A Brief History of the 2019 Economic Development Programs and other Key Tools for Building and Sustaining Montana.

In the 1999 Legislative Session, Rep. Doug Mood sponsored HB260 entitled “Encourage Economic Development via Investment in Research/Commercialization Projects.” The bill was a product of Governor Racicot’s Jobs & Income initiative and the Vision 2005 (Agricultural) initiative. These initiatives were the product of strategic planning meetings that occurred all across Montana in 1997 and 1998. The bill was passed into law and used a coal tax diversion for funding. The funding source was ruled unconstitutional by the Montana Supreme Court, leaving the programs unfunded. A special session was called by Governor Racicot in May of 2000 to, among other things, fund the programs through a constitutional source. Then Rep. Karl Ohs sponsored HB1 during the 2000 Special Session. It was a bill entitled “Legislation appropriating funds from the General Fund for programs established through the good-faith efforts of the Fifty-Sixth Montana Legislature in HB260.”

Thanks to the united efforts of great leadership and a large coalition of partners, the following programs were Initiated and funded or had their funding enhanced: Montana Growth Through Agriculture, Montana Cooperative Development Center, Montana Board of Research and Commercialization Technology, Small Business Development Centers, Montana Technology Innovation Partnership (formerly SBIR), Certified Regional Development Corporations (previously Certified Communities program), Montana Manufacturing Extension Center, and Office of Trade and International Relations Bureau.

During the 2009 Legislature House Bill 123, entitled Fund Statutory Economic Development Programs, was introduced to extend the sunset on the following eight economic development programs from June 30, 2010 to June 30, 2019.

- Small Business Development Centers
- Small Business Innovation Research
- Office of Trade and International Relations Bureau
- Montana Manufacturing Extension Center
- Research and Commercialization Technology
- Certified Regional Development Corporations
- Growth Through Agriculture
- Cooperative Development Centers

House Bill 123 as passed by the 2011 Legislature and a subsequent bill from the 2013 Legislature provides level funding for all of the economic development programs from June 30, 2010 to June 30, 2019 except for the following two programs.

- The Growth Through Agriculture Program is reduced from $1.25 million per year to $625,000 per year.

- Prior to the 2013 Legislative Session, the Research and Commercialization program funding was scheduled to increase from a level of $1.275 million to $3.65 million starting in FY2014 through FY2019. However, in the 2013 Legislative Session, program funding was held at $1.275 million per year through FY2019.

In addition to the “2019 Programs” key One-Time-Only programs, essential for economic growth in Montana were funded by the 2013 Legislature. These programs often supplement and support the programs listed above, and vice-versa.

- Primary Sector Workforce Training Grant Program
- Indian Country Economic Development (ICED) Program
- Incumbent Worker Training Grant Program
- Food and Agriculture Development Centers

The following report demonstrates the success of these programs, how they work together, and are indeed making an “IMPACT—Partnerships that Work” for Montana.
**The Certified Regional Development Corporations Program…**

- Encourages a regional approach to economic development.
- Facilitates efficient delivery of economic development programs.
- Supports regional planning and capacity building.
- Provides administrative, professional, and technical assistance to businesses and local governments, and
- Helps local officials and communities, and Census designated places pool limited resources, achieve economies of scale, build organizational skills and professional expertise, and foster regional collaboration.

**Need for Program:**
The Certified Regional Development Corporations Program is needed to…

- Assist local businesses on a regional basis.
- Provide loans to local businesses.
- Leverage private investments.
- Create and retain jobs locally.

**Goals and Measurements:**
The Certified Regional Development Corporations Program will continue to…

- Encourage a regional approach to economic development.
- Facilitate the efficient regional delivery of economic development programs.
- Support regional planning and capacity building.
- Combine state and local fund leveraging and increased financial capacity for local governments to obtain professional economic development services, assist local businesses, and expand local economies.

The Certified Regional Development Corporations will measure its success by tracking and reporting…

- The number of and total dollar amount of business loans provided.
- The total amount of private investment leveraged.
- The total number of jobs created and retained.
- The amount of assistance provided to local governments and businesses.
- The total amount of federal dollars managed.

**Risks if Program is Not Continued:**
Failing to fund the CRDC Program would…

- Keep most local governments and communities from continuing their access to professional economic development services due to limited local financial capacities.
- Make the provision of economic development services to local governments and businesses much more difficult, and
- Create major obstacles to the effective and efficient delivery of funds for development loans to local businesses.

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<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Current Funding Level</th>
<th>Additional Dollars Leveraged</th>
<th>Number of Jobs Created and/or Retained</th>
<th>Businesses Assisted</th>
<th>Number of Loans</th>
<th>Total of Loans</th>
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</thead>
<tbody>
<tr>
<td>CY 2012</td>
<td>$425,000/yr</td>
<td>$7,127,414</td>
<td>590</td>
<td>1,089</td>
<td>67</td>
<td>$3,742,708</td>
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<tr>
<td>CY 2013</td>
<td>$425,000/yr</td>
<td>$6,942,720</td>
<td>494.5</td>
<td>1,213</td>
<td>91</td>
<td>$5,309,398</td>
</tr>
</tbody>
</table>
Certified Regional Development Corporation Regions

Montana Department of Commerce

[Map showing regions of Montana with various colors and labels for each region.]
The Montana Technology Innovation Partnership…

- Offers no-cost, high-level, confidential, and individualized coaching services to candidate companies seeking to apply for federal SBIR and STTR funding.
- Helps Tech-based Montana companies compete more successfully for a larger share of the multi-billion dollars available from the Federal government to small technology firms.
- Coordinates with other programs serving small businesses, thereby avoiding duplication of services and resources.

