

## Chapter 9 - Economic Development

Per State of Wisconsin Statute 66.1001 - Comprehensive Planning (2)(f), the Economic Development element of a community's comprehensive plan is to be:

*"A compilation of objectives, policies, goals, maps, and programs to provide for the stabilization, retention or expansion, of the economic base and quality employment opportunities in the local governmental unit; including the analysis of the labor force and economic base of the local governmental unit. The element shall assess categories or particular types of new businesses and industries that are desired by the local governmental unit. This element shall assess the local governmental unit's strengths and weaknesses with respect to attracting and retaining businesses and industries; including the designation of an adequate number of sites for such businesses and industries. This element shall also evaluate and promote the use of environmentally contaminated sites for commercial or industrial use. The element shall also identify county, regional and state economic development programs that apply to the local governmental unit."*

### 9.1. Economic Development Planning

Although the practical definition of economic development is often localized, the concept is "the process of creating and/or stimulating wealth through the mobilization of human, financial, physical and natural resource related capital to generate marketable goods and services." Simply stated, it's about creating an environment that's conducive towards fostering sustainable investment opportunities that continuously generate revenue (i.e. taxes and fees) and wealth (i.e. income) through a multiplier effect. Wealth and revenue, in turn, equate to a community's ability to generate cash flow or tax base: the basic mechanism utilized to support public sector programs and services.

Unfortunately, though, securing and growing this cash flow in a functioning global economy has increasingly become a challenging proposition. Competition is no longer contained to a few states or countries. It's literally everywhere and the penalties for unprepared, non-competitive communities are well documented. That's why there's been an elevated emphasis on purposely intervening, when and where appropriate, into the structural pillars of a community's economic landscape. Since it's not business as usual anymore, citizens are confronted with responding to the following basic questions:

- What are the economic trends and how do they impact the community both today and in the future?
- Is the community's line of vision for economic development compatible with these trends?

To answer these questions, a community should follow these basic steps:

1. *Organization*: Perform an inventory and analysis of a community's economic development network to identify capacity/capability strengths and/or weaknesses (see 9.2.).
2. *Data*: This is an examination of key socio-economic indicators and their relationship to the community's overall economic health. Information gleaned from various sources, including community input, survey research and/or universal databases are utilized to place this data within the appropriate context (see 9.3. - 9.5.).
3. *Resource Identification*: Performing an inventory of available financial and technical assistance instruments is useful to determine not only program strengths/weaknesses, but utilization too (see 9.6.).
4. *Strategy Development*: This is the stage in the overall planning process where community implementation strategies are identified, prioritized and/or right-sized (see 9.7. - 9.8.).
5. *Plan Development*: Once the aforementioned steps are addressed, then a formal plan stipulating the goals, objectives and policies can be articulated (see 9.9.).
6. *Evaluate/Report*: This final step involves measuring the plan's implementation outcomes against the identified benchmarks and then making adjustments accordingly. This topic will be addressed within *Rock County's 2020 Economic Development Plan*, which is tentatively scheduled for completion in 2010/2011.

Similar to basic strategic planning exercises, strategizing for economic development is crucial. In Rock County, most of these economic development planning activities have been propelled by leadership changes, legislative/policy directives or by unfavorable economic conditions. During the early years of this decade it was Beloit Corporation's closure that rocked the Stateline area. Currently, it's the City of Janesville General Motors (GM) Assembly Plant closure, commingled with changing City of Janesville administration, that's forcing the discussion. Irrespective of cause, though, the compilation of these various plans create venues for enhanced acknowledgment, communication and commitment (see 9.8.).

## 9.2. Inventory of Economic Development Organizations (EDO)

Generally, the name of the organization is reflective of its structure (e.g. public, private, or public/private), function (e.g. chamber of commerce, EDO, development authority) and ultimately its service territory. While some communities have limited economic development capacities/capabilities, other than their local unit of government, there are many Rock County communities that possess an impressive array of EDO offerings. Figure 9.1 provides a cursory overview of these Countywide offerings.

**Figure 9.1:  
Local Economic Development Organizations (EDO): Rock County**

Community	City of Beloit	Village of Clinton	City of Edgerton	City of Evansville	Village of Footville	City of Janesville	City of Milton	Village of Orfordville
Chamber of commerce*	x	x	x	x	x	x	x	x
Downtown/merchants association	x					x		
Local unit of government economic development department	x					x		
Economic development Corporation	x		x			x	x	
Community development authority**	x		x			x	x	
Redevelopment authority				x				
Community non-profit economic development/ community organization	x	x	x	x	x	x	x	x

*\*The Villages of Footville and Orfordville share a chamber of commerce.*

*\*\*The community development authorities in the Cities of Beloit and Janesville are affiliated with housing related initiatives versus traditional economic development activities.*

Since today’s economic development environment is more holistic, collaboration and partnerships are the norm versus the exception. This shift exemplifies not only the level of expertise and expected deliverables, it also reflects organizational capacity, funding and the overall political landscape. Certain communities, like the City of Milton, have responded by consolidating separate organizations into a single group (i.e. Milton Area Chamber of Commerce, Industry and Tourism). This approach not only reduces duplication of efforts, but also leverages scarce fiscal and political resources. Nevertheless, each community must determine which organizational frameworks serves its interest best.

