

# Regional Economic Growth Initiative

## **COMPETITIVE ASSET ASSESSMENT**

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### **Report of Findings**

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Consultants in Economic Development  
& Emerging Markets

With **Szatan Associates**

Sponsored by the Wisconsin Economic Development Corporation  
WEDC Community Capacity Building Grant Program



## EXECUTIVE SUMMARY

The lingering impact of massive job loss, industry restructuring, and community reordering can be long and traumatic. Unless addressed, it becomes a persistent narrative. Despite such losses, some communities do come back. What is it that allows one community to turn adversity to its advantage while another allows it to define them? Those communities that are successful in rebuilding their economies have reconciled the prosperity they once found from rigid adherence to one set of practices with the need to open their minds to the fluid and dynamic markets of today. They find a way to craft a new narrative that respects the past but defines the future in a new and modern way.

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Diane Lupke & Associates, Inc., working in partnership with Szatan Associates, was engaged to complete a Competitive Asset Assessment for southern Wood and northern Adams counties by the Regional Economic Growth Initiative. The Regional Economic Growth Initiative is a nonprofit 501 (c) 3 economic development organization of public, private, and nonprofit investors from Wood and northern Adams counties. The public sector investors include: Wood County, City of Wisconsin Rapids, Town of Grand Rapids, Village of Port Edwards, City of Pittsville, Village of Vesper, Town of Rome, Village of Rudolph, City of Nekoosa, and Village of Biron. The purpose of the engagement was to review the assets in the two counties and assess their capacity to support and sustain economic growth and recovery. The effort was funded by the Wisconsin Economic Development Corporation with matching funds supplied by the Regional Economic Growth Initiative and its supporting partners.

Through a five part process: Interviews, Economic Position Assessment, Asset Inventory, Benchmark Comparison, and SWOT; it has become clear that southern Wood and northern Adams counties have many important assets, critical strengths, and potential opportunities. To gain the most benefit from such attributes it will be necessary to see beyond the easy answer to a more complex yet also more sustainable future. It will be necessary to collaborate among multiple partners, layer multiple funding sources, make hard choices, and engage everyone's talents in projects with identified potential for success. To do less will mean reinforcing the status quo and potentially enabling further decline.

The process steps followed by key findings are summarized below.

### **Economic Position Assessment**

The assessment reviewed 15 data points at the federal, state, and local levels from standard data sources, such as, the Bureau of Labor Statistics, and the Wisconsin Department of Revenue. In addition, it calculated the concentration of employment in various industry sectors using the Location Quotient. Finally, it used a proprietary calculator: the Innovation Index, which combines multiple data sources to measure the capacity of the area to support innovation.



**Key Findings:**

- Population is stagnant and aging.
  - Unemployment is above the national average but, not excessively, labor availability is good.
  - Wages are flat but comparable across industry sectors.
  - Spending is conservative and well below the national average.
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- The high school graduation rate is very high from high quality schools; this is an advantage; however, the college graduation rate is significantly below the national average and will negatively impact the location decision of headquarters locations.
  - The area has extremely high concentrations of employment and intellectual capital in three key areas: paper / cellulosic technologies; agriculture, specifically cranberries and potatoes; and healthcare. The economic capacity of these three industries is sufficient to support innovation, growth, and employment in the region.

**Asset Inventory**

An Asset Inventory is an inventory of the assets available within a given area to support economic development. The consulting team reviewed individual assets in an effort to provide guidance to each political jurisdiction<sup>1</sup> while also considering assets from the perspective of an incoming business or site selection consultant.

**Key Findings:**

- Adequate space exists for many potential businesses in existing industrial / business parks.
- None of the industrial / business parks is served by an interstate highway; this is a negative that will eliminate the area from some site selection competitions, but 4-lane highway access is generally good and adequate for most businesses.
- Most site selection begins with a search for existing buildings, few vacant buildings exist, and none meet standard search criteria.
- Water is abundant, water treatment capacity is adequate for existing businesses, but may be inadequate to support growth in all locations.
- Telecommunications infrastructure is outstanding; it is a competitive advantage.
- Energy costs are high, but competitive, and an advantage in comparison to some areas.
- Quality of life is very high, superior assets, in particular recreational assets, exist throughout the area.
- The central place of the region, though possessed of many fine assets, in particular the river, is marred by disinvestment.

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<sup>1</sup> Wood and northern Adams counties, City of Wisconsin Rapids, Town of Grand Rapids, City of Nekoosa, Village of Port Edwards, Village of Biron, City of Pittsville, Village of Vesper, Village of Rudolph, Town of Rome, Town of Saratoga, Town of Seneca, Town of Dexter, Town of Cranmoor, and Town of Sigel.



