

Geneva Conference Focuses on Proactive Steps for Marcellus Development

Looks at potential economic impacts of drilling in Finger Lakes region

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About 140 town planners, attorneys and others traveled to Hobart and William Smith Colleges at Geneva, NY last week, for a two-day conference focusing on proactive approaches to mitigating the impacts of Marcellus shale development. The event, organized by the Finger Lakes Institute, kicks off an effort to develop a “toolbox” for communities to use as shale gas development heads into NY.

A number of sessions touched on economic development and impacts from the “boom-bust cycle” that accompanies extractive industries. Timothy Kelsey, from Pennsylvania State University extension, emphasized that at some point gas activities go away. In the long run you need to ask how you make sure communities remain whole, he said.

There is a lot of uncertainty about the costs, risks and long-term implications, Kelsey said. But one thing is for certain: there will be “haves” and “have nots”. Communities are divided by development, he said.

The biggest problem is the rapid pace of Marcellus development in Pennsylvania’s northern tier. Kelsey believes that neither communities nor state regulatory agencies had time to adequately prepare for the rapid influx of drillers. “The timing, pace and scale of drilling drives the impacts,” he said. And while the overall impact in the state could happen over the next 30 years, localized impacts will reflect the lifespan of a well, which is just a few years.

So far, Kelsey said, tourism doesn’t seem to be suffering negative impacts; tourist destinations report no change in the number of visitors they are seeing. On the plus side, localities are seeing higher tax collection of sales and income taxes.

The major changes communities are experiencing are an increase in traffic and road issues from heavy drill rigs, Kelsey said. Rents are tripling in some counties and about one third of municipal governments report increased social conflicts and crime.

The biggest challenge Kelsey sees is local businesses being squeezed out by drilling-related businesses. “What’s not clear yet is who is benefitting and who is bearing the costs of Marcellus development,” he said. “We talk economic opportunity but really don’t know how many of those dollars [generated by Marcellus activities] actually stay in the community.”

Local Wine and Tourism

Stella Reschke, director of Tioga County Tourism, says that people underestimate the economic impact of tourism. “Visitors are pumping money into our region,” she told *Broader View Weekly* earlier this month. “Tourism is the number two industry in the state.”

Reschke noted that ag-tourism – visits that depend on the agricultural sector – is growing. Tioga County serves as a gateway to Finger Lakes wine country. In addition, there are

numerous other agriculturally-related events that bring visitors to Tioga and Chemung counties: the Strawberry Festival, Taste of Tioga, Finger Lakes Cheese Trail and, with increased awareness of the health benefits of eating locally, a growing number of farm stands and pick-your-own operations. “More restaurants and grocery stores are offering locally grown food,” she added.

Finger Lakes wineries boost the tourist economy in both Tioga and Chemung counties, and just last week Governor Andrew M. Cuomo highlighted the importance of the wine industry. As he signed a bill reducing regulations on farm-based winery operations, Cuomo called the wine industry a “key tourism, agricultural, and economic engine for our state”.

Senator Catharine Young called farm wineries a “growing, profitable sector in our state’s agricultural industry”, a sentiment echoed by State Agriculture Commissioner Darrel J. Aubertine. According to the governor’s office, the New York wine and grape industry has a \$3.76 billion economic impact on the state’s economy, bringing more than 5 million visitors to New York wineries annually.

But if drilling damages our water and roads, that could have a tremendous impact on the tourism, says Reschke. Already Tioga County is feeling some impact from Marcellus activities in PA. Reschke cited last year’s “Bike Tioga” event, explaining that they had to change the route so cyclists would not be forced to share the road with the heavy drilling-related truck traffic. “It’s dangerous for bicyclists to be riding alongside those big trucks.”

This year Tioga County will spend \$240,000 to promote tourism. In addition to developing the Visitor’s Guide, Reschke says they’re working with Cornell Cooperative Extension to market local agriculture. Tourism generates close to \$2 million in local taxes for Tioga County, and more than \$5 million in Chemung. It accounts for five percent of sales and nine percent of local employment, she noted. But neither county has conducted an economic study to determine whether – and how – Marcellus drilling might affect local tourism.

Impacts Far-Reaching

Marcellus drilling can also affect the economies of communities miles from the well pads says Susan Christopherson, an economic geographer with Cornell’s Department of City and Regional Planning. That’s because gas drilling and production require a variety of ancillary services: pumping stations for water withdrawal; disposal sites wastes; man-camps or dorms; gravel quarries; and storage and staging areas for equipment and chemicals.

“It’s not clear where all those facilities will be located,” Christopherson says. “But already we see companies trucking drill cuttings from Pennsylvania to the Chemung County landfill, Schlumberger and pipe yard companies moving into Horseheads and water extraction facilities in Elmira.”

While some towns experience an upswing in their economies during the boom part of the cycle, the overall region will become industrialized to support the drilling, storage and transportation of gas. Counties that never see a penny of drilling-related revenues may

still feel the impacts of heavy truck traffic, gas storage facilities or pipeline, says Christopherson.

As an example, she points to the proposed Inergy L.P. gas storage facility in a salt mine at the south end of Seneca Lake. Inergy plans to store 1.45 billion cubic feet of gas beneath the ground, displacing brine to a 14-acre impoundment on the surface.

Watkins Glen isn't included in the Marcellus play, notes Christopherson. So they won't see revenue from well production. Whatever Inergy may contribute in the way of local taxes won't compensate for the potential loss of current income derived from tourism, attendance at races, the local wine industry and agriculture.