

Annual Comprehensive Economic Development Strategy (CEDS) and Progress Report

Grantee: **Headwaters RC&D Area, Inc.**

Project Number: **05-83-05405-01**

Period covered by the report: **July 1, 2014 – June 30, 2015**

ADJUSTMENTS:

There have been no adjustments for the period of July 1, 2014 through June 30, 2015

HEADWATERS RC&D AREA, INC. BOARD OF DIRECTORS

Name	Jurisdiction	Position
Dan Sager	Powell County	Commissioner
Dave Kirsch	Jefferson County	Commissioner
John Bancroft	Town of Ennis	Council Member
Gail Leeper	City of Drummond	Mayor
Karen Byrnes	Butte-Silver Bow	Appointed by Chief Executive
Brian Bender	City of Deer Lodge	Commissioner
James P. Hart	Madison County	Commissioner
Bart Bonney	Granite County	Commissioner
Ray Ann Sutton	City of Dillon	Commissioner
Dave Olsen	Town of Lima	Council Member
Bob Andreozzi	Anaconda-Deer Lodge County	Appointed by the Chief Executive
Mary Hensleigh	City of Whitehall	Mayor
Rick Hartz	Beaverhead County	Commissioner
Rick Edwards	Northwestern Energy	Director, Key Accounts
Charles Hahnkamp	Hahnkamp Ranch	Owner
Gerry Keogh	Keogh Ranch	Owner
Lee Skaw	Open Cross Ranch	Owner
Darrell Baum	Baum Land and Livestock	Owner
Neil Barnosky	Barnosky Ranch	Owner
Jim Davison	Anaconda Job Service Committee	Appointed by the Director
Tom Harrington	University of Montana	Extension Agent

Tara Mastel		University of Montana	Extension Agent
Marilyn Ross	Chairman	Montana Heritage Commission	
Jim Smitham	Butte Local Development Corp.	Executive Director	

HEADWATERS RC&D AREA, INC. CEDS COMMITTEE

Name	Company	Position
Barb Andreozzi	Worldwide Strategies, Inc.	Owner, Director, Project Analysis
Bob Andreozzi	Andreozzi Forestry Consultants	Owner/Forester
Betty June Bowls	Drummond Laundromat	Owner
Suzanne Browning	Buck's Repair Service, Inc.	Corporate Officer
Ty Cobb	Dun Romin, Inc.	President
Rick Edwards	Northwestern Energy	Director, Key Accounts
Anne Fillmore	Anne Fillmore, CPA	Owner/Accountant
Grant Sitler	Peoples Bank	Loan Officer, Appointed By Vice President
Milo Manning	AEEI, Inc.	President
Mike McGinley	Beaverhead Meats	Owner
Dwight O'Hara	O'Hara Investment Services	Owner
Dave Schulz	Schulz Angus Ranch	Owner/Operator
Dianna Solle	Solle Realty	Owner/Realtor
Mike Strang	Mountain View Motel & RV Park	Owner/Operator
Pat Hansen	Pat Hansen Journalism	Owner
John Bancroft	Local Government	Ennis Town Council
Karen Byrnes	Community Development	Butte-Silver Bow County, Appointed by Chief Executive
Lane Adamson	Agriculture/Natural Res	Director, Madison Valley Ranchlands
Marilyn Ohman	Workforce Development	Montana Job Service
Jim Davison	Economic Development	Director, Anaconda Local Dev. Corp.
Tom Harrington	Economic Development	Jefferson Local Development Corp.
Rob Gilmore	Economic Development	Madison County Economic Development
Marko Lucich	Tourism Development	Director, Butte Chamber of Commerce
Tara Mastel	MSU Extension	Extension Agent
Jim Smitham	Economic Development	Butte Local Development Corp.
Brian Bender	City of Deer Lodge	Planning Director, Powell County
Gail Leeper	City of Drummond	Mayor

The last year has been a busy and exciting year for Headwaters RC&D. We have held a variety of events for the region and the state. Following are some of the events we hosted or partnered on:

- Co-hosted, in partnership with Butte Silver Bow, the Intelligent Community Forum
- Hosted Marty Butts “I am Small Potatoes” Crowdsourcing Funding event
- Provided specialized food safety training to meet the rapidly changing needs of Southwest Montana’s food clients
- Hosted the 2nd Annual Montana Equal Pay Summit at Montana Tech
- Hosted the 1st Montana Powerhouse Women’s Entrepreneurial Conference at Montana Tech
- Hosted the 1st Startup Weekend Butte and Southwest Montana Event where five new startups have occurred
- Hosted the Mini Summit and subsequent summits on Creating a Thriving Southwest Montana Entrepreneurial Ecosystem
- Hosted the Semi-Monthly Women’s Entrepreneurial Meet-ups
- Hosted the Monthly Mile High Innovation Networking Events
- Hosted the 1st Entrepreneurial Pub Crawl
- Hosted 6 First-Time Homebuyers classes
- Hosted Profit Mastery Financial Training

Headwaters RC&D Area, Inc.

Time Period: 7/1/2015 - 06/30/2016

Name	Position	Date Hired	Maximum Annual Salary	% of Time to EDA Program	Salary Charged to Grant
Barbie Durham	Executive Director & Economic Development Planner	01/01/2013	\$58,350	70.0%	\$40,845
Janice Copeland	Loan Officer	03/02/1998	\$50,979	5%	\$2,549
Jill Benson	Fiscal Officer	06/23/2014	\$49,000	18%	\$8,820
Rachael Howard	Administrative Assistant	02/12/2015	\$12,480	15%	\$1,872
Joe Willauer	Food and Agriculture Development Center Director	02/01/2013	\$45,000	15%	\$6,750
Pam Haxby-Cote	Regional Director, Blackstone LaunchPad Montana	10/1/2013	\$75,000	10%	\$7,500
				Total Applicant Staff Personnel:	\$68,336

REPORT:

Headwaters RC&D Area, Inc. Scope of Work 2014-2015:

The Headwaters RC&D/Economic Development District 2014-2015 Work Program is based on the needs of the area as identified by the Economic Development/CEDS Headwaters RC&D Area, Inc./Economic Development District 2014-2015 CEDS Report

Committee working in cooperation with the cities, towns, counties and local economic development organizations. The work program has been reviewed by the Headwaters RC&D/EDD Board of Directors and reflects the District's effort to balance the need for planning and the need for project implementation.

The Work Program supports efforts to encourage and promote the development and expansion of the region through the goals and objectives established in Headwaters' 2012 Comprehensive Economic Development Strategy. The Work Plan also encourages planning that examines trends, recognizes the current economic situation and helps communities and counties plan for future needs. It is imperative that communities assess their public infrastructure and develop plans that recognize growth-related needs.

Project development, coordination and tracking are important elements of the 2014-2015 EDD Work Program as we work toward utilizing the completed version of our 2012 CEDS. A focused effort to engage and communicate effectively across the region, improve service offerings and track projects were vital to the development of the 2012 CEDS.

Specific initiatives for 2014-2015 include strengthening our agricultural economy through value-added and energy efficiency opportunities, building our programs to nurture entrepreneurs and innovation, and building regional collaboration and consensus.

