

# MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

**Natural Resources**

**Key Industry Network (KIN)**

**Overview of March 3, 2015 Meeting and Next Steps**

# Natural ResourcesKIN

## MEMBERS & ORGANIZATION

### Co-Chairs

Loren Rose, Pyramid Lumber  
Todd Myers, Cloud Peak Energy

### KIN Members

Bob Bartosh, Dakota Coal/Electric/Montana Limestone  
Nate Bean, Bitterroot Valley Forest Products  
David Brown, Wyo-Ben  
Chuck Buus, Barrick-Golden Sunlight Mine  
Jeff Chaffee, Bison Engineering  
Tony Colter, Sun Mountain Lumber  
Tad Dale, Montana Resources  
Dan Daly, Roseburg Forest Products  
Brad Hanson, Signal Peak Energy  
Greg Gannon, Holcim Cement  
Dick Johnson, Ash Grove Cement  
Gary Marks, Marks-Miller Post and Pole  
Mike Newton, Fisher Sound & Gravel  
Ryan Palma, Sustainable Lumber Company  
Tom Ray, Plum Creek  
Chuck Roady, F.H Stoltze Land and Lumber  
Nancy Schlepp, Tintina Resources  
Brent Wadman, Stillwater Mining Co

### Facilitators and Staff

Michaela Wolfinger-Governor's Office  
John DeArment—MT Department  
of Environmental Quality  
Ray Beck, MT Department of Natural  
Resources & Conservation  
Mary Craige – MT Dept. Commerce

## “One Big Thing” That Would Boost Natural Resource Industries

- An education campaign on natural resources industry benefits and actual processes
- A campaign to inform public on modern mining
- Understanding how MT benefits from activities - how our sector is conducting business in a protected way vs outside our borders (MT industries are the model for natural resource stewardship)
- Better balance on quality of life and economic development of natural resources
- Partnerships / innovation to solve industry challenges
- Market our treasures in new ways / reach new markets
- Federal land management / land manager performances standards and meet these standards
- Change in perception on what is achievable
- Innovation / Tech advancements - More focus /\$\$
- Lack of understanding by public about MT’s Natural Resource Industries - Sources of education needs to be from industry
- Flexibility for innovation - “not one size fits all”
- Measure & understanding of the economic contribution mining brings to tourist areas and resident’s need for natural resources
- Education about MT’s natural resources industry has to start at young age
- State as a spokesperson /partner in Natural Resources practices
- Promotion and marketing resources
- Need an export terminal
- Predictability in taxes, royalties for industry
- More accurate and balanced media coverage
- State partnership with BLM (fed lands), to promote and permit logging
- Partner with Universities on changing the student experience / view on the modern natural resources industry
- Predictability to those looking to invest in Natural Resources development In MT / provide support to existing industries
- Change the board of environmental review to make it balanced (Like EAC), science-based, more consistency across administration

# SWOT Analysis

## Strengths

- MT has unique / high quality resources found in abundance like nowhere else (example Plum Creek campaign)
- Montanans are proud of history, heritage
- MT has an educated workforce
- World class school of mines and experts
- “Renaissance” understanding of how MT operates
- Access to those in government (fed and state)
- Small population allow us to be flexible
- MT “brand” is favorable to business
- In some areas, location to resources and access
- High paying jobs in the Natural Resources sector
- Great work ethic by Natural Resources Workers
- Significant part of the Montana economy
- Available rail transportation
- Companies want to do the right things, they are Montanans who care
- Quality of life especially for raising families
- Political influence is significant compared to size - punch above our weight
- Good stewards of the environment and have made huge improvements in methods

# SWOT Analysis

## Weaknesses

- Misperception of natural resources by public sector (and media coverage)
- Access to raw materials on federal land - specifically timber
- Hard to quantify mineral abundance (improving with technology)
- Federal taking of highly productive Natural Resources lands (threat)
- We are not good communicators and marketers, telling the true story, social media
- Outside Montana groups have targeted this state (threat)
- Lack of proper balance between environment and influence of special interest
- Access to market in some locations
- Size /quality of incoming workforce (threat)
- Outdated environmental laws, example NEPA
- Federal laws / regulations “one size fits all” versus individualized
- Vendors, supplies limited in certain locations
- Scale of MT economy to doing business
- Agencies continually on the defense (state and fed)
- State less desirable for natural resource industry due to regulations in some areas (actual vs perceived)
- Keep kids in MT after they graduate, able to bring them back

