



Southwestern Montana Comprehensive Economic Development Strategy 2012-2017

Beaverhead County, Madison County, Granite County, Jefferson County, Powell County, Butte-Silver Bow City-County, Anaconda-Deer Lodge City-County

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Executive Summary

Improving the economic and social well-being of the residents of southwestern Montana is the fundamental purpose of the goals and objectives outlined in the 2012 Comprehensive Economic Development Strategy (CEDS). As an Economic Development District, Headwaters RC&D is tasked with bringing together the public and private sectors to update this strategy every five years and provide an economic roadmap that will diversify and strengthen the regional economy.

Perhaps the most important goal identified in this strategy is increased collaboration. Working across social and political boundaries can provide communities, counties, businesses, community groups and residents the opportunity to pool financial, political and social capacity, thereby increasing both the region's competitiveness and its resiliency.

Southwestern Montana is rich in both its people and its natural resources. Small businesses, entrepreneurs and natural resource industries are the foundation of the region's economy. Many of the communities in this region of 82,013 people are very small; therefore small businesses and entrepreneurs are often the drivers of local economies. These residents' hard work, innovation and willingness to take risks are what keep rural communities intact and healthy. It is imperative that there is adequate access to capital for these businesses to ensure the region's downtowns and main streets remain the economic and social hubs of the community.

The abundance and health of the region's water, land, forests, minerals and wildlife are perhaps its greatest assets. In recent times, the economic importance and strength of some natural resources sectors has diminished, but with innovative, thoughtful, collaborative

approaches they can once again be the foundation of vibrant rural economies. Agriculture remains a strong sector, and with national trends in food, it will likely become more so over time. Tourism and recreation also continue to grow in importance.

While natural resource-based industries present many opportunities for the region, this reliance, and the resulting uncertainty caused by forces beyond local control, make the regional economy vulnerable. Diversification is critical.

Over the last decade, several new economic sectors have emerged to be significant economic drivers. These include advanced manufacturing, aerospace technology, environmental remediation and transportation, distribution and warehousing. While some of the companies in these sectors are nascent, there are several large employers that are committed to the region and are helping to build a more diversified, resilient economy.

These industries often provide higher wage salaries; therefore improving the social well-being of the region's residents. Many people choose to live in southwestern Montana because of the land, its people and the way of life. Recognizing the advantages of living in a small town, people live here, among other reasons, because of the scenic beauty, recreational opportunities and their connection to family and friends. Therefore, promoting the amenities of region, in addition to creating good-paying, stable jobs, is a critical element in this strategy.

The 2012 CEDS was designed to ensure an integrated, innovative approach to regional economic development that strengthens and builds resiliency in the communities and economy of southwestern Montana.

Comprehensive Economic Development Strategy Committee

This process would not have been possible without the commitment, hard work and guidance of the following individuals:

Lane Adamson, Madison Valley Ranchlands

Barbara Andreozi, Montana State University Extension

John Bancroft, City of Ennis

Brian Bender, Powell County

Karen Byrnes, Butte-Silver Bow County

Ty Cobb, City of Dillon

Maureen Connor, Granite County

Jim Davison, Anaconda Local Development Corporation

Barbie Durham, Madison County

Rick Edwards, Northwestern Energy

Mary Ann Fraley, City of Deer Lodge

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Gail Leeper, City of Drummond

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Grant Sitler, Peoples Bank of Deer Lodge

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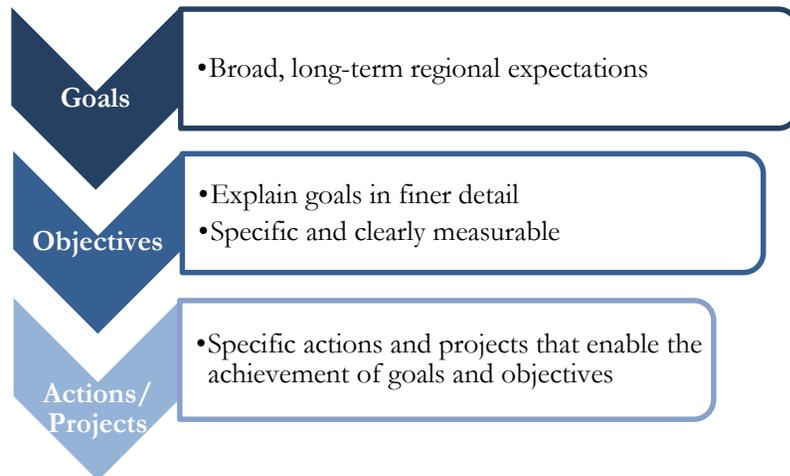
Jim Smitham, Butte Local Development Corporation

Mike Strang, Mountain View Motel & RV Park

JS Turner, City of Dillon

Section One: CEDS Goals, Objectives and Process

As the lead organization in developing and maintaining the CEDS, Headwaters RC&D is committed to a collaborative approach with public, private and civic sectors in order to strengthen and diversify the economy of southwestern Montana. In assessing the strengths and weaknesses of the region, a series of regional goals and strategies have emerged to meet the community and economic challenges of the region. We recognize the relationship between the economy and the health of its communities and residents; therefore this strategy addresses specific objectives to support and increase the resiliency of all three.



Goals and Objectives

To ensure an integrated, innovative approach to the proposed regional economic development strategy we will actively pursue the following seven goals:

1. Coordinate and advocate as a region to ensure regional competitiveness and resiliency.
2. Ensure communities are appealing and healthy places to live and work.
3. Strengthen and support the development of vibrant downtowns and main streets.
4. Increase access to capital and business assistance resources for business creation, expansion and retention.
5. Nurture entrepreneurs and small businesses.
6. Enhance and expand natural resource-based economic development.
7. Enhance and expand workforce development and educational opportunities for residents.

Achieving these goals in the next five years will require a substantial and coordinated effort. To ensure the greatest level of success possible, we will work with partners and stakeholders across the region to implement the following strategies in order to achieve these goals.

GOAL ONE: COORDINATE AND ADVOCATE AS A REGION TO ENSURE REGIONAL COMPETITIVENESS AND RESILIENCY.

Working across social and political boundaries in southwestern Montana offers great opportunity to strengthen the region's communities and economy. Collaborative efforts provide communities, counties, businesses, community groups and residents the opportunity to pool financial, political and social capacity, thereby increasing both the region's competitiveness and its resiliency.

1.1 Objective: Distinguish the region and leverage existing partnerships to increase funding opportunities.

- *Develop and disseminate an inventory of funding opportunities that support a regional approach.*
- *Build relationships with private foundations that support efforts in Montana.*
- *Explore landscape-scale initiatives to take advantage of regional competitiveness.*
- *Identify, encourage and support public/private partnerships.*
- *Engage higher education institutions in community and economic development efforts.*
- *Support initiatives that promote the region.*

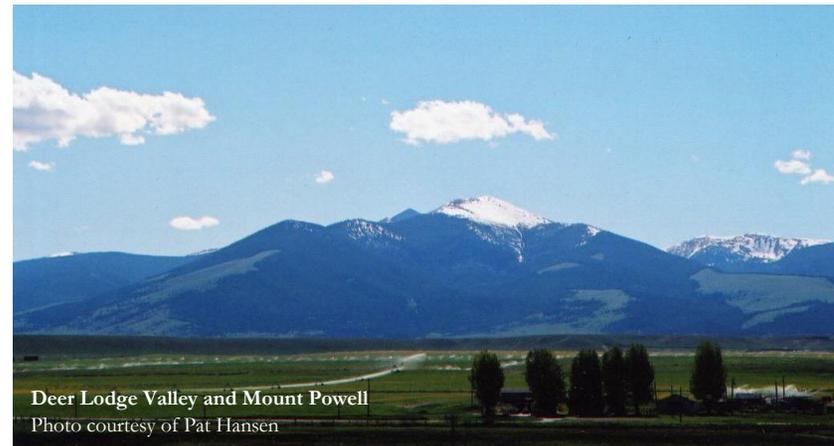
1.2 Objective: Increase communication within counties and across the region, inclusive of a diversity of stakeholders.

- *Identify and engage stakeholders in the region that have a role in community and economic development.*

- *Identify opportunities for the public to engage with decision-making bodies.*
- *Identify and encourage stakeholder participation in collaborative and networking opportunities.*
- *Support regional collaborative groups, such as Beaverhead-Deerlodge Working Group, Southwest Montana Food System Group, Forest Products Retention Roundtable, etc.*

1.3 Objective: Establish and/or promote a means of communication and distribution of information within counties and the region.

- *Identify existing communication and information channels and ensure they are properly utilized.*
- *Expand the use of web-based social networks.*
- *Expand the reach and impact of the Headwaters RC&D regional economic development committee.*



GOAL TWO: ENSURE COMMUNITIES ARE APPEALING AND HEALTHY PLACES TO LIVE AND WORK.

Many people choose to live in southwestern Montana because of the land, its people and the way of life. Recognizing the advantages of living in a small town, people live here, among other reasons, because of the scenic beauty, recreational opportunities and their connection to family and friends. Therefore, promoting the amenities of region, in addition to good-paying, stable jobs, is a critical element in this strategy.

2.1 Objective: Assist communities to ensure they have proper infrastructure in place to meet the needs of residents and the business community.

- *Utilize existing funding opportunities to leverage local dollars for completion of critical infrastructure projects.*
- *Assist with emergency service improvements including communications, equipment and facility development.*
- *Assist with rural health care needs.*
- *Utilize the economic development community and government agencies to support infrastructure development for the business community.*
- *Work with communities and businesses to implement energy efficiency measures and alternative energy projects.*

2.2 Objective: Promote high-quality education and childcare.

- *Increase the quality and number of childcare businesses.*
- *Explore strategies to keep rural schools open.*

2.3 Objective: Emphasize the need for safe, decent and affordable housing.

- *Promote affordable housing programs, such as First Time Homebuyer's Mutual Self-Help, Habitat for Humanity, etc.*
- *Increase access to programs that increase the safety and quality of existing housing.*

2.4 Objective: Support the development and expansion of parks, trails and open space.

- *Develop and disseminate an inventory of funding opportunities.*
- *Explore the development of parks districts.*
- *Work with public land agencies to link communities to public land.*





2.5 Objective: Increase community transportation options.

- Utilize the Safe Routes to School program to ensure that safe, responsive transportation options exist for the youth, such sidewalks, bike trails, crossing support, etc.
- Increase commuter transportation opportunities, such as public transportation, carpools, etc.
- Advocate for senior and disabled transportation systems.

2.6 Objective: Restore environmentally-damaged areas.

- Work with agencies and local government to identify and fund remediation and restoration projects.
- Assist local communities with Superfund, Natural Resource Damages, brownfields and other programs in the redevelopment of environmentally-damaged areas.

2.7 Objective: Encourage and support community-based planning efforts.

- Engage communities and counties in the implementation and evaluation of the CEDS.
- Support investment in comprehensive, long-range community planning, such as Community Improvement Plans, Growth Policies and Economic Development Plans.
- Provide technical assistance to communities to develop and implement of community planning.
- Engage diverse stakeholders, including the youth in community planning efforts.

GOAL THREE: STRENGTHEN AND SUPPORT THE DEVELOPMENT OF VIBRANT DOWNTOWNS AND MAIN STREETS.

The downtowns and main streets of southwestern Montana are the economic and social hubs of our communities. Yet often they are home to historical buildings in various states of disrepair and business owners struggling to be successful. It is a common occurrence to see businesses come and go; this uncertainty, along with forces beyond the control of the business community, leads residents shop elsewhere, oftentimes traveling to larger communities, such as Bozeman, Butte, Helena or Missoula.

3.1 Objective: Assist communities to make their downtowns and/or main streets are engaging public spaces.

- *Develop welcoming entrance areas that attract visitors.*
- *Hold public events that draw local residents and visitors, such as art walks, farmers' markets, live music, etc.*
- *Utilize programs and private investment to preserve and/or restore historical properties.*
- *Establish and support local organizations, such as Rotary, the Mainstreet Program, etc.*

3.2 Objective: Establish a healthy business community.

- *Establish proactive business associations.*
- *Provide training and business assistance for retail creation, expansion and retention.*

- *Use the Community Business Matching program to identify potential new businesses to diversify the economy.*
- *Encourage the use of collective marketing.*
- *Capitalize on assets to develop a theme to become a tourist or visitor destination, such as history, the outdoors, ranching, hunting and fishing, etc.*



3.3 Objective: Encourage local residents to support businesses in the downtown and/or main street area.

- *Implement a public awareness campaign on the advantages of shopping at locally and independently-owned businesses; include the quantifiable impacts of a change in shopping habits.*
- *Establish buy local efforts.*
- *Work with business owners to ensure they are responsive to the needs of local consumers, such as hours of operations, products carried, etc.*

GOAL FOUR: INCREASE ACCESS TO CAPITAL AND BUSINESS ASSISTANCE RESOURCES TO SUPPORT DIVERSIFIED BUSINESS ATTRACTION, EXPANSION AND RETENTION.

Access to capital is often cited as the greatest barrier to starting, expanding or keeping a business open. It is important that business owners fully understand the public and private financing options available to them. Furthermore, collaboration between the public and private funders can increase the amount of business financing available and help create a more diversified economy.



4.1 Objective: Increase access to and usage of venture and equity capital.

- *Actively market existing loan programs and provide technical assistance in an effort to increase business development.*
- *Educate the banking community about public funding programs and resources.*
- *Actively collaborate with local banks to create business financing packages.*
- *Use the loan funds of local economic development organizations to provide gap financing with private investment.*
- *Seek additional capital through public programs to meet the capital needs of the business community.*
- *Identify and facilitate angel investing and seed funding.*

4.2 Objective: Establish a diversified business community.

- *Utilize the Small Business Development Center, Southwest Montana Business Expansion and Retention program, local economic development organizations and other partners to meet the needs of the business community.*
- *Identify potential and support expansion of existing industry clusters.*
- *Use the Community Business Matching program to identify potential businesses or services desired in a community.*
- *Engage the university system in economic development efforts, including collaborating on research grants, commercialization opportunities and the creation of spin-off businesses.*
- *Support the development of business and industrial parks.*

GOAL FIVE: NURTURE ENTREPRENEURS AND SMALL BUSINESSES.

Successful entrepreneurs and small businesses are important to the health of any economy, but they are even more so in rural southwestern Montana. These individuals are the drivers of our local economies through their hard work, innovation and willingness to take risks. Running your own business, or two, is a way of life for many residents of the region.

