

## Chapter 5: Economic Development

*The following is excerpted from the “Ravalli County Economic Needs Assessment, November 2002,” prepared for the Ravalli County Economic Development Authority by Dr. Larry Swanson of the O’Connor Center for the Rocky Mountain West, The University of Montana.*

### Key Area Conditions & Trends

The single greatest force in the Ravalli County area’s recent and on-going economic change is relatively high rates of in-migration (people moving into the area) and population growth. In fact, about 95% of the recent population growth is attributable to much higher rates of net in-migration to the county.

Ravalli County’s in-migration and population growth is spurring employment growth at a relatively high rate. Total personal income is rising fairly rapidly as well. However, these high levels of “quantitative” growth are not translating directly into significant improvements in the “quality” of economic life for many Ravalli County citizens.

As the population grows, it is also aging. The principal areas of population growth are among teenagers and persons in their 40’s and 50’s. Generally these age shifts are consistent with what is happening in the U.S. population as a whole, but also are caused by the net in-migration and age of new residents.

The economy of the Bitterroot Valley has become increasingly “growth driven” and “growth dependent”, with much of the employment and income growth associated with more people moving to the area and with heightened levels of construction activity. Historically, high levels of growth do not continue indefinitely. It is important for leaders and decision makers in the valley to enhance area qualities in ways that can assure future prosperity. The greatest deficiency in the area’s economy is the relatively low level of per worker earnings, both for wage and salary employees and for proprietors.



### Peer City Comparisons

It’s useful to compare trends in Ravalli County’s economy to trends in the economies of similar counties in the western U.S.

Compared to its “peer” economies:

#### **Ravalli County’s Quantitative Growth Ranks “High”.**

Ravalli County ranks very high in population growth, personal income and employment.

#### **BUT**

#### **Ravalli County’s Qualitative Growth Ranks “Low”.**

The quality of economic growth ranks very low according to:

- ☒ Per capita income;
- ☒ “Aging” population;
- ☒ Non-labor sources of income;
- ☒ Wage & salary income;
- ☒ High dependence upon self-employment;
- ☒ High dependence upon public employment;
- ☒ Size of local government.

## **Greatest Needs**

Ravalli County and the City of Hamilton have two paramount needs in the area of economic development:

- ❶ Improve the quality of jobs in the valley;
- ❷ Find ways to condition economic growth and change in the valley so that it doesn't degrade the amenities that make the Bitterroot Valley so attractive to newcomers.

## **Key Area Assets**

The following are considered to be current and potential key economic assets of Ravalli County and the City of Hamilton:

- Natural setting;
- Proximity to Missoula, a large and growing regional center;
- The presence of a highly adaptive wood products industry;
- The presence of the Rocky Mountain Lab, a National Institute of Health research lab, and Corixa Corporation, a biomedical research facility;
- The long-standing presence and area relationship with the U.S. Forest Service;
- Matured and experienced work force;
- Proximity to The University of Montana and the College of Technology in Missoula;
- High level of area self-employment;
- Area farmers and ranchers;
- Scheduled improvement and capacity expansion of Highway 93.

## Employment of Hamilton Citizens by Industry Sector

Since its founding, Hamilton has provided services to the surrounding area. As the county seat, Hamilton has become a service and retail hub for the southern half of Ravalli County. Hamilton was the state's 20th largest city with a population of 3,705 in 2000.

*Note: The 2000 Census data that follows is an inventory of the jobs occupied by Hamilton citizens, and not an inventory of all of the jobs that exist within the Hamilton city limits. As a service and employment center for the southern half of the county, there is a net in-migration of non-residents to fill the jobs offered by the Hamilton economy.*

Sector	Number	%
Agriculture, forestry, fishing, hunting	35	3%
Construction	118	9%
Manufacturing	126	10%
Wholesale trade	56	4%
Retail trade	179	14%
Transportation, warehousing	40	3%
Information	40	3%
Finance, real estate, rental & leasing	161	12%
Professional, scientific, management, administrative, and waste management	105	8%
Educational, health & social services	203	15%
Arts, entertainment, recreation, accommodation	129	10%
Public administration	74	6%
Other services	45	3%
<b>TOTAL EMPLOYED 16+ older</b>	<b>1,311</b>	<b>100%</b>

## Workers who commute out of Hamilton for work

Workers who live within the City limits can reasonably commute to a job in the City within 20 minutes. We can infer from the 2000 Census data that travel times to work that exceed 20 minutes mean that the Hamilton resident leaves the City limits for employment.



