

## 2015 Annual Comprehensive Economic Development Strategy (CEDS) And Progress Report

**Grantee:** Beartooth RC&D Area, Inc.

**Project Number:** 05-83-05307-01

**Period covered by the report:** Jan. 1, 2015 – Dec. 31, 2015

**Adjustments:** No significant adjustments were made to the strategy during this period; the Board structure, mission, and service coverage remain unchanged. The only change we made was a slight one in the Board membership through a change in by-laws. The previous membership was based upon a specific number of at-large members, but that was changed to allow us to expand the Board to better reflect the makeup of the region, especially in terms of adding private sector Board members. Also, during the transition period in the Economic Development Director position, the Board saw the need for a strategic planning effort. We have begun that process and it will likely cause adjustments to the mission and minor adjustments to program activities in 2016.

Since graduating from the NRCS-guided organizational model that Beartooth operated under until the middle of 2011, we continue to seek opportunities to further increase and diversify revenue sources in order to ensure a sustainable future and the ability to expand staffing levels as new programs to benefit the service area are identified.

Through participating in the BillingsWorks Master Plan to address the state of the workforce in the Billings area, we have become more aware of the low unemployment rates and the challenges associated with a shortage of skilled workers. During 2015 a full-time workforce coordinator was hired for the Billings area and as a result we will be seeing new initiatives to address workforce-related issues, including training and better alignment with employer needs. One of the areas that we believe will be important in 2016 is to garner a better understanding of workforce housing needs. State-wide, we are seeing an upswing in efforts to attract workers, especially former residents and alumni, but there is a lack of desirable housing throughout the region. We intend to take steps to identify strategies to address this problem, especially stepping up efforts in the area of housing initiatives. Existing housing assessments do not always address the type of housing needed for the type of workers that an area is hoping to recruit, and this has often been an obstacle in housing development. We acknowledge that there are programs in place to assist homeowners, especially low to moderate income individuals and families, with the purchase of a home, but we seem to be lacking in the area of getting the homes built. This is particularly challenging for workforce housing. The underlying issue seems to lie in the ability of a community or county to attract a developer willing to invest in the housing market, while keeping the homes affordable for workers who provide essential services to a community. We will strive to work with counties and municipalities, developers and realtors so they can work together to identify specific needs and possible solutions to this increasing challenge.

Announced in December 2014, construction of a 120-turbine wind farm is continuing in Carbon County. The \$550 million Mud Springs Wind Ranch located 12 miles southeast of Bridger is one of

the biggest wind projects in Montana and is expected to take several years to complete. In 2015, the company constructed roads through a portion of the project to facilitate build-out. Overall the region's economy is feeling the effects of a decrease in oil prices, causing less activity in the Baaken and as stated earlier, a decrease in mineral prices is having a negative effect in Stillwater and surrounding counties. However, our downtown economies are still doing better with an increase in new businesses and the value-added agriculture sector throughout the region is seeing a significant increase in activity.

One area of concern for our region and two of the surrounding regions are uncertainties in the coal industry. As a result of this concern, we have partnered with nine other entities to form a Coal County Coalition and have made applications to fund a coal impact study that is designed to evaluate the economic impact of the coal industry in Montana, analyze workforce skills, and develop economic development and workforce development strategies to address the changes in the industry so as to minimize negative outcomes of pending changes. We feel that this effort has to be proactive instead of reactive, as is so often the case. As of the end of 2015, we have secured half of the funding for this study and have made an application for the balance.

We continue to be involved in many exciting projects throughout the region and 2015 marked a large increase in the number of Revolving Loan Fund applications. It has been a good year for the local economic development and chambers of commerce located within the region as well and Beartooth partnered with these agencies as often as possible to further strengthen those relationships and to further leverage available resources to ensure success for their jurisdictions.

## **Board/CEDS Committee List: EDD BOARD MEMBERSHIP ROSTER**

*Updated 12/31/15*

### **1. GOVERNMENT REPRESENTATIVES (51-65%)**

*Elected officials and/or employees of a general purpose unit of state, local or Indian tribal government who have been appointed to represent the government.*

Name	Government	Position
Page Dringman	City of Big Timber	City Planner/Appointed by Big Timber City Council
Robert Faw	Sweet Grass County	County Commissioner
Dick Rath	Sweet Grass Cons. Dist.	Forester, Sweet Grass Cons. Dist. Board Employee
Al Swanson	City of Billings	City Councilmember
Dan Lowe	Big Horn Cons. Dist.	Board Member-elected County position
Jim Reno	Yellowstone County	County Commissioner
Gerald Dell	Stillwater County	County Commissioner
Yolanda Good Voice	Crow (Apsaalooke) Nation	RLF Manager-Appointed as employee of Crow Nation
Marissa Hauge	Stillwater County	Economic Dev. Coord.-employee of Stillwater County
John Pulasky	Yellowstone Conservation District	Board Member-elected County position
Mike Creeden	Carbon Conservation District	Board Member-elected County position
Doug Tucker	Carbon County	County Commissioner
Bill Foisy	City of Red Lodge	City Councilmember

Clayton Greer	City of Hardin	City Councilmember
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**2. NON-GOVERNMENT REPRESENTATIVES (35-49%)**

**A. Private Sector Representatives:** *Any senior management official or executive holding a key decision-making position, with respect to any for-profit enterprise. (At least one required)*

Name	Company / Enterprise	Position
Royce Njos	Bank of Red Lodge	Asst. Vice President
Sidney Fitzpatrick	Apsalooke Construction	Owner
John Beaudry	Stillwater Mining Company	Public Affairs Manager/Appointed by CEO
Bob Van Oosten	Van Oosten Ranch	Owner/Operator
Bob Carr	Elation, Inc.	Assistant to the Founders
Clinton Giesick	Bank of Bridger	Loan Officer/Appointed by President
Holly Higgins	First Interstate Bank of Hardin	Branch Manager

**B. Stakeholder Organization Representatives:** *Executive directors of chambers of commerce, or representatives of institutions of post-secondary education, workforce development groups or labor groups. (At least one required)*

Name	Organization	Position
Lisa Skriner	MSU-Billings College of Tech.	Project Manager – College of Technology
Ryan Van Ballegooyen	Billings Job Service	Region 4 Director
Jeffery McDowell	Hardin Chamber of Commerce /Two Rivers Authority	Past President / Executive Director

