ECONOMIC DEVELOPMENT FOCUS GROUP

SPONSORED BY DEPARTMENT OF COMMERCE IN SUPPORT OF MONTANA'S FIVE-YEAR CONSOLIDATED PLAN

TRANSCRIPT OF PROCEEDINGS

Robert Gaudin, Facilitator

Sleep Inn Motel Conference Room
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1:05 p.m. - 2:50 p.m.

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PROCEEDINGS

1:05 p.m.

MR. GAUDIN: Hey, good afternoon. I
guess we're ready to start.

AUDIENCE: Yeah, we've been waiting for you.

MR. GAUDIN: I was running late.

Really, it was all about the technology.

But thank you all for coming. That's great.

For those of you who saw this morning's presentation, some of this -- a few of these slides will be kind of duplications for you.

But this is the fourth of four focus groups that we're trying to do -- that we are doing, have been doing. And while the others were kind of topic oriented, this is more geographic area we are pointing to.

All right. So, some of this, you know, other people have had their perspective and commentary offered. It's really about you guys in this part of the state, and that's really kind of what I want to talk about.

Now, for those of you who were here this morning, or maybe some of you hadn't come to the other focus groups or anything, so some of these things might look like they're duplications.

But really, you know, the idea today is to kind of get some idea of what you think about these things for us right here.
I think what I would like to do, I have
seen this problem several times for the court
reporter. If we could go around the room and
introduce ourselves, and then she can kind of
get our names, so when she is recording what we
say, she can get that right.

THE REPORTER: And if you could spell
your name for me, too, please.

MR. DeWITT: My name is Martin DeWitt.
I'm with Great Northern Development
Corporation out of Wolf Point, Montana, which
services six counties in northeast Montana.

MR. RITTAL: Jason Rittal, J-A-S-O-N;
R-I-T-T-A-L. I'm with Eastern Plains Economic
Development Corporation. I cover Prairie,
Dawson, Wibaux, Fallon and Carter counties.

MS. HARTMAN: Melissa Hartman, Miles
City Housing Authority. M-E-L-I-L-S-A;

MR. STEFFEN: Brian Steffen.
I'm with Action for Eastern Montana. I
cover the 17 eastern Montana counties.

MS. SMITH: Connie Smith, C-O-N-N-I-E;
S-M-I-T-H. I'm Housing Director for Western
Montana.
MR. GAUDIN: For those of you who are on the phone, remember, if you want to be muted, be sure to use *2.


MS. VINE: Brianna Vine, B-R-I-A-N-N-A; V-I-N-E. I'm also with Great Northern Development Corporation.

MR. MURTAGH: I'm Patrick Murtagh. P-A-T-R-I-C-K; M-U-R-T-A-G-H. I'm with Murtagh Municipal, and we're working with the Bainville wastewater system.

MR. BRENSDAL: I'm Bruce Brensdal. B-R-U-C-E. Brensdal is B-R-E-N-S-D-A-L.

And I'm the Administrator for the Housing Division for the Montana Board of Housing.

MR. GAUDIN: And my name is Rob Gaudin. I'm the Director of Research and Planning for Western Economic Services. My organization and I helped Congress prepare the Consolidated Plan.

Just by a little background about myself and my firm, I started my career in Helena --

THE REPORTER: We need to mute that.
MR. GAUDIN: For those you who may be on the phone, if you could please use *2 to mute your phone, we would very much appreciate that.

Oh, I think it got muted. I think we're okay. Thank you whoever that was. Thank you very much.

I was just providing you a little background about my firm and myself.

I started working for the State -- my firm started working for the State back in the late Eighties really, and we have been working for Commerce ever since.

And over these years, you know, our familiarity is pretty deep with the state. I come from the state. I started my career in Helena. I am a graduate of the Hamilton High School, so kind of the home boys. Home once again.

But it's nice to come out to Miles City because I don't get out here very often. It was a lovely drive from Billings.

I did not encounter any hail, so it was a nice thing. They really wanted me to buy the insurance when I got to Billings, but I said, "Nah, I'll be good. It looks beautiful outside."

But what we're here to -- I'm both here...
to give you some basic ideas why we're doing this, as well as get your perspective and commentary about what our needs are.

And also, I have some data. I have some qualitative stuff. We are doing a survey.

But most of these kind of focus groups, you know, I kind of facilitate conversations, so it's not like I'm the point man.

You guys are all point men, if you will. And it's really about you talking. So I really just -- please just interrupt me.

If we've all stop talking, I might start asking you some questions. So, really the idea is what are your issues here? What are your challenges? That's really what it's all about.

And, you know, if there's barriers and constraints, whether it's, you know, organizational problems or market issues or public policy issues, whatever, let's get them out on the table so we can, you know, hear them, and we can learn to deal with those issues are.

By way of background, it's 20 years now that this process had been going on, you know. It's compliance. In exchange for getting money from HUD, we need to do a Five-Year Strategy and an Annual Action Plan and a few other things.
associated with that.

But it's the identification of needs that's really kind of the key. And that's really what we're trying to do here.

Okay, well, the data says this; the people say that, but I feel this other way, all right? Feelings are important, and I want yours.

Ultimately we have to have -- you're chuckling. It's for real. "Don't confuse me with the facts. This is what I think." That's what I want to hear. "I don't like these guys. I don't like what other people say. This is what I think."

I'm here in eastern Montana. We're going to hear your -- in Miles City, let's hear what you have to say. I'm not trying to be cute here. This is for real, okay?

But ultimately, we want to see how we allocate our resources, because you are competing with the rest of the state, you know. There's a lot of counties, and ultimately, there's not that much money, you know. It's less than it used to be. It's a few million, you know, almost 10.

But at the same time, we do need to prioritize our needs and get some idea of what
we should do. The kind of requirements. We need to look at our housing needs. Okay, well, we really can't build housing unless we have water, so we need to look at our water needs. Well, nobody is going to move here unless we have jobs, so we've got to the look at economic development.

What comes first? Well, is it the chicken or the egg, right? What's it going to be here? I'm going to kind of walk through some of these things. There's one in particular that I want to talk with you about in demographics that I'm hoping that you kind of give me some perspective and commentary about that. But we'll just look at a few slides.

Now, again, this is about you guys, so stop me. You know, interrupt me. You know, tell me how you're thinking about what we have here. Okay, so population has been growing, at least statewide. Not everywhere. Some areas have long periods of decline. Sometimes that's turned around. That's another set of challenges.

And we've had some slightly slow -- very slightly slower growth in the last three
years compared to this decade, you know. But we're now over a million, so that's good. You know, the idea HUD likes to see is how things, you know, not just change over time, but how the population has shifted and so on. This gives us some idea. We are still largely a white state. Growing a little bit more slowly than the average, meaning that some of the races are growing more quickly. But when we look at how this has grown over time, I mean it's been fairly steady for the last 15 years, especially in the last three. This new estimate is fairly recent. But, you know, part of our responsibility in assessing this is to kind of take this view - what does it look like out there in the future? We're spending money for investments that are going to last longer than five years. They're going to last 50, maybe 100 if we're lucky. So right now -- pardon me, Bruce -- the official Commerce forecast is this green line, because here's all our history from 1980 and out here, you know, in the early Eighties. Fairly consistent population growth.
But a few years out, this forecast, the one that's posted on the Commerce website, indicates the growth is done.

How do you guys feel about that?

Okay, what's this mean?

MR. DeWITT: It means I don't agree with it, not in eastern Montana because of what's happening with production and different things and the energy development that's going on in the region.

It's continually creating job growth, creating opportunities, which are bringing in individuals within the community that have housing needs that are going to be long-term residents.

MR. GAUDIN: So, you think it's going to grow here?

MS. VINE: Well, not just -- I mean that too. But isn't what -- I don't know about from the eastern side of the state, but in western Montana, isn't there like a big tech -- I mean, aren't there a lot of tech companies coming in?

MR. GAUDIN: This red line -- we work for other states, and I bought a forecast that was bundled with a bunch of states. Montana was part of the bundle.
So we got this, the red line for free, okay. So, this is their forecast.

You know, the growth that started here in the early Nineties just kind of continues.

But I want to show -- this is an alumnus.

Here's that free forecast.

MS. VINE: Mm-hmm.

MR. GAUDIN: It says growth really is going to kind of stop. And here is Commerce's forecast. This is the same green line that showed us falling off statewide. This is the 16 eastern Montana counties that are there, okay.

So this is the normal projection -- I don't understand why this is. They are starting at different places, plus or minus 5,000, I guess is what the forecast means.

Which do you think is going to happen?

This is a moderately high oil production scenario from CEIC. This is the base case, and here is our free forecast. So, what do you think of these three, which do you think is more reasonable? Are we going to go from 80 to 111,000?

MS. VINE: So, the free forecast is
basically saying that the whole entire state is
going to increase. Eastern Montana is going to
flat line.

I don't believe that, but --

MR. GAUDIN: Right.

You know, it's free. How much do you
get? What is the value of that?

MR. RITTAL: A big part of that is
going to depend on what we can put in for
infrastructure and housing.

MR. GAUDIN: Oh, so, it's the chicken
or the egg?

MS. VINE: Yeah.

MR. RITTAL: Well, if we don't have the
infrastructure or the housing, we can't grow.
So, my gut is, is we would be somewhere between
the green and the purple line, assuming we can
develop infrastructure on some sort of a decent
level each year moving forward.

And I know we're not going to be able
to snap our fingers and fix it all overnight.
But if we're progressing and adding the systems
and allowing that growth, we'll grow.

MR. GAUDIN: What is not -- excuse me,
go ahead.

MR. STEFFEN: And I think some of it
will depend on legislation as well based --

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know, because of the impact, oil companies and their movement into Montana and doing more development over on the western side of the Bakken.

MR. GAUDIN: Correct.

So, which legislation are you referring to?

MR. STEFFEN: I just -- you know, like tax structure and, you know, some of those things that are impacting now within the state.

MR. RITTAL: It could be the environmental. It could be just about anything.

And technology would be another factor.

