



# ENERGY & NATURAL RESOURCE COMMUNITIES

PLANNING CONSIDERATIONS FOR LOCAL LEADERS



**WORKFORCE  
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HOUSING & COMMUNITY  
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# ENERGY & NATURAL RESOURCE COMMUNITIES

Energy and natural resource-based communities are generally home to single industries, such as farming or mining, so their fortunes rise and fall with the market value of that resource. Coal, oil, natural gas, and other commodities are susceptible to changes in global markets and other factors—public opinion, regulation, technology, catastrophic events—beyond the control of local leaders.

The boom-bust market cycles which frequently follow energy and natural resource-based industries can leave communities scrambling to keep up with day-to-day business and meeting growth demands during peak production periods, and then lacking resources to maintain what's in place during a downturn. The only certainty for any of these industries is that the future is uncertain.

The best proactive approach energy and natural resource communities can take is to ensure their plans, budgets, and long-range capital asset planning reflect the possibility of change in order to maintain continued service viability and protect residents' quality of life no matter what the future may bring.

By focusing on three community development principles—planning comprehensively, budgeting strategically, and diversifying economically—Utah's energy and natural resource communities can remain viable, resilient, self-determined, and prepared for the future.



*“For decades our community prospered because of the abundant natural resources but I recognize the world is changing. Coal and coal-powered electricity have a limited life. Our economy must diversify if we are to survive.”*

*- Mike Kourianos, mayor of Price, UT*

Building off of previous studies on [Utah Coal](#)<sup>1</sup>, [Uintah Basin Oil](#)<sup>2</sup>, and [Zero-Growth Planning](#)<sup>3</sup> and supplemented with additional research, the Utah Community Development Office has assembled this guide as a one-stop resource to assist energy and natural resource communities in building and maintaining resiliency.

The guide is organized by the three key community development principles:

- PLAN comprehensively
- BUDGET strategically
- DIVERSIFY economically

Community engagement is essential to carrying out these three principles. Informed and engaged citizens are more likely to trust and support community leaders, and their involvement—particularly as volunteers—can help increase local government capacity.

Throughout the guide, the following symbols are used to identify creative, low-cost methods to inspire community engagement, provide specific tools to assist, or share ideas and best practices.

#### LEGEND



Tool



Idea or best practice



Community engagement tip

Beyond holding a public meeting or gathering comments planning, budgeting, and economic development are good opportunities to get residents actively involved in local affairs, foster community champions, and develop future leaders.



# PLAN *comprehensively*

Communities consist of a variety of interconnected activities. Comprehensive community development is the process of considering all these factors. Planning allows for the coordinated development of these activities and is the foundation of a resilient community. Collectively, a general plan, zoning, land use ordinances, code enforcement, and capital improvement planning can all help shape a community for decades to come.

Does your community have a vision for the future? A key factor to stability and resilience is having a long-term perspective. A *vision statement expressed in your general plan* provides clear direction on where to move forward as a community in the future.

How well did your current plans and land use ordinances shape and support growth during the previous boom? A downturn in the economy is an ideal time to *evaluate and update community plans, zoning maps, and land use ordinances* based on past performance.

*Code enforcement* is another tool that can help protect community quality of life, local assets, and help move your community towards its long-term vision.

With an up-to-date *inventory of capital assets*, leaders can better anticipate future repairs and replacement using the *capital improvement planning* process.



## DEVELOP THE NEXT GENERATION

Planning is a great way to involve young adults in leadership roles within your community. Establish a youth or young adult 'council' or 'committee' that provides recommendations to local leaders. Youth councils engage and activate young members of the community in civics and local issues and can help grow future leaders.



## PRIVATE-PUBLIC PARTNERSHIPS

Local leaders can play an active role as liaisons for rural stakeholders engaged in activities with a significant water-energy-air nexus, and help build relationships with these stakeholders to identify needs to expand their business or navigate a complex regulatory environment.


*"... if you don't know where you are, then you don't know where you're going. And if you don't know where you're going, you're probably going wrong."*


*- Terry Prachett, author*








*Comprehensive community development is the ongoing, interconnected set of activities that increase a community's resiliency and quality of life. A vital component is informed and engaged citizens and civic leaders.*


 Consult the [General Plan Writing Guide](#)<sup>4</sup> to create a clear, concise document that articulates your community vision and focuses on priorities and actions within your control.

