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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE

MAIN CAPITOL
ROOM 140
HARRISBURG, PENNSYLVANIA

BUDGET HEARING
DEPARTMENT OF CONSERVATION AND
NATURAL RESOURCES

MONDAY, FEBRUARY 29, 2016
3:02 P.M.

BEFORE:

- HONORABLE WILLIAM F. ADOLPH, JR.,
Majority Chairman
- HONORABLE KAREN BOBACK
- HONORABLE JIM CHRISTIANA
- HONORABLE GARY DAY
- HONORABLE GEORGE DUNBAR
- HONORABLE KEITH GREINER
- HONORABLE SETH GROVE
- HONORABLE SUE HELM
- HONORABLE WARREN KAMPF
- HONORABLE FRED KELLER
- HONORABLE TOM KILLION
- HONORABLE JIM MARSHALL
- HONORABLE KURT MASSER
- HONORABLE DAVID MILLARD
- HONORABLE DUANE MILNE
- HONORABLE MARK MUSTIO
- HONORABLE MIKE PEIFER
- HONORABLE JEFFREY PYLE
- HONORABLE MARGUERITE QUINN
- HONORABLE CURT SONNEY
- HONORABLE JOSEPH MARKOSEK, Minority Chairman
- HONORABLE LESLIE ACOSTA
- HONORABLE MATTHEW BRADFORD
- HONORABLE TIM BRIGGS
- HONORABLE DONNA BULLOCK

1 BEFORE: (cont'd)

2 HONORABLE MARY JO DALEY
3 HONORABLE MADELEINE DEAN
4 HONORABLE MARIA DONATUCCI
5 HONORABLE JOHN GALLOWAY
6 HONORABLE STEPHEN KINSEY
7 HONORABLE MICHAEL O'BRIEN
8 HONORABLE KEVIN SCHREIBER
9 HONORABLE PETER SCHWEYER

10 ALSO PRESENT:

11 HONORABLE MARTY CAUSER
12 HONORABLE RUSS DIAMOND
13 HONORABLE CRIS DUSH
14 HONORABLE MINDY FEE
15 HONORABLE MATT GABLER
16 HONORABLE JULIE HARHART
17 HONORABLE KATE HARPER
18 HONORABLE ADAM HARRIS
19 HONORABLE KRISTIN PHILLIPS HILL
20 HONORABLE MARK KELLER
21 HONORABLE JOHN MAHER
22 HONORABLE DARYL METCALFE
23 HONORABLE DAVID PARKER
24 HONORABLE SCOTT PETRI
25 HONORABLE MIKE REGAN
HONORABLE RICK SACCONI
HONORABLE TODD STEPHENS
HONORABLE DAVE ZIMMERMAN
HONORABLE TOM CALTAGIRONE
HONORABLE DOM COSTA
HONORABLE MARK LONGIETTI
HONORABLE GREG VITALI
HONORABLE JAKE WHEATLEY

DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
RITCHIE LAFAVER, MAJORITY DEPUTY EXECUTIVE
DIRECTOR
CURT SCHRODER, MAJORITY CHIEF COUNSEL
MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR
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23
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25

INDEX

NAME	PAGE
CINDY ADAMS DUNN SECRETARY DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES	4

P R O C E E D I N G S

1
2 MAJORITY CHAIRMAN ADOLPH: Thank you
3 and good afternoon, everyone. I'd like to
4 reconvene the House Appropriations Committee.

5 With us this afternoon is Secretary
6 Dunn, of DCNR.

7 Madam Secretary, first want to
8 apologize for the -- the delay in the hearing.
9 I appreciate you understanding. It's an
10 opportunity for many legislators to talk to
11 the administration, and discuss budget and
12 other policy. So, sometimes it lasts a little
13 longer than anticipated.

14 SECRETARY DUNN: Understood.

15 MAJORITY CHAIRMAN ADOLPH: Secretary
16 Dunn, the mic is yours.

17 SECRETARY DUNN: Okay. Thank you.
18 Good afternoon, Chairman Adolph, Chairman
19 Markosek.

20 It is a little difficult to follow
21 Secretary Cortes, one of my good friends and a
22 very articulate spokesperson from the
23 Department of State, so I'll do my best.

24 I think in the interest of time, I'll
25 give a very brief summary of my testimony,

1 just to get into questions as quickly as
2 possible, and I'll focus on the
3 Appropriations-oriented elements from my
4 testimony.

5 So, as you can see in front of you,
6 we're proposing 356.8-million-dollar proposal.
7 It essentially allows us to operate as we
8 currently do today. It does restore 61
9 million dollars of general fund dollars into
10 DCNR's budget and moves us a step away from as
11 much dependence of fluctuating revenues of the
12 Oil and Gas Lease Fund. It does help to
13 offset a 51-million-dollar decrease in the Oil
14 and Gas Fund. It reflects a cost to carry of
15 7.8 million dollars, and we do have remaining
16 48 million dollars of Oil and Gas Funds in our
17 budget.

18 When you think about economic impact
19 of DCNR's mission, I like to highlight our
20 economic impact in the forest product
21 industry. Our work in the forestry across the
22 state helps support a 19-billion-dollar forest
23 products industry and has jobs in every single
24 county.

25 We recently did a survey of the

1 forest product industry in Pennsylvania. The
2 interesting thing to me was there are forest
3 product companies in every single county in
4 Pennsylvania. And it's a sustainable industry
5 built on Penn's Woods, a sustainable process.

6 Our parks generate 1 billion dollars
7 in state parks revenue from the 38 million
8 visitors every year, and that supports over
9 13,000 jobs.

10 And recently, in 2015, we did a
11 survey of the economic benefit of the local
12 parks, so this is new data. They generate 1.6
13 billion to the commonwealth's economy and
14 support 12.5 thousand jobs. And that's
15 something that the governor, as you know, is
16 very interested in creating jobs in
17 Pennsylvania.

18 The good news to this committee is
19 the Keystone Fund is projected to be higher
20 this year, and we're projecting an additional
21 8 million dollars for grants and a
22 14.8-million-dollar Keystone fund overall.
23 So, that's good news, and that reflects an
24 uptick in the realty transfer tax.

25 As we, at DCNR, strive to grow our

1 recreation, tourism, and conservation, and we
2 work to preserve and protect the lands owned
3 by the citizens of Pennsylvania, we will
4 continue our hard work to fight wild fires and
5 to provide accurate scientific data in geology
6 and mapping. We're proud to work with a staff
7 of DCNR and the committee and the legislature
8 to continue to make Pennsylvania a great place
9 to live, work, and play.

10 And with that, I can open up for any
11 questions you may have.

12 MAJORITY CHAIRMAN ADOLPH: That was
13 very good.

14 Madam Secretary, I'm going to -- I
15 only have one question.

16 SECRETARY DUNN: Okay.

17 MAJORITY CHAIRMAN ADOLPH: I'm sure
18 you have an idea what it's going to be. It's
19 been the Heritage Parks.

20 SECRETARY DUNN: Yes.

21 MAJORITY CHAIRMAN ADOLPH: Okay. As
22 you know, we've talked about this many times.
23 This committee has gone to Adams County, as
24 Representative O'Brien has mentioned, got
25 involved in the agritourism business down

1 there, and Heritage Parks plays a big part in
2 the tourism down there. We traveled to
3 northeast Pennsylvania, met with Heritage
4 Parks folks up there.

5 Curiosity, did you make that
6 recommendation to the governor to blue-line
7 this 2.25-million-dollar line item?

8 SECRETARY DUNN: No. I'll give you
9 the backdrop on that. As you know, DCNR and I
10 support the Heritage Parks Program. Sometimes
11 it's better to paint a picture and to call it
12 the Heritage Areas Program because some of
13 them are very large. There's twelve of them
14 in the state. DCNR staff, myself included,
15 really like the work they do. They often help
16 us in the local communities to complete trail
17 gaps. They add to culture and historical
18 tourism. They really help us get, you know,
19 people outdoors. And they help to create a
20 draw, to pull in, frankly, out-of-state
21 tourists.

22 So, the decision that the governor
23 was faced with in order to blue-line that,
24 among a lot of other key programs in the
25 commonwealth budget, had to do with revenues.

1 The revenues shortfall of, you know, half a
2 billion dollars is what led to the governor
3 blue-lining a number of wonderful projects
4 that would be wonderful to have in state
5 government, but without the revenues, that
6 were needed elsewhere, he was faced with that
7 decision.

8 So, but I just wanted you to
9 understand that it's -- it's a great program,
10 and it's no reflection of the quality of that
11 program.

12 MAJORITY CHAIRMAN ADOLPH: Okay. I'm
13 not going to debate the type of revenue that
14 was necessary. I thought House Bill 1416 did
15 about 300 million in additional revenue. But
16 -- okay. You gave the explanation.

17 Why isn't that one of the
18 supplementals?

19 SECRETARY DUNN: I think that's a
20 case where the legislature often brings that
21 back into discussion in the budget process. I
22 will say, they are eligible to compete in our
23 competitive grant program, which I want to
24 make sure it's clear, that isn't the same as
25 the kind of support they enjoy, you know, in

1 the line appropriations for the Heritage
2 Areas. But their success has always been a
3 partnership between, you know, the executive
4 branch and the legislative branch of
5 government. I think, you know, they are very
6 valuable, and I share your support.

7 MAJORITY CHAIRMAN ADOLPH: I mean,
8 I'm just telling you what I'm being told,
9 that, you know, since they don't have a line
10 item, and at one time they could apply for
11 some grants.

12 SECRETARY DUNN: Right.

13 MAJORITY CHAIRMAN ADOLPH: Okay. Are
14 you telling me that they are eligible for
15 grants now? I've been told that they say that
16 you're going to be part of the budget process,
17 that these grants are not. Have they received
18 any money through the grant process yet?

19 SECRETARY DUNN: Some of them have
20 applied for specific trail grants, specific
21 recreation grants. And I'd have to look into
22 the grants that were released in January, but
23 there probably are some that are for Heritage
24 Areas in that process.

25 We do have, you know, a few more

1 grants to be made this fiscal year. And, of
2 course, we have our grant round that began in
3 January, ends in April, but the larger revenue
4 discussion that you reference obviously is one
5 that's, you know, probably between the
6 committees and the governor's budget office.

