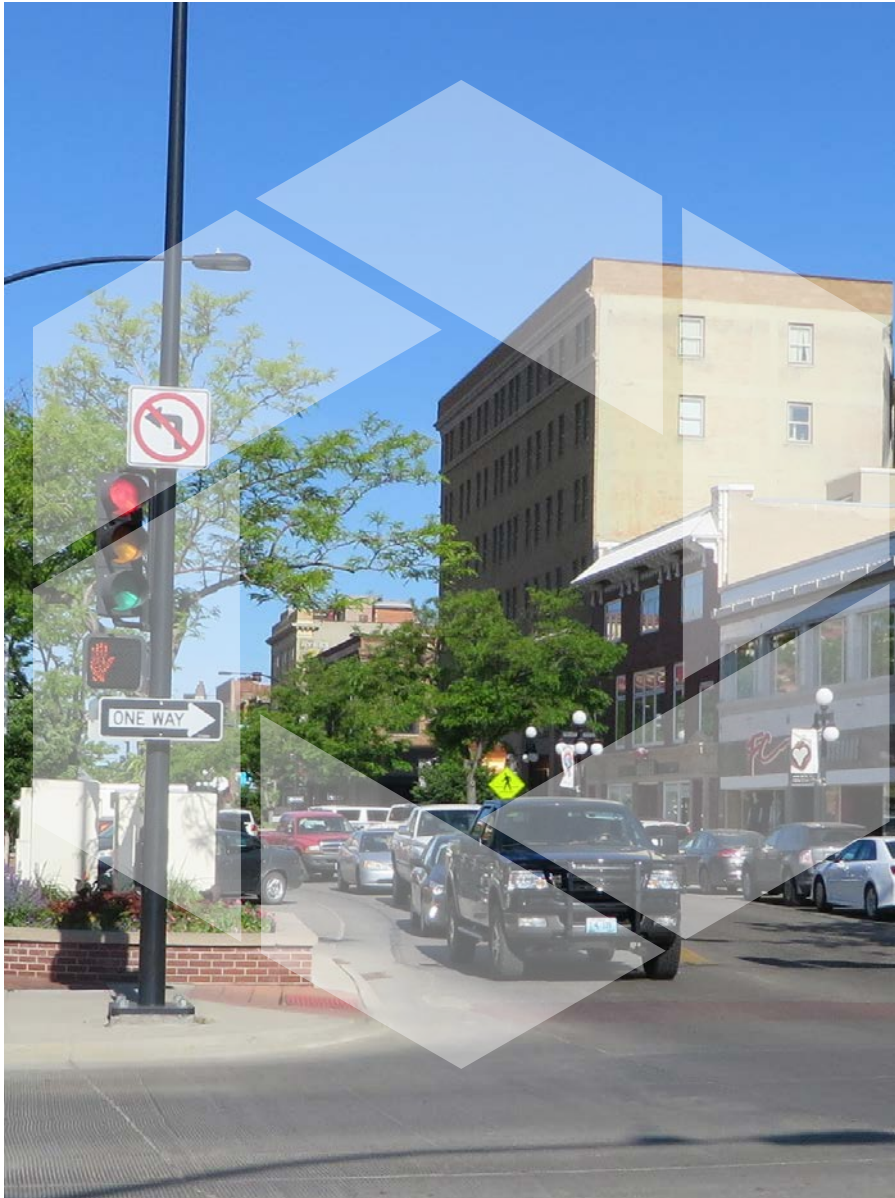


A key economic development policy question is “how do we provide a range of opportunities in a stable community, while being fiscally responsible?”



ECONOMIC DEVELOPMENT

WHY IT MATTERS

The City of Casper and surrounding region has long benefitted, and at times suffered, from a robust mining and gas/oil industry. Since the late 1800s Casper's economy has been rooted in the oil and gas industry. The Casper region has also provided support services for the coal mining industry in the Powder River Basin. The oil, gas and mining industries and related services are collectively referred to as the energy industry. The Casper area is currently suffering from a significant decrease in oil prices and demand, which is translating into an increase in unemployment and reduced employment base. Current reports by the State indicated that this trend will not reverse in the near term.

“Given the failure to identify a point in time when supply and demand drive oil prices upward, an abundance of natural gas, and changing utility strategies relating to electricity supply, it is clearly not certain that employment in mining will return to 2014 levels within the next few years. Rather, the commodities market strongly suggests that the demand for labor will decline further during the period in the mining industry and consequently in other industries.”