1. Grant Administration

- a. Ensure that expenses charged to the project are in compliance with OMB Circular A-87, Cost Principles for State and Local Governments and are eligible and consistent with the EDA scope of work.
 - ***Accomplishments Achieve: Headwaters administered the EDA planning grant successfully.***
 - ***Quantify Deliverables: All EDA Reports were turned in on time. Expenses charged to the project are in compliance with OMB Circular A-87 and are eligible and consistent with the EDA scope of work***
 - ***Difficulties: None***

2. Dissemination of Information

- a. Upon request, supply socioeconomic data, census data, financial resources and community and county plans to entities that request the information.
 - ***Accomplishments Achieved: Information was researched and provided across the district as requested.***
 - ***Quantify Deliverables: Gathered all available planning documents including Emergency Management Plans, Master Plans, Growth Plans, Community Improvement Plans, etc. from cities, towns and counties in the district. Specific Requests included: Town of Virginia City (Census Data for Growth***

Policy Update), Town of Twin Bridges (Census data for Town Council), Powell County (Plan Update), Town of Whitehall, and City of Dillon.

- **Difficulties:** None
 - b. Serve as regional information center for the seven counties in the Headwaters EDD
 - **Accomplishments Achieved:** Conducted outreach throughout the EDD and facilitated presentations to the BOD, County Commissions, City Councils, and regional partners.
Headwaters provided information when requested throughout the district.
 - **Quantify Deliverables:** Presentations regarding Headwaters and the services. Headwaters offers were made to all seven counties in the region.
 - **Difficulties:** None
 - c. Utilize existing Solution Mountain Software to communicate industry trends across the region and provide this information when requested.
 - **Accomplishments Achieved:** Solution Mountain provided reports to the Montana Heritage Commission which manage the tourist towns of Virginia City and Nevada City, Montana in Madison County
 - **Quantify Deliverables:** A comprehensive report that detailed the number of tourists that traveled to Virginia City and Nevada City, stopped for at least four hours or spent the night. Dollars generated, and how those dollars turned over in the local economy, the county, and the State.
 - **Difficulties:** None
 - d. Explore need and options for a regional buildings and sites database
 - **Accomplishments Achieved:** During the CEDS needs assessment process there was discussion regarding regional buildings and sites database. While entities throughout the district felt the database would be a great resource, most of them felt other needs took priority.
 - **Quantify Deliverables:** None
 - **Difficulties:** None
3. Create and/or retain a minimum of 20 jobs in the Headwaters region
- a. Coordinate and promote the use of local development agencies, local finance institutions, the SBDC, Food and Agriculture Development Center(FADC), and federal and state funded loan programs.
 - **Accomplishments:** Headwaters continues to partner and coordinate with local development agencies, local finance institutions, SBDC, FADC, and federal and state funded programs.
 - **Quantify Deliverables:** Headwaters provided technical assistance to 96 clients and assisted in 6 successful business start-ups. Headwaters' provided technical assistance throughout the EDD resulting in the creation/retention of 51 jobs, and leveraging \$ 1,684,800 for business financing. Through Headwaters Loan Programs, Professional Service Contracts and Sub-recipient Agreements, funding was provided for five loans totaling \$365,473 throughout Headwaters EDD region.
 - **Difficulties:** None
 - b. Provide technical assistance to new and expanding businesses within the EDD including natural resource-based, value-added, environmental, high-tech,

industrial, commercial, retail, service, tourism, home-based businesses and others.

- ***Accomplishments:*** Headwaters hosted the first Southwest Montana Startup Weekend in Butte. It was attended by development agencies from throughout the state, state and federal employees and numerous business owners and professionals. Business assistance was provided by Headwaters as well as other regional partners, and the event scored a record 9.8 survey rating. Additionally, technical assistance and business plan reviews are performed on each loan applicant and loan program inquiry to determine funding eligibility. Business 101 training, Profit Mastery, QuickBooks, and other trainings are provided when demand is present.
- ***Quantify Deliverables:*** Five new start-ups as a result of Startup Southwest Montana. 12 Trainings and conferences with a total of 405 attendees.
- ***Difficulties:*** None

4. Build regional capacity for collaborative community and economic development strategies

- a. Coordinate regional communication and planning to support Headwaters Board and Economic Development Committee members, community-led economic development organizations and partners, Local, State and Federal economic development organizations or agencies.
 - ***Accomplishments Achieved:*** Headwaters staff attend and/ or host numerous meetings throughout the region such as the Butte Economic Development Coordinating Council, Madison County Women in Business Meet-up, Butte and Southwest Montana Women in Business Meet-up, Mile High Innovation Network, Montana Heritage Preservation and Development Commission, etc.
 - ***Quantify Deliverables:*** Five new start-up businesses, two new contracts between businesses.
 - ***Difficulties:*** None
- b. Coordinate with counties and communities to develop CEDS implementation plans
 - ***Accomplishments Achieved:*** Provided detailed technical support for both Virginia City and Powell County in updating their growth policies, which included economic plans that coordinate with the CEDS. Also provided assistance to Dillon and Whitehall in funding Downtown Masterplans, which include sections dedicated to economic development and implement CEDS goals.
 - ***Quantify Deliverables:*** 2 growth policies
 - ***Difficulties:*** None
- c. Provide technical assistance for the preparation of community and economic development grants and loans.
 - ***Accomplishments Achieved:*** Assisted private businesses, counties and cities in successful applications for grants and loans including but not limited to IRP Loans, GTA Grants, Big Sky Trust Fund Grants, USDA Rural Development RBEG Grants, Specialty Crop Block Grants, CDBG Grants, Montana Main Street Program Grants and DNRC Planning grants.
 - ***Quantify Deliverables:*** Over 12 successful grant applications submitted

- **Difficulties: none**
 - d. Research, analyze and disseminate regional economic trends.
 - **Accomplishments Achieved:** Headwaters staff attends the Montana Economic Outlook Seminars semi-annually. Information was researched and provided across the district as requested.
 - **Quantify Deliverables:** Attended two Montana Economic Outlook Seminars
 - **Difficulties: None**
 - e. Provide technical assistance to new and expanding businesses.
 - **Accomplishments Achieved:** *Hosted the first Southwest Montana Startup in Butte event, which was attended by over 60 new ventures and an additional 30 venture coaches. The event fostered the launch of 5 new businesses and a multitude of networking connections and partnerships throughout the region.*
 - **Quantify Deliverables:** *Assisted 7 new start-ups and provided technical advice to 64 businesses*
 - **Difficulties: None**
 - f. Provide business development and entrepreneurial training opportunities.
 - **Accomplishments Achieved:** *Hosted trainings throughout the region on topics including cash flow, start-up, home buyers education, crowd source funding, Quickbooks and other relevant topics when need arose.*
 - **Quantify Deliverables:** *Hosted 12 training courses*
 - **Difficulties: None**
 - g. Provide loan technical assistance and analysis to identify qualified loan candidates
 - **Accomplishments Achieved:** *Provided technical assistance and loan analysis to 16 businesses including new loan inquiries and existing loan clients. Provided approximately 256 hours of technical assistance, loan application review & analysis and loan document preparation.*
 - **Quantify Deliverables:** *256 hours of technical assistance, met with 5 regional financial institutions and/or economic development partners to discuss project feasibility and financing options, five loans totaling \$365,473*
 - **Difficulties: None**
 - h. Coordinate with regional financial institutions and economic development partners to determine project feasibility and financing options.
 - **Accomplishments Achieved:** *Partnered with the following agencies throughout the region on numerous projects: Butte Local Development Corporation, Anaconda Local Development Corporation, Jefferson Local Development Corporation, Madison County Economic Development, Prospera Business Network*
 - **Quantify Deliverables:** *7 projects funded with a combination of funding sources and technical advice with multiple partners*
 - **Difficulties: None**
5. **Build capacity for Blackstone LaunchPad**
- a. Provide management and over site of the statewide program.
 - **Accomplishments Achieved:** Both the University of Montana and Montana State University have seen an increase in student ventures over the year. Combined, the LaunchPad has over 600 ventures registered and over 100 active ventures

being worked on. In addition, both LaunchPads are providing weekly entrepreneurial training activities such as patent, copyright and trademark assistance, bookkeeping, valuation, marketing and social media training. The LaunchPad students have traveled to Butte to take part in the Startup Butte Weekend and took first, second, and third place.