# SWOT Analysis

## Opportunities

- Asian demand for natural resources
- Relationship building (Baucus as ambassador)
- Capture value through manufacturing in state vs exporting to out-of-state manufacturers
- Cross-product/chain manufacturing
- Highlighting the great work done by industry in reclamation
- Workforce in Indian Country
- Political support in Indian Country, across the state, congressional delegation, Governor, and Legislature
- KIN work with state partner to grow workforce for the industry sector
- Improve the time lapse and level of effort of permitting
- Industry can educate each other / Educate stakeholders

# SWOT Analysis

## Threats

- Non-Government Organizations
- Federal listing of sage grouse
- Some industries are sun-setting unless there is innovation / new markets
- Small population has decreasing political influence nationally
- Can save only so much in decreasing economies
- Infrastructure aging and not expanding
- Workforce flowing out-of-state to areas of higher demand and wages
- Aging population
- Other state law changes have impacts
- Other states targeting MT for test laws passed here
- Global climate change – truths / perceptions
- Threat of losing “renaissance” understanding by MT residents, growing disconnect of natural resources in the role in daily life
- Willingness of industries to adopt to realities (power to craft our future is our opportunity)
- Raw material supply

## Pillar I: Train and Education Tomorrow's Workforce Today

### Areas of Importance to Natural Resources Industries:

- Program/curricula develop to educate MT P-16 on natural resources industry benefits and actual processes
- MUS, OPI, trade partners industry working together to build/retain workforce for Natural Resource industries
- Partner specifically with Indian country (see above)
- Celebrate our heritage of educating Natural Resources professionals –School of Mines
- Work with education at all levels to dispel misconceptions



## Pillar II: Create a Climate that Attracts, Retains, Grows Businesses

### Areas of Importance to Natural Resources Industries:

- Alignment between perception / truth is the goal
- Industry members partner to grow effectiveness, efficiency, predictability
- Flexibility for public-private to work together (not business as before)
- Review tax impact on KIN members (question on Tax Foundation ranking, Competiveness report), the tax burden relative to elsewhere
- Review relationships in place, Access to capital and awareness
- Flourishing environment through stewardship in contracting

## Pillar III: Build Upon Montana's Economic Foundation

### Areas of Importance to Natural Resources Industries:

- Infrastructure – physical and nonphysical (broadband, information transfer)
- Ports, transportation that would increase partnering
- Money for maintenance / improvements
- Money for technology
- Change impact of monopolistic corporations on Natural Resources
- Increase timber harvest; partnering of state and industry in land management
- Supporting industry efforts that are innovative and beneficial to MT quality of life such as carbon sequestration
- Transportation gaps - support what is working

## Pillar IV: Market Montana

### Areas of Importance to Natural Resources Industries:

- Highlight the success of the Natural Resources Industry business and the mode/methods used.
- Open up new markets (Asia in particular), more value-added products, partnerships for new products and solutions
- Capitalize on MT brand for Natural Resources sector
- Target “sun-setting” industries for marketing
- Market our expertise / uniqueness within the sector – School of Mines
- Highlight / market career opportunities

## Pillar V: Nurture Emerging Industries and Encourage Innovation

### Areas of Importance to Natural Resources Industries:

- Support innovative campus and business efforts to commercialize research projects (tech transfer) in areas of economic growth
- Incubation of natural resources
- Role of industry in funding other efforts
- Money
- Innovation programs
- Expand and enhance successful public-private partnerships that focus on research, technology and innovation such as “Innovate MT” and “MSU’s Center for Entrepreneurship for the New West”

# Natural Resources KIN - Breakout Groups

Breakout Group #1      Education

Breakout Group #2      Regulatory / State Relations

Breakout Group #3:      Markets

Breakout Group #4:      Infrastructure / Innovation

Breakout Group #5:      Raw Materials

## Each discussion group should answer the following questions:

- How important is the issue(s), to our industry and should it be a priority for our KIN?
- For those that are important, what actions should be taken to yield positive change and results?
- Who needs to be involved?
- How should this actions be accomplished?
- What is the timeline for accomplish the actions?

