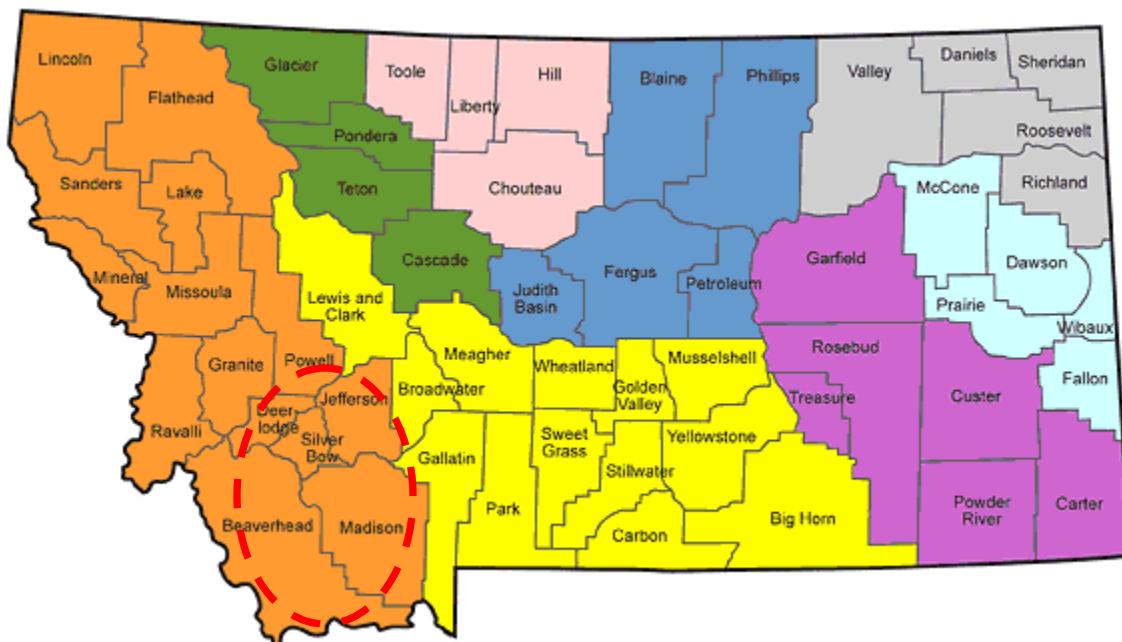


SOUTHWEST MONTANA AND SILVER BOW COUNTY

Recent Performance and Economic Outlook Our People, Jobs, and Earnings

Economic Outlook Seminar

February 5, 2015

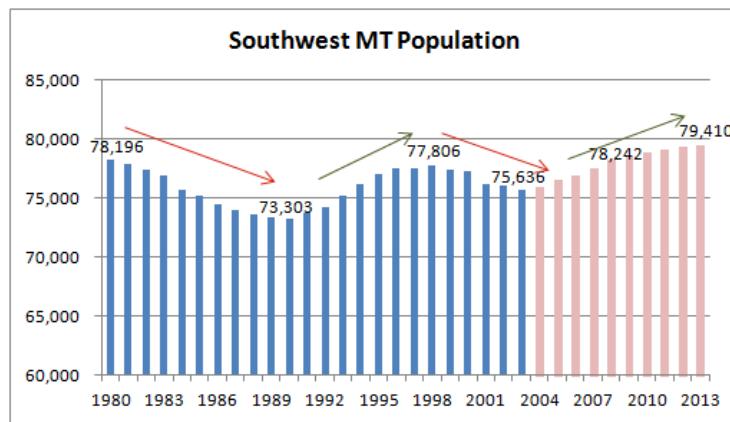


John Kasperick
Economist – Director Financial Planning and Analysis
NorthWestern Energy

