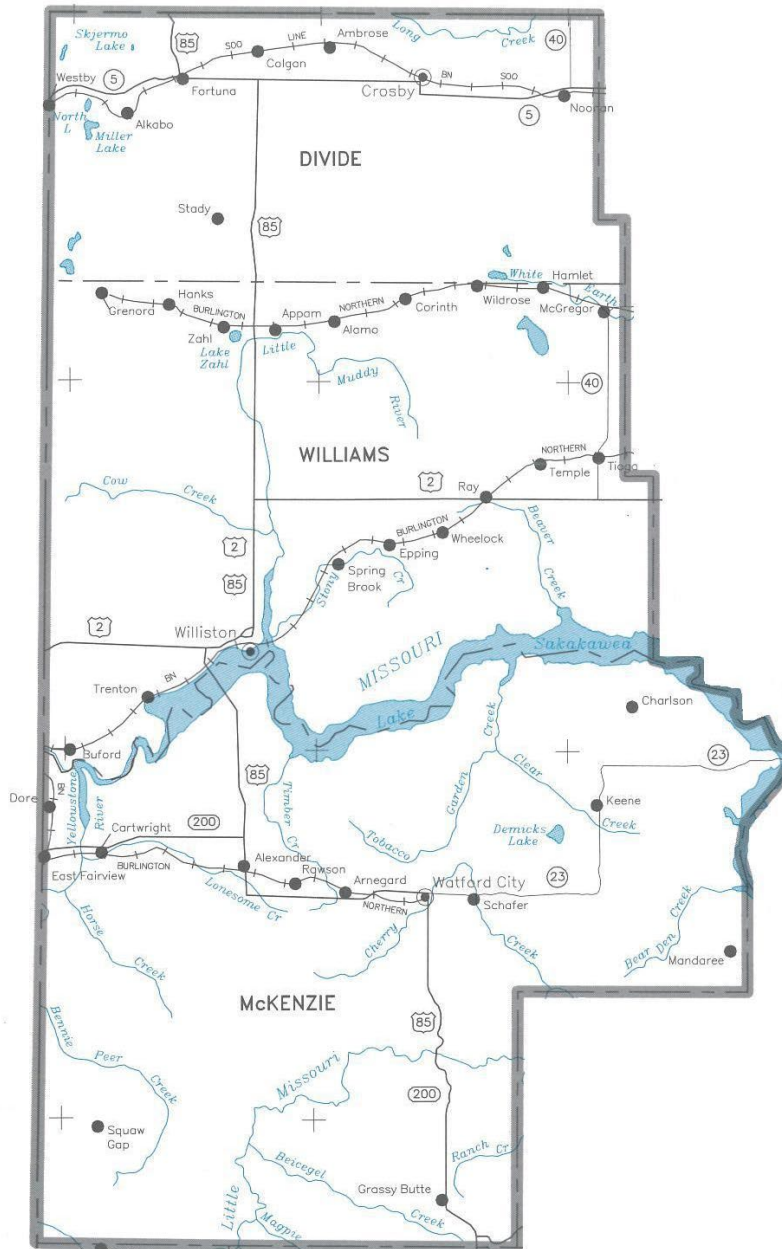


Comprehensive Economic Development Strategy Plan 2012-2016



Prepared By:

Tri-County Regional Development Council
22 East Broadway – 2nd Floor
P.O. Box 697
Williston, ND 58802-0697
(701) 577-1358 Phone
(701) 577-1363 Fax

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Section 1 - Environmental Information

Resources

The Tri-County Economic Development District is situated in the northwest corner of North Dakota and encompasses the following counties: Divide, Williams, and McKenzie. This area is bordered on the west by Montana and on the north by the Province of Saskatchewan, Canada. The area contains 3,875,760 acres of which urban lands comprise only a small percentage.

The Tri-County Regional Development Council's administrative office is located in Williston with a service delivery area consisting of 6,072 square miles in northwest North Dakota broke down as follows: Williams County 2,070 square miles, Divide County 1,260 square miles, and McKenzie County 2,742 square miles (the largest county in the state).

The region has abundant land, water, wildlife, and natural resources. Developing the regional economy has been challenging for local and regional officials in terms of balancing the need for economic diversification and growth versus the environmental impact and concerns that are being created as a result of the energy sector boom.

Geography

The area has a semi-arid, continental climate characterized by cold winters and warm summers. The January mean temperature is 7 degrees and the July mean temperature is 72 degrees. The average frost-free period is 120 days. Average annual precipitation across the area ranges from 12-14 inches with an average growing season precipitation range of 8-9 inches.

The region lies in the physiographic region known as the Missouri Plateau Section of the Great Plains Province of the Interior Plains. The plateau is characterized by deposits of glacial drifts and is divided into two sections by the Missouri River.

Divide and Williams Counties are glaciated with gently rolling to hilly topography. McKenzie County is primarily unglaciated soft shale plains. Divide and Williams Counties are in the Coteau vegetation zone and McKenzie is in the Missouri Slope zone. The potential native vegetation of the area is primarily a mid to short grass prairie consisting of western wheatgrass, green needlegrass, needle and thread, blue grama and porcupinegrass.

Agriculture

The area is well suited to the raising of small grain crops. According to 2008 North Dakota Agriculture Statistics data, Williams County was the number one producer of durum and lentils for the State seconded by Divide County and seventh and fourth place, respectively, for McKenzie County. In addition to dryland farming, there are approximately 47,400 acres of irrigation in the three county area; Williams - 23,001 acres, McKenzie - 21,667 acres and Divide - 2,732 acres. The majority of the acres are flood irrigated with a small but growing percentage utilizing pivot irrigation. The areas north (29-mile corner) and east (Nesson Valley) in Williams County comprise of all pivots. Irrigation in Divide County is all under pivot systems. McKenzie County has mainly flood irrigation with pivots scattered throughout the county. According to a local company specializing in irrigation equipment, approximately 30 pivot irrigation systems are being installed in the Mon-Dak region each year since 2010.

A collaborative effort between North Dakota State University Williston Research Extension Center, Montana State University Extension Service and the USDA-ARS Agriculture Research Center of Sidney, MT resulted in the

development of the “Nesson Valley Irrigated Research and Demonstration Project”. This project began in 2005 and involves irrigation cropping systems research and demonstration program utilizing four 1260 foot linear systems on 160 acres with diverse value-added crops, water quality, and quantity use the main objective.

Crops currently raised under irrigation includes: alfalfa, barley, bean, canola, corn, lentils, oats, peas, safflower, sugar beets and wheat. High value cash crops introduced to the area include potatoes in Williams county, onions in McKenzie County, and peas/lentils in all three counties. Williston is home to the largest exporter and pea/lentil splitting facility in the world – United Pulse Trading. The facility purchases peas and lentils from local producers, sorts, cleans, and splits them according to current contracts and market trends, and then ships out the finished products to destinations throughout the U.S. and internationally.

Alfalfa has the potential to be a major cash crop in the area with its use as a feed source for livestock and its need in a dairy operation located near Parshall. Malt barley production is also on the rise with a newer storage elevator located in Sidney, MT. Other agriculture processing in the region includes multiple legume processing facilities in Crosby, Ray, Ross, and Williston.

North Dakota continues to lead the nation and world in the production of food. The statistics are as follows:

| North Dakota's Success as the #1 Producer of Food for the U.S. and the World | |
|---|-------------------------------|
| Product | Percentage of U.S. Production |
| Flaxseed | 94% |
| Canola | 89% |
| Dry edible peas | 57% |
| Durum wheat | 62% |
| Pinto beans | 55% |
| Barley | 24% |
| Spring wheat | 45% |
| All sunflower | 46% |
| Oil sunflower | 39% |
| Non-oil sunflower | 42% |
| Lentils | 45% |
| Dry edible beans | 36% |

| | |
|---|-----|
| Honey | 26% |
| Navy beans | 41% |
| Source: National Agriculture Statistics Service and the North Dakota Dept. of Agriculture | |
| 3/11 | |

Producers continue to seek new crops to incorporate into their rotations. New markets are needed to encourage increased production of these alternative crops. Percentage wise, Divide County is 73% cropland with 21% native grasslands. Williams County is 58% cropland and 28% native grassland, whereas, McKenzie County is 30% cropland and 60% native grassland. Half of McKenzie County's grasslands are identified as National grasslands administered by the USDA Forest Service.

| LAND USE | | | | | |
|----------|-------------|----------|---------|----------|--------|
| County | Total Acres | Cropland | Pasture | Woodland | Other |
| Divide | 708,034 | 538,343 | 158,121 | 447 | 11,123 |
| McKenzie | 1,074,656 | 430,884 | 635,214 | 5,506 | 3,052 |
| Williams | 1,144,868 | 799,770 | 334,739 | 1,201 | 9,158 |

Source: U.S. Department of Agriculture, National Agricultural Statistics Service, 2007.

Within the region, there are also a number of areas of land that have been designated as prime and/or unique agricultural lands by the Farmland Protection Policy Act. They are as follows:

| List of Prime/Unique Agricultural Lands | | |
|---|-------------------------|-----------------|
| County | Type of Land/Soil | Amount of Acres |
| Divide | Divide Loam | 2,150 |
| | Swenoda Fine Sandy Loam | 1,000 |
| McKenzie | Tonka-Hamerly Complex | 696 |

| | | |
|----------|-------------------|--------|
| | Arnegard Loam | 1,761 |
| Williams | Arnegard Loam | 17,730 |
| | Divide Loam | 3,100 |
| | Bearden Silt Loam | 1,355 |

Water

Water resources are divided into two categories; surface water and ground water. Surface water consists of natural lakes, marshes and other wetlands, man-made lakes, rivers and other streams (flowing both year-round and ephemeral). Ground water pertains to underground aquifers. Both quality and quantity of water within the area is a major concern especially for human and livestock needs, crop irrigation maintenance and development, and recreational improvement.

Most of the incorporated cities within the area have community water and sewer systems. The City of Williston utilizes a water treatment plant on the Missouri River for its water supply. Within the past five years, the city completed work on a new \$4 million dollar water transmission line. The city also recently constructed a new pre-treatment system, updating the existing water treatment plant and replaced the current filtration system at a cost of \$40 million dollars. The city also provides water on a contractual basis to the Trenton Water Users Association and Williams Rural Water Association. The following communities and business entities have been designated as well head protection areas:

| Wellhead Protection Areas | | |
|----------------------------------|--------------------------|------------------------|
| County/Community/Entity | Ground Water Well | Treatment Plant |
| DIVIDE | | |
| City of Ambrose | Yes | No |
| City of Crosby | Yes | Yes |
| City of Noonan | Yes | No |
| McKENZIE | | |
| City of Alexander | Yes | No |
| City of Watford City | Yes | Yes |

| | | |
|--------------------------------------|-----|----|
| Alexander Water Spring | Yes | No |
| Arnegard City Park | Yes | No |
| Arnegard Diamond Estates | Yes | No |
| Arrowwood RV Park | Yes | No |
| Badlands Power Fuels | Yes | No |
| Bakken Residence Suites | Yes | No |
| BI – Hutch Court | Yes | No |
| Johnson Corners Christian Academy | Yes | No |
| Juniper Campground | Yes | No |
| Long X Saloon | Yes | No |
| M & M Park | Yes | No |
| PDQ Club | Yes | No |
| Prairie View Estates | Yes | No |
| Redwing Pines Park, LLC | Yes | No |
| Ridgeview Park | Yes | No |
| Short Stop Convenience Store | Yes | No |
| Solid Rock Development | Yes | No |
| Sunrise RV, Inc. | Yes | No |
| Theodore Roosevelt Natl Park – North | Yes | No |
| Tobacco Garden Recreation Area | Yes | No |
| Watford Place | Yes | No |
| | | |
| WILLIAMS | | |
| City of Grenora | Yes | No |

| | | |
|--|-----|-----|
| City of Ray | Yes | Yes |
| City of Tioga | Yes | Yes |
| R & T Rural Water System | Yes | Yes |
| Round Prairie School | Yes | No |
| Capital Lodge | Yes | No |
| Little Beaver Bay Rec Area | Yes | No |
| Tioga Golf and Country Club | Yes | No |
| Missouri-Yellowstone Interpretive Center | Yes | No |
| R & R Trailer Court | Yes | No |

For those small cities/communities that do not have a community water system in place, a rural water association has been in place to provide that service or they continue to use individual water wells. The R & T Rural Water System serves the communities of Ray, Tioga, Stanley, and Wildrose. The Trenton Water Users Association serves the community of Trenton and parts of rural Williston in Williams County. The Williams Rural Water Association serves parts of rural Williams County. The McKenzie County Rural Water Association serves parts of rural McKenzie County. The BDW Water System Association is intended to provide water to Fortuna, Noonan, Columbus, and other rural areas of Divide County. The T&T water pipeline in Williams County primarily serves livestock producers in the county. Rural water associations were created to provide water to those small, isolated communities that had limited or no access to water in their respective area. Divide, McKenzie, and Williams counties are considered rural in nature. Much of the water in these counties that come from aquifers is very high in iron, manganese, sodium, and arsenic. The BDW (Burke, Divide and Williams counties) Water Association is currently close to completing construction of the distribution lines. The project is expected to be completed in the summer of 2013 and it is expected to be consolidated into the Western Area Water Association.

The Western Area Water Association, which will end up being the regional water supplier, is in the process of installing distribution lines and finalizing agreements with the above communities. The intent is to consolidate all of the existing rural water supply systems in Divide, McKenzie, and Williams counties into one regional water supply system and then purchase treated water from the City of Williston. The State is providing bonding authority and low interest loans to assist in the financing of the project. It is the intent of the Western Area Water Association to create water depots at various locations throughout the region and then sell water to area oil companies for the fracking process. It is estimated that each oil well that is drilled and fracked can use up to 2 million gallons of water per well. Fracking, also called hydro-fracking, is a relatively new process used in natural gas and oil extraction that involves horizontal drilling coupled with multi-stage hydraulic fracturing. A well is drilled vertically to the desired depth and then it is turned ninety degrees and continues horizontally for several thousand feet into a shall formation that contains the trapped natural gas and oil. At that point, a mixture of water, sand, and various chemicals is injected into the well at high pressure to create fissures or cracks in the shale that allows the oil/natural gas to escape in much more quantity and more efficiently. Production in wells that utilize the fracking process have increased exponentially. The wastewater or flowback water from these wells flows back to the surface. It is ten

times saltier than the ocean and contains radioactive elements and toxic metals such as arsenic. This water is usually stored and disposed of in saltwater disposal wells that are prevalent throughout the region. It is anticipated that the revenue generated from the sale of water for industrial use would pay for at least 75% of the development costs of the new system.

Due to low snow pack levels in the mountains and continued drought conditions over the years, Lake Sakakawea and many of the area's dams, lakes and streams have been severely impacted with low water levels. This has negatively affected water recreation enjoyment by both local residents and visitors.

For the State of North Dakota, including the region for Tri-County, there are no sole source aquifers that have been identified for drinking water.

Solid Waste

The solid waste disposal in the three county area is handled through regional landfills located in each county. Landfills are presently located in Williston, Watford City, Crosby, Tioga, and Ray. All of these facilities are licensed for municipal waste. In the past, there were other inert landfills within the region that were being utilized by some of the communities. However, as a result of the new federal regulations, all of these sites have been closed. Recycling of tires, paper and aluminum products is encouraged in Williston. Also, there is separation of household appliances and vegetative materials at these landfill sites to help increase storage capacity. A solid waste management board represents the three counties in the area. Two sites in Williams County are licensed for oil field waste disposal.

Williams County's landfill, located approximately two miles out of Williston, is currently upgrading to maintain a sanitary site on 40 allotted acres. The life span of 30 years is based on 55 tons per day average. It has also been designated by the Solid Waste Management Plan as the regional landfill.

With the stricter laws on the improving and maintaining of landfills, the costs for solid waste disposal is increasing. Funds for upgrading and maintaining the landfills will force small community landfills to close and transport their solid waste to larger community landfills. Many of these communities have inert landfills that dispose of concrete, asphalt, demolition waste, yard waste and construction materials.

A Solid Waste Board meets regularly to discuss and solve the needs of the region. Recycling efforts have received a high priority by the board.

An operational volunteer recycling center is located at the Williston City Shop in Williams County. Products collected at the Williston Recycling Center includes paper, glass and aluminum cans. Recycling efforts in other communities have started but a joint effort is needed to transport recyclables to the Williston Recycling Center. This joint venture would benefit the whole region.

Recycling and inert landfills will be used as an alternative to traditional solid waste dumping. The significance of preserving our natural resources is escalating with public awareness, increased costs and stricter laws on the upgrading and maintaining of the region's landfill sites.

Hazardous Waste

Environmental Protection Agency (EPA) has listed four sites in the CERCILS Inventory. Williams County has three of those sites; Tenneco Oil Company - Gas Plant, Westland Oil Refinery and the old Williston Landfill. McKenzie County has one site recorded, the True Oil-Red Wing Creek Gas Plant.

The Environmental Protection Agency requires no further action by Tenneco Oil Company and Westland Oil Company. The True Oil-Red Wing Gas Plant completed the necessary sampling inspections but results so far have indicated that no further action will be necessary. The old Williston Landfill, which has been leased from the Army Corps of Engineers, during usage required further testing and traces of contamination were recorded. However, no further action has been necessary.

Hexom Construction, a resource in our region, accepts several types of hazardous materials approved by the State Health Department.

Wastex Recovery Service, a temporary storage facility for hazardous waste disposal, operates out of Belfield, North Dakota. This site collects the hazardous waste generated by a community or business. This transfer station can ship in quantities to a hazardous waste disposal site in another State. This system makes it possible to dispose of hazardous materials safely and in a cost effective manner.

Major Manufacturers or Users of Pesticides

According to the ND Department of Agriculture, there are no major manufacturers of pesticides within Divide, McKenzie, and Williams counties. There are no companies within the region that are utilizing pesticides for commercial or industrial application purposes. There are, however, many farmers and producers within all three counties that use pesticides on an individual basis or hire private crop spraying businesses to spray their small grain crops in the spring and summer months. There are also private weed spraying businesses within the oilfield that use pesticides on the oil well location sites to keep noxious weeds and rodents away from their buildings and equipment.

State law requires that all pesticides be registered with the North Dakota Department of Agriculture prior to being distributed, sold, offered for sale, or used in the state. This includes agricultural, industrial, and homeowner products such as insecticides, herbicides, fungicides, disinfectant, rodenticides, and any other product intended to kill, repel, or mitigate a pest.

The Pesticide Registration program area manages the registration of over 11,000 pesticides. The Pesticide Registration program area issues Section 24(c) Special Local Needs (SLN) registrations and submits requests to EPA for Section 18 emergency exemptions.

