

**i. Project summary**

Across the nation, business leaders, elected officials and local economic development organizations are creating regional partnerships to compete more effectively for quality jobs, to build livable communities, and to meet workforce needs. In Montana, regional economic development is small in scale when compared to other areas around the country, often constrained by a lack of resources, and frequently hampered by a failure to understand the benefit of collaboration in a regional economy. As has been stated by economists of the O'Connor Center for the Rocky Mountain West, Montana does not have one economy; the State has several regional economies that determine where people live, how they make a living, and where businesses choose to invest. The largest regional economy in the state consists of the seven-counties of West Central and North West Montana. Economic development efforts in this region are challenged by state and federal programs that have created four different multi-county regional configurations within the seven-county area, which clearly hinder collaborative efforts.

The Western Montana Economic Blueprint is collaboration between economic development organizations, business, education and other organizations from throughout West Central and Northwest Montana; it is envisioned as a comprehensive performance-based strategy to effectively position the communities in Western Montana to capitalize on the best economic development opportunities for the region over the coming decades.

**ii. Background**

The Western Montana Economic Blueprint will be a comprehensive, region-wide plan document. In 2008, the Montana Department of Labor was awarded a Regional Innovation Grant (RIG) to explore emerging industry trends in the seven West Central and North West Montana counties. The MT Department of Labor facilitated several workshops at which business leaders, employment specialists and economic development professionals gathered to discuss the needs of the region. Issues identified in these meetings included work force needs, education and training opportunities, industry and entrepreneur access to capital, regional and global competitiveness, as well as a growing concern for the struggling natural resources industry – one of the region's largest employers. With the large-scale issues facing the region, it was agreed that a comprehensive, cooperative plan was needed to organize existing resources, identify gaps in available services, and to build the capacity of smaller rural development organizations to better respond to the needs of existing and new business.

Working through the Regional Innovation Grant (RIG) process, the Missoula Area Economic Development Corporation in partnership with multiple local

development organizations, private industry leaders, and other service providers, developed a scope of work for a regional document that will allow Montana's largest secular economy to work cooperatively in economic development endeavors, to pool resources to become more efficient, and to exploit the region's strengths to become more competitive on a global scale.

In May of 2008, the Missoula Area Economic Development Corporation released a Request for Qualifications for competitive bid. A committee of local business leaders reviewed responses and selected KMK Consulting to perform services for the Western Montana Economic Blueprint.

**iii. Applicant: The Missoula Area Economic Development Corporation**

a. Description of Organization

The Missoula Area Economic Development Corporation (MAEDC) received \$25,000 from the Regional Innovation Grant to partially fund an eight county regional plan to improve opportunities for economic growth. The applicant has used these funds to pay KMK Consulting, a competitively selected firm, to complete the Western Montana Economic Blueprint.

The Missoula Area Economic Development Corporation is a non-profit community and economic development organization established in 1980 to serve the Missoula area. Missoula County annually appropriates funds to meet part of organization's operational budget requirements. The Missoula Area Economic Development Corporation is the designated Certified Regional Development Corporation (CRDC) for the Missoula and Ravalli County region, and participates in the Bitterroot Economic Development District's Certified Economic Development Strategy (CEDS) planning process.

The Missoula Area Economic Development Corporation is an active member of the Montana Economic Developers Association, and is a leader in regional and state-wide economic development initiatives. Throughout 2008 and 2009, MAEDC has partnered with the State of Montana to promote and execute the Western Montana Forest Products Industry Initiative; this regional project is aimed to retain the existing forest products operations throughout the State of Montana. MAEDC is also the lead organization in a regional effort to assess and cleanup existing Brownfields properties. MAEDC has sponsored several feasibility and planning documents, having recently participated in the Greater Missoula Downtown Master Plan, the Bitterroot Resort Economic Impact Analysis, and several economic impact reports surrounding the forest products industry.

