

TO: Energy Development and Transmission Committee
Senator Rich Wardner, Chair

FROM: Dennis W. Johnson
Commission President
City of Dickinson

RE: Energy Impact

DATE: January 25, 2012

Dickinson, along with Williston and Minot, are the three major oil hub cities providing much of the workforce for the western North Dakota energy development. Oil development in the Dickinson region is growing in intensity. Drilling rigs are operating successfully just north and west of Dickinson. There is significant mineral leasing activity in the southwest between I-94 and the South Dakota border. The 2010 Census determined Dickinson's population to be nearly 18,000 people. We believe Dickinson may actually be serving a population of about 22,000.

The local economy is expanding rapidly. Area motels and camp grounds report high occupancy rates. City 2011 sales tax collections increased 41% year over year. This is on top of a 21% increase in 2010. Both residential and commercial construction was strong during 2011. Solid waste flows to the Dickinson landfill are expanding rapidly especially for construction and oilfield waste. Waste water flows are exceeding the rated capacity of the existing waste water treatment facility. Citizen complaints about traffic are growing. Calls for service to the police and fire departments have increased substantially year over year.

Just how much growth Dickinson should plan and prepare for is difficult to determine. Some projections have Dickinson reaching 35,000 people by the beginning of 2016. The situation is fluid and volatile. Priorities change overnight. Even though the future is uncertain, Dickinson has been proactive with its planning efforts. There are multiple engineering firms assisting Dickinson with its planning.

- Apex Engineering: Waste Water Processing Evaluation, Planning, and Design
- Wenck & Associates: Regional Landfill Evaluation and Planning
- KLI Engineering: Comprehensive City Plan
- HDR Engineering: Environmental Assessment for Truck and Traffic Reliever route(s)

Current Dickinson leadership is determined to safeguard the City's "curb appeal" and "quality of place". We believe "curb appeal" and "quality of place" are real community strengths. Both the County and City planning and zoning committees are working together to protect the appearances of the major entrances into the City. For example, the City requires industrial and commercial parking lots to be hard surfaced. The City has passed a crew camp ordinance establishing annual permit fees and regulations for crew camp activity within city limits.

Given the boom and bust history of the oil industry, the Dickinson City Commission is determined to prevent the citizens of Dickinson from assuming the risk and bearing the financial burden for the oil development in the event of a severe industry downturn. The only bonded debt (\$1 million) the City has is for the West River Community Center. The City will make the last payment on that bond in December of this year.

There are four main energy impact challenges to the City.

1. Housing
2. Replacing existing and/or adding new Infrastructure
3. Traffic Management
4. Employee Attraction and Retention

1. Housing

- a. Housing is tight and expensive. People relocating to Dickinson often have credit issues. Employers are finding a growing need to get into the housing business.
- b. Realtors report strong demand for housing.
- c. Lack of affordable housing is a significant issue.
- d. The City is working with a developer to construct a large crew camp within the City.

2. Replacing existing and/or adding new Infrastructure

- a. Apex Engineering is 30% complete with design drawings for a mechanical waste water treatment facility. The expected cost is \$35,000,000 and is scheduled to open in September 2014. The buildings are sized to accommodate a maximum population of 62,000. The initial installed equipment will accommodate a population of 31,000.
- b. Wenck Engineers have studied the Regional Dickinson Landfill. They estimate the remaining life of the inert landfill to be approximately 5 years. Their estimate of the remaining life of the MSW Landfill is less than 30 years. They recommend the City should acquire land that is adjacent to the present landfill site (170 acres). Wenck recommends additional equipment including a Dozer and a Scraper. If the solid waste load continues to grow the present bailer equipment will require replacement with a larger size.
- c. The city established a Development Impact Fund for residential and commercial infrastructure construction. Essentially the city pays for about 50% of the cost of streets, curb & gutters, and water & sewer. The developer pays the balance. The city then special assesses its share these costs to the eventual property owner. The special

assessment period for residential properties is 10 years and for commercial properties is 5 years. Currently, the city has transferred \$4 million of its own money to the Development Impact Fund. The city expects the Development Impact Fund will require additional funds for some time before it turns cash flow positive.

d. St. Joseph Hospital is planning to construct a medical office building and new hospital at the southeast corner of I-94 west exit (exit 59). Construction may start as early as this year. The cost of this facility may approach \$85 million. The hospital is expecting the city to contribute much of the required infrastructure development for the project.

e. The city is short office space. It is scheduled this year to finish the basement of City Hall for additional offices.

f. The existing City Public Works Building is old and undersized and needs replacing.

g. Due to the city's growth north of I-94 a fire station is needed on that side of town. Stark County Sherriff and the Dickinson Police Department are co-located in the Law Enforcement Center. Both of these entities are growing. The Dickinson Police Department may be required to relocate.

h. The public school district is planning to build an elementary school in northwest Dickinson.

3. Traffic Management

a. HDR has been retained by the NDDOT to do an environmental study for a possible truck and/or reliever route around the western edge of the city. Much of Dickinson's industrial and commercial development is happening north of I-94 along Highway 22. Much of Dickinson's retail sector is located north of the Interstate, along with many of the city's motel rooms, and most of the energy companies are building in this area. Exit 61 was not designed to accommodate this growth. It is very difficult for I-94 east bound traffic to exit at exit 61 and go north on Highway 22. It creates a bottleneck and is unsafe. It is envisioned that truck traffic could be diverted north at exit 59 or possibly earlier at a newly constructed exit west of exit 59.

b. Dickinson has one railroad grade separation. It is an old underpass on Highway 22 in downtown Dickinson. The existing underpass needs to be replaced and enlarged. At the same time Dickinson needs another grade separation possibly on States Avenue. Traffic congestion on Highway 22 is a growing problem. The city is going to close Highway 22 to truck traffic.

c. Growing demands on law enforcement reduce the amount of time that can be directed towards the enforcement of traffic laws. The ND Legislature declined to allow cities greater latitude in setting traffic fines.

4. Employee Attraction and Retention

a. Employee attraction and retention is a challenge for not only the City but almost every employer that is not part of the energy industry. We hear reports of severe employee shortages in the retail and hospitality sectors of the economy.

- b. The city in the past year has recruited a City Planner, Assistant City Engineer, Human Resource Director, Property Appraiser, Police Officers, and several public works employees. The City this past year spent a record amount of money on employee recruitment.
- c. Lack of experience for new hires is a real concern. Many of the City's police officers and heavy equipment operators lack in work experience.
- d. City employee wage rates have escalated much faster than other areas of the country as the City tries to compete with the energy industry.

The City of Dickinson along with the State and Federal Government will soon begin investing in several large infrastructure projects that collectively will cost several millions of dollars. In addition to these projects the City has experienced increased daily operating costs.

The City is grateful for the funding from the State for the Mining Industry Job Funding Program. Dickinson has qualified for the \$ 1 million per year level. These are funds that can be used at the City's discretion for general fund expenses or project expenses. The City has chosen to use these funds for additional employees and more competitive salaries and wages. Dickinson's 2012 general fund property tax levy is about \$3.4 million. Without these funds Dickinson would have had to forego the additional employees or substantially increase its property tax levy. We encourage the Governor and the Legislature to not only continue this program but to substantially increase its funding.

The City is also grateful for the Hub City Impact Grant Funding Program. During the present biennium, Dickinson is earmarked for about \$10 million (\$5 million per year). As the City gains a greater understanding of the magnitude of the energy impact on Dickinson, we realize \$5 million per year will not meet the needs of the community. We also encourage the Governor and the Legislature to not only continue this program but to substantially increase its funding.

We see a need interim funding of construction projects. The City would like to decide on its long term funding after projects are complete. How projects are eventually financed is influenced by whether or not they are Enterprise Fund (Water/ Waste Water Fund or Solid Waste Fund) projects or General Fund Projects. Enterprise Funds have fee revenues that can be used to procure revenue bonding. Property tax revenues to be used to fund General Fund obligations require a 60% approval vote by the people.

State aid funding levels and administrative rules for infrastructure projects are likely to change with each Legislative session. In addition, priorities seem to change quickly in the oil patch. The City of Dickinson would prefer to wait as long as possible before it chose how to deploy its limited funds.

