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COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

COMMERCE COMMITTEE

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PUBLIC HEARING IN RE: ECONOMIC DEVELOPMENT AND JOB
CREATION

BEFORE: PETER J. DALEY, Chairman
Mark Longietti, Paul Costa,
Members

ALSO

PRESENT: Jaret Gibbons, Frank Burns, Carl Walker
Metzgar, Gary Haluska, House Members
Robb Miller, Executive Director for
House Commerce Committee

HEARING: Thursday, January 28, 2010
Commencing at 10:22 a.m.

LOCATION: Arcadia Performing Arts Theater
1418 Graham Avenue
Windber, PA 15963

WITNESSES: Ed Huttenhower, Lewis Ripley, Ron Aldom,
Tim Custer, Mike Kane

Reporter: Lacey C. Gray

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CHAIRMAN:

This House Commerce Committee will come to order. I would like the members of the legislature that's here please identify themselves and start with Representative Gibbons.

REPRESENTATIVE GIBBONS:

Representative Jaret Gibbons, 10th District, Lawrence, Beaver and Butler Counties.

REPRESENTATIVE COSTA:

Good morning. Representative Paul Costa, 34th District, which is the eastern suburbs of Allegheny County.

REPRESENTATIVE HALUSKA:

Gary Haluska, representative from Cambria County, just a few miles north of here.

REPRESENTATIVE LONGIETTI:

Hi. Representative Mark Longietti from Mercer County, 7th District, the Shenango Valley, Sharon, Hermitage area.

REPRESENTATIVE METZGAR:

Representative Carl Walker Metzgar. I'm from the 69th District, which is just south of here in Somerset and Bedford Counties. And I thank

1 the Chairman for bringing Commerce Committee so close
2 to home. It's a great honor to have you here.

3 REPRESENTATIVE BURNS:

4 I'm Representative Frank Burns. This
5 is my District. I represent parts of Cambria County
6 and Somerset.

7 CHAIRMAN:

8 My name is Pete Daley. I am the
9 Majority Chairman of the House Commerce Committee.
10 My District is Washington and Fayette Counties, not
11 too far from here. Staff?

12 MR. MILLER:

13 And my name is Robb Miller. I'm the
14 Executive Director of the House Commerce Committee.

15 CHAIRMAN:

16 The purpose of this hearing today, what
17 I've been doing for the last year is fundamentally
18 I've been taking the Committee around the state and
19 talking about the state of the economy of
20 Pennsylvania and what we can do in order to help to
21 develop legislation that's going to stimulate the
22 Pennsylvania economy. We've been to Representative
23 Longietti's District. We've been to Harrisburg and
24 had a hearing there. We've been to Philadelphia and
25 had a hearing there. This is the fourth in that

1 hearing process.

2 My district, which is Washington,
3 Fayette, I represent the Mon Valley. I represent
4 part of Fayette County that goes almost to Uniontown.
5 I am very familiar with the Johnstown area. I am
6 very familiar with the Somerset area. In my early
7 tenure as a member of the House of Representatives
8 some 28 years ago I worked with Johnstown Corporation
9 when that whole process was going on with the ESOP
10 that was developing, the closing of the steel mill
11 here in Johnstown. I had an economic development
12 task force that created what is now the Governor's
13 Action Team. So I'm very familiar with the economy
14 in western Pennsylvania and specifically the economy
15 of Somerset and Cambria and other counties in our
16 region.

17 I'm going to ask Representative Burns
18 to say a few words since this is his district, and
19 I'm going to be turning the chairmanship over to him
20 to chair the meeting. And then I'm going to ask
21 Representative Metzgar, who also is very close to
22 this, if he has individuals that will be testifying
23 to say a few words. And Representative Burns.

24 REPRESENTATIVE BURNS:

25 Well, I'd like to thank Chairman Daley

1 for allowing us this opportunity to have this hearing
2 in my district, and I would like to thank all of the
3 testifiers and the people that braved the storm to be
4 with us today.

5 I think it's important to note that as
6 elected officials we're not necessarily the ones that
7 create the jobs. We create an environment and a
8 support structure where businesses can flourish, and
9 the business owners are the ones that will create the
10 jobs. I thought it was important to bring this
11 committee hearing to our region to give our local
12 business leaders and our local business owners an
13 opportunity to share their successes, share what
14 works and voice their concerns. And as a state
15 legislature I hope that we can get feedback from
16 everyone in our local region to help create the
17 structure and the environment where jobs can be
18 created.

19 That's all. I'll turn it over to Carl
20 Metzgar now.

21 REPRESENTATIVE METZGAR:

22 Well, I echo some of the thoughts of my
23 colleague. I agree that we are in position where we
24 need to get out of the way of some of our business
25 creators, the actual businesses that employ people

1 and create an economic environment where the Somerset
2 and Bedford and Cambria Counties can survive and
3 then, of course, the ancillary effect and ripple
4 effect throughout the other areas.

5 But this Commerce Committee can
6 certainly host a great group of witnesses today that
7 might give us a direction and policy that will be
8 even more conducive to business on top of what
9 Chairman Daley has already accomplished, so I look
10 forward to great testimony and I see that many of our
11 witnesses are good friends already we have worked
12 within the past to help generate great economic
13 growth in the area, and we surely need it in this
14 challenging time. So I thank the Chairman and turn
15 it back over to you.

16 CHAIRMAN:

17 Thank you, gentlemen. Our next hearing
18 will be February 11th in Representative Wansacz's
19 District in Wilkes-Barre, and then we travel to
20 Wyoming County to Representative Mirabito's District
21 and then we go out to Beaver County to Representative
22 Marshall's District. I believe that the Commerce
23 Committee is one of the few committees in the
24 legislature that is a partisan committee. We work
25 very close with the Republicans as well as Democrats.

1 The Republican Chairman and I work very closely on
2 legislation that affects all of Pennsylvania. Our
3 committee last session, end of session led the charge
4 on all the banking legislation that put the
5 protection on the Mortgage Broker's Act and the Safe
6 Act that the United States Congress really emulated
7 our legislation in their legislation.

8 So we work together as a team. We know
9 that the bad economy and the press conditions we face
10 more so in western Pennsylvania than anywhere else in
11 the state is something that affects all people no
12 matter if you're Democrat, Republican, Independent.
13 It doesn't matter, so we work together as a team.

14 Our first testifier today --- and what
15 I'm going to ask everyone to do --- our stenographer
16 is doing a real person's job over there taking the
17 record, there may be times that we're going to have
18 to ask you to slow down or speak up. And if you do
19 ask any questions for members, I would ask that you
20 identify yourself first so that she can place that on
21 the record. Our first testifier is Ed Huttenhower.
22 Did I get that right, Ed?

23 MR. HUTTENHOWER:

24 Yes, you got it right.

25 CHAIRMAN:

1 He is from Small Business Development
2 Center, Saint Francis University. That's pretty
3 close to your district, Gary, is it not? Is that
4 your district, Saint Francis, Loretto? Gary, is that
5 your district?

6 REPRESENTATIVE HALUSKA:

7 Yes. Sorry, Pete.

8 CHAIRMAN:

9 Ed, please begin.

10 MR. HUTTENHOWER:

11 Okay. Thank you. Good morning Mr.
12 Chairman, members of the Commerce Committee, other
13 legislators and participants in today's hearing. As
14 Representative Daley said, my name is Ed Huttenhower,
15 and I'm the director of the Saint Francis University
16 Small Business Development Center. It is my
17 privilege to speak to you for the second time having
18 done so at a committee hearing in Harrisburg last
19 June.

20 I am here today to discuss the impact
21 of entrepreneurship and small business development on
22 our economy and the role of the SBDC in facilitating
23 it. As many of you know, the Saint Francis Small
24 Business Development Center is 1 of 18 SBDCs across
25 the state and we cover Bedford, Blair, Cambria,

1 Fulton, Huntingdon and Somerset Counties. In fact,
2 four members of the Commerce Committee cover parts of
3 our territory.

4 The Saint Francis SBDC has been a part
5 of the region since 1979, and in that time we have
6 assisted literally hundreds of businesses start, grow
7 and prosper throughout the area. This is not done in
8 a vacuum. This is done in conjunction with many
9 partners, regional and local economic development
10 organizations, chambers of commerce, financial
11 institutions and state and federal agencies among
12 others. By working cooperatively, we have made a
13 significant impact on the economy of the region.

14 Looking at the broad picture, over the
15 past ten years the Saint Francis SBDC has worked with
16 3,044 clients and provided them with over
17 57,000 hours of consulting. These clients over that
18 time period have reported, created or retaining 3,689
19 jobs. Entrepreneurs have reported starting 261
20 businesses and obtaining \$95 and a half million in
21 financing. Just think about the impact of these
22 businesses and the jobs that have been created on tax
23 revenues at all levels. There is nothing more
24 satisfying than seeing businesses that started with
25 SBDC assistance many years ago still thriving.

1 These numbers are indicative of what
2 occurs on a daily basis at all of the states' SBDCs.
3 For example, in the January 26th press release, our
4 state office pointed out that in 2009 SBDC clients
5 reported saving 3,431 jobs and creating 1,561, just
6 under 100 of these were reported from our territory.

7 Over the past decade economic
8 conditions have varied tremendously. As you know,
9 the past two years have presented challenges that
10 many of us have not seen for many years. Our
11 consulting hours at Saint Francis in 2008 and 2009
12 have been approximately 40 percent less compared to
13 what should have been the average annual number for
14 the decade. This is indicative not only of the
15 difficult times but more significantly the impact of
16 budget cuts on the ability to adequately serve our
17 clients. Since fiscal year 2007, state funds to the
18 SBDC have been reduced by half with the most
19 significant reduction coming in the current fiscal
20 year.

21 In that time, our center along with all
22 the SBDCs has made adjustments and reductions
23 including reductions to staffing and outreach to
24 attempt to maintain a level of services to our
25 clients with the resources we have available to us.

