

# Local Economic Analysis of Gillett and Oconto 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.

## Gillett and Oconto County

Located 37 miles Northwest of Green Bay on Highway 32, Gillett was a former stop on the logging trails into Wisconsin's Northwoods. Gillett is a small town with a population of 1,368, but prides itself on bigger-city services such as garbage and recycling pickup, police and fire departments, parks, K-12 schools and health services.

Billing itself as "the front porch to the Northwoods", Gillett emphasizes the slower pace of life and friendliness of their residents and storeowners as well as a lower cost of living than the Wisconsin average. Gillett aims to position itself as a tourist destination for those recreating in Northern Wisconsin, reviving its historical image as a gateway between the Fox Valley and the Northwoods (City of Gillett Homepage).



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 Oconto County. An index of Growth was added to show how different areas have grown since 1996 (i.e. an index of 161% indicates that the personal income has grown 61% since 1996). In this case, Oconto County has slightly exceeded state and national growth in personal income over the past decade. This provides one indicator of the relative economic health of this region.

#### Personal Income Trends Oconto County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Oconto (millions)	643.6	722.0	763.8	801.1	855.6	875.4	896.2	937.0	998.6	1,038.6
Index	100%	112%	119%	124%	133%	136%	139%	146%	155%	161%
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	Oconto County	Wisconsin	US
Farm	2.6%	0.6%	0.3%
Mining, Forestry, Fishing	0.7%	0.3%	1.0%
Construction	7.5%	5.5%	5.6%
Manufacturing	30.0%	23.4%	13.3%
Wholesale Trade	2.3%	5.5%	5.5%
Retail	6.8%	6.5%	6.7%
Transportation	3.3%	3.5%	3.2%
Information	0.8%	2.2%	3.4%
F.I.R.E.	2.3%	7.1%	9.1%
Services	20.0%	28.8%	32.2%

Government	23.7%	16.2%	18.8%
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Source: Bureau of Economic Analysis, Compensation of employees by NAICS industry, 2005

In analyzing the earnings mix data, we see that Oconto County shows a manufacturing-heavy employment base. This is not surprising as Wisconsin itself has a manufacturing-reliant economy. Also prominent are governmental agencies, which is also not uncommon for rural counties like Oconto.

## 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.

### Oconto County Civilian Labor Force Estimates, 1997-2006

Year	Oconto County			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Oconto County	Wisconsin	U.S.
1997	15,391	14,538	853	5.5	3.5	5.3
1998	15,785	14,992	793	5	3.3	4.6
1999	15,922	15,217	705	4.4	3.1	4.3
2000	19,390	18,588	802	4.1	3.4	4.0
2001	19,493	18,811	682	3.5	4.4	4.2
2002	19,901	18,849	1,052	5.3	5.3	5.7
2003	19,962	18,724	1,238	6.2	5.3	5.8
2004	19,962	18,724	1,238	6.2	5.0	5.7
2005	20,533	19,223	1,310	6.4	4.8	5.2
2006	20,306	19,126	1,180	5.8	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

From the table above, Oconto County shows an unemployment rate considerably higher than that of both Wisconsin and United States averages. There does appear to be a downward trend, however, that closely mirrors state and national patterns of increased employment over the past four years.

Like most counties in the nation, employment recovery has been slow following the 2001 recession, but job growth has shown consistent improvement since 2004. Above average job growth in the nearby Green Bay MSA has been another contributing factor to lower employment rates in Oconto County as Brown County's job market grew 3.1% between 2000 and 2005 while Oconto County saw a 1.4% decrease as workers moved to the more competitive job market.

## 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.

Oconto County's largest employers are comprised of a mix of industries. Such diversity is actually uncommon in smaller, job-deprived counties like Oconto. While the balance between goods producers and services providers is apparent, manufacturers comprise four of the ten largest employers. Government-operated employers such as school districts and

administrative units of local government entities are also prevalent among the top employers, as is common in rural counties like Oconto.