The pesticides are usually purchased from those local/regional businesses that specialize in the sale of agricultural products. In North Dakota, especially within this region, just about every local elevator, Cenex store, Horizon Resources store, or other retail store that specializes in agricultural products sells pesticides to farmers and producers. According to county emergency management officials, there are no hazardous chemical manufacturers within the region although there are some companies that store hazardous chemicals within their facilities. The list of known facilities is as follows:

| List of Hazardous Chemical Manufacturers/Storage Facilities | | | |
|--|-------------|--------------------------|---|
| County | City | Company | Hazard Chemical/Storage Facility |
| Williams | Williston | Halliburton Energy Serv. | Explosives in above ground bunker |
| | | Sanjel, Inc. | Oilfield chemicals in tanks and a warehouse |
| | | Red River Supply, Inc. | Asphalt liquids & diesel fuel in bulk tanks |

| | | | |
|-----------------|--------------|-------------------------|--|
| | | Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Ray | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Tioga | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Grenora | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Wildrose | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| McKenzie | Alexander | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Watford City | Cenex/Horizon Resources | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| Divide | Crosby | New Century Ag, Inc. | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Fortuna | New Century Ag, Inc. | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |
| | Noonan | New Century Ag, Inc. | Anhydrous ammonia, diesel fuel, & other farm fertilizers/chemicals in a warehouse and bulk tanks |

One of the concerns and issues with area farmers has been the amount of theft in recent years of anhydrous ammonia from bulk tanks. Anhydrous ammonia is one of the key ingredients used in making methamphetamine. Within the past five years the amount of break-ins within the region of anhydrous ammonia tanks had reached unprecedented levels. For illegal drug manufacturers, the opportunity was ideal. Many farmers in the region live in town during the winter months, the farmsteads are rural and isolated, and there is virtually no traffic. As a result of the amount of theft going on, new locks were invented for the anhydrous ammonia tanks and local law enforcement implemented a program of increased patrolling in rural areas. The combination of farmers visiting their farmsteads more often in winter months, the installation of new locks, and increased law enforcement patrols has significantly curtailed the amount of theft.

Natural Resources

The petroleum production industry boom has been underway in the Williston Basin geological region of western North Dakota, eastern Montana, northwest South Dakota, and southeastern Saskatchewan, Canada for the last two

years. Industry experts are predicting the current level of activity to last for another 10 to 15 years, or more. Petroleum production in North Dakota has increased from 123,000 in 2010 to 779,000 barrels per day as of February, 2013. Thus far in 2013, the North Dakota drilling rig count has spiked to 180 and there are 160 oil companies that own and operate wells in North Dakota. As a result of the level of production, North Dakota has moved up to #2 among the nation's oil producing states. According to a U.S. Geological Survey assessment that was released on April 10, 2008 there is an estimated 4.3 billion barrels of undiscovered, technically recoverable oil in an area known as the Bakken formation. A new study was undertaken by the USGS in late 2010 to look at the Bakken and Three Forks formations. The new study will look at oil and natural gas reserves and it should be completed within the next few months. Industry officials are predicting the new assessment will document even more recoverable oil and natural gas than previously thought.

There are large recoverable coal reserves in Williams and Divide Counties. Another coal associated resource, coal bed methane gas, may be an option in the future as a recoverable energy resource for the region that could create additional jobs in the mining industry. Leonardite is another type of coal mined from the ground east of Williston for the last 60 years. It is a brown, oxidized lignite coal used in oil drilling mud, in foundries, and agricultural applications for years. A processing plant was built in 1982 by GEO Resources and currently owned by Leonardite Products, LLC and has six employees. It is named after North Dakota's first geologist, Dr. A.G. Leonard.

Other mining resources that exist throughout the area include deep deposits of salt and potash. Because of the depth of these beds, solution mining is the only practical way to recover the minerals. A salt mine was in existence in Williston but closed in the late 1980's due to market conditions. Within the past two years, a local engineering firm completed a feasibility study on the potential mining of potash in the Noonan area, which is in Divide County. According to the engineering firm, the potash deposit in the Noonan area has the potential of being the largest deposit in the world. Potash is used extensively as a soil fertilizer and is important to agriculture as it improves water retention, yield, nutrient value, taste, color, texture, and disease resistance of food crops. The largest producers of potash are Canada, Russia, and Belarus. If developed, this project has the potential of surpassing the energy industry boom in terms of revenue generation.

Wildlife resources are important to the area. Fishing on Lake Sakakawea and both the Missouri and Yellowstone Rivers provides both recreational and economic opportunity. A number of small lakes and dams also provide opportunities for fishing, boating and camping. Upland game bird hunting is a significant activity with hunters coming from as far as both the east and west Coast to hunt pheasants grouse and partridge. Big game species include white-tailed and mule deer, antelope and big horn sheep. Coyote, red fox and other furbearers are also present. Sighting and other data suggests the mountain lion population is expanding within the Missouri River breaks, the counties bordering Lake Sakakawea and the upper portion of the Missouri River. During the last two hunting seasons, mountain lions have been successfully hunted in the region with the Grassy Butte area being the most populated with this species.

Threatened and Endangered Species

The only threatened species in the region is the bald eagle. The endangered species in the region includes the peregrine falcon, the whooping crane, the least tern, the piping plover, the pallid sturgeon, and the black footed ferret. The peregrine falcon and whooping crane migrate through the area. The least tern and the piping plover nest on the shoreline and sandbars on the Yellowstone and Missouri Rivers, and the beaches of Lake Sakakawea. The piping plover also nests on the shoreline of several small lakes in Divide and Williams Counties. The pallid sturgeon has been documented to inhabit the Missouri and Yellowstone Rivers in the area. The range of the black footed ferret extends only into McKenzie County.

Lake Sakakawea, an impoundment on the Missouri River caused by the construction of the Garrison Dam in the early 1950's covers 127,000 acres of McKenzie and Williams Counties. It flooded out the majority of the forestland in the area. It also flooded out a large portion of the primary hay production and wintering sites for many of the ranch units in Williams and McKenzie Counties. Most remaining forestland is located in woody draws in rangeland and along the Little Missouri, Yellowstone and upper Missouri rivers.

Much of the outdoor recreation is centered on Lake Sakakawea when lake levels are favorable. There are three public recreation facilities within the area on the lake that offer camping and boat landings. Those include Little Beaver Bay Recreation Area and Lewis and Clark State Park located in Williams County, and Tobacco Gardens Recreation Area in McKenzie County. There are also a number of well-developed cabin sites along the lake. Most communities in the area have ball fields, picnic areas and playgrounds.

Grass green golf courses are present in Watford City, Crosby, Tioga, Ray and Williston. Arnegard, Wildrose, Grenora and Blacktail Dam have sand green courses. A private organization owns an 18-hole grass green golf course in southeast Williams County called Red Mike Resort. It is one of the top ranked links golf courses in the USA. It is located adjacent to a little developed recreation site on Lake Sakakawea known locally as Little Egypt.

The region does not have any designated or proposed wilderness areas under the Wilderness Act; any wild or scenic rivers under the Wild and Scenic Rivers Act; nor is the region within a designated Coastal Zone area with a federally approved Coastal Zone Management Plan in accordance with the Coastal Zone Management Act of 1972.

Historic Areas

Historic sites include Writing Rock in western Divide County. Writing Rock received its name from petroglyphs (stone carvings) carved into two granite boulders on the site. Historians believe the drawings (estimated between 300 to 1,000 years old) represent the Thunderbird, a mythological figure sacred to the Late Prehistoric Plains Indians who believed they caused thunder and lightning.

Fort Union Trading Post National Historic Site is located in extreme southwest Williams County. This site has been restored in recent years and offers tours and information on the fur-trading industry of the early 19th Century. An active living history program offers 5 – 6 special events each year.

Fort Buford State Historic Site is located near Fort Union and preserves the early military history of the area. Of notable interest, Hunkpapa Lakota Sioux Chief Sitting Bull surrendered at Fort Buford on July 19, 1881 five years after the battle at the Little Bighorn. Because of its historic significance and as a tourist attraction, a military barracks was reconstructed in 2003 on one of the four original sites from the 1880's.

The Missouri-Yellowstone Confluence Interpretive Center is a 2,000 square foot museum located southwest of the community of Trenton near the Montana border at the juncture of the Yellowstone and Missouri Rivers. The North Dakota State Historical Society operates this facility and held the grand opening dedication on August 23, 2003. This center features exhibits on the geography, geology, and history of the area. The facility includes two exhibit galleries, museum store, meeting room, and offices. Approximately 10,000 to 12,000 people visit this center annually.

In 2001, efforts by a local historian identified the Cut Bluff Expedition Overlook site located 2.5 miles southeast of Williston where Meriwether Lewis conducted compass readings from in 1805. This area is currently identified as an historic site and provides a point of interest for the public regarding Lewis and Clark history.

Land Management

Considerable land is owned and/or managed by federal and state agencies. The U.S. Army Corps of Engineers manages 50,000 acres of land and approximately 127,000 acres of water in the area.

The USDI National Park Service manages 24,466 acres in the North Unit of Theodore Roosevelt National Park in McKenzie County and the Fort Union Historic Site in Williams County. These areas offer opportunities for outdoor recreation activities and tourism, respectively.

The USDI Fish & Wildlife Service manages 15,185 acres of waterfowl production areas, primarily in Divide and Williams Counties. Lake Zahl in Williams County is a National Wildlife Refuge.

McKenzie County has 503,138 acres of National Grasslands that are managed by the USDA Forest Service. The USDI Bureau of Land Management controls 1,987 acres in 62 small tracts.

The North Dakota State Game & Fish Department owns and manages 3,859 acres in the area. Some of these acres, primarily in the Lewis & Clark Bottoms of the Missouri River, have multiple uses with some farming allowed on them. Leased acres include 13,381 acres in McKenzie County and 8,136 acres in Williams County.

The North Dakota State Land Department manages 123,907 acres of primarily grazing lands within the three county area. There are 2,056 acres managed by the North Dakota State Parks and Recreation Department, the largest of which is Lewis & Clark State Park on Lake Sakakawea approximately 20 miles east of Williston. The North Dakota State Historic Society controls 189 acres including the Writing Rock Historic Site in western Divide County and the Fort Buford Historic Site in southwest Williams County.

The Fort Berthold Indian Reservation covers a small area in southeast McKenzie County. Total acreage owned and managed by the tribe that also includes noncontiguous acquired properties in the county is 91,863 acres. Approximately 965,167 total acres of land and water in the three county area is owned and/or managed by federal and state agencies.

Archaeological & Cultural Sites

Within the Divide, McKenzie, and Williams county areas there are a number of archeological and cultural resource sites that may have an effect or constraint on a project. A list of these specific sites was not available as the North Dakota State Historical Society, as a matter of policy for general planning purposes, does not provide this information to the general public as it is updated daily and is quickly outdated. Normally a planned project contacts the state office for specific cultural resource site related information on a project-by-project basis.

As a result of the energy boom in the last two years in the region, there has been an astronomical increase in the amount of heavy oilfield and construction truck traffic through the City of Williston. Within the past year, the City of Williston and Williams County officials had developed three different plans for a permanent truck bypass that would divert heavy truck traffic around the City of Williston. The city and county officials had preferred a route that was closer to the city than the alternate routes. However, the North Dakota Department of Transportation decided that the favored local route was not an option as the truck bypass would pass through Indian burial sites and land where Indian tribes would gather. This land is considered "sacred" and is off limits to any kind of development/disturbance.

Now, the city and county are looking at the other two alternate truck bypass routes as viable options. The end result is that either route is going to be more expensive as they are longer and will cost more to build. Plus, there will be more of an impact to private landowners.

In any future development projects within the region, when a project encounters an archeological and/or cultural resource site, if the project has to move to another site the major consideration to the proposed development is the additional cost that will be incurred. The additional cost to a project as a result of having to move away from a known cultural and archeological resource site will be a factor in any future development.

Floodplain Areas

Although there are a number of areas in the region that are within the identified 100 year floodplain, development still continues in every part of the region at a record pace. The list of those areas within the 100 year floodplain is as follows:

| List of 100 Year Floodplain Areas | |
|--|--|
| City/Area | Area Within 100 Year Floodplain |
| Alexander | all areas of the city |
| Noonan | northwest area of the city |
| Ray | southern half of city limits, McCleod Lake, & sewage disposal pond |
| Watford City | western, southern, north central, northwest areas of the city, and some of the new proposed annexed parcels will be in floodplain areas |
| Tioga | all areas of the city |
| Williston | none of the areas within city limits but those areas that follow the Little Muddy River and other areas just outside the corporate limits are in the 100 year floodplain areas |
| Trenton township | all of the southern half of the township – which is where the Missouri River joins the Yellowstone River and flows into Lake Sakakawea |
| Buford township | all of the southern half of the township – which is where the Missouri River joins the Yellowstone River and flows into Lake Sakakawea |

Development continues in some areas that are within the designated 100 year floodplains. In some communities, additional site work has been done to bring the buildings and project out of the floodplain area.

In the future, this type of mitigative action may take place more often, which may in the end, reduce the amount of surface area lands within the designated floodplains.

In the Trenton and Buford township areas, the land has been used extensively for agricultural use – irrigated farming. A few years back, as a result of the frequent flooding taking place, all of the farmers living in the affected flood areas of these townships formed an association and approached the North Dakota congressional delegation to assist in addressing the flooding problem. A compromise was reached and a Congressional act was passed where the affected farmers and landowners were compensated using a fair market value method by the Federal government for their farms and land. Each landowner was also allowed to keep their homestead and lease their former land back from the government for an annual nominal fee. Since the landowners were essentially bought out by the Federal government, in the event of another flood, they would no longer be eligible for any type of financial assistance provided through flood protection programs.

Land Conservation

In reviewing the Natural Resources Inventory (NRI) reports from 1982 to 2003 compiled by the Resource Conservation & Development program, it showed that erosion rates on cropland in the Missouri River Basin decreased from 7.9 tons per acre per year to 4.9 tons per acre per year, respectively. This improvement is the direct result of two factors: first, the use of conservation tillage has proven to be an effective method to control both wind and water erosion and needs to continue to be encouraged through education.

Strip-till and no-till have been particularly effective in controlling erosion which also results in improved water quality as well as nutrient management. Second, enrollment of marginal, highly erodible cropland in the Conservation Reserve Program (CRP) has also reduced erosion by placing this land in a permanent vegetative cover. There will be continued pressure to return CRP lands to crop production because of current high commodity prices. Options need to be explored that will prevent these acres from returning to eroding cropland after contracts expire.

Issues/Concerns

Within the past two to three years, the energy sector boom in oil and natural gas extraction in the region has created thousands of new well paying jobs, attracted hundreds of new companies to the area, assisted in diversifying local and regional economies, and it has generated immense new wealth for the region. However, the energy sector boom has also created a multitude of unforeseen problems.

Some of the more re-occurring problems that each community and county has been experiencing have been in the areas of:

- ❖ Oilfield heavy truck traffic – each new oil well that is drilled in the region requires an average of 2,000 visits by trucks – mostly 18 wheel trucks with trailers. The access roads to these well sites are unpaved, dusty roads. The amount of dust being kicked by the truck traffic is affecting grain crops being grown by nearby farmers, it is causing respiratory problems for nearby residents, and it is affecting traffic visibility. Some of the trucking companies in Williams and McKenzie counties have begun to apply multiple coats of an oil based liquid mixture to some of the high traffic gravel roads to try and cut down on the amount of dust being generated. The mixture is supposed to be environmentally friendly but it does not last long due to the amount of traffic on the roads. During the summer and winter months if a person is traveling from Stanley to Williston there is usually a dusty haze in the air that can be seen from at least 50 – 60 miles away. At times in certain places, the dusty haze is comparable to a thick fog. Although the State Health Department is aware of the situation, it is not serious enough for them to take any corrective action.

- ❖ Road improvements – within the region there is an ever growing need to replace and/or upgrade many of the major roadways presently in use. One of the problems the ND Department of Transportation has been experiencing is the presence of cultural and archaeological resources in the project area. In one project so far outside the City of Williston, the original truck reliever route had to be changed due to the presence of an Indian burial ground in part of the planned roadway. Two other alternate routes were developed by the Department of Transportation and are now under consideration by city/county officials.
- ❖ Oilfield waste dumps – all of the municipal and regional landfills have had to implement new changes to their existing ordinances that deal with the acceptance of oilfield waste products. Some of the oil and trucking companies were attempting to unload and dump oilfield waste that contained radioactive material. The regional landfill has had to purchase gieger counters, train the landfill personnel, and develop new guidelines for the existing ordinances on what the landfill can legally accept. The landfill has been providing on-going training to the oil and trucking companies on the types and amounts of oilfield waste their facility can legally accept.
- ❖ Waste from mancamps – with temporary housing (mancamps) being installed at a record pace throughout all three counties, another problem has been the illegal dumping of wastewater and effluent from the mancamps on private lands. In some cases, mancamp facilities have contracted with private firms to clean/dump their wastewater and effluent. Instead of applying for and receiving a permit from a facility licensed to accept this type of waste, they choose to go out in the middle of the night and empty their trucks on private land without approval or permits from the State Health Department. In some cases, the trucks empty their tanks on township or county gravel roads while driving down the road. Landowners and alert motorists have reported this activity to the State Health Department. One of the problems with enforcement is the lack of investigative manpower. Some of the companies have gotten caught and have been forced to pay fines. If the level of illegal activity continues, the State may have to consider increasing their fine amounts and issuing orders for companies to cease and desist operations.
- ❖ Oilfield spills and cleanup – an on-going problem with the trucking companies that haul chemicals to the wells or crude oil from the well sites is the spills that occur from traffic accidents, leaking tanks, or faulty valves. Spills occur on a weekly basis and the State Health Department does not have enough personnel hired to effectively monitor the situation. The State Health Department does have a protocol in place to handle spills and cleanup. When proper protocol has been followed in the case of a spill and cleanup, the State Health Department reports there has been no environmental impact to the affected site. The biggest problem in this area is the amount of spills actually being reported to the State Health Department. The State Health Department has estimated that less than half of the actual spills are being reported to their office.
- ❖ New oil and gas pipelines – within the past two years hundreds of miles of natural gas gathering pipelines and oil transport lines have been installed in various locations throughout all three counties. Although the proper protocols are in place with the appropriate State/Federal agencies in case of a ruptured line or accidental spill, to date there has not been any incident to determine how effective the established protocols really are.
- ❖ Salt water disposal wells – although these wells are in place to accept the wastewater or flowback from those horizontal wells that utilized the fracking process, there have been some instances in recent months where oil and trucking companies have been dumping other types of oilfield waste down into the salt water

disposal wells. In the cases where the illegal dumping was identified, the companies responsible were fined by the State Health Department and the Environmental Protection Agency. According to State Health Department press releases, the illegal dumping activities did not pose any immediate or long term environmental threat to the water aquifers. The salt water disposal wells, however, were not designed to handle the toxic chemicals the companies were illegally dumping.

