April 22, 2020

Governor Steve Bullock
and the Coronavirus Relief Fund Task Force

Governor Bullock and Taskforce Members,

The Yellowstone County COVID-19 Command--Economic Response and Recovery Team hereby submits the following recommendations for your consideration related to the effective deployment of the Coronavirus Relief Funds.

We very much appreciate this opportunity to forward these recommendations to you on behalf of the 1000s of businesses in Yellowstone County that are suffering greatly under the impacts of COVID-19. Likewise, we offer these recommendations in support of the over 11,000 workers and their families who are bearing the pain of lost jobs and uncertain future income.

These impacts are real, as our data represents, and we seek your partnership in addressing these impacts in two ways: 1) as an "emergency response" to real economic crisis; and 2) as an effort to stabilize our business community and workforce for the difficult recovery ahead.

Our packet includes data representing the scope of the current and projected impact to our economy, as well as real-time input from our business community through a Business Impact Survey conducted April 20-21, 2020. We had over 580 Yellowstone County businesses respond to this survey within thirty hours, expressing their challenges and expectations for a response that will go to the heart of addressing their needs and that of their employees.

The Yellowstone County regional economy is a significant part of the Montana business and employment base, and we are hopeful to fully re-engage this economy with your help.

Respectfully,

Steve Arveschoug
Yellowstone County COVID-19 Command, Economic Response & Recovery Branch Lead
- submitted on behalf of the Yellowstone County Economic Response and Recovery Team
MISSION STATEMENT
Support and sustain our local businesses during this time of significant economic distress and prepare the community for economic recovery and future growth and development.

PURPOSE OF ECONOMIC RESPONSE &.RECOVERY TEAM
Working as a branch within the Yellowstone County COVID-19 Command, the Economic Response & Recovery Resource Team will coordinate the immediate needs of our business community, identify gaps in services and resources, guide the development of the community’s near-term (6 months to 1 year) economic recovery plan and help to define objectives for a comprehensive economic development strategy designed to build the foundation for our future community and economic growth.

TEAM MEMBERS:
1. Steve Arveschoug (Team Lead), Big Sky Economic Development
2. John Brewer, Billings Chamber of Commerce
3. Katy Easton, Downtown Billings Partnership
4. Lilly Corning, (retail/commercial development) Corning Companies
5. Kris Carpenter (retail) Joy of Living/Sanctuary Spa and Salon
6. Mike Nelson (hospitality) Northern Hotel
7. Ty Elkin (healthcare) St. Vincent Healthcare
8. Taylor Brown (agriculture) Northern Ag Network
9. Courtney Kibblewhite (agriculture/media) Northern Ag Network
10. Don Jones (Yellowstone County Commissioner)
11. Shaun Brown (Billings City Council)
12. Mike Seppala (banking) Western Security Bank
13. Bill Coffee (banking) Stockman Bank
14. Brian Brown (banking) First Interstate Bank
15. Martin Dewitt (SBA)
16. Steve Simonson (regional economic development) Beartooth RC&D
17. Leonard Smith (Native business) Native American Development Corp.
18. Mary Walks Over Ice (Native business) Native American Development Corp.
19. Matt Robertson (commercial real estate) NAI Business Properties
20. Kim Jakub (natural resources) ExxonMobil
22. George Warmer (commercial real estate) Coldwell Banker Commercial
23. Brad Anderson (restaurants) Anderson Management Group
24. Alex Tyson (tourism) Visit Billings
25. Dr. David Graham (public health) St. Vincent Healthcare
26. Ken Lutton (IT) Technology by Design/Yellowstone Tech Sector Partnership

This team will change over time as the effort evolves from immediate response and coordination of resources to a recovery plan and comprehensive economic development planning gets underway.
1. **Response Coordination/Communications**
   Co-Chairs, Kelly McCandless (Billings Chamber of Commerce) and Melanie Schwarz (BSED)
   **Purpose:** To actively coordinate efforts to support the immediate needs of our business community, identify gaps in services/support, and effectively communicate/inform the business community about resources (website: yceconomicrecovery.org)

2. **Economic Impact Assessment**
   Co-Chairs, Allison Corbyn (BSED) and Andy Zoeller (City of Billings)
   **Purpose:** To assess and document the economic impact to our community, including those sectors and organizations which have been hardest hit, then provide an analysis and summary of this impact data that can be used to support funding requests and educate and inform the economic recovery planning process.

