

Growth and Change in the Bitterroot Valley and Implications for Area Agriculture and Ag Lands

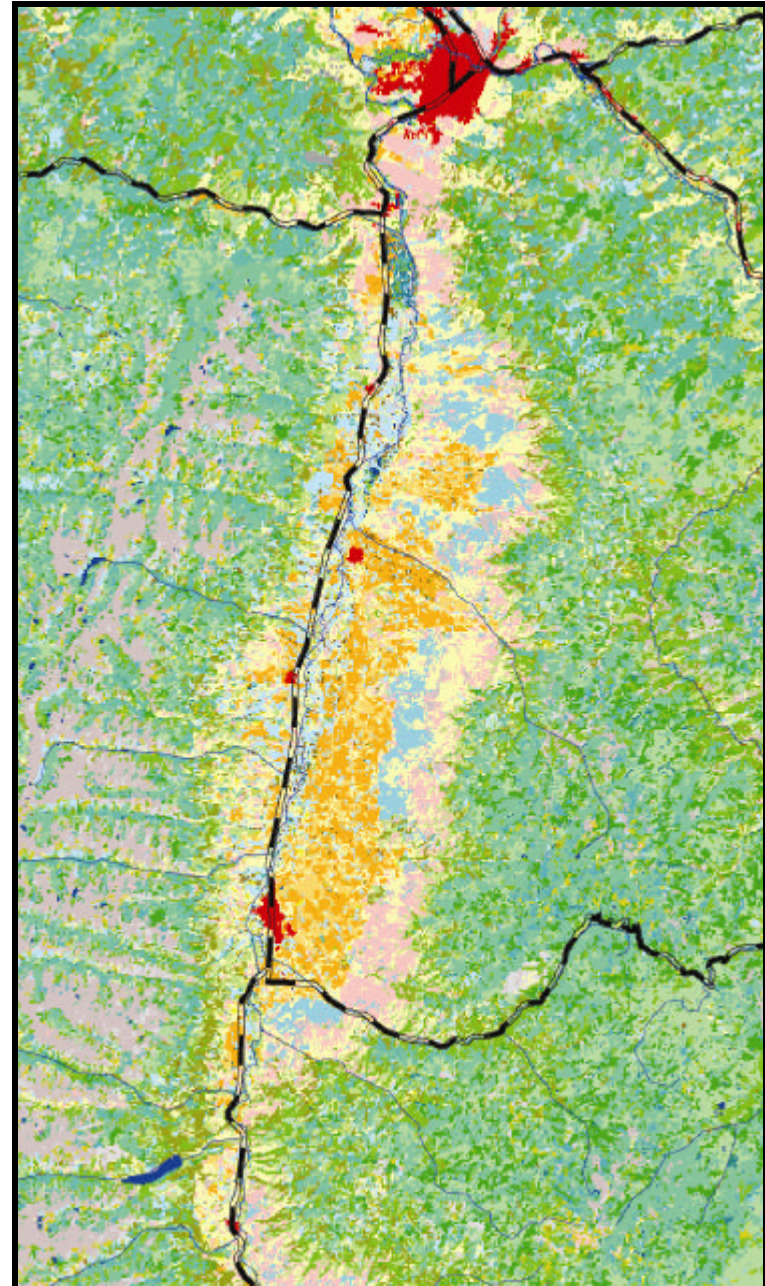
By Dr. Larry Swanson

O'Connor Center for the Rocky Mountain West, University of Montana, Missoula, April, 2006

Prepared for the Ravalli County Right to Farm and Ranch Board and Bitter Root Land Trust

This report examines implications of population growth and housing and other development in Montana's Bitterroot Valley for area agriculture and, in particular, loss of area ag land. Ravalli County - the Bitterroot Valley - is one of the fastest growing areas of western Montana, growth that the area shares with many other areas of the Interior West and Rocky Mountains. Growth in the region greatly accelerated in the last fifteen years and while slowing more recently, is continuing to pose many challenges for communities like those of the Bitterroot Valley. These communities are not alone in facing these challenges and in the years ahead, a great deal can be learned by leaders from mountain communities throughout the region sharing their experiences with each other.

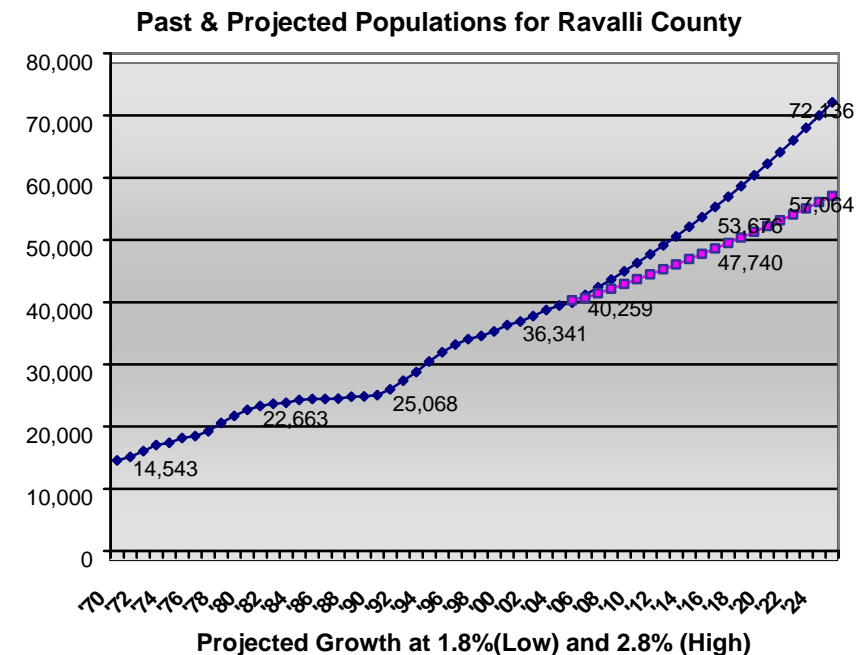
In the mid-90s, agricultural lands accounted for roughly 70 percent of all land in Ravalli County that is outside of Forest Service lands. As the population of the valley has grown and the number of homes and other development has increased, there has been a steady decline in valley ag land. Ag land acreage totaled 216,000 acres recently, down from 240,000 acres in the early '90s, which was down from 257,000 acres in the early '80s. Without greater care and planning, another 40,000 acres of valley ag land will be lost by 2020.



Summary: Major Findings and Recommendations

Past and Projected Population Growth in the Bitterroot Valley –

The latest population estimate for Ravalli County is 39,940 (July 1, 2005). This is an increase of 3,870 persons since the 2000 Census, growth of 10.7% with 92% of this growth resulting from net in-migration (more people moving to Ravalli County than the number moving away, considering only those actually changing their county of permanent residence). In the mid-‘90s, growth rose to as high as 5 to 6% annually, which is extremely fast growth. Growth more recently has ranged from as high as 2.7% in 2002-03 to as low as 1.2% in 2004-05. Future growth will hinge upon evolving migration patterns since net migration is accounting for much of Ravalli County’s growth. Growth at 1.8 to 2.8% a year into the future would result in the population rising to 57,000 to 72,000 people by 2025.



Recent population projections by the U.S. Census Bureau for states expect that the rate of net in-migration into Montana will fall over the course of the next ten years. If this comes to pass, this may translate into a lower rate of population growth in the Bitterroot Valley, placing more likely future growth at around 2%.

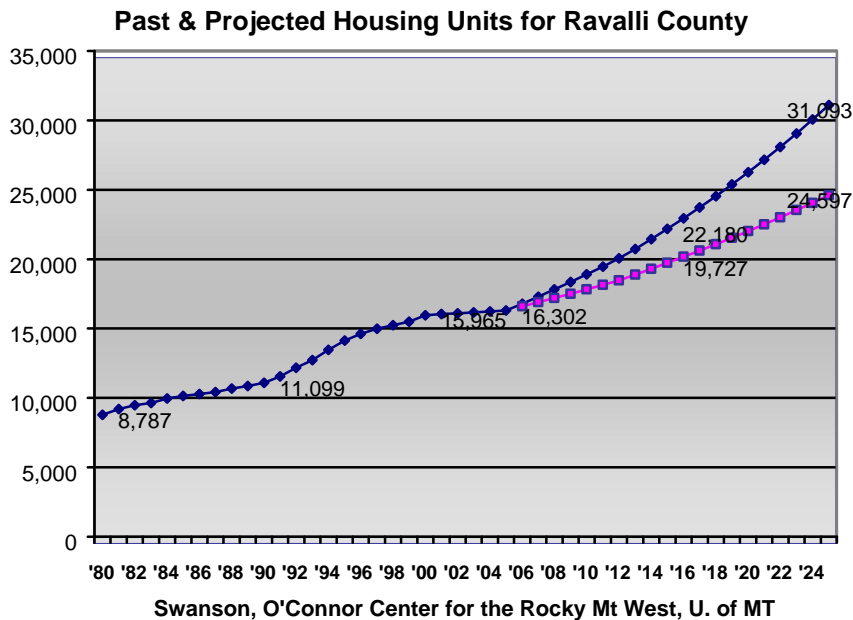
Population growth in the Bitterroot Valley can be seen as part of a larger pattern of growth in the Interior West and in mountain counties throughout the Rocky Mountains. Growth in the region surged in the early and mid-‘90s, spurred by a virtual sea change in population migration patterns. Growth has tended to be greatest in areas that can be considered “high amenity” areas, including areas nearby mountains and national parks and national forests. Largely non-metro areas with these amenities that also have quality communities and attractive nearby landscapes and that are also nearby larger cities with good air service and other urban amenities, have been particularly fast-growing. These are the types of features that make Ravalli County and the Bitterroot Valley relatively fast-growing.

Population Aging – The population of Ravalli County is steadily aging and this trend will continue. This pattern is consistent with many other areas in the Interior West that have experienced surges in population growth. Much of this growth is resulting from domestic net in-migration – that is, from people in other areas of the U.S. moving to the Interior West. Many of the new migrants have been persons in their 40s and 50s (classic “baby boomers” or persons born between 1947 and 1963). As these boomers continue to age, the populations of many of these fast-growing areas are becoming quite old.

The median age of persons residing in Ravalli County has steadily increased from 32 in 1980 to 38 in 1990 and to 41 in 2000. And the counties most recent growth is concentrated among persons between 45 and 70 years of age. Montana’s statewide population is relatively old in comparison to other states and is projected to be one of the five oldest populations among states by 2025, as measured by the share of the total population that is 65 years of age and older. Ravalli County’s population is older than the state as a whole with 15.6% of its population 65 and older versus 13.7% for the

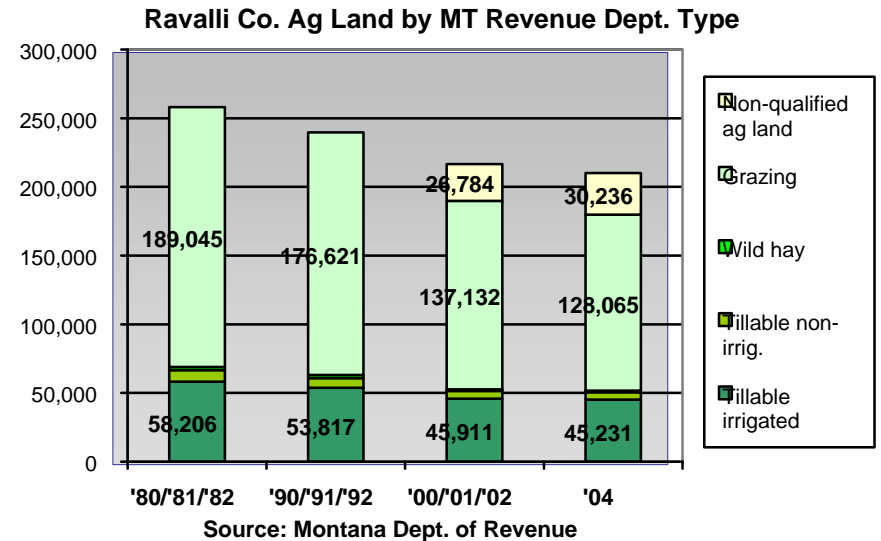
state and 22% of its population 50 to 64 years of age versus 19.5% statewide.

Past and Projected Housing Growth in the Bitterroot Valley – One of the more immediate and visible impacts of population growth in the area is the steady expansion of housing, although more non-residential development (more retail stores, office buildings, and other commercial establishments) also is occurring. The number of housing units of all types in the valley, which totaled less than 9,000 in 1980, currently stands at about 16,300 (2005 figure) and is projected to increase to between 24,600 and 31,000 units by 2025.



Steady Loss of Ag Land in the Valley – As the population of the valley has steadily grown resulting in more housing and other types of development, various types of agricultural land have steadily decreased in acreage. Agricultural land of various types around the state is classified and estimated by the Montana Department of Revenue annually. Ravalli County ag land has steadily declined in acreage, falling from nearly 260,000 acres in the early '80s to around

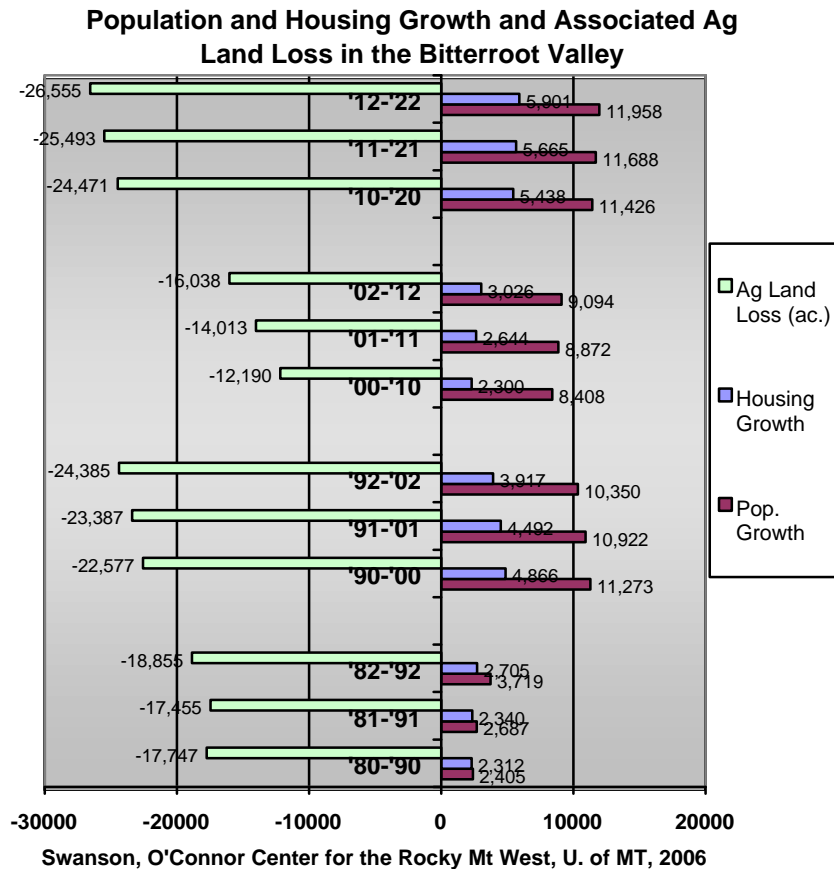
240,000 acres in the early '90s and to about 210,000 acres in 2004. This represents a loss of nearly 50,000 acres of agricultural land in the county or roughly 18% of the total.



The greatest category of ag land loss is in land used for grazing or pasturing on working farms and ranches (those actually producing a minimal amount of agricultural product for marketing), where more than 60,000 acres have been lost. The amount of tillable irrigated acreage in the valley used for agricultural production has declined from over 58,000 acres to about 45,000. And another 30,000 acres of potential ag land is now classified by the Montana Revenue Department as “non-qualified ag land”. These are parcels of land 20 to 160 acres in size under one ownership that are not producing at least \$1,500 a year in agricultural produce.

Possible Loss of Ag Land in the Future – In the mid-'90s ag land of some type accounted for about 70% of all land in Ravalli County that was not inside or part of Forest Service lands. Because of this, as the valley's population has grown, spurring housing construction and other types of development, ag land has steadily declined. While the relationship between population growth and housing expansion is not simple and straightforward, analysis of past trends

in the valley have established general associations between this growth and loss of ag land. Matched sets of data examining ten-year periods for different points in time show how population and housing growth are in part translating into ag land losses.



Under past growth trends and development practices, an average of roughly 7 acres of ag land was lost for every additional housing unit in the valley during the '80s. During the '90s this fell to 5 to 6 acres lost per housing unit. Under current population and housing growth projections, the valley would lose another 38,000 acres of ag land between 2004 and 2024 if current development patterns and planning practices are largely followed – roughly 18% of the current

ag land total. This would reduce ag land in the valley from about the current 210,000 acres to a little over 170,000 acres.

The Role of Agriculture in the Bitterroot Valley Economy –

Production agriculture or the work and businesses of farmers and ranchers in the Bitterroot is an important industry in the valley for a number of reasons. First, area farmers and ranchers expend roughly \$30 million a year on production expenses. These include payments for bank loans, machinery purchases and payments for machinery repair and maintenance, purchases of fuel and fertilizer and other inputs, and payments to hired workers who assist in farm work. And in recent years, ag producers in the valley have produced livestock and crops that bring roughly \$30 to \$33 million a year to the valley in the form of cash marketing receipts.

There are over 1,200 farm proprietors operating farms and ranches and several more “corporate” or non-proprietor farms in the valley. Another 100 or so persons are employed in a variety of ways working on valley farms. Together, these 1,320 proprietors and farm workers account for roughly 7 percent of all jobs and all employment in the valley. The U.S. Department of Agriculture has estimated that there are more than 1,400 farms and ranches operating in the valley (2002 Ag Census). About two-thirds of these farms are very small – less than 50 acres in size - and these farms account for less than 7% of all farmland in the valley. At the other end of the spectrum, there are only a little over 50 farms and ranches that are larger than 1,000 acres in size, but these larger operations account for over half of the county’s agricultural acreage.

Additional Significance of Area Ag Land - While agriculture has great economic importance simply because of the food that it produces (everyone has to eat), in fast-growing areas of the Rockies the presence of working farms and ranches can take on greater significance. This is because the growth and vitality now occurring in many of these areas is in part the result of people and businesses choosing to live in these areas because of their attractiveness. In many ways, the Bitterroot Valley and many other areas of the Interior West are becoming “amenity-based economies.” Amenities such as nearby mountains, plentiful forests, high quality streams and lakes,

abundant fish and wildlife, and other features are becoming the foundations upon which area economic life is being built. Attractive, well-managed farms and ranches and the relatively open landscapes they contain add appreciably to these quality landscapes and area attractiveness. As these lands are lost through development, many times unnecessarily, many of these values are degraded. The value of development itself can be degraded and devalued.

Challenge for the Future - Attractive areas with fast-growing populations where virtually anything goes with respect to development soon begin to look like places where anything does in fact “go”. They can lose their attractiveness very quickly with cluttered, poorly planned, poorly designed, and poorly located development. They can become less desirable places to live and work. The “trick,” if there is one, is to find ways to accommodate growth that brings and sustains area economic vitality without unnecessarily or inordinately degrading if not losing altogether important area amenities and aspects of quality of life.

Areas that lack highly valued amenities and that are not growing may not have to worry about the appearance and substance of growth. However, areas that are growing relatively rapidly because of their attractiveness must find ways to protect their attractiveness if for no other reason they are to sustain growth. Plain and simply, areas that can do growth well will be more likely to continue to grow in the future.

Recommendations – There is little doubt that population growth in the Bitterroot Valley will continue and it is very likely to continue at a relatively fast pace of 2% growth or more a year. At 2% growth, the valley will add roughly 800 people each year and along with them an additional 325 new homes. Additional commercial development will accompany this growth. In 2002 a report was prepared identifying a general strategic framework for key leadership in the valley to follow in charting the valley’s future economic development. Among the report’s recommendations was the following:

One of the most important things valley leaders can do to assure a positive economic future for the area is to work to maintain and improve community livability in the valley. As such, the greatest potential threat to the valley’s economic future may be that the very qualities drawing more and more people to the valley are being degraded and lost as the number of new residents grows under current patterns of development. [. . .] Measures taken to better manage growth during periods of rapid growth will greatly enhance the area’s capacity and desire to sustain this growth into the future.

- Ravalli County Economic Needs Assessment, August 2002

The valley should adopt a three-pronged approach to incorporating into its planning for the future protections for ag land. These would include the following:

Public Education about Area Agriculture In order for the larger public to embrace any efforts at ag land protection, they will need to better understand why agriculture is important in the valley. And area agriculture is important both for the food products and commodities it produces as well as the role working farms and ranches play in enhancing the quality of life in the valley.

Ag Marketing and Promotion Financial conditions in area agriculture are precarious, as is the case throughout the larger region and nation. The Bitterroot Valley contains some of the most productive agricultural land in the entire western United States. Ways of advancing area ag producers and improving their economic conditions need to be continually explored and pursued. Possible initiatives include producer cooperatives aimed at “branding” the area’s high quality agriculture. Such cooperatives also could be used to assist area farmers and ranchers in purchasing inputs, marketing outputs, and jointly promoting key agricultural products produced in the valley. Smaller producers in the valley should continually explore ways to “move themselves up the food chain” by producing and marketing “food products” to promising retail outlets rather than “commodities” that are shipped to faraway processors who make them into food. Finally, the Ravalli County Fair and Western Montana Fair should be aggressively used by area producers to tell more and more people about area agriculture.

Planning for Growth Growth in the Bitterroot is predicated upon the attractiveness of the valley and the valley's quality of life. At least part of the valley's attractiveness is attributable to landscapes that are maintained on working farms and ranches. Area leaders should work together in identifying possible planning measures and tools that can reasonably protect these lands from undue development and unnecessary loss as subdivisions are proposed, adopted, and pursued. Well-conceived planning measures can act to both preserve tracts of productive ag land and simultaneously elevate the quality of development. This will help maintain the attractiveness of the valley, even as it grows and help protect area property values that can be adversely impacted by haphazard and poorly conceived development.

Possible planning and development tools to consider are:

1. Attempt to guide more of the new housing and commercial development in the valley into and nearby established population centers. Quality development must have quality infrastructure and it is much more cost-effective to provide infrastructure (good streets, sewerage, water supply, electrical supply, etc.) for well-planned developments nearby existing infrastructure.
2. In outlying areas or more rural portions of the valley, keep development relatively sparse or create incentives for "clustering" development. For example, the total number of densities or new units that may be built on larger parcels of 40 to 50 acres or more in size could be clustered into portions of these tracts rather than spread across the entire tract of land. This would allow development to occur, but keep larger tracts of land open or undeveloped, including tracts of land that could be retained in some type of agricultural use. "Planned, rural, neighborhood developments" could be used allowing landowners or developers seeking subdivisions to cluster such development. If done carefully following good design principles, landowners could do some development without converting all or even most of their land in the process.

3. Scattered development one or two houses at a time or one acreage at a time is chopping the Bitterroot's land base up into pieces. This type of development results in the greatest loss of agricultural land. Many residents, new and old, want to have small acreages, both for open space and to have animals including horses. Developers and planners in the valley should find ways to accommodate these desires on larger scale developments that cluster homes and maintain larger areas for pastureland that can be used by all of the homeowners in a development. Something like "pasture commons" (similar to common areas that are included as parks in more urban developments) could be incorporated into many new developments. These would help keep in tact larger pastureland areas that are more readily managed and cared for than multiple small pasture areas often found on small acreages in rural portions of the county.
4. Valley elected officials should move forward with an "open space" bond of some type to create a money source for purchasing or otherwise protecting key open landscapes in the valley. Funds from such a bond could be used to protect what otherwise cannot be protected through other planning measures.
5. One of the outstanding features of the Bitterroot Valley are the multitude of small and large, year-round and intermittent streams and waterways that lace through the valley. There is no reason why development in most areas cannot proceed without overly encroaching into channel and streamside areas to the point where access is reduced or eliminated and water quality is threatened. Streamside setbacks for new development would help protect these high valued amenities that also are vitally important for area agriculture.

The key question for future development in the Bitterroot is not whether growth will occur, but how it will occur. Can the valley strive to become a better place as it becomes a bigger place? That is the question.

Background Materials, Analyses, and Area and Region Profiles

The series of maps, charts, and tables that follow provide selective profiles and examinations of population growth in the larger region and how this growth is translating into the Bitterroot Valley. It is important to not try to analyze complex change at the local or community level in a “microcosm.” Past and evolving population growth trends and development patterns in the Bitterroot need to be viewed and understood from a larger context.

The material then moves into an examination of ag land and ag land loss in the Bitterroot that may be associated with the area’s growth and development. The role agriculture plays in the valley is then examined. Agricultural producers in the Bitterroot Valley have been operating under fairly difficult financial conditions for some time. Profitability on a year-to-year basis is always in doubt. However, it is important to understand that these conditions are largely present for agricultural producers almost everywhere in the United States.

Agricultural producers produce vast amounts of ag produce and commodities each year and make considerable expenditures in doing so. Many segments of the economy depend upon agricultural production besides farmers and ranchers themselves including suppliers of inputs to agriculture and purchasers and processors of outputs from agriculture. The structure and makeup of agriculture varies throughout the world. It is an industry of fundamental importance to all societies and economies, irrespective of differences in industrialization and standards of living. In fast-growing areas of the Rockies, like the Bitterroot Valley, agriculture is being displaced resulting in the steady loss of agriculture land.

Areas of Rapid Growth or Decline – The next page contains a map showing how population growth has tended to move around from one region to the next overtime. Three maps are shown, one showing areas of significant growth or decline in the decade of the

‘80s, another growth and decline in the ‘90s, and the third growth or decline in the five years since the 2000 Census. Growth shifted into the Interior West of the United States during the ‘90s, but this growth has slowed a bit more recently and become more narrowly focused in fewer areas.

Areas of Population Gain or Loss Through Net Migration – The next page then shows migration patterns in the U.S. Over 90% of the population growth in the Bitterroot Valley in recent years is the result of net migration – more people moving to the valley than the number moving away. During the ‘80s much of the Interior West, including the Rocky Mountain region, was exporting more people to other regions than the number moving to the region from elsewhere. However, a migratory shift occurred with many more people moving into the Rocky Mountains and to places like the Bitterroot Valley during the ‘90s.

Sub-State Economic Regions in the Rocky Mountain West – The next page shows population distribution in the five-state Rocky Mountain West region and how counties have been classified according to their varying population sizes and urban-rural characteristics. Ravalli County is shown in this map as a light green county, meaning that it is “closely-linked” to a nearby county with a large regional population center (these are counties with such cities that have county-wide populations between 60,000 and 100,000 people). Counties with no large cities, such as Ravalli County, are much more prone to be growing if they are nearby such cities and not more isolated (such as the gray and light gray colored counties in the map).

The Rocky Mountain West Region – The next page shows a map generally outlining where the various ranges of the Rocky Mountains are located and then identifies counties that overlay these areas. These can be considered “mountain counties.” There are 143 of these, including Ravalli County, that are in the mountains themselves (the dark blue counties) and there are another 65 counties in the immediate perimeter of the mountains (shown in gray). Much of the region’s recent population growth is associated with more and more people and businesses wanting to live and be in

what they consider “high amenity” areas. These include places with forests and streams and attractive landscapes that have quality communities. People also want to live in or nearby the mountains, which contain a lot of these types of amenities.

The combined population of these 143 mountain counties grew by less than a million people between 1980 and 1990, rising by about 800,000 people. But since 1990 their population has risen by nearly 3 million people, largely reflecting larger shifts in population migration patterns.

Distribution of Population Change among Mountain Counties –

Growth in virtually all types of areas throughout the mountain region accelerated in going from the ‘80s to the ‘90s and this growth is continuing. Growth among all 208 counties in or nearby the Rocky Mountains is examined with counties sorted by urban and rural characteristics.

“Mountain Counties” in the Rocky Mountain West – This table lists the 143 counties that are in the Rocky Mountains by name and by state. The largest city of each county also is indicated. Counties are arrayed in the table from top to bottom by order of growth during the last ten years (percentage growth for the 1995 to 2005 period). This listing provides some perspective on how fast growth is in the Bitterroot Valley by comparison.

The population of the entire 143-county area increased by 18% in this most recent ten-year period. Ravalli County’s population grew by 25%, rising from 31,942 people to 39,940. This makes Ravalli County the 28th fastest growing county among the 143 mountain counties in terms of rate of growth. Seven counties had growth greater than 50%, including Douglas County, Colorado – the region’s very fastest growing county with growth of 145%. Fifteen counties had growth of 30 to 50% - the majority of which are in Colorado. And 19 counties had growth of 20 to 30%, including besides Ravalli County, Gallatin County in Montana with 29% growth and Jefferson County with 23% growth.

Several counties have been identified in the listing that share many characteristics with Ravalli County – features like proximity to cities like Missoula, overall populations, and proximity to national forest lands (which have become magnets for growing populations). Key officials and leaders from these counties could be consulted as to how growth is affecting them and how important challenges associated with growth are being addressed. Counties similar to Ravalli from this list include Garfield County, Colorado (Glenwood Springs area); Montrose County, Colorado (Montrose); La Plata County, Colorado (Durango); Madison and Jefferson Counties in Idaho; Delta County, Colorado; and Lake County, Montana.

The Fast-growing Interior West – This map shows where growth has been the greatest in the last ten year – the 1995 – 2005 period. Dark red counties are ones with 30% and greater growth, while medium red counties (such as with Ravalli County) are ones with growth of 20 to 30%. The map clearly shows that growth is not happening everywhere in the region. Rather growth is selective with some counties growing rapidly, while others decline.

The Larger Region Surrounding the Bitterroot Valley – These maps focus down even closer on the region surrounding the Bitterroot Valley, showing the large concentration of federal public lands (particularly large concentrations of national forest lands). Ravalli County itself can be seen as a “peninsula” surrounded by a “sea” of public lands. The population of the valley can be seen as an extension of a larger population concentration extending from the Flathead Valley in the north, south through the Missoula Valley and into the Bitterroot. Much larger population concentrations are located to the west in and around Spokane and to the southwest in and around Boise.

Montana West-to-East – “Three Regions” – Population trends in western Montana and in the Bitterroot are much different than trends in the eastern part of Montana. This map shows how counties in Montana can be generally placed within three regions – the western mountains, the central front, and the eastern plains.

Latest Estimates on Population Growth across Montana –

These charts show percentage population change for Montana's 56 counties, with these counties organized in the chart according to the three regions. Population growth is shown for the 1990 – 2000 period and for the more recent 2000 – 2004 period. Population growth in Montana is heavily concentrated in the west and virtually all of the counties in the east are actually losing population. Ravalli County was Montana's fastest growing county during the '90s with growth of 44%. More recently, Ravalli County is the second fastest growing county, just behind Gallatin County.

Alternative Sources for Montana Population Projections –

Population forecasts were recently prepared and released for the State of Montana, as well as other states, by the U.S. Census Bureau (March, 2005). The Census Bureau expects the population of the state to grow by a total of 7.1% during the 2005 – 2015 period, up slightly from the previous ten-year period, but by only 3.8% during the 2015 – 2025 period. In short, Bureau technicians are expecting growth to decrease substantially and this projection would likely also translate into decreasing growth in the Bitterroot Valley. However, the Census Bureau has not made any county-level projections.

County level projections are available from NPA Associates, who currently projects statewide growth at 10.2% and 10.7% for the next two ten-year periods. NPA projects Ravalli County's population will rise to 50,231 in 2015 (a 23% increase over ten years) and to 59,433 by 2025 (a ten-year increase of 18%). In projections made for the Montana State Fund, Swanson projects statewide growth at 8.7% and 7.3% for these next two ten-year periods. Projections were made at the county level using averages for the last five years and projecting these forward for ten years, followed by gradual slowing in growth. Using this methodology, Ravalli County growth is projected at 2.2% annually for the initial period, then gradually declining to 1.7% growth by 2025. This results in the county's population rising to 50,000 by 2015 and to 59,000 by 2025.

Sub-regions of Montana – This map shows how Montana logically subdivides into major regions and sub-regions based upon

geographic characteristics and population distribution. The state has essentially ten somewhat distinct sub-regions, including a five-county area centered around the City of Missoula.

Past and Projected Population Growth among Montana's Ten Sub-regions - The five-county area centered around Missoula and that includes Ravalli County along with Missoula, Lake, Mineral, and Sanders Counties, will have the largest population concentration in Montana within only a few years, surpassing the combined population of a ten-county area centered around Billings.

Trends in Population Growth in the Bitterroot Valley – The next page then focuses on annual population growth in Ravalli County only since the early '70s. The valley saw high growth in the '70s and little growth at all during much of the '80s. Growth returned in the '90s with very fast growth in the early and mid-'90s and slower growth of less than 3% annually more recently. In the last three years, the county's population grew by 2.7%, 1.9%, and 1.2%.

Recent Population Change in Nearby Counties – Missoula County's population growth has also slowed from 2 to 3% a year in the '90s to one percent or less a year more recently. Missoula County's population reached 100,000 in 2005 and is likely to grow at about one percent annually over the next ten years, adding approximately 1,000 people a year. Lake County is growing at about one and a half to two percent annually. And both Mineral and Sanders Counties, after losing population in past years, are now adding population.

Past and Projected Population Change in Ravalli County – This page contains a chart showing past and projected population for the county under "high" growth and "lower" growth scenarios. Growing at 1.8 to 2.8% annually, the county's population will rise from the current level of 40,000 to anywhere from 57,000 to 72,000 by 2025. These are fairly wide estimates, but they represent the range of populations that are most likely for the future. During the '90s, over 95% of all population growth in the county was accounted for by net in-migration. The remainder was the result of more births than deaths (or by what is referred to as "natural change").

Total Housing Units in Ravalli County – The number of housing units of all types in Ravalli County has risen from less than 8,800 in 1980 to over 11,000 in 1990 and to over 16,000 in 2004. The ratio of population-to-housing units in the county during this period fell from 2.56 persons per unit in 1980 to 2.26 in 2000, before rising to 2.43 in 2004. This ratio should gradually fall in future years as the population of the county ages and household sizes decrease.

Recent Housing Development in the Bitterroot Valley – These maps show the general distribution of housing units in the county, using Census Bureau “block” data compiled during the 1990 and 2000 Censuses. Mapping of housing units is crude, but the number of units that are contained within various sub-areas of the county are generally estimated.

Past and Projected Housing Expansion in Ravalli County – The number of housing units in the county will generally rise with increases in population. Under the high growth scenario which provides for 2.8% annual growth, the number of housing units will rise from a current level of 16,300 to over 31,000 by 2025. This would be a 90% increase in the number of units. Under the lower growth scenario (1.8% annual population growth), the number of housing units in the county would reach 24,600. This lower growth may be considered more likely at present, but it would still represent a 50% increase in the number of housing units in the valley.

Ravalli’s Population by Single Ages: 1990 vs. 2000 – Much of the growth in the county’s population during the ‘90s was among persons in their early 40s to late 50s. These are classic “baby boomers,” or persons born between 1947 and 1964. There also was a significant increase in the population under 20 – the children of baby boomers. The population of the county is aging with the median age rising from 32 in 1980 to 41 in 2000.

Current Age Group Distribution of Ravalli County’s Population – The Census Bureau made more recent estimates of the county’s population by five-year age groupings and these show that the county’s more recent growth is concentrating among persons 45 to

70 years of age. There also is growth among young adults between 20 and 24. However, declines are occurring in the number of younger children under 15.

Montana’s Projected Population Change by Single Age for 2000 – 2010 – The Census Bureau does not project county-level populations, but it has made age specific population projections for individual states. Most of Montana’s growth over the current ten-year period (2000 – 2010) is projected to occur among persons from 50 to 70 years of age and among persons in their 20s and early 30s. These are aging baby boomers and their aging children, primarily.

Projected Population for Major Age Groupings in Montana – Carrying these “waves” in the state’s population age demographics forward, much of the state’s population growth over the next twenty years is projected to be among persons 65 years of age and older. This has major implications for all areas of the state, particularly those with populations even older than state averages. Ravalli County currently has a higher proportion of its population 65 and older than the state as a whole (15.6% vs. 13.7%) and 50-64 years of age (22% vs. 19.5%).

