Proceedings of the Workshop on Managing Growth in Mercer County, North Dakota

Bismarck, North Dakota
December 1 and 2, 1977

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U.S. Department of Energy
Assistant Secretary for Conservation and Solar Applications
Division of Buildings and Community Systems

With the Participation of:
State of North Dakota
and Energy Development Board of Mercer County

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During the last half decade, the need to exploit domestic sources of energy has led to a new opening of the West. The huge reserves of coal and uranium that underlie many western states have attracted major energy-supply industries whose influx has created serious problems for many Western communities.

Mercer County, a primarily agricultural region of North Dakota, is one such area. The county will experience extremely rapid growth over the next decade as thousands of workers move into the county to build three large power plants and a coal-gasification plant; by 1985, Mercer County's population will virtually double.

The local governments of the county have organized to respond to this imminent growth by forming an innovative joint-planning and coordinating body, the Energy Development Board (EDB) of Mercer County. The board was chartered in August 1977. Its members are the three county commissioners and representatives of the six cities and four of the county's school districts.

The EDB will prepare a growth-management plan for the county and its communities, coordinate the various activities required to implement the plan, and negotiate funds to finance these activities. The U.S. Department of Energy's Division of Buildings and Community Systems, which was instrumental in the formation of the EDB, will fund the board's operations under the terms of a 3-year agreement.

To help the EDB prepare its growth-management plan, the Department of Energy and the State of North Dakota sponsored a workshop, "Managing Growth in Mercer County," at which some 70 individuals with wide experience and varied expertise in community development met to discuss the problems facing the county planners and suggest practical means for solving these problems.

Gerald S. Leighton
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Introduction

The workshop on "Managing Growth in Mercer County" was held on December 1 and 2, 1977, at the Kirkwood Inn in Bismarck, North Dakota. At the opening plenary session, Gerald S. Leighton, Assistant Director of the Division of Buildings and Community Systems, explained the division's role in the development and establishment of the EDB. Dr. Charles F. Metzger, Energy and Natural Resources Coordinator of the North Dakota Governor's Office, discussed the implications of the EDB for Mercer County and the state. Robert Wetzel, Chairman of the EDB, then introduced a slide presentation on the creation of the EDB, its accomplishments, and its future activities.

During the afternoon of the first day, the workshop participants separated into three panels for round-table discussions on various aspects of growth-management. Panel I, "Planning for Growth," concentrated its discussions on specific planning techniques for managing growth in Mercer County and incorporating energy conservation into the community-planning process. Panel II, "Clearing the Way for Growth," discussed solutions to the legal, regulatory, and institutional problems confronting the EDB. Panel III, "Cooperating for Growth," clarified the roles and relationships of the participants in the community development process in Mercer County. The three panel leaders summarized the discussions and recommendations of their panels and presented their summaries at the concluding plenary session of the workshop on the morning of December 2.

These presentations are summarized in the succeeding sections of this report.

Other information pertinent to the workshop and transcripts of the major presentations appear in the appendixes following the summaries.
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Panel I: Planning for Growth

Summary of the Discussion and Recommendations

Panel I's objective was to formulate specific planning techniques for managing growth in Mercer County. The panel's discussion centered on three questions:

- How should the Energy Development Board establish its planning priorities for Mercer County?
- What factors must the Energy Development Board consider in planning for growth management?
- How should energy conservation be incorporated into planning for growth management?

The panel interpreted the first question to refer to the process of planning and agreed that, although the basic principle behind the EDB is local control of development, outsiders could advise on the process. They recommended six essential steps in the planning process for Mercer County:

1. **Identify and document the communities' needs.** The first step in planning is to project impacts on the communities and local governments from accurate forecasts of employment and population growth. It was agreed that this step has been partially accomplished by state and federal agencies, the Lewis and Clark 1805 Regional Council for Development, and the energy industries. (The panel noted that Mercer County has been the subject of 187 studies.)

2. **Define objectives.** The EDB should establish specifically what the county wants to be, and — perhaps more importantly — what it does not want to be, during the period of rapid growth and afterwards. Defining these objectives will probably involve the active participation of the residents of the county.

3. **Set priorities.** The EDB's immediate task is to deal with outstanding problems. To identify problems that call for priority treatment, the EDB should circulate a list of problems to local governments, the residents of

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David Williams is an independent consultant on growth management and a former city manager.
the county, and potential sources of aid. It can then establish priorities on the basis of their responses, taking into account the immediacy of need, the extent of the impact, costs, and time. The priorities must also be mutually consistent and compatible. Once priorities have been set, the resources required to solve problems can be determined; however, the rankings themselves must be, to some extent, dependent on the resources known to be available immediately.

4. Initiate action. The EDB should move into action as soon as its priorities are set, relying only on those resources known to be available. It should not procrastinate in the hope of receiving more assistance or hesitate because of uncertainties that commitments for support will not be met. Once a program of action has been defined, action can be initiated by the EDB's staff, local government officials, or other governmental agencies.

