

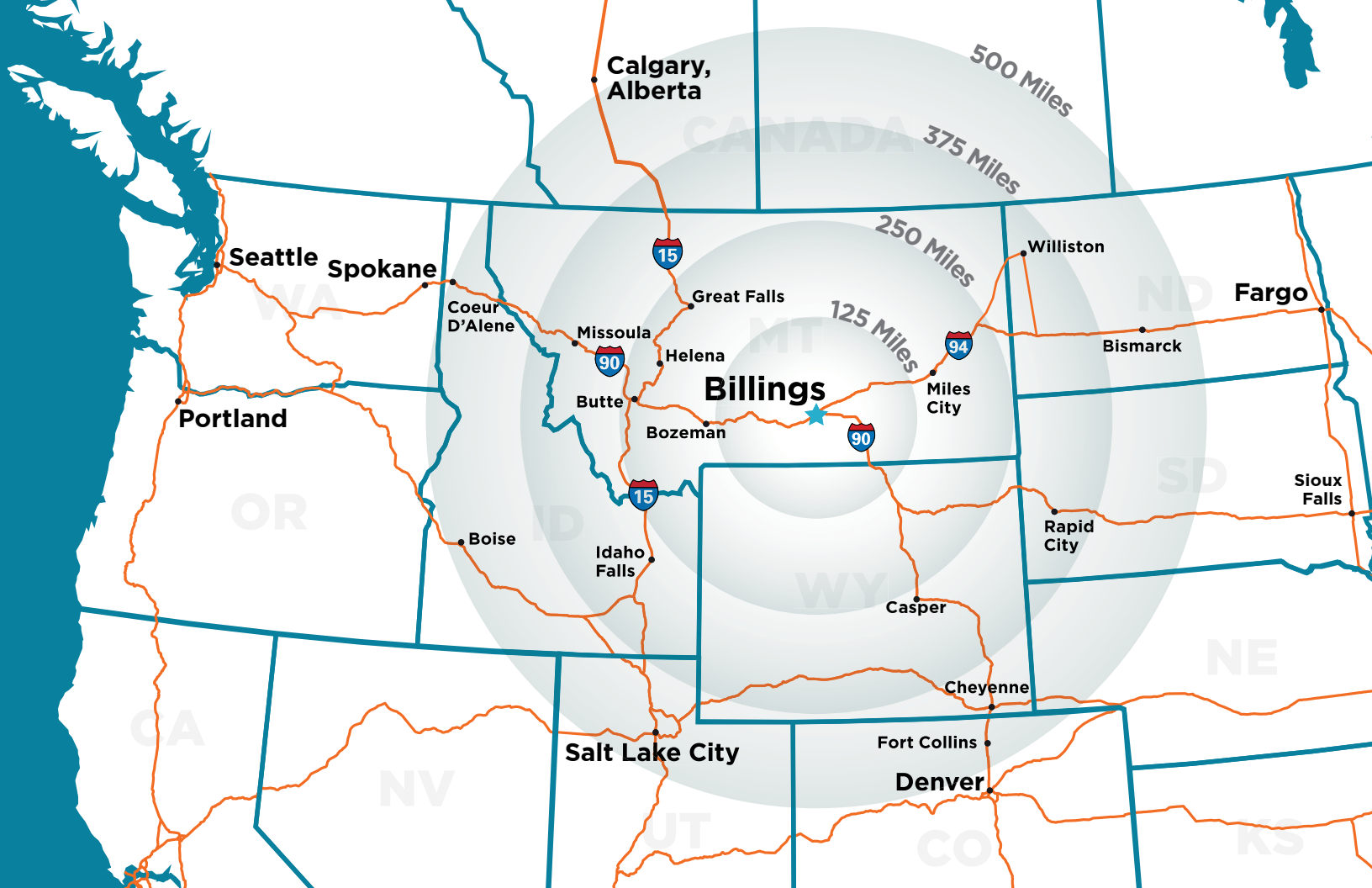


BIG SKY
ECONOMIC
DEVELOPMENT

2018
SPRING



ECONOMIC
PULSE



KEEPING A 500-MILE PERSPECTIVE

REGIONAL PEER COMMUNITIES



BILLINGS

MSA Population: **169,736**
Largest city in Montana

Major Colleges/Universities:
Montana State University Billings/
City College
4,401 Students

Rocky Mountain College
1,035 Students



BISMARCK

MSA Population: **131,547**
2nd largest city in North Dakota

Major Colleges/Universities:
University of Mary
3,160 Students
Bismarck State College
4,078 Students



BOISE

MSA Population: **690,214**
Largest city in Idaho

Major Colleges/Universities:
Boise State University
24,154 Students



BOZEMAN

MSA Population: **104,502**
4th largest city in Montana

Major Colleges/Universities:
Montana State University
16,703 Students



CASPER

MSA Population: **81,039**
2nd largest city in Wyoming

Major Colleges/Universities:
Casper College
4,648 Students



CHEYENNE

MSA Population: **98,136**
Largest city in Wyoming

Major Colleges/Universities:
Laramie County Community College
6,099 Students



FORT COLLINS

MSA Population: **339,993**
Fourth largest city in Colorado

Major Colleges/Universities:
Colorado State University
33,413 Students



GREAT FALLS

MSA Population: **81,755**
3rd largest city in Montana

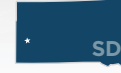
Major Colleges/Universities:
University of Providence
1,074 Students
Great Falls College MSU
1,875 Students



MISSOULA

MSA Population: **116,130**
2nd largest city in Montana

Major Colleges/Universities:
University of Montana
11,865 Students



RAPID CITY

MSA Population: **143,367**
2nd largest city in South Dakota

Major Colleges/Universities:
South Dakota School of Mines
and Technology
2,485 Students
Black Hills State University
4,244 Students

ECONOMIC
PULSE

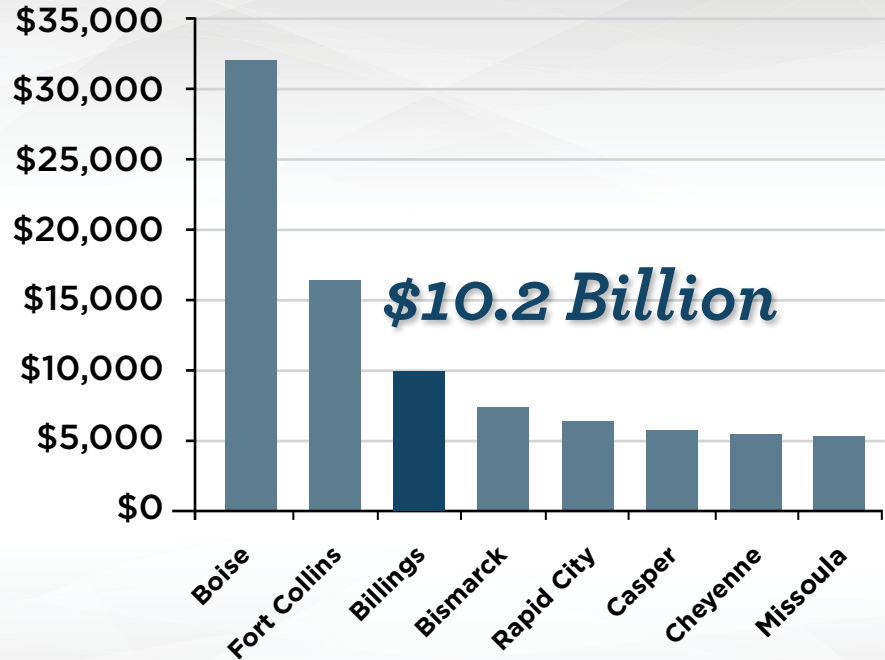
THE PURPOSE OF ECONOMIC PULSE IS TO:

- Follow economic trends in Billings and our peer communities
- Keep a 500-mile perspective of our regional competitiveness for private investment and talent attraction
- Identify future opportunities and challenges for our community