Past and Projected Civilian Labor Force in Montana – Using Census Bureau population projections by age for Montana, it is possible to generally estimate what may happen in the near future with regard to the size of the state’s labor force. The labor force is largely drawn from that segment of the population between 18 and 64 years of age and this wide-ranging group is actually projected to decline in number sometime before or after 2015. It would then continue to fall through 2025. If the population at ages of workforce participation is declining in size it is probably that the workforce itself would decline, and this has probably never happened in the past in Montana. Labor shortages may become the biggest economic challenge for the state and region in only a few more years.

Agricultural Land in the Bitterroot Valley – The best source on the amount of agricultural land in counties in Montana is the Montana Department of Revenue (MDOR). In 2004 Ravalli County had a little over 210,000 acres of various types of ag land, including

over 128,000 acres of grazing or pasture land and 45,000 acres of tillable irrigated land. This was down from 240,000 acres in 1990 and 258,000 acres in 1980.

Change in Ag Land by Type in Ravalli County – During the '80s when the county was growing more slowly, 12,400 acres of grazing land were lost, along with 4,400 acres of tillable irrigated land and 1,500 acres of tillable non-irrigated land. When growth accelerated in the '90s, ag land loss also accelerated with losses of 39,500 acres of grazing land, nearly 8,000 acres of tillable irrigated land, and over 1,300 acres of tillable non-irrigated land.

Population and Housing Growth in the Bitterroot and Associated Ag Land Loss – In the mid-'90s ag land of some type accounted for about 70% of all land in the county that was outside of Forest Service lands. And as the county's population has grown and housing has expanded, ag land has steadily declined in acreage. Under past and largely current development patterns in the valley and at a 2.3% annual rate of growth, the county will lose an estimated 14,000 additional acres of ag land between the early part of the current decade (2000, 2001) through the early part of the next decade (2010, 2011). And if this growth and pattern of development continue, the county will lose another 25,000 acres of ag land in the subsequent ten-year period.

Past and Projected Ag Land in the Bitterroot Valley – Under this scenario, the total acreage of ag land in the Bitterroot Valley will fall from a current level of 210,000 acres, which is down from nearly 260,000 acres in 1980, to an estimated 172,000 acres by 2024. This would amount to a total loss of 86,000 acres of ag land over the entire period from 1980 to 2024 – a loss of over one-third of the county's ag land base.

Farm Size Distribution in Ravalli County – The U.S. Department of Agriculture conducts a Census of Agriculture every five years and considerable data are generated on agriculture for every county in the U.S. The methodologies used in these censuses have varied over time and it is sometimes difficult to analyze local area trends in agriculture because of changes in how data are compiled from one

census to the next. USDA estimated that Ravalli County had about 245,000 acres of land in farms and ranches in 2002. This reversed a trend in which there was a decline in ag land for every consecutive ag census since the late '70s. However, there are problems in these data and ag land data compiled by the Montana Dept. of Revenue are considered more accurate in gauging ag land change in the county over time. However, ag census data are helpful in examining the structure of farm size in the county.

The number of farms in the county totaled 1,441 in 2002 (this includes all farms with agricultural sales of at least \$1,000 annually). Of these, only 19 are larger than 2,000 acres in size and only 34 are larger than 1,000 acres but less than 2,000. However, these 53 farms and ranches accounted for nearly 130,000 acres of the 245,000 acre total (over half). 830 of the farms are under 50 acres in size (58% of all farms), but these small farms contain less than 17,000 total acres of ag land. The remaining farms and ranches in the valley are between these in size – larger than 50 acres but smaller than 1,000.

Financial Conditions and Trends among Ravalli County Farmers and Ranchers – This page profiles financial conditions among Ravalli County ag producers over time, examining annual cash receipts from both livestock and crop marketings in relation to overall production costs, as compiled by the U.S. Department of Agriculture. Other income sources are also examined, including income from farm program payments and other income.

In the last couple years Ravalli County producers have produced over \$30 million a year in ag products and expended about the same amount on agricultural inputs and expense items. Year-to-year profitability for many farmers and ranchers is precarious and uncertain.

Trends in Cash Receipts for Livestock and Crop Marketings in Ravalli County – The biggest source of cash marketing receipts for Ravalli County ag producers is livestock sales. In 2004 they received about \$23 million from livestock sales, but this is down considerably from the mid-'70s when such sales peaked at over \$50

million (as measured in inflation-adjusted 2000 dollars). Crop receipts totaled about \$10 million in 2004, which is higher than most past years.

Ag Production Expenditures by Area Farmers and Ranchers – The single largest expenditure category for ag producers in the valley is what is called “all other expenses” in data compiled by BEA. Included in this are virtually all “capital costs” of producers such as interest on loans, capital depreciation, and machinery operating costs. These other costs as a whole account for almost two-thirds of all production costs.

Ravalli County Income and Expenses by Agricultural Producers, 2000 – 2004 – This table provides a more detailed breakdown of the financial accounts for all ag producers in the county over the last four years (2004 data are the latest available). Cash receipts from marketings have ranged from \$25 to \$33 million a year. Production costs have ranged from \$29 to \$32 million. Income from farm programs varies from \$500 thousand to \$1 million annually. Net earnings of farm proprietors has varied from a loss of \$4 million to a gain of almost \$6 million.

Ravalli County Income and Employment by Major Source and Industry, 2001 – 2004 – This table provides a detailed accounting of the entire income base of Ravalli County. It shows year-to-year levels of personal income by major source – labor earnings, investment income, and transfer payments – and it shows a breakdown by industry of where labor earnings are generated. Total farm income, which includes net income of farm proprietors and income received by hired farm workers, has ranged from \$4.2 to \$8.2 million a year recently. Workplace earnings from all sources totaled more than \$436 million in 2004. Farm employment of all types has exceeded 1,300 in each of the last four years. This compares with total employment by all industries in the county of over 19,000.

Personal Income Composition and Change in Ravalli County – Total personal income has steadily risen in the county and reached \$485 million in 2004. Labor earnings account for a little over half of

all personal income. The remainder is accounted for by non-labor sources, namely, investment earnings and transfer payment income.

Per Capita Income Growth in Ravalli County – This page profiles per capita income trends in the valley since the early ‘80s. Per capita income has grown but only very gradually, reaching almost \$22,000 in 2004. Ravalli County per capita income ranks about in the middle among Montana’s 56 counties. Statewide per capita income in 2004 was about \$24,000.

Sector Employment Trends in Ravalli County during the 1990s – The 1990s were a period of great change in the structure and makeup of the economy of western Montana and the larger Interior West. Service sector employment growth accounted for almost one-third of all employment growth, rising from around 2,500 jobs in 1990 to nearly 4,500 in 2000. Employment growth among all others sectors is examined.

Sector Employment Shifts in Ravalli County in the ‘90s – Sector-by-sector change in employment is examined, including change in total full- and part-time jobs and percentage change.

Labor Earnings by Major Sector in Ravalli County – Sector growth and change also is examined in terms of labor earnings. Again, the services sector is the largest sector of the economy by far with labor earnings by 2000 approaching \$85 million.

Sector Shifts Measured in Labor Earnings Growth in Ravalli County – Change only in sector labor earnings during the ‘90s are examined showing service sector expansion of nearly \$46 million, fully 30% of all labor earnings growth in the county. Construction industry labor earnings also greatly expanded, rising by \$26 million or nearly 17% of all labor income growth. The only sector of the 13 that lost labor earnings was the farm sector with a decline of \$5 million.

Rapidly Growing and Declining Sub-sectors in Ravalli County – The 13 major sectors of the economy using the SIC industry codes can be further broken down into about 76 sub-sectors. Seventeen of

these 76 sub-sectors had labor earnings growth of more than \$2 million and greater than 75% during the '90s. These are Ravalli County's "fast-growing" sub-sectors of the economy. These include health care services, engineering and management services, and business services – all components of the fast-growing services sector. They also include special trade contractors, real estate sales and development, general building contractors, and heavy construction contractors – all part of construction. Wood products manufacturing is growing, thanks to expansion in the log home industry. The segment of the economy with the greatest decline in labor earnings was the farm sector.

Fast-Growing and Declining Sub-sectors in Montana – Change at the sub-sector level in Ravalli County parallels change in the state as a whole. Health care is the single fastest-growing sub-sector, followed by special trade contractors, and business services. The greatest decline statewide was by the farm and ranch sector.

Montana's Struggling Ag Sector – Financial conditions for agricultural producers in Ravalli County closely parallel those for ag producers statewide. Year-to-year profitability is an open question.

The Region's Struggling Ag Sector – Similar data on cash receipts and other income and production expenses are shown for ag producers for an entire 8-state region that includes Montana, Idaho, Utah, Colorado, Wyoming, North Dakota, South Dakota, and Nebraska. The point of this exercise is to put trends and conditions in the Bitterroot Valley for ag producers into perspective. Agriculture throughout the entire region is struggling financially.

Ag Profitability in the U.S. – To illustrate how precarious ag profitability has been and how long these conditions have persisted, a series of maps were produced to simply show counties where cash marketing receipts exceeded production costs for four different points in time – mid-70s when agriculture in the U.S. was relatively profitable, mid-80s when agriculture was in a "crisis," mid-90s when the profitability picture was thought to have improved, and 2003. Counties in "red" are ones with costs greater than receipts and those

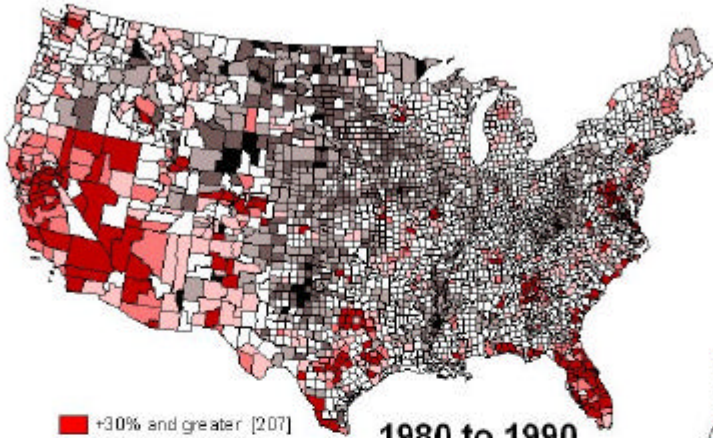
in "green" are ones with receipts greater than costs. It can be easily seen that the farm crisis of the '80s has not gone away.

Area Economic Dependency on Production Agriculture – One way of gauging an area's economic dependency on production agriculture is to compare total ag marketing receipts to area total personal income. A map is constructed showing areas of the U.S. and the region surrounding Montana where ag receipts are equal to or greater than total area personal income (these are shown in dark black in the map). These counties can be considered extremely dependent if not narrowly dependent upon agriculture. Counties in medium gray are ones with cash receipts of \$13 to \$20 million annually for every \$20 million in total personal income – also very dependent upon agriculture. And counties with cash receipts of \$6 to \$13 million a year for every \$20 million in total personal income are shown in light gray (also ones fairly dependent upon agriculture).

These ag dependent counties are heavily concentrated in the mid-section of the U.S., stretching from the northern Plains of North Dakota and eastern Montana down to the high plains of Texas. In Ravalli County there was less than \$1 million in ag cash marketing receipts for each \$20 million in total personal income, making it much less dependent on agriculture than many other places in these terms.

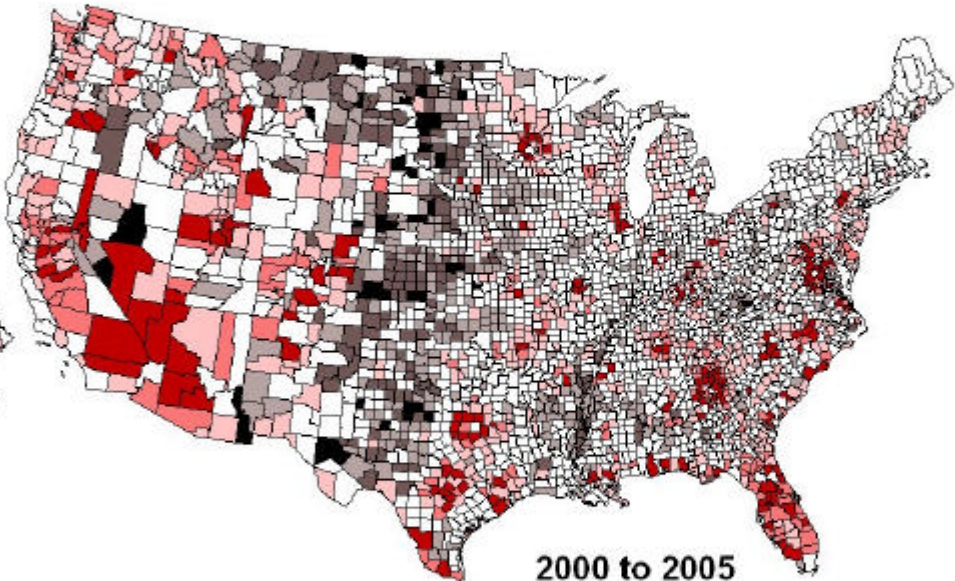
Areas of Rapid Growth or Decline

Regional patterns of population growth tend to shift from place to place from one time period to the next. The upper left map shows areas of fast growth (dark red) and moderately fast growth (medium red) during the decade of the '80s. Declining areas are shown in black and gray. Areas with little change in population are shown in white. The lower left map shows population growth and decline in the '90s and the map bellows shows growth and decline for the more recent 2000 to 2005 time period. Growth shifted into the Interior West in the '90s, but this has slowed in some areas more recently.



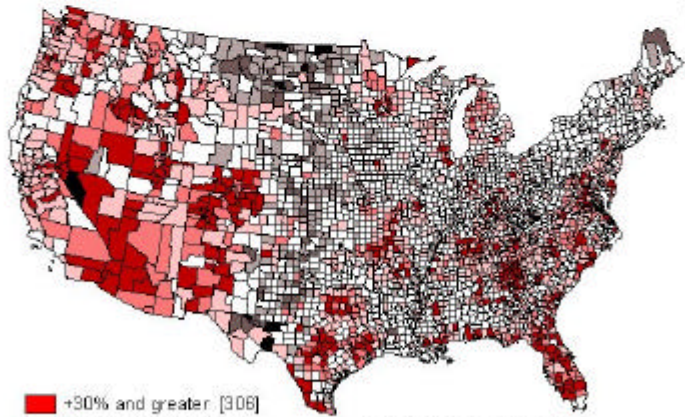
- +30% and greater [207]
- +20% to +30% [170]
- +10% to +20% [288]
- -4% to -12% [707]
- -12% to -20% [244]
- -20% and greater [38]

1980 to 1990



- +15% and greater [182]
- +10% to +15% [200]
- +5% to +10% [523]
- -2% to -8% [454]
- -8% to -10% [159]
- -10% and greater [47]

2000 to 2005



- +30% and greater [306]
- +20% to +30% [341]
- +10% to +20% [728]
- -4% to -12% [256]
- -12% to -20% [62]
- -20% and greater loss [14]

1990 to 2000



Expressed in partnership with the U.S. Dept. of Commerce
The University of Colorado, 1994

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

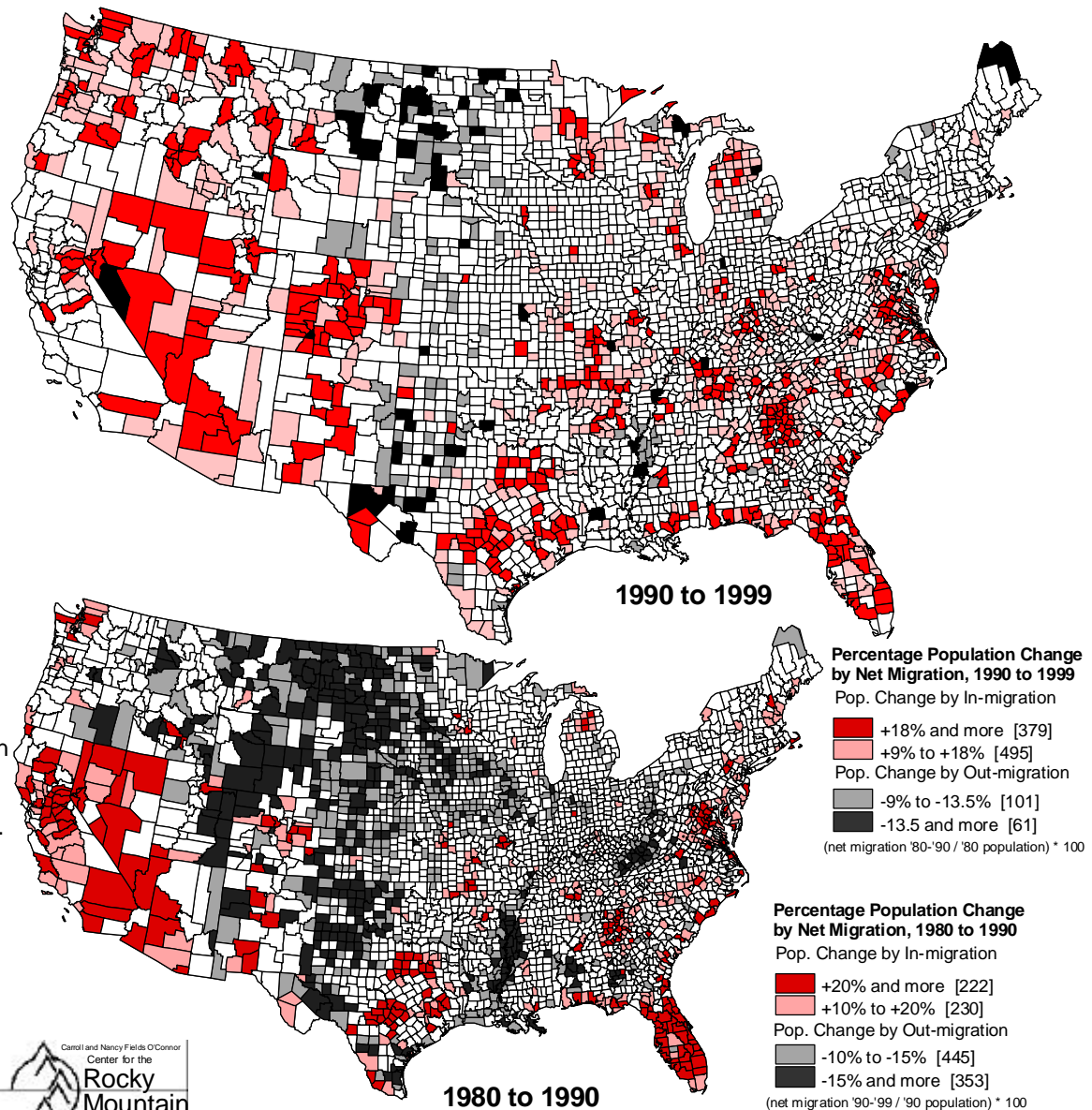
N3c

Areas of Population Gain or Loss Through Net Migration

During the 1990s, there was a major sea change in population migration patterns in the United States. In previous decades, net in-migration was heavily focused in California in the west and Florida in the east, as well as in major metro areas, including Seattle, Denver, and Dallas. In the 1990s, net migration in the west largely subsided in California and spread to many other areas, including areas in and nearby the Rocky Mountains. In the process, many Rocky Mountain states became some of the fastest growing states in the nation. Net migration also spread into many non-metro areas, including non-metro areas of western Montana and Idaho.

Population growth through net migration also became increasingly associated with "high amenity" areas and places, including many areas nearby National Forest lands and National Park lands. Meanwhile, many areas in the northern Plains, including eastern Montana, continue to experience significant net "out-migration," with many more people moving from these areas than to these areas. The extent and magnitude of this region of net out-migration, however, are beginning to shrink. But, this is largely because the pace of out-migration from these areas had been so high in the past, and could not be indefinitely maintained.

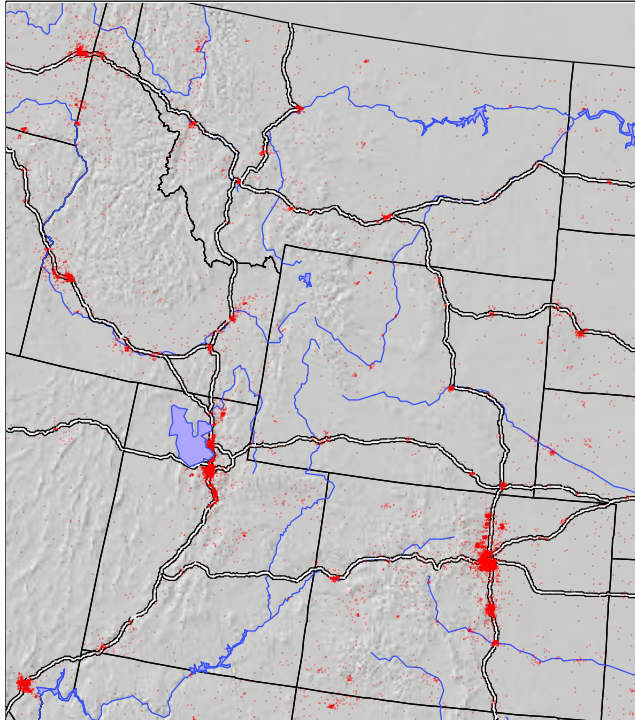
Regional Economies
Assessment Database (READ)
The University of Montana, 2003
Doug Lawrence '03



Source: U.S. Bureau of Census, Department of Commerce.CT7

Sub-State Economic Regions in the Rocky Mountain West

The Rocky Mountains stretch from northern New Mexico north to the Canadian provinces of Alberta and British Columbia. Much of Montana, Idaho, Wyoming, Utah, and Colorado is contained in the Rocky Mountain West. The map below shows region population distribution in 1990.

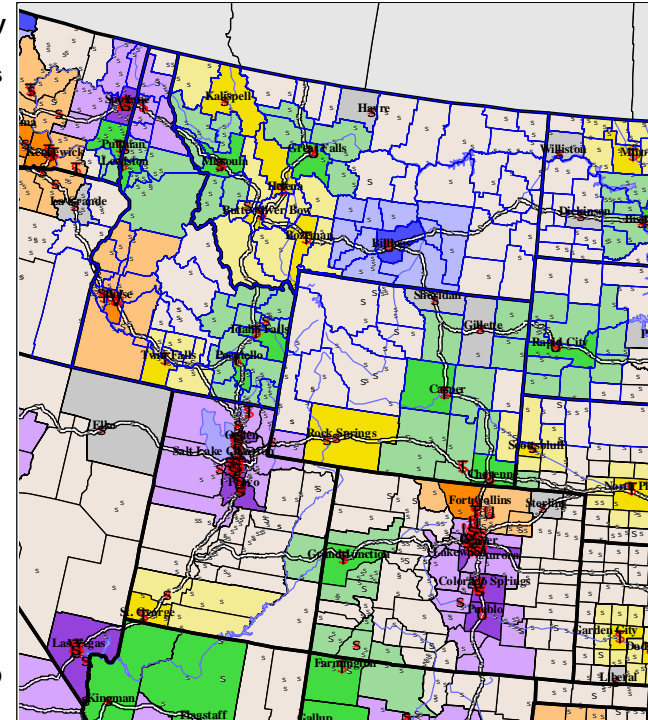


- "Hub" Places by Size
- 100,000 Population and Greater
 - 50,000 to 100,000 Population
 - 20,000 to 50,000 Population
 - 10,000 to 20,000 Population
- Other Incorporated Places
- 5,000 to 10,000 population
 - 250 to 5,000 population
- Interstate Highways

The map below shows how the region is generally spatially-organized around major population centers and into READ regions. There are four "major metro core" regions, with Denver and Salt Lake City the largest, followed by Colorado Springs/Pueblo and Spokane (shown in purple). There are two "2nd Tier" core regions (Boise and Fort Collins shown in orange). There is only one "3rd Tier" core region (Billings shown in blue). At lower levels, there are eight "large regional center" regions (green) and seven "small regional center" regions (yellow).

READ Multi-County City-Centered Economic Regions

In the left map, each red dot represents 750 people.



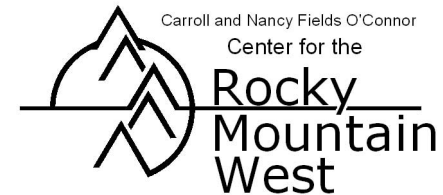
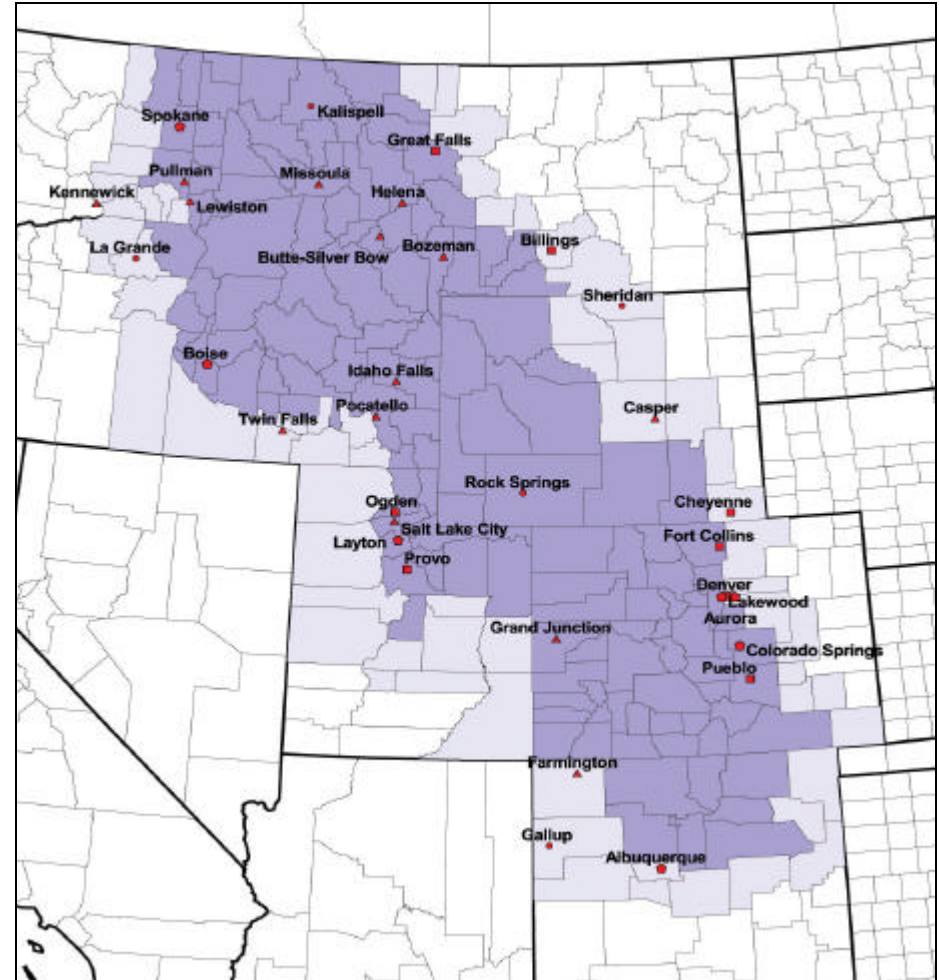
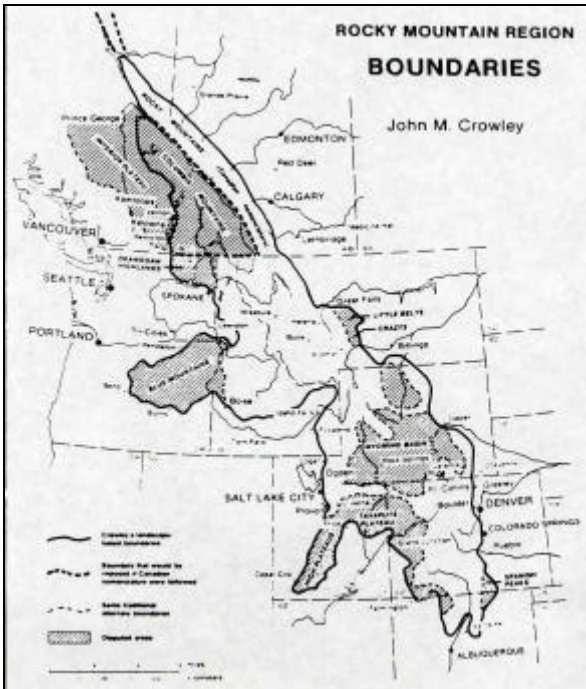
Carroll and Nancy Fields O'Connor
Center for the
Rocky Mountain West
Regional Economies
Assessment Database (READ)
The University of Montana
1997

- Major Metro Cores, 250,000+ Pop. [9]
- ...adjacent and closely linked counties [28]
- 2nd "Tier" Metro Cores of 160,000 to 250,000 [2]
- ...adjacent and closely linked counties [12]
- 3rd "Tier" Metro Cores of 100,000 to 160,000 [1]
- ...adjacent and closely linked counties [9]
- Large Regional Trade Centers, 60,000 to 100,000 [8]
- ...adjacent and closely linked counties [40]
- Small Regional Trade Centers, 30,000 to 60,000 [7]
- ...adjacent and closely linked counties [18]
- Isolated Rural Centers (Counties under 35,000 [4] with places of 10,000 to 20,000 pop.)
- Small Isolated Rural Counties Under 35,000 [78] with no place of 10,000 pop.

scheme1
M4

The Rocky Mountain West Region

The Rocky Mountains are the “spine of North America” and are squarely centered within the Interior West. The map below by Crowley shows the general outline of the primary ranges of the Rocky Mountains. They extend from Prince George, B.C., in the north to Santa Fe, NM, in the south. The map at the right identifies counties that generally cover this area that can be considered “mountain counties.” There are about 11.5 million people now living in the 208 counties centered over the Rockies. 143 of these counties are actually touched by various ranges of the Rockies (shown in blue) and another 65 are just beyond these on the edges of the mountains (shown in gray). 7.8 million persons lived in this region in 1980. This grew to 8.6 million in 1990, but swelled to more than 11.5 million in 2004 and, in the process, became one of the continent’s fastest-growing regions.



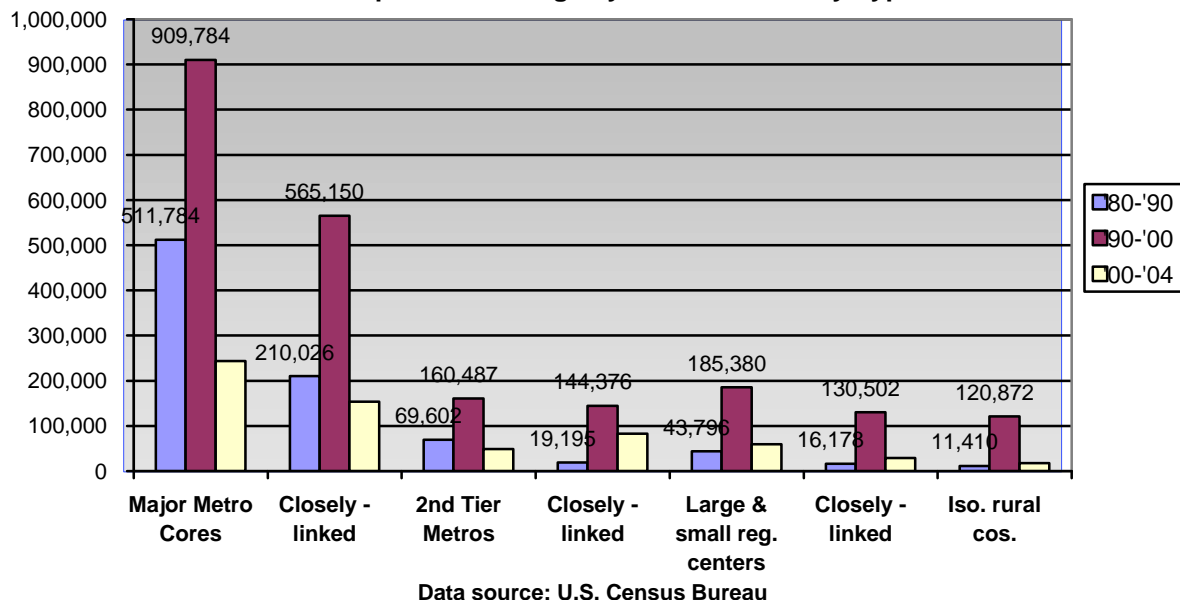
Distribution of Population Change among Mountain Counties

The total population of the 208-county area centered around the Rockies (including the 143 counties actually in the mountains) grew from 7.8 million persons in 1980 to 11.5 million in 2004. The charts show how this population growth is distributed among different types of areas for three periods – 1980-90, 1990-2000 and 2000-04.

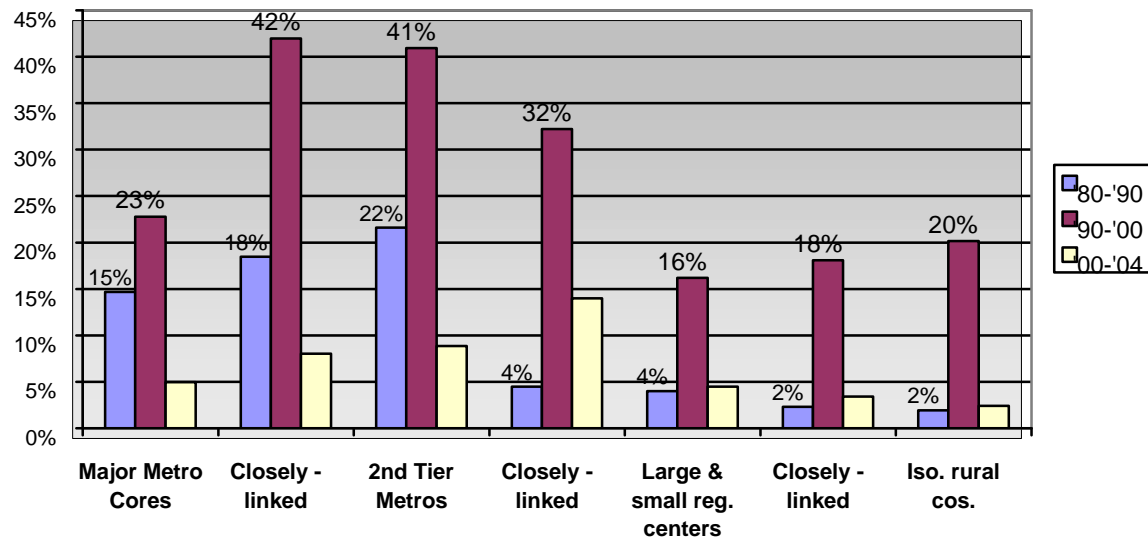
In absolute terms, the biggest population influx occurred in and around the region’s very largest cities (Denver, Salt Lake, etc.). But there was significant population growth across the full range of county types. The lower chart shows the impacts of population growth in percentage terms. Counties closely linked to the very largest metros and 2nd Tier core counties (Boise) and their surrounding areas had the greatest percentage growth – 32 to 42%. Smaller centers have experienced significant increases in the rate of growth both in their core areas and outlying counties. And isolated rural areas are growing relatively fast as well.

Ravalli County is classified as a “closely-linked” county of a large or small regional center county. Areas like this saw a 18% increase in population in the ‘90s. Ravalli County’s population grew by 44% during this period, making it one of the fastest growing mountain counties in this category.

