

1 *Subcommittee on Efficiency and Effectiveness of Federal*
2 *Programs and the Federal Workforce of the U.S. Senate*
3 *Committee on Homeland Security and Governmental Affairs*

3 **"The Bakken: Examining Efforts To Address Law Enforcement,**
4 **Infrastructure and Economic Development Needs"**

5 Friday, September 26, 2014, 9:00 AM MST
6 Richland County Event Center, Sidney, MT

6 **PANEL I WITNESSES**

7 **THE HONORABLE A.T. STAFNE**

8 Chairman, Assiniboine and Sioux Tribes of the Fort Peck
9 Reservation

10 **THE HONORABLE ANGELA MCLEAN**

11 Lieutenant Governor, State of Montana

12 **LESLIE MESSER**

13 Executive Director, Richland Economic Development Corp.

14 **THE HONORABLE RICK NORBY**

15 Mayor, Sidney, Montana

16 **PANEL II WITNESSES**

17 **THE HONORABLE MICHAEL W. COTTER**

18 United States Attorney for the District of Montana

19 **MICHAEL GOTTLIEB**

20 National High Intensity Drug Trafficking Areas (HIDTA)
21 Director, Office of National Drug Control Policy

22 **SCOTT VITO**

23 Assistant Special Agent In Charge, Salt Lake City Division,
24 Federal Bureau of Investigation

25 **THE HONORABLE TIM FOX**

 Attorney General, State of Montana

THE HONORABLE CRAIG ANDERSON

 Sheriff, Dawson County, Montana

PANEL III WITNESSES

ANTHONY PREITE

 State Director, United States Department of Agriculture,
 Montana Office of Rural Montana

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MIKE TOOLEY
Director, Montana Department of Transportation

JOHN DYNNESON
Deputy Sheriff, Richland County Sherriff's Department

PAUL GROSHART
Director, Richland County Housing Authority

LOREN YOUNG
Chairman, Richland County Commission

INDEX

1		<u>Page</u>
2		
3	<u>OPENING REMARKS</u>	
4	By Senator Tester:	4
5	<u>PANEL I WITNESSES</u>	
6	The Honorable A.T. Stafne:	8
7	The Honorable Angela McLean:	12
8	Leslie Messer:	14
9	The Honorable Rick Norby:	18
10	Inquiries to the Panel by Senator Tester:	22
11	<u>PANEL II WITNESSES</u>	
12	The Honorable Michael W. Cotter:	47
13	Michael Gottlieb:	51
14	Scott Vito:	56
15	The Honorable Tim Fox:	59
16	The Honorable Craig Anderson:	66
17	Inquiries to the Panel by Senator Tester:	68
18	<u>PANEL III WITNESSES</u>	
19	Anthony Priete:	96
20	Mike Tooley:	99
21	John Dynneson:	105
22	Paul Groshart:	109
23	Loren Young:	114
24	Inquiries to the Panel by Senator Tester:	120
25	<u>CLOSING COMMENTS</u>	
	By Senator Tester:	137

1 that are here today and I look forward to our discussion.

2 The Bakken formation has emerged in recent years as one of

3 the most critical sources of oil in the United States. As a

4 result, we are seeing things in eastern Montana/western North

5 Dakota that we've never seen before, both good and bad. It's

6 a story of rapid and dramatic flood of workers, families and

7 wealth into an area that is providing an economic boom for

8 local businesses and communities, but it's also a story of

9 local communities left scrambling for scarce resources to

10 meet urgent infrastructure and housing needs of a largely

11 transient workforce, and the struggle of those communities to

12 address immediate needs without doing significant harm to the

13 longtime residents making a fraction of an oil worker's

14 salary; folks in the community like police officers, social

15 workers and school teachers. It's the story of local law

16 enforcement agencies stretched thin, yet facing unprecedented

17 threats in the sheer number and complexity of increasingly

18 violent crimes; increased rates of human trafficking, drug

19 smuggling and criminal byproducts of drug cartel targeting

20 the large paychecks of oil workers. In more human terms,

21 it's the story of a young family living with her six children

22 in a camper for 20 months because of the scarcity of quality

23 affordable housing; and it's the story of a beloved high

24 school math teacher, a mother of two, who was abducted while

25 in a morning jog and subsequently murdered by individuals who

1 were allegedly drugged out of their minds. These stories
2 don't reflect who we are or where we live. Sure, we have a
3 number of significant challenges before us, but I know many
4 of these witnesses, and I know many of the folks in this
5 community, they're doing absolutely everything that they can
6 do to make sure that this is even a better place to live.
7 Today, I hope this hearing can identify additional ways we
8 can contribute to that effort, whether it's highlighting
9 various proposals to address the region's most urgent needs
10 or addressing how we can improve upon the collaborative
11 efforts of local, tribal and federal officials. With that, I
12 will keep my opening remarks brief. We have a number of very
13 good witnesses here, a lengthy list of critical issues to
14 discuss, and I want to thank everyone for being here today.
15 We're gonna get started. We'll start with our first panel.
16 The first panel will set the stage by laying out a broader
17 economic development challenges in the Bakken; the second
18 panel is gonna speak more specifically to law enforcement
19 challenges that have arisen in recent years; and the third
20 panel will speak to critical infrastructure needs in the
21 region; but right now, we're gonna get to the first panel.
22 First, we have A.T. Stafne who is serving in his third term
23 as chairman of the Fort Peck Tribal Executive Board. In
24 2011, Rusty was appointed by Governor Brian Schweitzer to the
25 Montana Fish, Wildlife and Parks Commission. He was the

1 first American Indian appointed to that commission. Rusty is
2 a member of the Assiniboine and Sioux Tribes of the Fort Peck
3 Reservation, an Army veteran from the Korean War. Thank you
4 for your service, Rusty; thank you for being here; and I look
5 forward to your testimony.

6 Then we have Lieutenant Governor Angela McLean. She
7 was previously an adjunct professor at Montana Tech in Butte.
8 She also served as Chair of the Montana Board of Regions and
9 on the Montana Board of Public Ed. before becoming Lieutenant
10 Governor of the great State of Montana. Angela has developed
11 Montana SMART schools, an initiative whose goal is to reduce
12 energy usage in schools and save taxpayer dollars. She also
13 chairs the Montana Governor's Drought and Water Supply
14 Advisory Committee. Angela, as always, it's great to see
15 you; thank you for being here.

16 Leslie Messer is the Executive Director of the
17 Richland Economic Development Corp. She - - During her
18 tenure as Executive Director, Leslie has actively recruited
19 businesses, pursued business expansion and retention projects
20 for Richland County. Some of these victories include
21 recruiting Anheuser-Busch malt barley handling facility as
22 well as the nation's largest crane service company. Leslie,
23 always good to see you; thank you for being here and we look
24 forward to your testimony also.

25 And finally, we have Mayor Rick Norby, Mayor of

1 Sidney since January of this year. He previously served as
2 councilman for Ward 3. In his capacity as mayor, Rick has
3 been on the frontlines facing the challenges of rapid growth
4 in the Bakken and seeking ways to overcome various economic
5 development and infrastructure challenges that have arisen
6 from the rapid growth. Previously, Rick worked on a family
7 farm before focusing his energy on starting a business, Norby
8 Repair, almost 15 years ago. Thank you for being here, Rick.

9 With that, I think we'll start out and what we
10 typically do in these hearings is your entire written
11 statement will be part of the record. Your testimony, if you
12 could keep it to 5 minutes would be great. I have got a
13 boatload of questions to ask you guys and they're all easy
14 that you can answer, but the truth is I want to get that
15 information on the record, too, so Chairman Stafne, would you
16 please get us started, and if I start rattling that means you
17 might want to wind it down. (Laughter.)

18 CHAIRMAN STAFNE: Yes, Senator Tester, good morning
19 and thank you. Do I need this?

20 SENATOR TESTER: Yeah, you'll need that for the
21 clerk so we can get your testimony.

22 CHAIRMAN STAFNE: Okay. Senator Tester, good
23 morning and thank you. From our perspective as an Indian
24 nation immediately adjacent to the unprecedented oil
25 development in the Bakken, - - Okay, how's this?

1 SENATOR TESTER: Keep going.

2 CHAIRMAN STAFNE: From our perspective as an Indian
3 nation immediately adjacent to the unprecedented oil
4 development in the Bakken, we welcome opportunities to
5 improve the conditions on our Reservation, including
6 responsible sustainable and culturally sensitive natural
7 resource development, but we cannot promote responsible
8 development without adequate services, infrastructure and
9 sources of capital. Senator Tester, we know you understand
10 this. Thank you for your recent response to the National
11 Northern Border Counternarcotics Strategy Report, which
12 confirmed the lack of resources in Indian country. We
13 appreciate your commitment to the continued working to bring
14 more attention and resources to the northern border and the
15 Bakken so our communities are safe and our quality of life is
16 strong. The Fort Peck Tribes and its partners in our region
17 have been leaders in enhancing communication and
18 collaboration to address our lack of resources. We have
19 forged positive relationships with our neighbors. We were
20 one of the first tribes in the nation to enter into a cross-
21 deputization agreement with state and local law enforcement
22 agencies. This revolutionary agreement is a model for
23 effective policing in Indian country. In addition, we
24 jointly operate a 9-1-1 emergency dispatch center with
25 Roosevelt County, pooling our resources to eliminate the

1 duplication of services; and together with our partner, Dry
2 Prairie Rural Water, we are constructing a highly efficient
3 regional water system and will soon be delivering quality
4 water from our treatment facility on the reservation to
5 approximately 75 percent of the population of northeast
6 Montana. There is perhaps no better model for cooperation or
7 communication than exists between the Fort Peck Tribes and
8 its neighbors. Now, we need Congress to fill its mandatory
9 trust responsibility to Indian nations to supply necessary
10 resources to make our communities safe. The conditions on
11 our reservation are poor. Half of our people live below the
12 federal poverty level, and our residents have the poorest
13 health in the State of Montana. What's worse, we are now
14 experiencing dramatically rising social problems and criminal
15 activity like methamphetamine and prescription drug abuse.
16 This surge in crime has reversed a downward trend we worked
17 so hard to achieve. Our law enforcement estimates that
18 nearly 80 percent of criminal conduct on the reservation has
19 a drug component. In order to combat this epidemic, we have
20 an immediate need for six additional drug enforcement
21 officers. I urge the Department of Homeland Security and
22 other federal agencies to work with tribes by promptly
23 providing funds and equipment to our Bakken-affected
24 communities using instruments like self-determination
25 contracts to ensure swift receipt of the resources we

1 desperately need. Adequate infrastructure is also vital to
2 whether conditions in our region improve or deteriorate.
3 Federal appropriations for rural water systems,
4 transportation systems and health, wellness and public safety
5 facilities make the difference between success and failure
6 because community - - community stability creates an
7 environment for economic development.

8 In addition to services and infrastructure, Indian
9 country needs a source of capital for economic development to
10 cross reservation boundaries. Grant and loan programs
11 provide necessary bridges to help communities in transition,
12 but tribes also need the flexibility to pool federal funds
13 from multiple agencies to carry out locally designed economic
14 development programs without conflicting rules and
15 restrictions. The Department of Health and Human Services
16 four-step descending model or the proposed NASDA Amendments
17 could become the model for federal funding. We encourage you
18 to consider a pilot project that allows tribes to pool funds
19 from various sources to address growing needs relating to the
20 Bakken.

21 Finally, Congress must eliminate the problem of dual
22 taxation in Indian country created by the 1989 U.S. Supreme
23 Court decision in *Cotton Petroleum vs. New Mexico*. This
24 double taxation creates a serious barrier of development on
25 tribal lands and is inconsistent with federal policies

1 designed to promote tribal development in self-sufficiency.

2 Thank you for the opportunity to share our
3 perspective. We look forward to working with you to pay more
4 attention to resources to our region so our communities are
5 safe and our quality of life can be strong; thank you.

6 SENATOR TESTER: Thank you, Chairman Stafne. I
7 appreciate your perspective. Lieutenant Governor McLean,
8 you're up.

9 LIEUTENANT GOVERNOR MCLEAN: Good morning, and thank
10 you Senator Tester for the opportunity to testify before you
11 this morning. Development in the Bakken region has presented
12 tremendous economic opportunities for eastern Montana, but
13 with those opportunities come challenges. Governor Bullock
14 was helping to address those challenges long before he became
15 governor. As Attorney General, he instituted the first
16 cross-border jurisdiction with North Dakota; and as Governor,
17 when the legislature refused to fund a public safety
18 initiative in eastern Montana Governor Bullock worked with
19 Chief Difonzo to hire two new drug agents out of
20 discretionary funds. Our administration intends to continue
21 to fund those DCI agents.

22 We are also assisting oil and gas impacted schools.
23 The Wibaux School District, for example, was awarded \$900,000
24 this year to assist in construction of a new building, among
25 other things, and development impacted schools have received

1 a total of \$11.5 million dollars in assistance this year
2 alone.

3 Additionally, Miles, Dawson and Fort Peck Community
4 Colleges have received over \$2.5 million dollars to address
5 workforce challenges in eastern Montana. As part of the Main
6 Street Montana Project, Governor Bullock announced a plan to
7 assist the impacted counties in eastern Montana. The
8 reduction SRF Loan interest rates are already saving water
9 and sewer rate payers \$29 million dollars this year alone;
10 and as soon as the legislature approves the plan, the \$45
11 million dollar grant program will get money where it is
12 needed most in the cities, towns, counties and tribal
13 governments; but it is not just monetary assistance that we
14 are providing. We are mobilizing rapid response teams.
15 These teams are composed of the best people from commerce,
16 DEQ and DNRC and customized to meet the needs of each
17 community across eastern Montana. Existing programs such as
18 CDBG and TSEP help counties and local governments fund
19 infrastructure, public safety and housing projects. There
20 are also multiple infrastructure loan and financing programs
21 including the Commercial Loan Participation Program; the
22 Infrastructure Loan Program; the Value Added Loan Program;
23 and the INTERCAP Loan Program. Additionally, Senator Tester,
24 there are programs that are designed to help communities with
25 housing issues; the Home Investment Partnership Program;

1 Section 8 Program; Home Ownership Program; and Housing Tax
2 Credit Program serve to help mitigate affordable housing
3 needs across eastern Montana. Programs such as the CTAP work
4 with local governments, officials, planners, developers and
5 the public to help communities address the impacts of
6 development and population growth by providing technical
7 assistance through the sharing of professional knowledge,
8 conducting workshops and providing templates, publications
9 and research materials. Since Governor Bullock took office,
10 we have awarded funding to numerous projects in eastern
11 Montana including a \$450,000 grant to the city of Bainville
12 right here in Richland County for a water project. These are
13 just a few examples of the grant funding and investments that
14 Governor Bullock's administration has made in eastern
15 Montana. The total amount of funding allocated for the 2013
16 and 2015 biennia to oil-impacted counties in eastern Montana
17 totals over \$57 million dollars.

18 Senator Tester, I want to thank you once again for
19 the opportunity to be a part of this very important
20 conversation among local, state, tribal and federal partners.

21 SENATOR TESTER: Thank you Lieutenant Governor.
22 Next we have Leslie Messer. Leslie?

23 LESLIE MESSER: I also would like to thank you for
24 the opportunity to give you a little insight on what's going
25 on here. As you all know, we all do the very best we can

1 with the education and the resources that we have available
2 to us. Economic development is no different than the law
3 enforcement or anyone else, and so we are just going to give
4 you a brief look on how this goes. The current economy
5 overall in Richland County right now is very robust, it's
6 very busy. Our labor force is scrambling; our unemployment
7 right now is 2.1 percent, and this results in extreme stress
8 and pressure on our downtown businesses as the oilfield draws
9 workforce away from those downtown jobs that have always been
10 there. The employers are having to be very creative in how
11 they're going to circumvent this issue. They're putting in
12 their own housing; they're offering different incentives;
13 limiting their office hours and the services; all to keep
14 moving forward and providing for their own business success
15 and families. We are doing the best we can to keep the
16 information out there so that we can work together with
17 state, local and federal agencies to get the word out and to
18 continue to do business as usual. We launched a website that
19 we put all types of information to educate and inform the
20 public about what's going on. This site has had over a 1,000
21 hits a week. People want to know how much it costs to be
22 here; what it's like to work and live here. We created
23 through the investment of our revolving loan fund from our
24 county commissioners the million dollar phone, we - - or loan
25 fund, we've been able to provide gap financing to continued

1 businesses, entrepreneurs and existing businesses. We have
2 71 jobs tied directly to that in the throes if all this
3 business. Our office continues to conduct consultations with
4 over 60 engineers and developers and consultants and
5 entrepreneurs all wanting to see what it's like and if they
6 might be able to grab a hold of a piece of this opportunity.
7 We have created informational presentation that we have taken
8 across this state to 60 different times in the last three
9 years to educate and inform people of exactly what the needs
10 are in our area. We've also held instructional and
11 informational tours for state, legislative and congressional
12 leaders to bring them in here and let them see this first-
13 hand on what exactly is thriving and working and challenges
14 are here. We've also held two Canadian trade missions. We
15 create and participate in an Eastern Montana Impact Coalition
16 to address the impacts to the 16 counties of northeastern
17 Montana and what we're facing. We are in the final stages of
18 that impact study. That will hopefully give us a better
19 picture so that we can take that to the legislature.

20 Our office has surveyed our residents and our
21 contributing members on the services and the needs of
22 Richland County, and the top five priorities are
23 infrastructure, housing, workforce, lack of daycare and
24 childcare providers as well as additional restaurants. We
25 have recruited, most recently to Richland County, an

1 immediate and temporary housing provider to try to be able to
2 carry some of that load while the stick-built developments
3 are being built. We created a cost analysis to take an
4 actual look at the numbers, and while we're ranked third
5 highest in our region, our market is considerably different
6 when we're compared with Billings, Bozeman, Denver; it's
7 extremely different; and we work collaboratively with Miles
8 City and Dawson Community College to try to assess those
9 workforce demands and needs and how we might best tailor a
10 curriculum to the ever-changing robust challenges.

11 And finally, we've also worked and advocated very,
12 very hard on the Lower Yellowstone Irrigation Project with
13 the efforts they are taking to address the Pallid Sturgeon,
14 the endangered species, and the effects that if that
15 irrigation project were to go down, the negative impacts on
16 this economy would be just tremendous.

17 So basically, our current and future challenges are
18 our infrastructure is aging and it's at capacity, which
19 requires immediate additional funding resources; we have a
20 lack of workforce, which goes hand-in-hand with the housing.
21 The housing that is available is being utilized by the
22 oilfield, but as it has been stated before, that makes it
23 very difficult for the clerks and the teachers and the police
24 and the county force; and the constraints to financing for
25 additional projects is very difficult because the populations

1 that are coming in are showing that they have less than
2 stellar credit, which makes it very hard to support them.

3 I want to thank you for, again, for this opportunity
4 and I urge you to utilize whatever power and influence you
5 have to invest additional resources here, not only for the
6 success of Richland County, but for the improvement of the
7 entire State of Montana; thank you.

8 SENATOR TESTER: Thank you, - - Thank you, Leslie.
9 I appreciate - -

10 THE HONORABLE RICK NORBY: I'd also like to thank
11 you, Senator Tester, for inviting me here today. I'll
12 probably be the first one you use the gavel on. It's really
13 hard for me - - (Laughter) to keep my stuff under 5 minutes.

14 SENATOR TESTER: Thanks for the warning.

15 MR. NORBY: But here we go. I've only been mayor
16 for a short time in Sidney, less than a year, but I served on
17 City Council for six years prior, and I can say the largest
18 concern that my administration has is for its citizens.

19 SENATOR TESTER: Is what now?

20 MR. NORBY: Is for its citizens.

21 SENATOR TESTER: Okay.

22 MR. NORBY: A simple singular concern that
23 encompasses so many avenues. The City of Sidney and its
24 neighboring communities are expecting growth at a higher
25 rate, and we are all struggling to meet the priorities that

1 make up - - at the tone of a small Montana town. Safety,
2 affordable living and community activities are what draws
3 people to live in our communities over the larger oil boom in
4 North Dakota is offering. We are a place to raise a family,
5 not just work and sleep. In order to maintain this type of
6 community, the City of Sidney and its neighbors are working
7 diligently to bring in more police and even federal funding
8 units such as the DEA, DCI and FBI. As mayor, I know that
9 having a safe community that my citizens can walk freely in
10 is important to my constituents. Since Sherry Arnold's
11 tragic murder, it's been an uphill battle to give the feeling
12 of safety back to the community. With the collaboration of
13 all agents, local, state or federal, we are following any
14 backpack feeling, maintaining safety in a place that can
15 easily get out of hand fast is imperative to the entire
16 nation, keeping the agents that are stationed here to aid is
17 required.

