



Economic Analysis of Fond du Lac and Fond du Lac County

To gain a better understanding of the trade area, it is important to recognize existing trends and conditions of the local and regional economy. Accordingly, this section examines a variety of economic information that describes income and employment trends, sales trends, and other important statistics.

Fond du Lac and Fond du Lac County

Located at the southern tip of Wisconsin's largest inland waterway, Lake Winnebago, Fond du Lac is the largest city in Fond du Lac County and a haven for water sports enthusiasts, fishing and year-round recreation. 67 miles from Milwaukee, 72 miles from Madison, and 77 miles from Green Bay, Fond du Lac is centrally located between Wisconsin's largest cities.

Fond du Lac claims a strong business climate and a sizeable, diverse business and industrial base. A mix of heavy manufacturing, professional and personal service providers ensure a steady and consistent economic life for the region. Fond du Lac also serves as the commercial center for Fond du Lac County with traditional malls as well as an eclectic mix of downtown retailers.



Map: Travis Reinke, UW-Extension

Employment Trends – Personal Income

Personal income trends provide an important measure of economic activity for a local area over time. Personal income consists of the income that is 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. The following table provides a 10-year tracking of personal income trends for Fond du Lac County. An Index of Growth was added to show how different areas have grown since 1996 (i.e. an index of 145% indicates that personal income has grown 45% since 1996). In this case, Fond du Lac County has lagged slightly behind state growth and slightly more so behind national growth in personal income over the past decade. This provides one indicator of the relative economic health of this region.

Personal Income Trends Fond du Lac County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fond du Lac (millions)	2,217	2,335	2,490	2,556	2,700	2,753	2,867	2,952	3,088	3,215
Index	100%	105%	112%	115%	122%	124%	129%	133%	139%	145%
Wisconsin (millions)	121,718	129,099	138,667	144,702	153,548	158,888	163,309	168,120	176,482	183,948
Index	100%	106%	114%	119%	126%	131%	134%	138%	145%	151%
US (billions)	6,512	6,907	7,416	7,796	8,422	8,717	8,873	9,150	9,716	10,221
Index	100%	106%	114%	120%	129%	134%	136%	141%	149%	157%

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

Employment Trends – Earnings Mix

While personal income trends relate a community's relative economic health as a whole, the earnings in various sectors provide a snapshot of the industry mix in an area. Earnings include wage and salary disbursements, other labor income and proprietor's income (both farm and non-farm). Furthermore, comparing the numbers for a local area to those of a larger area, such as an entire state or nation point to differences in the local economy that may be useful in subsequent market analysis steps. As with personal income trends, these figures are also available through the Bureau of Economic Analysis at: <http://www.bea.gov/regional/reis/>

Earnings Mix Comparison – 2005

Industry Sector	Fond du Lac County	Wisconsin	US
Farm	0.8%	0.6%	0.3%
Mining, Forestry, Fishing	0.6%	0.3%	1.0%
Construction	7.5%	5.5%	5.6%
Manufacturing	32.0%	23.4%	13.3%
Wholesale Trade	4.5%	5.5%	5.5%
Retail	7.0%	6.5%	6.7%
Transportation	4.6%	3.5%	3.2%
Information	2.1%	2.2%	3.4%
F.I.R.E.	3.9%	7.1%	9.1%
Services	23.2%	28.8%	32.2%
Government	14.0%	16.2%	18.8%

Source: Bureau of Economic Analysis, Compensation of employees by NAICS industry, 2005

Analyzing the earnings mix data, we see that Fond du Lac County shows a heavy 32% manufacturing employment base. Services and government together contribute another 37 percent of the total earnings. The remaining industries generally fall slightly above or below state and national averages.

Employment Trends – Labor Force and Unemployment

Labor force and unemployment data provide important information on the size and stability of a local economy. The following data describes both employment and unemployment trends.

