
CHAPTER 3. THE LOCAL ECONOMY

Introduction

Waterville has long served as the service, retail, and cultural core for its surrounding region. Although formerly also an industrial center, the City now retains only one of its traditional industries, paper product manufacturing at the Huhtamaki (formerly Keyes Fibre and later Chinet) factory on College Avenue.

While broadening its economic base has made the City less vulnerable to economic fluctuations in any single industry or product, recent retail development in Augusta has diminished Waterville's prominence as a retail center. Nevertheless, Waterville's central location in the State and its excellent transportation, medical, and educational facilities place the City in a good competitive position to expand its service center role.

The Waterville Labor Force

The U.S. Census reported that 6,863 of Waterville's residents were in the civilian labor force in 2000, down 494 workers or 6.7% since 1970. Over that same 30-year period, Waterville lost 2,587 residents or 14.2% of its population. Many of the former Waterville-resident workers who moved to the surrounding communities now commute to Waterville to work. Others who were lost to the Waterville-resident labor force stopped looking for employment or retired. [Note that those persons over age 16 who were actively seeking employment were considered to be employed.] The Maine Department of Labor (DOL) estimated unemployment in the Waterville Micro (see page 3-7 for a description) to be 8.9% in July 2010, as compared to 7.9% for the State, and 9.7% for the United States as a whole.

Employment by Industry

Table 3-1 contains a breakdown of the labor force by industry reported for residents of Waterville, Kennebec County, and the State of Maine as reflected in the 2000 Census. A high percentage of Waterville's residents are employed in the category of educational, health care, and social services (36.1%), as compared with only 28.0% of County workers and 25.7% of State workers. Waterville also has a high percentage of workers in retail trade (12.3%), but that percentage is very close to County (13.4%) and State (13.5%) levels. The third largest employment category in Waterville is manufacturing (9.7%), followed by art, entertainment, recreation, accommodation, and food services (8.0%). Agriculture, forestry, fishing, and hunting employ only 46 residents (.7%).

Employment by Occupation

Among the industries listed above, Table 3-2 contains an occupational breakdown for residents of Waterville, Kennebec County, and the State as a whole, as reflected in the 2000 Census. The highest percentage of employees in Waterville is classified as managers and professionals (33.3%) which compares favorably with both the County and the State. The second highest category is sales and office occupations (27.3%) and the third is service occupations (19.7%). The most significant difference is in the percentage of persons in service occupations in Waterville (19.7%) compared with (15.3%) the County level.

TABLE 3-1
EMPLOYMENT BY INDUSTRY,
REPORTED FOR RESIDENTS OF
WATERVILLE, KENNEBEC COUNTY, STATE
2000

	Waterville		Kennebec County		State	
	#	%	#	%	#	%
Agriculture, forestry, fishing & hunting, and mining	46	.7	606	1.0	16,185	2.5
Construction	286	4.2	4,917	8.1	54,550	8.3
Manufacturing	663	9.7	4,525	7.5	69,069	10.5
Wholesale trade	231	3.4	2,127	3.5	19,326	2.9
Retail Trade	847	12.3	8,059	13.4	88,818	13.5
Transportation & warehousing, and utilities	262	3.8	3,073	5.1	25,690	3.9
Information	225	3.3	1,134	1.9	13,463	2.1
Finance, insurance, real estate, and rental & leasing	344	5.0	2,986	4.9	40,678	6.2
Professional, scientific, management, administrative, and waste management services	405	5.9	4,218	7.0	50,973	7.8
Educational, health care and social services	2,479	36.1	16,898	28.0	168,425	25.7
Arts, entertainment, recreation, accommodation and food services	547	8.0	3,654	6.1	52,663	8.0
Other services (except public administration)	279	4.1	2,469	4.1	28,641	4.4
Public Administration	249	3.6	5,695	9.4	27,893	4.2
TOTAL	6,863	100.1	60,361	100	656,374	100

Source: 2000 Census.

