

EasternMTFocusGroup.txt

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ECONOMIC DEVELOPMENT FOCUS GROUP

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SPONSORED BY DEPARTMENT OF COMMERCE IN

9

SUPPORT OF MONTANA'S FIVE-YEAR CONSOLIDATED PLAN

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TRANSCRIPT OF PROCEEDINGS

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Robert Gaudin, Facilitator

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Sleep Inn Motel Conference Room

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Miles City, Montana

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May 22, 2014

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1:05 p.m. - 2:50 p.m.

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WEBINAR PARTICIPANTS

DAVE DeGRANDPRE
Land Solutions, Inc., Charlo, Montana.
EMILY POST
Management Analyst, City of Livingston, Montana
ANNA DAVIS
Planner, CTA
JOHN HOWELL
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PROCEEDINGS

1:05 p.m.

MR. GAUDIN: Hey, good afternoon. I

4 guess we're ready to start.

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

7 MR. GAUDIN: I was running late.
8 Really, it was all about the technology.

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

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

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

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

24 Now, for those of you who were here
25 this morning, or maybe some of you hadn't come

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1 to the other focus groups or anything, so some
2 of these things might look like they're
3 duplications.

4 But really, you know, the idea today is
5 to kind of get some idea of what you think about
6 these things for us right here.

7 I think what I would like to do, I have
8 seen this problem several times for the court
9 reporter. If we could go around the room and
10 introduce ourselves, and then she can kind of
11 get our names, so when she is recording what we
12 say, she can get that right.

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

15 MR. DeWITT: My name is Martin DeWitt.
16 That's M-A-R-T-I-N; D-e-W-I-T-T.

17 I'm with Great Northern Development
18 Corporation out of Wolf Point, Montana, which
19 services six counties in northeast Montana.

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

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

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1 H-A-R-T-M-A-N.

2 MR. STEFFEN: Brian Steffen.
3 B-R-I-A-N; S-T-E-F-F-E-N.

4 I'm with Action for Eastern Montana. I
5 cover the 17 eastern Montana counties.

6 MS. SMITH: Connie Smith, C-O-N-N-I-E;
7 S-M-I-T-H. I'm Housing Director for Western
8 Montana.

9 MR. GAUDIN: For those of you who are
10 on the phone, remember, if you want to be muted,
11 be sure to use *2.

12 MS. MATEJOVSKY: I'm Tori Matejovsky.
13 T-O-R-I, M-A-T-E-J-O-V-S-K-Y. I'm with the
14 Eastern Montana Impact Coalition out of Great
15 Northern Development.

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

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

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

25 And I'm the Administrator for the

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1 Housing Division for the Montana Board of
2 Housing.

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

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

11 THE REPORTER: We need to mute that.
Page 5

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

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

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

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

24 And over these years, you know, our
25 familiarity is pretty deep with the state. I

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1 come from the state. I started my career in
2 Helena. I am a graduate of the Hamilton High
3 School, so kind of the home boys. Home once
4 again.

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

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

13 But what we're here to -- I'm both here

14 to give you some basic ideas why are we doing
15 this, as well as get your perspective and
16 commentary about what our needs are.

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

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

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

25 I might even, if we've all stop

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1 talking, I might start asking you some
2 questions. So, really the idea is what are your
3 issues here? What are your challenges? That's
4 really what it's all about.

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

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

17 associated with that.

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

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

25 Ultimately we have to have -- you're

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1 chuckling. It's for real. "Don't confuse me
2 with the facts. This is what I think." That's
3 what I want to hear. "I don't like these guys.
4 I don't like what other people say. This is
5 what I think."

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

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

17 But at the same time, we do need to
18 prioritize our needs and get some idea of what

19 we should do.

20 The kind of requirements. We need to
21 look at our housing needs. Okay, well, we
22 really can't build housing unless we have water,
23 so we need to look at our water needs.

24 Well, nobody is going to move here
25 unless we have jobs, so we've got to look at

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1 economic development.

2 What comes first? Well, is it the
3 chicken or the egg, right? What's it going to
4 be here?

5 I'm going to kind of walk through some
6 of these things. There's one in particular that
7 I want to talk with you about in demographics
8 that I'm hoping that you kind of give me some
9 perspective and commentary about that. But
10 we'll just look at a few slides.

11 Now, again, this is about you guys, so
12 stop me. You know, interrupt me. You know,
13 tell me how you're thinking about what we have
14 here.

15 Okay, so population has been growing,
16 at least statewide. Not everywhere. Some areas
17 have long periods of decline. Sometimes that's
18 turned around. That's another set of
19 challenges.

20 And we've had some slightly slow --
21 very slightly slower growth in the last three

22 years compared to this decade, you know. But
23 we're now over a million, so that's good.

24 You know, the idea HUD likes to see is
25 how things, you know, not just change over time,

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1 but how the population has shifted and so on.
2 This gives us some idea.

3 We are still largely a white state.
4 Growing a little bit more slowly than the
5 average, meaning that some of the races are
6 growing more quickly.

7 But when we look at how this has grown
8 over time, I mean it's been fairly steady for
9 the last 15 years, especially in the last
10 three. This new estimate is fairly recent.

11 But, you know, part of our
12 responsibility in assessing this is to kind of
13 take this view - what does it look like out
14 there in the future?

15 We're spending money for investments
16 that are going to last longer than five years.
17 They're going to last 50, maybe 100 if we're
18 lucky.

19 So right now -- pardon me, Bruce -- the
20 official Commerce forecast is this green line,
21 because here's all our history from 1980 and out
22 here, you know, in the early Eighties. Fairly
23 consistent population growth.

24 But a few years out, this forecast, the
25 one that's posted on the Commerce website,

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1 indicates the growth is done.

2 How do you guys feel about that?

3 Okay, what's this mean?

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

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

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

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

22 MR. GAUDIN: This red line -- we work
23 for other states, and I bought a forecast that
24 was bundled with a bunch of states. Montana was
25 part of the bundle.

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1 So we got this, the red line for free,
2 okay. So, this is their forecast.

