station. Once the liquid steel has achieved the specified composition and temperature, it is transferred to one of the two teeming bays where high quality bottom pour ingots are teemed in cast iron molds. Ingots weighing from 2 tons up to 77 tons are produced. In one week, the highly skilled EQS workforce produces 800 ingots safely with a combined total weight of more than 9,000 tons. From its humble beginnings, EQS is today the largest producer of forging ingots in the WORLD. EQS ingots are used by open and closed die forgers, extruders, ring rollers, plate mills and bar mills for such products as mechanical presses, diesel locomotives, military applications in the mining, power generation, and aerospace industries.

In 1998 ECF formed a joint venture, North American Forgemasters (NAF), further expanding the New Castle site. NAF boasts a custom-built 4,500 ton hydraulic forging press with two mobile manipulators that can each lift up to 100,000 pounds, six forge furnaces, and two slow cool furnaces, each capable of holding more than 1,000,000 pounds of steel. In 1999 ECF expanded again in New Castle adjacent to NAF. This 100,000 square foot expansion houses Ellwood Mill Products (EMP) and now employs 70 people. EMP is the site of ECF's newest investment, a 5,000 ton open die forging press capable of forging a 75 ton ingot. Additional major investments include 2 mobile manipulators, 4 large box furnaces, 2 transfer cars (150 and 75 tons), water and polymer quench tanks and 6 car bottom heat treat furnaces.



Ellwood Quality Steel Large Car-Bottom Furnace

In northern Lawrence County is Ellwood Specialty Steel (ESS), a modern 100,000 square foot service center which offers steels and services for tool and mold makers and other special applications. ESS's superior customer service and inventory system provides customers with same-day delivery when needed. A few miles north in Mercer County, Ellwood Crankshaft and Machine Company (ECM) is considering expanding its operations into New Castle with the installation of a custom built 7300-ton open-die forging press in 2009 and 2010. This expansion would create 150 new jobs, of which 100 would be in New Castle. The new press will produce 30,000 pound crankshafts for the shipping, oil, and locomotive industries worldwide.

President and CEO, David Barenfeld, is the fourth generation to lead EGI. His father, Robert, is Chairman of the Board of Directors. "The Barenfeld family continues to re-invest in the company's growth, and remain committed to Lawrence County," added Vass.

EGI may be the best kept secret in the region. According to Vass, one EQS employee recently remarked that, "People in New Castle pass our site on Moravia Street every day and have no idea what goes on here."

"Manufacturing is a good career option, and many sectors of the steel industry in our country have experienced excellent growth in recent years," said Vass. "With the focus on college, too many local families overlook the opportunities and the many career paths available in manufacturing. We hope to change that."

Power Procurement Program Helps Businesses Reduce Electricity Costs



In 1996, the Electricity Generation Customer Choice and Competition Act was passed and signed into law in Pennsylvania. It gave electric customers in Pennsylvania the ability to choose the company that generates their electricity. At the time deregulation was introduced, caps were placed on electric rates to protect consumers from prices rising too quickly.

Since that time, although the wholesale cost of electricity has increased, electricity providers were not able to raise rates to cover the increased costs. Now, however, Pennsylvania rate caps are being removed in a phased-in approach over the next few years. Duquesne Light and Penn Power have had their rate caps removed. Consequently, electricity rates from these suppliers are going up. In response to rising electric costs Catalyst Connection, in partnership with Northeast Energy Advisors, has created a special initiative designed to help businesses reduce electricity costs up to 15% annually.

The Power Procurement Program is available to manufacturers who are in geographic areas serviced by Duquesne Light and Pennsylvania Power Company, which includes most of Allegheny, Beaver, west Butler and Lawrence counties. Under the Program, Catalyst Connection will aggregate the electrical usage of participating manufacturers and negotiate a lower price on their behalf. Catalyst Connection can also help negotiate electrical prices for manufacturers large enough to generate savings as stand-alone entities.

Power Procurement Program Workshop: Learn more about the Power Procurement Program at a free workshop schedule for Thursday, December 11 from 8 to 10 AM at the Lawrence County Economic Development Corporation office.

Please bring a copy of your most recent electrical bill, along with a completed copy of the Letter of Authorization. Catalyst Connection will need this information in order to assess both individual and group power needs and to negotiate on your behalf. Completing the form does not obligate you to participate in the program in any way.

Contact Catalyst Connection Events Management at 412.918.4263 to register for the program and obtain a copy of the Letter of Authorization.



SRF AMERICA

Warehouse with office in convenient location

The SRF America warehouse and office features up to 40,000 square feet of space conveniently located near major highways. It is available for sale or rent. For more information, contact David Richardson at (724) 652-5655, extension 1011 or via e-mail: drich@srfamerica.com.

Many available industrial and commercial properties in Lawrence County can be found under the "What we offer/ Sites and Facilities" tab on the LCEDC web site— www.lawrencecounty.com. Or call the LCEDC office.

Small Business First Loan Program Helps Businesses Grow

The Small Business First (SBF) loan program offered through the PA Department of Community and Economic Development (DCED) is designed to stimulate the expansion and assist in the retention of small businesses for the purpose of creating new jobs and retaining existing jobs in Pennsylvania.

SBF provides low-interest loan financing up to the lesser of \$200,000 or 50% of total eligible project for a portion of the costs of land, building, machinery and equipment, or working capital of up to the lesser of \$100,000 or 50% of total eligible project, to businesses unable to fully finance these projects with equity, bank financing, or other private and public sources.

Eligible small businesses (100 employees or less) include industrial manufacturing, agricultural enterprises, mining enterprises, export-related, advanced technology and computer-related services, hotels, motels, or restaurants, environmental compliance/pollution prevention companies, municipal or commercial recyclers, and defense-related businesses.

SBF may be used in conjunction with other state financing programs or with programs operated by local and regional economic development providers. All SBF loans applications are packaged, closed, and managed by a network of Area Loan Organizations (ALOs).

For further information, contact LCEDC or visit the web at <http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx?progId=33>.

LCEDC Board Passes Resolutions

At its November 12 meeting, the LCEDC Board of Directors:

- ◆ Approved a balanced budget for 2009 that includes a 7% increase in spending.
- ◆ Voted to establish a Business First Center — a business incubator and a “One Stop Shop” for economic development activities — at the Learning Center Building, which LCEDC will purchase, renovate and lease with proceeds from a \$500,000 grant from the Commonwealth of PA.
- ◆ Approved a contract with Northwest Regional Planning and Development Commission for a \$25,000 grant to implement OPPORTUNITY KNOCKS – A Manufacturing Careers’ New Future program in Lawrence and Mercer Counties. The purpose of the grant is to address a workforce shortage for manufacturing positions by creating awareness of the local opportunities within the manufacturing sector and the availability of funding for training.
- ◆ Voted to retain legal services to represent LCEDC in negotiations with Neshannock Township related to development of Millennium Technology Park.

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