

Oil Impact Report to the Energy Development and Transmission Committee

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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