GDP, Millions of 2017 Dollars

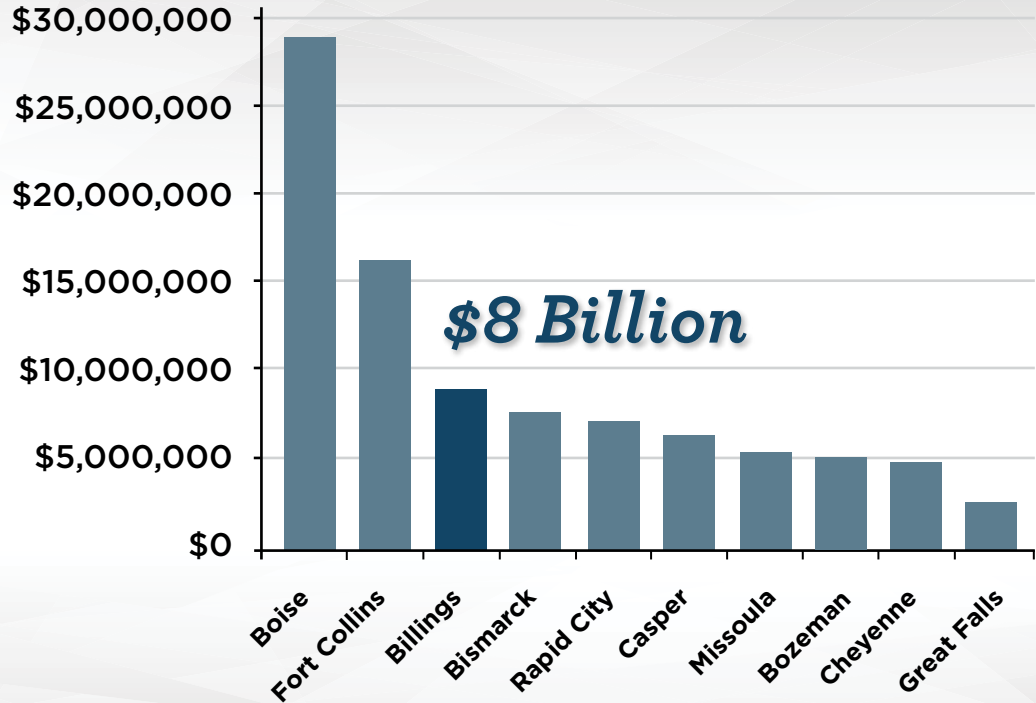
Billings remains the third largest economy of the communities included in this report. While Billings is also the third largest in respect to population, many of the communities that are very close to our size in population do not have as strong of a proportionate GDP. For example Billings (population of 169,736) has a GDP of \$10.22 billion which is nearly double that of Missoula's (population of 116,130) which is 5.31 billion. This speaks to the size of the Billings economy as well as the value of what is produced in our community. The two economies that are larger than Billings, Boise and Fort Collins, had a substantially larger metropolitan statistical area population - 690,214 and 339,993, respectively.

Bozeman is not included in this chart because the GDP for micropolitan statistical areas is not available from the source utilized.



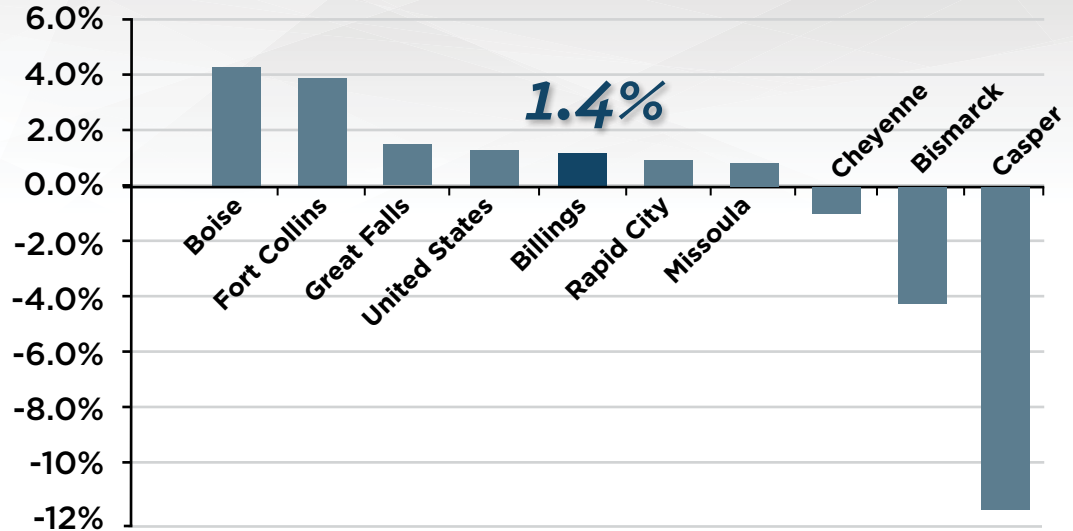
Total Personal Income, 2017

Similar to GDP, total personal income (TPI) is a way of measuring the size of an economy and the change over time represents economic health. Year over year, Billings grew 1.5%. While growth is positive, this places Billings in the back of the pack, only performing better than Casper (-5%), Cheyenne (1.2%), and Bismarck (1.2%). Bozeman and Missoula lead the way in TPI growth with 5.6% and 4% respectively. They were followed by Fort Collins (4%), Boise (3.9%), and Great Falls (2.4%).



Percent Change in GDP, 2015-2016 Dollars*

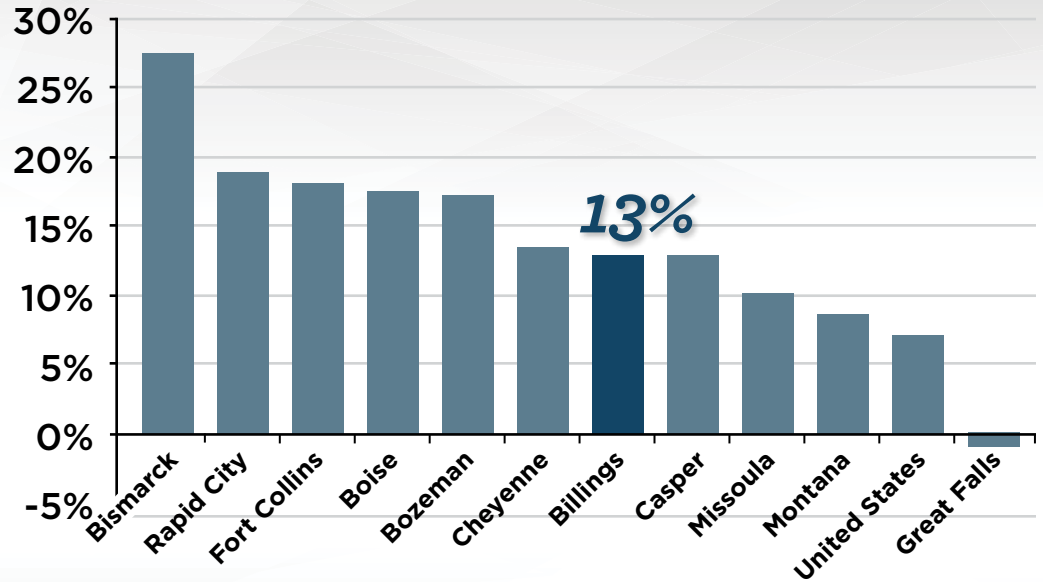
Real GDP is determined through equalizing the variability in values of goods produced (often commodity driven) in order to arrive at an apples to apples comparison of economic growth. The Billings GDP grew 1.4% year over year placing us slightly behind the US. It is important to note that when we looked at nominal percent change in GDP (the true numbers before they have been adjusted for product value fluctuation) the Billings economy contracted 1% in this period. This speaks to our community's need to diversify the products and services produced in our community.



