

2016 Annual Comprehensive Economic Development Strategy (CEDS) And Progress Report

Grantee: Beartooth RC&D Area, Inc.

Project Number: 05-83-05307-01

Period covered by the report: Jan. 1, 2016 – Dec. 31, 2016

Adjustments: No significant adjustments were made to the strategy during this period and no changes were made to the service area; however, the Board structure is undergoing a slight change in the way we define voting versus non-voting members of the Board. During our internal strategic planning process we discovered that the bylaws were in need of updates as they had previously been designed to meet NRCS Federal requirements, which is no longer a component of the organization. An Ad Hoc committee was formed to review organizational structure and make recommendations to the Board. The bylaws are currently in a final draft and scheduled to be adopted with the changes at the January 2017 Board meeting. Other bylaw changes were made to further define the Executive Committee roles and responsibilities. A copy of the final draft is included as a separate attachment.

Other changes that are being implemented early in 2017 include the addition of Core Values and the development of a more proactive marketing plan for the organization, including a website update, if the budget allows. The Executive Committee will also be evaluating the possibility of a modest increase in the membership fees and dues structure since that has not occurred since the inception of the Economic Development District. As was reported last year, we will continue to seek opportunities to further increase and diversify revenue sources in order to ensure a sustainable future and the ability to expand staffing levels as new programs to benefit the service area are identified.

We feel that overall our Strategy is sound and aligned with the needs of the region, so no significant adjustments to the strategy are being implemented at this point. That being said, we also realize that there are opportunities for improvement to the strategies. The following paragraphs contain a summary of the CEDS Goals and Objectives, problems and opportunities along with comments regarding areas for improvement, where appropriate.

Infrastructure – This continues to be an area of high need, but also high cost. As Montana's infrastructure continues to age, our smaller communities struggle to fund basic infrastructure needs. As a result of many conversations at the state and local level, the Montana Infrastructure Coalition was established to provide an inclusive, non-partisan forum to research and develop funding solutions for Montana's most pressing infrastructure needs. Beartooth monitors the activity and received regular updates through our Montana Economic Developers Association membership.

- **Water/Waste Water** – All of our communities in the region are facing water and/or wastewater needs and a project in Absarokee has begun and work continues on the Crow Reservation to address their needs, especially in the area of waste water. Beartooth provided letters of support to three projects in order to assist with securing funding. We could be doing a better job with informing our region in the needs assessment process and in providing technical assistance for the Treasure State Endowment Program for grant applications. We have found that the local engineering firms are highly engaged with the counties and

communities in order to move projects forward and will work more closely with these firms in the future.

- Housing – Since our last CEDS update, Beartooth has moved the first time homebuyer program to a more appropriate agency and we are moving towards helping communities and private developers in understanding the housing needs for a specific area. We feel that the housing management-type programs are well represented in our area, but we are somewhat lacking the in housing development-type programs – especially those related to workforce housing. We will continue to make a concerted effort to address the housing needs of households in the 80-120% of median household income throughout the region so our communities are in a better position to attract and retain those workers.
- Solid Waste – We have had the opportunity to be involved in two ventures to create and use recycled materials, but have not made significant strides in the area of a solid waste reduction plan for the region.
- Transportation – The City of Red Lodge has been the most active in this area during 2016, with the completion of a traffic circle at the eastern entrance to town and they are in the early stages of a Wayfinding project to assist community members and tourists in moving through town. Red Lodge is also embarking on a plan to increase funding for the Beartooth All American Highway and Beartooth staff has been involved in the planning portions of this important project.
- Communication Infrastructure – The Town of Big Timber has been fairly active in working with Triangle Communications to improve overall access to broadband and Sweet Grass County was the recipient of a \$2,500 Connected Communities grant from Triangle to improve conditions for residents and visitors.

Economy – This CEDS goal remains at the core of our activities and we continue to improve the delivery and effectiveness of the technical assistance delivered by staff members. Opportunities in this area continue to grow each year and the biggest problem associated with this goal boils down to staff time for outreach and additional technical assistance.

Summary of highlights:

- The rural Business Expansion and Retention (BEAR) program has undertaken 31 member visits through November 2016, with 6 of those occurring during 2016.
- The Food and Ag Center has been busy, especially with smaller producers exploring options for value-added products. Meat processing facilities have been an area of interest, but these are difficult to prove feasible in our smaller market.
- Beartooth worked with Big Sky Economic Development to put together a funding package to commission a firm to provide the necessary documentation for the Yellowstone County Commissioners to create a Targeted Economic Development District to create planned industrial space in the Lockwood area, just east of Billings. This is the first such area in the region.
- Three food processing training events were held in 2016 to assist local businesses.
- A local development corporation, Aluutaahaahu Many Arrows, was formed in one of the Districts of the Crow Nation and Beartooth has been actively working with this group to assist in capacity building and a \$20,000 planning grant was secured through the Big Sky Economic Development Trust Fund to fund a site selection project for the potential location of a convenience store with attached commercial kitchen. This project was also the basis for a

presentation by Beartooth and Many Arrows at the Native American Development Conference in August.

