

# MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

## Natural Resources KIN 10am – 3pm March 3<sup>rd</sup>, 2015

### ***Co-Chairs***

Loren Rose, Pyramid Lumber  
Todd Myers, Cloud Peak Energy

### ***KIN Members present***

Greg Gannon, Holcim Cement  
Mike Newton, Fisher Sound & Gravel  
Tony Colter, Sun Mountain Lumber  
Tad Dale, Montana Resources  
Dick Johnson, Ash Grove Cement  
Jeff Chaffee, Bison Engineering  
Brent Wadman, Stillwater Mining Co.

David Brown, Wyo-Ben  
Chuck Buus, Barrick-Golden Sunlight Mine  
Tony Colter, Sun Mountain Lumber  
Nancy Schlepp, Tintina Resources  
Brad Hanson, Signal Peak Energy  
Ryan Palma, Sustainable Lumber Company  
Dan Daly, Roseburg Forest Products  
Gary Marks, Marks-Miller Post and Pole

### ***On the phone***

Tom Ray, Plum Creek

### ***Absent***

Bob Bartosh, Dakota Coal/Electric/Montana  
Limestone  
Nate Bean, Bitterroot Valley Forest Products  
Chuck Rody, F.H Stoltze Land and Lumber

### ***Members of the public/staff***

Erik Rose, Office of the Commissioner of Higher  
Education  
John Rogers, Governor's Office of Economic  
Development  
Tim Baker, Governor's Office  
Mary Craigle, MT Department of Commerce

Michaela Wolfinger, MT Department of  
Commerce  
Jim Molloy, Governor's Office  
John DeArment, DEQ Permitting Administrator  
John Tubbs, Director of MT Department of  
Natural Resources

**10:00 AM** Welcome and Introductions by Co-Chairs Todd Myers, Loren Rose, and KIN members

**10:15 AM** Governor Welcomed the KIN and Shared Opening remarks

- State doesn't create jobs, but we're partners
- Private-Public work needs to be interconnected for success
- Main Street Montana Project (MSMP) is about bottoms up business development plans

KIN member discussion and questions to Governor

- Montana's selling point is its quality of life
- Need to have industry by industry strategies for promotion
- Need solid recommendations, tangible steps, sustainability
- Get me a regional forester, opportunities and obstacles

KIN David Brown asked about progress of sage grouse working group. Tim Baker provided an overview of the work to date and efforts going forward

**10:45 AM Overview of the Governor's Main Street Montana Program** *Jim Molloy*

Goal of the Administration is better jobs, education, and more effective government

Governor direction is that the Main Street MT work be Nonpartisan

Four dimensions to Main Street:

(1) Government, (2) Regions, (3) Indian Country, and (4) Key Industry Networks

Work of KIN is not only to work on plan but to add to the current MSMP Plan – What wasn't/hasn't been addressed? What should be addressed?

**11:00 AM** Update by *DNRC Director John Tubbs*

DNRC areas - forestry, oil and gas revenues, trust lands

Currently have \$40 million dollars of grants

**11:05 AM KIN Discussion on "One Big Thing" that would most help Natural Resources 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

### **“One Big Thing” continued**

- 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 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
- 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

**11:05 AM** Joe Ramler Presentation “The Economy in the Big Sky - Focus on Natural Resources”  
Question on taxes as to how much of Natural Resources taxes go to the school system?

**12:20 PM SWOT Analysis** – facilitated by Mary Craigle

#### **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

### **Strengths continued**

- 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

### **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

### **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

## 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

**1:30 PM** Discussion on Prioritizing Issue Areas and Actions across the 5 MSMP Pillars

### **Pillar 1 Train and Educate Tomorrow’s Workforce today**

- 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 2 Create a Climate that Attracts, Retains and Grows Business**

- 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 3 Build Upon Montana’s Economic Foundation**

- 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 4 Market Montana**

- 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 5 Nurture Emerging Industries and Encourage Innovation**

- 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”

**2:30 PM** Discussion on Where Do We Go From Here?

**Five breakout topics identified**

**Group 1: Education**

- PK-16 curriculum/education development
- Career pathways; workforce size and needs
- Education of elected officials
- Public relations to change perceptions, understanding of methods and contribution natural resources is to MT / Celebrate success/World class businesses
- Change media balance to more positive

Discussion Group Members

Tad Dale

Chuck Buus

Ryan Palma

Jeff Chaffee

Nancy Schlepp

Brad Hanson

Dick Johnson

**Group 2: Regulatory/state (energy KIN)**

- More flexibility / better partnering
- Use political strength we do have
- Partner to combat threats; solve problems

Discussion Group Members

Tony Colter

Tad Dale

Jeff Chaffee

Brad Hanson

Mike Newton

Nancy schlepp

Dan Daly

David Brown

Chuck Buus

## **Five breakout topics (continued)**

### **Group 3: Markets (cross KINs with DOC)**

- Promote and expand
  - New products; value added
  - New partnering
  - Combat sun-setting perception
- Work for efficiencies within Industry; mutual awareness of challenges/common needs

#### Discussion Group Members

Nancy Schlepp

Ryan Palma

### **Group 4: Infrastructure / Innovation**

- Identify dollars and methods

#### Discussion Group Members

Brent Wadman

Dick Johnson

### **Group 5: Raw Materials; protect**

- Natural Resources industries - raw supply and vendors

#### Discussion Group Members

Tony Colter

Dan Daly

Gary Marker

**3:00 PM Meeting Adjourned**