

CONGRESSIONAL NATURAL GAS CAUCUS  
PUBLIC HEARING  
“THE ECONOMIC IMPACTS OF SHALE PRODUCTION”  
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Williamsport, PA 17701

Present By

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GOOD MORNING AND WELCOME TO WILLIAMSPORT AND LYCOMING COUNTY. CONGRESSMEN THOMPSON AND MARINO – WELCOME HOME. MEMBERS OF THE CAUCUS, MY NAME IS VINCE MATTEO, I AM PRESIDENT AND CEO OF THE WILLIAMSPORT/LYCOMING CHAMBER OF COMMERCE AND ITS LAND DEVELOPMENT AFFILIATE – THE INDUSTRIAL PROPERTIES CORPORATION. IT IS A PLEASURE TO BE HERE THIS MORNING. AS A CHAMBER AND ECONOMIC DEVELOPMENT PROFESSIONAL FOR 33 YEARS IT IS INDEED APPROPRIATE TO DISCUSS WITH MEMBERS OF CONGRESS THE ECONOMIC IMPACT THE MARCELLUS SHALE GAS PLAY HAS HAD ON WILLIAMSPORT AND LYCOMING COUNTY. FIRST, LET ME GIVE YOU A LITTLE MORE INFORMATION ON MY ORGANIZATION.

THE CHAMBER IS A PRIVATE NON-PROFIT AND HAS APPROXIMATELY 900 BUSINESSES WHO ARE MEMBERS AND IS CURRENTLY IN ITS 128<sup>TH</sup> YEAR OF SERVICE TO THE COMMUNITY. WE ARE A COUNTY-WIDE CHAMBER AND OPERATE LOCAL CHAMBERS IN JERSEY SHORE AND MONTOURSVILLE AS WELL. WE ARE ALSO THE DESIGNATED TOURIST PROMOTION AGENCY FOR LYCOMING COUNTY AND ADMINISTER THE LYCOMING COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY ON BEHALF OF THE LYCOMING COUNTY COMMISSIONERS. WE HAVE AN EDUCATION FOUNDATION AS WELL AND THE INDUSTRIAL PROPERTIES CORPORATION.

AS FOR MYSELF, I HAVE BEEN IN CHAMBER AND ECONOMIC DEVELOPMENT WORK FOR 33 YEARS AND HAVE WORKED AT THE CHAMBER IN SCRANTON FOR SEVEN YEARS, WILKES-BARRE FOR 14 YEARS AND NOW HERE IN WILLIAMSPORT FOR JUST OVER 12 YEARS. I ALSO HAD THE HONOR OF BEING APPOINTED BY GOVERNOR CORBETT TO HIS MARCELLUS SHALE ADVISORY COMMISSION WHERE I SERVED AS THE ONLY REPRESENTATIVE OF LOCAL CHAMBERS OF COMMERCE AND WAS ON THE ECONOMIC DEVELOPMENT AND WORKFORCE DEVELOPMENT SUB COMMITTEE AS WELL.

LET ME START BY SUMMING UP THE ECONOMIC IMPACT THE MARCELLUS SHALE HAS HAD ON LYCOMING COUNTY – IN 33 YEARS IN THIS BUSINESS NOTHING HAS COME CLOSE TO THE POSITIVE IMPACT MARCELLUS SHALE HAS HAD ON OUR LOCAL ECONOMY. WE HAD SOME VERY SUCCESSFUL YEARS IN SCRANTON AND THEN IN WILKES-BARRE DURING THE 1980'S AND EARLY 1990'S BUT NOTHING TO COMPARE TO WHAT HAS HAPPENED HERE SINCE ABOUT 2007 WHEN WE FIRST STARTED TO LEARN ABOUT NATURAL GAS EXPLORATION IN OUR REGION.

