



REGIONAL IMPACT ANALYSIS

Eastern Montana Impact Coalition

A study of energy related impacts on the 16- county region represented by the Eastern Montana Impact Coalition.

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EXECUTIVE SUMMARY

Eastern Montana is in the midst of significant changes due to an increase in energy development. These changes include a rapid increase in oil and gas extraction from the Bakken & Three Forks deposits, spillover effects from neighboring North Dakota, and the potential impact of development from the Keystone Pipeline and Otter Creek coal mine in southeastern Montana – impacting not only local and state economies, but also the infrastructure, real estate, and public service industries required to support these changes. While the economic impact will continue to be broad on the state and regional levels, the impact on local communities will be asymmetrical and unique in numerous ways. Even though all the impacts cannot yet be predicted accurately, current demands reach well beyond the scale of most communities' ability to manage the change.

To facilitate regional collaborative efforts designed to address energy related impacts created by current and anticipated development, the Eastern Montana Impact Coalition (EMIC) was formed. The EMIC is a unique partnership between three Certified Regional Development Corporations (CRDC) and one Local Development Corporation (LDO) that represents 16 counties in eastern Montana encompassing over 42,000 square miles. In order to better understand the nature and magnitude of energy related impacts, the EMIC received grant funding from the U.S. Department of Commerce Economic Development Administration (EDA) and the Montana Department of Commerce Big Sky Trust Fund (BSTF) to conduct this initial impact study of the 16-county region.

The current and anticipated increase in energy production in eastern Montana and North Dakota is already creating new economic activity and lowering unemployment rates. However, these positive impacts must be tempered by mitigation measures that reduce the risk of an energy “boom and bust cycle,” which is characterized by a short-term spike of intense economic development activity followed by a valley of economic decline as the energy resources are depleted and/or prices of the commodity stagnate or fall. Fortunately, there are strong indications that energy growth in eastern Montana is likely to continue for at least the next twenty years, which provides a unique opportunity for more sustainable long-term economic and community growth. Achieving stable growth will require extensive and ongoing demand analysis and resource planning at the state, regional and local level. Such planning can identify where capital investments will best be leveraged to build community assets, such as infrastructure, housing and public services that are sufficient to handle demand during this period of strong growth without creating a glut of underutilized assets that decay along with the economy as energy development levels out. Montana has a unique opportunity to make these prudent investments in infrastructure and community development that, if managed correctly, will provide a basis for sustained job creation and economic development benefiting future generations.

A positive long-term outcome for eastern Montanans in this current growth cycle requires funding that is often more than local municipalities can provide. This is particularly challenging since energy driven impacts are hitting counties and communities years in advance of their receiving any significant revenues from the companies creating these impacts. Significant infrastructure investment assistance from federal and state government, as well as the private sector, is needed. More oil and gas revenue could also be directed back to contributing counties and impacted areas.

Therefore, the purpose of this study is to quantify regional impacts and to provide overarching guidelines that will help guide development as communities prioritize their needs. The study draws on research from existing reports and analysis from a variety of sources, as well as from interviews with subject matter experts from federal, state, and local government and from the energy industry. With the objective of helping communities in the EMIC region better understand and prepare for these impacts, the study analyzes impacts in four key areas:

- 1. Service, Retail and Workforce Demand**
- 2. Infrastructure**
- 3. Housing**
- 4. Public Safety**

REGIONAL OVERVIEW

Geographically, the land area of eastern Montana encompasses 42,814 square miles which is approximately the same size as the State of New York. The region is sparsely populated with a 2013 estimated population of slightly over 78,000 people.¹ By comparison, Albany, New York's capital, has a population of roughly 98,000 people.²

The geographic area in *Figure 1* has been segmented according to the EMIC development corporation footprint, which includes the following:

Great Northern Development Corporation (GNDC)

6 Counties: Valley, Roosevelt, Daniels, Garfield, Sheridan & McCone

Richland Economic Development Corporation (REDC)

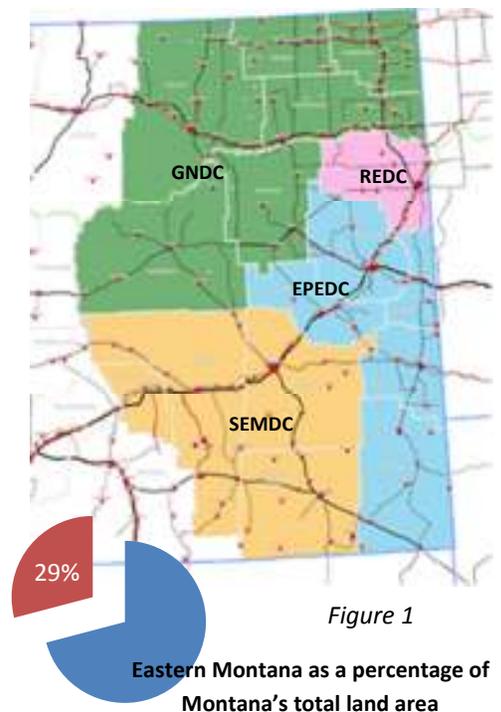
1 County: Richland

Southeastern Montana Development Corporation (SEMDC)

4 Counties: Treasure, Rosebud, Custer & Powder River

Eastern Plains Economic Development Corporation (EPEDC)

5 Counties: Dawson, Prairie, Wibaux, Fallon & Carter



To date the region's economy has depended largely on only two industries -- agriculture and natural resource development. According to the USDA's 2012 Census of Agriculture, the 16 counties in eastern Montana support 6,217 farms with a total of 35,013 square miles (over 22.4M acres) utilized for crop or range land. 82% of the region's surface area is devoted to producing commodities for the agricultural marketplace. The area is also rich in other valuable resources like oil, coal, and natural gas. Both industries have historically been vulnerable to swings in demand and pricing, as well as technological advances and political agendas.



Eastern Montana's Population

1960	2010
100,534	74,220

as a percentage of Montana's total population

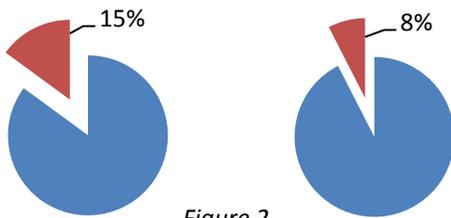


Figure 2

It is important to note that the population of eastern Montana has been drastically effected by its lack of economic diversification. As family farms consolidated and mining companies ran out of access to resources, the area's tax base has dwindled. For generations now, parents have encouraged their children to look elsewhere for income sources, resulting in a 50-year population loss of 26%. The median age of eastern Montana residents is 46.9 years old. An aging and out-migration trend that is often most noticeable when viewing historic public school enrollment data (see *Table 1*, on pg. 8). However, several school districts are witnessing a sharp reversal in that trend as they cope with an influx of students brought by a new wave of development.

All of the counties in the EMIC region are still defined as "frontier," i.e. counties with a population density of six or fewer people per square mile. A definition that is also based on other factors such as travel distance in miles to the nearest medical facility and marketplace.³ The region's median household income is \$44,323, just below that of the State of Montana at \$45,456.⁴ However, the median household income range varies widely from county to county as illustrated in *Figure 4* on pg. 9. Prairie County, with the lowest median household income, currently supports the highest percentage of people over the age of 65 in Montana. Whereas, Richland County, with the highest median household income in the region, has a large and growing workforce age group fed by the resurgent oil and gas industry. Per capita personal income levels within the region have certainly risen, albeit unevenly (*Figure 5*, pg. 9). In 2000, incomes in four (4) out of 16 counties met or exceeded the state's \$23,593 per capita personal income. By 2012, the number of EMIC counties topping the state's per capita personal income doubled to eight (8). Despite the rise in per capita income, roughly 14% of the region's population lives in poverty, which is only two percent lower than the state average (*Figure 6*, pg. 10).

All of the counties in the EMIC region are still defined as "frontier," i.e. counties with a



Median Age, 2010

Eastern Montana

46.9

Montana

39.9

United States

37.2

Figure 3

Beyond the statistics, residents of eastern Montana still feel that the region's strengths lie in its resources, including agriculture, mining, and the area's communities. They would like to encourage new development and new businesses. There exists a high quality of life here unlike anywhere else, and there have never been more opportunities to successfully capitalize on the area's potential.



Overlooking Glasgow, one of eastern Montana's many welcoming communities

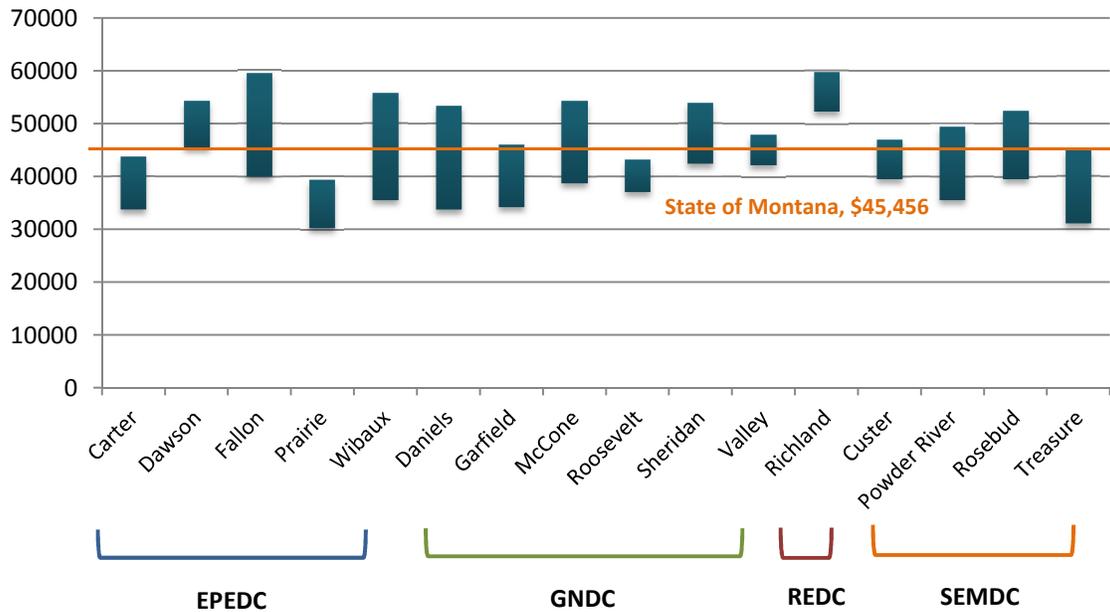
Table 1: Eastern Montana Public School Enrollment by County

County	2006	2010	% change in enrollment 2006-2010	October 2014*	% change in enrollment 2010-2014*
EPEDC					
Carter	160	127	-20.6	121	-4.7
Dawson	1331	1239	-6.9	1342	8.3
Fallon	463	448	-3.2	543	21.2
Prairie	151	140	-7.3	147	5.0
Wibaux	154	143	-7.1	163	14.0
GNDC					
Daniels	223	266	19.3	267	0.4
Garfield	186	170	-8.6	158	-7.1
McCone	279	260	-6.8	258	-0.8
Roosevelt	2457	2254	-8.3	2480	10.0
Sheridan	539	502	-6.9	564	12.4
Valley	1275	1252	-1.8	1258	0.5
REDC					
Richland	1681	1630	-3.0	1915	17.5
SEMDC					
Custer	1765	1689	-4.3	1669	-1.2
Powder River	355	313	-11.8	255	-18.5
Rosebud	1768	1752	-0.9	1651	-5.8
Treasure	130	104	-20.0	77	-26.0

*Data collected from the OPI October Snapshot.
<http://gems.opi.mt.gov/SitePages/DistrictInfo.aspx>
<http://opi.mt.gov/PDF/Measurement/11EnrollmentHistory.pdf>

Figure 4

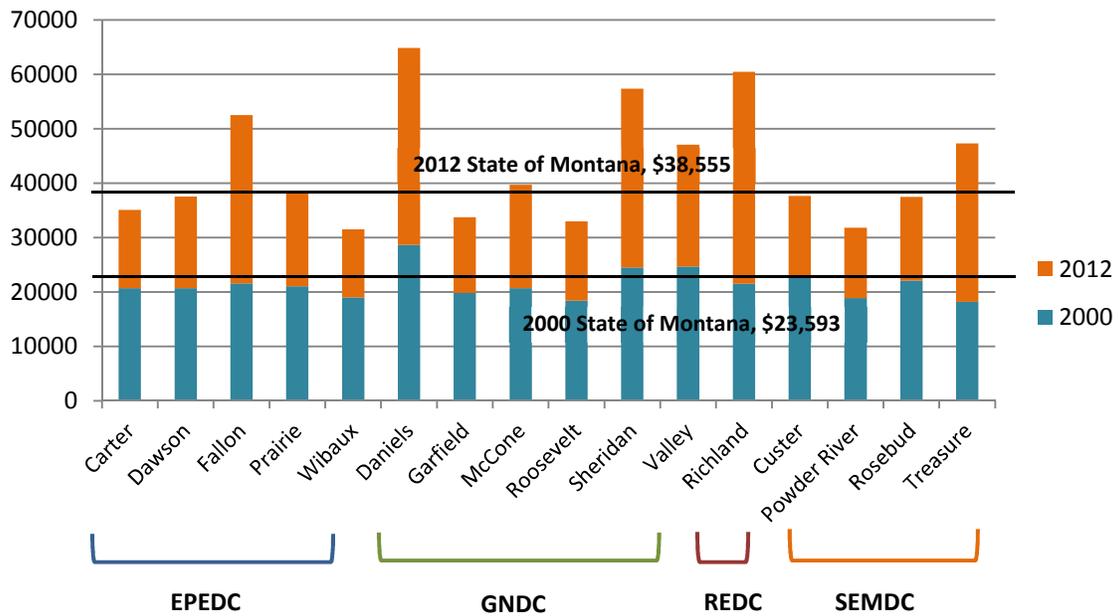
Eastern Montana: 2012 Median Household Income *



Data bars represent county estimates, plus and minus margin of error total.
 *American Community Survey (ACS) 2008-2012 estimates, source US Census Bureau.
 Compiled 3/11/2014 by the Census & Economic Information Center, MT DOC – www.ceic.mt.gov.

Figure 5

Per Capita Personal Income, 2000 vs. 2012 *



U.S. Bureau of Economic Analysis.
 *Per capita personal income was computed using Census Bureau population estimates.
 Estimates for 2010-2012 reflect county population estimates available as of March 2013.

Figure 6



<http://bstf.mt.gov/content/images/HighPovertyMap.pdf>

Over the past six (6) years, a rapid increase in the oil and gas industry has impacted communities within the Three Forks/ Williston Basin/ Bakken region (Figure 7). Extensive untapped reserves, coupled with the anticipated development of the Keystone pipeline, and the possible development of the Otter Creek coal mine in southeastern Montana, represent an unprecedented opportunity for economic capture in the region.

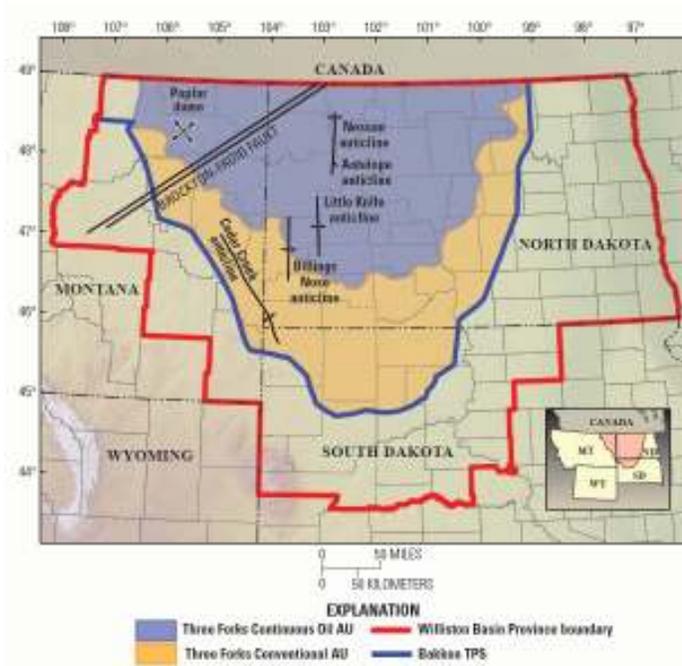


Figure 7

As exciting as these opportunities are, there are also many impacts associated with this development that have created new problems for rural communities unaccustomed and unprepared to meet the infrastructure and social demands of a rapid and relatively large influx of economic activity, temporary workers, and new residents. The Eastern Montana Impact Coalition (EMIC) was formed with the intention of collaboratively addressing regional planning needs related to growth, measuring the impacts of energy development in eastern Montana, as well as assisting communities in the four regions create short- and long-term development plans that account for the growth that is occurring.



L to R: EPEDC Director Jason Rittal, GNDC Director
Martin DeWitt, REDC Director Leslie Messer, SEMDC
Director Jim Atchison

STUDY OBJECTIVES & METHODOLOGY

OBJECTIVES

The primary objective of this study is to identify and prioritize impacts on a regional scale, providing clarity regarding the most critical issues. Information contained in this report forecasts long-term job growth within the energy sector and outlines its cascading effects on the region.

The study:

- 1) Quantifies the impacts of energy development on the 16 counties covered by the coalition;**
- 2) Quantifies the need for housing, infrastructure improvements, service and retail industry workforce, and public safety.**

The study process was divided into three major phases:

- Phase I: Initial impact analysis
- Phase II: Community outreach
- Phase III: Summary of impacts, identification of priorities, and recommendations

This final report is the direct result and deliverable for Phase III of this study.

Recommendations within the study were based on a high level predictive model regarding the nature of energy impacts on EMIC communities, as well as an analysis of current impacts noted in interviews with stakeholders reinforced by regional data.

Key elements of the analysis included:

- Review of existing data and studies from multiple sources including national and state studies, white papers, energy industry publications, media sources and university studies;
- Discussions with regional stakeholders, including the Montana Department of Commerce, Montana Department of Transportation, Montana Economic Development Association (MEDA), the Governor's Office of Economic Development (GOED), and local authorities in eastern Montana to further corroborate key findings;
- A two-day community outreach event held at Miles Community College. The event was designed to inform stakeholders from communities within the EMIC region about the study's early findings,

while gathering input from those same communities about key issues and priorities related to energy development, overall economic development, community development and major impacts.

Data from a variety of sources related to energy development in the region was distilled down to the most relevant and informative pieces to complete the study. A complete list of those sources is provided in both the **References** list and **Appendix A** of this report.

METHODOLOGY

The data included in this study has been incorporated through the evaluation of third party reports from established research sources and publicly available databases as well as discussions with subject matter experts, economic development partners, community leaders, and governmental officials.

This study is limited to quantifying impacts at the regional level and not at the local community level. This limitation proved challenging, because the impacts to eastern Montana are not evenly distributed across the 16 counties. Rather, natural resource development may heavily impact one county over another depending upon various externalities, which this report does not delve into. It should also be noted that complex impacts related specifically to reservations and Native American populations may need to be further examined by an in-depth analysis and additional research.

Sources of data and points of analysis included:

- Population forecasts from the Montana Department of Commerce;
- Industry projections from the Montana Department of Labor and Industry;
- Third party economic reports from the Bureau of Labor and Statistics and the U.S. Census Bureau;
- Interviews with key stakeholders—subject matter experts, community members, and government officials;
- Direct discussions with executives in the energy sector active in eastern Montana;
- A facilitated discussion with energy executives at Senator Baucus’s economic summit in September 2013;
- Discussions with local officials in several of the most impacted communities by consultant team experts in housing, infrastructure and land use;
- Further demographic analysis of likely local job creation and the subsequent demand on housing stock, infrastructure and other community amenities.



Community members in attendance at the outreach event in Miles City, 2013

SUMMARY OF FINDINGS

Service, Retail and Workforce Demand

Counties within the EMIC region have some of the lowest unemployment rates in the nation, as natural resource development continues to fuel the economy. While the resident population of eastern Montana is projected to increase, especially within the age groups under 15 years old and above 65, a much smaller workforce age group is leaving a population gap filled by individuals from outside the region. The limited available labor supply, combined with low unemployment rates and the imminent impact of increased natural resource development is creating a perfect storm of sorts. Consequently, eastern Montana has already begun to support a large influx of new workers, especially in the fastest growing industry sectors of mining, construction, and manufacturing. In order to reverse decades of population decline and rebuild the local tax base, communities are working hard to maintain and create infrastructure and services capable of sustaining families who are willing to permanently settle in the area, while coping with the demands of transient labor.

Infrastructure

Infrastructure needs are directly linked to population growth and economic activity, which in turn, is a function of the level of energy production in a given area. Population increases will continue to create corresponding increases in the demand for physical infrastructure (roads, sewer, water, etc.) and social infrastructure (public safety, housing, healthcare, schools, etc.) needed to sustain community growth and overall quality of life. Accurately predicting the nature of these impacts at a city and county level will require detailed local infrastructure analysis that is beyond the scope of this study. However, the generalized magnitude of these impacts is evident when presented with an outline of projects slated for development in the EMIC region, as noted in **Appendix C**. Over the next five years, the region will require physical infrastructure upgrades totaling approximately \$344 million, in addition to the cost of incremental infrastructure enhancements. Correcting deficiencies in capacity and condition will equip affected communities for stable growth, will attract private sector investment, and will maintain adequate health and sanitation requirements.

Housing

Essential to maintaining quality of life and ensuring sustainable community development is the availability, affordability, and quality of the local housing stock. Without expanding housing in the most directly impacted communities, all other economic factors will be negatively impacted.

Depending on the rate of energy production in the next ten years, there will be a demand for additional housing within the EMIC ranging from an estimated low of 3,400 new residences to as many as 10,000 units. This demand will vary across the region and requires further study at the city level to accurately predict these needs and develop community specific strategies to address them. It is also important to better understand the balance between the need for temporary workforce housing for migrant workers and permanent housing for full-time residents, as each of these needs will require different resolution strategies.

Several communities within the region struggle to provide adequate housing and, in areas where growth is much more aggressive, cities and towns are experiencing acute housing shortages. Many EMIC residents pay housing costs above what is considered affordable, and the cost of housing will only increase as energy production increases due to an expanding workforce. Sadly, the lack of affordable housing will be particularly difficult for the elderly and handicapped on fixed incomes.

Further compounding this problem, many impacted communities cannot readily add to their housing stock because their supporting infrastructure, such as residential sewer and water service, is operating at capacity and cannot support more housing without substantial investments to expand their capabilities. Topographic issues also plague many communities that cannot create further development in areas which may contain established residential neighborhoods -- fed by necessary infrastructure -- located in designated floodplains. With more than 30% of housing stock region-wide considered inadequate,⁵ there is a critical need for housing that will only worsen if the requisite investments in infrastructure aren't made.

Public Safety

Issues concerning local communities' needs regarding public safety fall broadly into two categories:

- 1) The overall availability of services, as demands on police, fire, and emergency services grow to support increasing populations of permanent and temporary workers and their families;
- 2) The challenge of attracting and retaining public safety professionals in an environment of rising housing costs, overstretched infrastructure, and degrading community services.

Population increases require a significant corresponding increase in the number of trained public safety professionals, including law enforcement officers, fire and rescue personnel, and Emergency Medical Technicians (EMT). With growing constraints on workforce supply, communities are already experiencing difficulties in recruiting, particularly in police and fire services. The need for additional public safety personnel is straining limited community budgets, attempting to fund both recruitment and training. Local governments whose budgets were sampled for the purpose of this study show an average increase of 141% from 2000 to 2013 in fire and emergency costs and a 127% increase in law enforcement costs. Moreover, salary rates are not keeping pace with housing affordability, further hampering recruitment and retention.

ENERGY SECTOR DEVELOPMENT

Figure 8

The 2013 U.S. Geological Survey (USGS) assessment estimated 7.4 billion barrels of undiscovered, technically recoverable oil was located in the U.S. portion of the Bakken Formation (*Figure 8*), elevating it to a “world-class” accumulation.⁶ The amount of recoverable resources in the Bakken is larger than all other current USGS oil assessments of the lower 48 states and is the largest “continuous” oil accumulation ever assessed by the USGS.



The duration and lifecycle of the Bakken/Three Forks play is long from over and about one third of the Bakken formation extends under the state of Montana.

Although, to date, much of the recent exploration activity has been located in North Dakota, exploration and drilling has occurred in Montana as well.

In addition to oil and gas, Montana has some of the largest coal reserves in the world, with seven percent of the world’s known coal reserves; Montana was tied with Indiana as the 7th largest coal producing state in the nation in 2012. Yet, most of Montana’s coal reserves are untapped.

