GROW Great Falls MONTANA
ECONOMIC DEVELOPMENT

TARGET INDUSTRY CLUSTER ANALYSIS

2022

Developed by BBA Consultants

TARGET INDUSTRY CLUSTER ANALYSIS

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VALUE-ADDED AGRICULTURE PROCESSING

Situational Analysis

Value-added agriculture entails changing a raw agricultural product into something new through packaging, processing, cooling, drying, extracting or any other type of process that differentiates the product from the original raw commodity. In general, adding value is the process of changing or transforming a product from its original state to a more valuable state. As a specific example, a narrower definition would be to economically add value to an agricultural product (such as wheat) by processing it into a product (such as flour) desired by customers (such as bread bakers).

It is important to identify the value-added activities that will support the necessary investment in research, processing, and marketing. The key to success in value-added agriculture — niche markets are where smaller producers can be most successful in creating value and establishing a profitable business. Often, this involves building processing plants in the producers' geographical regions to process locally produced crops.

Another model involves building the processing plant wherever it is most feasible and profitable, such as closer to where the final products will be marketed. Currently, much of Great Falls Region's agricultural crops and livestock fall in this category. Crops produced in the Great Falls Region's 13 north central counties are only minimally processed and shipped closer to other larger consumer markets for value-added processing and food manufacturing. Livestock is transported elsewhere for slaughter and meat processing.

The produce-and-then-sell mentality of the commodity business is being replaced by the strategy of first determining what attributes consumers want in their food products and then creating or manufacturing products with those attributes. An example of such a business model includes Pasta Montana, who produces high-quality pastas that can be sold at a premium. 30% of their products are sold to the Japanese market which values high food quality over cost.

With the continuous shifting to a global economy, the international market for value-added products is growing. Producers have to be responsive to consumer demands by producing what is currently desired. Attentiveness to consumer demands in quality, variety and packaging are important, because demographic trends show growth in the convenience-oriented, health-conscious and environmentally concerned products where price is not as important as quality. This should be the strategy of producers in the 13 counties served by GFDA.

Global Forecast of the Wheat Market

The worldwide wheat market is projected to record a compound annual growth rate of 4.5% during the forecast period, 2022-2027. Due to the reduced supply, following the export restrictions by major grain exporting countries and war in Ukraine, the prices of wheat are expected to rise worldwide.

The countries with the highest volumes of wheat production in 2020 were China (134.2 million metric ton), India (107.6 million metric ton), and Russia (85.9 million metric ton), together accounting for 43% of the global production. The United States, Canada, France, Pakistan, Ukraine, Germany, Turkey, Argentina, and Australia together accounted for another 31.8%.

U.S. farmers are predicted to generate 1.17 billion bushels of winter wheat in 2022, according to the Crop Production report issued by USDA's National Agricultural Statistics Service (NASS). The first winter wheat production forecast of this year from NASS expected production to decrease 8% from 2021. According to the USDA, May 1st predictions averaged 47.9 bushels per acre, 2.3 bushels less than 2021's 50.2 bushels per acre.

Over the long term, the consumption of wheat is projected to increase across various cuisines and cultures and by processing industries to produce products like flour, pasta, noodles, and beverages. Rising food demand are expected to drive up prices in the wheat market.

Asia-Pacific is the largest and fastest-growing market for wheat. China and India mainly dominate in the Asia-Pacific region in terms of wheat production and consumption. In 2020, China was the leading country worldwide for wheat consumption (142 million metric ton). India ranked second, with the consumption of 106.6 million metric ton of wheat in the same year.

The world consumption of wheat is expected to raise 3.8 million tons to 791.1 million, according to the USDA's most recent World Agricultural Supply and Demand Estimates (WASDE) report. However, global trade for 2022 is predicted to be lower due to the war in Ukraine.

Future Trends in the Food Industry

- In the next 3 years, plant-based products will grow at a rate of 10% to 20% each year.
- Good prospects for functional foods such as immune system products and probiotics
- Sustainable development is the focus. 65% of consumers hope that their daily actions will have a positive impact on the environment.
- Product transparency is critical to consumer trust, and consumers expect more transparency throughout the supply chain.
- Internet of Things (IoT) Connectivity and automation will accelerate in 2022, enabling food processors to optimize workflow, remove production bottlenecks, improve margins and more.

Great Falls Region Value-added Agricultural Overview

According to the 2017 Census of Agriculture, 6,963 farms grow crops and raise livestock on 13,713,703 acres of farmland in the 13-county GFDA region. Farming operations in the region produce $1.12 billion in market value. The top crops are grains, oilseed, and pulse crops with $668.4 million in market value sold along with hay, valued at $55.5 million. Greenhouse, nursery, and sod products are worth $2.23 million, and fruits and vegetables are worth

$619,000. Top livestock and animal products include cattle worth $361.8 million; hogs & pigs ($32.9 million); poultry & eggs ($16.8 million); milk ($12.2 million); other animals and animal products ($11.4 million); horses, ponies, mules ($5.4 million); and sheep and goats ($3.9 million).

However, agricultural crops and animal products represent only one input in the value chain for the food manufacturing sector. The following asset maps of Lethbridge and Great Fall Region's food clusters provide a comparison of the relative depth of the food clusters in both communities. The asset maps segregate key processors, their supply/value chain, and supporting programs that promote and nurture this industry.

Benchmarking the Great Falls Region Food Cluster against the Lethbridge Food Cluster

By benchmarking the value-added agricultural food cluster in the 13-county Great Falls region against a more mature food cluster in the City of Lethbridge, in Alberta, Canada — less than three hours north on US I-15 — we can draw lessons and best practices. As you can see from the following asset maps for both communities, Lethbridge's food cluster supports a larger number of food processors/manufacturers, niche innovators, and a more diverse mix of supplier companies within the value chain. The value chain is the process or activities by which value is added in the production process, including supply, production, marketing, and the provision of after-sales services.

Additionally, Lethbridge also has more educational, R&D and governmental programs and industry associations that support the food cluster. Lethbridge College, a public community college, supports an Integrated Agricultural Tech Centre. The IATC connects the agriculture industry with technologies and research expertise. The Centre serves small- and medium-sized enterprises by providing applied research and innovation services to solve challenges, as well as specialized training on the latest equipment and emerging technologies.

The University of Lethbridge offers both academic programs, such as Agricultural Biotechnology (AGBT) and Agricultural Studies (AGST), and research in multiple ag disciplines. For example, Agricultural Biotechnology faculty at University of Lethbridge are currently conducting research in plant biotechnology, crop production through use of soil amendments, and the reduction of agricultural and livestock impact on the surrounding environments. Additional research is being conducted in the enzymology and molecular biology of lipid biosynthesis in oilseeds, the quality and chemistry of food lipids, the presence and chemistry of nutraceutical food components, plant hormone production, the structure of beef processing in Canada, and much more.

Innovation and R&D in food science and technology is a hallmark of the Lethbridge food cluster. The Lethbridge Research and Development Centre, established in 1906, is one the largest governmental research facilities within the Agriculture and Agri-Food Canada's (AAFC) network of 20 research and development centers. The Lethbridge RDC leads research on beef cattle production systems (health and welfare, food safety, microbiology); crop production (agronomy, breeding, genetics, pathology), and sustainable production systems under dryland and irrigated conditions associated with farming in a semi-arid climate. Research activities focus on supporting the long-term competitiveness of the sector while reducing the environmental footprint of agricultural practices and maintaining the health and productivity of the agri-ecosystem.

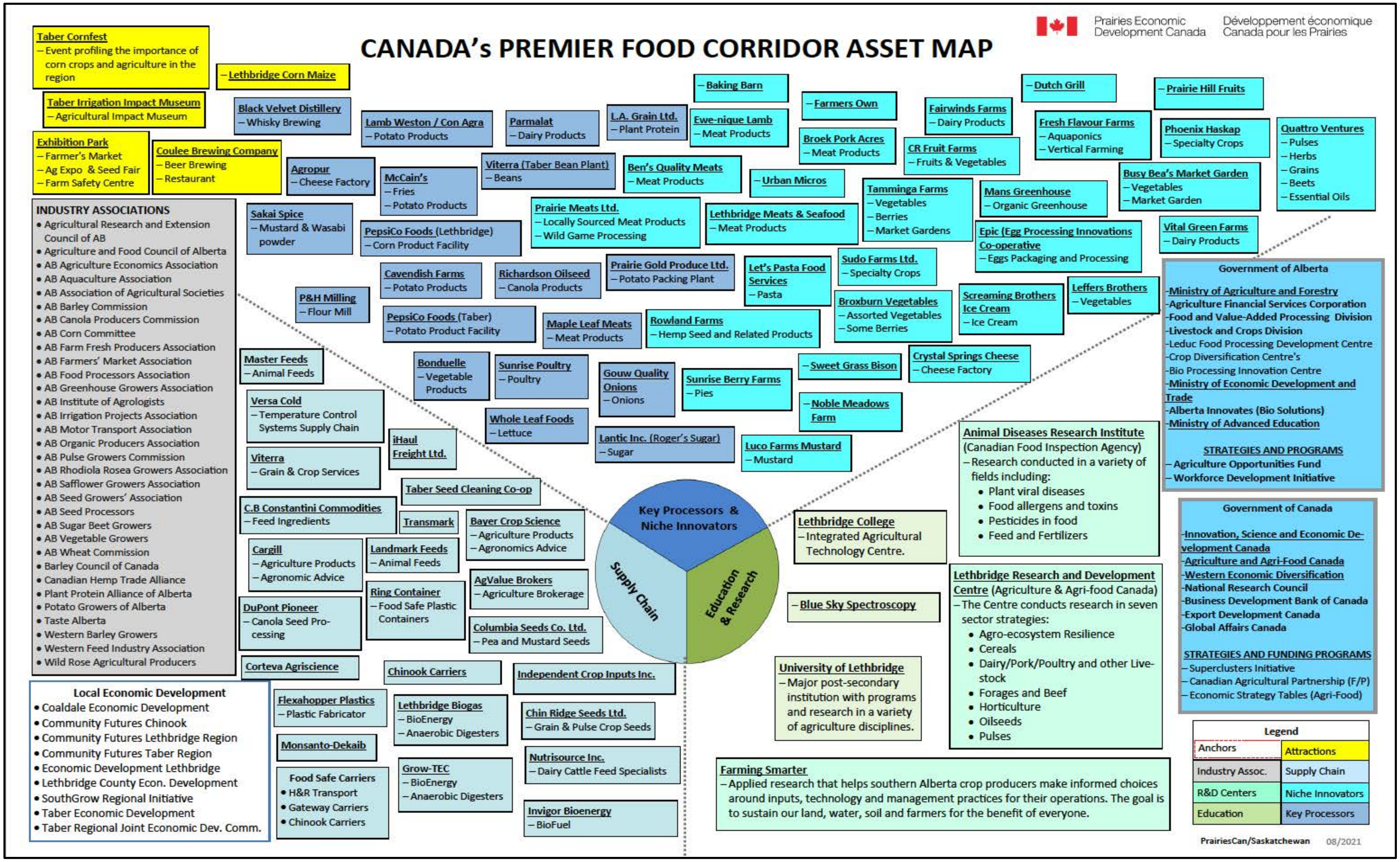
The Animal Diseases Research Institute in Lethbridge founded in 1905 contributes to the health of animals through diagnostic testing and research initiatives. The Institute's laboratory completes required tests for the export of animals and animal products, including bovine spongiform encephalopathy (BSE), bovine viral diarrhea (BVD), brucella, equine viral arteritis (EVA), infectious bovine rhinotracheitis (IBR), leptospirosis, rabies and scrapie. The laboratory is designated as the World Organization for Animal Health (OIE) reference laboratory for anthrax, BSE and BVD. Its role is to function as a center of expertise and standardization of diagnostic techniques for its designated disease.

During our SWOT interview with Trevor Lewington, CEO of Lethbridge Economic Development, he noted that it wasn't too long ago that Lethbridge was primarily exporting crops to be processed elsewhere. Lethbridge attributes the success of its food cluster to long-term investments in their infrastructure, collaboration among all stakeholders, and a concerted focus and leadership dedicated to developing this sector.

In comparison, despite the GFDA region having 6,963 farms producing $1.12 billion in crops, livestock and animal products, the local higher educational institutions do not offer any agricultural academic programs nor R&D. Primary agricultural research takes place at Montana State University in Bozeman. However, as part of the Montana Agricultural Experiment Stations (MAES) network, the Northern Agricultural Research Center (NARC) in Havre is credited with making many agricultural advancements in the region, including adoption of no-till farming, GPS use in crop rotation, seeding and fertilizing, increasing calf weaning weights, increasing yields in drought years, new irrigation practices, nutrient application techniques, range renovation, grazing practices, breeding and genetic development of heterosis in cattle and soil physics research. NARC is the only statewide research center that conducts both agronomy and livestock research.