7 MAJORITY CHAIRMAN ADOLPH: All right.
8 Thank you, Madam Secretary.

9 SECRETARY DUNN: Thank you. Thank
10 for your support.

11 MAJORITY CHAIRMAN ADOLPH: Chairman
12 Markosek.

13 MINORITY CHAIRMAN MARKOSEK: Thank
14 you.

15 Thank you, Secretary, for being here
16 today. Good to see you again.

17 SECRETARY DUNN: Good to see you.

18 MINORITY CHAIRMAN MARKOSEK: It's
19 hard to believe how fast time goes. This is
20 the second time you've been here before the
21 committee, and I can recall -- and this is, I
22 believe, my sixth time to do these hearings as
23 chairman of the committee, and I think going
24 back to about my first time, it might have
25 been my second time, when we had your

1 predecessor in a previous administration
2 represented here in front of us. We talked
3 about taking money from the Oil and Gas Lease
4 Fund and putting it into operating --
5 essentially operating costs and paying for
6 operating costs from that fund, which was set
7 up, that fund was set up for really more long-
8 term type projects, dams and waterways and
9 things like that, rather than just day-to-day
10 operating costs.

11 SECRETARY DUNN: That's correct.

12 MINORITY CHAIRMAN MARKOSEK: So, I
13 guess, really, my question now, the governor
14 apparently wants to go back and really do the
15 right thing here, and, you know, get the
16 funding for the DCNR from the general fund and
17 try to make the Oil and Gas Lease Fund whole
18 again, because we do have quite big backlog of
19 projects from that.

20 My understanding is, that could be at
21 least a billion dollars worth of projects. I
22 might be incorrect about that.

23 Can you give us an update, a status
24 report, on the projects that need to be funded
25 through the Oil and Gas Lease Fund that have

1 been short changed because we've diverted
2 funds away from that?

3 SECRETARY DUNN: Okay. In the
4 interest of brevity, I will just touch on
5 that, the two parts of that, quickly. Number
6 one is the needs side, which is large in our
7 agency. We operate a 4-billion-dollar
8 infrastructure system. You have to picture
9 one hundred twenty-one parks, twenty forest
10 districts, so the capital needs to take care
11 of one hundred twenty-one dams, eight hundred
12 bridges, forty-seven hundred miles of roads,
13 et cetera, it's very large. We've got that
14 big need. And the Oil and Gas Lease Fund, as
15 you correctly mentioned, was set up to support
16 that, as well as flood control.

17 The reality we're in right now is the
18 Oil and Gas Lease Fund, the revenues are way
19 down due to fluctuation in markets, and so
20 there's -- as much as there is need out there,
21 it's -- the fund can't serve either that need
22 or, frankly, legitimately support our
23 operating budget.

24 So, you know, looking forward, the
25 balance of having us more -- as we always

1 were -- in general fund appropriations is much
2 more regular. And then as the Oil and Gas
3 Lease Fund comes back up, then it could be
4 applied against -- these projects, also
5 there's a transfer made to the Marcellus
6 Legacy Fund that then follows the Act 13
7 distribution that was set in place in the last
8 administration.

9 So, there's a number of answers, but
10 right now, that -- that's not floating any of
11 these funds. There's a portion of it under
12 our operating budget for this fiscal year and
13 expected to rise again in the future.

14 MINORITY CHAIRMAN MARKOSEK: Okay.
15 So, we've fallen behind --

16 SECRETARY DUNN: We've fallen behind,
17 yes.

18 MINORITY CHAIRMAN MARKOSEK: -- on
19 many of those projects --

20 SECRETARY DUNN: Right.

21 MINORITY CHAIRMAN MARKOSEK: --
22 because of the Oil and Gas Lease Fund was not
23 funded properly. And, of course, with the
24 current world market of gas and fuel oil, et
25 cetera, our income is not quite the same on

1 that. So, we've really fallen behind.

2 SECRETARY DUNN: Yes, we have.

3 MINORITY CHAIRMAN MARKOSEK: But I
4 think it's important -- and I'll let you
5 comment -- that we get the operating costs of
6 DCNR back to the general fund.

7 SECRETARY DUNN: I agree.

8 MINORITY CHAIRMAN MARKOSEK: Which is
9 really, you know, a better way to run things
10 on a day-to-day basis and keep the Oil and Gas
11 Lease Funds as -- perhaps as small as they may
12 be or get, that for those more longer term
13 capital-type projects, like, as you mentioned,
14 flood control and waters and dams.

15 SECRETARY DUNN: I completely agree.
16 And that is, you know, as I mentioned in the
17 opening statements, the best contribution to
18 the state's economy we can make is really
19 attracting visitors and having people come
20 visit parks and spend money in the local
21 economy, visit trails. So, I think we offer a
22 lot to the commonwealth economy, if it can
23 maintain our infrastructure system, trails,
24 build local parks, et cetera.

25 MINORITY CHAIRMAN MARKOSEK: Okay.

1 Thank you very much.

2 SECRETARY DUNN: Thank you.

3 MAJORITY CHAIRMAN ADOLPH: Thank you.

4 As is the custom, Chairman Markosek
5 and I always invite the chairs of the standing
6 committees in the House. And today we have
7 both the Republican and the Democrat chair of
8 the Environmental Committee, Representative
9 John Maher and Representative Greg Vitali.

10 Chairman Maher, with the first
11 question.

12 REPRESENTATIVE MAHER: Thank you.

13 SECRETARY DUNN: Thank you.

14 REPRESENTATIVE MAHER: Good to see
15 you, Madam Secretary.

16 Last week, there was some confusion
17 in the conversations about a lease entered
18 into by the department which piqued my
19 interest, and I went online to the treasurer's
20 website and pulled down the lease. And I
21 think you're familiar with it.

22 SECRETARY DUNN: Right.

23 REPRESENTATIVE MAHER: We've touched
24 base on this before.

25 Can you shed the little capsule so

1 we can end the confusion about what's going on
2 here?

3 SECRETARY DUNN: Sure. I really
4 appreciate your raising this.

5 So, I know it's confusing. When the
6 governor put a moratorium on state park --
7 additional state park and forest leasing, it
8 was just focused on state park and forest
9 leasing, not what we call under river leasing.
10 The under river leasing is a completely
11 different situation.

12 So, we have gas operators who have a
13 lease on both sides of a river.
14 Environmentally, it makes sense that they can
15 access the gas, and then, in going under the
16 river, they pass through a vein of
17 commonwealth-owned property that is owned by
18 the citizens of the commonwealth. So, all
19 that DCNR does is facilitate a lease to
20 collect, as is our fiduciary responsibility,
21 those funds from underneath the water body.

22 REPRESENTATIVE MAHER: So, you're
23 going to get royalties --

24 SECRETARY DUNN: We'll get royalties.

25 REPRESENTATIVE MAHER: -- from new

1 drilling underneath a river.

2 SECRETARY DUNN: That's correct.

3 REPRESENTATIVE MAHER: Okay. Now, I
4 suppose where some of the confusion comes from
5 is, although the executive order was specific
6 as to state parks and forests, the
7 announcement made by the governor and put out
8 by his e-mail machine is that he had
9 instituted a moratorium on new drilling on
10 state land, and you're making the distinction,
11 the executive order didn't really say it's a
12 moratorium on state land. It was a moratorium
13 on state parks and state forests.

14 SECRETARY DUNN: Forest land, yes.

15 REPRESENTATIVE MAHER: And I notice
16 that on the lease that was just a couple weeks
17 ago, January 16th, was signed by the governor.
18 So, we'll have new oil and gas development on
19 on state land in Pennsylvania, thanks to a
20 lease signed by the governor. And I think
21 that whatever confusion existed on this lease
22 over in the Senate, I hope we've squared that
23 away.

24 SECRETARY DUNN: Appreciate that.

25 MAJORITY CHAIRMAN ADOLPH: Madam

1 Secretary, I've been informed that they're
2 having a hard time hearing you.

3 SECRETARY DUNN: Okay.

4 MAJORITY CHAIRMAN ADOLPH: If would
5 you move that mic forward --

6 SECRETARY DUNN: I'll do that.

7 MAJORITY CHAIRMAN ADOLPH: -- that
8 would be great.

9 SECRETARY DUNN: Is that better?

10 MAJORITY CHAIRMAN ADOLPH: Sounds
11 much better. Thank you.

12 SECRETARY DUNN: Okay.

13 And another point that Representative
14 Maher raised, so the moratorium is on new
15 leasing on state park and forest land, but
16 we're honoring the legal leases that are in
17 place. So, there, in fact, can be new
18 drilling --

19 REPRESENTATIVE MAHER: Could be new
20 drilling there.

21 SECRETARY DUNN: -- on state park and
22 forest land.

23 REPRESENTATIVE MAHER: From some of
24 the existing leases.

25 SECRETARY DUNN: Exactly.

1 REPRESENTATIVE MAHER: Yes.

2 Chairman Markosek just said that the
3 Oil and Gas Fund was not properly funded. My
4 understanding is that all of these royalties
5 go into the Oil and Gas Fund. Has something
6 happened so that they're not going into the
7 Oil and Gas Fund?

8 SECRETARY DUNN: The difference to
9 Representative Markosek, I think the point was
10 that when the fund was created in 1955 by, you
11 know, the secretary at the time of the DER,
12 Doc Goddard, and the legislature at the time,
13 the sole purpose for that fund was parks,
14 forests, and flood control. And then in the
15 fiscal code bill of '09, the funding got moved
16 to an Oil and Gas Lease Fund and a Marcellus
17 Legacy Fund and got divided out into other
18 purposes, and then a portion has supported the
19 operating budget of the agency since, and
20 still does, but to a lesser degree in this
21 budget than in the past.

22 REPRESENTATIVE MAHER: So, the action
23 that was taken by Governor Rendell when the
24 Democrats were the majority in the House is
25 something that Chairman Markosek is now saying

1 we need to retreat from, if I understand.

2 I'll move on. I'm sorry.

3 How much have your royalties declined
4 this year compared to last? We're only six
5 weeks into the year, or whatever fraction you
6 have.

7 SECRETARY DUNN: Okay. So, in
8 '15-'16, the budget we're currently in, our
9 estimated was 60 million. And then, looking
10 ahead to '16-'17, we're predicting 48 million.

11 REPRESENTATIVE MAHER: And what were
12 you predicting last year for '15-'16?

13 SECRETARY DUNN: I don't --

14 REPRESENTATIVE MAHER: I'm assuming
15 that 60 million --

16 SECRETARY DUNN: It was higher.

17 REPRESENTATIVE MAHER: -- is revised
18 based upon actual experience.

19 SECRETARY DUNN: Yeah. I want to say
20 it was -- I hate to be quoted because I could
21 be wrong on the actual number, but it was
22 higher. It was certainly higher. It was
23 80-something million.

