

## Stakeholder Meetings –Summary Notes

### Interviewers

Jessica Varsa, Senior Research Associate (Regional Economic Studies Institute of Towson U.)  
 Jade Clayton, Research Assistant (Regional Economic Studies Institute of Towson U.)  
 Brigid Kenney, Senior Policy Advisor (Maryland Department of the Environment)

### Purpose

Stakeholder interviews were conducted to help RESI gain a better understanding of the local economy and potential economic impacts of natural gas development. The interviews were structured to obtain information about the existing economy, to learn about sources of economic data, and to understand the perceptions and concerns knowledgeable local residents have about the anticipated positive and negative effects of natural gas development. Although RESI heard from persons who favor drilling and persons who do not, the purpose of the interviews was not to elicit those opinions, and those opinions will not be used in any analysis. Even though those opinions may be reflected in the summary, no inference or conclusion should be drawn from their inclusion or placement in the summary. The statements in the summary are paraphrased from interviewee comments and the factual accuracy of the statements has not been verified.

### Final List of Interviewees

Interviews were conducted at Garrett College in McHenry, Maryland on Tuesday, June 26, 2013 and Wednesday, June 27, 2013 between 8:00 AM and 5:00 PM.

<b>Organization Represented</b>	<b>Name</b>
All Earth Eco Tours	Crede Calhoun
Allegany County Administration	Commissioner Bill Valentine
Allegany County Chamber of Commerce	John Emerick
Allegany County Chamber of Commerce	Stu Czapski
Allegany County Health Department	Brian Dicken
Citizen Shale	Eric Robison
Citizen Shale	Nadine Grabania
Citizen Shale	Paul Roberts
Friends of Deep Creek Lake	Barbara Beelar
Friends of Deep Creek Lake	Ellen Williams
Garrett County Board of Realtors	Paul Durham
Garrett County Chamber of Commerce	Jonathan "Smiley" Kessler
Garrett County Chamber of Commerce	Merlin Beitzel
Garrett County Community Action Committee, Inc.	Dave Moe
Garrett County Community Action Committee, Inc.	Duane Yoder
Garrett County Economic Development Corporation	Derrick Bender
Garrett County Economic Development Corporation	Joyce Bishoff

**Impact Study of Marcellus Shale Safe Drilling Initiative—Stakeholder Interview Notes**  
RESI of Towson University

<b>Organization Represented</b>	<b>Name</b>
Garrett County Economic Development Corporation	Linda Bolden
Garrett County Farm Bureau	Shawn Bender
Garrett County Forest Conservancy District Board	Chuck Hoffeditz
Garrett County Forest Conservancy District Board	Commissioner Gregan Crawford
Garrett County Forest Conservancy District Board	Paul Shogren
Garrett County Government (Economic Development)	Logan Marks
Garrett County Government (Economic Development)	Mike Koch
Garrett County Government (Planning)	John Nelson
Garrett County Government (Public Safety)	John Frank
Garrett County Government (Roads)	Dwight Emory
Garrett County Health Department	Rodney Glotfelty
Garrett County Health Department	Steve Sherrard
Greater Cumberland Committee	Brenda Smith
Maryland Department of Natural Resources (Park Service)	Cindy Ecker
Precision Rafting	Roger Zbel
Property Owners Association of Deep Creek Lake	Ed King
Property Owners Association of Deep Creek Lake	John Quilty
Property Owners Association of Deep Creek Lake	Troy Ellington
Savage River Watershed Association	Frank Fotia
Savage River Watershed Association	Kathy Koscianski
Savage River Watershed Association	Kenny Braitman
Wisp Resort	Jerry Geisler
Youghiogheny River Watershed Association	Jim "Smokey" Stanton
Youghiogheny River Watershed Association	Melissa O'Neal
Youghiogheny River Watershed Association	Sull McCartney

## Summary

### Existing Issues

#### *Education*

- Although schools in Garrett County are facing a \$2million dollar deficit, Garrett County has received a decreasing amount of education funding based on wealth formula (5<sup>th</sup> wealthiest in Maryland – wealthier than Howard County).
- Garrett County has experienced an increasing number of school closures due to reduced state funding, decreasing population of school-aged children, and increasing population of empty nesters.
- There are a lot of bright students at Garrett County schools that leave because there are no job opportunities.

