

When West Newton labored to join the Great Allegheny Passage economy, The Progress Fund financed entrepreneurs, enhanced the trailhead and used its real estate development leverage to pull visitors across the river into Downtown.



Crossing the Bridge: The trail to Downtown

“We put our stake here”

Many places are worth the extra effort. A few are worth maximum effort. The Progress Fund found the latter kind of place in West Newton, Pennsylvania, and applied every wrench and crowbar in its lending, trail development and real estate toolboxes.

West Newton is no longer a center for the manufacture of paper, radiators or boilers. As the rural economy struggled, the Westmoreland County town's location near two highways kept its residential market viable. Its commercial real estate market,

however, floundered as owners let properties deteriorate.

What West Newton had, though, was a sense of place, great people and a path – the Great Allegheny Passage, which carries cyclists half way from Pittsburgh to Washington, D.C. The Progress Fund brought its entrepreneurial know-how, its trail savvy, and the ability to handle a heavy real estate lift.

The Progress Fund's pioneering formula – lending and coaching to new and expanding tourism-oriented businesses in underserved rural areas – has helped hundreds

By the staff of The Progress Fund - A Community Development Financial Institution



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of entrepreneurs to create and retain thousands of jobs. Its innovative Trail Town Program is intent on turning the Great Allegheny Passage into a 150-mile-long ribbon of redevelopment from Pittsburgh to Cumberland, Md.

West Newton, though, wasn't going to crest the development hill without a big push. Fortunately, a key foundation was looking to

accelerate trail-based economies, just as The Progress Fund was honing its Real Estate Development Initiative.

The result: A ride across bridges, around entrenched attitudes and straight into the rural economic headwinds. For The Progress Fund, it would mark a new phase in which its tested formula and keen vision changed a community's course.



This is the Place

Ben Markle's ancestors settled in West Newton in 1734 and later opened a paper mill, only to close it when coal mining and manufacturing sullied the Youghiogheny River water on which it relied. By the time Ben was born,

those industries had faltered and most of the mom and pop businesses that lent bustle to Main Street and Water Street were gone. Nonetheless, he immersed himself in his town's history and joined Downtown West Newton Inc. in hopes of influencing its future.

One day Ben and David Kahley, The Progress Fund's President & CEO, were poring over decades-old photos of a building near the Great Allegheny Passage trailhead. David said he was going to help to rejuvenate the building – “put it back” to its vibrant past – a step toward restoring some of West Newton's luster.

“I had waited my whole life to hear someone say that to me: I'll put it back,” says Ben. To David, West Newton was more than a picturesque town on the gentle whitewater of the Youghiogheny. It was a strategic trailhead between Pittsburgh and Ohio on the Great Allegheny Passage – a place that had every opportunity to join the trail economy but wasn't quite taking off. “There was a broken real estate market,” David says. While the part of town on the river's west bank – along which the trail ran – was evolving, the east side was gripped by inertia.

Key properties had fallen into the hands of absentee landlords, or were just falling apart. The century-old truss bridge dutifully conveyed cars and trucks, but cyclists pedaling down the west bank of the Youghiogheny rarely crossed the bridge to Downtown.

West Newton, in other words, had both the strengths – location, history, atmosphere, dedicated residents – and the challenges, in terms of real estate and transportation, shared by many urban neighborhoods that have nonetheless seen massive redevelopment. “We needed a big city approach in a small town,” says David.



1. The Trailside Café
2. Fox's Pizza Den
3. Guest House
4. Bright Morning B&B
5. Annex Inn
6. Willow Springs
7. Youghiogheny Canoe Outfitters
8. Subway
9. Simeral Square

The Progress Fund's investments near the West Newton Trailhead



*Great Allegheny Passage Visitor's Center
Photo by: trailphotos.biz*



*Bright Morning
B&B Row and
Great Allegheny
Passage Visitor's
Center*

The Trail Economy

When Mary Lou Rendulic was growing up, her parents warned her: “Don't go near the railroad tracks.” She was happy to stay on West Newton's east side. “It was kind of scary to walk across the bridge.”

