

Tour to Bradford County, Pennsylvania – December 15, 2010

Sharon Anderson from CCE-Tompkins County organized a tour to Bradford County for a group of about 12 elected officials and members of the Tompkins County Council of Governments Gas Drilling Taskforce. The trip included several components:

- 1) A 90-minute webinar by Tom Murphy from Penn State Cooperative Extension (on December 8, 2010).
- 2) A tour of a Chesapeake Energy well pad during the drilling process.
- 3) Presentations by three Bradford County officials about local economic and social impact of natural gas development.

These notes focus on the afternoon session with local officials. Speakers were:

Mark Smith, Bradford County Commissioner (one of 3 commissioners who form the local county government leadership)

Marvin Meter, Town Supervisor of Wyalusing Township

Brian Driscoll, Bradford County Economic Development Manager (he also provided information from Dan Close, Troy Borough Manager)

Bradford County is a large, rural county on the NY border with 63,000 residents. Drilling began in 2007 with one well; the immediate issue was road damage. PA was not ready for this volume or this method of drilling activity. Their state and local environmental protections, laws, and staff were not prepared, and while they have scrambled to catch up, the local and state governments are still have unresolved issues.

Wyalusing Township had 26 gas drilling permits granted in 2010. It has 9 pads, 2 active rigs, and 3 water impoundments.

TRAFFIC

- Most complaints have been about increased traffic and water quality.
- Main St businesses complain that traffic congestion negatively affects business.
- Trucks run 24 hours per day; road safety is reduced because drivers do not have experience with heavy loads on small roads, especially with ice and snow; PA State Police find a high portion of trucks with safety problems when they do road checks.

ROAD PROTECTION

- Towns are using road agreements with energy companies; Penn DOT helps with sample agreements. The energy companies have been responsive to re-building roads in a timely manner and the quality is as good or better than pre-damage conditions.
- PA Highway Statute 221 provides local governments with a pathway to get bonds and road access agreements.

- The Supervisor of Wyalusing inspects parts of his road system daily, which consumes extra time. Chesapeake has been good about repairing the roads when requested. 8-10 miles of 48 miles in the township have already been rebuilt.
- Filling a containment pond requires 3000 truckloads. The Wyalusing supervisor estimated truck traffic of 1 truck/minute at certain stages of the fracking process.

NOISE

- The gas companies have recently begun to enclose the gas compressors to contain the noise. This has worked fairly well.

WATER AND ENVIRONMENT

- In general, the municipal officials are not addressing environmental concerns, but instead are counting on the state to monitor environmental threats.
- Some towns sell water to help pay off debts and make capital improvements. For example, the Susquehanna River Basin Commission has authorized the Borough Troy to withdrawal up to 600,000 gallons per day. Before gas drilling, they were using about 160,000 gallons per day and then began selling an additional 200,000 gallons per day. They sell water to regular customers at \$4.84/1000 gallons and sell bulk water to gas companies at \$16/1000 gallons.
- Some towns are monitoring water withdrawals and have concerns over water recharge rates.

Recommendations to NY:

- Establish baseline of water supplies and anticipate the new demand.
- Update drought contingency plans.
- The amount of water withdrawals should be monitored and may have to be limited.
- Establish the legal right to suspend water withdrawals at any time and for any reason.

HOUSING

- Rental housing costs have tripled or more; an apartment that rented for \$250 now costs \$800 or \$1000.
- Many individuals and families have been displaced, causing increase in children placed in foster care. Funding for foster care is not increasing.

EMERGENCY SERVICES

- Fire and EMS calls have increased as much as 30%.
- Response time has increased 45 to 60 minutes due to congestion and overworked volunteers.

- Traffic and traffic violations have increased. Law enforcement is stopping many trucks but there are no extra funds to compensate for the increased workload.
- Municipalities are giving every well site an address for their emergency response services; this has required a re-addressing throughout the area in order for there to be consistency.

LAND USE

- New supply companies and placement areas are being created: asphalt manufacturing, many quarries (which have dust, air emission issues), water withdrawal sites, open-air drop-off storage compounds, company that makes and repairs drill bits; water treatment facilities.
- Towns cannot regulate gas companies but can regulate drilling supply companies offering services in engineering, pipelines, disposal of drilling mud, asphalt, quarries, and water treatment.
- Land will not be reclaimed for many years by the gas companies – they “hold leases by production” by drilling 1 or 2 wells, but not necessarily fracking or producing gas or paying royalties. Landowners have to pay commercial property tax rates instead of ag rates (or Clean and Green special rate and have to pay back taxes for several years), but will not have income from royalties for this new tax expense.
- Recommendations to NY
 - Inventory site locations for truck stops and truck loading, large open flat spaces for drop-off equipment storage, water withdrawal sites, vacant warehouse spaces, office spaces, rental housing. When the drilling starts, the town will see an immediate demand for these spaces.