- Beartooth staff was able to assist the Sweet Grass County Chamber with a branding workshop to help them in the early stages of a marketing plan for Big Timber and the County.
- A Coal Country Coalition was formed in 2014 to address the uncertainties in the Coal Industry and the potential impacts to the economy and workforce of the region. The Coalition includes several state-wide agencies and two other EDD's (Snowy Mountain and Southeast Montana). Beartooth made application on behalf of the Coalition to secure funding through EDA and the Big Sky Trust fund in order to hire a firm to analyze the impact of the potential changes in the coal industry; analyze the coal industry workforce; and introduce strategies for potential adoption by the three districts in order to lessen the negative impacts of these potential changes. A total funding package of \$100,000 was secured during 2016 and a firm has been hired to prepare the Impact Study for the fifteen county region. We anticipate this portion of the project to be completed during the first quarter of 2017 and presenting the findings to the Legislature before the end of the 2017 session.
- Beartooth has begun to "dust off" an EDA funded study conducted in 2011-12 for a multi-state tourism entrepreneurship initiative in order to take steps towards implementation. Four areas have been identified as challenges: multi-state jurisdictions; lack of project champion; sustainability; and complexity of the project. A series of presentations and the re-forming of a multi-state steering committee has been completed during 2016 and the work to implement this project will continue in 2017.

Communication – This area of the strategy contains a good deal of opportunity and not much in the way of development problems, other than staff time. As an organization, we can always improve communication development and delivery and we strive to make progress in this area at every opportunity. The internal strategic planning process identified marketing as one of our key areas to improve and we will continue to address that issue throughout 2017 and beyond by leveraging available technology and available financial and human resources.

- As a whole, communication throughout the region is continuing to improve and Beartooth continues to promote collaboration, communication and partnerships at every opportunity.
- We continue to facilitate the Bridging Cultures group between the Crow Nation and representatives from Billings and Hardin.
- Beartooth serves as the facilitator for a multi-county Custer-Gallatin Working Group that strives to improve collaboration and communication with the entities impacted by the two State Forests and to assist in the update of the Forest Plan.
- The Beartooth Board of Directors' Executive Committee will be undergoing a transition in 2017 as three of the four existing members leave the Committee. This was a specific step identified during strategic planning efforts in order to develop new leadership for the organization and to maintain an active and responsive Board and committee structure.
- The Coal Coalition project mentioned above has also presented the organization with an opportunity for further collaboration and communication on a topic that may have long-term consequences to the area.
- One area of improvement that we will address during 2017 is the reworking of the Beartooth website and further leveraging the Beartooth Facebook page in order to improve communication and education throughout the region.

Services – The Beartooth region includes many opportunities to improve the standard of living by upgrading community services and their facilities. We are fortunate to be working closely with many of the local organizations who help to provide these services. We will continue to partner with these local public and private-sector agencies to leverage available resources to improve standards of living throughout the region.

- Bighorn Valley Health Center was the recipient of planning grant funds from USDA-RD and Big Sky Trust Fund in order to engage the services of an architect to complete a Preliminary Architectural Report for the potential expansion of the Health Center in Hardin, which serves a large population of Crow Tribal members and Big Horn County residents, who often lack sufficient primary health care services.
- The Red Lodge Area Community Foundation has partnered with Beartooth on two projects during the past year: Phase 2 of the Old Roosevelt School project, to create a performing arts space for the community; and the Workforce Housing Committee, who is exploring various strategies to address the shortage of seasonal worker and workforce housing in Red Lodge.
- Big Sky Economic Development in Billings has enlisted our assistance in the early stages of a feasibility study for an organization considering an expansion of the day care services to Yellowstone County workers.
- The City of Laurel has a pending planning grant application for the creation of a Master Plan for Riverside Park and we have been able to assist both Red Lodge and a citizen's group in Laurel with a pool projects.

Natural Resources

- Beartooth remains active with the Columbus Fire Department and Red Lodge Mountain to improve fire services through the Fuels reduction and Forest in Focus programs.
- We continue to work with issues impacting the coal industry and communicate with Everpower regarding environmental issues that are impacting the full development of the wind farm in southern Carbon County.
- All five counties have representation by the Conservation Districts on the Board of Directors and we offer assistance to their plans of work as needed, but feel there could be more active involvement in the future.
- Beartooth has re-applied for a three-county five-year grant to explore water and soil conservation methods for sugar beet and barley producers. The application is pending.
- The Billings Bench Water Association is undergoing an assessment of their water delivery system and Beartooth is involved in the project from a technical assistance standpoint.

Human Capital

Within this goal, we most often partner with local economic development agencies as needed to improve the overall condition and opportunities for existing and potential employees, including access to training and education. One area of need throughout the region continues to be a lack of available and desirable workforce housing, which is hindering attraction of new employees somewhat. Beartooth was accepted into a cooperative housing pilot program and assembled a team from Columbus, Hardin and Red Lodge to consider a cooperative housing model as a potential solution for the shortage of workforce housing. Thus far, no specific projects have been implemented as a result of the program, but we feel the model may be applicable for the region in the future. Red Lodge is the most active in the potential development at this time.

Board/CEDS Committee List: EDD BOARD MEMBERSHIP ROSTER

Updated 12/20/2016

1. GOVERNMENT REPRESENTATIVES (51-65%)

Elected officials and/or employees of a general purpose unit of state, local or Indian tribal government who have been appointed to represent the government.