These days, though, Mary Lou lives on the west side, right above the former rail line – now part of the Great Allegheny Passage – in a 140-year-old house that she turned into the Bright Morning Bed & Breakfast. With help from The Progress Fund, she expanded from one rental room in one house to a dozen bedrooms in three houses. With its completion in 2013, the Great Allegheny Passage became a national and even global attraction, annually drawing a million trips and more than \$50 million in direct economic impact. The bulk of that

impact came from overnight travelers, according to studies commissioned by The Progress Fund.

Overnight travelers need food, lodging, bike parts and options for recreation or shopping. If even one stretch longer than a day's ride lacks those amenities, the entire trail loses opportunities. The trail segment from Pittsburgh to West Newton runs 34 miles, or a day's ride for a typical family. The next significant trail town, Ohiopyle, is 43 miles away. West Newton was well positioned to reap those overnight dollars.

It wouldn't get there, though, without turning on its head the warning Mary Lou got from her parents. Everyone would have to get as close to that rail trail as they possibly could – or somehow draw the trail to them.

The Great Allegheny Passage economy

- 1 million trips per year
- \$50 million in direct economic impact
- Day users spend \$18 per day
- Overnight travelers spend \$124 per day

People Power

“Small towns need to come back, and there is an opportunity for small towns to come back, especially our town, since that trail developed,” says Mary Popovich, mayor of West Newton. Along with allies at Downtown West Newton Inc., she vowed that their town would not be the proverbial flat tire in the middle of the trail.

Some in town thought the trail would bring crime, but that never materialized. “When we started seeing people coming from different towns, it was nothing but excitement,” says George Sam who was West Newton's Main Street Organizer until 2014. “It was actually normal people that came through on bikes and said, ‘What a wonderful place you have here.’”

Still, locals couldn't help but notice a disturbing trend. As cyclists came off the trail and began to cross the West Newton Bridge, they'd eyeball an abandoned gas station ahead and to the left and the rarely open Riverside Lounge on the right.

Faced with those looming guardians at the junction of Water and Main, they'd turn back around. Few ever got close to West Newton's public park or swimming pool, its two buildings listed on the National Register of Historic Places, or its Main Street with its restaurants, stores and even a renowned jewelry shop.

“People would just ride, ride, ride down the trail,” says George, “and never come across.” Downtown West Newton Inc. took on the Herculean task of bringing together a half dozen state agencies and even more funding sources to buy, clear and redevelop the environmentally fraught gas station site. They replaced it with Simeral Square, a riverfront park dedicated in 2013 that now hosts farmers' markets, arts events, movies, seasonal festivals and weddings. The Progress Fund contributed to the effort.

The concept, says George: “Let's create this little buzz on the other side of the river so people could look across and say, ‘There's something happening over there, let's go across.’”



Simeral Square, a riverfront park that overlooks the Youghiogheny River

The Progress Fund is a vigorous non-profit loan fund that creates jobs and improves communities by providing entrepreneurial coaching and capital to small businesses in the travel & tourism industry. The Progress Fund serves 40 counties of Pennsylvania, the State of West Virginia, western Maryland, and eastern Ohio. The Progress Fund was founded in 1997. As of August 31, 2015, it had made 466 loans totaling more than \$59.3 million to 285 enterprises, creating or preserving more than 3,530 jobs.

Enabling Entrepreneurs

Even as Simeral Square emerged on the east, West Newton's western ward was humming, fueled by The Progress Fund's unique loan program.

For her first expansion, Mary Lou sought a bank loan, but quickly got the feeling that she was "just a little lady" to the banks. That's a common scenario for small businesses in rural areas, and that's why The Progress Fund in 1997 began lending to rural, tourism-oriented businesses.

The Progress Fund loaned Mary Lou the money to purchase one house next to hers on Jefferson Court, just above the trail. The Progress Fund bought another neighboring house and sold it to her. The Progress Fund later bought the fourth house on the street for future development. Chris Curcio, with help from The Progress Fund, moved his Fox's Pizza Den and Scoops-N-At to the trailhead, next to the Regional Trail Corporation's visitor center and gift

shop. "I felt that I needed to move, and the trail would be the best," says Chris, calling the relocation "a success."

