

Lewistown Area Business & Economic Wellness Assessment



Spika Design & Manufacturing – Lewistown, Montana

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Contract facilitated by:



Greater Lewistown Area Business & Economic Wellness Assessment

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Background

The year of 2020 created an abundance of challenges. The COVID-19 pandemic was a catalyst for multiple unforeseen obstacles coming to the forefront in how Americans conduct their day to day lives. Personal uncertainty, government regulation, market disruptions, school closures, and human migration represent only a sliver of the factors that have reshaped how we are now conducting our lives.



In rural Central Montana, Lewistown stands out as a bootstrap community. Home to a small manufacturing cluster and a growing tourism industry, this area has been gaining economic momentum for the past decade or more. Residents here feel blessed to call this home and are not afraid to put in the work to get the job done.

When 2020 flipped life on its head, the majority of the business community retooled, found ways to keep the doors open, maintain employment levels, and retain or grow revenue. These businesses had to respond quickly and adhere to a steep learning curve in order to maintain their position in the marketplace. Business owners and managers not only had to deal with new government regulation in the best interest of public health, but also had to consider how to best manage employees whose way of life had been tossed out the window and scattered across the highway.

Altogether, the Lewistown area fared very well compared to some locations across Montana and the country. Lower infection, hospitalization, and death rates associated with the pandemic helped the community focus their minds on recovery and getting back to business as usual. However, some area businesses did not fare as well as others, and understanding why is vital to this economy's full recovery.

The circumstances of 2020 also put a spotlight on strengths, weaknesses, opportunities, and threats within individual businesses and the community as a whole. This report is the product of a six-month Business & Economic Wellness Assessment facilitated by Freestone Development and conducted by businesses leaders within the greater Lewistown area. This report is not singularly focused on the impacts related to the COVID-19 pandemic but looks at general health of the business environment and area economy moving forward.

Process

Freestone Development began facilitation of the assessment in January of 2021. A Steering Committee comprised of local business leaders, educators, business organizations, and non-profits was formed to guide the development of the area assessment. These individuals represent a diverse cross section of influencers within the Lewistown area.

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Steering Committee Members – Business & Economic Wellness Assessment		
Individual	Affiliation	Category
Deena Wier	Simple Style & Then Some, Owner	Business
Julie Walsh	Allied Steel, Partner	Business
Kevin Myhre	Century Companies, Business Development	Business
Scot Solberg	Lewistown Insurance, Other	Business
Dr. David Mark	One Health	Business
Emily Standley	MSU Extension	Public/Nonprofit
Laurie Huber	Dawson Community College, Lewistown Director	Public/Nonprofit
Mary Baumstark	Lewistown Art Center	Public/Nonprofit
Carly Wheatley	Snowy Mountain Development Corporation	Public/Nonprofit
Jo McCauley	Lewistown Area Chamber of Commerce	Public/Nonprofit
Ross Butcher	Fergus County Commissioner	Public/Nonprofit

Initial Steering Committee meetings helped to identify what the community and business sectors had experienced throughout 2020, as well as what the group hoped to accomplish through the assessment process.

A survey was drafted by the contractor and Snowy Mountain Development Corporation (SMDC) to be distributed to local area businesses in order to gather more data on business needs after 2020 experiences. The Steering Committee reviewed the survey and made additions and edits prior to distribution.

Dustin de Yong of Freestone Development penned an article for the Lewistown newspaper after review of the survey results. This press coverage was used to provide a brief summary of the survey data and findings, as well as create community interest in participating in two Focus Groups.

The Business Resources Focus Group worked to find common occurrences, challenges, and needs amongst the Lewistown business community. Once identified, this group discussed corresponding solutions and resources that will elevate business services and success. Areas of discussed included:

- Access to Workforce
- IT Support
- Supply Chain
- Business to Business Commerce, Networking, & Collaboration
- And more

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The Community Resources Focus Group worked to identify community constraints that hinder area businesses' ability to operate, expand, and enhance the economic wellbeing of the Lewistown Area. Once identified, this group discussed corresponding solutions and resources that can contribute to the economic health and vitality of the community and economy at large. Areas discussed include:

- Broadband Internet
- Cellular Service
- Housing
- Health Care
- And more

The Steering Committee held a final meeting at the end of June to review all of the information collected throughout the assessment and to discuss what objectives should be presented to the business community in order to move out of the pandemic in as strong of a position as possible. These objectives are identified in this report and are accompanied by recommendations from Freestone Development.

Lewistown Area Economy Pre-pandemic

The Lewistown area is located in rural Central Montana. Lewistown is the largest city within over 100 miles and boasts a population of approximately 6,000 people. Farms, ranches, and satellite communities dot the rolling landscape in all directions which heavily rely on Lewistown for essential services.

The farm and ranch economies are prevalent in Lewistown's day to day commerce and a number of industries have established themselves quite successfully in this rural mountain landscape. Construction and civil engineering companies make up the largest portion of private employment which ramps

NAICS	Industry Name	Establishments	Avg Employed	Avg Wage
11	Agriculture, Forestry, Fishing a..	26	101	\$38,663
112	Animal production and aquac..	17	87	\$39,062
115	Agriculture and forestry supp..	6	6	\$31,849
21	Mining, Quarrying, and Oil and ..	3	8	\$78,360
213	Support Activities for Mining	3	8	\$78,360
22	Utilities	4	45	\$91,889
23	Construction	71	585	\$68,139
236	Construction of Buildings	23	36	\$33,323
237	Heavy and Civil Engineering C..	7	455	\$76,423
238	Specialty Trade Contractors	42	94	\$41,379

Source: Quarterly Census of Employment and Wages. This table includes private employment only.

up and declines seasonally. A manufacturing cluster exists in Lewistown, employing welders, machinists, mechanics, engineers, and business operations. These businesses have been able to grow successfully by attracting skilled labor to a destination that suites their lifestyle.

Tourism and hospitality industries have experienced growth in Central Montana in recent years and Lewistown is no exception. Tourism is trending toward an experienced based traveler who embraces

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getting off the beaten path. And with outdoor recreation growing in popularity, Lewistown has experienced more traffic with out-of-state plates.

Employment in Fergus County is predominantly privately owned with government employment totaling approximately twenty percent. The median individual income in 2019 was just \$27,245, and the household income was \$50,540.

Employment by Ownership for Fergus (2019)

Industry Name	Establishments	Avg Employed	Annual Avg, Wage
Total	535	4,766	\$40,193
Total Govt	49	965	\$40,173
Federal Govt	17	122	\$65,789
State Govt	13	269	\$39,762
Local Govt	20	573	\$34,982
Private	486	3,801	\$40,198

Source: Quarterly Census of Employment and Wages. QCEW does not include self-employed and some agricultural workers.

Circumstances of 2020 and Early 2021

History may very well frame 2020 as a turning point in American history. Not in 100 years have national economic and public health circumstances so greatly impacted the manner in which Americans conduct their lives and business. As the pandemic began to take root in American soil, the nation quickly closed its doors and shuttered its windows in fear of the unknown.



In American fashion, our economy found a way to keep the heartbeat of commerce alive. Technology was implemented to safely communicate with customers and employees. Even industries who had previously relied very little on online operations utilized web platforms to enter into new markets or communicate with clients.



With looming uncertainty of public health, governments persisted with closures, regulations, and restrictions on how individuals and businesses could conduct themselves in society. Many of these factors had direct impacts on achievable economic output. Borders were closed, hampering access to goods and materials. The number of employees

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that could occupy a space at a given time was decreased slowing production, movement of goods, and greatly disrupting the supply chain.

For businesses that were allowed to remain open, many of the regulations decreased revenues while increasing expenses. Social distancing requirements limited the number of patrons that could be in a business at one time, decreasing potential revenue. Strict cleaning and PPE protocols were implemented across the country which cost businesses extra time and money during a period where there was little of either to be spared.

These impacts rippled across the country and the economy began to suffer. Unemployment began to rise at historic rates. Businesses that could not withstand the blow closed for good. The supply chain became unreliable, sending the prices for many products upward. The writing was on the wall early in the pandemic, a recession was inevitable. The federal government stepped in.

Injecting trillions of dollars into the economy, the US Federal Government was able to provide some relief to working families and businesses. These funds helped to stabilize the economy and keep most heads above water. However, this economic stimulus did not solve some of the larger problems created by the pandemic disruption, e.g., a broken supply chain. Furthermore, the stimulus created problems within the workforce by inflating attainable Unemployment Insurance (UI) benefits.

These unprecedented levels of UI benefits exacerbated a growing problem in the United States, livable wage. For years, businesses in the US have struggled with the ability to provide a wage that supports both the employee's quality of life, as well as the vitality



of the business. For those business and employees who exist on this bubble, the circumstances of the pandemic were exceptionally difficult. As businesses dealt with shutdowns, restrictions, and decreased revenues many had to decrease their number of employees. In most cases, these individuals turned to unemployment in order to make ends meet. Pandemic UI benefits provided an increased weekly payout, and for some former members of the workforce, they were now making more money on unemployment than when they were on the payroll.

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As fear of the pandemic waned and economic recovery began, businesses found it hard to attract



previous employees back to their positions. Lewistown is a location with a limited hiring pool to begin with, and post pandemic workforce availability is slim to none. As business is picking up employers are building back to full production. However, labor constraints are curbing production volume and profit generation. Attracting the middle-income earning employee back to the workplace is paramount to business and economic recovery.