### *Tourism and Recreation*

- Restaurants have trouble making money in the “shoulder seasons.” A permanent population of 30,000 cannot support a restaurant.
- Tourism and other industries have lost truck drivers to the natural gas industry. Being so close to Pennsylvania, workers took the opportunity to drive trucks there for higher pay.
- Some businesses have been down in revenue by an estimated 30% to 40%, and construction is down by up to 60%. This creates a need for ways to improve the economy, as well as to diversify it.
- Garrett County currently has a goal to have a world class hiking trail system.

### *Energy*

- Western Maryland could be an “Energy Corridor” – it has coal, wind turbines, hydroelectric power and natural gas.
- Some businesses already receive cheaper propane from providers drilling in Marcellus outside of the county.

### *Agriculture*

- There are no more dairy farms in Allegany County because they were losing money - there is a value to the loss of such businesses.
- Farmers currently farm around wellheads, but expect new wells to be much larger. The impact would still be much less than building a factory on someone’s property (the argument of scale against considering drilling an industrial activity).
- Garrett County Farm Bureau polled its members, of 80 respondents, 5 expressed some concern about shale gas development; 75 supported responsible shale drilling.
- Several farmers have thrived right alongside the storage wells in Accident, Maryland. There is a very large compressor station there as well. Some feel that shale gas development and agriculture can coexist.
- There are farmers that commute out-of-state to work for Beitzel Corporation. They don’t maintain their farms due to the commute. If drilling occurred in Maryland, they’d be able to sustain their farms and family life.
- Because of the uncertainty about whether gas extraction will be allowed on land in an agricultural or preservation easement, the Maryland Agricultural Land Preservation Foundation program and Rural Legacy are not receiving applications.

### *Housing*

- Around the lake, about 12% of the owners live there full time. Of the remaining 88%, about 25% of them offer their homes for rent.
- Chamber is running a “live where you play” campaign to attract permanent residents to the area.
- Other counties in a natural gas boom are struggling to keep up with housing demand.
- Garrett County is currently having issues with too much housing supply and not enough demand, except in a few areas.
- Cumberland also has plenty of vacant housing, plus new developments are being built.

- Currently, housing in Garrett County is averaging 16to18 month inventory; owners are pulling homes off the market and sitting on them.
- The new septic bill will slow development of new housing, but Allegany County has plenty of existing housing that could handle the additional workforce.

#### *Jobs*

- Since about 2007, Penn State has developed educational programs for natural gas development (closest courses taught in Somerset, Pennsylvania – Some online coursework is provided in Allegheny, Pennsylvania).
- Certification for the industry takes months, not years, so the workforce could be trained in time for drilling to begin.
- Beitzel Corp. and Garrett College are developing training and certification/licensure related to the field.
- Allegany County has strong union groups, which present a possible source of information on the number of residents currently working in Marcellus related activity.
- If other states had not decided to move forward with shale gas development, many Beitzel employees would currently be out of a job, especially after the housing bubble burst (before the burst their primary business was development around the lake and Wisp mountain).

#### *Long-Term Economic Development*

- Stakeholders want to see a report that discusses both short- and long-term sustainability (in terms of jobs).
- The County's updated economic development plan will contain considerations for natural gas industry activity.
- Stakeholders would like to know what the lifetime of a well is and if any companies are refracking.
- Many residents in Allegany County are supportive of drilling, because the perception is that risks are lower there compared to Garrett County.
- Garrett County needs to diversify its economy beyond reliance on tourism and recreation, but there is skepticism that natural gas is sustainable.
- Allegany County, specifically Cumberland, is a post-industrial town needing to reinvent itself; however, natural gas development is not seen as a silver bullet.
- Western Allegany is one of the poorest regions in Maryland, with average per capita income of \$17,000, and is heavily reliant on coal-mining as source of income (Perception is that "war on coal" ensures coal mining is not sustainable).

