

Economic Base Snapshot

The following data and analyses have been prepared to evaluate the City of Prattville's economic base. A diverse group of indicators were collected and analyzed in order to gain an accurate picture of the health of the local economic base and business climate.

While understanding the components of the City's economy and what strengths and weaknesses its foundation has, it is also important to note that the business climate and the actions of the local government are inextricably linked. While reviewing the quantitative data is critical to this process, it is crucial not to forget that qualitative issues do translate into hard dollar cost items for businesses as well.

Key economic indicators have been reviewed for the City of Prattville, and both Autauga and Elmore counties, through four sections in this document.

WORKERS: Information on labor force characteristics, unemployment, commuting patterns, and educational attainment is provided.

JOBS: Characteristics on employment trends, employers, industry sectors, and business size are profiled.

MONEY: Data on sources of income, wages, and sector and sub-sector wages is reviewed.

WRAP-UP: Summary of positives and negatives for City of Prattville. Impacts of statistics from both Autauga and Elmore counties on the City are highlighted as well.

Workers

LABOR FORCE

The City of Prattville's labor force totals 20,056, equaling approximately 66.2% of the City's total

population. This is slightly higher than the Montgomery MSA's proportion of population at rate of 65.8%. Autauga County's labor force is 34,156 or 66.5% of its total population. Elmore County has a labor force of 52,869 representing 67.6% of its overall population. By comparison, the nation's labor force accounted for 65.7% of its total population. Prattville contributed approximately 8.3% of the total workers in the MSA.

LABOR FORCE PARTICIPATION RATE

Labor Force Participation Rate (LFPR) is the proportion of the total working age population (16 to 65) that is employed or unemployed and seeking employment. Timely unemployment data is collected consistently at the county level, thus Autauga and Elmore counties are used in this assessment. The LFPR for Autauga County is 73.1%. The LFPR for Elmore County is 68.0%. The national average Labor Force Participation Rate is 66.1%. The fact that the two counties have higher rates than the nation shows greater potential for wealth generation in the area.

Obviously, there are people that choose not to participate in the workforce. These people include students, retirees, stay-at-home parents, disabled individuals, those too discouraged about their employment opportunities to actively seek work, or people that have other sources of income and do not need to work. But, the economic impact of LFPR is demonstrated very simply in that those that do not participate in the labor force make a contribution of zero dollars earned annually to the local economy.

UNEMPLOYMENT

According to the US Bureau of Labor Statistics, the

unemployment rate for the City of Prattville in October 2008 was 3.9%. Autauga (5.0%) and Elmore (5.2%) counties were both higher than the City, but lower than the Montgomery MSA (5.7%). The state of Alabama's unemployment rate was 5.6% and the national rate of 6.5% (seasonally adjusted).

As has been seen across the nation, the unemployment rate in Prattville and the two counties it is located in have been steadily on the rise since last year. The City's, as well as the two counties', current unemployment rate is nearly twice the rate it was a year ago. The City hasn't seen unemployment rates this high since 2000, though October is slightly down from June through September of this year. Yet, it is clear that Prattville is not experiencing quite as high unemployment as many other areas in the nation, or other parts of the metro area.

COMMUTING PATTERNS

The most up-to-date information on commuting patterns is only available in census-taking years; the last census was taken in 2000. It is likely that these proportions haven't changed significantly since the Census in Prattville. Most residents in the City of Prattville worked outside their county of residence in 2000. Approximately 62% left their county of residence to go to work. To better understand Prattville's situation, it is interesting to take a look at both Autauga and Elmore counties and their commuting patterns with Montgomery County.

In Autauga County, approximately 60% of residents commuted out of the county to work in 2000. This was the result of a steady increase in commuting from previous decades. In 1980, only 46% of residents worked outside of the county. By 1990,

this figure had increased to 56%. Of the residents working outside their county of residence in 2000, 78% commuted to jobs in Montgomery County. The second highest number, only six percent, worked at jobs in Elmore County.