City of Dickinson

Dynamic Growth
January 2012



Facts about Growth, Response to Growth,
Needs, Thank you

Facts about Growth

Facts

- Airport Boardings up 81% (highest in State)
- Building Permits at all time high (\$140M in 2012)
- Rents have doubled or more
- Calls for Service increase of 80%
- Fire calls up 30+%

Response

- Built new Terminal; building new hanger
- Hired Planner, Building & Fire Inspector, Eng. Tech
- Sponsored 6 low-income housing projects in 2 years
- Hiring 5 new police officers & dispatcher
- Hired a firefighter

Facts about Growth (continued)

Fact

- Population gain
 - 2000 – 16,020
 - 2010 – 17,787 12% Increase
 - 2011 – 21,500 21% increase
 - 2015 – 35,000 67% Increase
 - +3,500 service population in addition (effective pop. 38,500 or 79% increase)
 - We have to accommodate a city the size of Mandan in 5 years

Response

- Hired KLJ to complete a Comprehensive/Transportation Plan
- Hired NDSU to complete a population study
- Designing a Water Reclamation Facility \$35M
- 2 elementary schools expanded in 2011; designing new school currently
- Designing new PW building \$8.5M
- Master Planning Landfill
- Locating new Fire & Police stations \$8m
- Studying Truck Reliever Route \$10M
- Water/Waste Water Modeling
- City Hall Renovations

Needs

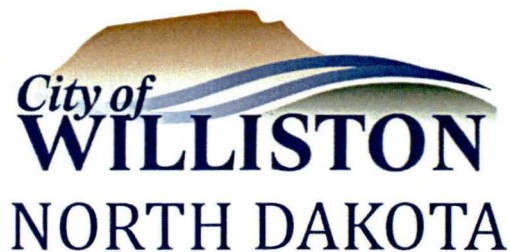
Funding
\$117,370.00 in
Needs this
biennium

\$95,750,000
next biennium

- Infrastructure Extensions to accommodate Housing \$10 Million
- Infrastructure extensions to accommodate Commercial/Industrial \$6 Million
- 2 Grade Separations \$20-25 Million each
- Landfill Expansion \$5 Million
- Water Storage \$2 Million
- Lift Station/s \$1 Million
- Water Pump Station \$3.5 Million
- Water Treatment Plant \$50 Million
- Roadway Extensions \$5 Million

Thank you!

- \$5 million Impact Grant for Waste Water Reclamation Facility
- Right of Way & Environmental Study of Truck Reliever Route
- Commitment to Extend Highway 22 North
- Allowing the City to limit truck traffic on Highway 22 through town
- Hoping for...
 - Increase in Hub City Impact Grant Funding
 - Increase in Mining Industry Job Funding
 - Grant award for Public Safety Building/s (Fire/Police)
 - Low-income housing Award and CDBG funding
 - Lower SRF interest rates
 - Consider changing State law to allow fines to car owners



P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
FAX: 701-577-8880
TDD State Relay: 711

January 26, 2012

Chairman Rich Wardner
Energy Development and Transmission Committee
Oil Impacts Hearing

Chairman Wardner, Vice-Chairman Porter, and Committee Members:

My name is Brad Bekkedahl, Finance Commissioner for the City of Williston, and, on behalf of the City, I extend sincere appreciation Chairman Wardner for the opportunity to present testimony before this Committee. I have held the office of Finance Commissioner for 16 years, served 9 years on the Board of the Oil and Gas Counties, including 2 years as President, and have been fortunate to provide testimony on Oil Impact issues since the 2003 Legislative Session.

I have prepared written materials for this testimony that have four major components. First, is the attempt to detail the level of impact to our City with statistical details. Next is an explanation of what we as a community have done to accommodate and expand the industry with current impact funding. Third, is an assessment of the challenges and impacts we have identified for the immediate future, and finally, some information for future funding considerations as we all deal with this growth long-term.

Allow me to attempt to describe our situation at present. Our residents have endured significant economic, social, and emotional stress these last three years, and the now accelerated pace of impacts have worn many of them down to where they are either leaving voluntarily or being forced out of the community by housing rental increases. Our quality of life has been diminished, not by intent, but by default, as the industry brings its resources to develop their leases. Our City budgets have had to explode in the attempt to keep pace, going from \$25 million in 2008 to \$65 million in 2012, placing a property tax burden on our residents that was not of their choosing. We suffer in our ability to hire and retain public service employees in this environment that has seen an 80% growth in average annual wage since 2006, making us not the highest in the State. Our new hires have no affordable housing available, so we are expending over \$700,000 this year for employee housing subsidies, and investing \$300,000 in a new apartment facility to get access to 15 units for new employees that need housing. Construction inflation is routinely 50% on our bid projects, leading to significant cost over-runs to get them built. Our police and public safety calls have more than tripled since 2009.

While these are challenging, we remain optimistic that with the support and partnership of the State of North Dakota, we will emerge a community much improved with this growth and development. We are very appreciative of what this industry brings in terms of growth and employment, but the majority of our residents have not seen direct benefits from the development so far. We don't want our community to feel resentful about the negative impacts we are currently enduring, so addressing the impacts and mitigating the damages with your assistance could provide some relief to their concerns.

The fact is that the pace of this development is driven by the State permit approval process, and with it, the corresponding impact costs must be acknowledged and addressed, which is why we appreciate this opportunity for providing input and requesting further consideration for assistance. I would be happy to answer any questions following the power point presentation completion.

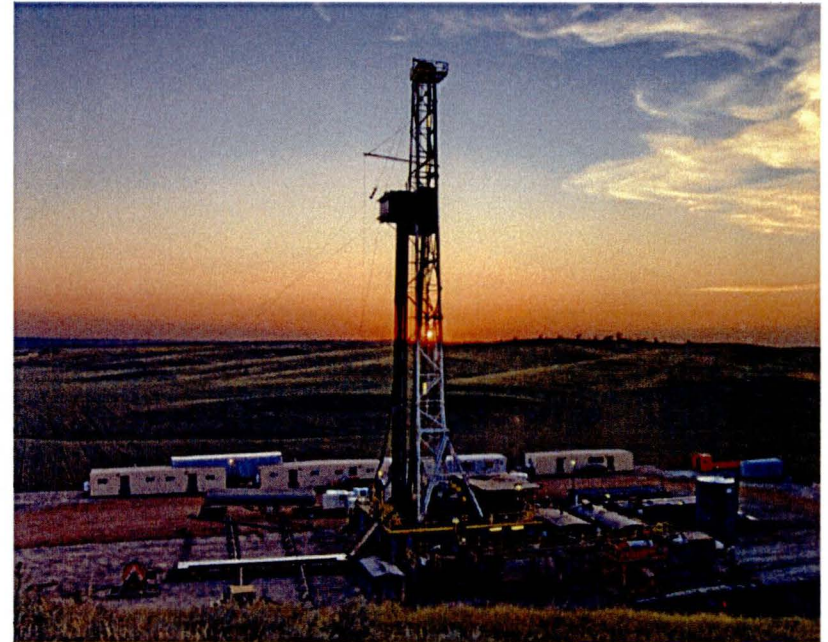
Kind regards,

Brad Bekkedahl
Williston City Commissioner
drbekk@wil.midco.net
701-570-1879

PREPARING AS A COMMUNITY FOR FUTURE IMPACT

Presented to:
Chairman Rich Wardner
Energy Development and Transmission Committee
January 25, 2012

Presented by:
Brad Bekkedahl
City of Williston Finance Commissioner



Where's The Impact? It's **here!**



- #1 in **Taxable Sales** and Use
- #1 in **Mining** Employment
- #1 in Number of **Oil Companies Location**
- #1 in **Building Permits** Statewide
- #1 in Average **Annual Salary** Statewide
- #1 in Housing **Shortage**/Rent Inflation
- #1 in **Oil Rigs** within a 70 Mile Radius
- #1 in Oil **Truck Traffic** within City Limits
- #1 in **Man Camp** Capacity and Occupancy
- #1 in **Power Usage** and Consumption
- #1 in Oilfield **Water Usage**



ND City Sales Tax

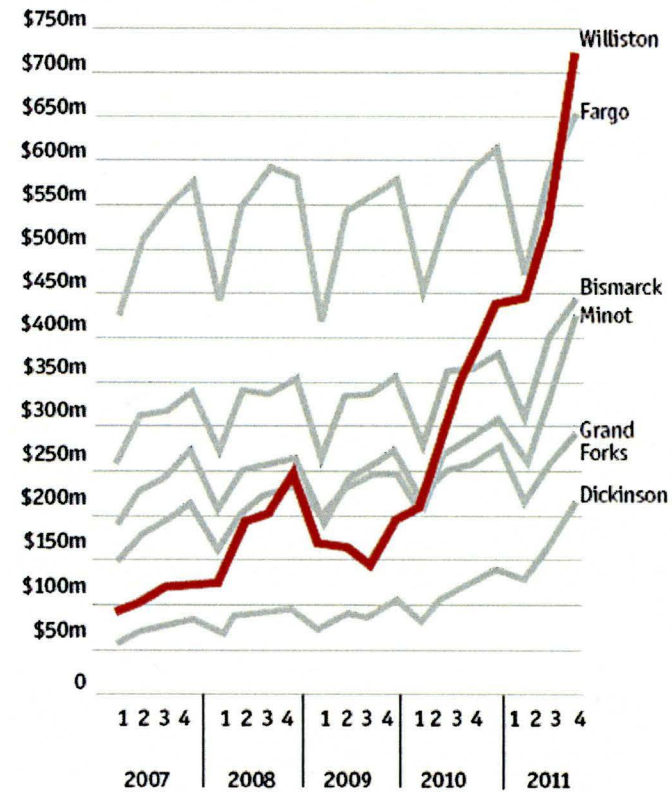
Major City Quarterly Comparison

Williston with more than \$721 Million in third quarter taxable sales and purchases, had the **highest total** among the 50 largest cities in the state.