## Benchmark Comparison

The consulting team compared the assets of southern Wood and northern Adams counties with the assets supporting development in four benchmark communities: Stevens Point, Appleton, Eau Claire, Wisconsin, and Kalamazoo, Michigan. The purpose of benchmarking is to provide a frame of reference to like and aspirational communities. This comparison enables policy makers to better evaluate ones' assets within a marketplace for businesses, labor, and visitors.

### Key Findings:

- Every benchmark community presented one or more industrial sites on or adjacent to an interstate highway.
- The definition of REGI's region as a subset of two counties undervalues its economic power in comparison to the benchmark communities and limits its ability to compete effectively.
- Wages, though considered high locally, are competitive.
- Wisconsin's overall business tax climate is a disadvantage within four of the five surrounding states. The Tax Foundation ranked Wisconsin #43. In the surrounding states, Michigan is ranked #13; Minnesota is ranked #47; Indiana # 8; Illinois #31; and Iowa #41.
- With the exception of interstate access, the REGI area industrial and business parks are largely comparable to others in Wisconsin. Eau Claire has a technical college located at one park. Kalamazoo has generous incentives available at each park and a university presence at one park.
- Southern Wood and northern Adams counties do not have access to an incubation center; all benchmark communities have incubation centers.
- Southern Wood and northern Adams counties meet or exceed the benchmark communities on Quality of Life; number of physicians per capita is far greater, promising access to health care superior to the benchmark communities.

## SWOT Assessment

An important tool for decision makers is an assessment of internal strengths and weakness and an identification of external opportunities and threats. The SWOT informs decision making by allowing a community to maximize its use of their assets toward selected opportunities with strengths and minimize the impact of their weaknesses.

### Key Findings:

- Strengths
  - Core capacity in paper / cellulosic technologies, agriculture, and healthcare
  - Kindergarden-12<sup>th</sup> Grade, Mid-State Technical College, and University of Wisconsin at Stevens Point educational institutions
  - Multiple private and community foundations, their assets, engagement, and vision
- Weaknesses
  - Limited economic development capacity
  - Central place not a draw



- Infrastructure issues
- Limited entrepreneurial support
- Opportunities
  - DMI Reuse
  - Potential philanthropic investments from multiple local foundations
  - Tribune Building
  - Tourism
- Threats
  - Economic anchors at risk
  - Shrinking and aging workforce, loss of youth
  - Inability to work as a region

### Recommendations

As a result of the Competitive Asset Assessment, the consulting team has identified five related and interdependent issues for attention.

- ✚ Economic Development Capacity
- ✚ Reinforcing Economic Drivers
- ✚ Working Together as a Region
- ✚ Creating a Central Place
- ✚ Infrastructure

In response to those issues, the consultants have developed a series of recommendations that build upon the region's assets, mitigate those limitations that undermine growth, and take advantage of opportunities on the horizon. Accompanying the recommendation narrative is a Recommended Work Program with short, medium, and long-term initiatives. Some of the recommendations fall into one or more categories, that is appropriate and underscores the importance of the recommendation to support wise use of resources and overall well-being.

#### ***Issue #1: Economic Development Capacity***

Wisconsin as a whole has struggled to build its capacity in economic development. Only recently has the State developed training for professional economic developers and elected officials. Many counties lack the support of trained staff in economic development. Reportedly, Wood County is the only county without a countywide economic development entity. Centergy, though effective with its limited resources, is significantly understaffed. Southern Wood and northern Adams counties do not have sufficient economic development capacity to meet their needs. At the time of this analysis, REGI lacks trained and experienced professional staff. Moreover, the area's long time dependence on a single industry has meant little experience within the business community's leadership in working in collaboration with the public and nonprofit sectors to build the economy. Throughout the area, including Centergy, REGI, area Chambers, County, and City economic development capacities must be increased to fully meet the challenges of restructuring the economy.



*1 - The consultants recommend the development of a full-service economic development organization to lead efforts in business attraction, business retention and expansion, and entrepreneurship programming in collaboration with regional entities.*

### **Issue #2: Reinforce Economic Drivers**

Paper, Agriculture, and Healthcare are the drivers of the regional economy. However, each is at risk. The paper industry continues to shrink. It is likely that more jobs may be lost. Each consolidation, buy-out, and bankruptcy, tarnishes the picture of the industry in the world causing the intellectual assets it holds to lose value. More importantly, that same restructuring causes the local community to discount those assets as well, missing the opportunity that they still hold.

Agriculture is very strong in the region with major concentrations in potatoes and cranberries. Water disagreements and the regulated capacity of land limit the productivity of agriculture. Though regulations are intended to protect land values and the sustainability of agriculture they also limit the productivity of any single land unit. Concerns about ground water quality are limiting the size of dairy farms over and above regulatory limits. Cranberries are a nutrient powerhouse. Underfunded research into cranberry pests, alternative products, and new markets has slowed growth and endangered revenues. Current health focus on added sugars in fruit products threatens their super-food status.

