



Since 1952

To: Hon. Dave Reed
House Republican Policy Committee Chairman

From: Michael Hawbaker, Glenn O Hawbaker Inc

I cannot obtain permits to create jobs here in Pennsylvania.

Glenn O. Hawbaker Inc. is a Pennsylvania based family owned company which was started in 1952. Our corporate offices are located in State College. We have 4 Regional Offices and operate approximately 30 satellite operations at various quarries, asphalt plants, and laboratory sites across the state. We employ over 1,400 employees at these locations stretching from the Pennsylvania Ohio border through Central and Northeastern Pennsylvania. We are a provider of engineering, construction services and products to numerous Commonwealth agencies such as, PDOT, DEP, and DCNR. We also support commercial and private entities with a wide variety of products and services. Included among our products are natural resources including stone, sand, and gravel from 25 separate operations as well as paving materials from our 7 Hot Mix Asphalt plants. Our high quality asphalt is used for paving everything from residential applications to covering our interstate highways. Our services range from providing engineering, site development, environmental consulting, highway construction, paving, bridge construction and rehabilitation to concrete slip forming to name a few.

Many of our operations require permits issued from the various DEP Offices. Over the past decade we have seen the DEP permitting process become a burdensome ordeal which does not react to the needs of our industry. Whether applying through one of the Regional or Mining offices permitting timeframes have become so lengthened that it is nearly impossible to react to changes in the industry or develop a schedule for production. We work with several DEP offices and experience major inconsistencies between them in everything from applying technical standards for permitting to their overall attitude towards business. It is frustrating our staff and business to have one DEP office where we can get timely responses and decisions to another where we can't get phone calls returned for days let alone decisions that are consistent even within the same office. There is a general lack of concern and apathy for the businesses in Pennsylvania that need DEP permits. In our efforts to grow our business we continue to be more frustrated with the DEP. It seems as if the economic decisions that the private industry chooses to make, in order to provide what our customers demand and want, conflict with what the Department believes is necessary or needed.

I'm sharing my experiences with you today because there is new leadership in the Commonwealth of Pennsylvania that I believe cares about industry and that has an opportunity to prove business needs

and environmental concerns can both be met. Timeliness is always a concern, especially in an economic climate where so many companies are struggling to survive. There is a consistent lack of any sense of urgency at the Department. There seems to be no consequences or accountability for staff that drag their feet in making decisions and continue to request additional information. We utilize the services of Environmental Consulting firms which employ multiple layers of professional staff to produce our permit applications. Our costs to use these consultants have skyrocketed and the level of DEP scrutiny, of the work provided by these professional engineers and geologists, add greatly to our costs. Additionally, in an effort to be more responsive to the DEP, we have hired new staff who had worked for the DEP. Our new staff have a combined 80 plus years of experience working for DEP.

This is what we have been dealing with while trying to meet customer needs in difficult economic times. DEP needs to be accountable for untimely decisions, flagrant delays, and their pervasive unwillingness to promote economic growth in Pennsylvania. There is no consequence to them professionally or in their performance and advancement at the Department for their apathy and unwillingness to help find solutions. This is now a greater concern as Large Non Coal permit fees have dramatically increased to \$20,000 dollars for submission and review, with no time frame of accountability. The new permitting fees were said to “cover DEP review costs” according to a DEP Bureau Director. While this is a sizeable amount of money for industry to absorb we could live with it if we could get permits processed in a reasonable timeframe. We don’t need Money Back Guarantees; we need permits issued in a timely manner.

I am hopeful that with your fresh perspectives and renewed enthusiasm you will help Pennsylvania and its businesses survive and continue to grow during these uncertain economic times. A key part of that is to require the Department of Environmental Protection be responsive partners to businesses, not adversaries.

Examples of our frustration:

Glenn O. Hawbaker has experienced *permits taking up 7 years to issue* for the Large Non Coal permits. This specific example, The Standard Pit, was not a Greenfield, it was an existing high wall, pre mine act of 1972, with no bonds, and with no water table disturbances. The lack of bond and pre-mine act of 1972 refers to the Commonwealth holds no money for the reclamation of this site. It was a complete 100% liability for the Commonwealth, however, there was no urgency to turn this permit around.

