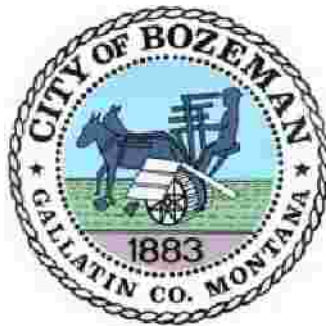


City of Bozeman  
Economic Development Plan  
2009



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This document was written by Bob Hietala, Peter Bertelsen and Cherlyn Wilcox of Prospera Business Network.

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## I. INTRODUCTION

### City of Bozeman Economic Development Plan

This City of Bozeman Economic Development Plan is the result of more than 9 months of research and development. Previously, economic development planning was covered in a chapter in the City's primary planning document, the Bozeman 2020 Community Plan. In 2007, the City of Bozeman initiated the process of updating its primary planning document and contracted with Clarion and Associates to conduct a review of the Bozeman 2020 Community Plan.



Photo Courtesy of MSU

The result of that review, the Clarion Report, recommended that the City develop a separate and comprehensive “Economic and Business Development Plan” and also expand and refocus the chapter on Economic Development in the Bozeman 2020 Community Plan.

For more than a year, the City undertook the process of updating the Bozeman 2020 Community Plan. During that time, the City Commission made a commitment to follow the recommendations of the Clarion Report and approved a proposal by Prospera Business Network to lead the development of the first-ever City of Bozeman Economic Development Plan. This Plan will provide guidance to the City Commission, City staff, and the community regarding economic and business development issues in Bozeman. It is considered to be a “living document” that will be amended and updated as economic conditions change.

The high quality of life, the presence of Montana State University, the excellent air service at Gallatin Field Airport, and many other strengths offer significant opportunities for continued economic development in Bozeman. The strategies in this Plan will help define Bozeman in the minds of businesses and residents throughout the area. Sound economic development policies will enhance the community's ability to capture job growth and business expansion, while maintaining its capacity to provide public services for current and future residents and guaranteeing the high quality of life for which it is known.

This Plan provides Bozeman with the opportunity to address the community's most pressing economic development needs and to come together behind a strategy for progressive and sustainable change. The benefit that will come from successful implementation of the goals and strategies contained in this Plan will positively impact the operations of all Bozeman businesses (both large and small) and the lives of all Bozeman residents. This Plan will enable Bozeman to be a premier city in the Rocky Mountain west that recognized early the need to support economic development to maintain its high quality of life.

### Economic Backdrop

There was widespread interest and support for this project among the Bozeman business community, especially as the effects of the national economic recession began to be felt locally in late 2008. The declining local economy created a unique backdrop as Prospera Business Network began the collection of input on economic development from the Bozeman community. After many

years of strong economic growth, with unemployment rates below 2%, and five years (2003-2007) of growth in non-farm labor income over 6% annually, the national economic recession began to hit the Bozeman area. In December 2008, the unemployment rate in the area had risen to 4.6% due to a severe slowdown in the construction sector, reduced consumer confidence and spending impacted the retail sector, and other sectors began to feel the impact of the slipping local economy. This economic slowdown in Bozeman, after years of being one of the fastest growing economic areas of the state, created a new sense of urgency for economic development planning in Bozeman.

### Methodology

Prospera Business Network staff began this project in September 2008, conducting economic research on the City, interviewing a broad spectrum of business and community leaders, evaluating other cities' economic development planning documents, and surveying the stakeholders in the community. At the beginning of the project, an advisory committee of leaders representing business and key stakeholder groups in the community (names listed in acknowledgements section) was formed to provide feedback throughout the process. This committee met throughout the process, offered valuable input on the economic development needs of the City and provided feedback and assistance to Prospera Business Network staff on specific aspects of the Plan.

Economic research was conducted to better understand the local economy. There were some limits on the utility of some of the available data as the 2000 U.S. Census data has diminished relevance for an area like Bozeman that has grown considerably in the past nine years. The 2007 Community Survey from the U.S. Census Bureau has helped bridge the gap until the 2010 Census and is providing some current data for our research. Some important economic and demographic data is only available at the county level, though our discussions with economists confirmed the usefulness of Gallatin County data for the research for this project given the City of Bozeman's dominant position (in terms of population and economic activity) within Gallatin County.

In order to better understand the functioning of the Bozeman economy and to solicit feedback on the economic development needs and priorities for the City, Prospera Business Network conducted a broad-based survey of the economy and the City's economic development needs. The survey generated a strong response, with more than 220 survey responses completed including: 34 in-person interviews with business leaders; 53 surveys from other business leaders; and 133 surveys from interested citizens. The broad-based input received from these surveys has yielded a wealth of information for the Plan.

The research component of the project also included an analysis of economic development planning documents from over 30 other cities (See Appendix, Section 1). Initial thoughts of finding a comparable city with a comprehensive economic development plan that could serve as a model or "benchmark" were not successful as the differences that exist in the comparisons with other cities were too great to be much use for a wholesale comparison. This research did offer many benefits as specific components of a number of cities' economic development plans offered valuable information that was relevant to Bozeman.

## II. ECONOMIC VISION AND VALUES

### Economic Vision

Economic opportunity is part of the American dream. Bozeman possesses a rich natural heritage, educational opportunities, and an entrepreneurial spirit. As a community, Bozeman endeavors to provide a solid framework within which hard work and personal accountability is rewarded, a high quality community is maintained, and a sustainable economy can thrive. (Bozeman Community Plan, Chapter 8)

### Economic Values

Things that are important to Bozeman's Economic future include:

- Strengthen and further diversify the local economy
- Increase economic activity
- Create higher paying jobs
- Create high quality employment in Bozeman to match the high quality of life
- Support our homegrown business community

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### III. ECONOMIC PROFILE OF BOZEMAN

#### A. ECONOMIC HISTORY OF BOZEMAN

##### Historical Development

For hundreds of years, the Gallatin Valley was home to Native American tribes such as the Shoshone, Bangtail, Nez Perce, Sioux, Flathead, and Blackfeet.

In 1805, Captains Meriwether Lewis and William Clark and the Corps of Discovery camped at the headwaters of the Missouri River. They named the southern fork Gallatin in honor of Albert Gallatin, then Secretary of the Treasury; the middle fork

Madison in honor of James Madison, then Secretary of State; and the northern fork Jefferson in honor of Thomas Jefferson, then President of the U.S. In 1806, William Clark traveled through the area as he traveled east following the Gallatin from the headwaters of the Missouri River. Journal entries from Clark's party briefly describe the area of the future City of Bozeman as "the Valley of the Flowers."



Photo Courtesy of Pioneer Museum

The City of Bozeman is named for John Bozeman, a gold prospector who came to Montana from Colorado in 1862. Seeing a need to supply the gold mining camps, he realized it would be more profitable to "mine the miners" than to mine for gold. In 1863, he and John Jacobs blazed a northern cutoff route (the Bozeman Trail) from the Oregon Trail to guide miners to the mining town of Virginia City in the Tobacco Root Mountains on the western edge of the Gallatin Valley.

John Bozeman saw the fertile Gallatin Valley as a most desirable place to live. He chose the site "standing right in the gate of the mountains ready to swallow up all tenderfeet that would reach the territory from the east, with their golden fleeces to be taken care of" to make his fortune. John Bozeman began an agricultural colony in the Gallatin Valley to raise potatoes and wheat for miners working in the Virginia City gold mines. In 1864, John Bozeman along with Daniel Rouse and William Beall, platted the town which would bear his name. The Bozeman Trail passed directly through the Gallatin Valley and was used by travelers until 1868 when it was closed because of the Indian Wars, but the fertile land of the valley soon attracted permanent settlers to Bozeman's fledgling town.

### Agriculture

Jim Bridger, a well-known frontiersman, came to Bozeman in 1864, bringing the first wagon train through the mountain canyon north of town (now known as the Bridger Mountains and Bridger Canyon). In 1866, Nelson Story arrived in Bozeman driving 3,000 longhorn cattle from Texas, which formed the beginnings of Montana's strong cattle industry. He would later be a strong supporter for the establishment of Montana State College (now Montana State University). Bozeman's agricultural heritage is a significant part of its economic history. Once the premier industry in the Gallatin Valley, agriculture has been surpassed by tourism, services, construction, and other industries.

### Railroads

In 1883, the Northern Pacific Railroad finished its pathway to Bozeman through what is now known as the Bozeman Pass, following a route parallel to the Bozeman Trail (which is now Interstate-90). In the mid 1920's, the Milwaukee Railroad built a line across Montana to the Pacific Ocean, with a spur line built to carry travelers to Yellowstone National Park. A grand railroad hotel was built in the small town of Salesville (now known as Gallatin Gateway).

### Railroad and Interstate Impact on Growth

The construction of Interstate 90 through the Gallatin Valley in the 1950's, following the route of the old Bozeman Trail, has had a significant impact on the growth and development of Bozeman. As a major piece of the U.S. interstate highway system, I-90 passes through Montana on the route from Seattle to Boston.

### Montana State University

Montana was granted statehood and became the 41<sup>st</sup> state in the Union in 1889. In a trade-off allowing Helena to become the state capital, Bozeman community leaders were promised the state's land-grant college. In 1893, the Agricultural College of the State of Montana was founded as the state's land-grant college in Bozeman. Renamed the Montana College of Agriculture and Mechanic Arts, the school was popularly known as Montana Agricultural College and by the 1920's its preferred name was Montana State College. In 1965, the state legislature changed the name to Montana State University. [The economic impact of Montana State University is covered in Section IV-G.]

### Growth and Development of Technology and Manufacturing

Montana State University has also played a significant role in the growth and development of Bozeman's technology and manufacturing industries, and is the reason the Bozeman area is considered the technology center of the state.

### Regional Trade Center

Bozeman is now a second order trade center, with the export components (dollars coming into Bozeman from the surrounding areas) of retail trade and health care accounting for a sizable share of the economic base. Since the late 1990's, Bozeman has experienced a significant boom in retail development with the arrival of many national "big box" retail chains, such as the Costco, Home Depot and Lowes, and the expansion of the retail corridors along North 7<sup>th</sup> Avenue and North 19<sup>th</sup> Avenue.

### Growth of Bozeman Deaconess Hospital

Bozeman Deaconess Hospital has been an integral part of the Gallatin Valley for over 100 years, and is today the largest private employer in Bozeman. It has grown as the community it serves has experienced rapid growth and increased demand for medical services. Originally located in downtown Bozeman, the hospital relocated to its current facility on Highland Boulevard in 1986. [The economic impact of Bozeman Deaconess Hospital is further covered in Section IV-H.]

### Gallatin Field Airport

Gallatin Field Airport has become a major regional airport in Montana as the 2<sup>nd</sup> busiest airport in the state, with exceptional airline service providing non-stop flights to 11 cities in 10 states. Since 1992, passenger enplanements have increased 127%, making Gallatin Field the fastest growing airport in Montana. Bozeman's airport has played a crucial role in the tremendous economic growth the area has experienced since 1990. [The economic impact of Gallatin Field Airport is also covered in this same section under Infrastructure & Transportation and in Section IV-D.]

### Downtown Bozeman

Bozeman's historic downtown has served as its center of economic activity since the city was first established. As the community's core, it has served as a commercial center, with banking, professional, and hospitality services. In more recent years, as the city has grown and commercial development has spread to the west and to the north of downtown, the downtown district has remained strong. Today, it is considered by most to be one of Bozeman's most important amenities and assets.

### Economic Impact of Development in Big Sky

Big Sky Resort has had a significant impact on Bozeman's economy since it opened in December 1973. It has greatly contributed to the boom in construction and other supporting sectors. The resort, located on the eastern face of Lone Mountain in the Gallatin Mountain Range, some 40 miles south of Bozeman, was conceived and built by the late NBC News anchorman Chet Huntley, a Montana native. Huntley had purchased much of what is now known as Big Sky Mountain and Meadow Villages in the late 1960's and dreamed of developing one of Montana's first alpine ski areas. Development of the alpine area and the

residential villages began in the early 1970's and the mountain resort opened for skiing in December 1973. The resort was sold to Boyne Resorts in 1976, an operator of ski and golf resorts throughout the U.S.

In 1990, an \$18 million investment was made with the construction of the Shoshone Condominium Hotel and Yellowstone Conference Center. In 2000, a \$50 million investment was made with the Summit Hotel Condominium project. In 2001, Boyne announced a 10 year \$400 million capital investment plan beginning with a \$23 million investment in the construction of the Village Center One project in 2005. In addition to the growth of Big Sky Resort, the Big Sky area experienced considerable development with a residential and commercial construction boom beginning during the late 90's and extending to present.

The Yellowstone Club was founded in 2000, with the \$24 million purchase of 13,400 acres adjacent to Big Sky Resort. This exclusive, private residential community is limited to 864 residential properties, with an exclusive membership structure (\$250,000 membership fee plus \$75,000 annual fee). Home prices in Yellowstone Club range from \$2 million to \$12 million. Yellowstone Club has more than 500 employees.

Moonlight Basin Ski Resort opened in 2003, with the purchase of 25,000 acres on Lone Mountain adjacent to Big Sky Resort. This real estate development and ski and golf resort offers homes for sale ranging from \$1.4 million to \$6 million.

The Club at Spanish Peaks was founded in 2004. This 5,700 acre private residential and golf community development adjacent to Big Sky Resort has 850 residences priced from \$500,000 to \$9 million.

**B. POPULATION DEMOGRAPHICS****Population**

The City of Bozeman, with an estimated population of 37,981 in 2007, is the largest city in southwestern Montana and the county seat of Gallatin County (with an estimated population of 84,400). Bozeman is now the 4th largest city in Montana.

Gallatin County is the fastest growing county in the state, with its population increasing 28.8% since the 2000 U.S. Census. Gallatin County appears in the U.S. Census Bureau's 2007 "100 Fastest Growing Counties" list – at #92, and is now the 3<sup>rd</sup> largest county in Montana, recently overtaking Flathead County.

Population Change (Growth)				
Year	Bozeman	Change	Gallatin County	Change
1900	3,419	-	9,553	-
1910	5,107	+49.4%	14,079	+47.4%
1920	6,183	+21.1%	15,864	+12.7%
1930	6,855	+10.9%	16,124	+1.6%
1940	8,665	+26.4%	18,269	+13.3%
1950	11,325	+30.7%	21,902	+19.9%
1960	13,361	+18.0%	26,045	+18.9%
1970	18,670	+39.7%	32,505	+24.8%
1980	21,645	+15.9%	42,865	+31.9%
1990	22,660	+4.7%	50,463	+17.7%
2000	27,509	+21.8%	67,831	+34.4%
2007	37,981	+38.0%	84,400	+24.4%

Source: U.S. Census Bureau. 2007 Data is estimated.

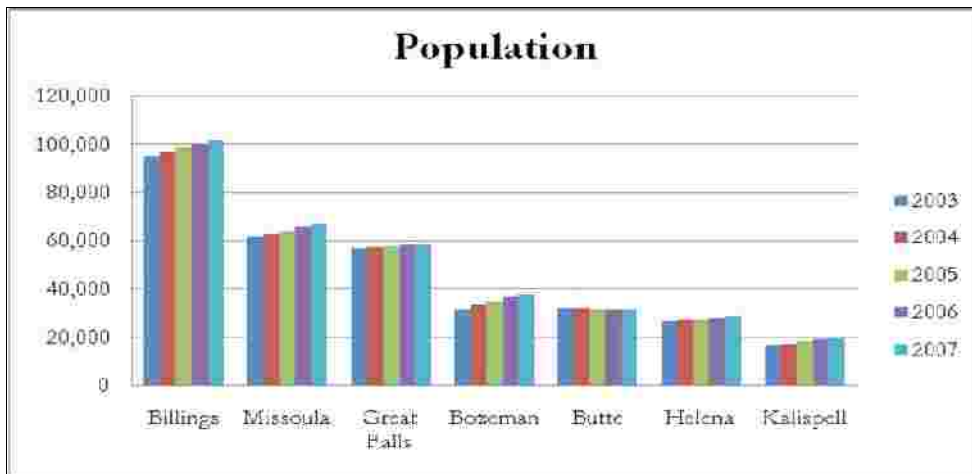
Since 1900, the greatest rate of population change occurred during the decade of 1900-1910 when the population grew by approximately 49%. The decade between 1960 and 1970 had the second greatest rate of population change. During this ten-year period, the City's population increased by approximately 40%. The decades between 1930 and 1940, and 1940 and 1950, had the third and fourth greatest rate of population change of the century. During these ten-year periods, the City's population increased by approximately 26% and 31% respectively. (Source: Appendix B, Bozeman Community Plan)

The chart below shows the population ranking of the 7 largest cities in Montana in 2007.

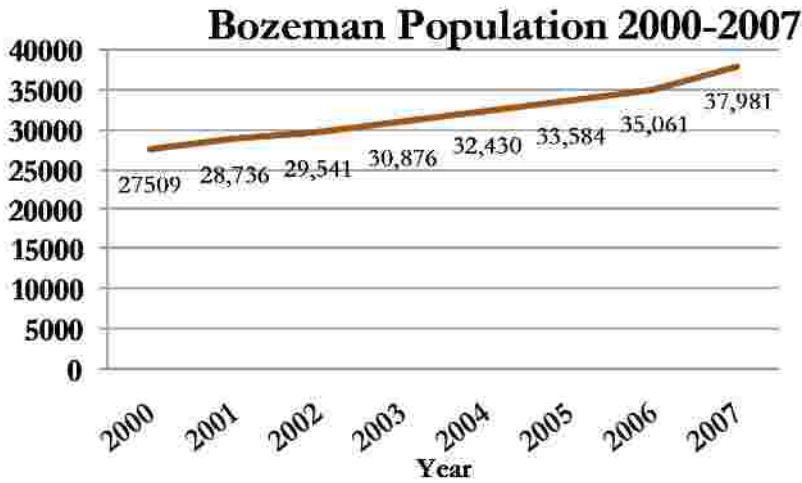
Population Ranking						
City	Rank	2007	2006	2005	2004	2003
Billings	1	101,876	100,208	98,775	96,998	95,398
Missoula	2	67,165	65,982	64,488	63,206	61,845
Great Falls	3	58,827	58,536	58,162	57,729	57,427
Bozeman	4	37,981	36,981	35,012	33,576	31,824
Butte	5	31,967	31,994	32,087	32,210	32,386
Helena	6	28,726	28,074	27,592	27,454	26,992
Kalispell	7	20,298	19,339	18,463	17,440	16,875

Source: Montana Department of Commerce

The bar graph below illustrates the population comparison between Billings, Missoula, Great Falls, Bozeman, Butte, Helena, and Kalispell from 2003-2007.



Bozeman’s population in the last three years has grown 3.06% annually compared to 1.4% nationally. Since 2000, Bozeman’s population growth has been 27.4% compared to 5.9% nationally and 7.2% for Montana.



Source: U.S. Census

#### Population Projection: 92,500 by 2025

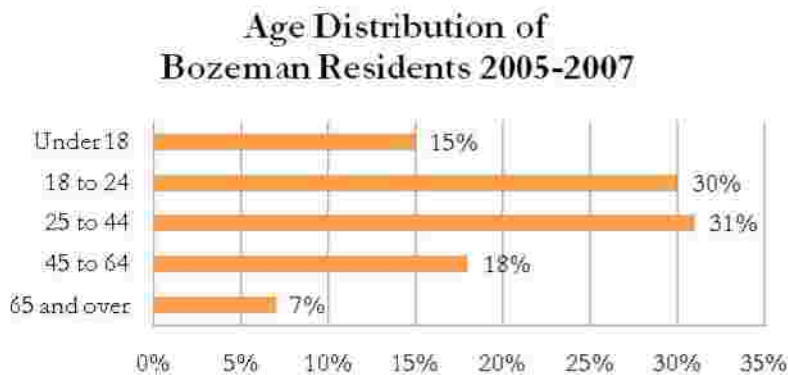
Based on historical growth trends, Bozeman’s population increase is projected to reach 92,500 by 2025. This projection is acknowledged to be on the high end of the population growth potential. By 2025, approximately 75% of the County’s population will be within the City of Bozeman and 50% of the growth in the state will be within 100 miles of Bozeman.

Source: Bozeman Community Plan and Wastewater Treatment Project Projections

#### Age & Gender

Bozeman has the youngest population of the largest cities in Montana. From 2005-2007, the City of Bozeman had a total population of approximately 35,000. Approximately 16,000 (or 46%) were female and approximately 19,000 (or 54%) were male. Bozeman has the highest concentration of 18-24 year olds in Montana.

Source: 2005-2007 U.S. Census estimates



Source: U.S. Census estimates 2005-2007

Source: U.S. Census estimates 2005-2007

Age & Gender Demographics:

Subject	Total	Male	Female
Total population	34,836	18,897	15,939
<b>Age</b>			
Under 5 years	6.4%	4.9%	8.1%
5 to 9 years	3.5%	4.1%	2.8%
10 to 14 years	3.2%	2.5%	4.0%
15 to 19 years	10.5%	10.3%	10.7%
20 to 24 years	20.6%	21.8%	19.1%
25 to 29 years	12.3%	14.6%	9.6%
30 to 34 years	8.0%	8.3%	7.5%
35 to 39 years	6.1%	6.5%	5.7%

Subject	Total	Male	Female
40 to 44 years	4.3%	4.5%	4.2%
45 to 49 years	4.7%	4.3%	5.1%
50 to 54 years	6.0%	5.7%	6.4%
55 to 59 years	4.5%	4.5%	4.5%
60 to 64 years	2.8%	2.9%	2.6%
65 to 69 years	1.6%	1.4%	1.8%
70 to 74 years	1.4%	1.1%	1.8%
75 to 79 years	1.5%	1.1%	2.0%
80 to 84 years	1.6%	0.8%	2.5%
85 years and over	1.0%	0.6%	1.5%

Source: 2005-2007 U.S. Census estimates

Gallatin County Birth, Death Rates and Migration:

Table 4: Cumulative Estimates of the Components of Population Change for Counties of Montana: April 1, 2000 to July 1, 2007							
Geographic Area	Total Population Change*	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International*	Internal
Montana	55,666	23,847	83,417	59,570	32,545	2,099	30,446
Gallatin County	19,528	4,553	7,292	2,739	15,239	583	14,656

\*Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born, (b) the net migration between the United States and Puerto Rico, (c) the net migration of natives to and from the United States, and (d) the net overseas movement of the Armed Forces population.

Source: MT Department of Commerce



Median Age

Median age in Bozeman and Gallatin County were parallel until the 1990's when Gallatin County's median age started to increase while Bozeman's stayed the same. The increase in age is due to a large population of people born between 1946 and 1964 ("baby boomers"); the increase in average life expectancy of Americans; and the decrease in average family size.

Another chart below, comparing other cities in Montana in 2000 and present day reveals a higher median age around the state. The City and County's median age is still considerably less than the median age nationwide.

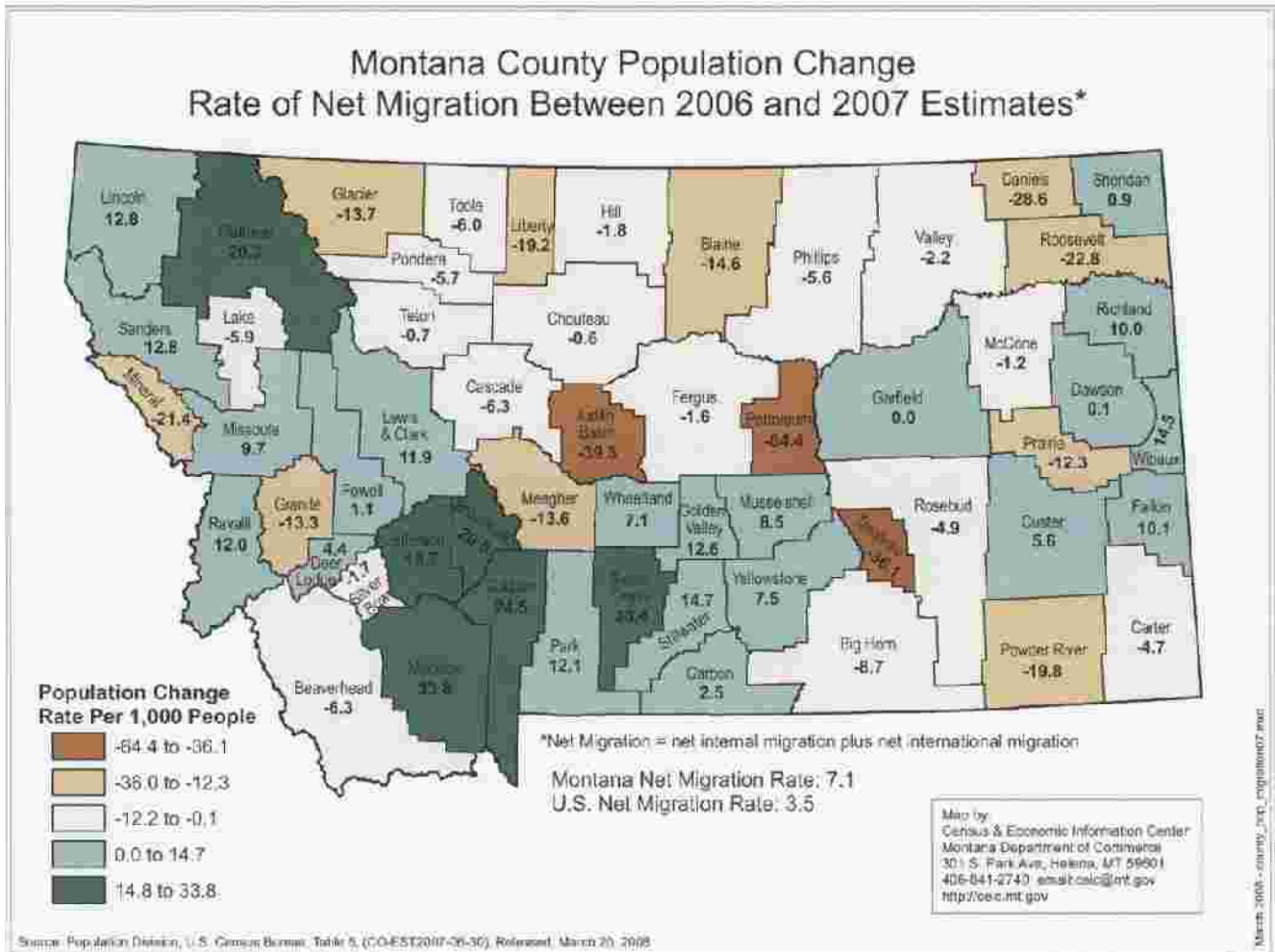
Median Age								
	1940	1950	1960	1970	1980	1990	2000	*2005-2007
Gallatin County	28.3	27.2	25.1	24.3	25.7	28.9	30.7	32
Bozeman	28.9	27.4	26.4	23.7	24.9	26.6	25.4	27.2

Median Age						
Year	Billings	Missoula	Great Falls	Bozeman	Helena	Montana
2000	36.9	33.2	36.7	25.4	39	37.5
*2005-2007	38.1	30.7	39.6	27.2	39.6	39.3

Source: U.S. Census

\*Source: U.S. Census estimates

The map below shows the population change rates for Montana's counties between 2006 and 2007. Gallatin County had one of the highest population change rates (+24.5 per 1,000 people). Adjacent Madison County and nearby Sweet Grass County had population change rates of 33.8 and 30.4 per 1,000 people, respectively.



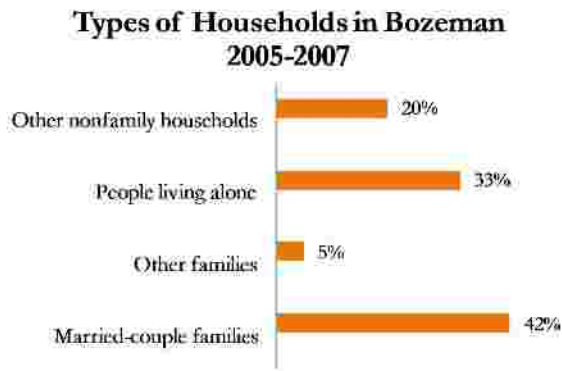
**C. SOCIOECONOMIC CHARACTERISTICS**

**Household Types**

The number of households within the City of Bozeman and Gallatin County has grown steadily over time. From 2005-2007 there were 13,000 households in the City of Bozeman. The average household size was 2.4 people, comparable to the other large cities in Montana.

Families made up 48% of the households in Bozeman. The figure below includes both married-couple families (42%) and other families (5%). Non-family households made up 53% of all households in Bozeman. Most of the non-family households were people living alone, but some were composed of people living in households in which no one was related to the householder. From 2005-2007, Bozeman had 13,000 occupied housing units; 6,100 (47%) owner occupied units; and 6,900 (53%) renter occupied units. The rental numbers are likely driven up by the MSU student population.

Source: U.S. Census estimates 2005-2007



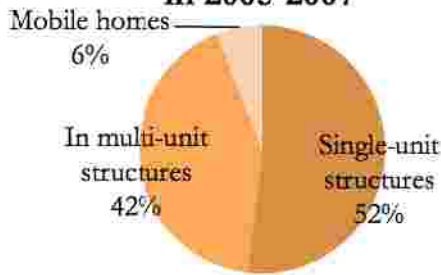
Number of Households and Average Household Size									
	1920	1930	1940	1950	1960	1970	1980	1990	2000
<b>Bozeman</b>									
Households	1,400	1,542	2,772	3,520	4,099	5,736	7,496	9,117	10,877
Average Size	4.42	5.74	3.13	3.22	3.26	3.25	2.89	2.49	2.26
<b>Montana</b>									
Households	x	x	161,633	172,440	202,240	217,304	283,742	306,919	358,667
Average Size	x	x	3.46	3.22	3.25	3.1	2.7	2.6	2.45

Source: U.S. Census; x= not available

Bozeman Housing Occupancy 2005-2007		
Total Housing Units	13,979	100%
Occupied housing units	13,013	93.1%
Vacant housing units	966	6.9%
Homeowner vacancy rate	3.1	x
Rental vacancy rate	4.2	x
Bozeman Housing Tenure 2005-2007		
Occupied housing units	13,013	x
Owner-occupied	6,072	47%
Renter-occupied	6,941	53%
Average household size of owner occupied unit	2.39	x
Average household size of renter occupied unit	2.35	x

Source: U.S. Census estimates 2005-2007

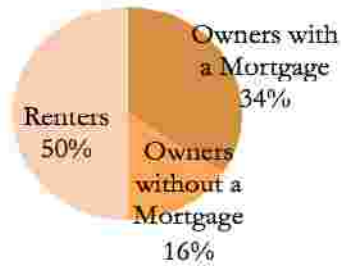
**Types of Housing Units in Bozeman  
in 2005-2007**



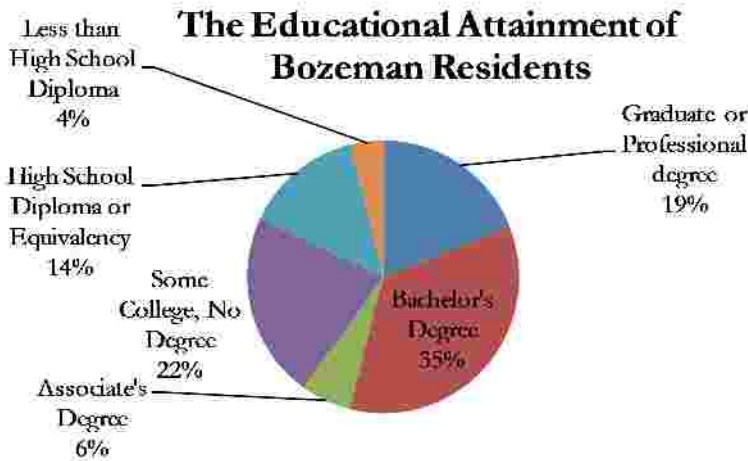
**Cost of Housing: Highest in the State**

Bozeman has the highest cost of housing in Montana. In Bozeman during 2005-2007, the median monthly housing cost for a mortgaged owner was \$1,412; \$430 for a non-mortgaged owner; and \$779 for a renter. The amount of household income spent on housing in Bozeman is high: 35% of owners with mortgages; 16% of owners without mortgages; and 51% of renters spend 30 % or more of their household income on housing.