Total Population Change by Mountain County Types



Percent Population Change for Mountain County Types



"Mountain Counties" in the Rocky Mountain West according to Rates of Population Growth, 1995 to 2005 (143 counties)

Name	State	Largest City	READ Code/1	READ Code Description	NPS Lands/2	FS Lands/3	1995	2005	1995-2005 Growth %
Extremely Fast-growing Mountain Counties (greater than 50% growth between 1995 and 2005) - 7 cos.									
Douglas County	CO	Castle Rock	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	101,937	249,416	145%
Archuleta County	CO	Pagosa Springs	42	Large Regional Trade Center Closely Linked County	0	3	7,098	11,886	67%
Park County	CO	Fairplay	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	10,452	16,949	62%
Wasatch County	UT	Heber	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	12,143	18,974	56%
Teton County	ID	Driggs	42	Large Regional Trade Center Closely Linked County	3	3	4,820	7,467	55%
Eagle County	CO	Vail	62a	Small Isolated Rural County	0	3	31,595	47,530	50%
Canyon County	ID	Nampa	22	2nd Tier Metro Region Closely Linked County	0	0	109,976	164,593	50%
Very Fast-growing Mountain Counties (30 to 50% growth between 1995 and 2005) - 15 cos.									
Summit County	UT	Park City	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	23,902	35,001	46%
Boise County	ID	Horseshoe Bend	22	2nd Tier Metro Region Closely Linked County	0	3	5,184	7,535	45%
Custer County	CO	Westcliffe	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	2,702	3,860	43%
Utah County	UT	Provo	11a	Major Metro Core (500K +) Core County	0	2	318,391	443,738	39%
Kootenai County	ID	Coeur D'alene	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	92,677	127,668	38%
Garfield County	CO	Glenwood Springs	42	Large Regional Trade Center Closely Linked County	0	3	36,377	49,810	37%
Mineral County	CO	Creede	62b	Small Isolated Rural County	0	3	683	932	36%
Sandoval County	NM	Rio Rancho Estates	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	78,818	107,460	36%
Ouray County	CO	Ouray	62b	Small Isolated Rural County	0	3	3,129	4,260	36%
Saguache County	CO	Center	62b	Small Isolated Rural County	0	3	5,201	7,031	35%
Ada County	ID	Boise	21	2nd Tier Metro Region Core County	0	2	256,860	344,727	34%
Gilpin County	CO	Central City	12a	Major Metro Core (250K-500K) Closely Linked County	3	3	3,688	4,932	34%
San Miguel County	CO	Telluride	62b	Small Isolated Rural County	0	3	5,419	7,213	33%
Grand County	CO	Kremmling	62a	Small Isolated Rural County	3	3	9,944	13,211	33%
Summit County	CO	Frisco	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	18,873	24,892	32%
Fast-growing Mountain Counties (20 to 30% growth between 1995 and 2005) - 19 cos.									
Gallatin County	MT	Bozeman	51	Small Regional Trade Center Core County	3	3	60,644	78,210	29%
Teller County	CO	Woodland Park	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	17,112	21,918	28%
Teton County	WY	Jackson	62b	Small Isolated Rural County	3	3	14,907	19,032	28%
Montrose County	CO	Montrose	42	Large Regional Trade Center Closely Linked County	0	3	29,609	37,482	27%
Sublette County	WY	Pinedale	62b	Small Isolated Rural County	0	3	5,515	6,926	26%
Ravalli County	MT	Hamilton	42	Large Regional Trade Center Closely Linked County	0	3	31,942	39,940	25%
Davis County	UT	Layton	11a	Major Metro Core (500K +) Core County	0	3	214,622	268,187	25%
Blaine County	ID	Ketchum	62a	Small Isolated Rural County	0	3	17,108	21,166	24%
Routt County	CO	Steamboat Springs	62b	Small Isolated Rural County	0	3	17,295	21,313	23%
Bonner County	ID	Sandpoint	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	33,206	40,908	23%
Sanpete County	UT	Ephraim	62a	Small Isolated Rural County	0	3	19,546	24,044	23%
Jefferson County	MT	Boulder	52	Small Regional Trade Center Closely Linked County	0	3	9,093	11,170	23%
Mesa County	CO	Grand Junction	41	Large Regional Trade Center Core County	0	3	105,968	129,872	23%

"Mountain Counties" in the Rocky Mountain West according to Rates of Population Growth, 1995 to 2005 (143 counties)

Name	State	Largest City	READ Code/1	READ Code Description	NPS Lands/2	FS Lands/3	1995	2005	1995-2005 Growth %
Larimer County	CO	Fort Collins	21	2nd Tier Metro Region Core County	2	2	222,750	271,927	22%
Morgan County	UT	Morgan City	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	6,487	7,906	22%
Franklin County	ID	Preston	42	Large Regional Trade Center Closely Linked County	0	3	10,192	12,371	21%
El Paso County	CO	Colorado Springs	11a	Major Metro Core (500K +) Core County	0	1	469,757	565,582	20%
La Plata County	CO	Durango	42	Large Regional Trade Center Closely Linked County	0	3	39,568	47,452	20%
Lincoln County	ID	Shoshone	52	Small Regional Trade Center Closely Linked County	0	0	3,794	4,545	20%
Moderately Growing Mountain Counties (10 to 20% growth between 1995 and 2005)									
Flathead County	MT	<i>Kalispell</i>	51	Small Regional Trade Center Core County	3	3	69,876	83,172	19%
Taos County	NM	<i>Taos</i>	62b	Small Isolated Rural County	0	3	26,656	31,722	19%
Santa Fe County	NM	Santa Fe	12b	Major Metro Core (250K-500K) Closely Linked County	0	2	118,462	140,855	19%
Hinsdale County	CO	Lake City	62b	Small Isolated Rural County	0	3	644	765	19%
Madison County	ID	Rexburg	42	Large Regional Trade Center Closely Linked County	3	3	26,102	30,975	19%
Delta County	CO	Delta	42	Large Regional Trade Center Closely Linked County	0	3	25,249	29,947	19%
Jefferson County	ID	Rigby	42	Large Regional Trade Center Closely Linked County	0	0	18,245	21,580	18%
Gem County	ID	Emmett	22	2nd Tier Metro Region Closely Linked County	0	3	13,794	16,273	18%
Chaffee County	CO	Salida	62b	Small Isolated Rural County	0	3	14,398	16,968	18%
Pend Oreille County	WA	Newport	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	10,776	12,673	18%
Camas County	ID	Fairfield	62b	Small Isolated Rural County	0	3	893	1,050	18%
Weber County	UT	Ogden	11a	Major Metro Core (500K +) Core County	0	2	180,546	210,749	17%
Cache County	UT	Logan	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	84,006	98,055	17%
Fremont County	CO	Canon City	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	41,239	47,766	16%
Stillwater County	MT	Columbus	32	3rd Tier Metro Region Closely Linked County	0	3	7,336	8,493	16%
Lake County	MT	Polson	42	Large Regional Trade Center Closely Linked County	0	3	24,459	28,297	16%
Pueblo County	CO	Pueblo	11a	Major Metro Core (500K +) Core County	0	2	130,865	151,322	16%
Bonneville County	ID	Idaho Falls	41	Large Regional Trade Center Core County	3	3	79,527	91,856	16%
Daggett County	UT	Manila	62b	Small Isolated Rural County	0	3	817	943	15%
Dolores County	CO	Dove Creek	62b	Small Isolated Rural County	0	3	1,583	1,827	15%
Payette County	ID	Payette	22	2nd Tier Metro Region Closely Linked County	0	0	19,237	22,197	15%
Gunnison County	CO	Gunnison	62b	Small Isolated Rural County	0	3	12,427	14,226	14%
Elmore County	ID	Mountain Home	22	2nd Tier Metro Region Closely Linked County	0	3	25,052	28,634	14%
Lincoln County	WY	Kemmerer	62a	Small Isolated Rural County	0	3	14,073	15,999	14%
Broadwater County	MT	Townsend	52	Small Regional Trade Center Closely Linked County	0	3	3,976	4,517	14%
Salt Lake County	UT	Salt Lake City	11a	Major Metro Core (500K +) Core County	0	1	836,008	948,172	13%
Huerfano County	CO	Walsenburg	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	6,881	7,771	13%
Duchesne County	UT	Roosevelt	62b	Small Isolated Rural County	0	3	13,645	15,354	13%
Montezuma County	CO	Cortez	42	Large Regional Trade Center Closely Linked County	0	3	22,035	24,778	12%
Stevens County	WA	Colville	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	37,393	42,013	12%
Boundary County	ID	Bonnars Ferry	62b	Small Isolated Rural County	0	3	9,468	10,619	12%

"Mountain Counties" in the Rocky Mountain West according to Rates of Population Growth, 1995 to 2005 (143 counties)

Name	State	Largest City	READ Code/1	READ Code Description	NPS Lands/2	FS Lands/3	1995	2005	1995-2005 Growth %
Lake County	CO	Leadville	62a	Small Isolated Rural County	0	3	6,907	7,738	12%
Rich County	UT	Randolph	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	1,832	2,051	12%
Gooding County	ID	Gooding	52	Small Regional Trade Center Closely Linked County	0	0	12,987	14,461	11%
Mineral County	MT	Superior	42	Large Regional Trade Center Closely Linked County	0	3	3,612	4,014	11%
Sweet Grass Co.	MT	Big Timber	32	3rd Tier Metro Region Closely Linked County	0	3	3,310	3,672	11%
Missoula County	MT	Missoula	41	Large Regional Trade Center Core County	0	3	90,413	100,086	11%
Carbon County	MT	Red Lodge	32	3rd Tier Metro Region Closely Linked County	3	3	8,953	9,902	11%
Uintah County	UT	Vernal	62b	Small Isolated Rural County	0	3	24,446	26,995	10%
Sanders County	MT	Thompson Falls	42	Large Regional Trade Center Closely Linked County	0	3	10,019	11,057	10%
Granite County	MT	Philipsburg	42	Large Regional Trade Center Closely Linked County	0	3	2,687	2,965	10%
Mora County	NM	Wagon Mound	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	4,652	5,107	10%
Moffat County	CO	Craig	62b	Small Isolated Rural County	0	0	12,222	13,417	10%
Lewis and Clark Co.	MT	Helena	51	Small Regional Trade Center Core County	0	3	53,318	58,449	10%
Slow Growing Mountain Counties (1 to 10% growth between 1995 and 2005)									
Madison County	MT	Ennis	52	Small Regional Trade Center Closely Linked County	3	3	6,643	7,274	9%
Spokane County	WA	Spokane	11b	Major Metro Core (500K +) Core County	0	0	404,652	440,706	9%
Clark County	ID	Dubois	42	Large Regional Trade Center Closely Linked County	0	3	866	943	9%
Valley County	ID	Mccall	22	2nd Tier Metro Region Closely Linked County	0	3	7,697	8,332	8%
Boulder County	CO	Boulder	12a	Major Metro Core (250K-500K) Closely Linked County	2	2	259,520	280,440	8%
Conejos County	CO	Antonito	62b	Small Isolated Rural County	0	3	7,888	8,512	8%
Bingham County	ID	Blackfoot	42	Large Regional Trade Center Closely Linked County	0	3	40,648	43,739	8%
Denver County	CO	Denver	11a	Major Metro Core (500K +) Core County	0	1	518,958	557,917	8%
Las Animas County	CO	Trinidad	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	14,381	15,446	7%
Jefferson County	CO	Lakewood	11a	Major Metro Core (500K +) Core County	0	2	492,154	526,801	7%
Rio Arriba County	NM	Espanola	42	Large Regional Trade Center Closely Linked County	0	3	38,211	40,828	7%
Washington County	ID	Weiser	22	2nd Tier Metro Region Closely Linked County	0	3	9,455	10,098	7%
Alamosa County	CO	Alamosa	62b	Small Isolated Rural County	0	3	14,372	15,282	6%
Bannock County	ID	Pocatello	41	Large Regional Trade Center Core County	0	3	73,603	78,155	6%
Fremont County	ID	St. Anthony	42	Large Regional Trade Center Closely Linked County	3	3	11,557	12,242	6%
Meagher County	MT	White Sulphur Spring	52	Small Regional Trade Center Closely Linked County	0	3	1,893	1,999	6%
Rio Grande County	CO	Monte Vista	62b	Small Isolated Rural County	0	3	11,606	12,227	5%
Glacier County	MT	Cut Bank	62b	Small Isolated Rural County	3	3	12,926	13,552	5%
Benewah County	ID	St. Maries	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	8,795	9,218	5%
Park County	WY	Cody	62b	Small Isolated Rural County	3	3	25,481	26,664	5%
Clear Creek County	CO	Idaho Springs	12a	Major Metro Core (250K-500K) Closely Linked County	3	3	8,808	9,197	4%
Idaho County	ID	Grangeville	42	Large Regional Trade Center Closely Linked County	0	3	15,103	15,697	4%
Fremont County	WY	Riverton	62b	Small Isolated Rural County	0	3	35,419	36,491	3%
Nez Perce County	ID	Lewiston	41	Large Regional Trade Center Core County	0	3	36,824	37,931	3%

"Mountain Counties" in the Rocky Mountain West according to Rates of Population Growth, 1995 to 2005 (143 counties)

Name	State	Largest City	READ Code/1	READ Code Description	NPS Lands/2	FS Lands/3	1995	2005	1995-2005 Growth %
Lincoln County	MT	Libby	52	Small Regional Trade Center Closely Linked County	0	3	18,726	19,193	2%
Pitkin County	CO	Aspen	62b	Small Isolated Rural County	0	3	14,603	14,914	2%
San Juan County	CO	Silverton	42	Large Regional Trade Center Closely Linked County	0	3	565	577	2%
Park County	MT	Livingston	52	Small Regional Trade Center Closely Linked County	3	3	15,724	15,968	2%
Latah County	ID	Moscow	42	Large Regional Trade Center Closely Linked County	0	0	34,339	34,714	1%
San Miguel County	NM	Las Vegas	12b	Major Metro Core (250K-500K) Closely Linked County	0	0	29,213	29,530	1%
Costilla County	CO	San Luis	62b	Small Isolated Rural County	0	3	3,399	3,424	1%
Slow-Declining Mountain Counties (0 to -10% growth between 1995 and 2005)									
Los Alamos County	NM	Los Alamos	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	18,750	18,822	0%
Uinta County	WY	Evanston	12a	Major Metro Core (250K-500K) Closely Linked County	0	3	19,884	19,939	0%
Whitman County	WA	Pullman	41	Large Regional Trade Center Core County	0	0	40,457	40,170	-1%
Powell County	MT	Deer Lodge	52	Small Regional Trade Center Closely Linked County	0	3	7,057	6,999	-1%
Lemhi County	ID	Salmon	62b	Small Isolated Rural County	0	3	8,029	7,909	-1%
Caribou County	ID	Soda Springs	42	Large Regional Trade Center Closely Linked County	0	3	7,290	7,131	-2%
Colfax County	NM	Raton	62a	Small Isolated Rural County	0	3	14,075	13,755	-2%
Adams County	ID	Council	22	2nd Tier Metro Region Closely Linked County	0	3	3,676	3,591	-2%
Lewis County	ID	Craigmont	42	Large Regional Trade Center Closely Linked County	0	0	3,846	3,750	-2%
Teton County	MT	Choteau	42	Large Regional Trade Center Closely Linked County	0	0	6,430	6,240	-3%
Cascade County	MT	Great Falls	41	Large Regional Trade Center Core County	0	2	82,201	79,569	-3%
Beaverhead County	MT	Dillon	52	Small Regional Trade Center Closely Linked County	0	3	9,168	8,773	-4%
Bear Lake County	ID	Montpelier	42	Large Regional Trade Center Closely Linked County	0	3	6,459	6,176	-4%
Pondera County	MT	Conrad	42	Large Regional Trade Center Closely Linked County	0	3	6,387	6,087	-5%
Sweetwater County	WY	Rock Springs	51	Small Regional Trade Center Core County	0	0	39,849	37,975	-5%
Carbon County	WY	Rawlins	42	Large Regional Trade Center Closely Linked County	0	3	16,174	15,331	-5%
Albany County	WY	Laramie	42	Large Regional Trade Center Closely Linked County	0	3	32,742	30,890	-6%
Silver Bow County	MT	Butte-Silver Bow	51	Small Regional Trade Center Core County	0	3	34,978	32,982	-6%
Hot Springs County	WY	Thermopolis	62b	Small Isolated Rural County	0	0	4,828	4,537	-6%
Rio Blanco County	CO	Meeker	62b	Small Isolated Rural County	0	3	6,380	5,973	-6%
Wallowa County	OR	Enterprise	62b	Small Isolated Rural County	0	3	7,504	7,014	-7%
Clearwater County	ID	Orofino	42	Large Regional Trade Center Closely Linked County	0	3	8,982	8,373	-7%
Shoshone County	ID	Kellogg	12b	Major Metro Core (250K-500K) Closely Linked County	0	3	14,125	13,157	-7%
Jackson County	CO	Walden	22	2nd Tier Metro Region Closely Linked County	3	3	1,555	1,448	-7%
Butte County	ID	Arco	42	Large Regional Trade Center Closely Linked County	0	3	3,017	2,808	-7%
Custer County	ID	Challis	62b	Small Isolated Rural County	0	3	4,409	4,077	-8%
Moderately Fast-Declining Mountain Counties (0 to -10% growth between 1995 and 2005)									
Deer Lodge County	MT	Anaconda-Deer Lodge	52	Small Regional Trade Center Closely Linked County	0	3	10,070	8,948	-11%
All Mountain Counties (143 total counties) [1/READ codes by CRMW, 2/ Counties nearby national parks, 3/ Counties nearby For. Serv. lands.]							7,172,361	8,478,953	18%

Source: Assembled and sorted by Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of Montana, 2006, using Census Bureau population data.

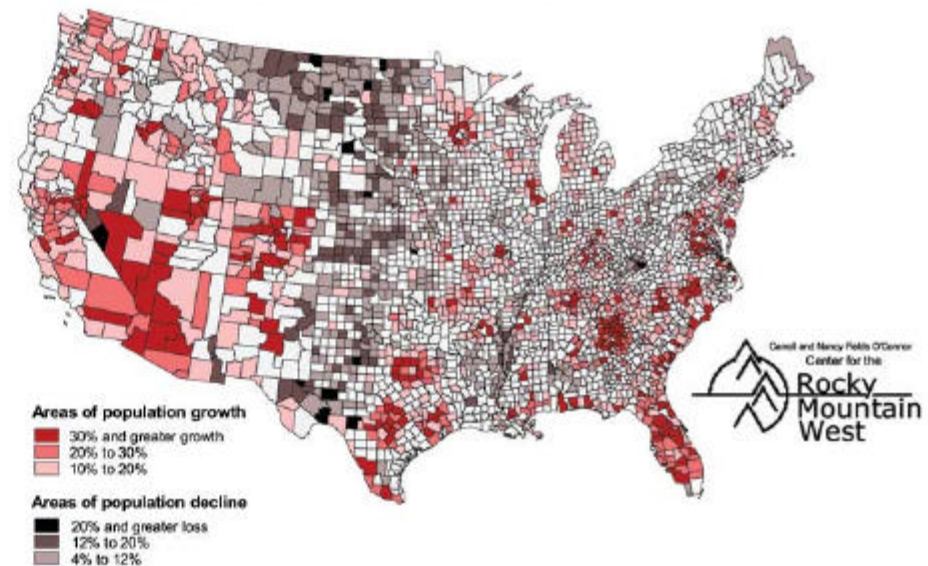
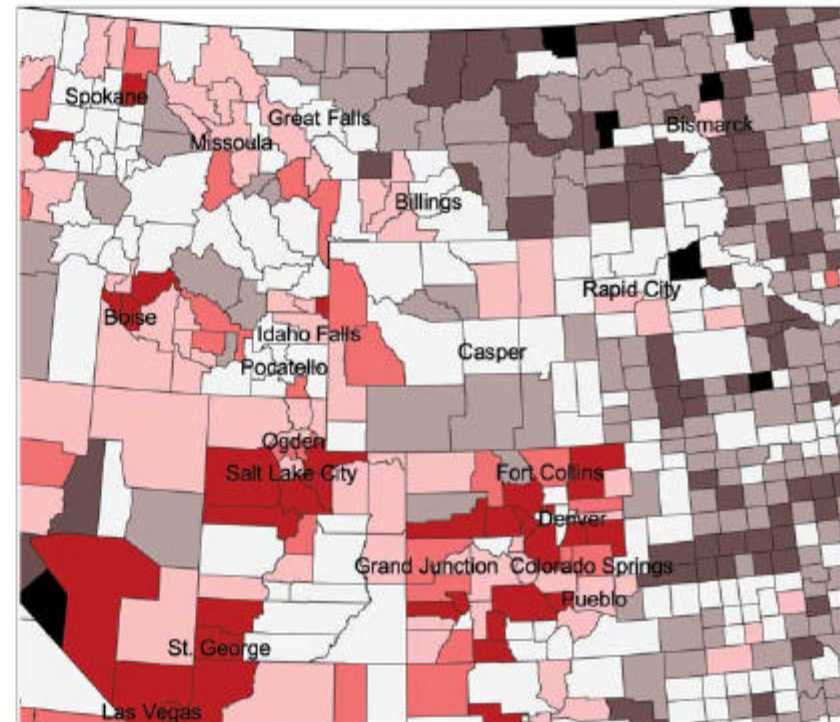
The Fast-growing Interior West

The map shows areas of population growth or decline for the most recent ten-year period - the period from 1995 to 2005 (which is the latest available population data for counties). Within the area shown on the map are the 143 mountain counties overlaying the Rocky Mountains. The population of these mountain counties grew from 7.2 million persons in 1995 to almost 8.5 million in 2005 - an 18% increase in population.

The very fastest growing areas are shown in dark red - those with growth of more than 30% in the last ten years. Seven counties had growth greater than 50%, including Douglas County, Colorado (the Castle Rock area south of Denver) with 145% growth. Three others in Colorado had growth greater than 50%, including the Pagosa Springs and Vail areas. Two Idaho counties had growth greater than 50%, including the Driggs area west of Yellowstone Park.

Fifteen of the 143 mountain counties had growth of 30 to 50% - nine in Colorado including the Glenwood Springs area, three in Idaho including the Coeur d'Alene area, and two in Utah including the Park City area. And 19 of the 143 counties had growth of 20 to 30% - seven in Colorado including the Grand Junction, Durango, and Montrose areas, four in Idaho including the Ketchum and Sandpoint areas, three in Utah including the Layton area, two in Wyoming including the Jackson and Pinedale areas, and two in Montana including Ravalli and Jefferson Counties. Ravalli's population grew from 31,940 in 1995 to 39,940 in 2005 - an increase of 25%.

Several things account for Ravalli's fairly rapid growth - features it shares with many other fast-growing areas of the Rockies. These include proximity to both large and small cities, like Missoula, that provide places to work, broad-based educational services, and good air service; proximity to not only mountains but mountain amenities like forests, streams, and lakes and open landscapes often times on public lands and protected from development, and attractive communities with clean surroundings. Working farms and ranches also help define their surrounding landscapes.



Regional Economies Assessment Database (READ) The University of Montana, 2006

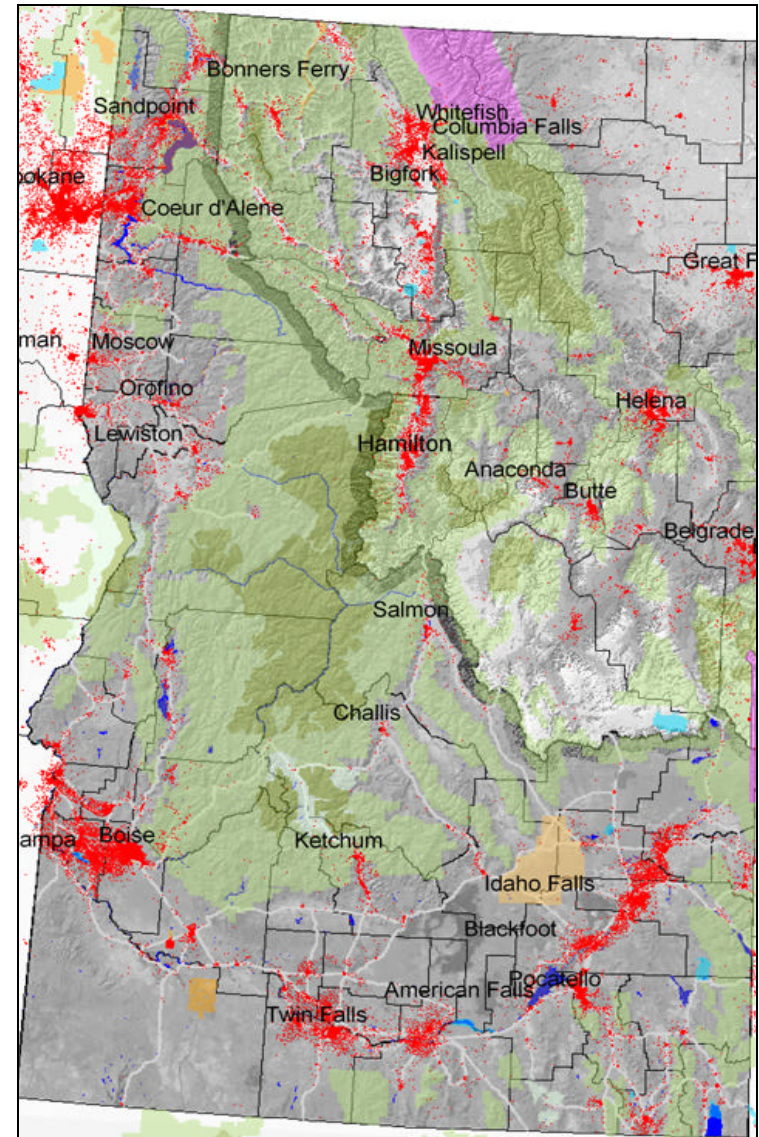
Rockies
R1



The Larger Region Surrounding the Bitterroot Valley

The illustration at the right shows the larger region surrounding the Bitterroot Valley of Montana and each red dot represents 25 people. In green are shown national forest and national forest wilderness areas of the U.S. Forest Service. The Bitterroot Valley is surrounded by vast forest lands and many areas nearby these forest lands are seeing increased population growth associated with shifts in migration patterns which are bringing more and more people to high amenity areas nearby these forests.

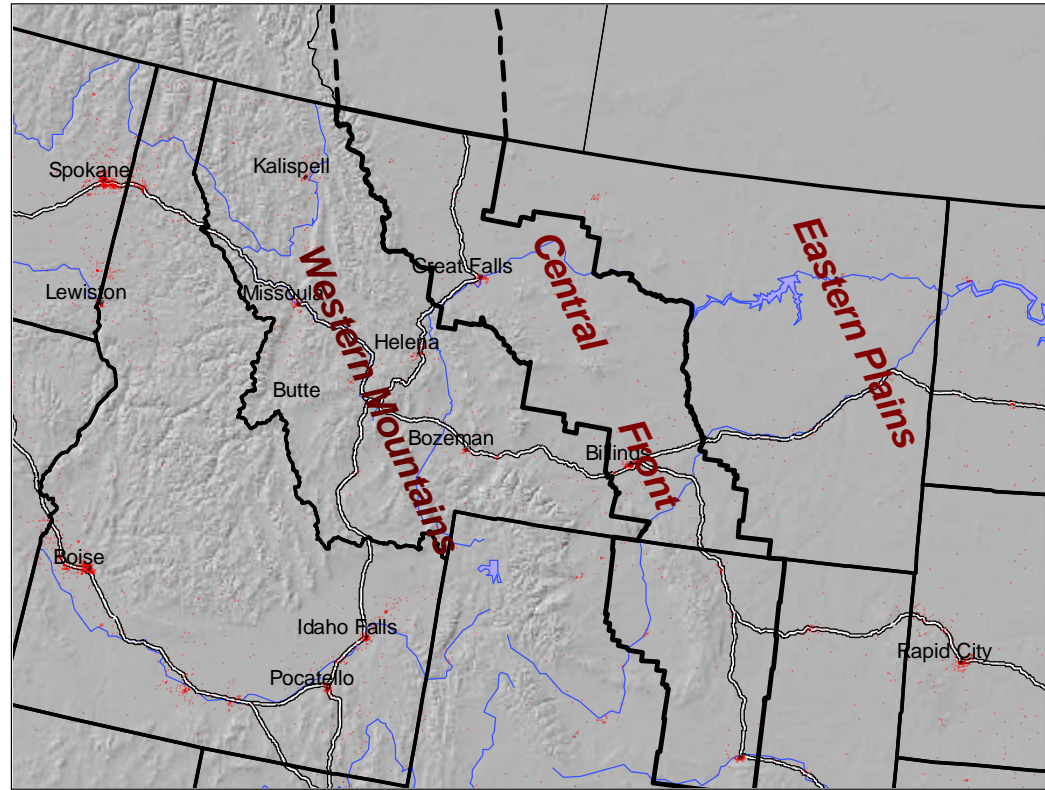
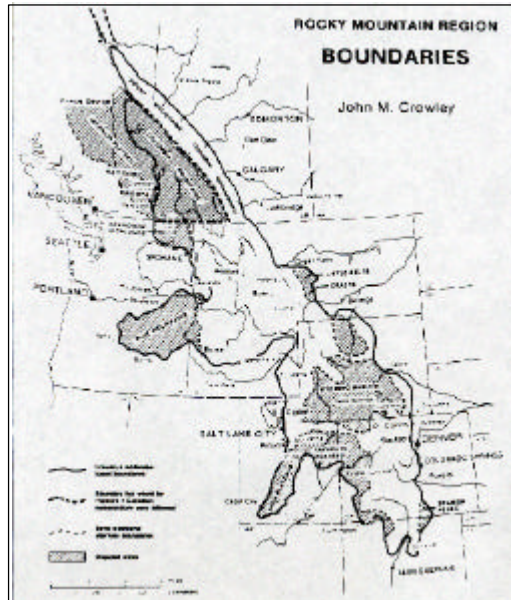
The Flathead Valley of northwest Montana (Kalispell-Whitefish area nearby Glacier National Park) grew in population by nearly 20% in the last ten years. The Sandpoint and Coeur d'Alene areas in northern Idaho are fast growing.



Several areas nearby Yellowstone are fast-growing, including Gallatin County (Bozeman). Boise and Ada County grew by 34% in the last ten years. Bonneville County (Idaho Falls) grew by 16%. Missoula County, directly north of Ravalli, grew by 11%.

Montana West-to-East "Three Regions"

Montana is a very large state in geographic terms - the nation's fourth largest. In many ways, the state actually cuts across three different regions in going from west to east - the "Western Mountain" region, the "Central Front", and the "Eastern Plains". The "Western Mountain" region in the west has 22 counties and the eastern boundary of these largely follows the eastern edge of the Rocky Mountains. The map below shows the general boundaries of various major and minor ranges of the Rockies. The map at the right shows how Montana's counties fit within these three regions.



The eastern boundary of the western mountain region begins in the north at the eastern edge of Glacier National Park and then generally follows the eastern front of the Rockies south and southeast, jutting out around the Absaroka Range and Beartooth Highway area in Carbon County, before extending into Wyoming. The "bookends" for this region in Montana are the two magnificent national parks - Glacier and Yellowstone. Nestled up against the front is Montana's Central Front region. In this region, the mountains are generally viewable to the west. In going further east, the landscape flattens, extending into the large and expansive Plains of eastern Montana and the Dakotas. 22 of Montana's counties are in the Western Mountains, 15 are in the Central Front, and 19 are in the Eastern Plains.

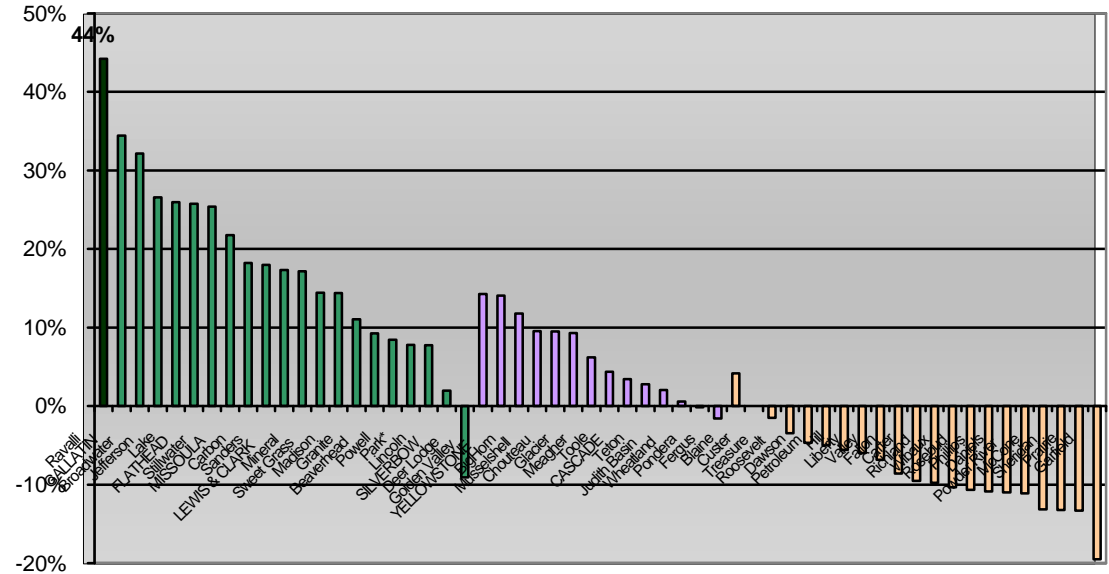
Latest Estimates on Population Growth across Montana

Montana saw very little population growth during the 1980s and, as a result, lost one of its congressional representatives in the U.S. House. However, a largely unpredicted sea change in migration patterns during the 1990s brought many people to Montana from other states; primarily from California, Texas, Colorado, and Washington. Most of this growth concentrated in western Montana – largely drawn by the region’s mountains, forests, streams and lakes, and open space amenities, as well as attractive communities.

As shown in the upper chart, Ravalli County led the state in percentage growth during the 1990s, with a 44% increase. Gallatin was second at 34% growth. Growth concentrated in the 21 western mountain counties (shown in green). Some growth also occurred along the Front region, primarily centered in and around Yellowstone County. And all but two of the 21 eastern Plains counties lost population.

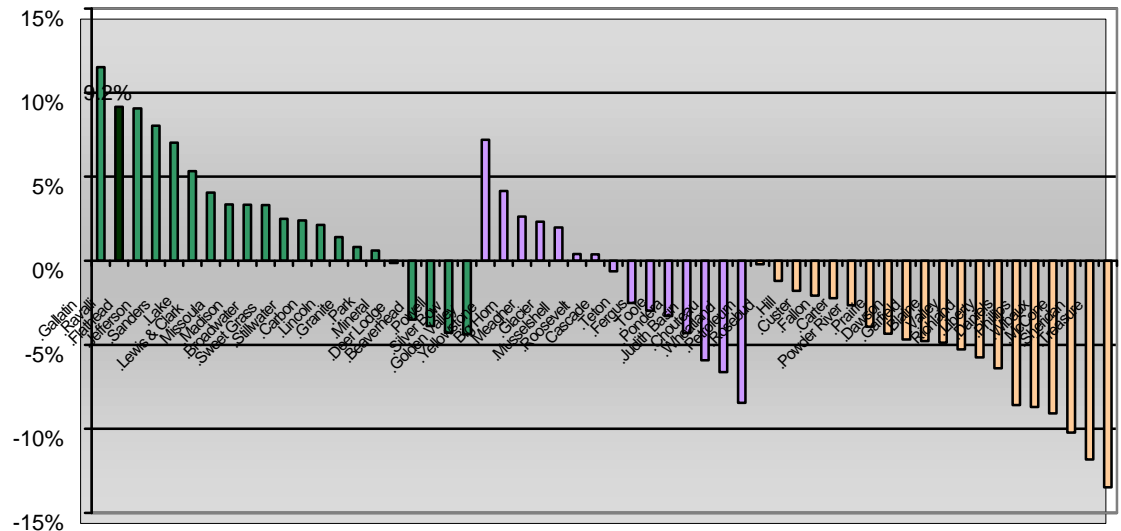
More recent population estimates for 2004 show this pattern of growth is largely continuing (bottom chart). In the four years since the 2000 Census, Ravalli County’s population has grown from 36,070 to 39,376 – an increase of 3,306 people (measuring new “permanent residents” only) and an increase of over 9 percent.

