

A Research Paper by



Economic Opportunities in the Blackfoot Watershed

Ideas for local growth and development based
on conversations with residents



WINTER 2014

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ABOUT HEADWATERS ECONOMICS

Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions in the West.

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Cover Photo: Benjamin Donatelle

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I. EXECUTIVE SUMMARY

The Blackfoot Challenge asked Headwaters Economics to conduct focus groups in the communities of the Blackfoot River watershed to explore economic priorities, barriers and opportunities, and a possible role for the Challenge in economic development. This report summarizes findings from these focus groups.

The smaller communities and rural populations at the core of the Blackfoot region are struggling economically. A combination of factors have contributed to today's difficult circumstances, including: a decline in traditional resource sectors; uneven growth in services industries and a weak labor market; the out-migration of youth, loss of families, and an aging population; unaffordable housing; and commuting patterns that pull talented individuals out of the region and contribute to spending leakages that hurt local businesses.

Focus group participants across the board see the need for action to promote concerted economic development action. A consistent theme is the desire for more economic development, though not at the cost of the natural environment or rural way of life. As one resident put it "we want to keep things the way they are, but find a way to make what is here a little better and a little more robust."

The list of barriers to economic development identified in the focus groups is broad. It includes workforce, infrastructure, coordination, educational, housing, communication, seasonality, commodity, and marketing challenges. In general there was agreement on current barriers to development, though individual communities emphasized different issues.

The list of opportunities is equally rich and mirrors the challenges but with a solutions emphasis. There were good ideas about branding and marketing, capturing traffic passing through the region, developing industry standards, improving workforce skills, trading more successfully on hidden gems, improving education and attracting families, offering more housing options, expanding health care options, developing value-added agricultural products, and more.

An overarching theme in all focus groups was the health of communities as a key economic development building block. Many felt that the communities in the Blackfoot region are divided, communicate poorly internally, and lack capacity. Investing in building higher functioning communities, focus groups felt, is important to maximize limited volunteer and leadership capacity, and to trade more successfully on the high quality of life in the region.

To the question of whether there is a role for the Blackfoot Challenge in economic development, most focus group participants replied "yes." Folks thought that in the future it would be important for the Challenge to balance natural resource protection with the promotion of economic opportunities in the region.

When asked what role the Challenge should play in economic development, focus group participants believed that the Challenge should stick with its core strengths. In other words, the Challenge should not reinvent itself but should look for opportunities to leverage its existing programs and skills to create positive economic development outcomes in the region.

Most focus groups agreed that there is a lack of and extremely important need for increased cooperation and coordination around regional economic development initiatives, and that the Challenge is uniquely positioned to play this type of convening role as well as assist with securing financial or other resources. More specific ideas are outlined in this report.

II. INTRODUCTION

The Blackfoot River Watershed is located in west-central Montana between Missoula and Great Falls. It is characterized by large, open spaces, a clean and thriving river system, family ranches that span generations, and some of the largest areas of protected Wilderness in the United States.

The Blackfoot Challenge formed in 1993 to address concerns about conserving the Blackfoot watershed's natural resources and rural way of life. At that time, the Challenge developed programs through multiple conversations with area communities to identify specific concerns and opportunities. During the last twenty years, the Challenge has pioneered a community-based approach to addressing conservation issues ranging from cross-boundary noxious weed control and forest fuel reduction to wildlife-livestock conflict management and collaborative drought planning.

In 2013, the Challenge celebrated its 20th anniversary and conducted a series of listening sessions—*Your Voice for Land and Community*—to celebrate past accomplishments and to check in with communities across the watershed about future priorities. A consistent theme heard in these community discussions was a desire for more economic development, though not at the cost of the natural environment or rural way of life. As one resident put it, “we want to keep things the way they are, but find a way to make what is here a little better and a little more robust.”

The consistency of this feedback across communities appears to come in response to several factors: long-term declines in some traditional economic sectors, such as logging and wood processing; the effects of the Great Recession, which ran from 2007 to 2009 and can still be felt today; and a concern that youth in the region are departing because of a lack of economic opportunities. These trends have resulted in economic hardship, an aging population, and fewer families who represent the core of communities in the watershed.

The community feedback acknowledged the good work the Challenge has done protecting the environment and, at the same time, showed a strong interest in having the Challenge play a more active role supporting efforts to increase economic opportunities in the watershed.

With this in mind, in 2013 the Challenge created an Economics Workgroup, made up of interested residents and people with expertise on this topic in the region, to explore economic priorities, barriers and opportunities, and a possible role for the Challenge to play in economic development. The Challenge invited Headwaters Economics to help conduct a series of focus groups on these topics as a first step in a watershed-wide assessment.

This report summarizes the findings from these focus groups, which were held in the principal watershed communities during the summer of 2014.

