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Red Lodge

Comprehensive Economic Development Strategy (CEDS)



August 2004

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Red Lodge Comprehensive Economic Development Strategy

EXECUTIVE SUMMARY

The community of Red Lodge has extraordinary natural, cultural, recreational and human assets, and a rich history marked by change. It also faces significant challenges caused by changing economic conditions, a lack of living wage jobs, dramatic seasonality in tourism, and growth pressures.

This Comprehensive Economic Development Strategy (CEDS) was undertaken as a cooperative effort between the City of Red Lodge, the Economic Development Committee (now the Red Lodge Area Economic Development Corporation, or RLAEDC), the Beartooth Resource Conservation & Development District and the Montana Department of Commerce. Its purpose is to clarify a vision for the future of Red Lodge, to establish priorities and goals, define an action plan to achieve the goals, and identify ways to measure the results of successful implementation of the Strategy. This Executive Summary outlines the key highlights of the CEDS document.

Planning Process and Timeline

The planning process began in January 2004 and was completed in July 2004. The process involved extensive community outreach, including an online survey of 104 community leaders, interviews, and community meetings. The planning team conducted an in-depth analysis of recent socio-economic and business trends, and assessed the community's key strengths and weaknesses related to business and economic development. Findings were reported to the community for feedback, and then a Leadership Workshop was conducted to develop a vision and priorities. Finally, the goals, actions and measures of results were developed and refined, followed by an organizational structure, responsibilities and budget to implement the Strategy. The draft CEDS was presented to the RLAEDC and City Council in late June, comments were received through late July, and the final Strategy was delivered in early August 2004.

Socio-Economic Trends

The population of Red Lodge peaked at 5,000 in 1911, then dropped steadily over the next six decades to 1,644 in 1960 before beginning to recover and grow to its present level of about 2,200. Over the past decade, the population of Carbon County has grown faster than that of Red Lodge, to its current level of about 9,700. The declines were caused by job losses in mining and agriculture, and recent growth is primarily related to an influx of retirees, "lone eagles" (knowledge-based professionals) and new construction. The average age of citizens in Red Lodge and Carbon County is older than the state average, but school enrollment increased 22% from 2000 to 2003.

The median household income in Red Lodge is lower than that of Carbon County or Montana. In real terms, average earnings per job in Carbon County dropped from \$23,083 in 1970 to \$14,972 in 2000, well below statewide earnings of \$23,653 in 2000. More than one-third (38%) of households in Red Lodge earn less than \$25,000 per year, and 21% of students enrolled in Red Lodge schools qualified for free or reduced lunches. The percentage of employment in services increased, while employment in manufacturing, agriculture and mining decreased. Nearly half of the people employed in Carbon County are self-employed, which has implications for wage levels as well as health insurance coverage. However, a number of successful specialty manufacturing and professional services businesses are growing, and retirees and second homeowners provide new income to the community.

Agriculture has been a primary industry in Carbon County, and while the amount of acres in farms actually increased from 1987 to 1997, the acres of crops harvested and numbers of livestock declined. This indicates a consolidation of farms and more land in the Conservation Reserve Program, creating

fewer jobs and farm operation-related revenues to local businesses. Retail sales in Red Lodge declined from 1998 to 2003, reflecting less spending by the agricultural community and greater competition from chain and big box stores in Billings.

Meanwhile, tourism-related business sales in lodging and restaurants grew about 9% from 1998 to 2003, based on resort tax collections in Red Lodge. The number of lodging properties has increased; however, Red Lodge's tourism assets are severely underutilized much of the year, creating instability in business revenues and jobs. An increase from 40% occupancy to 60% occupancy in local hotels would generate more than \$3.5 million in additional spending in Red Lodge, including an additional \$100,000+ collected annually in resort taxes to enhance City infrastructure to benefit local citizens and businesses (the resort tax revenues are used to pay for City improvements such as water, sewer, streets and sidewalks). The designation of the Beartooth Highway as an All-American Road, and improvements to Red Lodge Mountain and other tourism attractions, is expected to draw more visitors.

Strengths & Weaknesses

Red Lodge has tremendous assets related to quality of life, business and economic development, including a breathtaking setting in the Beartooth Mountains, outstanding four-season recreation; an historic downtown district; a variety of arts and cultural activities; and local facilities and services.

Some key strengths and weaknesses, which are discussed in detail in Chapter 2, are the following:

Strengths

- Strong “sense of place”, overall quality of life, attractive community
- Dedicated volunteers
- Mild climate, level of air quality, scenic natural environment
- Opportunities for outdoor recreation and cultural activities
- Quality and availability of health care and medical services
- Land available for development
- Well-educated professional and technical workforce
- Competitive wage index for locating manufacturing businesses
- Presence of strong “intellectual capital” base
- Impact of existing tourism industry, and potential as a source of new business development
- Retail center for local, regional, and tourist markets
- Proximity to Interstate 90 and Billings airport



Weaknesses

- Lack of sustainable, living wage jobs
- Shortage of affordable housing
- Deficient funding/tax base for basic services
- Shortage of available commercial/business park sites; buildings/office space for businesses
- No indoor multi-use facility for recreation and meeting opportunities
- Ineffective/inconsistent planning, support, and building code enforcement from local government
- City and county often do not collaborate/cooperate effectively
- Tax system and rates are considered by some as a locational and competitive disadvantage
- Tourism is extremely seasonal
- Lack of unified, local marketing effort for tourism and business targets
- Seasonal closures and reconstruction of Beartooth Highway affect travel/access
- Distance and accessibility to/from markets (retail, industry, tourism)
- Costs of commercial airline service, and lack of capacity at Red Lodge airport
- Aging workforce; lack of semi-skilled/skilled employees; transient workers
- Insufficient availability of post-secondary education and training
- Inadequate telecommunications infrastructure
- Crime rate and substance abuse
- Divergent viewpoints of appropriate “growth/development”

Priority Issues

During the Leadership Workshop, community leaders identified priority issues to be addressed, which were then developed into nine goals by the planning team. The issues (in order) were as follows:

PRIORITY ISSUES FOR RED LODGE

1. Lack of adequate infrastructure – and funding for it – in the city. (64 participant votes)
2. Lack of sustainable jobs and business environment/ Lack of living wage jobs. (60 votes)
3. Unified vision for development, e.g., create business park and maintain aesthetic appeal of City. (42)
4. Inconsistency/indecision within government, need more responsiveness/accountability. (38)
5. Lack of unified/cooperative and adequate marketing effort. (36)
6. Maximize/make better use of existing community resources (facilities and people). (35)
7. Need to expand health care capability/services; Create a model rural hospital system. (34)
8. Have to address intergovernmental communication/cooperation - see the bigger picture; community beyond the city limits - planning with greater community in mind. (33)
9. Need for affordable housing. (31)
10. Cooperation among civic groups/ Unwillingness to compromise. (22)
11. Revising development codes; simple and user-friendly. (21)
12. Create a model K-12 school system. (19)
13. How do we merge our traditional economy with the New Economy. (17)
14. Infrastructure for developed business park. (16)
15. Improve airport facility. (14)
16. High level of citizen involvement. (13)
17. Get rid of “us” vs. “them” attitude of city council and community. (10)
18. Maintain and improve our natural environment. (3)
19. Need for extra/continuing education for City Council. (2)



Vision

At the Leadership Workshop, participants also identified elements of a vision for the community – an ideal and unique image of the future – a description of what citizens want (or do not want) Red Lodge to *become*. The elements were used to create a vision statement for Red Lodge in 2014:

In the year 2014, Red Lodge has a healthy and diversified economy with an outstanding quality of life. The leaders and local government officials in both the city and county collaborate effectively, which has led to a united pursuit of development priorities and a shared vision. A concern exists locally for the appropriate development of the county as well as the city. Volunteerism continues at a high level.

The community is “business-friendly,” with a new business park that has attracted new small manufacturers and technology-based businesses. These firms provide high wage employment for the workforce in the community, and a sustainable tax base. Small businesses, including home-based businesses and “lone eagles,” flourish locally, enhancing Red Lodge’s reputation as a desirable environment for entrepreneurial activity. Skilled and well-educated workers are attracted to the expanding professional and technical job base in the community. Economic development efforts effectively offer business assistance to local firms.

Stable year-round tourism provides additional jobs and retail income that meet the needs of local businesses and residents. An indoor multi-use facility provides recreational and meeting opportunities for young and old, as well as for meetings and special events. Outdoor recreation facilities (parks, bike/pedestrian trails, etc.) have been expanded and upgraded in the Red Lodge area, serving both local residents and visitors. A unified and cooperative local marketing effort promotes the community effectively for both tourism and business, with a clear and appropriate Red Lodge “brand.”

The Red Lodge school system is a model for the state, expanding the curriculum of K-12 education beyond the basics, with stronger arts and music programs, college prep, vocational-technical offerings, and increased challenges for students. Graduates possess competitive skills that meet the needs of technology-savvy employers.

The City has overseen the development of infrastructure to keep pace with new development, including improved streets, curb and gutters, sidewalks, and enhanced sewage treatment capacity. Telecommunications infrastructure across the community meets the technology demands of local businesses and residents. The airport meets growing general aviation needs. Public facilities and institutions serve as a reflection of local pride in the community, with no dilapidated buildings. City government is viewed as responsive, receptive, proactive, consistent, and customer-friendly.

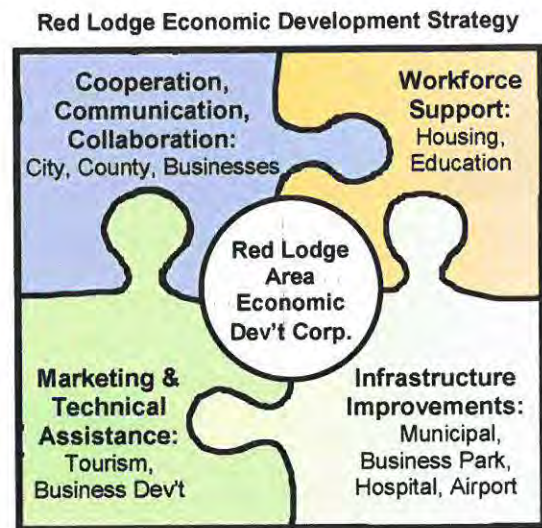
Red Lodge continues to have a strong “sense of place,” maintaining its desirable quality of life. It is a welcoming community, from its attractive entrances to its genuine hospitality and friendliness toward visitors and newcomers. Diversity of population and ideas are accepted. Ongoing efforts have succeeded in preserving and developing the quiet and quaint historic character of the town, with a particular focus on the downtown. Local housing meets the growing needs of the community, particularly for retirees and moderate income families*, and is found in well-planned and attractive neighborhoods. Excellent medical services with a variety of medical specialties are available to all community residents in modern medical facilities. A range of services, including assisted living, are available for elder care. A wide variety of recreational and cultural activities meet the needs and expectations of both young and mature residents, as well as those of visitors. The high quality of the natural environment is recognized throughout the West.

* Moderate income is defined as 80%-120% of median family income in the community.

Goals and Actions

The vision and priority issues, along with extensive community input, were used to create an overall strategic framework, ten goals, and actions to achieve the goals. The goals are grouped into four main categories, or strategic areas: 1) Cooperation/Communication/Collaboration, 2) Workforce Support, 3) Marketing & Business Technical Assistance, and 4) Infrastructure Improvements. The four areas are depicted as inter-related pieces of the whole strategy in the figure at right. In the center is the Red Lodge Area Economic Development Corporation (RLAEDC), an organization that represents the key partners who will be responsible for implementing and monitoring the progress of the Strategic Plan.

The ten goals, and actions that will be taken to accomplish the goals and implement the Strategy successfully are outlined below. Chapter 4 provides details, along with a list of organizations that will lead and/or assist with implementation, and performance measures.



Goal 1: The governments of the City of Red Lodge and Carbon County work cooperatively and collaboratively in planning for and resolving the development problems associated with growth.

- Action 1.1: Identify and sponsor a leadership development program.
- Action 1.2: Conduct quarterly meetings of key selected leadership.
- Action 1.3: Conduct “Newly Elected Officials” orientations and workshops.
- Action 1.4: Develop a joint City-County plan and new development regulations.

Goal 2: City government is responsive to the needs of the business and residential community, it has a consistent and clear set of well-enforced development codes, and it has a highly accountable and efficient system of governance in place.

- Action 2.1: Hire a full-time City Administrator/Manager.
- Action 2.2: Initiate a comprehensive update of the City's Growth Policy Plan (see Appendix A).
- Action 2.3: Streamline the City permitting process.
- Action 2.4: Conduct periodic workshop meetings for City Council and Planning Board.
- Action 2.5: Form an advisory subcommittee of the RLAEDC.
- Action 2.6: Strengthen communication between the City and the private sector.
- Action 2.7: Create more effective education/informational tools for businesses and developers.
- Action 2.8: Use the latest and most appropriate computer technology.
- Action 2.9: Incorporate into the City's development codes buffer zones.

Goal 3: A cooperative and highly targeted marketing program has created stable year-round tourism revenues (and increased resort tax collections for local infrastructure).

- Action 3.1: Develop a strategy to market Red Lodge aggressively in the off-peak season.
- Action 3.2: Encourage and support local festivals or events.
- Action 3.3: Develop and use a new "brand" for Red Lodge.
- Action 3.4: Create a Red Lodge Ambassadors Volunteer Corps.
- Action 3.5: Enhance the Chamber's media relations program.
- Action 3.6: Conduct a feasibility analysis of converting the rodeo arena into a multi-purpose facility.
- Action 3.7: Partner with the RC&D, Yellowstone Country and regional Scenic Byway Committee.
- Action 3.8: Encourage visitors and vacation homeowners to extend their stays.
- Action 3.9: Continue the effort to initiate a Main Street program.

Goal 4: The City of Red Lodge has adequate municipal infrastructure to meet the needs of the growing business and resident community.

- Action 4.1: Update the five year Capital Improvement Plan (CIP).
- Action 4.2: Identify a range of potential funding sources for infrastructure improvements.
- Action 4.3: Adopt a policy to partially repay costs to developers for extending water and sewer.
- Action 4.4: Encourage infill through redevelopment of vacant buildings and upper story spaces.

Goal 5: An effective business development program has promoted a diversified economy (light manufacturing, small businesses) with a growing number of higher wage jobs.

- Action 5.1: Formalize the Red Lodge Area Economic Development Corporation (RLAEDC).
- Action 5.2: Use the RLAEDC scope of work to secure private and public sector investments.
- Action 5.3: Identify specific high-growth and high-potential businesses.
- Action 5.4: Develop information materials and web site to use for business prospect response.
- Action 5.5: Create and distribute a quarterly online and hard copy newsletter.
- Action 5.6: Sponsor a forum for entrepreneurs to educate them about the business resources.
- Action 5.7: Schedule speaking engagements at local meetings of civic organizations.
- Action 5.8: Conduct a site visit in Red Lodge for state and utility economic development officials.
- Action 5.9: Pursue additional sources of funding.
- Action 5.10: Initiate a local public relations campaign.

Goal 6: The presence of a fully-developed business park with advanced telecommunications provides an attractive setting for new technology-based operations (see concept drawing, next page, and Appendix B).

- Action 6.1: Guide the planning and development of a new business park.
- Action 6.2: Investigate and pursue potential sources of property development grants and loans.
- Action 6.3: Work with local telecom carriers and ISPs to fill gaps in coverage.

Red Lodge Airport Business Park Concept



Goal 7: City and county development codes and plans facilitate the construction of affordable housing in attractive neighborhoods/subdivisions.

Action 7.1: Update the previous housing study.

Action 7.2: Identify development incentives and regulatory techniques that encourage diversity.

Action 7.3: Examine and revise land use approval processes.

Action 7.4: Develop and implement a program to educate the public and elected officials re. housing.

Action 7.5: Identify existing housing financing tools and develop new tools.

Action 7.6: Work with non-profit agencies and private employers to construct employee housing.

Action 7.7: Establish and enforce uniform property maintenance codes.

Goal 8: The Beartooth Hospital and Health Center has become a model rural hospital system, providing expanded health care capability and services.

Action 8.1: Work closely with the administration/Board of the Beartooth Hospital.

Goal 9: The School District has become a model system, providing quality K-12 education. Post-secondary education opportunities are available locally.

Action 9.1: Work closely with the administration and board of the school district.

Action 9.2: Work with MSU-Billings to identify an outreach site and programming.

Goal 10: The City and County have resolved the issue of the location and enhancement of the Red Lodge airport.

Action 10.1: Create an Airport Study Committee.

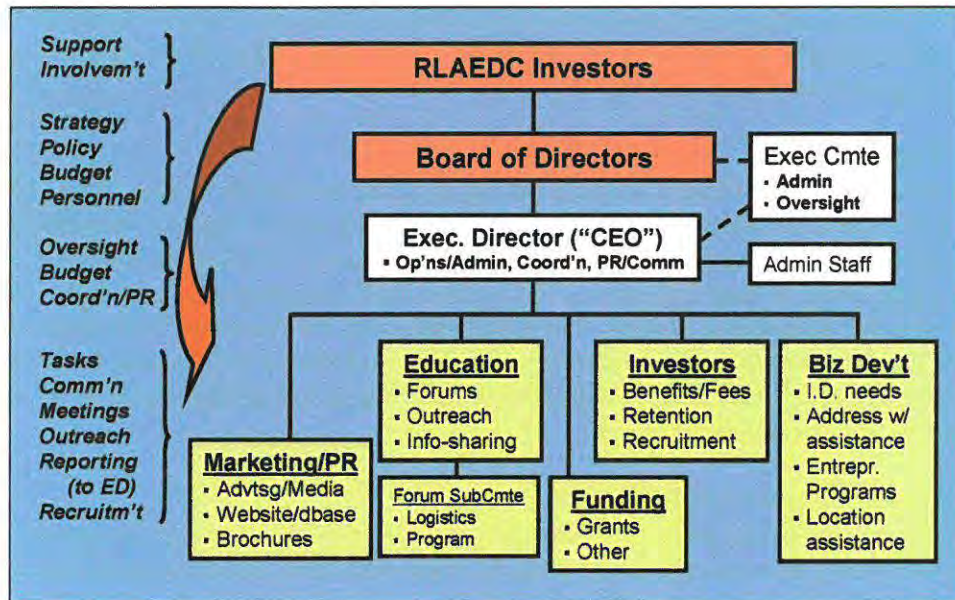
Action 10.2: Identify costs for maintenance and development options.

Organization and Implementation

The key to implementation of the CEDS is leadership and cooperation. The City Council and the Red Lodge Area Economic Development Corporation (RLAEDC) each play a critical role in the success of the Plan. However, the County and many other local, regional and state organizations are needed as partners with the City and RLAEDC in order for the Plan to succeed in achieving its goals.

The CEDS recommends that the Red Lodge Area Economic Development Corporation (RLAEDC) be formalized as a regional partnership, encompassing not just Red Lodge. It is the lead entity for monitoring the implementation of the CEDS. Funding for the RLAEDC would come from private sector partners/investors (businesses, utility companies, developers, etc.), with some additional

cash/in-kind contributions from the public sector (City, County, RC&D) and other organizations. An annual budget of \$80,000-\$100,000 is typical for small full-time economic development organizations, including professional staff, programming, supplies, travel, administration and marketing. A sample budget is included in Chapter 5, along with suggested sources of funding. The organization chart below depicts a suggested structure for the RLAEDC.



Next Steps

The next steps in the CEDS process are the following:

1. Approval and adoption of final CEDS document by RLAEDC (following review/comments and refinements).
2. Approval and adoption of the CEDS by the City Council; send copies of the CEDS to the U.S. Economic Development Administration (state office in Helena, regional office in Denver).
3. Endorsement of the CEDS by the County Commission.
4. Endorsement and/or adoption of the CEDS by the Chamber of Commerce, RC&D Board, Montana Department of Commerce and other community organizations.
5. Formalize structure/membership/partnerships of RLAEDC.
6. Obtain commitments from partners to implement and report quarterly on progress.
7. Secure investment funding for RLAEDC.
8. Begin implementation of CEDS.
9. Hire full-time City Administrator.
10. Contract a director for RLAEDC.
11. RLAEDC monitor/oversee implementation of CEDS, meet to discuss/report progress twice a year.

If the City of Red Lodge, RLAEDC and their partner organizations use the CEDS as a guideline for strategic action over the next five years and beyond, Red Lodge will have an improved economy while retaining the quality of life values and amenities that citizens cherish.

1. BACKGROUND & PLANNING PROCESS

Background

Red Lodge is a community with extraordinary assets – its people, natural surroundings, quality of life, business community, and civic organizations. Recent growth pressures and changing economic conditions prompted community leaders, the Red Lodge Economic Development Committee and the Beartooth Resource Conservation & Development district (RC&D) to initiate a planning process for a Comprehensive Economic Development Strategy (CEDS). The RC&D assisted the City in obtaining a Community Development Block Grant from the Montana Department of Commerce to help pay for the planning process.

Planning Process

A planning team led by The Hingston Roach Group, Inc. was contracted to assist the City and Economic Development Committee with the planning process, which began in January 2004. A Resource Team Assessment sponsored by the Montana Economic Developers Association was scheduled in Red Lodge in early February, 2004, so the CEDS planning team scheduled their first trip to coincide with the Assessment process. The CEDS team and the Resource Team worked together to maximize their contacts with the community, and afterward shared information so the reports from both teams would inform each other (the Resource Team report is available online at www.medamembers.org/resourceteams).

The CEDS planning process involved four main steps:

1. Information-gathering and assessment: review of all previous planning documents, Red Lodge Growth Policy (see summary, Appendix A), socio-economic trends, tourism trends, analysis of survey results and community input (see step 2, below), situation assessment by consulting team, based on information/input gathered.
2. Community outreach: online survey of community leaders to gather opinions about community strengths and weaknesses (see survey results, Appendix C), community interviews and public outreach for input, including meetings with the Economic Development Committee, business and community leaders, and public forums.
3. Vision and goals for economic development: leadership workshop to develop elements of vision, and identify/prioritize key community issues in order to establish goals; draft vision and goals for ED Committee review and input.
4. Strategic plan for economic development: draft strategic actions and implementation recommendations for ED Committee and City Council review/input; refinements based on input; final Comprehensive Economic Development Strategy (CEDS) plan.

The draft CEDS document was presented at an Economic Development Committee meeting, and to the public at a City Council meeting, on June 22, 2004. The final CEDS document will guide future economic and business improvements in Red Lodge.

In addition to the CEDS document, the planning team also was asked to develop a Concept Plan for the Red Lodge airport business park. The Concept Plan is included as Appendix B of this document.

Throughout the project, results of outreach efforts, meeting announcements, and elements of the proposed Strategy were available for review online at www.redlodge.com/ceds.

Participants at a Community Meeting



2. SITUATION ASSESSMENT

The Red Lodge economic development strategic planning process involved an assessment of the community's strengths, weaknesses and opportunities related to economic development, based on the findings of the consulting team. The objectives of this assessment were to:

- Identify key strengths to emphasize in economic development efforts;
- Identify key weaknesses that may limit business investment in the City of Red Lodge so that remediation of these local challenges can occur; and,
- Build the foundation for the identification of appropriate strategies for the focus of economic development activity by the City.

The sources of information for this assessment were varied. They included a survey of, and interviews with, community and business leaders, government officials, utility representatives, property owners, real estate professionals, educators, citizens, volunteers, etc. The consulting team also gathered statistical information, and reviewed previous studies and available local data. All of this input was combined with the team's economic, business, and community development experience. The information and knowledge gained from these sources was incorporated into the strategic planning process to further the economic development effort locally.

The assessment involved all of the issues that businesses typically consider when evaluating whether and where to expand or locate their business. Among these factors are the following:

- Market access
- Business climate
- Quality of Life
- Workforce and education
- Transportation
- Utilities
- Real Estate

Successful economic development planning involves knowing clearly what assets the area has to promote and what it needs to improve so that the economy can prosper. The following is a summary of socio-economic trends, and aspects that the consulting team believes to be the major strengths (assets) and weaknesses (liabilities and limitations) of Red Lodge from an economic development perspective.



RED LODGE HISTORY AND ASSETS

Carbon County, situated in south central Montana, was established in March, 1895. The northern boundary is marked by the Yellowstone River, while the southwestern corner of the county encompasses part of the Custer National Forest and the Beartooth Mountain Range. Red Lodge lies at the foot of the Beartooth Range, 70 miles southwest of Billings on Highway 212, and 59 miles from the northeast entrance of Yellowstone National Park.



Red Lodge, the county seat of Carbon County, is a resort and ranching community with a colorful past. Red Lodge was a booming coal mining town with a population of 1,180 in 1892, expanding to 5,000 by 1911. During those years, European immigrant miners settled the town, leaving their stamp on the community. Today, agriculture, ranching, and tourism are major industries in Red Lodge and surrounding Carbon County.

Key attractions in Red Lodge and the surrounding area include:

- Historic downtown Red Lodge, featuring buildings constructed in the 1880s to 1915 and a variety of specialty retail and service businesses, restaurants and civic facilities (City Hall, County Courthouse, Post Office, etc.).
- Beartooth Highway, an All American Road leading to Yellowstone National Park and Cody, Wyoming.
- Absaroka/Beartooth Wilderness, Cooney Reservoir State Recreation Area, and Beartooth Mountains, for hiking, fishing, boating and camping.
- Red Lodge Mountain, one of Montana's four destination ski resorts, with an average annual snowfall of 250 inches.
- The Nordic Center, a complex of cross-country ski trails, two miles west of Red Lodge on Highway 78.
- Red Lodge golf course, with 18 holes and a clubhouse that seats 150.
- Beartooth Nature Center, the only facility in Montana for housing wild animals that cannot be returned to the wild, including elk, deer, pronghorn, bear, mountain lions, wolves, bobcats, and foxes. The facility also includes a children's petting zoo, and attracts 10,000+ visitors annually.
- Peaks to Plains Museum, highlighting historic Red Lodge and the area's pioneer and mining heritage.
- Carbon County Arts Guild regional art center in the Red Lodge Depot, with a permanent visual art collection as well as special shows and monthly workshops.
- Annual events: MARCH: Winter Carnival, National Finals Ski-Joring, St. Patrick's Day Parade; APRIL: Peaks to Prairie Triathlon, Hospital Gala; JUNE: Red Lodge Music Festival, Beartooth Run; JULY: Home of Champions Rodeo, Artful Event in the Rockies, Beartooth Rally, Mountain Music Fest, Old Time Fiddlers Contest, Mountain Man Rendezvous; AUGUST: Festival of Nations, Fat Tire Frenzy, BMW Rally, Bluegrass Festival; SEPTEMBER: Labor Day Arts Fair, Coal Dust Ball; OCTOBER: Halloween Festivities; NOVEMBER: Taste of Red Lodge; DECEMBER: Christmas Stroll.

Key community facilities and services include the following:

- Beartooth Hospital, clinics, home health, long-term care and assisted living facilities.
- Red Lodge public schools, serving pre-school through high school.
- Red Lodge Airport, offering general aviation, visitor information, charter flights, emergency services/search and rescue staging, aircraft fuel and leased hangar space.
- Chamber of Commerce, with a full-time Executive Director and 250+ members.
- Civic Center for indoor sports events and public gatherings.
- Boys & Girls Club, with daily activities for teens and tweens.
- Senior Citizens Center and organizations.
- County fairgrounds and rodeo grounds, adjacent facilities for indoor events of up to 350 people, and outdoor events seating 5,000.
- Local media: weekly newspaper, local radio station, redlodge.com web site.

SOCIO-ECONOMIC TRENDS

The consulting team conducted a review and analysis of socio-economic trends, which provide an important framework for evaluating the conditions and opportunities affecting business and economic development in Red Lodge.

Population Trends

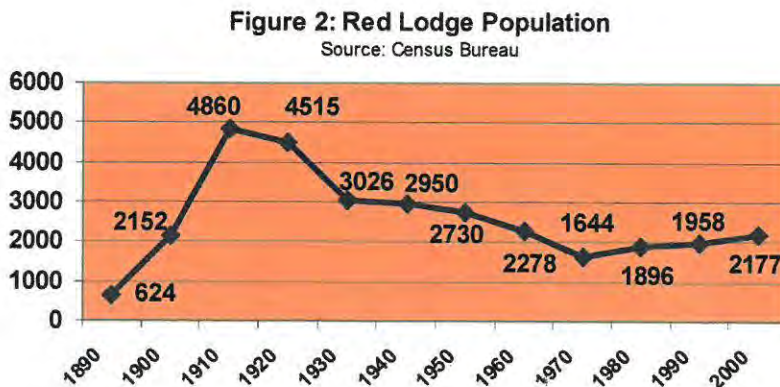
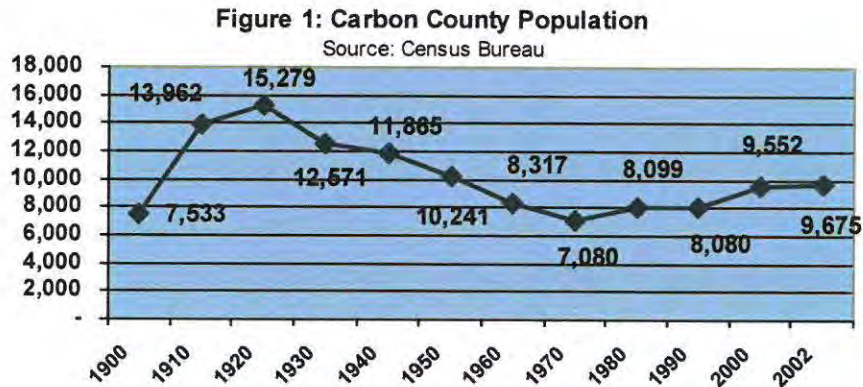
The population of Red Lodge and Carbon County has fluctuated throughout its history based primarily on the boom and bust cycles of the mining industry. The County population peaked around the year 1920 at 15,279 citizens, then dropped to a low of about 7,000 in 1970, and has grown gradually since then to about 9,675 citizens (see Figure 1 below). Similarly, Red Lodge population peaked in about 1911 at 5,000 residents, then fell to just 1,844 in 1970, and has grown slowly since then to 2,177 residents in 2000 (Figure 2 below). Since 1990, the population of Red Lodge has grown more slowly than Carbon County or the State of Montana (see box at right).

