

COUNTY OF RAVALLI



May 20, 2020

Dear Governor Bullock,

Ravalli County is the state's 7th most populated county and was the 8th largest state income tax contributor at \$41.6 million in 2018. The county has been on a growth trajectory for the past 5 years, with solid plans and projects in place to sustain and surpass its contribution to Montana's economy. Inflation adjusted worker wages have grown more than 25% since 2013.

Prior to the COVID-19 pandemic, some of Ravalli County's major growth projects in progress included waste water and other infrastructure that would service 450 acres for new and expanding manufacturing type businesses in the county; expanding capacity for food processing; and renovations in the business incubator.

Ravalli County's economic outlook post-COVID-19 is expected to contract in the short term. The key to ensuring Ravalli County emerges strong over the long term lies in regaining the momentum we lost in the growth of our businesses. Rebuilding that growth momentum will depend upon:

- Retaining current businesses and jobs by supporting the businesses in which they work
- Attracting new businesses to replace those we lose by having infrastructure readily available in targeted economic development areas
- Retain workers by providing workforce training
- Ensure our citizens are able to pay their mortgages, rent, etc. by getting them back to work

The Ravalli County Economic Development Authority (RCEDA), working with the County, Cities and Towns, along with our many partners will lead the revitalization effort. RCEDA has a long history of working with the county businesses. Our familiarity with their capabilities and capacity enables us to assist in identifying their needs to emerge from this economic crisis.

Because of the COVID-19 pandemic, sales declined, accounts payable could not be collected, revenue was lost, the cost of doing business increased, and raw materials were not available. New processes for doing business are now necessary for the post-COVID economy. Cash, planned for investment to capture opportunity, has been spent instead reacting to COVID-19. Workers (existing and new) need training on new safety routines as well as innovations being made by adding new products, and processes. Most businesses will need access to readily available, gap funding which will reduce the risk to their main lenders, the banks.

RCEDA and the Ravalli County Commissioners respectfully request that you consider the enclosed plan. With our plan fully funded and implemented, we expect to be back to full economic strength by the end of 2021.

Sincerely,

Chris Hoffman, Chairman
Ravalli County Commissioners



STATE OF MONTANA RAVALLI COUNTY Page: 1 of 25

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Regina Plettenberg, CLERK AND RECORDER

Fee \$0.00 By

Kelly Olson

Deputy

RESOLUTION NO. 4096

RAVALLI COUNTY COVID-19 EMERGE STRONG PLAN

WHEREAS, Ravalli County has been negatively impacted by the COVID-19 pandemic and the associated orders, restrictions and directives; and

WHEREAS, citizens and businesses have lost income; and

WHEREAS, business infrastructure projects have been delayed; and

WHEREAS, the work force training has been significantly reduced; and

WHEREAS, we anticipate increased negative impacts to businesses and employees; and

WHEREAS, Ravalli County has expended un-budgeted funds in direct response to addressing the COVID 19 Pandemic.

NOW, THEREFORE BE IT RESOLVED, the Ravalli County Board of Commissioners hereby adopt the Ravalli County COVID -19 Emerge Strong Plan, as attached Exhibit "A".

PASSED AND APPROVED THIS 19th DAY OF May, 2020.

BOARD OF RAVALLI COUNTY COMMISSIONERS

Chris Hoffman
Chris Hoffman, Chairman

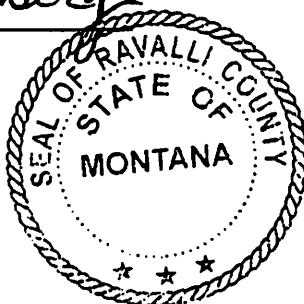
Greg Chilcott
Greg Chilcott, Member

Jeff Burrows
Jeff Burrows, Member

ATTEST:

Regina Plettenberg

Clerk & Recorder



Return: Commissioners

Exhibit "A"
Ravalli County COVID-19 Emerge Strong Plan



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Ravalli County COVID-19 EMERGE STRONG Plan



A blueprint to emerge from the pandemic with renewed economic resilience and continue being a powerful engine for Montana's economy.

Created by the Ravalli County Economic Development Authority, Representatives Nancy Ballance and David Bedey, the Ravalli County Commission, the City of Hamilton and numerous small businesses.

May 2020

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Ravalli County COVID-19 Emerge Strong Plan Summary

Ravalli County is the state's 7th most populated county and was the 8th largest state income tax contributor at \$41.6 million in 2018. The county has been on a growth trajectory for the past 5 years, with solid plans and projects in place to sustain and surpass its contribution to Montana's economy. Inflation adjusted worker wages have grown more than 25% since 2013¹.