The Missoula Area Economic Development Corporation has 3 existing revolving loan funds. As of March 31, 2009, MAEDC has loaned a total of

\$7,120,070 from the organization's existing RLFs to recipients. The funds have created or retained more than 1,500 jobs. MAEDC is also the Funds Manager for the City of Missoula's Brownfields Cleanup Revolving Loan Fund, and has a servicing agreement with Community Reinvestment Fund, a large-scale economic development lender in Minneapolis, to service loans throughout the state of Montana.

## 2. Financial Support Available from the Applicant

To provide administrative support for its operations and initiatives, the Missoula Area Economic Development Corporation relies on a wide variety of public and private funding sources, as well as internal sources. Administrative expenses for the completion of the Western Montana Economic Blueprint will be provided out of MAEDC operating funds.

The budget for this project is \$250,000; MAEDC received \$25,000 in funding for this project from the Department of Labor's Regional Innovation Sub-Grant program, and has raised \$175,000 in private sector match. MAEDC has also applied to the USDA Rural Development Rural Business Opportunity Grant program for the remaining \$50,000 gap.

### iv. **Need, Area Served and Rationale**

The Western Montana Economic Blueprint will cover the seven counties of West Central and North West Montana, which include Flathead, Lake, Lincoln, Mineral, Missoula, Ravalli and Sanders Counties. Two of the elements of the plan are heavily influenced by activity in Glacier County, which will be included in the tourism and education focuses of the Blueprint. The project area includes the Blackfoot Indian Reservation and the Flathead Indian Reservation.

Need for this project is exhibited in the labor and income statistics of the project area. Along with demographic statistics, incorporated towns and cities are also listed to identify the multiple municipalities that this project will benefit.

#### **Flathead County:**

- Population: 88,473
- Incorporated Towns: Kalispell, Columbia Falls
- Poverty Rate: 13%
- Unemployment Rate: 12.2 %

#### **Glacier County:**

- Population:
- Incorporated Towns: Cutbank, Valier
- Poverty Rate: 27%
- Unemployment Rate: 11.3%

**Lake County:**

- Population: 28,690
- Incorporated Towns: Arlee, Ronan, Polson, St. Ignatius
- Poverty Rate: 21%
- Unemployment Rate: 10%

**Lincoln County:**

- Population: 18,971
- Incorporated Towns: Eureka, Libby, Troy
- Poverty Rate: 18%
- Unemployment Rate: 16.4%

**Mineral County:**

- Population: 3,862
- Incorporated Towns: Alberton, Superior
- Poverty Rate: 17%
- Unemployment Rate: 12.5%

**Missoula County:**

- Population: 107,320
- Incorporated Towns: Missoula
- Poverty Rate: 16%
- Unemployment Rate: 6.9%

**Ravalli County:**

- Population: 40,664
- Incorporated Towns: Hamilton, Stevensville, Darby
- Poverty Rate: 12%
- Unemployment Rate: 9.8%

**Sanders County:**

- Population: 11,034
- Incorporated Towns: Thompson Falls
- Poverty Rate: 16%
- Unemployment Rate: 17.4%

Although poverty rates are high in each of the eight counties, critical rates of poverty in Montana correlate with the location of Indian Reservations. Lake

County (21%) and Glacier County (27%), which holds the largest portions of the Flathead and Blackfoot Indian Reservations, have experienced long-term historic poverty. The Confederated Salish and Kootenai Tribes have provided support for this project, and are enthusiastic to cooperate with other regional influences to complete a plan that identifies opportunities and strategies for implementation.

In addition to wide-spread poverty in the region, throughout the last several decades, the forest products industry in Western Montana has deteriorated, causing the loss of several thousand jobs over two decades. The forest products industry currently accounts for more than 12,000 jobs in the state, and provides vital infrastructure in the management of state and federal forests. With the nation-wide breakdown of the building industry, independent mills have suffered greatly. Small independent forest products operations provide vital large-scale employment for rural areas, and also provide a needed tax base and subsidy to rural utility prices for thousands of Montanans. As we lose major operations, such as the Stimson Plywood and Stud Mills located in Bonner, MT until 2008, the region is not only in desperate need to create new, quality jobs for displaced workers but also is faced with the challenge of identifying new markets and strategies to retain the remaining forest products operations throughout Western Montana.