If the oil and gas industry continues to develop technology that makes it easier to get at the harder oil, which is what we have, is a little harder to get, then they are more likely to come over here sooner, so...

MR. STEFFEN: Federally, the Keystone XL Pipeline would have a big impact inside the state. Population trends throughout a lot of the counties.

So there's things like that that, you know, could bring a huge amount, or we don't know if they will bring any; it will die in
committee.

MR. GAUDIN: So, we think there might be an impact, but we're not sure, and what kind of planning -- this is a planning process.

Okay, so, if we're going to have a plan, how do we attack it if we don't know how big or how little this impact is, where do we start? You know, what kind of assumptions do we start with?

Is this reasonable? You know, I think this should actually -- this is like history is where this thing -- so these should be here. They might be antiquated.

Let's say we start at 85,000, you know. Where do we go? Is this actually going to start declining here after 15 years?

MR. MURTAGH: I think Jason was bringing up a pretty good point earlier.

One of the things is, is you've got to put the infrastructure in quickly.

In the case of Bainville, we had two hotels that wanted to come in there. They were all kind of gambling on House Bill 218. When that didn't pass, we had to put up a big impact base, and that was good-bye for the hotels.

So, if we don't take action quickly, then we're not going to see the big curve there, the purple curve.
If the State keeps ignoring -- well, not ignoring, but not really getting serious about helping, then you're going to see more of that green line.

MR. RITTAL: We're going to have some growth. Whether we're ready and prepared infrastructure or housing-wise, that's just going to come.

I mean, they'll live in campers, they'll live -- wherever they've got to live. They'll dump in the -- there's RVs in the ditches if they have to. There is going to be some growth either way. So I think that's the green line, quite frankly.

I think if we can develop infrastructure the way it should be developed, then we're looking at -- we would probably grow to the purple.

MR. MURTAGH: Yeah, that's --

MR. RITTAL: So if you're going to plan, let's plan to put some infrastructure in, and let's plan to get some housing in, and let's grow to that purple line.

MR. GAUDIN: So in that order, right? Infrastructure, housing --

MR. RITTAL: I think you have to put the infrastructure in first. Otherwise, the
return on investment, if you have -- especially
the base infrastructure - the lagoons, the
treatment, the water supply, storage.
Extension is a part of that, but if
they are willing to pay for the extension, but
you can't treat it, then you're sunk before you
get started. And, you know, we, unfortunately,

have some really old systems.

MR. GAUDIN: Okay.
CDBG's got not even six million for
this. I mean, okay, how do we get started with
that?

MR. RITTAL: Well, and most all our
communities don't qualify to pay 10% on the
money.

MR. STEFFEN: Well, there's things like

the House Bill would have been huge in eastern
Montana, but because that didn't pass, then we
have the impact fees where it goes directly to
the residents.

And like -- I mean, what were the
qualification that they had? If the sewage and
water goes into Glendive, every house in the
community is going to see their monthly tax bill
grow like -- was it $55 a month?

MR. RITTAL: Yeah, an increase and
raise to pay for the system going in, yeah.

The locals are paying for that, and
they should pay for some of it because the system is outdated, but they shouldn't be paying for all of it. The people that are making the impacts need to pay part of it.

But you still have to build it for the new people that come in there and help pay for it.

MR. GAUDIN: Wouldn't MEPA do something for that.

MR. RITTAL: Who?


I mean, it's not a single facility, right? It's like many things going on.

MR. RITTAL: I don't think MEPA would.

MR. GAUDIN: I'm just stretching for a notion that, you know, can't -- I mean the six million that we have here is just nothing, right? And there's a tremendous need, and so what else can we do to generate revenue rather than turning to taxpayers?

MR. RITTAL: Well, then we need to take a look at the oil tax revenues that we get both at the federal and the state level, and we work that back to the areas that are feeling the impacts from that activity.

And the feds get a chunk, and the state...
EasternMTFocusGroup.txt

15 gets a chunk, and very -- some comes back, but
16 very little really, relative to the areas that
17 are fighting the battle.

18 MR. STEFFEN: I'll give you an example,
19 like in the school system.
20 I'm on the Glendive School Board. What
21 we have in place right now, it deals with this
22 idea of concentric circles of funding.
23 And so a school district that's close,
24 that the funding that's generated from oil
25 taxes, not all of it, but the portion that goes

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1 to the school -- this can illustrate a point --
2 it goes to the nearest proximity school
3 district. They are able to fill up, I believe
4 it's 130% of their general school funding, and
5 then that cup overflows to the next nearest
6 district, and then it overflows to the next
7 nearest district.
8 Like in Glendive, right now, we've
9 added -- I mean we're basically to the point
10 where if we get three or four more students in
11 our K through 2nd grade school, then we've
12 tapped out of classrooms. We've exceeded the
13 limit on number of students that you can have in
14 a classroom, and so we're within like less than
15 five students, and we're getting that impact
16 because of the oil industry.
17 But in terms of how the money is

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flowing in concentric circle-wise, the way it works out, I think so far year-to-date in Glendive, we've got like $2500.

And so we don't get -- you don't get -- any way, I mean like the House Bill would have been much better, and things like that, but the way that this is working now is, you get impacts around it, but the funding doesn't -- it's not like equitably or fairly, you know, passed out.

And so, you know, 50 miles down the road, you can have a school that's bubbling over with 130% of their whole yearly funding in their general fund, and then they have, you know, a bunch of other little towns along the way that have to fill up their cup.

And then it gets to another community, and then -- you know, you just don't get enough to do what you need to do to address the impact.

So I guess that's all part of that legislation discussion.

MR. MURTAGH: I'd like to just add to that, too.

And I don't know if you told me the infrastructure, you get the schools, but you also have your police force is taxed tremendously, you know, as well as all your other services. And we talked -- somebody
mentioned earlier qualifies for CDBG.
The City of Sidney must have 20, 30 employees. Guess how many earn the median household income? A big, fat zero. I mean, it's impossible to keep employees. We changed treasurers three times in a couple months. It's so hard.

So legislation is going to look at the infrastructure, but not just the materials. How do you pay these people? How do you keep them working for you when they can make 100 grand in the oil field? It's another problem that doesn't seem to be looked at very closely.

I've got statistics for the police force here with me. I mean, their arrests for narcotics has gone up almost 800% since 2008. I mean, there is just very, very little extra money coming in to help fund the police force.

MS. MATEJOVSKY: All the cells are full at the county jail. And they're not full of locals, they're full of people from other states. And so when they get, you know, let out, or whatever, and they're supposed to come back, they never come back.

And so we are just constantly rotating all these people, and nothing is ever getting done about it with the crime.

I don't know how to --
MR. MURTAGH: That's so true.

And then you have cities like Billings where that is seeing some impact, some growth,

but, you know, their police force isn't going up 800% in the arrests that they have to do and all that. They're usually getting more the white collar kids.

Up here in northeastern Montana, it's really a stress.

MR. RITTAL: Yeah, they're getting corporate folks, which are the high-paying -- not only the high-paying jobs, but the citizens that volunteer, and they help their community.

We get some of those, plus the guys that go to the bar until 2 o'clock the morning on their days off. So...

And I've got something from Leslie Messer, who is the Richland County Economic Development person. Can I just discuss this so I get it in the record?

She said Richland County's challenges, the top three, and not in any particular order, but "inadequate infrastructure to grow", "water/wastewater", "streets", "inadequate housing", and "lack of work force".

And then the other items that she listed as issues were "emergency law"
enforcement", "child care providers", "elderly

"living", "disadvantaged citizens", "mental
health issues", "emergency shelters",
"transportation", and "planning".

And again, those aren't in any
particular order, but she wanted to get them on
the record.

And I can leave this with the reporter.

And I think you could probably say that
in your concentric circles to some level, are
more focused -- I mean obviously if you go to
North Dakota, it's probably the worst in
Williston and Tioga and those areas.

And then the Montana side, Sidney is
probably the worst, Bainville and then circle it
out, Glendive, and then clear over -- you know,
we see the impacts clear over here in
Miles City.

And then as you get to Billings, it's
more of the big city where they've got the
bigger airport. They quote, unquote "are
getting impacts", but in my opinion, they're the
good impacts.

All of those issues need to be
addressed to some limit, all 16 counties.

MR. GAUDIN: The question before us
Here really is how does Commerce work within the Consolidated Plan? That's my role. What can that contribute in some small or large way? What do you think Commerce could do with those basics?

MR. DeWITT: Well, I think everything starts with planning.

There's some efforts that we're doing as far as planning, is the coalition, the Eastern Montana Impact Coalition, which is Great Northern Development,

Eastern Plains Economic Development,

Southeast Montana Development Corporation,

Richland Economic Development Corporation,

they're trying to work to put together a planning effort that addresses that.

However, the funding to adequately accommodate the requirements of funding for such a large-scale impact zone is limited.

And then the requirement for matching funds to bring those funds within our organization for those planning efforts are limited and sometimes difficult to reach where our -- we're all nonprofit organizations, and we don't have -- if we had the money within our
organization, we would do it ourselves.

And when we go to apply, we’ve got to
decide where matching funds come from.
Sometimes the funds aren’t available. Sometimes
the source is difficult to deal with, work and
stretch out the entire process.

Planning is where it starts. And then
from there, it’s just you’ve got to figure out
where the money comes from in order to
accommodate that.

And I guess in the statement of the
governor when he announced his $45 million
impact bill, that’s a good start.

But I mean, if you took just Great
Northern, just a small portion of Great
Northern’s region and Richland County, they
could spend that overnight, and they would still
have infrastructure needs.

And yeah, the organizations are going
to leverage that 45 million, but it’s still just
a start, and it’s still just a drop in the
bucket.

And in order for Commerce to actually
adequately address that there has to be -- there
has to be a high efficiency put into place in

order, you know, if that 45 million is coming
into our communities. We needed it two years
ago.
So, now we have to wait until the legislative session comes into play. And then next July 1 in 2015, the efficiencies need to be in place in order to get the money out of the door. But, I mean, that 45 million can go out the door by July 30 if it's available as of July 1.