 Use the [Updating Zoning Maps](#)<sup>5</sup> and [Updating Land Use Ordinances](#)<sup>6</sup> briefs to determine the best approach to upgrading these important community development tools.

 The [Code Enforcement](#)<sup>7</sup> guide outlines steps you can take to support the goals and actions outlined in your general plan and land use ordinances.

 The [Capital Asset Inventory](#)<sup>8</sup> guide outlines the basics of inventoring high-cost assets in your community

 Download the [Capital Asset Inventory Tool](#)<sup>9</sup> to start developing a consolidated list of community assets, document their condition, and outline maintenance and replacement schedules.

 The [Capital Improvement Planning](#)<sup>10</sup> guide lays out a process to help ensure that your community maintains critical infrastructure and services for residents.

### SCENARIO PLANNING

The future is difficult to predict; using simple scenarios allows a community to prepare for multiple potential futures, instead of placing all hopes on one. Anticipate likely impacts to your community during a market “thrive” or “dive” period. Consider impacts such as increases or decreases in population, student enrollment, traffic, accidents, and changing demands for housing, government services, road repair, and skilled labor —then outline a strategy for how the community would respond or adjust in each situation.

### THINK LOCALLY, ACT REGIONALLY

Your community is unlikely the only one in an area affected by energy or natural resource industries. Cities, towns, and counties can undertake joint land use planning in common influence areas, adopt plans designating growth areas, and establish similar development quality and improvement policies. Communities working together have an advantage in seeking federal and state economic and community development funding.

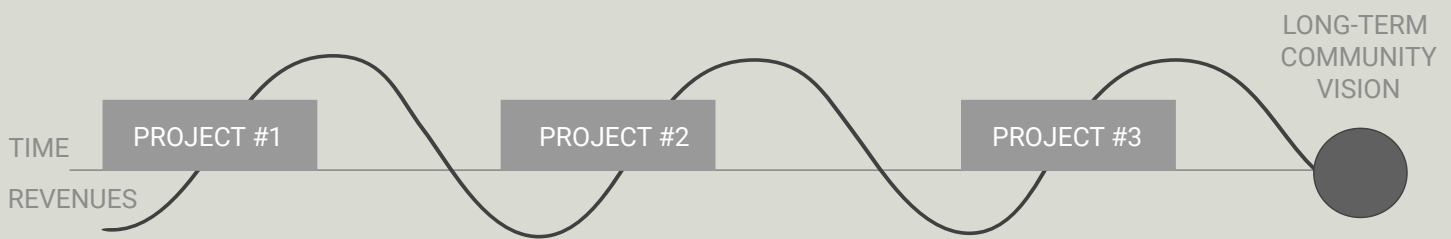


# BUDGET *strategically*

Energy and natural resource communities should exercise caution in maximizing spending and borrowing when revenues are strong. During a market upswing, it can be tempting to implement every project that has public support and meets community goals. The following principles can help you to take incremental, strategic steps towards meeting your long-term vision.

*Patient budgeting* breaks multiple community goals and long-term financial commitments into more short-term projects, which can help protect your budget from major maintenance obligations down the road. Putting projects on hold when revenues start to fall ensures a lasting capacity to maintain and fund past and future projects.

*Base funding decisions on the worst-case scenario.* When obtaining loans or grants for projects, consider when (or if) the asset will be able to pay for itself and if operations and maintenance costs will divert funds from other projects that are planned and possibly more vital.