18 Housing is a constant discussion being had for the
19 area. Affordable housing is almost nonexistent, and if it is
20 affordable it's not livable. Apartments are what is being
21 mostly developed in Sidney, but they are not the only answer.
22 Even with new apartments going up to help with the constant
23 need, the prices are still not going down. To rent a 2-
24 bedroom apartment in Sidney can be upwards of \$2,100 a month.
25 This causes multiple people to pile into the same apartment

1 just so they can afford to live here. The shelters in Sidney
2 are constantly overloaded due to people not being able to
3 afford to establish with current income provided. I believe
4 the answer to this is to develop more single-family homes to
5 help equal out the housing costs in the area. The single-
6 family home is also meant for people to buy not rent,
7 increasing the long-term citizens to the area that will bring
8 in families, not just workers, which will increase the number
9 of workers in the area for non-oilfield jobs and bring more
10 consistent population.

11 Housing is not the only large cost to the area at
12 the moment. We are experiencing higher costs of living than
13 any other - - than any other areas. The increase in big
14 oilfield jobs can cause price-gauging on all fronts,
15 including groceries, recreational activities and basic living
16 needs. The high-paying jobs have increased the per cap
17 income in Richland County by 29.5 percent since 2013,
18 according the Montana Local Government Profiles. This means
19 the rates are forced to increase based on target rates as
20 provided by the State. When rates increase, the cost to
21 provide good increased - - goods increase and prices are
22 raised. Most - - Most of the higher retailers are from the
23 pump to the grocery line. This is causing many long-term
24 citizens who would have taken their last breaths in Sidney,
25 pack up and move to more affordable communities.

1 Higher wages are also getting - - getting long-term
2 employees hired next to impossible. The City of Sidney
3 starts our Public Works Department laborers at \$18.00 an
4 hour, which is a pretty good wage until you compare it to the
5 average non-educated oilfield position starting wage at
6 \$25.00. How do small businesses afford to pay the increase
7 in wages as demanded due to the oil boom? They raise rates.
8 They raise their prices, sorry, which in turn cancels
9 increase of the wage that is possible. The City of Sidney
10 gave a 3 percent cost of living wage increase to all
11 employees this year, but we also had a 200 percent sewer
12 increase, which cancelled most of the employees monthly wage
13 increase. If you look at the impact the oil boom has on
14 basic citizens in Sidney and surrounding area, it's
15 substantial. They are now in a daily struggle to maintain
16 their way of living in order to stay in their hometown. The
17 city of Sidney does not want to lose its citizens or replace
18 them with new ones. We want to focus on expanding the city
19 and its area while maintaining everything our predecessors
20 fought for. We want to see the old mingle with the new and
21 create a better place to live. We don't want - - We don't
22 want to be the better community of the Bakken, we want to be
23 its hometown. In order to accomplish any of this, we need
24 everyone to see it as we see it; it's the best place to live.
25 We cannot accomplish this if we do not get some help. The

1 Bakken is about utilizing its natural resources; people need
2 to realize that. We cannot capitalize on the Bakken until we
3 utilize the surrounding area. Thank you again, Senator
4 Tester.

5 SENATOR TESTER: Well, thank you, Mayor; and thank
6 you all for your testimony. I very much appreciate the
7 perspective and I appreciate the time you put in for your
8 testimony. We are going to start out with an easy question
9 that's kind of difficult, and that is each one of you brings
10 a different perspective to the table. In your opinion, if
11 you were going to say 'This is my most pressing need', what
12 would it be? We'll start with you Chairman Stafne. What is
13 the most pressing need that you have up in Fort Peck?

14 CHAIRMAN STAFNE: Well, Senator, we really have very
15 many pressing needs, but one thing that would certainly help
16 would be funding.

17 SENATOR TESTER: Okay. Okay, go ahead, Lieutenant
18 Governor.

19 LIEUTENANT GOVERNOR MCLEAN: Thank you, Senator
20 Tester, and thank you fellow panelists for remarkable
21 testimony. Infrastructure is what we need, and I think I
22 heard that here; I heard it here; I heard it here
23 (indicating), and we need infrastructure to grow and to
24 sustain that growth now and into the future, and we
25 articulated a plan for a \$45 million dollar grant fund to

1 impact that sustainable growth here in eastern Montana. We
2 need legislative assistance to make sure that that becomes a
3 reality, and with that legislative assistance we could
4 provide that help that you so desperately need to attract and
5 retain businesses; to attract and retain quality teachers;
6 and ultimately ensure, Mr. Mayor, that this is not the
7 bedroom community to the Bakken.

8 SENATOR TESTER: Real quick, before, Leslie, you
9 take the mic, I've just got a quick followup for you
10 Lieutenant Governor, and that is infrastructure and the \$45
11 million dollar program you talked about, what's going to be
12 eligible for that \$45 million, is it gonna be sewer, water,
13 housing, what's all eligible?

14 LIEUTENANT GOVERNOR MCLEAN: Absolutely. Water and
15 waste water districts will be eligible. Additionally, 10
16 percent of those resources, \$4.5 million dollars, will be
17 available to meet public safety needs for eastern Montana
18 cities, town and tribal communities.

19 SENATOR TESTER: I've got you; and then one last
20 question because I think it's important. Who is eligible?

21 LIEUTENANT GOVERNOR MCLEAN: We have a Tier I, Tier
22 II and Tier III county/region across the eastern Montana map,
23 and I would be happy to provide you with each of those - -

24 SENATOR TESTER: Okay, to get more specific, and you
25 may have addressed this in your testimony and I may have

1 missed it, are tribes eligible?

2 LIEUTENANT GOVERNOR MCLEAN: Absolutely.

3 SENATOR TESTER: Are municipalities eligible?

4 LIEUTENANT GOVERNOR MCLEAN: Yes.

5 SENATOR TESTER: Are non-incorporated towns
6 eligible?

7 LIEUTENANT GOVERNOR MCLEAN: Yes.

8 SENATOR TESTER: Good. Thank you. Leslie, we'll
9 get back to the original question, and that is what is your -
10 - in your - - As an economic development in Richland County,
11 what's the most pressing?

12 MS. MESSER: The most pressing need from economic
13 development is the ability to grow. Our office is the one
14 that answers the door to opportunity. We are the one that is
15 the marketing agent saying 'Come be here; live here; work
16 here'.

17 SENATOR TESTER: Yep.

18 MS. MESSER: And we can't continue to grow or thrive
19 if there's not enough places to flush the toilet; if we don't
20 have a enough places to live; if the law enforcement can't
21 adequately handle that; those are the most pressing. People
22 come in, those developers come in from North Dakota, and the
23 opportunity is here. The opportunity is here to invest in
24 this area for all of the Mon Dak. Those developers come in;
25 they come from North Dakota and they'll walk in my office and

1 say I want to set my company up here. The environments are
2 totally different, but I will not take my wife and child to
3 Williston, North Dakota. I want to be here. Where can I
4 live? What are your schools like? What is your healthcare
5 like? We promote that, but it's very, very stymied and
6 challenging when there are no available homes.

7 SENATOR TESTER: Got ya.

8 MS. MESSER: And so that's it for us.

9 SENATOR TESTER: Good. Mayor?

10 MAYOR NORBY: I agree with Leslie on that 100
11 percent. Infrastructure's got to be the Number 1 concern. I
12 guess I look at this as a sinking ship, and you know you
13 could turn on this and look at this many ways. I mean, yes,
14 you can raise rates and get everything up to where the target
15 rates are, but you know, that takes time and right now that
16 sinking ship's gonna sink - -

17 SENATOR TESTER: Okay.

18 MAYOR NORBY: - - and I don't want to drown here,
19 and I don't want my community to drown here.

20 SENATOR TESTER: The last time I visited with your
21 predecessor when I was in town, - -

22 MAYOR NORBY: Yep.

23 SENATOR TESTER: - - Mayor Smelser, and he talked
24 about that infrastructure issue as it applied to your sewer
25 plant.

1 MAYOR NORBY: Yep.

2 SENATOR TESTER: Can you tell me, briefly, can
3 Sidney grow at this point in time with the sewer that you
4 have?

5 MAYOR NORBY: We are currently on Phase I and just
6 gonna be starting on Phase II of the new lagoon, so we are
7 moving ahead. We have - - When you started the bonding, such
8 as we had talked, we're already in the motion on that, so
9 yeah, we can.

10 SENATOR TESTER: And so you can utilize the build-
11 out you're doing right now as far as expansion. You don't -
12 - Okay, good.

13 MAYOR NORBY: (Nodding head affirmatively.) We're
14 good in that area.

15 SENATOR TESTER: Oh, okay.

16 MAYOR NORBY: We've been working with DEQ and stuff
17 like that. I mean we're - - It's a slow process, but yeah,
18 we're getting there.

19 SENATOR TESTER: Outstanding. Well, that's - -

20 MAYOR NORBY: That's just the way it is.

21 SENATOR TESTER: That's good news. This is a
22 question for Leslie and you Mayor, and Leslie you talked
23 about in your testimony some of the things that businesses do
24 in creating stuff, creative things like they own their own
25 housing and there was some other things too you brought up.

1 Is housing the primary challenge, is it wages, is it all of
2 the above? What, I mean, - - It would seem to me that if
3 you're running a clothing store in downtown Sidney keeping
4 employees is probably pretty darn tough and it didn't used to
5 be tough 10 years ago. So what can be done for these guys?
6 Well, let's just be honest. What can we do? What could the
7 county commissioner do, what could the mayor do, what can I
8 do, what can the governor's office do to help those
9 businesses? Is there anything we can do?

10 MS. MESSER: Richland County and Sidney area has not
11 had the luxury to slowly and systematically improve their
12 infrastructure, their streets, their services, the mental
13 health issues, the - -

14 SENATOR TESTER: Right.

15 MS. MESSER: You know; those issues. We have not
16 had that ability. You cannot tax the people to do that quick
17 enough to address those issues right now. So, in my opinion,
18 I believe that the county and the city are doing the best
19 that they can with the resources that they have. They - -

20 SENATOR TESTER: Exactly.

21 MS. MESSER: - - have to take care of their citizens
22 first and foremost. The people that are here that want to be
23 here and work are being very creative, and what I mean by
24 that is they have their family members working at all hours;
25 they - - They're closing their doors at different hours to be

1 able to just function; they're offering an incentive of maybe
2 of potential housing for to start with, like maybe a rental
3 to start with, but then they have to go out and find their
4 own, but as the oilfield continues to come in and all of
5 those supporting services continue to come in, we want them
6 to bring their wives.

7 SENATOR TESTER: Sure.

8 MS. MESSER: So that opens the door for some
9 additional, you know, supporting services that could be there
10 for that lady in the dress shop or whatever, but there's not
11 enough single-family homes right now to help them set roots
12 down, and that's what the ultimate goal is in my opinion.

13 SENATOR TESTER: Gotcha, Gotcha; thank you.
14 Lieutenant Governor, you've talked about the \$40 million - -
15 \$45 million dollar grant program that we talked about here
16 just a second ago. Are there other plans in place at the
17 state level to address economic development challenges out
18 there?

19 LIEUTENANT GOVERNOR MCLEAN: Absolutely.

20 SENATOR TESTER: Okay.

21 LIEUTENANT GOVERNOR MCLEAN: And to dovetail off
22 your last question to Ms. Messer, I'd like to point to the
23 fact that the Governor launched a very robust conversation
24 about expanding mental health opportunities.

25 SENATOR TESTER: Yeah.

1 LIEUTENANT GOVERNOR MCLEAN: Not just here in
2 eastern Montana but across the State of Montana because we
3 know that's desperately needed here and for folks across the
4 Big Sky State. Additionally, the Governor wants to expand
5 Medicaid. We think that that access is critical for 70,000
6 working Montanans who don't have healthcare, and we think
7 that's an important conversation here in eastern Montana as
8 well. I'd also like to point to the fact that the concentric
9 circles that came out of the very important and complex
10 conversation that took place last legislative session around
11 K-12 funding led to additional resources for K-12 schools in
12 eastern Montana who were directly impacted by this growth to
13 have the resources they would need to best meet the
14 challenges, and I would like to point to Wibaux, for example,
15 who once had a base salary of \$24,000, and is now using those
16 resources that I just spoke to to elevate that base salary to
17 \$29,000. I'm also aware that districts in eastern Montana
18 are using already signing bonuses to attract and then retain
19 high quality classroom teachers, so those are some of the
20 efforts that are coming out of Helena specific to education
21 in the Bakken. Additionally, I would point to the Montana
22 University System where very robust conversations have been
23 happening, and I would point to the specific evolution of a
24 eastern Montana strike force that was started in the fall of
25 2011 to meet the workforce needs specific to eastern Montana.

1 We know that the SWAMMEI Grant is providing considerable help
2 in meeting the workforce development needs in the areas of
3 welding, machine, industrial electronics, industrial safety,
4 etcetera; and I'd like to point to a very important
5 conversation that just took place earlier this week with
6 Superintendent Farr from here in Sidney as well as each of
7 the community college presidents, Klippenstein and President
8 Simon, along with industry leaders and business leaders from
9 eastern Montana with the folks from the Train North Dakota
10 Northwest Staff to determine how we in our community college
11 system, including the Fort Peck Community College, could best
12 address the workforce needs, so I can tell you the Bullock
13 Administration along with the Montana University System is
14 working robustly to develop partnerships and develop programs
15 to meet the needs all across the spectrum whether they are
16 infrastructure needs; whether they are needs in regards to
17 debt-loan repayment, and I'd like to point to that key piece
18 along with that \$45 million dollar grant program, that's a
19 key component, Senator Tester. The grant funds may be used
20 to repay existing debt incurred on or after July 1st of 2011
21 for water or waste water projects already underway or
22 completed, and we think that that is key; and to speak to the
23 safety needs, which is embedded in so many parts of these
24 conversations, that \$4.5 million as I spoke to - -

25 SENATOR TESTER: Yeah.

1 LIEUTENANT GOVERNOR MCLEAN: - - is right there, and
2 if folks can get their applications in the pipeline, the
3 administration is going to be ready to address those
4 applications once the legislature approves the funding.

5 SENATOR TESTER: Okay, good. I appreciate that
6 perspective and I appreciate hearing those programs. From
7 federal level, there are programs, in fact Tony Preite is
8 going to be on one of the programs coming up, there are
9 programs for housing; there are programs for infrastructure
10 investment from the federal level. I don't know if you've
11 worked with any of them, but I'll just ask this, if you were
12 in my shoes, what program works the best when it comes to
13 either housing or sewer and roads as far as where would you
14 put the money, in what federal program to be able to meet the
15 needs you have?

16 MAYOR NORBY: We don't qualify for any - - Like with
17 us, you know, anything that's target rate wise, we don't
18 qualify.

19 SENATOR TESTER: Anything that's what?

20 MAYOR NORBY: Any kind of target rates that we have
21 to meet - -

22 SENATOR TESTER: I see.

23 MAYOR NORBY: - - to qualify for any of this. We
24 can't qualify.

25 SENATOR TESTER: Because the income is going up.

1 MAYOR NORBY: Yes.

2 SENATOR TESTER: So we need to change those incomes.

3 MAYOR NORBY: Yes. You need to change that
4 structure. You know, I mean, you can only raise rates so
5 fast - -

6 SENATOR TESTER: Right.

7 MAYOR NORBY: - - before you end up being the only
8 person living in Sidney, Montana - -

9 SENATOR TESTER: No, that's not - -

10 MAYOR NORBY: - - besides the workers. (Laughing.)

11 SENATOR TESTER: Gotcha.

12 MAYOR NORBY: But I mean that's how we look at it
13 and that's we went to the bonding method - -

14 SENATOR TESTER: Gotcha.

15 MAYOR NORBY: and went that route and are the only
16 options we have.

17 SENATOR TESTER: I hear you and you're correct. Go
18 ahead, Leslie, do you - -

19 MS. MESER: I would dovetail onto to what he's
20 saying. The CDBG and the housing, the different housing that
21 happen, that's all very applicable. We have a very strong
22 housing authority that is on the forefront of that battle and
23 you'll hear from Mr. Groshart later on in the day, and again,
24 you know, a lot of our - - a lot of our levels and a lot of
25 these programs are focused to the low to moderate. That

1 addresses a portion of our population. We should be able to
2 address the teachers and some of the others that may just
3 barely be out of those limits.

4 SENATOR TESTER: Gotcha. Okay, good. We're going
5 to - - I'm going to on. We're gonna stick with the two
6 Sidney residents here for right now. I want to get a better
7 understanding of the relationship that the economic
8 developers have, you, Leslie, and with the Mayor, the
9 relationship you have with the oil companies. Is there a
10 relationship? Have they stepped up in any way to address any
11 of the challenges that you have?

12 MAYOR NORBY: You know, no, they have not; but me
13 being new, I have not went out and spoke with them either, so
14 - -

15 SENATOR TESTER: Okay.

16 MAYOR NORBY: - - I've got to be honest about that.

17 SENATOR TESTER: Do they - - Is there - - Is there,
18 and I just do not know this, do they have point people that
19 you can go to or do you have to go to each company?

20 MAYOR NORBY: I hate to say it, not that I know of.

21 SENATOR TESTER: Okay, all right. Leslie, do you
22 want - - Would you address that?

23 MS. MESSER: As I have travelled across the state,
24 that's the number one question that's asked to me, 'Well, why
25 aren't you having the oil companies pay your bills?' That's

1 a very good question, but the reality of it is is that these
2 companies are working in our area but their corporate
3 headquarters aren't here.

4 SENATOR TESTER: Right.

5 MS. MESSER: And so it's this chain of command. We
6 have reached out. Some of them have stepped in, but they're
7 focused on getting in, getting the product, making a profit
8 and conducting business. I'm not saying it's right or wrong,
9 but they feel - - When I've had conversations, they feel they
10 are paying taxes; they feel they are paying their dues into
11 our state. I can't argue with that from a business
12 standpoint - -

13 SENATOR TESTER: No.

14 MS. MESSER: - - so, you know, historically, being a
15 fifth resident of Richland County, we try to do the very best
16 we can to solve our own problems.

17 SENATOR TESTER: Yeah.

18 MS. MESSER: This is probably one of the first times
19 in history where we don't have the answers and we're seeking
20 help, and I don't care where it comes from.

21 SENATOR TESTER: Exactly.

22 MS. MESSER: We need to take care of our people.

23 SENATOR TESTER: I've got you; and I appreciate that
24 very, very much. Chairman Stafne, I want to ask you the same
25 question. You guys have had some development, oil

1 development, on your reservation, or has it not happened
2 there yet?

3 CHAIRMAN STAFNE: Very little. Yes, there's various
4 reasons why this I guess. You know, the red tape that the
5 companies have to go through and it takes them forever, you
6 know. We've mentioned this before that the federal
7 regulations imposed by the Department of the Interior, the
8 Bureau of Indian Affairs, it takes to get, you know, the
9 approval to drill on federal land, Indian land or Tribe land,
10 whatever it may be. I think a lot of the companies give up
11 before they get to that stage where they're gonna punch a
12 hole in the ground. That is one very serious drawback that
13 we have been fighting for quite a while now and we've been
14 speaking to different agencies and I think you're aware of
15 that, Senator, and we've had various talks about that.

16 SENATOR TESTER: Yes, absolutely, and it's something
17 that we need to be working with the BIA and beyond and - -

18 CHAIRMAN STAFNE: And on that *Cotton* case.

19 SENATOR TESTER: Yeah, right, exactly.

20 CHAIRMAN STAFNE: We've been talking a lot about
21 that. Senator, I only said one word when you asked me what
22 our greatest need was and I said funds. I guess I'd like to
23 go a little further - -

24 SENATOR TESTER: Sure, you can, go ahead.

25 CHAIRMAN STAFNE: Our funds - - I guess the number

1 one priority of a lot of us is our healthcare. I mentioned
2 this before; the average age of the death of an adult male on
3 the reservation is 51 years old. I've surpassed that by
4 almost double now. I don't know why; if I'm lucky or not,
5 but that's a shame, a child being born male can expect to
6 live to 51 years of age; and in a non-native community, I
7 don't know, I would assume it's 20 years longer than that.

8 SENATOR TESTER: Yes.

9 CHAIRMAN STAFNE: And you are aware we have IHS,
10 Indian Health Services, and I've attended hearings with you
11 on them, so you're aware of the problems there and the
12 fundings we need. We have no senior homes, senior care.
13 We're trying to build a wellness center and we're fighting
14 for funds for that. We're trying to build homes. A lot of
15 our people, even though we don't have the oil on our
16 reservation, the people, the workers have moved onto the
17 reservation and they're offering big bucks to rent our
18 houses, and our native people, our residents are left out.