5. Refine data. At present, information on growth in Mercer County is too voluminous and disorganized to be useful. Data pertinent to specific problems or projects should be extracted from this undifferentiated mass of information to document applications for aid.

6. Monitor changing needs. The EDB must monitor the development process and the pertinence of its programs to identify changes that warrant a review of priorities and, possibly, modification of the programs.

In discussing the second issue, one panelist, reflecting the consensus of the panel, remarked: "Nobody can set priorities for the EDB; it's strictly up to them." In other words, the panel felt itself ill-qualified to discuss the substance of a growth-management plan for Mercer County. However, from the pooled experience of the panelists in analogous situations, and from the comments of EDB representatives on the panel, the panel suggested that four concerns should be considered by the EDB:

1. Local costs of development. The major concern voiced by the representatives of Mercer County is that present residents should not pay higher taxes to finance public services for incoming residents.

2. Timely financing. Public and private facilities and housing must be financed from funds that are immediately accessible. Local governments must look to available funds, not to potential sources of funds. An intensive effort to identify sources of assistance, document needs, and prepare applications is critical if funding is to be available when it is needed. The staff of the EDB, with technical assistance from the Lewis and Clark 1805 Regional Council for Development and financial assistance from state and federal agencies, will be instrumental in these activities.

3. Human services. The panel noted that the problems of housing for the elderly, the lack of recreational facilities for young people, and similar
human problems had figured largely in their discussions, in contrast to the more usual emphasis in such discussions on physical needs. They agreed that these problems predate energy development, but are likely to be aggravated by rapid growth. They recommended that human health and safety concerns should be given a major emphasis in planning.

4. Breadth of perspective. Although immediate problems must be solved, the panel felt that the EDB must not become immersed in short-term problems. They urged the EDB to adopt a broader perspective; to address long-range, as well as immediate, issues; and to keep in mind regional, state, and national objectives as well as local concerns. They recommended, also, that the EDB, while dealing with the adverse effects of energy development, should also take advantage of the economic opportunities it offers — an increased energy supply, new public facilities, and an enlarged and diversified labor pool.

Finally, the panel stressed the danger that energy-conservation opportunities might be overlooked in the press of responding to imminent growth. They urged that energy efficiency be integrated into all aspects of the planning process, and particularly in the planning of land use and transportation. Mercer County, as a pilot project in energy conservation for the nation, has special opportunities to develop energy-conserving techniques, such as the use of waste heat from energy-production processes.
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Panel II: Clearing the Way for Growth

Summary of the Discussion and Recommendations

Panel II consisted of members of the Energy Development Board of Mercer County and experts in the delivery of impact aid. Their principal objective was to examine practical means by which the EDB could overcome legal, regulatory, and institutional obstacles in planning for growth in Mercer County. The panel’s discussions centered on three questions:

- What are likely to be the legal, regulatory, and institutional barriers facing Mercer County in planning for growth?
- What solutions can be transferred to, and applied in, Mercer County?
- What steps can be taken to solicit support for these solutions from local residents and state and federal officials?

Drawing on the considerable experience of its members, the panel made nine recommendations:

1. **Remain flexible.** The EDB must retain a capability for adapting its plan and programs to unforeseen changes in the development process, such as a major discrepancy between forecast and actual population growth. The first step is to acquire a population model that responds quickly to such changes and to the actions of public and private participants in the development process. (The state’s Regional Environmental Assessment Program is currently using a regional model, but they have indicated that they are willing to assist in the development of forecasts at the local level.) The EDB should also monitor conditions closely and be prepared to revise the plan to accommodate changes. The panel strongly suggested close and continuous contact with the energy industry as one means of acquiring advance information of potential changes.

2. **Implement the plan by actual growth.** The implementation of the various elements of the growth-management plan should be keyed to specific increases in population, not scheduled to long-range estimates of growth. A schedule based on estimates precludes flexibility in responding to unexpected changes in the predicted patterns of growth.

Mark A. Peterson is the Public Facilities Program Director for the Wyoming Community Development Authority; his area of expertise is in public debt financing in rapid growth communities.
3. Adopt definite schedules for various planning activities. Obviously, the EDB must plan for growth over a considerable period of time. However, the panel recommended that the EDB adopt clearly defined short-, mid-, and long-term timetables for various types of activity:

(a) In the immediate future, the EDB should deal with outstanding problems and the most pressing needs. If these problems are allowed to persist, they are likely to interfere with longer-range planning.

(b) The end of the next fiscal year is an appropriate target date for mid-term activities as it coincides with the planning cycle for local budgeting and revenue-generation.

(c) A period of 5 years should be considered the realistic outer limit for detailed planning and the commitment of resources.