Healthcare is a major driver of employment and growth in the larger region. Wisconsin's Department of Workforce Development identifies "16 of the top 25 fastest growing jobs are healthcare related." It will be an important anchor in the economy in contrast to the more volatile start-up ventures proposed in paper/new cellulosic product development and agriculture. However, due to its center of influence in Marshfield, and the current level of change in the supra-local marketplace now served by REGI, healthcare is not getting the attention it deserves. The healthcare sector is critical and potential is great due to the presence of a fully integrated sector inclusive of research and development, innovation, equipment manufacturing, and services. Its market is multi-state but not fully developed.

Despite the tragic loss of jobs, economic power, and leadership the restructuring of the paper industry has brought about, the remaining concentration of talent and expertise is a key strength. This is a capacity on a global scale. Moreover, this capacity is joined by similar, though not wholly unique, capacities in agriculture, and healthcare. There is sufficient capacity in these three industries to drive the economy.

*2 - The consultants recommend reinforcing economic drivers through the development of comprehensive economic development programming in business attraction, business retention and expansion, and entrepreneurship and new business creation. This is the foundation for long-term and sustainable economic growth.*



**Issue #3: Redefining and Working Together as a Region**

The desire to separate one's self from rivals is common. Historical disagreements, cultural differences, and competition for resources and opportunities can drive a wedge between those who should be partners, collaborators, and friends. But often, economics intervenes. The willingness of commuters to travel to jobs outside of their own communities defines an employment marketplace. Workers in Wisconsin Rapids are traveling to Marshfield, Plover, and Stevens Point. Alternatively residents of those communities are finding jobs in Wisconsin Rapids, Biron, and Nekoosa. The employment marketplace has defined itself. Measuring by employment, it is your region.

*3 – The consultants recommend maintaining current boundaries for local investments but redefining the region as the larger employment marketplace inclusive of Marshfield, Stevens Point and Plover. Create strategic alliances with Marshfield, Plover, and Stevens Point for marketing, employment training, business networking, and major initiatives, such as, the DMI site redevelopment.*

**Issue #4: Developing a Distinctive Central Place**

What is it about a community that causes visitors to want to return again and again, or potential residents to choose to live there? Is it a concrete differential, such as, a lower tax rate, or higher graduation rates? Perhaps it is the presence of a special restaurant or an entertainment venue? Or, is it something less tangible, an energy, vitality, or buzz? Whatever the difference, it is clear that some communities have it and others do not.

In the mid-1990's, a number of research institutions explored the role that a central place has in supporting or depressing the health of a region. Richard Voith wrote in The Federal Reserve Bank of Philadelphia Business Review "city decline adversely affects the overall economic health of a metropolitan area". Likewise, a strong and vital core supports the fortunes of the region. In conclusion, Mr. Voith stated, "both city and suburban residents alike have a stake in the economy of the city".

Though many things have changed in how people use their downtown centers in the twenty years since those words were written, their conclusion is even more valid today. Whether one follows the philosophies of Smart Growth, Town Centers, or the Creative Class, an active and distinctive central place is at their core. Activity is concentrated and diverse; living spaces, work spaces, and entertainment spaces are interspersed in walkable nodes; and attractive community gathering places, formal and informal, large and small are throughout.

*4 - The consultants recommend supporting the development of a strong and attractive central core as a means to attract new businesses, residents, and visitors, retain young professionals, and establish its place in the larger region.*





**Issue #5: Infrastructure and Related Issues**

Southern Wood and northern Adams counties sit atop the largest fresh water aquifer in Wisconsin. Clean, fresh water is abundant. Yet, multiple jurisdictions and a lack of agreement on shared investments in water and water treatment systems threaten individual businesses and the finances of individual communities.

The consultants are sympathetic to the desire of many Americans to maintain local control and decision-making. Such local governance does not preclude strategic alliances and intergovernmental agreements that further the aims of each governmental unit. In fact, an emergency water agreement already exists between Port Edwards and Wisconsin Rapids. Others are necessary.

*5 – The consultants recommend exploring inter-governmental agreements to fairly and quickly resolve issues related to water and waste-water treatment throughout the area.*

Every community must take the steps to secure its own future. Every resident, every business, and every institution has a part to play in furthering their community's prosperity. The choices we all make on a daily basis determine whether we will be successful as a community or become side-tracked in self-interest, acrimony, and defeat.

The process of economic development is ongoing. Coming together as a region to make decisions about your collective future is difficult. Finding the mix of policies, practices, and programs that makes best use of your community's attributes and spurs economic growth is complex. Yet each of these things is critical.

REGI has taken the steps necessary to lay a substantial foundation under its work. Now is the time to set aside jurisdictional differences, come together as a region, make decisions, and take action to secure your future.

