

CHAPTER 4 – ECONOMIC DEVELOPMENT

INTRODUCTION

Comprehensive planning recognizes that many factors contribute to economic development opportunities and needs within a community. New growth or redevelopment can improve a community. For these reasons, labor force characteristics and economic base indicators were analyzed at the local, county, regional, and state level to determine trends, opportunities and needs for the Town of Russell. It is important to maintain a strong economy by creating and retaining desirable jobs, in the areas. The tax base expands when economic growth occurs, which in turn, helps to provide the level of services the residents expect. Economic development expenditures are an investment in the community.

The Town of Russell is an area with agricultural and residential interests. For these reasons, it is important that the labor force characteristics, economic base indicators, and economic strengths and weaknesses of the Town are analyzed. Identifying these strengths and weaknesses helps the Town work towards promoting its identified goals. The data of economic development spans from 1990 to 2005. The U.S. Census bureau provides information over 10 year periods, whereas the Department of Administration (DOA) provides information over shorter periods of time. Once the Town has information on its economic activity, they may decide to devote some resources toward recruiting or promoting certain types of development in the Town of Russell.

SUMMARY AND IMPLICATIONS OF INVENTORY

The economic development inventory conducted for the Town of Russell has a higher percentage (16%) of residents working in the Town. This percentage is higher than surrounding towns, but the number of residents working within Sheboygan County has dropped. A possible explanation for this drop is the proximity of the Town of Russell to Fond du Lac, Calumet, and Manitowoc Counties. The unemployment rate has been relatively low, with over 35% of workers being employed in manufacturing related jobs and 16% in agriculture, forestry, and fishing industries. Manufacturing has tended to remain strong despite competition from overseas. Much of its continued success is attributable to niche products and high tech processes requiring advanced skill sets from workers. In fact, manufacturing is the primary sector exporting goods/services out of the County and thereby bringing wealth and investment into the area. Arts, entertainment, and recreational services and construction are playing a larger role in the Town, whereas not as many people are employed in retail trade. An area that the Town is not seeing growth, like other communities, is health services, but this may be due to the location of the Town.

The Town would like to continue to foster a strong agricultural base, with small scale and home-based development that is sensitive to the environment and the Town's rural atmosphere. Most large developments need to be focused near Elkhart Lake or Glenbeulah. There are a variety of programs available at all levels of government that might suit the Town of Russell if the right opportunity arises.

ECONOMIC DEVELOPMENT PROGRAMS

This section contains a brief explanation of the agencies that could potentially help the Town and the Town's businesses with loans and grants.

Local

The Town of Russell does not have any local economic development programs; however, the Town can establish its own revolving Loan Fund for Economic Development through the Department of Commerce.

The Town can also assist local businesses by officially supporting the businesses within the Bay-Lake Regional Planning Commission's *Comprehensive Economic Development Strategy* document, published annually and reported to the Department of Commerce, thus making the business eligible for state grant consideration.

County

Sheboygan County, through its participation in the Wisconsin Community Development Grant Program has retained funds for the establishment of a Business Revolving Loan Fund (RLF). This fund is designed to create employment opportunities, encourage private investment, and provide a financing alternative for small start-up or expanding businesses in the County. The RLF program includes interest rates and loan maturities that are designed to encourage business development, while providing for the recapitalization and growth of the RLF. Eligible activities include 1) acquisition of land, buildings, equipment, and fixed assets, 2) construction or reconstruction of buildings, 3) installation of fixed equipment, 4) working capital, and 5) buy-outs by purchase of assets. Eligible projects must also leverage private dollars, create jobs, provide collateral. Loans are generally for amounts greater than \$25,000.

In addition, Sheboygan County is assisted by the Sheboygan County Chamber of Commerce and UW-Extension on economic development. The County has also been designated a Technology Zone by the Department of Commerce. This program is further described in the Regional portion below.

Regional

Sheboygan County is part of the Northeast Wisconsin Regional Economic Partnership (NEWREP) *Technology Zone* program. This program provides income tax incentives for high-tech development in the region. The zone is designed to enhance the region's attractiveness to high-tech businesses and workers, build on the success of the biotechnology and manufacturing companies in the region, attract auxiliary companies and help existing companies increase productivity. Eligible businesses will be certified for tax credits based on their ability to create high-wage jobs (any jobs created must pay a minimum of \$10.30 per hour), and investment and support the development of high-tech industries in the region. Contact the Department of Commerce for more information on the Technology Zone program.

The Bay-Lake Regional Planning Commission annually creates a *Comprehensive Economic Development Strategy* (CEDS) report that evaluates local and regional population and economic activity. Economic development trends, opportunities, and needs are identified within the CEDS report. All communities that are served by the Commissions, including the Town of Russell, are invited to identify future projects for economic development that the community would like to undertake. Those projects are included within the CEDS and may become eligible for federal funding through the Economic Development Administration (EDA) Public Works grant program.

Lakeshore Technical College in Cleveland formed the LTC Center for Entrepreneurship in 2005. The center helps prospective business owners launch new businesses, sustains existing companies, and collaborates with local agencies and governmental bodies to make sure business owners are provided with up-to-date information and resources. The Center's advisory committee is made up of area bankers, attorneys, accountants, businesspeople, and other officials from throughout Sheboygan and Manitowoc Counties. The advice offered is free of charge.

State

The Wisconsin Department of Commerce has several grant programs that would be available to the Town of Russell. The federally funded Community Development Block Grant (CDBG) program can be used for housing, economic development, and public facility improvements. The program is designed to assist economically distressed smaller communities with improvements to such things as utilities and streets, fire stations, community centers, housing rehabilitation, and many other improvements needed by a community. Specifically, the CDBG-Public Facilities for Economic Development (PFED) program is designed to assist communities with expanding or upgrading their infrastructure to accommodate businesses that have made a firm commitment to create jobs and invest in the community.