The Progress Fund financed the purchase by Rod Darby of The Trailside, a building at the trailhead that had hosted little more than a convenience store. Rod added a restaurant and pub, shops selling six packs and bottled beverages, and a tenant-run bicycle repair shop.

The Progress Fund and its Trail Town Program also helped to coordinate new signage at West Newton and two other trailheads – one of several community connections projects linking towns with the Great Allegheny Passage. Despite Simeral Square, West Newton's Downtown, on the east side of the river was feeling a little left out.

"The whole idea of the trail towns is that they want people to stop and go into towns," says Rod. "And there was no reason to go over there."

The Progress Fund's growing toolbox

1997: Loan program

- Loans to new and expanding rural businesses serving tourists
- Entrepreneurial coaching, marketing and networking assistance
- Economic research backing tourism, local agriculture and trails

2007: Trail Town Program

- Understanding the trail economy
- Community connections projects linking towns to trails
- Trail-focused lending and development

2010: Real Estate Development Initiative

- Identifying key properties
- Repairing, rejuvenating or razing
- Strategic sale or lease

Buying In

The biggest remaining barrier: The sagging Riverside Lounge, right across Main Street from the gas station that became Simeral Square. The lounge's owner, Korean

War veteran Jesse Long, was proud of his status as one of West Newton's first black business owners. He owned the best commercial site in town – one of the few highly visible locations with parking – and though there were

willing buyers, he didn't trust them to treat it with dignity.

"He worked so hard to get that building, and he just didn't want to give it up," says Mary, the mayor. "He felt that the building would not be a viable business, and that they would tear it down, destroy it, make it a parking lot." The Progress Fund, she told him, was "not going to tear it down. They're going to rebuild it and make it a thriving business again."

The Progress Fund had an ally in Scott D. Izzo, director of the Richard King Mellon Foundation. A key backer of rural and trail-based development, he asked how he might help those trail towns that were still huffing and puffing. "Rural economic development is as important to us as urban economic development," says Lisa Kuzma, Senior Program Officer at Richard King Mellon Foundation. "The problem is there aren't as many people doing it."

Enter The Progress Fund's Real Estate Development Initiative. In Meyersdale, The Progress Fund bought and temporarily operated the Levi Deal Mansion Bed & Breakfast, before selling it to a new operator. Separately, the R.K. Mellon Foundation helped The Progress Fund to buy and raze two Meyersdale eyesores that marred the sight lines from trail to town.

In West Newton, Jesse eventually declared victory over the long-gone critics who said he couldn't, or shouldn't, run a business in West Newton. With the R. K. Mellon Foundation's help, The Progress Fund bought Jesse's building for \$170,000, and spent nearly \$500,000 renovating and preserving it.

"Somebody like The Progress Fund, who had the resources to do it financially, and do it right, and understand the market, I think that was the perfect partner," says George.

Dining view from Subway (former Riverside Lounge) overlooking the Youghiogheny River and West Newton Bridge





*Subway storefront
(former Riverside
Lounge) with
franchisees*

When the renovation was done and The Progress Fund hung a “For Rent” sign on the building, there were no fewer than 30 inquiries. An experienced Subway franchisee with roots in the West Newton area asked to rent the entire ground floor, and agreed to bring both a novel, classy décor and attractive, well-lit signage that would invite hungry cyclists to cross that bridge. “To drive by at night and see lights on is huge,” says Ben. “This is completely new to people my age, to see development Downtown.”

Energized property owners on West Newton's east side are now selling, repairing and planning for the future. Rod sees a new attitude

in town: “The more things that are here, the more things that are successful, the less empty storefronts there are in town, that's better for me.”

The mayor has a new role. She's preparing for organized groups of dozens, scores or sometimes hundreds of cyclists who now look across that bridge and see an invitation, instead of blight. “I want to make sure that we're very friendly and embracing to these people that are visiting our town,” says Mary. “I'm getting big banners made to hang up on both ends of the bridge, saying 'Welcome.'”



By the staff of The Progress Fund
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