

CHAPTER 3

ECONOMIC CONDITIONS

INTRODUCTION

Helena’s Growth Policy considers the relationships the city has with surrounding areas. The City of Helena serves as an employment and commercial center not only for its citizens but also for households close to, but outside, city boundaries. Nearby areas affect day-to-day operations within Helena just as the city affects the surrounding area.

This chapter presents existing trends and future projections for economic conditions for Helena and the surrounding area to the year 2030. Helena’s current and future economic patterns will strongly influence the community’s livability and operating conditions for business and public agencies.

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GENERAL OVERVIEW

Helena enjoys a relatively strong economy even in times of national economic turmoil. As of June, 2010, as the U.S. economy grappled with a recession, Helena’s unemployment rate was 5.6% while the unemployment rate for the state was approximately 7.3%, and the nation, around 9.6% per the Montana Department of Labor & Industry statistics. Lewis and Clark County’s unemployment rate has been consistently lower than the state’s since 1990. In addition to a relatively low unemployment rate, Helena’s economy benefits from high quality and diverse employment opportunities.

A prominent government employment sector and a steady service sector have been significant factors in this stability. The city’s core attractions include the educational system, the airport, safe neighborhoods, cultural amenities, quality of life, open lands, recreational diversity, and access to new communication technology. The city continues to work with local economic development to capitalize on the advantage of the area’s amenities to promote economic growth, such as marketing telecommuting in the same manner as tourism is marketed at present.

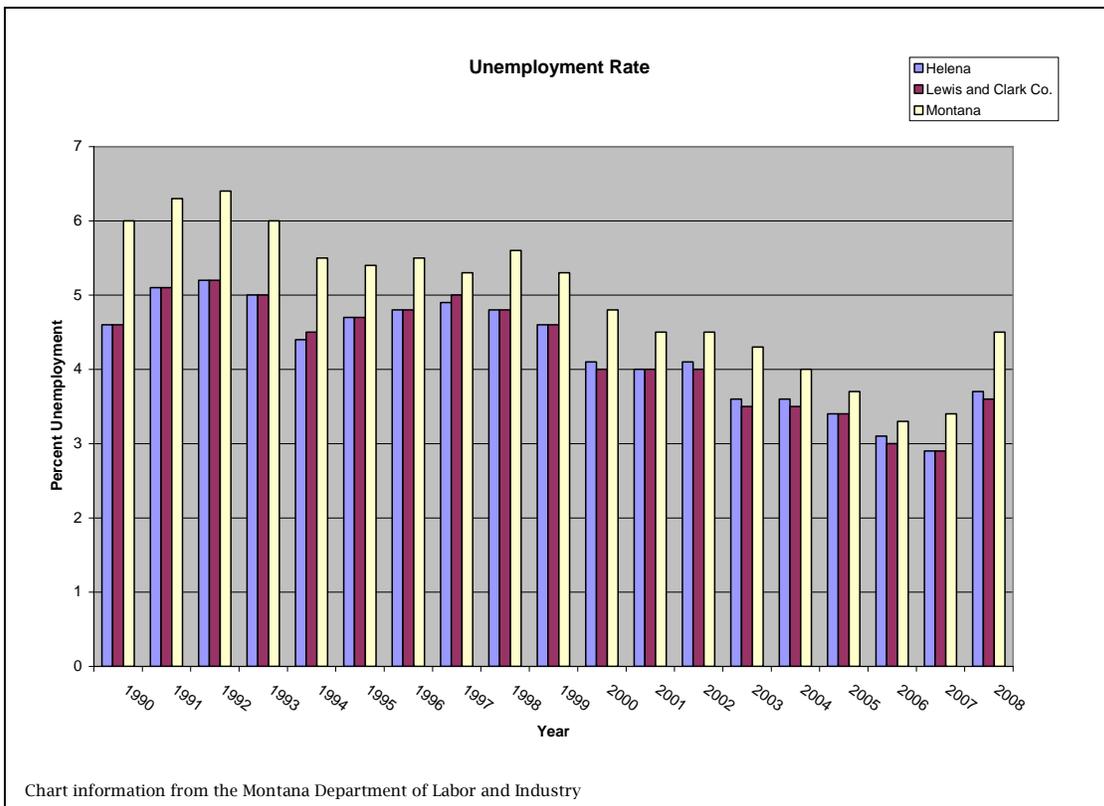
Economic figures can vary from source to source depending on parameters, definitions, and information-gathering techniques. Numbers and figures within this chapter should not be considered definitive, but are intended to describe a general condition.