III. WHAT IS ECONOMIC DEVELOPMENT?

Economic Development typically refers to activities that expand an economy (e.g., more jobs and personal income) or improve the quality of an economy (e.g., higher earnings and greater resilience). These are examples of quantitative and qualitative measures, respectively, of economic performance that economic development can aim to improve.

There is no single recipe for advancing economic development. Approaches are typically tailored to local circumstances, with some focusing more on reducing barriers while others emphasize capitalizing on new opportunities. This report captures local views on both barriers and opportunities.

There are a variety of ways to think about structuring economic development efforts at the local or regional scale. These include:

- Recruit outside businesses, traffic, or residents.
- Incubate local businesses or entrepreneurship.
- Focus on needs/opportunities of a specific industry.
- Focus on building blocks that benefit all businesses, including technical support, access to financing, workforce training, and partnerships.
- Reduce the cost of business.
- Create higher-value or higher-margin products or services.

One striking aspect of the discussions in the Blackfoot watershed was the emphasis on community in economic development. Most focus group participants thought people generally live in or visit the Blackfoot for quality of life reasons. As a result, a focus on improving the quality of communities—their attractiveness, affordability, range of services, and access to unique natural surroundings—makes sense as an approach to economic development.

Different approaches to economic development are not mutually exclusive; in fact, it may make sense to pursue multiple strategies at the same time. One essential ingredient of all successful approaches is agreement on goals that define success and benchmarks that can be used to measure progress.

IV. CHARACTERISTICS OF THE REGIONAL ECONOMY

For the purposes of this report, the Blackfoot region consists of Lewis and Clark, Missoula, and Powell counties. These counties encompass the majority of the Blackfoot River watershed. The major population centers of these counties lie outside the core Blackfoot region, which is sparsely populated. The principal communities in the Blackfoot core region are: Seeley Lake, Lincoln, Helmsville, Potomac, Ovando, Greenough, and Bonner

Looking at published statistics on the region's population and economy it is difficult to screen out the larger cities and economies (Helena, Missoula, and Deer Lodge) on the periphery of the watershed and evaluate the economic activity in the watershed's more sparsely populated core.

The bulk of the economic activity in the region is in Lewis and Clark (population = 65,000) and Missoula (population = 110,000) counties, which reflects the main population centers of Helena and Missoula. These places have robust long-term growth, a mature services economy, smaller traditional resource sectors, relatively high average earnings and per capita income, and low unemployment.¹

In contrast, Powell County (population = 7,000) is a better proxy for understanding the more rural parts of the Blackfoot region, despite the fact that Deer Lodge, the county's main population center, lies on Interstate 90 and outside the watershed. Powell County has modest long-term population, employment, and personal income growth. Government, timber, tourism, and agriculture are the predominant sectors in the economy. Average earnings and per capita income are relatively low, and unemployment high.

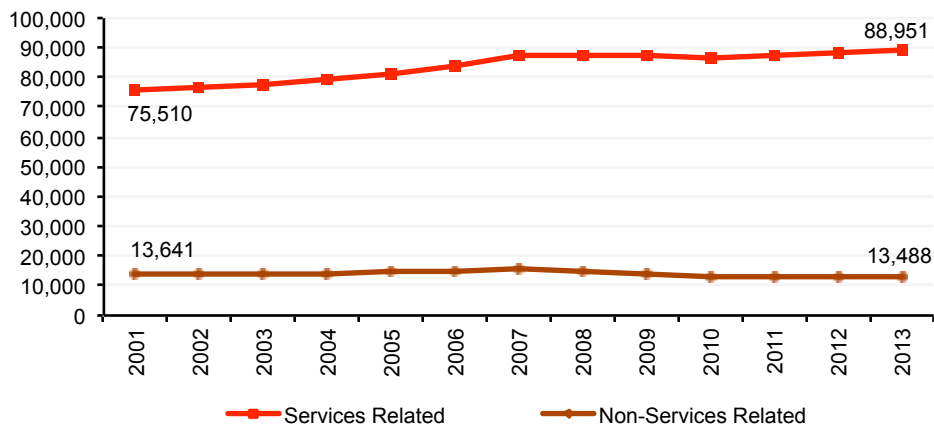
There are several large-scale trends and current realities that are helpful to understanding the economy of the Blackfoot region today. These are discussed on the following pages.

¹ For more information on general socioeconomic performance measures and data, see: <http://headwaterseconomics.org/tools/eps-hdt>.

Services Lead Growth

All recent employment growth in the regional economy has come from services industries, which include a mix of higher-paying sectors like engineering and accounting, and lower paying sectors such as retail trade and accommodation and food services. Non-services, which include agriculture, mining, forestry, and manufacturing, are important but have not created any net new jobs in the last decade.²

Employment by Major Industry Category, Blackfoot Region



Source: U.S. Department of Commerce. 2014. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA25N.