5.1 Objective: Create an educated and well-prepared entrepreneurial and small business community.

- *Conduct business development trainings that are responsive to the current needs of entrepreneurial and small business community.*
- *Advocate for better utilization of businesses assistance and training programs through collaborative marketing.*

5.2 Objective: Expand niche and placed-based businesses opportunities.

- *Support the availability of broadband to entrepreneurs and small businesses to support business activity.*
- *Provide internet-based sales, social networking and other internet-specific business trainings.*
- *Capitalize on the unique culture, geography, history and resources of southwestern Montana to create high-quality products.*
- *Support the production of local goods and the expansion of cottage industries.*

- *Increase access to local, national and global markets for goods produced in the region.*
- *Support the expansion of the arts community.*



Headframe Spirits in Butte
Photo courtesy of Sheila Markazi

GOAL SIX: ENHANCE AND EXPAND NATURAL RESOURCE-BASED ECONOMIC DEVELOPMENT.

Historically, people settled in southwestern Montana because of its wealth of natural resources. The abundance and health of the region's water, land, forests, minerals and wildlife are our greatest assets. In recent times the economic importance and strength of some natural resources sectors has diminished, but with innovative, thoughtful, collaborative approaches we believe they can once again be the foundation of vibrant rural economies.

6.1 Objective: Develop a resilient food and farm economy that is locally responsive and retains wealth locally.

- *Develop baseline data to better understand the food and farm economy.*
- *Work to expand market opportunities for farmers and ranchers.*
- *Provide assistance to farmers, ranchers and entrepreneurs that are exploring ways to add value to agricultural products.*
- *Identify gaps in our local food system infrastructure.*
- *Develop a public awareness and outreach campaign for local agriculture and food system development to increase the public's understanding and engagement.*
- *Increase the number of meat slaughter and processing facilities that are state- or USDA-inspected.*
- *Work with the agriculture community to implement energy efficiency measures and alternative energy projects.*

- *Provide education and awareness of the economic and natural resource impacts caused by the spread of noxious weeds.*

6.2 Objective: Expand economic opportunities around our forests.

- *Establish and support opportunities to communicate about public forest policy.*
- *Develop markets for mountain pine beetle infested timber.*
- *Develop markets for timber harvested from hazardous fuel mitigation projects.*
- *Capture value locally from emerging markets.*
- *Inventory all institutional heating systems in the region to identify potential thermal biomass opportunities.*
- *Inventory existing timber infrastructure and work to preserve it.*



6.3 Objective: Support responsible mining projects.

- *Support efforts to secure financing for shuttered mining operations.*
- *Aid in the development of cluster and support businesses.*

6.4 Objective: Expand economic opportunities around tourism.

- *Coordinate as a region to encourage more visitor days within the region.*
- *Develop innovative, engaging, collaborative marketing strategies.*
- *Coordinate with the Montana Office of Tourism.*
- *Increase the number and quality of festivals, events and programs.*
- *Increase the number of lodging options, including hotels, motels, RV parks, etc.*
- *Establish transportation options to serve tourists.*

6.5 Objective: Expand economic opportunities around recreation.

- *Coordinate with public land officials to help educate the public on stewardship of public lands.*
- *Expand off-road tours and recreation.*
- *Develop more recreation-related events.*

6.6 Water

- *Work with public officials and stakeholders to maintain the pristine water resources of the region.*
- *Work with stakeholder to ensure sufficient water resources to support economic activity.*

6.7 Energy

- *Encourage entrepreneurial efforts to identify and commercialize alternative energy products.*
- *Explore to development of alternative energy resources for municipalities, businesses and the public.*



Fishing the Madison River
Photo courtesy of Chad Olsen

GOAL SEVEN: ENHANCE AND EXPAND WORKFORCE DEVELOPMENT AND EDUCATIONAL OPPORTUNITIES FOR RESIDENTS.

Skilled workers are the backbone of a healthy economy. Ensuring residents are properly trained and prepared so they can get stable, good-paying jobs is a critical element in this strategy. As the national and global economy continues to have an effect on local conditions, it is critical that our workforce support systems are in place and properly utilized to ensure an educated and skilled workforce that is adaptable and resilient.

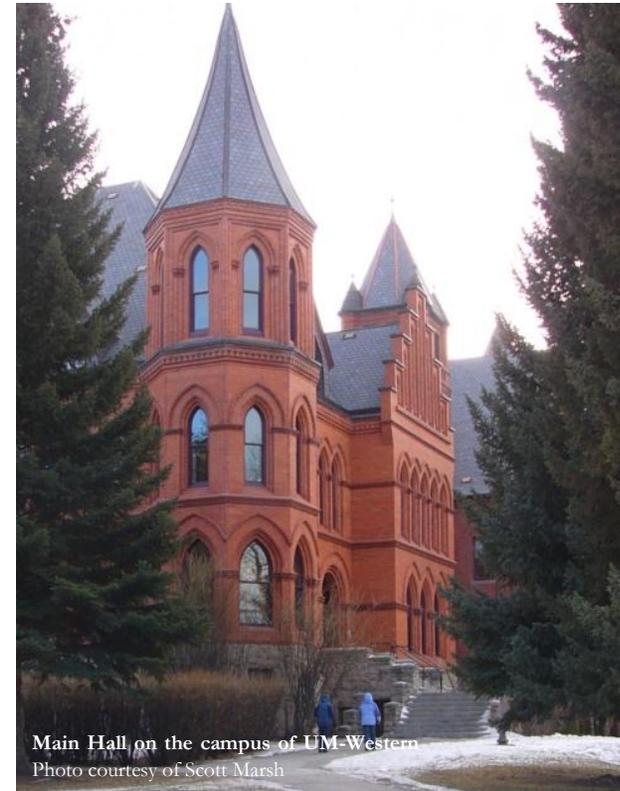
7.1 Objective: Enhance the development of a quality workforce that can serve to attract and support business development.

- *Increase the number of quality training and educational opportunities.*
- *Work to identify gaps in labor training and the available workforce for area employers and growth sectors.*
- *Collaborate with the Montana Job Service, MSU Extension, university system and other partners to ensure workforce training and educational programs meet the needs of the business community.*
- *Promote and encourage the use of Highlands College, Montana Tech and UM-Western for timely workforce development opportunities.*
- *Work with the Anaconda Job Corps to identify area projects that will increase the number of on-the-job training opportunities.*

7.2 Objective: Increase collaboration between partners and utilization of existing programs.

- *Establish and utilize peer-to-peer information sharing opportunities.*

- *Utilize the Southwest Montana Business Expansion and Retention program to ensure that workforce needs are being met.*
- *Better utilize existing programs to ensure workforce needs are met, including Incumbent Worker Training, National Emergency Grants, Workforce Investment Act, etc.*
- *Work with partners to educate employers on incentive programs, such as the Work Opportunity Tax Credit, etc.*
- *Support public/private partnerships to enhance workforce training programs and associated funding.*



Main Hall on the campus of UM-Western
Photo courtesy of Scott Marsh

Process

This CEDS document was developed by Headwaters RC&D staff in conjunction with the CEDS Committee and Board of Directors. The process for developing the CEDS consisted of:

1. An analysis of regional and local economic conditions;
2. A series of community meeting in the county seats of Beaverhead, Deer Lodge, Granite, Jefferson, Madison, Powell and Silver Bow Counties;
3. Numerous conversations with stakeholders and residents throughout the region;
4. An online economic development survey;
5. Identification of strengths and weaknesses;
6. Development of goals and objectives for addressing opportunities and challenges;
7. Development of an implementation plan.

The economic analysis and public engagement were conducted throughout 2012. A draft of the CEDS was circulated for public review and comments in October 2012. Following the public comment period, a final draft was completed and submitted to EDA in November 2012. For guidance in the development of this document the authors made use of: Comprehensive Economic Development Strategy (CEDS) Guidelines. 2002. U.S. Department of Commerce, Economic Development Administration, Washington DC (OMB Approval No. 0610-0093) www.doc.gov/eda

Section Three: Southwestern Montana and Its Economy

Socioeconomic data for this analysis was collected from multiple sources. The primary source was the Economic Profile System-Human Dimensions Toolkit (EPS-HDT) created by Headwaters Economics, which produces detailed socioeconomic reports, including custom aggregations and comparisons, allowing easy analysis of data for the seven counties in southwestern Montana. The EPS-HDT uses published statistics from federal data sources, including the Bureau of Economic Analysis, Bureau of Census, U.S. Department of Commerce, Bureau of Labor Statistics, U.S. Department of Labor and others. Additionally, data from the Montana Census and Economic Information Center and Institute of Tourism and Recreation Research were utilized. Data from the above sources are supported by anecdotal data collected between January and September at seven public meetings, numerous individual interviews and an online survey that had 96 responses from all seven counties in the region.

The Geography of Southwestern Montana

Beaverhead, Deer Lodge, Granite, Jefferson, Madison, Powell and Silver Bow Counties make up southwestern Montana (Figure 1). It is an immense region, encompassing over 17,486 square miles and 11.5 million acres; an area larger than nine individual states. Beaverhead County alone covers over 5,500 square miles and 3.5 million acres, making it the largest county, by area, in the state of Montana.

It is a region dominated by broad, fertile river valleys and rugged mountain ranges. The Continental Divide transects the region and it is home to the headwaters of the Missouri River and Clark Fork of the Columbia River basins. Elevation ranges from 3590' on lower Rock

Creek in Granite County to 11,316' Hilgard Peak in Madison County; the tallest peak in Montana outside of the Beartooth Plateau.

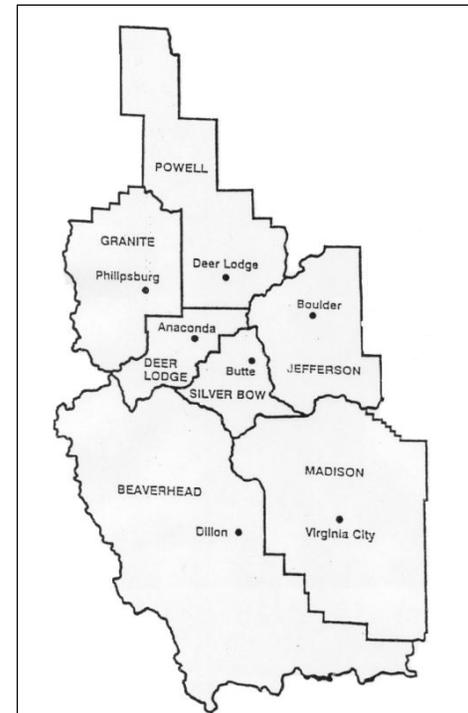


Figure 1: Southwestern Montana

Much of the mountains are covered by forests characterized by diverse vegetation, including lodgepole pine, Douglas-fir, spruce fir, whitebark pine, aspens, junipers and large areas of sagebrush. The regions' forests are stressed as the mountain pine beetle epidemic continues and an

increase in number and severity of large wildland fires. Federal and state agencies control much of these forest resources, including the Beaverhead-Deerlodge National Forest; the largest National Forest in the state encompassing over 3.3 million acres in 11 noncontiguous parcels throughout the seven-county region.

Temperatures and precipitation in the region varies with elevation. Winter temperatures are quite low; it is not uncommon for much of the region to have temperatures below zero. Summers are typically warm with daytime temperatures in the 70s and 80s and night temperatures. Winter temperatures can drop below zero. Precipitation ranges from over 50 inches in the mountains, including the Gravellys, Madison Range, Pintlers, Pioneers and Tobacco Roots, to less than 10 inches in the river valleys. At the time of this report, the region was in the midst of a drought.

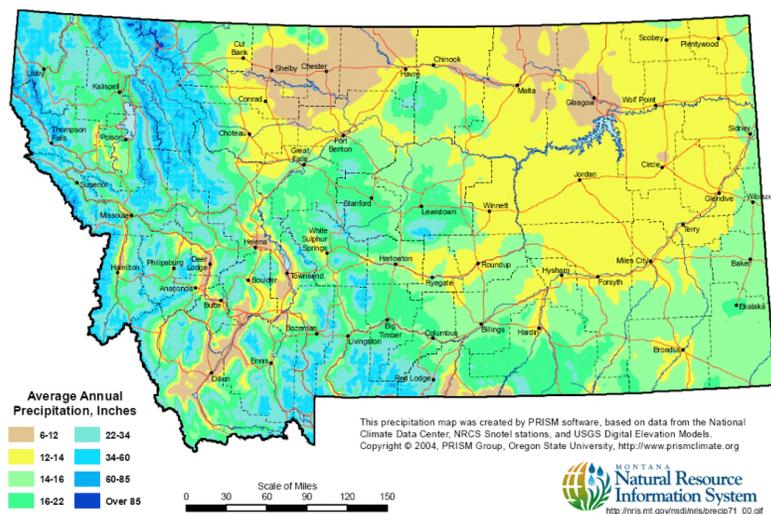
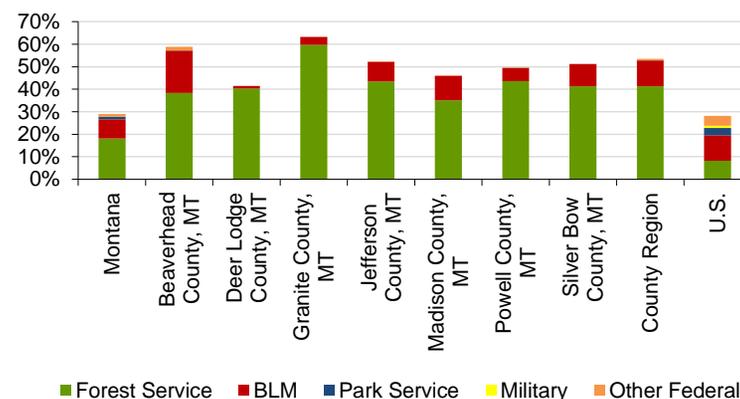


Figure 2: Average Annual Precipitation, 1971-2000

Over half (53.1%) of the land area of southwestern Montana is owned and managed by the federal government (Figure 2). The United States Forest Service and Bureau of Land Management are the two largest land managers, followed by the National Park Service. Granite County has the greatest percentage (63.8%) of federal lands and Deer Lodge County has the lowest percentage (41.5%).



Source: EPS-HDT

Figure 3: Percent of Total Land Owned by the Federal Government

Southwestern Montana is home to four wilderness areas. Beaverhead, Deer Lodge and Granite Counties all encompass part of the Anaconda-Pintler Wilderness. Granite County is also home to the Welcome Creek Wilderness. Madison County contains part of the Lee Metcalf Wilderness and northern Powell County contains part of the Bob Marshall Wilderness and Scapegoat Wilderness.

The National Wildlife Refuge (NWR) system has two refuges in southwestern Montana. The Blackfoot Valley NWR is in northern Powell County along the Blackfoot River and the Red Rock Lakes NWR is in far southern Beaverhead County in the Centennial Valley.

