SEELEY LAKE RESORT AREA DESIGNATION REPORT

Prepared For:
Seeley Lake

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SEELEY LAKE DESIGNATION REPORT

This report summarizes the analysis of the Seeley Lake Business Area in Missoula County in terms of the criteria for designation as a resort area. MONT. CODE ANN. § 7-6-1501-1509 (2003) establishes the criteria for resort area designation. The analysis of the Seeley Lake Business Area determined that the area DOES qualify for Resort Area designation.

Contiguous Area

MONT. CODE ANN. § 7-6-1501-1509 (2003) specifies that an unincorporated area seeking to be designated as a resort area must be contiguous geographically. Figure 1 on page 5 depicts the boundaries of the Seeley Lake Business Area which shows that the area meets the contiguous area requirement.

Population

The second criterion identified in MONT. CODE ANN. § 7-6-1501-1509 (2003) is that the area must have a population of less than 2,500 people, as measured by the latest federal census or federal estimate. The Seeley Lake Census Designated Place (CDP) had a population of 1,436 as reported by Census 2000. The Business Area encompasses only a part of the CDP so the population is definitely under the 2,500 limit. Thus this area qualifies under the population criterion.

Economic Well Being

The last, and perhaps the most important criterion for designation specified by MONT. CODE ANN. § 7-6-1501-1509 (2003), is that an area must derive “the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the area for purposes not related to their income production.” The Department of Commerce utilizes the Webster’s New World Dictionary of the American Language, College Edition, 1966 definition of major as ‘first in rank.’

The Non-Business Travel Industry is what is meant by the phrase “the recreational and personal needs of persons traveling …”. This is part of the overall Travel Industry, which includes Business Travel. The Institute for Tourism and Recreation Research, based out of the University of Montana, and the Travel Industry Association identifies the travel sectors as:

- Transportation
- Lodging
- Food and Beverage
- Entertainment services
- Retail, others (gift and souvenir shops, gas stations)
Given the language of the resort area legislation, along with the most reasonable interpretation of that language, the analysis related to the third designation criterion reduces to determining if non-business travel is the most important economic force in a proposed resort area. One must note that economic forces include not only earnings and employment related to current work, but also property income (dividends, interest, rent), retirement income (social security income and other pension benefits), non-social security government payments, and other smaller income payments.

With regards to income generated from work, analysis of an area’s economy can be done on where the work occurred (place of work) or on the basis of where the workers reside (place of residence.) Neither basis is conceptually more valid than the other.

For the Seeley Lake Business area, the proposed resort area is smaller and mostly contained within the CDP boundaries. See Figure 1 on page 5 for the boundaries of the Business and thus the resort area. To perform the analysis by place of residence, the data is for the entire population in the CDP which greatly overstates the earnings by place of residence in just the Business area.

In addition, the wood products industry has continued to experience a decline in production and therefore employment. In fact, the resort area excludes the major wood products facility, Pyramid Lumber from consideration. For these reasons, no analysis will be conducted on Place of Residence.

**Place of Work**

Table 1 presents the place of work information (with the exception of retirement income) of the proposed Seeley Lake resort area. Place of Work information includes economic sector, number of establishments, number of employed and 2006 wage earnings. An economy is separated into export or basic sectors and non-basic sectors. Export sectors, which are also called “non-local” sectors, bring income into an area from the outside and are believed to be the major driving force in small area economies, and thus the principle determinant of economic well being for those areas.

Table 1 Earnings by Major Export Industries

<table>
<thead>
<tr>
<th>ECONOMIC SECTOR</th>
<th>NAICS</th>
<th>Number of Establishments</th>
<th>Employment Related to Local</th>
<th>Employment Related to Non-Local</th>
<th>2006 Earnings Related to Non-Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>92</td>
<td>3</td>
<td>8</td>
<td>23</td>
<td>$1,112,158</td>
</tr>
<tr>
<td><strong>Total Gov’t</strong></td>
<td></td>
<td>3</td>
<td>8</td>
<td>23</td>
<td><strong>$1,112,158</strong></td>
</tr>
<tr>
<td>Accommodations &amp; Restaurants</td>
<td>72</td>
<td>19</td>
<td>55</td>
<td>121</td>
<td>$1,475,231</td>
</tr>
<tr>
<td>Arts, Entertainment, Recreation</td>
<td>71</td>
<td>3</td>
<td>13</td>
<td>4</td>
<td>$55,352</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>44-45</td>
<td>25</td>
<td>67</td>
<td>79</td>
<td>$1,389,578</td>
</tr>
</tbody>
</table>
Total Travel | 47 | 135 | 204 | $2,920,161
Total Non – Local Earnings | | | | $4,644,065

Total earnings for Seeley Lake were very cyclical, with the most earnings recorded during the months of July, August and September when most visitors travel to the area. The least amount of earnings occurred in January, February and March. Using this as a guideline, worker earnings related to serving the local population has been deducted from the Travel Industry sectors. A count of self-employment persons by economic sector was obtained using several sources (the phone book, an on-site inspection, and the Web.) Earnings were estimated based on the type of business.