*Utilizing a different data source, the percent change in the GDP for the Bozeman economy in the same period was 6%

Population Growth, 2007-2016

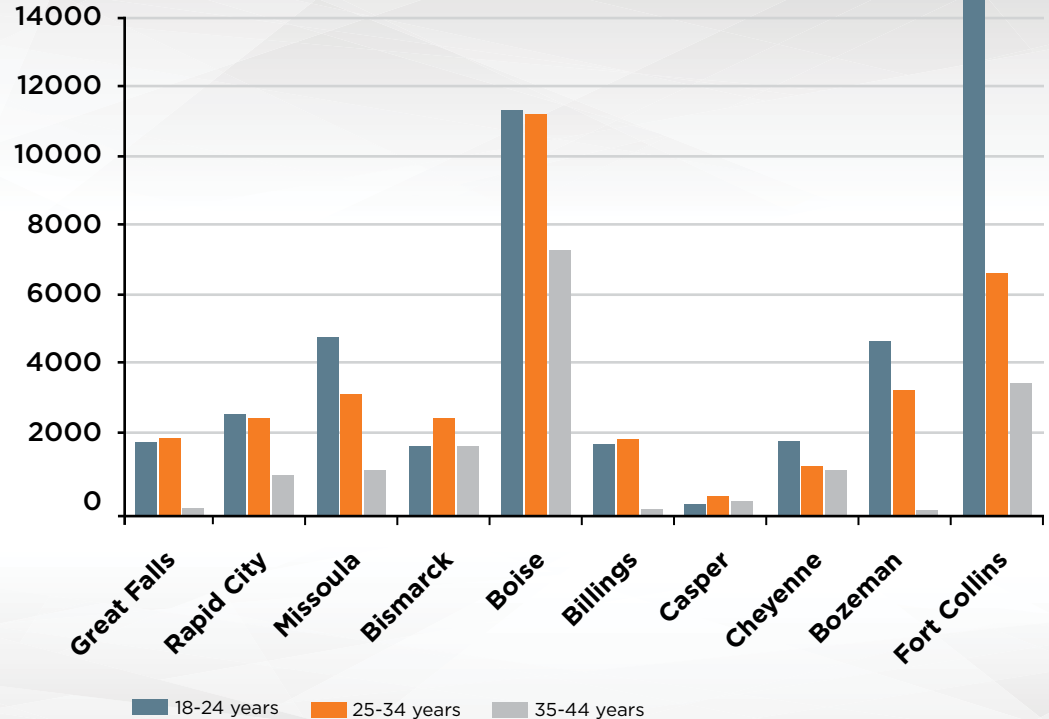
Over the last ten years, Billings has grown 13%. While this outpaces the State and the Nation, there are a number of peer communities that are growing at a much faster pace. Given our low unemployment rate and the fact that over 25% of our workforce is aged 55+, for Billings to remain competitive, we need to increase our population growth in the younger workforce demographic.



In-Migration By Age, 2016

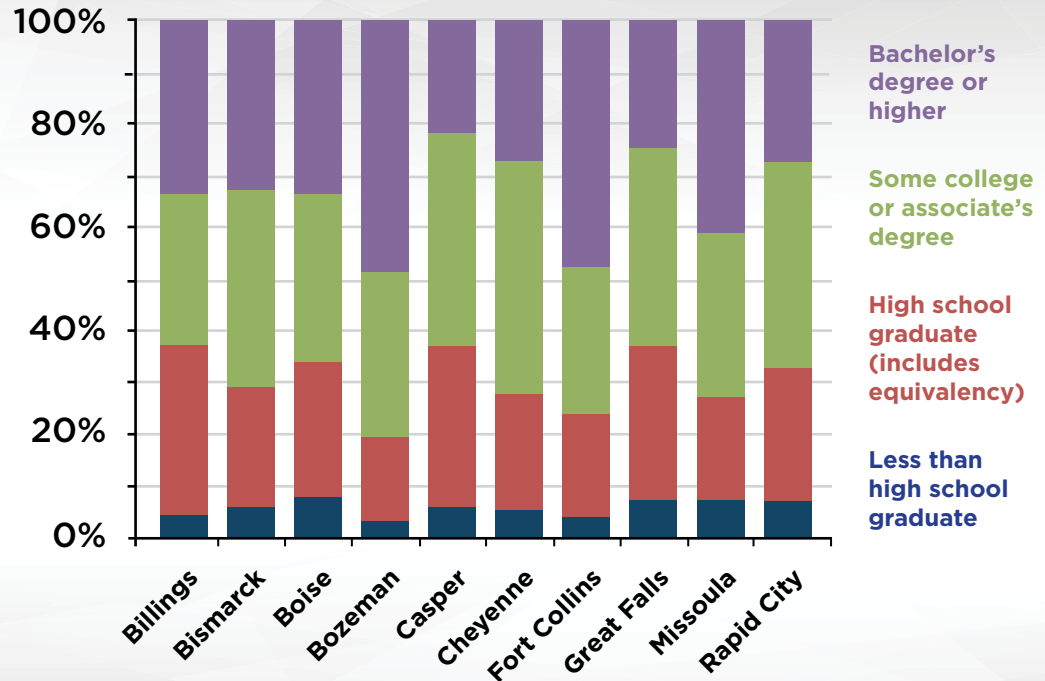
This data set reflects the number of people in the identified age groups who report having lived elsewhere in the previous year.

This chart does not reflect total population or net population growth in these age groups, it solely looks at new people to our community. This chart demonstrates the value of a larger higher education presence – with communities like Missoula, Boise, Bozeman, and Fort Collins experiencing the greatest level of in-migration in the 18 - 24 year old age group. This will be an important benchmark for our community moving forward as we work to attract talent to our community.

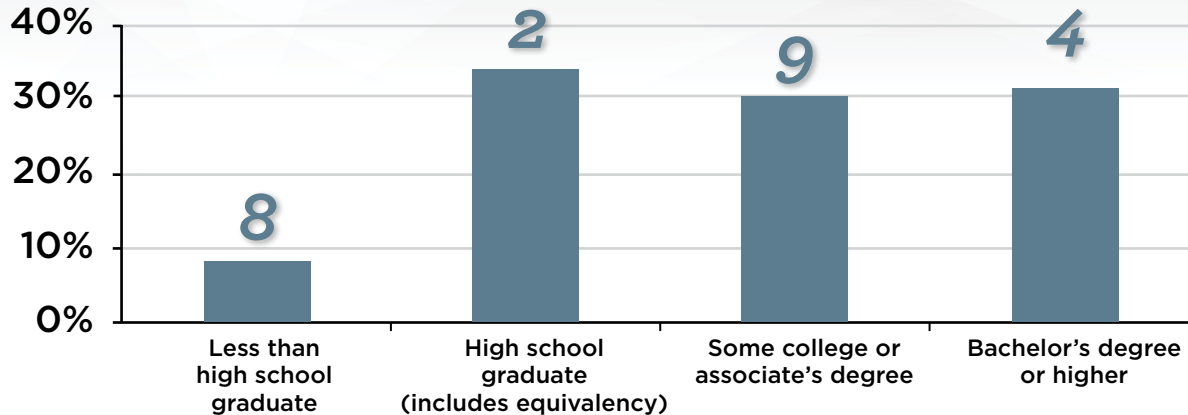


Educational Attainment, ages 25 to 64

Over the past year, there have been some notable changes in educational attainment rankings. Billings has moved from 5th in the group for a less than high school graduate attainment to 8th (which is a positive change as it is essential in the workforce to have at least a high school diploma or equivalent). Additionally, Billings has moved to the 4th position when it comes to a Bachelor's degree or higher which is up from last year's position of 6th. Naturally, communities with universities larger than 10,000 students show more residents with bachelor's degrees or higher. Growing the number of students in Billings is essential to have a competitive workforce.



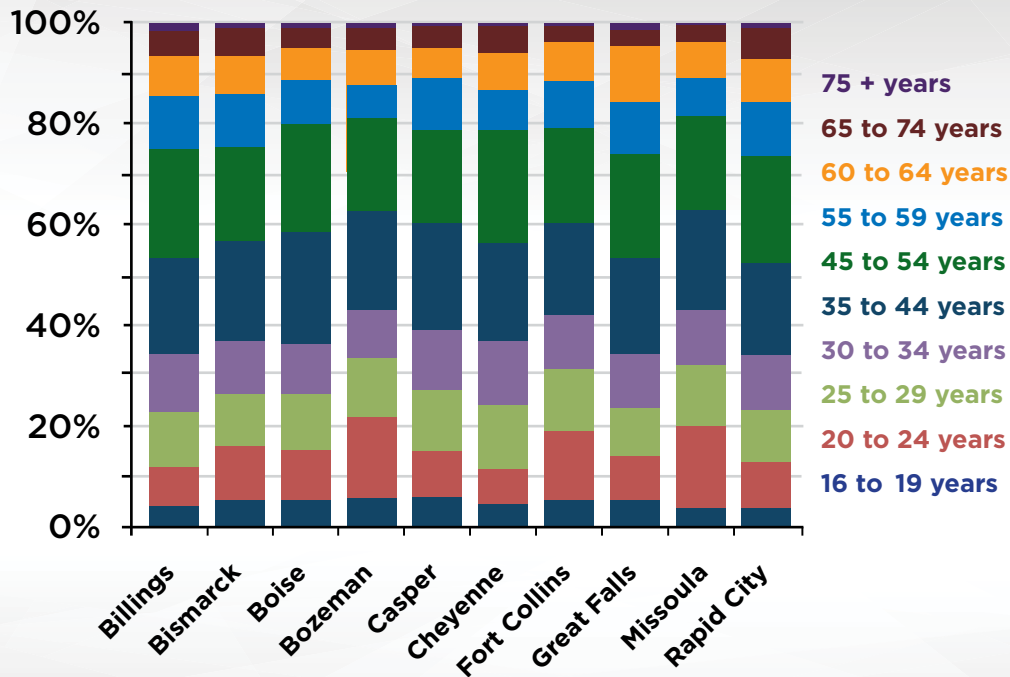
Billings Educational Attainment Compared to Its Peer Cities*



*On a scale of 1 - 10, 1 being the highest rate.