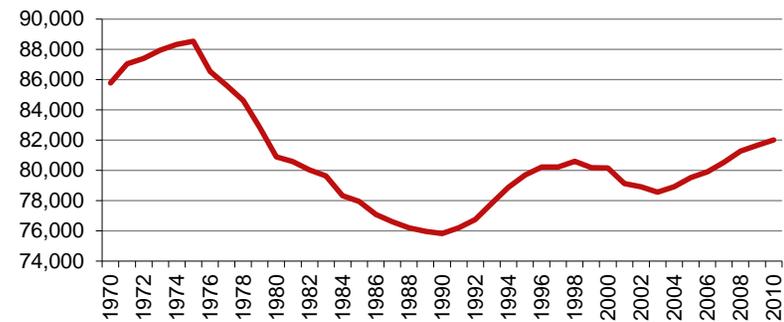
The wildlife and fisheries of the region are relatively healthy and support a robust tourism and recreation economy in southwestern Montana. While many species flourish in the region, there are fish and wildlife populations at risk to due to many factors, including disease, drought conditions and habitat loss. Species of concern include black-footed ferret, bull trout, Canada lynx, fluvial Arctic grayling, grizzly bear and wolverine.

Southwestern Montana has four sites listed on the Superfund National Priorities List. Collectively, the Clark Fork Basin Sites are the largest Superfund site in the nation. This includes three sites in Headwaters region: the Anaconda Company Smelter site in Deer Lodge County, and Montana Pole & Treating and Silver Bow Creek/Butte Area in Silver Bow County. The fourth site, the Basin Mining Area, is in Jefferson County.

The People of Southwestern Montana

Demographics

While there have been several population growth and decline periods over the last 40 years, compared to the state as a whole, and other regions within the state, southwestern Montana’s population has remained relatively stable over the last 40 years (Figure 4). There have been peaks and valleys, but overall the total change in populations has been slight. From 1970 to 2010, population shrank from 85,768 to 82,013 people, an overall decrease of -4%.

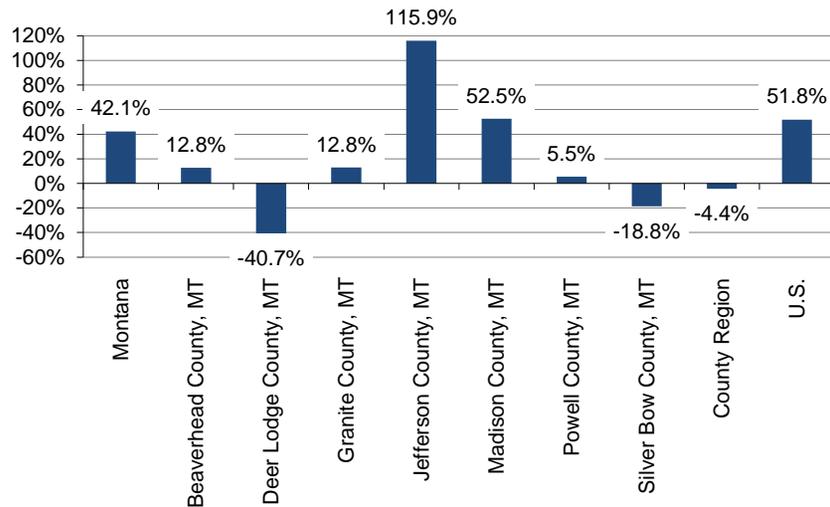


Source: EPS-HDT

Figure 4: Population Trends in Southwestern Montana, 1970-2010

Except for Deer Lodge and Silver Bow Counties, all of the counties in the region have experienced population growth over the last 40 years (Figure 5). Silver Bow County remains the most populous county in the region with 33,797 residents, although it has lost nearly a fifth of its population over the last 40 years. The least populous county is Granite, with 3,044 residents, making it one of the least populated counties in

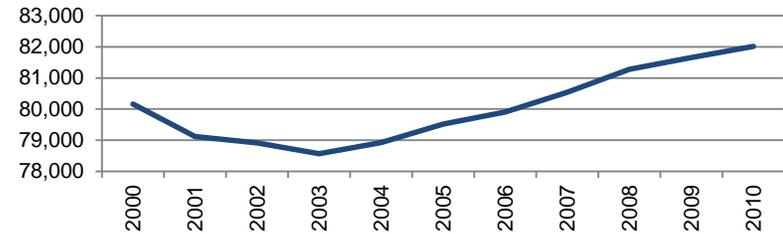
the western half of the state. Jefferson County has experienced the greatest amount growth in the region over the last four decades; an increase in population of over 115%.



Source: EPS-HDT

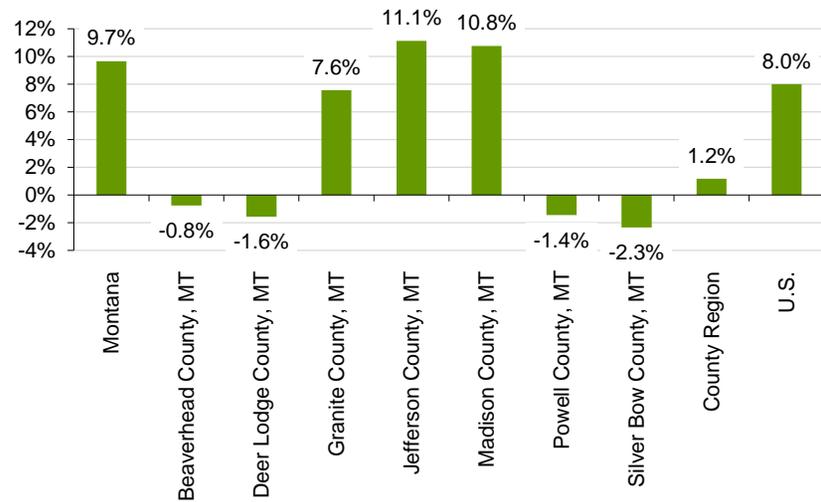
Figure 5: Population Change in Southwestern Montana, 1970-2010

Since the last update of the CEDS, the population of southwestern Montana has grown by nearly 3% to 82,013 residents (Figure 6). Between 2000 and 2010 the population in the region grew slower than Montana and the country; experiencing modest growth of just over 1% (Figure 7). Jefferson County was once again the fastest growing county in the region (11.1%), followed closely by Madison (10.8%) and Granite Counties (7.6%). Silver Bow (-2.3%), Deer Lodge (-1.6%), Powell (-1.4%) and Beaverhead Counties have all experienced a decline in population since 2000.



Source: EPS-HDT

Figure 6: Population Trends in Southwestern Montana, 2000-2010



Source: EPS-HDT

Figure 7: Population Change in Southwestern Montana, 2000-2010

In general, southwestern Montana is older than the rest of the state and country; the median age of residents in every county is greater than the state or national average. Additionally, the region continues to age at a

rate faster than the rest of the state and country. The oldest county in the region is Granite County, with a median age of 50.7 years. It is also the fastest aging county, experiencing an 18% increase in median age in the last decade. Over one-third of the region's population is between the ages of 45-59 (34.3%). The smallest age group is 35-45 year olds. Silver Bow County has the lowest median age (41.8) and is aging slower than the rest of the region; a 7.5% increase since 2000.

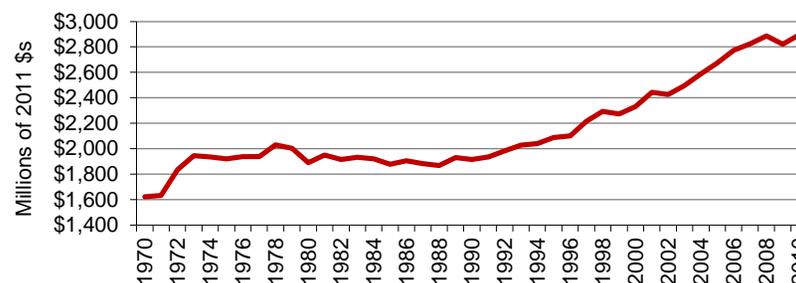
Over 90% of the region's residents have a high school diploma, and over 25% have a bachelor's degree or higher. Madison County has the most formally educated residents, followed closely by Jefferson and Beaverhead Counties; 95% of Madison County have a high school diploma and 34% have a bachelor's degree or higher. Jefferson County has the greatest number of residents with a graduate or professional degree (12.2%).

In 2010, 12,762 people in southwestern Montana lived below the poverty line (16.3%). This is a greater percentage than the state or nation. Deer Lodge County had the greatest number of people in poverty (21.2%) and Madison County had the least (11.6%).

Income and Earnings

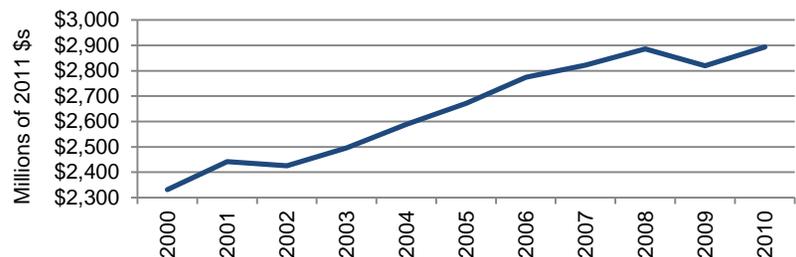
From 1970 to 2010, total personal income grew (in real terms) by 78% in southwestern Montana; this is a rate much lower than Montana or the country which have experienced growth at a rate of 147% and 165%, respectively (Figure 8). Jefferson County residents experienced significant personal income growth (379.3%) and Deer Lodge County residents experience very little growth (3.9%).

Since 2000, the region has experienced a 24% increase in total personal income (Figure 9). Except for two slight declines in 2002 and 2009, this growth has been steady and is approaching \$3 billion in total income for the region.



Source: EPS-HDT

Figure 8: Total Personal Income, 1970-2010



Source: EPS-HDT

Figure 9: Total Personal Income, 2000-2010

Since 1970, labor income¹ grew by \$471 million, a 40% increase, and non-labor income² grew by over \$800 million, a 175% increase (Figure 10). In 1970, non-labor income represented 28% of total personal income; by 2010 it represented 43% of total personal income.

¹ Net earnings by place of residence, which is earnings by place of work (the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors' income) less contributions for government social insurance.

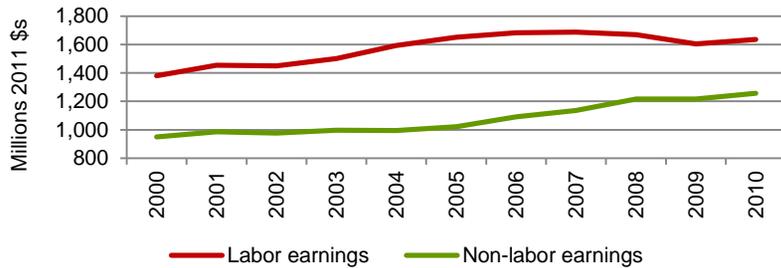
² Dividends, interest, and rent (money earned from investments), and transfer payments (includes government retirement and disability insurance benefits, medical payments such as mainly Medicare and Medicaid, income maintenance benefits, unemployment insurance benefits, etc.).



Source: EPS-HDT

Figure 10: Components of Personal Income, 1970-2010

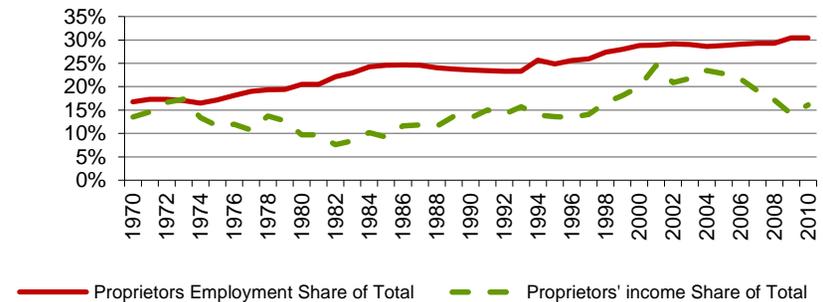
This large increase in non-labor income is likely due to the aging of the population and amenity-based in-migration. Southwestern Montana is an appealing place to move to and/or retire, and oftentimes new residents do not enter the labor force, instead relying on non-labor income sources.



Source: EPS-HDT

Figure 11: Components of Personal Income, 2000-2010

In 1970, proprietors³ represented 17% of total employment in the region, by 2010 that had grown to 30% of total employment (Figure 12). This data is supported by anecdotal evidence that suggests that entrepreneurs and small businesses are critical sectors of the region’s local economies. In 1970, proprietors’ share of total labor earnings was 14%, increasing by only 2% in 40 years. The larger increase in the number of proprietors, compared to the slight increase in their share of total labor earnings reveals a that while this is a critical sector, it also one that is at risk. It was only in the early 1970s that percent of proprietors’ share of employment and the share of earnings were equal.

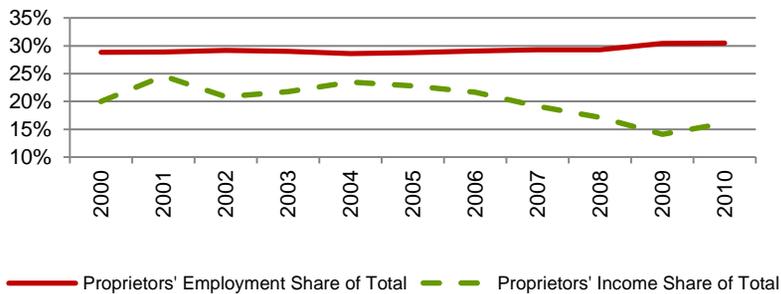


Source: EPS-HDT

Figure 12: Proprietors' Employment Share of Employment & Proprietors' Income Share of Labor Earnings, 1970-2010

The year 2001 marked the high point for proprietors’ share of total income (24.6%). Since 2001 this indicator has experienced a steep decline and bottomed out in 2009 at 14% (figure 13). While there was a 2% increase in 2010, it was a difficult decade for small business owners, entrepreneurs and self-employed residents in southwestern Montana.

³ This term includes the self-employed in nonfarm and farm sectors. Nonfarm self-employment consists of the number of sole proprietorships and the number of individual business partners not assumed to be limited partners. Farm self-employment is defined as the number of non-corporate farm operators, consisting of sole proprietors and partners.