**Top 10 Employers in Oconto County**

Establishment	Product or Service	# of Employees (Dec. 2005)
KCS Intl Inc	Boat Building	500-999
Oconto Falls Public School	Elementary & Secondary Schools	250-499
Saputo Cheese USA Inc	Cheese mfg.	250-499
County of Oconto	Executive & legislative offices	250-499
Community Memorial Hospital Inc	Gen. medical & surgical hospitals	250-499
Unlimited Services of WI Inc	Current-carrying wiring device mfg.	100-249
Oconto Public Schools	Elementary & secondary schools	100-249
Coop Educational Service Agency #8	Admin. Of education programs	100-249
TRM Inc	Hardwood veneer & Plywood mfg.	100-249
Thompson Foods Inc	Supermarkets and Grocery Stores	100-249

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

Like its top employers, its top employing industries show variety between private-sector and government-owned as well as goods-producers and services-providers. Education, health and other government agencies again make up a large proportion of total employment in Oconto County.

**Tourism in Oconto County**

Oconto County is located within Wisconsin’s Northeastern Rural Region (a sub-region designated by the Wisconsin Department of Tourism). Oconto County has numerous recreational opportunities including trails, woods and water, historic sites/museums, shopping and dining. Tourism plays a vital role in Oconto County and businesses that cater to tourism such as resorts, motels, campgrounds, B&Bs and retail stores complement the many parks, golf courses, historic sites, museums, galleries and community festivals. Oconto county recreation resources include:

- 180,000 acres public lands
- 400 miles of snowmobile trails
- 100 miles of ATV trails
- 341 miles of trout streams
- 58 lakes with public access
- 7 golf courses
- 98 miles of hiking and biking trails
- 50 miles cross country ski trails

The economic impact of tourism has wide-reaching effects across Oconto County. Some specific tourism impacts noted by the Wisconsin Department of Tourism include:

- Oconto County ranks 46th in the State for traveler spending.
- Travelers spent an estimated \$70 million in Oconto County in 2006 – a 7% increase over the previous year.
- Sixteen percent of all expenditures were made in the winter, which amounted to \$11 million; 20% were made in the spring (\$14 million); 41% in the summer (\$29 million) and 23% in the fall (\$16 million).
- Tourist spending in 2006 supported 1,807 full-time equivalent jobs – an increase of 7.5% over 2005.

Oconto County falls into what the Wisconsin Department of Tourism calls the Northeastern Rural region of Wisconsin which includes the counties of Calumet, Door, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Shawano, Sheboygan and Waupaca. In this region, 81% of all visitors were on a leisure trip, 13% were on a personal business trip, and 6% were attending a meeting or convention – together spending \$1.5 billion in 2006. The table below breaks down traveler spending for the Northeastern Rural region by category.

**Travel Expenditures (in millions) by Category:**

Lodging Type	Food	Shopping	Recreation	Lodging	Transportation	Total
Hotels, Motels, Resorts, B&Bs	\$155	\$177	\$155	\$132	\$43	\$662
Cabins	\$25	\$32	\$19	\$28	\$7	\$111
Campgrounds	\$29	\$44	\$37	\$19	\$17	\$146
Family & Friends	\$135	\$167	\$103	n/a	\$36	\$441
Day Visitors	\$29	\$36	\$20	n/a	\$6	\$92

*Source: Wisconsin Department of Tourism, 2006 Economic Impact Fact Sheets, Northeastern Rural Wisconsin Region*

Retail Sales Trends, County-Level Analysis

Understanding retail sales trends entails an analysis of the strengths and weaknesses of the existing retail market. By understanding the performance of the local retail market, business 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. Using Steven Deller’s “An Updated Trade Area Analysis of Wisconsin Counties for 2006” (updated August 2007), surplus/(leakage) in sales is calculated below.