4. Plan for the permanent population. The needs of the county’s growing permanent population should form the basis of the EDB’s plan, despite the practical difficulties of estimating, and planning for, the permanent growth induced by energy development. This planning will inevitably encompass some, at least, of the temporary residents’ needs.

5. Recognize limitations. The EDB is ideally suited to perform some development functions, but certain problems are beyond its capabilities. The EDB must recognize those problems it can cope with and those that are beyond its control; for example, inflated housing costs, unbalanced wage scales, or the loss of competent employees from local businesses to more lucrative jobs with the energy industries.

6. Develop a reliable data base. Rapid-growth communities are prone to make crucial decisions on hearsay information and rumors of development that never materializes. The EDB should make itself the universally recognized source for accurate and dependable information on development in Mercer County. In this role, the EDB can discount unsubstantiated information and restrain uncoordinated attempts to gather data.

7. Delegate responsibilities. The pressures that will be exerted on the members of the EDB, collectively and individually, should not be underestimated. Their responsibilities may become burdensome to a degree if they are unable to foresee an end to them; and the longer they hold office on the board, the more susceptible they become to criticism from their constituents. Such has been the case in a number of similar organizations within the panel’s experience. Two measures may alleviate the potential problems: limited terms of office and systematic rotation of offices among the members of the board; and the delegation of responsibility to various subcommittees. The subcommittees should be authorized to coopt members of the
public, both to extend community involvement and to counter any tendency toward the development of an adversary relationship between the EDB and its constituents.

8. Promote favorable legislation. The decision-making powers of the communities in Mercer County are severely restricted by state legislation and the state constitution. For example, under legislation now in force, local jurisdictions are not informed of the tax base until 6 months after they have drafted their budgets for the current fiscal year; long-range financial planning is consequently difficult. The EDB is an ideal vehicle for lobbying for changes in restrictive legislation and for new legislation favorable to its community-development activities. Although political activities are strictly beyond the EDB's defined role, they are clearly complementary to the task of implementing the growth-management plan.

9. Coordinate regulatory processes. North Dakota's regulatory processes and mechanisms are extensive and complex. The EDB is ideally situated to serve as a focal point for regulatory activities at the local level. The EDB should participate with state agencies in formulating regulatory standards and requirements to ensure that its needs at the local level are considered; the regulated industries should also be required to work directly with the EDB. Moreover, when conflicts arise, the EDB, as the representative of the communities most immediately affected by rapid change, should not be expected to subordinate its interests to those of the state or the energy industries.
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Panel III: Cooperating for Growth

Summary of the Discussion and Recommendations

Panel III’s purpose was to examine the relationship between the EDB and other participants in the development process. The discussion centered on three questions:

- Who can, and should, be involved in helping the Energy Development Board to plan for growth in Mercer County?
- How can participants work with the Energy Development Board and with one another?
- What processes and mechanisms will simplify this cooperative effort and make it more effective?

The participants, as demonstrated by the mixture of companies, agencies, and institutions represented on the panel, are many and varied. However, in summarizing the discussions, they may be grouped in three general categories: industry, state government, and federal government.

THE ROLE OF INDUSTRY

There seemed to be general agreement among the panelists that industry alone cannot be expected to shoulder the difficult community-development tasks that inevitably accompany the development of energy resources. Industry may contribute to community development; for example, by sharing with a local community the responsibility for building a new road that will be used by both. Industry may also provide technical assistance to local governments; under conditions recently set by the North Dakota Public Service Commission, the energy industries are actually required to provide specific technical assistance. Industry may also furnish invaluable information for planning, particularly projections of employment and estimates of environmental impacts.

The three major energy companies in Mercer County, recognizing their critical interest in the community-development process, have created a working committee that meets regularly with the EDB and its staff. Indus-
try has thus created its own counterpart to the EDB to serve as a point of contact and coordination with local governments.

**THE ROLE OF STATE GOVERNMENT**

The panel discussed three types of state assistance to the county: credit assistance, grants, and technical assistance.

**Credit Assistance.** Two sources have been identified for loans to local government to finance the accelerated growth of their communities: the Bank of North Dakota, through its municipal bond bank, and the coal severance tax trust fund. The panel discussed a number of obstacles to borrowing by local government that the EDB might help overcome.

The first is the Bank of North Dakota's policy against lending for "speculative development." The panel concluded that the EDB's careful physical, fiscal, and social planning would reduce the speculative element in development and consequently help local governments to support requests for loans to finance infrastructure.

A second obstacle is the restrictive legal debt limits of jurisdictions in Mercer County. The panel agreed that the EDB could offer a financing mechanism free of these debt limitations if new state legislation were enacted to confer independent legal status on the EDB and exempt it from the restriction on its constituent members.

The timing of borrowing by local governments in relation to scheduled offerings by the municipal bond bank was also discussed. The panel agreed that, with advance planning by the EDB, borrowings by the various jurisdictions could be consolidated, or pooled, at a suitable level for marketing by the bond bank at appropriate intervals.