19 SENATOR TESTER: Uh-hmm.

20 CHAIRMAN STAFNE: We have people that are camping
21 out in the woods - -

22 SENATOR TESTER: Yeah.

23 CHAIRMAN STAFNE: - - through the wintertime living
24 in tents, you know, because there's not enough homes built.
25 Our roads and streets are bad and we need to help our law

1 enforcement. I testified we can use six more drug agents.

2 SENATOR TESTER: Yeah.

3 CHAIRMAN STAFNE: So we do have - - And our courts,
4 we're overwhelmed with cases, not only tribal courts, the
5 municipal courts, the state courts, the federal courts, and
6 again, money would help with that. I guess it's not gonna
7 cure it, but we would be able to offer a little resistance.

8 SENATOR TESTER: Yeah.

9 CHAIRMAN STAFNE: We have transportation problems.
10 Our reservation is 100 miles, approximately, across it, and
11 the center of the reservation, which is Poplar where all the
12 reservation officers are, a lot of people don't have
13 transportation. Our irrigation system - -

14 SENATOR TESTER: And the list goes on. That's why
15 you said funds.

16 CHAIRMAN STAFNE: Yes, it's never-ending.

17 SENATOR TESTER: Yeah. Thank you, Chairman.

18 Angela, I want to come back to this \$45 million bucks, this
19 infrastructure package, because there's other questions that
20 keep coming up. There's a Technical Assistance Rapid
21 Response Team that's gonna be assisting local communities.
22 Could you give me an idea of who is on that or has it been
23 set up yet?

24 LIEUTENANT GOVERNOR MCLEAN: The Rapid Response
25 Teams will be dependent on the needs of each community, and

1 they will be assembled based on their requests as they
2 surface, and so each Rapid Response Team could look entirely
3 different, but as I spoke in my initial statement, it would
4 be made up of folks from the Office of Commerce, the DNRC,
5 the Department of Environmental Quality, and perhaps others
6 as necessary, perhaps the Department of Transportation, and
7 you'll be hearing from Director Tooley later.

8 SENATOR TESTER: Will there be - - Will local
9 stakeholders have an opportunity for input?

10 LIEUTENANT GOVERNOR MCLEAN: Absolutely, and we will
11 come at their request and that's part of it. We recognize a
12 large part of this conversation in securing federal resources
13 that may be available to these communities revolves around
14 technical assistance, and we stand ready in state government
15 to provide that technical assistance, not just after the \$45
16 million dollars is approved, but right now we stand ready to
17 offer that technical assistance.

18 SENATOR TESTER: Okay.

19 LIEUTENANT GOVERNOR MCLEAN: And a couple of other
20 things I would like to just point to in respect to what my
21 good friend Chair Stafne just said is the Governor's office
22 hears loudly and clearly your needs to recognize healthcare
23 in Indian country, and for the very first time we are having
24 a very aggressive conversation about housing a tribal health
25 office within the office of the governor. Additionally,

1 Senator, you asked what can the federal government do as far
2 as - -

3 SENATOR TESTER: Yes.

4 LIEUTENANT GOVERNOR MELCEAN: - - far as programs.
5 I would speak to the support of the Housing Tax Credit
6 Program; the Section 8 Housing efforts; the CDBG grants.
7 Additionally, I mentioned the TACT Grant funding that
8 provided our state with \$25 million dollars. Community
9 colleges got it here in eastern Montana to facilitate these
10 workforce development needs, and so we're having these
11 conversations and we look forward to continue partnering with
12 you to make sure that we close these gaps where they exist
13 all across the board for folks.

14 SENATOR TESTER: I appreciate that, Lieutenant
15 Governor. For Messer and Norby, a couple of questions that
16 deals with red tape on federal dollars, and you may or may
17 not have gone here before, but I'm just curious to know when
18 you're going for grants or loans, do you - - are you seeing
19 unreasonable red tape, unreasonable - - reasonable red tape
20 when you try to approach a grant or a loan, or maybe you've
21 not been able to get there because of the income level that
22 you just talked about before.

23 MS. MESSER: I would say that the accessibility is
24 very challenging. We haven't - - Our office hasn't applied
25 for several different reasons because of the fact that we

1 have very strong agencies within our community that apply for
2 those, but one of the reasons why we don't is, again, our
3 income levels; the bureaucracy; the needing - -

4 SENATOR TESTER: Yes.

5 MS. MESSER: - - to hire a consultant to get through
6 the application.

7 SENATOR TESTER: Sure.

8 MS. MESSER: Those are all very challenging on our
9 very limited budgets for operation.

10 SENATOR TESTER: Okay. Absolutely, which got to the
11 point that I thought you were going to get to so thank you.
12 Mayor Norby, you spoke about impact bonuses for city
13 employees?

14 MAYOR NORBY: What's that?

15 SENATOR TESTER: Impact bonuses for city employees?

16 MAYOR NORBY: Yes.

17 SENATOR TESTER: Your perspective of those? Have
18 those done what you anticipated them to do or - -

19 MAYOR NORBY: I would like to give more.

20 SENATOR TESTER: Yeah.

21 MAYOR NORBY: That's for sure. We went 3 percent
22 and we went with a \$300 stipend according to how our little
23 bit of oil money that we do have, you know, revenue checks
24 come in. That will gauge off that. That's the best we could
25 do right now at this time to try to be competitive with

1 everybody around us.

2 SENATOR TESTER: Okay. That's good. Do you know if
3 the school districts have done anything similar?

4 MAYOR NORBY: Um, I remember seeing it in the paper.
5 I don't remember the number. It was like \$2.00 or something
6 like that, wasn't it?

7 SENATOR TESTER: Because it seems to me - - It seems
8 to me it's very - - It's an incredible challenge.

9 MAYOR NORBY: They do do something, but I guess I'm
10 not - -

11 SENATOR TESTER: Okay, that's fine; that's fine.

12 MAYOR NORBY: - - able to tell you exactly what they
13 did, but they - - We kind followed the lead, me and my city
14 court, kind of trying to go that direction and that's why we
15 went the way we went.

16 SENATOR TESTER: Sure. Well, thank you for that.
17 I'm in constant conversation with the Office of Personnel
18 Management when it comes to employees that work on the
19 federal lands out here because quite frankly if the BLM hires
20 an engineer they can make twice as much going into the oil
21 patch. Has the State addressed that issue at all from a
22 state employee standpoint about competitiveness of salaries
23 because I think you guys, from my experience at the state
24 level we fall under the same kind of thing, you've got a
25 salary structure that's set across the state for your state

1 employees. Is there anything that you can do or anything you
2 propose to - - because I'm sure you're losing employees too
3 just like the local businesses are and school districts and
4 everybody else. Is there anything the State can do or is has
5 that conversation started yet or is it a problem?

6 LIEUTENANT GOVERNOR MCLEAN: I can tell you as far
7 as state employees, I would tell you there would most likely
8 not be a significant problem.

9 SENATOR TESTER: Okay.

10 LIEUTENANT GOVERNOR MCLEAN: However, if there is
11 something we can do to help communities in eastern Montana
12 attract and retain workers, we definitely want to do that,
13 and I would offer Senator Tester that once a community
14 applies and receives grant dollars through the Infrastructure
15 Grant Program, that would free up resources for them to use
16 those dollars that they might have on the table to attract
17 and retain staff, and that was the whole notion of the
18 concentric circle conversation around education was how can
19 we help schools in eastern Montana have the resources to
20 attract, retrain high quality teachers in the classroom.

21 SENATOR TESTER: Okay, good. Chairman Stafne, I
22 just want you to speak about the difficulties of recruiting
23 and training police officers. It's my understanding that the
24 starting salary of a tribal police officer is about \$3.00
25 less per hour than a person with the same qualifications

1 working across the border at a Wal-Mart in Williston. That
2 puts us in a heck of a bind. Could you give me - - Talk to
3 me about your challenges with recruiting and retaining
4 officers.

5 CHAIRMAN STAFNE: As far as salary goes, I don't
6 know, but we do have a couple of members of the Sheriff's
7 Department and maybe they're on the panel and they can
8 probably discuss that with you. Are you on the panel?
9 (Indicating to an officer in the audience.)

10 SENATOR TESTER: We will - - We'll take that up with
11 him afterwards. You're still with the Tribal Police
12 Department?

13 (Whereupon, an officer in the audience nods head
14 affirmatively.)

15 SENATOR TESTER: Okay, good, all right. Well, I
16 just - - We'll close it out here because we've burned through
17 about an hour, and I just want to thank you guys for your
18 patience as we talk about these issues, and I also want to
19 thank you all for your service and your vision and your
20 ability to tell it like it is. I think that's really
21 critically important, and I think that the testimony you gave
22 today, I mean, the hope that I get out of this, and I talked
23 about it a little bit in the opening statement, that the hope
24 that I get out of this is that we can all sit down and
25 understand where our challenges are and help one another meet

1 those challenges. Because the truth is in the case of the
2 City of Sidney, you can't do it all. You don't have the
3 ability to do it all; you don't have the resources to do it
4 all, but hopefully the federal, the state and the county can
5 help and we can all achieve the goal we're looking for and
6 that's a place we can call home, so thank you all very much
7 for being here.

8 CHAIRMAN STAFNE: Thank you, Senator, for conducting
9 these hearings.

10 SENATOR TESTER: Yeah. Thanks; thanks, guys. Now,
11 we'll get ready for the second panel so you guys probably
12 know who you are. We're gonna change some nametags and let
13 folks get readjusted here. We've got Mike Cotter; we've got
14 Mike Gottlieb; we've got Scott Vito; we've got Tim Fox; and
15 we've got Craig Anderson. Those five will be up next. We'll
16 have to snuggle.

17 (Whereupon, at 9:58 a.m. Panel I Witnesses are dismissed and
18 Panel II Witnesses approach to give testimony. Panel II
19 testimony begins at 10:00 a.m.)

20 SENATOR TESTER: Okay, we'll get started with the
21 second panel. We need Attorney General Fox and Sheriff
22 Anderson to come on up and sit right down. Thank you - -
23 Thanks to the first panel on economic development. Our
24 second panel is going to focus on law enforcement, and we
25 have a great blend of federal, state and local law

1 enforcement officials. The man to my immediate left is Mike
2 Cotter, he is the U.S. Attorney for the District of Montana.
3 He was nominated for this position by the President and was
4 confirmed by the United States Senate in December of 2009.
5 Mike oversees an office; he conducts federal investigations
6 and prosecutions as well as the majority of federal civil
7 litigation in which the U.S. is a party. I should also note
8 that Mike is a U.S. Army Veteran, and we thank you for your
9 service not only in the military but as U.S. Attorney. Thank
10 you for being here, Mike. And then we have another Mike;
11 Mike Gottlieb is the National High Intensity Drug Trafficking
12 area Director. That's a pretty good handle, Mike. He is
13 with the White House Office of National Drug Control Policy.
14 This is an important position in this region. In his role,
15 Mike oversees a \$238 million dollar grant program that funds
16 670 investigative, prosecution, interdiction and prevention
17 initiatives. Over the years, he has advised the Obama
18 Administration; the Bush Administration; and the Clinton
19 Administration in prominent legal and management roles in
20 ONDCP. Mike, I want to thank you for coming to Montana, and
21 I want to thank you for coming here today. We appreciate
22 your flexibility to be here; and then we have Scott Vito. He
23 is an Assistant Special Agent In Charge in the Salt Lake City
24 Division of the FBI. In that capacity, he oversees Bureau
25 investigations across Montana. Scott first became an FBI

1 Special Agent in July of 1995. Prior to that, he served in
2 the U.S. Army for seven years; we thank you for your service;
3 and later as a police detective. Thank you for being here
4 today, Scott. I very much appreciate the FBI coming here
5 because you're a big player in this region. We also have
6 Attorney General Tim Fox, the Attorney General for the great
7 State of Montana. He is the State's Chief Legal Officer,
8 Chief Law Enforcement Officer, and Director of the Montana
9 Department of Justice. He's got a lot of hats. Tim was
10 elected in 2012 and has previously for the Montana Department
11 of Environmental Quality. It is absolutely good to have you
12 here today and I appreciate you taking the time out to be
13 here. And last, but certainly not least, we have Sheriff
14 Craig Anderson, Sheriff of Dawson County since June of 2003.
15 In that role he is responsible for a large portion of law
16 enforcement in this region. Craig is a former Chief
17 Probation Officer with 27 years of experience. Previously,
18 he also worked on the Youth Justice Council and the Montana
19 Board of Crime Control. As always, it's great to see you,
20 Craig; thank you for being here today.

21 As I told the first panel, if you can keep it to 5
22 minutes we'd appreciate it, and I'm talking to you, Cotter.

23 MR. COTTER: I can and I will. (Laughter.)

24 SENATOR TESTER: If you can keep it to 5 minutes, it
25 would be great. If I start rattling the gavel you'll get the

1 hint, but I would just tell you that when we set this hearing
2 up I - - we sat down and we talked about who we wanted, and
3 I'm gonna tell you the five of you I didn't think we would
4 get all of you, but we got all of you, and I just want to say
5 thank you very for taking time. I know you've got other
6 things to do, maybe multiple other things to do, but you're
7 here today; you're here in Sidney to talk about an important
8 issue, and you're here because you know it's important, so
9 thank you all for being here. With that, Mike Cotter, you
10 can get us started.

11 MR. COTTER: Thank you, Senator Tester - - Thank
12 you, Senator Tester, and thank you very much for inviting me
13 and giving me an opportunity - - giving me an opportunity to
14 speak to federal law enforcement efforts here in the Bakken.
15 First of all, I'm a big cheerleader for the efforts that have
16 been made by the federal law enforcement over the last three
17 years. They've done a damn good job, and I'll go into more
18 detail during the Q and A period as to the things that we
19 have been able to accomplish in the last period of time.

20 In 2012, Senator, the United States Attorney's
21 Office for the District of Montana and the District of North
22 Dakota convened a law enforcement strategy session in
23 Glasgow, Montana. There were 150 federal, state, local and
24 international and tribal law enforcement personnel from
25 Montana, North Dakota and Canada that attended the meeting,

1 and from that the strategy of Project Safe Bakken emerged.
2 That remains a high priority for Montana and remains a high
3 priority to the United States Attorney's Office of North
4 Dakota. The concept of Project Safe Bakken, the Mission is
5 to coordinate and synchronize the law enforcement efforts
6 between federal, state, tribal and local enforcement
7 entities. The purpose is to protect, disrupt and dismantle
8 organized criminal enterprises who distribute illegal drug -
9 - drugs and commit other crimes in the Bakken region of
10 Montana and North Dakota. And to that end, the United States
11 Attorneys for Montana and North Dakota, the Attorney Generals
12 for Montana and North Dakota, federal, state, local and
13 tribal enforcement have formed a task force to share
14 intelligence to combat crime in the region and affecting
15 communities including Fort Peck and Fort Berthold Indian
16 Reservations. And since the inception of Project Safe Bakken
17 in my office in Montana, we have indicted 117 defendants on
18 federal drug trafficking charges specific to the Bakken
19 region. In one case recently, we successfully prosecuted the
20 leader of a large methamphetamine drug trafficking
21 organization. The defendant, Robert Ferrell Armstrong,
22 received 20 years in prison for trafficking large amounts of
23 nearly pure meth into this part of Montana. We've also
24 opened case and prosecuted pornography, oil and gas scams
25 along the Fort Peck Reservation, worker endangerment and

1 environmental crimes. In North Dakota, my counterpart over
2 there, U.S. Attorney Tim Purdon, he's seen a case load
3 increase in western North Dakota from 126 defendants in 2009
4 to 336 in 2013.

5 In the - - But the beauty of the Project Safe Bakken
6 approach is, Senator Tester, it is not Montana specific, it's
7 not North Dakota, it is regional. It also encompasses
8 Saskatchewan and parts of Manitoba; and what we are
9 experiencing here in Montana, they see it in North Dakota,
10 they're seeing it up in Canada, so it really is an effort of
11 all law enforcement agencies to identify through intelligence
12 gathering and sharing specific targets that need to be
13 identified and dealt with effectively through prosecutions.

14 The other things that we've done from the Montana
15 side, the Department of Justice has also responded with
16 training and financial assistance to state, local and tribal
17 law enforcement. Since 2012, my office here in Montana has
18 coordinated at least five separate trainings for state, local
19 and tribal officers out here in eastern Montana. We've
20 dispatched Assistant United States Attorneys who have come
21 out. They've joined up with the Bureau, the FBI, DEA, ATF to
22 provide training for the locals. Over in North Dakota, the
23 Drug Enforcement Administration has just concluded a 2-week
24 drug investigation school for the Bakken drug agents.
25 Violence against women; the Department's Office of Violence

1 Against Women just recently announced the release of two
2 grant solicitations as a part of a new \$3 million dollar
3 special addition to the Bakken region and will impact both
4 Fort Berthold as well as Forth Peck. It will aid the local
5 criminal justice system in responding to the crimes by
6 providing the resources for Tribal Special Assistant United
7 States Attorneys.

8 The Project Safe Bakken does illustrate the dynamic
9 working partnership in Montana and North Dakota between
10 federal, state, local and tribal law enforcement entities to
11 combat crime and address public safety issues. We are
12 committed to communication, coordination and collaborations
13 with our law enforcement partners to promote public safety in
14 this area. The FBI, ATF and DEA have all done intelligence
15 collecting. They have also identified the issues that are
16 here and fully understand that systematic long-term changes
17 will be necessary in order to provide security to the region,
18 but in the short term, FBI has deployed agents on a rotating
19 detail to Sidney, Montana. They have created a new squad for
20 western North Dakota. The Drug Enforcement Administration
21 and the Bureau of Alcohol, Tobacco and Firearms and
22 Explosives have also dispatched agents from Billings to this
23 area to deal with specific problems and will continue to do
24 so in the foreseeable future and into the future. As long as
25 there is a problem, the response will be there.

1 Thank you, Senator Tester, and I look forward to
2 taking your questions later. Thank you very much.

3 SENATOR TESTER: Yeah, thank you, Mike Cotter. I
4 very appreciate your testimony and I appreciate your service
5 as U.S. Attorney for the State of Montana; thank you.

6 MR. COTTER: Thank you.

7 SENATOR TESTER: Mike Gottlieb.

8 MR. GOTTLIEB: Senator Tester, thank you for the
9 opportunity to appear before you to discuss the Office of
10 National Drug Control Policies recently released National
11 Northern Border Counternarcotics Strategy and ONDCP's work to
12 coordinate the efforts of federal, state, local and tribal
13 resources to address emerging drug threats in the Bakken
14 oilfield region. I am the national director of ONDCP's High
15 Intensity Drug Trafficking Area Program and I am pleased to
16 be in Sidney this morning as this will mark my third visit to
17 the Bakken region in the past 10 months. The HIDTA program
18 provides assistance to federal, state, local and tribal law
19 enforcement agencies to facilitate coordination and
20 cooperation to combat drug-related safety and health
21 consequences in areas determined to be critical drug
22 trafficking regions of the United States. Thus, as part of
23 our activities, we regularly interact with law enforcement
24 entities working to halt illicit drug use in the Bakken
25 region. There are 28 regional HIDTAs which include

1 approximately 16 percent of all counties in the United States
2 and 60 percent of the U.S. population. The HIDTA Program is
3 active and thriving in the State of Montana. The National
4 Northern Border Counternarcotics Strategy is the
5 Administration's plan for substantially reducing the flow of
6 illicit drugs and drug proceeds along our nation's northern
7 border. It provides an overview of current counternarcotics
8 efforts in the region and identifies strategic objectives and
9 specific actions that will enable us to achieve our goal.
10 The 2014 strategy acknowledges the inherent challenges in
11 curtailing illicit drug trafficking across the northern
12 border, among them are the vastness of the border itself,
13 which extends more than 5,000 miles as well as the ever-
14 evolving illegal drug production and trafficking trends that
15 confront law enforcement officers. Another challenge is the
16 emergence of drug trafficking and related crimes resulting
17 from the development of the Bakken oilfields. In recognition
18 of this emerging threat, the 2014 strategy includes a
19 specific section dedicated to drug traffic in the Bakken
20 region and our efforts to address this threat. To highlight
21 the challenges present in the Bakken region, the
22 Administration elected to release the national strategy in
23 Minot, North Dakota on August 19th. The 2014 strategy
24 updates and expands upon the Administration's first National
25 Northern Border Counternarcotics Strategy which was released

1 in 2012. Like its predecessor, the 2014 strategy builds upon
2 existing relationships, programs and policies. It seeks
3 further opportunities to pursue national security by
4 disrupting transnational criminal organizations and approves
5 - - improves information sharing thereby enabling more
6 efficient and effective use of resources. Specifically, the
7 strategy lays out several strategic objectives central to our
8 efforts. They include enhancing intelligence and information
9 sharing at the northern border; interdicting illicit drugs
10 and drug money at and between ports of entry along the
11 northern border, on land, in the air and over the water; and
12 enhancing counterdrug efforts in cooperation with tribal
13 governments along the border; and finally, investigating and
14 prosecuting dangerous criminal organizations operating along
15 or exploiting the northern border. The 2014 strategy
16 contains more than 40 individual action items that will be
17 implemented in the coming weeks and months and ONDCP will
18 oversee these processes which will be supported by our
19 numerous federal, state, local and tribal partners. The
20 strategy aligns with the Administration's foundational
21 document, the National Drug Control Strategy. As we work to
22 substantially reduce drug trafficking and related crime
23 across the nation's northern border, we are also engaged in
24 efforts to address the emerging threat of drug trafficking in
25 the Bakken region. For example, in 2013 ONDCP officially

1 designated Williams County, North Dakota as part of the HIDTA
2 Program. With this designation, the HIDTA funds were
3 directed to hire additional Special Assistant United States
4 Attorney to provide support to the prosecution of organized
5 crime and drug trafficking. The Administration also launched
6 an interagency partnership, Project Safe Bakken, to
7 coordinate law enforcement efforts in the region. ONDCP's
8 HIDTA Program supports law enforcement efforts in Montana by
9 facilitating cooperation among federal, state, local and
10 tribal agencies. Through the work of the Rocky Mountain
11 HIDTA, more than \$900,000 in federal grant funds are directed
12 to drug task forces operating in the State of Montana;
13 eastern Montana, the Missoula County, the Missouri River, the
14 northwest Montana and the Russell County Drug Task Forces
15 bring together federal resources with 4 state and 12 local
16 agencies.

