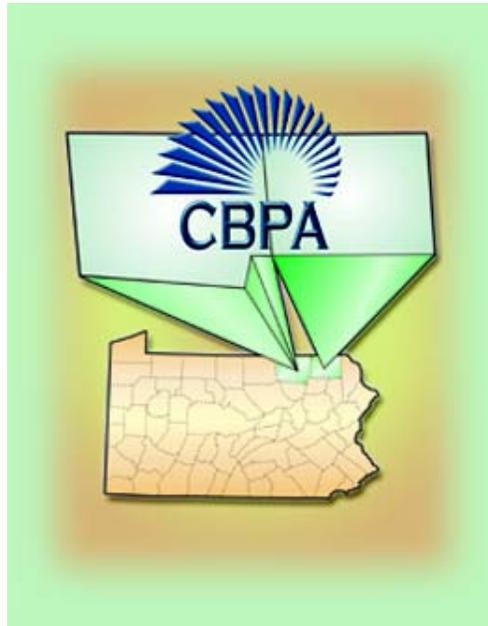


**2007 YEAR-IN-REVIEW
SUSQUEHANNA COUNTY
ECONOMIC DEVELOPMENT UPDATE**



**PROVIDED BY THE
PROGRESS AUTHORITY,
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2007 YEAR-END REPORT

In 2005, the Susquehanna County Commissioners began a partnership with the Central Bradford Progress Authority to support economic development efforts in the County. This program has completed its second year and is ongoing, with positive steps taken to date.

Because of funding through the Susquehanna County Commissioners and the state of Pennsylvania, the Progress Authority was able to begin providing professional technical assistance services and develop an economic development program designed to serve all areas of Susquehanna County by addressing business needs. To aid in project identification and prioritization, the Progress Authority meets with the Susquehanna County Economic Development Board on the fourth Thursday of each month at 10:00 AM in the County Office Building.

Working with the Economic Development Board, the Progress Authority has identified three critical aspects of economic development designed to lay the groundwork for industrial recruitment and job creation efforts. The Progress Authority has determined to focus primarily on new site development, workforce development, and economic development capacity building.

Despite being geographically large, Susquehanna County has very few business development sites with appropriate topography and infrastructure. Recognizing this, the Progress Authority has worked to acquire funding for

transportation and municipal infrastructure improvements to support viable sites.

Funding has been allocated for reconstruction of Route 706 in Susquehanna County. When this project is completed, it will create a viable East/West transportation corridor in the County, which is currently greatly lacking.

The Progress Authority has secured approximately \$200,000 in federal funding through the Appalachian Regional Commission to upgrade Oliver Road in New Milford Township and promote development at the Gibson interchange of Interstate 81. A 100+ acre site adjacent to the State Police barracks at this interchange is also being marketed for development.

Susquehanna County's rail system is another transportation node that can be leveraged for business development opportunities. The Susquehanna County Railroad Authority has been proposing a rail transloading facility in the New Milford area. This project pre-dates the Progress Authority's involvement in Susquehanna County, but the Progress Authority has attempted to assist through the state's Section 108 loan program, as well as federal sources. However, the Railroad Authority has not been able to overcome site control issues to date.

Approximately \$300,000 in funding has been secured for a public sewer extension and capacity upgrades along Route 11 between Hallstead and New Milford in the northern part of the County. This portion of Route 11 is also rail-served and contains an area identified as a primary growth zone in the

County's comprehensive plan. Public sewer upgrades will make properties along this corridor more attractive for industrial development.

The Progress Authority is working with the Bridgewater Township Municipal Authority to aid the Authority in its planned sewer extension project. This project will provide sewer to developable areas along Route 706 as well as tying in residential areas. The Progress Authority has worked jointly with Congressman Chris Carney's office to secure federal funds for this effort. To date, \$738,000 has been secured through the U.S. Army Corps of Engineers, with additional federal funding under consideration.

Another aspect of public infrastructure critical to business is energy. When Penelec proposed a significant rate increase for electricity in Susquehanna County, the Progress Authority advocated on behalf of businesses. At the request of the Progress Authority, a local Public Utilities Commission hearing on the proposed rate changes was held, and testimony was provided concerning the impact to local businesses. As a result, the PUC referenced this testimony in agreeing to an increase that was less than that originally requested by Penelec. In light of a volatile energy market, however, the Progress Authority has arranged for funding and initiated a feasibility study to determine short-term and long-term opportunities to stabilize energy costs for area businesses.