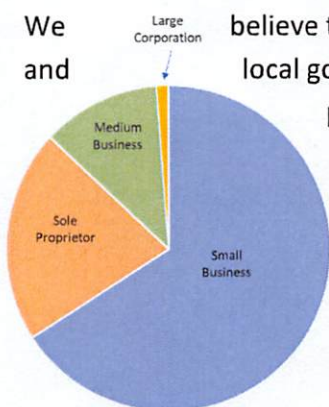
Prior to the COVID-19 pandemic, some of Ravalli County's major growth projects in progress included waste water and other infrastructure that would service 450 acres for new and expanding manufacturing type businesses in the county; expanding capacity for food processing; and renovations in the business incubator.

Ravalli County's economic outlook post-COVID-19 is expected to contract in the short term. The key to ensuring Ravalli County emerges strong over the long term lies in regaining the momentum we lost in the growth of our businesses. Rebuilding that growth momentum will be dependent upon:

- Retaining current businesses and jobs by supporting the businesses in which they work
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The Ravalli County Economic Development Authority (RCEDA), working with the County, Cities and Towns, along with our many partners will lead the revitalization effort. RCEDA has a long history of working with the county businesses. Our familiarity with their capabilities and capacity enables us to assist in identifying their needs to emerge from this economic crisis.

We
and



believe the most effective plan of action will include solutions from the federal, state local governments as well as private partners. To that end, RCEDA, has revolving loan programs in place to accept funds and processes in place to distribute those funds as needed to ensure the most effective economic rebuilding strategy for Ravalli County.

RCEDA has identified the major problem areas along with solutions, cost and timeframe for each of the following areas: Sole Proprietors, Small Businesses, Small-Medium Businesses, Large Corporations.

¹ BBER Economic Outlook Summit 2020

Other areas of concern that will limit our ability to rebuild are also included: infrastructure, relief for downtown associations, senior services, RCEDA Business Incubator, and childcare, reimbursement of direct COVID-19 response expenses.

The COVID-19 business implications are severe and nearly all Ravalli County businesses have experienced similar problems. Because of the COVID-19 pandemic, sales went down, accounts payable could not be collected, revenue was lost, the cost of doing business increased, and raw materials were not available. New processes for doing business are now necessary for the post-COVID economy. Cash planned for investment to capture opportunity has been spent instead reacting to COVID-19. Workers (existing and new) need training on new safety routines as well as innovations being made by adding new products, and processes. Most businesses will need access to readily available, gap funding which will reduce the risk to their main lenders, the banks.

Many businesses have a customer base that is national and international. These businesses will not see a return to normal immediately.

Food & Ag: We have 1,576 farms selling \$42,662,000 of product. Regaining momentum will require investment in processing and IT infrastructure.

Manufacturing: 97 manufacturers provide 789 jobs, most paying well above the average wage of \$17.68. Planned infrastructure that would provide wastewater on 450 acres for new and expanding businesses to locate stopped due to COVID-19 and uncertainty about revenue.

Food & Drinking Establishments: 76 establishments employee 871 with a total payroll of \$12 million. Investment in IT for ordering, PPE and seating remodeling due to the 6-foot distance between tables requirement, are key to making this sector pre-COVID strong.

Salon, Barbers, Cosmetologist: About 100 establishments, most are sole proprietors and independent contractors. This sector was hit first and has no income and no reserves. Because the PPP and unemployment did not provide timely funding and revenue was not coming in, reserves are depleted. Funding is needed for rent and utility support for 1 month and PPE is needed. Many have still not received any COVID-19 assistance.

Downtowns of Ravalli County are the location of many small businesses. Because businesses are suffering due to COVID-19 planned improvement projects cannot be funded with business assessments and are on hold. Business relief funds need to be seeded.

Senior Services: Senior Centers are closed and have no revenue. The Council on Aging has been supplementing the missing revenue and has additional PPE expenses. Their expenses need to be reimbursed. Funding is critical to retain services.

Revolving Loan Funds RCEDA manages \$2.7 million in RLF funds. Fifteen years with one loan lost. To be most effective these funds must be managed locally.

Construction and Automotive request that the Payroll Protection Plan be extended with additional 2-3 months time.

Childcare reports that Best Beginning Family coverage is working for them, please retain.

Local Governments need to be reimbursed for unplanned COVID-19 expenses.

The full cost of returning Ravalli County to its Pre-COVID-19 economic outlook is estimated at \$22 million to ensure continued operations and future success for the majority of our businesses. With this plan fully funded and implemented, we expect to be back to full economic strength by the end of 2021.