HELENA'S ECONOMIC CONDITIONS

Many commuters from the surrounding areas come into the city for employment, shopping, and various services. The strong interrelationship between the city and the surrounding communities influences Helena's economic conditions and establishes a large trade area, including Lewis and Clark, Jefferson, and Broadwater Counties. All three counties are expected to continue to add population supported by the growth of the Helena economy.

EMPLOYMENT

The employment rate of an area is one indicator of a community's economic health. The annual average unemployment rates for the Helena Area, Lewis and Clark County, and the state of Montana, according to the Montana Department of Labor and Industry, are shown in the following chart. Helena's unemployment rate has been consistently less than the state average and is similar to that of the county. One reason for the low unemployment rate is the type of employment available in the Helena area due to the importance of the government and service sectors in supporting the Helena economy.



The service sector, which includes medical services and education, will continue to grow significantly and will remain the largest economic sector, with a projected increase from 17,300 jobs in 2010 to 22,300 jobs by 2030. The government sector is the second largest employer, with state and local government (City of Helena, Lewis and Clark County, Helena School District) expected to increase employment from 8,100 jobs in 2010 to 10,400 jobs by 2030. Fort Harrison is the primary military training site for the National Guard in Montana. Nearly 900 military and civilian employees are employed at the facility.

Employment trends observed between 1970 and 1980 did not hold true between 1990 and 2000. In the 1990s, Helena saw a large increase in construction-related employment and a decrease in agriculture and mining. Services, Public Administration, and Retail Trade remained the primary sources of employment in the city.

**Helena Area Employment
U.S. Census Bureau**

	1970	1980	1990	2000	1970	1980	1990	2000	% change 1970– 1980	% change 1980– 1990	% change 1990– 2000
Agriculture/ Mining	603	771	966	1136	3.48%	2.97%	3.21%	2.92%	27.86%	25.29%	17.60%
Construction	933	1031	1006	2093	5.39%	3.98%	3.34%	5.39%	10.50%	-2.42%	108.05%
Manufacturing	1046	1286	1076	1317	6.04%	4.96%	3.57%	3.39%	22.94%	-16.33%	22.40%
Wholesale Trade	376	764	775	1014	2.17%	2.95%	2.57%	2.61%	103.19%	1.44%	30.84%
Retail Trade	2500	4019	5172	6766	14.44%	15.50%	17.17%	17.41%	60.76%	28.69%	30.82%
Transportation /Utilities	1135	1974	1263	1661	6.56%	7.61%	4.19%	4.28%	73.92%	-36.02%	31.51%
Information											
Finance/ Insurance/ Real Estate	1500	2184	2316	3199	8.66%	8.42%	7.69%	8.23%	45.60%	6.04%	38.13%
Services	3912	6575	9357	12372	22.59%	25.36%	31.06%	31.84%	68.07%	42.31%	32.22%
Public Administration	5309	7327	8190	9294	30.66%	28.26%	27.19%	23.92%	38.01%	11.78%	13.48%
TOTAL	17314	25931	30121	38852							

Employment forecasts for Lewis and Clark County indicate all economic sectors will increase except manufacturing, which is projected to decrease by 10% from 900 jobs in 2010 to 800 jobs in 2030. The following chart provides more recent employment information for the City of Helena.