**Occupants with a Housing Cost Burden in Bozeman in 2005-2007**



Education: Most Educated Population in Montana  
 Bozeman has the most educated population in Montana. During 2005-2007, 54% of Bozeman residents 25 years and older had a bachelor’s degree or higher; and 96% had at least a high school diploma.



Percent of people 25 years and older  
 Source: U.S. Census estimates 2005-2007

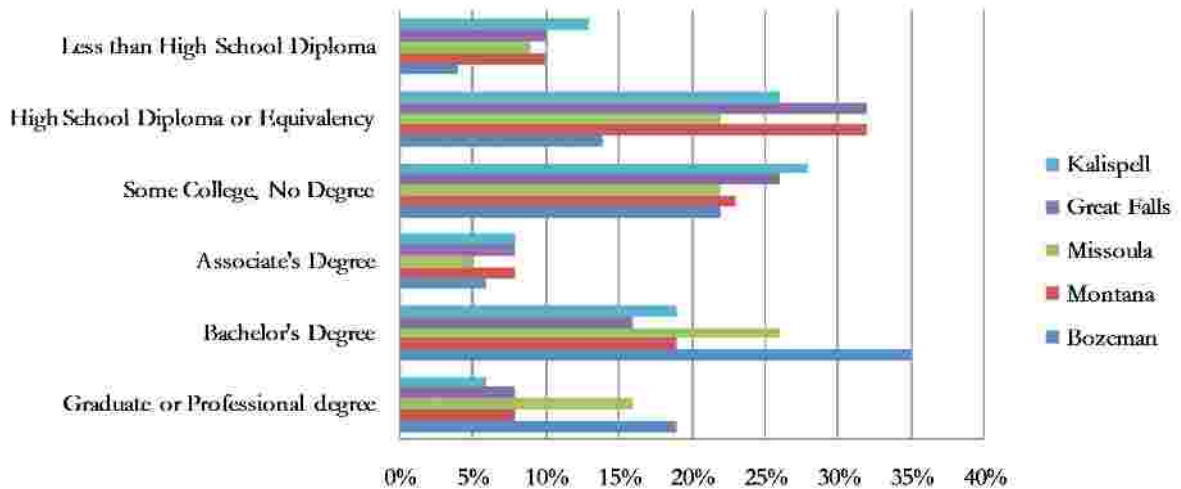
Educational Attainment in Bozeman			
Population Age	Total #	High School Graduate or Higher	Bachelor's Degree or Higher
25 to 34	7,063	98.7%	55.4%
35 to 44	3,641	95.6%	55.5%
45 to 64	6,258	95.4%	54.5%
65 years and over	2,496	90.7%	44.5%

Education	Total
Population 18 to 24 years	10,298
Less than high school graduate	2.7%
High school graduate (includes equivalency)	23.9%
Some college or associate's degree	63.4%
Bachelor's degree or higher	10.0%
Population 25 years and over	19,458
Less than 9th grade	1.7%
9th to 12th grade, no diploma	2.3%
High school graduate (includes equivalency)	14.4%
Some college, no degree	21.5%
Associate's degree	6.4%
Bachelor's degree	34.5%
Graduate or professional degree	19.2%

Source: U.S. Census Estimates 2005-2007

Bozeman has the highest percentage of people age 25 years and older with a bachelor's degree or greater in Montana.

### The Educational Attainment of Montana Residents

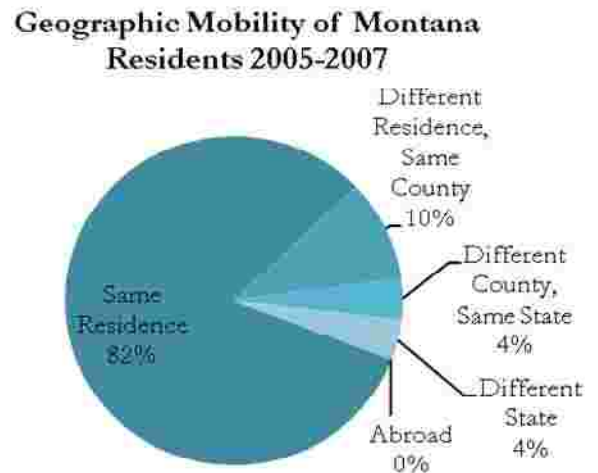
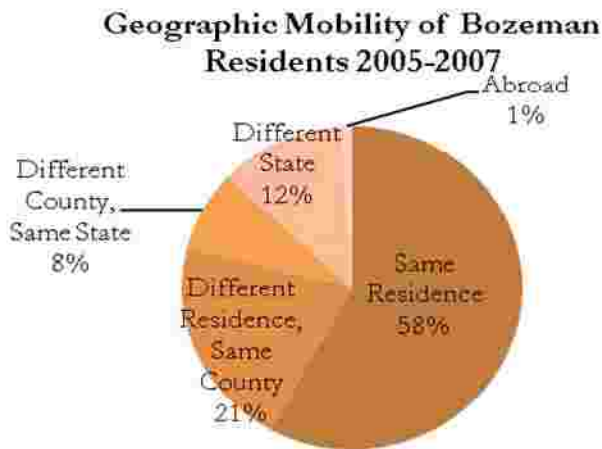


Percent of people 25 years and older  
Source: U.S. Census estimates 2005-2007

### Geographic Mobility

From 2005-2007, 58% of the people at least one year old living in Bozeman city were living in the same residence one year earlier; 21% had moved during the past year from another residence in the same county, 8% from another county in the same state, 12% from another state, and 1% from abroad.

As noted below, Montana's high percentage of same geographic residences at 82% contrast Bozeman's percentage of 58% shows that Bozeman residents' mobility is greater than other Montana residents.

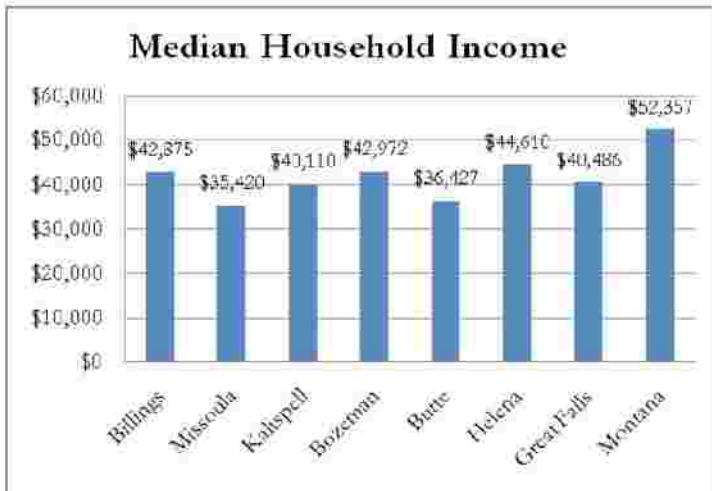
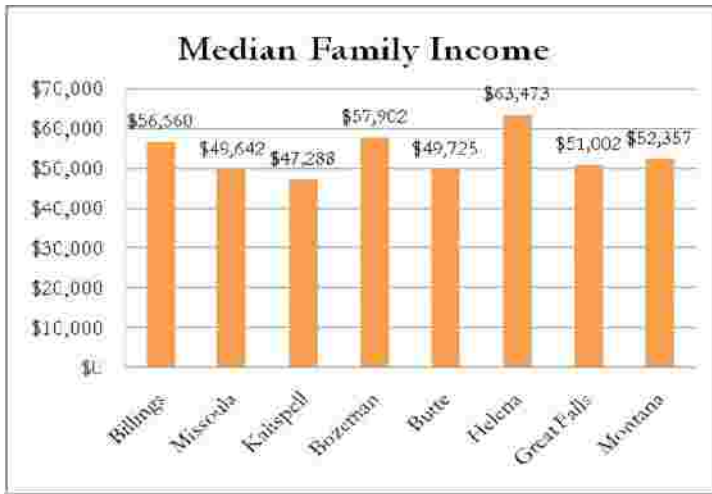


Source: U.S. Census estimates 2005-2007

### Income

Below is a comparison of 7 cities and Montana broken down into three income categories, including Median income, Per capita income and Median household income. Median income is defined as the amount which divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount. Household income (not to be confused with personal income or family income) is often the combination of two income earners pooling the resources and should therefore not be confused with an individual's earnings. Even though the term family income may sometimes be used as a synonym for household income, the U.S. Census Bureau defines the two differently. While household income takes all households into account, family income only takes households with two or more persons related through blood, marriage or adoption into account. Per capita income is total income calculated on a per person basis.

The income data presented in the graphs below are based on the 2005-2007 U.S. Census estimates.



Source: U.S. Census estimates 2005-2007

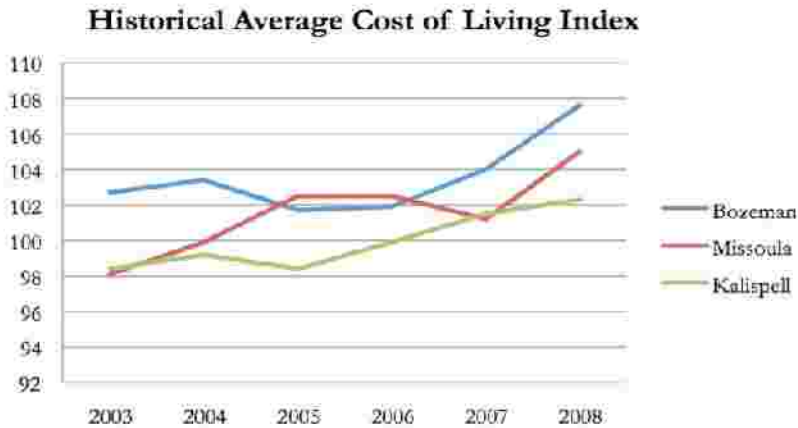


**Cost of Living**

Bozeman has the highest cost of living in Montana. The National Cost of Living Index measures regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. It is based on more than 50,000 prices covering almost 60 different items for which costs are collected quarterly by participating urban areas.

The Index is compiled and published quarterly by ACCRA – The Council for Community and Economic Research. Prospera Business Network compiles and reports this data for the City of Bozeman each quarter. The national average composite index is set at 100.

The graph below illustrates the table following, revealing a comparison of Bozeman, Missoula and Kalispell’s composite index for the Cost of Living for 2003-2008. Missoula and Kalispell are the only other Montana cities that participate in the study.



CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

The table below summarizes the cost of living data for the cities of Bozeman, Missoula and Kalispell from 2003-2008.

2008 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	107.6	105.0	118.9	103.9	98.0	100.3	104.0
Missoula	105.0	125.2	96.0	108.3	103.3	105.6	104.9
Kalispell	102.3	114.4	100.0	96.9	98.0	105.9	102.1
2007 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	104.0	97.1	118.5	101.8	94.4	101.0	98.8
Missoula	101.2	113.5	96.2	101.8	98.6	99.8	101.4
Kalispell	101.5	111.4	98.7	97.4	97.5	103.0	102.2
2006 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	101.9	96.4	112.8	100.6	99.3	99	96.6
Missoula	102.5	115.0	95.7	108.2	96.9	103.2	103.1
Kalispell	99.9	111.9	91.4	105.8	296.3	100.7	101.9
2005 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	101.7	97.5	99.4	105.5	95.6	99.9	105.9
Missoula	102.5	113.9	96.4	111.3	97.8	105.0	101.7
Kalispell	98.4	104.4	95.0	98.1	95.7	99.1	99.7
2004 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	103.4	102.2	105.3	105.7	95.7	98.1	104.3
Missoula	99.9	116.1	86.8	92.3	100.2	117.5	105.1
Kalispell	99.2	107.5	90.0	83.6	95.3	109.2	101.7
2003 Annual Average							
	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Goods & Services
Bozeman	102.7	107.5	101.7	94.9	99.1	94.6	105.9
Missoula	98.1	115.1	91.4	84.2	98.9	100.5	100.5
Kalispell	98.4	107.8	86.7	105.0	95.3	104.7	102.7

Source: The Council for Community and Economic Research

D. EMPLOYMENT AND WORKFORCE TRENDS

Bozeman has one of the highest quality workforces in Montana. The combination of a young population, a highly educated population and a high quality of life, have helped create a talented and diverse workforce in Bozeman. This high quality workforce can be seen in companies throughout the various business sectors. Business leaders speak highly of their employees here in Bozeman.

Montana State University is also a major contributor to the local workforce. MSU graduates can be found in large numbers in companies throughout Bozeman. MSU students also fill part-time employment needs in food services, retail, and other businesses. Montana is a state with a high rate of multiple job-holdings per worker. In 2004, Montana was tied with Wyoming for the 3<sup>rd</sup> highest multiple job-holding rates in the nation, with an estimated 9% of the state's employed population holding more than one job. The high cost of living and the young workforce make it likely that this trend holds in Bozeman.

The chart below lists the top 14 employment industries in Gallatin County ranked by the average annual employment numbers in 2007.

Employment in Gallatin County in 2007				
Rank	Sector	Number of Establishments	Average Annual Employment	Annual Wages per Job
1	Total Government (includes MSU)	103	7,179	38,650
2	Retail Trade	559	7,098	25,604
3	Construction	1,123	6,168	38,731
4	Accommodation & Food	356	5,453	13,837
5	Health Care & Social Assistance	330	3,355	35,043
6	Professional & Technical Services	703	3,288	51,483
7	Manufacturing	197	2,635	35,653
8	Other Services	338	1,460	24,334
9	Wholesale Trade	185	1,364	39,660
10	Finance & Insurance	208	1,270	48,999
11	Recreation, Arts & Entertainment	137	1,228	22,752
12	Information	83	632	39,350
13	Education	60	491	15,913
14	Agriculture, Forestry, Fishing & Hunting	66	409	24,083

Ranked by Average Annual Employment. Source: Montana Department of Labor & Industry, 2007

The pie graph below, illustrating Gallatin County's average annual employment by sector for 2007, corresponds with the preceding table.

Source: Montana Department of Labor & Industry, 2007

The annual average labor force for Gallatin County in 2000 through 2007 is indicated below including employed and unemployed numbers. The unemployment rate for Gallatin County increased through 2008 reaching 4.6% in December.

Source: Montana Department of Labor & Industry

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

Largest Public & Private Employers in the City of Bozeman	
Company/Entity	Number of Employees
Montana State University	2,679
Bozeman Deaconess Hospital	1,238
Bozeman Public School District	587
Gallatin County Government	460
RightNow Technologies*	400
Wal-Mart Stores	370
City of Bozeman	351
Kenyon-Noble Lumber Company	236
Williams Plumbing and Heating	200
Zoot Enterprises*	177
Costco Wholesale	176
Bozeman Community Food Co-Op	170
Simkins-Hallin Lumber Company	169
Murdoch's Ranch & Home Supply	160
Martel Construction	150
Gibson Guitar-Montana Division	140
Billion Auto Group	135
Bozeman Daily Chronicle	128
Rosauer's Supermarket	123
Best Western GranTree Inn	115
Target Stores	110

(\* Note: RightNow Technologies and Zoot Enterprises are located outside the Bozeman city limits.)

Wages

Gallatin County's total annual average wage for 2007 was \$32,520 and ranked 9<sup>th</sup> in the state.

2007 QCEW (Quarterly Census of Employment and Wages) Annual County Data Ranked by Total Annual Average Wage					
County	Total Employment	Total Wages	Private Annual Average Wage	Total Annual Average Wage	Rank
Statewide	436,695	\$14,071,645,084	\$30,953	\$32,223	x
Yellowstone	76,706	\$2,742,145,002	\$34,776	\$35,749	5
Lewis & Clark	33,855	\$1,197,183,586	\$30,929	\$35,362	6
Gallatin	45,735	\$1,487,284,067	\$31,378	\$32,520	9
Missoula	55,501	\$1,788,841,025	\$30,458	\$32,231	10
Flathead	41,406	\$1,297,858,294	\$30,473	\$31,345	12

Source: Montana Department of Labor & Industry



### Bozeman Wages by Industry



Source: U.S. Census estimates 2005-2007; data does not include government wages

MONTANA QCEW (Quarterly Census of Employment and Wages) COMPARISON						
AREA\ COUNTY	2006 EMP	2007 EMP	% CHANGE	2006 WAGE	2007 WAGE	% CHANGE
YELLOWSTONE	73,958	76,706	3.72%	\$33,647	\$35,749	6.25%
MISSOULA	54,440	55,501	1.95%	\$30,664	\$32,231	5.11%
GALLATIN	44,259	45,735	3.33%	\$30,903	\$32,520	5.23%
FLATHEAD	39,631	41,406	4.48%	\$30,008	\$31,345	4.46%
LEWIS & CLARK	32,264	33,855	4.93%	\$33,661	\$35,362	5.05%
SILVER BOW	15,183	15,394	1.39%	\$31,677	\$33,435	5.55%
STATE	426,220	436,695	2.46%	\$30,607	\$32,223	5.28%

Source: Montana Department of Labor & Industry

### Unemployment

Bozeman’s unemployment rate in recent years has been the lowest in Montana and it has been consistently below the state and national rates. The history of strong economic growth in the area has made recruiting and retaining employees a frequent issue for Bozeman employers. Economic downturns and recessions (as in 2000 and 2008/9) have been the exception to this trend. The chart below shows the most recent labor force statistics for Montana counties (as of December 2008).

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

County Labor Force Statistics, December-2008				
Non-Seasonally Adjusted Preliminary				
Area	Labor Force	Employed	Unemployed	Rate
Montana	500,030	472,590	27,440	5.5
Flathead	47,975	43,782	4,193	8.7
Missoula	58,058	54,880	3,178	5.5
Yellowstone	80,303	77,518	2,785	3.5
Lewis & Clark	33,010	31,669	1,341	4.1
Gallatin	51,473	49,090	2,383	4.6
Cascade	39,501	37,750	1,751	4.4
Silver Bow	16,978	16,104	874	5.1

Source: Montana Department of Labor & Industry

The following chart and graph reveal Bozeman's low unemployment in comparison to Montana and the national rates, until the recent rise in December 2008.

Unemployment Rates 1997-2008										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bozeman	2.9	3.6	3.3	3.4	3.3	3.1	2.7	2.3	2.2	*
Montana	5.3	4.8	4.5	4.5	4.3	4.1	3.8	3.3	3.1	*
U.S.	4.2	4	4.7	5.8	6	5.5	5.1	4.6	4.6	*

\* Annual unemployment rates for 2008 are unavailable at this time. Monthly unemployment rates for the month of December-2008 were 4.6% in Bozeman, 5.4% in Montana, and 7.2% nationally.

Source: Montana Department of Labor & Industry

E. RESIDENTIAL AND COMMERCIAL REAL ESTATE TRENDS

In spite of the recent downturn, residential and commercial real estate in Bozeman has experienced very high growth rates during the past 10 years. Increasing inventory in both residential and commercial real estate along with price increases evidences this. In Bozeman, residential real estate prices peaked in 2006.

While commercial real estate in the Bozeman area has been somewhat cushioned from the more recent volatility experienced in other markets nationally (higher vacancy rates, etc.), there has been a slight decline in demand for office and retail space that will likely slow the absorption of a small oversupply. Market commercial rental rates remain stable in the \$13 to \$15 per square foot for suburban Class A office space. [Source: NAI Landmark Commercial Real Estate]

In the industrial sector, warehouse demand has weakened slightly, along with the decline in new housing starts. However, demand remains healthy for high-tech flex and R&D space, thanks in part to the influence of Montana State University's \$100-million annual research activity and related business activity. [Source: NAI Landmark Commercial Real Estate Annual Report]

The table below provides a comparison of downtown office rates between Bozeman, Billings, and Missoula. Price rates are per square foot. Vacancy rates are current for January 2009. The downtown rates are divided into new construction (AAA), Class A (prime), and Class B (secondary).

Downtown Office Rates Compared – January, 2009				
	Low	High	Effective Avg.	Vacancy
<b>Bozeman Downtown Office</b>				
New Construction (AAA)	\$16.00	\$20.00	\$18.00	2.0%
Class A (Prime)	\$15.00	\$19.00	\$17.00	4.0%
Class B (Secondary)	\$12.00	\$14.00	\$13.00	5.0%
<b>Billings Downtown Office</b>				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$16.00	\$22.00	\$18.00	1.0%
Class B (Secondary)	\$8.00	\$12.00	\$10.00	8.0%
<b>Missoula Downtown Office</b>				
New Construction (AAA)	\$20.00	\$25.00	\$21.00	10.0%
Class A (Prime)	\$17.00	\$21.00	\$17.50	7.0%
Class B (Secondary)	\$13.00	\$17.00	\$14.00	6.0%
Source: NAI Landmark Commercial Real Estate				



Source: Gallatin Association of Realtors®

Source: Gallatin Association of Realtors®

### Home Prices

As noted in the graph below, housing prices have been steadily increasing in Bozeman. The Bozeman cost of living is continually higher than the national average due to the cost of housing.

National economic trends have recently impacted local lending and housing markets. In 2008, Bozeman area home sale prices fell to a median of \$308,850, a decline of \$18,400 or 5.6% from the previous year, according to figures released by the Gallatin Association of Realtors®. From a peak of \$340,851 in 2006, Bozeman area home prices have fallen \$32,001 or 9.3% in two years, according to figures compiled by the 800 member association's Southwest Montana Multiple Listing Service.



Source: Gallatin Association of Realtors®

### Housing Variety

A greater number of Bozeman residents live in attached housing units more than ever before. In the period 2002-2007, 4,378 new homes were built within Bozeman. Based upon the existing value for persons per household, over the next 20 years up to 25,553 new homes may be required to house an expanding population. This estimate is based on the City's fairly aggressive population growth prediction, as explained previously in Section III-B.

Source: City of Bozeman, see Appendix C, page C-8 of the City of Bozeman Community Plan

Year	2000		2007	
	Number of Dwelling Units	Percent	Number of Dwellings Units	Percent
Single-Household	4,696	39.0%	6,395	38.4%
Townhouse	639	5.3%	986	5.9%
Duplex	1,322	11.0%	1,941	11.6%
Triplex/Fourplex	1,898	15.8%	2,575	15.5%
Multi-Household	2,709	22.53%	4,043	24.3%
Mobile home	621	5.2%	709	4.3%
Other	141	1.2%	0	0.0%
Total	12,026	100.0%	16,649	100.0%

Source: City of Bozeman, Building Department, 2000-2007

### Housing Starts

Residential building permit activity in the City of Bozeman has been strong ever since 1991. At the time of the 1990 U.S. Census, there were 9,117 dwelling units within the Bozeman city limits. By the 2000 U.S. Census, there were 11,577 dwelling units in Bozeman, representing a 27% increase in the city's housing stock in just 10 years. Annexation of new developments into the city limits was a significant factor. At the end of 2008, there were approximately 16,700 dwelling units within the city limits, a 31% increase since 2000.

Since 1990, single-household units have been the most popular housing type with approximately 37% of housing permits, followed by multi-household units at approximately 25% of the permits issued. Of the 756 housing units permitted in 2007:

- 28.3% were for single-household residences
- 9.4% for townhomes
- 10.6% for duplexes
- 4.4% for triplexes
- 5.8% for four-plexes
- 41.5% for multi-household units
- 0% for manufactured homes

Construction starts on single-family homes in Gallatin County continued to fall throughout 2008, according to the Southwest Montana Builders Industry Association (SWMBIA), with total new home construction starts down 39% over 2007. Other resources of construction activity including permits issued and electrical and gas hookups all showed steep declines in 2008.

Below is a graph of Bozeman's new construction housing units and permits, including the same data in table form to the right. A significant number of the permits issued in 2008 were due in part to the large number of roof repairs and replacements following the August 2008 hailstorm damage.

Year	Total Permits	Housing Units
2004	964	879
2005	893	954
2006	832	670
2007	900	758
2008	1044	249

Below is a graph of the valuation of new construction in Bozeman broken down into residential and commercial numbers.



### Annexations

Annexation is the process by which the city incorporates new development areas into the city limit boundary. Land is annexed into the city to make city services, including water and sewer, available to the new development. [See Appendix , Section 6 for Map of Areas Recently Annexed into the City of Bozeman.]

In addition to population growth, the City of Bozeman continues to grow in geographic area. With this growth, new land for residential, commercial and industrial development continues to be annexed into the city. In 1990, the City of Bozeman was approximately 6,420 acres (10 square miles) in area. By the end of 2007, it was approximately 12,215 acres (19 square miles) in area, representing a 90% increase in the area of the city limits in 18 years. The City of Bozeman Department of Planning processed 7 annexation applications during 2007. From 2002 to 2007, the City of Bozeman annexed 2,523 acres (or approximately 3.94 square miles) into the city limits. (Source: City of Bozeman Department of Planning. The City of Bozeman Planning Department will release an updated Vacancy Inventory for 2008 in mid April, 2009.)

### Bozeman Affordable Housing Ordinance

Often referred to as inclusionary housing or inclusionary zoning, the concept of workforce housing seeks to promote the production of affordable housing by requiring developers to dedicate a percentage of housing units in a future development at a specific price as low- and moderate-income housing to be used to help ensure adequate affordable housing exists for the community's workforce.

Increasingly home ownership has become more difficult for the average family to afford. This is especially true in Bozeman, where higher than average housing costs related to a limited supply are matched with lower than average wages in many sectors. This issue was raised in both the 2007 Bozeman National Citizen Survey and the surveys conducted for this City of Bozeman Economic Development Plan. The City of Bozeman Workforce Housing Ordinance (WFHO) was enacted in August 2007 to help with this problem. The WFHO is the result of years of coordination with local citizens, community groups, builders, developers and governmental organizations.

Source: City of Bozeman

## F. EDUCATION AND WORKFORCE DEVELOPMENT

Workforce training and development in Bozeman is an area with both strong points and significant weaknesses.

### Montana State University

The presence of Montana State University in Bozeman provides the area economy with numerous benefits ranging from the talent pool from which local companies recruit skilled employees, to the nearly \$100 million in annual research expenditures. MSU research has helped launch a large number of Bozeman-based companies. With graduates receiving baccalaureate degrees in 51 fields, master's degrees in 42 fields, and doctoral degrees in 18 fields, MSU supplies a well-educated workforce to Bozeman employers. The University Career Services and Student Employment office is very active with the local business community and through job fairs, job postings, intern programs and other methods, is effectively matching the graduates with employers. Many of Bozeman's local business leaders are graduates of Montana State University. [See Section IV-G for more detail on MSU's role as an economic anchor in Bozeman.]

### MSU College of Technology in Bozeman

Montana State University in Bozeman is the only campus of the Montana University System that does not have a two-year college in its mission or its structure. To fill this gap, when the university system was restructured in 1994, MSU – Great Falls began to function as the MSU College of Technology. For about a decade, MSU – Great Falls provided short courses and workshops through its Outreach and Workforce Development program.

In 2005, the offerings of the MSU College of Technology (COT) in Bozeman, an Extension of MSU-Great Falls College of Technology expanded to include the degree programs and developmental courses currently being offered. The COT in Bozeman has a three-part mission:

- Workforce development degree programs (Associate of Applied Science degrees in Aviation, Interior Design, and Design Drafting, and a Certificate of Applied Science in Welding).
- Developmental preparatory coursework in math, English, and study skills designed to develop skills to ensure the success in follow-on courses in MSU curricular areas.
- Workforce courses, customized trainings, and Veterans' Upward Bound courses through the Office of Outreach and Workforce Development at the Downtown Bozeman Training Center.

Enrollment data for MSU-GF COT extension in Bozeman (FTE=full-time equivalent):

Semester	Developmental course FTE	Workforce programs FTE	Total FTE
Fall 2006	167	13	180
Fall 2007	207	40	247
Fall 2008	193	71	264
Semester	Developmental course FTE	Workforce programs FTE	Total FTE
Spring 2007	85	18	103
Spring 2008	79	41	120
Spring 2009	78	72	151

Enrollment in COT courses are higher in Fall semesters due to MSU students who start classes needing developmental coursework, but who successfully complete it in the Fall and move to full MSU-Bozeman course loads in the Spring semester. The workforce programs FTE remains fairly consistent from Fall to Spring semester. It is the workforce programs FTE that will grow in future years as new degree programs are added.

#### Fall 2008 enrollment

- Developmental and Workforce degree:
  - Developmental coursework: 546 students (193 FTE)
  - Workforce degree programs: 95 students (71 FTE)
- Outreach courses:
  - 34 classes offered in Fall 2008
  - 35 classes offered in Spring 2008 (366 students)

#### Spring 2009 enrollment

- Developmental coursework: 283 students (78 FTE)
- Workforce degree programs: 85 students (72 FTE)

#### Organizational Structure of COT

The organizational structure of the COT had been discussed at many levels during the past few years. There seems to be recognition among those involved with the Bozeman COT (including the COT Advisory Board) that the current structure of operating as a satellite campus of MSU Great Falls, located on the grounds of MSU Bozeman, is less than ideal. This structure creates confusion not only for students and faculty, lacks efficiency, and has not resulted in the level of programming that is needed. Discussions around changing the organizational structure have taken place with the Board of Regents, though any change in the current structure has been deferred.

The most frequently discussed scenarios for changing the organizational structure are:

- Become a College within MSU-Bozeman (e.g., College of Applied Sciences) with a Dean and same structure as current academic colleges
- “Co-located” College of Technology (like UM COT, MT Tech COT in Butte, or MSU-Billings COT)—these COTs are treated differently than Colleges within their 4 year University counterparts, but are affiliated with the University—their budgets come through the affiliated University, and the COTs share some resources with the affiliated University, but otherwise are autonomous institutions

A relevant comparison of COT offerings would be Missoula. Missoula also has a 4-year University (University of Montana), an active and growing business community and a College of Technology, though this COT is co-located and affiliated with the University. The Missoula’s COT offers 35 workforce degree programs (Certificate of Applied Science and/or Associate of Applied Science) in: accounting, computer support, electronics technology, medical assisting, registered nursing, welding and other areas.  
[www.bozeman.msugf.edu](http://www.bozeman.msugf.edu)

#### Limited 2 Year Degree Programs in Bozeman

The limited number of 2-year degree programs available in Bozeman is a significant area of weakness for the city’s education and workforce development needs (cited consistently in the surveys conducted for this Plan). The area of workforce development needs that could be improved is the acquisition of practical job skills that do not require a bachelor’s degree. Workers and students that are interested in pursuing this training often have to travel outside Bozeman to one of the two-year colleges located in another part of the state.