**3. AT LARGE REPRESENTATIVES:** *Interested individuals qualified to provide input on behalf of their respective communities.*

Name	Company / Enterprise	Position
Charles Egan	City of Columbus	Appointed Representative for City of Columbus
Marvin Carter	City of Laurel	Appointed Representative for City of Laurel
Steve Arveschoug	Big Sky EDA	Executive Director

**CALCULATIONS**

	<u>Number</u>	<u>Percent</u>
1. Government Representatives (51-65%)	<u>14</u>	<u>52%</u>
2. Non- Government Representatives (35-49%)	<u>10</u>	<u>37%</u>
A. Private Sector Representatives (at least 1)	<u>7</u>	
B. Stakeholder Organization Representatives (at least 1)	<u>3</u>	
3. At Large Representatives	<u>3</u>	<u>11%</u>
<b>Total Board Membership</b>	<b>27</b>	<b>100%</b>

# EDD STRATEGY COMMITTEE ROSTER

*Updated 12/31/15*

NOTE: This committee structure has been utilized by the organization since 1997 as a subset of the Board of Directors to discuss important issues and provide a representative perspective of the regional economy.

## 1. PRIVATE SECTOR REPRESENTATIVES *(At least 51%)*

*Any senior management official or executive holding a key decision-making position, with respect to any for-profit enterprise.*

Name	Company	Position
Bob Carr	Elation, Inc.	Assistant to the Founders
Monte Koch	Opportunity Bank	Branch President
Ken Gomer	LARC Citizen's Committee	Community Organizer
Holly Higgins	First Interstate Bank	Branch Manager
Royce Njos	Bank of Red Lodge	Assistant Vice President
Bob Van Oosten	Van Oosten Ranch	Owner/Operator

## 2. REPRESENTATIVES OF OTHER ECONOMIC INTERESTS *(No more than 49%)*

*Persons who provide additional representation of the main economic interests of the region. These may include, but are not limited to: public officials, community leaders, and representatives of workforce development boards, institutions of higher education, minority and labor groups, and private individuals.*

Name	Area of Interest	Position
Steve Arveschoug	BSEDA-Yellowstone County ED	Executive Director
Marissa Hauge	Stillwater County ED	Economic Development Director
Lisa Skriner	Higher Education/Job Training	Project Director-MSU Billings COT
Jeffery McDowell	Economic Development	Executive Director
Yolanda Good Voice	Native American Business	Apsaalooke Nation RLF Manager

### CALCULATIONS

	<u>Number</u>	<u>Percent</u>
Private Sector Representatives (at least 51%)	<u>6</u>	<u>54%</u>
Representatives of Other Economic Interests (no more than 49%)	<u>5</u>	<u>46%</u>
<b>Total Committee Membership</b>	<b><u>11</u></b>	<b><u>100%</u></b>

### Staff:

Beartooth RC&D / Economic Development District is a 40-plus year old organization professionally staffed through funding provided by our local communities, counties, Conservation Districts, Montana Department of Agriculture, Montana Department of Commerce, and the US Dept. of Commerce EDA. By virtue of our time in business we provide excellent stability, continuity and capacity to the communities we serve. Our current staff includes 3 full time and 2 part time positions.

Joel Bertolino, hired in October, 2007, is the Ag Program Manager and assists with the Economic Development District. He spent 7 years with USDA Farm Services Agency administering a variety of price support, and emergency disaster programs as well as 6 years with Carbon County Historical Society as a Historic Preservation Officer. Joel also holds a B.A. in Political Science/Public Administration from Montana State University – Bozeman and has spent his life assisting with the family cattle ranch north of Red Lodge, MT which he now helps operate.

Jillann Knutson serves the organization as the Revolving Loan Fund Manager and Bookkeeper providing financial assistance to small businesses and staff support to our Revolving Loan Committee. She began working for Beartooth RC&D in June of 2006 as the administrative assistant, and was promoted to her current position in September of 2009. Jillann has several years of administrative experience. She is a graduate from Rocky Mountain College with a B.Sc. in Business Administration.

Earl Atwood joined the staff as an Office Manager in October of 2011. Originally from Wyoming, Earl moved to Fishtail, Montana in 2009 after retiring from Wyoming State Government. Earl's background is in tax and technology administration, including telecommunications management. Earl provides assistance with Board correspondence and planning our regular meeting schedule as well as managing special projects and initiatives for the team as needed.

Dick Rath is a retired Forest Service Fuels Behavior Specialist and manages our fuels reduction program. Dick has extensive experience working with local governments, emergency responders, and local citizens to plan and implement wildfire and hazard mitigation activities. We also have obtained grant funding sufficient to provide three local staff positions in partnership with local fire departments.

Sue Taylor was hired to replace Luke Walawander as the Economic Development Director and began employment on July 8, 2015. She has 10 years of experience in community and economic development through positions held in Wyoming, Wisconsin and previous work in Montana. She brings experience in providing small business support, CEDS planning and research, and nonprofit management. Sue is the lead staff person for both the EDA program and the Certified Regional Development program.

## **Report:**

In the section below, we outline our specific scope of work items for 2015 as well as the level to which each objective was achieved. The attached excel spreadsheet titled "2015 Project Spread-Year End" provides a summary of our project activity for 2015 and is intended to be used as a reference to this report.

**Scope of Work and Implementation Methodology FY 2015** – The following outlined list of action items is derived from our CEDS Goals and Objectives, which are listed with each action item section.

**I. Maintain Eligibility with EDA.**

- a. Supply the EDA with timely information on plant and large business closures and the number of employees affected.

**ACCOMPLISHMENTS ACHIEVED:** One business in Carbon County, Timberweld, closed during the past year, although at the time of closure the number of FTE was 15, at its peak the company employed up to 45. The owners are attempting to sell the building and equipment, but both are dated and may not be able to generate the funds necessary to pay off outstanding debt. During August of 2015 Stillwater Mine experienced layoffs of 119 workers, largely due to declining mineral prices where it became more costly to extract the platinum and palladium than the market could support. Also, early in the year the Corette Power Plant in Billings was mothballed and then later demolished. The plant began operation in 1968 and at the time of closure had 35 full-time employees.

**QUANTIFY DELIVERABLES:** Stillwater Mine hosted a job fair within two weeks of the layoff notices and several workers were able to secure work, but the majority chose not to actively seek employment immediately after the layoffs. The Corette Plant operators (PPL) worked with employees on a transition plan.