Examples: One manufacturer of thirty-three years sold his building, purchased a smaller building and is in many ways starting over. The second in the nation fire-place door maker is moving from OEM and dealer sales to e-commerce, direct to consumer sales.

Ravalli County COVID-19 EMERGE STRONG Plan

The purpose of this plan is to describe what has occurred within the Ravalli County economy because of COVID-19 and provide a plan to fund economic recovery.



Ravalli County's businesses are 65% small (2-9 jobs), 21% sole proprietors, and 12% small to medium (10 to 99 jobs). In 2019 there were about 2,500 business establishments and a few large corporations employing from 100 to 499. Ravalli County's employed labor force in 2019 was 19,411.

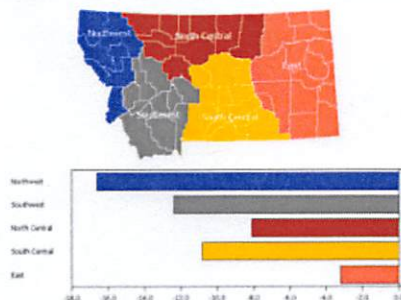
- 1,675 Ravalli County Establishments employ 2-9 employees
- 538 businesses are sole proprietors
- 300 businesses are small to medium employing up to 99
- A few large businesses employee 100 to 499, the local hospital employs over 500

[source: Montana DOL, <https://wisconsinbdrc.org/growtheconomy/>]

*Discrepancies in percentages and numbers totaling 100% are due to data sources with different numerical categories.

Ravalli County's unemployment for March was 4.7%. Before the COVID-19 pandemic, unemployment in Ravalli County had been 4% or under since 2016. In MT on January 1/12/2020, there were 3,000 new jobs posted; on 4/19/2020 there were just 961, on 5/18/2020 in Ravalli County there are 13 jobs posted. By April 18, 2,227 workers in Ravalli County had filed for unemployment.

Dec-2019 vs. Apr-2020 Forecast Comparison
2020 Employment Difference by Region, Thousands



Many establishments applied for and received Payroll Protection Program funding which provides eight weeks of payroll funding. About mid-June the payroll funding will be depleted and may result in additional workers from Ravalli County filing for unemployment.

Ravalli County Economic Development Authority (RCEDA) collected information from the businesses in this county to learn how COVID-19 had impacted

their operation. Ravalli County has an outsized number of small businesses and many are, naturally, more vulnerable. Because of COVID-19, some establishments have already closed while others have significantly modified their operations to meet public health and safety demands.

Ravalli County is the state's 7th most populated county and 8th largest state income tax contributor at \$46 million. Ravalli County, with appropriate funding to assist COVID-19 recovery, will remain a strong contributor to Montana's economy.

RCEDA, with the federal, state, county and local governments and our many private partners, will lead the rebuilding. As the county's lead economic development organization, RCEDA has a strong, long term history of working successfully with the businesses in our communities. RCEDA has people and

processes already in place to efficiently manage the COVID-19 recovery plan. RCEDA and Ravalli County are experts at fulfilling reporting requirements for federal, state and other programs. RCEDA and Ravalli County propose to use management plan and other agreements already on file with the State to administrate COVID-19 recovery funding.

Ravalli County's plan for recovery does not include funding for revenue replacement.

BACKGROUND

Ravalli County is a community that has experienced many catastrophic forest fires. Some fires are devastating and the land never returns to what it once was. When badly burned, it may take generations for the land to recover. Ravalli County's economy has been devastated by the loss of a single industry, the timber industry. Forty years and two generations have suffered the loss of revenue and jobs from timber that have yet to be replaced, despite valiant effort. In part, the effort has taken so long because there was no funding to work on innovation and infrastructure to support new businesses. The economic harm from the pandemic is reminiscent of our timber industry loss. With funding, recovery could occur in two years; not forty years.



[Source BBER THE IMPACT OF TIMBER HARVEST DECLINES ON THE RAVALLI COUNTY ECONOMY] As in many western communities with a timber heritage, the forest industry in Ravalli County in southwestern Montana has undergone dramatic changes, growing substantially in the decades after World War II and contracting since the 1990s (Keegan et al. 2006). Just 17 primary wood products facilities were operating in Ravalli County during 2014 (Hayes and Morgan 2017) and capacity to process timber was 13 million board feet (MMBF) Scribner, with the majority of that capacity in the log home sector. By contrast, in 1988 the county's 29 active facilities had a capacity of 91 MMBF – seven times larger than today.

The dramatic decline in timber capacity was driven by declines of similar magnitude in timber harvests. In the late 1980s, total timber harvest in Ravalli County averaged just over 34 MMBF per year. In the five most recent years with available data (2012-16) average annual harvest was under 10 MMBF.