Mobility and human migration increased dramatically during the pandemic. As businesses turned to remote working practices, their workforce found reprieve in their newfound freedom of mobility. A significant portion of populations hailing from metropolitan and / or locations with higher urban density began to relocate to rural locations across the country. Finding solace in the wide-open spaces and lower infection rates of places like Lewistown, and Montana in general, this human migration has put increased pressure on housing affordability and availability. Out of state pressure on Montana's larger housing markets has poured over into the state's more rural destinations. Real estate is being bought sight unseen and ten to thirty percent over asking prices in many cases. Not only are new Montana residents finding locations like Lewistown attractive, but instate migration of Montana residents is on the rise as well. These forces are escalating residential rental rates and real estate prices. Montana's housing dilemma can now be termed a crisis.



Montana is experiencing pressure from many outside forces due to the circumstances of 2020 and early 2021. These factors all compound in a small economy, and businesses and residents are feeling the pinch. In order to effectively recover, transition, and prosper in the days ahead, it is necessary to best understand where business and community can invest their time and capital to bring the most favorable returns.

Discovery

Lewistown Area Business & Economic Wellness Assessment Steering Committee was assembled to provide insight into the vitality of area businesses and the local economy. Through committee meetings, focus groups, and a survey distributed to areas businesses common experiences, obstacles, strategies, and objectives were identified.

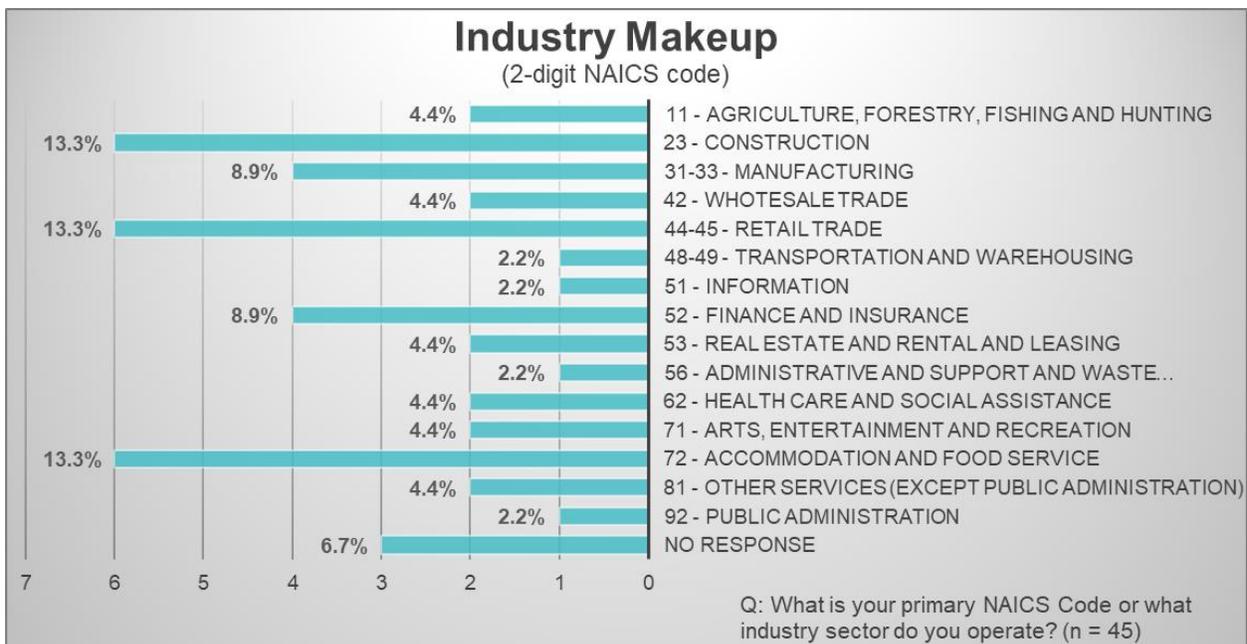
Survey

Snowy Mountain Development Corporation in partnership with Freestone Development conducted a Business and Economic Wellness Assessment Survey to the businesses of the greater Lewistown area. The survey provided critical data on the local economy and business needs in order for the area economy to develop strategies that will expedite recovery and economic wellbeing in the post pandemic economy. These responses provided enough data to recognize patterns within the local economy. T

The patterns reflect on the common experiences of businesses through 2020 and early 2021. The survey gauged the individual business’s resiliency, vitality, and most pressing needs given current conditions.

Survey Results

The survey garnered 45 responses from a diverse cross section of area industries. Businesses self-identified via NAICS or otherwise as representing the following Industry sectors:



The majority of businesses who responded to the survey are well established. With 85% operating six years or more, these businesses have reached maturity and are at little risk of failure under normal

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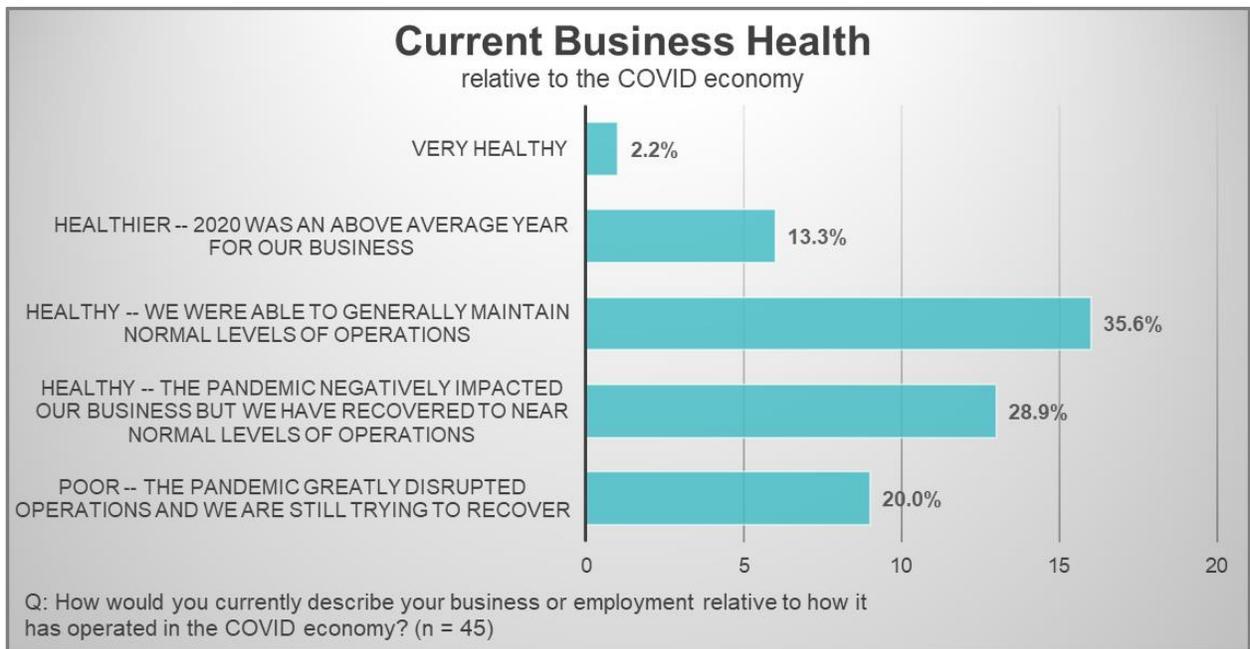
circumstances. Correspondingly, 15% of the respondents are in start-up or early growth stages and are more susceptible to market volatility.

Maintaining employment levels during the 2020 pandemic was one of business' greatest challenges. Public programs helped to maintain payroll and circulate dollars through the local economy. Area businesses noted that local lenders did a fantastic job at facilitating the deployment of these federal subsidies. Impressively, 69% of respondents were able to maintain or increase their employment in 2020. This is a good indicator that the majority of businesses were in good standing going into the economic slowdown and that their business operations provide resiliency even as the national economy suffered.

Furthermore, no businesses indicated a plan to decrease levels of employment in 2021, with 36% of respondents indicating a plan to increase employment. This is a strong indicator that area businesses are recovering or have recovered the economic downturn of the pandemic well and are poised for growth as the economy returns to pre-pandemic levels.

69% of respondents were able to maintain or increase their employment in 2020

Question 10 of the survey asked, *how would you currently describe your business or employment relative to how it has operated in the COVID economy?* While the area can celebrate that eighty percent of respondents indicate a HEALTHY to VERY HEALTHY business status, twenty percent stated that the pandemic greatly disrupted their operations.