City of Fond du Lac Civilian Labor Force Estimates, 1997-2006

Year	Fond du Lac			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Fond du Lac County	Wisconsin	U.S.
1997	22,398	21,429	969	4.3	3.5	5.3
1998	22,896	22,116	780	3.4	3.3	4.6
1999	22,667	21,885	782	3.4	3.1	4.3
2000	23,794	22,608	1,186	5.0	3.4	4.0
2001	23,976	22,508	1,468	6.1	4.4	4.2
2002	23,976	22,508	1,468	6.1	5.3	5.7
2003	23,455	22,153	1,302	5.6	5.3	5.8
2004	23,212	21,942	1,270	5.5	5.0	5.7
2005	23,470	22,141	1,329	5.7	4.8	5.2
2006	23,794	22,608	1,186	5.0	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

From the table above, Fond du Lac County has shown an unemployment rate slightly higher, on average, than that of Wisconsin and the U.S. There does appear to be a downward trend, however, that matches state and national patterns over the past 4 years.

Employment Trends – Local Firm Employment

An analysis of local employers provides insight into the types of larger businesses in the area that may provide drawing power. Furthermore, identifying these employers, their number of employees, and their locations may help in later analysis, as they aid in determining daytime employee populations for the trade area.

Fond du Lac County's largest employers are comprised of a mix of industries. The balance between goods producers and services providers is apparent - manufacturers comprise two of the ten largest employers. Service industries are the most prominent, accounting for six of the top 10 employers.

Top 10 Employers in Fond du Lac County

Establishment	Product or Service	# of Employees (Dec. 2005)
Brunswick Corp	Other engine equipment manufacturing	1000+
Agnesian Healthcare Inc.	General medical & surgical hospitals	1000+
Fond du Lac School District	Elementary & secondary schools	1000+
County of Fond du Lac	Executive & legislative offices, combined	1000+
Alliance Laundry Systems LLC	Commercial laundry & drycleaning machinery	500-999
Moraine Park Technical College	Junior Colleges	500-999
J.F. Ahern Co.	Nonresidential plumbing & HVAC contractors	500-999
Charter Comm Holding Company	Cable & other program distribution	500-999
Wal-Mart	Discount department stores	250-499
Ultra Mart Foods Inc	Supermarkets & other grocery stores	250-499

Source: DWD, Bureau of Workforce Information, Quarterly Census of Employment and Wages

The top ten employers aptly reflect the mix among manufacturing, services and government within the economy of Fond du Lac County.

Tourism in Fond du Lac County

Fond du Lac County, located in Wisconsin's Fox Valley, sits on the southern shore of Wisconsin's largest inland lake— Lake Winnebago. Tourism plays a vital role in Fond du Lac County and supports businesses that cater to tourism such as resorts, motels, campgrounds, B&Bs, marinas and retail. The economic impact of tourism has wide-reaching effects across Fond du Lac County. Some specific tourism impacts noted by the Wisconsin Department of Tourism include:

- Fond du Lac County ranks 21st in the State for traveler spending.
- Travelers spent an estimated \$143 million in Fond du Lac County in 2006 – an increase of 7.6% from the previous year.
- Eighteen percent of all expenditures were made in the winter, which amounted to \$25 million; 21% were made in the spring (\$30 million); 41% in the summer (\$58 million) and 20% in the fall (\$29 million).
- Traveler spending in 2006 supported 3,679 full-time equivalent jobs – an increase of 10% over 2005.

Fond du Lac County falls into what the Wisconsin Department of Tourism calls the Fox Valley region of Wisconsin which includes the counties of Brown, Fond du Lac, Outagamie, and Winnebago. In this region, 63% of all visitors were on a leisure trip, 25% were on a personal business trip, and 12% were attending a meeting or convention – together spending \$1.22 billion in 2006. The following table breaks down traveler spending for the Fox Valley region by category.

Travel Expenditures (in millions) by Category:

Lodging Type	Food	Shopping	Recreation	Lodging	Transportation	Total
Hotels, Motels, Resorts, B&Bs	\$167	\$190	\$167	\$142	\$46	\$712
Cabins	--	--	--	--	--	--
Campgrounds	\$5	\$8	\$7	\$3	\$3	\$26
Family & Friends	\$124	\$150	\$97	--	\$31	\$401
Day Visitors	\$25	\$31	\$17	--	\$5	\$79

Source: Wisconsin Department of Tourism, 2006 Economic Impact Fact Sheets, Fox Valley Wisconsin Region

Retail Sales Trends, County-Level Analysis

Understanding economic development trends entails an analysis of the strengths and weaknesses of the existing retail market. By understanding the performance of the local retail market, business and community leaders can foster a more conducive environment for retail business development. This also becomes a base for further market analysis that will help current and future business operators make more informed business decisions.