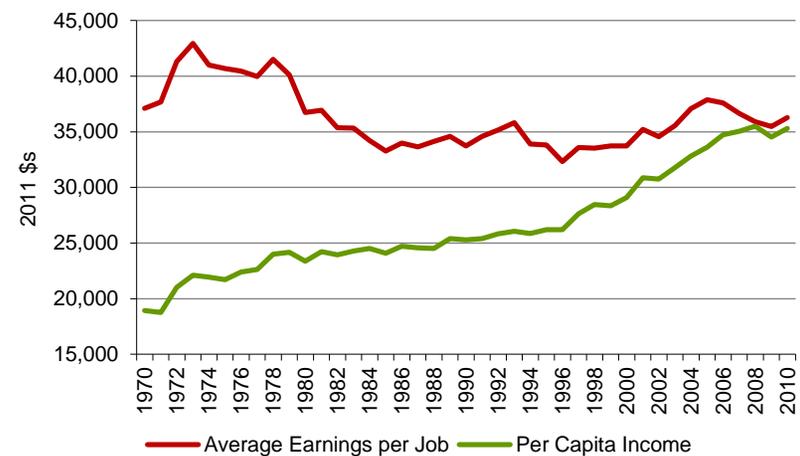


Source: EPS-HDT

Figure 13: Proprietors' Employment Share of Employment & Proprietors' Income Share of Labor Earnings, 2000-2010

Since the last update of the CEDS the number of proprietors has grown in southwestern Montana by 1,237, a 9% increase. So while this sector of the economy continues to grow, it is at risk.

Since the last update of the CEDS the average earnings per job and per capita income have become nearly equal (Figure 14). The average earnings per job in the region, an indicator of the quality of local employment, is slightly higher than per capita income at \$36,280. Since 1970, this number as has experienced many highs and lows but has continually decreased and is now nearly equal per capita incomes. Silver Bow County (\$44,386) has, by far, the highest average earnings per job in the region, followed by Powell County (\$32,923) and Deer Lodge County (\$32,783). Granite County (\$21,545) has the lowest average in the region.

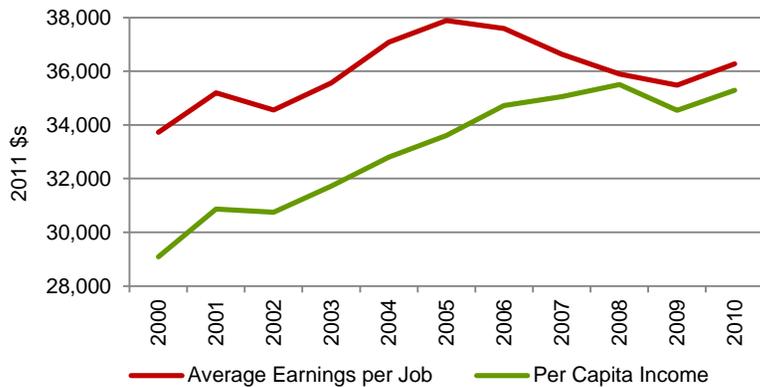


Source: EPS-HDT

Figure 14: Average Earnings per Job & Per Capita Income, 1970-2010

Per capita income⁴ for the region is \$35,296, a 21.6% increase since 2000, yet it remains lower than the state or national averages (Figure 15). This is significant as per capita income is an important measure of economic well-being. Yet the aging and older population in southwestern Montana makes this indicator misleading as the all residents in the region are considered, even those that are not income earners; of which there are many. Jefferson County (\$37,895), Silver Bow County (\$37,866) and Madison County (\$36,388) all have higher per capita incomes than the state average. Powell County (\$26,835) has the lowest per capita income in the region.

⁴ Per capita income is total personal income divided by population. Because total personal income includes non-labor income sources (dividends, interest, rent and transfer payments), it is possible for per capita income to be relatively high due to the presence of retirees and people with investment income. And because per capita income is calculated using total population and not the labor force as in average earnings per job, it is possible for per capita income to be relatively low when there are a disproportionate number of children and/or elderly people in the population.



Source: EPS-HDT

Figure 15: Average Earnings per Job & Per Capita Income, 2000-2010

The Regional Economy

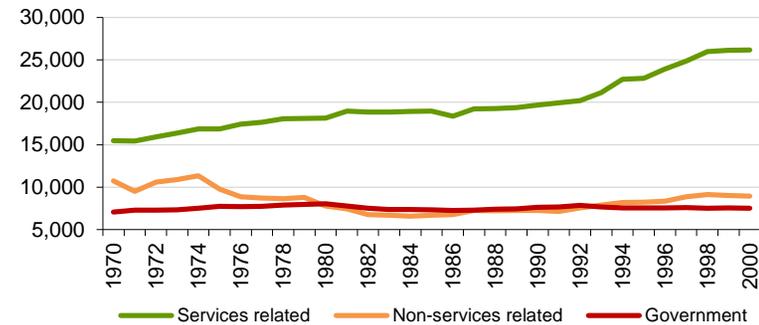
Historically, southwestern Montana has relied upon the wealth of natural resources in the region to sustain the population and grow the economy. That connection to the area's natural resources is still strong and economic conditions continue to follow the cycles that affect mineral, timber and agricultural markets. As they always have, national and global factors have great influence on local economies. While there have been many successful efforts to diversify the economy, it is still generally characterized by boom and bust cycles, much as it was in the 19th century.

Current Economic Conditions

While more insulated than many parts of the county, the Great Recession affected the economy of southwestern Montana. The global financial crisis occurred in late 2007 and by 2008 the country was mired in what has come to be known as the Great Recession. The housing

crisis and unprecedented unemployment numbers directly affected nearly every American.

Historically, services related employment has been on the rise, and southwestern Montana is no exception (Figure 16). While government employment has remained stable since 1970 and non-services related employment has experienced a 17% decline, services related employment has experienced a significant increase (69.3%) and has been an important factor in the restructuring of the region's economy and employment trends.



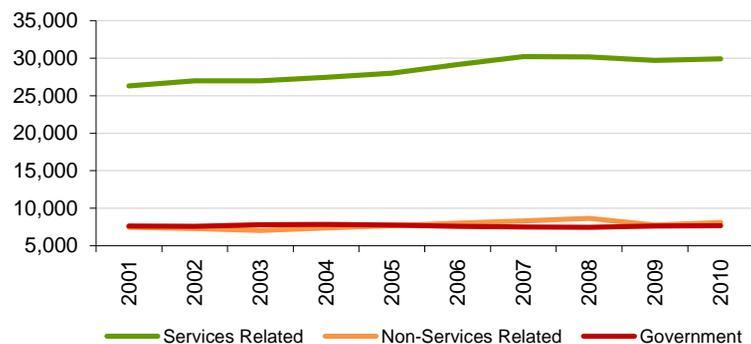
Source: EPS-HDT

Figure 16: Employment by Major Industry Category, 1970-2000

Since 2000, there has been very little change in government and non-services related employment (Figure 17). Again, services related employment has experienced the great change with an increase of over 14%, employing nearly 30,000 people in the region.

In southwestern Montana, the construction and retail trades experienced the greatest declines during the recession and unemployment in the region hit 6.6% in 2011, the highest number since the early 1990s. During this time the region's unemployment rate remained lower than that of state as a whole (6.8%) and the country

(8.9%). Granite County (10.4%) had the highest rate of unemployment in the region and Jefferson County (5.6%) had the lowest.



Source: EPS-HDT

Figure 17: Employment by Major Industry Category, 2001-2010

The mildness of the recession in the region can be attributed in part to the stability of the government sector and very little change in the number of jobs in services⁵ and non-services⁶ sectors. Additionally, large regional employers such as Montana Resources, Golden Sunlight, Northwestern Energy and REC Silicon did not experience significant downturns or layoffs. The only sectors to experience large declines in number of jobs since 2001 were farming (-12.5%) and information (-24.3%). Others experiencing slight declines were utilities, retail trade and accommodation and food services.

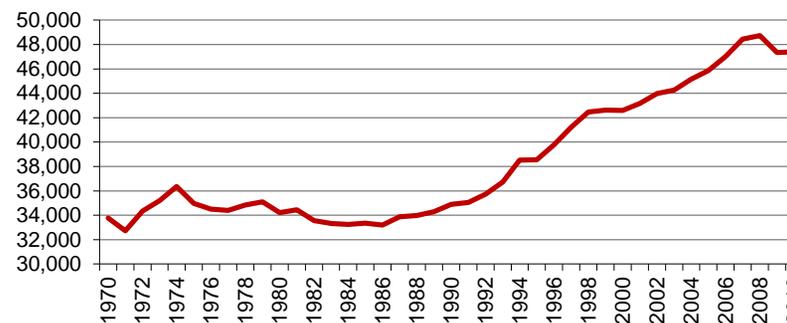
Jobs and Industry

From 1970 to 2010, employment in southwestern Montana grew from 33,769 to 47,385 jobs, an overall increase of 40% (Figure 18). The sectors with the greatest increases were agricultural services, forestry,

⁵ Consists of employment in industries such as retail trade, finance, insurance and real estate, and services.

⁶ Consists of employment in industries such as farm, mining, and manufacturing.

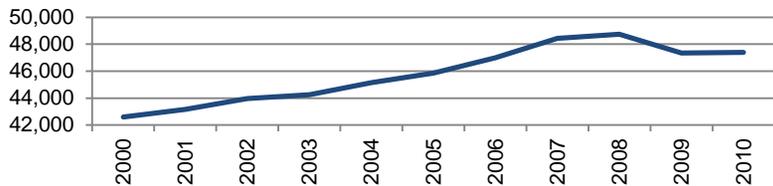
fishing & other (282.6%), construction (151.5%) and services (103.8%). Sectors that lost jobs include mining (-71.7%), manufacturing (-34.3%), wholesale trade (-14%) and farming (-1.6%).



Source: EPS-HDT

Figure 18: Number of Total Jobs, 1970-2010

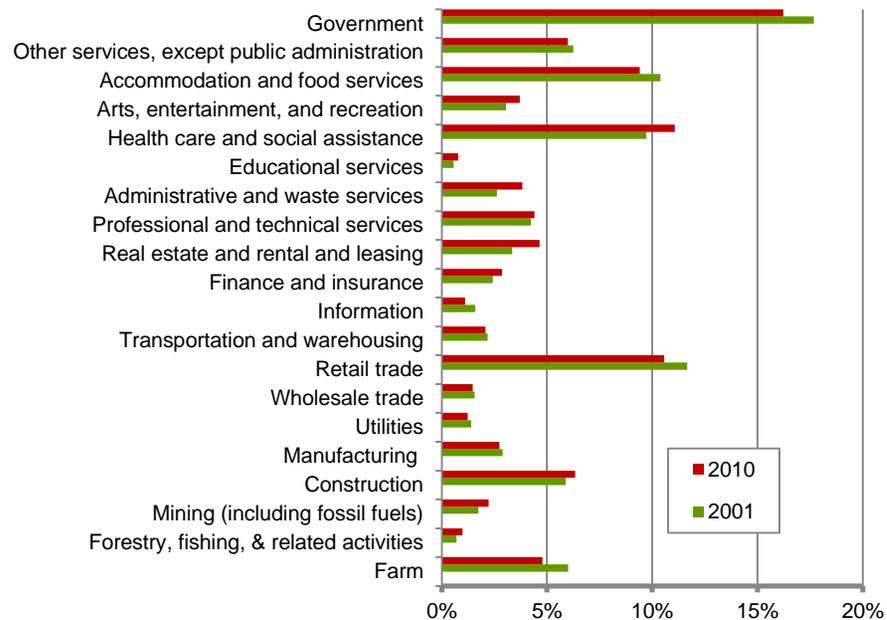
The region continued to add jobs through 2008 when the recession began to affect local economies. Between 2008 and 2010, the region lost over 1,300 jobs, a decline of nearly -3% (Figure 19). In 2010, there were 47,385 jobs in the seven counties in southwestern Montana; a 10% increase in the last decade and 40% increase in the last 40 years.



Source: EPS-HDT

Figure 19: Number of Total Jobs, 2000-2010

Services related jobs (29,936) had the greatest percentage of employment in the region at 63.2%, followed by non-services related (17.1%) and government (16.2%). When compared with specific sectors of the economy, government jobs are the largest employer in the region (Figure 20). Of service related employment, the sectors with the greatest number of jobs were health care and social assistance (5,244), retail trade (5,013) and accommodation and food services (4,456). The greatest number of jobs in non-services related employment was in construction (3,002) and farming (2,269); these were followed by manufacturing (1,302) and mining (1,053). The sectors with the fewest jobs in the region are educational services (371) and forestry, fishing & related activities (470).



Source: EPS-HDT

Figure 20: Employment by Industry, Southwestern Montana

There are several employers in the region that are critical to the stability of the economy (Figure 21). The top private employers in the include healthcare, mining, services, timber and utilities businesses.

Southwestern Montana’s lands, minerals, timber and water resources were the foundation of the extractive industries that once formed the economic base of the region. Due to national and global economic and sociopolitical conditions, their importance has eroded over time. This is not unlike most rural areas throughout the West, and Northern Rockies in particular. Yet agriculture, mining and timber remain important to the economy stability of the region, and in some counties they are critical.

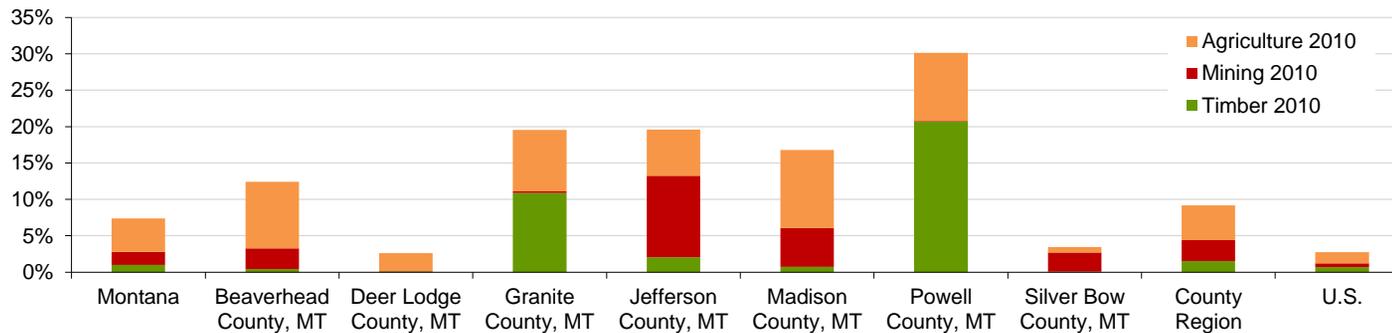
County	Business Name	Size Class
Beaverhead	Barrett Hospital & Healthcare	6
Deer Lodge	Community Hospital & Nursing Home	7
Granite	NA	NA
Jefferson	Golden Sunlight Mine	6
Madison	Big Sky Resort, Yellowstone Club	7
Powell	Rock Creek Cattle Company, Sun Mountain Lumber	6
Silver Bow	Northwestern Energy, St. James Community Hospital	8

Employment Size Class Code: Class 6= 100-249 employees, Class 7= 250-499, Class 8= 500-999

Source: Montana Department of Labor and Industry, Quarterly Census of Employment of Wages

Figure 21: Top Private Employers, by County

In every county in the region, except for Deer Lodge and Silver Bow Counties, agriculture employs over 5% of the workforce. In Madison County (10.7%) and Beaverhead County (9.2%) agriculture is the most significant employer of the three natural resource sectors. Powell County (20.7%) and Granite County (10.9%) most reliant upon the timber sector. Jefferson, Madison and Beaverhead Counties have modest employment in timber, and data reveals Deer Lodge and Silver Bow Counties have no timber jobs. Mining is highly important in Jefferson County where 11.2% of the workforce is employed. There is mining activity in Madison County (5.3%), Beaverhead County (2.8%) and Silver Bow County (2.6%), yet data for Deer Lodge, Granite and Powell Counties reveal no mining jobs.