### County Economic Development

Rock County’s Economic Development Agency, with functions dating back nearly 30 years, operates as a divisional unit of the County’s Planning, Economic & Community Development Agency. While the delivery and utilization of the Economic Development Agency varies depending on constituency group, the agency’s services have consistently served the County, often traversing multiple jurisdictional and topical issues.

Overall, the agency’s services fall into any combination of the following services, business development, community/organizational capacity building, demographic analysis, intergovernmental affairs, marketing, planning, program/policy advocacy, real estate and workforce development. Additionally, the Economic Development Agency provides direct consultative services that facilitate business expansion, relocation or entrepreneurial activities Countywide.

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## Regional Economic Development

Recognizing that common economic, environmental, physical and social linkages often transcend geopolitical boundaries the notion of working collaboratively or regionally surfaced. Although somewhat recent, at least according to Wisconsin's economic development related public policy initiatives, Rock County has been working regionally for quite some time.

The Rock County Development Alliance ([www.rockcountyalliance.com](http://www.rockcountyalliance.com)) and its predecessor, the Rock County Partnership, trace its roots back nearly 15 years. While less structured than today's formal regional groups, the alliance's efforts collectively address and finance various industry, marketing, research and workforce initiatives. The alliance has become a recognized vehicle utilized to leverage scarce resources and reduce duplicative efforts.

For well over 25 years, Alliant Energy ([www.alliantenergy.com](http://www.alliantenergy.com) and [www.midwestsites.com](http://www.midwestsites.com)) has provided various forms of direct financial and technical assistance throughout their service territory. Whether through Partnership Programs, the Corporate Foundation or their Shared Savings Program, Alliant's support for economic development organizations, their staff and constituents is indeed unparalleled. A brief summary of their economic development programs/services, include, but are not limited to, community grants, consulting, energy efficiencies, green applications, financing, marketing/signage assistance, professional scholarships, staff support, workforce, and technology applications, etc. Rock County's economic development efforts have benefited directly from this long-standing relationship.

Another regional example is the I-39 Logistics Corridor Association ([www.i39logisticscorridor.com](http://www.i39logisticscorridor.com)), a membership based organization that encompasses 10,000 square miles and spans 165 miles across the Wisconsin and Illinois Stateline. The corridor's main mission is heavily geared towards utilizing Union Pacific's Global III (Rochelle, Illinois) as the focal point to facilitate/position its bi-state membership as benefactors of the U.S. \$60 billion logistics industry. As the northern anchor, Rock County is one of the original founding Corridor Association members.

The Capital Ideas Technology Zone ([www.capital-ideas.org](http://www.capital-ideas.org)), representing Dane, Jefferson and Rock Counties is a quasi-informal group of economic development practitioners that preside over one of the State's Eight Technology Tax Credit Zone programs. Monthly meetings provide industry cluster information sharing and networking opportunities, thereby enhancing regional collaboration and communication.

While affiliated with workforce activities, the Southwest Wisconsin Workforce Development Board (SWWDB) ([www.swwdb.org](http://www.swwdb.org)) is another example of regional collaboration. As one of 11 authorized recipients of Federal Workforce Investment Act funds, the SWWDB serves a six-county territory that is anchored by Rock County. While navigating the myriad of Federal and State compliance issues, the SWWDB is committed to working collaboratively to address innovative and quality workforce development services. In Rock County, these services are

available at the Rock County Job Center, the SWWDB's official comprehensive one-stop center. Since Rock County represents over 50% of the population and business concentrations within the SWWDB territory, its interests are well represented through the board's activities.

Currently, the SWWDB has joined forces with its south-central counterpart on a 12-county regional workforce project. This project, which is funded by a United States Department of Labor Workforce Initiative for Regional Economic Development (WIRED) grant, is designed to address the following topics, industry sectors, workforce delivery systems and talent development. These WIRED activities are targeted specifically at the 12-county's key industry sectors, advanced manufacturing, agriculture, health care, life sciences, skilled trades and utilities. To date, Rock County has been actively engaged in this \$5 million, three-year project.

The last regional example in this section references Thrive ([www.thrivehere.org](http://www.thrivehere.org)), the eight county regional effort anchored by the Madison Metropolitan Statistical Area (MSA). As an extension of the Collaboration Council, Thrive's efforts are focused on balancing quality of life indicators within the context of growing the Madison region's agricultural, biotechnology and healthcare sectors. Considering various market and workforce factors, Rock County is represented on the council and within Thrive's extended networks, as well.

## State Economic Development

The Wisconsin Economic Development Association (WEDA) ([www.weda.org](http://www.weda.org)) is a non-profit, non-partisan membership-based organization dedicated to expanding Wisconsin's economy. Since 1975, WEDA has successfully represented the collective economic development interests of both the private and public sectors by providing leadership in defining and promoting statewide economic development initiatives. An elected volunteer board of directors provides policy oversight, while contracted service providers administer WEDA's business and organizational responsibilities.