Need for Program:
The Montana Technology Innovation Partnership is necessary for…

- Helping companies access the critical, early-stage capital essential for growing innovation into commercial success.
- Allowing companies to verify the feasibility of new technology; practicing and refining it.
- Allowing companies not required to repay either SBIR or STTR funds to spend more on jobs creation and wages.
- Helping businesses to access new money through federal programs without requiring matching funds of any kind.

MTIP offers guidance in

- Identification of potential R & D funding;
- Understanding complex proposal requirements and development;
- Understanding and planning patent and intellectual property strategies;
- Understanding federal grants, contracts and governmental accounting; and
- Developing a realistic commercialization approach.

Risks if Program is Not Continued:
Failing to renew funding for the Partnership would result in…

- The loss of MTIP support to the increasingly important technology based business community.
- The possible loss of $10 to $15 million annually in federal SBIR and STTR funds presently coming into the state.
- The loss of commercialization success arising from funded technologies which means the loss of more higher-paying jobs for Montana workers and the loss of increased tax base for Montana.
Montana Emergent Technologies
(Butte, MT) Montana Emergent Technologies (MET) won a Department of Energy’s STTR Phase I award. The STTR award will build on research at the Center for Biofilm Engineering at MSU to develop the biomineralization sealing technology for environments significantly different than currently targeted. This consists of sealing CO2 leakage pathways in a fractured shale environment and in the presence of petroleum hydrocarbons. Other potential applications consist of sealing cracks in cement plugs that are placed in abandoned oil and gas wells.

This project is the result of cooperative research with MSU, and a partnership with TechLink, who provided leadership on proposal development services to MET. MTIP provided assistance in areas of commercialization planning, initial market research, contracted accounting services, and Phase II strategic guidance. For more information about Montana Emergent Technologies, visit their website at www.mt-emergent.com.

Montana Molecular
(Bozeman, MT) Montana Molecular, a privately-held company developing next generation tools for drug discovery in living cells, has been awarded funding for Phase II Small Business Innovation Research (SBIR) from the National Institutes of Health (NIH). The project is entitled “Fast and Accurate Tools for Measuring Fluorescence in Living Cells”. MTIP personnel assisted in proposal development and submission.

This Phase II SBIR will contribute an additional $1.1 million to the project, allowing Montana Molecular to expand and improve its fluorescent cell-based technologies. In Phase I, the company earned accolades from the drug discovery industry including a place in the Journal of Laboratory Automation (JALA) “2013 JALA Ten” Breakthroughs in Innovation. Just recently, Montana Molecular’s technology was highlighted in the January 1, 2014 issue of Genetic Engineering News.

DermaXon, LLC
(Missoula, MT) DermaXon, LLC recently won a Small Business Technology Transfer (STTR) Phase I grant from the National Institutes of Health (NIH) has been selected for funding. This award will fund the first step in the lengthy process of developing a more effective treatment for Alzheimer’s, a disease that affects 4.5 million people each year in the U.S. alone. In particular, their discovery of a novel class of small molecules provides a strong rationale for the development of a new therapeutic strategy to treat or prevent progression of cognitive impairments associated with Alzheimer’s disease.

STTR projects require the involvement of formal "Research Institution" partners, and in this case, DermaXon’s two partners will be the University of Washington and The University of Montana. MTIP counselors provided substantial assistance in the development of DermaXon’s winning proposal.
MONTANA SMALL BUSINESS DEVELOPMENT CENTERS PROGRAM

The Montana Small Business Development Center Program…

- Provides one-on-one professional counseling, group training, and resources to individuals and small businesses that could not otherwise access or afford these services through a network of 10 statewide offices.
- Provides help primarily with the development of business plans, financial projections, market research, and financing strategies.
- Provides a high return on the state’s investment and a high level of accountability for program outcomes.

Need for Program:

- Montana has one of the highest rates of self-employment and one of the highest rates of new business start-ups every year, and consistently ranks near the top in entrepreneurial activity according to the Kauffman Index of Entrepreneurial Activity.
- Small businesses account for 75% of new job growth in Montana.
- The SBDC provides the professional support and direction that help these small businesses survive and become profitable.
- 85% of small businesses that receive support and guidance remain in business after the first three years, versus the national failure rate of 80% during that same period without assistance.

Program Goals and Measurements:

Through a statewide network of ten offices, The Montana SBDC will continue to…

- Offer no-cost business counseling and low-cost training to existing and start-up small businesses helping them to become profitable through developing business plans, financial projections, and marketing strategies.
- Improve the survivability of Montana’s small businesses and entrepreneurial activities through one-on-one business assistance and group trainings.
- Continue to maintain and target services with a state and federal budget that has not kept pace with inflation over the past 12 years.

The Montana SBDC will measure its success by tracking and reporting annually the…

- Number of clients receiving counseling.
- Number of clients receiving training.
- Number of counseling and training sessions
- Number of hours of counseling
- Number of existing, start-up, and pre-venture clients served.
- Economic impact: Number of jobs created and/or retained, the growth in sales, new state and federal tax revenues generated, and the dollar amount of SBA and non-SBA loans and equity capital.

Risks if Program is Not Continued:

- Failing to renew funding for the Montana SBDC would…
- Increase the likelihood of failure for those developing and potential successful businesses that cannot access guidance and support.

<table>
<thead>
<tr>
<th>SBDC</th>
<th>State Funding Per Year</th>
<th>State’s return on Investment of dollars (Federal/Local match dollars)</th>
<th>Number of loans/ capital infusion dollars</th>
<th>Businesses Counseled</th>
<th>Total counseling hours (Contact/Travel and Preparation)</th>
<th>Training Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$125,000/yr</td>
<td>3:1</td>
<td>$35 million</td>
<td>1,179</td>
<td>6,795</td>
<td>2,135</td>
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<td>2013</td>
<td>$125,000/yr</td>
<td>3:1</td>
<td>$36 million</td>
<td>977</td>
<td>6,335</td>
<td>1,541</td>
</tr>
</tbody>
</table>
Background:

Started in 2013 by Becky Thomas, Bex Bags creates purses that have discreet insulated compartments on the bottom of them which can be used to store water, wine or any other liquid.