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

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

6 Here's that free forecast.

7 MS. VINE: Mm-hmm.

8 MR. GAUDIN: It says growth really is
9 going to kind of stop. And here is Commerce's
10 forecast. This is the same green line that
11 showed us falling off statewide. This is the
12 16 eastern Montana counties that are there,
13 okay.

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

18 Which do you think is going to happen?
19 This is a moderately high oil production
20 scenario from CEIC. This is the base case, and
21 here is our free forecast. So, what do you
22 think of these three, which do you think is more
23 reasonable? Are we going to go from 80 to
24 111,000?

25 MS. VINE: So, the free forecast is

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1 basically saying that the whole entire state is
2 going to increase. Eastern Montana is going to
3 flat line.

4 I don't believe that, but --

5 MR. GAUDIN: Right.

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

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

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

13 MS. VINE: Yeah.

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

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

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

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

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

7 MR. GAUDIN: Correct.

8 So, which legislation are you referring
9 to?

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

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

16 And technology would be another
17 factor.

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

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

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1 the counties.

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

5 commi ttee.

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

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

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

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

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

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

25 In the case of Bainville, we had two

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

5 So, if we don't take action quickly,
6 then we're not going to see the big curve there,
7 the purple curve.

8 If the State keeps ignoring -- well,
9 not ignoring, but not really getting serious
10 about helping, then you're going to see more of
11 that green line.

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

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

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

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1 MR. MURTAGH: Yeah, that's --

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

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

8 MR. RITTAL: I think you have to put
9 the infrastructure in first. Otherwise, the

10 return on investment, if you have -- especially
11 the base infrastructure - the lagoons, the
12 treatment, the water supply, storage.

13 Extension is a part of that, but if
14 they are willing to pay for the extension, but
15 you can't treat it, then you're sunk before you
16 get started. And, you know, we, unfortunately,
17 have some really old systems.

18 MR. GAUDIN: Okay.

19 CDBG's got not even six million for
20 this. I mean, okay, how do we get started with
21 that?

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

25 MR. STEFFEN: Well, there's things like

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

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

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

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

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

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

22 MR. RITTAL: Who?

23 MR. GAUDIN: The Montana Energy Policy
24 Act.

25 I mean, it's not a single facility,

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1 right? It's like many things going on.

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

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

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

14 And the feds get a chunk, and the state

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

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

21 And so we don't get -- you don't get --
22 any way, I mean like the House Bill would have
23 been much better, and things like that, but the
24 way that this is working now is, you get impacts
25 around it, but the funding doesn't -- it's not

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1 like equitably or fairly, you know, passed out.

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

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

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

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

15 And I don't know if you told me the
16 infrastructure, you get the schools, but you
17 also have your police force is taxed
18 tremendously, you know, as well as all your
19 other services. And we talked -- somebody

20 mentioned earlier qualifies for CDBG.

21 The City of Sidney must have 20, 30
22 employees. Guess how many earn the median
23 household income? A big, fat zero.

24 I mean, it's impossible to keep
25 employees. We changed treasurers three times in

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1 a couple months. It's so hard.

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

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

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

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

22 I don't know how to --
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23 MR. MURTAGH: That's so true.
24 And then you have cities like Billings
25 where that is seeing some impact, some growth,

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1 but, you know, their police force isn't going up
2 800% in the arrests that they have to do and all
3 that. They're usually getting more the white
4 collar kids.

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

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

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

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

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

23 And then the other items that she
24 listed as issues were "emergency law

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25 enforcement", "child care providers", "elderly

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

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

7 And I can leave this with the reporter.

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

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

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

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

25 MR. GAUDIN: The question before us

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1 here really is how does Commerce work within the
2 Consolidated Plan? That's my role. What can
3 that contribute in some small or large way?
4 What do you think Commerce could do with those
5 basics?

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

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

12 Eastern Plains Economic Development,
13 Southeast Montana Development Corporation,
14 Richland Economic Development Corporation,
15 they're trying to work to put together a
16 planning effort that addresses that.

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

20 And then the requirement for matching
21 funds to bring those funds within our
22 organization for those planning efforts are
23 limited and sometimes difficult to reach where
24 our -- we're all nonprofit organizations, and we
25 don't have -- if we had the money within our

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1 organization, we would do it ourselves.

2 And when we go to apply, we've got to

3 decide where matching funds come from.

4 Sometimes the funds aren't available. Sometimes

5 the source is difficult to deal with, work and

6 stretch out the entire process.

7 Planning is where it starts. And then

8 from there, it's just you've got to figure out

9 where the money comes from in order to

10 accommodate that.

11 And I guess in the statement of the

12 governor when he announced his \$45 million

13 impact bill, that's a good start.

14 But I mean, if you took just Great

15 Northern, just a small portion of Great

16 Northern's region and Richland County, they

17 could spend that overnight, and they would still

18 have infrastructure needs.

19 And yeah, the organizations are going

20 to leverage that 45 million, but it's still just

21 a start, and it's still just a drop in the

22 bucket.

23 And in order for Commerce to actually

24 adequately address that there has to be -- there

25 has to be a high efficiency put into place in

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1 order, you know, if that 45 million is coming

2 into our communities. We needed it two years

3 ago.

4 So, now we have to wait until the
5 legislative session comes into play. And then
6 next July 1 in 2015, the efficiencies need to be
7 in place in order to get the money out of the
8 door. But, I mean, that 45 million can go out
9 the door by July 30 if it's available as of
10 July 1.

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

14 MR. RITTAL: And if we're going to
15 fully utilize that 45 million, it should be
16 letters. And that's where CDBG and some of
17 these federal programs, if we can get enough
18 flexibility in to tie them in and not stall up
19 projects with paperwork, and we can make that
20 45 million maybe 90 million with other funding
21 sources.

22 But with everything that exists now,
23 you know, it's either graded on a deadline for
24 dates, and then it takes a year. And by the
25 time you get the paperwork done, it goes to

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1 legislature and everything else, you've got a
2 five-year project, and that 45 million will just
3 be \$45 million worth of projects unless there is
4 some flexibility created in the programs that
5 already exist to tie them together.