THE LIFECYCLE OF OIL EXPLORATION

The investment required for developing an oilfield is not a short-term endeavor. Obtaining permits, performing geological surveys and undertaking exploration drilling may last ten years. Once a production and development plan is in place, additional recovery efforts may extend for several decades.⁷

Early in the exploration process a private investor will obtain the appropriate permission in the form of a well permit from the oil authority in the state, in this case the Montana Board of Oil and Gas Conservation. Once approval to drill has been granted, the 4-10 year process of exploration drilling may begin. This early stage permitting is an indicator of perhaps a several decade long investment in production and its corresponding impacts on the surrounding community.

According to the Williston Economic Development Foundation, the typical Bakken well will produce for about 29 years. During its “life cycle,” it will yield an average of 580,000 barrels of oil, netting an estimated \$22M in profit and distributing almost \$8M in royalties to the mineral right owner, while generating 70-80 direct and indirect jobs.⁸

CURRENT AND POTENTIAL OIL & GAS EXTRACTION

The Bakken/Three Forks recovery area is large and extends from western North Dakota through portions of eastern Montana. The number of producing Bakken/Three Forks wells in North Dakota has exploded with growth rates of more than 700 percent over the past 4 years (from 470 to 3,377), and daily oil production in the state reports a 14-fold increase.⁹ The North Dakota Department of Mineral Resources (North Dakota DMR) estimates that 2,000 new wells will be created annually for the next 16 years in North Dakota.

Oil production in Dawson, Wibaux, and Fallon counties is not tied to the Bakken but instead taps into the Red River formation, which includes the Cedar Creek anticline (a geologic feature that runs across eastern Montana and western North Dakota). Denbury Onshore, the top oil producing company in Montana, paid \$1.05 billion last year to acquire additional property interests along the anticline. The company's long-term plan is to use CO₂ injection drilling to force up the oil along the more "mature" anticline. The company estimates it can recover up to 290 million barrels of oil from the anticline's reserves.¹⁰ Denbury has already begun utilizing CO₂ technology in Powder River County. Although it is doubtful that oil and gas development in eastern Montana will ever rival North Dakota, most studies indicate that the scale of eastern Montana's deposits, coupled with continuing advances in exploration technology, will continue to accelerate development in the region.

There are currently over 70 energy related companies active in eastern Montana.¹¹ It is clear that private sector energy investment has been significant. The growth in energy exploration, as illustrated in *Table 2* and subsequent production in Montana's various oil fields is inevitable. The long-term impacts resulting from these energy activities will be lasting.

Table 2: Well Permitting History in Eastern Montana, as of October 31, 2014

	2012	2013	2014
November	15	8	--
December	17	19	--
January	--	18	8
February	--	21	5
March	--	24	14
April	--	25	13
May	--	15	9
June	--	20	12
July	--	13	30
August	--	11	18
September	--	17	19
October	--	23	29
Trailing 12 months, October 2013			219
Trailing 12 months, October 2014			184
Number of currently active permits			366

<http://bogc.dnrc.mt.gov/WebApps/DataMiner/Wells/WellPermits.aspx>

OTHER POTENTIAL SOURCES OF IMPACT

In addition to oil and gas development, there are several other sources of economic activity in eastern Montana that could significantly impact the region.

Economic Spill Over from North Dakota Development

A growing level of the investment activity in North Dakota has spilled over into eastern Montana as investors look for housing and other business opportunities in Montana due to high prices and the lack of land available to support development in adjacent communities within North Dakota.¹² Already, counties are experiencing increasing numbers of newcomers, housing shortages, and stress to emergency services.

Keystone XL Pipeline

The Keystone XL Pipeline extension, which is currently awaiting presidential approval, would enter the United States at Morgan, Montana and travel through eastern Montana to Baker, where American-produced oil would be added to the pipeline. From there, it would travel through South Dakota and Nebraska, where it would join the existing Keystone pipelines at Steele City, Nebraska. TransCanada plans to establish eight work camps spread over Montana, South Dakota, and Nebraska during construction of the pipeline. Workers will use a mix of rental accommodations, hotel rooms, RV sites, and work camps, constituting a significant contribution to the local economy. The camps will house between 900-1200 workers at peak construction periods. Target Logistics will be managing these camps, which will likely employ local skilled workers for various security, food service and/or housekeeping jobs.¹³ If approved, construction of the pipeline would have a major impact on jobs and housing in eastern Montana, while greatly improving county tax revenues.

Coal Development

There currently are plans, contingent on permitting approval, for Arch Coal to develop in the Otter Creek area of Powder River County, which is located in southeastern Montana. This mine is estimated to contain 1.3 billion tons of coal, and it is estimated the state would net revenues from mine operations of almost \$132 million annually and over \$5 billion during the life of the mine. Development of this mine will create additional economic growth beyond the mine itself, as it will require the building and operation of a railroad to provide access to markets from the mine.

If the Keystone XL extension and the Otter Creek mine are approved, they will initiate huge investments and create jobs throughout the region. The work camp site anticipated northwest of Baker has already spurred critical investments in local infrastructure from TransCanada. To date, the company has provided

funding to improve the City of Baker's water and wastewater systems, \$1,533,000 and \$950,000 respectively, in addition to funding certain project related legal and engineering fees. However, until approvals are received, it is impossible to predict the nature and timing of all the regional impacts that may result from these developments.

In summary, these are extraordinary times for eastern Montana's communities as they experience significant growth due to oil and gas exploration, while preparing for the potential impact of both the Keystone XL Pipeline and Otter Creek coal mine. This increased activity in the region will stimulate the local economy with increased jobs and investments directly and indirectly related to energy development. If this growth can be managed prudently, there is a unique opportunity to help the communities of eastern Montana sustain long-term job growth and additional community amenities. However, if not managed successfully, this growth will continue to overwhelm local infrastructure and degrade the region's quality of life, providing benefit to a few at the expense of many.

EASTERN MONTANA'S CONTRIBUTION TO THE STATE ECONOMY

It is important to understand the economic role of oil, gas, and coal production in Montana. Of Montana's 56 counties, 33 of them are defined as oil, gas, and/or coal producing, including fifteen (15) out of sixteen (16) counties in eastern Montana (all but Treasure County). Richland, Roosevelt, and Fallon counties are the top three oil producing counties in Montana.

The state collects Oil and Natural Gas Production Taxes that are split roughly 50/50 between the state and the county from which the taxes were collected. The county, the county-wide school fund, and the public school district, in addition to any other levy districts, benefit from those quarterly distributions. *Table 3*, on pg. 20, illustrates the general trend of oil and gas production in eastern Montana over the past four years, using total collections and distributions during the peak months of production. *Table 4*, also on pg. 20, offers a more complete picture of the overall revenue generated in eastern Montana during a recent fiscal year.

Table 3: Eastern Montana Oil and Gas Production Revenue Trends

	Collections	As a percentage of the total collections from Montana's oil, gas, and coal counties	Distributions
2 nd quarter, 2011	54,270,971.49	85.5%	25,042,037.60
2 nd quarter, 2012	42,033,430.51	87.1%	19,407,178.07
2 nd quarter, 2013	49,168,351.29	87.2%	22,729,374.99
2 nd quarter, 2014	52,262,049.65	85.4%	24,263,187.92

https://revenue.mt.gov/home/local_governments.aspx#horizontalTab2

Table 4: Eastern Montana Oil and Gas Production Revenue, 2013

County	Collections	Distributions
<i>Carter</i>	196,192.30	98,390.42
<i>Custer</i>	10,810.50	7,516.49
<i>Daniels</i>	15,933.64	8,095.87
<i>Dawson</i>	6,327,258.03	3,023,796.62
<i>Fallon</i>	43,211,934.95	18,053,947.36
<i>Garfield</i>	88,287.42	40,576.91
<i>McCone</i>	44,530.54	22,229.64
<i>Powder River</i>	3,100,315.81	1,888,092.39
<i>Prairie</i>	539,583.15	217,863.66
<i>Richland</i>	103,454,471.75	49,109,818.62
<i>Roosevelt</i>	21,156,527.28	9,670,648.06
<i>Rosebud</i>	2,566,218.35	1,009,293.66
<i>Sheridan</i>	10,484,733.62	5,031,622.61
<i>Valley</i>	1,266,216.89	651,214.92
<i>Wibaux</i>	5,850,541.18	2,876,126.01
TOTALS	198,313,555.41	91,709,233.24

https://revenue.mt.gov/home/local_governments.aspx#horizontalTab2

Although counties in the EMIC region received \$91.7M in distributions for 2013, the state retained \$102M after issuing an additional 2% of the contributions received via separate quarterly distributions from the state oil and gas natural revenue account (established in MCA 90-6-1001(1)). Of this distribution, the county must disperse two-thirds of the funding to incorporated cities and towns within the county, based on relative population, and may retain the remaining one-third. *Table 5*, on pg. 21, shows the often stark financial reality of impacted eastern Montana communities in comparison to county and state revenues.

Table 5: Distributions to Communities within Oil and Gas Producing Counties, 2013*		
County	Municipality	Distributions
<i>Carter</i>	Ekalaka, town	23,914.88
<i>Custer</i>	Ismay, town	0.49
	Miles City, city	210.95
<i>Dawson</i>	Glendive, city	7,098.37
	Richey, town	2,763.00
<i>Fallon</i>	Baker, city	403,663.68
	Plevna, town	38,604.23
<i>Garfield</i>	Jordan, town	1,052.91
<i>McCone</i>	Circle, town	402.04
<i>Powder River</i>	Broadus, town	28,147.28
<i>Prairie</i>	Terry, town	6,062.09
<i>Richland</i>	Fairview, town	200,605.69
	Sidney, city	1,259,444.81
<i>Roosevelt</i>	Bainville, town	19,533.8
	Brockton, town	20,866.61
	Culbertson, town	59,258.19
	Froid, town	15,208.68
	Poplar, city	66,262.56
	Wolf Point, city	214,194.04
<i>Rosebud</i>	Colstrip, city	15,382.96
	Forsyth, city	12,677.56
<i>Sheridan</i>	Medicine Lake, town	14,700.62
	Outlook, town	3,141.59
	Plentywood, city	113,492.70
	Westby, town	11,184.69
<i>Valley</i>	Fort Peck, town	1,010.46
	Glasgow, city	13,908.96
	Nashua, town	1,235.51
	Opheim, town	363.47
<i>Wibaux</i>	Wibaux, town	60,730.78

https://revenue.mt.gov/home/local_governments.aspx#horizontalTab2

* Due to the timing of tax receipts, Daniels County, including the City of Scobey and the Town of Flaxville did not receive any distributions during 2013.

Meanwhile, \$56,573,816 was collected in severance taxes during 2013 from coal mines operating within Montana, including the Westmoreland mine in Rosebud County. Fifty percent of those taxes go into the state's General Fund, while the other half feeds the state's Coal Trust Fund. Interest earnings from that fund are used to support the Treasure State Endowment Program (TSEP), InterCap program, Big Sky Trust Fund (BSTF), and Coal Board program. Moreover, the Westmoreland mine provides for 355 employees with \$29M in annual compensation.

POPULATION

Population growth up to this point has been driven by jobs created due to an increase in oil and gas development. Another surge in population will result from the new Otter Creek coal mine (250-300 new jobs) and an extension of the Keystone XL Pipeline which would initially support 3,700 jobs in Montana alone,¹⁴ if either is approved. To better quantify the impact that continued growth will have on eastern Montana, a closer look at the region's population trends must be taken into account.

A region-wide population decline of 8.5% from 1990 to 2000 was documented by the U.S. Census Bureau, while the rest of Montana reaped the benefits of a 12.9% population increase over the same time period – a familiar trend. The region witnessed a comparatively slight decline of 1.9% between 2000 and 2010 as energy development began to influence human migration patterns (*Table 6*).

Table 6: EMIC Population by County/Region

	2013 Estimated Population	Percent of change from 2000-2010	2010	2000	1990
EPEDC	15,998	-2	15,212	15,523	16,685
Carter	1,174	-14.7	1,160	1,360	1,503
Dawson	9,445	-1	8,966	9,059	9,505
Fallon	3,079	1.9	2,890	2,837	3,103
Prairie	1,179	-1.7	1,179	1,199	1,383
Wibaux	1,121	-4.6	1,017	1,068	1,191
GNDC	27,213	-3	25,869	26,673	30,101
Daniels	1,791	-13.2	1,751	2,017	2,266
Garfield	1,290	-5.7	1,206	1,279	1,589
McCone	1,709	-12.3	1,734	1,977	2,276
Roosevelt	11,125	-1.8	10,425	10,620	10,999
Sheridan	3,668	-17.6	3,384	4,105	4,732
Valley	7,630	-4	7,369	7,675	8,239
REDC	11,214	0.8	9,746	9,667	10,716
Richland	11,214	0.8	9,746	9,667	10,716
SEMDC	23,728	-1.7	23,393	23,798	25,166
Custer	11,951	0	11,699	11,694	11,697
Powder River	1,748	-6.2	1,743	1,858	2,090
Rosebud	9,329	-1.7	9,233	9,389	10,505
Treasure	700	-16.2	718	857	874
EMIC REGION	78,153	-1.9	74,220	75,661	82,668
Montana	1,015,165	9.7	989,415	902,200	799,065

www.census.gov

POPULATION FORECAST METHOD

Although Census estimates assumed a 5.3% population increase between 2010 and 2013, the Montana Department of Commerce released population projections in April 2013 related to the impacts of future oil development for the defined 16-county region of eastern Montana, which utilized data provided by the Montana Department of Transportation. This predictive model from the Department of Commerce study contains several scenarios that project potential growth through 2035 at the county level.

The model provides a scenario (eREMI) that predicts population growth, assuming growth patterns are consistent with a Medium-Low Oil Production level, since all indicators suggest that historical population patterns like those utilized by the U.S. Census Bureau may no longer be a valid predictor of the future. Three additional scenarios were developed to evaluate population increases assuming a range of levels of energy development. Each additional growth scenario is based upon the Department of Commerce's analysis of the potential oil well development over the 16-county region. The potential for additional oil well development assumes that energy pricing remains at current levels over the same forecast period. The scenarios forecasted are:

- The High Oil Production scenario, which assumes peak production with maximum exploration of potential reserves;
- The Medium-High Oil Production level, which assumes moderate to high amounts of increased energy production;
- The Medium-Low Oil Production level (eREMI), which assumes low to moderate amounts of increased energy production; and
- The Low Oil Production level, which assumes limited production, will occur over the report period.¹⁵

The population projections classified as Low Oil Production mimic historic population trends and, therefore, are not represented in the Department of Commerce projections. eREMI projections attempt to capture the effect of uneven growth within the region. Both the High and Medium-High oil production scenarios account for a dramatic shift in population. Where the Medium-Low projections show a population of approximately 90,000 in the year 2025, Medium-High to High scenarios project populations of between 106,000 and 109,000, which is an increase over eREMI calculations of between 18-21%. For this reason, the analysis throughout this report uses these three scenarios – eREMI (hereafter referred to as “Baseline”), Medium-High and High oil production.

POPULATION FORECAST

Table 7, on pg. 24, shows population projections that compare baseline population growth against the Medium-High oil production scenario and the High oil production scenario.

Table 7: Population Projections, 2013-2023				
Scenario	2013	2023	Nominal Difference	Percentage Change
Baseline *	78,061	85,215	7,154	9.16%
Medium-High Oil Production **	78,150	100,077	21,927	28.06%
High Oil Production **	78,310	101,844	23,534	30.05%

* Based on aggregated county level data from eREMI model

** MT Department of Commerce

The Baseline projection uses aggregate county-level data that applies a historical growth rate to the overall figure. From a current population of 78,061, the expected growth in the Baseline scenario is to 85,125, an increase of 9.2% over a ten-year period. Over the same period, the Medium-High oil production scenario shows an increase to over 100,000 people, or more than 28% rise. The High oil production scenario estimates an increase of 30.1% to 101,844. This corresponds to the addition of over 20,000 permanent residents – more than 15,000 above the Baseline projections. However, these population increases are not distributed evenly across the region and are highly concentrated in a few areas which has, thus far, resulted in a rapid and significant impact on a number of small communities who previously witnessed decades of decline.

This growth in population, combined with a transient oil and gas workforce and the intense infrastructure demands of oil and gas exploration, in addition to present land use, public service, and community amenity issues, is unprecedented. Most local communities do not have the means necessary to support the growth and currently lack the capabilities to marshal capital, oversee public improvements, and provide for the quality of life concerns that an increasing population requires. Without the experience or resources to meet these changes, local communities are being challenged to adjust for this influx of people while developing a sustainable model for growth.

Investments in infrastructure and services need to be prioritized and structured so as to meet long-term needs rather than short-term expediency. The growth from energy development has produced acute needs, but local communities must be cautious and invest wisely. The most important action that can be taken at this point is to conduct more detailed planning at the local level with the most severely impacted communities to identify specific investment needs that will reap the greatest overall benefits in the least amount of time.

SERVICE, RETAIL AND WORKFORCE DEMAND

As reported in August 2014 by the Montana Department of Labor and Industry, shown in *Table 8*, Montana enjoys an unemployment rate of 4.2%, compared to the national average of 6.3%. Furthermore, counties in eastern Montana have an even lower rate than that of the state as a whole, with only 3.4% unemployment. This rate corresponds to a gross number of only 1,407 unemployed workers.

Table 8: Regional Summary of Labor Force and Unemployment, as of August 2014*

	Labor Force	2000 Employed	Employed	Unemployed	Unemployment Rate
EPEDC*	8,833	7,928	8,606	227	2.6
Carter	805	748	787	18	2.2
Dawson	4,640	4,577	4,510	130	2.8
Fallon	2,250	1,491	2,211	39	1.7
Prairie	557	585	534	23	4.1
Wibaux	581	527	564	17	2.9
GNDC*	13,484	12,243	12,981	503	3.7
Daniels	804	930	777	27	3.4
Garfield	613	677	595	18	2.9
McCone	1,072	1,063	1,046	26	2.4
Roosevelt	4,527	3,964	4,269	258	5.7
Sheridan	2,259	1,928	2,209	50	2.2
Valley	4,209	3,681	4,085	124	2.9
REDC*	7,764	4,717	7,598	166	2.1
Richland	7,764	4,717	7,598	166	2.1
SEMDC*	11,856	11,152	11,345	511	4.3
Custer	6,614	5,721	6,415	199	3.0
Powder River	1,023	965	987	36	3.5
Rosebud	3,874	4,029	3,612	262	6.8
Treasure	345	437	331	14	4.1
EMIC Region*	41,937	36,040	40,530	1,407	3.4
Montana*	526,598	446,552	504,329	22,269	4.2
United States*	156,434,000	136,891,000	146,647,000	9,787,000	6.3

U.S. Bureau of Labor & Statistics, data.bls.gov.

* preliminary, not seasonally adjusted

IMPACT ON EMPLOYMENT

Further job creation is expected as energy investment continues. Increased energy sector development creates both direct and indirect jobs that bring new residents to the region eager to take advantage of employment opportunities. Direct employment represents jobs that are created as a direct result of the production and operation of each oil well or mine. Indirect employment represents jobs that are created in business and service industries that support natural resource development or support the people that work for energy development companies. These include such derivative industries as retail, transportation, hospitality, construction, and health care. Both direct and indirect employment would be expected to rise in an environment of increased energy output.

Predicting workforce demand is key to forecasting a variety of specific impacts to which local communities will need respond. An additional 4,490 workers have already been added to eastern Montana's labor force since 2000 – a job growth rate roughly on pace with the state's 12.9% and well above the national 7.1% workforce increase. The total number of establishments within the region has risen 10.7% from 3,053 in 2004 to 3,381 by March 2014 (*Table 9*). In comparison, the State of Montana experienced only a 4.9% increase in the total number of establishments over the same time period. The region's growth in the private sector is even more impressive at 17.5% within the last 10 years, even when compared to the nation's private sector growth of 12%.

Table 9: Number of Establishments by County, 2004 vs. 2014*

	2004, All establishments	2014, All establishments*	% change	2004, Private	2014, Private*	% change
EPEDC	663	738	11.3	547	658	20.3
Carter	57	49	-14.0	36	35	-2.8
Dawson	351	396	12.8	310	365	17.7
Fallon	160	195	21.9	136	179	31.6
Prairie	52	52	0.0	35	40	14.3
Wibaux	43	46	7.0	30	39	30.0
GNDC	1,013	1,066	5.2	802	904	12.7
Daniels	92	81	-12.0	69	68	-1.4
Garfield	58	47	-19.0	33	28	-15.1
McCone	86	77	-10.5	61	64	4.9
Roosevelt	282	301	6.7	227	261	15.0
Sheridan	176	234	33.0	145	207	42.8
Valley	319	326	2.2	267	276	3.4
REDC	472	698	47.9	434	665	53.2
Richland	472	698	47.9	434	665	53.2
SEMDC	905	879	-2.9	782	786	0.5
Custer	498	508	2.0	457	475	3.9
Powder River	97	92	-5.2	77	79	2.6
Rosebud	262	244	-6.9	215	206	-4.2
Treasure	48	35	-27.1	33	26	-21.2
EMIC Region	3,053	3,381	10.7	2,565	3,013	17.5
Montana	41,629	43,678	4.9	39,128	41,637	6.4
United States	8,364,795	9,358,250	11.9	8,093,142	9,064,019	12.0

U.S. Bureau of Labor & Statistics, data.bls.gov.

* through March 2014, bls.gov.

The U.S. Energy Information Administration (EIA) utilizes national employment data to determine the employment multiple within a particular industry. For the energy production expected in eastern Montana, the U.S. EIA projects a multiplier of 2.5 additional indirect jobs created for every direct job that is created in the region.¹⁶ According to the MT Department of Labor and Industry, an annual job growth rate of 1.7% through 2022 is projected for the EMIC region (*Table 10*).

Table 10: Projected Regional Employment by Industry			
Industry	Estimated Employment 2012	Projected Employment 2022	Numeric Change
Self-employed, all jobs	5,915	5,779	-136
Unpaid family workers, all jobs	32	31	-1
Construction	1,897	2,725	828
Manufacturing	638	912	274
Information	636	650	14
Professional and Business Services	1,220	1,606	386
Other Services (except government)	816	931	115
Agriculture, Forestry, Fishing, and Hunting	532	670	138
Mining	2,706	3,970	1,264
Utilities	717	749	32
Wholesale Trade	1,391	1,850	459
Retail Trade	3,569	4,240	671
Transportation and Warehousing	1,924	2,643	719
Postal Service	197	185	-12
Finance and Insurance	1,027	1,106	79
Real Estate, Rental and Leasing	310	350	40
Educational Services	3,439	3,600	161
Health Care and Social Assistance	4,341	4,921	580
Arts, Entertainment, and Recreation	616	786	170
Accommodation and Food Services	2,985	3,516	531
Federal Government, excluding post office	881	778	-103
State Government, excluding education and hospitals	742	714	-28
Local Government, excluding education and hospitals	3,121	3,596	475
Total All Industries	39,652	46,308	6,656

Montana Department of Labor & Industry, lmi.mt.gov.

Figure 9

EMIC Region: Top 10 Industries with the Fastest Projected Growth	
	Percent Change in Employment from 2012 to 2022
1. Mining	46.7%
2. Construction	43.6%
3. Manufacturing	42.9%
4. Transportation and warehousing	37.4%
5. Wholesale trade	33.0%
6. Professional and business services	31.6%
7. Arts, Entertainment, and Recreation	27.6%
8. Agriculture, Forestry, Fishing, and Hunting	25.9%
9. Retail Trade	18.8%
10. Accommodation and Food Services	17.8%

Montana Department of Labor & Industry, lmi.mt.gov.

The Autumn 2014 issue of *Montana Business Quarterly* reported a 51.2% national increase in employment in the oil and gas industry between 2007 and 2013, which is consistent with the continued increase in mining projected for the EMIC region through 2022 in *Figure 9*.

The Baseline population figures reported by the Montana Department of Commerce are important to consider when evaluating the ability of the local labor market to meet the job demands resulting from increased energy development. *Table 11* shows the makeup of the population for the State of Montana, as well as that of eastern Montana. Population is shown from dates identified by previous estimates looking forward to the year 2020 under the Baseline growth scenario. The population is segmented to allow for projections regarding working age and non-working age groups. Individuals between 15 and 64 years of age are considered to be of working age, while those younger than 15 or older than 64 are not considered significant contributors to the workforce.