There is no reason at all that money shouldn't be accounted for into some community by the end of July, in my opinion.

MR. RITTAL: And if we're going to fully utilize that 45 million, it should be letters. And that's where CDBG and some of these federal programs, if we can get enough flexibility in to tie them in and not stall up projects with paperwork, and we can make that 45 million maybe 90 million with other funding sources.

But with everything that exists now, you know, it's either graded on a deadline for dates, and then it takes a year. And by the time you get the paperwork done, it goes to legislature and everything else, you've got a five-year project, and that 45 million will just be $45 million worth of projects unless there is some flexibility created in the programs that already exist to tie them together.
MR. STEFFEN: And I have I guess two things.

Just looking at DOC specific things, I think they could do a better job of getting out and training on some of their programs.

For example, I know in Glendive, we have -- right now, we're looking at trying to construct some new schools because we have 100-year old schools that don't even have the electrical capacity to run like a computer lab anymore.

And so we have started -- as a School Board, we hired a planning consultant to come in and look at our infrastructure needs.

About a month-and-a-half after we signed those contracts, we began that engineering review.

I happened to be in Miles City at a DOC meeting for housing-related issues, but at that meeting, I heard them talk about their school funding their school planning grant.

I went to a School Board meeting like a week later, and they said, "Well, gee, this is too bad, you know, we didn't take advantage of this."

Nobody at the school was aware of any of that funding availability.

So I don't know how they get the word.
out to their schools, but it was just by happenstance that I was there for a housing idea and gathered this insight and took it back to the school. And by that point, it was already too late.

So trying to get ahead of the card, you know, get out there and say, you know "we're certain your schools must be getting impacted, and so let's go, maybe travel to some of the schools specifically and to talk with some of the administrators there."

And then secondly, I saw in one of your earlier slides, the "Emergency Solutions Grant", the ESG grant. We administered that grant. That's one of the grants we administered action, and that grant has basically become a joke at our company.

It's designed to deal with people that have housing emergencies, and we have a terrible time spending that grant.

And we get pushed from the State and people saying, "Well, surely you've got to have people with housing emergencies?" And we say, "Well, absolutely we do."

But the program has been so encumbered that we can't spend the money. Because we used to be able to put people up in a hotel room to
provide temporary shelter. Well, we can't do that anymore. They have to go into an apartment.

And then they have to --

MR. GAUDIN: How many of those have you got empty?

MR. STEFFEN: Yeah.

You've got to find an available apartment, and then the available apartment has to meet the HUD rental guidelines, which currently in Dawson County, I think it's one bedroom is like 515 a month, in Dawson County.

Well, you would be really, really lucky to find a one bedroom for 515 a month in Dawson County.

And I think Richland County is the same way. In Richland County, it would be way worse than that even.

And then once you do find those places -- well, I guess the other aspect of that is, we used to be able to help put people into shelters.

We have two shelters in eastern Montana, and now we can no longer put them into those unless they meet these Handicapped Accessibility Guidelines, which involve, you know, huge retrofits.

So basically we have gone to all of
these people who are homeless, or at risk of
being homeless, that are in really desperate
situations, and we've said, "Well, we can't help
you anymore because we can't find a
HUD-rental-income-level-approved apartment, and
we can't put you into the shelter.

And so that program, just last week or
this week, we turned back $30,000 on that
program, because we just sit on it, sit on it,
and sit on it. We can't find the places that
meet the requirements of that program.

And I don't even know if that's

something that can be changed at the state
level, or if it's federal.

MR. GAUDIN: It can.

Those are based on fair market rents,
but they are a market area that's much larger.
You can't do FMRs at a smaller geographic area,
especially like what's being impacted here.

MR. STEFFEN: And I talked to some
people before, and they said, well, you can
petition HUD to change that. But the last guy I
talked about, said, oh, it's like a five-years
process that you've got to go through to --

MR. GAUDIN: To petition them.

You can produce your own FMRs rather
than having HUD fund it. I mean, that's the
petition process.

MR. RITTAL: How does that go when your auditor comes in, and says, "Well, how did you make these numbers up, and on whose authority?"

MR. GAUDIN: Well, there's a methodology that's been accepted. You have to use it.

I'd like to hear more about what you think are ways in which Commerce could become more flexible in their grant program.

MR. MURTAGH: One thing that's real important for Sidney, is we just tripled our sewer rates. But we're still far from meeting the target rate, but we're still far from meeting the target rate.

Our big worry is if the governor or the legislature turns the money over to be distributed by the Department of Commerce, then they may require target rate issues along with that money.

Sidney won't be able to use any of it. The target rate has jumped up so much, you know, from the 2010 census. They were one of the first towns that got that big influx from the people making $100,000 a year.

And the people who have always lived there and are on a fixed income, there's a lot of local inflation up in that area, and they...
haven't seen any benefit at all. And the rates keep going up and up, and they can't meet that target rate.

So, I guess the target rate is a big issue if the Montana Department of Commerce is going to handle the money in the future -- or the governor's money in the future.

MR. RITTAL: We've abandoned submitting infrastructure out for the town of Plevna because the target rate, between the 2000 census target rate and the 2010, it went up more than double; it indicated that their median household income went up more than double.

And, you know, so water and sewer -- they just said we can't -- it was bad enough raising them to the target rate for the last biannual. We're not doing it again.

And so now, where are they going to get the money? They can't borrow it. There's, you know, 60 households in town. I mean, if you borrow 200 grand, the rate skyrocket.

So the only option is to look at the County. And luckily, Fallon County has been nice enough to give their municipalities some dollars for infrastructure.

But they shouldn't have to. There should be a mechanism -- if your median
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household income jumps to that level, that shows you that something extreme is happening in your community.

And sure, some of those new people are making those great big wages that have skewed

that could afford a $120 water and sewer rate, but the retired lady down the street can't, and she still gets it.

MR. MURTAGH: And you set a precedent for it, too, because -- I don't know if you any other folks remember back in the 1990s and then in the 2000s when they switched over, their target rate didn't go to 100% of the target rate. They had a multiplier on it for the first years, and that brought it back down. Perhaps they can at least do something like that.

But they didn't do it for this one. It's 100% of the target rate. Maybe if it's 80% of the target rate this next time, and 90% the next biannual.

MR. RITTAL: Or they increase it 20% for the first five years of the decade, and then the last five, you pay it at full, and then do the same thing when the next census comes around.

So that you can -- I mean, we literally started looking at a Phase 2 of the project, and then pulled up the new target rate and went,
"Whoa!"

MR. MURTAGH: A lot of people said that.

MR. RITTAL: Honestly, I mean it was like, "Is this even accurate?"

MR. DeWITT: Maybe if there's something within regulation that states that --
maybe there is some form of a trigger mechanism to where if your rates do go in such a drastic change within that time frame, that maybe for that community, if you are in one of those impact communities, that that regulation does not have to fit, and it can be -- it can be deferred or it's not as firm. it has to be considered.

However, if we doubled our median household income in 10 years, and we know that our entire population can't afford those increased rates, that this regulation does not have to be followed in order to do that, or it has to be followed at a different level.

MR. MURTAGH: Yeah, let's see that for TSEP. You know, if there's money from the governor, I think the target rate should just not even be part of it. And that hasn't been brought up yet.

So, yeah, I'm trying to just go --
MR. RITTAL: It's been brought up but just not by the governor yet. I don't know which way they're going. But I brought it up and said how are you going -- I mean, and what if you -- I mean everything from projects. What if you have one, -- let's just use Glendive. Let's say you're building a wastewater treatment plant. You know, obviously they're saddling their existing users with that. Can we bring any of this new money into a project when it's in development? Historically, you could not do that. And if you do that, and you have TSEP money where you have the target rate, what's your impact? You know, how do you tie it in? You know, there's a ton of questions.

MR. GAUDIN: I guess I want to make sure you know, this is being recorded, and your ideas are going to be, you know, presented to Commerce, so that's why I'm asking you to cough them up.

MR. RITTAL: They will be thrilled to hear from me.

MR. STEFFEN: And I should say, thought, that to their credit -- and perhaps I
can talk about ESG, it’s not overly critical -- but I have been in my job now for 10 years, and we have usually found DOC to be some of the most attentive and helpful State employees that we have worked with.

And so, I speak directly because they have listened in the past, and not be critical of them.

MR. RITTAL: And I’m sure they’re mulling all of this over as well, but it’s just that, as far as I know, there’s not been any engagement to do this. I haven’t been asked for my advice on how -- if that --

MR. GAUDIN: Here you are today.

MR. RITTAL: And I think part of that is, is nobody has seen a draft of a bill. I mean, we don’t know what the legislation is going to look like, other than it’s going to be a volume one. That’s the only detail that’s been announced.

And I guess I would like to be sure to be one of the first ones that gets a copy of that once it’s off the presses.

MR. GAUDIN: Well, you were here talking a minute ago -- I’m sorry, did I interrupt you?
You were talking about a minute ago about trying to identify impacted communities, so what kind of measurement, what kind of matrix do you want to use from those that are impacted from those that are not?

And then those that are impacted, based on this set of matrix, I would go into this bucket over here to get special treatment.

How would that work? We're just trying to think outside the box here.

MR. MURTAGH: Percentage of population increase is a big thing.

You take a town, again, like Bainville, they have already quadrupled, and it will probably go tenfold. I mean, they need the help more percentagewise than Billings does or one of those.

One thing I suggested again, they asked for advice over the last two years, and we tossed it out the window. But you look at the population increase, you can also look at the oil income for that region, because that's some indication.

Now, Glendive gets hurt because of that, so Glendive, you have to make exceptions because they are on the highway. They don't have oil, but because of their location, they have a greater value impact. So, Glendive would
be more like population increase.

MR. RITTAL: I think what you do is, you take, you know, 16 counties, there's a lot of wall, you look at that. And you set that $45 million over here, and you said, okay, every one of the counties and the cities appoints people, and you guys sit in a room, and you decide who needs it worse. I think the money gets spent where it needs to be spent. But, who is going to make those decisions? I mean, I think everybody in this room knows that Sidney and Bainville are probably 1 and 2 on the list to get help. And then, you know, concentrically, it moves up. But otherwise, we're just all just going to compete, because I'll sit in this room and tell you that Sidney needs it worse. But if there's money on the table, I'm going after it for my region.