From 2001 to 2013, jobs in services industries in the region grew from 75,510 to 88,951, an 18 percent increase. In 2013 they were 70 percent of total employment. From 2001 to 2013, jobs in non-services industries in the region shrank from 13,641 to 13,488, a 1 percent decrease. In 2013, they were 10 percent of total employment.

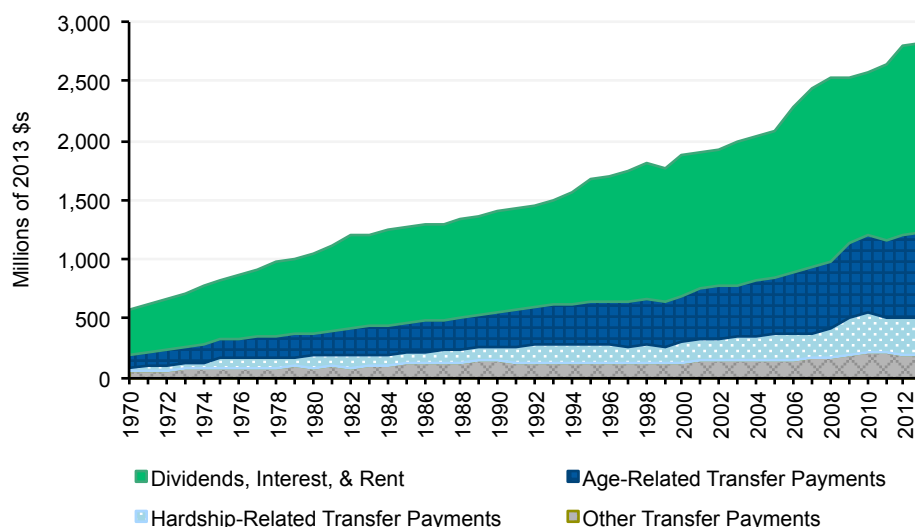
These data show that services industries are leading economic growth in the region, and that their growth is no longer dependent on non-services industries. They also suggest that an economic development strategy that seeks to create jobs should carefully consider this diverse mix of sectors. An important consideration, especially for the more rural areas, is how to position people and communities to succeed in higher-paying services industries.

² For more information on industry trends by county for the entire West, see: <http://headwaterseconomics.org/interactive/west-wide-atlas>.

Non-labor Income Is Significant

Non-labor income is the largest and fastest growing source of personal income in the Blackfoot region. Non-labor income consists of investment income (dividends, interest, and rent) and government transfer payments to individuals (e.g., Social Security and Medicare as well as unemployment and welfare). Much of the growth of non-labor income is related to an aging population.³

Components of Non-labor Income, Blackfoot Region



Source: U.S. Department of Commerce. 2014. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Tables CA05N & CA35.

From 1970 to 2013 (in real terms), in the Blackfoot region, dividends, interest, and rent grew from \$379 million to \$1,599 million, an increase of 322 percent; age-related transfer payments grew from \$108 million to \$709 million, an increase of 555 percent; and hardship-related transfer payments grew from \$26 million to \$311 million, an increase of 1,078 percent.

All non-labor sources of income totaled \$2.8 billion in 2013, or 40 percent of total personal income in the region. Using Powell County as proxy for the more rural portion of the Blackfoot region, non-labor income was 49 percent of total personal income in 2013—nearly 50 cents of every dollar.

The importance of this income stream to local businesses—from retail trade to construction to health care—cannot be overstated. The rural portions of the Blackfoot region face a challenge capturing this income in the form of local spending, as many residents currently commute to outlying cities to shop for goods and services.

³ For more information about non-labor income and its significance for western economies, see: <http://headwaterseconomics.org/land/reports/non-labor>.

Rural Areas Are Lagging

The U.S. Census Bureau's *American Community Survey* provides data on sub-county geographies. These data are not as robust as county-level data and suffer from a greater margin of error in very low population areas, but they offer a view of challenges facing the rural portion of the Blackfoot region and show differences between rural areas as well.

For example, in Seeley Lake the Census Bureau estimates the population has remained steady in the past decade. In 2012, 8 percent of families lived below the poverty line; 40 percent of homeowners and 67 percent of renters spent greater than 30 percent of household income on housing; and 25 percent of adults 25 years and older had a college degree.⁴

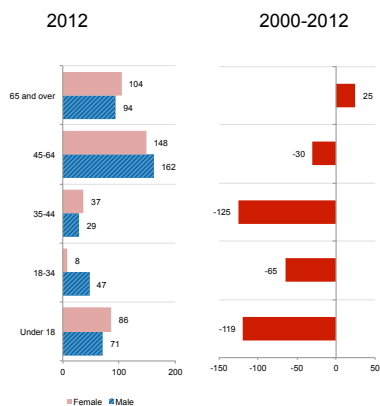
By contrast, in Lincoln the Census Bureau estimates the population declined in the past decade (the exact amount of this decline is not reliably reported). In 2012, 13 percent of families lived below the poverty line; 36 percent of homeowners and 76 percent of renters spent greater than 30 percent of household income on housing; and only 14 percent of adults 25 years and older had a college degree.