While the COT in Bozeman offers quality programs, the needs of many Bozeman residents and employers for two-year degree programs and workforce programs goes far beyond the current offerings. The enrollment numbers show that the COT is serving an increasing number of students through the current program offerings. The demographics of Bozeman, as one of the youngest areas of the state, along with the historical growth in the local economy, make the case for additional workforce course offerings irrefutable.

#### Bozeman Job Service

The Bozeman Job Service Workforce Center, under the Montana Department of Labor and Industry, provides Bozeman area job seekers and Bozeman businesses with a variety of employment related services. For job seekers the Bozeman Job Service Center provides: job posting searches, job application services, resume writing assistance, interviewing training and other services. For Bozeman area businesses, the Center provides: job posting services, consultation on employment law, wage and hour expertise, workers compensation training and other services. During 2008, over 1,700 people found employment through the use of the Bozeman Job Service Center. This resource is a valued asset to both job applicants and



employers alike.

[www.wsd.dli.mt.gov/local/bozeman](http://www.wsd.dli.mt.gov/local/bozeman)

#### Career Transitions

This Belgrade based organization provides educational training and employment opportunities. Services provided include: career assessments, job readiness, computer and office skills training, job seeker services and other areas.

[www.careertransitions.com](http://www.careertransitions.com)

#### READI Workforce Training System

READI, or Responding to Economic Action through Dynamic-Innovation provides professional and technical education for area workers. Programs that are offered include: Welding, Commercial Driver's license, Auto Cad, Hospitality skills Training and others.

[www.readitwts.com](http://www.readitwts.com)

#### Bozeman Public Library

The library fulfills a need in workforce development by providing job skills classes in the computer lab, resources for employers and job seekers and Internet access.

#### Bozeman Public Schools

Interviews with business leaders and citizen surveys show that Bozeman Public Schools are viewed as academically strong and as an asset that is worth supporting. Both the business and academic community recognize the link between a quality K-12 education system and a good workforce. The frequent support for school bond issues is a good measure of the value the community places on the school system.

## G. LAND USE AND BUSINESS LOCATION

The Bozeman Community Plan outlines the following 7 core principals to guide the City's land use policies and planning:

1. Neighborhoods (preservation of existing neighborhoods and new development part of a larger whole, rather than just anonymous subdivisions);
2. Sense of Place (distinct character of Bozeman related to the natural setting as well as constructed landmarks such as historic downtown and MSU);
3. Natural Amenities (Bozeman's natural environment is a significant contributor to the high quality of life);
4. Centers (center-based development is more compact and requires less land area, and contributes to a sense of neighborhood);
5. Integration of Action (land use policy integrated and supported by all other City policies and programs);
6. Urban Density (density of development balanced against community character, parks and open space, and housing choice of citizens); and
7. Sustainability (preserve quality of life and natural environment for future residents).

Bozeman's downtown has served as the city's central business district since the city was established. This historic core is a hub for retail, entertainment, banking, and professional service businesses. It is also a major center of art and culture for the region. The major transportation routes through the city, the entry corridors of Main Street, North 7<sup>th</sup> Avenue, North 19<sup>th</sup> Avenue, and Oak Street include the significant regional commercial and services businesses. Community commercial mixed use businesses are integrated with significant transportation corridors throughout the city. In addition, business park (B-P zoning) and light industrial areas (M-1 and M-2 zoning) are generally located in the north side of Bozeman, outside residential areas between 7<sup>th</sup> Avenue and Rouse Avenue and the East Frontage Road. Technology firms are generally located around the university campus. There is a concentration of firms in the Advanced Technology Park, west of MSU off West College Street. There is also a cluster of technology firms located in the Genesis Park area around the campus of Right Now Technologies west of South 19<sup>th</sup> Avenue.

### Current Land Use Regulations

City land use is governed by a Unified Development Ordinance, which sets the basic rules for subdividing and developing land in the City of Bozeman. It provides specific requirements for land development such as zoning districts and subdivision standards, setbacks, entryway corridors, landscaping, parks and recreation requirements, parking, and workforce (affordable) housing. [For further detail, see Section III-H. Regulatory Environment and Tax Structure.]

### TIF Districts

Tax increment financing is a viable tool used by the City of Bozeman to encourage development, redevelopment, and to finance improvements to infrastructure within a specifically designated area. In a TIF district, tax revenues that exceed the base valuation are paid into a separate fund overseen by a district authority and are used to pay debts incurred by the authority. Tax increments are based on an increase in assessed valuation, not on an increase in taxes due only to rising mill levies. The increased property tax revenues from the designated area finance the development of its infrastructure. The City has 4 designated TIF districts: the Downtown District, the Northeast District, the North 7<sup>th</sup> Avenue District, and the Mandeville Farms District. [Refer to Map of the City of Bozeman Tax Increment Finance Districts in the Appendix, Section 6.]

### Urban Renewal Districts

The City of Bozeman has designated urban renewal districts to encourage infill development and re-development within the city limits. The urban renewal district designation corresponds to the creation of tax increment financing districts to help finance infill. The City of Bozeman has 3 designated urban renewal districts: Downtown, Northeast, and North 7<sup>th</sup> Avenue.

Business Improvement District mechanism allows property owners within a defined area to assess themselves to finance improvements that will benefit all property owners within that defined area. Construction bonds may be issued based on the income stream projected from the assessment.

## H. REGULATORY ENVIRONMENT AND TAX STRUCTURE

Businesses in the City of Bozeman are regulated by 3 governmental authorities: the State of Montana, Gallatin County, and the City of Bozeman.

### State of Montana

The State of Montana does not require that all businesses hold a general business license; however, certain types of businesses are required to register and be licensed by the state.

The Montana Department of Environmental Quality regulates environmental permitting, licensing, accreditation, certification and applications to determine compliance with the laws and rules that have been enacted to protect the quality of the state's air, water, and land.

The Montana Department of Labor & Industry provides oversight and regulates the Montana Workers' Compensation system, enforces state and federal labor standards, enforces state and federal safety and occupational health laws, establishes and enforces building industry codes, licenses and regulates professions and occupations, and regulates all weighing or measuring devices used in commercial transactions.

The Montana Department of Revenue administers more than 30 state taxes and fees including income taxes, natural resource taxes, corporation taxes and other miscellaneous taxes. It also establishes values for taxable property including agricultural land, residential real estate, commercial real estate, business equipment, and others.

The Montana Secretary of State's Office administers the filing of records (registering businesses, maintaining private sector documents such as corporate charters, applications for assumed business names, and registration of trademarks) for businesses and corporations conducting business in Montana.

### Montana Business Climate and Tax Rankings

Two issues that receive frequent mention by Bozeman business leaders are Montana's high workers compensation rates and the state's tax on business equipment. They are seen as detrimental to business growth in Montana and are often targeted for legislative change by business advocacy organizations.

In national comparisons, Montana has received high rankings for its business climate in recent studies. In 2008, Forbes magazine ranked Montana as the "fastest climber" of the "most business friendly states." Forbes also ranked Montana as 8<sup>th</sup> in the nation for its economic climate. Business Facilities magazine ranked Montana 7<sup>th</sup> in the nation for its overall business climate in 2008. The business tax climate in Montana is competitive with neighboring states in the region, according to Ernst & Young's "Total State and Business Taxes" report. In 2008, The Tax Foundation ranked Montana 6<sup>th</sup> in the nation for best state

business tax climate and 11<sup>th</sup> in the nation for the lowest combined state and local tax burden. Business Facilities magazine also ranked Montana 3<sup>rd</sup> in the nation for the best sales tax climate for business. Montana has no general sales tax on business.

### Gallatin County

Three elected commissioners responsible for legislative, executive and administrative functions of the county government. County has developer exactions fee (development impact fee) that is prescribed against a land developer to offset the public's cost of providing infrastructure to a development. In addition, the county assesses review fees when land is being subdivided for fire department and weed board reviews. The Gallatin County Assessor's Office is responsible for valuing all real and personal property for tax purposes. The Gallatin County Treasurer is responsible for the collection of property taxes. The Gallatin County Planning Department handles land use planning and zoning, rural land use, flood plain administration and the countywide growth plan. Additional departments regulate compliance with health and safety codes, environmental health codes, and motor vehicle registration.

### City of Bozeman

The City of Bozeman regulates business licensing for all businesses, including home based businesses within the city limits. The city also regulates land use and development through the Department of Planning and Community Development.

### Land Use Regulations

City land use is governed by a Unified Development Ordinance, which sets the basic rules for subdividing, developing, and redeveloping land in the City of Bozeman. It provides specific requirements for development such as zoning districts, subdivision standards, setbacks, entryway corridor requirements, landscaping, parks and recreation, parking, and workforce housing requirements.

### Design Objectives Plan

The Design Objectives Plan applies to all specially designated commercial corridors within the City of Bozeman. These corridors serve as key entry routes into the core of the city, set expectations for the quality of development downtown, and in each case the character and functional qualities of the area greatly enhances the sense of community. These design guidelines were produced to assure that development in the commercial corridors results in dynamic, attractive neighborhoods and also reflects the overall goals for high-quality design throughout the community. The Design Objectives Plan applies to all development within the city's jurisdictional area that falls within certain distances of eight corridors: South 19<sup>th</sup> Avenue, West Main Street, North 19<sup>th</sup> Avenue, Oak Street, North 7<sup>th</sup> Avenue, North Rouse Avenue/Bridger Canyon Road, East Main Street, and I-90 (as specified by the Unified Development Ordinance Chapter 18.30). The guidelines address four topics of design and a corridor specific section:

- neighborhood design,

- site design,
- building design,
- sign design, and
- design principles specific to each corridor.

(For more information, refer to: City of Bozeman Design Objectives Plan, February 14, 2005.)

### The Design Guidelines for Historic Preservation and Neighborhood Conservation Overlay District

The Neighborhood Conservation Overlay District is an area created by the City of Bozeman to recognize the historic core of the Bozeman community. It encompasses nine National Register of Historic Places designated historic districts in Bozeman, as well as the many individual National Register listings. As stated in the Unified Development Ordinance, the intent and purpose of the conservation district designation is to “stimulate the restoration and rehabilitation of structure and all other elements contributing to the character and fabric of established residential neighborhoods and commercial or industrial areas.” The essential idea behind the district is to protect Bozeman against alteration and demolition that might damage the unique fabric created by the hundreds of important buildings and sites that make up the historic core of the city. All proposed alterations and demolition to structures and sites within the area are subject to design review by the City of Bozeman Department of Planning and are subject to standards set forth in the Unified Development Ordinance. The Conservation Overlay District encourages reinvestment and adaptive reuse of existing historic structures.

### Sign Ordinance

The Unified Development Ordinance's Sign Ordinance (UDO Chapter 18.52) regulates and controls the size, location, type, quality of materials, height, maintenance, and construction of all signs and sign structures not located within a building within the City of Bozeman. The purpose is to preserve the area's natural scenic beauty, contribute inviting entrances into Bozeman, encourage area beautification, give all businesses an equal opportunity, and to ensure public safety (for pedestrians and drivers from visual obstruction, distraction, or discord).

### Tax Increment Financing (TIF)

Tax increment financing (TIF) is a public financing mechanism used by the City of Bozeman to encourage redevelopment, development, and to finance improvements to infrastructure within a designated area. TIF is a tool to use future gains in property taxes to finance current improvements that will create those gains due to increased property values of surrounding real estate. The increased tax revenues are the “tax increment.” TIF is designed to channel funding towards improvements in distressed or underdeveloped areas where development might not otherwise occur. It creates funding for public projects that may otherwise be unaffordable to local governments. The City of Bozeman has four TIF districts: Downtown,

North 7<sup>th</sup> Avenue, Mandeville Farm, and the Northeast Urban Renewal District. [Detailed zoning information can be found in the Appendix, Section 6.]

## I. INFRASTRUCTURE AND TRANSPORTATION

The City of Bozeman provides public services and facilities including: domestic water, sewer, and storm drainage; solid waste and recycling; fire and police protection; library, and cemetery. Private services and facilities include gas and electric service provided by Northwestern Energy and solid waste removal provided by Allied Waste Industries.

Bozeman has a strong telecommunications infrastructure with multiple DS3 connections and several areas with redundant systems. High speed connections are in place with frame relay, ISDN, digital subscriber lines (DSL), ATM switching and cable-based Internet access. Private sector service providers include: Bresnan, Qwest, BridgeBand, and Integra Telecom.

### Planned and Future Facility Needs

The City of Bozeman has several planned and future facility needs. New wastewater and water treatment plants are in the planning stages and will be constructed in the next 2-3 years. A third fire station in the northwest side of town (between Oak Street and Baxter Lane) is now under construction and should be completed later in 2009. This facility will also house the joint City-County 911 Call Center.

### Transportation

A variety of transportation corridors, including rail and highway, make Bozeman easily accessible for business. Easy access for trucking and railcar transportation is an important factor for business and economic development, especially for manufacturing and other industrial businesses.

The Burlington Northern and Santa Fe (BNSF) Railway controls 95% of rail freight transportation in Montana. Montana Rail Link connects with the BNSF at Laurel or Helena and at Spokane, Washington. It connects with the Union Pacific Railroad at Sandpoint, Idaho. In Bozeman, railroad siding locations for loading and offloading (including local car gathering) currently only exist at the Idaho Pole site on North Wallace Street. (The prospective Mandeville industrial park would include the second site.)

### Gallatin Field Airport

Gallatin Field has become a major regional airport in Montana as the 2<sup>nd</sup> busiest airport in the state, with exceptional airline service providing non-stop flights to 11 cities in 10 states. Since 1992, passenger enplanements have increased 127%, making Gallatin Field the fastest growing airport in Montana. Gallatin Field now accounts for 23% of all passenger enplanements in Montana and is the 7<sup>th</sup> busiest airport in the Pacific Northwest region. A record number of passengers (351,214) boarded scheduled airline flights at Gallatin Field Airport in 2008, up 4.8% over the previous record set in 2007. Annual passenger enplanements have grown 39% since 1998.



Bozeman's airport has played a crucial role in the tremendous economic growth the area has experienced since the 1990s. It is estimated that the airport and the businesses located at the airport employ over 400 people. [The economic impact of Gallatin Field Airport is further detailed in Section IV-D.]

## J. SMALL BUSINESS AND ENTREPRENEURSHIP

Bozeman has a rich diversity of small entrepreneurial enterprises in all sectors, ranging from construction and retail to services and technology. Many of these businesses employ fewer than five people, and many are one person entities.

Montana has the highest level of entrepreneurial activity in the nation, according to a 2007 study by the Kauffman Foundation. According to the study, The Kauffman Index of Entrepreneurial Activity, which is based on data from 1996 to 2006, Montana has 600 entrepreneurs per 100,000 residents or .60 %. In the national study, the 2 industries with the highest rates of entrepreneurial activity were construction and services. These national and statewide rates are likely mirrored in Bozeman's economy where construction and services have been leading sectors.

The licensing and commercialization of MSU research and technology has been a significant contributor to many technology business start-ups in Bozeman. Most of the more than 100 technology-based firms in Bozeman — including those that have spun-off from university research — employ fewer than 10 people.

The U.S. Small Business Administration (SBA)'s definition of small business varies depending on the annual sales and/or the number of employees in a specific industry (described by NAICS codes). By SBA standards, all businesses in Montana are classified as small businesses.

According to 2006 business patterns data from the U.S. Census Bureau, 62% of Bozeman's 3,262 business establishments employ fewer than 5 people each, and nearly 80% employ fewer than 10 people. Only 1% of Bozeman's business establishments employ more than 100 people.

## K. BUSINESS ASSISTANCE RESOURCES

### Economic Development Organizations

Bozeman is fortunate to have a variety of local and statewide organizations that are involved in economic development located in the area. This group of resources is a great asset for the business community and contributes strongly to the economic health of Bozeman. A number of these services are offered on a no-cost basis. Comprehensive descriptions of the programs and services available in Bozeman are located in the Appendix, Section 2. The following organizations provide economic development programs and services in Bozeman:

- Prospera Business Network
- Northern Rocky Mountain Resource and Conservation District (RC&D) and Economic Development District (EDD)
- Bozeman Small Business Development Center (SBDC)
- Bozeman Area Chamber of Commerce
- Downtown Bozeman Partnership
- TechRanch
- Montana Manufacturing Center (MMEC)
- Montana World Trade Center (MWTC)
- TechLink

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## IV. MAJOR INDUSTRY SECTORS

### A. TECHNOLOGY – Montana’s High Tech Center

Home to more than 100 technology-based firms, Bozeman has become the high-tech center of Montana; and it is one of the largest technology communities in the northern Rocky Mountains. Bozeman’s technology sector has grown significantly since the early 1990’s. A 1994 report on high-tech clusters in Montana by the Federal Reserve Bank of Minneapolis cited just 8 companies engaged in research or production of laser optic equipment and only 12 in biotech in the Bozeman area. Today, there are an estimated 20 firms engaged in laser optics and an estimated 33 firms engaged in biotech.



Bozeman’s technology sector now includes firms engaged in advanced manufacturing (an estimated 26 firms) and laser optics (an estimated 20 firms); information technology—application development, information technology services, software, Internet applications, telecom, etc. (an estimated 50 firms); biotech or bioscience (an estimated 33 firms); and agricultural, environmental, or miscellaneous activities (an estimated 14 firms). These firms for the most part are selling their goods and services entirely to customers located outside of Montana and many located outside of the U.S. These firms directly employ an estimated more than 3,000 individuals whose earnings are significantly higher than the county’s annual average wage of about \$32,500. [Source: MSU Technology Transfer Office; Montana Department of Commerce.]

#### Role of Montana State University – Technology Transfer

Without a doubt, the concentration of research activity at Montana State University has fueled the development of technology-based companies clustered in Bozeman and it has been a significant contributor to Bozeman’s vibrant entrepreneurial technology economy. University technology transfer and commercialization activities have been driving economic development nationwide since the early 1980’s when changes in federal legislation accelerated the process and increased incentives for collaboration between universities and industry. Montana State University has been no exception. According to the MSU Technology Transfer Office, technology developed at MSU has resulted in the spin off of 30 companies and licensing by 37 companies in the Bozeman area and nearly 300 companies statewide. The university holds 163 licenses for patents for innovations such as biological, chemical, and engineering processes and compounds, coatings for the space shuttle or pharmaceutical drugs. Of those 163 licenses, 60% are with Montana companies, many located in Bozeman.

MSU has grown to become a regional leader in research and creative projects with nearly \$100 million in research expenditures in the state each year. MSU was recognized by the

Carnegie Foundation for the Advancement of Teaching as one of 96 research universities nationally with “very high research activity.” MSU has strong ties to industry in the Bozeman area, particularly in the life science, aerospace, and information technology sectors. MSU lists relationships with over 150 companies which include research support, licensing agreements, and consulting services.

In 2007, MSU granted 283 Bachelor’s degrees in engineering fields and 195 Bachelor’s degrees in science fields. According to the MSU Career Destinations survey of graduates in 2007, 56% of engineering graduates and 61% of science graduates were employed by Montana companies after graduation, many in the Bozeman area.

The strength of Bozeman’s technology economy has also translated into private companies receiving research and development and investment funding. During the 2000-2004 time period, Montana ranked 10<sup>th</sup> in the nation in the average annual number of federal Small Business Innovation Research (SBIR) awards made, with nearly half going to Bozeman companies (18 out of 44 total).

#### Technology Sector Funding Resources

Small Business Innovation Research Program (SBIR) provides grant awards to small, innovative technology businesses for research and development efforts. It is administered by the U.S. Small Business Administration (SBA) Office of Technology. SBIR awards fund the critical startup and development stages and encourage the commercialization of technologies, products, or services.

Small Business Technology Transfer Program (STTR) expands funding opportunities in the federal innovation research and development arena (it is administered by the U.S. Small Business Administration –SBA– Office of Technology). Central to STTR is the expansion of the public-private sector partnership to include joint venture opportunities for small business and the nation’s premier nonprofit research institutions. Since 1999, 37 Bozeman technology firms have received a total of 149 SBIR and STTR awards totaling \$51 million.

As of May 2008, the total value of all SBIR and STTR awards made to Montana companies since 1984 is more than \$101 million. The value has dramatically increased since 1999, from less than \$2 million a year to approximately \$10 million per year in 2008. [Refer to the Graph “Value of SBIR/STTR Awards in Montana” located in the Appendix, Section 4.]

Montana Technology Innovation Partnership (MTIP) is a Montana Department of Commerce initiative created to promote technology commercialization as an economic development strategy. MTIP offers technical assistance to SBIR and STTR proposals. Since it was established in 2003, MTIP has provided assistance to more than 25 Bozeman technology companies to secure SBIR and STTR awards.

Montana Board of Research & Commercialization Technology (MBRCT) is a Montana Department of Commerce program providing funding for research and commercialization projects conducted at research and commercialization centers in Montana. Since 1999, MBRCT has awarded more than \$13 million to fund projects at MSU, and more than \$4 million to fund projects at Bozeman area technology companies. Twenty awards have gone to Bozeman area companies.

Emerging Venture Capital and Angel Investor Sources in Montana include:

- § Bridger Private Capital Network
- § Frontier Angel Fund ([www.frontierangelfund.angelgroups.net](http://www.frontierangelfund.angelgroups.net))
- § Glacier Venture Fund ([www.glacierventurefund.com](http://www.glacierventurefund.com))
- § Montana Fund ([www.mtcdc.org/loans/montanafund.html](http://www.mtcdc.org/loans/montanafund.html))

#### Additional Organizations Supporting Bozeman's Technology Sector

MSU Technology Transfer Office ([www.montana.edu/wwwvr](http://www.montana.edu/wwwvr)) provides a critical interface in moving technology from the university to the private sector. The office has facilitated more than 100 licenses for MSU technologies; over 70 of them with Montana companies. It owns more than 80 patents issued on the university's inventions, with another 136 pending.

MSU TechLink ([www.techlinkcenter.org](http://www.techlinkcenter.org)) provides direct support for Montanan companies to access new technology, expertise, and research and development funding from the U.S. Department of Defense and other federal agencies.

MilTech ([www.miltechcenter.com](http://www.miltechcenter.com)) is a collaboration between MSU TechLink and the Montana Manufacturing Extension Center (MMEC) to accelerate the transition of innovative technology to U.S. troops by assisting companies with design, reliability, and cost effectiveness.

TechRanch ([www.techranch.org](http://www.techranch.org)) is a Bozeman-based nonprofit entrepreneurial resource center that provides assistance statewide to early stage technology companies with in-depth business advising from near term strategic planning to workforce recruitment and access to capital.

Montana Bioscience Alliance ([www.montanabio.org](http://www.montanabio.org)) serves as a hub for Montana's biotechnology companies, entrepreneurs, laboratories, hospitals, clinics, and universities to commercialize, grow, and sustain globally competitive bioscience companies in Montana.

Montana Aerospace Development Association ([www.mt-ada.org](http://www.mt-ada.org)) works to encourage and promote economic development in aerospace technology related industries throughout Montana's private sector.

Montana Information Technology Alliance ([www.montanaita.com](http://www.montanaita.com)) works to promote and expand Montana's information technology community.

#### Bozeman Technology Company Profiles

The following 4 firms were selected to represent Bozeman's growing technology clusters in photonics, biotechnology and software development:

Golden Helix ([www.goldenhelix.com](http://www.goldenhelix.com)) is the market leader in bioinformatics software for whole genome association studies. By analyzing terabytes of whole genome genetic information, and working in collaboration with partners around the world, Golden Helix is working to develop diagnostics and prognostics to accurately predict what diseases a person is likely to get. Empowered with this knowledge, potentially years in advance of symptoms, people can take proactive steps before they become ill, thus leading longer, healthier and more fulfilling lives. The company was founded in Bozeman in 1998 by Christophe Lambert, Ph.D. Golden Helix creates and sells genetic analysis software and delivers analytical services to over 150 research organizations on five continents; its customers include 9 of the world's top-ten pharmaceutical companies, many leading biotechnology companies, several federal governments, and dozens of the world's leading academic institutions who are finding the genetic causes of disease and of patient treatment outcomes. The company has received over \$1 million in strategic investment capital from pharmaceutical giant GlaxoSmithKline and over \$1 million in SBIR research and development funding. Golden Helix generates 100% of their revenues from out of state, a large fraction from out of the U.S., and employs 14 people in Bozeman.

LigoCyte Pharmaceuticals ([www.ligocyte.com](http://www.ligocyte.com)) is a clinical-stage biologic drug development company focused on respiratory and gastrointestinal indications. The company was founded in Bozeman in 1998. The company's core expertise is virus-like particle, or VLP, based vaccines and additionally has two therapeutic antibody programs currently in development. Products in development include a Norovirus vaccine, Influenza vaccines, and an Anthrax vaccine. LigoCyte has been awarded over \$40 million in National Institutes of Health (NIH) and U.S. Department of Defense grants and contracts, and received a \$28 million venture capital investment in 2008. LigoCyte employs 45 people in Bozeman.

RightNow Technologies ([www.rightnow.com](http://www.rightnow.com)) is a leading provider of on demand customer relationship management (CRM) solutions that helps consumer-centric organizations deliver great customer experiences. The company was founded in Bozeman in



1997. Today, the company employs more than 700 people, 400 in Bozeman, and serves over 1,900 organizations worldwide. The company, founded by Greg Gianforte with no investor money (author of the book *Bootstrapping Your Business: Start and Grow a Successful Company with Almost No Money*), raised \$32 million in venture capital financing in 1999 and 2000, and raised \$44.1 million through an initial public offering in 2004. It is the only Montana software company ever to do an initial public offering.

ILX Lightwave ([www.ilxlightwave.com](http://www.ilxlightwave.com)) is a market and technology leader in providing high performance test and measurement solutions for people who work with laser diodes and other photonic components. The company was founded in 1986 in Bozeman with the introduction of the first precision laser diode current source in the industry. ILX Lightwave products are used throughout the world in research and development labs and production areas, wherever photonic technology is advancing. The Bozeman operation employs more than 50 people.

## B. RETAIL – A Regional Hub

Bozeman's retail sector has experienced significant growth in recent years. Retail is now Bozeman's second largest employment sector. With the arrival of several national retail chains, including "big box stores," Bozeman is now a regional retail hub, attracting shoppers from many of the surrounding counties. Prior to the arrival of these stores in Bozeman, such as The Home Depot; Lowes Home Improvement; Bed, Bath & Beyond; and World Market, many people drove to Billings to shop at these stores. The influx of these additional shoppers has considerable economic impact on other retail and service sector businesses.



Historically, Bozeman's retail businesses were concentrated in the downtown district and spread to the west on Main Street. As the city grew to the west and to the north, retail businesses were established along the North 7<sup>th</sup> Avenue corridor and later along the North 19<sup>th</sup> Avenue corridor, many of these located in shopping centers, such as the Hastings shopping center, the Albertsons shopping center, and the Gallatin Valley Mall. Today, Bozeman's retail businesses are mostly located along the major transportation routes; Main Street/Huffine Lane, 19<sup>th</sup> Avenue, 7<sup>th</sup> Avenue, Oak Street, Rouse Avenue, or in centers located near these corridors.

In addition to the national retail chains, Bozeman has a thriving locally-owned and operated, independent retail business environment. [Refer to Section III. J. Small Business and Entrepreneurship for additional information.]

### "Big Box" Ordinance

In February 2003, the City of Bozeman enacted an ordinance limiting retail stores to no more than 75,000 square feet in a single structure. The measure makes permanent a temporary moratorium on construction of large retail stores adopted in 2002. [Please see Appendix Section 5 for more information on ordinance 18.40.180 titled, Large Scale Retail, Size Limitation and Design and Site Development Guidelines and Requirements.]

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

The table below lists the retail sectors in Bozeman including data for total sales, shipments, receipts, annual payroll, and number of employees. The data from 2002 is the most current data available at the city level.

BOZEMAN RETAIL - 2002				
NAICS Sector	Number of Establishments	Sales, Shipments, Receipts (\$000)	Annual Payroll (\$000)	Number of Employees
Total Retail Trade	313	679,846	73,822	3,841
Miscellaneous Store Retailers	50	D	D	e
Clothing & Accessories	47	32,009	4,279	335
Sporting/Hobby/Books/Music	38	44,644	5,772	514
Building/Garden Supply	32	87,879	11,041	356
Furniture & Home Furnishings	30	34,440	4,524	195
Motor Vehicles & Parts Dealers	24	150,497	13,222	453
Food & Beverage	20	104,584	11,253	664
Health & Personal Care	18	D	D	c
Gasoline Stations	18	39,097	1,775	139
Electronics & Appliances	17	29,060	3,175	131
Non-Store Retailers	13	13,164	1,698	76
General Merchandise	6	D	D	f

Source: U.S. Census Bureau (2002 data is the most current city-level information available for Bozeman)

D: Withheld to avoid disclosing data for individual companies; data are included in higher level totals.

c: 100 to 249 employees

e: 250 to 499 employees

f: 500 to 999 employees

The table below shows retail data for Gallatin County in 2007. The list is ranked by the number of establishments, and includes data for average employment, total wages, and average weekly wages.

GALLATIN COUNTY RETAIL - 2007				
NAICS Sector	Number of Establishments	Average Employment	Total Wages	Average Weekly Wages
Total Retail Trade	560	7,100	181,748,860	492
Miscellaneous Store Retailers	97	599	11,362,136	365
Sporting/Hobby/Books/Music	70	687	10,659,463	298
Building/Garden Supply	66	980	32,401,192	636
Clothing & Accessories	63	487	8,604,783	340
Furniture & Home Furnishings	53	475	15,622,634	632
Motor Vehicles and Parts Dealers	50	762	31,738,991	801
Gasoline Stations	37	416	7,211,594	333
Food & Beverage	35	1,153	23,344,992	389
Electronics & Appliances	31	211	6,710,549	612
Non-Store Retailers	24	102	3,119,662	588
Health & Personal Care	22	178	3,879,350	419
General Merchandise	13	1,051	27,093,514	496

Source: Montana Department of Labor & Industry

C. HOSPITALITY, TOURISM AND RECREATION – A Major Contributor

The hospitality, tourism, and recreation sector is a major component of Bozeman’s economy. The Bozeman Area Chamber of Commerce estimates that the direct impact of tourism on the Gallatin Valley economy is more than \$600 million annually, with more than 1 million visitors traveling through Bozeman each year. Tourism is one of the fastest growing sectors of Montana’s economy, according to the Montana Department of Commerce. More than 10 million visitors spent an estimated \$3 billion in Montana in 2008. Statewide, the hospitality, tourism, and recreation sector provides 48,580 jobs.



Bozeman’s thriving hospitality, tourism, and recreation sector exists primarily due to the abundant opportunities for year-round outdoor recreation in the surrounding area. More recently, the development and expansion in the Big Sky resort area has been a major contributor, especially with the growth in passenger traffic and increasing airline service at Gallatin Field Airport.

Bozeman has numerous reasons for being a great tourist destination, including the many ski resorts, the blue ribbon trout streams and numerous recreational activities. Bozeman is surrounded by four mountain ranges, thousands of acres of the Gallatin National Forest and hundreds of miles of blue ribbon trout streams, so the recreation opportunities are virtually endless including hiking, biking, fly fishing, and rafting.