Pop. Change across Montana West-to-East, 1990 - 2000



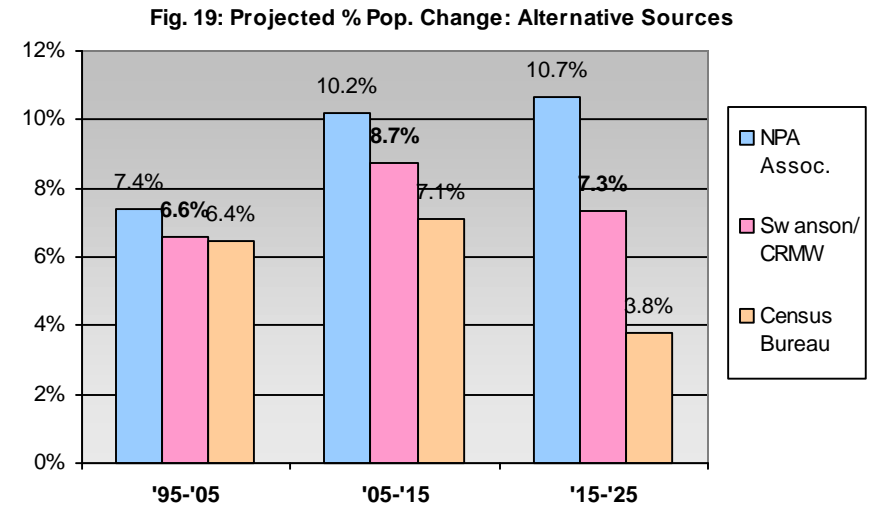
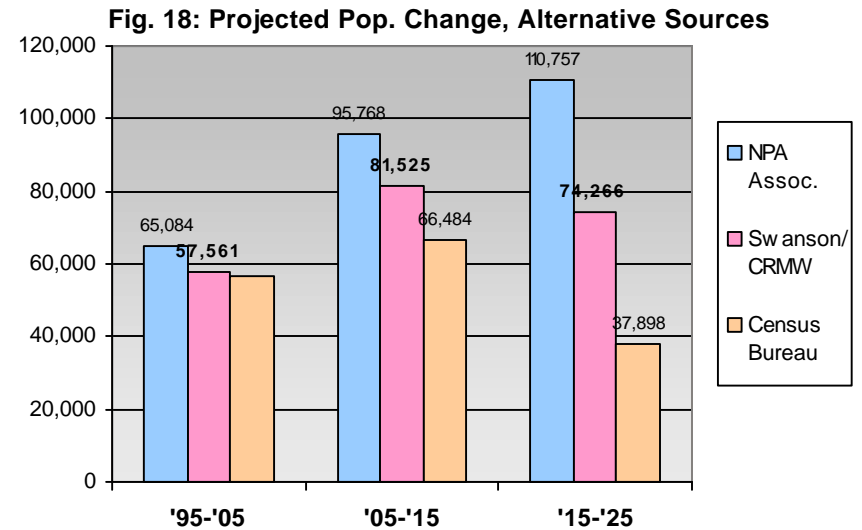
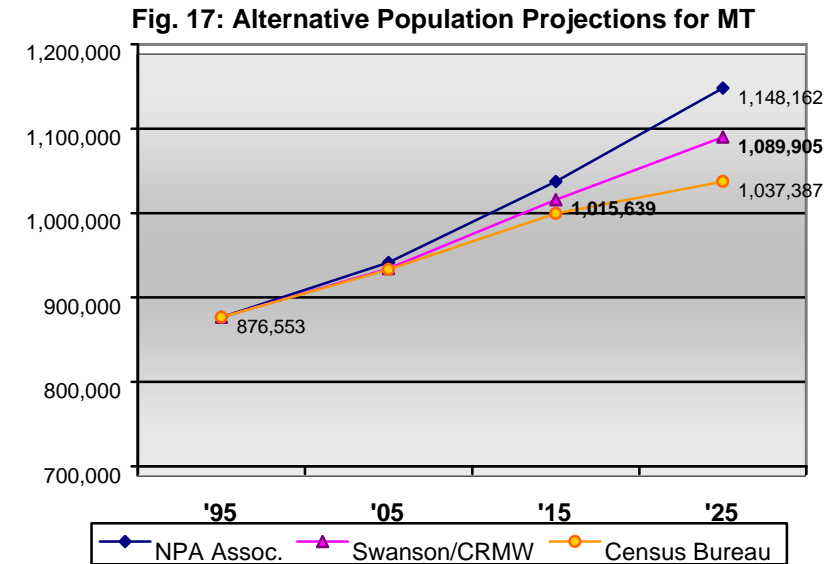
21 Western "Mountain" Counties - 14 Central "Front" Counties - 21 Eastern "Plains" Counties

Pop. Change across Montana West-to-East, 2000 - 2004



Alternative Sources for Montana Population Projections

Population projections are the single most important indicator of future employment growth since population growth is fueling income and employment growth. Recent growth in both income and employment in Montana have been spurred by a fairly dramatic shift in migration patterns resulting in significantly more persons moving to Montana in the last fifteen years than the number moving away, considering only persons changing their permanent address. Population projections developed for MSF planning purposes by the contractor are compared with two other credible sources – March, 2005, projections by the U.S. Census Bureau (state-level only) and current projections of NPA Associates often used by county planners (state and county level estimates). NPA projections provide a “high-end” forecast, while Census Bureau projections serve as a “low-end” forecast when compared with those of the contractor.



Under the Swanson projections, the state’s population will reach 1,015,600 in 2015 – a ten-year increase of 8.7% as compared to Census Bureau projected growth of 7.1% – and 1,090,000 by 2025 – a ten-year increase of 7.3 percent as compared to Census Bureau growth of 3.8%.

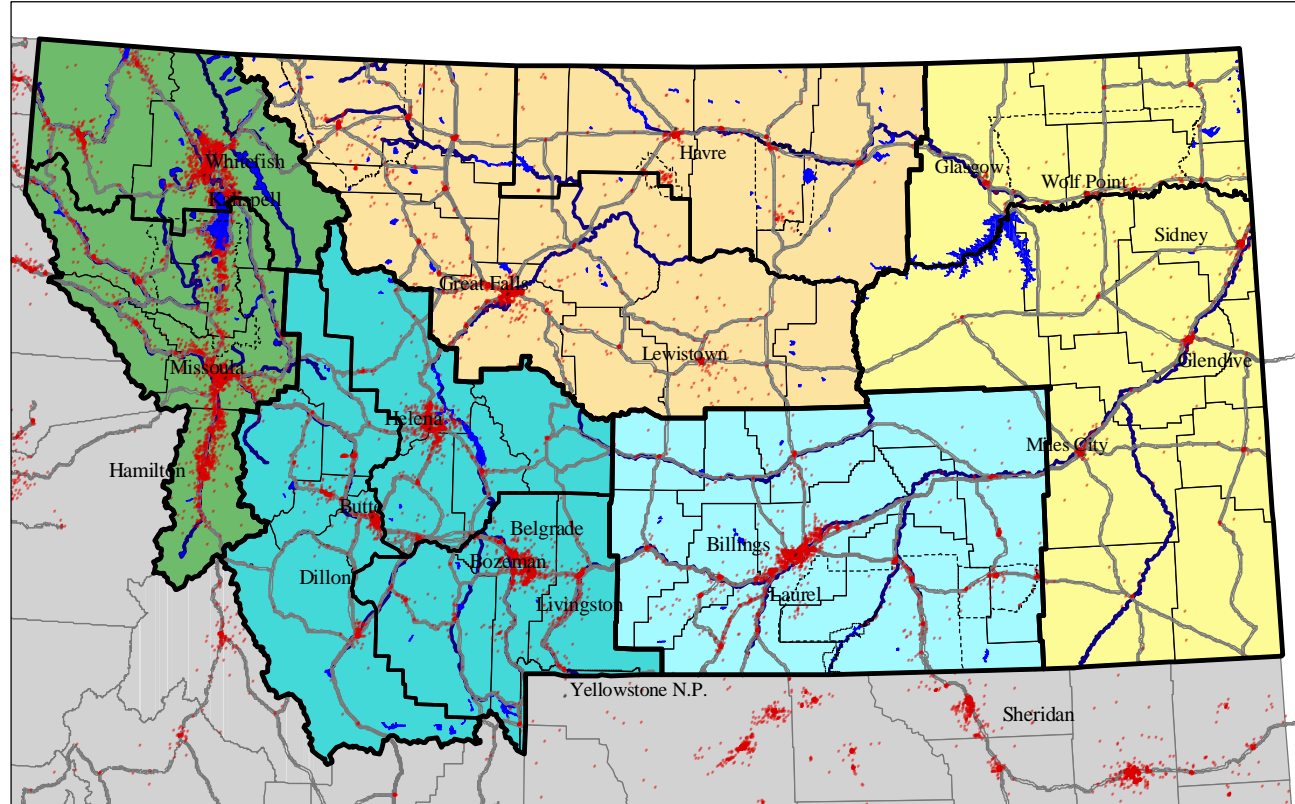
Sub-regions of Montana

In attempting to understand the wide diversity of Montana, it is best to think in terms of "sub-regions." The state can be seen as five general regions - Northwest, Southwest, Northcentral, Southcentral, and East. These regions, in turn, can be further divided into 10 smaller sub-regions - seven centered around the state's seven major population centers (Billings, Missoula, Great Falls, Helena, Bozeman, Butte, and Kalispell/Whitefish), an eighth centered around Havre and the Hi-Line, and two others dividing eastern Montana north and south.

The map shows these major sub-regions. The Missoula and Kalispell/Whitefish regional centers serve as hubs of the Northwest region. It has the largest population of all of the sub-regions with over 285,000 residents ('05). Next largest is the Southwest region with over 237,000 residents. The South-central region centered around Billings has about 189,000 residents, and the Northcentral region, centered around Great Falls and Havre, has 160,000 residents. The Eastern Montana region - both North (North of the Missouri River) and South (centered around the Miles City - Glendive - Sidney I-90 corridor), has less than 63,000 residents and no major cities.

These regions and sub-regions are logical multi-county groupings for use in regional planning at the sub-state level and for program management and delivery at the state-level. The same, consistent set of regions and sub-regions should be used if possible for economic development, human resource and workforce development, tourism planning, transportation planning, etc., when at all possible.

- Larry Swanson, O'Connor Center for the Rocky Mountain West, University of Montana, 2004.



- Flathead, Missoula
- Helena, Butte, Bozeman
- Great Falls, Havre
- Billings
- Southeast MT, Northeast MT



The University of Montana, 2006
Regional Economics Assessment
Database (READ)

RCIB

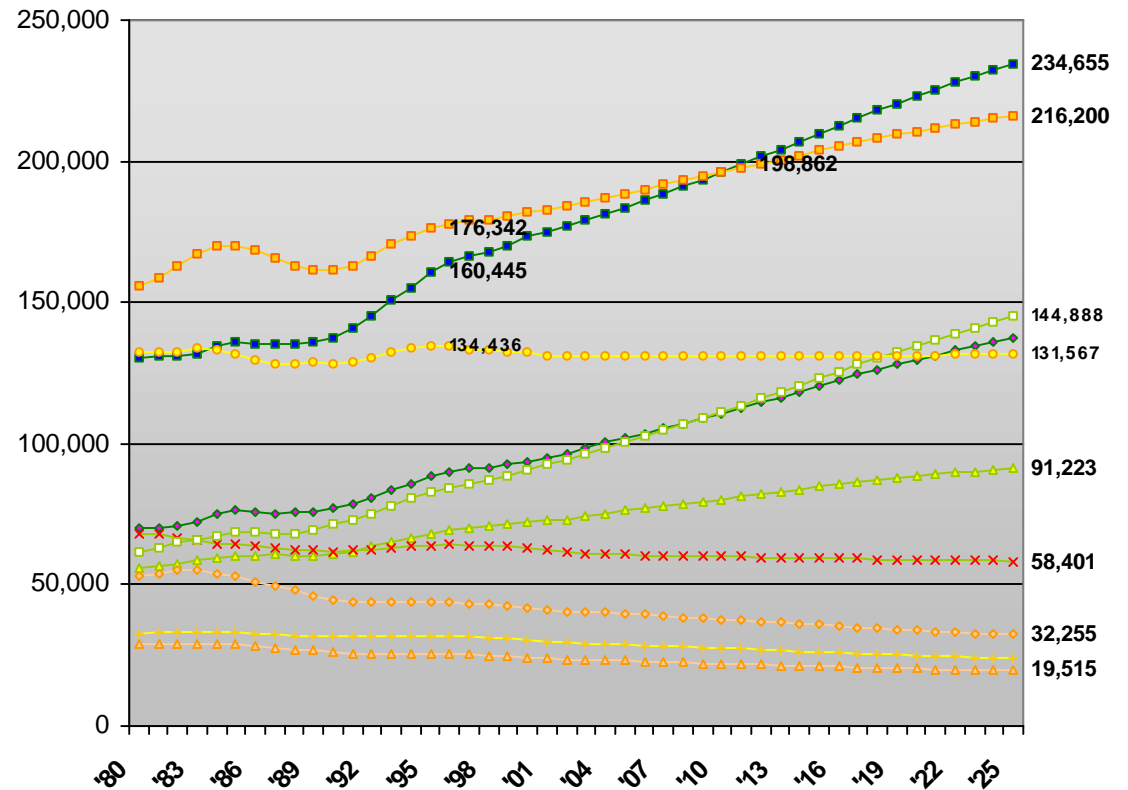
Past and Projected Population Growth among Montana's Ten Sub-regions

The chart shows sub-regional population growth, past and projected, for the ten sub-regions of Montana that are mainly centered around major population centers. The two most populated ones are the Billings sub-region, which will reach 216,000 people by 2025, and the Missoula sub-region, which will increase to nearly 235,000 people by 2025. The combined population of the 5-county area centered around Missoula will have a larger population than the 10-county area centered around Billings by or shortly after 2011 at current and projected rates of growth.

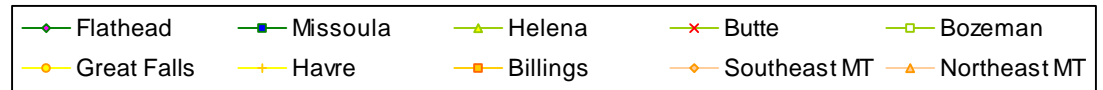
The populations of the Bozeman three-county sub-region will reach about 145,000 people by 2025 under these projections, making it the third most populated. The populations of both the Bozeman and Flathead sub-regions will move past the population of the more expansive Great Falls sub-region by or before 2020.

Population growth in Montana is primarily in the western mountain portion of the state and parts of the central front. In the west, growth has so far not come to Butte and most of its surrounding areas. Growth also is primarily centered around its main regional population centers, although these are growing at differing rates.

Fig. 26: Past & Projected Population, Montana's Ten Subregions



Source: Swanson, CRMW, U. of MT, 2006



While the Missoula sub-region population will soon exceed the population of the Billings sub-region, Billings will continue to be Montana's largest city. Currently, Missoula's incorporated area population is just over 60,000, while Billings has around 100,000 residents. However, the population residing in counties immediately surrounding Missoula, including Ravalli, Lake, Mineral, and Sanders, is considerably larger and growing more rapidly than the population in counties surrounding Yellowstone County.

Trends in Population Growth in the Bitterroot Valley

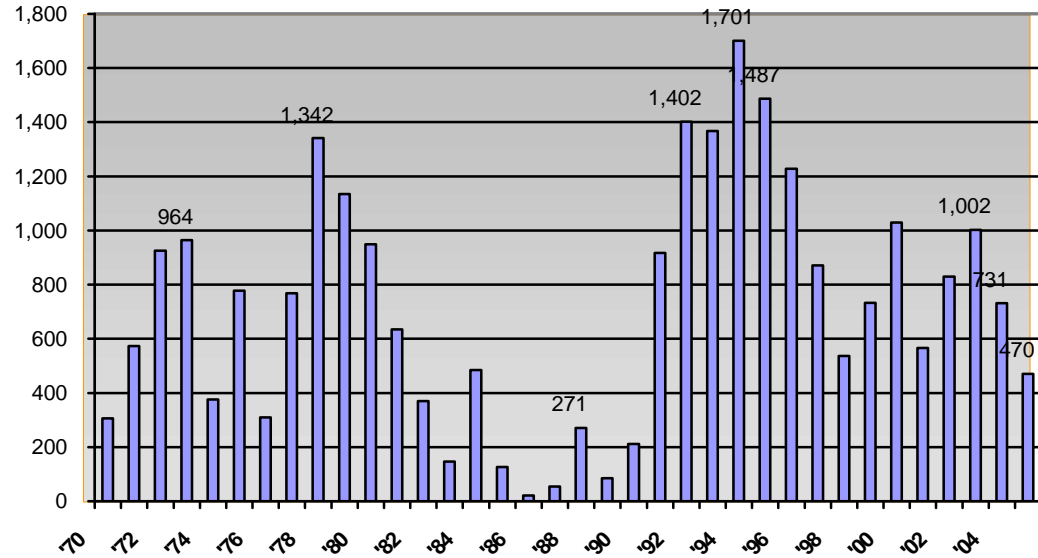
In 1970 the population of Ravalli County stood at 14,500 people. Growth was strong in the '70s and the population reached 22,600 by 1980. Growth waned in the early and mid-'80s, resulting in only a modest population increase to around 25,000 people by 1990. Strong growth then returned in the early '90s, pushing the valley's population to over 36,000 by 2000. The very latest estimate for July 1, 2005, places the county's population at 39,940.

Trends in growth over time can be viewed in both absolute terms and relative terms (percentage growth). The upper chart shows annual growth each year since 1970, using July 1 estimates by the Census Bureau and Bureau of Economic Analysis, U.S. Commerce Department. The lower chart shows annual percentage change.

During the '70s, annual growth rose as high as 6 to 7 percent in three of the ten years and in all but three years, was well over 3 percent growth. In the '90s, growth approached 6 percent in only one year (1993-94). During the first half of the '90s, Ravalli was one of the fastest growing counties in the entire U.S. More recently, annual growth has fallen to less than 3 percent and to less than 2 percent in each of the last two years. For the last three years, growth went from 2.7% (an addition of over 1,000 new residents) in 2002-03 to growth of 1.9% (plus 731) in 2003-04 and to growth of 1.2% (plus 470) in 2004-05.

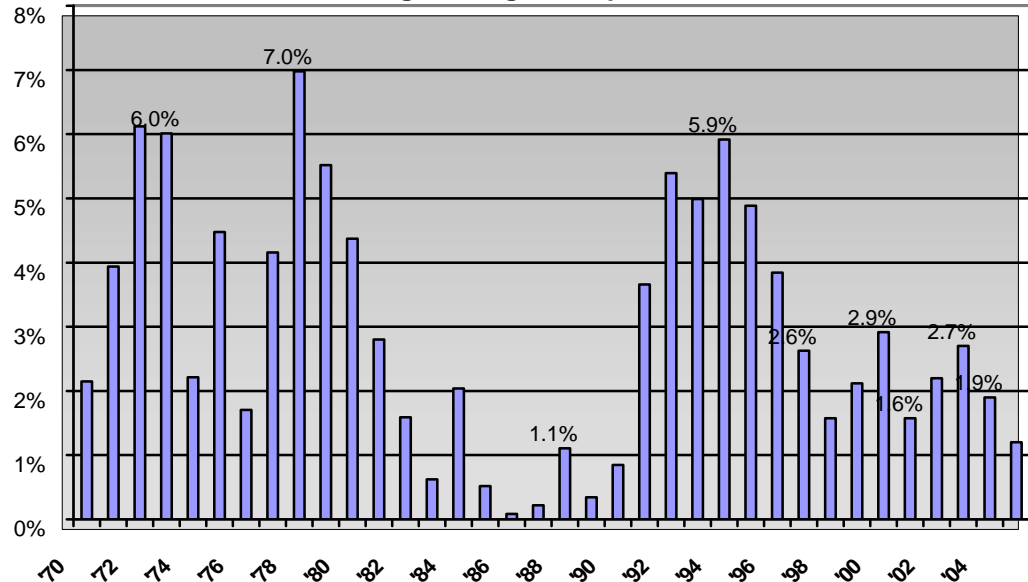
The direction in this growth trend is somewhat uncertain at this point.

Annual Population Change in Ravalli Co., 1970 to 2005



Source: Census Bureau July 1 estimates

Annual Percentage Change in Population, Ravalli Co.

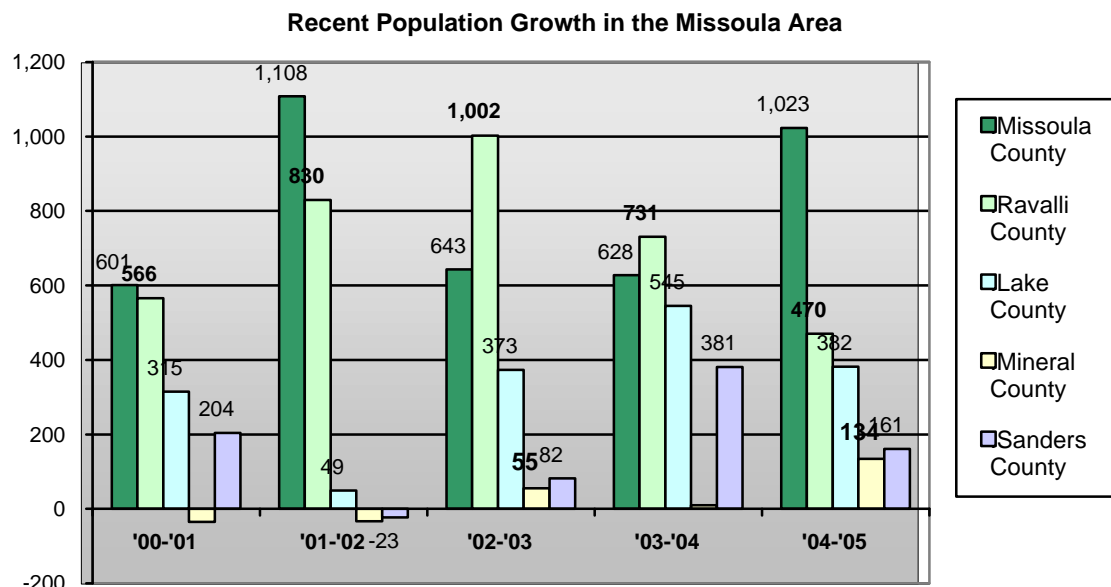


Recent Population Change in Nearby Counties

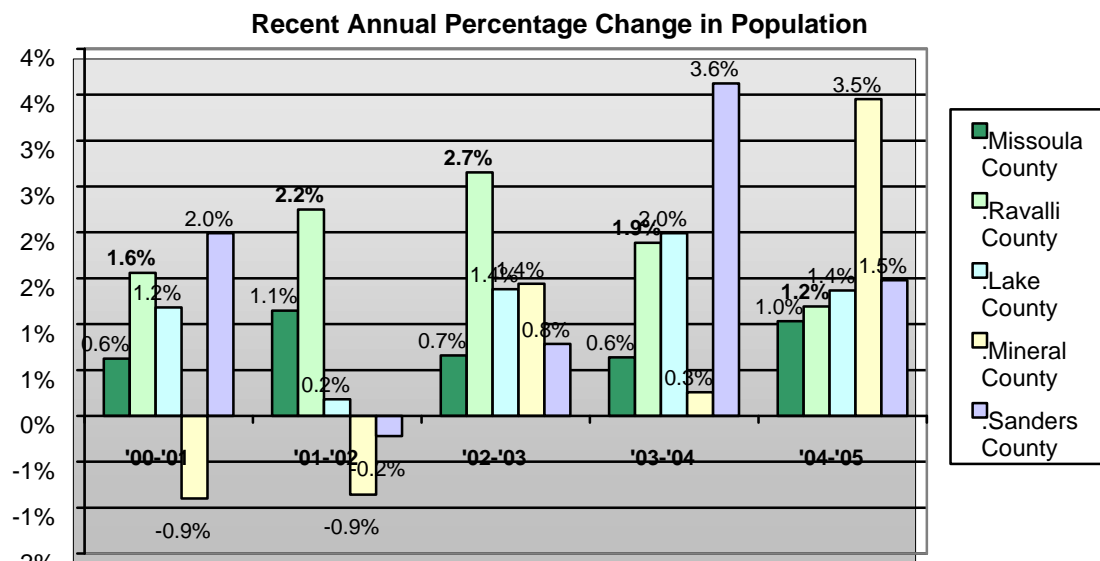
Ravalli County is one of several counties that are closely-linked to the larger nearby county of Missoula where the largest city in the immediate area is located. Missoula County grew from around 96,000 people at the time of the 2000 Census to over 100,000 in 2005. Just as growth has slowed a bit in recent years in Ravalli County, down from very high levels in the mid-'90s, growth also has slowed in Missoula County. Once growing by 2 percent or more a year, Missoula County more recently is growing at 1% or less a year.

The upper chart shows annual growth for Ravalli, Missoula, and several other counties in the larger multi-county area surrounding the City of Missoula. Mineral County, which had been losing population during the recent past is now seeing population growth. Sanders County also is growing. However, both of these counties have relatively small populations. Mineral County's 2005 population was a little over 4,000 and Sanders County's population was just over 11,000.

Lake County, directly north of the City of Missoula, had a 2005 population of over 28,000 and has been seeing steady growth of 1 to 2% in recent years. The five-county area centered around the City of Missoula (Missoula, Ravalli, Lake, Mineral, and Sanders) is the second largest regional population in Montana currently, just behind that of a ten-county area centered around Billings. However, in only a few more years, the Missoula five-county area's population will be the largest multi-county population concentration in all of Montana.



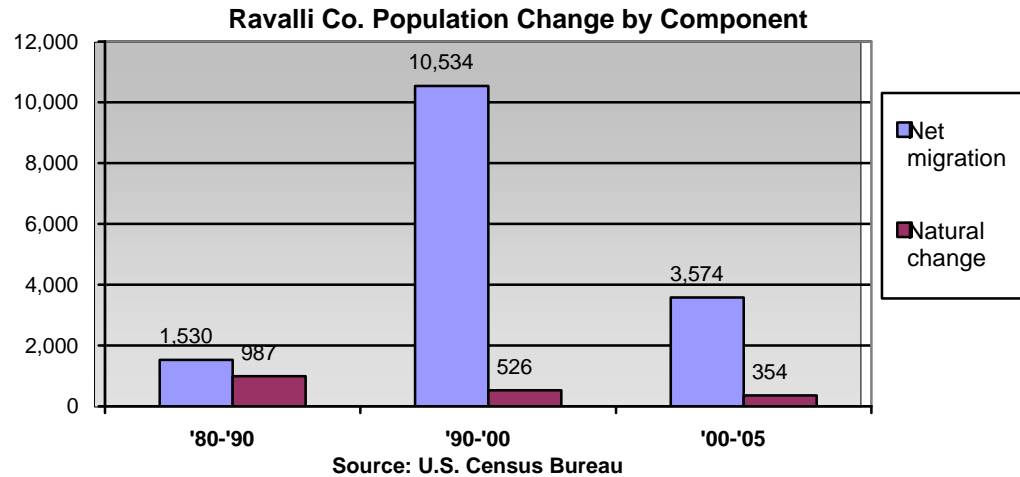
Source: U.S. Census Bureau estimates



Source: U.S. Census Bureau estimates

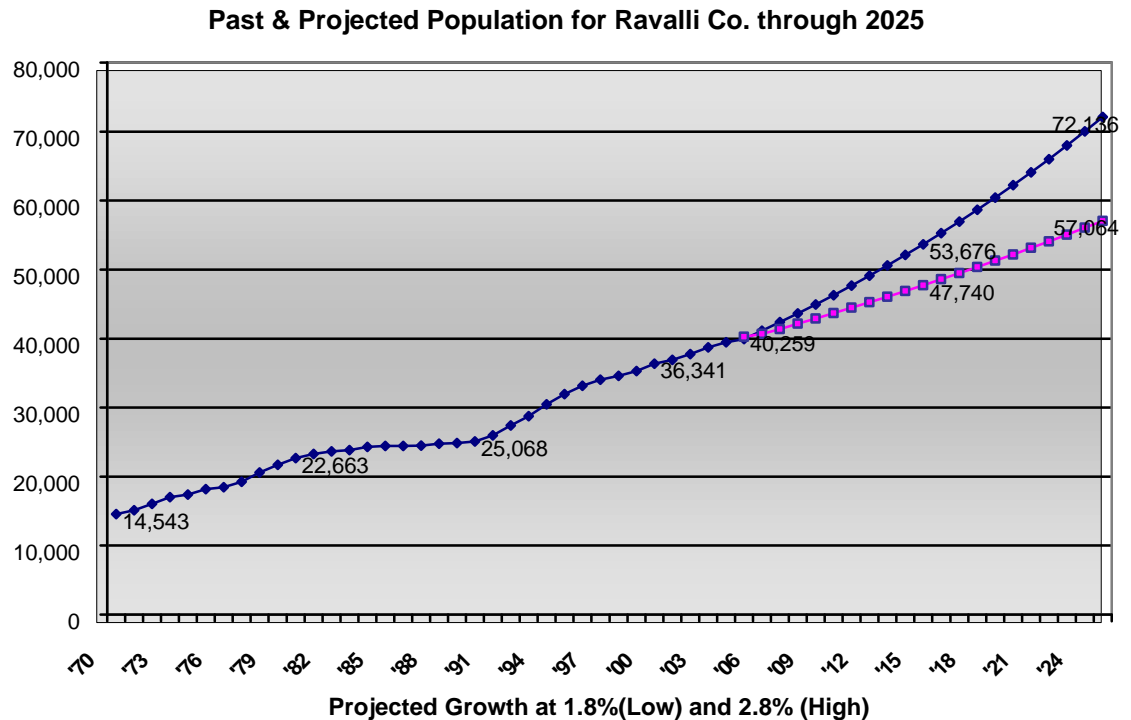
Past and Projected Population Change in Ravalli County

Population growth in the Bitterroot Valley is being largely driven by migration trends. The upper right chart shows population change by major component for three periods: 1980-1990, 1990-2000, and 2000-2005. During the '90s when growth greatly accelerated, 95 percent of this growth was due to increased net migration. Net migration in the '90s averaged about 1,050 annually. Net migration in the five years between 2000 and 2005 is averaging less than 720 annually.



The chart at the lower right shows total population levels for Ravalli County since 1970 when it totaled 14,500, and extending through 2005 when population reached 39,940. High and low projections are then shown extending through 2025. It is possible for future growth to exceed 3% a year or, conversely, fall below 1.5% due to some uncertainty. However, two sets of projections are made - a "low growth" scenario that assumes growth at about 1.8% annually and a "high growth" scenario that assumes growth at 2.8% annually.

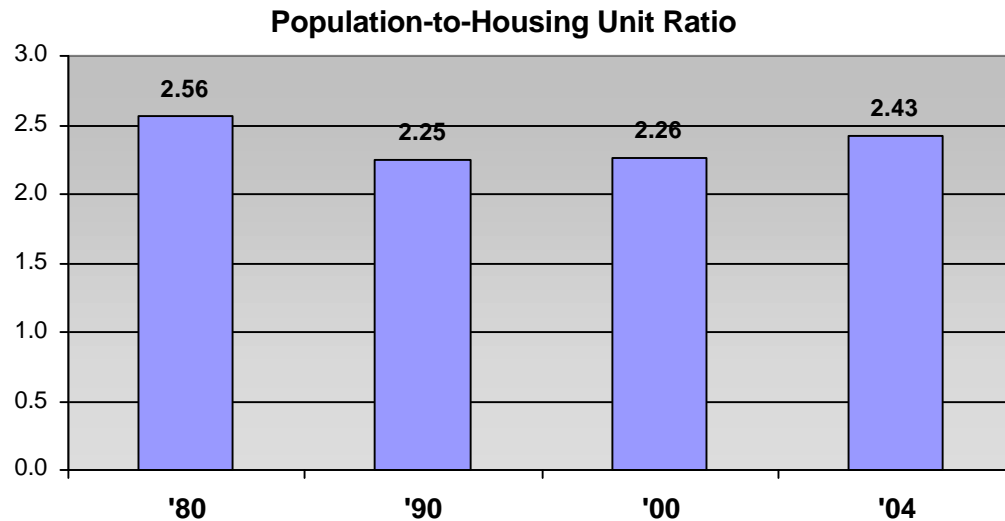
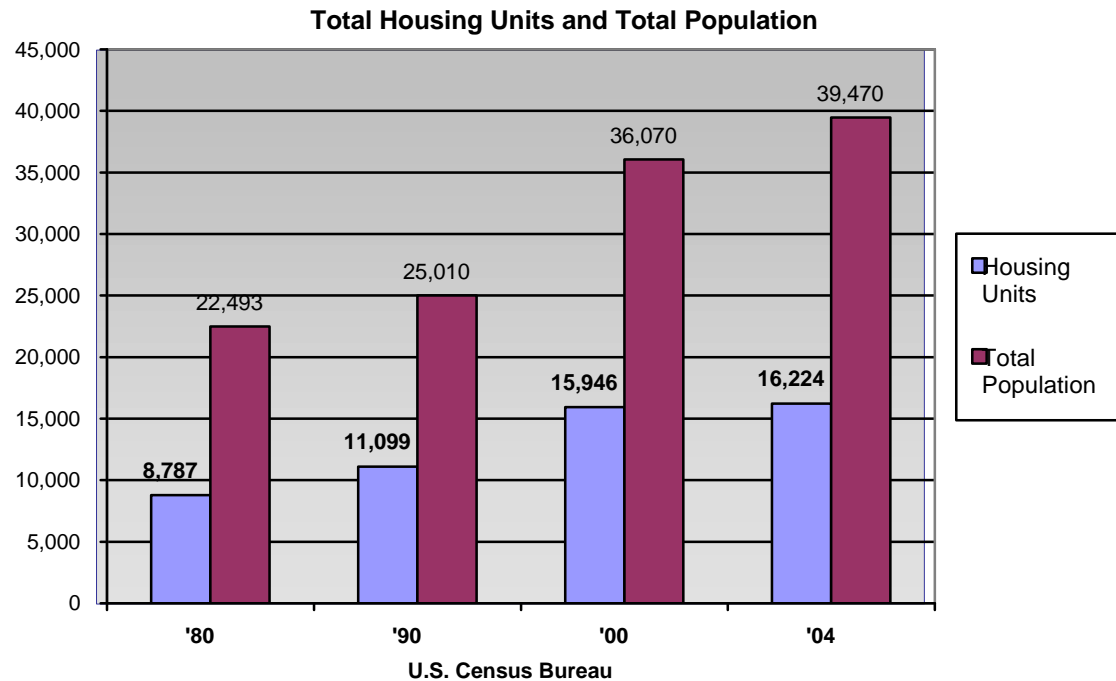
Under the low growth scenario, population in the Bitterroot will approach 48,000 by 2015 and 57,000 by 2025. In the higher growth scenario, the valley's population will rise to 54,500 by 2015 and exceed 72,000 in 2025. Based upon the recent slowdown in growth, the lower growth scenario may be more likely.



Total Housing Units in Ravalli County

The total number of housing units of all types in Ravalli County has grown as the population has grown. The top chart shows total housing unit counts next to population counts for the last three Censuses ('80, '90, '00). Also shown are estimates for housing units and population on July 1, 2004. Housing units are of all types, including occupied ones and vacant ones, owner occupied and rent occupied, and mobile homes and condominiums.

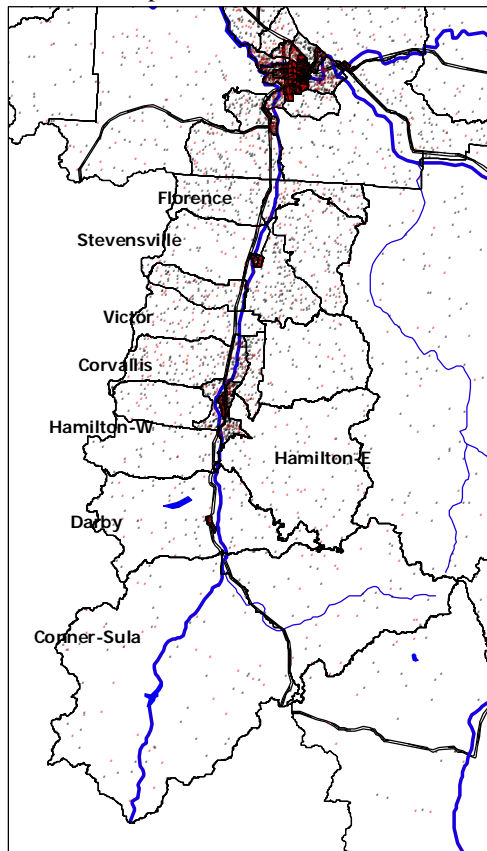
As the total population grew from 22,493 in 1980 to 36,070 in 2000 – a 60 percent increase - the number of housing units grew from 8,787 to 15,946 – a greater than 80 percent increase. The ratio of population-to-housing units over time is shown in the lower chart. This ratio fell from 2.56 in 1980 to 2.25 in 1990 and rose from 2.26 in 2000 to 2.43 in 2004. These fluctuations can be attributed to shifting age demographics in the county, with an older population and smaller households. As the number of young adults increases and birth rates rise, this ratio will increase.