Assistance:

Before starting her business, Becky wanted to discuss the launch of her new product. She wanted to talk about her operations plan, marketing plan, and price points for the bags. The Missoula SBDC assisted Becky with the operations plan and discussed how to establish price points for her bags.

Impact:

With the help of Amita Patel, Director of the SBDC at Montana Community Development Corporation in Missoula, Becky was able to get financing through an investor for working capital and inventory purchase. Bex Bags are currently sold at local retailers as well as online.

For more SBDC Client Success Stories, visit: [http://www.sbdc.mt.gov/success_stores.mcpx](http://www.sbdc.mt.gov/success_stores.mcpx)
The Montana Manufacturing Extensions Center…

- Assists manufacturers in adopting new, more advanced manufacturing technology, techniques, growth services, and business practices appropriate for small business.
- Provides information, training, decision support, and implementation assistance to Montana’s manufacturers in all industries from value-added agriculture and job shops to advanced technology and alternative energy companies.
- Provides professional services regionally with four located engineers to provide engineering, business management, efficiencies, growth, innovation, and technical assistance to manufacturers and R&D firms statewide.

Need for Program:
The Montana Manufacturing Extension Center is essential to the continued...
- Development of a diverse manufacturing base able to withstand nation-wide economic swings.
- Improvement of Montana’s manufacturing competitiveness, increased export activity, and increased sales and profits.
- Creation of more and better manufacturing jobs, that pay higher than average wages, and create jobs in other related sectors of Montana’s economy.
- Increases in the State’s tax base from manufacturing revenues which account for 20% of that base.

Program Goals and Measurements:
The Montana Manufacturing Extension Center will continue to...
- Provide training, engineering, growth, and business assistance to Montana’s manufacturers.
- Increase the amount of services offered by the MMEC to Montana’s manufacturers.
- Locate a field representative in Billings/Eastern Montana as funding allows.

The MMEC will measure its success by tracking and reporting...
- Increased and retained manufacturing sales figures.
- Increased and retained manufacturing jobs.
- Capital investments made in Montana-based manufacturing.
- Cash freed up for expansion through cost savings to Montana’s manufacturers.
- Clients served, projects completed, and counties served.

This information is collected and reported quarterly using a survey methodology developed and administered by the National Institute of Standards and Technology.

Risks if Program is Not Continued:
Failing to renew funding for the Montana Manufacturing Extension Center would result in...
- The loss of matching federal funds presently leveraged through the MMEC.
- Loss of support services which help to make Montana’s manufacturers more successfully competitive.
SUCCESS STORIES—PARTNERSHIPS THAT WORK

MMEC works with growing Montana manufacturing firms to gear up for quality certifications so critical to competitiveness, attracting new customers, and breaking into new markets.

Montana Hydraulics & FELCO Industries.

⇒ ISSUE: Railcar component buyers no longer considering components from non ISO-certified companies. Loss of a large bid after pre-qualification due to lack of formal certification.

⇒ MMEC taught a 3-day workshop covering the standard along with live audits at an actual manufacturing firm, and report writing practice along with delivery of audit findings to the host company’s management team.

⇒ MMEC provided a gap assessment and helped the quality team prepare for pre-audit and final certification audits.

⇒ RESULTS: Successful dual ISO certifications with shared “corporate” documents, providing efficiency and cost savings.

⇒ Market research shows opportunities for several million in new sales over five years.

⇒ Owners anticipate adding 10 technical trade positions & an engineer when new bids awarded.

View MMEC Success Stories at www.mtmanufacturingcenter.com

- Simms Wades Deep Into Energy Efficiencies
  www.mtmanufacturingcenter.com/PDFs/summer2014.pdf

- Willie’s Distillery: Working the Magic in Ennis
  www.mtmanufacturingcenter.com/PDFs/WilliesDistillery.pdf

- Innovation Meets Standardization: Neuralynx Pursuing the Medical Device Market
  www.neuralynx.com

MMEC has worked with nearly all 24 firms in the growing MT photonics cluster.
The Montana Cooperative Development Center…
- Provides assistance to individuals and groups starting new businesses utilizing the cooperative business model.
- Promotes the development of new cooperatives and the improvements of existing cooperatives as a means of meeting the economic needs of rural Montana.
- Focuses primarily on cooperatively organized enterprises that implement value-added agriculture, forestry, energy, housing, transportation, clothing, fitness, artisans, etc.

Need for Program:
The Montana Cooperative Development Center is essential to the continued…
- Growth and development of cooperative efforts among businesses which allows for increased markets and improved viability for participating businesses.
- Capacity to leverage federal funds building viable business opportunities and expanding state revenues.
- Retention of businesses through the establishment of effective and efficient cooperative efforts.

Program Goals and Measurements:
The Montana Cooperative Development Center will continue to…
- Develop and maintain businesses in rural Montana using the cooperative business model.
- Provide professional assistance to individuals and groups starting new businesses through the application of the cooperative business model.
- Promote new cooperative business efforts and work to improve the efficiency and effectiveness of existing business cooperatives.

The Montana Cooperative Development Center will measure its success by tracking and reporting…
- The number of existing cooperatives that have been strengthened by Center activities
- The number of new cooperatives that have been formed through Center activities.
- The number of direct jobs created, total payroll benefited, and the potential economic sector benefit produced through new and existing business cooperatives.

