

# PROGRESS

*A Newsletter Dedicated to Economic Opportunities in Susquehanna County*

**The Progress Authority: Resources for Development, Progress for People** Summer 2011

## Gelsenwasser AG Tours Dimock with Cabot Oil and Gas



Janice Lobdell speaking to a German Delegate

On July 14th, a German delegation visited Susquehanna County for a tour with Cabot Oil and Gas for a “fact finding” tour regarding hydrofracturing. The group represented one of Germany’s largest water and power companies, Gelsenwasser AG, a \$1 Billion company. Gelsenwasser AG supplies water to nearly 3 million people in the state of North Rhine-Westphalia. The company draws water from rivers, dams and impoundments and converts the water resources into potable water through environmentally-friendly processes. Active water resource management is central to the company’s operating philosophy to ensure sustainable water resources that can be purified efficiently and effectively for drinking purposes. During the delegation’s stay, the group also visited Washington D.C. and New York City.

The Pennsylvania Department of Community and Economic Development contacted the Progress Authority in early July to help facilitate a tour with a major operator in the natural gas industry for the delegation at the time of their stay. The Progress Authority was able to coordinate with Janice Lobdell of Cabot Oil and Gas to accommodate the German delegation. The delegation was sent to the United States to find out more information on hydrofracturing as pressure for drilling in European countries is on the rise.

While the delegation spent their time in Susquehanna County they were able to tour a frac site, a well in production, and observe the natural gas industry in the field. The group was able to interact with tour guides Janice Lobdell and Larry Fulmer through German translators. While on the tour, the group remained very engaged in learning about the hydrofracturing process. While the delegation spent their time in the United States to further educate themselves about hydrofracturing, it was in Dimock, PA where the group was given the opportunity to get up close and personal with the industry. The delegation was very appreciative of the efforts of Janice Lobdell and Cabot Oil and Gas for their time in Dimock.



Commissioner MaryAnn Warren presents to German Delegation



German Delegation Tours Frac Site

# Senator Pat Toomey Meets with Business Owner's in Susquehanna County



Senator Pat Toomey



John Kameen, Sen. Toomey, Tony Ventello, and Joe Andre

## Letter from the Executive Director

This past year has been as intense as any. The volume of business activity in Susquehanna County is increasing daily. This is unlike the rest of our United States, as reports continue to identify a very slow economic recovery. Obviously, the natural gas development in our communities has shored up our local economies as existing and new businesses are benefitting from its efforts. Many businesses have embraced the new opportunity and modified their service or products to better serve the natural gas development in the county. However, the demand for sites serviced by adequate infrastructure is ever-growing. I believe it is our job to focus on building infrastructure to support tax base expansion.

The Comprehensive Economic Development Strategy for Susquehanna County clearly identifies projects of greatest impact to its residents. The highest priority is being accomplished this year. The Endless Mountains Health Systems new hospital will break ground this year. Congratulations to Ray Wilmarth, Rex Catlin and all those involved in their tireless efforts to persevere this much-needed facility.

The demand for infrastructure throughout Susquehanna County is the next highest priority

to the hospital. With very tight federal and state budgets, we must also persevere and intensify our efforts to attract new investment through creative project development.

On August 8, 2011, Senator Pat Toomey requested a small venue of local business people to hear concerns regarding the federal government's role to help or issues that hamper business development. Senator Toomey provided a much needed overview of what is happening in Washington, but spent the bulk of his time listening to concerns of local businesses. Our voice is important and continued unified promotion of our local business needs is imperative.

Finally, I must thank the Susquehanna County Commissioners, the Susquehanna County Economic Development Advisory Board and area legislators for their support and expertise in fostering economic development in the County. I also want to thank Cabot Oil & Gas Corporation for sponsoring the Annual Economic Development Breakfast.

Please consider me available at your convenience to assist economic development project support.



