Economic Outlook 2012
LOCAL PERSPECTIVE

Jeremy Vannatta
Director of Business Outreach, Recruitment & Marketing
Opportunities
Business Growth
BUSINESS GROWTH

- 5,780 small businesses in Billings
- Businesses are again adding employees
- Companies, like Red Oxx, are adding 5-25 employees
- Capital for expansion is available – some businesses are holding equity, others can not get 100% financed
BUSINESS GROWTH

- Status as a regional trade center continues to be solidified
- Scheels major announcement (220K square feet)
- Other developments and new projects are beginning across the county
BUSINESS ACCOLADES

**Billings, Montana**

**NAMED #1 Small City TO LAUNCH A BUSINESS**

- **FORTUNE SMALL BUSINESS**, November 2009

**Montana**

**NAMED 8th Tax Friendliest STATE IN THE COUNTRY**

- **TAX FOUNDATION**, January 2012

**U.S. Small Business Administration**

**2011 Small Business Community of the Year Montana**

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WORLD-CLASS HEALTHCARE

• **NPR visit was very positive** – amazed at level of healthcare in our city
• **Both major hospitals continue to add specialized services**
• **New medical offices, clinics and buildings continue to be built**
• **Continue to see more healthcare opportunities**
Strong Agriculture
STRONG AGRICULTURE

- Agriculture still remains a top industry in Yellowstone County
- Higher grain and cattle prices increase profitability
- Strong agriculture industry translates to stronger economy as money turns in community
INVESTING IN OUR FUTURE

• Recent additions of a new ballpark, library and new trails
• Shows to outside investors our community is investing in itself
• Builds a strong quality of life for companies looking to grow here and those looking to locate here
Montana coal represents a remarkable energy asset

- Montana has just scratched the surface of its potential as an energy supplier
- Arch’s Wyoming operations provide 1,800 direct jobs and contribute millions to the Wyoming tax base each year

### Top Five States U.S. Demonstrated Coal Reserve Base

<table>
<thead>
<tr>
<th>State</th>
<th>U.S. Demonstrated Coal Reserve Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>119,017 Million</td>
</tr>
<tr>
<td>Illinois</td>
<td>104,222 Million</td>
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<tr>
<td>Wyoming</td>
<td>61,563 Million</td>
</tr>
<tr>
<td>West Virginia</td>
<td>31,955 Million</td>
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<tr>
<td>Kentucky</td>
<td>29,234 Million</td>
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</tbody>
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Source: NMA, EIA demonstrated reserve base in short tons at 12/31/2009
Western States Wind Energy Potential

Wind Electricity Potential
(GWh/yr) Class 4-7

Total Potential (GWh/yr)

<table>
<thead>
<tr>
<th>State</th>
<th>Total Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>830,504</td>
</tr>
<tr>
<td>Wyoming</td>
<td>733,350</td>
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<tr>
<td>New Mexico</td>
<td>208,090</td>
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<tr>
<td>Colorado</td>
<td>198,197</td>
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<tr>
<td>California</td>
<td>60,068</td>
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<tr>
<td>Washington</td>
<td>27,172</td>
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<tr>
<td>Oregon</td>
<td>20,572</td>
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<tr>
<td>Nevada</td>
<td>17,589</td>
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<tr>
<td>Utah</td>
<td>9,908</td>
</tr>
<tr>
<td>Idaho</td>
<td>9,748</td>
</tr>
<tr>
<td>Arizona</td>
<td>7,268</td>
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</tbody>
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Prepared by Energy Strategies, LLC

= scale of wind resources relative to Montana’s

Montana IS Wind Country

Montana Means Business
Healthcare
- Hospitals are struggling to meet demand
- Opportunity for local partnerships

Transportation
- Trip is difficult with no place to stay
- Direct air service would be day trip

Opportunity for local business
- Bakken is perfect to expand to
- Billings can serve as regional hub
STRATEGIC TO ENERGY™

- Pitched Gulfstream Airlines to create additional flights from Billings to Williston, Helena and possibly Missoula. Results announced soon.
- Established a recruitment committee to support and provide insight to our recruitment efforts
STRATEGIC TO ENERGY™

- Created Montana’s largest energy industry-wide conference and tradeshow set for April 3-4, 2012
  - www.montanaenergy.net
  - 300 booths
  - Expo Center at MetraPark

- Partnership between BSED, Montana Contractors’ Association, Montana Petroleum Association & Kadrmas Lee & Jackson

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• **Approaching extensive list of energy related businesses to showcase Yellowstone County as a great place for regional headquarters or field offices.**

• **Making trade missions and attending energy related conferences to make contacts for BSED and local businesses.**
MORE OPPORTUNITIES

- **With energy development in our region, we can become a hub for large-scale manufacturing, creating 100s of jobs**
- **Bay Limited is working on hiring 250 employees**
- **Highland Projects in process of hiring total of 25-50 employees**
MORE OPPORTUNITIES

• Sanjel’s new training & maintenance facility
• Final 5 cities for 200K square foot manufacturing facility
• Finalist for major distribution center
MORE OPPORTUNITIES

- More energy companies locating regional offices, manufacturing facilities
- More families locating here to live for more housing options, stronger quality of life
- More support businesses
Challenges
CHALLENGE #1
TRANSPORTATION
CHALLENGE: TRANSPORTATION

- Large scale manufacturing to support energy development is a real opportunity for jobs
- Creating an unobstructed route for large loads comes with a challenge
CHALLENGE #2
WORKFORCE
UNEMPLOYMENT RATES

Source: US Department of Labor, Bureau of Labor Statistics
CHALLENGE: WORKFORCE

- **Finding skilled workers for important industries including nurses, welders, etc.**
- **Need for additional training programs to develop workforce**
- **Developing high school graduates ready for higher education/training**
CHALLENGE #3
FEDERAL, STATE & LOCAL BUDGETS
CHALLENGE: CITY BUDGET

- City charter allows the city to levy no more than 74 mills for general fund without vote of public
- Only other city in Montana with this restriction is Sunburst
- City will find new sources of income or make cuts utilizing priority based budgeting
CHALLENGE: FEDERAL & STATE BUDGET

- As country deals with $15T deficit, funding is being cut for economic development projects
- Limits access to dollars to complete public infrastructure projects
- Will require local communities to find more local funding and to be even more creative

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CHALLENGE #4
FEDERAL & STATE ENERGY POLICIES
CHALLENGE: FEDERAL & STATE ENERGY POLICIES

- *Keystone XL Pipeline project delayed or may not happen at all*
- *Fracking procedures & chemicals used continue to draw controversy*
- *Energy projects become increasingly difficult to get permitted*
Questions?