Outreach has taken place on the University of Montana Western (Dillon) Campus and eleven students also attended the Southwest Montana Startup Butte Weekend. These students paired with LaunchPad students to work on projects.

We have launched the Mile High Innovation Network, which consists of over 80 entrepreneurs including LaunchPad ventures. The network meets the last Thursday of each month. The purpose of the Mile High Innovation Network is to create a vibrant networking community that attracts and ignites entrepreneurial growth and success in Butte and Southwestern Montana. We are committed to building this community of high growth entrepreneurs by providing peer-to-peer networking opportunities—both online and in-person— in a largely informal setting.

- **Quantify Deliverables: 600 student ventures**
- **Difficulties: None**
- b. Build and manage the venture coaching program.
 - **Accomplishments Achieved: Both universities have built and are managing their venture coaching program. Headwaters continues to build a venture coaching program in the Southwest Montana region.**
 - **Quantify Deliverables: Venture coaching programs are established or being established**
 - **Difficulties: None**

6. **Headwaters will assist with the following district wide projects in 2014-2015**

- a. Continue to refine internal project tracking and reporting mechanism.
 - **Accomplishments Achieved: Headwaters continued to try to implement the pipeline project and refined the program. Regular meetings were held to ensure that staff communication is frequent.**
 - **Quantify Deliverables: Semi-monthly staff meetings**
 - **Difficulties: Time to dedicate to improving the pipeline is currently not available**
- b. Provide assistance to communities implementing growth policies.
 - **Accomplishments Achieved: Completed the growth policy update for the Town of Virginia City and began working on the update for Powell County**
 - **Quantify Deliverables: 2 complete growth policy updates**
 - **Difficulties: None**
- c. Provide assistance for downtown development and revitalization.
 - **Accomplishments Achieved: Assisted the communities of Dillon and Whitehall in applying for funding for Downtown Masterplan's, as well as assisted Twin Bridges in entering into the Montana Main Street Program(MMSP)**
 - **Quantify Deliverables: Twin Bridges acceptance into the MMSP program, \$30,000 for the town of Dillon to create a downtown master plan**
 - **Difficulties: None**

- d. Assist with continued expansion of the Southwest Montana Business Expansion and Retention Program (BEAR).
 - ***Accomplishments Achieved:*** Headwaters staff continues to participate in the BEAR program
 - ***Quantify Deliverables:*** Semi-monthly conference calls are attended on a regular basis, business assistance and technical support are provided as needed
 - ***Difficulties:*** None
- e. Continue to work within the Region on affordable housing issues.
 - ***Accomplishments Achieved:*** Headwaters continues to hold homebuyer education classes six times a year. Attendance is up in the classes. Headwaters also offers one-on-one counseling to first time homebuyers as needed
 - ***Quantify Deliverables:*** 82 attendees from 71 households
 - ***Difficulties:*** None
- f. Seek funding opportunities for various infrastructure projects such as: water/waste water, sidewalk construction and/or improvement, walking/bike paths, airport improvement, senior centers, recreation facilities, healthcare facilities, etc.
 - ***Accomplishments Achieved:*** Worked with cities and towns throughout the region on funding availability for projects, including the town of Sheridan and Butte/Silver Bow.
 - ***Quantify Deliverables:*** Complete downtown redesign of downtown Sheridan
 - ***Difficulties:*** None
- g. Assist communities in establishing business/industrial parks.
 - ***Accomplishments Achieved:*** Headwaters has and will continue to work with the Jefferson Local Development Corporation in the development of the Golden Sunlight Business Park located outside of Whitehall, MT. Development of the Sunlight Business Park will have a direct benefit for the community of Whitehall and Jefferson County as they face the closure of the Golden Sunlight Mine and the elimination of nearly 200 high-wage jobs. The project also stands to benefit the entire Headwaters RC&D Area, Inc. Economic Development District that encompasses Jefferson County. Within the EDD there are pockets of severe economic distress and high unemployment, a situation that is dramatically worsened because of the many already low-income individuals residing within the district. One new business has been established in the industrial park.
 - ***Quantify Deliverables:*** One new business
 - ***Difficulties:*** None
- h. Assist communities in developing Tax Increment Finance Industrial Districts (TIFID) and TIFID revolving loan funds
 - ***Accomplishments Achieved:*** Headwaters assisted Jefferson County and Jefferson Local Development Corp in creating two revolving loan funds. One in the North Jefferson County Tax Increment Financing Industrial District and one in the Jefferson County South Tax Increment Financing Industrial District. Headwaters entered into a Professional Services Contract with Jefferson County to assist with revolving loan fund activities in the districts.

- **Quantify Deliverables:** Development of the revolving loan fund application guidelines
- **Difficulties:** None
- i. Work with TIFID's in the region to develop warehousing and distribution.
 - **Accomplishments Achieved:** Headwaters continues to participate in meetings to increase warehousing and distribution throughout the region as requested.
 - **Quantify Deliverables:** Provided technical assistance as needed
 - **Difficulties:** None
- j. Work with universities to develop programs for job skills development.
 - **Accomplishments Achieved:** Helped support the Blackstone LaunchPad as well as started three entrepreneurial peer mentoring groups.
 - **Quantify Deliverables:** Started three peer mentoring groups
 - **Difficulties:** None
- k. Pursue alternative energy development projects.
 - **Accomplishments Achieved:** Worked with two clients on alternative energy projects
 - **Quantify Deliverables:** Assisted in a USDA REAP Grant for a business in Madison County
 - **Difficulties:** None
- l. Encourage and promote the use of loan funds programs.
 - **Accomplishments Achieved:** Five loans were made throughout the region including a variety of businesses in different sectors
 - **Quantify Deliverables:** \$365,473 of funds were loaned out of Headwaters Loan Office leveraging \$840,300, creating/retaining 23 jobs
 - **Difficulties:** None
- m. Establish programs to support high-tech and lifestyle entrepreneurial job creation.
 - **Accomplishments Achieved:** Hosted Marc Nager for the first ever Southwest Montana Startup mini-summit in Butte, a comprehensive planning exercise focused around entrepreneurship. Also working with the Butte Coordinating Council to create a unified voice for Butte advertising and branding.
 - **Quantify Deliverables:** Southwest Montana Startup mini-summit in Butte event
 - **Difficulties:** None
- n. Coordinate with the Food and Ag Development Center (FADC) so that duplication of services does not occur.
 - **Accomplishments Achieved:** Worked with FADC and regularly communicated to avoid duplication of services. The FADC has begun largely focusing on training events.
 - **Quantify Deliverables:** Attended bi-annual meeting and numerous conference calls
 - **Difficulties:** None

EVALUATE

Our Economic Development District's effectiveness is evaluated on an ongoing basis by our Board of Directors, and our CEDS Committee, through communication by staff on the progress of current projects. Project updates occur through such means as Board of Director meetings, Headwaters RC&D Area, Inc./Economic Development District

CEDS Committee meetings, member entities meetings, community meetings, one on one meetings, personal contacts, annual report, and the CEDS.

We use the following measurements to evaluate our performance throughout the year:

- The level at which we comply with all EDA Revolving Loan Fund, Planning, and Technical Assistance grant award and administrative conditions.

