

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

November 5, 2015 Manufacturing KIN meeting
Montana Manufacturing Extension Center (MMEC), 2310 University Way, Building #2
10:00AM – 3:00PM

KIN Members present

K.C. Walsh, Co-Chair, Simms Fishing Products
Mike Robbins, Co-Chair, Montana Precision Products
Spencer Williams, West Paw Design, Bozeman
Karl Moritz, Lattice Materials, Bozeman
Bryan Wood, Wood's Powr-Grip, Laurel
Jim Markel, Red Oxx Manufacturing, Townsend
Jim Haider, GTUIT, Billings
Ken Green, Timberline Tool, Whitefish
Doug Hein, ATK Accessories-Plastics Center, Manhattan

On the Phone

Bert Robbins, Co-Chair, Montana Precision Products
Neal Blossom, American Chemet Corporation, East Helena

Staff/Public

Jim Molloy, Governor's Office
Tom Kaiserski, Montana Department of Commerce
Michaela Wolfinger, Montana Department of Commerce
Janice Wannebo, Montana Department of Commerce
Matt Springer, Rev Up Montana Director
Webb Brown, Montana Chamber of Commerce
Paddy Flemming, Montana Manufacturing Extension Center Director

10:20AM Co-Chairs, Opening remarks and Introductions

10:30AM Jim Molloy gave a status report on what happens next in the KIN recommendation process. 9 of the 13 KINs are active. The transportation, access to capital (financial services), nonprofit, housing and construction KINs still need to be activated. KIN Co-Chairs will meet with governor and present recommendations. Molloy is hoping for a quick turnaround on recommendation that that they make governor's budget proposals, especially if it involves legislation and policy. Have any KINs met with the governor yet? Yes, the Food and Agriculture KIN have presented their recommendations to the Governor.

K.C. Walsh stated that Simms Fishing Products has two workforce training grants and the addition the plant as a result of the Main Street Montana KIN meetings.

10:45AM Webb Brown gave a quick overview on the main focuses of the Montana Chamber of Chamber. Workforce, transportation, and the business equipment tax are some of the priorities as well as increased activity with the Montana Manufacturing Association which is an arm of the Chamber.

Tom Kaiserski presented on the status and some of the outcomes that have come out of the Main Street Montana Product to date. An outcome report from the workforce symposium will go out to the KINs and will be posted on the website when it is done.

11AM Matt Springer: Rev Up Montana grant project update

There is a limited amount of time for the grant. It is a \$25 million initiative aimed at systemic reform at 2 year colleges. It is a close partnership with Montana Department of Labor and Industry and the US Department of Labor. In July, Dr. Kirk Lacy was hired as the Industry Driven Workforce Development Partnerships Director. Co-funded by the MT University System and the Department of Labor & Industry, Kirk's charge is to align efforts in educating and training tomorrow's workers, may be the only such position in the country. ([Rev Up website](#) lists these training programs expected to grow and have high wages: welding, industry safety, welding fabrication, Canadian Welding Bureau, machining, industrial electronics, industrial maintenance, oil and gas, diesel technology, CDL/heavy ops, and entrepreneurship. It is demand driven with businesses telling them what they need. It has involved a lot of outreach to align the outcomes of college programs. They have also looked at industry recognized industry credentials. Rev Up would like to continue to create more on ramps during the process; \$5.3 million has been spent on new equipment. Rev Up has hired work force navigators. It is the largest initiative the state has taken on. There has been a 13 percent increase in retention and increase in enrollment in 2 years colleges since the inception of Rev Up. The project has been on the ground for 2 years with 2000 students enrolled.

Questions for Matt and discussion ensued - Mike Robins mentioned that trying to train in house was very difficult for Montana Precision and its collaboration with Highlands College has be going for two years now and that has been very successful. Rev Up is helping create a better return on investment for students and an overall rounded out skill set for trainees giving them flexibility. Montana faces a serious workforce shortage issue with retiring baby boomers.

Springer mentioned Rev Up is trying to aggregate training to create a better coordinated effort statewide. The KIN should consider providing ongoing input to the Rev Up coordinated effort so as to make sure there aren't duplicative efforts and to sustain the work. The grant started October, 2013, it ends September 2016 and has one year of evaluation following.

12PM Break for Lunch

12:30PM - Paddy Flemming updated the KIN on Montana Manufacturing Extension Center activities – the presentation will be available on the Main Street website.

