

Economic Profile

Opportunities and challenges facing Manitowoc County are influenced by broader regional economic conditions. Understanding these regional economic characteristics and trends provides context for Market Analysis and allows for insight into possible development strategies that could be employed in downtown Manitowoc.¹

Manitowoc County is located on the eastern border of Wisconsin, beside Lake Michigan. It is home to the cities of Manitowoc, Two Rivers, and Kiel; the Port of Manitowoc; 25 parks, lakes, rivers, and numerous farms, small towns, and villages. Boasting nearly half of the County population, the City of Manitowoc has a great influence over the County's overall economic well-being. Analyses in this section examine conditions in Manitowoc County relative to Wisconsin and the United States as a whole.



Economic Characteristics Impacting Manitowoc County

In order to understand economic activity within Manitowoc County, it is important to understand the human, social, industrial, and geographic factors unique to the County. Economic data can help pinpoint the strengths and competitive advantages of each of these factors. This section examines the regional economy of Manitowoc County from four angles:

1. *Employers and Industry Concentrations* – industry clusters and component businesses that differentiate the region's economy from competitors.
2. *Physical Infrastructure* – transportation networks and infrastructure that facilitate commerce.
3. *Labor Force* – knowledge and skills of the labor force and the systems, institutions and relationships that support employee and business development.
4. *Tourism Activity and Quality of Life* – businesses and organizations that help visitors and residents enjoy the natural, industrial and cultural assets of the area that contribute to a more diversified local economy.

Using these categories, this section examines the economy of Manitowoc County as a basis for exploring possible downtown development strategies. The information in this section can be used as background for economic and business development efforts.

¹ This section was written by Erin Fifield, a University of Wisconsin-Madison graduate student, in partnership with Jamie Zastrow and the market analysis study committee of Mainly Manitowoc.

Employers and Industry Concentrations

Manitowoc County's economic base is spread across a variety of sectors: manufacturing, retail, service, government, and agriculture. Making up 32 percent of Manitowoc County's workforce: the manufacturing industry plays an important role in the local economy.² Agriculture is also a prominent industry in the region, generating \$830 million³. Sixty-eight percent of the land in Manitowoc County is owned and managed by individual farmers.⁴ In downtown Manitowoc, 70 percent of jobs are in either the service or the retail industry.⁵

Table 4.1 indicates the major employers in Manitowoc County. The manufacturing industry is especially prominent, representing three of the County's top employers. Education, government and medical services together comprise six of the top employers in the County.

Table 4.1 – Top Employers in Manitowoc County, 2009

Establishment	Service or Product	Number of Employees
Holy Family Memorial Inc	General medical & surgical hospitals	1,371
Manitowoc Company	Cranes and Foodservice manufacturing	1,145
Fisher Hamilton LLC	Institutional furniture manufacturing	980
Manitowoc Public School District	Elementary & secondary schools	679
County of Manitowoc	Executive & legislative offices, combined	656
Federal-Mogul Piston Rings Inc	Carburetor, piston, ring, & valve mfg	600
Aurora Medical Center of Manitowoc	General medical & surgical hospitals	410
Sargento	Cheese products	350
Two Rivers Public School District	Elementary and secondary schools	318
Lakeshore Technical College	Junior colleges	250-499
City of Manitowoc	Executive & legislative offices, combined	250-499

Source: Wisconsin Department of Workforce Development, 2009 and Economic Development Corp. of Manitowoc County, 2009.

Some of Manitowoc County's biggest employers have undergone recent changes, including⁶:

- Fisher Hamilton LLC laying off 275 workers (2009);
- The Manitowoc Company's Cranes division cutting 159 jobs (2009) after expanding to create 100 new jobs (2007);
- Federal-Mogul expanding, creating 75 new jobs (2008);
- Orion Energy Systems/Great Lakes Technology starting-up, creating over 200 jobs (2005); and
- The Mirro Aluminum Corporation shutting down, losing 1,100 jobs (2003).

Industry Concentrations – Manitowoc County

Industry concentrations provide an opportunity for regions to offer specialization and to be attractive to certain types of businesses (existing or relocating). By assuring proximity to shared resources, industrial costs can be reduced and operational efficiency enhanced.

A location quotient (LQ) provides one measure for analyzing industry concentration and specialization in Manitowoc County. A location quotient is calculated by comparing a given industry's share of total employment in the region to the same industry's share of overall national employment.