"It's more than good."

"It is remarkable."

Cory Fong



Source: ND Office of State Tax Commission



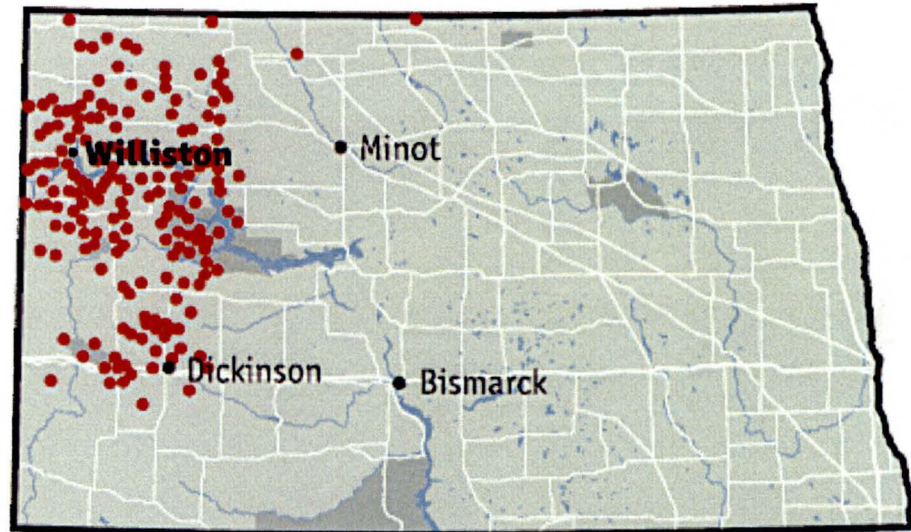


Oil & Gas Drilling Rig Locations

December 26, 2011

90% of the current drilling activity occurs within a 70-Mile radius of Williston.

Williston is the center of the activity and the chosen location for oil and gas businesses!



Source: ND Department of Mineral Resources

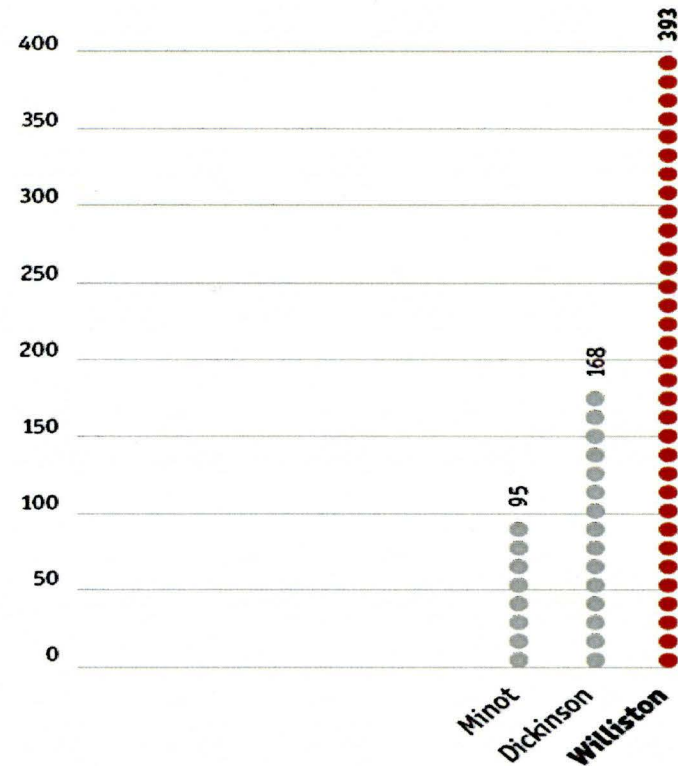
#1

Oil & Gas Companies

Top Three Cities

Five of the top ten employers in Williston are related to the Oil & Gas Industry. The top ten Oil & Gas service companies in the world have operations in Williston.

In 2012, Williston will surpass over 400 businesses related to the **oil and gas** industry.



Source: Don's Oil & Gas Directory 2011, Mountain States Directory



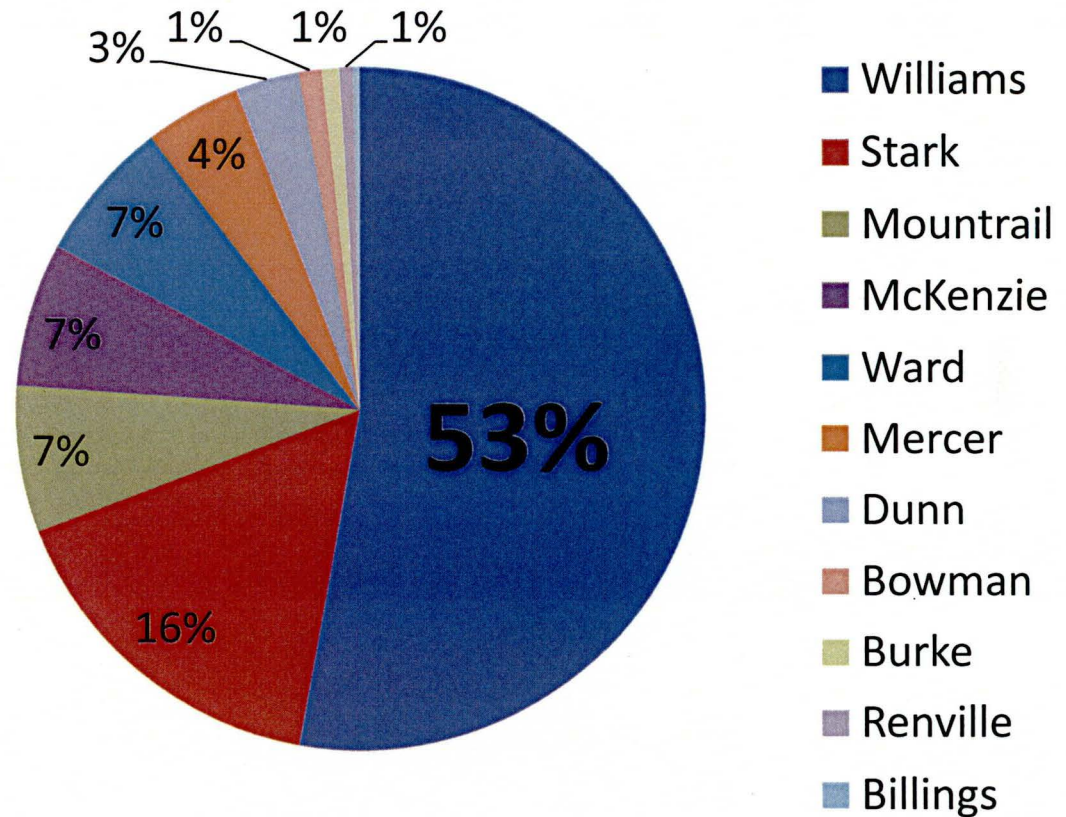
#1

Mining Employment

11 of the 17 Oil & Gas Producing Counties

Golden, McHenry, Slope, McLean, Divide and Hettinger Counties have non-disclosable data.

Over 31% of Williston's employment base is contributed to mining. Last year it was the **largest, fastest growing, and number one** employment sector in our community.



What Is Your Top Employing Industry?