Recent Housing Development in the Bitterroot Valley

The number of housing units in the Bitterroot Valley has steadily grown from 8,787 in 1980 to 11,099 in 1990 and to almost 16,000 in 2000. The map below shows the distribution of housing units in the valley by Census block group in 1990, with the ones existing prior to 1980 in black and the ones added between 1980 and 1990 in red (5 units per dot). The map at the right shows housing units distribution in 2000, with the ones added between 1990 and 2000 shown in red.

1980's Development

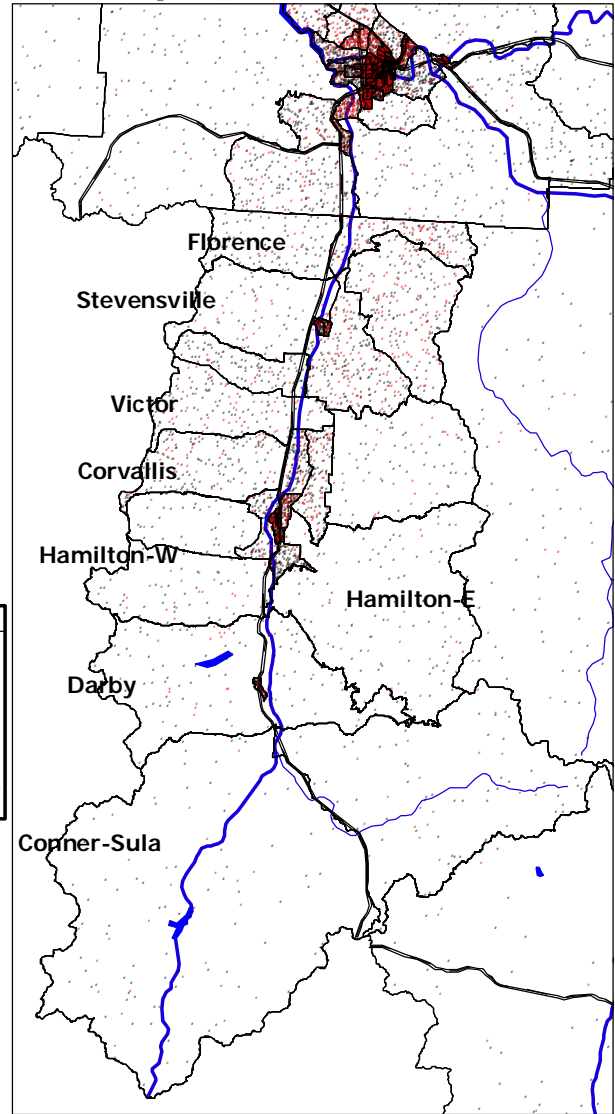


Neighborhood	Pre 1970	1970-80	1980-90	1990-2000	Total 2000
Florence	243	135	271	286	935
Stevensville	527	688	473	964	2652
Victor	280	258	161	252	951
Corvallis	257	363	250	512	1382
Hamilton-W	806	570	318	608	2302
Hamilton-E	1307	647	307	589	2850
Darby	810	852	512	1449	3623
Conner-Sula	326	293	227	405	1251
Total	4556	3806	2519	5065	15946

• 1 dot = 5 housing units



1990's Development

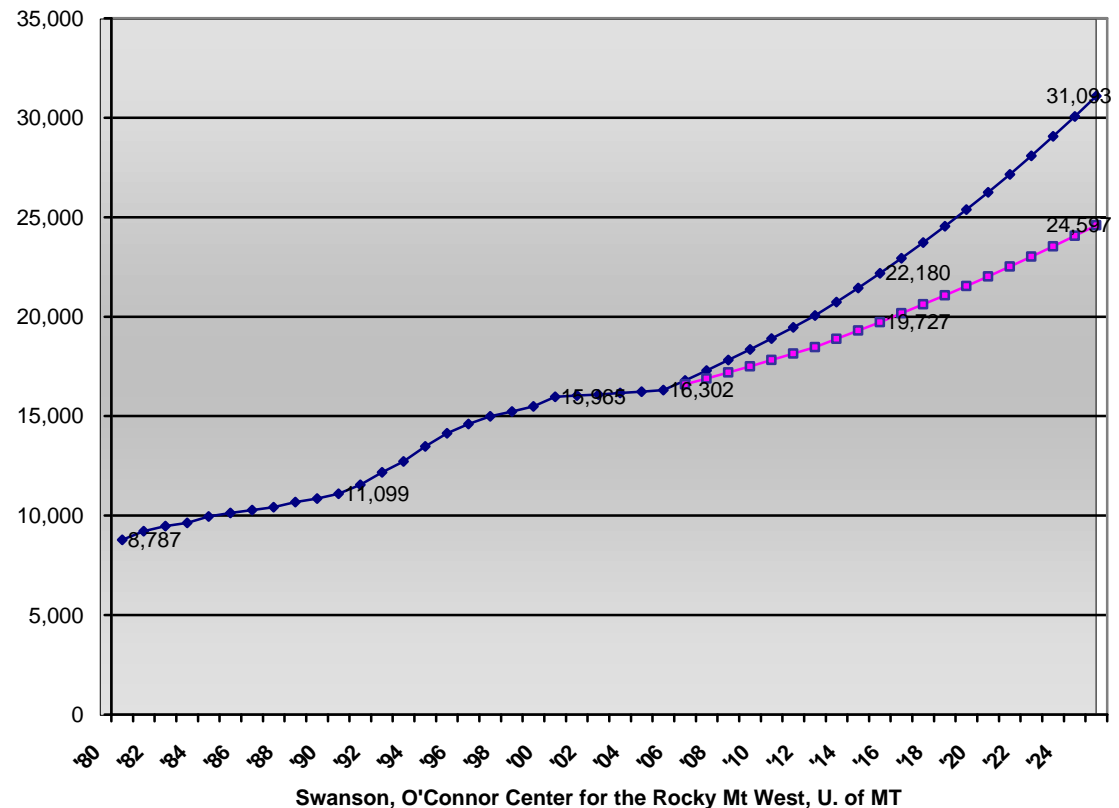


Past and Projected Housing Expansion in Ravalli County

There are solid numbers on the number of housing units in Ravalli County for each Census year ('80, '90, '00), and the Census Bureau has made estimates of the number of housing units for each year since 2000. Estimates for years between the Census years and for 2005 forward are made using population estimates and assumed ratios for population-to-housing. The population projections, as previously discussed, assume 1.8% (low) to 2.8% (high) annual growth. The population-to-housing ratio was 2.56 in 1980 and had fallen to 2.26 in 2000 before rising back to 2.43 in 2004. A ratio of 2.45 is assumed for each year between 2005 and 2012, but this is estimated to gradually decrease thereafter as the area population ages, falling to 2.32 by 2025.

Under these assumptions, the number of housing units in Ravalli County can be expected to grow from the current level of 16,302 to more than 31,000 by 2025 – an increase of 14,790 units or an increase of over 90 percent. However, under the more likely lower growth scenario (population growth at 1.8% annually), the number of housing units would reach 24,600 by 2025 – an increase of 8,300 units or 50 percent.

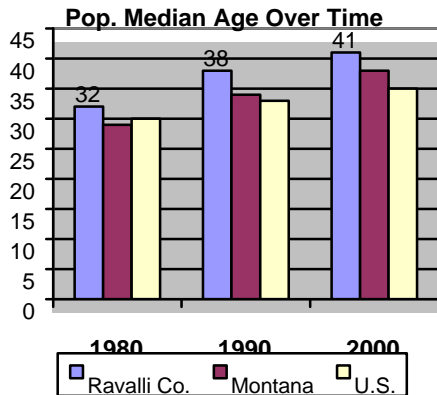
Past and Projected Housing Units for Ravalli Co. through 2025



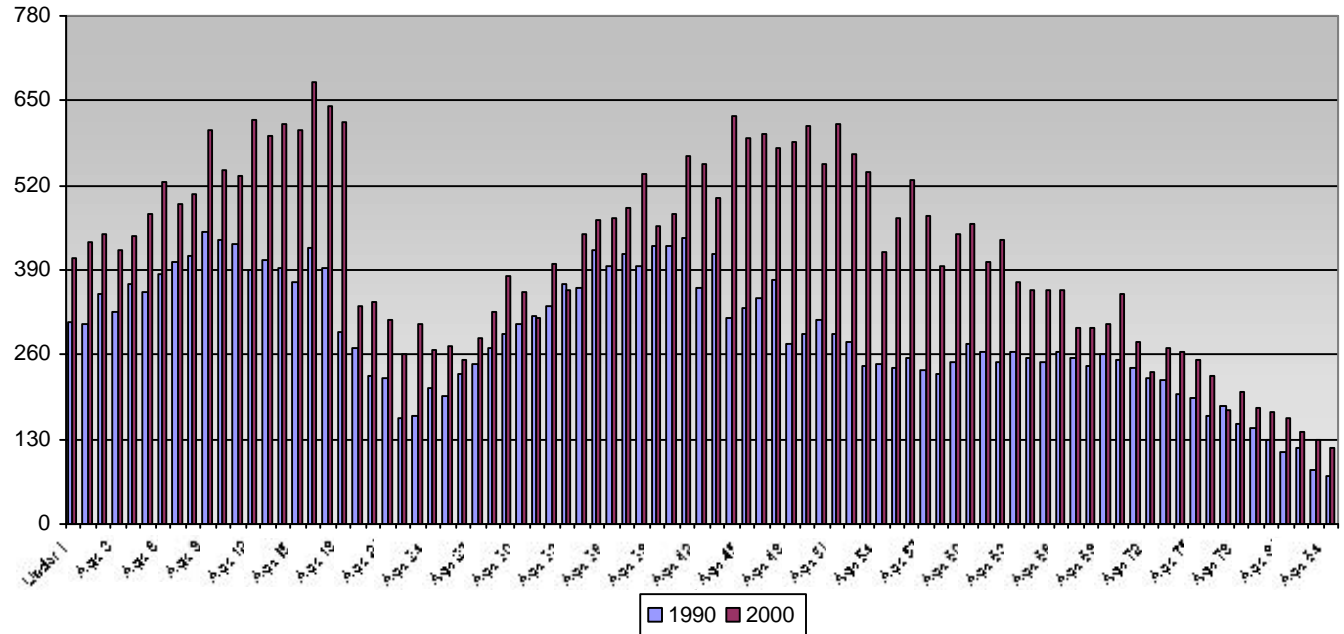
As more homes are built in the Bitterroot Valley, there will be a corresponding impact on area land use. More land will be developed for housing of all types. Some of the new housing will occur within or closeby incorporated communities in the county and some will occur in outlying areas. Some will be part of relatively small developments, perhaps one house at a time. And some will be part of relatively large developments containing several hundred housing units. Some will be single family homes on relatively large tracts or building sites, while some will be townhomes or condominium units and apartments.

Ravalli's Population by Single Ages: 1990 vs. 2000

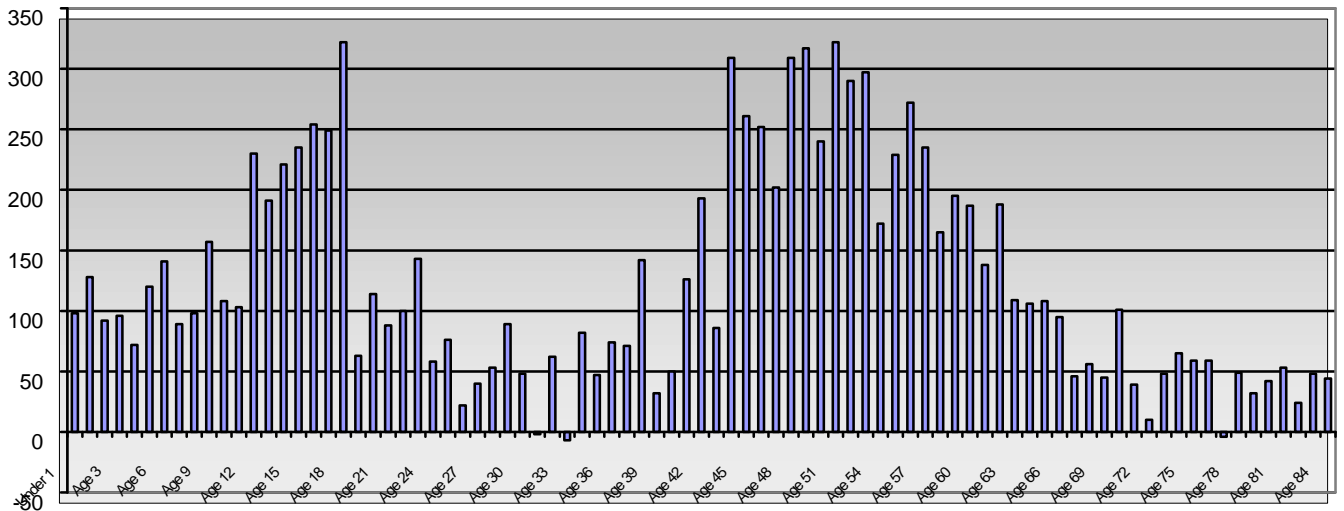
The upper right chart shows Ravalli County's population by single age in 1990 and ten years later in 2000. Population growth during the ten-year period is concentrated among persons in their 40s and 50s ("baby boomers") and among young adults in their teens (boomer "echo"). A general aging of the population as it grows is also reflected in median age figures, showing the median age of Ravalli Co. rising from 32 in 1980 to 41 in 2000. Ravalli County's population is older in relative terms than the state population as a whole.



Ravalli County Population by Single Age, 1990 vs. 2000



Ravalli Co. Population Change by Single Ages, 1990 - 2000



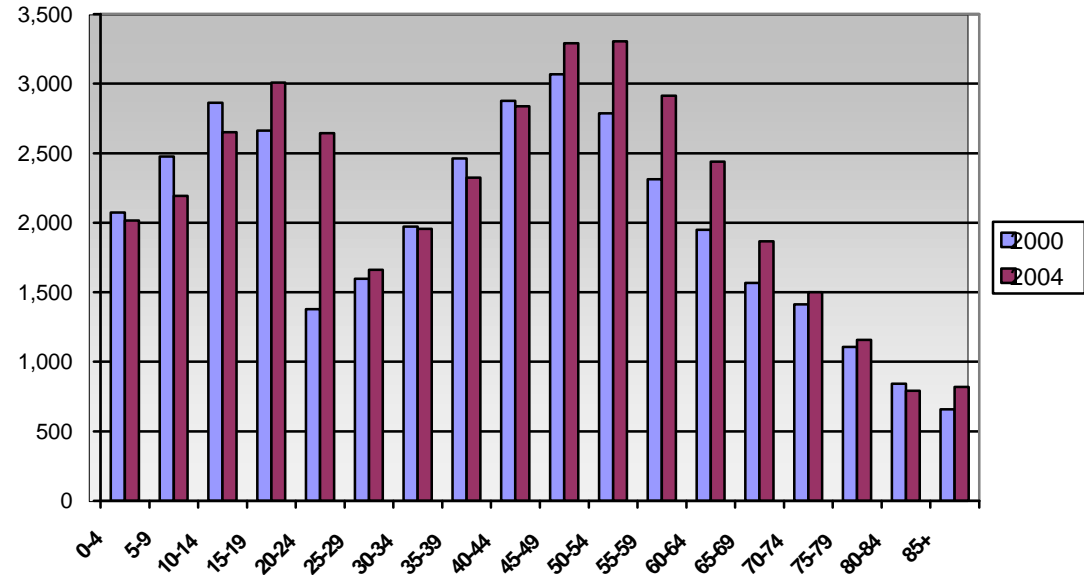
Current Age Group Distribution of Ravalli County's Population

The U.S. Census Bureau produced estimates of county-level populations by detailed age groupings for their 2004 population estimates. Ravalli County's population grew from 36,070 people in 2000 to an estimated 39,376 in 2004. The chart at the upper right shows how this population change occurred for 5-year age groupings from youngest (0-4) to oldest (85 and older).

The county's most recent growth is concentrated among persons 45 to 70 years of age and most of these are aging baby boomers. There also is significant growth in the number of young adults (20-24) and teenagers (15-19) and both of these fit into what is referred to as the "boomer echo," which is the children of boomers. The population of children under 15 is shrinking and there was some shrinkage in persons between 30 and 45.

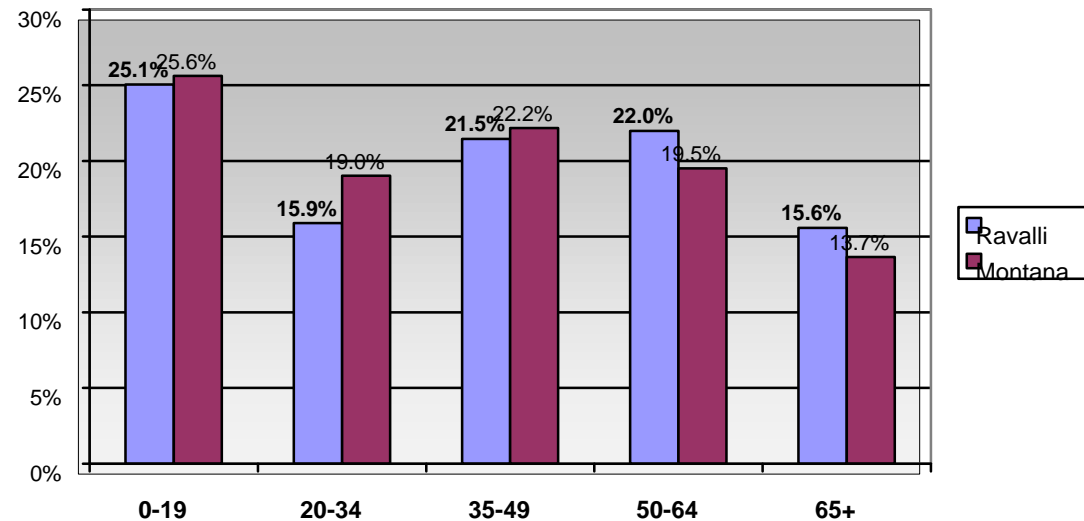
As indicated previously, the population of Montana is projected to become one of the oldest populations among U.S. states over the next ten to fifteen years, having major implications for the size of the labor force (older populations have a smaller share of the total at ages of workforce participation), housing (older people without children have different housing needs and wants than younger adults), and also health care. The lower chart shows how Ravalli's population compares to that of the state as a whole in terms of shares of the population across major age groupings. Ravalli's population is older than the state as whole in terms of having greater shares of the population 50 to 64 years of age (22% vs. 19.5%) and 65 and older (15.6% vs. 13.7%).

Ravalli Co. Population by 5-yr. Age Groupings: 2000 vs. 2004



Source: U.S. Census Bureau

Age Grouping Shares of the Total Population, Ravalli vs. Montana



Montana's Projected Population Change by Single Age for 2000-2010

The upper chart shows the population by single age as projected for 2010 by the U.S. Census Bureau and for ten-years earlier in 2000. During the '90s, the greatest growth in population was among persons between 40 and 60. In the current decade, this growth shifts to persons 50 to 70 as baby boomers age. The second bubble in the population – boomer echo – shifts to growth in persons 25 to 35.

Two significant dips in the population are projected - one for persons between 36 and 47 and the other for young persons between 8 and 21. Decline in this latter age range will ripple through Montana's high schools and colleges, reflected in falling high school enrollment and in-state college students. The increase in population 25 to 35 further reflects itself in an increase in very young children or those under 7 or 8.

Projected Montana Pop. by Age: 2000 vs. 2010

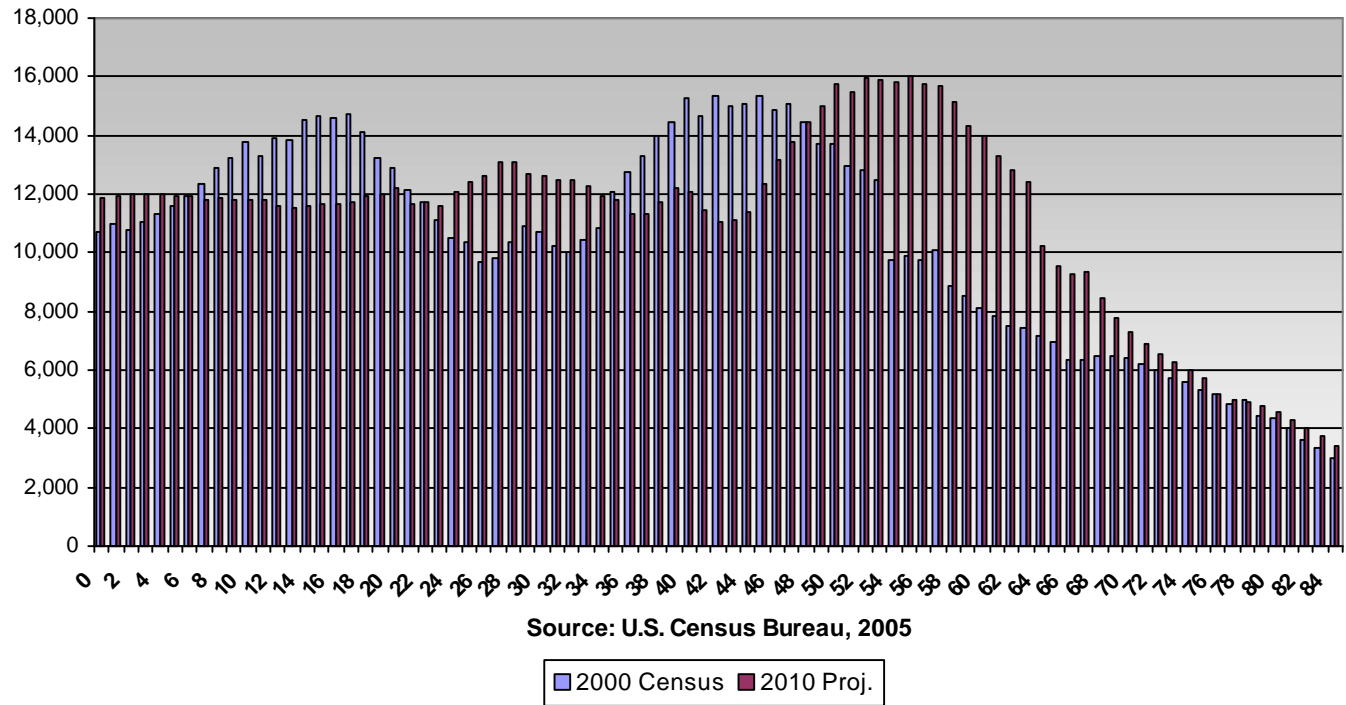
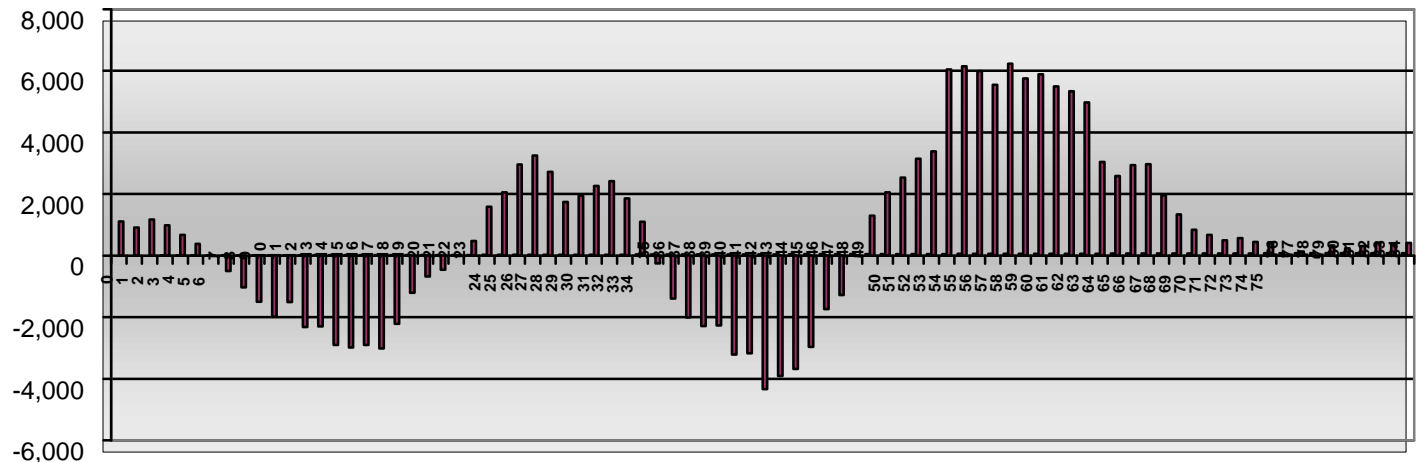


Fig 6: Montana Projected Pop. Change by Age: 2000 to 2010

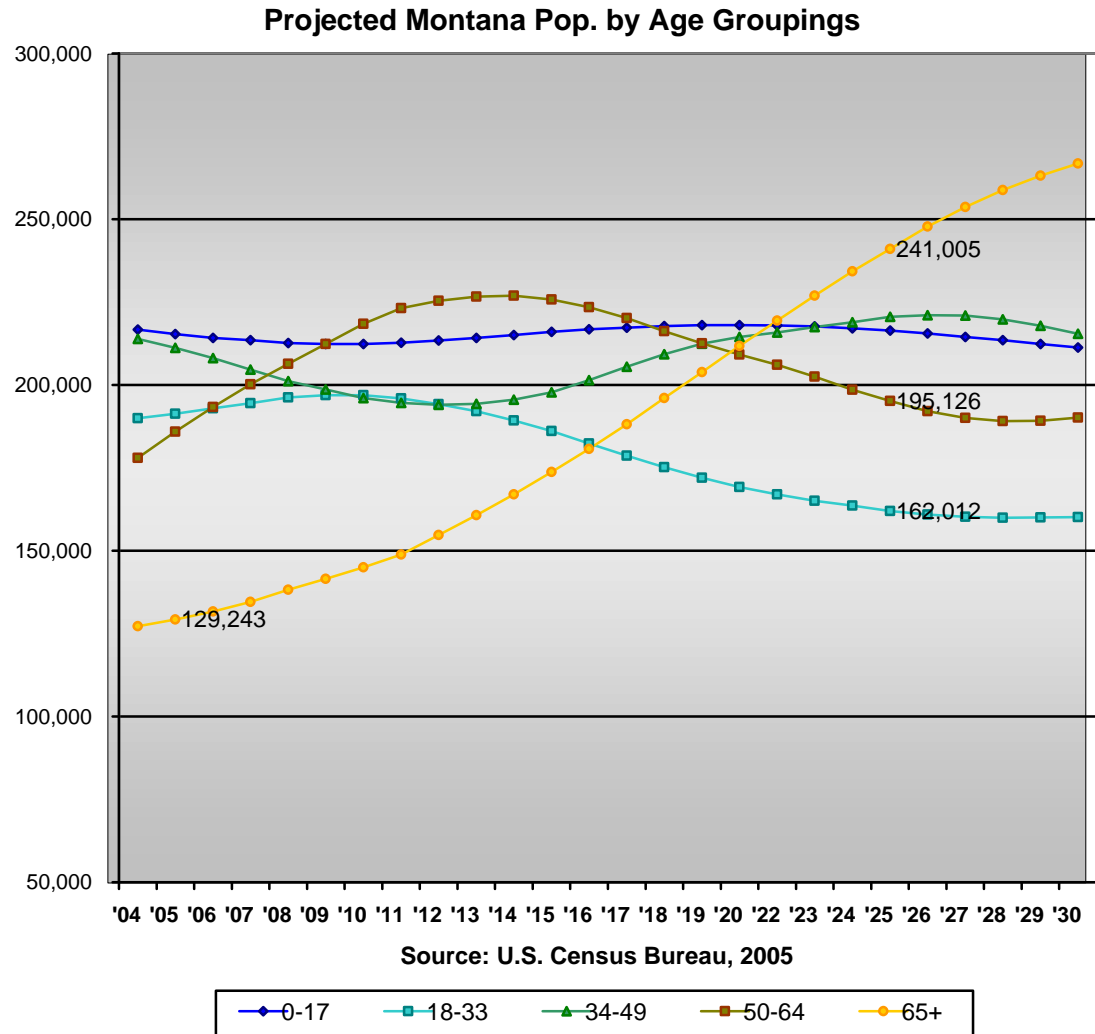


Projected Populations for Major Age Groupings in Montana

Census Bureau population projections by single age are grouped into five major groupings to view how population levels are expected to shift given underlying age demographics and to further examine how projections may affect the size of the state's work force. These five groupings are:

- Under 18 (school age and younger population – pre-work force population)
- 18 to 33 (young adult, work force population)
- 34 to 49 (mid-life work force population)
- 50 to 64 (older adult, work force population)
- 65 and older (retirement population)

The chart at the right shows projected population levels in Montana for each of these groupings between now and 2030. The under 18 population will slightly decline before rising after 2012 and then begin another decline after 2020. The young adult, work force population, which is currently rising, will start to decline after 2010 and fall until about 2027. The mid-life work force population, which is currently falling, will begin to increase after 2013 and rise until about 2026. The older adult, work force group will sharply increase in the next several years before falling after 2014. And the senior or retirement age population will sharply increase.



While Montana's overall population is projected to gradually increase over time, there will be significant swings in population by major age grouping. These swings add complexity to confidently estimating further employment levels in Montana, which quite clearly may be constrained by growth in the state's available work force.

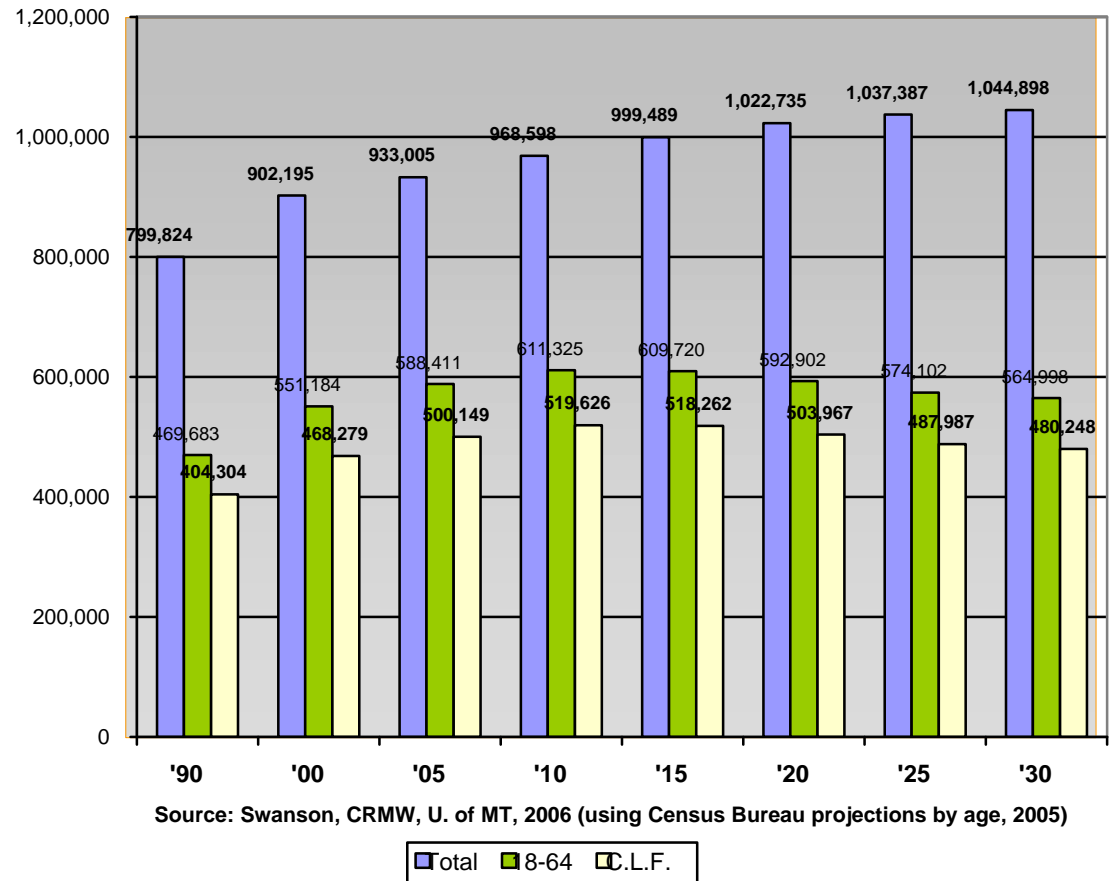
Past and Projected Civilian Labor Force in Montana using Census Bureau 2005 Population Projections

The labor force is primarily composed of adults between the ages of 18 and 64. The chart at the right shows past and projected population, as currently projected for Montana by the U.S. Census Bureau (2005 projections). Also shown are past and projected populations for persons 18 to 64. While the total population is projected to continue increasing, the population between 18 and 64 is projected to plateau in 2011 through 2013, then begin a gradual decline.

The ratio between the total civilian labor force in Montana and the state's population 18 to 64 was 86% in 1990 and 85% in 2000. This ratio has been fairly stable over time. Extending this ratio forward and applying it to these population projections provide rough estimates of the size of Montana's civilian labor force in the future as these population and age projections unfold.

Because the work force age group of the population peaks and begins to decline after 2011, so should the total size of the civilian labor force. As can be seen, it will rise from 500,000 in 2005 to about 520,000 in 2010, then plateau and slightly decline to 518,000 in 2015. This decline would continue through 2030.

Fig. 16: Montana Labor Force Projections using Census Bureau Population Projections



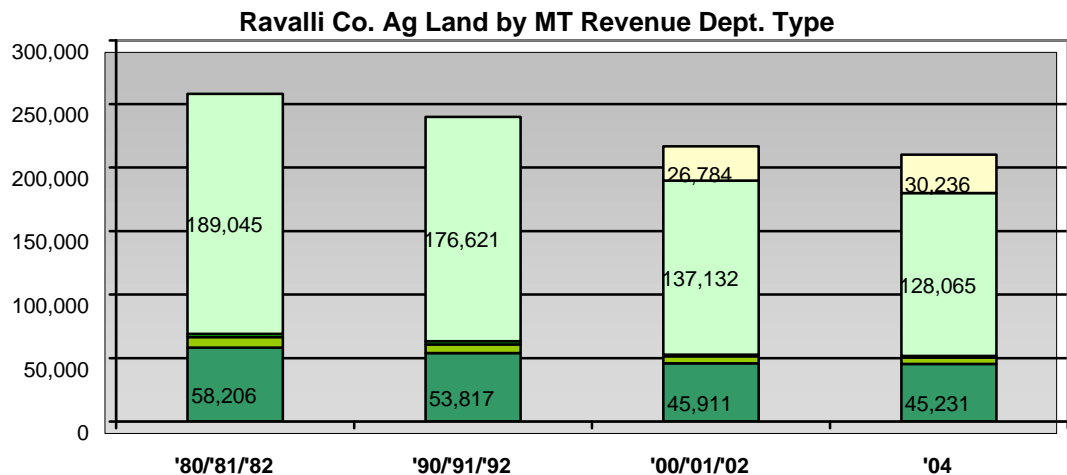
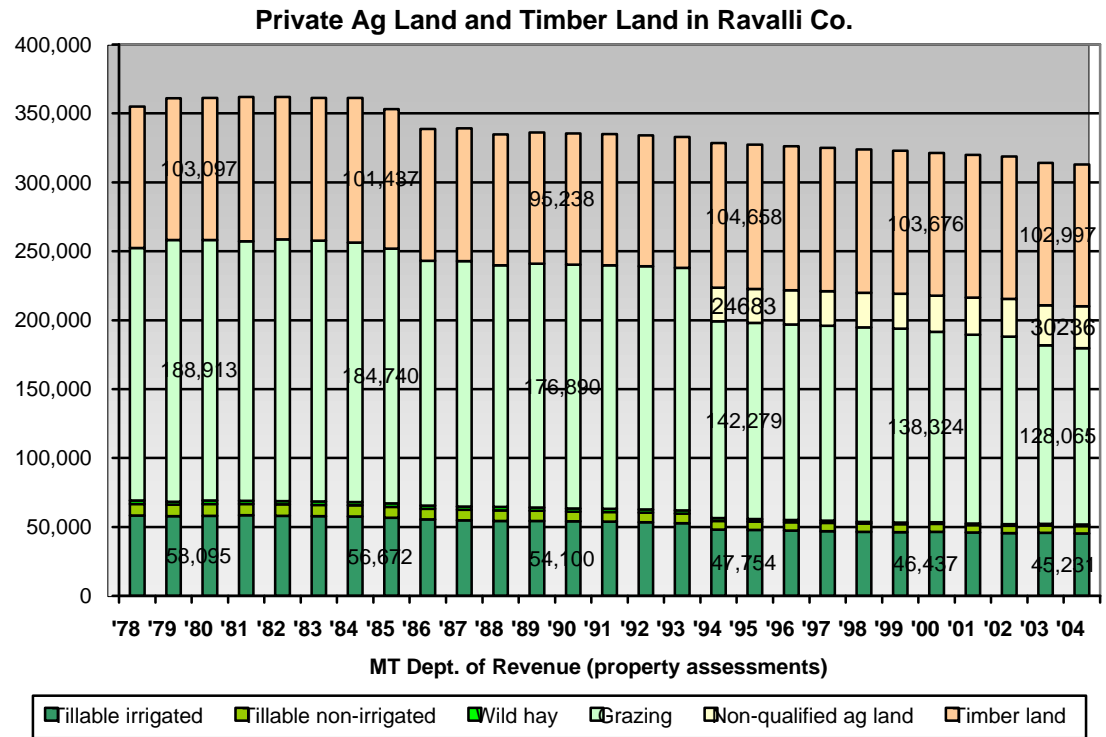
In projecting future growth in the state's labor force, it is very important to factor in how labor force expansion in the state may be constrained by shifting age demographics. If the population at prime ages of work force participation is not growing, then the labor force itself cannot grow. And if labor force expansion is constrained, so will be employment and labor earnings growth. At the national level there is a growing appreciation of how changing age demographics will constrain expansion of the labor force. However, in states like Montana with older populations than the nation as a whole, there is little appreciation of how this same phenomena could result in an actual decline in the state's labor force in future years.

