

Service Sector Starred in 2007

By Times Leader Staff

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Three venerable local businesses were among those that changed hands in 2007, and none of them found local buyers.

Bertels Can Co., known for the tins decorated in original designs filled with snack foods and sold by well-known retailers, was sold in February to family-owned Independent Can Co. of Belcamp, Md. Terms of the deal were not disclosed.

Bertels started in Kingston in 1922 making metal lunch boxes and hats for miners. Through the years it made cans for Planters Peanuts, and others to hold lard, roofing cement and dairy products. The company moved to the Hanover Industrial Estates after the Agnes flood of 1972.

The company was renamed Independent Can Co. Bertels Can division. During peak seasons, the company employs up to 55 people.

The announcement was made by 75-year-old Lou Goeringer, who had been CEO of Bertels for 50 years.

Commonwealth Telephone Enterprises Inc. was sold March 9 to Citizens Communications Co. in a deal worth \$1.29 billion. It now operates under the *Frontier Communications Solutions* brand, identical to Citizens' other operations in 23 states.

The price and pace of the deal increased from when the parties announced the sale on Sept. 18, 2006. They had anticipated a mid-year closing at the time and a sale price of \$1.16 billion.

Stamford, Conn.-based Citizens said it expected to realize \$30 million in savings over three years with two thirds of that in wages and the rest systems-related. More than 100 people, mostly in computer and business office jobs, had been laid off by the end of 2007.

The sale brought to a close the more than 100-year history of the Dallas-based Commonwealth, which clung to its core business of providing phone service in rural markets in 19 counties while adding Internet and satellite television services.

In November, *The Lion Brewery* was sold to a new company led by soft drink industry veterans Ron Hammond, the new chief executive officer, and new president Cliff Risell. Blue Point Capital Partners supplied financing to buy the 102-year-old brewery. Terms were not disclosed.

Former owners Chuck Lawson and Patrick Belardi will stay involved. Lawson led the \$18.5 million buyout that returned the brewery to private hands in 1999. Hammond said there would be no effect on an existing contract with 95 unionized workers that expires in May. The brewery employs about 150 in all.

High-tech

The region's blossoming Internet businesses continued to grow rapidly, putting pressure on their physical facilities.

Wilkes-Barre-based online store developer and e-commerce services provider *Solid Cactus* was named No. 255 on the 2007 Inc. magazine list of the 500 fastest-growing private companies in the United States. *Pets United* of Hazleton, another e-commerce company, placed 316th.

Solid Cactus also received \$967,400 from the state to help with a \$1.4 million expansion program that includes moving its headquarters to Trucksville and reaching a total of 252 new jobs within the next three years. Shortly after announcing its relocation plans, Solid Cactus said rapid growth in its customer service division would require leaving an office and more than 100 jobs downtown.

Internet marketing company *Pepperjam*, which ranked 575th on the Inc. list, maintained its white-hot growth. Founder and president Kristopher Jones said that by April revenues had exceeded all of 2006. The company was named Small Business of the Year by the Greater Wilkes-Barre Chamber of Business and Industry.

Jones said the chamber is working to help find a new downtown office building for Pepperjam, which he expects to grow from 100 employees to more than 200 during 2008.

Leading online retailer *igourmet.com*, West Pittston, also had a banner year, with permanent employment reaching 50, a seasonal peak of 400 and sales ahead more than one-third. Like Solid Cactus and Pepperjam, the company needs to expand.

"We've way outgrown this space," said founder Spencer Chesman.

Babyage.com, which moved into the Hanover Industrial Estates in 2005, used a \$3.5 million venture capital investment to bolster inventory and hire executive talent needed to guide its expansion. The combination allowed the company, among the top 500 largest online stores according to Internet Retailer magazine, to recover from a flattening sales curve, said president Jack Keifer.

As part of the *Wall Street West* initiative, it was announced in June that Level 3 Communications would construct a fiber optic network made up of two rings beginning in New York City and extending to terminuses near East Stroudsburg and Easton. Construction on the project was expected to begin in a year and take another year to complete.

Including the \$15 million in funds already secured for developing a work force to service backup operations for major financial services firms, another \$25 million in state, federal and private funds have been committed for the project.

The first regional evidence of the Wall Street West effect showed up in August, when *SECCAS LLC* began setting up shop in Scranton. During the next three years, *SECCAS* expects to invest between \$750,000 and \$1 million in the backup center that's located in the former Globe Store, said president Dan Summa.

Media

The local media landscape continued to shift and consolidate in 2007, with the region's dominant television station and a daily newspaper getting new owners, and The Times Leader and a radio chain plunging into the Spanish-language market.

Times-Shamrock Communications announced April 30 that it would purchase the assets of the Hazleton Standard-Speaker, ending rumors the small daily newspaper would become part of the larger chain. Terms of the deal and a closing date were not disclosed.