17 The Administration also supports drug prevention
18 efforts in the Bakken oilfield region. ONDCP's drug free
19 communities, DFC Support Program, provides grant to community
20 coalitions that are focused on identifying local drug problems
21 and implementing comprehensive strategies that create
22 community level change. There are currently seven drug free
23 communities funded by ONDCP in Montana including one in
24 Sidney, the Richland County Partnership for Promise
25 Coalition. This Coalition has been collaborating with

1 various sectors of the community to prevent and reduce youth
2 substance use; and each year DFC programs staffed from ONDCP
3 conduct grant application workshops across the country,
4 including special technical assistance sessions dedicated to
5 helping tribes write competitive grant applications.

6 Senator, the Administration's efforts to confront
7 drug trafficking, its public safety and public health
8 consequences are comprehensive and varied. A few quick
9 examples include the \$3 million dollar grant from the
10 Department of Justice's Office of Violence Against Women to
11 strengthen law enforcement's aid to victims of sexual assault
12 and domestic violence. HHS and CDC support their public
13 health programs and health centers in Montana and North
14 Dakota to strengthen substance abuse disorder services in the
15 great plains area of the Indian Health Services, increased
16 funding for a contract mental health therapist and a part-
17 time counselor to focus on substance abuse treatment.

18 Senator, as you work to implement the 2014 National
19 Northern Border Counternarcotics Strategy in the coming weeks
20 and months, we look forward to working with our many federal,
21 state, local and tribal partners to reduce use and its
22 consequences on both sides of our northern border and within
23 the Bakken region as part of the comprehensive administration
24 effort to address the issues that have arisen from the
25 development in this region. Thank you, Senator Tester, for

1 your leadership.

2 SENATOR TESTER: Yeah, thank you; thank you, Mike,
3 appreciate your testimony and thanks for being here once
4 again. Scott Vito.

5 MR. VITO: Good morning, Chairman Tester. I am
6 pleased to be with you here today to discuss the FBI's
7 efforts to combat crime in the Bakken region. The Bakken
8 formation is now considered one of the most important sources
9 of oil in the United States. In fact, late last year the
10 U.S. Energy Information Administration projected that Bakken
11 production in North Dakota and Montana would ultimately
12 exceed 1 million barrels per day. The development of the
13 Bakken oilfields has also caused a sharp spike in both
14 population and income levels. Unfortunately, the boom in
15 population in the region also provides significant
16 opportunities for an influx of criminal elements. In early
17 2013 in response to this burgeoning crime problem, the FBI
18 along with its federal and state law enforcement partners
19 began to develop a strategy that addressed the criminal
20 threat to the region. In May 2013, the FBI working with the
21 United States Attorneys' Offices in Montana and North Dakota
22 participated in a combined strategy session of Project Safe
23 Bakken. This effort resulted in the FBI's decision to surge
24 resources to the Bakken area and locate them in Sidney,
25 Montana. Here in Montana, two agents have been co-located

1 with their state and local counterparts in the Richland
2 County Sheriff's Department since July of 2013.
3 Additionally, their efforts are supported and bolstered by
4 numerous FBI resident agencies and two FBI field offices. We
5 used our intelligence gathering process to consistently
6 assess the ongoing threat. This information influences our
7 resource decisions to effectively address those threats,
8 which in turn ensures the FBI addresses those threats created
9 by the development in the Bakken. At present, the FBI
10 headquarters has continued to evaluate the threat and has
11 assured us they will continue to direct additional resources
12 as necessary. As a threat-based, intelligence-driven
13 organization, the FBI relies heavily on intelligence gathered
14 from our state and local law enforcement partners and private
15 sector relationships. Project Safe Bakken was a deliberate
16 precise targeting of a criminal - - emerging criminal threat
17 to the area. The purpose of this long-term project is to
18 project, disrupt and dismantle drug trafficking organizations
19 and criminal enterprises that are operating in the Bakken
20 region in Montana and North Dakota. Importantly, this Task
21 Force approach allows us to both share intelligence and force
22 multiply. Through such efforts, we not only address those
23 crimes which are statutorily within the FBI's jurisdiction,
24 but also share vital information needed by our state, local
25 and tribal partners to combat crime within the community.

1 For example, collaborative efforts among federal, state,
2 local and tribal partners in June 2013 resulted in the arrest
3 of 22 people. Similarly in October 2013, a coordinated
4 effort led to four arrests in North Dakota and 12 in Montana.
5 Earlier this year, Operation Pipe Cleaner and Operation Pale
6 Mule saw the arrest of more than 35 individuals. The charges
7 were predominantly related to drugs, specifically related to
8 heroin and methamphetamine, which have become increasingly
9 available in the Bakken region. As our - - As an example of
10 our continuing coordination and integration with local law
11 enforcement, within the last month our agents working with
12 the Sidney Police Department in Montana and the Williston
13 Police Department in North Dakota on two firearms thefts.
14 Our agents worked with the police departments and were able
15 to gather significant evidence. Using this evidence, we were
16 able to leverage our national resources to gather items of
17 comparison from California that led to the identification and
18 the arrest of a subject who - - by the Sidney Police
19 Department. This investigation is ongoing and may result in
20 additional charges.

21 Chairman Tester, let me assure you that the FBI
22 remains committed to the - - to assisting our state and local
23 partners in making certain that the safety and well-being of
24 the people in Montana remains a priority. Thank you again
25 for the opportunity to testify. I will look forward to

1 answering any questions that you may have.

2 SENATOR TESTER: Thank you, Scott. I appreciate
3 your testimony. Attorney General Fox, you're up.

4 ATTORNEY GENERAL FOX: Chairman Tester, thank you
5 for inviting me here to speak with you today and to answer
6 questions. Thank you, also, for coming to Sidney; welcome
7 home. I think it's vitally important for Congressional
8 Committees to hold field hearings throughout the country,
9 especially when the subject matter is tied to a particular
10 place. Opportunities and challenges tend a little different
11 up close than they do from Washington, D.C., as you well
12 know. I say opportunities and challenges deliberately
13 because this is precisely what we face here in eastern
14 Montana. We cannot speak of one without the other. Oil and
15 gas development is the second largest industry in Montana.
16 It is responsible for more than 12,000 direct jobs locally,
17 which pay on average \$60,000 per year, well above the
18 majority of wages in Montana. The industry is also
19 responsible for thousands of more indirect jobs. Last year,
20 oil and gas development generated more than \$200 million
21 dollars in tax revenue for Montana's state and local
22 governments. By the way, much of that should be redirected
23 back to this area I believe. But also many other states have
24 faced sizable budget deficits in recent years. Montana has
25 enjoyed comfortable surpluses and economic balances while

1 still providing vital services to its citizens. We would not
2 have been able to do so without the economic activity from
3 resource development. What is happening here in Montana and
4 North Dakota is part of the 'all of the above' energy
5 strategy emphasized by President Obama. Hydraulic fracturing
6 and other technologies have evolved over the years and now
7 represent an unprecedented opportunity to safely and
8 responsibility work toward our nation's energy independence.
9 As you have heard and will hear from others today, with such
10 opportunity and growth comes the need to invest in
11 infrastructure. Economic growth means thousands of new
12 people are living and working in the region; our highways are
13 busier; and the once quiet towns are now bustling with
14 activity. This is the case in any part of the country with
15 rapid population and economic growth comes an increase in
16 crime rates. From 2008 to 2012, the number of arrests in all
17 crime categories in the counties that fall within the Bakken
18 region increased by 80 percent. From 2010 to 2013, the
19 number of narcotics investigations undertaken by the Montana
20 Department of Justice in northeastern Montana increased by
21 281 percent. From 2008 to 2012, arrests for drugs and drug
22 paraphernalia increased by more than 300 percent. Earlier
23 this year, one city police chief in northeastern Montana
24 reported that domestic violence had increased by 148 percent
25 in the past 5 years; and the number of attacks increased by

1 825 percent; and cases of drug abuse increased by 785
2 percent. In 2010, it became clear to law enforcement
3 authorities in the region that much of the narcotic
4 trafficking was being conducted by national and international
5 criminal organizations including Mexican drug cartels. Their
6 presence throughout northeastern Montana and northwestern
7 North Dakota has become a common place. In 2010, in
8 northeastern Montana, a gram of methamphetamine brought a
9 street price of around \$100; an ounce sold for \$500 to \$600.
10 Beginning in 2011 and continuing today, the price has
11 continually increased. Currently, a gram of meth brings \$250
12 to \$300; and an ounce routinely sells for \$2,800 to \$3,000,
13 and the area around Sidney far exceeding national prices for
14 these drugs. Their quantity and purity indicate an origin in
15 the southern U.S. and Mexico. These are just a few of the
16 statistics, Senator Tester, that make it clear that law
17 enforcement is and must continue to be a key part of any
18 investment in infrastructure. As Montana's Chief Law
19 Enforcement Administration Officer, the safety of our
20 citizens is paramount, my paramount duty. It is also the
21 drive of more than 800 public services of Montana Department
22 of Justice who work tirelessly in all corners of this state,
23 often under dangerous circumstances to protect their
24 citizens. We take this responsibility very, very seriously
25 as do the city, county, tribal and federal law enforcement

1 partners with whom we work on a daily basis. Our legislature
2 meets only for 90 days every other year which gives state and
3 local officials narrow windows of time to pursue many of the
4 avenues available for responding to the growth in eastern
5 Montana. When I took office last year, it was clear that the
6 Department of Justice needed to invest more resources in
7 eastern Montana. At the time, call response times for
8 highway patrol troopers were unacceptable with very long
9 durations. Our troopers were stretched too thin and were
10 over-burdened so much in the fact that retention had become
11 an issue with our ability to not only respond to calls in a
12 timely manner, but also assist local agencies in jeopardy.
13 We went to the 2013 legislature and asked for funding to add
14 additional troopers to our eastern Montana attachments. We
15 were successful in acquiring five new troopers who are
16 already working in the field now. We also steered more
17 resources to our division of criminal investigation which
18 helps local and federal law enforcement agencies and tribal
19 agencies as well investigate complex crime - - profiled
20 violent crimes. From day one of the 2013 legislative
21 session, we worked to secure two additional DCI agents for
22 eastern Montana. In the end, we were successful, and much of
23 that credit belongs to Governor Bullock who was a former
24 attorney general and he understands the law enforcement
25 challenges facing eastern Montana.

1 Speaking of DCI, I'm glad that Montana's U.S.
2 Attorney, Mike Cotter, is here today. Mike and his team work
3 very, very hard to prosecute federal criminal cases
4 throughout Montana. Our DCI agents assist Mike's office in
5 such cases on a regular basis. It is important - - It is an
6 important and productive partnership that benefits Montanans
7 and we are committed to maintaining it. I also want to
8 mention that at Mike's suggestion, I am adding a budget item
9 in my budget the next legislature to secure another
10 prosecutor who will be solely responsible for eastern Montana
11 drug prosecutions, and Mike has committed that should this
12 person have the right qualifications, and I'm sure they will,
13 that this person would be designated as a Special Assistant
14 U.S. Attorney, and I think that will further our cooperation
15 collaboration.

16 Field work is just one aspect of law enforcement.
17 At the Department of Justice, we also operate the State Crime
18 Laboratory which processes the evidence that can make or
19 break successful prosecution, facing a backlog created in
20 part by cases in eastern Montana. Last year we increased
21 staffing at the lab in the key areas of forensic science. We
22 also successfully advanced legislation establishing a THC
23 impairment standard for driving under the influence of
24 marijuana as well as a bill banning the popular designer
25 drugs that mimic dangerous illegal drugs. To combat repeat

1 DUI offenses, we are investing considerable time and
2 resources into expanding the 24/7 sobriety program, including
3 two counties impacted by Bakken growth. This has been a
4 tremendously successful program that holds repeat offenders
5 accountable and saves tax payer money by eliminating many
6 incarceration costs. During the 2013 legislative session, we
7 successfully advanced a bill changing from 5 years to 10 the
8 window to determine if an offender is subject to the intent
9 advanced enhanced criminal penalties and driver license
10 sanctions for a second or subsequent DUI conviction. Our
11 Prosecution Services Bureau assists Montana's smaller
12 counties, including those impacted by the Bakken region, with
13 the toughest cases, our seasoned agents under the DIC, which
14 I mentioned previously, help county sheriff offices and city
15 police departments investigate the range of crimes that have
16 increased with population and economic growth in eastern
17 Montana. I'm excited to say that earlier this year with the
18 help of federal money and forfeiture money, we launched a
19 Montana Highway Patrol's first ever K-9 Narcotic Units.
20 These six units are stationed in strategic locations along
21 major corridors that conduct drug interdiction operations
22 throughout Montana. This represents a significant
23 advancement in our ability to intercept drugs being
24 trafficked through Montana. We're also working very hard to
25 raise awareness to human trafficking, which is now taking

1 place in the Bakken region, and in the interest of time I'm
2 going to skip a little bit more about that. In addition,
3 we're training our officers that come out of the Montana Law
4 Enforcement Academy about human trafficking and how to look
5 for signs of human trafficking. Just with one agency alone
6 cannot fully address the public safety challenges in the
7 Bakken region. The public sector alone will not suffice. A
8 holistic approach requires partnership with the companies
9 operating in the region. To that end, the Department of
10 Justice has been working with the Montana Petroleum
11 Association and its members to explore ways we could work
12 together. For example, our agents have been training human
13 resource staff on how to identify red flags during the
14 screening process. Most of the people that come to work in
15 the Bakken are honest men and women who want to work hard and
16 earn a good living for themselves and their families, yet we
17 cannot deny that there are criminals and others with
18 nefarious intentions seeking employment as well. If we can
19 work together with these companies during the hiring process,
20 we can make big strides in helping prevent that element from
21 gaining access to the region.

22 My staff and I are more than happy to answer any
23 questions from you, Senator Tester, others in attendance here
24 today, again, I do appreciate the opportunity to be here and
25 speak with you and I want to personally say that you and your

1 staff has always been - - have always been attentive and
2 receptive to inquiries from my office and I appreciate that
3 very much.

4 SENATOR TESTER: Well, thank you, Tim, and I
5 appreciate you being here today. Sheriff Anderson, last but
6 not least, you're up.

7 SHERIFF ANDERSON: Well, good morning, Senator, and
8 thank you for the invitation to visit with you and I echo the
9 Attorney General's compliment to you and your staff. You've
10 been very responsive to our office and our county with our
11 challenges. As I sit here listening to everything, I could
12 either chamber up a shotgun shell and kind of scatter out a
13 message, but I think I'd rather take my time and deliver a
14 rightful shot, I believe it's a warning shot and nobody's
15 talking about it, it's the stepchild of the justice system
16 and it's called jail. And to give you some background, in
17 1996 after two unsuccessful GO Bonds in Dawson County, the
18 good folks in Dawson County passed a bond issue that was
19 about \$4.1 million and we built a 28-bed jail, and at the
20 time we thought that capacity would take us well into the
21 future, and we woke up one morning with a 900-pound gorilla
22 in our bedroom and it was called the Bakken and all of a
23 sudden our jail filled up. And prior to the Bakken, our AVP,
24 AVP is average daily population, in Dawson County was about
25 12. Today, or last month, our average daily population is

1 27. That's average. Now, we're sleeping people on the
2 floor, and our problem isn't unique to Dawson County. We've
3 undertaken a planning effort to expand, and we took a
4 snapshot of all the jails in eastern Montana and western
5 North Dakota. Williston, North Dakota's capacity is 132 bed,
6 and their AVP was 145; Richland County is at 26 beds, their
7 AVP is 33; Roosevelt County has 17 beds, their AVP is 15;
8 Rosebud County has 26 beds, their AVP is 23; Valley County
9 has 26 beds, their AVP is 22. We have a problem. So last,
10 about a year ago, Dawson County Commissioners decided we
11 would retain an architectural firm and we're in the design
12 phase, or the conceptual phase, and right now the dollar
13 amount that they are projecting for us to expand is \$9
14 million dollars. Dawson County Commissioners chose to ask
15 the Dawson County tax payers to invest half of that in a GO
16 Bond that will be on the ballot in November for \$4.5 million,
17 and we need to find \$4.5 million because the good people of
18 Dawson County, we solved our jail problem, and what is being
19 visited upon us and every other jail in the region is not of
20 our making, we couldn't foresee it, so we're looking for help
21 from the federal government, from the state government, from
22 other counties and we're going to create some creative
23 funding opportunities, but our taxpayers, hopefully, will at
24 least double that and invest half. Now, the U.S. Attorney,
25 Montana Attorney General, they can decide today to put boots

1 on the ground with badges and guns, and this is a target rich
2 environment, and when they start cuffing up people, where are
3 they gonna take them? The inn is full. Now, we could change
4 our priorities and funding mechanisms and move personnel on a
5 dime, but nobody's talking about the fact that if we - - we
6 need to recognize we have a jail shortage. We don't have
7 capacity. If we decide that we don't today and we have the
8 money, we're 24 to 36 months out before those jail beds come
9 on line.

10 So let me close with an analogy and a question. Why
11 would a farmer plant more grain than they have room in the
12 bin to store? And while our country has been dependent on
13 foreign oil, how much money have we spent as a country
14 protecting oil interests abroad? And I just raise the
15 question on a proportionate level, are we investing that same
16 amount of money to protect the people who are living in the
17 Bakken region, and with that Senator I'll close and I look
18 forward to any questions.

19 SENATOR TESTER: Fair point, Sheriff. Thank you for
20 your testimony. I appreciate it very, very much. As long as
21 you've got the mic, Sheriff Anderson, we'll - - You know
22 what? No, I'm going to change the format a little bit based
23 off of your testimony since it's fresh in my mind. You bring
24 up a point - - If we start arresting folks, and the need is
25 great out there, I think everybody kind of accustomed to the

1 fact; the percentages the Attorney General brought up and the
2 rest of the testimony, I would like to know your view about
3 our jail capacity, and I think I'll put this to Tim and to
4 Mike Cotter. What is your perspective on that? Is it an
5 issue that we need to be dealing with in a proactive way?
6 Obviously, the Sherriff's dealing with it in a proactive way
7 in Dawson County, is it big enough we need to deal with it
8 statewide and from a federal standpoint?

9 ATTORNEY GENERAL FOX: As I mentioned earlier in my
10 testimony, Senator, those who bear the greatest burden of the
11 benefit that is coming out of the Bakken I believe about to
12 receive their share back, and that will be part of the
13 legislature's duty and the Governor's duty in the next
14 legislature; and I might add that it's not just jails; it's
15 victim's services; it's mental health services; anything - -
16 and court services; anything and everything related to the
17 justice system is overtaxed and overburdened here, and
18 sheriff's become very, very creative in moving people around,
19 but every time you have to take a prisoner to another jail or
20 another county or someplace else there's a day's worth of
21 wages, someone whose not there when the call for help is
22 made, so you know, I can't even begin to imagine the kind of
23 stress this puts not only on the sheriff's department, police
24 department, others here locally, but on the people, because
25 as you get creative, one of the things you start doing is

1 releasing people you'd rather not release because you just
2 don't have room for them. Another thing you might do is you,
3 you know, you find an outstanding warrant, you don't pick
4 them up just because you have no place to put them; so those
5 are touch decisions for law enforcement, and you know that
6 holistic approach that I was speaking about I think will be
7 very, very important. That's one of the reasons that I am
8 exploring something new and different which is putting
9 together a task force to identify the needs for law
10 enforcement, first responders, victim services and the like
11 and setting up a foundation for the companies who are
12 benefiting from the Bakken boom to be investing in so that
13 money again also rolls around or is more targeted to the
14 individual needs that are necessary here in these
15 communities.