6 MR. STEFFEN: And I have I guess two
7 things.

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

11 For example, I know in Glendive, we
12 have -- right now, we're looking at trying to
13 construct some new schools because we have
14 100-year old schools that don't even have the
15 electrical capacity to run like a computer lab
16 anymore.

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

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

23 I happened to be in Miles City at a DOC
24 meeting for housing-related issues, but at that
25 meeting, I heard them talk about their school

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1 funding their school planning grant.

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

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

8 So I don't know how they get the word

9 out to their schools, but it was just by
10 happenstance that I was there for a housing idea
11 and gathered this insight and took it back to
12 the school. And by that point, it was already
13 too late.

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

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

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

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

8 But the program has been so encumbered
9 that we can't spend the money. Because we used
10 to be able to put people up in a hotel room to

11 provide temporary shelter. Well, we can't do
12 that anymore. They have to go into an
13 apartment.

14 And then they have to --

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

17 MR. STEFFEN: Yeah.

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

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

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

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

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

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

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

25 And I don't even know if that's

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

3 MR. GAUDIN: It can.

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

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

13 MR. GAUDIN: To petition them.

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

16 peti ti on process.

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

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

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

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

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

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

16 And the people who have always lived
17 there and are on a fixed income, there's a lot
18 of local inflation up in that area, and they

19 haven't seen any benefit at all. And the rates
20 keep going up and up, and they can't meet that
21 target rate.

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

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

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

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

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

19 But they shouldn't have to. There
20 should be a mechanism -- if your median

21 household income jumps to that level, that shows
22 you that something extreme is happening in your
23 community.

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

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

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

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

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

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

24 "Whoa! "

25 MR. MURTAGH: A lot of people said

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1 that.

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

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

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

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

25 So, yeah, I'm trying to just go --

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1 MR. RITTAL: It's been brought up but
2 just not by the governor yet. I don't know
3 which way they're going. But I brought it up
4 and said how are you going -- I mean, and what
5 if you -- I mean everything from projects.

6 What if you have one, -- let's just use
7 Glendive. Let's say you're building a
8 wastewater treatment plant. You know, obviously
9 they're saddling their existing users with that.

10 Can we bring any of this new money into
11 a project when it's in development?

12 Historically, you could not do that.
13 And if you do that, and you have TSEP money
14 where you have the target rate, what's your
15 impact? You know, how do you tie it in?

16 You know, there's a ton of questions.

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

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

24 MR. STEFFEN: And I should say,
25 thought, that to their credit -- and perhaps I

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1 can talk about ESG, it's not overly critical --
2 but I have been in my job now for 10 years, and
3 we have usually found DOC to be some of the most
4 attentive and helpful State employees that we
5 have worked with.

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

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

14 MR. GAUDIN: Here you are today.

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

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

24 MR. GAUDIN: Well, you were here
25 talking a minute ago -- I'm sorry, did I

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1 interrupt you?

2 You were talking about a minute ago
3 about trying to identify impacted communities,
4 so what kind of measurement, what kind of matrix
5 do you want to use from those that are impacted
6 from those that are not?

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

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

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

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

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

25 Now, Glendive gets hurt because of

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1 that, so Glendive, you have to make exceptions
2 because they are on the highway. They don't
3 have oil, but because of their location, they
4 have a greater value impact. So, Glendive would

5 be more like population increase.

6 MR. RITTAL: I think what you do is,
7 you take, you know, 16 counties, there's a lot
8 of wall, you look at that. And you set that \$45
9 million over here, and you said, okay, every one
10 of the counties and the cities appoints people,
11 and you guys sit in a room, and you decide who
12 needs it worse. I think the money gets spent
13 where it needs to be spent.

14 But, who is going to make those
15 decisions? I mean, I think everybody in this
16 room knows that Sidney and Bainville are
17 probably 1 and 2 on the list to get help. And
18 then, you know, concentrically, it moves up.

19 But otherwise, we're just all just
20 going to compete, because I'll sit in this room
21 and tell you that Sidney needs it worse. But if
22 there's money on the table, I'm going after it
23 for my region.

24 MR. GAUDIN: Just a suggestion. Just
25 an out-of-the-box example. It's just a direct

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1 percentage cut, whatever it is, whatever money
2 comes, and we put it in a pool for eastern
3 Montana's 16 counties, and you guys can amicably
4 decide how that gets spent?

5 MR. RITTAL: Oh, I'm sure.

6 MR. DeWITT: I think so.

7 MR. RITTAL: I think there would be
8 some hardness, but I think it would get spent
9 better. There would be some pretty frank
10 conversati ons.

11 MR. GAUDIN: I can imagine.

12 MR. DeWITT: I mean, there's got to be
13 -- there has to be some local control, in my
14 opini on, as to where that goes.

15 And as long as everybody is adults in
16 the room, and they can have that discussion and
17 disagree at some levels, but at the end of the
18 day, everybody's probably going to nod their
19 head.

20 And I would agree with Jason. It's
21 Sidney, it's Bainville, it's Culbertson, it's
22 Glendive. And those last two are number 3A and
23 3B, really, in Culbertson and Glendive.

24 MR. RITTAL: And that's not to say that
25 Terry's Lagoons and Plevna's water aren't

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1 important projects. It's just that on a scale
2 of horrible, the other ones are just a little
3 ahead of it. I mean, it's a horrible place.

4 MS. MATEJOVSKY: And part of the reason
5 why, it maybe sounds weird that we would be so
6 willing to work together as all these
7 communities, I think eastern Montana is
8 realizing that if one community that's in dire
9 need that's in the middle of the oil stuff and

10 activities, they can get their stuff together
11 and get all the resources they need and
12 capitalize on these impacts, eventually it will
13 be exactly that concentric. That's what will
14 happen.

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

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

25 MR. DeWITT: And that's in the build

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1 up --

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

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

8 And essentially as you get into the
9 Montana side of the border and move west with
10 the development that it's not quite as
11 low-hanging fruit.

