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Gary W. Malamud

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*To Judy*

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# BOOMTOWN COMMUNITIES

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I define the term "environmental design" as an art larger than architecture, more comprehensive than planning, more sensitive than engineering. An art pragmatic, one that preempts traditional concerns. The practice of this art is intimately connected with man's ability to function, to bring visual order to his surroundings, to enhance and embellish the territory he occupies.

Richard P. Dober  
*Environmental Design*

## Series Editor's Foreword

Gary Malamud has chosen to tackle a difficult subject—the rapid, unexpected, and often unplanned development that accompanies growth in previously underdeveloped areas. Using a historical perspective, Malamud suggests that such growth will continue to appear in certain countries and regions, stimulated by potential economic gain, exploitive or otherwise. By applying workable planning techniques, however, Malamud expects that the problems associated with such boomtowns can be ameliorated. *Ameliorated* is carefully chosen. It means to make better or more tolerable—a logical goal for environmental designers addressing seemingly intractable problems under boomtown conditions, usually with little governmental structures, policies, or guidelines. In these situations, *Boomtown Communities* is a reference book that can help practitioners and clients, as well as those with a general interest in boomtowns.

RICHARD P. DOBER, AICP

# Preface

Rapid population growth in communities of all sizes takes place for a variety of reasons, such as the opening or closing of a military base, the start of a new resort, or a government decision to create a new community for military security or for other reasons. The best-known cause, however, is the opening up of new energy exploitation or mining projects in remote areas. Whatever the reasons may be, all these causes create a sudden change in the region's economic, social, political, and financial structures that can overwhelm the ability of the community leaders, planners, and residents to successfully deal with it.

Changes of this kind create the "boomtown syndrome," a volatile mix of problems as varied as the structures in the affected community. The town cannot obtain funds fast enough for construction of new housing, health care, educational and recreational infrastructure, and for professionals required to staff these services. The town takes on an unattractive appearance. Value conflicts break out between preboom and boom residents, and all the affected town's citizens suffer a variety of emotional and social problems.

Rapid population growth and the setting up of new communities have bedeviled urban planners for centuries. Unfortunately, the world population crisis makes the problem even more acute today than ever before, and planners in national, regional, and local government are often no better equipped to deal with the "syndrome" than those of years past.

This study makes clear the fact that urban planning alone cannot overcome the boomtown syndrome. Planners have a major role to play, as do lawyers, politicians, economists, sociologists, social workers, psychologists, psychiatrists, and representatives of whatever industry is causing the disruption to the particular town. Coordinated planning and execution of boom-related activities by these professionals, along with the proper flow of funds, enable the town's public sector to expand as its private sector grows rapidly. All this is necessary to reduce the uncertainty that makes intelligent planning all but impossible. Few radical alternatives to current professional practice are given in this book; however, literature relating to each of these fields is discussed and evaluated.

My involvement in this field began with my choice of an M.B.A. thesis at New York University. One of my instructors, Dr. Thomas Gladwin, professor of management and international business, was, at the time, director of the Energy-Environment Conflict Project at New York University. He and a number of students were investigating ways in which antagonism developed between environmentalist

opponents of energy projects and the industry-wide supporters of energy development, and studying methods to reduce this conflict.

At the National Conference on the Management of Energy Conflict in May 1980, Dr. Gladwin covered a number of methods used to manage this type of conflict: public involvement, environmental impact evaluation, siting mechanisms, environmental regulation, permitting procedures, and conflict management procedures. Among the questions raised by Dr. Gladwin concerning siting mechanisms was to what extent are boomtown problems (e.g., social disruption, inadequacy of public services, shortages of private goods and services, inflation, revenue shortfalls, resource losses to other uses, aesthetic deterioration, and fundamental change) associated with energy facility development? How can the growth management capabilities of small rural communities be enhanced in order to better cope with these problems?

My M.B.A. thesis dealt with both questions, but basically as they concerned energy development as a cause. The thesis covered existing theories of boomtown growth, and surveyed literature covering boomtown growth in Scotland and the Rocky Mountains. It discussed current compensation and facility siting procedures in the United States and overseas, and covered various theories for improving them. It evaluated current taxing and disbursement systems affecting boomtown finances. The thesis also discussed approaches to government and industry planning in the United States and Britain, mentioned innovations in national, regional, and state planning, and in growth management at the local level. Several innovations by industry were also discussed. Based on these approaches, the thesis developed the boomtown's solution model discussed at greater length at the end of this book.

