



Rural Vistas

January 2014

Utah's Rural Economic Development Newsletter



State Senator Ralph Okerlund

“This could have a major impact on job growth in our rural communities.”

In this issue:

Rural Utah Pursues Gas Line Bill,
p. 1

Groundbreaking Coalition Formed in
Eastern Utah, p. 2

Rural Economies Doing Well Overall,
p. 3

Rural Utah Pursues Gas Line Bill

It is often a deal breaker for new manufacturing and business expansion in rural Utah – the high cost of extending a natural gas line from a rural town to an industrial site outside of town. It's a cost that must be shouldered by the company itself, not Questar, and it can cost hundreds of thousands of dollars. To make matters worse, banks typically won't lend money for a gas line installation because a gas line is not an asset that has any collateral value for a bank.

Senator Ralph Okerlund has opened a bill file seeking to address this hindrance to rural economic development. The bill would use one-time funding to create a revolving loan fund (RLF) specifically targeted to natural gas line extensions. It would be available for agricultural and industrial purposes, such as a turkey farm or manufacturing plant.

“This is an issue that rural Utah has been working on for a number of years,” says Irene Hansen, Economic Development Director for Duchesne County. “This could have a major impact on business and job growth in our rural communities.”

As currently proposed, the fund would be managed by the Community Impact Board (CIB), which already has staff and experience in handling a portfolio of business loans through the Utah Small Business Credit Initiative.

The fund could be used for direct loans to businesses, or to provide loan guarantees through private sector banks, which would greatly leverage the number of projects the RLF could support.

“One of the good things about the RLF is that Questar doesn't need to be directly involved on the financial side,” says Emery County Economic Development Director Michael McCandless. “It just makes it possible for a business to go out and get a loan.”

In addition to this legislation, rural efforts are also taking place to reduce the cost of extending lines to communities and residences through private company bidding, and to facilitate the extension of natural gas extensions to rural communities that currently don't have natural gas availability.

Groundbreaking Coalition Formed in Eastern Utah

In the past few months, a groundbreaking multi-county economic development consortium has been formed in eastern Utah, covering a land mass the size of West Virginia, and with ambitions and plans that are every bit as big as the geography it represents.

The Eastern Utah Economic Development Coalition covers the entire eastern side of the state, stretching from Utah's northern border with Wyoming, to its border with Arizona on the south. The participating counties include Daggett, Uintah, Duchesne, Carbon, Emery, Grand, and San Juan. Members include state senators Kevin Van Tassell and David Hinkins, an elected official and the economic development director from each of the participating counties, and Cody Stewart, Governor Herbert's energy advisor.

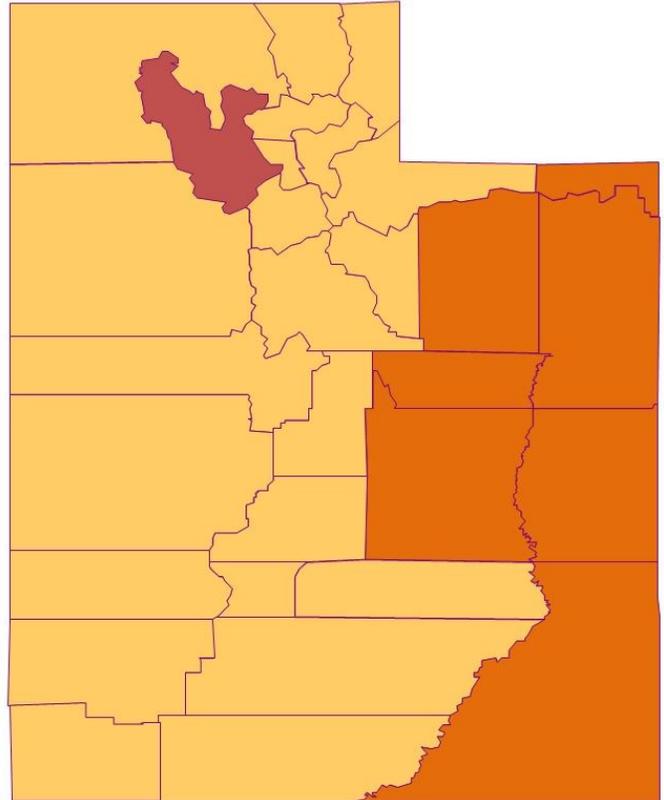
The Coalition hopes to give an entirely new meaning to the old adage, "We're from the government and we're here to help."