12 But everybody knows that those
13 developments are happening, and we know that
14 Sidney drowned already. We know that Bainville
15 is bobbing below the water right now.
16 And if they can get back to treading,
17 at a minimum, and hopefully those things are in
18 place so that when it moves -- and when it moves
19 farther into Terry or moves farther over into
20 Poplar, that at least we can be prepared, and
21 like Tori said, it's that mechanism or that
22 process is in place so that we can still utilize
23 the same system, those same plans and say, okay,
24 now Poplar is the one, that Poplar is the new
25 Bainville, and they are priority number one, or

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1 priority number two, and Terry is priority
2 number three, and go on from there. Because
3 every one knows that that industry is pushing
4 out.

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

10 Once that industry comes in -- I mean,
11 it's going to happen eventually, and if you
12 don't have your plans in place, and your process
13 as to how to appropriately allocate that money,
14 those communities, Ashland and all of those, are

15 going to be drowning communities as well with
16 coal development because of the opportunity.

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

23 MR. MURTAGH: I think I really like to
24 bring out the coal industry, because I think
25 it's a lot easier to move through the Coal Board

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1 than it is through like a TSEP or a CDBG
2 program.

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

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

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

14 It's a simple process. It's very
15 effective. It's a volunteer board. They do a
16 damn good job, and I'm frankly shocked that

17 other departments in the state of Montana don't
18 emulate that model.

19 It's very effective. And, of course,
20 just exactly what you're doing -- or what you
21 said about it, they get the money out quickly.

22 They don't have that money. Last
23 session, the Coal Board funding was cut in
24 half.

25 And we have plenty of money in the

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1 state. Coal development, oil and gas. There's
2 no reason every single community in Montana
3 should not have state-of-the-art water and sewer
4 projects, systems, et cetera, et cetera.

5 We just have to make the decision and
6 start spending the money, because the money is
7 there. Just turn it loose.

8 We have \$900 million, almost a billion
9 dollars in a coal permanent trust fund right now
10 that funds a lot of different things out there.
11 This might be the time to tap into that. There
12 is no reason why we can't use oil and gas funds
13 to do something similar.

14 I know those things were suggested in
15 the last legislative session, but I like the
16 Coal Board model. And quite frankly, in some of
17 those coal communities, it's the only thing they
18 have because of the target rates.

19 The target rates in Colstrip are 142,

20 or something like that, which is just -- granted
21 they make a lot of money there, but it's a lot
22 of money, and they are going through that, too.
23 And so they do not qualify for a lot of these
24 normal grants that the other communities can.
25 But they haven't jumped either. It's

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1 been high for quite a while. So, the Coal Board
2 is one of the few things that they can go for.
3 Lack of money in the Coal Board, it's a
4 feeding frenzy right now, and I think they have
5 237,000 -- not that I watch it at all -- but
6 237,000 and some cents to get them through June
7 of 2015. So, it's another year away. And
8 that's basically one more project. And that
9 covers quite an area, from Roundup to Hardin to
10 Colstrip.
11 So I'm kind of sensitive on the Coal
12 Board thing. I like the model and how they use
13 it, and how they do it. They just need more
14 funding.
15 MR. RITTAL: I think we need to
16 philosophically stop thinking of planning and
17 infrastructure development as an expense and
18 start thinking about it as an investment.
19 MR. ATCHISON: Absolutely.
20 MR. RITTAL: If we can install the
21 infrastructure, and the state can grow and bring

22 in businesses, bring in jobs, that grows the
23 State's coffers. It's just not eastern Montana
24 that benefits. It's everybody.

25 MR. ATCHISON: Absolutely.

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

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

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

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

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

21 But now that the oil development is
22 taking place, there's really this feeling that,
23 "Ah! Well, there's a golden egg out there to
24 go and get." And so the Bakken is this buzz

25 word around the state.

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1 I was -- and I told this to Governor
2 Bullock myself a month or so ago when he was in
3 Glendive, that I was in Missoula a while ago,
4 and read in "The Missoulian" how Missoula was
5 trying to position itself as the "Gateway to the
6 Bakken".

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

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

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

20 But now, like, if everybody is trying
21 to tie into the Bakken -- and that's what I told
22 the governor, is that everybody is trying to tie
23 into this, and I hope you understand that there
24 really is, you know, it's not just a term
25 "trying to get some funding".

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1 There's, like, literally life-and-death
2 situations in some of these communities where
3 the housing stuff, some of the stuff you hear
4 about out there.

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

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

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

19 MR. RITTAL: Yeah.

20 Well, there was a federal article, and
21 I'm looking for the article, because I just
22 heard about it, and I haven't seen it for
23 myself, but what I was told was, that it shows
24 at Williston, which is pretty close by, is now
25 the most expensive place to live in the United

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1 States of America. It's surpassed Manhattan.

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

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

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

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

18 MR. RITTAL: There's a model.

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

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

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1 MR. GAUDIN: It's not good to have it
2 that the way.

3 MR. RITTAL: Yeah. And I don't think
4 any of us are on board with that 100%.

5 MR. DeWITT: And it's fine.

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

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

16 MR. MURTAGH: It takes out politics.

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

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

23 When you go to bed at night in your
24 home in Helena, you don't feel it. When you go
25 drive through your town, and you don't have to

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1 worry about getting run into or sideswiped by an
2 oil tank truck on a regular basis at every red
3 light, you don't feel that. We feel that.

4 And I don't even feel that as much. I
5 live in Wolf Point. We're not even -- we have

6 impacts, but I wouldn't even remotely compare us
7 to Culbertson, Bainville, Sidney. We have
8 impacts, but it's nothing of what they're
9 feeling.

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

18 They live there. They're concerned.
19 They want it to be safe. They want it to be
20 right. Let them make their decisions.

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

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

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1 western Montana have? They had hard rock
2 mining.

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

7 The coal all across the state, and now

8 oil all across the state, we need to keep it
9 honest through Montana.

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

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

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

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

23 MR. DeWITT: No.

24 And to my understanding, working with
25 the Commissioners of Roosevelt County is that

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1 they already had -- I mean, they had needs while
2 all this was going on. They had needs for
3 senior centers, and they had needs for roads, no
4 matter what.