Bozeman has a thriving arts and culture scene with many museums, galleries, practicing artists, live theater, and live music. The Emerson Center for the Arts is a hub of art and cultural activity. The Willson Auditorium hosts the Bozeman Symphony Society, The Intermountain Opera Association, and the Montana Ballet Company. The Ellen Theatre in downtown Bozeman is newly renovated and will host the Montana TheaterWorks live stage productions and will also be a venue for film screening for the Hatch Festival and the Bozeman Film Festival. The Sweet Pea Festival of the Arts, Music on Main, and the monthly Gallery Walks in downtown Bozeman are prominent features of Bozeman’s summertime arts scene.

Economic Impact

According to report on tourism in Montana conducted by the Institute for Tourism Recreation Research (ITRR) at the University of Montana, Non-labor income in Montana has increased significantly since 1958. As of 2005, Montana’s non-labor income accounted for 35.7% of total personal income. Non-labor income makes up a larger percentage of total

personal income in Montana than in the U.S., overall, or the Rocky Mountain region, collectively. Amenity-seeking migrants and retirees often bring non-labor income to the state which then circulates throughout the entire economy.

According to the ITRR, non-resident travel accounts for 7.5% of total employment (over 45,900 jobs) in Montana. No-resident travel contributes jobs to every industrial sector, directly or indirectly. 12.5% of jobs in service sector industries are attributable to non-resident travel, and accounts for 11.6% of wholesale trade, 10.3% of retail trade, 8.4% of transportation and warehousing, and 4.5% of real estate rental and leasing.

According to the report, tourism has a sizeable impact on Montana's economy. Likewise, tourism fits in well with what appears to be important to many of the state's residents—open spaces, mountains, forests, rivers and lakes and wildlife. The number of non-resident visitors to Montana and their contribution to the economy in terms of expenditures continues to increase each year, a trend that is likely to continue, as long as the state continues to offer what many visitors are attracted to and what many of their activities revolve around—Montana's natural amenities. [Source: University of Montana Institute for Tourism and Recreation Research, *The Changing Structure of Montana's Economy*, July 2007.]

#### Profile of Montana Non-resident Vacation Homeowners

- Household income: \$100,000+
- Mean Age: 52
- Primary home in WA or CA
- Key attractions in Montana: mountains, forests, open spaces, rivers, and family/friends
- Average length of stay: 10 nights
- 50% are former Montanans

Source: ITRR 2006

#### Hotel Room Tax

The State of Montana imposes two taxes on users of overnight lodging facilities (such as hotels, motels, campgrounds, guest ranches, etc.) in the state. The Lodging Facility Use Tax is 4% of the lodging charge and is collected by the owner or operator of the facility. Revenue collected from the 4% lodging facility use tax is deposited to a state special revenue fund and is used by the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials. Revenue collected from the 3% Lodging Facility Sales Tax is deposited into the state's general fund. [Source: Montana Department of Revenue]

Nearly two-thirds of all lodging sales in Montana occur within two of the state's six designated travel regions. More than 60% of the 2006 lodging taxes statewide were collected in Glacier Country (eight counties in the northwest, closest to Glacier National Park) and Yellowstone Country (five counties in the southwest, closest to Yellowstone National Park) regions due to the concentration of major attractions and lodging facilities in those regions.

The City of Bozeman is the largest city in the Yellowstone Country region. The table below shows the state lodging facility use tax collections ranked by tourism region for 2006.

Lodging Facility Use Tax (4%) Collections, 2006		
Tourism Region	Amount	% of Total
Glacier Country	\$4,970,191	31%
Yellowstone Country (includes Bozeman)	4,774,674	30%
Custer Country	2,628,445	16%
Gold West Country	1,978,554	12%
Russell Country	1,461,640	9%
Missouri River Country	282,672	2%
Montana (statewide)	\$16,096,176	100%

Source: Montana Department of Commerce, Montana Tourism and Recreation Strategic Plan 2008-2012.

#### Bozeman Convention and Visitors Bureau

The Bozeman Convention and Visitors Bureau currently receives approximately \$120,000 in lodging taxes to recruit visitors to Bozeman. Bozeman is among the top four lodging tax collectors in the state. Bozeman lodging facilities are currently looking into creating a Tourism Business Improvement District that would collect a \$1 tax on each occupied hotel room per night in Bozeman. The district would generate an estimated \$600,000 from Bozeman's current 1,900 rooms. The funds would be used by the Bozeman Convention and Visitors Bureau for Bozeman tourism promotion, marketing, and events.

#### Accommodation and Food Services

According to the Montana Department of Labor and Industry, in the 4<sup>th</sup> quarter of 2007 there were 357 food service or accommodation establishments in Gallatin County with total employment of 5,267 and an average wage of \$19,000.

In 2007, Montana's average cost for lodging per day was \$107.20 for a family of four, while the average cost of meals per day was \$112.75. Therefore, the average total cost per day for a family of four to travel in Montana was \$219.95. Montana was one of the least expensive states for travel, with a ranking of 41 out of the 50 states in the cost of family travel. [Source: AAA Public Affairs, Washington D.C.]

Expenditures for Gallatin County:			
Category	Amount spent	% of Gallatin County	% of State Total
Restaurant	\$141,332,365	23.4%	22.8%
Gas	\$138,778,029	23.0%	16.9%
Retail	\$82,511,237	13.7%	17.9%
Hotel	\$63,174,998	10.5%	23.2%
Grocery	\$47,996,306	7.9%	19.5%
Auto	\$41,376,202	6.9%	30.2%
Guide	\$28,930,784	4.8%	23.0%
Fees	\$19,503,435	3.2%	32.8%
Service	\$17,994,155	2.9%	42.8%
Camping	\$9,295,185	1.5%	19.7%
Transportation	\$7,500,615	1.2%	12.8%
Gambling	\$3,593,705	0.6%	12.4%
Total	\$601,987,015	100.0%	20.7%

Survey sample expenditures were inflated to represent expenditures of the entire nonresident visitor population. The dollar amounts shown represent all expenditures for the year in the selected geographic location. Source: Institute for Tourism and Recreation Research

### Home State of Bozeman Visitors

A study conducted by the Institute for Tourism and Recreation Research (ITRR) in 2006 identified the home state of non-resident travelers who spent at least one night in Bozeman. The group represented a sample size of 480 respondents. In the study of 480 respondents, the top 5 home states of visitors to Bozeman were: Washington (8.3%), Minnesota (7.6%), Colorado (6.9%), California (5.9%), and North Dakota (5.8%). The size and type of the travel groups to Bozeman were also identified. More than 60% were immediate family members or couples and more than 75% were groups of 2 or more travelers. [Source: University of Montana, Institute for Tourism and Recreation Research]

### Yellowstone National Park

Visits to Yellowstone National Park have a large impact on Bozeman's economy. Since the mid-1960s, at least 2 million tourists have visited the park almost every year. At peak summer levels, 3,700 employees work for Yellowstone National Park concessionaires. Concessionaires manage 9 hotels and lodges, with a total of 2,238 hotel rooms and cabins available. They also oversee gas stations, stores and most of the campgrounds. Another 800 employees work either permanently or seasonally for the National Park Service.

The table below lists the annual number of visitors to Yellowstone National Park from 2000 to 2008. The decline in visitors from 2007 to 2008 mirrors a trend at other national parks



and the overall decline in tourism related to the downturn in the economy.

Yellowstone National Park Annual Visitors		
Year	Number of Visitors	% change from previous year
2008	3,066,580	-34%
2007	3,151,343	9%
2006	2,870,293	-1%
2005	2,835,649	-1%
2004	2,868,316	-5%
2003	3,019,376	1%
2002	2,983,051	8%
2001	2,752,346	-3%
2000	2,838,233	x

Source: U.S. National Park Service

### Fly Fishing

Bozeman's rivers and fishing attract anglers worldwide. The numerous fly fishing guides/outfitters and fly shops in the area are a good indicator of this popular sport. For every dollar spent by Fish Wildlife and Park's Fisheries Program, more than \$11 is spent by anglers and on fish-related recreation, benefiting local communities and the state's economies.

Use of fishing access sites (FAS) declined from 2001 to 2005. In 2003, 53% of all fishing license purchasers were Montana residents (227,562, representing 33% of all adult Montanans), and 47% were nonresidents (200,647). However, nonresidents represented only 29% of total angler days (800,723), while Montanans represented 71% of total angler days. Guided fishing trips generated a combined economic impact for Montana of \$51.7 million.

Montana Fishing Licenses Issued		
Year	Resident	Non-Resident
2008	*n/a	*n/a
2007	*n/a	*n/a
2006	230,426	159,788
2005	223,634	155,788
2004	222,634	156,618
2003	223,580	159,794
2002	219,999	163,109
2001	*n/a	*n/a
2000	228,782	146,250

Source: Montana Fish, Wildlife & Parks

### Outfitting

Outfitting is a significant contributor to Montana tourism, bringing high value, low impact visitors. In 2005, 91,000 nonresidents visited Montana primarily for an outfitted trip. An additional 227,000 nonresidents added value to their vacation with a guided experience, confirming that the outfitting industry is a significant component of tourism in Montana. There were a total of 318,000 outfitted clients in 2005, as follows:

- 124,000 (39%) Rafting/floating/canoeing/kayaking
- 63,800 (20%) Fishing
- 45,100 (14%) Horseback riding
- 19,500 (6%) Hunting
- 18,000 (6%) Hiking or backpacking
- 48,270 (15%) Wildlife viewing, snowmobiling, wagon train, dog sled

[Source: University of Montana, Institute for Tourism and Recreation Research]

### Skiing

Bridger Bowl, Big Sky Resort and Moonlight Basin are a large aspect of winter recreation in the area. Bridger Bowl is located 16 miles northeast of town and Big Sky Ski and Summer Resort is 45 miles south. Two-thirds of the skiers who visit Montana go to Yellowstone country including Big Sky, Bridger, Moonlight Basin and Red Lodge Mountain Resort. Skiers and snowboarders make a greater impact on local businesses than traditional vacationers. Ski vacationers have a higher household income than traditional tourists and they stay an average of eight nights per visit, two more nights than regular vacationers.

Ski Lift Tickets	Big Sky Resort	Bridger Bowl
2007-08	310,000	196,569
2006-07	308,000	135,555
2005-06	323,000	183,812
2004-05	290,000	158,000
2003-04	294,000	168,266
2002-03	294,000	145,000
2001-02	317,778	170,000
2000-01	320,000	158,275

### Downtown Bozeman

Bozeman’s historic downtown district thrives as the community’s center for arts, culture, and entertainment. There are more than 100 shops and restaurants lining this corridor. The Downtown Bozeman Association (DBA) promotes downtown Bozeman as the center for business, civic life, culture, and entertainment in the surrounding region. The DBA’s many events include: the Christmas Stroll, the Bridal Walk, Crazy Days, the Art Walk series, Music on Main, and the Cruisin’ on Main car show. The DBA also administers the Downtown

Dollars program, supports the Downtown Partnership office and the Downtown Visitors Center. Other downtown events include the Sweet Pea Festival and Hatchfest, the Gallatin County Fair, the Bite of Bozeman, the Bogert Park Farmer’s Market, the Gallatin County Farmers Market, and the Wild West WinterFest.

Museum of the Rockies

The Museum of the Rockies at Montana State University houses one of the world’s largest collections of dinosaurs, permanent exhibits on Western history and American Indians, several changing exhibits each year, and a planetarium. The Museum of the Rockies is both a college-level division of Montana State University and an independent 501(c)(3) nonprofit institution. Accredited by the American Association of Museums, MOR is one of just 750 or so museums to hold this distinction from the more than 16,000 museums nationwide. The Museum is also a Smithsonian Institution affiliate and a federal repository for fossils. The Museum of the Rockies inspires visitors to explore the rich natural and cultural history of the northern Rocky Mountains. Source: Museum of the Rockies

Listed below is a chart illustrating the number of visitors to the Museum from 2005-2008.

Museum of the Rockies Visitors	
Year	Visitor Numbers
2008	218,857
2007	*260,831
2006	190,747
2005	179,214

Source: Museum of the Rockies; \* indicates the popular King Tut exhibit during 2007 which contributed to this higher than average visitor number.

D. GALLATIN FIELD AIRPORT – Exceptional Airline Service



Photo Courtesy of Gallatin Airport

Bozeman’s Gallatin Field (BZN) has become a major regional airport and plays a critical role in the economic growth of Bozeman. It is now the second busiest airport in the state, with exceptional airline service providing non-stop flights to 11 cities in 10 states. Since 1992, passenger enplanements have increased by 127%, making Gallatin Field the fastest growing airport in Montana and the 7<sup>th</sup> busiest airport in the Pacific Northwest region.

A record number of passengers (702,495) boarded or deplaned from scheduled commercial airline flights in 2008, up 4.5% over the previous record set in 2007. In 2009, however, with the economic recession, the number of passengers using the airport is expected to slow substantially with passenger enplanements likely to decrease but expected to be above 2007 passenger levels. Growth is optimistic for 2010 and years to follow.

Passenger Operations at BZN					
Total	2004	2005	2006	2007	2008
Enplaned Passengers	308,985	335,679	317,850	335,276	351,214
Deplaned Passengers	310,558	336,803	315,912	335,598	351,281
Total Revenue Passengers	619,543	672,482	633,762	670,874	702,495
Private/Corporate Landings	1,875	2,300	2,857	3,152	2,972

As the air service demands have continued to increase, additional routes have been added by airlines. The map below shows the 11 destinations served non-stop from Gallatin Field.



Source: Gallatin Airport Authority, January 2009



Source: Gallatin Airport Authority, Montana Department of Transportation and U.S. Department of Transportation data.

Gallatin Field receives its highest percentage of origin and destination passenger traffic to/from the Southwest, Northeast and Midwest regions of the U.S.

### Expansion at Gallatin Field

Several expansion projects have been completed at Gallatin Field recently. In 2007, the apron expansion occurred at a cost of \$3 million. A parking lot expansion, more than doubling the number of long-term parking spaces, was completed in 2008 at a cost of \$2 million.

Due to the demonstrated need for additional terminal capacity, a major terminal expansion project is slated to begin in 2009. The first phase is expected to be completed in 2011 at a cost of approximately \$31 million. The second phase of the terminal expansion has an estimated completion date in 2015 and an estimated cost of \$10 million. There are also plans for a new I-90 exit ramp interchange, which will provide direct access from I-90 to the Airport Road entrance to Gallatin Field. This interchange is expected to cost \$50 million (the Airport Authority's share will be \$3 million) and projected to be completed by 2014.

### Importance of Air Travel to Economic Development

A study by Headwaters Economics has linked the importance of air travel in high-amenity rural areas to economic development. The study analyzed the degree of association between proximity to major airports with daily passenger service and economic performance (per capita income levels, mean earnings per job, and the percent employed in service and professional occupations). According to the study, the easier it is to access an airport with daily commercial service to major cities, the more the rural area becomes transformed into an economy that behaves like a metropolitan area, including the attraction of knowledge-based workers, a fast-growing and diverse economy, growing employment in manufacturing and services and professional industries, an educated workforce, etc.

E. CONSTRUCTION, LAND DEVELOPMENT AND REAL ESTATE – Growth!

The construction, land development, and real estate sector is a significant component of Bozeman’s economy. Without a doubt, the construction and real estate boom leading up to 2005-2006, and its subsequent decline, have had a strong impact on the Bozeman area economy. Everything from building contractors, subcontractors, and trades; building materials suppliers, home furnishings, and landscaping; to realtors and financial institutions are impacted by the construction industry in Bozeman.



Photo Courtesy of Village Downtown

A 2007 study by the Center for Applied Economic Research at MSU-Billings quantifies the significant economic impact of new home construction on local economies. Using a model developed by the U.S. Bureau of Economic Analysis and the Implan data set, the input data provided information on average unit selling price, raw land costs, fees levied by local governments, and tax information. The economic impacts were separated into:

- direct (dollars spent in construction related businesses);
- indirect (additional spending that occurs in non-construction related businesses); and
- induced (increased wages and profits for the business being spent by workers and business owners).



First Security Bank



Courtesy of ValleyWestMT.com

In 2006, the 1,034 new homes constructed in Gallatin County produced:

- direct expenditures over \$330 million;
- indirect expenditures over \$106 million; and
- induced expenditures over \$43 million,

for an overall impact of \$480 million in 2006. In addition, the 1,034 new homes constructed resulted in 2,171 jobs directly created by construction activity, 1,551 jobs indirectly created, and 723 jobs induced.

According to the Gallatin Association of Realtors®, in 2009 there are 622 licensed realtors in the greater Bozeman area (includes all of Gallatin Valley and Livingston). This is down from 759 in 2008 and 853 in 2007.

According to data from the Gallatin Association of Realtors®, home sales in Bozeman have declined from their peak of 816 homes in 2005 to 502 homes in 2008. Median home prices peaked in 2006 at \$340,851, falling to \$308,850 in 2008. [Refer to the chart in Section III E. Residential and Commercial Real Estate Trends.]

According to the City of Bozeman Department of Planning, there are approximately 3,000 platted lots within the city limits available for new construction. With the decline of the construction and housing market in Bozeman, there have been a number of larger developments within the city limits that have seen lot sales and home construction slow down dramatically or cease operations due to declining market conditions of 2008-2009.

Status Overview of Selected Larger Development Projects:

- The Story Mill project, a planned 1,000+ unit mixed-use development on the northeast side of town has received preliminary approval good until June 2009;
- Meadow Creek, a multi-phase planned community development off South 19<sup>th</sup> Avenue, Phase 1 is filed and available for construction with approximately 150 lots;
- Bozeman Deaconess Health Service's residential development off Highland Boulevard: the Knolls East segment with approximately 370 lots has received preliminary plat approval;
- Loyal Garden, a 2 phase planned community development with more than 148 single family lots, mixed-use residential, and higher-density residential;
- Flanders Creek Subdivision, final plat is recorded;
- The Legends at Bridger Creek, a planned unit development on the northeast side of town along Bridger Creek, Phase 1 is platted;
- The Crossing at Baxter Meadows, a planned 150 lot development on the northwest side of town has plat approval until November 2009;

[Source: City of Bozeman Planning Department.]

Construction-Land Development-Real Estate Sector Company Profiles

There are many Bozeman-based companies involved in construction, land development, and real estate sector. The following four firms were selected to represent this sector:

Potter Clinton Development (a.k.a. PC Development) ([www.pcdevelopment.com](http://www.pcdevelopment.com)) is a real estate development firm formed in 1989 with a unique blending of expertise in land use planning and design; landscape architecture; construction management; real estate brokerage; and financial management. PC Development has been or is involved as a partner or owner of several dozen developments in Jackson Hole, Wyoming; Teton Valley, Idaho; and Bozeman, aggregating more than 10,000 acres, 6,500 units and approximately \$730 million in gross sales. In Bozeman, PC Development's projects have included: Triple Tree; Sundance Springs; Baxter Meadows; The Crossing; The Knolls at Hillcrest (in the Highlands development); and the Valley Commons business park.



Simkins-Hallin Lumber Company ([www.simkins-hallin.com](http://www.simkins-hallin.com)) is a building supply company established in Bozeman in 1946. In addition to building materials supply, their specialty departments include: cabinet design and installation; custom window design and sales; a professional take-off and estimating team; and a truss group capable of designing and building any type of truss required. The company employs 150 people in Bozeman.

Morrison-Maierle ([www.m-m.net](http://www.m-m.net)) is a "Top 500 Design Firm" offering planning, design, surveying, and construction engineering services throughout the western United States. The firm was established in 1945, and has provided infrastructure development in 15 foreign countries. Headquartered in Helena, the firm has a regional office in Bozeman and 8 other regional offices throughout Montana, Wyoming, Utah, and Arizona. The Bozeman office building is the fifth LEED® certified building in Montana and the first LEED Gold certified building in the state. In 2008, CE News (the civil engineering professional magazine) cited Morrison-Maierle as one of the "top 25 best firms to work for" in the U.S.

Martel Construction ([www.martelconst.com](http://www.martelconst.com)) is a construction firm established in 1960 in Bozeman, with projects throughout the western United States. The company's primary focus consists of commercial, industrial, and custom residential projects including: schools; churches; athletic venues; libraries; hospitals; office buildings; restaurant and retail buildings; hotels; apartment buildings; and high-end residential estates. The firm's recent annual sales volume has ranged from \$80 million to \$130 million. More than 50% of their sales come from outside of Gallatin County and outside of Montana. Recent projects in Bozeman include: the Bozeman Public Library; the Ridge Athletic Club; Kenyon Noble Lumber Company; Bozeman Audi; and the Downtown Parking Garage. The firm employs 180 people in Bozeman.

F. MANUFACTURING – a Diverse Range of Activity

Bozeman’s manufacturing sector includes an estimated 238 firms engaged in a diverse range of activities including the production of: wood furniture; athletic gear and apparel; pet toys and products; food and beverage; printed materials; fabricated metal products; and computer and electronic products, which we have included in the advanced manufacturing category of the technology sector. Many of these firms sell products around the country, with an increasing number that have started exporting their products around the world.



Photo Courtesy of West Paw Design

Montana Manufacturing Establishments

There were 3,101 manufacturing establishments in Montana during 2004. Montana manufacturers are mostly small businesses with only 1,267 of the 3,101 firms having employees. Only 675 of the 1,267 establishments with employees had 1 to 4 workers. There were 916 firms with fewer than 10 employees. There were no Montana manufacturers with more than 1,000 employees. Data from the U.S. Bureau of Economic Analysis for 2005 put total manufacturing compensation in Montana at about \$1.1 billion, or \$48,428 per employee, significantly higher than the annual average wage in Gallatin County of about \$32,500.

Gallatin County Manufacturing

The University of Montana’s Bureau of Business and Economic Research (BBER), provides the following data for Gallatin County’s manufacturing sector (includes technology sector):

- Manufacturing Employment in Gallatin County (2006): 2,965
- Manufacturing Labor Income, Gallatin County (2006): \$164 million
- Manufacturing Labor Income (2006-2008): 21% (percent of total)

The Montana Manufacturing Extension Center, with its home office in the College of Engineering at Montana State University in Bozeman and field offices located throughout the state, is a statewide manufacturing outreach and assistance center staffed by full-time professionals with degrees in engineering and extensive experience in manufacturing and business in a variety of industries. MMEC has a proven record of positive impact for 600 client firms across Montana, and has assisted many of Bozeman’s manufacturing companies.

### Bozeman Manufacturing Company Profiles

The following 4 companies were selected as representative firms engaged in manufacturing in Bozeman:

Simms Fishing Products ([www.simmsfishing.com](http://www.simmsfishing.com)) is the recognized leader in guide-quality fishing waders, outerwear, footwear, and apparel. The company was started in 1980 by John Simms, a well-known and respected fishing guide and outfitter in Jackson, Wyoming who wanted to enhance the fishing experience by developing better waders and accessories. In 1993, K.C. Walsh, a passionate angler and entrepreneur acquired Simms and relocated the company to Bozeman. That same year the company acquired a license from W.L. Gore & Associates and began to make GORE-TEX® waders. The company manufactures their world-renowned line of waders in Bozeman; and sells over 60% of their products outside Montana and 20% internationally. The company employs 91 people in Bozeman.

West Paw Design ([www.westpawdesign.com](http://www.westpawdesign.com)) manufactures a line of over 150 high-quality pet products in Bozeman that are sold world-wide. The company is known for its commitment to the environment and its sustainable manufacturing practices. They use recyclable, recycled, and organic materials in their line of bedding and toys, and divert over 200 tons of plastic bottles from landfills every year. West Paw sells over 90% of their products outside of Montana and internationally. The company employs 40 people in Bozeman.

Gibson Guitar's Montana Division ([www.gibson.com](http://www.gibson.com)) in Bozeman is the sole acoustic guitar division for Gibson Musical Instruments out of Nashville, continuing the tradition of hand-building guitars. The company employs 140 people in Bozeman.

Mystery Ranch ([www.mysteryranch.com](http://www.mysteryranch.com)) is a backpack manufacturing company in Bozeman that makes packs recognized for their ruggedness and breakthroughs in load carrying technology. The company specializes in packs for backpacking, skiing, snowboarding, climbing, hunting, and for their largest customer, the U.S. military. Its founder, Dana Gleason, has been a leading designer in the backpacking industry for more than 30 years. Mystery Ranch is the successor company to Dana Design, which was sold to K2 Corporation in 1995. Mystery Ranch manufactures nearly 80% of their commercial and retail products in Bozeman, and earns 90% of their revenues from outside of Montana. The company employs 40 people in Bozeman.

G. MONTANA STATE UNIVERSITY – The Economic Anchor

Montana State University in Bozeman has been an economic anchor to the region's economy since the early 1900's. MSU is the region's largest employer with 2,679 FTE employees. The impact on the economy and larger community is huge.



Photo courtesy of MSU

Today, Montana State University-Bozeman has gained national and international recognition for its excellence in undergraduate and graduate studies in the liberal arts and sciences, agriculture, architecture, education, engineering, health and human development and nursing. Due to its commitment to high academic standards, Montana State University is routinely listed by U.S. News and World Report as one of America's "best buys" for undergraduate education and ranks among the leaders in the number of Goldwater scholarship recipients and in 2003 Montana State University ranked fifth on Outside Magazine's list of "40 best college towns."

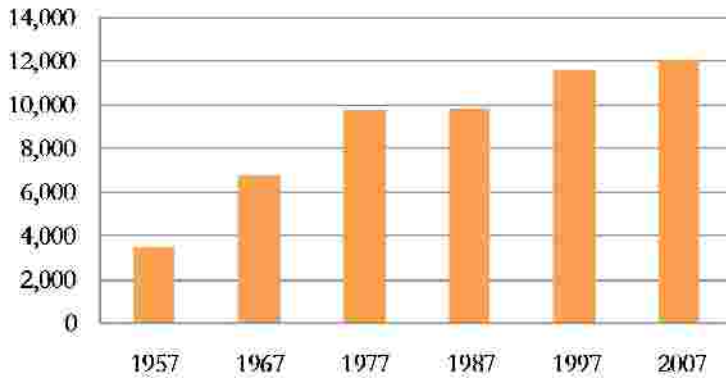
The enrollment for 2008-2009 was 10,519 for undergraduates and 1,850 for graduates giving a grand total of 12,369 students. The bachelor degrees awarded in July 1, 2007 to June 30, 2008 was 1,809, master's degrees totaled 434 and doctoral degrees entered at 53. This came to a total of 2,296 degrees. In 2008-2009, 31% of undergraduates were from out of state excluding international/non resident aliens. The region's economy relies heavily on the out of state revenue brought in by the University. (Source: MSU) Bozeman and Montana State University place very high in per capita percentage of awarded government and private grants. MSU is among the nation's top tier of research universities, as recognized by the Carnegie Foundation for the Advancement of Teaching. The Foundation recently ranked MSU as one of 96 research universities with "very high research activity."

#### History of MSU

Historically strong in agriculture and engineering, MSU's programs have grown over the last century to include such diverse studies as paleontology, equine science and snow science. MSU has the world's only master's degree in science and natural history filmmaking. Biotechnology dominates the list of faculty inventions. MSU has grown into a regional leader in research and creative projects with nearly \$100 million in research expenditures annually. Nearly \$173 million flowed into Montana from out-of-state sources to MSU in 2004, including federal grants and contracts, private funds, and non-resident tuition. It is estimated that faculty, staff and students inject more than \$178 million annually into Montana's economy, a significant amount of that locally.

The graph below illustrates MSU's student enrollment growth from 1957-2007 by decade.

**MSU Enrollment 1957-2007**



Source: MSU

The chart below gives an outlook of student enrollment's geographic origin. This is not the same as fee status. Students may come from other states and establish residency in Montana, and students from Montana whose parents are residents of other states may not have resident fee status. Students attending MSU in fall of 2008 originally came from all 56 counties in Montana, 50 U.S. states, and 67 foreign countries.

MSU Enrollment – Fall 2008				
Region of Origin	Undergrad	Graduate	Total	%
Montana	6,913	887	7,800	63%
Other U.S.	3,315	809	4,124	33%
Foreign	268	131	399	3%
Unknown	23	23	46	1%
<b>Total</b>	<b>10,519</b>	<b>1,850</b>	<b>12,369</b>	<b>100%</b>

Source: Montana State University

**The University's Impact on the Montana Economy**

MSU's biggest contribution to Montana's economy comes from the estimated \$178 million spent by its student, faculty, and staff population. This amount includes the portion of tuition which the University spends on goods and services. It also includes the books, supplies, rent, food, entertainment and personal items students purchase outside the University.

The next largest contribution to the Montana economy comes from the \$100 million spent each year by MSU research operations. These dollars support the work that results in increased yields and best practices for farmers and ranchers, new products for industry and the information available through county Extension offices. [Source: MSU Economic Impact Report]

The following tables illustrate the estimated local expenditures by faculty, staff and student households at Montana State University in Bozeman. One is broken down into four areas of expenditures, including housing (mortgage/rent/taxes, insurance, gas/electricity, telephone, cable, garbage, construction/repair) transportation (auto purchases and repairs), retail trade (groceries, apparel, eating/drinking, furniture) and services (medical, child care, professional services, personal services, education, recreation/entertainment) in 2004 and the other includes a comparison of the totals of these local expenditures in the years 2000, 2002 and 2004.

Total Local Expenditures at MSU-Bozeman of Faculty, Staff & Students		
2000	2002	2004
\$141,842,847	\$164,098,920	\$178,116,948

**MSU-Bozeman 2004 Economic Impact of Faculty, Staff & Students**



Source: The Bureau of Business and Economic Research of The University of Montana.

The economic impacts of MSU-Bozeman’s non-state dollars in fiscal year 2004 are shown in the table below.

Expenditures by the University (Out of State Funds), 2004	
Federal Funds	
(Grants & Contracts)	\$87.6 million
Private Funds	
(Grants & Contracts)	\$8.8 million
(Donations to school thru foundation)	\$4.1 million
Expenditures by Students	
non-residents	\$55.1 million
Expenditures by Visitors	
from Out-of-State	\$16.7 million

Source: MSU

#### Producer of Jobs

According to an economic impact study conducted in 1994, every \$1 million MSU spent in the Montana economy supported almost 60 non-university jobs. In total, University purchases supported over 1,600 Montana jobs each year, 420 of them in Gallatin County. These jobs spanned the employment sector and included anything from a computer salesperson or a construction worker to a company manager or a healthcare worker.

## H. HEALTHCARE AND BOZEMAN DEACONESS HEALTH SERVICES – A Growing Regional Medical Center

The Healthcare sector in Bozeman is a significant economic contributor. The Montana Department of Labor broadly categorizes healthcare employment under a category titled, Health Care and Social Assistance. In 2007 Gallatin County had 330 businesses that provided these services through 3,355 employees. This makes the Healthcare and Social Assistance category the 5<sup>th</sup> largest employment category, behind Accommodation and Food Services, Construction, Retail Trade and Government. The average salary of employees in the Health Care and Social Assistance category was \$35,043 in 2007. Locally, this sector includes Bozeman Deaconess Health Services, which owns and operates Bozeman Deaconess Hospital, Bozeman Deaconess Health Group, and Hillcrest Senior Living. Other local healthcare businesses include private physician and dental offices, surgery centers, mental health services, therapists, and pharmacies to name a few. Supporting the growth and expansion of this sector is seen as good economic development policy as it not only provides expanded healthcare options for the community, but also provides many professional employment opportunities.