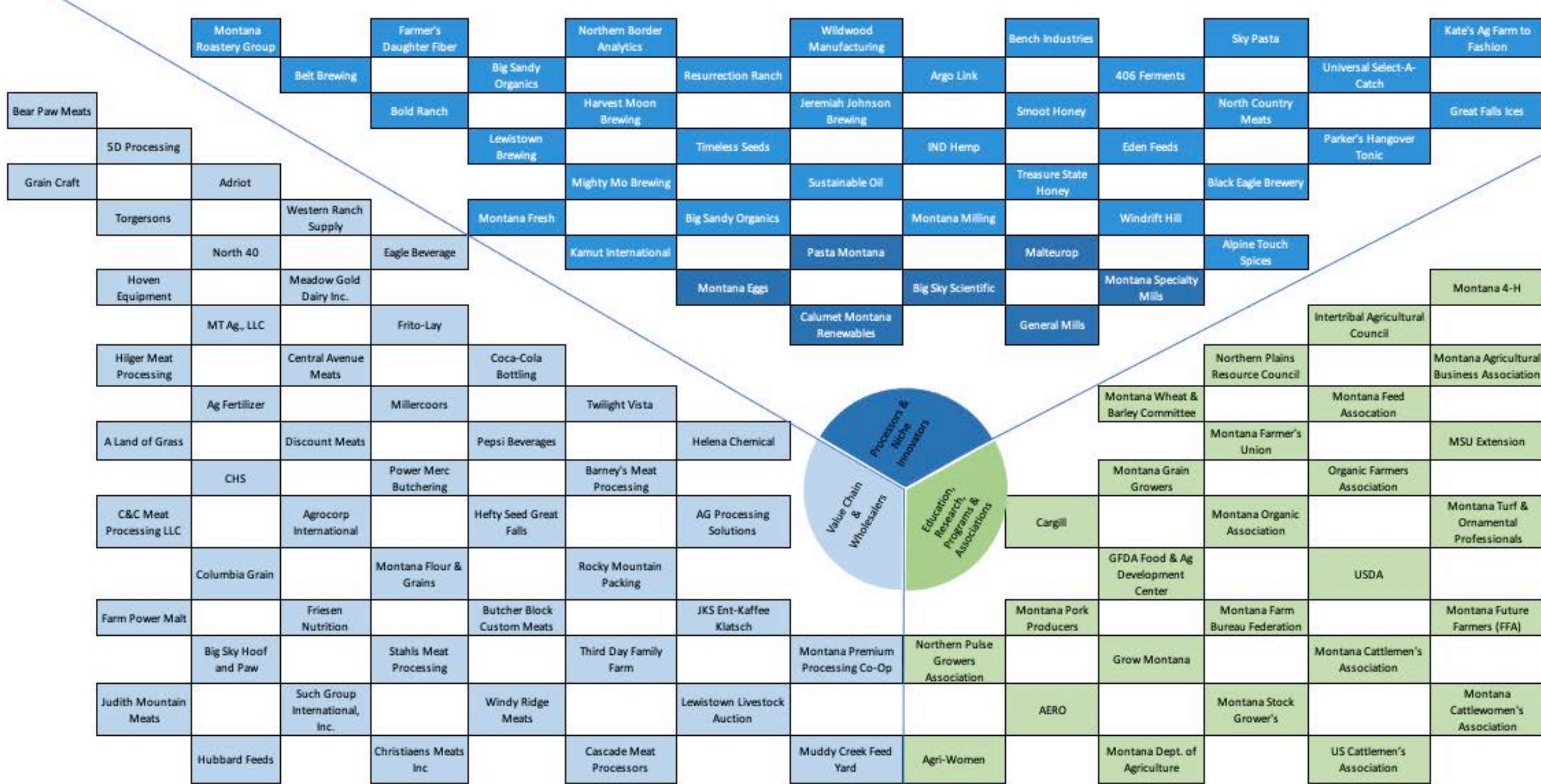
The Western Triangle Agricultural Research Center (WTARC) is another MAES station, north of Conrad. The Center comprises 75-acres and is tasked with gathering and processing agricultural data. The WTARC is equipped with research laboratories, facilities for processing research plot samples, and modern field plot research equipment for harvesting and planting in traditional and reduced tillage cropping systems.

**The following asset maps are intended to be a snapshot in time and as such do not offer a comprehensive listing of all businesses, organizations, and programs. We recommend that GFDA continue to update their asset map as they grow the regional food cluster.*



CANADA's PREMIER FOOD CORRIDOR ASSET MAP
Prairies Economic Development Canada
Développement économique Canada pour les Prairies
Taber Cornfest
– Event profiling the importance of corn crops and agriculture in the region
– Lethbridge Corn Maize
Taber Irrigation Impact Museum
– Agricultural Impact Museum
Exhibition Park
– Farmer's Market
– Ag Expo & Seed Fair
– Farm Safety Centre
Coulee Brewing Company
– Beer Brewing
– Restaurant
Black Velvet Distillery
– Whisky Brewing
Agropur
– Cheese Factory
Sakai Spice
– Mustard & Wasabi powder
Lamb Weston / Con Agra
– Potato Products
McCain's
– Fries
– Potato Products
PepsiCo Foods (Lethbridge)
– Corn Product Facility
Parmalat
– Dairy Products
Viterra (Taber Bean Plant)
– Beans
L.A. Grain Ltd.
– Plant Protein
Prairie Meats Ltd.
– Locally Sourced Meat Products
– Wild Game Processing
– Baking Barn
Ewe-nique Lamb
– Meat Products
Ben's Quality Meats
– Meat Products
– Farmers Own
Broek Pork Acres
– Meat Products
– Urban Micros
Lethbridge Meats & Seafood
– Meat Products
Fairwinds Farms
– Dairy Products
CR Fruit Farms
– Fruits & Vegetables
Tamminga Farms
– Vegetables
– Berries
– Market Gardens
– Dutch Grill
Fresh Flavour Farms
– Aquaponics
– Vertical Farming
Mans Greenhouse
– Organic Greenhouse
Epic (Egg Processing Innovations Co-operative
– Eggs Packaging and Processing
– Prairie Hill Fruits
Phoenix Haskap
– Specialty Crops
Busy Bea's Market Garden
– Vegetables
– Market Garden
Vital Green Farms
– Dairy Products
Quattro Ventures
– Pulses
– Herbs
– Grains
– Beets
– Essential Oils
INDUSTRY ASSOCIATIONS
• Agricultural Research and Extension Council of AB
• Agriculture and Food Council of Alberta
• AB Agriculture Economics Association
• AB Aquaculture Association
• AB Association of Agricultural Societies
• AB Barley Commission
• AB Canola Producers Commission
• AB Corn Committee
• AB Farm Fresh Producers Association
• AB Farmers' Market Association
• AB Food Processors Association
• AB Greenhouse Growers Association
• AB Institute of Agrologists
• AB Irrigation Projects Association
• AB Motor Transport Association
• AB Organic Producers Association
• AB Pulse Growers Commission
• AB Rhodiola Rosea Growers Association
• AB Safflower Growers Association
• AB Seed Growers' Association
• AB Seed Processors
• AB Sugar Beet Growers
• AB Vegetable Growers
• AB Wheat Commission
• Barley Council of Canada
• Canadian Hemp Trade Alliance
• Plant Protein Alliance of Alberta
• Potato Growers of Alberta
• Taste Alberta
• Western Barley Growers
• Western Feed Industry Association
• Wild Rose Agricultural Producers
P&H Milling
– Flour Mill
Cavendish Farms
– Potato Products
Richardson Oilseed
– Canola Products
Prairie Gold Produce Ltd.
– Potato Packing Plant
Let's Pasta Food Services
– Pasta
Sudo Farms Ltd.
– Specialty Crops
Broxburn Vegetables
– Assorted Vegetables
– Some Berries
Screaming Brothers Ice Cream
– Ice Cream
Leffers Brothers
– Vegetables
PepsiCo Foods (Taber)
– Potato Product Facility
Maple Leaf Meats
– Meat Products
Rowland Farms
– Hemp Seed and Related Products
Master Feeds
– Animal Feeds
Bonduelle
– Vegetable Products
Sunrise Poultry
– Poultry
Gouw Quality Onions
– Onions
Sunrise Berry Farms
– Pies
– Sweet Grass Bison
Crystal Springs Cheese
– Cheese Factory
– Noble Meadows Farm
Versa Cold
– Temperature Control Systems Supply Chain
iHaul Freight Ltd.
Whole Leaf Foods
– Lettuce
Lantic Inc. (Roger's Sugar)
– Sugar
Luco Farms Mustard
– Mustard
Viterra
– Grain & Crop Services
Taber Seed Cleaning Co-op
C.B Constantini Commodities
– Feed Ingredients
Transmark
Bayer Crop Science
– Agriculture Products
– Agronomics Advice
Cargill
– Agriculture Products
– Agronomic Advice
Landmark Feeds
– Animal Feeds
Ring Container
– Food Safe Plastic Containers
AgValue Brokers
– Agriculture Brokerage
DuPont Pioneer
– Canola Seed Processing
Columbia Seeds Co. Ltd.
– Pea and Mustard Seeds
Corteva Agriscience
Chinook Carriers
Independent Crop Inputs Inc.
Flexahopper Plastics
– Plastic Fabricator
Lethbridge Biogas
– BioEnergy
– Anaerobic Digesters
Chin Ridge Seeds Ltd.
– Grain & Pulse Crop Seeds
Monsanto-Dekalb
Nutrisource Inc.
– Dairy Cattle Feed Specialists
Food Safe Carriers
• H&R Transport
• Gateway Carriers
• Chinook Carriers
Grow-TEC
– BioEnergy
– Anaerobic Digesters
Invigor Bioenergy
– BioFuel
Local Economic Development
• Coaldale Economic Development
• Community Futures Chinook
• Community Futures Lethbridge Region
• Community Futures Taber Region
• Economic Development Lethbridge
• Lethbridge County Econ. Development
• SouthGrow Regional Initiative
• Taber Economic Development
• Taber Regional Joint Economic Dev. Comm.
Key Processors & Niche Innovators
Supply Chain
Education & Research
Lethbridge College
– Integrated Agricultural Technology Centre.
– Blue Sky Spectroscopy
University of Lethbridge
– Major post-secondary institution with programs and research in a variety of agriculture disciplines.
Animal Diseases Research Institute
(Canadian Food Inspection Agency)
– Research conducted in a variety of fields including:
• Plant viral diseases
• Food allergens and toxins
• Pesticides in food
• Feed and Fertilizers
Lethbridge Research and Development Centre (Agriculture & Agri-food Canada)
– The Centre conducts research in seven sector strategies:
• Agro-ecosystem Resilience
• Cereals
• Dairy/Pork/Poultry and other Livestock
• Forages and Beef
• Horticulture
• Oilseeds
• Pulses
Farming Smarter
– Applied research that helps southern Alberta crop producers make informed choices around inputs, technology and management practices for their operations. The goal is to sustain our land, water, soil and farmers for the benefit of everyone.
Government of Alberta
-Ministry of Agriculture and Forestry
-Agriculture Financial Services Corporation
-Food and Value-Added Processing Division
-Livestock and Crops Division
-Leduc Food Processing Development Centre
-Crop Diversification Centre's
-Bio Processing Innovation Centre
-Ministry of Economic Development and Trade
-Alberta Innovates (Bio Solutions)
-Ministry of Advanced Education
STRATEGIES AND PROGRAMS
– Agriculture Opportunities Fund
– Workforce Development Initiative
Government of Canada
-Innovation, Science and Economic Development Canada
-Agriculture and Agri-Food Canada
-Western Economic Diversification
-National Research Council
-Business Development Bank of Canada
-Export Development Canada
-Global Affairs Canada
STRATEGIES AND FUNDING PROGRAMS
– Superclusters Initiative
– Canadian Agricultural Partnership (F/P)
– Economic Strategy Tables (Agri-Food)
Legend
Anchors
Attractions
Industry Assoc.
Supply Chain
R&D Centers
Niche Innovators
Education
Key Processors
PrairiesCan/Saskatchewan 08/2021

GREAT FALLS REGION VALUE-ADDED AG ECOSYSTEM



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*This asset map represents a snapshot of the value-added ecosystem and is not intended to be a comprehensive list of businesses (6/22/22)

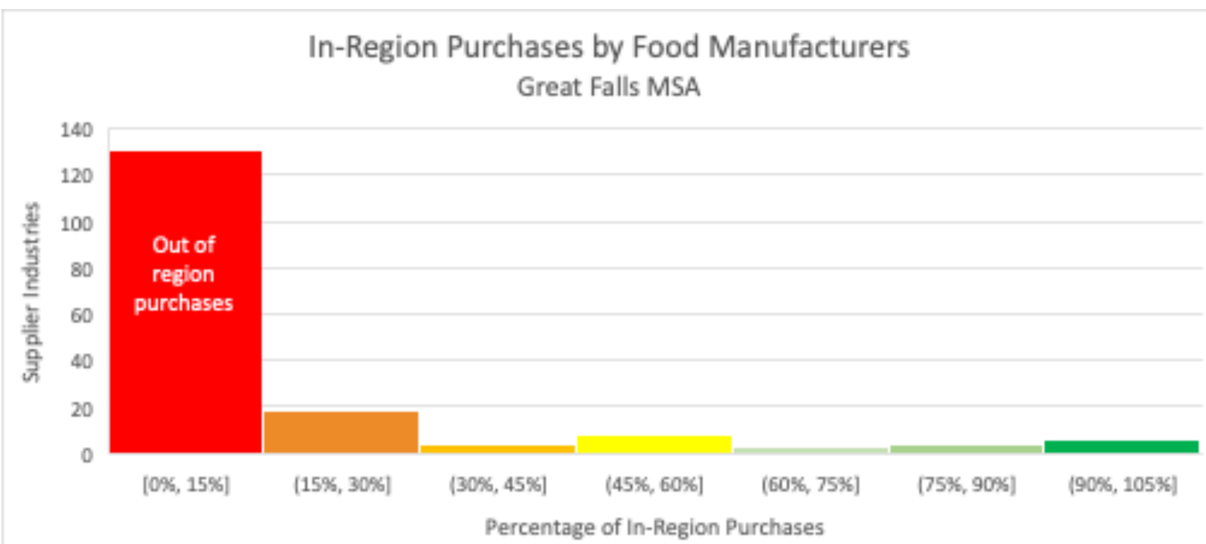
Montana Agricultural Experiment Station (MAES), through its network of seven Research Centers plus facilites, conduct basic and applied reseach into agricultural and natural resources economies. MAES research spans animal health & science, agronomy, horticulture, range sciences, and natural resources and pest management. Two locations are in Havre and Conrad. MAES is part of the Montana State Unversity system, which also offers four year degrees (B.S.) in Agricultural Business, Agricultural Education, Animal Science, Environmental Horticulture, Environmental Science, Landscape Architecture, Natural Resources & Rangeland Ecology, Plant Science, Ranching Systems, Sustainable Food & Bioenergy Systems.