Randy Williams and Tony Ventello



Center Rock Booth with Guest Speaker, Dan Stoner

## Northern Tier Marcellus Shale Business to Business Expo

On Saturday, June 25th, thousands gathered at Alparon Park in Troy for the second annual Northern Tier Marcellus Shale Business to Business Expo. Over 300 exhibitors displayed products, equipment, and information at the event. The Expo is an opportunity for all types of businesses to network and expand business relationships within the natural gas industry. The event was open to the public to observe the dynamics of the businesses that support the natural gas industry in our region. Friday night's festivities included a barbecue for vendors to mingle and two guest speakers at the Troy High School Auditorium. Dan Stoner, of Center Rock Inc., a Pennsylvania drilling company, presented the Chilean Miner Rescue operation conducted by a team from Center Rock that saved 33 trapped miners in October of 2010. The second speaker, John Felmy, Chief Economist of the American Petroleum Institute, presented "The Marcellus Shale Natural Gas Resource - A Real Game Changer for PA." Mr. Felmy highlighted the important role natural gas plays as a major energy

source for our nation and how vital the Marcellus Shale is for the nation's domestic supply.

In addition to the 300+ exhibitors to see, Saturday's events included break-out sessions and an educational component for visitors to check out. Platinum Sponsor, Talisman Energy, Inc. held two seminars on, "Doing Business with Talisman: Local Economic Engagement Strategy." These sessions informed local businesses and contractors how they could provide services to Talisman. The "Mobile Energy Education Training Unit" or "Meet-U," served as a natural gas museum on wheels to view "Drilling 101" films, products made from natural gas, and see an actual piece of the Marcellus Shale. Overall, the 2011 Northern Tier Marcellus Shale Business to Business Expo was a huge success. The great response and outcome of the event undoubtedly came from the countless hours of planning and preparation the committee members invested. Following the positive feedback, plans for a 2012 Northern Tier Marcellus Shale Business to Business Expo are in the works.



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# Susquehanna County Natural Gas Workforce Expo



Janice Lobdell and Tony Ventello

An educational event was held on April 1 and 2, 2011 that provided resources to the community, including high school students, on how to pursue career opportunities in the natural gas industry. The two-day expo was held at the Susquehanna County Career and Technology Center in Elk Lake, Susquehanna County. The first day was geared to local high school students informing them of potential careers in the oil and gas industry and how best to prepare. The presenter for the program was Janice Lobdell, consultant and exposition planner. Following this presentation, a networking function, sponsored by Cabot Oil and Gas, was organized for the exhibitors, sponsors and planning committee. The event was made possible by the Bradford Progress Authority and the Northern Tier Regional Planning and Development Commission.

The events held on April 2, were free to the public and all were encouraged to attend. Included in the day's events were speakers from educational institutions, 25-plus exhibitors and a keynote luncheon speaker. The exhibit hall opened at 9:00 a.m. The exposition was both informative and educational for individuals considering a career within the natural gas industry or interested in pursuing an entrepreneurial initiative.

The educational lectures included information on how to get started in the petroleum workforce, establishing relationships and refitting skills for the industry. Speakers included Larry Milliken, Director of Energy Programs at Lackawanna College; Joe Barone, PA Gas Directory, Jim Ladlee, Marcellus Shale Education and Training Center and Delores Brown of Cudd Energy Services. The keynote speaker was Kathryn Klaber, President and Executive Director of the Marcellus Shale Coalition, an organization founded in 2008 which coordinates the efforts of elected officials, regulators and communities to ensure the responsible development of natural gas from the Marcellus shale play.

The workforce expo functioned as an educational resource as opposed to a hiring event. The expo provided general and practical information for those interested in pursuing oil and gas-related careers. Participants who are looking to enter the market for the first time, contemplating a career change or looking to launch an entrepreneurial venture benefitted greatly from the information to assist them in achieving their goals. Exhibitors were on hand to answer questions pertaining to job descriptions and requirements. Some of the industry representatives:

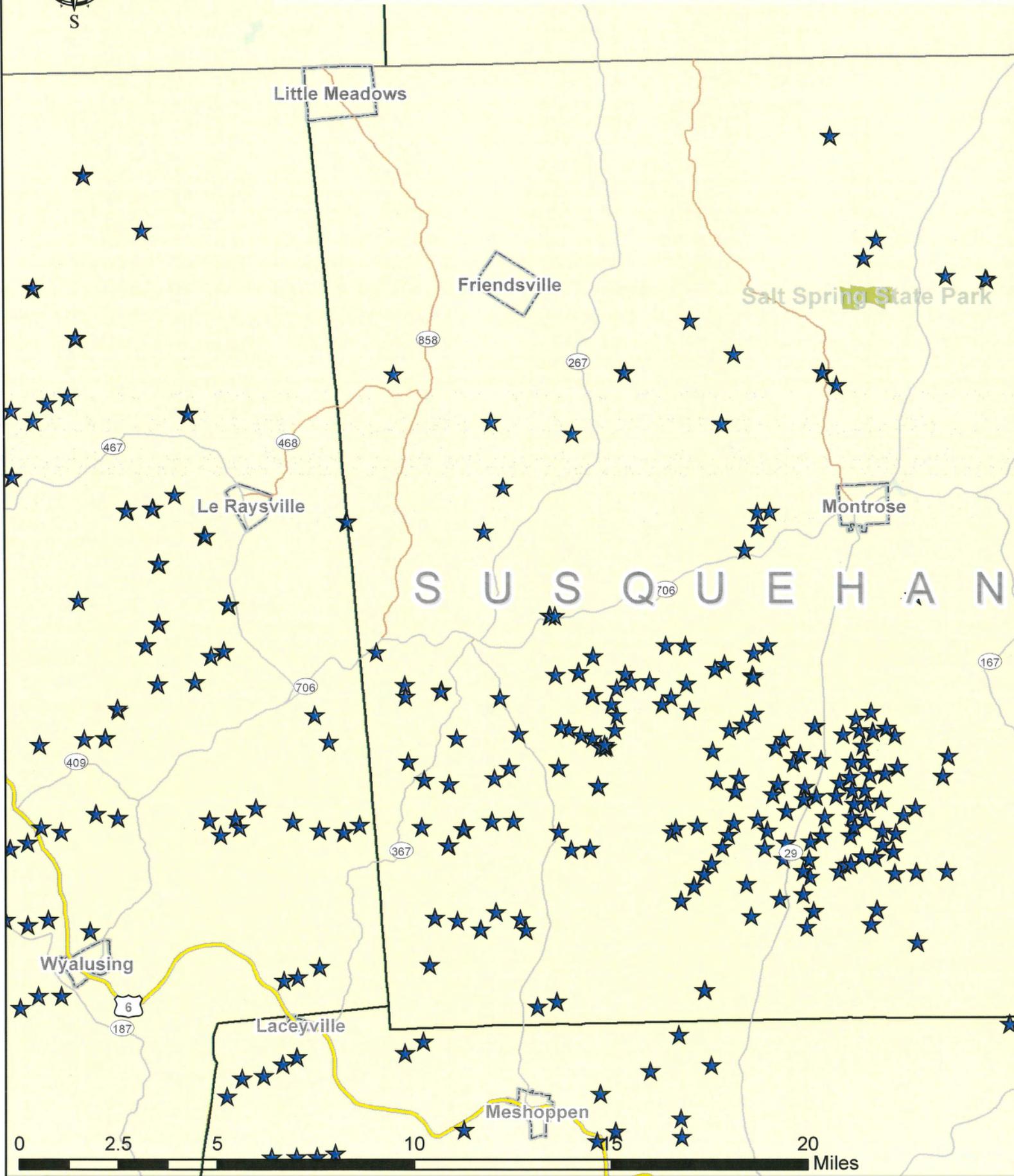
- Platinum Sponsor - Cabot Oil & Gas
- Gold Sponsors - Chief Oil & Gas, Chesapeake Energy, Williams, the Diaz Companies
- Silver Sponsors – OneMarcellus.com, PIOGA, Peoples Neighborhood Bank and Cudd Energy Services

The expo was the first in what hopes to be an annual event in the spring in various locations throughout the five counties of the Northern Tier. Organizations assisting with the planning effort include the Central Bradford Progress Authority, NTRPDC, Susquehanna County Career and Technology Center, Cabot Oil & Gas, PaGasDirectory, Lackawanna College, Penn State Cooperative Extension, Chief Oil & Gas and the PA Independent Oil & Gas Association (PIOGA).