POPULATION AND DEMOGRAPHICS – SOUTHWEST MT

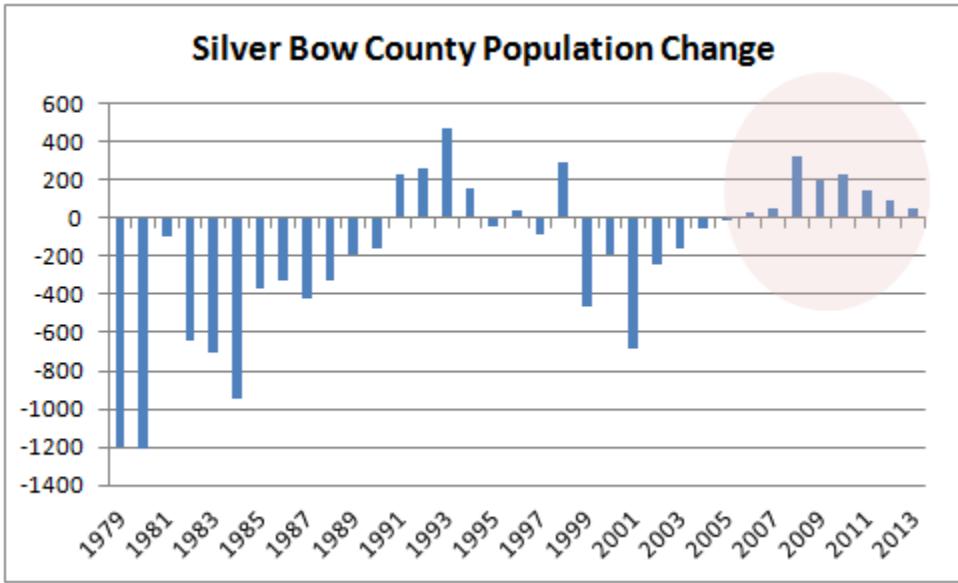
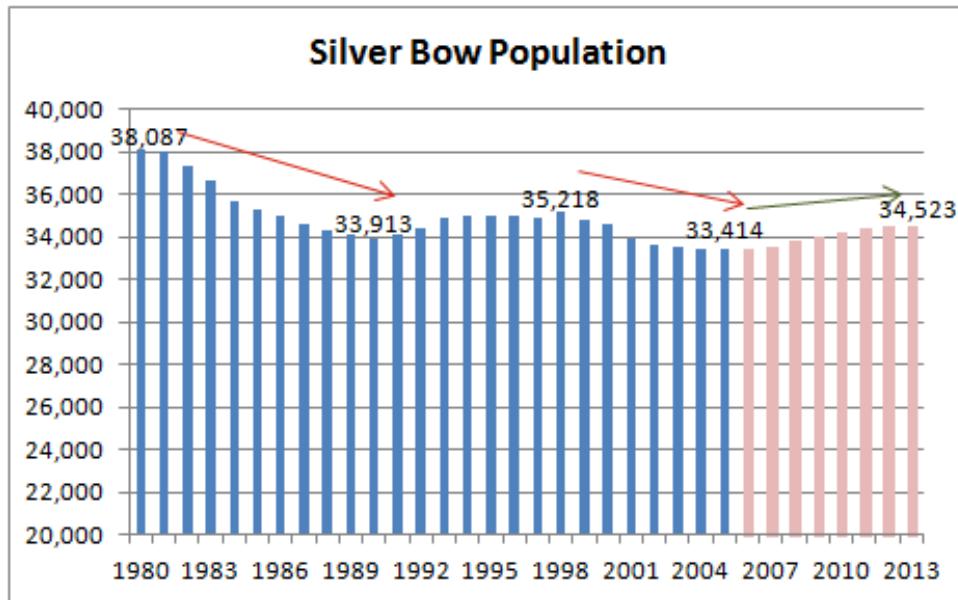
- The 2013 Census estimate showed a total population of 79,410 people in the six southwest Montana counties. Between the 2010 census and 2013 estimate, the overall population in southwest Montana increased 0.7% or 516 people. The increase was driven by increases in Silver Bow, Jefferson, and Beaverhead counties. Overall, MT's population grew 2.5% between 2010 and 2013 to 1.015 million and was the 20th fastest growing state. North Dakota was the fastest at 7.3%.
- SW MT's population has seen 10 consecutive years of growth. This is the longest consecutive growth period in over 30 years. 2013 saw the slowest growth over the past 10 years, increasing 0.1% or 52 people. Silver Bow County accounts for 43% of SW MT's population, and has experienced 8 consecutive years of growth.
- Income levels in SW MT are higher than the statewide average; however, poverty levels and educational attainment are worse than overall statewide average.