Dr. Larry Swanson, Director and Economist for the O'Connor Center for the Rocky Mountain West, has identified the seven counties of West Central and North West Montana as the largest secular economy in the state. Because the region's local economic activities have been drastically affected by the national and global economic recession, because of the region's importance and influence to the entire state, and due to the opportunities currently not being exploited by communities in the region, there has never been a more appropriate time to invest in a regional tool which will equip these eight counties with a clear strategy for recovery and success. The Western Montana Economic Blueprint will address issues such as unemployment and underemployment, and will create a strategy for the entire region to capitalize on existing work force, education opportunities, and regional recruiting opportunities. The Blueprint will also facilitate the development of strategies for the region to maximize the access to existing and potential sources of capital for entrepreneurs and existing businesses.

**v. Collaboration**

- Eight Counties
- Eighteen Towns
- Three Federally Designated Economic Development Districts
- Three State Designated Certified Regional Development Corporations
- Multiple unincorporated rural communities
- Multiple local development organizations

A major objective of the Western Montana Economic Development Blueprint is to organize and unify the entities listed above, while respecting local autonomy. This plan will explore specific opportunities for collaboration on focuses including transportation, workforce, education, tourism and business development and recruiting. Each focus will be a separate planning effort, and will include representation from each affected area. In combining resources and effort, the Western Montana Economic Development Blueprint will serve as a capacity building tool for small organizations by pooling resources and efforts for regional benefit.

Within the region, several strategy documents currently exist, including two Certified Economic Development Strategies (CEDS), local development plans, and downtown planning strategies. Efforts and results of these existing documents will be incorporated into the Western Montana Economic Blueprint within the broader regional picture.

#### **vi. Jobs**

The Economic Blueprint project will effectively create a regional force, pooling resources throughout the eight counties to promote industries like manufacturing and tourism, to capitalize on available training and identify new education opportunities for the existing work force, to become more efficient in efforts to improve infrastructure and transportation systems, and to transform the region into a highly competitive operation while maintaining rural communities, natural resources, and quality of life.

A regional approach to issues like energy, transportation and infrastructure will also help to create jobs. Identifying needed sewer, road and telecommunications projects, and prioritizing those on a regional basis will help applications for state and federal assistance become more competitive. Infrastructure projects will create jobs locally.

From these efforts, local development organizations will have increased capacity to assist existing businesses in expansion and retention projects. Access to capital, regional support and cooperation while seeking federal and state funding and a road map to new markets for existing manufacturing will all be addressed and documented in the Economic Blueprint. These tools will lead to the expansion of existing businesses, and will also assist localities in retaining existing jobs by identifying resources for struggling businesses. This will be especially important in the short-term while the economy is rebounding. For example, the forest products industry provides more than 12,000 jobs throughout

the state; it is critical that Montana be in a position to retain these existing jobs, and to create opportunity for employment for the thousands of displaced workers from the industry as result of the recent economic recession. The Economic Blueprint project will assess the existing industry, identify new markets for the industry, and also explore opportunities like co-generation in the energy focus.

In addition to resources for existing businesses, the Economic Blueprint project will provide the means for the eight county region to become more competitive in recruiting businesses to the area. A collaborative approach to business recruitment, a catalog of local and state incentives, and a comprehensive strategy to identifying appropriate industries for the area will serve as tools to the region in rebuilding the slowing economy, and creating new high-quality jobs for displaced workers. Opportunities for entrepreneurs will also be addressed in the plan.

#### **vii. Timeline**

Raising the remaining funds for the Western Montana Economic Blueprint has been an uphill battle considering the current state of the economy. However, thanks to the RIG Grant, we have been able to sign a contract with the consultant and the fundraising will be complete by June. The RIG grant has allowed us to bring on the consultant, conduct two trips across Western Montana to talk to local governments, business and organizations to educate them on the project and to build support, and to bring on the services of the Bureau of Business and Economic Research and Larry Swanson of the O'Conner Center for the Rocky Mountain West to assist the Consultant and his colleagues at the University of Louisville to complete the data research team. The complete timeline for the project is:

### **Western Montana Strategic Plan**

#### **Attachment A**

##### Project Timeline/Services

#### May

1. KMKC Team Meeting in Cincinnati or by conference call.
  - a. Finalize project scope. (Finalize this Attachment )
  - b. Outline agenda for initial Trip.
  - c. Define leadership participants and stakeholders to involve.