Name	Government	Position
Page Dringman	City of Big Timber	City Planner/Appointed by Big Timber City Council
Robert Faw	Sweet Grass County	County Commissioner
Chris Mehus	Sweet Grass Cons. Dist.	District Appointee
Mike Yakawich	City of Billings	City Councilmember
Dan Lowe	Big Horn Cons. Dist.	Board Member-elected County position
John Ostlund	Yellowstone County	County Commissioner
Gerald Dell	Stillwater County	County Commissioner
Newton Old Crow, Jr.	Crow (Apsaalooke) Nation	Director of Economic Development
Marissa Hauge	Stillwater County	Economic Dev. Coord.-employee of Stillwater County
John Pulasky	Yellowstone Conservation District	Board Member-elected County position
Clinton Giesick	Carbon Conservation District	Board Member-elected County position
Doug Tucker	Carbon County	County Commissioner
Bill Foisy	City of Red Lodge	City Councilmember
Clayton Greer	City of Hardin	City Councilmember

2. NON-GOVERNMENT REPRESENTATIVES (35-49%)

A. Private Sector Representatives: *Any senior management official or executive holding a key decision-making position, with respect to any for-profit enterprise. (At least one required)*

Name	Company / Enterprise	Position
Royce Njos	Bank of Red Lodge	Asst. Vice President
Sidney Fitzpatrick	Apsaalooke Construction	Owner
John Beaudry	Stillwater Mining Company	Public Affairs Manager/Appointed by CEO
Bob Van Oosten	Van Oosten Ranch	Owner/Operator
Bob Carr	Elation, Inc.	Assistant to the Founders
Holly Higgins	First Interstate Bank of Hardin	Branch Manager

B. Stakeholder Organization Representatives: *Executive directors of chambers of commerce, or representatives of institutions of post-secondary education, workforce development groups or labor groups. (At least one required)*

Name	Organization	Position
Lisa Skriner	MSU-Billings College of Tech.	Project Manager – College of Technology
Ryan Van Ballegooyen	Billings Job Service	Region 4 Director
Jeffery McDowell	Hardin Chamber of Commerce /Two Rivers Authority	Past President / Executive Director

3. AT LARGE REPRESENTATIVES: *Interested individuals qualified to provide input on behalf of their respective communities.*

Name	Company / Enterprise	Position
Charles Egan	City of Columbus	Appointed Representative for City of Columbus
Marvin Carter	City of Laurel	Appointed Representative for City of Laurel
Steve Arveschoug	Big Sky EDA	Executive Director

CALCULATIONS

	<u>Number</u>	<u>Percent</u>
1. Government Representatives (51-65%)	<u>14</u>	<u>54%</u>
2. Non- Government Representatives (35-49%)	<u>9</u>	<u>34%</u>
A. Private Sector Representatives (at least 1)	<u>6</u>	
B. Stakeholder Organization Representatives (at least 1)	<u>3</u>	
3. At Large Representatives	<u>3</u>	<u>12%</u>
Total Board Membership	26	100%

EDD STRATEGY COMMITTEE ROSTER

Updated 12/20/15

NOTE: This committee structure has been utilized by the organization since 1997 as a subset of the Board of Directors to discuss important issues and provide a representative perspective of the regional economy.

1. PRIVATE SECTOR REPRESENTATIVES (At least 51%)

Any senior management official or executive holding a key decision-making position, with respect to any for-profit enterprise.

Name	Company	Position
Bob Carr	Elation, Inc.	Assistant to the Founders
Monte Koch	Opportunity Bank	Branch President
Ken Gomer	LARC Citizen’s Committee	Community Organizer
Holly Higgins	First Interstate Bank	Branch Manager
Royce Njos	Bank of Red Lodge	Assistant Vice President
Bob Van Oosten	Van Oosten Ranch	Owner/Operator

2. REPRESENTATIVES OF OTHER ECONOMIC INTERESTS (No more than 49%)

Persons who provide additional representation of the main economic interests of the region. These may include, but are not limited to: public officials, community leaders, and representatives of workforce development boards, institutions of higher education, minority and labor groups, and private individuals.

Name	Area of Interest	Position
Steve Arveschoug	BSEDA-Yellowstone County ED	Executive Director
Marissa Hauge	Stillwater County ED	Economic Development Director
Lisa Skriner	Higher Education/Job Training	Project Director-MSU Billings COT
Jeffery McDowell	Economic Development	Executive Director

CALCULATIONS

	<u>Number</u>	<u>Percent</u>
Private Sector Representatives (at least 51%)	<u>6</u>	<u>60%</u>
Representatives of Other Economic Interests (no more than 49%)	<u>4</u>	<u>40%</u>
Total Committee Membership	<u>10</u>	<u>100%</u>

Staff:

Beartooth RC&D / Economic Development District is a 40-plus year old organization professionally staffed through funding provided by our local communities, counties, Conservation Districts, Montana Department of Agriculture, Montana Department of Commerce, and the US Dept. of Commerce EDA. By virtue of our time in business we provide excellent stability, continuity and capacity to the communities we serve. Our current staff includes 3 full time positions and 1 part time position.

Joel Bertolino, hired in October, 2007, is the full time Ag Program Manager and assists with the Economic Development District. He spent 7 years with USDA Farm Services Agency administering a variety of price support, and emergency disaster programs as well as 6 years with Carbon County Historical Society as a Historic Preservation Officer. Joel holds a B.A. in Political Science/Public Administration from Montana State University – Bozeman and has spent his life assisting with the family cattle ranch north of Red Lodge, MT which he now operates.

Jillann Knutson serves the organization as the full time Revolving Loan Fund Manager and Bookkeeper providing financial assistance to small businesses and staff support to our Revolving Loan Committee. She began working for Beartooth RC&D in June of 2006 as the administrative assistant, and was promoted to her current position in September of 2009. Jillann has several years of administrative experience. She is a graduate from Rocky Mountain College with a B.Sc. in Business Administration.

