Community Challenges During the Boom

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Community Impacts

• **It’s Not All Bad!**

• **Many Positives:**
  – Employment
  – Income to land owners
  – Economic activity
  – Population Growth
  – Energy Production
Community Impacts

• **Results will vary!**

• **Key Factors:**
  – Population Size
  – *Pace, Scale, Location of Development*
  – Degree of Rurality and Isolation
Community Impacts

• Results will vary!

• Key Factors:
  – Population Size
  – Pace, Scale, Location of Development
  – Degree of Rurality and Isolation
  – Degree of Economic Diversity
  – Amount of Revenue Collected Locally
  – Local Govt. Capacity
Community Impacts
Community Impacts
Community Impacts
Key Challenges

Growth Management
Planning in an Information Vacuum
Mitigation in a Revenue Vacuum
Lessening Community Conflict
Growth Management

Gas boom catches community off guard

Economic growth picks up steam
Stocks tumble on Korea jitters
Existing home sales slow down

Helping set opportunity in motion for our customers, communities and economy.

Hot List
Bush tax cuts: What if Congress punts?
If Congress continues to drag its feet, paychecks could get smaller on Jan. 1. Policymakers could prevent it, but will they? Pay attention to your W-4!
Growth Management

- Rapid Growth
- Strained Municipal Services
- Poor Quality of Life
- Out-migration of residents
- Overbuilt and Unplanned Construction

Police Magazine, 1981
Growth Management

- Sidney, MT
- Williston, ND
- Dickinson, ND
- Pinedale, WY
- Eagle Ford, TX
- Montrose, PA
- Towanda, PA
Growth Management

The Oil Boom Impact: Williston, North Dakota (2010-2011)

- Average Monthly Rent: $2,400 (one and two bedroom apartments) +17%
- Williston Airport Boardings +75%
- Williston Amtrak Station Boardings +22%
- School District Enrollment (2011 to 2012) +45%
- Housing Units Built +83%
- Fastest Growing City in US (Population <200,000) +8.8%
- New Building Values (based on building permit valuations) +366%

Source: North Dakota Aeronautics Commission, Amtrak, Williston School District #1, Williston Economic Development, U.S. Census Bureau, North Dakota Association of Builders, City of Williston Building Department
Growth Management

• **Influx of New Workers**
  – First, Direct Workforce
  – Then, Influx of Indirect and Induced Workforces
  – Finally, influx of families, permanent residents, people relocating

• **More people = more demand for everything**
Growth Management

• **Largest Impact on Housing**
  – Demand for Hotels, Apartments, RV Parks, man-camps
  – Temporary housing at first, moving to permanent

• **Impacts to municipal infrastructure, water and sewer, roads, parking,**
Growth Management

• *New Demands on Police, Fire, EMS,*
  – More people = more demands
  – New types of industry, accidents, procedures
**Growth Management**

*Solutions are context specific*

- Meet demands without over building
- Increase capacity of municipal government
- Keep good data on the impacts being felt
- Engage operators to help lesson negative impacts
- Use growth to diversify economic base
- Temporary housing: man camps, RVs, etc.
Community Impacts

• **Key Challenges**

• **Growth Management**

• **Planning in an Information Vacuum**

• **Mitigation in a Revenue Vacuum**

• **Lessening Community Conflict**
Planning in an Information Vacuum

• **High Uncertainty**
  – When will drilling occur?
  – Where will drilling occur?
Planning in an Information Vacuum

- **High Uncertainty**
  - When will drilling occur?
  - Where will drilling occur?
  - How much drilling will occur?
  - How long will drilling occur?

- Natural Resource development is unpredictable
  - Dependent on complex, external factors
  - Volatility is proven again and again
Planning in an Information Vacuum

• **Drilling Information is hard to find:**
  – No central source
    • Many different companies, different plans for drilling
  – Companies have incentive to not disclose
  – Companies don’t know the future, either
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Planning in an Information Vacuum

Planning in an Information Vacuum

Some Solutions

• Get the best data you can
  – Engage operators, create projections, understand factors at play.