The initial $14 million offering by the bond bank was secured dollar-for-dollar by a pledge of federal government securities in the portfolio of the Bank of North Dakota. Future offerings will not benefit from such security indefinitely. However, it was established that the bank would welcome a federal guarantee for offerings to finance energy-related community development if the Congress were to make it available.

Finally, the panel discussed the need for credit assistance in the housing sector and concluded that new state legislation conferring the powers of a housing-finance agency on the Bank of North Dakota would be desirable.

**Grants.** The panel was informed that $4.3 million is available for grants from the state's Coal Development Impact Office, and that a large proportion of these funds is expected to flow to Mercer County.
Technical Assistance. Many state agencies can provide technical assistance to the EDB: the Regional Environmental Assessment Program; the natural resources agencies; the state Planning Division; and the Bank of North Dakota. The Lewis & Clark 1805 Regional Council for Development can also provide planning assistance. The state's activities would be coordinated through the Governor's Office. (The panel was fortunate to have Dr. Charles Metzger of the Governor's Office as a member and regretted that his early departure from the session precluded discussion of this coordinating role and of the natural resources agencies under his supervision.)

The panel concluded that rapid growth in Mercer County may create problems for state government as well as local government; state highways may rapidly become congested and overused, and the financing of new highway construction may be difficult under present constraints. Such problems further emphasize the value of coordinating mechanisms such as the EDB, the state Governor's Office, and the industries' working committee.

THE ROLE OF THE FEDERAL GOVERNMENT

The panel identified a wide range of federal programs of potential benefit to Mercer County, administered by various federal agencies: the Bureau of Land Management of the Department of the Interior; the Economic Development Administration of the Department of Commerce; the Farmer's Home Administration of the Department of Agriculture; the Department of Housing and Urban Development; the Environmental Protection Agency; and the Department of Energy. The panel agreed strongly on the value of comprehensive planning by the EDB in support of applications for assistance from these agencies. (For the most part, such assistance would finance the implementation of EDB planning by local governments.)

The panel concluded, however, that many federal programs are not well adapted to the situation in Mercer County. Programs of the Economic Development Administration, for example, generally give preference to areas that are losing, not gaining, population; the Department of Housing and Urban Development's programs are generally limited by design to recipients with low or moderate incomes. The panel agreed, however, that flexible administration of such programs may not be a reliable substitute for federal assistance specifically directed to the needs of boomtowns.

The energy bill pending in Congress includes provisions for a 2-year, $180-million program of grants and loans to communities impacted by energy-resource development, but Mercer County is unlikely to benefit from these funds in the critical early years of the anticipated boom because of the inevitable delay in establishing the federal administrative mechanisms.

At the very least, the federal government might be expected to establish a coordinating mechanism for assistance to energy-impacted areas, such as
Mercer County, paralleling the EDB, the state Governor’s Office, and the industry working committee. The federal regional councils were created to coordinate related federal programs, and it is possible that a task force might be organized with similar responsibilities at the regional and central offices to assist communities affected by the development of energy resources. The coordinating mechanisms already in place in Mercer County would simplify the formation and operations of a task force specifically for the county. Federal coordinating efforts in Wyoming provide a precedent for such an entity.

The EDB may thus serve, not only as a model for local-government coordination in other energy-impacted areas, but also as a challenge to the federal government to create a counterpart mechanism for dealing with the effects of developing energy resources.
Appendix A: Workshop Agenda

THURSDAY, DECEMBER 1

9:00 a.m. Opening Plenary Session:
           Welcoming Address by Gerald S. Leighton
           Introductory Address by Dr. Charles F. Metzger
           Slide Presentation: "Mercer County and Energy Development Board"
           Discussion

11:30 a.m. Luncheon

2:00 p.m. Panel Sessions
           Panel I: Planning for Growth
           Panel II: Clearing the Way for Growth
           Panel III: Cooperating for Growth

7:00 p.m. Reception

FRIDAY, DECEMBER 2

9:00 a.m. Panel Sessions continue

10:00 a.m. Concluding Plenary Session:
           Summaries of Panel Discussions by Panel Leaders
           Concluding Address by Robert L. Stroup
Appendix B: Panel Members

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Appendix C: Welcoming Address

“Managing Growth in Mercer County, North Dakota”

Gerald S. Leighton
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Division of Buildings and Community Systems
U.S. Department of Energy

Ladies and gentlemen, I am Gerald Leighton, Assistant Director of the Division of Buildings and Community Systems, U.S. Department of Energy (DOE). I would like to welcome you to the “Managing Growth in Mercer County” workshop. The purpose of this 2-day workshop is to discuss how best to plan and manage the imminent growth in Mercer County, and to suggest some practical actions for the Energy Development Board of Mercer County to consider.