Williston – Oil and Gas

Minot – Retail Trade

Dickinson – Healthcare

Source: ND Workforce Intelligence 2nd Quarter 2011

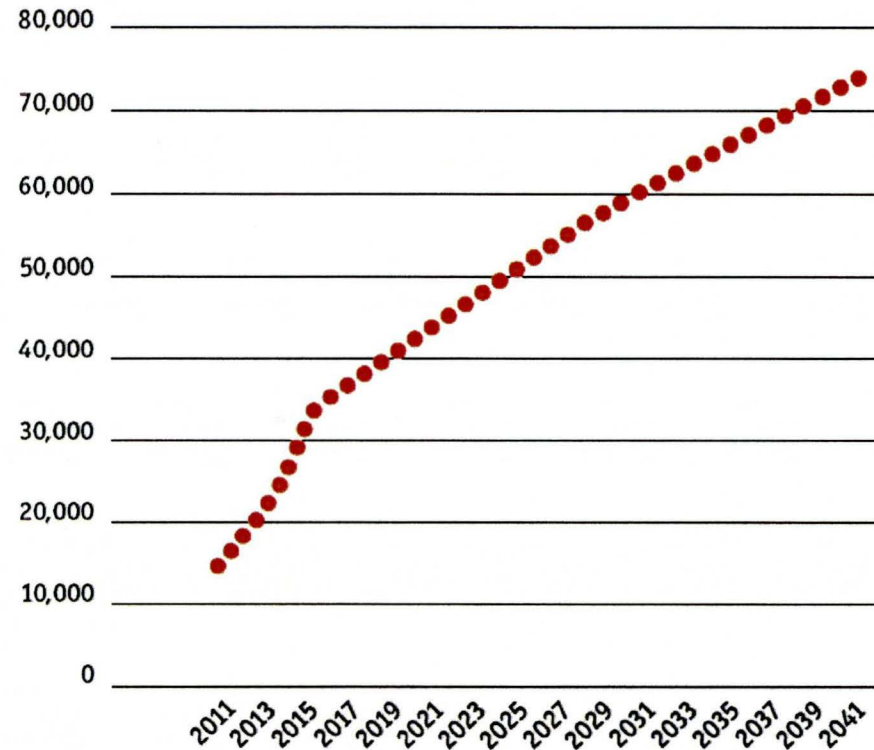
Williston Employment Projection

Based on historical job/industry growth figures since 2006.

Based on historical trends since 2006 that include growth and decline as a result of oil and gas activity.

The Williston Economic Development Office suggests the community's future employment projection could resemble this increase.

Williston
Economic Development





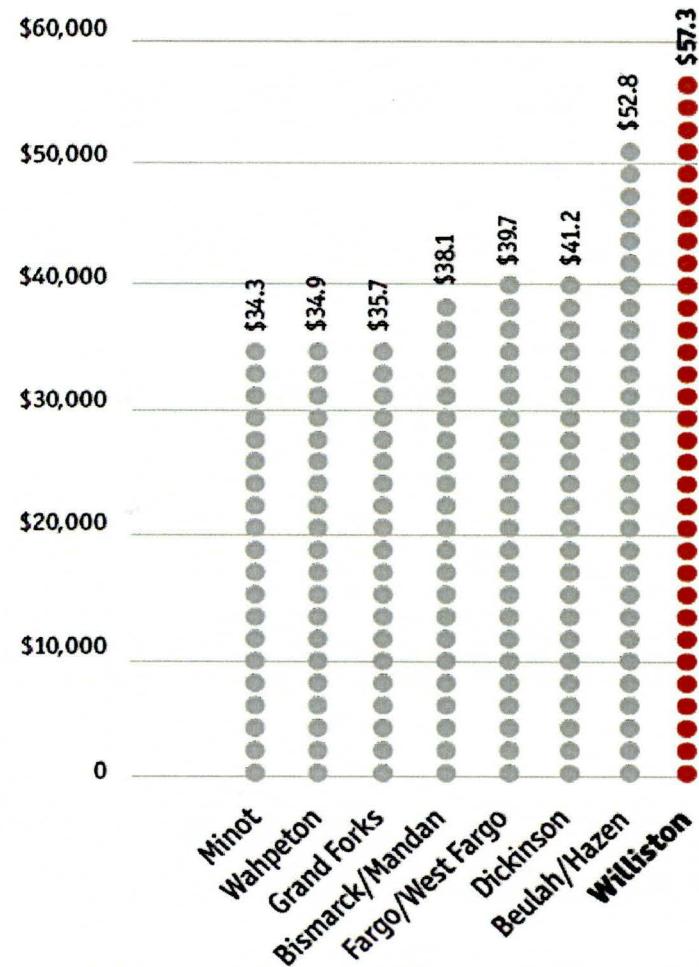
ND Highest Average Annual Salary

December 26, 2011

Williston's average annual wage within the oil and gas industry - **\$81,000.00**

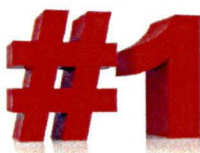
Expected hourly wage compensation to stay competitive within the retail and service sectors - **\$15.00/hr** (Source: Williston Econ Dev)

Williston average annual wage in 2006 - **\$31,956.00**



Source: ND Workforce Intelligence





ND City Valuations of Building Permits

Year to Date, November 2011

Williston

Housing Units Permitted

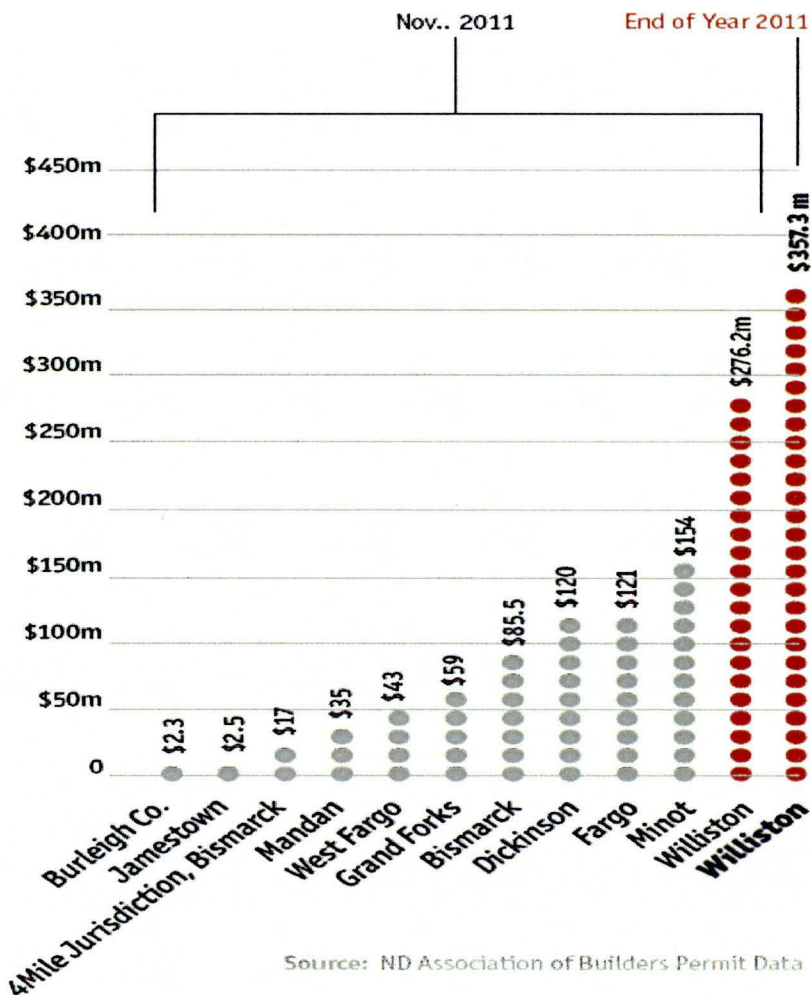
For the Year, 2011

Single Family:	310
Apartment Units (25 Bldgs.):	1,017
Manufactured Homes:	113
Hotel Units:	691
Total Units:	2,131

2011 Hotels Permitted

And under construction

Holiday Inn Express:	88
Value Place 1:	124
Value Place 2:	124
Motel 6:	69
Best Western:	99
Hampton Inn:	98
Mainstay Suites:	89
Total Units:	691





Williston/Williams Co. Man Camps

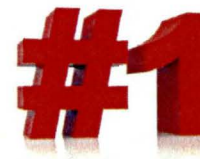
Capacity & Occupancy

Williams County Temporary Housing, currently calculated at over 9,200 sleeping units and growing.

August 9, 2011: Watford City, City Council says no more man camps will be allowed within the city and including the one-mile jurisdiction.

September 12, 2011: In response to the growing demand and applications, the Williams County Commission issues a six-month moratorium on man camps.

September 27, 2011: Mountrail County announced a 18-month moratorium on any type of housing that is meant for temporary occupation.