Our basic finding is that NFS land management decisions affecting timber harvests from the BNF have had significant economic implications for the Ravalli County economy. More

specifically, we find that the reductions in timber harvests from the BNF that have occurred since the late 1980s have caused:

- A loss of 514 jobs in the Ravalli County economy overall, including 214 jobs in sawmills, log home production, logging and other forestry activities with a direct connection to the processing of timber harvested locally.
- A loss of \$32.6 million annually in income received by Ravalli County households, including \$28.3 million in annual disposable income.
- A decline in economic output – measured by gross receipts of businesses and other organizations – of \$113 million per year.
- A population decline of 825 people, including 176 school-aged children.

The following examples project a brief look at how the reduced timber industry negatively affected the future of the community. Unfortunately, the projection cannot show what could have been if we had the resources to recover twenty years ago.

Estimated property taxes on housing, assuming there are 100 employees that don't currently own homes and they follow the county averages of 63.5% married (Census 2000). The assumption is that 32 new houses would be bought/built which translates into \$109,866 of property taxes paid to the county. 514 jobs were lost: $\$109,866 \times 5 = \$549,330$ in annual property tax. [Formula source: Tax Policy and Research, Helena]

In 2013-14, districts budgeted an average of \$7,050 per pupil. $176 \text{ school children} \times \$7,050 = \$1,240,800$ annually lost from local school budgets. [Source 2014 MT OPI]

If Ravalli County does not receive the support and funding from the CARES Act to mitigate and emerge from the COVID-19 pandemic, the county will not be economically self-sufficient nor will the county be a strong contributor to the state's economy.

Ravalli County's Action Plan and Cost and Timeline

RCEDA held phone interviews with numerous business owners representing most sectors of the valley's economy to find out what they were experiencing because of the COVID-19 pandemic. We spoke with new business owners and owners that have been in business for twenty years or more. We spoke with sole proprietors and small and medium size businesses. Businesses across the spectrum

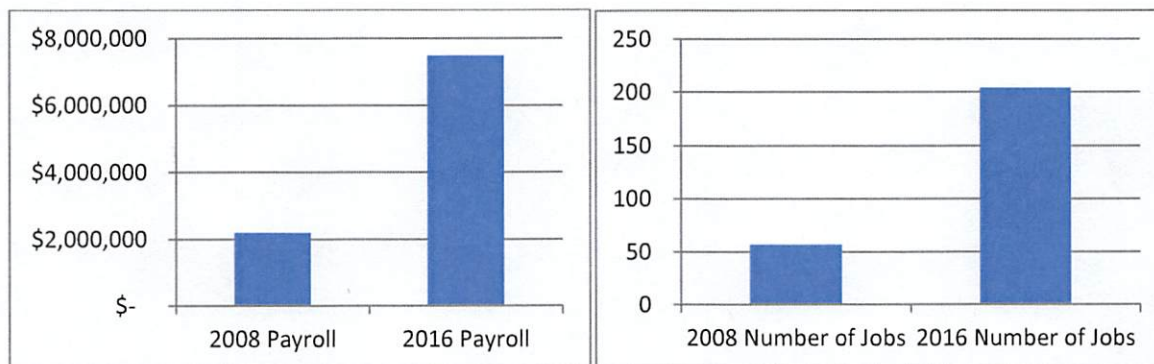
were critically impacted by COVID-19 and many were taking extreme measures aimed at starting over post-pandemic.

Conversations have been aggregated, but specific examples and solutions are provided for each sector. These solutions are not meant to be all inclusive. (RCEDA will continue to update this planning document.) The interview purpose was to establish an overview, directly from the business community, describing resources these businesses needed to emerge strong post-COVID-19. Immediate intervention is necessary for the funding to be most effective. Local implementation of this plan is the timeliest, most efficient and will result in the greatest return. With each day that passes, a business is closer to being irrecoverable.

Infrastructure

The effect of COVID-19 will negatively impact local government revenue as well as private investment funding. Therefore, a City / County planned waste water project in the Old Corvallis Road area that will provide sewer service to the Targeted Economic Development District, the Ravalli County Airport, and portions of the city's Urban Renewal District is in jeopardy. Prior to COVID-19, this shovel-ready project was a priority because it would retain one of the county's largest bio-tech businesses and provides a site for another emerging tech firm as well as other business growth. If the infrastructure is not constructed, it is likely the tech firm will move to another state and county/city work will be set back six years.

Job and Wage Growth at the Ravalli County Airport between 2008 and 2016



When viewed as a single entity, the Ravalli Airport ranks among the top 6 County Employers.

