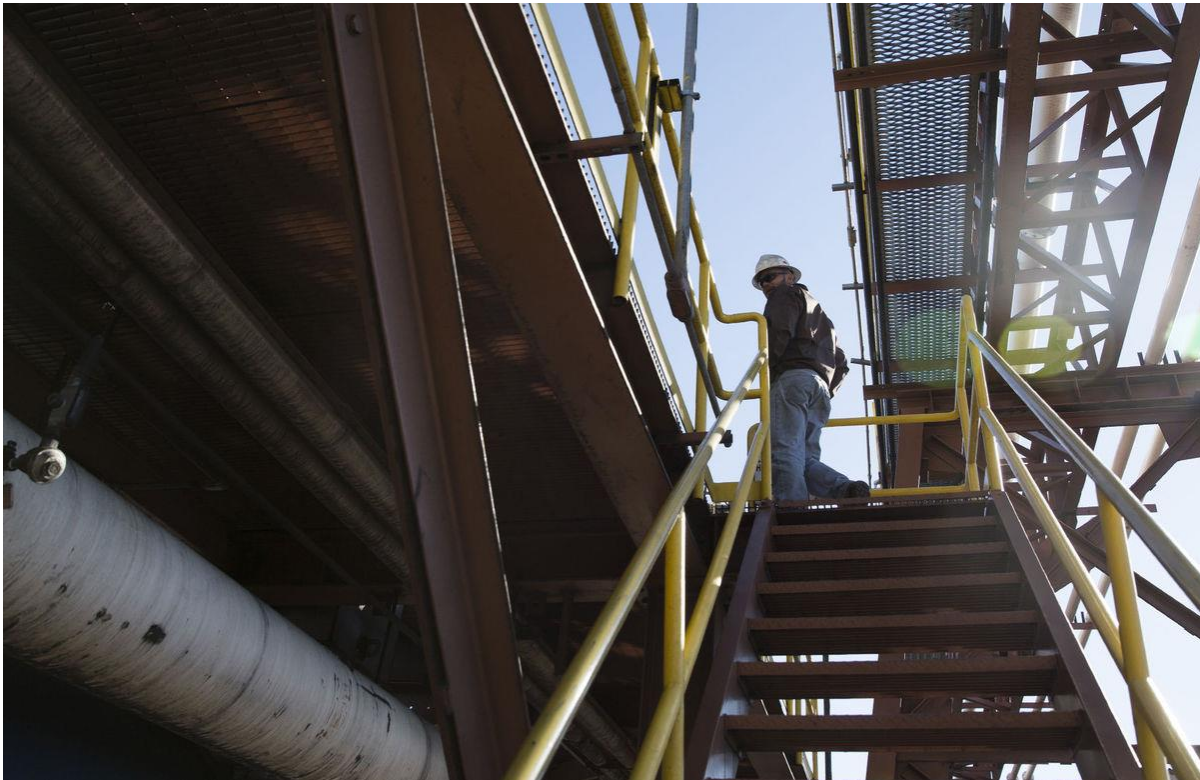


# A taxing question

Money would help take area to next level of development

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Jim Ford, vice president of operations, walks up the stairs to the catwalk during a tour of Atlas Carbon on Friday morning. News Record Photo/Kelly Wenzel

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Phil Christopherson, CEO of Energy Capital Economic Development, got his introduction to Gillette in the 1970s. His family owned a trucking company, and for a couple of years — when he was 10 or 12 years old — he spent his summers in Gillette.

“I remember red dirt roads, dirty water, tumbleweeds and trailer houses,” he said. “That was my impression of Gillette.”

Since then, he's lived all over Wyoming, from Casper to Laramie to Riverton. In 2014, he moved to Gillette, which had changed for the better since the 1970s.

"The magic of Gillette, why it's the best community in the state, is the leaders years ago who said, 'We want a better community and we're willing to pay for it.' Gillette and Campbell County invest back in themselves," he said.