Tax incremental financing (TIF) is an economic development tool available to cities and villages (and to a much lesser extent towns) in Wisconsin. TIF provides the means for a developer to work together with a community to finance the clean up of a blighted area or to spur job-creating industrial and/or commercial development. Wisconsin Act 231 provides towns' limited authority to create TIF districts. The Act authorizes a town to use the TIF law for projects related to agriculture, forestry, manufacturing, or tourism. The Act defines the limited types of activities related to agriculture, forestry, manufacturing, or tourism that are eligible for town TIF projects. The Act authorizes a town to use the TIF law for limited residential development, as defined in the Act, but only to the extent that the development has a necessary and incidental relationship to an agriculture, forestry, manufacturing, or tourism project. The Act further authorizes the towns to use the TIF law for retail development that is limited to the retail sale of products produced due to agriculture, forestry, or manufacturing projects. Regardless of what type of project is down, at least 75% of the proposed TIF's area must be intended for agriculture, forestry, manufacturing, or tourism activities, as defined in the Act.

Federal

Some examples of federal programs that could assist the Town of Russell in economic development include:

USDA Wisconsin Rural Development Programs

Rural Business Opportunity Grant Program

Rural Business Opportunity Grant Funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas of 10,000 people or less. A maximum of \$1.5 million per grant is authorized.

Rural Economic Development Loans and Grants

Zero interest loans may be made to any Rural Utilities Service (RUS) to promote economic development and/or job creation projects including, but not limited to, project feasibility studies, start-up costs, incubator projects, and other reasonable expenses. Grants can be provided to rural communities through RUS borrowers to be used for revolving loan funds for community facilities and infrastructure and for assistance in conjunctions with rural economic development loans.

Rural Business Enterprise Grants Program (RBEG)

The Rural Business-Cooperative Service makes grants available under the RBEG Program to public bodies, private nonprofit corporations, and federally-recognized Native American Tribal groups to finance and facilitate development of small and emerging private business enterprises located in areas outside the boundary of a city or unincorporated areas of 50,000 people or more and its immediately adjacent urbanized or urbanizing area. The small or emerging businesses to be assisted must have less than 50 new employees, less than \$1 million in gross annual revenues, have or will utilize technology innovations and commercialization of new products, and/or processes to be eligible for assistance. Funds can be used for a variety of things including, but not limited to, construction of buildings and plants, equipment, access streets and roads, parking areas, utility and service extensions, and a variety of other costs.

US Department of Commerce, Economic Development Administration Programs

Public Works and Economic Development Program

The Public Works Program empowers distressed communities in economic decline to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment.

LABOR FORCE CHARACTERISTICS

The labor force is comprised of employed persons and those seeking employment, and excludes persons in the armed forces or under age 16. Variations in the number of persons in the labor force are the result of many factors, such as shifts in the age and gender characteristics of the population, changes in the number of residents aged 16 and over, the proportion of this group (16 and over) working or seeking employment, and seasonal elements. An understanding of the characteristics of the local and regional labor force is an important consideration when planning an economic development strategy, since businesses and industries require an adequate supply of qualified workers.

Place of Work

The ability to retain valuable human resources within a county or a town is a good indicator of the overall health of the economy in the county and its respective municipalities. It is not too large of a concern that only 16% of Russell residents work in the Town because it is a rural community with limited job opportunities (see Figure 4.1). It is to be expected that only about 53% of Town residents worked within Sheboygan County in 2000, which is likely due to the Town's close proximity to other counties. The nearby counties also have villages and cities with job opportunities closer to many Russell residents than jobs in Sheboygan County. This drop

was a drop of 13% since 1990, but as society becomes more mobile it is likely more residents will have the ability to work outside the county.

While the overall trends of working in the county seems to be dropping, the Town of Herman saw a slight increase in the percent of residents living there and working within Sheboygan County or the village, while Russell experienced a decline. The other towns mirror the trends Russell is experiencing, but the other towns have not seen as steep of a decrease as the Town of Russell. As the number of people working outside the County increases, local officials need to keep in mind that a higher percentage of residents will be commuting to work. This often means they are probably doing their shopping at stores near where they work, and will not be as likely to need or support local stores. Long commutes also leave less time for family, community, and entrepreneurial activities.

Figure 4.1: Place of Work, 1990 & 2000, Town of Russell and Nearby Towns

| Town | Place of Work | 1990 | 2000 | Percent Decrease/ Increase |
|------------------------|-------------------------|------|------|----------------------------|
| Elkhart Lake residents | Within the Village | 29% | 23% | -6% |
| | Within Sheboygan County | 90% | 82% | -8% |
| Glenbeulah residents | Within the Village | 11% | 5% | -6% |
| | Within Sheboygan County | 94% | 90% | -4% |
| Greenbush residents | Within the Town | -- | 13% | -- |
| | Within Sheboygan County | 88% | 81% | -7% |
| Herman residents | Within the Town | -- | 22% | -- |
| | Within Sheboygan County | 90% | 92% | 2% |
| Rhine residents | Within the Town | -- | 11% | -- |
| | Within Sheboygan County | 83% | 80% | -3% |
| Russell residents | Within the Town | -- | 16% | -- |
| | Within Sheboygan County | 66% | 53% | -13% |

Source: U.S. Census Bureau Sampling Data

Occupation

Figure 4.2 shows that in 2000, the majority of employed persons in the Town of Russell were either in “Production, transportation, and material moving jobs” (29.2%) or in “Management, professional, and related occupations” (23.5%). The Town has fewer residents in service and farming than all other occupations. The residents of the Town of Russell have a very balanced workforce by occupation. The Town has all six of the occupation categories at over 8% of the population. When comparing employment by occupation of the Town of Russell to Sheboygan County, there are quite a few similarities, but Russell has a much larger percentage of people employed in farming occupations. This is to be expected because the Town of Russell is very rural compared to other parts of the County. The Town and County both have the largest portion of their populations in production and management and their fewest in farming. By knowing what type of occupations people are employed in, the Town of Russell is able to see what type of jobs its residents would have experience in for future development. The Town can help create developments that utilize their residents’ skills, education, and previous experience.

