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### **3.0 SOCIOECONOMICS**

Construction and operation of the Project will result in both temporary and long-term socioeconomic impacts along the preferred route traversed by the Project. During construction, there will be temporary increases in local population, demand for short-term housing, use of transportation systems, and expenditures in local economies for goods and services. Construction will also result in temporary impacts to agricultural production. Long-term impacts associated with the Project include payment of local property and/or ad valorem taxes and the creation of both permanent and temporary jobs for pipeline operation and maintenance activities.

This section provides a description of the existing socioeconomic conditions in the counties along the Project and an analysis of temporary and long-term impacts on those counties.

#### **3.1 EXISTING SOCIOECONOMIC CONDITIONS**

EPND reviewed 2010 and 2012 U.S. Census Bureau data and estimates, as well as 2013 Minnesota Department of Employment and Economic Development Local Area Unemployment Statistics, to gather information on existing socioeconomic conditions in the eight counties crossed by the Project. Table 3.1-1 presents information on current population levels and density, per capita income, workforce, unemployment rates, and industry in these counties.

Population densities (an indicator of the extent of economic development) in the counties affected by the Project average 22.9 people per square mile. All county-level population densities are lower than the Minnesota average of 66.6 people per square mile, reflecting the rural character of the preferred route.

County population levels within the Project area range from a low of 4,087 persons in Red Lake County to a high of 62,882 persons in Crow Wing County. Populations in five of the eight affected counties along the preferred route have declined from 2010 to 2012, with Aitkin County experiencing the greatest overall loss at 1.7 percent.

Per capita income in 2011 ranged from a low of \$22,408 in Red Lake County to a high of \$25,645 in Crow Wing County. In general, per capita income is lowest in rural counties with low population densities and high unemployment rates, and highest in urban counties with high population densities and low unemployment rates.

The April 2013 unemployment rates in the Project area varied from 5.3 percent in Polk County to 15.2 percent in Clearwater County (compared to a statewide average of 5.4 percent). Seven of the eight counties crossed by the Project have higher unemployment rates than the statewide average.

Employment in the Project area is concentrated in the following areas: education health and social services; retail trade; manufacturing; arts, entertainment, recreation, and

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accommodation and food services; and construction industries. Education, health, and social service; retail trade; and manufacturing are the top employment industries in the counties crossed by the preferred route.

In general, the preferred route avoids population centers and residential areas. Five municipalities are located within approximately 1 mile of the preferred route and no municipal boundaries will be crossed by the preferred route (see Table 3.1-2). Most of the cities within 1 mile of the preferred route have populations of less than 3,000 persons. The largest community is the City of Crookston in Polk County, with a population of 7,891 persons.

Table 3.1-1 Existing Socioeconomic Conditions in the Sandpiper Pipeline Project Area						
State/ County	Population Estimate <sup>a</sup>	Population Density (people per sq. mile) <sup>a</sup>	Per Capita Income <sup>a</sup>	Civilian Labor Force <sup>b</sup>	Unemployment Rate (percent) <sup>b</sup>	2007-2011 Major Employment Industries <sup>a</sup>
Minnesota	5,379,139	66.6	\$30,310	2,978,412	5.4	Educational, health, and social services; Manufacturing; Retail trade
Polk	31,416	16.0	\$24,274	18,244	5.3	Educational, health, and social services; Retail trade; Manufacturing
Red Lake	4,087	9.5	\$22,408	2,537	9.0	Educational, health, and social services; Manufacturing; Wholesale Trade
Clearwater	8,703	8.7	\$21,466	4,263	15.2	Educational, health, and social services; Retail trade
Hubbard	20,347	22.1	\$24,869	9,117	8.9	Educational, health, and social services; Retail trade; Manufacturing
Cass	28,357	14.1	\$24,772	13,744	9.6	Educational, health, and social services; Arts, entertainment, and recreation, and accommodation and food services; Retail trade
Crow Wing	62,882	62.6	\$25,645	32,287	7.6	Educational, health, and social services; Retail trade; Arts, entertainment, and recreation, and accommodation and food services; Manufacturing
Aitkin	15,927	8.9	\$24,694	7,095	8.4	Educational, health, and social services; Arts, entertainment, and recreation, and accommodation and food services; Retail trade; Wholesale trade; Construction