2013 Census Estimate Data - U.S. Census Bureau								
	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
Population, 2013 estimate	9,341	9,329	11,512	7,712	6,993	34,523	79,410	1,015,165
Population, 2010 census	9,246	9,298	11,406	7,691	7,027	34,200	78,868	989,417
Population, 2000 census	9,202	9,417	10,049	6,851	7,180	34,606	77,305	902,195
Population, percent change, 2010 to 2013	1.0%	0.3%	0.9%	0.3%	-0.5%	0.9%	0.7%	2.6%
Population, percent change, 2000 to 2010	0.5%	-1.3%	13.5%	12.3%	-2.1%	-1.2%	2.0%	9.7%
Persons under 18 years, percent, 2013	18.3%	17.1%	21.4%	16.2%	16.0%	20.7%	19.2%	22.1%
Persons 65 years and over, percent, 2013	19.4%	20.0%	17.7%	24.7%	17.9%	17.0%	18.6%	16.2%
Female persons, percent, 2013	48.8%	46.4%	49.1%	48.2%	38.4%	49.2%	47.8%	49.8%
Sex Ratio (M:F # males per 100 females)	104.9	115.5	103.7	107.5	160.4	103.3	109.4	100.8
Median Age 2000	37.6	42.3	40.2	43.4	39.7	38.9	39.8	37.5
Median Age 2011	44.0	46.2	46.8	50.0	45.4	41.7	44.3	39.9
White persons, percent, 2013	94.9%	93.2%	95.3%	96.9%	92.4%	94.6%	94.6%	89.5%
American Indian and Alaska Native, percent	1.8%	3.5%	1.6%	0.6%	4.6%	2.1%	2.2%	6.5%
High school graduates, percent age 25+	93.1%	89.1%	94.3%	94.8%	90.3%	90.9%	91.8%	92.1%
Bachelor's degree or higher, pct age 25+	27.2%	18.1%	33.5%	32.7%	17.8%	22.2%	24.6%	28.7%
Homeownership rate, 2009-2013	64.1%	72.7%	85.9%	76.1%	71.5%	65.5%	70.9%	68.3%
Median value of owner-occupied housing	\$173,400	\$117,800	\$230,100	\$239,600	\$120,900	\$121,900	\$159,966	\$184,200
Persons below poverty level, percent	15.1%	20.5%	7.8%	8.7%	15.3%	19.1%	15.8%	15.2%
Persons per household, 2009-2013	2.11	2.17	2.46	2.10	2.31	2.21	2.26	2.39
Per-Capita Personal Income (BEA 2013)	\$ 36,620	\$ 33,298	\$ 44,121	\$ 40,757	\$ 31,124	\$ 45,047	\$ 40,899	\$ 39,366
People Per Square Mile	1.7	12.6	6.9	2.1	3.0	47.6	5.4	6.8



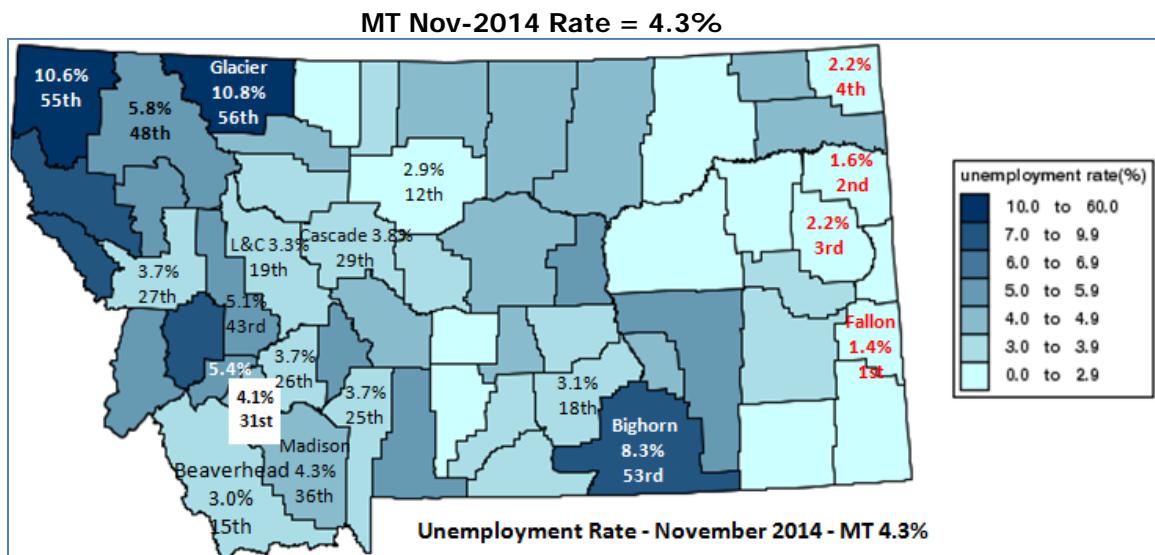
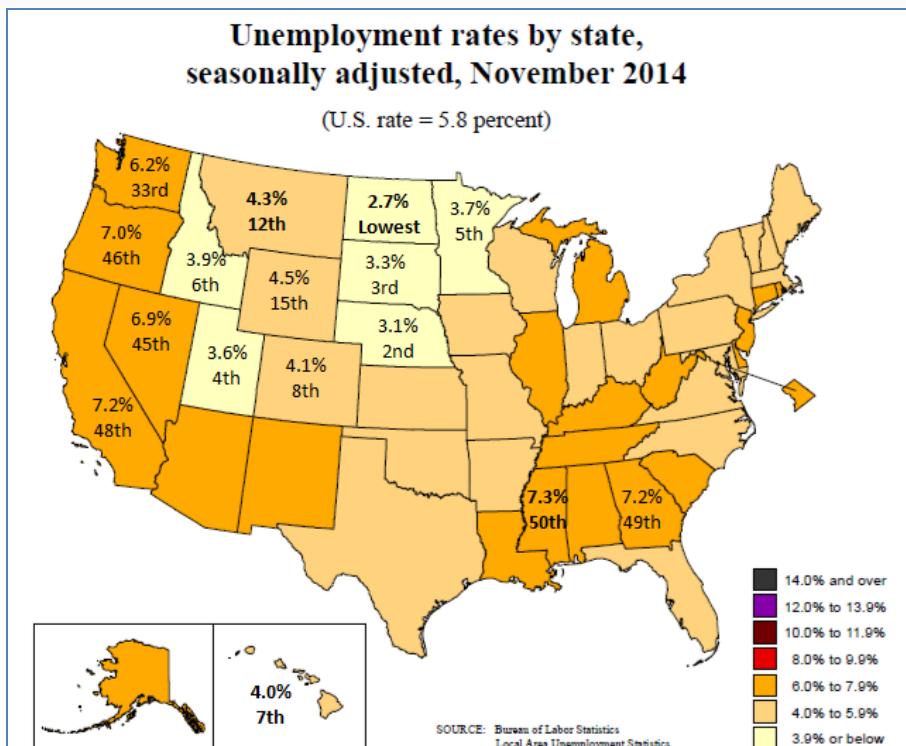
	Population Estimates - US Bureau of Census					% Growth	Increase
	2009	2010	2011	2012	2013	2007-13	2007-13
Powell	7,093	7,017	7,075	7,082	6,993	-1.7%	(124)
Madison	7,674	7,685	7,693	7,745	7,712	2.0%	152
Deer Lodge	9,260	9,300	9,279	9,257	9,329	0.7%	65
Beaverhead	9,200	9,250	9,222	9,375	9,341	3.5%	313
Jefferson	11,364	11,409	11,455	11,431	11,512	4.3%	472
Silver Bow	34,008	34,233	34,380	34,468	34,523	3.1%	1,034
SW MT	78,599	78,894	79,104	79,358	79,410	2.5%	1,912
Montana	983,982	990,527	997,600	1,005,494	1,015,165	5.2%	50,459