#### *Taxes and Investment*

- Garrett County has a 5.5% severance tax that goes into the general fund and to its municipalities.
- The Priority Funding Area (PFA) law has hurt Garrett County's ability to receive funding.
- Property taxes generated by the Deep Creek Lake area make up more than half of the County budget.

- Garrett County has high proportion of non-permanent residents. A substantial amount of county revenue comes from property taxes, but expenditures of these non-permanent residents are not captured year round.
- Stewardship plans for residential property on forest lands provide a tax break because the land is taxed as agricultural. There may have been a decline in the entry of properties into the system.

### *Environment*

- Viewsheds and Watersheds
  - Gas is currently transported by pipelines to storage wells around Accident, Maryland – this has been going on for some time. No significant negative impacts have been observed (dead zones, health impacts, etc.). No negative impacts except for stigma and some small leaks.
  - Concern exists over water withdrawals from surface water and also protecting surface water from contamination.
  - With freshwater resources becoming scarcer, Garrett County could benefit from preserving it as opposed to allowing additional usage by the natural gas industry. Freshwater will become more valuable, and not many are actively preserving it.
  - Savage River watershed flows into the Potomac (already considered an endangered river), and is 70% forest land, which helps to maintain the pristine quality.
  - Youghiogheny Watershed comprises approximately two-thirds of Garrett County and flows into the Mississippi.
- Wildlife Habitat, Forest Fragmentation, Surface Disturbance
  - The drilling industry needs to figure out/encourage innovative ways to extract resources in the ground with minimal surface disturbance.
  - Some stakeholders question if the reserves are enough to attract a damaging rate of development.
  - The State does not own mineral rights on all its public land leading to concern about drilling on public forest lands
  - A comprehensive plan for a company's land that prevents forest fragmentation is necessary. Fragmentation brings invasive species and changes the dynamic of the native species.
  - Windmills, which also create forest/habitat fragmentation, have the same potential impacts as gas drilling, but receive less attention. Wind farms are in place for 20 to 30 years while natural gas rigs and drills remain in place only as long as drilling and fracking are occurring.
  - Savage River maintains habitat of native brook trout – an irreplaceable natural resource found in few other places. Once it's gone, it will never come back.

### *Property Rights*

- Most leases have expired or lapsed, but property owners were selling mineral rights for very cheap prices (\$25 per acre).
- The hope is that given more time, property owners will be more educated and get a fair price for leasing mineral rights (in the thousands of dollars).

- Property owners should not rush into lease agreements, and should negotiate lease provisions that make them less likely to have costs (damages, lower property values, etc.) that outweigh the benefits (small/unfair lump sum payment or royalty payments).
- The State agricultural and conservation easements programs generally forbid industrial activity on the eased property. Applications for these easements have fallen off because the property owners want to preserve their rights to enter into gas leases.
- In Garrett County, only the Deep Creek Lake area and Municipalities have zoning; the County has subdivision regulations but no county-wide zoning.