The chain owned by the Lynett and Haggerty families now publishes seven daily newspapers, including The Times-Tribune in Scranton, The Citizens' Voice in Wilkes-Barre and the Republican-American in Pottsville.

Scott Lynett, publisher of The Citizens' Voice, assumed the same role with the Standard-Speaker, succeeding Paul N. Walser and Stephen Walser.

The Walser family had owned and operated the Standard-Speaker since 1912, when Henry Walser and George T. Kirkendall purchased the Hazleton Sentinel, the forerunner of the Standard-Speaker.

A new company, Local TV LLC, took possession of *WNEP-TV* on May 7, closing a deal with The New York Times Co., which had owned the station since the mid-1980s. Lou Kirchen, station president and general manager, confirmed that layoffs occurred at the station that had employed about 110.

"The Times offered severance. They're not leaving us in the lurch. I thank them for that," said Len Modzelesky, who had worked at the station since he was an intern in 1976 and was operations manager for 25 years.

In June, the Wilkes-Barre Publishing Co. added the Hazleton-based Spanish language monthly *El Mensajero* to its list of publications led by The Times Leader. Amilcar Arroyo, who started the paper in 2003, remained as chief executive. The newspaper's publication schedule will be expanded to bi-weekly from monthly in January.

Caliente Radio began Spanish-language broadcasts on Aug. 30 later adding locally produced programming that runs from 7 a.m. to 5 p.m. weekdays. All commercials are in Spanish. The signal is broadcast on WNAK 730 AM, Nanticoke and WCDL 1440 AM, Carbondale.


Commercial real estate

While private developers kept up their investment pace in 2007, the Greater Wilkes-Barre Chamber of Business and Industry began to unwind its property holdings.

In March, the *Wyoming Valley Mall* showed off a major facelift. Built in 1971, it is the oldest large, enclosed shopping center in Luzerne County.

"It started to look like it," said marketing director Joe Ohrin, while showing off the changes.

The Pennsylvania Real Estate Trust, which purchased the mall in November 2003 for \$51,493,841, set out on the multimillion dollar renovation project to give the mall a fresh and classier look that includes a freestanding fireplace in the food court.

Not coincidentally, also in March the region's first "lifestyle center" opened, bringing a mix of old and new stores, in a setting that has changed the shopping landscape across the country. Two years in the making, the \$50 million *Shoppes at Montage* was carved out of a rock hilltop below the Sn  Mountain ski resort and within range of the PNC Field baseball stadium.

The Shoppes has more than 60 tenants to occupy its 300,000 square feet of space, many of them new to the area such as Coldwater Creek, Jos. A Bank Clothiers, the Christmas Tree Shops, Kildare's Irish Pub and Beriyo by TCBY.

Lowe's Home Centers Inc. purchased 131 acres in the CenterPoint Commerce and Trade Park in Jenkins Township for \$28.7 million, where it is building a 1.4 million-square-foot distribution center.

The center, expected to open in 2008 and to employ 700, will be 50 percent larger than the Sears Logistics Center in the Hanover Industrial Park. Mike Kinger, Lowe's general manager, said the company would invest a total of \$111 million in the project. Pennsylvania supplied \$3.91 million in funding.

Price Chopper, which opened a supermarket in the East End Centre in 1988, announced in April that it had committed to occupying a new store at a site along Wilkes-Barre

Township Boulevard, one mile away. Mona Golub, vice president of public relations and consumer services for Price Chopper, said the deteriorating retail climate in East End Centre caused the company to look for a new place.

The new 65,000-square-foot store will be nearly 30 percent larger than the present one and will contain new features, such as specialty departments. Golub said a store of this size normally employs more than 250 people. It will be built on just over 9 acres of land owned for more than 20 years by the Greater Wilkes-Barre Chamber of Business and Industry.

In September, the *Greater Wilkes-Barre Chamber of Business and Industry* found a buyer for more than 134 acres of land. The chamber's real estate arm, the Greater Wilkes-Barre Development Corp., sold six parcels in Hanover Crossings and East Mountain Business Park to Mericle Commercial Real Estate Services for nearly \$5.3 million.

Struggling to fill retail space in its flagship *Northampton & Main* project, the chamber announced in November that it would consider offers to buy the \$30 million complex. Bill Geary of Carlsberg Management Co. of Los Angeles said he approached the chamber at the request of Wilkes-Barre Movies 14 theater owner J. Wayne Anderson. The two men have worked together at a similar mixed-use project in Daytona Beach, Fla.

Only two of 10 storefronts are occupied and progress has been slow filling the remaining 25,000 square feet of street-level space since the theater opened in June 2006.

A separate developer was being lined up to finish and market 28 condominium lofts on the upper floors of the block-long complex.

Downtown Wilkes-Barre

The first entertainment venues to open in the reviving downtown closed, but eating places found Wilkes-Barre to their liking this year.