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Carlton	35,348	41.1	\$24,808	17,811	6.6	Educational, health, and social services; Manufacturing; Arts, entertainment, and recreation, and accommodation and food services; Retail trade
<sup>a</sup> U.S. Census Bureau, <a href="http://quickfacts.census.gov">http://quickfacts.census.gov</a> , 2012 (estimated population); 2010 (population density); 2007-2011 (per capita income 2011 USD)						
<sup>b</sup> Minnesota Department of Employment and Economic Development, LAUS Data, April 2013 <a href="http://www.deed.state.mn.us">www.deed.state.mn.us</a>						

Table 3.1-2 Municipalities within One Mile of the Sandpiper Pipeline Project		
County/Municipality	Approximate Milepost	Population (2010) <sup>a</sup>
Polk		
Crookston	318.0	7,891
Clearwater		
Clearbrook	375.0	510
Bagley	386.0	1,392
Aitkin		
Palisade	533.5	2,692
McGregor	546.0	391
<sup>a</sup> U.S. Census Bureau, <a href="http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml">http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml</a>		

## 3.2 GENERAL CONSTRUCTION AND OPERATION IMPACTS AND MITIGATION

### 3.2.1 Construction Schedule and Workforce

Construction of the Project is scheduled to occur over approximately 14-16 months, beginning in the fourth quarter 2014, with an in-service date in the first quarter of 2016. Using the Regional Input-Output Modeling System<sup>5</sup> as developed and maintained by the United States Department of Commerce, Bureau of Economic Analysis, EPND estimates that approximately 17,315 person-years<sup>6</sup> of temporary construction jobs will be created for the duration of construction. EPND, through its construction contractors and subcontractors, will attempt to hire local workers where the local workforce possesses the required skills. Construction personnel hired from outside the Project area will augment the local workforce and consist of supervisors, environmental inspectors, and highly skilled mechanical, electrical, and instrumentation/control tradesmen. Non-local workers will relocate to the Project area for the duration of construction. Workers generally will be dispersed along the length of the construction right-of-way rather than concentrating at a single work site.

Local workers will commute from their residences to Project work sites on a daily basis. Non-local workers will reside in the vicinity of the Project for short periods and will not typically be accompanied by family members. As a result, incremental demand from non-local workers for public services will be small.

<sup>5</sup> <http://www.bea.gov/regional/rims/>

<sup>6</sup> Person-years is the equivalent of one-person working full-time for one year.

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Local communities will benefit from monies paid to construction workers, both local and non-local, throughout the construction period. Workers will spend a portion of their earnings locally, thereby providing significant revenues to local communities. Both local and non-local workers will use hospitality services such as restaurants, grocery stores, and gasoline stations. Non-local workers will require temporary housing in addition to hospitality services. Additionally, construction contractors and subcontractors may purchase materials from local vendors, and lease land and equipment for temporary field offices and material storage areas. Operation of the Project will likely require EPND to hire additional full-time permanent employees.

Local communities will also benefit from periodic employment created by pipeline operation and maintenance activities. Workers for these activities may be local or non-local. Similar to the construction period, communities will benefit from the monies spent by temporary workers on local hospitality services and temporary housing. Additionally, construction contractors or EPND employees may purchase materials from local vendors.

### **3.2.2 Housing**

Short-term impacts on housing may result from workers seeking housing near the construction spreads. These impacts are not expected to be significant. EPND does not expect that construction crews will encounter difficulties finding temporary housing in the Project area. Local workers will commute from their residences. Non-local workers will use hotels, motels, and apartments or bring their own mobile housing units (such as travel trailers or campers) and stay at local campgrounds. Demands for temporary housing within local communities will be minimal because workers generally will be dispersed along the length of the preferred route. Rental rates are not expected to rise significantly as a result of the Project, as the construction timeline is relatively short and workers will be distributed across construction spreads.

### **3.2.3 Transportation**

Short-term impacts on local transportation systems may result from construction of the pipeline across roads and railroads, movement of construction equipment and material to work areas, and daily commuting of the construction workforce to work sites. These impacts are not expected to be significant.

