The Progress Authority has recently completed demolition activities as part of redevelopment efforts in Canton and Troy.

In Canton, the former Preston Mill facility on West Union Street was destroyed by fire, but the prior property owner was unable to complete demolition activities on the remaining structure. Lycoming Supply was the contractor for this project.

The dilapidated former Agway facility on Willow Street in Troy was also razed as part of this project. Bristol Excavating was selected to perform the work on this site.

Funding for these projects was provided through an Economic Development Initiative grant administered by the U.S. Department of Housing & Urban Development. Congressman Chris Carney was instrumental in securing this funding. Additionally, the grant funding also supported the demolition of the former Bern Building in Towanda, which was previously completed by Towanda Borough.

The Progress Authority, in cooperation with the Western Bradford Development Corporation, will now focus on marketing these properties for commercial/industrial development opportunities.

Recognizing the need to create strong linkages between natural gas-related companies and the local business community, the Progress Authority is participating in the development of a business expo. The Northern Tier Marcellus Shale Business-to-Business Expo will be held on Saturday, June 26, 2010 at Alparon Park in Troy.

The goal of the expo is to make natural gas companies and their subcontractors aware of local businesses that could provide services to support the industry's needs. Enhanced utilization of local companies will help to maximize our region's economic impact as Marcellus Shale natural gas resources are developed.

Further information on the expo is under development, and details can be found on the following website: www.ntmarcellusexpo.com
The year’s events can be described as nothing less than a roller coaster ride. Challenges with tough economic times affecting business investment, employment impacts, government support and the demand for our services makes us understand the true importance of a stable but growing economy.

The one fact that remains solid is our focus on a realistic work program for our area of impact. Further influencing our effectiveness is the vested leadership the Authority receives from its full board of directors and local organizations. With the “natural gas boom” we are experiencing business activity like never before. In fact, the Progress Authority is taking a leadership role with a business to business expo. This is the first of its kind in our region. Additionally, we are embarking on an economic impact study to analyze and measure the impact of the natural gas industry in our counties.

However, we are also experiencing new investment related and unrelated to the natural gas industry. This new investment depicts an optimistic forecast of new opportunities - thus our new logo and its fresh image going forward to serve our communities.

The Pennsylvania Department of Economic Development has required that all economic development agencies be certified and the Progress Authority has received full certification to administer all state programs. This rigorous process for certification has reinforced our existing quality and professional delivery of services to our constituents.

I wish to thank our staff, board members, county commissioners and legislators for their continued support and confidence to achieve our common goal in bettering our economic environment.

Message from the President

Since last year’s annual dinner, we have experienced, Nationally, the pain of high unemployment, high foreclosure rates, a slow economic recovery and a staggering federal deficit.

These National problems will continue into the foreseeable future and create challenges for our region as well. The Progress Authority will continue to interact with our area employers (large and small) and provide support and assistance to the best of our ability.

This area is the hub of the Marcellus “play” and we are the beneficiary of the economic boom caused by natural gas exploration. Many area employers have seen significant activity directly related to this industry, our motels and restaurants are booming and there has been very positive employment activity.

Probably the most noticeable negative by-product of natural gas drilling has been the damage caused area roads. I believe that everyone underestimated the impact constant heavy truck traffic would have. The exploration companies and our governmental agencies are now working together in an attempt to improve this situation. Hopefully increased rail activity will help the impact on our roads in the future.

We will see many challenges and opportunities in the region during the upcoming year. Our governmental representatives will need support and input from all of us in order to make this region as safe and enjoyable as possible going forward.
The Progress Authority received Regional Investment Marketing (RIM) grant funds from the PA Department of Community & Economic Development to promote development opportunities in targeted industry sectors. The grant is focused on energy and alternative energy industries, and the Progress Authority is representing Bradford, Susquehanna, Sullivan, and Wyoming Counties in this initiative.

The Progress Authority identified a lack of key support services such as wastewater treatment as a bottleneck in natural gas development in the region. To promote our region to experienced service companies, Progress Authority staff traveled to the GO Expo in Calgary, Alberta during the summer of 2009. The GO Expo is the largest gas and oil expo in North America.

Many relationships were established, and several companies from Canada have since visited the area to explore opportunities associated with Marcellus Shale natural gas development. The Progress Authority was able to visit with executives from Talisman Energy, headquartered in Calgary, and worked closely with Pennsylvania’s foreign investment representatives based in Canada.