Quiznos Subs opened its doors in early June, becoming the first retail spot to join the movie theater inside the Northampton & Main complex. Owners Seth and Cindy Brandreth leased a 1,378-square-foot space at 72 S. Main St. and immediately began drawing a brisk lunch crowd.

Januzzi's followed in July, opening a dine-in and take-out facility at 20 E. Northampton St., the sixth location for the local chain. But with the gain came a loss – Januzzi's closed its Academy Street restaurant so the two locations would not compete.

Jim Touey, an off-duty city police officer working security at the theater one Friday night, said downtown businesses do more than make profits.

"More foot traffic means less crime," he said.

But in October, *Club Mardi Gras* on South Main Street closed the nightclub opened to much celebration just a year earlier. It was the second new entertainment spot to close; *Campus Billiards*, on Public Square, shut down in April.

The apparent failures didn't discourage Marcello and Ahmet Ameti, who opened their *Café Toscana* on Public Square later in October. The brothers did most of the renovation work on the space that formerly had housed burger restaurants, turning it into a sleek modern bar and dining room that holds about 90.

In December, Deach Sreesonti and his wife, Pong, welcomed customers to their *Thai Thai* restaurant in the Midtown Village. The restaurant filled three vacant units in the 8,900-square-foot clock tower building with a bar, dining area and kitchen. There is seating for approximately 125 people.

Farther from the Square, Ruth Corcoran opened *Cork* restaurant and bar in the former location of Spag's off North Main Street.

The center city *Business Improvement District* got a leader in August when former St. Louis police officer Daniel Block took the manager's role.

Health care

As the region's major employers, local health care organizations wield great influence on economic conditions. Projects started, continued or announced in 2007 will mean both better care and more jobs in the future.

Geisinger Health System announced a new structure that rearranged services between its Geisinger Wyoming Valley and Geisinger South Wilkes-Barre hospitals. Work continued on a \$60 million critical care addition at the Plains Township hospital, where Geisinger has applied for trauma status for the emergency department.

Geisinger also broke ground on an expansion of the Frank M. & Dorothea Henry Cancer Center that will add more than 32,000 square feet of space, tripling the present size and house additional chemotherapy and infusion chairs and 20 more examination rooms. When completed in spring 2009, Geisinger will consolidate all of its Northeastern Pennsylvania cancer specialists in one place for the first time.

Not to be outdone, *Wyoming Valley Health Care System* moved ahead on a \$100 million project that will expand Wilkes-Barre General Hospital's emergency care facilities, the cancer treatment area, the cardiac care department and other surgery and medical care services.

The system also opened a new \$4 million building on North Franklin Street that houses the management information systems department and the School of Nurse Anesthesia. It also unveiled The Wound Healing Center at Wilkes-Barre General Hospital, which offers a one-stop shop to care for chronic wounds.

Transportation

The proposal to build a massive *cargo airport* that would straddle the Luzerne/Schuylkill County line stalled after state Sens. Rafael Musto and Lisa Baker won passage of a resolution that withholds state money until an economic impact study is completed.

State Rep. Todd Eachus had been hoping for funding that would cover half the estimated \$500 million cost of land purchases and construction of the 13,000-foot-long runway. Eachus said the developer – Gladstone Partners LP – expects private development on 4,300 to 4,500 acres of land around the airport site to total about \$1.1 billion. That would be on the tax rolls, although approximately 1,000 acres of land that would include the airport would be tax-exempt if it is put under the control of an airport authority.

The cost to widen and make safer a 33-mile section of *Interstate 81* in Lackawanna and Luzerne counties will top \$1 billion, officials said in August after releasing details of a two-year study on the highly congested corridor.

The study, done at a cost of more than \$500,000 by consulting engineers Pennoni Associates Inc., builds on one completed in 2003 and will be presented to state and federal lawmakers for funding of the project that could take as long as 30 years to complete, the officials said.

“It is truly not just a transportation issue for Northeastern Pennsylvania,” said Jeff Box, president and chief executive officer of the Northeastern Pennsylvania Alliance, which convened the Focus 81 committee in 2003. “It is an economic development issue that we all need to work on.”

Casinos

They take our bets, pay most of them back, employ hundreds and pay boatloads of taxes. Slot machine casinos made their mark on the area in 2007.

In May, *Mohegan Sun at Pocono Downs* broke ground on Project Sunrise, a permanent casino that will add 300,000 square feet of gaming, restaurant and shopping space. It could well afford the \$208 million expansion; for most of the year the 1,200 slots in its interim casino were the most productive in the state, winning an average of more than \$400 each day per machine. Total wagers for the year approached \$2 billion.

The Downs got some competition when Louis DeNaples’ *Mount Airy Casino Resort* opened in October, sporting more than 2,500 slot machines and four restaurants. But after an initial burst of activity, the casino struggled to keep up, posting the lowest win per machine in Pennsylvania. A new nightclub that opened Friday and other amenity additions scheduled to open in 2008 should help the venue, which is more dependent on tourism than the local-market Downs.