**DIFFICULTIES ENCOUNTERED:** As with any sparsely populated area, the impact to suppliers and secondary jobs dependent on the closed business is felt as a ripple effect, especially with the mining jobs averaging \$80,000 per year in wages and benefits.

- b. Submit semi-annual and year-end financial reports as required.

**ACCOMPLISHMENTS ACHIEVED:** We a submitted timely semi-annual SF-425 document, and anticipate submitting a timely year-end SF-425 document.

**QUANTIFY DELIVERABLES:** Final SF-425 document is to be submitted by January 31, 2015.

**DIFFICULTIES ENCOUNTERED:** None

- c. Submit combined annual CEDS & progress report by December 31, 2015.

**ACCOMPLISHMENTS ACHIEVED:** Beartooth RC&D submitted annual CEDS and progress report on January 8, 2016.

**QUANTIFY DELIVERABLES:** Final annual CEDS and progress report was submitted on January 8, 2016.

**DIFFICULTIES ENCOUNTERED:** Final Annual CEDS Progress Report was submitted eight days late due to Economic Development Director's first time submitting report and staff out of office during holiday season.

- d. Strengthen and enhance the district's ability to provide programs and services on a regional basis which augment local community efforts through coordination, facilitation and education in the following areas:

- Revolving Loan Fund
- Montana Certified Regional Development Corporation
- Montana Food and Ag Center / MT Co-op Development
- Public Facility Enhancement
- Hazardous Fuels Reduction
- Montana Main Street Program

- Business Expansion and Retention (BEAR) Program
- Business Planning/Technical Assistance (with SBDC)

**ACCOMPLISHMENTS ACHIEVED:** Beartooth RC&D staff continues to be active regionally in all of these programs that have been established over time to fulfill the expectations of our member communities and Board members while maintaining eligibility for economic development program participation. Generally we have been successful in all areas as evidenced by the numbers and examples of projects listed in our individual scope of work items below as well as the attached spreadsheet. We are actively serving on committees and assisting with projects of our partner organizations including: Big Sky EDA, Stillwater County Economic Development Committee, Crow Economic Development, Billings BEAR Team, Beartooth Rural BEAR Team, Montana Economic Developers Working Groups (RLF, Resource Assessment, and Infrastructure Call to Action), Custer-Gallatin Forest Working Group, and BillingsWorks Workforce Council.

**QUANTIFY DELIVERABLES:** This scope of work item is listed to reflect the various state and federal programs, as well as committees and boards, we successfully participate in, thus the results are brief and refer to our continued eligibility, while the actual projects are referenced below in individual scope of work items.

**DIFFICULTIES ENCOUNTERED:** None

- e. Continue to promote regional communication and awareness of economic development-related issues through bi-monthly Board of Directors meetings, press releases, regular updates of our website and Facebook page, board/community reports, success stories, etc.

**ACCOMPLISHMENTS ACHIEVED:** Beartooth RC&D utilizes a variety of ways to deliver information throughout the District. We continue to host bi-monthly Board of Directors meetings, wherein, each staff member is asked to deliver project updates, as well as success stories, and each board member provides an update from their respective organization and community. Many times these Board member updates result in a new project. Beartooth RC&D staff members also routinely provide updates at other community and board meetings. Our website and Facebook page are updated as needed, but not as often as they should be updated.

**QUANTIFY DELIVERABLES:** This scope of work line item is listed to reflect the various ways that Beartooth RC&D staff promotes communication and awareness of economic development related issues throughout the District. These results are a part of our on-going delivery of services.

**DIFFICULTIES ENCOUNTERED:** The former Economic Development Director, Luke Walawander, launched a Facebook page for the organization, but it has not been updated on a regular basis since he left. We will be addressing this as well as taking a look at a website update in the first part of 2016.

## **II. Provide and support business planning and recruitment efforts through our RLF & a high quality technical assistance program. (CEDS Goal II, Objective 1)**

- a. Provide business technical assistance to *fifteen* clients for business, strategic, and financial planning.

**ACCOMPLISHMENTS ACHIEVED:** *44 clients* received business technical assistance for business, strategic, and financial planning. These numbers do not include food and ag clients who are listed elsewhere in the report.

**2014 Clients who received additional service during 2015:** As is most generally the case, many of our clients received assistance beyond the 2014 calendar year: Weave Management Group, GTUIT, LLC, Promise Holdings, LLC, Elation, Inc., Billings Chamber of Commerce, Red Lodge Area Community Foundation, BillingsWorks Workforce Council, Fishtail General Store, Southeastern Montana Geotourism, Sweet Grass County Resource Team Assessment, Many Arrows CDC, Stillwater County's Economic Development Department (multiple projects), City of Hardin's Planning Department, Big Sky EDA (multiple projects), Crow Tribe Economic Development Department (2 projects), Stillwater Gym, Quilt Lodge, Feeling Special, and Kids Club.

**2015 New Clients:** One Montana, Null Church, Book Store Co-op group, InnerCircle, Laurel Aquatic Recreation Complex, Coal Country Coalition, Tin Sign Highway, The Pub at Billings Central Catholic High School, Salon 212, and Big Sky EDA Targeted Economic Development District. We also assisted ten businesses with financial planning projects as an extension of our RLF program and five businesses through the Rural BEAR program.

**QUANTIFY DELIVERABLES:** Several projects included in the previous years' report wrapped up activity and expended the balance of their grant funding. These included: Fishtail General Store, BillingsWorks Workforce Council, Billings Chamber of Commerce, Red Lodge Area Community Foundation (Old Roosevelt School), and Weave Management Group. GTUIT, LLC has not yet expended their grant from 2014 and will spill over into 2016 activity. We are pleased to report that as a result of the completion of the BillingsWorks Master Plan document, Big Sky Economic Development was able to justify hiring a full-time workforce coordinator who is actively pursuing the goals and addressing challenges identified in the plan. Beartooth also entered into a joint project with Big Sky EDA to work towards the possible creation of a Targeted Economic Development District being proposed for the Lockwood neighborhood east of Billings, allowing for planned industrial space, which is currently lacking in the greater Billings area. A grant from the Big Sky Economic Development Trust Fund in the amount of \$26,250 was secured to assist with this project, with the balance of the \$100,000 funding package provided by a \$50,000 CDBG grant and the remaining amount from private investment. A \$6,000 grant was secured for One Montana in order to assist with the creation of a business prospectus for a multi-species meat processing plant, and a \$50,000 grant from Big Sky Economic Development Trust Fund was secured in order to provide half of the funding for a Coal Impact Study targeting three Economic Development Districts in Montana. Collectively, Beartooth RC&D received \$82,250 in Big Sky Trust Fund planning grants in 2015, which is a decrease from previous years and largely due to a transition in the economic development director position.