A similar situation is evident in Elmore County. In 2000, almost 67% worked outside the county. This is also an increase over previous decades, but not as dramatic as that seen in Autauga County. In 1980, the rate was 61%, and in 1990 it was 64%. Of those working outside the county in 2000, over 81% commuted to Montgomery County while eight percent worked in Autauga County.

It is interesting to note that although the vast majority of commuters head from Autauga and Elmore counties into Montgomery County for work, there are a sizable number of reverse commuters as well. In 2000, over 9,300 workers travelled from their homes in Autauga County to their jobs in Montgomery County. At the same time, almost 1,300 people came from Montgomery County to work in Autauga County. Over 15,000 Elmore County residents worked in Montgomery County, but over 1,500 people traveled from Montgomery County to work in Elmore County. It seems that most of these patterns remain similar today.

EDUCATIONAL ATTAINMENT

A presentation of the educational attainment details is provided in the Prattville Comprehensive Plan: Socioeconomic Analysis document. In summary, the majority (55%) of Prattville residents have only a high school diploma or some college but no degree. College graduates make up almost 24% of the population. Those with less than a high school diploma are approximately 15% of the population.

TOTAL EMPLOYMENT

The total daytime population, or employees, for the City of Prattville is 14,680 for 2008. There are approximately 800 businesses in the Prattville area. This represented an almost eight percent increase in the last five years.

Historical data on employment is available at the county level. In taking a look at both Autauga and Elmore counties' trend data, total jobs have increased since 2003. In Autauga County, the growth has been fairly slow with an increase in jobs of 2.4% between 2003 and 2007. Between 2005 and 2006, the total number of jobs actually declined by approximately 1.7%, and while the preliminary 2007 figures show an increase from 2006, the total number of jobs is still less than the 2005 total.

Elmore County had much stronger job growth over the five-year period with an increase in total jobs of 18.4% between 2003 and 2007. Unlike Autauga County, not only did the total number of jobs increase every year, but the annual growth rate also increased every year. The annual growth rate grew from a .07% increase in 2004 to a 7.1% increase in 2007.

LARGEST EMPLOYERS

The largest employers in the City of Prattville are listed in the table below.

LAYOFFS AND CLOSURES

The table below details layoffs and closures in the City of Prattville for the last five years as reported to the Alabama State Dislocated Worker Unit.

	2003	2004	2005	2006	2007
Autauga County	11,135	11,209	11,452	11,259	11,404
Elmore County	14,917	14,928	15,495	16,490	17,659

Source: US Bureau of Labor Statistics

Company	Type of Business	Jobs
Autauga County Board of Education	Education	1,100
Wal-Mart	Retail Sales	600
International Paper Company	Manufacturing	600
City of Prattville	Government	400
Prattville Baptist Hospital	Healthcare	250
Haldex Friction Products	Manufacturing	250
Prattville Health and Rehab	Healthcare	200
Autauga County	Government	170
Kinedyne Corporation	Manufacturing	130
M-Tek, Inc.	Manufacturing	125
Central Alabama Electric Coop	Utility	122
Crystal Lake Mfg. Company	Manufacturing	95
Lonestar Plastics	Manufacturing	91

Source: Prattville Area Chamber of Commerce

Type	Year	Company	Jobs
Closure	2003	Bemis Company, Inc.	85
Closure	2007	Continental Eagle Corporation	150
Layoff	2008	Haldex Brake Products Corporation	85