Downtown Hamilton Improvements

The economic health of Hamilton's downtown relies on people coming together in public spaces and congregating in small businesses. Because of the health risks associated with COVID-19, this is no

longer an option. Businesses in downtown Hamilton have been shuttered to comply with State directives. As a result, there is worry that many businesses will not be able to weather the storm and reopen their doors successfully when we make it to the other side of this pandemic. The importance



of Hamilton's downtown goes beyond simply being a visually appealing place of commerce and social connection. Our downtown serves as a key element in attracting visitors, residents, and businesses to Hamilton. It is much easier for the Rocky Mountain Lab, GSK, and other large employers to attract top labor talent from around the world when prospective employees see a vibrant downtown located steps away from the river, trails, and housing. This is why we need to step up and support our downtown and the other downtowns in

Montana. We cannot let COVID-19 devastate the commercial, social, and cultural heart of our communities. Due to COVID-19 and the negative financial impacts that have occurred, and will continue to occur, it is impossible and not feasible to fund the planned Connect 93 Project or Wayfinding through business assessments.

Food & Agriculture

Ravalli County has the ability to be food secure, safe, and self-sufficient. We have a strong local food system but we lack infrastructure to support this VITAL sector. Because of COVID-19, residents from outlying areas with insufficient food resources are traveling to Ravalli County for food during the pandemic.

Due to the infection of employees with COVID-19, protein packing and processing plants around the country are closing; Smithfield, JBS, Tyson and more. Hamburger in Denver is \$9 per lb. Ranchers can't deliver fed cattle to lots. Ravalli County producers of all types can be a larger solution to Montana's food system problems.

Ravalli County's COVID-19 impacts in the agriculture sector are loss of revenue from food establishments, access to traditional farmers' markets, product loss that may spoil due to insufficient or cost prohibitive storage or value adding processes, and pre-COVID-19 infrastructure problems that are now critical.

With immediate support, this sector could emerge from the COVID-19 crisis stronger than before the pandemic, and the opportunity could be realized relatively quickly as compared to the manufacturing sector that relies on national and international customers. If timely support is not provided to the food



& agriculture sector, some impacts may never recover; for example, the packing plant or poultry processors.

To beat the COVID-19 impacts, we must provide low interest, flexible loans, invest in water, sewer, storage and processing infrastructure, workforce training, and technology solutions for selling product.



Additional state inspection services must be provided for this sector and the food establishment sector. Lack of inspection was holding back growth and competitiveness pre-COVID-19. Post-COVID-19 we cannot afford to keep red-tape barriers in front of these sectors. Together with state, local, and the private enterprises we must solve this problem.

[This section was created with Jeff Younkin, VP Agricultural & Commercial lending at Trail West bank.]

Restaurants

The small restaurants and taverns that serve food in Ravalli County (about 76 establishments) were required to close with little warning. Due to the pandemic, the restaurant owners and employees are working long hours and have significantly reduced revenue. Establishments that are managing operations to work within the COVID-19 health and safety requirements are trying online ordering and delivery. Menus are being revised to mitigate food spoilage and to be more amenable to “take-out.”



Taco Del Sol - takeout orders only

COVID-19 post-opening will require immediate investment in online-ordering. Funding assistance will be needed to change seating arrangements, table size, distancing, bathrooms, etc. The result of complying with social distance is a loss of 50% to 70% useable space within which to seat customers. Technical assistance will be needed to transition menus to be more compatible with take-out and re-budgeting. These changes will affect revenue long into the future. Unplanned investment for PPE will be necessary. Assistance with marketing and areas of collaboration, such as delivery personnel, are needed to support this sector. Low interest, patient, flexible capital will be needed.

Breweries

Breweries were some of the first establishments to be closed due to the COVID-19 pandemic. Most have retained some revenue stream from take-out sales and the sale of canned beer to grocery stores.

Interviewed proprietors report a sales drop off of at least 50% with a commensurate loss in staffing levels.



Higher Ground Brewery, Hamilton

The funding that will be required to support the breweries through the post COVID-19 start up mirrors that of the restaurant sector and its costs are included in that budget.

Winery

The winery, like other businesses that rely on some tourism economy, survive the winter on the cash reserves they build in the summer. For the winery, summer revenue also provides the money for raw product (grapes) to make wine. The wine ages two years before it is ready to sell. Because of COVID-19, the winery has been forced to sell their wine at a steep discount to acquire cash to fund expenses.



Blodgett Cellars Winery - steep discounts on inventory

The summer tourism season of 2020 is not going to occur. The winery has little product to sell, depleted cash, and no way to replenish the cash to purchase raw goods to make product.