Photo courtesy of Bozeman Deaconess Hospital

The healthcare sector is sometimes viewed as an industry sector that provides economic stability regardless of periods of recession. While it is true that healthcare is considered an essential community service, it is a sector that is not immune to changing economic conditions. The health service sector does experience some vulnerability during an economic downturn as elective procedures (which are generally profitable) typically decline and the number of patients that carry health insurance also declines if job loss and layoffs occur throughout the community. Philanthropic efforts can be impacted as well as declining reimbursement from government sponsored healthcare programs. These combined situations make it more difficult for healthcare providers. Bozeman Deaconess Hospital is a financially sound organization, however as a non-profit hospital, they continue to face the ongoing challenge of patients who don't have the ability to make payment on their medical bills.

While Bozeman's healthcare service sector has expanded along with the population growth, the specific areas of the healthcare service sector that have grown the most are in the provision of specialty related medical services. In the past, many patients had to travel to larger communities for specialized medical services and procedures. As the Bozeman area has brought in more specialists and developed the capability to conduct more specialized tests and provide more specialized care and treatment, many of these services are now being provided locally.



In 1996 there were approximately 95 physicians practicing in the Bozeman area. In 2008, we estimate that there are 154 practicing physicians (a 60% increase) that represent more than 50 specialties. The number of hospital beds in Bozeman has not increased as the trend for shorter hospital stays and more outpatient surgeries has allowed the hospital to maintain the same 86 in-patient bed capacity since 1986.

Bozeman Deaconess Hospital Service Increases from 2004-2008

Services Provided	2004 Visits	2008 Visits	Actual Change	% Change from 2004-2008
Outpatient Visits	114,031	158,446	44,415	39%
Inpatient Visits	6,511	7,022	511	8%
Inpatient Days (without nursery)	17,002	18,157	1,155	7%
ER Visits	19,490	22,535	3,045	16%
Births	996	1,193	197	20%

Source: Bozeman Deaconess Hospital

Bozeman Deaconess Hospital Service Area	2008 (January through June)
Gallatin County	82.5%
Park County	5.1%
Madison County	2.4%
Rest of MT	5.1%
Montana Only	95.2%
Other States	4.8%
Total Inpatient Visits	100%

Source: Bozeman Deaconess Hospital

Bozeman Deaconess Health Services is the economic engine of the local healthcare services industry. With approximately 1,200 employees that earn an average wage of \$25 per hour (\$52,000 annually) Bozeman Deaconess is the second largest employer in the Bozeman area. In order to meet the growing service demands of the local population, Bozeman Deaconess has consistently expanded services and facilities. A recent chronology of the major expansions is as follows:

- Bozeman Deaconess Health Services opened Highland Park 3 in 1998. Along with additional medical office space, the three-story building also houses the Cancer Center, the Dialysis Center, the business office, and the Outpatient Services Center.
- In 1999, two additions to the existing hospital building were completed. The 'new' 10-bed emergency department opened in October 1999, providing additional space and increased patient privacy in a state-of-the-art facility.
- The Cardiac Cath Lab opened in 2003 offering diagnostic catheterizations to 500 patients.

- In 2005, a specialist in interventional cardiology joined the medical staff at Bozeman Deaconess. In six months 100 patients with blocked arteries were treated with life-saving procedures called percutaneous coronary intervention.
- Highland Park 4 was completed in 2005. The five-story building is home to medical offices and a combined facility for physical therapy, occupational therapy, cardiac and pulmonary rehabilitation and a wound and lymphedema center.
- Advanced Medical Imaging, a state-of-the-art outpatient radiology center opened on the first floor of Highland Park 4 in September 2005.
- A new surgery suite was constructed in 2005, to meet the increased number of surgeries.
- In May 2006, Phase I of a new integrated Cancer Center opened to treat cancer patients. Phase II was completed in late 2006.
- Hillcrest Senior Living Neighborhood for independent and assisted living opened 32 new Aspen Pointe apartments in 2006.
- In 2006, Bozeman Deaconess Health Services started to develop the 400 undeveloped acres it owns around the hospital. The first project is The Knolls at Hillcrest, a 55+ active adult lifestyle neighborhood.
- In 2007 a Hyperbaric Chamber was added to the Wound Clinic, the Diabetes Center opened and an updated state-of-the-art laboratory opened.
- In 2008 the newly expanded nursery opened. The Bozeman Deaconess Women's Center was launched.

#### Bozeman Deaconess Foundation

Fundraising is an important revenue generator at any non-profit hospital like Bozeman Deaconess. In 1998 the Bozeman Deaconess Foundation was established to raise funds for service expansions at the hospital. This fundraising has grown from the first year of operation (1998) when \$380,000 was raised to approximately \$2.3 million bring raised in 2008.

## I. GOVERNMENT – Stability

Bozeman has a significant number of government employees (7,179 in 2007) which provides a level of stability to the local economy. These jobs generally pay higher than average wages, provide good benefits and are more stable sources of employment than the comparable private sector jobs. These jobs provide economic stability to the Bozeman employment base.



Courtesy of City of Bozeman

### Federal Government

Federal agencies had 637 employees in Gallatin County in 2007. The vast majority of these employees were located in and around Bozeman. The average weekly wages of this group was \$1,100 per week or \$57,200 annually. This level of salaries makes the federal employees the highest paid industry category of employees, surpassing the professional and technical and the finance and insurance categories. One of the larger federal employers in the area is the United States Department of Agriculture (USDA). The USDA has a number of sub-agencies, including the Gallatin National Forest Service, (110 employees) Farm Service Agency, Natural Resource and Conservation Service, Northern Rocky Mountain Resource and Conservation District, Cooperative Extension Service, Rural Development and other agencies.

### State Government

There were 14 Montana state government agencies in Gallatin County in 2007 that employed 3,920. These positions paid an average wage of \$38,604. The Montana State University employees are included in these statistics.

### Local Government

Local government agencies employ 2,623 workers in Gallatin County, with the vast majority living in and around Bozeman. These workers earned an average weekly wage of \$657, or \$34,211 annually. While this level of wages falls short of the Federal Government wages, these local government jobs fall in the middle of the pay scales of the other industry classifications. The largest employers in this category are: the Bozeman School District with 587 employees in 2008, Gallatin County with 460 employees and the City of Bozeman with 343 employees. [Source: Montana Department of Labor and Industry, 2007]

J. FINANCE AND PROFESSIONAL BUSINESS SERVICES – Growth Sector

Bozeman's finance and professional services sector has experienced tremendous growth in the last 10 years. According to Montana Department of Labor & Industry data from 2007, the finance & insurance and the professional & technical services sectors employ 4,558 people in Gallatin County (a 74% increase since 1999). These two sectors have annual salaries significantly higher than the county average (\$51,483 for professional & technical services and \$48,999 in the finance & insurance sector). There are an estimated 911 business establishments in these 2 sectors in Gallatin County. Data from 1999 indicates there were fewer than 300 business establishments in these 2 sectors in Gallatin County. There were an estimated 1,161 people employed in these 2 sectors and they earned an average annual salary of \$30,472.



Bank of Bozeman

According to the Federal Deposit Insurance Corporation (FDIC), Bozeman's banks posted a record \$1.233 billion in deposits as of June 30, 2008. There are now 27 full-service bank offices operating in the Bozeman market, up from 8 offices in 1996. Bozeman's bank deposits account for more than 77% of the total bank deposits in all of Gallatin County.

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

Bank Deposits in Bozeman - Deposit Market Share Report					
Offices and Deposits of all FDIC-Insured Institutions (As of June 30, 2008)					
Sorted by Market Share for Bozeman Market (Zip Codes: 59715,59717,59718,59771,59773)					
Institution Name	Inside Of Market			Outside Of Market	
	# of Offices	Deposits (\$000)	Market Share %	# of Offices	Deposits (\$000)
First Security Bank	4	270,341	21.91%	5	136,331
First Interstate Bank	4	187,751	15.22%	52	3,929,733
Big Sky Western Bank	3	146,809	11.90%	2	45,358
American Bank	2	125,958	10.21%	4	194,202
Wells Fargo Bank	2	121,458	9.85%	3,367	276,195,070
US Bank	2	98,645	8.00%	2,594	127,735,195
Bank of Bozeman	1	67,567	5.48%	0	0
Sterling Savings Bank	1	50,195	4.07%	175	7,588,372
Stockman Bank of Montana	1	49,817	4.04%	23	1,034,651
Mountain West Bank	1	41,568	3.37%	11	524,996
American Federal Savings Bank	1	30,841	2.50%	4	148,574
Rocky Mountain Bank	1	23,794	1.93%	8	303,977
First National Bank of Montana	2	12,424	1.01%	9	214,342
Yellowstone Bank	1	3,266	0.26%	7	324,795
Manhattan Bank	1	3,216	0.26%	3	90,538
Total Number of Institutions in Market:15	27	\$1,233,650	100.00%	6,264	\$418,466,134

Source: FDIC (Federal Deposit Insurance Corporation), June 2008

Other businesses that provide professional services have also experienced significant growth in the past 10 years. Today, in the City of Bozeman, there are an estimated:

- 20 financial investment and securities firms;
- 14 legal services firms;
- 21 accounting, tax preparation, bookkeeping, and payroll services firms;
- 30 insurance carriers and agencies;
- 25 advertising, marketing, and related services firms;
- 14 architectural and related services firms.

## K. AGRICULTURE – A Rich Heritage

Bozeman has expanded considerably from its founding as an agricultural community to supply Virginia City and other nearby mining communities. Agriculture is an historic and critical component of the Bozeman area's landscape, quality of life, and environmental stewardship.



Agriculture remains an important sector of Montana's economy and is significant to Gallatin County's economy in terms of livestock and crop receipts. Gallatin County agriculture is primarily livestock and livestock products; and crops including hay, winter wheat, spring wheat, barley, and potatoes. According to Montana Department of Labor & Industry data from 2007, Gallatin County's agriculture sector represents jobs for 409 people. But this sector generated \$32.7 million from livestock sales and \$29.8 million from crops. Gallatin County is the 6<sup>th</sup> highest contributor to Montana's agricultural economy (out of 56 counties).

### Agricultural Company Profiles

Country Classic Dairies, Inc. is a 70 year old Montana dairy cooperative that processes and distributes dairy products in Montana, Wyoming, Washington, and Utah. Country Classic Dairies handles over 62% of Montana's fresh milk supply. The cooperative was established in 1932 in Bozeman and has grown from a small local creamery to a large regional processor and distributor of milk and milk products. Their plant in Bozeman is a state of the art facility that can process and package milk at the rate of 6,000 gallons per hour.

Wheat Montana Farms near Three Forks has become a model value-added agricultural operation in the Gallatin Valley. Wheat Montana evolved from a traditional farm into a vertically integrated bakery and delicatessen. Their story illustrates how farmers can make a direct connection to consumers with a vertically integrated value chain. Wheat Montana grows, processes, and distributes grains, cereal, flour, and baked breads to a network of micro bakeries, grocers, and specialty purveyors across the U.S. Wal-Mart is the biggest retail seller of their flour. The company grosses over \$8 million annually and employs 190 people.

### Farm to Table Trend

An important trend in the Bozeman area's agricultural economy is the growth in sustainable, locally produced meat and produce, including organic produce. The "farm to table" movement, which encourages the production and consumption of locally grown produce and food products, has taken root among many Bozeman restaurants and food markets. Bozeman now has 2 farmers markets (the Bogert Park Farmers Market and the Gallatin Valley Farmers Market at the Gallatin County Fairgrounds) during the summer months

where locally grown produce and meat can be purchased directly from area growers and producers.

The national trend and growth in organic foods has also had a significant impact on the Bozeman area's agricultural economy. One of the biggest players in the Bozeman area's local food movement continues to be the Bozeman Community Food Co-Op. The store has been selling local produce for at least 4 years. According to the Co-Op, anywhere from 30 to 70 local producers participate in their "farm to market" program; and nearly all of the meat sold in the store is locally produced. The Co-Op employs 170 people in Bozeman.

L. NON-PROFIT ORGANIZATIONS – Conservation, Human Services & Arts

The many non-profit organizations headquartered in Bozeman are a significant sector for the local economy. Many of these organizations have been in Bozeman for many years and are located in the downtown area.



Photo Courtesy of Sweet Pea Festival

The size of the non-profit sector in Bozeman is difficult to clearly define as the many non-profit organizations are classified under numerous NAICS codes by the U.S. Census Bureau. In order to estimate the size and determine the impact of this important sector, we pulled relevant lists of groups of these non-profit organizations and individually researched them to come up with an approximation of the aggregate size of this sector of the local economy.

Conservation-Focused

Bozeman has become a hub for northern Rocky Mountain and Yellowstone region conservation-focused non-profit advocacy organizations. The research of Montana State University, the quality of outdoor recreation in the area and the proximity to Yellowstone National Park all have contributed to the development of this collection of conservation focused groups. According to research conducted for this project, this group of non-profits employs approximately 160 people in Bozeman. The total operating budgets of these organizations is estimated to be approximately \$17 million. The local economic impact of these organizations is amplified due to the funding structure for these organizations which relies heavily on revenues from outside the area, in the form of grants or donations.

Human Services and Others

Another group of the non-profits is the more traditional organizations that focus on a variety of human service functions, community development and economic development. This group of non-profit organizations employs approximately 200 people in Bozeman. Their annual operating budgets are estimated to be around \$14 million. The largest of these non-profits in Bozeman is the Human Resource and Development Council which has 95 employees in Bozeman and operates in Gallatin, Park and Meagher Counties.

Arts and Culture

Bozeman has a thriving arts and cultural life. The many galleries located in the downtown area and the annual attendance at the Sweet Pea Festival, Art Walks, Montana Winter Fair, Gallatin County Fair, the Christmas Stroll, music and theatrical performances and other events shows the significant role of the arts and culture in the community. Less obvious is the financial and economic impact of the arts and cultural events. According to the Dept. Labor & Industry data, the arts industry in Bozeman includes 31 firms and 275 employees.



In 2003, research was conducted by The Center for Applied Economic Research, MSU-Billings on the arts impact in Montana. 3,099 artists statewide were surveyed with a 26% response rate and then extrapolated from the 5,480 respondent's information from the 2000 U.S. Census, it found that Gallatin County's extrapolated sales were \$45 million, the extrapolated output was \$62 million and extrapolated jobs were 1,163. Montana had a total of 5,840 artists making their living through the arts in 2000 (not including part-time artists). One in every 78 Montanans in the state labor force is a working artist. There were more artists making their living in Montana (5,480) than people employed by:

- Montana's mining industry (4,800)
- The state's wood products manufacturing industry (5,700)
- And the state's building materials retail trade market (4,900)

Artists' sales produced an expected total economic impact of over \$233 million in 2003. Artists' sales support the equivalent of 4,200 full-time jobs in Montana. Montana artists sell 1/3 of their work to out-of-state buyers. These out-of-state sales are significantly more profitable to artists, producing over  $\frac{3}{4}$  of all sales dollars earned.

[Source: U.S. Census 2000]

#### Bozeman Art Galleries

Prospera staff conducted interviews on owners and managers of a number of the downtown Bozeman galleries. The interviews yielded some interesting information on these retail stores. Profits for galleries are largely seasonal. There is a definite dependence on out of town visitors and/or those who vacation or reside in Big Sky. Both winter and summer are high selling periods and 80% of sales are coming from outside Gallatin County. One gallery owner mentioned that half of the art they sell is from local artists and half from out of town artists. The challenges that face the galleries include the current economic situation, lack of construction in the Big Sky area which hurts the art sector, and declining art sales when housing construction dwindles. Weather is another challenging factor. The ski season has a large impact on the sales, as well as any summer occurrences which impact tourism, such as forest fires and low river flows.

### M. TELECOMMUTERS – A Hidden Workforce

Bozeman is home to many telecommuters that divide their time between working out of a home office and traveling for work. The draw of the high quality lifestyle in Bozeman has been a key factor in these workers being located in the area. While it is difficult to determine how many telecommuters live here in Bozeman, it is assumed that the combination of a highly educated workforce, the high quality of life and the excellent air service have contributed to the large number of telecommuters calling Bozeman home.

Interviews were conducted with six local telecommuters in an effort to better understand the place these workers have in our local economy. The workers interviewed were from a variety of industries including: technology, engineering, manufacturing, healthcare and finance. They had specific jobs in sales, management and consulting. The interviews with these telecommuters found the following commonalities to their experience:

- The workers were working at national or international wage levels, which put them at some of the highest wage levels in Bozeman.
- They were highly dependent on the air service from Gallatin Field. More than one stated that “I wouldn’t be able to live here if we didn’t have such good air service”. The high cost of air travel from Bozeman was mentioned as an issue.
- Having good broadband access was critical for these workers. An increased expansion of cable coverage was expressed as a desire.
- Some of these workers conduct small group meetings in Bozeman. The local hotels are seen as adequate for these smaller group meetings though it was mentioned that a larger conference center and an upscale accommodation would be beneficial.

The impact of these telecommuters on our local economy, while difficult to quantify, is positive and significant. Bringing above average wages, from out of area and out of state companies is a significant boost to the local economy. In addition, the community experiences many benefits from these workers including: not having to develop the infrastructure for the businesses that employ these workers and minimizing commuting and traffic congestion since these telecommuters work from home.

## N. ECONOMIC IMPACT ANALYSIS – A Model

In order to fully understand and appreciate the “big picture” of the economic impact of various businesses in Bozeman, an economic impact analysis was performed using 5 model businesses. These 5 businesses represent the key industry sectors that are described previously in this section. This economic impact analysis was prepared using Solution Mountain’s Analyzet economic impact calculator tool.

### Methodology

The data sets used in this report were provided by Minnesota IMPLAN Group (MIG, Inc), developers of the IMPLAN® economic impact modeling system. IMPLAN® is used to create complete, extremely detailed Social Accounting Matrices and multiplier models of local economies. IMPLAN® enables users to make in-depth examinations of state, multi-county, county or sub-county and metropolitan regional economies. IMPLAN® is used by more than 1,000 public and private institutions.

Analyzet uses two inputs: the “one-time” construction cost and the annual revenues (either estimated or actual). With the IMPLAN® data for a particular geographic area and the specific industry category (using the North American Industry Classification System or NAICS code), it generates a report with six categories of analysis for a project: Gross Economic Output, Gross County Product, Total Labor Income, Total Employment, Capital Income and Indirect Business Tax. For purposes of this economic impact analysis comparison, two categories are being compared: Gross Economic Output and Total Employment.

**Gross Economic Output:** The aggregated market value of goods and services produced by firms and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the county or impact area.

**Total Employment:** The number of jobs generated within the impact area including full-time and part-time positions, salaried workers and sole proprietors.

Each of the categories is divided into impact segments. The Gross Economic Output category has three impact segments: direct, indirect and induced and total impact. When reviewing the reports, the direct impact and initial purchase segments represent the prime dollars expended on the project. The indirect and induced segment measures the increase in economic vitality as dollars change hands and multiply within a project area. The total impact segment represents the total economic benefit when the multiplier benefits are included.

For the use of comparison in this analysis, each of the five model businesses was assumed to require the construction of a \$4 million commercial building and to generate \$5 million in annual revenue. The construction of the commercial building created one-time economic

benefits and showed the economic impact of this type of construction. The annual business operations and resulting \$5 million of revenue created the on-going economic benefit.

#### Results of Analysis

The economic impact analysis that was conducted showed that all five of the model companies have a significant impact on the local economy. The one-time \$4 million construction projects created 63 jobs for each company used in the model. The \$5 million of annual business operations created 97 jobs for the computer software company while only 44 jobs for the optical instrument manufacturing company. The computer software company had the highest gross economic output, with an indirect and induced impact of \$2,752,529 annually. The lowest amount of gross economic impact was from the doctor's office, which created \$1,488,023 in induced and indirect gross economic output.

In examining the impacts of each of these model companies, it becomes obvious that inherent differences exist with the economic contributions or total economic impact between companies from different sectors. With limited resources at stake, this analysis is useful to see where the greatest impact can be produced.

The table on the following page shows the economic impact results for all five model companies.

<b>Economic Impact Analysis of Model Companies</b>				
<i>(Based on \$4 million construction project and \$5 million annual revenues)</i>				
<b>Computer Software Development Company</b>				
<b>One time Economic Benefit</b>	Construction Cost	Indirect & Induced Econ. Impact	<b>Total Impact</b>	Jobs Created
	\$4,000,000	\$1,826,366	\$5,826,366	63
<b>On-Going Economic Benefit (annual)</b>	Annual Revenue	Indirect & Induced Econ. Impact	Annual Total Impact	Jobs Created
	\$5,000,000	\$2,752,529	\$7,752,529	97
<b>Total</b>	<b>\$9,000,000</b>	<b>\$4,578,895</b>	<b>\$13,578,895</b>	<b>160</b>
<b>Manufacturing (Optical Instruments) Company</b>				
<b>One time Economic Benefit</b>	Construction Cost	Indirect & Induced Econ. Impact	<b>Total Impact</b>	Jobs Created
	\$4,000,000	\$1,826,366	\$5,826,366	63
<b>On-Going Economic Benefit (annual)</b>	Annual Revenue	Indirect & Induced Econ. Impact	Annual Total Impact	Jobs Created
	\$5,000,000	\$2,008,906	\$7,008,906	44
<b>Total</b>	<b>\$9,000,000</b>	<b>\$3,835,272</b>	<b>\$12,835,272</b>	<b>107</b>
<b>Manufacturing (Accessories &amp; Apparel) Company</b>				
<b>One time Economic Benefit</b>	Construction Cost	Indirect & Induced Econ. Impact	<b>Total Impact</b>	Jobs Created
	\$4,000,000	\$1,826,366	\$5,826,366	63
<b>On-Going Economic Benefit (annual)</b>	Annual Revenue	Indirect & Induced Econ. Impact	Annual Total Impact	Jobs Created
	\$5,000,000	\$1,592,746	\$6,592,746	73
<b>Total</b>	<b>\$9,000,000</b>	<b>\$3,419,112</b>	<b>\$12,419,112</b>	<b>136</b>
<b>Health Care (Medical Doctors Office) Company</b>				
<b>One time Economic Benefit</b>	Construction Cost	Indirect & Induced Econ. Impact	<b>Total Impact</b>	Jobs Created
	\$4,000,000	\$1,826,366	\$5,826,366	63
<b>On-Going Economic Benefit (annual)</b>	Annual Revenue	Indirect & Induced Econ. Impact	Annual Total Impact	Jobs Created
	\$5,000,000	\$1,488,023	\$6,488,023	57
<b>Total</b>	<b>\$9,000,000</b>	<b>\$3,314,389</b>	<b>\$12,314,389</b>	<b>120</b>
<b>Retail (General Merchandise) Company</b>				
<b>One time Economic Benefit</b>	Construction Cost	Indirect & Induced Econ. Impact	<b>Total Impact</b>	Jobs Created
	\$4,000,000	\$1,826,366	\$5,826,366	63
<b>On-Going Economic Benefit (annual)</b>	Annual Revenue	Indirect & Induced Econ. Impact	Annual Total Impact	Jobs Created
	\$5,000,000	\$1,919,918	\$6,919,918	92
<b>Total</b>	<b>\$9,000,000</b>	<b>\$3,746,284</b>	<b>\$12,746,284</b>	<b>155</b>
Source: Solution Mountain's <i>Analyzet</i> Economic Impact Calculator Tool, IMPLAN® data				

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## V. BOZEMAN ECONOMIC DEVELOPMENT SURVEY

### Purpose

A broad-based survey instrument was undertaken to collect primary data for use in drafting the City of Bozeman Economic Development Plan. Useful information was solicited from business leaders, key stakeholder groups, and the Bozeman community at large. The survey produced valuable information concerning Bozeman's economy to supplement the other secondary research and economic data that was collected for this project. Survey participants appreciated the opportunity to share their thoughts and opinions on a variety of economic development topics. [See IX Appendix-Section 7 for detailed results of the Economic Development Survey.]

### Methodology

Prospera Business Network staff developed the specific survey topics and questions with additional assistance from Solution Mountain, a local Bozeman firm that develops and implements economic development surveys for organizations and government entities nationwide. The survey instrument was conducted in 3 parts to ensure broad participation and a high rate of response from 4 important groups:

- § business leaders representing the largest private employers in Bozeman;
- § leaders from key stakeholder groups;
- § other business leaders representing diverse sectors of Bozeman's economy; and
- § general members of the community of Bozeman.

The first part of the survey instrument was the in-person in-depth interviews. These interviews were conducted with the business leaders representing Bozeman's largest private employers and with leaders from key stakeholder groups in Bozeman. (A list of the organizations that participated is included in the Appendix.) These one-on-one interviews were conducted in-person by Prospera staff to ensure a high level of participation from these community leaders. A total of 34 in-person interviews were conducted. The interview included open-ended questions to provide the opportunity for a level of detailed feedback on economic development issues. The interview also included a series of ranking and rating multiple choice-type question formats.

The second part of the survey was a printed questionnaire that was mailed to 210 other business leaders representing diverse Bozeman businesses. Respondents were given the choice to complete the questionnaire on paper and return by mail or to complete an on-line version. The mailed questionnaire included the same ranking and rating multiple choice-type question formats as the in-person interviews. The mailed questionnaire did not include the open-ended question format. A total of 53 completed questionnaires were received from this group; a 25% response rate, which is considered high for a mailed survey instrument.

The third component of the survey was an on-line questionnaire targeting all general members of the community of Bozeman. The on-line questionnaire was open and available for a 4 week period from

early December 2008 to early January 2009. It included the same ranking and rating multiple choice-type question formats as the other questionnaires and did not include the open-ended question format. The on-line questionnaire was announced throughout the community and the local media, including KBZK-TV and an article in the Bozeman Daily Chronicle. A total of 133 completed questionnaires were collected from general members of the community through the on-line instrument.

Each survey instrument included a section asking the respondents to rate the quality of services and amenities available in the City of Bozeman (using a scale of 1=Poor, 2=Fair, 3=Good, and 4=Excellent). Another section asked respondents to rate the City of Bozeman's support of business on a variety of topics (using a scale of 1=Poor, 2=Fair, 3=Good, and 4=Excellent). Another section asked respondents to rate the State of Montana's support of business on a variety of topics (using a scale of 1=Poor, 2=Fair, 3=Good, and 4=Excellent). The final section of the survey asked respondents to evaluate the City of Bozeman's need to support specific economic development initiatives and priorities (using a scale of 1=No Need, 2=Low Need, 3=Moderate Need, and 4=High Need).

#### Summary of Findings

The Bozeman Economic Development Survey findings supported many of the findings from the 2007 Bozeman National Citizen Survey regarding the general public's attitudes about Bozeman's economy. [See IX Appendix-Section 7 for detailed results of the Economic Development Survey.]

High Quality of Life: Bozeman's high quality of life or "livability attributes" received the highest ratings across the board in all 3 components of the survey.

Infrastructure: The City of Bozeman received high ratings across the board from all 3 groups regarding its support of business and its infrastructure and physical capital. The highest rating came from the business leader group at 2.59 (this group's 2<sup>nd</sup> highest rating overall).

Housing Cost: The availability of affordable housing in Bozeman received the lowest ratings across the board from all 3 groups (and also in the 2007 Bozeman National Citizen Survey).

Planning and Development Process: The City of Bozeman received the 3<sup>rd</sup> lowest rating overall from all 3 groups regarding its support for business through the planning and development process.

Development Fees and Impact Fees: The City of Bozeman received its lowest score overall for its support for business with regard to its development fees and impact fees.

Financing and Incentives: The City of Bozeman received the 2<sup>nd</sup> lowest rating overall from all 3 groups regarding its financing and incentives offered in support of business.



### Service & Amenities Rated

Each survey instrument contained a section for the respondents to rate the quality of services and amenities available in Bozeman, whether a service provided by the city or a private entity. The rating scale ranged from poor to excellent (1=Poor, 2=Fair, 3=Good and 4=Excellent).

There were many items rated between good and excellent in this group including: quality of life; education; parks and recreation; fire protection; water; airline service; hotel facilities; gas and electric service; cultural amenities; police protection; and medical care.

Quality of Air Service at Gallatin Field Airport: the in-person business leader group rated the quality of air service (number of carriers, number and frequency of flights, number of cities served nonstop, etc.) much higher than general members of the community did (3.5 compared to 2.97). It is possible that the community members may have also considered fares paid in evaluating the overall quality of air service. Many in the business leader group noted the excellent quality of Bozeman's air service for the size of the community.

Education: received the 2<sup>nd</sup> highest ratings overall from the other business leader group and the community member respondents (at 3.42 and 3.36). The business leader group rated education at 3.41 (the 4<sup>th</sup> highest score from this group).

Cultural Amenities: the in-person business leader group also rated Bozeman's cultural amenities much higher than general members of the community did (3.47 compared to 2.91).

Conference or Meeting Facilities: the general members of the community group rated Bozeman's conference or meeting facilities much higher than the business leader group (2.59 compared to 2.06). Of the 3 groups, business leaders gave Bozeman's conference or meeting facilities the lowest score; rating conference or meeting facilities with its 3<sup>rd</sup> lowest score overall.

Childcare/Daycare Services: the general members of the community group rated Bozeman's childcare/daycare services much higher than the business leader group (2.59 compared to 2.00). The business leader group rated childcare/daycare services in Bozeman with its 2<sup>nd</sup> lowest score overall.

Housing Cost: all 3 groups across the board rated Bozeman's housing cost poorly with the lowest score of all services and amenities.

Public Transportation: all 3 groups rated public transportation with low scores. It received the 2<sup>nd</sup> lowest score overall from the community group and the other business leader group.

### Economic Development Initiatives and Priorities Rated

The final section of the survey included ratings for the City's need to support specific Economic Development Initiatives and Priorities. Affordable housing for workers, the downtown business

area, additional business financing, expanded vocational and certification job training programs, improving infrastructure and supporting MSU Technology Transfer were the highest needs based on the ratings. An expanded transportation system, convention center, performing arts center and incentives for relocating companies were additional needs that were expressed at a lower level.

Based upon a weighted average of the rating scores (which takes into account the different numbers of respondents from each of the 3 groups), the economic development initiatives and priorities are listed below in the order of need for the City to support, from highest to lowest score:

Initiatives and Priorities	Weighted Average Score
Affordable Housing for Workers	3.43
Downtown Business Area	3.26
Additional Business Financing	3.19
Expanded Vocational and Certification Job Training Programs	3.19
Improving Infrastructure	3.16
MSU Technology Transfer	3.16
Expanded Transportation System	3.03
Convention Center	3.02
Performing Arts Center	3.02
Incentives for Relocating Companies	3.01
Energy Efficiency Needs for Business	2.88
Workforce Recruitment	2.76
Citywide Wireless Internet (Wi-Fi)	2.73
Special Development Districts	2.72
Industrial Park	2.62
Source: Bozeman Economic Development Survey, 2008	

The use of the three survey groups gave the opportunity to compare the different results among the groups. For the most part, there was a lot of commonality in the responses of the three groups. Some of the interesting differences among the three survey groups were as follows (1=No Need, 2=Low Need, 3=Moderate Need and 4=High Need):

Affordable Housing for Workers: The need for affordable housing for workers was rated as a priority for all groups with the other business leader group rating this the highest at 3.51, the community members at 3.47, and the in-person business leaders at 3.21.

Convention Center: The need to support a convention center was rated as a moderate to high need by all groups with 3.5 by the in-person business leaders (the 2<sup>nd</sup> highest priority score from this group) while the community members only rated this need at 2.88.

Energy Efficiency Needs of Business: The need to support the energy efficiency needs of business was rated at 3.27 by the in-person business leader group, while the community respondents rated this at 2.64. It received the 2<sup>nd</sup> highest priority score from the other business leader group.

