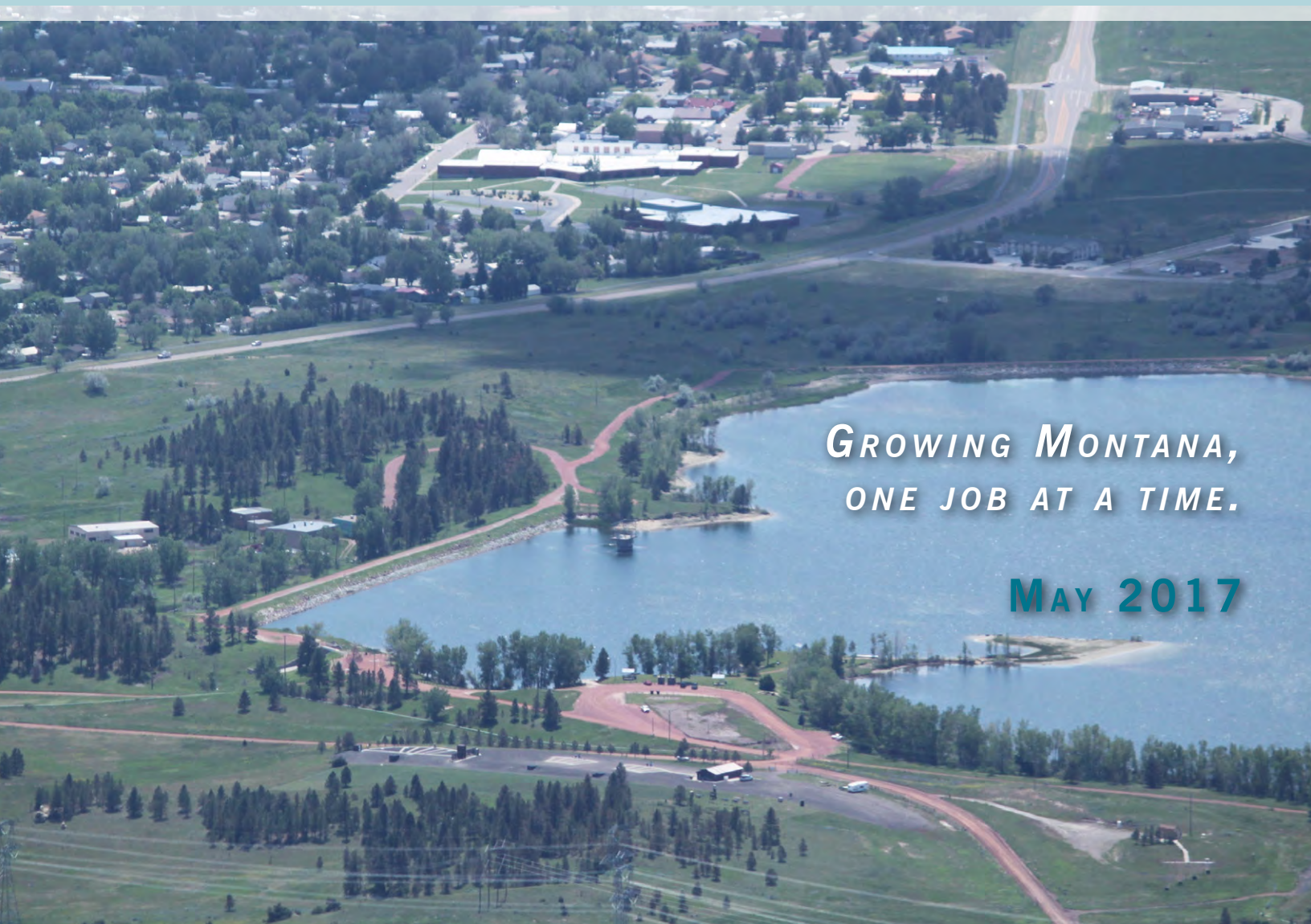




Tomorrow's Town ... Today!

COLSTRIP ECONOMIC DIVERSIFICATION STRATEGY



*GROWING MONTANA,
ONE JOB AT A TIME.*

MAY 2017

ACKNOWLEDGEMENTS

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■ EXECUTIVE SUMMARY

The Colstrip Economic Diversification Strategy is a cooperative effort of businesses, civic organizations, and the public to outline economic development projects and goals that will diversify and strengthen the community of Colstrip, MT. Through the six-month study and public engagement process, multiple concepts have risen to the surface as opportunities for Colstrip to consider to bring balance to their economic drivers, while staying true to the core industries of coal mining and power generation that have built Colstrip into the vibrant community it is today.

This document is designed to serve as a roadmap to empower Colstrip to establish goals and objectives, develop and implement a plan of action, and utilize resources efficiently. The plan identifies goals, strategies, and actions for Colstrip to pursue. There is no silver bullet when it comes to economic diversification. Diversification is a series of long-haul experiments to secure success through several ventures coming together to provide support and balance to one another. Moving forward, community engagement at the local, state, and national level will be critical. To launch this partnership, the community would value a roundtable session with state and federal agency staff, legislators, and congressional staff to increase awareness of possible assistance. This plan is a living document and is designed to be updated regularly.

Moving forward, community engagement at the local, state, and national level will be critical.

The Colstrip Economic Diversification Strategy is intended to:



While diversification is important in all communities, the need for a formal diversification strategy in Colstrip has intensified as federal regulations and rulings jeopardize the viability of a significant portion of Colstrip's electrical generation capacity by taking Units 1 and 2 off-line. Most recently, the owners of Colstrip Units 1 and 2 signed a binding legal agreement ratified by the District Court in September 2016 that obligates the parties or their assignees to the terms of the Sierra Club settlement agreement. The consent decree requires retirement of the boilers at Colstrip Units 1 and 2 by July 1, 2022. Neither the new Presidential Administration nor the sale of Units 1 and 2 could change the consent decree, as it was agreed to by all six owners and ratified by the District Court. By signing the consent decree, which includes a retirement date for Units 1 and 2, the owners were able to ensure the prolonged

Any future changes or impacts that happen at Colstrip will also be felt throughout Rosebud County and the State of Montana.

the life of the newer, larger, cleaner, and more economic Units 3 and 4 by avoiding further litigation and expensive environmental compliance improvements that would have otherwise been required for Units 3 and 4. These recent actions, along with looming fear around the long-term plan for units 3 and 4, pushed regional and community leaders to actively focus on developing the future of Colstrip beyond the primary economic drivers of today. Any future changes or impacts that happen at Colstrip will also be felt throughout Rosebud County and the State of Montana.



Photo Courtesy of Lori Shaw

The coal-driven energy generation market may be challenged in Colstrip, but it is important to keep in mind the outstanding infrastructure that will remain and may ultimately be utilized to drive and direct diversification opportunities. From 500kV power lines to core industrial site infrastructure and a highly skilled labor force, Colstrip is filled with unique elements positioned to drive economic diversification beyond the traditional coal-driven energy generation market.

Today, there is a desire throughout society for authenticity and access to outdoor recreation – as a well-connected, caring and unique community, Colstrip embodies both! Colstrip has an extremely high quality of life with miles of trails, outstanding school infrastructure, a

well-developed park system, medical clinic, recreational lake adjacent to town and much, much more. To be effective, this strategy must be visionary enough to provide a strong foundation and flexible enough to evolve over time as circumstances change and opportunities arise.



Photo Courtesy of Tana Pippin

OVERVIEW OF GOALS AND STRATEGIES

Coal, Energy, and Renewable Technology

- Continue to develop and promote the positive marketing campaign for coal mining and power generation.
- Pilot and implement full-scale emerging clean coal industry alternatives.
- Explore opportunities for converting coal into petroleum products.
- Pilot a hydrogen fuel production facility.
- Foster renewable energy potential.
- Partner with a regional, accredited trade school.

High Tech Industry and Entrepreneurship

- Expand broadband services to increase economic, educational, and innovation capacity.
- Attract technology-based companies to locate in Colstrip.
- Establish a multi-functional professional facility.

Manufacturing

- Facilitate development of a tire pelletizing plan.
- Foster development of a municipal waste processing facility.

High Skilled Trades

- Develop a highway construction staffing, supply, and service center.

Agriculture and Outdoor Recreation/Tourism

- Promote agri/eco/geo-tourism throughout Rosebud County.
- Grow businesses in the agricultural support services sector.
- Develop a sugar beet processing facility.

Quality of Life

- Develop a marketing campaign to attract young professionals and families to Colstrip.
- Provide housing and transportation options for the retired and disabled members of the community.

■ PROCESS AND APPROACH

As a regional economic development group, Southeastern Montana Development Corporation (SEMDC) does a variety of planning activities within a four-county region. Additionally, the City of Colstrip has proactively planned for community growth and infrastructure needs. Together with federal support through EDA, USDA, and SBA, the State of Montana economic development resources, and the local presence of SEMDC, Colstrip has an exceptional inventory of economic development tools and resources available.

INVENTORY OF ECONOMIC DEVELOPMENT TOOLS



Photo Courtesy of Lori Shaw

Comprehensive Economic Development Strategy (CEDS) – development of this five-year, EDA-approved, regional plan is led by SEMDC and leverages regional partnerships and resources to strengthen the economy in southeastern Montana. Additionally, SEMDC facilitates annual public input update sessions with each community in the CEDS region, including Colstrip. Many projects in Colstrip and surrounding communities come to fruition as a result of the CEDS process.

Jim Atchison, Executive Director of SEMDC, noted that “SEMDC’s role is to listen and record what specific communities think about the economic health of their town or region, and analyze demographics and economic trends in the area. SEMDC recaps seven

community CEDS Public Sessions each fall and shares this with stakeholders that can take this information and react to these potential opportunities.” He added that “last December, the stakeholders participating in the Colstrip session asked for a diversification/marketing study to be done to stabilize the local economic base.”

Colstrip Capital Improvement Plans and Growth Plans – coal mining and power generation activities in Colstrip have blessed the community with the resources to effectively plan and build for current and future infrastructure needs. A bulk of Colstrip’s municipal infrastructure (water, wastewater, roads, etc.) was designed to serve a population of 8,500.

SEMDC – Colstrip is fortunate to have SEMDC’s home office located right in Colstrip. SEMDC spearheads numerous economic development efforts in the community. In addition to managing the CEDS process for southeastern Montana, they also are a key partner in the following:

- **Coal Country Coalition** – In April 2017, The Changing Coal Industry: Regional Economic Impacts – Workforce Analysis – Transition Strategies study was completed. This study reviewed coal impacts in eastern Montana. Macro-level issues discussed in that study were identified at a micro-level through the public input process in this Colstrip Economic Diversification Study.
- **SEMDC Infrastructure Needs List** – Through various regional efforts, SEMDC has documented infrastructure needs in Colstrip and the surrounding area. This list serves as a helpful tool when justifying the need for various economic development initiatives.
- **Eastern MT Brownfield Coalition** – SEMDC is an active member and represents Colstrip, along with SEMDC’s full constituency, on this coalition.

- **Eastern MT Impact Coalition** – This coalition was formed to address the multitude of impacts resulting from oil industry development in the neighboring Bakken oilfield.

State of Montana – the state has a variety of resources available to Colstrip, including support of Certified Regional Development Corporations (SEMDC) through the Department of Commerce’s Office of Tourism and Business Development, and resources through the Governor’s Office of Economic Development.

In spring 2016, the City of Colstrip and SEMDC expressed the need to develop a more diverse economy in anticipation of the negative pressure being put on coal energy. SEMDC successfully secured funding to develop an economic diversification strategy through the Coal Board and Big Sky Trust Fund through the Montana Department of Commerce, and a United States EDA Power Grant. Economic diversification strategy components included are on the right:

The economic diversification strategy is designed to provide short and long-term goals that will assist the community and key stakeholders in pursuing diversification of the Colstrip economy. Community participation and in-depth strategic planning are at the core of this plan and are necessary to engage and energize leadership, provide continuity, and manage goals in a realistic time frame as well as to leverage limited resources. This plan was developed through input collected from a wide array of constituents, business owners, and county-wide entities.

A central focus throughout development of the economic diversification strategy has been continued, diverse public engagement. Dialog with the public began immediately at a public meeting on December 14, 2016 held at City Hall. This meeting attracted a diverse cross-section of state and community stakeholders. The intent of this meeting was three-fold and was designed to introduce the public to the intent of the economic diversification strategy; complete a community-wide SWOT analysis identifying strengths, weaknesses, opportunities, and threats; and gauge the public’s perception on the representation of various economic sectors outlined in the existing regional CEDS.



Photo Courtesy of Lori Shaw

research into both the background of Colstrip as well as potential diversification opportunities, the economic diversification strategy team synthesized data into six potential goals that could lead to increased economic resiliency in the Colstrip region. These draft goals were then presented on March 20, 2017 to the public at City Hall. Through this public meeting, the goals were refined, prioritized, and assigned a working group lead from the community to assist in strategy development and implementation.

ECONOMIC DIVERSIFICATION STRATEGY COMPONENTS

- Community Participation
- Data Gathering
- Analysis of Local Economy
- Inventory of Local Economic Development Tools
- Development Areas
- Cluster Identification
- Recruitment Capability
- Goals and Objectives
- Prioritization of Goals
- Implementation Plan
- Performance/ Evaluation
- Final Report

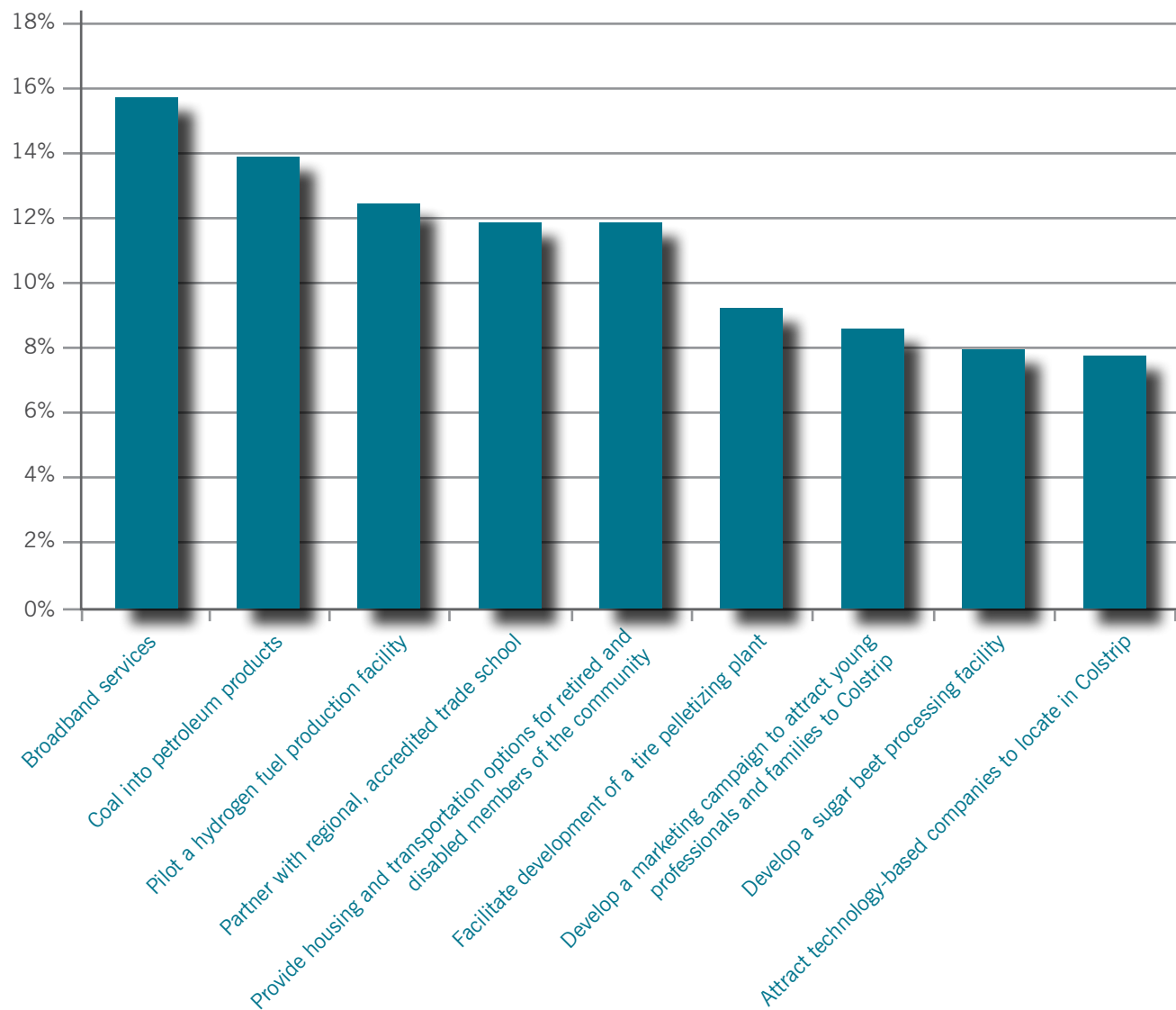
The second round of public engagement occurred on December 15, 2016 at City Hall and was targeted at business and industry stakeholders (while the public in general was also invited to participate). This high-level group strategic visioning session allowed for one-on-one and small group discussion with participants to identify potential initiatives or projects that would generate economic activity within the community while helping to diversify Colstrip’s existing economic drivers.