Agricultural Land in the Bitterroot Valley

There are two major sources of information on area ag land acreage. One is the U.S. Census of Agriculture who does comprehensive assessments of agriculture every five years, including estimates of land in farms. The other is the Montana Department of Revenue (MDOR) who classifies and periodically values all land and other property for taxation purposes. MDOR assigns land parcels to various classifications, including various categories of ag land, and these assessments are done annually.

Parcels 160 acres and larger that are under one ownership are classified as "agricultural." Parcels 20 to 160 acres in size under one ownership are classified as agricultural if at least \$1,500 in agricultural product is produced and sold. If this \$1,500 threshold in ag sales is not met, these parcels are classified as "non-qualifying ag land." (this practice began with the 1994 assessments). Parcels under 20 acres that meet the \$1,500 threshold are classified as ag land. Those not meeting this are classified as rural "tract" land.

Ag lands are further classified by the following types: tillable irrigated land, tillable non-irrigated land, wild hay land, and grazing land. The upper right chart shows ag land by type for Ravalli County since 1978. Land classified as private timber land also is shown. In 2004 there was over 210,000 acres of various types of ag land, including over 30,000 acres in "non-qualifying ag land." This is down from nearly 218,000 acres in 2000, 223,000 acres in 1995, 240,000 in 1990, 252,000 in 1985, and 258,000 in 1980. The lower chart shows 3-year acreage averages (except '04).



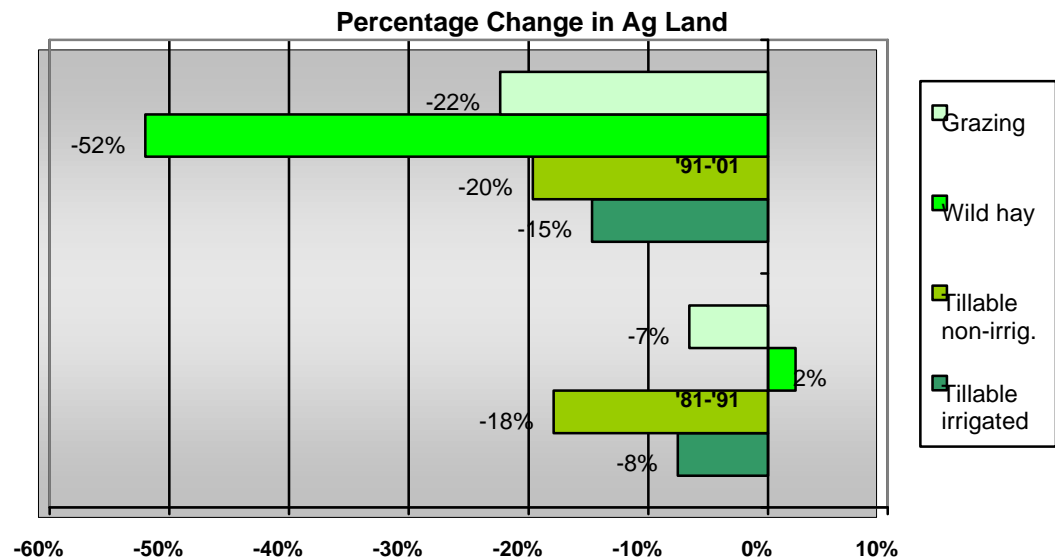
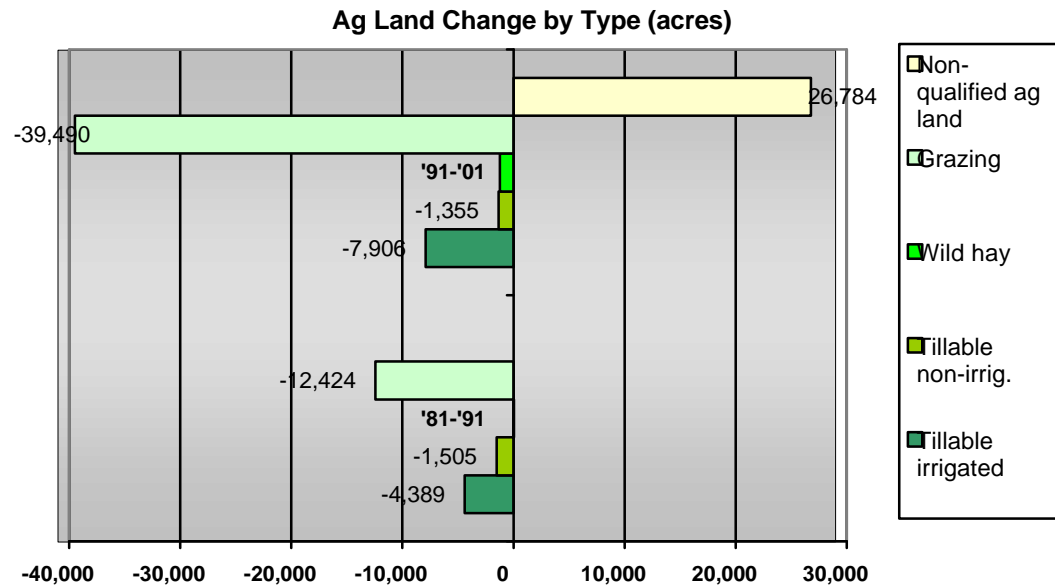
Change in Ag Land by Type in Ravalli County

The chart in the upper right shows change in the number of ag land acres in Ravalli County by type for two different periods: the early '80s to early '90s (using three-year averages for ag land for each such as '80, '81, '82 and '90, '91, '92), and the ten-year period since the early '90s (again using three-year averages). MDOR data on county ag land are used in these charts.

In the earlier period, grazing land acreage fell by 12,424 acres (a 7 percent fall), tillable irrigated acreage fell by 4,389 acres (8 percent decline) and tillable non-irrigated acreage fell by 1,505 acres (an 18 percent decline). In the latter period during the '90s when growth in the valley significantly increased, grazing land acreage declined by 39,490 acres (down 52 percent), tillable irrigated land fell by 7,906 acres (down 15 percent) and tillable non-irrigated land fell by 1,355 acres (down 20 percent). Land from which wild hay was harvested, although small in total acreage, fell by over 50 percent.

In this latter period during the '90s, the amount of land placed in the "non-qualifying ag land" (parcels of 20 to 160 acres that don't have agricultural sales of at least \$1,500) rose to 26,784 acres. This land also could be construed as "lost ag land" in that it appears to have been taken out of commercial agricultural production and use in that it no longer has ag sales of any significance.

Ag land loss in the valley is largely associated with population growth and housing and other development that accompanies this growth.



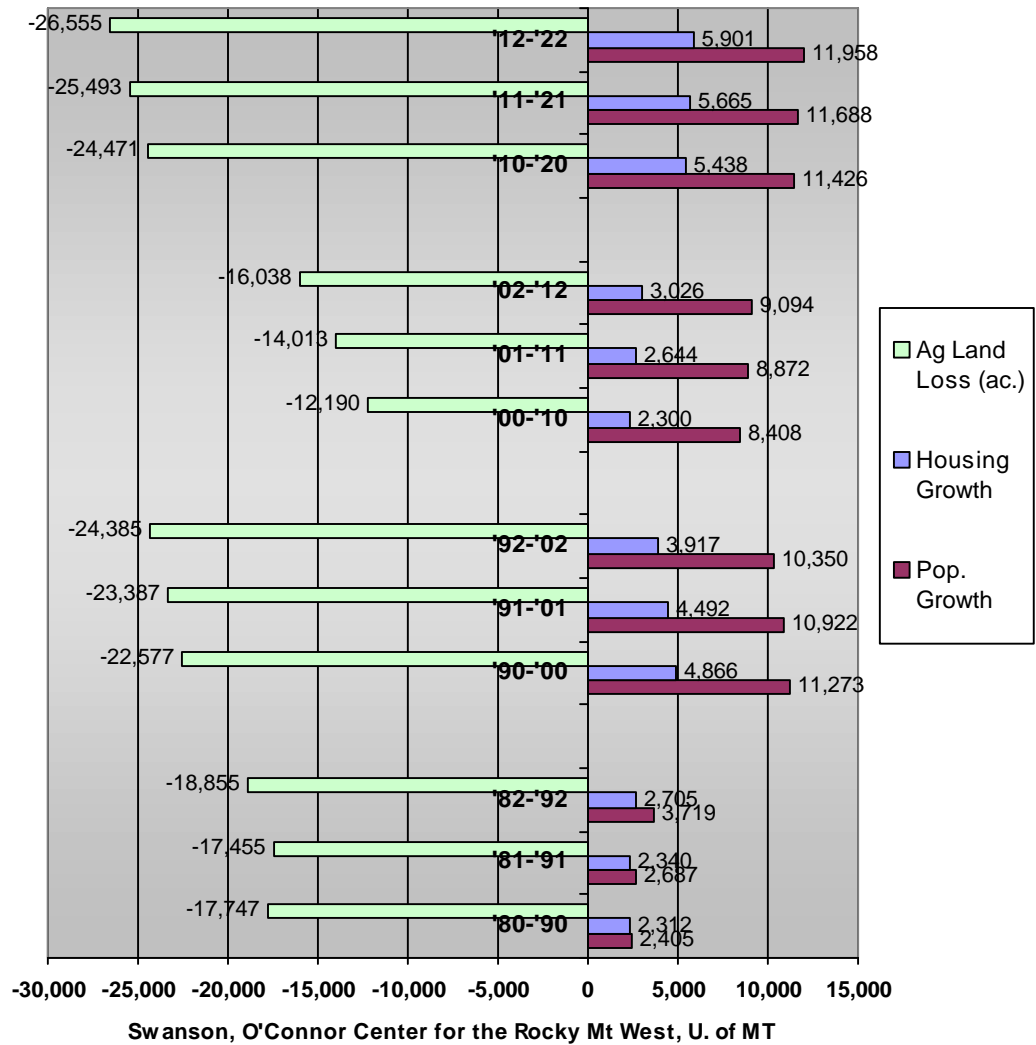
Population and Housing Growth in the Bitterroot and Associated Ag Land Loss

In the mid-'90s ag land of some type accounted for roughly 70 percent of all land in Ravalli County that was outside of Forest Service lands. Because of this, as the population of the valley has grown and the number of housing units increased, there has been a steady decline in valley ag land. The chart shows this change for succeeding ten-year periods. The 1980-90, 1981-91, and 1982-92 comparisons are at the bottom of the chart. Above these are ten-year periods dating from the early '90s: 1990-2000, 1991-2001, and 1992-2002. Projections for subsequent sets of ten-year period up through 2012-2022 are shown at the top.

For each set of years, the chart shows population and housing growth for these periods at the right and corresponding losses in total ag land at the left (which includes DOR's "non-qualifying" ag land). In the period from the early '80s to early '90s, there was a greater than 7 acre decline in ag land for every additional housing unit. This association fell to a 5 to 6 acre loss per housing unit in the next ten-year period (early '90s to early 2000). The top two sets of years for ten-year periods then show projections for the future.

In making estimates for the future, assumptions must be made regarding probable future ag land losses associated with additional housing units. And it is assumed that with an older population in the future, this ratio (how much ag land is lost as new housing is added) will gradually decline from present levels.

Population and Housing Growth and Associated Ag Land Loss in the Bitterroot



For the 2000-01-02 to 2010-11-12 period, a ratio of 5.3 is assumed. And for the 2010-11-12 to 2020-21-22 period, a ratio of 4.5 is assumed; that is, the association between housing development and associated ag land loss would fall to a loss of 4.5 acres per housing unit.

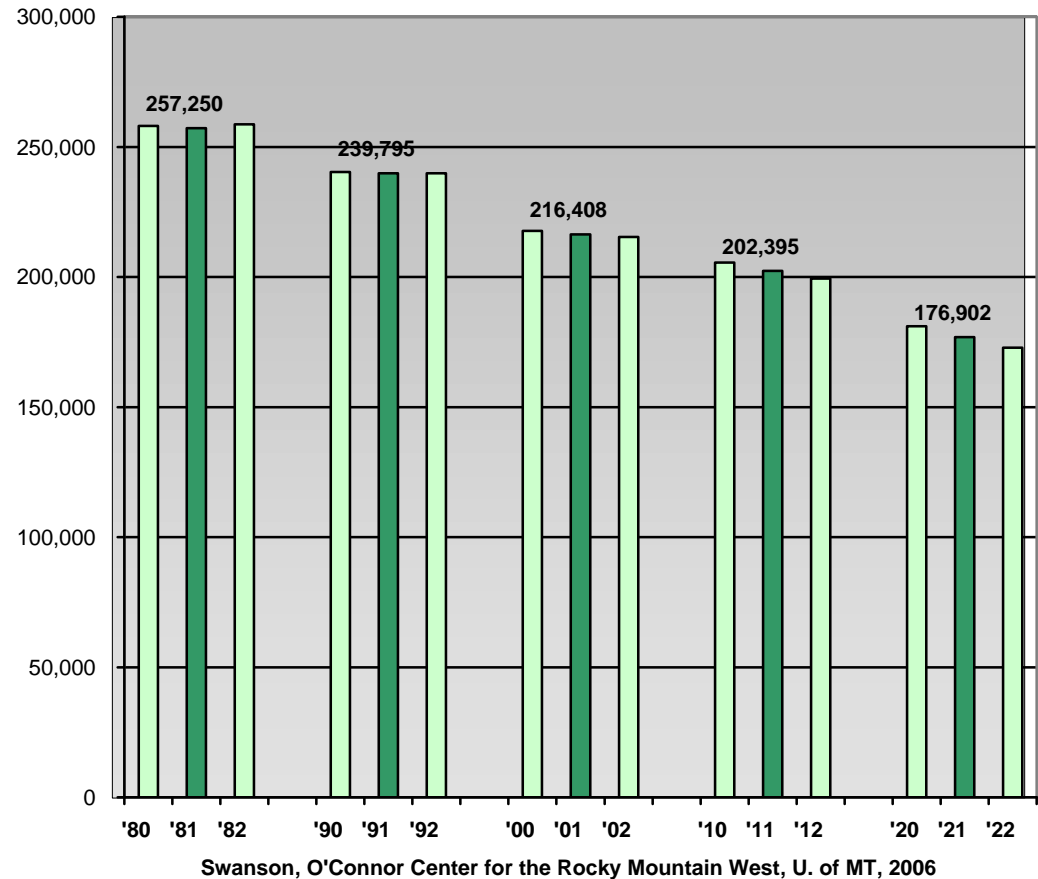
Past and Projected Ag Land in the Bitterroot Valley

Under current and emerging population growth and land development and conversion patterns, the total acreage of ag land in the Bitterroot Valley will see continuing decline. Ag land acreage totaled around 216,000 acres in the early part of this decade, down from 240,000 acres in the early '90s (a decline of over 23,000 acres or 10 percent), which was down from 257,000 acres in the early '80s (a decline from the early '80s to early '90s of nearly 17,500 acres or nearly 7 percent).

By the early part of the next decade (2011) ag land is projected to fall to about 202,000 acres (a decline of about 14,000 acres or a 6.5% fall in ten years). And by 2021 ag land acreage in the county would total only 177,000 acres under these projections – a fall of another 25,000 acres from the 2011 projected level or ten-year decline of 12.6%. This would be a decline of nearly 40,000 acres or 18% fall from recent levels. The latest DOR total for ag land of 210,000 acres in 2004, an 18% decline in twenty years would translate into a loss of nearly 38,000 acres between 2004 and 2024.

In interpreting these estimates of potential ag land loss in the Bitterroot Valley, it's important to keep the following assumptions upon which they were based in mind. First, a mid-point population projection is used between the "low" and "high" scenarios for Ravalli County of 1.8% to 2.8% (or 2.3%). Second, a ratio of population-to-housing units of 2.45 through 2012 that then gradually falls to 2.36 by 2025 is assumed (the decline reflects a steadily aging area population and the notion that persons per household fall among older populations).

Past and Projected Ag Land in the Bitterroot



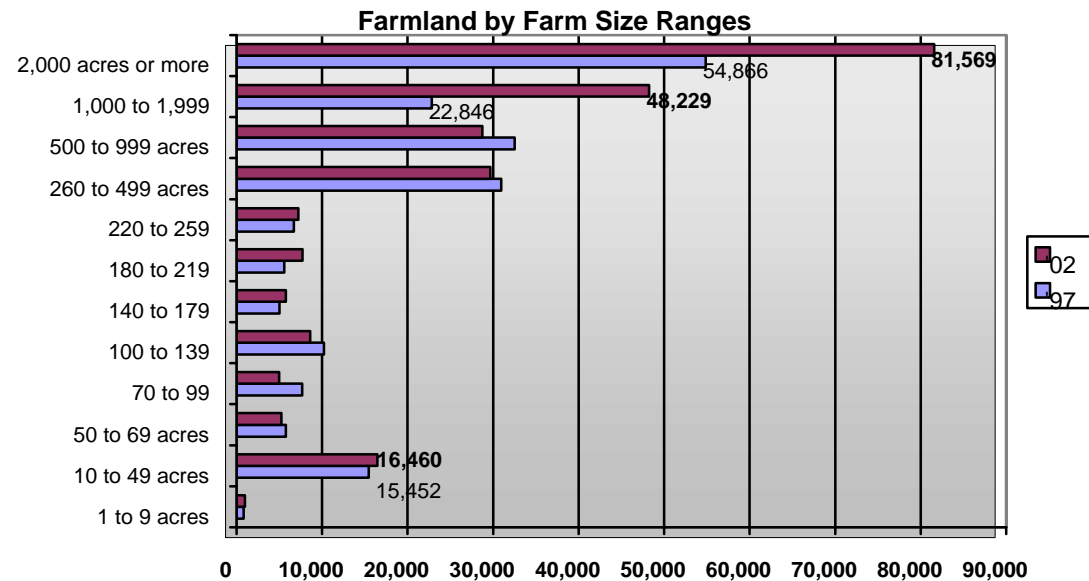
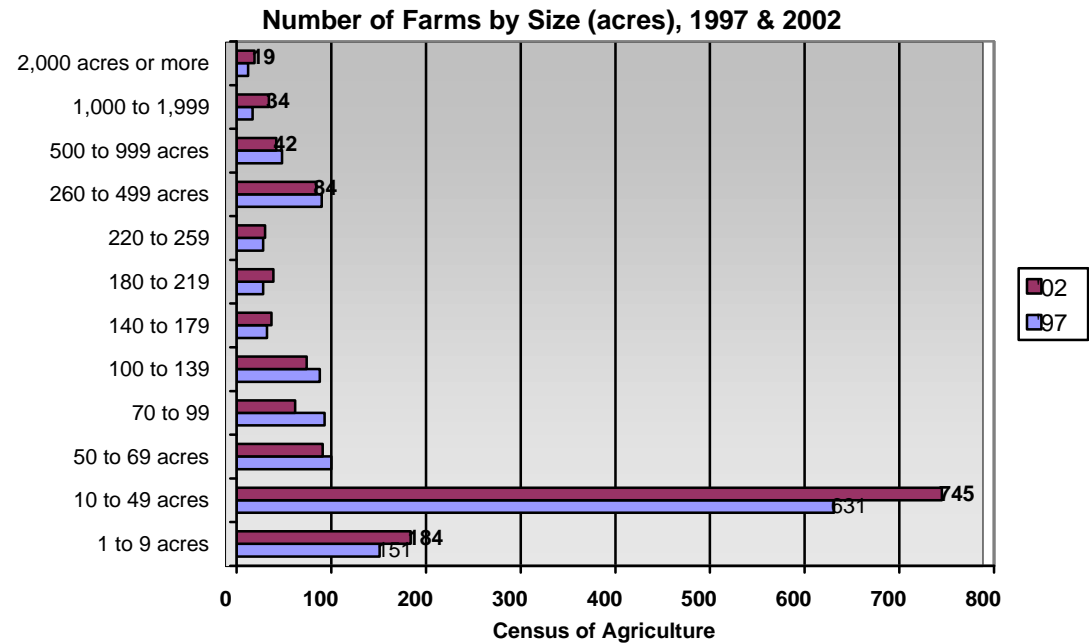
Next, it is assumed that the ratio of ag land loss per new housing unit will also fall as the population ages from recent levels of 5 to 6 acres of ag land per unit to 5.3 acres per unit over the next ten years and to 4.5 acres per unit over the subsequent ten-year period. Finally, these ag land loss projections would largely reflect future growth and development in the valley under present management and planning, recognizing that the past pattern of ag land loss could be reduced with more strenuous planning in the valley.

Farm Size Distribution in Ravalli County

Ravalli County is 2,400 square miles in size with 1,862 square miles of this total land area in federal land ownership – mainly Forest Service national forest and national forest wilderness areas. The remaining 538 square miles of land (344,000 acres) is largely non-federal land and primarily private lands (although there are some other federal lands in the county, such as fish and wildlife refuge lands, and some state lands). Of these 344,000 acres, an estimated 245,133 acres were considered part of land owned by farms in the Bitterroot in 2002 (over 70 percent of this remaining land).

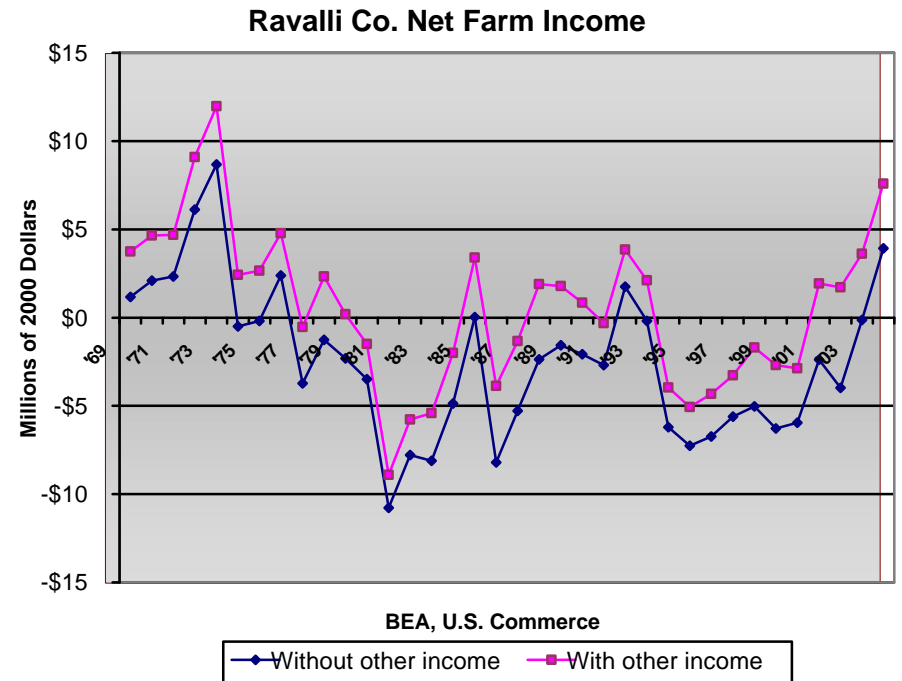
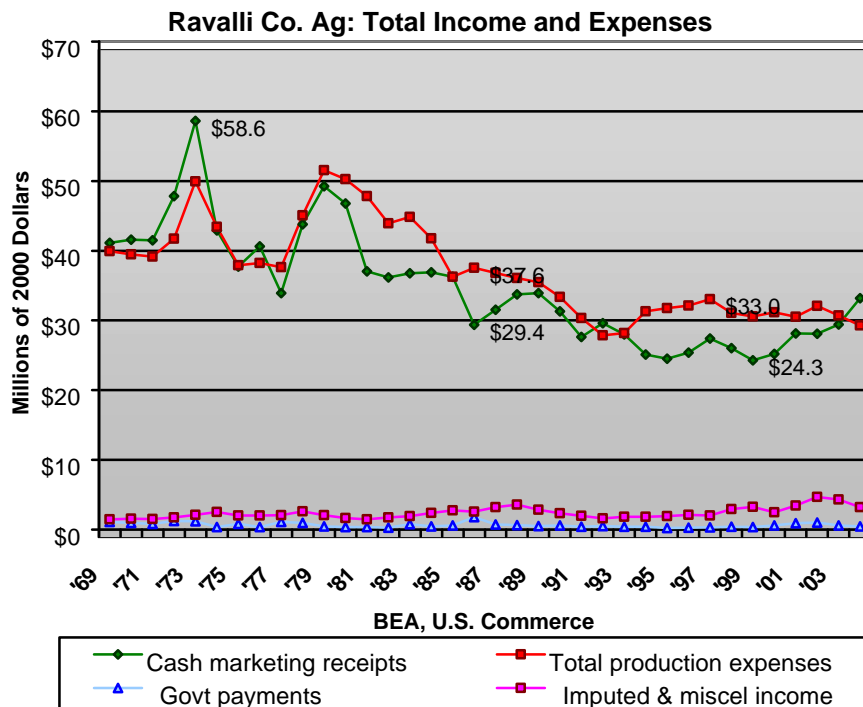
The number of farms in the county totaled 1,441 in 2002, up slightly from the previous Census count in 1997. Farms are all operations producing and selling agricultural product of \$1,000 or more during the year. The upper chart shows the distribution of farms in the county by size classes in acres, with large farms and ranches of 2,000 acres or more at the top (19 farms in all) and very small farms of less than 10 acres at the bottom. Just over half of all farms in the valley are in the 10 to 49 acre class (745 farms). Another 184 farms are in the under 10 acres group.

The lower chart shows how farmland in the county is distributed by farm-size classes. Over 81,000 acres of the 245,133 total is in the very largest farm-size class (2,000 plus acres). The next highest farmland acreage is by the 34 farms 1,000 to 1,999 acres in size. Over half of all farmland in the county is in the two very largest farm-size classes and held by a total of around 53 farms.



Financial Conditions and Trends among Ravalli County Farmers and Ranchers

The chart below shows total cash marketing receipts and other income by ag producers in Ravalli County, as well as total production expenses in 2000 inflation-adjusted dollars. Annual production costs in recent years have totaled around \$33 million and often exceed cash receipts from the marketing of crops and livestock, which have totaled less than \$30 million recently. Income from other sources, including farm program payments, off-set this but not enough to assure year-to-year profitability.



The chart above shows net earnings for agricultural producers in Ravalli County over time, with and without income from other sources (farm program benefits and farm-related income such as in machine hire income or custom work and imputed income for “home consumption”). Without these other income sources, income from marketing receipts of both crops and livestock simply have been inadequate to cover all production costs in many years. However, this can be masked due to the fact that the single largest production cost of farmers and ranchers is their capital costs (machinery costs, costs of depreciation, interest payments on loans, etc.).

In inflation-adjusted dollars, income from cash marketings has fallen from over \$58 million in the early ‘70s to \$30 million or less for most years since the mid-‘80s. This has created pressure to contain and lower overall costs, which producers in Ravalli County have done. However, cost reductions have been more than matched by reductions in marketing receipts.

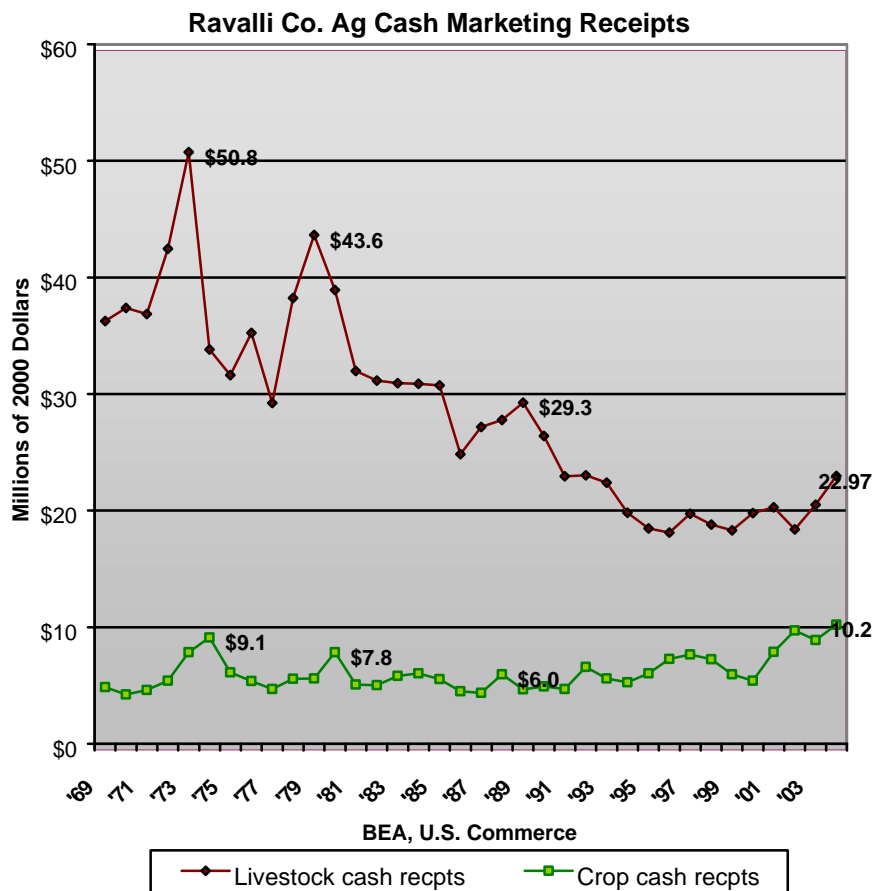
Trends in Cash Receipts for Livestock and Crop Marketings in Ravalli County

Total cash marketing receipts by agricultural producers in the Bitterroot Valley have steadily fallen in inflation-adjusted dollars since the early '70s. The chart below shows the two major categories of these receipts: livestock marketings and crop receipts.

Cash receipts from marketings of livestock peaked at over \$50 million in the early '70s, then fell before rising back to around \$44 million in the early '80s. Since this time, these receipts have been largely in decline, although this decline has been much more modest in more recent years. In 2004 cash receipts from livestock marketings totaled almost \$23 million..

Crop marketing receipts by area producers are considerably lower than receipts from livestock sales, but the difference between these has steadily declined as livestock receipts have fallen. The value in 2000 dollars of all crop marketing receipts totaled about \$8 to \$9 million annually in the mid-'70s. In the early '90s these had fallen to as low as \$6 million annually. More recent these have risen to back to \$9 to \$10 million a year.

It is important to understand that these declines in cash receipts by agricultural producers in the Bitterroot Valley are matched by very similar trends for agricultural producers in many other regions of the U.S. However, in fast-growing areas where there is already considerable pressure for the conversion of ag land to other uses through development, lack of profitability for many producers adds further to the likelihood of such farmland conversion and loss.



Ag Production Expenditures by Area

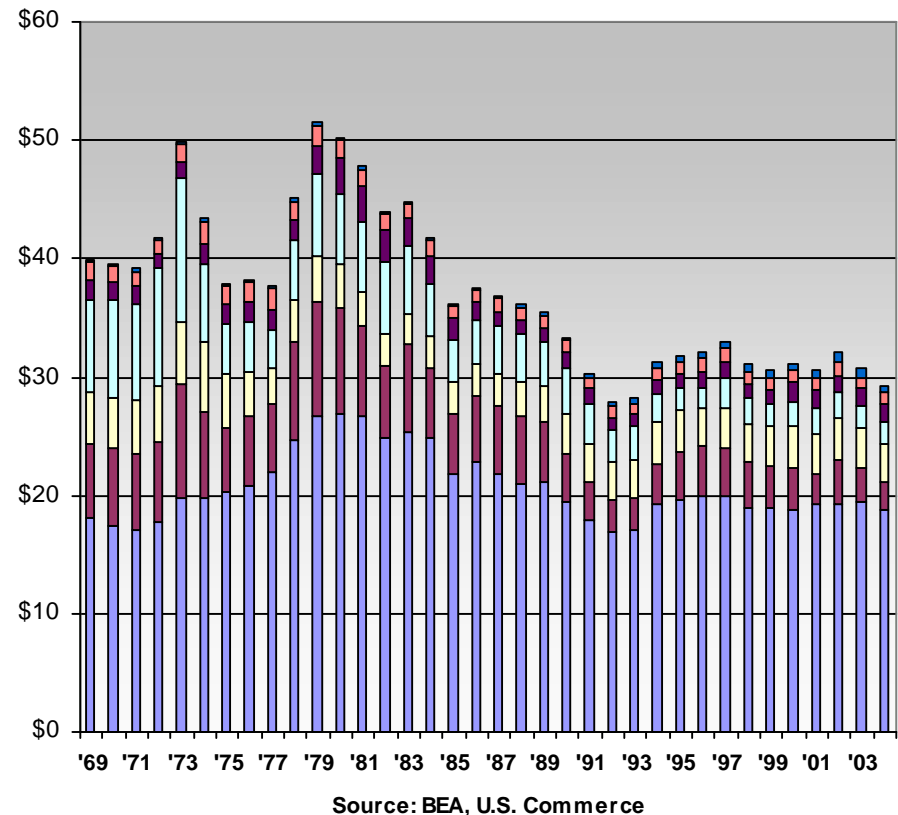
Farmers and Ranchers

Expenditures in producing crops and livestock by Ravalli County producers have been averaging about \$30 to \$32 million annually in recent years. The chart at the right shows how this money is expended by major category. The largest category by far is referred to as “all other production expenses” in the chart. Included in this are expenses for capital depreciation, interest charges on loans, rent and taxes, machinery repair and operation costs, and other miscellaneous costs of production. In 2004, these totaled almost \$19 million. These expenditures can be traced to banks and other lending institutions in the valley who make and service agricultural loans and others who repair farm equipment and machinery.

Producers spent an additional \$2.4 million on feed for livestock, \$3.2 million on hired labor, \$1.8 million on the purchase of livestock, \$1.4 million on petroleum products, almost \$1 million on fertilizer and other chemicals, and \$.6 million on the purchase of seeds.

A more complete and detailed breakdown of these cost figures is shown on the page that follows. The table also shows how “net realized income” for ag producers is derived by government statisticians. The cash marketing receipts of \$33 million in 2004, combined with income from other sources of \$3.7 million sums to a total of \$36.9 million. Minus production expenses of \$29.3 million results in realized net income of \$7.6 million. Subtracted from this is the change in the value of crop and livestock inventories going into the year, which yields total net earnings, including those by corporate or non-proprietor farms, of \$7.1 million. Subtracting net earnings by corporate farms of \$1.3 million, results in net earnings for farm proprietors of \$5.8 million. And adding to this farm wages and related income of farm workers, yields total farm income of \$8.2 million. These \$8.2 million in farm income accounted for less than one percent of the valley’s entire personal income base in 2004 of over \$864 million.

Ag Production Expenses by Type in Ravalli Co. in Millions of 2000 Dollars



However, while yielding \$8.2 million in net earnings, farmers spent nearly \$30 million on production costs and these expenditures represented sales activity and income to suppliers of these inputs. And producers marketed over \$33 million in livestock and crops that are handled and used and consumed by many others both in and outside of the area.

