

CLARION BOROUGH ADMINISTRATIVE OFFICES

1400 EAST MAIN STREET • CLARION, PA 16214

TETSIMONY BEFORE THE PENNSYLVANIA HOUSE OF REPRESENTATIVES INTERGOVERNMENTAL AFFAIRS COMMITTEE

PUBLIC HEARING

About the effects of the

American Recovery and Reinvestment Act of 2009

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ERIE, PENNSYLVANIA

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Good afternoon, Chairman Thomas and other members of the Committee, House Members and staff attending today, and ladies and gentlemen:

My name is Nancy Freenock and I am the manager of Clarion Borough. Clarion Borough is located two miles north of exits 62 and 64 of Interstate 80. It is approximately 75 miles north of Pittsburgh and 115 miles south of Erie. Clarion lies on a plateau above a curve in the Clarion River.

The Borough was incorporated in 1841 and spans 1.49 square miles. According to the 2000 Census, it has a population of 6,185 persons. Clarion Borough is a CDBG entitlement community with an LMI rate of 57%.

Clarion University is located within the limits of the Borough. It has approximately 5,200 students enrolled at its local campus. The University is the largest employer within the Borough with a total of 675 employees, a number which has been in steady decline since 1997.

Owens-Brockway Glass has operated in the Borough since 1906; it employed 450 at its high point and now employs only 400 individuals, a number that is projected to decline over the next 5 years.

Clarion Hospital employs 500 individuals. Unfortunately, the hospital relocated from the Borough to a neighboring township in 1983. The hospital's move signaled the beginning of the expansion of Monroe Township and the I-80 corridor at exit 62 that is still underway.

Since 1983, the Clarion Hospital, Clarion Mall, 4 new hotels, Wal-Mart, a new Intermediate Unit, Trinity Point Development, and a large number and variety of

restaurants and other establishments have contributed to an unprecedented growth spurt in Monroe Township. The Borough did not share in or benefit from this growth.

The purpose of the hearing today is to accept comment on the impact of ARRA funding on communities in the Commonwealth. Despite repeated attempts, the Borough has not been able to share fully in the available funding. This is due to several factors.

First, the minimum amount of funding to be requested in many projects exceeds \$5,000,000. Thus, the upshot is that smaller communities need not apply.

Second, many of the guidelines and applications are so cumbersome that a professional grant writer should be engaged. With no guarantee that a grant will be awarded, it would be an imprudent use of taxpayers' funds for a community such as Clarion, which is enrolled in the State's Early Intervention Program, to hire a grant writer.

Third, in addition to hiring a grant writer, many of the programs require that some other work, for example an energy audit or engineering services, be preformed in order to prepare the grant. Again, for reasons stated, this is not considered a prudent use of the limited resources of the Borough.

Finally, many of the programs require a match that is currently outside of the ability of the Borough to pay.

A small amount of Stimulus money is to be used in the Borough, but not for projects that are deemed a priority. PennDOT will use approximately \$250,000 to replace curb ramps in the downtown area along Route 322. The curb ramps were installed in the 1990s and are in good condition but, due to a recent court case, now must be replaced to comply with new ADA requirements.

The Borough is to receive about \$33,000 in CDBG-R funding but due to restrictions on when and how the funds can be used, the only qualifying project we have is the replacement of bleachers at the ball fields.

Although both projects are important, they do nothing to address the immediate needs of the Borough.

Since the residents of Clarion Borough will be tasked with repayment of the increased deficit due to borrowing to fund stimulus programs, I proffer that they should benefit prorata from the dollars distributed. The Borough, like many small communities throughout the Commonwealth, is struggling to provide a level of services that is taken for granted in metropolitan areas.

The ARRA funding presented a unique opportunity for the State to assist smaller communities. Unfortunately, that was not done. A disproportionate amount of the available monies seem predestined to go to urban areas.

Clarion Borough is in need of a great number of things, all of which would create jobs and stimulate the economy. The short list includes items such as computer hardware and software, police vehicles and public works equipment. The more costly items include:

- a \$500,000 fire station renovation;
- the installation of storm sewer infrastructure;
- the rehabilitation of a residential street that has become a by-pass from the University to State Route 68 (which is one of the two main routes into and out of town);
- the construction of a side walk with street lights along a major pedestrian thoroughfare; and
- the renovation of the administration building which houses the police department, in order to make it a secure facility.

With dollars still to be allocated, I suggest that they be distributed among local governments with the charge that they be used to fund local priorities which will result in job creation. In Clarion's case, dollars spent on any of the foregoing projects will stimulate the economy and create jobs.

Jobs are needed in rural Pennsylvania. Clarion Borough's economy has been in steady decline. The current unemployment rate in Clarion County tops 10%.

In late 2008, a Sealy manufacturing plant located just outside the Borough closed. And, since early in 2008, the local manufactured housing plants have been running at much less than full capacity. The work force is here and money to fund the projects outlined above would provide a much needed boost to the local economy.

Funding projects with ARRA monies would also have an immediate effect on taxpayers as local governments would not be forced to raise real estate taxes to fund necessary capital projects.

As I am sure you know, the only way for the Borough to increase revenue is to raise real estate tax rates. Since 1995, the percentage of tax-exempt property in the Borough has hovered around 72%. Clarion Borough has the highest percentage of tax exempt property within its borders of any municipality in the Commonwealth.

Failure to reconfigure ARRA spending will lead to problems across the Commonwealth as more municipalities follow Pittsburgh's example and find creative ways to generate revenue; the alternative is Act 47. Perhaps it is time to re-examine Representative Bob Freeman's proposal to compensate municipalities for the tax exempt properties which they support; this would be done on a pro rata basis.

On behalf of the residents of Clarion Borough and Clarion Borough Council, I urge you to take our message back to the House and Senate – Just as more populous areas have needs, so too do small communities such as Clarion which truly are the backbone of America.

Thank you, Mr. Chairman, and other committee members for your attention. Please feel free to ask any questions that you might have.