1 This is at a time when the small business community
2 most needs the assistance provided by the SBDC.

3 There have been numerous studies that have pointed
4 out it is the small business community that is the
5 engine that drives the economy out of recession.

6 The SBDC focuses on three areas to
7 assist in stemming job loss and to create new
8 employment opportunities. These include prospective
9 entrepreneurs including the unemployed, and they're
10 helped through the process of starting or purchasing
11 a new business. The second are existing business
12 owners who receive counsel on improving efficiencies
13 and implementing measures to prevent job loss. And
14 finally we help businesses strategically consider new
15 markets to boost sales that lead to new hires.

16 Let me tell you about one of our
17 clients who is highlighted in the press release I
18 mentioned earlier. Dennis Dutch Wagner had worked in
19 the truck repair business for a number of years.
20 When the firm he worked for was sold to an out of
21 state company, he could see the future was not good
22 for the facility remaining in Altoona. As a result,
23 he began evaluating the purchase of the business.
24 Mr. Wagner approached the SBDC and worked with one of
25 our consultants who provided him with the guidance on

1 all aspects of business planning, evaluating cash
2 flow and working capital needs as well as regulatory
3 and licensing requirements. In the fall of 2009, Mr.
4 Wagner received the financing needed and became the
5 owner of Dutch's Heavy Duty Truck Service. It should
6 be pointed out that he received his assistance at our
7 Blair County outreach location. Unfortunately, our
8 outreach there as well as all of our outreach
9 locations has had to be reduced by half because of
10 the budget situation.

11 The SBDC has demonstrated repeatedly
12 that it is a valuable tool and partner in economic
13 development and in facilitating job creation. At a
14 time when it is critical that the small business
15 community is provided with the tools it needs to grow
16 and thrive in challenging times, we are less able to
17 provide the stimulus and guidance many of the small
18 businesses need in order to start, grow and prosper.

19 I hope you agree that the SBDCs are an
20 important asset to our small business community
21 across the state. We look forward to working with
22 you and your fellow legislators to assure that
23 sufficient funding is in place to provide
24 entrepreneurs with the best possible opportunity to
25 succeed.

1 Thank you all for the opportunity to
2 present this information to you today and I would be
3 happy to answer any questions you may have.

4 CHAIRMAN:

5 Thank you very much, Ed. Members of
6 the Committee, questions? Representative Haluska?

7 REPRESENTATIVE HALUSKA:

8 Have you maintained your staff, or have
9 you had to lay anybody off, your any staff, since the
10 budget concerns?

11 MR. HUTTENHOWER:

12 We had to lay off one staff member last
13 fall, and then our international trade program, we
14 had reduced the staff basically through attrition,
15 but we have had big staff reductions.

16 REPRESENTATIVE HALUSKA:

17 Well, we understand obviously a lot of
18 programs in this budget cycle had to be cut
19 dramatically, a lot of agencies, and we're hearing
20 the same thing from all of those other agencies that
21 you're telling us. In the time of need, we need
22 actually, you know, to upgrade some of those
23 programs, but unfortunately as the budget process ---
24 and I think everybody here at the table can testify,
25 you have limited amount of dollars and you have 50

1 Senators, 203 Representative and a Governor, very
2 hard to come to a consensus on where to cut, what to
3 cut. So you know, hopefully as the economy turns and
4 comes back --- I don't know if it will happen this
5 next fiscal year or not, but you know, we can start
6 to look at these program and start to reinstate, you
7 know, some of the funding that was cut from some of
8 these programs. That's our hope.

9 MR. HUTTENHOWER:

10 Yeah. And I am very much appreciative
11 of the difficult situation that you are all in. And
12 I will say that and I've said to a number of you in
13 meetings that we will continue to provide the best
14 possible service with the resources that we have
15 available to us.

16 CHAIRMAN:

17 Questions? As a follow up to
18 Representative Haluska's question, we've been told by
19 some circles and all of us on both sides of the aisle
20 that this budget looks as bad as the last budget.
21 And how will the status quo with a budget next year
22 affect you adversely?

23 MR. HUTTENHOWER:

24 We would need to continue to look at
25 areas to conserve funds as much as possible. It may

1 involve more reductions in being able to outreach
2 into the region, which will be more clients would
3 have to travel to Loretto to meet with us. And then
4 obviously we're also trying to look at what other
5 sources of funds may be available so that we can
6 minimize the impact of the reductions that we've had
7 to make.

8 CHAIRMAN:

9 What can we do to help stimulate or
10 actuate your efforts in finding other sources of
11 funding?

12 MR. HUTTENHOWER:

13 I think the big thing --- and I know
14 that our local legislators were very supportive of
15 this. For example, we submitted an application in
16 the fall that we will hear about later on this spring
17 through the U.S. Department of Agriculture to again
18 provide more service in our three most rural
19 counties, which are Huntingdon, Fulton and Bedford
20 Counties, and the legislative offices were very
21 cooperative in providing support letters and that,
22 and that's one of the big areas particularly where we
23 might be looking for additional federal funds.

24 CHAIRMAN:

25 I was thinking at some point,

1 gentlemen, that maybe the committee may host a
2 workshop to try to bring in different economic
3 development agencies such as this group to talk to
4 some of the experts in Harrisburg as to other sources
5 of funding. We might be able to arrange somebody
6 from the USDA, whomever it may be. You heard the
7 President last night talking about really freezing
8 the budget for three years, so that's going to create
9 another problem.

10 So we're going to probably reach back
11 to you at some point. I believe our budget will be
12 as last year's budget. Hopefully it will not be any
13 worse, and hopefully it may be a little bit better.
14 So we may be reaching back to you to come to see us
15 or us coming out to different parts of the state to
16 host maybe workshops.

17 MR. HUTTENHOWER:

18 I would very much look forward to that.

19 CHAIRMAN:

20 Thank you. Any other questions?

21 Representative Longietti?

22 REPRESENTATIVE LONGIETTI:

23 You mentioned in your testimony that
24 your consulting hours are down somewhat in the last
25 year or two, contribute some of that to some of the

1 cuts that were made. Just curious, are you starting
2 to see people's --- is there a demand for people
3 starting new businesses? And I say that from the
4 context when you watch TV, they always talk about
5 people losing their jobs and might not --- even
6 though it's kind of ironic. We're in this recession.
7 It might not be a bad time to look at starting up
8 your own business and becoming self employed
9 particularly as there's a shakeout going on with some
10 of the businesses. So I'm just curious as to what
11 the demand is out there for people interested in
12 starting small businesses.

13 MR. HUTTENHOWER:

14 We have seen over the last few months
15 demands starting to increase a little bit. If you
16 were to ask me that question this time last year, I
17 would have said it's absolutely horrible. But over
18 the last few months things have started to get
19 better, and we did see a slight uptick towards the
20 end of 2009 in clients and in our consulting hours,
21 and hopefully that will continue as we move through
22 2010.

23 REPRESENTATIVE LONGIETTI:

24 Any comment --- and I know Chairman
25 Daley has explored this issue at past hearings on the

1 availability of finance.

2 MR. HUTTENHOWER:

3 One thing that we have found in our six
4 county region is that we have predominantly smaller
5 community and regional banks. And what we have seen
6 is that they have not been impacted nearly as hardly
7 as the banking crisis on a national level. And what
8 we have seen is if someone has a good idea, a good
9 plan and the right credit background and stuff, they
10 are able to find financing.

11 REPRESENTATIVE LONGIETTI:

12 Thank you, Mr. Chairman.

13 CHAIRMAN:

14 I think that's a great question, and we
15 do work with the banks in this committee, as you
16 know. And the community banks have suffered less in
17 Pennsylvania I know specifically than some of the
18 other financial institutions. Rob just wrote me a
19 note that on your USDA grant application that you're
20 working with your legislators on, if you --- and I'll
21 talk to you, gentlemen, as to what we can do to
22 assist your efforts. We may contact our
23 congressional delegation, our Senators, to see if we
24 can assist our local legislators in getting that
25 application.

1 MR. HUTTENHOWER:

2 Right. And we did work with
3 Congressman Shuster's office, and they provided a
4 letter of support as well.

5 CHAIRMAN:

6 Okay. How about Casey and Specter?

7 MR. HUTTENHOWER:

8 No, we did not go to the senatorial
9 offices.

10 CHAIRMAN:

11 We may want to do that. Any other
12 questions? Ed, thank you very much for testifying.
13 Once again, good to see you.

14 MR. HUTTENHOWER:

15 Thank you for giving me this
16 opportunity.

17 CHAIRMAN:

18 Next testifier is Lewis Ripley. Lewis
19 is an attorney and a small businessman in the area.

20 CHAIRMAN:

21 When you're ready, Lewis, begun.

22 ATTORNEY RIPLEY:

23 All right, gentlemen. Thank you for
24 having me here. There's a little bit of humor in how
25 I got here to testify. I was --- they really have me

1 here not as an expert, but more as just a man on the
2 street, I really think. And that's really how I got
3 here --- really the humor is that I just walked out
4 of Representative Burns' office and he actually
5 helped me with a little title problem, and Charlie
6 Vizzini, Representative Burns' aide, snagged me by
7 the arm and said, Frank needs your help, come on down
8 and testify. I said what should I testify about? He
9 said well, you're a lawyer. You'll think of
10 something.

11 So I'm not here as an expert. I don't
12 have a lot of statistics to give you. I can testify
13 regarding what we see as a big problem in our area
14 from clients that I represent.

15 Chairman Daley, you are I'm sure very
16 familiar with the subject of gas drilling of
17 Marcellus from Washington and Greene County. I had
18 one contact with one person from your area that has
19 been down there, so you already know what's happening
20 there. And that has come as far east as Indiana
21 County right now.

22 And then I gave an example with the
23 newspaper article that I included of showing what is
24 occurring in this industry from Clearfield County
25 north and east. Probably one of the paragraphs at

1 the end of ---.