The focus groups all discussed these challenges—hardship, the lack of affordable housing, and deficits in education and workforce training—as needs of rural communities that should be addressed by economic development efforts.

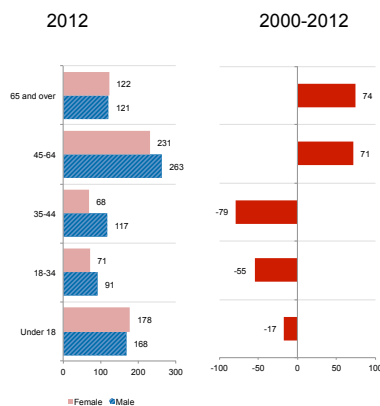
Youth Are Leaving and the Population Is Aging

In the rural portions of the Blackfoot region, younger demographics are leaving. In Lincoln, for example, all age cohorts 64 and younger declined while people 65 years and older increased in the last decade. In Seeley Lake, all age cohorts 44 and younger declined while people 45 years and older increased in the last decade.⁵

Lincoln Population and Change by Age



Seeley Lake Population and Change by Age



Source: U.S. Department of Commerce. 2013. Census Bureau, American Community Survey Office, Washington, D.C.; U.S. Department of Commerce. 2000. Census Bureau, Systems Support Division, Washington, D.C.

⁴ For more information on these socioeconomic measures and data, see: <http://headwaterseconomics.org/tools/eps-hdt>.

⁵ For more information on migration patterns for western counties, see: <http://headwaterseconomics.org/interactive/migration>.

Young adults are leaving for a variety of reasons, but these surely include the lack of high-quality local job prospects and more robust economic opportunities elsewhere. This leaves an older demographic and fewer young families who have traditionally anchored communities. In Lincoln, the median age increased from 43.1 in 2000 to 53.5 in 2012. In Seeley Lake, the median age increased from 41.2 to 46.2 during the same timeframe.

Access to Markets

Despite the smaller scale of communities in the core Blackfoot region, these places are closely tied to the economies of the surrounding cities, especially to Helena, Missoula, and Great Falls. The commute time from smaller towns to these cities is generally under an hour.⁶

This proximity is double-edged as it results in considerable commuting for work, and access to retail venues, quality health care, and airports; but it also means there are significant leakages in the form of spending and talent to the surrounding cities, and difficulties sustaining local businesses.

At the same time, there is considerable traffic moving from urban areas into and through the core Blackfoot region, both for recreational and commercial purposes. This traffic represents an opportunity to capture business. Though, as focus group feedback indicates, smaller communities in the core of the Blackfoot region are having limited success capitalizing on the significant volume of traffic moving through the area.

⁶ For more information on the importance of access to markets, see: <http://headwaterseconomics.org/tools/three-wests>.

V. FOCUS GROUP PROCESS

In the summer of 2014, the Blackfoot Challenge and Headwaters Economics hosted six focus groups in the Blackfoot region. They were held in the following locations: Seeley Lake, Lincoln, Helmville, Potomac, Ovando, and Greenough.

Due to time constraints, a focus group was not held in Bonner, the only remaining community within the Blackfoot watershed. While Bonner lies only six miles from Missoula and therefore is more directly influenced by the larger economy there, during the town's *Your Voice for Land and Community* discussion in September 2013 residents expressed concerns and opportunities similar to those heard in the rest of the watershed in the more recent focus groups summarized here.

Sara Schmidt with Blackfoot Challenge, Ben Alexander with Headwaters Economics, and Benjamin Donatelle, a graduate student at University of Montana, jointly facilitated and captured feedback from each focus group session.

The focus groups were publically advertised to elicit broad participation. In addition, invitations were sent to email lists and targeted to individuals to ensure participation of a cross section of leaders and business sectors within each community. On average, 10 to 12 participants attended each focus group.

Each focus group followed the same format. After introductions and an explanation of purpose, attendees discussed their thoughts on the following three questions:

1. What are barriers to local business/economic development as you see them?
2. What are opportunities for local business/economic development as you see them?
3. What could the Blackfoot Challenge do to help local businesses/economic development in a community or the region?

In cases where a notable perspective was missing or more information was clearly needed to understand a barrier or opportunity, follow-up interviews were conducted by phone.

