

Compilation of Attendees Notes from the America's Rural Energy Coalition

Kansas City Airport Marriott Hotel

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Challenges driven by the Oil/Gas Activities in Rural Communities

The influx of new people associated with the drilling process will bring increases in virtually all forms of crime. Be prepared to fund additional police including traffic control officers, vehicles, and detention space.

The rising costs of rental properties will impact the fixed income (elderly) and the poorest residents the hardest. Municipal subsidies or outright housing purchases may need to be considered to keep these residents from being put out onto the streets.

Community infrastructure resources can be overrun with the surge in population associated with the drilling: water, sanitary, healthcare and EMS, school capacity (especially in the lower grades), police and fire, roads, telecommunication systems, etc.

At peak in Dickinson, ND hotels were running 90% occupancy at \$400 per night. In 2017 they are at 60% occupancy at \$80 per night

EMS Program

- The volunteer spirit goes away with strangers in the community vs. taking care of lifelong neighbor.
- With low unemployment and increased business, business owners are less willing to allow employees the time off to volunteer.
- Expect pressure to mount to convert volunteer program to paid staff.
- Lack of proper materials for job with new industry in the area (ex.-right chemical to put out a fire on at an oil rig site).

Workforce Development

- Huge challenge keeping up with the fast changing oilfield skill set requirements

- Recent downturn in oil and gas activity has created impression of a fading industry. Applicants want training for the next “hot future” market.
- Low unemployment has a down side. As the rate drops, the lack of available, qualified or motivated workforce becomes a challenge for ALL businesses in the region who are attempting to grow.

Opportunities driven by the Oil/Gas Activities in Rural Communities

Unemployment rates drop significantly. Everyone who wants to work, can find work.

Development brings the world to your doorstep and creates a connection between you and people you were unable to reach before; new prospective employers, state level politicians, national developers and financial investors.

Municipalities and large private employers can consider owning housing (single family or apartments) as a short term solution but have an exit strategy for when the demand lessens.

Partnering with industry on a yearly community clean-up day has proven highly successful in North Dakota. Contact Shawn Kessel at the City of Dickinson for more information on his program.

Developing partnerships across all sectors of your local and region areas is critical. Working with others lessens the burden on any one agency or group to shoulder the entire load of dealing with this. Public, private, and industry all need to be engaged in problem definition and solution development. For example, Marathon works with their communities and first responders to conduct emergency response drills to better train them for the unique challenges they will face in the oilfield.

Lessons Learned about successfully adapting to the new normal of oil/gas activity in rural America

Education

Diversify training at community colleges throughout the region. Advocate for cross college collaboration on who is teaching what skills. Limit duplication of programs.

Resist attempts by individual colleges to try and train everyone on everything.

The need to examine job training requirements, whether ones created by the oil/gas industry or other local industries is critically important to the health of the local community. This is important due to the high likelihood that the new industry will take away existing employees from current local jobs, i.e. poaching the workforce creates problems for everyone.

Drilling vs. Producing: Understand the differences in the skills needed and the career lengths (drilling is a temporary need, producing is a long term one). These differences drive different demands on all aspects of workforce training programs.

Industry is becoming more and more an engineering, science & technology based business. Operational control is becoming more centralized in each play. Consolidation is driving efficiencies that result in lowering operating costs.

Realize that older oil field employees (particularly in the engineering fields) are retiring at a rapid rate over the next 10 years. Average age in oil industry is 55. Educators need to focus the younger generation to begin learning STEM skills as a way to enter this market and excel in it. Middle school is not too early to begin informing parents and educating students, both male and female, on the opportunities in the oil/gas business.

Work with K-12 counselors and teachers to educate them on what the jobs and career paths are like in the oil/gas business. They are the “first responders” when it comes to growing the oil/gas workforce of the future.

Community/Municipal Planning

Planning must occur for the influx of new residents and the likely impact on health care (increased accidents, etc.), municipal finances (road damage, sales tax) educational services (public schools, teacher exodus), law enforcement and emergency response.

Develop an infrastructure development policy and prioritize your long range goals.

Establish appropriate zoning regulations to provide the governing body with the authority to control the nature, location, and diversity of future growth

Because the growth associated with energy exploration and production ebbs and flows over time, use “temporary” ordinance provisions in lieu of permanent ones. This allows the flexibility to respond to changing conditions. It’s much easier to rescind a temporary ordinance once the need for it no longer exists.

Make sure your ordinances and special use permits are coordinated with your comprehensive planning decisions and documentation.

Establish development agreements with each developer prior to work beginning. Who will pay for what public infrastructure is needed, when will payments be made and how will they be calculated, what design and construction standards will be followed are a few of the issues that need to be addressed.

Infrastructure associated with the need for increased law enforcement, firefighting, and EMS needs to be part of this planning effort.

The possibility of rent control strategies to protect key local constituencies such as critical municipal employees, healthcare staff, teachers, fixed income and low income residents, needs to be thoroughly discussed at the city management levels.

Local government participation in repurposing of facilities, such as housing conversion projects, hotel/motel adaptive reuse is very important. Make sure you develop and agree on an exit strategy if “municipal ownership” is a part of this repurposing.

Consider a “special use permit” for man camps in city limits

Focus development on infill areas within the city limits before expanding on the outer edges. This will reduce infrastructure costs and help retain vitality in your inner city/downtown areas.