12:45PM Facilitated discussion by Tom Kaiserski, working toward final recommendations.

Tom Kaiserski walked the KIN through a brief refresher on the outcomes of previous meetings.

(Note: discussion notes were written on flip charts and posted around the room. These notes will be written-up into final recommendations which will be prepared by the co-chairs, distributed to all KIN members for review and comment and presented by the KIN co-chairs to the Governor in-person.

The KIN priority areas included the following:

- Enhance workforce development
- Business equipment tax
- Increase MMEC funding
- Transportation Issues
- Access to capital

K.C. Walsh wants to look into Capital gains taxation. It might be useful to encourage more small businesses, technology, innovation, and startups.

Find numbers on revenue for the business equipment tax. How much does it provide the state? Would reducing or eliminating it encourage growth?

Access to capital for new manufacturers is extremely limited. This has become a cross KIN issue and the Manufacturing KIN would like to offer input for when the Access to Capital KIN is created.

It is a symptom of a greater problem. Colorado has groups that look into this which are publicly lead.

Access to capital issue can be in the introductory section of report, not addressing the issue but to highlight its importance. Let the capital investment group come up with the answers. K.C. Walsh will email Jim Molloy the specifics. Take a Look at the Texas model that works for Craig Wilkins.

Enhance workforce development-issue complex.

We need a 5 year plan. Educators and manufacturers need a growing plan. They could meet on a regular basis and measure results on actions that have been taken. It's something you don't just propose then walk away. A Long term, sustained effort is needed. There is no quick fix a sustained integrated workforce development program is needed.

We are dealing with a long-term shortage of labor. Grants are not all used up but availability needs to be better communicated. Karl Moritz noted that he looked at available grants and some don't apply. It would be useful to look for more creative ways to award grants.

Who's involved in ongoing dialogue? Don't reframe, use existing structures to continue the work and dialogue. It is currently not one big team effort. We need to understand clearly what the plan is. An example: the centers of excellence in WA.

The effort has to be private sector owned. Guidance counselors are the only place where any career counseling occurs and they just don't have time. How do you market a manufacturing career to a young person? There is need to maximize efficiency of staff that you already have, the group concluded there is a need for a five year plan and engaged people.

There was a recommendation to join Montana Manufacturing Association (brought by Brian Wood). This might be best to put in the introductory section of the report.

How does the state help businesses with relocation? For example: looking at pockets of higher unemployment and encouraging businesses to locate their.

The Governor's Office of Economic Development is going to do a big push for national manufacturer's day next year.

Business Equipment Tax (tax issues)

KIN members noted that the business equipment tax is a disincentive to invest and is particularly difficult because the tax is collected within 60 days of installing the equipment - constituting a drag on the business before the equipment can generate a return on investment. The tax is antiquated and originally designed for resource extraction industries and is not up to date with the changing value-added economy. The KIN discussed looking at the revenues it generates to determine how to replace the business equipment tax revenues. KIN needs to develop a compelling way to approach the governor and demonstrate that getting rid of the tax will encourage enough investments to increase revenue. The KIN also discussed looking at what Wyoming and South Dakota does with business equipment. After all of the discussion the KIN recommends eliminating the business equipment tax on all manufacturing equipment.

Enhance competitiveness of MMEC

The KIN wants to elevate MMEC's role in increasing manufacturing in Montana and increase its funding to meet or exceed that of neighboring states.

Transportation

The KIN discussed recommended creating a hub that Montana business could use together to consolidate transportation points, coordinate loads and share cost making transportation more economical.

The KIN also discussed logistics training, holding a transportation summit, looking at expanding free-trade zones and creating a corridor to Canada.

Made in Montana

As the meeting closed KIN members discussed promoting and marketing Montana more. The Made in Montana program was discussed at this time and some Kin members contend that it needs to be fixed claiming that is not successful because it gives no extra value. Some suggested the program needs a certification process in order to add value to it – Vermont’s program was cited as an example. The KIN agreed during the discussion that although Made in Montana problems need to be addressed that it would not be one of the final recommendations.

Next Steps:

Tom Kaiserski and Jim Molloy will work with the co-chairs on drafting the final recommendations. The minutes and draft final recommendation will be distributed to KIN before meeting with the Governor that will be scheduled to take place in the near future.

The meeting adjourned at 5:00 p.m.