However, while Red Lodge has not grown significantly in total population since 1980, there has been substantial turnover in the residents:

- Only 50% of current Red Lodge residents were born in Montana
- 31% of residents have moved to Red Lodge since 1995

In 1990, the population of the Red Lodge County Census Division (Red Lodge and the surrounding area) was 3,252, and the population increased to 3,769 by 2000. In the 1995 City of Red Lodge Master Plan, projected growth within the Census Division by 2010 is 4,453, and by 2015 is 4,889.

| Population Growth, 1990-2000 | |
|------------------------------|-----|
| Red Lodge | 11% |
| Carbon County | 18% |
| Montana | 13% |
| Source: Census Bureau | |



Growth & Development

The population trends and projections on the previous page are supported by recent data regarding real estate sales. In 2003, there were 292 real estate sales in Carbon County totaling \$43 million – a 68% increase over 2002. In spring 2004, realtors reported that they were very low on inventory in all categories (commercial, residential and residential with acreage), although several large parcels were proposed for residential subdivision development, both within and outside of Red Lodge.

The number of housing units in Carbon County grew from 4,828 in 1990 to 5,494 in 2000 – a 14% increase. Of the approximately 5,500 housing units, 18.5% are vacation homes (“Seasonal/Recreation/Occasional Use”). Within the City of Red Lodge, there were 1,415 housing units in 2000, and 254 of them (18%) were vacation/seasonal use homes. Of the 9,000 property taxpayers of all types in Carbon County, 1,779 do not reside in Montana (2003 data).

| | 2002 | 2003 |
|--------------------------|------|------|
| Subdivision Lots Created | 39 | 22 |
| Total Lots Created | 42 | 28 |
| Septic Permits* | 82 | 88 |
| * New Construction only | | |

The Red Lodge Master Plan completed in 1995, and the 2001 Growth Policy (a minor update of the Master Plan) provide guidance for current and future land use and development, based on projected population growth. Several parcels are recommended in both documents for commercial and residential development (see Summary of 2001 Red Lodge Growth Policy, Appendix A).

Age Composition

From 1990 to 2000, the number of children and youth (under age 20) in Red Lodge declined slightly. Meanwhile, the number of young adults (age 20-34), adults age 35-54, and “junior matures” (age 55-64) increased (see Table 1 below). The number of “senior matures” (over age 65) declined. The median age of Red Lodge citizens is slightly younger than that of Carbon County, but older than the State of Montana and the U.S. (Table 2). Note that the percentage of residents over age 75 is higher in Red Lodge than in Carbon County (likely due to the availability of long term care facilities), and twice the percentage of Montana. As the population grows older, and the Baby Boomers reach retirement age, there are implications for health care, housing, retail goods and services, workforce, transportation and infrastructure, as well as for the pool of volunteers available in the community.

Table 1: Population by Age (Source: US Census Bureau)

| Age Profile | Red Lodge | | | | Carbon Co | | | | Montana | | | |
|-------------|-----------|----|-------|----|-----------|----|-------|----|---------|----|---------|----|
| | 1990 | % | 2000 | % | 1990 | % | 2000 | % | 1990 | % | 2000 | % |
| Under 5 yrs | 99 | 5 | 96 | 4 | 472 | 6 | 494 | 5 | 59,257 | 7 | 54,869 | 6 |
| 5 to 9 | 156 | 8 | 125 | 6 | 629 | 8 | 623 | 7 | 65,377 | 8 | 61,963 | 7 |
| 10-19 | 235 | 12 | 258 | 12 | 519 | 6 | 1371 | 14 | 119,712 | 15 | 140,608 | 16 |
| 20-34 | 316 | 16 | 387 | 18 | 1224 | 15 | 1233 | 13 | 180,839 | 23 | 161,658 | 18 |
| 35-54 | 489 | 25 | 691 | 31 | 2128 | 26 | 3220 | 34 | 209,062 | 26 | 277,029 | 31 |
| 55-64 | 156 | 8 | 198 | 9 | 82 | 10 | 1003 | 11 | 68,321 | 9 | 85,119 | 9 |
| 65 -74 | 242 | 12 | 165 | 8 | 873 | 11 | 830 | 9 | 60,884 | 8 | 62,519 | 7 |
| 75 & older | 265 | 14 | 257 | 12 | 717 | 9 | 778 | 8 | 45,513 | 6 | 58,430 | 6 |
| Total Pop'n | 1,958 | | 2,177 | | 8,080 | | 9,552 | | 799,065 | | 902,195 | |
| Median Age | 39.4 | | 41.7 | | 38.5 | | 41.9 | | 33.8 | | 37.5 | |

Table 2: Median Age (Source: US Census Bureau)

| | Red Lodge | Carbon Co. | Montana | U.S. |
|------|-----------|------------|---------|------|
| 1990 | 39.4 | 38.5 | 33.8 | 32.9 |
| 2000 | 41.7 | 41.9 | 37.5 | 35.4 |

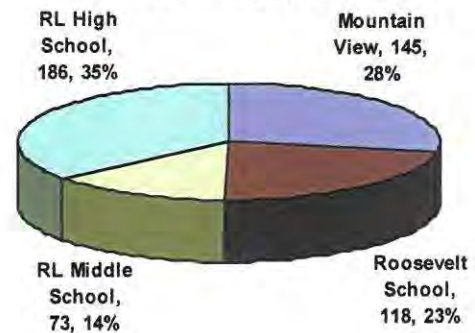
Education & Enrollment

Educational attainment, and the quality and availability of education, is a key component of business and economic development. A well-educated workforce attracts higher-paying jobs to a community.

- According to the 2000 Census, more Red Lodge residents are high school graduates than the state average, and about the same percentage are college graduates (see box below). More than half of Red Lodge residents age 25 or older have some college education: 24% have a college degree (associates or bachelors), 6% have an advanced degree, and another 21% have some college, but have not completed a degree. Slightly more than one-third (37%) have only a high school diploma, and 11% did not complete high school.
- There are four public schools in Red Lodge: Mountain View (pre-school to 3rd grade), Roosevelt School (grades 4-6), Red Lodge Middle School (grades 7-8), and Red Lodge High School (9-12).
- There are six high schools in Carbon County, some graduating only a few seniors annually.
- Enrollment in Red Lodge schools increased 22% from 2000 to 2003, from 408 students to 522 students.

| Educational Attainment: Red Lodge vs. State (Source: 2000 Census) | | |
|--|---------|-----------|
| | Montana | Red Lodge |
| Population age 25+ | 578,471 | 1,633 |
| Did not complete high school | 14% | 11% |
| High school graduate | 30% | 37% |
| Some college, no degree | 25% | 21% |
| Associate or Bachelor's degree | 23% | 24% |
| Graduate or professional degree | 7% | 6% |

Figure 3: Red Lodge School Enrollment, 2003



Income

More than one-third (38%) of the households in Red Lodge have a total gross income of less than \$25,000 per year (Table 3 below). Another 37% earn \$25-\$50,000, so three-quarters of the households earn less than \$50,000 per year. About 26% earn more than \$50,000 annually, and 13%, or 133 households, earn more than \$75,000 per year.

Table 3: Red Lodge Household Income by Category

| Income Category | Households | % of Total |
|-----------------------|------------|------------|
| Total Households | 1,046 | 100% |
| Less than \$15,000 | 218 | 21% |
| \$15,000 - \$24,999 | 178 | 17% |
| \$25,000 - \$49,999 | 385 | 37% |
| \$50,000 - \$74,999 | 132 | 13% |
| \$75,000 - \$99,999 | 102 | 10% |
| \$100,000 - \$149,999 | 18 | 2% |
| \$150,000 or more | 13 | 1% |

(Source: 2000 Census, percents are rounded.)

The high percentage of households in lower income brackets is reflected by other income indicators:

- In 2003, one in five students (21%) enrolled in Red Lodge public schools qualified for free or reduced lunches, based on the income levels of their families.
- 65% of hospital admissions at Beartooth Hospital are Medicare and Medicaid patients.
- Most of the income (72%) was from labor earnings (wages and self-employed income), while about one-quarter (26%) was from retirement, social security, or investments (common for older segments of the population).

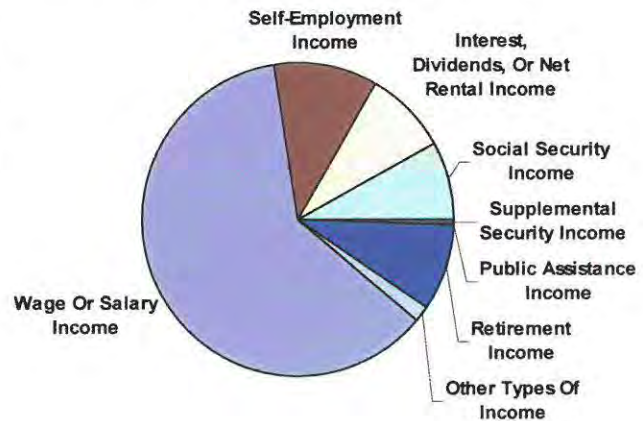
- The per capita income of citizens in Red Lodge was 10% higher than those in Carbon County or Montana, but the median household income of Red Lodge residents was lower (see Table 4 below). Both income indicators were well below the U.S. average.

Table 4: Income in 1999 (Source: 2000 Census)

| | Red Lodge | Carbon County | Montana | U.S. |
|---------------------|-----------|---------------|----------|----------|
| Per Capita \$ | \$19,090 | \$17,204 | \$17,151 | \$29,469 |
| Median Household \$ | \$31,750 | \$32,139 | \$33,024 | \$41,994 |

Figure 4 shows the sources of income in Red Lodge in 2000. Nearly two-thirds (61%) of total income is generated by wages or salaries, and another 11% from self-employment income, for a total of 72% from labor earnings. About 18% was from retirement or investment income, 9% from Social Security and SSI, for a total of 27% from transfer payments. About 1% came from other sources.

Figure 4: Sources of Income in Red Lodge, 2000
(Source: Sonoran Institute, 2000 Census)



Employment & Wages

In 1970, the largest employment sectors in Carbon County were Services and Professional (41% of total employment) and Farm and Agricultural Services (35% of employment, see Figure 5 below). In 2000, the Services and Professional sector had increased to 55% of total employment, and the Farm and Agricultural Services sector had dropped to 22%. The Construction sector had grown from 2.6% in 1970 to 7.6% in 2000, while Government and Manufacturing had declined slightly.

Figure 5: Carbon County Employment by Sector as Percent of Total Employment
(Source: Sonoran Institute)

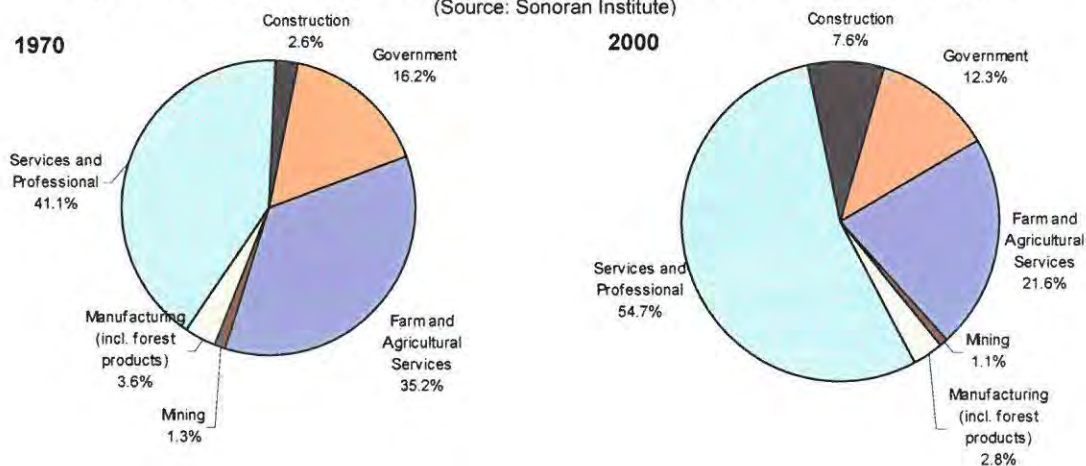


Table 5 below shows that the hospitality, entertainment and retail sectors comprise 42% of Red Lodge jobs. Only 3% of jobs are in manufacturing.

Table 5: Jobs by Sector in Red Lodge (2000)

(Source: Sonoran Institute, 2000 Census)

| Business Sector | % |
|--|----------|
| Lodging, Food & Beverage, Arts, Entertainment, Recreation | 28% |
| Health Care, Education, Social Services | 16% |
| Retail | 14% |
| Agriculture, Forestry, Fishing/Hunting, Mining | 7% |
| Transportation, Warehousing, Utilities | 7% |
| Professional, Scientific, Management, Administration, Waste Mgmt | 6% |
| Construction | 6% |
| Finance, Insurance, Real Estate, Rental/Leasing | 5% |
| Government | 4% |
| Manufacturing | 3% |
| Other Services | 3% |
| Wholesale Trade | 2% |

Table 6 below shows that nearly half (45%) of people employed in Carbon County are self-employed. This includes farmers and ranchers, retail and service business owners, professional services and “lone eagles” (knowledge-based professionals who are sole proprietors or part of a small group). More than half of the employment is in services, 22% is agriculture-related, and 12% is government. Only 3% of County employment is in manufacturing (141 of 5,006 jobs).

Table 6: Carbon County Employment by Industry

(Source: 2000 Census)

| Industry Sector | # Jobs | % of Total |
|--|---------------|-------------------|
| Total Employment | 5,006 | 100% |
| Wage and Salary Employment | 2,749 | 55% |
| Proprietors' Employment | 2,257 | 45% |
| Farm and Agricultural Services | 1,079 | 22% |
| Farm | 901 | 18% |
| Ag. Services | 178 | 4% |
| Mining | 53 | 1% |
| Manufacturing (incl. forest products) | 141 | 3% |
| Services and Professional | 2,737 | 55% |
| Transportation & Public Utilities | 119 | 2% |
| Wholesale Trade | 101 | 2% |
| Retail Trade | 853 | 17% |
| Finance, Insurance & Real Estate | 329 | 7% |
| Services (Health, Legal, Biz, Others) | 1,335 | 27% |
| Construction | 379 | 8% |
| Government | 617 | 12% |

The business sectors with the most jobs in Red Lodge tend to pay the lowest wages. Table 7 (next page) shows the average annual wage paid in Carbon County by industry sector in 2002 (excluding government/railroad employees, and self-employed persons). In real terms, average earnings per job in Carbon County dropped from \$23,083 in 1970 to \$14,972 in 2000. The fastest growing segment of personal income was non-labor sources (retirement, investments), followed by professional and services income, then government and construction. Total net farm and ranch income, in real terms, dropped from \$23 million in 1970 to -\$0.6 million in 2000.

Table 7: Carbon County Average Annual 2002 Wage

(Source: MT Dept. of Labor Research & Analysis Bureau)

| Industry | Amount |
|----------------------------------|----------|
| Utilities | \$54,149 |
| Transportation & Warehousing | \$42,538 |
| Mining | \$32,016 |
| Finance & Insurance | \$30,770 |
| Professional/Technical Services | \$26,460 |
| Information/Communications | \$25,527 |
| Wholesale Trade | \$23,634 |
| Manufacturing | \$23,078 |
| Ag, Forestry, Fishing, Hunting | \$20,636 |
| Health Care/Social Assistance | \$19,866 |
| All Industries | \$18,737 |
| Private | \$17,510 |
| Retail Trade | \$13,834 |
| Other Services | \$12,913 |
| Arts, Entertainment & Recreation | \$10,497 |
| Accommodations & Food Services | \$10,497 |
| Real Estate, Rental, Leasing | \$10,479 |
| Administrative Services | \$ 8,800 |

In real terms, average earnings per job in Carbon County dropped from \$23,083 in 1970 to \$14,972 in 2000; well below statewide earnings per job of \$23,653 in 2000.

(Source: U.S. Department of Labor)

Business Inventory

Red Lodge has a surprising number of businesses for its population base. This is due in part to the influx of tourist dollars, and in part to the number of entrepreneurs and “lone eagles” who choose to live in Red Lodge because of its quality of life. Table 8 (next page) summarizes the known businesses in Red Lodge by business category. The sectors with the largest number of businesses are tourism-related (lodging, food & beverage, recreation), construction-related, and professional services.

Downtown Red Lodge



Table 8: Red Lodge Business Inventory
(Source: City of Red Lodge, Red Lodge Chamber of Commerce)

Retail Goods & Services:

- 11 Gift/Novelty
- 5 Furniture/Furnishing
- 6 Bakery/Candy
- 6 Apparel/Accessories
- 5 Garden/Nursery
- 4 Sporting Goods
- 4 Antique/Used Merchandise
- 3 Specialty Foods
- 3 Art Galleries
- 3 Jewelry
- 3 Quilt/Fabric/Sewing
- 2 Hardware
- 2 Farm Supplies
- 2 Building Supplies
- 2 Book/Periodical/Music
- 1 Drug/Pharmacy
- 1 Toy Store
- 1 Florist
- 1 Grocery Store

Auto Sales/Services/Supplies:

- 6 Auto Body/Parts
- 4 Automobile/Motorcycle Dealers
- 1 Gas Station
- 1 Tire Shop

Lodging Accommodations:

- 24 Hotel/Motel/Resort/Condo
- 3 Bed & Breakfast
- 2 RV Park/Campground

Dining/Beverage:

- 14 Restaurants/Coffee Shops
- 4 Drinking Establishments
- 1 Catering Service

Entertainment:

- 1 Movie Theater
- 1 Casino
- 1 Mobile Music Service

Recreation/Transportation:

- 11 Outfitters and Guides
- 4 Travel Agent/Reservations Service
- 2 Golf courses (1 mini-golf)
- 2 Air Service (airport/instruction)
- 1 Ski Area

Medical & Other Related Services:

- 5 Dentist/Chiropractor/Acupuncture
- 5 Health Service/Massage
- 2 Clinics
- 1 Hospital
- 1 Nursing Home

Professional/Business Services:

- 19 Insurance/Real Estate/Title
- 11 Consulting
- 8 Law Office
- 6 Finance/Bank
- 5 Janitorial
- 3 Computer Systems/Design
- 3 Media (newspaper/radio/cable TV)
- 3 Architecture
- 3 Accounting
- 1 Mapping
- 1 Graphic Art
- 1 Surveying

Personal Services:

- 7 Beauty/Barber/Tanning/Tattoo
- 4 Artists/Writers/Performers
- 3 Photography/Studio
- 3 Landscaping/Lawn Care
- 2 Wedding Consultant
- 2 Schools (martial art, dance)
- 2 Laundry
- 2 Interior Design
- 2 Funeral Services
- 1 Day Care Center
- 1 Musical Instrument Repair

Construction & Related Special Trades:

- 24 Contractor/Builder/Developer
- 6 HVAC/Paint
- 5 Flooring
- 5 Electrical
- 4 Roofing
- 4 Steel/Glass/Excavation
- 2 Concrete

Manufacturing/Distribution:

- 5 Apparel
- 3 Furniture
- 1 Meat Processor
- 1 Commercial Brewery
- 1 Beverage

Industry Sales Trends

Table 9 below shows total business sales by category for Carbon County, based on the 1997 economic census. Retail trade generated the most revenue, followed by wholesale trade. However, this data does not include agriculture-related sales, or manufacturing companies with less than 100 employees.

Table 9: Business Sales by Category

(Source: 1997 US Economic Census)

| Carbon County | # of Estab. | Sales |
|-----------------------------|-------------|--------------|
| Retail Trade | 45 | \$32,775,000 |
| Motor Vehicle/Parts Dealers | 3 | n/a |
| Furniture/Home Furnishings | 2 | n/a |
| Building Materials/Garden | 8 | n/a |
| Grocery/Food/Beverage | 7 | n/a |
| Health/Personal Care | 2 | n/a |
| Gasoline Stations | 5 | n/a |
| Apparel/Accessories | 5 | n/a |
| Sporting Goods/Hobby/Book | 3 | n/a |
| Misc. Retailers | 10 | n/a |
| Wholesale Trade | 21 | \$14,747,000 |
| Food/Beverage Service | 41 | \$10,380,000 |
| Arts/Entertain't/Rec'n | 15 | \$6,718,000 |
| Health Care | 17 | \$4,154,000 |
| Accommodations | 11 | \$3,875,000 |
| Professional/Technical | 14 | \$2,119,000 |
| Real Estate | 28 | \$1,507,000 |

Agriculture Trends

Historically, mining and agriculture have been primary industries in Carbon County. More recently, agriculture has been in decline in the county. According to census data from the U.S. Department of

Table 10: Carbon County Farms (Source: USDA Statistics)

| | 1987 | 1992 | 1997 | % Chg |
|------------------------|-----------|-----------|-----------|-------|
| Number of Farms | 635 | 599 | 623 | -2% |
| Land in Farms (Acres) | 536,553 | 598,694 | 735,910 | 27% |
| Avg. Farm Size (Acres) | 845 | 999 | 1,181 | 29% |
| Total Acres in County | 1,310,763 | 1,310,763 | 1,310,763 | 0% |

Agriculture, the number of farms in Carbon County decreased 2% between 1987 and 1997, while farm acreage and average farm size increased. These changes indicate a consolidation of farms and farmland. However, the number of crop acres planted and harvested in Carbon County has decreased since 1987 (Figure 6 below). Numbers of livestock (cattle, sheep, lambs) have been cyclical, while showing an overall decline of 4% from 1994 to 2002 (Figure 7 below).

Figure 6: Acres of Carbon County Crops
Wheat, Barley, Oats, Corn, Sugar Beets, Beans, Hay
(Source: USDA Statistics)

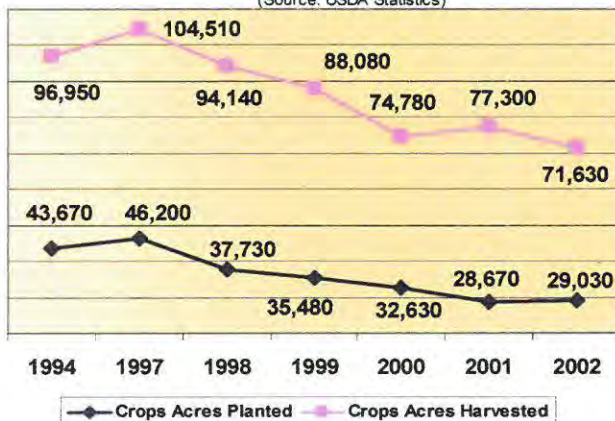
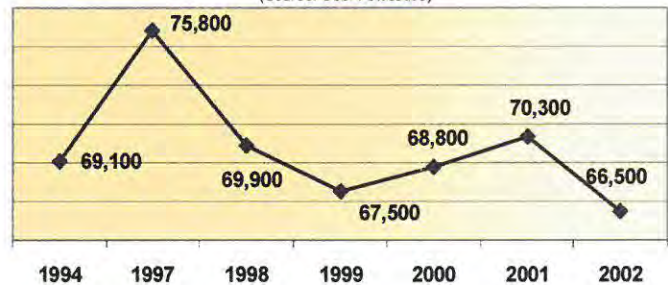


Figure 7: Numbers of Livestock in Carbon County
(Source: USDA Statistics)



Carbon County agricultural sales (cash receipts for crops and livestock) declined 14% from 1993 to 2001, while overall statewide agriculture sales declined 9%. But there are signs of recovery: Carbon County agricultural sales improved from a statewide rank of 19th in 1995, to 10th in 2001 (as of this writing, results of the 2002 Agriculture Census were not available at the county level).

Figure 8: Carbon County Agriculture Sales (\$000)

(Source: USDA Statistics)



Table 11: Statewide Rank of Total Agriculture Income for Carbon County

(Source: USDA Statistics)

| 1993 | 1995 | 1997 | 2000 | 2001 |
|-----------------|------------------|------------------|------------------|------------------|
| 9 th | 19 th | 15 th | 15 th | 10 th |

Retail & Resort Tax Trends

As the Red Lodge business inventory summarized (Table 8, page 10), there are a wide variety of retail businesses in Red Lodge. Many are specialty retailers catering primarily to tourists, such as art galleries, specialty apparel and gift shops, while others are general retailers targeting primarily local residents (hardware, groceries, florist). While the specialty retailers tend to target a higher-priced market, the general retailers are competitive with similar businesses in Laurel or Billings (True Value, IGA, Albertson's, etc.). These locally-owned businesses support the community through their taxes, employment, and donations to local organizations and projects.

Some local retailers have developed branded products that are exported from the community to regional and national markets. Examples are Red Lodge Ales, Moosely Tees, and Sylvan Peak Clothing.

While the variety of goods and services available in Red Lodge is a tremendous benefit to residents, and an attraction for visitors, many of the businesses struggle with profitability due to the small population base in their trade area and the short length of the peak tourist season. Table 12 on the next page shows the average trade area population typically required for different types of retail businesses. These figures are national averages, and vary depending on location, accessibility and other economic factors. Therefore, the numbers are not intended as a definitive measure of trade area requirements. However, the table does highlight how fortunate Red Lodge residents are to have the variety of businesses that they do. It also demonstrates the difficulty of business survival in areas with a small population base and/or seasonal tourism such as Red Lodge. Consequently, Red Lodge has a high business turnover rate in the retail sector.

Table 12: Average Trade Area Population Required to Support Retail Stores

| <u>Retail Category</u> | <u>Pop'n Required</u> | | |
|---|-----------------------|--|---------|
| Food | | Automotive | |
| Bakery products stores | 10,126 | Aircraft, boat, motorcycle dealers | 30,497 |
| Candy, nut, confectionery stores | 12,594 | Household trailer dealers | 46,456 |
| Dairy products stores | 29,728 | Passenger car dealers | 5,657 |
| Fish markets | 51,971 | Tire, battery, accessory dealers | 7,284 |
| Fruit stores, vegetable markets | 21,259 | Lumber, Hardware, Bldg Mat'ls, Farm Equip't | |
| Grocery stores/delicatessens | 770 | Farm equipment | 11,530 |
| Meat markets | 11,463 | Hardware stores | 6,374 |
| Eating and Drinking | | Heating, plumbing equip. dealers | 40,859 |
| Drinking places (bars) | 1,705 | Lumber, building materials | 6,510 |
| Eating places (restaurants) | 842 | Paint, glass, wallpaper stores | 16,239 |
| General Merchandise | | Miscellaneous Retail | |
| Department stores | 44,379 | Antique/second-hand stores | 7,313 |
| Dry goods stores | 34,152 | Bicycle shops | 100,083 |
| General merchandise stores | 6,899 | Book stores | 59,815 |
| Variety stores | 8,430 | Camera, photographic supply stores | 57,030 |
| Apparel and Accessories | | Cigar, tobacco stands | 38,509 |
| Children's/infant's apparel | 33,057 | Farm and garden supply stores | 16,774 |
| Men's and boys' apparel | 8,403 | Florists | 9,527 |
| Shoe stores | 7,679 | Fuel, ice dealers | 7,559 |
| Women's apparel | 4,247 | Gift, novelty, souvenir stores | 14,965 |
| Furniture, Furnishings, Appliances | | Hobby and toy stores | 44,099 |
| Furniture, home furnishings stores | 3,437 | Jewelry stores | 9,011 |
| Household appliances, radio, TV | 6,148 | Luggage, leather goods stores | 140,684 |
| Music stores, records, instruments | 23,363 | Newsstands | 29,533 |
| Drug Stores | | Optical stores | 14,792 |
| | 3,749 | Pet shops | 82,455 |
| | | Sporting goods stores | 17,270 |
| | | Stationary stores | 33,290 |

Source: Bureau of the Census, U.S. Dept. of Commerce

Red Lodge is one of several resort communities in Montana that has a local sales (resort) tax, which is levied on sales of lodging, food and beverage, and selected (“tourism-related”) retail items. The 3% sales tax was approved by voters in 1998, and overall tax collections grew by about 9% (\$42,700) through 2003. Figure 9 shows the growth trend (with a dip in 2001), along with the difference in collections by quarter. Not surprisingly, Quarter 3 (July – September) has the largest collections, followed by Quarter 2, with Quarters 1 and 4 about equal.