Other Income

For other income, Census 2000 data were used and then inflated with the Consumer Price Index from 1999 to 2006. See Table 2.

Table 2 Other Income

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Households</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest, Dividends, Rent</td>
<td>36</td>
<td>$914,839</td>
</tr>
<tr>
<td>Retirement Income</td>
<td>18</td>
<td>$397,669</td>
</tr>
<tr>
<td>Social Security</td>
<td>26</td>
<td>$371,170</td>
</tr>
<tr>
<td>Other Income</td>
<td>16</td>
<td>$122,888</td>
</tr>
</tbody>
</table>

Conclusion

As can be seen from Table 3, earnings from the Travel Industry of Seeley Lake’s economy surpassed all other income sources. This analysis indicates that the proposed area qualifies for designation as a resort area under the criteria defined in MONT. CODE ANN. § 7-6-1501-1509 (2003).

Table 3 Comparison of Earnings

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Industry</td>
<td>$3,262,576</td>
</tr>
<tr>
<td>Government</td>
<td>$1,112,158</td>
</tr>
<tr>
<td>Interest, Dividends, Rent</td>
<td>$914,839</td>
</tr>
<tr>
<td>Retirement &amp; Social Security</td>
<td>$768,839</td>
</tr>
<tr>
<td>Other Income</td>
<td>$122,888</td>
</tr>
</tbody>
</table>
DESCRIPTION OF THE SEELEY LAKE RESORT AREA.

Core Area

Start on Highway 83 at Double Arrow County Road, thence northerly approximately 1.2 miles down centerline of road to Lazy Pine Mall on westerly side of road. Include frontage properties to Riverview County Road. Thence down centerline of Highway 83 to Boy Scout County Road. Thence down westerly line of Lindy’s property to Seeley Lake. Thence along the east shore of Seeley Lake approximately 3.75 miles to the Clearwater River. Thence along the Clearwater River approximately three miles to the northern boundary of Seeley Lake Reserve property in SW 1/4, Sec 8, T17NR15W. Thence east approximately 0.3 mile to State Highway 83. Thence south along Hiwasy 83 approximately 0.5 mile including frontage properties on east side of road to Sec 17, T17NR15W. Return to centerline of State Highway 83, thence south-southeasterly approximately .09 miles to SWNE, Sec 37, T17NR15W. Thence east to Seely Lane and southeasterly down centerline to Sec 35, T17NR15W. Thence on Section line approximately .09 miles to eastern boundary of Tract 1B of Parker Addition. Thence south approximately 0.19 mile to north boundary of Seeley Lake Motor Lodge property, east along property line to northeast corner, south along property line to Cedar Lane County Road. Thence west on Cedar Lane County Road approximately 0.04 mile to Pine Street. Thence south and southeast on Pine Street approximately 0.33 miles to School Lane. Thence east approximately 0.05 mile to east line of Lot 3 of Seeley Lake Homesites No 1 and south approximately 0.05 mile to Larch Street, returning to Pine Street. Continue on Pine Street approximately 0.35 mile to Redwood Land County Road, westerly to Highway 83. Continue southerly along State Highway 83 including all frontage properties approximately approximately 0.9 mile to the southern boundary of Tract 10 in N1/2,SW1/4, Sec.11, T16NR15W. Thence down centerline of State Highway 83 approximately 0.4 mile to the point of beginning.