### *Health and Safety*

- There is no existing HAZMAT legislation addressing accountability of a spill if and when natural gas development is allowed and a spill occurs. Who is financially responsible? A bill was passed in 2013 to require a gas well permittee to have environmental impairment liability insurance that would also cover its contractors and subcontractors.
- Stakeholders asked if Garrett Memorial Hospital would be interested in conducting a health impact study. Geisinger has proposed a study, but it needs much more funding. DHMH has developed a work plan and will present to the commission for a public health study.
- Fire Departments should be given a chance to develop a strategy for dealing with issues related to drilling activity – create a contingency plan for emergency management (due to increase in road traffic, HAZMATs, and deteriorated road conditions).
- In the case of one company drilling in Pennsylvania – they hold monthly safety meetings that last several hours. Every incident is reviewed, trucks have GPS to ensure that drivers take the correct access roads, and one complaint from a community member can lead to termination. Companies do consider public perception.
- In environmental health, Garrett County has had a lot of stress on the health department's budget. Core funding was cut in half, and not much has improved.
- Local Pennsylvania health officials are saying the social impacts are hardest to manage where the more rapid development takes place – important difference being the amount of shale in Pennsylvania versus Maryland (may mean Maryland will have an easier time).
- In the future, how thorough inspections are done, how frequently, and with what standards should be addressed.
- Fire Department in Accident does not have many life threatening calls to the compressor station, more calls are for residential fires, car crashes, etc. Even tourism has health risks and death (there were two deaths due to skiing accidents in the area this season).

### *Roads*

- Heavy truck traffic from existing construction and light industrial industries in the county already impact roads and are expensive to repair.
- If roads are properly bonded, there is no issue with increased usage. There is already an existing relationship with drilling companies in Pennsylvania and West Virginia near the Maryland border, and most companies (Chevron, Atlas, and Chief) willingly enter into a bonding agreements, despite lack of requirement by the County.
- There are already traffic impacts in Oakland from trucks traveling through to West Virginia.

- There is a 2,000 foot setback from the lake, but setbacks don't really control the effects, e.g. on roads. Should some roads be protected from any shale-related traffic?

### *Perception*

- Many people have a desire to live in Western Maryland in its current condition, but some are concerned about industrialization and drilling activity leading people to live elsewhere. (There is anecdotal evidence that, even without drilling, the possibility of drilling activity has discouraged some people from relocating in Garrett County)
- When a sewage spill from a pump station reached Deep Creek Lake and was reported by the Baltimore Sun, many reservations were cancelled even though the spill was confined to a very small area and posed no risk.
- Garrett County already has wind farms and coal mining in their backyard. Some residents want natural gas development to be researched and studied more before implemented, compared to other energy development that has taken place in Western Maryland.
- In Garrett County, 70% to 80% of land is devoted to state parks, recreation, and tourism. Drilling could create a stigma for these activities.
- When a serious acid mine drainage release to the Cheat River was reported by the Washington Post, paddling on the river fell off dramatically and took years to recover.
- Kitzmiller was almost the county seat for Garrett County, now the population is decreased; its only elementary school was closed. Is this the similar bust scenario that drilling will leave?

### **Potential Issues**

#### *Education*

- There is concern that school buses and trucks will be on the road at the same time, leading to suggestions that regulations be put in place to keep trucks off the road during school bus route schedules.
- Natural gas development could help reverse the decline in school-age population. It could also cause greater stress on the school system from overcrowding, now that a few schools have closed.

#### *Tourism and Recreation*

- The potential environmental harm could render the lake unsuitable for its primary uses: recreation and tourism.
- Stakeholders would like to know how drilling will impact tourism on a per dollar basis.
- Concern is that introducing natural gas drilling in Maryland could be a zero-sum game, with unintended negative impacts to the existing economy of tourism and recreation. Based on DNR report about setbacks, most of the tourism and recreation industry are on "protected" lands should setbacks be enforced.
- There is concern visitors may stop coming to public parks if noise is created by drilling operations.
- There is concern over the potential to lose a greater number of tourism jobs than the number of drilling jobs gained.



### *Light and Heavy Industry*

- Pennsylvania has pointed out that managing efforts of drilling activity are not free, due to scale of hiring government workers (inspectors, project managers, etc.) to help manage the unique impacts that come with drilling activity.

### *Agriculture*

- There is concern that farmers taking royalties from leases will retire from agri-business.
- The hope is that lease and royalty payments will allow farmers to sustain farms after a natural gas bust, and their children will continue to farm (the payments would act as financial cushion for farms currently losing money).

