

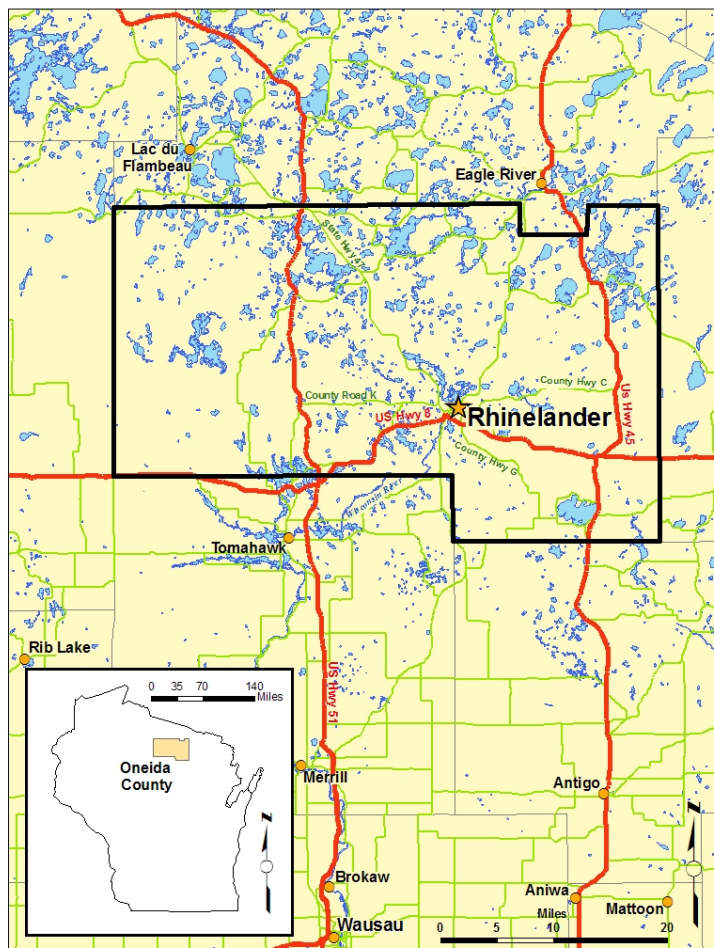
Local Economic Analysis of Rhinelander and Oneida County

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.

Rhinelander and Oneida County

Rhinelander (population 7,735) is widely known as the capital of “Hodag Country” and one of the foremost cities of Wisconsin’s Northwoods. As the largest city in Oneida County, Rhinelander serves as the economic and recreation hub for the region.

With over 100 square miles of rivers and lakes and over 300 square miles of recreation lands, Oneida County has long been a tourism hotspot for Northern Wisconsin, attracting visitors from nearby Green Bay (120 miles), Wausau (60 miles) and Michigan’s Upper Peninsula (40 miles).



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 Oneida County. An index of Growth was added to show how different areas have grown since 1996 (i.e. an index of 153% indicates that the personal income has grown 53% since 1996). In this case, Oneida County lagged slightly behind state and national growth in personal income through 1999 but has caught up more recently, exceeding state growth since 2000. This provides one indicator of the relative economic health of this region.

Personal Income Trends Oneida County, Wisconsin, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Oneida (millions)	766	808	871	893	972	1,006	1,044	1,073	1,127	1,175
Index	100%	105%	114%	117%	127%	131%	136%	140%	147%	153%
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	Oneida County	Wisconsin	US
Farm	0.6%	0.6%	0.3%
Mining, Forestry, Fishing	0.3%	0.3%	1.0%
Construction	7.9%	5.5%	5.6%
Manufacturing	11.9%	23.4%	13.3%
Wholesale Trade	3.7%	5.5%	5.5%
Retail	14.9%	6.5%	6.7%
Transportation	2.8%	3.5%	3.2%
Information	2.2%	2.2%	3.4%
F.I.R.E.	3.9%	7.1%	9.1%
Services	32.0%	28.8%	32.2%
Government	19.7%	16.2%	18.8%

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

Analyzing the earnings mix data, we see that Oneida County shows a very service-heavy employment base. The various service-related industries contribute nearly one-third of total employee compensation – surprising for a more rural county like Oneida. Government agencies account for nearly 20 percent of total compensation which is common for rural counties. Retail and manufacturing industries are also prominent employers.

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.