Food Manufacturing Value Chain

Juxtaposed to Lethbridge, the Great Falls MSA shows substantial gaps in its food cluster supply chain. A majority of input purchases by food manufacturers occur outside of the Great Falls MSA as denoted by the red column in the bar chart below. Only 20 industries within the Great Falls MSA can fulfill 50% or more of the supply chain needs for their specific products or services. The industries that can provide 60% to 100% of supply chain needs (denoted by the green columns in the chart below) are primarily in crop and livestock production.

- Wheat farming (100%)
- Rail transportation (non-covered) 100%
- Dry pasta, dough, flour mixes (98%)
- Animal production (97%)
- Beef cattle ranching (95%)
- Hunting & Trapping (89%)
- Flour Mills (84%)
- Malt Manufacturing (81%)
- Commercial & industrial machinery & equipment repair & maintenance (79%)
- Sheep farming (71%)
- Other animal food manufacturing (66%)
- Crop production (63%)

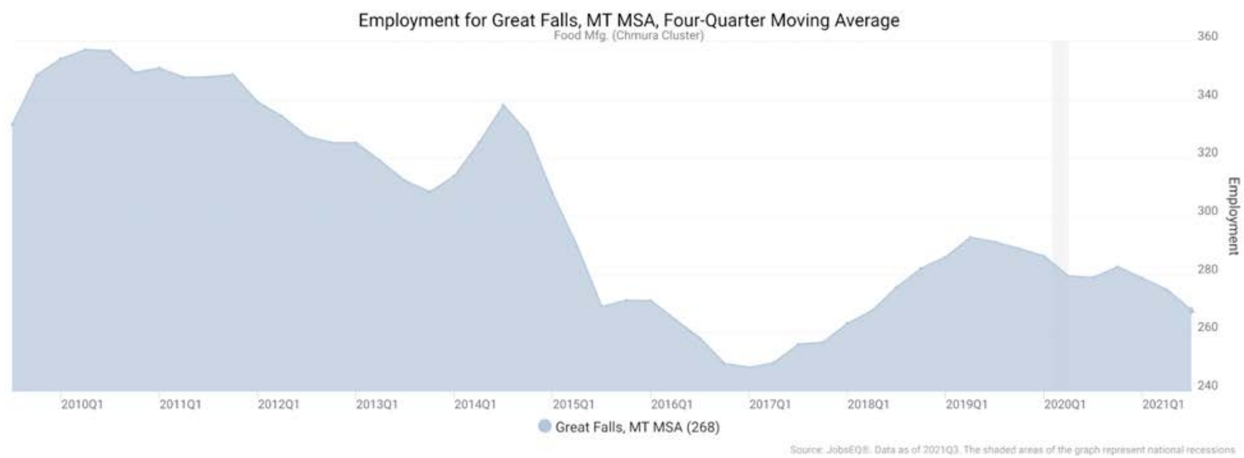
Supply Chain Gap Analysis



Source: JobsEQ (2022)

Compared to Lethbridge, the number of value-added food processors converting commodities to finished products and exporting outside of the Great Falls markets is limited. In the asset map for Great Falls, firms exporting their products outside of the local market is colored in dark blue. Firms with only a local or regional distribution is in the lighter blue. In SWOT interviews with large food manufacturers in the Great Falls MSA, growth in this sector requires Great Falls to mitigate two major impediments: workforce shortages and the transportation cost premium. Some manufacturers indicated the transportation cost premium is as high as 20%. According to CSI Market, the gross profit margin for the food processing industry was 22.05% in 2019. With such low-profit margins for the food industry, manufacturers are driven to reduce costs, and a high premium on transportation costs will eat away already slim margins.

Food manufacturers also identified a high turnover rate and a lack of qualified applicants to fill positions as a source of frustration. In BBA's SWOT interviews with food processors, they disclosed the lack of workforce has raised doubts about expanding in the region. Employment for the food manufacturing cluster in the Great Falls MSA has declined over the past 12 years.



Source: JobsEQ

A What-if Analysis of available workforce for a food manufacturer creating 50 new jobs shows 13 occupational roles with limited potential candidates per opening. The What-if Analysis evaluates a scenario where a new or existing company adds 50 new jobs and estimates the availability of the local workforce to meet employment demands. In this scenario, 13 openings could go unfilled, due to a limited ratio of applicants per opening.

- Slaughters and meat packers: 3 potential candidates per opening and 2 workers needed
- Meat, poultry, and fish cutters & trimmers: 5 per opening and 4 needed
- Food cooking machine operations and tenders: 6 per opening and 1 needed
- Food batchmakers: 9 per opening; 4 needed
- Food roasting, baking, drying machine operators & tenders: 10 per opening; 1 needed
- Graders, sorters, agricultural products: 10 per opening; 1 needed
- Helpers- production workers: 12 per opening; 2 needed
- General and operations managers: 16 per opening; 1 needed
- Packaging and filling machine operators and tenders: 17 per opening; 5 needed
- Separating, filtering, clarifying, precipitating and still machine setters, operators and tenders: 23 per opening; 1 needed
- Industrial production managers: 25 per opening; 1 needed
- Mixing & blending machine setters, operators & tenders: 29 per opening; 1 needed
- Production, planning, & expediting clerks: 40 per opening; 1 needed

1 hour drive time from Great Falls, MT, NAICS 311 - Food Manufacturing (50 Workers)

SOC	Title	New Employer Demand	Empl (Place of Residence)[1]	Unempl[1]	Regional Avg Wage[2]	National Avg Wage[2]	Empl Extended	Unempl Extended	Potential Candidates per Opening
51-9111	Packaging and Filling Machine Operators and Tenders	5	80	3	$33,600	$35,200	837	39	17
51-3092	Food Batchmakers	4	36	1	$33,200	$35,000	427	26	9
51-3022	Meat, Poultry, and Fish Cutters and Trimmers	4	20	0	$32,600	$30,800	1,302	84	5
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	3	556	26	$30,900	$33,700	147	5	194
51-3011	Bakers	2	108	4	$27,100	$31,100	2,533	181	56
51-1011	First-Line Supervisors of Production and Operating Workers	2	140	3	$59,400	$66,800	444	10	71
51-9198	Helpers–Production Workers	2	22	2	$32,300	$32,000	1,726	85	12
53-7064	Packers and Packagers, Hand	2	130	8	$23,300	$29,300	636	44	69
51-3023	Slaughterers and Meat Packers	2	5	0	$33,400	$31,200	243	24	3
41-2011	Cashiers	1	1,645	88	$23,500	$25,700	2,749	245	1,732
53-7061	Cleaners of Vehicles and Equipment	1	168	9	$27,800	$29,400	11	1	176
35-3023	Fast Food and Counter Workers	1	1,454	92	$22,400	$24,500	4,285	384	1,546
51-3091	Food and Tobacco Roasting, Baking, and Drying Machine Operators and Tenders	1	10	0	$40,600	$35,400	45	1	10
51-3093	Food Cooking Machine Operators and Tenders	1	6	0	$31,100	$34,200	784	48	6
35-2021	Food Preparation Workers	1	276	17	$23,900	$26,800	3,837	312	293
51-3099	Food Processing Workers, All Other	1	15	1	$29,600	$30,700	n/a	n/a	16
11-1021	General and Operations Managers	1	799	17	$102,300	$125,700	2,668	41	816
45-2041	Graders and Sorters, Agricultural Products	1	9	1	$29,700	$29,600	540	36	10
53-3032	Heavy and Tractor-Trailer Truck Drivers	1	636	19	$48,900	$48,700	657	20	654
49-9041	Industrial Machinery Mechanics	1	93	1	$61,200	$57,400	1,055	30	94
11-3051	Industrial Production Managers	1	25	0	$128,300	$118,200	2,010	28	25
53-7051	Industrial Truck and Tractor Operators	1	103	4	$37,300	$39,200	1,207	45	107
51-9061	Inspectors, Testers, Sorters, Samplers, and Weighers	1	67	2	$54,500	$44,600	464	19	69
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	1	810	34	$29,900	$31,400	2,281	132	844
49-9071	Maintenance and Repair Workers, General	1	464	14	$39,300	$43,800	150	3	478
51-9023	Mixing and Blending Machine Setters, Operators, and Tenders	1	28	1	$37,400	$41,000	43	1	29
43-9061	Office Clerks, General	1	1,247	44	$33,800	$37,800	2,080	49	1,291
43-5061	Production, Planning, and Expediting Clerks	1	39	1	$55,100	$52,000	298	6	40
41-2031	Retail Salespersons	1	1,862	112	$31,300	$30,900	895	112	1,974
41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	1	401	9	$63,600	$73,500	45	1	410
51-9012	Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	1	22	1	$46,500	$46,900	195	7	23
43-5071	Shipping, Receiving, and Inventory Clerks	1	144	5	$34,300	$37,200	2,147	75	149
53-7065	Stockers and Order Fillers	1	796	31	$28,400	$31,000	5,909	420	827
	Total Annual Payroll				$1,936,000	$2,017,000			

Source: JobsEQ®

1. Occupation employment and unemployment are place-of-residence data–that is, referring to workers who reside in the named locality.

2. Occupation wages are as of 2020 and represent the average for all Covered Employment

Source: JobsEQ, 2022

Strategies:

Strategy 1: Build a transload facility to reduce transportation costs. Transloading allows products to be transferred seamlessly between trucks to trains with loading equipment, such as forklifts to load palletized goods onto boxcars or cranes for containers. This gives shippers the flexibility of trucks to pick up and/or drop off shipments and the economic advantages of shipping by rail for the long haul in between. As a result, shippers can use rail to lower their transportation costs and leverage a greener shipping option, even if they (or their customers) don't have tracks at their facility. Transloading expands market reach with a larger network and more affordable shipping options, offers safer, seamless cross-border shipping, and allows companies to ship loads of all sizes. With logistical bottlenecks caused by truck driver shortages, transloading affords companies an option to transport goods to market more affordably.

To maximize the ability of a transload facility to support both large and small food manufacturers and processors, the facility should offer a food grade warehouse with dry storage and frozen and refrigerated areas, to support compliance with food-handling regulations. A food grade warehouse is a critical waystation for long or short periods of storage and provides safe and reliable preservation of perishable food products.

Currently, the closest transloading facility on the BNSF railway line is in Shelby, MT. Considered a Premier Transload Facility, MVR Shelby, located at 680 East Roosevelt Hwy #2, sits on 11 acres and has 18,000 square feet of undercover storage. It is rail served by BNSF and has two rail spurs with a capacity of 14 railcars. In addition to reloading forest products, MVR Shelby also handle steel, fiber cement board, aluminum billets, as well as various oilfield supply products. MVR Shelby is strategically located near the Montana/Alberta, Canadian border.

Capacity:

- Covered Storage – 18,000 sq. ft.
- Rail Cars – 10 center-beam rail cars | 4 boxcars
- Trucking – 30 trucks

Strategy 2: Attract suppliers for existing value-added food processing companies. From the supply chain gap analysis and qualitative interviews with existing Great Falls food processors, many food manufacturers said other than raw food commodities they purchase almost everything else outside of the market.

GFDA's new business development officer who focuses on food/ag/bio processing industries should target supplier/vendor companies in the value-added food and ag cluster to improve supply chain efficiencies. Such industries could be packaging, bags, and box containers. GDFA should work with their existing employers to understand their supply chain needs and leverage their existing vendor relationships to recruit new supplier companies to Great Falls.

Strategy 3: Target food companies that have high-profit margins to offset logistics costs. Given the current transportation premium of nearly 20%, identifying a high-profit niche food industry that utilizes the region's agricultural products will be crucial in successful recruitment efforts. We recommend GFDA invest in a study to identify such food niches through sectoral analysis.

Strategy 4: Create a Canadian-Great Falls Food Corridor. Less than three hours north on US I-15, the City of Lethbridge supports a mature food cluster. The City of Lethbridge and Economic Development Lethbridge have invested much resources in expanding and growing its food cluster. The Great Falls region should partner with its sister city in Alberta, Canada to build and market a Lethbridge-Great Falls Food Corridor. The Great Falls Region should leverage the expertise and know-how of Lethbridge, which has been investing in its food cluster for many decades. Brand and promote the Lethbridge-Great Falls Food Corridor in order to offer Canadian food companies a soft landing in Great Falls.

Strategy 5: Leverage the McLaughlin Research Institute and Montana State University College of Agriculture's R&D capacity to develop food innovations in the Great Falls region. Food innovation is the development and commoditization of new food products, processes, and services. Food and beverage companies are looking for ways to make healthy, nutritious offerings that are not only enticing, accessible, exciting, and unique, but also sustainable. Creating a partnership with these highly respected research institutions allows GFDA to nurture a culture of innovation within its food cluster and provides a competitive advantage for the region in the minds of food manufacturers/processors.