Figure 9: Total Resort Tax Collections, 1998-2003

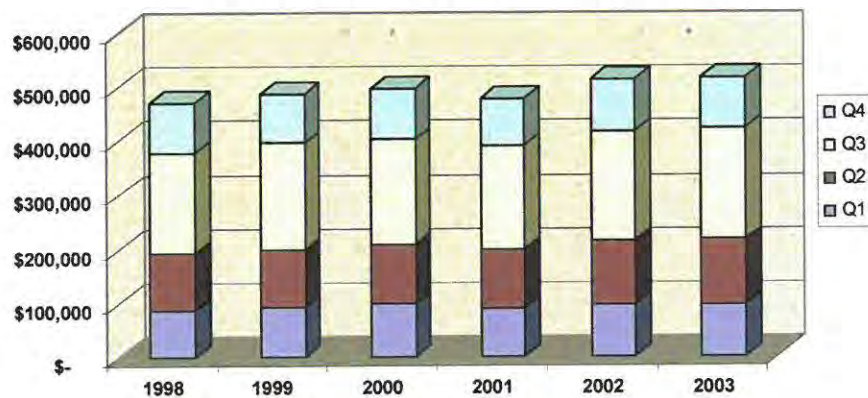
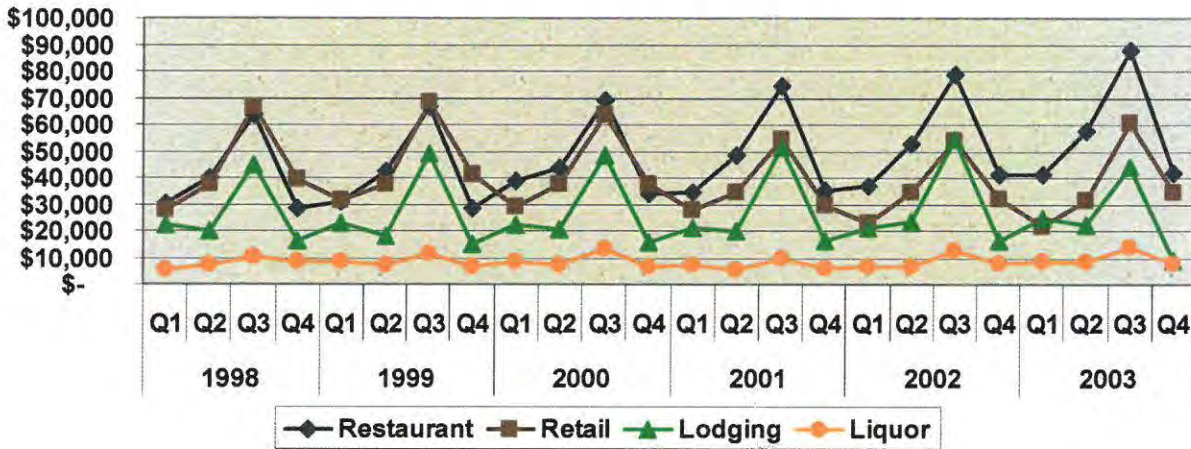


Figure 10 below shows resort tax collections by sector and by quarter from 1998 to 2003. It is easy to see how the seasonality of tourism in Red Lodge affects business sales, with the exception of liquor sales, which do not fluctuate as drastically as the restaurant, retail and lodging sales. These dramatic fluctuations in sales are difficult for business stability in every sense: cash flow, profitability, workforce availability, employee training costs, and relationships with suppliers.

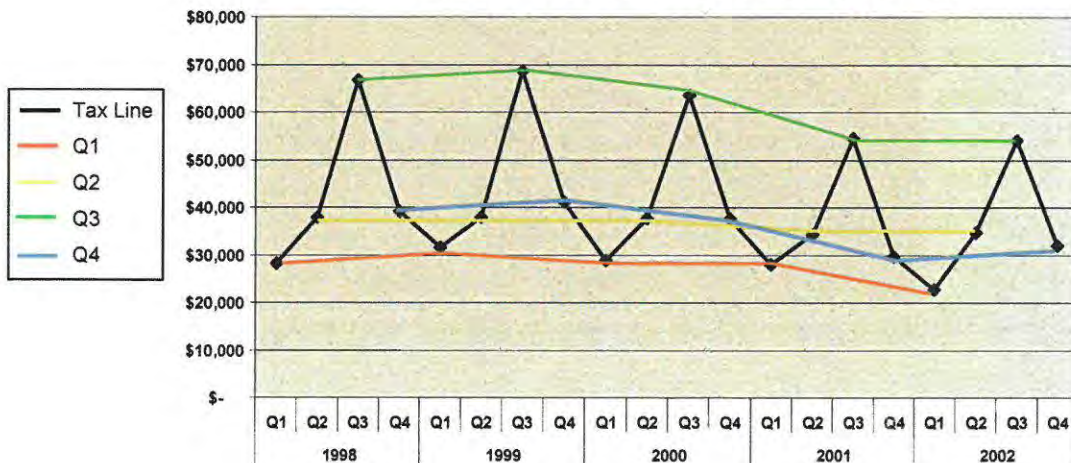
Figure 10: Resort Tax Trends by Category, 1998-2003



Note that while lodging and restaurant sales have increased overall from 1998 to 2002, retail sales have declined. Figure 11 below shows this trend more clearly. Quarter 2 (April-June) appears to have more stable retail sales than the other three quarters. This stability could reflect a similar trend in lodging sales, but it also could reflect differences in the number of retail businesses reporting, or in business tax reporting times.

The resort tax revenues are used to benefit the citizens of Red Lodge by paying for improvements to the water and sewer system, streets and sidewalks, and parks. Increases in local business sales translate to higher collections of resort tax, and hence more funding for local infrastructure and services.

Figure 11: Retail Sales Tax Collections, 1998-2002



Recreation & Tourism Trends

“Red Lodge, nestled in the foothills of the magnificent Beartooth/Absaroka Mountain Range, is surrounded by twenty-eight peaks rising over 12,000 feet and the Custer National Forest; and is considered by many to be the most beautiful gateway to Yellowstone National Park.”

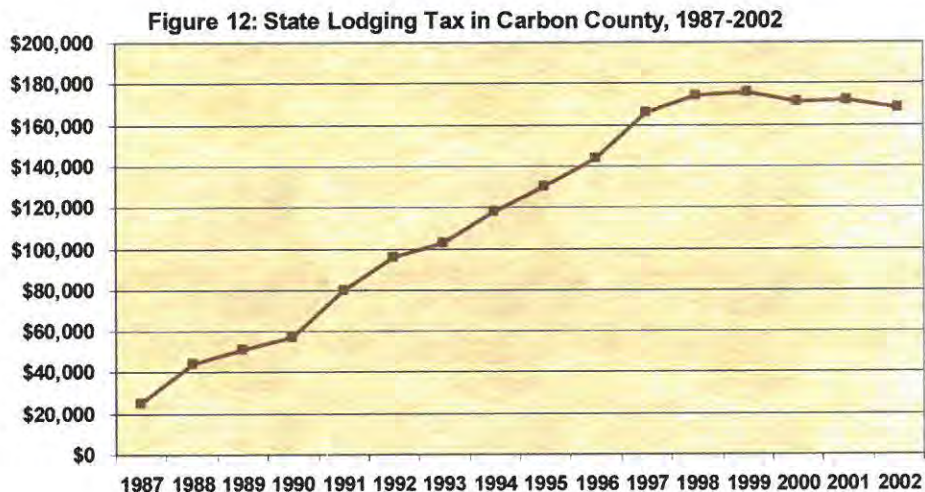
- *Carbon County Profiles*

Tourism is a major component of the economy of Red Lodge and Carbon County, and the City's second largest employer behind health care. As noted above, the area has extraordinary natural beauty and recreational assets, along with a variety of businesses to host visitors:

- 400 lodging guest rooms in motels, B&Bs, ranches, resorts and vacation homes/condominiums
- 23 dining and beverage establishments
- 11 outfitting and guiding businesses
- 4 booking and reservations services, and a Chamber of Commerce visitor center, which greets more than 10,000 visitors annually at the facility
- Ski resort and golf course, galleries, meeting and conference facilities, etc.

The Beartooth Highway, itself a destination as a designated All-American Road, passes through Red Lodge and continues south to Yellowstone National Park. En route, it features dramatic switchbacks overlooking snow-capped peaks, glaciers, alpine lakes and plateaus, and has been called the most beautiful drive in America. Outdoor recreation opportunities in the Red Lodge area include golf, fishing, hunting, skiing, snowboarding, bowling, hiking, mountain biking, camping, white water rafting, and numerous other recreational and sports activities.

Analyses of both state and local lodging taxes, as well as skier visits and traffic counts, provide some insights into recent tourism trends. Figure 12 shows the overall trend in collections of state lodging taxes from 1987 to 2002 in Carbon County. There was steady growth through 1999, then a slight decline from 1999 to 2002. In ten years, from 1992 to 2002, the tax revenue grew 76%. The growth is attributed to overall increases in tourism visitation to Montana, as well as increases in the number of lodging properties in the County, and increases in room rates.

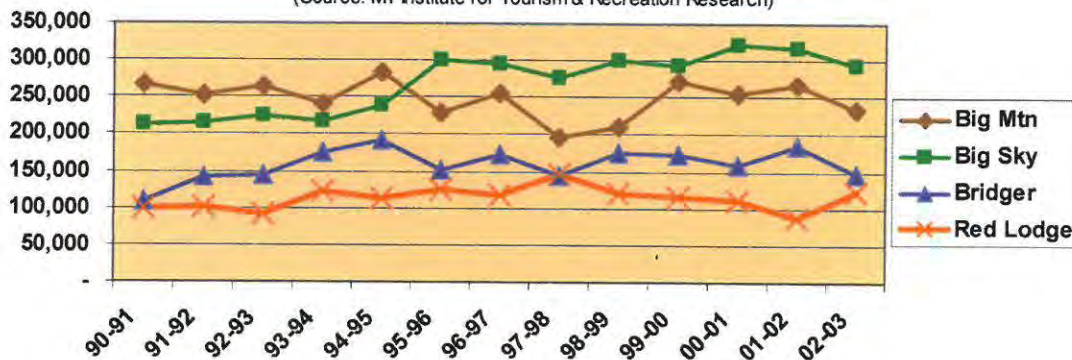


As Figure 10 on the previous page demonstrates, lodging revenue in Red Lodge is extremely seasonal. During peak tourist season, the population of Red Lodge rises by approximately 1,000 people, including guests of hotels, B&Bs, lodges and vacations homes/condominiums. However, peak summer season is only two months long, from July 4th through Labor Day. The rest of the

year, the hotels generally fill only at Christmas, Presidents' Day weekend, and three weekends in March. As a result, the overall average hotel occupancy on a year-round basis is less than 40%, which is below break-even level for most lodging properties. At that level, property owners find it difficult to afford investments in maintenance and upgrades to their facilities.

Figure 13 represents skier visits to the four destination ski resorts in Montana. Visitation to ski resorts is affected by snowfall, and substantially accounts for the decrease/increase in visits at Red Lodge Mountain during the 1998-2003 seasons. The proximity of "The Mountain" to Red Lodge presents economic opportunities for shops, restaurants, hotels, and other tourism related businesses. Red Lodge Mountain completed a Master Plan in 1995, and began a \$6 million upgrade and expansion that doubled their uphill lift capacity. The Mountain averages about 120,000 skier visits annually, and 30% of those are snowboarders. Because of its proximity to Billings, Red Lodge sees about the same volume of skiers as Bridger near Bozeman during good snow years. However, Red Lodge tends to be more severely impacted in drought years, when Bridger captures many of the Billings skiers.

Figure 13: Destination Ski Area Visits (by season)
(Source: MT Institute for Tourism & Recreation Research)

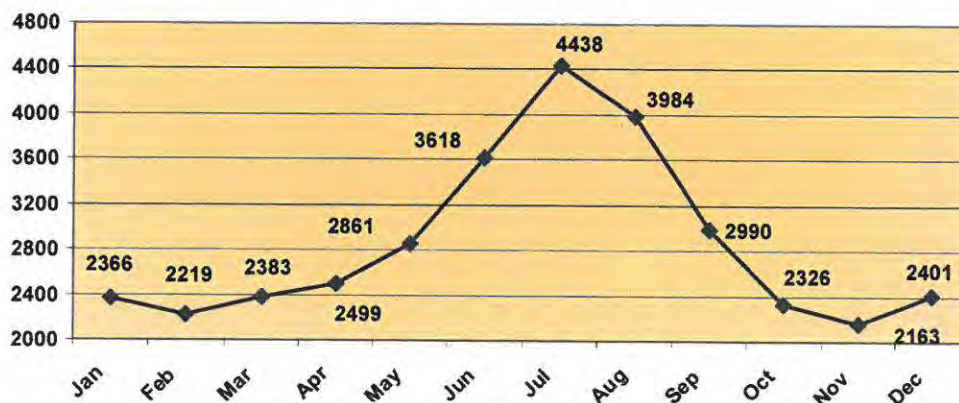


The Montana Department of Transportation regularly captures traffic count data on major highways and gateways around the state. Table 13 below shows the increase in traffic volume over the past decade, with a notable spike in 1995. Figure 14 below shows traffic volume and seasonal patterns by month in 2003. Note the large drop in traffic volume when the Beartooth Highway is closed.

Table 13: Average Daily Traffic (ADT)
U.S. 212, 1.8 miles North of Red Lodge (Source: MDT)

| Year | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | % Change |
|------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|----------|
| ADT | 2,375 | 2,587 | 3,070 | 2,697 | 2,721 | 2,736 | 2,784 | 2,772 | n/a | 2,863 | 2,870 | +21% |

Figure 14: 2003 Average Daily Traffic Hwy 212, 1.8 Miles North of Red Lodge
(Source: MDT)



Impact and Sources of Visitors

Tourism has tremendous economic impact on Red Lodge and Carbon County. A study conducted by the Montana Institute for Tourism and Recreation Research (ITRR) at the University of Montana reported the following economic impact figures for visitors to Red Lodge and Carbon County in 1999:

- Groups of Tourists to Carbon County/Red Lodge in 1999: 311,490
- Groups Staying at Least One Night: 76,440
- People per Group: 2.65*
- Days Spent in Montana: 3.4*
- Group-days (in MT): 1,059,066
- \$ Spending per Group per Day (spent in MT): \$70.10*
- Population of County: 9,248
- Tourist Dollars per Capita: \$580

* Groups who spent the night.

A key year-round source of visitors to Red Lodge is Billings, whose residents come to Red Lodge for skiing, day trips, weekend getaways, golf, dinner, use of vacation homes, and special events. Another key market is Montanans from other parts of the state, who are exploring their own backyard, or passing through to visit Yellowstone, Cody or points further south. The Chamber of Commerce reports that most nonresident visitor inquiries come from people living in Minnesota, the Dakotas, Colorado, Wyoming, Idaho and Washington. These data are consistent with State findings. In winter, about 70% of the skiers come from the local market (within a 60 mile radius), and about 30% from the Dakotas.

Significant improvements could be realized for the economy and business profitability in Red Lodge by increasing the amount of off-peak season visitation.

RED LODGE STRENGTHS AND WEAKNESSES

The previous section (Socio-Economic Trends) focused on “the facts” about Red Lodge, its people, economy and business trends. The next section is an assessment of the area’s strengths and weaknesses from the perspective of a business investor, whether the investor is an existing business owner seeking to expand, a start-up entrepreneur, or a business considering relocation to Red Lodge.

This assessment is based on the information provided in the previous section, on the survey of Red Lodge business and community leaders conducted by the consulting team, on interviews with businesses and citizens, and on the consulting team’s experience in the field of business and economic development.



OVERALL QUALITY OF LIFE

SIGNIFICANCE

Quality of life means different things to different people, but certain factors are widely valued, including a reasonable cost of living, low crime rate, cultural/recreational activities, and overall community ambiance. Entrepreneurs and business owners seeking to expand or relocate a business consider community attributes like housing availability, community attractiveness, cultural-recreational assets and the general cost of living. While cost is a major factor in location decisions of companies, quality of life plays an increasingly important role. Business owners and lone eagles want to live in pleasant communities, and a high quality of life makes it easier to attract and retain the best employees. The quality of life, medical care, crime rate, moderate living costs, and attractive environment must be factored when companies consider new projects and development. The quality and availability of health care also is an increasingly important quality of life factor for potential residents and retirees.

Today's information and service-based businesses seek locations where they can find, attract and retain talented, creative professionals. Talented people seek communities with a high quality of life and appealing sense of place, including a vibrant Downtown. Arts, entertainment, diversity, outdoor recreation, events, and places to gather and worship are important to knowledge workers – and to the companies who hire them.

Attractive development and redevelopment is a critical factor in the community's sense of place. The success of commercial retail areas is enhanced by pedestrian-friendly customer comforts such as public gathering and green space, shade, benches, bicycle racks, children's play areas and public/interactive art. Unique businesses in commercial areas add to the community's character and sense of place, while sprawl detracts from the community's appeal.

STRENGTHS

Sense of Place: Small Town Authenticity, Unique History, Setting

- Red Lodge has considerable “curb appeal” as a community. On the Red Lodge leadership survey, more respondents cited the general appearance of the community as a strength than as a weakness. 51% indicated that the appearance of downtown is a strength, and 60% cited the availability of quality restaurants and adequate hotels and motels as a strength.
- Vibrant Downtowns have something happening 18 or more hours a day, from early morning bakeries and coffee shops to late night social and music spots. 40% of the leadership survey respondents identified the level of cultural activity and facilities in Red Lodge as a strength. Tourism has clearly helped Red Lodge with a range of nightlife and entertainment.
- A number of local citizens and leaders interviewed were of the opinion that the entrances to the community could be made more attractive, and that attention should be paid to its overall appearance.
- Participants in the Red Lodge Leadership Survey cited extraordinary scenic beauty, nearby attractions and abundant outdoor recreation as key strengths in the Red Lodge area. Not only do they contribute to quality of life for residents, but are an attraction to visitors.

Volunteerism

- Red Lodge is an active community, with many dedicated volunteers in a variety of community service organizations and youth programs. Retirees are a tremendous volunteer resource in the community.

Climate and Air Quality

- The dry climate (less than 14 inches of precipitation annually) and moderate temperatures provide an attractive environment for outdoor activity.
- The combination of higher elevation (5,555 feet above sea level), location at the base of a mountain (providing good air drainage), and lack of sources of local air pollution provide excellent air quality.
- 92% of local leaders surveyed perceive that the level of air quality is a strength, and 62% feel that the quality of the climate is also a strength.

Arts and Cultural Activities

- Red Lodge has a thriving artist culture for a community its size, including painters, furniture-makers, wood carvers, authors, photographers and musicians. The Carbon County Arts Guild has 400+ members, and maintains a regional art center based in the old Red Lodge Depot. The art center is open year-round with a permanent visual art collection as well as special shows, and several other galleries in Red Lodge offer contemporary art exhibits.
- The Peaks to Plains Museum showcases the area's heritage.
- The Beartooth Nature Center attracts 10,000+ visitors annually to view wild animals that cannot be returned to the wild after being injured or orphaned.
- Local festivals and events celebrate Red Lodge's rich ethnic and western heritage.
- Local media provide event information to residents and visitors alike.

Health Care Quality and Availability

- Beartooth Hospital and Health Center is a Rural Frontier Critical Access Hospital with facilities for obstetrics, emergency services, and stabilization, as well as 30 long-term care beds and a day care center. Six family practice doctors are in residence.
- The hospital is a major component of the regional infrastructure, contributing to the health and well being of citizens, and providing a focal point for community health programs. It serves patients from throughout Carbon County and is an important bridge for patient care with the two major hospitals in Billings.
- Beartooth Hospital also is one of the largest employers in the Red Lodge area, and its relatively high paying jobs provide a significant positive impact on the community. Local leaders emphasize that availability of the hospital and clinics is a significant strength of the community.
- The hospital is currently considering an expansion and relocation. Issues related to asbestos, ADA accessibility and space limitations in the existing facility (built in 1950) create challenges for renovation (the hospital currently operates under 19 ADA waivers due to noncompliance of the existing facility).

WEAKNESSES

Availability of Housing for Low- and Moderate-Income Families

- In 2000, the housing vacancy rate in Red Lodge was 4% for owner-occupied units, and 13% for rental units (59 units available). Realtors report that since 2000, vacancy rates have dropped in all categories of housing.
- The cost of housing in the Red Lodge area continues to rise (consistent with state and national trends), which reduces the availability for low- and moderate-income households. It

is difficult for first-time homebuyers to find a home in the \$60,000 to \$80,000 price range. The average new home price in the community is \$150,000 to \$170,000. Some of the cost increases are due to development requirements and restrictions that raise the cost of home construction.

- In the survey of community leaders, 59% responded that low-income families did not have an adequate supply of housing in the Red Lodge area. The 1995 Master Plan and 2001 Growth Policy both cited affordable housing as a priority issue. Lack of housing adds to the cost and time of commuting for people working in low wage jobs in the community.

Crime Rate & Substance Abuse

- While 59% of the local leaders surveyed perceived that the lack of crime was a strength, Red Lodge actually had a crime index in 2001 of 4,583, which is more than double the 2,040 index for rural Montana, the 3,513 index for the state as a whole, and the 4,163 rate for the nation as a whole. The crime index is based on a rate per 100,000 population by the Federal Bureau of Investigation (as reported by local law enforcement).
- Local social services and law enforcement organizations report that drug and alcohol abuse problems have been rising in Red Lodge. Methamphetamine was cited as a particular concern. Seasonal employment and low-paying jobs tend to exacerbate these issues. Substance abuse problems are likely a factor in the crime rate cited above, and tear at the social fabric of the community.
- During 2001, 76% of reported crimes and arrests in Red Lodge were larceny-theft; 13% burglary, 5% aggravated assault; 4% motor vehicle theft, and 2% robbery. (Source: FBI, City of Red Lodge)

Lack of Funding for Basic Services

- Several community leaders expressed concerns about funding for basic services, particularly services/amenities for the older citizens of Red Lodge. Examples are shoveling snow on downtown crosswalks, removing berms of snow so seniors can access sidewalks, ADA accessibility to public facilities, and transportation for seniors. 25% of survey respondents said that physical accommodations for persons with disabilities are a weakness in the community.
- Basic services affect all segments of the population, as well as tourists. Increases in resort tax collections through growth in off-peak season tourism could help enhance funding for these basic services.

REAL ESTATE & PUBLIC FACILITIES

SIGNIFICANCE

Constructing and operating a commercial building is a major cost factor for businesses. Companies evaluate office and commercial lease costs and availability when selecting locations for facilities and offices since the costs can vary substantially from area to area. The consulting team's experience in business site selection reveals that 60-80% of new business locations are seeking an existing building. Available buildings are very important to the success of manufacturing, distribution, and technology-related projects.

Companies also need convenient access to meeting facilities for sales and marketing meetings, strategy sessions, off-site training and occasional gatherings of customers or suppliers. Meeting and event activities attract visitors from outside the area. Other groups gather for association meetings, social events and competitions.

STRENGTHS

Land Available for Development

- The 1995 Red Lodge Master Plan and 2001 Growth Policy projected that an additional 690 housing units would be needed in the Red Lodge area by 2015 to meet population growth demands. Within the City limits, a few lots are available, with more proposed east of Rock Creek, and the Country Club Estates development is only at 40% build-out, with lots selling for \$30,000 to \$32,000.
- A high percentage (perhaps 1/3) of homes sold in the Red Lodge area are second homes, with a high number of these sold to out-of-state buyers. The increased demand has led to rising prices.
- Several large parcels of land in the County are available (and some have been platted) for residential and commercial development.

Public Facilities

- Red Lodge has a variety of public facilities (parks, pool, ballfields, Civic Center, etc.), although funding has been insufficient to keep up with maintenance and operation of the facilities. Priority public works projects have been completion of upgrades to water and sewer systems.

WEAKNESSES

Commercial & Business Park Sites

- Red Lodge does not have enough developed commercial/business park capacity with fully served sites (water, sewer, highway access, high speed telecom) to meet its economic development needs now and into the future.
- The Beartooth Business Park, located just off of Highway 78 behind the cemetery, consists of 40 acres that are privately owned; including one platted 20-acre site. This Park is located near the airport and is accessed from Highway 78, but it does not have natural gas service, municipal sewer service, and broad-band internet connections, and the number of available sites are limited to two additional facilities. The Business Park provides an attractive setting, with good access to Highway 78 and proximity to an attractive golf course residential community.

Supply of Available Buildings

- Specialty manufacturers in Red Lodge who are expanding operations have found it difficult to locate available industrial space in the community, requiring them to build new facilities.
- Respondents to the community leader survey reported that the supply of professional office space in Red Lodge is limited, although the new Hawkeye Center and former post office buildings provide additional space.
- In general, limited available space exists for entrepreneurial startups and small businesses.
- There are some opportunities for redevelopment of buildings that could be used for commercial and professional uses, such as the Theatorium, the pea cannery, the former hotel space above the movie theater, former post office, etc.

Meeting & Event Facilities

- Some businesses in Red Lodge report a lack of adequate conference and meeting space. This was also viewed as a weakness in the Leadership Survey.
- Hotel occupancy rates in the Red Lodge area vary greatly by season. Convention and meeting business can enhance occupancy rates in the off-peak months.
- The size and location of Red Lodge make it unlikely that a free-standing convention center would be financially viable without large amounts of public subsidies.
- Nationally, the average meeting group size is 50 people.
- There are a number of existing facilities in Red Lodge that can accommodate groups of 30 to 100+ people, including Rock Creek Resort (400), Bridge Creek Restaurant (100-120), the Bull and Bear, the Elks Club, the Country Club (150), the Labor Temple 3rd floor (following renovation), the Civic Center (for certain types of groups), and the newly-upgraded fairgrounds (350+). These facilities are not packaged or marketed systematically as a unique resource in Red Lodge.
- The lack of an indoor multi-purpose event facility impairs the City's ability to attract business during off-peak seasons. Such a facility also could incorporate uses for hosting of sports events, tournaments, trade shows and local recreation (ice rink, basketball, meetings, etc.).

Public Facilities & Services

- The 1995 Master Plan and 2001 Growth Policy both recommended that a Public Facilities Plan be completed for Red Lodge to address facility needs, including a budget and schedule for addressing them. Resources have not yet become available to complete the Plan.
- Planning and code enforcement were cited by community leaders as priorities for the City.

BUSINESS CLIMATE

SIGNIFICANCE

Business climate is one of the most important factors in business location decisions, and creation of higher paying jobs. It is a combination of local government effectiveness and attitude, the permitting and regulatory situation, taxes, etc. As the differential in costs for labor and traditional inputs becomes smaller around the country, intangible factors, such as whether business sees local government as helpful, indifferent, or hostile, become even more important as factors in location decisions.

How business is treated on a day-by-day basis is the essence of business climate. Business and industry have many locational alternatives when deciding where to make their investment. Time is money. If a community places impediments to the development process, those investment dollars will be placed elsewhere. In addition, the community will gain a reputation as a difficult place to do business, further impeding other business opportunities.

Businesses depend on government to provide infrastructure, education, and equitable tax rates. Government regulations such as planning and zoning affect business investment decisions and profitability, which in turn affects jobs. Businesses need cooperation and coordination from all public sector entities when they expand or locate new facilities. Businesses eliminate communities at the final stage of evaluation if they sense that governments don't work together. Power, personality, and politics often create conflicts between jurisdictions that complicate the operations of local businesses. States and communities often tax assets, inventories, sales, net income and purchases. Business tax policies vary greatly between communities, and state taxes and incentives increasingly determine business location decisions.

A growing share of new jobs in the U.S. economy stems from the formation of new companies. A business climate that supports and rewards entrepreneurs, and that understands their needs, is an important component of thriving economies throughout the U.S.A.

STRENGTHS

Entrepreneurial Climate

- The presence of a strong “intellectual capital” base in Red Lodge provides significant potential for the creation of a number of new startup businesses. The high proportion of Red Lodge residents with college degrees offers a strong resource for launching and growing entrepreneurial businesses.
- A number of “lone eagles” (knowledge-based professionals who are sole proprietors or part of a small group) already are located in the community. Approximately 30 lone eagles typically attend networking gatherings, and it is estimated that there may be as many as 50 in the community.
- The Red Lodge Chamber of Commerce has a membership of 250+. Member benefits include business and community promotion, representation of business issues to public officials and the media, networking, and the availability of lower-cost group business insurance.
- Tourism is a potential source of new business development. Guests in motels and visitors who stop at the Chamber visitor center often inquire about business location opportunities, and the types of businesses available/needed in Red Lodge.

WEAKNESSES

Development Impediments

- Builders and business owners interviewed by the consulting team mentioned that a lack of consistent and clear interpretation/application of building codes and their enforcement make Red Lodge less attractive for developers.
- Builders and developers opine that how the City and its planning department administer building programs has been too arbitrary and discouraging for businesses.
- The zoning code is outdated and needs to be revised, according to developers. Most projects involve a variance, PUD, or rezoning. Standard subdivisions should not require a PUD.
- Business leaders interviewed perceived that city employees often were not responsive and cooperative, particularly with local businesses.
- A number of those interviewed indicated that the City could benefit from hiring a full-time city planner and/or administrator/manager.
- A majority of the leadership survey respondents indicated that local government needs to provide more and better information online, such as codes and permit applications.
- A difficulty faced by local entrepreneurs is the lack of technical support available in the community and the shortage of available space.

Local Economic Development Coordination

- It was noted in a number of interviews that City and County government do not work well together, which is an impediment for rational economic development.
- It also was noted in interviews that Chamber of Commerce efforts could be enhanced and more focused in response to needs of the business community.
- There appears to be a strong polarity in the community between those who want to see sustained growth (on a reasonable level) and those who do not want change. There is lack of agreement on the community's identity. This produces a significant negative impact on the community's economic development program.
- A strong desire exists among the business community for a full-time economic development professional working with an independent Board of Directors to create an active and sustainable economic development program for the Red Lodge area, including a business retention strategy.
- It is currently difficult to obtain information for business development purposes in Red Lodge. There is no single place to go for readily accessible information, and no "welcome committee" to address the questions and information needs of business prospects. Roles of public, private and non-profit entities in economic development are not clearly defined.
- Better linkages to the resources of Montana's university system need to be established (research, tech transfer, engineering, tourism data, Huntley Research Station, Extension).
- Agriculture is an important part of the economy of Carbon County and Red Lodge, yet the agriculture community does not feel that its contributions are appreciated by many Red Lodge businesses.

Tax System and Rates

- The passage of a 3% resort sales tax in Red Lodge has provided critical funds for infrastructure improvements and marketing, but it is not universally recognized in the community as a source of revenue. Some of the local residents and businesses believe that it puts the community at a competitive disadvantage for consumer shopping.
- Red Lodge manufacturers consider the local property tax, and the state income tax, a locational disadvantage.

MARKET ACCESS & MARKETING

SIGNIFICANCE

Market access, logistics, and marketing costs are an important component of operating costs for all companies. Retailers consider logistics to access their target customer groups. Industrial and manufacturing operations are often located in the geographic center of their markets because of transportation logistics considerations for national, regional, and multi-state territories. Market access also is important to the tourism industry, regional retailers and other consumer service companies, since access to customers is the primary consideration in the success of consumer-oriented business.