Figure 4.2: Percentage of Employed by Occupation, 2000, Town of Russell & Selected Areas

| Occupation | Greenbush | | Herman | | Rhine | | Russell | | Sheboygan County | |
|--|-----------|-------|--------|-------|-------|-------|---------|-------|------------------|--------|
| | # | % | # | % | # | % | # | % | # | % |
| Management, professional, and related occupations | 293 | 31.4% | 316 | 26.1% | 406 | 30.0% | 53 | 23.5% | 15,422 | 25.90% |
| Service occupations | 107 | 11.4% | 200 | 16.5% | 159 | 11.8% | 25 | 11.1% | 8,084 | 13.60% |
| Sales and office jobs | 164 | 17.5% | 281 | 23.2% | 243 | 18.0% | 37 | 16.4% | 12,831 | 21.60% |
| Farming, fishing, and forestry occupations | 31 | 3.3% | 14 | 1.2% | 19 | 1.4% | 19 | 8.4% | 527 | 0.90% |
| Construction, extractions, and maintenance | 100 | 10.7% | 110 | 9.1% | 94 | 7.0% | 26 | 11.5% | 4,898 | 8.20% |
| Production, transportation, and material moving jobs | 238 | 25.5% | 288 | 23.8% | 429 | 31.8% | 66 | 29.2% | 17,692 | 29.80% |

Source: U.S. Census Bureau

Industry

Figure 4.3 groups Town residents by the industry category in which they work. Finance, construction, and the arts continued to grow from 1990 to 2000, while agriculture, manufacturing, and retail trade all slipped slightly throughout that time period.

Although there has been concern recently about the future of manufacturing as an industry, this data shows that it is holding its own in the Town of Russell. An October 2005 report by the Manufacturing Performance Institute said, Wisconsin could become one of the nation's top manufacturing states in the 21st century, if companies take the necessary steps to compete globally. Even though the sector has been battered by foreign competition and has lost 90,000 jobs statewide since 2001, manufacturing and the industries it supports still comprise almost half of Wisconsin's economy. A key to success will be incorporating technology into the manufacturing process, meaning workers will need to continue upgrading their knowledge and skills as necessary. On the other hand, manufacturers producing products that are very labor-intensive and easily shipped around the world will have a hard time competing. Figure 4.4 illustrates industries residents of Russell are employed in.

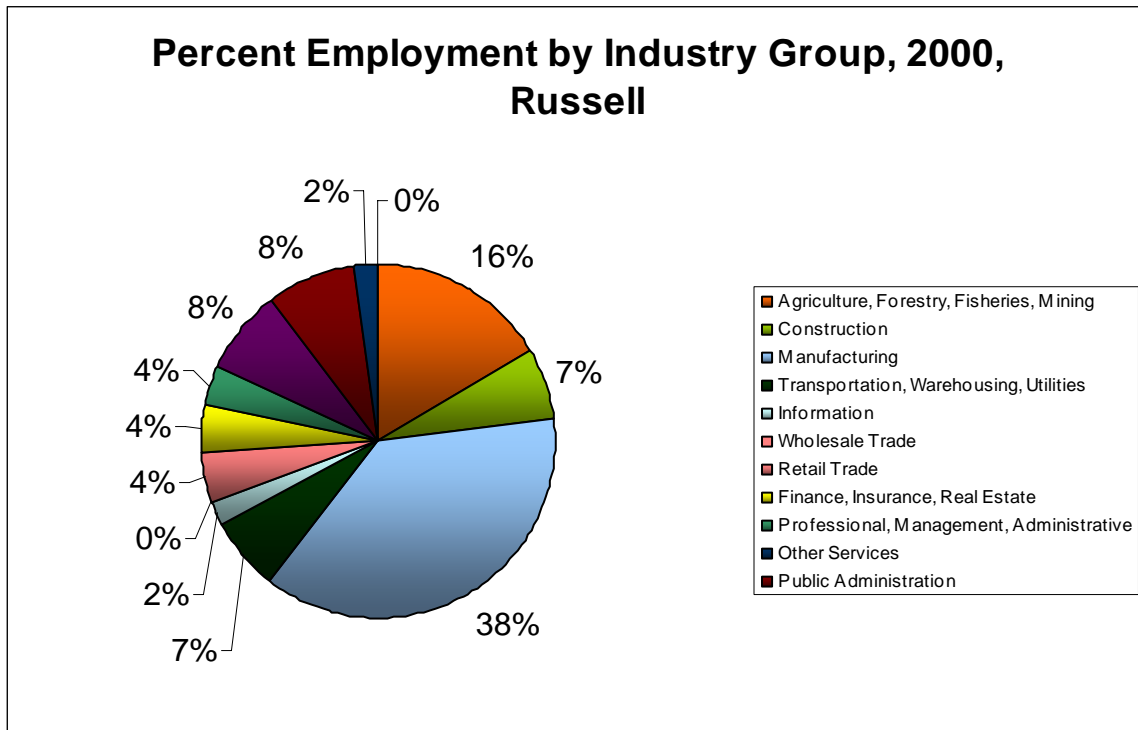
Figure 4.3: Employed Persons by Industry Group, 2000, Town of Russell & Selected Areas

| Industry | Greenbush | | Rhine | | Russell | | Sheboygan County | |
|--|-----------|--------|--------|--------|---------|--------|------------------|-------|
| | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| Agriculture, Forestry, Fisheries, Mining | 13.78% | 9.32% | 7.50% | 3.04% | 19.79% | 16.37% | 3.09% | 1.9% |
| Construction | 4.81% | 6.86% | 5.17% | 6.07% | 3.13% | 6.64% | 4.36% | 5.5% |
| Manufacturing | 37.45% | 34.30% | 43.83% | 46.89% | 39.58% | 37.61% | 38.38% | 38.3% |
| Transportation, Warehousing, Utilities | 7.15% | 4.29% | 3.42% | 1.78% | 5.21% | 6.64% | 4.10% | 2.5% |
| Information | -- | 1.18% | -- | 1.48% | -- | 2.21% | -- | 9.6% |
| Wholesale Trade | 1.17% | 2.36% | 4.17% | 3.41% | 3.13% | 0.0% | 3.36% | 2.8% |
| Retail Trade | 11.57% | 6.75% | 11.83% | 8.37% | 10.94% | 4.42% | 15.80% | 1.4% |
| Finance, Insurance, Real Estate | 2.21% | 5.36% | 3.50% | 2.81% | 1.04% | 4.42% | 4.39% | 4.2% |