16 SENATOR TESTER: Gotcha.

17 ATTORNEY GENERAL FOX: I hope that answers your
18 question.

19 SENATOR TESTER: It does. I mean I think basically
20 you agree there's a jail shortage, but there's also mental
21 health services and family services and other services that
22 we're short on, Tim, we're short, bingo. Mike Cotter, would
23 you address the jail issue if you could?

24 MR. COTTER: I will, Senator, thank you very much.
25 It's obvious that when down in Sheriff Anderson's county when

1 they built that jail they did not anticipate that - -

2 SENATOR TESTER: Right.

3 MR. COTTER: - - they would ever need - -

4 SENATOR TESTER: Sure.

5 MR. COTTER: - - a larger jail. And I know that - -

6 SENATOR TESTER: And it's probably the same thing
7 here in Richland County, too. I mean you guys have a pretty
8 new facility, pretty recent, the same thing, so yeah, go
9 ahead.

10 MR. COTTER: And with respect, we don't have a
11 federal holding facility, we don't have a federal prison in
12 Montana, but what the Marshal Service does once it - -
13 anybody that goes into the federal system they are, the
14 defendants, are housed in county jails whether it's
15 Yellowstone County, they're up in Shelby, they're in Lewis
16 and Clark County, and there is no doubt in my mind that
17 Sheriff Anderson probably has some federal prisoners in his
18 jail as well or those that are arrested through the efforts
19 of the Montana Highway Patrol through interdiction, couriers
20 with drugs, that's where they wind up, and they eventually
21 get moved into the federal system, and we don't have a jail
22 capacity here in the eastern part of the state.

23 SENATOR TESTER: I got it.

24 MR. COTTER: We don't.

25 SENATOR TESTER: Okay. Thanks. You might as well

1 keep the mic, Mike, we're going to go a little different way.
2 We've got a little different area that's very, very
3 important. You all spoke about the prevalence of increased
4 criminal activity and the evolving nature of the crimes that
5 are happening here in the Bakken. From your perspective,
6 from your work, what is the primary criminal threat to the
7 communities here if you could talk about a primary? You
8 might have to talk about more than one, but - -

9 MR. COTTER: Well, there is more than one, Senator,
10 and we - - I - - We - - When I started this job five years
11 ago, methamphetamine was not necessarily a big problem, but
12 we are awash in meth - -

13 SENATOR TESTER: Okay.

14 MR. COTTER: - - in Montana. We are also seeing
15 heroin, which is something we didn't see five years ago; and
16 the other thing that we do see is violent crimes. You know,
17 my family is from Miles City, and I've got to tell that the
18 100 years that my family lived in that community I don't
19 think they ever locked the door to their house, but violent
20 crime is now here in eastern Montana, and this all came about
21 and our focus was brought to it with the Arnold murder.

22 SENATOR TESTER: Right.

23 MR. COTTER: And it was a wakeup call; and you know,
24 people choose to live in this part of the state because they
25 enjoy it, it's a good place to be, it's a good place to raise

1 a family, it's a good place to - - it's family-oriented
2 communities, but that is no longer with the problems that
3 have come in recently.

4 SENATOR TESTER: So with the meth, excuse me, Mike,
5 but with the meth and the heroin and the violent crime, would
6 you say they're all attached at the hip?

7 MR. COTTER: I would say yes they are. You know, I
8 picked up the Billings Gazette today. There was a six pound
9 meth bust yesterday. The two men were complained to have
10 been - - They are joined, and the - - You know, I'm going to
11 address the task force that created the Project Safe Bakken
12 and the work that has been done. I mentioned one matter and
13 that was the Armstrong case. The partnerships that were
14 created in that task force in order to dismantle that drug
15 trafficking organization, it involved agents - - and there
16 were scores of law enforcement that were involved. The DEA
17 was involved, FBI was involved, Montana DCI, Sidney Police
18 Department, the border patrol, Sweetgrass County Sheriff's
19 Office and the Montana Highway Patrol, and we have something
20 good that is going on in terms of law enforcement with
21 respect to that task force and that is the only way that we
22 can address these issues.

23 SENATOR TESTER: Okay. Mike Gottlieb or Scott Vito,
24 do you have anything to add as to far as what you're seeing
25 as the primary criminal throughout here?

1 MR. GOTTLIEB: I'll defer to Montanans in terms of
2 what the most serious threat is locally, but I will say I
3 think the U.S. Attorney makes a fantastic point here, the
4 consequences of drug trafficking and what we're seeing in the
5 Bakken region in terms of not just the violence, but in terms
6 of dangers on the road, the public health consequences, and
7 really as the Sheriff mentioned, what it does to the fabric
8 of our communities. I think it shows that we need a strategy
9 that's strong on law enforcement, but it's also multifaceted
10 and it needs to take into consideration prevention efforts,
11 mental health efforts, public health efforts, and that's what
12 we're trying to push here with the Northern Border
13 Counternarcotics Strategy and the National Drug Control
14 Strategy, and that's a balanced approach, and we commend you
15 all in this region for your efforts in that regard.

16 SENATOR TESTER: Scott, anything to add?

17 MR. VITO: I would say methamphetamine, drug crimes
18 and the violent criminals associated with that trafficking in
19 the Bakken area as well as across the state. You see in
20 Billings the large scale methamphetamine seizures, those are
21 destined to the Bakken, but they are also being distributed
22 in Billings and Bozeman and Helena and those places, so the
23 methamphetamine trafficking being brought into the Bakken
24 tends to have a spillover affect into both North Dakota and
25 Montana in the larger picture.

1 SENATOR TESTER: Okay. And you might as well keep
2 the mic, Scott, and anybody can add to your - - to your
3 question - - to your answer, is there, and I don't want to
4 get into profiling, but is there a profile that you're
5 looking at or is it - - as far as the criminals, or is it - -
6 or is it across the board?

7 MR. VITO: It's pretty much across the board. The -
8 - It's economics really and General Fox mentioned you can buy
9 an ounce of methamphetamine in California for \$300 and you
10 can bring it to the Bakken and sell it for \$3,000, you're
11 always gonna have that flow into the area, and so our efforts
12 to address that is pretty much what we have always done in
13 the criminal investigative field. We work those cases and we
14 try to expand it and go back and stop the suppliers so that
15 that larger source or supply doesn't make it into the Bakken.

16 SENATOR TESTER: Okay. Do the rest of you feel the
17 same way that it's pretty much across the board - - (Panel
18 members nodding head affirmatively.) Okay. And this is for
19 anybody that wants to answer it and multiple if you'd like,
20 we hear a lot about organized crime. I had a listening
21 session up in Poplar a month ago and we heard about organized
22 crimes existence here and how there's no separation. Could
23 you talk about the extent of organized crime that is in this
24 region? And it doesn't matter, whoever wants to talk.
25 You've got the mic, Scott, so you can hand it off or keep it.

1 MR. VITO: Sure. And again, we go back to the
2 economics of criminal activity. Any large scale market for
3 those things such as drugs would draw those elements in. We
4 have seen an increase in connections to Mexican drug
5 trafficking organizations coming into the Bakken directly
6 through the State of Montana and other trafficking routes, so
7 they - - It's not just the guy on the street selling a rock
8 of crack or an ounce of methamphetamine. It's a larger scale
9 - -

10 SENATOR TESTER: So without giving away any trade
11 secrets here, are they - - is it flowing from the Mexican
12 border up here or is it flowing to Canada, Mexico to Canada
13 and back through, how's it getting here?

14 MR. VITO: I would say Mexican border. That is the
15 most prevalent route.

16 SENATOR TESTER: Okay.

17 MR. VITO: Through California.

18 MR. COTTER: Senator, I will give an example of a
19 case that was prosecuted in 2013 in Billings by the U.S.
20 Attorneys' Office. It was a case that came through the work
21 of DEA, Montana DCI and Billings PD. The defendants were
22 Alvarado and Martinez. They were members of the Sinaloa
23 Cartel. They were in Montana for a period of only six
24 months. At sentencing, they admitted to moving 80 to 90
25 pounds of meth, pure meth, into Montana toward the Bakken.

1 In the debriefing, they admitted to 400 pounds. At the time
2 of the arrest, they had \$56,000 cash, 2 pounds of coke; 6
3 pounds of meth; 100 grams of heroin; 17 guns were seized, two
4 of which were SKS assault style weapons; and it is estimated
5 that 175 weapons were traded for drugs and those weapons did
6 go south. These men were connected to high levels of the
7 Sinaloa Cartel, so you know we've got big city problems in
8 Montana.

9 SENATOR TESTER: Okay.

10 MR. COTTER: It's not what it used to be.

11 SENATOR TESTER: Pass the mic all the way down to
12 the end to Sheriff Anderson. Sheriff, you've been in your
13 position for, we'll just say a number of years, a while,
14 and you've seen - - you've seen the challenges that your law
15 enforcement agency had. Could you talk about what the
16 changes have been over the last 10 years, pre-Bakken to
17 today, what are your officers seeing that disturbs you?

18 SHERIFF ANDERSON: Obviously, the drugs and the
19 outside influence and the economic opportunity that the
20 Bakken creates with workers that have high wages and - - But
21 collateral to that, increased domestic violence calls, and
22 those are the most dangerous calls for law enforcement to
23 respond to. Interestingly enough, Highway 16, we were
24 running into some road rage issues. Prior to the Attorney
25 General diverting troopers out here, we were having some

1 horrific accidents, head-ons, that were really hard on first
2 responders and law enforcement, so a pretty significant
3 uptick in that area. As I think about it, thefts of copper.
4 These methamphetamine users that are addicted are stealing a
5 lot of copper and so we're seeing an increase there, but you
6 know I could sort of prattle on but there's a brief stamp job
7 for yeah.

8 SENATOR TESTER: That's good. Attorney General Fox,
9 in your testimony you talked about working with Montana
10 Petroleum Association. I applaud that effort by the way,
11 because I think if we can cut off demand it really helps the
12 situation, and if you can get those folks to work with your
13 office and other offices to - - or give them the tools. Can
14 you just kind of talk about how long the relationship has
15 been going on, what's the receptivity of it, is there
16 anything that the folks at the table that sitting with you or
17 I or the Governor's office that can do to help kind of forge
18 a partnership that would - -

19 ATTORNEY GENERAL FOX: Sure. This - - I started
20 this discussion with the Petroleum Association, Dave Gold,
21 who know, - -

22 SENATOR TESTER: Yep.

23 ATTORNEY GENERAL FOX: - - last year. My experience
24 in the private sector has been that when the public agencies
25 and private individuals and companies put their heads

1 together good things can come of it, so I'm a big fan of
2 public/private collaborations and partnerships, and you know
3 we see various things that these companies who are working
4 here and benefiting from the Bakken do for their communities,
5 and they're usually very community oriented. They want to be
6 a part of the community, and tapping into that mentality I
7 thought that what a great opportunity for a public/private
8 partnership in a big way to get the kinds of resources
9 directed to those who need them. Of course, as Montana's
10 Chief Law Enforcement Officer, my primary concern is public
11 safety, and so my vision on this, and I've already discussed
12 it with the NDA and several other members and there are
13 people who are ready to write checks, but my vision is is
14 that it's the local folks who need to drive the understanding
15 of what the needs are, so that's why I intend to put together
16 a task force who would then identify those needs and then a
17 foundation, because it's always good to have a tax write-off,
18 for the oil companies and oilfield service companies and
19 others to contribute to and then have that money flow
20 directly back here. We'd have a very defined geographical
21 area envisioned for the foundation such as law enforcement,
22 victim services, first responders - -

23 SENATOR TESTER: Yeah.

24 ATTORNEY GENERAL FOX: - - and the like.

25 SENATOR TESTER: Is there something that - - Are

1 there tools that you can give them that they can utilize
2 during the interview process and hiring process that might be
3 able to - -

4 ATTORNEY GENERAL FOX: Right. We have offered that,
5 and to my knowledge we've not had our first training yet but
6 we are setting it up.

7 SENATOR TESTER: Okay, good.

8 ATTORNEY GENERAL FOX: We want to make sure that,
9 again, we partner on those things to help them make sure
10 they're hiring folks that aren't going to be a problem.
11 That's good business.

12 SENATOR TESTER: Yeah, exactly right. That is good
13 business. The next two questions are for - - are for Mike
14 Gottlieb and Scott Vito and it's about jurisdictional lines
15 of both your respective agencies, the FBI and the DEA, and
16 I've noticed that the Bakken was split at the North Dakota
17 border with Montana. As a result, and correct me if I'm
18 wrong if it's been changed, but Sidney's jurisdiction is in
19 Denver; Williston's jurisdiction is in St. Louis, and Mike
20 Gottlieb this is for you. Are those jurisdictional
21 boundaries an impediment from your perspective?

22 MR. GOTTLIEB: I think what you're referring to,
23 Senator, are the high-intensity drug trafficking areas that -
24 -

25 SENATOR TESTER: Yes, that's correct.

1 MR. GOTTLIEB: So you're absolutely right. The
2 State of Montana falls into the Rocky Mountain HIDTA, which
3 is - - which is Montana, Wyoming, Colorado, Utah; and North
4 Dakota falls within the Midwest HIDTA, which is based in
5 Kansas City and includes a number of states in the Midwest.

6 SENATOR TESTER: Right.

7 MR. GOTTLIEB: And I don't believe that poses an
8 impediment whatsoever. I think what we've seen and we've
9 learned at ONDCP really is, and I think it's certainly true
10 in the Bakken, is that no one agency, no one level of
11 government, no one state is going to be able to solve these
12 type of issues, and I would think the HIDTA program and the
13 emphasis it places on cooperation and collaboration is
14 essential, and the folks in the Bakken, both in North Dakota
15 and Montana, have shown not just a willingness to do that,
16 but actually a - - a demonstrated commitment to work
17 together. I know the U.S. Attorney in Montana works very
18 closely with his counterpart in North Dakota, and we see
19 those two HIDTAs, both the Rocky Mountain HIDTA and the
20 Midwest HIDTA working together on a regular basis so we're
21 very pleased with that.

22 SENATOR TESTER: So you're not getting - - you're
23 not getting conflicting - - conflicting direction from St.
24 Louis or Denver?

25 MR. GOTTLIEB: No, we're not; and in fact, I mean

1 although it's actually Kansas City and Denver is where the
2 management offices would be for those particular HIDTAs.

3 SENATOR TESTER: Right.

4 MR. GOTTLIEB: But in both cases it's local control.

5 SENATOR TESTER: Okay.

6 MR. GOTTLIEB: I mean it's really a fjord governed
7 by folks in Montana and North Dakota to work collaboratively
8 and the direction's not coming from Washington D.C. or Kansas
9 City or Denver in terms of how to operate.

10 SENATOR TESTER: I've got you, and I've talked to
11 FBI Director Comey, and I would ask you the same question,
12 but he kind of gave me the same answer that that doesn't
13 matter; that border doesn't matter; the region doesn't
14 matter; that it is seamless.

15 MR. VITO: That's - - that's correct. That's how we
16 look at it. The task force approach working with state,
17 local and tribal partners - -

18 SENATOR TESTER: Okay.

19 MR. VITO: - - bringing everyone to the table.
20 There's so few in eastern Montana and western North Dakota
21 that we all have to work together to get the job done so - -

22 SENATOR TESTER: That's good. And of course you
23 know, I know we've got a staff member from Hoeven's office
24 here, I hope he's still here, yeah, he's still here. I just
25 want to make sure that I put a lot of pressure and make sure

1 those FBI agents came to Montana and not to North Dakota, but
2 no, just kidding. (Laughter.) The fact is is that the
3 problem is there in North Dakota as well as Montana and it's
4 a serious problem. Could you talk about - - Scott, could you
5 talk about, I don't know what's going on as far as staffing
6 in North Dakota, but I do know that, and we talked about it
7 literally before this hearing started, about the term that
8 the person's here, how long they're here. Is there any plans
9 to extend on a regular basis the staffing here in eastern
10 Montana by FBI agents?

11 MR. VITO: Right. We've been staffing probably 60
12 to 90 day TDY's over the course of the last year.

13 SENATOR TESTER: Wait, say that one more time.

14 MR. VITO: 60 to 90 day TDY's over the course of the
15 last year. Moving forward from probably, hopefully, November
16 time period we're going to be looking to a 12 to 18-month TDY
17 time period.

18 SENATOR TESTER: And - - Okay.

19 MR. VITO: That will allow more continuity and more
20 cases to be developed, and longer termed cases.

21 SENATOR TESTER: Okay. That's good. And can you
22 talk about, and maybe you can and maybe you can't, can you
23 talk about the FBI's long-term plan for agents in this
24 region, and I'm talking about North Dakota and Montana. Is
25 it - - Do they have plans to put more agents into this area?

1 MR. VITO: Right. The process is ongoing as I'm
2 sure you're well aware after talking to Director Comey. Both
3 sides will have agents working the crime problem. We don't
4 know exactly how many and where yet, but it is definitely a
5 commitment from the FBI to maintain agents in the Bakken
6 region.

7 SENATOR TESTER: And you do a regular assessment on
8 need I would assume?

9 MR. VITO: We do.

10 SENATOR TESTER: And do you bring in local law
11 enforcement when you do that assessment and highway patrol
12 and all - - Let me put it this way, do you bring in all your
13 collaborators when you do that assessment?

14 MR. VITO: Right, absolutely. We - - We engage in
15 conversation with all of our partner agencies in the area.

16 SENATOR TESTER: Are the Tribes a part of that, too?

17 MR. VITO: They are; they are.

18 SENATOR TESTER: Okay. Thank you very much. Just
19 hang on here for a second. Mike Cotter, I want you to talk a
20 little bit about, it was touched on I think by Mike Gottlieb,
21 I want you to talk a little bit about your coordination
22 efforts with your counterpart in North Dakota when it comes
23 to meth, heroin, violent crimes. Are you able to connect up
24 with those folks and have regular conversation? Is that
25 something that you do or is it something that you do only

1 when it looks like it's absolutely necessary. I just kind of
2 want to get the idea on what kind of communication is going
3 between the U.S. Attorney Offices in the respective states.

4 MR. COTTER: I have Purdon on speed dial.

5 SENATOR TESTER: You have what now?

6 MR. COTTER: I have Tim Purdon on speed dial.

7 (Laughter.) He's very accessible as am I to him. The - - So
8 we speak often on various issues whether it's Bakken or
9 Indian country or anything along those lines or border
10 issues, but the - - I think the sharing of intelligence under
11 the umbrella project Safe Bakken between North Dakota and
12 Montana through the, like in Montana schematic, and through
13 Montana DCI and through its counterpart in North Dakota, the
14 Bureau of Criminal Investigation, as well as the sharing of
15 intelligence between FBI on both sides, DEA on both sides,
16 ATF - -

17 SENATOR TESTER: Yes.

18 MR. COTTER: It's ongoing. And I can tell you,
19 Senator, that there are agents from Montana who are members
20 of the Bureau, members of ATF, and members of the DEA that
21 actually operate in North Dakota; they do.

22 SENATOR TESTER: Okay.

23 MR. COTTER: And it's to get the job done.

24 SENATOR TESTER: Good. Project Safe Bakken included
25 a grant and I'll get this title right, "Special Assistant

1 United States Attorney for Fort Peck".

2 MR. COTTER: Correct. That's for the - - that is
3 from the office OVW.

4 SENATOR TESTER: Right.

5 MR. COTTER: Office on Violence Against Women, yes.
6 The same is true for Fort Berthold.

7 SENATOR TESTER: Okay. And so basically this would
8 be a tribal prosecutor - -

9 MR. COTTER: Yes.

10 SENATOR TESTER: - - to act to federal - - federal
11 crimes in - - on the reservation done by your office, right?

12 MR. COTTER: Well, that's correct, but that
13 individually will also be a tribal prosecutor who will
14 prosecute cases in Tribal Court who in - - with - - If there
15 is an event or a case where it would get prosecuted in
16 federal court.

17 SENATOR TESTER: Is that person currently hired?

18 MR. COTTER: The position has been posted but not yet
filled. There is also one over at - -

19 SENATOR TESTER: Fort Berthold?

20 MR. COTTER: Yes.

21 SENATOR TESTER: And so the person has already been
22 hired? Are they currently working? I mean they're on - -
23 they're there?