2 CHAIRMAN:

3 I'm sorry. Go ahead. Continue. I'm
4 trying to delegate some functions here. Go ahead.

5 ATTORNEY RIPLEY:

6 One of the short paragraphs toward the
7 end of my testimony has to do with the possible need
8 for a little bit of regulation. Now, that may be in
9 your committee's province. If it is, fine. If it is
10 not, I would appreciate you passing these comments on
11 to whomever would be the appropriate committee.

12 This has to do --- a little bit of
13 history on this particular aspect, back 100 or more
14 years ago in the deep mining coal industry --- this
15 is mainly for those of you gentlemen who are not from
16 areas where they mine --- where they've had coal
17 mining. Cambria County has been very big in that for
18 100 years.

19 CHAIRMAN:

20 I think every member of the committee
21 here has coal in their district, including
22 Representative Costa from Allegheny county, so we're
23 all pretty familiar. Everybody is ---.

24 ATTORNEY RIPLEY:

25 One word of history on it. Back when

1 coal was developed 110, 120 years ago, the surface
2 owners sold the mining rights to the coal interest.
3 We call it segreg of the interest. And then when
4 coal mining waned in our area, a great deal of this
5 --- or the coal was mined out, a great deal of the
6 --- of these mining interests --- of these mineral
7 interests went to the county for nonpayment of taxes.
8 They were just giving up.

9 Then when the gas started quietly two,
10 three years ago here in Cambria County gas companies
11 came in and bought these rights from the county \$50 a
12 parcel no matter how many acres. There was a lot of
13 local publicity about this time, taking it, and the
14 problem --- the specific problem involving that was
15 that the owner of the surface didn't know that the
16 coal rights, mineral rights under his property were
17 being sold. Of course, you could argue that, well,
18 he should have known, he should have gone in and
19 bought them if he wanted to. But there seemed to be
20 a lot of publicity at the time involving that.

21 Now, since the most --- I would say
22 most of the gas rights --- mineral rights and gas
23 rights are severed from that of the owner of the
24 surface. Some small amount of regulation is needed
25 from what --- other of my colleagues and I believe to

1 protect the surface owners from the unscrupulous ones
2 in the gas business that would run rough shot over
3 the rights of the surface owners. And I don't have
4 anything specific to offer you, but those of us in
5 this area do believe that there is a great need to
6 protect the owners of the surface.

7 Now, getting on to what else that I was
8 going to discuss. As Representative Burns phrased
9 the question to me, and it's really I have more --- I
10 have questions more than I have answers. The
11 question is, why is Cambria County lagging behind,
12 whatever the word would be, regarding the drilling
13 for Marcellus gas? The only best reason that I can
14 come up to in talking to gas company that are
15 involved in the leasing is that we don't have the
16 infrastructure of pipelines throughout the county.
17 We have one main line crossing the county the eastern
18 line down around the center of the county, and it
19 seems to indicate that they need some kind of
20 development of more gas lines to tie into that to
21 help in the development. If there's anything that
22 your committee can do to facilitate the development
23 of this in Cambria County, I think it would help a
24 lot.

25 Now, what seems to me eminently unfair

1 --- and of course, the free enterprise system is at
2 work here between a buyer and a seller. It may be
3 that the buyer, the gas company, gets much more
4 informed than the owner of the mineral rights to
5 seller. The prices that are being paid for leasing
6 from Clearfield County up to the New York line are
7 far greater, up to 100 times greater you might ---
8 really than what is being paid to people in Cambria
9 County.

10 Now, one of the good things that came
11 from the state leasing lands is that it's a matter of
12 public record. Now, when it's done privately on a
13 lease, it can be analogous to, you know, you have a
14 deed and you just state a nominal consideration, \$1
15 or \$100. Well, in leasing it's the same thing. If
16 you want to have it on record as to how much you got
17 for your acreage, you're permitted to do that, but
18 most people just put on what's called a memorandum of
19 lease.

20 So I think the point I'm making is that
21 the word doesn't get out as to what the gas companies
22 are paying and I quote, doesn't get out locally what
23 they're paying somewhere else. And I know I heard
24 just one --- I caught just part of it on Channel Six
25 on television here from Johnstown. I saw nothing in

1 our local papers involving this. But I think that if
2 there's anything --- oh, and what little I know about
3 this attending the seminars, the geology information
4 that has been developed by Penn State and it's part
5 of the statewide seminars that are put on in this
6 area. There's one being put on around for the
7 general public, and then there's one that's being put
8 on --- more in depth one, similar, for attorneys
9 throughout the state. And the way I hear it and see
10 it in their maps, Cambria County the geology is just
11 as good as any of these other counties throughout
12 western Pennsylvania. We're on the eastern edge of
13 the Marcellus shale as the map goes. If you go
14 across Cresson Mountain to the east from then on,
15 it's very spotty going east but very solid.

16 So I don't have the answers. All I can
17 tell you is what the question is, and as all of you
18 gentlemen know, the development of the Marcellus
19 shale in Pennsylvania is probably the biggest
20 economic boom that has happened to Pennsylvania in a
21 long, long time. It's huge tremendous thing. And I
22 hope that Cambria County, my county, won't be left
23 out of this development, and I hope that we can --- I
24 hope you gentlemen can help in bringing this to
25 fruition here in Cambria County. Thank you.

1 REPRESENTATIVE BURNS:

2 Well, thank you, Mr. Ripley, for your
3 testimony. I agree with you that we must protect the
4 surface owners and there's some other environmental
5 concerns that have to be looked at, and they're being
6 addressed right now in the Energy Committee.

7 I would like to say that the Marcellus
8 shale is going to be one of the most exciting
9 industries in Pennsylvania and has the potential to
10 create tremendous job growth. And in March, I'm
11 planning a policy committee that is going to come to
12 Ebensburg, and we're going to hold another hearing
13 there on the potential job growth and what types of
14 jobs are going to be associated with this industry
15 and how we can get our workforce trained in those
16 jobs to take advantage of the opportunities that are
17 coming about.

18 And as a representative of Cambria
19 County, I want the same thing you do. I want this to
20 be developed in our region, and I will investigate
21 why the cost per acreage is less in Cambria County
22 than it is to our neighbors of the north. And as
23 soon as I get that answer, I'll not only tell you, I
24 want to make it public so that these companies are
25 not praying on the ignorance of the land owners. And

1 I will open it up any questions. Pete?

2 CHAIRMAN:

3 Yes. Part of the problem with
4 Marcellus shale in Greene County, there was a mine
5 that was being --- there was a well being dug and the
6 excess water refracted the well. The water, of
7 course, comes up as we all known, and it was dumped
8 in what is known as Dunker Creek. It contaminated
9 the creek and killed all the fish in the creek. DEP
10 immediately stepped in and put a moratorium on any
11 drilling because we do not have the facilities in
12 Pennsylvania to take out all the heavy minerals once
13 that water is brought back up to the surface.

14 I talked to the Secretary of DEP about
15 that, and what they're doing is working on developing
16 programs to have sites made available for trucking of
17 the water to have the water purified before it's put
18 back in, like it would be in this river here or in
19 the Monongahela, the Allegheny, the Ohio or the
20 Youghiogheny in all of our other regions because I
21 think we're affected by all of the rivers. All the
22 legislators here, we all have Marcellus shale, every
23 one of us have that.

24 And talking about Marcellus shale, the
25 only other reserve in America that can touch

1 Marcellus shale is in Texas, but the one that's here
2 in western Pennsylvania and through eastern Ohio and
3 northern West Virginia is probably ten times the
4 size. We have 200 years of gas that can be extracted
5 under here, under western Pennsylvania. And this is
6 truly probably the largest find outside of the
7 utilization of coal in western Pennsylvania 120 years
8 ago. So I know DEP is working on the problem.

9 And the fact that people here in this
10 county are paying less by lease per acre is
11 outrageous. I'm an attorney, and I reviewed a lease
12 for a woman from Fayette County and she was --- she
13 made on 100 acres \$200,000 for the rights of leasing
14 that land. So there's a disparity. So we need to
15 get probably all of us on board on how we can best
16 inform the public not to get bamboozled by someone,
17 in other words, but it's very, very, very important
18 because this can be the economic boom for many
19 people. It can change a lot of people's lives.

20 ATTORNEY RIPLEY:

21 I have one friend/client who did lease
22 his farm not too long ago, a couple years ago, \$50 an
23 acre and it's unconscionable.

24 CHAIRMAN:

25 It truly is.

1 ATTORNEY RIPLEY:

2 Frank, if I may add one other thing
3 that I didn't put --- I didn't think of at the time.
4 There is a difference of philosophy among different
5 local municipalities. For example, the philosophy on
6 saving the environment might be different in Barr
7 Township from Blacklick to Cambria depending on the
8 people, you know, the Township supervisors. And I do
9 also hear that this has some bearing on the fact that
10 gas companies may not have come in yet.

11 And what I would say on that is that
12 more education, I think, more dissemination of
13 information to the --- down to the local level so
14 that there would be more uniformity, if that could be
15 achieved, among the various townships. You know, as
16 we all know the famous saying, you know, all politics
17 is local. And if one township is a great deal more
18 strict than another township, you know where the gas
19 companies are going to go to start their drilling.

20 REPRESENTATIVE BURNS:

21 Well, once I get the information that I
22 need, I will go to the chair of the local governments
23 and see if we can't work out a way to help this
24 industry move along in Cambria County and, you know,
25 throughout our region, not just Cambria County. Any

1 further questions from anybody? Mark Longietti.

2 REPRESENTATIVE LONGIETTI:

3 Just curious, on your written
4 testimony, part of it you talk about as an attorney
5 this is the first recession I've experienced ---

6 ATTORNEY RIPLEY:

7 Yes.

8 REPRESENTATIVE LONGIETTI:

9 --- and has adversely effected my law
10 practice. And we've seen that I think with this
11 recession that there are very few, if any, sectors
12 that have not been significantly adversely affected.
13 I'm curious to hear from you how it's affected your
14 law practice and what type of clients that, you know,
15 just haven't been going to an attorney's office in
16 this recession.

