



Local Economic Analysis of Lake Mills and Jefferson 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.

Lake Mills and Jefferson County

Located a mile off Interstate 94 between Madison and Milwaukee, Lake Mills is a community of 4,843 residents situated along the shores of Rock Lake. Its strategic location 30 minutes from Madison, an hour from Milwaukee and two hours from Chicago makes Lake Mills an attractive location for tourists, commuters and industry alike.

Centered upon a traditional “town square” called Commons Park, Lake Mills maintains a historic downtown commercial district pre-dating 1920. Commons Park serves as the civic core for Lake Mills and it hosts many of the community’s annual events. Just three blocks west of Lake Mills’ historic downtown, Rock Lake serves as the center for year-long recreation. From swimming and skiing to boating, sailing and fishing, Rock Lake anchors Lake Mills’ tourism along with a plethora of historical and local heritage sites within short driving distance.



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 Jefferson County. An index of Growth was added to show how different areas have grown since 1996 (i.e. an index of 158% indicates that the personal income has grown 58% since 1996). In this case, Jefferson 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 Jefferson County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jefferson (millions)	1,587	1,707	1,846	1,955	2,121	2,178	2,211	2,268	2,372	2,503
Index	100%	108%	116%	123%	134%	137%	139%	143%	149%	158%
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	Jefferson County	Wisconsin	US
Farm	1.7%	0.6%	0.3%
Mining, Forestry, Fishing	N/A	0.3%	1.0%
Construction	5.4%	5.5%	5.6%
Manufacturing	37.4%	23.4%	13.3%
Wholesale Trade	5.7%	5.5%	5.5%
Retail	7.5%	6.5%	6.7%
Transportation	2.7%	3.5%	3.2%
Information	2.2%	2.2%	3.4%
F.I.R.E.	2.3%	7.1%	9.1%
Services	20.2%	28.8%	32.2%
Government	13.3%	16.2%	18.8%

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

Analyzing the earnings mix data, we see that Jefferson County shows a very manufacturing-heavy employment base. This is not surprising as Wisconsin itself has a manufacturing-reliant economy. The various service industries contribute one-fifth of total employee compensation, surprising for a more rural county like Jefferson, and most likely owing to Jefferson County's geographic location between more densely-populated Dane and Waukesha Counties.

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.

Jefferson County Civilian Labor Force Estimates, 1997-2006

Year	Jefferson County			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Jefferson County	Wisconsin	U.S.
1997	42,357	41,134	1,223	2.9	3.5	5.3
1998	42,118	40,995	1,123	2.7	3.3	4.6
1999	42,486	41,456	1,030	2.4	3.1	4.3
2000	43,439	42,189	1,250	2.9	3.4	4.0
2001	43,349	41,645	1,704	3.9	4.4	4.2
2002	42,563	40,537	2,026	4.8	5.3	5.7
2003	42,563	40,537	2,026	4.8	5.3	5.8
2004	43,160	40,991	2,169	5.0	5.0	5.7
2005	42,748	40,793	1,955	4.6	4.8	5.2
2006	43,159	41,211	1,948	4.5	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

From the table above, Jefferson County has shown an unemployment rate slightly lower than that of both Wisconsin and United States averages over the past decade. There appears to be a downward trend that closely mirrors state and national patterns of increased employment over the past three years as well.

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.

Jefferson County's largest employers are comprised of a mix of industries. The balance between goods producers and services providers is apparent - manufacturers comprise three of the ten largest employers. Personal services are also prominent, accounting for four of the top 10 employers.