- ❖ Fracking process - while this process has allowed oil companies to significantly increase production in the Bakken and other shale formations, it has not been without its detractors or environmental concerns. Fracking wells are typically drilled thousands of feet deeper than a traditional natural well. The fracking well usually requires between two and five million gallons of freshwater – up to 100 times more than traditional extraction methods. A fracking well usually utilizes “fracking fluid”, a mixture of water, sand, and toxic chemicals. While most states do not require companies to disclose the exact content of “fracking fluid”, recent studies of fracking waste have indicated that the fluid contains formaldehyde, acetic acids, citric acids, boric acids, and hundreds of other chemical contaminants. A fracking well usually creates many times more wastewater than a traditional well.

One of the major concerns from the general public with the fracking process is the potential contamination of existing water aquifers. Studies have shown in other states, particularly Pennsylvania, that the fracking process used for extracting natural gas and oil in that state may have contaminated some water aquifers. The difference between North Dakota and Pennsylvania is the depth of the shale formations. The Marcellus shale formation in Pennsylvania is very shallow – about 4,000 to 5,000 feet deep, which is very close to the depth of their water aquifers. The Bakken and other shale formations in North Dakota are at a minimum of 10,000 feet deep, way below the existing water aquifers. The State Health Department, industry officials, and officials from the ND Oil and Gas Division have repeatedly stated in presentations and meetings that the fracking process in North Dakota poses no environmental threat to any existing water aquifers.

One of the problems with the fracking process that will continue is the amount of water needed for each well. Community water systems that utilize water wells with treatment systems have to apply each year to the State Water Commission for their annual water allocation. In most cases, the communities may have some water left from their annual allocation that is sold for agricultural and industrial use. Private sector companies are now installing water depots in various locations throughout the region to sell water to oil companies for industrial use in the fracking process. The problem this has created is that up to this point the private sector companies have operated with little or no accountability to the State Water Commission while the public sector entities have periodic water usage reports that must be submitted to the State Water Commission. The concern is that the private sector companies, if left to themselves, will eventually exhaust the water supply that was intended for public use.

Another concern is the enormous amount of wastewater that is being generated through the fracking process. Millions of gallons of water for each well, once it has been used in the fracking process, is no longer useable for any purpose. The industry anticipates drilling at least another 10,000 new horizontal wells in North Dakota. That is a lot of water that could possibly be used for other purposes. There have been other private sector companies that have doing some research and development on the wastewater issue. According to media reports, there is at least one company that has developed a filtration system for wastewater that treats it to the point where it is as good as ordinary tapwater. The filtration system is now in the patent phase of development.

- ❖ Well site locations – the distance of wells from private residences continues to be a major issue within the region. At the moment, by legislation, the location of an oil or natural gas well from a private residence has to be a minimum of 500 feet. Within the past few months, legislation was proposed to extend the minimum distance to 1,000 feet of a residence. A compromise was reached to extend the minimum distance to 750 feet but the bill could not get unanimous support and was defeated. The problem with the minimum distance is that adjacent residents have reported cases of noxious smells which has caused minor temporary illnesses, films of grease/dirt on homes, buildings, livestock, etc., and salt water spills from the wells that have spilled onto private land killing everything in its path. The landowners associations in each county have plenty of support but it has not been enough to sway the minds of the North Dakota legislature. Oil well drilling in the region will continue at a record pace and the minimum spacing of oil and gas wells from private residences, in all likelihood, will remain a concern and problem.

Section 2 – Comprehensive Economic Development Strategy Plan

PURPOSE

The Tri-County Regional Development Council (TCRDC) was formed to coordinate and assist communities in the local/regional area with the development of strategic plans; improve and diversify the local/regional economy by providing planning, technical assistance, and resources; develop working relationships with the region's communities by closely working with local leadership groups that will assist in identifying and addressing issues of mutual concern; and to collect and maintain demographic and statistical data for the area.

This updated comprehensive economic development strategy document has its foundation in the strategic planning efforts of the three counties that make up the District and its communities. The strategies developed in this document are the result of a synthesis of priorities established through those local planning efforts and through input provided from local leadership and development groups. Regional consensus has been obtained not only by the adoption of this effort by the diverse CEDS Committee membership listed below but also adoption by the group of regional developers and leadership that is responsible for the implementation of the strategies. It is a difficult endeavor to deliver the written form of this document, as it is a continuous process that assesses and addresses change and opportunities presented almost daily. However, the avenues of communication and consensus building that are brought about by the process and the improved working relationships between the multiple groups of interests that are a result of the process make the effort worthwhile. TCRDC staff is responsible for the preparation of this document and reporting progress and in many cases responsible for implementing and coordinating efforts to accomplish the goals and objectives of the CEDS. TCRDC staff is limited to an Executive Director, Administrative Assistant, and Office Manager. Given the importance placed by the Council on staff presence at the local level and the number of meetings necessary to ensure local input into both the CEDS and the work plans of the organization, the role played by local groups of stakeholders in “stepping up to the plate” and undertaking the actions described in this document is critical.

The current board members of the Tri-County Regional Development Council and CEDS Committee are as follows:

| <u>Name</u> | <u>County</u> | <u>City</u> | <u>Elected</u> | <u>Date of Appt</u> | <u>Sex/Race</u> | <u>Age</u> |
|-----------------------|---------------|--------------|----------------|---------------------|-----------------|------------|
| Brent Sanford | McKenzie | Watford City | Yes | 12/10 | Male/White | +30 |
| Richard Cayko* | McKenzie | Fairview | Yes | 1/97 | Male/White | +40 |
| Martin Hanson | Williams | Williston | Yes | 12/06 | Male/White | +40 |
| Brad Bekkedahl | Williams | Williston | Yes | 8/98 | Male/White | +40 |
| Ruby Sylte | Williams | Williston | No | 12/07 | Female/White | +40 |
| Betty Brown | Divide | Crosby | No | 4/97 | Female/White | +40 |
| Henry LaDue* | Williams | Trenton | Yes | 4/12 | Male/Al | +40 |
| Fran Zerr | Williams | Williston | No | 4/06 | Female/White | +40 |

| | | | | | | |
|-------------------------|----------|-----------|-----|-------|------------|-----|
| Orvin Finsaas | McKenzie | Fairview | No | 4/06 | Male/White | +40 |
| Pat Hatlestad* | Williams | Williston | Yes | 3/00 | Male/White | +40 |
| Doug Graupe | Divide | Crosby | Yes | 1/00 | Male/White | +40 |
| Les Bakken* | Divide | Crosby | Yes | 12/10 | Male/White | +40 |
| Nathan Germundson | Williams | Tioga | Yes | 4/11 | Male/White | +30 |
| Dr. Ray Nadolny* | Williams | Williston | No | 7/09 | Male/White | +40 |

* Denotes executive committee membership.

OVERVIEW OF TRI-COUNTY ECONOMIC DEVELOPMENT DISTRICT

The Tri-County Regional Development Council is a regional planning council that was created by the counties of Williams, Divide, and McKenzie and the city of Williston. City and county commissions were given legislative and administrative authority to create special districts to provide specific governmental services.

According to the 2010 census report, Williams County has the largest population in the region at 22,398; McKenzie County was next with a population of 6,360; and Divide County had a population of 2,071. The largest communities in the region are Williston – population of 14,716; Watford City – population of 1,744; Tioga – population of 1,230; and Crosby with a population of 1,070. Between 2000 and 2010, two of the three counties within the region experienced a significant increase in population: Williams County 11.8%, and McKenzie County 9.8%. Divide County had a decrease in population of 9.3%. As a whole, the State of North Dakota increased 0.5% during this same period of time. Many state officials attribute the population increase to the energy boom taking place in the region. The amount of persons per square mile in the region is 4.9, compared to 9.7 persons per square mile in the State of North Dakota. On the average, 22.2% of the population within the region is under the age of 18.

Since 2010, however, the demographics in all three counties have changed dramatically. The energy sector boom has created thousands of new jobs, increased the population in all three counties, spurred development in all areas to record levels, created unprecedented wealth in all areas, increased demand on public services, etc.

ECONOMY

Employment trends and personal income trends provide insight into the economy of the region. In 2010, the county unemployment rates were as follows:

- ❖ Divide – 3.7%
- ❖ McKenzie – 3.1%
- ❖ Williams – 2.0%

In March of 2012, according to Job Service North Dakota, Williams County recorded a 0.8% unemployment rate. The rate is believed to be the lowest unemployment rate ever recorded for the State of North Dakota and possibly or the entire United States.

Within the region, the following employment status of those individuals 18 years of age or older is:

- ❖ 68% employed
- ❖ 19% retired
- ❖ 11% homemaker, student, or other
- ❖ 3% unemployed

In looking at the current workforce characteristics of the region:

- ❖ 90% have education/training beyond high school
- ❖ 21% have obtained an undergraduate degree
- ❖ 8% have a post graduate/professional degree
- ❖ Median age is 44 years old
- ❖ Population of 44,763 age 18 or older
- ❖ Above average computer skills: word processing (62%) and data information entry (56%)
- ❖ 36% of workforce willing to commute 31 miles one way or further
- ❖ 26% of potential job seekers have a college or advanced degree
- ❖ 8% of potential job seekers have at least one technical college degree

Within every economy, there exists a core of occupations where most/all of the available workforce are employed. The core of occupations varies from county to county, state to state, urban versus rural, etc. In the Tri-County region, the core occupational groups are as follows:

| Occupational Groups that Exist in the Region | |
|---|----------------------|
| Occupational Group | Within Region |
| Healthcare Support | 17% |
| Sales and Related | 14% |
| Production | 11% |
| Office and Administration Support | 10% |
| Education, Training, & Library | 9% |
| Business & Financial Operations | 7% |
| Farming, Fishing, & Forestry | 7% |
| Transportation & Material Moving | 5% |

| | |
|-------------------------------------|-----|
| Personal Care & Service | 3% |
| Construction & Extraction | 3% |
| Management | 2% |
| Community & Social Services | 2% |
| Food Preparation & Serving Related | 2% |
| Building & Grounds Cleaning/Maint. | 2% |
| Installation, Maintenance, & Repair | 2% |
| Architecture & Engineering | 1% |
| Life, Physical, and Social Science | 1% |
| Legal Occupations | 1% |
| Arts, Design, Entertainment, Sports | 1% |
| Protective Service | 1% |
| Computer & Mathematical Science | <1% |
| Healthcare Practitioner & Technical | <1% |

While the region's economy is based on agriculture and oil (mining), the majority of employment from 1970 to 2000 has been in the services and professional sector of the economy. Trends in agriculture continue as farm unit numbers decrease, become more mechanized, and get larger. Total district farm employment decreased by 1008 jobs from 1970 to 2000. Ag Service employment increased during that time period, but only by about 100 jobs. If efforts to diversify production into higher value irrigated crops are successful, this trend should be somewhat mitigated as each 160-acre pivot installed adds one farm and ag service job. From 2010 to the present, approximately 30 pivot irrigations systems have been installed in the Mon-Dak region on an annual basis, resulting in approximately 90 new jobs.

The energy sector boom has been underway in the Williston Basin geological region of western North Dakota, eastern Montana, northwest South Dakota, and southeastern Saskatchewan, Canada for the last three years. Although the boom began quietly in 2007, in 2008 a geologic study completed by the USGS was released to the public. The study documented that there was approximately 4.3 billion barrels of technically recoverable oil in the Bakken shale formation, making it the largest contiguous formation of oil in the U.S. The news of the study, along with the new horizontal drilling technique and fracking process, triggered the energy sector boom the region is now experiencing.

Industry experts are predicting the current level of drilling activity to last for another 10 to 15 years, or more. Petroleum production in North Dakota has increased from 123,000 barrels per day in 2010 to 779,000 barrels per day in February of 2013. From 2010 to 2013, the North Dakota drilling rig count has increased from 51 rigs to 180 rigs. Over 160 oil companies now own and operate wells in North Dakota. North Dakota has now moved up to #2 among the nation's oil producing states, only behind Texas. Industry experts are predicting that if market conditions remain the same and the level of activity continues at the current pace, North Dakota is on track to surpass Texas as the #1 oil producing state in the nation within the next 4 – 5 years.

Employment in the mining sector, attributed to the oil industry, created 655 new jobs during the 1970-2000 time period. The sector has recently been more stable than the volatile contractions and expansions experienced in previous energy sector booms. However, from 2007 to 2011, employment in the mining, quarrying, and oil and gas extraction area has exploded. Within the region, over 15,000 new jobs have been created with many more unfilled due to the shortage of an available workforce. Williams County experienced the largest increase in employment growth as 12,561 new workers were hired. This amount more than doubled the employment in the county.

Within the region, most of the employment growth was in the following areas:

1. Mining, quarrying, and oil/gas extraction
2. Transportation and warehousing
3. Construction

Although there was strong employment growth throughout the region, there were some employment sectors that did experience some significant declines. Those areas are as follows:

1. Health Care & Social Assistance
2. Administrative & Waste Services

These two areas of decreases had an offsetting effect on the region's employment growth equal to about 7.4% of the size of the region's net job increase. The decrease in employment in the health care and social assistance area is a bit concerning as every medical facility in the region has undergone some sort of renovation or expansion within the past three years, which means adding additional staff in most cases. The problem, however, is the ability to fill the available jobs. Without adequate affordable housing, many jobs remain unfilled in the region.

Another income trend that presents a long-term threat to the regional economy is the fact that between 1970 and 2000 the fastest growing component of personal income, in real terms, was from non-labor sources of income. In 1970, Non-Labor Income sources represented 22% of total personal income in Divide County, 20% in McKenzie County, and 27% in Williams County. In 2000, Non-Labor Income sources represented 58% of total personal income in Divide County, 42% in McKenzie County, and 43% in Williams County. The statistic reflects the aging of the region, as district residents are entering retirement at a faster pace than new residents are entering the workforce. Unless the out migration of youth is addressed successfully, the regional economy of the future will be bleak as today's retirees die and their income producing assets are passed on to their heirs, the majority of which no longer reside in the region.

Within the past three years, however, the out migration of youth has changed dramatically. The energy sector boom has created thousands of new jobs which have been filled by, for the most part, new young families. Many former North Dakotans have also moved back into the region to fill those new jobs being

created. The one factor that could change our regional economy is how many of the new young families have moved into the region for temporary or permanent work. As we have seen in the past, the energy sector tends to be cyclical in nature based upon current national and global market conditions. However, there are a lot more factors that come into play in this energy sector boom compared to past booms. The availability of oil, enhanced drilling and extracting techniques, current and future oil production by the state, current market conditions, a change in the national energy policy, etc. have all contributed to a very different energy boom. Within the region, most of the energy sector jobs being created are in the drilling end of a well. However, once the drilling begins to decrease there will also be many job opportunities available in the production side of a well. If many of the new young families decide to work and stay with the production side of the energy sector, the regional economy will continue to grow and prosper for many years to come.

Average earnings per job, in real terms, have continued to change within the past few years in all district counties.

| Average Annual Wage by County | | | |
|--------------------------------------|-------------|-------------|-------------|
| County | 1970 | 2000 | 2008 |
| Divide | 27,920 | 14,557 | 28,181 |
| McKenzie | 30,610 | 19,919 | 42,637 |
| Williams | 25,266 | 21,256 | 48,632 |

The change, for the most part, is due to the energy sector boom that was quietly beginning to start in 2007.

Within the region, the majority of the economic growth has been in McKenzie and Williams counties. Specifically, the communities of Watford City and Williston have experienced the largest increase. From 2007 to 2012, Williams County has had 926 new business start ups. Over 450 of the new businesses have located within the City of Williston. The city now has 5 of the top 10 largest oil companies in the world with district or regional offices located in Williston.

As a result of the energy sector boom, for the last two years the region has become the state leader in:

- ❖ Taxable Sales and use
- ❖ # of Oil Rigs Within a 70 Mile Radius
- ❖ Mining (oil) Employment
- ❖ Number of Oil Companies
- ❖ Crew Camp Capacity and Occupancy
- ❖ # of Building Permits Issued
- ❖ Average Annual Salary Statewide
- ❖ Housing Shortage/Rent Inflation
- ❖ Oil Truck Traffic within City Limits
- ❖ Power Usage and Consumption
- ❖ Oilfield Water Usage

❖ Micropolitan Growth for the U.S.

From July 1, 2011 to July 1, 2012, two of the top ten fastest growing micropolitan areas in the United States have been in the oil producing counties in western North Dakota. The areas are as follows:

| | |
|-------------------------|-------------|
| 1. Williston, ND | 9.3% |
| 2. Junction City, KS | 7.4% |
| 3. Dickinson, ND | 6.5% |
| 4. Andrews, TX | 4.7% |
| 5. Vernal, UT | 4.1% |
| 6. Heber, UT | 3.8% |
| 7. Elk City, OK | 3.5% |
| 8. Elko, NV | 3.5% |
| 9. Pullman, WA | 3.4% |
| 10. Fort Polk South, LA | 3.2% |

Williston, for the second year in a row, is now the leader in the state in the amount of city sales tax generated and collected. According to the most recent statistics released by the ND Office of State Tax Commission, in the second quarter of 2012 Williston generated a net gain of approximately \$325 million in city sales tax compared to the second quarter of 2011, followed by Minot and Dickinson with approximately \$ 90 million each in net gains. In the third quarter of 2012, Williston has generated over \$1 billion in city sales tax. The record sales tax collections, along with the increase in oil production and oil extraction taxes, could very well position the state to record budget surpluses for the next few years to come. For the last biennium, which ended June 30, 2012, the state predicted a \$1.2 billion surplus, the actual surplus amount was \$ 2.1 billion. Some officials at the state level are predicting a \$4 billion surplus for the next biennium. While some state legislators feel the figure may be too high, industry officials feel if the current trend continues without any major changes the \$4 billion figure may not be out of line.

The Oil and Gas Industry in North Dakota continues to face a number of labor force challenges which are limiting the full potential of the industry. These challenges include:

- ❖ Lack of affordable housing
- ❖ Workforce/Skill Shortages
- ❖ Worker Retention
- ❖ Aging workforce
- ❖ Industry Expansion
- ❖ Industry Perception

At the present time, the biggest challenge affected the labor force in the region is the lack of affordable housing. Many energy sector companies have taken it upon themselves to purchase apartment unit complexes to provide affordable housing for their workforce. Some companies are also providing housing assistance in the form of monthly subsistence to their workforce. Those companies that do not provide housing or housing assistance are adopting a policy where they will not hire a new employee unless they can verify that they have a place to live. Since some companies require extensive training programs for entry level employees, it is their feeling that if employees have adequate housing there is a better chance of the employee becoming permanent.

The labor force challenges of the Oil and Natural Gas Industry is further complicated by the labor force challenges faced by the State of North Dakota. These challenges include:

- ❖ Low population bases in Western North Dakota
- ❖ Low unemployment rate in the counties in Western North Dakota
- ❖ High labor force participation rate
- ❖ Aging population
- ❖ Expanding economy in most sectors

The effect of the oil activity on northwestern North Dakota has shown up in higher population numbers in all three counties within the last three years. According to the U.S. Census Bureau, Williams County showed a growth rate of 8.8% from 2010 to 2011, increasing the population to an estimated 24,374. McKenzie County increased 10.4% to a population of 7,019. Divide County increased by 7.6% to a population of 2,228.