Risks if Program is Not Continued:
Failing to renew funding for the Montana Cooperative Development Center would…
- Close the only existing statewide resource for business cooperative development.
- Put many small, rural Montana businesses in jeopardy by reducing their capacity to form and maintain effective business cooperatives.
- Reduce the number of small, rural Montana businesses that survive and thrive without effective cooperative efforts.
SUCCESS STORIES—PARTNERSHIPS THAT WORK

A Sampling of Projects

Linx Transportation Co-op  Last Chance Cafe (Sunburst)
Mobile Home Park Co-op  Vegetable Growers Co-op
Women's Business Incubator Co-op  Lazy JC Cooperative
Riverside Crossing Cooperative  Northwest Pork Cooperative
North Central Senior Housing Co-op  Wind Energy
Got Socks Community Owned Store  Artitudes Art Gallery

Hamilton Farmers Market Cooperative
Big Fork Farmers Market Cooperative
Micro Brewery, Commercial Kitchen and Restaurant Cooperative (Glendive)
Montana Branded Beef Association Cooperative (MBBA) (Statewide)
Montana Board of Research a Commercialization Technology (MBRCT)…

- Provides a predictable and stable source of funding for research and commercialization projects.
- Expands and strengthens research efforts for the state’s basic industries helping to increase their impact on the state’s economy.
- Expands research efforts into areas beyond the scope of the state’s basic industries diversifying and strengthening the state’s economic security through the creation of technology-based operations and long-term quality jobs.

Need for Program:
Research has become an important industry in Montana, but competition for funding is keen.

- Sponsored research in Montana exceeds $100 million annually and MBRCT funding plays an important role in the efforts of companies and the MUS to obtain research funding
- Companies can apply directly to MBRCT for funding
- Most of the MUS research projects sponsored through the MBRCT directly involve Montana companies resulting in a university research-technology transfer-company commercialization model that has proven very successful in expanding economic development in the state.
- MBRCT funds are used by MUS research infrastructure projects to demonstrate the state’s commitment to the development of effective research efforts leveraging millions of additional federal dollars.
- Many of the MBRCT funded research and commercialization projects have resulted in the sale of new products by Montana companies.

Program Goals and Measurements:
The MBRCT program will continue to…

- Provide a predictable and stable funding source for research and commercialization projects.
- Expand and strengthen research and commercialization efforts for the state’s industries increasing their positive impact on the state’s economy.

The MBRCT will measure its success by tracking and reporting…

- The total matching funds leveraged by research and commercialization state funds. (at least 25% of total project costs).
- Additional funds obtained by Montana projects after receiving MBRCT funds, known as follow-on funding.
- Commercialization successes.

Risks if Program is Not Continued:
Failing to renew funding for the MBRCT would result in…

- Lost capacity to compete effectively for research and commercialization funds from public and private funding sources.
- Lost ability by the MUS and other research and commercialization facilities to help Montana-based companies to develop new products and to compete nationally and internationally for revenues.
- Direct losses to state tax revenues through reduced tax-base, in long-term jobs, and of leveraged research and commercialization dollars presently brought into the state by MBRCT efforts.
- Reduction of the ability of Montana to compete in the technology marketplace.

Montana Department of Commerce
Enhancement of Applied/Translational Research in Biomedicine
Richard J. Bridges – University of Montana
Funded FY2001-FY2015 in the amount of $2.2 million
Matching Funds Leveraged: $2.4 million
Follow-On Funding: $38.2 million

“Design and implementation of this project represents one of the best ways in which university-based research can be leveraged and directed toward economic development in Montana”…Dr. Richard Bridges, the Principal Investigator and Chair of the Department of Biomedical and Pharmaceutical Sciences within the College of Health Professions and Biomedical Sciences at the University of Montana.

The MBRCT has provided multi-year funding for this project which leverages a National Institutes of Health (NIH) Center of Biomedical Research Excellence (COBRE) award. The overall goal was to establish the Center for Structural and Functional Neuroscience (CSFN) for the purposes of increasing critical mass of researchers and providing needed infrastructure to increase the competitiveness of biomedical research efforts in Montana. This project is successfully having a long-term positive impact on Montana’s economy by:

⇒ increasing jobs through the acquisition of federal research grants and contracts
⇒ enhancing collaborations with private sector companies
⇒ developing and protecting intellectual property that can be commercialized through existing or new companies.

Under the leadership of Dr. Richard Bridges, the project has successfully created an academic environment at the CSFN where products and technologies are being developed and collaborating private sector companies are commercializing them. The strength of this strategy lies in the number of seed projects that have developed new start-up companies, or partnered with existing companies. These companies have attracted other sources of financial support, such as Small Business Innovation Research (SBIR) funding, MBRCT funding and private capital. A strong emphasis is placed on the development of novel diagnostics, devices and/or therapeutic agents related to the treatment of brain injury or disease. In the past few years, these efforts have led to the development of numerous patents and establishment of six biotech start-up companies:

1. Synapis Pharma
2. ATERIS Technologies
3. Transynaptic
4. Rio Pharmaceuticals
5. DermaXon
6. Wintermute Biomedical

These are major steps forward that have had profound economic impact on the development of future biotechnology in Montana.
Worker Training Grant Program
Primary Sector Workforce Training
Performance Measurements 2007-2014

Worker Training Program...
• Provides grant funds to existing and new Montana businesses for new worker training.
• Designed to encourage job creation and business expansion in primary sector businesses.

Need for Program: Montana continues to struggle with low wages and under-trained workers. The Worker Training Program is needed to...
• Provide an essential incentive for new businesses to locate to Montana. State-supported worker training programs are among the incentives most important to expanding or relocating businesses.
• Provide existing businesses with essential support for new worker training that allows them to expand their business in Montana without needing to leave the State.