Ravalli County Income and Expenses by Agricultural Producers, 2000 - 2004

	<i>Thousands of 2000 Inflation-adjusted dollars</i>					
	2000	2001	2002	2003	2004	
Cash receipts from marketings (\$000)	\$25,200	\$28,152	\$28,132	\$29,427	\$33,216	<i>In the last three years for which data are available, cash receipts from marketings have totaled \$28 to \$33 million, with \$18 to \$22 million in receipts from livestock sales. Income from government farm program payments have been \$1 million or less a year.</i>
Cash receipts: livestock and products	\$19,789	\$20,282	\$18,407	\$20,498	\$22,972	
Cash receipts: crops	\$5,411	\$7,869	\$9,725	\$8,928	\$10,244	
Other income	\$3,087	\$4,327	\$5,686	\$4,952	\$3,668	
Government payments	\$588	\$907	\$1,008	\$614	\$467	
Imputed and miscellaneous income received 1/	\$2,499	\$3,420	\$4,677	\$4,338	\$3,201	
Total production expenses	\$31,153	\$30,543	\$32,105	\$30,770	\$29,300	<i>Total production costs have fluxuated between \$29 and \$32 million a year.</i>
Feed purchased	\$3,533	\$2,630	\$3,656	\$2,879	\$2,372	
Livestock purchased	\$1,967	\$2,179	\$2,198	\$1,905	\$1,821	
Seed purchased	\$623	\$611	\$875	\$814	\$598	
Fertilizer and lime (incl. ag. chemicals 1978-fwd.)	\$1,028	\$968	\$1,075	\$922	\$898	
Petroleum products purchased	\$1,698	\$1,550	\$1,368	\$1,418	\$1,605	
Hired farm labor expenses 2/	\$3,535	\$3,416	\$3,676	\$3,408	\$3,176	
All other production expenses 3/	\$18,769	\$19,189	\$19,258	\$19,425	\$18,830	<i>Over \$3 million a year is spent on hired farm laborers. The single biggest cost is "all other production expenses," which includes most capital costs (see note 3).</i>
Value of inventory change	-\$1,911	\$216	-\$289	-\$371	-\$514	
Value of inventory change: livestock	-\$595	-\$561	-\$585	-\$625	-\$672	
Value of inventory change: crops	-\$1,462	\$916	\$0	\$305	\$203	<i>Adding to or subtracting from inventories of livestock and crops is included in estimations of net earnings.</i>
Value of inventory change: materials and supplies	\$146	-\$138	\$272	-\$50	\$0	
Total cash receipts and other income	\$28,287	\$32,479	\$33,817	\$34,378	\$36,885	<i>\$7.6 million in net earnings was realized in 2004, but allowing for inventory changes reduces this to \$7.1 million.</i>
less: Total production expenses	\$31,153	\$30,543	\$32,105	\$30,770	\$29,300	
Realized net income	-\$2,866	\$1,935	\$1,712	\$3,608	\$7,585	<i>Removing net earnings of "corporate" farms of \$1.3 million, results in net farm proprietor income in the valley of \$5.8 million in 2004. Adding to this money paid for farm wages brings total farm labor and proprietor income to \$8.2 mil.</i>
plus: Value of inventory change	-\$1,911	\$216	-\$289	-\$371	-\$514	
Total net income including corporate farms	-\$4,777	\$2,152	\$1,424	\$3,237	\$7,071	
less: Net income of corporate farms	-\$766	\$365	\$224	\$517	\$1,268	
plus: Statistical adjustment	\$0	\$0	\$0	\$0	\$0	
Total net farm proprietors' income	-\$4,011	\$1,787	\$1,200	\$2,720	\$5,803	
plus: Farm wages and perquisites	\$2,402	\$2,303	\$2,612	\$2,249	\$2,130	
plus: Farm supplements to wages and salaries	\$385	\$372	\$361	\$363	\$314	
Total farm labor and proprietors' income	-\$1,224	\$4,462	\$4,172	\$5,332	\$8,247	

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce

1/ Consists of the value of home consumption and other farm-related income components, such as machine hire and custom work income and income from forest products.

2/ Consistes of hired workers' cash pay and prerequisites, employers' contributions for social security and medicare, and payments for contract labor, machine hire, and custom work.

3/ Consists of repair and operation of machinery; depreciation, interest, rent and taxes; and other miscellaneous expenses including agricultural chemicals.

Ravalli County Income and Employment by Major Source and Industry, 2001 - 2004

	2001	2002	2003	2004	
Personal income (thous. of 2000 dollars)	\$810,134	\$807,075	\$831,643	\$864,159	<i>Personal income or income from all sources received by all persons residing in Ravalli Co. totaled \$864 million in 2004. On a per person basis, this is \$21,894 (per capita income).</i>
Population (persons)	36,907	37,737	38,739	39,470	
Per capita personal income (dollars)	\$21,950	\$21,386	\$21,468	\$21,894	
Labor Earnings by place of work (thous. of 2000 dollars)	\$407,478	\$398,744	\$412,930	\$436,135	<i>About \$99 mil. in labor earnings received by Ravalli Co. residents is from work outside of the county - about 21% of total labor income of county residents.</i>
less: Contributions for government social insurance 1/	\$46,362	\$47,535	\$49,164	\$51,136	
Employee & self-employed contributions for govt social insurance	\$26,515	\$26,158	\$27,206	\$28,451	
Employer contributions for government social insurance	\$19,847	\$21,377	\$21,958	\$22,685	
plus: Adjustment for residence 2/	\$90,103	\$94,966	\$98,405	\$99,549	
Personal Income by Major Source					
equals: Net labor earnings by place of residence	\$451,219	\$446,174	\$462,171	\$484,548	<i>Labor earnings from all sources - \$485 mil. - accounted for 56% of all personal income. The other income came from investment income (\$213 mil.) and transfer payment income (\$166 mil.).</i>
plus: Dividends, interest, and rent	\$211,014	\$206,316	\$210,531	\$213,544	
plus: Personal current transfer receipts	\$147,900	\$154,585	\$158,941	\$166,067	
	\$810,134	\$807,075	\$831,643	\$864,159	
Workplace Labor Earnings by Major Type					<i>All proprietors (self-employed persons) in the valley received \$107 mil. in labor earnings. Of these, \$5.8 mil. was received by farm proprietors.</i>
Wage and salary disbursements	\$235,464	\$245,951	\$250,378	\$259,058	
Supplements to wages and salaries	\$56,456	\$62,777	\$65,389	\$70,080	
<i>Employer contributions for employee pension & insurance funds</i>	\$36,608	\$41,401	\$43,431	\$47,395	
<i>Employer contributions for government social insurance</i>	\$19,847	\$21,377	\$21,958	\$22,685	
Proprietors' income	\$115,558	\$90,015	\$97,164	\$106,997	
<i>Farm proprietors' income</i>	\$1,787	\$1,200	\$2,720	\$5,803	
<i>Nonfarm proprietors' income</i>	\$113,772	\$88,815	\$94,444	\$101,195	
	\$407,478	\$398,744	\$412,930	\$436,135	
Workplace Labor Earnings by Farm vs. Nonfarm					<i>Of the total workplace labor earnings of \$436 mil., \$8.2 mil. was received by farm proprietors (the \$5.8 mil. mentioned above) and by hired farm workers.</i>
Farm earnings (farm proprietors and hired farm workers)	\$4,462	\$4,172	\$5,332	\$8,247	
Nonfarm earnings	\$403,017	\$394,571	\$407,599	\$427,888	
Private Nonfarm Labor Earnings (by major sector below)	\$325,801	\$309,641	\$316,645	\$336,735	<i>A portion of the "forestry, fishing, related activities" sub-sector includes labor earnings of persons who do ag services of various kinds and these earnings are not included in "farm earnings" as described above.</i>
Forestry, fishing, related activities, and other	'd	'd	\$8,099	'd	
Mining	'd	'd	\$433	'd	
Utilities	\$4,472	\$5,014	\$5,671	\$5,391	
Construction	\$48,247	\$46,177	\$48,924	\$55,572	
Manufacturing	\$57,707	\$46,568	\$38,053	\$39,949	
Wholesale trade	\$15,005	\$15,370	\$16,990	\$19,590	
Retail trade	\$39,018	\$42,356	\$44,134	\$43,813	
Transportation and warehousing	\$9,583	\$9,461	\$9,952	\$10,122	
Information	\$3,214	\$3,177	\$3,220	'd	

Ravalli County Income and Employment by Major Source and Industry, 2001 - 2004

	2001	2002	2003	2004	
Finance and insurance	\$14,457	\$15,363	\$16,475	\$17,285	<i>sector of the Ravalli County economy with \$55.6 mil. in labor earnings. Next largest is Retail Trade at \$43.8 mil., followed by Local government (which includes city and county govts. and local public education) at \$42.3 mil. Manufacturing labor earnings totaled \$39.9 mil. in 2004. Labor earnings received by employees of the federal civilian govt. totaled \$36 mil. and earnings for health care and social assistance workers totaled \$34.3 mil.</i>
Real estate and rental and leasing	\$20,849	\$15,166	\$19,854	\$22,899	
Professional and technical services	\$22,854	\$24,039	\$25,028	\$25,572	
Management of companies and enterprises	'd	'd	\$510	\$606	
Administrative and waste services	'd	'd	\$10,283	\$12,797	
Educational services	\$2,080	\$2,044	\$2,045	\$2,232	
Health care and social assistance	\$33,361	\$33,227	\$33,597	\$34,349	
Arts, entertainment, and recreation	\$5,892	\$6,369	\$6,842	\$7,048	
Accommodation and food services	\$11,543	\$11,335	\$11,669	\$12,873	
Other services, except public administration	\$14,729	\$15,739	\$14,865	\$15,313	
Government and government enterprises	\$77,216	\$84,930	\$90,953	\$91,153	
Federal, civilian	\$32,900	\$35,999	\$36,298	\$35,998	
Military	\$3,213	\$4,147	\$5,846	\$6,115	
State government	\$4,466	\$6,098	\$6,966	\$6,742	
Local government	\$36,637	\$38,686	\$41,842	\$42,299	
Total Employment (all full- and part-time jobs)	17,507	18,119	18,497	19,044	<i>Total employment in 2004 was 19,044. These include all full- and part-time jobs in the valley. Over 60% of these jobs were wage and salary jobs. The rest were proprietor employment (self-employment). Farm proprietors accounted for 16% of all proprietors (1,212 of 7,501). Farm proprietors and hired farm workers totaled 1,319 jobs in 2004 - 7% of the total. Some additional jobs tied to agriculture are contained within "forestry, fishing, related activities."</i> <i>The Retail Trade sector employs more persons in the Bitterroot Valley (2,296) than any other sector. Construction is next with 2,064 workers, followed by health care and social assistance at 1,523 workers, and local government at 1,370 workers.</i>
Wage and salary employment	10,649	10,992	11,228	11,543	
Proprietors employment	6,858	7,127	7,269	7,501	
Farm proprietors employment	1,215	1,237	1,212	1,212	
Nonfarm proprietors employment 3/	5,643	5,890	6,057	6,289	
Total Employment by Farm vs. Nonfarm Jobs					
Farm employment	1,327	1,349	1,317	1,319	
Nonfarm employment	16,180	16,770	17,180	17,725	
Private Nonfarm employment (major sectors are below)	14,090	14,574	14,926	15,471	
Forestry, fishing, related activities, and other	'd	'd	386	'd	
Mining	'd	'd	36	'd	
Utilities	42	39	38	41	
Construction	1,827	1,873	1,985	2,064	
Manufacturing	1,379	1,289	1,185	1,216	
Wholesale trade	331	373	361	433	
Retail trade	2,145	2,335	2,296	2,296	
Transportation and warehousing	491	489	461	465	
Information	177	143	168	'd	
Finance and insurance	572	579	605	622	
Real estate and rental and leasing	820	858	915	965	
Professional and technical services	899	968	1,014	1,036	

Ravalli County Income and Employment by Major Source and Industry, 2001 - 2004

	2001	2002	2003	2004	
Management of companies and enterprises	'd	'd	27	26	
Administrative and waste services	'd	'd	761	858	
Educational services	180	181	194	213	
Health care and social assistance	1,401	1,430	1,494	1,523	
Arts, entertainment, and recreation	496	554	587	573	
Accommodation and food services	1,039	1,066	1,114	1,220	
Other services, except public administration	1,217	1,340	1,299	1,337	
Government and government enterprises	2,090	2,196	2,254	2,254	<i>Government employment of all types in Ravalli County totaled 2,254 jobs in 2004. Local government, including public education employment, is the largest category of public employment.</i>
Federal, civilian	529	556	548	517	
Military	196	202	204	201	
State government	117	156	170	166	
Local government	1,248	1,282	1,332	1,370	

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce (data in the table are compiled by NAICS industry codes - North American industry classification system).

Note: The "d" symbol is shown wherever data have been suppressed or otherwise withheld from public release.

1/ Contributions for government social insurance are included in earnings by type and industry but they are excluded from personal income.

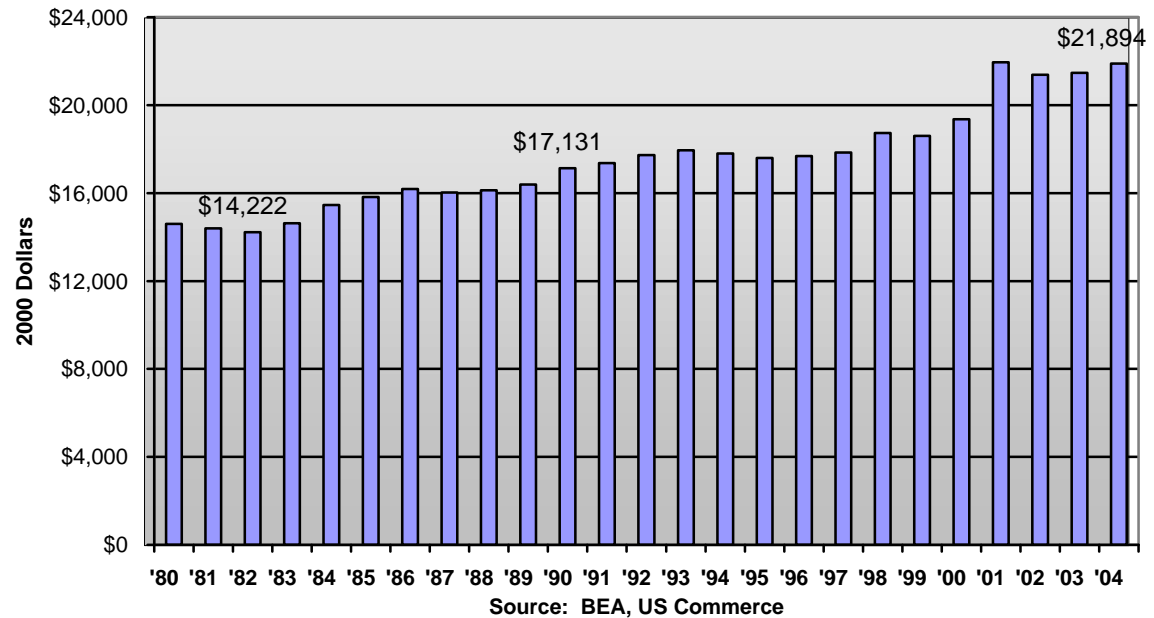
Per Capita Income Growth in Ravalli County

Per capita income is derived by simply dividing total personal income in an area by the area's total population. For most areas of the U.S., per capita incomes rise gradually when adjusted for inflation. Per capita income gains are many times hard-earned. Per capita income in Ravalli County in 1982 was as low as \$14,200. It grew to over \$17,000 in 1990 and in 2004 had climbed to nearly \$22,000. The statewide average for per capita income in 2004 was just over \$24,000.

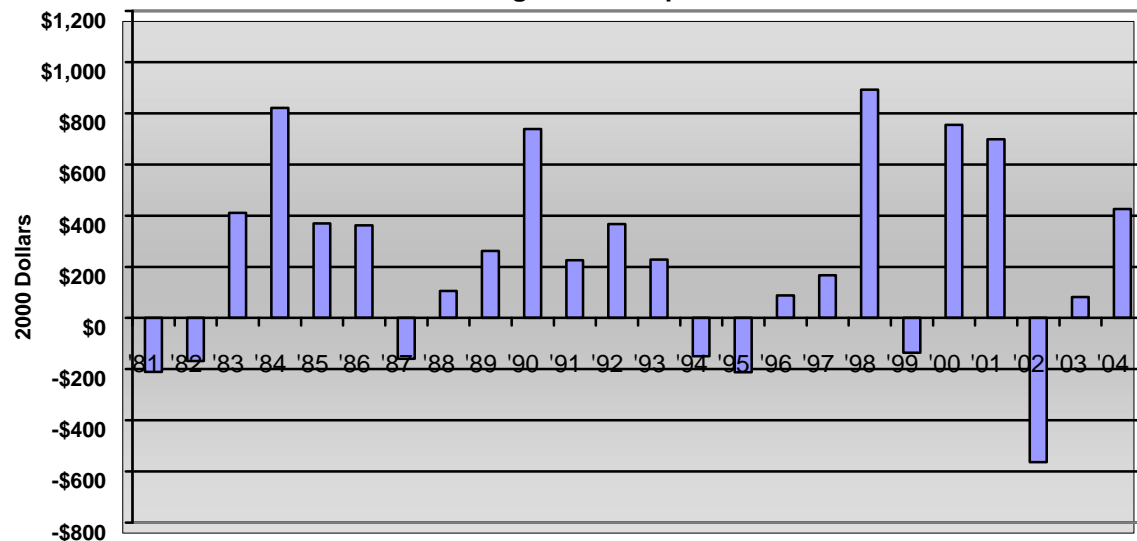
Among Montana's 56 counties, Ravalli County ranks near the middle in terms of per capita income. Per capita income tends to be higher in urban areas. For example the county with the highest per capita income in Montana is Yellowstone County where Billings is located. Its per capita income in 2004 was \$27,900.

The lower chart shows year-to-year changes in per capita income in inflation-adjusted dollars for Ravalli County. There were significant gains in the mid-80s, then early '90s, and again more recently in the late '90s. Per capita income change has been more erratic in the last few years.

Per Capita Income in Ravalli Co.



Annual Change in Per Capita Income



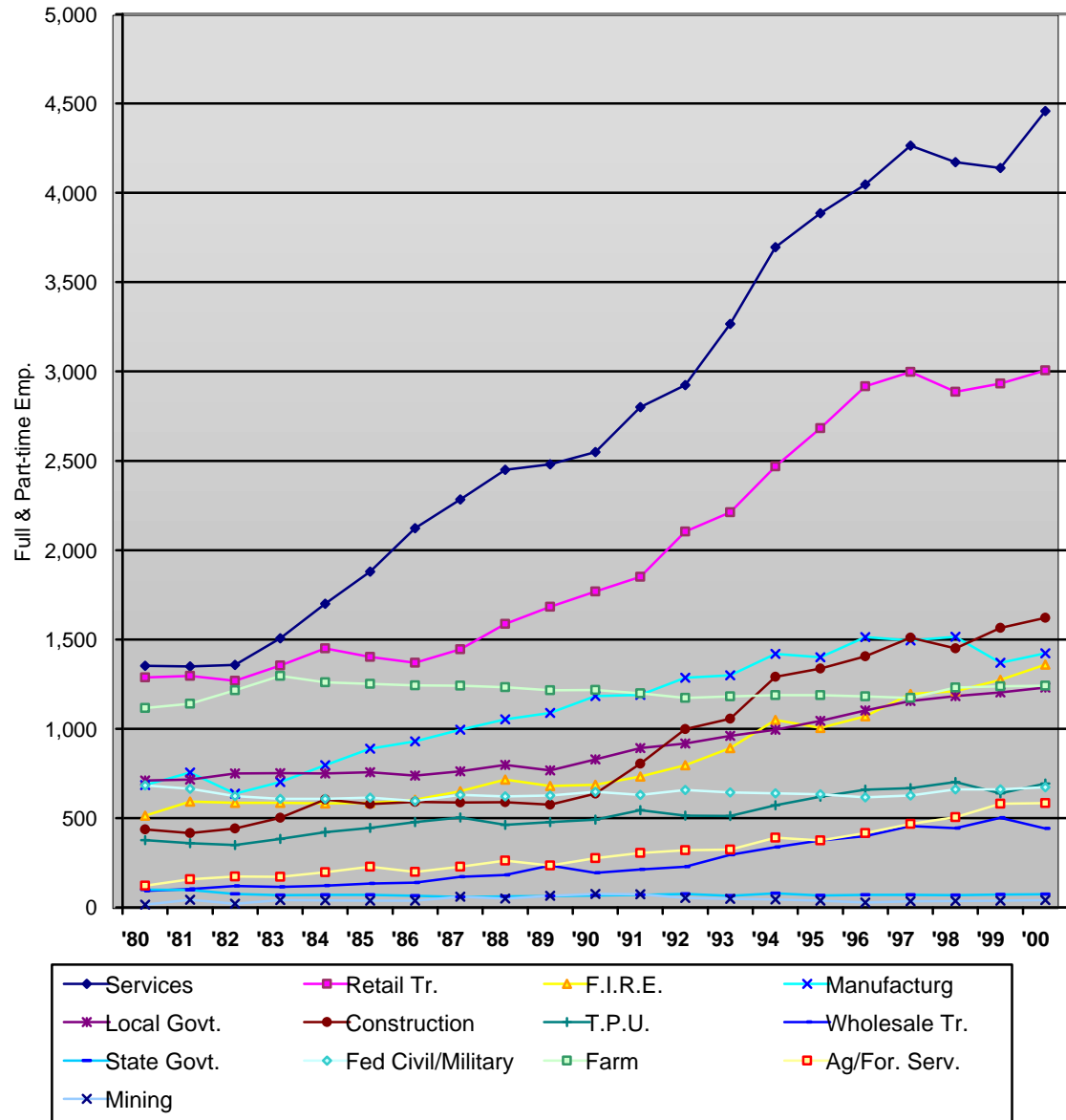
Sector Employment Trends in Ravalli County during the 1990s

The chart at the right shows total employment over time in Ravalli Co. by major sector according to the SIC industry codes (these were replaced recently with new industry codes, NAICS codes). Employment growth is heavily focused in services, where employment grew by over 1,900 jobs, a 75% increase; accounting for fully 31% of all employment growth in the Bitterroot during the last decade.

Employment in retail trade is second to services and here employment grew by over 1,200 jobs and 70% during the '90s, which accounted for almost 20% of all new jobs in the valley. Construction jobs grew by nearly 1,000 during the period, an expansion of 155%, accounting for 16% of all new jobs. And jobs in the Finance, insurance, and real estate sector (F.I.R.E.) grew by 670 jobs, up nearly 100%, and accounting for nearly 11% of all new jobs in the county.

Employment growth in the Bitterroot valley heavily reflects employment shifts in the larger region.

Sector Employment Change in Ravalli Co.

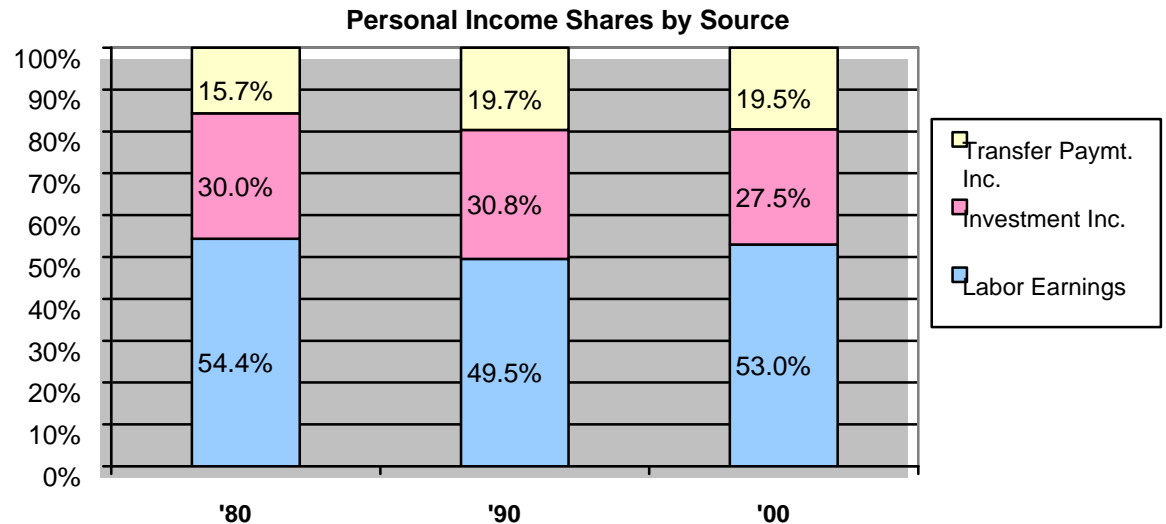
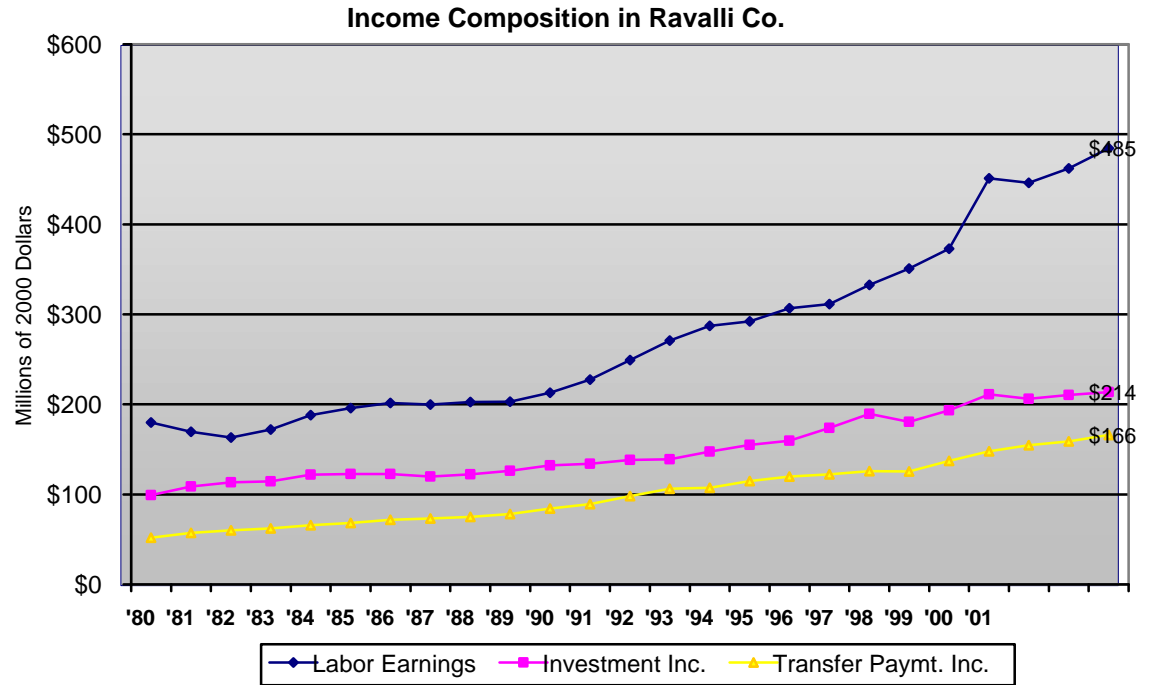


Personal Income Composition and Change in Ravalli Co.

Personal income is all income received by private individuals living in an area and this income comes from three major sources: labor earnings or income from the workplace, investment income such as rent income or dividends, and transfer payment income which is primarily Social Security and Medicare and Medicaid benefits.

During the '90s, total labor earnings grew by 75% in inflation-adjusted dollars, up \$160 million, while investment earnings grew by 46%, up \$61 million, and transfer payments grew by 63%, up \$53 million. There were some changes in how labor earnings are compiled beginning in 2001 which bumped up labor earnings more than what they would have been otherwise.

In 1990, personal income in Ravalli Co. was equally split between labor income sources (employment earnings) and non-labor income sources (income from investments and transfer payments – Social Security, Medicare, Medicaid, etc.). It is highly likely that in another ten years as the Ravalli County population continues to age, over half of all personal income received by county residents will come from non-labor sources.



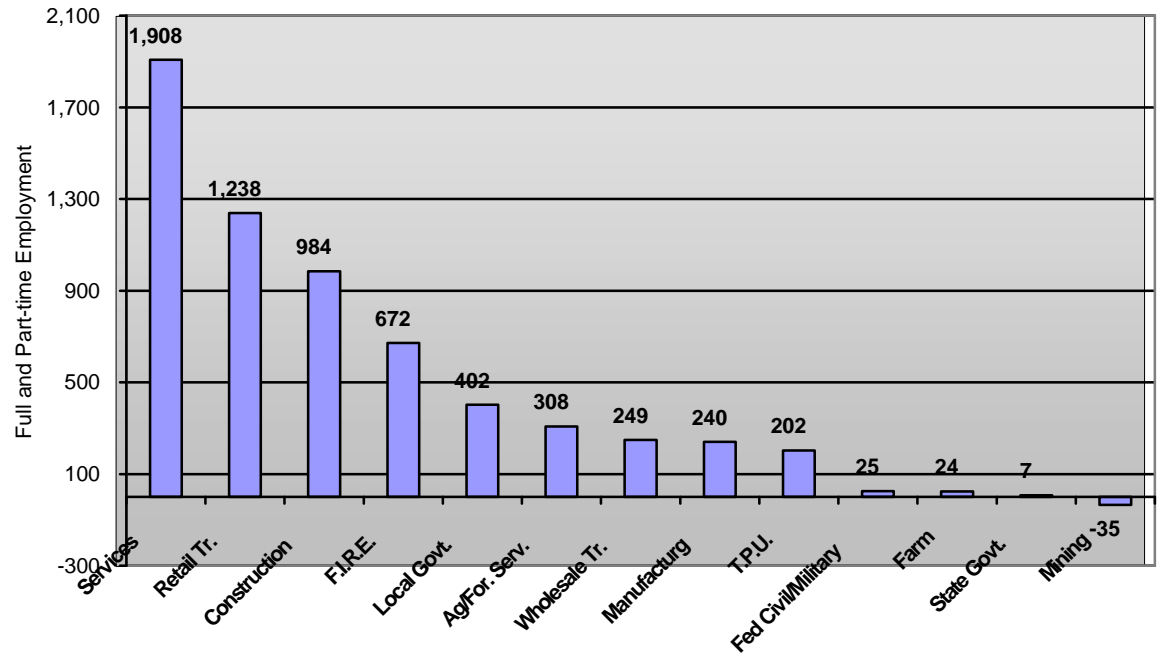
Sector Employment Shifts in Ravalli Co. in the '90s

Changes in total employment by sector between 1990 and 2000 are shown in the upper chart, with sectors ordered by the amount of growth left to right. Services had the greatest growth followed by retail trade, construction, finance and insurance and real estate, local government, and ag and forestry services (these are services purchased by farm and ranch producers, like fertilizer application, and by forest managers). The remaining seven sectors all had employment growth of less than 300 jobs and the mining industry actually lost jobs. The farm sector had a very slight increase in total employment.

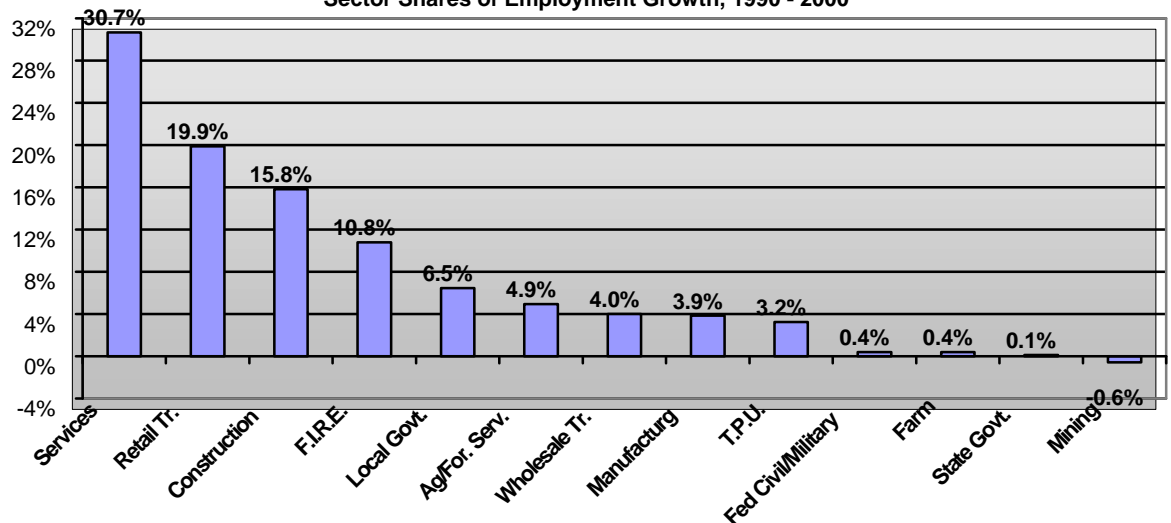
The lower chart then shows what percent of all job growth during the '90s is accounted for by each of the major sectors of the economy. Services alone accounted for nearly 31% of all new jobs. Retail trade accounted for almost 20% of new jobs, while construction job growth accounted for nearly 16%.

The small number of jobs added in agriculture accounted for less than half a percent of new jobs in the county.

Total Employment Growth by Sector, 1990 - 2000



Sector Shares of Employment Growth, 1990 - 2000



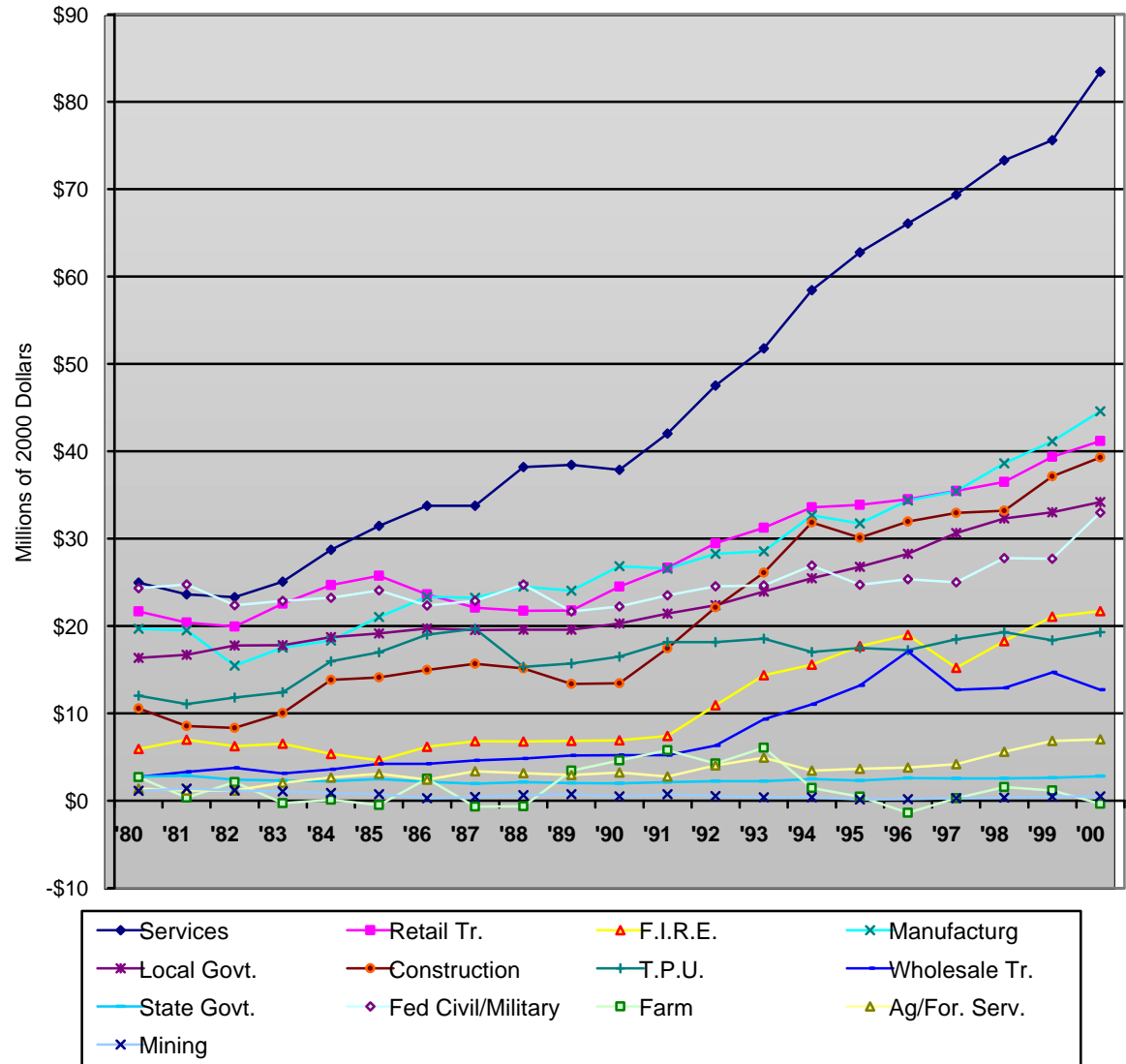
Labor Earnings by Major Sector in Ravalli Co.