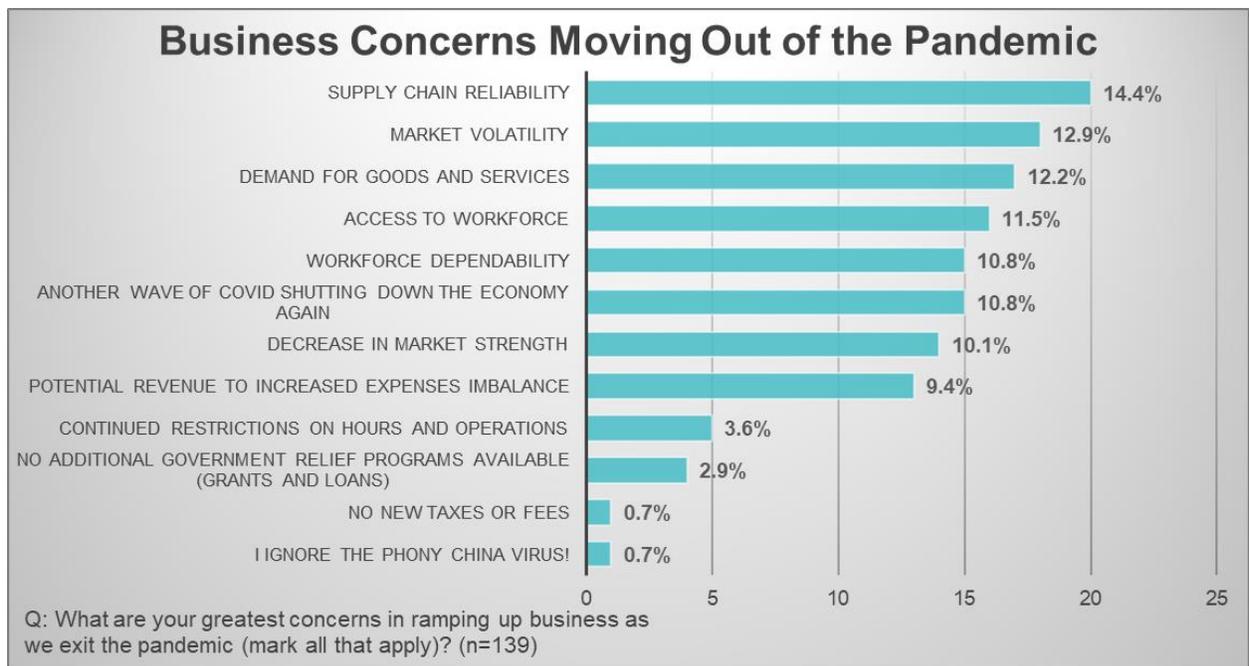


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Perhaps the most impactful data can be sourced from the twenty percent of businesses reporting negative impacts during the pandemic. This data corresponds with the responses to Question 15 which probed businesses on revenue performance in 2020. Understanding what factors impacted these businesses most is important to ongoing recovery and future resiliency of the local economy. This data can be traced via individual survey responses which are held confidentially by Snowy Mountain Development Corporation.

The Lewistown Area Business & Economic Wellness Assessment Steering Committee indicated that the focus of the assessment should be on how to exit the pandemic and the economic downturn as quickly and strongly as possible. In order to attain this objective, the survey aimed to understand what forces were influence business productivity and prosperity. Question 13 asked, *what are your greatest concerns in ramping up business as we exit the pandemic?*

The top three business concerns moving forward are all market related: supply chain reliability, market volatility, and demand for goods & services. This indicates uncertainty in consumer confidence and operations of the greater economy. Workforce concerns were also strongly represented as employers struggle with workforce dependability and access to quality employees.



The market driven factors are a direct impact from the COVID 19 pandemic. Consumer confidence is returning as vaccine distribution is reaching suggested levels, regulations are being lifted, and production/commerce is on the uptick. Workforce issues however, are a problem that the community has faced prior to the pandemic and has only been exacerbated by the circumstances of 2020. As market

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strength returns, area businesses will likely face workforce shortages as near-term demand ramps up. This will likely impede the business's ability to fully capitalize on the rebounding market.

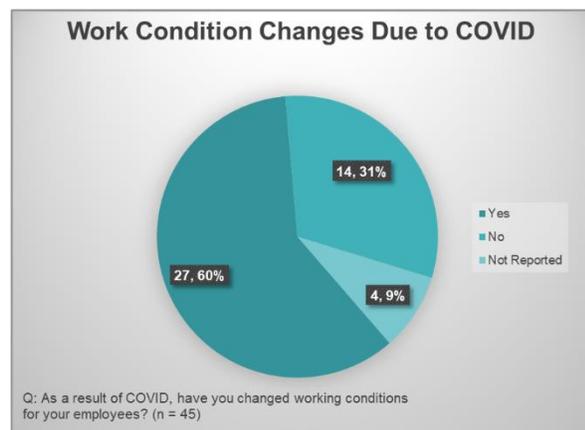
These business concerns correlate with long-term business needs identified by respondents. One long-term need noted by multiple respondents was Financial Assistance. The CARES Act of 2020 provided multiple federal programs to businesses in order to stabilize operations during the pandemic. As seen in the table at right, the majority of respondents access one or multiple Financial Assistance programs.

Paycheck Protection Program	28
Business Stabilization Grant	10
Economic Injury Disaster Loan	5
Montana Loan Deferment	3
Business Adaptability Grant	2
Unemployment Insurance	2
Montana Social Services Grant	1
None	8
Not Applicable	2

A small portion of businesses feel that financial assistance will be a long-term need going forward. This could be a reflection of general business health, or an implication of an industry that foresees a longer disruption to operations and profitability due to the pandemic's market and economic impacts.

The workplace environment was something that changed across multiple industries. Understanding how these changes impacted business, for good or for bad, was one objective of the survey. The majority of the respondents, sixty percent, noted that they changed working conditions for their employees due to COVID. This is not surprising as mask mandates, social distancing, and cleaning protocols were mandated in order to remain open for business.

Digging deeper into this data, one third of respondents note that they made adjustments to employee needs through remote work or alternate shifts. These adjustments allowed businesses to maintain some level of operations under pandemic circumstances. Nearly one third of respondents made adjustments to their work environments through cleaning regimens, PPE, & personal spaces. Many of these adjustments were mandated by the government but also delivered some level of consumer confidence in public health as they interacted with the business. One quarter of the businesses reported non-applicable.



One third of the businesses reported that they offered alternate shifts or remote work to employees. These changes allowed many employers to maintain levels of employment and production of operations. Social distancing requirements force employers to thin the density of employees in some workspaces. By allowing alternate shifts and remote work opportunities, employers could manage their

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way through these challenging times. Many businesses who under all normal circumstances would have never considered remote work turned to this solution.

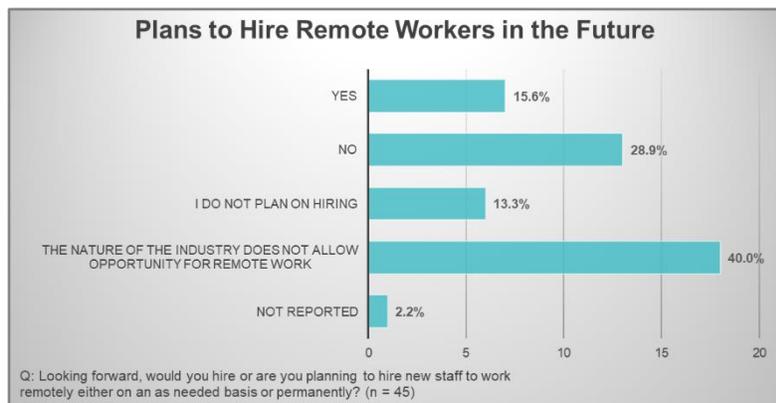
Prior to COVID, many Montanans might have correlated the term *remote work* to fencing in the farthest reaches of the ranch. Today, the term is commonplace and for some Montana businesses the practice has been adopted into ongoing operations. Adopting this practice however, came with its own challenges and expenses. Of which, some businesses handled better than others.

Approximately half of the respondents stated that remote work presents unique challenges. One of the challenges noted was managing remote employees. Communications and oversight can be a challenge and employers need to have confidence that production is not waning on the remote jobsite. Another challenge is that only a portion of the work can be done remotely. Service based businesses, manufacturing, retail storefronts, and others simply cannot operate solely from a remote workplace. As is true for adopting any new business practice, the learning curve that comes from new software, hardware, and other requirements come with moving to remote operations.

Question 20, 21, 22 looked at the past, present, future of remote work for survey respondents by asking *did your business allow any remote working before 2020, during 2020, and will your business allow remote working moving forward indefinitely?*

	Before	During	Indefinitely
Permanent remote work (employee(s) permanently working from home)	4	7	2
As needed remote work (employee allowed to work from home as needed)	7	13	9
Nature of industry does not allow opportunity for remote work	31	29	29

General trends of this data show that an increase in remote working throughout the pandemic and a slightly elevated level of remote working being a part of operations going forward. This indicates that businesses have become more comfortable with managing remote workers and find some benefit utilizing the practice. Sixteen percent of respondents said that they would or plan to hire new staff under a permanent or as needed remote work status. Cleaning this data to only those businesses where remote working is applicable and those planning to hire increases the adoption rate of this policy significantly.



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Remote work presents a significant opportunity to employers that are able to offer this flexible employment option. In an economy that has struggled to meet their demand for new employees, this option may provide them with the ability to attract employees from remote locations. Furthermore, the younger, growing segment of the available workforce is not only comfortable and apt at performing under a remote management atmosphere, but many of them also prefer employment that offers some degree of remote employment.

35% of applicable businesses would hire remote work permanently or on an as needed basis

Question 25 probed into the use of technology in business operations asking *what challenges and opportunities are you experiencing related to technology? (internet, phone, etc.)*

The most common response among those surveyed was internet service. Some respondents indicated that internet speeds were insufficient, while others noted that the cost of service was exorbitant. This sentiment was further echoed in the business and community resource focus groups conducted later in the assessment. Internet service in rural America is not short of its challenges, and Lewistown holds its own unique circumstance. This issue will be further discussed in this report and will remain a critical issue for the community moving forward.

Other respondents note that they would benefit from IT support, as they reported struggles with unfamiliar internet platforms, software, and hardware needed to perform business operations in an increasingly digital economy. A handful of respondents were able to capitalize on the digital character of business during the pandemic by using the internet to access greater markets and increasing their online presence.

As the rest of the world closes in on rural America, local economies are being affected. Remote work and technologies are allowing a very different labor segment from out of state markets to Montana. They often bring higher income levels and purchasing power. As this influx continues to saturate Montana communities, local economies can, and will overtime, see an increase in their cost of living. Accessing larger national and even global markets will allow local business to provide wages necessary to maintain their employees' quality of life.

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Overall, the survey data provided some insights into the business needs and economic wellbeing in the Lewistown area. Improvement and access to community resources can elevate an area economy by delivering benefits to multiple businesses. Respondents indicated a diversity of resources are needed to

elevate the standing of both the employer as well as the employee. Some needs effect the community and economy at large and will take some time and effort to bring solutions to fruition. These include housing, workforce supply, internet service, and childcare. Other challenges are market driven. The community has little control over these factors and will wait with the rest of the nation for supply chain, market prices, and consumer confidence to return to pre-pandemic levels.