Following the initial rounds of public engagement, weekly interaction with SEMDC, and in-depth

PUBLIC PRIORITIZATION RESULTS

At the public input meeting on March 20, participants had the opportunity to rank the proposed strategies showcased in this document. The nine highest ranking strategies are depicted in the chart below.

The top three priorities for the stakeholders were access to broadband services, exploring opportunities to convert coal into petroleum products and piloting a hydrogen fuel production facility.



■ BACKGROUND

Colstrip is in Southeastern Montana in the middle of Rosebud County. Nearly a quarter of the county's population resides in Colstrip. Colstrip is also Montana's newest town, officially incorporating in 1998 after serving the region as a leading coal provider since 1924. Throughout the community's history, Colstrip has weathered changing market and regulatory conditions surrounding the coal industry, beginning in 1958 when the community's founding industry, rail, shifted from coal powered steam locomotives to diesel locomotives. The challenge resulted in the sale of the Colstrip mine to Montana Power Company and after a decade of down time, mining operations resumed in 1970.



Along with renewed mining activities in 1970, the community welcomed multiple power plants during the 1970s and 1980s. Colstrip was a boomtown during this phase of its history. Generation Units 1 and 2 began operation in 1975 and 1976, with Units 3 and 4 coming online in 1984 and 1986. The power plants also spearheaded development of the 150-acre Castle Rock Lake, which now serves not only as a holding pond for power plant cooling but also as a recreational lake for swimming, boating and fishing. Colstrip has developed a premier education system, recreation district, trails, parks, one indoor pool, one

outdoor pool, splash park, and one of the highest qualities of life in Montana on a per capita basis. The quality of life assets of this community are rivaled by no other town of its size in the state of Montana.

The history of Colstrip's economy and residents are deeply rooted in the mining and power generation industries. This traditional element of the community has been shaken by several recent movements in the regulatory and legal system, including the Mercury and Air Toxics Rule, Regional Haze Rule, the Coal Combustion Residuals Rule, Clean Water Act Rules, National Ambient Air Quality Standards and Section 111(d) of the Clean Air Act.

DEMOGRAPHICS

According to the 2010 United States Census Bureau, the population of Colstrip is 2,214, with a median age of 38.1 years. This youthful community thrives with 97.9 percent of the population attaining a high school graduation level or higher, and 70.3 percent pursuing some college, completing an associate's degree or trade program.

The median household income in Colstrip is \$84,145, which 44 percent higher than the median household income of Montana at \$46,972. The educated and highly-skilled population along with the heightened income level are attractive, but at the same time, presents challenges for economic diversification combined with the level of wages that would be accepted in the region.

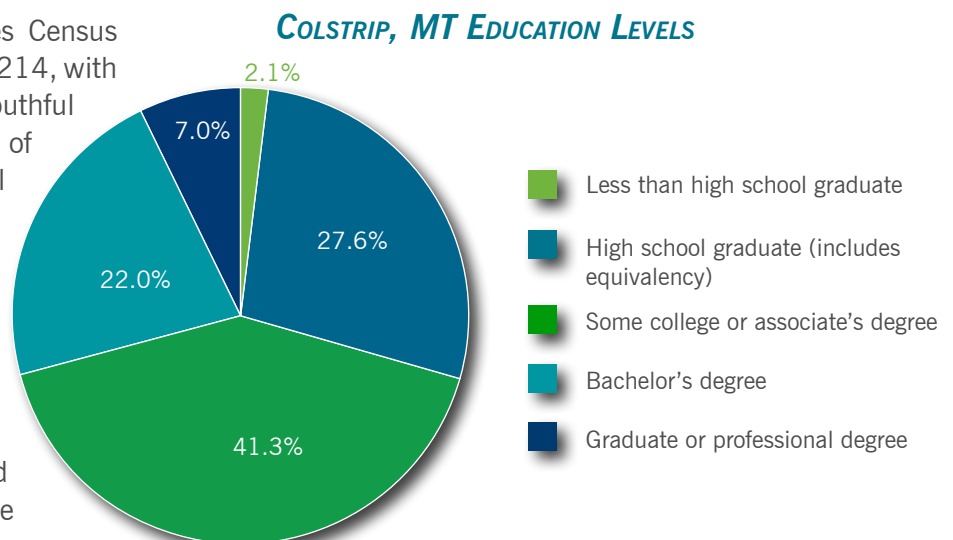


Figure 1-1: Colstrip has a strong resource in its well-educated population. Included in the 41.3 percent pursuing "some college or associate's degree" are the highly-skilled trade workers such as welders, electricians, heavy equipment operators, etc. These careers provide high-wage jobs, and require intense levels of training and apprenticeships.

PERFORMANCE AND DRIVERS

The current Colstrip economy is discussed throughout this section. Information presented is supported by leveraging data collected and analyzed through United States Cluster Mapping, a nationally-recognized source for regional economic data developed in partnership with United States EDA and Harvard Business School.

The economy of Colstrip is examined through building blocks, referred to as clusters. Together the individual clusters make up the economic profile that helps drive regional economic performance in the areas of higher wages, increased innovation, and job growth. Clusters can also be leveraged to attract companies and economic opportunity, or to build a data-driven case to influence public policy for regional needs.

When looking at Colstrip from a county-level (the closest federally reporting unit), Rosebud County’s economy has been declining slightly in the areas of employment and prosperity when comparing 1998 figures to 2013 and 2014 data. Rank numbers are out of 3,221 counties studied through the United States Cluster Mapping Project through the Institute for Strategy and Competitiveness at Harvard Business School.

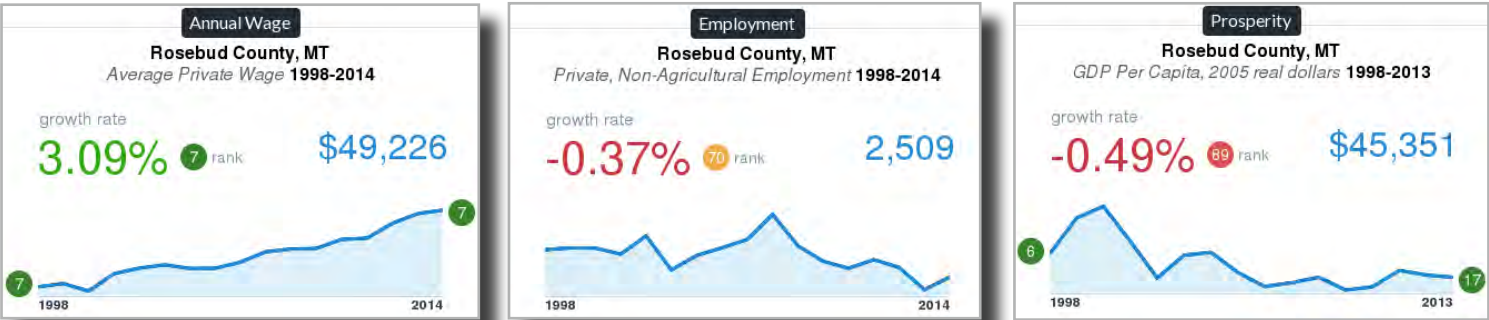
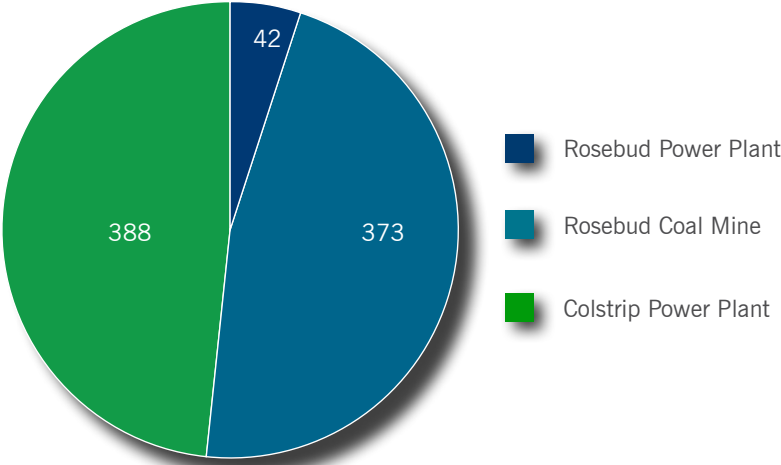


Figure 1-2: Rosebud County ranks in the 70th percentile for employment growth since 1998 and in the 89th percentile for Gross Domestic Product (GDP) per capita. On the other hand, Rosebud County is ranked in the 7th percentile for annual wage rate growth, which showcases strength in the region’s economy.

COLSTRIP, MT MINING AND POWER PLANT JOBS



Both mining and power production are staples in Colstrip’s economy. As reported to SEMDC in 2017, the Rosebud Coal Mine employed 373 workers, while the Power Plants combined provided employment for 430. Between the three employers, 803 full-time positions are provided to the region.

Figure 1-3: Source: As reported in 2017 to SEMDC by Rosebud Coal Mine, Colstrip Power Plant, and Rosebud Power Plant, 803 positons are created in the Colstrip region.

Ten of the twelve primary employers, by employee count, in Colstrip are shown below. This chart clearly identifies that a great majority of jobs in the community are coming from power generation and mining.

COLSTRIP, MT EMPLOYMENT COUNTY

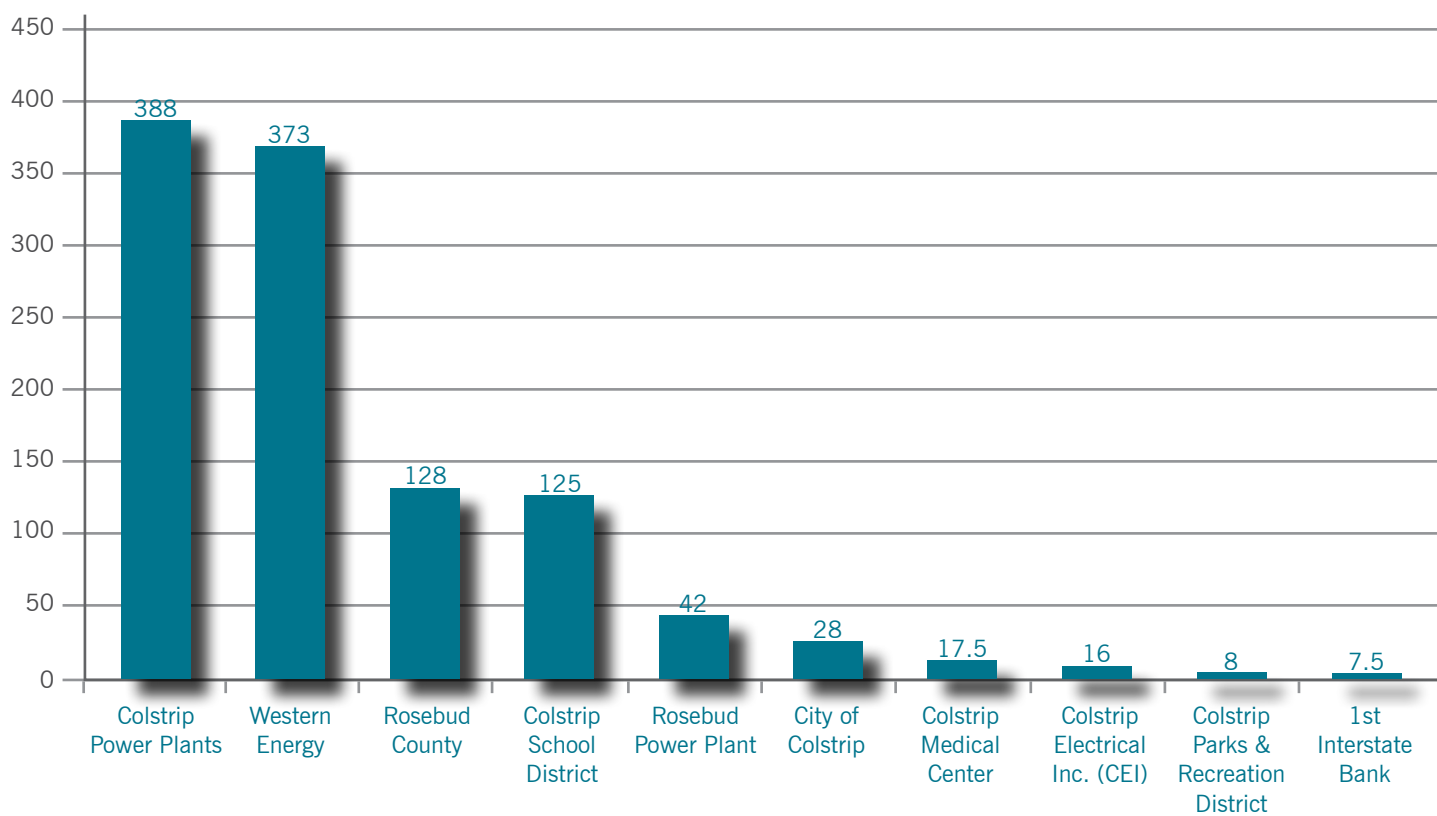


Figure 1-4: Colstrip has several active clusters, but employment resides heavily within the mining and power generation industries. Two major employers in the area did not report employee counts, but employ multiple people in the community: Rosebud Foods and Town Pump.