City of Helena Work Profile

		Count	Share
Total Primary Jobs		27,467	100.0%
Jobs by Worker Age			
	Age 29 or younger	6,452	23.5%
	Age 30 to 54	15,158	55.2%
	Age 55 or older	5,857	21.3%
Jobs by Earnings Paid			
	\$1,250 per month or less	6,306	23.0%
	\$1,251 to \$3,333 per month	11,916	43.4%
	More than \$3,333 per month	9,245	33.7%
Jobs by Industry Type (2-digit NAICS)			
	Agriculture, Forestry, Fishing and Hunting	29	0.1%
	Mining, Quarrying, and Oil and Gas Extraction	17	0.1%
	Utilities	22	0.1%
	Construction	1,729	6.3%
	Manufacturing	398	1.4%
	Wholesale Trade	650	2.4%
	Retail Trade	3,207	11.7%
	Transportation and Warehousing	563	2.0%
	Information	607	2.2%
	Finance and Insurance	2,017	7.3%

		Count	Share
	Real Estate and Rental and Leasing	278	1.0%
	Professional, Scientific, and Technical Services	1,843	6.7%
	Management of Companies and Enterprises	105	0.4%
	Administration & Support, Waste Management and Remediation	849	3.1%
	Educational Services	1,318	4.8%
	Health Care and Social Assistance	3,241	11.8%
	Arts, Entertainment, and Recreation	338	1.2%
	Accommodation and Food Services	2,436	8.9%
	Other Services (excluding Public Administration)	1,590	5.8%
	Public Administration	6,230	22.7%

2008 data – US Census Bureau, LED OnTheMap Origin-Destination Database

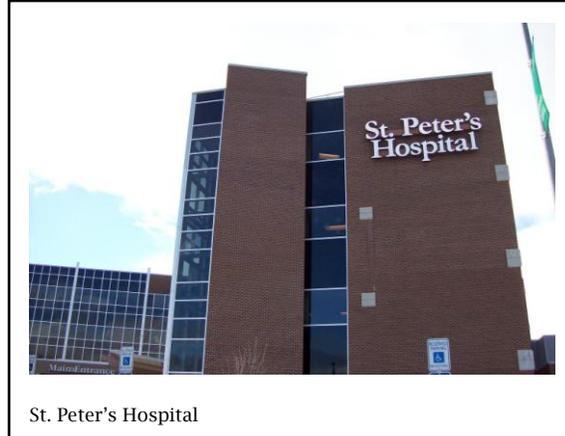
Top 20 Private Employers in Lewis and Clark County

(Based on 4th Quarter 2009 Data – Listed in Alphabetical Order by Employment Class Code)

- Class A = 1000+ employees
- Class B = 500 to 999 employees
- Class C = 250 to 499 employees
- Class D= 100 to 249 employees
- Class E = 50 to 99 employees
- Class F = 20 to 49 employees
- Class G = 10 to 19 employees

Employer	Code
St. Peter's Hospital	A
Blue Cross/Blue Shield	B
Carroll College	C
Rocky Mountain Dev. Council	C
Wal-Mart	C
Albertson's	D
American Chemet Corporation	D
Costco	D
Family Outreach	D
Heritage Propane	D
Independent Record	D
Intermountain Children's Home	D
Mountain West Bank	D
Shodair Hospital	D
Student Assistance Foundation	D
Summit Aeronautics	D
Town Pump	D
Valley Bank	D
Vans Thriftway	D
West Mont	D

Source: Montana Department of Labor & Industry, Quarterly Census of Employment and Wages Program (QCEW) This list includes ONLY private industry employers subject to unemployment insurance. Railroads and government agencies are excluded.



St. Peter's Hospital

Identifying the top 20 employers in the area supports the conclusion that the economic base for the area is in the service sector, particularly medical services.

BUSINESS CLIMATE

Helena has several positive features that provide a good business climate. The quality of the workforce is an asset that can attract employers to the area. Helena has a highly *educated* workforce, as described in the [POPULATION](#) chapter. Helena also has a variety of training programs through the school system and other organizations, such as the Laborers AGC Training, that provide a *skilled* workforce. The quality of the workforce is a large asset to the economic health of the community.