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

8 We already had a plan, and they're
9 trying to stick somewhat to that plan while
10 still trying to wisely say, "Well, we're

11 addressing, yes, this road." The McCabe Road is
12 a high needs road, and we'll address that one,
13 but we're still focusing on -- you know, we're
14 working on this project, and when that comes to
15 completion, then we're working on this project.

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

22 So, it's trying to prioritize and
23 process I think in the concept right now of the
24 County, but they're still not -- they're still
25 -- I mean even at that level, there's still

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1 some level of government involved in making the
2 decisions to get it out there.

3 MR. MURTAGH: Well, then you have to go
4 through somebody every time.

5 MR. DeWITT: Yeah.

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

9 MR. RITTAL: Yeah, I've been in the
10 Fallon County office more than I care to say
11 saying "please".

12 And I feel bad. And I don't even live

13 in Fallon County, but I'm there asking for the
14 town of Plevna, you know, for the water and
15 sewer district, saying, you know, "We can't do
16 this project without your help."

17 MR. GAUDIN: I would like to go back to
18 this concept you had brought up earlier about
19 the 16-county regional planning function, and
20 believing that with the regional planning
21 function, you could prioritize the needs within
22 all the communities within the 16.

23 Is that something that would work? Is
24 that something reasonable?

25 MR. RITTAL: Did we talk about the

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1 coalition?

2 MR. DeWITT: Just mentioned the name of
3 it.

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

9 North Dakota had 1. -- roughly almost
10 \$1.4 million to do the exact same thing that
11 we're trying to do over pretty close to the same
12 amount of counties in western North Dakota as we
13 are doing in eastern Montana.

14 So, you tell me what the discrepancy is
15 in that effort, is they've got a fantastic plan

16 that goes community by community.

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

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

25 MR. GAUDIN: So what I'm hearing you

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1 saying is that that's woefully inadequate --

2 MR. DeWITT: Correct.

3 MR. GAUDIN: -- to do the planning.

4 MR. RITTAL: I mean, we didn't get --
5 other than we got the answer that we have a
6 whole bunch of needs. And that's in a nutshell,
7 it confirmed, that, yes, in eastern Montana,
8 there's a gargantuan dollar amount worth of
9 needs now and into the long-term.

10 MR. GAUDIN: Right.

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

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

16 MR. RITTAL: Well, our thought was is
17 that if we can get all 16 counties engaged -- I

18 mean, we started this process well over a year
19 ago, two years almost now.

20 MR. DeWITT: Over two years.

21 MR. RITTAL: And if we can start lining
22 out that plan and start getting local buy-in --
23 when I say "local", I mean the 16 counties and
24 all the communities within -- where the
25 priorities are, when that money comes out of the

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1 legislature, we'll be ready for it, and we'll
2 know who's top of the list, and there goes the
3 money.

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

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

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

18 MR. GAUDIN: You can always dream,
19 right?

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

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

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

13 MR. GAUDIN: Yes.

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

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

22 That's what -- that's the big thing

23 that we keep running into, it's water and sewer,
24 infrastructure, housing, things like that. And
25 the jobs are here, but the infrastructure and

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1 the housing is definitely not and is behind the
2 thing.

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

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

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

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

13 MR. ATCHISON: Right.

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

19 And then the next spring you apply for
20 the grant.

21 MR. ATCHISON: So, it's --

22 MR. RITTAL: And then they're ranked.
23 And then they go to legislature in the following
24 year. And then you design and then you build.
25 So you got about four years start to finish.

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1 And that's if everything goes perfectly.

2 Four years start from when you say,

3 "We've got to fix the wastewater treatment
4 plant" to "We're fixing the wastewater treatment
5 plant" is four years,, and that's if everything
6 goes smoothly.

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

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

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

17 And where it's necessary -- I'll start
18 there -- is if you have a complicated system
19 where you are going from lagoons to a mechanical
20 treatment plant that's big-time money, and there
21 may be some other options that are pretty close
22 to viable or, you know, cost-wise, and you
23 really need to dig in, I can see you spending a
24 significant amount of money on the planning
25 impact.

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1 If you have a collection system that
2 either doesn't exist or needs to exist for
3 wastewater, or you have a collection system that
4 simply needs new mains, there shouldn't be a
5 document this thick telling you you need to put
6 sewer mains in.

7 It should be, "The mains are leaking
8 and you need to replace them with X, you know,
9 with 8" versus 6". And it shouldn't be a
10 \$60,000 effort to meet the requirements of the
11 funding source.

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

19 And I know that they need to compare
20 different projects. And if you get a PER that's
21 this thick and one that's this thick, your first
22 instinct is, "Well, the real thick one must real
23 important." Well, not necessarily.

24 And I don't know how we get around
25 that, but we're spending a lot of money in some

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1 instances for preliminary engineering where the
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2 answer is so simple that we shouldn't be
3 spending -- 50 or \$60,000 worth of sewer main is
4 more important to me than 50 or 60,000 worth of
5 paper.

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

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

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

13 MR. RITTAL: Right.

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

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

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

25 Again, if it's just pipeline

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1 replacement, my God, why not do it in 10 days or
2 so.

3 MR. RITTAL: And that would free -- if

4 you didn't have to spend the 50 or 60,000 on the
5 one that should only cost 5, that frees up the
6 money to help the communities with the one that
7 needs to cost 75, and you don't have to add any
8 money to the big pot. You get just as many
9 projects, you know.

10 MR. DeWITT: I believe in the time for
11 the engineers to put that together, if you are
12 putting the same document together for a
13 \$2 million project as you are for a half million
14 dollar project, or less, it's wasted effort, if
15 you are asking my opinion on that.

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

19 MR. DeWITT: There you go.

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

22 MR. RITTAL: Maybe they pre-vet them.
23 You know, the engineer that gets hired, or is in
24 negotiations with the community and says, "I
25 really think you need a simplified PER, let's

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

3 And Commerce says, "Yeah, that's pretty
4 straightforward. We think you can get in the
5 simplified bracket compared to a nonprofit tax
6 return. You get the 990 EZ form versus the

7 990. "

8 MR. GAUDIN: I think that's a good
9 idea.

10 Yes?

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

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

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

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

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

24 (ALL TALKING AT ONCE.)