### *Housing*

- Tourism industry has attracted people buying a second home – how will shale exploration affect the traditional strategy in Garrett County? How will the resort community appeal be sustained around the lake?
- Values are already down due to recent housing crisis, and drilling could drive values down further. After bust, property values may or may not return to higher values.
- Workers come in and displace residents and sometimes visitor accommodations.
- People may not be comfortable purchasing property within a certain distance of a gas well.
- Realtors would like to see county-wide zoning to protect home values and create performance standards. Has the lack of regulation already negatively impacted property values?
- Stakeholders want to differentiate between impacts of the national economy versus acute local issues.

### *Jobs*

- People born and raised here can't get full-time jobs with benefits. Industry that can alleviate this problem should be brought into western Maryland. The jobs should also be sustained for future generations.
- Stakeholders would like to know how many jobs would actually be added to Maryland if drilling occurs in-state.
- There is concern about benefits being imbalanced, and how the currently impoverished/blighted areas of the county can benefit from natural gas drilling.
- Increased truck traffic could be perceived as a positive for the economy in Allegany County (a sign of new jobs for truck drivers).
- Ideal would be to create jobs that will be sustained for future generations, and keep bright students from leaving the county due to lack of opportunity
- A plan needs to be in place to deal with mass layoffs or a mass loss in workforce during the bust period of natural gas drilling.
- Would gas-related jobs be new jobs, or would they just represent Marylanders who were commuting to gas-related jobs elsewhere coming back home to work?
- A realistic estimate of added jobs is needed, with consideration of existing jobs (Beitzel and Pillar) and mobile work crews from out-of-state.



### *Long-Term Economic Development*

- If a positive economy is sustained through a boom/bust cycle, and the county maintains a vision/plan to remain prosperous, subsidizing natural gas for light industry and tourism of Western Maryland should be considered to encourage responsible development, especially near impoverished areas.
- Some stakeholders feel that evidence from other states shows that drilling activity and associated risks are manageable.
- Expenditures associated with natural gas development should be captured within Maryland and the local economy in addition to reducing spillover of drilling benefits to out-of-state economies. The State should create incentives for those benefiting (workers, farmers with leases, etc.) to stay in-state.
- There is concern over an imbalance of benefits to small portion of western Maryland.
- The length of the boom/bust cycle for natural gas should be compared to other energy sources. Mitigation of the impacts of a boom/bust industry is heavily reliant on regulation and enforcement.

### *Taxes and Investment*

- Natural gas industry brings potential for increased investment in Western Maryland. Does the investment match the costs?
- How can each county direct benefits to the local area in addition to state revenue gained through the severance tax?

### *Environment*

- Viewsheds, noise, air and light pollution
  - Industrialization of the area will harm recreation and tourism even if there is no contamination, because of the visual, traffic, light and noise impacts.
  - In Allegany, viewshed is mostly strip mines, so there's no concern for that "view" to be lost.
  - As far as public parks, drilling could create following scenarios: visible wells from fishing streams, traffic to get to parks, light pollution and flaring at night, etc. All things that can change the "escape" that people are looking for.
  - Compressor stations create noise pollution for years – as long as there is gas flowing.
  - Stakeholders question if these things will be protected using setback requirements.
  - Setbacks should be larger, or based on visibility of a drilling site.
  - Private landowners need to be protected.
  - If natural gas production begins to replace coal mining, the net impacts on the environment may be reduced.
- Watersheds
  - The distance/area covered by each pipeline should be identified. Stakeholders want to know how to predict how many wells "make sense." What are investors willing to do or not do to protect drinking water and view sheds?
  - Watersheds can possibly be protected by minimum setback requirements.
  - Estimates should be made on how much fracking is expected to take place in each watershed and how many wellheads a watershed can sustain at one time and the number of wells near a watershed should be limited.