As a result of the oilfield activity and the additional jobs that have been created, all of the communities within the region are experiencing severe shortages of single family homes and rental housing. One of the concerns in addressing the housing issue is the cyclical nature of the oilfield industry. Some of the communities, banks, and businesses in the region were adversely affected by the last oilfield boom and bust. As a result, there is a natural reluctance and caution to plan and finance additional housing developments. One important variable is the willingness of developers, investors, lenders, and builders to accept the risks associated with such projects. However, the region cannot begin to address the current labor shortages until there is adequate housing.

THE COMMUNITIES OF THE TRI-COUNTY REGION

Within the Tri-County region, there are approximately fifteen incorporated and four unincorporated communities. The incorporated communities are as follows:

| COMMUNITY POPULATION IN REGION I | | | | | | | |
|----------------------------------|------------|-------|-------|-------|----------|---------|---------|
| | POPULATION | | | | % CHANGE | | |
| | 1980 | 1990 | 2000 | 2010 | 80 - 90 | 90 - 00 | 00 - 10 |
| DIVIDE COUNTY | 3,494 | 2,899 | 2,283 | 2,071 | -17.0% | -21.2% | -9.3% |
| Ambrose | 60 | 48 | 23 | 26 | -20.0% | -52.1% | 11.5% |

| | | | | | | | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Crosby | 1,469 | 1,312 | 1,089 | 1,070 | -10.7% | -17.0% | -1.8% |
| Fortuna | 98 | 53 | 31 | 22 | -45.9% | -41.5% | -29.0% |
| Noonan | 283 | 231 | 154 | 121 | -18.4% | -33.3% | -21.4% |
| Incorporated | 1,910 | 1,644 | 1,297 | 1,239 | -13.9% | -21.1% | -4.5% |
| MCKENZIE COUNTY | 7,132 | 6,383 | 5,737 | 6,360 | -10.5% | -10.1% | 9.8% |
| Alexander | 358 | 216 | 217 | 223 | -39.7% | .004% | 2.7% |
| Arnegard | 193 | 122 | 105 | 115 | -36.8% | -13.9% | 8.7% |
| Watford City | 2,119 | 1,784 | 1,435 | 1,744 | -15.8% | -19.6% | 17.7% |
| Incorporated | 2,670 | 2,122 | 1,757 | 2,082 | -21.3% | -17.2% | 15.6% |
| WILLIAMS COUNTY | 22,237 | 21,129 | 19,761 | 22,398 | -5.0% | -6.5% | 11.8% |
| Alamo | 122 | 69 | 51 | 57 | -43.4% | -26.1% | 10.5% |
| Epping | 104 | 64 | 79 | 100 | -38.5% | 23.4% | 21.0% |
| Grenora | 362 | 261 | 202 | 244 | -27.9% | -22.6% | 17.2% |
| | | | | | | | |

| | | | | | | | |
|---------------------|---------------|---------------|---------------|---------------|--------------|--------------|-------------|
| Ray | 766 | 603 | 534 | 592 | -21.3% | -11.4% | 9.8% |
| Springbrook | 52 | 29 | 26 | 27 | -44.2% | -10.3% | 3.7% |
| Tioga | 1,597 | 1,278 | 1,125 | 1,230 | -20.0% | -12.0% | 8.5% |
| Wildrose | 214 | 193 | 129 | 110 | -9.8% | -33.2% | -14.7% |
| Williston | 13,336 | 13,131 | 12,512 | 14,716 | -1.5% | -4.7% | 15.0% |
| Incorporated | 16,587 | 15,651 | 14,658 | 17,076 | -5.6% | -6.3% | 14.2% |
| REGION I | 32,863 | 30,411 | 27,781 | 30,829 | -7.5% | -8.6% | 9.9% |

Source: U.S. Bureau of Census, Census of Population, 1980, 1990, 2000, 2010.

The communities of Grassy Butte, Trenton, Zahl, and Rawson are not incorporated and are located within the Tri-County region. The community of Trenton is headquarters for the Trenton Indian Service Area. The Trenton Indian Service Area is a Federally recognized service area that provides a variety of program services to approximately 3,000 tribal members that reside within the North Dakota counties of Williams, Divide, and McKenzie and the Montana counties of Richland, Roosevelt, and Sheridan. The Trenton Indian Service Area is very unique in that it does not have formal reservation boundaries but is set up the same as other tribal governments.

Many of the communities within the region will dispute the above 2010 census figures as inaccurate due to the fact that the residents in the man camps in each county were not counted in the census numbers. Although the U.S. Census Bureau would not count the man camp residents as they considered the man camps to be temporary housing, city and county officials disagreed as the man camps increased the demand for and access to public services and therefore should be counted. Since 2010, the unofficial population of Williston, including the man camps, is estimated to be 38,500. Watford City's current population is estimated to be about 5,000 people and is expected to grow to 15,000 people within the next 2 – 3 years. In Williams County, it is estimated that there are at least another 15,000 – 20,000 people in rural areas living in temporary housing and in McKenzie County there are an estimated 5,100 people living in temporary housing. In Divide County, the number of people living in temporary housing is at least 500 people. That number, however, is expected to increase significantly as industry experts are predicting drilling activity in the county is about to increase dramatically within the next few months.

The energy sector boom has been a mixed blessing in that it has created a very unique problem in the region. The new workers and jobs have brought new wealth to every community in the region. New businesses springing up, new homes being built, new students in the school system, and no more problem with out-migration. In North Dakota, one of the few programs in the state that communities can access to address their housing, planning, and infrastructure needs is the Community Development Block Grant program. The program is income based. In order to qualify, a community has to have a certain percentage (51%) of the population to be low to moderate income. The influx of new workers in every community, with the higher wages, has driven up the low to moderate income levels in the community to the point that most or all of the communities are no longer eligible for assistance. In the past, the program has been used extensively in each county to address infrastructure and other needs within the communities. The grant funds allowed the communities to address their community needs without having to go into debt. The irony now is that the need is even greater now than in the past but the program may not be available due to eligibility questions. The other regional councils affected by the energy sector boom, Souris Basin, Roosevelt Custer, and Tri-County have requested the state to consider a new weighted average formula to use in western North Dakota as a result of the unique income circumstances. To date, the state has taken no action.

Government and Governance

All of the incorporated cities and county governments are governed by a commission that has both legislative and administrative authority. The Williams County Commission and McKenzie County Commission are governed by a five (5) member board of commissioners while the Divide County Commission is governed by a three (3) member board of commissioners. Each board of commissioner is elected by the residents of his/her respective district. Under each board of commissioners for each county, various committees have been organized. These committees provide oversight and make recommendations to the board of commissioners on specific issues and areas of interest or concern. All of the members of the various committees are local residents that have been appointed by the board of commissioners in each county.

In the three county regions there are fifteen (15) cities and 105 townships that are organized to provide local and governmental services to their respective populations. Within the organized cities and townships, special districts have been created to provide specific services such as fire protection, ambulance, water, education, libraries, health, parks, irrigation, soil conservation, vector control, etc.

The Trenton Indian Service Area, is governed by a chairperson and a Board of Directors that is comprised of six members. The terms of office are for four years. The organization is primarily funded by State/ Federal contracts. Including the seasonal workers, the organization provides part-time and full-time employment for approximately 70 employees.

The following graph provides an overview of the incorporated communities within the Tri-County region and the basic services that are offered:

| City/County | Schools | | | | Fire | Police | Sewer | Water |
|---------------|------------|--------|-------------|----------------|------|--------|-------|-------|
| | Elementary | Middle | High School | Post Secondary | | | | |
| Divide County | | | | | | | | |
| Ambrose | | | | | X | CS | X | X |
| Crosby | X | X | X | | X | XCS | X | X |

| | | | | | | | | |
|-----------------|---|---|---|---|---|-----|---|---|
| Fortuna | | | | | X | CS | X | X |
| Noonan | | | | | X | CS | X | X |
| McKenzie County | | | | | | | | |
| Alexander | X | X | X | | X | XCS | X | X |
| Arnegard | | | | | X | CS | X | X |
| Watford City | X | X | X | | X | XCS | X | X |
| Williams County | | | | | | | | |
| Alamo | | | | | X | CS | X | X |
| Epping | | | | | X | CS | X | X |
| Grenora | X | X | X | | X | CS | X | X |
| Ray | X | X | X | | X | CS | X | X |
| Springbrook | | | | | X | CS | X | X |
| Tioga | X | X | X | | X | XCS | X | X |
| Wildrose | X | X | X | | X | CS | X | X |
| Williston | X | X | X | X | X | XCS | X | X |

LEGEND:

- X = Provided by Local
- C = Provided by County
- S = Provided by State

The primary source of revenue for local governments is property taxes collected by the county according to the levies that are established by the local governing bodies. In addition to the city and county levies, taxes are also collected for general and special school levies. In some instances, some of the communities have established a city sales tax, voted on and approved by the residents, which is used for infrastructure development, debt retirement, and economic development purposes. In 2012, the taxable value for land in each county is as follows:

| | |
|----------|-------------------|
| Divide | \$ 19,505,166.00 |
| McKenzie | \$ 46,539,018.00 |
| Williams | \$ 115,879,727.00 |

Education

In the Tri-County region, there are approximately sixteen public elementary, middle, or high school districts. In addition to the public school systems, there are also three private elementary schools, one middle school, and one private high school system.

A few years ago, one of the educational trends occurring in western North Dakota and across the state as well, was the process of consolidation. Declining enrollments, limited tax bases, and decreases in school budgets were forcing many of the has been so significant that multi-school consolidation was the only alternative in providing quality education. Within the past three smaller school systems in western North Dakota to consider consolidation. Initially, most of the consolidation efforts began as cooperative agreements between school systems to continue with sports programs. However, up until three years ago, the out-migration of people in the rural areas years, however, the situation has drastically changed in every school district in the region. Since the fall of 2007, enrollment within the school districts have increased by approximately 1,527 students. Williston, Watford City, and Tioga have had to bring in and set up modular

units to serve as additional mobile classrooms for the influx of elementary, middle school, and elementary students.

At the moment, most of the school districts within the region are at capacity with their current enrollments. The school districts of Tioga, Trenton, Crosby, Grenora, and Divide County are currently in the planning phase of their proposed expansions. School district officials are looking at county/community future growth projections, historical and current building permits applications, future workforce projections, types of housing being built, etc. as guides in trying to determine the educational needs of the community and/or county. The one factor that is causing major concerns in the planning efforts is the status of the workforce that is coming into the region. Even though housing development is occurring at a record pace in each county, the problem it has created with respect to planning for educational facilities is that the number of people/families that could be called permanent residents, are unknown. Planning for future growth can be very difficult when a major factor in the equation is unknown.

Watford City is in the process of adding on a new addition and completing some renovations to the existing elementary school. The \$11 million project is expected to double the size of the existing elementary school and is expected to be completed by August of 2013. If growth projections stay on track, within a year the school district will also be looking at building a new middle school.

Ray is in the process of completing their elementary school expansion. The \$7.5 million project tripled the size of the existing elementary school, added new classrooms, added a new gym, added new office space, and added a new day care facility at the elementary school. The project is expected to be completed by early summer of 2013.

The Williston School District #1 completed the planning phase in the fall of 2012 for improvements and additions to the existing school facilities. The proposed project included building a new middle school on an existing elementary school site, renovations to another existing elementary school, and renovations to the existing high school. The proposed project was estimated at \$55 million. The project was intended to be financed by a local bond issue but unfortunately the bond issue was defeated by a large margin in a special election in December of 2012. According to reports from the local media, there was some concern from the general public if this plan was the right plan for the proposed expansion.

Two of the major concerns of school districts that are starting to surface is the availability of land and the bonding capacity. Most, if not all communities in the region within the past two years, have sold all of their available lots. Some school districts are fortunate in that they have the land to work with in planning for future expansion. Other school districts are faced with the choice of demolishing an existing structure and building new on the site or finding suitable land for a new facility. Finding the suitable land has been the toughest issue for some school districts. However, an issue that has affected the planning efforts in the above scenarios is the lack of bonding capacity of the school districts. For those school districts that lack the bonding capacity, they have been looking to the state legislature to amend the existing laws to allow for additional bonding capacity in the western part of the state or to make direct funding appropriations to affected school districts. The state legislature is considering additional funds for oil impacted school districts in the region but it remains to be seen how much will be approved and what affect it will have on the school districts in their plans for future expansion.

The following table illustrates the enrollment numbers in the K-12 private and public school systems in the Tri-County region from the fall of 2011 to the fall of 2013:

| County/Schools | K – 12 2010-2011 | K – 12 2011-2012 | K – 12 2012-2013 |
|-----------------------------|---------------------|---------------------|---------------------|
| Divide County | | | |
| Divide County School | 226 | 280 | 340 |
| McKenzie County | | | |
| Watford City | 586 | 700 | 859 |
| Alexander | 69 | 92 | 122 |
| East Fairview | 48 | 47 | 79 |
| Squaw Gap | 0 | 0 | 0 |
| Stevenson | 0 | 0 | 0 |
| Cartwright | 0 | 0 | 0 |
| Mandaree | 216 | 182 | 212 |
| *Johnson Corners | 16 | 23 | 20 |
| Williams County | | | |
| Williston | 2467 | 2659 | 2842 |
| Ray | 219 | 247 | 275 |
| Trenton | 181 | 169 | 191 |
| Tioga | 292 | 301 | 396 |
| District 8 | 183 | 207 | 264 |
| Wildrose/Alamo | 0 | 0 | 0 |
| Grenora | 88 | 112 | 138 |
| *St. Joseph | 112 | 106 | 108 |
| *Trinity Christian | 161 | 197 | 222 |
| TOTAL ENROLLMENT | 4,864 | 5,322 | 6,068 |

Source: Divide, McKenzie, and Williams County Superintendent of Schools, Private Schools, and North Dakota Department of Public Instruction, School District Profile Fast Facts

* Denotes private schools.

Average Student/Teacher Ratio for 2011/2013 – Divide County 12:1
Average Student/Teacher Ratio for 2011/2013 – McKenzie County 12:1
Average Student/Teacher Ratio for 2011/2013 – Williams County 12:1

Post-Secondary Education

Williston State College is a two-year public community college that operates within the North Dakota University System. The University of North Dakota in Grand Forks began offering classes in Williston in the fall of 1957 as an extension of the university. At that time, the campus was called the University of North Dakota – Williston. Since that time, the institution has grown to a student body of approximately 900 students and over 181 faculty and staff.

The college offers transfer programs leading to Associate in Arts and Associate in Science Degrees. Students can complete the first two years of many majors and transfer with junior status to most four-year colleges and universities. Students may also receive an Associate in Applied Science Degree, the diploma,

and the certificate upon completing vocational-technical programs. Those students receiving vocational-technical training may continue at a four-year college or university, earning an advanced degree.

In 1999 legislative action expanded the college's mission to include workforce training, at which time it became an autonomous campus and its name was changed to Williston State College.

The college also provides an office for the Small Business Development Center. The SBDC is sponsored by the Small Business Administration and its primary purpose is to assist prospective entrepreneurs in the development of a new business or expand an existing business. Each planning district within the state has an SBDC office. For the past three years, the SBDC office in this region has been the busiest office in the state in terms of client visits, clients assisted, public and private investment, etc.

Within the past two years, Williston State College has added two new dormitories to house the existing students. As early as 2007 the community was starting to see the influx of new workers for the new jobs that were opening in the energy sector. The influx of new workers was starting to affect the amount of housing that was traditionally available for college students. As a result, officials from Williston State College approached the state legislature and were successful in 2009 and 2011 in getting approved for appropriations/bonding to build two new dormitories.

Williston State College, in the last five years and in response to the current energy sector boom workforce training needs, has also planned for and implemented various training programs. A new Petroleum Safety and Technology Center was completed in 2011. The center provides drilling rig training courses, CDL truck driver training courses, and a Petroleum Technician Certificate program.

In 2012, a new state of the art Energy Technology building was completed. The building offers training courses for Diesel Technology, Welding, Automotive Technology, and Building & Trades.

In the fall of 2013 Williston State College will also begin to offer two new concentrations in their business management associate degree program: Corporate Fitness and Recreation Management. These two new courses were developed as a result of the recent annual strategic planning session and the new Williston Area Recreation Center being built on the campus of Williston State College.

One of the concerns in western North Dakota that has surfaced as a result of the oilfield impact is the educational emphasis. North Dakota's educational system has always been focused on higher education. However, most of the new jobs being created in western North Dakota are jobs in the vocational fields. According to industry officials, the current level of activity is supposed to remain the same, if not increase, for the next 10 – 15 years. All of these factors justify the need to revise the current educational emphasis. The State may need to provide more assistance to Williston State College in its quest to respond to the training needs of the oil and gas energy industry.

Public Services

Fire protection in the Tri-County region is provided by ten volunteer fire departments and one city fire department in Williston. Fire districts are set up in each county and the volunteer fire departments are responsible for fire protection within each respective district. Each of the volunteer fire departments rely on volunteer firemen and in some cases, certified Emergency Medical Technicians, to respond to calls. The fire departments may have anywhere from 6 to 23 volunteers. The volunteer fire departments are

supported in part by local taxes. Some of the fire departments also receive support through grants and various fundraising activities throughout the year.

The city fire department of Williston has ten full-time, 12 part-time and 25 volunteer firemen and Emergency Medical Technicians that respond to calls within the city and surrounding areas on an as needed basis. The fire department is a part of the essential services provided by the city and is included in the annual operating budget that is approved each year.

All of the volunteer fire departments in Williams County are on a paging system. Calls are dispatched to the firemen's pagers through the local sheriff's department. All of the calls to the fire departments in Divide and McKenzie County are dispatched through the county 911 systems. Within the city of Williston, calls are dispatched to the firemen and EMTs through the 911 office.

Public safety within the Tri-County region is handled through the Divide, McKenzie, and Williams county sheriffs' departments; the city police departments of Williston, Watford City, Tioga, and Crosby; and the North Dakota Highway Patrol.

The Williams County Sheriff's Department currently has thirty officers working for or under the direction of the department. Including the sheriff, there are four officers that provide investigative, detective, and civil processing duties. When needed, these officers also provide patrol duty. There are twelve officers that are on patrol status. The department has five patrol units that are available to the officers. Of those officers on patrol unit status, one officer lives in Grenora and provides part-time patrol duty and one officer lives in Tioga and one officer lives in Ray. They provide full-time patrol duty in those respective areas. Of the remaining department staff, three work in the office and eight officers work at the county jail facility. The department also has three drug enforcement officers that work for the Northwest Task Force. The Northwest Task Force is a special drug enforcement unit that is funded through the county, participating cities, and with grant monies from State and Federal agencies. Their primary goal is to stop or reduce the use of illegal drugs in the local and surrounding areas. Some of the department officers are also involved with the local counter-act program in the school systems and hunter safety courses for students and the general public.