STRENGTHS

Retail Location

- As a retail center, Red Lodge serves local, regional and tourist markets. Retail development programming should focus on strategically addressing retail leakage in areas where there is realistic potential for recapturing some of those dollars in Red Lodge.

Tourism-Related Promotion

- The impact of the tourism industry on the community of Red Lodge is considered a strength by 76% of survey respondents.
- The Chamber of Commerce, Lodging Association, Downtown Merchants and Yellowstone Country regional organization all are engaged in promotion efforts targeting tourists. Strategies include the Red Lodge Guide, billboard ads on Interstate 90, advertising, Internet and direct mail campaigns, and partnerships with state agencies and trade associations.
- The Beartooth Nature Center is a resource whose potential has not been fully tapped. Higher visibility and additional space for expansion could increase the number of visitors who travel to Red Lodge or extend their stays to see this unique facility.
- Markets with direct flights into Billings, such as Minneapolis, Denver and Seattle, are logical targets for tourism promotion. Strategic alliances with the Billings CVB and other regional tourism organizations are important to the success of Red Lodge tourism efforts.

WEAKNESSES

Tourism Marketing

- The dramatic seasonality of tourism in Red Lodge causes businesses to lack a sufficient volume of customers on a year-round basis. During off-peak times, Red Lodge must find ways to attract visitors for indoor events and activities.
- National tourism trends reveal that packaging is critical to successful marketing of tourism destinations. The new currency for Americans is time, so the less time that people must spend researching, planning and booking a vacation, the more likely they are to buy. Montana (and other western states) are notorious for their “a la carte” (ruggedly independent) approach to tourism marketing, making it difficult for potential customers to “buy” their vacation destinations. Many visitors prefer authentic destinations over Disney, cruises and beach resorts; however, the authentic destinations like Red Lodge need to continue enhancing their packaging of “one call buys it all” vacation promotion.

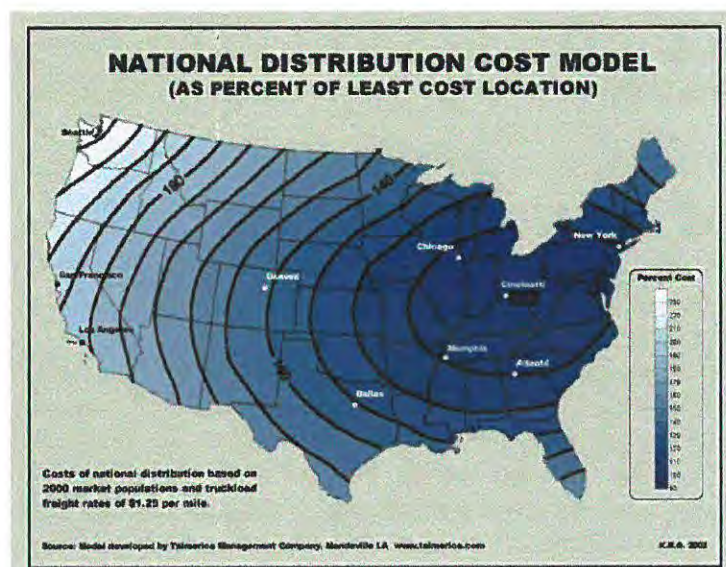
- Red Lodge is perceived as being weak in activities for children (who can take only so much “scenic beauty”). Kids’ activities such as horseback riding, mini-golf, video games, luge rides, etc. would increase Red Lodge’s appeal to families.
- There are more than 40 businesses and organizations promoting Red Lodge to tourists; however, there is no cohesive image or message being projected in a systematic way – there are 40 different messages going to 40 different targets in myriad media, which creates information clutter and confusion for potential visitors. All tourism marketing investments could be more effective by pooling some resources for a strategic, cohesive marketing plan and message.
- The Chamber of Commerce has limited funding and staff resources, which means that the Director is torn between the need to “staff the office, answer phones and greet visitors,” the need to visit Chamber members at their businesses, and the need to spend time on strategic marketing and business retention activities.

Infrastructure

- The Beartooth Highway reconstruction between 2004 and 2010 will create delays for visitors, and may cause decreases in visitor numbers.
- Ski Hill Road is a liability for Red Lodge Mountain Resort. The condition and maintenance of the road detracts from the image and desirability of a destination ski resort. The road also lacks a connection to Highway 78 (as proposed in the 1995 Master Plan and 2001 Growth Policy).

National Market Access

- According to Montana Department of Transportation, the greatest barrier for economic development in much of Montana is distance to markets rather than a lack of infrastructure.
- Companies that require cost-efficient access to national markets are at a competitive disadvantage throughout Montana, including the City of Red Lodge (see map, below).
- Lone Eagles are not location-dependent to operate their businesses, so attraction of this business sector is a viable strategy for Red Lodge.



WORKFORCE AND TRAINING

SIGNIFICANCE

The sophistication level of workers in the U.S. has increased over the past decade, as employees utilize more information technology to accomplish their tasks. Workers need good basic skills in math and language as well. Businesses need employees with computer and administrative skills. Low turnover and absenteeism also are important factors as most businesses operate without a redundancy of workers trained in specific operations such as purchasing and accounting.

Labor costs are among the most critical cost factors in business location decision. Labor typically accounts for 35% or more of operating costs. As a result, labor costs are closely scrutinized in business development decisions.

STRENGTHS

Labor Force Skills

- Based on local discussions and interviews, it would appear that a number of people with professional and technical skills have moved to Red Lodge to take advantage of its quality of life.

Wages

- The wage index for manufacturing in Carbon County was approximately \$9.11 in 2001, based on County Business Pattern data. This compares to \$14.97 for the State as a whole and \$18.62 for the nation. This indicates a competitive advantage for locating a small manufacturing operation in the Red Lodge area.
- The other side of the lower wage issue is that it reflects the lack of higher paying jobs in the community, which results in lower household incomes. Median household income in Red Lodge in 2000 was \$31,750, which was lower than that of the State (\$33,024) or the nation (\$41,994).

WEAKNESSES

Available Labor Supply

- Carbon County had a 4.2% unemployment rate in December 2003, which was below the 5% for Montana as a whole and the 5.4% for the U.S. This translated to only 190 people unemployed out of a county labor force of 4,512.
- Red Lodge and Carbon County had median ages of 41.7 and 41.9 respectively, which is significantly older than the 37.5 median age for Montana and 35.3 median age for the U.S. This reflects an influx of retirees and a loss of younger age groups. The implication is a reduction in the size of the workforce, meaning that Red Lodge businesses will need to recruit employees from a larger geographic area, unless more young workers are retained in the community, or more young families move to the area.
- Local manufacturers indicated a lack of qualified workers in the area. It has been particularly difficult to find semi-skilled to skilled workers.
- Other employers surveyed by the consulting team indicated it is difficult to find good employees locally, and many of the available workers tend to be transient without a good work ethic. Turnover rates were high at a number of the businesses interviewed.

Workforce Training

- The leadership survey demonstrated a significant concern in the community for the availability of post-secondary education and training. 81% of those surveyed expressed the opinion that there is a lack of vocational training opportunities, and a high percentage also believe that the availability and quality of post-secondary education and training is lacking generally.

Availability of Quality Jobs

- The highest rated weakness in the Leadership Survey was the availability of quality jobs in the community for the local workforce. Many of the existing jobs are part-time and/or low wage.
- Average earnings per job in Carbon County, in real terms, have fallen from \$23,083 in 1970 to \$14,972 in 2000. In 1999, average earnings per job in Carbon County are lower than the state and the nation. (Source: Sonoran Institute)
- Several business leaders noted that Red Lodge has a lack of “middle wage” jobs – those in middle management and skilled trades with benefits (see tables below). Manufacturing and other sectors tend to have these types of jobs, while tourism generally does not.

Table 14: Manufacturing Benchmark Position Wages

Source: US Dept of Labor, Bureau of Labor Statistics

| Major Manufacturing Employment Groups | 2002 Mean Hourly Wage | | | 2002 Mean Annual Wage | | |
|--|-----------------------|----------|-------------|-----------------------|----------|-------------|
| | Montana | Billings | Great Falls | Montana | Billings | Great Falls |
| Industrial Production Managers | \$28.15 | \$33.40 | none | \$58,540 | \$69,470 | none |
| Electricians | \$20.72 | \$21.43 | \$19.97 | \$43,100 | \$44,580 | \$41,530 |
| Industrial Machinery Mechanics | \$17.83 | \$22.54 | none | \$37,090 | \$46,880 | none |
| Supervisors/Managers of Helpers, Laborers, Material Movers | \$16.10 | \$15.55 | none | \$33,490 | \$32,350 | none |
| Machinists | \$15.72 | \$16.50 | none | \$32,690 | \$34,330 | none |
| Truck Drivers, Heavy | \$14.60 | \$12.75 | \$14.71 | \$30,370 | \$26,530 | \$30,600 |
| Industrial Truck and Tractor Operators | \$12.61 | \$11.98 | \$11.83 | \$26,240 | \$24,910 | \$24,620 |
| Truck Drivers, Light Or Delivery Services | \$11.38 | \$12.75 | \$12.00 | \$23,670 | \$26,530 | \$24,960 |
| Laborers and Freight, Stock, and Material Movers, Hand | \$9.77 | \$8.54 | \$10.45 | \$20,320 | \$17,760 | \$21,740 |
| Packaging and Filling Machine Operators and Tenders | \$9.65 | \$10.26 | \$11.49 | \$20,080 | \$21,340 | \$23,890 |
| Helpers--Production Workers | \$9.54 | \$9.66 | none | \$19,840 | \$20,090 | none |
| Packers and Packagers, Hand | \$8.60 | \$8.06 | \$7.84 | \$17,890 | \$16,760 | \$16,320 |

Table 15: As a Percent of Statewide Wages

Source: US Dept of Labor, Bureau of Labor Statistics

| Major Manufacturing Employment Groups | 2002 Mean Hourly Wage | | | 2002 Mean Annual Wage | | |
|--|-----------------------|----------|-------------|-----------------------|----------|-------------|
| | Montana | Billings | Great Falls | Montana | Billings | Great Falls |
| Industrial Production Managers | 100% | 119% | n/a | 100% | 119% | n/a |
| Electricians | 100% | 103% | 96% | 100% | 103% | 96% |
| Industrial Machinery Mechanics | 100% | 126% | n/a | 100% | 126% | n/a |
| Supervisors/Managers of Helpers, Laborers, Material Movers | 100% | 97% | n/a | 100% | 97% | n/a |
| Machinists | 100% | 105% | n/a | 100% | 105% | n/a |
| Truck Drivers, Heavy | 100% | 87% | 101% | 100% | 87% | 101% |
| Industrial Truck and Tractor Operators | 100% | 95% | 94% | 100% | 95% | 94% |
| Truck Drivers, Light Or Delivery Services | 100% | 112% | 105% | 100% | 112% | 105% |
| Laborers and Freight, Stock, and Material Movers | 100% | 87% | 107% | 100% | 87% | 107% |
| Packaging and Filling Machine Operators and Tenders | 100% | 106% | 119% | 100% | 106% | 119% |
| Helpers--Production Workers | 100% | 101% | n/a | 100% | 101% | n/a |
| Packers and Packagers, Hand | 100% | 94% | 91% | 100% | 94% | 91% |

TRANSPORTATION

SIGNIFICANCE

Transportation access is important to economic development for several reasons. It impacts a company's ability to ship and receive goods in a timely and cost-effective manner. It can influence a company's ability to attract and retain employees, since ease of commuting is directly related to highway access and air service. Location consultants find that many companies desire to be immediately adjacent to an interstate highway or a good four-lane highway. Air service is necessary for corporate, client and employee travel. Moreover, tourism is dependent on adequate highway access and available air access. A high cost location from an air service perspective can become a negative factor in business site selection, and visitor trip destination planning. Local general aviation airports serve an important function in providing direct air access to a community by private aircraft. This is important for businesses as well as for tourists.

STRENGTHS

Trucking

- Montana is a net import state, so inexpensive back-hauls are available from Billings to markets around the country.
- Local manufacturers considered trucking availability to generally range from excellent to good.

Proximity to Interstate 90, Billings

- Interstate 90 is a primary cross-country transportation highway, and Billings is a major crossroads and transportation hub on I-90, which benefits all types of business in the surrounding area.
- Red Lodge has the ability to attract east-west travelers on I-90, as well as north-south travelers between Montana, Canada and Wyoming/points south.

Availability of Commercial Airline Service

- The Billings Airport is served by daily flights from Denver, Boise, Minneapolis, Phoenix, Portland, Salt Lake City and Seattle/Tacoma.

WEAKNESSES

Rail Access

- Red Lodge is not served by any rail lines.

Cost of Commercial Airline Service

- The cost of airfare was cited by a number of businesses as a major detriment to travel for the Red Lodge and Billings area. High cost of airfare also has been shown to be a factor in Montana's ability to attract conventions and destination tourists.

Local Airport Capacity

- The Red Lodge airport currently is not in compliance with FAA regulations due to runway length and encroachments on the approach. The FAA will not supply funds at this time, and county funds are providing only minimum maintenance. The City-owned hanger is dilapidated.

- The current airport is favorably located for providing direct access to Red Lodge and to the skiing at Red Lodge Mountain due to its proximity to the community.
- There may be an increase in maintenance needs and costs if hangers are built to accommodate the potential for 80-90 aircraft as stated in the Airport Master Plan.

Highway Access & Road Conditions

- Red Lodge is served by a two-lane highway that connects it to Interstate 90. Access to and from Yellowstone to the south is not available during the winter months. Generally, Red Lodge is at the end of the line for trucking, resulting in lack of daily service.
- From a tourist and visitor perspective, the Beartooth Highway is considered to be one of the most scenic in the U.S., connecting Red Lodge to Yellowstone National Park. However, as one business owner stated, “For seven months a year when Beartooth Highway is closed, Red Lodge is on a dead end road.”
- Leadership Survey respondents rated the condition and maintenance of local streets and roads as a weakness in the community. A number of those interviewed expressed a desire for more paved streets and better maintenance.



UTILITIES & TELECOMMUNICATIONS

SIGNIFICANCE

High-speed, broadband telecommunications capacity is the infrastructure of the New Economy. Most businesses and industries must have this capacity in order to be competitive and operationally effective.

For some companies, especially those with a process that uses heat or water, utility rates can be the deciding factor in their ultimate locations. Commercial and industrial power costs vary significantly from area to area because of differences in fuel selection and regulatory policies.

Lack of available water and sewer capacity can be immediate "knock out" factors for many companies during the site selection process. Sewer capacity is important to all types of industries and businesses. Availability of excess sewer capacity also is an indicator of a community's readiness for economic development.

STRENGTHS

Utility Upgrades

- The Red Lodge sewer and water systems recently were upgraded, and the City has been using resort tax revenues to pay off the bonds and conduct additional repairs and upgrades.
- In terms of telecommunication service, cable-modem is a high-speed option for users within the Red Lodge City limits. Business service is available through cable. Wireless service also is available.

WEAKNESSES

Telecommunications

- In the past there has been a shortage of available T-1 circuits to, and in, Red Lodge. Businesses were placed on long waiting lists. Qwest, the Local Exchange Carrier for Red Lodge, reported in March 2004 that they are updating the central office equipment to provide OC-12 service between Red Lodge and Billings, which will resolve capacity issues regarding T-1 service. The typical cost of a T-1 line is approximately \$1,000/month, so only large business/institutional users are likely to be requesting this service.
- Only one fiber optic line serves the city, which means a lack of redundancy. This is a drawback for uses such as catalogue sales, call centers and data-intensive users. Cable Montana plans to install a secondary fiber route from Red Lodge to Laurel in 2007/2008.
- Qwest does not offer DSL service. Billings is a local call so there is an adequate selection of dial-up Internet providers.
- Another option for low-cost, high-speed Internet is Visionary Internet, which offers wireless service through unlicensed spectrum. Service is available both inside and outside of city limits. Due to the topography, line-of-sight is an issue, and some businesses are unable to use this service. Visionary leases a T-1 line through Qwest to connect to the Internet, so redundancy also is an issue.
- There are several providers for cellular phone service.

Wastewater Service

- The Red Lodge industrial and airport area currently does not have City sewer service.
- Red Lodge wastewater treatment is an aerated lagoon type facility which discharges treated wastewater into Rock Creek. The City eventually will be required to upgrade the system.

SUMMARY OF KEY TRENDS, STRENGTHS & WEAKNESSES

Strategic Trends

- Red Lodge and Carbon County have a low population density; growth is projected to continue.
- Most population and employment growth in Montana will be concentrated in urban areas.
- The aging population has major implications for health care, housing, retail goods and services, workforce, transportation and infrastructure in the Red Lodge area.
- Currently, employment is declining in higher wage manufacturing and resource-based industries (forest products, farming, mining); while service sector employment continues as a growth sector, but with lower scale wages.
- The tourism and visitor industry is forecast to remain strong throughout Montana.
- Business and industry in Montana are heavily dependent on the transportation systems due to distance to markets.
- Businesses wishing to expand or relocate prefer communities with infrastructure/buildings already in place, a business-friendly atmosphere, and a desirable quality of life.

Strengths

- Strong “sense of place”, overall quality of life, attractive community
- Dedicated volunteers
- Mild climate, level of air quality, scenic natural environment
- Opportunities for outdoor recreation and cultural activities
- Quality and availability of health care and medical services
- Land available for development
- Well-educated professional and technical workforce
- Competitive wage index for locating manufacturing businesses
- Presence of strong “intellectual capital” base
- Impact of existing tourism industry, and potential as a source of new business development
- Retail center for local, regional, and tourist markets
- Proximity to Interstate 90 and Billings airport

Weaknesses

- Lack of sustainable, living wage jobs
- Shortage of affordable housing
- Deficient funding/tax base for basic services
- Shortage of available commercial/business park sites; buildings/office space for businesses
- No indoor multi-use facility for recreation and meeting opportunities
- Ineffective/inconsistent planning, support, and building code enforcement from local government

- City and county often do not collaborate/cooperate effectively
- Tax system and rates are considered by some as a locational and competitive disadvantage
- Tourism is extremely seasonal
- Lack of unified, local marketing effort for tourism and business targets
- Seasonal closures and reconstruction of Beartooth Highway affect travel/access
- Distance and accessibility to/from markets (retail, industry, tourism)
- Costs of commercial airline service, and lack of capacity at Red Lodge airport
- Aging workforce; lack of semi-skilled/skilled employees; transient workers
- Insufficient availability of post-secondary education and training
- Inadequate telecommunications infrastructure
- Crime rate and substance abuse
- Divergent viewpoints of appropriate “growth/development”

3. RED LODGE VISION, PRIORITIES & GOALS

A Vision for the Future of Red Lodge

A community vision is an ideal and unique image of the future – a description of what citizens want (or don't want) their community to *become*. It describes a future condition that would be better, in important ways, than what now exists. It is a dream rooted in reality. A clearly articulated vision provides the guidance necessary for people to see changes that must be made to realize their dream. The process of developing a clear vision is predicated on a belief that people can influence their community's destiny by what they do now and into the future.

Local leaders and citizens become actively involved in programs to improve their community because of a sense of pride in the community – a belief that conditions can and should improve through both individual and mutual effort. This motivation comes from a "shared vision" of the community's potential. Without vision, leadership tends to be ineffective, and residents lack a strong sense of direction for their future.

In March 2004, business and community leaders in Red Lodge attended a workshop to develop a vision for their community, and to identify priority issues that must be addressed to realize the vision. Following a brief presentation about economic development trends and the visioning process, workshop participants described their "vision" of the community as it would exist in the year 2014. Small group discussion was used to achieve consensus on the priority components of the vision. The following vision statement is a compilation of these consensus components:

Vision for Red Lodge in 2014

In the year 2014, Red Lodge has a healthy and diversified economy with an outstanding quality of life. The leaders and local government officials in both the city and county collaborate effectively, which has led to a united pursuit of development priorities and a shared vision. A concern exists locally for the appropriate development of the county as well as the city. Volunteerism continues at a high level.

The community is "business-friendly," with a new business park that has attracted new small manufacturers and technology-based businesses. These firms provide high wage employment for the workforce in the community, and a sustainable tax base. Small businesses, including home-based businesses and "lone eagles," flourish locally, enhancing Red Lodge's reputation as a desirable environment for entrepreneurial activity. Skilled and well-educated workers are attracted to the expanding professional and technical job base in the community. Economic development efforts effectively offer business assistance to local firms.

Stable year-round tourism provides additional jobs and retail income that meet the needs of local businesses and residents. An indoor multi-use facility provides recreational and meeting opportunities for young and old, as well as for meetings and special events. Outdoor recreation facilities (parks, bike/pedestrian trails, etc.) have been expanded and upgraded in the Red Lodge area, serving both local residents and visitors. A unified and cooperative local marketing effort promotes the community effectively for both tourism and business, with a clear and appropriate Red Lodge "brand."

The Red Lodge school system is a model for the state, expanding the curriculum of K-12 education beyond the basics, with stronger arts and music programs, college prep, vocational-technical offerings, and increased challenges for students. Graduates possess competitive skills that meet the needs of technology-savvy employers.

The City has overseen the development of infrastructure to keep pace with new development, including improved streets, curb and gutters, sidewalks, and enhanced sewage treatment capacity. Telecommunications infrastructure across the community meets the technology demands of local businesses and residents. The airport meets growing general aviation needs. Public facilities and institutions serve as a reflection of local pride in the community, with no dilapidated buildings. City government is viewed as responsive, receptive, proactive, consistent, and customer-friendly.

Red Lodge continues to have a strong "sense of place," maintaining its desirable quality of life. It is a welcoming community, from its attractive entrances to its genuine hospitality and friendliness toward visitors and newcomers. Diversity of population and ideas are accepted. Ongoing efforts have succeeded in preserving and developing the quiet and quaint historic character of the town, with a particular focus on the downtown. Local housing meets the growing needs of the community, particularly for retirees and moderate income families, and is found in well-planned and attractive neighborhoods. Excellent medical services with a variety of medical specialties are available to all community residents in modern medical facilities. A range of services, including assisted living, are available for elder care. A wide variety of recreational and cultural activities meet the needs and expectations of both young and mature residents, as well as those of visitors. The high quality of the natural environment is recognized throughout the West.*

** Moderate income is defined as 80%-120% of median family income in the community.*

This vision statement is a synthesis of priorities expressed by community leaders at the workshop, but it is not written in stone. Ongoing input from citizens and leaders of Red Lodge will refine the statement in the short term. And, as the area and circumstances change, the statement will need to be reviewed and modified to reflect community views.

It is from this vision statement that the goals and priorities for action will emanate for the economic development strategic plan. The vision supplies general guidance for the community; the goals and strategic actions provide the specifics on how to get there.

View of Red Lodge from West Bench



Economic Development Priorities

The foundation of an effective strategic planning process is a clear understanding of the most important issues confronting the community. Economic development issues are expressed as problems to be solved, concerns or needs to be addressed, or opportunities to be pursued. For issues to be meaningful, they must be stated clearly as problems, concerns, needs, or opportunities.

In the March 2004 workshop, Red Lodge leaders identified and prioritized key economic development issues facing the community. Small groups identified and ranked their list of issues, and the lists were then combined into one list, so the group as a whole could rank their economic development priorities. This Nominal Group Technique process resulted in the following list of economic development issues in order of priority (numbers in parentheses are number of votes):

PRIORITY ISSUES FOR RED LODGE

1. Lack of adequate infrastructure – and funding for it – in the city. (64)
2. Lack of sustainable jobs and business environment/ Lack of living wage jobs. (60)
3. Unified vision for development, e.g., create business park and maintain aesthetic appeal of City. (42)
4. Inconsistency/indecision within government, need more responsiveness/accountability. (38)
5. Lack of unified/cooperative and adequate marketing effort. (36)
6. Maximize/make better use of existing community resources (facilities and people). (35)
7. Need to expand health care capability/services; Create a model rural hospital system. (34)
8. Have to address intergovernmental communication/cooperation - see the bigger picture; community beyond the city limits - planning with greater community in mind. (33)
9. Need for affordable housing. (31)
10. Cooperation among civic groups/ Unwillingness to compromise. (22)
11. Revising development codes; simple and user-friendly. (21)
12. Create a model K-12 school system. (19)
13. How do we merge our traditional economy with the New Economy? (17)
14. Infrastructure for developed business park. (16)
15. Improve airport facility. (14)
16. High level of citizen involvement. (13)
17. Get rid of “us” vs. “them” attitude of city council and community. (10)
18. Maintain and improve our natural environment. (3)
19. Need for extra/continuing education for City Council. (2)

This list is not completely inclusive of all development problems or issues facing the community. Because no organization or local government can tackle all local issues equally well given the limitations of funding, resources, and staffing, it is vitally important for the community to focus on those issues that are most critical to its future. The local economic development effort should target its activities on those elements that are *directly* related to the successful improvement of the local economy, while maintaining the outstanding quality of life in Red Lodge.

The future of Red Lodge from this point forward depends how involved and how proactive local leaders become. The priority issues do not encompass everything that needs to be done in the community to make it a better place to live, work, and play. However, local leaders have decided that these are the most important problems that must be overcome if the city is to move forward in raising local incomes, creating more jobs, and generating more tax revenues. The March leadership workshop was just the beginning. The process must continue. The community is “in a race with no finish line.” Now it is time for key leaders to step forward and facilitate the steps necessary to bring about needed changes.

Economic Development Goals for Red Lodge

How are those changes brought about? First, the preceding highest priority issues were converted into a series of economic development goals for Red Lodge to be accomplished by the appropriate local organizations. Although some of the goals and their consequent actions are not directly related to the creation of jobs or attraction of firms, economic development professionals realize that the economic future of communities rests on the foundation of such issues as quality of life, local education, infrastructure, roads and highways, municipal services, etc. Companies will not be attracted to or expand in communities that can't meet the basic requirements of satisfactory livability as well as a good business environment.

The leadership of Red Lodge recognizes the importance of developing a strategic plan that will address key economic development issues, create an environment for successful business investment, and ultimately, increase the community's standard of living. The plan's main theme is to facilitate efforts community-wide among private and public partners to accomplish important goals for securing the economic future of the community. These goals reflect the priorities identified by the leaders of the community in its March 2004 workshop. The priority order has been changed to reflect the necessary staging or sequence of activity. In other words, some things need to be done first, even though they are not necessarily the most important in the larger picture.

Goal 1: *The governments of the City of Red Lodge and Carbon County work cooperatively and collaboratively in planning for and resolving the development problems associated with growth.*

Goal 2: *City government is responsive to the needs of the business and residential community, it has a revised growth policy, a consistent and clear set of well-enforced development codes, and it has a highly accountable and efficient system of governance in place.*

Goal 3: *A cooperative and highly targeted marketing program has created stable year-round tourism revenues (and increased resort tax collections for local infrastructure and services).*

Goal 4: *The City of Red Lodge has adequate municipal infrastructure to meet the needs of the growing business and resident community.*

Goal 5: *An effective business development program has promoted a diversified economy (light manufacturing, small businesses) with a growing number of higher wage jobs.*

Goal 6: *The presence of a fully-developed business park with advanced telecommunications provides an attractive setting for new technology-based operations.*

Goal 7: *City and county policies, plans, codes and partnerships with other organizations encourage the construction of affordable housing in attractive neighborhoods/subdivisions.*

Goal 8: *The Beartooth Hospital and Health Center has become a model rural hospital system, providing expanded health care capability and services.*

Goal 9: *The School District has become a model system, providing quality K-12 education. Post-secondary education opportunities are available locally.*

The following goal reflects an economic development issue for the community, from the perspective of the consulting team, that needs to be addressed in the near future.

Goal 10: *The city and county have resolved the issue of the location and enhancement of the Red Lodge airport.*

4. STRATEGIC ACTIONS TO ACHIEVE GOALS

The economic development process involves three key steps: first, identify a common vision and plan throughout the Community so all efforts are cohesive, consistent, and strategic. Second, develop the product (the community). Third, promote the product so citizens recognize its strengths and take pride in them, and businesses and business prospects know what the community has to offer.

A well-designed formal plan that guides the actions and resource allocations of local government and various development organizations offers the following benefits to the community:

- ◆ Coordination of activities so that actions of organizations and agencies are inter-related.
- ◆ Setting of a realistic timetable for getting things done.
- ◆ Better communication about what organizations and agencies are trying to achieve and why.
- ◆ Identification of expected outcomes.
- ◆ Preparation to meet changes when they occur.
- ◆ Management, not avoidance, of risk.
- ◆ Focusing of efforts – generally there are more problems and opportunities than resources available.
- ◆ Basis of a control system – the ability to see when activities are deviating from the plan as well as to evaluate the results so that they meet stated goals and community values.
- ◆ Maintenance of organizational integrity – strategic plans, by clearly specifying the strategies the organization will pursue and rooting those choices in a thorough understanding of the organization's goals, help prevent a series of ad hoc decisions that carry it farther and farther away from its true concern.

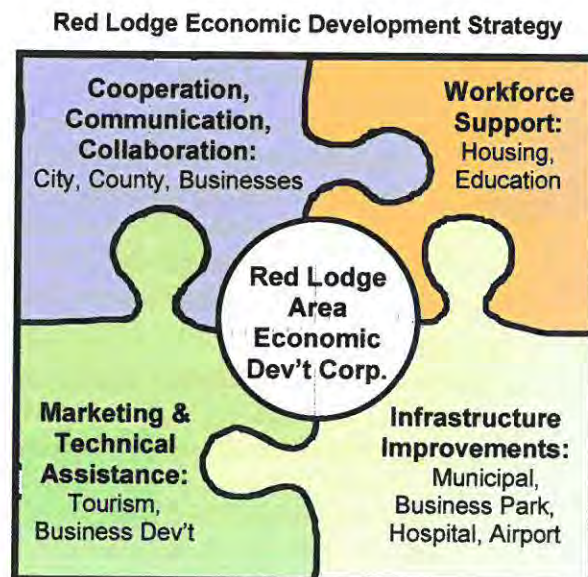
The Red Lodge Economic Development Strategy

The economic development goals for Red Lodge listed on the previous page can be grouped into four main categories, or strategic areas:

- 1) Cooperation/Communication/Collaboration,
- 2) Workforce Support,
- 3) Marketing & Business Technical Assistance, and
- 4) Infrastructure Improvements.