**Cleanup Efforts at Sayre Railyards**

The Progress Authority was awarded $200,000 in American Recovery & Reinvestment Act (ARRA) funds administered by the U.S. Department of Environmental Protection in order to undertake environmental cleanup activities at the Sayre Rail yards property in Sayre Borough. Previously, the Progress Authority completed environmental assessment activities at the site.

KU Resources, Inc. was selected to perform the cleanup work, along with local subcontractors Austin Excavating and Strong Excavating. The project involved excavation of lead-impacted soils, the installation of soil caps, removal of asbestos-containing piping, the installation of a recovery system to remove petroleum products from the groundwater, and the crushing and backfilling of chase ways in the former locomotive shop pad.

All activities are completed with the exception of ongoing recovery efforts for the petroleum on the groundwater. With the majority of environmental concerns addressed, the Progress Authority is now attempting to move forward with redevelopment efforts at the site. Pennsylvania DEP has been heavily involved and very supportive throughout this project.
There is a renewed interest in rail transportation in Bradford County. Over the past several decades, rail traffic has been decreasing in this region, and some rail lines have been totally abandoned. However, due in large part to natural gas exploration in Bradford County, there is a greatly intensified demand for shipments via rail.

Lehigh Railway LLC has secured a long-term lease with Norfolk Southern to operate the railroad line stretching from Mehoopany to Athens. Lehigh Railway has been very active in developing sidings, upgrading rail infrastructure, and securing new customers along the line.

Another carrier, Reading & Northern, has acquired the Towanda-Monroeton Shippers Lifeline and is operating a short line in the central part of Bradford County.

Progress Authority Loan Program Update

The Progress Authority provided several loans to businesses with opportunities to expand during the past year. While loan activity was relatively slow due to economic pressures for part of the year, there has been a high level of activity in the early part of 2010. In addition to the loans listed below, there are five additional loans that have been recently approved and are awaiting closing.

- CraftMaster Manufacturing – Funding for a facility-wide lighting replacement to enhance energy efficiency.
- Pro Care Physical Therapy – Funding for the purchase/renovation of a facility to allow an expansion in Athens.
- Bradford Inn – Funding for renovations to a facility in Towanda to open an inn.
- Kutt’s Creekside Archery – Funding for the purchase of additional inventory.
- ARARI Investments/Tungsten Sources – Funding for tungsten recycling equipment related to Towanda Metadyne, Inc.
- Sayre Incubator – Authorization of a loan subordination to support additional borrowing at the Enterprise Center.
Camco Manufacturing, a precision machining company, has completed construction of a 30,000+ square-foot facility to house its industrial applications. Camco has taken occupancy of the building in Valley Business Park and has completed the transition of its company from Endicott, NY to Athens Township. There are approximately 45 employees at the facility. A funding package was coordinated through the Pennsylvania Governor’s Action Team to support this project. Athens Township, Athens Area School District, and Bradford County also were instrumental in enhancing the site by designating the property as a Keystone Opportunity Zone.

Chesapeake Energy is also planning a development near Valley Business Park with the construction of its Eastern U.S. Training Facility for Nomac Drilling. This is a planned 280-bed residential facility and training center for Chesapeake’s Nomac Drilling subsidiary. The project will take place southwest of Masco Retail Cabinet’s facility in Valley Business Park.

Road C, the proposed industrial access road to connect Valley Business Park to Exit 59A of Interstate 86, is in the engineering phase. Larson Design Group is performing environmental clearance and preliminary design activities for the project. Assuming the project can be fit within the available budget, the Progress Authority and Athens Township hope to have Road C under construction in 2011.