McLaughlin Research Institute is currently researching neurodegenerative disorders, including Alzheimer's, Parkinson's and Huntington's. Combining the MRI's health science research with nutraceutical R&D could innovate new uses for the region's agricultural products. Nutraceuticals are medicinally or nutritionally functional foods. Nutraceuticals, which have also been called medical foods, designer foods, phytochemicals, functional foods and nutritional supplements, include such everyday products as "bio" yogurts and fortified breakfast cereals, as well as vitamins, herbal remedies and even genetically modified foods and supplements. Currently food trends indicate growing consumer demand for nutraceuticals. In a SWOT interview with BBA consultants, MRI President, Renee A. Reijo Pera, PhD expressed interest in conducting contract research for food processors and manufacturers. Such research could potentially create a new food niche for the region. Additionally, as the research arm for the new Turo College in Great Falls, MRI could potentially conduct clinical trials and research in partnership with the Medical School. The intersection of two major industry clusters, health care and agriculture, connected by research into nutraceuticals offers fascinating opportunities for Great Falls.

Strategy 6: Explore the feasibility of creating an Agricultural and Bioprocessing Research & Development Center in Great Falls in partnership with MSU and other public and private stakeholders to advance and foster the development of this innovative field. Agricultural and Bioprocessing merges engineering principles with life sciences, primarily microbiology and biochemistry, to make products such as vaccines, antibiotics, processed foods and food supplements, and renewable energy.

Recent technological advancements in bioprocessing methods have expanded the scope of their applications. The global agricultural biologicals market is projected to grow at a CAGR of 11.9% from an estimated value of USD $10.6 billion in 2021 to reach USD $18.5 billion by 2026. Strategic developments such as expansions, new product launches, and agreements have been adopted by the majority of key players to strengthen the market. Recently, Calumet Specialty Products invested in a renewable diesel conversion project in Great Falls. Cargill chose Great Falls for a R&D facility, conducting groundbreaking research on developing omega-3 fatty acids from canola plants. Cargill attributed Great Falls' quality of life, low cost of doing business, and favorable soil and growing conditions as reasons why it and other major agri-companies should consider conducting cutting-edge research in the region. Given the presence of these global corporations, the existing agricultural base, and potential research partners, we recommend a feasibility study examining how to leverage these assets to make the Great Falls region a Center of Excellence for bioprocessing and ag research.

Looking at other nearby food clusters, the Alberta Agriculture and Forestry, through the Alberta Heritage Savings Trust Fund, opened the Food Processing Development Centre at Leduc in 1984. It serves to encourage the growth and expansion of this vital industry in highly competitive domestic and global markets. The Food Processing Development Centre is a modern, fully equipped pilot plant and product development laboratory facility staffed with experienced food scientists, engineers and technologists. Centre services are designed to strengthen and expand the capability of Alberta's food processors to meet the challenges of the marketplace through application of new technology and the development of new or improved products and processes. The Centre provides R&D for agri-food processing companies, or those interested in non-food uses for agricultural products. The feasibility study should also examine the potential of a cross-border collaboration with Alberta to establish a global Agricultural and Bioprocessing Research Corridor.

Strategy 7: Continue to expand the GFDA's Great Falls Food and Ag Development Center. FADC is dedicated to cultivating and enhancing economic activity rooted in agriculture and its related industries through entrepreneurship and small business development and other technical assistance specific to agribusiness.

TOURISM

Situational Analysis

Tourism is widely regarded as a key sector for economic development. It creates jobs and increases the wealth of an area. It often leads to improvements to the natural environment as well as man-made infrastructures, such as roads and reservoirs. Tourism also provides an economic stimulus by allowing for diversification of employment and income potential.

Prior to the COVID-19 pandemic in early 2020, tourism had become the world's third-largest export industry generating $1.7 trillion in revenues as of 2018. It ranked only behind fuels ($2.4 trillion) and chemicals ($2.2 trillion), according to the United Nations World Tourism Organization. International tourism accounts for 29% of the world's services exports and 7% of overall exports.

However, the tourism industry is vulnerable to disruptions as evidenced by the impact of the COVID-19 pandemic on the industry in 2020. An estimated $500 billion loss in travel spending resulting from the pandemic has cost the U.S. $1.1 trillion in economic output, according to the United States Travel Association. Prior to the pandemic, the U.S. travel industry experienced 10 straight years of growth. However, a 2021 American Hotel and Lodging Association Report estimates that the COVID-19 pandemic has eliminated more than 10 years of job growth in the accommodations sector.

The global travel and tourism industry was and continues to be severely affected by the coronavirus (COVID-19) pandemic. According to the latest estimates, hotel occupancy and revenue rates plunged by double-digits in 2020, while the U.S. experienced an overall drop in travel spending of around $355 billion. Domestic and international travelers spent over $680 billion in 2020, down from the previous year's total which exceeded one trillion. When this sum is split by type of travel, domestic travelers spent $642.2 billion, while international travelers spent $38.1 billion in 2020.

In 2021, domestic business travel spending remained 56% below 2019 levels and international travel spending remained 78% below 2019 levels. Prior to the pandemic, direct travel jobs accounted for 6% of the workforce, and total travel-supported jobs accounted for 11% of all jobs, but with the onset of COVID in 2020, direct travel jobs accounted for a disproportionate 35% of all jobs lost, according to USTA.

Employment in leisure and hospitality remains down by 1.4 million jobs, or 8.5%, since February 2020 despite the long string of robust monthly job gains. According to the U.S. Labor Department, of the 428,000 jobs added in April 2022 to the U.S. economy, 78,000 jobs were in the leisure and hospitality sector. Restaurants and bars added 43,800 jobs. Hotels and other lodging businesses added 22,300 jobs, and performing arts and spectator sports businesses added 13,300 jobs.

Montana

About 12.5 million nonresidents visited Montana in 2021 and spent $5.15 billion, directly supporting $4.42 billion in economic activity with an additional $3.14 billion in indirect economic impact, according to estimates by the Institute for Tourism and Recreation Research (ITRR) at the University of Montana. The combined economic impact from direct, indirect, and induced impact is $7.56 billion.

The number of travelers visiting the state in 2021 increased 12.5% from 2020, bringing the number nearly back to the pre-pandemic visitation levels. This recovery far exceeded most of the nation.

Nearly half of the 12.5 million nonresident travelers came to Montana during the third quarter from July through September of 2021. ITRR's data indicates that group sizes were larger, that stays were longer, and that spending per group had increased from previous years. Money spent on fuel accounted for nearly a quarter of average daily spending for travel groups. Restaurant and bar spending and accommodations make up another third of the average daily travel budget for nonresidents.

Visitor spending during 2021 supported an estimated 47,800 jobs directly. Associated with those jobs is $1.3 billion of labor income directly supported by nonresident spending. An additional $734 million of labor income is indirectly supported by nonresident travel spending. These travelers contributed more than $387 million in state and local taxes in 2021.

According to the ITRR 2021 Report, about 91,000 non-resident travelers came to Montana through the Great Falls International Airport, staying an average of seven nights in the community. Travelers originating from GTF spent more than $65 million in Montana.

Short-Term and Long-Term Industry Outlook

In the near term, surging costs are pushing some Americans to change travel plans in 2022, whether by reducing their number of trips or finding cheaper activities. About 85% of Americans will likely travel this summer, according to the U.S. Travel Association. Crowds are driving up demand as travel companies continue to deal with labor shortages. Fuel prices set record highs and have fallen only slightly. Rental car shortages continue.

The American Automobile Association reports that 2022 travel bookings are off to a much stronger start compared to this time last year, while the CEO of Expedia Group predicts this summer will be "the busiest travel season ever." Marriott saw an 81% rise in first-quarter revenue compared to the same quarter a year ago as more leisure and business travelers got back on the road as Covid restrictions eased. Demand has driven the average daily rate at U.S. hotels up 40% compared to a year ago, according to hospitality analytics firm Smith Travel Research.

Higher gas prices historically have not stopped people from traveling altogether. Instead escalating prices at the pump change where and how they travel: fewer trips, driving to destinations closer to home, and spending less on recreation and dining.

A 2022 survey from Bankrate.com in April found that 69% of Americans said they would take a vacation this summer. A March poll by Bank of America found that 62% found of respondents expect to travel more than usual in the next 12 months, while 41% found said they plan to make up for previously canceled travel in 2022 or 2023.

Airline fares rose 12.7% in February 2022 compared to last year, even though they're still down 14% compared to 2019, according to new data from the Bureau of Labor Statistics. The Airlines Reporting Corp. found the average ticket price for a roundtrip ticket jumped to $464 in February 2022 -- up from $409 in January.

A report by the World Travel & Tourism Council (WTTC) in April 2022 forecasted that the global travel and tourism sector will rebound to pre-pandemic levels by 2023. The WTTC represents the global travel & tourism sector. The tourism sector worldwide is expected to create nearly 126 million new jobs within the next decade.

WTTC's newly published Economic Impact Report, compiled in partnership with Oxford Economics, also forecasts as international travel restrictions ease around the world throughout 2022, the sector's contribution of nearly $2 trillion to the U.S. economy could outperform 2019 levels ($1.87 trillion) by more than 6%. Other findings include:

- U.S. domestic travel & tourism spending is forecasted to reach more than $1.1 trillion for the year, surpassing pre-pandemic levels by 11.3%
- International traveler spending in the U.S. could see growth of $113 billion, compared to 2020, reaching nearly $155 billion, slightly below (14%) 2019 levels
- Employment in the sector could also surpass pre-pandemic levels, reaching nearly 16.8 million jobs, above pre-pandemic levels by almost 200,000 jobs

Tourism is a crucial component of Great Falls MSA's overall economic development effort. Beyond its direct economic impact, tourism activities are an important component in creating a community and environment that is lively, livable, and attractive to current and future residents. Tourism supports small businesses, the local airport, and the continued revitalization of downtown Great Falls. Tourism attracts location-neutral businesses and workers. Since tourism helps build the community's unique story or "brand," growing the tourism sector through investing in amenities that attract tourists creates a desirable quality of place for residents and tourists alike.

Economic Impact for Great Falls

The direct economic impact of tourism on the Great Falls economy is substantial. According to the Great Falls Montana Tourism, in 2019 more than a million visitors spend $160.3 million in Great Falls, creating 1,640 jobs. Overnight visitation for 2021 totals 1.4 million people— a 47%

growth over 2019. Tourists primarily spend in the following top categories: 1) dining & drinking (24%); 2) fuel (20%); 3) retail (19%); 4) lodging (18%); 5) grocery (11%); and other (8%). Tourism supports the growth of small businesses such as restaurants, retailers, gas stations/convenience stores, hotels, and grocery stores.

Nonresident Spending	$160.3 million
Overnight Visitors	1,009,959 visitors
Jobs Created	1,640
Tourism-related payroll	$36.033 million
Proprietor Income	$4.56 million

Source: Great Falls Montana Tourism, 2019

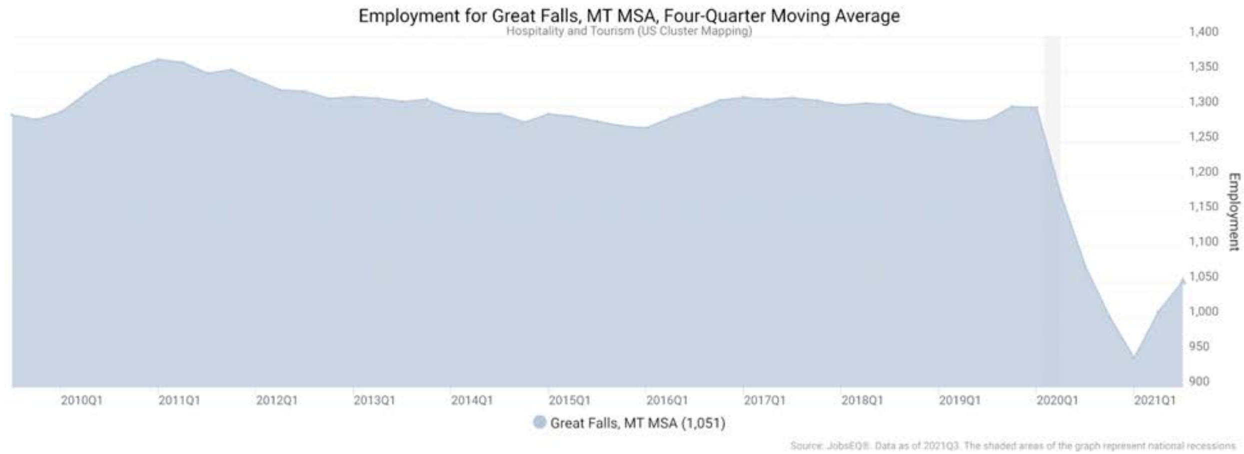
Number of Tourism-related Businesses Remain Steady

The numbers of establishments in the Great Falls MSA hospitality and tourism cluster have remained steady over the past 11 years, averaging 112 businesses. The pandemic, however, has caused some establishments to close during the first quarter of 2021. The following quarter saw the hospitality and tourism cluster rebounding.

Source: Jobs EQ

Tourism Employment Remains Steady

Employment in the hospitality and tourism cluster has remained steady over the past 11 years until the pandemic hit in the first quarter of 2020 (shown in chart below). Estimates on employment range from more than 1,600 according to Great Falls Montana Tourism to more than 1200 according to JobsEQ.