Within Williams County, there is one detention facility currently in operation. The Williams County Corrections and Law Enforcement Center is a 112 bed adult facility that has a staff of thirteen officers. The facility provides incarceration services for the Williams County Sheriff's Department, the Williston Police Department, and the Divide County Sheriff's Department.

The Williams County Juvenile Center is a regional eleven bed facility that is staffed by four full-time and three part-time employees. The center accepts juveniles between the ages of 12 and 17 years old. Many of the juveniles that end up in the facility have been court ordered. The maximum stay allowable is ninety days although most of the court ordered juveniles stay in the facility for thirty days. Some juveniles end up in the facility for ninety-six hour "cooling off" periods. The facility accepts juveniles from Williams and all of the adjacent counties plus the Montana counties of Richland, Roosevelt, and Sheridan.

The McKenzie County Sheriff's Department currently has five full-time officers and five patrol units that are use. The county jail is an eleven bed adult facility that is located in the courthouse. The department also has a contract with the city of Watford City to provide incarceration services on an as-needed basis. Any juveniles that need to be incarcerated are transferred to the Williams County Juvenile Center.

The city of Watford City currently employs four full-time officers and utilizes three patrol cars within the department. The city police department is also located in the McKenzie County courthouse and shares the jail facility with the Sheriff's Department.

The Divide County Sheriff's Department currently employs four full-time officers with three patrol units. The sheriff's department utilizes the Williams County Corrections Center to incarcerate offenders on an as needed basis.

On July 1, 2007 the North Dakota Highway Patrol Northwest Region was created for Williams, Divide, McKenzie, Mountrail, Burke, Ward, McHenry, Bottineau, Renville, ½ of McLean and Sheridan counties. The Williston Region currently employs twelve officers. Eleven officers are on patrol unit status and one officer works in the office. The Williston Regional Office is responsible for providing law enforcement services for the following counties: Williams, Divide, McKenzie, Mountrail, and Burke.

Public Facilities/Infrastructure

In all of the three counties, the maintenance and improvements to public facilities or the infrastructure is usually done through local tax revenues. In some instances, a city or county may finance a particular project through a combination of local tax revenues, State or Federal grants, low interest loans, or the approval of a bond issue.

In planning for new or replacing existing infrastructure, many of the communities within the region recognize the fact that only so much revenue can be generated from a limited tax base. Another factor to consider is the decreasing population that many communities and each of the three counties have experienced within the last ten years. All of these factors limit the options that are available in generating additional revenues. One of the options that has been considered and implemented is a city wide sales tax. The communities of Williston, Watford City, Tioga, and Crosby have implemented a city sales tax. The sales tax revenue has been earmarked for infrastructure development, debt retirement, and economic development projects. The additional sales tax revenue has allowed these cities to provide economic development incentives in the form of business grants, interest buy-downs, low interest loans, etc. to lure prospective companies to their areas. These funds have also allowed these communities to leverage the additional funds needed to complete infrastructure projects, retire debt, etc.

Most of the incorporated cities within the Tri-County region have community water and sewer systems. For those small cities/communities that do not have a community water system in place, a rural water association has been in place to provide that service. Rural water associations were created to provide water to those small, isolated communities that had limited or no access to water in their respective area. In the past, rural water associations have concentrated on expanding into those communities or areas that had a minimum amount of hook-ups to justify the initial cost of development. In some cases, Federal grants were accessed in order to minimize the development costs to the association and make the water affordable to the cities/clients that were being served.

Divide, McKenzie, and Williams counties are still very rural in nature. As a result, many residents still utilize individual wells. Much of the water in these counties that come from the aquifers is very high in iron,

manganese, sodium, and arsenic. To the extent where it has been affordable, some of the communities and residents have installed water treatment systems.

The City of Williston utilizes a water treatment plant on the Missouri River for its water supply. The city also sells and provides water, on a contractual basis, to the Trenton Water Users Association and the Williams Rural Water Association. The city is also set to start selling water to the R & T Water System.

Within the past three years, the city has replaced a water transmission line, installed a new pre-treatment system, updated the existing water treatment plant, and replaced the current filtration system at a cost of \$ 40,000,000.

Other projects under consideration by the city include the installation of new water and sewer lines in various sections of the city, removing sledge and expanding the existing lagoon system, and installing a new separation and aeration system in the lagoon system. In 2011, the city completed two annexations. In 2012, the city is considering one additional annexation. The proposed annexation is still in the public hearing process but it appears there is enough public support for the proposed project. The city is planning for the installation of additional water, sewer, streets, etc. As a result of the continued growth and annexations, the city has estimated their infrastructure needs to be approximately \$ 625.4 million. The infrastructure needs are in the areas of stormwater, airport, transportation, government facilities, solid waste, water, and waste water. One of the concerns of city officials is the ability to finance the needed infrastructure. The City of Williston is almost at their limit of bonding capacity. The state legislature is considering appropriating funding to the oil impacted counties/cities to assist with the needed infrastructure. The designated hub cities of each county would get a direct appropriation. The proposed appropriation for the City of Williston is approximately \$ 57.71 million. While the appropriation is needed and appreciated, it is still a long ways from what is actually needed.

The city of Watford City is also planning some major infrastructure projects in the areas of stormwater, solid waste, water, waste water, streets, schools, transportation, hospitals, etc. The city is currently considering three new annexation requests for three new subdivisions. Each proposed subdivision includes a combination of single and multi-family housing units with an estimated population of 3,000 people. If the annexations are approved and the projects move forward, the city of Watford City could increase in population from 2,500 to 15,000 people in a matter of three to five years. The city has estimated their infrastructure needs to be approximately \$ 300 million. If the proposed state legislation for oil impacted counties/cities gets approved, Watford City would receive approximately \$ 30 million to help its infrastructure needs. Watford City, like Williston, does not have the ability to finance the balance of the needed infrastructure.

In addition to the above communities, the following communities are in need of infrastructure improvements in the areas of water lines, sewer lines, streets, transportation, solid waste, waste water, etc.: Alamo, Ambrose, Alexander, Arnegard, Epping, Fortuna, Grenora, Noonan, Ray, Springbrook, Tioga, Trenton, and Wildrose. A total cost of the infrastructure need has not been developed as these communities do not have completed Capital Improvement Plans in place.

All of the small communities in the region both incorporated and unincorporated, have either municipal sewage disposal or individual systems. Some of the small communities in the region are presently experiencing problems with their community disposal systems. The systems are starting to fail due to a

lack of proper maintenance, deterioration, etc. In some cases, the systems do not meet the Environmental Protection Agency standards and will need to be replaced. These communities are faced with limited tax revenue, declining population, and limited grant opportunities. As a result, repairs have been made on an as-needed basis versus complete replacement. One of the primary concerns in addressing the issue is cost. Community infrastructure development is costly and some of these communities are struggling with the concept of developing a project that will meet the State/Federal requirements and yet remain affordable to the city and residents.

Most of the incorporated cities within the area have community water systems. The City of Williston utilizes a water treatment plant on the Missouri River for its water supply. The city also provides water on a contractual basis to the Trenton Water Users Association and Williams Rural Water Association. For those small cities/communities that do not have a community water system in place, a rural water association has been in place to provide that service or they continue to use individual water wells. The R & T Rural Water System serves the communities of Ray, Tioga, Stanley, and Wildrose. The Trenton Water Users Association serves the community of Trenton and parts of rural Williston in Williams County. The Williams Rural Water Association serves parts of rural Williams County. The McKenzie County Rural Water Association serves parts of rural McKenzie County. The BDW Water System Association is intended to provide water to Fortuna, Noonan, Columbus, and other rural areas of Divide County. The T&T water pipeline in Williams County primarily serves livestock producers in the county. Rural water associations were created to provide water to those small, isolated communities that had limited or no access to water in their respective area.

The Western Area Water Supply System was started in 2011 and designed to be the regional water supplier for all three counties. The intent is to connect all of the existing and operational rural water systems by installing distribution lines to each system. Once the distribution lines have been installed, all of the rural water systems will be consolidated into one regional water system called the Western Area Water Supply System. The system will purchase treated water from the City of Williston and then sell it to the cities, businesses, and individual consumers that are connected to the system. Watford City and rural McKenzie County have been operational since the fall of 2012 and the other systems are expected to come on line in late 2013.

The solid waste disposal in the Tri-County area is handled through regional landfills located in each county. The landfills are located in Williston, Watford City, and Crosby. All three landfills are licensed for municipal waste. Williston, Watford City, and Crosby each provide disposal services to the residents of their community on a weekly or monthly basis. Private contractors also provide residential and commercial services to the surrounding communities within the region and for some of the eastern Montana communities as well. The residents of a community pay a monthly service charge either to the city or a private contractor based on the type of container and the frequency of pick-ups. City and county residents can also bring the waste to the landfill and are assessed a fee based on weight.

In the past, there were inert landfills within the region that were being utilized by some of the communities. However, as a result of the new regulations implemented by the Environmental Protection Agency, most or all of these landfills have been closed down.

Tires are collected at the landfills for recycling or reprocessing. Metals, such as aluminum, can be dropped off at the landfill or sold to commercial recycling businesses. Appliances are collected at the landfills or at designated commercial collection sites. The commercial collection sites offer a minimal amount for each appliance brought in according to the type, etc. Motor oil is collected at designated sites in the

communities, county, and some automotive businesses. Medical waste from all of the hospitals and clinics in the region is incinerated at a licensed facility in Williston.

Some of the larger communities within the region have undergone extensive planning efforts within the past three years in preparing their communities for the impacts of the energy sector boom. Williston has spent over a \$1 million in updating or developing studies in the following areas:

- ❖ Comprehensive Master Plan
- ❖ Annexation Options and Implications
- ❖ Infrastructure Capital Improvement Plan
- ❖ Regional Water Study
- ❖ Transportation Study
- ❖ Housing Study
- ❖ Labor Availability
- ❖ Petroleum Workforce Needs Study
- ❖ Williston Parks and Rec Master Plan
- ❖ Williston School Needs Study
- ❖ Williston State College Master Plan
- ❖ Day Care Master Plan
- ❖ Population Study
- ❖ Oil and Gas Workforce Needs
- ❖ City Facility Study
- ❖ Emergency Services Study

Watford City, Tioga, Ray, and Crosby have also completed plans in the following areas:

- ❖ Comprehensive Master Plan
- ❖ Annexation Options
- ❖ Capital Improvement Plans
- ❖ Housing Studies
- ❖ Emergency Services Studies

Divide, McKenzie, and Williams counties have also completed and or updated their Comprehensive Master Plans. McKenzie County recently completed a Planning and Zoning Ordinance. The ordinance is now in the public comment phase of development. McKenzie County was the only county in the state that did not have a planning and zoning ordinance in place. Many of the communities have followed suit and have either updated or are in the process of updating their planning and zoning ordinances.

The influx of workers and the demand for temporary housing (man camps) prompted the county officials to plan and develop a county wide planning and zoning ordinance. The biggest challenge for the counties at this time is keeping up with the maintenance on the county road systems. The level of funding each county receives is not able to keep up with the impacts of energy sector traffic. The county roads were designed for residential/agricultural use. It is estimated that each new oil well drilled receives at least 2,000 visits by commercial vehicles delivering equipment, supplies, etc. When that number is multiplied by at least 1,800 to 2,000 new wells being drilled on an annual basis, the amount of heavy truck traffic on county roads is

astronomical. Although the state has been increasing the annual oil impact allocation to counties in the region, it is not nearly enough to keep up with the level of needed repairs.

Another issue that has surfaced within the past three years which many communities consider an infrastructure concern is the lack of available day care facilities and services. At the moment, there are enough licensed day care facilities to serve 1,300 children while there are another 2,800 children on waiting lists. The state has stepped in and created new programs that appropriate grant funds to eligible communities and facilities for equipment and construction. The grants can range from \$125,000 to \$200,000 per facility. The problem with day care facilities is they have limited cash flow for loan repayments and that creates a problem for prospective clients in trying to finance a large day care facility. In western North Dakota, there is an added problem in finding staff to work at the day care centers. The day care centers cannot compete with the private sector on the wages currently being paid.

At the moment, in order to meet the current day care demand, the region needs to add at least 22 new day care centers with each center providing care for up to 125 children. Given the challenges that day care centers face, this area of concern/need may be the toughest in trying to adequately address.

Transportation

All of the communities within the Tri-County region are connected by major highways and/or paved roads. For the most part, most of the highways and roads within the region are in excellent shape and are maintained by the state, county, or township. There are some highways and roads, however, that has experienced heavy oilfield truck traffic and will need some major resurfacing or rebuilding within the next couple of years. The county highway departments are responsible for planned improvements, re-surfacing, etc. Projects are submitted to the State Department of Transportation, a priority list is developed, and approval is based on available State/Federal funding. Improvements to and resurfacing of the highways and roads are usually done by private contractors through a formal bid process.

The major east-west highway in the area is US Highway 2. This highway was recently expanded to a four lane system from a 90-mile portion from north of Williston east to the community of Berthold thus completing this highway in North Dakota as a four-lane corridor. The North Dakota Department of Transportation initiated construction for expanding this highway in 2004 with both safety and potential for economic development being the main objectives of this project. The major north-south highway, US Highway 85, is also being considered for potential future expansion to a four-lane highway that would establish a major transportation corridor from Mexico to Canada. At this point in time, plans are to construct a four-lane roadway along the US Highway 85 corridor between McKenzie County Road 16 and the junction of US Highway 2 near Williston. The proposed project would also include replacement of the Lewis & Clark Bridge over the Missouri River on US Highway 85 near Williston. Environmental paperwork and design is expected to be completed by the fall of 2013. The project is expected to be bid out and started the spring of 2014.

Additional road projects that are in the planning stages are the: Alexander Bypass/Reliever Route, Watford City Truck Bypass/Reliever Route, and the Williston Truck Bypass/Reliever Route. The Alexander Bypass/Reliever Route is in the initial study phase. At first, there were concerns from the community from potential lost business due to the rerouting. However, after the last year and a half and the amount of traffic that has been going through the community, the residents are now in favor of a bypass/reliever route. The study will determine the best possible route. The Watford City Truck Bypass/Reliever Route and Williston Truck Bypass/Reliever Route are also in the study phases. Watford City had the same concerns as Alexander did in the proposed bypass/reliever route. The

city residents, like Alexander, are now in favor of a truck bypass/reliever route. The Williston Truck Bypass/Reliever Route was designed and mapped out but had to change to two alternate sites due to environmental concerns. The route preferred by the Department of Transportation would have passed through Indian burial sites and land where Indian tribes had gathered in the past. Since the land was considered "sacred", the State Historical Preservation Office designated the land as off limits to any kind of development/disturbance. The Department of Transportation has since planned two other alternate sites for consideration by the public and city/county officials. The end result is that the alternate routes are longer in length, more expensive to build, and there will be more of an impact to private landowners. All three of these bypass/reliever route projects are expected to be completed by 2014.

Corridor management planning is presently approved for the Theodore Roosevelt Expressway portion from north of Rapid City, South Dakota through North Dakota to Highway 2 west to Culbertson, Montana north on Highway 16 to the Canada border (445 miles total). This plan was completed in March of 2010. In detail, the foremost highways and roadways in the region are 2, 5, 50, 85, and 1804, which connect the communities of Williston, Watford City, Arnegard, Grenora, Crosby, Ray, Tioga, and Alexander. The secondary roads include 16, 23, 42, 68, and 1806 and they connect the communities of Trenton, Ambrose, Fortuna, Noonan, Alamo, Epping, Wildrose, and Springbrook.

According to the National Highway Traffic Safety Administration, in 2012 North Dakota experienced a 15% increase in traffic fatalities compared to 2011. The 15% increase in traffic fatalities was the highest in the nation. The increase in traffic fatalities can be attributed to the tremendous increase in vehicle miles driven by the energy sector workforce in western North Dakota.

The Tri-County region has three municipal airports and one regional airport. The municipal airports are located in Watford City, Tioga, and Crosby. Watford City's airport is 4,400 feet in length, has an asphalt surface, and is lighted. Tioga's airport is 4,500 feet in length, has an asphalt surface, and is lighted. Crosby's airport is 3,800 feet in length, has an asphalt surface, and is also lighted. All three airports can handle small aircraft and private jets.

The regional airport is located in Williston and is called Sloulin Field International Airport. The airport is 6,660 feet in length and handles private and commercial aircraft. In 2002, the airport underwent a major renovation and has tripled the size of the terminal building and parking lot. The total cost of the renovation was approximately \$ 5,000,000. With the increase in economic activity, the airport has plans to expand the parking lot even more in the near future. The following commercial airlines provide air service to the Williston area: Great Lakes Aviation, Delta Airlines, and United Airlines provide daily flights to Denver, CO and Minneapolis, MN. ServAir provides private charter services out of the airport.

Sloulin Field International Airport is expected to see between 60,000 and 90,000 annual enplanements for 2013. The current airport terminal is designed to handle 6,000 annual enplanements. Due to the increase in passenger traffic from 2008 on, the City of Williston, with financial assistance from the Federal Aviation Administration, commissioned an Airport Master Plan in 2011. It was conducted to enhance the understanding of community needs and desires regarding improvements to the airport. The plan was completed in 2012. The completed study determined two possible options: expand the current site to accommodate larger aircraft or relocate the airport to a new site. Initial cost estimates of the expansion or new airport range from \$ 100 - \$ 150 million. The problem with the expansion is the amount of excavation needed to be done and space constraints within the existing boundaries of the airport required by FAA.

The problem with a new airport is the excess time and planning. The concern for the city with either options is the cost share amount that is required by the FAA. That amount could range from \$ 10 - \$15 million, or more. The city is currently close to their limit for bonding capacity so the financing of either option may pose a serious problem.

Railroad, motor freight, and parcel service is also available within the region. Amtrak and Burlington Northern Sante Fe provide passenger and freight service via railroad. Midwest Motor Express, Allied Van Lines, LD Webb Truck Lines, Quast Trucking, Twin City Freight Lines, and North American Van Lines provide motor freight services. United Parcel Service, Federal Express, and the United States Post Office provide parcel service throughout the region.

Power/Electricity/Natural Gas

Within the Tri-County region there are a number of utility companies that provide electricity and gas to the city/rural residents. The Montana-Dakota Utilities company provides electricity and gas to the larger communities of Williston, Watford City, and Crosby. In the rural areas of Divide County, services are provided by Burke-Divide Electric Cooperative and Sheridan Electric Cooperative. In McKenzie County, the rural areas are served by the McKenzie Electric Cooperative. In Williams County, the rural areas are provided service by the Mountrail-Williams Electric Cooperative and the Lower Yellowstone Rural Electric Association.