25 MR. ATCHISON: So anyway, we checked

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1 into that. We have sent an application in, and
2 we'll see what happens there. But we seem to be
3 on different pages there.

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

8 But the thing I'm concerned about, he

9 mentioned 13 counties, I believe it was 13
10 counties, in that bonding deal. And some of the
11 counties are being impacted by oil and gas right
12 now, and potentially coal down in the
13 southeastern Montana.

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

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

25 MR. GAUDIN: It is, yes.

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

9 And I guess I just sit here, and I say,
10 especially -- "Especially for the disabled and
11 the elderly people in eastern Montana, this is

12 way past a rainy day. "

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

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

25 You take a senior citizen virtually on

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1 Social Security, that's a catastrophic level of
2 burden. And that's in all of the communities,
3 all of the senior citizens are like that.

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

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

12 MR. ATCHISON: Can I jump in there
13 too?

14 MR. GAUDIN: Sure.
15 MR. ATCHISON: You're exactly right.
16 And that's the component that we always
17 overlook, is the aging of eastern Montana --
18 well, in Montana, and especially eastern
19 Montana.
20 The CEIC, which is apart of Commerce, I
21 think they mention currently Montana is the
22 seventh oldest state in the country.
23 Quickly, I think by 2030 or 2025, or
24 whatever it is, it's going to be number four.
25 And a lot of those people live in eastern

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1 Montana -- and you're exactly right, Brian --
2 fixed incomes, and we start doing these target
3 rate things, and we're raising user rates and
4 stuff like that, it's a tremendous burden on
5 them.
6 And so what do they do? They leave.
7 MR. GAUDIN: Sometimes that's the best
8 unfortunate solution.
9 I did want to just briefly present to
10 you, we have this rather long name here,
11 Community Development Survey, and I'm just
12 asking people for their opinions and rankings of
13 things.
14 We do not call out the 16 eastern
15 Montana counties, but we visit some consolidated
16 plans generally speaking statewide, and this a

17 preliminary findings. I think these were
18 prepared since the tables were prepared last
19 week.

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

25 Now, has anybody here seen this or

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1 participated in it?

2 MS. SMITH: The survey?

3 MR. GAUDIN: Yeah, this thing right
4 here.

5 MS. SMITH: I did.

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

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

11 MR. STEFFEN: It was pretty long.

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

17 You can also, if you haven't received
18 an email, you can forward to it anyone else.

19 So what I'm hearing that is, you all
20 haven't necessarily gotten it.

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

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1 wants to know something mainstream.

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

4 MR. GAUDIN: Oh, you have not?

5 MR. DeWITT: I don't think so.

6 MR. GAUDIN: Okay.

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

9 (General talking.)

10 MR. GAUDIN: You did not?

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

13 MR. GAUDIN: Okay.

14 "2014 Montana Housing and Community
15 Development Survey". That's the name of it.

16 And I would certainly encourage you, if
17 you find that, to take it and please forward to
18 it others in your organization, or other
19 organizations you know of, because, you know,
20 this isn't what makes the decision, but it helps
21 in decision-making of how people are feeling.

22 And I just want to take a few minutes,
23 just to kind of show you on the first question,
24 only two are missing. But people give up
25 quickly, I think, because now there's 60. This

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1 is kind of two or three questions into it.

2 But I've divided it up into some kind
3 of key Community Development Block Grant program
4 categories, where usually people are talking
5 about housing as the first need, and kind of, in
6 your opinion, the first three, top three, I
7 sorted all these things by those who graded more
8 frequently by "high need".

9 So, if you look at any of these tables,
10 right up here under "high need", what's the most
11 frequent. And the housing actually is two
12 pages.

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

16 Because here we have "new rental
17 housing", "rental housing for very low income",
18 "rental housing rehab",, those are kind of
19 strong sentiment so far.

20 MR. MURTAGH: I can tell you what the
21 mayors will want. They want single-family
22 housing units. People don't want to wait. They
23 want to spend the money to build them, and then

24 people -- they just get where it's quick money
25 is in the apartments.

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1 MR. RITTAL: And I think we need some
2 of that, and I think for this initial -- I mean,
3 we have been in the initial rush for a while
4 now. But initially apartments, leading into
5 more single-family.

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

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

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

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

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

22 Yes, ma'am?

23 MS. HARTMAN: Well, what is happening
24 in Miles City right now -- and Miles City I feel
25 is now feeling the impact from the Bakken,

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1 because I think Circle and Sidney, Glendive were
2 feeling it hard at first. Now it's creeping
3 this way.

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

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

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

18 MS. HARTMAN: Right. Right.

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

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

25 The landlord gave her a 30-day notice.

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1 They cleaned it up a little. They are renting
2 it for over 1000.

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

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

9 MS. HARTMAN: No, not that fast.

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

12 MS. HARTMAN: To collect the higher
13 rents.

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

16 MS. HARTMAN: Yes. Because --

17 MR. RITTAL: "Affordable" is the key.

18 (ALL TALKING AT ONCE.)

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

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

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1 because you're leaving out all of the city
2 workers, the teachers, and none of those will

3 qual i fy.

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

8 MR. GAUDIN: Yeah.

9 Yes, ma'am.

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

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

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

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

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

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1 Glendive, and he wanted us to apply for some
2 state HOME funding, and he was going to build a
3 36-unit project.

4 He was going to put in six of the units

5 as HOME funding, but the other 30, he was going
6 to build what he was calling "market rate".

7 And when our Board finally pushed him
8 and said, well, what is the market that you're
9 looking at? He was looking at two bedrooms at
10 1650, three bedrooms at 1750.

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

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

20 One, is if you have some kind of
21 federal or state dollars that are subsidizing
22 the construction of something. He said, and
23 then you're going to have income restrictions on
24 who can live there. And he said you're going to
25 lose your, you know, firefighters, your police

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1 officers, school teachers, you're going to lose
2 them, because they're going to be low income,
3 but over that income.

4 He said the other kind of development
5 that you have, is you have those developers are
6 seeking to capitalize on the markets associated
7 with the Bakken oil development. And he said

8 the only way you can get around those is if you
9 have some kind of unusual situation.