POPULATION AND DEMOGRAPHICS – SILVER BOW

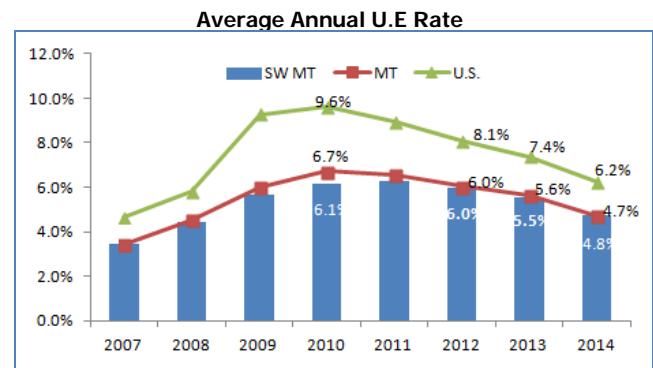


- Silver Bow County's population stood at 34,523 people as of 2013. This was the 8th consecutive year of slow growth, and the longest consecutive growth period since prior to 1920. Growth averaged 0.4% per year since 2006, and added 1,109 people over this time period.
- Growth over the past few years has slowed. The 2013 census estimate shows an increase of 0.2% over the 2012 level, or an addition of 55 people. With an aging population base, attracting new industry and jobs to the area is a must.

UNEMPLOYMENT RATES – RECOVERY CONTINUES



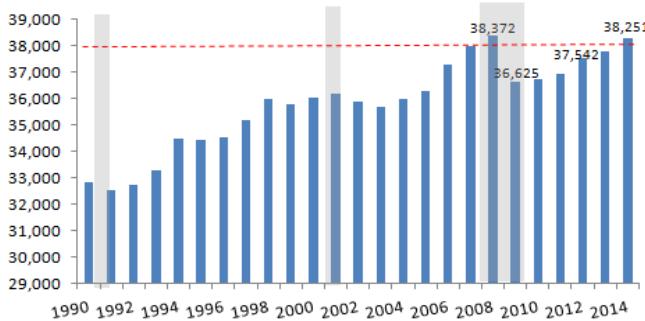
Average Annual Unemployment Rate			
	SW MT	MT	U.S.
2007	3.5%	3.4%	4.6%
2008	4.5%	4.5%	5.8%
2009	5.7%	6.0%	9.3%
2010	6.1%	6.7%	9.6%
2011	6.3%	6.6%	8.9%
2012	6.0%	6.0%	8.1%
2013	5.5%	5.6%	7.4%
2014	4.8%	4.7%	6.2%



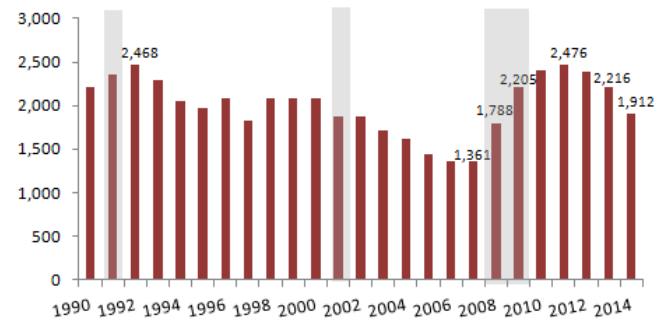
ANNUAL AVERAGE LABOR FORCE – SOUTHWEST MT

- SW Montana continues its recovery from the great recession. Average annual employment levels reached the pre-recession level in 2014. The number of unemployed and the unemployment rate continue to improve, but is still above pre-recession levels. The annual average unemployment rate in 2014 was 4.8%, with 1,912 people unemployed.