IN-DEMAND SKILL SETS (NOT ALL INCLUSIVE)

- Welders
- Electricians
- Engineers
- System Operations
- Heavy Machinery Operators
- CDL-Licensed Professionals
- Project Managers/Foreman
- Professionals to Lead
Apprentice Programs
- Technical Repair
- Mechanics

When Units 1 and 2 close and the economy transitions, there will be excess labor skilled in union trades. In an effort to prepare and retain this group of laborers, it is critical that Colstrip work closely with the local unions to identify opportunities to retrain and redeploy these community members.

A majority of the diversification goals outlined in this plan include opportunities to retrain and redeploy the skill sets outlined in this chart.

Most of the dislocated workers will be able to seek employment in regionally-present industries such as pipeline, heavy construction, manufacturing, and transportation. A key challenge will be addressing the unavoidable wage gap.

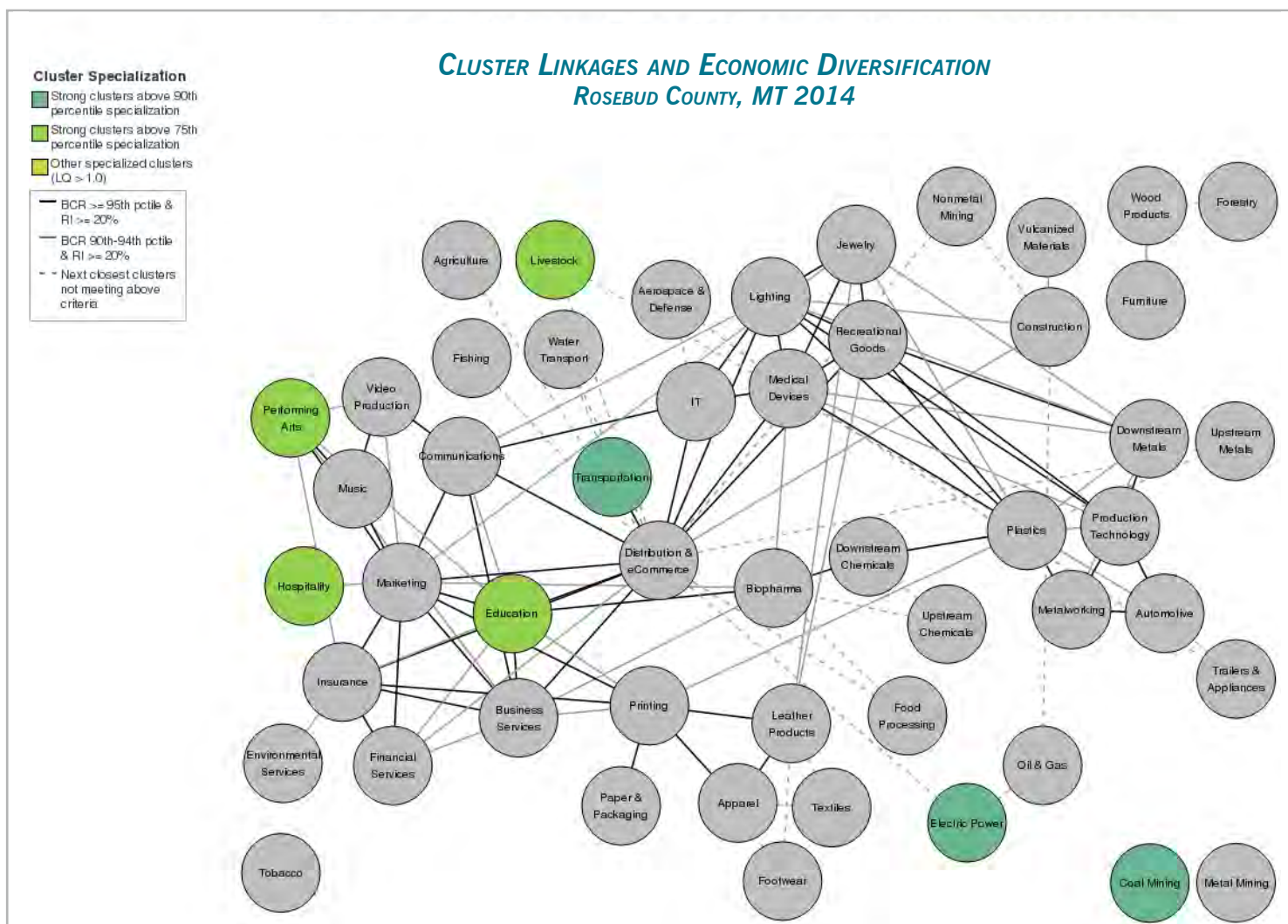


Figure 1-5: Coal Mining, Electric Power, and Transportation are performing in the 90th percentile for specialization. Source: United States Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School.

As the Colstrip economic diversification strategy team worked to identify opportunities in the region, it is important to first understand the existing diversification and cluster linkages that exist and contribute to the health of Colstrip's economy. Figure 1-5 is a relationship diagram that United States Cluster Mapping developed for Rosebud County to showcase the inter-dependencies of multiple specialties in the region.

The strongest clusters in Rosebud County are coal mining, electric power, and transportation. These sectors are performing in the 90th percentile of specialization. Other regional specialties, ranked above the 75th percentile, include livestock, performing arts, hospitality, and education. While coal mining appears to have no interdependencies as shown on Figure 1-5 above, it is evident that coal mining in the region is directly linked to multiple clusters, including electric power, transportation, distribution, and commerce.

RECRUITMENT CAPABILITY

TALENT

Colstrip is filled with talented, trained, experienced professionals. It is Colstrip's focus to retrain and retain as many as possible, but it is still important to assess the recruitment capability of the community. Several of the goals and strategies outlined in this plan focus on attracting new people and companies to Colstrip.

QUALITY OF LIFE

Welcoming soul of the community built on supporting one another

Beautiful landscape

Premier education system

Well-maintained infrastructure

Excellent medical services

Extensive trail system

Recreational lake

Numerous parks

Indoor pool/outdoor pool

Splash park

Truly one of the highest qualities of life in Montana per capita



Photo Courtesy of Lori Shaw

Colstrip offers a level quality of life unparalleled in Montana! With the demand for outdoor recreation and the outdoor lifestyle on the rise as a national trend, Colstrip is an ideal community. It was one of few communities in small town America that can confidently promote such a well-developed quality of life.

Understanding quality of life is important, as jobs follow people, and people and businesses are drawn to great places. Clark Anderson with Community Builders noted, “70 percent of entrepreneurs started their business after locating to the community.”

BUSINESSES

Aside from the efforts of SEMDC, who has a low recruitment budget, there are very few formal recruitment efforts in the state of Montana targeted at the rural, eastern portion of the state. It is perceived that there are limited sites to build or develop on, yet there is no formal “clearing house” in the state of Montana to truly inventory available sites and infrastructure capacity to those sites. Historically, the State managed a site that documented available land and



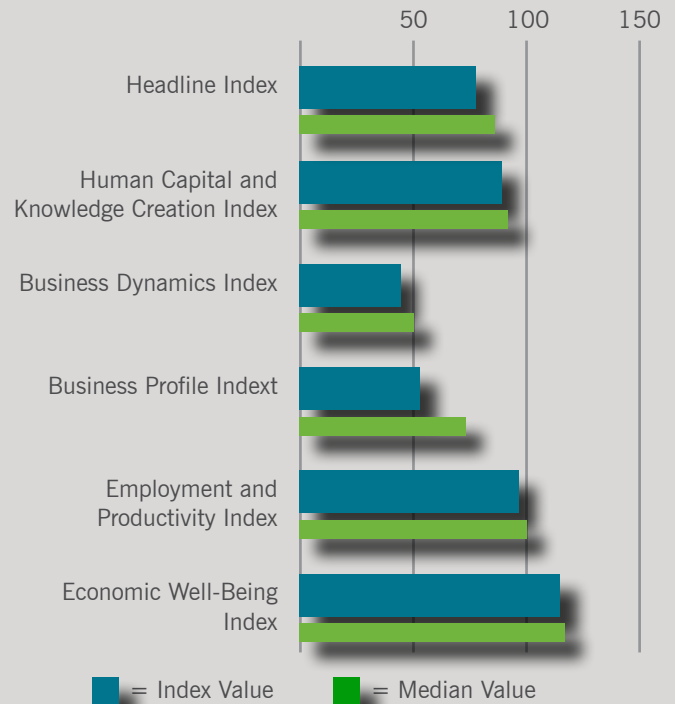
buildings for commercial and industrial development. It would be in Colstrip's interest to revisit this program with state partners to determine the viability of reviving the system and transforming it into a professional resource for developers. This initiative would provide benefit far beyond the city limits of Colstrip.

In Colstrip specifically, a majority of the land that could be used for commercial or industrial development is held by the owners of the Colstrip Power Plants or Western Energy, making identifying available land, finding contacts, and determining the value extremely challenging for proactive development.

Colstrip is extremely blessed with high-capacity, well-maintained infrastructure. A majority of Colstrip's core infrastructure (water, wastewater, roads, etc.) was designed for a population of 8,500. Knowing that Colstrip's current population is about 25 percent of that, means there is more than enough capacity to sustain significant growth – population and business.

StatsAmerica, Innovation 2.0, provides a series of indices to help local leaders analyze regional performance as compared to 3,110 counties throughout the United States, and to set strategic direction. Overall, Rosebud County ranked 2,244 out of 3,110. This ranking is driven by a multitude of factors, including those identified in Figure 1-6.

Figure 1-6: Innovation 2.0, a tool from StatsAmerica, provides insight into the innovation capacity and innovative output of a region.



HUMAN CAPITAL AND KNOWLEDGE CREATION

The average growth rate for the population ages 25 to 44 was mid-range at 1,397. Although a growing population is preferred, it is not the only factor considered. The human capital is also measured on the engagement capacity (based on age range) of the population; college students through established professionals.

Colstrip can leverage existing infrastructure, facilities, and expertise to build the research and development capacity of the region. This spills over into the fact that currently, there are few to no high-tech industry employers in the community, another factor in the innovation ranking. However, there are resources in place or within reach to build high-tech incubation capacity.



291 out of 3,110 in educational attainment

Colstrip has a well-educated and trained population with transferrable skills, specifically within the professional trades.

Technology

Colstrip struggled when assessing how easily technologies are created and diffused within the region.

Colstrip's Remote Location

Considering the county's proximity to universities, incorporation of university research and development and business incubators.



BUSINESS DYNAMICS INDEX

Establishment formation, dynamics, venture capital dollars, and venture capital counts are all reviewed in this section of the analysis. Dynamics of the community are measured through the balance of markets served – are they local markets, distant markets, or a blend.



Colstrip ranked in the **top 20 percent** when considering venture capital dollars and counts.

High median income levels in comparison to the surrounding counties allowing for the potential for increased levels of venture capital investment.

Lack of new businesses

This index weighs new businesses into the measure of the region's appetite for entrepreneurship.

Mining and energy have dominated the region, **limiting the number of jobs that new businesses created** in comparison to total businesses in the community.



BUSINESS PROFILE INDEX

Of all five indices used to compile the likely innovative potential in the region, this is the index in which Rosebud County struggled the most with a score of 2,991 out of 3,110.

Both the national and foreign measures for investment are relevant to innovation because they fuel the transfer of knowledge and technology, while also demonstrating that the region is an open and “business friendly.” A third benefit to consider is that this measure indicates that a company or industry is making significant investments to either expand or restructure to increase productivity.



Foreign direct investment Performed in the **top third of the counties** in this analysis.

Colstrip's focus on the commodity markets of mining, energy, and power transmission, along with the infrastructure and human resources that support these markets, make Colstrip a **strong candidate for national and foreign direct investment.**

Lack of high-speed internet is a core weakness for enabling the local economy to be an innovation driver.

The **remote setting and lack of tie to the university systems**, is likely a key reason for Colstrip's lacking in the high-tech start up arena.

Shortage of small business

An asset to their ability to be flexible and highly adaptable to market changes. Colstrip lacks brick and mortar space for small businesses.



EMPLOYMENT AND PRODUCTIVITY INDEX

This index examines job growth and industry performance through cluster strength and diversification, gross domestic product, and patents.



14 out of 3,110 – Cluster strength

The industries within the clusters tend to see an increased level of productivity due to competitive pressures from both in and out of the region.

272 out of 3,110 – Industry performance

Job growth to population growth ratio.

When the specialized clusters are threatened from internal or external forces, the region is more **susceptible to vulnerabilities** in struggles in the industries.

Rosebud county may have a high diversity ranking, but Colstrip, is **largely consumed by the mining and energy** generation/transmission industries.



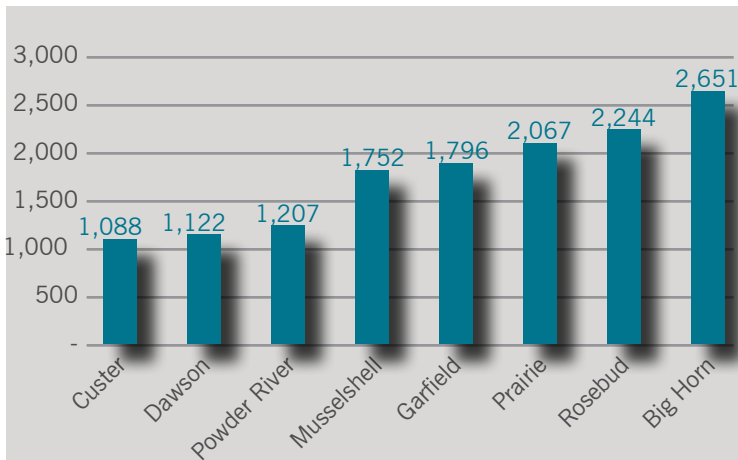
ECONOMIC WELL-BEING INDEX

This is the fifth and final index used to compile the innovation ranking for Rosebud County. The best overall measure in this index is per capita personal income growth.



Median household income of \$84,145, is **44 percent higher than the median household income of Montana.**

Region **has not seen significant growth** at these income levels when measured from 2002 forward.



Compared to the counties surrounding Colstrip, Rosebud County is ranked higher in innovation capacity than Big Horn, but falls short when competing with the other surrounding counties.

Figure 1-7: Rosebud County ranks 7th compared to its surrounding counties.

■ ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND OPPORTUNITIES

The strategic planning process used in development of this economic diversification strategy facilitates community collaboration to prepare for economic shifts, asset management, and regional vitality. The SWOT analysis (strengths, weaknesses, opportunities, and threats) session for this project was conducted at the public meeting on December 14, 2016.

A SWOT analysis helps groups verbalize the internal (strengths and weaknesses) and external (opportunities and threats) factors impacting the functionality and success of the community. It is one of the most commonly used business analysis and decision making tools and assists in building strengths, minimizing weaknesses, seizing opportunities, and counteracting threats.

In summary, the SWOT analysis for this project revealed that Colstrip is a welcoming community with a low crime rate, good educational system, and low cost of living. In addition, the community has:



Access to natural resources and outdoor recreational opportunities was also high on the list of community strengths. In contrast, Colstrip is most concerned with addressing weaknesses in broadband infrastructure, a lack of urban amenities, limited opportunities for growth (related to land availability), and an overall lack of community vision. Additionally, two key threats facing Colstrip include lack of access to fresh water and cost associated with pumping water to the community, as well as decreasing home and property values in the community as a result of the looming changes to the coal and power industries. As might be expected given the pending closures of Units 1 and 2, community members also expressed a heightened sense of uncertainty and the imminent need to diversify economy and employment opportunities beyond the Colstrip Power Plant and Rosebud Mine.