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

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

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

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1 well, what about \$5 million?

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

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

10 like that.

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

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

19 MR. GAUDIN: Right.

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

25 But a lot of people see a lot of vacant

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

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

8 MR. GAUDIN: Yeah.

9 MR. RITTAL: And I want to say that,
10 you know, if a private developer wants to build
11 those apartments and charge what he wants, I'm
12 all for it.

13 And if nothing else, it does take some
14 of the pressure off of the units where people,
15 if they have another place that's brand-new,
16 nice to live in, they're not going to rent the
17 rundown house out from under somebody for the
18 same price.

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

23 MR. GAUDIN: The question I'm asking is
24 if -- you know, these are pertinent to, you
25 know, Congress' programs, which are designed for

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1 some income restrictions -- workforce house, 80
2 to 95% of median family income.

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

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

14 But, again, that would be construction

15 for Commerce. It would be construction of new
16 for sale housing for workforce, 80 to 95% will
17 be --

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

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

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

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

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

11 MR. DeWITT: Starting teacher's wage is
12 a good way to look at it. Because they're the
13 -- that's the group that where, yes, they have
14 an education, and they should be above that
15 level. But you put them into a community where
16 "I don't qualify for low income housing, and if
17 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

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1 for that market, which is very difficult to do.

2 (ALL TALKING AT ONCE.)

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

8 The second one down is income based,
9 you know, programs through like DOC.

10 I think -- like Jason said, whether
11 it's the market building high stuff or low
12 income stuff coming in, it's all helping
13 alleviate pressure on the market to some extent,
14 but we just need to have that happening to a
15 more advanced degree.

16 Really, really emergency - short-term
17 next month - is something I see as the rental
18 assistance, and that's like number 5, I guess on
19 that list.

EasternMTFocusGroup.txt

20 And that's something that right now at
21 our agency, we have about 300 rental vouchers.
22 The vouchers have been frozen for many months
23 here. They finally just got unfrozen.
24 But we just had last year, you know,
25 about 10% of our vouchers taken back by the

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1 State because we weren't able to use them.
2 It goes back, once again, to having to
3 use them on a Fair Market Rental-determined,
4 HUD-determined level.
5 And if we were able to have a different
6 market analysis -- you know, I can't think how
7 many -- and I don't deal with the program,
8 Connie does, but I can't tell you how many
9 clients that I have talked with that have said,
10 okay, I got a voucher, and thank goodness,
11 because my family is so low income, and we're
12 desperate, but how do I find a place that meets
13 the Fair Market Rental allowance for this
14 voucher?
15 And we say, well, you've got to look;
16 you've got to try. And then not only have you
17 got to find a place, but it can't be a dump,
18 because we've got to come in and do an HQS
19 inspection to make sure it's nice.
20 And so then 120 days later, they come
21 in and they say, well, I can't find a place. We
22 say, Well, we're going --

23 MS. SMITH: You only get 60 days.

24 MR. STEFFEN: 60 days.

25 So we're going to go have to pull the

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1 voucher in 60 days.

2 And they say, well, what do I do? And
3 we say, well, we're sorry, we can't help you.

4 And they almost laugh at us, and they
5 say, wait a minute, I'm so poor that I qualified
6 for this, but because everything is so
7 expensive, you won't help me at all. Like, what
8 if I make up the difference?

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

14 MR. GAUDIN: I understand.

15 MR. STEFFEN: And that's --

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

21 MS. SMITH: Well, I have been here
22 14 years, and I don't recall him doing that.
23 But, it's possible.

24 MR. GAUDIN: It is possible to do

25 that.

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1 MR. STEFFEN: And I don't think -- and
2 I bring that one up because I don't think that
3 that's federally determined.

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

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

10 MR. STEFFEN: Sure.

11 MR. GAUDIN: And the sampling is prone
12 to errors, particularly in rural jurisdictions.

13 And so then the jurisdiction who runs
14 the Section 8, you know, can petition for a
15 change and then redo them, or they can do their
16 own.

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

19 But I guess what I was saying, what I
20 don't think is federally done, is I don't think
21 it's a federal mandate in terms of the 30% or
22 33% of your income.

23 Because I thought that I had seen that
24 like the City of Los Angeles, and maybe it was
25 Oregon or Washington State, one of them did not

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1 have that restriction in place.

2 Like, if you qualified income-wise

3 then --

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

7 MR. STEFFEN: Sure.

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

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

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

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

22 Here, I'm getting close to the time --
23 I'm trying to keep track of time so I take up
24 more of your time than you have already offered
25 us.

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1 But "economic development needs",
2 "retention of existing businesses". Well, that
3 might be true elsewhere, but I think some people
4 here, I'm getting the feeling it's more like
5 retaining employment, current facilities,
6 because they're running to the oil field.

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

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

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

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

19 MR. GAUDIN: Right.

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

22 MR. STEFFEN: In Glendive, if you start
23 -- Glendive's starting salary at K-Mart is
24 10.50 an hour. So, if you work full time at
25 K-Mart, you make around 22,000 a year, 2080

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1 hours.

2 If you talk to K-Mart, they're fully
3 flexible. They won't -- they will totally work

4 with whatever hours you want to put in, and
5 that's not even counting any overtime you work
6 above that.

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

12 MR. GAUDIN: Right.

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

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

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

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

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1 a lot more.

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

4 Now, in just kind of skipping the
5 second slide in each case. The first one is the

6 most highly -- most frequent, "high need", and
7 then it goes down.

8 Here we are back to "infrastructure".

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

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

17 Am I hearing this correctly?

18 MR. STEFFEN: I would say so.

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

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

24 We just -- our company every two years
25 gets these large scales, large-scale community

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1 assessments throughout our 17-county service
2 area.

3 We just concluded that, it's not even
4 income based. Just people in the community.
5 40% of them said housing was their number one
6 need.

7 I think the next highest thing that
8 said it was the highest need, was like -- I

9 don't even know what it was, but it was like 27%
10 of people said that. So, housing by far.