Sue Taylor is the full time Economic Development Director and began employment with Beartooth in July of 2015. She has 10 years of experience in community and economic development through positions held in Wyoming, Wisconsin and previous work in Montana. She brings experience in providing small business support, CEDS planning and research, and nonprofit management. Sue is the lead staff person for both the EDA program and Montana's Certified Regional Development program.

Earl Atwood joined the staff as an Office Manager in October of 2011. Originally from Wyoming, Earl moved to Fishtail, Montana in 2009 after retiring from Wyoming State Government. Earl's background is in tax and technology administration, including telecommunications management. Earl provides assistance with Board correspondence and planning our regular meeting schedule as well as managing special projects and initiatives for the team as needed.

Dick Rath, Forester, retired in July after 10 years of service. There are no immediate plans to replace him due to declining activity and program funding in the area of fuels reduction.

Report:

In the section below, we outline our specific scope of work items for 2016 derived from our CEDS Goals and Objectives as well as the level to which each objective was achieved. The attached excel spreadsheet titled "2016 Project Spread-Year End" provides a summary of our project activity and is intended to be used as a reference to this report.

Scope of Work and Implementation Methodology FY 2016

- I. Maintain Eligibility with EDA.** Supply the EDA with timely information on plant and large business closures and the number of employees affected.
 - a. Submit semi-annual and year-end financial reports as required.

ACCOMPLISHMENTS ACHIEVED: We a submitted timely semi-annual SF-425 document, and anticipate submitting a timely year-end SF-425 document.

QUANTIFY DELIVERABLES: We anticipate a timely submission of the GPRA report on or before January 30, 2017.

DIFFICULTIES ENCOUNTERED: None

- b. Submit combined annual CEDS & progress report by December 31, 2016.

ACCOMPLISHMENTS ACHIEVED: Beartooth RC&D submitted annual CEDS and progress report on January 29, 2016.

QUANTIFY DELIVERABLES: Final annual CEDS and progress report was submitted on January 29, 2016.

DIFFICULTIES ENCOUNTERED: None.

- c. Strengthen and enhance our ability to provide programs and services on a regional basis which augment local community efforts through coordination, facilitation and education in the following areas:

- Revolving Loan Fund
- Montana Certified Regional Development Corporation
- Montana Food and Ag Center / Montana Cooperative Development Program
- Hazardous Fuels Reduction
- Montana Main Street Program
- Business Expansion and Retention (BEAR) Program
- Business Planning/Technical Assistance (with SBA and SBDC)

ACCOMPLISHMENTS ACHIEVED: Beartooth RC&D staff has experienced a fairly busy year in our region and we work with the above programs in some way on at least a weekly basis. The Hazardous Fuels Program is reaching a sunset due to available funding for implementation and only one of our communities is actively involved in the Montana Main Street Program. The BEAR Program served 6 new clients during 2016 and has been able to deliver the program to 31 businesses since inception. Beartooth staff have been actively engaged throughout the region and we have been able to leverage each of these programs for the benefit of our clients, communities and counties. We have been successful in all program areas as evidenced by the numbers and examples of projects listed in our individual scope of work items below as well as the attached spreadsheet. We are actively serving on committees and assisting with projects of our partner organizations including: Big Sky EDA, Stillwater County Economic Development Committee, Crow Economic Development, Red Lodge Area Community Foundation, Beartooth Rural BEAR Team, Montana Economic Developers Working Groups (Resource Assessment and Board Member), and the Custer-Gallatin Forest Working Group.

QUANTIFY DELIVERABLES: This scope of work item is listed to reflect the various state and federal programs, as well as committees and boards, we successfully participate in during the course of any given year, thus the results in this section are brief and refer to our continued eligibility, while the actual projects are referenced below in individual scope of work items.

DIFFICULTIES ENCOUNTERED: While Revolving Loan Fund applications remained fairly steady throughout the year, the applicants lacked the viability of being good candidates for loans.

- d. Continue to promote regional communication and awareness of economic development-related issues through bi-monthly Board of Directors meetings, press releases, regular updates of our website and Facebook page, Board/community reports, success stories, etc. **ACCOMPLISHMENTS ACHIEVED:** Beartooth RC&D continues to utilize a variety of ways to deliver information throughout the District. Board of Directors meeting are held bi-monthly and each staff member provides project updates and each board member provides an update from their respective organization and community. Many times these Board member updates result in a new project. Beartooth RC&D staff members also routinely provide updates at other community and board meetings. Our website and Facebook page are updated as needed, but not as often as they should be updated. One of the primary tasks that was an outcome of the internal strategic plan was to look for additional methods to communicate and market our programs as well as a possible website update, a refreshing of bylaws and the potential adoption of organizational core values. **QUANTIFY DELIVERABLES:** Printed handout for stakeholders that was used during our annual updates to Towns and Counties in December. We will finish these updates in January of 2017. **DIFFICULTIES ENCOUNTERED:** The internal strategic planning process proved to take much longer than anticipated, but we are hoping to wrap that up and implement suggested changes in the early months of 2017.

II. Provide and support business planning and recruitment efforts through our RLF & a high quality technical assistance program. (CEDS Goal II, Objective 1)

- a. Provide business technical assistance to a minimum of *fifteen* clients for business, strategic, and financial planning.