VI. FOCUS GROUP FINDINGS

Overall, the focus groups reaffirmed earlier feedback from the *Your Voice for Land and Community* discussions: residents want more economic opportunities but overall don't want to adversely impact the natural environment or lose the rural way of life in the watershed. There was near universal agreement on this point.

On other points, there were often differences of opinion, especially between communities, on barriers and opportunities, as well as any role the Blackfoot Challenge could or should play in economic development. Below we first summarize areas of common agreement, followed by differences in feedback or areas of particular importance to the various communities.

Barriers of Common Agreement

This section summarizes focus group feedback on barriers to economic development in the Blackfoot region. It emphasizes broad areas of agreement across regional communities. Opportunities are listed in no particular order.

Workforce

The lack of a motivated and skilled workforce was consistently cited as a problem. Compounding this is the departure of area youth, either because they cannot find a good balance between employment and housing costs, or they see better opportunities elsewhere. The lack of tradespeople (electricians, plumbers, etc.) within the region, and the high cost of alternatives from outside the area are also seen as a barrier.

Commuting

Many area residents drive out of the watershed for work—due both to limited job opportunities within the watershed and a more robust job market in surrounding cities. Commuting decreases the likelihood that people will be actively engaged in their communities, and can lead to greater consumer spending leakages, augmenting the challenge of creating more retail opportunities locally.

Infrastructure

Sawmills and logging infrastructure—the closure of mills and loss of technical expertise in the logging trades are barriers to this industry's maintenance and expansion when more favorable market conditions develop.

Medical facilities—the lack of access to high-quality medical care and assisted living facilities in the watershed leads to service leakages and makes it difficult for retirees to stay in the region.

Trails and access to public lands—large-scale land exchanges have shifted ownership but new trails or road access and loops have not been developed; many existing trails are in need of maintenance and upgrades. Confusion exists over what public lands and trails are accessible for which types of recreation.

Towns not attractive—in general, towns are not welcoming or attractive from a “Main Street” perspective; they do not effectively encourage people to stop, stay, and shop.

Hotels—the lack of lodging capacity prevents capturing a larger share of recreational traffic passing through the area and discourages visitors from staying longer.

Sewer and water—communities lack sufficient sewer and water infrastructure to allow them to expand for both commercial and residential purposes.

Telecommunications—Internet service is often slow and cellular service is not universally available; both are barriers to amenity migrants and small businesses in more remote locations.

Air travel—there are three nearby commercial airports but the cost of flying into and out of the region is a barrier to growing tourism and attracting location-independent businesses that often must travel widely to meet with clients.

Schools

Declines in school enrollment and maintaining education quality were top concerns. This was coupled with the challenge of recruiting and retaining good teachers and administrators when housing is difficult to obtain. Most felt that thriving schools are crucial to attracting families and better-paying jobs.

Housing

The lack of available and affordable housing, both for purchase and to rent, was seen as a barrier to living in the region, and to attracting or retaining families and young workers.

Information/Communication

The lack of information—such as maps, welcome centers, and effective websites—about where and how to recreate was considered a barrier to developing and capturing tourism. Poor coordination and communication between communities on common needs, challenges, and opportunities was cited as a hurdle to offering a cohesive visitor experience. Residents also identified a lack of knowledge about regulations and resources for business startups.

Culture

Many places lack a coherent cultural identity, are divided on major issues, and resist change and new ideas. This has made adapting to change difficult as the underlying economy in the region shifts. Focus group participants also noted a lack of cultural activities (concerts, art shows, etc.) that could bring communities together and also attract outside interest.

Government

The lack of municipal incorporation; county land use codes, permits, and fees; and gridlocked public lands management were commonly identified as barriers.

Marketing

There was broad agreement that the Blackfoot region lacks a clear brand (apart from the river), promotional materials, and marketing to potential visitors. There also is poor coordination among recreation businesses and in promotional efforts. Commodities produced in the region are largely not branded in any special way to cater to higher-margin markets, nor are they widely offered or promoted in local restaurants, shops, and other retail locations.

Demographics

The region is losing younger people, getting older, and struggling to retain families. Everyone felt that families are the key to community stability and a core economic development building block.

Scale/Seasonality

The small year-round population in the Blackfoot makes sustaining local retail businesses difficult (and this is exacerbated by the commuting pattern within the labor force). Similarly, the seasonality of the economy, both in tourism and agriculture, creates challenges of continuity for both employers and employees.

Agriculture/Timber

Agricultural businesses struggle with commodity pricing, land fragmentation, family successional issues, the challenge of supporting more family members, and risks associated with diversifying or developing niche products. Timber mills and logging operations are challenged by shrinking mill infrastructure, lumber pricing, timber supply, outside competition, transportation costs, shifting Forest Service priorities, and gridlocked public lands planning.

Barriers That Impact Individual Communities

This section briefly summarizes community-specific focus group feedback on barriers to economic development in the Blackfoot region. It emphasizes issues of particular importance to specific communities.