And on Nov. 7, Christopherson hopes the community will invest in itself again and vote for the quarter-penny sales tax for economic development.

"The best time to start economic development is like the best time to plant a tree: 20 years ago," he said. "Barring that, the best time to do it is now."

### Economic plans

Christopherson said he has a rough idea of how he plans to spend the money his organization would get if voters pass the tax in a special election Nov. 7. But he doesn't have a preliminary budget put together.

"I can spend a couple of weeks putting that detailed budget together," he said. "But if it doesn't pass, I've wasted two or three weeks. We have the idea of where (the money is) going to go, but we're not going to put the work in to develop the details until it passes."

For now, work on the Advanced Carbon Products Innovation Center, or ACPIC and nicknamed "Icepick," as well as the Energy Capital Enterprise Center, a business incubator, are Christopherson's top priorities because "those projects are going to move forward whether the tax passes or not," he said.

The organization's annual operating budget is \$420,000. The city and county each provide \$120,000 per year, and the other \$240,000 comes from private investors. If the tax passes, Energy Capital would receive 30 percent of the proceeds, which has been estimated to be about \$1.5 million.

The group would no longer have to go to the city and county each year to ask for money, and those entities, as well as private investors, could redirect their donations to other nonprofits.

If the tax passes, Christopherson wants to develop a revolving loan fund in partnership with local banks to give businesses both long-term and short-term loans. He also hopes to award start-up grants to local businesses and nonprofits, develop business parks in Gillette and build up a reserve fund.

His first goal, however, is to hire two employees. One would work in Wright on community and economic development, while the other would work as a director of “Icepick” and the Enterprise Center, and speed up the development of both projects.

‘Icepick’ and incubator

“Icepick” is a 5,000-square-foot facility at the former Fort Union mine site that would give researchers a space to see what they can do with coal. It would allow them to create pilot plants to test their ideas to see if they’re commercially viable. The long-term goal is that some of those tenants will eventually build manufacturing plants in Campbell County.

Christopherson hopes to buy the land at the end of December or the beginning of January. That will be followed by conceptual and final designs, and he wants to put bids out for construction of the building in February or March.

A few years ago, the Enterprise Center was an empty building. Christopherson said he acquired the building with the hopes of bringing in a call center or a manufacturer.

“At the time, our economy was on fire and there was not a lot of space available for businesses to relocate,” he said. “That changed shortly after we took ownership of the building.”

The economic downturn gave Christopherson another idea for the property.

“If somebody loses their job, a lot of times the first thing they think of is, ‘I’m going to start a business,’” he said. “If we can develop an incubator to help people who want to go into business do that, it could benefit our economy for the long term.”

The building has 24 office spaces, five of which are occupied by tenants.

The facility is moving along at a “slow crawl,” he said. For the past several months, Christopherson has been searching for someone to be the director of the incubator. The problem is, he doesn’t have the budget to hire a full-time director to be “the champion” of the program. So he’s looking for a volunteer.

It’s difficult to convince people to work for 15 to 20 hours a week without pay. Christopherson said when 80 to 90 percent of the offices are rented out, the building should be bringing in enough money to hire a director “to really get it going.”

If the tax passes, Christopherson could hire someone by the middle of 2018 instead of waiting for the building to fill up. But if it fails, the two projects will keep moving along at the same pace they have been.

What happens if voters pass it next month but decide not to renew it in 2020? Christopherson said by that time, “We will have some good things to show what we’ve done with that (money).”

But if that funding source is removed, Energy Capital would have to go back to the model it’s working with right now, asking for money from the city, county and private investors.

“It would be painful, but we would survive and continue to go forward,” he said.

Swing for the fences

Some have criticized Energy Capital because they believe it doesn't have much to show for its efforts. Christopherson said he's not one to brag on his accomplishments, much of which are small.