Top 10 Employers in Jefferson County

Establishment	Product or Service	# of Employees (Dec. 2005)
Trek Bicycle Corporation	Motorcycle, bicycle, & parts manufacturing	1000+
Fort Healthvehiclese Inc	General medical & surgical hospitals	500-999
Briggs & Stratton Power Products	Motor & generator manufacturing	500-999
Bethesda Lutheran Homes & Services	Residential mental retardation facilities	500-999
Generac Power Systems Inc	Motor & generator manufacturing	500-999
Terra Staffing Services Inc	Professional employer organizations	500-999
Wal-Mart Associates Inc	Discount department stores	500-999
Aristotle Corp	Professional equip. merchant wholesalers	500-999
A Life Style Service Inc	Temporary help services	500-999
Perry Judd's Inc	Commercial lithographic printing	250-499

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

Like its top employers, its top employing industries show variety goods-producers and services-providers. Three of the top five employing businesses are in the manufacturing sector, as is the only company to employ more than 1000 workers. Averaging 10,414 jobs and nearly \$407 billion in payroll in 2005, Jefferson County's manufacturing sector clearly has a significant impact on the local economy. Even in a manufacturing-heavy state like Wisconsin, Jefferson County stands out, accounting for nearly 30 percent of total employment and over 38 percent of total payroll. Service sector industries, most notably health and staffing agencies are also preeminent in the Jefferson County employment market.

Tourism in Jefferson County

Jefferson County is located within Wisconsin's Southeastern Rural Region. Situated between two major metropolitan areas, Jefferson County has a pleasant mixture of urban and rural life. Numerous historical sites are located here including the Octagon House, National Dairy Shrine, Hoard Historical Museum, Indian Mounds, as well as many outdoor recreational and shopping opportunities. Tourism plays a vital role in Jefferson County and supports businesses that cater to tourism such as resorts, motels, campgrounds, B&Bs and retail stores.

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

- Jefferson County ranks 25th in the State for traveler spending.
- Travelers spent an estimated \$134 million in Jefferson County in 2006 – a 10% increase over the previous year.
- Fourteen percent of all expenditures were made in the winter, which amounted to \$18 million; 18% were made in the spring (\$25 million); 44% in the summer (\$59 million) and 24% in the fall (\$33 million).
- Traveler spending in 2006 supported 3,464 full-time equivalent jobs – an increase of 10% over 2005.

Jefferson County falls into what the Wisconsin Department of Tourism calls the Southeastern Rural region of Wisconsin which includes the counties of Dodge, Jefferson, Ozaukee, Walworth and Washington. In this region, 70% of all visitors were on a leisure trip, 19% were on a personal business trip, and 11% were attending a meeting or convention – together spending \$834 million in 2006. The table below breaks down traveler spending for the Southeastern Rural region by category.

Travel Expenditures (in millions) by Category:

Lodging Type	Food	Shopping	Recreation	Lodging	Transportation	Total
Hotels, Motels, Resorts, B&Bs	\$109	\$124	\$109	\$93	\$30	\$464
Cabins	\$6	\$7	\$4	\$6	\$2	\$25
Campgrounds	\$7	\$11	\$9	\$5	\$4	\$35
Family & Friends	\$79	\$97	\$61	n/a	\$20	\$257
Day Visitors	\$17	\$21	\$12	n/a	\$4	\$53

Source: Wisconsin Department of Tourism, 2006 Economic Impact Fact Sheets, Southeastern 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 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. 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 Taxable Retail Sales / Population = \$10,522
- *Index of Income* = County Per Capita Income / State Per Capita Income = 0.976
- *Trade Area Captured* = Actual Sales / (State Per Capita Sales * Index of Income) = 64,620
- *Pull Factor* = Trade Area Captured / County Population = 0.969
- *Potential Sales* = State Per Capita Sales * County Population * Index of Income = \$644,899,513
- *Surplus (Leakage)* = Actual Sales – Potential Sales = (\$19,844,713)