Later this morning, you will hear about the energy growth situation in Mercer County and about the Energy Development Board itself. I would like to take a few minutes to talk about the role that the Department of Energy is playing in Mercer County.

I imagine the question of how DOE became involved with community development in North Dakota may have crossed your minds. The link between energy conservation and growth management has only recently become evident. A strong link also exists between energy supply and growth management.

Before the board — or the Department of Energy, for that matter — came into being, the first steps toward this meeting today had been taken. The Energy Research and Development Administration — one of the forerunners of DOE — was involved in community development and its relationship to energy management through its Buildings and Community Systems Program.

One element of the program is to make energy efficiency a consideration in community planning. This element of the program sets out to establish land-use patterns, building designs and configurations, and construction techniques that conserve energy or use energy more efficiently; and to promote their use in planning new communities and designing urban renewal or expansion. The program encompassed both community planning as it is affected by the development of energy resources, and planning as it is affected by energy supply and demand.

The concept behind the program is innovative; it is an unprecedented perspective on community development. And therein lies an obstacle to implementation. Research determined that very little is known about how communities use their energy, how much energy they require, and how they
coordinate their energy systems. Two crucial questions had to be answered: What are the characteristics of the community that affect its energy use? And how can the community be planned and managed as an energy-using system? These questions were clearly a part of the broader issue of how to plan and manage community development. If the energy-efficient community was to be promoted, questions dealing with how communities grow and the dynamics of the growth process clearly had to be answered.

DOE was ready and willing to tackle an enterprise of this magnitude, and was determined to find the answers that would serve these immediate purposes. DOE is interested in all aspects of community development, including both the urban and rural setting. Along another dimension, DOE's interest includes energy supply and demand as they affect community planning. These interests resulted in a program for energy-related community development, and part of the investigation took DOE to a rural energy-development setting in Mercer County, North Dakota. This study focused on the boomtowns of the western states.

There were several reasons for this choice. First, the rapid growth in many of these small, isolated, rural communities has been induced by large, energy-development projects, which have come forward since the energy embargo of 1973-1974; and second, the growth and decline in these situations are extremely rapid. A process that may take decades, even centuries, in normal communities is telescoped into a comparatively short span of time. The process, therefore, can be observed and examined as a whole. Finally, the difficulties faced by these small communities are acute, and their resources — in terms of people, expertise, and money — are more restricted than in the normal growth situation.

Analyzing boomtown problems is nothing new; in fact, it has become something of a mini-industry. For the Department of Energy, the analysis was a means to an end. It was a prelude to synthesizing a practical, pragmatic, organizational approach to incorporating energy considerations into the growth process.

Simultaneously with the boomtown analyses, DOE undertook investigations of various, innovative community-development processes and growth-management processes in the United States and Europe. No approaches that could be transferred in their entirety to the western boomtown were found. However, several effective mechanisms around which to build a comprehensive approach to managing growth did evolve from these investigations. The approach formulated centered on the philosophy that development must be controlled by local governments and adequately supported by technical and financial resources.

DOE had performed a portion of this analytical work in North Dakota and had met with cooperation and interest on the part of local residents and
officials at all levels of government. The same interest was extended to DOE’s proposal to test the approach in Mercer County. Over several months, DOE, the citizens of Mercer County, the Mercer County Task Force, city and county officials, representatives of a variety of state agencies, state legislators, and the Governor’s Office together developed a workable, acceptable, and effective adaptation of the approach.

One important outcome of this cooperative effort is the Energy Development Board of Mercer County, which was chartered by the local jurisdictions of the county in August 1977. With its creation, the abstract concept of a locally controlled coordinating mechanism became a reality. The Department of Energy will provide financial support for the first 3 years of the board’s operation.

Money is not the complete answer to the problems facing the Energy Development Board and the communities it represents. Those concerned with the future of Mercer County have every faith in the board, but no one underestimates the complexities that confront its members and staff. This is a unique situation. All efforts are focused on a new approach to meeting the problems of rapid growth in an energy-related environment — problems that have so far failed, in general, to yield to more conventional approaches. The success of this approach will have important implications, not only for Mercer County, but also for the nation as a whole.

For the people of Mercer County, and for others in similar situations, the approach offers a vehicle for capturing the benefits of economic expansion without the penalties that have so often accompanied such growth in the past. It also offers a benefit that may not loom large in their minds at the moment — a more secure energy future. At the moment, North Dakota is energy-rich and its citizens have not felt the pinch of shortages, as so many regions of the country have, particularly during the past winter. But there is no doubt that all regions of the nation will face a critical energy situation in the years to come unless action is taken now to anticipate the crisis.

The Energy Development Board is a vital element in the strategy to create energy-efficient communities. As such, it is of major interest to the Department of Energy. DOE hopes to solve the problems of planning for energy demand through numerous R&D activities. Similarly, DOE hopes to find ways to solve the problems of planning for energy-supply-related growth through the Mercer County project.