The critical value for a location quotient is 1.0. An LQ of 1.0 means a region has the same

² Economic Development Corporation of Manitowoc County (EDCMC), 2008.

³ The Chamber of Manitowoc County, 2009.

⁴ Ibid.

⁵ Manitowoc Economic Base Assessment and Market Analysis, Vandewalle & Associates Inc, Final Draft 2009

⁶ EDCMC and The Business Journal of Milwaukee, 2009.

proportion of local employment in an industry as the nation. An LQ greater than 1.0 means the region's share of employment in a given industry is greater than its national share. Conversely, an LQ less than 1.0 means the region's employment in an industry is below the national percentage. *Due to accuracy issues with employment data, location quotients between 0.75 and 1.25 are generally considered close enough to 1.0 not to be significantly different.*

Table 4.2 ranks the top 10 Manitowoc County industries in terms of location quotients.

Table 4.2 - Top Industries in Manitowoc County (with available data), 2007

Industry	LQ (Manitowoc County)	LQ (Wisconsin)	Six year % Change LQ for Manitowoc County	Total Employment
Manufacturing	2.98	1.72	14%	11,137
Natural Resources and Mining	1.68	0.59	19%	832
Education and Health Services	0.93	1.00	7%	4,390
Trade, Transportation and Utilities	0.85	0.98	1%	6,070
Leisure and Hospitality	0.82	0.93	(12%)	2,952
Other Services	0.80	0.92	(11%)	958
Construction	0.63	0.79	(28%)	1,291
Information	0.46	0.79	64%	373
Financial Activities	0.44	0.93	13%	963
Professional and Business Services	0.39	0.74	30%	1,877

Source: US Department of Labor, Bureau of Labor Statistics, 2009

Note: Note that differences in local demand compared to national demand, or the efficiency of an industry within a region have the potential to skew the results of a location quotient analysis. Furthermore, Manitowoc County should not seek to satisfy all local demand with local industries. Certain industries are best suited for other locations and are not feasible for the region. Nonetheless, location quotients serve as a basis for examining export industries and areas of specialization in the region.

Local employers and industry clusters are a key facet of the economic profile of an area. Several observations can be drawn from the location quotients shown in Table 4.2:

- The manufacturing industry is very important to the region. The industry has the largest location quotient in Manitowoc County with 2.98 and employs over 11,000 people.
- The natural resources and mining industry also has a high location quotient, but a much smaller workforce. It is the only other industry in Manitowoc County, in addition to manufacturing, to have a location quotient greater than 1.
- The professional business services industry has had the largest percent increase in location quotient (30 percent from 2001-2007), yet it is still well below the state and national location quotient.

Physical Infrastructure

The physical infrastructure and transportation networks of a county help to facilitate commerce. The strengths of Manitowoc County lie in the Port of Manitowoc, Interstate 43 and the local rail line that connects the area to larger metropolitan areas in the region, including: Sheboygan (31 miles); Green Bay (43 miles); Appleton (44 miles); Milwaukee (80 miles); and Chicago (169 miles). Assessing how this infrastructure facilitates business development can help businesses understand visibility and access to customer-base.

Table 4.3 Local Infrastructure

Network	Description
Lake Michigan Carferry	Connects Manitowoc, WI to Ludington, MI via Lake Michigan.
Port of Manitowoc	Situated along the Great Lakes-St. Lawrence Seaway navigation system. Canadian National Railway, U.S. 10 and Interstate 43 serve the port.
Highways	Interstate 43 (connects Beloit to Green Bay via Milwaukee). Also U.S. 151, U.S. 42, and U.S. 10.
Airport	Nearest commercial airports are Austin Straubel in Green Bay and General Mitchell in Milwaukee (43 and 80 miles, respectively). There is one general aviation airport operating within the County.
Railway	Wisconsin Central Division of the Canadian National Railway.
Water	Lake Michigan, and other smaller inland lakes and rivers.

Source: Wisconsin Department of Transportation

- Port of Manitowoc – Handles an annual average tonnage of 443,300 tons, primarily of bulk commodities, newly constructed yachts, and the Lake Michigan car ferry.
- Lake Michigan Carferry – the S.S. Badger runs mid-May to mid-October. The carferry can hold up to 180 automobiles and 620 passengers. The trip takes 4 hours to Michigan.
- Highways - Interstate 43 handles an annual average daily traffic (AADT) of 23,000 vehicles (2005). U.S. 151 handles 17,000 AADT, U.S. 42 handles 12,000 AADT, and U.S. 10 handles 11,000 AADT (2005).