MR. GAUDIN: Just a suggestion. Just an out-of-the-box example. It's just a direct percentage cut, whatever it is, whatever money comes, and we put it in a pool for eastern Montana's 16 counties, and you guys can amicably decide how that gets spent?

MR. RITTAL: Oh, I'm sure.

MR. DeWITT: I think so.
MR. RITTAL: I think there would be some hardness, but I think it would get spent better. There would be some pretty frank conversations.

MR. GAUDIN: I can imagine.

MR. DeWITT: I mean, there's got to be some local control, in my opinion, as to where that goes. And as long as everybody is adults in the room, and they can have that discussion and disagree at some levels, but at the end of the day, everybody's probably going to nod their head.

And I would agree with Jason. It's Sidney, it's Bainville, it's Culbertson, it's Glendive. And those last two are number 3A and 3B, really, in Culbertson and Glendive.

MR. RITTAL: And that's not to say that Terry's lagoons and Plevna's water aren't important projects. It's just that on a scale of horrible, the other ones are just a little ahead of it. I mean, it's a horrible place.

MS. MATEJOVSKY: And part of the reason why, it maybe sounds weird that we would be so willing to work together as all these communities, I think eastern Montana is realizing that if one community that's in dire need that's in the middle of the oil stuff and
activities, they can get their stuff together and get all the resources they need and capitalize on these impacts, eventually it will be exactly that concentric. That's what will happen.

The rest of us will get it; us that might be on the fringe. If Sidney can get their stuff going, and Bainville can get their stuff going, and they can get the infrastructure in, they'll bring in more oil companies. They'll bring in more activity.

It will move out farther, and then the smaller communities on the outside will start feeling good impacts, and there will already be and established manner in how to deal with it.

MR. DeWITT: And that's in the build up --

MS. MATEJOVSKY: I think that's why we are willing to support each other.

MR. DeWITT: And the build-off of that is the industry continues to move westward. It's low hanging fruit in North Dakota right now.

And essentially as you get into the Montana side of the border and move west with the development that it's not quite as low-hanging fruit.
But everybody knows that those developments are happening, and we know that Sidney drowned already. We know that Bainville is bobbing below the water right now.

And if they can get back to treading, at a minimum, and hopefully those things are in place so that when it moves -- and when it moves farther into Terry or moves farther over into Poplar, that at least we can be prepared, and like Tori said, it's that mechanism or that process is in place so that we can still utilize the same system, those same plans and say, okay, now Poplar is the one, that Poplar is the new Bainville, and they are priority number one, or priority number two, and Terry is priority number three, and go on from there. Because every one knows that that industry is pushing out.

And then in addition to that, you go down into southeast Montana's region, where they've got potential coal developments, where a lot of that stuff is going to need the same planning processes of what we're facing.

Once that industry comes in -- I mean, it's going to happen eventually, and if you don't have your plans in place, and your process as to how to appropriately allocate that money, those communities, Ashland and all of those, are
going to be drowning communities as well with coal development because of the opportunity.

There's dollars there, and those companies will come in and develop however they want to unless we are prepared for them, and we can grow appropriately the way we want to the be, or the way we want to maintain our identities as communities.

MR. MURTAGH: I think I really like to bring out the coal industry, because I think it's a lot easier to move through the Coal Board than it is through like a TSEP or a CDBG program.

You have people who kind of know each other and are familiar with the area, and they meet quarterly, and they can award grants quarterly. So you don't have to wait two years. You don't have to go through the legislature each time.

MR. ATCHISON: I'll just jump in here. I would certainly support that.

The Coal Board, in my opinion, is probably the most effective mechanism to get monies out in the impacted communities.

It's a simple process. It's very effective. It's a volunteer board. They do a damn good job, and I'm frankly shocked that
other departments in the state of Montana don't emulate that model. It's very effective. And, of course, just exactly what you're doing -- or what you said about it, they get the money out quickly. They don't have that money. Last session, the Coal Board funding was cut in half. And we have plenty of money in the state. Coal development, oil and gas. There's no reason every single community in Montana should not have state-of-the-art water and sewer projects, systems, et cetera, et cetera.

We just have to make the decision and start spending the money, because the money is there. Just turn it loose. We have $900 million, almost a billion dollars in a coal permanent trust fund right now that funds a lot of different things out there. This might be the time to tap into that. There is no reason why we can't use oil and gas funds to do something similar.

I know those things were suggested in the last legislative session, but I like the Coal Board model. And quite frankly, in some of those coal communities, it's the only thing they have because of the target rates. The target rates in Colstrip are 142,
or something like that, which is just -- granted they make a lot of money there, but it's a lot of money, and they are going through that, too. And so they do not qualify for a lot of these normal grants that the other communities can.

But they haven't jumped either. It's been high for quite a while. So, the Coal Board is one of the few things that they can go for.

Lack of money in the Coal Board, it's a feeding frenzy right now, and I think they have 237,000 -- not that I watch it at all -- but 237,000 and some cents to get them through June of 2015. So, it's another year away. And that's basically one more project. And that covers quite an area, from Roundup to Hardin to Colstrip.

So I'm kind of sensitive on the Coal Board thing. I like the model and how they use it, and how they do it. They just need more funding.

MR. RITTAL: I think we need to philosophically stop thinking of planning and infrastructure development as an expense and start thinking about it as an investment.

MR. ATCHISON: Absolutely.

MR. RITTAL: If we can install the infrastructure, and the state can grow and bring
in businesses, bring in jobs, that grows the State's coffers. It's just not eastern Montana that benefits. It's everybody.

MR. ATCHISON: Absolutely.

MR. MURTAGH: We lost the Marriott Hotel, you know. We're going to get the money maybe, but if we got it two years ago, we would have that economic development.

So when the governor killed that bill, that killed the economic development, you know to a degree. I mean, but it was direct impact.

MR. STEFFEN: I think -- and I know the DOC can't control all of this. Some of it's really just a philosophical discussion.

But I know that speaking of concerns or frustrations that I hear regularly in eastern Montana is that -- and probably some of this is, you know, a little bit heady, I guess they could say that.

But it seems like here regularly where in eastern Montana, you have the feeling or the philosophy that people out in western Montana really don't even think there's anything east of Billings, or haven't historically.

But now that the oil development is taking place, there's really this feeling that, "Ah! Well, there's a golden egg out there to go and get." And so the Bakken is this buzz
I was -- and I told this to Governor Bullock myself a month or so ago when he was in Glendive, that I was in Missoula a while ago, and read in "The Missoulian" how Missoula was trying to position itself as the "Gateway to the Bakken".

I know our County Commissioners have been at -- I know our County Commissioners, I was talking to them the other day, they were in Helena at MACo meetings.

And at the MACo meetings, the Commissioners from the Flathead area, they were bemoaning the Bakken's impact, on how it was impacting their communities.

And so, I think we're starting to -- you know, you kind of take it personally. Where for years and years and years, there was like nothing even out there, just the hinterlands of, you know, something going on out there.

But now, like, if everybody is trying to tie into the Bakken -- and that's what I told the governor, is that everybody is trying to tie into this, and I hope you understand that there really is, you know, it's not just a term "trying to get some funding".
There's, like, literally life-and-death situations in some of these communities where the housing stuff, some of the stuff you hear about out there.

It's, you know, people dying that are trying to camp underneath trailer houses, and drill holes to steal duct work, heat out of somebody's trailer house and people camping under bridges into the middle of, you know, the winter before -- and there's no shelters to try and get something for people.

So, you know, lots of people want to use the Bakken, but there's actually, you know, life-and-death situations where the Bakken isn't just something we're trying to use to say, "Hey, give us funding."

MR. GAUDIN: There's was a letter saying "measured impact would be appropriate".

MR. RITTAL: Yeah.

Well, there was a federal article, and I'm looking for the article, because I just heard about it, and I haven't seen it for myself, but what I was told was, that it shows at Williston, which is pretty close by, is now the most expensive place to live in the United States.
States of America. It's surpassed Manhattan.

MR. MURTAGH: It's 20 miles from Baker.

MR. RITTAL: Yeah, it's 20 minutes from Baker, so...

MR. GAUDIN: Now, you're talking about communities that can benefit, you know, this model, but you're talking about a larger region in and of itself can decide how best to approach it rather than have a single community go after a model.

Now, if I hear you correctly, you're saying there isn't a mechanism to form this oversight committee, this task force, a steering committee, whatever you want, for regional approach. Is that -- there aren't dollars for that?

MR. RITTAL: There's a model.

MR. DeWITT: There's a model, and it's the Coal Board. I mean, that's the model, as best as we have one in this state, is the Coal Board.

MR. RITTAL: Otherwise, it's Commerce staff or DNRC staff that decided how we are going to spend it.

MR. GAUDIN: It's not good to have it that the way.
MR. RITUAL: Yeah. And I don't think any of us are on board with that 100%.

MR. DeWITT: And it's fine.

And just like Brian had said, I mean the Commerce staff are great, but they still are bound by legislative regulations of that this is how we have to do it, and this is where those decisions need to be made.

And the local people that are having the feel for it have an urgency to get it done. So, there's no dragging feet; there's no red tape. It takes the bureaucracy and the government out of the decision-making.

MR. MURTAGH: It takes out politics.

MR. DeWITT: This is what is happening. I mean, I know. I feel it. I'm in the community. This has to be done.

And we're going to do whatever -- and those local groups are going to do what it takes to make it get done, because they're feeling it.

When you go to bed at night in your home in Helena, you don't feel it. When you go drive through your town, and you don't have to worry about getting run into or sideswiped by an oil tank truck on a regular basis at every red light, you don't feel that. We feel that.

And I don't even feel that as much. I live in Wolf Point. We're not even -- we have
impacts, but I wouldn't even remotely compare us
to Culbertson, Bainville, Sidney. We have
impacts, but it's nothing of what they're
feeling.