Industrial Park: was another area that was rated higher by the in-person business leader group at 3.09 than the other business leader group at 2.71 or the community respondents at 2.45.

Downtown Business Area: The need to support the downtown business area received high scores across the board. The business leader group rated this with the highest score at 3.52 and the community respondents at 3.24.

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## VI. SWOT ANALYSIS OF BOZEMAN'S ECONOMY

SWOT Analysis is a strategic planning method used to identify internal and external factors that are favorable and unfavorable to achieve a specified objective. In this case, the specified objective is improving the climate for continued business expansion and economic development in Bozeman. Strengths are attributes that are helpful to achieve the objective; Weaknesses are attributes that are harmful to achieve the objective; Opportunities are external conditions that are helpful to achieve the objective; and Threats are external conditions that could do damage and prevent achievement of the objective. It has been applied here to help determine Bozeman's competitive advantage to other cities.

Below is the evaluation of Bozeman's Strengths, Weaknesses, Opportunities, and Threats with regard to improving the climate for continued business expansion and economic development in Bozeman. The factors are not listed in a ranked order.

### Strengths (internal)

- High quality of life ("livability attributes")
  - MSU education, events, programs, etc.
  - Proximity to Yellowstone National Park
  - Good public school system (highly ranked)
  - Abundant outdoor recreation opportunities nearby
  - Vibrant downtown district
  - Strong arts & culture scene
  - Big Sky Resort nearby
  - Highly educated workforce/population
  - Younger than average population
  - Strong record of economic growth
  - Strong technology or knowledge based sector
  - MSU
- Research expenditures (\$100 million annually)
- Computer Science and Engineering programs producing skilled knowledge workforce
- Graduates (talent pool and quality workforce)
- Excellent air service at Gallatin Field (increasing number of carriers, increasing number of nonstop flights, increasing frequency of service)
- Regional retail hub (growth of retail sector draws \$\$ into economy from surrounding area)
- Many effective business development organizations, programs and resources (MMEC, Chamber of Commerce, TechRanch, Prospera, etc.)
- Increasingly diverse economy (growing sectors)
- financial sector
- construction & development
- regional retail hub

- small manufacturing
- technology
- expanding health care services (growth into regional health care center)
- telecommuter jobs
- non-profit sector (especially conservation and arts)
- Growing population
- Influx/attraction of entrepreneurs, talent, expertise, and wealth
- Growth and development in Big Sky
- Good health care services
- High number of government jobs
- Strong year round tourism business

Weaknesses (internal)

- High cost of housing (cost of real estate)
- High cost of living
- Shortage of affordable housing
- Low wages and salaries
- Workforce shortages (during growth times)
- High cost of air travel (higher air fares into/out of BZN)
- High cost of shipping goods (surface and air)
- Lack of rail freight loading and off-loading facility
- Perceived remote location
- Limited 2-year college degree, training, and certification programs
- Limited incentives for business expansion or relocation
- City has no economic development office, personnel or organized economic development program
- Unmet needs for startup capital and support for entrepreneurs (limited alternative financing for businesses)
- Limited access to venture capital and angel investment
- Lack of larger conference/convention facilities
- Infrastructure maintenance (aging facilities/over capacity for sewer and water, aging gas lines, aging streets, curbs and sidewalks)
- Shortage of industrial/light industrial space within the city (need for industrial park area)
- Destruction of large section of downtown (loss of property, businesses, jobs, tax revenues, etc.) on March 5, 2009
- Perceived slow and expensive development review & approval process
- Perception that City Commission could be “more pro-business”

Opportunities (external)

- Continued attraction of Montana and “Big Sky Country” (reputation and cachet)
- U.S. population shift to the west (trend of population growth in the Rocky Mountain West)
- Continued growth in tourism through Bozeman
- Projected continued population growth in Bozeman and Gallatin County
- Opportunity for additional 2-year college degree programs in Bozeman
- Increasing export opportunities for Bozeman companies
- Increase in research activity and expenditures at MSU
- Growth in enrollment at MSU

Threats (external)

- Global economy
- Federal and state budget constraints (shrinking revenues)
- Rising energy prices
- Downturn in airline industry or cutbacks or loss of air service at Gallatin Field Airport
- Downturn in tourism
- Continued downturn in consumer spending
- Workforce shortage
- Continued decline in real estate market
- Continued decline in national manufacturing sector
- Decline of development in Big Sky
- Gallatin County development/zoning standards
- Growth of residential and commercial development outside Bozeman city limits
- Potential decline in enrollment at MSU
- Potential decline in research activity and expenditures at MSU

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## VII. BOZEMAN ECONOMIC DEVELOPMENT GOALS AND STRATEGIES

The following list of economic development priorities – identified as goals and strategies – are a culmination of the research and development of the City of Bozeman Economic Development Plan. It is recognized that the City of Bozeman will lead the implementation of some of these goals and strategies, and with others, the City will assume a supporting role, while private entities lead the implementation. An Implementation Matrix, which identifies specific strategies for the City of Bozeman to initiate and lead with a corresponding timeline, is included in the next section (Section VIII). The goals and strategies are all important and there is no priority ranking attached to the order of presentation.

These goals and the more specific strategies provide a framework in which the City, the business community, and key stakeholder groups can plan, prioritize, and implement economic development activities for the benefit of all citizens of Bozeman. Not all of these proposed strategies will have the same impact, but through a focused and collaborative effort, Bozeman will be better positioned to be more competitive.

The specific recommendations and priorities of the City of Bozeman Economic Development Plan fall under the following 6 general economic development goals:

1. Support the expansion and retention of existing businesses and economic clusters that will continue to strengthen and diversify the economy and create higher paying jobs in Bozeman.
2. Maintain and upgrade infrastructure to support current and future needs of business.
3. Support education and workforce development initiatives to provide Bozeman with the qualified workers to meet the needs of business.
4. Leverage local, state and federal economic development resources to enhance economic growth in Bozeman.
5. Create a more collaborative and effective working partnership between the business community and the City of Bozeman and effectively manage the City of Bozeman's regulatory environment to accomplish goals without hindering business expansion and economic growth.
6. Maintain the high quality of life that is considered an important asset to the business community.

- 1) Support the expansion and retention of existing businesses and economic clusters that will continue to strengthen and diversify the economy and create higher paying jobs in Bozeman.
  - a. Pursue, support, and provide assistance for business start-up, expansion, and business recruitment efforts that strengthen the following economic clusters:
    - Arts & Culture (artisans, fine arts, cultural heritage, entertainment)
    - Construction and Development (architecture, construction, engineering)
    - Green (clean and renewable energy, water conservation, waste reduction technologies, outdoor/recreational activities)
    - Healthcare and Medical
    - Knowledge Based Enterprises (research and development, think tanks, financial services, consulting, public policy, education)
    - Manufacturing (machinery, printing, wood product, textile, food/beverage, computer/electronic)
    - Media (film, publishing, journalism, Internet)
    - Technology (biotech/bioscience, information technology, laser/optics)
  - b. Support and promote entrepreneurial efforts linked to emerging markets, high technology, and research and development.
  - c. Support the Business Expansion and Retention (BEAR) program that is facilitated by the Bozeman Area Chamber of Commerce and Bozeman Job Service.
  - d. Leverage MSU-Bozeman research, faculty, and students to expand upon current opportunities and identify additional opportunities for the long term economic diversity and vitality of Bozeman.
  - e. Encourage the participation of the business community in the development of city-wide programs related to transportation, growth management, development impact fees, environmental protection, and other related issues.
  - f. Support efforts by the Bozeman Convention and Visitors Bureau, the Bozeman Area Chamber of Commerce, the Downtown Bozeman Partnership, Prospera Business Network, MSU-Bozeman, and others to promote Bozeman.

- 2) Maintain and upgrade infrastructure to support the current and future needs of business.
  - a. Maintain infrastructure (city service or private service) at safe and efficient levels to satisfy the current and future needs for economic expansion. The condition of streets and sidewalks, water and sewer, gas and electric distribution, communications, and solid waste disposal all affect how efficiently businesses conduct their operations. It also contributes to business retention and recruitment efforts.
  - b. Support and encourage the efforts to develop larger convention or conference center facilities to attract larger statewide or regional meeting and convention business to Bozeman.
  - c. Support or lead efforts to develop an industrial park to meet the needs of existing and future manufacturing or industrial businesses.
  - d. Support the efforts of the Gallatin Airport Authority and others to maintain and expand air service at Gallatin Field Airport in recognition of the importance of Gallatin Field Airport to Bozeman's economy.
  - e. Support the further development of technology park areas to meet the needs of existing and future technology based companies.
- 3) Support education and workforce development initiatives to provide Bozeman with the qualified workers to meet the needs of business.
  - a. Support the efforts of the Montana University System to expand 2-year degree and job training and certification programs in Bozeman.
  - b. Support the enrollment growth of MSU-Bozeman through the statewide legislative level and at the local level. All avenues should be explored that promote MSU and Bozeman in a cooperative manner.
  - c. Support the creation of market-rate and affordable rental and owner-occupied housing that meets the needs of the local workforce.
  - d. Encourage MSU College of Technology in Bozeman, Bozeman Job Service and the Bozeman School District to develop and maintain continuing education and certification programs for high-demand jobs.
  - e. Support a periodic comprehensive survey among local employers and target sectors to identify their labor needs and minimum skill requirements. Utilize findings of the survey

to coordinate with MSU, MSU College of Technology, Bozeman School District, and others to refine existing and develop new programs directed at addressing the identified skill needs.

- f. Work with existing or new businesses to access Montana Department of Commerce Workforce Training Grants to support employee training costs.
  - g. Continue to support the Bozeman Area Chamber of Commerce's Leadership Bozeman Program to identify, train, and motivate prospective and current business and community leaders.
  - h. Support the "Come Home Montana" promotion (and consider developing a "Come Home Bozeman" promotion) to Montana alumni residing out of state, highlighting local employers and career opportunities, local quality of life, and other factors that may lead to a decision to return to Bozeman.
- 4) Leverage local, state, and federal economic development resources to enhance economic growth in Bozeman.
- a. Continue to utilize tax increment financing (TIF) programs as a tool for urban renewal and economic redevelopment opportunities where appropriate.
  - b. Support the continued growth and success of the Bozeman Revolving Loan Fund (RLF) and the establishment of new revolving loan funds to provide additional financing options for Bozeman businesses.
  - c. Utilize incentives or inducements, such as property tax abatement or development fee abatement, to encourage business investment and development in desired areas.
  - d. Encourage commercial real estate developers to apply for New Market Tax Credits on projects that meet the established criteria.
  - e. Utilize the Big Sky Economic Development Trust Fund (job training grants, planning grants, matching funds) and Workforce Training Grants from the Montana Department of Commerce to support business expansion and relocation as well as current economic development planning projects.
  - f. Seek new Community Development Block Grant (CDBG) funds to implement projects and programs.

- g. Utilize Brownfield funding to facilitate redevelopment in appropriate sites where funding is available.
  - h. Identify and support redevelopment opportunities and adaptive reuse of large commercial centers.
- 5) Create a more collaborative and effective working partnership between the business community and the City of Bozeman and effectively manage the City of Bozeman's regulatory environment to accomplish goals without hindering business expansion and economic growth.
- a. Establish an advisory committee to perform a time-limited review of the City of Bozeman's development process. The committee would be charged with evaluating development issues and making recommendations for policy or procedure changes to the City Commission. The committee would be made up of business leaders, city planning staff, developers, planning board members, and others. The following 4 strategies would best be evaluated and implemented by this development process review committee:
    - (1) Review the processes for permitting, licensing, and other regulatory requirements to improve the climate for doing business in Bozeman.
    - (2) Provide an efficient and well-defined land development process with development regulations being as flexible as possible and efficiently administered.
    - (3) Support continuing technological advances in systems and equipment to make the development permitting process more efficient. Integrate technology into business processes to increase operational efficiencies, improve service delivery and control costs.
    - (4) Empower the Planning Department staff and the City Commission to build more efficiency in the decision making process.
  - b. Designate a qualified city employee with economic development responsibilities and a role as the community business advocate.
  - c. Establish an Economic Development Council to advise the City Commission on economic development issues and to review the implementation of specific economic development initiatives. This council should be made up of business leaders, city staff, economic development leaders, and others.

- d. Engage in an active program for the City Commission and City staff to visit Bozeman businesses on a routine basis, with the intent of improving the relationship between the City and the business community, and to proactively identify issues and work to resolve them collaboratively. Coordinate with the Bozeman Area Chamber of Commerce, Prospera Business Network, and others to facilitate this program.
  - e. Ensure working economic development relationships with Gallatin County and other jurisdictions within the region to better coordinate economic development activities.
  - f. Coordinate with the Bozeman Area Chamber of Commerce, Prospera Business Network, the Northern Rocky Mountain Resource and Conservation District and Economic Development District (RC&D-EDD), the Downtown Bozeman Partnership, the Montana Department of Commerce, and others to monitor local, regional and national economic trends and market Bozeman as a desirable place to do business.
  - g. Support efforts of the Montana Manufacturing Extension Center (MMEC), TechRanch, the Small Business Development Center (SBDC), and other organizations to encourage and foster entrepreneurship and small business development in Bozeman.
- 6) Maintain the high quality of life that is considered an important asset to the business community.
- a. Recognize and support the idea that Bozeman's "quality of place" is a significant asset for the business community.
  - b. Support the continued economic vitality of the downtown Bozeman business district, which is broadly recognized as one of Bozeman's strongest assets. Continue to support and promote downtown Bozeman as the economic and cultural center of the region, and encourage development and re-development through the use of incentives for future investment and development. [Refer to the 2009 Downtown Improvement Plan for additional information.]
  - c. Support the economic vitality of Bozeman's entryway corridors to reinforce Bozeman as a regional shopping destination.
  - d. Require a cost benefit analysis or economic impact analysis for all projects receiving financial assistance from the City (including incentives) to measure the return on investment.
  - e. Promote an energy efficient and sustainable community through the City's policies and practices. [Refer to Bozeman Community Plan for additional information]

VIII. IMPLEMENTATION MATRIX

These are the recommended priorities for the City of Bozeman to implement the City of Bozeman Economic Development Plan. They are based upon potential impact, use of city resources, and time required to complete. The timeline is set from the date of final adoption of the Plan by the City Commission.

Goal. Strategy	GOAL STATEMENT: A strong and diverse economy; where the needs of business are met through sufficient infrastructure, efficient regulatory environment, adequate education and workforce development; where economic development resources are leveraged, a more collaborative working partnership exists between the business community and the City of Bozeman; and Bozeman's high quality of life is preserved.	LEAD PARTNER	SUGGESTED SUPPORTING PARTNERS	IMPLEMENT TIMELINE			
				< 6 Mos.	6-12 Mos.	1-2 Yrs.	Ongoing
1. a	Pursue, support, and provide assistance for business start-up, expansion, and business recruitment efforts that strengthen Bozeman's economic clusters.	City Manager Office	Economic Development Council, TechRanch, MSU				X
1. e	Encourage the participation of the business community in the development of city-wide programs related to transportation, growth management, development impact fees, environmental protection, and other related issues.	City Manager Office & Planning Department	Bozeman Area Chamber of Commerce, GAR, SWMBIA				X
2. b	Support and encourage efforts to develop larger convention or conference center facilities to attract larger statewide or regional event, meeting, and convention business to Bozeman.	City Manager Office	Economic Development Council, Bozeman Area Chamber of Commerce			X	
2. c	Support or lead efforts to develop an industrial park to meet the needs of existing and future light manufacturing or industrial businesses in Bozeman.	City Manager Office	Montana Manufacturing Center (MMEC), Prospera Business Network			X	
3. c	Support the creation of market-rate and affordable rental and owner-occupied housing that meets the needs of the local workforce.	City Commission	HRDC				X
4. a	Continue to utilize tax increment financing (TIF) programs as a tool for urban renewal and economic redevelopment opportunities where appropriate.	City Commission	Downtown Bozeman Partnership				X
4. c	Utilize incentives, such as property tax abatement or development fee abatement, to encourage business investment and development in desired areas.	City Commission	Economic Development Council			X	
4. h	Identify and support redevelopment opportunities and adaptive reuse of large commercial centers.	City Commission & Planning Department	Gallatin Association of Realtors				X



CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

Goal. Strategy	GOAL STATEMENT: A strong and diverse economy; where the needs of business are met through sufficient infrastructure, efficient regulatory environment, adequate education and workforce development; where economic development resources are leveraged, a more collaborative working partnership exists between the business community and the City of Bozeman; and Bozeman's high quality of life is preserved.	LEAD PARTNER	SUGGESTED SUPPORTING PARTNERS	IMPLEMENT TIMELINE			
				< 6 Mos.	6-12 Mos.	1-2 Yrs.	Ongoing
5. a	Establish an advisory committee to review the City of Bozeman's development review and permitting process, evaluate development issues and make recommendations for policy and procedure changes to the City Commission.	City Commission & Planning Department			X		
5. b	Designate a qualified city employee with economic development responsibilities and a role as the community business advocate. This employee will also coordinate with the Economic Development Council on the implementation of this Plan.	City Commission		X			
5. c	Establish an Economic Development Council, consisting of: business leaders, city staff, economic development leaders, and others; to advise the City Commission on economic development issues and to review the implementation of this City of Bozeman Economic Development Plan.	City Commission		X			
5. d	Engage in an active program for the City Commission and City staff to visit Bozeman businesses on a routine basis, with the intent of improving the relationship between the City and the business community, and to proactively identify issues and work to resolve them collaboratively. Coordinate with the Chamber of Commerce, Prospera Business Network, and others to facilitate this program.	City Manager Office	Bozeman Area Chamber of Commerce, Prospera Business Network		X		
6. b	Support the continued economic vitality of the Downtown Bozeman business district, which is broadly recognized as one of Bozeman's strongest assets. Continue to support and promote Downtown Bozeman as the economic and cultural center of the region, and encourage development and re-development through the use of incentives for future investment and development.	City Commission	Downtown Bozeman Partnership, Prospera Business Network				X
6. c	Support the economic vitality of Bozeman's entryway corridors to reinforce Bozeman as a regional shopping destination.	City Commission Planning & Department	Bozeman Area Chamber of Commerce, North 7 <sup>th</sup> Avenue Business Owner Group				X
6. d	Require a cost benefit analysis or economic impact analysis for all projects receiving financial assistance from the City (including incentives) to measure the return on investment.	City Manager Office	Prospera Business Network		X		





## IX. APPENDIX

### SECTION 1: LIST OF ECONOMIC DEVELOPMENT PLANS REVIEWED

Economic Development Plans were reviewed from the following cities:

- Arlington, TX
- Asheville, NC
- Bend, OR
- Billings, MT
- Boise, ID
- Boulder, CO
- Cheyenne, WY
- Colorado Springs, Co
- Fargo, ND
- Fort Collins, CO
- Grand Junction, Co
- Laramie, WY
- Madison, WI
- Missoula, MT
- Richland, WA
- Sandpoint, ID
- Santa Fe, NM
- Snohomish, WA
- South Bend, IN
- Spokane, WA
- St. George, UT
- Tulsa, OK
- Yakima, WA

SECTION 2: BUSINESS ASSISTANCE RESOURCES**Bozeman Area Chamber of Commerce**

The Bozeman Area Chamber of Commerce is the largest Chamber of Commerce in Montana with over 1,200 members. The Chamber provides a variety of business-to-business networking opportunities, area promotional events and business and employee training programs throughout the year. In addition, the Chamber provides an advocacy function by representing the local business community throughout the local and state legislative process.

Contact: (406) 586-5421 / [www.bozemanchamber.com](http://www.bozemanchamber.com)

SCORE "Counselors to America's Small Business" is a nonprofit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide. It is primarily comprised of retired volunteers with backgrounds in law, finance and business. It provides free and confidential small business advice and mentoring for entrepreneurs. The Bozeman SCORE chapter is located at the Bozeman Area Chamber of Commerce.

Contact: (406) 586-5421 / [www.scorebozeman.org](http://www.scorebozeman.org)

**Downtown Bozeman Partnership**

The Downtown Bozeman Partnership is a member managed limited liability corporation. The member organizations include the Downtown Bozeman Association (DBA), Business Improvement District (BID), and Tax Increment Fund (TIF) which established the Partnership as an incorporated management agency.

**Business Improvement District (BID)**

The Business Improvement District dedicates resources and administers improvement programs otherwise unavailable to individual property owners. BID strives to keep downtown a safe, beautiful and vibrant place. BID monies support numerous programs including the summer flower baskets, holiday lighting, and a year-round maintenance employee.

**Downtown Bozeman Association (DBA)**

The purpose of the Downtown Bozeman Association (DBA) is to promote downtown Bozeman as a center of business, culture and entertainment. Annual DBA special events include: the Christmas Stroll, the Bridal Walk, Crazy Days, the Art Walk series, Music on Main concert series, and the Cruisin' on Main car show. The DBA also administers the popular Downtown Dollars program.

**Downtown Bozeman Tax Increment Fund (TIF).**

The Tax Increment Fund was created in 1995 as part of the Downtown Urban Renewal Plan and invests the annual tax base increases for the renewal district in infrastructure projects that add long-term value to the area, such as the parking garage.

Contact: (406) 586-4008 / [www.downtownbozeman.org](http://www.downtownbozeman.org)

**Montana Manufacturing Center (MMEC)**

MMEC is a statewide manufacturing outreach and assistance center staffed by full-time professionals with

degrees in engineering and extensive experience in manufacturing. This organization has helped many small and mid-size manufacturers in Bozeman and around the state as these companies work to become more competitive and profitable. MMEC's home office is in the College of Engineering at Montana State University in Bozeman.

Contact: (406)944-3812 / [www.mtmanufacturingcenter.com](http://www.mtmanufacturingcenter.com)

#### Montana World Trade Center (MWTC)

The Montana World Trade Center works to increase international trade through public-private partnerships, business networking and education. Local companies have participated in trade missions that were facilitated by the Montana World Trade Center, they have attended the organization's training seminars and export certification program and received consultation on trade practices from the staff of the Montana World Trade Center. The MWTC is a statewide resource that is located in Missoula on the campus of the University of Montana.

Contact: (406) 243-6982 / [www.mwtc.org](http://www.mwtc.org)

#### Northern Rocky Mountain Resource and Conservation District (RC&D) and Economic Development District (EDD)

The RC&D and EDD has been serving Park, Meagher and Gallatin Counties' economic and community development, and natural resources conservation needs since 2001. Their purpose is to improve the quality of life in the areas they serve through a comprehensive and coordinated effort of local citizens. Major areas of work include small business development, financing (including the Bozeman Energy Fund), planning, assistance with renewable energy projects and affordable housing development.

The Bozeman Small Business Development Center (SBDC), operated by the Northern Rocky Mountain RC&D, is a program that assists start-up and existing businesses. Professional staff provides confidential business counseling, training and information to small businesses and entrepreneurs.

Contact: (406) 922-0451 / [www.nrmrcd.org](http://www.nrmrcd.org)

#### Prospera Business Network

Prospera Business Network was originally established in 1985 as the Gallatin Development Corporation. At the end of 2006, the organization started doing business as Prospera Business Network to better reflect the organization's expanded regional focus beyond Gallatin County. Today, Prospera Business Network supports the Bozeman business community through an array of economic development programs, including: economic research and planning, advanced business consulting, professional development events, financing, business relocation and government contracting assistance. The organization administers the Bozeman Revolving Loan Fund for the City of Bozeman.

Procurement Technical Assistance Center (PTAC), located in the Prospera Business Network offices, is a sub-center of the Montana Procurement Technical Assistance Center Program, which is a state-wide resource, focused on helping businesses successfully compete for government contracts. Since its inception since May 2007, this program has helped hundreds of local businesses successfully compete for government contracts.

Contact: (406) 587-3113/[www.prosperabusinessnetwork.org](http://www.prosperabusinessnetwork.org)

### TechLink

TechLink connects companies with federal laboratories for joint research and technology transfer. Its purpose is to contribute to the success of both technology-based companies and key resource-based industries within the state and immediate region. The organization provides specialized assistance in the realm of advanced materials, aerospace development, agricultural technologies, bio-medicine, bio-technology, electronics, environmental technologies, information technologies, information software, photonics, and sensors. TechLink strives to build productive partnerships for the licensing, transfer, development, and commercialization of technology.

Contact: (406) 994-7700 / [www.techlinkcenter.org](http://www.techlinkcenter.org)

### TechRanch

This high tech business incubator is a leading business development assistance organization whose purpose is to help entrepreneurs pursuing ventures in the high technology markets in growing their businesses faster, more efficiently and with less investment capital than they could otherwise. TechRanch has developed expertise in bootstrapping, recruiting talent in rural markets, raising capital outside of the major geographic areas of finance and developing near term strategic plans aimed at getting a company to cash flow positive as soon as possible. TechRanch was founded in 2000 by a group of Montana business leaders, and since that time has served over 60 start-up companies throughout Montana.

Contact: (406) 556-0272 / [www.techranch.org](http://www.techranch.org)

SECTION 3: ECONOMIC DEVELOPMENT FINANCING AND FUNDING RESOURCES**Big Sky Economic Development Trust Fund**

The Primary Sector Workforce Training Grant (WTG) program is a state-funded program administered by the Department of Commerce. There is approximately \$3.9 million available annually for job training funding from this program. This program is targeted to businesses that are creating at least one net, new job that pays at least the lower of the current county average wage or the state current average wage. Potential applicants are encouraged to contact the Department ([nguccione@mt.gov](mailto:nguccione@mt.gov)) at the earliest possible time as the job training funding is based on net new jobs created, once the contracts are signed for the grant.

[www.businessresources.mt.gov/BRD\\_Trustfund.asp](http://www.businessresources.mt.gov/BRD_Trustfund.asp)

**Bootstrap Montana**

The Bootstrap Montana Loan Program promotes entrepreneurship in rural Montana by providing Montana businesses with 0% loans for projects which will provide fast return on investment. Loan amounts range from \$5,000-\$20,000 and are expected to be paid off in one year. The Bootstrap loan program is administered by Tech Ranch. Contact: (406) 556-0272.

[www.techranch.org](http://www.techranch.org)

**Bozeman Revolving Loan Fund**

The Bozeman Revolving Loan Fund (Bozeman RLF) provides capital to local Bozeman companies to further economic expansion and the creation of “quality” jobs within the city. Typically, these low interest loans are made to local projects that cannot attract sufficient private financing or fully satisfy a commercial lender’s credit requirements.

The Bozeman RLF is a long standing economic development partnership between Prospera Business Network (formerly known as the Gallatin Development Corporation) and the City of Bozeman. Under an agreement between the City of Bozeman and Prospera, the Bozeman RLF is administered by Prospera Business Network, with all lending decisions made by an independent Loan Review Committee. The Loan Review Committee includes representatives from the City of Bozeman as well as local business and community leaders.

Eligible businesses must be located within the Bozeman city limits. Priority is given to those businesses engaged in basic economic activities providing “quality jobs”, with 50% or more of their gross annual revenues derived from outside Gallatin County. “Quality jobs” are defined as those where the combination of wages, benefits and workplace environment contribute to a productive and satisfying work experience for employees. Interested businesses should discuss their project with Prospera Business Network staff to determine eligibility prior to submitting an application.

Contact: (406) 587-3113/[www.prosperabusinessnetwork.org](http://www.prosperabusinessnetwork.org)

**City of Bozeman Energy Fund**

The City of Bozeman recently capitalized the Resource and Conservation District’s (RC&D’s) energy loan fund for small businesses located within the city limits. This fund will target business projects that result in

significant energy efficiency, conservation and production efficiencies. Competitive rates, terms and flexibility of the fund will significantly assist Bozeman businesses in energy related projects. The RC&D is working with Northwestern Energy and other partners to access other potential funding sources for projects.

Contact: (406)-582-5700/info@nrmrcd.org

#### Community Development Block Grants

Montana's Community Development Block Grant (CDBG) Program is a federally funded statewide competitive grant program designed to help communities with populations of less than 50,000 with their greatest community development needs. Applicants must be governmental entities. All of the projects assisted with CDBG funds must principally benefit low and moderate-income (LMI) persons. The basic categories for local community development projects are: economic development, housing and public facilities. The City of Bozeman has used these grants in the past to make loans to companies which created the seed funding for the Bozeman Revolving Loan Fund. This program is administered by the Montana Department of Commerce, Business Resources Division .

[www.commerce.mt.gov/BRD\\_CDBG.asp](http://www.commerce.mt.gov/BRD_CDBG.asp).

#### Montana Board of Investments

Created by the Montana legislature in 1972, the Board is administratively attached to the Department of Commerce but functions as an independent, quasi-judicial board with full and final authority over its two major responsibilities: the Unified Investment Program; and the In-State Investment Program. Montana statutes state that "the Board shall endeavor to invest 25 percent of the Coal Tax Trust Fund ... in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises." To accomplish these goals, the Board has developed a series of loan programs that can be tailored to meet a variety of business needs. However, the Board is prohibited by law from making direct loans to businesses or individuals and requires a commercial financial institution or economic development organization to participate in all loan agreements.

[www.investmentmt.com](http://www.investmentmt.com)

#### Montana Board of Research and Technology Commercialization

The Montana Board of Research and Commercialization Technology (MBRCT) was created by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects. The board has the statutory authority to make grants to research and commercialization centers if the projects to be funded employ an innovative technology and have commercialization potential. The average MBRCT grant award is around \$100,000 with a range from \$20,000-\$500,000.

[http://businessresources.mt.gov/BRD\\_RCT.asp](http://businessresources.mt.gov/BRD_RCT.asp)

#### Northwestern Energy

As the Bozeman energy carrier, NorthWestern Energy has a number of programs and services that are designed to assist their business clients. These programs include: a commercial energy calculator, energy efficiency programs, rebates for lighting and motors and free technical assistance service for businesses.