- d. Select Co-Chairs and Steering Committee members.
  - e. Define data needs for Market Analysis Report.
2. Final Steering Committee Recruitment.
  3. Stakeholder Group Participants and Leadership Identification, and Invite for key Individual Interviews and Core Initiatives Meetings: (Western Montana Economic Developers and State of Montana with KMKC help)
    - a. Competitive Business.
    - b. Education/Workforce.
    - c. Livable Communities.
    - d. Sustainable Quality of Life.
    - e. Effective Governance/Stewardship.
  4. Preliminary Brand Development for Strategic Plan
  5. Steering Committee Concept Materials:
    - a. Right after team has been recruited.
    - b. Short survey assessing starting climate, leadership, and other strategic issues. (Results incorporated into kick-off meetings).

## June

### Kick-Off Visit:

1. Steering Committee and Co-Chairs.
2. Core Initiative Leadership.
3. Economic Developers and State of Montana.
4. Individual Leadership Interviews and group meetings with those in 3 above. Initiate Market Analysis Report Data Collection for:
  - a. Economic base analysis.
  - b. SWOT analysis.
  - c. Industry cluster review.
5. Initiate Broad Base Input Solicitation via web based strategy.
6. Initiate Economic Base Analysis.
7. Initiate work on Comparative Market Review.

## July

### Second Visit:

1. SWOT Analysis
  - a. Initiate in late May.
  - b. Targeted at the stakeholders identified in initial client conference.
  
2. Second Missoula Visit:
  - a. Stakeholder/Leadership interviews.
  - b. Second Steering Committee Meeting.
    - i. Review project top to bottom and get leadership guidance.
    - ii. Presentation of very preliminary findings.
    - iii. Leadership input and direction.
  - c. Core Initiatives Meetings.

## August

1. Economic Base Analysis Completion and Report.
2. Proceed with Industry Cluster Review.
3. Comparative Market Report.
4. Site Locators Interviews.

## September

### Third Visit:

1. Steering Committee meeting.
  - a. Present final SWOT findings and recommendations.
  - b. Present final industry cluster review.
  - c. Present comparative market review.
  - d. Leadership input and direction.
2. Core Initiatives Meetings
3. Wrap-up stakeholder interviews

## October

Fourth Visit:

1. Prepare Draft Strategic Plan Vision and Goals with Preliminary Metrics.
2. Final Market Analysis Report Delivered (Integrates all analytic pieces prepared: SWOT, Economic Base Study, Cluster Review, Comparative Market Review).
3. Prepare Initial Draft of Major Action Strategies. (Will be detailed in the Final Strategy Report document prepared and submitted in December.)

November

Fifth Visit:

1. Core Initiatives Meeting.
2. Steering Committee meeting:
  - a. Present and finalize strategic plan's vision, goals, and metrics.
  - b. Review preliminary action strategies.
  - c. Leadership input and direction.

December

Sixth Visit:

1. Prepare 1<sup>st</sup> Draft of Complete Final Strategy Report. (Integrates all elements)
2. Review of report by Key Leadership.
3. Revisions to Report.
4. Work with staff and leadership on implementation priorities, leadership, financing issues and timelines.

January

Seventh Visit:

1. Steering Committee adopts the Strategic Plan.
2. Further staff and leadership meetings regarding implementation, financing and timelines.

February

Eighth Visit:

1. Public launch event.

2. Related implementation and leadership meetings

The Rig Grant has been critical in securing what we feel is the best consultant in the country, has assisted in securing more private sector funding for the project, and with their Core Group work, has set the stage for this comprehensive effort to collaborate around opportunities and challenges and work together to improve the economic opportunity and quality of life in Western Montana.