This workshop is being conducted for a very simple reason: to solicit your help. Your experience, your knowledge, your expertise — which, collectively and individually, are extensive — are needed to tackle the problems and difficulties confronting the board as it faces the complexities of growth management in Mercer County. The Department of Energy hopes — and is certain —
that you will be able to suggest practical and pertinent solutions, or, at least, techniques for finding solutions, to smooth the board's difficult path.

The discussions held here over the next two days will be significant for the nation as a whole and for the people of Mercer County and the State of North Dakota in particular. The Mercer County experience is unquestionably important to the energy future of the United States.
Appendix D: Introductory Address

Dr. Charles F. Metzger
Energy and Natural Resources Coordinator
North Dakota Governor's Office

Greetings, friends. It is good to be with you today to discuss energy, North Dakota, and, more specifically, the Energy Development Board of Mercer County.

North Dakota has experienced rapid growth and development in the past. We experienced a land rush and, later, an oil rush. We need to learn from these past experiences as we approach energy development in our state.

It is very exciting to me that one of the tools for dealing with energy development in an appropriate manner is present in the form of the Energy Development Board. Without the board, Mercer County could and would face the negative effects of rapid growth — unemployment, high taxes and public debt, the unsightly sprawl of abandoned housing and public facilities, and a disruption of a lifestyle that we believe in.

The board can, and will, provide a catalyst for planned economic growth.

The Energy Development Board of Mercer County can, and will, assist in constructive planning for North Dakota's second century in your area.

The board can, and will, facilitate planned growth and can also make provisions for the aftereffects of growth.

The board must also take a leading role in alerting people involved in the energy industry to their great responsibility and public trust to place a strong emphasis on concerns of the environment, social impacts, and state priorities. The energy industry must be encouraged to deal with a public commitment to these priorities. In many cases, this is happening already.

At all levels of government, we must make clear that we insist on preserving our high quality of life. Federal government must support the state in this regard, and federal government involvement in the Energy Development Board is indicative of the assistance we need and seek.

As increased uses of lignite develop, either for energy production or non-combustion uses, we need a common commitment from industry and government, working together when necessary, to develop ever more environmentally acceptable processes. We cannot sacrifice our quality of life because of uncontrolled industrial development. Industrial development, whether energy related or otherwise, must be compatible with the quality of life that makes our state a desirable place to live. This can be achieved if we work together, and I believe the Energy Development Board can demonstrate this cooperative spirit.
Indeed, Mercer County's Energy Development Board can provide a model for the rest of the nation. By working together, I am confident this can be an example of which North Dakota can be proud.

One of the overall concerns of the board will be conservation; indeed, the board will be conducting an experiment in designing a more efficient energy-conserving community.

In light of this, I want to discuss conservation as it pertains to the entire state.

It has long been my feeling that conservation can only be successful in preserving our natural resources if we achieve a unified effort. In September 1977, the Executive Office initiated an Office of Energy Management and Conservation, a part of the Governor’s Office, to develop and implement a North Dakota Energy Conservation Plan. This plan includes the implementation of energy-efficiency programs and building construction, state purchasing policies, and transportation, and a commitment to reduce projected 1980 consumption by 5 percent.

The North Dakota Energy Conservation Plan also addresses the conservation of energy in agriculture, residential heating, state government, and industry. North Dakota was the fifth state in the nation, and the first in the Denver federal region, to have its plan approved by the Federal Energy Administration.

In August, Governor Link announced an Executive Order outlining extensive energy-conservation measures for all state agencies and institutions. The Executive Order listed a number of conservation procedures which must be included in all individual agency energy plans. The guidelines and information from this office will be of assistance to you in your planning in Mercer County. Conversely, what you do in Mercer County will be helpful to our state office.

The experimental design incorporated in the Mercer County effort is not present in our state program due to lack of funding. Our state office will be especially interested in these planning efforts. Also, the office will be willing to help design programs that can be beneficial to the whole state. In the end, the state office’s responsibility — and, I hope, the EDB’s — will be to make North Dakota a leader in innovative conservation programs.

North Dakota is very fortunate to be one of the two locations chosen for this experimental energy-conservation laboratory. We must utilize this laboratory for our state's benefit and become a leader in the preservation of our natural resources. The cooperation necessary to achieve maximum results is present, and the state will anxiously follow the resulting efforts.
Appendix E: Slide Presentation

"Mercer County and the Energy Development Board"

Introduced by
Robert Wetzel
Chairman
Energy Development Board of Mercer County

You have heard how the Energy Development Board of Mercer County started and what it can mean for our cities, the county, and the state. As Mr. Leighton pointed out, the EDB is an experiment. It is a new thing for us in Mercer County; as a matter of fact, it has no precedent anywhere.