Due to COVID-19, the grape suppliers are in the same cash crisis as the winery and are making grapes available at a steep discount. Funding for businesses in the winery's position and other businesses that rely on summer season cash will need financial support to maintain their operation until the next season. There are opportunities to rebound from the pandemic.

Salons, Barbers, and Cosmologists

Due to the COVID-19 shutdown, this sector has had no income at all. There are no realistic methods to innovate this hands-on sector. The salon owners are at risk and need rent and utility funds to keep their shop space available to them when it is safe and approved for this sector to return to work.

Salons are for the most part sole proprietorships. Hair stylists are independent contractors. Most salons charge a booth rent to hair stylists. Many salons sell supplies or have tanning services to supplement their income. Cosmetologists who are independent contractors provide other services like manicures, pedicures, and facials.

Salons have random inspections from the health department and must keep shops clean. Their regular business practice is to sanitize their work place. A protocol of one client at a time, disinfecting the

space between clients, a clean cape for each client, and masks and gloves for all could have been implemented and would have reduced the catastrophic impact to these businesses.

Most salon owners are frustrated. They don't know how long the shutdown is going to be, they can't make plans or pick up other work. Unemployment still hasn't come through; stimulus checks haven't arrived.

Funding should be provided for this sector. The salon owners need funds for rent and utilities as the phased re-opening occurs. Funding is also needed for PPE. Although many salons, stylists, and cosmetologist have returned to work compliance with the required health and safety protocols have reduced their ability to earn by up to 60% because they cannot have more than one client at a time.

Downtown Association Business Relief Fund

The Hamilton Downtown Association (HDA) has a business relief fund that to date has raised over \$40,000 via Go Fund Me. We saw a tipping point where independent contractors and sole proprietors were unable to access help for COVID-19 relief funds; some businesses fell through the cracks. Many small businesses have not yet received relief funds and when they do receive the funds of \$1,200 to



One batch of many checks to small businesses from the Relief Fund

\$1,000, it will not be enough. Cosmetologists have been one of the most devastated sectors. Even the downtown anchor businesses applied for, and continue to apply for, the Relief Fund. More than \$75,000 of requests have been submitted and just over \$40,000 has been raised.

The HDA relief fund is triage for the small businesses in Hamilton. Without the funds that have been distributed by the relief fund to help pay for rent and utilities, a significant percentage of the businesses would have already closed. Additional funding is needed for the HDA.

The HDA pioneered a solution for small businesses in Hamilton that has had a significant positive impact. A similar relief fund should be supported for all the small businesses in our County [Stevensville, Darby, Pinesdale, Corvallis, Victor, Florence and Sula]. It is imperative to remember that business assistance should not be developed with a one size fits all model.

Senior Services

Because of the pandemic, all Senior Centers were closed and have had no revenue. The Ravalli County Council on Aging (RCCOA) has been covering the expenses for all the Senior Centers that have been closed.

Supporting the Senior Centers has placed a severe financial strain on the RCCOA. The RCCOA receives a portion of their revenue from a levy. If property taxes aren't paid on time or are impacted by loss, the Council on Aging could face additional financial upset.



Seniors Struggled to get essentials and without RCCOA would have been in dire straits

Funding is needed to return funds previously expended by RCCOA and to avert a crisis for the Senior Centers. Meals on Wheels and other services for seniors have had increased demand during the COVID-19 pandemic. Additional funding for RCCOA is needed.

Ravalli County Economic Development Authority and Business Incubator

The business incubator is operated by RCEDA. There are nineteen businesses located in the facility. The facility had a \$75,000 renovation in progress when the COVID-19 closures began. One of the tenants was forced to close their business and move out. The loss of revenue required RCEDA to discontinue the renovation that would have allowed three additional businesses to enter the facility.

RCEDA needs access to funding to complete the project that was postponed due to COVID-19 impact. RCEDA also needs access to funding enable the organization to manage the COVID-19 Recovery Plan delineated in this document.



Community College and Workforce Training

The formation of the Bitterroot Community College was passed by voters with a strong margin. The levy to fund the Bitterroot Community College (BVCC) was only 690 votes away from passing on May 8th the date of school elections. COVID-19 related loss of income is certainly a factor for some portion of those voting not to fund the levy. Many residents are afraid for their financial future as the full effect of the pandemic is still unknown.

A majority of the businesses have a critical, unmet need for workforce training. Ravalli County must find a way to make workforce training and schooling in the trades available in the Bitterroot. Without

the training our businesses will face a decrease in their competitiveness and county will have less ability to attract and retain businesses.

Funding for workforce training delivered in Ravalli County and being responsive to our businesses is a critical element of recovering from the pandemic.

