

YEAR-END REPORT

The Progress Authority was the recipient of LEDA grant funds from the Department of Community and Economic Development during the 2009-2010 program year. This grant funding was used to help fund the costs of administering economic development outreach efforts. Both Bradford County and Susquehanna County designated the Progress Authority as the industrial development entity to receive their LEDA funding, and the Progress Authority provided ongoing economic development and technical assistance services in both counties.

Under the contracts, the Progress Authority provides services that are available to any business in any municipality within Bradford and Susquehanna Counties. This outreach program is the only direct professional business development activity within the two counties. Activities include business financing, site development, infrastructure, workforce initiatives, and federal, state, and local government and agency coordination.

A key milestone for the Progress Authority that was achieved this year was the Progress Authority's certification by DCED to administer direct loan programs, including Small Business First, First Industries Fund, Community Economic Development, and Pollution Prevention Assistance Account financing. These resources have always been available to the Progress Authority through other Area Loan Organizations, but the certification will enable the Progress Authority to more actively assist businesses with funding needs.

The 2009-2010 program year was as positive as could reasonably be expected, given the economic downturn facing the rest of the Commonwealth and the entire United States. Continuing growth in the natural gas industry provided an insulating factor to the job losses and disinvestment that occurred in most other areas. From May 2009 to May 2010, Pennsylvania Department of Labor & Industry seasonally-adjusted data showed that Susquehanna County's total employment rose by 600. Job losses still occurred locally, particularly in the manufacturing sector, but the natural gas industry created a safety net that most regions did not have the luxury of experiencing.

Along with the positive dynamics of employment growth and investment, however, the natural gas industry has brought substantial demands for new and upgraded infrastructure. Projects in the hospitality and housing markets have required public water and sewer, while the bulk commodities needed in the natural gas industry have necessitated transportation upgrades to public roads and railroad infrastructure. The Progress Authority has been able to leverage public funding for a variety of infrastructure projects over the past year, including projects funded through the federal American Recovery & Reinvestment Act.

Because of the large volume of truck traffic that has surfaced in the County, there is strong interest in increasing rail utilization as a way to reduce on-road truck trips. To make rail a viable option, transload facilities must be available to shippers. The Progress Authority sponsored a

feasibility study to explore the need for transload facilities in Susquehanna County, as strong infrastructure exists with the Canadian Pacific Railway and New York, Susquehanna & Western Railroad. The study documented private activity in and around the county, and it appears that the private sector is prepared to help meet rail transloading needs.

Recognizing the tremendous economic opportunities presented by Marcellus Shale natural gas development, the Progress Authority has attempted to maximize local impact by promoting the usage of existing local businesses as subcontractors to this industry. In June, the Progress Authority organized the Northern Tier Marcellus Shale Business-to-Business Expo in an effort to create linkages between natural gas-related companies and the local business community. The response was very strong, and a follow-up event is planned On June 25, 2011 at Alparon Park.

Natural gas development has led to the need for additional pipeline infrastructure, including major interstate transmission lines. The Progress Authority has been assisting the developers of two such lines with various issues. The El Paso Corporation plans to add capacity to its Tennessee Gas Pipeline that runs through Bradford and Susquehanna Counties to better accommodate natural gas produced in the Marcellus Shale and other formations in the Midwest. The other project is called the MARC I pipeline. It will be constructed by Inergy Midstream LLC and will provide a North-South linkage between the Millennium Pipeline, the Tennessee Gas Pipeline, and the Williams Transco Pipeline. This will allow for an Eastern United

States hub to wheel gas and provide better availability and price flexibility for Northeastern consumers.

The Progress Authority has also contracted with the Marcellus Shale Education and Training Center, a joint initiative of Penn State and the Pennsylvania College of Technology, to perform a regional economic impact study measuring the effects of Marcellus Shale development. The Progress Authority hopes to use the data acquired in order to better understand the impacts being experienced and to more effectively plan for future development needs.

Another energy-related development is the pending removal of Penelec's electric rate caps. With most of the business community being served by Penelec and facing substantial rate increases once the caps are removed, the Progress Authority has taken a leadership role in developing alternative options to stabilize electric pricing. A feasibility study was conducted to determine if locally-produced Marcellus Shale natural gas could be utilized for a local generation facility, but this proved to be economically infeasible. With that option exhausted, the Progress Authority has worked with the Manufacturer & Business Association of Pennsylvania to provide a nonprofit model for purchasing electricity from the grid and transferring it at cost to area businesses that choose to participate. We are hopeful that energy cost savings will result.

In addition to energy initiatives, highlighted projects during the past program year are as follows:

- **Endless Mountains Health Systems, Montrose, Susquehanna County**
The CBPA secured federal funding to assist Endless Mountains Health Systems, a critical-access hospital located in Montrose. The funding will be used to replace an obsolete radiology/fluoroscopy suite to provide better healthcare services in Susquehanna County. The hospital is one of the largest employers in the County.
- **Susquehanna County Courthouse Upgrades, Montrose, Susquehanna County**
The Progress Authority secured funding through the PA Conservation Works program to complete energy efficiency upgrades at the Susquehanna County Courthouse. The funding supports a steam/hot water conversion project and window upgrades.
- **South Montrose Water Extension, Montrose/Dimock, Susquehanna County**
PennVEST approval has been secured for funding for a public water line extension to Dimock Township. This project is primarily in response to private water well contamination due to natural gas drilling, but the Progress Authority has been working for several years to extend water along the same corridor to support industrial and commercial development along Route 29 in South Montrose.
- **Forest City Sewer Replacement, Forest City, Susquehanna County**
A sewer replacement project is necessary in Forest City Borough due to severely aging infrastructure. The project will benefit commercial, industrial, and residential needs. Funding has been secured through

the H2O PA program, and the CBPA has been pursuing Appalachian Regional Commission funding as well.

- Lackawanna College, New Milford, Susquehanna County

Due to growth in the Marcellus Shale natural gas exploration in Northeastern Pennsylvania, Lackawanna College embraced an opportunity to implement a natural gas technology associate degree program. The Progress Authority worked closely with Lackawanna College in the development of this program, and a new campus has been constructed and recently opened in New Milford Township.

- Donald Dean & Sons, Montrose, Susquehanna County

Donald Dean & Sons is a hardwoods manufacturer based in Montrose and one of Susquehanna County's largest industrial employers. The Progress Authority supported the company's needs for equipment upgrades with financing through the Enterprise Zone Revolving Loan Fund.

- Holiday Inn Expansion, New Milford, Susquehanna County

Because of the heightened need for hospitality services due to natural gas-related workers, the Holiday Inn Express in New Milford Township has added 24 rooms. The Progress Authority supported this

project with financing through Recovery Zone Bonds as part of the American Recovery & Reinvestment Act.

- Tractor Supply Company, Montrose, Susquehanna County

The Progress Authority assisted a commercial developer seeking property for the construction of a Tractor Supply Company retail store in Montrose. The project has been completed, and approximately 10 jobs were created.

In a very positive note, we are starting to see evidence of our traditional industrial sectors such as manufacturing and resource-based products beginning to bounce back. As the natural gas industry continues to evolve and other business development projects generate reinvestment, the Progress Authority appears to have a busy year in store.