IN 2008 A GROUP COMPRISED OF REPRESENTATIVES FROM THE PRIVATE AND PUBLIC SECTORS – INCLUDING THE LYCOMING COUNTY COMMISSIONERS, A REPRESENTATIVE OF THEN ATTORNEY

GENERAL TOM CORBETT'S OFFICE AND I TRAVELED TO FORT WORTH TEXAS TO LEARN WHAT WE COULD ABOUT THE IMPACT THIS WOULD HAVE ON OUR REGION. AND, ALTHOUGH OUR HOSTS AND OTHERS SHARED A GREAT DEAL OF USEFUL INFORMATION, NOTHING WE LEARNED COULD ADEQUATELY PREPARE US FOR WHAT LAY AHEAD. THE COUNTY AND THE CHAMBER JOINTLY FORMED THE COUNTY COMMUNITY NATURAL GAS TASK FORCE - A PUBLIC/PRIVATE SECTOR INITIATIVE DESIGNED TO KEEP US AND THE COMMUNITY INFORMED ABOUT LATEST TRENDS, ISSUES AND OPPORTUNITIES AS IT RELATES TO THE MARCELLUS SHALE. LATER, WE AT THE CHAMBER ALSO CREATED THE BUSINESS ENERGY ROUNDTABLE THAT IS STRICTLY PRIVATE IN NATURE AND DEALS WITH ISSUES SUCH AS SUPPLY CHAIN, MAXIMIZING THE POSITIVE ECONOMIC IMPACT FOR LOCAL COMPANIES AND DEALING WITH THE EVER INTRUSIVE GOVERNMENT – AT ALL LEVELS.

THE OPPORTUNITY PRESENTED BY THE DEVELOPMENT OF THE SHALE GAS PLAY HAS BEEN STAGGERING. PROBABLY BECAUSE OF OUR DIVERSE ECONOMY, LARGE MANUFACTURING BASE AND RURAL LOCATION, LYCOMING COUNTY HAS NEVER REALLY SUFFERED THE EXTREME LOWS WHEN THE NATIONAL ECONOMY IS BAD AS IT HAS BEEN RECENTLY, NOR HAVE WE ENJOYED THE HIGH-HIGHS WHEN THE NATIONAL ECONOMY IS ROARING ALONG. THE MARCELLUS SHALE CHANGED THAT- IT GAVE US AN OPPORTUNITY TO LIFT UP OUR REGION AS WELL AS SURVIVE THE WORSE RECESSION IN OUR LIFE TIME. IT HAS PLACED OUR REGION IN A BUBBLE WHERE WE HAVE HAD SOME INSULATION FROM THE NATIONAL ECONOMIC CRISIS.

NOW, FOR SOME FACTS ON THE DIRECT ECONOMIC IMPACT:

1. IN 2010 THE BUREAU OF ECONOMIC ANALYSIS OF THE U.S. DEPARTMENT OF COMMERCE RANKED THE WILLIAMSPORT METROPOLITAN STATISTICAL AREA AS HAVING THE 7<sup>TH</sup> FASTEST GROWING GROSS DOMESTIC PRODUCT IN THE NATION.
2. IN 2011 THE UNIVERSITY OF TORONTO'S MARTIN PROSPERITY INSTITUTE RANKED THE WILLIAMSPORT MSA AS HAVING THE SIXTH HIGHEST INCREASE IN AVERAGE WAGES AND SALARIES IN THE U.S. THIS IS A CRITICAL IMPACT BECAUSE WE ARE NOT ONLY TALKING ABOUT INCREASES IN THE GAS INDUSTRY JOBS – BUT ALSO INCREASES IN OTHER INDUSTRIES IN AN EFFORT TO KEEP THEIR EMPLOYEES.
3. SINCE THE GAS BOOM BEGAN, WE ESTIMATE APPROXIMATELY 115 BUSINESSES HAVE EITHER LOCATED IN LYCOMING COUNTY OR ARE NOW OPERATING HERE AS A DIRECT RESULT OF THE GAS PLAY.
4. WHEN THIS BEGAN, OUR INDUSTRIAL PROPERTIES CORPORATION HELD ABOUT 300 ACRES OF LAND FOR DEVELOPMENT – WE HAVE SOLD EVERY LAST ACRE INCLUDING WHAT IS NOW THE

SITE OF THE MARCELLUS ENERGY PARK. SOME OF THIS LAND WE HAD HELD FOR OVER 20 YEARS AND WERE UNABLE TO SELL.