Headwaters RC&D Area, Inc. (Headwaters) has consistently been in compliance with all applicable rules, regulations, and conditions that apply to our involvement with EDA Revolving Loan Fund, Planning and Technical Assistance awards. Headwaters submits semi-annual progress reports to EDA within 30 days of the end of the reporting period. Headwaters Board of Directors annually certifies that the organization's RLF is operating in accordance with its EDA-approved RLF Plan. Through active communication with our EDR and the Denver Regional Office, Headwaters is quick to request answers or clarification for outstanding questions and or issues that may arise from time to time concerning EDA investments we manage for our seven-county EDD. Headwaters has been consistently on time with required reports and has never had funding withdrawn due to lack of compliance with EDA rules.

- The number of jobs created after the implementation of our CEDS.

Through the work and dedication of the Headwaters Loan Department, Value-Added Agriculture Department, and the SBDC, 51 jobs were created in the Headwaters EDD in 2013.

- Number and types of investments undertaken in the Headwaters Economic Development District.

As reported in the 2012 Economic Development Administration GPRA Data Collection Form, work by the Headwaters EDD led to four investments, including two planning projects, one technical assistance project, and one other project. Due to declining local government revenues in our rural and frontier areas from a shrinking tax base, with no additional funding for local government priorities from federal or state government, the Headwaters Board of Directors is asking the Headwaters staff to take on more projects than ever before. Because local governments lack the capacity to initiate and manage such projects, Headwaters provides the assistance needed throughout the District. Because of the need in the seven-county region Headwaters has become the organization that our members turn to for community and economic development projects that require creative thinking, financial leverage, partnerships, and competent management.

- Number of jobs retained in the Headwaters Economic Development District.

The combined effort of the Loan Department, Value-Added Agriculture Department, and the SBDC, led to the retention of 31 jobs in the Headwaters EDD in 2014.

- Amount of private sector investment in the Headwaters EDD after implementation of our CEDS and changes in the District's economic environment.

The work of Headwaters staff led to private sector investment of \$1,684,800 in 2014/2015.

- The level and frequency of participation by government, business, and community leaders in project and Board and CEDS Committee meetings.

Headwaters maintains a high level of participation by our stakeholders in the meetings and projects of our organization. Headwaters held six Board of Director meetings and six CEDS committee meetings in 2014/2015. Board of Director meeting's average an attendance rate of 70-75%. The CEDS Committee averaged an attendance rate of 75-80%.

Headwaters enjoys a large spectrum of the local community involved in the projects we manage. Based on the project itself, community members from the following may be involved on the development and success of the project: chambers of commerce, construction, retail businesses, agriculture, financial institutions, local government, state and federal agencies, education, and others that may have a need for services.

- The level at which we meet the criteria established by the Montana Department of Commerce's Certified Regional Development Corporation Program.

Headwaters has maintained its status as a state-certified and funded Certified Regional Development Corporation (CRDC) since the inception of the program approximately twelve years ago. The CRDC program is administered by the Montana Department of Commerce. In 2011, Headwaters responded successfully to a state-issued RFP and was recertified as a CRDC by the State of Montana for another seven year term. We are currently in good standing with the CRDC program and in full compliance with its rules and expectations.

- The level at which the SBDC program meets the annual counseling and training goals established jointly by the SBA, Montana Department of Commerce, and the SBDC

The Headwaters SBDC assisted in the development of three business start-ups. In addition, the SBDC met the following goals:

Loans/Equity/Grants - \$1,684,800 out of a goal of \$2,270,000 for 74%

Long Term Client Goal - 24 out of a goal of 29 for 83%

Extended Engagement Client - Goal 27 out of a goal of 25 for 108%

Client Satisfaction – Overall Quality of Counseling 97.5 out of 100 for 98%

Client Satisfaction – Likely to Recommend

Our CEDS Committee is comprised of representatives from business, industry, finance, agriculture, education, community organizations, and local governments. The Committee demonstrates a conscious effort to include a broad range of voices in the development of a sustainable economic strategy for the Headwaters Region. In 2012 the CEDS Committee met on eight occasions in order to develop the Comprehensive Economic Development Strategy. The CEDS Committee will continue to meet six to

eight times a year to monitor progress of current projects, develop future projects, and guide Headwaters staff.

SCHEDULE:

Headwaters RC&D Area, Inc. Current Work Plan Matrix							
Goal I: Coordinate and advocate as a region to ensure regional competitiveness and resiliency.							
Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
County Commissioners Meetings	High	X	X	X	County Commissioners	Headwaters	Technical Assistance
Anaconda Airport Upgrades	High	X	X		ADLC	FAA, MT Aeronautics, ADLC	Funding
County-wide Marketing Program	High	X	X		Madison County, HWRCD		Funding, Planning, Technical Advice
Training Small Business Owners	High	X	X		SBA, HWRCD	SBA, State of Montana Resource Partners, Chambers	Technical Advice
Jefferson County TIF Districts	High	x	x	x	Headwaters RCD	Jefferson Local Dev. Corp. & Jefferson County	Development & Administration of TIF Districts RLF's

Headwaters RC&D Area, Inc. Current Work Plan Matrix							
Goal II: Ensure communities are appealing and healthy places to live and work.							
Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Food and Agriculture Development Center	High	X	X	X	Headwaters	MMFEC, BPDC, BTRCD, MTDOA	Technical Assistance
Anaconda Sewer Upgrades	Mid		X		ADLC	TSEP, RRGL	Funding

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Lead Agency	Type of Assistance
Bridge Replacements	High	X	X	X	ADLC	MDT	Funding
Anaconda Water Main Replacement	High	X	X		ADLC	TSEP, RRGL	Funding
West Valley Sewer Line Extension	Mid	X	X		ADLC	TSEP	Funding
Boys and Girls Club Facility Planning	Mid	X			Private	HWRCD, BSTF	Technical Assistance
Hospital Expansion	Mid	X	X	X	Private	USDA RD,	Funding
School System Upgrades	High	X			ADLC School District	OPI, School, ADLC	Technical Assistance
FEMA Emergency Service Plan	High	X	X		ADLC	FEMA, ADLC	Planning
Washoe Park Master Plan	Mid	X			ADLC	MT FWP	Funding, Technical Assistance
Park and Open Space Upgrades	Mid	X	X		ADLC, Private	MT FWP	Technical Assistance
Trail System Development	Mid	X			ADLC, Private	MT FWP	Technical Assistance
Dillon Airport Improvements	High	X	X		Beaverhead County	FAA, MT Aeronautics	Funding
Beaverhead County Fairground Improvements	High	X	X		Beaverhead County	HWRCD	Technical Assistance
Development of Barrett Hospital Medical Services	High	X	X		Private	USDA RD, HWRCD, Intercap	Funding
Jackson sewer System Upgrade	High		X		Beaverhead County	TSEP, RRGL, County	Funding, Technical Assistance
Development of Pedestrian & Biking Trails	Low	X	X		Beaverhead County, Private	MT FWP, CTEP, Private	Technical Assistance

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Work Item	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Soccer/Rugby Park Improvements and Upgrades	Low	X	X		Beaverhead County	MT FWP, CTEP, Private	Technical Assistance
Acquire Traffic Right-of-Ways	Mid	X	X		City of Dillon	MDT	Technical Assistance
Annex Property Connected to City Sewer & Water	Mid	X	X		City of Dillon	TSEP	Technical Assistance
Change the Use of Library Elevator	Low	X	X		City of Dillon		Technical Assistance
Chip, Seal and Pave Streets	Mid	X	X		City of Dillon	MDT	Technical Assistance
Conduct a Water Rate Study	Mid	X	X		City of Dillon		Technical Assistance
Coordinate with MDT on Pedestrian Safety	High	X	X		City of Dillon	MDT	Planning
Develop Storm Water Management Statute	High	X	X		City of Dillon	TSEP	Technical Assistance
Develop Water Wells in Dan Ibey Park & Cemetery	High	X	X		City of Dillon	MT FWP	Technical Assistance
Establish a Wastewater Maintenance Fund	High	X	X		City of Dillon	TSEP	Technical Assistance
Establish ADA Fund and Improve Access in City Hall and Volunteer Fire Hall	High	X	X		City of Dillon		Funding
Evaluate Roof & Street Storm Water Drains	High	X	X		City of Dillon	TSEP	Technical Assistance
Implement Park Maintenance Fund	High	X	X		City of Dillon		Technical Assistance
Install Storm Drains	High	X	X		City of Dillon		Technical Assistance