| Industry | Greenbush | | Rhine | | Russell | | Sheboygan County | |
|--|-----------|--------|--------|--------|---------|-------|------------------|-------|
| | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| Professional, Management, Administrative | -- | 4.29% | -- | 3.63% | -- | 3.54% | -- | 4.8% |
| Business & Repair Services | 2.99% | -- | 2.92% | -- | 4.17% | -- | 2.80% | -- |
| Personal Services | 1.43% | -- | 1.83% | -- | 1.04% | -- | 2.66% | -- |
| Arts, Entertainment, Recreational Services | 0.65% | 5.57% | 0.58% | 6.74% | 0.0% | 7.96% | 0.81% | 17.2% |
| Educational, Health, Social Services | 11.83% | 15.65% | 10.92% | 12.96% | 8.33% | 7.96% | 13.95% | 6.5% |
| Other Services | 2.21% | 1.50% | 2.83% | 2.07% | 2.60% | 2.21% | 4.42% | 3.2% |
| Public Administration | 2.73% | 2.57% | 1.50% | 0.74% | 1.04% | 0.0% | 1.88% | 2.0% |

Source: U.S. Census Bureau

Figure 4.4: Percent Employment by Industry Group, 2000, Town of Russell



Source: U.S. Census Bureau

Class of Worker

Figure 4.5 classifies the workers living in Russell by the type of company or organization they are employed by. There is a trend of growth in the for-profit and not-for-profit sectors. While state and federal government employees are increasing in the Town of Russell, the percent of local government employees is decreasing. Russell does not have any workers, in the U.S. Census Bureau’s sampling data, listed as an unpaid family position. This may indicate that in

order for people to live in the area, they must be working or they could not afford to live in the Town of Russell.

Figure 4.5: Class of Worker, 1990-2000, Town of Russell and Nearby Towns

| Class of Worker | Greenbush | | Herman | | Rhine | | Russell | |
|---|-----------|--------|--------|--------|--------|--------|---------|--------|
| | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| Private For-Profit Company | 75.42% | 81.68% | 70.92% | 80.73% | 78.58% | 83.96% | 74.48% | 79.89% |
| Private Not-for-Profit Organization, Entity, etc. | 4.03% | 4.26% | 13.75% | 10.20% | 4.08% | 5.73% | 2.08% | 8.99% |
| Local Government | 3.25% | 5.91% | 4.03% | 3.66% | 5.92% | 3.13% | 4.17% | 1.06% |
| State Government | 3.64% | 2.60% | 0.79% | 0.78% | 1.67% | 2.06% | 1.04% | 2.12% |
| Federal Government | 0.91% | 0.59% | 0.49% | 1.05% | 0.25% | 0.61% | 2.08% | 3.70% |
| Self-Employed | 12.48% | 4.73% | 9.53% | 3.57% | 7.67% | 4.51% | 13.02% | 4.23% |
| Unpaid Family | 0.26% | 0.24% | 0.49% | 0.00% | 1.83% | 0.00% | 3.13% | 0.00% |

Source: U.S. Census Bureau

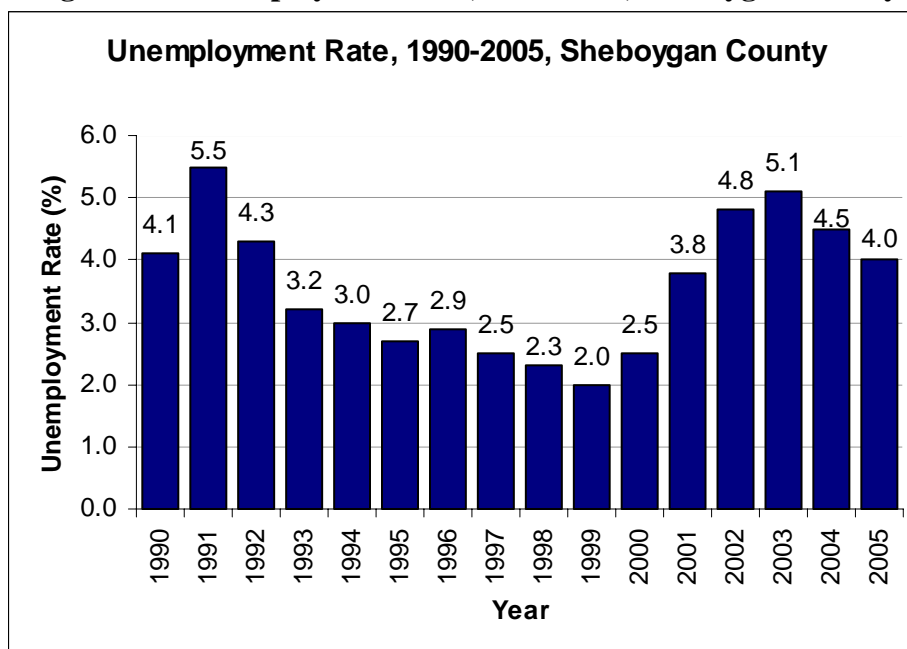
Unemployment Rate

The civilian labor force for Sheboygan County has experienced both slight increases and decreases since 1990 (see Figure 4.6). The unemployment rate reached its lowest point in 1999 with 2% of the civilian labor force being unemployed (see Figure 4.7). From 1999 to 2004 the unemployment rate continued to increase in both Sheboygan County and Wisconsin. There was a slight decrease in unemployment in 2005. For the period between 1990-2005, the civilian labor force in the County increased 16%, the number of unemployed increased by 12%, and the number of employed increased by 16%. Generally, Sheboygan County has a lower unemployment rate than the rest of the state.