Travel Time	Number of Workers	%
Worked at home	51	4%
< 5 minutes	184	15%
5 – 19 minutes	838	66%
20 – 39 minutes	115	9%
40+ minutes	7	6%

## Major Private Employers

*Medical/health care:* Home health services, Corixa Corporation,  
*Grocery retail:* Albertson's, Super 1, Safeway, Hamilton's IGA  
*Residential health care:* Discovery Care Center, Valley View Estates Health Care Center, Sapphire Lutheran Homes  
*Financial:* Farmer's State Bank, Ravalli County Bank, Heritage Bank, Citizens State Bank, First Interstate Bank, First Security Bank  
*Retail:* Kmart

## Major Public Employers

*Federal agency:* U.S. Forest Service, U.S. Post Office  
*Local government:* Ravalli County, City of Hamilton  
*Medical research:* U.S. Rocky Mountain Laboratory  
*Education:* Hamilton School District

## Personal Income

	<b>1999</b>	<b>vs.</b>	<b>1989</b>
Median Household Income	\$22,013		\$14,913

## Poverty Status

	<b>1999</b>	<b>vs.</b>	<b>1989</b>
Families in poverty	123 <sup>HHs*</sup>		60 <sup>HHs</sup>
Female Head of Household	97 <sup>HHs</sup>		31 <sup>HHs</sup>
Individuals	601		245

\* **HHs** = HOUSEHOLDS

## definitions

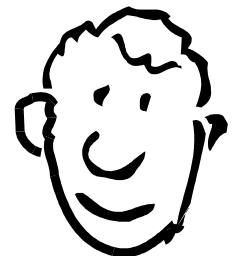
Employment is often classified as two basic types:

### Primary Employment

provides services or the production of goods principally for persons living outside the local economy

### Secondary Employment

provides necessary services, goods, and facilities principally for the residents of the local economy.



*As jobs are created in primary employment, there is usually a corresponding increase in secondary employment.*

## City of Hamilton Support for Economic Development

The City of Hamilton undertakes a variety of activities that supports and encourages the maintenance, expansion and creation of employment. As a municipality, the City has jurisdiction over various urban services, land uses and development and a variety of economic development tools within its boundaries. The City has historically used these tools to encourage and support businesses that advance community goals and policies. Examples of City support for economic development include:

- ❑ Maintaining a balanced and fiscally responsible City budget;
- ❑ A Capital Improvements Program for the provision of water, sewer and streets;
- ❑ Utilizing tax abatement, Community Development Block Grants, and other financial instruments to support businesses providing job growth or other identified community benefits;
- ❑ Supporting the creation of a Downtown Hamilton Business Improvement District;
- ❑ Cooperating with the County, the Ravalli Economic Development Authority, Montana Department of Commerce, and the U.S. Department of Commerce to create a joint Economic Development Project on behalf of Corixa Montana. The project would expand infrastructure to the site, and create an employee hiring and training program;
- ❑ Serving on the Community Liaison Group during the expansion of the Rocky Mountain Laboratories;
- ❑ Cooperating with the MT Department of Transportation's project to improve and expand the capacity of Highway 93;
- ❑ Representation on both the Ravalli County Economic Development Authority and Bitterroot Economic Development District.

## Economic Development Goals and Policies:

**Goal 1:** Promote and encourage the continued development of Hamilton as a vital economic center.

### **Policy 1:**

Support business creation, retention, and expansion.

### **Policy 2:**

Coordinate the provision of infrastructure necessary to support economic development.

### **Policy 3:**

Foster a positive economic climate through a well-managed and aesthetically pleasing built environment, and by maintaining a beautiful and healthy natural

environment in order to promote and attract businesses with a desirable impact on the community.

**Policy 4:** Encourage on-going improvements in private infrastructure systems, such as telecommunication, and promote state-of-the-art facilities.

**Policy 5:** Through the use of incentives, encourage the development of business and industry that provides wages that are proportionate to, or higher than, the area cost of living.

**Goal 2:** Support balanced policies and programs to encourage a vigorous and diverse economy.

**Policy 1:** Foster a diverse economy that will protect the economic climate for existing businesses and maintain opportunities for business expansion.

**Policy 2:** Participate in the growing regional economy in a manner that minimizes conflict between jurisdictions and that maximize natural market strengths.

**Policy 3:** Maintain a strong financial position for the City of Hamilton.

**Goal 3:** Continue to cooperate with the County on economic development activities.