- Maryland is a responsible state, so contamination of water is less concern compared to water as a resource. Fracking is highly water-intensive and Garrett County is already stretching water resources. What does this mean for freshwater resources?
- Rigs and drilling operations destroy quality of experience for those wanting to raft.
- Bonds for companies to reclaim land are too small, most companies just walk away.
- Cost to restore the Cheat River in West Virginia has been millions and does not appear to be working.
- There should be investment in Deep Creek Lake if necessary to offset damages.
- Farmers do not want watersheds and land ruined by shale gas development.
- Wildlife Habitat, Forest Fragmentation, Surface Disturbance
  - A method should be identified for protecting forest resources existing on private land
  - The forest is not only a source of timber, but also provides ecological benefits (habitats, scenic views, recreation, etc.).
  - How would drilling affect Park Service's ability to provide camping, swimming, day-use areas, campfire programs, astronomy programs, etc?

### *Property Rights*

- It's a grassroots economic model that begins with the landowner who has the right to manage and gain from the resource under their land (responsibly).
- The more detailed and fair a lease is for landowners, the more likely economic benefits are to accrue, and they may set more restrictions to protect the environment. With a poorly written lease/unfair pricing, the landowner does not accrue economic benefits and is unlikely to have considered environmental impacts.
- Garrett County supports local landowners enlarging their assets through royalties and leases, especially for long underserved farming communities; however, hopes that natural gas will not result in shut down of agri-business.
- How to control the rate of development? Can the State limit when to issue permits, or will rate of development be naturally limited by observed industry behavior and/or lack of infrastructure?
- If refracking occurs or other energy industries come to western Maryland, infrastructure built for natural gas could reduce costs for future development down the road.
- Pennsylvania's Department of Environmental Protection began leasing land for Marcellus drilling (Allegheny, Pennsylvania Airport). Maryland did not do this with wind energy, but could for natural gas – otherwise it's a missed revenue opportunity.
- If property values decrease until a break-even point is reached, property tax rates could increase.
- Influx of well-paid workers will drive up rent and potentially push locals out of housing due to high rents. Is there enough vacant housing in the county to deal with the increase in transitory population?
- People are realizing the money they got from leases in no way offsets the damage seen a year or so later. House has lost value, etc. This needs to be captured.
- The split estates' (surface and mineral rights) impact on home values needs to be calculated.

### *Health and Safety*

- Subcontractors tend not to have health benefits, and create a huge strain on local health care systems.
- The increased population leads to increased incidence of STIs, on-the-job injuries, drunken behavior, criminal activity, etc.
- Increased requests for drinking water and air quality sampling put stress on local health departments.
- Contingency plans should be put in place to deal with impacted air and water quality.
- There should also be plans to deal with the stress on local law enforcement and other emergency services.
- Other potential human health risks should be identified.
- Health Departments are expecting a manpower issue in dealing with the multitude of complaints that are expected with drilling activity.

### *Roads*

- Additional truck traffic from drilling activity would further degrade roads and at an accelerated rate (too fast for funding to keep up with).
- With strong resistance to property owners having rights impeded by government regulation, the roads most affected would not be covered by public funding. At the same time, private landowners' feelings about public regulating private land and roads are not positive.
- Impacts of certain roads being closed off (either due to frequent road work or being closed off to truck traffic) should be considered.
- Traffic could adversely affect tourism and other industries.
- Not all access roads will be paved roads – some will be through farms and made of dirt and gravel, etc. Runoff, dust, and mud can travel into waterways, to main roads and will need to be cleaned up. Improved roads may have greater stormwater runoff.
- Access roads, long driveways, residential roads will get worn down if used. Several stakeholders mentioned knowing someone who has had to wait up to a half hour for a convoy of trucks to go by just to get home.

### *Perception*

- Seeing what damage stigma and bad press has on the community with potential for drilling, imagine the impact when drilling actually occurs.
- Not all impacts can be regulated away, the perception that people have of Garrett County/Western Maryland will be permanently changed – perception has already changed for some people.