ACCOMPLISHMENTS ACHIEVED: 34 clients received business technical assistance for business, strategic, and financial planning. These numbers do not include food and ag clients who are listed elsewhere in the report.

2015 Clients who received additional service during 2016: Since economic development is looked upon as a process, rather than an event, it is logical that many of our clients overlap from year to year. The clients who were assisted from a previous report include: GTUIT, Stillwater Gym, Billings Book Co-op, Null Church, One Montana, Laurel Aquatic Recreation Complex, Red Lodge Area Community Foundation (multiple projects), Big Sky EDA (multiple projects), Crow Tribe Economic Development Department (1 project).

2016 New Clients: Red Lodge self-storage, Buses of Yellowstone, Construction recycling business, Sanderson Stewart, Bonga Foods for a potential business relocation to Montana from California, historic building restoration for an organic compost business, Crazy Mountain Museum, Big Timber Thrift Store, Friendship House, iConnect, new invention development, Laurel Urban Renewal Association, Fromberg Improvement Committee, Billings Bench Water Association, and the Sweet Grass Chamber. We also assisted 4 businesses with financial planning projects as an extension of our RLF program and 6 businesses through the Rural BEAR program.

QUANTIFY DELIVERABLES: GTUIT accessed their \$25,000 grant funding during 2016 upon completion of training materials and protocol development, Red Lodge Area Community Foundation was the recipient of technical assistance and a modest grant to conduct a three-day design workshop for Old Roosevelt School, Sanderson Stewart delivered a feasibility document to their client based upon work previously completed for

the Billings Chamber in regards to a convention center, and One Montana expended their grant funding for a business prospectus.

DIFFICULTIES ENCOUNTERED: None.

- b. Continue partnerships with the local Small Business Development Center (SBDC), the MT Dept. of Commerce, local ED specialists, the BEAR program, Job Service personnel, and local institutions of higher education to provide assistance to businesses and provide access to these important programs.

ACCOMPLISHMENTS ACHIEVED: Partnerships and agreements with our co-service providers are active and very successful. We continue to maintain a very high level of respect and professionalism among our partner agencies, organizations, institutions, etc. and rank this quality as one of our highest priorities.

QUANTIFY DELIVERABLES: This scope of work item is listed to reflect the various local partnerships we successfully participate in, thus the results are brief and refer to our continued relationships, while quantifiable projects are referenced elsewhere in individual scope of work items. We continue to be an effective intermediary for Montana Department of Commerce and Montana Department of Agriculture programs, whereby, connecting small businesses with grant and loan products.

DIFFICULTIES ENCOUNTERED: None

- c. Provide assistance that would lead to funding from the RLF to a minimum of *two* new or existing businesses. EDD staff will promote and market the RLF while making technical assistance visits and providing planning assistance to business clients. Expand the RLF by marketing its services to and cooperating with commercial bankers and chambers of commerce throughout the region.

ACCOMPLISHMENTS ACHIEVED: 2016 was a less than stellar year for the RLF with only one business receiving loan funding in the amount of \$60,000 for the purchase of an existing building and business in Hardin.

QUANTIFY DELIVERABLES: Dill Properties purchased Oh's Bakery in Hardin with a funding package of \$120,000, half of which was provided by the RLF.

DIFFICULTIES ENCOUNTERED: Of the 27 potential RLF candidates, 4 loans were approved by Committee, but only one was funded. The three that were not funded included: one potential building purchase that did not pass inspection; one that contained discrepancies between the RLF application and the bank loan application, so the bank withdrew the loan; and the third client faced health issues which prevented them from moving forward with their business plans. The loans that were approved, but not dispersed totaled \$275,000. The TimberWeld business and building remain on the market for sale and the outcome of this will likely impact the outstanding RLF loan in a negative manner.

- d. Continue assistance to the local economic development partners to recruit and develop businesses that want to locate in our region.

ACCOMPLISHMENTS ACHIEVED: Beartooth co-hosted Innovate Road Show events in Columbus and Big Timber utilizing the format established by the Governor's Office of Economic Development to encourage new business start-ups. A key recruitment tool project was completed with Big Sky EDA in the development of the necessary documentation and public support for the creation of a Targeted Economic Development District (TEDD) in Yellowstone County to address a gap in available planned industrial space. Stillwater County Economic Development requested assistance with a potential

buyer for a closed business in Columbus and we were able to provide information for the buyer. Unfortunately, that deal has not yet been completed and has remained dormant for more than 6 months.

QUANTIFY DELIVERABLES: Preparation of necessary documentation to establish a TEDD in Yellowstone County was completed and gained approval from the Commissioners to establish the district. One new business start as a result of the activity surrounding the Columbus Road Show event.

DIFFICULTIES ENCOUNTERED: None other than the stalled business acquisition listed above.

III. Support the development/creation of value-added industries. (CEDS Goal II, Objective 3)

- a. Support the development of *one* new renewable energy project.

ACCOMPLISHMENTS ACHIEVED: We are still assisting in supporting the development of *one new* renewable energy project in Carbon County, but our involvement during 2016 was also minimal. During 2016 the primary activities of the Everpower Company was to address potential environmental issues, including wildlife that has a potential to be negatively impacted by the project.

QUANTIFY DELIVERABLES: The Carbon County Commissioners approved a tax abatement for the Everpower project, contingent upon the abatement being necessary for financial viability of the project.

DIFFICULTIES ENCOUNTERED: None during 2016.