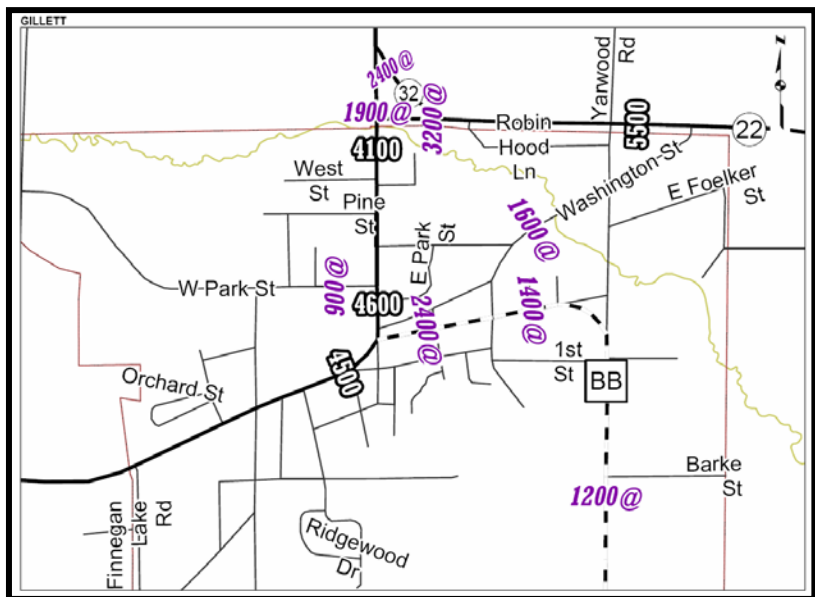
- *State Per Capita Taxable Expenditures* = State Retail Sales / Population = \$10,522
- *Index of Income* = County Per Capita Income / State Per Capita Income = 0.851
- *Trade Area Captured* = Actual Sales / (State Per Capita Sales \* Index of Income) = 23,881
- *Pull Factor* = Trade Area Captured / County Population = 0.633
- *Potential Sales* = State Per Capita Sales \* County Population \* Index of Income = \$267,583,892
- *Surplus (Leakage)* = Actual Sales – Potential Sales = (\$98,093,292)

The low index of income is not surprising for a rural county in Wisconsin. In fact, only nine counties have an index of growth above 1.0. Because actual sales are lower than potential sales, Oconto County is said to have a \$98,093,292 leakage in the retail market.

County-level surplus/(leakage) analysis provides important background information to help understand the current competitive situation (at the county level). 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.