1 MR. COTTER: Yes, they are.

2 SENATOR TESTER: Well, that's good news then. They
3 are - - Who is it? Can you tell me who it is?

4 MR. COTTER: I don't recall the young man's name,
5 sorry.

6 SENATOR TESTER: All right, sounds good. This is
7 for Mike Gottlieb. I don't probably think this is a fair
8 comparison, but I'm going to ask the question anyway, can you
9 talk about the differences in anti-trafficking operations
10 between the U.S. Canadian border and the U.S. Mexican border?

11 MR. GOTTLIEB: I think, and it's a tricky question,
12 I think the concept remains the same. I think the key is
13 cooperation between the U.S. government and our law
14 enforcement officials and folks in Canada and folks in
15 Mexico, and what I can comment on specifically are our
16 collaboration, our partnership with our Canadian partners
17 because I think that's essential for where we sit today and
18 we couldn't be more pleased. I think the National Northern
19 Border Counternarcotics Strategy, you know, sets forth a
20 whole number of action items and a whole number of ways which
21 we in the U.S. collaborate with our Canadian partners both in
22 terms of integrated border activities, in terms of shared
23 personnel, so we think the concepts remain the same and are
24 very pleased with our partnership with the Canadians. In
25 terms of drug trafficking, I think as Mr. Vito said, some of

1 it varies in terms of where drugs are coming from, depending
2 on what particular substances and whether they're trafficked
3 across the southern border or whether they're trafficked from
4 the northern border down into the U.S., and I defer to Scott
5 on those particular issues, but the general concepts remain
6 the same and the key is partnership.

7 SENATOR TESTER: Okay, good; thank you. This is a
8 question for Cotter and Fox and will probably be the last
9 one. Your perspective - - We'll go to Mike Cotter - - Oh, go
10 ahead Tim Fox, Attorney General. What are the most pressing
11 needs for prosecutors and aid workers in the Bakken to be
12 able to most effectively address the sexual violence issue?

13 ATTORNEY GENERAL FOX: Address what? I'm sorry.

14 SENATOR TESTER: Domestic and sexual violence;
15 domestic and sexual violence issues.

16 ATTORNEY GENERAL FOX: Well, we've identified a
17 number of things in our office, and I know that the U.S.
18 Attorney's Office has as well back to the Department of
19 Justice. We believe that training is paramount. There are -
20 - How do I say it? There are some old mindsets about how
21 these cases should be investigated and prosecuted, and I
22 think what we've done - - have been proactive in is
23 travelling around and doing training for county attorneys and
24 deputy county attorneys on how to successfully investigate
25 and prosecute a sexual assault case. I also believe that

1 more resources for victim services are absolutely imperative,
2 and there's a shortfall and always has been in victim
3 services, and we need to make sure there are more
4 professional resources available there for all victims of
5 crime, but in particular sexual assault, domestic abuse and
6 those kinds of things. One of the things that we're gonna
7 ask the legislature to do in this next session is designate
8 within our Prosecution Services Bureau a Sexual Assault
9 Prosecution Unit. We have those kinds of units for other
10 types of crimes. We've seen I think such a need here in
11 Montana and across the nation for those kinds of services and
12 that type of training and the right personnel that we want to
13 make it a priority at the Department of Justice; and really
14 quickly if I can say I anticipated a question that you didn't
15 ask.

16 SENATOR TESTER: (Laughter.)

17 ATTORNEY GENERAL FOX: You asked the last panel, you
18 know, what are your greatest needs and your top priorities;
19 from our perspective from the federal government, more
20 resources for the FBI and U.S. Attorney's Office in
21 particular. I think we need additional prosecutors, and I
22 hope Mike would agree with me in his office. We certainly do
23 need those FBI agents. I think it would be best stationed
24 here in Sidney. That's where they've been. They've worked
25 hard here to establish communication and collaborations and

1 we want to see that continue.

2 And then lastly, Senator, you and I and our offices
3 have worked on the penalizing that we get, particularly with
4 - -

5 SENATOR TESTER: Yep, yep.

6 ATTORNEY GENERAL FOX: - - federal funds to go to
7 our drug task forces.

8 SENATOR TESTER: Yeah.

9 ATTORNEY GENERAL FOX: We get penalized under SORNA,
10 the Sex Offender Registration Notification Act; under PRETA,
11 the Prison Rape Elimination Act; and under NICS, the national
12 Institute for Background Check System. All of those
13 penalties, if they're assessed this year or the next fiscal
14 year will amount to about \$120,000 to money that will not go
15 to our drug task forces. Our local agencies are strapped;
16 they need the help. If there's a way to have a moratorium on
17 those penalties, Senator, we'd sure appreciate it.

18 SENATOR TESTER: Amen to that, Attorney General. I
19 appreciate you bringing those points up. They are - - It is
20 very, very important, and you know as well as I do the kind
21 of services your office offers and every one of these - - It
22 costs money. It doesn't happen by accident. It happens with
23 vision and you got to have some resources, so I appreciate
24 you bringing that point up, but I'm sure Cotter will
25 disagree. (Laughter.) No, I know he won't; but let's back

1 to the pressing need for prosecutors and aid workers when it
2 comes to domestic and sexual violence, if you could touch on
3 that, and then if you want to respond to the Attorney General
4 you sure may.

5 MR. COTTER: Thank you, Senator. With respect to
6 sexual assault and domestic violence, jurisdictionally, those
7 matters fall to us if they occur on Tribal lands or in Indian
8 country, and we are adequately - - within my office we are
9 sufficient number of aides because we have an aide assigned
10 to each reservation to handle matters. We have
11 victim/witness people in our office. The FBI has
12 victim/witness specialists who work with victims until the
13 case is indicted and comes to our office. The BIA is also
14 involved and tribal police. We have - - On each of our
15 reservations, we have child protective teams that meet, SART
16 teams as well as NDT; those are a group of professionals;
17 law enforcement, lawyers, county attorneys as well as
18 healthcare providers who identify people who are either in
19 terms of need or help or perhaps victims of assaults. The -
20 - If an assault occurs off tribal lands, it becomes a county
21 matter - -

22 SENATOR TESTER: Yeah.

23 MR. COTTER: - - that has to be dealt with by local
24 county attorneys with perhaps assistance from the Montana
25 Attorney General.

1 SENATOR TESTER: Right.

2 MR. COTTER: The - - There was this struggle that we
3 have, quite honestly, with respect to staffing. It was
4 during the period of sequestration. We were down a number of
5 attorneys. Today, I can tell you we are allocated 26 FTEs,
6 we have 25 on board.

7 SENATOR TESTER: Yeah.

8 MR. COTTER: We certainly are keeping pace with
9 prosecutions as they're coming forward. I believe that in
10 the next 12 months, I've made this statement publically and I
11 will make it again, I have learned that drugs or narcotics
12 cases will be coming into our office, specific of the Bakken.
13 We will probably incite 100 individuals in the next 12
14 months, maybe 125. That's not to say that if I was offered
15 another FTE I'd take it.

16 SENATOR TESTER: Yeah.

17 MR. COTTER: And I would also add a staff person to
18 also help.

19 SENATOR TESTER: Yeah, yeah. Well, thank you; and
20 thank you all for your testimony. Thank you for your correct
21 answers to the questions. I very much appreciate the work
22 you do. You guys have an incredibly tough job on all levels,
23 and the fact is that I think that you've touched on the
24 synergy that happens, and we've touched on some of the things
25 that we're lacking, whether it's jails, whether it's - -

1 There's a number of things, but the truth is is that you guys
2 do a great job and I just want to thank you for the work that
3 you do. Every one of you have stepped up to the plate and
4 done a job that we all could be proud of as policy makers, so
5 thank you all very, very much and thanks for your time today.

6 MR. COTTER: Thank you, Senator, for (Indiscernible
7 due to moving of chairs.)

8 SENATOR TESTER: You bet; thanks, Mike. And as this
9 panel is dismissed, we're going to go to our final panel of
10 the day which includes Tony Preite from the USDA; Mike Tooley
11 from the Department of Transportation; John Dynneson from the
12 Richland County Sheriff's Office; Paul Groshart, Richland
13 County Housing Authority; and Commissioner Loren Young from
14 Richland County, if you guys would kind of meander your way
15 up.

16 (Whereupon, at 11:10 a.m. Panel II witnesses are dismissed
17 and Panel III witnesses approach to give testimony. Panel

18 III witness testimony begins at 11:12 a.m.)

19 SENATOR TESTER: So the last Panel is - - If we
20 could get the folks to come on up and I want to thank you
21 guys for waiting around. We're saving the best for last
22 here, obviously. It's pretty tough to beat the last two
23 panels, but you guys will do just fine. This panel will
24 speak about infrastructure challenges that have arisen for
25 the explosion in the Bakken. Infrastructure covers a lot of

1 different things and we've got a lot of different perspective
2 up here. First we have Tony Preite who is State Director of
3 the Montana Rural Development Program for the Montana USDA.
4 In that capacity, he oversees that grants - - that office's
5 grants and loan programs and coordinates with state and local
6 officials on infrastructure and economic development projects
7 important to Montana. Tony has an incredible experience in
8 economic development in Montana. No one can quite do what
9 he's done because he's been at it a while, more than 50 years
10 serving the state in various roles including a period with
11 the U.S. Department of Commerce; the Montana Department of
12 Commerce; and Bearpaw Development in Havre, Montana. Thank
13 you, Tony. We look forward to your testimony.

14 We also have Mike Tooley who is Director of the
15 Montana Department of Transportation. He serves on the U.S.
16 Department of Transportation National Freight Advisory
17 Committee. Prior to taking the helm at the Montana
18 Department of Transportation, Mike served the Montana Highway
19 Patrol for 28 years, including four as Colonel. Mike, thank
20 you for your service, thank you for being here today.

21 We have John Dynneson. Is that correct, John?

22 MR. DYNNESON: That's correct.

23 SENATOR TESTER: Did I get you right? He's the
24 Deputy Sheriff with Richland County Sheriff's Office here in
25 Sidney. He also serves as coroner for Richland County and is

1 president of the Richland County Law Enforcement Association.
2 Previously, John worked approximately 25 years with the
3 Sidney Police Department. He is also involved with various
4 groups within the community including Richland County
5 Coalition Against Domestic Violence and the Foundation of
6 Community Care. John, thank you for taking the time to be
7 with us today.

8 MR. DYNNESON: Thank you, Senator.

9 SENATOR TESTER: Paul Groshart is the Executive
10 Director of the Richland County Housing Authority. You've
11 got a big job. It was created in 1950. It is the largest
12 affordable housing provider in eastern Montana. Paul first
13 worked on affordable housing in 1986. He has served as
14 president of the Montana Association of Housing and
15 Rehabilitation Organization and was a trustee of the Public
16 Housing Authority Directors Association. He served as a
17 member of the Sidney City Council for eight years and was
18 council president for two of those years. I want to thank
19 you for being here today, Paul.

20 And finally, Loren Young, Commissioner of Richland
21 County. Among his priorities as chairman is addressing the
22 counties infrastructure needs, particular affordable housing.
23 We appreciate that. Loren has served on numerous boards and
24 committees in Richland County prior to running for his seat
25 as commissioner including the Montana Oil, Gas and Coal

1 Counties Board. Loren is a fourth generation agricultural
2 producer farming for over 40 years with his farmer, with his
3 father, and now with his son. Congratulations on that. And,
4 Loren, I understand you got harvest done. That's always a
5 good feeling. It's good to have you here.

6 COMMISSIONER YOUNG: Back down to normal now.

7 SENATOR TESTER: There you go. Tony Preite, you're
8 up to bat first. You have the floor, Tony.

9 MR. PREITE: Thank you, Senator Tester. I'm pleased
10 to have the opportunity to discuss the Bakken and the work of
11 my agency, USDA Rural Development. First, I'd like to
12 express my appreciation to you for continuing your focus on
13 the challenges and opportunities that oil and gas development
14 have provided to rural northeastern Montana and western North
15 Dakota. For most of my career I've studied the needs in
16 economic development of state and local economies. While
17 activity in the Bakken has created much needed jobs in the
18 region, long - - a region that has been long underserved, it
19 has also brought additional challenges to the area. The
20 sense of excitement about the energy boom has today been
21 replaced with deep and intense conversations about issues of
22 housing, traffic, crime, water and waste and other social
23 needs. USDA Rural Development Programs play a key role in
24 investing in rural economies. Rural development staff and
25 programs help deliver safe and affordable housing, support

1 for business growth, community facilities for health and
2 safety, reliable electricity for our homes and industry,
3 broadband to expand the access to education, healthcare,
4 businesses and social services and clean, safe water to
5 support healthy rural communities. The USDA Rural
6 Development has a nationwide loan for over \$200 billion in
7 direct and guaranteed loans. Continued investment in key
8 infrastructure is essential to ensuring rural America is a
9 place where families and business can grow and thrive. Since
10 2009, USDA Rural Development in Montana has invested more
11 than \$37,500,000 in single family housing in the Bakken area.
12 Over that same period in the Bakken counties in Montana and
13 North Dakota, USDA Rural Development has supported 22 new or
14 improved broadband service projects for residents, schools,
15 hospitals and businesses. We've funded 27 water and waste
16 water projects and provided grants and loans to assist 60
17 small and midsize businesses. Local development corporations
18 and cooperatives in the region have also been served. Thanks
19 to the new tools in the 2014 Farm Bill aimed at improving
20 program delivery, we will be able to continue to build on
21 these investments. Over the course of the last two years,
22 USDA Rural Development has participated in numerous meetings
23 with local, state and tribal leaders. We've tried to
24 maintain a leading role in planning and development sessions
25 with community organizations and engaged in listening

1 sessions throughout the region. These interactions make
2 clear that technical assistance, coordination and community
3 outreach are key in meeting the overall needs in the area.
4 That is why USDA Rural Development has worked to deliver
5 programs that ensure that tax payers' dollars make the
6 greatest impact. A focus on community economic development
7 while using the regional strategy is our goal right in the
8 Bakken. We can develop important sources of growth and help
9 extend limited resources in the region by providing - - we
10 set aside with preference for projects that are part of a
11 regional approach as described in the 2014 Farm - - 2014 Farm
12 Bill, USDA Rural Development will be able to more effectively
13 support rural places that are working in a cooperative effort
14 to realize the long-term community and economic development
15 goals. In Montana, USDA Rural Development has played a lead
16 role in the formation of the Eastern Montana Coalition, a
17 cohesive area-wide planning organization in the Bakken. The
18 benefits of this Coalition are numerous including better
19 service throughout the entire area, and the Coalition also
20 provides a unified force and voice for the region, especially
21 when approaching state and federal leaders for assistance.
22 As the Montana Director for Rural Development, I'm committed
23 to ensure that USDA Rural Development will continue to serve
24 a leadership role in the Bakken. We also recognize the
25 importance and fully support the participation and help of

1 all other partners and efforts to better serve the region.

2 Mr. Chairman, I appreciate your continued to support
3 providing assistance to the Bakken area. USDA Rural
4 Development joins you in your efforts to ensure that the
5 residents of the Bakken are well-served. I hope I've
6 provided you with some insight as to how USDA Rural
7 Development has and continues to contribute to the Bakken,
8 and I look forward to responding to any questions. Thank
9 you.

10 SENATOR TESTER: Tony, thank you for your testimony,
11 thank you for your insight. Mike Tooley, you're up.

12 MR. TOOLEY: Mr. Chairman, good morning. Thank you
13 for being here today and thank you for asking me to testify
14 before the committee and before you. I think it's terrific
15 that you're here to hold this field hearing and outreach
16 session in Montana's active Bakken region. It has obviously
17 made a big difference in how the Montana Department of
18 Transportation does business. Our focus is to provide safe
19 and efficient transportation to the motoring public and to
20 support economic activity here in the Bakken, but for as it's
21 almost always the case for any infrastructure agency, our
22 needs vastly outpace the resources that are available, so
23 it's essential that we're making the best most timely
24 decisions. To provide some scale to the issue, our MDT own
25 infrastructure of 12,000 road miles in the State of Montana.

1 Nearly 30 percent of that is within the Bakken region in the
2 Glendive district. The numbers that I'm going to give you,
3 Chairman, are related only to MDT owned infrastructure, and
4 please be aware that there are also major impacts to local
5 streets and county infrastructure. What have we seen? We
6 have seen a significant increase in traffic volumes largely
7 made up of heavy truck traffic. We have seen the increase in
8 truck traffic as much as 32 percent between 2007 and now.
9 Pavement designs are largely driven by the heavy truck
10 traffic. This kind of an increase can drastically impact the
11 life and condition of pavement. As a matter of fact, as part
12 of the Bakken Impact Study that we finished in 2012, we
13 determined that the MDT District 4, which we are in today,
14 has an estimated additional \$52 million dollars in annual
15 need over the next 20 years to address pavement distress.
16 That is just our infrastructure. In addition to pavement,
17 the increased volumes of high truck traffic also have impacts
18 on roadway operations and safety and I will address some of
19 those things that we have done to address those shortly. We
20 have also had a hard time in the Bakken attracting and
21 retaining employees and contractors in this district. While
22 on a statewide, state employee basis, this may not be an
23 issue; unfortunately, I am the exception. I employ a large
24 number of truck drivers that have CDLs; I employ mechanics; I
25 employ welders and they are all very attractive to the oil

1 patch. As a matter of fact, I've seen a statistic that says
2 that they are hiring up to 30 CDL holders a week, and one of
3 the first places they will come is (coughing) where somebody
4 has a CDL already, and unfortunately, that may be one of my
5 snowplow drivers and that becomes an impact to the community.
6 Once we've trained and hired staff, they can easily move on
7 to better paying jobs in the oil development industry. One
8 of the things that we are doing to address that is workforce
9 development through tribal colleges, and specifically on the
10 Flathead Reservation and Fort Peck Community College, MDT
11 does provide grants that trains individuals to hold jobs in
12 our agency or in that type of line of work. We think it's
13 important to develop those technical skills and keep those
14 workers working right here in the Bakken in a place that
15 they'll probably stay. Increased competition, however, isn't
16 limited just to our staff, but it also includes raw materials
17 and private engineering and construction services. We have
18 seen a massive increase for key materials which drive up the
19 project costs or decreases the buying power that we have in
20 comparison to other districts. We've had instances where
21 prime contractors have come out here to work. We see few or
22 no bids from contractors or subcontractors for highway
23 projects due to the increased demand in the area; and so now
24 the prime contractors have to bring more of their staff in
25 instead of hiring a subcontractor increasing immobilization

1 costs and the entire project costs more. It's important
2 because we want to make the right decisions and continue to
3 invest in infrastructure across the state. Connectivity for
4 us is important. We don't want to have one district have
5 great roads; the next one not have good roads. It's very
6 important and as - - through the process that we use, we use
7 the Performing Program Process to manage our assets and that
8 allows MDT to make appropriate investment decisions, and this
9 process directs the longer term direction of investment for
10 MDT. And in fact, some of the recent P-3 recommendations are
11 directing more funding to this district for system
12 improvements. And in response to increased truck traffic,
13 our agency was able to modify pavement design in several
14 recent and upcoming projects to make sure that they last
15 longer and accommodate the added truck traffic. Studies show
16 that both short term and easily implemented improvement
17 projects and long-term needs are there. We have identified
18 some easily implemented improvements that address or head-off
19 some emerging issues, and in this area specifically we did a
20 quarter study on Montana 16/200, Glendive to Fairview. It
21 was a 60-mile study along with a safety audit that caused us
22 to take some immediate action including installing some
23 passing lanes that might not have been the original design;
24 installing centerline rumble strips; and increasing the
25 shoulder widths. We also, as part of the Safety Study,

1 determined that we needed to normalize or match the speed
2 limits in that quarter between passenger vehicles and trucks,
3 and so now the entire quarter has the same speed limit no
4 matter what you're driving, and I think that has contributed
5 greatly to safety.

6 In addition to short-term improvements, MDT's
7 district staff has identified many projects to address area
8 needs. Right now on the books we have over 100 miles of
9 recently completed and planned projects in the Glendive
10 district through 2019 for a total investment of about \$50
11 million dollars. Many of these investments are influenced by
12 the energy impacts. However, the most responsive aspects of
13 our program is in maintenance, and we have recognized need to
14 invest more state funds in that area and \$6 million more that
15 could have previously been allocated to other districts is
16 now coming to the Glendive district to address that; however,
17 our efforts extend beyond highways. We fund law enforcement
18 for overtime patrols to arrest DUI drivers, and we also work
19 with other outside entities such as Burlington Northern Santa
20 Fe Railroad. We are investing \$5 million dollars in this
21 area to upgrade rail crossings. That includes installing
22 stop signs, flashing lights and new crossbuck for \$5 million
23 dollars. We also pay very much attention to air
24 transportation through the essential air service. We've seen
25 a 27 percent increase in air traffic and air travel in this

1 region thanks to the Bakken. We also do - - We heard - - I
2 heard Chairman Stafne speak to folks that can't get around,
3 and we invest \$6.5 million dollars per year statewide in
4 transit to make sure that folks who may not have their own
5 transportation have those needs met.