Wyoming Labor Force Trends, Wyoming Department of Workforce Services and Workforce Development Council, April 2016.

It is clear that the City of Casper desires an economic base diversified beyond the energy industry in order to stabilize revenues and impacts on the community. To do this, it is important to understand the local existing trends as well as the national trends that are shaping the future economy.

KEY POINTS + ASSUMPTIONS

The national economy is becoming increasingly more talent/knowledge-based than resource-based.

Retaining and employing local skilled young adults will be key to future economic stability. A skilled workforce is a key driver of the future economy.

Quality of life and sense of place will play a role in future economic development.

Natrona County had one of the highest unemployment rates from June 2015 – June 2016, significantly higher than the US average.

Health care has been a growing industry in the US and Casper over the past 10 years.

EXISTING CONDITIONS

Overview

The State of Wyoming unemployment rate was 5.7% in June 2016, which was significantly higher than its June 2015 level of 4.2%, and significantly higher than the current U.S. unemployment rate of 4.9%. From June 2015 to June 2016, unemployment rates increased in almost every county. Natrona County (up from 5.1% to 7.8%) had one of the largest increases **Figure 2-11**.

In addition to the increasing unemployment rate, there is general concern for the Casper area's ability to retain and employ the local skilled youth population. Positively, Natrona County has one of the highest retention rates of Wyoming high-school graduates in the state. According to the Wyoming Department of Workforce Services, 72% of 2010 graduates from Natrona County are in the workforce.

FIGURE 2-11. PERCENTAGE CHANGE IN UNEMPLOYMENT (JUNE 2015 - JUNE 2016)

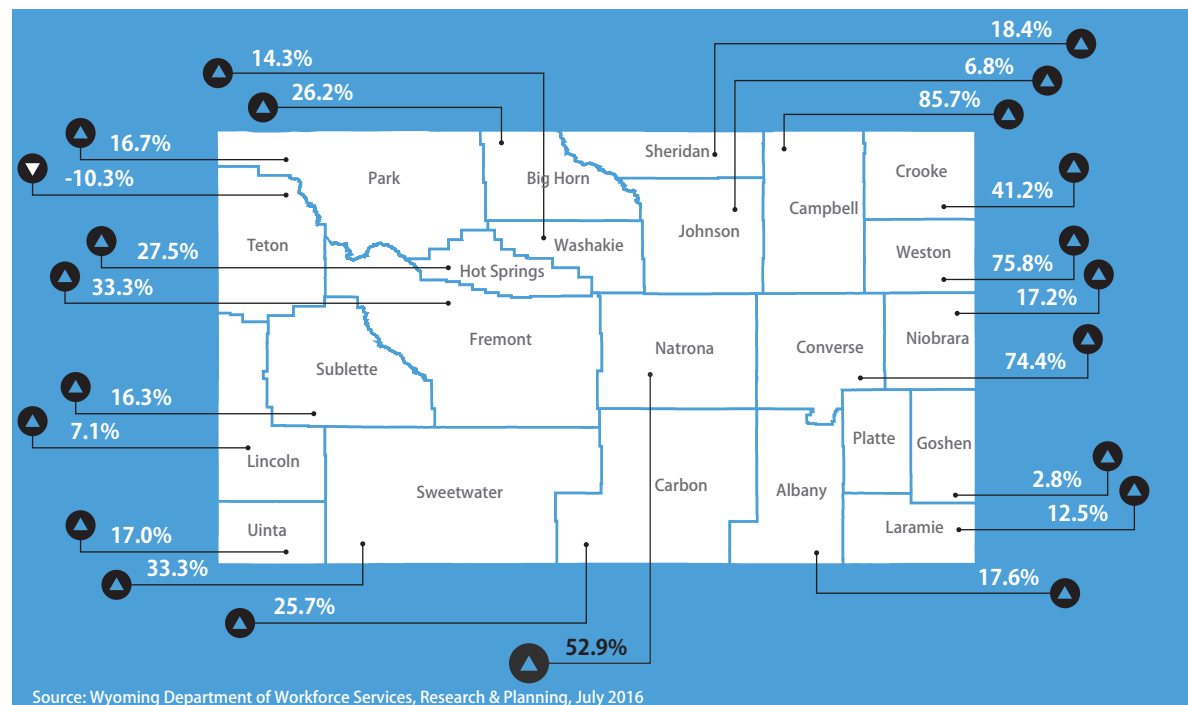
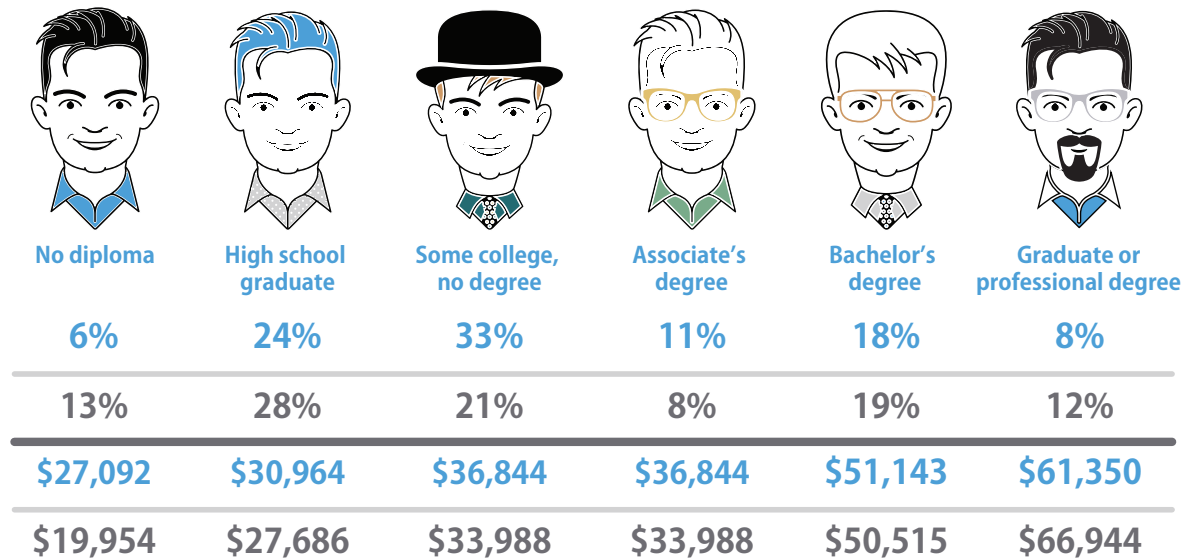