From an energy standpoint, the lack of natural gas service in the vast majority of Susquehanna County is a hindrance to development. The

Progress Authority has been in discussions with gas providers in an effort to see natural gas lines extended into development areas of the County.

A final piece of critical infrastructure for business development is the presence of health care and emergency services providers. The Progress Authority has worked with Endless Mountains Health Systems to assist with their planned new hospital just east of Montrose. Significant state and federal funding is in motion for this project. Technical assistance in securing operating funds has also been provided at the request of the Montrose Minutemen.

One of the CBPA's first actions upon assuming responsibilities in Susquehanna County was to complete the Vision 2000 Business Park in Forest City. The need for a shovel-ready and infrastructure-rich industrial park in the County was very evident. This park has now been completed, and approximately 30 acres are now available for business development. Several looks have been taken at the park by business entities, and two active projects are currently considering the site for manufacturing operations.

The CBPA has been heavily involved in marketing available Susquehanna County real estate for business development. These sites include both undeveloped areas and vacant industrial properties such as the Bendix facility in Bridgewater Township, the Southern Tier Plastics facility in New Milford Borough, the Hallstead Foundry in Hallstead Borough, the Schils Building in Oakland Township, and the Kartri Building in Forest City Borough. These properties have been marketed through the Progress Authority and

through commercial real estate contacts locally and nationally in an effort to stimulate business interest.

The Progress Authority arranged for a cleanup effort at the former Hallstead Foundry site via a technology known as a lead stabilization process. Several commercial and industrial development projects have indicated interest in the site once it is clean.

The Progress Authority also worked with realtors marketing the Schils Building once it became available. After showing it to several entities, Riverside Industries from Brooklyn, NY recently purchased the facility to expand its plastic processing efforts.

In a recent development, Ranger Industries in South Montrose has announced plans to consolidate its operations in New Jersey. This will leave a 17,000 square foot building vacant. In response, the Progress Authority has identified a potential business tenant and is working with both the property owner and the new business in an attempt to finalize a transaction.

Workforce development has been identified by existing employers as a key issue in Susquehanna County. In an effort to improve the area's quantity of educated and skilled employable residents, the Progress Authority recruited post-secondary educational institutions interested in opening a branch campus in Susquehanna County. Lackawanna College, after extensive discussions with the Progress Authority, opened a branch facility in New Milford and began offering classes in the Fall of 2007. The Progress

Authority secured approximately \$300,000 in state and federal funds to enable this project.

The Progress Authority works jointly with TREHAB on workforce and entrepreneurial development programs and community development projects intended to enhance Susquehanna County's quality of life. Most recently, Trehab and the Progress Authority jointly submitted a funding application to the U.S. Department of Health & Human Services to enhance Trehab's programs and offerings. An award of approximately \$700,000 was approved for Trehab in late 2007. This will greatly aid in Trehab's community and workforce development capabilities.

In response to the flooding event of 2006, the Progress Authority has also collaborated with Donna Erat in the preparation of a Hazard Mitigation Plan for Susquehanna County and the requesting of a special exemption designed to make the County eligible for public recovery funds. Due to this effort, Susquehanna County was the only county in the state to receive this exemption.

A final issue facing Susquehanna County is the lack of locally controlled programs to provide economic development incentive funding to businesses interested in expanding or locating in Susquehanna County. A priority for the Progress Authority has been to assemble resources to assist in business development.

The Progress Authority was successful in an application to the PA Department of Community and Economic Development to enroll a portion of Susquehanna County in the New Communities Enterprise Zone program. The Enterprise Zone program now provides Susquehanna County with key resources for economic development and allows it to compile a local low-interest revolving loan fund to be used to leverage private business investment in the County. The Progress Authority worked in partnership with Rock Ridge Stone, which is expanding outside of Montrose, and initial funding for a revolving loan fund is in the final stages of approval in Harrisburg. Enterprise Zone status also provides access to tax credits for expanding companies within the Zone, and grant and low-interest loan requests through the state receive preferential treatment.

Recognizing that there was an inactive local revolving loan fund in the Forest City area, the Progress Authority collaborated with Greater Forest City Industries and Forest City Borough to develop guidelines for this fund and revitalize lending efforts to stimulate business investment efforts in the Borough. Recently, the first loan in approximately 5 years was made from this fund, and other projects are currently considering taking advantage of this program.