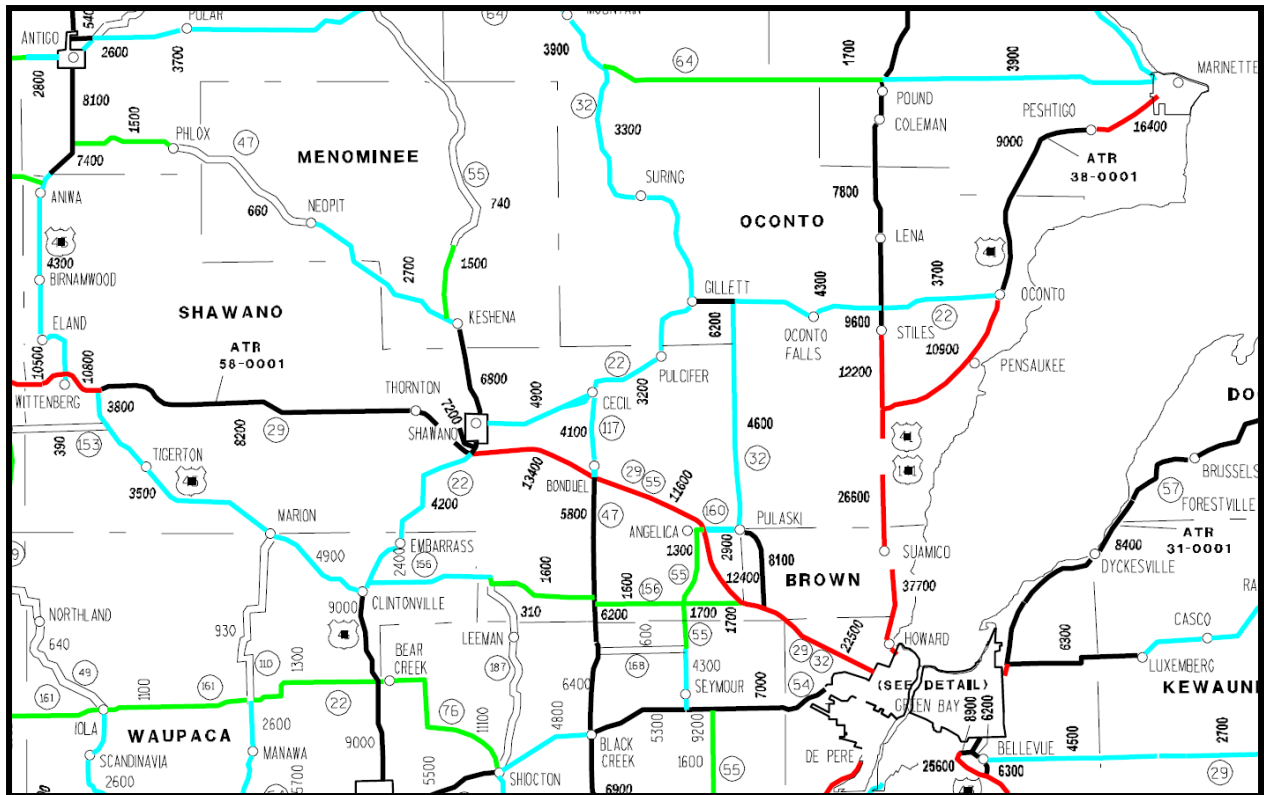
### Traffic Patterns

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 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 counts aids in determining the feasibility of these types of businesses. Gillett counts come from 2006 DOT data. Statewide counts come from 2002 data.



Map: WI DOT

- State Highway 22 draws 4,500 vehicles daily southwest of downtown; 5,500 vehicles east of downtown.
- 4,100 to 4,600 vehicles travel along Main Street daily.
- In comparison, nearby Oconto Falls (with a population more than twice that of Gillett) shows downtown traffic counts ranging from 4,300 to 5,700 vehicles per day along Main Street (Highway 22), indicating Gillett has a solid base of vehicle traffic for its size.



Map: WI DOT

## Oconto 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 50 percent (8,784) of the 17,444 employed Oconto County residents worked within Oconto County (see table).
- In the same year, 8,660 working residents of Oconto County commuted out of the county for work, whereas 2,141 workers from other counties traveled into Oconto County to work. The result is a net loss of 6,519 Oconto County working age residents to other counties for employment.
- Oconto County’s residents primarily traveled to the neighboring counties of Brown, Marinette, and Shawano for work. Furthermore, 356 residents of Oconto County traveled to Outagamie, Winnebago, and Marinette counties, and even further distances to work. In comparison, only 73 individuals from those same areas traveled to Oconto County for employment. This is a good indication that the state’s well maintained highway and road system make traveling long distances safer and more efficient.

**County-to-County Worker\* Flow, Oconto County, 2000**

County	County Residents Commute to	County Workers Commute from	Net Commute
Brown	6,518	644	-5,874
Marinette	701	712	11
Shawano	436	269	-167
Forest	207	65	-142
Outagamie	195	55	-140
Winnebago	123	9	-114
Menominee, MI	51	93	42
Kewaunee	29	60	31
Elsewhere	400	234	-166
<b>Total</b>	<b>8,660</b>	<b>2,141</b>	<b>-6,519</b>
Work within Oconto	8,784		

\*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; Oconto County Unincorporated Area, 1997-2006**