The following slides identify the discussion topics for each Breakout Group. In each, we have provided some possible tasks for consideration. You are not, however, constrained by these potential tasks; you are free to disregard them, or use them as a guide for your group discussion and outcomes.

## Breakout Group #1 Education

### ***Potential Tasks for Consideration by Breakout Group #1:***

Identify needed workforce (size, skills, etc.) for Natural Resources Sector

- Identify curriculum, programs and career pathways to develop, recruit & retain workers for Natural Resources Sector
- Identify actions needed to work with P-16, DLI to implement these initiatives
- Identify misperceptions about the Natural Resources Sector business and methods;
- Identify the value of the Natural Resources sector to Montana's way of life
- Identify actions and channels to change/educate selected officials, media, general public ; Celebrate our heritage

"One Big Thing" comments related to Breakout Group #1: Education campaign on natural resources industry benefits and actual processes; A campaign to inform public on modern mining; Understanding how MT benefits from activities- how our sector is conducting business in a protected way vs outside our borders (MT industries are the model for natural resource stewardship); Lack of understanding by public about MT's Natural Resource Industries (sources of education needs to be from industry); Measure and understanding of the economic contribution that mining brings to tourist areas and natural resources; Education about MT's natural resources industry has to start at young age; State as a spokesperson /partner in Natural Resources practices; Partner with Universities on changing the student experience / view on the modern natural resources industry; More accurate and balanced media coverage

### SWOT related to Breakout Group #1

- Strengths: Montanans are proud of history, heritage; "Renaissance" understanding of how MT operates; Good stewards of the environment and have made huge improvements in methods; MT has an educated workforce; World class school of mines and experts; Significant part of the Montana economy; High paying jobs in the Natural Resources sector; Quality of life especially for raising families
- Weaknesses: Misperception of natural resources by public sector (and media coverage); Not good communicators and marketers, telling the true story, social media; Outside MT groups target this state; Keep kids in MT after graduation or bring them back
- Opportunities: KIN work with state partners to grow workforce; Industry can educate each other / Educate stakeholders; Workforce in Indian Country; Highlighting the great work done by industry in reclamation
- Threats: Lack of proper balance between environment and influence of special interest; Threat of losing "renaissance" understanding by MT residents, growing disconnect of natural resources in the role in daily life; Workforce flowing out-of-state to areas of higher demand and wages; Aging population

MSMP Collaboration Partners: GOED (Chief Business Development Office John Rogers), MUS (John Cech), DLI (Commission Pam Bucy), Commerce (Director Meg O'Leary)

### ***Breakout Group #1***

*Members: Tad Dale, Chuck Buus, Ryan Palma, Jeff Chaffee, Nancy Schlepp, Brad Hanson, Dick Johnson*



## Breakout Group #2 Regulatory / State Relations

### ***Potential Tasks for Consideration for Breakout Group #2:***

- Identify ways Industry members can partner to grow effectiveness, efficiency, predictability; Identify actions need to facilitate and promote partnering; make better use of combined political strength
- Identify actions needed to improve partnerships within the Natural Resources Sector
- Identify ways to enhance ease and flexibility of public – private partnerships
- Identify actions needed to improve public –private partnerships

“One Big Thing” comments related to Breakout Group #2: Federal land management / land manager performances standards and meet these standards; Flexibility for innovation - “not one size fits all”; Predictability in taxes, royalties for industry; State partnership with BLM (fed lands), to promote and permit logging; Change the board of environmental review to make it balanced (Like EAC), science-based, more consistency across administration; Predictability to those looking to invest in Natural Resources development In MT / provide support to existing industries

### SWOT related to Breakout Group #2

- Strengths: Access to those in government (fed and state); Political influence is significant compared to size - punch above our weight
- Weaknesses: Outdated environmental laws, example NEPA, Federal laws / regulations “one size fits all” versus individualized ; Agencies continually on the defense (state and fed); State less desirable for natural resource industry due to regulations in some areas (actual vs perceived)
- Opportunities: Political support in Indian Country, across the state, congressional delegation, Governor, and Legislature; Improve the time lapse and level of effort of permitting
- Threats: Federal taking of highly productive Natural Resources lands; Non-Government Organizations; Federal listing of sage grouse; Small population has decreasing political influence nationally; Other state law changes have impacts; Other states targeting MT for test laws passed here