The current energy sector boom has created the need for additional electrical power, new transmission lines, and to upgrade existing systems/equipment. Within the past three years, one new power plant has been completed that provides an additional 100 MW of power to northwestern North Dakota. Two existing transmission lines were upgraded from 115 KV to 230 KV in northwestern North Dakota. One line was from Charlie Creek to Williston and the other one was from Williston to Tioga. Both upgraded transmission lines should allow for significant growth in electrical demand for the next 20 years. The total private sector investment in the new plant and upgrades was approximately \$ 307 million.

Basin Electric Cooperative plans on building a new 190 mile 345 KV electrical transmission line from their existing Antelope Valley Station near Beulah to the Williston/Tioga region. The electrical demand in this area is high and the current power providers are having a tough time keeping up with the electrical demand of the 90+ oil rigs currently operating. According to Basin Electric Cooperative's in house projections, by 2025 demand for electricity in the oil patch will increase by an amount equal to one-fourth of all the power produced now in North Dakota. Construction is anticipated to begin the summer of 2014.

The Montana-Dakota Utilities Company's utility rates are regulated by the North Dakota Public Service Commission. Rates are reviewed periodically by the Public Service Commission for possible changes. The utility rates of the electric cooperatives and associations are regulated by the Board of Directors of each utility company. The Board of Directors is voted in by the membership. A member is anyone that receives services through the utility company.

Since the energy sector boom quietly began in 2007, thousands of new oil wells have been drilled and completed. In the State of North Dakota, 52 of the 53 counties in the state have naturally occurring natural gas deposits below the surface. So, when oil companies would begin their drilling operations for oil they would naturally also hit pockets of natural gas. At that time, since oil was far more lucrative than natural gas, the oil companies would "burn" or flare the natural gas. According to industry officials, it is much

cheaper to flare the gas than it is to capture, store and refine it. It is estimated that at least 30% of the natural gas produced in the state is burned as waste. This amounts to approximately 100 million cubic feet of natural gas per day, enough energy to heat 500,000 homes for a day. With thousands of new oil wells that have come on line since 2007, the horizon in western North Dakota is dotted with natural gas flares.

Although capturing the natural gas is the best option, scientists say that flaring is better for the environment than venting the natural gas into the atmosphere. Pure natural gas is mostly methane, which has far greater heat-trapping qualities than carbon dioxide.

Some companies, however, are investing billions to install new pipelines, build new processing plants, and expand their current facilities to capture and sell the natural gas to Midwest markets. The natural gas contains large amounts of butane and propane, which is very profitable. Since 2009, companies such as Whiting and ONEOK have expanded their current operations to increase the capacity of North Dakota from producing 243 million cubic feet of natural gas per day to 650 million cubic feet of natural gas per day.

The flared natural gas, however, does pose some potential environmental risks. At the moment, North Dakota, like many other oil producing states, has very few regulations in place to limit or monitor the flaring process. Presently, the flaring in North Dakota spews at least two million tons of carbon dioxide into the atmosphere every year, which is alarming to some environmentalists. Although, so far the North Dakota health officials have indicated that flaring has not produced any serious air pollution problems, that could change in the future as another 40,000 plus oil wells are planned on being drilled. The capturing and processing of natural gas by some companies has helped in reducing the flaring, but unless every oil company participates it will continue to be a problem in the future.

Below is a list of the current natural gas plant locations in western North Dakota by county:

| | |
|----------|--------------------|
| Divide | Ambrose |
| | Norse Gas Plant |
| McKenzie | Garden Creek I |
| | Garden Creek II |
| | Little Missouri |
| | McKenzie Grassland |
| | Red Wing Creek |
| | Watford City |
| Williams | Tioga |
| | Nesson |

| | |
|--|--------------|
| | Stanley |
| | Stateline I |
| | Stateline II |

Telecommunications

In the Tri-County region there are a number of telephone and cell phone service providers. In Divide County, the service providers include Nemont Communications, Noonan Farmers Telephone, Northwest Communications Cooperative, and Northwest Telephonix. Williams County is provided service by Northwest Communications Cooperative, Qwest, U.S. West, AT & T, Nemont, Cellular One, Kotana, and Verizon. McKenzie County is served by Citizens Communications and McKenzie Consolidated LLC.

Within the region, fiber optic cable has replaced most of the conventional telephone cable that had been in place. Digital wireless service is available to most or all of the communities through local telephone companies or private businesses. Internet service can be accessed through a number of providers within the service delivery area of a particular community. The city of Noonan also offers a fax service center that is available to the public.

The public and private school systems in the Tri-County region are all computerized, have Internet access, and most of them are able to video network with other schools and facilities. The Williston State College, Watford City Public School, and Ernie French Center in Williston also have video conferencing capabilities that are available to the general public.

Housing

In the Tri-County region, up until three years ago, there seemed to be adequate housing to meet the needs of the current population. During the oil boom of the 1980s, many single family detached homes and multi-family units were built, especially in McKenzie and Williams County, to meet the influx of new workers and their families. During this time period, the State of North Dakota also constructed new multi-family units to meet the congregate and independent living needs of the developmentally disabled populations that were being transferred from State Hospitals into the region. Some communities saw significant increases in their population almost overnight. The city of Williston went from approximately 13,000 to almost 20,000 people in a span of eighteen months. After the decline of the oil boom in about 1984, people started to leave the region to find other work. As a result, many of the homes went back to the financial institutions through foreclosure proceedings. During the early to mid 1990's, there was an abundance of homes available for sale in McKenzie and Williams County.

According to the 2010 census, the region has experienced a significant amount of new homes constructed. In the region, there are a total of 14,878 housing units. Of this amount, approximately 12,680 of the units are either owner or renter occupied. Over 60% of all the housing units in the region are detached, single family homes. The vacant units in each county are not available for rent or sale so they are not counted in the vacancy rate, which accounts for the 0% vacancy rate.

| Housing Characteristics – 2010 | | | | | | | | |
|--------------------------------|---------------------|------------------------|------------------------------|-------------------------------|--------------------|----------------------|----------------------|---------|
| County | Total Housing Units | Occupied Housing Units | Owner Occupied Housing Units | Renter Occupied Housing Units | Total Vacant Units | Percent Vacant Units | Vacancy Rate Percent | |
| | | | | | | | Homeowners | Rentals |
| Divide | 1,324 | 977 | 784 | 193 | 347 | 26.2 | --- | --- |
| McKenzie | 3,090 | 2,410 | 1,681 | 729 | 680 | 22 | --- | --- |
| Williams | 10,464 | 9,293 | 6,442 | 2,851 | 1,171 | 11.2 | --- | --- |
| Totals | 14,878 | 12,680 | 8,907 | 3,773 | 2,198 | 19.8 | --- | --- |

Source: U.S. Census Bureau, Census 2010, Table DP -1. Profile of General Population & Housing Characteristics: 2010

Within the past two years, most or all of the vacant homes have been bought and rental units filled. The current energy sector boom within the region is responsible for the new housing shortage. According to community officials, the biggest shortage at the moment is 2, 3, and 4 bedroom rental units or homes.

In 2011, the number of building permits issued in the region for single family and multi-family units totaled 1,725. In 2012, the number of building permits issues in the region for single family and multi-family units decreased to 641. It should be noted that one building permit may cover multiple housing units in multi-family unit construction. For 2012, the total value of the building permits was \$ 311,208,978. Since 2010, at least 5,500 new single family and multi-family housing units have been built within the region.

According to the North Dakota Statewide Housing Needs Assessment that was completed in 2012, some of the key findings for the region are as follows:

- ❖ Over the next fifteen years, the region is expected to grow in population by at least 50%
- ❖ Housing demand in this region will increase by 167% in the next fifteen years, mostly due to the energy sector boom
- ❖ The supply of affordable housing for the low income continues to fall far behind the demand. Out of 5,526 units that were permitted from 2010 to 2012, only 517 units were designated for affordable housing
- ❖ Within the next fifteen years, elderly housing for the aging baby boom population will become an issue
- ❖ Within the next two years, the region will need at least 5,000 new housing units to keep up with the current demand
- ❖ In normal times, previous housing assessments have been very accurate in projecting the needs of the state and a particular region. However, the size and magnitude of the current energy sector boom has, in the very least, caused the projections in all areas to be grossly underestimated

The above numbers do not include the new hotels and crew camps that have been built. Since 2010, Williams County has added 16 new hotel properties and 2,596 crew camp housing units; McKenzie County

has added 5 new hotel properties and 4,500 crew camp units; and Divide County has added 1 new hotel property and 500 new crew camp units.

In the Tri-County region, there are three housing authorities presently operating to meet the affordable housing needs of the low-income populations. The Williston Housing Authority and Crosby Housing Authority are public housing authorities. The Trenton Indian Housing Authority is an Indian housing authority serving tribal members within the three county service delivery area. All three housing authorities have long waiting lists of clients for any available units. There is also a need for more three and four bedroom rental units versus the one and two bedroom units. The Trenton Indian Housing Authority has home ownership and rental units available. The rental units are close to 100% occupancy most of the time. Homeownership units are usually filled once they become available. Within the last five years, the organization has implemented a new low-interest loan program to assist tribal members to purchase an existing or build a new home. To date, at least fifteen families have moved into an existing or a new home as a result of the program. There is also a waiting list of families for this new program.

In McKenzie County, the affordable housing needs of low-income families are addressed through the Stark County Housing Authority, which is located in Dickinson. The office receives referrals from McKenzie County and utilizes payment vouchers to assist low-income clients with rental assistance. In Divide County, the affordable housing needs are addressed through a contractual arrangement between the local housing authority and with a private individual.

The housing stock in McKenzie and Williams County is relatively new, a lot of it due to the construction activity that occurred during the oil boom of the 1980s. A significant amount of the housing stock in Divide County, approximately 40%, is older than 1939. Within the past few years, however, many of the communities in the region have completed rehabilitation projects on single family homes and multi-family units. Many of the units needed renovation work and updating to meet local health/safety standards. These projects were completed utilizing a combination of State/Federal funds and local community funds.

One of the planning concerns in the region is how the energy sector boom has affected the availability of affordable housing for low income families. Within the past three years, as the influx of new workers began, rental units in every community were rented out overnight. As demand for rental units skyrocketed, landlords increased their monthly rent accordingly. As demand increased, landlords began to increase the monthly rent on the occupied units as well. Many of the low income families, disabled, and elderly clients were forced out of their rental units as they could not afford 300 – 500% rent increases. Most of these families/clients have lived in the rental units for 20 years or more. Some of the families/clients moved in with local family members but most were forced to relocate to affordable housing in other parts of the state. In this case, the central and eastern part of the state. The average rent in the region right now for a two to three bedroom home/apartment averages between \$ 2,500 - \$ 3,500 per month. The landlords have informally adopted a rental policy of renting out a home/apartment by the number of bedrooms in the unit. Usually, the bedrooms rent out for between \$ 1,000 - \$ 1,500 each per month, depending on any other amenities that may be included.

A local basic care and assisted living facility in Williston, which was an option for disabled elderly clients, closed its doors in late 2012 after 24 years of operation due to problems in maintaining appropriate staffing levels. Another factor in the closing was the renting of the apartments to oilfield workers/families without the need for the previous staffing level and the lucrative rent amounts. The decision to close the facility was not an easy one. Although there is a demonstrated need for affordable housing, balancing that need

against capitalizing on your current housing investment is not always an easy decision. Within the region, the decision has been coming down to economics versus addressing a need.

In the last two years every community in the region has made affordable housing a top priority. Williston, Tioga, Watford City, and Crosby have seen multi-family units that have been built or are in the plans of being built that have targeted the low income families. At least 500 new units have been built. The state has stepped in to help alleviate the loss of affordable housing in the region by implementing new housing incentive programs and expanding the current housing programs. Incentives such as grant programs, tax credits, and low interest financing has helped to generate interest in affordable housing and spur some housing development.

Even though the region is in the middle of an energy sector boom and the state continues to implement new housing programs targeted to western North Dakota, there are still obstacles out there that hinder the development of affordable housing. Those most common obstacles continue to be in the areas of:

- ❖ Lack of housing developers
- ❖ Equity and appraisal gaps
- ❖ Lack of or poor infrastructure in smaller communities
- ❖ Cost of developing infrastructure
- ❖ Location of development – adverse public opinion in some areas
- ❖ Lack of available funding

One of the major concerns from the communities in the region is the intentions of developers and contractors. Every community has a need for affordable housing. Some communities, in their haste to develop housing in their area have been conned by less than honest developers/contractors. Due diligence is becoming a common phrase in city/county meetings.

Although the state continues to be an active player in the development of affordable housing, one of the concerns is their ability to react quick enough to the problems at hand.

Health and Human Services

The Tri-County region has a number of hospitals and clinics operating in the various communities. Mercy Medical Center, an affiliate of Catholic Health Initiatives, is a fully J.C.A.H.O. accredited, 25 bed regional medical facility located in Williston that has a critical access designation. The critical access designation ensures the maximum amount of Medicare and Medicaid reimbursement from the Department of Health and Human Services. The facility serves approximately 80,000 people from western North Dakota and eastern Montana. The facility has 500 plus employees, making it the largest employer in the region. Mercy Medical Center offers a full range of services including emergency services, surgery, wellness programs, cancer treatment, home health, hospice, pharmacy, chemical dependency programs, mental health, rehabilitation therapies, occupational therapy, etc. The facility offers state-of-the-art diagnostics in the form of MRI and CT scans. The center offers the most advanced equipment and technology in the region and provides cancer care treatment in the areas of radiation therapy, chemotherapy, and participation in national experimental protocols.

As a result of the energy boom and the demographic changes to the region, Mercy Medical Center completed a 40,000 square foot addition to the hospital in 2012. The \$ 20,000,000 addition includes a state of the art outpatient birthing center and an outpatient surgery center. Mercy Medical Center is the first hospital in the state to be approved for an outpatient birthing center.

Trinity Community Clinic, operated by the Trinity Health Medical Group out of Minot, is located in Williston and offers primary care and specialty care physicians. The facility completed a \$ 10,400,000 medical office complex in 2012. The 60,000 square foot specialty clinic features an ambulatory surgery center, a laboratory to assist medical staff with their diagnoses, and radiology services to provide x-rays, mammograms, etc. The clinic provides services such as blood pressure screenings, various health screenings and information, and medical care for the entire family. The clinic offers physicians and specialists in the areas of Family Practice, Obstetrics/Gynecology, General Surgery, Plastic Surgery, Cardiology, Endocrinology, Gastroenterology, Pulmonology, Otolaryngology, Audiology, and Podiatry.

The Trenton Community Clinic, which is located in Trenton, is a tribally operated outpatient facility that provides medical services to 3,000 tribal members in western North Dakota and eastern Montana. The facility contracts with local medical facilities to provide services in the areas of pharmacy, dental, optical, nutrition, on-site physicians and specialists, and podiatry. The clinic also offers services in the areas of a wellness center, maternal child health, community outreach, patient transportation, alcohol and drug program, diabetic screening, community health nurse, etc. Within the past few years, there has been a need for additional physical space and medical professionals to meet the increased demand for medical services.

St. Luke's Hospital, located in Crosby, is a 29 bed local hospital that provides services in the areas of outpatient surgery, general medical/surgical CCU and ICU, emergency room care, pediatrics, swingbed facility, 24 hour x-ray and lab, and physical therapy. The hospital employs 2 physicians, 1 ½ family physician assistants. The facility also utilizes a mobile CT scan unit and provides ultrasound and mammography services. In 2011, the facility underwent a major renovation and reconfiguration. The renovations included a new 10,000 square foot clinic addition, which replaces the clinic that was previously located downtown. A new 1,800 square foot ambulance garage was added along with renovation of 6,200 square feet of the existing hospital. The renovation and reconfiguration houses the hospital and clinic in one complex; adds an ambulatory garage/service; reconfigures the emergency room, laboratory, and radiology services closer to the clinic; adds a new nurses station; and provides more space for 7 new exam rooms, administration offices, medical records, and business office/registration. The estimated cost of the project is approximately \$ 7,500,000.

The St. Lukes Medical Complex also operates the Lignite Satellite Clinic in Lignite. The clinic is open three days per week and is staffed by a FNP. On November 29, 2012 the hospital closed down the Bowbells Satellite Clinic due to a shortage in medical staff.

The Tioga Medical Center is a 55 bed hospital and long term facility that provides general medical and long term care services for the local population. The facility is currently staffed with two physicians, two physician assistants, and also has a CT scan unit in use. In 2000, the facility completed a construction project for 30 long term care beds and 14 apartments. The new building was added on to the existing

hospital as an additional wing. The project was very beneficial to the community and cost effective in terms of meeting a local need for long term care and sharing medical personnel/costs with the hospital. In 2013 the facility will also add a new 15,000 square foot clinic addition to the south end of the hospital. The new clinic addition will add 16 additional exam rooms, 6 provider rooms, updated technology and equipment, and additional room for outpatient education and medical records storage. The estimated cost of the project is approximately \$ 8,000,000.

McKenzie County Healthcare Systems consists of McKenzie County Memorial Hospital, McKenzie County Clinic, Good Shepherd Home Nursing Home, Horizon Assisted Living, and Healthy Hearts Wellness Center. The McKenzie County Clinic is currently staffed with one Physician, one Family Nurse Practitioner, and two Physician Assistants. McKenzie County Memorial Hospital has a level 5 Emergency/Trauma Center (ETC), a CLIA-certified laboratory, currently employing 3 full-time techs, PT Department, Cardiac Rehab Program, Respiratory Program, Swing Bed, and Respite Care Services. The Good Shepherd Home Nursing Home is a 47 bed facility for skilled long term care and 9 beds for basic care. Two levels of independent living: the Horizon is attached to the Nursing Home and with 15 apartments and the Manor is a separate building with 4 apartments and offers a wide variety of services. The Healthy Hearts Wellness Center provides extensive selection of exercise equipment, exercise classes, and personal training.

Public health in North Dakota is provided by 24 single and multi-county local public health departments. The local public health departments provide immunizations, blood pressure screenings, scoliosis screening, vision screening, high risk infant follow-up, home visits, etc. Some of the programs and activities that are common to most or all of the public health departments include: Maternal and Child Health, Health Promotion, Communicable Diseases, School Health, Occupational Health Nurse Activities, Environmental Health, Mental Health, Skilled Nursing, and MCH Initiatives. It should be noted that those services not provided by the local public health departments may be provided by other agencies within the region. The Upper Missouri District Health Unit includes Williams, Divide, McKenzie, and Mountrail counties.

The North Dakota Department of Human Services, through the counties and private providers, offers the following programs: Aging Services, Child Support Enforcement, Children & Family Services, Children's Healthy Insurance Program, Children's Special Health Services, Disability Services, Food Stamps, Low Income Heating and Energy Assistance Program, Medicaid, Mental Health Services, Other Economic Assistance Programs, Substance Abuse Programs, Temporary Assistance for Needy Families, and Vocational Rehabilitation.