Table 11: Population Projections by Age Group, 2013-2023			
Scenario	2005	2020	Percentage Change
Montana Population Under 15 *	176,664	202,236	14.47%
EMIC Population Under 15 *	14,598	17,207	17.87%
Montana Population 15 to 64 *	633,812	678,659	7.08%
EMIC Population 15 to 64 *	46,265	50,680	9.54%
Montana Over 65 *	129,626	213,817	64.95%
EMIC Population Over 65 *	12,405	16,393	32.15%

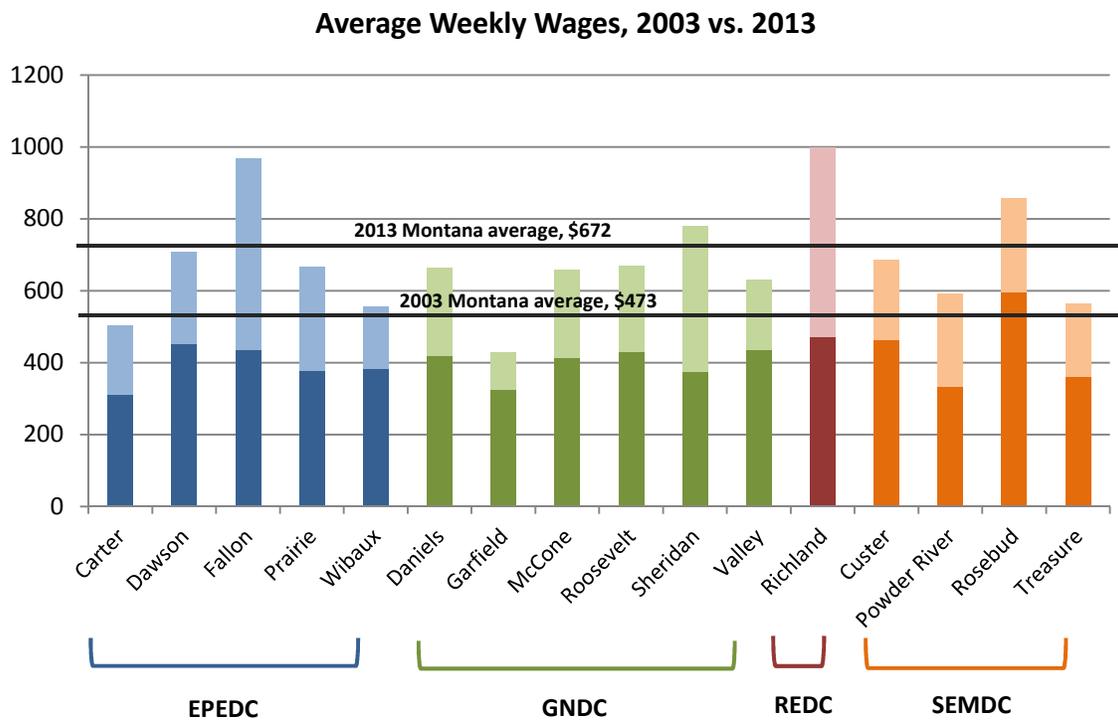
* MT Department of Commerce

As the table demonstrates, the slowest growing demographic is among people in their prime working years. Youth and elderly populations will increase at a more rapid rate. From 2005 to 2020, the population from age 15 to 64 will grow only 9.54% in eastern Montana. In the same 15-year period, the region will

experience over 30% growth in the population over the age of 65, and over 17% growth in the population under the age of 15. As a result, the region will swell in terms of its non-working population and still not have the workforce required to respond to the employment demands driven by the energy industry. With this demographic profile, even in a Medium-Low oil production scenario, the current workforce in eastern Montana will be insufficient to meet the projected workforce needs of the region and will require workers from outside the region. Under the Medium-High or High oil production scenarios, this workforce deficit will be further compounded and result in an even greater reliance on workers from outside the region. International workers with J-I visas have already been used in Sidney to supply local motels and restaurants with additional help.¹⁷

Wages per worker in the oil and gas industry average \$108,000 compared to \$49,800 in all United States industries,¹⁸ which would explain why the wages received by those living in highly impacted counties within the region have raised the regional average from \$411 in 2003 to \$683 in 2013 (Figure 10).

Figure 10



Annual data; all industries, all establishment sizes. U.S. Bureau of Labor & Statistics, data.bls.gov.

The *Montana Business Quarterly* article, written by Paul E. Polzin (director emeritus of the Bureau of Business and Economic Research), went on to chart the following employment and wage statistics for eastern Montana’s most impacted county, summarized in *Table 12*, on pg. 30.

Table 12: Percent Change in Employment and Average Wages, 2003-2013

Select Industry	Area	Change in Employment	Changes in Wages per Worker
Construction Industry		----	----
	Montana	3.62%	42.1%
	Richland County	109.0%	105.9%
Professional, Scientific, and Technical Services		----	----
	Montana	21.1%	86.7%
	Richland County	130.0%	169.0%
Accommodation Industry		----	----
	Montana	17.3%	44.0%
	Richland County	209.3%	191.1%

U.S. Bureau of Labor and Statistics.

While these increases are welcomed and impressive, the large majority of eastern Montana's counties still struggle with wages that are well below average. Many employers must operate under larger budgetary constraints (i.e., hospitals, school districts, local governments, etc.) and are unable to compete with rising wages elsewhere. With higher oilfield wages, there are instances where a second family income is no longer needed, so spouses sometimes remove themselves from the available labor force leaving employers short of qualified applicants. Unfortunately, the lack of affordable housing also makes it difficult to draw additional workforce into the community, and positions have been filled and then vacated because the new hire could not find a suitable home. Employees, regardless of improved wages, are often unable to afford the exponential growth in housing costs that, unlike wage increases, have affected almost all of eastern Montana, making it hard to support further growth and permanent relocation to the area.

As of December 2014, the Glendive Job Service alone reported over 200 current requests for workers from area businesses. Additional Job Service locations exist in Sidney and Wolf Point. Job Service has helped individuals from all over the country relocate to eastern Montana. Workers are being drawn into the oilfield whose skills were previously used in corrections, manual labor, local driving, and various skilled occupations. However, the provision of worker training specific to the needs of each community is critical. In addition to job specific training, soft skills remain important educational components. Some of the local jobs that go unfilled could see a rise in the number of suitable candidates if they were given instruction as to how to dress, how to act, how to fit into the culture, how to go to work when scheduled and be on time.

There is a significant challenge to the region in two primary areas -- providing labor from a limited local workforce and managing the impacts of a substantial increase in population that relies heavily on imported labor. Without developing a stable workforce of permanent residents, this situation will create an over dependence on transient workers that will increase the costs to support them without the stable long-term benefits that would be derived by an expanding permanent workforce. Creating welcoming communities with adequate infrastructure and public services is essential to attract new workers who are willing to permanently settle in the area with their families. Achieving this balance is critical to building sustainable

communities where new families choose to live, investing in local business and creating long-term economic stability, instead of having temporary workers live for a year or two at a man camp and then take the money they earn home and out of the local economy.

CASE STUDY: Cost of Living

Living in Sidney (Richland County), Montana will cost a resident and/or employee more than living in almost all of the nearest metropolitan areas, due in large part to exorbitant housing costs. It is worth noting that Williston, North Dakota was recently identified as having the highest rents in the nation. While job opportunities abound, it is clear that without affordable housing solutions improved wages will not be enough to sustain the additional workforce needed to support further growth, nor will increased wages be enough to retain employees over the long-term. Meanwhile, increased costs may force some long-term residents, especially those on fixed incomes, out of the area.

Lifestyle Items	Cost in Denver	Cost in Billings	Cost in Bozeman	Cost in Williston	Cost in Sidney	Cost in Bismarck
Dry Cleaning	\$13.46	\$15.38	\$15.06	\$13.35	\$14.00	\$10.75
Detergent	\$5.16	\$6.99	\$5.63	\$6.77	\$6.00	\$5.35
Facial Tissues	\$1.74	\$1.79	\$2.20	\$1.79	\$1.92	\$1.91
Toothpaste	\$2.93	\$2.37	\$2.52	\$3.19	\$3.11	\$2.86
Shampoo	\$1.16	\$1.01	\$1.15	\$2.09	\$1.10	\$0.88
Men's Dress Shirt	\$31.46	\$19.33	\$24.81	\$34.00	\$30.61	\$31.99
Boy's Jeans	\$17.33	\$21.32	\$24.91	\$21.00	\$24.33	\$24.79
Women's Slacks	\$29.63	\$22.66	\$27.63	\$35.00	\$32.33	\$40.31
Washer Repair	\$66.25	\$77.77	\$72.75	\$85.00	\$72.00	\$53.68
Newspaper (annual)	\$286.00	\$248.35	\$186.60	\$132.00	\$66.00	\$265.15
Movie	\$10.92	\$11.50	\$9.81	\$10.00	\$10.75	\$9.50
Bowling	\$4.24	\$3.25	\$3.50	\$3.75	\$4.00	\$4.25
Beer	\$7.93	\$8.32	\$7.96	\$6.59	\$6.79	\$8.97
Wine	\$6.49	\$6.31	\$7.24	\$14.15	\$11.10	\$10.34
Salon- Cut/Color women	\$175.00	\$85.00	\$115.00	\$100.00	\$90.00	\$100.00
Apartment Rent	\$1,937.00	\$875.00	\$940.00	\$2,400.00	\$1,500.00	\$893.00
Home Price	\$351,200.00	\$267,259.00	\$463,753.00.00	\$405,215.00	\$333,125.00	\$308,015.00
Total Energy	\$162.2	\$158.24	\$161.29	\$187.93	\$140.87	\$148.29
Phone	\$27.65	\$23.35	\$23.32	\$23.68	\$23.97	\$27.34
Tire Balance	\$49.00	\$53.50	\$48.00	\$52.00	\$57.00	\$70.19
Gas per gallon	\$2.04	\$1.82	\$1.94	\$2.22	\$1.99	\$2.09
Eye Doctor	\$89.71	\$101.50	\$94.93	\$147.00	\$96.00	\$100.00
Dentist	\$86.14	\$87.50	\$79.52	\$105.00	\$80.00	\$91.50
Doctor	\$123.60	\$127.61	\$118.32	\$140.00	\$145.00	\$130.40
Ibuprofen	\$11.68	\$10.99	\$10.63	\$5.89	\$10.04	\$8.48
Lipitor	\$248.26	\$259.18	\$212.51	\$166.47	\$238.67	\$268.51
Monthly-Rental	\$3,198.67	\$2,082.83	\$2,197.59	\$3,299.23	\$2,697.58	\$2,256.90

*ALL medical costs are totals WITHOUT health insurance
 *Energy costs are figured on an average between both summer and winter months
 *Salon visit costs vary from stylist to stylist and is an average of many stylists
 *Housing costs demined by adding total cost of all available listings and dividing by the number of listings
 *Rentals DO NOT include utilities/trash

Cost of living analysis compiled by Richland Economic Development Corporation, January 2015

KEY TAKEAWAYS

- Significant growth in younger and older populations will create a stronger demand for limited community assets, including local retail, affordable housing, health care services, and community infrastructure.
- Job growth in eastern Montana will outpace general population growth overall, and extremely low unemployment levels indicate that further local job capture may be limited. Therefore, the region can expect a continuous inflow of external workers. These new workers require housing and associated public services that exceed the current supply and have placed additional strain on the local communities that must support them.
- Creating welcoming communities with adequate infrastructure and public services is essential to attract new workers who are willing to permanently settle in the area with their families.

INFRASTRUCTURE

Adequate infrastructure (i.e., transportation, communications, energy, water, and sewer) provides the essential framework to support society. If any of these infrastructure elements reaches capacity and/or breaks, there are economic and social consequences that can range from an annoying inconvenience to critical threats to public safety and health. Most communities with historically stable populations have their infrastructure systems generally sized at or near capacity to support their needs. However, if communities grow rapidly, their infrastructure can quickly become stretched to the breaking point, resulting in a degradation of quality of life. Exceeding infrastructure capacity is a fundamental challenge already confronting some of the more impacted communities in eastern Montana.

ESTIMATING INFRASTRUCTURE COSTS

Many communities in the United States utilize Development Impact Fees and tax increment financing to help fund the cost of capital improvements. Development Impact Fees (DIFs) are typically charged to property developers by the local government using a formula that estimates the proportional impact of a development on the cost of the infrastructure required to support it. To date, most eastern Montana communities have not made use of impact fees, while they witnessed local populations decline and suffered from the effects of a dwindling tax base unable to support significant infrastructure investments. However, almost all of the region's communities do assess connection fees for providing additional water and/or sewer services, and several communities are now investigating the full spectrum of funding sources needed to expand and correct various system deficiencies.

Currently, the City of Sidney has impact fees in place, as detailed in the following "Case Study" on pg. 34. The City of Glendive and Dawson County are also considering implementing impact fees in the near future.

CASE STUDY: *City of Sidney*

The City of Sidney (Richland County) established an official impact fee advisory committee July 16, 2012. Impact fees were formally deemed necessary September 4, 2012. These fees assure new development contributes its fair and proportionate share towards the cost of public facilities reasonably necessitated by such new development for the purpose of offsetting the costs of infrastructure maintenance and expansion. A comprehensive assessment of Sidney's water and wastewater systems was completed by Land Solutions, LLC October 2012, and impact fees regarding those two systems were put in place the same month. Similar assessments were performed concerning the city's streets and parks in 2013; the city began collecting street and park fees by the summer of 2013. Initially, the City of Sidney was only charging 25% of the maximum impact fees allowed by law. A more recent resolution has since raised the water, sewer, and park fees to 50% of the maximum allowed by law.

Sample Impact Fee Schedule for Select Development Types within the City of Sidney			
Development Type	Facility/Fee Type	Unit	Impact Fee per Unit
Single family dwelling	Water	Detached house	\$2,000
	Sewer	Detached house	\$3,000
	Streets	Detached house	\$103.53
	Park	Detached house	\$475.00
Hotel	Water	room (EDU 1/2)	\$1,000.00
	Sewer	room (EDU 1/2)	\$1,500.00
	Streets	room	\$99.48
	Park	room	\$175.00
Apartment complex*	Water	EDU 2.5	\$5,000.00
	Sewer	EDU 2.5	\$7,500.00
	Streets	Dwelling unit	\$71.21
	Park	Dwelling unit	\$400.00

*For the purpose of the table, the example of a three family rental complex was used.

An additional 5% administrative fee is assessed over and above the impact fees incurred. However, if reconstruction or replacement of a building that was abandoned or demolished occurs within 24 months and does not increase the size or number of buildings, then the development is not subject to impact fees. The City of Sidney may also accept the dedication of land or the construction of public facilities in lieu of payment.

Since DIFs are computed using historical data specific to the cost of each infrastructure type, they can be used to estimate the cost of adding various types of infrastructure development (roads, sewer, power, water, sewer etc.). While these cost estimates do not quantify all costs, they offer a defensible industry benchmark.

In order to estimate the overall costs associated with increased infrastructure demand resulting from oil and gas development in eastern Montana, historic impact fees related to transportation, water and sewer from infrastructure collected by six (6) Montana communities (Bozeman, Kalispell, Missoula, Whitefish, Polson, Livingston) and one county (Gallatin County – street impact fees only) over four major land uses (residential, retail, hospital, and industrial) were analyzed in *Table 13*. These costs only address additional public services and incremental additions to existing infrastructure and do not calculate the costs associated with a major system overhaul (going from a lagoon wastewater system to a mechanical system, for example). The chart below shows the average cost for these services for each land use per standard unit.

Table 13: Transportation, Water & Sewer Average Impacts		
Land Use Category	Unit	\$ Impact Average *
Residential	Dwelling	\$7,440
Hospital	Per Building	\$494,260
Retail	Per Building	\$1,752,210
Industrial	Per Building	\$182,662

* Source from public impact figures.

** Retail land use corresponds to the addition of a discount super store.

The Montana Department of Transportation (MDOT) Baseline projection estimates that over the next 10 years the population will grow over 9%; this corresponds to 3,980 new households or 7,154 additional residents. The Medium-High production model estimates the population will increase by 9,877 households or 21,927 new residents. This scenario assumes a greater level of energy investment. As the region becomes more urbanized, we assume that 25% of the new population will reside in housing units that are more reflective of the National Housing profile. Under the High production model the population is predicted to increase by 10,620 households or 23,534 new residents. The analysis below is conservative, assuming costs for each household that can be accommodated without a major system overhaul.

Table 14: Transportation, Water & Sewer Impact Projections, 2023

	Baseline	Med-Hi	High
New Households *	3,980	9,877	10,620
Average \$ Impact **	\$33,788,843	\$75,484,223	\$80,584,271

* On average each household is comprised of 2.38 people.

** Per unit data source from JLL.

Modeling these costs over a 10-year period, it is estimated the need for incremental infrastructure enhancements needed to support growth will range from \$33.8M to \$80.6M (as shown in *Table 14*), **in addition to** the cost of major improvements needed within the region.

CURRENT SYSTEMS ANALYSIS

To date, incremental costs have largely been absorbed by local governments stretching limited budgets to cover the increasing demand for civil services. Indicators of rapid growth, substantial increases in both road usage and garbage collection have already begun taking their toll. *Table 15* references various levels of funding needed to maintain and repair local streets and roads, while *Table 16*, on pg. 37, provides information from the MT Department of Transportation documenting the increase in overall use of eastern Montana's roads.

Table 15: Streets and Roads, Various Local Budgetary Increases*

Select Local Governments	2000	2013	% change
Counties			
Dawson	\$1,106,494	\$1,417,111	28.1
McCone	\$301,700	\$486,372	61.2
Richland	\$1,224,253 ^a	\$5,443,556 ^b	344.6
Roosevelt	\$980,181	\$3,148,000	221.2
Sheridan	\$564,859	\$2,020,345	257.7
Municipalities			
City of Baker	\$103,547	\$287,565	177.7
City of Glendive	\$361,848	\$522,394	44.4
City of Sidney	\$145,500	\$446,482	206.9
Town of Fairview	\$77,507	\$143,697	85.4

*Table reflects the number of counties and municipalities that responded to a request for information regarding this topic.

^a 2000 data unavailable, 2004 county data.

^b 2013 data unavailable, 2014 county data.

**Table 16: Daily Vehicle Miles Traveled (DVMT), *
EMIC Region Compared to Other Counties in Montana**

County	2003	2008	% change, 2003-2008	2013	% change, 2008-2013
Carter	75,252	75,047	0.3	101,232	34.9
Custer	302,728	300,758	-0.7	390,996	30.0
Daniels	44,258	30,432	-31.1	36,102	18.6
Dawson	284,484	279,961	-1.6	405,496	44.8
Fallon	79,001	82,334	4.2	87,302	6.0
Garfield	65,701	49,228	-25.1	58,536	18.9
McCone	85,761	74,505	-13.1	91,402	22.7
Powder River	104,552	110,659	5.8	166,204	50.2
Prairie	98,829	101,042	2.2	143,036	41.6
Richland	226,071	255,442	13.0	473,946	85.5
Roosevelt	212,935	190,550	-10.5	284,016	49.1
Rosebud	317,056	327,116	3.2	363,943	11.3
Sheridan	78,483	78,289	-0.2	101,256	29.3
Treasure	102,946	107,410	4.3	133,368	24.2
Valley	207,004	166,390	-19.6	206,510	24.1
Wibaux	71,312	69,466	-2.6	89,527	28.9
Flathead (Kalispell)	1,847,382	1,775,931	-3.9	1,796,751	1.2
Gallatin (Bozeman)	1,831,342	1,921,648	4.9	1,957,179	1.8
Hill (Havre)	258,589	254,351	-1.6	270,266	6.3
Missoula (Missoula)	2,086,984	2,013,104	-3.5	2,060,817	2.4
Yellowstone (Billings)	2,129,159	2,121,816	-0.3	2,397,855	13.0

MT Department of Transportation, http://www.mdt.mt.gov/publications/datastats/traffic_maps.shtml.

* "On system" DVMT reported, which includes all major highways, secondary roads, and urban routes; data does not include "off system" travel such as local access routes and unsigned roads.

Regarding garbage collection, the Richland County Landfill managed an intake of 2,000 tons of garbage per month in 2013, causing the county's current cell to begin filling up. The cell opened in December 2011, and by December 2012 the first layer of six to eight was full. It was expected to last 20 years but now looks like it'll fill within five to seven years if the pace continues. The city was producing under 400 tons of garbage per month in 2008, but reached nearly 600 a month in 2013. City officials report that a lot of "outside dumping" -- transient workers carrying their garbage to resident's trash cans -- seems to be contributing to the problem. The city is considering adding another garbage truck, route, and driver at a cost of \$300,000/yr. Consequently, the garbage fee was raised from \$84/yr. to \$125/yr. in late 2012 -- a 48.8% increase.¹⁹ The Glendive landfill, which takes in waste from Glendive, West Glendive, Terry, as well as Dawson and McCone counties, witnessed an increase of over 2 million pounds between 2009 and 2012. "In FY 2011, the city [had] 2,903 units....In FY 2012, the city had 2,918 units and then expanded its coverage to 3,573 units in FY 2013. A unit is equivalent to a single family residence."²⁰ Therefore, the landfill received 13,356 tons of solid waste, the highest total on record, in 2013.²¹ In addition, a privately owned Class II landfill 25 miles northwest of Glendive was constructed in 2013 to manage oil field solid waste. The waste capacity of the facility is 1.1 million cubic yards over its expected 14-year lifespan.²²

Local governments have done their best to address various challenges. Yet, for the rural communities of eastern Montana, an increase in population of this magnitude has already begun to trigger certain infrastructure system overhauls. Several municipalities report that their systems are at, or over, capacity. Tables 17 and 18 (pg. 40) provide an inventory of community water and wastewater facilities within the region.

Table 17: Water System Data*

County / System Name	Age of system / year built	Average monthly rate	Ratio of annual rate/MHI	Residential monthly rate explanation	Most recent improvement project completed
EPEDC Region					
Carter					
Ekalaka, town	1936	40.51	3.2%	\$39.91 base (includes 3,000 gallons) and \$1.90/1,000 gallons of usage.	2008
Dawson					
Glendive, city	1917	40.23	1.1%	\$25.00 base and \$1.34/CCF of usage.	2001
Richey, town	1980's	30.00	0.9%	\$21.50 for first 1,000 gallons and \$2.96/1,000 over that.	2013
Fallon					
Baker, city	1917	22.95(+)**		Residential: \$15.00 base including 2,000 gallons and \$1.95 up to 5,000 gallons.**	2013
Fallon County Water & Sewer District	1956	110.00	4.3%	\$10.00 base with ascending charges for usage as per the city of Baker. \$95 monthly maintenance fee to district.	1993
North Baker Water & Sewer District	2011	60.00	2.0%	Residential: \$25.00 for the first 1,000 gallons. Between 1,000 and 5,000 it is \$3.00/1,000 and over 5,000 gallons is \$6.00/1,000. Commercial-1" line is \$60.00 for first 1,000, 2" is \$140.00 and 3" is \$230.00 with the same usage charges.	none
Plevna, town	1954	39.00(+)**		\$25 base and \$4.50/1,000 gallons of usage; increasing steadily to \$45.00 and \$5.50/1,000 to support project funding.**	2014**
Prairie					
Terry, town	none	-----	-----	-----	-----
Wibaux					
Wibaux, town	1940	53.50 (water/sewer combo)	1.0%	Residential: \$20.00 base and \$1.10/1,000.	2003
GNDC Region					
Daniels					
Flaxville, town	1974	54.00	3.4%	\$54.00 for the first 4,000 gallons and \$.20/100 gallons over that.	2014
Scobey, city	1918	55.00 (water/sewer combo)	1.4%	Residential: \$18 base and \$2.75/1,000 gallons.	2012
Garfield					
Jordan, town	1950	23.01	1.2%	Base is \$18.95 for the first 2,000 gallons and \$2.03/1,000 of additional usage.	2006
McCone					
Circle, town		74.00 (water/sewer combo)	2.4%	\$35.00 for the first 2,500 gallons and \$5.00/1,000 over that.	
Roosevelt					
Bainville, town		45.00	1.9%	\$41.27 and \$3.78/1,000 gallons of water usage.	1999
Brockton, town	1999 (system redo)	31.00		\$10.50 base rate.	2000
Culbertson, town	1887	20.85	0.8%	\$16.57 for 3,000 gallons and \$2.14/1,000 over that.	1983
Froid, town	1955	43.83	2.3%	\$31.70 base and \$4.01/1,000 gallons of usage.	2004
Poplar, city	1970's	23.65	1.0%	\$23.65 and \$1.16/1,000 gallons of usage.	in progress
Wolf Point, city	1950's	32.96	1.0%	\$29.00 for first 3,000 gallons and \$.99/1,000 over that.	2009

Sheridan					
Antelope County Water & Sewer	1986	54.00	2.2%	\$45.00 base rate and \$3.00/1,000 gallons of usage (if any portion of a 1,000 gallon unit is used, customer is charged for whole unit).	2012
Medicine Lake, town					
Outlook County Water & Sewer District	1985	20.00	0.7%	Flat rate.	in progress
Plentywood Water Department	1920's/1930's	40.25(+)**		Base: \$40.25 and \$3.50/1,000 gallons.**	2010
Westby, town	1957	22.00	1.3%	\$21.00 (1 person in home), \$22.00 (2 people in home), \$23.00 (3 or more people in home).	2009
Valley					
Fort Peck, town	2001	27.00	0.9%	\$27/month, Irrigation is \$.01/sq. ft. of lot.	none
Fort Peck Rural Co. Water District	2000	Number of seasonal residents makes this hard to calculate	1.3%	\$29.46 for the first 1,000 gallons, \$4.67/1,000 up to 10,000 gallons, \$5.35/1,000 over 10,000.	2013
Glasgow, city	1968	42.00		\$25.00 base and \$1.78/1,000 gallons.**	2003
Nashua, town	1930's	42.50	1.6%	\$40.50 for first 1,000 gallons, \$2.25/1,000 gallons of usage over that.**	2009
Hinsdale Water Department		75.00 (water/sewer combo)		Flat rate.	2013
North Valley County Water & Sewer District	1950's	62.25	2.6%	\$42.05 base and \$4.00/1,000 gallons of usage.	2010
Opheim, town		60.00	2.1%	Flat rate.	2000
REDC Region					
Richland					
Fairview, town					
Lambert Sewer & Water Association	1960's/1970's	43.25	0.9%		2008
Sidney, city	1915/1916	18.00	0.7%	\$18.00 for first 3,000 gallons, \$1.80/1000 gallons after that.	2012
SEMDC Region					
Custer					
Custer County Water & Sewer District					
Miles City, city	Early 1900's	40.58	1.4%	5/8" meter - \$19.94 base (includes 3,000 gallons), between 3,000 and 10,000 gallons is \$3.91/1,000.	2013
Powder River					
Broadus, town	1963	34.76	1.4%	\$23.68 base and \$2.13/1,000 for the first 50,000 gallons.	"no projects since at least 1999"
Ashland Water & Sewer District	1976	50.00 (water/sewer combo)	1.0%	\$5.00 base and \$4/1,000 gallons of usage (residential--commercial is \$3/1,000).	"not for a very long time"
Rosebud					
Colstrip, city	1970's**	39.54		\$34.67 base and \$2.59/1,000 gallons.**	in progress**
Forsyth, city	1930's	70.00 (water/sewer combo)	1.4%	\$24.50 for the first 2,000 gallons and \$2.35/1,000 over that.	1994
Treasure					
Hysham, town	1916	70.00	2.1%	\$65.99 base rate includes 1,000 gallons and \$1.70/1,000 gallons over that.	2009

* Montana Statewide Water and Wastewater Rate Study, 2014.