MSMP Collaboration Partners: GOED (Chief Business Development Office John Rogers), Commerce (Director Meg O’Leary), DNRC (Director John Tubbs), DEQ (Director Tom Livers)

### ***Breakout Group #2***

*Members: Tony Colter, Tad Dale, Jeff Chaffee, Brad Hanson, Mike Newton, Nancy Schlepp, Dan Daly, David Brown, Chuck Buus*

## Breakout Group #3 Markets

### ***Potential Tasks for Consideration for Breakout Group #3:***

- Identify ways to promote and expand new products, markets, new value-added processes, partnering
- Identify actions to accomplish expanding products and markets
  
- Identify ways to combat the “sun-setting perception” of some of the Natural Resource sector industries
- Identify actions needed to reverse this perception
  
- Identify ways to work for efficiencies, partner to build mutual awareness of challenges and common needs
- Identify actions to bring about these efficiencies and strengthen partnerships

“One Big Thing” comments related to Breakout Group #3: Market our treasures in new ways / reach new markets; Promotion and marketing resources; Need an export terminal

### SWOT related to Breakout Group #3

- Strengths: MT has unique / high quality resources found in abundance like nowhere else (example Plum Creek campaign); MT “brand” is favorable to business;
- Weaknesses: Access to market in some locations; Vendors, supplies limited in certain locations; Scale of MT economy to doing business
- Opportunities: Asian demand for natural resources; Relationship building (Baucus as ambassador); Capture value through manufacturing in state vs exporting to out-of-state manufacturers; Cross-product/chain manufacturing
- Threats: Some industries are sun-setting unless there is innovation / new markets; Can save only so much in decreasing economies; Willingness of industries to adopt to realities (power to craft our future is our opportunity)

MSMP Collaboration Partners: GOED (Chief Business Development Office John Rogers), DLI (Commission Pam Bucy), Commerce (Director Meg O’Leary)

### ***Breakout Group #3***

*Members: Nancy Schlepp, Ryan Palma*

## Breakout Group #4 Infrastructure / Innovation

### ***Potential Tasks for Consideration for Breakout Group #4:***

- Identify dollars and methods that will allow for innovation and industry expansion
- Identify actions to secure the funding
- Identify actions to foster innovation

“One Big Thing” comments related to Breakout Group #4: Better balance on quality of life and economic development of natural resources; Partnerships / innovation to solve industry challenges; Change in perception on what is achievable; Innovation / Tech advancements- More focus / \$\$

#### SWOT related to Breakout Group #4

- Strengths: Great work ethic by Natural Resources Workers; Available rail transportation; Small population allow us to be flexible; Companies want to do the right things, they are Montanans who care
- Weaknesses: Scale of MT economy to doing business
- Threats: Willingness of industries to adopt to realities (power to craft our future is our opportunity); Infrastructure aging and not expanding; Global climate change – truths / perceptions

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### ***Breakout Group #4***

*Members: Brent Wadman, Dick Johnson*

## Breakout Group #5 Raw Materials Supply

### ***Potential Tasks for Consideration for Breakout Group #5:***

- Identify dollars and methods that will allow for innovation and industry expansion
- Identify actions to secure the funding
- Identify actions to foster innovation

#### SWOT related to Breakout Group #5

- Strengths: In some areas, location to resources and access
- Weaknesses: In some areas, location to resources and access; Access to raw materials on federal land - specifically timber; Hard to quantify mineral abundance (improving with technology)
- Threats: Raw material supply

MSMP Collaboration Partners: GOED (Chief Business Development Office John Rogers), DLI (Commission Pam Bucy), Commerce (Director Meg O'Leary)

### ***Breakout Group #5***

*Members: Tony Colter, Dan Daly, Gary Marker*

## OUTCOME OF DISCUSSION GROUPS:

- Based on your discussion and analysis, **what** do you want to recommend that the KIN focus on moving forward? With respect to your recommendation:
  - **What** is one specific action, or set of actions, that should be taken to yield positive change and results?
  - **Who** needs to be involved?
  - **How** should this action or set of actions be accomplished?
  - **When** is it feasible to expect that the action or set of actions will be completed?