*Timber and mining data are from County Business Patterns which excludes proprietors, government, and railroad. Agriculture data are from Bureau of Economic Analysis.

Source: EPS-HDT

Figure 22: Commodity Sectors, Percent of Total Employment*

The economic importance of tourism and recreation is great in southwestern Montana. These sectors are important employers and provide more than just employment and income; a study by the Economic Research Service of the U.S. Department of Agriculture found that “recreation and tourism development contributes to rural well-being, increasing local employment, wage levels, and income, reducing poverty, and improving education and health.” Job earnings in rural recreation counties, for example, are \$2,000 more per worker than for those in other rural counties.⁷

Interstate 15 and 90 run the length of the region and southwestern Montana is between two of the most-visited locations in Montana; Yellowstone and Glacier National Parks. Additionally, there is a wealth of public land and destination fishing streams in the region.

Over the last few years the entire nation has experienced declines in tourism, which was felt here in Montana as well. The state has seen a slight decrease in the number of people traveling and the amount of money they spend (Table 1). With the worst of the recession over, tourism, like many sectors of the economy, is expected to see gradual improvement.

In general, tourism was experiencing growth until 2008 when gas prices and the recession began affecting travel. In 2009, there were nearly 700,000 fewer nonresident travelers in Montana and they spent over \$600 million less than they did in 2007.

⁷ Reeder, R.J., D.M. Brown (2005). “Recreation, Tourism, and Rural Well-Being.” Economic Research Service. U.S. Department of Agriculture. Washington, D.C.

Year	Nonresident visitors	% change	Direct impact ⁸	% change
2005	10,126,000	3.3	\$2,021,300,000	40.5
2006	10,378,000	2.5	\$2,296,600,000	13.6
2007	10,684,000	2.9	\$2,536,900,000	10.5
2008	10,000,000	-6.4	\$2,234,000,000	-11.9
2009	9,992,000	-0.1	\$1,924,500,000	-13.9

Source: Institute of Tourism and Recreation Research

Figure 23: Nonresident Travel Indicators for Montana

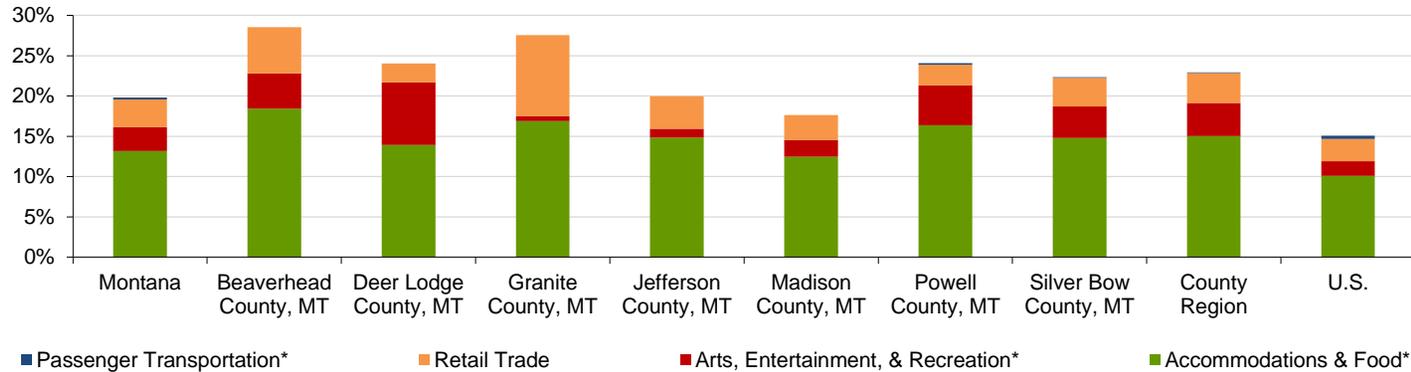
Tourism data included here consists of sectors that provide goods and services to visitors to the local economy, as well as to the local population. These industries include accommodation and food services; arts, entertainment and recreation; passenger transportation and retail trade. Tourism employment is significant in the region (22.9%) and is greater than the statewide or national average. Beaverhead County has the greatest percentage of overall tourism-related employment (28.5%) followed closely by Granite County (27.6%), which has the greatest percentage of tourism-related employment in the retail trade for the region (10.1%). This is supported by anecdotal evidence that Philipsburg is a tourist and shopping destination. Deer Lodge County has the highest percentage of employment in the arts, entertainment and recreation sector in the region (7.8%), likely attributed to the presence of Discovery Ski Area, Fairmont Hot Springs & Resort and Old Works Golf Course.

Recreation is also an important economic driver in the region. According to Montana Fish Wildlife & Parks (FWP) data from 2006, big game hunting on the Beaverhead-Deerlodge National Forest generated \$26.3 million in direct expenditures. This was not affected by the recession as that number increased by 21% to \$31.8 million in 2011. In 2011 there were more than 281,000 hunter days on the hunting

⁸ Nonresident traveler purchases of goods and services.

districts within the Beaverhead-Deerlodge National Forest, 15% of which were non-residents. Most people hunt for elk (171,457 days) and deer (100,436 days) while a smaller number hunted antelope (8,312

days), moose (1,105 days), mountain goats (311 days) and big horn sheep (141 days).



*Charted values do not represent the entirety of these sectors, rather their components typically related to travel & tourism.

Source: EPS-HDT

Figure 24: Industries that include Travel & Tourism, Percent of Total Private Employment, 2010

Emerging Clusters

Economic clusters are geographic concentrations of interconnected companies, suppliers, service providers and associated institutions in an economic sector or industry. Clusters often arise because they increase the productivity with which companies can compete. Cluster development initiatives are an important strategy in economic development.

The following industries are key emerging clusters in southwestern Montana.

Advanced Manufacturing

Advanced manufacturing in southwestern Montana has experienced a great deal of growth in the last few years. SeaCast, a world leader in the production of precision investment castings, is located in the Tax Increment Financing Industrial District just outside of Butte. They recently announced a new venture with General Electric that will add more jobs to the 70 they already provide in the region. REC Silicon located in Butte in the mid-1990s and has continued to upgrade and grow. Among other things, REC Silicon is leading global player in the production of high purity silicon materials and now employs over 300 people. The presence of these global leaders, and many other smaller associated companies, in the region and their continued growth ensures that the advanced manufacturing industry will continue to grow.

Aerospace Technology

Aerospace technology represents one of the fastest growing industries in Montana, and it has a strong presence in southwestern Montana. Montana Aerospace Development Association (MADA), a non-profit organization that encourages and promotes aerospace technology related economic development, is located in Butte. Space Propulsion Group is a company that works to advance state-of-the-art propulsion

and power generation technologies. It conducts large-scale motor testing at its Aerotec facility located in the Tax Increment Financing Industrial District. These companies, and several others, are rapidly putting Butte on the map in the aerospace industry.

Agriculture

Cattle ranching has historically, and continues to be, an important economic sector in southwestern Montana. There are 2,123 farms in the seven counties, covering 3.8 million acres of land. In 2007, the region's farmers sold \$167 million of livestock and products, a 36% increase from 2002. In 2012, meat slaughter and processing businesses experienced large growth in sales. In response to this, there is a trend of custom facilities working towards becoming state- or USDA-inspected facilities in order to meet that demand. As the demand for local and regional continue to grow, agriculture in southwestern Montana is well-situated to take advantage of this increased demand.

Mining & Environmental Remediation

Mining, and the resulting environmental degradation, have been present in southwestern Montana since the early days of white settlement. The region is home to the largest Superfund site in the nation; four sites collectively known as the Clark Fork Basin Sites. This includes the Anaconda Company Smelter, Montana Pole & Treating and Silver Bow Creek/Butte Area. Over \$200 million has been spend on the cleanup, therefore it is not surprising that environmental remediation companies have located in Butte. Mining also continues at Montana Resources in Butte, Golden Sunlight Mine in Jefferson County and numerous others throughout the region.

Tourism

Southwestern Montana is a region dominated by broad, fertile river valleys and rugged mountain ranges. It has some of the most striking scenery in the state, arguably the finest trout fishing in the world and a wealth of history. In addition to these assets, its' convenient location between Glacier National Park and Yellowstone Park ensures that tourism is, and will continue to be, a critical sector of the economy. The service-based jobs that support the tourism industry have experienced a great deal of growth in recent times. While there were decreases in tourism indicators during the Great Recession, 2012 numbers reveal that the industry is slowly recovering.

Transportation, Distribution & Warehousing

The two major north-south and east-west interstate highways intersect five miles west of Butte. The BNSF and Union Pacific Class I railroads also meet at the Port of Montana just south of the interstate intersection, making this a critical transportation hub for the state. The Port of Montana was built in the 1970s and serves as trucking, train, transloading and warehousing facility that is the anchor of this cluster. Therefore, it is not surprising the transportation, distribution and warehousing is a strong sector in the region. In 2011, FedEx built a facility in the Tax Increment Financing Industrial District that employs over 75 people. Additionally, Old Dominion and Netflix recently located in the region because of its excellent location.

Organization and Management

Mission

The mission of Headwaters RC&D is to improve the social and economic well-being of southwestern Montana through conservation, development and proper use of our natural and human resources.

Organizational Structure

Headwaters RC&D is a private, nonpartisan 501(c) (3) nonprofit organization that was formed in 1973 to serve Beaverhead, Deer Lodge, Granite, Jefferson, Madison, Powell and Silver Bow Counties. Headwaters RC&D members represent city, town and county governments, as well as conservation districts in the seven counties in southwestern Montana. Each of these entities appoints members to serve on the Board of Directors. A list of Headwaters' members can be found in Appendix A.

Board of Directors

Headwaters RC&D's Board of Directors consists of one representative from each incorporated city or town, Board of County Commissions and Conservation District Board of Supervisors; two representatives from each unified government and the chairman of each resource committee.

The Board sets priorities, establishes policies and committees, coordinates activities with other agencies, presents project opportunities to staff and supports programmatic implementation. It has the legal and fiduciary responsibility for the overall operation of the organization.

The Board has the responsibility of overseeing the CEDS process and works closely with the CEDS Committee, which serves to facilitate the

planning process. To ensure success of this process, the Board accesses technical and financial assistance available from public and private sources. These sources include federal, state, local government, private foundation, educational institutions, local organization and major corporations.

The Board is comprised of individuals who demonstrate a clear understanding of the area's economic situation. With the assistance of staff and members of its committees, it oversees the analysis of local economies utilizing current demographic and economic data.

A list of Headwaters' Board of Directors can be found in Appendix B.

CEDS Leadership

Headwaters RC&D's Board of Directors, Economic Development Committee and CEDS Committee inform and oversee the CEDS process. In addition to the appointed representatives from the above-mentioned entities, the CEDS committee also has representatives from the local development organizations and other interested parties to ensure diverse perspectives and input from across the region are incorporated into the final report.

Members are encouraged to appoint representatives to the Economic Development Committee and CEDS Committee that will represent the viewpoint of the following sectors:

- Elected Officials/Decision Makers: public leadership is essential for the coordination necessary to develop and implement the CEDS
- Private Business Representatives: these members contribute the unique perspective of economic development from a personal level

- Economic and Business Development Organizations: these organizations are integral to the efforts to diversify the area's economy
- Employment and Training Sector: linkage between economic development and workforce development, community colleges, vocational-technical schools and school-to-work programs are crucial
- Community-based Organizations: the needs and concerns of housing and neighborhood associations, special interest groups, historic preservation groups, agricultural or farming associations and citizen committees affect economic development
- Women, Minorities, Aged and Disabled: Headwaters RC&D's mission can only be realized if the needs of all residents are appropriately considered
- Other: health, education, social services and other professions or special interests must be included in any economic development plan

Staff Support

Headwaters' Board of Directors and Committees are comprised of individuals with other responsibilities and scheduling constraints, therefore staff members are assigned the task of conducting the day-to-day functions required to ensure the completion and implementation of the CEDS. These daily operations include collecting and analyzing information on the area's economy, identifying strategy options and preparing a detailed implementation plan. The Board of Directors has the responsibility to ensure that adequate staff resources are available to perform these functions.

The Economic Development Planner is the program manager of the CEDS process. Additional support is provided by the Executive Director, programs managers and administrative staff within the organization

Support for the State of Montana Economic Development Goals

The State of Montana, in conjunction with the Governor's Office of Economic Development, has defined a broad vision of economic development for Montana that includes:

- Strengthening and diversifying the state's economy
- Increasing the number and quality of available jobs
- Geographically dispersing jobs

This vision will be supported by:

- Infrastructure Improvement
- Marketing and Recruitment
- Permitting and Regulatory Processes
- Technology Development
- Workforce Development

Headwaters RC&D has a strong working relationship with the State of Montana, with each sharing information and resources in the interest of common goals. In 2006, Headwaters RC&D became a Certified Regional Development Corporation (CRDC). The intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity.

As a CRDC, Headwaters RC&D facilitates the identification of priority needs of local communities and works to foster collaboration and bring elected officials, business leaders and stakeholders together to prepare and implement regional development strategies. Headwaters RC&D is required to have broad-based support from each county and community including local development organizations within the

region. This approach allows Headwaters RC&D to leverage scarce resources for economic development and provide professional economic development services in their regions. Additionally, leveraging financial resources from a variety of sectors that include government (federal, state, county and local), the private sector, private foundation and academia to aid in the expansion of southwestern Montana's economy is possible.

Civil Rights

Headwaters RC&D is firmly committed to providing services and employment opportunities on a non-discriminatory basis. Programs are offered to all persons regardless of race, color, sex, age, national origin, religion, disability, political beliefs and marital or family status. The Board of Directors has adopted an Affirmative Action Plan and a Personnel Policy which address equal opportunity and civil rights.

Headwaters RC&D actively encourages women, minorities and low-to-moderate income individuals to become involved in its programs. Outreach to these under-served groups is an objective of programs

such as the Small Business Development Center (SBDC), the Revolving Loan Program and the First Time Homebuyers classes.