The four areas are depicted as inter-related pieces of the whole strategy in the figure at right. In the center is the Red Lodge Area Economic Development Corporation (RLAEDC), an organization that represents the key partners who will be responsible for implementing and monitoring the progress of the Strategic Plan.

The actions that will be taken to accomplish the goals and implement the Strategy successfully are detailed on the following pages, along with a list of organizations that will lead and/or assist with implementation.



Goal 1: *The governments of the City of Red Lodge and Carbon County work cooperatively and collaboratively in planning for and resolving the development problems associated with growth.*

Red Lodge and Carbon County will continue to experience increasing pressure from new growth and development. To some extent, growth is inevitable, but it can be guided, and policies can be established to ensure that new growth pays for itself and does not happen at the expense of existing citizens and businesses. This type of growth requires collaboration and communication between the City, County and property owners, so that reasonable development is allowed to benefit, rather than degrade, the quality of life in Red Lodge and the surrounding areas of the county. Cooperation and communication between the City, County and business/property owners was the most frequently mentioned issue during the Resource Team Assessment of Red Lodge in February 2004 (see Section 1, Introduction & Planning Process, for more information).

Action 1.1: **Identify and sponsor a leadership development program** for business and political leaders to provide training about the critical need for collective action to resolve community problems, the array of options and tools available, and about effective collaborative leadership skills. An example is the Stephen Covey leadership development program, or *Leadership Montana* offered by MSU-Billings. (Note: this action does **not** refer to leadership programs offered by many chambers of commerce across the U.S., which tend to focus on creating more informed leaders rather than more skilled leaders.)

Responsibility: Red Lodge Area Economic Development Corporation, Chamber of Commerce, City of Red Lodge, Carbon County Board of Commissioners, Beartooth RC&D, Montana League of Cities & Towns, Montana Association of Counties.

Action 1.2: **Conduct quarterly meetings of key selected leadership** to work toward a higher level of collaboration, focusing on addressing more effectively the priority development issues of the community.

Responsibility: Chamber of Commerce.

Action 1.3: **Conduct “Newly Elected Officials” orientations and workshops** for the newly elected officials of Red Lodge and Carbon County. The workshops are intended to educate the new officials about a variety of topics related to efficient government, budgeting, legal issues, media relations, and the priority development issues facing the community.

Responsibility: Red Lodge Area Economic Development Corporation (RLAEDC), Chamber of Commerce, MLCT, MACo, City Manager, County, MSU Local Government Center.

Action 1.4: **Develop a joint City-County plan and new development regulations** for the unincorporated areas surrounding Red Lodge (a Special Study Area), creating a developer-friendly planning process for subdivision development that is consistent with the Growth Policy and with “good” planning principles. Resources available to fund this process include CDBG planning funds and the USFS RCA program.

Responsibility: City Planning Department, County Planning Department.

Measures of Results:

Results of actions listed under Goal 1 will be monitored and evaluated as follows:

- ♦ Participation among business and elected leaders in leadership development program.
- ♦ Participation in, and tangible outcomes from, quarterly meetings of leadership.
- ♦ Quality of, and participation in, Newly Elected Officials workshops.
- ♦ Survey completed by leaders to evaluate orientations, workshops and training, and to indicate areas for additional information desired.
- ♦ Completion of joint City-County plan for unincorporated areas surrounding Red Lodge.

Goal 2: *City government is responsive to the needs of the business and residential community, it has a consistent and clear set of well-enforced development codes, and it has a highly accountable and efficient system of governance in place.*

The current Growth Policy for the City of Red Lodge does not meet Montana standards, and current codes create unnecessary processes and delays in the development and permitting process. Limited resources make it difficult for the City to respond effectively to citizen and business needs at current staffing levels. Moreover, the issues related to growth, code interpretation/enforcement, permitting processes, etc. have continued to grow in size and complexity.

- Action 2.1:** **Hire a full-time City Administrator/Manager** who also is a certified Planner or has significant municipal planning experience.
Responsibility: City of Red Lodge Mayor/Council.
- Action 2.2:** **Initiate a comprehensive update of the City's Growth Policy Plan** to comply with state requirements and provide a framework for code revision. The Plan will include sections on intergovernmental coordination, housing, public participation, etc. The process also will help identify areas of conflict between City codes, ordinances and standards, which can be addressed subsequent to the update of the Growth Policy.
Responsibility: City Planning Department.
- Action 2.3:** **Streamline the City permitting process** by eliminating and combining steps, reducing unnecessary planning board review, and creating an effective "one-stop" capability. An example is to review requirements for a PUD versus review for standard subdivisions. Restructure some processes to provide for communication among parties earlier in the development process.
Responsibility: City Planning Department.
- Action 2.4:** **Conduct periodic workshop meetings for City Council and Planning Board** members about the need and procedures for sound planning and permitting.
Responsibility: City Planning staff and Planning Commission.
- Action 2.5:** **Form an advisory subcommittee of the RLAEDC**, consisting of representatives from the City, Planning Commission, County, Chamber, business, development, real estate and finance communities. Schedule quarterly meetings to review and discuss updates and input regarding specific proposals for changes, improvements, etc., to processes, standards and ordinances, and provide to feedback to the City Council and the Red Lodge Area Economic Development Corporation Board.
Responsibility: RLAEDC, City Planning Dept.
- Action 2.6:** **Strengthen communication between the City and the private sector** through such means as Development Forums, annual reports and customer satisfaction surveys for citizens/businesses who have utilized the City's permitting process.
Responsibility: City Planning Department, RLAEDC.
- Action 2.7:** **Create more effective education/informational tools** (checklists, guides, etc.) for businesses and developers in Red Lodge, including a user-friendly City web site.
Responsibility: City Planning Department.
- Action 2.8:** **Use the latest and most appropriate computer technology** where practical to improve the development process for both local government and business, inclusive of placing a searchable development code on an enhanced City web site.
Responsibility: City Planning Department.

Action 2.9: Incorporate into the City's development codes buffer zones with appropriate development standards (e.g., low densities, maintenance of public access, appropriate street lighting, landscaping, signage, and street standards) where urban development meets permanent open space or natural areas.

Responsibility: The City Planning Department.

Measures of Results:

Results of actions listed under Goal 2 will be monitored and evaluated as follows:

- ◆ Presence and effectiveness of City Administrator.
- ◆ Improvements to City permitting processes, codes and ordinances.
- ◆ Provision of online information tools for businesses and developers.
- ◆ Results of customer satisfaction surveys (and improvements over time) demonstrating improvements in the relationship and process between citizens/businesses and the City.
- ◆ Reduction in the average time of review and approval for permits.



Goal 3: *A cooperative and highly targeted marketing program has created stable year-round tourism revenues (and increased resort tax collections for local infrastructure).*

Red Lodge has tremendous tourism assets, but they are severely underutilized much of the year, creating instability in business revenues and jobs. There are many possibilities for meetings, retreats and competitions (state spelling bee, state quilting show, music events, air shows/fly-ins, etc.), that could be recruited to Red Lodge. An increase from 40% occupancy to 60% occupancy in local hotels would generate more than \$3.5 million in additional spending in Red Lodge, including an additional \$100,000+ collected annually in resort taxes to enhance City infrastructure to benefit local citizens and businesses. The Chamber of Commerce plays a key role in tourism development and promotion, and needs to focus strategically on ways to increase off-peak season tourism revenues.

Action 3.1: **Develop a strategy to market Red Lodge aggressively in the off-peak season** to state/regional conferences, meetings, events, competitions, charity events, golf tournaments, travel publications, corporate incentive market, and group gatherings.

- a) Package local meeting spaces, catering, entertainment and activities to assist meeting/event planners.
- b) Coordinate with Montana Dept. of Commerce Promotion Division and Yellowstone Country on group promotions, targeted group leads and media relations.
- c) Contact local businesses and citizens to obtain meeting/event leads for organizations with whom they are affiliated.
- d) Initiate a Local Host program to encourage/train Red Lodge area citizens to assist in recruitment of meetings and events. Obtain meeting/event leads from local citizens/businesses via a brief survey, and follow up with direct sales effort.
- e) Consider providing an incentive (commission) program for the Chamber Director for all new group meetings/events booked in Red Lodge as a result of marketing efforts.

Responsibility: Chamber of Commerce, Lodging Assn., Downtown Assn.

- Action 3.2:** Encourage and support local festivals or events that attract visitors and attention to the community, particularly in off-peak seasons (workshops, arts events, film festival, shows/competitions, music institute, charity fundraising events that attract invited benefactors, etc.). Partner with local arts and event organizations to promote targeted events, and to identify opportunities to enhance local performance facilities. Package the events with lodging and meals for “weekend getaways.”
Responsibility: Chamber of Commerce, RLAEDC, Arts Guild, Carbon County Historical Society, Fair Board, Rodeo Board, event organizations.
- Action 3.3:** Develop and use a new “brand” for Red Lodge, including a promotional theme and logo for the community. The brand should highlight the unique assets of the Red Lodge area for both tourism and business, and should be used consistently in promotional materials, letters, web site, business cards, etc. (see box, next page).
Responsibility: Chamber of Commerce, RLAEDC.
- Action 3.4:** Create a Red Lodge Ambassadors Volunteer Corps of 20-50 people to manage and staff the Chamber visitor center, including answering phones; responding to mail/email inquiries; greeting visitors; stocking/ordering visitor information materials; tracking visitors/inquiries; etc. Provide a system for coordinating and rewarding volunteers (volunteer contracts, training, lead volunteer coordinator, t-shirts, annual appreciation banquet, etc.).
Responsibility: Chamber of Commerce.
- Action 3.5:** Enhance the Chamber’s media relations program, targeting specialty and niche magazines/publications with media articles, invitations to travel writers, mailing of media kits, etc. Additionally, send press releases and public service announcements to selected radio/television/Internet media about Red Lodge events, weather reports, fundraising activities, etc. Focus on media that will promote off-peak season activities or events. Coordinate with Yellowstone Country and the Montana Department of Commerce to acquire lists of writers/editors and conduct mailings. Track results of campaign (placements of articles/announcements, total column inches/air time, value of publicity if purchased, etc.).
Responsibility: Chamber of Commerce, Lodging Association, Dept. of Commerce.
- Action 3.6:** Conduct a feasibility analysis of converting the rodeo arena into a multi-purpose indoor/outdoor facility for accommodating the rodeo, indoor sporting events, large meetings, trade shows, concerts, etc.
Responsibility: Red Lodge Rodeo Board, Red Lodge Area Economic Development Corporation, Chamber of Commerce.
- Action 3.7:** Partner with the Beartooth RC&D, Yellowstone Country and the regional Scenic Byway Committee to develop additional visitor enhancements and year-round attractions along the Beartooth All-American Road. Consider additional designation of U.S. Highway 78 (the Bozeman Trail) as a State Scenic Byway to attract visitor traffic during times of the year when the Beartooth Pass is closed (tie-in as a loop to U.S. 212 or 308/72). Create loop tours of the area, using Red Lodge as the “hub,” and partner with other regional communities for larger loop tours.
Responsibility: Chamber of Commerce, RC&D.
- Action 3.8:** Encourage visitors and vacation homeowners to extend their stays in Red Lodge through event and activity promotions, such as kids’ activities (mini-golf, video, luge, etc.), historic walking tour brochure, creation of newsletter for nonresident homeowners to inform them about City news and local events, etc.
Responsibility: Chamber of Commerce, City, Carbon County Historical Society.

- Action 3.9:** Continue the effort to initiate a **Main Street program** in Downtown Red Lodge, using the four-point approach of the National Main Street Center (www.mainstreet.org). Identify opportunities to recapture retail spending leakage from the community by filling gaps in product offerings for local residents (e.g., general merchandise, locally-owned dollar store, farmers market, etc.). Initiate retail events and promotions to encourage residents to shop locally. Install signs at junction of Highways 212 and 78 directing travelers (southbound on 212, eastbound on 78) to Red Lodge's "Historic Shopping District."
Responsibility: Downtown Association, Chamber of Commerce.

Building A Brand

What is a brand? It is the *relationship* between a customer and a product (a "product" can be a retail good or service, a downtown district, a community, or a tourist destination). A logo or tagline is not a brand – the brand is the relationship that customers express when they see the logo or tagline.

The brand is the sum total of what the customer (or potential customer) thinks and feels and how s/he interacts with the brand. It is incumbent upon the marketer to try to influence this behavior. Brands held in high esteem by the customer get used more frequently and therefore capture a greater share of the customer's spending.

In a retail context, brand is developed by a strong commitment to customer service, depth of merchandise, sense of style, comfortable shopping atmosphere. The brand is created at every customer interaction, from advertising to full shelves to educated and friendly sales professionals on the floor. The company manages its brand by managing every experience the customer may have with the company."

The same principles apply to branding a downtown district, a community and a tourist destination. To develop a positive brand, it is important to convey a strategic and consistent marketing message to the customer, and to follow through on that message with outstanding quality and customer service at every level. Initial contact ("the hook") generally is made via a media article or ad, web site, direct mail piece, phone call, word of mouth, or highway sign. Professional follow-up continues with phone/email contact, arrival in a district/community (welcome signs, sense of arrival, convenient and clearly marked parking, information kiosks, appearance of area, etc.), and customer service received at the local visitor center, businesses, events, etc. Brand loyalty is built through follow up after the sale or visit (thank you cards, customer satisfaction surveys, mailings/emailings with information tailored to customer interests and needs, etc.).

The marketing message consists of three main components: a product name, a graphic image, or "logo", which depicts the product in a visual way, and a marketing position statement or "tagline". The name of a product (a company, a downtown district or a community) is important to its success. The product name should be used consistently in order to develop name recognition. The logo is a graphic representation of the product, and should be constructed with a clean and simple design for maximum flexibility in its use. Together, the product name and logo answer the question "WHAT?" Designing the logo includes selection of colors, shapes and images that speak most effectively to specific target markets. Various design styles, shapes, colors and text fonts convey different messages to consumers through subliminal nuances, so design decisions should be made based on desired target customer groups. The tagline is a catchy and concise expression (2-5 words) of the product's unique position in the marketplace. It promotes the product's benefits to the target consumers. The tagline answers the question "WHY?"

There are five steps to building a brand:

1. Develop the brand team: representatives from key organizations, and a professional marketing consultant.
2. Assess the current situation: how is the product currently perceived and used by core customer segments? Conduct informal research by talking with key businesses, media, customers. Also, determine what the product is *not*. Identify the key customer segments, how they interact with the product, and the key competitors.
3. Develop the brand promise: identify and reach consensus about what the brand stands for and what it offers your target customers (What business are we really in? What do we provide? What differentiates our product from the competition? What do we do better than anyone else?)
4. Create the brand communications plan: develop the logo and identity program in order to bring your brand personality to life. Then develop your graphic standards manual, color palette, ad campaign and collateral materials (including web site) and encourage your partners to use them for consistent image-building.
5. Build the brand for stakeholders: communicate with local partners/businesses/citizens so they understand everything that is being done on their behalf to build and promote the brand. Internal marketing is as important as external marketing. Measure and report the brand's performance through surveys, sales reports, etc.

Source: Jeff Cohn & Jane Jenkins, Main Street News No. 181; The Hingston Roach Group, Inc.

Measures of Results:

Results of actions listed under Goal 3 will be monitored and evaluated as follows:

- ◆ Increases in hotel occupancy in off-peak months.
- ◆ Increases in retail and food/beverage sales.
- ◆ Increases in resort tax collections to the City.
- ◆ Increases in the number of jobs and higher incomes for service employees.
- ◆ Longer average length of stays of visitors and vacation homeowners.
- ◆ Implementation of a Main Street program.

Goal 4: *The City of Red Lodge has adequate municipal infrastructure to meet the needs of the growing business and resident community.*

Improvements to streets, water, sewer and telecommunications are a high priority for both businesses and citizens in Red Lodge. Funding has been a challenge in the past, although the resort tax has helped provide funding for infrastructure improvements. The City's concern in the next ten years is to improve existing infrastructure, while also keeping up with growth that is projected in the community, so that infrastructure does not become a barrier to business and economic development. Growth in resort tax collections (via increased year-round tourism) will increase the funds available for infrastructure improvements.

Action 4.1: Update the five year Capital Improvement Plan (CIP) that documents community needs and sources of likely funding. Work cooperatively with the County on infrastructure improvements as appropriate. Continue to update the CIP annually.
Responsibility: City of Red Lodge.

Action 4.2: Identify a range of potential funding sources for infrastructure improvements, such as USDA Rural Development, the Montana Treasure State Endowment Program, the Community Development Block Grant (CDBG) program, Red Lodge resort tax, Montana Public Infrastructure Investment Program (PIIP) and Tourism Infrastructure Investment Program (TIIP).
Responsibility: City, Beartooth RC&D, RLAEDC, Carbon County, State.

Action 4.3: Adopt a policy to partially repay costs to developers for extending water and sewer service from the City as other users are connected to those lines.
Responsibility: City of Red Lodge.

Action 4.4: Encourage infill through redevelopment of vacant buildings and upper story spaces in downtown Red Lodge for use by "lone eagles" and other businesses, with flexibility in codes to make historic structures commercially viable. Educate property owners about tax credits and loans available for redevelopment of historic structures.
Responsibility: City of Red Lodge, Downtown Association, RLAEDC, Chamber of Commerce, Carbon County Historical Society.

Measures of Results:

Results of actions listed under Goal 4 will be monitored and evaluated as follows:

- ◆ Update and implementation of Capital Improvement Plan.
- ◆ Acquisition of local and outside funding for infrastructure improvements.
- ◆ Mutually beneficial policy for City and developers that provides cost reimbursement to developers who invest in utility extensions.
- ◆ Redevelopment of downtown buildings, and infill in upper stories.

Red Lodge Civic Center



Goal 5: *An effective business development program has promoted a diversified economy (light manufacturing, small businesses) with a growing number of higher wage jobs.*

Business development is critical to a stable economy and increases in citizens' standard of living. Most business growth comes from existing businesses that seek and take advantage of new market opportunities. Business retention and expansion are key first steps in a business development program, along with entrepreneurship development and a system to welcome new businesses to the community.

Action 5.1: **Formalize the Red Lodge Area Economic Development Corporation (RLAEDC)** as a regional partnership to address business and economic development issues. Include as partners the City of Red Lodge, Carbon County, the Beartooth RC&D, private business and property owners, other communities in Carbon County (as members or affiliates, if they desire) and other organizations. The purpose of the RLAEDC is to monitor implementation of this Strategic Plan, to provide economic development perspectives to policy makers, to support retention and expansion of local businesses, to portray a positive image of the community, and to assist new businesses with location needs.

Responsibility: Red Lodge Area Economic Development Corporation, City, County, RC&D, businesses/Chamber of Commerce.

Action 5.2: **Use the RLAEDC scope of work outlined in this Strategic Plan to secure private and public sector investments** to provide annual funding and staff/technical assistance to the Red Lodge Area Economic Development Corporation. Examples are major sponsor memberships that include a seat on the EDC board, in-kind staff assistance from City and County Planning staff, project grants, etc.

Responsibility: Red Lodge Economic Development Corporation.

Action 5.3: **Identify specific high-growth and high-potential light manufacturing, service, and telecommunications businesses** that have the potential to expand, or to be recruited to develop in Red Lodge. Examples of target sectors include value-added agriculture/specialty food & beverage products, recreation-related products, agri-business technology, business support/networking products and services, etc. Conduct a survey of the local "Lone Eagle" businesses, to identify opportunities for expansion, and for feasibility of a multi-tenant office facility with shared administrative and support services (conference room, high-speed Internet access, copy machine, etc.). The survey should determine interest levels of Lone Eagles in expanding, sharing space and/or services, amount of space desired, and acceptable amount of rent/lease for different types of services.

Responsibility: Red Lodge Area Economic Development Corporation.

Action 5.4: **Develop information materials and web site to use for business prospect response** that will feature the advantages of living and operating in Red Lodge. Link marketing efforts to Montana Department of Commerce, Come Home Montana program, Montana Associated Technology Roundtables (MATR), etc.

5a. Create a brief fact sheet featuring current data and information about the community to convey how it offers facilities and advantages for targeted businesses, which can be used by the RLAEDC for mailings, and placed in local lodging facilities to inform visitors about business opportunities in Red Lodge.

5b. Develop a general purpose brochure that includes demographics, photos of buildings and sites, transportation access, and other assets of the community that would be of interest to businesses and site selectors.

5c. Create a dynamic web site to reflect the new strategic agenda of the community's economic development effort. Create an economic development-focused site to facilitate the access of relevant information on an as-needed basis by outside prospects as well as internal customers (link to City info, news, maps, local and state incentives, 'contact us', buildings and sites, small business development with links to state and local offices, business resource links, links to regional allies, strategic action plan, etc.). Keep the site updated with news and information, online forms, etc.
Responsibility: Red Lodge Area Economic Development Corporation, Chamber of Commerce.

- Action 5.5:** **Create and distribute a quarterly online and hard copy newsletter** to inform local stakeholders, media, regional/state agencies and others about economic development efforts in Red Lodge, including new/expanded businesses, etc.
Responsibility: RLAEDC.
- Action 5.6:** **Sponsor a forum for entrepreneurs to educate them about the business resources** of the area and determine their needs. Include exhibitors involved in small business opportunities such as financial institutions, suppliers, university Small Business Development Centers (SBDCs) and others.
Responsibility: Red Lodge Area Economic Development Corporation, Chamber, RC&D, MSU-Billings.
- Action 5.7:** **Schedule speaking engagements at local meetings of civic organizations** to educate their members about the local economic development and marketing program, its progress and results.
Responsibility: Red Lodge Area Economic Development Corporation.
- Action 5.8:** **Conduct a site visit in Red Lodge for state and utility economic development officials** in order to educate them about Red Lodge.
Responsibility: Red Lodge Area Economic Development Corporation.
- Action 5.9:** **Pursue additional sources of funding**, such as USDA Rural Community Assistance funds, Economic Development Administration, and private foundations, for specific local economic development projects.
Responsibility: RLAEDC, RC&D, City, County.
- Action 5.10:** **Initiate a local public relations campaign** to inform local residents about the progress of the Strategic Plan implementation, using local media, RLAEDC/ Chamber web sites, public meetings, newsletter mailed with City utility billings, etc.
Responsibility: Red Lodge Area Economic Development Corporation, Chamber of Commerce, City of Red Lodge, and Carbon County Board of Commissioners.

Measures of Results:

Results of actions listed under Goal 5 will be monitored and evaluated as follows:

- ◆ Successful formation and funding of Red Lodge Area EDC.
- ◆ Successful business expansions and new business locations.
- ◆ Effectiveness of marketing materials in helping to "close the deal."
- ◆ Participation in RLAEDC efforts through memberships and forum attendance.
- ◆ Level of support for the RLAEDC among local citizens and elected officials.

Goal 6: *The presence of a fully-developed business park with advanced telecommunications provides an attractive setting for new technology-based operations.*

Business owners in the Red Lodge area indicated that the lack of fully developed business park sites was a barrier to business expansion/location. To attract desirable businesses, the park should be attractively designed and served by City water/sewer services, paved streets and high-speed telecommunications. It also needs adequate access, parking, open space and lighting.

Action 6.1: **Guide the planning and development of a new business park** adjacent to the airport as a means to attract new light manufacturing operations, technology-based businesses, offices and other employers (see Airport Business Park Concept Plan, Appendix B). The property should be appropriately zoned for these uses. Determine the City's role as developer (vs. selling property to a developer, or joint venture). Focus on basic infrastructure availability to the park (water, sewer, power, phone, high-speed Internet), entrance signs, zoning/codes and basic entrance landscaping to make the site appealing to businesses.

Responsibility: Red Lodge Area Economic Development Corporation, Beartooth RC&D, City of Red Lodge.

Action 6.2: **Investigate and pursue potential sources of property development grants and loans**, which could include the EDA, HUD, USDA Rural Development, USDA Forest Service, State funds, etc.

Responsibility: Red Lodge Area Economic Development Corporation, RC&D, City.

Action 6.3: **Work with local telecom carriers and ISPs to fill gaps in coverage** of high speed Internet access to firms and homes in the Red Lodge area, and promote this capacity, along with broadband applications, to existing and potential businesses.

Responsibility: Red Lodge Area Economic Development Corporation, City, County, local ISPs and telecom providers.

Measures of Results:

Results of actions listed under Goal 6 will be monitored and evaluated as follows:

- ◆ Completion of design, engineering and installation of utilities for the business park.
- ◆ Acquisition of outside sources of funding to help finance business park development.
- ◆ Completion of telecommunications upgrades to fill gaps in coverage.
- ◆ Sale of business park property to desirable businesses for creation of higher wage jobs and increases in new tax revenue to the City.

Red Lodge Airport Business Park Concept



Goal 7: City and county development codes and plans facilitate the construction of affordable housing in attractive neighborhoods/subdivisions.

Housing prices are rising nationally due to increasing demand (U.S. residential construction hit an all-time high in Spring 2004). In high amenity communities like Red Lodge, housing prices are rising at a higher rate as people migrate from more populated areas seeking a better quality of life or nice location to retire. The prominence of tourism as a primary sector of the Red Lodge economy brings with it a significant number of low-wage jobs, which means that affordable housing is an issue. As housing demand and prices increase, moderate income residents will be stretched unless a strategy to encourage affordable housing is implemented.

Housing development is driven by markets and availability of financing, and developers logically seek to maximize return on their investment in housing development. Therefore, affordable housing development is facilitated through codes and regulations that allow higher densities, and by efficiencies in the permitting process that minimize costs to developers (e.g., make the development of affordable housing more affordable). Housing for seasonal and lower income residents often is spearheaded by nonprofit organizations. Red Lodge has been successful in the past at addressing this issue during times of tight housing markets, and now that housing again is an issue, the effort should be re-initiated.

- Action 7.1: Update the previous housing study** to identify and catalog existing housing resources, demand for housing in various price ranges and types, and opportunities for development of desired housing. Reinvigorate a Housing Task Force/Authority to address issues identified in the study.
Responsibility: City Planning Department, Beartooth RC&D, State, HUD.
- Action 7.2: Through the Growth Policy planning process, identify development incentives and regulatory techniques that encourage diversity** in design and construction for all housing types and price ranges, particularly those that will increase the stock of moderate income housing (e.g., duplexes, manufactured home park, etc.). Examples are density bonuses, expedited permitting, relaxed development requirements, and financial assistance for participating developers.
Responsibility: City Planning Department.
- Action 7.3: Examine and revise land use approval processes** to make them more predictable and less costly wherever possible.
Responsibility: City Planning Department.
- Action 7.4: Develop and implement a program to educate the public and elected officials** on the critical need for affordable housing.
Responsibility: City Planning Department.
- Action 7.5: Identify existing financing tools and develop new tools** as appropriate for expanding the availability of affordable housing.
Responsibility: Housing Task Force, Montana Home Network/Montana Dept. of Commerce HOME and Board of Housing Single Family Programs, RC&D, HUD.
- Action 7.6: Work with non-profit agencies and private employers to construct employee housing** for service workers in the area. When Beartooth Hospital and/or school are relocated to new facilities, consider purchase and redevelopment of those facilities by a Housing Authority for service employee and/or senior housing.
Responsibility: Housing Task Force, Montana Home Network, Montana Board of Housing, Community Development Block Grant, RC&D.
- Action 7.7: Establish and enforce uniform property maintenance codes.**
Responsibility: City Planning Department.

Measures of Results:

Results of actions listed under Goal 7 will be monitored and evaluated as follows:

- ◆ Completion of housing study.
- ◆ Increase in number of housing units classified as affordable.
- ◆ Increase in number of developers willing to construct affordable housing.
- ◆ Improved enforcement of property maintenance codes.

Goal 8: *The Beartooth Hospital and Health Center has become a model rural hospital system, providing expanded health care capability and services.*

Health care facilities and services are critical to the long-term viability of communities and quality of life. The Beartooth Hospital is a tremendous community asset, but has significant challenges in its current building and location. Expansion to new facilities is needed.

Action 8.1: **Work closely with the administration/Board of the Beartooth Hospital and Health Center, as well as other health care providers, to identify the most appropriate and cost-effective property for the future construction of a new hospital facility.**

Responsibility: Red Lodge Area Economic Development Corporation (RLAEDC), Beartooth Hospital, Chamber of Commerce, City of Red Lodge, Carbon County, RC&D.

Measures of Results:

Results of actions listed under Goal 8 will be monitored and evaluated as follows:

- ◆ Selection and acquisition of a site for future hospital expansion.
- ◆ Completion of hospital construction.
- ◆ Successful operation of hospital with high quality expanded services and facilities.

Goal 9: *The School District has become a model system, providing quality K-12 education. Post-secondary education opportunities are available locally.*

The availability of quality life-long education opportunities is a primary factor in community success and economic development. Workforce skills needed by employers continue to change and become more sophisticated. The school district and MSU-Billings are key partners in economic development efforts in Red Lodge.

Action 9.1: **Work closely with the administration and board of the school district to identify strategies to enhance the K-12 system, and to more closely link the business community with the schools. Support the school district goal to upgrade the Civic Center for use by state tournaments, etc.**

Responsibility: RLAEDC, School District.

Action 9.2: **Work with MSU-Billings to identify an outreach site and programming in Red Lodge to meet the needs of Red Lodge area citizens, workers and businesses.**

Responsibility: RLAEDC, MSU-Billings.

Measures of Results:

Results of actions listed under Goal 9 will be monitored and evaluated as follows:

- ◆ Improved working relationships between the school district and business community.
- ◆ Enhanced skills of students in K-12 system.
- ◆ Increased opportunities for post-secondary education in Red Lodge through MSU-B.