- b. Serve agriculture-related businesses, and value added processing opportunities for locally grown crops, as one of Montana's four Food and Ag Centers. Assist a minimum of *five* businesses/producers with value-added ag project planning and development. Work to ensure that this program is well-reported and understood so that it is refunded by the State of Montana.

ACCOMPLISHMENTS ACHIEVED: Our Food and Ag Center program is a vital part of Beartooth's service offerings and program manager, Joel Bertolino is also a working rancher allowing him valuable insight into the opportunities and challenges facing this segment of clients. We assisted 15 agriculture projects during the year.

Previous clients who received additional service during 2016: Colt James Signature Beef, Becky's Berries, Yellowstone River Farms, North 40 Ag, C&K Meats, Red Lodge Ales, Story Mill, and Powder River Meat.

2016 New Clients: Blain Ranch, Nash Farms, Stetson Farms, Elevated Harvest, Emmet's Meats / Stillwater Packing, M & H Equipment, and Lodge Grass FFA.

QUANTIFY DELIVERABLES: M&H Equipment was the recipient of a \$15,000 grant for a marketing plan and materials, but the funds were de-obligated due to unforeseen changes in the company. Becky's Berries has begun the design and permitting phase of her new building construction. Powder River Meats C&K Meats was the recipient of a second Growth through Ag (GTA) grant in the amount of \$25,000 to continue with their growth plans by purchasing additional equipment. Blain Ranch received a GTA grant for \$5,000 to assist with processing and storage equipment. Stetson Farms was also a GTA recipient in the amount of \$40,000 to purchase equipment to compost manure in his feedlot and package or deliver bulk to local greenhouses or nurseries. The Lodge Grass FFA program secured \$50,000 in grant funding to purchase equipment for a beef entrepreneurship curriculum. A returning project from last year that achieved success this

year involved Beartooth, Miller/Coors and the NRCS offices in three counties to re-submit a multi-year grant to assist irrigated malt barley farms and sugar beet producers in Yellowstone, Big Horn and Carbon Counties to assess which practices conserve energy, soil and/or water and therefore promote Regional Agricultural Sustainability. The application was successful this year and will secure funding in the amount of roughly \$700,000 over a 5-year period.

DIFFICULTIES ENCOUNTERED: None.

- c. Assist *two* businesses with cooperative business development, marketing, etc.
- ACCOMPLISHMENTS ACHIEVED:** Beartooth made a successful application to be a pilot community for housing cooperative development on a regional basis through a Montana Cooperative Development Center Grant. The team was comprised of a representative from Red Lodge (Carbon County), Hardin (Big Horn County) and Columbus (Stillwater County). As of the end of the year, no projects have been initiated, although Red Lodge has an interest in pursuing a Community Land Trust which may be paired with a cooperative model in order to address their seasonal and workforce housing challenges. We were also able to assist the Northern Plains Resource Council with a review of their organizational structure and strategy for completing an organizational framework. Additionally, a meeting to discuss cooperatives as a business model was facilitated by Beartooth staff in July, with 14 interested parties in attendance, bringing the total number of cooperative business development clients to *three*.
- QUANTIFY DELIVERABLES:** A Cooperative Housing Action Plan was produced as a result of the pilot program.
- DIFFICULTIES ENCOUNTERED:** A general observation, rather than a difficulty should be noted in connection with the Cooperative Housing project and that is the fact that all three participating communities still have a lot of planning and feasibility work to accomplish prior to undertaking the specific action/implementation steps.

IV. Provide community and economic development planning and facilitation. (CEDS Goal II, Objective 1; CEDS Goal III, Objective 6)

- a. Provide technical assistance that would lead to funding for a minimum of *three* clients engaging in planning activities such as feasibility studies, building expansion, and industrial growth.
- ACCOMPLISHMENTS ACHIEVED:** Beartooth staff experienced a considerable amount of activity and a fair amount of success in this area during 2016. The City of Laurel has a pending \$27,000 planning grant application to complete a Master Plan for Riverside Park and the Town of Bridger has a recently submitted grant application in the amount of \$12,690 for the completion of a feasibility study to consider the consolidation of multiple Town departments into a single building. Red Lodge Area Community Foundation received a Big Sky Trust Fund (BSTF) grant in the amount of \$16,200 which is being leveraged with a \$15,000 private foundation grant in order to commission a Preliminary Architecture Report (PAR) for Old Roosevelt School and the Bighorn Valley Health Center also received a \$16,200 grant from BSTF, a \$15,000 grant from USDA and is matching that with \$10,000 of Health Center funding to hire a firm to complete a PAR for possible business relocation and expansion. Many Arrows Community Development of the Pryor District on the Crow Reservation was the recipient of a \$21,600 planning grant to assist with site selection and feasibility of a convenience store with attached commercial kitchen. Also, the Coal Country Coalition, comprising several entities and

involving three Economic Development Districts was successful in securing \$50,000 from EDA to match with the \$50,000 secured from the Big Sky Trust Fund in 2015 to allow for a start to the project which will examine the impact of potential changes in Montana's coal industry, an analysis of the coal industry workforce, and the development of strategies to adapt to the potential industry changes. These projects bring our total of 2016 clients actively engaged in planning activities to *six*.

QUANTIFY DELIVERABLES: The deliverables expressed in terms of dollars are listed in detail above and we anticipate receiving deliverables for these projects in terms of plans or reports during the first half of 2017.