**DIFFICULTIES ENCOUNTERED:** The Old Roosevelt School project tended to drag out a bit over the original timeline, largely due to the number of vested groups involved in the project. Also, a change in staffing accounted for a little less activity than in previous years.

- b. Continue partnerships with the local Small Business Development Center (SBDC), the MT Dept. of Commerce, local ED specialists, the BEAR program, Job Service personnel, and local institutions of higher education to provide assistance to businesses and provide access to these important programs.

**ACCOMPLISHMENTS ACHIEVED:** Partnerships and agreements with our co-service providers are active and very successful. We continue to maintain a very high level of respect and professionalism among our partner agencies, organizations, institutions, etc. and rank this quality as one of our highest priorities.

**QUANTIFY DELIVERABLES:** This scope of work item is listed to reflect the various local partnerships we successfully participate in, thus the results are brief and refer to our continued relationships, while quantifiable projects are referenced elsewhere in individual scope of work items. We continue to be an affective intermediary for Montana Department of Commerce and Montana Department of Agriculture programs, whereby, connecting small businesses with grant and loan products. We are widely utilized in this intermediary role to bridge private business with the local Small Business Development Center, as well as other local economic development specialists within the region, Job Service, and the BEAR program.

**DIFFICULTIES ENCOUNTERED:** None

- c. Provide assistance that would lead to funding from the RLF to *two* new or existing businesses. EDD staff will promote and market the RLF while making technical assistance visits and providing planning assistance to business clients. Expand the RLF by marketing its services to and cooperating with commercial bankers throughout the region.

**ACCOMPLISHMENTS ACHIEVED:** 2015 was a banner year for the RLF with six new businesses receiving funding from our Revolving Loan Fund and one business approved for additional funding. Additionally, two loans were paid off and three were turned back after receiving approval. Only one loan was declined by the review committee. Two loans were paid off in full, one loan was written off due to the business ceasing operations, and one loan was refinanced for an interest rate reduction. During the course of the year, the loan committee met 8 out of 12 months, which is twice as often as a typical year and we saw an increase in the number of referrals from banking partners throughout the region.

**QUANTIFY DELIVERABLES:** Start-up business, Montana Chiropractic Health secured a \$17,000 loan for the purchase of equipment; State Cinema in Sweet Grass County purchased an existing business and was loaned \$40,000 for the purchase; Petal Pushers borrowed \$40,000 to purchase a building they had been leasing; Keystone Mortgage borrowed \$25,000 for a building purchase; Big Timber Pizza was approved for a \$67,000 loan to purchase a building and equipment; Touch of Class Catering borrowed \$25,000 for operating capital and equipment; and Y Stop in Roberts was approved for an increase to their initial loan in the amount of \$7,800 for equipment upgrades. Overall, the number of approved loans was up from previous years, but the loan amounts were lower. Three loans were approved by the committee, but turned back by the business: Big Blue Sky Gallery decided not to make some of the building improvements they had originally planned so their need for funding was eliminated; Columbus RV Park was not able to secure the balance of funding needed for their project; and Base Camp Bar & Casino in Columbus decided not to purchase the building they had planned to due to the results of a building inspection which revealed several costly improvements that would have been necessary. Fireline was able to pay off their loan by selling excess equipment and Cottonwood Cinema was purchased by State Cinema and used proceeds from the sale to pay off their loan with Beartooth.

**DIFFICULTIES ENCOUNTERED:** Sweet Grass Dairy closed its doors and left an outstanding loan balance of \$30,000. We may still recover those funds due to a second mortgage on the primary residence, but that may not be settled for some time.

- d. Continue assistance to the local economic development partners to recruit and develop businesses that want to locate in our region.

**ACCOMPLISHMENTS ACHIEVED:** We responded to leads from three of our partnering agencies and provided initial assistance in the form of program information. As of the date of this report, those leads have not yet led to the relocation of a business to the region. We were also in contact with a business, Gazelle Oil Field Services, who is relocating from Casper, Wyoming to Billings. We may be further involved with them during 2016 in the area of workforce training, but they did not require specific assistance in 2015. The biggest source of activity in this area is in connection with the Revolving Loan Fund in terms of developing businesses within the region. Specifics on those clients can be found in other parts of the report.

**QUANTIFY DELIVERABLES:** There are no quantifiable deliverables to report related to this activity.

**DIFFICULTIES ENCOUNTERED:** In the case of Gazelle's there was a minor difficulty in terms of timing. They had a need to make several upgrades to their building, including a fire suppression system, but could not wait for a potential grant to offset a portion of the costs for design work.

### III. Support the development/creation of value-added industries. (CEDS Goal II, Objective 3)

- a. Support the development of *one* new renewable energy project.

**ACCOMPLISHMENTS ACHIEVED:** We are still assisting in supporting the development of one new renewable energy project in Carbon County, but our involvement during 2015 was minimal. The company constructed roads and dealt with environmental issues during the bulk of the year and they hope to be moving forward with the project in 2016. As stated in the 2014 update, this wind resource project has the potential to have significant long-term value for the economic development of Carbon County, as a commercial-scale wind farm is a multi-million dollar project employing many local contractors for project development and maintenance. In addition, this specific project has the potential to financially benefit a number of local ranchers and farmers, which in turn will add to the tax base of Carbon County and Montana. Everpower is the developer for this project. This project was a benefactor of a USDA-RD RBEG grant in 2009.

**QUANTIFY DELIVERABLES:** Although we didn't assist or support any new projects in the past year, the wind monitoring station near Warren, MT has led to a sizeable development opportunity, which is mentioned in the previous paragraph.