The following goal reflects an economic development issue for the community, from the perspective of the consulting team, that needs to be addressed in the near future.

Goal 10: *The City and County have resolved the issue of the location and enhancement of the Red Lodge airport.*

The Red Lodge airport is a significant asset and economic contributor to the community, as well as provider of services for medical airlifts, search & rescue, scenic flights, etc. The property surrounding the airport is prime real estate for business development due to the airport access, and proximity to town and Highway 78. Residential development west of the airport area eventually may result in conflicts because of noise, traffic, etc. The airport currently does not receive FAA funding due to encroachments on the runway approach. Therefore, it is important that the Airport Board, City and County continue discussions about long-term plans for the airport.

Action 10.1: **Create an Airport Study Committee** to review and discuss long-term growth in demand for use and development of the airport, projected residential development in areas surrounding the airport, and potential issues resulting from conflicting uses. Task the Committee with developing a list of issues, criteria for evaluating options, and recommendations for the Airport Board, City and County.
Responsibility: Airport Board, City, County.

Action 10.2: **Identify costs for maintenance and development options** for the airport, both with and without FAA funding. Identify potential long-term funding sources.
Responsibility: Airport Board, City, County.

Measures of Results:

Results of actions listed under Goal 10 will be monitored and evaluated as follows:

- ♦ Consensus on key issues, decision criteria and recommendations for the airport.
- ♦ Development and funding of long-term strategy for maintenance and enhancement of the airport.



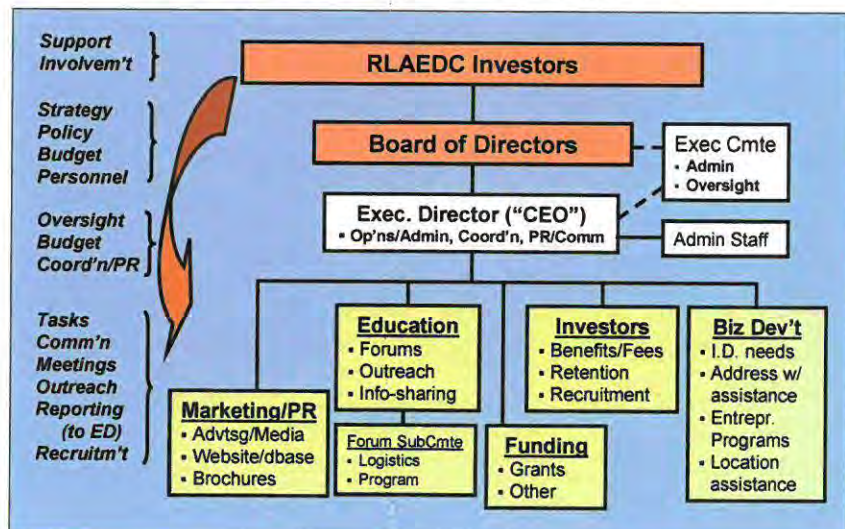
5. ORGANIZATION & IMPLEMENTATION

The key to implementation of this Strategic Plan is leadership and cooperation. The City Council and the Red Lodge Area Economic Development Corporation (RLAEDC) each play a critical role in the success of the Plan. However, there are many other local, regional and state organizations involved in community and economic development that are needed as partners with the City and RLAEDC in order for the Plan to succeed in achieving its goals:

| <u>Organization</u> | <u>Roles</u> |
|---------------------------------------|--|
| Red Lodge Area Economic Dev't Corp. | Coordination, communication, implement Strategic Plan actions, voice of economic development |
| City of Red Lodge | Policy, planning, permitting, infrastructure |
| Carbon County | Policy, planning, permitting, tax assessments |
| Chamber of Commerce | Business advocacy, retention/expansion, tourism |
| Downtown Association | Retail/service support, technical assistance, marketing |
| Lodging Association | Marketing, advocacy re. policy |
| Yellowstone Country Tourism Region | Regional tourism development and marketing |
| City Planning Commission | Planning, permitting, review |
| City Parks Board | Planning, oversight, identification of opportunities |
| Beartooth RC&D | Community assistance, grant writing/administration, Coordination, economic development |
| Beartooth Front Community Forum | Coordination, advocacy, training, community support |
| Community Builders | Project planning/implementation, business support |
| Multiple Listing Realtors Association | Project support, funding contributions, data-gathering |
| Rotary Club, Lions, Kiwanis | Community leadership and service, project support |
| Carbon County Arts Guild | Coordination, marketing, networking, advocacy |
| Beartooth Nature Center | Tourism development, project advocacy |
| Carbon County Historical Society | Historic preservation, advocacy, community support |
| Boys & Girls Club | Youth programs, support/assistance, events |
| Red Lodge School District | K-12 education, community support |
| Beartooth Hospital | Health services and facilities |
| Montana Department of Commerce | Business and community support, funding, tourism |
| Billings Chamber/EDC | Regional economic development/business recruitment |

This Strategic Plan recommends that the Red Lodge Area Economic Development Corporation (RLAEDC) be formalized as a regional partnership, encompassing not just Red Lodge, but also the County, RC&D, and even other communities. It is the lead entity for monitoring the implementation of this

Strategic Plan. The Board of the RLAEDC is elected by the membership of the corporation, which currently is comprised of representatives from the Chamber, the business and financial community, the Beartooth Front Community Forum, the City of Red Lodge, Carbon County, the medical community and the educational community (see organization chart at right).



Below is a sample annual budget for an organization such as the RLAEDC. Funding generally comes primarily from private sector partners/investors (businesses, utility companies, developers, etc.), with some additional cash/in-kind contributions from the public sector (City, County, RC&D) and other organizations.

Sample Economic Development Corporation Budget

INCOME:

| | |
|---|-----------------|
| Major business investors: 10 @ \$5,000 per year | \$50,000 |
| Other business/individual/organization investors: 40 @ \$250/year average | 10,000 |
| Project funding (grants, foundations, etc.) | 20,000 |
| Public sector partners (City, County, RC&D), cash/in-kind of \$5,000 ea. | 15,000* |
| Miscellaneous (forum registrations, other fees/donations, etc.) | <u>2,500</u> |
| TOTAL INCOME (CASH/INKIND): | \$97,500 |

EXPENSE:

| | |
|---|-----------------|
| Director (contract position) | \$50,000 |
| Office expense (space, furniture, equip., etc.) | 7,500* |
| Technical/grant writing assistance, printing | 7,500* |
| Project expenses | 15,000 |
| Marketing expense | 6,000 |
| Travel | 5,000 |
| Organization admin (insurance, corporate reports, etc.) | 2,500 |
| Cell phone, miscellaneous supplies | 1,000 |
| Miscellaneous expense (forums, speakers, meeting costs, etc.) | <u>3,000</u> |
| TOTAL EXPENSE (CASH/INKIND): | \$97,500 |

* In-kind contributions of staff support, office space, furniture, equipment, printing, etc.

Action Table: Summary of Actions, Priorities, Timeline & Responsibilities

The next two pages contain an Action Table that summarizes the actions listed in the previous section, along with priorities, a timeline and responsibilities for implementation. Note: the darker shading of the squares in the timeline indicates a more intensive level of activity.

Red Lodge CEDS Action Table

| Goal | Action | Prio -rity | Est'd Cost | 2004 | | 2005 | | | | 06 | 07 | 08 | 09 | Responsibility |
|--|---|---------------|---------------|--------|--------|--------|--------|--------|--------|----|----|----|----|------------------------------|
| | | | | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | | | | | |
| Goal 1. City & County governments work cooperatively together. | | | | | | | | | | | | | | |
| 1.1 | Sponsor leadership development program | 1 | | | | | | | | | | | | EDC, CC, City, Co, etc. |
| 1.2 | Conduct quarterly meetings of leaders re. priority issues | 1 | | | | | | | | | | | | City, Co |
| 1.3 | Conduct "Newly Elected Officials" orientat'ns/workshops | 2 | | | | | | | | | | | | CC, City, EDC, MLCT |
| 1.4 | Develop City-County plan & development regulations | 2 | | | | | | | | | | | | City, Co |
| Goal 2. City government is responsive to needs of businesses & residents. | | | | | | | | | | | | | | |
| 2.1 | Hire full-time certified City Administrator | 1 | 60,000/yr | | | | | | | | | | | City |
| 2.2 | Initiate update of City Growth Policy Plan | 1 | 30,000 | | | | | | | | | | | City |
| 2.3 | Streamline City permitting process, restructure process | 1 | | | | | | | | | | | | City, Planning Commis. |
| 2.4 | Conduct training for City Council/Planning Board | 1 | | | | | | | | | | | | City |
| 2.5 | Form advisory subcmte of EDC to review City changes | 1 | | | | | | | | | | | | EDC, City |
| 2.6 | Strengthen communication b/ City & biz (forum, surveys) | 1 | | | | | | | | | | | | City, EDC |
| 2.7 | Create effective education/info tools for biz, developers | 1 | 10,000 | | | | | | | | | | | City |
| 2.8 | Use computer technology to improve dev't process | 1 | | | | | | | | | | | | City |
| 2.9 | Incorporate buffer zones into City dev't code | 1 | | | | | | | | | | | | City |
| Goal 3. Highly targeted marketing has increased year-round tourism revenues. | | | | | | | | | | | | | | |
| 3.1 | Market Red Lodge as meeting/group destination | 1 | | | | | | | | | | | | CC, Lodging Assn., DA |
| 3.2 | Plan/support off-peak season festivals & events | 1 | | | | | | | | | | | | CC, EDC, AG, CCHS, FB, RB |
| 3.3 | Develop & use a new "brand" for Red Lodge | 1 | 5,000 | | | | | | | | | | | CC, EDC |
| 3.4 | Create Ambassadors Volunteer Corps to manage VIC | 1 | 500/yr | | | | | | | | | | | CC |
| 3.5 | Enhance Chamber's media relations campaign | 1 | | | | | | | | | | | | CC, Lodging Assn. |
| 3.6 | Develop scenic byway enhancements, Hwy 78 designatn | 2 | | | | | | | | | | | | RC&D, CC, MDOC |
| 3.7 | Conduct analysis re. rodeo arena as multi-purpose ctr | 3 | 30,000 | | | | | | | | | | | RB, EDC, CC |
| 3.8 | Encourage visitor/vacation homeowner extended stays | 2 | | | | | | | | | | | | CC, MS, CCHS, City |
| 3.9 | Initiate Main Street program; recapture retail leakage | 2 | | | | | | | | | | | | Biz, CC |
| Goal 4. Adequate municipal infrastructure for business, residents. | | | | | | | | | | | | | | |
| 4.1 | Update 5-year Capital Improvement Plan | 1 | | | | | | | | | | | | City |
| 4.2 | Identify funding sources for infrastructure improvements | 1 | | | | | | | | | | | | City, RC&D |
| 4.3 | Adopt policy to partially repay developers for services | 1 | | | | | | | | | | | | City |
| 4.4 | Encourage redevelopment of vacant bldgs/upper stories | 2 | | | | | | | | | | | | City, CC, CCHS |
| Goal 5. Effective business development program has promoted diversified economy and higher wage jobs. | | | | | | | | | | | | | | |
| 5.1 | Formalize RLAEDC as regional partnership | 1 | | | | | | | | | | | | EDC, City, Co |
| 5.2 | Secure private/public investments in RLAEDC; hire Dir. | 1 | 97,000/yr | | | | | | | | | | | EDC, Biz, City, CC, Co, RC&D |
| 5.3 | Identify businesses w/ potential to expand, locate to RL | 2 | | | | | | | | | | | | EDC |

Codes: AB=Airport Board, AG=Arts Guild, Biz=Businesses, CC=Chamber of Commerce, CCHS=Carbon County Historical Society, City=City, Co=County, DA=Downtown Assn., EDC=Red Lodge Area Economic Development Corporation, FB=Fair Board, HTF=Housing Task Force, HUD=U.S. Housing & Urban Development, MDOC=Montana Dept. of Commerce, MLCT=Montana League of Cities & Towns, MSUB=Montana State University Billings, RB=Rodeo Board, RC&D=Beartooth RC&D

| Goal | Action | Priority | Est'd Cost | 2004 | | 2005 | | | | 06 | 07 | 08 | 09 | Responsibility |
|---|---|----------|------------|------|-----|------|-----|-----|-----|----|----|----|----|-----------------------------|
| | | | | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | | | | | |
| 5.4 | Develop marketing materials & web site for econ dev't: | 2 | 10,000 | | | | | | | | | | | EDC, CC, Biz |
| | a. Create brochure/fact sheet for mailings, reg'l dist'n | | | | | | | | | | | | | EDC, CC |
| | b. General purpose brochure w/ detailed info | | | | | | | | | | | | | EDC, CC, Co |
| | c. Create web site for econ dev't info, resources | | | | | | | | | | | | | EDC, Biz |
| 5.5 | Distribute quarterly newsletter re. EDC efforts | 2 | 2,000/yr | | | | | | | | | | | EDC |
| 5.6 | Sponsor forum for entrepreneurs re. resources/needs | 2 | 1,000/yr | | | | | | | | | | | EDC, CC, RC&D, MSUB |
| 5.7 | Schedule speaking at local civic clubs re. updates | 1 | 0 | | | | | | | | | | | EDC |
| 5.8 | Conduct site visit for MDOC, utility officials, etc. | 2 | 200 | | | | | | | | | | | EDC, City, CC |
| 5.9 | Pursue funding for econ development efforts | 1 | | | | | | | | | | | | EDC, RC&D |
| 5.10 | Initiate local PR campaign re. Strategic Plan implement'n | 1 | 200/yr | | | | | | | | | | | EDC, CC, City, Co |
| Goal 6. Fully-developed business park with advanced telecom. | | | | | | | | | | | | | | |
| 6.1 | Guide planning/dev't of business park at airport | 2 | | | | | | | | | | | | EDC, RC&D, City |
| 6.2 | Pursue funding for business park dev't | 2 | | | | | | | | | | | | EDC, RC&D, City |
| 6.3 | Fill gaps in broadband coverage, promote capacity | 2 | | | | | | | | | | | | EDC, ISPs/telecom |
| Goal 7. City & County codes/plans encourage affordable housing construction. | | | | | | | | | | | | | | |
| 7.1 | Update housing study; reinvigorate Housing Task Force | 2 | 10,000 | | | | | | | | | | | City, RC&D, State, HUD |
| 7.2 | Provide development incentives for housing diversity | 2 | | | | | | | | | | | | City, Planning Commis., HTF |
| 7.3 | Revise land use approval process to reduce costs | 1 | | | | | | | | | | | | City |
| 7.4 | Educate public & elected officials about housing needs | 2 | | | | | | | | | | | | City |
| 7.5 | Identify financing tools to expand affordable housing | 2 | | | | | | | | | | | | City |
| 7.6 | Work with nonprofits/employers for employee housing | 2 | | | | | | | | | | | | HTF, etc. |
| 7.7 | Establish/enforce uniform property maintenance codes | 1 | | | | | | | | | | | | City |
| Goal 8. Beartooth Hospital has become a model, with expanded services. | | | | | | | | | | | | | | |
| 8.1 | Identify most appropriate property for future expansion | 2 | | | | | | | | | | | | EDC, CC, City, Co, RC&D |
| Goal 9. School district has become model for K-12 education. Post-secondary opportunities are available. | | | | | | | | | | | | | | |
| 9.1 | Work with school to enhance K-12, link to businesses | 2 | | | | | | | | | | | | EDC, School District |
| 9.2 | Work with MSU-B to identify site, programming for RL | 2 | | | | | | | | | | | | EC, MSUB |
| Goal 10. City & County have resolved airport location/expansion issue. | | | | | | | | | | | | | | |
| 10.1 | Create Airport Study Committee, review issues, etc. | 3 | | | | | | | | | | | | AB, City, Co, EDC |
| 10.2 | Identify costs for maint/dev't options at airport | 3 | | | | | | | | | | | | AB, City, Co, EDC |
| Total | | | | | | | | | | | | | | |

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NEXT STEPS

The suggested next steps in implementation of the Comprehensive Economic Development Strategy (CEDS) are as follows:

1. Approval and adoption of final CEDS document by RLAEDC (following review/comments and refinements).
2. Approval and adoption of the CEDS by the City Council; send copies of the CEDS to the U.S. Economic Development Administration (state office in Helena, regional office in Denver).
3. Endorsement of the CEDS by the County Commission.
4. Endorsement and/or adoption of the CEDS by the Chamber of Commerce, RC&D Board, Montana Department of Commerce and other community organizations.
5. Formalize structure/membership/partnerships of RLAEDC.
6. Obtain commitments from partners to implement and report quarterly on progress.
7. Secure investment funding for RLAEDC.
8. Begin implementation of CEDS.
9. Hire full-time City Administrator.
10. Contract a director for RLAEDC.
11. RLAEDC monitor/oversee implementation of CEDS, meet to discuss/report progress twice a year.

If the City of Red Lodge, RLAEDC and their partner organizations use the CEDS as a guideline for strategic action over the next five years and beyond, Red Lodge will have an improved economy while retaining the quality of life values that citizens cherish.

APPENDICES

- A. Summary of Red Lodge Growth Policy
- B. Airport Business Park Concept Plan Report
- C. Online Leadership Survey Report

APPENDIX A

Red Lodge 1995 Master Plan & 2001 Growth Policy Summary

The following is a summary of the sections, goals and strategies contained in the Red Lodge 1995 Master Plan and the 2001 Growth Policy update of the Master Plan.

1 – The Planning Process

(Information only – no goals or strategies.)

2 – Introducing the Policies

(Information only – no goals or strategies.)

3 – Jurisdiction of This Plan

Planning Goal:

Guide development and serve as basis for review of proposed development. City will encourage planning board and commissioners to rely on plan when making decisions.

Strategies:

- A. Actively work to build cooperative relationship with county counterpart.
- B. Provide adequate funding for administration of Growth Policy, including training for Planning Board members and staff.
- C. Include specific provisions in the adoption of, or changes in, the code for existing development and projects already under way.

4 – Citizen Participation in the Planning Process

Citizen Participation Goal:

Continue to encourage public involvement in the planning process.

Strategies:

- A. Actively encourage public involvement in annual plan reviews. Seek public involvement in preparing additional studies, including design review standards and capital improvements program.
- B. Solicit involvement of youth in the planning process.
- C. Incorporate all legal requirements for citizen participation in the planning process.
- D. Incorporate a written hearing procedure.

5 – Maintaining This Growth Policy

Plan Maintenance Goal:

This Growth Policy will be reviewed every 5 years, and revised if necessary.

Strategies:

- A. Devote one Planning Board meeting each year to review of the Growth Policy.
- B. Prepare an annual report and distribute to board, elected officials, and public showing the progress made in implementing each policy goal and strategy.
- C. Provide for practical minor adjustments in the Policy or Code, not major policy changes. Any changes must be preceded by a thorough public discussion.
- D. Provide adequate funding to support administration of Plan including training for Planning Board members and staff.
- E. Create permanent ongoing committees to deal with the greatest concerns of the public as solicited in outreach efforts (e.g., enforcement, liaison, interpretation).
- F. Provide specific provisions in the Red Lodge Development Code protecting existing development and projects.
- G. Review the Development Code to ensure consistent and fair enforcement.

6 – Central Business District

CBD Goal:

The CBD will continue to be the retail, service, government, social and cultural heart of the community.

Strategies:

- A. Public offices and meeting places should remain in central business district.

- B. Encourage off street parking and beautify City lots on Oakes. Provide more visitor information about parking, install signs and landscaping.
- C. Prepare a streetscape plan addressing side streets, utility lines, alleys, lighting, landscaping and pedestrian amenities.
- D. Work with the Historic Society, Chamber, and others to find funding for video tape presentation on character of downtown Red Lodge, for use by the Design Review Commission.
- E. Change zoning ordinance to facilitate replacement /redevelopment of historic buildings, and upper-story residential uses.
- F. Follow a design review process to maintain the historic character of the CBD. The Design Review Commission will be appointed by the City Council, and guided by design review standards.
- G. Integrate the administration of the sign code into the development code. *(PARTIALLY COMPLETE)*
- H. Allow conversion of existing residential structures to commercial use in the Central Business Zoning District. Ensure that expansion of the District will not generate nuisances or conflicting uses affecting adjacent residential neighborhoods.
- I. Allow expansion of Central Business Zoning District where previously zoned Commercial Transition.

7 – Community Entrances

Community Entrances Goal:

Commercial development at the entrances must present Red Lodge as a unique and welcoming community. Typical strip development will be discouraged (residential zoning will be used where there are existing homes).

Strategies:

- A. Maintain efficient functioning of highways by ensuring that points of access meet safety standards.
- B. Work with Montana Department of Transportation to improve intersection of Montana 78 and U.S. 212.
- C. Encourage MDT to construct an overlook on Montana 308.
- D. Place "Welcome to Red Lodge" signs at all four entrances to the city.
- E. Seek funding to construct a pedestrian and bicycle trail that will parallel U.S. 212 on the north edge of town.
- F. Work cooperatively with the County for mutually agreeable zoning around all four entrances.
- G. Work with MDT to help provide safe pedestrian crossing access to the new trail and Coal Miner's Park.
- H. Landscape any City-owned land near the entrances (row of trees, etc.).
- I. Coordinate design of trails and landscaping with the streetscaping plan for the CBD.
- J. Work with the County to develop an industrial park at the airport. Provide infrastructure, and landscape buffers to shield Highway 78.
- K. Ensure through the development code that development does not destroy the visual dominance of vegetation along Rock Creek, scar slopes overlooking the city, or create nuisances.
- L. Require that new developments have safe access to public streets and roads, provide off-street parking.
- M. Require a traffic impact study as part of applications for permits for major developments ("major" is defined as 600 ADT, 60 homes or 10,000 sq. ft. commercial/industrial space).
- N. Prohibit through the development code access to commercial development via residential streets; establish performance standards to mitigate other conflicts. *(COMPLETED)*
- O. Require through the development code extensive landscaped buffers for commercial uses in the community entrance areas.
- P. Require through the development code that commercial, industrial, and high density residential developments submit a runoff management plan.
- Q. Protect pedestrians and cyclists by requiring all developments to provide sidewalks or trails; encourage bike racks.
- R. Require the use of reverse frontage, deep lots, landscaped buffers, etc. when a new residential development borders a highway to ensure that growing traffic volumes do not result in deteriorating neighborhoods.
- S. Ensure that appearances of new commercial or industrial developments along entrances are consistent with Red Lodge's historic image.

8 – Residential Neighborhoods

Residential Neighborhoods Goal:

Zoning should protect residential neighborhoods from conflicting land uses, but regulations should not make it more difficult to renovate older homes or build affordable new dwellings. Development code

provisions that require minimum lot sizes, minimum setbacks, and maximum lot occupancy should be reexamined. Consider incentives or waivers to encourage infill development. Invest in infrastructure (sidewalks, housing rehab, etc.).

Strategies:

- A. Fund regular statistical updates to help maintain the city's competitiveness for housing grants.
- B. Continue City rehabilitation program and encourage building of rental homes for the elderly.
- C. Retain sufficient staff to enforce building and development codes; require City staff to enforce codes evenhandedly and consistently.
- D. Provide modest assistance to neighborhoods for sidewalk development. Inventory and assess the conditions of all sidewalks and needed sidewalks throughout the city.
- E. Ensure that the zoning regulations eliminate obstacles to the improvement and replacement of existing homes in older neighborhoods.
- F. Provide three zoning districts for neighborhoods of single family dwellings: one older areas of small lots, one for large lots served by central sewerage, and one for subdivisions served by on-site sewage disposal systems.
- G. Consider permitting limited office use of historic homes in Hi-Bug district.
- H. Protect residential uses from potential nuisances, like noise, light and high volume traffic.
- I. Establish performance standards for accessory apartments, home businesses, outdoor storage and keeping of livestock on residential properties.
- J. Provide a zoning district for higher-density residential developments like apartments, condominiums and mobile home parks. The code should set standards for these uses, such as parking and landscaped buffers.
- K. Require unoccupied homes and land to be maintained by owners and kept secure from unsafe uses.

9 – Open Space

Open Space Goals:

Support Custer National Forest efforts to protect views from the City and the Beartooth Highway. Support Forest plan to manage the West Fork of Rock Creek- the municipal watershed. Maintain and improve existing parks; ensure that new large-scale developments provide useful open space. Begin to develop a trail system that links parks, open spaces and neighborhoods. The City will protect water quality for Rock Creek from erosion and runoff generated by new development. As feasible, acquire and protect remaining undeveloped riparian lands along Rock Creek. Ensure that building on East and West benches above the city does not accelerate erosion or result in landslides. Protect views while allowing owners reasonable use of their land. Ensure consistency in open space goals, open space implementation, and identification of areas important to wildlife, agriculture, views and recreation.

Strategies:

- A. Form a Parks and Open Space Board to oversee maintenance and operation of existing parks, new acquisitions, and funding for parks and open space.
- B. Use available tools to achieve open space goals: enforce existing Montana statutes requiring subdivisions to dedicate parks and open spaces; form a local land trust; voluntary conservation easements; use of City property as trading stock; and grants for land purchase.
- C. Invest time and attention in supporting Custer National Forest efforts to protect water quality and visual resources.
- D. Investigate ways to obtain more funding to maintain and improve parks; including implementation of the plan for Coal Miner's Park.
- E. Acquire the wide riparian zone along Rock Creek west of the sewage plant to buffer lagoons, protect wildlife habitat and provide low impact recreation. Attempt to acquire riparian lands south of the city.
- F. Construct the pedestrian and bicycle trail system; develop a map showing existing and planned trail system.
- A. F2. Continue to participate in the National Flood Insurance Program (NFIP) so homes can be insured. Update City floodplain management ordinances; consolidate permit requirements with Development Code. Encourage developers to leave floodplain open by permitting developers to transfer development rights to upland sites.
- G. Require developments that could affect water quality in Rock Creek and its tributaries to prepare and implement a runoff and erosion control plan.
- H. Minimize the potential for slope failure by requiring new construction to comply with Chapter 33 of the Uniform Building Code.
- I. Minimize the impact of crestline development on views with deeper setbacks and lower heights.

- J. Require all new developments to provide sidewalks and/or pedestrian trails.
- K. Require subdivisions to fulfill the state requirement for parks dedication with riparian lands or trail rights-of-way, neighborhood parks large enough to be genuinely useful (approximately 6 acres), or cash. Cash must be earmarked for development of existing parks or acquisition of new park land.

10 – Future Land Uses

Goals:

Infill development must be compatible with neighboring uses, as provided by the other sections of this Growth Policy. Development code setback requirements should be reviewed to facilitate and encourage infill development. Substantial flexibility should be permitted in the mix of uses and densities in planned developments on larger parcels (within or outside city limits), with the quality of the proposed project evaluated using performance standards that reflect community expectations.

Strategies:

- A. Ensure that the capital facilities planning process accommodates anticipated growth of Red Lodge and the surrounding area, and is reflected in the infrastructure policy statement.
- B. Annex all contiguous lands owned by the City.
- C. Provide adequate access west of Red Lodge to accommodate future land use pattern west of Red Lodge. Use City and County subdivision review and, if necessary, acquisition, to ensure that a collector road can be developed to link Ski Hill Road and Montana 78.
- D. Require through the Development Code that infill development complies with the policies of this Plan.
- E. Prohibit piecemeal development of growth areas. Require that development be preceded by review and approval of a conceptual site plan for the entire property.
- F. Establish a process for review of planned developments, including a checklist of performance standards by which that process will be guided.

11 – Infrastructure and City Services

Goals:

The City of Red Lodge and other service providers should provide facilities and services adequate to serve the present population and anticipated growth. Work toward implementing the projects outlined in the capital improvement program, and update the 1997 CIP document annually to reflect ongoing infrastructure development in the City (functioning of existing facilities, deficiencies, maintenance and provisions of facilities). Adopt a "pay as you grow" policy so not to pass the cost on to future generations.

Strategies:

- A. Develop an annual assessment and review of Capital Improvements Plan.
- B. Develop a Capital Improvements Plan Awareness Program to facilitate communication between the city and the public.
- C. Assure adequate lighting is provided throughout the city for general safety; be sensitive to light pollution.
- D. Pursue all additional sources of funding that can help implement these strategies.
- E. Work with the school district to ensure that the school district facilities can provide positive impact to students, and public. Look cooperatively at ways to provide multi-use space for the community.
- F. Adopt and enforce airport safety zoning regulations recommended by FAA.
- G. Conduct a wellhead protection study for the Grant Street well, and add any regulations recommended to protect groundwater. Work with Custer National Forest to protect West Fork Rock Creek watershed.
- H. Work with Carbon County to ensure that proposed development will not conflict with operations of the sewage treatment plant.
- I. Ensure that development along state highways will be compatible with higher volumes of traffic.
- J. Require that all subdivision dedicate park space or provide cash-in-lieu dedications.
- K. Rewrite Title 4 of water and sewer administration ordinance so that connection fees cover full cost of system capacity consumed.
- L. Require developers to install all necessary on-site facilities to city specifications.
- M. Require developers to participate in the cost of providing off-site facilities necessitated by their activities.

12 – Municipal Lands

Goal:

The City of Red Lodge should retain those lands needed for public use, including future facilities. If the City is unsure of future need for a parcel, the city should lease it at a fair market value. The city could sell or trade its other properties, using adequate public hearings and encouraging public input.

Strategies:

- A. Determine which of City's parcels are needed for municipal functions and future needs. When leases expire, conduct an economic analysis to decide whether to continue the lease at market value or sell at market value.
- B. Lead by example by meeting or exceeding every provision of this Growth Policy and Development Code on City property.