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

13 MR. STEFFEN: Yeah.

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

16 MR. MURTAGH: And wages for city
17 employees.

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

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

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1 sentiment.

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

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

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

10 MR. RITTAL: Well, it's's important,

11 it's just --

12 MR. GAUDIN: Not as important?

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

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

15 MR. GAUDIN: Right.

16 MR. ATCHISON: One thing, some of
17 those could be funded as the tax base grows.

18 Some of those things could be funded from some
19 of that.

20 MR. GAUDIN: Oh, absolutely, yeah.

21 I just took -- I didn't mean.

22 MR. ATCHISON: I think Jason is right,
23 it is kind of secondary.

24 MR. GAUDIN: The survey just took
25 qualifying categories to present.

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1 MS. SMITH: And child care is suddenly
2 a huge thing.

3 Like in Sidney, I think there's only
4 two or three child care facilities in the city,
5 and they have such a great need there.

6 MR. RITTAL: If Mark was in here, he
7 would tell you Wolf Point is in the same boat.

8 MS. SMITH: I'm sure.

9 MR. RITTAL: I know Glendive is in that
10 same boat.

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

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

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

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

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

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1 working. Because we have the jobs.

2 MR. GAUDIN: Right.

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

6 MR. GAUDIN: Okay.

7 We're almost done here.

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

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

15 And infrastructure, it's kind of like

16 -- for somebody who moves here, of course,
17 housing is the number one thing.

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

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

25 MR. STEFFEN: Yeah, I'm surprised

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1 that's up there.

2 UNIDENTIFIED SPEAKER: This is
3 statewide.

4 MR. GAUDIN: This is a statewide
5 survey.

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

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

14 MR. GAUDIN: Yeah, that's true.

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

19 MR. GAUDIN: Okay.
20 Some of the slides earlier I kind of
21 skipped over them, because really it's about you
22 guys talking, and I was happy to listen.
23 So thank you. This was a great group.
24 You know, I think we have touched on
25 all these things really significantly. I'm

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1 ready here to listen to some more conversation,
2 but I think I have a pretty good idea of what
3 the issues are.
4 I like what you have shared in terms of
5 ideas. Of course, it's being recorded not just
6 by the court reporter, but also by the software,
7 I hope.
8 But I want to thank you very much.
9 It's been a really -- you know, the focus group,
10 I urge them to have a smaller or intimate
11 setting of people who could share ideas, and you
12 have done so, so I thank you very much.
13 Yes.
14 MR. STEFFEN: And I guess I would share
15 a comment, that I hope -- and I really do think
16 that -- I mean there's a lot of smart people at
17 the state level.
18 But just having an appreciation that an
19 investment in like the housing, infrastructure
20 is just -- it's is really going to strengthen

21 the economy of Montana as a whole.
22 Like Jason said, it's not an expense;
23 it's an investment. Because -- well, I flew out
24 of Billings here probably three years ago flying
25 to Sidney -- I don't even know what I was flying

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1 that day.

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

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

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

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

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

21 MR. ATCHISON: This brings up another
22 concept that's not really related to Commerce,
23 but it's more of transportation, is the whole

24 area is a huge commute now.

25 You're seeing people living in all

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1 these other areas. They're flying, they're
2 driving, they're busing, they're taking Amtrak.
3 I mean it's a huge community. It's not just a
4 little area. And so that's creating some
5 transportation challenges as well.

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

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

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

19 And then I can count as I would meet,
20 and there would be -- so there would be like 120,
21 150 cars stopped for just a few minutes.

22 MR. ATCHISON: So now when people are
23 commuting further, and they're tired from
24 working all these long shifts, they're running
25 into things, they're having more accidents, and

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1 that's another aspect of safety on the roads as
2 well. So I mean, that's another subject for
3 discussion.

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

7 And then they take that \$100,000 or
8 \$200,000 a year paycheck, and they go back home,
9 and they spend it locally. And then --

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

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

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

24 I mean they can't pay competitively,
25 but they've had to pay more, and so even across

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1 the board the states --

2 MR. MURTAGH: The labor pool.

3 MR. STEFFEN: So, you know, if a county
4 gets more money from the increased oil and gas,
5 in the case of Richland County, if they're
6 plugging that into income, you know, the State
7 is double-dipping in a way.

8 MR. GAUDIN: You might want to
9 introduce a sales tax for everybody who doesn't
10 live here.

11 MR. MURTAGH: We tried to do the resort
12 tax.

13 MR. STEFFEN: You know, I think that is
14 one of the things they really have to look at is
15 like the infrastructure. Because I talk to a
16 lot of people that as far as -- I don't mean to
17 sound, you know, gender biased or something,
18 like only guys are on the oil patch, but a lot
19 of the guys that I talked to said like, oh, as
20 far as I could get my wife to move was Billings,
21 because like that's where you can have the
22 shopping, and it's a more commercial area. And
23 so that, yeah, they commute from there.

24 And so we can't -- you know, like
25 honestly, it's really surprising, if you go into

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1 a town like Williston that's having all this

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

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

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

10 MS. HARTMAN: And retail is
11 everything --

12 ALL TALKING AT ONCE.)

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

16 MR. MURTAGH: That's the labor pool.
17 That's exactly right.

18 MR. STEFFEN: Yeah, we need the
19 infrastructure where you could build a Costco.
20 Dream on.

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

25 MR. GAUDIN: Well, there are challenges

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

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

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

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

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

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

24 And so those two perfect storms came
25 together to just swamp some of these

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1 communi ties.

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

5 MS. HARTMAN: Thank you.

6 MR. GAUDIN: Thank you all very much.

7 It's been a pleasure being here with you.
8 (Whereupon, the hearing was concluded
9 at 2:50 p.m.)
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1 REPORTER'S CERTIFICATE
2
3 TITLE: Economic Development Focus Group
4 HEARING DATE: May 22, 2014
5 LOCATION: Miles City
6 I hereby certify that the proceedings
7 and evidence herein are contained fully and
8 accurately on the notes reported at the hearing
9 in the above case before the Montana Department
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10 of Commerce and that this is a true and correct
11 transcript of the same.

12

13 DATE: June 5, 2014

14

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