Additional local loan resources are always needed, and the Progress Authority has received positive feedback from the USDA for an upcoming application to secure a Rural Business Enterprise Grant to be used for low-interest loans targeted to small and emerging businesses in Susquehanna County.

Local Economic Development Assistance funding from the state has been secured and has aided in providing economic development technical assistance in Susquehanna County. Also, an application has been approved by the U.S. Department of Agriculture's Rural Business Opportunity Grant program. The Progress Authority was able to secure \$50,000 in administrative funding from the USDA in order to reduce Susquehanna County's costs for an ongoing economic development program with the Progress Authority.

To guide economic development strategies and increase knowledge of the Progress Authority's capabilities and services, the Progress Authority has an ongoing program of meeting with Susquehanna County businesses throughout the County to determine business trends and needs. The Progress Authority also meets with Chambers of Commerce and local business associations as requested.

A current initiative with the Pennsylvania Bluestone Association is an effort to enhance marketing and public relations within the stone industry. The Progress Authority's goals for this campaign include expansion of local stone markets and processing capabilities, enhanced safety and environmental compliance within the industry, and a better connection between stone quarries/processors and the community. A funding application for this project has been submitted to the state by the Progress Authority.

Several projects are underway as the Progress Authority transitions into 2008. A listing of active projects in various stages of development follows:

1. Electronics manufacturing company exploring sites along I-81 corridor and in Forest City.
2. Industrial manufacturing company considering site in Forest City.
3. Rock Ridge Stone expansion project, Montrose. Applications filed through PA Enterprise Zone program and PA Small Business First program. Application underway for Pennsylvania Industrial Development Authority funding.
4. Endless Mountains Stone Company, Susquehanna. Funding identified through U.S. Small Business Administration.
5. Industrial machining operation considering relocation to Little Meadows area.
6. Endless Mountains Health Systems hospital project, Montrose. Funding identified through PA Redevelopment Assistance Capital Program. Additional federal funding under consideration.
7. Bridgewater Township Municipal Authority sewer extension project. Federal Army Corps of Engineers funding under consideration.
8. Tourism-related company considering project in Great Bend Township.
9. Hotel developer considering project in Great Bend Township.
10. Hallstead-Great Bend Joint Sewer Authority sewer upgrade project. Additional federal funds requested.
11. NEP Telephone wireless communication project throughout Susquehanna County. Federal funds requested to assist development.
12. Hallstead Foundry site redevelopment. Environmental clearance process underway.
13. Bluestone industry marketing campaign. Funding application submitted in partnership with Pennsylvania Bluestone Association.

14. Snake Creek Lasers expansion project, Hallstead. Company considering adjacent sites for expansion in Hallstead. Federal funding secured for development of defense-related products.
15. Diaz Stone expansion project, Brooklyn. Funding identified through PA Minority Business Development Authority.
16. Manufacturer from New York considering relocation to New Milford area.
17. Riverside Industries, Oakland. Additional support as this company transitions into former Schils building.
18. Food processor exploring options with Ranger Industries building in South Montrose.
19. Whistle Stop Restaurant, Forest City. Financing via local loan fund identified for new owner.
20. International AJM Corporation, Forest City. Company from New Jersey has purchased building in Forest City. Additional support to be provided.
21. Elk Mountain Ski Resort, Herrick Township. Funding identified for lift upgrades through PA First Industries Fund; application to be submitted via Progress Authority in summer 2008.
22. Trehab, Susquehanna and Montrose. Additional support to be provided to assist Susquehanna Borough Main Street and Elm Street programs; additional support for U.S. Department of Health and Human Services grant to enhance workforce and community development efforts in Susquehanna County.
23. Energy Study, countywide. Funding identified for alternative energy development to support business needs amid rising energy costs.

These projects require ongoing attention from the Progress Authority in order to be fully realized.

Since the Progress Authority has been involved in Susquehanna County, much needed groundwork has been put into place so that future business projects will find Susquehanna County to be an enticing opportunity. With the presence of Interstate 81, a strong rail network, abundant natural resources, and a lofty quality of life, Susquehanna County is poised for eventual growth. The Progress Authority is hopeful that its efforts regarding site and infrastructure development, workforce development, and economic development program enhancement will help to assure that opportunities will not be missed in Susquehanna County.