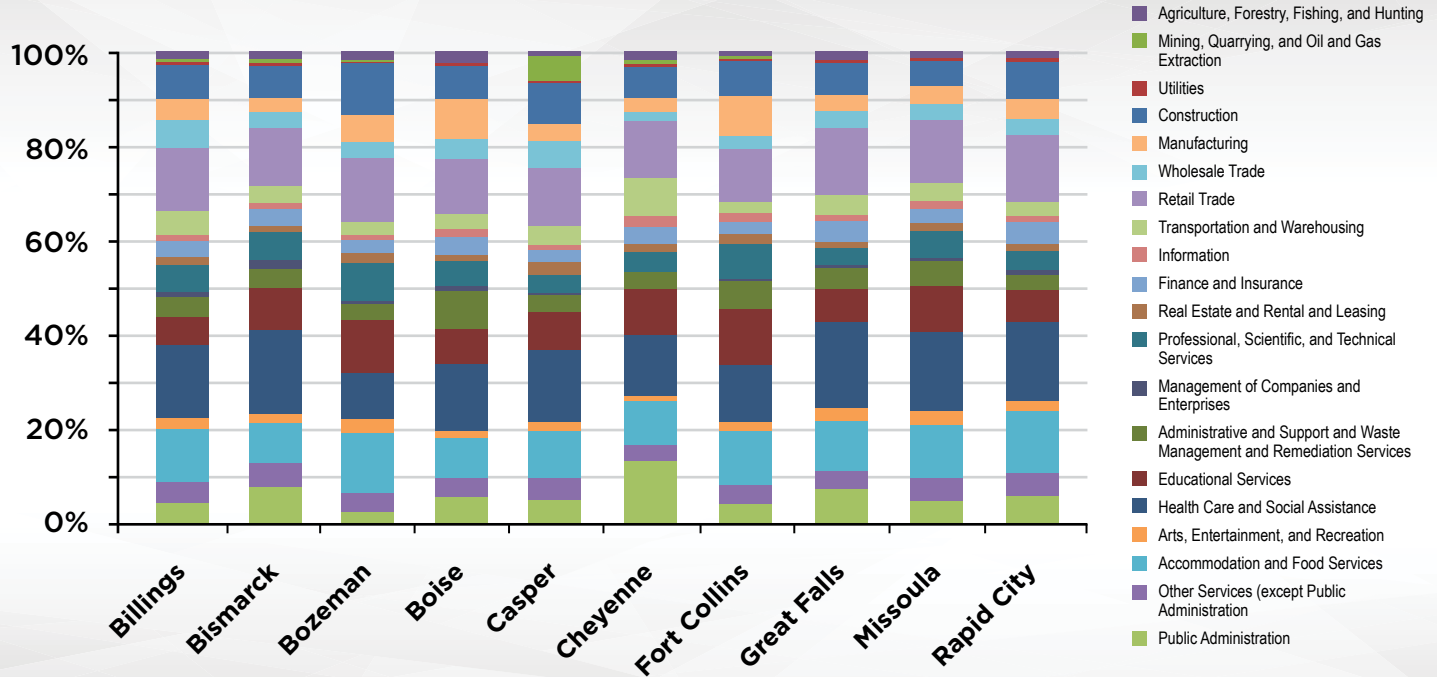
Employment by Age Group

When breaking down employment by age group, notice that Billings and its peer communities follow relatively similar trends. One important data set to note is the amount of the workforce population that is 55 to 75+ years of age. Billings has the second largest group that falls into this age bracket with 25%, the only community with a larger representation from that age group is Rapid City (26%). Communities that have a smaller representation of the 55+ in their workforce include Bozeman (19%), Missoula (19.4%), Boise (20%), and Fort Collins (21%).



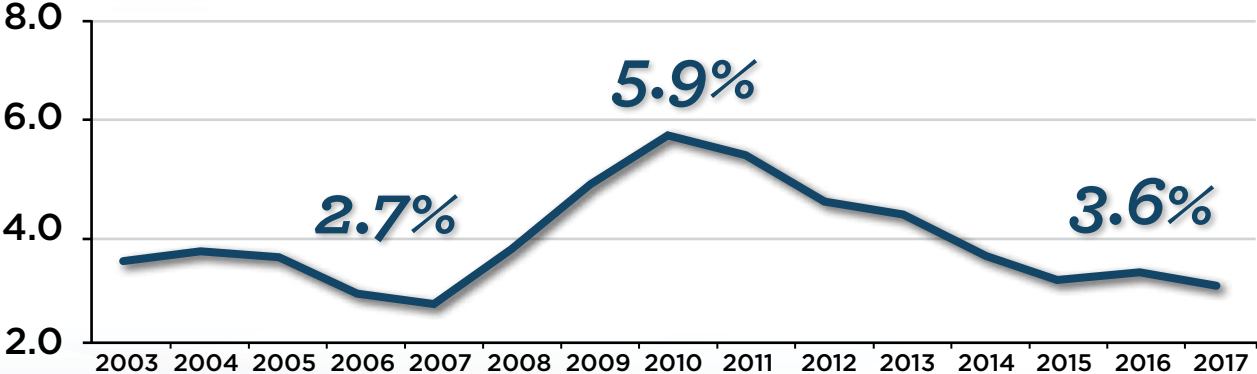
Employment by Industry

Employment by industry illustrates the share of people employed by sector. While Billings is touted as having a diverse economy, peer communities are equally diverse. There are no significant changes reported year over year.



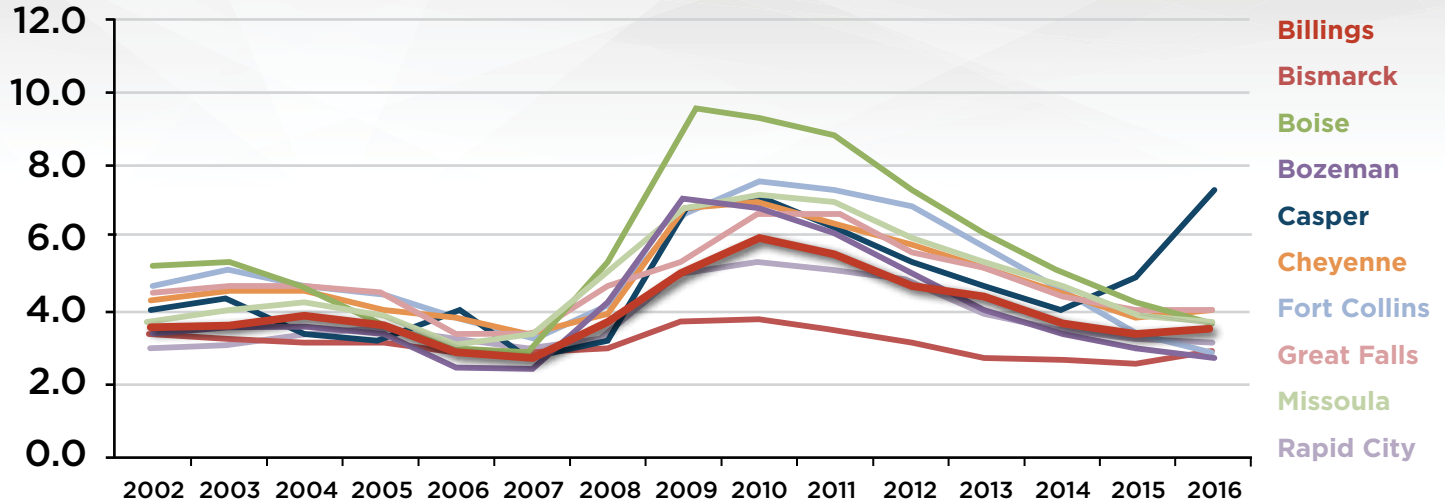
Billings Unemployment Rate, 2003-2017*

The Billings unemployment rate remains lower than the nation by half a percentage and correlates well with our peer communities. Through 2017 Billings was consistently the second lowest unemployment rate of the Montana communities studied, with only Bozeman experiencing a lower rate (October 2017 rates were: Bozeman 2.9, Billings 3.5, Missoula 3.7, and Great Falls 3.9). One dramatic change in this statistic occurred in Casper which went from 4.9% in 2015 to 7.1% in 2016. The latest data shows that Casper is recovering some with a rate of 5% in October of 2017, but this is still much higher than its peers.