Source: Jobs EQ

Tourism Wages Growing by an Average of Two Percent Annually

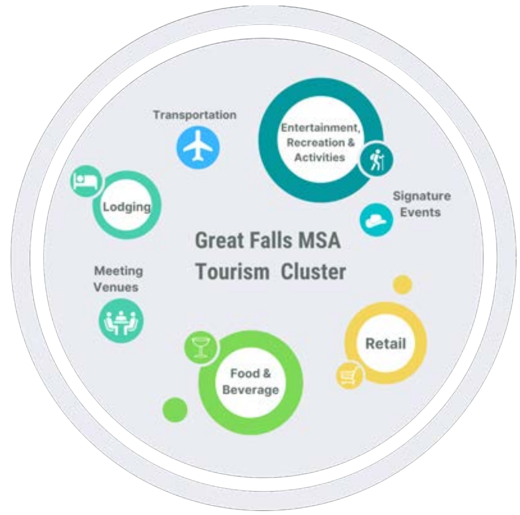
The hospitality and tourism sector represents one of the largest employment sectors for the Great Falls MSA. Average wages for this sector stand at $22,637 in the Q4 of 2021. While the hospitality and tourism sector doesn't offer high-paying jobs, average wages have been growing by 2% AAGR over more than a decade.

Source: JobsEQ 2022

Tourism Builds Quality of Place

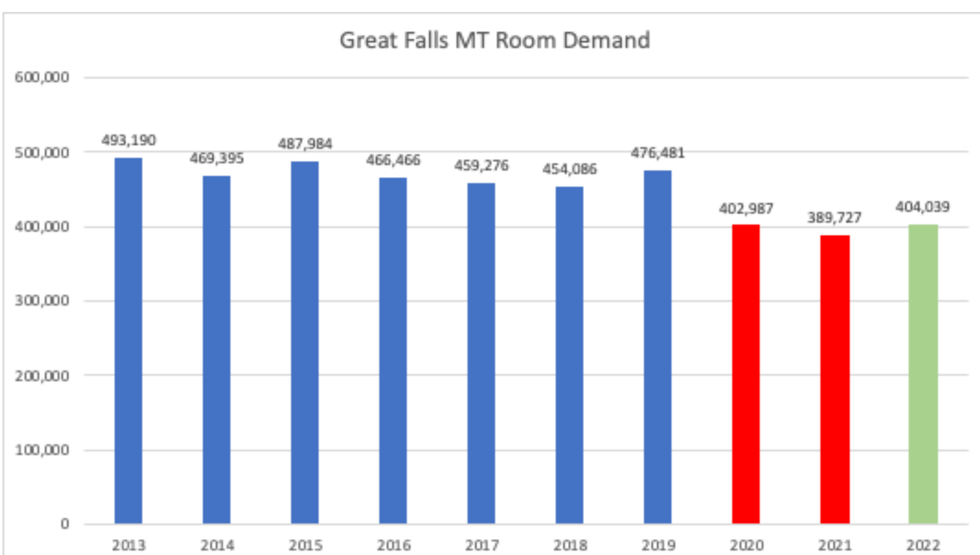
Another important benefit of investment in tourism is the ability to leverage outsiders' money in creating community assets. To support additional entertainment, venues, recreational opportunities, and attractions that residents want, Great Falls can leverage tourism dollars flowing in from outside the market to build venues and quality of life assets that attract tourism. Financing can be provided through transient room tax, and other tourist-focused taxes that will relieve a portion of the burden from the local population. The creation of these facilities will contribute to the community's brand and will help overcome some of the current challenges in convincing employees and their spouses/children to live in Great Falls. The overall goal should be to create a quality of life that attracts and retains the population. Tourism is sometimes the first introduction a visitor has to the community. It can be leveraged as a tool for talent recruitment.

Assets in Great Falls Tourism Sector



The tourism industry is comprised of various sectors that house, feed, transport, and entertain visitors. Each sector covers a broad range of fields, providing a distinct variety of goods and services. While separate from one another, they can often overlap and work in conjunction to create one complete and comprehensive hospitality experience. There are five primary sectors within the tourism industry: 1) lodging; 2) transportation; 3) entertainment, recreation and activities; 4) food & beverage; and 5) retail. Each of these sectors in Great Falls offers a wide variety of options, as shown by the relative size of the circles in the bubble chart (right). The tourism cluster in Great Falls provides numerous and diverse opportunities for recreation and activities. A new wayfinding signage program and downtown pedestrian kiosk will soon come online to support tourism.

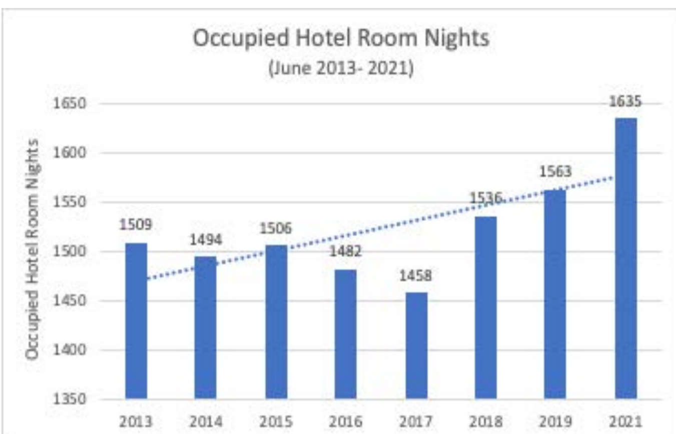
The following chart represents room demand, the number of rooms sold in a specified time period, as tracked by Great Falls Montana Tourism. Based on data collected by Smith Travel Research with still two months left, room demand in 2022 is on track to be higher than in 2019.



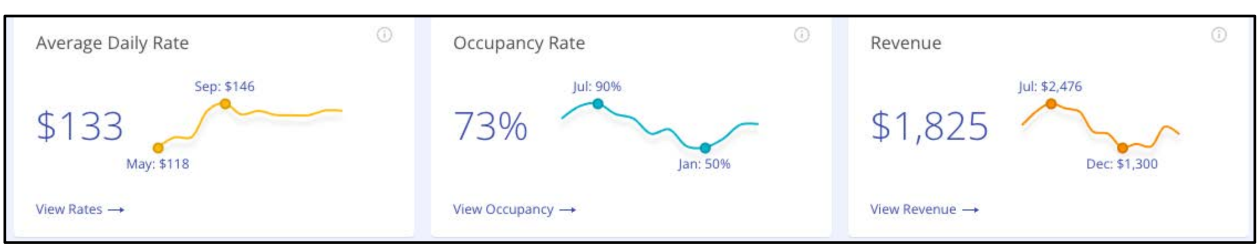
Source: Great Falls Montana Tourism, (2013-2022)
*2022 is a partial year highlighted in green. 2020 and 2021 were COVID impacted years

Great Falls Montana Tourism also monitors the number of exempt rooms in the Great Falls market. During the first quarter of 2022, 24% of hotel/motel rooms rented were exempt. Exempt rooms do not contribute to lodging tax or TBID assessments with stays ranging from 30+ consecutive nights and/or at federal rates. The assumption is that exempt rooms are connected to temporary workers. This increase could also be due to new employees moving to Great Falls who have difficulty securing housing. Utilizing hotel/motel rooms as temporary or long-term workforce housing is a recent national trend due to the national housing shortage.

According to a 2021 report by the Great Falls International Airport, both hotel occupancy and hotel occupied room nights have increased from 2013 to 2021, after eliminating 2020 as an outlier due to the pandemic's impact. Occupied room nights measures for a given period, a cumulative total of hotel rooms rented by paying guests during each day in the period. The number of occupied hotel room nights grew by an average annual growth rate (AAGR) of 1% over seven years. Over the most recent four-year period, 2017 to 2021, hotel room nights grew 4% AAGR. Over that same period, hotel occupancy rates grew 1% AAGR. The occupancy rate measures the ratio of occupied to total usable rental space.



The accommodations and lodging sector appears to be sufficient to support the current level of tourism. Short-term rental data from AirDNA, shows a 7% quarterly rental growth of Airbnb and VRBO short-term rentals from Q1 2019- Q1 2022. The average annual occupancy rate for short term rentals in Great Falls is 73%, jumping to 90% in July and dropping to 50% in January.



Source: Airdna Marketminder, 2022

New accommodations continue to come online. GFDA provided a $950,000 gap loan for the Gibson downtown Great Falls boutique hotel development. Venues and meeting spaces are available in Great Falls. Both convention facility and lodging facility venues can host conferences, meetings, and workshops at various locations in the City. For conventions that prefer accommodations and meeting space on one property, the following Great Falls accommodations support that capacity.

The pandemic has impacted consumer preferences and trends in the hospitality industry. In 2021, more groups held micro events – smaller scale meetings that only take an hour or two of the participant's time. Most of them are held in a hybrid setting. This trend bodes well for Great Falls whose hotel properties offer smaller meeting spaces.

- O'Haire Motor Inn- 3 meeting spaces, accommodating 36-70 people
- Sleep Inn/MainStay Suites - meeting space for up to 100 people
- Crystal Inn Hotel- 1,100 SF meeting space
- Hotel Arvon- 1,200 SF combined meeting space
- Travelodge- 2,397 SF meeting space
- Hampton Inn- 3,312 SF combined meeting space
- Springhill Suites- 5,095 SF combined meeting space
- Heritage Inn- 17,254 SF combined meeting space
- Hilton Garden Inn- 7,322 SF combined meeting space
- Holiday Inn Convention Center- 11,240 SF combined meeting space

The food/beverage and retail sectors are also large and diverse. Transportation includes air travel from Great Falls International Airport, bus lines (Greyhound, Golden Triangle Transit, and Salt Lake Express), road trips along I-15 and 1-90, and Amtrak passenger trains from Shelby, MT. However, a glaring shortcoming is the lack of riverfront development along the Missouri River in the City of Great Falls. (*This study is not intended to provide a comprehension evaluation of the tourism industry in Great Falls.*)

Marketing of Great Falls Tourism Sector

Great Falls Montana Tourism is the destination marketing/management organization for Great Falls, Montana. The organization is focused on the following strategies:

- Promote Great Falls to potential leisure travelers
- Develop the Destination by supporting tourism infrastructure assets and investing in new and growing events
- Recruit meetings, conventions, and group gatherings to Great Falls
- Assist guests with having an only-in-Great Falls experience
- Manage organization operations
- Recruit members
- Advocate for the tourism industry

Whereas the Great Falls Montana Tourism's primary mission is to promote and market the Great Falls MSA as a tourism destination, GFDA should continue to focus on business development that supports the tourism sector. Small businesses and startups that operate in the tourism industry in one of the five sectors would benefit from technical assistance and financing provided by GFDA.

Strategies

Strategy 1: Commission a feasibility study and master plan for river development along the Missouri River in downtown Great Falls and on the Sun River. A feasibility study would consider the potential costs and benefits a large-scale marina and riverwalk project that supports a hotel/convention center, restaurants, shops, residential, offices, and other tourist attractions. The study should engage the community to envision what river development should look like. Other communities with rivers have been transformed by tapping the potential of a riverfront development. A master plan would evaluate potential locations for the development and outline long term steps and strategies to accomplish the transformative project. The following case studies highlight both the long-term investment required and collaboration among public, private, nonprofit and community stakeholders necessary to ensure success in such a transformative project.

Case Study: Chattanooga, TN

After more than two decades of downtown decline and disinvestments, Chattanooga made a firm commitment to reconnect its downtown to the Tennessee River as the keystone of its revitalization efforts in the mid-1980s. A citizen committee called Chattanooga Venture was formed to address the city's economic problems through planning. In 1984 they started a community planning process called "Vision 2000." A citizen group Moccasin Bend Task Force was working towards awareness of the Tennessee River as a public asset (Chattanooga Waterfront Overview 2004). A nonprofit corporation was created to coordinate redevelopment projects along the riverfront and downtown, and raise funds for and participate in the development of the renewal project. Formally organized in 1986 as a private, not-for-profit corporation, River Valley Partners led the master planning process and fueled a public /private collaboration. With significant public input, the Tennessee Riverpark Master Plan was developed to guide public and private investment along the waterfront (Chattanooga Waterfront Overview 2004).

The Tennessee Riverpark Master Plan was published in 1985 with an estimated cost of $750 million for mixed-use development, enhancement, and conservation along 22 miles of the Tennessee River corridor. New development projects resulted, including the expansion of the Tennessee Aquarium and Hunter Museum, the reconstruction of the Riverfront Parkway, and an expansion of Coolidge Park. Chattanooga further improved connectivity between disparate portions of the downtown by eliminating concrete barriers and improving walkways and roadways. For example, the traditionally isolated Hunter Museum was reconnected to the downtown through innovative transportation efforts like the First Street "incline" project.

Increased accessibility now allows both the casual stroller and the driver to arrive at the heart of the downtown easily (Chattanooga Area Chamber of Commerce 2004).

The planning and decision-making process related to redevelopment is an ongoing, coordinated process that involves the private and public sectors. It is a long-term effort that requires a central point of management and coordination. Collectively, Chattanooga's private and public sectors, working together, have restored the downtown as a viable economic center. They are luring people back into the central core, restoring the economic heartbeat, expanding commercial, governmental, professional, residential, tourism, and entertainment opportunities for the entire metro area, and connecting the city with its precious river resource (Tuscaloosa Chamber of Commerce 2002). Chattanooga has strengthened community pride, expanded a positive, exciting image for their entire community, and realized that downtown is the common turf of the community. (Source: Tumbde, D. Conceptual Model for Economically Viable Urban Riverfront Revitalization in the United States)

Case Study 2: Portland, Oregon

The South Waterfront Redevelopment Project in Portland included 73 acres of vacant and underutilized riverfront land. The area was added to the Downtown Waterfront Urban Renewal Area in 1978, thereby assigning Portland Development Corporation (PDC) with redeveloping the area. Since that time, PDC has invested over $20 million for 30-plus acres of public open space, recreation, and transportation infrastructure, and leveraged $95 million in private redevelopment in 16 acres of premier residential, office and retail uses (Center for Brownfields Initiative 2005).