5. LYCOMING COUNTY'S LARGEST PRIVATE SECTOR EMPLOYER IS NOW HALLIBURTON AND DOWNTOWN WILLIAMSPORT IS THE HOME OF THE REGIONAL OFFICES OF ANADARKO AND RANGE RESOURCES TO NAME JUST TWO.
6. SINCE THIS STARTED, THREE NEW HOTELS HAVE OPENED IN DOWNTOWN WILLIAMSPORT – ALL FLAG HOTELS, TWO OTHERS HAVE UNDERGONE EXTENSIVE RENOVATIONS, A HOTEL IN NEIGHBORING LOYALSOCK TOWNSHIP BUILT A SUBSTANTIAL ADDITION, A NEW HOTEL IS UNDER CONSTRUCTION ON THIRD STREET IN LOYALSOCK TOWNSHIP AND I AM AWARE OF AT LEAST TWO ADDITIONAL HOTELS PLANNED.
7. THE RESTAURANT INDUSTRY HAS SEEN AT LEAST 6 NEW RESTAURANTS IN WILLIAMSPORT EITHER OPENED OR ABOUT TO OPEN AND SEVERAL MORE THROUGHOUT LYCOMING COUNTY.
8. THE ENTREPRENEURIAL SPIRIT HAS SEEN A RESURGENCE AS WELL IN LYCOMING COUNTY. COMPANIES LIKE ALLISON CRANE AND RIGGING HAVE UNDERGONE LARGE EXPANSIONS AND THE EXPANSION INTO WATER HAULING. COMPANIES LIKE R.S. ALBERTS TOOK THE PROCESS THEY USE AND ADAPTED IT TO THE NATURAL GAS INDUSTRY. OTHER BUSINESS PEOPLE ON EVEN A SMALLER SCALE HAVE TAKEN ADVANTAGE OF THIS OPPORTUNITY AS WELL AND SOME HAVE EVEN EXPANDED THEIR OPERATIONS INTO NEIGHBORING STATES.
9. THE JOBS BEING CREATED ARE ALL ENCOMPASSING- THERE ARE SERVICE JOBS, WELL JOBS, LABORATORY JOBS AND OFFICE JOBS. THESE ARE DIRECT JOBS AND SPIN-OFF JOBS AND MANY OF THEM PAY SALARIES FAR ABOVE ANYTHING THIS REGION HAS SEEN BEFORE.
10. FOR THE FIRST TIME IN MEMORY YOUNG PEOPLE HAVE A REAL OPPORTUNITY TO STAY HERE AFTER GRADUATING AND SOME HAVE RETURNED HOME BECAUSE GOOD PAYING, FAMILY SUSTAINING JOBS ARE AVAILABLE. AFTER GETTING ESTABLISHED, MANY GAS RELATED COMPANIES ARE MAKING A CONCERTED EFFORT TO HIRE LOCAL PEOPLE. IN THE LAST STATISTICS AVAILABLE TO ME HALLIBURTON'S LOCAL WORKFORCE WAS COMPRISED OF 80% PENNSYLVANIANS AND STALLION OIL FIELD SERVICES NOW BOAST A PERCENTAGE OF 100% LOCAL – OR PENNSYLVANIA BASED EMPLOYEES AND THOSE ARE JUST TWO EXAMPLES.
11. WITH THE PRESENCE OF THE PENNSYLVANIA COLLEGE OF TECHNOLOGY AND ITS MARCELLUS SHALE INSTITUTE, WE HAVE A TREMENDOUS OPPORTUNITY TO TRAIN FOLKS FROM NOT ONLY ALL OVER THE COUNTRY, BUT OUR LOCAL CITIZENS AS WELL. THIS ADDS TO THE READINESS OF THE WORKFORCE. SOMETHING CRITICAL TO JOB CREATION REGARDLESS OF THE INDUSTRY.