Oneida County Civilian Labor Force Estimates, 1997-2006

Year	Oneida County			Unemployment Rate (%)		
	Civilian labor force	Employment	Unemployment	Oneida County	Wisconsin	U.S.
1997	20,524	19,576	948	4.6	3.5	5.3
1998	20,456	19,513	943	4.6	3.3	4.6
1999	20,586	19,687	899	4.4	3.1	4.3
2000	19,811	18,846	965	4.9	3.4	4.0
2001	20,086	18,986	1,100	5.5	4.4	4.2
2002	20,395	19,064	1,331	6.5	5.3	5.7
2003	20,395	19,064	1,331	6.5	5.3	5.8
2004	20,568	19,318	1,250	6.1	5.0	5.7
2005	20,316	19,125	1,191	5.9	4.8	5.2
2006	20,199	19,022	1,177	5.8	4.7	4.7

Source: Wisconsin Department of Workforce Development, Labor Force Estimate

From the table above, Oneida County has shown an unemployment rate considerably higher than that of Wisconsin and United States averages over the past decade. Rates have fallen over the past four years, mirroring state and national trends of increased employment post-9/11.

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.

Oneida County’s largest employers are comprised of a mix of industries. The distribution of business industries leans heavily towards service-sector employers, which should not be a surprise given the earnings mix data above. Health and educational services account for 6 of the top ten businesses, Two retail establishments make the list and only one manufacturer – surprising for a rural county in general, but perhaps not for Oneida which showed a lower-than-average level of manufacturing above.

Top 10 Employers in Oneida County

Establishment	Product or Service	# of Employees (Dec. 2005)
Sacred Heart – St. Mary's Hospitals	General medical & surgical hospitals	500-999
Howard and Young Medical Group	General medical & surgical hospitals	500-999
Foster & Smith Inc	Mail-order houses	500-999
Rhineland Paper Co Inc	Paper, except newsprint, mills	500-999
Wal-Mart Associates Inc	Discount department stores	500-999
T A Salberg Co Inc	Supermarkets & other grocery stores	250-499
School District of Rhineland	Elementary & secondary schools	250-499
Petersen Health Care of Wisconsin	Nursing care facilities	250-499
Employment Options of North Central	Temporary health services	250-499
Nicolet Vocational & Technical College	Junior colleges	250-499

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

Like its top employers, its top employing industries are dominated by services-providers. Food service, educational systems, and health care comprise the three largest employment sectors in Oneida County. This makes sense with several health care facilities and educational institutions among the top employers. Paper manufacturing, a once-prominent sector in Oneida County, has seen decline in recent years, but remains among top employers.

Tourism in Oneida County

Oneida County is located within Wisconsin's Northwoods Region. There are plenty of recreational opportunities in Oneida County year-round from cross-country skiing to outdoor musical festivals to unique shopping. Tourism plays a vital role in Oneida County and supports businesses that cater to tourism such as resorts, motels, campgrounds, B&Bs and retail stores. With 111 square miles of lakes and 315 square miles of conservation/recreation land, Oneida County remains a popular tourist draw within the Northwoods region.

- Oneida County ranks 17th in the State for traveler spending.
- Travelers spent an estimated \$212 million in Oneida County in 2006.
- Thirteen percent of all expenditures were made in the winter, which amounted to \$28 million; 19% were made in the spring (\$40 million); 44% in the summer (\$93 million) and 23% in the fall (\$50 million).
- Traveler spending in 2006 supported 5,101 full-time equivalent jobs.

Oneida County falls into what the Wisconsin Department of Tourism calls the Northwoods region of Wisconsin which includes the counties of Ashland, Barron, Bayfield, Burnett, Clark, Florence, Forest, Iron, Langlade, Lincoln, Oneida, Pierce, Polk, Price, Rusk, St. Croix, Sawyer, Taylor, Vilas and Washburn. In this region, 86% of all visitors were on a leisure trip, 12% were on a personal business trip, and 2% were attending a meeting or convention – together spending \$1.7 billion 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	\$125	\$143	\$126	\$107	\$35	\$535
Cabins	\$77	\$98	\$57	\$84	\$23	\$339
Campgrounds	\$23	\$32	\$29	\$15	\$13	\$114
Family & Friends	\$174	\$219	\$129	--	\$50	\$572
Day Visitors	\$29	\$39	\$21	--	\$7	\$98

Source: Wisconsin Department of Tourism, 2006 Economic Impact Fact Sheets, Northwoods 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, local leaders and development practitioners 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 Expenditures* = State Retail Sales / Population = \$10,522
- *Index of Income* = County Per Capita Income / State Per Capita Income = 0.984
- *Trade Area Captured* = Actual Sales / (State Per Capita Sales * Index of Income) = 59,617
- *Pull Factor* = Trade Area Captured / County Population = 1.616
- *Potential Sales* = State Per Capita Sales * County Population * Index of Income = \$302,768,920
- *Surplus (Leakage)* = Actual Sales – Potential Sales = \$196,648,080