Program Goals and Measurements: The Worker Training Program will continue to...
• Attract new businesses to Montana by providing state support for new worker training as a major incentive to relocation.
• Assist new and existing businesses to create new jobs that pay a minimum of 170% of the state’s minimum wage or the county average wage thereby raising wages across Montana.
• Measure its success by tracking and reporting...
  ♦ The creation of eligible new jobs and the hiring of employees for those jobs.
  ♦ The salaries of trainees and changes to salaries through the project.
  ♦ Summaries of the training program as planned and as delivered.
  ♦ Amount expended for each trainee.
  ♦ Amount of investment by the businesses. Currently, the companies are providing $7.10 of matching funds for each $1 provided by the program.

Risks if program is not funded:
Failing to renew funding for the Worker Program would result in...
• The loss of an essential incentive for new businesses to relocate to Montana. In the past five years, the WTG Program awarded over $1.1 million as an incentive to attract four new businesses to Montana, resulting in over $15 million investment by the businesses, and creating over 240 good-paying jobs.
• The loss of support for new worker training programs.
• The loss of a competitive recruitment and retention tool. All the surrounding states have various training program, putting Montana at a significant disadvantage for expanded jobs and businesses.

Impact of Reduced Funding Level for FY 12-15
FY12—100% of the $1,000,000 appropriation was awarded to project within nine months of the fiscal year.
FY13— 80% of the $1,000,000 appropriation was awarded to projects within the first month of the fiscal year.
FY14/15— 100% of the biennium appropriation was awarded to projects within 10 months of the biennium.

*During FY10-11 training funds were available for both existing and new workers

Montana Department of Commerce
ADF International
The Montana Department of Commerce awarded a $600,000 Primary Sector Workforce Training Grant (WTG) to ADF International of Great Falls to train 120 workers in the company. ADF International is one of the North American leaders in the design, engineering of connections, fabrication, assembly and selective installation of complex structural steel projects. The Company specializes in large-scale projects with high-technology and high-engineering requirements.

ADF International continues strengthening its position as a North American leader in structural steel, and developing the overseas market by entering into strategic alliances with major engineer firms and steel fabricators who have a continued presence on the international scene.

ADF International constructed a new 200,000 square foot fabrication facility in 2013. ADF International chose Great Falls, Montana for their new location based on access to custom training programs, skilled and competitive labor force, investment incentives, professional, and dedicated and motivated people at the municipal and state levels.

In 2014 ADF International started the construction of their new 100,000 square foot Paint shop which will create an additional 24 jobs. The Paint Shop is expected to be utilized by the end of the year.

ADF International Inc. does business with several of the largest North American general contractors and world-class engineering firms. These clients appreciate ADF's know-how, quality products and reliability of services, as well as its swift execution and respect of deadlines. Hence, repeat business plays an important role in ADF's project log, as more projects are awarded to the company by clients for whom ADF has been a partner on previous contracts. It allows ADF to do business with clients who understand, recognize and value the company's skills. Currently, ADF International Inc. is developing the Western Canadian market as well as the Western and Southwestern United States. The proposed location in Great Falls, MT is an integral component of this strategy. We are currently pursuing contracts in Alberta and Saskatchewan and will continue to aggressively pursue these regions. There is great opportunity in the Industrial, Commercial and Public Infrastructures sectors in Western Canada which has been buoyed by the expansion of gas, oil sands and potash industries. There is also strong growth in infrastructure needs in the Western and Southwestern United States which we also are pursuing.

The Montana Census and Economic Information Center (CEIC) completed a cost benefit analysis of the WTG award to determine the potential payback to the state’s General Fund through the WTG grant investment. Based on CEIC analysis, the State of Montana’s return on its investment of $600,000 of WTG funds equated to $331,653 annually; thus the payback of the WTG investment to ADF International was less than two years.
Indian Country Economic Development (ICED) Program
Performance Measurements 2006-2014

The Indian Country Economic Development (ICED) Program provides funding for...

1. Tribal Priority Projects at $560,000 per year ($70,000 per tribal government) for economic development activities including:
   - Tribal business development,
   - Workforce, and entrepreneurial training projects,
   - Feasibility studies, and
   - Other priority Tribal economic development projects.

2. Montana Indian Equity Fund at $112,000 per year ($7,000 per award) for:
   - Start-up and expansions of tribal member-owned businesses on or near reservations as designated by local review committees

3. Indian Entrepreneur Training, Technical Assistance and Best Practices for each of Montana’s recognized tribal communities at $35,000.

Need for Program: Montana’s Reservations continue to struggle with high unemployment and underemployment, along with low wages. The Indian Economic Development Program is needed to develop and promote sustainable economies in Indian Country by...

- Providing necessary resources to existing Tribal businesses to help them expand operations and facilities, train and employ new workers, and thrive.
- Providing necessary resources to encourage the development of new Tribal businesses creating new job opportunities, and improving the overall economies of Montana’s Reservations.
- Encouraging entrepreneurship and private business opportunities in tribal communities that have a persistent lack of access to affordable credit and capital.
- Providing business skills training to the growing numbers of entrepreneurs who are the necessary “risk takers” in a healthy, free-market economy.

Program Goals: The Tribal Economic Development Program will continue to...

- Assist tribal members in Montana get hired into permanent full-time jobs, start their own businesses, and improve their economic circumstances,
- Fund priority economic development projects identified by the Tribal Governments that will allow the Tribal Governments to provide more employment opportunities and greater wages to their citizens over the long term,
- Fund individual private businesses that are starting-up or expanding with small grants and technical assistance that helps to develop the private sector economy on the reservations in Montana and with the Little Shell tribe, and
- Provide funding for entrepreneurial training to tribal members so that they have a better chance of success in starting and growing their own businesses.