17 ATTORNEY RIPLEY:

18 Well, I do law practice with clients
19 from all over the country really, not just locally,
20 and that part of my practice has gone down for the
21 first time. It just is because of the national
22 economy I would say. And then locally I say that
23 specifically in my law practice I can in --- as far
24 as my apartment rental business, there's no question
25 that the local, state and national economy has

1 definitely hurt that part of my business. In our bed
2 and breakfast and banquet facility business definite
3 downturn this past year. We anticipating --- we
4 hoped it would be better this coming year, but in the
5 25 years that we've had that business, it is the
6 worst year. And people only have so much
7 discretionary income, and we're in that category of
8 generally of --- you know, not entirely, but at least
9 in part of people who --- the money they spent with
10 us is discretionary. Part of it like our dealings
11 with Saint Francis University, they have to come.
12 You know, they have to come and see their children
13 and so forth, that kind of thing.

14 But the national economy --- you don't
15 hear about it from the President of the United
16 States, but things are hurting out in the
17 hinterlands. There's no question about it. He has
18 helped, you know, like General Motors, helped the
19 government inside the Belt Way. I don't mean to be
20 political here, but things are bad out in the
21 country. They really are, and I hope that they can
22 be able to get recovered here before too long. Over
23 all in my half a century, it's the worst recession
24 I've seen.

25 REPRESENTATIVE LONGIETTI:

1 Thank you, Mr. Chairman.

2 REPRESENTATIVE BURNS:

3 Any further questions?

4 REPRESENTATIVE METZGAR:

5 I'd like to invite the Executive
6 Director from the Somerset County Chamber of
7 Commerce, Ron Aldom, to come testify. Ron has been
8 working on economic development for Somerset County,
9 numerous projects, foremost, of course, some of our
10 terrorism efforts and then working on 219 for many
11 years. And I look forward to Mr. Aldom's testimony.

12 MR. ALDOM:

13 Thanks, Representative Metzgar.
14 Actually, I appreciate everyone coming out, and I
15 won't apologize for snow. Snow is economic
16 development in Somerset County, so I will not
17 apologize for snow.

18 I did do a testimony. I'm not going to
19 read it in that respect. I'm just going to use this
20 guideline. I'm going to blend a little bit of
21 optimism in. I'm a chamber director. Economic
22 community development, that's what we're about.
23 Incidentally, I just left a --- just give you an idea
24 prior to this session, we were putting together, as
25 we are across the state, most of the chambers,

1 putting together energy aggregation programs. Energy
2 caps will come off. It's an amazing program,
3 businesses. So we're really working hard with that
4 to bring some added relief, I guess is the word.

5 What I did is I kind of capsized in to
6 the issues I think that are doable. I think they're
7 winnable. I think they're relative to Somerset
8 County. And in probably the order in which they are
9 as a regulatory system is --- quite truthfully it's
10 crushing us. It's hurting us. It's devastating.

11 I know the gentleman just spoke.
12 Obviously, yes, we're a Marcellus shale area. I know
13 more about Marcellus shale than I thought I would
14 never know about something in my life. I can spot
15 terms. I can spot, you know, the Barnett shale.
16 We've studied it. Proactively, we did develop a task
17 force in Somerset County and have listen to the other
18 counties on that respect of what will happen, and
19 that's probably a term, what will happen, not what
20 can. It actually is what will happen. It's an
21 interesting process that we see obvious growth, but
22 we know the obvious detriments to it, if you want to
23 call it that. I would say it setbacks, obviously
24 water being one.

25 But relative to the regulatory system,

1 we are also a coal mining county, of course. We see
2 Marcellus. There's a lot of issues relative to that,
3 and I think they can speed it up one simply --- and
4 I've talked to many, many business people, not only
5 in the coal industry and Marcellus industry, but also
6 an industry --- manufacturing, road building,
7 basically any of the industries, and the first thing
8 they'll tell you is the permitting process is
9 terrible. It's way ahead --- it's way behind most of
10 our surrounding states, which hurts. As late as
11 yesterday, I spoke to one general manufacturer in
12 Somerset. He says, you know, I could go 40 miles
13 south and end up in Maryland, and I won't face this.
14 And I mean, he won't because he's really locked into
15 the county, and he's a very, very good businessman,
16 but he says, you know, it's there. And I thought,
17 well, you know, that's interesting, but he does deal
18 with highway projects and builds infrastructures and
19 says the permitting process it's crushing.

20 That alone would make a huge difference
21 in the time where we're looking at jobs, where jobs
22 are stunted because they can't actually go ahead with
23 the projects because they can't get permits. And
24 this, of course, goes into the coal industry. And I
25 have talked to many of the Marcellus industry people,

1 and of course, they see it, too, the relative time
2 here as compared to where they're drilling wells. In
3 Maryland they said that the time is amazingly
4 different. You know, it's a short period there.
5 Here it's whenever it happened.

6 And one of the things along that idea,
7 and Representative Daley, you mentioned on it, was
8 the TDS. I would not know TDS, but I know a lot
9 about total dissolved solids now. I went down with
10 one of my engineers to testify in Cranberry at one
11 point and, you know, really got educated quickly on
12 what that's all about. It is an issue. We're all
13 aware of that. However, the reason we where there is
14 because they want to --- I know Secretary hanger had
15 a proposal to enact --- I don't want to say ---
16 legislation I guess would be a good term, but to
17 really put a stop on that. And the numbers they were
18 using by industry experts weren't realistic, but more
19 importantly what I did learn was that their own
20 advisory board says don't do this, not now. We need
21 to explore. We need to do better testing. We need
22 to do --- and it was interesting because I don't
23 understand how when you have an advisory board and
24 they do give you direction, that it's not followed.
25 And then I understand that even the federal EPA says,

1 well, don't do that yet, there's not enough testing.

2 But what it has done is simply has put
3 a strain on that industry, but it's also strained the
4 other industries. Coal is going to experience ---
5 I'm an agriculture county. The farmer is going to be
6 effected. The one that really amazed was that
7 municipal water treatment plants, the estimated
8 billion dollars to bring them all up to speed. We're
9 at a time we don't have money. We're supposed to be
10 making money and they're asking for more money to be
11 spent. Quite truthfully that's impossible. It's not
12 going to happen, which is also along with the water
13 treatment facilities that need to be built. Again,
14 what I'm understanding --- because there is a
15 gentleman who's pursuing that in Somerset County, and
16 again, the permitting process has him to the point of
17 I'm ready --- he says, I'm just ready to abandon it.
18 It's not worth it.

19 However, when you talk to Marcellus ---
20 when you're talking that, that treatment plant is
21 really the difference between that happening and not
22 because at some point the capacity in Indiana and a
23 few of the other facilities, it has to reach its
24 capacity. We're sitting on the next gold rush. I
25 mean, we know that. There's no one relative to

1 Marcellus that doesn't understand that. You're
2 right. We're sitting on one make the Barnett shale
3 look small. Everybody is going to win. But
4 obviously, the environmental --- and one thing I'd
5 like to say in Somerset County, we have coal, we have
6 Marcellus, we obviously have wind energy, we also top
7 our natural resources. We understood --- and this is
8 what I always like about the entrepreneur part of
9 things is there was a time that the coal industry was
10 ugly. It was dirty. It did a lot to our water. We
11 brought them back. We still continue to be a major
12 coal producer. We still continue to be a Marcellus
13 producer. However, we still top, and one of the
14 things we sell in this county is hospitality tourism.
15 We just opened our new kayaking area, and we have
16 just --- we have done ski resorts. Our outdoor
17 recreation is everything. We've been able to balance
18 nature, and we have been able to do it over a period
19 of time, but in most case, the industry got better.
20 The industry solved its own issue, and I think that's
21 where this is going because as I hear --- and again,
22 by no means an expert, just listening a lot about
23 those industry is there's a lot of work being done to
24 clean up the dirty end of it and still continue with
25 the economics of it.

1 Marcellus is starting to amaze me more
2 and more because what I've seen is it's not about
3 just the drilling, about the ownership of the land
4 and that type thing, it's some of the other companies
5 that spin off. I can talk about one welding/truck
6 builder, who is a small operation. His operation has
7 went now to actually ten times the employment he had
8 two years ago. He is building fract trucks. He's
9 building water trucks. He is building facilities.
10 This was a small operation that probably employed
11 three or four people. He's probably up to 25 people
12 now.

13 CHAIRMAN:

14 Is this J&J?

15 MR. ALDOM:

16 No, this is actually Morocco Welding.
17 J&J is now on board with that, too.

18 So the spinoff --- and as a chamber
19 director, it's not just about the industry. It's
20 about the --- as I like to call it the residual part
21 of it, the spinoff into the community, you know, one
22 job and I let it --- there's been a thing thrown out
23 that one job equals ten jobs, one job in that
24 industry creates ten other jobs. I actually believe
25 that. I see it on a day-to-day basis. I see the

1 restaurants. I see the hotels. Actually, one of the
2 scary parts we have other than --- which is a great
3 scary part to have, is we're a hospitality industry.
4 We know the hotels are already being utilized
5 strongly by the industry people, and that's win ---
6 and Marcellus primarily. Coal is pretty much local
7 employment. But we see that. We also want to make
8 sure there are hospitality, tourism people. We tout
9 that. I mean, in fairness Flight 93 is in Somerset
10 County. You know, a quarter of a million people come
11 every year, and that's without the National Memorial.

12 So again, the one stress I make it is
13 the regulatory system that's doing this to us. It's
14 not --- the other parts are being solved. I really
15 see that they're --- as I listen, the industry
16 experts are saying that they are coming. I know
17 they're using the water multiple times now, and
18 initially that wasn't the issue. There seems to be
19 some winning issues there, but it seems to continue
20 to be slowed down.

