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MEDIA RELEASE

DEP Secretary Krancer, Lycoming County Present Check for \$41,052.63 in Credit Trading Revenue to Nine Farmers

January 5, 2012: The County of Lycoming and special guest Pennsylvania Department of Environmental Protection Secretary Michael Krancer presented a ceremonial check to the Lycoming County Conservation District, accepting on behalf of participating farmers, to recognize the sale of 2011 nutrient credits totaling \$41,052.63. The credits were generated by nine Lycoming County farmers by implementing conservation practices to reduce pollution from their farm operations into local waters and the Chesapeake Bay.

“Trading is one of the keystones to our Chesapeake Bay strategy. Lycoming County adopted this idea early and has been at the forefront,” said Secretary Krancer. “A lot of partners in this room were required at the table to work collaboratively to make this initiative happen. Lycoming County has become a change agent in the credit trading program. We’ve come a long way—a huge way.”

“It’s just the beginning, Mr. Secretary,” said County Commissioner Jeff C. Wheeland, who chairs of the County’s Chesapeake Bay Tributary Strategy.

The event attracted a group of more than 40 local stakeholders and special guests in the Chapel room of the County’s Lysock View building. The check presentation done on the front lawn of the building overlooking the Lycoming County Farm, a working farm owned by the County. Multiple agricultural Best Management Practices (BMPs) have been implemented on the farm, including riparian buffers, off-stream watering, and rotational grazing.

Karl Brown, Executive Secretary of the State Conservation Commission, attended the event to represent the Pennsylvania Department of Agriculture. “The economy in agriculture is tight,” he

said, which makes income from new sources such as nutrient trading even more important to the farming community. “What happened in Lycoming County is about partnership. All these people are bringing their resources together, their expertise. You are truly on the cutting edge in credit trading.”

Two families representing the nine farm operations participating in the trading program, Ernie and Eileen Brown and Brad and Melana Gavitt, also attended the event. They were introduced by Mark Davidson, manager of the Lycoming County Conservation District, and recognized with a round of applause for their proactive conservation work. “This shows that conservation doesn’t cost, it pays,” said Davidson.

Charley Hall, representing 84th Representative Garth Everett, a member of the Chesapeake Bay Commission, also thanked the participating farmers. “They have put into place Best Management Practices (BMPs), and without them doing that, we would not be here today,” said Hall.

Dr. Paul Marchetti, Executive Director of the Pennsylvania Infrastructure Investment Authority (PENNVEST), the state agency which administers statewide nutrient trading auctions, also applauded the County’s efforts. “There are 34 counties in the Bay watershed, and believe me, I wish they were all like Lycoming County,” he said.

Secretary Krancer, who also serves as Vice Chair of the PENNVEST Board of Directors, touted the significant potential for cost savings that can be achieved through trading programs. “I am a supporter of market-based solutions. Trading is cheaper in many cases. And Pennsylvania is a national leader in trading. I served as legal counsel for a company that was involved in buying and selling air quality credits. I can tell you from firsthand observation that it works—no doubt about it. Air trading is easier; it’s a little harder for nutrients, so we’ve got to be thinking outside the box. We’ve got to have a change in mindset; break the mold in thinking only about bricks and mortar.”

Speaking as chair of the County’s Chesapeake Bay Point Source Work Group, Christine Weigle, Executive Director of the Lycoming County Water and Sewer Authority, said that credit trading offers flexibility to wastewater treatment authorities, which in turn will benefit their communities. She said that the County’s credit trading achievements were “only possible with the Conservation District bridging the gap between the non-point-source and point-source sectors.”

Lycoming County participated in three rounds of credit auctions held in Fall 2010 and Fall 2011 by PENNVEST. The County has received payment for all nutrient credits it has sold for the 2011 water year. Additional payments will be received in 2012 and 2013 based on existing credit contracts. After a small PENNVEST fee is assessed, the combined credit sales based on auctions held to date will result in a total of \$110,387.08 in payments to the County between 2011 and 2013.

Seventy-five percent of the revenue received by the County will be paid out to the nine farm operations that generated the credits by implementing conservation practices such as riparian

buffers, streambank fencing, rotational grazing, and manure export. There are no restrictions on the income, allowing farmers to use it however they choose.

The remaining twenty-five percent of the revenue will be retained by Lycoming County to recoup the costs of operating the program. Participation in the nutrient trading program and the PENNVEST auction requires County staff to engage in a lengthy process of credit certification, verification, determination of auction eligibility, and auction enrollment.

The PENNVEST credit auction is part of the Commonwealth's nutrient trading program, designed by the Pennsylvania Department of Environmental Protection (PA DEP) as an optional tool to decrease the cost of compliance with Chesapeake Bay pollution reduction mandates. Credit trading allows regulated point sources, such as sewer plants, to purchase credits in lieu of making costly upgrades to their on-site wastewater treatment facilities. In many cases, purchasing credits can dramatically reduce the cost of complying with nutrient reduction mandates, saving ratepayer dollars and increasing economic competitiveness.

The credits are generated by nutrient reductions made by farms across the watershed that implement conservation practices and employ innovative technologies to reduce nutrient run-off from their operations. Credits can also be generated by wastewater treatment facilities that go beyond their required pollution reductions. In the future, additional practices in stormwater management and stream restoration may be incorporated into the program.

The Lycoming County Chesapeake Bay Tributary Strategy (CBTS), originated in 2008, has brought together stakeholders from across the County to craft an innovative program that provides flexible options to wastewater treatment plants, preserves economic opportunities, and improves the environment here at home. "The conservation practices used to generate these credits have local impacts that go above and beyond their benefits to the Chesapeake Bay," said Wheeland. "These farmers are creating local environmental benefits, such as aquatic and riparian habitat improvements and erosion reduction. It goes to show that if we are good stewards of the land and clean up our own streams, the Bay will take care of itself."

Development of the Lycoming County CBTS initiative has been supported by grant funding from PA DEP, the Pennsylvania Department of Community and Economic Development, the National Fish and Wildlife Foundation, and the Foundation for Pennsylvania Watersheds. For more information, visit the Lycoming County CBTS home page, which can be accessed by visiting: <http://www.lyco.org/Departments/PlanningandCommunityDevelopment/ChesapeakeBayTributaryStrategy.aspx>. Current features include information about the County program, recent news articles, upcoming events, photo slideshows, and links to other resources.

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