

The Impact of PA Act 13 on a Rural County in Pennsylvania

**Senate Environmental Resources and Energy Committee and Senate Local
Government Committee**

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Good Morning Chairman Yaw and Chairman Hutchinson, and fellow members of the Senate Environmental Resources and Energy Committee and Senate Local Government Committee. On behalf of the Lycoming County Commissioners, I sincerely appreciate the opportunity to share with you the positive impact that PA Act 13 has made on our rural northcentral PA County.

Throughout 2007 Lycoming County witnessed an incredible increase of activity in our register and recorder's office as natural gas land men continued to scour property deeds and other legal documents. We witnessed the arrival of huge drilling rigs and the development of our earliest gas wells. We began to learn a whole new vocabulary. "Marcellus" was no longer just a village in upstate New York, but rather it defined the largest natural gas play in the United States.

The County of Lycoming has been a leader in the Marcellus shale gas play since 2008. We have consistently been proactive, choosing to help shape our destiny, rather than react to the actions initiated by others. But, this didn't happen without a total team effort as we planned and prepared for the industry's growth. From infrastructure challenges, housing demands, to our land records, we learned very quickly that you must get engaged early.

In February 2008, Lycoming County formed a Community Natural Gas Task Force. Consisting of County commissioners, state legislators, county planners, chamber members and other civic leaders, the Task Force studied the issues and challenges facing us. I was a member of the County contingent that travelled to Forth Worth Texas in July 2008 to gain a first-hand understanding of this new industry and what we needed to do to be better prepared. All of us returned home and shifted our actions into high gear. I am pleased to say that we are now reaping the benefits of that early planning.

As an invited member the Marcellus Shale Advisory Commission, Former County Commissioner—and now State Representative Jeff Wheeland had a unique

opportunity to provide “grassroots” input to the administration’s gas impact proposals. We’re pleased that many of our recommendations were included in Act 13 legislation as enacted in early 2012.

It’s been a fast moving train since the industry arrived. The first unconventional Marcellus wells were drilled—or SPUD—in 2008. Since then the industry’s growth curve in our county has been meteoric—in 2012 there were more new gas wells spud in Lycoming County than in any other county in Pennsylvania. By the end of 2014 there were 910 unconventional gas wells drilled in our county. As of March 1st, we have a total of 917 wells spud.

Economic Opportunity came calling. Why here and why now? Lycoming County in general, and Williamsport in particular, is at the nexus of highway, short-line railroad, air connection points and the Transco Interstate Natural Gas Pipeline. Our designated growth areas along Interstate 180 are the closest you can locate to the drilling fields and lend themselves to the placement of drilling service companies. We now have over 120 new or expanded businesses related to gas activity. This means Lycoming County is both a gas producing mecca as well as an industrial home to companies that provide support services to the industry.

Beyond the economic forces at play, we are equally involved in our land resources. Approximately 75 percent of our county – which, incidentally, is the largest land mass county in Pennsylvania, is under private landowner lease to the gas industry or available for lease through state forest and game lands. I am pleased to note that the County’s 20-month effort to craft a sensible County Zoning Ordinance update was highly successful. We believe drilling and extraction activities can co-exist – striking a balance between economic development and the quality of life goals so important to our citizens.

Planning is a perpetual activity for Lycoming County. In that regard, in late 2011 our Commissioners endorsed my recommendation to initiate four broad studies to

assess the impact of Marcellus Shale gas drilling activities on our County. The first three of these in-depth, quantitative studies examine impacts associated with housing, water & sewer, and transportation. Our 4th study takes more of a qualitative review of our public safety/education/social infrastructure. Each study identified the most pressing needs and highest priorities to address, and has served as a valuable tool, guiding the county's allocation decisions regarding impact fee revenues we receive from the Commonwealth.

These studies have given us an objective analysis regarding the water and sewer needs of industrial areas throughout Lycoming County. Let's consider just two of them. Within our Muncy-Montoursville growth corridor, there exists a 149 acre industrial park known as Marcellus Energy Park. The Park is currently home to four companies in the well field services sector with expansions and additions on the drawing board. South of this site lies the Route 405 Industrial Corridor that is home to a number of gas related companies, including Halliburton, and will also be the home of Panda Energy's new gas-powered electrical generating plant. Both industrial areas benefit by the public infrastructure – namely water, sewer and transportation - we are helping to fund with our Act 13 dollars.

Throughout the first four months of 2013, my department designed a merit based grant application process by which the commissioners could allocate a portion of Lycoming County's Act 13 funds to address some of the infrastructure issues previously mentioned. On the 1st of May the Commissioners distributed a letter informing our communities about this opportunity.