And if they're making those decisions
based on what they have to live through, they're
going to make the best decisions to make sure
that their community grows right; that those
communities grow right; and, that the people are
safe within the community, whether it's
transportation, the safety of their drinking
water, the safety of their lagoon systems.

They live there. They're concerned.

They want it to be safe. They want it to be
right. Let them make their decisions.

MR. MURTAGH: I'd like to go back just
a second.

As Brian was talking about, you know,
how you bring this money, and it gets spread
across the state. If you look at -- what did

western Montana have? They had hard rock
mining.

Well, hard rock mining impacts more
directly to the people right there. It wasn't
shared all across the state, is my
understanding.

The coal all across the state, and now
oil all across the state, we need to keep it honest through Montana.

But other counties get some, but that was -- I don't know who came up with that.

You know, it's so unfair to have expected the counties to have shared everything the way we would like to see it shared. They are giving up a big chunk of change -- Richland County anyway. I don't know how much Roosevelt has.

MR. DeWITT: Roosevelt just started realizing some of those revenue opportunities just this year.

MR. MURTAGH: Because Bainville didn't get a penny of it.

MR. DeWITT: No.

And to my understanding, working with the Commissioners of Roosevelt County is that they already had -- I mean, they had needs while all this was going on. They had needs for senior centers, and they had needs for roads, no matter what.

It's like, well, we're not just going to rush out and dump money into the first person that comes in and says "we need it".

We already had a plan, and they're trying to stick somewhat to that plan while still trying to wisely say, "Well, we're
addressing, yes, this road." The McCabe Road is a high needs road, and we'll address that one, but we're still focusing on -- you know, we're working on this project, and when that comes to completion, then we're working on this project.

They're trying to process them through as best they can without going and dumping all the money into, "Oh, we need this road over here on 253", and then you find out 253 didn't really need the road. It was 256 that needed the $20 million pump towards it.

So, it's trying to prioritize and process I think in the concept right now of the County, but they're still not -- they're still -- I mean even at that level, there's still some level of government involved in making the decisions to get it out there.

Well, then you have to go through somebody every time.

Yeah.

Richland County is south of Sidney, so we're very thankful for that, but you force them to come and be panhandlers.

Yeah, I've been in the Fallon County office more than I care to say saying "please". And I feel bad. And I don't even live
in Fallon County, but I'm there asking for the
town of Plevna, you know, for the water and
sewer district, saying, you know, "We can't do
this project without your help."

MR. GAUDIN: I would like to go back to
this concept you had brought up earlier about
the 16-county regional planning function, and
believing that with the regional planning
function, you could prioritize the needs within
all the communities within the 16.
Is that something that would work? Is
that something reasonable?

MR. RITTAL: Did we talk about the
collection?

MR. DeWITT: Just mentioned the name of
it.

I mean, we are in the process of
planning. But like I said, it was limited funds
to begin with, and then leveraging them are
difficult. We've got $140,000 to do a planning
effort across 16 counties.

North Dakota had 1. -- roughly almost
$1.4 million to do the exact same thing that
we're trying to do over pretty close to the same
amount of counties in western North Dakota as we
are doing in eastern Montana.

So, you tell me what the discrepancy is
in that effort, is they've got a fantastic plan
that goes community by community.

I mean, they went into a lot more
detail. They have websites of how impacts are
facing each community, and what developments are
happening, and how some of these things are
moving forward, and what the next impact is to
happen.

But they had $1.4 million to put that
together. We had $140,000.

MR. GAUDIN: So what I'm hearing you
saying is that that's woefully inadequate --

MR. DeWITT: Correct.

MR. GAUDIN: -- to do the planning.

MR. RITTAL: I mean, we didn't get --
other than we got the answer that we have a
whole bunch of needs. And that's in a nutshell,

it confirmed, that, yes, in eastern Montana,
there's a gargantuan dollar amount worth of
needs now and into the long-term.

MR. GAUDIN: Right.

So a consolidated plan resource bucket
is a thimble, you know, essentially.

But maybe we can leverage, you know,
what's happening here, and can have Commerce
take a position, you know.

MR. RITTAL: Well, our thought was is
that if we can get all 16 counties engaged -- I
mean, we started this process well over a year ago, two years almost now.

MR. DeWITT: Over two years.

MR. RITTAL: And if we can start lining out that plan and start getting local buy-in -- when I say "local", I mean the 16 counties and all the communities within -- where the priorities are, when that money comes out of the legislature, we'll be ready for it, and we'll know who's top of the list, and there goes the money.

And we'll know who's second on the list. And we'll go right down the list until we run out.

And then if we spend it wisely, and it's invested wisely, then we can go back to the next legislature and say "Here's what we've done. Here, look at these communities grow. These were the projects, this is what we put in. You know, it didn't solve all the problems. Here's the next set of them on our list, you know. Let's keep this going. Let's keep the state revenues up/".

MR. DeWITT: Or if we do a really good job, we can request a special session.

MR. GAUDIN: You can always dream, right?

MR. STEFFEN: Well, and perhaps coming
back to what you said, you know, that could be one of the more impacting thing they could do, is truly take a position -- and maybe they cannot take that position -- but to do some more advocating.

Because you know the government, they have the governor's ear. And the dollars aren't huge that they can directly control, but the impact they are going to have by, you know, sharing boots-on-the-ground perspective and from the visits that they have done.

You know, like I know Gus Byron, DOC. I know he's been out down at Baker and out in Circle and Glendive, some of these communities. And to just, you know, to be free with sharing their insight, I'm sure that they are. That's got to be a function of the job.

MR. GAUDIN: Yes.

MR. ATCHISON: Sorry, I'm late. I tried to get here earlier, but just some random thoughts here of listening to everybody.

I think Jason or Martin mentioned planning dollars, and I've got to the echo that. We certainly could use more planning dollars out here, related to the infrastructure dollars, of course.

That's what -- that's the big thing.
that we keep running into, it's water and sewer, infrastructure, housing, things like that. And the jobs are here, but the infrastructure and

the housing is definitely not and is behind the thing.

We talked about the Coal Board, of course. Matching money.

I think the big thing that I'd like to give to Commerce's ear is keep these things simple and timely.

TSEP, you know, what is that, Jason, two years minimum? I, mean some of that stuff I --

MR. RITTAL: You apply for the planning grant in the spring of the odd number year.

MR. ATCHISON: Right.

MR. RITTAL: And then you hire an engineer, and they do a PER that's underfunded, and they quite frankly lose money on them -- which I want to address that at some point in this conversation. So, they do that for a year. And then the next spring you apply for the grant.

MR. ATCHISON: So, it's --

MR. RITTAL: And then they're ranked. And then they go to legislature in the following year. And then you design and then you build. So you got about four years start to finish.
And that's if everything goes perfectly.

Four years start from when you say, "We've got to fix the wastewater treatment plant" to "We're fixing the wastewater treatment plant" is four years, and that's if everything goes smoothly.

MR. ATCHISON: It takes a long time for some of these.

MR. RITTAL: As far as the PERs, I understand that when you get 50 or 60 applications, you have to have some way to ferret them out and rank them.

And what's happened is, the PERs have become the competition, and they've become this thick. And I think in a lot of instances that's unnecessary.

And where it's necessary -- I'll start there -- is if you have a complicated system where you are going from lagoons to a mechanical treatment plant that's big-time money, and there may be some other options that are pretty close to viable or, you know, cost-wise, and you really need to dig in, I can see you spending a significant amount of money on the planning impact.
If you have a collection system that either doesn’t exist or needs to exist for wastewater, or you have a collection system that simply needs new mains, there shouldn’t be a document this thick telling you you need to put sewer mains in.

It should be, “The mains are leaking and you need to replace them with X, you know, with 8" versus 6". And it shouldn’t be a $60,000 effort to meet the requirements of the funding source.

But there’s got to be a way to make that apples and apples for the type of project. I mean, it’s not reasonable to look at other options when there’s really only one that’s even remotely viable, and anybody on the street would say that’s the only option, whether they’re an engineer or not.

And I know that they need to compare different projects. And if you get a PER that’s this thick and one that’s this thick, your first instinct is, “Well, the real thick one must real important.” Well, not necessarily.

And I don’t know how we get around that, but we’re spending a lot of money in some instances for preliminary engineering where the
answer is so simple that we shouldn't be spending -- 50 or $60,000 worth of sewer main is more important to me than 50 or 60,000 worth of paper.

MR. ATCHISON: So, it gets back to keep it simple and timely, I guess.

MR. RITTAL: And Pat's an engineer, I would like him to chime in on that.

MR. MURTAGH: I've written 20 PERs, and they're all thick ones, and some of them didn't need to be.

MR. RITTAL: Right.

MR. MURTAGH: I'd would also echo, if you're all looking at a treatment plant, then, you know, the 60,000 is unique, especially if you're actually going out and do some soil borings of these things.

You answer a lot of questions in a PER, that if you don't ask them in the PER, you wish you had before you sit down and do your planning.

Land ownership, all these things really should be covered in a PER.

Again, if it's just pipeline replacement, my God, why not do it in 10 days or so.

MR. RITTAL: And that would free -- if
you didn't have to spend the 50 or 60,000 on the:
on one that should only cost 5, that frees up the:
money to help the communities with the one that:
needs to cost 75, and you don't have to add any:
money to the big pot. You get just as many
projects, you know.

MR. DeWITT: I believe in the time for
the engineers to put that together, if you are
putting the same document together for a
$2 million project as you are for a half million
dollar project, or less, it's wasted effort, if
you are asking my opinion on that.

MR. MURTAGH: Unless you would set a
category for just pipeline replacements for
water or sewer.

MR. DeWITT: There you go.

MR. MURTAGH: And then if you -- not
having looked at the treatment, you know --

MR. RITTAL: Maybe they pre-vet them.

You know, the engineer that gets hired, or is in
negotiations with the community and says, "I
really think you need a simplified PER, let's

vet it with Commerce. Here, I'll send them a
letter that says here is what your story is."