FIGURE 2-12. CITY OF CASPER VERSUS US: EDUCATION RATE/AVERAGE WAGES



Source: 2010-2014 American Community Survey 5-Year Estimates

— Casper — US

Skilled Workforce

When planning for a future economy it is important to understand that all industries are dependent on a talented workforce that has technical skills and/or a higher education. A future economy in Casper will need a skilled workforce with training in career and technical education (CTE) and higher-education science, technology, engineering, and mathematics (STEM) degrees (Bureau of Labor Statistics, 2015).

Higher Education

The City of Casper has a strong high school graduation rate at 93.5% compared to the national average of 87.2% (**Figure 2-12**). Furthermore, Casper has an average per capita income \$31,979 compared to the US average of \$29,472 (ESRI, US Census). While this is commendable and an asset to the community, it is important for the City to retain and attract an educated and technically proficient workforce. Globally, positions requiring substantial independent judgment and decision making are now in

high demand (Brookings Institute, 2014). Increasingly employers are demanding a workforce that has technical skills, including manufacturing jobs that involve the operation of sophisticated machinery requiring some advanced training beyond high school. STEM workers are increasingly in demand and in short supply especially in the private sector where software developers, data scientists, and those in skilled trades are needed.

Career Technical Education (CTE) Training

CTE training is targeted toward middle-skill jobs, which require education and training beyond high school but less than a bachelor's degree. These jobs are a significant part of the economy. Of the 55 million job openings created by 2020, 30% will require some college or a two-year associate degree (Association for Career and Technical Training, 2016). Casper has developed a workforce culture through the oil industry that aligns with this important and in-demand sector of the talent base. It is important to foster partnerships with Casper College and local high-schools to encourage youth to consider this career path. By engaging youth early, they may be more likely to attend Casper College and apply their critical skills with local companies in Casper.