Figure 4.6: Average Unemployment Rates, 1990-2005, Sheboygan County and Wisconsin

| Year | Sheboygan County Civilian Labor Force | Sheboygan County Employed | Sheboygan County Unemployed | Sheboygan County Unemployment Rate | Wisconsin Unemployment Rate |
|------|---------------------------------------|---------------------------|-----------------------------|------------------------------------|-----------------------------|
| 1990 | 55,935 | 53,637 | 2,298 | 4.1% | 4.3% |
| 1991 | 56,026 | 52,927 | 3,099 | 5.5% | 5.3% |
| 1992 | 56,487 | 54,046 | 2,441 | 4.3% | 5.2% |
| 1993 | 57,713 | 55,884 | 1,829 | 3.2% | 4.5% |
| 1994 | 60,252 | 58,437 | 1,815 | 3.0% | 4.3% |
| 1995 | 61,666 | 59,978 | 1,688 | 2.7% | 3.7% |
| 1996 | 61,388 | 59,603 | 1,785 | 2.9% | 3.6% |
| 1997 | 60,985 | 59,474 | 1,511 | 2.5% | 3.5% |
| 1998 | 61,781 | 60,356 | 1,425 | 2.3% | 3.3% |
| 1999 | 62,528 | 61,273 | 1,255 | 2.0% | 3.1% |
| 2000 | 64,605 | 63,010 | 1,595 | 2.5% | 3.4% |
| 2001 | 64,796 | 62,348 | 2,448 | 3.8% | 4.4% |
| 2002 | 64,529 | 61,445 | 3,084 | 4.8% | 5.3% |
| 2003 | 64,515 | 61,246 | 3,269 | 5.1% | 5.6% |
| 2004 | 64,227 | 61,354 | 2,873 | 4.5% | 5.0% |
| 2005 | 64,961 | 62,375 | 2,586 | 4.0% | 4.7% |

Source: Wisconsin Department of Workforce Development

Figure 4.7: Unemployment Rate, 1990-2005, Sheboygan County

Source: Wisconsin Department of Workforce Development

Employment Forecast

The Wisconsin Department of Workforce Development created the *Wisconsin Detailed Industry Employment Projections, (2000-2010)*, a projection for industries, occupations, and the labor force. These projections are for all of Wisconsin. According to the Department of Workforce Development, in 2010 the services industry is projected to continue to be the industry with the largest share of employment followed by wholesale and retail trade, and manufacturing. The service jobs, along with wholesale and retail trade, will continue to increase, whereas the manufacturing employment is projected to decrease by 2010. Occupations in manufacturing are expected to move away from general labor positions to more semi-skilled and skilled operator and technician jobs. This is due primarily to production processes that are more efficient and new available technology.

Service industry employers are projected to increase the number of jobs to the state's labor market by 19% by 2010. The largest divisions within this industry group are projected to be business services, educational services, and health services. With the aging of the population, the demand for such services will continue to increase. The wholesale and retail trade industry is projected to increase the number of jobs by 10%. The manufacturing industry is projected to lose approximately 2% of its jobs by 2010.

Local Employment Forecast

From 1990-2000, the manufacturing industry continued to be the industry with the largest share of employment in Sheboygan County. The services industry and retail trade industry are the county's second and third highest employers respectively. This trend is expected to continue, however increases in manufacturing are expected to be at a lower rate than those of the service industry. This is due to advancing technologies in manufacturing and an aging population that may require additional services.

In 1990, the employment data was available for each business within the Town of Russell and the number of employees each employer had. This data is now suppressed to ensure confidentiality of individual employers. Referring back to Figure 4.1, Place of Work, 16% of workers living in the Town of Russell worked within the Town, and 53% of workers living in the Town worked within Sheboygan County. Since Russell is a small-rural community, with slow growth, this commuting trend will likely continue for local employment throughout the Town's 20-year planning period.

Median Household Income

In 1989, the median household income in the Town of Russell was \$32,500 (see Figure 4.8). This was higher than the median income for Sheboygan County and the State of Wisconsin. The Town of Russell's 1999 median income was \$51,250, a 58% increase from 1989. The Town of Russell had the second largest percent increase in its median income for all the communities listed below, along with the County, and State. The median income increased by \$18,750 in a decade. This increase may be due to the type of occupations new residents to the Town of Russell hold.

Figure 4.8: Median Household Income, 1989 and 1999, Town of Russell & Selected Areas

| Municipality | 1989 | 1999 | Percentage Increase |
|------------------|----------|----------|---------------------|
| Elkhart Lake | \$38,077 | \$56,538 | 48.48% |
| Glenbeulah | \$29,861 | \$42,656 | 42.85% |
| Greenbush | \$38,523 | \$54,118 | 40.48% |
| Herman | \$33,261 | \$51,875 | 55.96% |
| Rhine | \$37,168 | \$62,500 | 68.16% |
| Russell | \$32,500 | \$51,250 | 57.69% |
| Sheboygan County | \$31,603 | \$46,237 | 46.31% |
| State of WI | \$29,442 | \$43,791 | 48.73% |

Source: U.S. Census Bureau

Personal Income

The per return income for residents in the Town of Russell increased 11% from 2000-2004 (Figure 4.9). The 2004 personal income of \$43,436 for Town of Russell residents was the second lowest among the surrounding communities, the region, and the state. The percent change of per return income was in the middle for the Town of Russell, compared to the other areas listed in Figure 4.9. The growth in personal income bodes well for economic development in the Town of Russell. Per return income is based on income tax returns filed in the year cited to the Wisconsin Department of Revenue.

Figure 4.9: Municipal Per Return Income, 2000-2004, Town of Russell & Selected Areas

| Area | 2000 | 2001 | 2002 | 2003 | 2004 | Percent Change 2000-2004 |
|-------------------------|----------|----------|----------|----------|----------|-----------------------------|
| Village of Elkhart Lake | \$51,096 | \$52,859 | \$49,226 | \$73,487 | \$55,775 | 9.2 |
| Village of Glenbeulah | \$32,356 | \$32,862 | \$33,942 | \$39,379 | \$36,420 | 12.6 |
| Town of Greenbush | \$41,893 | \$43,241 | \$48,075 | \$48,071 | \$49,096 | 17.2 |
| Town of Herman | \$38,990 | \$39,634 | \$41,608 | \$42,385 | \$45,962 | 17.9 |
| Town of Rhine | \$47,137 | \$47,181 | \$56,922 | \$57,935 | \$60,312 | 28.0 |
| Town of Russell | \$39,178 | \$41,088 | \$36,527 | \$42,464 | \$43,436 | 10.9 |
| Sheboygan County | \$39,878 | \$40,188 | \$40,109 | \$41,786 | \$42,972 | 7.8 |
| Bay-Lake Region | \$35,589 | \$35,785 | \$35,652 | \$36,904 | \$38,272 | 7.5 |
| Wisconsin | \$40,570 | \$40,847 | \$40,719 | \$42,474 | \$43,512 | 7.3 |

Source: Wisconsin Municipal Per Return Income Report, for years cited

ECONOMIC BASE

Employment by Economic Division

To understand the future employment trend in the Town of Russell, an understanding of the local and county economy is required as detailed in the following *Location Quotient Analysis and Threshold Analysis* findings. The Economic Base Analysis technique divides the economy into basic and non-basic sectors. The basic sector is made up of local businesses that are dependent on external factors. Manufacturing and local resources-oriented firms (like logging or mining) are usually considered to be basic sector firms because their fortunes depend largely upon non-local actors, and they usually export their goods. The non-basic sector, in contrast, is composed of those firms that depend largely upon local business conditions. Economic Base Theory asserts that the means of strengthening and growing the local economy is to develop and enhance the basic sector, because it brings in wealth from outside the community.