Local Traffic Patterns in Manitowoc

Street and highway traffic volume provides an important indicator of travel to downtown Manitowoc. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive. More specifically, businesses such as gasoline stations, convenience stores and fast food restaurants are located based on traffic volume and the access to and visibility from high traffic streets and highways. Subsequently, examining the traffic counts aids in determining the feasibility of these types of businesses.

Highways 151 and 42 provide the main conduits that funnel traffic from Interstate 43 and the City of Two Rivers into Downtown Manitowoc. The traffic counts indicated above show that these roads receive the greatest concentration of local traffic within the City of Manitowoc.

Manitowoc County Commuting Patterns

Commuting patterns for Manitowoc County indicate a net positive county-to-county workflow. While nearly 37,000 residents commute out of the County for work, over 42,000 residents from neighboring counties commute to Manitowoc County. County-to-county workflow patterns are presented in Table 4.4.

Table 4.4 – County-to-County Worker* Flow, Manitowoc County, 2000

County	County residents commute to Manitowoc from...	County residents commute from Manitowoc to...	Net commute
Manitowoc Co. WI	33,840	33,840	-
Sheboygan Co.	3,676	1,199	2,477
Calumet Co.	1,968	713	1,255
Brown Co.	1,575	818	757
Kewaunee Co.	292	427	-135
Outagamie Co.	281	100	181
Winnebago Co	136	21	115
Milwaukee Co.	129	75	54
Fond du Lac Co.	73	79	-6
Ozaukee Co.	64	59	5
Cook Co.	20	21	-1
Dane Co.	20	268	-248
Elsewhere Co.	332	389	-57
Grand Total	42,406	37,720	4,686

*Workers 16 years old and older
 Source: U.S. Census Bureau, 2000

Labor Force

Assessing population trends, changes in demographics, and the stability of the labor market can assist existing and potential employers to better understand the strengths, weaknesses, and predictability of the area's economy.

Population Trends

Since 2000, Manitowoc County's population has been steadily decreasing: the 2008 population of 80,641 is a change of -2.7% (about 2,300 people) from 2000. Comparatively, the State of Wisconsin has experienced an increase in population of 4.9% (2000-2008).

Employment Trends

When looking at patterns in employment, it is important to consider trends over time, as well as by industry. Manufacturing, one of the largest employers in Manitowoc County, has seen a decrease in its workforce by 10% (a loss of 1,328 jobs) since 2001. Total employment growth is decreasing, but so is the County population. The administrative and waste services sector and the health care and social assistance sector saw the largest employment growth since 2001, with 527 and 605 jobs, respectively. Table 4.5 shows the employment of 22 industries in Manitowoc County over a six-year period.

Table 4.5 – Manitowoc County Employment by Industry (2001-2007)

Description (NAICS)	2001	2007	Growth	% Growth
Total employment	45,226	44,698	-528	-1.17
Farm employment	2,068	2,160	92	4.45
Forestry, fishing, and other related activities	229	263	34	14.85
Mining	108	63	-45	-41.67
Utilities	1,011	781	-230	-22.75
Construction	2,434	2,038	-396	-16.27
Manufacturing	12,764	11,436	-1328	-10.40
Wholesale trade	929	1,081	152	16.36
Retail trade	4,684	4,518	-166	-3.54
Transportation and warehousing	1,096	1,189	93	8.49
Information	362	459	97	26.80
Finance and insurance	1,132	1,068	-64	-5.65
Real estate and rental and leasing	861	1,076	215	24.97
Professional, scientific, and technical services	1,137	1,117	-20	-1.76
Management of companies and enterprises	232	291	59	25.43
Administrative and waste services	803	1,330	527	65.63
Educational services	521	543	22	4.22
Health care and social assistance	4,079	4,684	605	14.83
Arts, entertainment, and recreation	508	565	57	11.22
Accommodation and food services	3,273	3,028	-245	-7.49
Other services, except public administration	2,253	2,340	87	3.86
Government and government enterprises	4,742	4,668	-74	-1.56

Source: STATS Indiana, 2009

In 2008, unemployment in Manitowoc County was at its lowest percentage since 2001 with 4.9%. While that percent is lower than the national average, it is slightly above the average for Wisconsin, as shown in Table 4.6a.