Quality of life can be a deciding factor when companies are looking to expand or locate a new business. The Helena area is the center of an expanding trade area and has abundant amenities that can attract business. As other chapters in the Growth Policy describe in more detail, Helena and the surrounding area have many cultural and historic assets, recreational opportunities, good public and private schools, a low crime rate, a clean environment, abundant natural resources,

high civic involvement, and a variety of entertainment venues. The rate of home ownership and the quality of housing stock are good, and the area has a stable financial base. The Helena area has experienced steady population growth over the last several years; this growth is expected to continue fueling economic expansion.

For businesses to thrive, adequate infrastructure and space must be available. As other chapters in this Growth Policy indicate, Helena has sufficient water and sewer systems, access to multiple transportation networks (roads, interstate, airport, and trains), access to fiber optic networks, cell phone coverage, and other infrastructure that can accommodate new and existing businesses.

Although vacant land within the city had been limited in the past, annexations have provided more opportunities to develop larger projects with City infrastructure and services. Development within the city allows more efficient expansion that can be an asset to both the city and the business community. Working in cooperation with abutting communities and Lewis and Clark County to develop joint standards to attain a more consistent regulatory system within the city and immediate surrounding suburban area could facilitate high-quality growth.

Helena is home to several groups and civic organizations that promote business interests in the area. The Chamber of Commerce, the Business Improvement District, unions, and several service groups and non-profit organizations support both business and employees. This network can be an asset in good economic times and a necessity when there is a downturn in the economy. The City works with these organizations, such as the Montana Business Assistance Connection, to provide funding for economic development and other technical assistance. This cooperation and support should be continued.

ISSUES RELATED TO ECONOMIC CONDITIONS

Although Helena has a good business climate, there are some areas of concern. Helena's economy relies heavily on the service and government sectors. State and federal government are prominent in Helena's area economy as sources of basic income (i.e., non-local dollars). Recent economic trends suggest that, while the government sector will continue to play a substantial role in the future economy, this sector will not grow proportionately to other sectors of the economy. Key growth areas include 1) non-wage income (from pensions and passive earnings), which is expected to swell with the current intergenerational transfer of wealth and the coming retirement boom; 2) services, including both professional and consumer service-oriented activities; and 3) heavy industry, including manufacturing and distribution.

The September 2007 Growth Policy Economic focus group noted that Helena's economy is service-driven, not industry-driven, and suggested that business start-ups are needed to provide more community diversity. Supporting and expanding economic diversity could reduce the loss of some jobs and increase employment options, providing an even more stable economic base for the city. For example, local construction income boomed in recent years, mirroring national and regional trends. But recent declines in home sales, both nationally and locally, have had a negative impact on that growth.

Although the future potential for construction growth is uncertain, this industry appears to be a primary beneficiary of passive income sources and general population

growth. Efforts to support the local construction industry would help to maintain economic diversity. Also, supporting efforts to encourage the creation and expansion of small business could help reduce the rate of business failure. The city should continue to provide tools and resources, including grants and government assistance to quasi-public institutions, and encourage private partnerships to support the business community and a robust economy.



Example of new construction in Helena

As the city expands and development occurs, a balance between high density and efficient development and the impacts on the environment and the neighborhood should be considered. The City should work with all interested parties to develop regulations and permitting that accommodate new development while mitigating environmental impacts, protecting established areas, and maintaining the interest of the greater community.

The Environmental Protection Agency (EPA) defines green building as “the practice of maximizing the efficiency with which buildings and their sites use resources—energy, water, and materials—while minimizing building impacts on human health and the environment, throughout the complete building life cycle—from siting, design, and construction to operation, renovation, and reuse.” Green building and renewable energy investments could provide jobs, reduce energy costs, and strengthen the community’s sustainability

Helena incomes have not always increased with inflation and living expenses. Anecdotal information indicates some employers have had difficulty attracting new employees from outside the area because salaries have not kept up with housing prices, as discussed further in the [HOUSING](#) Chapter. Therefore, it is important to attract employers that provide jobs that pay salaries and benefits sufficient to support families and contribute to the economy of the community.