3. **Strategic Restart Partnership**
   Co-Chairs Lilly Corning (Corning Companies) and John Brewer (Billings Chamber of Commerce
   John Felton (RiverStone Health) and Dena Johnson (SBDC Regional Director)
   **Purpose:** Develop a set of guidelines that would support the reopening of our impacted businesses in partnership with our Public Health Officer and the Governor’s Coronavirus Taskforce, and encourage a strategic approach to the reopening of our businesses that would support public health and business operations, protecting staff and customers alike. Additionally, provide a “restart tool kit” and expertise that would support questions and issues related to restarting under the public health guidance.

4. **Recovery Plan Development/Implementation**
   Co-Chairs Steve Arveschoug (BSED) and Dan Brooks (Billings Chamber of Commerce)
   Thom MacLean (BSED)
   **Purpose:** Develop and implement an economic recovery plan that serves to prioritize the projects and initiatives that best supports our economic recovery for the near term and for the next three years. This plan would guide our funding requests under the State’s Relief Funds Program ($1.25 B in federal dollars) and position the community to secure federal or other funds to support the priorities under the recovery plan.
As a regional hub, and the largest community in Montana, Yellowstone County’s economic impacts from the COVID-19 disruption will be severe. In fact, in a recent COVID-19 Economic Vulnerability Index developed by Chmura Analytics\(^1\), Yellowstone County ranks as the 322\(^{nd}\) most vulnerable county out of all 3,141 in the nation. The most vulnerable industries identified in this report are the same ones that play a large role in driving Yellowstone County’s economy. Using the top ten most vulnerable industries and the anticipated job loss by industry, the calculated job loss for Yellowstone County will be a minimum of 10,620 jobs, representing 12% of total employment. This will mean a loss in wages of $321,433,392 and a $1.7 billion-dollar loss in overall economic output.

While this data provides a big-picture representation of the COVID-19 disruption, understanding the status and needs of businesses in Yellowstone County is critical to comprehending both the problem and opportunities for solutions. On Monday, April 20\(^{th}\), a survey was deployed in Yellowstone County to business owners. That survey has received over 580 responses – reflecting a statistically significant response rate with a 95% confidence level. The recommendations articulated in this document reflect that input and an overview of survey results are located on pages 6-7.

One of the many takeaways from the survey was that the federal programs have not fully met the needs that many companies face. While support through the SBA’s Disaster Loan Emergency Advance and the Paycheck Protection Program has helped some businesses, it has not been as effective as once hoped. Dollars from these programs have been difficult to access, not available for some businesses, and too slow to make an impact on real daily expenses. Additionally, these funds are intended as short-term assistance, when it has become clear longer-term assistance is needed. There is a new PPP program that is anticipated to assist more businesses, but in the same narrow, short-term manner as the first PPP program. Federal assistance in the form of the PPP Program does not support the long-term sustainability of Yellowstone County businesses.

The impacts to the Yellowstone County regional economy will have a ripple effect on the state economy. It is imperative that the CRF be used in a way that supports and sustains Yellowstone County businesses and workforce, giving our region a springboard toward economic recovery. Therefore, a recovery framework and recommendations are articulated in the following pages that will meet the immediate needs described above and will position Yellowstone County, and the region, to start rebuilding the economy in the crucial months ahead.