Talent

The national economy is becoming increasingly more talent/knowledge-based than resource-based meaning people over raw materials are the most important asset to a company's value and prospects for growth (Martin Prosperity Institute, University of Toronto). This applies to all industries including manufacturing, professional services and technology, and defines the shift in market assessment for the world's most valuable companies. As illustrated in **Figure 2-13**, ten years ago the most valuable companies consisted largely of natural resource extraction and now they are largely technology companies with values based upon people generating innovative ideas and processes. This is not to suggest that Casper needs to focus its industrial base on technology companies, but it does need to understand that the modern economy thrives more on skilled people than natural resource extraction.

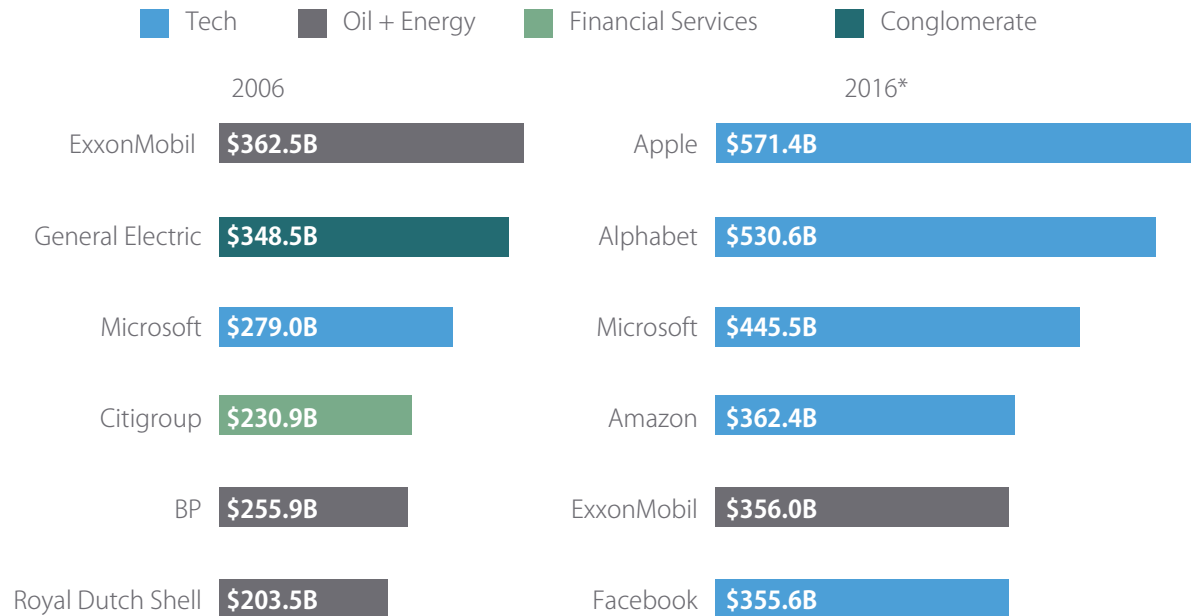
A significant cohort of the talent in demand consists of the "Millennial" generation made up of approximately 76 million people – the largest demographic group the US has seen. As this generation grows and shapes the talent-based economy, it is important to understand what motivates them and what communities choose. The new economy is based in a highly mobile environment.

The following elements are influencing the choices of the next generation:

- Job Base. Talent moving to a new community wants to know that there are other opportunities if the job that brought them there does not work out.

- **Simple Commute.** Many Millennials are not defined by the automobile, and do not want to drive if they don't have to. As reported in Urban Land Institute (ULI) Emerging Trends 2016, miles traveled by car for those people 34 years old or younger are down 23% nationally. Locally, the average miles travelled by any mode – walking, driving, biking, or taking transit – is the lowest for the next generation.
- **Urban Lifestyle.** They tend to prefer density with alternative transportation modes and retail nearby, which provides alternatives to owning a car. This urban lifestyle does not mean the entire community must conform to urban densities. What is important is that some element of an urban lifestyle through either a healthy Main Street in a traditional downtown or denser urban centers in suburbs is provided.
- **Entertainment.** The next generation is looking for ample amenities, especially restaurants and access to outdoor recreation.
- **Open Culture.** They embrace social or ethical causes and communities that are more diverse, accepting, and willing to change are more attractive to this group. Millennials value the ability to change and see this as a key principle behind US success.