Table 4.6a – Manitowoc County Civilian Labor Force Estimates, 1999-2008

Year	Manitowoc County			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Manitowoc County	Wisconsin	U.S.
1999	44,926	43,324	1,602	3.6	3.1	4.2
2000	47,189	45,674	1,515	3.2	3.4	4.0
2001	47,541	45,149	2,392	5.0	4.4	4.7
2002	46,232	43,443	2,789	6.0	5.3	5.8
2003	46,150	42,972	3,178	6.9	5.6	6.0
2004	45,583	42,842	2,741	6.0	5.0	5.5
2005	45,377	43,125	2,252	5.0	4.8	5.1
2006	45,577	43,356	2,221	4.9	4.7	4.6
2007	44,405	42,060	2,345	5.3	4.7	4.6
2008	44,603	42,415	2,188	4.9	4.7	5.8

Source: Wisconsin Department of Workforce Development, Labor Force Estimate, 2009

Due to the current recession, local unemployment has risen significantly. While current unemployment data for 2009 is preliminary, at the time of this writing, the Wisconsin Department of Workforce Development has published unemployment data for June 2009. The unemployment rates are as follows:

Table 4.6b – Civilian Labor Force Unemployment Rate (%), June 2009

	City of Manitowoc	Manitowoc County	Wisconsin	U.S.
June 2009	13.1	10.8	9.2	9.7

Income and Wage Trends

Personal income consists of the income received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state and national trends, it provides an indication of how well the local area's economy is performing. Table 4.7 provides a seven-year tracking of personal income trends for Manitowoc County. An index of growth was added to show how the County has grown since 2001. (i.e. an index of 122% indicates that personal income has grown 22% since 2001). In this case, Manitowoc County has slightly lagged behind state and national growth in personal income since 2001.

Table 4.7 – Personal Income Trends Manitowoc County, Wisconsin, 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Manitowoc Co. (thousands)	2,195	2,243	2,287	2,391	2,452	2,542	2,683
Index	100%	102%	104%	109%	112%	116%	122%

	2001	2002	2003	2004	2005	2006	2007
Wisconsin (thousands)	158,888	163,308	168,120	174,655	181,153	191,894	203,083
Index	100%	103%	106%	110%	114%	121%	128%

	2001	2002	2003	2004	2005	2006	2007
U.S. (millions)	8,717	8,873	9,150	9,711	10,253	10,978	11,634
Index	100%	102%	105%	111%	118%	126%	133%

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income, 2009.

When analyzing the economic health of a region, not only can we compare personal income relative to state and national trends, but we can also look at the wages for specific industries with the community. Table 4.8 shows the wages for ten industries in Manitowoc County, compares those averages to the state average, and shows the percent change from 2002.

Table 4.8 – Prominent Industry Wages, 2007

Industry Sub-sectors (3-digit NAICS)	Average Wages			
	2007 Average		5-year Percent Change	
	Manitowoc County	Wisconsin	Manitowoc County	Wisconsin
Educational services	\$35,740	\$39,753	11.7%	15.0%
Fabricated metal product manufacturing	\$40,945	\$43,765	19.0%	15.4%
Food services & drinking places	\$8,877	\$10,859	12.5%	14.5%
Machinery manufacturing	\$49,579	\$53,720	18.1%	19.1%
Hospitals	*	\$43,750	Not avail.	24.1%
Executive, legislative and general Gov'n't	\$36,295	\$36,340	22.8%	16.4%
Food Manufacturing	\$33,632	\$38,239	9.5%	13.2%
Nursing & residential care facilities	\$21,201	\$23,295	10.7%	12.0%
Transportation equipment manufacturing	\$40,225	\$55,143	12.3%	10.1%
Ambulatory health care services	\$51,298	\$57,969	12.0%	18.5%

Source: Wisconsin Department of Workforce Development, 2009

Several observations can be drawn from the industry wages shown in Table 4.8:

- The ambulatory health services and machinery manufacturing industries have the highest wages for the County, but both are less than the state average.
- Executive, legislative, and general government industry wages are on par with the state average; all other industries have wages below the state's averages

Workforce Demographics

Manitowoc's workforce is largely comprised of so-called "Baby Boomer" generation, or those 78 million American born between 1946 and 1964⁷. Beginning in 2008, the eldest of these Boomers became eligible for social security benefits.⁸

Of the City of Manitowoc's 33,000 residents (2007), more than 17%, or 5,840 residents, were over 65 years of age, while the Boomers – generally those between ages 45 and 64 as of 2008 – comprised 25.5% of Manitowoc's population, or another 8,445 residents⁹. As a result, the City is attempting to cater services and amenities towards soon-to-be-retirees¹⁰. The City believes this restructuring of its economy towards more senior service will be crucial in insuring the long-term health of the community. It is also likely to see continued growth within the Medical service industry as the population continues to age, thus further increasing what is already Manitowoc's fastest growing employment sector.