This expansion of a thesis into a book intends to offer a historical perspective of rapid population growth; to show that this growth affects not only tiny communities but also huge cities; to cover the wide variety of causes of the boomtown syndrome; to show that the problems involved

are worldwide; and to integrate various professions in their solution.

*Boomtown Communities* does indeed cover all these topics, and goes on further to answer the questions raised at the May 1980 conference. While boomtown problems are heavily related to energy facility development, this is by no means the only cause. It is very difficult, especially for financial reasons, to enhance the growth management abilities of small towns without getting industry and other levels of government involved. Even the planners serving the world's largest cities cannot deal with the problem independently.

I wish to thank several people for their assistance. Dr. Thomas Gladwin of New York University first gave me the idea of examining boomtown growth, and assisted me with countless articles from the university's Conflict Project dealing with aspects of the problem I could never have addressed through library research alone. I also want to acknowledge the contributions of a former classmate, Rhoda Gaufin, whose work on growth management in the West produced a number of contacts whose information has also added valuable material to my own research. A former professional colleague, Jason Makansi, helped me obtain very useful information about new-town planning during construction of the Tennessee Valley Authority's dam projects in the South. For this insight, I'd also like to thank Jesse Mills, chief librarian for TVA. I wish to thank as well the large number of town organizations, especially in South Africa, who provided me with information about communities about which I would never have otherwise been aware: Richards Bay, Secunda, Lichtenburg, Sasolburg, Saldanha Bay, and Pilgrim's Rest. The Canadian and Australian Consulates also gave me information about similarly obscure towns in their countries.

Finally, and most of all, I want to thank my wife, Judy, for her patience and support, without which this book may never have been written.

GARY W. MALAMUD



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# 1

## Introduction to the Boomtown Syndrome

Among the authors studying the social, physical and financial impacts of energy development are Finsterbusch (1980), Bates (1978), Little (1977), O'Hare and Sanderson (1977), Lee (1980), and Vander Muelen and Paananen (1977). By far the most frequently cited and thorough boomtown theory research is that of Gilmore (1976), who shows the integration of financial, psychological and political problems in the boomtown syndrome. This book weaves these diverse fields of study together to show common patterns that develop in boomtowns.

### **SOCIAL EFFECTS OF ENERGY DEVELOPMENT ON IMPACTED TOWNS**

There is little doubt of the chief cause of boomtown formation today. Most energy development and nonenergy construction activities (e.g., dams) occur in sparsely populated areas, such as the Rocky Mountains, northern Scotland, and western Australia. Little (1977, 402) succinctly defines the chief boomtown syndrome occurrence:

Besides increased economic activity, the most distinguishing characteristic of boomtowns is an accelerated population growth . . . [which] in turn leads to a breakdown in municipal services. . . . Planning lags behind needs, and control of the community seems to rest with forces outside the immediate environments.

*Gilmore remarks that the typical boomtown suffered from declining population before the boom, from a lack of nearby metropolitan areas, and from residents' inability to adjust to rapid change. As a town's population increases 10 percent a year, "severe institutional malfunctioning has already begun or is about to begin" (Little, 1977, 402). Gilmore and other writers consider an impacted community a boomtown if it experiences a population growth rate exceeding 15 percent annually. Actual boomtown populations can often double or triple over that time.*

Unable to shelter new workers in permanent dwellings, a boomtown has to put them in temporary

dwelling such as trailers and mobile homes. The absence of lawns, trees, and paved streets makes the trailer camps eyesores on an otherwise empty landscape.

It is not only the number of new residents that add difficulty. The newcomers often come from large cities in other parts of the country, and have values much different from those of the long-time residents. The problems faced are the same for Easterners settling in rural Wyoming as for English workers settling in northern Scotland. The newcomers and permanent residents both feel alienated and wary of each other's intentions.

Few detailed studies of the boomtown syndrome's sociological and psychological elements exist. (For one such study see the Alberta Oil Sands Environmental Research Program's excellent 1980 report of Fort McMurray, Alberta.) Little suggests that the social impacts of boomtowns are so elusive that only trained social workers ever detect them, and then, only a sizable time interval after the new population arrives. For this reason, behavioral scientists know very little about the social problems in towns forced through boom and bust periods by energy development.

Little mentions five problems that trained workers must observe. The most significant of these is the residents' mental health. Husbands work long, stressful days often including weekends. Wives may spend boring days trapped in trailers, with few jobs or recreational opportunities available. Children play on unpaved streets, and the aged often cannot deal with the more rapid tempo of life or with rapid change. Crowded conditions of newcomers often produces family conflict, depression, child neglect, alcoholism, drug, venereal disease, attempted suicide, and truancy problems that overwhelm a town's limited resources.