Appendix B and Table 4.3.6-1 list the roads that will be crossed by the preferred route. EPND typically will construct the pipeline across paved roadways and railroads using road-boring equipment. This equipment installs the pipeline beneath the road without closing it, thereby avoiding disruptions to vehicular or railcar movement and physical impacts on road/railroad beds. Unpaved roadways will typically be crossed by boring or by using the open-cut method. The latter method will temporarily disrupt road traffic as the pipe trench is excavated across the roadway. To minimize traffic delays at open-cut crossings, EPND will establish traffic detours before excavating the roadbed. If no reasonable detours are

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feasible, at least one traffic lane of the road will be maintained, except for brief periods when road closure is essential to install the pipeline. EPND will minimize the duration of open-cut crossings and, in most cases, complete these road crossings in one day or less. EPND will notify local residents prior to road closures. Additionally, EPND will attempt to avoid closing roads during peak traffic hours.

To maintain safe conditions, EPND will direct its construction contractors to adhere to local weight restrictions and limitations for its construction vehicles, and to remove soil that is left on the road surface by the crossing of construction equipment. In addition, when it is necessary for construction equipment to move across paved roads, mats or other appropriate measures will be used to prevent damage to the road surface.

EPND anticipates that up to up to 8 truckloads of pipe segments per mile for 24-inch pipe and up to 14 truckloads of pipe segments per mile for 30-inch pipe per mile of pipeline will need to be transported over area roads to deliver the pipe along the preferred route. Truck traffic associated with transporting this pipe, as well as other construction-related travel associated with the Project, may increase the workload of local authorities to assist with traffic control. In addition, local authorities may need to assist with short-term detours at pipeline road crossings or delays in traffic flow from large, slow-moving vehicles. EPND does not anticipate that these Project-related demands on local authorities will be significant.

The movement of construction personnel, equipment, and materials from contractor and pipe storage yards to the construction work area will result in additional short-term impacts on the local transportation system. Traffic will remain fairly consistent throughout the construction period, and will typically peak during early morning and evening hours. EPND anticipates that road congestion will increase during these peak hours but will not significantly disrupt the normal flow of traffic in the Project area.

Incremental road congestion could be caused by construction workers commuting to and from work sites on a daily basis; however, due to the generally rural location of the Project, notable increases in rush hour traffic are not anticipated. Furthermore, because pipeline construction is generally scheduled to take full advantage of daylight hours, most workers will commute during off-peak hours (i.e., early morning and evening). In addition, construction workers typically will leave their personal vehicles at contractor yards and participate in ride shares to work sites with other workers; this will help reduce road congestion in the vicinity of work sites. EPND may bus contractors from yards and other central locations to minimize the number of personal vehicles accessing the right-of-way.

### **3.2.4 Loss of Agricultural and Timber Production**

Construction of the Project will affect approximately 1,761 acres of agricultural land, including hayfields and pasture (see Section 4.3.2). Landowners will be compensated for agriculture-related losses according to agreements negotiated between each landowner

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and EPND. Long-term effects on crop yields are not expected because EPND will use construction and restoration techniques designed to protect or restore soil productivity. These techniques are described in EPND's Agricultural Protection Plan ("APP") (see Appendix C).

Construction also will result in the removal of approximately 1,946 acres of mature trees, saplings and shrubs within the construction right-of-way (see Section 4.3.1). Merchantable timber will be salvaged and sold if possible, unless otherwise agreed to with the landowner. If a commercial buyer cannot be found, the timber may be considered non-merchantable and disposed of by mowing, chipping, grinding, and/or hauling offsite to an approved disposal facility. Burning of non-merchantable wood may be allowed only where the contractor has acquired all applicable permits and approvals (e.g., agency and landowner) and in accordance with all federal, state, and local regulations. No burning will be allowed in wetlands.

### **3.2.5 Tax Revenues**

Long-term economic benefits associated with operation of the pipeline will include increased tax revenues at the state and county level in the form of property and/or ad valorem taxes. EPND estimates it could pay as much as approximately \$24.9 million in additional annual property taxes in Minnesota beginning in 2016, subject to assessments by local government units.