\(^1\) [http://www.chmuraecon.com/interactive/covid-19-economic-vulnerability-index/]
Guiding Principles and Framework

1. Target resources to small business and non-profit sectors that have experienced the most significant overall impacts and those that have not received adequate support through the federal relief programs – i.e., hospitality, food service, tourism, entertainment venues (public, non-profit, and for-profit), small retail stores, main street businesses, healthcare and “non-essential businesses.”

2. Deliver these resources in a timely way utilizing existing local structures (EDO’s, urban renewal organizations, CRDCs, CDFIs) – consistent with the recommendations of the Montana Economic Developers Association.

3. Respond to changing workforce needs for both the employer and employee, including resources committed to our Native American workforce.

4. Support infrastructure strategies that engage our construction, engineering, and architecture industries to help move us toward economic recovery.

Recommendations

1. Safe and Effective Restart of our Businesses
   a. Offer restart grants for local businesses (up to $10,000) to cover the costs associated with restarting their business under new public health guidelines (PPE, cleaning, marketing, etc.). This support will be critical for our workforce engaged in childcare/daycare and other essential activities.
   b. Technical assistance grants for businesses needing to modify their business model for future sustainability—up to $10,000 per company to acquire the professional support needed.
   c. Provide grants to local EDOs to facilitate business/public health partnerships’ support of education efforts targeted at businesses to encourage safe practices and “Open and Safe” marketing efforts to help consumers re-engage.

2. Business Stabilization
   a. Business Stabilization Loans—Designate a Business Stabilization Loan Fund and allocate by region of the state to local EDOs, CRCDs, and CDFIs to loan up to $100,000 per business to address business operating costs during the transition period (next 6 to 12 months). Principal payments stay with the local lending organization (EDOs) for future re-lending (similar to the SSBCI program from 2011).
   b. Business Stabilization Grants – Nimble grants for up to $25,000 per business that can help cover expenses that will lead to business survival/recovery.
   c. Workforce Retraining Grants – $2,500 per employee to address employee retraining needs for companies in transition.
   d. Provide employers grants to access Employee Assistance Programs for workers to utilize mental health/counseling resources.
   e. Yellowstone County’s healthcare delivery system has been substantially impacted. We strongly encourage that those impacts be mitigated with future resources to sustain our responsibility as the regional healthcare provider.
3. **Strengthen Community and Economic Development Fundamentals Essential for Recovery**
   a. Provide resources (matching funds) to secure anticipated new federal infrastructure investment. Ensure that the CRF are considered non-federal for this purpose.
   b. Incentivize continued and new capital investment in shovel-ready projects, with a focus on critical infrastructure that supports emerging community and business needs – e.g., broadband infrastructure to support education and business needs.
   c. Entrepreneurship Support Systems—provide matching grants for programs that are entrepreneurship-focused, helping to enhance programs and technology that deliver mentorship, training, counseling, and connections to peers and capital investment.
   d. Workforce Retraining Scholarships for displaced workers who want to “up-skill” and transition to another field or their next job opportunity.
Between April 20th – April 21st, the Yellowstone County Economic Response & Recovery Team deployed a survey to Yellowstone County businesses to assess the impact of the COVID-19 disruption on their operations, how they are adapting, and what aid or resources would be needed to ensure Yellowstone County’s economic recovery.\(^2\)

**Key Findings**

- 60% of companies have experienced an “extremely negative” impact and 33% have experienced a “somewhat negative” impact.
- A number of disruptions are at play for businesses, but 60% identify a “drop in demand for our goods or services” and 37% chose “challenge to delivering product / service to customer” (respondents could choose more than one disruption).
- 70% report a loss in revenue that will reach or exceed 25%; in fact, 36% have realized and / or expect a loss of 75% of their revenue or greater.
- 61% believe that impact will last 6 months or longer with 37% believing the impact will be one year or more.
- 71% of respondents have applied for funding of which only 59% have received funds.

\(^2\) Large portions of this survey and analysis approach were modeled after the Economic Development Corporation of Utah, [https://edcutah.org/](https://edcutah.org/), COVID-19 Business Impact Report