Table 3 – Potential Development Areas

| |
|--|
| <p>1. This parcel is east of Rock Creek, three blocks from the Central Business District. Proximity to the center of the city makes it suitable for high density residential development or mixed-use development, including housing, offices, and limited commercial space. A health club or restaurant would be examples of appropriate commercial uses. Lower intensity residential development should be used as a buffer on the south and east edges. This parcel is a critical linkage in the Rock Creek Greenway, and the required park dedication should be along the creek.</p> |
| <p>2. This site is east of Rock Creek and extends approximately 1000 feet south from Montana Highway 308. It has potential for commercial or high density residential development that could be annexed by the City of Red Lodge. The required park dedication should be along the creek.</p> |
| <p>3. This pasture land east of Rock Creek is suitable for large lot residential development, if the density is limited to minimize the potential for groundwater contamination from on-site sewage disposal systems. The present access to US 212 – the Meteetse Trail - should be supplemented by a road north to Montana 308. That road would also serve potential development area 2.</p> |
| <p>4. The East Bench is remote from utilities and access is limited. A collector road would have to be extended from Montana 308 along the ridge to serve any intense development. This area is suitable for very large lot residential development with on-site sewage disposal systems. There is also a small existing industrial area on the East Bench.</p> |
| <p>5. Much of the land along Ski Hill Road is already subdivided. The remainder is generally suitable for development in a similar pattern, but densities must be kept low to minimize the groundwater contamination hazard. Only very low density development should be permitted on the slopes. Proposals for more intensive residential or commercial development along US Highway 212 (and possibly along Rock Creek) should be anticipated.</p> |
| <p>6. Given sound site planning, this area west of the airport is suitable for a range of uses and densities. Development issues include access; conflict with airport operations; the costs of extending streets, utilities, and other infrastructure; the provision of open space; and the compatibility of the uses proposed. Development of this area should be served by a collector road that connects Ski Hill Road with Montana 78. The Future Land Use Map, page 43 does not show an alignment for this road because its route could vary depending on the pattern of development. The need for this access should be kept in mind in subdivision reviews in the area. It will also be necessary to obtain, by dedication or purchase, a site for a water reservoir (tank) somewhere in or above this area.</p> |
| <p>7. This is the Red Lodge Airport. Recent proposals regarding the airport would not change the concept of using the site for both general aviation and light industrial development. The area south of 78 and east of Remington Ranch and west of White Avenue needs a plan for development.</p> |
| <p>8. This area includes Country Club Estates and adjoining lands that would be suitable for a similar type of residential development. Commercial development north of the curve in Montana 78 should be limited to accessory uses for the golf course.</p> |
| <p>9. The vacant lands at the north entrance to Red Lodge are suitable for high way-oriented retail and service commercial uses. Such uses must comply with the Community Entrances policy of this Growth Policy and be harmonious with the municipal entryway landscaping and trail projects described in strategies 7.D. and 7.F.</p> |
| <p>10. This area consists primarily of Rock Creek flood plain. Although the City of Red Lodge has purchased a portion of the lands in this area northeast of the sewer ponds this Growth Policy recommends that more of this area be acquired as a buffer for the city's sewage treatment plant and for wildlife habitat, and limited recreational use.</p> |
| <p>11. These infill areas have potential for high density residential development, but only if water and sewer mains are extended and sensitive design is used to minimize compatibility issues. The area immediately west of Coal Miner's Park also has potential as a school site.</p> |

Red Lodge

Airport Business Park

Concept Plan Report



July 2004

Prepared by
The Hingston Roach Group, Inc.
David Kolzow & Associates
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Executive Summary

Introduction

In February 2004, the City of Red Lodge contracted The Hingston-Roach Group to develop a concept plan for City-owned land surrounding the airport. Due to the strategic importance of this area, the planning approach used a design workshop to solicit public input about the airport property and how such development would relate to surrounding properties. Marketing and design of the property will rely on the designated land uses; therefore, it is important to coordinate the airport planning process with the demand and market niche data being developed as part of the Red Lodge Comprehensive Economic Development Strategy (CEDS).

Guidelines for Development

The following guidelines for development of the property reflect input from interviews with stakeholders during February and March. Participants in the workshop discussed and confirmed these guidelines.

- Attract low impact business and industry to an industrial/business park.
- Design the park for small employers (5 to 50 employees).
- This is a high visibility area, so development should pay attention to aesthetics and amenities.
- Business development should attract jobs that diversify the economy.
- Target uses that reflect the appropriate business mix identified in the CEDS.
- Phase the development to meet demand.
- Consider the impact on surrounding land uses. Create a sense of place.
- Assume the airport will remain at its current location for the near term and plan around it.

Planning Process & General Themes

On March 25, 2004, the consulting team conducted a design workshop to develop concepts for the development of the airport property. Approximately 20 participants representing a cross-section of interests in the community and sketched development proposals, which then were presented to the larger group. The following common themes emerged:

- Open space should be a key aspect of development (parks, trails, water features).
- Maintain the parking for the rodeo grounds. Consider developing recreational vehicle parking in this area.
- Create a landscaped entry area (preferred location northeast corner of the site).
- Suggested land uses include light industrial, construction trade, hospital, aviation residential, technical college facilities, and city/county shops. The CEDS will help determine the demand for these uses.
- Incorporate the airport site plan adopted by the Airport Board into the Concept Plan.
- The crosswind runway area could be included in the developable area.

Concept Plan

The conceptual drawing included in this report reflects these principles. The existing runway and airport facilities are maintained with room for proposed expansion. There are amenities such as parks, open space, trails and a water entry way included throughout the development. The concept drawing can accommodate both light industrial and business land uses. The specific types of businesses to be targeted for these areas are identified in the Comprehensive Economic Development Strategy.

Planning Process

In 2004, the City of Red Lodge received a Community Development Block Grant (CBDG) for planning to conduct the CEDS and do preliminary planning for a Planned Unit Development (PUD) Business Park at the airport. The City and consulting team developed the following phases for this process:

PUD Timeline

- Phase 1 Preliminary Planning: per input from the design workshop, produce a concept plan for developable land at airport including guidelines for future development.
- Phase 2 Prepare planning and engineering documents for approval per development regulations.
- Phase 3 Submittal to Planning Board & City Council, public hearings.
- Phase 4 Final Planned Unit Development approval.

Scope of Work for Phase 1 - Preliminary Planning

- ♦ Initial analysis: review previous studies, Growth Policy Plan, Development Regulations; contact key informants for background information; site reconnaissance.
- ♦ Prepare materials for design workshop: aerial photos, base map, handouts, etc.
- ♦ Conduct design workshop: coordinate with leadership workshop; involve key stakeholders to review assumptions, design principles, general area plan indicating conceptual development for entire airport site and phases; define parameters to develop concept plan for phase 1 of the development.
- ♦ Recommendations & report: summarize process, outline development principles and include composite drawings from the design workshop.

Design Workshop

On March 25, 2004, the consulting team conducted a design workshop to develop concepts for the development of the airport property. The team reviewed past development proposals, basic site data, airport site plan, and planning principles. Approximately 20 participants representing a cross-section of interests in the community divided into three teams and sketched development proposals. Each proposal was presented to the larger group and common themes were identified.

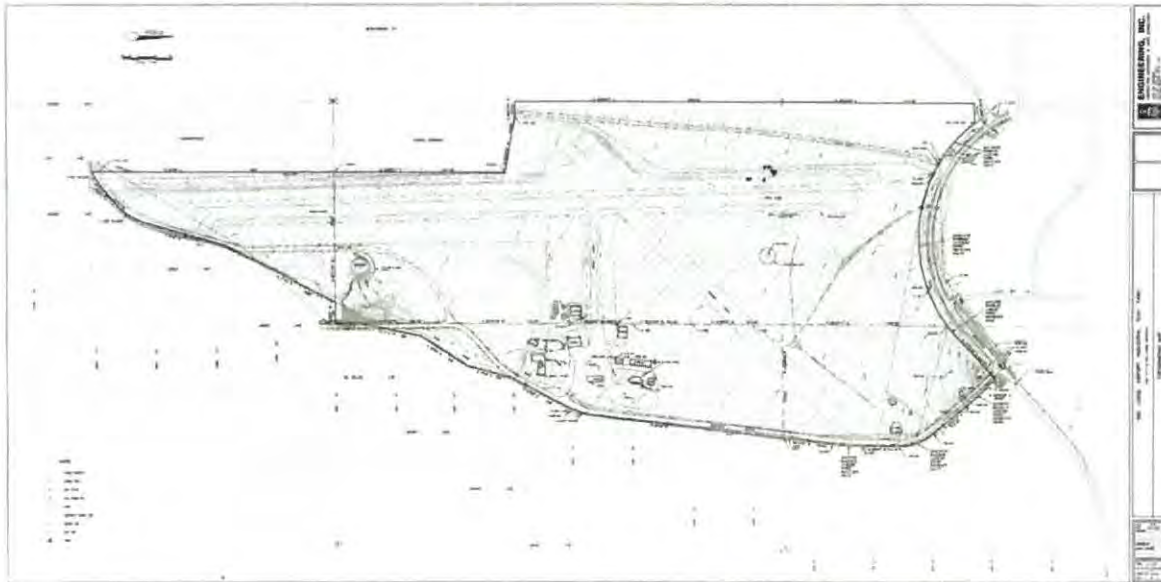
Report & Recommendations

This report presents the background information that was presented at the design workshop. It provides the underlying assumptions and reviews the planning principles that should guide future development. The drawings and recommendations represent general concepts, and the final outcomes may have several variations. Future plans, however, should reflect the public input and the common themes that have been identified in this report.

Study Area Background Information

The study area is located on the west bench overlooking the City of Red Lodge (Figure 1 below). It includes the existing airport and surrounding City-owned land, as well as the county fairgrounds and rodeo grounds. The study area extended beyond the airport boundaries in order to account for planning issues of adjacent land uses. The City of Red Lodge owns the airport land and surrounding vacant land. The total land area owned by the City amounts to 158 acres, including the airport, crosswind runway, overflow parking for the rodeo grounds, reservoir, and vacant land.

Figure 1: Airport Business Park Study Area



The following information summarizes key attributes of the study area:

Zoning

- ◆ Airport Industrial Zoning District
- ◆ Any parcel over two acres must be developed as a Planned Unit Development (PUD)
- ◆ Permitted Uses specified in 15.2.5
- ◆ Development Code Revisions may affect PUD process

Current Land Uses

- ◆ Size: 158 acres
- ◆ Runways: main runway and crosswind runway
- ◆ Hangars
- ◆ Overflow parking for rodeo grounds
- ◆ Water reservoir

Surrounding Land Use

- ◆ East: Red Lodge City Center (below bench where airport lies)
- ◆ North: Highway 78, residential development, golf course
- ◆ South: Rodeo grounds, open land to southwest
- ◆ West: Residential development (subdivision has not reached build-out)

Ownership

- ◆ City owns airport land, operated by City-County Airport Board
- ◆ Rodeo grounds owned by Rodeo Association, partially in City limits
- ◆ County fairgrounds owned by County, located in City limits

Utilities

- ◆ Water: 16 inch water main leading from storage tank south of the airport and located under the airport road; booster pump required to service airport
- ◆ Sewer: Brewery Hill sanitary sewer extension has been stubbed under the airport road

Environmental

- ◆ Drainage: Two irrigation canals cross the northwest corner of the development
- ◆ Subsidence Areas: Evidence of coal bed mining underlying the Red Lodge Airport does exist and is defined in the 1987 Chen-Northern Inc. Potential Subsidence Study. The areas are limited and considered to have low to moderate potential. Future site developments should take this into account in their building and foundation design.
- ◆ Soils & Geology: Gravel is prevalent under the top four to eight inches of soil throughout the site. Steep slopes along bench, soils allow for a natural plant community over the site.

Telecommunications

- ◆ T-1 leased lines available over copper
- ◆ Wireless Internet serves area
- ◆ Broadband cable services could be expanded as part of subdivision improvements

Airport Statistics

- ◆ Primary Runway: Asphalt surface, 4,000 feet length, 75 feet width; load capacity 6,000 dual wheel load; visual approach
- ◆ Crosswind Runway: Turf surface, 1,850 feet long
- ◆ Airspace Obstructions:
 - 10+ penetration by a road and fence 288 feet from the threshold
 - Steep terrain drop-off to 400 feet approximately 127 ft. right of the runway
- ◆ Based Aircraft: 15 in 1999, projected growth to 22 aircraft, 6-19 landings per day by 2019
- ◆ Proposed layout for new hangars would add about 20 structures and 80-90 aircraft, must have sewer and water for build-out

Other Site Considerations

- ◆ Topography: Relatively flat, northeast corner has some drop-off
- ◆ Hydrology: No surface water on site, irrigation ditch along north border of site
- ◆ Micro-Climate: Prevailing winds
- ◆ Vegetation: Scrub and native plants
- ◆ Habitat: Wildlife habitat does not appear to be a concern

Growth Policy Plan & Planning Principles

The Red Lodge Growth Policy Plan was originally adopted in 1995 and revised in 2001. There were essentially no changes to the policies regarding the airport in the update. While the policies in the Plan should be referenced to provide guidance for planning at the airport, these policies should be reviewed to determine if they still reflect current market conditions and other planning considerations that have emerged since the policies were adopted in 1995.

Since adoption of the Growth Policy Plan, relocating the airport has become an issue, the Internet has become a major economic force, and there has been development of an industrial park in the vicinity of the airport. Additionally, public input indicates a desire to attract development at the airport to diversify the economy and attract higher paying jobs. The Comprehensive Economic Development Strategy (CEDS) will help identify specific industries to be targeted. Land uses at the park should reflect these conditions.

The Growth Policy has a number of policies that deal with aesthetics and open space in new developments. The policies reflect the desire to maintain community character and protect the views through controls on crest line development. These policies were reaffirmed through the public input portion of the CEDS process.

Following are excerpts from the City of Red Lodge Growth Policy relating to development issues at the airport area.

Central Business District

Policy A Public offices and meeting places should remain in the Central Business District.

Community Entrances

Policy J The City of Red Lodge should work with Carbon County to develop an industrial park at the airport. This project must be shielded from Highway 78 with landscaped buffers and provided with adequate infrastructure.

An airport industrial park would provide sites for uses like contractor's shops that need extensive parking and materials storage areas. The City could help such businesses relocate from highway frontages and grant funds may be available to install infrastructure, if a small new industry that would create several jobs can be found. A properly designed industrial park will not interfere with the safe continued operation of the airport.

Policy S The appearance of new commercial or industrial development along the community entrances should be consistent with Red Lodge's historic image. The development code will establish a design review process for use in a "Community Entrances Zoning District" and the proposed airport industrial park. The standards guiding that process will not be the same as those used in the central business district, but should encourage developers to adapt some of the themes found in the City's historic commercial architecture for use along the community entrances.

Open Space

Background The strong horizontal line and sense of enclosure created by the East and West Benches rising above the city are important elements in the visual character of the community.

The City of Red Lodge will ensure that building on the East and West benches above the city does accelerate erosion or result in the landslides. It should also protect views, while allowing the owners of visually sensitive properties a reasonable use of their land.

Policy I The Red Lodge Development Code will minimize the impact crest line development has on views. Current Red Lodge Development Code must be revised to reflect the public desire for deeper set backs and lower heights. This can be accomplished with a combination of building height limitations and setbacks from the crest line. Given recent development along the West Bench, the building height and setbacks from the crest line requirements in the current Red Lodge Development Code must be reviewed to determine if they are adequate for minimizing impacts to bench line views.

Potential Development Areas

Area 7 Red Lodge Airport. Recent proposals regarding the airport would not change the concept of using the site for both general aviation and light industrial development. The area south of Highway 78 and east of Remington Ranch and west of White Avenue needs a plan for development.

Infrastructure

Policy F Red Lodge and Carbon County will adopt and enforce the airport safety zoning regulations recommended by the Federal Aviation Administration.

Planning Principles

Other planning principles that were presented at the design workshop include:

- ◆ Utilize buffering between incompatible land uses.
- ◆ Create an entry identity to the business park.
- ◆ Incorporate amenities such as parks, trails and open space into the site planning.
- ◆ Use storm water retention facilities as a water amenity.
- ◆ Create a sense of place that reflects community character.
- ◆ Identify specific potential land uses and create lot sizes and design standards to reflect the function of these uses (see Appendix A).

Public Input

In February 2004, the consulting team interviewed approximately 100 key stakeholders regarding the Comprehensive Economic Development Strategy. Although the interviews were focused on obtaining input for economic development planning, the interviews yielded numerous comments on the strategic importance of development at the airport and opinions regarding the nature of that development. Following are general principles for development of the airport area that were expressed during interviews in February and during the design workshop in March.

General Development Goals

- ◆ Only permit low-impact businesses and industry. Industries should be non-polluting with minimal off-site impacts such as noise, dust, traffic, and glare.
- ◆ Attract small employers (suggested sizes range from 10 to 50).
- ◆ This is a high visibility area and development needs to be sensitive to aesthetics.
- ◆ Use the business park to diversify the economy with non-tourist related industries and higher paying jobs.
- ◆ Consider public involvement in infrastructure development costs to offset high costs for extending sewer and water service.
- ◆ There is a need for vacant, ready-to-build lots with infrastructure in place for business and industry.

Other Planning Considerations

- ◆ Reflect the supply and demand for various types of office, warehousing, and light industrial uses that are identified in the CEDS.
- ◆ Identify near and long-term phases for development.
- ◆ Define sub-areas to differentiate phases and development approaches.
- ◆ Development should incorporate site constraints due to environmental, geologic, or airport safety concerns.
- ◆ Consider the relationship to the surrounding land uses.

Common Themes from the Design Workshop

- ◆ Open space should be a key aspect of development (parks, trails, water features).
- ◆ Maintain the parking for the rodeo grounds. Consider developing recreational vehicle parking in this area.
- ◆ Create a landscaped entry area (preferred location northeast corner of the site).
- ◆ Suggested land uses include light industrial, construction trade, hospital, aviation, and residential, technical college & city/county shops. The CEDS will help determine the demand for these uses.
- ◆ The crosswind runway area could be included in the developable area.

Recommendations

Based on the consulting team's assessment of the airport site attributes, market demand, public input from the design workshop, analyses of prior airport studies and assessments, and discussions with local leaders, the following parameters for development of the site are recommended. Figure 2 on the next page is a composite drawing of the recommendations.

- ◆ The site should include a small public park at the northwest corner entry from Highway 78 (at the entrance road to the Rodeo Grounds).
- ◆ The site should retain overflow parking for the rodeo grounds, and also should include an recreational vehicle (RV) parking area that can be used for overflow parking during large events. Many RVers now park at the rodeo and fairgrounds for events and recreational use, but no services are available. The RV parking area would provide enhanced services such as electrical hookups and picnic tables for event participants, spectators and visitors. Note that the ratio of overflow parking to RV area depicted in Figure 2 is flexible and could vary in the final site plan.
- ◆ The commercial area bordering Highway 78 should be designated for office, showroom, multi-tenant business space, technology campus or similar uses. It should not be used for retail, tourist services or auto-oriented businesses. Small offices, such as professional services or “lone eagles” should be encouraged to locate in the central business district (downtown generally is a more desirable location for these types of businesses). The lots in this area could be aggregated for a larger facility, such as an MSU-B technical college facility combined with a multi-tenant facility for business uses. If combining lots is a possibility, then a smaller user should be located on one of the two outer lots, rather than one of the two middle lots.
- ◆ Areas to the south and north of the existing airport hangar facilities should be designated for light industrial use. Both areas should include open space features.
- ◆ The lot sizes should vary in the business park to accommodate different product types.
- ◆ High intensity uses, such as city and county shops, should be located in the interior of the light industrial area out of view of the main roadway.
- ◆ The consulting team does not recommend the airport business park as a desirable location for the hospital.
- ◆ Entry features should be located at the northeast corner of the site as part of the commercial development area, and include a small water feature.
- ◆ A trail system should connect the open space features around the site.
- ◆ Landscaping along rights-of-way should be a key aspect of the development.
- ◆ The Planned Unit Development documents, as well as Conditions, Covenants and Restrictions, should include design standards to ensure high quality development with appropriate architectural controls to reflect community character, landscaping treatments and screening standards.
- ◆ Directional signs should be installed on Highway 78 at least ¼ mile east and west of the airport/business park entrance to alert visitors about the upcoming entrance to the airport.

Figure 2: Concept Drawing for Airport Business Park



Summary of Key Concept Drawing Components (from left to right, top to bottom):

- ◆ Blue area (upper left): Existing Fairgrounds.
- ◆ Yellow area & adjacent pink area (upper middle): Existing Rodeo Grounds & Overflow Parking.
- ◆ Dark green area with landscaping (upper right): overflow parking area, with RV parking, public park and entrance to Rodeo Grounds (access road to Rodeo Grounds has been relocated slightly east to align with east border of overflow parking and Rodeo Grounds).
- ◆ Light green area (middle of drawing from south to north, and extending east to border of site): existing airport facility, with runway, taxiway, hangars and other outbuildings; with proposed facilities expansion (hangars, etc.) in areas north and south of the taxiway, and access roads to new facilities, as designated on airport site plan adopted by Airport Board.
- ◆ Dark green area (lower left of site along crest line): Overlook Park with small water feature and bike/pedestrian trails.
- ◆ Salmon-colored area (lower left): nine lots for light industrial use (small manufacturing, technology, etc.).
- ◆ Salmon-colored area (lower right): nineteen lots of varying sizes for light industrial use, with a park feature and trails in the middle.
- ◆ Red area (middle right along Highway 78): four lots for commercial use (office, showroom, technology, college facilities, etc.), with park amenity in center of circular access road.
- ◆ Dark green area (lower right corner): main entrance to airport and business park, with landscaping, small water feature, sign, park amenities.

Attachment 1: Land Use Considerations

The table below lists different types of land uses that have been proposed for the airport business park site, along with examples of each use, site planning considerations if the use type were allowed, and issues raised with some types of land uses.

| Land-Use | Examples | Site Planning Considerations | Issues |
|--------------------------|---|---|--|
| Office | <ul style="list-style-type: none"> Professional Services High-Tech Office or Light Industrial Business Incubator Research & Development | <ul style="list-style-type: none"> Requires reliable high-speed Internet Open space for campus like environment Not location for warehouses, outdoor storage | <ul style="list-style-type: none"> Will it compete with office space elsewhere in town? |
| Warehouse & Distribution | <ul style="list-style-type: none"> Trucking Wholesale | <ul style="list-style-type: none"> Large lots to accommodate large buildings, truck bays, loading areas Need good transportation infrastructure | |
| Construction Trade | <ul style="list-style-type: none"> Contractor Showrooms Heavy Equipment Storage | <ul style="list-style-type: none"> Outside storage of heavy equipment & materials is common. Possible office-showrooms or office-warehouse combinations | |
| Light Industrial | <ul style="list-style-type: none"> Assembly Packaging Storage Research Secondary Manufacturing Printing | <ul style="list-style-type: none"> Larger lots for office, warehouse, plant operations Some outdoor storage Truck bays, loading areas Provide for impacts thru proper waste disposal, screening, etc. | <ul style="list-style-type: none"> May compete with Beartooth Business Park near cemetery |
| Institutional | <ul style="list-style-type: none"> Hospital School Technical College | <ul style="list-style-type: none"> Large space required for campus environment (i.e. hospital requires 12 acres) Hospital would attract professional offices but incompatible with higher impact uses Possible synergy between technical college, business incubator, R&D, high tech space Institutional uses are tax exempt. Would not contribute to TIF unless agreement in place | <ul style="list-style-type: none"> Noise & safety concerns for hospital being located adjacent to airport |
| Aviation | <ul style="list-style-type: none"> Hangars Flight School & Charter Flights Aviation Services Package Services | <ul style="list-style-type: none"> Located adjacent to airport | <ul style="list-style-type: none"> Need to resolve airport issues |
| Events & Recreation | <ul style="list-style-type: none"> Convention/Events Center Outdoor Events | <ul style="list-style-type: none"> Requires significant parking Ancillary uses such as RV Park | <ul style="list-style-type: none"> Rodeo grounds & fairgrounds in vicinity |

Attachment 2: Past Planning Efforts

Since the Growth Policy Plan was adopted in 1995 there have been a number of development proposals for the airport. None of these have been approved, but they do provide certain development concepts that can be referenced for future developments. The proposals are listed below by source, and key highlights of each are outlined.

Red Lodge Improvement Corporation

Submitted to the City in 1996, this proposal included two separate business parks with provisions for water and sewer services to be extended to future residential development west of the site. The development anticipated relocation of contractor shops from the highway to this location, and provided for screening along the roadways in the design standards. The airport would remain at its existing location, with no changes to the main and crosswind runways. The rodeo grounds, overflow parking, and fairgrounds would not be affected by this proposal.

Key features included:

- ◆ North Park: 16 acres; 12 lots, lot size ranges from 1 to 2.8 acres
- ◆ South Park: 15 acres; 10 lots, lot size 1 to 2 acres
- ◆ Extend utilities for Aviation Residential use west of airport

Engineering, Inc.

This planning study examined alternatives for development at the airport, and was funded by a U.S. Economic Development Administration grant. Completed in 2001, the alternatives included two options: relocating the airport and redeveloping the entire site, or retaining the airport at its present location. The preferred alternative was based on the option of relocating the airport and included five phases. Infrastructure costs were estimated for each stage.

The preferred alternatives were essentially a grid pattern with uniform lot sizes that did not provide for different product types. There was no open space or screening as part of the proposal. The overflow parking for the rodeo grounds would be eliminated.

Key features included:

- ◆ 115 acres (net), 75 lots, average lot size: 1.5 acres
- ◆ Phase 1: 15 lots
- ◆ Phase 2: 12 lots, does not affect main runway
- ◆ Phase 3: Does not affect crosswind runway, extension of sewer is more costly
- ◆ Phase 4 & 5: Remove hangars & runways
- ◆ Realign Bench Road

Community Builders

Community Builders is a local group of volunteers, including planners and engineers who donated services to prepare a preliminary PUD for the northeast portion of the site. This proposal did not involve relocating the airport but would eliminate the crosswind runway. The main feature of the plan was to provide a site to relocate the hospital to this area. The remaining site would be developed as office/light industrial. The site plan included a mix of product types, and accompanying design standards provided for screening of light industrial uses. Some park land was included in the proposal. A Tax Increment Financing District was proposed to pay for infrastructure improvements.

Key features included:

- ◆ Hospital Campus: 7 acres
- ◆ TIF District for improvement
- ◆ Park area: 2.5 acres
- ◆ 17 Lots, lot size: 1.5 to 7 acres

Kadramas, Lee & Jackson Airport Master Plan

As part of a plan to consider options for relocating the airport, this study included a conceptual drawing to redevelop the airport in the event it was relocated. The concepts were very similar to the preferred alternative in the Engineering, Inc. study and did not include much detail.

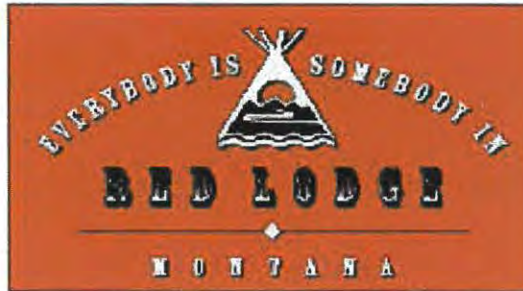
Airport Board Site Facility Plan

The Airport Board, which oversees operations at the airport, recently approved a conceptual drawing that designated future locations for hangar and other airport facilities.

Most of the hangars are privately owned. The City leases the land and the structure is owned by the lessee. There is no water and sewer service, but leases do specify that when City utilities are extended, these structures are required to connect to city services. The Site Facility Plan would increase capacity for aircraft storage from 20 to 80.

Currently, the Airport Board members are appointed by the County Commission and the Red Lodge City Council.

City of Red Lodge



Community Leader Survey Final Report

March 2004

Prepared for
The City of Red Lodge
Economic Development Committee
by
The Hingston Roach Group, Inc.

Red Lodge Community Leader Survey

Final Results as of March 2, 2004

The Red Lodge Economic Development Strategy consulting team conducted an online survey of Red Lodge business and community leaders in order to obtain their opinions about economic development issues. From January 22 to 28, 2004, 244 leaders were contacted via email, and 104 surveys were completed, for a 42% response rate. Respondents were asked to rate various characteristics of the community as a Strength, Weakness, or as Average (Normal), according to their perspectives. The top twelve strengths and weaknesses are listed below. The answers to all questions are detailed on the following pages.

Top 12 Strengths

| | |
|--|-----|
| Level of air quality | 91% |
| Attractiveness of the physical environment | 89% |
| Availability of recreational opportunities | 82% |
| Impact of the tourism industry on the community | 76% |
| Adequate local clinics and health care professionals for basic health care | 63% |
| Quality of the climate | 62% |
| Level of crime | 61% |
| Availability of a range of quality restaurants in the community | 59% |
| Availability of adequate hotels/motels | 59% |
| Availability of adequate local hospital facilities | 54% |
| General appearance of the community | 51% |
| Appearance of the downtown for attracting business activity | 51% |

Local recreational opportunities and quality of the environment are key strengths in the Red Lodge area. Not only do they contribute to quality of life for residents, but are an attraction to visitors. The impact of visitors to the community is viewed as an asset, supporting the presence of tourism-related businesses such as restaurants and retail shops in Red Lodge. Other key strengths relate to quality of life issues, i.e., safety, availability of health care services; and appearance of the community.

Top 12 Weaknesses

| | |
|---|-----|
| Availability of quality jobs in the community for resident workforce | 89% |
| Availability of public transportation | 84% |
| Availability of post-secondary vocational training | 81% |
| Level of wages and salaries paid locally | 80% |
| Involvement in the community by colleges & universities | 77% |
| Availability of adult/continuing education at a post-secondary level | 76% |
| Quality of post-secondary education in the community | 68% |
| Availability of apprenticeship programs | 67% |
| Availability of community/local government information online, i.e. e-government | 66% |
| Level of funding for local economic development programs | 66% |
| Adequacy of local marketing programs to attract new retail and commercial business to the community | 65% |
| Availability of upgrade training for existing employees | 64% |

Living wage jobs, workforce training/continuing education and public transportation issues are perceived as the area's greatest challenges. Moreover, funding and marketing programs focused on local economic development, and availability of government information online, need to be improved.