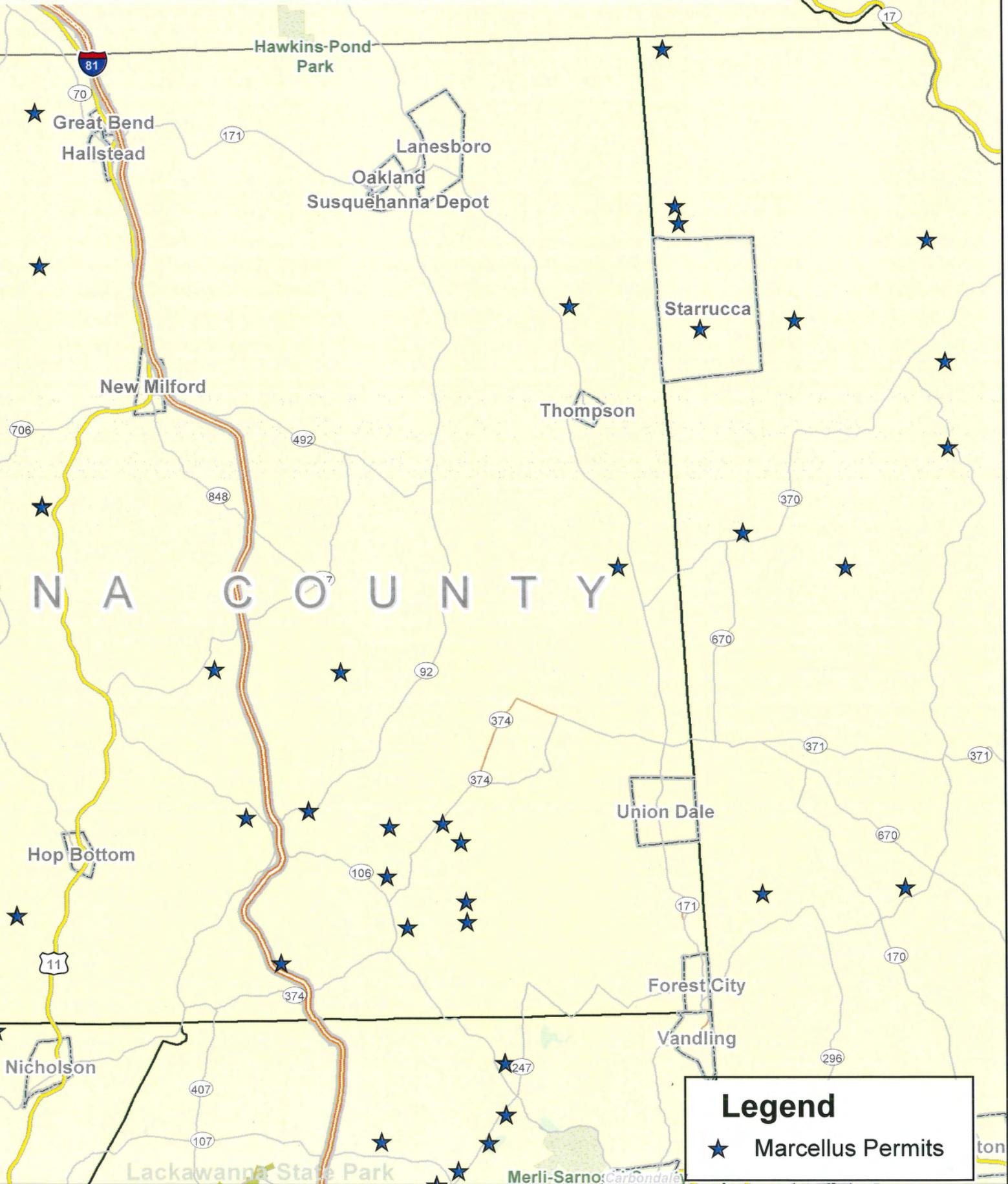
# The Progress Authority Susquehanna County 2011 Work Program