Funding requests were evaluated and scrutinized by the leaders from County Fiscal Services and my department. Merit-based recommendations were then forwarded to our county commissioners for their consideration. The evaluation team's singular objective was to ensure that Lycoming County's Act 13 dollars have a measurable, profound and lasting IMPACT that will benefit the municipalities, authorities and organizations of Lycoming County.

From its first two Act 13 checks, Lycoming County received about \$8.4M. Our Act 13 team received and reviewed requests from various county departments (Core County) as well as from many external organizations and municipalities. We believe our recommended allocation of funds struck a good balance between the core county needs and the external requests we've received from over 20 different organizations and will benefit some 15 municipalities. Our goal was to help those communities who have viable infrastructure projects and who are willing to put some of their own Act 13 funds "in the game".

Invested wisely, we believe that Act 13 funds can help advance a number of projects and leverage a great deal of private and public investment. The \$4.7M of Lycoming County Act 13 funds –committed to date--will help fund about 35 "external" projects. These are projects that originated external to the County government. The total value of these 35 projects exceeds \$89.3 M. This type of impact is called *leveraging* and we're pleased to note that we are approaching a 19 to 1 ratio - we achieve nearly \$18.84 of value for each \$1 we invest.

Thanks to the funding made available by Act 13, we have been able to undertake many much-needed public-improvement initiatives. The network of communication towers which ring Lycoming County and host our microwave system for public safety are being systematically rehabilitated or replaced, our antiquated land records system is being scanned and digitized, a structural analysis of every one of our 104 small bridges has been completed and a massive rehabilitation program is being studied; our 65 year old airport terminal is being brought into the 21st century. These are but a few of the many infrastructure projects we're aggressively advancing.

Act 13 revenues have been just as crucial to our affordable housing initiatives. In 2008 we started an environmental assessment of the Brodart building - a vacant, deteriorating industrial site in Williamsport with the vision of repurposing the

property to housing. Thanks to an invitation to present this site at both state and national brownfield conferences during 2011, we were able to gain national level attention. This 3.5 acre site is now the home of some much-needed affordable housing. On March 13th we will cut the ribbon on a 40 unit apartment complex - the first of 3 key developments for this site.

From a marginal tax base site of yesteryear, this location will soon experience the benefit of some \$17.5M of mainly private investment. This is an excellent demonstration of a County-City collaboration which was able to successfully secure additional funds from PA DEP, PA DCED and the US EPA to take this environmentally problematic site and transform it into a showpiece for housing. This is the largest Brownfield project we have ever undertaken. Please understand: none of this would have been possible without the investment of \$610K of Lycoming County's Act 13 Impact fee funds. Equally important, I would like to express our appreciation to PHFA for the \$2.2M in PHARE funds they have committed to our overall Williamsport Housing Strategy, which includes a housing initiative known as Brodart Neighborhood improvement. These PHARE funds are directly tied to Act 13.

Let me quickly highlight 4 additional projects within Williamsport where County Act 13 dollars have made a difference:

- \$210,000 for Williamsport water/sewer authority's water and sewer line relocation and extensions to benefit the new River Valley YMCA and Susquehanna Health Innovation Center
- \$85,000 for the Hepburn Street parking area improvements—a recreational amenity for the adjacent - PennDOT funded Susquehanna Riverwalk
- \$667,000 for engineering, design, permitting and reconstruction of a section of Reach Road in the Williamsport Industrial Park
- \$104,166 for River Valley Transit's compressed natural gas fueling station

We have done much but there is still much more to do. Let me assure you that we are vigilant in pursuing federal and state programs that we can leverage with well-developed, thoroughly vetted projects. But, the key to many of these programs is the “local match” and that’s what Act 13 provides to us.

Let me end with a short Act 13 success story. Pennsylvania College of Technology has developed training programs for gas field workers. The industry wants an indigenous supply of manpower properly trained to fill multiple roles at the drilling sites. Thankfully, Penn College is helping to meet this manpower demand and I’m pleased to say that Lycoming County recently contributed some of its Act 13 gas impact fee funds to help set up 100 scholarships for county residents who are either veterans, unemployed or underemployed to work as gas field personnel. In addition, we have contributed another \$35K to Penn College for scholarships in the area of training for emergency services personnel.

One final note: our county was equally dedicated to sharing our Act 13 Marcellus Legacy recreation funds. In June 2014 we rolled-out a mini-grant park program. Of the 24 requests received, we were able to fund 21 of them. The \$265K of Legacy funds we’ve allocated leveraged over \$752K in community projects. These were small grants that made a world of difference to our community organization

For more detail, please see the list of Act 13 funded-projects within Lycoming County that I’ve attached to my written testimony. Thank you for your kind attention. I will gladly entertain any questions that the committee might have.