21 The second issue --- just wanting to go
22 through it and question, or if a question
23 specifically or ---?

24 REPRESENTATIVE METZGAR:

25 Questions at the end.

1 MR. ALDOM:

2 Okay. The other issue is --- and
3 again, these are, I think, relative to our county,
4 our region actually. I'd like to talk in regional
5 terms. State purchasing. Somerset County is home to
6 two state correctional institutions. Absolutely
7 employment to the county, no question about it.
8 Sometimes I say unfortunately, but it is what it is.
9 But they are good jobs.

10 One of the other sale points when it
11 --- and I was not in this county at the time, but one
12 of the sale points about having a state correctional
13 institute in the county was there was also a buying
14 aspect. And it was strong, stronger than I realized
15 because how I found out later was when the purchasing
16 changed and changed in really only to encompass the
17 large, large operations, it did not --- then I
18 started getting the phone calls. And I can tout
19 names and problems. Frank, you might recognize a
20 little place called K&D Electric, who does electric
21 motors --- or works with the electricity of the
22 vehicle. He called me one day and said I've lost
23 \$40,000 worth of business just in this past few
24 months because I now longer do any of the electric.
25 It was so convenient, so perfect. I mean, they were

1 never down for more than a day. PennDOT, the prisons
2 --- I just heard it recently from Leiss Tool & Die.
3 I was talking to them, and oh, my gosh, yeah, we lost
4 on this, too. We used to supply a certain part to
5 the prisons whatever that may be, and if he told me,
6 I failed --- but it really made a huge difference in
7 some of the local operations. And it was a quick ---
8 if was a quick loss. Again, it lost employment on
9 some of the smaller businesses, which were really ---
10 that's who we're, we're a county of small businesses.
11 We really don't have that large ---.

12 But again, for the sake that they won't
13 ever allow their name to be stated, but I've talked
14 to people within that systems, the purchasing people,
15 who have absolutely told me that they are not
16 spending less money by the way the contracts work
17 now. They were actually spending less before because
18 they had the option to work with local purveyors.
19 They use Reinhart in New Stanton or some of the other
20 larger food operations. They were able to work the
21 system a lot nicer, like a business person can buy
22 when there's a wholesale kind of scenario. They
23 don't have an option. They said my budget is
24 definitely higher now, and I'm thinking, well, that's
25 kind of what we're faced with.

1 So you know, again, if that were to be
2 looked at just a little better and bring some of that
3 back because that's instant economic development.
4 That is instant jobs because that kind of business,
5 they will add people. There's no question.

6 One thing I have on here now, every
7 time I would catch an ear of anyone in a government
8 position, Route 219, and I think it's not something
9 that I'm sure --- it hasn't been heard, but that is a
10 strategic part of our future in this county. The
11 continuation of 219 and the four lane highway
12 connection north/south corridor, transportation
13 corridor is crucial. It connects not --- it's just
14 not just about Somerset. I mean, it's Johnstown.
15 And of course, there's a contingent working from the
16 northern part which we work with up in New York and
17 in the upper region of Pennsylvania. We've also
18 connected with the North South Highway Association
19 down in Cumberland, Maryland. They're on board with
20 us. Everybody has seen the importance of this
21 happening. It's crucial. We're not just a
22 transportation --- well, actually all about
23 transportation, but there's a safety issue with this
24 and so on and so forth.

25 And again, it's been a long fought

1 battle. It goes back 40 years actually. I wasn't
2 around for that one, but it's been on the books that
3 long. It's getting closer, and I know it's going to
4 take some help from the state to make this happen. A
5 lot of this will be federal funding. A lot of it
6 will be art funding, but it will take an issue from
7 the state to make this go through.

8 And lastly, I'd be wrong if I just
9 didn't say that some of the things --- and again,
10 we're part of the Pennsylvania chamber. I'm sure you
11 have --- you know, have had them testify at other
12 things. Obviously, as a chamber, we're looking at
13 the same thing, the capital stock and franchise tax,
14 lawsuit reform, small business cuts. They work.

15 And one of the other things crucial to
16 our county right now is broadband infrastructure.
17 We've made some strides, but we actually in most
18 cases --- I'm sure if you're from the county,
19 Allegheny County --- we still have the dial up in the
20 County and a lot of it. I mean, it's simply --- it's
21 hard to believe that in this day and age because most
22 people don't believe it. We're working hard as a
23 county. Commissioners are doing great. Our local
24 representation has been great. It is an issue and
25 it's an unfair issue because if you put in the

1 education factor and you weigh that out in this day
2 and age in and not having the ability to not have
3 high speed internet, educational values just drop. I
4 mean, it's just simply you can't do that.

5 And really I'm going to kind of
6 conclude there with just the simple fact is we've got
7 to become more business friendly. It just isn't ---
8 I hear it every day. I hear it from businesses every
9 day, and I'm sure you hear it, too. It isn't
10 friendly. And we don't portray a friendliness.
11 Unfortunately, in the State of Pennsylvania, there's
12 a lot of things that go through the wind of business.
13 We try to make that a little quicker, a little
14 shorter. Some things are a must, but it's not an
15 easy system. And the one thing I do, you know, feel
16 fortunate is working with my local Representatives
17 and Senators, because I mean, they have been good at
18 this. We need to get through some of the hoops. If
19 we want to make Pennsylvania move forward, we have to
20 do this.

21 And I would say I conclude on that end,
22 and please, I'm open for --- I'm really better at the
23 conversation end, so ---.

24 REPRESENTATIVE METZGAR:

25 Thank you, Mr. Aldom. I notice that

1 you said one job equals ten jobs. Would you say the
2 inverse is also true, one job equals ten jobs? You
3 said one job creates ten more, the inverse is then
4 true also?

5 MR. ALDOM:

6 Sure.

7 REPRESENTATIVE METZGAR:

8 Loss of one job ---.

9 MR. ALDOM:

10 Oh, absolutely. Oh, yeah, absolutely.

11 REPRESENTATIVE METZGAR:

12 Is that why the regulatory environment
13 is so dangerous?

14 MR. ALDOM:

15 I would say that would be true.

16 REPRESENTATIVE METZGAR:

17 For a little bit of background with the
18 committee here, the state correction institutions
19 when they came to Somerset County, the deal was that
20 they would buy things locally; correct?

21 MR. ALDOM:

22 When possible, admittedly.

23 REPRESENTATIVE METZGAR:

24 And they did that?

25 MR. ALDOM:

1 They did that amazingly well, yeah.

2 REPRESENTATIVE METZGAR:

3 And now when did that change, that
4 state purchasing?

5 MR. ALDOM:

6 I'm going to say --- I think in my
7 testimony I'm saying two. It's within the last two
8 or three years where things changed. Three was
9 something put through that bundled the bind.

10 REPRESENTATIVE METZGAR:

11 And now they buy them where?

12 MR. ALDOM:

13 They're definitely not coming from this
14 side of the state. I mean, in most cases they're
15 coming either --- unfortunately staying within the
16 state is good, but my understanding is not even all
17 of the state is --- most of these are large companies
18 who have multiple outside the state.

19 REPRESENTATIVE METZGAR:

20 Well, now like you say about the K&D
21 Electric, they worked on state vehicles; correct?

22 MR. ALDOM:

23 Right.

24 REPRESENTATIVE METZGAR:

25 And now what happens to the state

1 vehicles if they don't go to the local outfit?

2 MR. ALDOM:

3 My understanding is travel to whoever
4 has the contract. In most cases what I was told is
5 it's 120 miles in one direction to get to the
6 facility where they need to go, which really as the
7 guy explained to me, it really puts them out of
8 service for a couple days. Plus, when this really
9 hit hard was when gasoline was at \$4 a gallon. I
10 mean, financially I think it had to be relooked. I
11 don't think it made sense.

12 REPRESENTATIVE METZGAR:

13 Any other questions?

14 CHAIRMAN:

15 I have a question real quick.

16 MR. ALDOM:

17 Yes.

18 CHAIRMAN:

19 As a constituent of Representative
20 Metzgar, I have a residence at Hidden Valley for
21 20 years, so I've enjoyed the wonderful part of
22 Somerset County. The thing that I know Bill Lloyd
23 (phonetic) talked about and then all the way through
24 Carl is that 219. This has been going on for
25 30 years, this connection, this highway, which is

1 approximately what, 20 miles, is that all the further
2 we have to go down to 68?

3 MR. ALDOM:

4 Yeah, it's two sections which I think
5 now are 14 and 6.

6 REPRESENTATIVE METZGAR:

7 I don't believe we even have that. The
8 Meyersdale bypass being there now we have less than
9 20 miles. And you know, with what happened two years
10 ago, we're essentially --- \$35 million is what we
11 need to complete it.

12 CHAIRMAN:

13 \$35 million?

14 REPRESENTATIVE METZGAR:

15 Yes.

16 CHAIRMAN:

17 I'm sure you talked to the Secretary of
18 Transportation.

19 REPRESENTATIVE METZGAR:

20 Uh-huh (yes).

21 CHAIRMAN:

22 And we ought to probably have a meeting
23 with the Turnpike Commission and the Secretary of
24 Transportation about creating a link there, possibly
25 maybe a tolling extending the turnpike. I have the

1 Mon Fayette Expressway in my district, and we've been
2 fighting for that for 40 years. And finally we're
3 getting the section from Route 51 in Allegheny County
4 completed to Morgantown 68 down to Point Marion,
5 Cheat Lake area.

6 This is something that concerns me,
7 because I really believe it affects this county and
8 Somerset County with that link, and if you could get
9 that up to 80 at least, you create a whole new
10 corridor of economic development. It's just like in
11 Bedford County on 220. You know, some of that is
12 already made for four lanes, and then it goes into
13 that two lane road down through Dick Hess' District,
14 and I think that's one of the crucial parts that we
15 need to help with economic development in your
16 district and in your district and ultimately in
17 Gary's district because Gary has 322.

18 REPRESENTATIVE HALUSKA:

19 I have the end of 219 as a four lane
20 highway in my district, and then from there to DuBois
21 it's a struggle.

22 REPRESENTATIVE METZGAR:

23 It's actually as much of an issue for
24 Cambria County, because we're very fortunate in
25 southern Somerset County where we have the east/west

1 corridor with the turnpike, but Cambria County is
2 certainly very much land locked.