FIGURE 2-13. THE AGE OF TECH: MARKET CAPITALIZATION OF THE WORLD'S MOST VALUABLE PUBLIC COMPANIES



* as of August 1, 2016

Sources: Statista Charts, Yahoo! Finance, Forbes

Additionally, the growing Baby Boomer population will change how talent is viewed. Financial stability, may require this independent generation to retire later or not at all; seeking new or different challenges. Seniors are more active, have higher incomes and a greater ability to move. Retaining this talent in Casper will foster a greater sense of community and harbour institutional knowledge. The creation of satisfying, flexible schedule jobs, and volunteer positions for older adults.

Place

Communities that are thriving today are those that develop, retain, and attract talent. In order to do that a community must recognize what makes it distinct and build on those genuine qualities. Casper is fortunate to possess two important factors for the Millennial generation: an urban environment within the community and access to outdoors.

Urban Center

Employers in all industries are striving to attract and retain talent. A vibrant urban center is important as a younger workforce and seniors want to live and work near good active transportation (including pedestrian and bikeway systems), restaurants, and entertainment. At the same time, employees with families, perhaps not living in the urban core, still desire a unique environment for entertainment on the weekends and a vibrant environment during the week.



This demand heavily influences the kinds of investment cities make in their urban core. One important way to do this is through “placemaking” – making places where people and employers want to be.

Through placemaking efforts, the City can create more vibrant areas, connect employment opportunities to residential communities, and leverage natural and cultural assets to attract and retain both employers and talent. This ultimately contributes to the success of the area’s economy.

"Take a section of Downtown Casper, close off the streets in that section, open up the bars, bring in music talent from traveling bands to local bands...so that people can enjoy music, food, beverages, and dancing. Once it happens, the mom and pop stores downtown will get free advertising and it will boost the local economy." - Public Comment



Jobs Housing Balance

Jobs-housing balance is the distribution of employment opportunities and workforce population across a geographic area. It is measured by the ratio of jobs (employees) to households. In the City of Casper the jobs-housing balance is 1.12 (28,000 jobs/25,000 households), indicating a weak employment base and/or an over abundance in housing. This means that for every household there is barely more than 1 job.

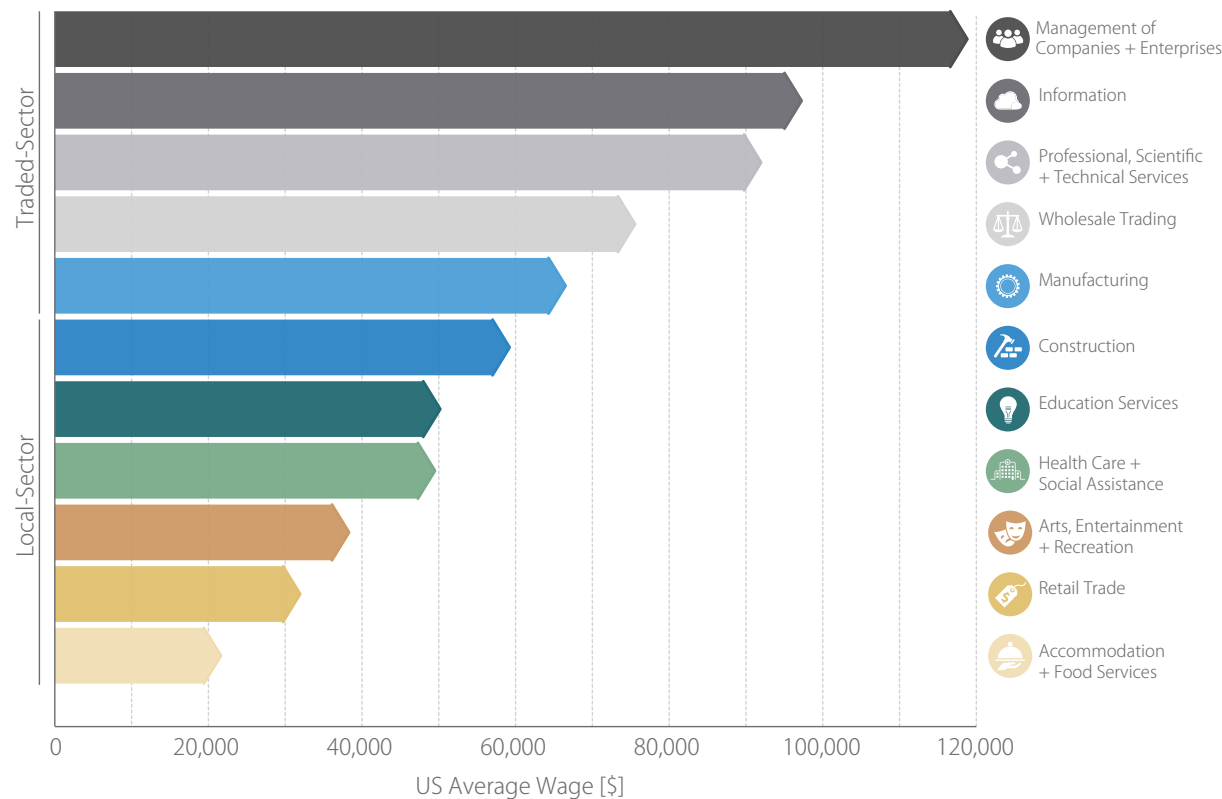
However, many employers are located in the surrounding communities of Evansville and Mills. There are 40,000 jobs and 32,000 households in the Metropolitan Statistical Area for Casper for a 1.25 jobs/housing balance. Housing growth should match economic development.