**DIFFICULTIES ENCOUNTERED:** The landscape for developing wind, solar, and other small projects has changed significantly in the last several years. The realities of connecting to and metering power on a complex electrical grid system are much more difficult than once thought. Montana's power systems are much more generative than consumptive, resulting in overloaded systems that export a majority of the energy out of the state. In addition the reduction in prices and continued development of oil and natural gas resources lessens the viability of renewable energy projects. An additional factor that is causing delays to the Warren project is the concern over the potential impact to the sage grouse population.

- b. Serve agriculture-related businesses, and value-added processing opportunities for locally grown crops, as one of Montana's four Food and Ag Centers. Assist *five* businesses/producers with value-added ag project planning and development. Work to ensure that this program is well-reported and understood so that it is refunded by the State of Montana.

**ACCOMPLISHMENTS ACHIEVED:** Our Food and Ag Center program is a vital part of Beartooth's service offerings and program manager, Joel Bertolino is also a working rancher allowing him valuable insight into the opportunities and challenges facing this segment of clients. We assisted 23 agriculture projects during the year.

**2014 Clients who received additional service during 2015:** Colt James Signature Beef, Becky's Berries; Rocky Fork Food Hub, Yellowstone Boys and Girls Ranch, Yellowstone Valley Farm, and Powder River Meat.

**2015 New Clients:** Yellowstone River Farms, Agribest Feeds, North 40 Ag, C&K Meats, Red Lodge Ales, Miller/Coors, Story Mill, Henigman Greenhouse, White Deer Ranch, Wholesome Foods Farm, Timber Bar, Red Rooster Kitchen, High Plains Brewery, Mary Anna Espeland, Cream of the West, Lazy SR Ranch, and Androlia Family Ranch

**QUANTIFY DELIVERABLES:** C&K Meats was the recipient of a \$50,000 Growth through Ag (GTA) grant for business expansion, Story Mill received an \$8,000 GTA grant for start-up phase activities, and Rocky Fork Food Hub received a \$13,000 USDA grant to create a marketing plan. The other clients listed above received a variety of business planning, technical assistance planning and financial planning services.

**DIFFICULTIES ENCOUNTERED:** Beartooth worked with Miller/Coors, NRCS in three counties (Yellowstone, Big Horn and Carbon), and the corresponding conservation districts in making application for a NRCS Regional Conservation Partnership Program to develop conservation best management practices on irrigated malt barley farms in all three counties to assess which practices conserve energy, soil and/or water and therefore promote Regional Agricultural Sustainability. The initial proposal was not selected, but the group was invited to resubmit in 2016, which they are likely to do and we will assist with their application.

- c. Continue working with potential companies to locate a bio-diesel or coal to liquids plant in the region.

**ACCOMPLISHMENTS ACHIEVED:** Other than the ongoing project with GTUIT, LLC we did not have an opportunity to work with any bio-diesel or coal to liquids companies in 2015 and this is no longer a state-wide priority so we have not actively pursued projects that fall into this area.

**QUANTIFY DELIVERABLES:** We do not have any quantifiable deliverables in this area for 2015.

**DIFFICULTIES ENCOUNTERED:** This has become a lower priority, lower activity area than in previous years.

- d. Assist *two* businesses with cooperative business development, marketing, etc.

**ACCOMPLISHMENTS ACHIEVED:** During 2015, we continued work with the Rocky Fork Food Hub and started initial work with a potential bookstore co-op based in Billings. We also fielded exploratory calls from a group of producers in Yellowstone

County who have an interest in a local foods co-op for producers, bringing the total number of cooperative business development clients to three.

**QUANTIFY DELIVERABLES:** There were no new cooperative development projects which had quantifiable deliverables for 2015. Becky's Berries and Rocky Fork Food Hub received USDA-RBEG grants for \$16,000 and \$13,743, respectively.

**DIFFICULTIES ENCOUNTERED:** None.

**IV. Provide community and economic development planning and facilitation. (CEDS Goal II, Objective 1; CEDS Goal III, Objective 6)**

- a. Provide technical assistance that would lead to funding for *three* clients engaging in planning activities such as feasibility studies, building expansion, and industrial growth.

**ACCOMPLISHMENTS ACHIEVED:** During 2015, we worked with the following clients who engaged in planning or pre-planning activities: Lockwood TEDD (Big Sky Economic Development); Coal County Coalition (multiple partners); City of Hardin Planning Department; and Laurel Aquatic Recreation Complex. We also continued to actively work with projects that were initiated in previous years: Old Roosevelt (Red Lodge Area Community Foundation); Montana Cowboy Hall of Fame; Many Arrows CDC, Billings Area Chamber of Commerce; and BillingsWorks Workforce Council. Our total number of active clients during 2015 totaled *nine*.

**QUANTIFY DELIVERABLES:** The TEDD project is leveraging funding in the amount of \$26,250 from the Big Sky Trust Fund, \$50,000 from CDBG, and \$25,000 in private investment in order to prepare planning and feasibility documents in order for the Yellowstone County Commissioners to determine the suitability and viability of a TEDD. A contractor has been hired to complete the scope of work for the TEDD and contract documents are ready for signature as of December 31<sup>st</sup>. The Coal Country Coalition has thus far secured a commitment of \$50,000 in funding from Big Sky Trust Fund with another \$50,000 pending approval from EDA. The City of Hardin was successful in securing CDBG funding for a feasibility study, but turned the funding back due to the building being sold and put to other use. Laurel Aquatic Recreation Complex is not yet ready to make an application for a feasibility study, but has plans to do so in the first half of 2016, once they have secured matching dollars for their project. The Old Roosevelt School project was able to deliver the final feasibility report in December. The BillingsWorks Master Plan and Billings Area Chamber of Commerce Convention Center Feasibility Study were both delivered in the first half of 2015 and the MT Cowboy Hall of Fame project was able to wrap up their most recent planning phase during 2015.

**DIFFICULTIES ENCOUNTERED:** The Coal Country Coalition partners have struggled to secure funding due to two applications being tabled. One by EDA – lack of secured match at the time of review, and one by the Montana Coal Board – lack of available funding versus the number of applications considered during the fourth quarter. Neither application was denied, but the timing of each prevented us from being able to launch this project in 2015. We have since made a short-term planning grant application from EDA and are awaiting review and possible approval. The Aquatic Center group had been hesitant to leverage public funding, but has since decided that it would be beneficial to engage the services of a professional to assist with a feasibility study to lend further credibility and viability to the project.