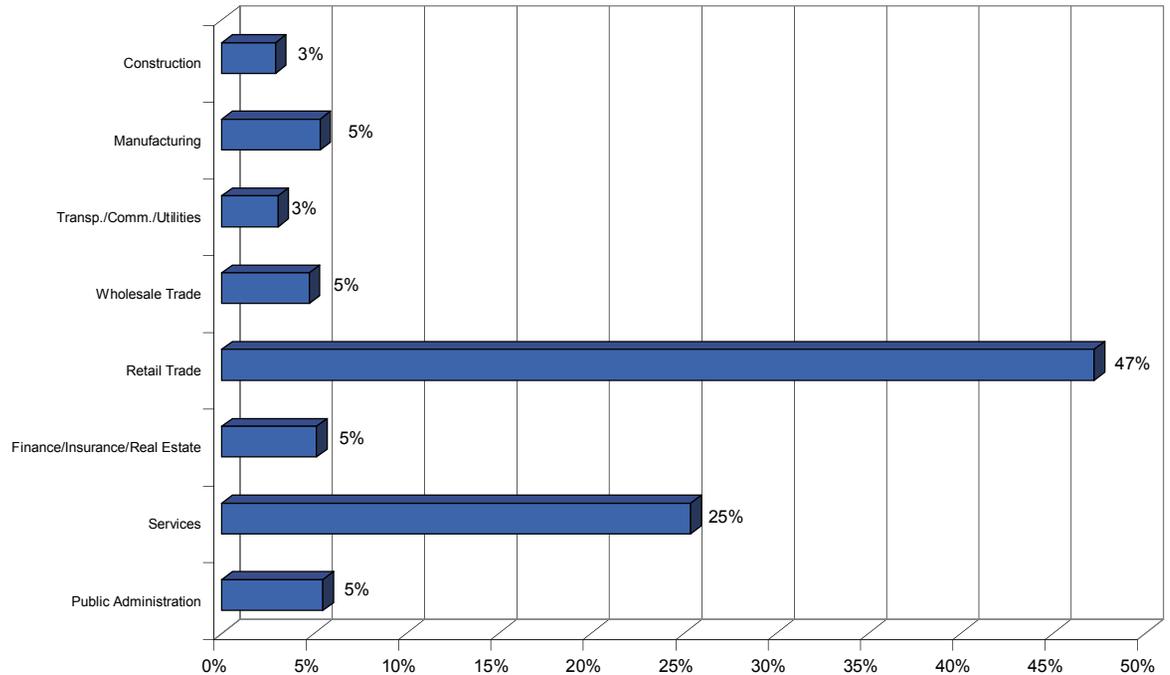
Source: State of Alabama Office of Workforce Development

SECTOR EMPLOYMENT

A presentation of the sector employment details for the City of Prattville is provided in the Prattville Comprehensive Plan: Socioeconomic Analysis document.

To recap, workers in the City of Prattville are overwhelmingly employed in the Retail Trade and Services categories. In 2008, Retail Trade made up approximately 47% of the City's employment. For the overall MSA, this figure was only 19%. Although Services was the second highest category in Prattville at 25%, it was still significantly less than the MSA rate of 35%. Both of these sectors are typically low-paying, low-wage industries; though Services is so varied, it can include some higher-paying jobs as well. Another notable area of difference between Prattville and the MSA can be seen in the Public Administration employment. Public Administration accounts for only 5% of the Prattville employment, but it is approximately 15% of the overall MSA employment.