12. OUR LOCAL PUBLIC TRANSIT SYSTEM- RIVER VALLEY TRANSIT WHICH IS THE CITY BUS SERVICE BUT IS OPERATED COUNTY-WIDE, HAS ALREADY PURCHASED ONE NATURAL GAS POWERED BUS AND IS PLANNING A COMPLETE CONVERSION OF ITS FLEET. IN ADDITION, THEY ARE CONSTRUCTING A NATURAL GAS STATION AS WELL. NOT ONLY AN ECONOMIC BENEFIT BECAUSE OF THE LOWER COST OF NATURAL GAS, BUT AN ENVIRONMENTAL BENEFIT AS WELL.

MEMBERS: AS YOU CAN TELL, I AM VERY POSITIVE ON THE ECONOMIC IMPACT THIS HAS HAD ON LYCOMING COUNTY. HOWEVER, THERE HAS BEEN NEGATIVES AND THERE HAVE BEEN GROWING PAINS AND EVERY AREA'S EXPERIENCES MAY NOT HAVE BEEN THE SAME. I KNOW FOR A FACT, FOR EXAMPLE, THAT OUR NEIGHBORS TO OUR NORTH HAVE HAD A TOUGHER TIME WITH THE GROWTH BECAUSE THEIR INFRASTRUCTURE SUCH AS ROADS AND HIGHWAYS WERE NOT AS DEVELOPED AS THOSE IN LYCOMING COUNTY AND THEIR HOUSING INVENTORY HAD A MORE DIFFICULT TIME ABSORBING THE INCREASED DEMAND, BUT MAKE NO MISTAKE, THE POSITIVE ECONOMIC IMPACT OF THE MARCELLUS SHALE ON OUR REGION CANNOT BE DENIED. IT IS REAL AND DESPITE THE SLOWDOWN EXPERIENCED IN LATE 2012 AND 2013, LYCOMING COUNTY IS FAR BETTER OFF THAN IT WOULD BE HAD THE SHALE PLAY NOT OCCURRED. THERE ARE THOSE WHO WILL TRY TO DOWN PLAY IT AND THOSE WHO WILL TELL YOU THE GROWTH IS NOT WORTH IT – THEY ARE WRONG. I ASK THEM TO TELL THAT TO THE GRANDMOTHER WHO'S GRANDCHILDREN NOW LIVE LOCALLY BECAUSE HER SON OR DAUGHTER HAS A FAMILY SUSTAINING JOB HERE IN LYCOMING COUNTY; OR THE YOUNG COUPLE WHO CAN NOW AFFORD A HOUSE OR TO START A FAMILY.

WITH ALL THAT SAID, THERE IS ANOTHER REASON BESIDES THE ECONOMY THAT CONGRESS MUST DO EVERYTHING IN ITS POWER TO PROMOTE – NOT HINDER – THE GROWTH OF NATURAL GAS DRILLING IN AMERICA – THAT IS BECAUSE THIS IS ALSO ABOUT NATIONAL SECURITY AND AMERICAN ENERGY INDEPENDENCE AND THE LESSONING OF THE YOKE OF FOREIGN OIL AROUND OUR COLLECTIVE NECKS. IF WE DO NOT TAKE ADVANTAGE OF THIS OPPORTUNITY, IF WE ALLOW IT TO SLIP THROUGH OUR FINGERS, THEN ALL I CAN SAY IS SHAME ON EACH AND EVERYONE OF US.

**THANK YOU AND I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.**