Program Measurements: The success of the program is measured by tracking and reporting:

- Number of jobs created, retained, or trained as a result of ICED investment.
- Amount of matching funds.
- Leverage ratio with other funds.
- Number of projects that met or exceeded their proposed goals.
- Number of small businesses started or expanded.
- Number of Indian Entrepreneur attendees and technical assistance participants

Risks if program is not funded: Failing to renew funding for the Tribal Economic Development Program would result in...

- The loss of support for new business and existing development on Montana’s Reservations that have begun to show results in improving the economies of tribal communities.
- Continuing issues with high under-employment, unemployment, poverty, and lack of economic opportunities on Montana’s Reservations.
Since 2011, the Confederated Salish & Kootenai Tribes have funded a total of 29 businesses. As of summer 2014, 26 of those businesses are still operational. While many of these businesses are owner-operator businesses, they've create a total of 78 jobs.

The Little Shell Tribe has successfully established and expanded their Tribal Visitor Center at the base of Hill 57 in Great Falls Montana to host community events and house their unique historical experience as a state-recognized tribe. Additionally, the Little Shell purchased a 27,000 square foot office building to generate revenue for a tribe that receives no federal treaty-based support.

The Blackfeet Tribe will be investing 2015 ICED funds into tribal recreation property development to upgrade their RV parks and campgrounds to capture tourism revenue associated with Glacier National Park opportunities. These funds will help develop capacity, management infrastructure, and marketing of the unique Blackfeet experience.

The Crow Tribe has successfully leveraged their Indian Entrepreneur training opportunities through the Apsaalooke Nation Revolving Loan Fund staff. One-on-one technical assistance, business planning courses, and financial literacy courses. The staff has recently started facilitating a Crow Native Days business market to encourage local native producers to sell their goods during high traffic event. Over 1,000 instances of training and technical assistance have resulted from the combined efforts of the Indian Entrepreneur training and partnering economic development organizations.

The Fort Belknap Indian Community has built upon its character as an agriculturally-rich reservation. Its developments of a meat packing facility, smoked meat value-added producer, restaurateur, food and livestock co-operative have developed the value of locally produced foods through value chain development.

Fort Peck Tribes have developed their rail spur opportunities through the tribal corporation, Bison Rail LLC. Bison Rail will act as the leaseholder and landlord of the rail spur under an agreement with Burlington Northern Santa Fe (BNSF). 80 feet of track was rebuilt in the west switch. West Electronics, another tribal corporation, will conduct the transload and warehouse operations when the spur rehabilitation is complete. Once fully rehabilitated, this rail spur area will provide multiple revenue stream opportunities.
The Office of Trade and International Relations...

Increases and enhances trade and export opportunities for Montana companies; maintains diplomatic relationships, and

- Provides one-on-one and group technical assistance for market development and export compliance,
- Provides business-to-business marketing funding through the Trade Show Assistance Program and Montana International Marketing Assistance Grant Program (through the SBA STEP Grant)
- Maintains an overseas office for promoting agriculture, tourism, value-added products, and opportunities in higher education to East Asian markets.
- Maintains an Online Products Directory (www.MadeInMontanaUSA.com) and the “Made in Montana”, “Grown in Montana”, and “Native American Made in Montana” certification (logo) program.
- Provides wholesale trade show opportunities through the annual Made in Montana Trade Show and the Billings Regional Market Montana Pavilion.
- Serves as the international liaison for the Governor’s Office and the Montana Department of Commerce.

Need for Program:
Expanding domestic and international markets is critical to building Montana’s economy.

- All commodity exports from Montana totaled $796 million in 2000 and grew to $2.43 billion by 2013.
- Increasing competition from other states, regions and countries promoting their products and commodities worldwide.
- Provides targeted market expansion opportunities through domestic and international trade events, missions, and seminars.
- Exporting helps companies diversify their markets in order to better weather downturns in the domestic economy.
- Represents the State’s interests in international trade, agriculture, tourism development and education.
- Continued research and export compliance information is critical to helping business expand their exports.

Program Goals and Measurements:
The Office of Trade and International Relations continues to...

- Assist companies to successfully compete in domestic and global marketplaces.
- Provide information so companies will be in compliance with US export regulations.
- Promote Montana internationally as a premiere tourist destination, as well as a source for investment and educational opportunities.

The work of the Office of Trade and International Relations will measure its success by tracking and reporting...

- Overseas sales of Montana products annually.
- Trade show & marketing assistance provided to Montana companies annually.

Risks if Program is Not Continued:
Failing to renew funding for the Bureau would result in the...

- Loss of competitive advantage for Montana businesses in domestic and overseas markets especially in East Asia.
- Inability to assist Montana business dot develop and grow new markets.
- Elimination of the Made in Montana Program.

### Statistics for 2000-2013

<table>
<thead>
<tr>
<th>Current Level Funding</th>
<th>Export Sales in 2013</th>
<th>Total Export Sales Since 2000</th>
<th>Export Sales Average Increase Per Year</th>
<th>Businesses Directly Assisted Per Year</th>
<th>Made in Montana Participants as of 11/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$300,000/yr.</td>
<td>$2.43 Billion</td>
<td>$120.5 Billion</td>
<td>9.63%</td>
<td>1043</td>
<td>2,536</td>
</tr>
</tbody>
</table>
OFFICE OF TRADE & INTERNATIONAL RELATIONS
SUCCESS STORY FROM THE
MONTANA INTERNATIONAL MARKETING ASSISTANCE PROGRAM 2011-2014

Summary of Montana’s Participation

TOTAL FEDERAL FUNDING – (Year 1 and 2) - $555,000

RESULTS - $32.5 million Company Reported Sales-to-Date (Results will increase as final figures are reported.)