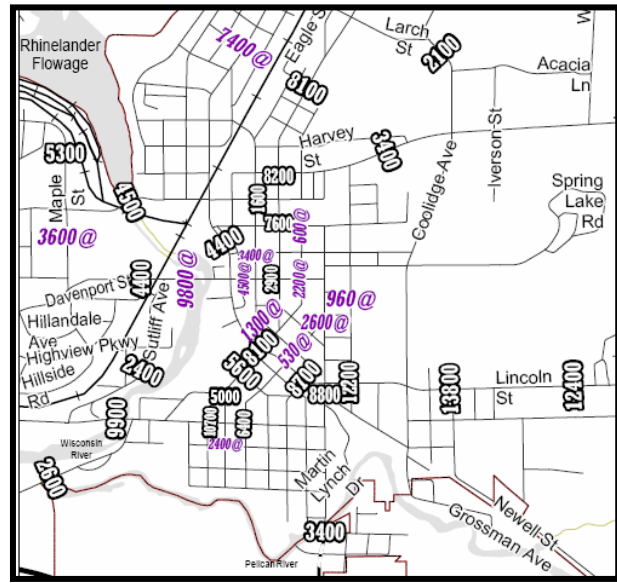
The index of income is nearly 1.0, showing buying power in line with the state. In fact, only nine counties have an index of income above 1.0. Because actual sales are higher than potential sales, Oneida County is said to have a \$196,648,080 surplus in the retail market.

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.

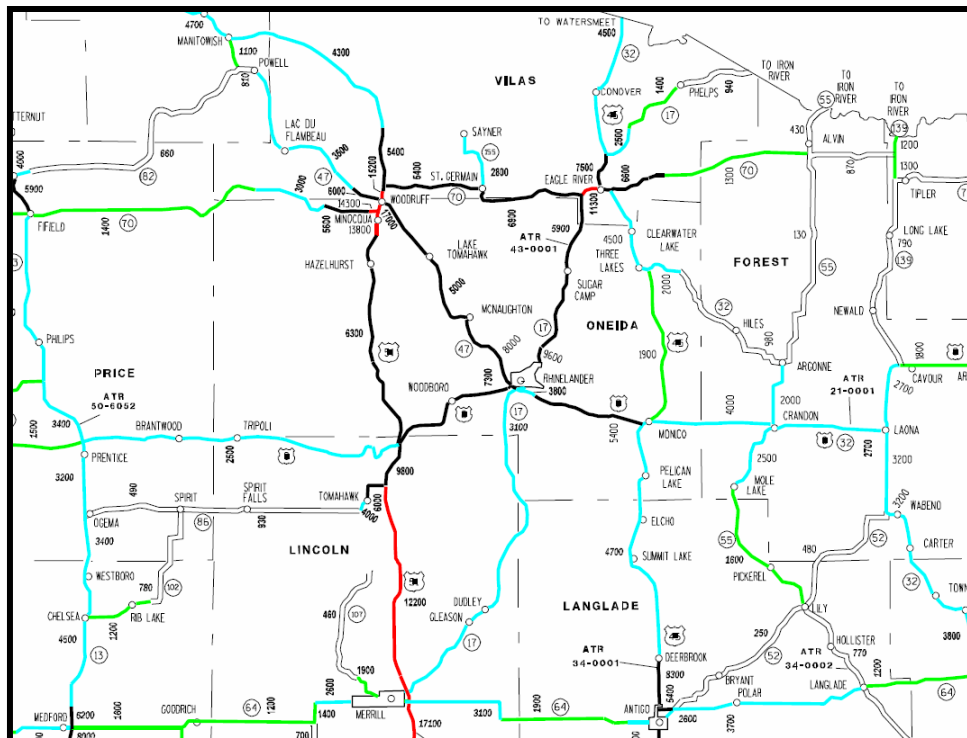
Traffic Patterns

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.



Maps: WI DOT

- County Highway 17 draws 10,100 vehicles daily east of downtown; 9,200 vehicles northeast of downtown.
- State Highway 8 draws 13,800 vehicles daily east of downtown via Lincoln Street; 10,000 vehicles west of downtown (via West Kemp Street)
- Stevens Street draws 8,200 vehicles daily north of downtown (from Highway 17)
- County Highway G draws 3,400 vehicles daily south of downtown (from State highway 47); 8,800 vehicles daily downtown.
- In comparison, nearby Eagle River draws approximately 10,200 vehicles daily downtown; Woodruff/Minocqua 16,900; and Merrill 13,400.



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 74 percent (14,010) of the 18,846 employed Oneida County residents worked within Oneida County (see table).
- In the same year, 2,781 working residents of Oneida County commuted out of the county for work, whereas 3,772 workers from other counties traveled into Oneida County to work. The result is a net gain of 991 working age residents from other counties for employment.
- Oneida County’s residents primarily traveled to the neighboring counties of Vilas, Lincoln, and Marathon for work. These counties accounted for over 76 percent of commuting workers (2,108 out of 2,781). Meanwhile, 2,821 workers from these three counties commuted to Oneida County, accounting for most of the net gain.