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Section Four: Action Plan

Headwaters RC&D and its member communities and organizations, as well as the public, have identified strategic projects, program and activities to support the achievement of the regional economic development strategy. A proposed implementation schedule is detailed in the table in this section. Included is the established objective, the projected timeframe, number of potential jobs, anticipated funding sources and the entities responsible for the execution of each project, program or activity. Each year, this section will be evaluated for assess progress and any change in priority.

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
ANACONDA-DEER LODGE					
Airport upgrades	2.1	2013-2017	1-3 t	ADLC	Funding
Anaconda sewer upgrades	2.1	2015-2017		ADLC	Funding
Bridge replacements	2.1	2013		ADLC	Funding
Courthouse upgrades	2.1	2013-2017		ADLC	Funding
East Yards infrastructure development	2.1	2013-2017	80 p	ADLC	Funding, planning
Groundwater discharge permit & wastewater treatment upgrades & expansion	2.1	2013-2017		ADLC	Funding
Hospital expansion	2.1	2013-2017		Private	Funding
Sewer hook up to Arbitrator Complex	2.1	2013-2017		ADLC	Funding
Water main replacement	2.1	2013-2017		ADLC	Funding
West Valley sewer line extension	2.1	2013-2017		ADLC	Funding
Boys & Girls Club facility planning	2.2	2013-2014		Private	TA
School system upgrades	2.2	2013-2015		School District	TA
Park and open space upgrades	2.4	2013-2017		ADLC, private	TA
Trail system development	2.4	2013-2017		ADLC, private	Planning, TA
FEMA emergency service plan	2.7	2013-2015		ADLC	Planning
Washoe Park Master Plan	2.7	2013-2015		ADLC	Funding, TA
Montana Hotel restoration	3.1	2013-2017		Private	Funding, TA
CCCS complex upgrades	4.2	2013-2017		Private	Funding

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Galen Campus upgrades	4.2	2013-2015	85 p	ADLC, private	Funding
Mill Creek industrial area development	4.2	2013-2017	15 p	ADLC	Funding, planning
Opportunity Triangle industrial area	4.2	2013-2017	5 p	ADLC	Funding, planning
Copper Village Arts Center	5.2	2013-2016		Private	Funding, TA
Develop visitor infrastructure	6.4	2013-2017		ADLC, private	Funding, planning
BEAVERHEAD COUNTY					
Airport improvements	2.1	2014-2016		County	Funding
Beaverhead County Fairground improvements	2.1	2014-2015		County	TA
Development of medical services associated with Barrett Hospital	2.1	2013-2017	10-50 p	Private	Funding
Jackson sewer system upgrade	2.1	2014-2016		County	Funding
Development of pedestrian & biking trails	2.4	2013-2017		County, private	TA
Soccer/rugby park improvements & upgrades	2.4	2013-2017		County	TA
Industrial park development	4.2	2014-2017		County	Funding, planning
Natural resources business development	6	2013-2017		Private	Funding, planning, TA
Value-added agriculture business development	6.1	2013-2017	10-50 p	Private	Funding, planning, TA
Beaverhead & Big Hole Watershed restoration projects	6.6	2013-2017	5-10 t	BHWC	TA
CITY OF DILLON					
Acquire traffic right-of-ways	2.1	2013-2017		City	TA
Annex property connected to City sewer & water	2.1	2013-2017		City	TA
Change the use of the library elevator	2.1	2013-2017		City	TA
Chip seal & pave streets	2.1	2013-2017		City	TA
Conduct a water rate study	2.1	2013-2017		City	TA
Coordinate with MDT on pedestrian safety	2.1	2013-2017		City, MDT	Planning
Develop storm water management statute	2.1	2013-2017		City	TA
Develop water wells in Dan Ibey Park & cemetery	2.1	2013-2017		City	TA
Establish a wastewater maintenance fund	2.1	2013-2017		City	TA
Establish a water valve maintenance fund	2.1	2013-2017		City	TA

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Establish ADA fund and improve access in City Hall and the Volunteer Fire Hall	2.1	2013-2017		City	Funding
Evaluate roof & street storm water drains	2.1	2013-2017		City	TA
Implement Park Maintenance Fund	2.1	2013-2017		City	TA
Install storm drains	2.1	2013-2017		City	Funding, TA
New maintenance building	2.1	2013-2017		City	Funding, TA
Plan for City Hall expansion	2.1	2013-2017		City	TA
Replace undersized storm water drain pipes	2.1	2013-2017		City	Funding, TA
Replace wastewater collection pipes & manholes	2.1	2013-2017		City	Funding, TA
Replace water distribution pipes	2.1	2013-2017		City	Funding, TA
Study alternative fairground access routes	2.1	2013-2017		City	Planning, TA
Study storm water management	2.1	2013-2017		City	Planning, TA
Traffic study	2.1	2013-2017		City	Planning, TA
Upgrade City statutes & regulations to define park requirements	2.4	2013-2017		City	TA
Upgrades and repairs to Children's, Dan Ibey, Depot, Ray Lynch, Vigilante & Westside Parks	2.4	2013-2017		City	Funding, TA
Develop a Parks Master Plan	2.7	2013-2017		City	Planning, TA
Industrial park strategy	4.2	2013-2017		City	Funding, planning, TA
Northeast Reservoir	6.6	2013-2017		City	TA
Obtain land for water storage & well site	6.6	2013-2017		City	
TOWN OF LIMA					
Community museum	2.1	2013-2014		Town	TA
Tourist guide & map of town	6.4	2013		Town, HWRCD	Planning, TA
Water bottling plant	6.6	2013-2017		Town, private	Funding
BUTTE-SILVER BOW					
German Gulch realignment & bridge replacement	2.1	2014		BSB	Funding
Infrastructure improvements in central Butte	2.1	2013-2015		BSB	Funding
Potable water service to the TIFID	2.1	2015	3 t	TIFID	Funding

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Vaulted sidewalk reconstruction	2.1	2014		URA	TA
Water Treatment Plant	2.1	2014	10 t	BSB	Funding
Residential development	2.3	2013-2017		Private	TA
Veterans' Home construction	2.3	2013-2015	10 t	BSB	Funding
Greenway Trail completion & TIFID connection	2.4	2015		BSB	TA
South Butte Industrial Park development	4.2	2013-2017		BSB	Funding, planning
Industrial Silver Mine development	6.3	2015-2016	200 p	Private	Funding
Continental Divide Tram & Trails	6.4	2013-2015	3.5 p	OLR, HWRCO	Funding, TA
GRANITE COUNTY					
Philipsburg sewer & water infrastructure	2.1	2013-2017		Town	Funding
Build an assisted living facility	2.3	2013-2017	8 p	Private	Funding, TA
Expand small business support	5.1	2013-2017		Private, HWRCO	TA
Support local ranching	6.1	2013-2017		Private, HWRCO, NRCS, MDOA	Funding, planning, TA
Assist Eagle Stud in modernizing & expanding	6.2	2013-2017	2 p	Private	TA
Assist metals mining exploration & milling	6.2	2013-2017	40 p	Private	TA
Expand local post & pole operations	6.2	2013-2017	4 p	Private	TA
Assist in the development of a shavings mill	6.2	2013-2017		Private	TA
Assist tourism development & expansion	6.4	2013-2017	10 p	Private, Montana Office of Tourism	Planning, TA
Expand winter recreation	6.5	2013-2017		Private, Montana Office of Tourism	Planning, TA
TOWN OF DUMMOND					
Upgrade sewer lagoons	2.1	2013-2017		Town	Funding
Purchase & develop riverside park & trails	2.4	2013-2017	2 t	Town	TA
Historical preservation	3.1	2013-2017		Town	TA
Main Street beautification	3.1	2013-2017		Town, Chamber of Commerce	Planning, TA
JEFFERSON COUNTY					
Local service center for human service programs	2	2013-2017		County	Funding
Animal shelter	2.1	2013-2017		County	TA
Basin highway improvements	2.1	2013-2017		MDT	TA

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Development of Whitehall Urban Renewal District	2.1	2013-2017		JLDC	Funding, planning, TA
Fairgrounds improvements	2.1	2013-2017		County	TA
Health services & pharmacies	2.1	2013-2017		Private	TA
I-15 interchange improvements	2.1	2013-2017		MDT	TA
Improve county libraries	2.1	2013-2017		County	TA
Improve water & sewer infrastructure	2.1	2013-2017		County	Funding
Telecommunication & information infrastructure improvements	2.1	2013-2017		Private	Funding
TIF districts development	2.1	2013-2017		JLDC	Planning, TA
Affordable housing development	2.3	2013-2017		Private	TA
Senior housing development	2.3	2013-2017		Private	TA
Development of Piedmont Wetlands project	2.4	2013-2017		Private	TA
Recreational complex development	2.4	2013-2017		County	TA
Walking & biking trails	2.4	2013-2017		County, private	TA
Public transportation development	2.5	2013-2017		County	TA
Brownfield redevelopment	2.6	2013-2017		County, JLDC	Funding, TA
Environmental assessments	2.6	2013-2017		County	Planning
Support comprehensive community planning	2.7	2013-2017		County, JLDC	Planning
Beautification efforts	3.1	2013-2017		County, communities	Planning, TA
Redevelopment of Borden's Building	3.1	2013-2017		JLDC	Funding, TA
Streetscape improvements	3.1	2013-2017		Communities	Planning, TA
Continued development of Boulder South Campus	4.2	2013-2017		JLDC	Planning, TA
Convenience store in Clancy	4.2	2013-2017		Private	TA
Expand Liberty Place facility	4.2	2013-2017		Private	TA
Factory outlet store development	4.2	2013-2017		Private	TA
Spring Creek property development	4.2	2013-2017		Private	TA
Sunlight Business Park development	4.2	2013-2017		JLDC	Planning, TA

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Natural resource extractive industries	6	2013-2017		Private	Planning, TA
Develop value-added agriculture	6.1	2013-2017		Private, HWRCDCD	Funding, planning, TA
Increase direct-market sales for regionally grown food and food processing	6.1	2013-2017		Private, HWRCDCD	TA
Expand wood products opportunities	6.2	2013-2017		Private	Funding, planning, TA
Construct Golden Sunlight Mine concentrator	6.3	2013-2017		Private	TA
Expand cement operations	6.3	2013-2017		Private	TA
Expansion of Golden Dream Mine	6.3	2013-2017		Private	TA
Expansion of Golden Sunlight Mine	6.3	2013-2017		Private	TA
Expansion of Montana Tunnels Mine	6.3	2013-2017		Private	TA
Utilize gravel deposits	6.3	2013-2017		County, Private	TA
Golf course development	6.4	2013-2017		Private	TA
Overnight lodging facilities	6.4	2013-2017		Private	TA
Sunlight Business Park interpretive center development	6.4	2013-2017		JLDC	Planning, TA
Tourism development	6.4	2013-2017		Private	Planning, TA
Backcountry trails development	6.5	2013-2017		Private	Planning, TA
Jefferson River water study	6.6	2013-2017		County	Planning, TA
Renewable energy development	6.7	2013-2017		County, JLDC, private	Funding, planning, TA
Wind project at Sunlight Business Park	6.7	2013-2017		JLDC	Funding, planning, TA
Youth & adult vocational & educational training	7.1	2013-2017		Job Service	TA
TOWN OF WHITEHALL					
Pool enhancements	2.1	2013-2017		Town	TA
Sidewalk enhancements	2.1	2013-2017		Town	TA
Wastewater facility	2.1	2013		Town	Funding, TA
MADISON COUNTY					
County-wide marketing program	1.1	2013-2016	1	County, HWRCDCD	Funding, planning, TA
Big Sky land use permit development	2.1	2013-2016	1	County	TA
County Administration Building	2.1	2013-2016	5-10 t	County	Funding

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Ennis Senior Center	2.1	2013-2016	1-2 p, 3-6 t	Private	TA
Ennis/Big Sky Airport	2.1	2013-2016	5-10 t	County	Funding
Fiber optics to residences	2.1	2013-2016	5-10 t	Private	Funding, planning
Giem Bridge replacement	2.1	2013-2016	15-20 t	County	Funding
Madison County Courthouse ADA access	2.1	2013-2016	4-5 t	County	Funding
Madison County Fairgrounds maintenance & renovations	2.1	2013-2016		County	TA
Moore's Creek culverts replacement	2.1	2013-2016	6-10 t	County	Funding
New District II road shop	2.1	2013-2016	4-5 t	County	TA
New fire stations—Sheridan, South Boulder, Twin Bridges, Varney, Virginia City (expansion)	2.1	2013-2016	5-10 t	County	Funding, TA
Replace Blain Springs and Varney Bridges	2.1	2013-2016	15-20 t	County	Funding
Ruby Valley Hospital expansion	2.1	2013-2016	2 p, 15-20 t	Private	Funding
Twin Bridges Airport	2.1	2013-2016	5-10 t	County	Funding
Twin Bridges Senior Center	2.1	2013-2016	1-2 p, 3-6 t	Private	TA
Virginia City street lights	2.1	2013-2016	5-10 t	City	TA
LMI senior & family rental housing	2.3	2013-2016	10-15 t	Private	Funding, TA
Single family workforce housing	2.3	2013-2016	10-15 t	Private	Funding, TA
Madison Valley Parks District	2.4	2013-2014		County	TA
Walking & biking trails	2.4	2013-2016		County, private	TA
Transit Bus expansion	2.5	2013-2016	2:00 PM	County	TA
Update CIPs	2.7	2013-2016	2 t	Communities	Planning
Sheridan Main Street improvements	3.1	2013-2016		Town	Planning, TA
Law & Justice Center	4.2	2013-2016	5-10 t	Private	TA
Nevada City/Virginia City business development	4.2	2013-2016		Private, HWRCDCD	Planning, TA
Renovation of the Conister Barn	4.2	2013-2016	6-10 t	MCEDC, HWRCDCD	TA
Natural Resource business development	6	2013-2016		Private, HWRCDCD	Funding, planning, TA
Value-added Agriculture business development	6.1	2013-2016		Private, HWRCDCD	Funding, planning, TA
Channel migration mapping project	6.6	2013-2016	3-5 t	County	TA

PROJECT, PROGRAM, ACTIVITY	OBJ.	TIME FRAME	# OF JOBS p=permanent t=temporary	LEAD ENTITY	EDD/EDA ASSISTANCE TA=technical assistance
Develop streamside setback/land use position	6.6	2013-2016	1 t	County	TA
Groundwater assessments	6.6	2013-2016	3-5 t	County	TA
South Meadow Creek water efficiency project	6.6	2013-2014		Madison Conservation District	TA
POWELL COUNTY					
Blue Ribbon Pavilion improvements	2.1	2013-2016	.5 p	County	TA
County bridge replacements	2.1	2013-2016		County	Funding
Reuse of the old hospital	4.2	2013-2016		County, private	Planning, TA
Roundhouse development	4.2	2013-2016	.5 p	County	Funding, planning, TA
Biomass projects	6.2	2013-2016		Private, HWRCDC	Funding, planning, TA
CITY OF DEER LODGE					
Westside Park project	2.4	2015		City	TA
Deer Lodge Hotel	3.1	2013-2017		Private	TA
Establish Main Street restaurant	3.2	2014		Private	TA
Industrial park plan	4.2	2016		City	Planning, TA

Abbreviations:

ADLC—Anaconda-Deer Lodge

BHWC—Big Hole Watershed Council

BSB—Butte-Silver Bow

HWRCDC—Headwaters RC&D

JLDC—Jefferson Local Development Corporation

MDOA—Montana Department of Agriculture

MDOT—Montana Department of Transportation

NRCS—Natural Resource Conservation Service

OLR—Our Lady of the Rockies

TIFID—Tax Increment Financing Industrial District

URA—Urban Revitalization Agency

Section Five: Performance Measures

The following criteria will be used to measure success of this strategy in strengthening and diversifying southwestern Montana's economy:

- The level and frequency of participation by government, business and community leaders in projects, including Headwaters RCD's Board & CEDS Committee meetings.
- The level at which Headwaters RC&D complies with all EDA Planning and Technical Assistance grant award and administrative conditions.
- The level and frequency to which Headwaters RC&D staff interacts with communities within the region to provide assistance towards identified projects and programs.
- The level at which Headwaters RC&D meets the criteria established by of the Montana Department of Commerce's Certified Regional Development Corporation Program.
- The level at which Headwaters RC&D's SBDC program meets the annual counseling and training goals established jointly by the SBA, Montana Department of Commerce and the SBDC.
- Number of jobs created per project.
- Amount of public and private investment in the region.