Value conflicts break out between long-time residents and newcomers who know they will be staying only a short time. Both in places like the Rocky Mountains and in rural Scotland, long-time residents form a homogeneous group, having rural, religious upbringings, and traditional moralities favoring the political and social status quo. Since the towns' fading preboom economies have forced most younger people out,

preboom towns tend to have populations above the normal average age. Newcomers, however, come young and old, liberal and conservative. Nearly all are anxious to see new schools, playgrounds, and social centers that most long-time residents don't want or need. If the old-timers think these changes will only benefit the new workers, who won't be paying taxes on their upkeep in future years, they will not only resent the newcomers but will also resist paying their share of the upkeep. It is no wonder that the two groups so often dislike each other.

Both personal and institutional interaction patterns change among the old-timers.

*Friends who disagree on the merits of energy developments, or on the means for overcoming the resultant local problems may become enemies. . . . Many individuals who have nothing in common prior to the boom may develop strong friendships. . . . It becomes difficult to participate in a bridge or literary club if past friendships with members of the group have vanished. (Little, 1977, 410-412)*

An energy project itself often forges new interest groups among both long-time residents and newcomers who are either for or against development, changing many people's political loyalties in the process.

A final problem is that long-time residents often cannot accept the uncertainty caused by change, while newcomers can't accept the uncertainty their own transience causes and feel little identity with the town. Boomtowns have high crime rates typical of communities with transient populations. Once the townspeople find strangers in their midst, informal, social controls break down, and the town must use more bureaucratic, impersonal ways of dealing with local problems. As the population diversifies, old-timers know fewer of their neighbors. Traditional community roles (e.g., mayor, police chief) often are redefined, replaced, or eliminated while new positions are created. As a boomtown becomes more modern and urbanized, the residents face the choice of adapting to change, keeping the status quo, denying the inevitability of change, or getting out.

These five factors discussed by Little are somewhat similar to Finsterbusch's belief that population growth,

psychological and social problems, intergroup conflict, and institutional adaptations are four of the six boomtown problems. He elaborates on the boom's effects on the town's elderly, who, he claims, see their lifestyle crumbling—they often approve a project before the work starts, then become hostile to it once the work has begun. He also points out that the proximity of many Western boomtowns to highly conservative Mormon and Indian communities is particularly troublesome. Finsterbusch also provides data relating to the extent of differences among old-timers and newcomers about their long-term regard for the town.

### THE BOOM'S IMPACT ON THE TOWN'S PHYSICAL RESOURCES

Boomtown theorists unanimously identify the strain on available infrastructure—schools, hospitals, housing, water, sewage, recreation—as the most publicized impact. There simply is not enough of any of these to accommodate the hordes of newcomers who are accustomed to taking these services for granted, and existing services break down.

Housing is the most visible physical resource put under severe strain. This book will show, in boomtown after boomtown, that incoming construction workers and their families must settle for trailers or mobile homes, or for anything serving as a roof over their heads. Local property owners have been known to rent out barns and other normally nonhuman dwellings to newcomers. Ironically, these workers are there to put up new housing, but they must make do, too. The housing squeeze creates jerry-built, unsightly trailer parks and campgrounds, blighting the landscape. One Scottish town even tried to use old steamships to shelter temporary workers, but even this proved to be inadequate. The shortage of permanent housing inevitably sends prices of existing dwellings skyrocketing, further adding to newcomers' woes.

Other public services become scarce. The unwillingness of many professionals to move to an unsophisticated, isolated area creates shortages in

medical, legal, and social service personnel, at the exact moment that the new residents demand such services.

Public education also feels the squeeze. Since many incoming construction workers are apt to have young families, the present school system becomes swamped with new students. Often a student's records do not even arrive from the previous school until after the student has departed. School staffs often have to work double or even triple sessions, and to hold classes in trailers, mobile classrooms, or even in nearby shopping centers.

Other public infrastructure and services suffer the strain, too. The water supply, electricity, sewage removal, road, public transportation and telephone systems all become woefully inadequate. The main problem, to be addressed more fully later on, is the difficulty of accurately predicting the levels of infrastructure and services the town's new population will need. And the future population is hard to estimate. Moreover, local officials are afraid of having an infrastructure glut after the boom if they overbuild. This, of course, saddles the residents who remain, many, if not most, of whom are voters, with huge payments for empty schools and idle hospitals.