Seeley Lake

- Specific to Pyramid Mountain Lumber, the lack of adequate timber supply and increasing transportation costs.
- A lot of emphasis on Main Street's lack of attractiveness and strip feel, which is not inviting to visitors and does not encourage people to stop, stay, and shop.
- While controversial, basic sewer and water infrastructure is seen as crucial for future development, including affordable housing.
- Limited health care and assisted living services and facilities make it difficult for the elderly to stay or relocate to Seeley Lake.
- Extreme seasonality of economy and resulting lack of stability.
- Natural assets are hidden and little information about them is easily available.

Lincoln

- Concern that the community has lost its identity: "We're searching for something to hang our hat on." Perception by outsiders that Lincoln is "teetering on the edge."
- Capacity of hospitality services is not adequate to attract bus tours or other large groups.
- General reluctance and uncooperative attitude by some of the existing business owners towards development of new ideas.
- The lack of a summer travel plan on the Lincoln Ranger District creates a challenge for promoting and directing recreation traffic.
- A lot of concern about dropping school enrollment and the viability of schools generally.
- Fewer families in town and an aging population. Bar-Church balance not favorable.
- Lack of developed river access that could improve quality of life and attract visitors.

Helmville

- Discussion focused more narrowly on agricultural issues and the fact that many ranches are struggling financially, despite higher commodity prices of late.
- Lack of family ranch successional planning is a risk to ranch viability; ranches can only support so many families, and pressure to divide properties is high.
- A lot of interest in developing niche products and markets, but worries about risks associated with making new investments, distance to markets, ability to provide year-round products, pricing, and current lack of entrepreneurial know-how.
- Very small population base, loss of youth, and lack of affordable housing.

Potomac

- In many ways a bedroom community in which commuters do not get involved in the community.
- Lack of communication between longer-term residents and newcomers.
- Not currently capturing the pass-through traffic effectively. For example, significant river recreational use exists, but the few local guides are not capturing this business.
- Land subdivision and traffic are obstacles to agricultural operations.

Ovando

- Lack of affordable land for development.
- No cellular service and poor Internet service.
- Distance to larger population centers and lack of local retail, tradespeople, and labor force.
- Extreme seasonality of economy.

Greenough

- Discussion focused largely on hospitality businesses.
- Cost of flying into and out of Missoula, thin shoulder seasons, lack of hospitality training, and poor marketing and promotion of the area were all discussed.
- Lack of connection and coordination between hospitality businesses in area.

Opportunities of Common Agreement

This section summarizes focus group feedback on opportunities for economic development in the Blackfoot region. It emphasizes broad areas of agreement across regional communities. Opportunities are listed in no particular order.

Community

A common theme in all focus groups was the health of communities—as opposed to business viability per se—as a key economic development building block. Many felt that the communities in the Blackfoot region often are divided (e.g., newcomers/old-timers), communicate poorly internally, and lack capacity. Investing in building higher functioning communities is important because of the need to maximize limited volunteer and leadership capacity, and to trade more successfully on the high quality of life in the region, matching community and landscape quality in a compelling package.

Brand/Marketing

Every community identified an opportunity for branding, promoting, and marketing the region's unique ecological, cultural, and economic resources. Each community had slightly different ideas about what successful marketing and promotional campaigns could look like—what industries to focus on, what regions and market segments to target—but all communities expressed a desire to better connect and represent the region as a whole to the outside world, and position the natural beauty and high quality of life to attract new residents and location-independent businesses.

An important part of the brand/marketing discussion focused on the Blackfoot region, not a specific activity, community, or business. These narrower interests could benefit from nesting under a broader and well-recognized regional identity: The Blackfoot. Promotion of this regional brand could provide marketing opportunities for individual businesses, classes of industries, and communities.

Capture Traffic

Branding and marketing are closely tied to strategies that focus on capturing traffic passing through the region. This may be tourists traveling from Glacier to Yellowstone, families on cross-country excursions, fly-fishing or cycling enthusiasts, snowmobilers, or day-trippers from regional cities. Strategies raised in focus groups include more attractive Main Streets, greater hotel and guiding capacity, organized events, and better informational resources to aid trip planning.

Standards

Developing a consistent level of quality resources, attractions, and amenities, as well as coordinating between promoters, industries, and communities would ensure a high-quality and consistent visitor experience. This could involve training, peer-to-peer sharing, and collaborating with industry associations to establish and monitor best practices.

Workforce

To address workforce availability, motivation, and skills, a combination of efforts could work to provide affordable housing, raise wages and offer benefits, and mentor or train young adults. These types of activities will likely need to be developed in partnership with local government, by assisting businesses to develop higher-value products and services that allow them to increase wages, and by working with university, vocational, or state programs to build competencies.