The performance of the local retail market can only be estimated at the county level in Wisconsin due to data availability. A surplus/(leakage) analysis can be calculated that estimates whether the county has captured its fair share of retail dollars based on its population and per capita income. It should be kept in mind that surplus/(leakage) analysis is based on averages. Many times there are mitigating circumstances, such as proximity to large population centers, interstate highways, or regional shopping centers that will cause market potential to deviate substantially from actual market conditions. Hence, this analysis should be viewed as only one means to examining local retail markets. Data are based on 2002 Census estimates. Surplus/(Leakage) of sales is calculated below:

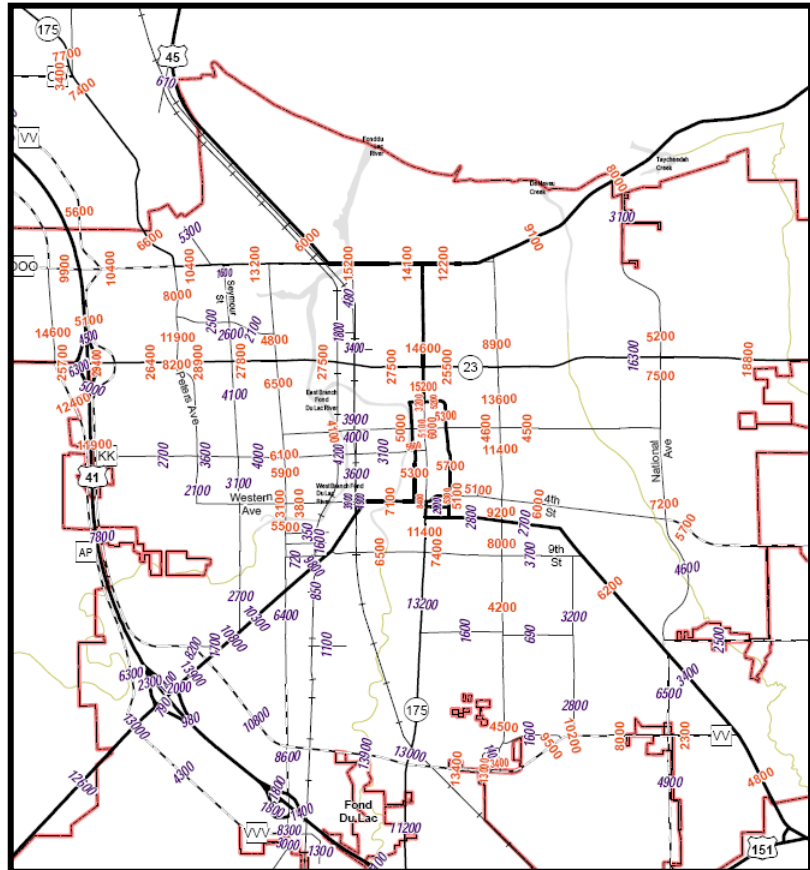
- *State Per Capita Expenditures* = State Retail Sales / Population = \$11,028
- *Index of Income* = County Per Capita Income / State Per Capita Income = 0.98
- *Trade Area Captured* = Actual Sales / (State Per Capita Sales * Index of Income) = 97,228
- *Pull Factor* = Trade Area Captured / County Population = 0.98
- *Potential Sales* = State Per Capita Sales * County Pop. * Index of Income = \$1,050,290,654
- *Surplus (Leakage)* = Actual Sales – Potential Sales = (\$21,324,654)

The index of income calculated here is close to 1.0, showing buying power consistent with the state. In fact, only seven counties have an index of income above 1.0. Because actual sales are lower than potential sales, Fond du Lac County is said to have a \$21,324,654 leakage in the retail market.

County-level surplus/(leakage) analysis provides important background information to help understand the current competitive situation. In short, it describes whether a county is capturing its fair-share of sales and sales tax receipts. However, these tools are suggestive and should not be used as the sole means of understanding county economic trends. The user must remember that market areas rarely follow the boundaries of a county. They do not provide sufficient detail to gauge market support for specific business expansion or development opportunities.