Finding an optimal location for a business is important for the company and the community. Businesses focus on a number of factors when evaluating a location, including energy and transportation costs, available technology, the market area, and the labor force. Communities benefit when business locations provide for efficient use of infrastructure and resources. Providing a variety of development locations and zoning that meet both company and community needs could help encourage businesses to locate in Helena. Options could include commercial nodes or centers that can serve

neighborhoods more effectively; mixed-use developments that can reduce travel distances; and concentrating industries that require specialized infrastructure, information, and labor within industrial parks. For example, the City could continue its work with the Helena Regional Airport Authority which is a major economic force in the community, to facilitate growth in aviation, aeronautical, and light manufacturing businesses related to aviation within the area encompassed by the Airport Master Plan.

Identifying appropriate locations for all types of businesses could facilitate a strong economic base for the City. One way to accomplish this would be to work closely with St. Peter's Hospital, Shodair Hospital, and other medical providers to facilitate the creation of a medical district to retain existing medical related businesses, and support new business development within this area.

The projected increased population growth in the surrounding area will increase the demand for City services and affect the local economy. The City should continue to plan for network expansions and increased City services to maintain the high quality of the area's business environment.

Supporting economic vitality and sustaining Helena as an attractive community are closely related. Helena continues to provide substantial and important educational, employment, retail, medical, cultural, and recreational services to the surrounding metropolitan area. These tools and institutions will continue to be developed as a means through which the city and its citizens support and foster economic vitality and attractiveness. The Growth Policy calls upon the City to continue to forge necessary partnerships and make good use of available tools to enrich the economy where possible, while sustaining the high quality of Helena's life and environment.

ECONOMIC CONDITIONS GOALS AND OBJECTIVES

Goal:

Promote and sustain economic vitality while maintaining and enhancing the quality of human and natural environments.

Objectives:

1. Foster diversification of the economic base.
2. Promote the maintenance and expansion of existing Helena area businesses and recognize the importance of government employment to the Helena economy.
3. Promote development of resources, educational programs, and infrastructure that facilitate sound business development.
4. Promote positive partnerships between public and private sectors within the Helena

area to encourage a healthy business community.

5. To the greatest extent possible work closely with Lewis and Clark County, and abutting communities, to develop joint standards and provide a consistent regulatory system for the city of Helena and the surrounding suburban areas.
6. Maintain and protect cultural resources recognizing that they are an important and irreplaceable asset for the community and tourism.
7. Direct community incentive programs and other financial resources to job development, both to retain and expand existing industries and attract new ones.
8. Support efforts to encourage the creation and expansion of small business and help reduce the rate of failure.
9. Facilitate the permitting process while maintaining the public interest.
10. Review City zoning requirements to identify and remove unnecessary impediments to commercial and industrial development, while protecting established areas with the appropriate standards and promoting the interests of the greater community.
11. Promote the concentration of specialized industries within the city where specialized infrastructure, information, and labor advantages of greater concentration could promote economic development and desirable growth.
12. Encourage development of jobs that pay salaries and benefits sufficient to support families and contribute to the economy of the community, including providing active assistance to businesses and individuals, where appropriate.
13. Encourage green building and renewable energy investments to provide jobs that will increase property values, reduce energy costs, and strengthen the community's sustainability.
14. Work closely with the Helena Regional Airport Authority to facilitate growth in aviation, aeronautical, and light manufacturing businesses related to aviation within the area encompassed by the Airport Master Plan.
15. Continue to support the Montana Business Assistance Connection's efforts to attract new businesses, and support growth in existing businesses within the greater Helena metropolitan area.
16. Facilitate the creation of a medical district in the area east of the Capitol Complex and work closely with St. Peter's Hospital, Shodair Hospital, and other medical providers to retain existing medical related businesses, and support new business development within this district.