24 REPRESENTATIVE MAHER: Like half
25 again, twice as much.

1 SECRETARY DUNN: Half again, at
2 least, and twice as much. And this is -- I
3 mean, the change is due to world --

4 REPRESENTATIVE MAHER: Sure.

5 SECRETARY DUNN: -- markets.

6 REPRESENTATIVE MAHER: Royalties are
7 down.

8 SECRETARY DUNN: Right.

9 REPRESENTATIVE MAHER: Have you --
10 have you done a calculation to -- you know,
11 there's been a lot of talk about a severance
12 tax. The governor has outlined parameters for
13 a new approach to severance tax a couple weeks
14 ago.

15 SECRETARY DUNN: Right.

16 REPRESENTATIVE MAHER: Have you put
17 pen to paper to see how much that would cost
18 the department, unless the department is
19 exempted from the severance tax?

20 SECRETARY DUNN: I haven't actually
21 looked at that.

22 REPRESENTATIVE MAHER: I'd be
23 interested to know.

24 SECRETARY DUNN: Okay. Sure.

25 REPRESENTATIVE MAHER: But your own

1 experience with these royalties serves to
2 demonstrate the devastating impact that the
3 drop in gas prices has had on what's earned
4 from producing gas now.

5 SECRETARY DUNN: Right. And I think
6 everyone expects that to go back up as
7 pipelines come into connection, as the gas is
8 shipped into New England out of Pennsylvania
9 gas fields.

10 REPRESENTATIVE MAHER: We can always
11 hope.

12 SECRETARY DUNN: Right.

13 REPRESENTATIVE MAHER: The long-term
14 plan for the department, the goals that are
15 appearing in the budget book, one of those
16 goals is sequester carbon in state forest
17 resources.

18 SECRETARY DUNN: Yes.

19 REPRESENTATIVE MAHER: Does that mean
20 grow trees?

21 SECRETARY DUNN: Yes. The good news
22 about trees is they work hard for us every
23 day.

24 REPRESENTATIVE MAHER: Yeah.

25 SECRETARY DUNN: And so, sequester

1 carbon.

2 REPRESENTATIVE MAHER: I just want to
3 make sure that's what you had in mind.

4 SECRETARY DUNN: That's exactly what
5 it is.

6 REPRESENTATIVE MAHER: Growing trees.

7 SECRETARY DUNN: Yep.

8 REPRESENTATIVE MAHER: And you want
9 to sequester an extra 860,000 tons. Is that
10 860,000 more tons of carbon? Is that an
11 annual number?

12 SECRETARY DUNN: It's an annual.

13 REPRESENTATIVE MAHER: Okay. And how
14 many tons are we sequestering now?

15 SECRETARY DUNN: So, 2015, we
16 sequestered and stored an addition one hundred
17 fifty standard tons of carbon, and if we can
18 hold the trend, we'll accumulate an additional
19 750,000 tons by 2020.

20 We do see an uptick, even though this
21 metric was described as on state forest, we're
22 working as -- as has been noted by you and
23 others, on the Chesapeake Bay initiative that
24 will lead to more voluntary forced riparian
25 buffers, and that's another place where carbon

1 can be sequestered by trees.

2 REPRESENTATIVE MAHER: And there's a
3 lot of attention on the so-called clean power
4 plan, which is not really your bailiwick, but
5 you may have some interaction with, which I
6 would prefer to think of as dealing with clean
7 air, not with power.

8 Do you know if there's any provision
9 being made for all the carbon that's being
10 sequestered in these forest resources?

11 SECRETARY DUNN: I believe that's
12 calculated in the mix. And I do think our
13 agency can be helpful in meeting whatever
14 goals are laid out for Pennsylvania in issues
15 like carbon sequestration and, in fact, our
16 own, frankly, you know, we have 4700
17 buildings. We have a pretty hefty electric
18 bill ourselves. I think we can look at energy
19 efficiencies in our system that can contribute
20 in some small way and also model, you know,
21 for the private individual and homeowners some
22 opportunities for reducing their own energy
23 consumption.

24 REPRESENTATIVE MAHER: Another one of
25 the goals was to require easements for 25,000

1 more acres of state forest. And on the first
2 blush, everybody loves forests. Everybody
3 loves parks. That's great. The complication
4 becomes, in certain areas of the state, the
5 state becomes the largest land owner. For
6 instance, in Potter County, I'm told 50
7 percent of the county is a state forest; in
8 Cameron County, 60 percent.

9 SECRETARY DUNN: Right.

10 REPRESENTATIVE MAHER: And the effect
11 of this then is to shift property tax burden
12 onto the residents of the remaining acreage.
13 There is a paltry payment that's currently
14 made by the state.

15 As you look towards accomplishing
16 this goal, are you looking at providing a
17 reasonable level of compensation in lieu of
18 property taxes to the affected municipalities
19 and counties?

20 SECRETARY DUNN: I'll address the
21 last part of that first. The payment in lieu
22 of taxes add up to three dollars sixty cents
23 per acre per year. And a third goes to the
24 county, to the municipality, and to the school
25 district. And the sources, two-thirds of that

1 money is from the gaming fund, and that's
2 something that was put in in the Rendell
3 administration, and a third of that has always
4 been general fund. So, we, essentially, just
5 pass that money through.

6 So, the benefit of the public land to
7 the local communities is two-fold. One is, in
8 the case of the forest product industry,
9 whether it was paper or wood product, they
10 depend on and do better with large forested
11 tracts being made available for harvest. And
12 we do predictable annual harvest of our state
13 forest land.

14 And during the recession, we
15 continued to release forest land for the
16 forest product industry, because we go on a
17 rotational cut, dictated by a plan. And that
18 actually helped the mills get through a tough
19 economic time. So, I think some of the
20 companies came to understand the role of the
21 private land a little differently in a tough
22 recession.

23 The other thing that I'd point out is
24 that, from the lands that we're paying this
25 bill for, there are no school kids, there are

1 no municipal services, but there are tourism
2 and economic development opportunities. And
3 we really try to hone in on benefiting the
4 local community through programs like
5 Pennsylvania Wild, where there's public land
6 and the tourists they draw can really help
7 with local jobs, help with local tax base.
8 So, we really try to carry our weight
9 economically, where we have a large holding of
10 public lands.

11 REPRESENTATIVE MAHER: Thank you.

12 SECRETARY DUNN: Thank you.

13 MAJORITY CHAIRMAN ADOLPH: Thank you.
14 Chairman Vitali.

15 REPRESENTATIVE VITALI: Thank you.

16 And thank you for coming today.

17 I just want to clarify a number of
18 thing that have been said with regard to the
19 Oil and Gas Lease Fund. And as you mentioned,
20 in 1955, it was set up for dams, flood
21 control, conservation, recreation purposes.
22 And it was funded by development on state
23 lands, like timber and oil and gas and so
24 forth.

25 I mean, the big problem is that it's

1 sort of been drained down to almost zero,
2 because the legislature has chosen to use that
3 for, you know, general operating funds and
4 things like that. I mean, what those of us
5 who are trying to protect this fund for many
6 years, our exact fears were realized. We just
7 used it all so it's not here anymore. And
8 it's not -- Rendell did not want to do this.
9 I was there. It was Mary Jo White pushing in
10 the Senate to have this stuff done, so let's
11 not make it a partisan issue.

12 But, essentially, we've just used it
13 all up on nonconservation purposes, while we
14 still have that -- I'm not sure whether it's a
15 600 million or a billion or whatever it is in
16 those infrastructure projects, those problems
17 are still here, but we've just simply spent
18 the money on nonconservation purposes. Is
19 that about a correct assessment?

20 SECRETARY DUNN: Yeah. And I think
21 it would be -- I think the use of Oil and Gas
22 Lease Fund, going forward, is really worthy of
23 it's own discussion, you know. It's an
24 opportunity, you know, to really cement the --
25 you know, the purpose of it and, you know,

1 serve all Pennsylvanians. And whether it be
2 through taking care of the backlog, whether
3 it's through grants, you know, I think there's
4 a lot of opportunity.

5 REPRESENTATIVE VITALI: Yeah. It's
6 quite a shame we just used it all up.

7 Anyway, let's just -- what I really
8 wanted to ask you, first of all, was about
9 Governor Wolf's blue ribbon commission on
10 forest and tree issues. He's recently set
11 that up.

12 Could you tell us what that is, what
13 its goals are, what it plans to achieve?

14 SECRETARY DUNN: Sure. Thank you for
15 asking.

16 When I was interviewing for the job
17 with the governor, he kept asking me, you
18 know, why is it, in Pennsylvania, we've got
19 this great forest and great hardwoods and yet
20 we don't extricate the jobs out of this
21 wonderful renewable resource in the
22 commonwealth of Pennsylvania that we really
23 could. We ship logs, which is an important
24 part of the economy as well, but what could we
25 do to support this 17-billion-dollar industry,

1 to support the forests that it depends on, and
2 to really bring back the industry in the
3 commonwealth.

4 And so we set up this commission,
5 because it's, frankly, beyond just DCNR's
6 mission. It includes the Department of Ag's
7 Hardwood Development Council, DCED --
8 Community and Economic Development, various
9 things from marketing to business development,
10 and our mission, which is to have a, you know,
11 a robust, predictable, sustainable forest to
12 support the forest product industry.

13 So, the commission's on its third --
14 actually coming up this week, I'll be
15 traveling up with the commission to Snyder
16 County, look at Wood-Mode, a big company in
17 Snyder County. Last month we were up at Penn
18 College, looking at job skills, how could we
19 recruit and keep a workforce in the
20 commonwealth of Pennsylvania to fill the job
21 skills.

22 So, we hope to have a report to the
23 governor by the summer, with a set of
24 recommendations on opportunities we can move
25 forward on.

1 The thirty-six members of this
2 commission are coming up with fantastic ideas.
3 I mean, there's some great out-of-the-box
4 thinking. It's generated a lot of interest in
5 energy. And I'd like to think we'll come back
6 to the governor with some great
7 recommendations that we can really advance
8 forests and the forest industry.

9 REPRESENTATIVE VITALI: And just one
10 final question. I know you've been taking
11 public input at meetings on the forest
12 resource management plan.