Hidden Gems

Apart from the Blackfoot River, many of the region's natural features remain hidden from visitors. An effort should be made to identify and promote hidden or under-utilized resources, improve maps and signage, increase recreational access, and communicate the existence of trails and other recreation infrastructure.

Communication

Facilitating communication between the communities in the region could result in better coordination of events, cultural attractions, recreation resources, and local services.

Schools

People in the region consider schools the anchor and a central source of pride for their communities. Focus group participants want to be able to recruit and welcome the best teachers and their families, develop innovative curricula, address the needs of families with school children so they remain, and create after-school programming and outdoor extracurricular activities as ways to strengthen area schools.

Business Assistance

Many people cited a lack of knowledge about starting businesses, finding capital, and navigating the myriad regulatory structures required to establish a new business or expand into new business areas. All agreed that tapping into development resources in the larger population centers (Missoula, Helena, and Great Falls) could help to overcome this barrier, but few knew where to start.

Residents indicated that there exists within area communities a wealth of experience in business, and thought a local group of advisors or mentors could help nurture the next generation of entrepreneurs.

There appears to be a large number of cottage industries engaged in a wide range of small-scale manufacturing and services in the Blackfoot. These self-employed individuals or small businesses may be able to scale up with some assistance in the form of loans, technical assistance, or marketing support.

Health Care

As the community ages and the economy of the Blackfoot becomes more dependent on age-related spending, an effort should be made to explore how to meet the growing health care needs of the region's aging population. This will allow more residents to stay in the region longer and will address a major leakage in the local economy. It also may help attract out-of-area retirees.

Agriculture

Operators interested in exploring value-added or niche opportunities would benefit from assistance securing processing facilities, potentially mobile in nature; a common brand and marketing program; and coordinated transportation to markets outside the Blackfoot.

There may be demand for family ranch succession planning. If so, accounting and tax advisor resources could potentially be organized and made available across the watershed.

There also may be an opportunity to leverage networks of agricultural producers and tourist service providers to develop reciprocal relationships that take advantage of and showcase the region's agricultural products and scenic landscapes.

Timber

There was agreement that economic opportunity exists within forest restoration and the manufacturing and marketing of value-added timber products. Opportunities for renewable energy production in the form of wood by-products and biomass were also discussed.

Infrastructure

There is a range of potential infrastructure improvements that would benefit a wide array of businesses, ease communications hurdles, increase the attractiveness of communities, and provide better access to amenities in the region. These include but are not limited to: sewer and water infrastructure, Main Street improvements, better cellular and Internet service at affordable rates, commercially-zoned land, and new trails and trail connections.

Events

Creating one or more signature regional events could unite residents, bring in people from the periphery of the region, and help alleviate shoulder season downturns.

Opportunities Identified by Individual Communities

This section summarizes community-specific focus group feedback on opportunities for economic development in the Blackfoot region. It emphasizes issues of particular importance to specific communities.

Seeley Lake

- Build a world-class Nordic skiing center and trails; look for joint projects that benefit both snowmobilers and skiers.
- Invest in Main Street facelift and downtown enhancements.
- Resolve sewer and water infrastructure needs, creating opportunities for commercial and residential growth.
- Create a local recreation map and guide; coordinate promotion of the area's recreation assets.
- Build trails and loop connections for multiple user types.
- Develop a facility for hosting retreats, conferences, and educational (adult learning) opportunities that are connected to local recreation amenities.
- Attract retirees with targeted promotions, better medical services and facilities, and a wider mix of housing options.

Lincoln

- Attract families by improving schools, increasing housing availability, and reducing housing costs.
- Develop cultural amenities, including proposed Sculpture Park, and events.
- Build trails that provide access to Blackfoot River and appeal to cyclists; implement International Mountain Bicycling Association draft mountain bike trail plan.
- Create interpretive center to help capture Highway 200 traffic and guide visitors to area attractions; develop a welcome packet and local recreation map.
- Pursue restoration activities that enhance area natural resources.
- Convene community to discuss how to boost visitor and business activity in the slow winter season.

Helmville

- Provide family ranch successional planning services.
- Develop and promote working ranch vacation opportunities, such as cabin rentals, that blend tourism and agricultural production.
- Assess the needs of cottage industries and consider providing for these needs.
- Assess the level of interest in custom branded agricultural products and whether these can be scaled and profitable; examine the feasibility of a mobile or regional beef processing facility; and assess the potential for sharing/coordinating transportation costs.
- Hold a large regional celebratory event (like Red Ants Pants Music Festival in White Sulphur Springs) to bring residents together and attract youth.

Potomac

- Provide marketing support for local cottage industries.
- Improve telecommunications infrastructure and service to support telecommuting and reduce daily commuting to Missoula.
- Create a commercial and retail center for small businesses.
- Develop a strategy to capture recreation traffic passing through town, perhaps with a signature facility or business such as a brewery or distillery.
- Develop Blackfoot branded beef and other agricultural products; coordinate processing, distribution, and marketing.