Sector Employment, City of Prattville, 2008

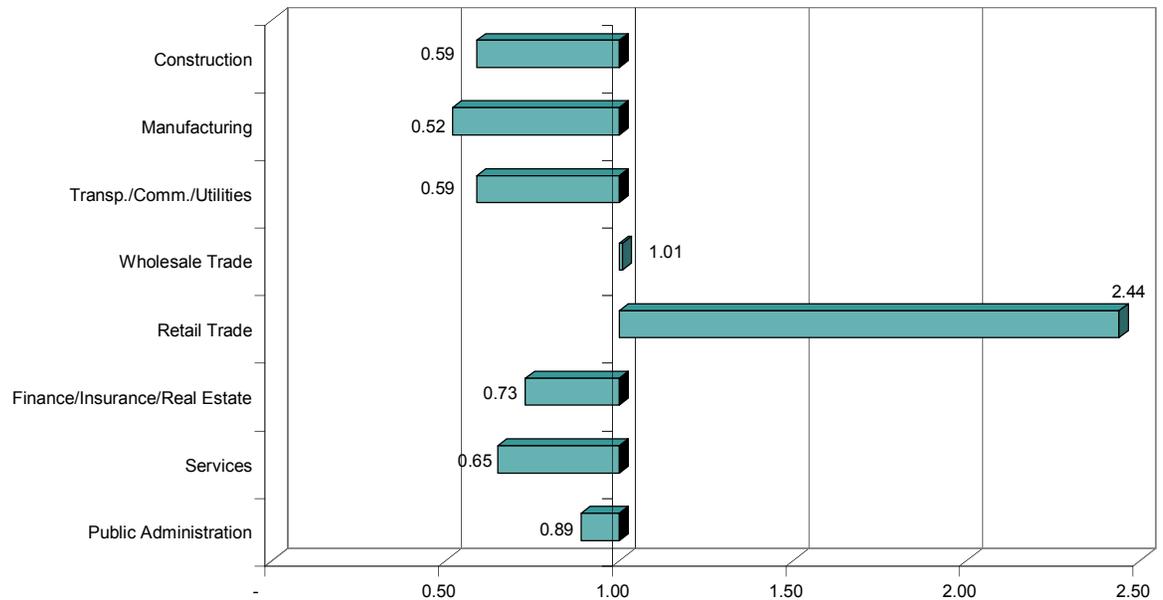


Source: Claritas

The City of Prattville has only one location quotient significantly above 1.0: Retail Trade. This concentration in Retail Trade within the City is notable since it is nearly two-and-a-half times the national average. This is a cause of concern because Retail Trade is usually among the lowest-paying industry sectors. The Wholesale Trade location quotient is over the national average by only a negligible amount; it does not really indicate a true concentration or clustering.

Several other location quotients are significantly below the national average. Two sectors to note are the Transportation/Communications/Utilities and Manufacturing sectors. These are essentially at half the national average in terms of employment, and are usually high-paying sectors. This means these industries are significantly under-represented in Prattville.