13 SECRETARY DUNN: Yes.

14 REPRESENTATIVE VITALI: Tell us a
15 little bit about that and when you expect to
16 have a final product.

17 SECRETARY DUNN: Yeah. We hope to
18 have a report back out to the public -- again,
19 we take this very seriously. It is the
20 public's forests and we're -- we serve at the
21 behest of the public to manage these. We got
22 4,000 comments, a lot of interest, a lot of
23 them focus on recreation. So, we're
24 agglomerating like comments, you know, so we
25 have, you know, a sense of scale on various

1 comments, and we hope to have a report back
2 out, you know, by late spring on what we saw,
3 and then publish our plan.

4 And we consider this, in forest
5 planning, an ongoing work, but we do a five
6 year plan to cement in place our plan for the
7 five years.

8 REPRESENTATIVE VITALI: Well, thank
9 you, and keep up the good work.

10 SECRETARY DUNN: Thank you.

11 REPRESENTATIVE VITALI: Thank you,
12 Mr. Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you.

14 At this time I'd like to acknowledge
15 the presence of Representative Marty Causer,
16 who's joined us, as well as Representative
17 Todd Stephens.

18 Next question will be asked by
19 Representative Jeff Pyle.

20 SECRETARY DUNN: Okay. Thank you.
21 Hello.

22 REPRESENTATIVE PYLE: Hi, Madam
23 Secretary.

24 Thank you, Chairman.

25 My questions are going to be

1 different than any you've gotten thus far.

2 Everybody is familiar with the phrase
3 Marcellus. Some people are familiar with the
4 term Utica. Nearly no one is familiar with
5 the phrase Nockamixon, South Jersey basin.

6 SECRETARY DUNN: Right.

7 REPRESENTATIVE PYLE: I know DCNR is
8 looking at that.

9 Could you just comment on that a
10 little bit?

11 SECRETARY DUNN: Sure. We were
12 requested by the legislature to look at these
13 layers that -- we have a bureau, not as well
14 known as some of ours, topographic geologic
15 services. We were asked to study these shale
16 layers and their economic potential. So,
17 we're doing a literature search of available
18 data and information, test wells that have
19 been drawn by some of the federal agencies,
20 and working on -- I think our deadline for
21 report is 2018, so I think we're on track to
22 do that.

23 REPRESENTATIVE PYLE: That's great.
24 Not a lot of people are familiar that there
25 are shale formations underneath Bucks and

1 Montgomery counties. Being on Energy for ten
2 years, that's the stuff we deal with.

3 In that vein, I have a question. Do
4 you have any plans in this upcoming fiscal
5 year for enhancing current fees or services or
6 generation of additional revenue? And if so,
7 how do you intend to do that?

8 SECRETARY DUNN: We have -- we'll be
9 rolling out in the next couple weeks an
10 enhance PNDI service, and that's Pennsylvania
11 Natural Diversity Inventory, and that is
12 getting increasing demand to do the search.
13 If you're not familiar with it, you probably
14 are, though, it's, you know, threatened and
15 endangered species and other key attributes in
16 the landscape. It's a service we provided for
17 free, but we're instituting a 40-dollar
18 convenience fee for anybody who wants a
19 receipt as part of a program application.
20 That convenience fee would offset the cost
21 of --

22 REPRESENTATIVE PYLE: Doing those.

23 SECRETARY DUNN: So, we're going to
24 roll that out in a couple weeks.

25 We have some additional fees. We do,

1 of course, in our -- we have concession
2 agreements throughout the state park system.
3 These can be for anything from white water
4 rafting companies, to, you know, hot dog
5 stand, to -- you know, kind of more robust
6 concessions, kayak and canoe rentals, et
7 cetera. And we have -- we have the freedom to
8 negotiate them individually, depending on the
9 service they provide, depending on the
10 revenues they generate.

11 I think that's, you know, the ones I
12 see coming up and changing any time soon.

13 REPRESENTATIVE PYLE: You don't
14 oversee mining permits. That would be DEEP
15 doubling their fees.

16 SECRETARY DUNN: That's correct.

17 REPRESENTATIVE PYLE: Okay. I'll
18 save that one for tomorrow.

19 SECRETARY DUNN: Okay.

20 REPRESENTATIVE PYLE: One of the
21 questions I do have for DCNR, an integral part
22 of the transportation bill we passed, Act 13,
23 was dirt and gravel road utilization and also
24 lower volume roads. As part of the 60th
25 District, where I'm from, you can't get more

1 praise than you can from Armstrong County.

2 Those guys absolutely adore this program.

3 But we have a little problem in
4 Indiana that leads to my question. Apparently
5 DCNR, the conservation district, acting on
6 behalf of DCNR, is overseeing dirt and gravel
7 and lesser volume road moneys being disbursed
8 in Indiana. And one of my townships recently
9 reached out to them for a little bit of help
10 to throw some more tar and chip on a road
11 that's already tar and chipped. And they were
12 told by the conservation district that there
13 was no tar and chip money going out. That was
14 all for water easement, crossing roads from
15 one side to another.

16 Ma'am, that was my bill. I'm pretty
17 sure it's not written that way. Any comments?

18 SECRETARY DUNN: I may have to circle
19 back to you on that. I'm not familiar with
20 that situation exactly.

21 I will just, to magnify your comment,
22 the dirt and gravel road program is fantastic.
23 The extra revenue that comes through us to
24 really serve these rural communities is well
25 appreciated and well used.

1 REPRESENTATIVE PYLE: Okay. One more
2 and then I'm done.

3 I did not catch your answer earlier
4 for Chairman Maher. How much carbon are we
5 currently sequestering?

6 SECRETARY DUNN: Okay. So, our
7 metric on that is that we -- we intend to
8 accumulate an additional 750,000 metric tons
9 by 2020. And in 2015, our estimate is that we
10 stored an additional 150,000 standard tons of
11 carbon.

12 REPRESENTATIVE PYLE: A hundred fifty
13 thousand ton.

14 SECRETARY DUNN: Correct.

15 REPRESENTATIVE PYLE: And this has
16 been done mostly by natural, organic tree
17 absorption?

18 SECRETARY DUNN: Yeah. Tree
19 management. Our forest management cut allows
20 for -- half of the forest land is under a
21 management rotation of about one hundred forty
22 years. And so, there's a --

23 REPRESENTATIVE PYLE: That's awesome.

24 SECRETARY DUNN: Yeah. That's good.

25 REPRESENTATIVE PYLE: Okay. I didn't

1 know if you were going the way of the Anaconda
2 domes. I know Pennsylvanians are currently
3 full of gas, and there really isn't any more
4 room to put the carbon in there.

5 SECRETARY DUNN: Right.

6 REPRESENTATIVE PYLE: Thank you,
7 Mr. Chairman.

8 Thank you, Madam Secretary.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.

10 I was remiss in not recognizing
11 Representative Rick Saccone, who's been here
12 most of the day. Also joining us is
13 Representative Mark Keller.

14 SECRETARY DUNN: Okay. Good. Thank
15 you.

16 MAJORITY CHAIRMAN ADOLPH:
17 Representative Schreiber.

18 REPRESENTATIVE SCHREIBER: Thank you,
19 Mr. Chairman.

20 Thank you, Madam Secretary. And
21 thank you to your entire team here.

22 SECRETARY DUNN: Thank you.

23 REPRESENTATIVE SCHREIBER: Too often
24 we might hear in this line of work the
25 criticism more than we hear the positives, and

1 I did just want to say thank you to your
2 entire team. DCNR has played a pretty
3 incredible role in York, Pennsylvania, with
4 respect to bringing together the public and
5 private community to help continue the
6 extension of our Heritage Rail Trail, which
7 gets over 20,000 unique visitors a month, and
8 I encourage everyone in this room to come down
9 and access the Heritage Rail Trail, easily
10 Pennsylvania's best rail trail.

11 But, you guys have played an
12 incredible role in bringing together the
13 public and private community, but also other
14 state agencies, and I think that's been
15 important. You've brought together PennDOT,
16 you've brought together DEP, and obviously
17 DCNR, and we've been able to exponentially
18 enhance and increase the amount of funding
19 that we've received from the private community
20 as a result.

21 Are you able to and can you quantify
22 the economic impact that programs such as our
23 rail trail programs or any of the programs
24 that DCNR offers in our state parks, can you
25 quantify the economic impact to --

1 SECRETARY DUNN: Yeah. Yeah. Thank
2 you for asking. And thank you for the great
3 endorsement.

4 It's interesting. I live in
5 Cumberland County. And the York Heritage Rail
6 Trail is one of the places I take out-of-state
7 visitors when they come to visit me every
8 weekend. It's also a place I offer to take
9 county commissioners from counties that are
10 considering a rail trail. I mean, nothing's
11 better in terms of serving local public and
12 garnering that public/private partnership.
13 Garners public investment as well.

14 And I'd like to think we -- we've
15 done public/private partnerships in this
16 agency long before it became, like, a
17 fashionable thing to do. And it's partly
18 because, you know, we're frankly able to
19 deliver services that people want and are
20 experiencing an even greater uptick lately.

21 This is funny. The last two
22 weekends, I was out on trails myself, you know
23 a couple nice days, one the past Sunday and
24 one just this recent Sunday, and the trail use
25 is extraordinary and there's crowds of people

1 on these trails and enjoying them.

2 We've realized, we have to tell our
3 story in economic terms as well as quality of
4 life terms. And as I mentioned, our state
5 parks generate about a billion to the economy,
6 13,500 jobs. And, again, the governor's
7 pushing us to do metrics on the jobs. Our
8 local parks, and this is a 2015 study, 1.6
9 billion to the economy and 12,500 jobs.

10 And then some of the specific rail
11 trails, for instance, York rail trail -- and
12 this study's not recent, so it's probably
13 greater now -- but the estimate was it
14 generates 4.4 million to the economy. And if
15 you look at the trail head parking lots on the
16 York Heritage Rail Trail, you see plates from
17 Maryland, Virginia, and other states. And so
18 that's definitely pulling in tourism from
19 other states.

20 You may have the best trail, but you
21 don't have the biggest trail. The Great
22 Allegheny Passage, in the western part of the
23 state, is -- it generates 40 million in the
24 trail towns and -- I think it's one hundred
25 fifty miles in Pennsylvania. It goes all the

1 way from Pittsburgh down to D.C.

2 And the Delaware Lehigh trail, which
3 is one of our Heritage Areas is leading on,
4 that generates 240 million to the economy and
5 about 3000 jobs. And when that thing's done,
6 that will go from Wilkes Barre all the way
7 down to Philly.

8 So, these big rail trails generate a
9 lot of economy and a lot of quality of life.
10 And we're building an alliance with the
11 Department of Health on the whole fitness
12 thing. There's people like me, wearing these
13 fitness devices, trying to, you know, get
14 ourselves outside more, but you see a real
15 resurgence of hiking and talking that was
16 borne out by our state recreation plan. And
17 it just showed that Pennsylvanians want to
18 walk.