- Meet Monthly with the Economic Development Board in Order to Prioritize Projects of Significance to Susquehanna County
- Meet Periodically with the Susquehanna County Commissioners, State and Federal Legislators to Provide Economic Development Updates and Project Opportunities
- Continue to Administer the Susquehanna County Enterprise Zone and Grow Local Financing Resources
- Assist Forest City Borough and Greater Forest City Industries in the Management of the Forest City Revolving Loan Fund
- Explore Additional Bond Financing Opportunities to Support Economic Development Projects
- Maintain Progress Authority's DCED Certification and Actively Promote Relevant Financing Programs
- Act as a Conduit for State and Federal Funding Sources that can Benefit Private Business Projects
- Solidify Relationships with all Major Employers in Susquehanna County to Create Awareness of Progress Authority Capabilities and Funding Opportunities
- Support Key Infrastructure Projects and Enhancements Involving Public Water, Sewer, Electric, Natural Gas Distribution and Transmission Pipelines, Telecommunications and Data Infrastructure, Primary and Secondary Roads, and Rail
- Maintain an Inventory of Potential Business Development Sites in Susquehanna County as Prospective Project Destinations
- Continue to Market Key Business Development Sites and Seek Occupancy for Available Vacant Industrial/Commercial Facilities
- Work with the Pennsylvania Bluestone Association to Promote the Stone Industry and Address Relevant Issues
- Actively Recruit Energy Companies and Their Subcontractors to Locate Field Offices in Susquehanna County
- Encourage Energy Companies to Develop Business Opportunities with Existing Local Firms through Local Economic Engagement Strategies and Other Initiatives
- Explore Value-Added Opportunities to Attract Manufacturers that can Capitalize on Local Marcellus Shale Natural Gas Resources
- Continue to Participate in Advisory Roles such as the Susquehanna County Natural Gas Committee and the Lackawanna College New Milford Center Advisory Committee
- Implement Specific Critical Projects, Including:
- Assist Endless Mountains Health Systems with the Construction of its New Hospital and the Management of Public Funding Allocated to the Project
- Help Facilitate Chesapeake Bay-Mandated Upgrades at Impacted Sewer Treatment Facilities such as Montrose's Plant
- Continue to Support Efforts to Extend Public Water to the Susquehanna County Correctional Facility and Recycling Center
- Work with Greater Forest City Industries to Continue to Seek Occupancy for the Vision 2000 Industrial Park
- Help Facilitate Reconstruction Projects on Route 706 in Susquehanna County
- Promote Redevelopment of the Hallstead Foundry Site
- Assist Lackawanna College with its Facility Needs and Promote Growth of the New Milford Center
- Promote Upgrades at the Gibson Interchange of Interstate 81 to Allow Future Development Along Route 848 and Oliver Road
- Continue to Work with the El Paso Corp. to allow the implementation of the Tennessee Gas Pipeline 300 Line Expansion
- Complete an Economic Impact Study Measuring Actual and Anticipated Impacts of Marcellus Shale Development in Susquehanna County and the Surrounding Region
- Organize a Second Marcellus Shale Business-to-Business Expo to Promote Local Business Contracting Opportunities
- Organize a Marcellus Shale Workforce Expo in Susquehanna County to Maximize the Involvement of Local Labor in Natural Gas Development
- React Quickly and Responsively as Future Business Development Projects are Identified During 2010

# Marcellus Shale Well Perms



# Permits Issued as of 7/31/2011



# Year End Report

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.

This 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.

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.

# Year End Report Continued

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.



# Progress Authority Awarded \$1 million in Revolving Loan Funds for State Small Business Credit Initiative

The Progress Authority has been initially notified as a key award winner for the state Small Business Credit Initiative. The Authority is potentially one of 17 organizations statewide to participate in the program. The program is augmented with federal funds from the US Department of Treasury. It is administered by the Pennsylvania Department of Community and Economic Development and directly granted to the Progress Authority for both Susquehanna and Bradford Counties.