The main objectives of the redevelopment plan were to strengthen the connection between the city core and the waterfront to increase the attractiveness of the area for visitors by introducing more restaurants, shops, and cultural festivals and to convert the parking lots and the garage doors into more interactive and enticing environment. Active streets aimed to draw people towards the parks at the riverfront thus housing was developed to ensure street vitality and attract retailers. The preservation of historic buildings created a vibrant streetscape and increased tourism activity.

Today the site includes 480 residential units, both owner occupied (190 units) and rental (290 units), 40,000 sq. ft. of commercial space, a 74-room hotel, an athletic club, 26,500 59 sq. ft. of retail and restaurant, an 83-slip marina, public breakwater, and 34 acres of public park, streets and open space (Center for Brownfields Initiative 2005). Redevelopment of the area provided dramatic benefits to Portland residents, most visibly by reclaiming the waterfront for public access and recreation. Economic benefits include an increased property tax base, and new, quality jobs. The RiverPlace area has become a popular stop for visitors to the city and is home to many seeking an urban residence in close proximity to Central City jobs.

The project offered both economic and environmental benefits. The redevelopment enhanced public safety due to the soil capping and development of contaminated industrial land, improved water quality due to riverbank stabilization, and improved air quality due to removal of contaminated piles of fill and sawdust materials. Through the collaborative efforts of PDC and Oregon Department of Environmental Quality (DEQ), the South Waterfront Redevelopment Area has become a model for effectively addressing the environmental problems of unproductive land through redevelopment to achieve a wide range of long-term public goals space (Center for Brownfields Initiative 2005) (Source: Tumbde, D. Conceptual Model for Economically Viable Urban Riverfront Revitalization in the United States)

Strategy 2: GFDA should continue to expand, improve and revitalize downtown Great Falls through the Downtown Development Partnership. The Partnership's current success in reinvigorating downtown development will be accelerated with continual support from GFDA in small business development and investment in downtown through gap financing. The revitalization of downtown Great Falls serves as a source of pride and a catalyst for economic development. Downtowns act as the heart of any city and often attract and support economic activities around tourism. The density of shopping, dining, accommodations, and entertainment in downtown areas encourages additional spending from tourists and in turn, tourism supports these types of businesses. As such, more partnerships should be formed to support downtown revitalization efforts.

Strategy 3: Identify retail or opportunity gaps within the tourism/hospitality sector and encourage small business development, utilizing business retention or expansion efforts or business attraction to fill the gaps. Such service gaps may be in outfitting or tour services. Within the five primary sectors of the tourism industry: 1) lodging; 2) transportation; 3) entertainment, recreation, and activities; 4) food & beverage; and 5) retail, identify major opportunity gaps that could help extend overnight stays and spending. Work with existing businesses to expand product or service offerings to fill in gaps or provide technical assistance and start-up seed capital for new businesses to provide such services or products.

Strategy 4: Support Great Falls Montana Tourism's strategic planning to assess changes in tourist consumer behavior and develop new marketing plans to better position Great Falls to attract high value visitors, conventions, conferences, and sporting events.

ENTREPRENEURS

Situational Analysis

Millions of people decided it was time to chase their dreams during the pandemic. Applications to start new businesses hit 5.4 million in 2021, a new record, surpassing the 2020 record of 4.4 million.

About one-third of the applications filed in 2021 are for businesses deemed likely to hire employees, according to the Census Bureau. While the pandemic decimated an unprecedented number of small businesses, it also enabled the launch of an unprecedented number of new ones.

Unlike after the Great Recession, Washington flooded families with roughly $4 trillion in stimulus monies when the coronavirus hit. Net worth climbed as housing and stock prices increased. And through it all, people kept spending, and many entrepreneurs recognized an opportunity to cater to them.

Americans created 2.8 million more online microbusinesses in 2020 than in 2019. Online microbusinesses are defined as businesses with a discrete domain name and an active website. Nearly 17% of the 20 million microbusinesses tracked in the U.S. were started after the onset of the pandemic, with about 90% employing fewer than 10 employees, according to a national survey by Venture Forward.

Experts attribute several factors to the online microbusiness boom. Soaring unemployment in the early months of the pandemic prompted millions to consider new income streams, while relief checks provided the means by which to start new businesses.

The number of unincorporated, self-employed Americans reached 9.44 million in October 2021—one month after 3% of the U.S. workforce (4.4 million Americans) quit their jobs. The availability of broadband and e-commerce have enabled many businesses, opening new markets through websites, online marketing, and sales.

According to the Kauffman Foundation, Montana ranks 18th among U.S. states for the rate of new entrepreneurs, which represents the percentage of population that starts a new business. Montana has an entrepreneurial rate of 0.36% which puts the state in the 66 percentile. The opportunity share of new entrepreneurs, which is the percentage of new entrepreneurs who started a business by choice instead of necessity, stands at 75.67%. That means more than 75% of entrepreneurs choose to start their own business by choice and not by necessity.

The average number of jobs created by startups in their first year in Montana is 6.14 new jobs. The start-up job creation number puts Montana in 96 percentile, and the state ranks second in the nation. The percentage of start-ups that are still active after their first year is 81.04%, which places Montana in the 52 percentile. Collectively, all the above indicators are reflected in the

Kauffman Early Stage Entrepreneurship (KESE) 2021 Index. Montana has a KESE Index of 1.71 which puts the “Treasure State” in the 66 percentile, meaning 66% of the states have a lower KESE Index score.

The Ewing Marion Kauffman Foundation is a private, nonpartisan foundation that promotes entrepreneurship and is considered a foremost authority. Kauffman released its recipe for creating a vibrant entrepreneurial ecosystem.

Kauffman Guidelines for Creating Vibrant Entrepreneurial Ecosystems:

- Avoid startup monoculture. Create your own recipe by connecting existing ingredients in the community to construct an environment conducive to new business creation rather than building or acquiring them in an attempt to copy what another city has done.
- Convene entrepreneurs and organizations to facilitate learning between entrepreneurs across industries and sectors. Understand that actors often play multiple roles in an ecosystem.
- Encourage diverse participation in the ecosystem by actively including women, minorities, and immigrants.
- Strengthen local education and increase graduation rates.
- Listen to local entrepreneurs to understand what works for them and what doesn’t.
- Improve business licensing and permitting processes by streamlining requirements and making the process easy to navigate, with the intent to level the playing field with incumbents who know the ropes and new small business owners and entrepreneurs.
- Simplify municipal tax codes to make payment systems more efficient and up to date, including through accepting online payments.
- Champion local entrepreneurs, and the ecosystem as a whole, both within your city and externally by publicly celebrating entrepreneurial success.
- Measure, measure, measure. Map your ecosystem, take inventory of your assets, and then develop metrics to measure the impact of policies. Make adjustments as necessary.

Based on these guidelines, Great Falls and the Great Falls Development Authority compares well against other communities, which rank high on entrepreneurship. The GFDA places a special emphasis on entrepreneurial development. GFDA offers technical assistance through its SBDC, gap financing, and government procurement technical assistance through its PTAC program.

Since 1996, GFDA has closed more than $51 million in gap and bridge loans, leveraging over $300 million in investments to create thousands of new jobs. Additionally, GFDA hosts networking events, pitch competitions, and celebrations to promote entrepreneurship. IGNITE celebrates new business startups, business expansions, real estate developments, and institutional capital projects. The Fire Within is a women entrepreneur celebration and networking event. GFDA plans to launch an Angel Investor Network to finance startups and high growth companies.

GFDA's SBDC kicked off a new 4-session accelerator training — another step forward in GFDA's entrepreneurship efforts. The Women's Business Center based in Missoula is working seamlessly with the GFDA team to offer technical support for women entrepreneurs. The next step would be a women's accelerator program.

GFDA hired a Small Business Navigator, a full-time GFDA position, tasked with strengthening and developing referral relationships in the region with a focus on increasing the pipeline of high priority clients, particularly amongst underserved populations and rural areas. Eventually, the scope of work will broaden statewide to develop relationships with bankers and others to increase GFDA's SBA 504 loan deal flow.

Great Falls also offers a venue for entrepreneurs to network and learn organically from one another. Haute Hive is the first co-working space in Great Falls with the goal of creating a professional, innovative, inspiring & synergetic space for diverse businesses.

However, where the community falls short based on Kauffman's guidelines is encouraging diverse participation in the ecosystem from minorities and immigrant small business owners and entrepreneurs. Both Great Falls MSA and the 13-county region have seen a growth in diversity in the last decade. The Native American population is the largest minority group in the region, numbering 25,012. Enhancing partnerships with tribal economic development organizations and creating a soft landing for Canadian entrepreneurs and business investors through the EB 2 and EB 5 Visa programs should be considered.

While great strides have been made in the City's regulatory and permitting processes, BBA heard from various small business owners during our SWOT interviews and focus groups that they still faced regulatory and permitting barriers. That has led to much frustration. Small business owners tell of a general lack of responsiveness to their questions from City regulatory departments. Kauffman Foundation points to the need to streamline permitting and licensing requirements to make the process easy to navigate, with the intent to level the playing field between new entrants and incumbents who know the ropes.

College graduation rates and strong educational systems correlate with entrepreneurial success. Much of the research into entrepreneurship indicates that college graduates are positively influenced by entrepreneurship education. The acquisition of knowledge and skills about entrepreneurship seems to rise with higher levels of education.

Both Great Falls College MSU and the Great Falls Public School offers entrepreneurial courses. Great Falls Public School provides youth entrepreneurial training through its Career & Technical Education programs. Student-run businesses provide real-world entrepreneurial experiences for the next generation of entrepreneurs. And the GFPS is partnering with DECA, which prepares emerging leaders and entrepreneurs in marketing, finance, hospitality and management in high schools and colleges around the globe.

Strategies:

Strategy 1: Continue to encourage a business-friendly culture within the City of Great Falls' permitting and regulatory departments. While the City has made great strides to streamline its regulatory process, many small businesses interviewed by the BBA team continue to be frustrated by the regulatory hurdles. We recommend the City designate an economic development liaison or ombudsman to provide guidance and serve as a point of contact for businesses.

Strategy 2: Encourage entrepreneurship among minority and immigrant populations.

- Enhance partnerships with Tribal Economic Development Programs and Financial Institutions, starting with the Little Shell Tribe in Great Falls and expanding to the Blackfeet Tribe.
- The GFDA PTAC program should promote women-owned, minority-owned, veteran-owned, and disadvantaged business certifications as part of its technical assistance, which allows small businesses access to specific set-asides.
- Create a "soft landing" for Canadian investors and entrepreneurs. Canadian investors have two avenues for investing and starting American-based business enterprises: the EB-2 treaty investor visa and the EB-5 Visa.

  E-2 Treaty Visa

  The E-2 nonimmigrant classification allows a national of a treaty country (a country with which the United States maintains a treaty of commerce and navigation, or with which the United States maintains a qualifying international agreement, or which has been deemed a qualifying country by legislation) to be admitted to the United States when investing a substantial amount of capital in a U.S. business. Certain employees of such a person or of a qualifying organization may also be eligible for this classification.

  The E-2 treaty investor visa allows Canadian citizens to buy or start a business in the U.S. In order to qualify for an E-2 visa, the business must be active, substantial, at risk, and the investor must oversee and direct the day-to-day operations. For Canadians, the E-2 visa is valid for five years at a time and may be renewed indefinitely so long as the business continues to operate.

  To qualify for an E-2 visa, the Canadian citizen investor must either purchase an existing business or start a new business from the ground up. "Active commercial enterprise" means that the business must be offering a tangible good, product, or service. Examples of an E-2 business include:

  - Restaurant
  - Retail or convenience store
  - Gas station
  - Dental or medical clinic
  - Nail or beauty salon

The business cannot be passive, idle or speculative. This means that real estate investment, such as buying and flipping real estate; or financial investment, such as buying and selling stocks, do not qualify.

EB-5 Visa

Congress created the EB-5 Program in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. In 1992, Congress created the Immigrant Investor Program, also known as the Regional Center Program, which sets aside EB-5 visas for participants who invest in commercial enterprises associated with regional centers approved by USCIS based on proposals for promoting economic growth.

Under this program, investors (and their spouses and unmarried children under 21) are eligible to apply for a Green Card (permanent residence) so long as they create or preserve at least 10 permanent full-time jobs and invest a certain amount of capital into a USA Regional Center project or in a new business directly. The EB-5 program requires Canadians to invest US $1.05 M or a minimum of $800,000 (1.33M or 1.01M Canadian Dollars) in targeted employment areas, such as rural areas or areas with an unemployment rate one and half times the national average.

Currently, there are only three Regional Centers in Montana: Northern Rockies Regional Center; Pacific Northwest EB-5 Regional Center; Smith Western Regional Center (former name Western Pacific Regional Center).

As Great Falls strengthens its ties to its Canadian communities to expand its food cluster, GFDA should explore whether it can leverage the EB-2 or EB-5 program as an incentive to invest in the Golden Triangle. There is a growing demand for the EB-5 Visa category among Canadian nationals.