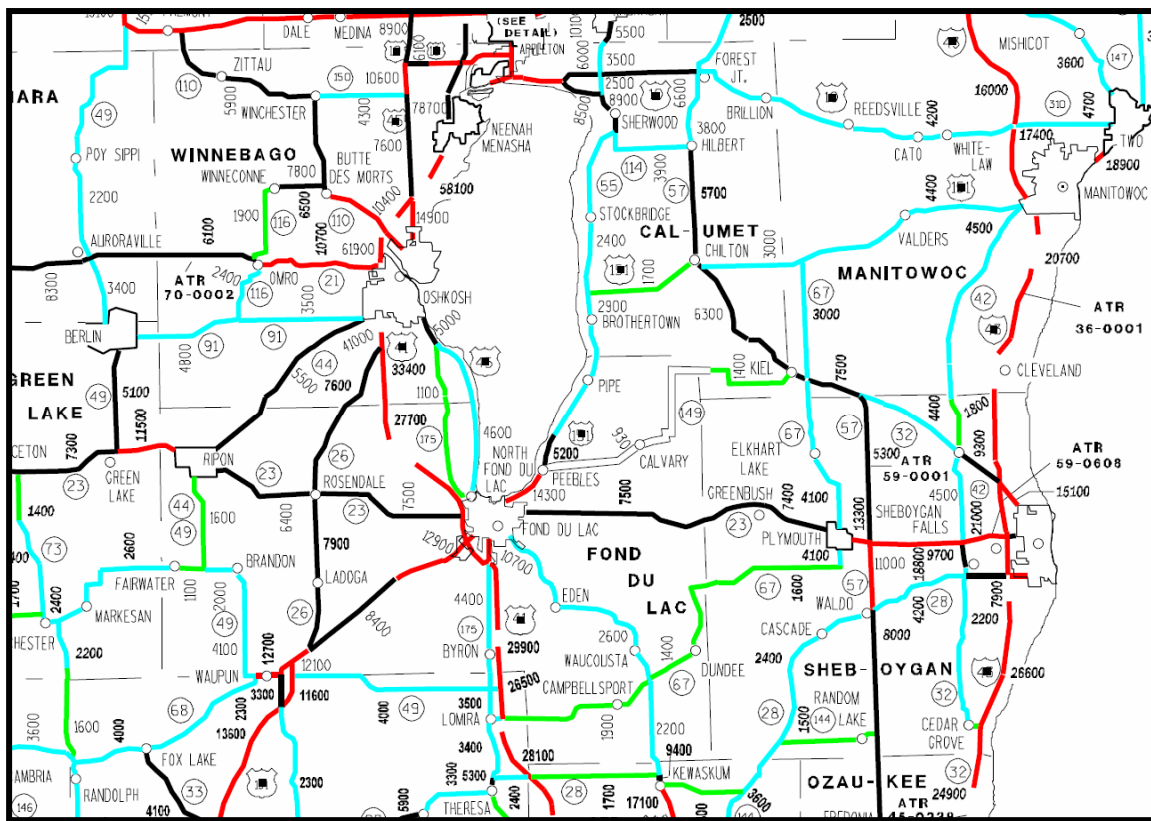
Traffic Patterns

Street and highway traffic volume provides an important indicator of travel to a downtown area. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts in their site selection criteria. 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 counts aids in determining the feasibility of these types of businesses. Fond du Lac counts come from 2004 - 2005 DOT data. Statewide counts come from 2002 data.



Maps: WI DOT

- State Highway 41 draws 27,100 vehicles daily south of downtown; 11,900 vehicles west of downtown.
- State Highway 45 draws 4,800 vehicles daily southeast of downtown; 9,200 vehicles downtown; 6,000 vehicles north of downtown.
- U.S. Highway 151 draws 12,600 vehicles southwest of downtown; 7,100 vehicles downtown (via 4th Street).
- County Highway 23 draws 18,800 vehicles east of downtown; 28,900 vehicles west of downtown; 27,500 vehicles downtown (via East Johnson Street).
- North Main Street (U.S. 151) sees 15,200 vehicles daily in downtown Fond du Lac; South Main Street sees 11,400 vehicles daily downtown.



Fond du Lac County Commuting Patterns

Identifying and tracking commuting patterns is a labor market concept that refers to worker flows between municipalities and/or counties. These commuting patterns highlight the counties that have a strong economic base and are able to attract workers from surrounding communities and counties. Conversely, it demonstrates which areas lack local employment opportunities for their residents or perhaps serve as “bedroom” communities that may offer a greater number of, and perhaps more affordable, housing options in comparison to other locations.

