Social & Economic Impacts to Sublette County, WY from Natural Gas Development

The "boomtown" influx of jobs and workers into Sublette County has offered big opportunities to local residents but housing shortages and cost of living pressures currently insure that nearly none but the highest-paid workers will permanently relocate to fill the vital jobs needed for a stable economy. Furthermore, the mostly non-resident workforce is causing indicators as diverse as traffic accidents, arrests, and library patronage to quadruple in the last 5 years, and local services (both government and private) are struggling to keep up with demand.

Natural gas has come to dominate the Sublette County economy and workforce. Over 1 out of every 2 workers work for the Natural Gas Industry[1] and 1 out of every 2 dollars spent in the county comes from the Industry[2]. The Bureau of Land Management expects the industry to grow yet another 20%-30% by 2010[3], and huge local infrastructure challenges will need to be met in order to stabilize the growing economy.

Workforce Shortages:

Perhaps the largest Social and Economic impact to Sublette County is the severe workforce shortages. This means big paychecks and range of choice for local workers…Yet, many local businesses struggle to stay open and local governments cannot retain employees…

►1.5% unemployment rate – among the lowest of any county in *the nation*[4].

►Huge demand for a very small labor force = "full employment-plus"

►3,000+ individuals (equal to 40% of the population) commute out of region to Sublette County for work[5].

►$150 Million in wages lost to these out-of-town workers each year[6]

►Retail trade and entertainment industries *lost* businesses and employees during the last 5 years[7]

► Driven greatly by labor costs, home construction is prohibitively expensive, inflationary pressures are high, and "cost of living" prices are up.

►The BLM expects Sublette Co. Gas industry to grow 20%-30% by 2010[3].

Many of these impacts are classic "boomtown" problems, and are indeed similar to those currently being felt throughout Wyoming due to energy extraction. However the effects to Sublette County are in many ways more significant because of the region's extremely rural and isolated nature. While surrounded by unmatched physical beauty, 100 miles separate most of the county from what many potential resident-workers consider necessities of life, such as the nearest Wal-Mart or bowling alley.

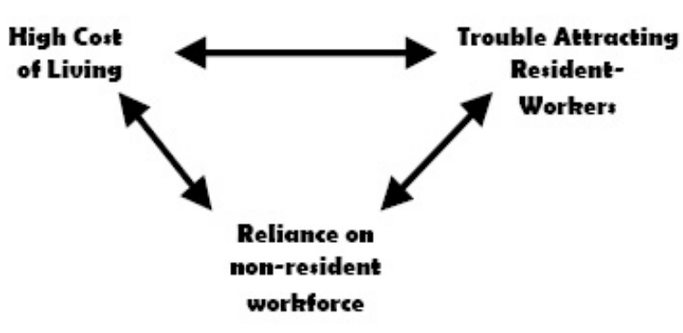
Housing Shortages & Cost of Living:

Despite the workforce shortages, Sublette County's permanent population has still grown 20% between 2000 –2005[8], building over 500 new homes[9]. If the non-resident workers are included, the growth rate reaches nearly 75%. At least another 20% is expected between 2005 and 2010, bringing with it more housing construction.

The new demand coupled with workforce shortages has meant that the higher-end housing has been built leaving more affordable housing unrealized.

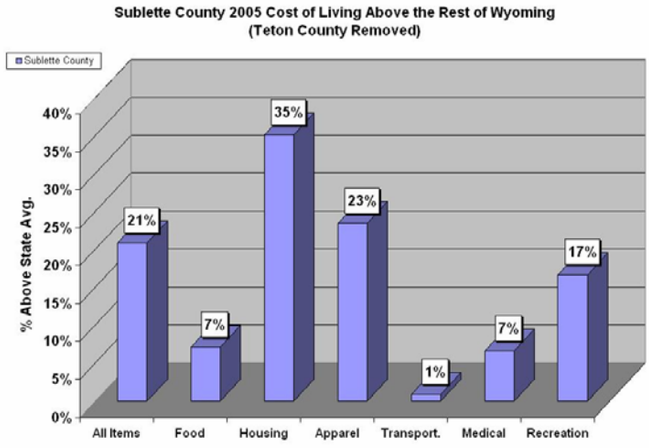
Local workers can now literally choose their place and conditions of employment, and the average family income has increased greatly and now equals $59,000/yr[10], affording a home priced at $225,000[11]. However, only 16% of houses currently listed for sale are at or below that price[12]. Local realtors report that the county needs about 50 additional "affordable" houses built each year to keep up with current demand. New home construction costs have become prohibitively expensive for all but the far-above-average wage earners, despite severe housing shortages. The Census estimates that housing growth has lagged population growth by nearly 50%.