TABLE 3-2
EMPLOYMENT BY OCCUPATION
REPORTED FOR RESIDENTS OF
WATERVILLE, KENNEBEC COUNTY, STATE
2000

	Waterville		Kennebec County		State	
	#	%	#	%	#	%
Management, professional, and related occupations	2,283	33.3	20,549	34.0	215,946	32.9
Service occupations	1,352	19.7	9,224	15.3	112,860	17.2
Sales and office occupations	1,871	27.3	16,877	28.0	164,947	25.1
Farming, fishing, and forestry occupations	26	0.4	303	.5	10,301	1.6
Construction, extraction, and maintenance occupations	573	8.3	6,706	11.1	70,955	10.8
Production, transportation, and material moving occupations	758	11.0	6,702	11.1	81,365	12.4
TOTAL	6,863	100	60,361	100	656,374	100

Source: 2000 Census

Commuter Patterns

Waterville is an employment center. According to the 2000 Census, there were 12,251 jobs in Waterville. Of those, a total of 3,997, or 32.6%, were filled by Waterville residents, while the remaining 8,254 were filled by workers from other communities. As shown on the following map, many jobs in Waterville were filled by residents of immediately surrounding communities, especially Winslow (1,288 workers), Fairfield (1,104 workers) and Oakland (839 workers).

As shown in Table 3-3, 58.2% of Waterville's employed residents stayed in Waterville to work. The remaining 41.8% commuted out of town, most to nearby communities such as Augusta (11.4%), Winslow (4.8%), Fairfield (4.3%), and Oakland (3.6%). The average commute time for

Waterville residents in 2000 was 18.1 minutes, four minutes less than the average time traveled by residents of the County or the State.