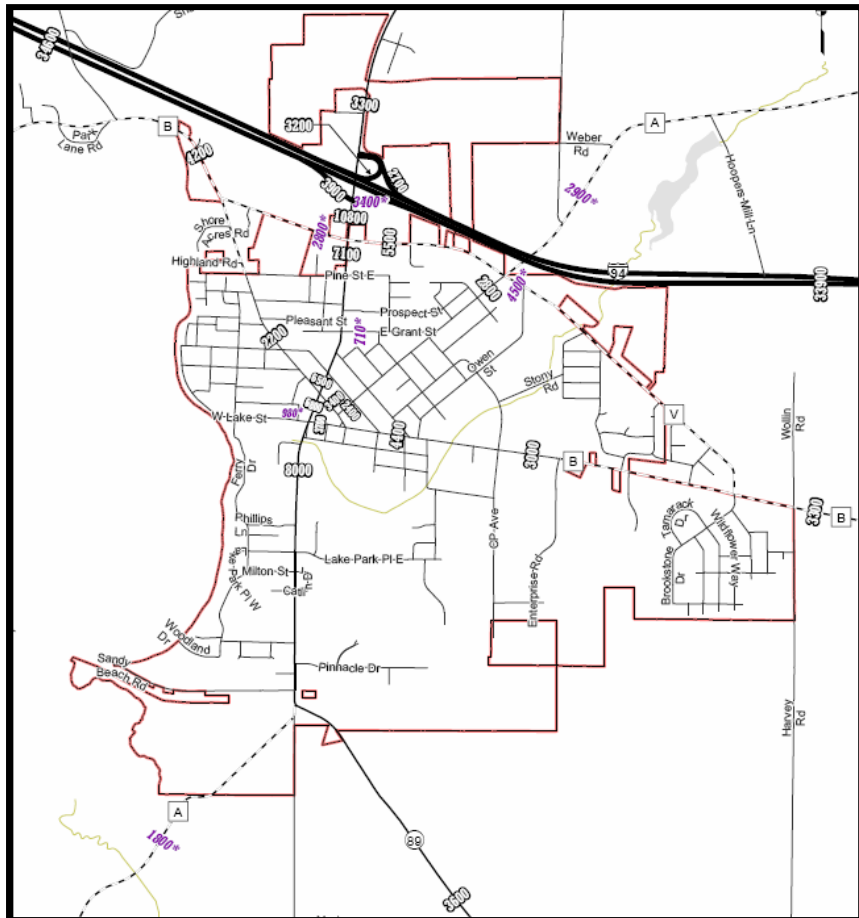
The index of income is nearly 1.0, showing buying power in line with the state. In fact, only nine counties have an index of income above 1.0. Because actual sales are lower than potential sales, Jefferson County is said to have a \$19,844,713 leakage in the retail market.

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.

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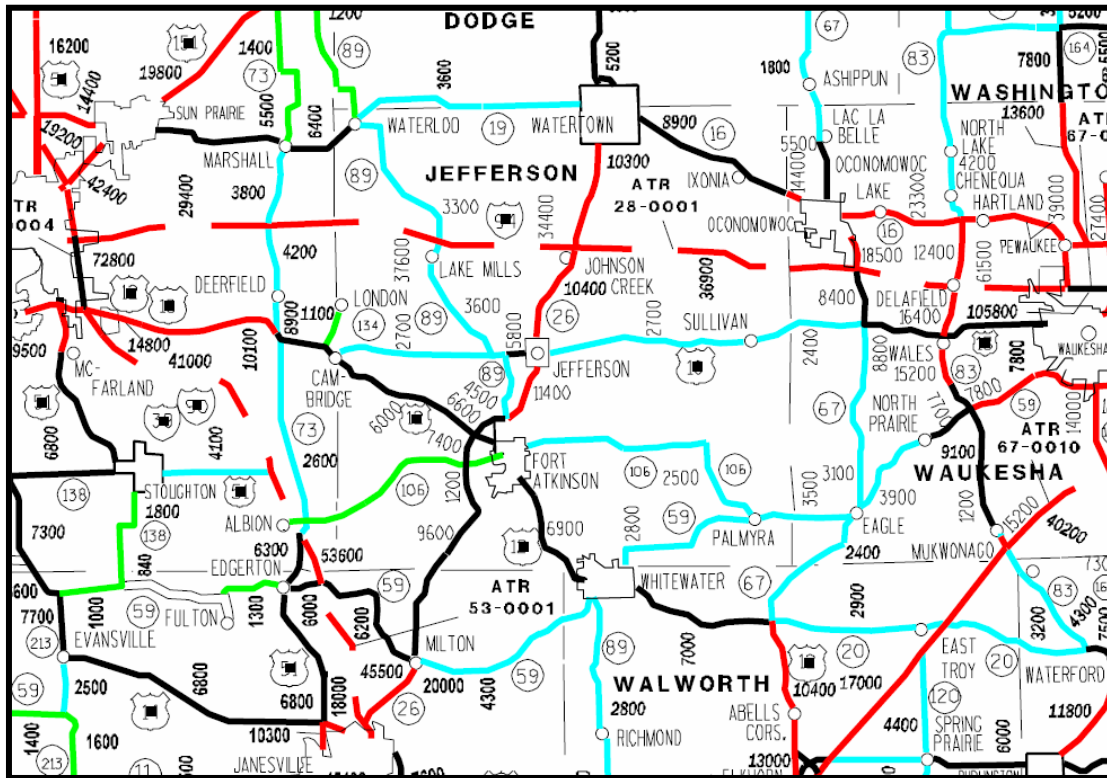
Traffic Patterns