3 CHAIRMAN:

4 We know that. Gary, how far is 219
5 from 80 in DuBois?

6 REPRESENTATIVE HALUSKA:

7 In DuBois, I'm guessing you're probably
8 somewhere around 40 to 50 miles, somewhere in that
9 vicinity.

10 CHAIRMAN:

11 We need to talk about this, and I'm
12 going to work with you to try to get that done. If I
13 can do anything from my experience on the Mon Fayette
14 Expressway with you. \$35 million is ---.

15 MR. ALDOM:

16 The issue will never go away in
17 Somerset County. Trust me.

18 REPRESENTATIVE METZGAR:

19 The only problem with it is we're
20 using, you know, some of magic money to do that 35
21 million. If we could use state money, it would go to
22 the Turnpike Commission. It would be somewhere in
23 the tune of about \$120 million just because of the
24 match, but that's certainly a fallback position. We
25 would really like to explore that.

1 CHAIRMAN:

2 We will talk to the Governor about some
3 of that, too.

4 REPRESENTATIVE METZGAR:

5 Anyone else?

6 REPRESENTATIVE LONGIETTI:

7 Curious, are you hearing anything and
8 what are you hearing, if you're hearing anything,
9 from your members on access to credit?

10 MR. ALDOM:

11 Access to ---?

12 REPRESENTATIVE LONGIETTI:

13 Credit.

14 MR. ALDOM:

15 I'm not hearing anything too --- I
16 can't say I've heard anything where somebody is
17 really feeling bad about it. I mean, we've been
18 fortunate to have --- our banking institutions are
19 strong, in fact, amazingly strong considering what at
20 the time when everything was going down they were
21 doing --- having some of their best years ever.
22 Really I have not heard that being much of an issue.
23 It's really stayed pretty solid in this County.

24 REPRESENTATIVE LONGIETTI:

25 Thank you.

1 REPRESENTATIVE HALUSKA:

2 Ron, just one about the permitting
3 process. I know it's --- companies struggle with the
4 permitting process, but also as the budget process
5 going through this year, DCED lost a number of
6 people. If I'm not mistaken, I thought there was a
7 piece of legislative that went through that said if
8 permit wasn't approved in X amount of days, that it
9 was going to be pushed through anyhow.

10 CHAIRMAN:

11 I know we've had discussion on that. I
12 don't know if it past.

13 REPRESENTATIVE HALUSKA:

14 I went out of the House and the senate,
15 didn't make it through the whole process or whatever.
16 And we feel your pain. The Allegheny Conference Team
17 along with Consol and a lot of other companies, U.S.
18 Steel, talked to us the other night about total
19 dissolved solids, mostly in the Monongahela River,
20 but it affects us in the Susquehanna River Basin,
21 too.

22 And it seems like Secretary Hanger ---
23 this is a pet project of his that he's pushing over
24 and above beyond the Citizens Advisory Group, so some
25 way somehow we as the legislature have to sort of

1 intervene and try to make that not happen. I know
2 there's an open comment period and I hope you're
3 chamber people are making comments like we're asking,
4 you know, ours to and, you know, trying to get a lot
5 of negative comments on that so that when it goes to
6 ERC, that, you know, that process gets granted to a
7 slow push until we get this thing straightened out.

8 REPRESENTATIVE METZGAR:

9 Thank you. Anyone else?

10 AUDIENCE MEMBER:

11 Could you talk a little louder? I'm
12 sorry.

13 REPRESENTATIVE METZGAR:

14 Okay. Mr. Gibbons?

15 REPRESENTATIVE GIBBONS:

16 Thank you. One of the thing --- I want
17 to touch on the state purchasing real quickly because
18 I think that's an interesting thing. As we see we're
19 always talking about creating efficiencies. And
20 oftentimes the idea of creating efficiencies is
21 drawing things up, creating statewide contracts for
22 lower purchasing prices. But I think the situation
23 you're talking about here is showing that sometimes
24 there's a negative consequence to creating those
25 efficiencies, which sometimes means while the price

1 may be lower as you're saying, the product are coming
2 from outside of the community. And I think really we
3 should be looking and maybe be look into that
4 process, Mr. Chairman, as to, you know, are the
5 efficiencies that we're talking about by creating
6 these larger purchasing programs really there and
7 what's the impact of creating those larger purchases
8 on the local communities.

9 I have ascribed to the kind of the
10 economic theory that --- the Sam's Club, Costco
11 purchasing idea that when we buy larger, buy in bulk,
12 we get a better price. But I guess it's true that
13 there may be negatives to that that I think maybe we
14 have never really studied. And I appreciate you
15 bringing that to my attention because I never really
16 would have thought of that because it is contrary to
17 your typical economic theory, but there are outside
18 factors that come into that.

19 So while we might be getting a slightly
20 lower price, the aggregate effect on our local of
21 communities really could play into that. So that is
22 one thing I would like to say thank you for and just
23 say that I think we should consider taking a deeper
24 look into that, how the purchasing programs are
25 affecting our communities, Mr. Chairman.

1 CHAIRMAN:

2 Carl, if I could, I just told Robb to
3 set up a meeting with the Secretary of Department of
4 General Services and find out what's going on there.
5 We'll let all the members know if they want to attend
6 the meeting because you're absolutely right. I've
7 seen it in Washington County because we have prisons
8 down in Greene County, and those are a big purchasing
9 engines for our area. And it doesn't do us any good
10 having the prison there and them buying things from
11 Philadelphia. Our local people are affected by that.

12 REPRESENTATIVE HALUSKA:

13 That definitely came out of the
14 administration.

15 CHAIRMAN:

16 Did it?

17 REPRESENTATIVE HALUSKA:

18 Yeah, that sole sourcing. And as Jaret
19 was saying and Carl was saying and Ron, even PennDOT,
20 they're centered in Ebensburg. If they need a part
21 for a chainsaw, mower, whatever, they can't go to
22 Ray's Lawnmower right down the road. They have to go
23 to Granger because Granger is the sole sourcing for
24 them. So the part could even cost more money, delay
25 getting it done and everything else. So I think

1 Jaret has an idea that, you know, it looks good in
2 the beginning, but when you figure it all out in the
3 end, you're really not saving a whole lot. But this
4 wasn't something that came through the legislature.
5 This is something that the Governor's Office put in
6 to play with all his secretaries of all of the
7 departments.

8 CHAIRMAN:

9 Well, I have a meeting scheduled with
10 the Governor on House Bill 60, the Housing Trust Fund
11 Bill. Maybe we'll put that on the agenda when we
12 meet with him about that. I think it is a very
13 important area.

14 REPRESENTATIVE GIBBONS:

15 Carl, if I can do one more thing to
16 follow up. Gary did mention one of the other
17 questions I wanted to touch on, was that staffing has
18 really I think had some effect with DEP and
19 departments on the regulatory issues. I know in one
20 specific area, which is the Marcellus shale, they at
21 least --- and I know a lot of the drillers bought
22 into this, to raising the fee because with that money
23 being able to go towards keeping additional staff on
24 in DEP, specifically for processing gas well permits.
25 And I think that process has somewhat been a little

1 better than many of the other regulatory processes,
2 but that --- a lot of that I think is targeted
3 towards the increase in fee and the ability to
4 maintain staff in that specific department. But I'm
5 sure many --- I know many of the other departments
6 are struggling, and I think that's going to create
7 even more problems as we move forward as staffing
8 numbers continue to stay down with the hiring freeze
9 on and with the budget and the budget in this state
10 as it may be for the next several years.

11 So hopefully we can find, you know,
12 something and they mentioned legislation about
13 requiring time frames. Maybe that is something that
14 needs to be addressed further, but like I said, I do
15 know that area as one specifically where we have
16 tried to address through the fee process, and I know
17 that the drillers, most of them from the large
18 companies, really bought into that, said that we're
19 willing to pay to make sure that we can get our
20 permits. So I just wanted to point that out. But
21 thank you, Mr. Chairman. Thank you, Carl.

22 REPRESENTATIVE METZGAR:

23 Thank you. Any other questions? Thank
24 you, Mr. Aldom.

25 MR. ALDOM:

1 Gentlemen, thank you.

2 REPRESENTATIVE BURNS:

3 Next up we have Tim Custer. He's the
4 president of the Johnstown Building & Construction
5 Trade Council. Just want to thank you for coming
6 today.

7 MR. CUSTER:

8 Thanks for the invite.

9 REPRESENTATIVE BURNS:

10 Whenever you're ready.

11 MR. CUSTER:

12 Tim Custer, President of Johnstown
13 Building Trades. I'm not going to actually read my
14 testimony. I pretty much have it memorized. We'll
15 just go over a few things.

16 Being the President of Johnstown
17 Building Trades, I have the opportunity to represent
18 approximately 13,000 building trades, journeymen and
19 women and apprentices. We cover probably about 20
20 counties. We go over as far as Fulton County over as
21 far as Greene County up as high as Elk County.

22 Right now we are looking at a power
23 plant. It's in Clearfield County. I know that
24 doesn't really have anything to do with Somerset and
25 Cambria right now, but it all ties in. Just give me

1 a little bit of time here to explain it all.

2 Karthis Power Plant, this has been in
3 the works for almost two years now. Funding is in
4 place. The land's bought. The developer has already
5 put \$50 million of his own money into this project.
6 It's shovel ready. Infrastructure is in, ready to
7 rock and roll. The only thing the developer needs is
8 bonding, no money, just looking for guaranteed bonds,
9 and all those bonds are for is to guarantee the
10 vendors that --- they will get their money once
11 equipment or services are rendered. As each piece of
12 equipment and service is render and they get their
13 payment, that bonding goes down. So as the payments
14 go out, the bonding goes down. So there's really no
15 risk here. Everything is funded.