Place of Residence of People Working in Waterville
Total Commuters: 12,251

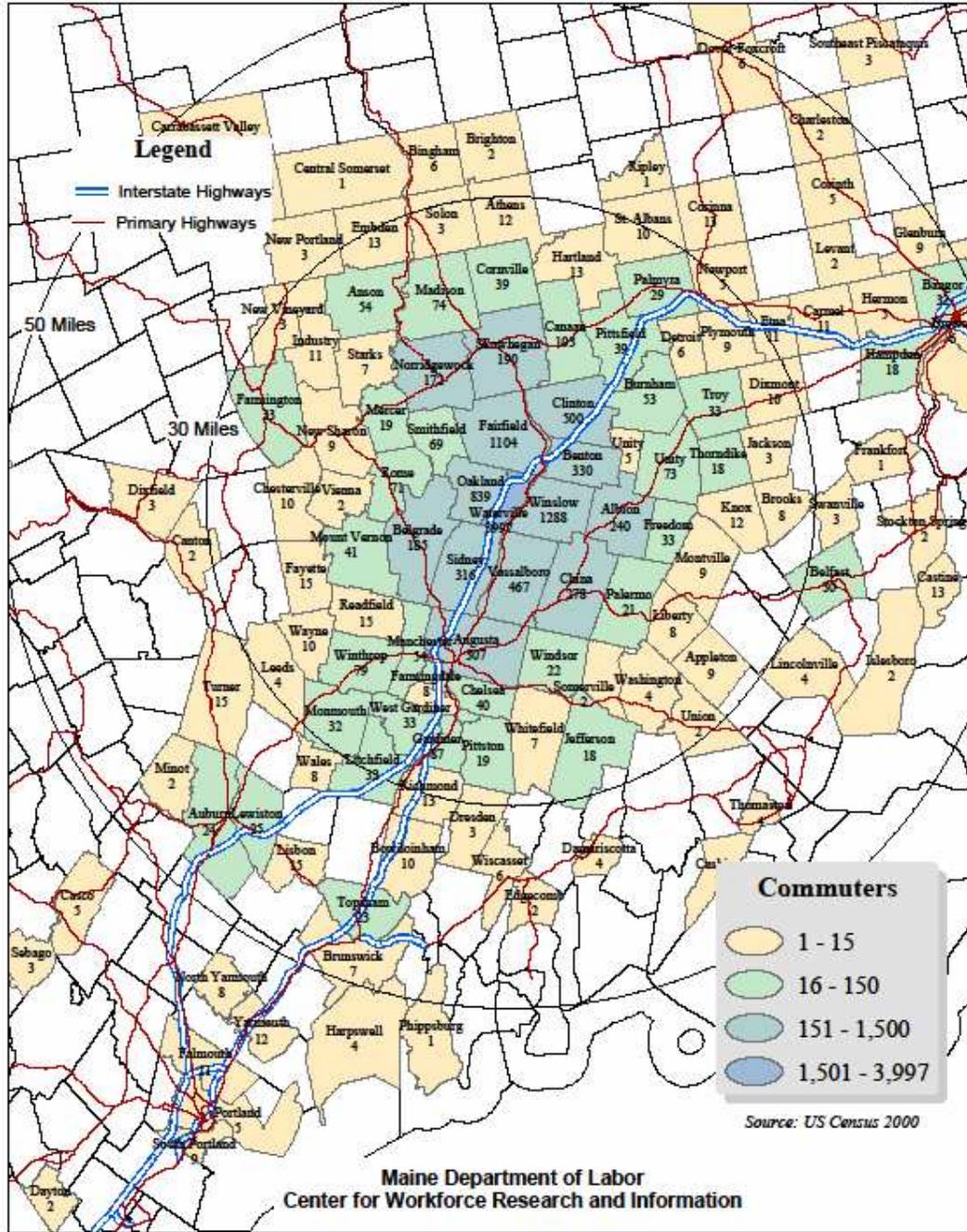


TABLE 3-3
COMMUTING PATTERNS 2000

PLACE OF RESIDENCE OF PEOPLE WHO WORK IN WATERVILLE

Work In Waterville, <u>Live In . . .</u>	Number of <u>Workers</u>	% of <u>Workers</u>
Waterville	3,997	32.6
Winslow	1,288	10.5
Fairfield	1,104	9.0
Oakland	839	6.8
Clinton	500	4.0
Vassalboro	467	3.8
Benton	330	2.6
Sidney	316	2.5
Augusta	307	2.5
China	278	2.2
Albion	240	1.9
Skowhegan	190	1.5
Belgrade	185	1.5
Norridgewock	172	1.4
Other	<u>2,037</u>	<u>16.5</u>
TOTAL	12,251	100.0

PLACE OF WORK OF WATERVILLE RESIDENTS

Live in Waterville, <u>Work in . . .</u>	# of Waterville <u>Residents</u>	% of Waterville <u>Residents</u>
Waterville	3,997	58.2
Augusta	789	11.4
Winslow	330	4.8
Fairfield	297	4.3
Oakland	253	3.6
Skowhegan	92	1.3
Pittsfield	85	1.2
Vassalboro	65	0.9
Hallowell	65	0.9
Gardiner	53	0.8
Bangor	52	0.8
Madison	52	0.8
Other	<u>733</u>	<u>10.7</u>
TOTAL	6,863	99.7

Source: U.S. Census, 2000.

Regional Economy

The Maine Department of Labor defines a micropolitan area as "having at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties". Within this "economically integrated" grouping of communities "workers may readily change jobs without changing their place of residence."

The Waterville Micropolitan Area consists of Albion, Benton, Clinton, Fairfield, Oakland, Unity Unorganized (Township), Waterville, and Winslow. These towns are located in 3 counties: Kennebec, Somerset, and Waldo.

The Augusta Micropolitan Area consists of Augusta, Belgrade, Chelsea, China, Farmingdale, Gardiner, Hallowell, Litchfield, Manchester, Mount Vernon, Palermo, Pittston, Randolph, Readfield, Rome, Sidney, Somerville, Vassalboro, Wayne, West Gardiner, Whitefield, Windsor, and Winthrop.

Augusta-Waterville Micropolitan Area

The Augusta-Waterville Micropolitan Area has Maine's third largest workforce (66,800), behind Portland-South Portland and Bangor-Brewer and, at approximately \$1.4 billion, the third highest level of retail sales.

The driving forces behind the regional and local economies of the Augusta-Waterville Micropolitan Area are the central location of the area in the State, the area's multimodal transportation network, the medical centers, and the colleges. Augusta-Waterville's central location in the region drives its retail sector, with tourism contributing to retail trade as well. The aging population supports the health care industry.