WEDA has been extremely instrumental in shepherding economic development legislation through the State of Wisconsin. Suffice to say, Rock County's interests are well represented by WEDA's policy initiatives. Moreover, the County's economic development practitioners have directly benefited from the organization's continuing education and networking opportunities.

Lastly, no reference to statewide economic development efforts would be complete without noting the State of Wisconsin. While there are countless state agencies reportedly engaged in economic development efforts, the most widely recognized entity is the Wisconsin Department of Commerce ([www.commerce.state.wi.us](http://www.commerce.state.wi.us)). Commerce provides assistance in the following areas, business and community finance, exporting, manufacturing assessments, marketing and small business advocacy. Additionally, they also issue professional credentials for the construction trades and administer Wisconsin's safety and building codes. Commerce regulates petroleum products/tank systems and administers an environmental clean-up fund. Lastly, Commerce is also responsible for various Federal housing related programs.

Forward Wisconsin ([www.forwardwisconsin.com](http://www.forwardwisconsin.com)), the State's official marketing entity, is housed within the Wisconsin Department of Commerce. Established in 1985, Forward's unique public/private partnership became a model that other states would soon emulate. Through Forward's efforts, many local economic development organizations, including those in Rock County, have been exposed to an entirely expanded consultant, developer and industrial community. With the proliferation of regional groups, Forward Wisconsin remains the sole voice offering a cohesive, statewide message. Rock County has benefited from this voice, especially from Forward's Chicagoland industry visits, marketing activities and overall brand name presence.

### 9.3. Socio-Economic Trends

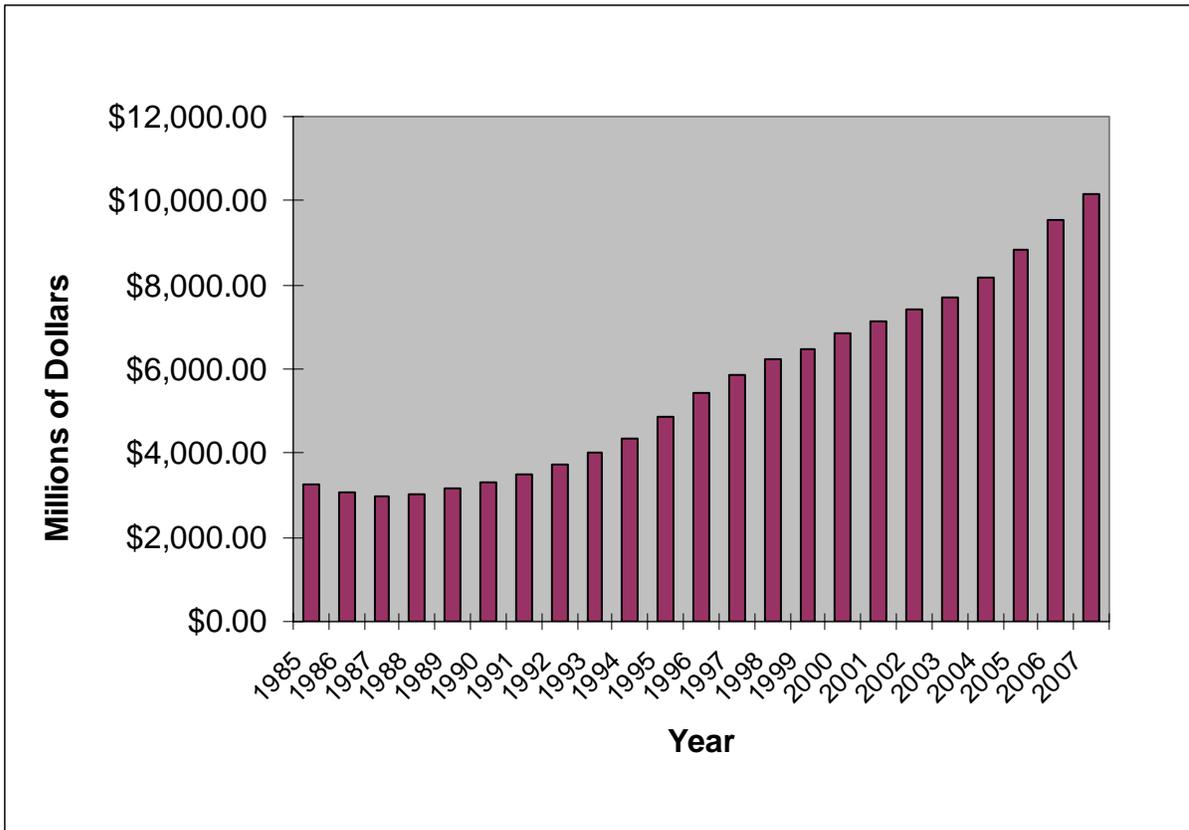
#### Overview

Rock County's current population of 160,447 (2008 estimate) continues to rank among Wisconsin's largest counties. Steady-to-moderate population growth, as measured by comparative census data, is directly attributed to the County's close proximity to larger, metropolitan locations such as the Cities of Madison, Milwaukee, Rockford and Chicago. Geography, industry and transportation linkages, coupled with lower cost of living indicators, continue to facilitate Rock County's overall positive growth patterns.