- In 2000, approximately 72 percent (36,585) of the 50,732 employed Fond du Lac County residents worked within Fond du Lac County (see table).
- In the same year, 14,147 working residents of Fond du Lac County commuted out of the county for work, whereas 9,987 workers from other counties traveled into Fond du Lac County to work. The result is a net loss of 4,460 Fond du Lac County working age residents to other counties for employment.
- Fond du Lac County's residents primarily traveled to the neighboring counties of Dodge, Winnebago and Washington for work. These two counties accounted for over 64 percent of commuting workers (9,179 out of 14,147). Meanwhile, only 4,937 workers from these three counties commuted to Fond du Lac County for a net loss of 4,242 workers.

County-to-County Worker* Flow, Fond du Lac County, 2000

County	County Residents Commute to	County Workers Commute from	Net Commute
Dodge	4,401	1,852	-2,549
Winnebago	2,721	2,544	-177
Washington	2,057	541	-1,516
Sheboygan	980	530	-450
Green Lake	755	494	-261
Calumet	614	109	-505
Milwaukee	594	1,803	1,209
Outagamie	568	215	-353
Elsewhere	1,457	1,599	142
Total	14,147	9,687	-4,460
Work within Fond du Lac	36,585		

*Workers 16 years old and older

Source: U.S. Census Bureau, 2000; WDOA; BLRPC, 2006

Local Housing Construction

Trends in real estate development including housing construction provide another indicator of the economic health of a community. This data is typically available through city and state sources. The U.S. Census Bureau reports construction statistics by place and by county on new privately owned residential housing units authorized by building permits.

Single Family Housing Building Permits; Fond du Lac, 1997-2006

Year	Fond du Lac Co. Buildings	% Change	Construction Cost	WI Buildings	% Change	US Buildings	% Change
1997	103	--	\$13,177,758	20,628	-	1,062,396	-
1998	116	+12.6%	\$15,061,550	24,010	+16.4%	1,187,602	+11.8%
1999	93	-24.7%	\$13,285,000	24,827	+3.4%	1,246,665	+5.0%
2000	93	--	\$13,307,165	24,018	-3.4%	1,198,067	-4.1%
2001	87	-6.9%	\$13,427,411	25,397	+5.7%	1,235,550	+3.1%
2002	92	+5.7%	\$13,501,787	26,084	+2.7%	1,332,620	+7.9%
2003	113	+22.8%	\$16,223,406	28,744	+10.2%	1,460,887	+9.6%
2004	76	-48.7%	\$12,573,346	29,716	+3.4%	1,613,445	+10.4%
2005	113	+48.7%	\$15,285,100	25,966	-14.4%	1,681,986	+4.2%
2006	80	-41.3%	\$14,335,224	19,607	-32.4%	1,378,220	-22.0%

Source: U.S. Census Bureau, Building Permits Data, 1997-2006

The building permit data shows a somewhat volatile construction market throughout the past 10 years. Total housing permits have fluctuated between 76 and 116, often going against state and national trends. Construction costs increased by 40% between 1997 and 2005 (from an average of \$127,939 to \$179,190).

Economic Development – Five-Year Strategic Goals:

The following are five-year goals set forth as a target by the Fond du Lac County Economic Development Corporation (FCEDC).

Balanced Industry Mix: Create a balanced industry mix targeting specific industry clusters in Fond du Lac County and Northeast Wisconsin. Such clusters include:

- Printing
- Paper/Non-woven Products
- Insurance
- Health Services
- Financial and Back Office Services
- Small Engines and Related Suppliers
- Medical Devices
- Logistics
- Advance Materials/Composites/Plastics
- Electronic Assembly
- Advanced Manufacturing including metals and machinery
- Agribusiness, including food processing

Job Growth: Create 2,500 new jobs matching Fond du Lac County's labor force and training capacity. This effort will have an anticipated multiplier impact of 1.25 or 625 additional jobs. Targeted wage rates will exceed the median hourly wage.

Capital Investment: Assist businesses in establishment, modernization and expansion activities that will result in \$80 Million in capital investments (i.e. equipment, land, building) in Fond du Lac County.

Talent Attraction: Facilitate the development and sustainability of an environment conducive to attracting and keeping the level of talent necessary for our businesses to gain and maintain a competitive edge.

Source: FCEDC, "Five-Year Strategic Plan: 2007-2011"