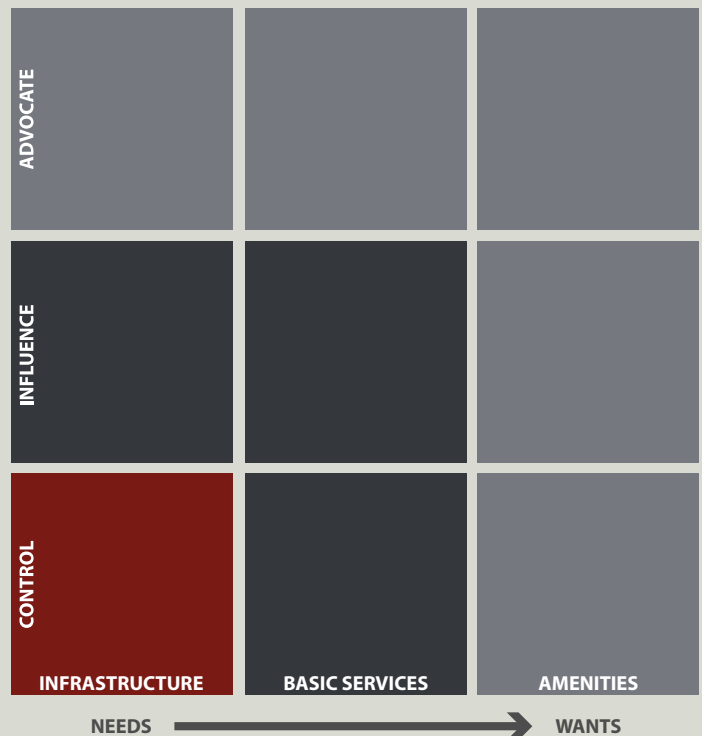


## FISCAL IMPACT ANALYSIS<sup>11</sup>

Adopt a requirement that a fiscal impact analysis be included for all major development project reviews to better understand long-term costs and benefits. A simple four step process includes:

1. Estimate the population growth generated by the development (e.g., number of new residents, pupils, employees).
2. Translate population into public service costs (e.g., roads, schools, emergency services).
3. Project taxes and other revenues generated by growth.
4. Compare development-induced costs to projected revenues. If a gap exists, determine how to address the shortfall.


To implement this requirement, maintain up-to-date information on the costs of government services so it's readily available; provide training for staff, planning and other governing boards, and keep capital improvement plans current with appropriate development projections.





*To assist with the long-term fiscal health of a community, leaders should prioritize essential infrastructure, then basic services, and lastly amenities which can be safely financed into the future. All decisions should be informed by a consistent set of criteria.*





 Consult the [Operations and Maintenance \(O&M\) Costs and Considerations](#)<sup>12</sup> guide to factor in these costs as part of a decision to purchase or build a new asset.

 Capital improvement plans are a key budgeting tool, helping match community needs with expected revenues and other funding to identify what is fiscally feasible.

 The Utah State Auditor’s [Local Government Resource Center](#)<sup>13</sup> provides templates, checklists, and explanatory guides to assist local officials with fiscal management duties.

*Prioritize critical needs first.* Focus finite resources on the actions and projects that local leaders have direct control over and which are essential to the community. Amenities and policies that affect community life are important, yet a lack of control over outcomes would make these a lower priority. Use the chart to the left as a guide to help ensure that essential infrastructure is prioritized.

*Save during the boom, invest during the bust.* High revenue periods are an opportune time to partner with school districts, local businesses, health organizations, and other service providers to collectively determine where and what the community should invest in next.

*“When times are good, that’s when you need to plan and invest in diversification.”*  
- Sam Cobb,  
mayor of Hobbs, NM



### PARTICIPATORY BUDGETING<sup>14</sup>

Participatory budgeting is a process in which community members help decide how to spend part of a public budget. It does not require a new pot of money, just a change in deciding how funds will be used. For example, your community may have a portion of the annual budget earmarked for capital improvements or economic development programs, but exactly what improvements or programs will be funded remains to be decided. Participatory budgeting gives citizens decision-making power over real money and can help boost public engagement, develop residents’ civic skills, knowledge, and attitudes, inspire new leaders, and strengthen relationships between government, organizations, and residents.



# DIVERSIFY *economically*


Comprehensive planning and strategic budgeting provide a solid foundation for economic development. You can broaden the economic base of your community by helping existing businesses expand, investing in the local workforce, fostering entrepreneurship, and supporting innovation and diversity within already strong industries.

*Support existing businesses and workers.* Consider first what you can do to assist the small businesses that are already established and invested in the community. Simple actions include:

- Feature a local business directory on your town’s website
- Organize a small business association
- Host a ‘Buy Local’ campaign

Facilitating access to business coaches, market research, geographic information systems, and social media marketing can help existing small businesses scale up and expand.

Your community can also support job-driven skills development by partnering with colleges or university extension programs to offer specialized technical certificate programs and business development courses.

 **MAPPING ECONOMIC RESILIENCY<sup>15</sup>**

Discover pragmatic, homegrown solutions with an in-person or online **survey** that asks residents, businesses, and other community organizations: “What actions / initiatives / changes will you do (or what do you think should be done) to ensure economic resilience of your business / industry / organization in response to impacts from . . . [insert local issue]?”



*Planning and budgeting are the foundation to economic development. Before spending time and energy trying to attract new industries, look first at how you can retain and expand existing businesses and support entrepreneurs in your community.*

Foster entrepreneurship. Local leaders play an important role in encouraging entrepreneurial activity. You can review current land use ordinances to determine if they are business friendly<sup>16</sup> and adjust them to reduce high-cost barriers to starting up a business, such as allowing mixed-use or conversion of a vacant home to a store.