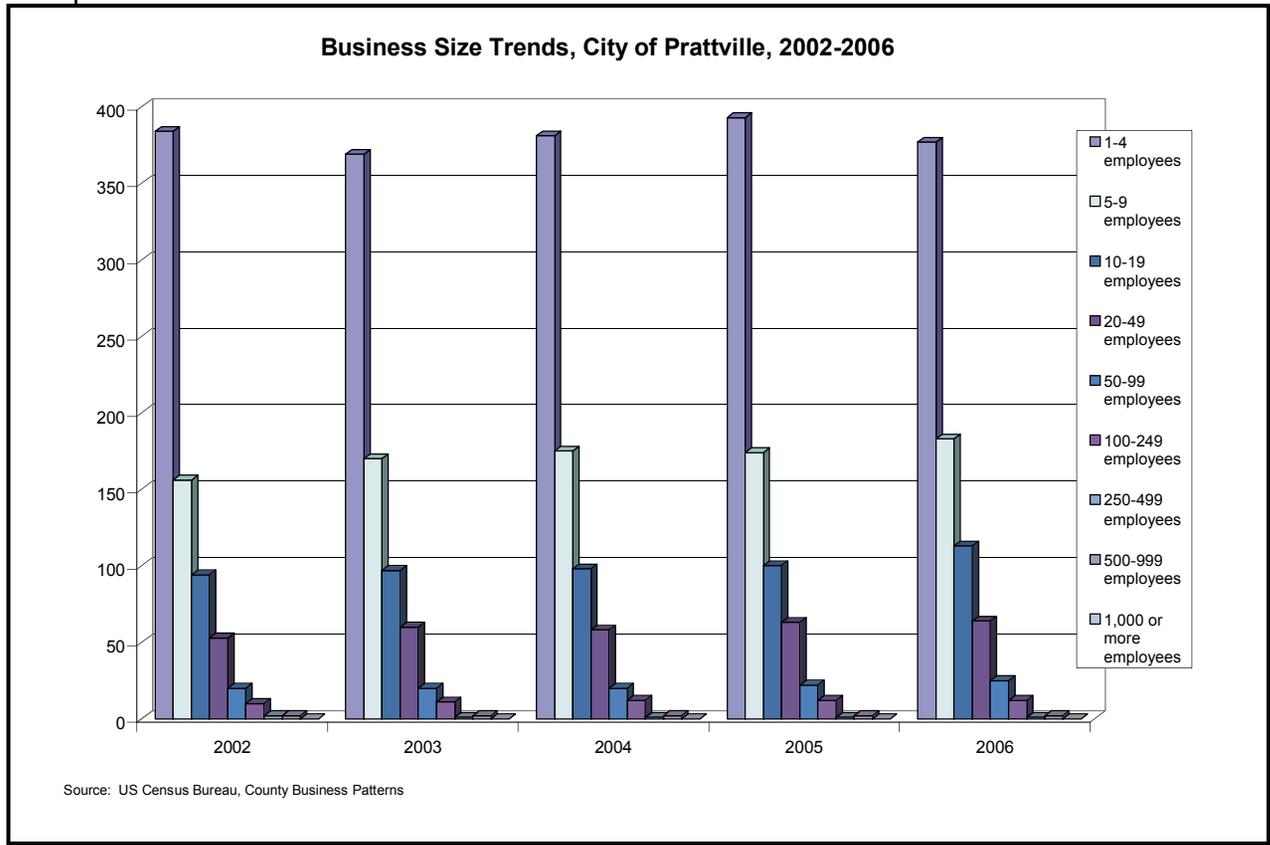
Sector Employment Location Quotients, Prattville, 2008



Source: Claritas, Market + Main, Inc.

BUSINESS SIZE

Not surprisingly, the bulk of the City of Prattville’s employers are small businesses. As employee size increases, the total number of businesses decreases. Unfortunately, the most recent data on business size at the city-level is from 2006. Slightly less than half of the businesses in Prattville had less than five employees. Approximately 24% of the businesses were sized between five and nine employees. Roughly 15% of the total businesses in the City are sized between 10 and 19 employees. Businesses with 20 to 49 employees and those with 50 to 99 employees accounted for roughly eight percent and three percent of total businesses, respectively. From 2003 to 2006 there was only one business with an employee count between 250 and 499, while in 2002 there were two. There have been two active businesses with over 500 employees between 2002 and 2006. There was no business with more than 1,000 employees during this timeframe.



SOURCES OF INCOME

There are three primary sources of income: earnings, investments, and transfer payments. Earnings are wages and salary received from employment. Investments include unearned income from sources such as stocks, bonds, rents, and royalties. Transfer payments include governmental financial assistance, such as Social Security, Medicare, and Medicaid.

Unfortunately, the most recent data on sources of income at the city-level is from the 2000 Census. The City of Prattville's average proportions of income sources in 2000 were: earnings (80.7%); investments (11.6%); and transfer payments (7.7%). There is not a known significant reason to assume substantial changes in the proportions of sources of income in the City in the intervening years.

More recent data (2006) is available for county-level geography and larger, as shown in the table below. Prattville is well above the counties, MSA, state, and nation, in terms of proportions of earnings. The City also has a slightly higher rate of investment income than both Autauga County and Elmore County, but trails the rates for the Montgomery MSA, state, and nation. The proportion of transfer payments for the City is well below the counties, MSA, state, and nation.