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
New Maintenance Building	High	X	X		City of Dillon		Funding, Technical Assistance
Plan for City Hall Expansion	low	X	X		City of Dillon		Technical Assistance
Replace Undersize Storm Water Drain Pipes	High	X	X		City of Dillon	TSEP, RRGL	Funding, Technical Assistance
Replace Wastewater Collection Pipes & Manholes	High	X	X		City of Dillon	TSEP, RRGL	Funding, Technical Assistance
Replace Water Distribution Pipes	High	X	X		City of Dillon	TSEP, RRGL	Funding, Technical Assistance
Study Alternative Fairground Routes	High	X	X		City of Dillon	MDT	Planning, Technical Assistance
Study Storm Water Management	High	X	X		City of Dillon	CDBG	Planning, Technical Assistance
Traffic Study	Mid	X	X		City of Dillon	MDT	Planning, Technical Assistance
Upgrade City Statutes & Regulations to Define Park Requirements	High	X	X		City of Dillon	MT FWP	Technical Assistance
Upgrades and Repairs to Children's, Dan Ibey, Depot, Ray Lynch, Vigilante & Westside Parks	High	X	X		City of Dillon	MT FWP, City, Private	Funding, Technical Assistance
Develop a Parks Master Plan	High	X	X		City of Dillon	MT FWP	Planning, Technical Assistance
Community Museum	Mid	X	X		Town of Lima		Technical Assistance

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
German Gulch Realignment & Bridge Replacement	High	X	X		Butte Silver Bow	MDT	Funding
Infrastructure Improvements in Central Butte	High	X	X		Butte Silver Bow	CDBG, City/County, Intercap	Funding
Potable Water Service to the TIFID	Mid		X		TIFID	TSEP	Funding
Vaulted Sidewalk Reconstruction	High	X			URA	City/County, CTEP	Technical Assistance
Water Treatment Plant	High	X			Butte Silver Bow	CDBG, TSEP, RRGL	Funding
Residential Development	Mid	X	X	X	Private	City/County, Private	Technical Assistance
Veterans' Home Construction	Mid	X	X		Butte Silver Bow	State, City/County, Federal	Funding
Greenway Trail Completion & TIFID Connection	Mid		X		Butte Silver Bow	MT FWP	Technical Assistance
Anaconda Courthouse Upgrades	Mid	X	X		ADLC	CTEP, ADLC, City	Funding
Philipsburg sewer & Water Infrastructure	High	X	X		Town of Philipsburg	TSEP, CDBG, RRGL, USDA RD	Funding
Build an Assisted Living Facility	High	X	X		Private		Funding, Technical Assistance
Upgrade Sewer Lagoons	High	X	X		Town of Drummond	CDBG, USDA RD	Funding
Purchase & Develop Riverside Park & Trails	Mid	X	X		Town of Drummond	CTEP, MT FWP	Technical Assistance
Local Service Center for Human Service Programs	High	X	X		Jefferson County		Funding

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid- Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Animal Shelter	High	X	X		Jefferson County		Technical Assistance
Basin Highway Improvements	Mid	X	X		MDT	Jefferson County	Technical Assistance
Development of Whitehall Urban Renewal District	High	X	X		JLDC	Jefferson County	Funding, planning, Technical Assistance
Fairgrounds Improvements	Mid	X	X		Jefferson County		Technical Assistance
Health Services & Pharmacies	High	X	X		Private		Technical Assistance
I-15 Interchange Improvements	Mid	X	X		MDT	Jefferson County	Technical Assistance
Improve County Libraries	High	X	X		Jefferson County		Technical Assistance
Improve Water & Sewer Infrastructure	High	X	X		Jefferson County	TSEP	Funding
Telecommunication & Information Infrastructure Improvements	Mid	X	X		Private	USDA RD	Funding
TIF Districts Development	High	X	X		JLDC	USDA RD, HWRCDC	Planning, Technical Assistance
Affordable Housing Development	High	X	X		Private	HUD	Technical Assistance
Senior Housing Development	High	X	X		Private	HUD	Technical Assistance
Development of Piedmont Wetlands Project	High	X	X		Private	DNRC, MT FWP	Technical Assistance
Recreational Complex Development	High	X	X		Jefferson County	MT FWP	Technical Assistance
Walking & Biking Trails	Mid	X	X		Jefferson County, Private	MT FWP	Technical Assistance

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Public Transportation Development	Low	X	X		Jefferson County	MDT	Technical Assistance
Brownfield Redevelopment	High	X	X		Jefferson County, JLDC	HUD	Funding, Technical Assistance
Environmental Assessments	High	X	X		Jefferson County	DNRC, Federal	Planning
Support Comprehensive Community Planning	High	X	X		Jefferson County, JLDC	County, JLDC, HWRCDC	Planning
Pool Enhancements	Mid	X	X		Town of Whitehall		Technical Assistance
Sidewalk Enhancements	High	X	X		Town of Whitehall	CTEP	Technical Assistance
Wastewater Facilities	High	X	X		Town of Whitehall	TSEP	Funding, Technical Assistance
Big Sky Land Use Permit Development	High	X	X		Madison County	CDBG, County	Technical Assistance
County Administration Building	Mid	X	X		Madison County	County	Funding
Ennis Senior Center	High	X	X		Private	County, HWRCDC	Technical Assistance
Ennis/Big Sky Airport	High	X	X		Madison County	FAA, Montana Aeronautics	Funding
Fiber Optics to Residences	High	X	X		Private		Funding, Planning
Giem Bridge Replacement	High	X	X		Madison County	MDT	Funding
Madison County Courthouse ADA Access	High	X	X		Madison County	County	Funding

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Madison County Fairgrounds Maintenance & Renovations	High	X	X		Madison County	County	Technical Assistance
Moore's Creek Culverts Replacement	High	X	X		Madison County	County, HWRCO, FEMA, RRGL	Funding, Technical Assistance
New District II Road Shop	Mid	X	X		Madison County	County	Technical Assistance
New Fire Stations—Sheridan, South Boulder, Twin Bridges, Varney, Virginia City (expansion)	Mid	X	X		Madison County	County, USDA FS, USDA RD, HWRCO	Funding, Technical Assistance
Replace Blain Springs and Varney Bridges	High	X	X		Madison County	County, MDT, TSEP	Funding
Ruby Valley Hospital Expansion	High	X	X		Private	USDA RD, CDBG	Funding
Twin Bridges Airport	Mid	X	X		Madison County	FAA, Montana Aeronautics	Funding
Twin Bridges Senior Center	High	X	X		Private	HWRCO, CDBG	Technical Assistance
Virginia City street Lights	High	X	X		Town of Virginia City	Historic Preservation Office	Technical Assistance
LMI Senior & Family rental Housing	High	X	X		Private	HUD	Funding, Technical Assistance
Single Family Workforce Housing	High	X	X		Private	HUD, CDBG	Funding, Technical Assistance
Madison Valley Parks District	High	X	X		Madison County	HWRCO, County, Parks District Board	Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal II: Ensure communities are appealing and healthy places to live and work. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Walking & Biking Trails	Mid	X	X		Madison County, Private	MT FWP	Technical Assistance
Transit Bus Expansion	Mid	X	X		Madison County	MDT	Technical Assistance
Update CIPs	High	X	X		Communities	CDBG	Planning
Blue Ribbon Pavilion Improvements	Mid	X	X		Powell County	HWRCO	Technical Assistance
County Bridge Replacements	High	X	X		Powell County	TSEP, County, MDT	Funding

**Headwaters RC& Area, Inc. D.
Current Work Plan Matrix**

Goal III: Strengthen and support the development of vibrant downtowns and main streets.