Sector growth trends also can be viewed in terms of labor earnings rather than employment. Labor earnings include all wages and salary payments and all proprietor or self-employment income generated by economic activity in the county. Ravalli County's services sector had labor earnings of nearly \$85 million in 2000, up considerably from levels in the late '80s and early '90s. Major sub-sectors of services include health care, business services, legal services, engineering and management services, and social services.

The second largest sector measured in terms of labor earnings is manufacturing, followed by retail trade, and construction. Construction labor earnings have steadily grown through the '90s after being very flat in the '80s. Growth in manufacturing has largely paralleled growth in wood products manufacturing – primarily associated with expansion of the valley's log home construction industry.

Labor earnings trends in Ravalli County in many ways parallel trends in the state and larger region.

Sector Labor Income Change in Ravalli County, 1980 - 2000



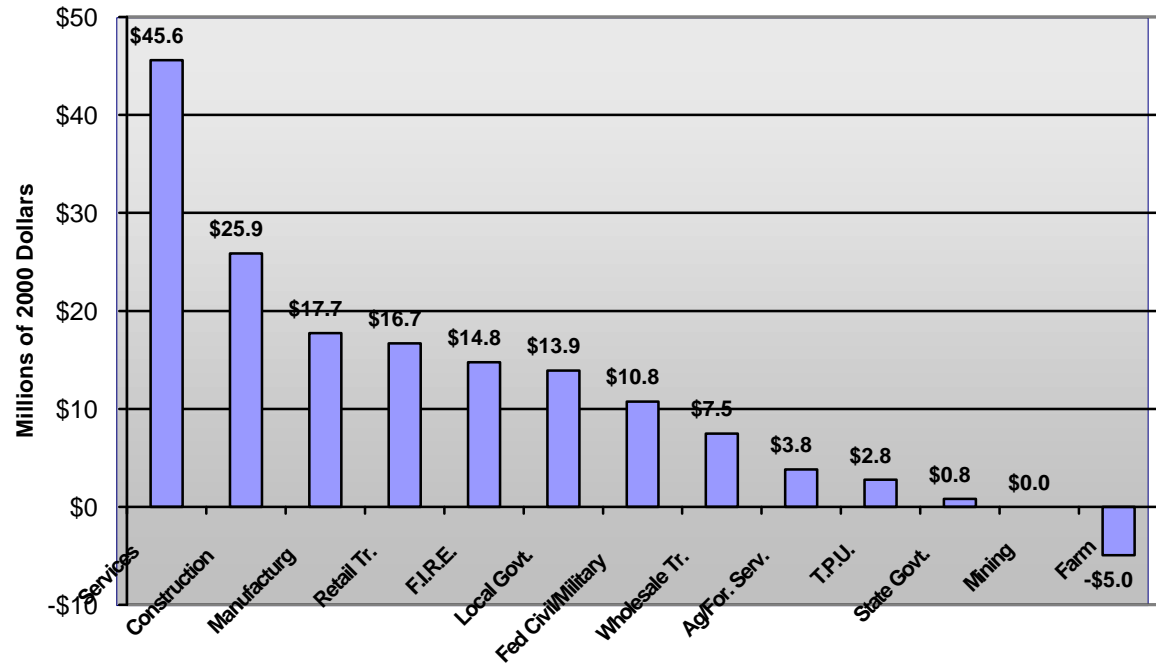
Sector Shifts Measured in Labor Earnings Growth in Ravalli County

The upper chart shows labor income change for the 13 major SIC sectors of the economy during the '90s (averages for 89/90/91 and 99/00 are used in making these calculations). And the lower chart shows the share of total labor income gains accounted for by each of the sectors.

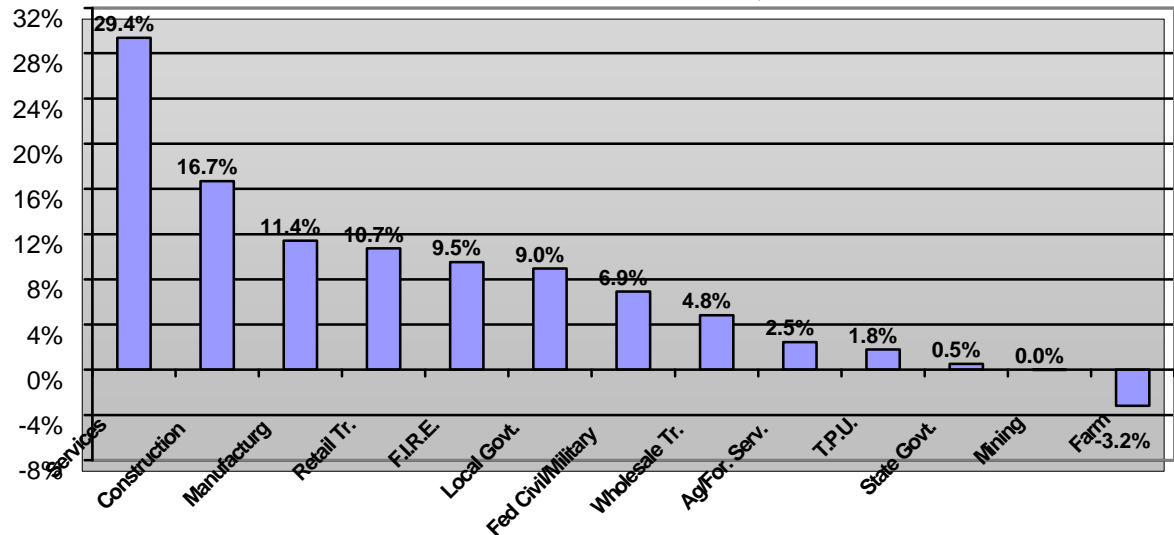
Labor earnings in the large services sector grew by more than \$45 million in the '90s in inflation-adjusted dollars and accounted for nearly 30% of all labor income gains by workers in the county. Construction labor earnings grew by \$26 million, accounting for nearly 17% of all gains. Gains by other sectors are also shown.

Farm income which includes net earnings of farm proprietors and income of hired farm workers fell by over \$5 million during this period.

Labor Income Growth by Sector, 1990 - 2000



Sector Shares of Labor Income Growth, 1990 - 2000

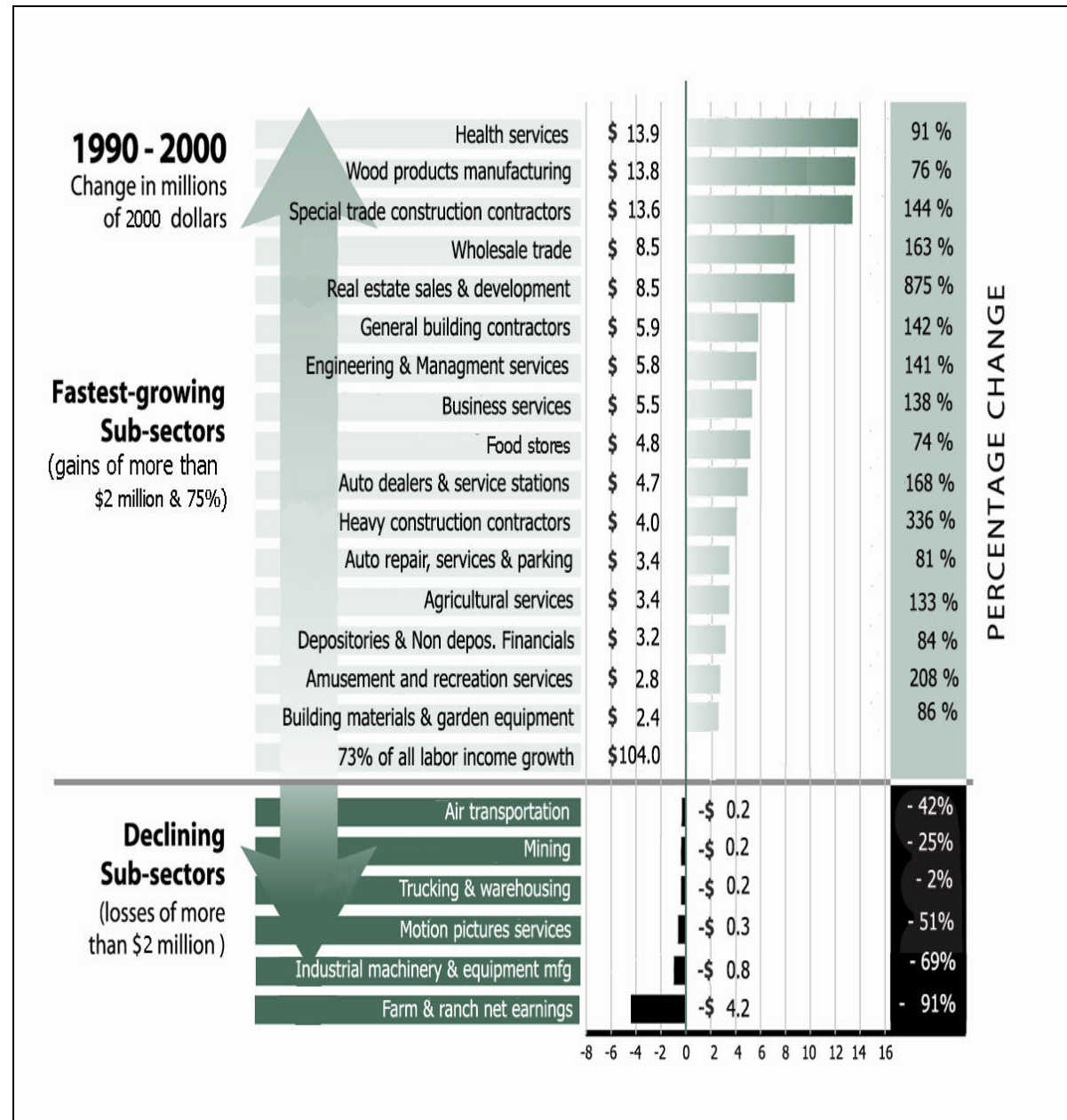


Rapidly Growing and Declining Sub-sectors in Ravalli County

There are 76 separate sub-sectors of the economy, contained within the 13 major sectors. And the ways in which the area economy is restructuring and changing can be viewed by identifying where the greatest and fastest growth and change is occurring.

During the '90s, the three fastest growing sub-sectors of the economy were health care services, wood products manufacturing, and special trade contractors. Other fast-growing service sub-sectors were engineering and management services and business services. Several other construction sub-sectors also are fast-growing, as is real estate sales and development. Local government, including public education, and federal civilian government, also grew by more than \$7 million, but each by less than 65 percent.

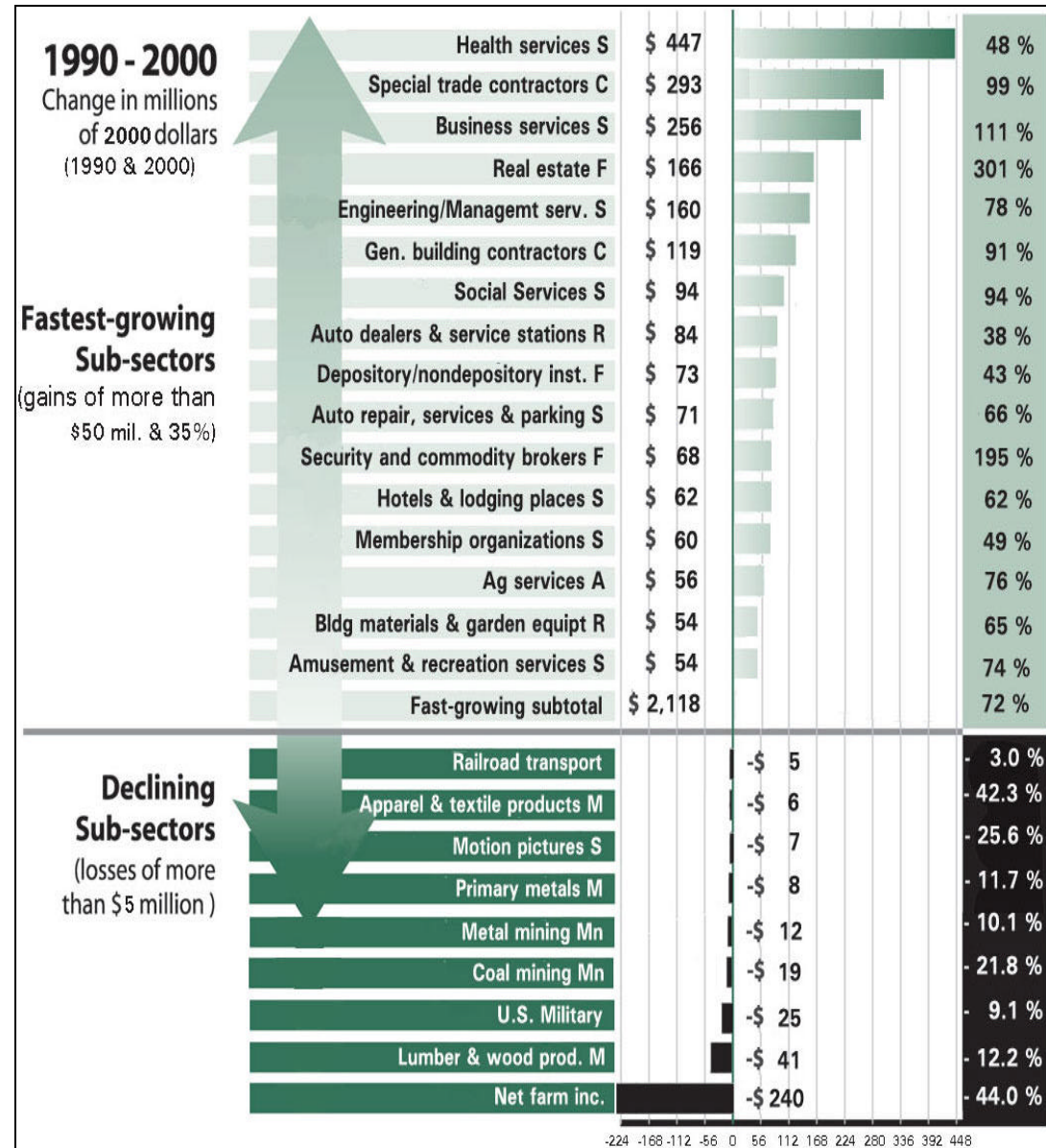
Decline is largely focused in area agriculture with a large decline in net farm earnings.



Source: O'Connor Center for the Rocky Mountain West

Fast-Growing and Declining Sub-Sectors in Montana

Big Changes in the Economy The one constant in the economy, as in life, is change. And change in the economy seems to be accelerating. Different segments of the economy are affected differently by these changes. Some are expanding rapidly, while others decline. There are over 75 individual sub-sectors of the economy. The chart above shows which of these are fast-growing or declining during the decade of the '90s – a period of accelerated growth and fairly dramatic economic restructuring. Growth is most heavily focused in a wide range of service sub-sectors – particularly health care, business services, engineering and management services, and social services. Areas of finance, insurance, and real estate, as well as construction also are fast-growing. Only sixteen of the more than 75 sub-sectors of the economy, listed in the top portion of the chart above, accounted for two-thirds of all growth in labor earnings in Montana during the '90s. Conversely, decline in the economy is concentrated in an even smaller number of sub-sectors and most are longstanding industries. These include the natural resource industries of mining, logging and wood products, and agriculture. Also included is railroads and the U.S. military, which has been consolidated throughout the West.

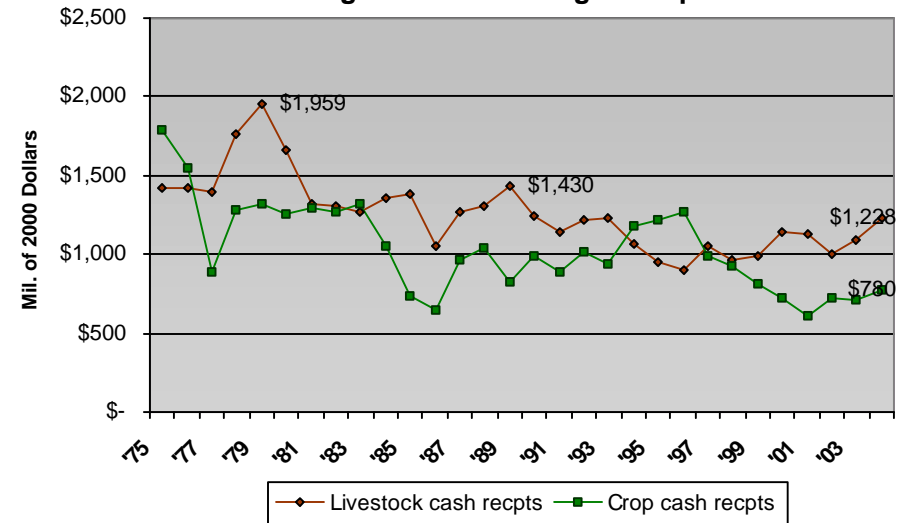


Source: O'Connor Center for the Rocky Mountain West

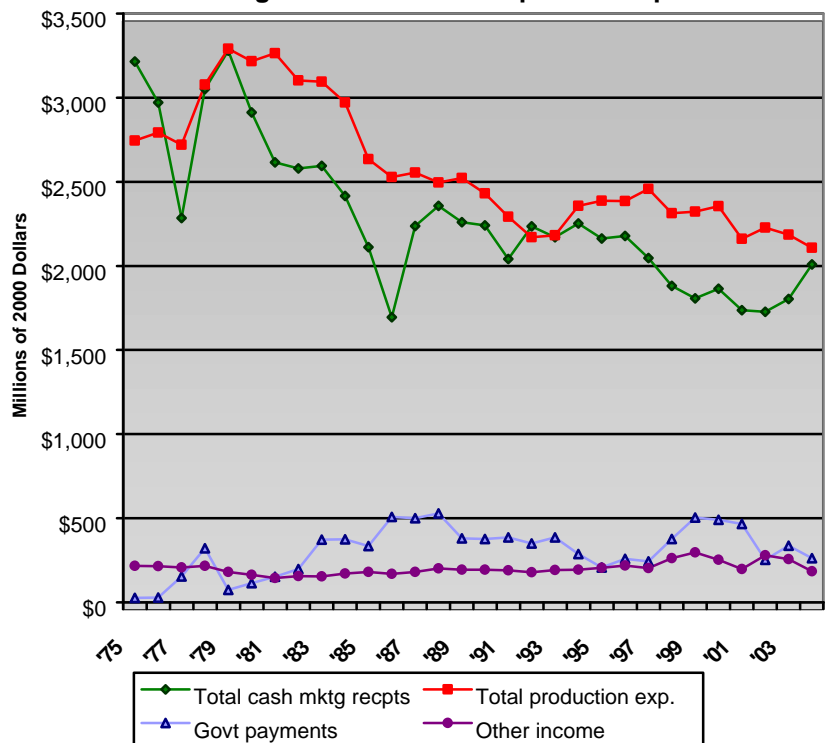
Montana's Struggling Ag Sector

Agricultural producers in Montana have produced and sold just under \$1.9 billion in crops and livestock annually in recent years, with receipts from livestock sales of over \$1.1 billion and receipts from crop sales of \$600 to \$800 million. Their production expenditures, however, have hovered at \$2.3 to \$2.4 billion a year. In 2004 cash receipts rose to over \$2 billion and production costs came in at \$2.1 billion. Ag profitability hangs in the balance almost each year depending upon the level of farm program payments and "other" farm income (other than cash marketing receipts). Ag profitability in the Bitterroot Valley very much reflects these same patterns and conditions.

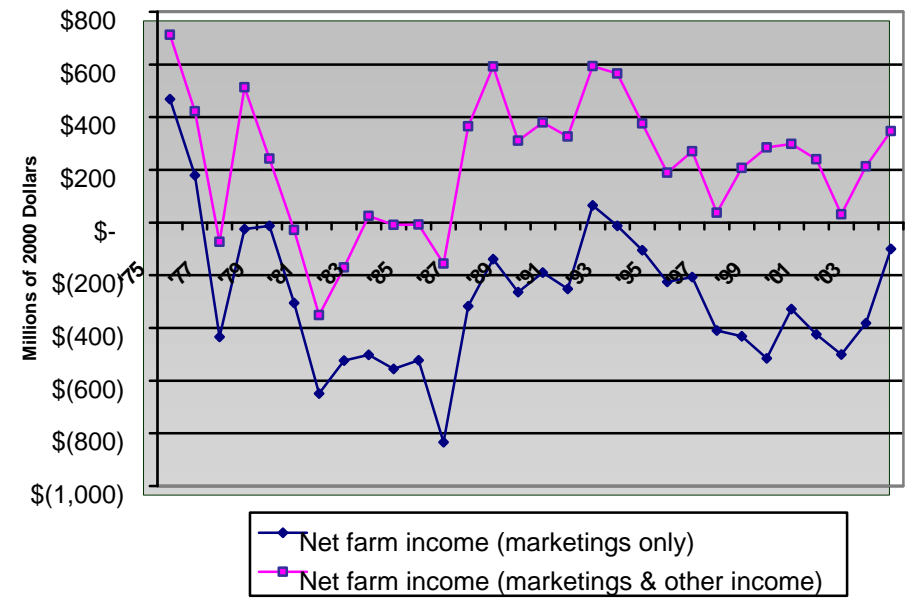
Montana Ag: Cash Marketing Receipts



Montana's Ag Sector: Total Receipts and Expenses



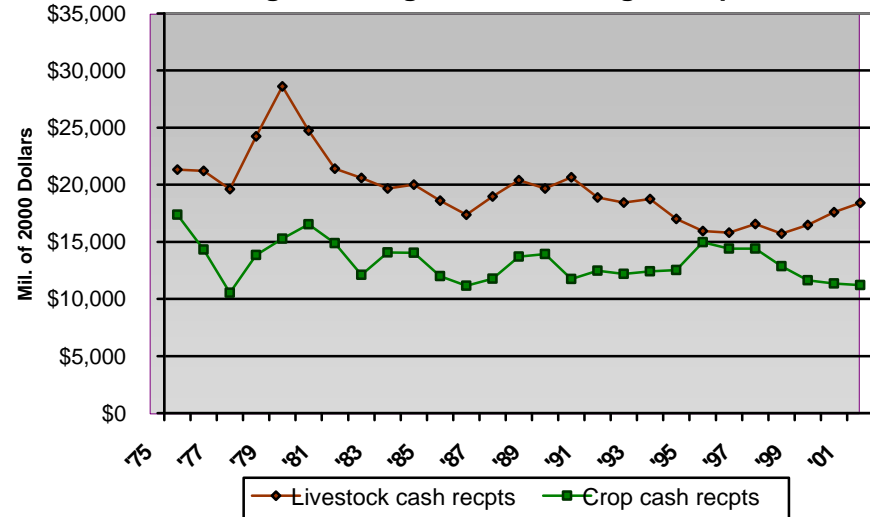
Montana Statewide Net Farm Income



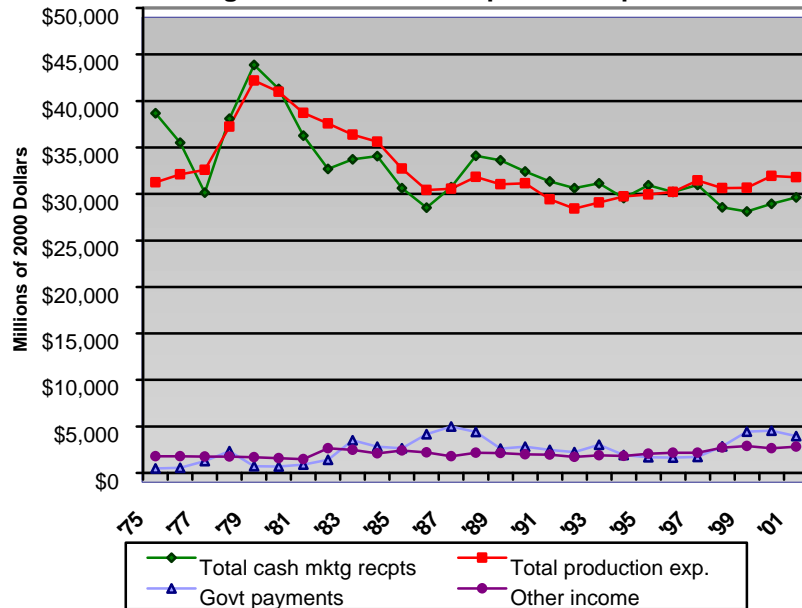
The Region's Struggling Ag Sector

Farmers and ranchers each year produce and sell around \$30 billion in livestock and crops in an 8-state region (MT, ID, UT, CO, WY, ND, SD, NE). However, their expenses oftentimes exceed these receipts. Any reductions in expenditures over time have been off-set by reductions in receipts, as shown in the chart below. The split between cash marketing receipts from crops versus livestock is shown in the top right chart, with crop receipts exceeding those from livestock. From one year to the next, without the benefit of income other than these marketing receipts, the region's farmers and ranchers would oftentimes lose money, as shown in the bottom right chart. Government farm program payments to producers have been just under \$5 billion annually in recent years. These plus "other income" (imputed income, income from machine hire and custom work, etc) many years provide the margin of difference in overall net farm earnings.

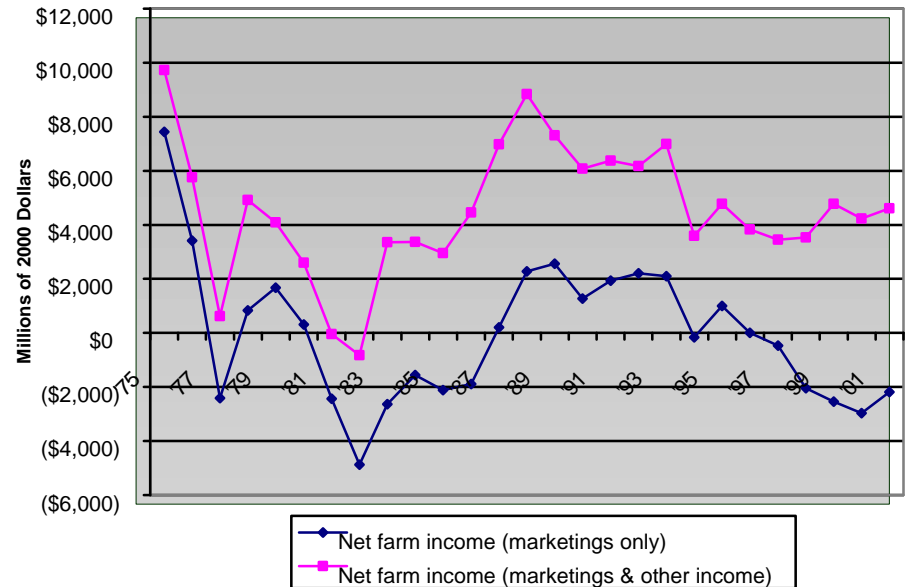
8-State Reg.: Total Ag Cash Marketing Receipts



8-State Ag Sector: Total Receipts and Expenses

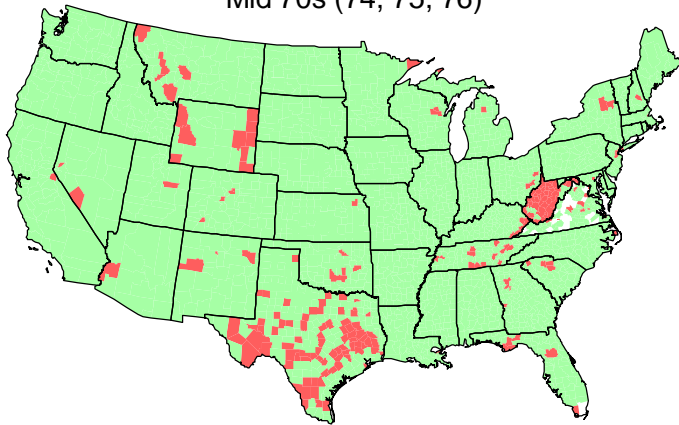


8-State Net Farm Income

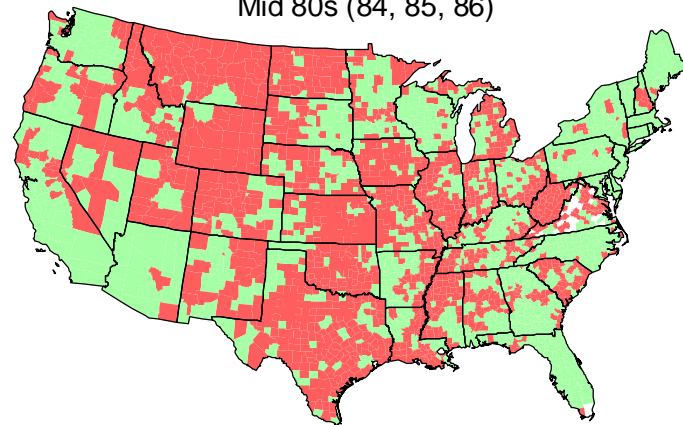


Ag Profitability in the U.S.

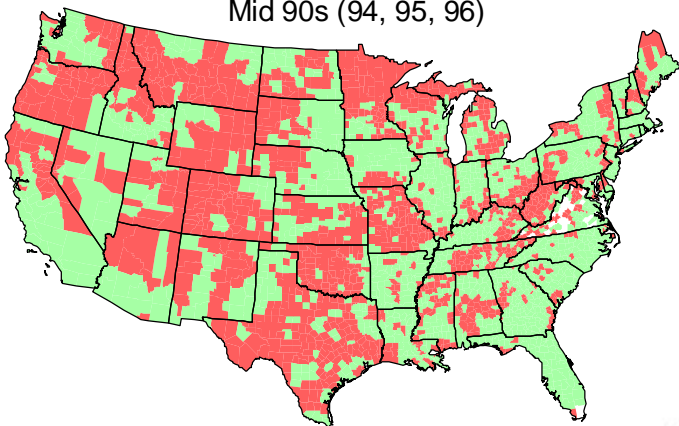
Mid 70s (74, 75, 76)



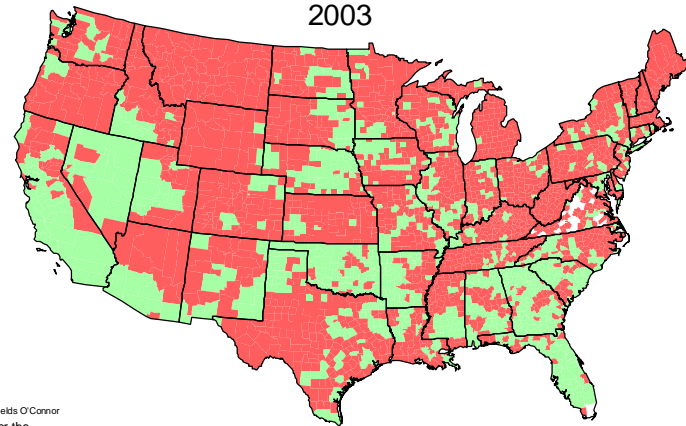
Mid 80s (84, 85, 86)



Mid 90s (94, 95, 96)



2003



- Areas where ag production expenses exceed cash marketing receipts
- Areas where ag cash marketing receipts exceed production expenses

Carol and Nancy Fields O'Connor
Center for the
Rocky Mountain West
Doug Lawrence 2005

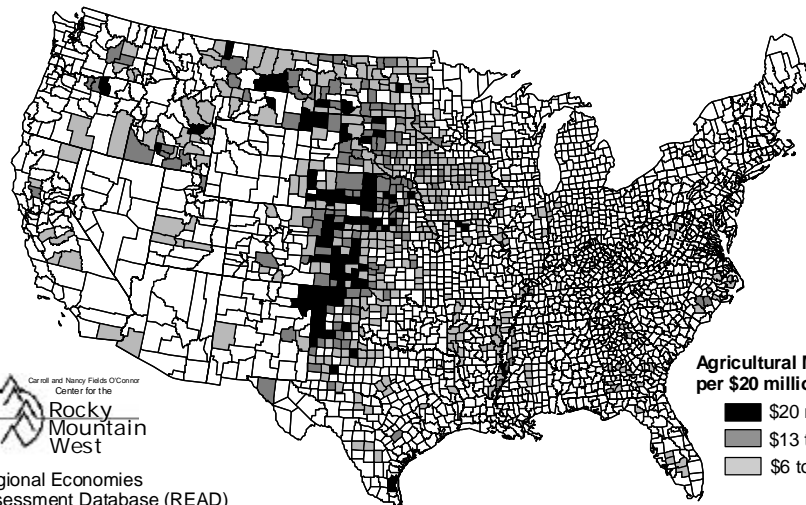
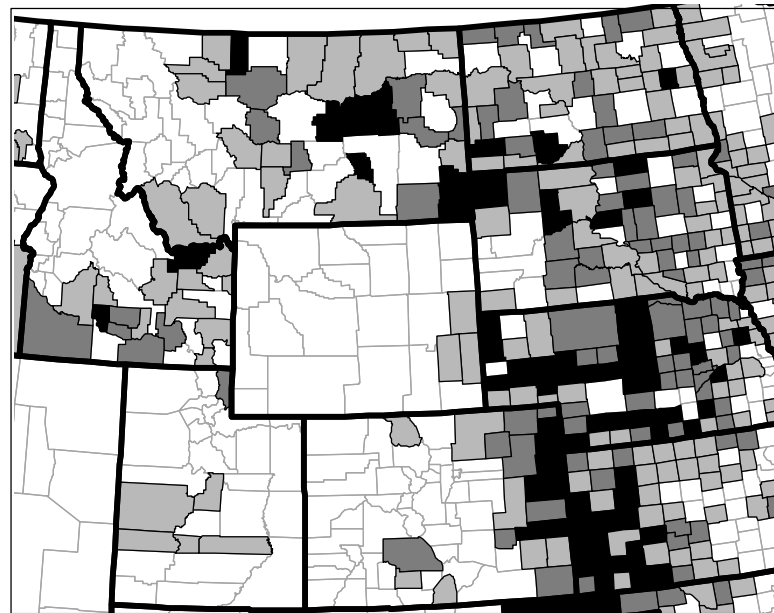
Ag4
Nov 03 10: 42 AM

Area Economic Dependency on Production Agriculture

The importance of production agriculture to area economies can be gauged by comparing the value of total marketing receipts by area ag producers to overall area income. In the two maps, areas shown in dark black are those where total ag receipts equal or exceed the total personal income of an area. These areas are the most dependent upon agriculture. Areas shown in the medium gray shade - areas with \$13 to \$20 million in average annual ag receipts per \$20 million in total personal income - also are heavily dependent upon agriculture. Areas shown in the light gray shade - receipts of \$6 to \$13 million - are ag dependent as well. Areas shown in white have a much lower dependence upon production agriculture; either because agricultural sales are relatively low or because income for other sources is relatively high.

Total ag receipts include marketing receipts from both crops and livestock and livestock products and are an annual average for three years ('96, '97, '98).

Areas most dependent on agriculture also are most heavily affected by swings in agricultural prices and production levels. Much of agriculture went from a period of relative prosperity in the mid-1970s to price and income collapses of near epic proportions in the early and mid- 1980s. Full recovery and sustained prosperity still elude much of the industry, casting a shadow over the future of areas most dependent upon this important industry. Clearly, areas in the Eastern Plains and Central Front regions of Montana are most affected by these trends.



Regional Economies
Assessment Database (READ)
The University of Montana, 2004

**Agricultural Marketing Receipts
per \$20 million in area income**

- \$20 million and more
- \$13 to \$20 million
- \$6 to \$13 million

Scheme1
CT4B