

The Jig is Up

by Jim Dunn, RDA Member

Unconventional Gas Well Fees, more commonly known as Act 13 or Impact Fees are intended to help preserve, protect or replace our natural, scenic and recreational assets that have been lost to oil and gas development. Instead, millions of dollars are being misused and misspent by those who hold the purse strings.

The jig is up for the misuse of Act 13 funds. Last month, the Department of the Auditor General of Pennsylvania released a report containing the performance audit of these fees by PA counties and municipalities.

The report shows that a significant percentage of the Act 13 Impact Fees distributed to local government is being used questionably. So what does that mean exactly? How much money is being spent outside the intention of the law? Who is doing the spending?

Municipalities are doing a better job with compliance as compared to the larger county governments. Municipalities are townships, boroughs and cities. The "allowable spending" by municipalities was 96 percent. Counties did not fare as well; only 71 percent of county expenses were considered allowable. Combining the two, 24 percent of impact fee money was spent questionably. In actual dollars, \$20.2 million of the \$85.6 million in impact fees was misappropriated and spent on goods and services outside the Act 13 goal of offsetting the damaging effects of gas industry activities.

But that's not the whole story. Not all of the impact fee is being spent; 40 percent is reported to be held in capital reserve. Hundreds of millions of dollars are sitting in accounts that earn a whopping 1 percent interest or less every year. Another significant fact: not every county and municipality was included in the report. Only the results from 10 counties and 20 municipalities were reported. Nor did the report cover every year, only 2011-2014.

How did we fare locally? Was Lycoming one of the 10 counties covered in the report?

Yes, Lycoming was among the reporting counties, on the 50-yard line of counties that had misused funds; a list of questionable uses was included in the report. In similar fashion to David Letterman's Top Ten list, the top eight very large single expenses that were considered questionable were included, and Lycoming County came in at number four. Our big-ticket purchase was \$596,083 for a district judge's office.

In addition to missing two years of reporting overall and lacking reports entirely from 10 counties and 20 municipalities, what does all this mean? What is the significance of the audit, and why do I continue to complain about the misuse of the Act 13 funds?

The \$20.2 million in questionable spending is just the tip of the iceberg. If you look at the proposed \$750,000 from Act 13 impact fees in the current Lycoming County budget, you will get a clearer vision of how these monies are being spent across the state.

Significant impacts from the industrialization of our beautiful region have occurred and will continue to occur. The natural, scenic and recreational areas in our beautiful Pine Creek and Loyalsock Creek valleys have been significantly diminished. Hiking trails in the PA Wilds have been converted to gravel roads leading to well pads in once-forested regions. In some places, bird song, rustling leaves and the music of the forest is now drowned out by the diesel motor noise of compressor stations. Canoe launches and fishing holes have been converted to water withdrawal sites, ridgetop vistas and trails changed to industrial parks. Critical habitat has been lost; birds, bats and amphibians are disappearing at alarming rates. Loss of the special places that have defined life in rural Pennsylvania for generations has been extensive.

Act 13 Impact Fee money is supposed to preserve, protect or replace any of our natural, scenic or recreational assets lost to oil and gas development. Impacts from drilling have not affected the computers of county office workers, yet that is where some of the money has gone. Impacts from drilling have not caused heating and air conditioning problems, yet that is where some of the money has gone.

Who is to blame? Not the oil and gas companies. They knew they were going to destroy our forests and wild places. They pay the impact fee as a way to compensate us for this loss.

It is our elected officials who gave away too much and preserved, protected and replaced too little.

I'm not proposing every dime be spent on the preservation and recreational aspects of our scenic and natural resources, but I will offer a very simple formula:

- 25% to a capital reserve. This could help fill those holes in the bucket like the internet technology expenditures in the 2017 budget.
- 50% to infrastructure, because 60 bridges in Lycoming County need to be replaced. Road, water and sewer repairs and expansion as well as the new airport could be considered infrastructure.
- 25% for recreational and natural areas. Every municipality in the county could be connected through a "Riverwalk" network of safe walkable, bikeable trails. New habitats for our rapidly declining wild species, and nature preserves could be built.

What I'm proposing doesn't convert the newly created industrial parks along scenic ridge tops of Pine Creek and Loyalsock Creek back to pristine habitat. I'm afraid that may be lost forever. But if we change "business as usual," we may be able to preserve some of the most valuable places that remain and create new areas to replace some of what was lost to development.

We don't need new rules or new regulators for the impact fee: the allowable uses are simple and the rules easy to follow. What we need are elected officials with the courage to do the right thing!