Health related services in the State of North Dakota are provided by eight regional Human Service Centers. Each regional human service center is responsible for the direct delivery of services to individuals and families. The human services centers provide a comprehensive array of outpatient clinical and community services including vocational rehabilitation, mental health services, developmental disabilities services, social services, addiction counseling, and emergency and outreach services. In conjunction with the above activities, the human service centers also provide supervision and direction to county agencies delivering social services.

The North Dakota State Hospital, located in Jamestown, provides specialized mental health and chemical dependency treatment services for individuals whose needs exceed the capacity and resources of community-based services. The in-patient services provided by the State Hospital serve to stabilize patients and to begin the rehabilitation process. The facility accepts voluntary and involuntary commitments through the court systems.

In Region 1, the Northwest Human Service Center provides services for residents of Divide, Williams, and McKenzie counties. According to the 2010 census information, the region has a population of approximately 30,829 and a geographical area of 6,100 square miles. The service delivery area also includes the Fort Berthold Reservation and the Trenton Indian Service Area. The Northwest Human Service Center serves approximately 2,625 individuals per year. As of July 2011, the biennial budget for the facility was \$ 8,104,688. Some of the staff specialties include psychology, psychiatry, social work, nursing, vocational rehabilitation, counseling, and administration. Addiction treatment services are handled through the Trinity Health Center in Minot. The Mercy Recovery Center in Williston closed its mental health unit in 2010 and now clients are referred to the Trinity Health Center in Minot. Each regional human service center has a Regional Human Service Council, which serves as an advisory group for the facility. Representatives include appointees by the county commissioners in each county and one tribal representative from the Three Affiliated Tribes and the Trenton Indian Service Area.

The ambulance, rescue, and quick response services in the Tri-County region are provided by the city, county, private firms, or volunteers. Except for the private air ambulance service, all of the emergency services are provided by the city, county, or on a volunteer basis. Most or all of these services are supported by local tax revenue and private fund raising. The city of Williston has a 911 system and emergency calls are dispatched to the appropriate city wide response units according to the type of situation. In Williams County, all of the community/rural response units are on a paging system and calls are dispatched through the sheriff's department to the appropriate response unit according to community and/or jurisdiction. In Divide and McKenzie County, the 911 system is in place and emergency calls are dispatched through the system to the appropriate response units.

Sanford AirMed, owned by Sanford Health and based out of Bismarck, provides air ambulance services for all of the communities, clinics, and hospitals in the three county region. Sanford AirMed will transport patients to the facility of their choice or to the nearest appropriate medical facility.

In May of 2013 Guardian Flight will start air ambulance flight operations in the region. The air ambulance helicopter will be based out of the Mercy Medical Center in Williston and will provide services within a 300 mile range. The new service is expected to reduce air ambulance transport times from hours at a time to as little as 30 minutes.

The list of providers and their respective services are as follows:

| Emergency Services in Tri-County Region | | | | |
|--|---------------|-----------|-------------|----------------|
| County/Provider | Air Ambulance | Ambulance | Rescue Unit | Quick Response |
| Divide County | | | | |
| Divide County Ambulance Service | X | X | | |
| Divide County Rescue Service | | | X | |
| Ambrose Quick Response Unit | | | | X |
| McKenzie County | | | | |
| Alexander City/Rural First Responders | | | | X |

| | | | | |
|--|----------|----------|----------|----------|
| Watford City Fire Department Rescue Service | X | X | X | |
| Williams County | | | | |
| Mercy Medical Center | X | | | |
| Alamo Quick Response Unit | | | | X |
| Grenora Ambulance Service | | X | | |
| Grenora Rescue Service | | | X | |
| Ray Community Ambulance District | | X | | |
| Ray Rescue Service | | | X | |
| Tioga Ambulance Service | | X | | |
| Tioga Rescue Service | | | X | |
| Trenton First Responders | | | | X |
| Wildrose Quick Response Unit | | | | X |
| Williston Ambulance Service | | X | | |
| Williston Police Dept. & Rescue Service | | | X | |

Source: North Dakota Department of Health, Division of Emergency Health Services.

In the region, two of the main concerns of the ambulance, quick response, and rescue service units is the burnout of the existing volunteer units due to the large volume of calls they are responding to and the lack of appropriate equipment when responding to emergency, rescue, or chemical hazards calls. Every emergency response unit in the region for the past two years has responded to on average, at least double or triple the amount of annual emergency calls than in previous years. In the case of Williston alone, the city had approximately 20,896 calls for police service in 2012 compared to 6,089 calls for police service in 2009. The Fire/EMS departments had 2,500 calls for service in 2012 compared to 1,205 calls for service in 2009. The increase in traffic accidents has resulted in many ambulance services responding to trauma cases. Many of the small rural emergency service units are losing their volunteer staff due to the increase in volume of calls and the kind of calls they are responding to, mostly due to burnout.

The increase in the volume of emergency response calls has also served to pinpoint a weakness in the region's emergency response preparedness: the lack of adequate and appropriate specialized equipment to handle certain hazardous situations. The communities and emergency response units in the region have made their needs known to the governor and the state legislature is considering legislative action to appropriate funds for emergency management services for oil impacted counties.

Another problem associated with the region's health care industry and emergency services area is the problem of bad debt and the current transient population. Every medical facility in the region has seen their urgent care and emergency room visits at least double, sometimes triple in the last year. Most of the cases at the medical facilities are from traffic related accidents. Many of the traffic accidents involve people that are living in the temporary man camps. In trauma cases, trying to collect up front is not always an option. The bad debt in every medical facility in the region has gone up at least two to three times. Communities with volunteer emergency services are also experiencing problems with trying to collect for emergency transports. In the City of Williston, bad debts for ambulance transports went from \$ 120,931 in 2011 to \$368,000 in 2012. Within the region, the total amount of bad debt expense for the medical facilities alone is estimated to be in excess of \$ 10 million. The problem with the bill collection is often a lack of insurance or intentionally and/or unintentionally giving bad address information. The state legislature is considering a

bill that would appropriate funds to those medical facilities in the oil impacted counties to help in defraying the costs of bad debts.

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2012-2016

VISION:

We see the future of the region resting in the hands of the region itself. The region's people, communities, businesses and leadership working together to develop a new frontier for agriculture, energy, new pioneers, and rural communities. We envision a future that is a blend of greater participation by commodity producers in the entire production chain, increased participation in primary sector trade, increased use of communication and advanced technology, a broader and stronger economic base and an effective partnership between the region's communities and public and private sectors. We envision the region's inhabitants and new settlers as members of an economically healthy and culturally rewarding society with a strong sense of community.

KEY REGIONAL PRIORITIES

- ❖ Provide high quality and diverse community infrastructure, education, housing, healthcare, public safety, and cultural and recreational resources to enhance the lives of those choosing to live in the region.
- ❖ Diversify the region's economy by: adding value to the commodities that can be produced and processed here; further development and application of technology and communication infrastructure that will enhance opportunities for primary sector enterprises to successfully compete globally from our region; and by the development of a strong regional tourism sector.
- ❖ Support the development of quality career and job opportunities that enable more of our youth to live and work in the region and attract new pioneers to our region. And provide education, training and workforce development programs that produce a high-skilled, employable workforce and future entrepreneurs.
- ❖ Improve average household income and standard of living to levels competitive with the rest of the country.
- ❖ Continue to support and expand collaborative regional efforts, where appropriate, through networking, coalition building, cooperation and working together to address the needs of the region.

STRATEGIC GOALS & OBJECTIVES

COMMERCE

Value-Added Agriculture

Agriculture has been the backbone of the regional economy since its first settlement and remains its most prominent industry. While many efforts are being undertaken to diversify the economy through the development and expansion of non-agricultural economy sectors, a great deal of attention is also being given to diversification within the region's agriculture industry. The industry is looking beyond basic commodity production further up the food production chain. Irrigation development has enabled producers to grow an increased number of high value crops for specific markets. An increased number of dry land crops are also being grown for specific markets. The region has a very strong research capacity that is a prerequisite for further development. High quality products have in many instances overcome increased transportation costs and several ag-processing enterprises have located within the region. The region is establishing a reputation of being a new agricultural frontier and has garnered the interest of a wide variety of ag-processing entities. Continued support of the effort must be maintained and increased research is the key to continued development.

Strategy 1:

Expand and enhance the irrigated and dry land cropping systems, research efforts of the NDSU Williston Research Extension Center, MSU Eastern Ag Research Center, and Sidney USDA-ARS Northern Plains Ag Research Laboratory to support sugar beet expansion, potato production and storage, biofuel production, corn production, dry bean production, expanded durum production, irrigated malt barley production and development, dairy and feedlot development, and other irrigated agriculture and food processing industries in the MonDak region.

Action: Continue potato research with industry collaboration to develop and define variety standards and production capacity needed by current market trends. Expand capacity for high value crop research activities by obtaining funding required for the Nesson Valley Irrigated Research and Demonstration project. Provide assistance and development planning to the following identified projects and others that may be identified in the future:

Northwest Refinery
Yellowstone Ethanol, LLC

Resources: NDSU Williston Research Extension Center, MSU Eastern Ag Research Center, and Sidney USDA-ARS Northern Plains Ag Research Laboratory, Williston Star Fund, area financial institutions and utilities, NDSU Office of the President, ND Water Commission, and Williams County Water Resource District.

Strategy 2:

Continue to enhance and market the image of the MonDak region as a producer of quality agricultural products and prime location for the development of ag-processing facilities.

Action: Continue to fund and host the Mon-Dak Ag Showcase. Participate in key national food trade shows and state sponsored events. Conduct regional seminars and events to provide a forum for communicating advancements in the value added agriculture effort.

Resources: NDSU Williston Research Extension Center, local economic development organizations, chambers of commerce, banks, credit unions, and utilities, TCRDC, ND Department of Commerce.

Strategy 3:

Promote and provide support and assistance to projects and undertakings that add value to, enhance, and diversify the region's agriculture sector.

Action: Provide assistance and development planning to the following identified projects and others that may be identified in the future:

Nesson Valley and Elk/Charbon Irrigation development

Resources: NDSU Williston Research Extension Center, local development directors, TCRDC, area utilities and financial institutions, area chambers of commerce, Water Resource Districts, Producers and private development interests.

Tourism

The Tri County region is rich with assets that can be further developed to expand the tourism sector of the regional economy. Distinctive natural resources (land, water and wildlife), a national park and historic site, national grasslands, state parks and historic sites, a network of local museums, wildlife management refuges and recreation areas; an icon rich history that includes Lewis and Clark, Theodore Roosevelt and Sitting Bull, a large number of "small town" community events, wide open spaces; and a growing number of bed & breakfasts, unique lodges, and specialty shops provide a cluster of resources that can be utilized to generate new wealth and opportunity through tourism. With the advent of the Lewis and Clark Bicentennial, local leadership has placed more focus on tourism and on taking a more collaborative approach to its development. Appropriately developed tourism assets also add to the quality of life of the region's residents and make the region more attractive for people to relocate to the area. Marketing the whole region as a tourist destination, rather than individual locations is required to realize the full potential that tourism development offers. Additional collaboration and cooperation between the various entities involved with tourism activities is needed to reach that level of development.

Strategy 1:

Support and promote the further development of tourism related resources throughout the region.

Action: Provide planning and fund raising assistance to regionally supported tourism development projects. Improvement and development projects identified include:

Little Beaver Bay Recreation Area
Tobacco Gardens Recreation Area
McKenzie County Information Center and Museum
Tioga Dam
Arnegard Dam
Cut Bluff Expedition Overlook
Lewis & Clark State Park
Little Muddy Recreation Area
Regional website development
Maah Daah Hey Trail Extension
Trenton Lake Recreation Area

Resources: Park staff, tourism stakeholders, CVB, Chambers of Commerce, Local Developers, TCRDC, ND Game & Fish, US Corps of Engineers, and Water Resource Districts.

Strategy 2:

Develop the Missouri/Yellowstone River Confluence area, Ft. Union Trading Post and Ft Buford historical sites into a world-class history interpretation destination.

Action: Encourage and support further reconstruction activities at Ft. Buford and Ft. Union Trading Post. Plan and develop a trail system that connects the three historical sites. Coordinate activities and events at the sites to optimize visitation.

Resources: National Park Service, State of ND Historical Society, Friends of Ft. Union and Ft. Buford, Williston Area Development Foundation, Williston Convention & Visitors Bureau, TCRDC, state representatives, and ND congressional delegation.

Telecommunications and Applied Technology

Advances in technology offer the region new tools to connect to the global economy and overcome the geographical distance to national and global markets. Much effort and investment has been made to provide the infrastructure needed to utilize technology to enable the creation of new enterprises and jobs. The region has been reasonably successful in the development of telecommunications enterprises. Medical transcription services, incoming and outgoing call centers, and businesses utilizing the Internet to market products have expanded successfully in the region. While successful in developing core level enterprises, the region has struggled to attract and develop more advanced enterprises, such as product and technical support centers and programmers that offer higher paying high-skilled job opportunities. Addition efforts need to be made to develop and recruit technically oriented talent to enhance the technical skills of the region's workforce.

Strategy 1:

Increase the number of Williston State College graduates and faculty in core information technology and telecommunications programs while retaining a larger percentage of the region's graduates. Enhance the academic technological curriculum at WSC and area high schools through improved communication between the college, high schools and businesses. Recruit technically oriented talent to the region by offering academic technology programs linked to business needs.

Action: Collaborate with industry and business interests, and economic development entities to identify education, training and workforce development needs and opportunities. Expand current programs and develop new programs focused on the identified needs and opportunities. Increase regional placement efforts collaborating with business and industry. Market the programs and actively recruit program candidates.

Resources: Williston State College, area School District superintendents and High School administrators, Workforce Development, WSC Foundation, TCRDC, local economic development officials, students, business and industry community.

PUBLIC SERVICES

Education, Training & Workforce Development

One of the region's greatest strengths is its school systems and the graduates that they produce. Graduation rates are consistently near the top in the nation, as are test scores. The percentage of graduates that continue their education beyond high school is also near the top of the nation. Williston State College, a community college, serves the region with a wide variety of two-year programs and preparation for four-year institutions. WSC delivers the state's Workforce Development Program in the northwest quadrant of the state. The community college now houses the Small Business Development Center, a critical provider of business development assistance and training in the region. As with many communities throughout the Great Plains, the region's school systems struggle with increasing enrollments, recruitment of teachers in specialized subjects, and maintaining class offerings at their current levels.

Strategy 1:

Engage the region's education institutions in the economic development planning process, and support and expand the role Williston State College plays in economic development.

Action: Develop and implement an entrepreneurship program first, at WSC and then in the region's high schools. Tailor WSC programs that match regional employment needs; nursing & healthcare, tourism & recreation, agriculture, and information technology and telecommunications have been targeted. Strengthen and expand the role of the Workforce Development program.

Resources: Williston State College, Workforce Development, WSC Foundation, TCRDC, local economic development officials, school superintendents, students, business community.

Budget: To be developed

Timeline: Ongoing.

Strategy 2:

Maintain an effective, staffed Small Business Development Center on the Williston State College campus.

Action: Facilitate the fund-raising necessary to expand the SBDC office in Williston.

Resources: WSC, Williston Jobs & Industry, TCRDC, local economic development organizations, chambers of commerce, banks, credit unions, utilities, and other State/Federal agencies.

Budget: \$ 50,000 cash and in-kind.

Timeline: Ongoing.

Strategy 3:

Expand access to education, training and workforce development resources through the application of technology.

- Action: Continue to increase the availability and utilization of the online offerings of Williston State College and ND University System classes. Support the Northwest Area School Alliance in their efforts to share specialized classroom resources through videoconferencing.
- Resources: Williston State College, School District superintendents and High School administrators, local economic development officials, TCRDC.
- Budget: To be developed.
- Timeline: Ongoing.

Strategy 4:

Improve coordination and effectiveness of business training undertakings in the region.

- Action: Coordinate meetings between entities responsible for conducting training seminars. Regularly survey the business community to prioritize training needs. Develop an annual training schedule and promote the training courses. Continue to attend annual strategic planning sessions.
- Resources: SBDC, TCRDC, Local development officials, Community Action, Workforce Development, Rural Development, Vocational Rehabilitation, Chamber of Commerce.
- Budget: Time volunteered until further development.
- Timeline: Ongoing.

Parks & Recreation

Exceptional parks and recreation opportunities not only improve the quality of life for the region's residents, but also make the region and its communities more appealing to tourists; and, people and businesses considering locating within the region. A great strength throughout the region is the pride taken in maintaining and utilizing local park systems. Recreation opportunities are plentiful and play an integral part in the lifestyle and quality of life in the region. Many communities in the region are undertaking improvement projects and further development of their parks and recreation facilities and need assistance in development and funding of the projects.

Strategy 1:

Encourage and support communities and organizations seeking to enhance and/or develop park and recreation opportunities.

- Action: Utilize local planning departments to provide technical assistance in seeking funds to develop and conduct projects that enhance park and recreational opportunities. Establish working relationships with leaders promoting the development of park and recreation facilities. The following projects have been identified:

- ❖ Park Development & Improvement – Arnegard, Alexander, Crosby, Ray, Tioga, and Williston
- ❖ Bike Paths – Crosby, Watford City

Projects more regional in nature are defined under the Tourism Strategy Section.

Resources: Parks & Rec. officials, community organizations, city officials, various foundations and state and federal agencies.

Budget: Budgets will be developed for each project.

Timeline: Ongoing.

PUBLIC INFRASTRUCTURE

Transportation

The transportation systems connecting the region are a key element in implementing the strategies being undertaken to diversify the region’s economy. Adjustment strategy success is dependent upon the capability of moving products and people efficiently. The Tri-County region has several transportation assets that can be built upon to provide competitive advantage in the marketplace. U.S. Highways 2 and 85, which intersect at Williston, serve the region and provide national east-west and north-south connection. Sloulin International Airport provides commercial air service to the region. Amtrak’s Empire Builder also serves the region. BNSF has the greatest rail freight service presence in the region. Improvements to the existing transportation infrastructure will greatly enhance the region’s economic diversification efforts.

Strategy 1:

Assist in the promotion and continued development of the Theodore Roosevelt Expressway segment of the Great Plains Trade Corridor, a proposed four-lane artery that will connect the metropolitan cities and regional trade centers of the Great Plains from Monterrey, Mexico to Saskatoon, Saskatchewan.

Action: Enlist additional supporters for the initiative from both within and out of the state to further pursue and develop the project. Communicate the goals of the initiative through written material and conferences.

Resources: City officials and commissioners, county commissioners, state legislators, area chambers of commerce, local and regional economic development offices, Office of the Governor, ND DOT, ND Congressional delegation, and corridor stakeholders south of North Dakota.

Budget: Time volunteered by the TCRDC

Timeline: Ongoing.

Strategy 2:

Promote and support efforts to develop additional hiking/walking/bike trails throughout the region that will enhance the quality of life of community residents and support the expansion of the tourism sector of the regional economy.