[www.northwesternenergy.com](http://www.northwesternenergy.com)

#### SBIR

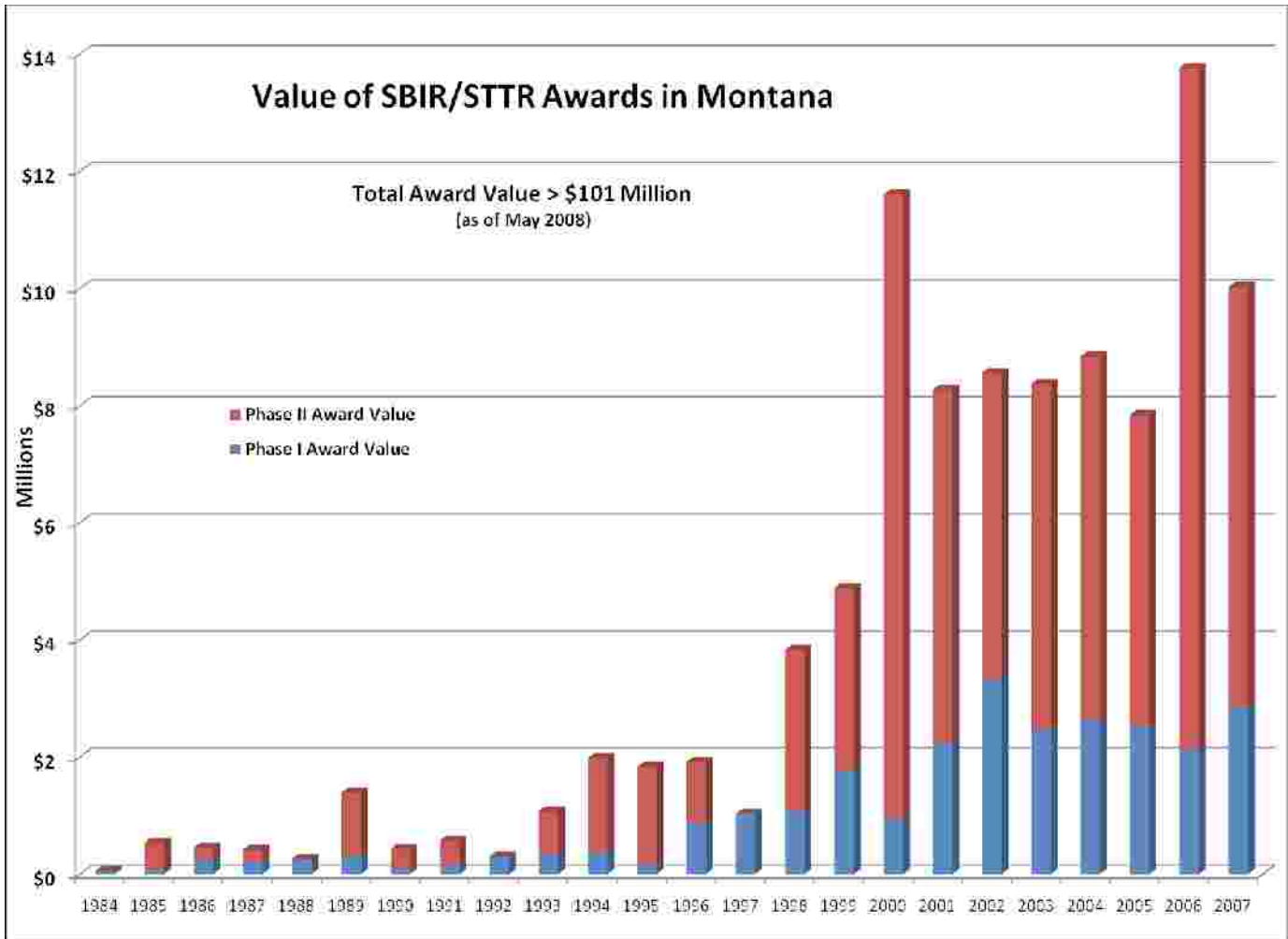
The Montana Small Business Innovative Research Program (SBIR) located at the Montana Department of

Commerce helps Montana companies compete for more than one billion dollars in federal grants that have been earmarked to fund research and development. In 2000, twenty-four (24) Montana companies won more than \$5 million dollars in grants and in 2001 thirty-five (35) companies captured more than \$11 million dollars.

To win a Small Business Innovative Research grant, a business owner must have an innovative idea as only 10% of the applicants receive funding. The SBIR Outreach program offers free counseling services to any individual or company that wants to investigate a SBIR grant.

<http://sbir.state.mt.us/>

**SECTION 4: VALUE OF SBIR/STTR AWARDS IN MONTANA**





SECTION 5: BIG BOX ORDINANCE

## City of Bozeman Ordinance 18.40.180 LARGE SCALE RETAIL, SIZE LIMITATIONS AND DESIGN AND SITE DEVELOPMENT GUIDELINES AND REQUIREMENTS

A. Purpose.

1. The purpose of this section is to establish general development standards for large scale retail developments. These standards are intended and designed to assure compatibility of uses; to prevent urban blight, deterioration and decay; and to enhance the health, safety and general welfare of the residents living within the City of Bozeman.
2. These standards are also intended to be used as guidelines for evaluating and assessing the quality and design of proposed large scale retail developments. The particulars of any large scale retail developments will be evaluated against their respective standards contained in this chapter. It is expected that the quality and design of the large scale retail developments, while not necessarily complying with the exact standards of this chapter, will meet or exceed the intent behind these standards.
3. Applicability. All uses listed in this chapter shall be subject to the specific standards described for each use, in addition to all other applicable standards which may apply.

B. Limitations on Size of Retail Stores.

1. No retail building, utilized by a single tenant, shall exceed 75,000 square feet.
2. Retail development consisting of one or more single tenant building(s) greater than 40,000 square feet may offer for direct sale to the public merchandise, which is displayed outdoors, but the area occupied by such outdoor sales and storage, exclusive of warehouses, shall not exceed 25 percent of the total square footage of the retail building(s) and shall also comply with §18.40.150, BMC.
3. Notwithstanding §18.40.180.B.1 and §18.40.180.B.2, BMC, when an otherwise lawful retail building, in excess of 75,000 square feet, exists as of March 21, 2003, such building shall be considered a development nonconformity. Said building may be continued, structurally altered, repaired or reconstructed so long as it is not increased, extended or enlarged beyond the gross floor area of the building that existed on March 21, 2003. To the extent practicable, the design and site development guidelines of this section shall be applied to any alteration, reconstruction or repair that takes place after March 21, 2003.
4. The following principal uses are exempt, as they pertain to outdoor sales and storage:
  - a. Recreation vehicle sales and auto sales;
  - b. Agricultural implement sales; i.e., tractors, cultivators, balers, etc.; and
  - c. Plant nursery.

C. Design and Site Development Guidelines for Certain Retail Developments.

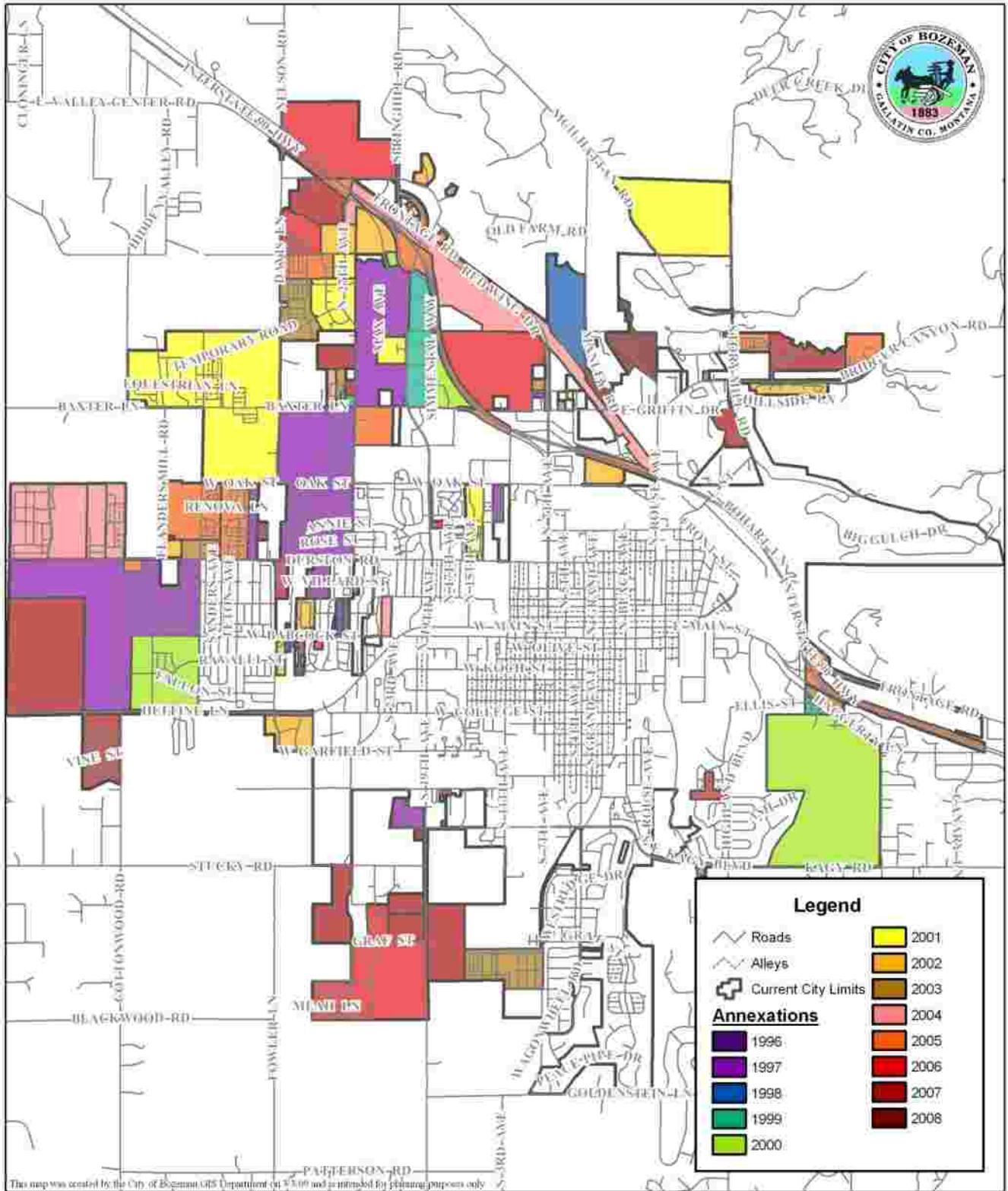
1. Retail development consisting of a single tenant building greater than 40,000 square feet shall be subject to the design and site development criteria and development standards

Ordinance # 1709: Effective August 15, 2007. page 40-13

## SECTION 6: MAPS

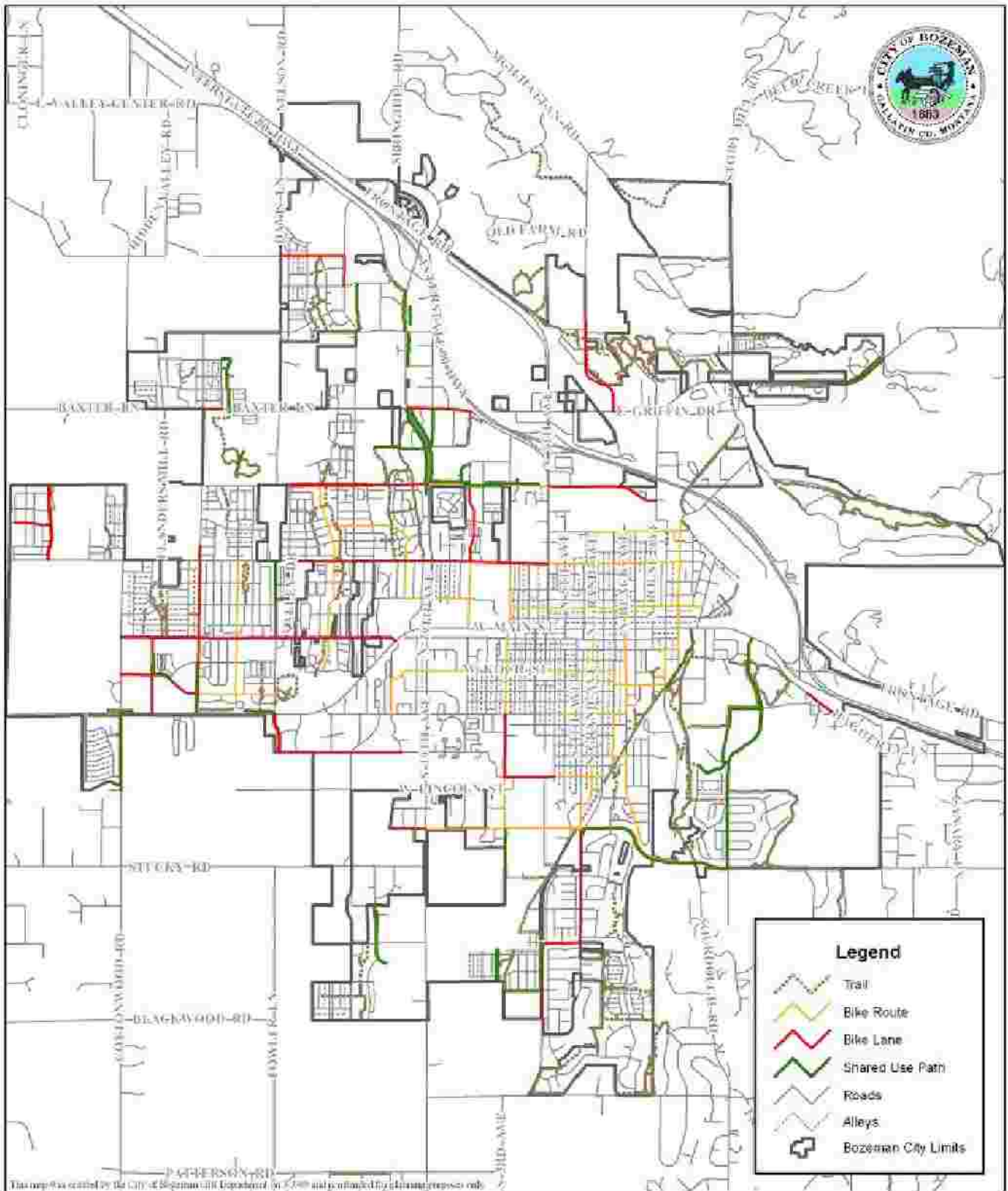
Refer to the subsequent pages for a list of the following maps:

- Annexations into City of Bozeman
- Bike Routes & Trails
- Current & Future Roads
- Location of Largest Private Employers
- Location of Other Leading Businesses
- Parks
- Planning Boundaries
- Railroads & Spurs
- Sewer Utilities
- Tax Increment Finance Districts
- Water Utilities
- Zoning Districts