	Earnings	Investments	Transfer Payments
Autauga County	71.9%	11.3%	16.8%
Elmore County	72.0%	10.4%	17.6%
Montgomery MSA	68.3%	15.4%	16.3%
Alabama	66.2%	15.0%	18.8%
United States	68.4%	16.9%	14.7%

Source: US Bureau of Economic Analysis

WAGES

Data on average annual wages is collected at the county level. Average annual wages for Autauga County were \$30,224 in 2007. Elmore County reported \$30,250 for the same year. The national average annual wage was \$44,450 in 2007, and the average for the Montgomery MSA was \$36,224.

Both Autauga and Elmore counties' wages equaled approximately 68% of the nation's, and 83% and 84% of the Montgomery MSA's respectively. One positive sign is that wages for both counties increased in each of the five years in the timeframe examined, although both have grown at a slower rate than the national rate overall.

Below average wages are a mixed circumstance. For instance, some recruitment efforts might highlight to companies that labor force costs are cheaper in that locale. But, in the long-term underpaid workers do not make as strong an economic contribution, and low wages can also be an indicator about a community's workforce quality.

	2003	2004	2005	2006	2007
Autauga County	\$26,450	\$27,551	\$27,586	\$29,078	\$30,224
% of MSA	84%	84%	82%	82%	83%
% of US	70%	70%	68%	68%	68%
Elmore County	\$26,295	\$28,625	\$28,882	\$29,896	\$30,250
% of MSA	83%	88%	86%	84%	84%
% of US	70%	73%	71%	70%	68%
Montgomery MSA	\$31,610	\$32,694	\$33,441	\$35,383	\$36,224
United States	\$37,765	\$39,354	\$40,677	\$42,535	\$44,450

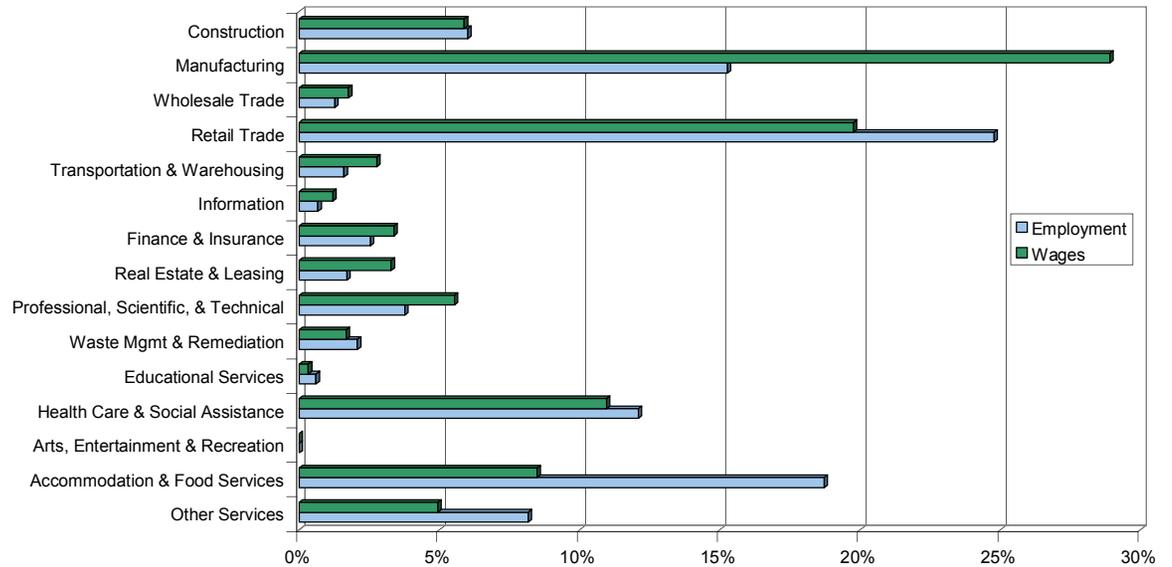
Source: US Bureau of Labor Statistics

SECTOR WAGES

Again, data on wages is collected at the county level. Both Autauga and Elmore counties were reviewed for this analysis. In order to make more effective comparisons, there is a greater level of sector breakdown shown in this section; particularly in Services, which is a very diverse industry sector.