6 To close, we anticipate the impact of the Bakken to
7 continue for at least two more decades and recognize that
8 additional funding and attention to our infrastructure is
9 necessary. To maintain the condition and operation of our
10 systems, we feel that funding levels must at least remain
11 where they are with impacts for inflation. Montana's
12 transportation infrastructure is dependent on the continued
13 and predictable federal participation and a strong federal
14 investment in the nation's transportation systems. These
15 federal programs are essential for our economy. In Montana,
16 \$0.87 of every construction project is federally funded.
17 Supporting the industry, the jobs and the growth in the
18 Bakken and ensuring the nation is poised to capitalize on the
19 investments here are important and that requires federal
20 participation, and I again would just like to say thank you
21 for the opportunity to testify before you today. Your staff
22 has been extremely good to work with. I understand that we
23 may not see you every day, but I know you're involved behind
24 the scenes in Washington and thank you for all you do.

25 SENATOR TESTER: Thanks; thanks, Mike. Let's see if

1 this is still on. Thanks, Mike, appreciate your testimony.
2 John Dynneson?

3 DEPUTY SHERIFF DYNNESON: Yes. Thank you, Senator.
4 Prior to being on the third panel today sitting here
5 listening to the other testimony, it's obvious that the
6 testimony I provide to you much of that information has
7 already been presented; however, there are a few points that
8 I'd like to address. A common theme echoed by many in this
9 region is the need for an increase and experienced staff and
10 staff that is able to afford the living situation in this
11 region long enough to stay and obtain the necessary
12 experience to effectively serve our community. Through our
13 sheriff's office and local police departments have had some
14 outstanding individuals willing to serve. Our continued
15 commitment to effectively serve our communities require more
16 officers, jail staff and dispatchers. These are only just a
17 few of employment opportunities available and necessary to
18 facilitate the work our law enforcement agencies are expected
19 to undertake and provide. Finding individuals willing to
20 work in these areas rather than seek higher paying oilfield
21 employment is difficult. Besides finding an experience
22 person and locating others willing and able to dedicate
23 adequate time to train persons, multiple obstacles still
24 stand in the way; housing infrastructure, though slowly
25 increasing, is still lagging; increased construction of

1 housing units does not remedy the issue of affordable
2 housing. With housing prices at alarming rate in this region
3 in relation to comparable housing in other parts of the
4 country, our local agencies and departments are faced with
5 budget concerns and the need to provide further monetary
6 assistance or housing subsidies to address those needs of
7 perspective and existing personnel. It is not only the high
8 cost of living or the high cost of housing that is astonishes
9 the people, but everything here is limited and comes with a
10 price. The cost associated with living in the region
11 including groceries, home repairs, vehicle maintenance and
12 child care are unprecedented compared to many areas of the
13 Unites States and our state. What the state and federal
14 government may not see is that adequate child care is
15 extremely limited here in the region. Enticing the right
16 recruits to join our local agencies is difficult. It is
17 difficult enough without mentioning all the accompanying
18 hardships that those potential employees may face for
19 themselves as well as their families. Logically, the
20 increase in population comes with a growth in crime.
21 Increased incidences of abuse, mental health concerns,
22 growing numbers of homeless and other strains on local
23 infrastructures as well as other unsavory ideas such as
24 organizations coming to this area that support criminal
25 activity. Currently, all of our local state agencies work

1 together to address the impacts on our communities. These
2 agencies include Mental Health, Child and Family Services,
3 Sidney Health Center, Richland County Coalition Against
4 Domestic Violence and other service agencies. All of these
5 agencies are affected by the same issues as law enforcement;
6 concerns with affordable housing and the lack of experienced
7 personnel willing and able to live and work in the area of
8 the Bakken region and the lack of child care.

9 In regards to federal agencies, I want to express
10 our need that we need the assistance of the FBI here because
11 the FBI has the time and the resources that are necessary to
12 devote to the particular crimes of high-profile cases that
13 the local and county law enforcement agencies cannot match at
14 this time. Currently, the FBI rotates agents through this
15 region based on temporary duty; and from my observations, I
16 believe that it would be helpful if FBI personnel were
17 assigned to this region as a permanent position. Though
18 local and state - - state officials continue to do a great
19 job in their work in the region, the permanent FBI official
20 would provide much needed assistance to the cities and
21 counties in eastern Montana. Besides assisting local law
22 enforcement, the FBI officials would be expected to
23 proactively investigate, assist in prosecuting federal crimes
24 that are committed in this area. This would primarily
25 consist of but not limited to the drug investigations, human

1 trafficking and white-collar crime. If permanent officials
2 were assigned here, it would like require a federal stipend
3 or some type of assistance to deal with the high cost of
4 living to this region. In addition to the FBI and other
5 federal agencies, may require financial and personal
6 increases in order to - - in order to effectively serve the
7 Bakken area. It may not be necessary for those dedicated
8 personnel to be stationed in our city or in our country - -
9 or county rather; however, setting up a task force and
10 importing personnel to assist in protecting our region would
11 be helpful. This increased presence, Senator, would aid
12 local entities in dealing with crimes that suppress the
13 capacity of available local personnel and provide additional
14 expertise and cover issues outside the bounds of the local
15 jurisdictions.

16 Again, Senator, I appreciate the Subcommittees'
17 consideration of our testimony today and we are hopeful that
18 our emphasis on these issues will lead to further assistance
19 from the federal government and appropriate agencies. Though
20 our local law enforcement personnel is dedicated to do
21 everything it can to protect the residents of Richland County
22 and the Bakken region, we welcome further efforts, financial
23 support and additional resources in order to more effectively
24 remedy the issues affecting our personnel, our agencies, and
25 most importantly, the residents of Richland County and the

1 residents of the region of the Bakken area. Thank you very
2 much.

3 SENATOR TESTER: Thank you, John, for your
4 testimony. I very much appreciate it, and you might be on
5 the third panel but your testimony was very, very, very
6 insightful; thank you.

7 DEPUTY SHERIFF DYNNESON: Thank you.

8 SENATOR TESTER: Paul Groshart.

9 MR. GROSHART: Thank you, Senator Tester, for
10 inviting me to give testimony at this hearing on affordable
11 housing in our community. I apologize if this first part
12 sounds like a teacher giving a lesson, but several decades
13 ago when I did go to college I graduated to be a teacher, so
14 it may sound like a history lesson instead of testimony, but
15 30 years ago Sidney residents would probably have known their
16 neighbors by their first name, knew where they worked, how
17 many children were in the family and what they liked to do
18 for their hobbies. The residents of Sidney and the
19 surrounded area were like an extended family, distant cousins
20 if you will; and when families moved into the area they were
21 often invited to join service groups, churches, Chamber of
22 Commerce and school organizations. Thirty years ago also
23 marked the end of the first oil boom in our county. That
24 boom saw a span of seven years. It brought high-paying jobs,
25 but by the time it ended there were several reposed homes for

1 sale, mobile home parks abandoned, trailer houses abandoned
2 and infrastructure costs left unpaid by special improvement
3 districts. 1984 was a long time ago for many, but for some
4 of us here in the community, the economic collapse lasted a
5 long time and made our community financially distressed for
6 several years after that. Fast forward to the present and
7 most everyone here can attest to the fact that the oil boom
8 is back; it's bigger; it's better, but not so much for those
9 wanting to move here and make Sidney their home. Right now
10 in 2014, there are jobs available in our area, high-paying
11 jobs that typically pay three to four times more than minimum
12 wage. Someone moving to the area may very well have that
13 job; they may very well have job security, but they do not
14 have the most important thing they need to succeed here in
15 the Bakken, an affordable place to live. If you are
16 fortunate to own your own home or are in the process of
17 buying a home, no doubt as a resident of Sidney, you are much
18 better off than those who in the community who are renters.
19 Those who rent now, see that the lack of rental housing in
20 our community is an acute and serious problem with no short-
21 term solution in sight. For instance in 19 - - in 2013, a
22 rental market study was prepared for the Richland County
23 Housing Authority, and based on that study just one year ago,
24 the rents for existing rental units for 2012 were rising at a
25 rate of 5 to 10 percent every month. The vacancy rate for

1 privately owned rental properties was at 0 percent; waiting
2 lists for private housing were nonexistent as turnover was
3 rare. Furthermore, a more followup market study that we did
4 in 2014 revealed that the same units that were filled prior
5 to the year 2000 had had rent increases in 2012 and 2013 were
6 now increasing their rents from 30 percent to 300 percent
7 after a vacancy occurred or when a lease expired. This vast
8 increase in rent puts the local working families in jeopardy
9 of losing their rental housing because rents can now exceed
10 50 percent or more of the take-home pay. The families
11 affected by this increase work at local retailers such as
12 restaurants, hotels and stores, and they may even be the
13 teachers, hospital workers and law enforcement officials that
14 we rely on.

15 So who decides who is low income in our area? HUD
16 annually publishes a report on median incomes for nearly
17 every community in our state. Right now, the medial income
18 for Sidney and our county is \$70,600 for a 4-person family.
19 This means that there are wage earners below that amount and
20 wage earners above. It is not the average, but should give
21 everyone here in this room an idea of wages are being paid in
22 Richland County. If we compare it to Rosebud County, our
23 median income is \$10,000 higher; compared to Park County, we
24 are \$16,000 higher; and when we compare the median income to
25 places like Helena and Billings, we are about equal to their

1 median incomes. Why is housing not a problem in Billings and
2 Helena? The supply of housing in those areas probably
3 exceeds the demand right now. There are more places to rent;
4 there are different levels of quality; and there are far more
5 providers of affordable housing such as housing authorities.
6 Our housing authority was created in 1950 and has a
7 contractual relationship with the United States Department of
8 Housing and Urban Development to provide housing to low
9 income community members.

10 Who can qualify for assisted housing programs? A
11 majority of our homes and managed properties are for people
12 who earn less than 30 percent of the median income. For
13 instance, a single person wishing to rent a 1-bedroom
14 apartment from me has to earn less than \$12,250 per year to
15 qualify; a 2-person family would have to earn less than
16 \$15,730 a year; a 3-person family less than \$19,790; and a 4-
17 person family has to earn less than \$22,850 per year to
18 qualify for assisted housing.

19 What can Congress do to help us? First of all, I
20 thank Senator Tester for his support of the Small Housing
21 Authority Reform Proposal which is codenamed SHARP. As long
22 as I've been with HUD, they seem to come up with acronyms for
23 everything. Some of the issues that affect housing
24 authorities, although there are only 14 in the State of
25 Montana, HUD has come along with a new requirement for a

1 fiscal needs assessment program that would cost our housing
2 authority anywhere from \$30,000 to \$50,000 just to tell them
3 what's wrong their housing. They started program two years
4 ago called Rental Assistance Demonstration Program which
5 would allow housing authorities to opt out of public housing
6 and create properties that have vouchers or Project Based
7 Section 8, so we'd like to have that support also. Of
8 course, we also have - - I know the programs have been
9 brought up that there are Section 8 Programs and I'd like to
10 just address that. Three years ago prior to this oil boom
11 coming, we administered a Section 8 rental assistance program
12 here in the community and Fairview and Savage and we had 92
13 participants. What that means is we were helping pay rent
14 for 92 families or single people in the three communities.
15 We are now down to 42 families. It's not that those 50
16 people somehow went away; it's that we cannot afford to pay
17 the rents that the landlords are now requesting. HUD has a
18 limit, they say 'fair market rent' they call it where a 2-
19 bedroom place in Sidney is about \$800 a month.
20 Unfortunately, that doesn't ever happen anymore. The rents
21 are just too, too high for that program to work here. So the
22 answer as far as we're concerned in my - - my area here is
23 there has to be a little bit more involvement from the
24 federal government to maybe declare us a disaster area and
25 maybe we can hit some other kind of funding because the

1 restriction for the low income people here as far as their
2 income, they just don't exist for us. So thank you again for
3 your allowing me to speak today.

4 SENATOR TESTER: Paul, thank you; thank you for your
5 testimony; thank you for your work, and I know it's a
6 difficult conundrum, but I think working together we could
7 find some solutions. Commissioner Young, you're up.

8 COMMISSIONER YOUNG: Thank you, Senator Tester, for
9 inviting me to the hearing today, and I also want to make a
10 note that you've got a very wonderful staff to work with on
11 the local level. You're very blessed with that.

12 SENATOR TESTER: Thank you; thank you.

13 COMMISSIONER YOUNG: Well, I kind of went into about
14 four or five different areas here and have some statistics
15 and I - - Since Paul just got done talking, I'm going to also
16 mention that we're doing a joint venture with the city for
17 city and county employees on a little housing project and
18 being we have the housing authority we kind of let Paul
19 decide how that's going to go out, so I wanted to announce
20 that kind of joint venture with us for law enforcement
21 especially, for city and county.

22 And my next subject I want to talk about is the work
23 force that all in common has been said here. It's been a
24 revolving door. It's quite a problem to compete with
25 government salaries with the oilfield, and as a county

1 commissioner and a bean counter it's a very scary trend that
2 we have seeing these budgets. Our county budget, our monthly
3 payroll, is just a few thousand, about \$40,000 to \$50,000 shy
4 of a million dollars a month, and conventional methods of
5 creating revenue and taxes through levies and stuff, it's a
6 tremendous burden that's being put on the county taxpayers
7 that can't be - - if the oil revenues are lost, it can't be
8 maintained, so I'm sure you already know that.

9 The other area I wanted to talk about was our health
10 department. I went back 10 years and got some statistics,
11 and this is the - - this is the slow part of the department,
12 it's only went up 122 percent in 10 years, and most of the
13 problems is the increased traffic flow of out-of-state
14 workers that arrive here, but they're very overwhelmed, and
15 that's the statistics for that one.

16 The next one I went into was law enforcement. I went
17 back 10 years there. Law enforcement costs here have went up
18 288 percent to the best of my knowledge fingering through
19 that Black Mountain program. We also just got done building
20 a new \$17 million plus dollar jail. As Mr. Anderson I
21 believe, or one of the gentlemen earlier stated, there have
22 been times where the reports come to our office in the excess
23 of 40 people in there, and - - but it's averaging in the 30s.
24 We built it for 24 adults and 12 juveniles, and we pretty
25 much had to boot the juveniles out and put the adults in

1 there, and every morning when the county attorneys come to
2 work and the Justice of the Peace that's sitting here they
3 have to look at the list and see who's bad and who's badder
4 and who's baddest and the bad gets to go home and the badder
5 and the baddest stays so it's really a problem to deal with.
6 Also, with law enforcement here I'll kind of - - I asked
7 Judge Mohr to give me some statistics. In 2013, Judge Mohr
8 saw 4,773 cases across the bench. I did a little math on
9 that. That's 13 cases a day seven days a week or 91 to 92
10 cases a week, and he's well on his way to that number and
11 probably exceeding that number this year again, so just a
12 little statistic there that I'd like to pass on.

13 All right, Mr. Dynneson talked a lot about the
14 sheriffs and the law enforcement and we talked about the
15 housing so I'm - - and I'll let that be on that one. Now,
16 I'm going to move to - - to county attorneys. County
17 attorneys are overwhelmed in our county. The statistic that
18 I come up with on the county attorney is 954 percent based on
19 the expenditures from 2004 to the new budget that was just
20 submitted to me in the last month, or last couple months, so
21 it's a very overwhelming thing that's going on there and I
22 just wanted to pass that number on because it's just mind-
23 boggling and I think these gentlemen who spoke on the panel
24 before me can relate to me with the increased domestic
25 violence, increased drugs and the murders and everything

1 that's going on here, so I guess that's all I'm going to say
2 about the county attorneys' office.

3 My last one that I want to talk about is roads and
4 bridges and the county - - roads and bridges and county
5 department. The road department has went up 743 percent in
6 the last 10 years based on numbers that pulled. One of our
7 biggest calls and the most problem we have course is rough
8 roads. That's a daily thing. But dust suppression is a
9 nightmare. Everybody in the country is mad because of the
10 dust that's coming in so I believe a lot of this has come
11 back in the 70s, maybe '73, the Constitution was opened up
12 and something put in there about the Montanans are entitled
13 to a clean and health environment. Well, they play that
14 trump card on us and we literally pay out. It's in the
15 excess of \$100,000 to \$200,000 a year in buying Mag.
16 Chloride. We have dedicated a whole crew of people to handle
17 the road patrol work and the semis and we've even put up
18 storage tanks and we have semi loads of Mag. Chloride brought
19 to us to try to appease the public with all the phone calls
20 that the commissioners and the road bosses get and it's
21 really a - - it's really a task. We have about 35 people on
22 the road department and it looks like they don't get anything
23 done. It's quite a bit of deterioration on the roads with
24 the truck traffic. And also, I'll add here that our public
25 works director had a counter out on one of the local gravel

1 pits where all the gravel is heading into North Dakota and
2 we're getting nothing for it but a worn out road and giving
3 that man back there, Shane Mintz, a headache because of all
4 the road work it requires to maintain the roads out there;
5 and we have about 2,200 and some odd loads that went on that
6 road in one day out there into North Dakota. Well, that's
7 fine; that's business. I'm for business. But I'm going to
8 give you a little statistic here that you're not gonna - -
9 you're not gonna believe me but that's fine; 2,280 semis in
10 one on this road. One 80,000 pound semi is equivalent to
11 approximately 2,300 ordinary vehicles like you and I drove to
12 work today, so when you take the math and you work that out
13 this is one day, it would be equivalent wear and tear on
14 these roads of 5,244,000 ordinary vehicles on that one
15 stretch of road, and I will admit that this isn't something
16 that goes on 24 hours a day, it goes on and then it slows
17 down, it peaks up and it peaks down, but these are the kinds
18 of things that we have to deal with, so - - And I also have
19 some pictures I'm going to give Senator Tester in regards to
20 some accidents that have happened on some of the roads in my
21 area. There's been probably 20 rollovers since the first of
22 the year on some of these roads that were built in the 1940s.
23 I don't want to get the Department of Transportation in
24 trouble. I think they do a wonderful job at trying to take
25 care of the roads, but we probably have one of the finest

1 district directors in Glendive that money can buy, but he
2 ain't got enough money to take care of these roads out here.
3 Why can't you guys come and do a one-time infusion for the
4 impacted Bakken counties and get him some money so that he
5 can do something with these roads. I know that they try to
6 go on the fairness issue and based on population and stuff
7 and I've seen the numbers and they're fair numbers when you
8 look at them, but this is the area that's creating a \$200 and
9 some million dollar surplus for the oil companies and I would
10 like to see the federal government help the state out with a
11 one-time infusion for this Bakken region for road rebuilding.
12 And on that issue, I think I'm kind of running out. I know
13 I've overused my time. We've also done quite a lot of work
14 with the City of Savage, it's a non-incorporated town, and we
15 got the sewage lagoon fully funded thanks to all the
16 different agencies involved; and you asked earlier about red
17 tape and I think that's an understatement. CDBG has been
18 great to work with but there's a lot of red tape there, but
19 it doesn't matter, I'm not singling them out because the
20 whole works is just awful for red tape. I bet one of the
21 first things that happened when I got into office was a Order
22 on Consent for the lagoon being out of compliance and I've
23 been working on that almost 4 1/2 pushing 5 years now and we
24 still haven't even moved an ounce of dirt, so that's
25 bureaucracy and that's red tape that's causing all those

1 problems and it's nightmare and now Sidney's facing it and
2 it's - - it's a terrible thing that we have to do all this
3 red tape, so I guess I'll go ahead and hang up the mic now
4 and let you ask your questions and thank you.

5 SENATOR TESTER: Thank you, Commissioner Young, for
6 your testimony. I very much appreciate it and my first
7 question is probably going to be self-explanatory by the
8 testimony that you've already given, but I'll give you an
9 opportunity to be brief and say it again, and it's a question
10 that I asked the first panel and Attorney General Fox pointed
11 out that I didn't ask the second panel and that is from your
12 perspective what's the biggest challenge you have out there
13 because this Panel's about infrastructure. Who's got the
14 mic? You got the mic, Commissioner? What - - What's your
15 biggest challenge as a county commissioner if you were to
16 pick one?

17 COMMISSIONER YOUNG: Oh, I would say that trying to
18 keep the roads caught up to the traffic is probably our worst
19 challenge.

20 SENATOR TESTER: Yeah.

21 COMMISSIONER YOUNG: Our funding source - - Helena
22 has done a real good job with the severance tax and we're
23 ahead of the game because, just a little history note here,
24 Richland County is the county that where the very first
25 Bakken oil well just northwest of town here was drilled.

1 Everybody thinks everything is North Dakota, but it happened
2 right here just northwest of town; but roads - - roads are a
3 nightmare. That's our number one complaint.