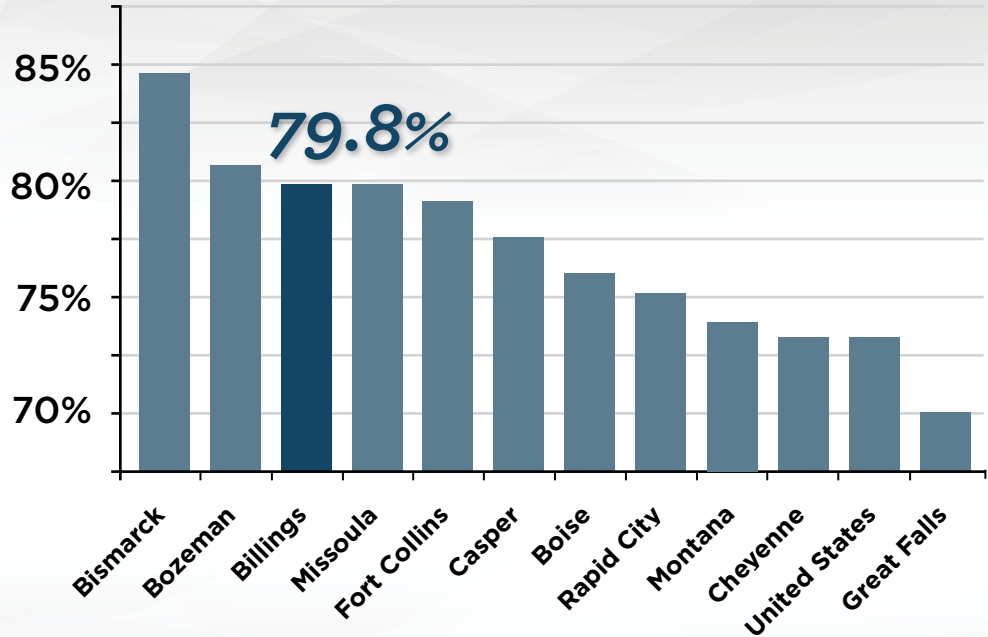
*The 2017 Billings Unemployment value reflects the average from January - October. The full year's data is not yet available.

Unemployment Rate, 2002-2016

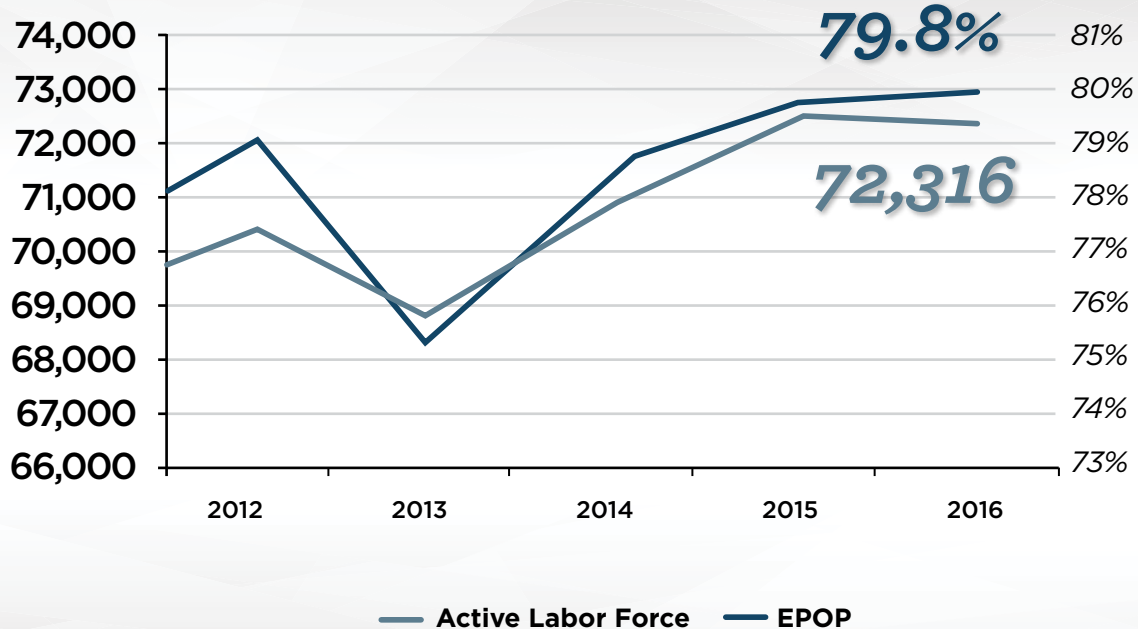


Employment to Population Ratio, 2016

EPOP is a measure of the percent of the civilian, non-institutionalized population aged 18-64 that is employed. Unlike the labor force participation rate, it does not exclude discouraged workers and other long-term unemployed persons. EPOP is very similar to participation rate as it compares the number of employed to the working age population. Billings' EPOP is in the top portion of its peer cities and has been relatively consistent. Bismarck has the highest EPOP of our peer cities. Year over year, Missoula has moved from 8th position to 4th, Great Falls on the other hand has fallen behind the US EPOP Ratio (73.4%) dropping from 77% to 70%.