Retain professional planning help either through a permanent of part time City Planner. Consider a shared cost employee between the city and the county.

Watch high density housing developments and the number of new apartment units you authorize. Ask yourself - Do you need more single family housing vs more apartments?

It’s important to create a master land use plan or community improvement plan at the earliest possible stages of shale development. It’s never too late to start.

Consider conducting a Community Needs Assessment. It must include:

- Key municipal and private sector leaders

- Include a broad cross section of the community

Documentation must be clear, concise, and comprehensive

Use conceptual imagery and language only where necessary. Too much “vague” can lead to future loop holes that may undermine the plan’s fundamental purpose

Comprehensive planning efforts result in identifying needs that the entire community agrees on. This type of “community consensus” gives the industry confidence that if they agree to help with a project, its not just a current office holder’s pet project.

Develop a comprehensive plan that addresses temporary vs permanent jobs & housing

Oil/gas activity brings increased revenue to all levels of government. Plan to set aside some of the current windfall revenue into a rainy day fund.

Potential future oil/gas protest activities. Have law enforcement training and plans established. Having training specific for this these types of protestors. Contact Rhonda Reda at the Ohio Oil and Gas Energy Education Program for more information on her training programs.

Areas with high oil growth see average age of families drop. Population becomes younger on average with typical workforce associated with oil/gas industry. Younger families mean more demand on k-12 schools, day care resources, outdoor activities, parks, etc.

Diversify/Upgrade telecommunications, internet, and general technology infrastructure

- Fiber and wireless capabilities and distribution
- Invest in Infrastructure, but also technology infrastructure early in the process.

Be careful in how you grow recurring municipal debt/expenses. Invest growth dollars in long term infrastructure improvements that will support sustainable oil/gas and non-oil/gas business opportunities.

Community Engagement

Avoid using the labels “Boom” or “Bust” as it affects the perception of people both in and out of the shale area. “Bust” is especially harmful as it implies everything has stopped, all activity has ceased, no oil or gas activity is going on anywhere in the region. It sometimes even creates the impression that ALL business activity, beyond just oil and gas, is no longer happening.

Protests are possible and even likely depending on the presence of local or imported organizers. Management of the protest, both from the perspective of municipal safety

as well as community relations, has to be thought through beforehand. When the crisis hits and the media shows up, it becomes extremely difficult to regain control of the message.

Be prepared for the social media onslaught as part of the protesters. Have a plan to use it as a counter source to the misinformation campaign. It should target people in the community as well as those outside the area.

The importance of leadership training for municipal officials, such as city councilmen, county commissioners, and local boards and commissions, is critical. Oil and gas brings new challenges, new decisions, and new opportunities to these people. They need to be knowledgeable and up-to-date on the industry so they can make those decisions wisely and confidently. Contact Rhonda Reda at the Ohio Oil and Gas Energy Education Program for more information on her training programs.

Organize regional meetings between community leaders and industry leaders on a regular basis. Open communication and personal relationships can make a huge difference in successfully solving the challenges each group faces. Include people across the entire spectrum of the community: elected officials, hospital administrators, law enforcement, educators, economic development, major businesses, etc.

Consider scheduling a community focused Energy Education Night. Perhaps once a quarter. It's a great way to inform the local citizens on the changing nature and activity levels in the oilfield. It also provides an opportunity to educate folks who may have recently moved into the area and are unaware of the impacts the industry is having on the area.

Energy Education Night

- Include landowners, business owners, government and industry.
- Be frank about the challenges and opportunities the region faces as a result of the oil/gas activity

Global Markets affect local activity. Pay attention and be informed about international activity that is both directly and possibly indirectly ties to oil/gas exploration and production.

Build good relationships with industry officials in your region and work to continually strengthen them. Most major oil/gas companies work across many political boundaries so extend this "good relationship" approach to your counterparts in surrounding cities and counties.

Leadership may not necessarily come solely from elected officials. Newly elected officials may not have the understanding and experience to handle the challenges. Leadership may be found within the business community.

Finding the one person in your community that believes unabashedly in the future of community/region can be great tool to use in building community support and influencing sound, reasonable decision making

Shale activity is almost exclusively in small town America. Be mindful of this as you look at job creation. Creating jobs one at a time with solid and sustainable business models is a SUCCESS.

Industry Engagement

Get to know personally the individual industry stakeholder relations person. Every large oil/gas company has one. Their responsibility to know the communities the company is working in and be a liaison between the company management (probably located far from the region) and the local community leadership.

Drilling rig counts are not an indicator of industry activity levels. Efficiencies in drilling technologies and oilfield management strategies over the past few years has made this number a very inaccurate measure of exploration and production activity.

The constant technological advancements in the industry make it very difficult to predict economy changes related to the oil/gas industry.

Industry is more likely to support a community supported program than a brick and mortar investment. Your Community Needs Assessment can go a long way to identifying these types of programs. Consider inviting the industry to participate in the assessment.

Building cooperation with the industry and gaining their confidence requires finding that “one corporate believer” in your community that will lead others to being vocal and ardent supporters of the part the industry can play in helping develop a diverse and sustainable future for the community.

Hosting a yearly industry or business excellence awards program, sometimes around safety, have shown to be effective in building common ground between the industry and the communities in which they operate.