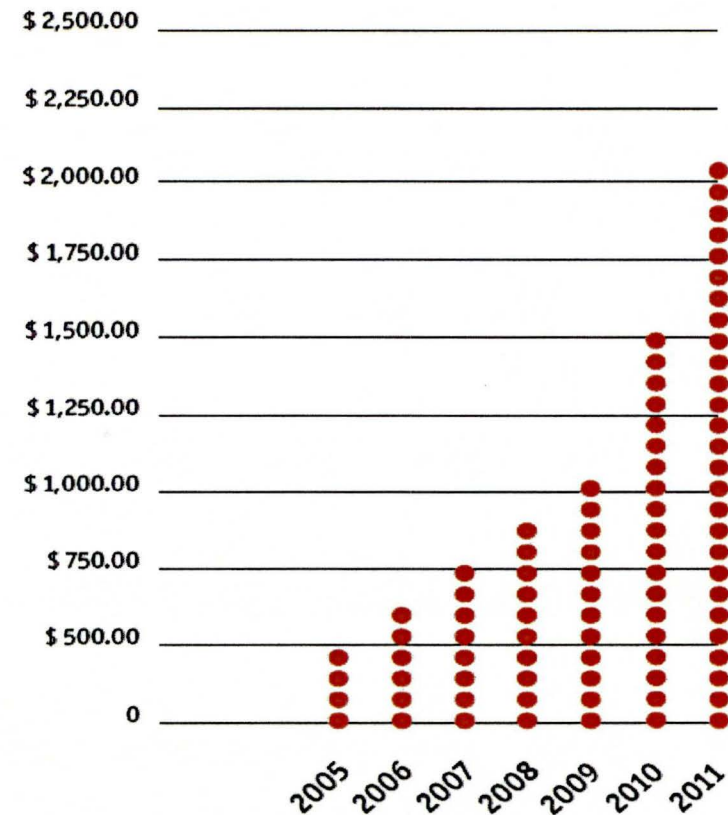
Williston Rent Inflation

One/two bedroom apartments

Current advertisement for "New"
construction available summer 2012.

Floor plans ranging from 700 / 1,300sq ft

	<u>Unfurnished</u>	<u>Furnished</u>
2 – One Bedroom/One Bath Apartments	\$ 2350	\$ 3150
14 – Two Bedroom/One Bath Apartments	\$ 2850	\$ 3750
8 – Two Bedroom/Two Bath Apartments	\$ 3050	\$ 3950
6 – Three Bedroom/Two Bath Apartments	\$ 3750	\$ 4780



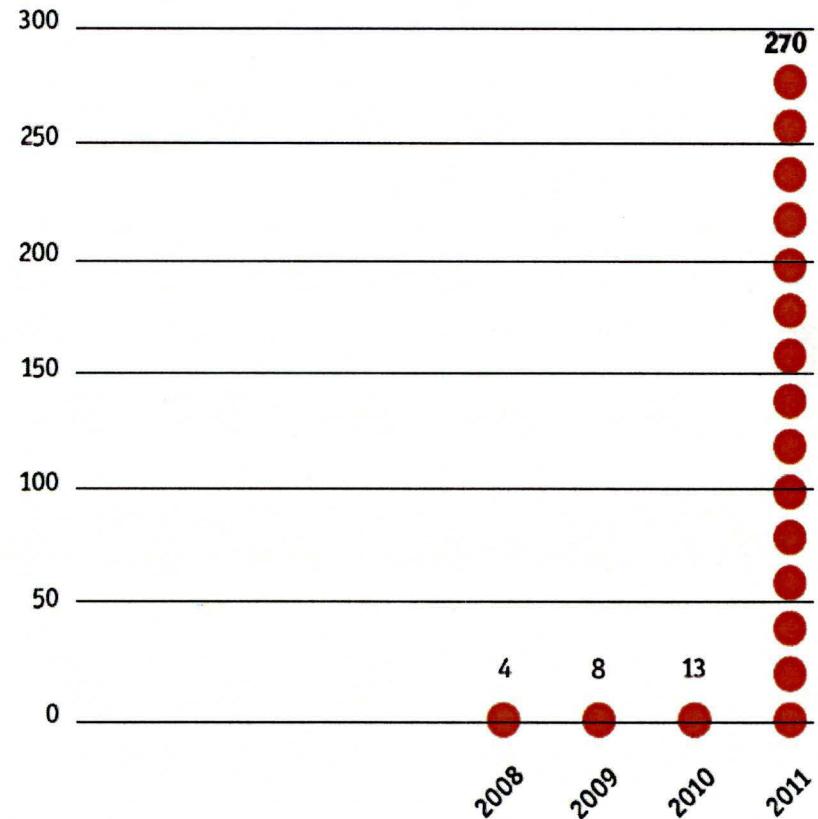
Source: Williston Economic Development

#1

Oil truck traffic within city limits

Truck Route Violations

As of Oct. 17



Source: Williston Police Department

Williston Police Department states they are missing **one** of every **three** truck route violations due to staff shortages.

**What have we
done to **expand**
industry with
current impact
funding**



REVENUES

State Oil Impact Funds	12-Million	City Sales Tax	21.9-Million	Special Assessments	3.4-Million	Developers Fees	\$3,500.00	Gross Production Tax	\$400,000.00
------------------------	------------	----------------	--------------	---------------------	-------------	-----------------	------------	----------------------	--------------



Infrastructure Account: \$37.7 - Million

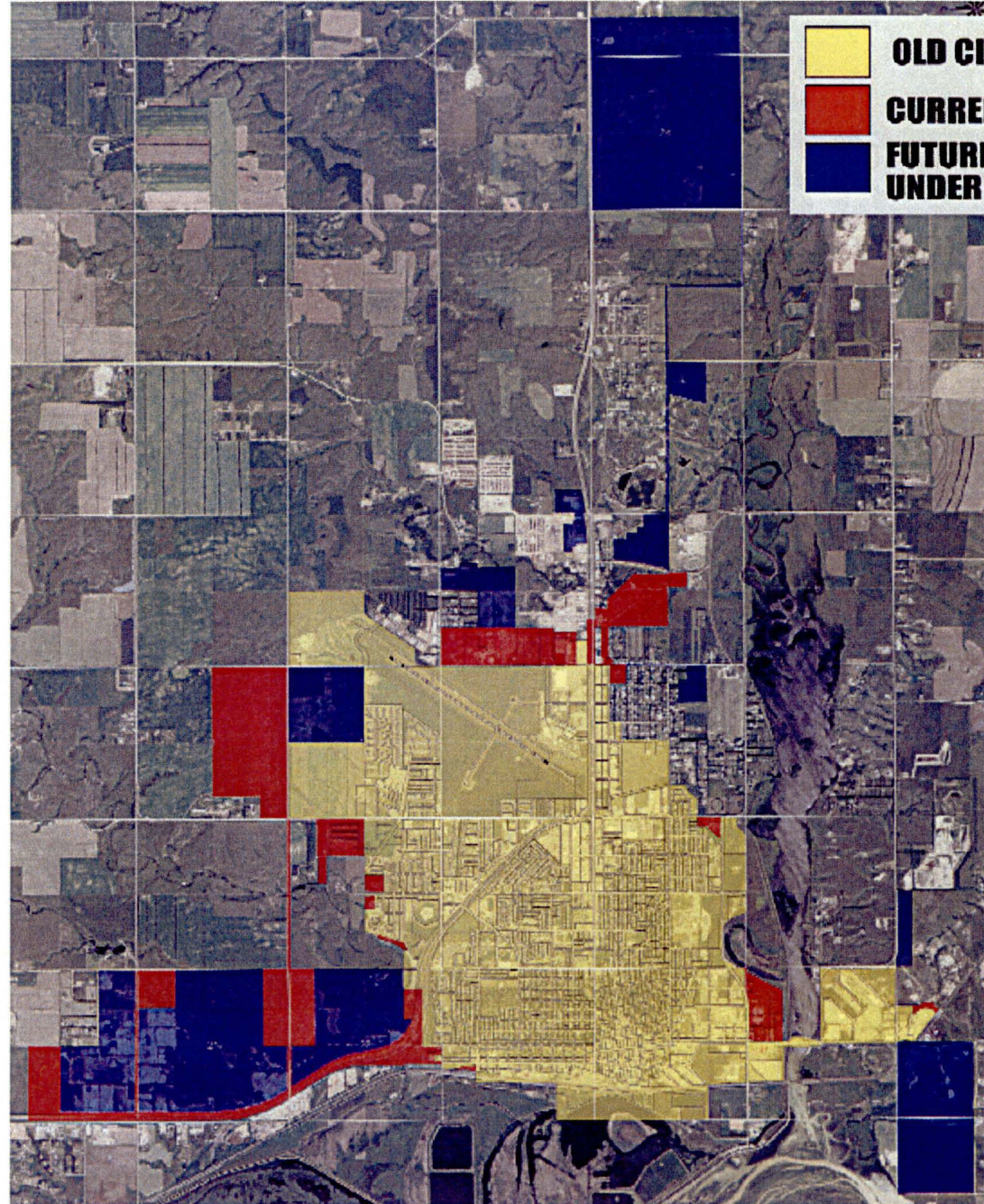


Wastewater Treatment Plant	15-Million	26 th St. Extension	2.5-Million	West Sewer Extension	\$5-Million	North Sewer Extension	\$10.5-Million	East Industrial	\$1.2-Million	Urban Roads Extensions	\$3.5-Million
----------------------------	------------	--------------------------------	-------------	----------------------	-------------	-----------------------	----------------	-----------------	---------------	------------------------	---------------

EXPENDITURES

Due to area construction inflation all of these projects have incurred expenditures above estimates that are currently City of Williston obligations.