These performance measures will be evaluated yearly and reported to EDA and Headwaters' member organizations.

Appendices

Appendix A — Headwaters RC&D Membership

Counties:

- Beaverhead County
- Granite County
- Jefferson County
- Madison County
- Powell County

Consolidated Governments:

- Anaconda-Deer Lodge
- Butte-Silver Bow

Cities & Towns:

- City of Boulder
- City of Deer Lodge
- City of Dillon
- Town of Drummond
- Town of Ennis
- Town of Lima
- Town of Philipsburg
- Town of Sheridan
- Town of Twin Bridges
- Town of Virginia City
- Town of Whitehall

Conservation Districts:

- Deer Lodge Valley Conservation District
- Beaverhead Conservation District
- Granite Conservation District
- Jefferson Valley Conservation District
- Madison Conservation District
- Mile High Conservation District
- North Powell Conservation District
- Ruby Valley Conservation District

Appendix B — Headwaters RC&D Board of Directors

Ann Fillmore	Town of Philipsburg
Annette McLean	Town of Twin Bridges
Barbie Durham	Madison County
Bob Andreozzi	Anaconda-Deer Lodge County
Cele Pohle, Secretary/Treasurer	Powell County
Charles Hahnkamp	Beaverhead Conservation District
Darrell Baum	Broadwater Conservation District
Dave Olsen	Town of Lima
Gail Leeper	Town of Drummond
Gerry Keogh	Jefferson County Conservation District
Jim Davison	Anaconda Local Development Corporation
John Bancroft	Town of Ennis
JS Turner	City of Dillon
Karen Byrnes	Butte-Silver Bow
Lee Skaw	Granite Conservation District
Leonard Wortman	Jefferson County
Mary Ann Fraley	City of Deer Lodge
Mary Janacaro Hensleigh	Town of Whitehall
Maureen Connor, Vice Chairman	Granite County
Neil Barnosky	Ruby Valley Conservation District
Rick Edwards, Chairman	Northwestern Energy
Rick Hartz	Beaverhead County
Robert Pierce	Anaconda-Deer Lodge
Ty Cobb	City of Dillon

Appendix C — 2007 CEDS Successful Projects

The projects listed below were identified in the 2007 CEDS Implementation Plan, and were successfully achieved in the last five years.

Anaconda-Deer Lodge County:

Recreation fields at Charlotte Yeoman complex

Courthouse roof and tower renovation

Rest area to complement trail system

Opportunity Park

Hospital expansion underway

New animal shelter

Water plan

Beaverhead County:

BERT project

Housing study

Lima City Park (rest area)

Lima water project

New hospital

Butte-Silver Bow County:

Commercial Development of East Butte

Continued Development of “Cyber Village”—data center, supercomputer

Increase Hi-Speed Internet & Broadband Capacity

Support “Advantage Butte”

Support and Assist MT Tech

Wastewater Outflow Line at Port of Montana Business District

Granite County:

Granite County Lower Valley Fire District Improvements

Granite County Memorial Hospital Upgrade of Plumbing System

Purchase and Improvement of Land and Parking in Drummond for Park

Solid Waste Site Improvements

Jefferson County:

Affordable housing development in Boulder

Beautification projects throughout county

Community Centers throughout county

Continued development of recreational complexes throughout county

Continued development of South Campus buildings

Expansion at Liberty Place brain injury facility

Industrial park development in conjunction with Golden Sunlight Mine

New waters system in Boulder

Pharmacy in Boulder

Sidewalk improvements in Boulder and Whitehall

Support action projects coming out of the Northwest Area Foundation
Horizon's Project in Boulder and Whitehall

Support for comprehensive community planning—updated zoning and
growth policy

Walking and biking trails throughout county

Madison County:

Baseball Fields Development in Ennis

Completed Affordable Housing Plan

County Fairground Improvements

County Wide Transportation System—new bus

Enhanced 911 System

Groundwater Study—Ruby and Madison

Interoperable Communications

Libraries—Virginia City expansion; Ennis, Twin Bridges, Sheridan

Nursing Home Improvements—Ennis and Sheridan

Promote/Develop Ag Processing/Marketing—Meat Montana

Senior Citizen Housing & Services—mill levy passed

Sheridan Downtown Improvements

Powell County:

Cottonwood Creek Flood Management

County Courthouse retrofit

County website development

Deer Lodge sewer line upgrades

GIS (equipment and training)

Rialto Theater renovation

Sun Mountain expansion

Trail development—Cottonwood Creek Trail, Arrowstone Trails,
Johnson Creek Trail

Appendix D — Disaster and Economic Recovery and Resiliency Strategy

Montana Code Annotated (MCA) 10-3-103 defines the following:

(3) "Disaster" means the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or artificial cause, including tornadoes, windstorms, snowstorms, wind-driven water, high water, floods, wave action, earthquakes, landslides, mudslides, volcanic action, fires, explosions, air or water contamination requiring emergency action to avert danger or damage, blight, droughts, infestations, riots, sabotage, hostile military or paramilitary action, disruption of state services, accidents involving radiation byproducts or other hazardous materials, outbreak of disease, bioterrorism, or incidents involving weapons of mass destruction.

(7) "Emergency" means the imminent threat of a disaster causing immediate peril to life or property that timely action can avert or minimize.

In the event of a disaster, Headwaters RC&D, in conjunction with its regional partners, is prepared to facilitate planning and recovery efforts as outlined in the following strategy. However, this brief strategy is in no way intended to undermine or replace existing federal, state or local disaster plans. This document simply establishes Headwaters' role in both pre- and post-disaster planning and recovery.

PHASE I: PRE-DISASTER PREPAREDNESS

Headwaters supports and encourages its communities to:

- Engage in pre-disaster recovery and mitigation planning
- Regularly assess the community's risks and vulnerabilities
- Inventory and organize the community's recovery resources
- Engage in business continuity planning

- Ensure resources are available for the elderly and those with special needs
- Identify staging and shelter locations
- Identify recovery partners, as well as the type of assistance and resources they can provide
- Establish a timeline for recovery activities (immediate, short-term, intermediate and long-term)
- Develop and disseminate a community evacuation plan
- Establish a communication chain
- Engage the community's residents in the planning and recovery process

Regional Risks and Vulnerabilities

Southwestern Montana is at risk for a wide variety of disasters including, but not limited to, fires, flooding, dam failure, drought and extreme heat, severe winter storms, earthquakes, volcanic fallout, landslides, hazardous material spills, chemical/biological warfare, vector-borne diseases and terrorism.

The region is vulnerable to these disasters, and recovery and mitigation efforts are faced with many challenges, due to the following factors:

- Geographic size and location
- A small population dispersed over a large area
- Isolation of many communities and residents
- Limited cell phone service
- High rate of poverty
- Limited financial capital
- Lack of economic diversity
- Economic reliance on natural resources

- Source of the headwaters of the Columbia River and Missouri River basins
- Existence of significant energy and transportation corridors
- Limited rural transportation infrastructure and options
- Heavy reliance on imported food and goods

Recovery and Mitigation Planning

Without being prepared for the complexity of redevelopment following a major disaster, local officials may struggle with recovery decisions and miss opportunities for public participation in reshaping the community's future. To become more disaster-resilient, local governments should plan for what must happen after rescue and recovery operations are completed in order to return the community to pre-disaster condition and/or make it stronger. Through developing and implementing a Post-Disaster Redevelopment Plan (PDRP), local governments work with residents to create a long-term recovery and redevelopment strategy in pursuit of a more resilient community.

Post-Disaster Redevelopment Plans identify policies and operational strategies, as well as roles and responsibilities for implementation, which will guide decisions affecting long-term recovery and redevelopment of the community following a disaster. These plans emphasize proactive hazard mitigation and community improvement that is consistent with the goals of local and regional comprehensive plans and has full participation from the area's residents.

There are three principal benefits to having a well-developed PDRP:

1. Faster and More Efficient Recovery

Without a comprehensive, long-term recovery plan, efforts in the aftermath of a significant disaster will delay the return of community stability. Creating a process to make appropriate and

informed post-disaster decisions enables a community to do more than react, prompting post-disaster action rather than time-consuming debate. Identifying appropriate planning mechanisms, financial assistance and agency roles and responsibilities beforehand ensures a community will begin the road to recovery more quickly. Additionally, being able to show efficient and effective use of taxpayer dollars after a disaster is important for the public's perception of the recovery.

2. Opportunity to Build Back Better

A disaster, while tragic, can also create opportunities to fix past mistakes and/or move forward with plans for community improvements. In the immediate aftermath of a disaster, local officials are under significant pressure to restore the community to its pre-disaster condition. Without a guiding vision, short-term decisions may inadvertently restrict long-term redevelopment and overlook opportunities to increase the resiliency of the community. A PDRP strengthens the recovery process, and communities benefit from assessing their risk levels and crafting a proactive long-term redevelopment plan. Local officials and the public can thoughtfully analyze and debate issues, linking redevelopment goals with other important community plans. Careful thought and planning achieves outcomes that will ensure future community-resiliency more than those decisions made under emergency circumstances, compromised budgets and political pressures.

3. Local Control Over Recovery

Developing a PDRP provides local government officials, residents and businesses the opportunity to determine long-term redevelopment goals and develop policies and procedures that will guide redevelopment before well-intended outside agencies and non-government organizations rush to aid the community. While

outside resources are critical in a major or catastrophic disaster, a locally developed PDRP will best channel those resources to effectively meet the community's specific needs and goals. Additionally, it will show outside agencies and donors that the community is prepared to play an active role in the recovery process and promote its capabilities to wisely use donated and loaned resources. There will always be rules and, occasionally, strings attached to external sources of funding, but a community that has researched the allowable uses of federal and state assistance can better work within those parameters in an effort to fund projects that further local and regional redevelopment goals.

Many disasters do not confine themselves to jurisdictional boundaries. Displaced residents, compromised infrastructure, changes in economic conditions, hazardous materials contamination and degradation of sensitive environments are some of the impacts that can affect an entire region after a major disaster. When recovery is slow, neighboring communities also experience these impacts for an extended period of time.

A PDRP is designed to be used in any disaster, regardless of type, as long as the damage will require long-term redevelopment efforts. It is an all-hazards plan addressing disasters identified in each county's emergency and/or disasters plan. As the regional economic development organization serving Anaconda-Deer Lodge, Beaverhead, Butte-Silver Bow, Granite, Jefferson, Madison and Powell Counties, Headwaters will respond accordingly, utilizing the resources and information outlined in the region's CEDS document. Therefore, counties are encouraged to incorporate PDRP strategies into their disaster planning documents.

Disaster Phases and Redevelopment

Disaster management is typically viewed as a cycle with overlapping phases: 1) pre-disaster mitigation and emergency management preparedness; 2) emergency response; 3) short-term recovery; and 4) long-term recovery and redevelopment.

Pre-Disaster Phase – Mitigation and recovery planning occur during the pre-disaster phase (unless a community is struck by a disaster before planning is complete). Once a mitigation and recovery plan is adopted, preparatory activities should be implemented on an on-going basis during normal operations, which are sometimes referred to as “blue skies.” Plans should be tested prior to a disaster event, so that all stakeholders with a post-disaster implementation role are familiar with their responsibilities.

Emergency Response Phase – Emergency response activities are specifically addressed in the local government's emergency and/or disasters plan and include immediate actions to save lives, protect property and meet basic human needs. This is the shortest phase of the cycle, typically only lasting a few days in minor disaster conditions.

Short-Term Recovery Phase – The role of any plan during the short-term recovery phase is to begin organizing for long-term redevelopment activities and guiding short-term recovery decisions that may have long-term implications (e.g., placement of temporary housing or debris sites). A recovery plan can provide direction for transitioning to long-term redevelopment during this phase. The short-term recovery phase begins as the emergency response phase is winding down and will continue until critical services are restored. The duration of the short-term recovery phase depends on the severity of the disaster and the level of community preparedness.

Long-Term Recovery and Redevelopment Phase – A recovery plan is used most during this phase. Long-term recovery and redevelopment includes efforts to reconstruct and enhance the built environment, as well as recover the economy, environment and social systems. This phase begins as short-term recovery activities are accomplished and can last from a couple years for a minor disaster to five or more years for a major or catastrophic disaster.

Interaction with Other Plans

The objective of this Disaster and Economic Recovery and Resiliency Strategy is to guide the redevelopment decision-making process following a disaster in a manner consistent with local comprehensive plans, such as Emergency Management Plans, Pre-disaster Mitigation Plans and other relevant plans or land development regulations. Each of these plans, and potentially others, has pre-existing policies or procedures that affect post-disaster redevelopment. For instance, local comprehensive plans include many policies that determine where and to what extent redevelopment can occur. Ultimately, Headwaters will help its counties and communities access the information and resources necessary for making post-disaster redevelopment decisions.