Airport Collateral Area

East on Locust Lane at Junction of Highway 83 to Airport Road, approximately 1.8 Miles to Seeley Lake Airport. On north side of road include:

The Fly Inn
Fly Inn (The) Lots 1 and 2
Owned by Robert Thorne
Geocode 04254001106010000

South on Frontier Drive from Airport Road approximately .2 miles. On west side of road include:

Seeley Lake Boat and RV Storage
TR AB1 COS 2072 IN SW4 NW4 PT 1-16-15
Owned by David L & Glenda R. Sharbono
489 Frontier Drive Seeley Lake, MT 59868-0874
Geocode 04254001401070000

Continue south on Frontier Drive to Canyon Drive approximately 0.2 miles, thence East on Canyon Drive approximately 0.2 miles to Sky Port Way. Thence North on Sky Port Way approximately 0.5 miles. Include:

Seeley Lake Sky Park #2 Lot 1
Owned by Brian Bertsch
Geocode 04254001104010001.8 miles

Continue east on Canyon Drive approximately 0.04 miles to Highland Drive, thence South on Highland Drive approximately 0.5 miles. South side of road include:
The Trail Creek Winery
Seeley Lake Estates Lot 1 and 2
owned by Thomas W and Larinda R McAnally.
Geocodes are 0425400130121000 and 0425400130123000.

Continue east on Canyon Drive approximately 0.8 miles.
From end of County road on northeast include:

Canyon Falls and Western Railroad
TR 19A COS 2784 IN SW4 NE4 & SE4 NE4 PLAT D22 1-16-15 6AC Owned by Robert &
Elizabeth Jenkins
Geocode: 0425400120303000

From end of County Road, South on South Canyon Drive approximately 0.3 miles. West of road
include:

Three Falls Inn
Seeley Lake Estates #2, Lots 13 and 14.
Owned by Confluence Experience
Geocodes are 0425400120611000 and 0425400120609000

Boy Scout Collateral Area

From State Highway 83 west and northwest down centerline of Boy Scout County Road
approximately 1.4 miles to the National Forest Boundary. On north side of road include:

Lodges on the Lake
Lots 1 to 4 of Seeley Lake Villa Sites
Owned by Brian Bertsch P.O. Box 568 Seeley Lake MT 59868
Geocode: 0426493410107000

Double Arrow Collateral Area

From State Highway 83 easterly approximately 0.6 mile on Double Arrow County Road. Include:

Rental House
LOT 51 Of The Meadows Phase II 11-16-15
Owned by Thomas & Patricia Donich Seeley Lake MT 59868
Geocode: 0425401140331000

Double Arrow Lodge/Pool/Cabins
COS 4949 Tract C IN S2 SE4 & IN N2 NE4 IN SEC 14-16-15
11-16-15
Owned by Double Arrow Enterprises, Inc PO Box 747
Seeley Lake MT 59868-0747
Geocode: 0425401140307000

Convention Center & Hilltop House
COS 4949 Tract D IN NE4 & IN SE4 SEC 11 PLAT D5-1
14-16-15
Owned by Double Arrow Enterprises, Inc PO Box 747
Seeley Lake MT 59868-0747
Geocode: 0425401410105000
Drew Creek Phase VII Double Arrow Ranch-Lot 3
Owned by Double Arrow Ranch Association, Ltd 7997
Whitting Dr Manassas, VA 20112-4704
Geocode 04254014104010000

Arrowhead Time Shares
Lot 1 Of Arrowhead IN SW4 SE4 PHASE I 11-16-15
Arrowhead Owners Assoc, Inc PO Box 563 Seeley Lake MT 59868-0563
Geocode 04254011403030000

Lot 6 OF The Meadows Addition Phase I 14-16-15
Owned by Double Arrow Enterprises, Inc PO Box 747 Seeley Lake, MT 59868-0747
Geocode 04254014105060000

Clearwater Cabin Rental
Tract A2 IN SE4 11-16-15
In care of Double Arrow Enterprises, Inc
Owned by Lolo M. Richards PO Box 747 Seeley Lake, MT 59868-0747
Geocode 04254011403050000

From Double Arrow County Road on Rampart Drive approximately 0.3 miles. Include:

Double Arrow Golf Course
COS 4949 Tract E, COS 2946 Tract 13 & Parcel IN SE4NW4 Adjoining highway on NE side 14-16-15 PLAT DA
Owned by Double Arrow Golf Resort, Inc PO Box 977 Seeley Lake, MT 59868-0977
Geocode 04254014101030000

Golf Course Parcel of the Meadows
Owned by Double Arrow Enterprises, Inc PO Box 575 Seeley Lake MT 59868
Geocode 04254011404170000

Horse Pasture
COS 4949 TRACT B IN SE4 11-16-15
Owned by Double Arrow Enterprises, Inc PO BOX 747 Seeley Lake, MT 59868-0747
Geocode 04254011403150000

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