OLD CITY LIMITS - 4479 ac = Approx 7 sq mi



CURRENT ANNEXATIONS - 5581 ac = Approx 9 sq mi



**FUTURE ANNEXATIONS - 2497 ac = Approx 13 sq mi
UNDER CONSIDERATION**

Williston Growth Map

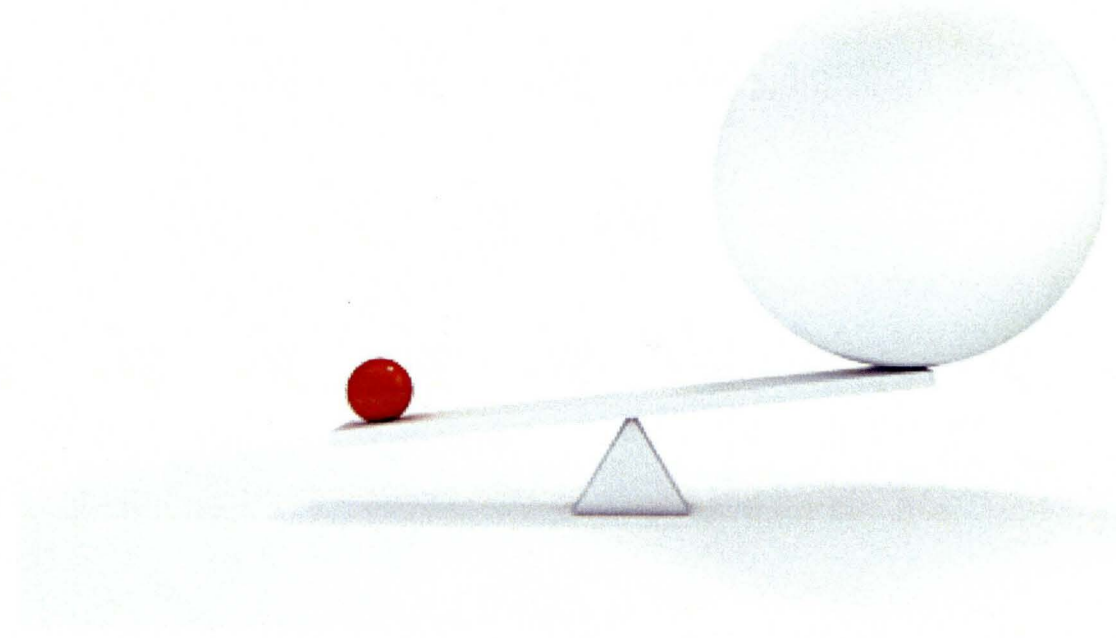
Project Growth Summary

In 2011 the City of Williston had eleven projects that are either in the bid, design or completion phase that have resulted in:

- The expansion of developed residential property to accommodate an additional 3,000 housing units.
- Estimated annexation of over 1,200 acres.
 - To include:
 - 450 acres Residential
 - 660 acres Industrial
 - 300 acres Commercial/Retail
- Wastewater treatment facility upgrade.



**What challenges and
impacts lie ahead?**



Map Legend

- EXISTING CITY LIMITS
- DEVELOPMENTS UNDER CONSTRUCTION
- DEVELOPMENTS UNDER DESIGN
- POTENTIAL DEVELOPMENT

HIGHWAY IMPROVEMENTS	
West Truck Parkway Front	\$ 21,700,000
East Truck Parkway Front	\$ 41,500,000
301 10th Ave Loop - Heavy Construction	\$ 4,900,000
301 10th Ave Loop - Heavy Construction	\$ 41,800,000
US HIGHWAY 2 & 85 INTERSECTION IMPROVEMENTS	
1st Street Intersection	\$ 2,900,000
1st Avenue West Intersection	\$ 2,500,000
1st Street/10th Ave Overpass	\$ 7,300,000
1st Street Intersection	\$ 5,700,000
1st Street Intersection	\$ 2,900,000
1st Street Intersection	\$ 20,800,000
CITY STREET EXTENSIONS	
42nd Street/10th Ave West Intersection	\$ 4,500,000
42nd Street/10th Ave West Intersection & Extension	\$ 7,900,000
42nd Street/10th Ave West Intersection	\$ 5,300,000
Planned Park Parkway Construction	\$ 1,100,000
10th Avenue West Construction	\$ 8,800,000
10th Avenue West Construction	\$ 20,800,000
TRAFFIC SIGNALS	
10th & 15th at 2nd Avenue West	\$ 250,000
10th & 15th at 2nd Street West	\$ 250,000
10th & 15th at 10th Street West	\$ 250,000
10th & 15th at 10th Street West	\$ 250,000
1st Street at 10th Avenue West	\$ 250,000
1st Street at 10th Avenue West	\$ 250,000
1st Street at 10th Avenue West	\$ 100,000
1st Street at 10th Avenue West	\$ 100,000
1st Street at 10th Avenue West	\$ 250,000
1st Street at 10th Avenue West	\$ 250,000
MUNICIPAL SOLID WASTE LANDFILL	
Master Plan and Hydrogeologic Study	\$ 750,000
WATER DISTRIBUTION SYSTEM	
Westside Industrial Park Water Main Connection	\$ 1,500,000
Industrial Triangle Water Main Connection	\$ 1,500,000
East Industrial Park Water Main Connection	\$ 4,000,000
WASTE WATER COLLECTION & TREATMENT	
East Industrial Park LIFT Station Upgrade	\$ 1,000,000
Waste Water Treatment Plant Expansion	\$ 100,000,000
Waste Water Treatment Plant Expansion	\$ 101,000,000

Roads, Water, Sewer and Landfill Expansions

Future Projects Base Map



**Roads Analysis
City of Williston
Comprehensive Master Plan**

Identified Short Term Road Improvements: \$140 Million

Identified Long-term Improvements: \$118.9 Million

Total Surface Transportation Cost: \$258.9 Million



Water Distribution

Water Distribution System	
Borsheim Industrial Park Water Main Connection	\$1,500,000
Highland Heights Water Main Connection	\$1,000,000
East Industrial Park Water Main Collection	\$1,500,000
Subtotal	\$4,000,000



Wastewater Treatment Plant expansion

Project	Cost (2011)	Potential Non Recoverable Costs	Timeline
Phase 1-Tertiary Side stream Treatment Improvements	\$5-6M	\$3-5M	2012
Phase II – Semi Permanent Mechanical Treatment Improvements	\$9-11M	\$5-7M	2013-2014
Phase III Semi Permanent to Permanent Mechanical Treatments Expansion	\$10-13M Option A \$15-16M Option B	\$6-8M Option A \$1-2M Option B	2014
Phase IV Permanent Mechanical Treatment Facilities Design and Coordination	\$63-80M Option A \$34-41M Option B	Permanent Both Options	2015-2016
Total Costs	\$87-110M Option A \$63-74M Option B	\$14-20M Option A \$9-14M Option B	



Landfill Waste Disposal

Solid Waste	
Landfill Expansion	\$2,500,000
Subtotal	\$2,500,000



City Government/Building Expansion

Police department calls **increased 250%** 2009: 6,000 /2010: 17,000

Municipal Court case activity increasing **15% annually**

Building department **staff doubled** since 2008

Planning and Zoning department **reestablished** in 2007

Economic Development **staff doubled** since 2008

Wastewater treatment plant **exceeded capacity** in 2010

Sales tax collections since inception in 1991 have increased **ten fold**

City **employment increase**: 1994 – 82 fte /2011 – 126 fte / **2012 - 153 fte**

City of Williston Operational Costs (employee expenditures)

2006- \$4,000,000

2009- \$5,600,000

2012 - \$8,300,000

Project	Total Estimated Project Cost
Fire/ Ambulance	
26 th Ave Substation	\$2,350,000
Hwy 2 West Substation	\$2,350,000
Hwy 2 North Substation	\$2,350,000
Government Services Building Space	\$9,300,000
Subtotal	\$16,350,000



Airport expansion/relocation

Sloulin Field Airport has experienced a significant increase in activity over the past several years. **52,000** enplanements/deplanements occurred in 2011.