I know a lot of people think that North Dakotans are pretty set in their ways, but those who know us better will not be surprised that we are taking the lead in a new venture. The pioneer spirit is still strong here. The people who broke the plains were our grandparents, and some of the first settlers were still alive when we were children.

The Energy Development Board is a new kind of pioneering. We have no maps or guides for the new territory we will be exploring in the next few years. That is why we need your help.

We would like to tell you something more about Mercer County and the EDB — who we are, how we work together, what we have done in the last 4 months — as a background for your discussions, which we hope will help us decide where we should be heading in the future.

For some people, the word "boomtown" has a romantic ring — the old West, the pioneering days, the Gold Rush of '49.

For those who live in contemporary boomtowns, the reality is far from romantic. Whether the boom results from oil or coal development, the reality is sprawl, tent cities; a rash of mobile-home parks; crowded streets, stores, and schools; strip development; inflation; and rising crime rates. And when the boom subsides: empty classrooms; unused sewer and water systems that must still be paid for by those who remain behind; unemployment; and a disrupted lifestyle.

This reality has been experienced in small communities in the West over the last 20 years: Colstrip and Conrad, Montana; Gillette, Hanna, and Rock Springs, Wyoming; Craig, Colorado; Farmington, Grants, and Milan, New Mexico; Huntington and Price, Utah; and Langdon and Garrison Dam, North Dakota. The list is long, and it could grow longer. And the same prospect of unmanaged rapid growth faces many more communities now and in the near future.
This prospect is very real for Mercer County, North Dakota, a rural region of some 1,115 square miles in the heart of the state. Since its beginning, cattle ranching and grain farming have been the economic mainstays of Mercer County, along with some mining of lignite coal.

Mercer County’s population was less than 7,000 in 1977. The six cities of the county — Beulah, Golden Valley, Hazen, Pick City, Stanton, and Zap — are small, ranging in population from fewer than 2,000 to under 200. The county and its unincorporated towns are administered by three county commissioners; the cities, by part-time mayors and city councils or city commissioners with miniscule permanent staffs.

And here lies the county’s first problem in dealing with impending growth — its limited human resources. The communities’ administrators are not full-time professionals; they are, for the most part, working people donating their time and services to their communities. They have no professional supporting staffs to complement their efforts and little experience or expertise in planning and financing.

And financing is the county’s second major problem. Revenue bases in Mercer County are limited. The main source of revenue for the county and its communities is the state ad valorem property tax, supplemented by small shares of the state coal severance and coal conversion taxes. The borrowing power of the cities is restricted by the state constitution to 5 percent of the assessed value of the taxable property within the city. In the case of Beulah, the largest of the cities, this means a limit of $80,000 on public borrowing. Yet, in the next 3 years, Mercer County and its communities must find many millions of dollars for community development.

Within the next few years, four major power plants will be under construction in the county: Montana-Dakota Utilities’ Coyote 1 and 2 plants (440 megawatts each) and Basin Electric Power Cooperative’s 450-megawatt Antelope 1 and 2 stations. In late 1978 or early 1979, construction is scheduled to start on the nation’s first coal-gasification plant, which will be owned and operated by American Natural Gas Company.

Production will be increased in the existing coal mines, and five new mines will be opened to supply the plants. By the mid-1980s, the county’s generating capacity will have more than tripled, and coal production will have almost quadrupled. Thousands of construction workers and their families will be brought to Mercer County and will swell the population of the most seriously impacted communities many times. By 1985, when construction reaches its peak, the population of Beulah will have risen to 6,500; of Hazen, to almost 4,800; of Stanton to over 700; and of Zap to about 570. The county population will virtually double.

And, during the first years of rapid growth, the communities face serious
deficit financing to pay for 1,215 new housing units, 1,135 mobile homes, the classrooms, the sewer systems and water supply systems, the expanded public services of all kinds needed to accommodate their new residents.

The state and local governments have already taken steps to anticipate the imminent problems of this rapid growth. In 1975, the Regional Environmental Assessment Program (REAP) was established by the state legislature to project, through computerized modeling, the potential impact of growth on population, schools, tax revenues, and a variety of other socioeconomic factors. In 1975, also, the Coal Development Impact Office was created to disburse to affected communities grants and low-interest loans for community development. This aid is drawn from a fund financed by a share of the state taxes on the extraction of coal (the coal severance tax) or the use of coal as fuel by industries within the state (the coal conversion tax). Another share is returned directly to the counties which distribute part of the proceeds to their communities.

At the substate level, the Lewis and Clark 1805 Regional Council for Development was founded in 1971 to provide technical assistance to the local governments of 10 North Dakota counties, including Mercer County. Another organization, the Mercer County Task Force, made up of 100 concerned citizens of the county, was instituted in 1976 to discuss, and find solutions to, the growth problems facing the area. The energy industries, whose projects will induce growth in Mercer County, have provided detailed information on their projects and a considerable amount of technical assistance to local communities. Finally, local governments have also begun to mobilize independently for growth. Hazen hired a city coordinator with funds from the Coal Development Impact Office to direct its response; Beulah has begun to recruit a permanent city planner.