Scarcities in boomtowns aren't limited to capital resources such as power plants and schools. Retailers can't supply the town's swollen population with consumer goods. Inflation strikes the consumer products and housing markets with equal harshness. The town's overall cost of living soars, hurting the many retirees among the preboom residents and adding to the value conflicts already discussed. The only long-time residents sure to benefit are property owners and retailers, who gain from scarcity until the demand for scarce goods brings in outside competitors. Not all retailers benefit equally. Finsterbusch remarked that many of them, accustomed to a slow-paced, personal business style, cannot adjust to the more hectic, profit-minded approach of the boomtown economy and close down.

In nearly all boomtowns, far more businesses suffer than benefit for a very simple reason: Neither large

industries (e.g., tourism, ranching, farming, logging) nor small businesses can offer their skilled workers a salary or wage even remotely competitive with the pay that cash-rich energy developers can provide. Workers desert their employers in droves to join the energy hunt, forcing more enterprises into the red or out of business.

In general, the overall public service sector lags behind the energy-related private sector. In a normal market system, the supply of housing, infrastructure, public services, and consumer goods eventually rises to meet the demand. Boomtowns, however, are such short-lived phenomena that a great deal of planning and growth management are inevitably required to provide an adequate quality of life. Both of these, however, require resources far beyond the capabilities of all but a lucky handful of boomtowns.

## **FINANCIAL ASPECTS OF THE BOOMTOWN SYNDROME**

The preboom town's financial structure is often as precarious as its physical infrastructure and the boom overwhelms them both. Residents wonder where they will get the money to build new schools, hospitals, roads, and houses. Unaccustomed to coordination with the state, most towns traditionally rely on local taxes to supply development funds. Most residents prefer to live in a jurisdiction in which some industry is already operating (out of sight, if possible). The industry will then supply much of the tax base without physically disfiguring the town itself.

Towns soon to be hit by energy projects face a far grimmer situation. The industry there cannot supply tax revenue until the project begins to operate. The infrastructure buildup, however, is needed before operation begins, during construction of the mine or energy plant. Thus the classic "front-end financing" problem so common to boomtowns: how to get the money when the town needs it most. This book will refer time and again to this problem, the solution to which is critical to solving the overall boomtown syndrome.

"Front-end financing" is not the only financial problem for the boomtown. Energy development projects are often miles away from the affected towns, outside the towns' jurisdiction. Unless political boundaries are changed (an unlikely event) or a new revenue-sharing scheme takes shape (a very necessary event), the energy firm will not provide the town with a penny of badly needed tax revenue. Yet the boomtown is expected to shoulder the entire load of caring for all the new workers!

Unless the new industry pays taxes directly to the newly inundated town, the community has to raise property taxes to meet soaring payroll costs. These tax hikes tend to fall on the old-time residents, for most local tax codes do not assess mobile homes in the same category as permanent homes. The construction workers in their trailers end up paying far lower property taxes, but benefit far more from the energy boom, than their long-time resident neighbors, adding even more to local resentment of the new arrivals. Finally, such a town cannot raise capital funds by issuing long-term bonds or by bank borrowing, since neither lender can be sure of the pace of industrial development enabling the borrower to repay the loan.

Solving these financial problems becomes part of the need for intergovernmental planning. All levels of government must, with industry's cooperation, make the disbursement of impact aid a far more timely and efficient procedure than it generally is now.

## **THE BOOM'S IMPACT ON LOCAL POLITICAL STRUCTURES**

Most local officials in small, isolated rural towns know, or need to know, very little about the outside world. One can imagine their despair, therefore, when a major resource boom suddenly confronts them. Gilmore has graphically described their plight:

The local elected officials and a good deal of the public have already experienced the four common phases of attitude toward this boom development. The first phase was enthusiasm, with anticipation of economic growth satisfying a classic ambition of a small, declining country town: keeping the young folks at home.

The second phase was uncertainty, particularly among the elected officials, as to what the demands for public services to meet the growth might be. The third phase was near panic over the gap between prospective revenues and prospective expenditures, coupled with the realization that [the town] and its school district have nowhere near the bonding capacity to build the facilities needed to accommodate the growth. Finally, there evolves a problem-solving attitude as the officials and the public start trying to understand what the problems are and how to find help for them. The more information that is available on prospective change, the sooner the fourth phase comes.