Strategy 3: Reevaluate the entrepreneurial ecosystem through the lens of equity and inclusion. It is a well-documented fact that women face unique barriers to entrepreneurship. According to a report by the Kauffman Foundation, nearly half of women entrepreneurs state that a challenge facing their business is the lack of available mentors. Mentorship plays an important role in developing successful entrepreneurs, for both men and women. If women are unable to find mentors, they may fail to reach their full entrepreneurial potential.

A gender gap exists in financing for women-owned businesses. Women are a third as likely to access equity financing through angel investments or venture capital. Women often start companies with nearly half as much capital as their male counterparts. Women are less likely to access networks of close friends and acquaintances in search for funding compared to male counterparts. Research has shown that there is an implicit bias against women as entrepreneurs, where people are less likely to believe that women have the skills to succeed as entrepreneurs. This perception makes it harder for women entrepreneurs to secure funding. In addition, this cultural assumption that entrepreneurship is a masculine activity might dissuade women from considering entrepreneurship in the first place.

A 2019 study of more than 1.5 million startups in the United States found that investor bias accounted for 30% of the difference in investment outcomes for women-owned businesses. Furthermore, a simulated investment experiment in 2019 with over 27,000 investors found that assigning identical startups to women (rather than men) founders resulted in an 11% lower valuation from investors. Further perpetuating the narrative that only men can be successful entrepreneurs, many entrepreneurial success stories are male dominated.

Research into supporting women entrepreneurship evaluates whether participation in a gender specific accelerator program improves the success of women-owned enterprises. Accelerator programs have characteristics that distinguish them from other forms of capacity development services. Specifically, they are time-limited programs that work with cohorts or "classes" of ventures to provide mentorship and training, with a special emphasis on connecting early-stage ventures with investment. The terms "incubator" and "accelerator" are often used interchangeably, but incubators traditionally offer low-cost office spaces with technical support as needed. Some entrepreneurial development programs are hybrid models.

Accelerators emphasize entrepreneurial learning through mentorship and training, as well as financing to help ventures scale. A 2020 study by Global Accelerator Learning Initiative (GALI), Aspen Network of Development Entrepreneurs (ANDE), and Emory University evaluated whether accelerator programs closed the gender gap. On average, GALI data show that participation in an accelerator does indeed correlate with greater revenue and investment growth for all ventures, both women-led and male-led businesses. However, male-led enterprises realized greater equity growth.

Accelerators are only one part of the entrepreneurial ecosystem. While it is important for accelerators to consider how their organizational structure, processes, and models are designed in consideration of the investment gap, they cannot fully address the gap on their own. It is equally important for other stakeholders, including educational institutions, policymakers, industry groups, and investors themselves, to consider how their strategies and activities address differences in financing between men- and women-led ventures.

Fortunately, a wide variety of new initiatives are emerging to support and test mechanisms to allow women entrepreneurs to access the capital they need to grow. "Gender lens investing" and "gender smart investing," which introduce gender considerations throughout the investment process, have become increasingly popular among investors. Research initiatives such as the World Bank's regional Gender Innovation Labs and the IFC's Initiative on Disruptive Technology, and Venture Capital are providing broad and robust analyses to help better understand the issue. And major donor programs such as the multi-donor Women Entrepreneurs Finance Initiative (We-Fi) are specifically focused on supporting organizations dedicated to closing the investment gap. We recommend the GFDA should also evaluate its lending practices for equity and inclusion and set goals for supporting women and other minority entrepreneurs.

Strategy 4: Enhance partnerships between GFDA's SBDC programs and the Great Falls College MSU in the area of entrepreneurship. Many small business development centers are hosted at colleges and universities to leverage the synergy between these two important ecosystem partners. To support entrepreneurship in students and recent graduates, the SBDC should sponsor pitch competitions and training on campus. SBDC should look beyond business majors, to target students majoring in cyber security, health care and skilled trades who could start small businesses in these fields.

Strategy 5: Create benchmarks and key performance indicators (KPIs) for entrepreneurship and a dashboard to monitor entrepreneurial growth. As part of its commitment to accountability and transparency, GDFA should include entrepreneurial indicators as part of its KPIs as it regularly measures program success. Such KPIs should reflect priorities for GFDA.

Kaufman recommends four indicators to measure the performance and vibrancy of the entrepreneurial ecosystem over time: *density, fluidity, connectivity, and diversity*. *Density* answers the questions of how many entrepreneurs are in Great Falls or the region and more importantly what type of firms. Entrepreneurs need people, not just for employees but for idea generation. Measuring population flux and the pace in which people move from job to job or reallocation, and the numbers or density of high-growth companies allow us to track *fluidity*.

A vibrant entrepreneurial ecosystem is not simply a collection of firms, programs, and elements operating independently of each other. The connections between the various parts — companies, entrepreneurs, programs, and financial institutions — can be measured by program connectivity, spinoff rates, and dealmaker networks. Diversity can be measured by economic diversification, immigration, and income mobility. The following measures should be monitored continuously to track a trajectory over time.

Measuring Entrepreneurial Ecosystem Vibrancy

Indicator	Measure	Possible Sources
Density	New and young firms per 1,000 people	Census Bureau, Business Dynamics Statistics (BDS)
	Share of employment in new and young firms	Census (BDS)
	Sector density	National Establishment Time Series (NETS) *
Fluidity	Population flux	IRS
	Labor market reallocation	Quarterly Workforce Indicators (QWI)**
	High-growth firms	Inc. 5000 and NETS
Connectivity	Program connectivity	
	Spinoff rate	CrunchBase, LinkedIn
	Dealmaker networks	Private databases, including Capital IQ
Diversity	Multiple economic specializations	Quarterly Census of Employment and Wages (QCEQ)
	Mobility	Equality of Opportunity projects
	Immigrants	American Community Surveys

* Dun and Bradstreet (D&B) archival establishment data into a time-series database
** Available from US Census through an API

RESIDENTIAL HOUSING PRODUCTION

Situational Analysis

By some estimates, the United States is three to five million homes short of the demand from would-be homebuyers. With pandemic-related supply chain problems and increased demand, tens of thousands of dollars are added to the cost of a typical house. There are multiple reasons for the housing shortage. They include generational gaps, restrictive zoning laws, and a lack of development capacity.

The current housing crisis can be traced back to the housing bubble collapse in 2006, which devastated the real estate market, financial sectors, residential home builders and developers. Many builders had overextended themselves and went bankrupt when housing prices eventually fell more than 30%.

The Great Recession left deep scars. Residential builders and developer scaled back. Housing starts in the U.S. went from 2.3 million in January 2006 to 490,000 by January 2009. There were roughly 210 million people in the United States in the early 1970s, and they were building more than 2 million houses a year. There are now 330 million people, and last year there were less than 1.3 million houses completed.

Housing starts are now moving in the right direction, but years of underbuilding have taken a toll. A massive flood of new homes is required to catch up to current demand. Altos Research notes that the U.S. now have the lowest inventory of listings on record. In 2015, there were as many as 1.2 million homes for sale in the United States. That number is now closer to 260,000 for the entire country.

Increased building regulations, the rising price of lumber/materials/labor, and lingering hesitation due to the crash all contributed to housing shortages. As homes became more expensive to build, home builders were incentivized to build luxury homes rather than starter homes.

Generational Shift

Additionally, housing demand dropped for nearly a decade following the Great Recession, due to delayed home purchases by Millennials who were burdened by heavy college debts and a sluggish job market. The largest age group for the next decade and a half will be Millennials, who are in their thirties and forties.

But as Millennials started families and began purchasing homes, the new demand coupled with low inventory supercharged escalating housing prices. Millennials accounted for more than half of all mortgage loan applications in 2021. What has further exacerbated the inventory problem is the lack of churn in the real estate market. Boomers, who have more real-estate wealth than any other generation, are not listing their houses for sale as they get older — preferring to age in place. These trends are huge departures from previous generations.

With low mortgage rates, escalating housing prices, and a low cost to service the debt, the “fear of missing out” is prompting many house buyers to pay above market value. The lack of affordable housing has sidelined many would-be homeowners.

Current Environment

Current homeowners have a big financial reason to stay put, making the housing shortage even worse. According to Black Knight, nine out of ten American mortgages currently carry an interest rate of less than 5%, whereas nearly two decades ago, the typical mortgage trended around 6%. Many of today's homeowners have locked in on relatively affordable rates.

However, for those yet to buy, homeownership is becoming increasingly more expensive. As home prices soar and mortgage rates climb, many existing homeowners may be turned off from putting their home up for sale and re-entering today's real estate market. This combination of accelerating growth and sharply rising interest rates has resulted in the tightest affordability in 15 years.

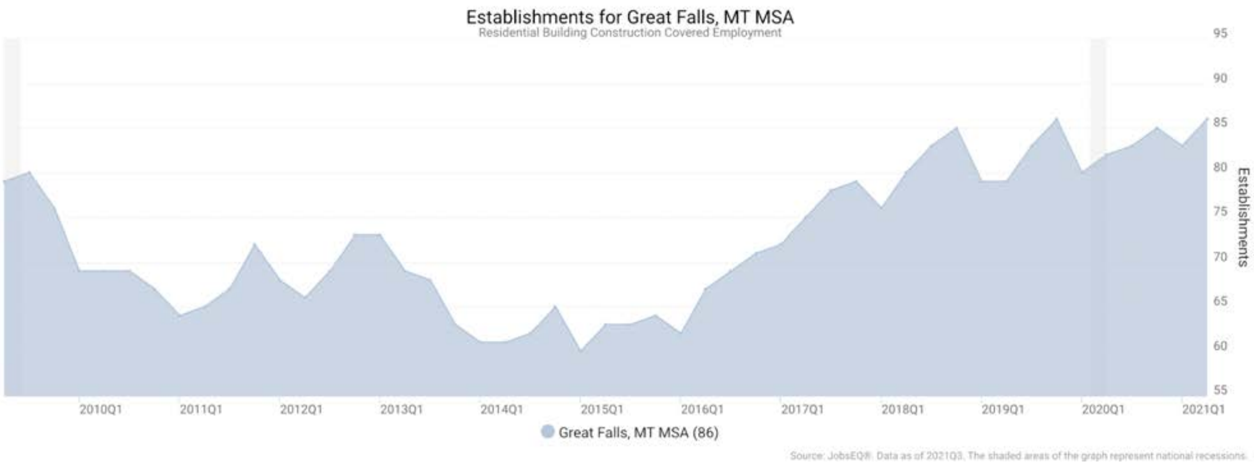
Great Fall Housing Crisis

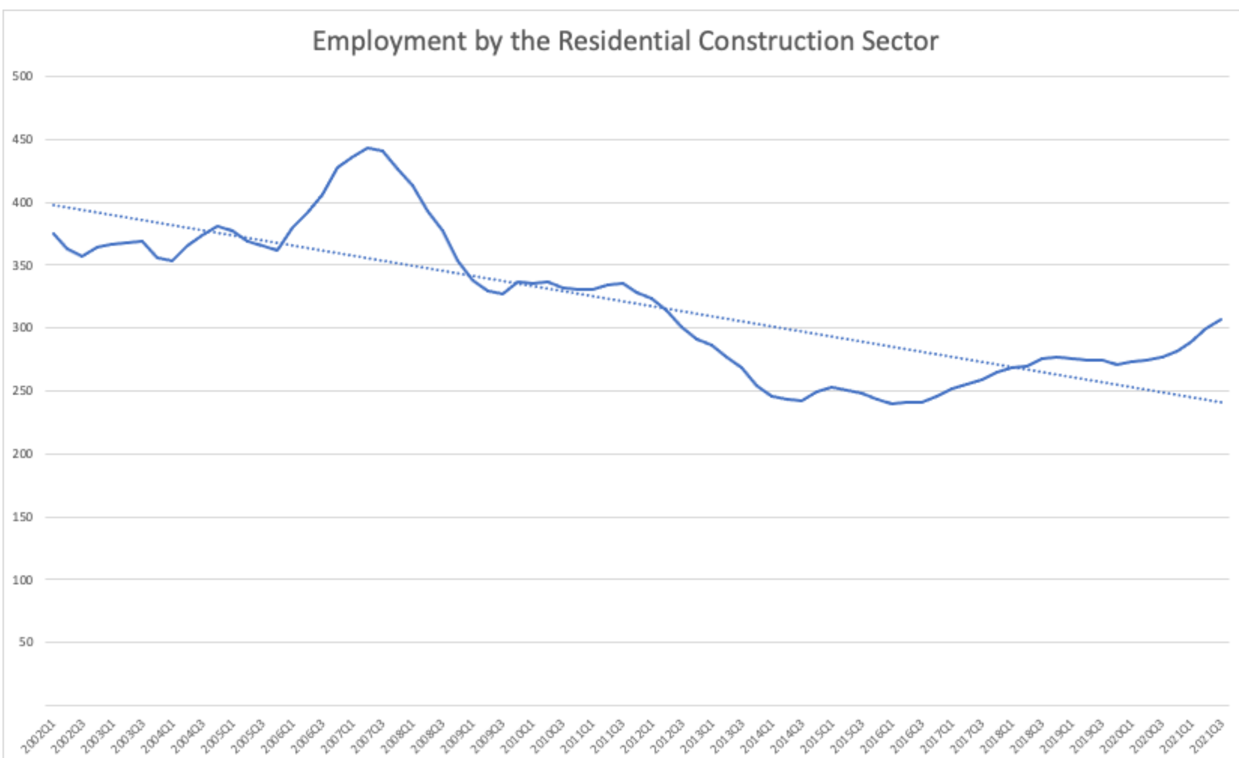
A Housing Market Demand Assessment for Great Falls conducted by The Concord Group projected a demand for 450 new housing units per year in Cascade County and Great Falls for the next decade. The demand is driven by new job growth, in-migration from elsewhere in Montana and from out-of-state, and aging housing stock. The housing study projects a significant housing storage over the next 10 years. The Concord Housing Study further projects a housing gap of 910 rental units and 2,170 for-sale homes for the next decade, when demand is compared against current supply and planned housing projects.