For a full SWOT analysis report, please see Appendix A.

PUBLIC ECONOMIC CLUSTER IDENTIFICATION

Following the group SWOT analysis, participants were provided a list of economic industry clusters, as outlined by the Economic Development Administration in conjunction with guidelines for development of Community Economic Development Strategies (CEDS). Participants were provided “voting dots” and asked to use these to identify those economic industries they felt were well represented in Colstrip and those industries they felt needed improvement. Figure 1-8 represents the results of that analysis:

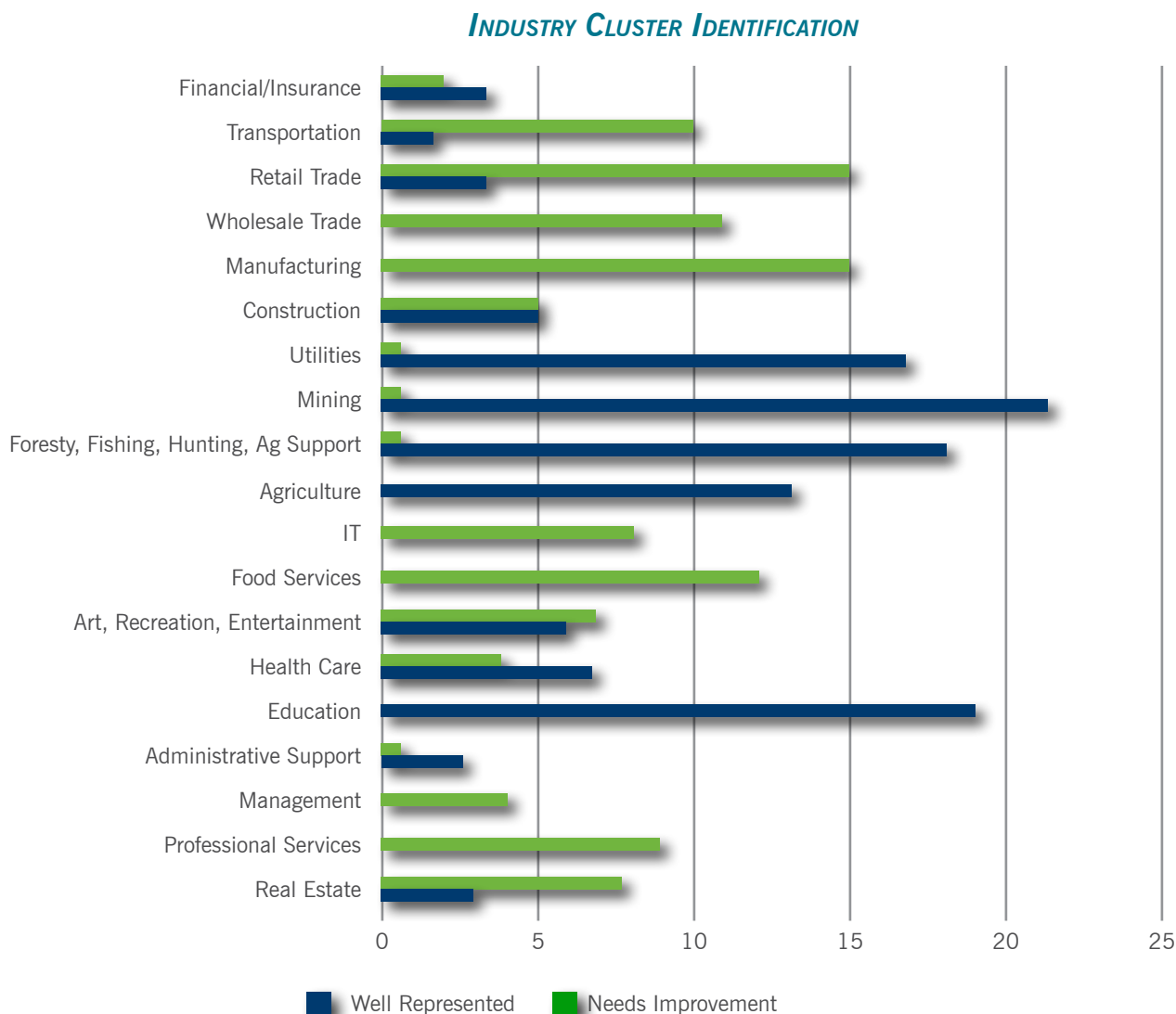


Figure 1-8: Public perception of cluster representation in Colstrip.

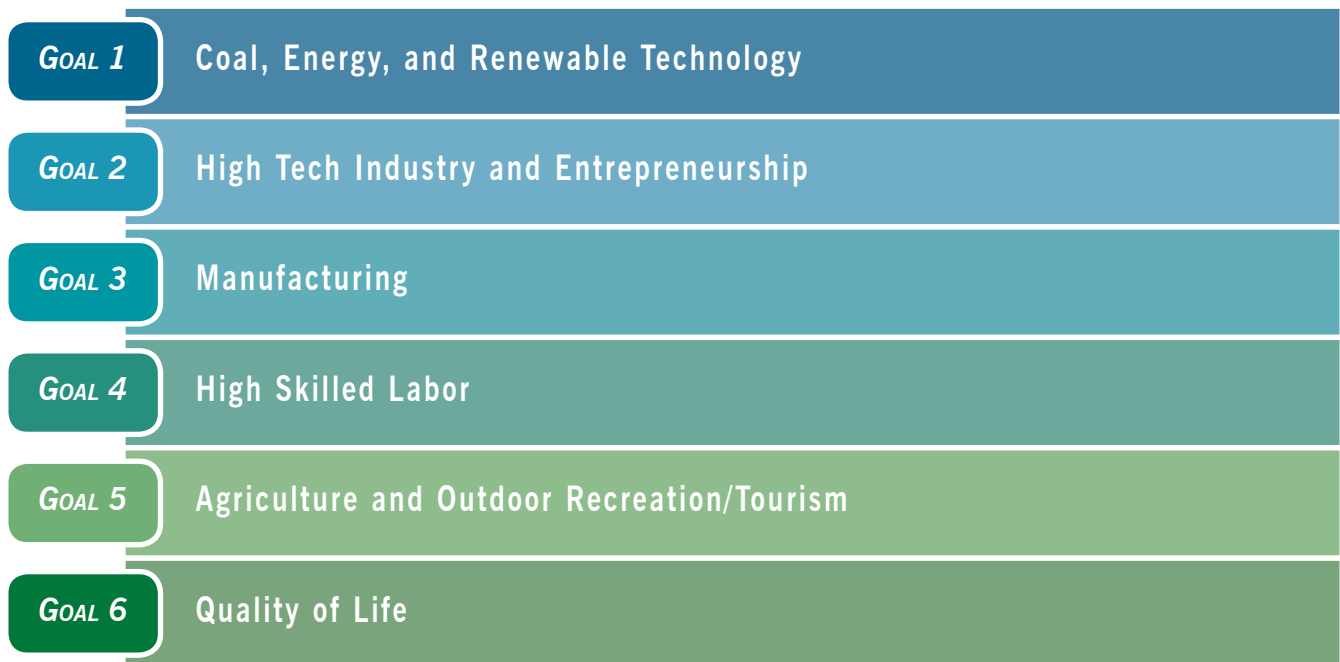
Areas of retail, manufacturing, food services, and real estate were identified as the top areas that needed improvement. The areas that the public perceived to be best represented include mining, education, forestry/ag, and utilities (including power production).

■ DIVERSIFICATION GOALS AND STRATEGIES

The diversification goals and strategies are a result of synthesized data and input collected from Colstrip's three public input strategy sessions (two in December 2016 and one in March 2017), along with guidance from SEMDC, industry experts and proven case studies from across the United States. These are designed to give firm direction and intent to the community-driven working groups, while still being flexible enough to react to changing local, regional, national, and international demands and opportunities. Multiple assumptions have been accounted for in development of these goals and strategies, including the permitted use industrial space made available by the removal of Units 1 and 2, use of the railroad, etc. These assumptions have not been confirmed and will be a key step in pursuing many of the initiatives outlined in this document.

As mentioned in the executive summary, there is no silver bullet or one-size-fits-all solution when it comes to economic diversification. The solution to the economic shifts in Colstrip will need to be ongoing and multi-faceted with active community, regional, state, and industry involvement. It is suggested to identify a champion for each goal and to establish a stakeholder working group (three to five people) for each strategy.

Following are the identified goals and strategies recommended to capitalize on existing and potential resources in the Colstrip area in an effort to diversify the economy and address economic sustainability and growth.



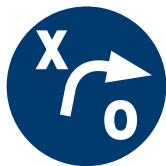
TERMINOLOGY



GOALS

are specific, measurable, attainable, realistic, and time-based

elements that will meet or enhance the outlined diversification need in the community. Goals outline the mission at-hand and provide guidance over the life of the project.



STRATEGIES

are a menu of options that support success of the larger goal.

This component of the plan will provide a more refined and detailed vision of what the community is hoping to accomplish and provides guidance to members of working groups.



TASKS

are actionable items or stepping stones that need to be accomplished

to attain each strategy and goal. This section is laid out in a check list format to easily track who is assigned to which tasks and which tasks are completed.



GOAL 1: COAL, ENERGY, AND RENEWABLE ENERGY

Leverage existing industry expertise to drive development around coal, energy, and renewable technology.



STRATEGY 1.1

Continue to develop and promote the positive marketing campaign for coal mining and power generation.

Leverage the proven efforts of Colstrip United to strengthen partnerships with regional and national coal mining and power generation entities. Design and launch a robust positive marketing campaign for coal mining and power generation. This collaboration focuses on educating the public on benefits of coal mining and power generation. With limited resources and audiences, partnerships will be the key for Colstrip to develop and spread the positive industry message beyond the regional boundaries.

Pair this marketing campaign with a sales pitch for Colstrip and the benefits the community offers. Colstrip United has a solid start on this effort and this strategy is designed to support and grow their mission.

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> ▪ Partnership between public and industry ▪ Positive promotion of Colstrip ▪ Increased awareness of benefits of coal mining and power generation industries ▪ State/federal educational opportunity to build support 	<ul style="list-style-type: none"> ▪ Small community pushing to make a national impact ▪ Cost associated with in-depth marketing campaign ▪ Access to appropriate marketing/public relations expertise ▪ Highly controversial topics ▪ Current opposition ▪ Permit process and regulations ▪ Need industry and buying markets involvement



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
1.1.1 Establish Industry Partners		<input type="checkbox"/>
1.1.2 Identify funding sources and a professional marketing firm to employ		<input type="checkbox"/>
1.1.3 Develop and maintain a web and social media presence as the go-to pilot site for clean coal technology		<input type="checkbox"/>
1.1.1 Develop a public relations campaign and set of positive business news stories to be released to the media over a set time frame by working with like-minded groups in the Colstrip area, i.e., Colstrip United, Cloud Peak Energy, etc.		<input type="checkbox"/>
1.1.5 Develop a series of mini-video documentaries to capture the favorable elements of the coal industry, and promote coal as an important part of energy balance in the future		<input type="checkbox"/>



STRATEGY 1.2

Pilot and implement full-scale emerging clean coal industry alternatives

Seek public and private partnerships to pilot and implement full-scale emerging clean coal industry alternatives including the conversion of coal to natural gas, and developing and utilizing CO₂ carbon capture technology.

As an example, in the state of Minnesota, there is potential that a gas plant would replace two coal-fired units at Excel Plant near Becker, MN. As noted in the preliminary phases of identifying and justifying the need for the conversion, the closure of the 2 units, anticipated in 2022, would have significant socioeconomic impacts on the local community and regional reliability.

BENEFITS	CHALLENGES
<ul style="list-style-type: none">▪ Sustain coal industry jobs▪ Sustain regional demand for coal▪ Signature location for pilot projects and incubator for clean coal technology▪ Provide new technology and science-based opportunities in Montana▪ Leverage existing infrastructure▪ Geology is good for capture and storage▪ Support at the state and federal level	<ul style="list-style-type: none">▪ Competition with pilot and commercial clean coal technology facilities in other states▪ High levels of investment required▪ Testing new technology carries with it a heightened level of uncertainty and risk▪ The need for increased state support through public incentives or initiatives▪ Permitting process is time consuming



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
1.2.1 Establish community working group (3-5 people)		<input type="checkbox"/>
1.2.2 Work with legislators to assist in the development of guidelines for the newly created state-level granting resources		<input type="checkbox"/>
1.2.3 Meet with the industry team potentially pursuing clean coal alternatives in Colstrip		<input type="checkbox"/>
1.2.4 Engage with surrounding states (Wyoming and North Dakota) to gain a firmer understanding of their efforts and how Colstrip may benefit from or partner with their existing efforts		<input type="checkbox"/>



STRATEGY 1.3

Explore the opportunities for converting coal into petroleum products.

Explore opportunities for converting coal into petroleum products and use one of the existing plant facilities as a pilot plant to prove out conversion technologies on a full commercial scale.

For example, TransGas Development Systems (www.transgasdevelopment.com) uses proven clean coal gasification technology to chemically transform coal into nitrogenous fertilizer, liquid fuels, and industrial gases.

BENEFITS
<ul style="list-style-type: none">▪ Maintain jobs in the coal industry▪ Repurpose existing local industry knowledge and experience▪ Potential to use power plant site (Units 1 and 2)▪ Multiple potential revenue streams and markets▪ Proven technology

CHALLENGES
<ul style="list-style-type: none">▪ Investment required to establish gasification facility▪ Permitting required to develop this project▪ Evolving coal regulatory environment▪ Compete with oil industry▪ Transportation limitations▪ Public perception of coal and current issues may carry over



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
1.3.1 Research companies such as TransGas with proven experience		<input type="checkbox"/>
1.3.2 Research national facilities in operation (i.e., Kentucky and West Virginia)		<input type="checkbox"/>
1.3.3 Research products being produced from this process		<input type="checkbox"/>
1.3.4 Meet with companies to explore their interest in Montana facility		<input type="checkbox"/>
1.3.5 Research state and federal funding and incentives		<input type="checkbox"/>
1.3.6 Work with company on feasibility study to assess viability in the Colstrip market		<input type="checkbox"/>



STRATEGY 1.4

Pilot a hydrogen fuel production facility.

Identify a national partner/expert and repurpose an existing industrial site to develop a hydrogen fuel production facility. The high cost of natural gas compared with the low cost of coal provides incentive for producing hydrogen from coal.

Hydrogen is speculated to be the energy carrier of the future as it has a high-energy density by mass and is extremely clean. Innovations in the industry are making it possible to use hydrogen to feed fuel cells or combust in a hydrogen turbine to produce electricity. The United States Department of Energy, along with private industry, has been investing into research and development for hydrogen from coal technologies.