The City has also experienced a "brain-drain" over the last several decades, and has placed great emphasis on maintaining "boomer knowledge" within the local economy, as well as in promoting industries that will allow encourage boomer financial investment.¹¹ The City is also striving to develop apprenticeship opportunities for younger residents of the region in order to insure that knowledge is transferred to younger generations.

⁷ Strategies to Engage Manitowoc's Baby Boomer Population to Maintain a Thriving Residential and Business Community, City of Manitowoc memo, addendum to the Manitowoc City Comprehensive Plan

⁸ Ibid.

⁹ Ibid, via American Community Survey 2005 – 2007. U.S. Census Bureau, 2008

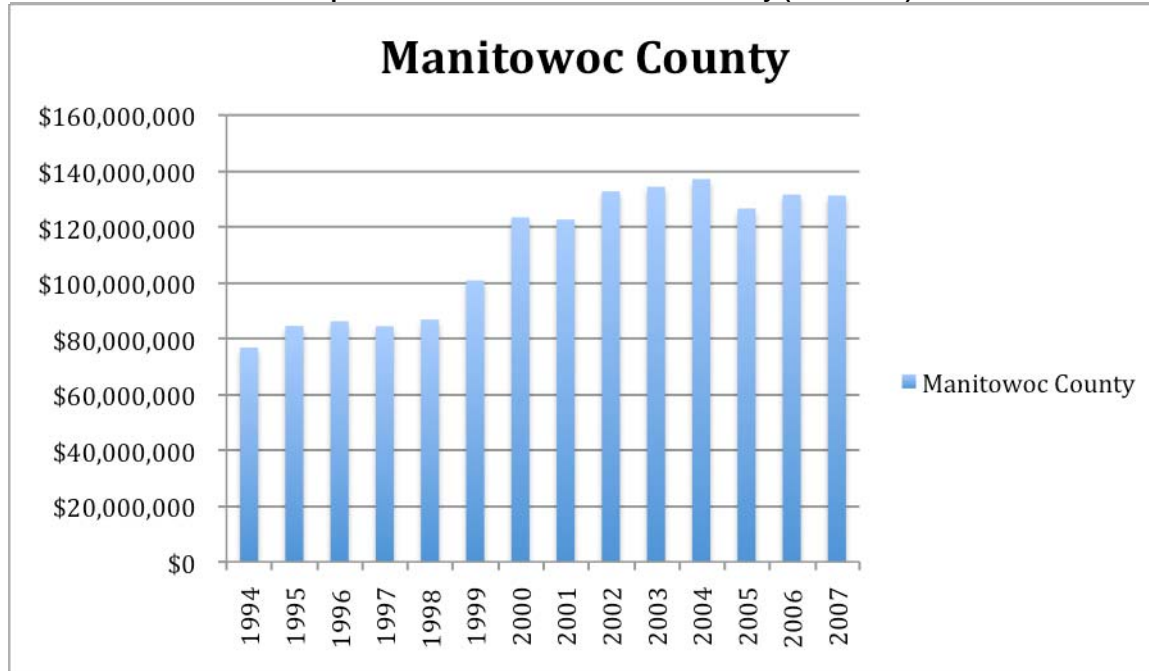
¹⁰ Ibid.

¹¹ Ibid

Tourism Activities and Quality of Life

In 2007, it was estimated that total tourism expenditures for the State of Wisconsin was approximately \$12.8 billion. Of that, Manitowoc County received nearly 1 percent. From 1994 to 2000, total tourism expenditures in Manitowoc County increased nearly 50 percent. Since 2002, annual tourism revenue has consistently averaged around \$130,000,000.

Chart 4.9 – Total Tourism Expenditure Dollars in Manitowoc County (2001-2007)



Source: WI Department of Tourism. 2009.