Option currently being considered:

Expansion and/or Relocation cost **\$150 Million.**

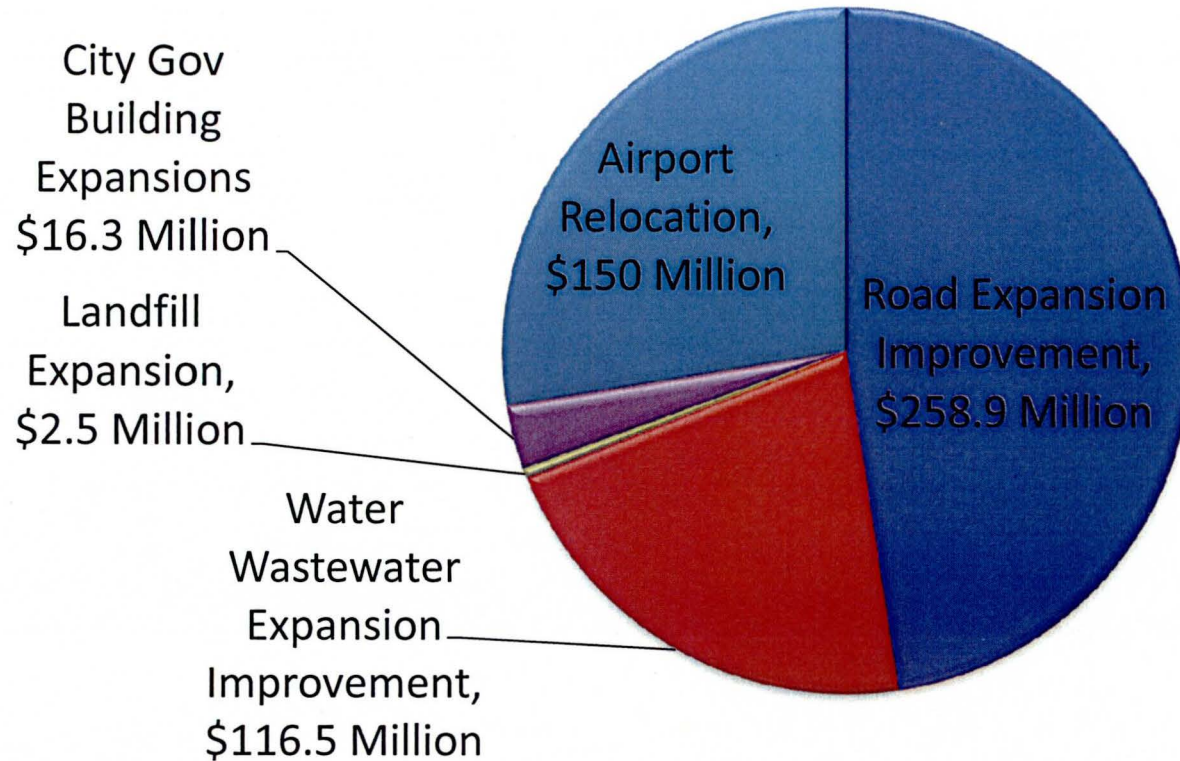
- Construct an airport that is able to accommodate regional jet or larger aircraft.
- Find a site not constrained for future development.



CONNECTING THE WILLISTON BASIN
TO THE WORLD



What Lies Ahead



Total: \$ 544.2 Million

Future funding considerations





Current funding resources

City Resources:

- Property Tax Levy - **unfairly** burdens existing residents for industry growth.
- Local Sales Tax - **public** votes **dictate** how these may be utilized.
- Special Assessments - these carry **risk** of **obligation** to City if defaults occur.



Current funding resources

State Resources:

- Highway gas Tax Allocation - distributed by **population**.
(No option for increased compensation for oil traffic activity and damage)
- State Revenue Sharing - distributed by **per capita** basis.
(No option for increased funding based on highest level of economic activity)
- Oil Impact Funding - historically only **less than 20%** of requested need.
(Williston documented need of \$104 million, funded at 18% of this need)
- Gross Production Tax/Extraction Tax - Cities funded at 20% of County allocation.
(Williston gets \$1.5 million/year – 0.1% of State oil revenue of \$1.5 billion/year)



Current funding resources

As you can see, the current resource base is unable to keep pace with this explosive level of activity, and that it places a disproportionate share of responsibility for industry support and expansion on local resources.

This for a resource development that benefits primarily State revenues.



Funding formula considerations

If funding formula consideration has some receptivity with the Legislature,
then I submit the following points for that consideration:



Funding formula considerations

- Set up a **formula for the large hub cities** (over 10,000 population) that takes them totally out of the County share of the formula and sets up a percentage of total state oil/gas tax receipts for distribution, based upon **measurable indicators** for each community, such as the percentage of state mining employment in each city/county.
- Give the cities **more than we need, not less**. There should be some **benefit, not penalty**, for what our citizens are forced to bear and deal with. Help us to improve our quality of life to retain our citizens.
- If Legislators are concerned about the Billings County issue from the last boom cycle, then require the hub cities to **levy a minimum property tax** to qualify for the new formula funding.
- **Understand** the hub cities provide a great deal of services to the industry, such as schools, water, sewer, landfills, hospitals, emergency services, air /rail transportation, retail, housing, commercial and industrial space. As such, **do not be afraid to provide funding** commensurate to what large counties now receive in formula funding, based upon each cities measured indicator impacts.



Funding formula rationale

Understanding the current deficits with impact grant funding, allow me to present **three reasons to consider oil and gas tax formula amendment** or adjustment over exclusively using impact grant funding for the three large hub cities (over 10,000 population) servicing the industry in oil country.



Funding formula rationale

Formula funding is **automatic, ongoing, and consistent** – enhances budget planning and flexibility.

Local governing bodies meet all the time, the Legislature only once every two years in a deliberative and decision making environment. Formula funding places funds for **immediate use**, impact funding requires approval every two years, lobbying for continued funding, and extensive time and paperwork for distribution and compliance. **Impact funds are less flexible** – frequently targeted by Legislation to specific uses.

It has been **impossible** for several Legislative sessions now **to predict and plan impacts** over a two year biennium. We have always been **underfunded** to our requests, and are always **chasing dollars** we have already committed and spent. This has been compounding for the last three sessions and leads us to the crisis we are now in.

**Building a community,
a State, a Nation.**



Western North Dakota is hosting the largest
oil play in the lower 48 states.

We need a lot more future funding to deal with the
impacts we are facing.

THANK-YOU

Brad Bekkedahl
City of Williston Finance Commissioner
drbekk@wil.midco.net
701-570-1879





WHERE THE RICHES OF THE EARTH ARE MADE USEFUL THROUGH THE INGENUITY OF PEOPLE

January 24, 2012

Energy Development and Transmission Committee
600 E. Blvd. Avenue
Bismarck, ND 58501

Dear Committee Members,

We would like to send our apologies for not being able to attend the hearing in person today.

On behalf of the entire City of Tioga, I would like to sincerely thank you for the Energy Impact Grant we received in 2011. The City of Tioga was awarded \$7,751,426.00 in September and to date has spent approximately \$1,762,000.00. Last fall we were able to complete several projects that otherwise wouldn't have been possible without this funding. Thank you for helping our community grow during this unprecedented time.

I have enclosed a packet of information that highlights the projects that were completed in 2011, and what we have planned for 2012. We plan to use the remaining funds that we have been awarded in the 2012 construction season.

Like many other communities in Northwest North Dakota, we still have several issues that need attention. We hope that funding will be available in the future when we are prepared to solve these issues.

Again, thank you for your help and support in the past. We look forward to working together to make northwest North Dakota a better place to live and work.