There are nine basic economic divisions that are used for Economic Base Analysis. There are four goods-producing sectors: (1) agriculture, forestry, and fishing, (2) mining, (3) construction, and (4) manufacturing. There are five services-producing sectors: (1) transportation and public utilities, (2) wholesale trade, (3) retail trade, (4) finance, insurance, and real estate, and (5) services.

Location Quotient Analysis

The Location Quotient Analysis technique compares the local economy of Sheboygan County to the United States. This allows for identifying specializations in the Sheboygan County economy (Figure 4.10). If the Location Quotient (LQ) is less than 1.0, all employment is considered non-basic and that industry is not meeting local demand for a given good or service. An LQ equal to 1.0 suggests that the local employment is exactly sufficient to meet the local demand for a given good or service; employment is still considered non-basic. An LQ greater than 1.0 suggests that local employment produces more goods or services than the local economy can use; therefore, these goods and services are exported to non-local areas, which makes them basic sector employment.

**Figure 4.10: Employment by Industry Group, 1990-2000,
Sheboygan County & U.S., LQ Analysis**

| Item | Sheboygan County | | United States | | Percent Change 1990-2000 | | Sheb. Co. Location Quotient | |
|---|------------------|--------|---------------|-------------|--------------------------|--------|-----------------------------|------|
| | 1990 | 2000 | 1990 | 2000 | Sheb. | U.S. | 1990 | 2000 |
| Total full-time and part-time employment | 62,505 | 76,317 | 139,426,900 | 167,465,300 | 22.10 | 20.10 | -- | -- |
| Farm Employment | 1,849 | 1,574 | 3,153,000 | 3,103,000 | -14.90 | -1.60 | 1.31 | 1.11 |
| Nonfarm Employment | 60,656 | 74,743 | 136,273,900 | 164,362,300 | 23.20 | 20.60 | 0.99 | 1.00 |
| Private employment | 54,850 | 68,247 | 11,507,790 | 141,621,300 | 24.40 | 23.10 | 1.06 | 1.06 |
| Ag. Services, forestry, fishing and other | 436 | 762 | 1,453,000 | 2,166,800 | 74.80 | 49.10 | 0.67 | 0.77 |
| Mining | 38 | 49 | 1,044,100 | 795,400 | 28.90 | -23.80 | 0.08 | 0.14 |
| Construction | 2,483 | 3,707 | 7,260,800 | 9,604,300 | 49.30 | 32.30 | 0.76 | 0.85 |
| Manufacturing | 22,224 | 27,394 | 19,697,200 | 19,106,900 | 23.30 | -3.00 | 2.52 | 3.15 |
| Transportation & public utilities | 1,974 | 2,310 | 6,568,600 | 8,247,100 | 17.00 | 25.60 | 0.67 | 0.61 |
| Wholesale trade | 1,846 | 2,255 | 6,711,500 | 7,584,900 | 22.2 | 13 | 0.61 | 0.65 |
| Retail trade | 9,843 | 10,896 | 22,920,500 | 27,344,100 | 10.7 | 19.3 | 0.96 | 0.87 |
| Finance, insurance, and real estate | 3,382 | 4,288 | 10,712,600 | 13,495,100 | 26.8 | 26 | 0.7 | 0.7 |
| Services | 12,624 | 16,586 | 38,709,600 | 53,276,700 | 31.4 | 37.6 | 0.73 | 0.68 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Threshold Analysis

Export Base (Basic Employment)

There are two areas within the 2000 Sheboygan County economy that can be considered basic employment areas: farm employment and manufacturing (Figure 4.10). These two areas produce more goods and services than the local economy can use. When Location Quotients increase over time, this suggests that the economy is getting closer to reaching and exceeding the local demand. Having basic employment also suggests that if a downturn in the local economy occurs, these sectors will not be strongly affected because they are more dependent on the non-local economies. Having strong basic sector employment and industry will strengthen the local economy.

Non-Basic Employment Industry

Under private employment, there are eight areas that can be considered non-basic: agriculture services, forestry, fishing and other; mining; construction; transportation and public utilities; wholesale trade; retail trade; finance, insurance, real estate; and services. These industries are not meeting local demand for a given good or service. For example, the transportation and public utilities industry, retail trade industry and the services industry's LQ actually decreased since 1990. However, it is reasonable to believe the Sheboygan County economy could support more of these industry types.

Top Ten Employers within Sheboygan County

The ten largest employers in Sheboygan County (Figure 4.11) had at least 500 or more workers. With a high percentage of employment in the manufacturing and services sector, it is not surprising that the majority of the ten largest employers in the County are in the manufacturing sector. Manufacturing is considered a basic employment area, this can be seen because four of the top ten companies in Sheboygan County are involved in manufacturing.

Figure 4.11: Top Ten Employers, 2007, Sheboygan County

| Company | Product or Service | Size |
|---------------------------------|---|---------|
| Kohler Company | Plumbing Products Manufacturing | 1,000+ |
| Sheboygan Public School | Public Education | 1,000+ |
| Bemis Manufacturing Company | Plastics Manufacturing | 1,000+ |
| County of Sheboygan | Government Services | 1,000+ |
| J. L. French Corporation | Die Casting | 1,000+ |
| Aurora Medical Group Inc. | Health Care Services | 1,000+ |
| Aurora Health Care Central Inc. | Offices of Physicians | 500-999 |
| Rockline Industries Inc. | All Other Converted Paper Product Manufacturing | 500-999 |
| Sargento Foods Inc. | Food Processing | 500-999 |
| Johnsonville Brats | Meat Processed | 500-999 |

Source: Wisconsin Workforce Development

Top Employers within the Town of Russell

The largest employers in the Town of Russell in 2005 are listed in Figure 4.12. There are two employers in Russell with between 10 and 19 employees. This means that the majority of Town of Russell residents do not work in the Town. These residents commute to surrounding areas for their jobs.