Outdoors

The small town feel and access to the outdoors are major assets to attracting new employees and retaining them. The Casper area has great access to outdoor adventure, with everything from skiing, rafting, kayaking, cycling, rock climbing, camping, hiking, fishing, hunting and other sports. An additional quality of life measure that is important to the local economy is keeping Casper family-friendly through public recreational facilities.

Over the next two decades, the South Platte river corridor, another tributary through the Denver Metro, is expected to generate 19,200 permanent jobs and produce \$4.3 million annually in new revenue for the city through completed by the Greenway Foundation. In Pittsburgh, the \$130 million invested in the 13-mile long Three Rivers Park leveraged \$2.6 billion in development over the last 15 years. Property values have skyrocketed 60% along the river compared to 32% elsewhere in Pittsburgh, according to the Pittsburgh PostGazette. (Casper River Project highlights confluence of economy and ecology, Wyoming Business Council, 2015)

FIGURE 2-14. TRADED-SECTOR AND LOCAL-SECTOR, US AVERAGE WAGES



Source: NAICS

Traded-Sector versus Local-Sector Jobs

It is important to distinguish between traded sector and local sector jobs because they have very different needs in terms of workforce and business location. In addition, each sector requires different types of support and investments. These sectors are distinguished for clarification of future recommendations.

Traded-sector businesses include industries and employers that produce goods and services consumed outside the region where they are made and, therefore, bring new income to the area (e.g., medical equipment, food, drilling services). Workers in the traded sector tend to be better educated, work more hours, and earn higher average wages than local sector business. As the traded sector increases employment and wages, it enables entrepreneurs to develop skills and resources to foster innovation and start new businesses. Furthermore, certain traded-sector companies foster a supply-chain effect that creates the need for additional companies to supply components of a manufactured product.

"I'm actually quite disappointed in the lack of new industries. Taking ideas from other cities, where the natural resources were a big part of founding the city, to the new innovations they created for themselves... would increase jobs, bring in more population, in turn creating more income for the city." - Public Comment

Local sector business consists of industries and firms that produce goods and services that are consumed locally in the region where they were made, and therefore circulate existing income in the area (e.g., professional services, health care, retail). These businesses are important as they make a community distinct and provide amenities to attract young professionals and families that drive the new economy.