** Data derived from local sources, which was not included in the rate study.

Gray fields indicate data that was not provided in the rate study or by local sources.

Table 18: Wastewater System Data*

County / System Name	Age of system / year built	Type of system	Average monthly rate	Ratio of annual rate/MHI	Residential monthly rate explanation	Most recent improvement project completed
EPEDC Region						
Carter						
Ekalaka, town	1930's	Lagoon: aerated	25.41	1.8%	\$25.41 base (includes 3,000 gallons) and \$1.70/1,000 gallons of usage.	2008
Dawson						
Glendive, city	1909	Lagoon: facultative	26.32	0.7%	\$20.61 base and \$0.71/CCF of usage.	2012
Richey, town		Lagoon	11.58	0.2%	Flat rate.	none
West Glendive Metropolitan Sanitary Sewer District No. 1**		Lagoon:** facultative	50.00(+)**		\$50.00 base; increasing steadily to roughly \$75.00 to support project funding.**	in progress**
Fallon						
Baker, city	1920	Lagoon	20.85(+)**		Residential: \$15.00 base and \$1.95 after 5,000 gallons.**	2013
Fallon County Water & Sewer District	in progress**					
North Baker Water & Sewer District	2011		60.00	2.2%	Residential: \$35.00 for the first 1,000 gallons. Between 1,000 and 5,000 it is \$3.00/1,000 and over 5,000 gallons is \$6.00/1,000. Commercial-1" line is \$60.00 for first 1,000, 2" is \$140.00 and 3" is \$230.00 with the same usage charges.	none
Plevna, town	1957	Lagoon: non-discharge	22.00(+)**		\$20.00 base and \$2.50/1,000 gallons of usage (wastewater is only measured October-March; the average is the charge paid April-September, so that residents do not pay for irrigation); increasing steadily to \$40.00 and \$3.50/1,000 to support project funding.**	
Prairie						
Fallon, Prairie County Sewer District**	1969**	Lagoon**	4.75**		Flat rate.**	none**
Terry, town**	1965**	Lagoon:** facultative	33.00(+)**		Flat rate; increasing steadily to \$41.00 to support project funding.**	in progress**
Wibaux						
Wibaux, town	1940	Lagoon	53.50 (water/sewer combo)	1.1%	Commercial and Residential: \$28.93 base and \$1.20/1,000.	2011
GNDC Region						
Daniels						
Flaxville, town	1974	Lagoon	19.50**		Flat rate.	none
Scobey, city	1920's	Lagoon	55.00 (water/sewer combo)	1.0%	Residential: \$23.73 base and \$1.32/1,000 gallons.	2005
Garfield						
Jordan, town	1950	Lagoon	23.43	0.8%	Flat rate.	2009
McCone						
Circle, town		Lagoon	74.00 (water/sewer combo)	0.8%	\$17.00 for the first 2,500 gallons and \$2.00/1,000 over that.	
Roosevelt						
Bainville, town		Lagoon: facultative, pivot sprinkler	35.00	1.3%	\$29.35 and \$4.36/1,000 gallons of water usage.	2013
Brockton, town	2009 (system redo)	Lagoon: non-discharge	20.00	0.7%	Flat rate.	2009
Culbertson, town	1970	Lagoon	58.20	1.5%	\$40.90 and \$3.46/1,000 over that.	2013
Froid, town	1963	Lagoon: discharge	20.66	0.7%	Flat rate.	1995
Poplar, city	1978	Mechanical: oxidation ditch	21.23	0.7%	\$18.00 and \$1.16/1,000 gallons of usage.	2004
Wolf Point, city	1950's	Lagoon: aerated	19.78	0.7%	\$13.78 base and \$2/1,000 gallons of usage.	2007

Sheridan						
Antelope County Water & Sewer	1986	Lagoon: non-discharge	10.00	0.3%	Flat rate.	none
Medicine Lake, town						
Outlook County Water & Sewer District	1985	Lagoon	15.00	0.5%	Flat rate.	none
Plentywood Water Department	1930's/1940's	Lagoon: discharge	37.00	1.1%	Flat rate.	2014
Westby, town	1972	Lagoon: facultative, non-discharge	14.00	0.8%	Flat rate.	in progress
Valley						
Fort Peck, town	1995	Lagoon: facultative, seasonal discharge	24.50	0.8%	Flat rate.**	none
Fort Peck Rural Co. Water District						
Glasgow, city	1956	Mechanical: hybrid	33.00			2012
Nashua, town	1936	Lagoon	23.50	0.7%	Flat rate.	2009
Hinsdale Water Department		Mechanical	75.00 (water/sewer combo)		Flat rate.	
North Valley County Water & Sewer District	1950's	Lagoon: facultative, non-discharge	21.65	1.0%	\$11.55 base and \$2.00/1,000 gallons of usage; \$6.30 additional capital improvement fee.	1997
Opheim, town		Lagoon	15.00	0.5%	Flat rate.	
REDC Region						
Richland						
Fairview, town						
Lambert Sewer & Water Association	1960's/1970's	Lagoon: non-discharge	9.75	0.2%		
Sidney, city	1915/1916	Lagoon: facultative, non-permanent discharge	36.50(+)**		Residential: \$36.50 base rate covers the first 3,000 gallons and \$1.20/1,000 gallons.**	2012
SEMDC Region						
Custer						
Custer County Water & Sewer District						
Miles City, city	Early 1900's	Mechanical: oxidation ditch	18.63			2013
Powder River						
Broadus, town	1963	Lagoon	34.76	0.5%	\$12.97 base for the first 3,000 gallons and \$0.97/1,000 over that.	recent assessment
Ashland Water & Sewer District	1976	Lagoon: partially aerated	50.00 (water/sewer combo)	0.5%	\$15.00 base (residential-commercial is \$20.50) and \$1.35/1,000 gallons of usage.	2009
Rosebud						
Colstrip, city	1970's**	Lagoon**	34.54		\$23.94 base and \$2.32/1,000 gallons.**	in progress**
Forsyth, city	1930's	Mechanical: oxidation ditch	70.00 (water/sewer combo)	1.3%	\$31.50 for the first 2,000 gallons and \$2.48/1,000 over that.	in progress
Treasure						
Hysham, town	1950's	Lagoon: facultative	16.18	2.1%	Flat rate.	1997

* Montana Statewide Water and Wastewater Rate Study, 2014.

** Data derived from local sources, which was not included in the rate study.

Gray fields indicate data that was not provided in the rate study or by local sources.

While it is difficult to predict the timing of necessary improvements throughout the region, it is clear that many areas of eastern Montana will continue to need additional infrastructure upgrades as demand increases. Numerous “shovel ready” projects within the region have already been identified by the EMIC partners, as noted in **Appendix C**. For example, Sidney’s water and sanitation systems are at capacity and will require new facilities estimated at over \$64 million. Glendive has already begun construction on a new wastewater treatment plant (\$18 million), which Dawson County residents will tie into at an additional cost of \$4 million. Plevna will be completing the second phase of its water project in 2015. When complete, the town will have installed a new water storage tank and replaced all of the town’s water lines – a heroic undertaking for a town of roughly 162 people. Just imagine the shock residents of Plevna felt when they were informed that in order to grow, i.e. construct housing units the region desperately needs, they would also have to undertake the expansion of their town’s wastewater treatment facility. This is an all too common reality in eastern Montana, due to new regulations and aging/deteriorating systems. *Table 19* illustrates various reported rate increases across the region. Of the communities listed, water rates will increase an average of 86.4%, and sewer rates will increase an average of 302.9%.

Table 19: Water and Sewer Residential Rate Increases, implemented or initiated between 2011-2014*			
	Previous (\$)	New Rate (\$)	% Increase
Water Rate Increases (base)			
Baker, city	9.00	15.00	66.7
Flaxville, town	33.00	54.00	63.6
Glasgow, city	15.00	25.00	66.7
Plevna, town	15.00	45.00 ^a	200.0
Plentywood, city	20.00	40.25	101.3
Sidney, city	15.00	18.00	20.0
Sewer Rate Increases (base)			
Glendive, city	20.61	40.36 ^b	95.8
Plevna, town	10.00	40.00 ^a	300.0
Terry, town	25.00	41.00 ^c	64.0
Sidney, city	12.00	36.50	204.2
West Glendive Metropolitan Sanitary Sewer District No. 1	7.89	75.00 ^d	850.6

* Table represents a sample of rate increases from across the region and is not considered to be all inclusive.

^a Final rate will be in effect as of January 2017.

^b Final rate will be in effect as of July 2016.

^c Final rate will be in effect as of November 2015.

^d Final rate is an estimate and will likely be in effect by the end of 2016.

Water System:

The Dry Prairie Rural Water System has been providing water to the Town of Bainville for nearly a decade. The Town still has debt associated with its previous water treatment system, which has since been abandoned. The debt was recently refinanced through DWSRF (closing on Dec 1, 2014).

Since the Town could not collect impact fees for the new water storage tank and waterlines, the community decided to weigh heavily on impact fees for wastewater and use any funding opportunity from the State of Montana to fund the water system. The new water storage tank and pipeline improvements were originally estimated at \$2.04M, but the location had to be changed. With additional pipe and inflation, the total cost is now anticipated at approximately \$2.66M. The Town has surveyed the land, and a price has been agreed to by the property owner.

In addition to a DWSRF loan to finance the new water storage tank and pipeline design and requested \$450,000 CDBG funds, both TSEP and DNRC grant applications (\$625,000 and \$125,000) have been submitted. The TSEP application is currently ranked in the top 5 out of 51 applications.

Total Water System Needs: \$2,660,000

<i>Funds available --</i>	Impact fees:	\$0
	CDBG:	\$450,000
	DWSRF Loan:	\$150,000
	Shortfall:	\$2,060,000
<i>Funds pending --</i>	DNRC Grant:	\$125,000
	TSEP Grant:	\$625,000

The Town will need to request approximately \$1,310,000 from any new state program.

KEY TAKEAWAYS

- Most eastern Montana communities have not yet established mechanisms that would permit them to collect impact fees. Impact fees were not historically deemed appropriate because eastern Montana communities have suffered from the effects of a dwindling tax base for many years. Fees were considered a deterrent to communities begging for new businesses and development.
- While it is estimated that \$344M could be utilized to support development in eastern Montana, \$90M in impact funding is being requested to provide support for essential infrastructure projects.
- Community residents, often on fixed incomes, are currently expected to shoulder the burden of development.

HOUSING

Housing is one of the most fundamental building blocks of daily life. How a community houses its population is central to the character of the community itself, affecting crime rates, health costs, physical layout and land use, local government taxes and expenditures, and attractiveness for business and economic growth. In eastern Montana, more than anywhere else, housing is synonymous with job creation – to quote Sheila Rice, director of NeighborWorks Montana, “Houses are where jobs go to sleep at night.” According to a study by the Montana Department Housing, “Living in a rental, owning a home, living on the street or living in a shelter determines to a large extent a person’s health, sense of well-being, family security and lifelong wealth prospects.”⁸ During this time of energy related growth, a key factor in the long-term health of eastern Montana is the ability to attract and retain families who will make eastern Montana their permanent home and not simply a transient stop in the oil patch for short-term gains. Attracting long-term residents will largely depend upon the availability of quality affordable housing.

REGIONAL HOUSING PROFILE

Most housing units in eastern Montana are single family homes, with limited multi-unit housing options. This lack of density adds to the challenges of infrastructure support and public service accessibility discussed in greater detail elsewhere in this report.

According to a study by the U.S. Census Bureau (2010), many of the region’s residents live primarily in single family homes that they own. An increase in homeownership across much of the region is evident when comparing 2010 Census data against the 2000 Census data. Housing demand is particularly strong when considering the economic downturn the U.S. economy experienced in 2008, which eastern Montana overcame thanks to ongoing energy development in the region. While increased homeownership can imply a sense of stability and wealth, the population influx is driving up demand for the current supply of housing, thus increasing housing prices and pricing many local residents out of the market.

There is a shift in the composition of households in the state and in eastern Montana as a result of changes in the demographic profile (e.g., non-family households now comprise 40 percent of all households in the state; the majority of these are single-person households). Consideration needs to be given to assessing the appropriate mix of housing to accommodate shifting household types.



North View Apartments, Sidney, Montana

Table 20: Homeownership Profile in Eastern Montana*		
Description	Percent of Total	
Homeownership Rate	70.5%	----
Total Households **	32,200	----
Owner Occupied Units	22,694	56.7%
Renter Occupied units	9,506	23.8%
Vacant Units	7,818	19.5%
Total Units	40,018	100.0%
Number of Acceptable Units ***	26,950	67.3%
Number of Units in Poor Condition ***	13,068	32.7%

* Based on aggregated county level data from the US Census Bureau.

** Number of households is based on average household size per 2011 US Census Data.

*** Housing condition based on MT Department of Revenue 2010 estimates.

Additionally, much of the existing available housing stock for residents is not adequate, with a “poor” to “unsound” condition rating, as defined by the Montana Department of Revenue. Over 30% of the eastern Montana housing stock falls at or below this “poor” condition rating, particularly in Carter (64.6%), Sheridan (51.3%), Daniels (39.5%), Roosevelt (36.4%), Treasure (34.0%), and Wibaux (34.0%) counties. Whereas, only 6.6% of Montana’s total housing units is considered in poor condition. As defined, a “poor condition” rated home is one with obvious signs of deterioration and is undesirable and hardly usable; an “unsound” home is structurally unsafe and uninhabitable. It can be inferred based on the research and data available, due to the high housing demand, over ten percent of residents are making due with these inadequate conditions just to have a roof over their heads. Furthermore, as the housing stock ages and sufficient funds are not allocated to maintain the current stock, a greater percentage of homes will become uninhabitable. This housing reduction intensifies the need for additional housing while simultaneously forcing upward pricing pressure on existing housing units due to premiums paid for units that are of better quality.

HOUSEHOLD PROJECTIONS

The projections of household growth per county shown in the table below are primarily based on the Montana Department of Transportation’s (MDOT’s) population projections. Using these population projections, housing demand was calculated over the next ten years, based on the average number of persons per household in each county. Following the MDOT’s projection scenarios, Baseline projections conservatively assume low levels of oil development and production, while High projections assume a more aggressive level of oil development and production. Med-Hi projections attempt to balance the difference between the Baseline and High projections.

Table 21: Projected Number of Households, 2013-2023*

County	Persons Per Household*	2012	2013**			2023**		
		Historical	Baseline	Medium-High	High	Baseline	Medium-High	High
Carter	2.27	537	549	550	551	631	734	747
Custer	2.18	5,650	5,784	5,792	5,804	6,682	7,778	7,915
Daniels	2.10	862	876	877	879	955	1,111	1,131
Dawson	2.23	4,067	4,097	4,103	4,111	4,383	5,102	5,192
Fallon	2.31	1,370	1,430	1,432	1,435	1,800	2,095	2,132
Garfield	2.42	524	538	539	540	618	720	732
McCone	2.42	742	754	755	756	822	957	974
Powder River	2.31	771	778	779	781	805	937	954
Prairie	2.18	562	572	572	573	661	769	783
Richland	2.34	4,437	4,574	4,579	4,589	5,454	6,349	6,461
Roosevelt	3.04	3,525	3,558	3,563	3,570	3,731	4,342	4,419
Rosebud	2.78	3,336	3,333	3,388	3,345	3,405	3,964	4,034
Sheridan	1.97	1,748	1,760	1,763	1,766	1,843	2,145	2,183
Treasure	2.62	285	290	285	286	322	339	345
Valley	2.24	3,395	3,435	3,440	3,447	3,637	4,233	4,308
Wibaux	2.66	388	393	394	395	430	501	510
Total/Average	2.38	32,200	32,723	32,760	32,827	36,179	42,076	42,820

* Person per household data is based on 2011 Census Data

** Based on population projections provided by the MT Department of Commerce

The Baseline estimates, referred to in *Table 21*, anticipate housing demand will increase over 10% in the next 10 years, which equates to approximately 3,400 new homes. In the Medium to High production scenarios, this increase is estimated to be around 30%, which represents approximately 10,000 new homes. In other words, housing is so limited that a new housing unit would need to be built for every worker entering the labor force. It should also be noted that these predictions do not consider the additional impact on housing that would occur if the Keystone Pipeline extension and/or the Otter Creek mine should move forward.

Even the low demand increase of 3,400+ homes represents a significant impact for a region that already struggles to provide adequate housing. The higher estimates, if realized, will represent a dramatic and unprecedented increase in demand for housing in eastern Montana. The challenge is even more acute when considering that these impacts will not be evenly distributed throughout the region and will much more dramatically impact local communities bordering North Dakota as well as areas of high energy activity. Dawson, Fallon, and Richland counties, in particular, may need to prepare for +40% increases in housing demand as the type of desirable housing units shifts from rural to increasingly urban centers.

HOUSING IMPACTS

The influx of workers supporting the oil and gas industry will continue to drive up the cost of living, particularly housing costs. If this increased housing demand is not matched by increases in the supply of available housing stock, housing will become more and more unaffordable for many residents. Tami Freas of Montana East Realty stated that homes in Glendive have been selling for an average of between \$175,000 to \$180,000. Lisa Kjelstrup with United Country Realty agreed with Freas that housing prices are being driven by a lack of inventory combined with highly-motivated, even desperate, buyers competing for that limited inventory. “The spike in Glendive’s rental prices the last several years [is] attributable to the same factors – low supply and high demand by outsiders with deep pockets.”²³ In 2000, an average home in Sidney sold for \$75,000; homes there in 2013 cost an average of \$295,000 – a 293.3% increase in housing prices.

The generally accepted definition for housing affordability is when housing costs (which include mortgage payments, real estate taxes, utilities, insurance, and various other fees) are less than 30% of a household’s total income. For example, to an elementary school teacher with an annual income of \$35,835, an annual living cost of \$20,000 is unaffordable. This school teacher’s housing costs would consume over 55% of his/her salary. Spending more than 50% of one’s income on household expenses is classified as a “poor renter” with severe housing cost burden.²⁴ Based on the salary levels for teachers shown in *Table 22*, on pg. 50, only dual income school teachers would meet this 30% threshold of affordability. Together, their affordable monthly rent would be a \$127 surplus over the assumed monthly market rent of \$1,665. Even an oil worker with an average annual salary of \$55,524 would be just over the housing affordability 30% ratio.

According to 2000 U.S. Census Bureau figures, 35,243 (21.3%) of owner-occupied households in Montana paid 30% or more of their household income on housing costs. Based on figures from the American Community Survey, by 2010 this figure rose to 72,817 (25.9%) households, suggesting an increase in the number of owner occupied households in Montana for whom housing costs are not affordable.⁸

Table 22: Affordable Share of Income for Housing, Various Occupations

Select Occupations	Annual Income	2010		Today	
		Affordable Home Cost *	Affordable Monthly Rent	Market Rent **	Affordability Gap
Median Household Income	\$42,138	\$176,812	\$1,018	\$1,665	(\$647)
Average All Occupations ***	\$34,498	\$144,812	\$834	\$1,665	(\$831)
Registered Nurse	\$52,759	\$221,376	\$1,275	\$1,665	(\$390)
Police Officer	\$39,407	\$165,353	\$952	\$1,665	(\$713)
Elementary School Teacher	\$35,835	\$150,365	\$866	\$1,665	(\$799)
Retail Salesperson	\$22,999	\$96,506	\$556	\$1,665	(\$1,109)
Disabled Worker, SSI	\$11,970	\$50,326	\$289	\$1,665	(\$1,376)
Senior or Fixed-Income, SSI	\$12,470	\$52,326	\$301	\$1,665	(\$1,364)
Police Officer and Retail Salesperson	\$62,406	\$261,859	\$1,508	\$1,665	(\$157)
Two incomes: Two Teachers	\$71,670	\$300,729	\$1,732	\$1,665	\$67
Oil Worker	\$55,324	\$232,978	\$1,342	\$1,665	(\$323)

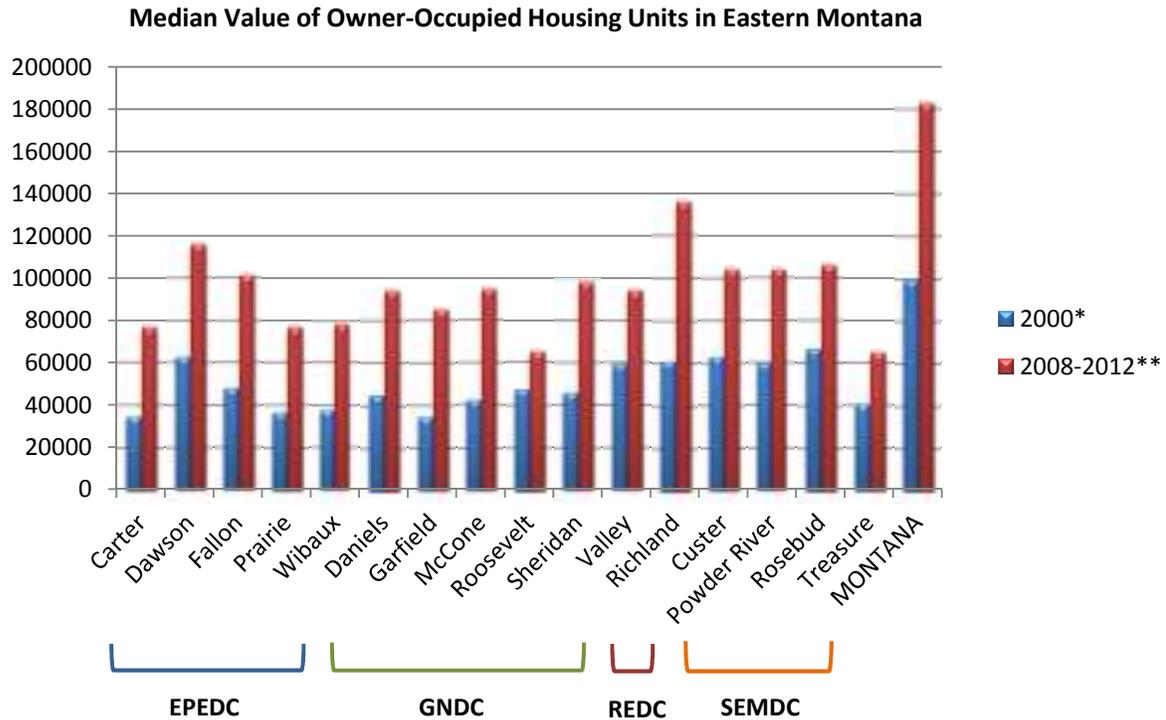
* Affordable home cost is based on a FHA 30 year (in 2010, 4.5% rate) mortgage with a 3.5% down payment using a 29% ratio and 15% factor for taxes and insurance. The generally accepted definition of affordable rent is that housing costs do not exceed 30% of income.