16 We have 60 --- well, April 1st is when
17 the first permit runs out. As soon as that permit
18 runs out, this job is off the table. This project
19 will not go. We have been diligently working with
20 Senator Casey, Senator Specter. We're doing whatever
21 we can to try to get this. If there's anything that
22 anybody would do, we'd really appreciate it.

23 Now, this project, if it would happen
24 to go, there's numerous things that's going to help
25 our area in the Johnstown, Somerset area. First of

1 all, it is a green technology plant. EPA standards,
2 they keep on fluctuating. EPA is a problem, guys.
3 It's not friendly. It's not user friendly. Nobody
4 can project right now what this plant's going to put
5 out because it is not built. But they still --- EPA
6 still says, well, you got to cut down, you got to cut
7 down. Well, cut down on what? It's not even
8 producing yet, so we do need some help with them.
9 They're running rampid here in Pennsylvania. Not
10 that they're a bad thing. I mean, we do need it, but
11 give us a little bit of slack.

12 This plant is designed to burn bony
13 piles, which, Gary, I know you know what the bony
14 piles are up in Ebensburg and, Frank, I know you do,
15 too. We have millions and millions of acres of this
16 coal that's not able to be used in the power plants
17 that we know of today. Seward Power Plant, we just
18 built five, six years ago. It incorporates these
19 bony piles.

20 This plant will burn one million tons
21 of this bony each year. So after so many years,
22 these bony piles are going to be gone and you're
23 going to have land that's going to be able to be used
24 for buildings or recreation, so it is green
25 technology. During the --- during the construction

1 of this project, you're going to have 1,500, if not
2 more, construction jobs for probably about two or
3 three years. Now, these are good and sustainable
4 wages. Okay. You're also going to have anywhere
5 between 60 and 100 permanent jobs to run the plant.
6 You're going to have 200 to 400 spinoff jobs through
7 trucking and such as that.

8 Now, some might ask how is a plant in
9 Clearfield County going to help the people in
10 Somerset and Cambria Counties. Well, this project
11 has a project labor agreement attached to it. Now,
12 what that is, if you're not familiar with the project
13 labor agreement, is it means that the construction
14 workers that are going to be employed on that project
15 will come from the local areas. The general
16 contractor might be from out of state, but they still
17 have to employ the union building trades craftsman
18 from the area. So what happens if these 1,500 people
19 --- the project starts. Up in the Clearfield area
20 there is not that many building trades craftsmen that
21 lives in that area. So the first couple jobs --- the
22 first couple calls for manpower, the local people
23 from Clearfield County and surrounding areas will go.
24 But as the project grows and needs more people, it's
25 going to reach out to Somerset, Cambria Counties.

1 It's going to reach out to Fayette, Huntingdon
2 Counties and it could go as far as to reach out to
3 the Pittsburgh and Harrisburg areas too to bring
4 construction workers in. But the nice thing about it
5 is for the first six, eight months when it's just the
6 local people on that job, all that money is being
7 spent --- or being made and then spent in that local
8 economy.

9 We just had an ethanol plant up in
10 Clearfield County. It's not online yet, but the
11 construction is pretty much wrapped up. Every truck
12 or car in that parking lot for the last two years had
13 Texas, South Carolina, Tennessee, Ohio, almost every
14 license plate except for Pennsylvania. Now, that's a
15 shame. Every dime that those construction workers
16 made went back to their families in a different
17 state. That's a shame. That's a crime. We cannot
18 let that happen, and the PLA protects that and
19 protects Pennsylvania. The one nice thing about PLAs
20 also it keeps it that undocumented illegal immigrants
21 cannot be employed on that project, and right now in
22 western Pennsylvania, it's not a real big problem. I
23 can see where it's going to get worse as time goes
24 on, but these PLAs do protect Pennsylvania workers.

25 Now, the developers of Karthis Project,

1 like I said, put \$50 million of their own money in it
2 already. If this project would not get off the
3 ground, it doesn't get started, what is that going to
4 tell other developers that would be thinking of maybe
5 putting a plant or any type of manufacturing in
6 Pennsylvania? They're going to say, well, these
7 people put \$50 million of their own money into it.
8 All they wanted was bonding, wasn't really asking for
9 money. And they said these guys lost \$50 million of
10 their own and didn't get the plant built, so why
11 would we want to come to Pennsylvania? I'm really
12 worried about that.

13 Also, the same developers are putting
14 --- are right now in the process of building two of
15 these power plants over in China. They have no
16 problems. China right now is putting two power
17 plants a month online. Their construction rate over
18 there is just phenomenal. I give credit to our
19 environmental standards in the United States.
20 Granted they are necessary, but we need a little bit
21 of relaxation on them. We need some help to get some
22 of these projects going. Also, these developers at
23 Karthis are looking about putting a power plant in
24 Somerset County. I am really afraid, though, if the
25 one in Clearfield County doesn't go, the one in

1 Somerset County will not go also.

2 So some of my other ideas, with the
3 exception of this power plant, which would create
4 jobs right now --- I mean, we're --- if they got the
5 bonding probably next month or April, we'd have
6 construction jobs going there and this would lead
7 into more jobs down the road. Anything else you can
8 do for manufacturing in the Cambria, Somerset area.
9 I would like to see maybe somebody look into
10 microchip plants, pharmaceutical plants. You know,
11 President Obama stated in the Union Address last
12 night, he spoke of bringing nuclear energy back.
13 What a boost in the arm that would be if we could get
14 something here. I think that's something we really
15 need to look into. I would like to offer my service
16 if I can help with anything in that area. That's my
17 forte. I'll do whatever I can.

18 As for Marcellus shale --- and I'm glad
19 the attorney brought that up. There is going to be a
20 boom here on Marcellus shale. Also as the President
21 of Building Trades, I'm the business agent for
22 Plumbers and Pipe Fitters, Local 354, which makes me
23 a delegate to the PA pipe trades. The PA pipe trades
24 are right now in the process of getting grants to
25 train these people for this pipeline. So there

1 again, we want to keep the jobs here locally. We
2 don't want to see Tennessee license plates. We don't
3 want to see Texas license plates. We want our own
4 brother and sisters making this money.

5 You know, in the infrastructure, there
6 again, Route 219, that's heavy and highway. There
7 again, that's going to be local people for the local
8 jobs, and that's what the Johnstown building trades,
9 that's what the Pennsylvania building trades is all
10 about, keeping local Pennsylvanians working, spending
11 the money in their area. Guys, that's all I got.

12 REPRESENTATIVE BURNS:

13 Thank you, Mr. Custer. I will open it
14 up to questions from the panel here. Anybody have
15 any questions?

16 Well, I would like to add something to
17 what he said at the end there about keeping
18 Pennsylvanians to work. There's a bill in the House
19 Labor Committee. It's E-Verify. And what this bill
20 does is allows investigation into companies that are
21 hiring illegal --- contractors that are hiring
22 illegal immigrants and they're not on the books. We
23 got to hold these contractors responsible, and I just
24 as I was sitting here got an e-mail that states that
25 there is approximately 125,000 illegal immigrants

1 working in Pennsylvania, and about 14 and 15 percent
2 of those are in the construction industry.

3 MR. CUSTER:

4 That's correct.

5 REPRESENTATIVE BURNS:

6 And about half of those are working
7 without paying any taxes to Pennsylvania.

8 MR. CUSTER:

9 Or healthcare, if I might add.

10 REPRESENTATIVE BURNS:

11 Or healthcare.

12 MR. CUSTER:

13 That's right.

14 REPRESENTATIVE BURNS:

15 So this was in a Labor Committee
16 hearing and the testimony was from Jessica Vaughan,
17 the Director of Policy Studies for the Center of
18 Immigration. So as you can see, this is a growing
19 problem that's only going to get larger, and I think
20 we have to address this now before it becomes an out
21 of control problem.

22 MR. CUSTER:

23 I agree.

24 REPRESENTATIVE BURNS:

25 So thank you, Mr. Custer.

1 MR. CUSTER:

2 Thank you for your time.

3 REPRESENTATIVE BURNS:

4 We have one other testifier that's not
5 on the agenda today, and that's from the Community
6 Foundation. It's Mike Kane. He's the executive
7 director. And I have done a lot of work locally with
8 Mike Kane. He has a lot of great ideas, and he's
9 done a lot of great work by pulling the business
10 community together so that they're focused on one
11 industry and one project at a time instead of a
12 shotgun approach. So I applaud, Mike, for your
13 efforts.

14 MR. KANE:

15 Thank you, Representative Burns, and
16 thank you very much for the opportunity to speak
17 before the Committee. I have a brief statement that
18 I'll read that talks about some of the things we've
19 been doing, and I'll appreciate any follow up with
20 any questions.

21 Thank you for the opportunity to
22 provide the testimony. Our community is changing and
23 the jobs and workforce needs of the community are
24 changing along with it. We are well aware that young
25 people want to live in an area rich in quality of

1 life amenities and job opportunities. To that end,
2 there are a number of projects under way that address
3 these concerns.

4 We are acutely interests in more
5 technology and biotechnology jobs. We're aware that
6 while manufacturing jobs continue to shrink
7 nationally, it is in the interest of our community
8 with its established workforce to nevertheless
9 recruit more green manufacturing jobs, such as a
10 fiber blade plant in Ebensburg. State supported
11 incentives and economic development, support provided
12 by DCED and other agencies has been helpful and
13 appreciated in these recruitment activities.

14 My testimony involves what we can do
15 together to attract more jobs. It's well understood
16 that large scale opportunities are few and far
17 between and the competition among states and even
18 within states is fierce, look no further than
19 Westinghouse's recent expansion. It is our opinion
20 that the smartest thing we can do is to create a
21 climate where employers and employees want to be in
22 order to protect the jobs we have here and to attract
23 additional ones.