BENEFITS	CHALLENGES
<ul style="list-style-type: none">▪ Maintain coal jobs▪ Repurpose existing local industry knowledge and experience▪ Potential to use power plant site (Units 1 and 2)▪ Electrical generation with reduced emissions	<ul style="list-style-type: none">▪ Investment required to establish gasification facility▪ Permitting required to develop this project▪ Early technology▪ Evolving coal regulatory environment▪ Increasing environmental litigation▪ Water resources are restricted▪ Transportation



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
1.4.1 Research national pilot projects		<input type="checkbox"/>
1.4.2 Research funding and incentive opportunities		<input type="checkbox"/>
1.4.3 Work with pilot site/company on feasibility study to assess viability in the Colstrip market		<input type="checkbox"/>
1.4.1 Apply with United States Department of Energy to serve as a pilot or full-scale facility for hydrogen production		<input type="checkbox"/>



STRATEGY 1.5

Foster renewable energy potential.

Foster renewable energy development in Colstrip to utilize energy production and transmission expertise, along with existing transmission infrastructure.

The intent of this strategy is to foster the shift from an economy supported nearly solely on traditional energy sources to one that capitalizes on the existing infrastructure, skill sets, and knowledge to leverage emerging technologies aimed at balancing the power generation potential in the region. There are numerous potential renewable opportunities in the Colstrip region, including wind generation, geothermal, solar power, and biomass.

Montana is continually ranked as one of the top five windiest states in the nation. Couple that with federal funding incentives that are set to expire in the near future, and there may be an opportunity to capitalize on investments being made into wind generation. This would require a feasibility study to determine if Colstrip would be a viable location for wind production.

The biomass industry has potential to contribute significantly to the local and national economy as it matures. There are opportunities to use crop residues and wood waste to produce biomass energy. With Colstrip's nearby agricultural operations and the Fox Lumber facility in Ashland, MT, there may be potential biomass opportunities right in Rosebud County.

BENEFITS	CHALLENGES
<ul style="list-style-type: none">▪ Increase the number of jobs in the renewable energy sector▪ Make use of existing transmission infrastructure▪ Federal funding incentives for renewable development▪ Geothermal geology▪ Diversification of energy▪ Potential to use existing industrial footprints/sites▪ Take advantage of available transitional labor force	<ul style="list-style-type: none">▪ Developing community buy-in▪ Attracting investors▪ Policies and regulations regarding renewable energies▪ Reliability difference between traditional energy sources and renewables▪ Permitting



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
1.5.1 Research and identify target renewable energy technologies		<input type="checkbox"/>
1.5.2 Education on benefits of renewable energy development		<input type="checkbox"/>
1.5.3 Research funding and incentive opportunities		<input type="checkbox"/>
1.5.4 Partner with state resources to identify potential investors		<input type="checkbox"/>
1.5.5 Conduct a feasibility study to test the viability of this market in the Colstrip region		<input type="checkbox"/>



STRATEGY 1.6

Partner with a regional, accredited trade school.

As Colstrip looks to diversify their economy, a key is access to a wide array of workforce skills to support the transitioning economy. One way to accomplish this is by designing an attractive atmosphere to draw developing workforce to the community during their training years and providing them internships and real-life experiences to help bridge the gap between the classroom and the real working world. Training could also be offered via distance learning methods to capture a broader market of students and to leverage existing programs and faculty of the partnering institution. Colstrip has a head-start on the training initiative through the Boilermakers Union Training Facility, which is already successfully operating.

By partnering with an accredited trade school, such as Miles Community College or Chief Dull Knife College, Colstrip could more easily establish a local college based in trades, Union crafts, and IT in Colstrip while simultaneously bringing positive brand recognition, accreditation, and industry credibility.

Additionally, there is currently a significant opportunity to increase and encourage apprenticeships throughout Montana. Colstrip should work with the State of Montana and the Unions in the region to build apprenticeship programs between federal, state, union, and private parties.

BENEFITS	CHALLENGE
<ul style="list-style-type: none">▪ Attract new talent to the area▪ Retain existing talent and venture capital potential▪ Attract a new type of investment to the region▪ Develop opportunities for employment▪ Combine the benefits of classroom training with on-the-job experience▪ Education both on-site and virtually to attract a higher number of students▪ Utilize existing professionals in the community to serve as educators in the trades▪ Need for trades in United States▪ Partnership opportunities with industry and established educational entities	<ul style="list-style-type: none">▪ Remote location may prove to be a challenge when attracting college-age students▪ Challenge of training students for jobs that may not currently exist in the area▪ Significant investment that would likely require support from state and federal levels▪ High speed internet/broadband services are lacking and are needed to support distance education▪ Potential lack of training facilities or cost of rehabilitating existing buildings▪ Streamlining of regulations



Tasking/Action Items

TASK		ASSIGNED TO	COMPLETE
1.6.1	Open a dialog and establish a partnership with accredited community college or Montana University		<input type="checkbox"/>
1.6.2	Host a round table discussion with state and federal agencies in Colstrip		<input type="checkbox"/>
1.6.3	Partner with local Unions and Union training opportunities		<input type="checkbox"/>
1.6.4	Work with legislators to assist in development of guidelines for the newly created state granting opportunities		<input type="checkbox"/>
1.6.5	Meet with the industry team potentially pursuing clean coal alternatives in Colstrip to determine intern and apprentice opportunities and training needs		<input type="checkbox"/>
1.6.6	Engage with surrounding states to gain a firmer understanding of their efforts and how Colstrip may learn from or partner with their existing efforts		<input type="checkbox"/>



GOAL 2: HIGH TECH INDUSTRY AND ENTREPRENEURSHIP

Support technology and entrepreneurship development to build long-term diversification opportunities for the Colstrip economy.



STRATEGY 2.1

Expand broadband services to increase economic, educational and innovation capacity.

Encourage the State of Montana to invest in broadband infrastructure as a state priority as well as broadband service providers to make broadband service available to all residents, medical facilities, educational establishments, and areas of the city zoned for commercial use. Colstrip is lacking in access to wired connection capable of 25 mbps download speeds, and this is a limiting factor to the community's growth potential.

Broadband Now highlights the fact that only 68 percent of Montanans have wired broadband coverage of 25 mbps down and 3 mbps up, in comparison to the neighboring states of Wyoming (72 percent), North Dakota (89 percent), and South Dakota (85 percent) (broadbandnow.com/Montana). On the list of Montana counties, Rosebud is one of the most underserved in the state.

A thorough assessment of the broadband status is needed to help propel the economy of Colstrip and eastern Montana forward. Broadband expansion is critical to delivering distance education, fostering business growth and meeting changing health care practices. A key action in this strategy is the development of a telecommunications/information systems plan identifying the existing capabilities, potential uses and project needs to help guide investment for broadband into the region.

BENEFITS

- Increased opportunities for entrepreneurship
- Potential expansion of medical services provided locally
- Increased access to higher education at a reduced cost
- Benefit to Montana as a whole, specifically Eastern Montana
- Increased recruitment of manufacturing operations

CHALLENGES

- Long-time frame to complete/achieve
- Drives timeline and ability to attract high-tech companies
- Cost associated with delivering broadband service to a remote location with low population
- Lack of state and federal financial support to offset cost for developers
- Easement challenges



Tasking/Action Items

TASK		ASSIGNED TO	COMPLETE
2.1.1	Partner with surrounding counties and appropriate utilities to develop a telecommunications/information systems plan identifying the existing capabilities, potential uses and project needs		<input type="checkbox"/>
2.1.2	Explore the opportunity of better utilizing the existing T-1 lines in the community to establish/ provide specialized distance training programs		<input type="checkbox"/>
2.1.3	Encourage the state to invest in broadband. Work with state and federal delegates to reinstate the Montana Broadband Program and the State Broadband Initiative program		<input type="checkbox"/>
2.1.4	Support the state's interim broadband study and assign Colstrip resident(s) to participate in the study		<input type="checkbox"/>



STRATEGY 2.2

Attract technology-based companies to locate in Colstrip.

Partner with Montana Technology Innovation Partnership (MTIP) to attract high quality, technology-based companies to locate in Colstrip. By attracting new companies to the area, Colstrip will be able to grow and retain jobs that advance the region.

Strengthening the entrepreneurial eco-system in Colstrip includes educational opportunities, partnering with state-wide start-up initiatives, designating space for collaboration and start-up operations, and assisting entrepreneurs in identifying funds to fuel young companies.

Colstrip may be able to serve as a Data Center hub. Colstrip may also have an opportunity to subcontract with electronic component manufacturers, such as DigiKey where the products produced are extremely small, and can easily and cost effectively be shipped in large quantities via semi-trailer.

Another technology-based industry to consider is the Unmanned Aerial Vehicle (UAV) market. The skills and aptitude desired for drone pilots happens to align well with the technical and thinking skills needing in the mining and power generation fields. Aside from piloting drones (which can be done remotely from any location), is the opportunity for manufacturing and repair of drones and replacement components.

BENEFITS
<ul style="list-style-type: none">▪ Increased jobs in differing sectors▪ Existing recreational opportunities are an appealing element of the community to attract new entrepreneurs▪ Increased educational or re-training opportunities▪ Unique location for people who appreciate the outdoors▪ Capable workforce

CHALLENGES
<ul style="list-style-type: none">▪ Lack of access to broadband▪ No existing connection with an existing start-up community▪ Limited access to higher education▪ No established community hub for young companies to locate or rent space▪ Remote location, lack of big-box amenities▪ Need for access to venture capital



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
2.2.1 Meet with MTIP and Governor's Office of Economic Development to understand needs they are seeing and results of research		<input type="checkbox"/>
2.2.2 Partner with the state to develop a clearing house for available commercial and industrial property, statewide		<input type="checkbox"/>
2.2.3 Research companies such as DigiKey to make contact to determine potential interest		<input type="checkbox"/>
2.2.4 Repurpose the Isabel Bill's Community Learning Center to serve as an entrepreneurial hub		<input type="checkbox"/>
2.2.5 Partner with state and regional business incubators to attract incubating businesses to Colstrip for long-term operations		<input type="checkbox"/>



STRATEGY 2.3

Establish a multi-functional professional facility to support small business development and retention.

Research completed by the Regional Economic Development Institute at Colorado State University points to the trend that rural areas are more entrepreneurial and that 1/3 of job growth in the United States comes from start-up companies. This is not surprising given increasing popularity of the artisan economy and small-scale manufacturing such as brewing beer or sewing clothing locally to be sold on internet sites globally.

At a local level, the power of re-investment is a key to success. Promoting entrepreneurial development in Colstrip will not only support local entrepreneurs, but it will also retain local investment.

Repurpose the Isabel Bills Learning Center to serve as a multi-functional professional facility. This facility could refresh a quality, existing resource in the community to host a technical training center (trades, union crafts, emergency medical, etc.), office space for professionals (lawyers, engineers, environmental, etc.), and energy industry research and development.

BENEFITS	CHALLENGES
<ul style="list-style-type: none">▪ Make use of an existing facility▪ Foster education throughout the region▪ Stimulate business start-ups in the community by limiting the overhead burden▪ Create a space to attract clean coal technology▪ Attractive community to live in▪ Motivated owner	<ul style="list-style-type: none">▪ Investment required to repurpose Isabel Bills Learning Center (new HVAC unit, general upgrades, etc.)▪ Ongoing facility management costs▪ Attracting businesses to locate in Colstrip▪ Lack of broadband infrastructure



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
2.3.1 Host a focus group with existing small businesses in the community to identify needs		<input type="checkbox"/>
2.3.2 Meet with MTIP to understand what needs they are seeing and results of their research		<input type="checkbox"/>
2.3.3 Research companies such as DigiKey to make contact to determine potential interest		<input type="checkbox"/>
2.3.4 Meet with USDA to better understand their Rural Microentrepreneur Assistance Program and the Rural Microloan Revolving Fund		<input type="checkbox"/>
2.3.5 Repurpose the Isabel Bills Community Learning Center to serve as an entrepreneurial hub		<input type="checkbox"/>
2.3.6 Partner with state and regional business incubators to attract incubating businesses to Colstrip for long-term operations		<input type="checkbox"/>



GOAL 3: MANUFACTURING

Build a unique manufacturing ecosystem to capitalize on existing industrial sites and infrastructure while creating sustainable, high-paying positions.



STRATEGY 3.1

Facilitate development of a tire pelletizing plant.

Leverage existing rail infrastructure and industrial facilities to establish a tire recycling facility to repurpose used tires as roadway construction materials. These materials could be sold as a base for road construction through the construction company supply and service center proposed under Goal 1, Strategy 2, or as rubber mulch for the landscaping industry.

The state of Kentucky has a robust program for waste tire recycling. Through a combination of state policy through the Division of Waste Management and a formal waste tire collection program, the state repurposed an estimated four million tires annually into pelletized or crumb rubber. This recycled rubber is then used as a base for roadways, trails, landscaping material, etc. (<http://waste.ky.gov/RLA/Waste%20Tires/Pages/default.aspx>)

In West Virginia, Preston Tire & Recycling is using shredded tires for the purposes discussed above, but prior to shredding, the metal is stripped from the tires and sold as scrap to be recycled. Additionally, the company has expanded the use of their system to recycle agricultural plastic from hay bales by compressing them into four-inch fence posts.

Powder River County, MT has been collecting tires at the County landfill and recently ran out of room and were forced to ship seven semi-loads of tires for disposal. The County reportedly had to pay approximately \$18,000 to dispose of their tires. While the exact quantity of tires available for recycling is unknown, it would appear that there may be a market for a recycling facility.

BENEFITS	CHALLENGES
<ul style="list-style-type: none">▪ Provide jobs in manufacturing sector▪ Recycle waste product▪ Use rail infrastructure to bring in waste material from across the state/region▪ Potential to repurpose existing power plant site (Units 1 and 2)▪ Revenue generation potential from sale of crumb rubber▪ Proven models in the United States to build from	<ul style="list-style-type: none">▪ Need for state-driven policy to support this effort▪ Unknown waste tire availability in Montana or surrounding regions▪ Investment required to establish recycling facility▪ Need for paying consumers of recycled content▪ Cost of transporting tires to Colstrip▪ Build environmental group buy-in▪ Disposal fee



Tasking/Action Items

TASK		ASSIGNED TO	COMPLETE
3.1.1	Research successful tire recycling facilities around the United States. Conduct interviews to understand their challenges and/or strategies		<input type="checkbox"/>
3.1.2	Meet with MT DEQ Solid Waste division to understand the volume and needs		<input type="checkbox"/>
3.1.3	Meet with BNSF		<input type="checkbox"/>
3.1.4	Conduct a feasibility study		<input type="checkbox"/>
3.1.5	Meet with the State of Kentucky to model a program for Montana		<input type="checkbox"/>



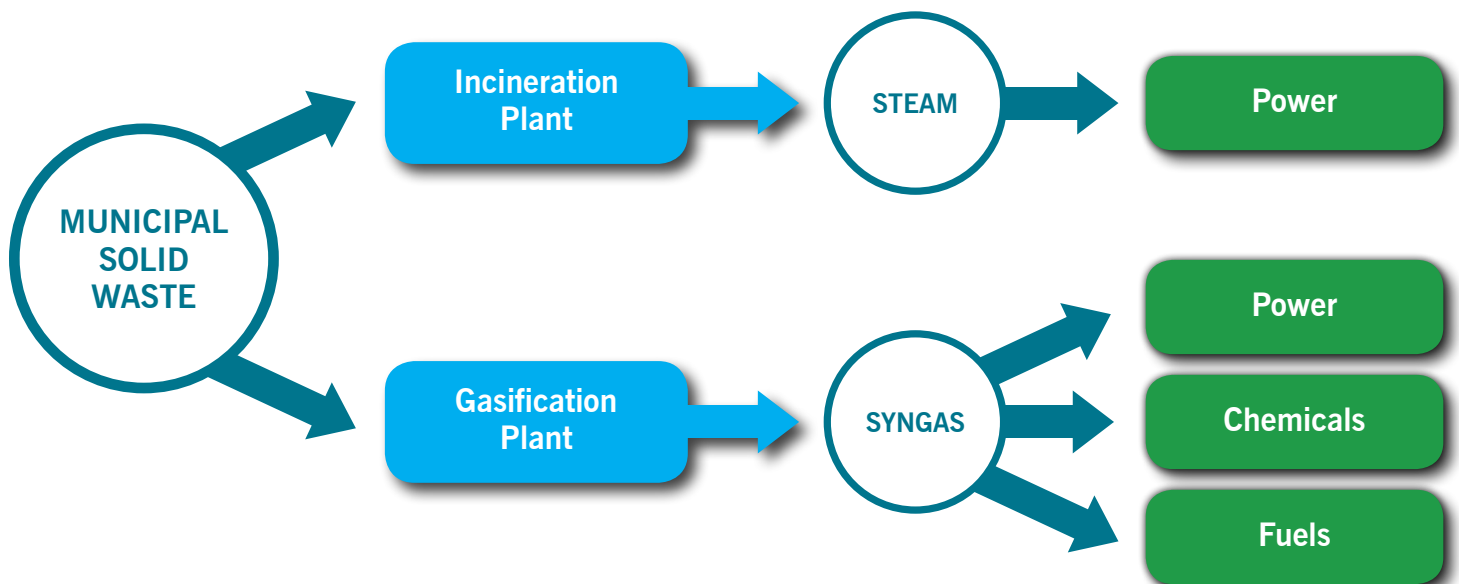
STRATEGY 3.2

Foster development of a municipal waste processing facility.