And Commerce says, "Yeah, that's pretty
straightforward. We think you can get in the
simplified bracket compared to a nonprofit tax
return. You get the 990 EZ form versus the
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MR. GAUDIN: I think that's a good idea.

Yes?

MR. ATCHISON: Just a couple more comments on what the governor mentioned a few weeks ago about helping eastern Montana.

The State revolving HOME fund rate dropped down to 1.25%. I'm concerned about that, because DEQ may not have -- there seems to be some confusion about DEQ on that rate and what the governor is saying and what they're doing, and so there seems to be some confusion.

MR. STEFFEN: It's only for the first two or three years.

MR. ATCHISON: Right, but it's --

MR. STEFFEN: Right, but it's --

(ALL TALKING AT ONCE.)

MR. ATCHISON: So anyway, we checked into that. We have sent an application in, and we'll see what happens there. But we seem to be on different pages there.

The 45 million is just a drop in the bucket. I know that's going to change many times during the legislative session up and down. It will be a political football.

But the thing I'm concerned about, he
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mentioned 13 counties, I believe it was 13 counties, in that bonding deal. And some of the counties are being impacted by oil and gas right now, and potentially coal down in the southeastern Montana.

Powder River County is not even listed in the 13 counties, yet they have the Denbury Bell Creek project, which is a $400 million CO2 injection thing going on right now. They have been impacted for the last two to three years with housing issues, dramatic housing issues.

So, concern that that was not originally in the 13 counties, and I know that will change hopefully by the legislative session, so I'll get my two cents worth in, because it is being recorded.

MR. GAUDIN: It is, yes.

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MR. STEFFEN: And once again, as a comeback, I don't know if DOC can control any of this but, you know, when the governor was there in Glendive, he talked about -- somebody asked him, they said, well, you're sitting right now with, I think it's 550 million in the fund, and he talked about how, you know, you need to save money for a rainy day.

And I guess I just sit here, and I say, especially -- "Especially for the disabled and the elderly people in eastern Montana, this is
way past a rainy day."

Because when you talk to -- you know, just Glendive, just wastewater and new water treatment plants, looking at a new jail, new schools, that's just Glendive. I mean, there's probably $45 million right there.

And when you say, well, all of that is going to have to go to the local taxpayers, I mean, you start talking -- if you say, well, all of that is going to -- we're going to amortize that out. The monthly impact to each of the homeowners is going to be $100 or $125 per month for the next, you know, many years.

You take a senior citizen virtually on Social Security, that's a catastrophic level of burden. And that's in all of the communities, all of the senior citizens are like that.

And eastern Montana, I believe the average per county is like -- I have it on my hand report, and I don't have that with me. It's like 20% over the age of 65, with disproportionately aged, and those people in particular are just going to have a huge impact.

And so I sit here and go, "It's a very rainy day for individuals like that."

MR. ATCHISON: Can I jump in there too?
MR. GAUDIN: Sure.

MR. ATCHISON: You're exactly right.

And that's the component that we always overlook, is the aging of eastern Montana -- well, in Montana, and especially eastern Montana.

The CEIC, which is apart of Commerce, I think they mention currently Montana is the seventh oldest state in the country.

Quickly, I think by 2030 or 2025, or whatever it is, it's going to be number four. And a lot of those people live in eastern Montana -- and you're exactly right, Brian -- fixed incomes, and we start doing these target rate things, and we're raising user rates and stuff like that, it's a tremendous burden on them.

And so what do they do? They leave.

MR. GAUDIN: Sometimes that's the best unfortunate solution.

I did want to just briefly present to you, we have this rather long name here, Community Development Survey, and I'm just asking people for their opinions and rankings of things.

We do not call out the 16 eastern Montana counties, but we visit some consolidated plans generally speaking statewide, and this a
preliminary findings. I think these were prepared since the tables were prepared last week.

We don’t have a whole lot of respondents yet. You know, 56% of the people have participated in these programs. Some of them are really kind of small, tiny, to have still less than $10 million total.

Now, has anybody here seen this or participated in it?

MS. SMITH: The survey?

MR. GAUDIN: Yeah, this thing right here.

MS. SMITH: I did.

MR. STEFFEN: I got a survey emailed to me, but I think it was that one.

MR. GAUDIN: Right. It would have been emailed to you from Commerce Community Development individuals.

MR. STEFFEN: It was pretty long.

MR. GAUDIN: And you just click on it, and it takes -- it's a long name, so if you were to type it in, and it's a little long, but if you click on it, it doesn't matter, and you can take the survey.

You can also, if you haven't received an email, you can forward to it anyone else.
So what I'm hearing is, you all haven't necessarily gotten it.

MR. RITTAL: I think I might have filled it out. But if it was a survey, I couldn't tell you if it was that one or something else, but I filled out -- I mean, they seem come through pretty regularly. Somebody wants to know something mainstream.

MR. DeWITT: I don't think that I have seen that one either.

MR. GAUDIN: Oh, you have not?

MR. DeWITT: I don't think so.

MR. GAUDIN: Okay.

There is as blue and white kind of mast, if you will.

(General talking.)

MR. GAUDIN: You did not?

MR. STEFFEN: Not only did I see it, I filled it out, yeah.

MR. GAUDIN: Okay.

"2014 Montana Housing and Community Development Survey". That's the name of it.

And I would certainly encourage you, if you find that, to take it and please forward to it others in your organization, or other organizations you know of, because, you know, this isn't what makes the decision, but it helps in decision-making of how people are feeling.
And I just want to take a few minutes, just to kind of show you on the first question, only two are missing. But people give up quickly, I think, because now there’s 60. This is kind of two or three questions into it.

But I’ve divided it up into some kind of key Community Development Block Grant program categories, where usually people are talking about housing as the first need, and kind of, in your opinion, the first three, top three, I sorted all these things by those who graded more frequently by “high need”.

So, if you look at any of these tables, right up here under “high need”, what’s the most frequent. And the housing actually is two pages.

But the really kind of thing I want to ask you guys, eastern Montana, is it rental housing, is that the big need?

Because here we have “new rental housing”, “rental housing for very low income”, “rental housing rehab”, those are kind of strong sentiment so far.

MR. MURTAGH: I can tell you what the mayors will want. They want single-family housing units. People don’t want to wait. They want to spend the money to build them, and then
MR. RITTAL: And I think we need some
of that, and I think for this initial -- I mean,
we have been in the initial rush for a while
now. But initially apartments, leading into
more single-family.

Single-family is going to help us be
sustainable. The apartments are going to get us
through for now, but at some point, we need to
shift from those to single-family.

MR. ATCHISON: I think that's what
happened in Colstrip.

I wasn't there at the time when they
started with Colstrip. They had an emergency
need of solo modulars, and mobile homes came in
and the trailer parks and RV parks, and then the
apartments came in afterwards.

And then now there's quite a few
single-family, you know, type of units there.
So, it kind of came in.

MR. GAUDIN: So, within the five-year
horizon realm, we can fulfill that.

Yes, ma'am?

MS. HARTMAN: Well, what is happening
in Miles City right now -- and Miles City I feel
is now feeling the impact from the Bakken,
because I think Circle and Sidney, Glendive were feeling it hard at first. Now it's creeping this way.

But those landlords that own rental housing, they are now realizing that they can rent those units for a very high monthly amount.

So they -- those people that are in them now are being -- having to move because they're raising the rents really high, and they are low income. They have no place to go, because everybody's raising their rent to get on the coattails of everybody else making all this money.

MR. MURTAGH: Yeah. I'm renting an apartment now for a deal of 1500. That same apartment was $400 a couple of years ago.

MS. HARTMAN: Right. Right.

They are renting houses here that really should not be rented. And low income -- I'll give you an example that just happened.

A woman was renting a house, Stravila Wilson, and it needs a lot of work. She was renting it for 350.

The landlord gave her a 30-day notice.
They cleaned it up a little. They are renting it for over 1000.

And that's happening -- I mean it's already happening, has been, in these other communities closer to Williston, but it's now here.

MR. GAUDIN: So, is the marketable to build?

MS. HARTMAN: No, not that fast.

MR. RITTAL: And the ones that are building are building to that market.

MS. HARTMAN: To collect the higher rents.

MR. GAUDIN: So that means that there's a greater need for affordable rental housing.

MS. HARTMAN: Yes. Because --

MR. RITTAL: "Affordable" is the key.

(ALL TALKING AT ONCE.)

MR. GAUDIN: "Affordable" in this conversation, "affordable" means housing created through some form of assistance. But it's a subsidy. It doesn't have a tax credit or anything.

MR. RITTAL: Well, you can't say low income necessarily by the HUD definition,
qualify.

And those are the ones, in addition to
the really low income, that they can't find
housing either. They can't afford $1,000 a
month rent.

MR. GAUDIN: Yeah.

Yes, ma'am.

MS. HARTMAN: There are two very large
apartment complexes; one that was just recently
completed. He is now building another huge
one. But low income isn't going to live there
because the rents are anywhere from 1000 to
what? 1500 a month.

MR. GAUDIN: It reflects the new state
of the market.

MS. HARTMAN: Yes, exactly what Jason
was talking about.

MR. STEFFEN: And I talked to a
developer who was at this conference here that
we have worked with over the past six or seven
years.

About two years ago, he approached us
wanting to do another housing project in

Glendive, and he wanted us to apply for some
state HOME funding, and he was going to build a
36-unit project.

He was going to put in six of the units
as HOME funding, but the other 30, he was going
to build what he was calling "market rate".

And when our Board finally pushed him
and said, well, what is the market that you're
looking at? He was looking at two bedrooms at
1650, three bedrooms at 1750.

And our Board said, well, that's just
really not mission aligned for our organization
to be, you know, going down that direction.

And it was, you know, it was kind of an
amicable split there. But in talking to that
developer, he said you've got to understand that
right now out in eastern Montana, there's really
only two kinds of development that's taking
place.