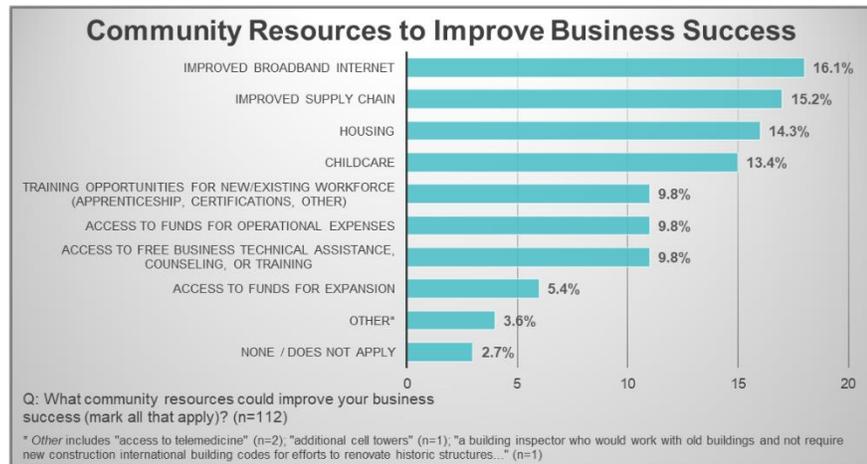
There are a number of factors influencing businesses that can be addressed by the community with local resources. Some of the workforce demands can be sufficed through workforce training and identifying available local labor supply that is not being utilized. Some businesses within the community have struggled during the pandemic and could benefit from technical assistance, business counseling, and training opportunities. Other businesses were able to adapt to conditions and remain in good standing or better during the pandemic. Sharing common experiences, challenges, and solutions amongst business peers will foster greater success and economic health across the business community.

Conclusion

From the consultant's perspective, the challenges of the pandemic will prove to be a healthy moment of reflection for the business community that might not have otherwise occurred. Being forced out of one's comfort zone spurs growth, adaptation, and implementation of new practices. The business survey provided a good snapshot of the area economy's experience and sentiment during 2020 operations. The Lewistown Chamber of Commerce stated that the area lost no businesses due to the circumstances of the pandemic. This speaks to the health and resiliency of the business community. To extract the most benefit from the lessons of 2020, the community would be wise to compile their experiences, adopt best practices, and prioritize what needs should be addressed moving forward.

Focus Groups

Following the business assessment survey two focus groups were formed with volunteers from the community. The Business Resources Focus Group and the Community Resources Focus Group provided



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insight into what resources would best facilitate positive growth and development in the Lewistown area. Topics of discussion for each focus group were derived from relevant survey responses.

Business Resources Focus Group

The Business Resources Focus Group was comprised of strong business leaders in the community. Many of them were able to survive the pandemic unscathed and are looking forward to exiting these times with as much momentum as possible. They volunteered their time to the focus group for two reasons. One, to attempt to solve some of the age-old barriers to growth that they have experienced for years, largely housing and workforce attraction. And two, to elevate the standing of their business colleagues in the Lewistown area. In this isolated local economy, the health and wellbeing of every business ripple into the next. This leadership can help provide mentorship to struggling businesses.

Community Resources Focus Group

The Community Resources Focus Group identified multiple challenges and opportunities. There is definitely a desire to come together and find solutions to the biggest issues facing the community. Leaders in the community are also willing to make investments into projects that will provide opportunity for area residents. The most attainable of these is perhaps housing. Given the previous work done, various funding resources and investment models, paired with willingness to invest from local government and businesses, it is likely that a path forward may be identified. Broadband access is a different animal, with both the consumer and the provider's hands presumably tied. Moving this needle will likely require a shift in government and coop policy which will be an arduous process but may be worth enduring. No matter what the community decides to undertake, success will be driven by the unified efforts of the individuals, businesses, and local governments. The community should find strength in their common struggle and use it to fuel their progress.

Common Ground

While each focus group's objectives may have differed, the challenges, obstacles, and needs of each group overlapped. This speaks to how interwoven the community and business economy of the Lewistown area are with one another. This common ground will serve the community well as they work together to find solutions that will elevate citizens and businesses alike. Below are the topics that were discussed by both focus groups and were identified as the greatest needs.

Broadband Internet Service

Internet service in rural Montana can be a challenge. Development of needed infrastructure is costly, and the volume of customers is low. This creates a very low margin business model. Internet service was reported as a problem that needs to be addressed by survey respondents and focus groups. Overall, Mid-Rivers Coop is the most reliable provider in the area. Century Link's service is incredibly slow and newer satellite providers, like Star Link, are still in their infancy.

While Mid-Rivers service provides quality high speed access with little disruption, it comes at a high cost as noted by multiple community and business members. Mid-Rivers charges a \$20.00 flat fee and then

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charges by usage. Some customers have experienced bills upwards of \$200.00, or even \$300.00 per month based on their data use. Mid-Rivers CEO stated that average monthly billing is \$75/month to a household, and \$45/month to a business. Those experiencing bills in the hundreds of dollars are engaged in high demand usage, typically video streaming services and online gaming. Under the current pricing structure, the best way for a user to decrease their monthly bill is to better manage their usage.

This was a point of contention as folks don't like to be told that if they want to lower their bill than they should access the internet less, and curb online practices that burn through data. As was noted by the Mid-Rivers CEO, the internet is critically interwoven into our daily lives, and the pandemic placed even more demand on the need for quality service. The fact of this statement is undeniable. Quality internet service is not only critical to business in today's world, it is an important component to many people's quality of life. The average American pays \$57 per month for internet service. This can vary due to location and speeds; however, the possibility of a \$200-300 internet bill would shock most new subscribers. As businesses are ramping up their online presence and working to attract a talented workforce to the area, quality / affordable internet service is necessary part of the package.

Cost for Internet 2019 National Average:	
DSL:	\$50/mo.
Cable:	\$52/mo.
Fiber:	\$59/mo.
Satellite:	\$123/mo.

Lewistown residents and businesses find themselves in a pinch when acquiring internet service. Mid-Rivers is able to provide quality service but at a high price. Other providers are available at a lower cost but lack quality, reliable service. Mid-Rivers is also in a tough position. The *Incumbent Provider* recognized by the Federal Communications Commission for Lewistown is CenturyLink. CenturyLink offers affordable, low speed internet to the area. Their product is far less desirable, and most individuals opt for Mid-Rivers service. Mid-Rivers stated that not being the incumbent provider hinders their ability to serve customers in and around Lewistown.

With support from the Montana State Library, the Lewistown Library is becoming more digitally accessible to the public. The library stated it is rebranding as an information and resource center as folks usually head there first to get information about the area. She says they are a major resource for people in the community without internet. Folks can check out a hotspot and a piece of hardware that work off the Verizon network and are connected via a State Library account. This resource needs to be better marketed as much of the population is unaware of the public service.

Greater understanding of the Mid-Rivers coop business model is needed. Development of infrastructure in customer dense footprints should deliver the greatest returns to the coop. It seems however, that the coop is somewhat reliant on federal subsidies aimed at providing broadband access to more rural areas, and their ability to better serve the City of Lewistown and adjacent area is diminished as they are not the incumbent provider within that footprint. Mid-Rivers feels that their hands are tied given their current position in the Lewistown area. They are proud to provide the only high-speed service around.

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Greater Lewistown Area Business & Economic Wellness Assessment

Housing

Quality, affordable housing is an issue that is affecting residents and businesses in the Lewistown area for a number of years. Low-income housing projects have been developed in Lewistown and have reached their point of saturation in the marketplace. The demand stems from middle income residents who are either looking to upgrade, or incoming residents looking to locate to Lewistown for the first time. This demographic is referred to as the missing middle and is comprised of growing families, young professionals, and retirees alike.

Lewistown is also experiencing increased pressure from the current housing market. Supply of real estate is at an all-time low while human migration is at an all-time high. These market forces have driven real estate prices through the roof across the state and the country. Those looking to purchase a home in the area are having a hard time abiding by the 30% of income rule (no more than 30% of your income should go toward housing). Furthermore, the pandemic has slow production and distribution of good across the globe. This has drastically increased the cost of materials needed to develop new housing in the area.

Focus group members spoke to the demand that they know of personally, which quickly surpassed a dozen single family homes. Understanding this market demand and the entry point that local residents can afford is critical to a successful development. Local employers stated that their employees would like to build a moderately sized and finished single family home with enough room to build a shop at some point in time. Their entry point is likely between \$150,000 - \$250,000 depending on the individual.

Historic Housing Statistics for Fergus County

Median value of owner-occupied housing units, 2015-2019	\$143,000
Median selected monthly owner costs -with a mortgage, 2015-2019	\$1,028
Median selected monthly owner costs -without a mortgage, 2015-2019	\$416
Median gross rent, 2015-2019	\$759

The median household value reported in 2019 for Fergus County was \$157,263. Housing data across the state shows a 15-40% increase in real estate prices from 2020 to 2021. Lewistown is experiencing similar trends. There are approximately 60 homes listed in Fergus County at the time of this report. The majority of these reside in or near Lewistown. The median listing price for those homes is over \$300,000, of which only a very small number fit the criteria of the demographic mentioned above. In order to make a housing development pencil for the developer, builder, and the buyer, something has to give.

Tracy McIntyre and Davey Madison from the Montana Cooperative Development Center (MCDC) provided some insight into some into house investment cooperatives can be leveraged by communities in order to develop essential needs like childcare and housing. MCDC will hold a meeting to discuss cooperative models in Lewistown during summer 2021. Three local employers stated they would be

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interested in investing in a housing project that would support their workforce needs today and into the future.