Ovando

- Interest in cooperative processing, distribution, and marketing infrastructure for agricultural businesses.
- Coordinate and promote the various cottage industries in town.
- Attract location-independent businesses, through marketing and better cellular and Internet service.
- Mentoring for young business owners and startups to help businesses launch and expand.

Greenough

- Create a partnership between area hospitality businesses to assist with standards, mentoring, marketing, and visitor transportation.
- Leverage partnerships to showcase products produced within the watershed.
- Brand the Blackfoot region and develop customizable regional itineraries that attract more visitors who will stay longer and bring more business to the watershed.
- Develop a training curriculum on hospitality management, partnering with local schools, businesses, and perhaps University of Montana.

VII. ROLE OF THE BLACKFOOT CHALLENGE

Across the watershed, most residents agree that the Blackfoot Challenge is thoughtful and deliberate in how it functions and has been exceptionally successful at accomplishing its natural resource goals. Many highlighted that what the Challenge does best is gather credible information, provide discussion space for direct and pointed conversations, and secure and coordinate resources aimed at solutions.

When asked whether there is a role for the Challenge in economic development, most focus group participants replied “yes.” They thought that in the future it would be important for the Challenge to balance natural resource protection with the promotion of economic opportunities in the region.

When asked what role the Challenge should play in economic development, most focus group participants felt that the Challenge should stick with its core strengths. In other words, the Challenge should not reinvent itself but should look for opportunities to leverage its existing programs and skills to create positive economic development outcomes in the region.

This approach could lead to a reexamination of current programs or a new look at how to deploy core Challenge skills—gathering information, convening discussions, and securing resources—to support community and economic development in the watershed.

Whatever the particular emphasis, most focus groups agreed that there is a lack of and extremely important need for increased cooperation and coordination around economic development initiatives, and that the Challenge is uniquely positioned to play this type of convening role as well as assist with securing financial or other resources. The following roles were suggested:

- Gather and communicate the best region-wide ideas.
- Take the lead in developing a regional Blackfoot brand that would incorporate what’s unique and special in the watershed and serve as an umbrella for regional businesses, products, and promotions.
- Convene and host events/conferences/region-wide meetings to facilitate communication between communities and coordinate joint initiatives.
- Assist with region-wide strategic and long-range development planning.
- Use political and fundraising clout to secure financial resources from outside the watershed.
- Develop a regional recreation map and other tourist information resources.
- Research and provide examples of successful economic development in other similar communities to share within the watershed.
- Evaluate economic development organizations to bring in the best resources from outside the watershed to advise and assist in region-wide planning and development.
- Look for new ways to leverage existing forest planning and management expertise to assist with timber supply bottlenecks, perhaps in conjunction with restoration or forest health initiatives.
- Continue to tell the Blackfoot Challenge story both within and outside the watershed.
- Host a community gathering (party) to communicate the contents of this report and launch the Challenge publically into economic development.

VIII. CONCLUSION

The logical next step for the Blackfoot Challenge is to determine how to respond to the findings from this information gathering exercise.

There are a number of possible responses, some of which may require additional information.

The Challenge may decide not to get involved in economic development because it is too complex, takes the organization in a direction that is beyond its core mission, or stretches existing organizational resources too far.

Or, the Challenge may decide to undertake economic development in one or more ways.

A conservative approach would be to look for close ties between existing programs and activities that could accomplish priority economic goals. Similarly, the Challenge could put energy into securing outside resources to assist local entities in their current economic development efforts, but play no active role in these activities.

A more ambitious approach would be to take the lead in one or more facets of regional economic development. Here the Challenge would still be working through partnerships, as it always does, but would be a catalyst and take responsibility for the success of these ventures.

Two areas emerge from the focus groups as possible candidates for this type of engagement:

1. Currently there is no entity in the Blackfoot watershed that “owns” economic development. There are a number of entities that work in this area, including chambers of commerce, public lands managers, businesses, state agencies, industry groups, and others, but no group that leads or coordinates *regional* economic development activities. The lack of this capacity was significant in the minds of focus group participants who routinely commented on the isolation of communities, the fragmented nature of various development efforts, and the missed opportunity of working at a larger, watershed scale.
2. The Blackfoot watershed *brand* is not clearly defined for economic development purposes. The Blackfoot River is well known, as are various communities and activities for niche constituencies. The development of a common brand could be a signature contribution that benefits a wide range of businesses, products and services, and promotions—a building block investment that could be used by partners for various purposes and across industries.

We hope the *Your Voice for Land and Community* listening sessions and this focus group economic development assessment give the Blackfoot Challenge useful information to chart next steps.