"We don't run the businesses. We provide the assistance to help them get their business going," he said. "We can lobby at the state, we'll try and make connections to different suppliers, different customers. Each organization needs a champion. There's got to be somebody in charge that's driving the boat. We help them."

Mary Melaragno, director of business retention and expansion, is supposed to be talking to local businesses about how the organization can help them, but she's been limited. She also works as the group's administrative assistant. During this year's budget process, Christopherson found room in the budget to hire a part-time employee to take on some of the administrative work, freeing up Melaragno to do her job.

With a number of non-disclosure agreements in place with several companies, Christopherson admitted that economic development can often be secretive, at the request of those involved.

The one big success that Christopherson points to is Atlas Carbon. Energy Capital worked closely with the activated carbon plant, helping it secure a \$15 million loan from the state's Economic Development Large Project Program.

"To have Atlas Carbon out here as a successful entity, that's a home run," he said. "But for every Atlas Carbon that succeeds, there are dozens that don't."

REX Carbon is one project that didn't pan out. In 2016, the Ohio-based company wanted to buy 50 acres east of Cam-plex to build an activated carbon manufacturing plant.

The company had enough capital to do the project on its own, but was reluctant to tie up all of its money in one project, so it went searching for investors. It also wanted a loan

much like the one Atlas Carbon got. Unfortunately, there was no state money left in the program.

Unsuccessful in getting enough capital, REX Carbon decided not to move forward with the project.

Energy Capital now is working with four companies that have the same goal: converting coal into advanced carbon products. Christopherson has non-disclosure agreements with all four businesses and can say nothing more about them.

One of these businesses could be the next Atlas Carbon. All four might turn out to be home runs. Then again, Energy Capital might go 0 for 4. But that's the nature of business, Christopherson said. A lot of failures and a few successes.

"If you don't try, nothing happens," he said.

Cheyenne LEADS CEO Randy Bruns said on average his group recruits 80 companies per year and "it's a good year when one or two" come to Cheyenne.

## Land of Goshen

There's only one county in Wyoming that has an economic development tax: Goshen County. Since it passed a quarter-penny tax in 2006, it's been renewed in 2010 and 2014. In 2018, it will be up for renewal for the third time.

Ashley Harpstreith, CEO of the Goshen County Economic Development Corp., said the tax brings in about \$400,000 a year. Since 2006, it has received more than \$4.6 million from the tax.

Harpstreith said her group always keeps the public in the loop about how it's using that money.

“It’s essential to be transparent. If you take taxpayers’ funds, you need to show results,” she said.

With the tax, Goshen County can spend the money on projects it views as important instead of hoping its priorities line up with the priorities of the state or federal governments, Harpstreith said.

Her group secured grants for a business incubator and the development of a technology and agriculture center at Eastern Wyoming College.

In 2011, the group started the Progress Program, a matching grant program that has helped more than 140 businesses, nonprofits and municipalities and given more than \$728,000 back to the community.

Although the group works to bring in new businesses, “Business recruitment is just a sexy headline for economic development,” Harpstreith said. “Why would we not work on what we already have, the people who are here and want to stay here?”

Christopherson said he’s concerned about the future of the Wyoming Business Council, and “we don’t want to have to rely on the state for our support. We want to do it ourselves.”

If that pool of money, which has decreased in recent years, dries up completely, Goshen County knows it has another source of money.

“It allows us to be nimble and act quickly to economic development needs,” Harpstreith said. “With funding resources drying up, it’s nice to have self help.”

## LEADIng the way

Cheyenne LEADS started 31 years ago with three employees and very little money. Since then, it has brought in companies such as Walmart, Lowe’s and Microsoft to Wyoming’s capital — and not stores, but large distribution centers.

Bruns said LEADS has its fingerprints on more than 80 companies in Cheyenne. Those companies have created 6,000 new jobs. They have an annual payroll of \$170 million, with a capital investment of more than \$1 billion.