One, is if you have some kind of
federal or state dollars that are subsidizing
the construction of something. He said, and
then you're going to have income restrictions on
who can live there. And he said you're going to
lose your, you know, firefighters, your police
officers, school teachers, you're going to lose
them, because they're going to be low income,
but over that income.

He said the other kind of development
that you have, is you have those developers are
seeking to capitalize on the markets associated
with the Bakken oil development. And he said
the only way you can get around those is if you have some kind of unusual situation.

And he told me -- and maybe you would know more -- but he told me that he was working down there in Richland County and talking to the counties, and that's what they said. They said we don't want a place that's income-qualify, but we don't want a place that's, you know, 16, 1700, or 2500 a month. We need something for the essential work force.

And he told that same spiel that he just told me, and they said, well, what if a different variable came into place? And he was like, well, what do you mean?

And they said what if we, as a county, put money into a project? And he said, well, that would probably help, but what kind of dollars are we talking here? And they said,

well, what about $5 million?

And he said, yeah, well, that changes the whole grand scheme of how you can -- you don't got to income restrictions, and you don't got to have an 1800 price tag on it.

And I don't know if Richland County did that or what they did. But there's not a lot of -- I think there is that kind of that false assumption that all of the counties are there.
like that.

And pretty much right now, the two wealthy counties, I would say, are Fallon County down in Baker, and Richland County over by Sidney, turned to really being enriched with dollars coming to the county from the oil development.

So, it's not all the places that can do that.

MR. GAUDIN: Right.

MR. ATCHISON: I'm going to touch on what you were saying about Miles City and another factor, and this is also echoed in some of the other communities that you wouldn't normally think.

But a lot of people see a lot of vacant land out here and think it's just easy to build out here. But it isn't. There's things like floodplain issues and a lot of that going on, not just in Miles City, but Glendive, and also places like Broadus.

So, that's another factor that's limiting available land to do stuff on.

MR. GAUDIN: Yeah.

MR. RITTAL: And I want to say that, you know, if a private developer wants to build those apartments and charge what he wants, I'm all for it.
And if nothing else, it does take some of the pressure off of the units where people, if they have another place that’s brand-new, nice to live in, they’re not going to rent the rundown house out from under somebody for the same price.

So, you know, it takes some pressure off the market, but it isn’t taking enough to stop it. And, so, you know, I don’t know how we put it --

MR. GAUDIN: The question I’m asking is if -- you know, these are pertinent to, you know, Congress’ programs, which are designed for some income restrictions -- workforce house, 80 to 95% of median family income.

It was also one of the emphasis, but for those below 80%, these are largely, you know, affordable rental units which are -- "affordable" meaning rentals created through some form of subsidy, some help in getting them on the marketplace, whether it’s a certain number of units which are income restricted.

So the question I’m posing is, are these true for here, these three, would that be primary, or should we actually be having, you know, this one be the top?

But, again, that would be construction
for Commerce. It would be construction of new
for sale housing for workforce, 80 to 95% will
be --

MR. RITITAL: When you're talking CDBG
and HOME income guidelines, I don't think that
that is the most pressing need. I think it's
between that number and the people that are
making the oil field money that we have to worry
about.

And that's the problem with the
programs for over here. You know, we have some

low income units, and CHDO states is one, and
that's great, we need those.

But the demand right now is in the
quote unquote "no man's land". It's in between
the low income development, which we can get
some help with, and do, and the high income
development, which is the private marketing
standing here.

MR. GAUDIN: Right. So it's a nebulous
place.

MR. DeWITT: Starting teacher's wage is
a good way to look at it. Because they're the
-- that's the group that where, yes, they have
an education, and they should be above that
level. But you put them into a community where
"I don't qualify for low income housing, and if
I don't qualify for that, I now have to pay
'18 $1500 a month."
19 MR. GAUDIN:  But they qualify for HOME
20 purchase, generally not for assisted living.
21 MR. RITTAL:  But there's no --
22 MR. GAUDIN:  Nothing available --
23 MR. RITTAL:  Then you are talking super
24 inflation --
25 MR. GAUDIN:  Then you trying to build

(ALL TALKING AT ONCE.)

MR. STEFFEN:  I would say from my
perspective, short-term -- long-term, we need --
I guess I look at construction of new rental
housing. That's the nebulous one. That's the
what we need.

The second one down is income based,
you know, programs through like DOC.
I think -- like Jason said, whether
it's the market building high stuff or low
income stuff coming in, it's all helping
alleviate pressure on the market to some extent,
but we just need to have that happening to a
more advanced degree.

Really, really emergency - short-term
next month - is something I see as the rental
assistance, and that's like number 5, I guess on
that list.
And that's something that right now at our agency, we have about 300 rental vouchers. The vouchers have been frozen for many months here. They finally just got unfrozen. But we just had last year, you know, about 10% of our vouchers taken back by the State because we weren't able to use them. It goes back, once again, to having to use them on a Fair Market Rental-determined, HUD-determined level. And if we were able to have a different market analysis -- you know, I can't think how many -- and I don't deal with the program, Connie does, but I can't tell you how many clients that I have talked with that have said, okay, I got a voucher, and thank goodness, because my family is so low income, and we're desperate, but how do I find a place that meets the Fair Market Rental allowance for this voucher? And we say, well, you've got to look; you've got to try. And then not only have you got to find a place, but it can't be a dump, because we've got to come in and do an HQS inspection to make sure it's nice. And so then 120 days later, they come in and they say, well, I can't find a place. We say, Well, we're going --
MS. SMITH: You only get 60 days.

MR. STEFFEN: 60 days.

So we're going to have to pull the voucher in 60 days.

And they say, well, what do I do? And we say, well, we're sorry, we can't help you. And they almost laugh at us, and they say, wait a minute, I'm so poor that I qualified for this, but because everything is so expensive, you won't help me at all. Like, what if I make up the difference?

And we say no, you can only pay 33% of your income towards housing in order to get the voucher. And they said, well, but if you give me the voucher, I'll make up -- I'll pay, you know --

MR. GAUDIN: I understand.

MR. STEFFEN: And that's --

MR. GAUDIN: But I mentioned it earlier, you know, there can be -- did you know George Borren when he -- I think George was the last person to do an FMR study in the state. This is, I don't know, 15 years, 20 years ago.

MS. SMITH: Well, I have been here 14 years, and I don't recall him doing that.

But, it's possible.

MR. GAUDIN: It is possible to do
MR. STEFFEN: And I don't think -- and I bring that one up because I don't think that that's federally determined.

I've looked at a couple other states. The one I particularly remember looking at was --

MR. GAUDIN: The FDRs are federally done, but yet they have a huge contract tour to do them all over the nation through sampling.

MR. STEFFEN: Sure.

MR. GAUDIN: And the sampling is prone to errors, particularly in rural jurisdictions. And so then the jurisdiction who runs the Section 8, you know, can petition for a change and then redo them, or they can do their own.

MR. STEFFEN: Well, I appreciate that insight. I think that would be valuable.

But I guess what I was saying, what I don't think is federally done, is I don't think it's a federal mandate in terms of the 30% or 33% of your income.

Because I thought that I had seen that like the City of Los Angeles, and maybe it was Oregon or Washington State, one of them did not
have that restriction in place.
Like, if you qualified income-wise then --

MR. GAUDIN: There are ways to get around it, but what results is fewer vouchers, as you have a budget, if you will.

MR. STEFFEN: Sure.

MR. GAUDIN: So you wind up spending more, allowing them to spend more of the voucher, but you have fewer then to hand out.

MR. STEFFEN: And once again, I couch all of this by saying, I've really appreciated working with the Department of Commerce. I found them to be very generous, very helpful employees.

And really no complaints. These are just suggestions. I'm not trying to complain at all.

MR. GAUDIN: Well, the intent is to, you know, get some stimulation and other ideas and take some ideas back.

Here, I'm getting close to the time -- I'm trying to keep track of time so I take up more of your time than you have already offered us.
But "economic development needs", "retention of existing businesses". Well, that might be true elsewhere, but I think some people here, I'm getting the feeling it's more like retaining employment, current facilities, because they're running to the oil field.

MR. MURTAGH: I've just got to the interject.

In Sidney, the McDonald's is almost always closed because they can't keep employees.

There used to be a couple of breakfast places closed because they couldn't keep employees.

I was told the average span of anybody who works in a hotel is three weeks. People just keep moving place to place to place because there so much better money somewhere else.

MR. GAUDIN: Right.

They just have to pay more. But as I said, you pay more for your product.

MR. STEFFEN: In Glendive, if you start -- Glendive's starting salary at K-Mart is 10.50 an hour. So, if you work full time at K-Mart, you make around 22,000 a year, 2080 hours.

If you talk to K-Mart, they're fully flexible. They won't -- they will totally work
with whatever hours you want to put in, and that's not even counting any overtime you work above that.

At the school district, our starting teacher salary in Glendive I want to say is, I think it's 27,000. So, just slightly above entry level at the grocery store. And we expect bachelor's and master's degrees.

MR. GAUDIN: Right.

MR. MURTAGH: So it's just -- it's just a weird --

MR. GAUDIN: That's a bit of a challenge there.

MR. MURTAGH: The same thing with the teachers and the city, if anybody is employed by the city is not getting (inaudible), it's just incredible.

MR. GAUDIN: So economic bills, per se, is not such a problem, except retention of a market for, if you will, unskilled labor is really problematic, plus the public sector, paying wages that compete with employers who pay a lot more.

So the question is, how do we retain those folks?

Now, in just kind of skipping the second slide in each case. The first one is the
most highly -- most frequent, "high need", and then it goes down.

Here we are back to "infrastructure".

Notice housing, the frequency of "high need" votes was higher in housing and peak economic development. So we are starting to see a few more missing. People aren't caring as much.

Kind of what I've heard here today, is like the most important thing is infrastructure. That has to come first.

Am I hearing this correctly?

MR. STEFFEN: I would say so.

Like, you know, especially Jason from his perspective, that's the long-term. That's going to take like four years.

But I know right now, desperate people are looking for housing.

We just -- our company every two years gets these large scales, large-scale community assessments throughout our 17-county service area.