Major Employers

Major employers (100 or more employees) in Waterville are listed in Table 3-4. This list accounts for only a very few of the 572 businesses in Waterville. [Note that the number of businesses is based on the number of personal property bills the City Assessor sent to businesses in 2010.]

MaineGeneral Health (MGH), with some 3,800 employees in the Augusta-Waterville Micropolitan Area, is the largest employer and a major economic force in the region. MGH plans a new inpatient hospital in Augusta and expanded outpatient services in Waterville by 2014. (See the Maine Development Foundation's economic impact study, September, 2009.)

Table 3-5 lists the major employers in towns abutting Waterville, within the Waterville Micropolitan Area. T-Mobile, located in FirstPark in Oakland, is by far the largest.

TABLE 3-4:**MAJOR EMPLOYERS IN WATERVILLE***

EMPLOYER	APPROXIMATE NUMBER OF EMPLOYEES	TYPE OF BUSINESS	NOTES
MaineGeneral Health	3,800 including part-time and per diem employees	Hospital, Rehabilitation, Nursing Care, Retirement Community	*Includes jobs in Augusta, 43 at Jackman Regional Health Center, 56 at Granite Hill Estates, 270 at HealthReach Network
Colby College	719		500-999 (DOL)
Inland Hospital	650		
Waterville School Dept.	542 as of June 2009	Pre-AOS 92	(Source: City Finance Dept.)
Huhtamaki	420	Paper Products	500-999(DOL)
Wal-Mart Super Center	251-500 (CMGC)		100-249 (DOL)
Mid-State Machine Products, Inc.	55 at the Wyandotte Mill on Trafton Road	Value-Added Precision Machining Services	*Plus 160 employees in Winslow
City of Waterville	110 full-time, year-round plus 140 part-time and seasonal employees		These numbers include call fire fighters, election workers, and board members. Library employees are not included.
Hannaford	100-249 Elm Plaza 100-249 JFK Mall		(DOL)
Shaw's	100-249 (DOL)		
Pan Am Railways	101-250 (CMGC)	Railroad	Formerly Guilford Transportation, Maine Central Railroad
Kennebec Behavioral Health	100-249 (DOL) 340 at 4 sites	Mental Health	*Sites in Waterville, Augusta, Skowhegan, Winthrop
Care & Comfort	121		87 production staff assigned to Waterville office location, 34 admin staff/clinicians
Home Depot	100-249 (DOL)		
TD Bank	101-250 (CMGC)	Banking & Insurance	Waterville, Winslow, Oakland, Fairfield
Lakewood Continuing Care	100-249 (DOL)		
Oak Grove Living & Rehab	100-249 (DOL)		27 Cool Street
KVCAP	100-249	Social Services	Water Street
Thomas College	92 full-time 56 part-time		(Source: Vice President Beth Gibbs)

Sources: Maine DOL web site under Labor Market Analysis, provided by "infoUSA", Central Maine Growth Council (CMGC), and businesses contacted.

TABLE 3-5

**MAJOR EMPLOYERS IN WATERTVILLE MICROPOLITAN AREA,
BUT NOT IN WATERTVILLE***

EMPLOYER	APPROXIMATE NUMBER OF EMPLOYEES	TYPE OF BUSINESS	LOCATION	NOTES
T-Mobile	769	Call Center	Oakland	
Mid-State Machine Products, Inc.	160 in Winslow	Value-Added Precision Machining Services	Winslow and Waterville	* 50 at the Wyandotte in Waterville
MSAD 47/Oakland School Department	251-500 prior to consolidation	Public Schools	Oakland	(Source: CMGC)
Sheridan Corp	101-250	Construction/ Engineering	Fairfield	(Source: CMGC)
Northeast Labs	101-250 (CMGC) 50-99 (DOL)	Laboratory	Winslow	
Johnny's Selected Seeds	100-249 (DOL)	Seed Distributor	Winslow	Includes a call center for sales
MSAD 49/Fairfield School Department	101-250 prior to consolidation	Public Schools	Fairfield	(Source: CMGC)
KVCC	100 full-time plus 50 part-time	Community College	Fairfield	2/7/11 Barbara Woodlee
Backyard Tomatoes	200		Madison	
Alcom, Inc.	100	Aluminum Trailers	Winslow	Plan to add 30 more employees by the end of 2011