Leverage existing, underutilized rail infrastructure and potentially available industrial sites to develop a municipal waste processing facility. This concept that has been implemented globally with proven success. Colstrip's exceptional rail infrastructure, industrial sites that may be made available by the closing of Units 1 and 2, along with the unique access to transmission infrastructure makes Colstrip appear to be a potentially viable candidate for a municipal solid waste incineration facility for electricity.

In this example, cities that have high volumes of solid waste, but limited storage and disposal capacity, would pay to transport their waste to the incinerator in Colstrip (thus funding the feedstock for the project). As the waste is incinerated, the steam is used to turn turbines and generate power; similar to the coal-fired process, but with a different fuel source.

An alternate option, as summarized in the image below from Emerson Process Experts (www.emerson.com), is to process the solid waste through a gasification plant to produce Syngas, which then produces three end products of power, chemicals, and fuels.



In both scenarios, the processor (Colstrip) is paid to manage the municipal waste, and the waste incineration/gasification process provides end products that serve as additional revenue streams.

BENEFITS
<ul style="list-style-type: none"> ▪ Provide jobs in manufacturing sector ▪ Recycle waste product ▪ Use rail infrastructure to bring in waste material from across the state/region ▪ Repurpose existing power plant site (Units 1 and 2) ▪ Revenue generation potential waste management and post-processing products ▪ Transport waste in empty coal trains as they return to Colstrip after delivering coal to market

CHALLENGES
<ul style="list-style-type: none"> ▪ Need for state-driven policy to support this effort ▪ Unknown availability in proximity to Colstrip ▪ Cost of transporting waste to Colstrip ▪ Investment required to establish processing facility ▪ Regulations for waste transport, handling, and management ▪ Class I airshed downwind from Colstrip ▪ Build environmental group buy-in



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
3.2.1 Meet with MT DEQ Solid Waste division to understand policies and regulations		<input type="checkbox"/>
3.2.2 Meet with BNSF		<input type="checkbox"/>
3.2.3 Conduct a feasibility study		<input type="checkbox"/>
3.2.4 Identify successful process plant owners/operators nationally to pursue a project in Colstrip		<input type="checkbox"/>



GOAL 4: HIGH SKILLED TRADES

Diversification of jobs through the re-deployment of existing human resources to supply high-skill, high-wage jobs to offset potential loss of positions from Colstrip Units 1 and 2.



STRATEGY 4.1

Develop a highway construction staffing, supply, and service center.

Leverage the existing highly skilled workforce, and access to rail infrastructure and services to develop a highway construction company staffing and service center to better service the region's construction needs.

The construction industry is a year-round business in the United States and neighboring Canada. With the projected available workforce equipped with trade skills, engineering backgrounds, and project management expertise, Colstrip's workforce is a prime resource for the construction industry.

Additionally, rail infrastructure that currently exists paired with land availability created by the closing of Colstrip Units 1 and 2, opens the opportunity for developing material supply yards and staging areas for larger projects.

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> ▪ Provide high-paying, in-demand jobs ▪ Employee labor, technical, and management job types ▪ Build union support through collaboration and partnerships ▪ Utilize available property ▪ Utilize existing infrastructure ▪ Federal funding is likely to be aimed at infrastructure development 	<ul style="list-style-type: none"> ▪ Identifying investment to initiate business ▪ Securing owners/management to operate ▪ Securing contracts to ensure ongoing work ▪ Intense travel for workers ▪ Remote location ▪ Access to routine parts/supplies for industry repairs ▪ Conflicts/competes with current trades ▪ Training non-union jobs in a union town ▪ Similar operations exist in Forsyth, Miles City, and Billings



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
4.1.1 Inventory available resources: staffing, land, infrastructure, etc.		<input type="checkbox"/>
4.1.2 Meet with Montana Economic Developers Association, MT Department of Commerce, etc. to leverage state-wide resources that may be able to assist in attracting a potential owner and/or investors		<input type="checkbox"/>
4.1.3 Initiate conversations with potential investors and owner/operators to introduce them to the resources in Colstrip		<input type="checkbox"/>



GOAL 5: AGRICULTURE AND OUTDOOR RECREATION/TOURISM

Develop and market Colstrip's exceptional agricultural and outdoor recreation opportunities to develop new business opportunities.



STRATEGY 5.1

Promote agri/eco/geo-tourism throughout Rosebud County.

Improve marketing capabilities of the agricultural and natural resources sector to develop agri/eco/geo-tourism in the region including:

- Coal mine reclamation tours.
- Add a campground and RV park.
- Mining and power plant museum.
- Grow Colstrip service industry through a farm to table restaurant.
- Geo-tourism, a growing global trend focused on the holistic geographical character of a location: environment, culture, heritage, and social well-being. This is an industry that is driving nature-based and adventure travel in combination with agri and eco-tourism, culture, and heritage travel.
 - Retreat center with cabins and main facility for corporate, spiritual, veterans healing, outdoor culture, and Tribal culture retreats.
- Niche farming opportunities such as raspberry farming or greenhouses

BENEFITS

- Repurpose currently underutilized land
- Support entrepreneurial activity
- Increase jobs in agriculture and tourism cluster
- Stimulate tourism activity in Rosebud County
- Marketing opportunity for other resources in Colstrip
- Market local airport for private access for guests in personal aircrafts

CHALLENGES

- Regulations
- Shortage of eating establishments in the region
- Remote location for guests traveling in via main airport, i.e., Billings
- Lower wage jobs in comparison to mine or plant positions
- Seasonal tourism in Montana



Tasking/Action Items

TASK		ASSIGNED TO	COMPLETE
5.1.1	Evaluate and develop a county-wide chamber of commerce		<input type="checkbox"/>
5.1.2	Gauge interested by holding focus groups for the various ideas outlined above, some can be grouped		<input type="checkbox"/>
5.1.3	Prioritize ideas to pursue based on focus group direction		<input type="checkbox"/>
5.1.4	Develop strategic partners (i.e., landowners, airport, travel agents, etc.)		<input type="checkbox"/>
5.1.5	Develop marketing campaign to attract consumers		<input type="checkbox"/>
5.1.6	Develop "Day Trip" brochures highlighting different points of attraction		<input type="checkbox"/>
5.1.7	Work with high school students to develop a Colstrip promotional magazine		<input type="checkbox"/>
5.1.8	Develop an impactful "This is Colstrip" 60-90 second video		<input type="checkbox"/>
5.1.1	Establish an industry education process for strategic partners or service providers		<input type="checkbox"/>
5.1.6	Develop a welcome packet for visitors to promote additional assets in the Colstrip area		<input type="checkbox"/>



STRATEGY 5.2

Grow businesses in the agricultural support services sector.

Attract businesses targeted at providing agricultural support services to sustain and grow farming and ranching operations in the region. Presently, there are no agricultural support service vendors in Colstrip. For parts and repairs, farmers are required to travel to Forsyth or Miles City. This not only lowers productivity, but also increases costs.

While a full farming implement may not be necessary in Colstrip, the highly skilled workforce and proximity to remote farms could make an appealing business case for a parts and repair facility or a traveling repair team.

BENEFITS
<ul style="list-style-type: none">▪ Improve agricultural productivity▪ Increase jobs in agriculture cluster▪ Support entrepreneurial activity

CHALLENGES
<ul style="list-style-type: none">▪ Competition with nearby implement dealers▪ Capital necessary to start business▪ Likely lower wages than mining and plant positions▪ Land for business



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
5.2.1 Conduct focus groups with ag community to gauge intensity of the need for a parts and service facility		<input type="checkbox"/>
5.2.2 Meet with regional implement dealers to discuss the focus group findings and identify if any dealers are interested in a satellite facility		<input type="checkbox"/>
5.2.3 Identify local interest to own/operate a parts and service facility		<input type="checkbox"/>



STRATEGY 5.3

Develop a sugar beet processing facility.

Leverage area processing knowledge and existing plant sites to grow the value-added agricultural sector by developing a sugar beet processing facility.

Sugar beets are one of the top two sources of sugar (second only to sugar cane) and can only be stored for a short time after harvest before processing or sucrose deterioration occurs. Most sugar beets are grown in south central Montana; right in Colstrip's backyard. In 2005, 1.1 million tons of sugar beets were harvested in Montana, which ranks the state 6th in the nation. While farmers rotate other crops with sugar beets to prevent the soil from becoming stagnant, farmers are on varying rotations to ensure a stable sugar beet supply.

BENEFITS
<ul style="list-style-type: none">▪ Increase value of agricultural products▪ Increase jobs in agriculture cluster▪ Use of existing industrial site for manufacturing facility▪ Proximity to sugar beet producers▪ Work with existing cooperative operating the Billings facility▪ Partial replacement for anticipated jobs lost in closure of Plants 1 and 2

CHALLENGES
<ul style="list-style-type: none">▪ Competition with existing processing facilities▪ Capital necessary to start business▪ Likely lower wages than mining and plant positions▪ Transportation of raw and finished products▪ Access to and cost of water▪ Odor issues▪ Competition with facilities in Billings and Sidney▪ Distance from growing area▪ Perception of sugar in society, specifically beet sugar



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
5.3.1 Meet with Billings and Sidney facilities to determine their desire to operate a satellite or second full-scale plant in Colstrip		<input type="checkbox"/>
5.3.2 Conduct focus groups with regional sugar beet producers to measure their interest in a local processing facility		<input type="checkbox"/>
5.3.3 Conduct a feasibility study		<input type="checkbox"/>



GOAL 6: QUALITY OF LIFE

Focus on public placemaking initiatives to enhance Colstrip's culture and economic attractiveness for the full life-cycle of residents.



STRATEGY 6.1

Develop a marketing campaign to attract young professionals and families to Colstrip.

While Colstrip's median age is relatively young, it is important for the continued vitality of the community, that the community attract young professionals and families. Colstrip offers exceptional quality of life amenities to its residents. It is a welcoming and beautiful area with outstanding schools, well-maintained infrastructure, excellent medical services, and developed outdoor recreation.



Jobs follow people, as people and businesses are drawn to great places. Clark Anderson with Community Builders noted, "70 percent of entrepreneurs started their business after locating to the community."

Colstrip has a unique opportunity to enhance the image of a vibrant community in small town America by creating a community "core" that connects to the existing trail system. The community core could be utilized for community gathering, highlighting of in-home businesses, and events, and a focal point to encourage young professionals to start a business, raise a family, and grow a career. This concept can be tested and grown slowly by designating the intended "core" area as a pop-up commercial and community activity space to build interest in the area before fully pursuing development of the "core."

BENEFITS

- Support entrepreneurial activity
- Attract long-term residents
- Partnership between public and industry
- Positive promotion of Colstrip
- Ensure ongoing support of community business, medical facilities, and education system
- Safest community in Montana (2015) as ranked the FBI Crime Reports and www.safewise.com

CHALLENGES

- Remote location
- Limited area for development
- History of legal action on property transactions
- Current decreasing home values
- Need jobs to support attraction



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
6.1.1 Establish community working group with industry partners		<input type="checkbox"/>
6.1.2 Develop a public relations campaign and set of positive community/cultural news stories to be released to the media over a set time frame		<input type="checkbox"/>
6.1.3 Develop and maintain a web and social media presence		<input type="checkbox"/>
6.1.4 Develop a series of mini-video documentaries of the benefits to life in Colstrip		<input type="checkbox"/>



STRATEGY 6.2

Provide housing and transportation options for retired and disabled members of the community.

Support the mobility of the retired and disabled populations (as well as the general public) through development a public transit mechanism that connects Colstrip citizens to neighboring urban centers for services and amenities.

Additionally, in an extended effort to develop Colstrip as a place to call home for the entire life cycle of residents, expand retirement community opportunities, including expanding assisted living and senior housing.

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> ▪ Attract and retain long-term residents ▪ Attract retired residents (retirement community) ▪ Partnership between public and industry ▪ Ensure ongoing support of community business, medical facilities, and education system 	<ul style="list-style-type: none"> ▪ Remote location ▪ Limited transportation options ▪ Prices may be prohibitive



Tasking/Action Items

TASK	ASSIGNED TO	COMPLETE
6.2.1 Conduct a focus group with area seniors to determine current or near-future interest		<input type="checkbox"/>
6.2.2 Meet with local health care community to gather their input on this topic		<input type="checkbox"/>
6.2.3 Review surrounding communities' transit plans, policies, and funding tools to determine if Colstrip could develop a partnership with them by expanding services regionally		<input type="checkbox"/>
6.2.4 Partner with Montana Department of Transportation to identify public transit options		<input type="checkbox"/>

■ IMPLEMENTATION PLAN

Plans are only as good as the actions they produce. Too often, communities invest significant time, money, and resources into plans that get filed away and never used. The solution to the economic shifts in Colstrip will need to be ongoing and multi-faceted with active community, regional, state, and industry involvement. It is suggested to identify a champion for each goal and to establish a stakeholder working group (three to five people) for each strategy.

In an effort to make this document as user-friendly as possible, the implementation plan has been layered throughout each goal section. Following each strategy there is a tasking/activity chart that outlines initial tasks to be completed, an area for assigning each task to a working group, and a completed column to allow assigned groups to document their progress. The tasking/activity charts are useful when holding quarterly implementation reviews with the proposed community-driven stakeholder working groups.

Additionally, an accountability matrix has been developed to outline short and long-term goals in this report. This is discussed in further detail below.