19 And so, we're aiming to -- one of our
20 goals is to create a trail within fifteen
21 minutes of every Pennsylvanian. And that will
22 serve our public across the state and give
23 people an opportunity, wherever they live, to
24 get outdoors.

25 REPRESENTATIVE SCHREIBER: Thank you

1 very much. I couldn't agree with you more,
2 and we know that it's becoming an amenity that
3 people look at and look towards as they select
4 where they wish to live and their home
5 purchases.

6 Mr. Chairman, I thank you. And I
7 think I'll speak for Representative Grove as
8 well when I suggest that maybe the chairman
9 needs to have a walking retreat in the York
10 County rail trail for the Appropriations
11 Committee at some point.

12 Thank you.

13 SECRETARY DUNN: We will be happy to
14 assist with that if you choose to do so.

15 MAJORITY CHAIRMAN ADOLPH: I'll look
16 forward to that.

17 Representative Marguerite Quinn.

18 REPRESENTATIVE QUINN: Thank you,
19 Mr. Chairman.

20 Madam Secretary, I'm going to follow
21 up on my colleague's offer for a trip to York
22 County and just can't give up the opportunity
23 to talk about sixty miles of the longest,
24 narrowest, steep park probably in the United
25 States, the Delaware Canal State Park. And I

1 just bring that up, I want to thank you and
2 your staff for the great work that you've been
3 doing on that and for being so responsive to
4 us.

5 SECRETARY DUNN: Oh, thank you for
6 your --

7 REPRESENTATIVE QUINN: That's a
8 wonderful walk. And with your new knee,
9 Mr. Chairman, you, too, would be up for it.

10 I had a couple of things, and I'll be
11 as quick as possible with them.

12 Has DCNR taken a position with regard
13 to pipeline expansion, the build of pipelines
14 to accommodate the natural drilling and the
15 transport of that gas in Pennsylvania?

16 SECRETARY DUNN: Couple things to
17 mention. So, when -- in the past leases that
18 were done on state forest land, we can really
19 control and dictate through the lease
20 agreement on gathering. A lot different in
21 the pipelines. On the actual pipe lines, we
22 chaired -- our state forester, Dan Devlin,
23 chaired the state conservation task force on
24 the pipeline -- the conservation committee on
25 the pipeline task force. And those

1 recommendations were forwarded by Secretary
2 Quigley to the governor I think this last
3 week.

4 REPRESENTATIVE QUINN: Yes, just last
5 week.

6 SECRETARY DUNN: So, we fed our
7 expertise into that task force. I think we
8 were able to add some of the learnings that we
9 had on, you know, from state forest lands.

10 REPRESENTATIVE QUINN: So, you've not
11 taken an official position. You've put some
12 comment in.

13 SECRETARY DUNN: Yeah. We've
14 created -- we've added what we can to the
15 complex dialogue on and about pipelines.

16 REPRESENTATIVE QUINN: I ask,
17 because, as you know, the Keystone -- the Penn
18 East pipeline, which goes through part of my
19 district, will actually go straight through
20 that Delaware Canal State Park, under the
21 Delaware River, and into New Jersey. And I've
22 had some constituents with concerns, and I
23 didn't know, given the intersect with the
24 state park, if you've taken a position. So,
25 it sounds like no.

1 SECRETARY DUNN: Well, what happens
2 on those FERC pipelines, we do provide our
3 input on specific pipelines, and we really do
4 aim to avoid the impact on the public lands.
5 Again, we steward them for 13 million people,
6 so we take a pretty protective stance on
7 especially the state parks. And so, we have
8 provided our input to FERC, because it's
9 unclear at times how FERC will consider
10 department input in the overall input they're
11 getting.

12 REPRESENTATIVE QUINN: Thanks. And I
13 appreciate the sensitivity, especially with
14 regard to water. And that's where I was
15 scratching my head, trying to understand
16 better what I think you called recently, when
17 Chairman Maher was asking, "under river"
18 leasing.

19 SECRETARY DUNN: That's correct.

20 REPRESENTATIVE QUINN: I've only just
21 heard of it. And I was -- it was referred or
22 I learned about it being called "submerged
23 lands" leasing.

24 SECRETARY DUNN: Correct.

25 REPRESENTATIVE QUINN: So, there's a

1 moratorium on any new leases on state forests
2 and parks.

3 SECRETARY DUNN: That's correct.

4 REPRESENTATIVE QUINN: But there's no
5 such moratorium -- it actually sounds like
6 there is an initiative to drill in submerged
7 lands. Am I correct?

8 SECRETARY DUNN: Well, here's what --
9 it's not to drill in -- it's a -- it's leasing
10 that slice of land that the citizens own. So,
11 the citizens of Pennsylvania own under river.
12 DEP operates a submerged land program. The
13 commonwealth owns river bottoms and the strip
14 of land underneath them. And so, when a --
15 when a gas company that's operating, you know,
16 keep in mind, you know, a mile down, and
17 there's -- they own land -- they have a lease
18 from private landowners on both sides of that
19 river, then this facilitates them from going
20 from one side to another way underneath that
21 river.

22 So, in our view, it's separate from
23 the state park and forest land, and, in fact,
24 in allowing them to pay for that slice of
25 public land they're cutting through, way

1 underneath the river, that would help prevent
2 them from having more surface impact on the
3 top. Without that, that public land would be
4 a wall and they'd have to do drilling pads on
5 both sides of a river.

6 REPRESENTATIVE QUINN: But wasn't the
7 moratorium put in for environmental and safety
8 concerns? Because it seems to me that if
9 you're drilling on a strip of land under a
10 river bed, that you're only exasperating
11 environmental safety concerns, especially when
12 you're, you know -- if it's in an area like
13 mine in the southeast, where so many of us
14 depend on that water for drinking.

15 I'm not even sure where these
16 submerged land leases are. It just seems to
17 me contradictory to say, we're going to not do
18 anything more on land, however -- it sounds
19 like almost an excuse generated for doing
20 something on a riverbed. I know if this were
21 to happen in the Delaware River, this room
22 would be packed right now.

23 SECRETARY DUNN: Right. And this
24 is -- I should point out that the governor
25 retained and supported the moratorium on --

1 and gas leasing in the Delaware basin. That's
2 still in place. But, in reality, there's not
3 a demand for drilling in the Delaware.

4 REPRESENTATIVE QUINN: I agree.
5 There's no commercial quantity of gas there
6 anyway.

7 SECRETARY DUNN: Right. But the
8 places where there has been under river
9 leasing, these are often lands that have
10 nothing to do with park and forest lands.
11 These are privately owned lands except for
12 that slice of public land, and there's -- it
13 doesn't allow drilling per se. It's leasing
14 that slice of land and that the drilling --
15 that the drill -- not the rig but the drill
16 line passes underneath. So, it's not drilling
17 along the river banks. The drilling is
18 obviously somewhere nearby or it wouldn't
19 reach it.

20 REPRESENTATIVE QUINN: I will commit
21 to you to do more homework on my end, but it
22 sounds to me like there's an awful lot of
23 parallels to the fracking process with, you
24 know, lines going far out and through other
25 lands. So, it's not so much that they're

1 being drilled right there, but the lines are
2 traversing.

3 SECRETARY DUNN: Well, that's
4 correct. That is correct.

5 REPRESENTATIVE QUINN: And that's
6 where a lot of people get freaked out, for
7 lack of a better word, with, you know, water
8 issues.

9 SECRETARY DUNN: You're correct on
10 that. It is fracking that's allowing that to
11 happen. That's correct.

12 REPRESENTATIVE QUINN: Okay. Well, I
13 have a lot to learn on that. It just seems,
14 as I said, contradictory, especially with the
15 concerns surrounding waters.

16 SECRETARY DUNN: No. I appreciate
17 that, and I can understand your point.

18 REPRESENTATIVE QUINN: Thank you.

19 SECRETARY DUNN: Okay. Thank you.

20 MAJORITY CHAIRMAN ADOLPH: Thank you,
21 Representative.

22 Representative Mike O'Brien.

23 REPRESENTATIVE O'BRIEN: Thank you,
24 Mr. Chairman.

25 And welcome, Madam Secretary.

1 You know, it's amazing, you come up
2 here and you learn things that you didn't even
3 know exist. You know, one of those for me was
4 tipping fees.

5 SECRETARY DUNN: Right.

6 REPRESENTATIVE O'BRIEN: Now, when
7 you cross over Route 1 from Pennsylvania into
8 New Jersey, there is a bridge that says "What
9 Trenton makes, the world takes." And I've
10 always kind of felt that, on the way back
11 over, there should be a sign that says, "What
12 the world wastes, Pennsylvania takes."

13 Now, in this proposal, this budget
14 proposal, is an increase in the tipping fees.
15 Now, if you could -- if you could talk to me
16 about the additional revenue generated, number
17 one. And number two, if you could talk to me
18 about out-of-state tonnage coming in and
19 whether there's any plans for a surcharge on
20 that.

21 SECRETARY DUNN: Okay. Appreciate
22 the question. You know, I'm glad you raised
23 it. I probably should have mentioned it even
24 in the overall summary.

25 In the governor's proposal, there's a

1 proposal to increase the tipping fee, and that
2 will lead to 35 -- additional 35 million
3 dollars that will go into the Oil and Gas
4 Lease Fund to make up for lost revenues. And
5 I'll point out that, in Pennsylvania, there
6 hasn't been any such increase in landfill
7 tipping fees since the time of Growing
8 Greener I, and that put money into the
9 environmental stewardship fund.

10 This increase is a buck seventy-five
11 a ton, and it brings a total state tipping fee
12 to 8 dollars a ton. If you look around at
13 what other states are charging, and given --
14 I'm actually not the expert in this, and I
15 hate to defer this, but Secretary Quigley will
16 speak as a much greater expert. That's the
17 industry he regulates.

18 But the average in Pennsylvania,
19 average tipping fee in Pennsylvania is 76
20 dollars a ton. New York's 86 dollars a ton;
21 Delaware's 84 a ton. This is from National
22 Lands Trust -- no, Trust for Public Lands
23 study that was done. And Secretary Quigley
24 will probably have it at his fingertips.

25 Some states are cheaper. I mean,

1 Virginia, West Virginia are cheaper than
2 Pennsylvania.

3 But, I think you raise a good point.
4 Pennsylvania hasn't touched this fee for a
5 long time. Changing the fee would require,
6 you know, legislative authority, obviously,
7 whether it's through a fiscal code bill or an
8 authorization through administrative code.
9 But, like I said, it's a very good point and
10 hasn't been touched for a long time.