Rock County's growth rate during this decade, as measured by equalized property values, continues to exhibit positive gains. During 2007 this growth rate was 6.4%, which is slightly higher than the County's current decade annual average of 5.78%. As a percentage of the County's total equalized property value, a resurgent commercial sector has reached unprecedented levels, 18.4%, which is the highest percentage over a 22-year period. Various projects throughout the County, ranging from greenfield to redevelopment projects, are responsible for this shift. Figure 9.2 and Figure 9.3 provide an illustration of these growth trends.

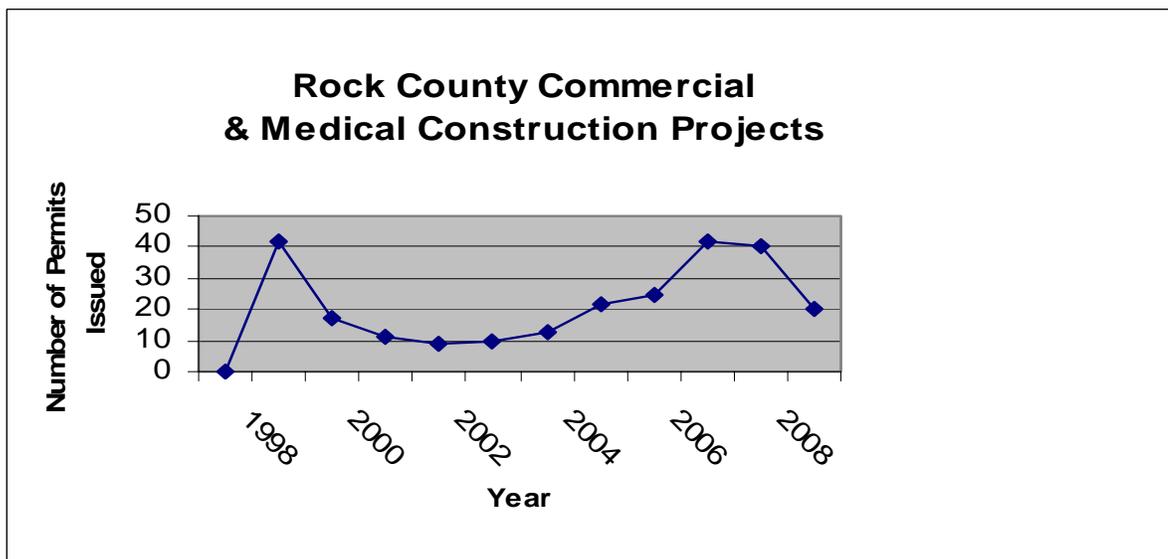


Figure 9.2:  
Equalized Property Values: Rock County: 1985 - 2007



Source: Wisconsin Department of Revenue - 2007

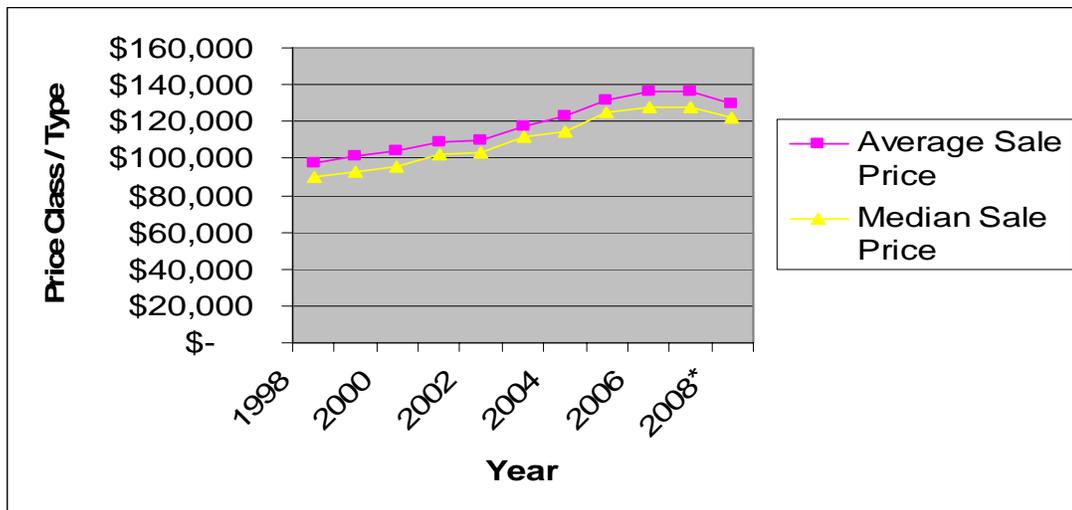
Figure 9.3:



Source: McGraw-Hill Construction Information Group - 2008

Additionally, the County’s residential growth has been fueled by a strong housing industry that benefits from the combined influences of affordability and geography. Despite increasing inventories and days on market, prices have remained relatively stable. For example, 2007’s median sale prices outpaced those from 2003-2005, even while those years experienced higher transaction volumes (see Figure 9.4).