Construction

Discussions with contractors reveal that they are surviving. Many are taking remodeling and smaller jobs that they would not have been able to accommodate during their regular season. Several contractors lost large projects which would have made up a significant portion of the expected annual revenue.

The construction sector has received minimal negative impact from the pandemic as compared to many retail establishments. A slow-down in walk-ins has been noticed by the construction companies that have a front office. These companies locked their front door and moved to 'by appointment only'. Field operations (actual construction) are tracking at nearly full speed. This sector was listed as an essential business.

Smaller operators are beginning to feel the slow down more. The larger contractors are reporting receipt of several contacts from framers over the last week seeking work. (More last week than an average month this time of year.)

The contractors have been utilizing the PPP. The best assistance for this sector would be to extend the PPP for additional months.

As the pandemic continues this industry may face greater challenges especially if the predicted unemployment rate of 25% comes to pass.

Manufacturing



There are ninety-seven manufacturing businesses in Ravalli County of varying size employing 789 people. Manufacturers who sell directly to the public have been severely impacted by COVID-19 crisis. Business is down 50% for those that sell directly.

Ravalli County also has a number of manufactures that sell wholesale and several have a mix of wholesale and direct sales. All manufacturers are experiencing supply chain disruption, the loss of employees, lost sales and liquidity issues. Working capital is taking twice as long to return through accounts payable.

Many manufacturers report that the PPP was received and is very helpful; others report that PPP is not helpful because they are unable to provide meaningful work due to supply chain and sales issues.

Assistance through debt deferment, access to working capital and grant funding is needed. Workforce training is crucial as manufacturers re-invent their operations. Technical assistance and access to IT resources for e-commerce solutions is necessary. Several manufacturers have workforce training grants and big sky trust fund grants in place. Extensions on their contracts are essential.

Automotive

The automotive service industry in the County has taken a significant hit from COVID-19. This sector includes gas and convenience stores, parts stores and repair and lube service firms. The general downturn in the economy and the closing of non-essential businesses has resulted in less miles being driven by residents as well as a drop off in tourism affecting gas and convenience stores. Local establishments report a 35% decline in receipts. Consumers are also spending less on maintenance and repair, with three different establishments reporting declines of 50-60%. This industry is composed of approximately 79 establishments, employing 360 people with a payroll of some \$15 million.



Lube Quick - Family Owned and Operated Small Business

Most proprietors surveyed had taken advantage of the SBA PPP and EIDL programs and did not have any suggestions on what more could be done to assist them. One business owner thought that extension of the PPP program period would be a great help. More time is needed to understand any unique assistance for this sector.

Gyms and Health Clubs

These establishments were some of the first to be closed due to COVID-19 and have seen a dramatic downturn in business. The clubs have frozen the memberships and no fees are being collected. Nevertheless, there are a fair number of membership cancellations. New member enrollment is expected to see a decrease. The gyms and clubs have no income. There is a complete stop to the sale of training programs, classes and products. One example, from a local fitness center in Hamilton, reported a decline from \$123 per month average sales per member to \$23 average per member.

Some gyms and clubs were able to receive aid from the CARES act to help retain employees on payroll while not receiving revenue. Financial assistance may be necessary to successfully reopen. Due to the type of business, it is uncertain what restrictions will be in place when they are able to reopen. This could affect the ability to keep certain amenities running, such as group classes, personal training, swim lessons, tennis lessons, etc.

The possibility of additional assistance could be beneficial going forward to keep everyone employed, in particular group instructors, trainers, and sport instructors.

Childcare



Childcare providers report that Best Beginnings families, whether they attend or not, have been covered. This has been a life saver. They also received PPP and they are doing OK.

Aviation and Airport Businesses

Aviation businesses are severely affected by the COVID-19 nationwide shut down due to travel restrictions and shelter in place orders.



The Ravalli County Airport has increased its output of revenue and jobs in to the community by more than 27% in the last eight to ten years, and payroll has increased by 30%. The airport infrastructure supports aviation businesses that provide good paying jobs and tax base in our community. The single suggestion to help this sector is to re-open and ease travel restrictions.

Choice Aviation – 18+ employees, provides aircraft maintenance, flight lessons, flight service and other general aviation services.

Tourism Related Businesses

The information for this section of the plan is from the report, “Tourism-Related Business Owners Speak Out About COVID-19 Impacts” by Glenna Hartman, University of Montana – Missoula and Norma P. Nickerson, University of Montana – Missoula. [Institute for Tourism and Recreation Research Publications]

The U.S. Travel Association is predicting a 78% drop in revenue over the next two months and overall losses of \$400 billion. These travel losses far exceed any other sector of the economy (Oxford Economics, 2020). This could be devastating for Montana; whose economy is dependent on out-of-state tourist spending. In 2019, the estimated total contribution of nonresident spending to Montana’s economy was \$5.09 billion (ITRR, 2020).