24 Recently our community has undergone
25 significant planning, at least five by our count.

1 Comprehensive plans in Somerset and Cambria Counties,
2 Johnstown's master plan, the Chamber of
3 Commerce/Young Professional of the Alleghenies' 2020
4 Regional Vision and the Laurel Highlands Landscape
5 Initiative led by DCNR. These are good plans, all of
6 which have received public funding in some level and
7 which have undergone public comment at various
8 levels.

9 These plans call for increased uses of
10 our natural resources and heritage assets as economic
11 development tools to attract tourism and keep local
12 dollars here. Currently support is being sought for
13 the second phase of Whitewater Park in Conemaugh
14 Township in Somerset County for increased river
15 access and for increased river access in the
16 Kernville neighborhood in Johnstown where the river
17 wall is a barrier to access. They also call for
18 trails connected to areas where people live.

19 They call for more workforce learning
20 as a way to assure current and potential employers
21 that there is local access to training and
22 certification programs and to STEM-focused
23 preparation and retraining. They call for
24 reinvigoration of business districts for centers of
25 our community where people can live, work and shop

1 through programs to encourage small business and
2 entrepreneurship and access to capital.

3 They call for us to try to compete as a
4 region recognizing that a community is not defined as
5 much by municipal borders as it is by its shared
6 interests. State policy should defend and advance
7 this notion, even if it at times is unpopular.

8 Finally, it is important that the
9 assets of our community be packaged and marketed, our
10 workforce, our assets like abundant not water or our
11 underused rail system. We need to be able to more
12 quickly aggregate property, for example, and respond
13 to opportunities as a unified team. Questions need
14 to be asked at the public and private levels. For
15 example, what could we do to attract a supply chain
16 to the Marcellus shale natural gas development and
17 the green energy sectors? What do we need to do to
18 continue to grow technology and biotech such as the
19 Windber Research Institute which have some momentum
20 here.

21 We appreciate the opportunity for this
22 conversation and to be able to talk about these
23 things even more together as we try to grow our
24 region. As a note, the Community Foundation serves
25 Cambria, Somerset and Bedford Counties, but we also

1 manage the Penelec Sustainable Energy Fund, which
2 serves the 23 counties of the Penelec and West Penn
3 service territory that provides loans and investments
4 for sustainable renewable energy projects.

5 But to focus on our immediate region,
6 the planning that I talked about has developed six
7 early implementation priorities. They include a
8 downtown multi-use district in the City of Johnstown.
9 They include a business development strategy that
10 will provide a comprehensive web based tool to
11 communicate both --- to communicate the economic
12 opportunities and to attract private developers as a
13 sort of one stop shop that we don't have in Cambria
14 and Somerset Counties right now. It calls for, and
15 which is funded, new middle income homes in the
16 Kernville neighborhood, lead level income homes in
17 the Kernville neighborhood funded by the Cambria
18 County Redevelopment Authority through HUD funding as
19 a way to create pioneers to move in to redevelop that
20 neighborhood. There is biotech in that neighborhood.
21 There is an opportunity to transform that
22 neighborhood.

23 It calls for a communication strategy
24 that I refer to by which we look to partner with the
25 state and with economic development agencies when

1 there is an opportunity for economic development to
2 better engage the community. And finally, it calls
3 for what I think is, you know, really most exciting,
4 civic engagement in developing natural resource and
5 heritage based assets both as tourism and as a way to
6 keep local dollars in our community. This is the
7 white water activity, the trail activity and so on
8 and so forth.

9 This spring the Cambria --- this
10 summer, I should say, the Cambria Somerset Authority
11 will begin to --- white water releases the Stony
12 Creek. This will give our region its first regularly
13 scheduled white water season and the tourism that
14 comes along with that. And of course, there's
15 discussions now of opening rafting places and a bed
16 and breakfast and so forth. And the same kind of
17 things you see with healthy trail development like
18 the Great Allegheny Passage and the economic impact
19 it's had on the trail towns along the passage. These
20 are things we want to encourage.

21 We see the quality of life amenities
22 acutely tied to economic development activity, and
23 it's something we want to encourage. And as part of
24 that I want to say, I'm very supportive of efforts to
25 better understand maybe how to support a Growing

1 Greener Three initiative in the Commonwealth, and I
2 understand there are funding issues on how to fund
3 that. I'm not blind to that at all. But I think one
4 look might before the legislature and the state to
5 take a look at what's been the economic impact of
6 those activities and communities, not just the
7 recreational, but the economic impact. And I think
8 there's probably an argument to be made that that's
9 been good for our communities. If I don't stop, I'll
10 start rambling. So I'll stop ask if you have any
11 questions or comments.

12 REPRESENTATIVE BURNS:

13 Thank you, Mike. I'll address any
14 questions from the committee.

15 REPRESENTATIVE COSTA:

16 Just going to make a comment. You
17 talked about Growing Greener Two. One of my pet
18 peeves is that we voted for Growing Greener Two five
19 minutes before we voted for the pay raise. Everyone
20 obviously has a problem with the pay raise that we
21 voted in the middle of the night. Nobody complained
22 about Growing Greener being voted in the middle of
23 the night.

24 REPRESENTATIVE HALUSKA:

25 No, Mike's done a good job, and the

1 foundation has done a good job, a lot of good things
2 in the area. And hopefully, they can continue their
3 work as they progress and make, you know, living in
4 the area a better place to live. Hopefully we'll
5 attract more industry.

6 MR. KANE:

7 Thanks.

8 REPRESENTATIVE HALUSKA:

9 I think that's part of the whole
10 picture.

11 MR. KANE:

12 It's a real commitment on our part, and
13 like I said, I think we tied these community
14 activities to economic development.

15 REPRESENTATIVE BURNS:

16 Mike, what are the challenges that you
17 face in third class cities and even outlining areas
18 with blight and what are the plans to address that?

19 MR. KANE:

20 I think particular in the one plan that
21 I referenced, the Young Professionals plan, it was
22 very interesting, that one of their main complaints
23 --- and of course, I'm sure you're all familiar with
24 the Young Professionals organization, an organization
25 that sprung up in various communities. They're

1 interesting in developing really kind of workforce
2 and quality of life amenities that their generation
3 wants to see. One of their great challenges that
4 they represented in the 2020 Plan was addressing
5 blight. In fact, the consultant that came in said,
6 you know, you have this wonderful community, this
7 wonderful entrance into Johnstown and you have
8 wonderful amenities downtown that obviously need a
9 lot of attention, but nonetheless you have an
10 infrastructure in place, but you have this blight.

11 She said she went and she looked on the
12 books, the cities --- the laws with in the city, and
13 the laws are in place. But there's a capacity issue
14 within the city to address blight. There are
15 obviously difficult community issues on a
16 neighborhood level to address blight. But the fact
17 of the matter is, it's a precondition for growing ---
18 addressing blight is a precondition for growing the
19 kind of neighborhoods we want pioneers to move back
20 into such as referencing those lead houses that I did
21 in the Kernville neighborhood in Johnstown.

22 Right Now, the Cambria County
23 Redevelopment Authority will be demolishing five
24 houses, will be taking five houses down, working with
25 the people there to --- in the houses that they're

1 building and some renovating to take the vacant
2 property that comes as a result of the demolished
3 house and revert that back to --- revert that to the
4 folks that are living in renovated or new houses and
5 to create gardens and green spaces and so forth.
6 That's a project that's happened in other
7 communities. It's obviously not new here, and I'm
8 sure you probably know about this in your own
9 districts, but that's something that really help
10 could be made in making it easier for the cities to
11 acquire the properties and get past the tax issues
12 with being able to transfer those properties.

13 MR. MILLER:

14 I just wanted to mention that
15 Representative Daley is right now developing
16 legislation to address some of the problems that you
17 just outlined. And I would like to --- I'll make
18 sure you get a copy of that draft you can take a look
19 at it.

20 MR. KANE:

21 I appreciate that.

22 MR. MILLER:

23 I've given it to a few other
24 organizations like lead cities and so forth to take a
25 look at. We'll probably be doing hearings on blight

1 in the not too distant future.

2 MR. KANE:

3 Good. I think it's for our third class
4 cities as we try to refill the hole in the donut, as
5 that metaphor goes, addressing blight is a key way
6 because you can't move forward without having done
7 so.

8 REPRESENTATIVE BURNS:

9 Should there be hearings on blight, I
10 would certainly welcome the committee to come back
11 and view the City of Johnstown. I know it's a
12 problem throughout most of the third class cities,
13 but I would definitely welcome them back to our
14 region to actually view and maybe walk around the
15 communities and actually see the buildings and
16 structures that we have. No further questions for
17 Mike?

18 REPRESENTATIVE COSTA:

19 I just have a comment. I want to thank
20 Representative Burns and Representative Metzgar for
21 hosting us today. This is a beautiful theater,
22 pretty cool. I'd like to see a show here. Maybe,
23 Frank, you could set that up.

24 REPRESENTATIVE BURNS:

25 Well, thank you.

1 MR. KANE:

2 Thank you. Appreciate it.

3 REPRESENTATIVE BURNS:

4 We also have some written testimony
5 that was submitted by Linda Thompson. She's the
6 President of the Johnstown Area Regional Industries,
7 and we have written testimony from Kenneth Mesko.
8 He's the Executive Director of the Cambria County
9 Industrial Development Authority, and we also have
10 Carol Stern. She is the Director of Donor Services.

11 MR. KANE:

12 That's me.

13 REPRESENTATIVE BURNS:

14 Oh, that's Mike Kane. He actually
15 showed up to present it to us instead of just
16 submitting it. So I'd like to thank everybody again
17 for coming. And if there's no further questions, we
18 can adjourn this policy committee meeting.

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21 HEARING CONCLUDED AT 11:58 A.M.

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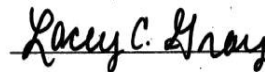
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CERTIFICATE

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3 I hereby certify, as the stenographic reporter,
4 that the foregoing proceedings were taken
5 stenographically by me, and thereafter reduced to
6 typewriting by me or under my direction; and that
7 this transcript is a true and accurate record to the
8 best of my ability.

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Court Reporter

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