Upon realizing that they had neither the knowledge nor the resources to deal with the town's problems, decision-makers . . . first turned to the state and federal governments for help. The response was unsatisfactory, so money grants from the industry generating the growth were sought. This led to competition and confusion among town, school district, and county, all the different governmental agencies seeking support. This created uncertainty among the firms, which wondered what the priorities should be and who should set them.

The local officials are ambivalent about land use planning and zoning. Their ranching and landowning constituents are strongly opposed to any intervention with their sole control of their property. State planning legislation is weak. Many of the local leaders in government, business, and banking are wishfully doubtful about the continuity of [the] boom.

All are bewildered by the varied new parties-at-interest to community development and decision-making. They include mining companies, land speculators, the *New York Times* correspondent from Denver, consultants and researchers who may not even identify their clients, and numerous state and federal agencies whose existing programs do not quite fit the local needs. (Gilmore, 1976, 536)

Local governments must, therefore, learn to plan, zone, negotiate with industry, evaluate different people's needs for compensation, fight for special state laws and for state and federal aid, work out new local tax codes, and revamp their infrastructure and services. Local professionals must learn to work with new types of people. The local business structure either has to adjust to the newcomers or face insolvency. Presently, however, political difficulties prevent the imposition of higher taxes, while "parochialism" prevents the development of growth management ideas. The entire local power and service structure faces a huge task in dealing with boom conditions.

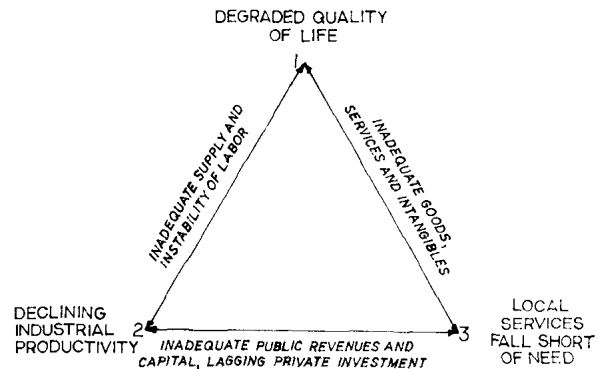
## THE GILMORE BOOMTOWN MODEL

Gilmore's research offers perhaps the most coherent, thorough example of boomtown theory. Gilmore offered this explanation of the boomtown's plight in the Problem Triangle shown in Figure 1.1.

As population grows at boom rates, existing local services fall short of need. Schools, classrooms, retailing inventories, housing, and the number of physicians in the community do not grow as rapidly as the number of people increases. Many people's recreational requirements are not satisfied by the available opportunities. The quality of life in the community is degraded.

As a result, it is difficult to attract people to this isolated community which has no substantial indigenous labor force to service the economic growth. There is apt to be an inadequate supply of labor, which is unstable and dissatisfied at best. Workers and their families do not want to stay in the community and some of those who do stay are pirated back and forth among employers. Industrial employee turnover rates and absenteeism go up rapidly. It is difficult to attract and retain a satisfactory work force, whether it is a work force for building and operating a power plant or gasification plant, for operating a restaurant, or for maintaining the county's roads and bridges. Industrial productivity and profits drop.

Because of declining productivity, or at least the absence of expected increases in productivity and profits, there is less money coming in to support public sector activities. In addition, social malaise or chaos causes private investors to be skeptical and unwilling to invest in commercial facilities, housing, or the other private sector needs. Insurance companies even stop writing



**Figure 1.1**  
Gilmore's Problem Triangle (Gilmore, 1976).



casualty coverage in the boomtowns. Thus the situation is back where it started in the problem triangle, with local services and facilities finding it even harder to keep up with increasing population and demand. (Gilmore, 1976, 536)

Gilmore's boomtown model includes the local services (public) and the basic (private) sectors. They are in equilibrium before the boom. The community's residents determine the extent to which they are willing to pay for local services and, therefore, the quality of those services.

When the energy boom suddenly begins to pump vast sums of money into the basic service sector, the town's population must increase in order to fill the new jobs and the local service sector must expand as rapidly to keep the town's quality of life intact.

Gilmore, (1976, 538) offers these four techniques to help bring the public sector more rapidly into balance with the private sector, which together make up local growth management:

1. Balancing investment between the two sectors, involving the town and the energy firm setting up an investment strategy
2. "Affecting resource use and conservation" by zoning and other growth management techniques

3. "Developing the (local) labor force" by affirmative action and training programs to reduce the need for outside labor
4. "Accommodating and retaining" the old-timers, requiring an adequate quality of life, and having more comprehensive social service and adult education programs

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