The former Berg Lumber property was studied in recent years to be repropounded into a 110-lot housing development. The study targeted first time home buyers and had lots priced, then, at \$40,000. The study also identified the need for a lift station in order to bring services to the development which increased the infrastructure costs associated with the project. Developers who took interest in the project did not follow through as it did not provide returns desired. This development opportunity is worth another look as lot prices have increased and various funding mechanisms are being discussed.

Workforce

Attracting and maintain a quality workforce has been an issue for Lewistown area businesses for many years. Lewistown, compared to other rural Montana towns, has a relatively diverse economy and business sector. A small manufacturing cluster has developed over the years and the town is known for its skilled labor and quality of product. Lewistown is also home to some large civil engineering and construction companies which make up the majority of the employment, on a seasonal basis however. Nestled in one of the most beautiful locations in the state, the rolling green pastures, snowcapped mountains, crystal clear waters are the foundation of a healthy tourism and recreation industry, as well as provide for substantial farm and ranch economy.

Perhaps the greatest force slowing development and growth across all industries in this central Montana economy is a lack of available, qualified workforce. From farm and ranch labor to civil engineers, attracting new labor to the area has proven difficult. Multiple factors are contributing to employers' inability to bring new people onboard. The first of which is a living wage. The General Manager of the Yogo Inn stated that it is hard to attract good people at wages that he can afford. Since coming on board as General Manager he has increased their starting wage and provides raises over a short period of time in order to retain good employees.

**Fergus County Median
Household Income:**
\$50,540

The Hospital Foundation said their pay is competitive with hospitals across the state, but it is still hard to attract good personnel. They have more traveling employees working than ever before. This is an indicator that wage levels are not solely to blame. Other factors are affecting employers' ability to attract and retain employees. As stated before, the supply of quality, affordable housing has been an issue in the community. This factor is certainly a deterrent to prospect new hires looking to locate to the area.

Lack of childcare is also a major deterrent. This greatly constrains the local labor pool's ability to take part in the local economy. Snowy Mountain Development Corporation has conducted a feasibility study to look at increasing local childcare capacity. Focus group members also spoke to the desires of employees. The older portion of the workforce is focused on more traditional wage and benefits

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packages like 401k, medical, and leave time. The younger portion of the workforce desires a good wage, benefits, and flexibility.

The flexibility factor speaks to a shift in what the American career looks like in today's global economy. The American workforce is more likely to move from one employer to another or change career paths entirely than ever before. In a globally connected world, the younger portion of the labor pool wants to experience more of what the world has to offer, and still enjoy the benefits of gainful employment. This employment model is definitely more suited to some occupations than others. Location based production, like manufacturing industries, need their employees on the jobsite and putting in the hours. There are however, options that may provide some of the flexibility that employees desire even in these industries.

Businesses would greatly benefit from more training resources for current and prospective employees. From culinary to welding, the available labor pool would expand by increasing training opportunities. These training resources could be provided from private employers, job training services, or educational institutions.

Business Resource Network

As multiple businesses across industry sectors are experiencing similar challenges and needs, discussion regarding creation of a resource center / business hub has surfaced. The consultant has communicated to the Steering Committee that the Lewistown area has a strong constituency of business leaders. These leaders have shown their ability to shift business operations in order to attain the solutions necessary to be successful. In short, the business community has the capacity to bring many solutions forward by applying best practices throughout the business community.

The Business Resources Focus Group emphasized a need for the business community to be better connected with one another. Multiple businesses expressed that many residents and members of the business community are simply not aware of all of the goods and services being provided by business owners in the area. In this tightly knit economy, every dollar that circulates locally carries substantial impact. Not only are their resources provided through business operations, but there is a collective foundation of experience which can be leveraged as well. Business peers can benefit from the knowledge and experience of their colleagues. Even things as simple as setting up a Facebook page for a business who has never used a social media platform provide real benefit.

There is also a need for a centralized location for general business offerings, solicitations, and inquiries. This space can provide not only businesses and employers a venue, but community resources like the Chamber of Commerce and Snowy Mountain Development Corporation can promote their resources to local businesses as well. Snowy Mountain Development Corporation noted that currently everything is word of mouth. When someone is looking to hire, to be hired, or for business services it all is communicated in a person-to-person manner.

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Overall, the community could greatly benefit from a Community & Business Resource Center. The consultant believes this organization is necessary in order to create a wholistic business presence within and to create awareness of all that the community. An online presence is also necessary in order for the folks to find resources quickly and within their own schedules.

Areas of impact the center could provide include:

- Workforce Training
 - Student & Adult Training Opportunities
- Job listings / Job fairs
- Goods & Services Board
 - Did you know we had that in Lewistown?
- Public Resources
 - Did you know the library can give you a tablet with a hotspot?
- IT Support
 - Need help with a Facebook page?
- Business Support
 - Find solutions through your neighboring businesses.
- Housing Available / Housing Wanted
- Other

Focus Groups Summary

The Community and Business Resources Focus Groups objectives were very closely aligned. Prioritizing the top needs identified within each group will provide the greatest benefit to the business sector and the community at large. Addressing these needs through business and community objectives will elevate the standard of living, individual and business prosperity, and community strength.

Defining Objectives

The following objectives have surfaced as the top needs of the Lewistown area economy. Development within these sectors will provide solutions for both businesses and the community at large. Elevating the community's standing in housing, broadband, and childcare will directly support local businesses' ability to prosper. While development of a Business Resource Network and Workforce Attraction Campaign will increase local commerce, provide greater access to local resources, and attract much needed labor to Lewistown area employers.

Housing

OBJECTIVE STATEMENT:

Provide quality, affordable housing for existing and incoming residents of the Lewistown area.

Housing is perhaps the pinnacle of Lewistown's growth and development problems. Having wrestled with this problem for years without any substantial solution being developed, the community is in dire need of resolution.

Berg Lumber Site

The Berg Property site is comprised of approximately 26 acres and is located in the Lewistown Heights subdivision. The property was the subject of a Big Sky Trust Fund Planning Grant Study in 2017 as a potential development site for workforce housing. This comprehensive study should be revisited by local stakeholders given the growing need for quality housing.



Multiple factors of this study will need to be reassessed. The project layout, commercial and residential lot sizes, and home types should be revisited to ensure that the project will still meet the needs of the community. Cost of development will also need to be reassessed to adjust for inflation and materials price increases.

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Development of this project has not come to fruition as interested developers stated that the project did not provide sufficient returns. Leveraging public dollars to their full extent may provide the margin necessary to facilitate development. Financial resources are further discussed in the Finance section of this report.

Alternate Sites

Other housing opportunities may exist in the Lewistown area through the donation and development public lands, or the use of tax increment district lands that could help finance the cost of necessary infrastructure. These development opportunities need further investigation in order to determine feasibility.

RECOMMENDATION:

Identify Development Site

Site assessment is a critical component to project development. While the Berg property land can be donated to the housing project, it requires a lift station to facilitate connection to city sewer. This comes at a substantial cost. Other development hurdles may exist due to the Brown Field nature of this former lumber mill property. Exhausting all site options will help to ensure that the initial investment into the development will deliver the greatest benefit.

Identify Investment Capital

Traditional real estate development capital has previously rejected this investment opportunity. A full assessment of the final project proposal may provide a different circumstance and attract outside investment.

However, it is the opinion of the consultant that other investment models should be considered. Area businesses and individuals with a more expansive interest in seeing the development move forward may be more willing to accept softer terms on their investment than traditional resources. The coop investment model as discussed with Montana Cooperative Development Center may facilitate this non-traditional investment.

Identify Development Firm

As is with investment capital, finding a development firm that is willing to work on a project with smaller margins may be necessary in order to bring the project to fruition. Given the makeup of the local economy, the community may have resources available to conduct project development. Those with a vested interest may be willing to work within smaller margins and provide the necessary geotechnical, civil engineering, and construction work needed.

Out of state, or even out of country, firms and resources may be able to provide work at a lower cost. However, given the current construction marketplace and the federal government's plans for a massive infrastructure investment, resources are likely to be scarce throughout the nation.

Broadband

OBJECTIVE STATEMENT:

Provide affordable access to high-speed internet.

Access to quality, affordable broadband was the most contentious issue brought forward by members of the community. This is now an essential part of our everyday lives. Not only to carry out business and communications, but as an important factor in our modern lifestyle.

It is clear to the consultant that Mid-Rivers is the preferred provider in the Lewistown area. While Mid-Rivers' customers seem pleased with the quality of their service, their sentiment toward the provider is generally negative due to the high cost. Mid-Rivers prides themselves on being the only provider in the area offering gigabit service, unfortunately that comes at a high cost due to the rural nature of the service footprint.

Mid-Rivers stated during focus group interactions that there are many misconceptions about Mid-Rivers. The consultant found that the provider quickly became defensive of their business operations, a sign that they have heard displeasure with their services, or cost thereof, many times before. While this objective may be the most contentious amongst members of the community, the objectives of both Mid-Rivers Coop and the end user are aligned. Both parties want the area to have affordable access to high-speed internet.