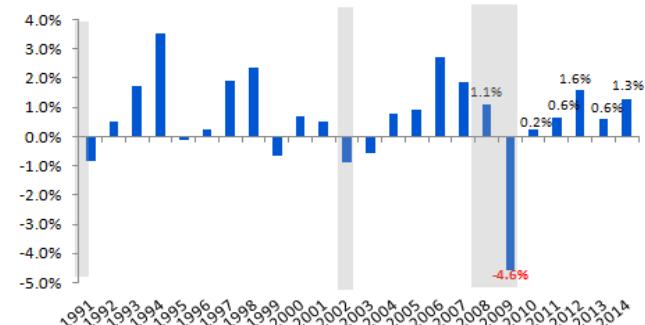
SW MT Average Annual Employment



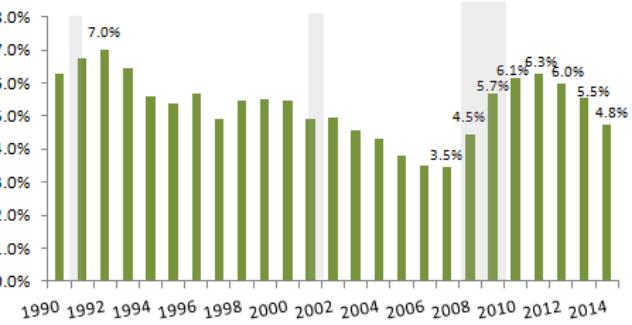
SW MT Average Annual Unemployed



SW MT Average Annual Employment Growth



SW MT Average Annual Unemployment Rate



SW MT Labor Force - Source MT Dept Labor and Industry

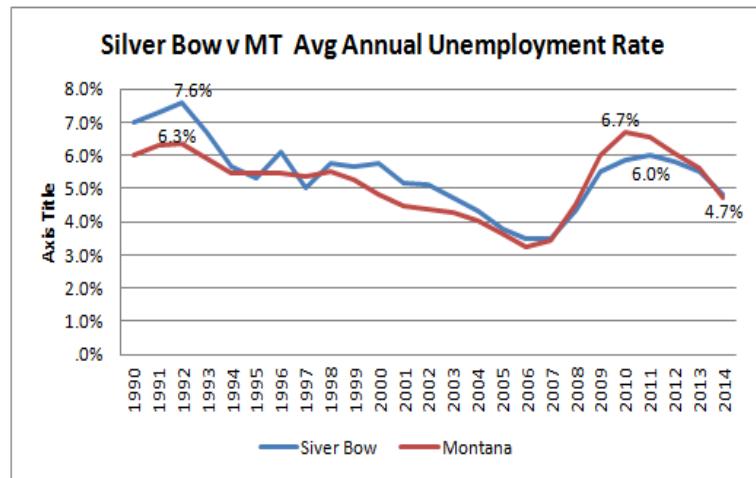
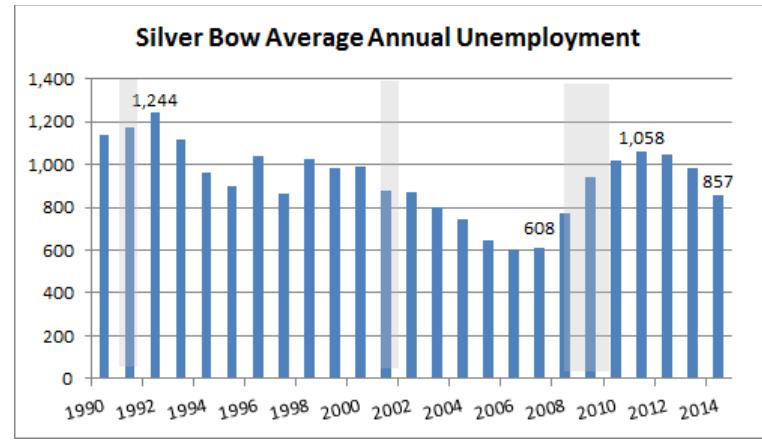
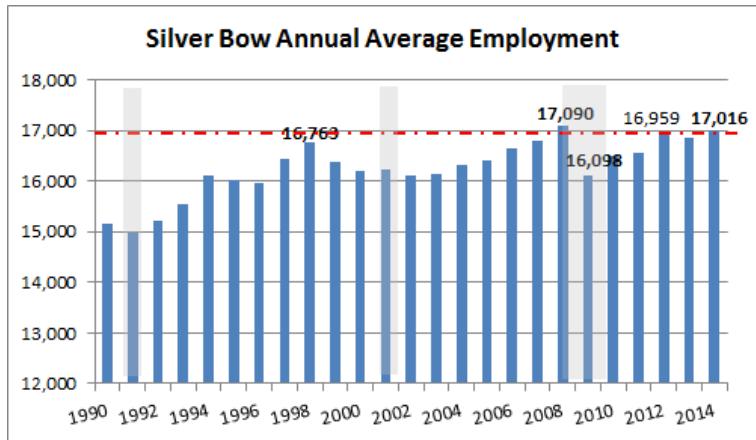
Average Annual Employment (note: 2014 annual average through November)