Accommodations, Tourism Services, and Tourism Support Services have all been severely impacted by the pandemic. Reservation cancellations, economic decline, changing business practices, uncertain future, laying off employees were the themes of comments from this industry.



Saint Mary's Mission, Stevensville

Assistance through debt deferment, access to working capital and grant funding is needed. Unemployment for traditional workers as well as independent contractors will be important.

Conclusion

The key to ensuring Ravalli County emerges strong over the long term lies in regaining the momentum we lost in the growth of our businesses. Rebuilding that growth momentum will be dependent upon:

- Retaining current businesses and jobs by supporting the businesses in which they work
- Attracting new businesses to replace those we lose
- Workforce retention
- Ensure our citizens are able to pay their mortgages, rent, etc. by getting them back to work

The Ravalli County Economic Development Authority (RCEDA), working with the County, City and Towns, along with our many partners will lead the revitalization effort. RCEDA has a long history of working with the county businesses. Our familiarity with their capabilities and capacity enables us to assist in identifying and supporting their needs to emerge from this economic crisis.

Recapturing the Ravalli County economy is a long term, at least two-year body of work. Montana's partial re-opening should be viewed as consent to begin rebuilding our businesses that have suffered, and continue to suffer loss, due to COVID-19 impacts.

If funding to implement the important activities in this plan is not forthcoming Ravalli County will once again suffer long term economic hardship. Swift funding action is imperative. Capital once lost in rural communities is difficult, if not impossible to replace.

Note: Significant detail is available for many of the solutions and funding requested.

Ravalli County COVID-19 EMERGE STRONG Funding Priorities

Ravalli County COVID Recovery Priorities	• COST TO IMPLEMENT STRATEGY
Food & Agriculture	• \$1,720,000
Manufacturing	• \$200,000
Infrastructure	• \$600,000
Food & Drinking Establishments	• \$354,000
Salons, Barbers, Cosmetologist	• \$200,000
Downtowns of Ravalli County	• \$1,000,000
Senior Services	• \$100,000
Loan Funds	• \$4,138,000
Workforce Training	• \$4,000,000
Business Incubator	• \$45,000
Construction	• Request an extension of PPP access, additional months
Gyms & Health Clubs	• Need assistance, additional research on the solution required
Automotive	• Request an extension of PPP access, additional months
Childcare	• Best Beginning Families coverage is working, retain
Local Governments	• \$815,000

	Cost
Food & Agriculture	
Infrastructure (meat)	\$ 200,000
State Inspection (cost ?)	
Infrastructure (poultry)	\$ 20,000
Labor	\$ 50,000
Processing Facility	\$ 1,100,000
Cool, freezer, and dry Storage	\$ 300,000
Online market system	\$ 20,000
Labor for market system	\$ 30,000
Sub Total	\$ 1,720,000
Manufacturing	
Grant funding e-commerce	\$ 200,000
Sub Total	\$ 200,000
Infrastructure	
Matching Funds for EDA Grant	\$ 600,000
Sub Total	\$ 600,000
Food and Drinking Establishments	
Online ordering platforms	\$ 114,000
Shared delivery application	\$ 20,000
Shared marketing	\$ 50,000
Technical assistance	\$ 50,000
PPE Expense	\$ 100,000
Winery raw supply	\$ 20,000
Sub Total	\$ 354,000
Salons, Barbers, and Cosmetologists	
Rent, booth rental, PPE	\$ 200,000
Downtowns of Ravalli County	
Increase and Establish Relief Funds	\$ 400,000
Improvements	\$ 600,000
Sub Total	\$ 1,000,000
Senior Services	
Senior Center and Meals on Wheels	\$ 100,000
Revolving Loan Funds	
Food & Agriculture	\$ 200,000
Manufacturing	\$ 1,000,000
Tourism & Outfitting	\$ 1,000,000
All Sector Fund	\$ 1,937,000
Sub Total	\$ 4,137,000

Proposed Budget

Ravalli County COVID-19
EMERGE STRONG Plan

Workforce Training		
For existing and new workers	\$	4,000,000
RCEDA Business Incubator		
Complete construction	\$	45,000
Local Government Direct Expense Reimbursements (Estimates)		
Ravalli County	\$	600,000
Funds to Manage the Recover	\$	200,000
Hamilton	\$	5,000
Stevensville	\$	5,000
Darby	\$	3,000
Pinesdale	\$	2,000
Sub Total	\$	815,000
Sub Total	\$	21,997,000