- b. Continue providing facilitation assistance to community projects through services offered such as project coordination, community organizing, and work as a liaison; Assist *two* community-based planning projects.

**ACCOMPLISHMENTS ACHIEVED:** During 2015, we assisted with *four* community-based planning projects including: the Custer-Gallatin Working Group in a role of project coordination and facilitation; Bridging Cultures Committee as an organizer; and the Little Big Horn Rest Area project as a liaison. In addition to these multi-year projects, we assisted Stillwater County with two branding workshops which will enable them to become more targeted in their marketing efforts and make more efficient use of available dollars for marketing and recruitment activities.

**QUANTIFY DELIVERABLES:** The nature of these projects does not generally allow for quantifiable deliverables, but we anticipate that the Stillwater project may result in deliverables during 2016. Progress has been made with the Custer-Gallatin group in terms of moving them towards a more strategic view of their work and possible sub-committees formed to address specific issues relative to their mission.

**DIFFICULTIES ENCOUNTERED:** None.

- c. Work with partnering entities to identify ways to enhance workforce development efforts throughout the region, and specifically in rural areas.

**ACCOMPLISHMENTS ACHIEVED:** A VISTA member located in Red Lodge at the Community Foundation requested assistance with a Red Lodge Area Jobs Fair, which we hope to use as a model for the other rural counties of Stillwater, Sweet Grass and Big Horn. We worked with him to organize the event, establish a budget and recruit businesses. We also continue to work with the local Job Service office and with the new workforce coordinator at BillingsWorks.

**QUANTIFY DELIVERABLES:** This is an activity which is difficult to quantify since it is part of the larger picture in our region. We will continue to build upon our relationships with partnering entities throughout the region and state in order to further enhance workforce development efforts.

**DIFFICULTIES ENCOUNTERED:** The Carbon County Job Fair had originally been scheduled to take place in November, but they organizing group decided to postpone the event until spring, when employers are most likely to hire seasonal workers.

**V. Assist communities in providing the necessary infrastructure to maintain their quality of life and support future development. (CEDs Goal I, Objectives 1,2 &3)**

- a. Work with our cities and towns to develop affordable housing, including: redevelopment of existing properties, use of vacant local govt.-owned property, self-help housing projects, and local developers. Maintain partnerships with organizations like NeighborWorks, HRDC, HomeWORD, etc. for the development of these opportunities.

**ACCOMPLISHMENTS ACHIEVED:** Throughout 2015, we have continued to encourage and support organizations engaged in housing activities. The most notable achievement in this activity was the grand opening of The Home Center in Billings. The purpose of this “one-stop shop” is to provide rental information and counseling to help tenants find a rental that meets their needs; identify ways to improve neighborhoods, remove blight and renovate existing housing stock; ease the shortage of good housing by collaborating with developers and builders to create more quality workforce housing;

and encourage family savings plans to help with a down payment. The Home Center is a collaborative effort of the city of Billings, the Human Resources Development Council, Rural Dynamics, Inc., Homework, Habitat for Humanity, Rebuilding Together, the Housing Authority of Billings and NeighborWorks Montana. In anticipation of the creation of this type of service facility, Beartooth transitioned its homebuyer education program to this group of partners. We look forward to identifying ways to support and assist their efforts.

**QUANTIFY DELIVERABLES:** The Home Center opened for business in late July, 2015 and was able to raise \$106,000 prior to opening through a fundraising campaign supported by local financial institutions and private businesses in Billings and Yellowstone County.

**DIFFICULTIES ENCOUNTERED:** None.

- b. Assist communities in the region with *three* public infrastructure projects through project planning, financing, administration, etc.

**ACCOMPLISHMENTS ACHIEVED:** Due to the long-term nature of public infrastructure projects, our activities in this area are primarily carried over from 2014 projects. Two of the four projects initiated in 2014 are still active – Laurel Urban Revitalization Agency (LURA) and the Crow Rest Area. The Big Sky Trust Fund application submitted on behalf of the Lockwood Pedestrian Safety Advisory Board was not funded, because the review committee felt there was not a strong enough tie to economic development and thus fell out of the parameters of the Trust Fund program priorities. The City of Hardin’s project was put on a back burner by the City and will be revisited in 2016. One new project was initiated in 2015 and we recently executed a professional services agreement with Sanderson-Stewart to undertake the development of a proposed TEDD district for Lockwood. The purpose of the TEDD is to create planned industrial space for Yellowstone County in close proximity of Billings. Active projects in this activity area for 2015 number *three*.

**QUANTIFY DELIVERABLES:** The TEDD planning project is funded with a \$26,250 Big Sky Economic Development Trust Fund grant, \$50,000 from Community Development Block Grant funds and \$25,000 in private investment.

**DIFFICULTIES ENCOUNTERED:** The initial TEDD project had a budget of \$50,000, but two of the qualified firms indicated that the scope of work could not be completed with the initial budget, so the project start was delayed somewhat while additional funds were secured through the CDBG program.

#### **IV. Assist communities with upgrading community services, particularly emergency services. (CEDS Goal IV, Objective 1)**

- a. Continue assisting our rural communities with fuels reduction efforts in the wildland/urban interface, while building the capacity of rural emergency response providers. Complete *twenty* new fuels reduction projects on at least *150 acres*.

**ACCOMPLISHMENTS ACHIEVED:** As was the case during 2014, summer and fall months provided both the Red Lodge and Columbus fire department mitigation crews favorable field conditions and relatively light wildfire demands, allowing mitigation projects to be continued in each county. Also, Red Lodge Mountain personnel were able to treat additional acres adjacent to ski runs and lift infrastructure. Final months during the year allowed for burning of piles to bring a number of ongoing efforts to completion,

although a number of the piles on Red Lodge Mountain were not fully burned due to the amount of green wood in the piles. We were not able to reach our goal of twenty new fuels reduction projects during 2015, but we were able to surpass the total number of acres. The program itself is moving to a sunset phase and the projects have evolved from individual residences to larger-scale projects, including a multi-year project on Red Lodge Mountain in Carbon County. The Red Lodge project has an added benefit of improving ski trails through the removal of sections of timber. A total of four new fuels reduction projects on over 200 acres was accomplished during the reporting period.