Figure 9.4:  
Single Family Home Prices: Rock County: 1998 - 2008



The main caveat, of course, is how severely and long the international credit crisis will impact housing developments. In the 4<sup>th</sup> quarter of 2008, it’s estimated that the housing value for one out of every six homes nationally is lower than its original mortgaged value. This estimate is staggering, especially when factoring skyrocketing foreclosure rates. While Rock County’s foreclosure rates have increased by over 20% during 2008, these rates remain lower than the State of Wisconsin’s (30%+) and neighboring counties of Dane (50%), Green (35%) and Jefferson (28%), respectively.

Rock County remains among the ranks of the top 13 tourism expenditure generating counties Statewide, representing slightly over \$233 million annually. This expenditure figure represents less than 2% of the State’s estimated \$12.7 billion total tourism impact. These expenditure figures are derived from an economic modeling system using inputs from survey research and other data sources. For context purposes, expenditures are defined as dollars spent by visitors/ travelers spending any amount of money on any product or service (e.g. food, lodging, recreation, shopping and transportation).

Local tourism officials attribute the County’s gradual decline from the top 10 rankings to the shrinking local lodging market which was precipitated by the Oasis/Ramada (i.e. Menard’s) redevelopment project. Recent lodging projects, including those pending, are incrementally assisting with this room replenishment, such as the City of Evansville’s Cobblestone Inn and Suites. Meanwhile, the retail and commercial sectors continue to hold their own, as evidenced

by lower vacancy rates for both downtown and highway business district corridors (e.g. Morgan Square, Janesville Crossing, etc.).

Another indicator of this activity is the County's sales and use tax collections, which became effective April 2007. These collections are instructive within the context of market resiliency and volatility. Per the Wisconsin Department of Revenue, "the county sales and use tax is a 0.5% tax imposed on the gross receipts from retail sales or rentals of tangible personal property or taxable services in a county with a county tax, with the following exception. Sales of motor vehicles, boats, snowmobiles, recreational vehicles, trailers, semi-trailers, all-terrain vehicles and aircraft are subject to the county use tax rather than county sales tax. The Wisconsin Department of Revenue administers the county tax."

Nationally, 2007 marked the weakest national retail performance in five years and consumer prices jumped to their highest level in 17 years. Performance in 2008 was just as dismal, with six straight months of decline and the worst holiday sales period since 1995. Not surprisingly, these national trends have local implications. For example, Rock County's 2007 year-end sales tax collections were lower than originally projected, totaling just over \$6 million instead of an anticipated \$8.5 million. However, 2008's year-end total was over \$10.3 million, exceeding the projection of \$9.9 million. Figure 9.5 displays the comparison between Rock County's 2007 and 2008 totals, respectively.

The steep decline in energy and fuel prices, as well as aggressive price reductions from the large big-box stores, were attributed to the 2008 year-end surge. While the volatility in these markets is somewhat stabilized, global and national developments continue to compromise long-term forecasts. That said, Rock County is conservatively forecasting a figure of \$10 million for its 2009 sales and use tax collections.