The largest sectors of wages for Autauga County in 2006 were: Manufacturing (28.9%); Retail Trade (19.8%); and Health Care and Social Assistance (11.0%). It is noteworthy that the largest sectors in terms of total employment are not the same. The largest sectors for Autauga County in terms of employment were: Retail Trade (24.8%); Accommodation & Food Service (18.7%); and Manufacturing (15.3%).

Employment vs. Wages, Autauga County, 2006



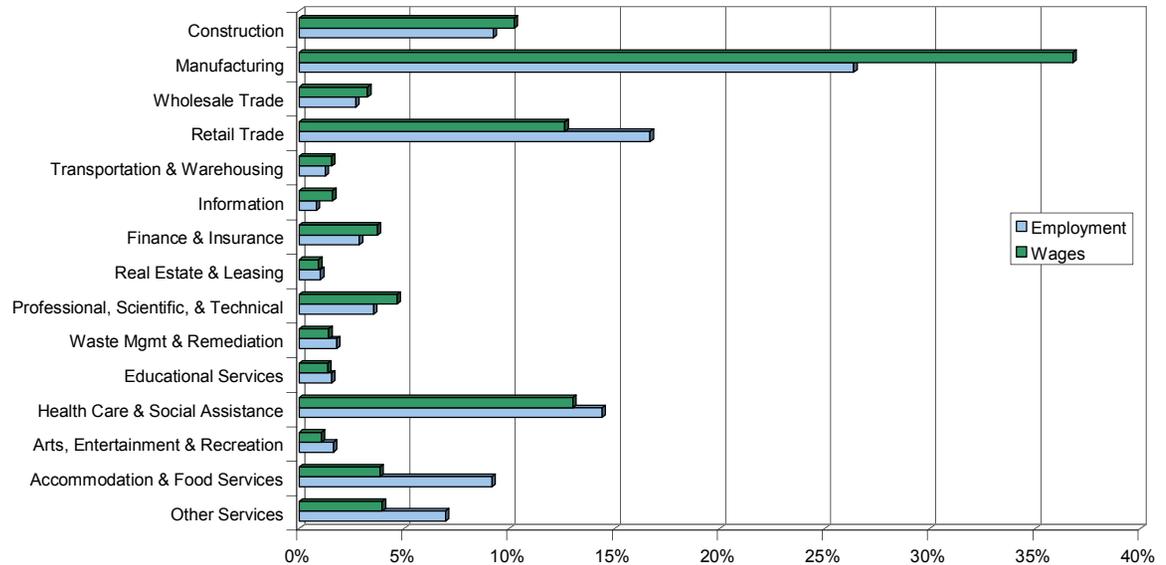
Source: US Census Bureau, Economic Census

The largest sectors of wages for Elmore County in 2006 were: Manufacturing (36.8%); Health Care & Social Assistance (13.0%); and Retail Trade (12.6%). Unlike Autauga County, the largest sectors for Elmore County in terms of employment were the same as for wages, though their proportions were different. The largest employment sectors and their percentage share were: Manufacturing (26.4%); Retail Trade (16.7%); and Health Care & Social Assistance (14.4%).

When the proportion of wages a sector contributes is higher per job than the proportion of employment, it means that these are high-paying jobs. Conversely, if there is a higher concentration of employment versus wages, it usually indicates a low-paying job.

For Autauga County, the sectors that pay over the total jobs (indicating typically high-paying) represented are: Manufacturing; Transportation & Warehousing; Information; and Real Estate & Leasing. The sectors that have significantly more jobs than wages (typically low-paying) include: Retail Trade; Administration & Waste Management & Remediation; Educational; Accommodation and Food Services; and Other Services.