“Looking back, it seems like an instant success now, but it’s been 30 years in the making,” Bruns said.

He attributes LEADS’ success to a number of factors — money, consistency in the organization’s leadership and direction, proximity to northern Colorado. But the most important factor, he said, is the community’s support.

“Back then, our founding fathers recognized we had to tell people (economic development) wasn’t going to happen overnight. It’s a long-term proposition,” Bruns said.

On paper, LEADS looks like a chamber of commerce, Bruns said. It has a budget of about \$750,000. About half of that comes from local businesses that pay membership dues, much like a chamber, but it comes without the perks that a chamber provides.

The rest comes from income generated from its business parks and a small amount from local governments, which have contracts with LEADS. Over the span of nine years, LEADS raised \$7 million in two capital fundraising campaigns, and most of the money went toward building and improving its two business parks.

The group has five employees, which is usually enough to get the job done in Cheyenne.

“I think we’re still pretty lean and mean and do a lot,” Bruns said. “There’s months where I wish I had six or seven. But our mission isn’t to build our organization. Our mission is to build our community.”



LEADS wouldn't be where it is today without its community, Bruns said. Cheyenne understands that it takes years to develop the economy. And in the first few years of LEADS' existence, it enjoyed some limited success, and "people could see LEADS could have an impact."

The people of Cheyenne had to trust that LEADS would deliver, he said, and as the organization has enjoyed more success, "we've made sure people understood that was the result of a sustained and focused effort."

He recalled a conversation he had with the executive vice president of Lowe's almost 18 years ago when the company broke ground on a distribution center in Cheyenne.

Thousands of communities had wanted the home improvement giant to come to their town to help them out. The executive told Bruns something that has stuck with the LEADS CEO to this day: "Why would we be willing to invest in a community that isn't willing to invest in itself?"

Get busy growing or get busy dying

Before coming to Gillette, Christopherson worked at IDEA Inc., Riverton's economic development organization. It's self-supporting, generating a net revenue of \$400,000 a year from its properties. But it took the group a few years to get to that point.

Christopherson said in 12 years, he hopes Energy Capital can do the same, and he hopes the tax will be the launchpad for the next wave of economic development in Campbell County.

"Long after I'm gone, I hope people are saying, 'Wow, Gillette's so successful. What have they done?' They started with a quarter-penny tax to develop these funds and get these projects going."

Eventually, Christopherson said, he hopes Energy Capital gets to the point where the quarter-penny tax is no longer needed. But for now, the tax could give the group a much-needed push in the right direction.

If the tax fails, “at least people are talking about (economic development),” said David Spencer, the former northeast regional director of the Wyoming Business Council, who also spent some time in the 1990s working on economic development in Gillette.

“This was the first time that I saw some light, where we might be able to diversify the economy if we have the resources to support that,” he said. “If you don’t, if the public doesn’t support it, it’s going to be an uphill battle, like it has been in the past.”

A community can’t afford to be satisfied with running in place, Christopherson said, because “if you’re not growing, you’re dying.”

“No matter if the economy slides down or comes back, doing nothing and waiting for the next boom shouldn’t be an option for anybody,” Spencer said.

The worst of the economic downturn is behind Gillette. Spencer said the community is in the best spot to diversify its economy. When times are good, people don’t see the need to fix what they perceive is not broken. And when times are bad, people say they can’t afford to diversify. But the months following a bust is the best time for development.

“Those cycles always happen, so if you don’t have a strong program that goes through the growth and decline cycles, what happens is you start all over again,” he said, adding that nothing will happen “if you don’t consistently stick with it, cut back during the lean times and make a half-hearted effort during good times.”

Spencer said Gillette has a lot of things in place for economic development — a college, a large and highly trained workforce, available real estate for both people and businesses, good quality of life.

“Gillette has done a good job of building this community,” he said. “Now they need to capitalize on that.”