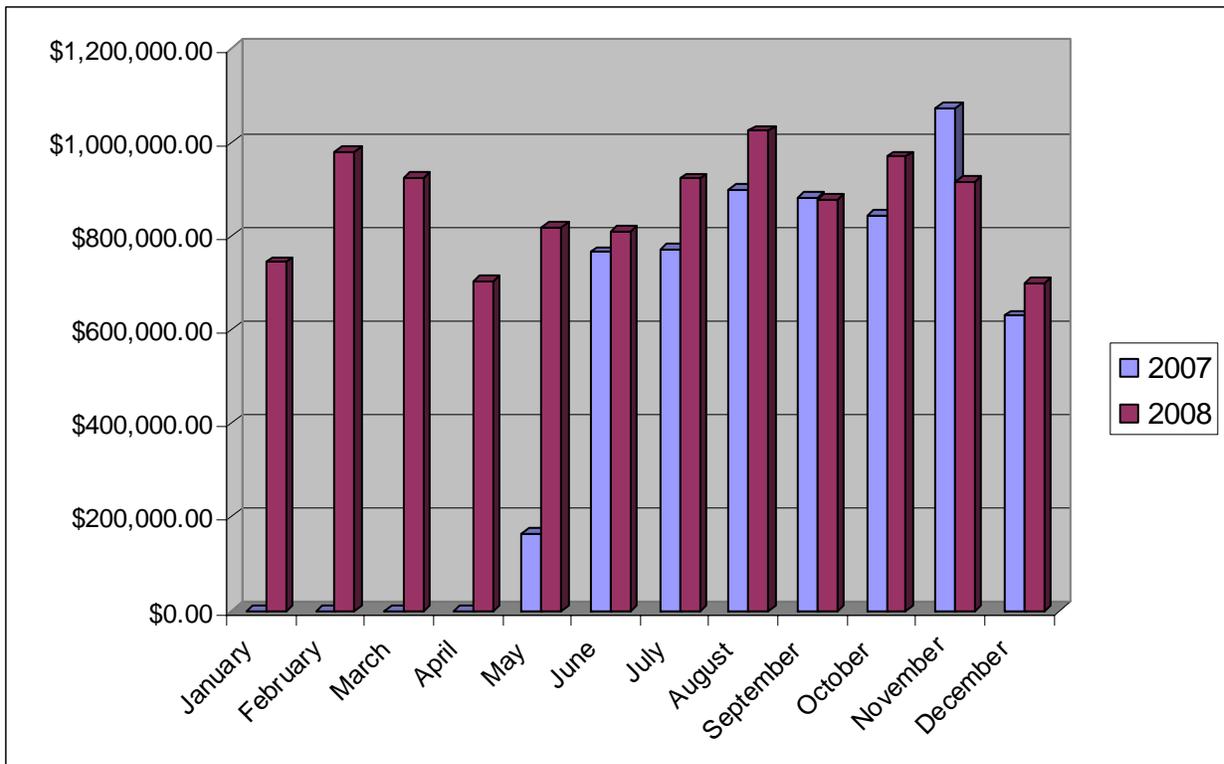
These positive growth patterns, however, are likely to eventually turn less favorable. The international credit crisis, which continues to be aggravated by fluctuating fuel markets, will undoubtedly translate into mixed responses locally. Compounding matters is that the last 12 months have been particularly challenging for Rock County's citizens and business due to the e-squared impacts (i.e. environmental and economic).

On the environmental side, an estimated \$42 million worth of damage to businesses, homes, agricultural assets and public infrastructure are attributed to the June 2008 flooding. Approximately 200 homes, with many more expected, have qualified for nearly \$1 million in Federal flood assistance. While the totality of the business impacts from the flooding are not quite as well documented yet, there are confirmed anecdotal references that a two-year recovery period is anticipated.

Perhaps the most significant impacts of all, though, are attributed to the June 2008 GM announcement. After decades of speculation, GM publicly shared its intention to cease production at their Janesville Assembly Plant by December 23, 2008. This move, one of several

North American restructuring activities announced by Detroit, has already begun to ripple throughout the County, the region and the State. Although the actual impacts will be somewhat softened by collective bargaining agreements and retirement options, the aggregate impacts will cause various degrees of pain Countywide.

Figure 9.5:  
Sales Tax Collections: Rock County: 2007 - 2008



Source: Wisconsin Department of Revenue

As expected, the negativity associated with the June GM announcement has been pervasive, despite what the actual data notes. That’s why understanding the context of this news and translating it to businesses, investors and policy makers is absolutely essential. For example, 30 years ago approximately 10% of the County’s labor force and income were directly GM related. By 2008, GM’s share of employment and income, as a percentage of County totals, were considerably less and have now decreased to represent approximately 5% of the County’s labor force and income.

Similar downward trends are notable on the property tax side too. For example, in 2007 GM’s County tax impact was less than 0.5%, while only accounting for about 1% of the City of Janesville’s overall tax roll. Nevertheless, even when factoring in GM’s declining presence, tangible impacts exist. For instance, an economic impact model released August 2008, which examined the aggregate impact of the jobs, income and sales attributed to GM, notes that nearly 9,000 positions, over \$84 million in revenues and approximately three-quarters of a

billion dollars worth of total income are associated with GM related activities.

The severity of these impacts has been the catalyst fueling the GM Task Force efforts, which began working early June 2008 with various stakeholders to develop a forward thinking, comprehensive proposal. This proposal was delivered, and presented, to GM on September 12, 2008. Since that date, the Task Force continues to meet and quantify additional strategies linked back to the original proposal. While there are no indications whether these efforts will be successful, the recently approved \$25 billion Federal Advanced Technology Vehicles Manufacturing Loan Program (ATVMPLP) provides some optimism.

This ATVMPLP will enable U.S. based automotive manufacturers to accelerate the 2007 Congressional fuel economy mandates, by providing low-interest retooling and technology enhancement related funding. Considering the global credit crisis, which has severely limited access to capital for even the most credit worthy applicants, the timing of these ATVMPLP funds is impeccable. However, it's unknown if any of this ATVMPLP will find its way back to GM's Janesville Assembly Plant, especially considering the tenuous cash position of the Detroit Three.

While the automotive industry has a deep and cherished affiliations with Rock County, it's important to note that there's been an incremental shift (i.e. diversification) away from single industry dominance. The value of this diversification is quite visible, especially within the GM closure context. While painful, the overall impacts to the County will ultimately be mitigated because the share of income and employment linked to GM are significantly less than 30 years ago. While not entirely identical, generalizations between the Beloit Corporation closure during the early part of this decade and GM's activities essentially confirm the impact statements above.