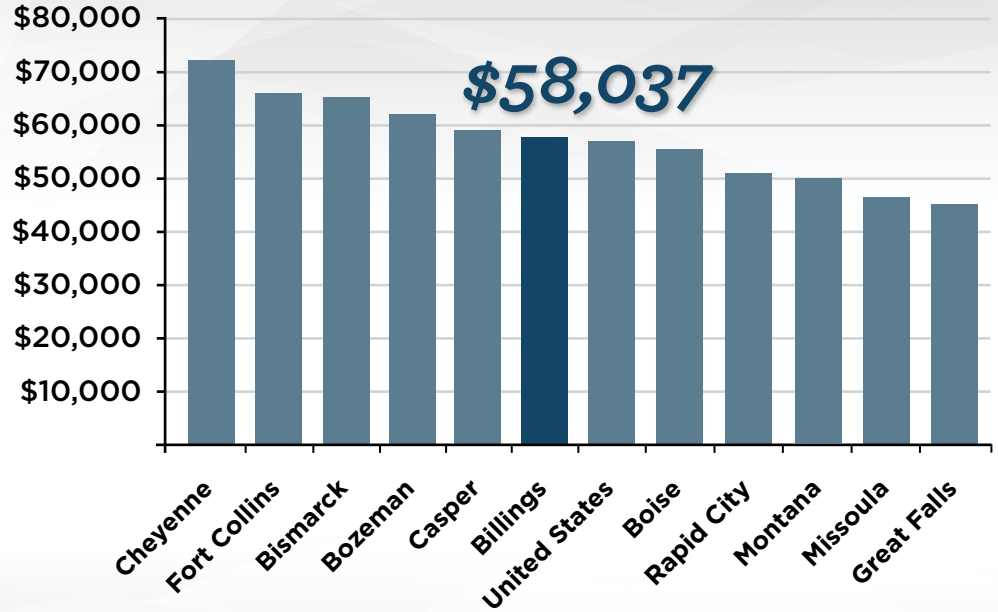


Billings Active Labor Force and EPOP Ratio 2012-2016



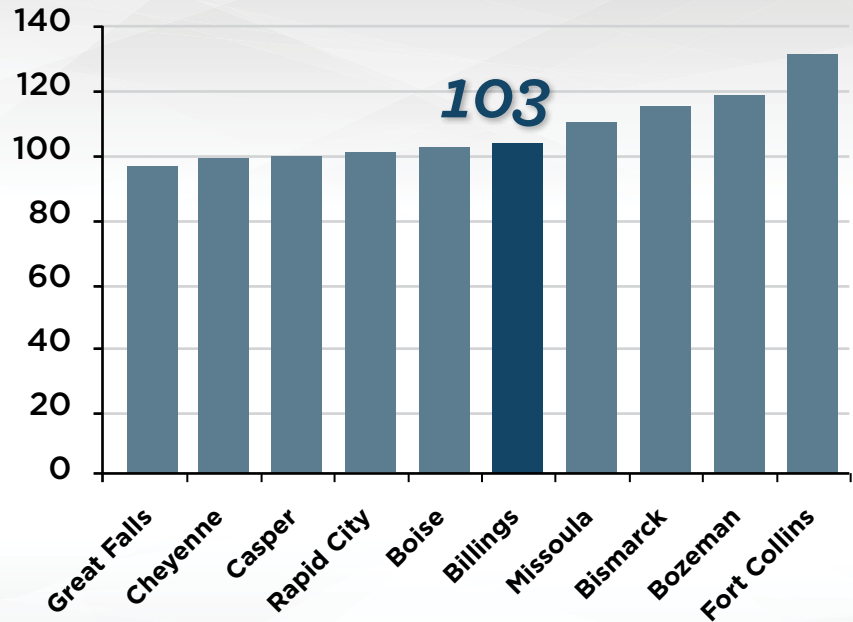
Real Median Household Income

Billings remains in the middle of the pack for this statistic but has, in the last year, surpassed the United States. Many of the communities experienced substantial growth in this data set. Cheyenne grew nearly 16%, with Fort Collins and Billings experiencing around a 10% growth with Bozeman close behind at 9.2%.



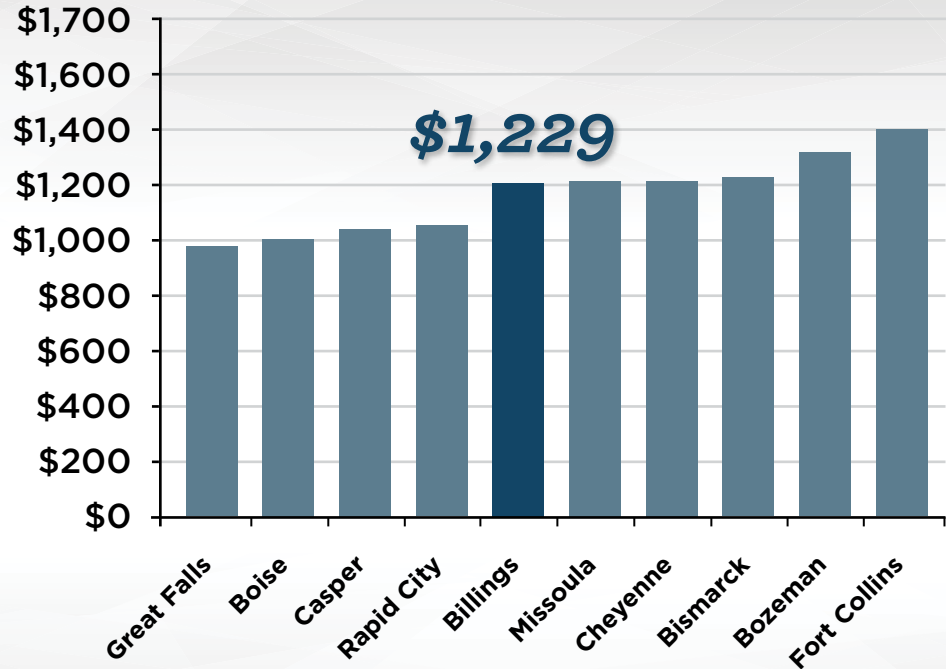
Cost of Living, 2016

The **Cost of Living Index** estimates the relative price levels for consumer goods and services. The **US average is represented as 100**. The Billings cost of living is 3% more than the US average but falls within the middle of the peer communities and is very comparable to that of Boise. When you look at cost of living in comparison to Median Household Income, Cheyenne stands out as having the highest income with the second lowest cost of living.



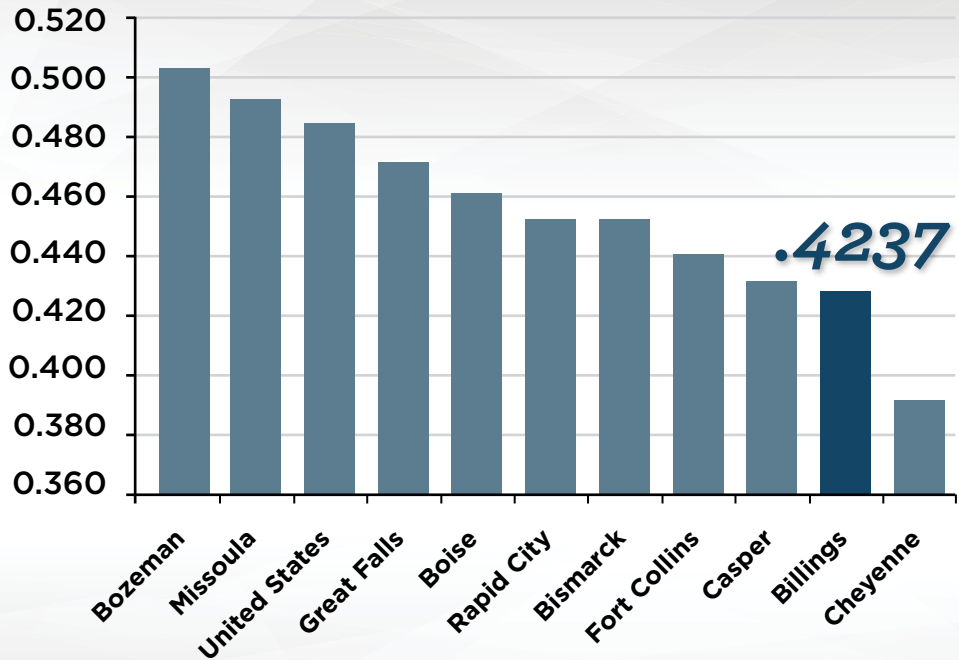
Housing Affordability

Housing affordability is determined by including the cost of both renting and owning a house. Average monthly housing costs are derived directly from the American Community Survey. Median selected monthly ownership costs and median gross rents are averaged and weighted by a ratio of owner to renter occupied housing units from the tenure variable. Median selected monthly owner costs are used from the American Community Survey and represent the median monthly costs of owners with a mortgage. Ownership costs include: mortgage payments, real estate taxes, various insurances, utilities, fuels, mobile home costs and condominium fees. Median Gross rent is used directly from the ACS and represents the median monthly costs for renters paying cash rent; gross rent includes rent plus utilities and fuels.