Action: TCRDC staff will work with communities and organizations and groups to develop and access funding for trail projects. Trail enhancement projects that have been identified include:

- 1) Lewis & Clark State Park Trail Expansion
- 2) Beaver Bay Recreation Area
- 3) Watford City Nature Trail
- 4) Cut Bluff Trail System

Resources: TCRDC staff, Parks & Recreation officials, local economic development officials, tourism development officials, Water Resource Boards, ND Department of Transportation, ND Congressional offices.

Water and Wastewater Systems

Water treatment and distribution systems, and wastewater collection and treatment systems throughout the region are dated and in need of repair and/or replacement. Most of the region's communities are faced with major financial challenges in that there has been little long-term planning for replacement of the systems. As tax bases in many of the communities have decreased, so have funds set aside for basic capital improvement projects. Rate structures for the basic services have generally been kept artificially low making it difficult to increase rates to finance the improvements solely through revenues. Assistance is needed not only in securing financing, but also in the planning and development of the projects. All of the following communities in the region are faced with significant water and wastewater improvement needs: Crosby, Fortuna and Noonan in Divide County; Alexander, Arnegard and Watford City in McKenzie County; and Grenora, Ray, Tioga, Trenton, Wildrose and Williston in Williams County. All three counties are now benefiting from rural water systems.

Strategy 1:

Provide assistance to communities in planning for water and wastewater capital improvements, development of projects, and securing financing to conduct the projects. Attempt to leverage outside sources of funding to accomplish more with available local and regional funding resources.

Action: TCRDC staff will meet with the region's community officials to initiate planning and prioritizing water and wastewater improvements in each of the respective communities. Preliminary engineering reports shall be prepared for priority projects. Funding alternatives shall be researched and pursued. Staff will assist communities in preparing applications to identified potential funding sources. Relationships between staff and community officials shall be maintained by regular meetings to ensure an ongoing focus on capital improvement planning.

Resources: TCRDC staff, county/city and private engineers, Council/Commission members and staff, Rural Development, Community and Development Block Grant Program, ND Water Commission, FEMA, ND Bond Bank, ND State Health Department, and Water Resource Districts.

Budget: TCRDC staff time. Planning and project budgets to be developed as specific needs are identified.

Timeline: Ongoing.

Strategy 2:

Provide assistance to communities to secure funding necessary for the development of Capital Improvement Plans.

Action: TCRDC staff will meet with the region's community officials to assist in researching and identifying funding that can be used for the preparation of Capital Improvement Plans. Staff will assist communities in preparing applications to identified potential funding sources. Relationships between staff and community officials shall be maintained by regular meetings to ensure an ongoing focus on capital improvement planning. Provide assistance and development planning to the following identified communities and others that may be identified in the future:

Ambrose
Fortuna
Noonan
Alexander
Arnegard
Alamo
Epping
Grenora
Ray
Springbrook
Tioga
Wildrose

Resources: TCRDC staff, county/city and private engineering firms, Rural Development, Community Development Block Grant Program, FEMA, ND Bond Bank, and local energy sector companies

Budget: TCRDC staff time. Planning and project budgets to be developed as specific needs are identified.

Timeline: Ongoing

Industrial Property Development

The availability of well-developed industrial properties with improvements required by agricultural processors will be a critical element in attracting processing enterprises to the region. The cities of Crosby, Ray, Tioga and Williston have comparative advantages and strengths that will enable them to facilitate the development of processing firms. Recent investment in industrial infrastructure has been minimal and additional improvements are needed to provide the elements needed for a processing firm to succeed in the region.

Strategy 1:

Provide assistance to communities in planning for industrial property improvements,

development of projects, and securing financing to conduct projects that will facilitate the establishment of agricultural processing enterprises.

Action: Work with area communities to identify and expand agricultural processing enterprises in the region. Action needed: coordination of the resources listed below to provide for the effective development and funding of potential projects.

Resources: TCRDC staff, local economic development officials, county/city and private engineers, City Council/Commission members and staff, ND Department of Commerce, Economic Development Administration, Rural Development, Community Development Block Grant Program, ND Water Commission, ND Bond Bank and Water Resource Districts.

Budget: TCRDC staff time. Planning and project budgets to be developed as specific needs are identified.

Timeline: Ongoing.

ADA Compliance

Communities of the region are committed to providing public service access to all, including those with disabilities. New public facility project designs address the needs of the disabled. While many physical barriers have been removed, many still exist and efforts are ongoing to address the remaining physical barriers throughout the region. Financial capacity to address removal of physical barriers is limited and outside financial assistance is needed to leverage local funding. The strong sense of community that is felt throughout the region is in part a result of people caring about people. There is a genuine desire to ensure that anyone that chooses to live in the region has access to participate in all aspects of community living.

Strategy 1:

Continue building capacity within the region to address the access needs of the disabled and elderly so that all may enjoy the rewards of the lifestyle experienced in the region.

Action: TCRDC staff will work with city and county ADA Coordinators to keep their ADA Transition Plans updated and to plan and develop projects that remove physical barriers to public services. Funding will be sought for prioritized projects leveraging local funds to the greatest extent possible. Input from representatives of the disabled and elderly population will be utilized in the planning of the projects. The following projects have been identified and prioritized for funding:

- 1) Williston Curb Ramps
- 2) Watford City Veterans Park Entrance
- 3) Alexander City Park Restrooms

Resources: TCRDC staff, city/county ADA Coordinators, county/city and private engineers, council/commission members and staff, Rural Development, Community Development Block Grant Program.

Budget: TCRDC and local staff time. Project budgets to be developed as the projects are planned and developed.

Timeline: Ongoing.

Housing

All of the communities within the region are experiencing a drastic shortage in housing. Many of the communities have taken the step of undertaking housing studies to determine if there is a need for housing, the extent of the housing need, and in what areas. At least one of the studies have indicated there is a need for single family homes and multi-family apartment complexes. The Williston Housing Study, which was completed in December of 2006, and the North Dakota Statewide Housing Needs Assessment of 2012 indicated a need for at least 2,000 new homes and apartments each year in the region for the next three years.

Strategy 1:

Work with community leaders, local economic development offices, developers, realtors, bankers, State/Federal agencies, and other interested parties to address the housing needs of the region.

Action: Coordinate meetings and informative workshops with the above parties to discuss the housing needs, any programs that can be accessed, and provide information on any incentives that may be available.

Resources: Local banks, State/Federal agencies, regional communities

Timeline: Ongoing

Strategy 2:

Continue to work with local entities within the region to address some of their single family and multi-family housing renovation needs.

Action: TCRDC staff will continue to work with city and county officials to identify housing needs within their respective area. Assistance will be provided to identify potential sources of funding that may be available through State and Federal agencies. The following housing renovation projects have been identified and prioritized for funding through the Community Development Block Grant process:

1. Watford City
2. Grenora
3. Williston
4. Ray
5. Wildrose
6. Tioga
7. Crosby

Resources: Local banks, State/Federal agencies, Community Development Block Grant Program, non-profit entities, and cities and counties.

Timeline: Ongoing

ANNUAL EVALUATION AND CEDS UPDATES

Each year, TCRDC staff will provide to the CEDS committee a progress report on the CEDS initiatives and actions undertaken during the year. The report will include projects and initiatives that were completed during the previous year, and projects and initiatives that have been further developed and refined and will be implemented in the near term future. The report will also address the status of ongoing and long-term initiatives. Input from local citizens groups that staff meets with throughout the year will also be provided and adjustments will be made to the CEDS strategies as needed and desired by the CEDS committee. Actions and strategies will be evaluated utilizing the following standards:

Does the project/initiative:

- 1) Diversify or support diversification of the region's economy
- 2) Support the development of quality job and career opportunities
- 3) Improve the quality of community infrastructure
- 4) Increase average household income and standard of living
- 5) Foster collaboration between the regional communities.

Necessary updates to the CEDS will be made based on the feedback from local public officials, analysis by the CEDS committee, and annual meetings with the general public. Priorities for staff will be determined based on resources available and those actions deemed the most urgent by the CEDS committee. Many of the initiatives are being undertaken by personnel resources outside of the CEDS committee and TCRDC staff. In those cases, committee members and staff will be responsible for monitoring status of those actions.

Disaster and Economic Recovery Resiliency Strategy

Disasters can strike at any time in any place. In many cases, actions can be taken before disasters strike to reduce or eliminate the negative impacts. These actions, termed mitigation, often protect life, property, the economy, and other values.

Within the State of North Dakota, the Department of Emergency Services is the lead agency for emergency management. Hazard mitigation is the key component of emergency management, and therefore, the department assumes an all-hazard mitigation leadership role. The State Hazard Mitigation Officer is housed within the Department of Emergency Services and programs such as the Hazard Mitigation Grant Program, Pre-Disaster Mitigation Program, Flood Mitigation Assistance Program, and Repetitive Flood Loss Programs are managed by the State Hazard Mitigation Officer and staff. Other hazard specific programs, such as the National Flood Insurance Program and National Fire Plan, are managed by other agencies, but the responsibility of building a state mitigation plan and coordinating overall statewide hazard lies with the Department of Emergency Services.

Mitigation planning responsibilities of the North Dakota Department of Emergency Services include:

- ❖ Developing and maintaining a statewide multi-hazard mitigation plan based on significant recurring hazards affecting the state
- ❖ Updating mitigation planning documents based on accomplishments, federal and state declared disasters or emergencies, and new information
- ❖ Administering local and state mitigation planning grants and programs, both pre and post disaster
- ❖ Coordinating activities of the State Hazard Mitigation Team and interagency Hazard Mitigation Team

The key federal agency in hazard mitigation planning in North Dakota is the Federal Emergency Management Agency. FEMA has provided financial and technical assistance to the state in developing mitigation plans; reviewing and approving state, tribal, and local hazard mitigation plans; setting up Disaster Field Offices, and managing post-disaster mitigation programs.

Since the inception of the hazard mitigation planning within the state, the Department of Emergency Services has identified state agencies that have a role in natural and human caused hazard mitigation. These agencies, identified as the State Hazard Mitigation Team members, include:

- ❖ Department of Emergency Services
- ❖ Bureau of Criminal Investigation
- ❖ Department of Agriculture
- ❖ Department of Health
- ❖ Department of Transportation
- ❖ Division of Community Services
- ❖ Forest Service
- ❖ Game and Fish Department
- ❖ Governor's Office
- ❖ Indian Affairs Commission
- ❖ National Guard
- ❖ Parks and Recreation Department
- ❖ Risk Management Division

- ❖ State Fire Marshal
- ❖ State Historical Society
- ❖ State Water Commission

Agencies are added or removed from time to time depending on the type of disaster or project reviews.

The responsibilities of the State Hazard Mitigation Team are as follows:

- ❖ Coordinating pre and post disaster state and local hazard mitigation efforts across individual agencies
- ❖ Working with the Department of Emergency Services and providing input in the development and maintenance of a statewide multi-hazard mitigation plan based on significant recurring hazards affecting the state
- ❖ Recommending priorities for mitigation in the state
- ❖ Working with the appropriate local agencies in the implementation of mitigation projects and planning initiatives
- ❖ Ensuring that activities, programs, and policies related to hazard vulnerability and management are coordinated by state agencies and contribute to the avoidance and reduction of natural hazards

The State of North Dakota Multi-Hazard Mitigation Plan addresses thirteen major hazards with respect to risks and vulnerabilities statewide. Through a collaborative and ongoing planning process, including review of local mitigation plans, the North Dakota hazards were identified, researched, profiled, and prioritized.

The major hazards are:

- ❖ Communicable disease
- ❖ Dam failure
- ❖ Drought
- ❖ Flood
- ❖ Geologic hazards
- ❖ Hazardous materials release
- ❖ Homeland Security incident
- ❖ Shortage or outage of critical materials or infrastructure
- ❖ Summer storm
- ❖ Transportation accident
- ❖ Urban fire or structure collapse
- ❖ Wildland fire
- ❖ Winter storm

Each of the above hazards has been profiled in terms of characteristics, history, probability, magnitude, mapping, vulnerabilities, data limitations, and other key documents. The vulnerabilities to jurisdictions, state owned buildings and property, critical facilities and infrastructure, and new and future development are evaluated for each hazard.

Based on the probability and extent of potential impacts, the hazards are prioritized as follows for the State of North Dakota:

- High Hazards: winter storm, summer storm, drought, flood

- Moderate Hazards: communicable disease, hazardous material release, wildland fire, shortage or outage of critical materials or infrastructure
- Low Hazards: Homeland Security incident, geologic hazards, urban fire or structure collapse, dam failure, transportation accident

During the planning of the North Dakota Multi-Hazard Mitigation Plan and its strategies, the following goals were developed based on the results of risk assessments. The goals are:

- ❖ Goal 1 – encourage sound state and local planning related to hazard understanding and mitigation
- ❖ Goal 2 – enhance the public’s awareness of hazards
- ❖ Goal 3 – reduce the impact future development has on potential losses and vulnerabilities
- ❖ Goal 4 – reduce impacts of flooding to people and property in North Dakota
- ❖ Goal 5 – mitigate the effects severe summer and winter weather have on people and property
- ❖ Goal 6 – reduce impacts of drought and wildland fires on North Dakota communities
- ❖ Goal 7 – reduce population and property losses from human caused hazards

Other recommended activities, such as integrating this plan into a variety of other federal, state, tribal, and local plans and documents, will further the goals of hazard mitigation in the State of North Dakota.

All of the above information is being provided as a pretext to explain how the planning and implementation of emergency management works in North Dakota. The state was the first jurisdiction to plan, adopt, and implement a hazard mitigation plan in 2003. During the development of the plan, the state also developed a generic planning outline that could be replicated and used by local jurisdictions.

Since that time, Divide, McKenzie, and Williams counties have participated in the planning process and have developed their own county wide hazard mitigation plans. Since there are other emergency management plans in place that each of the counties has developed and approved, below is a list of those plans by county:

| Emergency Management Plans | | | | | | | |
|----------------------------|------------------------------|-----------------|---------------------------------|-------------------|--------------------|-------------------------------|-------------------------------------|
| County | Multi-Hazard Mitigation Plan | Evacuation Plan | Local Emergency Operations Plan | Dam Incident Plan | Comprehensive Plan | COE Emergency Operations Plan | Economic Recovery & Resiliency Plan |
| Divide | X | | X | X | X | | |
| McKenzie | X | X | X | X | X | X | |
| Williams | X | X | X | X | X | X | |

In North Dakota, all state, local, and tribal governments are required to have an approved Multi-Hazard Mitigation Plan to receive funding for certain types of non-emergency disaster assistance, including mitigation projects.

Each local Multi-Hazard Mitigation Plan is broken down into five chapters or sections. They are:

1. Introduction
 - ❖ General plan overview and background information regarding each participating jurisdiction
2. Hazard Identification and Risk Assessment
 - ❖ Hazard profiles, community asset inventory and risk prioritization
3. Assessing Vulnerabilities
 - ❖ Community assets identification and potential vulnerabilities analysis
4. Mitigation Strategy
 - ❖ Goals and action items identification to mitigate risks of hazards in the community
5. Plan Maintenance
 - ❖ Procedures for monitoring, evaluating, and updating the plan

The approved Hazard Mitigation Plans for each county includes a local planning team and strategies for pre disaster and post recovery efforts, risk assessment information, demographics for current and future growth, local website information for emergency management contacts/programs, etc.

The Tri-County Regional Development Council, in case of a natural disaster, envisions a very limited role in assisting with the recovery and redevelopment efforts of the jurisdictional units of government. A lot of extensive planning on the part of local, state, and federal officials has already gone into the development of the various plans in place. While it is not the intent or goal of Tri-County to advocate for the development of a new hazard mitigation plan, there may be a need to further develop a post disaster redevelopment plan during the updating phase of each county's hazard mitigation plan.

Although there have been incidents of natural disasters within the region over the years, most of which has been in the form of flooding to farmlands and roads, none of them have required any extensive redevelopment efforts. Without having any previous experiences to use as a baseline, the planning efforts for the most part will rely on established protocols. In all likelihood, since there has not been a major disaster in the region that has required any major redevelopment efforts or plans, it may be the reason that the emphasis on planning has been more in the areas of pre-disaster and disaster mitigation than in the area of redevelopment.

The Tri-County Regional Development Council will encourage and advocate each of the counties within the region to update their respective hazard mitigation plans by researching, planning, developing, and implementing a post disaster redevelopment plan.

Many of the communities within the region have not had any kind of development within their jurisdictions for many years. A major disaster, although never seen in a positive light, may provide a community with the opportunity to plan, rebuild, and redevelop according to present day growth patterns and regional needs. Some of the ideas to consider:

- ❖ Infrastructure replacement
- ❖ Land use patterns/ordinances

- ❖ Energy efficient buildings
- ❖ Modern community design
- ❖ Affordable housing
- ❖ Environmental preservation

Each of the county jurisdictions within the region already has in place hazard mitigation plans, comprehensive plans, and other local emergency management plans. The purpose of the updating of the hazard mitigation plans is to ensure that all of the current plans in place are consistent in their policies, procedures, ordinances, codes, and other relevant regulations that may affect decisions in the post recovery and redevelopment process.

In planning for the recovery and redevelopment, each of the counties will need to inventory, assess, and analyze what is already in place in terms of existing plans, policies, procedures, ordinances, codes, regulations, mitigation strategies, etc. to determine what information can and should be used in their recovery and redevelopment plan. Each county is going to be different in terms of the level of planning that will be needed to guide their respective strategies in the development of the recovery and redevelopment plan. For instance, the communities of Watford City and Williston are experiencing tremendous growth and development within their communities. Each of the community populations is expected to increase by at least 300% within the next three to five years. As a result, the planning and strategy development for these communities is, more than likely, going to be more in-depth and intense versus a community within Divide County.

Disaster recovery and redevelopment is never an easy undertaking. In situations where the local economies are performing very well it would be difficult at best. However, in a situation where the regional economy is the fastest growing micropolitan area in the nation, disaster recovery and redevelopment could be very challenging, to say the least.

The counties will need to develop priorities for recovery and redevelopment based on available funding, time constraints, existing land use patterns, existing plans and protocols, etc. The areas they will need to focus on will include but not be limited to:

- ❖ Infrastructure
- ❖ Commercial
- ❖ Industrial
- ❖ Residential
- ❖ Economic Development
- ❖ Historical sites
- ❖ Areas not conducive to recovery and redevelopment

One of the potential issues that will surface in the development of a recovery and redevelopment plan for each county will be the extent of the involvement of private sector businesses. In the private sector, development usually happens at a much quicker pace and schedule than in local, state or federal government situations. Given the current state of economy and the pace at which development is occurring, the private sector businesses will want to be the top priority when it comes to planning for recovery and redevelopment. Once all of the planning members, the general public, and private sector members realize the extent of the recovery and redevelopment process, a plan will be developed that will have as its core value: what is in the best interest of the community and its members