We just concluded that, it's not even income based. Just people in the community. 40% of them said housing was their number one need.

I think the next highest thing that said it was the highest need, was like -- I
don't even know what it was, but it was like 27% of people said that. So, housing by far.

MR. GAUDIN: That's the individuals seeking a need.

MR. STEFFEN: Yeah.

MR. GAUDIN: A community seeking a need is the infrastructure.

MR. MURTAGH: And wages for city employees.

Because I'm going to keep - because it's police -- a city can raise water and sewer rates, but police and their clerk and public works, you can't get that. They don't have control over that.

MR. GAUDIN: Need for community and public facilities, not even come up today, you know. It's also in the survey kind of low sentiment.

Sounds to me like you have kind of survival basics -- the basics issues need to be dealt with first.

MR. RITTAL: Well, we'd love to be talking about fixing all those things, but, yeah, reality is --

MR. GAUDIN: Not important to you. That's it, not important to you, right?

MR. RITTAL: Well, it's's important,
it's just --

MR. GAUDIN: Not as important?

MR. RITTAL: Yeah. On a scale of bad.

We're not in good shape on any of them.

MR. GAUDIN: Right.

MR. ATCHISON: One thing, some of

those could be funded as the tax base grows.

Some of those things could be funded from some

of that.

MR. GAUDIN: Oh, absolutely, yeah.

I just took -- I didn't mean.

MR. ATCHISON: I think Jason is right,

it is kind of secondary.

MR. GAUDIN: The survey just took

qualifying categories to present.

MS. SMITH: And child care is suddenly

a huge thing.

Like in Sidney, I think there's only

two or three child care facilities in the city,

and they have such a great need there.

MR. RITTAL: If Mark was in here, he

would tell you Wolf Point is in the same boat.

MS. SMITH: I'm sure.

MR. RITTAL: I know Glendive is in that

same boat.

MR. MURTAGH: Yeah, I think that's a

sleeper.

MR. GAUDIN: In these, they can build,
you know, the capital. They can't do any operational or maintenance expenses.

So then that's how the local revenues, increases in local tax revenues would be able to pay for long-term support.

MR. ATCHISON: Or if it's a private sector fix, that's true.

MR. RITTAL: The key with child care facilities is we can't afford to have somebody in that household that has a house that's hooked to the infrastructure and accepted, we can't have them sitting in the house. We need them working. Because we have the jobs.

MR. GAUDIN: Right.

MR. RITTAL: And so we need to have that economy of scale and have all those kids in one spot.

MR. GAUDIN: Okay.

We're almost done here.

But this is the "aggregate allocation". It's unconstrained. If you had X number of dollars, how would you allocate your resources?

People talk about -- and this is fairly traditional. Housing is on top, not really predominantly way out there.

And infrastructure, it's kind of like
housing is the number one thing.

For those who already reside here and want their community to stay strong and be ready to incorporate growth, I'm hearing infrastructure.

UNIDENTIFIED SPEAKER: Yeah, ours would be very -- economic development is great. We need infrastructure way above those two things.

MR. STEFFEN: Yeah, I'm surprised that's up there.

UNIDENTIFIED SPEAKER: This is statewide.

MR. GAUDIN: This is a statewide survey.

MR. STEFFEN: And I would argue that economic development is housing and in infrastructure both, so you still --

MR. MURTAGH: The common person, you know, if the water goes down the drain from the shower, everything is fine with the infrastructure. So a lot of times they don't understand the situation.

MR. GAUDIN: Yeah, that's true.

MR. DeWITT: Or they think it's somebody somewhere else that doesn't -- they think that DEA is making a new rule, and we don't have to, I mean...
MR. GAUDIN: Okay.

Some of the slides earlier I kind of skipped over them, because really it's about you guys talking, and I was happy to listen.

So thank you. This was a great group.

You know, I think we have touched on all these things really significantly. I'm ready here to listen to some more conversation, but I think I have a pretty good idea of what the issues are.

I like what you have shared in terms of ideas. Of course, it's being recorded not just by the court reporter, but also by the software, I hope.

But I want to thank you very much. It's been a really -- you know, the focus group, I urge them to have a smaller or intimate setting of people who could share ideas, and you have done so, so I thank you very much.

Yes.

MR. STEFFEN: And I guess I would share a comment, that I hope -- and I really do think that -- I mean there's a lot of smart people at the state level.

But just having an appreciation that an investment in like the housing, infrastructure is just -- it's is really going to strengthen
Like Jason said, it’s not an expense; it’s an investment. Because -- well, I flew out of Billings here probably three years ago flying to Sidney -- I don’t even know what I was flying that day.

But I got on the airplane here in Billings. The plane filled up with guys going out to the oil patch.

And I was talking to some of them. They were flying into the area from all over, from New Mexico and Utah and all over, going up there.

And I was talking to them. Their families are back there. They fly out there. They’ll work like two weeks on and fly back.

And could you imagine, like, what that would do to the economy in Montana and to the schools and the tax base and everything if these guys weren’t coming out and living in a Man Camp, if they brought the wives and the kids and, you know, had a house and stuff like that.

MS. HARTMAN: They aren’t living in the Man Camps. They’re living in Billings. They’re flying into Billings and then going to Bakken.

MR. ATCHISON: This brings up another concept that’s not really related to Commerce, but it’s more of transportation, is the whole
area is a huge commute now.

You're seeing people living in all these other areas. They're flying, they're driving, they're busing, they're taking Amtrak. I mean it's a huge community. It's not just a little area. And so that's creating some transportation challenges as well.

MS. HARTMAN: It means the roads get used, too.

MR. RITTAL: Well, you've got commute traffic that's impacting transportation, and then you have got the -- it takes 2000 trucks to drill a hole.

MS. SMITH: And they were doing road construction between Sidney and Glendive, and I would go home at night, and they would, you know, stop us for working. And I could count in my rearview mirror 60 vehicles behind me. And we were only stopped for a few minutes, and then they put us through.

And then I can count as I would meet, and there would be -- so there would be like 120, 150 cars stopped for just a few minutes.

MR. ATCHISON: So now when people are commuting further, and they're tired from working all these long shifts, they're running into things, they're having more accidents, and
that's another aspect of safety on the roads as well. So I mean, that's another subject for discussion.

MR. STEFFEN: And unless we capture the commuters on the balance sheet, all we get is the expense side, impact of the infrastructure.

And then they take that $100,000 or $200,000 a year paycheck, and they go back home, and they spend it locally. And then --

MR. MURTAGH: And if they live in Billings and are paying taxes, you know, the local taxes would go to Billings, that's where they are.

But the state is making really good money off of the increased income taxes. And sometimes, they go, oh, well, the oil is only this much, but you have so much increase in tax benefits to the state. And where it's not really proportional is the communities, because you have all these commuters.

MR. STEFFEN: Well, you know, it's impacted the pay scale across the board. I mean, the counties pay more, too.

I mean they can't pay competitively, but they've had to pay more, and so even across
the board the states --
MR. MURTAGH: The labor pool.
MR. STEFFEN: So, you know, if a county
gets more money from the increased oil and gas,
in the case of Richland County, if they're
plugging that into income, you know, the State
is double-dipping in a way.
MR. GAUDIN: You might want to
introduce a sales tax for everybody who doesn't
live here.
MR. MURTAGH: We tried to do the resort
tax.
MR. STEFFEN: You know, I think that is
one of the things they really have to look at is
like the infrastructure. Because I talk to a
lot of people that as far as -- I don't mean to
sound, you know, gender biased or something,
like only guys are on the oil patch, but a lot
of the guys that I talked to said like, oh, as
far as I could get my wife to move was Billings,
because like that's where you can have the
shopping, and it's a more commercial area. And
so that, yeah, they commute from there.
And so we can't -- you know, like
honestly, it's really surprising, if you go into

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a town like Williston that's having all this

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growth, they're not getting a bunch of shopping
or anything like that.

They're -- I think I talked to somebody
over there, and they're like, well, we got a
Buffalo Wild Wings.

But they get at lot of hotels, a lot of
oil companies, truck stops, stuff like that. I
mean, you don't see retail coming in.

MS. HARTMAN: And retail is
everything --

ALL TALKING AT ONCE.)

MR. STEFFEN: Part of that is just --
what is it, Menards is building there, but they
are going to fly their orders in.

MR. MURTAGH: That's the labor pool.

That's exactly right.

MR. STEFFEN: Yeah, we need the
infrastructure where you could build a Costco.

Dream on.

But sometimes you can find a
residential lot here and there, but to find a
big place to build something, it's really
tough.

MR. GAUDIN: Well, there are challenges

in any community when there are sudden changes
in growth, either up or down. So fortunately,
yours is up.

MR. STEFFEN: Yeah.
MR. GAUDIN: It's not down.

MR. STEFFEN: And it's really paradoxical, because the Bakken hit at a time when the U.S. economy was severely depressed, so you had desperate people from all over.

I was down in Salt Lake City talking to a homeless guy, and he's like, I can't find work. And I said, well, you should go up to North Dakota. There's a lot of jobs.

And this homeless guy says, oh, I can't go up there. The housing is so expensive. I know they'll pay real good, but -- he knew about what was going on up here.

And it's all over the U.S. with depressed people out of work, and they hear about this one beacon where it's super wealthy. So you get a flood of desperate people in, and they will live in literally anything to try and support their families.

And so those two perfect storms came together to just swamp some of these communities.

MR. GAUDIN: That's true. Until it starting snowing, oh my gosh, and then it flooded.

MS. HARTMAN: Thank you.

MR. GAUDIN: Thank you all very much.
It's been a pleasure being here with you.

(Whereupon, the hearing was concluded at 2:50 p.m.)

REPORTER'S CERTIFICATE

TITLE: Economic Development Focus Group

HEARING DATE: May 22, 2014

LOCATION: Miles City

I hereby certify that the proceedings and evidence herein are contained fully and accurately on the notes reported at the hearing in the above case before the Montana Department.
of Commerce and that this is a true and correct
transcript of the same.

DATE: June 5, 2014

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