Whereas government is typically noted for *creating* red tape, this Coalition believes "local" government can actually help cut through federal red tape, thanks to the long-standing working relationships counties already have with agencies such as the Bureau of Land Management and the US Forest Service. The counties in the coalition are confident they can utilize their federal relationships to expedite permitting and approval processes.

"Many outside companies are apprehensive about working with an agency like the BLM," says Uintah County Economic Development Director Tammie Lucero. "But when the counties have gone to them, the BLM has been very responsive and helped the counties achieve their goals."

With regards to the Coalition, the goals are far-reaching. The Coalition is looking at numerous projects of mutual interest, including such things as road projects to increase tourism, and working together on Congressman Rob Bishop's lands bill to identify public lands worthy of wilderness protection, and to identify those lands that have strategic value for the region's economic development future.

The Coalition's initial focus is on energy and transportation issues – particularly on developing transportation corridors for everything from pipelines to roads to rail.



The first priority is to improve the efficiency of getting Uintah Basin crude oil to railroad loading facilities in Carbon County. The need for this is quickly apparent to anyone traveling on State Highway 191 over Indian Canyon. This steep and winding mountain road was once lightly traveled. Today it is clogged with tanker trucks hauling crude oil to the Helper railroad facility. It is estimated that 20,000 to 30,000 barrels of oil per day are being transported over this road.

To address this problem, the Coalition is exploring options for constructing a pipeline from Duchesne County to Carbon County using existing rights of way. The Coalition is already looking into getting the permits for such a pipeline.

"The goal is to get as much of the permitting and approval work done as possible," says Irene Hansen, Duchesne County's economic development director. "We will then meet with a variety of companies to encourage them to invest in the construction projects."

Companies with money in hand are already expressing interest.

“County governments have relationships with the BLM and Forest Service that private entities don’t have,” says Emery County Economic Development Director Michael McCandless. “So let the counties do the work of getting the permits and deal with NEPA issues in advance. Then the Coalition can go to a company and say, ‘This is what we’ve already got done for you. How about making an investment?’ ”

The Coalition hopes they may be onto something here. Maybe the government really can help.



Rural Economies Doing Well Overall

It is common knowledge that the Utah economy is one of the strongest economies in the nation. But what about rural Utah? Is it also enjoying a strong economic rebound, or is it lagging behind, as it has often done in the past?

The good news is that rural counties, as a whole, have seen the same level of improvement in their unemployment rates over the past year as the state as a whole. In fact, every county in rural Utah has seen at least a one percent improvement in its unemployment rate over the past 12 months, and five rural counties have seen a two percent improvement. The overall state unemployment rate improved by 1.3% over the past year, while the unemployment rate of Utah’s rural counties improved by 1.5% -- slightly better than the state numbers.

The average rural Utah unemployment rate at year end stands at 5.27 percent. This is an average of 22 non-metropolitan Utah counties, as tracked by the Utah Center for Rural Life. While this rural unemployment figure is not as favorable as the state unemployment rate of 4.1%, it is much better than the national unemployment rate of 6.7%. It also reflects a much stronger recovery than rural counties have seen in many past recessions.

The counties of the Uintah Basin lead the way in rural economic strength, and in fact, they helped lead the state out of the great recession as the energy development boom picked up steam after a slight hiccup in 2009. These counties have enjoyed unemployment rates below 4% for a number of months.

Unfortunately, not all the rural economic news is good news. Rural Utah still has a handful of counties that are stuck at, or near, double digit unemployment levels. Even though they have gained some ground over the past year, Garfield at 9.3%, San Juan at 8.8%, and Wayne at 11.3%, still have a long way to go to catch up to the rest of the state. The common denominator for these counties is a strong dependence upon tourism. Grand County, at 6.9% unemployment and another tourism based economy, is the only other Utah county to have an unemployment rate above the nation’s 6.7% average.

With the exceptions noted above, rural Utah counties are doing very well. Not only are they gaining in jobs, many are also becoming more and more economically diverse and not as dependent on a single jobs sector as they were prior to 2000.



The Utah Center for Rural Life

At Southern Utah University

Advocacy, Research, and Leadership for Rural Utah

Wes Curtis, Curtis@suu.edu ; Kathleen McDowell, Mcdowell@suu.edu