At the state level, tourism expenditures are broken down by sector. For Wisconsin in 2007, consumer expenditures were distributed on the following sectors:

- Shopping (30%);
- Food (27%);
- Recreation (22%);
- Lodging (13%); and
- Transportation (8%).

Source: Wisconsin Department of Tourism, 2009.

Local Attractions

With historic buildings and character, downtown Manitowoc serves as the hub of the community offering services, retail and dining/entertainment. Other shopping destinations in the area include the Wal-Mart Supercenter in Manitowoc; and the Edgelake Plaza Mall located between Manitowoc and Two-Rivers. Despite containing only 34 percent of the County population, the City of Manitowoc generates 60 percent of all retail sales for the County.¹² Nearby cities of Sheboygan, Appleton, Green Bay and Fond du Lac also serve as retail hubs.

One of the strengths of Manitowoc County is the opportunity for recreation. The natural amenities of the County lend themselves to over 245 miles of state funded snowmobile trails, five major parks; including 14 parks with lake or river access, and 11 beaches along Lake

¹² Manitowoc Economic Base Assessment and Market Analysis, Vandewalle & Associates Inc, Final Draft 2009
Manitowoc Market Analysis – Economic Profile
October 2008

Michigan. The County is also home to numerous nature centers, as well as the Lincoln Park Zoo in Manitowoc.

As mentioned earlier, the Lake Michigan Carferry – the S.S. Badger is an important visitor amenity and runs mid-May to mid-October. The carferry can hold up to 180 automobiles and 620 passengers. The trip takes 4 hours to Michigan.

Other attractions in Manitowoc County include:

- 141 Speedway;
- Capitol Civic Centre;
- Numerous museums (including art, historical, cultural, and maritime);
- Specialty food stores;
- Manitowoc Marina; and
- Manitowoc Symphony Orchestra.

Quality of Life

Within Manitowoc County, health care, education, and religious services are well provided. In the City of Manitowoc, Holy Family Memorial Hospital has 167 beds and over 50 physicians in-network. Higher education institutions include Lakeshore Technical College and UW-Manitowoc, both 2-year colleges, as well as Silver Lake College, a private 4-year college also offering graduate degrees. Additionally, there are over 90 churches in the County representing a variety of denominations.

Conclusions

Key characteristics of the local economy are presented below.

- Much of Manitowoc County's economic base lies in manufacturing. The largest manufacturing firm is Manitowoc Company, a producer of cranes and food service equipment.
- Current economic conditions have contributed to a slight decline in the manufacturing sector. Nevertheless, manufacturing continues to employ 32% of the workforce (roughly 11,400 people) within the county and is likely to remain the principle economic engine.
- Manitowoc County has lost jobs partially a result of manufacturing lay-offs resulting from the current economic climate. The County had a June 2009 unemployment rate of 10.8% compared to 9.2% for the State of Wisconsin and 9.7% for the U.S. The County has seen a loss of 10% of its workforce, equivalent to 1,300 jobs since 2001, and overall employment growth has slowed dramatically over the last decade. Wages in Manitowoc County are on average slightly lower than the Wisconsin state average.
- The City of Manitowoc is home to most of the commercial and tourism businesses in the County. Most retail centers in the area are located near or on major highway arterials including U.S. 151 and State 42. These arteries provide the main conduits that funnel traffic from Interstate 43 and the City of Two Rivers into Downtown Manitowoc.
- Manitowoc County is an important regional employment center. Approximately 5,000 more workers come into the county for employment than leave the County for employment.
- The Port of Manitowoc handles an annual average tonnage of 443,000 tons, primarily of bulk commodities, newly constructed yachts, and the Lake Michigan carferry.
- The Lake Michigan Carferry, the S.S. Badger runs mid-May to mid-October to Michigan. The carferry can hold up to 180 automobiles and 620 passengers.
- Downtown Manitowoc remains an important regional tourism service and retail center, with Lake Michigan serving as an attractive amenity that draws visitors. Annual tourism expenditures in the County was approximately \$130 million in 2007.
- The largest growth sector within the county remains health care service. The single largest employer within the County is Holy Family Memorial Inc., the largest health care provider in the County. As Manitowoc's population continues to age, this sector is likely to continue to grow. Additionally, there is growth potential within service industries geared towards the retiring Boomer generation and in investment opportunities for this age segment.