

COLSTRIP ECONOMIC DIVERSIFICATION STRATEGY: SUMMARY

BACKGROUND AND CURRENT

CONDITION: Colstrip is a community of approximately 2,300 residents located in Rosebud County. Established by the Northern Pacific Railway in 1924 as a company town to provide coal for their steam locomotives, Colstrip has been an incorporated city since 1998, contributing significantly to the economic health of the State of Montana.

The Colstrip Power Plant was constructed beginning in the mid-1970s and consists of four separate coal-fired generating units, collectively owned by Puget Sound Energy, Talen Energy, Portland General Electric, Avista Corporation, PacifiCorp, and NorthWestern Energy. Units 1 and 2 were built in the mid-1970s with Units 3 and 4 following in the mid-1980s. Collectively the Colstrip Power Plant, the 38 MW Rosebud Power Plant (just north of Colstrip) and the Rosebud Coal Mine, operated by Westmoreland Coal Company (which supplies coal directly to both plants), directly employ over 800 employees. This does not include the hundreds of temporary plant workers hired during scheduled annual maintenance events.

In July of 2016, Puget Sound Energy and Talen Energy reached an agreement with the Sierra Club and the Montana Environmental Information Center to shut down Units 1 and 2 by the year 2022. Even before this announcement, however, the community identified a need in their Comprehensive Economic Development Strategy (CEDs) to conduct a diversification and marketing study in hopes of stabilizing the local economic base. In response, Southeastern Economic Development Corporation (SEMDC) wrote and received grants from the Montana Coal Board, Montana Big Sky Economic Development Trust Fund, and the Economic Development Administration to hire a consultant to conduct this work. In November 2016, a consultant was selected and work began.



The Colstrip Economic Diversification Strategy has been a cooperative effort of businesses, civic organizations and the public to outline economic development projects and goals that will diversify and strengthen the community of Colstrip. Through the six-month study and public engagement process, multiple concepts rose to the surface as opportunities to bring balance to Colstrip's economic drivers, while staying true to the core industries of coal mining and power generation that have built Colstrip into the vibrant community it is today. What follows is a summary of the goals identified in this process, but we encourage you to review the entire Colstrip Economic Diversification Strategy which can be found at www.semhc.org.

SUMMARY OF GOALS: The coal-driven energy generation market may be challenged in Colstrip, but it is important to keep in mind the outstanding infrastructure that will remain even after the closure of Units 1 and 2, and may be utilized to drive and direct diversification opportunities. From 500KV power lines to core industrial site infrastructure and a highly skilled labor force, Colstrip is filled with unique elements positioned to drive economic diversification beyond the traditional coal-driven energy generation market. Colstrip also has an extremely high quality of life with miles of trails, outstanding schools, a well-developed park system, medical clinic, recreational lake adjacent to town and much more. To be effective, the strategies must be visionary enough to provide a strong foundation

and flexible enough to evolve over time as circumstances change and opportunities arise.

The Strategy document is designed to serve as a roadmap to empower Colstrip to establish goals and objectives, develop and implement an action plan, and utilize resources efficiently and effectively. *There is no silver bullet* when it comes to economic diversification. Diversification occurs through several ventures coming together to provide support and balance to one another. *The Plan is a “living document”* and is designed to be reviewed and updated regularly to meet the ever-changing needs of the community.

The following are the identified goals recommended to capitalize on existing and potential resources in the Colstrip area in an effort to diversify the economy and address economic sustainability and growth.

- **GOAL 1:** Leverage existing industry expertise to drive development around coal, energy, and renewable technology
- **GOAL 2:** Support technology and entrepreneurship development to build long-term diversification opportunities for the Colstrip economy
- **GOAL 3:** Build a unique manufacturing ecosystem to capitalize on existing industrial sites and infrastructure while creating sustainable, high-paying positions
- **GOAL 4:** Diversify jobs through the re-deployment of existing human resources to supply high-skill, high-wage jobs that offset the potential loss of positions from the closure of Colstrip Units 1 and 2
- **GOAL 5:** Develop and market Colstrip’s exceptional agricultural and outdoor recreation opportunities into new business
- **GOAL 6:** Focus on quality of life initiatives to enhance Colstrip’s culture and economic attractiveness for the full life-cycle of residents



NEXT STEPS: Plans are only as good as the actions they produce. Too often, communities invest significant time, money and resources into plans that get filed away and never used. The Colstrip Economic Diversification Plan contains an accountability matrix designed to help communities identify priority short and long-term goals and tasks and then assign leaders and work groups to champion those. In addition, the matrix provides measurable outcomes and a timeline to ensure people doing the work can see progress and hold each other accountable for outcomes in a timely manner. Finally, this tool aids city, county, and state officials as well as economic development staff in monitoring the progress of those initiatives in which they have made investments. SEMDC along with their community partners, will be utilizing this accountability matrix to move forward in identifying initial priorities and garnering community leaders to begin this critical work.

ACKNOWLEDGMENTS AND DISCLAIMER

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For more information, please contact Jim Atchison at SEMDC, 406 748 2990 or jatchison@semdc.org.