Figure 4.12: Top Employers in the Town of Russell, 2007

| Company | Product or Service | Size Range |
|------------------------------|---------------------------------|------------|
| Three Guys & a Grill | Restaurant | 10-19 |
| Drake Dairy Inc. | Dairy Cattle & Milk Production | 10-19 |
| St. Anna Garage & Auto Body | General Automotive Repair | 1-4 |
| Muehlbauer Construction LLC. | Single-Family Home Construction | 1-4 |
| Town of Russell | Government Offices | 1-4 |

Source: Wisconsin Workforce Development

County Agricultural Economy

In Sheboygan County, agriculture is a large contributor to the local economy. Agriculture accounts for \$1.67 billion in economic activity, almost 20% of the County’s total economic activity. The agricultural portion of Sheboygan County’s economy contributes \$478.2 million in take-home income annually, 12.2% of the total income for Sheboygan County. There are almost 9,179 jobs tied to agriculture, nearly 12% of the total County workforce.

STRENGTHS AND WEAKNESSES ANALYSIS

Introduction

This section of the plan looks at conditions within the Town as either a strength, a weakness, or as a general statement of fact for retaining or attracting businesses. These factors may greatly influence the future economic climate over the next two decades and thus are important for the community to identify as part of this plan. This will allow the residents to understand their community’s continued economic viability and future draw for new businesses. This portion of the chapter gives a perspective from a business point of view. It reflects concerns, issues, and questions that current and future business owners might ask about a community when formulating a plan or expanding their business.

Strengths

- Presence of farming community and agricultural-related businesses in the surrounding communities gives the Town a strong agricultural infrastructure.
- Rural-small town atmosphere.
- Extremely low crime rate.
- Sheboygan County Highway Department satellite office located in Elkhart Lake.
- Fiscally Healthy local government.
- The Broughton Sheboygan Marsh Park is in the Town.
- Lower Taxes.

Figure 4.13: Local Tax Rate for Selected Municipalities

| Municipality | School District | Net Tax Rate per \$1000 Assessed Value |
|--------------|--------------------|--|
| Elkhart Lake | Elkhart-Glenbeulah | \$23.20 |
| Glenbeulah | Elkhart-Glenbeulah | \$20.49 |
| Greenbush | New Holstein | \$15.72 |
| | Campbellsport | \$17.04 |
| | Elkhart-Glenbeulah | \$15.88 |
| | Plymouth | \$15.98 |
| Rhine | Elkhart-Glenbeulah | \$23.10 |
| | Howards Grove | \$26.33 |
| | Kiel | \$25.42 |
| | Plymouth | \$23.25 |
| Russell | Elkhart-Glenbeulah | \$18.32 |
| | Kiel | \$20.03 |
| | New Holstein | \$18.16 |
| Adell | Random Lake | \$21.83 |
| Cascade | Plymouth | \$22.00 |

| Municipality | School District | Net Tax Rate per \$1000 Assessed Value |
|---------------------|------------------------|---|
| Howards Grove | Howards Grove | \$26.42 |
| Kohler | Sheboygan Falls | \$17.05 |
| | Kohler | \$20.06 |
| | Sheboygan | \$21.84 |
| Oostburg | Oostburg | \$20.07 |
| Random Lake | Random Lake | \$20.18 |
| Waldo | Plymouth | \$22.26 |
| City of Plymouth | Plymouth | \$24.04 |

Source: Sheboygan County Planning Department, Real Property Listing Office 2006 Tax Rates

- Good relationships with the surrounding Towns and Villages.
- Local fire department service, first responder, and ambulance services from Elkhart Lake, St. Anna, Kiel, St. Cloud.
- Land is available in the Town for economic development.

Weaknesses

- No public sewer or water provided by the Town.
- Occasional heavy truck and tractor traffic, dust, and occasional odors.
- Must drive elsewhere for major/retail/grocery/services/healthcare.
- No economic development organization or business association.
- Sheboygan County is a non-attainment area from an air quality standard.
- Most of the labor works outside of the Town.
- Most residents do not want to see commercial growth.

Large commercial development may be hard to achieve in the Town of Russell, but small development relating to agriculture and keeping the Town’s rural nature in mind would be accepted. The Town needs to accentuate its strengths.

SITES FOR BUSINESS AND INDUSTRIAL DEVELOPMENT

Existing Site Inventory and Analysis

The Town of Russell has very little land developed as commercial and that would be on the northern edge of the Town in St. Anna. This site capitalizes on the location of a small unincorporated area. There is also a few commercial properties near the Broughton Marsh Park. These properties capitalize on the visitors to the marsh park.

Although the exact number is uncertain, there are undoubtedly several home-based businesses scattered throughout the Town on parcels predominately residential or agricultural. Future locations of home-based businesses could be almost anywhere.

The major economic related use in the Town is agriculture, which is found throughout the Town, especially on well-drained soils and moderate or low sloping lands. While individual agricultural producers will likely expand, the overall use is not expected to increase.

There are no non-metallic mining sites in the Town, and the Town does not have many potential areas for non-metallic mining resources.

Evaluation of Environmentally Contaminated Sites

Recently, WisDNR and the EPA have been urging the clean-up of contaminated commercial or industrial sites, so they can be used more productively. According to the WisDNR list of Leaking Underground Storage Tanks (LUST) sites, the Town of Russell does not have any. The Town of Russell also does not have any sites designated as part of the WisDNR Environmental Repair Program (ERP). ERP sites are areas other than LUST sites that have had contaminated soil and/or groundwater.