GINI Coefficient for Household Income

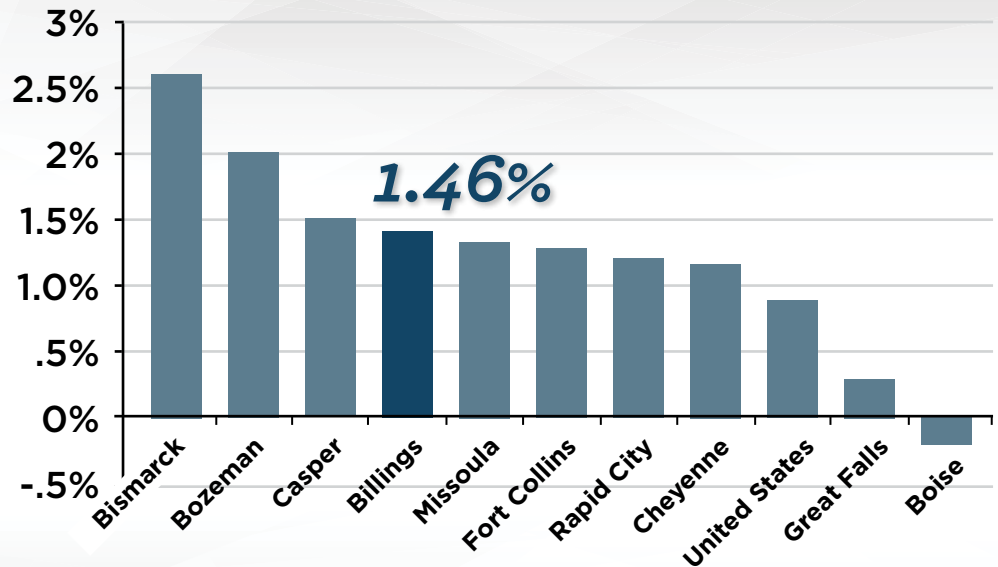
The Gini Coefficient is a measure of a community's equity. The most equal society will be one where every person receives the same income ($G = 0$); the most unequal society will be one where a single person receives 100% of the total income and the remaining people receive none ($G = 1$). Billings' Gini Coefficient suggests a relatively equitable community equity.



Average Annual Change in Establishments 2007-2016

It is important to note that this is county-level data whereas the majority of other data sets look at the statistical areas associated with the major City.

While looking at the change in establishments is a one of the many indicators for the health of an economy, it does not reflect existing business expansion. Billings' percent change in establishments fell slightly (1.7% to 1.46%) but Billings still remains in the front half of the peer cities.



Key Community Investments

In this report we have highlighted some of the key investments peer communities are making to enhance their community. These projects represent many different, creative ways to fund amenities that help attract talent and private investment. Also included are some of the investments Billings has made in the last year, some of the projects that are essential to the future of Billings, and a highlight of investments our peer communities are making in parks and recreation.

Billings Investing in Community



Ben Steele Middle School

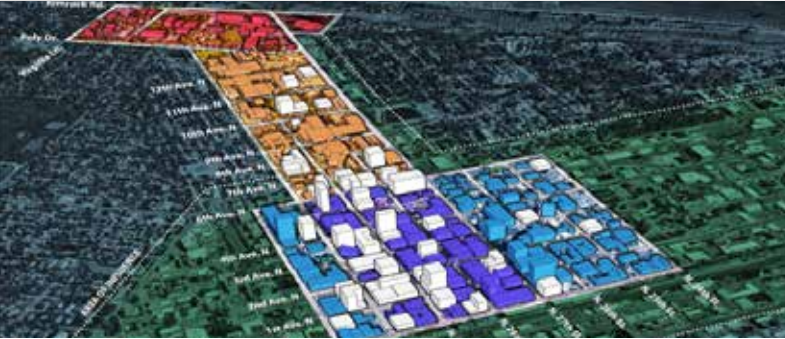
- Began serving over 700 students on August 24, 2017
- The \$29.3 million campus covers 40 acres and is the final project of a \$122 million bond approved by voters in 2013



Yellowstone Kelly Interpretive Site

- \$536,000 project that celebrates the area's heritage by commemorating the legacy of Luther Sage "Yellowstone" Kelly
- 91 percent of funds were private donations spearheaded by the Billings Chamber of Commerce
- The site provides expansive views of Billings from atop the Rimrocks and access to the city's trail system

Key Projects for the Future of Billings



1. One Big Sky Center Downtown District Development Including a Convention Facility

2. Trailhead Hospitality Corridor

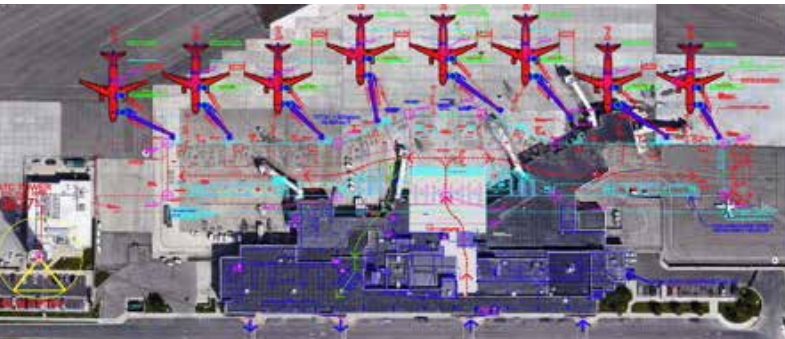
3. Coulson Park

4. Billings Logan International Airport Enhancement

5. Career Center Redevelopment

6. Highway 3 Skyline Trail

7. MSUB Science Building





Cheyenne Botanical Garden Grand Conservatory
- \$16 million project recently completed using funds from the 6th Penny Tax.

As the capital of the Equality State, Cheyenne is the largest city in the state, boasting nearly 100,000 residents. Cheyenne's largest economic drivers include state government and two railyards, Burlington Northern Santa Fe and Union Pacific. Cheyenne is also home to the Sierra Trading Post headquarters. Due to its altitude and geography, Cheyenne is one of the windiest cities in the country. This uniquely positions it to be an excellent area to develop wind farms.

6TH PENNY TAX CHEYENNE, WY

- Cheyenne and Laramie County use Wyoming's Specific Purpose 6th Penny Tax to fund capital construction, infrastructure, and economic development.
- A voluntary, local-option tax.
- In 2017, voters approved 9 of 11 propositions totaling more than \$91 million and including \$11 million for community development projects:
 - **Cheyenne Greenway expansion and maintenance** - \$3.8 million.
 - **Cheyenne East Community Park** - \$3.2 million.
 - **Cheyenne West Edge District enhancements** - \$4.0 million.



Boise is the Capital of Idaho and the third largest city in the Pacific Northwest, behind Portland and Seattle. Boise is considered part of Treasure Valley, an area of Idaho covering five counties. The Boise economy is quite diverse. The state government is a large employer as is Boise State University. It also is home to Albertson's, J.R. Simplot Company, and Boise Cascade headquarters.

CITY CENTER PLAZA BOISE, ID

- The epitome of a Public-Private Partnership
- \$70 million project
- Investment of nearly \$30 million in public infrastructure, public facilities, and public financing.
- Three aspects:
 - **Clearwater Building** – 9 story office tower with ground level retail and 4th floor conference space.
 - **District Building** – 4 stories of convention space seamlessly connecting the Clearwater Building to the existing Boise Centre Convention Facility.
 - **Main Street Station** – a state-of-the-art underground transit center.
- Core occupants include Clearwater Analytics and Boise State's Computer Science department. A synergistic arrangement in the heart of Boise's downtown technology community.



Casper, WY is a booming town in a rather sleepy state. WY is 50th in population but 10th in geographical area. Casper has benefitted greatly from the discovery of natural resources in the area. Casper is the second largest city in the state and is also considered by Forbes to be one of the best small towns in the country to raise a family.

DAVID STREET STATION CASPER, WY

- \$8.5 million investment
- A seasonally-adaptable public plaza in the heart of downtown Casper.
 - **Concerts**
 - **Festivals**
 - **Farmers' Market**
 - **Ice skating rink**
- Potential annual economic impact
 - **\$6 million**
 - **200 events**
 - **300,000 unique visitors**



MSU INNOVATION CAMPUS BOZEMAN, MT

- 42-acre research park
- A partnership between the private sector and Montana State University to provide a top-tier research and technology workspace; to enhance MSU's research capability; and to expand the commercialization of technology developed by the University.
- October, 2017 - Ground broken on the first building, a 20,000 square-foot applied research facility.

Bozeman, MT is the seat of Gallatin County and the fourth largest city in the state. Bozeman is home to Montana State University with an enrollment of roughly 16,000 students. Notably, RightNow Technologies was founded in the city and was purchased by Oracle in 2011 for \$1.5 Billion. One of the largest economic drivers is tourism. Bozeman is situated near Big Sky Ski Resort, Bridger Bowl, Yellowstone National Park, and a host of local trails and rivers.



Fort Collins is the fourth largest city in Colorado and is home to a very eclectic and vibrant economy. Home to Colorado State University, its research facilities have helped to attract many tech companies to the area. Both Hewlett-Packard and Intel have a presence in the city. Additionally, Fort Collins has become known for its bustling beer scene. New Belgium Brewing is based in Fort Collins as well as many other successful microbreweries.