LAND VALUE

- Land prices have gone up from \$300/acre to \$1000 - \$3000/acre.
- Abandoned or empty buildings are now all occupied by drilling companies or related businesses.

MUNICIPAL SERVICES

- 30% increase in police and fire dept. emergency response for traffic, DWIs, accidents, crimes.
- 10% of Probation Dept clients are from Texas and Oklahoma (along with 8-10% of those in jail). Of these clients, 95% of crimes are alcohol/drug related.
- Local governments are losing established staff to gas companies due to salary differences making the increased work load even more difficult to manage.
- Some volunteer fire departments are struggling to find enough volunteers for the new demand. There are no new funds from drilling companies to compensate for the increased workload.

- The Courthouse had to limit the number of people searching deeds at any one time because they were over-run with requests for information.
- Since local governments see almost no increase in tax revenue, but drilling increases the cost to local governments, some services have been cut. The court system is using more electronic monitoring of criminals on probation rather than keeping them in custody.
- The county is digitizing the county records.
- Municipalities find it difficult to find the time needed to respond to drilling issues with their current staffing levels.

TAXES and TAX POLICY

- Eventually there will be significant costs put on taxpayers for expanded services. The municipalities have stretched their money as far as it can go at this point.
- Ideally, for tax policy, they would like to have gas treated as property for tax purposes so that the income from it would stay at the County level instead of it going to the state level. The severance tax bill that died in the last state legislature was a poorly constructed bill; they hope for a better one in the future.
- So far, citizens have not had local benefit of lowered cost of natural gas. In fact, they are facing a 17% increase in electricity next year. One possible benefit in the future is a Proctor and Gamble plant planned in the region based on promise of cheaper fuel availability.

BUSINESS AND JOBS

Benefits:

- new or expanded suppliers; examples: drill bit reconditioning plant, asphalt, water treatment facilities, many more gravel pits, restaurant and rental properties full, banks have more deposits;
- land prices are up by 3-10 times, from \$300/acre to \$1000 - \$3000/acre;
- trains running every day to bring sand, lime (the downside: dust);
- employment gains overall; 1000 new jobs from May 2009 to May 2010 in Bradford County;
- wages are up on average because gas company pays more;
- business-to-business expo held to connect existing businesses with gas industry;
- every bit of vacant building and office space is used and more is needed
- one example is that a gas company developed a local economic engagement strategy to look at what services are useful to them and set a target to work with local firms.

Costs:

- jobs are going to out-of-state workers; skilled rig workers from the south;

- job migration – people leave their jobs to work for higher paying energy or related businesses;
- increase in wages makes it harder for some local and small businesses to hire and keep workers;
- smaller drilling companies are not reliable, transparent, cut corners;
- population is divided with urban residents feeling they are paying for the burden of assimilation without any financial benefit that is being promised to rural residents;
- extracted gas leaves the county and is sold elsewhere- they wished they had a way to keep the energy they need local.

Recommendations to NY

Anticipate job migration – gas companies pay higher wages than local standard so government and local business will lose workers. Out-of-state workers fill most of the drilling jobs now, even though the gas companies say that will change over time.

TOURISM

25% of the hotel tax goes to tourism, however, if a room is occupied for more than 30 days, the hotel tax is eliminated. Most of the available hotel space is being used by the gas industry therefore hotel rooms are not available for tourism and tourism tax revenue is reduced. There are not enough rooms available for tourists.

OTHER

Anticipate that certain agricultural costs will go up: gates, gravel, cover seed, etc.

Local governments were caught off guard when industry came to town and are still trying to catch up each day. They suggested that NY find a way to leverage gas company expertise in their planning.

Since 2007, the County Commissioner said that it feels as though they are holding things together with duct tape, accepting that the changes they see as the “price of progress,” and hope they will gain greater control over the problems, and that the private sector will come in to solve some of the big issues like insufficient housing.

“If you could stop the drilling tomorrow, would you?” Each of the officials said no, because they feel the farmers and businesses who are making money deserve to have that opportunity. But, they emphasized that the trade-off costs of drilling at the pace and conditions they’ve had are high, especially for some in the community. They wish those costs could be lowered, and hope that in the future, the benefits will be spread among the whole population.

Notes by Sara Hess, Liz Thomas, Darby Kiley and Don Barber