Designation of Business and Industrial Development

Commercial Uses

The Town of Russell will seek to steer most commercial activities toward St. Anna, Elkhart Lake, Kiel, and Glenbeulah. The Town will continue to allow home-based businesses, as well as those scattered types of businesses that provide needed services to locals.

Industrial Uses

Due to a lack of municipal utilities and services, the Town does not see itself attracting industrial uses, since such uses would be better located in communities where the infrastructure is more supportive. Possible exceptions might include agricultural related industries such as biofuels.

Acreage Projections

The Town does not plan to designate additional lands for industrial uses during that 20-year planning period, however, under appropriate conditions lands might be rezoned for expansions of specialized uses such as non-metallic mining and agricultural related industries like biofuels. Nor does the Town plan to allocate tracts of land for commercial development during the period. Again, in keeping with the Town's rural atmosphere, a limited number of rezonings to commercial may be allowed. For detailed information see the Potential Future Land Use Map.

COMMUNITY FINANCES

A community must be concerned about its ability to generate sufficient public revenues to provide the types and levels of services expected by its citizens. Figure 4.14 provides a history of the taxes levied in the Town of Russell as officially reported to the Wisconsin Department of Revenue. The Town's total property tax has increased by over 9% from 2000 to 2005. Overall, the Town's share of the property tax has continued to grow, while the state tax credit has continued to drop.

Figure 4.14: Comparative Tax Appropriations, 2000-2005, Town of Russell

| Year Levied | Total Property Tax | Village Share of Property Tax | State Tax Credit |
|-------------|--------------------|-------------------------------|------------------|
| 2005 | \$444,466 | \$57,488 | \$26,710 |
| 2004 | \$452,447 | \$56,375 | \$28,671 |
| 2003 | \$429,539 | \$51,165 | \$30,314 |
| 2002 | \$416,747 | \$51,505 | \$31,679 |
| 2001 | \$437,757 | \$50,202 | \$31,140 |
| 2000 | \$407,285 | \$45,095 | \$30,579 |

Source: Wisconsin Department of Revenue, Town, Village, and City Taxes for years cited

The ability to finance community projects is measured by the general obligation debt capacity. According to the Wisconsin Constitution, there are limits on how much a municipality may borrow. The municipalities are limited to an amount equal to 5% of the equalized value, or full value, of the unit of government. As indicated by the following Figure 4.15, the Town of Russell's total general obligation debt as of December 31, 2004 was \$0, which is 0.0% of its full value, and allows the debt margin to remain at \$1,179,905; this is the amount the Town could legally borrow. Since Wisconsin Department of Revenue statistics for 2003 show that on average towns in the state borrow about 36% of their legally authorized maximum, the Town has clearly been conservative in its borrowing, which is a sound and legitimate financial practice. The Town has remained conservative in its borrowing over the last six years because as the debt limit has increased the existing debt of the Town has decreased. With Russell borrowing conservatively, it could be said that the Town has the capacity to more assertively invest in itself by taking advantage of its substantial debt margin to upgrade local infrastructure, provide additional services, or to create improvement programs.

Figure 4.15: Public Indebtness, 1999-2004, Town of Russell

| Year | Full Value | Debt Limit* | Existing Debt | Debt Margin |
|------|--------------|-------------|---------------|-------------|
| 2004 | \$23,598,100 | \$1,179,905 | \$0 | \$1,179,905 |
| 2003 | \$22,066,900 | \$1,103,345 | \$0 | \$1,103,345 |
| 2002 | \$20,627,000 | \$1,031,350 | \$0 | \$1,031,350 |
| 2001 | \$20,809,200 | \$1,040,460 | \$0 | \$1,040,460 |
| 2000 | \$19,248,200 | \$962,410 | \$0 | \$962,410 |
| 1999 | \$19,155,300 | \$957,765 | \$0 | \$957,765 |

Source: Wisconsin Department of Revenue, Town, Village, and City Taxes and County and Municipal Revenues and Expenditures for years cited

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

The Town of Russell will seek direction for this element from the vision and goals identified through the public participation process:

Economic Development Goals, Policies, and Programs

1) Simulate a healthy economy for residents, while focusing on community values and the rural country environment.

- a. *Policy/Program:* The Town will strongly consider steering large commercial and industrial development to nearby communities better suited to such development.

- b. *Policy/Program:* Utilize the least productive farmlands for more appropriate uses.
- c. *Policy/Program:* Consider development techniques (e.g. Conservation Subdivisions) that preserve the agricultural lands and open spaces in the Town.
- d. *Policy/Program:* Continually review and update the Town’s Zoning Ordinance, specifically as it relates to agricultural practices. Regulatory language should assure a strong future for agriculture in the Town, but should not cause a hardship on neighboring uses, the environment, or to the general public.
- e. *Policy/Program:* Continue to work with future developers and local residents to approve established compatible hours of operation, signage, lighting, parking, and landscaping requirements to meet the Town’s desire for well-planned growth and rural character preservation.

2) Protect the agriculture base to keep the farming economy strong.

- a. *Policy/Program:* Protect farmlands for agricultural operations
- b. *Policy/Program:* Identify productive agricultural lands by utilizing the *Soil Survey of Sheboygan County*.
- c. *Policy/Program:* The farmer’s “Right to do Business” is best protected by local zoning power. The State of Wisconsin through the Agricultural Protection Act recommends properly asserted zoning power as the best mean for preserving a town’s agricultural base.
- d. *Policy/Program:* Work with the county and state in identifying the possible use of Purchase of Development Rights (PDR) and Transfer of Development Rights (TDR) within the county, to assist farmers and to help preserve farming within the Town.

3) Encourage economic development that consists of neighbor friendly, small home-based businesses.

- a. *Policy/Program:* The Town Board will issue permits based upon such factors as the types of traffic generated, noise, odor, lighting, and visibility of business related materials and equipment.
- b. *Policy/Program:* The Town will encourage home-based businesses undergoing substantial expansion to relocate to a more suitable location such as close to a nearby village.

4) Identify areas for industrial development, it will not be encouraged within the town.

- a. *Policy/Program:* Establish areas zoned for small business (other than home-based business) development.
- b. *Policy/Program:* Monitor any commercial or industrial development that occurs adjacent to the Town to ensure that the growth is compatible with the Town’s rural nature and in order to lessen potential conflicts.