• Understand planning is a process
  – Act of planning will increase capacity, even if future is uncertain

• Expect the un-expected
Community Impacts

• **Key Challenges**

  • Growth Management
  • Planning in an Information Vacuum
  • Mitigation in a Revenue Vacuum
  • Lessening Community Conflict
Mitigation in a Revenue Vacuum

- Revenues typically slow to reach impacted communities, if at all......

- Staff and infrastructure most important, and most expensive

- Short-term “boom” needs vs. long-term “bust” needs

- Many issues are not in traditional govt. domain, such as housing.
Mitigation in a Revenue Vacuum

**Western States Learned their lesson in 1970s**

- State’s Share of Federal Energy Royalties increased from 37% to 50%
  - Western States directed royalties back to host communities
- Federal Payment In Lieu of Taxes (PILT) Started
- Western States began energy severance taxes
- Western states increased regulation over construction of large facilities
Mitigation in a Revenue Vacuum

*Some Solutions:*

- Keep good data on impacts experienced
- Engage state officials on revenue needs
- Look for win-win opportunities with industry
  - Projects that help industry and help community
- Secure revenues for long-term needs
Community Impacts

• **Key Challenges**
  
  • Growth Management
  • Planning in an Information Vacuum
  • Mitigation in a Revenue Vacuum
  • Lessening Community Conflict
Lessoning Community Conflict

- Leasing and Royalties are not uniform
- Non-landowners not eligible
- Costs and benefits are not equal
- Opportunities for Participation not equal
Lessoning Community Conflict

• Split-Estate

• What is the impact of a growing amount of land without mineral rights?

• How money is obtained and spent will impact communities
Lessoning Community Conflict

Communities that have taken legislative action in response to HVHF shale gas drilling in New York
December 31, 2012

Legend:
- Communities with legislation to delay, restrict or ban HVHF shale gas development
- Moratorium
- Communities with resolutions to encourage HVHF shale gas development under existing regulation
- Extent of Marcellus Shale Formation
- County Boundaries
- Municipal Boundaries

Map showing the distribution of communities affected by HVHF shale gas drilling in New York.
Lessoning Community Conflict

• Fierce Debate in Many Communities
  – New York
  – Colorado
  – Texas
  – California
  – Pennsylvania
  – Maryland
Lessoning Community Conflict
Lessoning Community Conflict

• Corrosive Communities (Freudenberg and Jones 1991)
  – Fierce Community Conflict
  – Winners and Losers
  – Distrust
  – Confusion and Uncertainty
  – Litigation
  – Blame over faults
  – Distaste over benefits
Lessoning Community Conflict

- Community conflict worse than the environmental problem itself
  - Hampered decision-making, community capacity
  - Broken communication and social structures
  - Impossible to obtain scientific “facts”
  - Disinvestment, outmigration
Would you say Natural Gas Development has made the area better off or worse off than it was 5 years ago?

**Jacquet, 2012**

- **No Lease or Development (358 Cases)**
  - Much Worse or Worse: 60.00%
  - Neither Worse nor Better: 20.00%
  - Much Better or Better: 20.00%

- **Lease Only (515 Cases)**
  - Much Worse or Worse: 40.00%
  - Neither Worse nor Better: 40.00%
  - Much Better or Better: 20.00%

- **Lease and Development (90 Cases)**
  - Much Worse or Worse: 70.00%
  - Neither Worse nor Better: 10.00%
  - Much Better or Better: 20.00%
Lessoning Community Conflict

**Some Solutions**

– Increase public opportunity in decision-making
  • Public Forums, meetings, planning
  • forum for public and industry to work together
  • Let people feel like they are part of the process

– Treat both sides with respect
  • Take all parties seriously

– Increase benefits to non-landowners
  • Increase perception of public benefits
  • Increase reality of public benefits.