Sources: DOL web site under Labor Market Analysis, provided by "infoUSA", businesses, and Central Maine Growth Council (CMGC)

Education, Health Care, and Social Services

Education, Health Care, and Social Services is the largest employment sector in Waterville, employing 2,479 residents or 36.1% of Waterville's resident workers. [See Table 3-1, Employment by Industry.] Employers include MaineGeneral Health, Inland Hospital, Colby College, and Thomas College.

Retail

The retail sector provides employment to 847 Waterville residents, 12.3% of Waterville's workforce. Retail is the second largest employment category in Waterville.

Waterville plays an important retail role in its region. Retail sales in the Waterville Economic Summary Area (ESA) totaled \$610,951,000 in 2007. The Waterville ESA includes the Waterville Micropolitan Area [Albion, Benton, Clinton, Fairfield, Oakland, Unity Unorganized (Township), Waterville, and Winslow] plus 14 additional towns [Belgrade, China, Freedom, Hinckley, Palermo, Rome, Shawmut, Sidney, Smithfield, Thorndike, Troy, Unity, Vassalboro, and Weeks Mills], a total of 22 towns. The Waterville ESA had 32% of retail sales in the Kennebec Economic Summary District [\$1,901,155,000]. Although this is a significant percentage of sales, it is substantially less than the share of the Augusta ESA, which had sales of \$962,242,000 or 50% of retail sales in the District.

In addition to the leakage of sales to malls in Augusta, increasingly, Waterville's retail base has expanded out of its downtown to shopping centers on upper Main Street and Kennedy Memorial Drive (KMD). In spite of this 40-year development trend, the downtown seems to be holding its own, replacing some of its lost department stores with specialty retailers, professional offices, a variety of services, and financial, insurance, and real estate uses.

Manufacturing

Despite the fact that the Waterville Micropolitan Area has lost several manufacturers over the past decade, the manufacturing sector remains important to the region and to Waterville. Table 3-1 shows that manufacturing is the third largest employment sector in Waterville, employing 663 Waterville residents or 9.7% of the City's workforce. Huhtamaki and Mid-State Machine continue to be major employers. (See Tables 3-4 and 3-5 for major employers and Table 3-6 for major manufacturers lost over the past decade.)

TABLE 3-6

MAJOR MANUFACTURING EMPLOYERS LOST FROM THE WATERVILLE MICROPOLITAN AREA WITHIN THE PAST DECADE

EMPLOYER	APPROX. NO. OF EMPLOYEES	PRODUCT	LOCATION
CF Hathaway/ Warnaco	700	Shirts	Waterville
Scott Paper Company	500	Paper	Winslow
Avian Farms International	300	Chicken Processing	Waterville

Arts, Entertainment, Recreation, Accommodation and Food Services

The fourth largest employment sector in Waterville, Arts, Entertainment, Recreation, Accommodation and Food Services, employs 547 residents or 8% of Waterville residents. Although Waterville may not be among the top tourist destinations in the State, it does attract visitors. It provides lodging primarily for tourists traveling north and south on Interstate-95 and for those visiting Colby College, Thomas College, the hospitals, and other major employers.

Waterville also offers food and entertainment for both residents of and visitors to the City and surrounding towns. Art and entertainment venues include the Maine International Film Festival (MIFF), the Waterville Opera House, the Colby College Museum of Art (on the Art Museum Trail), and two movie theaters.

Transportation

Although transportation, warehousing, and utilities make-up a small (3.8%) proportion of the area's employment base, they play an important role in Waterville's economy. Pan Am Railways, parent company of Maine Central Railroad, employs more than 100 in Waterville, where its Springfield Yard is located. The Springfield Terminal Line connects the Waterville area with Quebec and New Brunswick. Its primary customers are the paper companies.