The most recent set back to our company was at our Hagerman’s Run Quarry located near South Williamsport. We were working to advance a Large Non Coal permit to the next phase of operations. The heritage of this site was again an old abandoned high wall since 1973, no bonding, 100% state liability, there had been numerous severe injuries from climbing incidents on the site and it had become a garbage dump. To make this site viable, a great deal of activities were undertaken starting in 1998 through 2002. One of those activities was a property swap that had to take place with DCNR, in order to acquire ample reserves. Zoning was also revised to meet this use requirement.

In September 2010, at a regular scheduled meeting with DEP, we were told by the Mining Manager that the Pennsylvania Fish and Boat Commission (PaFBC) were concerned with our existing operations

related to sediment entering the stream. We were told that the Commission was finalizing a report documenting damage we had caused to the stream. We were handed back our application. In response to this information we contracted Rettew Assoc. to evaluate the stream. Rettew had recently hired a DEP senior Aquatic Biologist who was assigned to assist us. His evaluation did not confirm any damages alleged by the Commission. In fact he believes his study confirmed that our mining has been carried out without any deleterious effects to the stream. We re-submitted again in late November. Then, in early January, we were notified of the pending re-designation of Hagerman's Run stream to Exceptional Value, EV. After years of work on this permit submission, re-submission after re-submission, it was sent back to us now having to meet an entirely different set of permitting criteria for the Exceptional Value stream pending re-designation. If we did not submit a revised permit meeting the new criteria, our next phase of operation would be denied. The operation would conclude, no more permitted reserves, at the end of 2012. We had another permit review meeting on April 14th on this specific permit and believe we have consensus on the permit submission, meeting the new criteria. But the cost continues to mount and time keeps rolling by. Between the aforementioned delays and the pending stream re-classification we will be forced to spend an additional \$500,000. With no guarantee that we will be allowed to mine again on this site.

A very disturbing comment in the meeting concerned the duration of the project. Our business has secured the zoning and all the rights necessary to mine the property and the comment was made about the project lasting 30 years or more. That's a long time. Wrong! My children are 6, 8 and 11 years old. I am not planning for everything in our business to stop within my lifetime. I am building this for my children and their children. We are looking to build long term, not just in the myopic timeframe of some personnel in the Department. We need the Department to be an accountable, active and willing partner in future growth, not a constant, lethargic entity that looks to make every move difficult and drawn out.

The bonding on this project also came up. Again due to the duration of the project, it was questioned if there was enough bonding. On April 1st DEP increased and reformulated bonding calculations. This specific mining office has enforced full cost bonding for more than 3 years. The Large Non Coal (LNC) program does not have systemic issues with adequate bonding. I told to the DEP personnel that if a LNC permit came up for forfeiture it would be a bidding war based on remaining reserves.

Being first has also become an economic detriment for business in the state of Pennsylvania. We installed a coal fire burner in a new Hot Mix Asphalt plant operation in Western Pennsylvania. The permitting process was one again for the Department where time was of no importance. After completing preliminary emissions tests in the fall of 2008, the unit was put out of service for just short of a year until the final permit was issued in September 22nd of 2009. This is not a Title 5 facility, known as a major source, nor even close to approaching the emissions limits for Title 5 permitting. The coal burner sat for close to a year, a \$500,000 assets, waiting for our permit to be issued. The unit was in compliance, the records and stack test confirm this, but took almost a year to issue the permit. We are using Pennsylvania coal, we produce for Penn DOT and our drive was to employ more cost effective technology in our business. How can we be responsive to our customers and remain competitive when our hands are constantly tied by the Department who has shown a total disregard for whether we survive or not.

Much of what I have shared, I believe, happened because of the past leadership of DEP. The past is gone, shaping tomorrow is why I'm here. We need the leadership in DEP, and the House and Senate Environmental Committees to understand that a sense of urgency is necessary for Pennsylvania to achieve its full potential. We need regulation in order to protect the commonwealth. However, it does not need to be at the expense of businesses that are obeying the regulations and laws and trying to build in these variable economic times. I would be more than happy to meet with you to further discuss these and other issues with the Department. I am hopeful that we can resolve these issues to make Pennsylvania a better place to do business. Our competitiveness and our future are in the hands of a very large bureaucratic agency that has time and time again shown little regard for its business partners. The Department has strived to artificially create a false scarcity of natural resources which only leads to inflation, reduced competition, and fewer opportunities. I am hopeful this will change with your help. Thank you for your time and assistance. It will be a monumental step in making Pennsylvania a more competitive marketplace and a better place to live and do business.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Hawbaker". The signature is fluid and cursive, with the first name "Michael" and last name "Hawbaker" clearly distinguishable.

Michael Hawbaker