Today, Rock County has become a community of many companies, representing various industry sectors. Pacesetters like Mercy Health System, Lab Safety Supply, Frito-Lay, Seneca Foods, Blain Supply Co. and a host of other companies consider Rock County their home. Figure 9.6 provides a major employers listing, reflecting 2008 year-end and early 2009 employment.

Diversification efforts are not only recognizable by employment numbers, but also denoted by the business development activities occurring throughout the County. Within the last two years, there have been five health care projects, including a new \$140 million dollar hospital, announced and/or constructed. Furthermore, the lion's share of the 1.1 million industrial/warehousing square footage added during the last five years, including the nearly 950,000 square feet from 2007, is occupied by non-automotive users.

Overall, Rock County's economy continues to exhibit steady-to-moderate growth trends, thereby creating insulation from the economic swings that historically plague larger metropolitan areas. No longer dominated by a single industry, Rock County now supports an environment that's home to several recognized and diversified companies. Despite sluggish residential transaction and building activities, sale prices are holding steady. Meanwhile, commercial activity, buoyed

by strong industrial/warehousing projects, continues to track positively, signaling solid market growth, diversity and resiliency tendencies.

**Figure 9.6:  
Largest Public and Private Sector Employers: Rock County**

Company	Location	Product/Service	Employment
Mercy Health System	Janesville	Medical services	2,635
Janesville School District	Janesville	Public education	1,515
Beloit School District	Beloit	Public education	1,199
Rock County	Janesville	Government	1,189
Beloit Memorial Hospital	Beloit	Medical services	1,108
Lab Safety Supply, Inc.	Janesville	Catalog distributor - Safety supplies	910
Wal-Mart/Sam's Club	Beloit/Janesville	Retail department store	819
Frito-Lay	Beloit	Snack foods	700
Seneca Foods Corporation	Janesville	Vegetable/food processing	700
SSI/Bournes	Janesville	Automobile control devices	560
Blackhawk Technical College	Beloit/Janesville	Education and training	517
Woodman's Food Market, Inc.	Beloit/Janesville	Supermarkets	490
Blain Supply Co./Farm & Fleet	Janesville	Wholesale distributors	482
Lemans Corporation	Janesville	Distributor - Recreational vehicles	475
Beloit College	Beloit	Liberal arts college	463
Prent Corporation	Janesville	Custom thermoformed plastic parts	450
Dean Health System	Janesville	Medical services	447
City of Janesville	Janesville	Government	436
Alcoa Wheel International	Beloit	Aluminum wheels	401
Beloit Clinic	Beloit	Medical services	398
City of Beloit	Beloit	Government	382
ABC Supply Company	Beloit	Wholesale construction, Materials and tools	372
Simmons	Janesville	Mattresses	359
J.P. Cullen & Sons	Janesville	Construction	350
Hufcor, Inc.	Janesville	Accordion doors and walls	337
Kerry Americas	Beloit	Dehydrated food products	330

**Income**

Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income and personal current transfer receipts. Personal income is measured before the deduction of personal income taxes, including other personal taxes and is reported in current dollars (no adjustment is made for price changes). Generally speaking, the analysis of a community's income data provides an excellent cursory view of that area's purchasing power.

While personal income is one measurement, another common data set involves comparing per capita personal income. Per capita personal income is calculated as the personal income of

residents of a given area divided by the resident population of that area. In computing per capita personal income, the Bureau of Economic Analysis uses the United States Census Bureau's annual midyear population estimates. A comparison between Rock County, the State and then the nation, noting consistent income differentials, are provided in Figure 9.7 and Figure 9.8, respectively.

**Figure 9.7:**  
**Personal Income Annual Percent Change: 2000 - 2006**

Location	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	Average Annual Growth Rate
							1969-2006
State of Wisconsin	3.5	2.8	2.9	3.9	4.1	5.4	6.9
Rock County	0.3	4.3	4.8	-1.1	2.9	7.8	6.3
United States	3.5	1.8	3.1	6.1	5.9	6.7	7.4

Source: Bureau of Economic Analysis, REIS

**Figure 9.8:**  
**Per Capita Personal Income: 2000 - 2006**

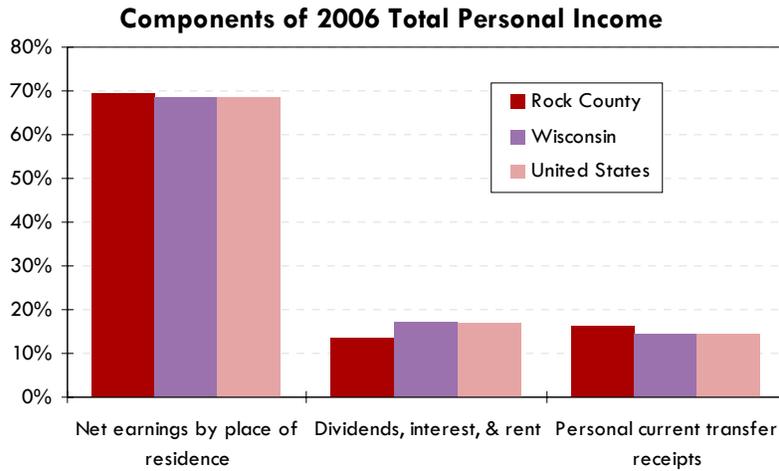
Location	2000	2001	2002	2003	2004	2005	2006
State of Wisconsin	28,570	29,377	29,992	30,705	31,697	32,829	34,405
Rock County	26,182	26,156	27,194	28,412	27,855	28,467	30,356
United States	29,845	30,574	30,821	31,504	33,123	34,757	36,714