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. Lake Mills counts come from 2006 DOT data. Statewide counts come from 2002 data.



Maps: WI DOT

- Interstate 94 draws 34,600 vehicles daily, northwest of downtown
- County Highway B draws 3,000 vehicles daily east of downtown; 3,700 vehicles downtown.
- County Highway A draws 2,800 vehicles daily northeast of downtown; 2,400 vehicles downtown.
- Highway 89 draws 3,600 vehicles daily, south of downtown; 8,000 vehicles downtown (via Main Street).
- Main Street draws 10,800 vehicles daily north of downtown and south of I-94; 6,800 vehicles downtown.



Map: WI DOT

Jefferson 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 57 percent (23,764) of the 41,583 employed Jefferson County residents worked within Jefferson County (see table).
- In the same year, 15,500 working residents of Jefferson County commuted out of the county for work, whereas 10,959 workers from other counties traveled into Jefferson County to work. The result is a net loss of 4,541 Jefferson County working age residents to other counties for employment.
- Jefferson County’s residents primarily traveled to the neighboring counties of Waukesha, Dane, Walworth, Dodge and Milwaukee for work. These counties accounted for over 90 percent of commuting workers (13,980 out of 15,500). Meanwhile, only 8,902 workers from these five counties commuted to Jefferson County, accounting for 81 percent of the net loss of working age residents.

County-to-County Worker* Flow, Jefferson County, 2000

County	County Residents Commute to	County Workers Commute from	Net Commute
Waukesha	5,407	1,410	-3,997
Dane	3,971	1,901	-2,070
Walworth	1,830	1,087	-743
Dodge	1,491	4,021	2,530
Milwaukee	1,281	483	-798
Rock	734	1,262	528
Washington	152	115	-37
Racine	100	72	-28
Elsewhere	534	608	74
Total	15,500	10,959	-4,541
Work within Jefferson	23,764		

*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; Jefferson County Unincorporated Area, '97-'06

Year	Jefferson Co. Buildings	% Change	Construction Cost	WI Buildings	% Change	US Buildings	% Change
1997	168	-	\$21,967,673	20,628	-	1,062,396	-
1998	175	+4.2%	\$24,251,015	24,010	+16.4%	1,187,602	+11.8%
1999	196	+12.0%	\$31,120,748	24,827	+3.4%	1,246,665	+5.0%
2000	166	-18.1%	\$26,763,701	24,018	-3.4%	1,198,067	-4.1%
2001	178	+7.2%	\$28,655,343	25,397	+5.7%	1,235,550	+3.1%
2002	155	-14.8%	\$25,639,622	26,084	+2.7%	1,332,620	+7.9%
2003	194	+25.2%	\$33,395,006	28,744	+10.2%	1,460,887	+9.6%
2004	214	+10.3%	\$41,580,000	29,716	+3.4%	1,613,445	+10.4%
2005	206	-3.9%	\$51,333,781	25,966	-14.4%	1,681,986	+4.2%
2006	177	-16.4%	\$38,346,661	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 throughout the past decade. Total housing permits have stayed within a range of 50 or 60 throughout the decade while construction costs nearly doubled from an average of \$130,759 in 1997 to \$249,193 in 2005. Interestingly, costs dropped considerably in 2006 to \$216,647 (down 13.1%) as did total permits (down 16.4%).