ACCOUNTABILITY MATRIX

The accountability matrix (on the following page) is designed to aid communities in identifying priority goals and tasks and assigning leaders and work groups to champion those. In addition, the matrix provides measurable outcomes and a timeline to assure that people doing the work can see progress and hold each other accountable for outcomes in a timely manner. This tool further aids city, county, and state officials as well as economic development staff in monitoring progress of those initiatives in which they have made investments.

CLUSTER IDENTIFICATION

Clusters are key organizational units for understanding an improving performance of regional economies. As goals in this plan look to diversify Colstrip's economy, it is important to understand which clusters are being built in to this diversification strategy. In the accountability matrix on the following page, you will see a cluster(s) listed by each goal. These tags identify the primary cluster(s) tied to each goal.

SHORT-TERM VS LONG-TERM













To be successful and maintain momentum, this diversification strategy has been designed with short-term and long-term timeframes in mind.








Short-term strategies are designed for a 6 to 18-month timeframe from start to completion, while some are intended to be ongoing. It is likely that short-term initiatives are the lower cost, lower risk strategies.



Long-term strategies are intended to have a 3 to 5+ year timeframe and will likely require significant resources to deploy. These more complete initiatives will generally have a greater economic impact on the region. Long-term strategies can be started at any point (immediately even), but large results should not be expected for several years.

GOAL	IMPACTED CLUSTERS	STRATEGY	ASSIGNED TO (CHAMPION)	TIMELINE	STATUS
Clean Coal and Renewable Technology	Mining, Manufacturing, Utilities, Education	Continue to develop and promote the positive marketing campaign for coal mining and power generation.			
		Pilot and implement full-scale emerging clean coal industry alternatives.			
		Explore opportunities for converting coal into petroleum products.			
		Pilot a hydrogen fuel production facility.			
		Foster renewable energy potential.			
		Partner with a regional, accredited trade school.			
High Tech Industry and Entrepreneurship	Telecommunications, Manufacturing, Education	Expand broadband services to increase economic, educational and innovation capacity.			
		Attract technology-based companies to locate in Colstrip.			
		Establish a multi-functional professional facility.			
Manufacturing	Manufacturing, Wholesale Trade, Management	Facilitate development of a tire pelletizing plant.			
		Foster development of a municipal waste processing facility.			
High Skilled Trades	Education, Construction, Professional and Technical Services, Management	Develop a highway construction staffing, supply and service center.			

GOAL	IMPACTED CLUSTERS	STRATEGY	ASSIGNED TO (CHAMPION)	TIMELINE	STATUS
Agriculture and Outdoor Recreation/Tourism	Agriculture, Manufacturing, Management, Arts/Entertainment/Recreation	Promote agri/eco/geo-tourism throughout Rosebud County.			
		Grow businesses in the agricultural support services sector.			
		Develop a sugar beet processing facility.			
Quality of Life	Management, Professional Services, Transportation, Arts/Entertainment/Recreation	Develop a marketing campaign to attract young professionals and families to Colstrip.			
		Provide housing and transportation options for retired and disabled members of the community.			

Diversification planning and developing a layered implementation plan are great action steps to drive economic vitality. As Colstrip further vets and implements strategies outlined in this plan, it is important that the community has a baseline to measure future impacts or accomplishments.

In this section, 2017 statistics relating to Colstrip's employment, housing market, taxable valuation, and school enrollment are documented. Annually SEMDC will track the current year's statistics to determine trends in each data set. These measures will allow Colstrip to assess effectiveness of their efforts and reallocate resources as necessary.

As discussed in the implementation plan, this diversification is a blend of short and long-term strategies. Some efforts will produce measurable results immediately, others may take several years to produce a significant change.

EMPLOYMENT

Colstrip's highly educated and skilled labor force is its most valuable asset. Of the reporting employers, Colstrip Power Plant leads the employment count with 388. It is important to note that Talen Energy brings in 400 to 500 additional temporary overhaul workers each spring. Colstrip Parks and Recreation District also hires more than 80 seasonal employees each summer.

Working-age professionals are important to the community as they are the labor force that keeps the economy moving forward. As diversification efforts are implemented, this will be a key baseline to continue to monitor and measure against.

Colstrip Employment Statistics

April 2017

Estimated Top 12 Employers (by employee count)

BUSINESS	FTE COUNT
Colstrip Power Plants	388
Western Energy	373
Rosebud County	128
Colstrip School District	125
Rosebud Power Plant	42
City of Colstrip	28
Colstrip Medical Center	17.5
Colstrip Electrical Inc. (CEI)	16
Colstrip Parks & Recreation District	8
1st Interstate Bank	7.5
Rosebud Foods	Not reported
Town Pump	Not reported

Housing

Data in this section examines active real estate listings, standard home value, and time of a property on the market. While a majority of the active listings are for single-family homes, there are open lots available as well as mobile homes.

The current trend rising to the surface for home values and time on market is a decreasing one. The period of 2009 to early 2016 was a phase of steady growth in the housing market. In early 2016 a downward trend became visible. It is speculated in the community that decreasing values are a result of BNSF laying off workers in January 2016, retiring residents are willing to take a lower price to move their home more quickly, and there are only two appraisers in the area, that may be appraising lower than expected.

	PERFORMANCE/ EVALUATION CRITERIA	APRIL 2017 LEVELS	COMMENTS
Housing	Active Listings	30	The 30 listings include: <ul style="list-style-type: none"> ▪ 5 empty lots ▪ 5 mobile homes ▪ 3-4 sale by owner ▪ remainder are single-family homes
	Home Value	\$150,000	Homes are selling around or under \$150,000. From 2006 to 2009 home values were steadily on the rise, and from 2009 to 2016 these values remained relatively constant. In January 2016, prices began to decline and are continuing to do so today.
	Time on Market	Varies	The market has slowed considerably in the past year. Five years ago (2012), there were an average of 10 to 12 homes on the market at any given time with 1 to 2 sold per month. Since September of 2016, sales have looked as follows: <ul style="list-style-type: none"> ▪ September 2016 – 1 ▪ December 2016 – 2 ▪ March 2017 – 1
	Realtors in Colstrip	1	In 2005 there were four realtors in Colstrip, currently, there is only one.

TAXABLE VALUATIONS

There are five taxing districts in Colstrip: Rosebud County, the City of Colstrip, Colstrip Medical, Colstrip Parks & Recreation District, and Colstrip School. Taxable valuations have not been entirely stable since 2011 as noted in fiscal year 2015, a 21% decrease occurred as the Colstrip Power Plant owners devalued their power plants. The State of Montana also changed from a six-year assessment period to a two-year assessment period in 2016. Obviously, a stable or slightly growing economy should result in increased taxable valuations, which is what Colstrip hopes to accomplish through implementation of this diversification strategy.

	PERFORMANCE/ EVALUATION CRITERIA	APRIL 2017 LEVELS	COMMENTS
Taxable Valuations (2016)	Rosebud County	\$91,801,153	<ul style="list-style-type: none"> 2011 – \$96,326,199 2012 – \$104,061,350 2013 – \$98,977,428 2014 – \$90,333,992 2015 – \$87,678,331
	Colstrip	\$59,270,841	<ul style="list-style-type: none"> 2011 – \$73,733,281 2012 – \$80,507,262 2013 – \$75,524,906 2014 – \$59,732,709 2015 – \$58,425,351
	Colstrip Medical	\$78,658,770	<ul style="list-style-type: none"> 2011 – \$83,739,751 2012 – \$91,357,790 2013 – \$86,054,396 2014 – \$78,089,343 2015 – \$75,079,473
	Colstrip Parks & Recreation District	\$78,658,770	<ul style="list-style-type: none"> 2011 – \$83,739,751 2012 – \$91,357,790 2013 – \$86,054,396 2014 – \$78,089,343 2015 – \$75,079,473
	Colstrip School	\$81,329,815	2011 to 2015 data not provided

SCHOOL ENROLLMENT

Strong school enrollment reflects that younger, working-age professionals are locating to Colstrip. As they raise their children in the opportunity and recreation-rich community of Colstrip, there is an increased likelihood of retaining the next generation.

Additionally, the school provides 125 jobs locally, making them one of the top 12 employers (by staff count) in Colstrip.

	PERFORMANCE/ EVALUATION CRITERIA	APRIL 2017 LEVELS	COMMENTS
School Enrollment	Total	599	Historical Total Enrollment <ul style="list-style-type: none"> 2010 – 620 2011 – 638 2012 – 621 2013 – 599 2014 – 602
	K-5	275	
	Middle School	141	
	High School	183	

■ ACKNOWLEDGEMENTS

The development of this economic diversification strategy was guided by the Colstrip Economic Diversification Strategy lead organizations, the City of Colstrip, and Southeastern Montana Development Corporation (SEMDC), with a broad cross section of regional stakeholders, industry partners, business owners, and organizations working with key issues related to economic development. These organizations would like to extend their gratitude to all business leaders and community members who participated in the 2017 Colstrip Economic Diversification Strategy development process. The collaborative effort shown in the strategy's development provides inspiration to the planning group as they pursue the newly outlined goals.

Planning Organization and Strategy Participants:

Lead Organizations:

City of Colstrip

Southeastern Montana Development Corporation (SEMDC)

Strategy Participants:

Colstrip City Council

Rosebud County Commission

Federal Congressional delegation staff

State elected officials

Montana Governor's Office of Economic Development

Rosebud Power Plant

Westmoreland Coal Company

Colstrip United

Representatives of institutions of higher education

Minority and labor groups

Small business community

Private individuals

The Colstrip Economic Diversification Strategy was facilitated and analyzed by:



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Public and Stakeholder Meeting Analysis Report:

2017 Colstrip Economic Diversification Strategy

Prepared for:

Southeastern Montana Economic Development Corporation

December 2016



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SWOT Analysis Summary	2
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Strategic Visioning & Project Ideas for Consideration	7



SWOT Analysis

Introduction

A SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis is a simple tool to help groups, agencies and communities verbalize the internal (Strengths and Weaknesses) and external (Opportunities and Threats) factors impacting the functionality and success of an agency, collaborative group of participating agencies or community. It is one of the most commonly used business analysis and decision making tools and assists in building strengths, minimizing weaknesses, seizing opportunities and counteracting threats.

This report is a part of the 2017 Colstrip Economic Diversification Strategy process, and summarizes data and input gathered from multiple individuals and organizations interested in ensuring the Colstrip economy remains strong and reliable despite identified threats to current economic drivers.

It is important to acknowledge that although a SWOT analysis is an excellent and low cost tool for understanding overall functionality, outlining dynamic, and identifying potential gaps in information and/or process, it is also limited in scope and application. A SWOT analysis is raw data. The corresponding SWOT report will not prioritize issues, provide solutions, offer alternatives, or outline tasks necessary to address any identified strengths, weaknesses, opportunities or threats. As a stand-alone summary report, it should be utilized within that context.

SWOT Participants

On December 14, 2016, KLJ facilitated a SWOT analysis meeting in Colstrip that engaged various Colstrip residents, community leaders and Southeastern Montana Economic Development Corporation (SEMDC) staff. Participating parties included:

- Government
 - Colstrip City Council
 - Rosebud County Commission
- Economic Development Organizations
 - Southeastern Montana Economic Development Corporation
- Industry Leadership/Business
 - Colstrip Power Plant
 - Westmoreland Coal Company
 - Colstrip United



SWOT Analysis Summary Table

Strengths	Weaknesses
<ul style="list-style-type: none">• Welcoming community (low crime rates, good educational system, good community facilities and low cost of living)• Existing useable infrastructure (rail, water, transmission and gas lines)• Existing highly skilled workforce• Significant outdoor recreation access• Access to a variety of natural resources (water, wind, coal, agriculture)• Access to daily healthcare needs• Numerous and diverse home based businesses• County airport access• Diverse and unique tax districts/good tax base• Engaged city & county governments	<ul style="list-style-type: none">• Broadband/Internet issues (speed)• Not a traditional “main street” town (no downtown/few business fronts)• Not an interstate community: remote• Lack of urban amenities and a travel culture that doesn’t support local business• One horse town (economically): No diversity of business/employers• Diminishing real estate values• Lack of state/federal support• No solid retirement infrastructure (hospital, assisted living, etc...)• Water rights• Limited opportunities for growth (land is available but above market rates)• Lack of community vision/direction: Uncertainty
Opportunities	Threats
<ul style="list-style-type: none">• Clean coal and other related technologies• New political players/drivers• Isabel Bills Learning Center Building• Existing infrastructure (rail, power and gas lines, water)• Access to natural resources (water, wind, coal, agricultural lands) and related diversified energy opportunities• Increased manufacturing opportunities• Workforce training opportunities (existing highly technical/trained workforce and on-the-job training opportunities)• Potential ongoing or one-time investment by current plant owners	<ul style="list-style-type: none">• Loss of residents and related loss of tax base, customers to local businesses and general quality of life• Aging workforce• Divesting of responsibility on the part of the Plant owners• Real estate value declining• Loss of electricity capacity when Units 1 and 2 are closed• Over-reaching environmental legislation• Low investment in research into clean coal and related technologies• Low natural gas prices• Negative media attention: Public perception of coal• Lack of water rights• Uncertainty of what’s next



Strengths

The following are those components and factors related to Colstrip as a whole and specifically economic indicators and development believed to be assets, performing well, and/or meeting expectations.

- Welcoming community atmosphere with great “perks,” low crime rates, exceptional educational system, good community facilities and low cost of living
- Close-knit community with genuine and caring people
- Colstrip Parks and Recreation District: Numerous parks and multi-modal transportation paths (bike paths) connecting parks, the lakes and the community as a whole): Community accessibility
- Existing power transmission lines
- Existing skilled workforce with diversified educational levels and types
- Access to water and potentially to water rights
- Excellent overall infrastructure both for the community (water, wastewater, streets, roads, sidewalks, parks, etc...) and related to the Plant (rail, power lines, gas lines, water, etc...)
- Solid and engaged City and County government officials
- Great town lay-out (family-friendly)
- Access to daily healthcare needs (no hospital, but an “advanced” clinic with numerous local services)
- Easy access to outdoor recreation (hunting, fishing, hiking, the lake in town etc...)
- Outside interest/attention to Colstrip and ensuring economic sustainability
- A variety of diverse home based businesses
- Strong tax base and established “unique” taxing districts to maintain community infrastructure/services
- Access to a variety of natural resources (water, wind, coal, agricultural)
- County airport (for access)

Strengths are defined as internal in that they are those factors within the control of the group members.

Weaknesses

The following are components and factors related to Colstrip as a whole and specifically economic indicators, believed to be a disadvantage, problem or current gap in services, data, communication or aspect of community functionality adversely impacting economic growth/development.

- The existing power transmission lines don’t go east (only west)
- Broadband/internet issues (speed issues)
- Not a traditional “main street” town: No active storefront business district (downtown)
- Remote location: Not an interstate community and some distance from urban area
- Diminishing home values
- Lack of resources to make significant changes

Weaknesses are defined as internal in that they are those factors within the control of the group members.



