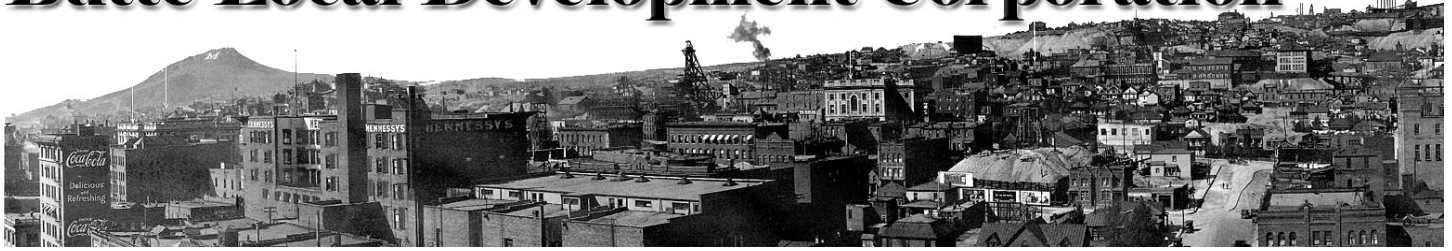


# Butte Local Development Corporation



SUMMER 2008

## Horizon Airlines to Pull Butte Service

On May 22, 2008 Horizon Airlines sent out a broadcast e-mail to sixteen locations, to which they currently have airline passenger service, announcing drastic changes in their Fall 2008 schedule. These schedule changes included the elimination of service to Butte starting on August 24, 2008. Horizon has provided East-West air transportation to Butte for the past 18 years.

The news that Horizon was pulling out of Butte came as a complete surprise to Bert Mooney Airport manager Rick Griffith. No one from Horizon Airlines contacted Rick directly to indicate there was a concern with the Butte service or a pending change in the schedule. As of last Fall, when Rick and other members of TEAM Butte met with several Horizon Airline officials in Seattle, the relationship between

Bert Mooney Airport and Horizon Airlines was strong.

Chief Executive Paul Babb and Rick Griffith both immediately requested a meeting with officials of Horizon Airlines to explain their actions and determine if there may be possible alternatives to the complete elimination of service. Officials of Horizon were not responsive to these requests. At that time the community leadership requested assistance through Montana's congressional delegation and Governor's office. Pam Cote, Senator Tester's field representative in Butte, requested Senator Tester contact the CEO of Horizon Airlines to request a meeting take place.

On June 13, 2008 representatives of Horizon Airlines met with local leaders, airport management and representatives of the Governor's office and

Congressional delegation in Butte. Horizon's management explained their company's position as to why it cancelled service to Butte and changed schedules to many communities. The main reason for this drastic step was the dramatic increase in fuel costs that has hit the airline industry. That, combined with the low number of passengers boarding in Butte, made it an economic decision. To help ease the impact of the fuel prices, Horizon is also consolidating their airplane fleet to 76 passenger Q-400 airplanes. These aircrafts are 30% more fuel efficient than regional jets and smaller than 36 passenger Q-200 planes. This consolidation will also reduce the number of planes in their fleet from 62 to 48 and thus requiring more efficient use of aircrafts in their scheduling.

In the light of this drastic cut in Butte's commercial air service, Rick Griffith and members of TEAM Butte are beginning the process of contacting other air carriers to determine the interest in establishing East-West routes following Horizon's departure in August. It may be necessary for the community of Butte to establish a means to supplement the initial years of service for a new airline serving the area until they establish themselves. It is extremely important for Butte's economic development to have strong East-West and North-South commercial air transportation service.



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Since 1981 the BLDC has managed 11 revolving loan programs on behalf of Butte-Silver Bow or by receiving funds from various government agencies. The various lending programs include:

**Anaconda ARCO Loan Program.** Butte-Silver Bow established a revolving loan fund in 1981 when the Anaconda ARCO Company gave \$500,000 to the area to help laid off miners begin new ventures after the mine closed. The BLDC was subsequently requested to manage the Anaconda ARCO Loan Fund, which currently has 38 borrowers. The BLDC's Anaconda ARCO Loan Fund is targeted towards basic industries and has a minimum leverage required that every dollar of Anaconda ARCO Loan Funds be matched by four dollars of other investment. To date, the Anaconda ARCO Loan Fund has leveraged over \$18 million in private financing, help to create over 450 jobs, and saved another 375 jobs.

**Intermediary Relending Program.** From September 1995 through November 2007 the BLDC has been awarded seven loans totaling over \$4.5 million from the U.S. Department of Agriculture's Rural Development Program. These funds have a total of 70 loan

## BLDC Loan Programs

recipients and helped to create 727 jobs and have retained 449 jobs. This lending program is designed to promote small business enterprises in rural areas.

**Community Development Block Grant Revolving Loan Program.** On March 4, 1998, the BLDC was awarded a Community Development Block Grant from the U.S. Department of Commerce Housing and Urban Development to create a revolving loan program in the amount of \$314,300. To date this fund has 9 recipients and has helped to create 280 jobs, retained 48, for a total of 328 jobs. These loan funds target financing of qualified business projects that create or retain jobs for low-to-moderate income persons.

**Economic Development Administration Revolving Loan Program.** On May 13, 1998, the BLDC was awarded an Economic Development Administration Grant in the amount of \$2,942,700 to establish a revolving loan program designed to assist economically distressed areas in the creation and retention of jobs. This loan program has 22 recipients and has helped to create 452 jobs and retained 89 jobs.

**Community Development Financial Institution Revolving Loan Program.** On July 1, 2003 the BLDC was awarded a grant from the U.S. Department of Treasury to establish the Community Development Financial Institutions Program (CDFI) Revolving Loan Program in the amount of \$250,000. Under this program, the BLDC works with businesses and commercial lenders to help fund business expansion, retention, recruitment, and start-ups. This fund has 5 recipients and has helped to create 24 jobs and retained 15 jobs.

All loan applicants to the BLDC will first go before the Loan Committee once they have met loan criteria for approval. If approved by the Loan Committee it will then be presented to the 17 member Board of Directors for approval. Each business must provide a business plan and financial information in order for consideration as a loan recipient. To date, the BLDC has loaned more than \$8 million with over \$5 million of revolved funds used for relending.

To apply for a loan or for more information contact Andy Zdinak at 723-4349.