However, these efforts lacked one vital element — coordination. The coordinating link was forged when the Energy Development Board of Mercer County was chartered in August 1977, under the terms of the Joint Powers Act of North Dakota.

Eleven jurisdictions are represented on the board, which is made up of the three county commissioners of Mercer County, the mayors or other representatives of the cities, and representatives of the school districts of Golden Valley, Hazen, Stanton, and Zap. All of the members of the board serve voluntarily, without salary. They establish the policies that will be implemented by the EDB's permanent staff, which consists of an executive director, three planners, and an administrative assistant.

The EDB's objectives are, first, to improve the quality of community development induced by anticipated development of energy resources and facilities in the county; and second, to promote energy conservation and the efficient use of energy resources.
The EDB's staff, who will play a major role in meeting these objectives, has three major functions:

- Planning for growth in Mercer County at the county and community level
- Coordinating the activities of all the participants in the community-development process, and
- Fund-raising

Since its initiation in August, the EDB has held four of its regularly scheduled monthly meetings. It has established its by-laws and has recruited its staff.

Bob Stroup was selected as executive director. Bob is a Mercer County businessman with diverse interests. He has served as a state senator and was chairman of the state senate’s Finance and Taxation Committee. Two planners have also been hired: Al DeKrey, who was formerly city coordinator of Hazen, and John Rogers. Both are North Dakotans with experience in local community development. The recruiting of a third planner is under way.

These three have gone into action. They are defining local development priorities with the communities of the county. They are working with the industries’ technical-assistance teams and are beginning to coordinate other development activities in the county. With the members of the board, they are working toward a coordinated countywide approach to growth management that will unify and reconcile the efforts of all those involved — the local communities and businesses, the regional and state governments, the energy industries, and the federal government.

The EDB is a reality; it has begun to function. But as the board and its staff begin to prepare an energy-efficient growth management plan for Mercer County and its communities, it faces many problems and uncertainties. There are many unanswered questions. Questions concerning the planning process will be addressed by Panel I:

- How should the EDB establish its planning priorities in Mercer County?
- What factors must be considered in planning for growth management?
- How should energy conservation be incorporated into planning for growth management?
Panel II will consider the applicability of experiences of other localities that have undergone rapid growth:

- What are likely to be the legal, regulatory, and institutional barriers facing Mercer County in planning for growth?
- What solutions can be transferred to, and applied in, Mercer County?
- What steps can be taken to solicit support for these solutions from local residents and state and federal officials?

Finally, Panel III will discuss sources of technical and financial assistance:

- Who can, and should, be involved in helping the Energy Development Board to plan for growth in Mercer County?
- How can participants work with the Energy Development Board and with one another?
- What processes and mechanisms will simplify this cooperative effort and make it more effective?

These are some of the questions that will be raised in your discussions today. Your answers may well be crucial to the future of Mercer County and its communities.
Appendix F: Concluding Address

Robert L. Stroup
Executive Director
Energy Development Board of Mercer County

We sincerely thank you for being with us the past 2 days. The Mercer County Energy Development Board members and staff have benefited tremendously by being involved in the panel discussions, listening to the summaries by the panel leaders, and having the opportunity to become acquainted with you. We hope the workshop has been beneficial to you as well.

The EDB has three basic tasks. First, we provide planning, technical assistance, and grantsmanship for the various political subdivisions of Mercer County — the cities and school districts — and for the county as a whole.

Second, we will develop a growth-management plan for the county, largely through contracts with consulting firms under the supervision of the EDB.

Third, as the designated rural energy laboratory for the nation, we will become involved in energy-conservation projects, including the utilization of waste heat and by-products from the power plants and, later, from the energy-conversion plants such as the ANG gasification plant. The utilization of “thermal by-products,” or waste heat, alone can cover quite a wide variety of projects.

We now have a staff of two planners — both in attendance here — a secretary-auditor, and myself. Within a few days, we hope to fill the staff director’s position. Our two planners have both been working for a little over a month, and we hope to start on the growth-management plan by the first of the year and be fully under way at that point. At about that time, you will be receiving the proceedings of this workshop — the 188th report on Mercer County — but we hope you will let us have further ideas or recommendations to aid our efforts at any time.

We feel this workshop has been so successful that we are planning another, and I hope that we can all meet again then.

Thank you once more for your contributions and enthusiastic participation.
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Appendix G: Related Publications


Available from:
National Technical Information Service
U.S. Department of Commerce
5285 Port Royal Road
Springfield, Virginia 22161

ENERGY DEVELOPMENT BOARD OF MERCER COUNTY, Energy Development Board Newsletter (quarterly activities report).

Available from:
Energy Development Board
Box 670
Hazen, North Dakota 58545