Southwestern Montana Disaster and Emergency Services Contact Information

COUNTY	CONTACT	PHONE NUMBER	ADDRESS
Anaconda-Deer Lodge	William Converse	406-563-5571	800 South Main Anaconda, MT 59711
Beaverhead	Larry Laknar	406-683-3764	2 South Pacific Dillon, MT 59725
Butte-Silver Bow	Roger Ebner	406-497-6295	155 West Granite Butte, MT 59701
Granite	Bart Bonney	406-563-3266	220 North Sansome Philipsburg, MT 59858
Jefferson	Vacant	406-225-4035	201 West Centennial Boulder, MT 59632
Madison	Chris Mumme	406-843-4253	7 Placer Loop Virginia City, MT 59755
Powell	Russ Koehler	406-846-9718	409 Missouri Deer Lodge, MT 59722

PHASE II: POST-DISASTER PLANNING AND IMPLEMENTATION

Disaster Assessment

In the days and weeks following a disaster, Headwaters will be available to assist counties and communities:

- Assess the nature and magnitude of the disaster
- Assess the impact on both local and regional economies (business, industry sectors, labor market, etc.)
- Assess the impact on transportation and public infrastructure
- Assess the impact on housing, schools and health care facilities

Develop and/or Implement Recovery Timeline

Based on the results of the disaster assessment, Headwaters will help regional partners and community leaders move forward with:

- Listing and prioritizing recovery activities to be performed
- Identifying resources (federal, state, local and private sector) needed for each activity
- Determining the level and type of assistance needed
- Identifying roles and responsibilities
- Determining the timeframe for each recovery activity (immediate, short-term, intermediate or long-term)
- Establishing recovery benchmarks

Implementing the Recovery Plan

In order to accomplish recovery activities quantified as part of long-term recovery, Headwaters is capable of:

- Identifying business, economic and entrepreneurial rebuilding initiatives

- Identifying and utilizing workforce initiatives to employ workers and rebuild the local economy
- Applying for and administering funds from federal, state and local programs
- Developing management plans to ensure the most effective use of funds

Prioritizing Areas to Focus Redevelopment

Limited time, funds and materials are going to make simultaneous redevelopment of all damaged areas difficult.

Communities may want to encourage redevelopment in areas that correspond to their vision for the future and those less vulnerable to disasters by prioritizing and incentivizing development in these areas. The best way to build disaster resiliency is to direct future development to safe locations, while minimizing or mitigating highly vulnerable types of development in hazardous areas. After a disaster, targeted redevelopment areas can provide immediate opportunities for redevelopment since they will have sustained less damage and can be prioritized for infrastructure restoration and expedited permitting. Allowing for rapid redevelopment in safe areas intended for increased future development will minimize vulnerable redevelopment and/or allow time to plan the reconstruction of areas severely impacted by the disaster. Designated priority recovery and redevelopment areas can also be used to locate temporary post-disaster facilities more efficiently that are consistent with future land uses.

Historic Preservation and Restoration

The loss of historic resources due to a disaster can have a major impact on the community. Some losses may be unavoidable, but others could occur accidentally during recovery operations if procedures are not in place to watch for these concerns. Historic structures are particularly

vulnerable to damage due to their age and repair of these structures must meet certain requirements to maintain their character and historic designation. There may also be funding opportunities before or after a disaster for implementing mitigation measures to prevent further damage to historic resources. Engaging state and local historic preservation organizations in the planning and implementation process can ensure that the unique considerations involved with preserving and restoring historic structures and archeological sites are included in a community's recovery plan.

Reducing Disaster Vulnerability through Land Use and Development Regulations

The best practice for post-disaster redevelopment is to restrict rebuilding in hazardous locations and require mitigation where vulnerable redevelopment cannot be precluded. While this plan of action would ensure optimal community resiliency to disasters, it may be very difficult to achieve and may not be a good choice for the first action to be tackled when implementing any recovery plan. However, with careful consideration of the legal implications concerning property rights and extensive public outreach, there are many regulatory tools for increasing disaster resiliency that may be a possibility for the region, especially if pursued during the post-disaster "window of opportunity" for future reductions in disaster vulnerability.

Potential regulatory methods could include reduced intensity or density of use, special permit requirements, increased setbacks from hazard sources (e.g., a waterway or building, etc.), hazard-specific site design requirements and/or increased structural mitigation requirements. These methods could be implemented through policies instituting lower damage thresholds requiring nonconforming uses/structures to meet current standards (in certain zones or throughout the jurisdiction), zoning overlay districts, post-disaster specific land development codes

and/or special assessment districts to fund mitigation projects that benefit more than one property.

Economic Development

The ability of a local economy to rebound after a disaster dictates the success of the community's long-term recovery. The return of jobs, tourism, capital investments and other indicators of economic health are dependent upon housing recovery, infrastructure restoration, environmental restoration and social service provision. The involvement of the private sector in the post-disaster planning process is imperative for determining the priorities and actions that will be beneficial to restoring the local economy. Consideration must be given to the different obstacles that could potentially hinder economic recovery, such as those that small businesses will face, decisions large employers will have to make about whether to relocate, opportunities for diversification of the economic base and job training and workforce recruitment needed to meet altered market conditions after a major disaster.

Resumption and Retention of Major Employers

Rapid resumption of existing major employers is critical to a community's economic recovery after a disaster, especially as employment provides a reason for most residents to return and rebuild quickly. Typically, major employers will have business continuity plans and will not need the basic disaster preparedness education that is necessary for smaller businesses. These companies are often able to work with local governments as partners in planning for post-disaster redevelopment and provide insight as to what government assistance they will need to ensure rapid resumption. Major employers may also have the means to assist in actions to support workforce retention if included in the planning process. While large company recovery assistance will vary, typically businesses located in hazardous areas or

older structures may need assistance to reopen or relocate, temporarily or permanently, within the area.

If businesses do not feel a sense of connection to the community or fear that recovery will not be successful there is a chance that they will relocate their company elsewhere after a disaster. This is especially the case for corporate headquarters and industries that are not location-dependent or whose location choice is tied to quality of life factors. Mitigation and recovery plans provide the private sector with confidence in the community's ability to continue providing the market environment necessary for conducting business. Some factors that may aid the retention of major employers include a high level of communication before and after a disaster about post-disaster redevelopment goals and expectations and/or incentives to ensure retention, if necessary.

Small Business Assistance

A small business is often perceived as a family-owned business that provides services solely to the local community. Small businesses comprise the majority of businesses in Headwaters region. Small businesses are more likely than large businesses to not reopen after a major disaster or fail shortly after reopening. Several factors may be involved in these failures, including the extent of damage to a community, timing of reopening and lack of financial reserves.

Short periods without cash flow can be damaging, and small businesses often find restrictions and loan arrangements overwhelming. The Headwaters' SBDC Director will be available to guide businesses through the redevelopment process. Headwaters also has microloan that may be available to businesses during post-disaster redevelopment. Loans are typically based on the pre-event business and tax returns of the firm and require extensive collateralization. Post-disaster market changes, however, may mean the company isn't able to do as well as it

did pre-disaster, and the loan, even at below-market interest rates, sometimes becomes a burden to the long-term survivability of the business.

Workforce Retention

While trying to retain existing businesses, efforts must also address retaining the workforce that supports those businesses. Actions such as ensuring that schools reopen and childcare is available, allowing temporary on-site housing for employees and communication of a community's post-disaster plan can assist in getting employees back to jobs as soon as the businesses have reopened.

After a disaster, the market for certain businesses may decrease or be eliminated due to financial troubles or customer demand changes. However, other industries may provide employment opportunities, such as the construction industry, which will boom temporarily due to rebuilding needs. Workforce training programs are important to provide residents with appropriate skill sets to fill newly available positions due to recovery efforts and to adjust workforce skills to other industries that may take a more permanent hold in the community due to post-disaster business recruitment efforts. Providing locals with first preference for temporary recovery work is important for keeping workers from moving out of the area.

Physical Economic Redevelopment Projects

In some circumstances, opportunities may arise after a disaster to move forward with planned physical economic development projects or to create new projects that take advantage of post-disaster funding, available land or public will. Economic development projects that are disaster-resilient and fill a need in the community after a disaster should be a priority for post-disaster funding. In addition, the community can prioritize projects that incorporate energy efficiency and other sustainable building design considerations. Business districts can be

prime locations to focus post-disaster redevelopment projects since these districts offer financial tools or incentives, such as tax increment financing, reductions on impact fees and state tax incentives. Economic leaders can also consider ways to expand these business districts and leverage funding that would be available through disaster programs from several federal agencies, including the Community Development Block Grant program and Economic Development Administration disaster assistance program.

Opportunities to Sustainably Restore Economic Vitality

Retaining existing businesses is the first priority after a disaster; however, post-disaster redevelopment may also present an opportunity for businesses to assess their long-term applicability in the local market and take advantage of any changes in demographics or business incentives that may occur due to disaster impacts and an influx in outside funding to the area. For instance, a business that was already struggling before the disaster may need to rethink its business plan and use the disaster as an entrepreneurial impetus unless it happens to be engaged in one of the few economic activities that benefit from a disaster, such as the development industry.

Inevitably, some large and small businesses that bear the brunt of significant damage or indirect losses are going to fail or choose to relocate after a major disaster. This can affect the unemployment rate of the county if new businesses do not replace those that relocate. Ideally, a community would have economic diversity so that if one industry sector is severely impacted by a disaster, the majority of the workforce will not be affected. Unfortunately, Headwaters region struggles with a lack of economic diversity, which means that in the event of a disaster the loss of one business could mean the loss of all the local benefits provided by that employer/industry. Efforts to diversify the local economy with industries that are less vulnerable to disasters should be integrated into ongoing economic development

activities. Industries targeted for attraction and incentive programs after a disaster should be those that will provide a more disaster-resilient and diversified economy for the community and are appropriate for the post-disaster circumstances.

Infrastructure and Public Facilities

Restoration of infrastructure and critical public facilities after a disaster is a prerequisite for recovery – one that is addressed in local government and private utility and infrastructure companies’ emergency response and short-term recovery plans. There are long-term redevelopment considerations for infrastructure restoration, however, that must be weighed in conjunction with land use, environment, housing and economic redevelopment issues.

Taking advantage of opportunities to upgrade, mitigate or even relocate infrastructure or public facilities after a disaster is critical. Advanced planning allows a community to make deliberate decisions about redevelopment that it may otherwise have had less opportunity to do during the post-disaster rush to rebuild. Decisions about infrastructure reconstruction will influence private redevelopment decisions, and using disaster repairs as an opportunity to include hazard mitigation allows a local government to lead by example.

There are many agencies, jurisdictions, and stakeholders involved in providing infrastructure, public facilities and utility services. Before and after a disaster, these private and public entities need to establish communication and coordination procedures to ensure that long-term recovery and redevelopment occurs in an efficient and organized manner. Each agency or company should have its own recovery plan; however, if any opportunities for directing redevelopment are to be pursued then coordination and communication are critical.

Types of Infrastructure and Public Facilities to Address in Post-disaster Redevelopment Planning

A community's infrastructure is made up of a number of different systems and structures, each of which should be considered carefully:

Transportation systems – The repair of roads, bridges, railroads, airports and public transit is essential to establishing normal operations within a community. The repair of these and other types of infrastructure is often necessary for other redevelopment efforts to take place. Post-disaster redevelopment can be used as an opportunity to modify, improve and add to existing transportation networks. Incorporating hazard mitigation into the repair and reconstruction of transportation facilities can ensure that when disaster strikes again, the infrastructure is better able to handle the impacts.

Potable water, sewer and storm water systems – Damage to potable water, sewer and storm water infrastructure can weaken a community's ability to recover. Like with other infrastructure, the community can take the opportunity to include hazard mitigation or other improvements during repairs. In cases of severe damage to infrastructure in highly hazardous locations, relocation could be considered. These opportunities may be missed if pre-planning is not conducted.

Power, natural gas and telecommunications – Recovery from a disaster cannot begin until major utilities, especially electricity, are restored.

Public facilities – Rebuilding after a disaster provides an opportunity to mitigate future hazard impacts and build back a more resilient community. Public facilities, such as schools, libraries and government offices must be rebuilt to current building codes. However, above-code hazard mitigation may also be a good investment, and post-disaster funding sources may allow these expenditures. Some public facilities in

highly hazardous areas could potentially be targeted for relocation during pre-disaster planning.

Parks and recreation facilities – While parks and recreation facilities are typically not a priority for recovery, they are important for regaining quality of life as part of long-term redevelopment. Park properties also are often used in staging recovery efforts, such as temporary vegetative debris storage.

Financing Infrastructure and Public Facilities Repair

When a community starts to make decisions about which structures to relocate after a disaster or which mitigation projects it should invest in pre-disaster, they should consider funding availability. Knowing where to prioritize spending requires some basic knowledge of what is covered under insurance policies, which projects will be eligible for federal reimbursement through the Public Assistance Program, which projects can be funded through grant programs and what financial reserves can be targeted for grant matching funds or local investment. When a community begins to address its infrastructure issues as part of the initial planning process or as a pre-disaster implementation action, it can launch an assessment of county or municipal insurance policies to determine which facilities are covered and for what extent of damage. They can then use this assessment to make decisions about increasing coverage or financing repairs to uninsured structures. They can also determine whether mitigation enhancements would be covered under current policies and Public Assistance or whether additional funding would be needed.

Public Assistance: Improved and Alternate Projects

Occasionally an Applicant may determine that improvements should be made while restoring a damaged facility, or that the public would not be best served by restoring a damaged facility or its function at all. FEMA

refers to these projects respectively as improved and alternate. All requests for these projects must be approved prior to construction.

Possible Alternate Projects

- Repair or expansion of other public facilities;
- Construction of new public facilities;
- Purchase of capital equipment; and
- Funding of hazard mitigation measures in the area affected by the disaster.

Possible Improved Projects

- Relocation of public facilities;
- Using improved materials;
- Expanding capacity, and
- Rebuilding to higher codes and standards

Conclusion

In the event of a disaster, Headwaters is committed to:

- Providing local officials, business leaders and other community partners with access to regional demographic, economic and hazard vulnerability data
- Developing technical expertise and economic analysis tools for conducting initial disaster assessments and long-term economic impact analysis
- Establishing collaborative relationships with local government officials and non-government organizations that may provide data, funding, technical expertise and other resources essential to intermediate and long-term economic recovery following a disaster event

- Offering grant writing expertise and technical assistance to regional and local entities, both for pre-disaster resiliency initiatives as well as post-disaster recovery efforts
- Establishing familiarity with traditional economic and community recovery funding sources, including resources for business development assistance programs, such as EDA's Revolving Loan Fund (RLF) programs as well as private, nonprofit and philanthropic resources
- Providing technical support to impacted businesses
- Encouraging concepts and principles of economic resiliency strategies into the existing planning and development plans and activities within the region
- Leveraging assets
- Offering a neutral forum to convene diverse stakeholders and facilitate discussion and planning initiatives around the issues of economic resiliency preparedness and recovery

Appendix E — Support of the CEDS

The following resolutions and letters of support are from Headwaters RC&D's membership.