DIFFICULTIES ENCOUNTERED: The Town of Red Lodge withdrew its planning grant application for a pool feasibility study, and is likely to resubmit to a funding agency more appropriately suited to the project.

- b. Continue providing facilitation assistance to community projects through services offered such as project coordination, community organizing, and work as a liaison; Assist *two* community-based planning projects, including public facility enhancement.

ACCOMPLISHMENTS ACHIEVED: Beartooth is the lead organization and is serving as a liaison for the potential implementation of a four-state geotourism project that was the subject of a 2011-2012 EDA planning grant to develop opportunities for tourism entrepreneurship as well as increase visitation to tourism destinations throughout the study area located in portions of Montana, North Dakota, South Dakota, and Wyoming. The Sweet Grass Chamber has received assistance in the development of a marketing plan through a branding workshop held in early November. Beartooth staff also continues to be actively involved in the Custer-Gallatin Working Group in the area of project coordination and facilitation; Bridging Cultures Committee as an organizer; and the Little Big Horn Rest Area project as a liaison. These projects bring the total for 2016 to *five*.

QUANTIFY DELIVERABLES: The nature of these projects does not generally allow for quantifiable deliverables, but we anticipate that the geotourism project may result in deliverables during 2016.

DIFFICULTIES ENCOUNTERED: The multi-state tourism entrepreneurship project has faced challenges in the area of securing funding to build and launch an interactive website, but we are exploring alternatives, including private enterprise sponsorship and enlisting a VISTA member during the first year of development.

- c. Work with partnering entities to identify ways to enhance workforce development efforts throughout the region, and specifically in rural areas.

ACCOMPLISHMENTS ACHIEVED: We continue to work with local economic development organizations and Big Sky EDA to enhance workforce development efforts, especially in the assessment and planning for workforce housing, since this has been identified as a barrier for workforce recruitment in some areas.

QUANTIFY DELIVERABLES: This is an activity which is difficult to quantify since it is part of the larger picture in our region.

DIFFICULTIES ENCOUNTERED: None. The Carbon County Job Fair had originally been scheduled to take place in November, but they organizing group decided to postpone the event until spring, when employers are most likely to hire seasonal workers.

V. Assist communities in providing the necessary infrastructure to maintain their quality of life and support future development. (CEDS Goal I, Objectives 1,2 &3)

- a. Assist *one* county per year or *two* municipalities per year with the implementation is a workforce housing initiative to identify gaps in the types and numbers of housing units required in order to meet workforce housing needs, and to develop a plan of action that encourages private investment in the development of new housing or redevelopment of existing housing stock in order to meet workforce housing needs within their jurisdiction.
ACCOMPLISHMENTS ACHIEVED: As has been mentioned in various parts of this report, our primary activity in this area has been in the application and participation of a cooperative housing initiative and intensive technical assistance workshop, led by the Montana Cooperative Development Center (MCDC). We have also looked at options to develop a housing rehabilitation program by leveraging Tax Increment Finance dollars, but this has not yet come to fruition
QUANTIFY DELIVERABLES: A Housing Action Plan for Columbus, Hardin and Red Lodge was prepared for MCDC at the conclusion of the workshop.
DIFFICULTIES ENCOUNTERED: The only difficulty lies in the complexity and long-term commitment to undertaking this type of initiative as well as the participation by private developers. It will likely be a number of years before any significant strides are made in the area of workforce housing.
- b. Work with our cities and towns to develop affordable housing, including: redevelopment of existing properties, use of vacant local government-owned property, self-help housing projects, and local developers. Maintain partnerships with organizations like NeighborWorks, HRDC, HomeWORD, etc. for the development of these opportunities.
ACCOMPLISHMENTS ACHIEVED: We continue to educate and engage local leadership and local economic development agencies in this area and are striving to make a distinction between housing management as is currently provided through the Home Center and housing development, which is the activity we feel is less served with existing agencies.
QUANTIFY DELIVERABLES: None at this time.
DIFFICULTIES ENCOUNTERED: None.
- c. Assist communities in the region with *one* public infrastructure project through project planning, financing, administration, etc.
ACCOMPLISHMENTS ACHIEVED: The TEDD project outlined previously will provide the opportunity for the Lockwood region to bond for infrastructure improvements and the pending City of Laurel application will allow for infrastructure improvements to Riverside Park. Beartooth also has working knowledge of a water intake valve project in Laurel and provided letters of support to the funding agencies. The organization has also been involved in the planning process for sewer system upgrades on the Crow Reservation, in large part due to our involvement in the proposed rest area adjacent to the Bighorn Battlefield, bringing our 2016 total to *four*.
QUANTIFY DELIVERABLES: The TEDD project received Commissioner approval in October.
DIFFICULTIES ENCOUNTERED: None.

IV. Assist communities with upgrading community services, particularly emergency services. (CEDS Goal IV, Objective 1)

- a. Continue assisting our rural communities with fuels reduction efforts in the wildland/urban interface, while building the capacity of rural emergency response providers. Complete *two* new fuels reduction projects on at least **60 acres**.

ACCOMPLISHMENTS ACHIEVED: We were able to leverage Forest in Focus funding to assist with projects in Stillwater County and on Red Lodge Mountain. Each of these are projects are entering their final phases and may have fallen a little bit shy of the 60 acre goal.

QUANTIFY DELIVERABLES: \$162,500 in public funds, and \$50,000 in private funds were expended in 2016. Public funding was provided by USDA grants administered by the State DNRC. Private funding came through local match, primarily through in-kind labor contributions.