The BBA Project Team believes the housing shortage will limit population growth that is driven by in-migration from other Montana communities and out-of-state, thus constraining workforce recruitment from outside the local labor shed. The four percent population growth in the Great Falls MSA, caused by increased birthrate and in-migration, reverses four decades of minimal population growth. From an economic development standpoint, an increase in population stimulates the economy. It drives new demand for goods and services, grows the workforce, increases new investment and tax revenue, and expands the economies of scale for the Great Falls market. In turn, these economic conditions allow for quality of life improvements and amenities, support small businesses and decrease overall trucking transportation costs. The region must continue to improve and add to its current housing stock to continue to attract in-migration, recruit talent and retain young families.

Residential Housing Sector in Great Falls MSA

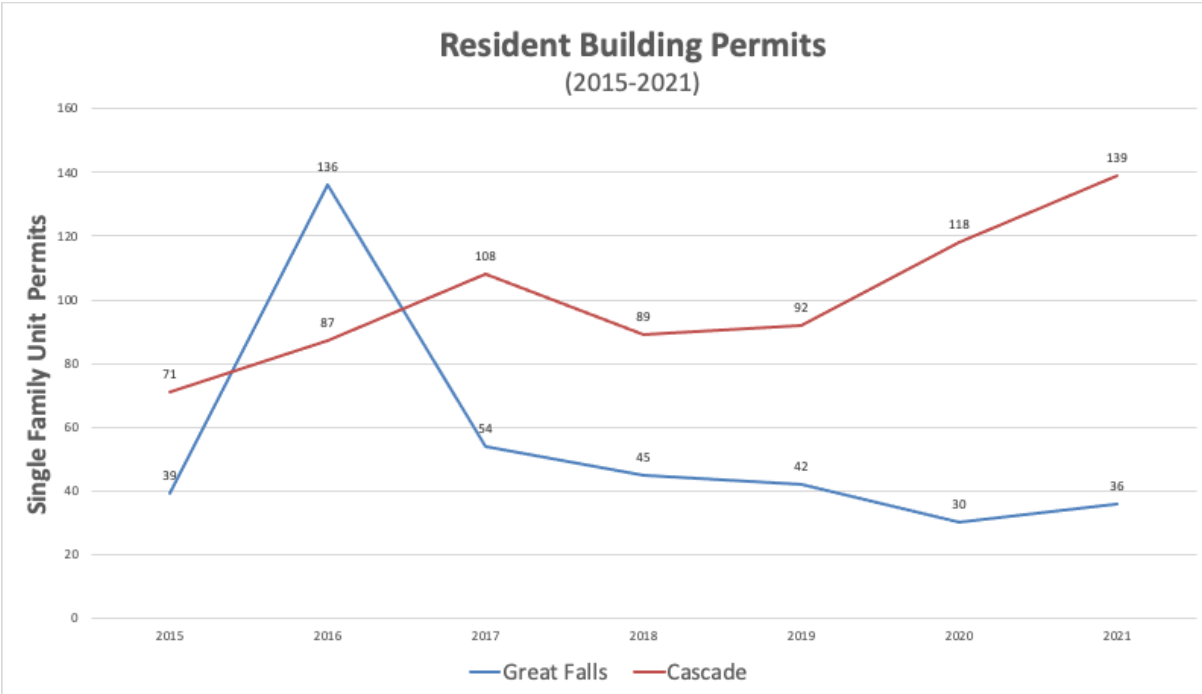
The number of construction firms in the resident housing industry in the Great Falls MSA has been on the rise since 2004. Currently, there are 86 firms in the residential building construction sector. However, as the number of resident builders increase, employment in this sector saw a steady decline since 2002. From our SWOT interviews with local stakeholders familiar with the Great Falls housing market, we understand local builders have tended to shy away from large-scale housing developments, preferring to build two to three homes a year. Our SWOT interviews indicate there isn't the capacity nor the financial incentive with local builders to build large-scale subdivisions. Additionally, with Great Falls' current economy of scale, the cost of building large-scale subdivisions is higher in this market as compared to other larger markets.





Source: JobsEQ, 2021

According to the Home Builders Association of Great Falls, the number of permits for single family homes within the city limits totaled 36, while there were no permits issued for multi-family units in 2021. Meanwhile, the number of permits for single family homes in Cascade County was nearly four times as much, totaling 139 permits in 2021.



Source: Home Builders Association of Great Falls

Stakeholders interviewed by BBA noted the disparity in construction activity between the City and the County, was due in part to a less restrictive regulatory and permitting environment in the Cascade County, as well as readily available land and lower infrastructure costs. Housing developments in the County are often hooked up to wells and septic tanks with drainage fields.

While permitting and regulatory practices and barriers in the City have improved, the issue remains an ongoing pain point. As From SWOT interviews, local builders and stakeholders familiar with the local housing market pointed to the continuing perception that it was difficult to navigate the permitting and regulatory environment within the City of Great Falls. This perception may have deterred some residential housing builders from even considering building in the City.

The perception problem coupled with the limited amount of open land available for development within the city limits of Great Falls, limited capacity among local residential builders, and challenging soil conditions — which have created liability issues — have led to the current local housing shortage.

Strategies:

Strategy 1: Educate the City of Great Falls on the economic impact of new residential housing and why attracting a new residential housing developer to Great Falls and continuing to ease regulatory hurdles would create economic impact. Educating and communicating with local residents about the need for and the importance of new housing development may combat some NIMBYism.

Due to lawsuits that took place decades ago, the City of Great Falls toughened its regulatory environment in regard to housing construction. While the regulatory environment has become more business-friendly, there are many stakeholders in the business community who believe not enough has changed. Great Falls Development Authority can help educate City leaders on the importance of attracting new residential developers and changing the perception among home builders in the state that the City is not a good place to do business.

As the economic impact analysis from JobsEQ shows, a single residential building contractor locating to the Great Falls MSA with 15 employees will generate the following economic impact. This doesn't even take into account the additional capacity that the building capacity added to the local housing market.

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Impact
Employment	15	3	3	21
Sales/Output	$2,094,497	$452,617	$473,641	$3,020,755
Compensation	$594,133	$135,795	$151,697	$881,625

Further analysis shows there is sufficient workforce to support another residential construction firm with 50 employers within an hour drive time radius. In the What-if analysis, generated by JobsEQ, the only potential workforce shortages are with carpenter helpers, construction managers and carpenters as indicated in the table below with progressively darker-reddish, highlight colors. All other occupational roles required by a residential builder are highlighted in green, indicating a high ratio of workers with those skills living within one hour drive time of the City of Great Falls.

1 hour drive time from Great Falls, MT, NAICS 23611 - Residential Building Construction (50 Workers)

SOC	Title	New Employer Demand	Empl (Place of Residence)[1]	Unempl[1]	Regional Avg Wage[2]	National Avg Wage[2]	Empl Extended	Unempl Extended	Potential Candidates per Opening
47-2031	Carpenters	12	530	21	$44,700	$54,200	355	17	46
47-2061	Construction Laborers	8	627	35	$43,300	$43,000	871	37	83
11-9021	Construction Managers	7	192	3	$95,800	$107,300	337	3	28
47-1011	First-Line Supervisors of Construction Trades and Extraction Workers	4	357	8	$67,400	$73,000	1,154	21	91
41-9022	Real Estate Sales Agents	3	151	4	$57,400	$63,000	592	11	52
43-9061	Office Clerks, General	2	1,247	44	$33,800	$37,800	2,080	49	646
13-1198	Project Management Specialists and Business Operations Specialists, All Other	2	631	7	$63,000	$84,300	449	8	319
13-2011	Accountants and Auditors	1	454	6	$67,400	$81,700	262	5	460
43-3031	Bookkeeping, Accounting, and Auditing Clerks	1	849	18	$35,600	$44,100	675	20	867
47-2051	Cement Masons and Concrete Finishers	1	86	5	$42,400	$49,400	1,370	65	91
13-1051	Cost Estimators	1	104	1	$63,000	$73,000	98	2	105
43-4051	Customer Service Representatives	1	794	30	$29,200	$38,500	978	47	824
11-1021	General and Operations Managers	1	799	17	$102,300	$125,700	2,668	41	816
47-3012	Helpers--Carpenters	1	9	1	$33,500	$35,400	139	9	10
49-9071	Maintenance and Repair Workers, General	1	464	14	$39,300	$43,800	150	3	478
47-2141	Painters, Construction and Maintenance	1	166	8	$48,600	$46,500	83	3	174
11-9198	Personal Service Managers, All Other; Entertainment and Recreation Managers, Except Gambling; and Managers, All Other	1	188	2	$89,000	$124,000	966	16	190
41-3091	Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel	1	242	8	$59,400	$70,500	n/a	n/a	250
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	1	618	13	$33,100	$40,400	1,473	49	630
	Total Annual Payroll				$2,832,000	$3,244,000			

Source: JobsEQ®

1. Occupation employment and unemployment are place-of-residence data–that is, referring to workers who reside in the named locality.

2. Occupation wages are as of 2020 and represent the average for all Covered Employment

Strategy 2: Make housing production a target industry for GFDA business development and business retention and expansion efforts.

- Secure bridge loan capital to assist housing producers with financing upfront infrastructure costs
- Provide technical assistance to increase developers' knowledge of federal and state housing credits and Opportunity Zones for low-income and other types of housing developments.
- Create a regional RFP for new residential development which incorporates multiple projects across several communities and counties. This increases the attractiveness of the RFP for a residential builder.
- Create a marketing plan for the RFP

Strategy 3: Create a housing task force with GFDA, government, housing (eg. engineers, architects, and builders) and community stakeholders to identify and envision where new residential housing can be developed and what that subdivision will look like. All four types of partners must be at the table for the task force to truly lay the groundwork for success. Such a mix helps address the NIMBY effect, works out regulatory issues ahead of time, crafts an incentive package, and begins to mitigate the perception that Great Falls is not business friendly.

Objectives of the Housing Taskforce:

- Identify where the City/County Master Plan allows for new residential development
- Identify sufficient land for development
- Identify regulatory, construction, infrastructure, and community hurdles or barriers
- Consider pre-construction/development prep work on the identified site to reduce upfront costs to builders using federal incentives or housing credits for affordable housing developments.
- Create an incentive package around residential development/ technical support from consultants specializing in affordable housing

Strategy 4: Identify a point person either within the City of Great Falls or GFDA who can serve as an ombudsman or economic development liaison for the developers and builders trying to navigate the City's regulatory process.

Strategy 5: City of Great Falls should create a development primer to clearly communicate timelines, expectations, guidelines, contacts, and an appeals process on regulatory decisions.

Strategy 6: Study the impediments and barriers to residential construction in Great Falls and the Region. The current Concord Housing Study addressed housing demand but does not evaluate the regulatory, infrastructure and other barriers that prevented market supply from meeting demand. Such a study is beyond the scope of this industry cluster analysis and strategic plan. The study should also outline detailed strategies for mitigating the identified barriers. The study should also review zoning ordinances that may prevent alternative housing models.

Strategy 7: Consider alternative housing models. New trends in housing construction have created alternatives that Great Falls MSA should consider as part of its housing mix.

- **Modular technology** helps create housing affordability. A new report points to modular construction as a possible solution to the nation's housing affordability problem. Urban Land Institute (ULI) and PwC released the "2021 Emerging Trends in Real Estate" Report which surveyed almost 3000 people, who are home builders, real estate investors, bank lenders, and the like. Those interviewed point to "construction technology" as the top disrupter in real estate.

  Many interviewees believe that modular construction solutions that address labor shortages have reached the point where they make more sense from a cost perspective and are seeing greater adoption as a result. Modular homes are being built in sections and then transferred to the final home site and joined together on a permanent foundation by a contractor. They are not mobile homes or manufactured homes but comparable to site-built homes. Depending on the housing type, modular homes can be very high-end. Modular homes can be placed on a foundation and thus be bank financed through a long-term mortgage.

- **Tiny homes, Compact Living, Small Space Homes, and Micro Apartment**s: According to a survey by a Fidelity National Financial subsidiary, 56% of the 2,006 American respondents reported they would consider living in a tiny home. Of those surveyed who are not yet homeowners, 86% said they would contemplate purchasing a tiny home as their first home, and 84% of those surveyed said they would consider a tiny home as a retirement living option. Also, tiny homes can serve as workforce housing. The median price of a tiny home falls within the $30,000 to $60,000 range. Tiny homes are generally designated as being under 600 square feet, but the average size of a tiny house for sale in the U.S. is actually just 225 square feet. While overall construction cost for a tiny home is cheaper than a typical house, the cost per square foot is double. Nationwide, the average cost of a tiny home is $300 per square foot compared to a traditional home's $150 per square foot.

  The tiny home phenomenon has become a social movement, which also encompasses other new living trends such as Compact Living, Small Space Homes and Micro Apartments. The term compact house or small homes refers to homes that were designed to be small or compact. This is often for purposes of efficiency or to be environmentally friendly. A small home is a bit larger than a tiny home and ranges from 400 square feet to approximately 1,000 square feet. A micro apartment is akin to a studio apartment but on a smaller scale. These units combine necessity and functionality by offering the typical amenities of a standard apartment within a footprint of under 350 square feet.