In order to achieve the stated objective, the consultant suggests that a subcommittee be convened to pursue possible solutions that will decrease end user costs and maintain quality of service. Areas of discussion could include:

1. Pricing Structure
 - a. The coop currently employs a usage-based billing system; the end user is charged based on the amount of data they use in a month. This system is employed by the coop in order to compensate for the major cost drivers to the coop system. Large data users, like streamers and gamers, put the largest strain on the broadband infrastructure. These pressures require the coop to invest in costly upgrades. Rather than spread that cost across all customers evenly, the coop charges customers based upon their use. Other pricing structures should be evaluated that could provide some relief and certainty to customers.
2. Incumbent Provider
 - a. Mid-Rivers is not the incumbent provider to the City of Lewistown and the adjacent area. That title is held by CenturyLink. It is the consultants understanding based on focus group discussions that the incumbent provider, as recognized by the FCC, has greater access to federal funding and resources than is currently available to Mid-Rivers. As CenturyLink has shown little desire to elevate their quality of service to Lewistown area residents, the community should work to help Mid-Rivers attain the incumbent provider

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status for the greater Lewistown area. Greater understanding of what this public process and eventual benefit to the Coop and its customers will be is needed.

3. Development / New Connections Pipeline

- a. Mid-Rivers stated that their current list of new connection requests goes into the year 2028. Should a new housing development come to fruition in the Lewistown area, they could not connect to Mid-Rivers for the better part of a decade. It is the understanding of the consultant that this is due to the federal subsidies that the coop receives in order to bring broadband service to rural locations. Development of this infrastructure is costly and with very small returns as the service area covers miles of territory and generates a very low volume of customers. For the coop to garner better returns, they must be able to increase the ratio of customers per dollar spent on infrastructure. Customer density will provide greater returns to the coop and ease the high cost to customers over time.

4. Alternate Providers

- a. A handful of internet service providers exist within the area. While hardline providers like CenturyLink have proven to deliver a less than desirable product, wireless satellite providers are on the rise. Hughes Net is in the area but has had little success as their service lags in comparison as well. Star Link has recently become available and area businesses and residents are just now beginning to test these services.
- b. Supplemental providers can be found at the Lewistown Library. The library is now part of a Montana State Library program that allows members to check out a tablet with a hotspot connection via the Verizon Wireless network. This option can provide quality access to the internet so long as a good cellular signal is available.

5. Community Assets

- a. Expansion of broadband infrastructure is the primary cost driver for providers. Leveraging community assets whenever possible may help to keep these costs down. Ongoing communication with broadband providers and the community will help to ensure that maximum development efficiency and opportunity are achieved. Examples of this include:
 - i. Co-location Equipment
 1. Use of public facilities can decrease a provider's overhead by avoiding annual leases. Public entities often see these agreements as a public benefit and may agree to waive fee or lease payments.
 - ii. Scheduling
 1. Aligning broadband expansion with road construction or other civil engineering projects can greatly reduce the input cost for providers. Ongoing communication between state and local entities and utility providers (including broadband) is key to increasing this efficiency factor.
 - iii. Grants

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1. Broadband infrastructure is a heavily subsidized industry. Public entities and economic development organizations should always be aware of the grants available for broadband development and access these resources whenever applicable. The American Rescue Plan Act of 2021 provided some \$500 million for broadband infrastructure in Montana.

RECOMMENDATION:

Develop a 5 Year Plan with Mid Rivers

A committee should be convened with the Mid-Rivers Board and community members to bring solutions forward. Areas of focus include but are not limited to those outlined above:

- Pricing Structure
- Incumbent Provider
- Development / New Connections Pipeline

Assess Alternate Providers

Understanding how alternate providers service compares to others in the area will provide information on how to best utilize existing resources. Star Link is only beginning to be pick up by multiple users in the area, and very few residents are making use of the Lewistown Library's hotspot program. These two points of access could provide a greater level of access to high-speed internet. Star Link in particular, could create an opportunity for Mid-Rivers by delivering service to some of the most rural customers in the area. This will remove costly extensions of infrastructure for the coop and could shorten the wait list for new connections that would bring greater returns. Finding a balance between Mid-Rivers and alternate providers may prove beneficial to both parties.

Business Resource Network

OBJECTIVE STATEMENT:

Elevate community and business standing by providing a venue for peer-to-peer collaboration, promotion of goods & services, and accessing available resources.

Many of the challenges that faced Lewistown area businesses in 2020 were commonly shared. While the majority of businesses were able to overcome these challenges, a number of businesses struggled through the pandemic. Creation of a Business Resource Network would increase collaboration amongst Lewistown business colleagues, deliver solutions to common challenges, and provide a central organization and resource center for the community and area business.

1. Organizational Structure
 - a. The primary structure of this network should be digital. The last thing the business community needs is another project to manage and oversee. Facebook is likely the easiest platform to organize this effort as many individuals are already utilize the platform.

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2. Community Mixers

- a. A monthly business community mixer at the local brewery or city park is a good way to encourage community amongst business owners. This will also spur discussion that may lead to further collaboration, solutions to problems, and/or opportunities that might have otherwise been missed in online discussions.

3. Events

- a. The network can organize annual events that will promote local business, training opportunities, job openings and more. These may include: a job fair, high school employee shadow day, training expo, and others.

RECOMMENDATION:

Create a Facebook Page

Building a Facebook page and immediately inviting members of the business community is the best way to quickly establish a network. Steering committee members could take the lead in building the network and the resources available on the page. Communicating the benefits of being a member of the network to area businesses will entice them to join and participate digitally and in person.

Hold a Kickoff Event

A kickoff event is a good way to generate some momentum for the business network. Steering committee members could discuss their work with the Business & Economic Wellness Assessment, common challenges identified in the business community, and how the network and community gatherings can provide a venue for businesses to find solutions.

Hold a Monthly Mixer

Digital networking is a great way to gain quick access to people and resources, but community is built in person. Holding an open, no agenda monthly get together will allow the business community to grow the strength of their bond, business to business and person to person. Having a posterboard displaying a location point in the brewery or park where members are meeting will help to bring people together and attract new members as well.

Workforce Attraction Campaign

OBJECTIVE STATEMENT:

Build a targeted workforce attraction campaign that will draw from regional and out of state labor pools to meet the specific needs of the local business community.

The nation is amidst a workforce shortage. Attracting a qualified employee has become a very competitive marketplace. In order for Lewistown businesses to garner the labor force they require, a well-developed, target workforce attraction campaign is needed.

1. Lead Organization

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- a. A central point of contact and lead organization for the campaign management is necessary. The Lewistown Area Chamber of Commerce has come under new leadership and may be an ideal candidate to manage and organize these efforts.
2. Quantifying Local Need
 - a. A labor needs assessment of local businesses should be the first endeavor of the campaign. Understanding what type of employee businesses currently need and what type of employee is needed on an ongoing basis in the area (farm, service, etc.) are critical in targeting the right demographic of prospect employees.
3. Training Opportunities
 - a. Many of the individuals that may be attracted to the region may not have previous experience in the field to which they are entering. Providing confidence to incoming employees that on-the-job training, or curriculum based trained opportunities are available will help increase the breadth of possible applicants.
4. Understanding the Targeted Demographic
 - a. Lewistown area businesses need to understand what their potential employee wants from their prospective employer in order to be as competitive as possible. Not only do wage levels and benefits packages sway the workforce toward one company versus another, but employers should look at what they can offer that sets themselves apart. Variable shifts, working four ten-hour hours days rather than five, compensation based on productivity rather than hourly wage, are all possible factors that may persuade individuals to apply and sign on. Further research into a business's applicable workforce demographic will help to build an attractive package.
5. Market Lewistown
 - a. Lewistown Montana is an incredible place to live and work. It carries the attributes that many young professionals are looking for in today's economy. A small town with an incredible sense of community. A safe place to raise your children. An incredible location with endless recreation. And a diverse and growing business sector.

RECOMMENDATION:

Survey Area Businesses on Workforce Needs

A lead organization for this effort should be assigned and conduct the survey, carryout contracts, and serve as the primary point of contact. The Lewistown Area Chamber of Commerce or Snowy Mountain Development Corporation are likely candidates to survey the business community on their current and ongoing workforce demand. The survey should be built to quantify employees needed in applicable industries and skillsets. This data is critical to the success of the workforce attraction campaign.

Solicit a Campaign Management Firm

Create a Request for Proposal that can be solicited for services to perform the task of building and marketing the workforce attraction campaign. Set a goal of having a minimum of three quality responses with campaign material examples, campaign structure & schedules, and a complete budget. Raising

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funds to finance the campaign can come from individual businesses, local organizations, and public entities.

Create a Webpage

Development of an online presence where Lewistown area businesses can list their available positions is needed as the campaign will drive possible applicants to this platform. While job listing websites may provide an existing platform, a custom website would allow the lead organization to highlight many of the positive aspects of living and working in the area, local contacts, and available resources for prospective employees.

Coach Businesses

Educating local business owners on the current workforce market will help them to understand why a campaign is necessary, and why Lewistown and its businesses need to be presented as an exemplary place to live and work in today's economy. Working with businesses to help them stand out within the campaign and provide an ideal work environment for prospective employees will assist in building a strong applicant pool.

Objectives & Recommendations Conclusion

In order to execute recommendations and achieve objects, the Lewistown community needs a small group of organized leaders who will take swift and concise action. Many groups and organizations exist in the Lewistown area whose own objectives may overlap with those identified above. These groups may provide resources and experience that can assist in the community's new efforts; however, this comes with the risk of prolonged discussions and death by a thousand opinions.

A maximum of three individuals should be assigned to leadership roles in each objective. These individuals should be willing to make decisions on behalf of the community at large, be task driven, and action oriented. They will be responsible for leveraging the proper resources and utilizing community organizations in order to carry out their objective. They will assign deadlines and adhere to a schedule in order to maintain momentum and drive action from individuals who are assigned tasks.

The relevancy of the Business & Economic Wellness Assessment will decrease rapidly two years after its publishing. In order to create the greatest economic benefit, it is advised that action be taken as soon as possible with the goal of achieving final objectives within no longer than 24 months.