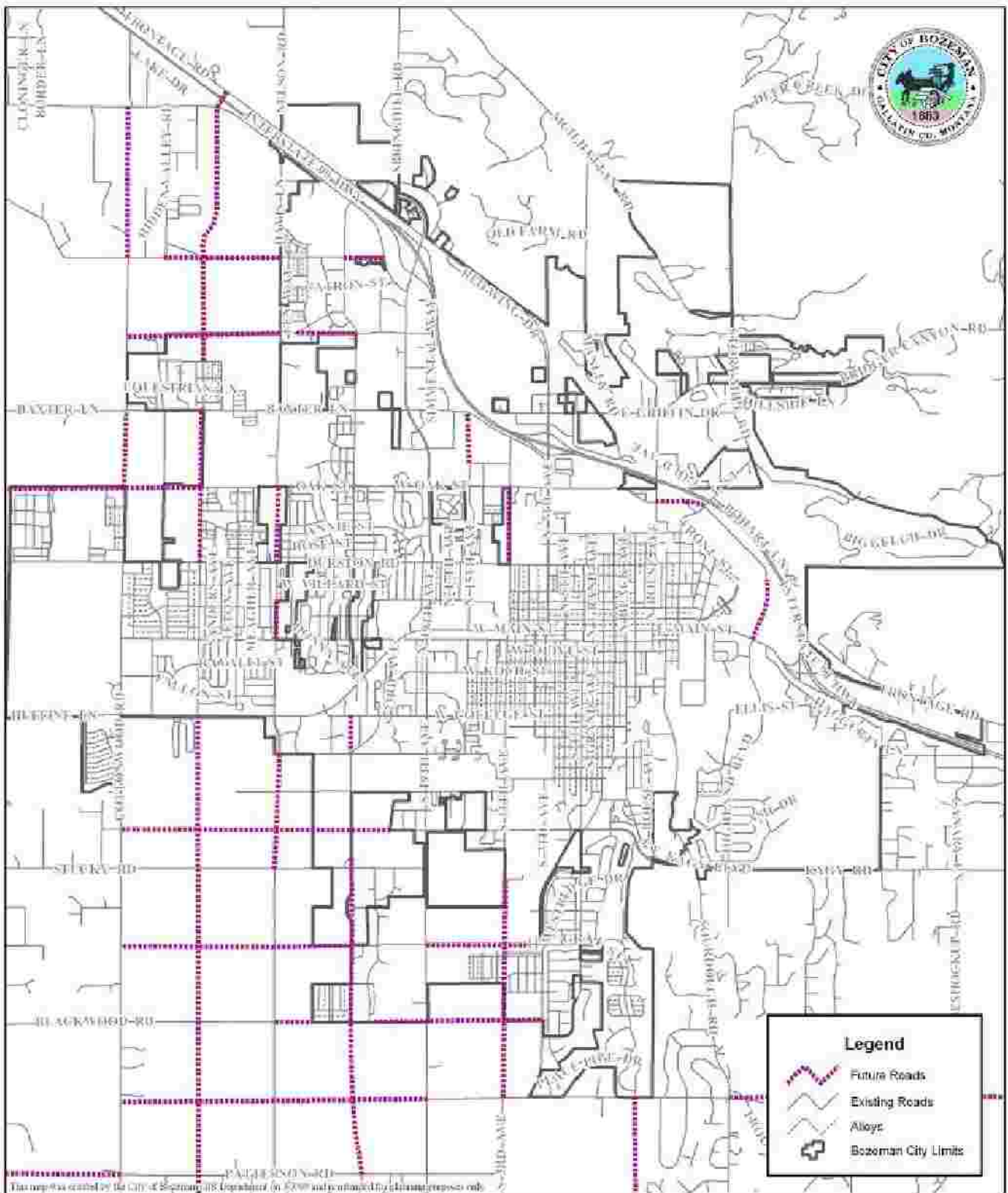
## Annexations





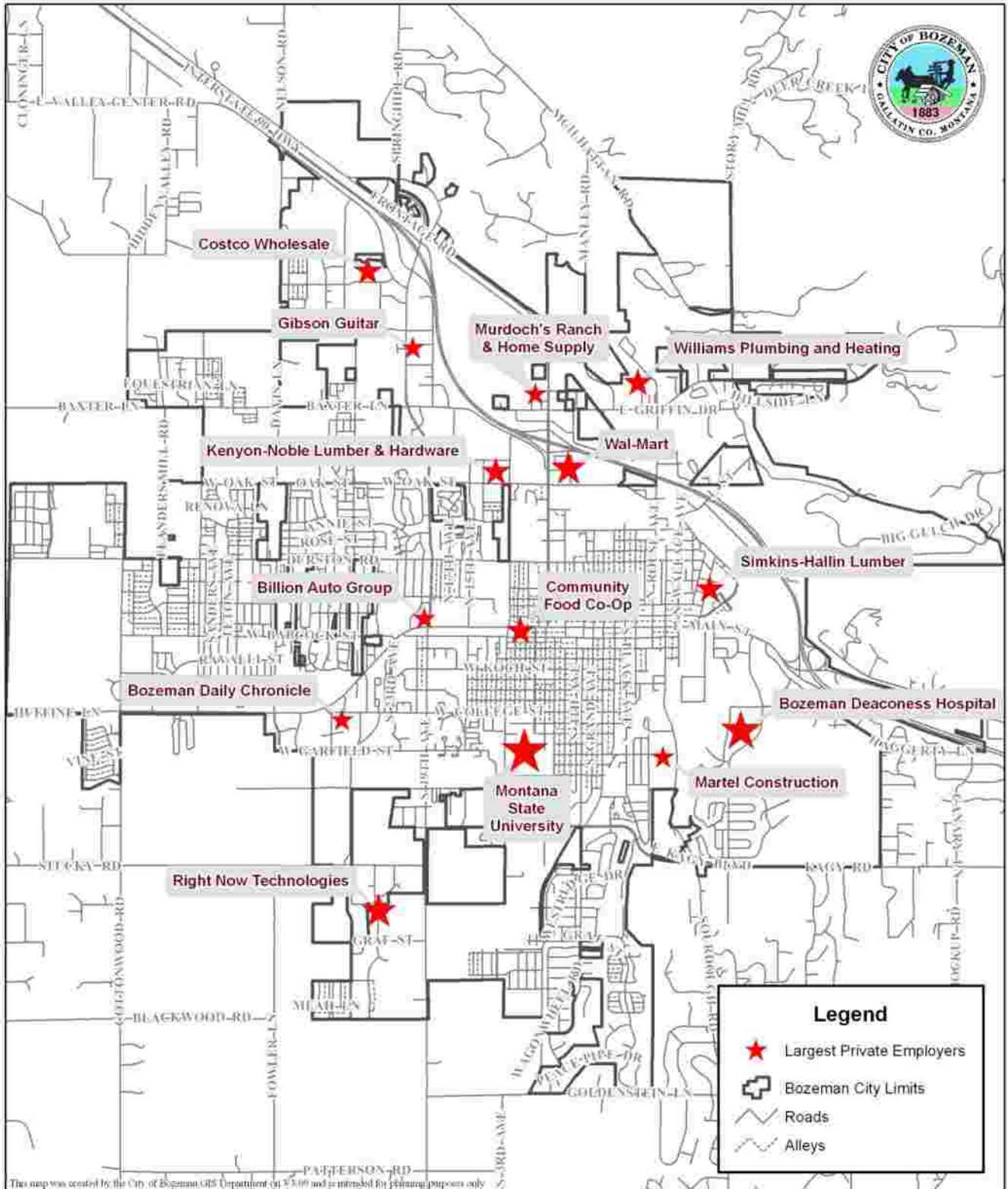
## Bike Routes & Trails



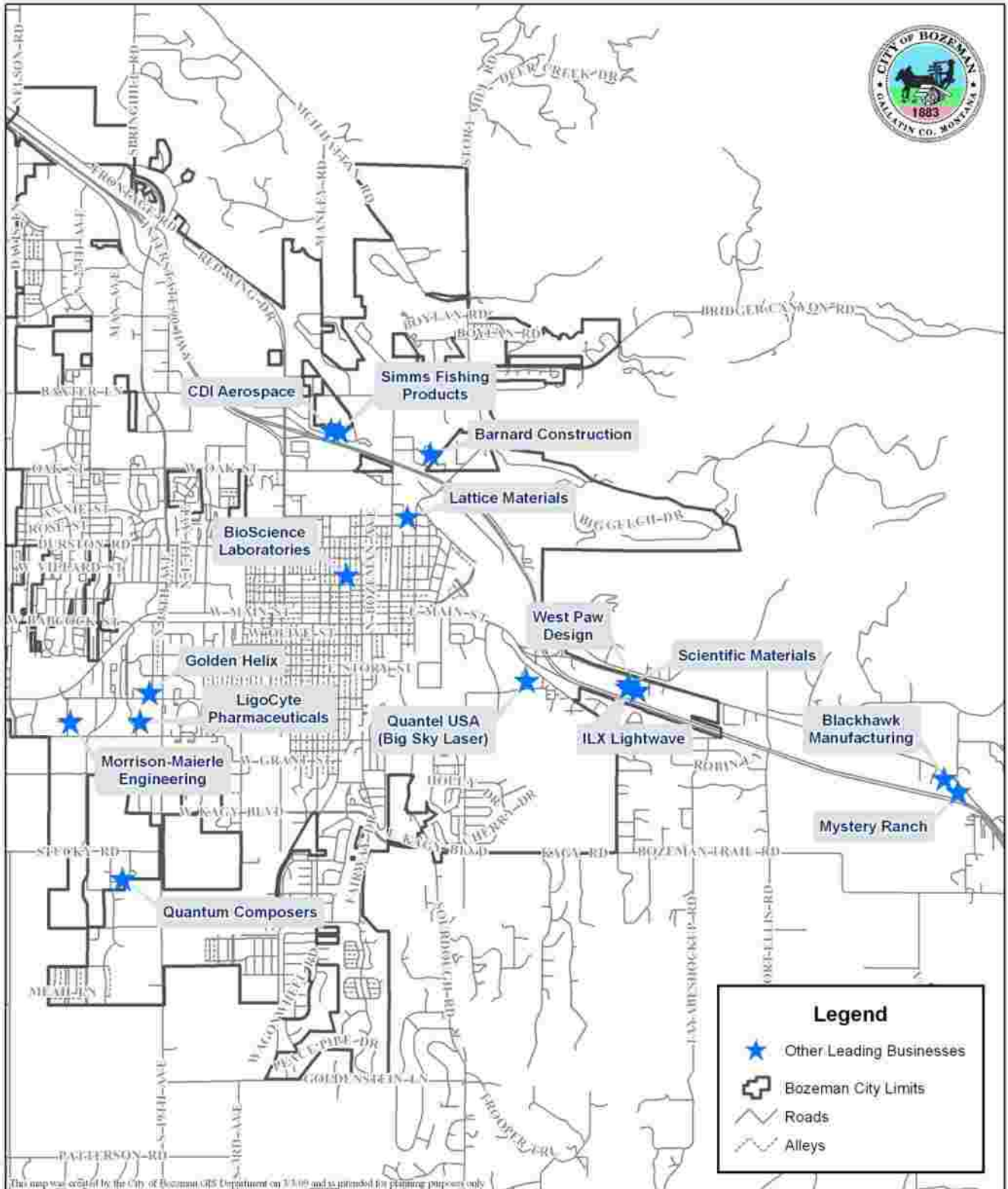


## Current & Future Roads



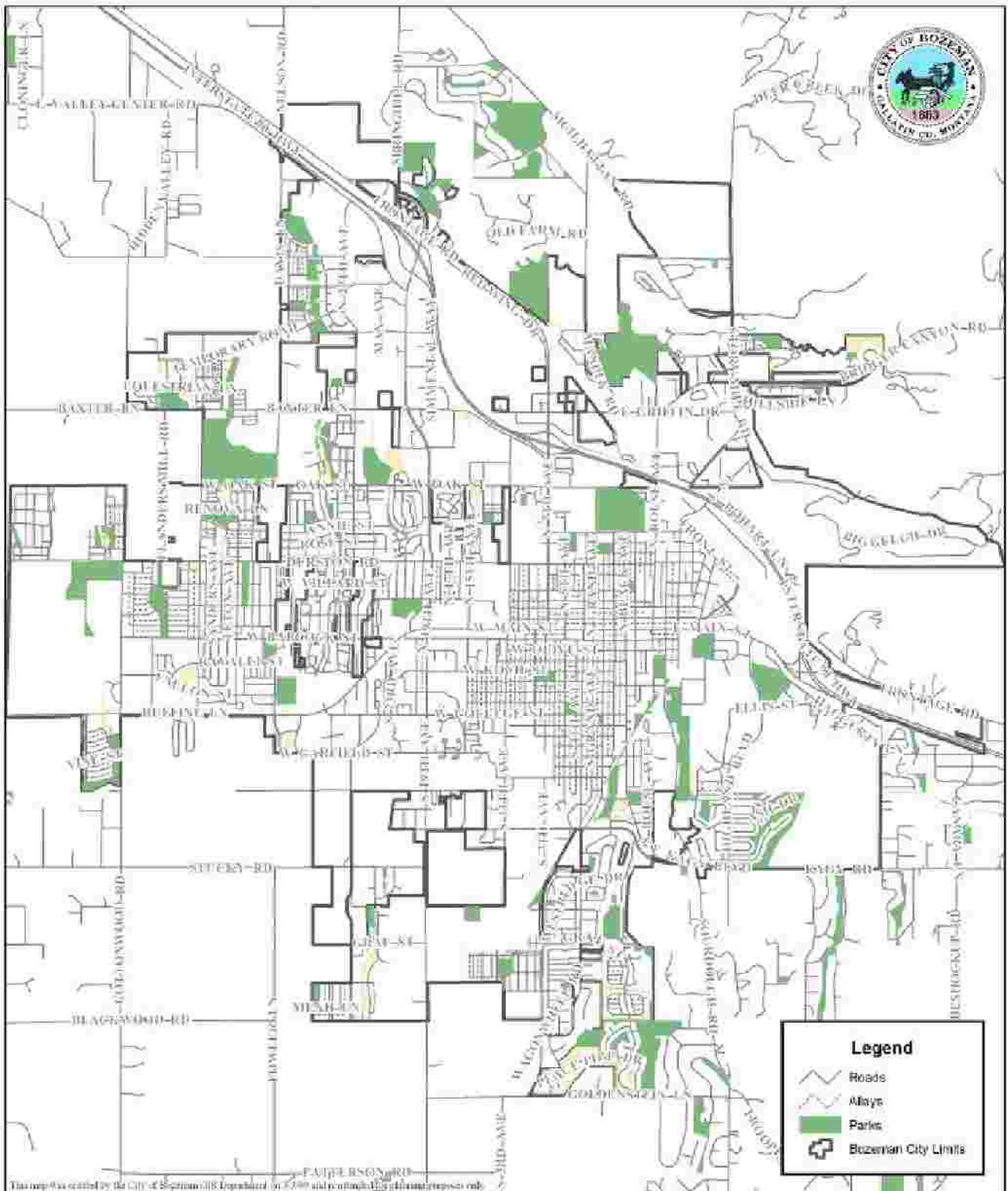


Location of Largest Private Employers

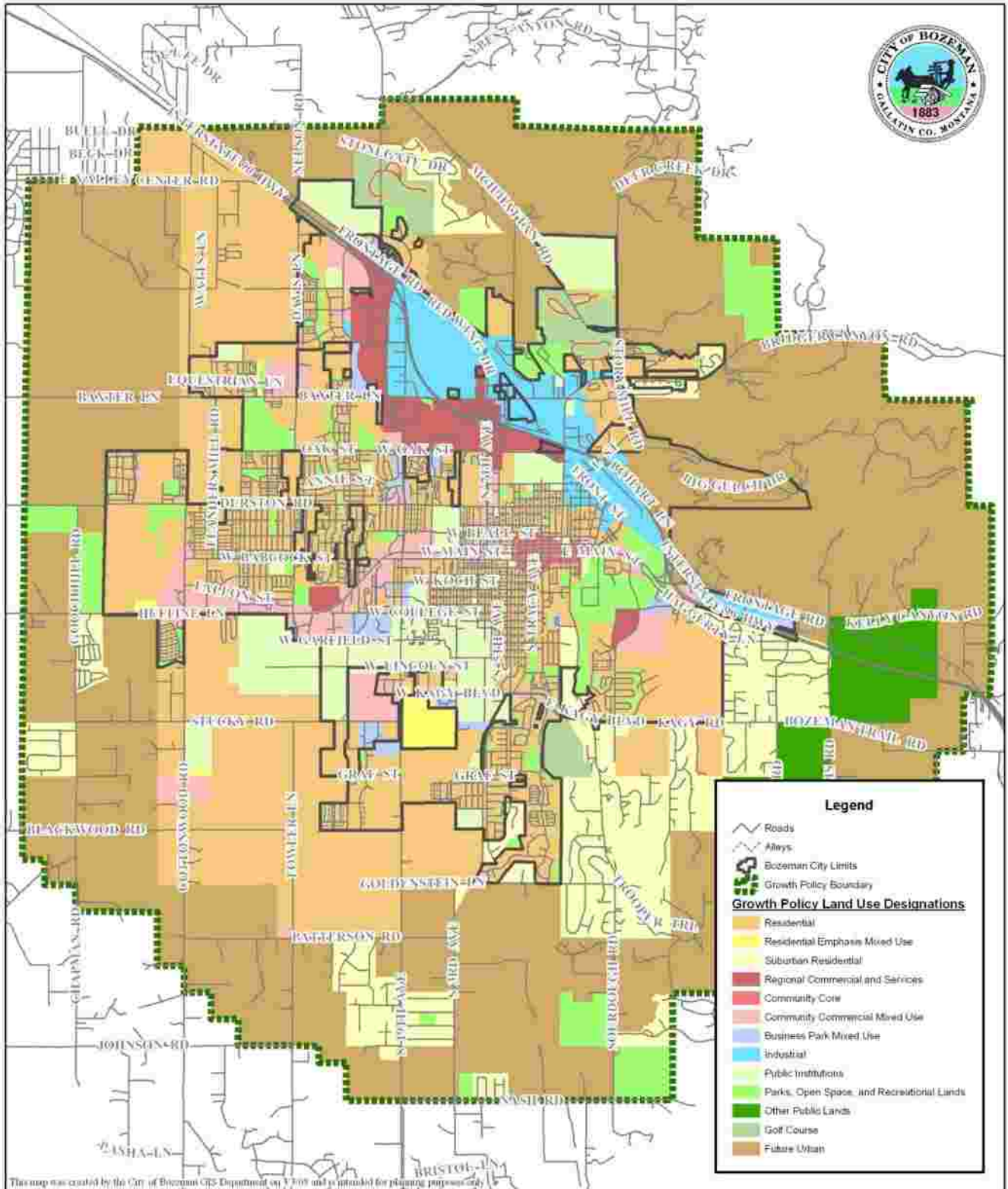


## Location of Other Leading Businesses



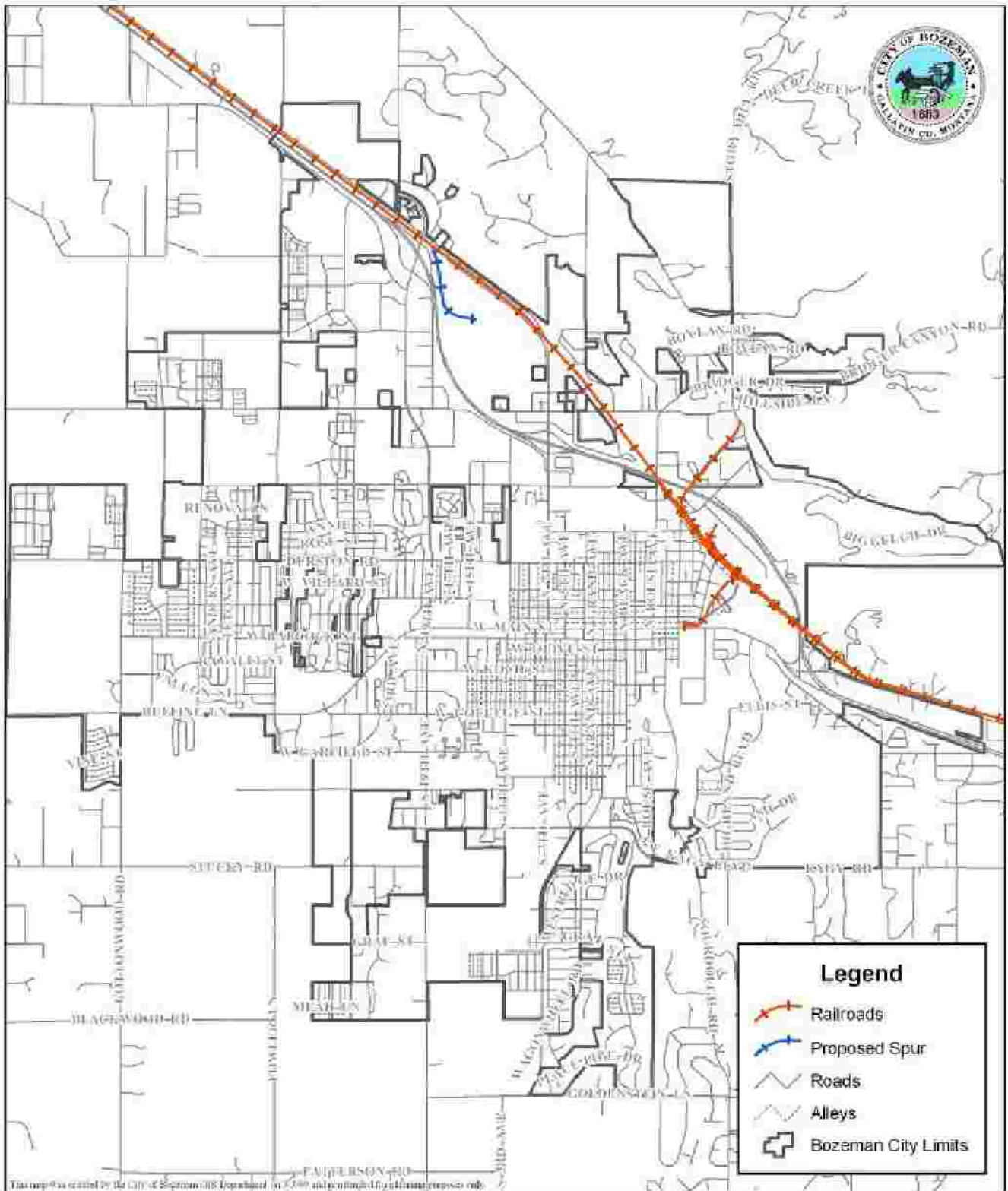






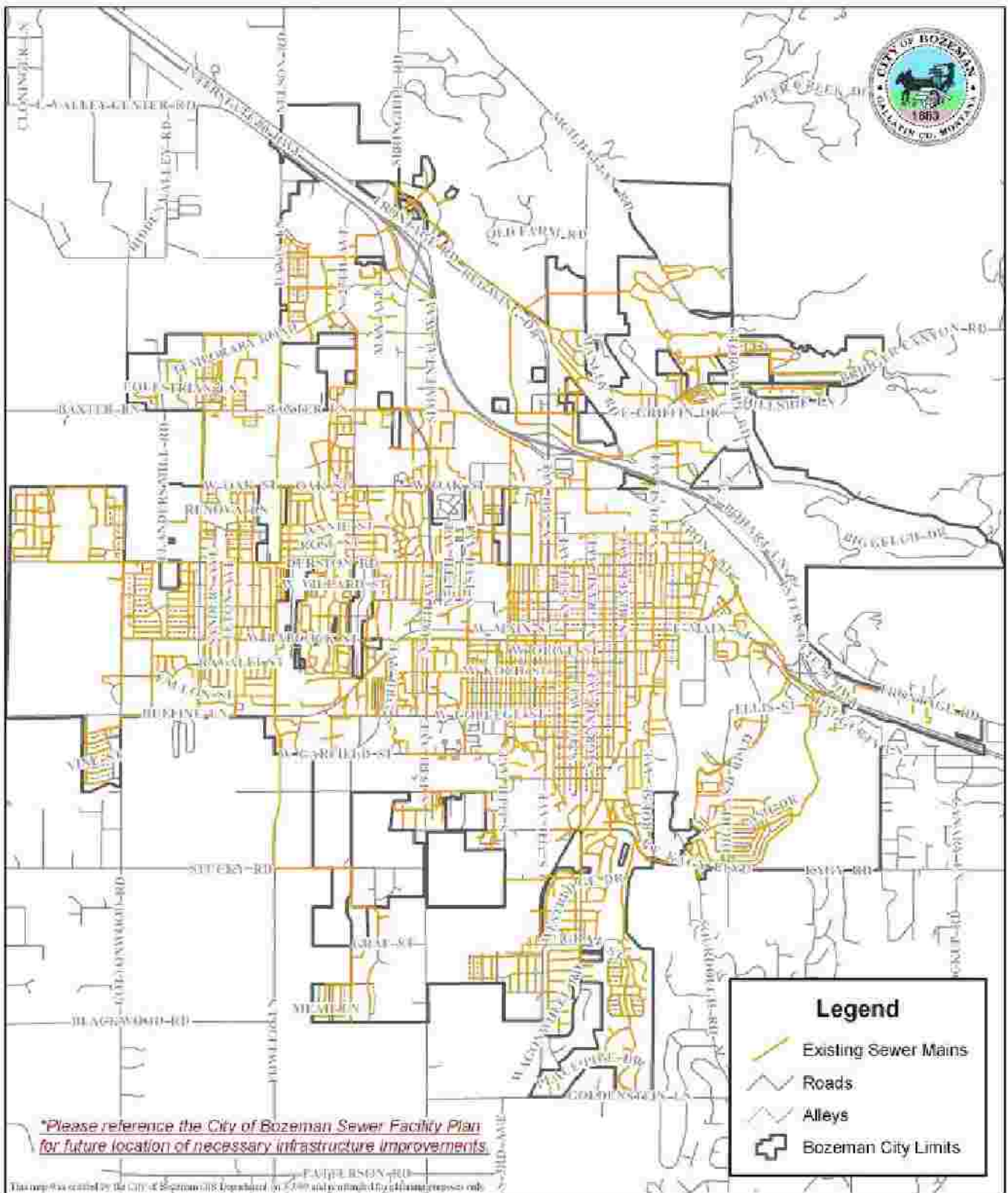
## Planning Boundaries





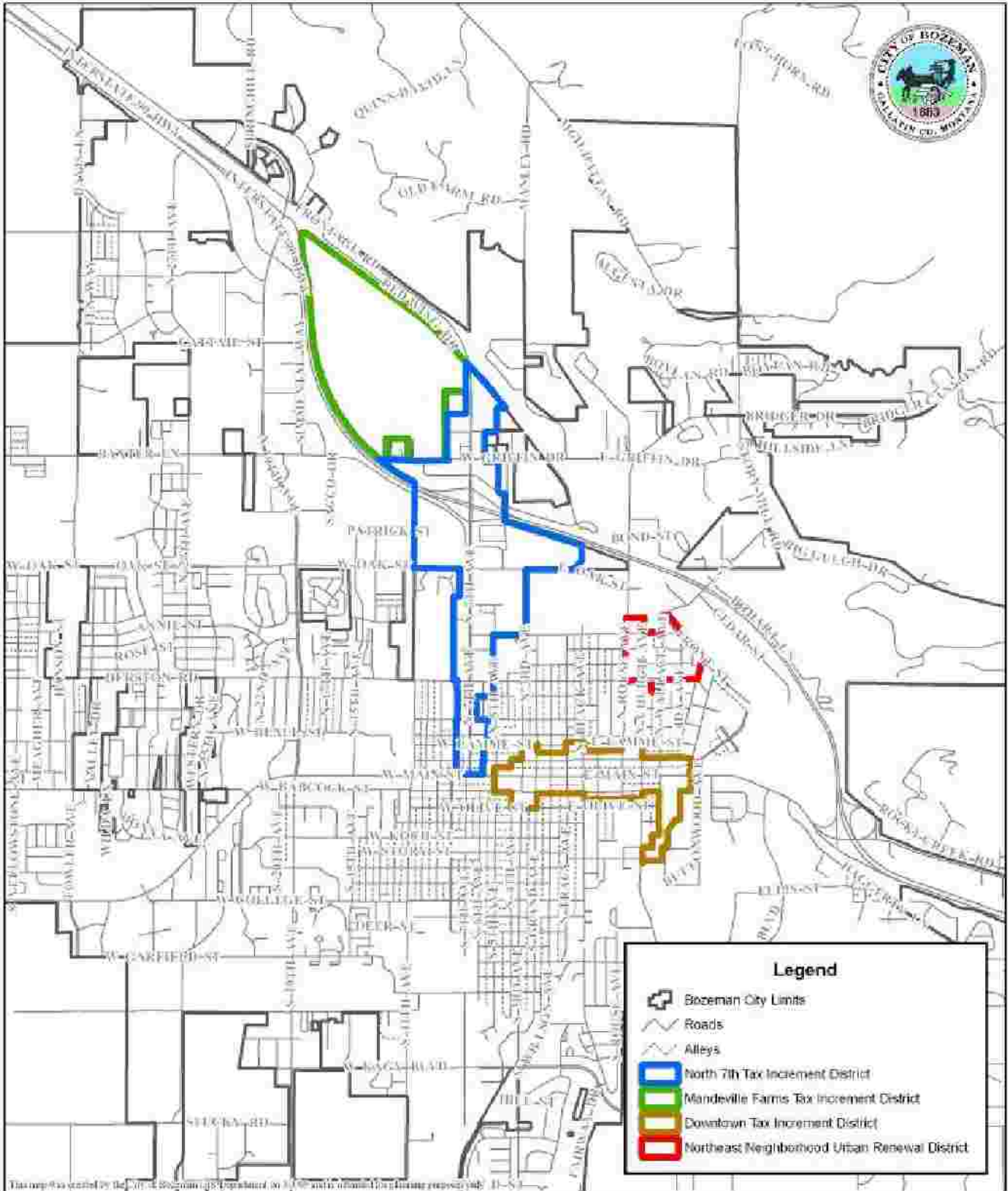
## Railroads & Spurs



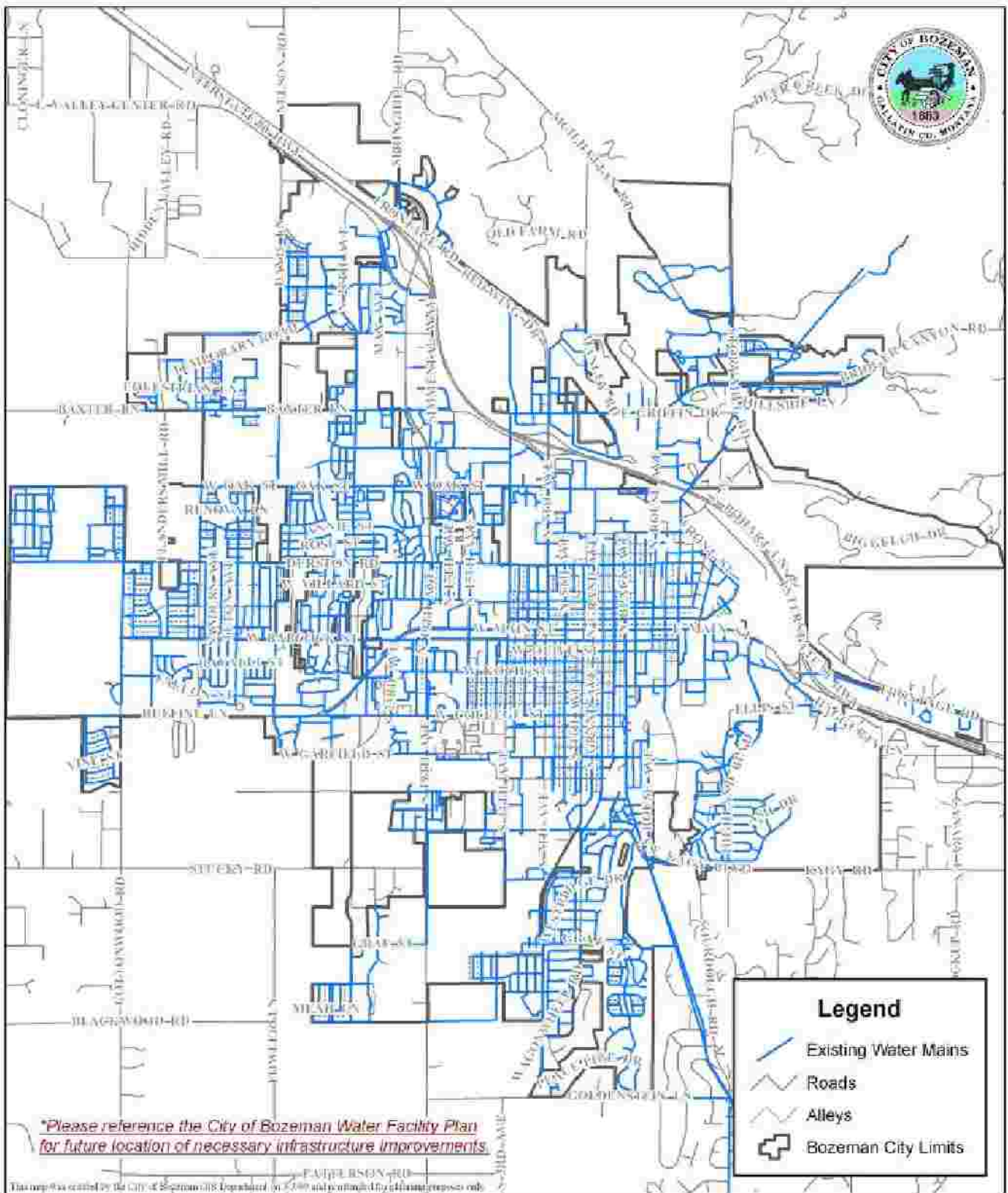


## Sewer Utilities

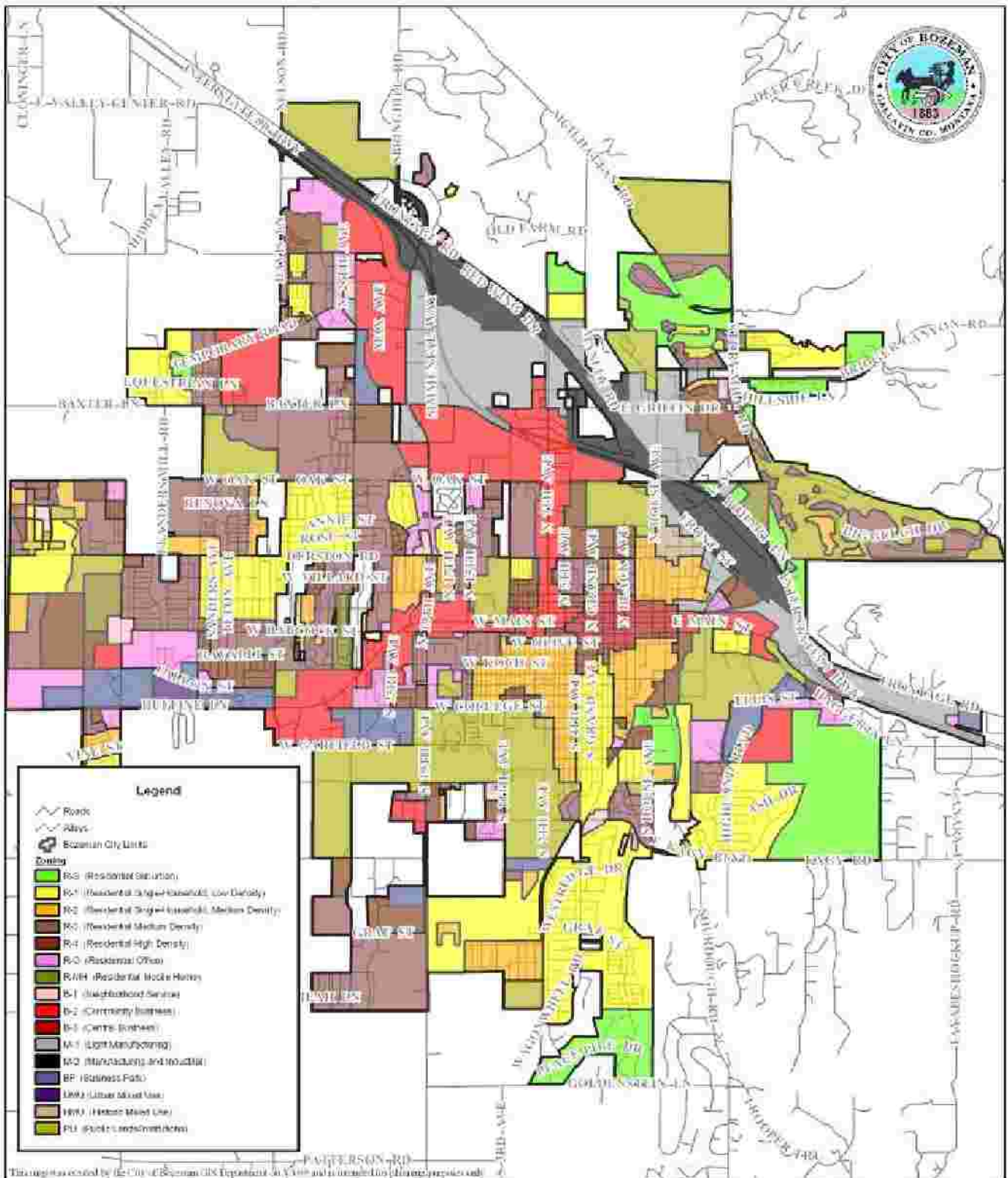




### Tax Increment Finance (TIF) Districts



## Water Utilities



## Zoning Districts



SECTION 7: ECONOMIC DEVELOPMENT SURVEY & RESULTS

**BUSINESS LEADER & KEY STAKEHOLDER INTERVIEW**

**COMPANY INFORMATION:**

1. Name: \_\_\_\_\_ 2. Title: \_\_\_\_\_ 3. Email: \_\_\_\_\_
4. Company Name: \_\_\_\_\_ 5. Type of Business: \_\_\_\_\_ 6. Phone: \_\_\_\_\_
7. Number of Years in Business: \_\_\_\_\_ 8. Estimated square footage occupied: \_\_\_\_\_
9. Number of Years in Bozeman: \_\_\_\_\_ 10. a. Do you: \_\_\_Own \_\_\_ Lease \_\_\_Both  
b. If Lease, cost per square foot: \_\_\_\_\_

**EMPLOYEES:**

11. Current number of Employees: \_\_\_\_\_
12. How many employees are part-time? \_\_\_\_\_
13. Are you able to find qualified employees? \_\_\_Yes \_\_\_ No
14. a. # of employees living in Bozeman: \_\_\_\_\_  
b. ...in Belgrade: \_\_\_\_\_  
c. ...in Gallatin County: \_\_\_\_\_  
d. ...out of Gallatin County (i.e. Livingston): \_\_\_\_\_
15. a. In 2008, has the number of employees \_\_\_increased \_\_\_decreased \_\_\_no change  
b. Estimated change is \_\_\_\_\_
16. a. In 2009, do you expect your total number of employees to \_\_\_increase \_\_\_decrease \_\_\_no change  
b. Estimated change \_\_\_\_\_

SALES:

17. What % of sales comes from...?

- a. Bozeman & Gallatin County: \_\_\_\_\_
- b. Outside Gallatin County within MT: \_\_\_\_\_
- c. Outside Montana within U.S.: \_\_\_\_\_
- d. International: \_\_\_\_\_

18. In the last five years, what has been the trend in sales for your business...?

- a. \_\_\_Grown \_\_\_Stable \_\_\_Decreased Estimated change: \_\_\_\_\_
- b. Do you expect 2008 to be a \_\_\_increase \_\_\_decrease \_\_\_no change in sales?
  - c. Estimated % change: \_\_\_\_\_

19. a. Do you expect 2009 to be a \_\_\_increase \_\_\_decrease \_\_\_no change in sales?

- b. Estimated % change: \_\_\_\_\_

20. Please indicate if your company sells products or services to government agencies

- \_\_\_Local \_\_\_State \_\_\_Federal Governments

21. Please indicate your approximate annual sales: \_\_\_\_\_

22. Please indicate your approximate annual payroll: \_\_\_\_\_

23. Please indicate how much you purchase annually from other Montana businesses\_\_\_\_\_



BOZEMAN RELATED QUESTIONS:

24. Why is your business located in Bozeman?

25. What are the benefits for your business being located in Bozeman?

26. a. Would you describe the City's action toward business \_\_\_favorable \_\_\_unfavorable?

b. Explain.

27. What is your company's biggest challenge related to being located in Bozeman?

28. Are your business services (supplies, manufacturing outsourcing, etc.) needs being met in the Bozeman area?  
\_\_\_Yes \_\_\_No

29. a. Are you considering renovating or expanding your building or facility (within next 24 months)?

Yes / No

b. What affects this decision?

30. What policies could the City of Bozeman change or implement that would have a positive impact on your business?

31. What policies could the City of Bozeman change or implement that would have a positive impact on the overall business climate?

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

SERVICES & AMENITIES	1= Poor	2= Fair	3= Good	4= Excellent	5= No opinion	Additional Comments:
From your perspective as a business leader/business owner, please <u>rate the following</u> services or amenities in the Bozeman area:						
Roads & Streets (maintenance and snow removal)						
Sewer (wastewater treatment)						
Water						
Gas & Electric Service						
Telecom (cellular, telephone, Internet)						
Air Service (airport, airlines)						
Public Transportation						
Police Protection						
Fire Protection						
Solid Waste Removal (garbage, recycling)						
Medical Care (hospital, clinics, physicians)						
Education (public schools, library)						
Conference or Meeting Facilities (private and/or public)						
Hotel Facilities						
Housing Cost						
Cultural Amenities (arts, culture, events)						
Overall Quality of Life						
Parks & Recreation (parks, trails, programs)						
Childcare/Daycare Services						
Business Support Services						
Business Start-Up Resources						

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

CITY OF BOZEMAN	1= Poor	2= Fair	3= Good	4= Excellent	5= No opinion	Additional Comments:
Rate the City of Bozeman's <u>overall support of business</u> in the following specific policy areas:						
Infrastructure/Physical Capital (sewer, water, roads)						
Land Availability for Economic Activity (vacant land, reusable buildings)						
Transportation (parking, bus, alternatives, etc.)						
Planning & Development Process						
Development Fees/Impact Fees						
Labor Availability/ Availability of Qualified Employees (workforce development and education)						
Financing and Incentives (tax abatement, TIF districts, low interest loans, etc)						
Quality of Life (overall, cultural amenities, recreation, etc.)						
Marketing/Promotion of Bozeman Business Community						
STATE of MONTANA	1= Poor	2= Fair	3= Good	4= Excellent	5= No opinion	Additional Comments:
Rate the State's <u>overall support of business</u> in the following specific policy areas:						
Tax Structure on Business						
Business Regulatory Environment						
Promoting Montana Business						
Business Recruitment Incentives						

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

INITIATIVES	1= No Need	2= Low Need	3= Mode-rate Need	4= High Need	5= No Opinion	Additional Comments:
Rate the City of Bozeman's <u>need to support</u> the following specific initiatives:						
Industrial Park						
Convention Center						
Performing Arts Center						
Incentives for Relocating Companies (tax abatement, development fees, etc.)						
Expanded Transportation System (streamline or other)						
Additional Business Financing (low interest loans)						
Citywide Wireless Internet (Wi-Fi)						
Programs that help local companies buy from each other						
Expanded Vocational and Certification Job Training Programs						
Affordable Housing for Workers						
Improving Infrastructure (Water, Sewer, roads...)						
MSU Technology Transfer						
Work force Recruitment						
Special Development Districts (TIF's, etc.)						
Downtown Business Area						
Energy Efficiency Needs for Business						

## CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN ECONOMIC DEVELOPMENT SURVEY – RESULTS

### Components:

In-Person Interviews with Business Leaders & Key Stakeholders: 34 interviews conducted

These companies employ 5,400 workers. These companies have been in business here an average of 33 years.

Other Business Leaders (“OBL”) (mailed survey): 53 surveys completed

These companies employ 1,600 workers. These companies have been in business here an average of 17 years.

Members of the Community (on-line survey): 133 surveys completed

Total Survey Respondents: 220

### Findings:

91% of businesses reported that sales were stable or growing during the past 5 years

For 2009, 25% of all the businesses were forecasting lower sales

16% of businesses reported they sell products or services to the government

59% of businesses reported they are able to find qualified employees

77% of businesses conduct sales outside MT within the U.S.

20% of businesses report that they conduct international sales

Survey Question Ratings Comparison				
SERVICES & AMENITIES IN BOZEMAN	Average Score			
	In Person	OBL	Community	Weighted Average
Respondents asked to rate the following SERVICES & AMENITIES IN BOZEMAN:				
Rating Scoring: 1=Poor, 2= Fair, 3=Good, 4=Excellent				
Overall Quality of Life:	3.71	3.65	3.56	3.60
Education:	3.41	3.42	3.36	3.38
Parks and Recreation:	3.21	3.38	3.32	3.31
Fire Protection:	3.38	3.35	3.25	3.29
Water:	3.21	3.17	3.21	3.20
Air Service:	3.50	3.14	2.97	3.09
Hotel Facilities:	2.91	3.06	3.11	3.06
Gas and Electric Service:	3.03	2.98	3.08	3.04
Cultural Amenities:	3.47	3.12	2.91	3.04
Police Protection:	2.85	3.11	3.06	3.03
Medical Care:	3.26	3.02	2.96	3.03
Sewer:	3.06	3.02	2.97	2.99
Telecom:	2.97	2.94	2.72	2.81
Business Support Services:	2.88	2.82	2.71	2.77
Solid Waste Removal:	2.61	2.59	2.77	2.70
Business Start-up Resources:	2.97	2.71	2.60	2.70
Road and Streets:	2.47	2.55	2.56	2.54
Conference or Meeting Facilities:	2.06	2.31	2.59	2.43
Childcare/Daycare Services:	2.00	2.59	2.59	2.40
Public Transportation:	2.32	2.28	2.44	2.38
Housing Cost:	1.88	1.81	1.70	1.75

CITY OF BOZEMAN ECONOMIC DEVELOPMENT PLAN

CITY OF BOZEMAN BUSINESS CLIMATE	Average Score			
	In Person	OBL	Community	Weighted Average
Respondents asked to rate the CITY OF BOZEMAN'S OVERALL SUPPORT OF BUSINESS in the following specific areas:				
Rating Scoring: 1=Poor, 2= Fair, 3=Good, 4=Excellent				
Quality of Life:	3.74	3.55	3.40	3.48
Infrastructure and Physical Capital:	2.59	2.53	2.62	2.59
Availability of Qualified Employees:	2.44	2.48	2.64	2.57
Transportation:	2.48	2.63	2.50	2.51
Marketing and Promotion of Bozeman Business Community:	2.28	2.43	2.50	2.45
Land Availability for Economic Activity:	2.20	2.33	2.47	2.39
Planning and Development Process:	2.03	2.11	2.06	2.06
Financing and Incentives:	2.00	2.03	1.96	1.98
Development Fees and Impact Fees:	1.87	2.02	1.88	1.90

STATE OF MONTANA BUSINESS CLIMATE	Average Score			
	In Person	OBL	Community	Weighted Avg.
Respondents asked to rate the STATE OF MONTANA'S OVERALL SUPPORT OF BUSINESS in the following specific policy areas:				
Rating Scoring: 1=Poor, 2= Fair, 3=Good, 4=Excellent				
Promoting Montana Business:	2.35	2.34	NA	2.34
Business Regulatory Environment:	2.29	2.02	NA	2.12
Business Recruitment Incentives:	1.81	1.82	NA	1.82
Tax Structure on Business:	1.77	1.80	NA	1.78

ECONOMIC DEVELOPMENT INITIATIVES RATED	Average Score			
	In Person	OBL	Community	Weighted Average
Respondents asked to rate the CITY OF BOZEMAN'S NEED TO SUPPORT the following specific economic development initiatives:				
Rating Scoring: 1= No Need, 2= Low Need, 3= Moderate Need, 4= High Need				
Affordable Housing for Workers:	3.21	3.51	3.47	3.43
Downtown Business Area:	3.52	3.13	3.24	3.26
Additional Business Financing:	3.17	3.17	3.21	3.19
Expanded Vocational and Certification Job Training Programs:	3.17	3.06	3.25	3.19
Improving Infrastructure:	3.38	3.10	3.13	3.16
MSU Technology Transfer:	3.36	2.94	3.21	3.16
Expanded Transportation System:	3.00	3.04	3.05	3.03
Convention Center:	3.50	3.08	2.87	3.02
Performing Arts Center:	3.00	3.02	3.04	3.02
Incentives for Relocating Companies:	2.91	3.06	3.02	3.01
Energy Efficiency Needs for Business:	3.27	3.23	2.64	2.88
Work Force Recruitment:	2.94	2.85	2.69	2.76
Citywide Wireless Internet (Wi-Fi):	2.85	2.59	2.75	2.73
Special Development Districts:	2.93	2.77	2.65	2.72
Industrial Park:	3.09	2.71	2.45	2.62



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