The program is targeted for small business development and a specific focus for augmenting existing and new small business development in the natural gas industry. The first installment of funds is anticipated in the late fall. Final approval has not yet been granted. The program has specific regulations regarding total project participation and leverage of private capital. Contact Progress Authority staff for more information.

## Susquehanna County Enterprise Zone Revolving Loan Fund

Susquehanna County's Enterprise Zone Program has developed through the EZ competitive grant program, a loan program to be used for businesses located in the designated Enterprise Zone. The original program started with a grant of \$200,000 to be used as a loan, primarily equipment purchases for Rock Ridge Stone. The initial loan repayment is then used for re-lending to small businesses. The program will most likely not be expanded, since state budget cuts will fully cut or reduce new RLF capitalization opportunities.



Cabot Oil & Gas Corporation

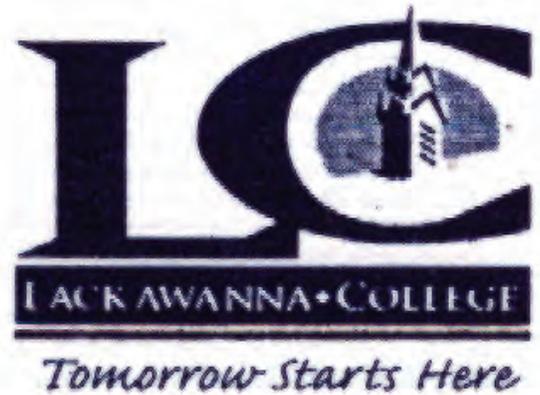
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# Partnership for Regional Economic Performance

The Pennsylvania Department of Community and Economic Development has completely re-designed their economic development programs and service delivery system. Both budget cuts and accountability have played a major role in this new effort.

The Partnerships for Regional Economic Performance (PREP) is designed to encourage regional coordination in economic development efforts. It is intended to yield superior customer service to the business community and a comprehensive, efficient statewide economic delivery strategy.

The Progress Authority will form a consortium with numerous economic development service providers and formalize partnership agreements and develop a performance based service delivery system that insures each inquiry or lead from a business or potential entrepreneur is referred to and acted upon expeditiously by the appropriate service providers in our service area. This now formalizes the collaboration that already exists between the Progress Authority, Pennsylvania, NTRPDC and SBDC's. The critical element is the focus on doing more with less and addressing the intense level of business development in our region. Critical components for state funding are leverage funds and our organizations ability to utilize local and federal funds into our delivery system. The DCED will develop impact measures to evaluate work plans and understand the performance effectiveness of program partners. Currently, there have been partnership meetings which have developed memorandum of understandings. The partners are targeted for a September PREP application submission.



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Executive Director, Tony Ventello  
Economic Development Manager: Lauren Hotaling  
Administrative Assistant: Kim Kulick

## Susquehanna County Commissioners:

MaryAnn Warren  
Leon Allen  
Michael Giangrieco



## Endless Mountain Health Systems to Break Ground in Fall 2011

The Endless Mountains Health Systems will be constructing a new replacement facility on Route 706 in Bridgewater Township just east of Montrose Borough. The groundbreaking is scheduled for October 2nd, 2011. The project is to construct and equip a replacement facility for a Critical Access Hospital located in Susquehanna County. The replacement facility will include a variety of medical/surgical services and an attached professional office building for health practitioners. The proposed facility is approximately 100,000 square feet and will expand the capabilities at EMHS to increase the patient capacity. Included in the project are expanded emergency services including disaster preparedness, expanded imaging services, surgical services and improved location and parking. This is needed for an

increasing elderly and medically underserved area. At its current location in Montrose, the hospital has no expansion opportunities, an antiquated facility, inadequate parking and poor access. EMHS is working with an architect to complete plans for the facility, and site development work has begun. The full construction phase is planned for 2011 if the project budget can be fully funded. Federal, state and local resources have been included in the project, but a funding gap still exists on the \$35,000,000 total investment. The project will allow EMHS to expand from 21 to 25 beds and from 175 employees to 200. This project is critical to the health care infrastructure in Susquehanna County.

Below is an architectural rendering of the EMHS facility designed by Stratton & Brook Associates