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Childcare Feasibility Study

A childcare feasibility study was conducted by SMDC congruent to the Business & Economic Wellness Assessment. This study provided an assessment of current resources in the greater Lewistown area, future needs, and possible development of additional resources.

Childcare Feasibility Recommendations

1. Expand Childcare Capacity

The first recommendation that came from the study was to expand capacity. This can be addressed in a number of different ways, utilizing all of the licensed and unlicensed legal options within the State of Montana. The study details the options for new developments as well as expanding existing resources in order to meet demand.

2. Workforce

The childcare businesses within the greater Lewistown region are suffering from the same workforce shortages as the rest of the industries within the region. The study looked at ways to attract a qualified workforce to support the much-needed capacity expansions. Providing better benefits, flexible hours, and other employment options similar to those noted in the Workforce Attraction Campaign section of this report are viable ways to attract new employees.

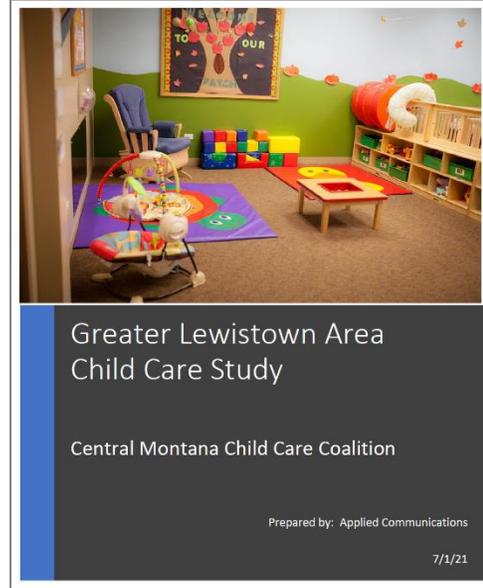
3. Affordability

One of the greatest obstacles to providing quality childcare to a community is affordability. All too often, a family's childcare expense can equate to a second mortgage payment on the monthly budget. This financial burden deters families from utilizing existing childcare resources, which in turn ripples across the local economy. The study details resources and policy adjustments that may increase the affordability of childcare in the region.

4. Miscellaneous

The fourth silo of recommendations addresses a number of solutions that may provide some benefit to the local childcare industry. These include but are not limited to:

- Increased Drop-in Care
- Increased Outreach
- Formation of a Childcare Cooperative



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Financial Model

The childcare feasibility study also provides a financial model for developing a childcare facility and business. This model provides real world numbers to existing and prospective business owners on start-up and operational costs. The model shows that the margins in the childcare business are extremely thin. In order to overcome this, businesses need volume. The reports four recommendations listed above work to build vitality and sustainability by increasing volume within the industry.



Funding Opportunities

Funding is necessary in order to carry out the objectives identified above. The following resources may apply to one or multiple objectives.

Montana Department of Commerce

Community Development Block Grants

Planning Grants

Community Development Block Grant (CDBG) planning grants are available to eligible counties, cities, and towns. Local governments may apply on behalf of special purpose districts (such as water or sewer districts), unincorporated areas, or on behalf of non-profit organizations (such as a human resource development council, an area agency on aging, a local domestic violence shelter, a boys and girls club, local food bank, hospital, nursing home, or a similar non-profit agency). Counties may also apply for planning grants on behalf of tribal utility authorities.

CDBG planning grants may be used for the preparation of plans, studies, training, or research in any of these areas:

- Growth Policies
- Comprehensive Capital Improvement Plans (CCIP)
- Subdivision Regulations
- Zoning Regulations
- Regional or Neighborhood Plans
- Downtown Revitalization or Master Plans
- Housing Plans
- Comprehensive Economic Development Strategy (CEDS)
- Tax Increment Finance District (TIFD) and Targeted Economic Development District (TEDD)
- Historic and Architectural Preservation Studies
- ADA Self-Assessment Plans
- Brownfield Redevelopment Plans
- Preliminary Architectural Reports (PAR)
- Preliminary Engineering Reports (PER)
- Site-Specific Development Plans
- Business Plans

Housing Grants

Montana's CDBG Housing grants help local governments fund new construction or rehabilitation of single-family or multi-family housing projects that benefit low- to moderate-income (LMI) Montanans, i.e., households earning less than 80% of the area median income. CDBG offers two distinct types of

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housing grants, the annual CDBG Competitive Housing grant and the open, CDBG Noncompetitive Housing grant.

CDBG Affordable Housing Development and Rehabilitation Grants

This grant is intended for construction or rehabilitation of affordable housing projects. Typically, these housing projects are multi-family rental or single-family development projects in which CDBG fills a funding gap and the maximum grant amount is \$450,000. Annual applications for the CDBG Housing grants are due at the same time as the Community and Public Facility grant applications.

CDBG Housing Stabilization Program (HSP) Grants

Successful applicants will qualify to access the CDBG HSP pool of funds for a period of five years. During that time, local governments are eligible to receive funds for construction or rehabilitation of owner-occupied or rental units that benefit low- to moderate-income households. There is no maximum grant amount and funds will be allocated based on the individual level of need and scope of project.

Economic Development Grants

Montana's CDBG Economic Development program is designed to stimulate economic development activity by assisting Montana's private sector to create or retain jobs for low- to moderate-income Montanans, specifically, this includes individuals earning less than 80% of the area median income.

The program can assist businesses by awarding grants to local governments and making fixed-rate financing available to those businesses at low interest rates. In addition, the program can offer payment deferrals, lower first-year payments, and interest-only payments.

Tourism Grant Program

The Tourism Grant Program awards funds to projects that strengthen Montana's economy through the development and enhancement of the State's tourism and recreation industry. Funds are awarded annually to projects that develop and enhance tourism and recreation products that have the potential to increase non-resident visitation.

Big Sky rust Fund Grant Program

Planning Grants

The Big Sky Economic Development Trust Fund Program (BSTF) Planning funds are awarded to eligible applicants to assist with economic development planning efforts that promote long-term, stable economic growth in Montana. Typically, no more than \$27,000 per application is awarded.

Job Creation Grants

The Big Sky Economic Development Trust Fund Program (BSTF) Job Creation funds are awarded to local and tribal governments in the form of grants or loans to assist basic sector businesses in creating good paying jobs for Montana residents. Up to \$7,500 per net new job created is available.

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Microbusiness Finance Program

The Microbusiness Finance Program (MBFP) administers funding for the Microbusiness Development Corporations (MBDCs) located across Montana. MBDCs work with Montana-based businesses with fewer than 10 full-time equivalent employees and gross annual revenues of less than \$1,000,000.

Certified MBDCs:

Provide loans up to \$100,000 to qualified microbusinesses.

Provide training and technical assistance to qualified microbusinesses; and

Underwrite and service their microloan portfolios.

Primary Sector Workforce Training Grant Program

The Primary Sector Workforce Training Grant (WTG) encourages the creation of jobs in primary sector businesses. Primary sector businesses are generally defined as those having 50% or more of their sales outside Montana. This funding provides an essential job training incentive for new businesses to locate in Montana and provides existing primary sector businesses with essential support to train employees in new jobs that allow the businesses to expand in Montana without leaving the state. The maximum grant award is up to \$5,000 for each new full-time job and \$2,500 for each new part-time job.

Montana's American Rescue Plan Act - [ARPA.MT.GOV](https://www.mt.gov)

Water and Sewer

House Bill 632 establishes two grant programs for water and sewer, a Competitive Grant Program, and a Minimum Allocation Grant Program. The Montana Department of Natural Resources and Conservation (DNRC) is responsible for reviewing and ranking projects as well as recommending them for funding to the Infrastructure Advisory Commission.

The Montana Department of Commerce (Commerce) is responsible for assembling a technical assistance team to notify local governments, with an emphasis on rural local governments, about the water and sewer grant opportunities available, to assist local governments in the application process and to offer limited engineering assistance.

The Montana Department of Environmental Quality (DEQ) reviews plans and specifications for new systems and alterations to existing public water supply and wastewater systems. DEQ staff will assist with the implementation of projects funded by ARPA by providing ongoing technical assistance with plan and specification review and final decision.

Broadband - Connect MT and Communications Advisory Commission

The 2021 Legislature passed, and Governor Gianforte signed SB297 creating the ConnectMT Act. The Department of Commerce is responsible for establishing and administering the broadband

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infrastructure deployment program and is responsible for receiving and reviewing responsive proposals and awarding contracts. Before awarding any contracts, they must be reviewed by the Communications Advisory Commission created by HB632 to oversee Montana's American Rescue Plan Act dollars.

Housing – HOME Program

Participating jurisdictions may use HOME funds for a variety of housing activities, according to local housing needs. Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing. Funds may not be used for public housing development, public housing operating costs, or for Section 8 tenant-based assistance, nor may they be used to provide non-federal matching contributions for other federal programs, for operating subsidies for rental housing, or for activities under the Low-Income Housing Preservation Act.

Economic Transformation and Stabilization and Workforce Development Programs and Advisory Commission

The Montana 67th Legislature passed House Bill 632 which allows the use of \$150 million provided by the Department of Treasury through the American Rescue Plan Act to be used for economic transformation, stabilization, and workforce development. HB632 created a Commission to oversee programs that are developed, and proposals that are reviewed and recommended by the Department of Commerce.

The Commission held its first meeting on Tuesday May 4th. Commission members include Governor Gianforte's Budget Director Kurt Alme, Governor's Chief of Staff Chris Heggem, Labor Commissioner Laurie Esau, Senate President Mark Blasdel, Senator Ryan Osmundson, Senator Ryan Lynch, Speaker of the House Wylie Galt, Representative Llew Jones, and Representative Kim Abbott. Commission meeting information and future meeting dates will appear on this website. Commerce is tasked with staffing the Commission.