** Housing rental cost of a 2-bedroom residence multiplied by 3 based on discussions that housing costs have increased 3, 4, or sometimes 5 times the levels seen in 2010. To be conservative, a multiplier of 3 was used.

*** Income figures per the MT Department of Commerce based on 2006-2010 estimates, 2012 Housing White Paper.

This income and cost of living disparity is unsustainable and cannot support oil and gas industry growth. This is because, while upward pressure continues to raise housing prices, the wages for critical public employees and households on fixed incomes are not rising at nearly the same rates. Without an increase in the supply of affordable housing, the average salary of typical occupations such as those of a registered nurse, police officer, or elementary school teacher will find it more difficult to locate affordable housing options. Even dual income households, such as a police officer and a retail salesperson, will find it challenging to pay for housing.

Figure 11



<http://factfinder2.census.gov/>

* 2000 Census data

** ACS 2008-2012 estimates

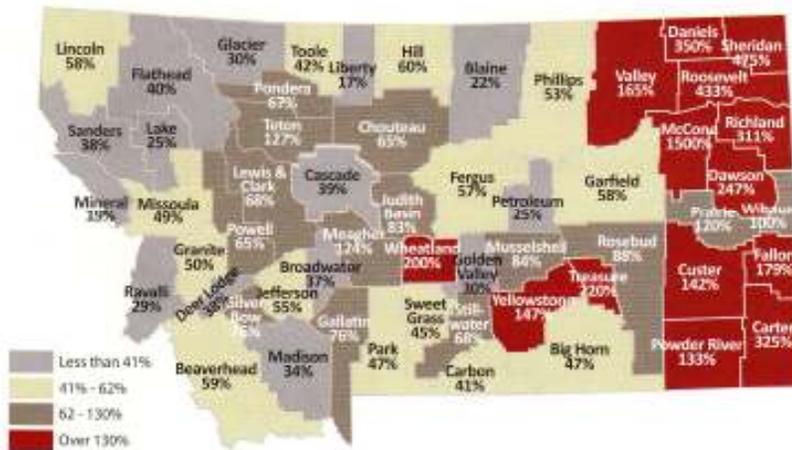
As *Figure 11* shows, even though the median value of owner-occupied housing remains much higher for Montana overall, the value of housing in the EMIC region has risen considerably; 10 out of 16 eastern Montana counties exceeded the state's 84% increase in value. The median value of housing across the region has risen an astonishing 102% from \$46,600 in 2000 to \$94,300 based on 2008-2012 ACS estimates. Because development in eastern Montana has traditionally depended on the fickle nature of both the agricultural and energy markets, homes in the area were built during growth spurts (i.e. 1910, 1940, 1950, 1970, and 1980). Overall, very little, if any, home construction occurred within the EMIC region during the two decades preceding 2008. *Figure 12*, on pg. 52, illustrates the nearly 300% increase in housing starts generated by recent development. *Table 23*, also on pg. 52, outlines both the scarcity of new development before 2008 as well as the high cost of creating new housing. The cost of housing construction per unit rose 33.8% between 2000 and 2012, while the cost per building rose an incredible 142.4%. Yet, as the resident population aged and standard improvements became unaffordable for those on fixed incomes, many established homes fell into disrepair. Therefore, it is hard for new residents to buy into the local market because many of the "affordable" homes require major updates, and new homes include the expensive cost of construction in a relatively remote area inflated by rapid development.

Table 23: Annual New Privately-Owned Residential Building Permits*												
County	2000				2006				2012			
	Buildings	Units	Construction Cost	\$/Unit	Buildings	Units	Construction Cost	\$/Unit	Buildings	Units	Construction Cost	\$/Unit
EPEDC	1	1	220,000	220,000	6	6	667,170	111,195	23	100	11,563,439	115,634
Carter	0	0	0	0	0	0	0	0	0	0	0	0
Dawson	1	1	220,000	220,000	3	3	418,000	139,333	14	83	9,530,000	114,819
Fallon	0	0	0	0	0	0	0	0	8	16	1,788,000	111,750
Prairie	0	0	0	0	0	0	0	0	0	0	0	0
Wibaux	0	0	0	0	3	3	249,170	83,057	1	1	245,439	245,439
GNDC	1	1	65,000	65,000	6	6	868,000	144,667	20	40	5,252,492	131,312
Daniels	1	1	65,000	65,000	2	2	305,000	152,500	9	9	1,030,000	114,444
Garfield	0	0	0	0	0	0	0	0	0	0	0	0
McCone	0	0	0	0	0	0	0	0	1	1	250,000	250,000
Roosevelt	0	0	0	0	3	3	393,000	131,000	1	1	260,000	260,000
Sheridan	0	0	0	0	0	0	0	0	10	30	3,712,492	123,750
Valley	0	0	0	0	1	1	170,000	170,000	0	0	0	0
REDC	7	7	640,829	91,547	18	18	4,910,000	272,778	136	164	26,387,350	160,898
Richland	7	7	640,829	91,547	18	18	4,910,000	272,778	136	164	26,387,350	160,898
SEMDC	10	10	1,026,000	102,600	8	10	1,349,410	134,941	12	43	4,612,690	107,272
Custer	8	8	676,000		6	8	1,099,410	137,426	10	41	4,205,690	102,578
Powder River	0	0	0	0	0	0	0	0	0	0	0	0
Rosebud	2	2	350,000		2	2	250,000	125,000	2	2	407,000	203,500
Treasure	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	19	19	1,951,829	102,728	38	40	7,794,580	194,865	192	348	47,815,971	137,402

<http://www.census.gov/construction/bps/>
 *Number of building permits, reported only.

Housing Starts, 2013, as a Percent of 2004

Figure 12



Bureau of Business and Economic Research, University of Montana for the *MT Business Quarterly*, Autumn 2014.

REGIONAL SHORT- AND LONG-TERM HOUSING CHALLENGES

In eastern Montana, there already exists a shortage of suitable available housing, requiring many people to accept poor to unsound standards for living. Without new housing, this will only get worse as the people migrating to the region for natural resource development driven jobs compete for a limited housing supply. Demand will continue to drive up housing costs long-term and degrade the region's ability to provide affordable housing to many of the region's residents.



One example of temporary housing
Richland County

If these housing challenges are not addressed, rising housing costs will cause many households struggling to make ends meet to lose the ability to pay for housing, forcing some into homelessness and many more into leaving the area completely.

The greatest impact of increasing housing costs is felt by single income households and the elderly on fixed incomes. This is a particular concern for eastern Montana as the senior population within the region is projected to increase by 32% in 2025.²⁵ Although there are some resources available to address housing affordability, such as Housing and Urban Development (HUD) public subsidies via housing vouchers through Montana's Public Housing Authorities, voucher holders are often unable to find housing before the voucher expires and is permanently lost.



Eagles Landing modular housing complex
Richland County

In summary, the existing housing supply in eastern Montana will need to evolve and expand as the population increases. Evidence from North Dakota and the general market strongly indicates that a rapid increase in jobs is attracting a new population of workforce to the region, increasing housing demands, and inflating housing costs for existing residents.

KEY TAKEAWAYS

- Over 30% of the eastern Montana housing stock falls at or below this “poor” condition rating, as defined by the Montana Department of Revenue. As the housing stock ages, if sufficient funds are not allocated to maintain the current stock, a greater percentage of homes will become uninhabitable. This housing reduction intensifies the need for additional housing while simultaneously forcing upward pricing pressure on existing housing units due to premiums paid for units that are of better quality.
- Without an increase in the supply of affordable housing, the average salary of typical occupations such as a registered nurse, police officer, or elementary school teacher is insufficient to procure adequate housing. Moreover, those on fixed incomes, such as the elderly, will be forced out of the housing market entirely.
- Housing is synonymous with job creation in eastern Montana.

PUBLIC SAFETY

Providing adequate crime prevention and fire and emergency services that allow for a stable and safe environment is essential to attract the long-term investments that will support sustainable community growth. Regional oil industry growth is characterized by large numbers of temporary workers with no roots in the fabric of local communities, which poses an increased risk to public safety. This is because local law enforcement does not have historical knowledge regarding the behaviors of this transient population, nor do temporary workers have the same ties to and concern for the community as do permanent residents. It takes more than just adequate law enforcement to handle a large influx of workers and their families. Fire and emergency services must also be able to cope with the additional demands a larger population creates. Moreover, because of large geographic areas of service, in order to provide effective assistance with short response times eastern Montanans must be especially diligent when establishing public safety operations.

According to *Social Impacts of Oil and Gas Development on Eastern Montana Communities*, a report commissioned by the Montana Board of Crime Control in 2013, uncertainty about what the future held, whether positive or negative, was the overwhelming sentiment given by residents interviewed.¹¹ Interviewees expressed great concern over whether the community could handle an influx of new workers. Baker residents noted that medical services had always been a top priority and that the town had a leading hospital facility, however they also voiced concerns over mental health and domestic violence services. Sidney interviewees noted a 45% to 55% increase in emergency calls and added police are often too busy responding to major issues to enforce local regulations. Those residents also felt that hospital and medical services were strained at best – partly due to the nature of oil and gas work which often leads to additional accidents. The fear of crime also weighed on the minds of residents from Plentywood and Sidney, towns located in Sheridan and Richland counties respectively, which are more likely to be affected by boom-related activity. Although this is to be expected given a change in the pace of life, as well as the time needed to adjust to strangers in small towns, it is a noteworthy point worth further observation.

POLICE

Highway Patrol (State Police)

According to the Bureau of Justice Statistics' Census of State and Local Law Enforcement Agencies, 2008 the Montana Highway Patrol operates with 218 full-time officers, or 23 per 100,000 residents. This is a 5.8% increase from 2004 levels, however tapers to just a 1.2% increase when related per 100,000 residents.²⁶

In August 2013, the Montana Highway Patrol added a new detachment in Sidney, along with two additional troopers in response to increased vehicle injuries and fatalities. District 5, which represents the region covered in this report, has gone from having one of the lowest vehicular fatality rates in the state to the single most as of 2012. Prior to the newest Sidney outpost, the district had detachments in Miles City, Wolf Point, and Glendive. The decision to increase efforts came in direct response to the oil activity impact seen in 2013, as well as the increase in vehicular fatalities.²⁷

However, District 5 faces major challenges in not only providing new, additional troopers as needed, but also arranging for affordable housing for these troopers once training is complete. Captain Ed Hilbert of District 5 has voiced concerns over the cost of housing relative to the trooper's salaries.²⁷ Pay for the Montana Highway Patrol as of June 2013 ranges from Entry (Probationary) pay of \$21.23 per hour or \$44,158.40 per year (sans overtime), to \$23.52+ for Troopers with 8-10+ years of service or \$48,921.60+ (sans overtime).²⁸

County Sheriff's Office

As of 2011, the 44,351 residents of the various regions and counties of eastern Montana were served by 82 full-time sworn male officers, alongside 5 full-time female officers, averaging roughly 2 full-time sworn officers per 1,000 residents as depicted in *Table 24*. Sheridan County's sheriff's office averaged 2.05 full-time sworn officers per 1,000 residents as of 2011, which was by no means the low of 1.48 seen in Dawson County.

Table 24:

SHERIFF'S OFFICE FULL-TIME OFFICERS PER 1,000 RESIDENTS						
Region	Agency	Population	Total Full-Time Male Sworn	Total Full-Time Female Sworn	Total Full-Time Sworn	Full-Time Sworn Officers per 1,000
GNDC	Valley County Sheriff's Office	4,155	8	-	8	1.93
	Roosevelt County Sheriff's Office	6,800	10	1	11	1.62
	Daniels County Sheriff's Office	1,767	3	-	3	1.70
	Garfield County Sheriff's Office	1,217	2	-	2	1.64
	Sheridan County Sheriff's Office	3,414	6	1	7	2.05
	McCone County Sheriff's Office	1,749	3	1	4	2.29
	SUBTOTAL	19,102	32	3	35	1.83
REDC	Richland County Sheriff's Office	3,756	8	-	8	2.13
	SUBTOTAL	3,756	8	-	8	2.13
SEMDC	Treasure County Sheriff's Office	724	1	1	2	2.76
	Rosebud County Sheriff's Office	7,081	14	-	14	1.98
	Custer County Sheriff's Office	3,318	6	-	6	1.81
	Powder River County Sheriff's Office	1,758	3	-	3	1.71
	SUBTOTAL	12,881	24	1	25	1.94
EPEDC	Dawson County Sheriff's Office	4,067	5	1	6	1.48
	Prairie County Sheriff's Office	1,189	3	-	3	2.52
	Wilboux County Sheriff's Office	1,026	2	-	2	1.95
	Fallon County Sheriff's Office	1,160	4	-	4	3.45
	Carter County Sheriff's Office	1,170	4	-	4	3.42
	SUBTOTAL	8,612	18	1	19	2.21
	TOTAL	44,351	82	5	87	1.96

Source: Montana Board of Crime Control, Montana Law Enforcement Personnel 2011 Report
http://www.mbcc.mt.gov/Data/publications/lep_manpower/Final2011LEP.pdf

Larger counties such as Flathead and Missoula by comparison do not average even 1.5 full-time sworn officers per 1,000 residents; however, those counties are centered around larger cities such as Kalispell and Missoula.

Table 25:

SHERIFF'S OFFICE AVERAGE STARTING SALARY				
Region	Agency	Population	Law Enforcement Officer Average Salary	Total Full-Time Sworn Officers
GNDC	Valley County Sheriff's Office	4,155	\$ 31,676.94	8
	Roosevelt County Sheriff's Office	6,800	\$ 37,446.83	11
	Daniels County Sheriff's Office	1,767	\$ 31,676.94	3
	Garfield County Sheriff's Office	1,217	\$ 31,676.94	2
	Sheridan County Sheriff's Office	3,414	\$ 31,676.94	7
	McCone County Sheriff's Office	1,749	\$ 31,676.94	4
	SUBTOTAL	19,102	\$ 6,854,103.55	35
REDC	Richland County Sheriff's Office	3,756	\$ 31,676.94	8
	SUBTOTAL	3,756	\$ 253,415.52	8
SEMDC	Treasure County Sheriff's Office	724	\$ 31,676.94	2
	Rosebud County Sheriff's Office	7,081	\$ 37,446.83	14
	Custer County Sheriff's Office	3,318	\$ 31,676.94	6
	Powder River County Sheriff's Office	1,758	\$ 31,676.94	3
	SUBTOTAL	12,881	\$ 3,311,941.25	25
EPEDC	Dawson County Sheriff's Office	4,067	\$ 31,676.94	6
	Prairie County Sheriff's Office	1,189	\$ 31,676.94	3
	Wilboux County Sheriff's Office	1,026	\$ 31,676.94	2
	Fallon County Sheriff's Office	1,160	\$ 31,676.94	4
	Carter County Sheriff's Office	1,170	\$ 31,676.94	4
	SUBTOTAL	8,612	\$ 3,009,309.30	19
TOTAL	44,351	\$ 13,428,769.62	87	

Source: Montana Board of Crime Control, Montana Law Enforcement Personnel 2011 Report
http://www.mbcc.mt.gov/Data/publications/lep_manpower/Final2011LEP.pdf

Table 25 displays the average salaries of all regions and counties affected in the eastern Montana region. 12 of 16 counties in the eastern region average salaries of \$31,676.94, while Roosevelt and Rosebud counties average \$37,446.83 in compensation. Cost for the eastern Montana region totals some \$13.4M, with expectations that costs will only increase as the influx of workers and residents increases.

Local Police

As of 2011, the towns that provide full-time sworn officer information in eastern Montana average roughly the same 2 full-time sworn officers per 1,000 residents as county sheriff's offices. A large majority of towns are over the 2/1,000 threshold with 4 of 10 towns represented averaging greater than 3 full-time sworn officers per 1,000 residents. Just 3 of the 10 towns that provided data for Table 26, on pg. 58, fell below 2

full-time officers, albeit not by a great margin, which is promising for local police and residents alike as officers will feel less pressured, and residents will harbor a more secure feeling given decreased response times and increased police presence.

Table 26:

POLICE DEPARTMENT FULL-TIME OFFICERS PER 1,000 RESIDENTS							
Region	County	Agency	Population	Total Full-Time Male Sworn	Total Full-Time Female Sworn	Total Full-Time Sworn	Full-Time Sworn Officers per 1,000
GNDC	Valley	Glasgow Police Department	3,279	10	1	11	3.35
		Wolf Point Police Department	2,644	6	2	8	3.03
	Roosevelt	Poplar Police Department	817	3	-	3	3.67
		Brockton Police Department	257	-	-	-	-
SUBTOTAL			6,997	19	3	22	3.14
REDC	Richland	Sidney Police Department	5,237	10	-	10	1.91
		Fairview Police Department	840	2	1	3	3.57
SUBTOTAL			6,077	12	1	13	2.14
SEMDC	Rosebud	Colstrip Police Department	2,234	5	1	6	2.69
	Custer	Miles City Police Department	8,485	16	-	16	1.89
SUBTOTAL			10,719	21	1	22	2.05
EPEDC	Dawson	Glendive Police Department	4,979	8	1	9	1.81
	Fallon	Baker Police Department	1,756	3	-	3	1.71
SUBTOTAL			6,735	11	1	12	1.78
TOTAL			30,528	63	6	69	2.26

Source: Montana Board of Crime Control, Montana Law Enforcement Personnel 2011 Report
http://www.mbcc.mt.gov/Data/publications/lep_manpower/Final2011LEP.pdf

8 of 10 towns in the eastern region averaged salaries of \$32,091.85 in 2011, while Sidney and Miles City average \$37,810.75 in compensation. Cost for the eastern Montana region totals roughly \$5.3M for the towns that did respond, however that number is artificially low as not every town within the 16 county district responded to the survey. That number can be expected to be (slightly higher) closer to the county sheriff's office indicated \$13.4M, given that local police departments also pay their employees slightly more on the average. *Table 27* reflects an average increase of 128.9% in police department budgets between 2000 and 2013 in communities within Dawson, Richland, and Fallon counties.

Table 27: Police, Various Local Budgetary Increases*			
Select Local Governments	2000	2013	% change
Municipalities			
City of Baker	\$176,260	\$475,100	169.5
City of Glendive	\$536,709	\$889,872	65.8
City of Sidney	\$506,000	\$1,157,450	128.7
Town of Fairview	\$100,512	\$244,694	143.4

* Table reflects the number of municipalities that responded to a request for information regarding this topic.

LAW ENFORCEMENT STATISTICS IN EASTERN MONTANA

The Williston Basin region includes many of the counties in western North Dakota, as well as a majority of the identified counties in eastern Montana. The region includes all counties in District 5 (the 16 counties of the eastern Montana region) except for Treasure, Rosebud, Powder River and Carter. Taking a look at past data suggests that an influx of workers on the basis of oil production has led to an increase of nearly 200% in offenses in the eastern Montana section of the Williston Basin region against a -5% trend in

offenses for Montana as a whole. For county sheriff's offices (Dawson, Fallon, Garfield, McCone, Prairie, Richland and Sheridan) and local police departments (Baker, Glasgow, Glendive, Miles City and Wolf Point) that provided information for the Williston Basin Report 32.5% of precincts had full-time sworn officers with 0-2 years of experience, with that number swelling to 51.9% of precincts when given a broader 0-5 years range. This lack of experience has caused additional stress since many feel overwhelmed by the number of calls for service, which can range between 199 per officer for Richland County's Sheriff's Office to as many as 1,058 calls for service per sworn officer in Baker (2011 figures).²⁹ Glendive Police Chief Ty Ulrich recently reported that calls for service received through the Glendive Dispatch Center increased from 8,659 in 2008 to 11,538 in 2014.

Moreover, 75% of precincts have minimal to significant recruitment issues, with 46% representing the division that is experiencing significant recruitment challenges. 53% of all precincts in the Williston Basin Region across North Dakota and Montana say recruitment issues are the number one challenge, with salary following closely behind at 35%. 43% claim that training is an issue and, with the majority of officers being quite "green", this presents several issues. For example, training times for the MT Highway Patrol's top candidates still requires 6+ months; even then, top candidates are few and far between.²⁹ Having analyzed the population projections, alongside the current trends in various County Sheriff's Offices, an additional 111-115 new full-time sworn officers will likely be necessary (from 2011 levels) to maintain the current threshold of 2 full-time sworn officers per 1,000 residents.

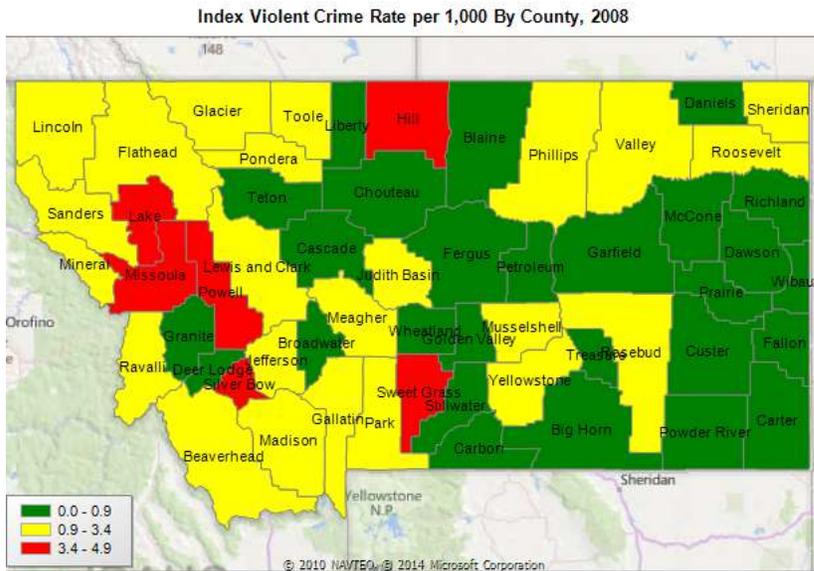
CRIME DATA

Montana has seen an influx of drugs, crime, and several other negative externalities caused by population growth as a result of increased development activity, a majority of the problem stems from a lack of funds needed to deal appropriately with impact issues. *Figure 13*, on pg. 60, depicts the Index Violent Crime Rate per 1,000 Residents by County in 2008, which is comparable to *Figure 14* from 2012. The maps help illustrate a visible crime increase in 7 out of the EMIC region's 16 counties. "Attorney General Tim Fox said oil patch arrests went up 80% between 2008 and 2012. Narcotics investigations pursued by the MT Department of Justice in the northeastern part of the state nearly tripled from 2010 to 2013. 'Anything and everything related to the justice system is overtaxed and over-burdened here,' [Fox] said."³⁰ Dawson County Attorney Olivia Norlin-Rieger stated the number of cases her office prosecuted 'increased approximately 150%' with over 130 cases filed in 2013.³¹

The Richland County Jail and Detention Center is experiencing an overflow of inmates as a result of the population rise. When it first opened in 2010, the jail was averaging 12 to 16 inmates a day. The number of inmates has gradually increased to an average of 30 a day, which is over the jail's capacity of 24 beds. The jail is using the juvenile detention center, comprised of 12 beds, as overflow.³² Bookings at the Dawson County Jail also [rose] significantly from 602 for 2007 to 920 through the first 11 months of 2013.