	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
2007	4,906	3,725	5,683	4,330	2,509	16,811	37,963	485,552
2008	4,953	3,618	5,760	4,388	2,563	17,090	38,372	486,551
2009	4,885	3,624	5,631	3,926	2,461	16,098	36,625	465,763
2010	4,825	3,730	5,487	3,674	2,507	16,487	36,710	462,904
2011	4,832	3,736	5,468	3,795	2,559	16,557	36,947	466,705
2012	4,829	3,794	5,570	3,790	2,600	16,959	37,542	476,922
2013	4,994	3,780	5,529	4,000	2,596	16,866	37,765	484,638
2014	4,967	3,859	5,621	4,137	2,652	17,016	38,251	494,505
2007-12	-1.6%	1.9%	-2.0%	-12.5%	3.6%	0.9%	-1.1%	-1.8%
2012-13	3.4%	-0.4%	-0.7%	5.5%	-0.2%	-0.6%	0.6%	1.6%
2013-14	-0.5%	2.1%	1.7%	3.4%	2.2%	0.9%	1.3%	2.0%
2007-14	1.3%	3.6%	-1.1%	-4.5%	5.7%	1.2%	0.8%	1.8%

Average Annual Unemployment Rate

	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
2007	2.7%	4.6%	3.0%	2.8%	5.2%	3.5%	3.5%	3.4%
2010	5.3%	7.4%	5.4%	6.9%	8.2%	5.8%	6.1%	6.7%
2011	5.5%	7.6%	5.5%	6.7%	8.4%	6.0%	6.3%	6.6%
2012	5.2%	7.4%	5.2%	6.0%	7.8%	5.8%	6.0%	6.0%
2013	4.5%	6.9%	5.1%	5.3%	7.1%	5.5%	5.5%	5.6%
2014	3.5%	6.0%	4.6%	4.3%	6.2%	4.8%	4.8%	4.7%

LABOR FORCE – SILVER BOW COUNTY



- Silver Bow has become relatively stagnant since recovery from Great Recession. Need to continue to work to attract new industry, and continue to revitalize uptown area. 17,000 employment line!
- Construction of NorthWestern Energy's \$27 million building in uptown Butte. 70 construction jobs during peak. Largest investment in uptown Butte in history. In SBC, NWE has added 71 full-time jobs since 2009, and now totals 582 employees.
- Water treatment and sewer plant, MT Tech lab construction, and potential gold mining addition provide base industry increase. Retail sector additions (BWW) helps offset some of the recent reductions.
- Other major employers such as St. James, MRI, Town Pump and CCCS continue to remain strong employers, and SeaCast experienced growth. REC Silicon down some employment but still strong contributor to base. Fiber ring and technology investments continue. Overall diversification and retention in place, but now need additional attraction efforts to move from stagnant level. Commodity prices and global economy impacts SW MT.

Silver Bow County - Covered Employment Counts:

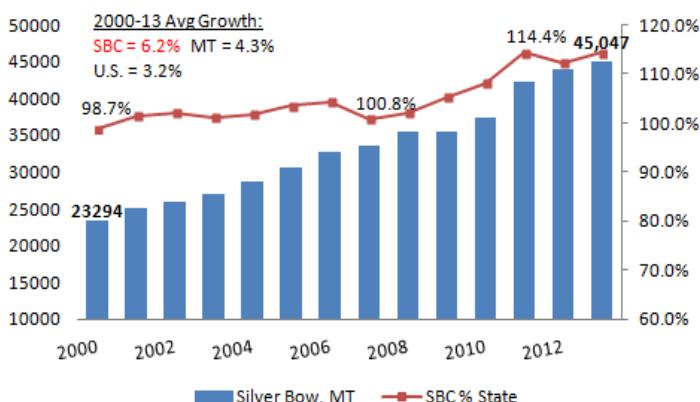
	2008	2012	2013	2014	2008-14	2012-14
Total Covered	16,081	15,902	15,948	16,010	-0.4%	0.3%
Total Private	13,717	13,400	13,461	13,472	-1.8%	0.3%
Goods Producing	1,658	1,676	1,719	1,671	0.8%	-0.1%
Natural Resources and Mining	455	489	501	487	7.0%	-0.2%
Construction	597	549	529	548	-8.2%	-0.1%
Manufacturing	606	638	689	636	5.0%	-0.2%
Service Producing	12,059	11,724	11,742	11,801	-2.1%	0.3%
Trade Transport Utilities	3,693	3,526	3,494	3,561	-3.6%	0.5%
Information	343	247	238	214	-37.6%	-7.2%
Financial Activities	520	470	465	481	-7.5%	1.2%
Prof and Bus Services	1,746	1,318	1,273	1,292	-26.0%	-1.0%
Education and Health	2,851	3,315	3,405	3,448	20.9%	2.0%
Leisure and Hospitality	2,370	2,288	2,358	2,280	-3.8%	-0.2%
Other Services	536	560	509	525	-2.1%	-3.2%
Total Government Public	2,364	2,502	2,487	2,538	7.4%	0.7%
Federal Govt	326	298	271	247	-24.2%	-9.4%
State Govt	822	955	963	1,050	27.7%	4.7%
Local Govt	1,216	1,249	1,253	1,241	2.1%	-0.3%

- Recovered from Great Recession down-turn and employment levels back at pre-recession levels.
- Goods production above pre-recession levels – construction employment still recovering and upcoming investments will help.
- Service producing employment remains below pre-recession levels. Losses in information/telecom sector and professional/business services offset by growth in health service sector.
- State government additions and growth at MT Tech, offset by nationwide Federal reductions.

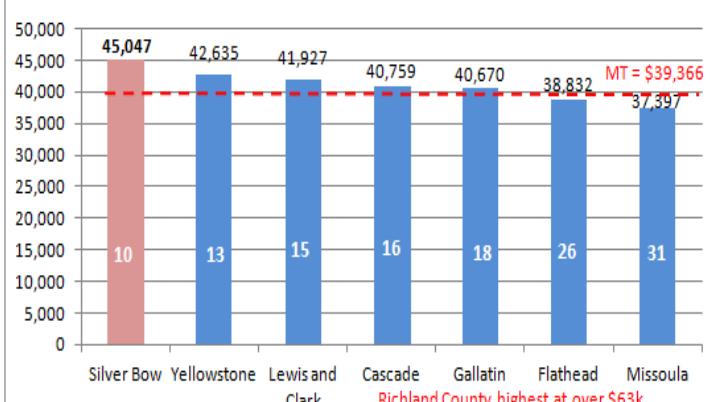
EARNINGS AND INCOME – SILVER BOW COUNTY

Over the past 10-years growth in higher paying goods producing mining and manufacturing, along with service producing education health care, utility sector, and state government (MT Tech) have continued to move SBC forward. SBC ranks 10th of the 56 counties in terms of income per person. Growth accelerated above the statewide average between 2008-12 with increasing wages, earnings, and profit sharing in goods producing industries. 2011-2013 saw a slower rate of increase.

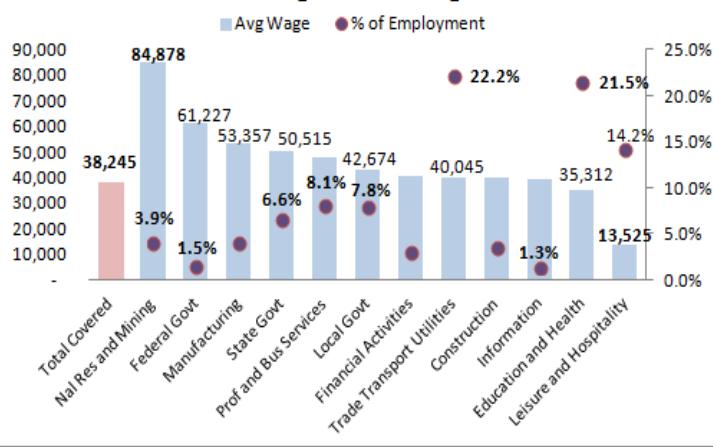
Silver Bow Per Capita Income - source BEA