Help simplify the business start-up process by dedicating a space on your local website that walks new business owners through the steps, with easy access to the forms and points of contacts they will need along the way. Facilitate access to financial capital via investment clubs, revolving loans, or grants.

Low-cost programs like an ‘Entrepreneur of the Year’ award, site visits to new firms, and business plan competitions reward local innovators and help inspire others to make the leap to business ownership.<sup>17</sup> Reach out to your nearest Utah Business Resource Center<sup>18</sup> or local Chamber of Commerce for additional insight and resources.





Discover new technology opportunities for Utah coal in the [Advancing Utah Coal: Technology, Policy, and a Path Forward](#)<sup>19</sup> report.



The Governor’s Office of Economic Development (GOED) offers a number of tax credits and grants to support rural economic development. Details and applications are available online at: [business.utah.gov/rural](http://business.utah.gov/rural).



The Governor’s Office of Energy Development offers several incentive programs that promote business expansion, natural resource development, and investment in alternative energy. Visit: [energy.utah.gov/tax-credits-funding](http://energy.utah.gov/tax-credits-funding).



### ECONOMIC DIVERSIFICATION PLAN<sup>20</sup>

Enlist the help of local businesses and entrepreneurs, civic organizations, and residents to identify and prioritize short and long-term goals, strategies and actions that will diversify and strengthen your community’s economy. The city of **Colstrip, Montana** did exactly that, in six months. There’s no one right plan for every community, but these strategic questions can get you started:

1. What do existing businesses need?
2. What are our community’s strengths and competitive advantages?
3. What market opportunities are untapped?

*Diversify existing energy or agricultural industries.* Promote and develop supply chain industries that support energy extraction or production, or grow businesses in the agricultural support services sector.

Explore payment options or incentives for businesses that maintain the viability of working lands and ecosystem services such as carbon sequestration, watershed function, biodiversity, or landscape preservation.

Technology associated with energy and agriculture is constantly evolving, and therefore communities that already support these industries can stay on the cutting edge of innovation via research and demonstration.

Look for opportunities to pilot and implement full-scale emerging industry alternatives such as conversion of

coal to natural gas, CO<sub>2</sub> capture technology, or turning coal into carbon-fiber composite material.

Use your reputation to attract new energy producers. As part of land use planning, identify specific plots of land that are feasible for alternative energy production so you’re prepared when approached by business owners looking to start a new project. Rural energy co-ops can help keep energy production and revenue in an area while also retaining specially trained workers.

Consider other related, emerging industries that require similar specialized skill sets such as green-collar construction, alternative fuels technology, biomass production, mine-land reclamation, recycling centers, or high value manufacturing.



# CONCLUSION

With planning and budgeting that supports a long-term vision, a more diverse economy, and engaged residents, communities can weather possible changes ahead while protecting their rural character and way of life.

Before implementing the ideas in this guide, communities should complete a process of self-evaluation before deciding on the right set of actions. You can start by asking a few simple questions:

- What are the current environmental, economic, and social conditions of our community?
- How are we connected to other communities in the region?
- What are our community's best assets?
- What are its key challenges?

Developing a fuller awareness of the existing situation will help with strategic planning and decision-making down the road and better enable the community to achieve its long-term vision.



Use the [SWOT Analysis](#)<sup>21</sup> to quickly and effectively identify your community's strengths, weaknesses, opportunities, and threats.



## APPRECIATIVE INQUIRY<sup>22</sup>

Instead of focusing on fixing problems, Appreciative Inquiry is an approach that encourages organizations and communities to ask what has worked, or is working well, and build upon those strengths. The process begins with 'Discovery,' exploring the best of the past and identifying present strengths. From here, you can find common goals and shared values. The key is designing questions that focus on the positive and future possibilities, rather than on solutions to problems.



*"If you can envision it,  
you can plan for it."  
- The Burghard Group, LLC*



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## ADDITIONAL RESOURCES

Reach out to your local Association of Governments for assistance. Every AOG in Utah has a regional planner who helps with community development issues. Regional planners are supported by Utah's Community Development Office and provide technical assistance to communities in various ways. For additional resources and case studies, explore the Story Map of this guide at: [ruralplanning.org/enrc](http://ruralplanning.org/enrc).





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