- Lack of community vision outside the Plant and Mine economic mentality: Untapped resources (great minds in the community not getting involved)
- Very few employers/employment opportunities outside the Plant and the mine (one horse town)
- Limited spaces for opening of new businesses/expansion of businesses
- Lack of “cultural” opportunities or urban amenities (retail, restaurant and services): Major purchases have to be done in the closest urban center (Billings)
- “New” community (only recently incorporated and not established)
- Unstable future
- Lack of support from national and sometimes state government
- No solid “retirement community” infrastructure (i.e. hospital, large/one-stop-shopping retail, assisted living)
- An established culture of travel (residents habitually travel to meet their needs and may or may not be supportive of local business even if it were there): No incentives for new business
- Water rights (the power plant currently owns the water rights and the community leases them)
- Limited area for community growth (difficult to purchase property in the surrounding area as prices are far above market value for the area)

Opportunities

The following are those components and factors related to Colstrip as a whole and specifically economic indicators and development believed to be potential opportunities to the economic development of the community. External opportunities include trends, technologies and funding that have the potential of benefitting the work being done.

Opportunities are defined as external in that they are those factors that are not necessarily in the control of the group providing the input.

- Investment by Plant owners in clean coal technology: Retrofitting Units 3 and 4
- New political drivers at play since the election in November
- Clean coal technology in general and its potential application in Colstrip
- Development of a public transportation system linking Colstrip to Billings and/or Miles City
- Empty school building (Isabel Bills Learning Center)
- Community belief in the ability to make a difference
- Access to coal (Westmoreland Mines)
- New technology could find a “start” in Colstrip
- Existing infrastructure (including Plant equipment, rail, water, gas lines and power transmission lines)
- Workforce training opportunities (existing mining, power plant and related skilled labor opportunities for on-the-job learning)
- Existing highly skilled workforce
- Colstrip as a retirement community/hub
- Diversified energy opportunities (Carbon capture, Geothermal, wind)
- Chances to add more technology into the existing power plant structure



- Colstrip as a leader in responsible and efficient energy production that would offer the opportunity for continued good paying jobs
- Increased manufacturing opportunities
- Opportunities to employ more people in diverse industry
- Retail “core” opportunities (to encourage people to visit and stay): Creation of a town square
- Colstrip’s community has a great “lay out” with opportunity for diversity and growth
- Harness current positive media attention
- Available land in close (and far) proximity to the existing community
- Build on access to recreation/tourism (i.e. creation of a recreational vehicle dealership)
- “Place making” - Take advantage of Colstrip as a “Prairie Oasis”
- Colstrip is a newly incorporated community giving it more flexibility and innovation than older, more established communities

Threats

The following are those components and factors related to Colstrip as a whole and specifically economic indicators and development believed to be a potential problem or barrier to the ongoing

Threats are defined as external in that they are those factors that are not necessarily in the control of the group providing the input.

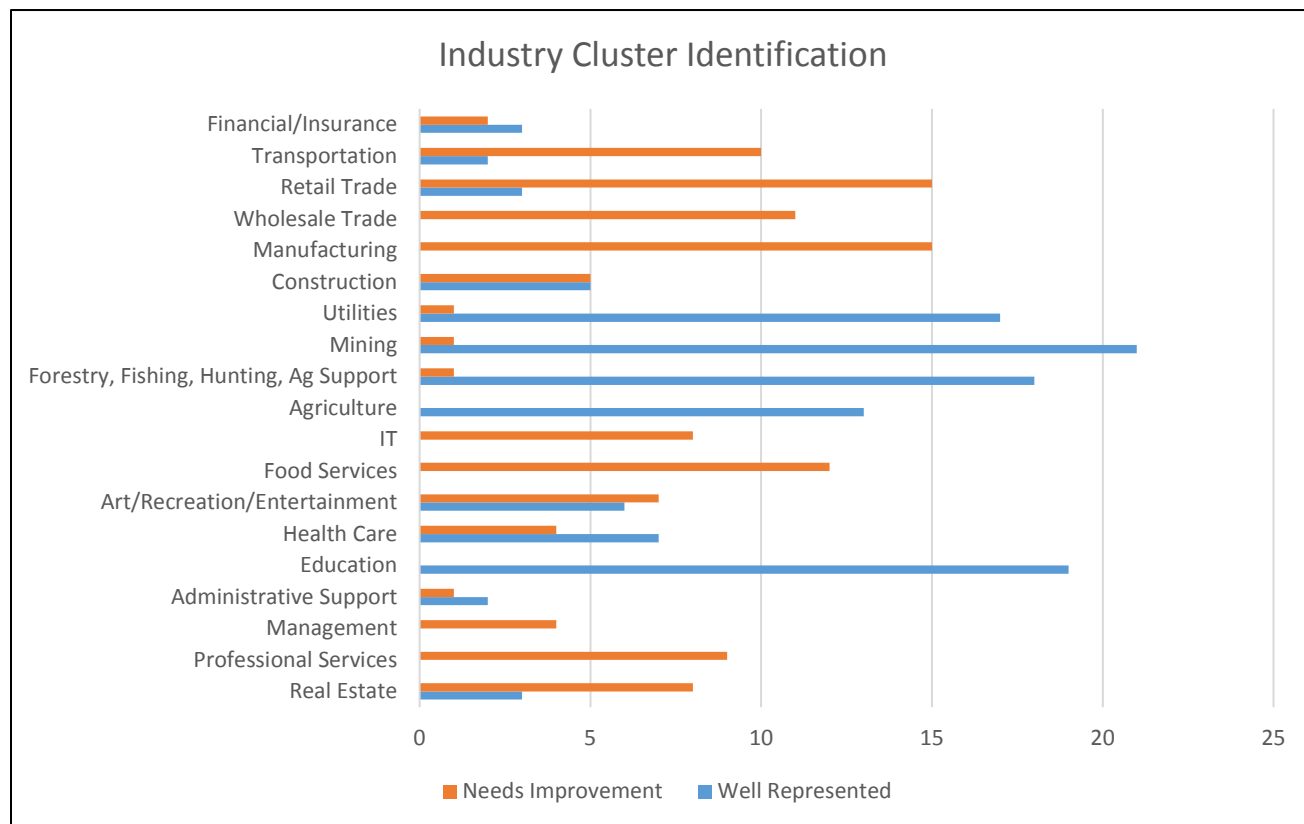
economic prosperity and/or growth of the community. External threats include trends, policies, or changes in funding that have the potential of becoming a barrier or hindering the ongoing functionality of the group/community and the work being done.

- Loss of residents/people in the community after the closure of Power Plant units 1 and 2: Related loss of tax base, customers to local businesses and general quality of life
- Aging workforce: High percentage of current Colstrip workforce nearing retirement
- Divesting of responsibility on the part of the Plant owners
- Inability to sell real estate when/if the Plant and/or mines close (Real estate value declines)
- Loss of electricity capacity when Units 1 and 2 are closed (What happens to the power grid?)
- Over-reaching environmental legislation: Government overreach in general
- Low investment in research into clean coal and related technologies
- Fracking (creating low natural gas prices)
- Negative media attention (as compared to very little positive media attention): Public perception of coal
- Water rights (Power plant currently owns water rights)
- Uncertainty of what’s next when Units 1 and 2 close and related uncertainty as to the exact plan for timing of the closure and “next steps.”



Economic Cluster Identification

Following the group SWOT analysis, participants were provided a list of economic industry clusters, as outlined by the Economic Development Administration in conjunction with guidelines for development of Community Economic Development Strategies (CEDS). Participants were provided “voting dots” and asked to use these to identify those economic industries they felt were well represented in Colstrip and also those industries they felt needed improvement. The following graph represents the results of that analysis:





Strategic Visioning & Project Ideas for Consideration

On December 15, 2016, a second meeting was held. This second meeting was by invitation only and included some of the same participants from the previous evening's meeting as well as new participants representing key city, county, state and federal government, business and leadership roles. The purpose of the second meeting was to review previously identified SWOT information as well as economic industry clusters and to utilize this information to begin formulating potential strategic initiatives and related projects.

Participants were divided into small groups, told to select five (5) of the identified industry clusters and begin formulating potential project ideas. Participants were allowed to select whatever industries they desired to discuss and explore without concern for whether or not that industry had previously been identified as "well represented" or "needs improvement." They were given a set amount of time for each cluster they selected and specifically instructed to only concern themselves with possibilities and not logistics. In the purest application, participants were asked to utilize their "5 year old" thinking and alleviate phrases such as "we can't," or "this would work except..." The second night's meeting yielded the outcomes outlined in the following section.

Identified Economic Clusters and Related Projects

The chart below documents the strategic ideas or suggested projects, categorized by economic cluster. To the left of each idea/project, are the votes garnered for each concept. The voting was done as an initial ranking tool to capture the general direction of the meeting participants.

IDENTIFIED ECONOMIC CLUSTER	VOTES GARNERED
<u>Professional Services</u>	
Office Space	None
Lawyers	None
Engineering & Environmental (professionals already in the community)	(2)
Look at (and fill) regional needs	None
<u>Education</u>	
Research Development (partnership with Miles Community College)	(2)
Isabel Bills Learning Center Building - Utilize as an emergency medical tech training center	(7)
Military/Explosives training center	(1)
Create a local college based in trades/union crafts/IT	(11)
<u>Health Care</u>	
Expand Occupational Health Services	(1)
Create/expand retirement community opportunities	
• Including establishing/expanding assisted living & senior housing	(13)
Highlight parks & recreation and outdoor lifestyle the community offers	(2)
Maintain/Stabilize the clinic tax district	None
<u>Art/Recreation/Entertainment</u>	
Build/Establish a campground	(6)
Trophy Farms (Elk/Deer)	(5)



IT

Broadband development (consistent access & speed)	(9)
Fiber Optic Line Development (line already exists, just need development)	(8)
Internet Based Business development and corresponding maintenance (computer techs)	(3)
Server farm	(5)

Agriculture

Agricultural Support Services (Tractors and related equipment)	(7)
No till cover crops (alfalfa/Cattle Grazing)	(1)
Christmas Tree farm	(1)
Terra-forming and permaculture	(1)
Raspberry farms	(1)
Marijuana production/grow	(1)
Develop/grow pulse crops	(6)

Mining

Reclamation	
Positive marketing of products already sustaining the community (coal/power)	(7)
Recycling tires from the mine/plant as road construction materials	(4)
Enhancement of earth moving technology	None
Upgrading current facilities (Activated Carbon/Coal Repurposing and/or Syncow Site)	(1)
Environmental Enhancement services	(1)
Coal Research & Development Utilization	(6)
Conversion of coal into petroleum products	(7)

Utilities

Water (ensuring rights, access and affordability)	(4)
Continued infrastructure investment	None
Take advantage of capacity opportunities (transmission lines)	(3)
Conversion of Coal to natural gas (LP Amina)	(16)
Wind farms	(2)
Geothermal	(3)

Construction

Enhanced Highway Construction capacity/work crews/construction company center	(19)
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Manufacturing

Microbrewery utilizing CO2	None
Develop and utilize CO2 Carbon Capture technology	(19)
Land Reclamation experiment (requiring regulatory buy-in)	(2)
Use of the Isabel Bills Learning Center as a manufacturing site	(1)
Take advantage of rail transport opportunities	(2)
Hydrogen Fuel development/manufacturing	(7)
Aircraft manufacturing center	None
Steel manufacturing (value added)	(1)
Manufacturing/distribution of military laser weaponry	(1)
Use of fly ash for manufacturing of bricks/building materials	None
Sugar beet factory/processing	(6)



Retail Trade

Main Street Development (Isabel Bills as a service center)/Commercial kitchen

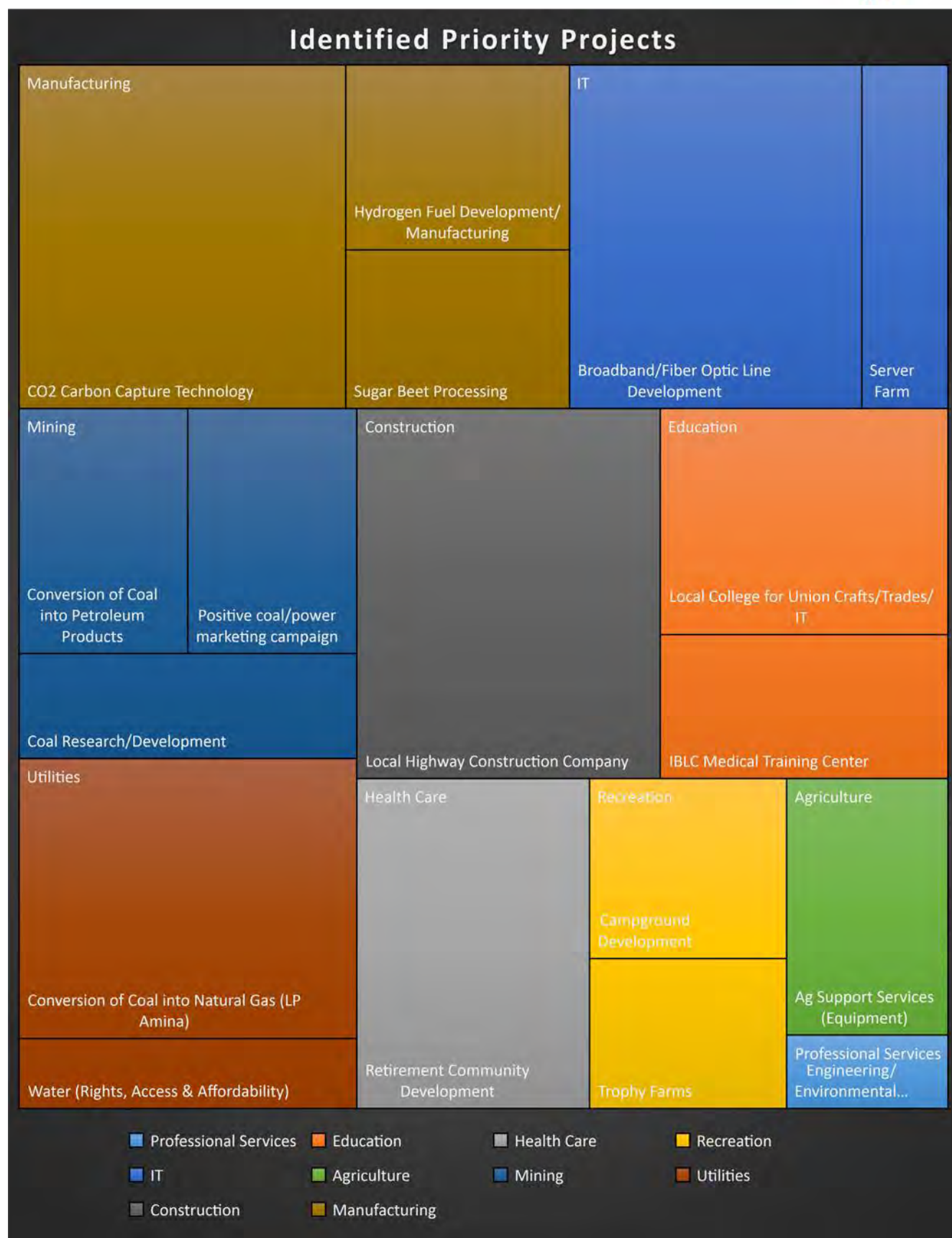
None

Financial/Insurance

Financial Planners

None

There were no suggestions offered in Real Estate, Management, Administrative Support, Food Services, Forestry, Fishing, Hunting, Ag Support, Wholesale Trade or Transportation



■ APPENDIX B – RESOURCES

1. US Census Bureau, www.census.gov
2. American FactFinder, www.factfinder.census.gov
3. Innovation 2.0, www.StatsAmerica.org
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