**QUANTIFY DELIVERABLES:** \$153,997 in public funds, and \$43,462 in private funds, helped to fund the fuels reduction projects and fire safety training and outreach projects in 2015. Public funding was provided by grants through BLM and the Montana DNRC. Private funding came through local match, primarily through landowners' direct payment of a percentage of funded projects and in-kind labor contributions per their individual mitigation agreements. Landowner matches typically run 25% to 50%, however the work performed on Red Lodge Mountain was matched at 100% by the ski area, due in large part to the contribution of labor.

**DIFFICULTIES ENCOUNTERED:** None.

- b. Work with rural fire departments to build capacity to more completely serve the needs of their communities. Assist in funding *three* staff positions in local departments.

**ACCOMPLISHMENTS ACHIEVED:** We were not able to meet our goal of three new staff positions during 2015. As we mentioned above, this program is reaching its sunset and available funding is drying up, with no immediate forecast to fund in the near future. The staff positions created in Carbon and Stillwater counties during 2014 were retained in 2015, but there was no new gain.

**QUANTIFY DELIVERABLES:** Unfortunately, there are no quantifiable deliverables to report in this particular activity.

**DIFFICULTIES ENCOUNTERED:** None other than what was reported above.

## **Evaluate:**

The numbers of projects listed under each goal and objective in the REPORTS section above is one means we utilize for evaluating our annual progress and success. We also review and discuss the Project Spread each year as compared to previous years. We evaluate our program planning, implementation, and success with our Board of Directors at our bi-monthly meetings and twice a year review these same items with the Strategy Committee. The Board and staff have agreed that 2015 was a fairly successful year in terms of accomplishment and productivity as well as overall organizational health, even with a transition in the economic development director position. One of the areas that was discussed during the transition, was to take a look at existing programs and organizational operations. As a result of that review, the Board of Directors is involved in conducting a strategic plan with input from Board members, funding partners, strategic partners, current and past employees, and current and past clients to determine if there are changes to implement that would strengthen the organization and increase future capacity. We are schedule to wrap up that process in the first half of 2016.

Another key to our continued success is measured not just by the projects we complete, the jobs that are created or retained, the private and public funding that is secured, but by our many connections and relationships that we foster across the region. Each year we strive to ensure that each county in our region has multiple projects receiving assistance through Beartooth RC&D. We continue to foster good relationships with local Economic Development staffers, Chambers of Commerce, Downtown

**Business Associations, and tribal entities to confirm that our CEDS is meeting the needs across the area and our service priorities are actively changing to meet the shifting demands in the region.**

**The attached project list format (2015 Project Spread) continues to be adjusted, but has served as an excellent way for us to track our program activity throughout the year and make necessary adjustments to be certain that we are adequately covering the entire region and service coverage areas.**

**As required per EDA regulations, the following section describes each of the five performance measures considered critical information in the final report. The numbers reported in the following section can be reviewed according to their relationship to each project as reported on the attached document titled “2015 Project Spread”.**

**1) Number of jobs created after implementation of the CEDS**

The number of jobs created after implementation of the CEDS Goals and Objectives in our 2015 work plan was 10. These positions are itemized per business entity served on the attached document titled “2015 Project Spread”. This number may appear to be lower than in previous years due to the fact that we deleted the jobs created in previous years from the spreadsheet so as to further distinguish between 2015 projects and those that have carry-over activity.

**2) Number and types of investments undertaken in the region**

The number and types of public investments undertaken in the region that Beartooth staff contributed to significantly to during 2015 are described as follows: Marketing design, materials, and website development—one investments totaling \$13,000 (Rocky Fork Food Hub); Architecture/engineering design and planning—four investments totaling \$145,500 (One Montana, Hardin Housing Study, TEDD, Coal Country Study); and Business expansion, inventory, equipment and purchases—two investments totaling \$58,000. In addition to the above amounts, Beartooth’s Revolving Loan Fund approved seven investments totaling \$221,800. The Fuels Reduction program also secured \$153,997 in the form of mitigation funds, fire safety training and capacity building for local fire departments.

**3) Number of jobs retained in the region**

The number of jobs retained in the region in projects that involved Beartooth RC&D staff during the 2015 year was 85, which does not include any carry-over projects from previous years. These positions are itemized per business entity served on the attached document titled “2015 Project Spread-Year end”.

**4) Amount of private sector investment in the region after implementation of the CEDS**

The amount of private sector investment in the region after implementation of the CEDS Goals and Objectives in our 2015 work plan was \$960,962. These amounts once again do not include carry-over activity from previous years and these are itemized per business entity served on the attached document titled “2015 Project Spread-Year end”. A large segment of this total is derived from the RLF loans approved during 2015. The seven named businesses contributed \$543,000 of private investment dollars in the form of traditional bank loans and personal investment.

**5) Changes in the economic environment of the region**

The changes in the economic environment of the region were not quite as positive as in the past few years, due largely to a decrease in higher wage jobs within the extraction industries. Also, the areas which had been positively impacted by the Baaken oil play in eastern Montana and western North Dakota have seen a sizeable decrease in activity due to lower gas prices. Companies that provide support services and parts for the oil industry are especially impacted. We are also beginning to see signs of a significant change in the coal industry, which we anticipate will have a major impact in 2016 and beyond. On a positive note however, Billings is experiencing a good deal of growth and as a result construction jobs are plentiful, with Shiloh Crossing and the Zoo Drive areas on the western edge of Billings being home to the largest retail and motel sector growth, expanding westward into

the Shiloh and Zoo Drive Interstate Exit areas. The agricultural sector continues to be a major driver of the region's economy with record cattle prices and very good crop years for major commodities such as grains, sugar beets, corn, and others. Tourism also continues to grow across the region with the continued popularity of the Little Big Horn Battlefield, Yellowstone National Park, Red Lodge Mountain Ski Area, world class fly fishing, and other recreational opportunities.

**Brief 2015 Project Summaries are included here:**

## **2015 Success Stories**

Crow Agency Rest Area: Beartooth RC&D is fulfilling the role of liaison for this project, which has now moved beyond the site selection and preliminary site layout phases. This is a collaborative development project including the Crow Tribe, MT Dept. of Transportation, and National Park Service. Participating parties are working towards the potential co-location of a Crow tribal museum, State of MT Rest Area, and Little Big Horn Battlefield Visitor's Center.