Work Item	Priori ty	Short Term 1-2 Years	Mid- Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Montana Hotel Restoration	Mid	X	X		Private	ADLC, HWRCO, ALDC	Funding, Technical Assistance
Historical Preservation	High	X	X		Town of Drummond	SHPO	Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal III: Strengthen and support the development of vibrant downtowns and main streets.
(Continued)

Work Item	Priori ty	Short Term 1-2 Years	Mid- Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Main Street Beautification	High	X	X		Town of Drummond, Chamber of Commerce	MDT, Town, HWRCO	Planning, Technical Assistance
Beautification Efforts	Mid	X	X		County, Communities	ADLC, HWRCO	Planning, Technical Assistance
Redevelopment of Borden's Building	High	X	X		JLDC	County, Private	Planning, Technical Assistance
Streetscape Improvements	High	X	X		Communities in Jefferson County	County, MDT	Planning, Technical Assistance
Sheridan Main Street Improvements	High	X	X		Town of Sheridan	MDT	Planning, Technical Assistance

Deer Lodge Hotel	High	X	X		Private	HWRCD, Private	Technical Assistance
Establish Main Street Restaurant	Mid	X			Private	HWRCD, ALDC	Technical Assistance
Training Small Businesses and Entrepreneurs	High	X	X	X	Headwaters RC&D	SBDC, FADC, Chambers. Local Development Organizations	Technical Assistance/ Grant Writing
Core Four	High	X	X	X	Headwaters RC&D	SBDC MT DOC	Technical Assistance and Instruction
Profit Mastery	High	X	X	X	Headwaters RC&D	SBDC MT DOC	Financial Training and Technical Assistance

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal IV: Increase access to capital and business assistance resources to support diversified business attraction, expansion and retention.

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
CCCS Complex Upgrades	Low	X	X		Private	ADLC, ALDC	Funding
Galen Campus Upgrades	High	X	X		ADLC, Private	ADLC, ALDC	Funding
Mill Creek Industrial Area Development	Mid	X	X		ADLC	ALDC, HWRCD, ADLC, USDA RD	Funding, Planning
Opportunity Triangle Industrial Area	Mid	X	X		ADLC	ALDC, HWRCD, ADLC, USDA RD	Funding, Planning
Industrial Park Development	Mid	X	X		Beaver-head County	County, City, HWRCD	Funding, Planning
Industrial Park Strategy	Mid	X	X		City of Dillon	County, City, HWRCD	Funding, Planning, Technical Assistance
South Butte Industrial Park Development	High	X	X	X	Butte Silver Bow	City/County, HWRCD	Funding, Planning

Continued Development of Boulder South Campus	High	X	X		JLDC	JLDC, County, HWRCD	Planning, Technical Assistance
Convenience Store in Clancy	High	X	X		Private		Technical Assistance
Expand Liberty Place Facility	Mid	X	X		Private	JLDC, County, HWRCD, Prospera	Technical Assistance
Factory Outlet Store Development	Mid	X	X		Private		Technical Assistance
Spring Creek Property Development	High	X	X		Private		Technical Assistance
Sunlight Business Park Development	High	X	X		JLDC	JLDC, County, HWRCD	Planning, Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal IV: Increase access to capital and business assistance resources to support diversified business attraction, expansion and retention. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Law & Justice Center	Mid	X	X		Private	County	Technical Assistance

Nevada City/Virginia City Business Development	High	X	X		Private, HWRCD	State, County, HWRCD	Planning, Technical Assistance
Renovation of the Conister Barn	low	X	X		Private, HWRCD	HWRCD	Technical Assistance
Reuse of the Old Hospital	High	X	X		Powell County, Private	County, HWRCD	Planning, Technical Assistance
Roundhouse Development	Mid	X	X		Powell County	County	Funding, Planning, Technical Assistance
Industrial Park Plan	Mid		X		City of Deer Lodge	County, ALDC	Planning, Technical Advice

Economic Development Finance (RLF & Micro)	High	X	X	X	Headwaters RC&D	MDOC/EDA/CDBG/USDA-RD/Commercial Lenders/Other Econ Dev Agencies	Lending/ Loan Packaging/ Loan Adm.
Core Four Training & Business 101 ED Class	High	X	X	X	Headwaters RC&D	HW Loan Officer & SBDC Director	Business Planning/ Technical Assistance Training
Site Visits to Banks & Econ Dev. Agencies	High	X	X	X	Headwaters RC&D	HW Loan Officer & SBDC Director	Promotion of Technical Assistance Services & Loan Products.
Economic Development Finance	High	X	X	X	BEAR/SBDC Headwaters	Headwaters Loan Program	Technical Assistance/ Guidance

Headwaters RC&D Area, Inc. Current Work Plan Matrix							
Goal V: Nurture Entrepreneurs and small businesses							
Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Copper Village Arts Center	Low	X	X		Private		Funding, Planning
Expand small Business Support	High	X	X		Private, HWRCDC	HWRCDC	Technical Assistance
Training and Outreach	High	X	X	X	Headwaters	SDDC, MTIP, MMEC, FADC, DBE, WBC, Headwaters Loan Area	Technical Assistance, Instruction and Guidance
Perspectives Regional Roundtable	High	X	X		Headwaters RC&D	Jefferson Local Development	Guidance, Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal VI: Enhance and expand natural resource based economic development.

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Big Hole Watershed Committee	Low	X	X	X	Big Hole Watershed Committee	Headwaters	Technical Assistance
Georgetown Lake FHM	High	X			DNRC	Headwaters	Grant Administration
Wise River Fire Mitigation Grant	High	X	X		DNRC	Headwaters	Grant Administration
Beaverhead Deer Lodge Working Group	Med	X	X	X	National Forest Foundation	Headwaters	Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal VI: Enhance and expand natural resource based economic development. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
NARC&D Fire Mitigation Meeting	High	X			Northern Rockies RC&D	Headwaters	Technical Assistance
Develop Visitor Infrastructure	High	X	X		ADLC, Private	ALDC	Funding, Planning
Natural Resources Business Development	High	X	X	X	Private	ALDC, County, HWRCD	Funding, Planning, Technical Assistance
Value-added Agriculture Business Development	High	X	X	X	Private	MT Department of Agriculture	Funding, Planning, Technical Assistance

Beaverhead & Big Hole Watershed Restoration Projects	High	X	X		Big Hole Watershed Committee	Committee, Private, HWRCD	Technical Assistance
Northeast Reservoir	Mid	X	X		City of Dillon		Technical Assistance
Obtain Land for Water Storage & Well site	Mid	X	X		City of Dillon	City, County	
Tourist Guide & Map of Town	High	X	X		Town of Lima	MT Dept. of Tourism	Planning, Technical Assistance
Water Bottling Plant	Mid	X	X		Town of Lima		Funding
Industrial Silver Mine Development	High	X	X		Private		Funding
Continental Divide Tram & Trails	High	X	X		OLR, HWRCD	OLR, HWRCD	Funding, Technical Advice
Support Local Ranching	High	X	X		Private, HWRCD, NRCS, MDOA		Funding, Planning, Technical Advice

