



## Q & A: TARGET LOGISTICS

By Cathryn Sprynczynatyk, Editor

Image courtesy of Target Logistics Bear Paw Lodge, Williston

Based in The Woodlands, Texas, Target Logistics operates 12 properties in North Dakota with approximately 4,000 beds. The company's housing throughout North America supports oil and gas mining operations, government agencies, disaster relief and large-scale events. Troy Schrenk, senior vice president of business development, gave an update on Target Logistics' operations in North Dakota.



Troy Schrenk, Senior Vice President of Business Development, Target Logistics

**Q: What's new for Target Logistics?**

A: The newest and probably most exciting news is the recent merger-acquisition with Algeco Scotsman, which occurred in February 2013. Secondly is the move into Canada — a new market for us. We're in the early stages of that market entry, currently building a base of operations in western Canada where we're hiring key personnel.

**Q: From the perspective of Target Logistics, what is the biggest bottleneck in the Bakken?**

A: I would say, similar to Canada, it's the labor market. Skilled-labor that can be locally sourced — that's probably one of the biggest bottlenecks, one of the biggest challenges. In addition to that is the infrastructure. I think a lot of people will cite that as a major bottleneck for the Bakken. When you look at the infrastructure from a takeaway perspective, it clearly lacks that. As the play develops and matures, you'll see that infrastructure is already starting to take shape, be it through rail or new pipeline projects.

I think that's the low-hanging fruit. I think people oftentimes overlook the people

factor. Given the very low unemployment, it's a very competitive environment for the job market, for the labor market. What I mean by competitive is that obviously companies are competing against one another for that skilled-labor pool, which is very limited.

That's where, from a Target perspective, we provide a solution to those customers, to those companies that are having difficulty recruiting skilled labor necessary to perform their projects. Probably just as important is the ability to retain those key employees, that skilled labor. We do that through turnkey accommodations and hospitality





and life support in a program that we call the "economics of comfort."

The economics of comfort ... is driving better recruitment, higher retention, increased worker safety, increased worker morale and ultimately a much more productive employee for the customer, for the company. The obvious question is, "How do you do that?" We get asked all the time, "What do you do? What problem are you solving? Are you solving the housing problem, the housing crisis? That is a fact that we do provide housing, but we really see that as a vehicle to solve a greater problem, which is a people problem, a people challenge. It's ... the recruitment, the retention, the issues with productivity, some of the social issues that may exist in an oil patch related to extra-curricular activities outside of the job.

When you look at the model that we provide, and you're looking at the services — including no alcohol, no firearms, no cohabitation with a full amenity package that includes full fitness, full wellness, full recreation centers, full entertainment — the importance of keeping these employees connected to family, friends and coworkers is critical to their morale. It's critical to their productivity for the work that they're going to perform the next day. How do we

keep them connected? We offer Wi-Fi throughout the entire facility and in their private bedrooms. That's used for Skyping, for video conferencing, for (Voice over Internet Protocol), for telephone calls. That's a critical piece. We don't charge them for that. It's not an up-charge; it's part of the turnkey services that we offer.

For our customer, obviously the key resource is the employee. We know not only in our own research with our customers but with an expert, Christopher Wanjek, the author of "Food at Work," that the economics of comfort is directly correlated with better worker productivity, a safer workforce and a workforce frankly that's more inclined to stay with an employer than leave and go somewhere else just for \$1 more per hour. ... Our value proposition is very compelling. We've seen the results from our customers. That's really our key differentiator from the "man campers" who are simply providing a housing option.

**Q: How is Target Logistics fostering responsible development?**

A: In North Dakota, where we have 12 lodge locations throughout North Dakota and almost 4,000 total beds under our ownership and control, we've made a dedicated effort to take the strain off of the

local infrastructure — specifically water, sewer, power. In Tioga, for example, as part of the master plan for that facility, we developed a fully self-contained wastewater treatment facility where we can treat our own black water and turn that into gray water that could be then remarketed as hydraulic fracturing water or sold on the open market for frac water. That's one example in terms of our dedication and our commitment to social development and responsibility.

By design, modular building or modular construction is temporary in nature. While we do require some underground improvements, when we need to remobilize and redeploy those buildings outside of North Dakota, for example, we will fully reclaim those sites, and they will be left in as good or better condition than we found them. If we choose to — and in most cases we would — most of that infrastructure is left behind as legacy infrastructure that could be utilized for a city or the county for different mixed-use or multi-use projects. You have all that underground — all the power, all the water, all the sewer — and it's legacy infrastructure to be left behind for the next owner, be it the city or the county.

We have metered faucets in all of our suites. A metered faucet is a pushdown faucet that's on a timer. The resident can't waste gallons and gallons of water per day. We also have a low-flush toilet with a dedicated effort to conserve water. We have a full recycling program in place. It's pretty

straightforward in terms of papers, plastics and aluminums. We make a concerted effort to recycle.

I think the big impact really is on the development side — when you look at the return back to the environment back to the community and how you treat the land as a steward of that land during the development phase. I don't think anyone does it better than Target Logistics. (No one) has done it better in North Dakota. I think what makes it unique for us is that we actually own and control the real property, the land. We obviously have a vested interest in that asset, but we also know that it's important to be good stewards of the community in which we operate.

**Q: What's next for Target Logistics in the Williston Basin?**

A: We've had tremendous success in the Williston Basin, really since 2009, and have built a very strong base of operations and a pretty substantial footprint. We intend to maintain a strong position in the Bakken and expand where opportunities exist. The rapid growth that you saw in 2010 and 2011 is likely to not occur, but we're poised and ready in the event that it does ramp back up. We think that the market in the Williston Basin that has reached a point from a supply-and-demand perspective — a pretty good equilibrium. We do see some opportunities on the infrastructure side. As the infrastructure projects come online, we'll fill that need. That'll give us an opportunity, we think, to expand in certain areas. ■