

3.10 Institutional and Management Capacity

Just as communities need capacity in facilities and service systems to accommodate energy development and related population growth, they also need management capabilities and institutional mechanisms to efficiently anticipate and respond to energy development. In the mid-1970s, when population growth began to accelerate in Campbell County as a result of coal development, neither the state nor local governments were well equipped to respond. Recognizing that fact, local and state governments, individually and in cooperation, began to build growth management capabilities and to develop institutional mechanisms to assist communities in their efforts to respond to energy development and related population growth.

3.10.1 Local Government Management

At the local government level, communities began to hire professional managers and planners to develop and implement information and regulatory mechanisms that encouraged orderly growth and development. For example, in Campbell County, Gillette's planning department prepared a comprehensive plan and updated its zoning and subdivision regulations. The department also developed an annual citizen's survey (still in effect) that enhanced the ability of the city council to identify and prioritize expansions and refinements to city facilities and services (Burgess 1982). Today, Gillette is a city of over 20,000 situated in an urban service area of over 25,000. The city has professional managers in administration, finance, utilities, public works, planning, law enforcement, and other aspects of municipal government. Many of the current managers have been through periods of energy development and population growth, and are familiar with the process of community impact assessment and planning and with the institutional resources at the state and federal level for addressing development-related issues.

Local governments in the PRB have all added professional managers, depending on the size of the community. In addition to Gillette, larger communities such as Douglas and Sheridan have developed professional growth management capabilities.

3.10.2 Community Facility Financing Mechanisms

Counties and communities can ask voters to approve one or both of two 1-cent local option sales and use taxes. One is a general purpose sales tax for any legitimate government purpose; the other tax is a specific purpose tax, in which the purpose and the ultimate yield of the taxes must be specified in the election imposing the tax. The local option sales and use taxes allow local governments to take advantage of capital spending during development of energy facilities; however, the tax is imposed on long-time residents as well, a fact which sometimes reduces the likelihood of voter approval.

At the state level, Wyoming has added a number of regulatory and financing options that allow communities to more effectively plan for and accommodate energy growth and development.

3.0 Description of Current Social and Economic Conditions

3.10.3 Wyoming Joint Powers Act

The Wyoming Joint Powers Act (WS 16-1-101), was enacted in 1973. The act allows counties, municipalities, and other government entities to cooperate in the development and operation of public facilities and in the provision of public services. In addition to the obvious advantages of consolidating services and sharing costs, the potential advantage for energy-impacted communities is that affected counties receive ad valorem tax revenues on industrial facilities and production, typically the greatest amount of energy-related revenue, while municipalities often receive the lion's share of the impact from energy-related population growth. The Joint Powers Act allows local officials to share resources to address revenue disparities, if they choose to do so. The Gillette-Campbell County Joint Powers Board, created under cooperative agreement between the City of Gillette, Campbell County, and the Town of Wright to provide countywide fire protection, suppression, and emergency medical response, is an example of a cooperative service and taxing arrangement authorized under the Act.

3.10.4 The Wyoming Industrial Information and Siting Act

The WIISA (WS 35-12-101 through 35-12-119) was designed to protect Wyoming's environment and the social and economic fabric of the communities affected by industrial development (Wyoming Department of Environmental Quality 1998). Under the Act, industrial development companies intending to develop projects whose construction cost exceed a certain threshold (\$143.1 million in 2004) must assess potential impacts and work with local governments to ensure that projects and the related population growth are accommodated in an acceptable manner. The Industrial Siting Council, created under WS 35-12-104, holds public hearings and reviews the socioeconomic and environmental impacts of industrial facilities before issuing a permit for construction. Emphasis is placed on socioeconomic impacts and public and local government participation.

