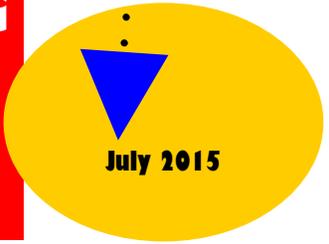




Richland Economic Development Corp



Inside this issue:

Senator Tester's Visit	2
Community Complex	3
Oil Economy	4
Oil Economy	5
Airport Improvements	6
Fair 2015	7

Shale Energy Supply Chain Workshop

The Pennsylvania Small Business Development Center (SBDC) recently worked in cooperation with: MT SBDC, Great Northern Development Corp, MT Dept. of Commerce (MT DOC), MT Dept. of Environmental Quality (MT DEQ), MT Manufacturing Extension Center (MMEC), Richland Economic Development Corp, as well as local businesses to provide a workshop in Sidney. The workshop was intended to shed light on the best methods for small businesses and entrepreneurs to attract contracts with established oil and gas companies in our area.



The workshop was held May 14, 2015, at the Community Services Building. The discussion focused on the benefits of small businesses: those that are currently part of the supply chain, or those considering new opportunities within the industry.

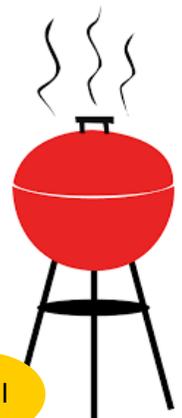
The workshop created a platform that identified resources that the organizations and companies offer to small businesses to start, grow, and become sustainable. Other topics included: the current status and industry trends, supply chain opportunities, industry expectations, natural gas & oil utilization opportunities, how to improve efficiency, reduce risk, best

Pennsylvania Small Business Development Center Reps visiting Sidney

practices, and smart steps to sustainability. The Montana presenters included: Paddy Fleming, MMEC, John Podoliysky, DEQ, Leslie Messer, REDC, and Lorene Hintz, SBDC.

REDC also asked local business reps from within our area to discuss working with the oil and gas companies. Blaine Rogers, Door Bust'n Portables, Leslie Whiteman, S/L Services, and Gary Schoepp, Action Auto served as panel participants. These folks described how their operations were reliant upon the oil and gas activities.

REDC was pleased to collaborate with Lorene Hintz, GNDC, to market and participate in this opportunity.



Senator Tester's Infrastructure Meeting

US Senator Jon Tester held a roundtable discussion covering the topics of infrastructure, law enforcement needs, school funding, and the Lower Yellowstone Irrigation Project in Sidney on May 31, 2015.



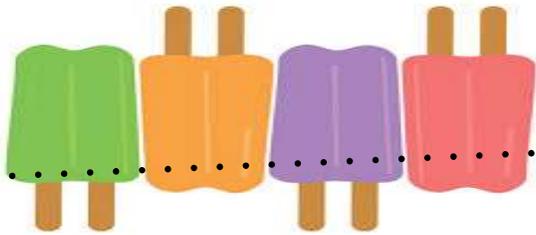
Photo courtesy of Mike Francingues, Sidney Herald

Tester toured several Eastern Montana communities and held listening sessions. Invited to these meetings were: city, county, law enforcement, school, and economic development representatives. “In my opinion,

you guys have the biggest infrastructure needs in the State of Montana. I don't think this boom will end in a week or two. The quicker we get infrastructure addressed, the better it will be for the whole state.” Housing ranked as one of the top three priorities for the area. Unfortunately, Tester's office cannot assist with housing, due to the median income of our area being above the eligibility requirements. Tester advised the audience to start preparing for the 2017 Legislature now. “I would start right now so that you'll be ahead of the game.”

Leslie Messer was invited to give an overview of the economic activities occurring in the County. “With the drop in oil prices, we're noticing that many of the oil and gas companies are analyzing and streamlining their processes. This can mean laying off employees. However; we haven't seen a mass exodus of people moving out of the area.” Messer also reported to the Senator how important it was to keep a pulse on the Lower Yellowstone Irrigation Project's future. “The loss of the LYIP's ability to provide a reliable source of water to our agricultural growers would be devastating: not only to our immediate area, but to the State of Montana.” Tester acknowledged the need to stay informed, and stated that he would have his office communicate with LYIP to see how he might be able to help.