Quality of Life

Most quality of life issues in Red Lodge are rated as strengths or normal, with a few exceptions. Low cost housing is a key weakness (59% of responses). Executive level housing is viewed as normal, except by respondents in the education and financial sectors, 57% of whom who rated it as a weakness. One-in-four respondents noted that accommodations for people with disabilities are a weakness. (Note: Highlighting indicates highest rating for each question.)

| Q1. Quality of Life | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|---|----------|-----|--------|-----|----------|-----|------------|-----|-------|
| a. Availability of executive-level housing | 26 | 25% | 53 | 51% | 18 | 17% | 7 | 7% | 104 |
| b. Availability of moderate cost housing | 5 | 5% | 49 | 47% | 46 | 44% | 4 | 4% | 104 |
| c. Availability of housing for low-income families | 5 | 5% | 31 | 30% | 61 | 59% | 7 | 7% | 104 |
| d. Availability of rental housing/apartments | 5 | 5% | 61 | 60% | 32 | 31% | 4 | 4% | 102 |
| e. Cost of housing overall | 9 | 9% | 44 | 42% | 49 | 47% | 2 | 2% | 104 |
| f. Level of crime | 63 | 61% | 39 | 38% | 1 | 1% | 1 | 1% | 104 |
| g. Level of cultural activity and facilities | 42 | 40% | 38 | 37% | 24 | 23% | 0 | 0% | 104 |
| h. Availability of recreational opportunities | 84 | 82% | 15 | 15% | 3 | 3% | 0 | 0% | 102 |
| i. Presence of major sporting events | 12 | 12% | 30 | 29% | 52 | 50% | 10 | 10% | 104 |
| j. Level of air quality | 95 | 91% | 9 | 9% | 0 | 0% | 0 | 0% | 104 |
| k. Quality of the climate | 64 | 62% | 33 | 32% | 7 | 7% | 0 | 0% | 104 |
| l. Attractiveness of the physical environment | 93 | 89% | 6 | 6% | 5 | 5% | 0 | 0% | 104 |
| m. General appearance of the community | 53 | 51% | 40 | 39% | 10 | 10% | 0 | 0% | 103 |
| n. Availability of adequate local hospital facilities | 56 | 54% | 39 | 38% | 8 | 8% | 1 | 1% | 104 |
| o. Adequate local clinics and health care professionals for basic health care | 66 | 63% | 35 | 34% | 2 | 2% | 1 | 1% | 104 |
| p. Cost of health care relative to other areas | 20 | 19% | 70 | 67% | 6 | 6% | 8 | 8% | 104 |
| q. Adequate social services (day care/counseling/poverty assistance) | 11 | 11% | 57 | 55% | 21 | 20% | 15 | 14% | 104 |
| r. Services and programs for senior citizens | 14 | 13% | 63 | 61% | 8 | 8% | 19 | 18% | 104 |
| s. Physical accommodations for persons with disabilities | 4 | 4% | 52 | 50% | 26 | 25% | 21 | 20% | 103 |
| t. The rate of population growth in the community | 11 | 11% | 77 | 75% | 12 | 12% | 2 | 2% | 102 |
| Total Respondents | 104 | | | | | | | | |

Local Education

Local education is viewed as average by about half of the respondents. Elementary education rated higher than secondary, with vocational education viewed as a weakness by 59% of respondents. Secondary education is rated as a weakness by 44% of respondents in the Restaurant/Beverage sector, by 43% of those in the Retail sector, and 36% of those representing Non-profits. Post-secondary education is overwhelmingly viewed as a weakness.

| Q2. Local Education Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|----------|-----|--------|-----|----------|-----|------------|-----|-------|
| a. Quality of local elementary (K-8) education | 23 | 23% | 48 | 47% | 11 | 11% | 20 | 20% | 102 |
| b. Quality of local secondary (9-12) education | 17 | 17% | 41 | 40% | 23 | 23% | 21 | 21% | 102 |
| c. Quality of post-secondary education in the community | 2 | 2% | 13 | 13% | 69 | 68% | 17 | 17% | 101 |
| d. Involvement in the community by colleges & universities | 3 | 3% | 13 | 13% | 79 | 77% | 7 | 7% | 102 |
| e. Involvement of local residents and parents in the school districts | 14 | 14% | 51 | 50% | 15 | 15% | 22 | 22% | 102 |
| f. Availability of vocational programs at the secondary level (job skills, computer) | 3 | 3% | 24 | 24% | 60 | 59% | 15 | 15% | 102 |
| Total Respondents | 102 | | | | | | | | |
| (skipped this question) | 2 | | | | | | | | |

Local Government

The presence of a local resort tax is viewed as a strength by 45% of respondents, and as a weakness by only 10%, with no significant differences by sector. Public safety, waste removal, property taxes and buildings codes are viewed as normal. Local planning and zoning, permitting, and regulation processes for businesses are rated as a weaknesses by 38-42% of respondents overall, but by 82% of respondents in Real Estate, 80% in Agriculture/Ranching and Financial Services, and 56% in Recreation/Entertainment and Restaurant/Beverage. Local fire protection is rated as a strength by 80% of respondents in Contracting/Construction, 75% of those representing Non-profits, 60% of those in Health/Medical/Veterinary, and 57% of respondents in Education.

| Q3. Local Government Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|---|-----------------|----------|---------------|----------|-----------------|----------|-------------------|----------|--------------|
| a. Adequacy of local police protection and public safety | 16 | 16% | 71 | 70% | 14 | 14% | 0 | 0% | 101 |
| b. Adequacy of local fire protection | 36 | 36% | 62 | 61% | 2 | 2% | 1 | 1% | 101 |
| c. Adequacy of trash pickup and waste disposal | 21 | 21% | 66 | 66% | 11 | 11% | 2 | 2% | 100 |
| d. Adequacy of local planning and zoning | 14 | 14% | 44 | 44% | 38 | 38% | 5 | 5% | 101 |
| e. State and local permitting and regulation process for businesses | 0 | 0% | 43 | 43% | 42 | 42% | 16 | 16% | 101 |
| f. Annexation policy | 0 | 0% | 37 | 37% | 22 | 22% | 42 | 42% | 101 |
| g. Adequacy of local building codes | 3 | 3% | 56 | 55% | 26 | 26% | 16 | 16% | 101 |
| h. Level of local property taxes | 6 | 6% | 57 | 56% | 32 | 32% | 6 | 6% | 101 |
| i. Presence of local sales (resort) taxes | 45 | 45% | 42 | 42% | 10 | 10% | 3 | 3% | 100 |
| j. Adequacy of local tax base to cover cost of local government | 6 | 6% | 42 | 42% | 42 | 42% | 10 | 10% | 100 |
| k. Cooperation of local government with business | 4 | 4% | 39 | 39% | 53 | 52% | 5 | 5% | 101 |
| l. Cooperation of local government entities with each other | 2 | 2% | 37 | 37% | 52 | 51% | 10 | 10% | 101 |
| m. Long-range planning for municipal improvements and capital budgeting | 5 | 5% | 26 | 26% | 59 | 58% | 11 | 11% | 101 |
| n. Availability of community/local government information online i.e. e-gov't | 1 | 1% | 20 | 20% | 67 | 66% | 13 | 13% | 101 |
| Total Respondents | 101 | | | | | | | | |
| (skipped this question) | 3 | | | | | | | | |

Local Leadership

Several aspects of local leadership are viewed as weak. Two-thirds of respondents viewed the level of funding for local economic development programs as a weakness, and more than half rated the level of communication and cooperation between community organizations involved in development as weak. Only 13% feel that community leadership is committed to economic improvement of the community.

| Q4. Local Leadership Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|-----------------|----------|---------------|----------|-----------------|----------|-------------------|----------|--------------|
| a. Adequate level of professional staff in gov't offices and development organizations | 4 | 4% | 44 | 44% | 44 | 44% | 7 | 7% | 101 |
| b. Involvement of public and private sectors in development programs of community | 12 | 12% | 42 | 42% | 41 | 41% | 4 | 4% | 101 |
| c. Level of communication and cooperation between various organizations involved in the development of the community | 6 | 6% | 36 | 36% | 54 | 55% | 3 | 3% | 101 |
| d. Level of citizen awareness regarding the local development programs | 8 | 8% | 34 | 34% | 55 | 56% | 2 | 2% | 101 |
| e. Level of leadership commitment to economic development in the community | 13 | 13% | 38 | 38% | 43 | 43% | 5 | 5% | 101 |
| f. Level of funding for local economic development programs | 1 | 1% | 25 | 25% | 65 | 66% | 8 | 8% | 101 |
| g. Level of cooperation with other development org'ns serving this area of the State | 8 | 8% | 34 | 35% | 34 | 35% | 21 | 22% | 99 |
| Total Respondents | 99 | | | | | | | | |
| (skipped this question) | 5 | | | | | | | | |

Workforce

Survey respondents overwhelmingly rate quality (living wage) jobs and the level of wages and salaries paid locally as weaknesses, which they may link to a perceived lack of commitment and cooperation in strategic economic improvement efforts, as indicated in the previous question. The majority of respondents indicated that the availability of various types of workers is normal, although more than one-third of respondents expressed that the availability of industrial, technical, professional and managerial workers is more problematic. The availability of workforce training and continuing education is a weakness, which may affect the ability to attract higher-paying jobs to the community.

| Q5. Workforce Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|----------|-----|--------|-----|----------|-----|------------|-----|-------|
| a. Availability of unskilled and semi-skilled workers | 13 | 13% | 63 | 65% | 17 | 18% | 4 | 4% | 97 |
| b. Availability of skilled industrial workers | 1 | 1% | 47 | 48% | 37 | 38% | 12 | 12% | 97 |
| c. Availability of retail and office workers | 12 | 12% | 64 | 65% | 18 | 19% | 4 | 4% | 98 |
| d. Availability of technicians and professionals | 12 | 12% | 43 | 44% | 38 | 39% | 4 | 4% | 97 |
| e. Availability of managerial personnel | 7 | 7% | 52 | 54% | 33 | 34% | 5 | 5% | 97 |
| f. Availability of quality jobs in the community for the workforce residing in the community | 0 | 0% | 9 | 8% | 86 | 89% | 3 | 3% | 98 |
| g. Level of wages and salaries paid locally | 1 | 1% | 16 | 16% | 78 | 80% | 2 | 2% | 97 |
| h. Quality of worker-management relations | 8 | 8% | 63 | 65% | 11 | 11% | 15 | 15% | 97 |
| i. Availability of post-secondary vocational training | 2 | 2% | 8 | 8% | 78 | 81% | 8 | 8% | 96 |
| j. Availability of on-the-job training assistance | 3 | 3% | 19 | 20% | 57 | 59% | 17 | 18% | 96 |
| k. Availability of adult/continuing education at a post-secondary level | 2 | 2% | 13 | 13% | 74 | 76% | 8 | 8% | 97 |
| l. Availability of upgrade training for existing employees | 1 | 1% | 18 | 19% | 62 | 64% | 16 | 16% | 97 |
| m. Availability of apprenticeship programs | 0 | 0% | 14 | 14% | 65 | 67% | 18 | 19% | 97 |
| Total Respondents | 97 | | | | | | | | |
| (skipped this question) | 7 | | | | | | | | |

Transportation

Traffic issues are rated as normal, and about equal numbers of respondents indicate that road/street maintenance is normal or a weakness. Air service at Billings is rated a strength by one-in-four respondents, and normal by more than half. The majority of respondents believe that public parking in commercial areas needs improvement. Key weaknesses are a lack of public transportation and rail service.

| Q6. Transportation Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|---|----------|-----|--------|-----|----------|-----|------------|---|-------|
| a. Adequate local major highways | 15 | 15% | 64 | 66% | 18 | 19% | 0 | | 97 |
| b. Movement of traffic in the community | 14 | 14% | 74 | 76% | 9 | 9% | 0 | | 97 |
| c. Condition and maintenance of local streets and roads | 7 | 7% | 44 | 45% | 46 | 47% | 0 | | 97 |
| d. Level of traffic-carrying capacity of local streets | 6 | 6% | 69 | 71% | 19 | 20% | 3 | | 97 |
| e. Availability of public parking in the local commercial areas | 5 | 5% | 39 | 40% | 53 | 55% | 0 | | 97 |
| f. Availability of public transportation | 1 | 1% | 7 | 7% | 82 | 85% | 7 | | 97 |
| g. Adequacy of commercial air passenger service at Billings | 24 | 25% | 55 | 57% | 17 | 18% | 1 | | 97 |
| h. Availability of rail service for industrial sites | 1 | 1% | 12 | 12% | 55 | 57% | 29 | | 97 |
| Total Respondents | 96 | | | | | | | | |
| (skipped this question) | 8 | | | | | | | | |

Utilities

Most utility services are rated as normal, with drinking water viewed as a strength by 42% of respondents. Some weaknesses cited are high speed Internet service, water/sewer service to commercial/industrial sites, and cost of electricity (a statewide issue). High speed Internet was rated as a weakness by 82% of Real Estate sector respondents, by 67% of those in Personal/Business Services, 62% in Financial Services, 60% in Agriculture/Ranching, and 58% in Recreation/Entertainment -- a finding worth noting, as these are key businesses in Red Lodge.

| Q7. Utility Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|-----------------|----------|---------------|----------|-----------------|----------|-------------------|----------|--------------|
| a. Local telephone company's quality of service & responsiveness | 6 | 6% | 61 | 64% | 24 | 25% | 5 | 5% | 96 |
| b. Connection of local telephone company to national long distance network | 5 | 5% | 73 | 76% | 11 | 11% | 7 | 7% | 96 |
| c. Availability of cellular service | 7 | 7% | 51 | 53% | 32 | 33% | 6 | 6% | 96 |
| d. Availability of high-speed Internet service | 12 | 13% | 40 | 42% | 38 | 40% | 6 | 6% | 96 |
| e. Availability of high quality electric service | 9 | 9% | 71 | 74% | 10 | 10% | 6 | 6% | 96 |
| f. Cost of electricity | 3 | 3% | 49 | 52% | 38 | 40% | 5 | 5% | 95 |
| g. Availability of potable (drinking quality) water | 40 | 42% | 50 | 43% | 3 | 3% | 2 | 2% | 95 |
| h. Availability of adequate wastewater treatment capacity | 17 | 18% | 53 | 55% | 17 | 18% | 9 | 9% | 96 |
| i. Availability of adequate water and sewer lines to industrial/commercial sites | 3 | 3% | 32 | 34% | 38 | 40% | 21 | 22% | 94 |
| j. Cost of water and sewer services | 4 | 4% | 56 | 58% | 24 | 25% | 12 | 12% | 96 |
| Total Respondents | 96 | | | | | | | | |
| (skipped this question) | 8 | | | | | | | | |

Real Estate

While the availability of existing space for offices and retail businesses appears normal to two-thirds of respondents, there is a problem related to availability of suitable industrial building space and fully-served sites. This weakness, cited by nearly half of respondents, could be a key barrier to higher-paying jobs. Cost of land/sites for new development is viewed as normal by 44% of respondents, and as a weakness by 39%. However, the cost of land/sites was rated as a weakness by 60% of Contractor/Construction sector respondents, by 57% of those in Education, and 47% in the Professional/Legal/Scientific sector.

| Q8. Real Estate Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|-----------------|----------|---------------|----------|-----------------|----------|-------------------|----------|--------------|
| a. Availability of fully served and attractive land/sites for industrial buildings | 5 | 5% | 37 | 39% | 44 | 46% | 9 | 9% | 95 |
| b. Availability of fully served and attractive land/sites for office buildings | 4 | 4% | 43 | 46% | 38 | 40% | 9 | 10% | 94 |
| c. Availability of attractive and well located commercial/retail sites | 11 | 12% | 51 | 54% | 26 | 28% | 6 | 6% | 94 |
| d. Cost of land/sites to new users | 4 | 4% | 41 | 44% | 37 | 39% | 12 | 13% | 94 |
| e. Availability of suitable industrial building space | 4 | 4% | 36 | 38% | 45 | 48% | 9 | 10% | 94 |
| f. Availability of suitable office space | 12 | 13% | 61 | 66% | 13 | 14% | 7 | 8% | 93 |
| g. Availability of suitable commercial/retail space | 11 | 12% | 66 | 70% | 13 | 14% | 4 | 4% | 94 |
| h. Availability of subdivided sites for new homes | 22 | 24% | 55 | 59% | 10 | 11% | 6 | 6% | 93 |
| Total Respondents | 95 | | | | | | | | |
| (skipped this question) | 9 | | | | | | | | |

Financial Capital

Nearly one-third of respondents rated investment in the community by local financial institutions as a strength - a very positive sign that is counter to national trends. Business financing is perceived to be a weakness by at least one-third of respondents, particularly in the areas of low-interest loans (such as SBA loans) for new construction or business start-ups.

| Q9. Capital Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|---|----------|-----|--------|-----|----------|-----|------------|-----|-------|
| a. Availability of low interest or tax-exempt financing for new commercial facilities | 2 | 2% | 19 | 20% | 34 | 36% | 39 | 41% | 94 |
| b. Availability of low interest loans for small business | 4 | 4% | 35 | 38% | 28 | 30% | 26 | 28% | 93 |
| c. Availability of venture capital from local sources for business startups | 0 | 0% | 21 | 23% | 48 | 52% | 24 | 26% | 93 |
| d. Availability of home mortgage financing | 24 | 26% | 58 | 62% | 3 | 3% | 9 | 10% | 94 |
| e. Investment in the community by local financial institutions | 28 | 30% | 38 | 40% | 15 | 16% | 13 | 14% | 94 |
| Total Respondents | 94 | | | | | | | | |
| (skipped this question) | 10 | | | | | | | | |

Marketing and Services in the Community

The appearance of Red Lodge, and its attractions and services for tourists, are viewed as strengths, as is the impact of tourism on the community. However, a significant number of respondents feel that marketing programs to attract tourists and new businesses, and funding to support tourism development, are weaknesses. Other weaknesses are Red Lodge's location in relation to Western/national markets, and the availability of conference/meeting space. More than one-third of respondents view the availability of business and professional services as a weakness.

| Q10. Marketing Situation | Strength | % | Normal | % | Weakness | % | No Opinion | % | Total |
|--|----------|-----|--------|-----|----------|-----|------------|-----|-------|
| a. Location of the community for serving markets in the Western U.S. | 17 | 18% | 31 | 33% | 38 | 41% | 7 | 8% | 95 |
| b. Proximity to other major national markets | 9 | 10% | 22 | 24% | 55 | 59% | 7 | 8% | 95 |
| c. Appearance of the downtown for attracting business activity | 47 | 51% | 38 | 41% | 7 | 8% | 0 | 0% | 94 |
| d. Appearance of the highway-oriented retail/commercial areas for attracting business activity | 19 | 21% | 41 | 45% | 31 | 34% | 1 | 1% | 94 |
| e. Availability of a range of retail stores and goods in the community | 18 | 19% | 37 | 40% | 38 | 41% | 0 | 0% | 95 |
| f. Availability of a range of quality restaurants in the community | 55 | 59% | 23 | 25% | 15 | 16% | 0 | 0% | 95 |
| g. Availability of a range of personal services (legal/professional/dry cleaning/repairs) | 11 | 12% | 54 | 58% | 28 | 30% | 0 | 0% | 95 |
| h. Availability of business/professional services that support business and industry | 5 | 5% | 50 | 54% | 34 | 37% | 4 | 4% | 95 |
| i. Availability of adequate hotels/motels | 55 | 59% | 35 | 38% | 3 | 3% | 0 | 0% | 95 |
| j. Availability of adequate conference and meeting facilities | 13 | 14% | 33 | 35% | 47 | 51% | 0 | 0% | 95 |
| k. Adequacy of local newspaper for promotion of local business activity | 20 | 22% | 51 | 55% | 21 | 23% | 1 | 1% | 95 |
| l. Adequacy of Billings media in local community issues/activities | 10 | 11% | 52 | 56% | 27 | 29% | 4 | 4% | 95 |
| m. Adequacy of local marketing programs to attract new retail and commercial business to the community | 2 | 2% | 26 | 28% | 60 | 65% | 5 | 5% | 95 |
| n. Adequacy of the tourism marketing program to attract visitors | 13 | 14% | 41 | 44% | 38 | 41% | 1 | 1% | 95 |
| o. Impact of the tourism industry on the community | 71 | 76% | 19 | 20% | 3 | 3% | 0 | 0% | 95 |
| p. The range of attractions for expanded tourism | 42 | 46% | 33 | 36% | 16 | 17% | 1 | 1% | 94 |
| q. Availability of funding to support tourism development | 4 | 4% | 26 | 28% | 53 | 58% | 9 | 10% | 94 |
| Total Respondents | 93 | | | | | | | | |
| (skipped this question) | 11 | | | | | | | | |

Most Important Problem or Challenge

Seventy-six respondents answered this question about the single most important problem or challenge facing Red Lodge, many of them listing several problems or challenges. The key themes are summarized below.

| Q11. In your opinion, what is the single MOST important problem or challenge facing Red Lodge? | Total | % |
|---|--------------|----------|
| Total Respondents | 76 | 70% |
| (skipped this question) | 28 | |

Key Themes:

| | |
|--|--|
| All need to work together to make Red Lodge a great place to live | Affordable housing |
| Better communication | Attracting new business with living wage jobs |
| Expand year round tourism | Development of infrastructure to attract industry |
| High cost of living | Good vision for the future |
| Keeping diversity between tourism and other business, agriculture | Keep small town atmosphere with the benefit of growth |
| Large scale growth creates change in enjoyment of land use | Keeping youth in Red Lodge |
| Low pay, high housing costs-makes budgeting difficult for families | Long term comprehensive growth planning |
| More educational and recreational opportunities for young people | Need for conference center to attract off-season visitors |
| Need funding for new projects to attract more new businesses | Need non-retail business park |
| Need incentives to attract high paying/skilled labor businesses | Power struggles between groups and committees |
| Problems of increasing population of motorcyclists | Promote Red Lodge as a wonderful place to live |
| Recognize need for economic development for tax base & services | Strong diversity between retired people and working families |
| Support local businesses instead of those in Billings | Work on image to attract new businesses |

Other Comments

When asked for general comments/insights, fifty-nine respondents provided further information or opinions. Examples of comments representing key themes and perspectives are summarized below.

| Q12. Do you have other comments/insights for the consulting team regarding business and economic development in Red Lodge? | Total | % |
|---|--------------|----------|
| Total Respondents | 59 | 55% |
| (skipped this question) | 45 | |

Key Themes:

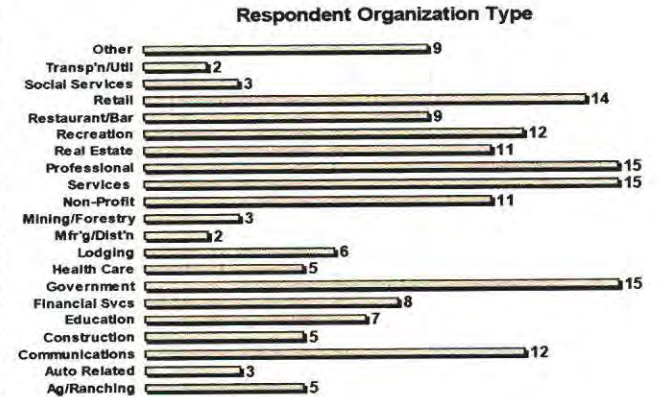
| |
|--|
| Advertise all aspects of tourism |
| Be more self sufficient and not totally reliant on tourism |
| Be realistic and cooperative |
| Be sensitive to environmental quality |
| Begin a systematic approach to identify and accomplish the steps needed to build the future of Red Lodge |
| Build on a sense of unity - everyone working together |
| City needs to help establish small business & light industry |
| Community has excellent potential for retirement |
| Cooperation of those living in and out of town |

Cooperative city/county/council planning
Create a formal structure to assist with coordination and planning
Develop tourism in spring and fall seasons
Development of business park to attract new/existing businesses
Economic development must be for everyone, not just industry
Economic development needs to be planned
Encourage trained/professional workers by providing better wages
Expand new airport facility
Focus on big picture
Get national exposure for Beartooth All American Road
Good place to raise children
Hire full time city administrator
Incredible natural resources with recreation opportunities
Keep the small town atmosphere
Maintain and upgrade highways into Red Lodge
Make it easier to open and establish new businesses
Make Red Lodge a more attractive place to visit year round
Make sure proper funding is available to City
More artistic enterprises
More marketing to attract visitors
Need a comprehensive development plan supported by the whole community
Need regulations on where and what people can build
Preserve high quality of life
Problems need to be addressed before seeking new possibilities
Protect quality of life and environment
Provide adequate updated medical facility
Provide sustainable jobs
Pursue a new airport site to bring in commercial airlines
Remembering everyone is important
Start now, keep going
Support local events
Use 20% of resort tax to fund events
Work together to attract new business by marketing the community and its assets

Respondents' Organizational Affiliation

Survey respondents represented a broad cross-section of the community, with no one sector dominating the survey responses, as indicated below.

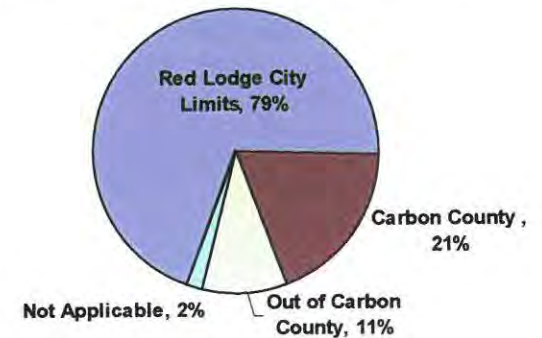
| Q13. What type of organization do you represent? | Total | % |
|---|-------|-----|
| Agriculture/Ranching | 5 | 6% |
| Auto Related (sales service repair) | 3 | 3% |
| Communications/Media | 12 | 13% |
| Contractor/Construction | 5 | 6% |
| Education (private public) | 7 | 8% |
| Financial Services/Banking/Insurance | 8 | 9% |
| Government (local state federal) | 15 | 17% |
| Health/Medical/Veterinary | 5 | 6% |
| Lodging (hotel/motel B&B RV) | 6 | 7% |
| Manufacturing/Wholesale/Distribution | 2 | 2% |
| Mining/Forestry/Fishing (commercial) | 3 | 3% |
| Non-Profit (arts youth history etc.) | 11 | 12% |
| Personal or Business Services | 15 | 17% |
| Professional/Legal/Scientific | 15 | 17% |
| Real Estate/Title/Escrow | 11 | 12% |
| Recreation/Entertainment Services | 12 | 13% |
| Restaurant & Beverage | 9 | 10% |
| Retail Store/Goods | 14 | 16% |
| Social Services/Religion | 3 | 3% |
| Transportation/Utilities | 2 | 2% |
| Other: tourism (unspecified); service (unspecified); concerned resident | 9 | 10% |
| Total Respondents (some are in multiple categories) | 90 | |
| (skipped this question) | 14 | |



Location of Respondents' Organizations

| Q14. Where is your organization located? (Check all that apply.) | Total | % |
|--|-------|-----|
| Within Red Lodge city limits | 70 | 79% |
| In Carbon County (outside Red Lodge city limits) | 19 | 21% |
| Outside of Carbon County | 10 | 11% |
| Not Applicable | 2 | 2% |
| Total Respondents | 89 | |
| (skipped this question) | 15 | |

Location of Respondent Organization

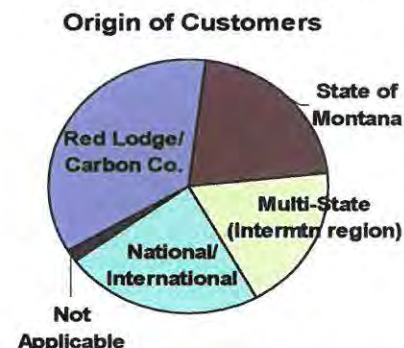


More than three-quarters of respondents' organizations are located within the City of Red Lodge, and another 21% in Carbon County (outside the City). In some cases, the organization is outside of the area, but does business in Red Lodge (such as media or wholesale distributors).

Customer Origins of Respondents

Less than half of respondents indicated that most of their customers come from the local area - an indication of the impact of tourism on local businesses, as well as companies who export products from the area. Nearly half of businesses (42%) in the Recreation/Entertainment sector noted that most of their customers originate from national/international markets.

| Q15. Where are MOST of your clients/customers located? | Total | % |
|--|-------|-----|
| City of Red Lodge/Carbon County | 39 | 44% |
| State of Montana | 24 | 27% |
| Multi-State (Intermountain region) | 20 | 23% |
| National/International | 26 | 29% |
| Not Applicable | 2 | 2% |
| Total Respondents | 89 | |
| (skipped this question) | 15 | |



Respondent Contact Information

Respondents were given the option of providing their contact information (name, address, email, etc.) to the consulting team. Fifty-five respondents did.

| Q16. Optional: Contact Information | Total | % |
|------------------------------------|-------|---|
| Total Respondents | 55 | |
| (skipped this question) | 49 | |

Respondent Interest in Contact from Consulting Team

Twenty-nine respondents requested personal follow-up from the consulting team. In most cases, respondents were interviewed February 2-6. Follow-up with others is ongoing.

| Q17. Would you like a member of the Red Lodge economic development consulting team to contact you for further follow-up? | Total | % |
|--|-------|-----|
| Yes | 29 | 35% |
| No | 54 | 65% |
| Total Respondents | 83 | |
| (skipped this question) | 21 | |

Respondent Interest in Red Lodge Economic Development Committee

Twenty respondents indicated that they would like to join the Red Lodge Economic Development Committee - a positive sign of community interest in the strategic planning effort.

| Q18. Would you like to become a member of the Red Lodge Economic Development Committee? | Total | % |
|---|-------|-----|
| Yes | 20 | 26% |
| No | 58 | 74% |
| Total Respondents | 78 | |
| (skipped this question) | 26 | |