A key local government benefit of the Act is that counties and municipalities designated as affected by an industrial facility are eligible for Impact Assistance Payments (IAPs) under the provisions of WS 39-6-411(c) and 39-6-512(d). These payments are derived from incremental increases in state sales taxes in an affected county over a monthly average of sales tax receipts during the year preceding the initiation of construction of the facility. Affected counties and municipalities must be levying a 1-cent local option tax to be eligible for IAPs. Although not guaranteed (IAPs depend on the state of the general economy and other activities occurring in an affected county prior to and during construction), IAPs can provide substantial revenue for affected communities, which can be used for financing needed facilities and services to accommodate industrial growth.

The Industrial Siting Act was intended to address the impacts of power plants, mines, and other large industrial projects; the Act specifically exempts most oil and gas development, most pipelines, and large powerlines⁶. Consequently, the Act has not been a resource for PRB communities in addressing impacts of the recent CBNG boom.

⁶ WS 35-12-119 exempts the construction, operation, and maintenance of the following activities from the Industrial Information and Siting Act:

- (i) Electric transmission lines not exceeding 500,000 volts;
- (ii) Oil and gas drilling facilities;
- (iii) All pipelines except coal slurry pipelines;
- (iv) Oil and gas producing facilities;
- (v) Oil and gas wellfield activities.

3.10 Institutional and Management Capacity

3.10.5 Wyoming State Land and Investment Board-administered Loans and Grants

Since the 1970s, the State of Wyoming and the federal government have developed a number of mechanisms for financing public facilities and improvements at the local government level. While these financing resources are not specifically targeted at energy-impacted communities, (all communities in the state compete for these funds), they do provide additional resources for financing community facilities (Miskimins 2004). Most programs are administered by the Wyoming State Land and Investment Board (SLIB) (Wyoming State Loan and Investment Board 2004).

3.10.5.1 Mineral Royalty Grant Program

This program is funded by a share of Wyoming's federal mineral royalties in amounts subject to legislative appropriation. The SLIB may award grants to:

- Alleviate an emergency situation that poses a direct and immediate threat to health, safety, or welfare;
- Comply with a federal or state mandate; or
- Provide an essential public service.

Mineral royalty grants are useful to address energy development-related impacts, although they are not earmarked for such purposes. They can meet immediate needs because they are approved within 6 months of application (the length of time between regularly scheduled meetings of the board). However, funds may fall short if impact needs are high. For example, there were \$36 million in requests at a recent SLIB meeting, and only \$9 million was available for grants and loans.

3.10.5.2 Joint Powers Act Loans

These loans are used to finance revenue-generating public facilities developed under the Joint Powers Act. The program was funded by \$30 million from the PWMTF, and about \$10 million remains for lending in the future.

3.10.5.3 Clean Water and Drinking Water State Revolving Fund Loan

Two loan programs are funded by U.S. Environmental Protection Agency grants plus a 20 percent state match. The state uses monies from the 1.0 percent corrective action fuel tax to match clean water grants and monies from the Mineral Royalty Grant and Water Development Account funds to match drinking water grants. Clean water loans are for wastewater collection and sanitary treatment facilities; drinking water loans are for water treatment and distribution systems.

3.0 Description of Current Social and Economic Conditions

3.10.5.4 Wyoming Water Development Commission Grants and Loans

These grants and loans are for water supply projects (e.g., reservoirs, well fields) including those for municipal water systems. This program is funded by mineral taxes on production from state-owned land and is administered by its own board and staff.

3.10.5.5 Abandoned Mine Land Grants

These grants are funded by a tax on coal production for use in areas under the jurisdiction of the federal Surface Mining Control and Reclamation Act. The state must use the majority of funds for reclamation projects; about \$2 million a year is available for public facilities projects in areas of the state impacted by minerals/mining, which would include much of the PRB.

3.10.5.6 Transportation Enterprise Fund

This fund was established with Amtrak settlement monies from the discontinuation of national passenger rail service in Wyoming. It yields about \$2 million per biennium, and generally is used as award grants for the purchase of public transportation vehicles.

3.10.5.7 Summary

Each of these financing resources has its unique requirements and limitations; however, each also can provide additional resources for communities to develop the infrastructure required to accommodate energy development.