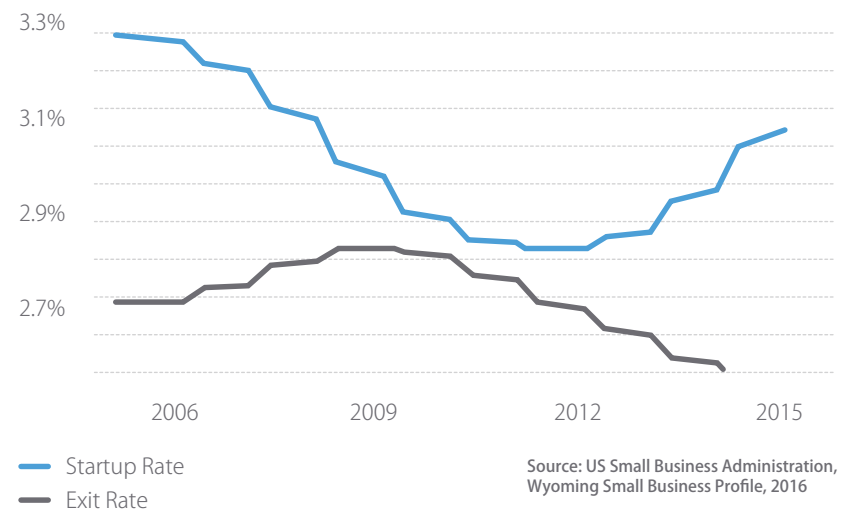
Figure 2-14 highlights the US average wage difference between traded sector jobs and local sector jobs. The local sector industry exceptions regarding typical lower wages are health care and construction industries. These industries are beneficial to the economic base by generating large numbers of high-wage jobs that have less significant education requirements. However, these industries do not generate a significant supply-chain effect or foster an environment for innovative new companies to emerge that grow the economic base.

Start-Up Business

In fostering the traded-sector economy, it will be important for Casper to focus on supporting a start-up culture. New businesses account for nearly all net new job creation and almost 20% of gross job creation. Start-ups have been on the rise in Wyoming in recent years (**Figure 2-15**). The exit rate, the rate at which start-ups divest in their capital infrastructure, has been falling.

Companies less than one year old have created an average of 1.5 million jobs per year over the past three decades. People generally start businesses in the places they are already located, and many of the resources they access are at the local or regional level (Kaufman Foundation, 2015).

FIGURE 2-15. WYOMING PRIVATE START-UP AND START-UP EXIT RATES



As rural communities often struggle with a limited labor pool and retaining young talent, recruiting new companies to the area is often a challenge. To offset this challenge, fostering an environment that encourages companies to grow from the ground up is a critical strategy to implement. An entrepreneurial culture not only serves to create new jobs, it also provides an environment that supports “trailing spouses”: a person who follows his or her life partner to another city because of a work assignment. For hospitals or schools in rural areas, this is often an important subject in recruiting new talent. Providing a supportive outlet for the trailing spouse can serve as one way to offset this concern. One way to do this is through the support of co-working spaces, which could be an office or other working environment used by people who are self-employed or working for different employers, typically so as to share equipment, ideas, and knowledge.

Economic Base

A city's economic base is founded on traded (primary)-sector companies that offer higher-wage jobs, innovation, and bring new wealth into the community. The City's economic development partner, Casper Area Economic Development Alliance (CAEDA), is focused on tactically engaging the private sector to grow the following Industry Focus Areas.

- Energy – building off the machining capabilities that serve the energy industry, this focus area will work to define additional industry opportunities. For example, some machines serving the energy industry rely on advanced sensor technology, which can be enhanced and leverage for new opportunities.
- Medical – building off the strength of the three major hospitals in the Casper area, this area is focused on increasing professional positions as well as exploring opportunities for medical devices pending further research and development (R&D) support from higher-education.
- Advanced Manufacturing – building off the existing workforce and small businesses, this focus area will work to grow this base tied to the region's unique assets. One example may be outdoor recreation, which leverages the outdoor culture and inspires new gear or apparel design. In addition, Casper has a robust metals craft manufacturing community that defines the city's unique creative culture and could be supported with an innovative maker space opportunity.
- Finance/Insurance – as a regional hub, Casper is home to several finance and insurance companies. Focusing on this area will inform opportunities and needs to grow this sector.

In keeping with national trends identified earlier, these Focus Areas will incorporate technology and advanced skills in their operations, which requires a more skilled workforce. Innovation is derivative of these industries and integrating technology will be an important strategy to success. For example, expanding the energy industries' focus on advanced sensor technology or medical services could include the development of medical devices.

To grow these Focus Areas, CAEDA will first work to expand existing businesses in the community. With an understanding of the operational needs for these businesses, there can be a strategic effort to recruit companies that fill supply-chain gaps and help the existing companies thrive. To recruit these companies, it important to be able to show that there is a viable workforce and that Casper is a quality place for a business to grow and thrive.

The city's role is to focus on making Casper a great place so that businesses can easily retain and attract the talent it needs. This is accomplished through the completion of such projects of David Street Station, or building partnership opportunities with the private sector to seed a coding school to produce needed technology talent locally.