4 SENATOR TESTER: Okay.

5 COMMISSIONER YOUNG: And we do the best we can with
6 what we have. I know we have tremendous revenue stream but
7 it's still not enough.

8 SENATOR TESTER: Yeah.

9 COMMISSIONER YOUNG: And of course we do - - We try
10 to make good decisions.

11 SENATOR TESTER: Just curious, you said you've got
12 35 folks on your road crew, how much has that changed in the
13 last five years?

14 COMMISSIONER YOUNG: Well, I believe 10 years ago
15 they had about 15, 13 to 15.

16 SENATOR TESTER: Okay.

17 COMMISSIONER YOUNG: But we can't even find anybody
18 to hire that's experienced.

19 SENATOR TESTER: I gotcha.

20 COMMISSIONER YOUNG: They don't want to work for
21 what counties are paying. They want that \$35/\$40/\$50 an
22 hour.

23 SENATOR TESTER: I gotcha. Point well taken; thank
24 you. Paul? Not that you're working on housing or anything,
25 but what's your biggest challenge?

1 MR. GROSHART: Parking my car at the office now that
2 school has started. (Laughter.) I think - - We've seen a
3 large increase in the number of rental units made available
4 in the last year, probably last year and half; unfortunately,
5 as mentioned before, rents are on the \$2,000 range or higher,
6 and as a business person, you know as well as anyone, that if
7 you're going to invest your money in something like housing
8 you want to get your money back out faster rather than later,
9 so as we find out when we go to the bank to do a project,
10 they're talking 10 years/20 years. If you're going to 10 or
11 20 years you're going to have to get your money out faster.
12 There's a HUD program called 221(d)(4) that is a mortgaged
13 guarantee program for multi-family developers, and basically
14 that helps lower the interest rate for the loan that the
15 developer may go get. That is about the only alternative
16 that I am aware of in the multi-family area that could help
17 our community if there was a developer available that wanted
18 to do this kind of housing and give him a 40-year mortgage
19 instead of 10 or 20 years. They could keep the rents
20 affordable for that long of a period. The housing authority
21 and our affiliate the Richland Affordable Housing
22 Corporation, we own one of those properties that we were able
23 to purchase with home funds in 2001. The original owner was
24 from Kennewick, Washington. He had ran out of his need to
25 have that kind of a project. We were able to buy it and keep

1 it locally, but it is a 221(d)(4) project where the mortgage
2 was guaranteed. There was also a Section 8 rental assistance
3 into that project so you did increase the amount of housing
4 available for low income housing families.

5 SENATOR TESTER: Okay. Thanks, Paul. John, if you
6 were to pick the one thing that's biggest infrastructure
7 priority for you what would it be?

8 DEPUTY SHERIFF DYNNESON: Probably maintaining a
9 workforce, an experienced workforce, and then of course if
10 this region expands we're gonna have the same issues that we
11 currently have is the overcrowding of the jail and workspace
12 within the facility that we have.

13 SENATOR TESTER: Good; thank. Okay, Mike Tooley.

14 MR. TOOLEY: Thanks for asking that question,
15 Senator, and it goes back to part of my response towards the
16 end of my closing, it would be dependable funding, not just
17 funding, but dependable. Let me explain why that is. The
18 Department of Transportation knows what to do and where the
19 problems are, we just don't have the resources to address it.
20 It's the same issues the counties deal with. My needs are
21 \$1.5 billion per year to do what we should be doing. Right
22 now, the State of Montana between state and federal funds,
23 we're making an investment of \$440 million a year between
24 state and federal funds; and so you can do the math, we fall
25 behind every year.

1 SENATOR TESTER: Yeah.

2 MR. TOOLEY: So one of the most difficult things for
3 us is our inability to plan based on short-term funding
4 fixes. Congress recently transferred funds into the highway
5 trust fund to make it solvent through the end of May, which
6 was great because we were able to keep those construction
7 projects going, but what we like to do at the DOT is get 85
8 percent of our contracts let by March.

9 SENATOR TESTER: Yeah.

10 MR. TOOLEY: So that helps the contractors know what
11 they need to buy or who they need to staff and it keeps
12 prices low. Unfortunately, the two-thirds of the year is
13 two-thirds of the funds and so we don't have a full year of
14 funding and so we have to be pretty tentative on how let
15 those contracts. It dries up costs. It keeps the
16 contractors from hiring the personnel they need, buy the
17 materials they need, and it all winds up in cost increases,
18 so we need dependable long-term funding so we know that we
19 can implement the plans we know - - the work that we know
20 needs to be done. A one-time infusion to the Commissioner's
21 question, that might help, but the problem is you have to
22 plan these projects. Administrator Mintz has a big backlog
23 of projects that he could probably work on, but it doesn't
24 mean because the money's here today that it's gonna get done
25 today, and so if that's something that Congress is interested

1 in doing I think that the state DOTs would want to be part of
2 that conversation to make sure that what your intent - - that
3 your intent is met at the end.

4 SENATOR TESTER: Right.

5 MR. TOOLEY: So basically, coming back to dependable
6 long-term funding, something we can plan on and actually do
7 some work.

8 SENATOR TESTER: Thanks, Mike. We don't have to
9 take this up today, but at some point in time I do want to
10 have a conversation with you about what the capacity is in
11 this state for road building. You say you've got a \$1.5
12 billion dollar need out there and there's no doubt about that
13 because we've been all over the state and you do a great job
14 but there is plenty of need. We're doing about a third of
15 that or a little less than a third of that a year. If you
16 had \$1.5 billion, could you get it - - Do we have the
17 construction capability to spend that kind of money? You
18 don't have to answer that now, but I do - - we do need to
19 visit about it. Go ahead if you want you can, but we can
20 talk about that later.

21 Toney Preite, who you deal with everything from soup
22 to nuts, what's the biggest infrastructure need from your
23 office?

24 MR. PREITE: Well, Senator, I think the challenge
25 that I spend probably most of - - most of my time is trying

1 to figure out a way to bring people together so we can get
2 the most effective use of the resources that we have
3 available to us out there. Now, in this particular area, the
4 Bakken, no question the resources are scarce resources.
5 That's gonna take a while to get that done. Having said that
6 though, as an example, the governor is, Governor Bullock is
7 proposing the \$45 million dollar bond issue. It's got to go
8 to the Legislature and then it will be available. Now, we
9 should be working, and we are working, with other people to
10 try to figure out the best way to at least at a minimum match
11 that with other resources and leverage it so that at a
12 minimum we have double that. Now, we spent a lot of time - -
13 I have to acknowledge this (indiscernible) we spent time - -
14 we have like 17 or 18 community meetings over a 2-year period
15 a couple of years ago in the area, and what we found is every
16 time we had one of those meetings at least people in the
17 communities were incorporating, in-cooperating I should say,
18 we need to bring, and we do it, but we need to do a better
19 job of bringing everybody together to the table. Now, at
20 USDA Rural Developmental I - - I have in my work plan
21 scheduled 10 to 12 community meetings in this area,
22 primarily, but throughout Montana in the next 18 months, and
23 at these meetings I'm going to go back because, you know,
24 several years ago I had these meetings and whenever we would
25 have them and have all of the departments there, and that's

1 the best way to cut red tape, is to bring those people there
2 and let them, the CDBG people, my people, the trust people,
3 transportation people, the SBA people; we have them all there
4 and we invite them all there and we're going to sit down,
5 they're going to present their programs, and then at the end
6 of the meetings there's going to be tables at the end for
7 individual consultations so that the people at the meeting
8 can best understand the resources that are there and other
9 participants from the local, state and federal agencies
10 understand what other people have. You know, sometimes we
11 take it for granted that everybody knows what's available out
12 there; no, they don't; no, they don't. There are more
13 resources there that are available that aren't being tapped.
14 Now, I want to make a, you know, a claim here that there's
15 enough resources to take care of all the problems, but we can
16 do a whole lot better job than we're doing in coordinating
17 our efforts. So, Senator, that's really what - - what I'm
18 really concerned is that knowing that we have scarce
19 resources; knowing we have these needs, we can't afford to
20 let opportunities escape us. We can't afford to not take the
21 actions necessary to get the best utilization - -

22 SENATOR TESTER: Right.

23 MR. PREITE: - - and if I don't get another
24 opportunity, I just need to say your staff has been - - has
25 been terrific, just great to work with.

1 SENATOR TESTER: You'll probably get another
2 opportunity. Mike Tooley, this question has to do with staff
3 retention and recruitment and it'll go to John Dynneson and
4 Loren Young after you get done, but your question is a little
5 bit different than the question I'm going to ask them, and
6 that is do you have the flexibility to offer additional
7 stipends for different regions of the state, particularly
8 this one because rental costs are so high, as Paul pointed
9 out, do you have the flexibility within your budget to be
10 able to say, 'Yeah, I'm gonna pay this guy an extra \$500 a
11 month because rent's - - the cost of living so high'?

12 MR. TOOLEY: Senator Tester, that's exactly what we
13 do. We, in the Bakken area, offer a housing stipend of \$500
14 a month, and what that has done has helped at least with the
15 retention side for existing employees. We are still having
16 positions that are open until filled, which is something in
17 my years of state government I rarely, rarely see, but we
18 have had the flexibility through statewide policy to effect
19 that type of stipend.

20 SENATOR TESTER: Good.

21 MR. TOOLEY: And it does work.

22 SENATOR TESTER: Perfect. John, yours and Loren's
23 is a little bit different because it's two-forked: Number 1,
24 do you have the flexibility? And Number 2, do you have the
25 budget to be able to fulfill that flexibility if you have it?

1 Do you understand what I'm saying?

2 DEPUTY SHERIFF DYNNESON: Yes.

3 SENATOR TESTER: If you so choose to give an
4 additional stipend, are the dollars there to do it?

5 DEPUTY SHERIFF DYNNESON: I believe that they
6 probably are. You need to understand, though, that I'm here
7 representing the Sheriff and I'm not sure what communications
8 he's has in - -

9 SENATOR TESTER: Gotcha, gotcha.

10 DEPUTY SHERIFF DYNNESON: - - regards to that.

11 SENATOR TESTER: Nothing - - What's said in the room
12 stays in the room. Okay? (Laughter.)

13 DEPUTY SHERIFF DYNNESON: Okay. But I would applaud
14 - - I would applaud Mr. Groshart, the county commissioners
15 and the city council for the efforts that they've made to
16 start this housing project.

17 SENATOR TESTER: Yeah.

18 DEPUTY SHERIFF DYNNESON: But what I'd like for
19 everyone to consider is the support people. Those are
20 primarily are primarily for law enforcement. The support
21 staff, the entry-level people that come in; the cooks, the
22 janitors, the secretaries; they're kind of forgotten about,
23 and a single lady with a child or a man with a child if - -
24 If a married couple comes to town they both have to work.

25 SENATOR TESTER: Yeah.

1 DEPUTY SHERIFF DYNNESON: But if there's no daycare,
2 you have that issue.

3 SENATOR TESTER: Amen.

4 DEPUTY SHERIFF DYNNESON: So I applaud them for what
5 they're doing, but there needs to be some consideration for
6 those level-entry [sic] that do support us as much as they
7 do.

8 SENATOR TESTER: Okay. Could I - - First of all, I
9 should have echoed that after your testimony, I too, want to
10 thank you for the joint venture to build housing to help - -
11 to help recruit and retain staff. I think that's good
12 thinking outside of the box and I can't commend you enough.
13 As far as recruitment and retention, that is - - that's a
14 plumb; housing is a plumb, if you get this project done, to
15 be able to get them in with rental prices that I assume since
16 this is a joint venture the rental prices will probably be
17 lower than what they're - -

18 COMMISSIONER YOUNG: Yeah, they would be - - We're
19 not going to be renting apartments out for \$2,200 a month.

20 SENATOR TESTER: Right, exactly.

21 COMMISSIONER YOUNG: Most of them \$1,000 down and
22 another \$2,000 retainer.

23 SENATOR TESTER: There you go. So that's - - that's
24 good. The question is do you have the flexibility to offer
25 incentives over and above wages? And you're going to look at

1 a whole package if you've got a housing component.

2 COMMISSIONER YOUNG: Well, we - - I believe that we
3 do probably have the authority to offer stipends and
4 incentives like that.

5 SENATOR TESTER: Yeah.

6 COMMISSIONER YOUNG: But so far we've just wanted to
7 focus on basically the law enforcement - -

8 SENATOR TESTER: Gotcha.

9 COMMISSIONER YOUNG: - - because that seems to be
10 the worst revolving door. We're blessed to really have a lot
11 of people that are established and living here and have their
12 homes.

13 SENATOR TESTER: Okay.

14 COMMISSIONER YOUNG: And we haven't really wanted to
15 go down that road because when you start stipends you start
16 mutiny on the bounty.

17 SENATOR TESTER: You got it. I understand.

18 COMMISSIONER YOUNG: So, but we have to come up with
19 a price if we're gonna work on the housing authority that
20 allows retention of these employees in law enforcement
21 without having to pay that high rent, but also it's fair
22 enough that we won't have too many of the constant employees
23 wanting to put their name on the list and move into the new
24 housing so it's a hard balance.

25 SENATOR TESTER: Okay, okay. Pass the mic over to

1 Paul. Paul, I kind of touched on this issue with the Mayor
2 and with Leslie. When it comes to housing, is there enough
3 land that can be developed for housing? Is that an
4 impediment for housing in Sidney?

5 MR. GROSHART: Uh, yes. The city basically was in a
6 mode for a number of years where they didn't annex a lot of
7 land next to the city in for any developments, and now that
8 land is really becoming limited, and when you do annex in
9 land the city's obligated to extend the services, meaning
10 water and sewer, which adds on to the cost of the project
11 itself, so we're basically landlocked in a way because we
12 have a railroad on the east side of town, the hills on the
13 west, and you either go north or south, and there is some
14 prime farmland there that could be developed, but again it's
15 getting the services out to that area. Perhaps, on your way
16 to town you saw the new Town Pump out - -

17 SENATOR TESTER: I did.

18 MR. GROSHART: - - on the four corners, and that is
19 a huge development there for the community, but it is outside
20 the city limits.

21 SENATOR TESTER: Yeah. Okay, the Bakken - - I think
22 needs about \$750 million bucks, three-quarters of a billion
23 dollars in infrastructure needs. Tony, given that magnitude,
24 given the fact that you've already addressed leveraging of
25 funds and how critically important that is, could you talk

1 about if there are other programs out there that you see that
2 could be plussed up to really meet the needs of a high-growth
3 area like this area?

4 MR. PREITE: Well, Senator, I'm sure there are other
5 programs out there. That's what I was trying to get out
6 earlier in that, you know, the day is gone when just one
7 federal agency or one vendor or whatever can take care of the
8 needs of a project. Now, as far as the need for the
9 infrastructure here in the Bakken in North Dakota and
10 Montana, sure it's a significant amount, and today, no, we
11 don't have the resources today to address each one of them in
12 an orderly manner, but we still need to start the process of
13 planning; you still need to start the process of bringing all
14 of the potential resources that are with all agencies, local,
15 state, federal and the private sector. You know, we haven't
16 talked very much about the private sector, especially, you
17 know, in talking about the housing. We don't have, or it
18 doesn't appear that we have, and you please correct me
19 because you're the expert on it, but it doesn't appear that
20 we have the entrepreneurial dollars to go out and to build
21 multi-family complexes or even apartments and stuff, and I
22 know you're working very hard on that, but that's something
23 we have to work on; that all of those fit in the same bucket.

24 SENATOR TESTER: Right.

25 MR. PREITE: In the final analysis. There are

1 resources out there that we can - - we've never utilized and
2 we're going to have to revisit that.

3 SENATOR TESTER: Yeah, that's fine; that's fine,
4 Tony, thanks. I want to - - I want to go back to a point
5 that we brought up in the second panel, the Attorney General
6 was developing a plan with the Montana Petroleum Association
7 on hiring and helping law enforcement that way and I said I
8 applaud that effort and I do. The question is from a
9 infrastructure standpoint, and I talked about this on the
10 first panel, is there an avenue by which, or have you
11 approached this avenue, by which you could ask the oil
12 companies to pitch in a few extra bucks? Lore, do you want
13 to answer that, that's fine?

14 COMMISSIONER YOUNG: You know, us commissioners, Mr.
15 Mitchell is the other commissioner that's here in the house,
16 we have a really good relationship with most of the oil
17 companies - -

18 SENATOR TESTER: Sure.

19 COMMISSIONER YOUNG: - - our road boss and the
20 commissioners, but when we bring up funding they all say that
21 we pay that 9-point something percent severance tax and we're
22 paying that to the state and it's coming back to us and they
23 feel that that's pretty much their commitment.

24 SENATOR TESTER: Okay.

25 COMMISSIONER YOUNG: Now, some of them have stepped

1 up and furnished trucks and equipment if we furnish material.

2 SENATOR TESTER: Yeah.

3 COMMISSIONER YOUNG: There's a couple of companies
4 that are really, really good to work with.

5 SENATOR TESTER: Yeah.

6 COMMISSIONER YOUNG: But very few of them.

7 SENATOR TESTER: Yeah, I gotcha. I just wanted to
8 know just for the record. I appreciate that, Loren. We're
9 going to bounce around a little bit. I want to get back to
10 Mike, and Mike I will tell ya from my perspective, I want to
11 apologize that we don't have a Highway Bill done, a 5-year
12 Highway Bill that is paid for and funded so you can plan, so
13 your contractors you contract with can go out and buy the
14 equipment they need to meet the contracts that you're gonna
15 let. That aside, could you talk a little bit about if the
16 money was there, how do you make determinations for
17 allocations? You talked about there's a \$50 million dollar
18 additional just in road maintenance, but how do you make that
19 allocation? Because you've got roads in western Montana that
20 need work; you got roads in central Montana that need work;
21 and you got roads in eastern Montana that need work. How do
22 you make that allocation so that everybody's not totally mad
23 at ya?

24 MR. TOOLEY: That's a good question, Senator. The
25 way we do it is we look at a number of different factors,

1 among them being pavement condition; we look at congestion;
2 and we look at safety. Those are the three big things that
3 we put into consideration, and it's a pretty complicated
4 process to get there. It's managed through the districts
5 through people like Mr. Mintz that when those scores or when
6 everything is added up it rises to the top and those are the
7 projects that wind up being nominated and put into the
8 program. As far as how the actual funding distribution is,
9 it usually comes back largely to pavement condition, and
10 certain percentage then is derived from that. In this
11 current case, the Glendive district is number 2 only to
12 Missoula in terms of pavement condition and funding, and so
13 funding has actually been shifted from some of the other
14 districts like Billings and Butte and Great Falls to come out
15 this way. While Missoula's remain pretty stagnant, Glendive
16 has continued to rise, and so it's a really delicate
17 balancing act for us.

18 SENATOR TESTER: Well, I want to thank you and I
19 want thank you all for your testimony. I know we could
20 literally go on. We're past noon by a bit and I wanted to
21 kind of wrap this up by noon, but I just want to thank you
22 all for your work; local, state, federal law enforcement;
23 highways; county commish; housing; Priete, everything that
24 you do, I just want to say thank you very much for what you
25 do. I want to thank you for taking the time this morning

1 because I know you all had a whole bunch other stuff you
2 could've been doing so thank you for your testimony; thank
3 you for what you've done. We've covered a fair amount of
4 ground here today, and the issues are out there. I think
5 where we go from here is going to determine whether we can
6 address the issues here in the Bakken in a way that meets the
7 needs of the people here and meets the needs of the
8 businesses here, and I think that there has been a ton of
9 information put out on the challenges. They are many. We
10 need to remember there is a lot of positive out there too to
11 help - - The Bakken has helped for energy sufficiency for
12 this country, so we are going to take this information back;
13 we're gonna scrutinize it and - - and try to compress and
14 take it back to our colleagues in the Senate and continue to
15 work with the state and local officials along the way to try
16 to get some things done here to solve some of the problems
17 that we've heard about today and there has been a bunch. For
18 the record, this hearing record will remain open for 15 days
19 for any additional comments or questions that you may want to
20 put in the record; and with that, once again, thank all the
21 panelists; thank our last panelists and this hearing is
22 adjourned. (Applause.)

23 (Whereupon, proceedings adjourn at 12:19 p.m.)

24 * * * * *

25 REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I, Lanette A. Young, a Notary Public for the State of Montana and Official Electronic Court Reporter of the State of Montana do hereby certify that the foregoing is a true and accurate transcript of the proceedings by me as taken per digital recording by me at the time and place aforementioned.

IN WITNESS WHEREOF, I have set my hand and seal at Sidney, Montana this 14th day of October, 2014.

Lanette A. Young
~~Lanette A. Young, CERT*D~~
Notary Public for the State of Montana
Residing at Fairview, Montana
My Commission expires 6/23/2016