Richland Community Complex



“The Richland Community Complex is committed

to creating a positive community facility that will enhance the lives of our residents by addressing the physical, cultural, and educational needs of our area.”

This is the mission put forth by the Richland Community Complex Board as they continue their work to enhance our area with the addition of a community complex. Six months ago the board officially launched its capital campaign in the hopes to raise enough money to build an all-encompassing complex on land donated by Joe Russell and family near Reynold’s Market. In June, REDC attended public meetings and stakeholders breakout sessions with the board members and Joel Feldman, a consultant hired by the board from Conventions, Sports and Leisure International. Mr. Feldman and the board are on the first phase of a study to determine the most

successful way to bring this complex to our community. Leslie met with them to discuss the needs seen in our community as well as to discuss the economic impacts of bringing a complex like this to our county. The complex is a long term plan and something that everyone is excited to be able to support in Richland County. Lisa Gorder, Project Coordinator for the Richland Community Complex stated that this project is about three things “Opportunity. Vision. Community.” REDC is committed to offering assistance to the committee, and identifying the best feasible means to accomplish this goal for our county.



How does the price of oil impact our local economy?

The price of oil has certainly become the major talking point in the Bakken. Our office has been asked repeatedly, “So how has this affected your economy?” We have done some extensive research and interviewed folks within the



oil and gas industry, and this is what we learned: The past nine months have been particularly challenging for the industry. Oil lost half its value, as crude oversupply upset the stability in the markets. The global economic recovery is showing encouraging signs, as oil demand is slowly improving. Investors and producers alike want to see some sure signs of stability... no one wants to invest large amounts of money into unused equipment or plants. There’s a renewed focus on infrastructure: several larger companies are beginning construction of gathering systems, rail sidings and pipelines. It’s become clear that infrastructure development will continue, regardless of oil pricing. The City of Sidney continues to work on the lagoon, as planned; and the number of building permits is at an all-time high. With the volatility in the markets, many companies are now focusing on growth, reducing costs, and identifying ways to increase cash flow. This may mean the layoff of employees, reducing hours, reducing wages or benefits, outsourcing, changing service delivery models, as well as better planning and budgeting. However it’s not all gloom and doom in the oil sector. Companies that become “leaner, meaner, and more efficient”, predict that they should see employee headcounts increase over the next two years.

As with any business in our community, in order to achieve growth in this environment, these companies must be agile in their business models to adapt to the changes. This will end downturn towards a

able them to ride out this more stable future.



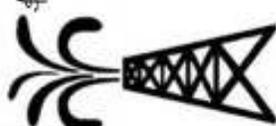
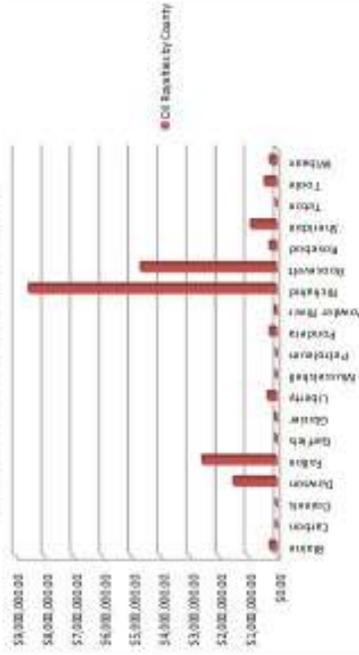
Oil and the Economy of Richland County

Where is the oil coming from?

% of total Oil Production



Oil Royalties on State land by County

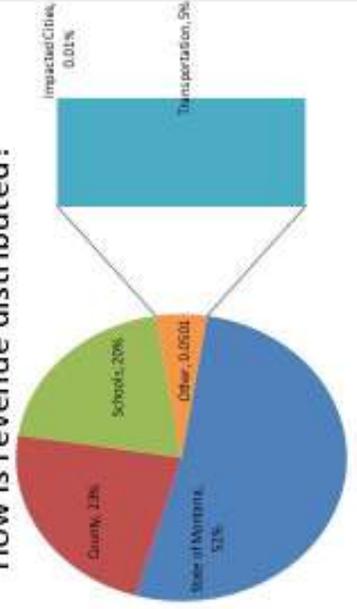


State Total first quarter 2014-2015: 52% - **\$6,869,338.30** (36 oil producing counties)



County Total Collected 1st quarter 2014-2015- **\$25,059,229.28**

How is revenue distributed?



