



MARCELLUS SHALE

Natural gas exploration and extraction from the Marcellus Shale poses both positive and negative impacts for Pennsylvania communities. On the positive side, there is potential for significant economic benefit and community growth. On the negative side, there are environmental impacts from gas wells and potential for secondary impacts like growing demands for municipal services.

This fact sheet provides information to municipalities to help realize the best and most potential from Marcellus Shale exploration and extraction in their area. More detailed information can be found in a publication on DCED's Marcellus Shale web page -- "Marcellus Shale; What Local Government Officials Need to Know" authored by Penn State Extension -- found at www.newpa.com/strengthen-your-community/redeveloping-your-community/marcellus-shale.

Maximizing the Potential

Experiences in Texas and Wyoming, where similar "booms" of natural gas activity occurred in recent years, show that the Marcellus Shale and the natural gas industry can have a significant positive economic impact. The industry will employ large numbers of jobs at good wages. The industry will seek out services, contractors, equipment, and goods from the local economy. Leases and royalties to local landowners will create new local wealth.

Municipal officials should be aware of two aspects of economic potential: 1) it will take local effort to get the most and best economic return and, 2) it will not last forever. Estimates are that the Marcellus Shale play will last 20, 30, or 40 years. Afterwards, wells will be shut down, sites reclaimed, and communities and local governments will need to sustain themselves in a post-Marcellus economy.

Suggestions for Local Governments:

-- Form and become an active part of a natural gas task force. Several Pennsylvania counties have already formed task forces and it is a great idea for others to do the same. Members should reflect broad community interests including businesses, service providers (public, private, and non-profit), economic development agencies, schools, citizens, etc. Having the right parties on board will enable a community to share information and ideas, communicate frequently, reach decisions and act fast when needed, all important in this instance.

-- Work cooperatively with gas company officials. Municipal officials should be direct to deal with officials of gas companies working in their area. Experiences to date are that the gas industry is cooperative and wishes to be a member of the community in good standing by, for example, compensating for damages to roads or responding to other municipal officials' requests. A natural gas task force is a great vehicle for working with gas company officials

-- Be serious about tracking data. Officials should keep their fingers on the pulse of gas activity and impacts. They should regularly review data about well drilling, employment, income, housing, crime, emergency calls, and more. This data is critical to guide next steps for the community and requests for help that can be directed to the industry. {Need to provide them with references on where to obtain data – State Data Center/County Planning Office, etc}



-- Address gas activity in a local comprehensive plan. Even though comprehensive plans are not regulatory documents, they have clout in that they mold and unify community opinion about the character of community that officials and citizens will seek to create or preserve as the Marcellus Shale play unfolds.

-- Develop a long-term asset strategy. Assets are those things that make a community a great or unique place. They include landmark buildings, local attractions, gathering places, parks, downtowns, scenic spots. Conduct an inventory of those assets and act to protect and enhance them. In the short run, having these attractions will help capture "boom" business activity. In the post-Marcellus era, these assets will make the community more attractive for businesses and residents to stay and continue to grow.

-- Use land use targeting tools. The anticipated growth of employees, wages, and wealth from gas activity will lead to new housing and business development. There may be places -- like vacant properties in towns -- where development is more desirable, and places -- like farms and rural areas -- where development is less desirable. Pennsylvania law -- the Municipalities Planning Code -- gives municipalities tools to steer development. Zoning is one of those tools. Zoning is not always popular in rural municipalities, but it can be prepared with common sense and effective regulations for promoting development that matches the community character and preserving historic buildings, agriculture, and open spaces valuable to the community.

-- Invest in the post-Marcellus economy. As municipalities have new development and realize tax increases, they should devote part of such revenue to long-term opportunities as well as short-term needs. Reinvest in infrastructure that will continue to serve the community after the boom. Invest in community assets that will be attractions for new residents and businesses after the boom. And, work with economic development groups to help grow local entrepreneurs and attract businesses that will make the economy more diverse and more able to sustain itself after the boom.

-- Organize the business community. Research from other states suggests local businesses may not "automatically" benefit from the boom. Some communities are already providing gas companies and employees with business directories and asking them to purchase locally. Downtowns should strongly consider an organized and multi-faceted Main Street approach. DCED and the Pennsylvania Downtown Center can provide information on and assistance with the Main Street program.

-- Provide help for affordable housing. The experience of other states suggests that a gas boom will drive up prices for housing and lessen the availability of housing for middle-income as well as lower-income families. Municipal officials can work with housing agencies and utilize a number of programs from DCED, PHFA, and others to promote new home construction or existing housing rehab for affordable housing. Zoning can contain "inclusionary" regulations to promote affordable housing to be part of new developments.



More on Applicability of Local Land Use Regulations

There is interest among municipal officials to use zoning and subdivision and land development ordinances to regulate gas drilling and extraction. To a large extent, the Pennsylvania Oil and Gas Act preempt local regulation and puts regulatory authority into the hands of the PA Department of Environmental Protection. According to the act, local regulations may not apply to matters such as well location, protection of water supply, well site safety, and notice of permits, well site bonding, and more.

The extent to which local regulations can apply is currently being debated in court. A decision is pending from the Pennsylvania Supreme Court in two cases -- Huntley & Huntley v. Borough Council of the Borough of Oakmont and Range Resources - Appalachia, LLC. v. Salem Township. It is anticipated the court will clarify the state's preemptive authority and provide guidance by which municipal zoning and subdivision and land development ordinances can deal with gas well drilling and extraction. Until then, municipalities should consult their solicitors for guidance if considering regulations.

Preemption of the Oil and Gas Act only applies to gas wells and extraction. It does not apply to using zoning or subdivision and land development ordinances to guide growth and development that results from the gas boom and to protect community assets. As suggested earlier in this fact sheet, municipalities can and should take advantage of these tools.

Resources and Assistance

DCED provides funding, training and technical assistance to help municipalities.

-- Planning funds -- The Land Use Planning and Technical Assistance Program (LUPTAP) provides grants for comprehensive plans AND to prepare local zoning or subdivision and land development ordinances.

-- Shared municipal services -- The Shared Municipal Services Program provides grants where multiple municipalities cooperate to provide services or programs, surely a good idea for dealing with service demands from gas activity and resulting community growth.

-- Training -- DCED's Governor's Center for Local Government Services (GCLGS) through the PA Local Government Training Partnership has worked with other state agencies to provide training for local officials on gas drilling issues and related community impact. Additional training opportunities will continue to be provided.

-- Special studies/technical assistance -- DCED's Governor's Center for Local Government Services can provide help from experts in matters such as fire protection, police, municipal finance, planning and other government services that can be helpful in dealing with growing service demands.