The Commission's first grant was of \$15 million to the Department of Labor & Industry, for the creation of a return-to-work bonus program that will help address a critical labor shortage stemming, in part, from the COVID-19 pandemic. The Department is studying additional workforce development projects for the Commission's consideration.

Programs developed by the Department of Commerce and approved by the Commission may include grant and other programs for businesses, workforce development, and employee training. By law, the proposals recommended for funding by Commerce must be reviewed by the Commission, which will then recommend grants to the Governor.

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Commerce, Labor & Industry, and other agencies are in the process of developing recommended grant programs that will be submitted to the Commission for approval. Once programs are approved by the Commission, these agencies will provide more information on the grants available and process for applying and awarding the grants.

Return to Work Bonus Initiative

The one-time \$1200 Return-To-Work Bonus payments are available for individuals who meet ALL the following criteria:

- Name is on the active unemployment eligibility list as of May 1, 2021.
- Accept an offer of employment in any industry.
- You obtain employment and work for at least four (4) weeks for a single employer.
- Employment must be obtained from May 4, 2021, through October 31, 2021.

Farm and Ranch Value Added Developments

The Department of Agriculture proposes using \$50 million of the American Rescue Plan Act funds to launch a three-tiered grant program targeting expanded production and distribution of locally marketed Montana crops and livestock, added processing capacity to add value to and finish more raw goods in Montana, on-farm storage to help producers weather market volatility, and major supply chain infrastructure investments for Montana agricultural commodities.

Child Care Block Grants - \$112,500,000

For Child Care block grants provided for in section 2201 of the American Rescue Plan Act of 2021, Public Law 117, the department shall prioritize the use of funds to childcare deserts for one-time equipment and necessary infrastructure, property improvements, worksite childcare, licensing, and employee training and professional development.

Child Care Expanded Block Grant Services

Funding is intended to expand block grant activities for childcare in Montana to expand and support childcare infrastructure throughout the state, including support for emergency and essential workers childcare needs. Funding should support prioritizing childcare deserts, equipment and infrastructure, property improvements, onsite childcare, licensing, and employee training and professional development. The department is planning activities to gain public input including advisory council recommendations, surveys of providers and parents, town halls and discussions with stakeholder groups. The Child Care Expanded Block Grant services is compiling public input on the use of these childcare funds intended to expand and support childcare infrastructure throughout the states. Please provide input on the use of the funding. Child Care Expanded Block Grant Services Comment Form

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Child Care Stabilization Grants

Funding is intended to stabilize the existing childcare sector during and after the public health emergency. Funding can support the early childhood workforce and subgrants to providers for personnel, rent, utilities, maintenance, PPE, training, professional development related to health and safety practices, purchases or updates of equipment and supplies, goods, and services necessary to maintain or resume services. Funding can also support mental health and health consultation and technical assistance. Childcare providers who have been licensed, regulated, or registered under CCDF regulations as of 3/11/21, whether open or closed during the pandemic may be eligible for subgrants. This may include Family, Friend, and Neighbor providers as well.

Public Health Workforce - \$23,000,000

This funding is anticipated to be awarded via grant awards targeting general public health needs. Portions of each grant will allow funding to support workforce needs or public health agencies and relevant partners at the state and local level.

Funding would support wages and benefits, related to the recruiting, hiring, and training of individuals to serve as case investigators, contact tracers, social support specialists, community health workers, public health nurses, disease intervention specialists, epidemiologists, program managers, laboratory personnel, informaticians, communication and policy experts, and any other positions as may be required to prevent, prepare for, and respond to COVID-19 in state, local and NGO settings.

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Lewistown Area Tax Increment

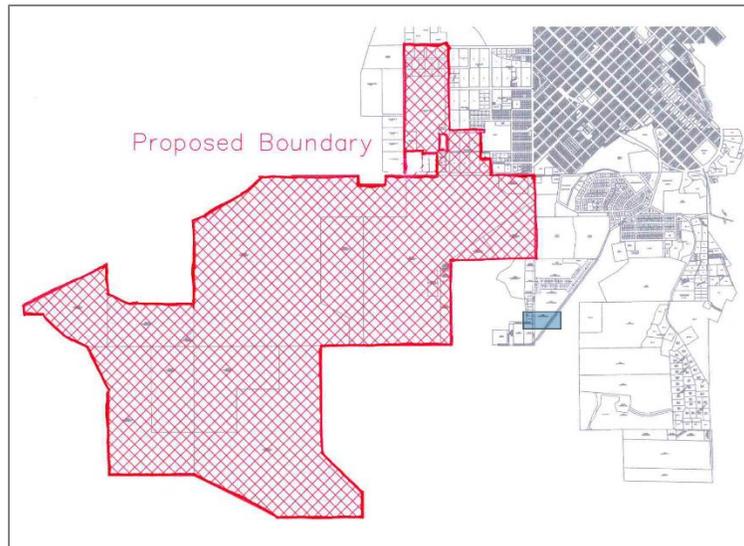
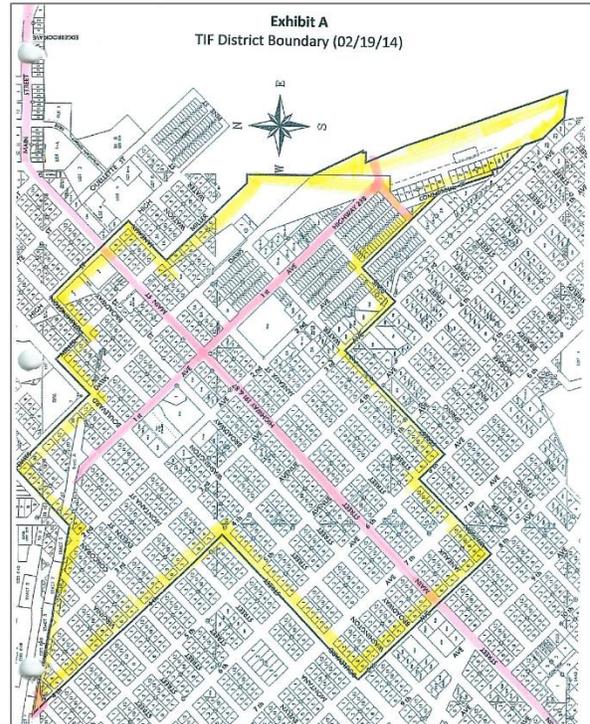
Lewistown is home to two districts empowered with tax increment financing ability. The Lewistown TIFD, located downtown, and the Lewistown TEDD, located in the area of the Lewistown airport. These districts may provide some ability to support business or residential project development.

Tax Increment Finance District

Tax Increment Financing (TIF) is a governmental financing tool that the City of Lewistown uses to fund public infrastructure construction, promote development, and to expand the future tax base. TIF assistance in Lewistown should be used as needed, to help the viability of individual projects.

Targeted Economic Development District

Targeted Economic Development District (TED) is a governmental financing tool that the city of Lewistown uses to attract industry, grow population, and revitalize commercial and residential areas of town through development of infrastructure. TED assistance in Lewistown should be used as needed, to help the viability of individual projects.



Lewistown Targeted Economic
Development District Map

Conclusions

The Lewistown area economy fared the economic downturn better than many locations across the country. Many of the obstacles and hardships that came from the circumstances of 2020 were overcome by most businesses and provided an opportunity for business development. The community has shown an eagerness to get back to full production and operation status and had already begun to tackle some of the objectives identified in this report at the time of its publishing.

Given the current workforce, various industry markets, and housing pressures within the post-pandemic economy, Lewistown community and business leaders should work quickly to accomplish their desired objectives. Time is of the essence.

Workforce shortages will continue well into the future. Lewistown is in a good position to attract new labor into the area. The quality of life is outstanding and current human migration trends in the country show a shift away from urban centers to more rural. A well crafted and targeted workforce development campaign will aid in bringing a qualified workforce to area businesses.

Unlike the recession of 2008, the housing market is not showing signs of a collapse. Current market analysis shows the housing market may soften but will not collapse. In this market scenario we are likely to see a slow growth in available supply as more homeowners put their properties on the market in order to capture record prices. This will decrease the unprecedented competitive bidding that is ongoing in the marketplace. However, this will not have a great effect on housing prices and a major downward adjustment is unlikely in the coming years. Analysts foresee prices generally being sustained as a slow increase in supply occurs.

Increased materials prices and supply chain disruptions are beginning to recover in the country, and we can continue to see these economic factors normalize over the next two years. This will ease development burdens and decrease costs as well. Given these development factors, proper planning for a housing development in the Lewistown area should occur as soon as possible in order to capture the best of the market opportunity.

The business community in Lewistown has a number of strong leaders. These business owners were able to sustain and even prosper throughout 2020. This leadership will play a key role in achieving the objectives identified through this assessment. They have demonstrated an ability to make sound decisions in an expedient manner in order to sustain and grow their business. This same efficiency should be applied to achieving the community and business objectives.

Overall, the community of Lewistown has proven to be made up of individuals who are not afraid to roll up their sleeves and do the work necessary in order to get the job done. This is proven across the business sector as the community boasts an impressive number of successful startups and established

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businesses. Community development however has proven more difficult. Housing, broadband, and workforce attraction are long standing issues. Community and economic development efforts often falter and lose momentum as the direct private incentive just simply is not strong enough.

At the time publishing this report, Lewistown is at a critical growth stage. The economy is healthy, businesses are poised for growth, and outside forces are driving new residents to the area. In order to shape its future, Lewistown must quickly address the objectives identified in this assessment. This will require leadership and action from a very capable community of businesses and individuals. But if any community in the state has proven their ability to take things head on, it is Lewistown.



Angler, as Big Spring Creek flows from the Big Snowy Mountains south of Lewistown.