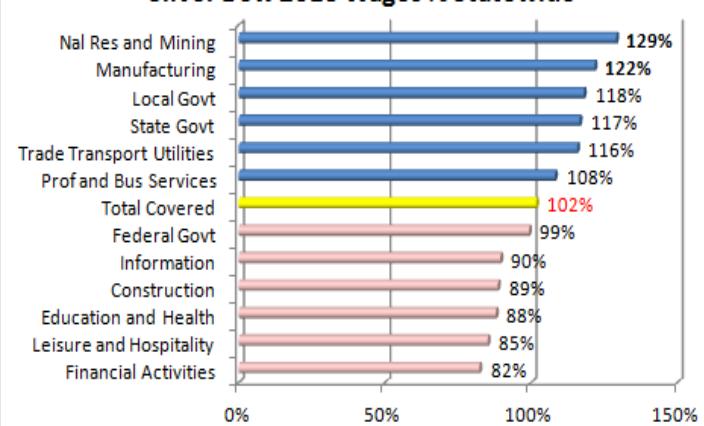
2013 Major County Per Capita Income



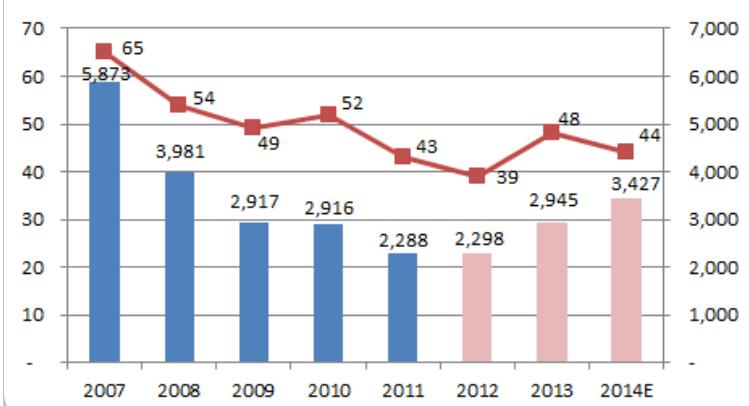
SBC Average Annual Wage - 2013



Silver Bow 2013 Wages % Statewide



Total MT and SBC Single Family Housing Starts



OUTLOOK – SILVER BOW COUNTY

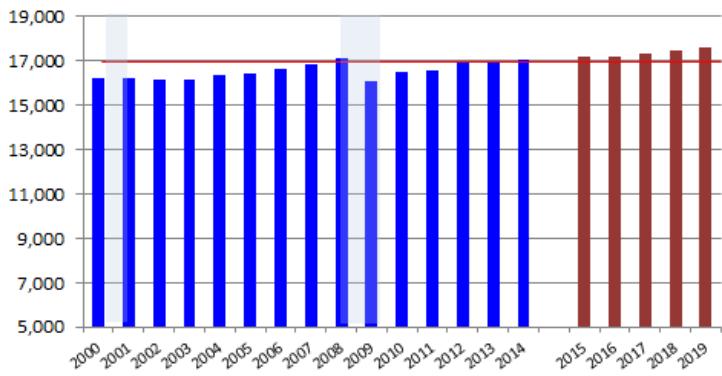
- Slow Growth Continues**

- Silver Bow County saw continued slow growth in employment and earnings in 2014 as the recovery from the great recession continued. Overall employment is at pre-recession levels, and the number of unemployed and the unemployment rate continued to drop in 2014.
- Goods' producing mining and manufacturing employment is above pre-recession levels; however construction continued to lag in 2014. NWE building, along with MT Tech additions and waste water treatment will help short-term sector. Highland gold mine will add long-term base industry jobs.
- Service producing industries still below pre-recession levels. Information and telecom sector, along with professional/business services, and leisure/hospitality have lagged. Closures in 2014 in the trade and hospitality industries will be offset by some growth in 2015 (Buffalo Wild Wings and other).
- Major employers (NorthWestern Energy, ST James, and MT Tech performing well). Commodity prices impacting base industry employers. Going forward, short-term construction impacts, along with added mining from Highland gold mine, and stability in other sectors will maintain slow growth.
- Unemployment rate dipped below 4% in October-2014.
- Diversification over the years has led to a stable economy in Silver Bow County. Need to focus on attraction of new businesses going forward.

Silver Bow County Outlook - Annual Averages

	Historic Actuals							Outlook				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Employment	17,090	16,098	16,487	16,557	16,959	16,866	17,016	17,236	17,236	17,357	17,496	17,635
Employment Growth	1.7%	-5.8%	2.4%	0.4%	2.4%	-0.6%	0.9%	1.3%	0.0%	0.7%	0.8%	0.8%
Job Change	280	(992)	389	71	402	(93)	150	220	-	121	139	140
Unemployment	769	943	1,021	1,058	1,048	980	857	770	760	760	750	750
Unemployment Rate	4.3%	5.5%	5.8%	6.0%	5.8%	5.5%	4.8%	4.3%	4.2%	4.2%	4.1%	4.1%
Unemployed Change	161	174	78	37	(10)	(68)	(122)	(87)	(10)	-	(10)	-
Annual Wage	\$34,506	\$35,564	\$35,722	\$36,880	\$37,759	\$38,245	\$39,048	\$39,907	\$40,825	\$41,846	\$43,017	\$44,308
Wage Growth	3.2%	3.1%	0.4%	3.2%	2.4%	1.3%	2.1%	2.2%	2.3%	2.5%	2.8%	3.0%

Silver Bow County Total Employment



Silver Bow County Total Unemployed