The voters in Custer County also approved funding for a new jail in response to the growing demand for detention space.³³

Figure 13



Montana Incident-Based Reporting System, Index Violent Crime Rate per 1,000 by County, 2008
<http://mtibrsrp.mt.gov/public/View/RSReport.aspx?ReportId=63>

Figure 14



Montana Incident-Based Reporting System, Index Violent Crime Rate per 1,000 by County, 2013
<http://mtibrsrp.mt.gov/public/View/RSReport.aspx?ReportId=63>

FIRE AND EMERGENCY MEDICAL SERVICES

Many fire and emergency medical service departments in eastern Montana require serious upgrades to cope with the added demands of increased natural resource development. It is also worth noting that most departments within the EMIC region are operated solely by volunteers. So, although a majority of the region's local governments haven't had to worry about personnel salaries yet, counties and municipalities do have to pay for the rising costs associated with training, equipment, vehicles, and facilities, in addition to the increased expense of providing services. For example, the Dawson County Commissioners recently approved a request from the West Glendive Fire Department for \$20,000, which is over and above the department's available \$94,000, due to unexpected costs brought on by the high number of motor vehicle accidents and rural fires it responded to this year.³⁴ The local governments represented in *Table 28* reported an average increase of 169.2% in emergency spending from 2000 to 2013.

Table 28: Fire and Emergency Services, Various Local Budgetary Increases*				
Select Local Governments	Type of Service	2000	2013	% change
Counties				
Dawson	Fire/Emergency Service	\$27,000	\$126,000	366.7
Municipalities				
City of Baker	Fire	\$37,100	\$62,950	69.7
City of Glendive	Fire	\$236,423	\$352,476	49.1
	Ambulance	\$102,854	\$381,710	271.1
City of Sidney	Fire/Emergency Service	\$79,000	\$137,480	74.0
Town of Fairview	Fire	\$7,376	\$8,519	15.5

* Table reflects the number of counties and municipalities that responded to a request for information regarding this topic.

As development continues and/or escalates, it will become more difficult to maintain volunteer departments. The shortage of workforce age people discussed earlier in this report, also equates to a shortage of workforce age responders in place to volunteer. Older resident responders have expressed concern about being called out to emergencies so frequently. The severity level of emergencies in the area is also intensifying.

Fire Department Statistics and Analysis

Below is a quick overview of concerning statistics as of 2010:

- Just 25% of fire departments that are responsible for structural firefighting have formally trained their personnel in handling such fires.
- 65% of departments surveyed that are responsible for Emergency Medical Services (EMS) have not formally trained their personnel.

- Half of all fire departments cannot equip all firefighters on shift with radios or self-contained breathing apparatuses.
- Only 22% of fire departments have basic firefighter fitness and wellness programs in place.
- Over 1 in 10 fire departments cannot provide all first responders with their own protective clothing.

Other areas in which regional fire departments may be lacking include: backup power, exhaust emission control, stations that are older than 40 years, and engines and pumpers that are at least 30 years old – criteria that was not required to be met when stations were originally built, but is now required by current standards. Of the departments serving 10,000 residents or less, 46.2% are operating out of stations that are 40 years or older, just 15.4% have emergency backup power, and only 12.8% are equipped with exhaust control. However, there has been a good amount of progress made via written agreements between departments to aid one another during especially challenging calls. 47% of eastern Montana fire departments have service support agreements for structural collapse, 37% for chemical or biological incidents, 69% for wildland/urban interface fires, and 37% for developing major flood.³⁵

Table 29: Average Number of Volunteer Firefighters Responding

Population of Community	1-2	3-4	5-9	10-14	15-19	20 or More	Total
10,000 to 24,999	16.7%	0.0%	33.3%	33.3%	0.0%	16.7%	100.0%
Under 10,000	3.6%	3.6%	57.1%	28.6%	3.6%	3.6%	100.0%

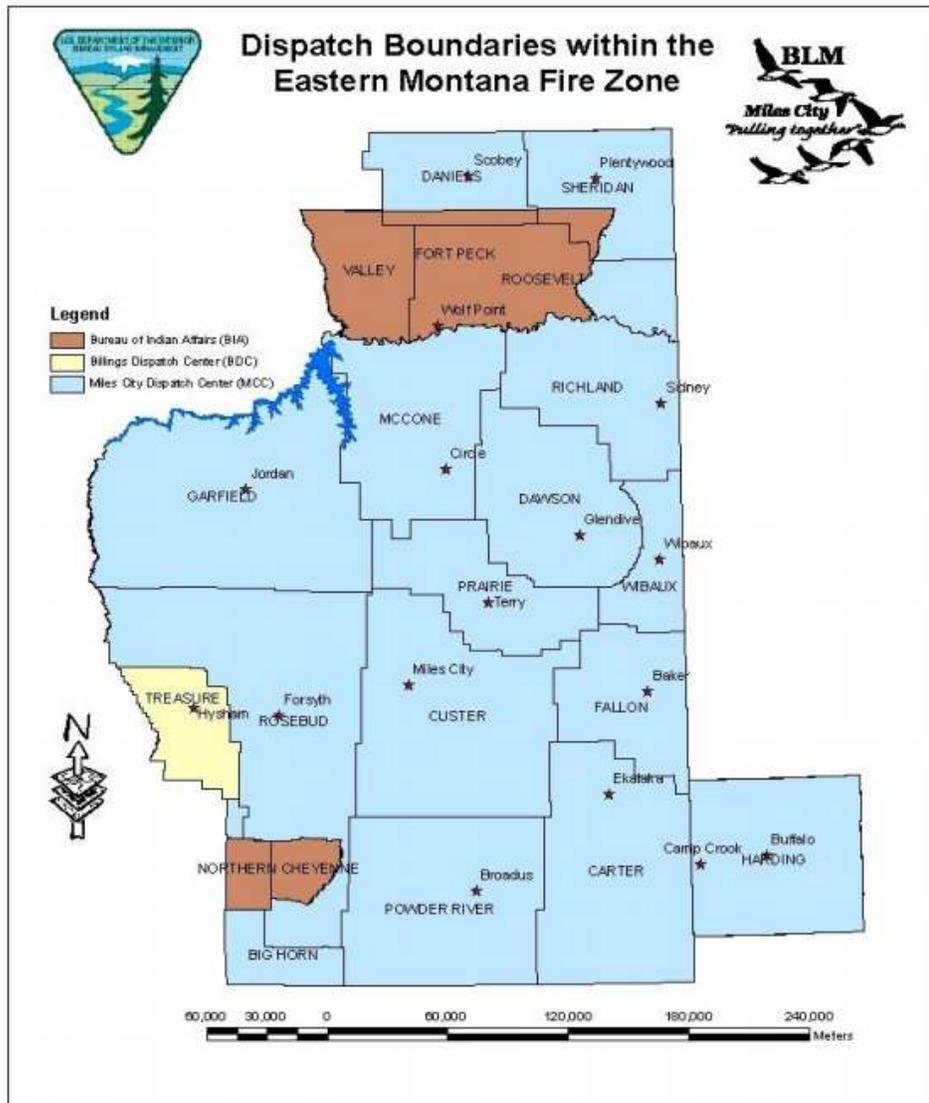
NFPA 2010 Survey of the Needs of the US Fire Service
<http://www.nfpa.org/~media/Files/Research/NFPA%20reports/50%20states/montananeedsIII.pdf>

Each time that a call goes out in areas with less than 10,000 residents, 92.9% (projected by NFPA in *Table 29*) of the time 5 or more volunteer firefighters respond. Of those departments with less than 10,000 residents to serve, 96.9% of those provide structural firefighting. However, just 22.6% of those provide formal training, with 22.6% providing most, and 51.6% providing some training. 51.6% provide emergency medical services, of these departments, 31.3% provide all formal training, 37.5% provide most, and 31.3% provide some training. Overall, while most departments are in need of improvement in most areas, the smaller the community and the smaller the department the greater the need for development.

Figure 15, on pg. 63, outlines the dispatch boundaries for the Eastern Montana Fire Zone of the Miles City Division, part of the Northern Rockies Coordinating Group (NRCG) – an intergovernmental agreement that commits to firefighting and public safety, fire management and maintenance of interagency fire management programs. This effort stems from the need to pool resources in order to provide rural areas with necessary services. Fire protection includes both state and private lands within federal boundaries. Dispatch gives authority from the various agencies to the Miles City Interagency Dispatch Center (MCC) that notifies jurisdictional agencies, including county sheriff's offices, about wildfires. The most important

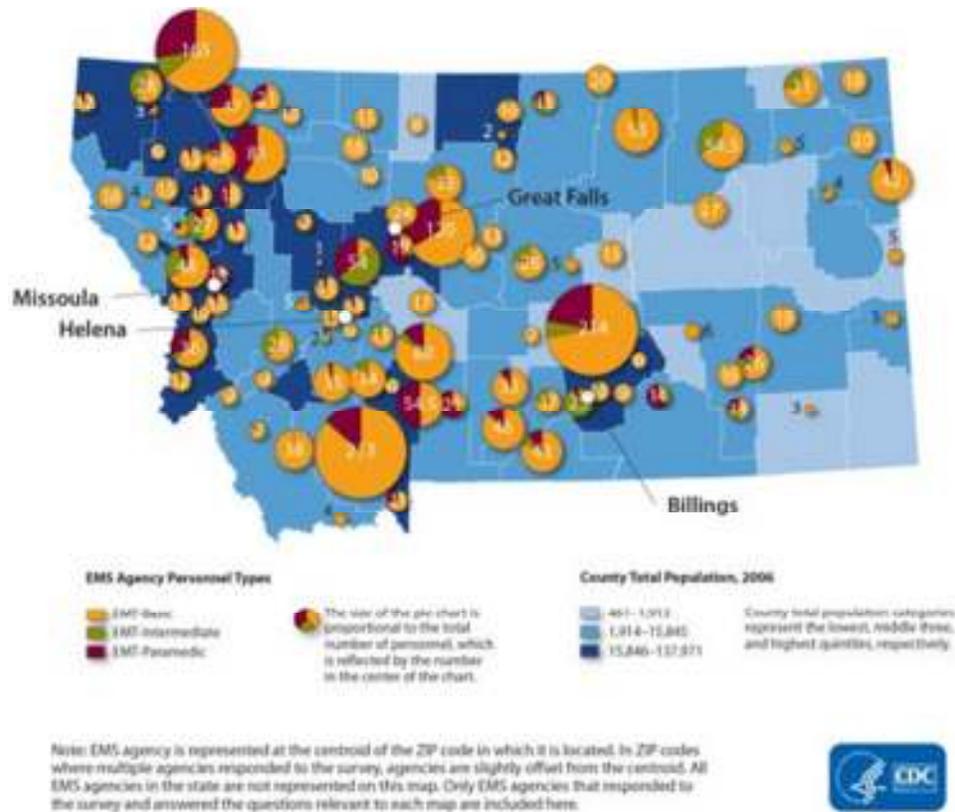
part of the agreement is communication over boundary lines, so that no department makes incorrect assumptions about another department's responsibilities. MCC also coordinates structural fire protection. However, its primary concern is preventing wildfire(s) from reaching structures. The interior burning of structures, is seen as the responsibility of the tribal, county, district or municipal fire departments.³⁶

Figure 15



Miles City Division 2012 Annual Operating Plan

http://www.blm.gov/style/medialib/blm/mt/field_offices/miles_city/fire.Par.3659.File.dat/EMFZ%20AOP/2014%20Eastern%20Montana%20Division%20of%20Miles%20City%20AOP_FINAL.pdf



Survey of EMS Practices for Heart Disease and Research Montana
http://www.cdc.gov/dhdsp/data_statistics/ems/fs_ems_mt.htm

Figure 16 shows the types of EMT (Basic, Intermediate, Paramedic) service available across Montana. Not only is service in eastern Montana scarce, but it is largely “Basic.” As of 2008, the number of EMTs in eastern Montana totaled 296, equating to roughly 6 EMTs per 1,000 residents. Of the 17 agencies within eastern Montana depicted in Figure 17, on pg. 65, just 4 are non-volunteer agencies.

Figure 17



Survey of EMS Practices for Heart Disease and Research Montana
http://www.cdc.gov/dhdsp/data_statistics/ems/fs_ems_mt.htm

Table 30 contains estimates, based on 2008 levels, regarding the number of new EMTs needed to handle regional activity by 2023.^{37,38}

Table 30: Eastern Montana EMT Gap Analysis				
Scenario	2013	2023	Population Increase	Number of New EMTs
Baseline *	78,061	85,215	7,154	228
Medium-High Oil Production **	78,150	100,077	21,927	317
High Oil Production **	78,310	101,844	23,534	328

* Based on aggregated county level data from eREMI model
 ** MT Department of Commerce

Therefore, at the highest production of oil, a total of 614 EMTs would be needed to cope with the added stress brought on by population growth in order to minimize response times. The cost of providing these additional EMTs, at a minimum, would include training and additional equipment. Without impact funding, any additional costs for staffed or volunteer personnel would further strain limited local budgets.

KEY TAKEAWAYS

- Data suggests that an influx of workers on the basis of oil production has led to an increase of nearly 200% in offenses in the eastern Montana section of the Williston Basin region against a -5% trend in offenses for Montana as a whole. Regional jails are operating at or beyond capacity, and the local court system has to cope with an increased case load.
- Many precincts in the Williston Basin Region, across North Dakota and Montana, say recruiting law enforcement is their number one challenge, followed closely by officers' salary and training.
- Nearly all of eastern Montana's communities rely on some form of volunteer emergency response team.

ISSUES AND RECOMMENDATIONS

In order to capitalize on energy development that results in sustainable growth and revenue capture, it will be necessary to address the following key issues:

Service, Retail & Workforce Demand

1. Significant growth in younger and older populations will create a stronger demand for limited community assets, including local retail, affordable housing, health care services, and community infrastructure.
 - a. Continue to facilitate the development of small businesses in an effort to diversify the economy and address the needs of a changing population dynamic.
 - b. Encourage the use of high school and retirement aged persons in the workforce. Market employment opportunities through local high schools and through other organizations active with persons within these demographics.
 - c. Support improvements to hospitals, mental health care facilities, and emergency services to ensure they are equipped to handle both additional demands for service and specialized care. Encourage heavy recruitment to applicable programs offered by regional higher education providers.
 - d. Encourage the creation of a variety of quality housing options, especially development that includes handicap accessible units that meet “visitability” standards, as well as units that will easily accommodate young families. Offer incentives and support, where prudent and available, to developers willing to fill this demand.
2. Job growth in eastern Montana will outpace general population growth overall, and extremely low unemployment levels indicate that further local job capture may be limited. Therefore, the region can expect a continuous inflow of external workers. These new workers require housing and associated public services that exceed the current supply and have placed additional strain on the local communities that must support them.
 - a. Encourage area schools and colleges to focus on creating additional workforce development opportunities that will strengthen the ability of local workers/graduates entering the workforce to obtain skilled labor positions. Programs should be dynamic and adaptable to meet workforce demand. Meetings between industry representatives

and school personnel should help develop the appropriate curriculum, which will create job ready graduates or certificate programs.

- b. Partnerships and communication with public sector programs (MT Job Service, etc.) should also be supported in order to increase job placement.
- c. Create strategies that strike a balance between temporary, multi-family, and single family housing within each community or county to ensure proper development.
- d. In many sectors, traditional jobs/hours may not attract enough workers. Employers will need to be flexible to attract the interest of the available workforce. Other programs that allow for the use of immigrant or guest workers may be necessary to fill certain employment needs and should be considered when other alternatives have been deemed insufficient.
- e. When workers need additional training, programs such as those offered by the Montana Department of Commerce, the Department of Labor, and/or utilization of regional higher education programs should be explored and utilized to lessen the burden on the employer.

3. Creating welcoming communities with adequate infrastructure and public services is essential to attract new workers who are willing to permanently settle in the area with their families.

- a. Continue evaluating the needs of the local workforce in order to accurately capture the overall impacts within each sub-region. Special attention will need to be given to the additional challenges faced by Native American populations.
- b. Assist with the development of Capital Improvement Plans for local governments that help support appropriate community amenities essential to attracting and retaining a strong workforce that may be within local government control or ownership, such as parks and community centers.
- c. Encourage local governments and districts to maintain user rates needed to support essential infrastructure. Ongoing small increases in user rates are much easier to justify than the significant increases being seen across the region because user rates have been stagnant for such a long time.

Infrastructure

1. Most eastern Montana communities have not yet established mechanisms that would permit them to collect impact fees. Impact fees were not historically deemed appropriate because eastern Montana communities have suffered from the effects of a dwindling tax base for many years. Fees were considered a deterrent to communities begging for new businesses and development.
 - a. Explore the possibility of implementing additional fees and permits assessed to developers and others impacting infrastructure across the region.
 - b. Support the assessment of adequate connection fees and planning review fees to ensure local government is not subsidizing the development.
 - c. Analyze local rates and assessments annually to determine if operation and maintenance, debt service, and reserves are being addressed and developed at adequate rates to operate the system and ensure funds for upgrades as needed.

2. While it is estimated that \$344M could be utilized to support development in eastern Montana, \$90M in impact funding is being requested to provide support for essential infrastructure projects.
 - a. Calculate the “tipping point” where infrastructure will need major system overhauls, versus incremental additions to service, to ensure that each community will be best positioned for ongoing growth.
 - b. Establish land use policies and/or development impact fees sufficient to guide cohesive community development or fund increased demand for infrastructure and services, in order to create the foundation for further economic development in the region.
 - c. Develop and maintain Capital Improvement Plans that are dynamic and functional. Review and update these on an annual basis during the budget process.
 - d. Develop preliminary engineering reports on water, wastewater, and bridge systems, if financially possible, as a more detailed planning tool to ensure the readiness of the community in the event that grant funding must be pursued.
 - e. Support the development of new infrastructure that fits within the future land use planning of the community and/or that will have a positive impact on the community and/or county.

3. Community residents, often on fixed incomes, are currently expected to shoulder the burden of development.
 - a. Establish an ongoing dialogue with the region’s active energy developers to find mutually beneficial ways of investing in priority areas of impact to maintain quality of life and ensure that sustainable long-term growth is achieved in the region.
 - b. Identify and prioritize short-term and long-term building needs, so as to balance community needs with current local market demands.
 - c. Gather the support from local cities/towns and counties needed to appeal to Montana’s legislators and the state administration for impact funding.
 - d. Encourage those benefitting from development to give locally in order to assist with the delivery of services (i.e., donations to local food banks, Boys & Girls Club, etc.).

Housing

1. Over 30% of the eastern Montana housing stock falls at or below the “poor” condition rating, as defined by the Montana Department of Revenue. As the housing stock ages, if sufficient funds are not allocated to maintain the current stock, a greater percentage of homes will become uninhabitable. This housing reduction intensifies the need for additional housing while simultaneously forcing upward pricing pressure on existing housing units due to premiums paid for units that are of better quality.
 - a. Develop a long-term affordable and regional housing strategy to meet the growing demand. This strategy must also address provisions for senior housing and services given the aging demographic of the region’s population.
 - b. Develop a regional Housing Authority tasked with servicing areas not currently covered.
 - c. Encourage policy changes that allow economic development funds to be used for housing projects in areas of high growth and/or high median income, where housing is critical to workforce retention and growth.
 - d. Consider incentives that encourage quality affordable housing development.
 - e. Facilitate meetings between housing developers and community representatives in order to foster cooperation that will help provide for local demand while addressing community needs, as appropriate.

2. Without an increase in the supply of affordable housing, the average salary of typical occupations such as a registered nurse, police officer, or elementary school teacher is insufficient to procure adequate housing. Moreover, those on fixed incomes, such as the elderly, will be forced out of the housing market entirely.
 - a. Encourage the state, local governments, and major housing developers, to seek out innovative alternatives to short- and long-term housing. This may mean encouraging, through an application and permitting process, the oil and gas industry to provide on-site temporary housing.
 - b. Establish ongoing outreach with major housing developers, energy sector players, retailers and other relevant private investors to find opportunities for developing additional housing stock.
 - c. Alleviate pent up demand for single family housing units by creating affordable alternatives for housing persons who have one (1) to two (2) people per household.
 - d. Develop housing plans and growth policies that clearly define what a community's needs and wants related to housing are and where development would be most welcomed and feasible.

3. Housing is synonymous with job creation in eastern Montana.
 - a. Evaluate how temporary workforce housing will continue to impact the region as energy investment increases. Temporary housing, while not universally popular serves as a mechanism to ensure that overdevelopment of permanent housing does not occur. Communities should strive to find that balance and encourage or discourage temporary housing based on a balance of short-term needs and long-term sustainability.
 - b. Develop housing options that allow for greater population density.
 - c. Encourage redevelopment of lots currently not in use or underutilized within residential areas. These may include lots with blighted structures that need to be removed or lots with structures in need of rehabilitation.
 - d. Encourage housing cooperatives with lead employers by community. This will encourage employment by providing employer available housing.

Public Safety

1. Data suggests that an influx of workers on the basis of oil production has led to an increase of nearly 200% in offenses in the eastern Montana section of the Williston Basin region against a -5% trend in offenses for Montana as a whole. Regional jails are operating at or beyond capacity, and the local court system has to cope with an increased case load.
 - a. Support the addition of more full-time staff, additional sub-stations, fire stations and an expansion of correctional facilities and/or consolidation through a large regional correctional facility, in order to maintain an environment that is safe and appealing to both residents and businesses relocating to the region.
 - b. Encourage statewide assistance with funding for public safety measures, including continued support of additional Highway Patrol and continued federal support from the FBI.
 - c. Encourage additional federal, state, industry, and local support to impacted areas for police, fire, emergency responder, community health, mental health, and other public safety programs that are overburdened by growth.
2. Many precincts in the Williston Basin Region, across North Dakota and Montana, say recruiting law enforcement is their number one challenge, followed closely by officers' salary and training.
 - a. Solicit funds to offset the wages and training necessary to recruit and retain law enforcement in order to ease the burden on local governments.
3. Nearly all of eastern Montana's communities rely on some form of volunteer emergency response team.
 - a. Support local governments attempting to recruit and retain new and/or additional qualified volunteers.
 - b. Given the nature of the region, an improvement in the development of written agreements between departments to assist in different areas may effectively address certain deficiencies. In all areas, where possible, the region's local governments and districts should assist each other in this regard.

CONCLUSION

Eastern Montana has experienced decades of decline while supporting a large aging population, which has led to several unfortunate realities. The region was unprepared for the magnitude of growth that has occurred in the last six years. While several of the region's communities and counties had previously adopted growth policies, subdivision regulations and, in some instances, capital improvement plans, these documents were developed with the mentality that any and all future growth would be welcomed in order to stem the tide of decline, or they were simply adopted as boilerplate documents handed down from the state with no real consideration of local values or possible circumstances. More importantly, these documents did little resolve local community issues, including the steady loss of a viable tax base from which to draw funds for improvements needed to support development.

Infrastructure was inadvertently neglected. Communities endeavoring to sustain a demographic that was growing older and less economically stable did not feel that rate increases or assessments commiserate with replacing aging systems were an option. In addition, many were under the impression that the systems were designed for a population greater than the one they were watching decline before their eyes. The reality is that, while the original designs were adequate, the continued squeeze that regulations have put on water systems and the treatment and discharge of wastewater has effectively shrunk each system's capacity and/or made it obsolete. Suddenly, these communities cannot meet permit requirements for existing users or make room for growth.

Housing also suffered. As people moved away, many houses remained vacant and unkempt. Residents who opted to age in place, often became unable to tend to their properties or lacked the means to perform critical home improvements. A large portion of owner-occupied houses deteriorated, and new housing did not get built due to the decline in population, leaving the region with housing stock that is sufficient only for the existing residents at best and is certainly not equipped to handle growth—as evidenced by exorbitant housing costs. Moreover, as existing housing has filled and new workers are drawn to the region, an increasing strain is being placed on the workforce. New workers are needed throughout the region, but business owners, school districts, and local governments are frequently unable to fill available positions due to a lack of sufficient housing. Unemployment dropped to below 3% in some areas, and workers moved out of public sector employment or local employment into oil and gas related positions that were higher paying and/or provided housing, leaving a void in the labor pool.

Public safety and the level of effort needed to maintain it can be tied directly to the population. In this instance, the region is not only experiencing growth, but the growth includes many people who still maintain

homes elsewhere. The lack of resident ownership places an additional burden on the communities' ability to maintain public safety.

This report identified several quantifiable needs related to labor force, housing, infrastructure, and public safety. The needs described are based upon employment predictions tied to energy development and variables related to the level of development within each community. To successfully deal with the impacts occurring and deliver the services necessary to sustain growth, each community must evaluate its situation, plan accordingly, and make decisions based upon the level of growth affecting its systems, housing, and other public services.