ACTIVITIES - 137

Eligible small businesses participated in one or more of four different activities*:

1. International Trade Show Exhibition (75 awards)
2. Language Translation Services & Production Fees (15 awards)
3. Market Access & Research through the US Commercial Service (12 awards)
4. Participation in Montana Pavilion at Natural Products Expo West and Natural Products Expo East trade shows 2011 through 2013 - Commerce purchased booth space and invited 8 companies per show to exhibit. (30 awards)

* Companies were required to provide 25 - 50% match to receive most award as well as participate in export and international marketing counseling from the Office of Trade & International Relations.

COMPUINES ASSISTED – 48*
5.19 Oilfield Services
Agmor, Inc.
Aqua Creek Products
Amalgamated Sope Co
Amalthea Dairy
Bremelle, Inc.
CUC Software, Inc.
DAQ Systems
DaySpas Body Basics
Drake Water Technologies
Global Data Co
Gluten Free Prairie
Grainmaker
Great Northern Pasta Co
Headframe Sprits
HS Munitions, Inc.
J&M Grain, Inc.
Kamut International
King’s Cupboard
Lattice Materials
Link Communications, Inc.
Meissenburg Designs
MicroLab, Inc.
Montana Flour and Grains
MontanaGROW
Montana Hydraulics, LLC
Montana Specialty Mills
MorTan, Inc.
MT RigMats, LLC
Neuralex
OP TECH
Planetary Design, LLC
PDT, Inc.
Quinn Farm & Ranch
Rattlesnake Farms/Ten Spoon Winery
Resodyn Acoustic Mixers
Resonon, Inc.
Robarr, Inc.
Rocky Mountain Log Homes
Spika Welding & Manuf
SRS Crisafulli, Inc.
Sustainable Lumber Co
Timeless Seeds, Inc
Tipu’s Chai, Inc
TowHaul Corporation
Tracer Technology Systems
Wayfare, Inc.
West Paw Design
Wood’s Powr-Grip

*The number of companies assisted is lower than the number of awards given because a company was eligible for more than one award per year.

MARKETS REACHED
Brazil
Canada
China
Columbia
Czech Republic
Ethiopia
Finland
France
Germany
Israel
Italy
Japan
Malaysia
Mexico
Netherlands
Norway

Poland
Russia
Saudi Arabia
Singapore
South Korea
Spain
Thailand
Turkey

United Kingdom
Global Markets-
through International
shows held in the
USA

LANGUAGE TRANSLATIONS
Chinese
Czech
Dutch
Finnish
French
German
Italian
Japanese
Korean
Norwegian
Polish
Russian
Spanish
Swedish
The Food & Agriculture Development Center Program, authorized by the 2009 Montana Legislature, is a statewide network of four centers. Its purposes are 1) to increase Montanan’s capacity to produce food, farm-derived renewable energy, and other value-added agricultural products; 2) to retain in the state’s local communities a greater share of consumers expenditures for food, energy and other value-added agricultural products, and 3) to make the end products of Montana agriculture more accessible to Montanans and others. The four centers are located in Havre, Joliet, Butte/Dillon, and Ronan.

Need for the program:
- Food manufacturing is the number one top manufacturing sector for potential job growth and capital investment, according to 2013 Montana Manufacturing Extension Center and MSU Extension small manufacturing survey, The Challenges to Manufacturing Growth in Montana.
- Growing demand for locally grown and processed products offers an unprecedented opportunity for Montana food and agricultural businesses.
- As these fledgling Montana companies address this economic opportunity for the state, they face new food safety regulations, labor force and transportation challenges, and limited access to capital. Counselors at the Food and Agriculture Development Centers are there to provide them with technical assistance and the necessary resources for success.

The Four Food and Agriculture Development Centers will continue to...
- Provide facilities and technical expertise for product development, testing, analysis, and labeling
- Offer training in regulatory compliance and safety planning and implementation
- Provide affordable pilot plant and food processing options
- Educate on industry dynamics and technologies
- Analyze changing markets, particularly in the food and energy sectors
- Offer access to financing
- Assist with cooperative development and business planning
- Facilitate business networking

Failure to renew funding for the Montana Food and Agriculture Development Network would...
- Slow development of Montana’s growing food manufacturing sector, for which this program provides unique and necessary services
- Slow the growth of labor income attributed to Montana’s food manufacturing growth
- Make small business’s ability to comply with the new Food Safety Modernization Act requirements more difficult
- Inhibit the start-up of new food, farm-based energy, and other value-added ag-businesses
- Increase the likelihood of failure for those entrepreneurs in the food and energy sectors that would otherwise lack access to affordable facilities, training and other tailored assistance that the Food and Ag Centers uniquely provide.
The Food and Agriculture Development Centers, located in Havre, Joliet, Butte, and Ronan, served 197 clients in 43 counties in FY2014. Here is a snapshot of their activities. More business profiles and success stories can be found at www.foodandag.mt.gov

With the assistance of the Bear Paw Food and Agriculture Development Center, Triple Divide Spirits received Growth Through Agriculture funding to purchase an additional still and double their production. The Helena company is currently exploring further expansion.

Big Sandy Meat Shop received operational and debt clean-up funding and added two full-time employees. Additional expansion is being planned.

The Beartooth Food and Agriculture Development Center helped obtain funding for, and assisted in, the development of marketing plans for Fishtail General Store and Muddy Lamb Studios in Fishtail, and Spicz Galz and Yellowstone Valley Farms in Laurel.

Warren Wind Project, in southern Carbon County, gained momentum in 2014 when Everpower of Pittsburgh, PA invested over $500,000 in development of the site.

Headwaters Food and Agriculture Development Center assisted more than 20 businesses in applying for Growth Through Agriculture funding, resulting in $688,422 in public and private funds being invested in local value-added agriculture businesses.