Economic Development Analysis

Strategic planning for economic development requires identification of Jefferson County's assets and limitations through a thorough evaluation of the business climate. The Jefferson County Economic Development Corporation conducted a Business Retention and Expansion Study in 2004 that took the feedback of 74 businesses to analyze the economic conditions present in the county. By identifying the strengths, challenges and opportunities that Jefferson County provides its businesses, the study aims at improving conditions for further growth. The study's recommendations were organized into five primary categories which will be summarized here.

Communication and Business Networking

- Educate local community leaders on the importance of economic development.
- Work with existing organizations to foster youth and family quality of life opportunities.
- Encourage the development of the business community by involving business people in current and future community issues.
- Host information sessions to disseminate the business retention survey results.
- Inform communities of municipal services and infrastructure problems identified in the study and monitor appropriate follow-up.

Marketing

- Develop community profiles to distribute information about Jefferson County.
- Attend intergovernmental planning meetings, i.e. 10 Counties Organization.
- Represent Jefferson County in other state and national organizations.
- Develop strategies to attract business to Jefferson County that will support and enhance existing businesses.
- Make Jefferson County information available to the public and private sector outside of Jefferson County.
- Promote Jefferson County as an attractive tourism destination.
- Inform local businesses, governments, and educational institutions of the products and services available from area businesses.
- Host a Business Summit for area Corporate Executive Officers which fosters creative and mutual beneficial problem solving, including supplier linkages, local purchases and exploring other networking opportunities every three to five years.

Support a Positive Business Climate

- Support business modernization efforts and act as a resource to all business sectors.
- Continue expansion of JCEDC's revolving loan funds (RLF) program. Explore the feasibility of partnerships between RLF's, local banks and other financial resources.
- Work with communities to leverage Tax Increment Financing, with local banks, state and federal programs and other financial resources to provide needed incentives to assist business expansions and recruitment.
- Encourage local banks to develop strategies for working with small businesses, which promote start-ups and expansions.
- Explore development of venture capital funds and/or angel investor networking.
- Implement and maintain a visitation program that calls on each executive officer of local industries on a regular basis.
- Promote and support cooperation between local governments and businesses.

- Remain a central contact source for economic development inquiries, providing all available resource information for business issues regarding retention, expansion or new businesses. Support and assist any business in expansion and property issues.
- Develop a support and resource system that fosters entrepreneurial success. Through such programs as available through the SBDC's and also expanded effort for growing the Entrepreneurs and Inventors Connection.
- Provide information about regulations to the business community.

Workforce Development, Training and Education

- Relay to the Madison Area Technical College business issues and concerns with training needs identified in the survey.
- Provide businesses with information on educational and training resources available at the county and state level.
- Work with education and training organizations to develop a guide on the educational opportunities available to the citizens of Jefferson County.
- Work with agencies and businesses to develop employee training and retention programs noting the skill deficiencies identified in the survey.
- Continue working with the UW Extension to coordinate with local and state organizations to develop educational programs.
- Enhance vehicleseer planning by educating and informing the community about local vehicleseer and economic trends.
- Work with area schools to gather and distribute information.

Facilitation and Coordination

- Utilize technical resources of JCEDC to maintain individual community profiles. The community profiles will provide enough information to assist in recruiting businesses and professional employees.
- JCEDC will work with county communities to coordinate and support the various programs that may be available.
- Educate local leaders and government officials about the importance of economic development and the benefits to each community within the county.
- Continue to work with state and local agencies to address housing issues.
- Continue to provide leadership for the on-going development of the State Highway 26 corridor.
- Work with existing organizations to foster youth and family quality of life opportunities.