MASON CORRIDOR TRANSITWAY FORT COLLINS, CO

The Mason Corridor is a five-mile, north-south byway through the heart of Fort Collins. It combines a bicycle and pedestrian trail with the MAX Bus Rapid Transit (BRT) corridor. The Corridor will provide a framework for economic development and environmental sustainability. It will create opportunities for new mixed-use and transit oriented developments (TOD) that avoid sprawl and enhance the urban lifestyle.

- An important, five-mile-long anchor for commercial, retail, residential, and mixed-use infill development.
- Sixty percent of jobs in Fort Collins are within one mile of the Mason Corridor.
- Ridership has exceeded expectations.
- \$86.8 million investment – Largest infrastructure project in Fort Collins' history.
 - ▶ Fort Collins leveraged Federal and State funding:
 - 80% of funding by Federal Transit Administration
 - After State and other funding, Fort Collins' share of the cost was around \$5 million – about the price of one large intersection.



Capital of the Peace Garden State, Bismarck is the economic hub of west-central ND and north-central SD. The Missouri River runs through the town and separates Bismarck from Mandan. One of the largest industries in Bismarck is the state government, employing an estimated 4,000 individuals in the capital alone.

INVESTMENT IN PARKS AND RECREATION BISMARCK, ND

- Addition of five new neighborhood parks since 2016.
- Grand opening of Capital Ice Complex - an \$8 million project generating \$1.4 million in annual Economic Impact
- \$2 million renovation of VFW Sports Center.
- Recipient of the prestigious 2017 National Gold Medal Award for Excellence in Parks and Recreation Management awarded by the American Academy for Park and Recreation Administration (AAPRA).



Sitting on the western edge of the state, Missoula is the second largest city in Montana and is home to the University of Montana. Encircled by mountains and straddling the Clark Fork River, it's not hard to see why it is so attractive to its residents and visitors. The University boasts an excellent law school as well as school of journalism. Historically, Missoula's industry was built on the back of logging and railways.

HOTEL FOX PROJECT MISSOULA, MT

- The initial \$80 million phase of the \$150 million Riverfront Triangle Project along the Clark Fork River in downtown Missoula.
- Approximately \$25 million in public investment.
- Ten Story, 195 room hotel with 48 luxury condos on the top three floors.
- 60,000 square-foot conference center.
- 405 space underground parking facility.



Known as the City of Presidents, Rapid City has benefitted greatly from its geographical positioning. A gold miners' camp in the 1800s, Rapid City boomed as the Black Hills began to fill with prospectors looking to strike it rich. Nearby, Deadwood also sprung up and proceeded to become a legendary town. Also a short distance from Rapid City is Mount Rushmore. The enormous monument attracts more than two million tourists a year and the economic impact helps to make tourism South Dakota's 2nd largest industry.

VISION FUND RAPID CITY, SD

- About one-fifth of Rapid City's 2% municipal sales tax is allocated to this fund.
- The Vision Fund is used to finance buildings, facilities, infrastructure or other capital projects with an emphasis on community enhancement.
- Approximately \$13 million available for projects in 2017, including:
 - Over \$6 million for enhancements to the Rushmore Plaza Civic Center.
 - \$2 million for the Rural America Initiatives community center.



WEST BANK LANDING GREAT FALLS, MT

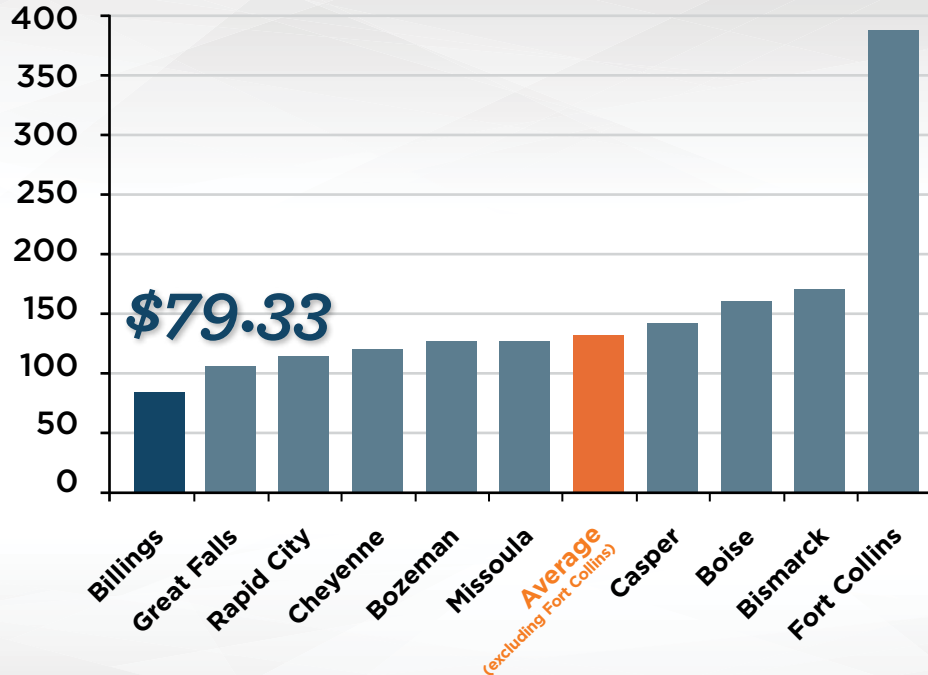
A \$65 million development on 12.5 acres along the Missouri River that will transform a former refinery site into a thriving new city center.

- Six new buildings and the renovation of one historic building.
 - 75,000 square-feet of retail space
 - 100,000 square-feet of office space
 - Over 50 residential condominiums
 - Anchored by the four-story, 132 room Marriott Spring Hill Suites hotel.
- Construction is underway on several buildings slated to be completed in 2018.

Named by the Lewis and Clark Expedition, Great Falls was once the largest city in Montana. Malmstrom Airforce Base is on the eastern edge of town and is one of the biggest employers in the region. The 341st Missile Wing manages the largest missile complex in the western hemisphere. Also in town is the Benefis Hospital System which is one of the largest hospitals in the state and employs several thousand individuals. As the name suggests, Great Falls is positioned near a series of five water falls on the Missouri River.

Parks Spending Per Capita

Billings trails the next lowest community investment per capita by twenty seven dollars per person or \$3,023,533 annually. Additionally, for Billings to reach the average of all communities except Fort Collins, the park and recreation department would need to spend an additional \$6,109,963 annually \$55 per person.



Next Steps – Double of Efforts in Three Key Areas

1. Build-up the amenities and infrastructure of our community – execute on the seven key projects now!

2. Support economic diversity and innovation through a robust business growth/ entrepreneurship ecosystem

3. Make a strategic investment in workforce development and higher education which will provide a foundation needed to retain and attract workforce



Key Takeaways

1. Billings remains the 3rd largest economy in our competitive region and the largest by far in Montana. There is tremendous strength in having a diverse economy with 10.2 billion in GDP.

2. The pace of our economic growth is moderate, but a 1.5% growth rate is out of sync with the pace of growth throughout our competitive region. The economies of Boise, Fort Collins, and Bozeman are all growing at at least two and a half times our rate of growth.

3. The scope of public investment is significant throughout the region. Many of the highlighted projects include investments of over 10 million in public funds. Projects like the Hotel Fox (complex) in Missoula's Riverfront Triangle Development and the West Bank Landing in Great Falls demonstrate our peer community's commitment to making large, district-level changes to their landscape.

4. Demographics are not working in our favor:

- Several communities are outpacing Billings in population growth, 6 of the 9 communities studied surpass us in this statistic
- Billings has the second oldest workforce, with 25% of employment being in the 55+ age bracket (21,769 of 86,351)
- With approximately 16,000 jobs to fill in the next five years (4,000 of which are based on growth demand) and an already low unemployment rate, there will be even greater workforce challenges ahead.

5. We must pay attention to cost of living, housing affordability, and wages:

- Housing costs are on the rise with the average cost of housing in Billings increasing 11% from 2013-2016
- We are in competition with our peers for talent and while Billings experienced very strong growth in median household income year over year, it is still 6th out of the ten peer communities for median household income
- The Billings median home value is now \$220,900

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CREATING MONTANA BUSINESS OPPORTUNITIES