11 REPRESENTATIVE O'BRIEN: Any sense of
12 how much out of state?

13 SECRETARY DUNN: I'm afraid I don't
14 know the answer. Secretary Quigley may have
15 that for you.

16 REPRESENTATIVE O'BRIEN: Then we
17 shall ask.

18 Now, considering everybody's doing
19 plugs about rail stuff, I have to.

20 SECRETARY DUNN: Good.

21 REPRESENTATIVE O'BRIEN: In
22 Philadelphia, we're working on the Reading
23 Viaduct.

24 SECRETARY DUNN: Yes.

25 REPRESENTATIVE O'BRIEN: Yes. The

1 rail park. Magnificent project, two miles
2 long, some places along the old Reading
3 Viaduct, thirty feet high. We're -- we're
4 well into this project at this point. And I'd
5 like to reach out to you, after budget
6 hearings are over, and ask you if you'd come
7 down and spend a few minutes with us.

8 SECRETARY DUNN: I'd love to. I was
9 along with a group that went down to see that
10 before any of the work began. This is a
11 spectacular opportunity. I'd love to see it
12 today. I know there was a similar project in
13 New York City that was highly successful.
14 It's great to see people moving ahead on that.
15 And I'd love to come see it.

16 REPRESENTATIVE O'BRIEN: This guy
17 over here just told me his is better. We'll
18 blow them out of the water when we're done.

19 Thank you, Madam Secretary.

20 Thank you, Mr. Chairman.

21 SECRETARY DUNN: Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,
23 Representative.

24 Representative Sue Helm.

25 REPRESENTATIVE HELM: Thank you,

1 Mr. Chairman.

2 And Secretary Dunn, welcome.

3 Your budget document states about
4 one-third of DCNR's workforce is set to
5 retire --

6 SECRETARY DUNN: Yeah.

7 REPRESENTATIVE HELM: -- in the next
8 four years. And the bureau is considering an
9 out-of-state recruitment program for
10 specialized positions such as foresters.

11 That being said, could you tell me,
12 is this a department- or
13 administration-initiated idea?

14 SECRETARY DUNN: Okay. Thanks for
15 the question.

16 We -- that idea had been around for a
17 while. We didn't close the door on that.
18 But, actually, I'd like to think we've got a
19 much broader initiative. So, the purpose of
20 the point you referenced was we're trying very
21 hard to use retirement coming up as an
22 opportunity to diversify our workforce.

23 And we are looking at a robust set of
24 initiatives to diversify our workforce. I
25 think the most important one is our youth

1 initiative. There is an additional request in
2 the budget of 2.5 million and one position to
3 create a youth workforce initiative, which I
4 think will do more, frankly, for diversity
5 initiative than the out-of-state recruitment
6 thing that was mentioned I think somewhere in
7 a budget document.

8 That was -- our forestry program,
9 there's limited number of forestry schools in
10 the nation. We have great ones in
11 Pennsylvania. You have Penn State School of
12 Forestry, Mont Alto, was one of the first
13 ones. Penn College does skills training. But
14 to diversify our forestry workforce
15 particularly, we wanted to do some
16 out-of-state recruitment from other schools of
17 forestry to get some diversity into our
18 workforce, not just ethnic diversity but also,
19 you know, diversity of training as well.

20 But that's the limited area where
21 we're exploring that. And it's a limited
22 initiative where our HR, our human resources
23 department, will go to open houses at some of
24 these schools.

25 REPRESENTATIVE HELM: You said we do

1 have these schools in Pennsylvania, forestry
2 schools?

3 SECRETARY DUNN: Yes. We recruit
4 heavily from Penn State. And Penn State --
5 I'm on the Penn State board by virtue of this
6 seat, and they're working very hard. There are
7 diversity issues across, you know, the
8 campuses. But the school of forestry is one
9 that, you know, attracts, you know, very white
10 students, and we're trying to get diversity
11 into that program so you see that reflected
12 diversity in our workforce.

13 REPRESENTATIVE HELM: So, if I heard
14 you correctly, we are going to try to recruit
15 from Pennsylvania?

16 SECRETARY DUNN: We always -- I tell
17 you, we recruit very heavily from
18 Pennsylvania. The civil service laws require
19 Pennsylvania residency, and the reason this
20 was noted as a separate issue, it took a
21 waiver, a very unique and limited waiver to
22 even recruit from out of state in this one
23 area. It's such a specialization that we felt
24 that in this one case it was warranted.

25 REPRESENTATIVE HELM: All right.

1 Thank you.

2 And I'll have to get my plug in, too,
3 because we've talked about our Save the
4 Susquehanna program, and you said that when
5 the budget was finished, we'd talk more, so I
6 think we need to talk now and get the budget
7 done also. But we would like to get you more
8 involved with Save the Susquehanna.

9 SECRETARY DUNN: I like that program.
10 We've got to really reach out. I don't want
11 to sound like I'm complaining about young
12 people, but they spend a lot of time indoors.
13 And any of these great programs like Save the
14 Susquehanna that gets kids outside and opens
15 their eyes to nature, we want to, you know,
16 capture that interest and really, really make
17 them regular users of parks and like to get
18 some of them into our workforce.

19 So, we're looking much more broadly
20 at all the partnerships out there of programs
21 like this that touch youth and especially
22 urban youth.

23 So, I'd be excited to continue that
24 conversation.

25 REPRESENTATIVE HELM: Thank you. We

1 have the river school, so good way to do it.

2 SECRETARY DUNN: Absolutely. It's a
3 good program.

4 MAJORITY CHAIRMAN ADOLPH: Thank you,
5 Representative.

6 Representative Curt Masser.

7 REPRESENTATIVE MASSER: Hello, Madam
8 Secretary.

9 SECRETARY DUNN: Hello. How are you?

10 REPRESENTATIVE MASSER: DCNR is
11 currently conducting a trail gap study that
12 will analyze our state's public and private
13 ATV trails.

14 SECRETARY DUNN: That's correct.

15 REPRESENTATIVE MASSER: Can you tell
16 me when the study is expected to be completed?
17 And once the study is completed, will the
18 department begin the process to connect some
19 of these trails?

20 SECRETARY DUNN: Yeah. We
21 just always -- we just began the statewide
22 study. We let out an RFP. We're looking --
23 we expended the original study that was
24 essentially focused in the central part of the
25 state to a statewide study. And then we'll

1 look, as you pointed out, we'll look at both
2 the private and public opportunity out there
3 for the motorized public and then look at the
4 opportunities that it presents, where the gaps
5 are.

6 And as I mentioned to a lot of
7 individual lawmakers, some of the best and
8 biggest opportunities are at places like
9 Anthracite Outdoors and your project that you
10 brought into us, as well as Rock Run, in
11 Cambria County, that Representative Haluska
12 was a long time advocate for.

13 And both of these great big sites --
14 AOAA's 6,000 acres. I checked in on how it's
15 going. They sold 9,000 passes in 2015. It's
16 going great guns. It's good economic
17 development. Great opportunity.

18 Rock Run's doing very well. I just
19 talked to Gary Haluska a couple weeks ago.
20 They continue to do very well, and they're
21 bringing a lot of revenue into that very
22 depressed part of Cambria County.

23 We would -- what -- we use this study
24 to identify other gaps, and we sell so many
25 ATV registrations in Allegheny County and

1 southwest PA, I do think in some of the
2 abandoned mines in the southwestern part of
3 the commonwealth, we probably have some
4 opportunity out there. There may be other
5 opportunities to connect, you know, abandoned
6 mine sites across different places, perhaps
7 even anthracite area.

8 So, we're eager, as you are, to see
9 the results and look for the opportunities.

10 REPRESENTATIVE MASSER: I think AOAA
11 certainly benefits from being so close to
12 Rausch Creek, another park, but I think we're
13 missing an opportunity to link trails, to --
14 while that's great for one day, I think,
15 because of having Rausch Creek so close,
16 people come because they can have that multi-
17 day experience.

18 Now, I'm looking at more of the --
19 the Western Virginia model, to Hatfield-McCoy
20 Trail, which is continuous, seven hundred
21 miles long, and the trail in Utah is even
22 longer than that.

23 And we do a lot of ATV use in some of
24 the state forests; correct?

25 SECRETARY DUNN: We have about

1 almost, I'm going to say, two hundred forty
2 miles. Then we've gone back and enhanced some
3 of those areas, little connectors approved
4 facility. A lot of those are focused
5 essentially in north central PA.

6 REPRESENTATIVE MASSER: That's where
7 I understand that the real need is.

8 Well, the snowmobile and the ATV
9 registration are -- I know there was a problem
10 because we have, for the amount of money
11 coming in from ATV registrations versus the
12 snowmobile registrations, how much money is
13 devoted to each of those trail systems?

14 SECRETARY DUNN: Yeah. So, the
15 snowmobiles, we register about 38,000
16 snowmobiles and about 270,000 ATVs. I know
17 there's a perception out there that, you know,
18 that there's more ATV money in that
19 registration pot, but I should point out that
20 when we investment in the motorized
21 opportunity, we pull in other grant funds.
22 The registration fee's a small part of it.

23 I think we're actually able to take
24 federal retro money, Keystone grant money,
25 other more flexible funds. When we see a big

1 opportunity like Anthracite Outdoors or like
2 Rock Run, we don't limit our funds at all to
3 this registration fund. In fact, the ability
4 of us to take the funds available and apply
5 them to the biggest opportunity available, the
6 flexibility we have, I think, serves both ATV
7 and snowmobiles better than splitting the
8 fund.

9 However, I know there's the moves out
10 there to split the fund, and I'd just say that
11 all that will do is create an inefficiency on
12 our side. But, again, if that's what happens,
13 we'll certainly deal with it and work to serve
14 both communities.

15 REPRESENTATIVE MASSER: Again, I just
16 think that the more contiguous trails that we
17 can have, the better we're going to attract
18 visitors.

19 Have you looked at widening trails
20 because the new vehicles coming onto the
21 market?

22 SECRETARY DUNN: Yeah. We've been
23 asked to take a look at that, and we are
24 taking a look at that.

25 REPRESENTATIVE MASSER: Can you get

1 back to me and let me --

2 SECRETARY DUNN: Sure, absolutely.

3 REPRESENTATIVE MASSER: -- where you
4 are with that? I'd really like to know.

5 SECRETARY DUNN: Certainly.

6 And certainly with these new, big
7 motorized parks, I know there's a demand out
8 there, and I know they're certainly looking at
9 that. While I certainly agree with you, the
10 economic opportunity lies in creating a big
11 opportunity that will cause people to spend
12 overnight, trailer up and come in perhaps from
13 somewhere and spend some dollars. And that's
14 what we're looking for, the places where
15 they're welcome.