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

County	County Residents Commute to	County Workers Commute from	Net Commute
Vilas	1,106	2,051	+945
Lincoln	759	672	-87
Marathon	243	98	-145
Forest	129	343	+214
Langlade	103	220	+117
Price	62	85	+23
Cook (IL)	36	7	-29
Brown	31	3	-28
Elsewhere	312	293	-19
Total	2,781	3,772	+991
Work within Oneida	14,010		

**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; Oneida County Unincorporated Area, 1997-2006

Year	Oneida Co. Buildings	% Change	Construction Cost	WI Buildings	% Change	US Buildings	% Change
1997	338	--	32,002,099	20,628	-	1,062,396	-
1998	471	+39.3%	44,287,098	24,010	+16.4%	1,187,602	+11.8%
1999	380	-23.9%	38,416,443	24,827	+3.4%	1,246,665	+5.0%
2000	366	-3.8%	41,640,753	24,018	-3.4%	1,198,067	-4.1%
2001	422	+15.3%	49,985,617	25,397	+5.7%	1,235,550	+3.1%
2002	447	+5.9%	57,046,072	26,084	+2.7%	1,332,620	+7.9%
2003	420	-6.4%	55,686,184	28,744	+10.2%	1,460,887	+9.6%
2004	430	+2.4%	66,353,775	29,716	+3.4%	1,613,445	+10.4%
2005	388	-10.8%	65,373,246	25,966	-14.4%	1,681,986	+4.2%
2006	317	-22.4%	65,660,191	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 volatile construction market since 2000 that has generally matched state and national trends. Total housing permits have dropped by nearly 49 percent since their high in 1998 while construction costs increased by over 220% from an average of \$94,028 in 1998 to \$207,130 in 2006.

Economic Development Issues

Strategic planning for economic development requires identification of Rhinelander's assets and limitations through a thorough evaluation of the existing economic climate. The City of Rhinelander released a comprehensive plan in June 2007 detailing some of the issues that dictate the economic growth of the city and region as well as the strengths and weaknesses that present opportunities and prevent them from developing.

A variety of issues have been identified during the planning process. Some of those issues are listed below:

1. Change of the Downtown

Historically the downtown was the center of all commerce. However, as the transportation network has been enhanced development has moved to the edges of the city, in particular near Highways 8, 17 and 47. The result has been a slow gradual decline of the number of downtown business. To stabilize and revitalize the downtown a downtown "Main Street" organization was established.

2. Income Levels

Income levels in the city lag behind the surrounding towns and the county, as well as the state. This issue has been identified and discussed at various levels throughout the city.

3. Limited Industrial Sites

There is very little vacant industrial land available in the city. The industrial park near the airport is nearly full.

4. Recreation & Tourism

Recreation and tourism continues to be an important economic sector in the area. There are pros and cons...

Strengths

- Economic Resources
 - Reasonable Cost of Living
 - Excellent Health Care Services
 - Tourism Industry
 - Lower Wage Rates
 - Adequate Utilities
 - Wide range of Prices on Land and Buildings

- Infrastructure
 - Available Business and Industrial Space
 - Capacity of Infrastructure for Growth
 - Necessary utilities, services and telecommunications
 - Proximity to Highway 8

- Human Resources
 - Available Labor
 - Quality Schools /Commitment to Education
 - Strong Work Ethic of Labor Force
 - High Level of Interest in Economic Development
 - Safe Community
 - Good Business & Education Partnerships

- Natural Resources
 - Abundant area Natural Resources
 - Four Season Climate
 - Excellent Recreation Opportunities (Public Forests)
 - Good Water and Air Quality

- Other
 - Overall Quality of Life

Weaknesses

- Economic Resources
 - Lack of Financing (Venture, Angel)
 - Need for Better Coordination and Cooperation
 - Economic Assistance from State is Low (compared to other areas)
 - High Property Taxes
 - Location to Major Markets
 - Lack of Promotion for the "North"
 - Lack of Broad-Based Economic Development Marketing Programs for Region
 - Lack of Community Preparedness

- Decline of Manufacturing Sector
- Infrastructure
 - Transportation Limitation Imposed by Interstate System Access
 - Adequate, but lagging in local telecommunications
- Human Resources
 - Lack of Public Education Towards Economic Development
 - Difficulty retaining young workers
 - Lack of local training programs
 - Concerns of skill level of entry-level labor
 - Limited partnerships between business and education
- Other
 - Lack of corporate headquarters