Several communities have been proactive in their response to growth, which indicates their level of commitment to dealing with and attracting development. The City of Sidney has pushed forward with the implementation of impact fees and is pursuing improvements to both its water and wastewater systems. The City of Glendive is constructing a new wastewater treatment plant that will also connect to West Glendive at a cost of over \$20 million. The Town of Plevna is upgrading its entire water system, including main replacement and the construction of a new storage tank at a cost of over \$3 million. In anticipation of the Keystone XL pipeline and its associated temporary housing facility, the City of Baker has worked closely with TransCanada to improve both its water and wastewater facilities with TransCanada's financial assistance. Powder River County is moving forward with an \$8 million road project to assist with Denbury's over \$400 million CO2 injection project in the Belle Creek Oil Field. Custer County and the City of Miles City have implemented numerous planning projects and invested nearly \$12 million in the city's water and sewer systems, as well as the county detention center. Anticipated projects, such as the Otter Creek Coal Mine and related Tongue River Railroad, will certainly compound regional impacts and needs. In addition, several communities have, or are updating, planning documents to better reflect the changing economy, and many are evaluating the implementation of other planning tools. The tide of decline in eastern Montana has turned and, although communities are investing, they simply cannot invest enough to meet every need, and they require assistance.

Regionally, the Eastern Montana Impact Coalition has completed outreach, facilitated many regional events with state and federal program personnel, assisted with bringing state planning resources to the region, secured funds to hire a planner and a resource coordinator to assist with funding applications and project coordination region-wide, and solicited the completion of this impact study. The coalition's efforts will hopefully continue as state and federal resources are pursued to assist the region in carrying out the improvements necessary to capitalize on this investment opportunity. The coalition, as an advocate for state and federal funding, can be expected to continue to assist in each of its respective areas on specific projects and collaborate whenever and wherever necessary for the benefit of the region and the State of Montana.

The State of Montana Community Technical Assistance Program (CTAP) within the Montana Department of Commerce has been assisting the region with planning efforts for the past few years. These efforts have included the development of annexation policies, assistance with zoning code updates and/or implementation, as well as the creation of growth policies. CTAP has prioritized planning needs in the region, and it is anticipated that this valuable resource will continue to be provided to the region's communities. Beyond that, additional funding from the State of Montana would help offset infrastructure costs and provide additional assistance for public safety.

Federally the region is in a difficult situation. Many of the federal programs are designed to evaluate grant eligibility based upon household incomes. Eastern Montana's employment market is very strong and wages are nearly always in excess of grant eligibility guidelines, even though a significant portion of those wages are not staying in the communities where they are earned. The region's leaders must continue to advocate among the congressional delegation for additional resources and actively encourage them to revise constraints related to existing programs.

Overall, the challenge is to make progress at the local level in every manner possible, while collaborating at the regional level to pool resources, using the region's collective voice to insist that state and federal investments be made in eastern Montana for the greater good. Small steps lead to large accomplishments, and the region must press on to seize this opportunity. Independent from the future of oil and gas development, every community has a chance to grow and prosper with an adequate amount of resources.

LEGAL NOTICE & DISCLAIMER

In January 2013, the EMIC, through competitive procurement, selected a multidisciplinary consulting team led by Jones Lang LaSalle (JLL), a professional services firm offering specialized real estate services, to evaluate the major impacts anticipated from energy development and provide a list of recommendations to address them. The JLL team was further augmented by sub-contractors including SmithGroup JJR, one of the nation's leading architecture, engineering and planning firms; Allied Engineering, a civil engineering firm based in Bozeman that has worked extensively with energy impacted communities in North Dakota and Eastern Montana; and Ecolibrium, a multidisciplinary consulting company based in Bozeman. Jones Lang LaSalle economists provided analysis to supplement the publicly available third party reports and metrics provided to the team.

The main purpose of this analysis is to provide information regarding the magnitude and sustainability of energy impacts resulting from the various energy plays. However, for several reasons, an exact forecast of the timing of the affects from growth is an unknown variable:

- Pro forma private sector energy development is highly proprietary and confidential;
- There is still a high degree of uncertainty about the amount of oil contained in the Bakken/Three Forks deposits that extend into eastern Montana;
- There is uncertainty surrounding the timing and likelihood of obtaining approvals to move forward with the Keystone Pipeline and the Otter Creek coal mine;
- Oil and gas development is closely tied to the price of oil, which is prone to significant market fluctuations.

As a result of these factors, this report primarily relies on the Montana Department of Transportation's (MDOT) forecasted levels of energy development in the state as the best source to predict the timing, nature and location of oil and gas development. The MDOT data was further corroborated by a variety of other sources. To account for uncertainty, the predictive model in this report includes a sensitivity analysis that evaluates impacts under both conservative and more aggressive development estimates. The resulting model, though imperfect, is as sound a tool as currently exists for predicting energy impacts at a regional level. The model only addresses impacts at the regional level, but could serve as a starting point for further studies to defining impacts at a more local level.

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APPENDIX

- A. Regional Impact Analysis – Annotated Resource List
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APPENDIX A

REGIONAL IMPACT ANALYSIS: ANNOTATED RESOURCE LIST

United States Census Bureau, www.census.gov

This website was used for general demographic data regarding the various regions that comprise eastern Montana, including information on building permits, housing needs and projections, and household multipliers were also sourced from the 2011 Census data available on this site. Particularly useful is the information found using the American Community Survey, which provided detailed census data on housing, wages, industry levels, as well as projections for housing needs.

Rural Assistance Center, Rural Health, www.raconline.org/topics/frontier/frontierfaq.php

The Rural Assistance Center website is a product of the U.S. Department of Health and Human Services' Rural Initiative. The RAC website provides information on various topics regarding the improvement of access, as well as the quality and financial viability of rural health and human services. The RAC facts page provided information about rural "frontier" communities, such as the many communities in eastern Montana. As energy development continues to boom in eastern Montana, the nature of services provided by Montana rural communities will need to adapt to the increase in population.

Montana Office of Public Instruction (OPI), <http://opi.met.gov>

The Montana State OPI website provides detailed information on school enrollment, which is often examined to demonstrate influxes in population. In the case of eastern Montana, school enrollment is tied directly to increased energy production in the region.

US Department of Commerce, Bureau of Economic Analysis (BEA), www.bea.gov

Site used to as a resource for current demographics, such as population, annual job growth rate, and job growth rate projections for the EMIC region.

Montana Department of Commerce, <http://www.ceic.mt/gov>

The Montana Census & Economic Information Center (CEIC) provides detailed analysis of population trends and forecasts, income, poverty and health insurance, and economics and business, specific to region and county. The CEIC population data and population forecasts for eastern Montana, and specifically oil and gas producing counties, are based on Montana Department of Transportation data. The CEIC data was also used for the Regional Economic Models, Inc. (eREMI) county level population projections. Montana Department of Commerce and Montana Department of Transportation were consulted at the early stages of the impact study to determine population forecasts for the EMIC region. Specific information regarding development in the Bakken oil play is also available at the CEIC website.

The White Paper on Housing, issued by Montana Department of Commerce, provides information on the state of housing in Montana. The White Paper is valuable in determining baseline needs for housing in the EMIC region and forecasting additional housing needs in response to energy impacts.

Montana Department of Revenue, <https://revenue.mt.gov>

Resources available through the Montana Department of Revenue provide information on conditions of current housing stock in the State, as well as counties in the EMIC region. This information provides a baseline for projects of housing need in the EMIC region, as need is impacted by energy development.

The Montana Department of Revenue was also used to obtain information on oil and gas revenue trends and production in Montana. Specifically, data for counties in the EMIC region was examined to project EMIC's contributions to the state's economy and to illustrate the need to send more oil and gas revenue to the communities in the EMIC region, in order for them to address the impacts being experienced by energy development.

U.S. Geological Survey (USGS), www.usgs.gov

The USGS is a valuable resource for any entity seeing information on current energy development assessments. A particularly useful PowerPoint presentation released by the U.S. Geological Survey (and available on their website) is the "Petroleum Resource Assessment" which outlines the projected production of the Bakken and Three Forks Formations. This assessment is often cited when referring to projected oil production in the Bakken region, including estimates on timeframes for production (i.e. "How long will the boom last?").

PA Resources AB, www.paresources.se/en/

PA Resources AB is an international oil and gas group. The PA Resources AB webpage “The Lifecycle of an Oil Field” provides an easy to understand description of the formation, extraction, and production of crude oil, including the processes required by oil companies. The site relates to energy impacts, because it provides an easy to follow understanding of the oil energy development process.

American Oil & Gas Reporter

The American Oil & Gas Reporter (AOGR) serves as the official publication for 30 associations of independent oil and gas producers and operators. Information regarding daily oil production in the State of Montana is available through the AOGR and can be used as a resource to track and forecast oil production markets in the EMIC region.

Montana Department of Natural Resources and Conservation, www.dnrc.mt.gov

Montana DNRC tracks well permitting in Montana. This information was followed closely to track well permits, as an indication of increased impacts by energy development in the EMIC region.

Bureau of Business and Economic Research (BBER), University of Montana, www.bber.umt.edu

Maps created by the BBER out of the University of Montana depicting housing starts throughout the state of Montana were used to illustrate how energy impacts are driving housing demand and development in eastern Montana.

Additionally, the BBER tracks energy related companies active in the state of Montana. This information, combined with information regarding well permitting, can be used to delineate energy development in the EMIC region and estimate infrastructure, housing, workforce, and public safety needs.

Keystone Community Connector, www.keystone-xl.com

A publication issued by TransCanada to inform the public of the Keystone Pipeline and various issues surrounding the development of the pipeline. The publication also provides data and projected workforce needs and social impacts to communities.

Montana State Department of Transportation, www.mdt.gov

The Montana Department of Transportation and the Department of Commerce CEIC provides extension projections on population. These projections provided the baseline data for most of the projections due to impacts from energy development. County level projections and data resources are available at the eREMI site.

Also available through the MDOT is information on use of Montana's roads. This resource can be used to track the change in use of roads in the EMIC region and predict budgetary needs counties and cities will be facing to maintain infrastructure, due to increased energy development.

Montana Department of Labor & Industry, www.dli.mt.gov

Resource used to evaluate current regional employment by industry, as well as industries in the EMIC region with the fastest projected growth. These projections can help assess how energy impacts are driving the change needs for workforce development.

United States Bureau of Labor & Statistics, www.bls.gov

A federal resource for county specific data on employment and industry trends, as well as a tool for predicting workforce demand created directly and indirectly by energy development.

US Energy Information Administration, U.S. Department of Energy, <http://www.eia.gov>

This website was used to research energy production statistics and forecasts used throughout the Impact Study. This website provides up-to-date information which was used to examine forecasts of energy production in the Bakken region.

Montana Business Quarterly

Quarterly magazine which demonstrates how the national increase in employment within the oil and gas industry is consistent with the continued increase in mining projected in the EMIC region. This, along with baseline projects of population by the Montana Department of Commerce, and changes in wage, demonstrates the manner in which energy impacts are shaping the economy of Eastern Montana.

Richland Economic Development Corporation (REDC), www.richlandeconomicdevelopment.com

Richland Economic Development Corporation is a local development organization (LDO) that serves Richland County, including the communities of Crane, Fairview, Lambert, Savage and Sidney. REDC works closely with communities to track impacts of energy development, including housing, cost of living, infrastructure needs and expenses, and revenue. In addition to data resources, REDC provided anecdotal references regarding energy impacts occurring in Richland County.

Great Northern Development Corporation (GNDC), www.gndc.org

The GNDC Comprehensive Economic Development Strategy (2012) is a regional planning effort for the counties of Sheridan, Daniels, Valley, Roosevelt, McCone and Garfield. GNDC provides economic development assistance to six counties and their communities. GNDC offers resource to quantify and address community development projects. GNDC provided anecdotal references regarding energy impacts occurring in the GNDC region.

Eastern Plains Economic Development Corporation (EPEDC), www.epedc.com/ceds.html

The EPEDC Comprehensive Economic Development Strategy (2013) is a regional planning effort for the counties of Carter, Dawson, Fallon, Prairie and Wibaux in Eastern Montana. This document directly discusses the local conditions and trends, and identifies problems and opportunities presented by energy development in these five counties. The EPEDC website, and other resources provided by EPEDC, contributed anecdotal references regarding energy impacts occurring in the EPEDC counties.

Southeastern Montana Development Corporation (SEMDC), http://semdc.org/?page_id=20

The SEMDC Comprehensive Economic Development Strategy (2013) is an analysis of local conditions, including strengths and weaknesses, problems and opportunities, and strategies for achieving objectives within the counties of Treasure, Rosebud, Carter and Powder River. The SEMDC website, and other resources provided by SEMDC, contributed anecdotal references regarding energy impacts occurring in the SEMDC counties.

Montana Board of Crime Control, www.mbcc.mt.gov

The MT Board of Crime Control website hosts a publically accessible database called the Montana Incident Based Reporting System, which allows users to compare law

enforcement personnel demands and workforce needs reported yearly. Also available on this site are annual reports regarding Montana Law Enforcement Personnel (needs, workforce demands, information on wages, etc.). This site was valuable in demonstrating a change in the need for public safety personnel in the EMIC region, as the population has increased. The site provides data on violent crime and several maps generated from this site were utilized to demonstrate crime rate changes in eastern Montana, which has been attributed to the population increase from energy development.

Furthermore, the Montana Board of Crime Control conducted an extensive survey on “Social Impacts of Oil & Gas Development on Eastern Montana Communities: Montana Board of Crime Control” (July 2013) which provided a qualitative description of the positive and negative impacts of oil and gas development, as perceived by residents. The report provides valuable information regarding the impacts of energy development on public safety and perceived public safety.

Bureau of Justice Statistics (BJS), www.bjs.gov

The BJS Census of State and Local Law Enforcement Agencies provides data on state and local law enforcement numbers, as well as state and local crime data. The increased need for, and lack of, qualified state law enforcement is one indication of impacts from energy development.

Montana State Legislature, <http://laws.leg.mt.gov> (2013), <http://www.leg.mt.gov> (2015)

This state operated website provides detailed information about the Montana State Legislature, including the 2013 session. The site provides information on recent, proposed, and passed legislation, along with access to copies of proposed legislation for public use and schedules of committee hearings. This information was used during the initial outreach, when EMIC and JLL were meeting with state, city, and county officials to determine data resources.

MASTER LIST OF ACRONYMS AND TERMS

The following list outlines various abbreviations and acronyms used throughout the Eastern Montana Impact Coalition’s Regional Impact Analysis.

ACS – American Community Survey
BSTF – Big Sky Trust Fund
CRDC – Certified Regional Development Corporation
CTAP – Community Technical Assistance Program
DIF – development impact fees
DOC – Department of Commerce
DVMT – daily vehicle miles traveled
EDA – Economic Development Administration
EIA – Energy Information Administration
EMIC – Eastern Montana Impact Coalition
EMT – Emergency Medical Technician
EMS – Emergency Medical Services
EPEDC – Eastern Plains Economic Development
eREMI – Regional Economic Models, Inc.; scenario from a study produced by the Montana Department of Commerce projecting population growth, assuming growth patterns are consistent with a Medium-Low Oil Production level
FY – fiscal year
GNDC – Great Northern Development
GOED – Governor’s Office of Economic Development
HUD – Housing and Urban Development
JLL – Jones Lang LaSalle, Inc.
LDO – local development organization
MCA – Montana Code Annotated
MCC – Miles City Dispatch Center
MEDA – Montana Economic Development Association
MHI – Median Household Income
MT – Montana
MT DOC – Montana Department of Commerce
MT DOT – Montana Department of Transportation
ND DMR – North Dakota Department of Mineral Resources
NRCG – Northern Rockies Coordinating Group
OPI – Office of Public Instruction
REDC – Richland Economic Development Corporation
SEMDC – Southeastern Montana Development Corporation
TSEP – Treasure State Endowment Program
USDA – United States Department of Agriculture
USGS – United States Geological Survey

Projects Slated for the EMIC Region - March, 2015

The Eastern Montana Impact Coalition works continuously to track and remain aware of, the infrastructure and economic development needs throughout the EMIC region. The list presented here is the most recent understanding by EMIC of the needs in the EMIC region. It was constructed via conversations, inquiries, and other communication with local officials. The projects and cost estimates listed are a snapshot of the current needs in the region as of March, 2015, with the disclaimer that these needs and costs are extremely sensitive to the fluctuations of the energy industry; they change on a regular basis. While this list does not represent all the needs of the region, it is a good indicator of the magnitude of infrastructure challenges facing Eastern Montana as a result of the surge in energy development. Please note: housing totals are not quantified in this list. The fact that \$0 funds are listed in the housing category does not mean a need for funding does not exist; it simply means the number of funds needed hasn't been quantified yet. Many of the communities in the EMIC region do not have a housing authority, making it difficult to estimate the dollar amount needed for housing. Additionally, the rural nature of this large region makes quantifying housing a challenging issues.

EMIC Region - Totals							
Area of Need	Water	Sewer	Housing	Transportation	Law Enforcement	Soc Services	Total
Totals:	\$173,017,129.00	\$55,971,000.00	\$2,250,000.00	\$72,816,216.00	\$29,410,000.00	\$10,830,000.00	\$344,294,345.00

EPEDC - Energy Development Impact Projects								
Entity	Water	Sewer	Housing	Transportation	Law Enforcement	Soc Services	Total	Priority
Dawson County	\$3,100,000.00	\$3,000,000.00			\$8,000,000.00		\$14,100,000.00	High - All
Glendive	\$9,000,000.00	\$18,000,000.00					\$27,000,000.00	High - All
Richey							\$0.00	
Prairie County						\$2,400,000.00	\$2,400,000.00	High
Terry		\$1,900,000.00					\$1,900,000.00	High
Fallon County				\$7,000,000.00		\$600,000.00	\$7,600,000.00	High
FCWSD	\$2,000,000.00	\$1,750,000.00					\$3,750,000.00	High - All
Baker	\$20,000,000.00						\$20,000,000.00	High
Plevna	\$2,600,000.00	\$5,200,000.00					\$7,800,000.00	High - All
Wibaux County				\$1,000,000.00			\$1,000,000.00	High
Wibaux		\$500,000.00					\$500,000.00	High
Carter County							\$0.00	
Ekalaka							\$0.00	
TOTALS	\$36,700,000.00	\$30,350,000.00	\$0.00	\$8,000,000.00	\$8,000,000.00	\$3,000,000.00	\$86,050,000.00	

SEMDC - Energy Development Impact Projects								
Entity	Water	Sewer	Housing	Transportation	Law Enforcement	Soc Services	Total	Priority
Custer County	\$32,000,000.00			\$4,000,000.00	\$110,000.00		\$36,110,000.00	High - All
Miles City	\$3,875,000.00	\$4,500,000.00		\$1,500,000.00		\$200,000.00	\$10,075,000.00	High - All
Rosebud County		\$50,000.00		\$3,500,000.00		\$5,200,000.00	\$8,750,000.00	Medium - All
Colstrip	\$800,000.00	\$5,451,000.00		\$850,000.00	\$2,500,000.00	\$20,000.00	\$9,621,000.00	High - All
Forsyth				\$250,000.00		\$250,000.00	\$500,000.00	Medium - All
Powder River Co.		\$20,000.00					\$20,000.00	High
Broadus	\$236,000.00	\$750,000.00					\$986,000.00	High - All
Treasure County							\$0.00	
Hysham	\$2,600,000.00			\$3,760,000.00			\$6,360,000.00	High - All
N. Cheyenne Res.				\$178,000.00		\$160,000.00	\$338,000.00	Medium - All
TOTALS	\$39,511,000.00	\$10,771,000.00	\$0.00	\$13,788,000.00	\$2,610,000.00	\$5,830,000.00	\$72,510,000.00	

RED - Energy Development Impact Projects								
Entity	Water	Sewer	Housing	Transportation	Law Enforcement	Soc Services	Total	Priority
Richland County			\$2,000,000.00	\$18,000,000.00	\$2,000,000.00	\$2,000,000.00	\$24,000,000.00	High - All
Town of Fairview	\$12,500,000.00		\$250,000.00	\$13,500,000.00	\$1,500,000.00		\$40,250,000.00	High - All
City of Sidney	\$64,000,000.00			\$16,000,000.00	\$3,500,000.00		\$83,500,000.00	High - All
TOTALS	\$76,500,000.00		\$2,250,000.00	\$47,500,000.00	\$7,000,000.00	\$2,000,000.00	\$135,250,000.00	

GNDC - Energy Development Impact Projects								
Entity	Water	Sewer	Housing	Transportation	Law Enforcement	Soc Services	Total	Priority
Sheridan County							\$0.00	
Plentywood							\$0.00	
Medicine Lake		\$1,500,000.00					\$1,500,000.00	High
Outlook							\$0.00	
Westby		\$1,929,000.00					\$1,929,000.00	High
Daniels County							\$0.00	
Scobey	\$8,000,000.00			\$540,000.00			\$8,540,000.00	High - All
Flaxville		\$1,445,000.00					\$1,445,000.00	High
Roosevelt County				\$2,000,000.00	\$11,800,000.00		\$13,800,000.00	High - All
Poplar							\$0.00	
Wolf Point							\$0.00	
Brockton							\$0.00	
Bainville	\$2,400,000.00	\$1,776,000.00					\$4,176,000.00	High - All
Culbertson		\$8,200,000.00					\$8,200,000.00	High
Froid							\$0.00	
Valley County				\$988,216.00			\$988,216.00	Med
Glasgow	\$7,566,129.00						\$7,566,129.00	High
Fort Peck							\$0.00	
Nashua							\$0.00	
Opheim							\$0.00	
McCone County							\$0.00	
Circle							\$0.00	
Garfield County							\$0.00	
Jordan	\$2,340,000.00						\$2,340,000.00	High
TOTALS	\$20,306,129.00	\$14,850,000.00	\$0.00	\$3,528,216.00	\$11,800,000.00	\$0.00	\$50,484,345.00	

GNDC region amounts in bold are taken from the list of proposed projects to the TSEP program.



Embracing Change

Miles City Community Event – March 14th and 15th

Investing in your community starts with using our collective voice and speaking up for a better Montana.

Executive Summary

“Working together we can insure we are prepared for and able to take advantage of all that energy development has to offer our state. We want solid, sustainable communities that can thrive now and in the future and that we can all be proud of.” – Martin DeWitt, *Executive Director of Great Northern Development Corporation*

Project Background

Eastern Montana is on the cusp of significant changes in energy development that will dramatically impact local communities for the foreseeable future. These changes include a rapid increase in oil and gas extraction impacting communities bordering North Dakota, the anticipated development of the Keystone pipeline running through Eastern Montana and the potential development of the Otter Creek coal mine in Southeastern Montana. If this growth and development is managed correctly, it provides eastern Montanans with a unique opportunity that can lead to sustained job creation and economic development that will benefit residents for generations. Conversely, if not properly managed, rapid development can overwhelm local community infrastructure, stretch public services to the breaking point, deplete the housing stock, and result in another “boom and bust” energy cycle where outsiders reap the financial benefits without providing long term benefits to the impacted communities. To capitalize on the opportunities and mitigate the risks, it is imperative that local communities understand the timing and nature of the energy impacts in order to quantify the priority investments required in infrastructure, housing, community amenities and public services, such public safety, healthcare and education. Once communities have defined impacts this data can be used to construct specific business cases for investments by governments at the local, state and federal level as well as private sector support from the energy industry necessary to achieve sustained economic success and positive community development. It is also critical to share the nature of these impacts with local residents so that they can understand the implications of the growth and engage in an informed discussion about their future vision for their communities and strategies that support it. The potential for investment that lead to a sustainable economy for Eastern Montana is predicated upon this type of community collaboration.

To facilitate collaborative efforts to address the energy related impacts, the Eastern Montana Impact Coalition (“EMIC”) was formed as a unique partnership between three Certified Regional Development Corporations and one Local Development Corporation. The EMIC strives to address the regional planning needs related to growth, measure the impacts of energy development in Eastern Montana, as well as assist communities in the four regions in making short and long term development plans that best capitalize on the growth that is occurring.



In the summer of 2012, the EMIC received grant funding from the Economic Development Administration and Big Sky Trust Fund, to conduct an initial Impact Study of the 16 county region that makes up the EMIC. From this funding Jones Lang LaSalle, Inc. (“JLL”) was contracted to lead a multidisciplinary team of experts including land use planners, public institutions specialists, civil engineers and real estate development advisors to assist in quantifying the impacts and providing a high level road map to guide communities as they prioritize their needs.

In January of 2013, the EMIC met with key legislative officials in Helena, MT to convey the initial findings provided by JLL. During that meeting, members of the EMIC and the Consultant Team outlined the potential impacts facing the region stressing that

investment in the future of Montana is critical to long term economic success of the state and eastern portion of the state.

Miles City Event

Helping local communities identify the location, timing, nature and magnitude of impacts is essential to developing a strategy and road map to tackle the issues facing the region. In order to further inform local communities about the Impact study and gather input from the community pinpointing key issues and priority concerns across the 16 county region, the EMIC invited Eastern Montana residents to a two day Community Meeting held at Miles City Community College, on March 14th and 15th.