16 REPRESENTATIVE MASSER: Great. Thank
17 you.

18 SECRETARY DUNN: Thank you.

19 MAJORITY CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Representative Dave Millard.

22 REPRESENTATIVE MILLARD: Thank you,
23 Mr. Chairman.

24 Secretary Dunn, good afternoon.

25 SECRETARY DUNN: Good afternoon.

1 REPRESENTATIVE MILLARD: Welcome
2 before for the committee.

3 SECRETARY DUNN: Good to be here.

4 REPRESENTATIVE MILLARD: I'm going to
5 continue the line of questioning with ATVs.

6 In calendar year 2015, the number of
7 ATV accidents reported were two hundred
8 seventy-four, with two hundred eighteen
9 injuries, including thirty-four fatalities.
10 This year, there's already two accidents
11 reported with one known injury and one
12 fatality.

13 At the same time, we have only sixty-
14 six active youth safety instructors. And in
15 2015, we only trained a total of two hundred
16 ninety-four students. The number seems
17 extremely low, given the number of active
18 registered riders in the commonwealth being
19 roughly 166,000 people. So, my question is,
20 what, if anything, is the department doing to
21 encourage youth safety as it relates to riding
22 off-road vehicles, particularly ATVs? And
23 does the department have plans to enhance its
24 programs and efforts in this area? And can
25 you share with the committee the level of

1 detail of what is contained in an accident
2 report? Is there sufficient detail to assess
3 what changes need to be made to the ATV safety
4 training program?

5 SECRETARY DUNN: I appreciate the
6 comment, the question.

7 This -- just to make it clear, and,
8 again, I'm trying to push away a
9 responsibility that we have, but, in fact, we
10 don't really regulate ATVs. All we do is
11 collect a fund, and then turn around and try
12 to provide opportunity. We don't have
13 jurisdiction for, you know, on the safety and
14 at law enforcement issues.

15 Once a user's out there on the
16 private land and, well, anywhere, they're
17 really out there, and so personally lament the
18 issues that you raised about safety.

19 So, there's no -- the safety issue
20 ends up being whoever responds, whether it's
21 the state police or local emergency
22 management. So, there's really not an agency
23 charged with overall regulation of ATV. We
24 have just this one slice of it ourselves. Get
25 the registration fees and provide the

1 opportunity.

2 However, the grant money that is
3 available through the registrations if an
4 entity wants to do safety training and wants
5 to do that, that's an eligible activity, but
6 it's not an area where we have a program where
7 we have staff that's directed, or, you know
8 what I mean? We'll respond to the local
9 county or to the local club, but we don't
10 have -- there's no comprehensive program to
11 address the issues, the very serious issues
12 that you raise.

13 REPRESENTATIVE MILLARD: Well, you've
14 done the safety training, and is your
15 department charged -- or what you're telling
16 me, your department is not charged --

17 SECRETARY DUNN: We're not charged
18 with that. We run a fund and we can grant
19 funds, but we're not charged essentially with
20 a safety issue.

21 REPRESENTATIVE MILLARD: Where do you
22 think I might find a list of trainers on a
23 website, the people who are the instructors?

24 SECRETARY DUNN: I can certainly give
25 you whatever insight we might have on staff

1 based on funding requests we've gotten, and
2 then we can send that to you.

3 REPRESENTATIVE MILLARD: And I ask
4 that question on behalf of the parents. I
5 would think that, you know, till they have
6 their child take a safety training course,
7 they may not want them to be out riding an
8 ATV, unless they follow a manufacturer's
9 standard or something, but, certainly, there's
10 got to be some rules of conduct, and we just
11 want them to know where to find it and,
12 really, who to ask.

13 SECRETARY DUNN: That is a very good
14 point. And I will say that a parallel that
15 you might look at, the whole snowmobile
16 community, over time, local clubs got more
17 sophisticated on safety, provided safety
18 training, came to us for funds, and we
19 released safety training. The snowmobile
20 community is kind of a good model.

21 The mountain bike community, the same
22 thing. They're all -- again, it's all self-
23 directed, but some of the mountain bike clubs
24 have shown an interest and have done that, but
25 your point's a very valid one that's borne out

1 by statistics that you raise.

2 It's a tragedy when you see the --
3 you know, reading the paper about the
4 accidents and the deaths. We see them where
5 you do, in the media reports.

6 REPRESENTATIVE MILLARD: Anything
7 that you can provide to this committee through
8 Chairman Adolph would certainly be
9 appreciated.

10 SECRETARY DUNN: Okay. Happy to do
11 it.

12 REPRESENTATIVE MILLARD: Thank you.

13 SECRETARY DUNN: Thank you.

14 REPRESENTATIVE MILLARD: Thank you,
15 Mr. Chairman.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,
17 Representative.

18 Representative Bullock.

19 REPRESENTATIVE BULLOCK: Thank you,
20 Chairman.

21 Good afternoon, Secretary.

22 SECRETARY DUNN: Good afternoon.

23 REPRESENTATIVE BULLOCK: How are you?

24 SECRETARY DUNN: Good.

25 REPRESENTATIVE BULLOCK: Great. I'm

1 going to first put in my little request as
2 well as some of my fellow colleagues have
3 done. When you do visit the Reading Viaduct,
4 which I would second that request, I think
5 it's a great project, please come on over to
6 the East Park Reservoir, which I think you may
7 have been involved with --

8 SECRETARY DUNN: Yes.

9 REPRESENTATIVE BULLOCK: -- with the
10 Audubon Society.

11 SECRETARY DUNN: Yes, a long time
12 ago.

13 REPRESENTATIVE BULLOCK: It's a great
14 project. And my son, who is an eight-year-old
15 birder would love to join you when you do come
16 along.

17 SECRETARY DUNN: Oh, I'd love to.

18 REPRESENTATIVE BULLOCK: I know.
19 I've heard you're a birder as well.

20 I want to follow up with
21 Representative Helm's questioning and your
22 response in regard to your youth programs, and
23 that's very exciting to see you taking some
24 opportunity to encourage the younger
25 generation to get involved in taking care of

1 our natural resources and considering a career
2 in this field and, hopefully, it will increase
3 diversity in the field as well. And I believe
4 that as our commonwealth's population
5 continues to grow and those numbers continue
6 to diversify in the number of women residents
7 and the number of diverse populations
8 continues to grow, that we should also reflect
9 those populations in our workforce.

10 Can you tell me what our current
11 numbers are in regard to your agency's
12 employment?

13 SECRETARY DUNN: Yes. Let me find
14 that.

15 I think at DCNR, we are 74 percent
16 male and 26 percent female, and then -- let me
17 see if I can find the ethnic diversity
18 issues. I know -- and I think we would concur
19 that we have a long, long way to go.

20 I'm looking for -- sorry about this.
21 I have all these cheat sheets here on
22 different numbers and metrics.

23 But, I think as I recall, we have
24 about 4 percent nonwhite in our workforce.
25 So, we have a long, long way to go in our

1 recruitment. So, we're taking it seriously.
2 We see it as not just the right thing to do
3 but an essential thing for our mission. As
4 Pennsylvania's public diversifies, we need to
5 reflect the people we serve, and we are
6 actually getting a lot of interest across
7 ethnic spectrum in our state parks and on the
8 trails, et cetera, a lot of interest in the
9 local parks as well, and making the connection
10 that this is a viable career and really
11 hooking youth in deeply is the focus of our
12 youth initiative.

13 And we think -- and there was a
14 request in this budget for 2.5 million dollars
15 to really get this going and rebuild the
16 Pennsylvania Conservation Corps and recruit
17 heavily from the urban areas. We've had
18 conversations with Allegheny County, with the
19 city of Philadelphia and Michael DiBerardinis.
20 We've had a conversation with the city of
21 Harrisburg. I talked to the mayor of York,
22 and she's interested in having a conversation.

23 So, we're looking at, you know,
24 finding the pipeline of youth that might be
25 working in these local parks and they have an

1 interest, that we can then build on and help
2 make the connection for a career. But we see
3 it as critical to our mission, you know,
4 conservation and recreation in the long run.
5 You know, as diversity in Pennsylvania
6 increases, that the leaders that will emerge
7 in Pennsylvania really have a deep
8 understanding and care about our mission area
9 for the long haul.

10 And I think it's -- I think we're
11 going to be successful. I'm optimistic about
12 the program and some of the opportunities I
13 see coming.

14 REPRESENTATIVE BULLOCK: Are there
15 any specific obstacles that you see in that
16 recruitment effort, with recruiting
17 particularly minority applicants, qualified
18 minority applicants into your program, the
19 youth program, and to your agency?

20 SECRETARY DUNN: Yeah. I think
21 it's -- I think the reasons we've had some of
22 these conversations with local park and rec
23 entities is to really have access to the folks
24 that may be working with them in their
25 current, you know, programs, and really reach

1 out and find -- what we're finding and why
2 we're attributing part of our program to the
3 youth, like eighteen to twenty-five and then
4 fifteen to eighteen, we feel we have to really
5 essentially hook youth in conservation at the
6 younger age range, the fifteen to eighteen.
7 That's why the summer program, the six-week
8 program is focused on that.

9 And then, our partners, our many
10 partners out there can provide access to, you
11 know, the student or to someone it knows is
12 really interested and very right for this, so
13 that we really focus on those kids that have
14 shown an interest to their teachers, to their
15 local, you know, Audubon center that people at
16 those partner locations know that these are
17 people that really want to pursue this. So,
18 we can have early success. And then,
19 hopefully, then build a program so we have
20 a much more -- have a strong pipeline, you
21 know, coming through the system.

22 And we see spending a portion of the
23 time, particularly in the fifteen to eighteen
24 year olds, with some education as well. The
25 eighteen to twenty-five year olds will focus

1 on job skills across the board, whether it's
2 things that could allow them to get into
3 landscaping, maintenance, a whole bunch of
4 different job skills, something they can write
5 on their resume, you know, that they did for
6 ten months that's their first job that will be
7 paid, and they can get a good resume builder,
8 to then go out and seek future employment.

9 So, we're excited to get started and
10 looking forward to that program.

11 REPRESENTATIVE BULLOCK: Well, I hope
12 that gets funded, and I would love to work
13 with you on recruitment in the Philadelphia
14 area.