ARARI Investments LLC has utilized Progress Authority loan funding to help expand tungsten recycling efforts. ARARI, an affiliated company to Towanda Metadyne, has developed a proprietary process that allows for the recovery of tungsten material from used drilling bits from the gas and oil industry. The recovery process can be undertaken with no adverse environmental effects. The company has expanded its capabilities through the acquisition of new equipment, and is quickly becoming the North American leader in tungsten recycling processes. Much of the world tungsten supply is found in China, so it is of strategic importance to find ways to recycle and maximize utilization of the commodity in the United States. The Progress Authority is pleased to partner with ARARI as it undertakes this exciting opportunity.
The Progress Authority has been actively involved with two companies seeking to dramatically upgrade natural gas pipeline capacity in Bradford County. The Tennessee Gas Pipeline, operated by El Paso Corporation, currently runs west to east through the entire length of Bradford County. Tennessee Gas Pipeline has recently announced plans to add 30-inch loops alongside its existing pipeline. This effort, referred to as the 300 Line Project, will expand capacity within the pipeline and allow the company to accommodate more local natural gas from Marcellus Shale development. The project is currently under environmental review by the Federal Energy Regulatory Commission prior to the start of construction.

Another project, called the MARC I Pipeline, is under development by Central New York Oil & Gas, a division of Inergy, LP. The MARC I Pipeline will be the first pipeline in our region specifically designed to accommodate natural gas volumes from Marcellus Shale development. The planned pipeline will run from near Wy'alus to northern Columbia County. It will provide a link between the Millennium Pipeline, Tennessee Gas Pipeline, and Transco Pipeline. Once completed, the MARC I Pipeline will allow Central New York Oil & Gas to direct natural gas to pipelines with the most capacity in order to more effectively transmit gas to market. This project is also in the environmental clearance phase.

New Pipeline Projects Under Development

The Pipeline Installation Process, as Shown in the Environmental Assessment for Tennessee Gas Pipeline Company's 300 Line Project.

1. Survey and Staking
2. Clearing
3. Front-End Grading
4. ROW Topsoil Stripping
5. Restaking Center line of Trench
6. Stringing Pipe
7. Field Bending Pipe
8. Line-up, Initial Weld
9. Fill & Cap, Final Weld
10. As-Built Footage
11. X-Ray Inspection, Weld Repair
12. Coating Field Welds
13a. Trenching (Wheel ditcher)
13b. Trenching (Backhoe)
13c. Trenching (Rock)
14. Inspection & Repair of Coating
15. Lowering Pipe into Trench
16. As-Built Survey
17. Pad, Backfill, Rough
18. Hydrostatic Testing, Final Tie-in
19. Replace Topsoil, Final Clean-up, Full Restoration
Bradford County has not been spared by the recession that has hit the national economy. As a result of the downturn, many area companies experienced severe drops in sales volumes, and employment losses were realized. Due to a very soft construction market, one of the hardest hit sectors involved hardwood timber products. CraftMaster Manufacturing and Barefoot Flooring were among the timber processors that experienced layoffs.

Another victim of the poor economy was Parker Hannifin in Canton, which closed and displaced approximately 55 workers. Ingersoll-Rand in Athens has also announced that its plant will close by the end of 2010, impacting approximately 200 employees. In addition to industrial job losses, many retail businesses in Bradford County had challenging years as well.

**Economic Downturn Impacts Bradford County**

The American Recovery and Reinvestment Act of 2009 provided a new financing source for projects in Bradford County. Recovery Bonds, as they are referred to, are specialized taxable and tax-exempt bonds that are to be used for qualified economic development purposes within a defined Recovery Zone. Bradford County received an allocation of $1,778,000 in tax-exempt private activity bonds and $1,185,000 in taxable bonds for public infrastructure projects under this legislation.

The Bradford County Commissioners recently adopted a resolution to designate all of Bradford County as a Recovery Zone, so projects throughout the county are now eligible for Recovery Bond borrowing. The Progress Authority has been working to take advantage of this financing opportunity and apply it to economic development projects within the county.

**Recovery Bonds Provide Financing Opportunity**

The Pennsylvania Commonwealth Financing Authority announced grant funding to support two water/sewer infrastructure projects in Bradford County. The funding was allocated through the H2O PA program, which provides funding to municipalities or municipal authorities for the construction of drinking water, sanitary sewer, and storm sewer projects in Pennsylvania.

South Creek Township, which is constructing a wastewater collection and treatment system in the Gillett and Fassett areas, will receive $2,951,873 in grant funding to support construction costs of its project. This project will address severely malfunctioning private septic systems.

The Wysox Township Municipal Authority was another successful applicant. The Municipal Authority will receive $5,000,000 to extend a public waterline into Wysox. This project will provide pressurized public water to support commercial/industrial development and residential needs in Wysox Township.
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