Year	Oconto Co. Buildings	% Change	Construction Cost	WI Buildings	% Change	US Buildings	% Change
1997	334	-	\$27,765,940	20,628	-	1,062,396	-
1998	419	+25.4%	\$31,587,271	24,010	+16.4%	1,187,602	+11.8%
1999	429	+2.4%	\$38,111,555	24,827	+3.4%	1,246,665	+5.0%
2000	418	-2.6%	\$40,962,250	24,018	-3.4%	1,198,067	-4.1%
2001	396	-5.6%	\$41,990,155	25,397	+5.7%	1,235,550	+3.1%
2002	436	+10.1%	\$45,512,004	26,084	+2.7%	1,332,620	+7.9%
2003	415	-5.1%	\$46,644,832	28,744	+10.2%	1,460,887	+9.6%
2004	839	+102.2%	\$52,135,525	29,716	+3.4%	1,613,445	+10.4%
2005	756	-11.0%	\$42,007,518	25,966	-14.4%	1,681,986	+4.2%
2006	683	-10.7%	\$34,654,828	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 steady construction market from 1997 through 2003. In 2004, however, a dramatic upturn in single-family housing construction can be seen with the number of permits issued doubling from the previous seven years. Interestingly, the construction costs rose only 12% as the number of buildings increased 102%. The market has corrected itself over the past two years to about 50% higher than the 1997-2003 average. Overall, Oconto County housing construction followed the general housing trends exhibited at the state and national levels over the past decade.

## Economic SWOT Analysis

Strategic planning for economic development requires identification of Oconto County's assets and limitations through a thorough evaluation of the four aforementioned economic components. The analysis of Oconto County's economic Strengths, Weaknesses, Opportunities, and Threats (S.W.O.T.) provides a broad overview of where the county is currently and what its economic composition may be in the future. If Oconto County is to develop and maintain a vibrant and diversified economic foundation, the county needs to maximize its strengths, offset its weaknesses, take advantage of its opportunities, and minimize its threats.

On February 20, 2007, 35 individuals representing the Oconto County Planning Advisory Committee (O.C.P.A.C.), local community and county officials, business leaders, and key civic and non-profit organizations participated in an economic S.W.O.T. workshop. Those people participating in the workshop were divided into four groups and asked to provide input as to the county's economic strengths, weaknesses, opportunities, and threats. The following responses were determined by each group to be their priorities for these four categories:

### Strengths:

Group 1	Group 2
- Hwy 41/141, STH 32	- Workforce ethics/skilled
- Water Features – Lakes, Green Bay, Creeks, Rivers	- Waterways – lakes/streams, natural resources
Group 3	Group 4
- Agriculture and Ag. Support businesses	- OCEDC
- Highways	- Campgrounds
- Tourism	- Lakes and water
	- Large ag. base

### Weaknesses:

Group 1	Group 2
- Lack of employment opportunities	- Lack of manufacturing jobs
- Existing jobs are lower paying	- Limited/lack of infrastructure for manufacturing
Group 3	Group 4
- Lack of industry	- Distance to ports
- Void of technology availability	- Tech schools not affordable
	- Lack of high school trades
	- Poor academic attainment

**Opportunities:**

<b>Group 1</b>	<b>Group 2</b>
- Future services for aging community	- State and Federal money for development
- Good manufacturing workforce	- Promote tourism with established programs/lakes/streams/trails, etc.
<b>Group 3</b>	<b>Group 4</b>
- Tax incentives for businesses	- New business development
- Keep rail and roads in good condition	- Countywide business development
- Expand tourism	

**Threats:**

<b>Group 1</b>	<b>Group 2</b>
- Not enough high paying jobs in county	- Adjacent big cities draw away our opportunities
- Loss of family farms	- Transition to world economy
	- Closing of mill in Oconto Falls
	- Loss of big manufacturing
	- High state taxes drive business out
<b>Group 3</b>	<b>Group 4</b>
- Groundwater contamination	- Lower school standards
- State mandates	- Annexation vs. local cooperation
- Increasing taxation	- No training for local officials

*Source: Oconto County 20-Year Comprehensive Plan – Draft June 2007*