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal VI: Enhance and expand natural resource based economic development. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Assist Eagle Stud in Modernizing & Expanding	High	X	X		Private		Technical Advice
Assist Metals Mining Exploration & Milling	Mid	X	X		Private		Technical Advice
Expand Local Post & Pole Operations	High	X	X		Private		Technical Advice
Assist in the Development of a Shavings Mill	High	X	X		Private		Technical Advice

Assist Tourism Development & Expansion	High	X	X		Private	Montana Office of Tourism	Planning, Technical Advice
Expand Winter Recreation	High	X	X		Private	Montana Office of Tourism	Planning, Technical Advice
Natural Resource Extractive Industries	High	X	X		Private	HWRCD, DNRC	Planning, Technical Assistance
Develop Value-Added Agriculture	High	X	X		Private	HWRCD	Funding, Planning, Technical Assistance
Increase Direct-Market Sales for Regionally Grown Food and Food Processing	High	X	X		Private	HWRCD	Technical Assistance
Expand Wood Products Opportunities	High	X	X		Private	HWRCD, BSTF	Funding, Planning, Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal VI: Enhance and expand natural resource based economic development. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Construct Golden Sunlight Mine Concentrator	High	X	X		Private	JLDC, County, HWRCD	Technical Assistance
Expand Cement Operations	Mid	X	X		Private		Technical Assistance
Expansion of Golden Dream Mine	High	X	X		Private		Technical Assistance
Expansion of Golden Sunlight Mine	High	X	X		Private	JLDC, County, HWRCD	Technical Assistance
Expansion of Montana Tunnels Mine	High	X	X		Private	JLDC, County, HWRCD	Technical Assistance

Utilize Gravel Deposits	Mid	X	X		County	Private	Technical Assistance
Golf Course Development	Mid	X	X		Private		Technical Assistance
Overnight Lodging Facilities	Mid	X	X		Private		Technical Assistance
Sunlight Business Park Interpretive Center Development	Mid	X	X		JLDC		Planning, Technical Assistance
Tourism Development	High	X	X		Private	Office of Tourism	Planning, Technical Assistance
Backcountry Trails Development	High	X	X		Private	MT FWP	Planning, Technical Assistance
Jefferson River Water Study	High	X	X		County	MT FWP	Planning, Technical Assistance
Renewable Energy Development	High	X	X		County	JLDC, Private	Funding, Planning, Technical Assistance

**Headwaters RC&D Area, Inc.
Current Work Plan Matrix**

Goal VI: Enhance and expand natural resource based economic development. (Continued)

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Wind Project at Sunlight Business Park	High	X	X		JLDC	JLDC, County, HWRCD	Funding, Planning, Technical Assistance
Natural Resource Business Development	High	X	X		Private	HWRCD	Funding, Planning, Technical Assistance
Value-Added Agriculture Business Development	High	X	X		Private,	HWRCD, Dept. of Agriculture	Funding, Planning, Technical Assistance
Channel Migration Mapping Project	High	X	X		Madison County	NRCS, DNRC, HWRCD	Technical Assistance

Develop Streamside Setback/Land Use Position	High	X	X		Madison County		Technical Assistance
Groundwater Assessments	High	X	X		Madison County	DNRC, NRCS	Technical Assistance
South Meadow Creek Water Efficiency Project	High	X	X		Madison Conservation District	DNRC, NRCS	Technical Assistance
Biomass Projects	High	X	X		Private	HWRCD	Funding, Planning, Technical Advice

Headwaters RC&D Area, Inc. Current Work Plan Matrix

Goal VII: Enhance and expand workforce development and educational opportunities for residents.

Work Item	Priority	Short Term 1-2 Years	Mid-Term 3-5 years	Long Term 5-10 years	Lead Agency	Partners	Type of Assistance
Web Marketing Class	Low	X	X		Headwaters	None	Technical Assistance
HACCP Training	Med	X	X	X	Headwaters	Other FADC Centers	Technical Assistance
Strategic Planning	Med	X	X	X	Headwaters	None	Technical Assistance
Youth & Adult Vocational & Educational Training	High	X	X		Job Service		Technical Advice
HomeBuyers Education	High	x	x	x	Headwaters RC&D	Neighbor Works of Montana & MBOH	Home Buying Education

HomeBuyers Individual Counseling	High	X	X	X	Headwaters RC&D	Neighbor Works of Montana & MBOH	One on One Pre & Post Purchase Counseling
Site Visits to Realtors	High	X	X	X	Headwaters RC&D	HW Loan Officer & Asst.	Promotion of HomeBuyers Ed Classes & 1:1 Counseling Services.

2015-2016 SCOPE OF WORK - Headwaters RC&D Area, Inc. /Economic Development District

EDA Planning Grant Time Period: 7/1/2015 – 6/30/2016

Scope of Work Narrative

The Headwaters RC&D/Economic Development District 2013-2014 Work Program is based on the needs of the area as identified by the Economic Development/CEDS Committee working in cooperation with the cities, towns, counties and local economic development organizations. The work program has been reviewed by the Headwaters RC&D/EDD Board of Directors and reflects the District’s effort to balance the need for planning and the need for project implementation.

The Work Program supports efforts to encourage and promote the development and expansion of the region through the goals and objectives established in Headwaters’ 2012 Comprehensive Economic Development Strategy. The Work Plan also encourages planning that examines trends, recognizes the current economic situation and helps communities and counties plan for future needs. It is imperative that communities assess their public infrastructure and develop plans that recognize growth-related needs.

Project development, coordination and tracking are important elements of the 2014-2015 EDD Work Program. A focused effort to engage and communicate effectively across the region, improve service offerings and track projects are vital.

Specific initiatives for 2014-2015 include establishing a robust entrepreneurial network within the region along with entrepreneurial programs to spur job creation in both high-tech and lifestyle sectors, strengthening our agricultural economy through value-added and energy efficiency opportunities and building regional collaboration and consensus.

Scope of Work 2015-2016:

- 1. Grant Administration**
 - a. Ensure that expenses charged to the project are in compliance with OMB Circular A-87, Cost Principles for State and Local Governments and are eligible and consistent with the EDA scope of work.

- 2. Dissemination of Information**
 - a. Upon request supply socioeconomic data, census data, financial resources and community and county plans to entities that request the information
 - b. Serve as regional information center for the seven counties in the Headwaters EDD
 - c. Utilize existing Solution Mountain Software to communicate industry trends across the region and provide this information when requested

- 3. Create and/or retain a minimum of 20 jobs in the Headwaters Economic Development District**
 - a. Coordinate and promote the use of local development agencies, local finance institutions, the SBDC, Food and Ag Development Center, and federal and state funded loan programs.
 - b. Provide technical assistance to new and expanding businesses within the EDD including natural resource-based, value-added, environmental, hi-tech, industrial, commercial, retail, service, tourism, home-based businesses and others.