Sincerely,

Nathan Germundson, President
Tioga City Commission

OIL CAPITAL OF NORTH DAKOTA

PO BOX 218 TIOGA, ND 58852 PH 701.664.2807 FAX 701.664.2543 CITYTIO@NCCRAY.COM

ENERGY INFRASTRUCTURE AND IMPACT OFFICE GRANT APPLICATION

City, county, township or other taxing district: **X**

Contact Person/Title: **Jamie M. Eraas, City Administrator**

Daytime phone: **701-664-2807**

Address: **PO Box 218**

E-mail: **citytio@nccray.com**

City, State, Zip: **Tioga, ND 58852**

Application Date: **06-23-2011**

If the information you entered here is different than the name and address we used on your most current correspondence **AND** if you want us to change our records to this information, please mark the next field with an "X" **X**

PART A:

What basic governmental service or function best describes this project? ("X" only one)

<input type="radio"/> Education	<input type="radio"/> Law Enforcement	<input type="radio"/> Recreation
<input type="radio"/> Emergency (fire, rescue, ambulance, etc)	<input checked="" type="radio"/> Public Works (water, sewer, etc)	<input type="radio"/> Transportation
<input type="radio"/> Other ()		

What best identifies the focus of your project (i.e. a request for emergency services may be for vehicle or for equipment). ("X" only one)

<input type="radio"/> Administration	<input type="radio"/> Parks & Rec Facilities	<input type="radio"/> Supplies/Materials
<input type="radio"/> Airport Improvement	<input type="radio"/> Personnel	<input type="radio"/> Training
<input type="radio"/> Building Construction	<input type="radio"/> Planning/Engineering	<input type="radio"/> Vehicles
<input type="radio"/> Building Renovation	<input type="radio"/> Rd/St Construction	<input checked="" type="radio"/> Water, Sewer, Infrastructure Construction
<input type="radio"/> Equipment	<input type="radio"/> Rd/St Maintenance	<input type="radio"/> Water, Sewer, Infrastructure Maintenance
<input type="radio"/> Other ()		

What is the title of your project (please limit this to just a couple words – there is a space for a full project description in Part D of this form)

Infrastructure Improvements

PART B:

Total anticipated cost of the project \$ **11,405,670**

Amount requested from the Energy Infrastructure and Impact Office \$ **11,405,670**

PART C: The following financial information must be provided to the department before a grant application can be acted upon.

- ☐ A copy of the most recent year end financial statements (audited if available), for the political subdivision applying. (townships, please provide a copy of page 1 of the annual Township Financial Report - Form F-66 (ND-3A)).
- ☐ A copy of the current budget for the political subdivision applying.
- ☐ Documentation showing the breakdown of all mills levied by the political subdivision applying during the current fiscal year, as well as the taxable valuation used to determine the mills levied.
- ☐ Documentation, if available, showing the projected cost of the project for which you are requesting a grant.

4) Water Main Replacement

The City of Tioga has completed infrastructure planning that has identified problematic areas of the municipal water distribution system, such as areas with under sized water mains, areas with a large number of water main breaks, and areas with cast iron water main pipe. Water supply from the R-T System flows through the city distribution system to serve the Hess Gas Plant. Preliminary design has been completed and detailed design is in process. This phase of infrastructure work will be ready to bid summer/fall 2011 with construction anticipated to begin fall 2011 with completion the summer 2012.

Estimated Cost \$2,435,000

5) Sewer Mains, Clean, CCTV, Slip Lining (CIPP)

Pace Construction, Inc. has completed cleaning and closed circuit televising of all the sanitary sewer mains. The final report is being reviewed and the detailed design process is underway. Final design will be completed this summer and the project will be ready to bid late summer or early fall 2011. Construction is scheduled to begin this fall with completion summer 2012.

Estimated Cost \$2,345,000

6) Street Renovation (Water and Sewer Replacement Areas)

This work is related to the proposed water main replacement and sewer main slip lining. After the underground work is completed, this phase of work will restore the street surfacing over the utility excavation areas. Design of this phase is concurrent with the water main replacement and the sewer main slip lining work. Design will be completed this summer with bidding fall 2011 and construction summer 2012.

Estimated Cost \$2,859,000

7) Extend Trunk Lines – Water and Sewer Mains

This phase of work includes extending the water and sewer trunk lines to allow residential development in the southwest part of Tioga. Several residential developments are either under construction or scheduled for construction this season. A deep sanitary sewer main extension to the southwest will allow additional residential development to help address the extreme housing shortage. Part of this phase has been designed and construction is scheduled for summer 2011. Remaining portions of this phase are in the final design phase and also scheduled for construction summer 2011.

Estimated Cost \$1,050,000

2011 Infrastructure Needs – Total \$11,405,670

City of Tioga 2012 Infrastructure Needs

8) Street Improvements • Truck Route Streets

The work under this phase includes reconstruction of designated truck routes through the community. The City of Tioga has established truck routes by city ordinance. Impact of heavy truck traffic has destroyed a number of streets in this community. Several streets and roads must be reconstructed and hard surfaced to provide safe durable streets and roads.

Estimated Project Cost \$6,182,610

2012 Infrastructure Needs – Total \$6,182,610

Oil Impact Report to the Energy Development and Transmission Committee

January 26, 2012
By Brent Sanford
Mayor of Watford City

Where are we now?

- McKenzie County has 1/3 of State's drilling rigs
 - Morning and evening commute into the area from Williston and Dickinson is like urban rush hour to get workers to the oilfields
- Watford City's census population of 1,744 is estimated at between 3,500 – 5,000.
 - New population is mostly living in temporary accommodations
 - Many temporary workforce housing and trucking company projects
 - Most rents in town are \$2,000 to \$4,000 per month
 - Rents are high, but no new apartments projects, for the public
 - Business is brisk, but no new retail infrastructure
 - No growth in health, school, city or county facilities
 - But the hospitals, ambulance services, public works, police, deputies, social workers, schools and retail are all stretched to the breaking point from the population increase
 - So WHY no new businesses or health or government facilities?

Why no new retail or government or health service facilities?

- Because retail and government and health organizations won't expand based on a mobile, temporarily housed population. They have seen that before.
- So what do they want to see?
- Permanent housing and business construction
 - Apartments
 - Duplexes, townhomes, patio homes
 - Single family homes
 - Office complexes
 - Industrial development

What is Watford City doing to foster permanent construction?

- Planning
 - Active community planning and re-investment in community assets beginning with 2000 comprehensive plan.
 - In 2010, City and County performed an infrastructure study and land use plan for the City and surrounding area
 - In 2011, City hired an experienced City Planner and a Building Inspector
 - City exercised extraterritorial (ET) zoning and actively monitored development in the city and ET area
 - City has implemented moratoriums on temporary workforce housing camps and trailer parks in City and ET area during 2011, to leave room for and foster permanent projects and reduce amount of temporary population

What has WC done besides Planning?

- Built New Infrastructure.
- Energy Impact Infrastructure Grant Program
 - City designed and applied for Energy Impact Infrastructure grant for sewer and water utility extensions and expansions – receiving \$12 million for the utility extensions
 - \$2.5 million completed in 2011
 - Remainder will be completed in 2012
- Now we will have sewer and water extending 1-2 miles out of our former city limits...

Here come the Developers

- Power Fuels (250 units) and MBI (100 units) are building apartments west of town
- Power Fuels development has 50 patio homes and an office building currently under construction
- Power Fuels development has plans for 50 twin homes and 50-100 single family homes (SFH) for next phase
- Cascade Homes constructing 12 new houses on north side of town, 40+ for 2012
- Retail area south of town on truck bypass ready for tenants with recent install of new City sewer
- SFH, apartments, retail, industrial starting to fill in along next summer's sewer / water line extensions

Who is paying for streets, curb and gutter?

- Developers are doing on and off site improvements
- City reluctant to do special assessment bonds again
- *Negative* of this is the City isn't in total control of projects during the buildout phase until developer turns utilities over to City
 - Hard to force continuity to the next project when City isn't driving the arterial street and sewer/water branch line construction under new developments

What population will this planning effort support?

- Watford City is planning for 7,500 population for our sewer treatment
- Watford City is planning on WAWS coming through the end of this year for the increased water demands
 - This may need continued pressure from State
- However, the area encompassed by the sewer / water extensions could hold much more than 7,500 population...

What about other challenges?

- Affordable Rental Housing - for non -- oilfield employees
 - This has been our #1 challenge for 5 years.
 - In crisis mode for housing for new hires needed in law enforcement, govt services, health care, school teachers, and retail
- New City Hall and County Jail at some point as population grows
- New Schools will be imminent
 - With Power Fuels, MBI and Cascade projects, the town's permanent population will jump to over 4,000.
 - School enrollment should therefore double...
- New Hospital is needed
- Need to keep adding deputies and cops
- County Ambulance has one full time paramedic -- need 4
- Daycare - has gone from a strength to a glaring need again
- Airport - is inadequate for current and future activity

Solutions from State On the Way

- Housing credits, Flex-PACE interest buydowns to incentivize affordable rental housing
- Increased Highway Patrol
- Continued Highway and Road construction
- Energy Impact Infrastructure Grant program

More solutions needed

- Law Enforcement communication
 - Sex Offender and Violent Offender notification process needs to be fine tuned and enhanced
- Increase the split % in the gross production tax (GPT) formula for the higher production levels
 - Currently goes down to 10% local sharing of GPT generated
 - This is as the energy impacts REALLY hit your community
 - At these higher production levels come the need to grow your community many times over
 - Need for new Hospitals, Schools, City Halls, Jails, Parks, Doubling /Tripling of Public Staffing, Higher level of County Road Impacts
 - It is not the time for a lower local share % of GPT
 - More flow through of GPT through the formula allows the affected communities to handle their own impacts and not continually come back to legislature and governor for more and bigger programs