Employment vs. Wages, Elmore County, 2006



Source: US Census Bureau, Economic Census

For Elmore County, the sectors that pay well over the total jobs (indicating typically high-paying) they represent include: Manufacturing; Information; Finance & Insurance; and Professional, Scientific & Technical. The sectors that have more jobs than wages (indicating typically low-paying) include: Arts, Entertainment & Recreation; Accommodation and Food Services; and Other Services.

In an attempt to better understand the performance of various sectors in terms of wages, it is important to drill down into the sub-sectors further. The following table highlights sub-sectors that pay over \$40,000 annually. This means these sectors' performance is well above the average annual wages for both Autauga (\$30,224) and Elmore (\$30,250) counties. Unfortunately, there are only three high-paying sub-sectors in Elmore County and five in Autauga County.

The sub-sectors included in the preceding table represent high-paying jobs within both Autauga and Elmore counties. These sub-sectors make positive contributions to the local economy. These are the types of jobs that the City of Prattville should be focused upon in economic diversification and expansion efforts in the future.

	Autauga County	Elmore County
Construction		
Manufacturing		
Fabricated metal product mfg	\$46,432.84	
Durable goods merchant wholesalers	\$41,469.70	
Machinery mfg		\$54,166.67
Wholesale Trade		
Retail Trade		
Transportation & Warehousing		
Transportation & warehousing	\$44,634.15	
Information		
Information	\$46,376.81	\$49,416.67
Telecommunications		\$53,395.35
Finance & Insurance		
Real Estate and Rental & Leasing		
Real estate	\$65,171.43	
Professional, Scientific, & Technical Services		
Waste Management & Remediation Service		
Educational Services		
Health Care & Social Assistance		
Arts, Entertainment, & Recreation		
Accommodation & Food Services		

Source: US Census Bureau

Wrap-Up

The results and conclusions of this Economic Base Snapshot are mixed for the City of Prattville and Autauga and Elmore counties. Since community capacity and business climate are really the accumulated sum of numerous individual factors, any individual shortcomings can result in a negative perception of the community. Conversely, strengths and assets can be leveraged to project a more positive image of the community.

As noted in the *Prattville Comprehensive Plan: Socioeconomic Analysis* document, the City of Prattville is a growing suburb of the Montgomery MSA. Currently, commercial and residential development are somewhat out of balance. Employment in the City is growing rapidly, but many residents still have to commute to higher paying jobs in other parts of the Montgomery metro area. Many of the workers in the City’s Retail Trade and Services sector may not be able to afford housing in the City. This is a phenomenon common to many “bedroom communities.” Diversification of the employment base to include more higher-paying employment sectors and the inclusion of workforce housing for the existing employee base will both be important aspects of creating a balanced and healthy community in Prattville.

To succeed and compete in this global environment, economic and community development efforts in Prattville will need to be redefined so as to continuously steward and improve the City’s future and long-term economic sustainability.

POSITIVE	NEGATIVE
Labor Force Participation Rates in both Autauga and Elmore counties are above the national average.	Autauga and Elmore counties have few sub-sectors that pay over \$40,000 annually.
The unemployment rates for Autauga and Elmore are lower than the Montgomery MSA’s rate.	Based on commuting patterns for Autauga and Elmore counties, it is apparent that many residents have to commute to Montgomery County for higher paying jobs.
Elmore County’s employment growth has been strong over the past five years.	Autauga County’s employment growth has been slow and inconsistent.
Autauga and Elmore counties have a proportion of earnings higher than the MSA, state, and nation.	Average annual wages in both Autauga and Elmore counties are below the Montgomery MSA and national averages.
The Manufacturing and Information sectors in both Autauga and Elmore counties both pay high wages.	Prattville’s employment base is heavily weighted towards the Retail Trade sector, which typically provides lower paying jobs.