With the exception of Teton County (the most expensive county in the nation), the cost of living in Sublette County is significantly higher than the rest of Wyoming or much of the country[13]. Workers considering relocation to Sublette County are turned off by the high costs of living and lack of housing options: even if some of the options are



Sublette County's Boomtown Problem Triangle

technically "affordable," they are not attractive. Many in the industry are relocating from rural areas of the South & Midwest where housing costs are a fraction of prices here, while lower-paid service industry workers simply cannot afford a place to live even with a minimum wage starting at roughly $9/hr.



Community members have observed that Sublette Co. has *a smaller and less diverse* array of small businesses than it did before the gas boom, and state figures show the number of retail and entertainment businesses and employees declining from 2000-2006, while the food service industry remained stagnant despite boomtown growth[7]. Staffing considerations make starting a small business in Sublette Co. difficult at best. Daycare facilities continue to face long waiting lists and new providers are hard to find due to labor and real estate price considerations. Tourism in Sublette County currently suffers from a lack of lodging options, at least 75% of rooms are booked nightly by industry workers and rooms easily rent for $90 night – in the summer months reservations are often required[14].

Big Challenges Still Ahead:

The County and Towns still face big planning and infrastructure challenges. Significant drilling operations are expected to take place until 2017 or later and the region will struggle to create an economy that re-incorporates tourism and retail and is not solely based on a Natural Gas Industry largely dependent on out-of-region workers. And of course "the bust" looms over much of the county's planning process – a planning scenario all its own – furthering the need to diversify the local economy and attract new small businesses.

Big Impacts to Local Governments Means Big Expenditures:

● The town of Pinedale is currently debating a number of very large housing developments that will potentially help alleviate shortages but will require significant infrastructure expenditures. This comes at a time when the town is struggling to afford a $6M update to the current aging sewer and water infrastructure.

● The town of Marbleton currently needs to upgrade its roads, sewer, and water infrastructure before it can grow and attract new homebuyers.

● Sublette County road system continues to feel the strain of heavy industrial use and many portions continually deteriorate. Traffic levels and accidents have almost quadrupled since 1995[14]. Moreover, material and labor costs continue to rise with competing industrial activity.

● Sublette County School Systems are bracing for the new impacts to the school-age population. New worker-residents tend to be younger and have more children than the historical average.

● Sublette County local services such as EMS, Sheriffs Dept, Health Clinics, are facing huge impacts related to the natural gas boom. In 2006, roughly 25% of ambulance runs went to the gas fields[16], number of arrests has almost quadrupled in the last 5 years[17], and two new health care clinics are under construction to absorb the influx of new residents. As with every other sector of the economy, labor costs have increased greatly and attempts to attract an out-of-the-area workers is difficult at best.

● Moreover, Sublette County is faced with offering significant expenditures to improve quality of life and reduce costs of living. Expenditures to help pay for retirement centers, community centers, library expansions, recreation centers, are being requested to improve quality of live and provide amenities that will make the community attractive to prospective new workers.

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[1] Workforce Estimates based on BLS and Wyo. QCEW data. [2] WY Dept. of Revenue Sales and Use Tax Data Fiscal Year 2006 [3] BLM Pinedale Anticline DEIS (Dec 2006). [4] BLS Data Nov. 2006 [5]. Workforce Est. based on level of activity and BLS data. [6] Based on a average salary of $50K [7]. Wyo Census of Wages and Employment [8] U.S. Census Bureau 2005 Population Estimates [9] Sublette Co. Assessors Office [10] U.S. HUD Median Family Income Est. 2006 [11]. Using typical mortgage calculation with avg debt/credit. [12] As of Jan 1, 2007 [13.] 2006 - WY EADIV [14]. Mini Cabb Sublette Co. Marketing Director. [15]. WY DOT Figures [16]. Will Gay, Sublette Co. EMS [17]. Sublette Co. Sheriff's Office Data