Over 50 participants from all over the region joined the meeting for an interactive dialogue about the opportunities and challenges created by energy development. Montana PBS chronicled the two day event in film as research for a potential documentary on how Eastern Montana communities are partnering to face rapid energy development.



A clear and consistent message that resonated throughout the session is communities proximate to the border with North Dakota are already experiencing significant impacts related to energy development. The big driver for these impacts is the “spillover effect” of rapid oil and gas development in North Dakota. Many ND communities are still reeling from explosive energy growth and, among other things, cannot provide housing or other lifestyle amenities to their citizens and oil patch workers. As a result, people working in North Dakota are scooping up all available housing in Montana border communities, such as Sidney and Glendive. This has resulted in rapid increases in the cost of housing and stressed the ability of these communities to provide supporting services. Additionally, the demand for labor and construction materials in North Dakota has radically driven up these costs in Eastern Montana. For example, there has been a six fold increase in the cost of gravel in Eastern Montana in the past three years due to high demand for it in the ND oil patch. As one of the participants said, “there is no fence separating Montana from North Dakota and so their problems have become our own.” A particular challenge of this type of growth is that it impacts the local communities but does not provide any offsetting revenue as the energy development creating the growth provides revenue to ND, not Montana.



The participants reported a multitude of complex and inter-related regional concerns and emphasized the need for government action at the state and local level to effectively capitalize on positive impacts and mitigate negative impacts. Topping the list of concerns were how to acquire additional funding resources; tackling the housing shortage; adding capacity to fire & public safety; revising regulations hampering

commercial development, and repairing and/or expanding deteriorating roads and expanding capacity of waste treatment plants rose to the top of the listed concerns.



Participants told compelling stories about their day to day challenges illustrating the need for intervention and thoughtful planning today, not tomorrow.

- In certain areas there is a lack of basic community goods and services
- Middle income workforce struggle to keep up with rising housing costs while being lured away to higher paying energy related jobs further putting pressure on filling much needed retail, trade and service jobs
- Generally, it's tough to find an affordable place to live
- An overhaul of infrastructure systems may be necessary as the current systems are not adequate to service the growing population
- Parents have limited options for quality childcare
- Schools are put under tremendous pressure to keep up with increasing demand
- A largely voluntary Public Service Firefighting force is stretched thin in many areas

Impacts related to energy development are already real and growing to residents living in Eastern Montana. Clearly, there is a need for ongoing interaction and conversation about these important issues. Current State law allocates half of energy revenue to the General Fund, about 20 percent flows to schools and counties (respectively) and the remainder goes to local level government where the impact is felt the most.

Despite the challenges faced by energy impacts, the communities represented at the meeting are overwhelming supportive of energy development in the region, they just don't want their lifestyle completely overrun in the process. Eastern Montanans are proud of their communities and rural lifestyle and are similarly proud to embrace the development that is a critical component of our country achieving energy independence. The challenge is how to embrace one without compromising the other. The Miles City event was a strong start to an ongoing collaboration that is essential to make the business case for priority investments at the local level that will lead to ongoing community and economic development, which can break the "boom and bust" nature of past energy plays and build a sustainable foundation for long term growth. However, since the impacts will hit several years in advance of the energy revenue that will flow to pay for them, these communities cannot do it on their own. To avoid decimating the most impacted communities, the state, federal government and the energy industry must similarly provide targeted funding to help these communities build their infrastructure and service base.

A first step in how the state and energy industry can assist these communities in a spirit of partnership is to provide more financial support to the impact study, which is currently only funded to a level sufficient to define the overall problem but not to the level to develop specific, prioritized business cases for investments at the local level.

Embracing growth partnering with your neighbor is the road to a better Montana for us all. We ask that you consider the insights uncovered during our Community Event as a call to action. Join us in contacting your legislators to act now to further support the efforts the EMIC is making on your behalf and lend your voice to asking the state and private sector to work in partnership with Eastern Montana communities to make the right investments that will benefit these communities and the state for generations to come.

The pages that follow summarize the dialogue over the two day Community Event held in Miles City.

Introduction

The Eastern Montana Impact Coalition sponsored a community meeting to discuss their progress to date and gather additional insights and concerns from the Community. Members of each of the represented counties were invited to participate in the two day event. The purpose of the event was to update the community on work being done by the EMIC for the region and gather critical feedback from the local agencies and stakeholders on how to handle the ongoing impacts to the region.

The community meeting was held at Miles Community College. The first day of the meeting was segmented into two interactive sessions. The first session provided an update to the community on the progress made to date by the EMIC. Below find a listing of presentations made to the group. The second session defined the region to be discussed then moved to small group discussions culminating in an overall session with the entire group for debrief.

The following summary outlines the thoughts, concerns and insights provided at the two-day community meeting.

Day 1 – Session One

Managing Change – The impact of the Coal Industry in Colstrip – Speech by John Williams, first Mayor of the City of Colstrip and President of Montana Coal Board

Mayor Williams set the tone for the event by describing the impact and opportunities created by Coal development on the City of Colstrip going back to the 1920's. Colstrip was originally developed as a Company mining town owned by Great Northern Pacific Railroad in 1924. It produced coal to fuel railroad engines. The company literally provided all of the services to its workers including housing, community infrastructure and amenities. Their relationship with the townspeople was good until they shut down the mine as a result of the switch of railroad engines from steam to diesel. This shutdown devastated the community because they were entirely dependent on the Company for all



aspects of community services. Subsequent to the mine shutdown, the mine and the town was purchased in 1950 by Montana Power Company. It languished until the 1970's when the power company decided to build a coal fired electric plant. This led to a boom in production but in the 1990's the Montana townspeople decided it was important to have a say in their future and decided to incorporate Colstrip as a City with independent jurisdiction from Montana Coal. The town was officially incorporated in 1998. This was a critical juncture in development on Colstrip and allowed the local community to "have a say in their own destiny". As a result of their incorporation they were able to generate revenue from severance payments negotiated from the mine owners and this was in turn invested in a diversified community amenities. The key lesson Mayor Williams wanted to convey to the event participants was the importance of them taking an active and engaged role in developing their own path and not being at the mercy of the whims of the private sector. The positive investment that has been made in a sustained community in Colstrip is a result of a partnership with the energy industry, where the private and public sector interests are both served through a proactive and engaged partnership.



Our Progress to Date – An overview of the study work to date adapted from the Legislative Presentation made in Helena in February 2013. The presentation covered the following topics:

- Methodology and basis of study
- Preliminary results of study
- Measuring against experiences in North Dakota
- Work being completed at State level and how we are coordinating
- Impacts that have not been assessed to date

Discussion of the Implementation – Efforts with the Legislature – Provided an update to community members on efforts made by the Coalition to coordinate with the legislative initiatives during the current Bi-annual session.

Day 1 – Session Two

Presentation – Defining the Region – Provided a graphical representation of current regional conditions. Below please find a summarized listing of the conditions highlighted.

- demographics and job base of region,
- community profile of typical places in region, job base,
- community institutions,
- land use and cover patterns,
- land ownership patterns,
- roads and infrastructure,
- culture and community setting
- Geology and Energy locations

Day 1 - Session Two - Break Out Group Discussion

Break out group discussions were segmented into four sub-categories:

- Housing and development (residential and commercial)
- Civil Infrastructure (roads, sewers, sewage treatment, etc.) and land use/cover (recreational, environmental, agriculture, etc.)
- Public Services (police, fire, social agencies, etc.) and Institutions (schools, hospitals, etc.)
- Job creation and economic development

At the start of each discussion group, each facilitator provided an overview of the mapping and analysis provided for each topic. The facilitators will then posed a series of questions for discussion, with the goal of identifying key issues, impacts or changes that local communities and the region are concerned about. The outcomes of the discussions are summarized below:



Housing and Development:

- A. It was reported that there is a lack of supply across each housing type. Additionally the quality of the existing stock is aging.
 - a. There is an evident shortage across many types of housing such as single family residential (SFR), Multifamily Residential (MFR), Senior Housing, Low-Income Housing and Temporary Housing (including hotels, RVs and Mobile Homes).
 - b. Exceptionally short time on the market for resale of SFR housing. Community members stated that a home can be on the market for less than 7 days.
 - c. There is a lack of higher density housing options like multifamily >20 units, townhouses, condominiums, duplexes and triplex housing options.
 - d. There is a limited amount of true low-income subsidized rental housing.
 - i. Restricted rent units move quickly to market rents lowering the number of affordable units in the market.
 - ii. There were three Housing Authorities identified that are dedicated agencies to serve housing needs for the entire region. It was stated that perhaps creating additional housing authorities may be beneficial to servicing the growing needs of the region.
 - e. Temporary housing is stressed and at capacity.
 - i. Mancamps, RVs, Mobile Communities and Room-sharing are on the rise and becoming more expensive.
- B. Respondents reported numerous challenges to starting new housing and commercial development.
 - a. There is a large amount of acreage that is located in a floodplain. Which increases the amount of insurance cost and construction costs (to mitigate flood risk)
 - b. There is a lack of long term funding sources for developers
 - c. Loan terms are more stringent, asking for higher amounts of equity, shorter tenors (construction financing, not bridge/mini perm or long term financing)
 - d. Participants emphasized the need for more infrastructure to further commercial development.
 - i. Finding proper utility linkage to build subdivisions or commercial development is difficult.
- C. Lack of basic community amenities
 - a. Driving far distances to get access to basic goods is not uncommon in the region.
 - b. There is upward price pressure on available goods given the increases in population in certain areas of the region
 - c. Residents report there are limited amounts of family friendly amenities
 - d. It was reported there are not enough resident to staff the local businesses

Civil Infrastructure and Land:

- A. Water and Sewer
 - a. Getting new discharge permits from the DEQ is difficult. Permit requirements have changes and the lagoon systems that many communities have been dependent on are now unpermissible.
 - b. Many communities are upgrading sewer plants and water systems to replace outdated plants and technology. The new plants are not necessarily being built to accommodate substantial growth.
 - c. Some communities, like Baker, have water and sewer systems in good condition, but without capacity for substantial growth.
 - d. New plant in Glendive is a cooperative effort with county and is designed to be expandable.



- e. Water quality can be an issue for those with wells, and affordable water
 - f. Funding of utility improvements can be a huge hurdle. SID's are difficult to get approved and residents fear getting left with the bill. This leaves communities with trouble getting local sources of revenue to fund infrastructure. Many improvements end up using specific grants, which can be difficult to obtain and the small eastern Montana communities end up competing with larger communities from other places in the state.
 - g. Developers are asked to make improvements to extend pipes and facilities to a new site, however, downstream facilities may not have capacity or may be in poor condition.
 - h. Existing systems in the roads can be old and in poor conditions. Pipe infrastructure in some communities is over 100 years old.
 - i. Capacity of existing sewer pipes and treatment is taxed by
 - i. RV's and sewage haulers legally and illegally putting effluent in the system which the plant systems (like sewage lagoons) are not designed for. This use, legal or otherwise, is often not paid for with sewerage fees.
 - ii. Homes that were previously single family may now be housing up to 10 unrelated individuals, so the increase in effluent per home is rising.
 - j. The volume of RV' using the municipal sewage plants impacts the plants ability to function correctly due to chemicals used by many RV's.
- B. Roads and Streets
- a. Local streets in many communities are in poor condition from lack of long term maintenance, past trucking impacts, and increase in trucking from energy. Trucks are not subjected to frost laws. Trucking as a percentage of total traffic is rising, increasing wear and tear on roads.
 - b. Local street traffic is growing considerable-one community notes an increase in demand from 3,000adt to 13,000adt.
 - c. Increases in rail traffic related to energy are having impacts on road traffic-causing delays in moving through communities, increases in accidents, concerns for safety at un-signalized crossings, noise related to trains through communities late at night.
 - d. Truck routing through communities can be a problem, with trucks using streets that are not built for that type of traffic. Dust from trucks on local roads is an issue.
 - e. Public safety is concern related to train traffic, accidents related to trucking, potential for spills in the community from truck accidents.
 - f. Truck by passes around community centers would alleviate many of the problems, but are difficult to implement and expensive. When one community inquired about getting state assistance with creating a truck by-pass they were told that they needed to be responsible for the project.
- C. Other issues
- a. The lack of planning and staff resources leaves smaller communities with challenges to manage development in a coherent way.
 - b. On a related subject, the lack of zoning and land use management regulations leaves many communities to struggle with dealing with new development.
 - c. Public safety issues are related to infrastructure-lack of adequate staff to address illegal dumping into sewers, truck routes being ignored.
 - d. Availability of power to meet future demands is a concern.



- e. Taking agricultural land out of production is a concern, and agricultural land is being impacted from a number of angles-increase housing growth in valleys on irrigated lands, growth in demand for sand and gravel, and the location of wells.
- f. Increase in demand for disposal of garbage is taxing capacity of landfills, which are difficult to establish and permit.
- g. There needs to be more coordination between communities.
- h. The state regulates sewer and water systems from some of the man camps and the evolution of regulations from the state make permitting such systems.
- i. Gravel demand has skyrocketed in the area related to the energy boom, and finding the gravel resources locating and permitting gravel mining is problematic
- j. Flood plain issues are key in many communities, due to the policy from the federal government to not certify local levees, which increases insurance costs for homeowners and landowners, and puts the burden of floodplain status on individual property owners, and leaves it to local governments to conduct studies required to certify the levees.

Jobs and Economic Development:

- A. There is a need for a more balanced labor force.
 - a. There is a flight to higher paying energy jobs which have depleted the number of residents available to work lower paying jobs (retail, service and trades).
 - b. There are more jobs available than there are residents to fill them.
 - c. There is a shortage of skilled labor such as physicians, police officers and teachers.
 - d. Many participants suggested that recruiting new residents to fill these critical jobs is very difficult to do given there are limited affordable housing options and more attractive community amenities the
- B. Creating a welcoming environment for new and current residents is desired.
 - a. The creation of a "brand" for the Region to help communicate the community offerings
 - b. Programs that help bring people together and create community pride became a focal point of conversation.
- C. Encouraging cross community collaboration was a theme mentioned by many participants.
 - a. Members of the group expressed a desire to share resources
- D. Engaging industry and encouraging partnership between the community and private interests was mentioned as a solution to meet certain needs.
 - a. Participants were unsure of how to effectively engage private entities in discussions about partnership. There is a concern that there is an adversarial relationship between community interests and private interests. Creating a collaborative "we are on the same side" relationship is desired. (ex. The Sidney Boys & Girls Club)
 - b. Some participants thought that providing private industry a clearinghouse/entity to give money for disbursement to the projects region-wide would be helpful.

Public Services:

- A. Many participants voiced a need for Public Safety improvements in Police, Fire and Emergency services.
 - a. The number of reportable incidents is on the rise and there little capacity for prevention police patrols.
 - b. Increase in number of users of illegal substances will drive the need for more enforcement.
 - c. Limited amount of jail space as it was noted that the current facilities are at capacity.



- B. A need for additional resources for Healthcare was identified by the group.
 - a. Specific areas of concern related to services provided by Hospital and Emergency facilities.
 - i. Need additional facilities/infrastructure and staff. It was stated there is a Lack of EMT workforce.
- C. There is a need for enhanced and expanded levels of Social Services.
 - a. Child protective services lack capacity.
 - b. Mental health services are an underserved segment of Social Services.
 - i. It was mentioned that mental health nationally is an underserved segment of the population, and this trend is no different in the region. The lack of services has been exacerbated by the increase of new populations.
- D. There is a need for expanded levels of coverage for Fire.
 - a. Many communities use a volunteer fire force which has put pressure on the limited staff given the increase in incidents in the region.
 - b. Additional clarity is needed when dispatching help because incidents are occurring in remote locations that are unidentifiable (ex. right turn at the sign, or other indistinguishable landmark). The lack of clarity increases the amount of time to respond, or results in higher risk to people and animals and more damage to property.
- E. Crimes are increasing in severity throughout the region. The group reported that crimes are increasing in severity from misdemeanors to felonies and there are more domestic disturbance related calls with one county seeing a 60 percent increase in calls to dispatch.
- F. The need for bilingual services for dispatch and officers is needed as calls come in in languages other than English.
- G. To meet the needs of the community many are forced to work on a volunteer basis both on the job AND as a community volunteer. This means that people are working double and triple duty given the lack of residents and staff to fill critical fire, health and safety positions.
- H. It was mentioned that there are not enough funds to run Healthcare facilities. Debt is on the rise for several healthcare facilities it was reported.
 - a. There are ATMs in emergency rooms reportedly because of the need to ask for cash payment from certain community members.
 - b. There is an increase in the need for acute health care delivery in emergency rooms due to the increase in auto and truck and train accidents.
- I. The need for more School services and improved educational facilities is apparent per the group.
 - a. The community is becoming more diverse as new populations relocate to the region, thus there is an increased need for bilingual services.
 - b. There has been a significant increase in special needs students.
 - c. Participants in the group reported there are increasing levels of deferred maintenance at school sites.
- J. It was reported that there are limited eldercare services including assisted living and in-home care.
 - a. Members of the break out group reported that there is slow access to Medicare and Medicaid given there are limited number of staff to process applications.
- K. There are limited or no 911 Emergency Services in some communities, as cell towers do not cover all the vast rural areas and thus in many areas emergency coverage is not available or being provided by co-ops.

Voting on Key Issues

At the end of each break out session, the participants voted to indicate priorities by placing colored dots on the most important issues that have been listed on the flip charts. Each person was given a row of “voting dots” to indicate issues they see as critical, put them all on one issue, or spread them out as they see fit.

During the group debrief the dots were counted, and the Top Five Issues were discussed to the entire group. The Top 5 Issues are summarized below:



TOP 5 ISSUES

Housing and Development

1. There is a significant lack of supply across all housing types and the available housing stock is becoming more expensive while the quality is deteriorating due to age and limited amounts of new supply.
2. There are a number of challenges in starting new development given the high level of floodplains, seemingly onerous regulations and the difficulty in obtaining long term financing.
3. Overall, the cost of living is increasing due to an imbalance of supply and demand. There are more people vying for the same goods and services and prices have risen as a result.
4. There is a lack of basic community amenities such as retail establishments, entertainment venues and childcare/afterschool care.
5. While there is an evident lack of subsidized or Low Income housing options, there is a larger need for affordable medium-income housing.

Infrastructure and Civil Engineering

1. There are multiple issues with traffic, roads, rail and truck routes.
2. Sewer & water plants have limited capacity to serve a growing population.
3. Both the condition and capacity of the pipes in the ground needs , in many cases, are not adequate
4. There are numerous land related issues such as large areas in a floodplain, gravel shortage and limited garbage service and disposal areas.
5. Local communities are struggling to work with the private sector to manage change, and issues like the lack of zoning and efficient approvals processes contribute to the issue.

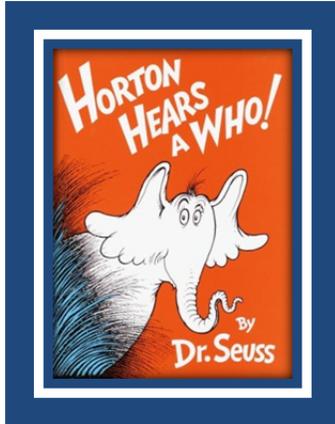
Fire and Public Safety

1. Overall improvements to Fire & Police are desired to ensure public safety.
2. Public health & healthcare delivery improvements are needed in the region.
3. There is a need for more robust Social Services.
4. Services located in Schools and throughout the community such as bilingual educators and mental health services.
5. There needs to be a greater emphasis on workforce recruitment to help alleviate burnout on employees' given high levels of volunteer staff.

Jobs and Economic Development

1. Creating balance in the Labor Force is a key focus point.
2. Engage private Industry to collaborate with the community.
3. Public resistance to change creates friction when attempting to build cross community alliances.
4. Building cooperation between communities
5. Branding the region as a welcome place to visit, live, work and play

Day 2 – Session Three



The second day of the event began with a reading of Horton Hears a Who, by Dr. Seuss encouraging the community to make sure every voice is heard. The group then began discussing strategies and solutions to the top five identified issues determined from the prior day's dialogue.

TOP FIVE of the TOP 5 Issues

1. Funding –There is a need to create and/or leverage funding sources to invest in community needs.
2. Housing Shortage – A significant Housing Shortage is evident across the region.
3. Regulatory Environment – Developing a more favorable regulatory environment to encourage and stimulate commercial development is needed.
4. Public Safety – Participants voiced concern over lower service levels in Public Safety.
5. Roads & Traffic – Addressing deteriorating roads and increasing Traffic level in the region concerned most of the participants.

After the group identified the most critical and urgent of the complex issues facing the region, a discussion of solutions and questions ensued. The text that follows is a summary of the dialogue of potential solutions, concerns and other questions the community members posed during the second day of the event. Notable comments, suggested solutions and questions are highlighted and summarized below.

Comments:

- Resources to fund investment in the region and a lack of available housing options are the two major issues identified that are interrelated and intermingled with every other key issue identified.
- One resident expressed concern that the existing tax base is not sufficient to fund more services.
- The majority of royalty revenues are not allocated to local government (cities and counties). The communities that are facing issues daily are not equipped to obtain funding to solve these problems at the local level.
- It was explained that all tax revenue is controlled by the Department of Revenue [EMIC, please clarify]
- There will be a significant increase in tax base if Keystone Pipeline is approved/built.



- There are many challenges to obtaining funding given the complexity of grant applications coupled with the lack of lack of resources to apply for grant funding.
- Variability in non-tax revenue (un-predictable sources of funds such as payment in lieu of lands, non-recurring fee income etc.)
- Many agreed that is difficult to obtain the proper permits in order to start new commercial development. A need for streamlined processes and additional staff to handle the growing level of permit requests was suggested.
- There is a noticeable lack of moderate/mid income housing options and little incentive for developers to build moderate income housing.
- Land cost is up and increasing dramatically in certain areas
- There is a need to create denser housing options such as multifamily housing with greater than 100 units per development. Also, a mix of condominiums, duplex and triplex housing may be attractive in the for-sale market.
- Spillover of population from North Dakota is exacerbating the housing shortage.
- Many expressed agreement on bringing more skilled tradespeople and or training the local population to become journeymen and apprentices.
- A challenge to maintaining a full time public service force is due to the high cost of housing
- Some cities are not required to maintain a full time Firefighting force, thus the volunteer based staffing is all that can be justified.

Questions:

- Q: Is there a way to effectively partner with Industry?
A. Yes, there are ways to build partnerships with private firms however there must be an incentive for the partnership to be successful.
- Q: Is there a different way to allocate funds?
A: Current law indicates that the majority of royalty revenue is funneled into the State general fund. At the time of this meeting, there are several pending bills that may provide additional resources to local government. [Do we want to list specific legislative initiatives? Ex. HB 218]
- Q: How do we cut down the red tape in starting the building process?
A: It is difficult to eliminate “red tape” at higher levels of government. At the Federal level, it can take years to effect process changes. It may be beneficial to focus getting more improved processes at the local level where one can make the most immediate impact.

Suggested Solutions:

- Use the student population to fill many core job functions. The students could be local to the community or can be external (from other States or Nations). Perhaps provide compensation to the student workers by providing course credit or debt forgiveness.
- Increase the utilization behind Low Income Housing Tax Credits as a way to bring more mixed-income developments to the region.
- New Market Tax Credits may also be a vehicle by which various commercial developments may find additional funding
- Leverage those who obtain gravel permits to bear some of the burden of road maintenance. Possibly use a modified Road Haul Agreement to achieve this result.



Conclusion

The two day outreach event confirmed that the issues facing the Region are certainly complex and interrelated. Eastern Montana has an opportunity to have a positive effect on our national economy through the development of its energy resources, and the first step is to ensure that the community's collective voices are heard.

This publication is a report on the Miles City Community Outreach event. The final regional impact study will be available via the EMIC. We are diligently working to secure additional funding to provide a sub-regional level impact report that can be used as a planning tool for Eastern Montana.

Thank you to all who participated and those who will join us in creating a better Montana today and for future generations.

Special Thank You:

Miles City Community College
Montana PBS
John Williams
EDA
Big Sky Trust Fund
Montana Department of Commerce

APPENDIX E

EASTERN PLAINS ECONOMIC DEVELOPMENT CORPORATION

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs):

<http://epedc.com/ceds.html>

SOUTHEASTERN MONTANA DEVELOPMENT CORPORATION

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs):

http://semdc.org/?page_id=20

RICHLAND ECONOMIC DEVELOPMENT

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

<http://www.richlandeconomicdevelopment.com/projects/>

GREAT NORTHERN DEVELOPMENT CORPORATION

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

<HTTP://WWW.GNDC.ORG/PROJECTS/>