Total Revenue collected (millions) in 2014 :

\$236,496,773.00

General Fund Portion (in millions) in 2014:

\$109,606,216.00

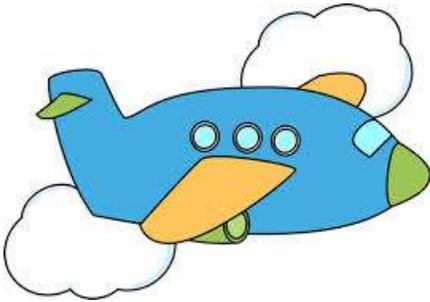
\$7.5 Million dollars

* Working interest holders have an 18 month tax holiday

* State receives 15% royalties for non-working interest holder for entire life of the well.

School Total: 20% of revenue- **\$2,751,025.25**
 School Total: Guarantee account: **\$1,718,979.98**
 Retirement for schools: **\$122,784.29**
 County School Impact Fund: **\$613,921.43**





Sidney-Richland Regional Airport Master Plan

Leslie was honored to serve along several other community members on a task force charged with proofing the master plan for the airport.

In 2014, the airport authority hired Kadrmas Lee & Jackson, and in conjunction with the FAA, began the process of developing a 20 year master plan. The plan includes current airport conditions, forecasting future aviation activity levels, future facility requirements, and how to plan and implement the needed changes.

The assessment is being driven because of the lack of facility space on the north side of runway 11-29, or the East-West runway. There is only space enough for one small hangar. One alternative is to develop the area south of the East-West runway, and that is the direction that the scope of the work of the plan is focusing on.

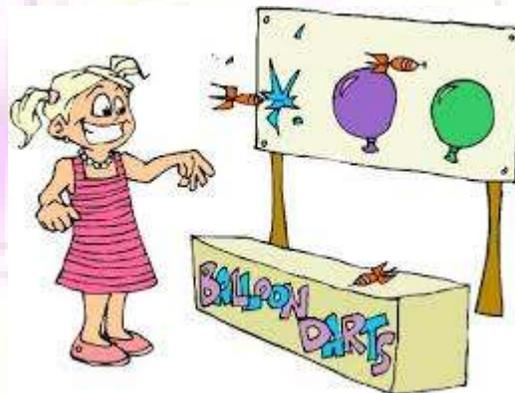
There have been several options and phases of the plan presented to the Airport Authority, the task force, and the public as well. The latest one was on June 18th.

The environmental and wildlife hazard assessments have been completed as part of this project. A new airport lay out is being developed and included in the 20 year master plan, which should be adopted soon.

The Airport Authority and the Task Force needs to provide any future development plans to the FFA for consideration of possible funding of the projects. If you have any information or suggestions to be considered, please contact any member of the Airport Authority, Bill Henderson, or Terry Ward, the new airport manager. The current airport authority members are: Chair, Walt McNutt, Vice Chair, Russ Huotari, Secretary, Alan Seigfreid, Troy Jensen and David Seitz.

Richland County Fair and Rodeo

The Richland County Fair and Rodeo is rapidly approaching, and as is tradition, REDC will have a fair booth. However, we will be doing something a bit different this year. REDC will be raffling off 3 bags stuffed full of the “Riches of Richland County”. The bags will contain everything from locally spun honey, to locally raised beef jerky, to Montana Moss agates, etc. Names will be drawn each day on Thursday, Friday and Saturday. The proceeds will be designated to help with advertising and printing costs for 2015. Each raffle ticket will be \$0.50. Please stop by, say hi, and hopefully win some goodies! We look forward to seeing all our members at the fair!!





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Bill's Retired!!!

REDC would like to say **CONGRATS** to our Board member, Bill Henderson, on his retirement from the Richland County Airport after 30 years of dedicated service. We wish you well on your



new adventure and thank you for all that you have given back to our community over the years!