BillingsWorks Workforce Council: As reported earlier in this annual update, a full-time workforce coordinator has been hired to implement the strategic goals of this project that was initiated during 2014. Big Sky Economic Development is the lead agency in this effort and they have also launched a recruitment website similar to the state of Montana's site to further encourage employee relocation to the region. This is an initiative we are looking forward to be involved with since it has such a big impact on underemployment issues in the Billings area.

Red Lodge's Old Roosevelt School: Beartooth RC&D had received a \$15,750 Big Sky Trust Fund planning grant to assist with the hiring of a consultant to conduct a feasibility study for Red Lodge's Old Roosevelt School. The consultant delivered his final report to the committee in December of 2015 and the Red Lodge School District is now better able to make a determination as to the potential reuse of Old Roosevelt. Beartooth continues to assist with this project as a member of the Advisory Committee.

Big Timber Resource Team Assessment – One Year Celebration: On a particularly blustery night and following day in early December, key members of the community along with two of the original assessment team members, Beartooth's economic development director, and several State of Montana employees came together in Big Timber to celebrate the one-year anniversary of their community assessment. The event was intended to recap milestones achieved during 2015 and reinvigorate efforts to move forward with various priorities identified by the community. It was a well-attended and upbeat event that will likely initiate a few new projects during 2016.

Montana Main Street Project: Beartooth staff attended the Governor's Workforce Summit in Bozeman to learn more about activities happening throughout the state and networking with workforce sector resources. As a result of attending the summit, we are exploring the possibility of encouraging the creation of industry sector groups in our service region, including specialty manufacturing and potentially an ag-based sector group.

C&K Meats: This is a family owned and operated state inspected meat processing facility in Forsythe, MT. Beartooth FADC staff continues to work with them and assist this business in developing a Growth Through Ag grant for a business expansion. They made a successful

presentation to the Growth Through Ag committee on November 17<sup>th</sup>. The business secured funding to purchase \$50,000.00 in equipment to assist their business growth.

Story Mill: Dan Story in Laurel works for safflower technologies buying and sourcing specialty crops and oilseeds for producers in Montana. He and his wife have decided to start their own business milling some specialty grains and pressing oil seeds for sale locally. They have been working on the upgrading their facilities and installing their equipment for seed processing. The business was awarded \$8,000.00 from the Growth Through Ag program.

One Montana: This Company, headquartered in Bozeman completed a feasibility study for a new multi-species (primarily beef and bison) meat processing facility to be located in Montana and they needed assistance to apply for grant funding to develop a business prospectus for the proposed project. Beartooth was able to assist in grant preparation to fund this phase of the project in the amount of \$6,500 from Big Sky Trust Fund.

Stillwater County Branding: Marissa Hauge, with Stillwater County Economic Development approached Beartooth late in the year to request assistance with the facilitation of two branding workshops. These were held in November and December and we are looking forward to further involvement in this project during 2016. By developing a cohesive brand they will be able to better market and promote the County to visitors and potential new residents and businesses while being able to make better decisions as to where and why to spend their limited marketing dollars to ensure better results.

Rocky Fork Food Hub: Rocky Fork Food Hub based in Red Lodge, MT is a small business that provides a service marketing locally produced foods to consumers seeking local foods via a website that is constantly updated. In 2014 we assisted the group in securing grant funding through USDA to assist them in marketing to both their producers and consumers for their business. The consultant delivered a new logo, Facebook page and marketing materials for the project in 2015.

Coal Country Coalition: Early in the 2015, our region began to take action to address potential impacts caused by pending changes in the regulation of coal mining and generation in Montana. The Corette Plant in Billings was mothballed in February and taken down at the end of the year. As a result of this closure and other indicators from our region and surrounding areas, we made a decision to become a partner in a Coal Country Coalition in order to take proactive steps to gain a better understanding of just what could potentially happen that would negatively impact our region, especially in terms of job outmigration. Beartooth was the lead agency in securing half of the funding needed to commission an impact study to look at the economic footprint of coal, assess workforce skill sets and develop strategies to minimize potential negative impacts. We were able to secure \$50,000 in funding from The Big Sky Trust Fund and have submitted an application to EDA for the balance of the project funding. We hope to have this project underway in the second quarter of 2016.

Infrastructure Working Group: During the Fall Montana Economic Development Association (MEDA) conference held in Billings, an afternoon session “Call to Action” was devoted to a discussion on infrastructure deficiencies and sources of funding and what we might be able to do to increase infrastructure investment throughout the state. Beartooth’s economic development director is part of the working group that continues to address this vital issue.

Lockwood TEDD: Beartooth partnered with Big Sky EDA on this project to address the need for planned industrial space in the Lockwood neighborhood east of Billings. During 2015, we assisted in securing the funding package to hire a consultant to prepare planning documents for the Commissioners' consideration. Early in the project it became evident that additional funding would be necessary in order to complete the scope of work. This was accomplished and the Steering Committee was able to come to a decision as to which firm to hire for the project. Contract documents were completed at the very end of the year and the work is scheduled to be completed during the first half of 2016.

Custer-Gallatin Working Group: Beartooth continues to provide support services to this collaborative working group in the form of meeting facilitation and coordination, website maintenance, fiscal management and planning. The members of the working group represent a total of nine counties and the monthly meetings are generally held in Bozeman. During the course of 2015, the group worked towards the development of a more cohesive effort and realized the importance of ongoing communication.

The Pub at Billings Central Catholic High School: Beartooth was contacted by the Montana Department of Commerce to take part in a "Shark Tank" type review of a student run business located in the school. The enterprise is an ongoing initiative, but the students graduate out of the business each year. Near the beginning of the school year, the students have to make a presentation worthy of receiving seed money for the academic year. Beartooth's economic development director took part in the presentation this fall and it was a good experience for all parties. As economic developers we don't always have the opportunity to cultivate student entrepreneurship, but this was a refreshing exception.

## **Schedule:**

### **Action/Implementation Plan:**

**CEDS Goals Outline:** The attached spreadsheet titled "2016 Action and Implementation Plan" which includes all of our goals and objectives from the current version of the CEDS document as well as action plan items to be implemented in 2016, responsible party, funding source, timeframe, priority, and jobs created goal.

**Scope of Work for upcoming year:** *Please see attached document titled "Scope of Work and Implementation Methodology FY2016"\**

*\*Please note that this document is awaiting final Board of Directors approval on January 21<sup>st</sup> and may be subject to revisions based upon Board input during that meeting.*