EFFECTS OF ECONOMIC DIVERSITY

Wyoming has been fortunate to provide a high quality of life for its residents while claiming some of the nation's lowest tax rates. In addition to having relatively low property and sales tax, the State of Wyoming has no corporate or income taxes. This has been possible due to extractive mineral and energy industries contributing a substantial amount of money to state and municipal budgets. In fact, roughly 65 to 70 percent of state revenue comes from extractive industries, more specifically from severance taxes and royalty payments.

Talk of economic diversity is nothing new in Wyoming. But a recent call for greater economic diversity in the midst of an economic downturn due to a slump in the energy industry has led Wyoming state and municipal leaders to think about what this means for government budgets. Economic diversity may not be financially beneficial to government entities because the current tax structure is focused solely on extractive industries. The inconvenient fact is that if non-energy businesses are to grow, the state and municipalities need to decide how to fund government services with shrinking contributions from extractive related severance taxes and royalty payments.

To put it simply, a new economy may require a new government funding model.

CITIZENS' PERSPECTIVE

In creating a stronger economy, one of the pieces of feedback most often heard is the desire to diversify Casper's economy. Residents want to attract new industries to Casper, along with a young and educated workforce. They want to supplement the large professional employers, like Casper College and Wyoming Medical Center, by attracting new employers.

Along with a diversified economy, strengthening Casper College's curriculum, or possibly having it transform into a state university, would be helpful in attracting local talent to contribute to the Casper economy. A more diverse economy would ideally include jobs aimed at high school students. Residents have told us that providing jobs for Casper teenagers could help to foster the types of connections that encourage youth to stay in Casper as they grow up.

The consensus amongst residents is that Casper needs to move away from being dependent on the oil, gas, and mining industries. The boom-and-bust cycle that is intrinsic to these energy industries is seen as not only preventing Casper from realizing its potential, but consistently hurting Casperites through the loss of jobs, income, and diminished property



values that come along with every bust. A variety of jobs would provide opportunities for the families of energy industry staff interested in other fields of work, and could potentially decrease the economic volatility. Some residents have said that they would like to see Casper invest in the renewable energies of wind and solar, as the energy industry job base and infrastructure already exists in Casper. Other residents would like to see Casper move away from the energy economy entirely, as it is not viewed as a dependable

market. Regardless of the differing opinion on means, Casperites want to see their city become economically self-sustaining.

Stakeholders believe that Casper needs to take tangible steps to be more supportive of local-sector small businesses and encourage their development. Stakeholders would love a city department, or individual, focused on providing assistance to Casperites as they navigate the regulations and requirements to becoming new business owners. For

Stakeholders believe that Casper needs to take tangible steps to be more "supportive of local-sector small businesses and encourage their development."



residents, easing the path to establishment includes loosening or eliminating the regulations and infrastructure that make it hard for new businesses to get started and be successful. And where the lack of regulation acts as an impediment, implement a policy to create change. One such issue is with the law that controls Casper's allotted liquor licenses. Residents and business owners have shared how difficult it is to obtain a liquor license, especially for businesses in the urban center. This in turn makes it difficult

for new restaurants to be successful, as a significant portion of sales are often attributed to alcohol. Related to small businesses, although stakeholders want to focus on urban development, there is also public demand for more restaurants in West Casper.

Community members emphasized the importance of talent retention, and the need for Casper to focus on keeping its youth population and attracting young professionals. Suggestions for talent retention programs included entrepreneurship competitions

and job incubators. Less specific suggestions included creating a more social aspect through more youth oriented businesses, including restaurants, bars, breweries, coffee shops, and music venues. Residents expressed that another way to provide the amenities and lifestyle that the next generation tends to prefer is through designing a mix of market-rate housing for young professionals in Casper's urban center.

The community suggested that public-private partnerships between businesses and the City of Casper can help improve Casper's economy and increase the quality of life as well. Ideas for such public-private partnerships included public events Downtown with longer store hours, to promote local businesses, and organized infrastructure improvements and maintenance.

A modernized city, with city-wide wi-fi, or fiber to provide increased internet speeds, has been cited by residents as a way to contribute to attracting businesses and a younger workforce to Casper. Additionally, the public feels that promoting Casper as an outdoor city, and capitalizing on its natural features through marketing and tourism is a way to increase recognition and ultimately positively impact Casper's economy.