- 4. Build regional capacity for collaborative community and economic development strategies**
 - a. Coordinate regional communication and planning to support Headwaters Board and Economic Development Committee members, community-led economic development organizations and partners, Local, State and Federal economic development organizations or agencies.
 - b. Coordinate with counties and communities to develop CEDS implementation plans
 - c. Provide technical assistance for the preparation of community and economic development grants and loans
 - d. Research, analyze and disseminate regional economic trends
 - e. Provide technical assistance to new and expanding businesses
 - f. Provide business development and entrepreneurial training opportunities
 - g. Provide loan technical assistance and analysis to identify qualified loan candidates
 - h. Coordinate with regional financial institutions and economic development partners to determine project feasibility and financing options

- 5. Build capacity for Blackstone LaunchPad**
 - a. Provide management and oversight of the statewide program
 - b. Build and manage the venture coaching program

- 6. Headwaters will assist with the following district wide projects in 2015-2016**

- a. Continue to refine internal project tracking and reporting mechanism
- b. Provide assistance to communities implementing growth policies
- c. Downtown development planning and revitalization assistance
- d. Assist with continued expansion of the Southwest Montana Business Expansion and Retention Program (BEAR)
- e. Continue to work within the Region on affordable housing issues
- f. Seek funding opportunities for various infrastructure projects such as: water/waste water, sidewalk construction and/or improvement, walking/bike paths, airport improvement, senior centers, recreation facilities, healthcare facilities, etc.
- g. Assist communities in establishing business/industrial parks
- h. Assist communities in developing Tax Increment Finance Industrial Districts (TIFID) and TIFID revolving loan funds
- i. Work with TIFID's in the region to develop warehousing and distribution development
- j. Work with universities to develop programs for job skills development
- k. Pursue alternative energy development projects
- l. Encourage and promote the use of loan funds programs
- m. Establish programs to support high-tech and lifestyle entrepreneurial job creation
- n. Coordinate with the Food and Ag Development Center so that duplication of services does not occur

Success Stories

Philipsburg Brewing Company

History & Background

Philipsburg Brewing Company opened in 2012 with the goal of creating great craft beer and providing a unique service to small Montana town. Owned by Nolan and Cathy Smith, the Philipsburg Brewing Company has transformed a keystone building in downtown Philipsburg into a community meeting spot while making the most highly awarded beer in the Headwaters region. The company employs two trained brewers along with serving staff for their tap room. They currently distribute kegs in the local region, but are looking to expand their production and distribution to sell beer throughout the state.

Problems and Difficulties

Philipsburg Brewing Company has purchased a large water bottling plant down the street from their current location and is going to begin bottling their beer in unique aluminum cans. This expansion will allow for them to distribute both throughout the state and nationally. To finance the expansion they have reached out to several sources and have come to Headwaters for advice on packaging their loan and funding assistance.

FADC, SBDC and Loan Office Assistance

Philipsburg Brewing Company began their work with Headwaters through the FADC in applying for the Montana Department of Agriculture growth through agriculture grant/loan program. Headwaters FADC was instrumental in putting together the application and worked with the SBDC to provide financial projections for the project. After the application process began

Philipsburg began working with Headwaters loan office on gap financing for their expansion project.

Outcome and Impact

Thanks to the hard work of Philipsburg brewing Company and the strength of their project they were awarded \$30,000.00 in grant funding and \$20,000.00 in low interest loan funding at the beginning of 2015. They have been approved for funding of over \$700,000.00 for their expansion project through a private bank and are continuing to work with Headwaters on gap financing.

Rocky Mountain Martial Arts

History & Background

Rocky Mountain Martial Arts' mission is to become the recognized local leader for providing martial arts instruction while boosting customer's (both children and adults) self-esteem and self-defense abilities. Rocky Mountain Martial Arts' teaching approach is in support of the worth, dignity, potential and uniqueness of each individual. Their goal is for their instructors to personify, and to extend to students their five basic tenets of modesty, etiquette, indomitable spirit, perseverance and self-control. Their desire is to be a positive force that helps develop solid, upstanding citizens who demonstrate good character, responsibility and respectability.

Problems and Difficulties

Sara Lightner wanted to purchase the business and had been in negotiations with the current owner to make the purchase. Master Miller was looking to retire and wanted the school to remain vibrant.

Sara was wonderful to work with. She was dedicated to the project and really took the time to learn the steps that are necessary to own and operate a successful business. She is dedicated to her students and very proud to be a female entrepreneur in the community.

SBDC Assistance

Julie Jaksha, Headwaters SBDC Director, worked with Sara to complete the business plan and cash flow as well as some marketing ideas. Sara received counseling for over 10 months and put together a successful plan that allowed Headwaters RC&D Area, Inc. to loan her the money to purchase the business.

Outcome and Impact

This assistance saved the business and one job at the school in addition to giving the children the opportunity to continue their martial arts education at the school. Through working with Headwaters and their micro-loan program Rocky Mountain Martial Arts secured \$25,000 to help purchase the business.

TTT Properties, LLC

History & Background

TTT Properties, LLC was created to fulfill an objective to construct and develop a 14,196 square foot multifunction facility located in the newly developed historical district of uptown Butte, MT. Founded in June 2009 by Tony and Teresa Olson, TTT Properties is a startup commercial property lease company which is branching off of an existing safety and health consulting company. Constructed on 2 acres, the facility will provide commercial office space (3,600 sq. Headwaters RC&D Area, Inc./Economic Development District

feet), a conference rental area (2,500 sq. feet) and brewery rental space (6,929 sq. feet on 2 levels). Making the facility highly marketable is the technological advances available throughout the building provided by the new high speed, high bandwidth community fiber network available through the Montana Economic Revitalization and Development Institute. This building is the first commercial facility in Butte to be connected to this network.

Problems and Difficulties

TTT Properties encountered construction delays due to exterior design changes necessary in order to maintain the historical nature of the building within the historical area of east Butte, unknown drainage issues that were encountered in the area, as well as construction cost overruns.

Headwaters Loan Programs and SBDC Assistance

Tony and Teresa Olson, Members of TTT Properties LLC worked extensively with Headwaters SBDC to develop a business plan that resulted in the Olson's ability to obtain bank financing, as well as financing through Headwaters loan programs to construct and complete the project. The company also received grants through Northwestern Energy and the Department of Agriculture to provide assistance for the installation of a photovoltaic solar panel renewal energy system. The system has been completed and is wired into Northwestern Energy's grid system.

Outcome and Impact

Construction of the building is complete with the exception of finishing out of the area that will house a brewery. The commercial office space is fully leased and demand is ongoing for rental of the conference area. It is anticipated that approximately 18 jobs will be created/retained by both the owner's safety and health consulting company, the proposed brewery and commercial tenants.

Montana Telepsych Solutions

History & Background

Kristy Boese has been a Family Nurse Practitioner since 2007. While working in rural healthcare areas, she discovered a need for better mental health services. In 2013, she graduated with a second Master's degree as a Psychiatric Mental Health Nurse Practitioner from Gonzaga University in Spokane WA and has been working in private practice in Helen Montana since graduation. Todd Boese, is currently an RN. He will oversee the operations of the business as Chief Financial Officer and will provide coverage where needed.

Montana Telepsych Solutions is behavioral health care private practice that offers psychiatric evaluations and medication management to the consumers of Lewis and Clark and Powell Counties as well as surrounding areas in South West Montana. Their focus is to provide cost-effective, quality treatment. Their mission is to create, promote, and maintain a positive customer relationship with their clients, payers, associates, and their community. In 2014 Kristy and her husband Todd decided to purchase the business and have locations in both Helena and Deer Lodge.

Problems and Difficulties

To achieve goals established for Montana Telepsych Solutions, Inc. as outlined in their business plan, Montana Telepsych Solutions, Inc. needed \$20,000 line of credit. The funds will be used to purchase various startup costs and capital expenditures.

SBDC Assistance

The Butte SBDC helped develop the business plan and cash flows for the business. We worked on refining the project and showcasing the value to the communities to keep the business operating.

Outcome and Impact

Todd and Kristy were approved for funding at Opportunity Bank and opened as planned on August 1, 2014. To date they have added 2 additional staff members and are thrilled as business continues to grow.