DIFFICULTIES ENCOUNTERED: Program funding for this area is rapidly reaching an end and we will consider reinstating this program if new funding sources become available. However, much of this program was dependent upon the experience of Forester, Dick Rath, who retired in July and there are no immediate plans to fill that position.

Evaluate:

Beartooth utilizes several methods to evaluate the success and effectiveness of our programs: the number of projects listed under each goal and objective in the REPORTS section above; review and discussion the Project Spread each year as compared to previous years; program planning, implementation, and success is discussed with our Board of Directors at our bi-monthly meetings; and twice a year we strive to review these same items with the Strategy Committee.

Another key to our continued success is measured not just by the reportable numbers in terms of projects we complete, jobs that are created or retained, private and public funding that is secured, but by our connections and relationships that we foster and nurture across the region and beyond. Beartooth staff works to ensure that each county in our region has multiple projects receiving assistance and we work to foster strong and mutually productive relationships with local Economic Development staffers, Chambers of Commerce, Downtown Business Associations, and tribal entities to confirm that our CEDS is meeting the needs across the area and is poised to take advantage of opportunities as they arise.

The attached project list format (2016 Project Spread) has served as an excellent way for us to track program activity, investment and success throughout the year and to be certain that we are providing for the needs of the entire region.

As required per EDA regulations, the following section describes each of the five performance measures considered critical information in the final report. The numbers reported in the following section can be reviewed according to their relationship to each project as reported on the attached document titled “2016 Project Spread”.

1) Number of jobs created after implementation of the CEDS

The number of jobs created after implementation of the CEDS Goals and Objectives in our 2016 work plan was 3.5 which are itemized per business entity served on the attached document titled “2016 Project Spread”. This number reflects only the 2016 activity and does not include any previous or anticipated numbers of jobs created.

2) Number and types of investments undertaken in the region

The number and types of investments undertaken in the region that Beartooth staff contributed to significantly to during 2016 are described as follows:

Use of Funds	Public	Private	Project
Conservation Projects	17,400 700,000	32,000	Custer Gallatin Working Group NRCS-RCPP
Total	\$717,400	\$32,000	
Business Recruitment Activity	\$4,000	\$1,000	Road Show Events
Architecture/engineering design and planning documents	31,200 1,250 50,000 21,600 16,200	10,000 25,000 15,000	Bighorn Valley Health Center Convention Center preliminary Cooperative Housing workshop Coal Country Impact (2016) Many Arrows Old Roosevelt PAR
Total	\$120,250	\$50,000	
Business expansion, inventory and equipment purchases	25,000 5,000 40,000 25,000 50,000	40,000 100,000 100,000 5,000 50,000 80,000 25,000 10,000	Becky's Berries Powder River Meats C&K Meats Blain Ranch Stetson Farms Elevated Harvest Stillwater Packing Lodge Grass FFA
Total	\$145,000	\$410,000	
Revolving Loan Fund	\$60,000	\$60,000	Dill Properties
Fuels reduction	\$162,500	\$50,000	
Program Generated Funds	\$185,300	\$39,000	

3) Number of jobs retained in the region

The number of jobs retained in the region in projects that involved Beartooth RC&D staff during the 2015 year was 53, which does not include any carry-over projects from previous years.

4) Amount of private sector investment in the region after implementation of the CEDS

The amount of private sector investment in the region after implementation of the CEDS Goals and Objectives in our 2016 work plan was \$642,000. These amounts once again do not include carry-over activity from previous years and these are itemized per business entity served on the attached document titled "2016 Project Spread-Year end".

5) Changes in the economic environment of the region

The changes in the economic environment of the region have shown a slight increase over last year in regards to the extraction industries of the Baaken oil play due to a small increase in gas prices and a shifting of some of the workforce to other industries. Yellowstone County continues to have historically low unemployment rates and the Crow Reservation has seen a steadily increasing median

household income due to a variety of factors, not the least of which is the very low starting point for comparison. The 100 year anniversary of the National Park system was a contributing factor to an increase in tourism traffic and dollars spent by travelers heading to Yellowstone and the Big Horn Battlefield site. The potential changes in the coal industry along with the announcement of the closure of coal-fired generation plants #1 and #2 continues to be of concern to not only the local workforce and support industries, but to the tax revenue generated by these activities that flows to the state's general fund and the local governments.

We sensed that many employers were cautious in hiring new employees during the past year, which might be at least partially attributable to the Presidential election outcome. As reported last year, Billings and Yellowstone County are still experiencing a good deal of growth and as a result construction jobs are plentiful, with Shiloh Crossing and the Zoo Drive areas on the western edge of Billings being home to the largest retail and motel sector growth, expanding westward into the Shiloh and Zoo Drive Interstate Exit areas.

The agricultural sector continues to be a major driver of the region's economy, but cattle prices took a nose dive in 2016 and producers are looking for ways to lessen this impact and potentially diversify their income streams.

Schedule:

Action/Implementation Plan:

CEDS Goals Outline: The attached spreadsheet titled "2017 Action and Implementation Plan" includes all of our goals and objectives from the current version of the CEDS document as well as action plan items to be implemented in 2017, responsible party, funding source, timeframe, priority, and jobs created goal.

Scope of Work for 2017: Please see attached document titled "Scope of Work and Implementation Methodology FY2017, with the changes from FY2017 highlighted in red.