The Mission Mountain Food Enterprise Center (pictured right) expanded their Farm to School Program in collaboration with the Western Growers Cooperative. The program is serving six regional and two statewide school districts in the delivery of fresh fruits and vegetables, as well as other processed products.

The Mission Mountain Food Enterprise Center provides processing infrastructure for The Orchard at Flathead Lake, Tipu’s Chai Tea, Uncle Bill’s Sausage Company, Rook’s Hot Sauce, Angel’s Fire Fat Robin Orchard, Eric’s Wicked Seasoning, Mustard Seed Specialty Sauces, and other Montana companies.
The Montana Growth through Agriculture Program...

- Strengthens and diversifies Montana’s agricultural industry by assisting with the development and growth of agricultural businesses that want to commercialize and market new agricultural products and processes, create new jobs, and expand small business opportunities.
- Provides grants and loans to individuals, businesses and organizations, public and private agencies and organizations, educational institutions, and local government.
- Is an integral component of the Department of Agriculture’s Development and Marketing Bureau and Food and Agriculture Development Center network, which provides expertise to agricultural companies and individuals seeking to develop new markets, increase economic outcomes, and research new business models.
- Creates incentive for innovation—new processes and crops, new food products.

Need for Program:
The Growth through Agriculture Program is needed to...

- Support Montana’s agricultural industry to access financial assistance for the development and expansion of innovative products and processes, and the establishment of new markets.
- Provide access to financial assistance of both loans and grants to assist Montana’s agricultural businesses increase their success.
- Provide access to marketing and business assistance for existing agricultural businesses seeking to expand.
- Provide new agricultural businesses with technical assistance, business planning, financing, project coordination as well as legal and regulatory guidance.

Program Goals and Measurements:
The Growth through Agriculture Program will continue to…

- Establish partnerships between state government and commercial agricultural businesses to develop and expand new markets.
- Develop markets for both new and existing agricultural products, create new jobs, and expand economic opportunities.

The Growth through Agriculture Program measures its success by tracking and reporting...

- The total number of awards and clients.
- The number and economic impact of projects.
- The number of new and/or retained full-time equivalent jobs added to the economy, and the amount of financial return attributable to successful projects.

Risks if Program is Not Continued:
Failing to fund the Growth through Agriculture Program would…

- Significantly reduce Montana’s ability to compete in domestic, national, and international agricultural markets.
- Significantly decrease the technical and financial assistance available to individuals, businesses and organizations working to develop and effectively market innovative agriculture based enterprises and products.
- Decrease jobs, incentive for innovation, and funds invested to build agricultural businesses.
Below is a list of some of the successful businesses that have grown and expanded as a result of utilizing Growth Through Agriculture program funding.

- Becky’s Berries – Absarokee
- Western Montana Growers Cooperative – Arlee
- Chalet Market Incorporated – Belgrade
- Montana Horizons Food Co LLC – Big Sandy
- Trevino’s Tortillas LLC – Billings
- Gallatin Valley Botanicals Incorporated – Bozeman
- Headframe Spirits Incorporated – Butte
- Bear Paw Meats LLC – Chinook & Havre
- Robarr LLC – Conrad
- Dell Center/L&S Meat Processing – Dell
- Great Harvest Bread Company – Dillon
- Montana Flour and Grains – Fort Benton
- Triple Divide Spirits – Helena
- Kalispell Kreamery – Kalispell
- Botanie Natural Soap (made with MT Safflower oil) – Missoula
- Tongue River Vineyard and Winery LLC – Miles City
- Powder River Meat Company LLC – Terry
- Britz Hops Project – Whitefish

More details on these and other projects funded by the Growth Through Agriculture program can be found at http://agr.mt.gov/agr/Programs/Development/GrantsLoans/GTA/. Scroll to the bottom of the page and click on links to Growth Through Agriculture projects funded by Fiscal Year.
The Incumbent Worker Training Program

- Provides grant funding to help small businesses purchase short-term skills-based training or certified education for their existing permanent employees.
- Offers up to $1,000 (part-time) and $2,000 (full-time) for each employee each year.
- Helps businesses remain competitive in their industry, community, or the economy.
- Helps preserve existing jobs for Montana residents through customized training.
- Upgrades the skills of employees, helping them to be more efficient and valuable.
- Is for small businesses employing 20 or fewer workers in any one location, and 50 or fewer workers statewide.
- Encourages engagement between businesses and local economic development organizations (BEAR, MMEC, and SBDC), who present recommendations for IWT grant funding.
- Is operated by the Montana Department of Labor and Industry, in partnership with economic development organizations:
  - BEAR—Business Expansion and Retention
  - MMEC—Montana Manufacturing Extension Center; and
  - SBDC—Small Business Development Centers.

Testimonials

- **Okamoto Arbor-Care** has grown their business from $100,000 to $400,000 a year by helping their employee become a certified arborist.
- **Flathead Animal Clinic** has increased their annual income by over $30,000 when they trained employees to use new state-of-the-art ultrasound diagnostics and digital dental imaging equipment.
- **Nova Café** expanded their facility, increased revenue 10%, and improved efficiency in service and customer experience when they utilized training for baristas and social media marketing.
- 99.8% of employees who received grant funded training experienced wage growth in the next year, an average of $769 per quarter!

Goals and Measurements

- The number of applications approved
- The number of workers trained
- The portion of the available funding which was granted

Risks if Program not Funded

Failing to fund the Incumbent Worker Training program could...

- Mean that small businesses would struggle to fund training needed to enhance the job skills of their employees.
- Jeopardize the ability of small businesses to remain competitive in today’s markets.
- Slow wage growth of employees working for small businesses.