15 SECRETARY DUNN: Okay. That'd be
16 fantastic. Sounds like I know one
17 eight-year-old.

18 REPRESENTATIVE BULLOCK: He's
19 waiting.

20 SECRETARY DUNN: Good future one to
21 pay attention to.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,
23 Representative.

24 Representative Seth Grove.

25 REPRESENTATIVE GROVE: Thank you,

1 Mr. Chairman.

2 Good afternoon. How are you?

3 SECRETARY DUNN: Good afternoon.

4 Good. How are you?

5 REPRESENTATIVE GROVE: So, I'm going
6 to follow up with ATVs and snowmobiles, a very
7 popular topic today.

8 Can you just break down to the
9 committee money out of the restricted account
10 between ATV trail creation and maintenance and
11 snowmobile trail and creation out of the
12 restricted fund? Do you have that on you?

13 SECRETARY DUNN: I have the
14 registration numbers in front of me. The
15 trail mileage, I may have to get back to you
16 on.

17 REPRESENTATIVE GROVE: Okay.

18 SECRETARY DUNN: But the
19 registration, 275,000 ATVs registered, 38,000
20 snowmobiles registered. We had in the '14-'15
21 grants, just from the registration fund, we
22 had half a million dollars.

23 And I think, when I pointed out, I
24 think, to Representative Masser is that we
25 actually devote other funds besides this

1 registration fund. We have federal recreation
2 trail funds, of which 30 percent must be
3 dedicated to motorized, and then we just
4 choose to use some of our Keystone Funds and
5 other funds, when a big opportunity presents
6 itself, like, for instance, the land purchase,
7 AOAA or Rock Run. So, that we actually view
8 it as part of the recreational field and so
9 therefore, the recreation fund we have can be
10 used.

11 REPRESENTATIVE GROVE: Okay. And,
12 can you just break it down for the past five
13 years on -- between the ATV and snowmobile,
14 trail creation and maintenance, when you get a
15 chance?

16 SECRETARY DUNN: Get it to you, yeah.
17 Okay. Sure. Absolutely.

18 REPRESENTATIVE GROVE: Another
19 question. Starting a new park, I don't know
20 when the last time there was a new park. In
21 my district, a paper company actually drained
22 a lake because of dam issues, the cost of
23 maintenance, so they have a tract of land that
24 is now basically woods. Trees are growing in
25 that area. They went to the county to see if

1 the county was interested in building a park.

2 The cost is about -- with facilities
3 there, they used to have a restaurant for the
4 executives of the company to eat -- the cost
5 is about 1.3 million dollars, I think, to kind
6 of upgrade it.

7 The other aspect we have in York
8 County, we have a lot of quarries. We have
9 quarries in the middle of some developed
10 areas. The question is, what do you do with
11 those quarries long-term? Are the companies
12 going to maintain and keep them? Or is it
13 possible to convert them over to better
14 recreational use?

15 So, what is the process? And do you
16 have any suggestions for those two scenarios?

17 SECRETARY DUNN: Sure.

18 REPRESENTATIVE GROVE: About as far
19 as reclamation funding, along those lines?

20 SECRETARY DUNN: Yeah, so the funds,
21 the AOAA and Rock Run, the ingredient that
22 helped us get it done financially was the fact
23 that they were -- they both had abandoned mine
24 land funds that could be spent on them. And
25 so, when you picture the vast millions that

1 need to be spent on abandoned mine lands, that
2 could be used -- DEP has been a great partner
3 in this -- to do the big expensive earth
4 moving. And then we come in with our more
5 limited dollars and do the trail and
6 recreation amenity.

7 So -- and also the good part of it is
8 it's a plus -- it's a win-win environmentally.
9 So, you have a place that, you know, has had
10 run-off problems and abandoned mine problems
11 that are fixed while making it into an ATV
12 park.

13 And also another ingredient, they
14 were very large sites. As much as ATV lovers
15 love ATVs, they're not always the most popular
16 neighbors for other land uses. So, these were
17 both very big sites.

18 So, what we've -- those are the
19 recipes for success in the past. I'm not
20 saying that's the only recipe for success.
21 But I think big land holdings, availability of
22 mine land funds to fix an existing
23 environmental problem, and create a
24 recreational amenity, I think those are the
25 ingredients that have worked so far.

1 REPRESENTATIVE GROVE: Yes.

2 Is there a difference between a fully
3 integrated kind of a passive state park and
4 maybe one that's not so active, maybe a
5 passive, where you have more nature trails?
6 Is there cost difference between those two?

7 SECRETARY DUNN: We have -- I mean,
8 our state parks that -- the one hundred state
9 parks that we operate that do not have ATVs in
10 them, that -- you know, so in the passive/
11 active, I think people define differently. I
12 mean, in my view, people refer to hiking as
13 passive and to me that's more active than
14 other things. So, I'm not sure -- when people
15 use passive/active, I'm not sure exactly what
16 the difference is.

17 So, the -- the ATV opportunities that
18 are publicly and currently on forest -- state
19 forest land, which is managed for more diverse
20 recreational -- more dispersed and diverse
21 recreational opportunities, and the AOAA in
22 Cambria County, Rock Run are both -- have a
23 county role, what is a county authority,
24 county ownership. And that seems to really
25 work out well. I mean, a county role in both

1 cases was very critical.

2 REPRESENTATIVE GROVE: And that
3 developed as a -- did the county approach the
4 state on a joint effort? How was that
5 broached, do you know?

6 SECRETARY DUNN: In both cases, the
7 legislative interest played a role, and the
8 counties were very interested, and they had
9 abandoned mine lands that were an issue. So,
10 it was just a win-win all around.

11 REPRESENTATIVE GROVE: Okay. I want
12 to follow up on the nonimpact drilling that is
13 happening connecting kind of the old leases
14 moving forward. Under Governor Rendell, he
15 executed about three separate leases, brought
16 in about 400 million dollars to the
17 Commonwealth. He obviously had some
18 structural deficit issues during his
19 administration, was able -- now that money
20 came into the Oil and Gas Lease Fund, and then
21 was transferred out of the Oil and Gas Lease
22 Fund into the general fund, about 400 million
23 dollars.

24 Has the administration looked at
25 reauthorizing those leases to try to bring

1 revenue into the commonwealth? And, in fact,
2 the more drilling you have, obviously the more
3 private sector job creation. Is that an
4 avenue you're looking towards?

5 SECRETARY DUNN: No. I believe the
6 moratorium that the governor enacted in
7 January would foreclose any opportunity of any
8 additional leasing. We have existing leases
9 on state forest lands, which, again, we honor
10 those agreements. They're legal agreements.
11 And there can be additional drilling on
12 existing leases, but we're not expanding the
13 lease.

14 REPRESENTATIVE GROVE: Do you know
15 the scope of that? How many acreage is
16 available for leasing under the old leases?

17 SECRETARY DUNN: I don't have that on
18 top. I don't think we have -- I know we
19 have -- we have two hundred thirty-six well
20 pads. We have six hundred forty-six drilled.
21 And current acreage under lease is -- three
22 hundred thirty-one acres under lease.

23 REPRESENTATIVE GROVE: Okay. Can you
24 just --

25 SECRETARY DUNN: 313,000 acres.

1 REPRESENTATIVE GROVE: Okay.

2 SECRETARY DUNN: Okay.

3 REPRESENTATIVE GROVE: If you could
4 try to put together for the committee the
5 available potential leasing that could happen
6 from the old leasing, because I think Chairman
7 Maher brought up the execution of the Hilcorp,
8 which was about a hundred eighty-four acres,
9 about 4,000 dollars per acre, for a total
10 bonus buy of 736,000.

11 So, if somebody hasn't executed it as
12 of yet, they still have the option on the old
13 leases to execute those if they haven't? Is
14 that how it works?

15 SECRETARY DUNN: Before the
16 moratorium, if they had an old lease that had
17 been executed -- so once a company gathers
18 their investors and -- and there is a bid and
19 makes a play, then they have five years to
20 either drill it or hold it by agreement. If
21 they haven't done either of those, then
22 there's no -- then they don't have that
23 opportunity out on the state park and forest
24 land.

25 But if they hold a lease that they've

1 held by, you know, for the five years by
2 either drilling it or holding by agreement,
3 then that -- that remains a portion of that
4 that can still be developed. Okay.

5 REPRESENTATIVE GROVE: Okay.

6 SECRETARY DUNN: There is a legal
7 agreement.

8 REPRESENTATIVE GROVE: That's the
9 kind of area I'm looking at. How much of that
10 is left out of --

11 SECRETARY DUNN: Available.

12 REPRESENTATIVE GROVE: Yeah. How
13 much is available that hasn't been done that
14 is still available?

15 SECRETARY DUNN: Still available.

16 REPRESENTATIVE GROVE: Yeah.

17 SECRETARY DUNN: Yeah. And
18 incidentally -- we'll get that to you.
19 There's been no change. In the reports I've
20 looked at since coming on board, there's been
21 no change in activity. Keep in mind, most of
22 these are in the north central of the state,
23 where there's not been demand.

24 The under river one that was
25 mentioned was actually in the western part of

1 the state, and that was private land on both
2 sides. There was no state land, per se,
3 except for the commonwealth sliver of under
4 river land.

5 REPRESENTATIVE GROVE: Okay. Thank
6 you. I appreciate that.

7 SECRETARY DUNN: Thank you.

8 REPRESENTATIVE GROVE: Thank you,
9 Mr. Chairman.

10 MAJORITY CHAIRMAN ADOLPH: Thank you,
11 Representative.

12 Madam Secretary, I want to thank you
13 for being here today, for your testimony.
14 Looking forward to working with you and your
15 department as we move forward.

16 SECRETARY DUNN: Okay. Thank you,
17 Chairman.

18 MAJORITY CHAIRMAN ADOLPH: Thank you.

19 For the members' information, we will
20 reconvene in five minutes with the
21 Pennsylvania Attorney General.

22 Thank you.

23 SECRETARY DUNN: Thank you.

24 (Whereupon, the hearing concluded at
25 4:21 p.m.)

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2 REPORTER'S CERTIFICATE

3 I HEREBY CERTIFY that I was present upon
4 the hearing of the above-entitled matter and there
5 reported stenographically the proceedings had and
6 the testimony produced; and I further certify that
7 the foregoing is a true and correct transcript of
8 my said stenographic notes.
9

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11 BRENDA J. PARDUN, RPR
12 Court Reporter
13 Notary Public
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