Finance, Insurance, and Real Estate

Waterville's relatively low employment numbers in the sectors of finance and real estate suggest that the City does not play a central role in financial services. These figures (see Table 3-1) mask the concentration of financial institutions in downtown Waterville.

Municipal Service Employment

Municipal service jobs re-circulate money that is already in the region and do not bring a significant amount of money into the area. However, if we combined all of the jobs at the Waterville School Department (542), the City (110), the Public Library (approximately 12 full-time-equivalents), Kennebec Water District (28), Waterville Sewerage District (9), and the Kennebec Sanitary Treatment District (14), those municipal service jobs (715) would rival the number of workers at Colby College (719), the second largest employer in the City.

DOWNTOWN WATERVILLE

Downtown is an historic commercial district of classic scale: principally two, three, and four-story blocks of buildings, many of them brick, pulled tightly to the sidewalks. Waterville's core downtown is compact and walkable and roughly bounded by Elm Street, Spring Street, the Kennebec River, and Union Street. The Old Post Office, at the intersection of Elm Street, Main Street, and College Avenue, marks the entry to the downtown.

While Main Street and the Concourse are the center of activity, with restaurants, and retail, service, financial, and office uses, numerous short side streets connecting to Main Street offer those uses as well. In addition, there are several other parts of downtown which are physically separated from downtown proper. The Hathaway Creative Center at the southerly end of downtown is separated from the rest of downtown by the over-built intersection of Spring Street, Front Street, and Main Street. The northerly end of downtown, anchored by the courthouse and social security office, is isolated by the overbuilt intersection of Front Street, College Avenue,

Colby Street, and Chaplin Street. On the east side of downtown are the Kennebec River, the Two-Cent Bridge, and the Head of Falls, separated by fast-moving one-way traffic on Front Street and the railroad tracks. This area is largely underutilized, having been cleared by the federal Urban Renewal program in the late 1960s. Along the westerly, Elm Street edge of downtown, businesses are situated much less compactly than in the core. Elm Street businesses are isolated by the heavy volume of traffic on Elm Street and by the back of the Concourse.

Role of Downtown

Downtown continues to play an important role as a community center. Downtown's mix of uses is typical of a community center: ground floor storefronts, offices, service establishments, and restaurants. In addition, there are many upper floor spaces, a few of which are used as apartments.

Waterville Main Street maintains a list of all downtown businesses and all space available for lease. In the face of strong competition from local shopping plazas and Augusta to the south, Waterville Main Street attempts to attract market segments that are not fully served by competing shopping areas.

Downtown Waterville, with a good mix of business, financial, governmental and institutional uses, a notable nearby residential base, and a riverfront with recreational and mixed-use development potential, has the foundation to continue as a successful community center. Its physical setting as an attractive historic downtown adjacent to the Kennebec River is remarkable.

THE ROLE OF THE CITY OF WATERVILLE IN ECONOMIC DEVELOPMENT

The City of Waterville recognizes the importance of economic development and supports development in several ways:

- It provides financial support to the Kennebec Valley Council of Governments' (KVCOG), Central Maine Growth Council, Waterville Development Corporation, and Waterville Main Street.
- The City created the Airport Industrial Park, located conveniently near Exit 127 off I-95, to provide developable land for sale to businesses. [A privately-owned Free Trade Zone is located adjacent to the municipal airport and the land that the City is offering for sale.]
- The City has created Tax Increment Financing Districts to encourage new development.
- The City is an owner of FirstPark.

Key Issues and Needs

The major issues and needs related to Waterville's economy include the following:

1. Regional Economic Development Efforts. There is a need to continue to work with local and

regional organizations to improve the economy of the City. For example, KVCOG offers assistance to start-up companies and gap financing through its revolving loan fund.

2. Growth Businesses. There is a need to encourage high technology and other growth businesses and industries which strengthen the tax base and provide jobs for area residents.

3. Workforce Development. There is a need to take steps to further develop local skills which match the needs of businesses and industries.

4. Downtown. The City needs to continue to support the efforts of Waterville Main Street to improve the viability of the downtown.