Source: Bureau of Economic Analysis, REIS

Considering that the main source of citizen income is attributed to wages and salaries, as noted within the graph below, it's prudent to examine actual pay rates. Generally, this analysis involves reviewing average wages per job, as well as industry. These above tables note that compared to Statewide averages, Rock County's figures are either relatively even or slightly higher. This correlation isn't surprising, given the historical industry synergies between Rock County and the State of Wisconsin. However, there are noticeable differences when comparing County and Statewide figures against national averages (see Figures 9.9 and 9.10).

Wages are influenced by various factors, notwithstanding whether the employees are covered by collective bargaining agreements. During the 1980s Wisconsin's level of unionization was approximately 24%. Today, this percentage has dropped to roughly 14%. Rock County's trends tend to mirror those of the State. However, the County's current private sector unionization presence is approximately 20% and incrementally shrinking each year. Even when controlling for this particular variable, the facts continuously reinforce the linkages between wages and workforce training (e.g. recognized certifications, degrees, diplomas and/or competencies). These trends are noted within Figures 9.11 - 9.15, which denote industry sector and occupational wage differentials.

Figure 9.9:



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2008

Figure 9.10:  
Average Wage Per Job: 2000 - 2006

Location	2000	2001	2002	2003	2004	2005	2006
State of Wisconsin	30,087	30,936	31,876	32,762	34,077	34,810	36,142
Rock County	30,596	30,927	32,303	33,428	33,505	33,652	36,200
United States	34,718	35,582	36,150	37,169	38,810	40,172	41,991

Source: Bureau of Economic Analysis, REIS

Figure 9.11:  
Covered Employment and Wages (All Industries): Rock County: 2001 - 2007

Sector - All Industries	2001	2003	2005	2007
Payroll	\$ 2,089,153,612	\$ 2,224,267,399	\$ 2,284,803,019	\$ 2,482,724,774
Average employment	66,386	65,366	66,985	68,100
Average annual wage	\$31,470	\$34,028	\$34,109	\$36,457

Source: Wisconsin Department of Workforce Development - 2007

**Figure 9.12:**  
**Covered Employment and Wages (Select Industries): Rock County: 2001 - 2007**

Sector	2001	2003	2005	2007
<b>Natural resources - Payroll</b>	\$11,184,960	\$13,354,254	\$15,455,463	\$16,498,448
Average employment	379	422	475	509
Average annual wage	\$29,512	\$31,645	\$32,538	\$32,413
<b>Construction - Payroll</b>	\$114,694,191	\$112,979,413	\$130,915,367	\$130,880,017
Average employment	3,006	2,881	3,192	3,064
Average annual wage	\$38,155	\$39,215	\$41,014	\$42,715
<b>Manufacturing - Payroll</b>	\$751,227,055	\$790,318,044	\$715,546,393	\$833,361,929
Average employment	16,875	15,278	14,484	14,690
Average annual wage	\$44,517	\$51,729	\$49,403	\$56,730
<b>Trade, transportation and utilities - Payroll</b>	\$389,146,657	\$416,532,209	\$465,445,847	\$490,212,529
Average employment	14,773	14,855	15,904	16,081
Average annual wage	\$26,342	\$27,983	\$29,266	\$30,484
<b>Financial activities - Payroll</b>	\$51,395,170	\$66,047,061	\$64,712,273	\$68,677,107
Average employment	1,740	1,829	1,826	1,855
Average annual wage	\$29,537	\$36,111	\$35,439	\$37,023
<b>Education and health - Payroll</b>	\$409,462,505	\$458,303,688	\$494,449,294	\$ 507,935,084
Average employment	12,348	12,934	13,257	13,555
Average annual wage	\$33,160	\$35,434	\$37,297	\$37,472

Source: Wisconsin Department of Workforce Development - 2007

**Figure 9.13:**  
**Prominent Industry Employment and Wage Data: Rock County**

3-Digit NAICS Sub-sectors	2007	5-Year Percent Change		2007 Average Wages		5-Year Percent Change	
	Average Employment	Rock County	State of Wisconsin	Rock County	State of Wisconsin	Rock County	State of Wisconsin
Education services	5,497	3.3	2.0	\$36,269	\$37,753	10.3	15.0
Food service and drinking places	5,282	13.0	9.1	\$10,373	\$10,859	10.4	14.5
Transportation equipment Manufacturing	4,241	-33.7	-4.9	\$70,996	\$55,143	17.1	10.1
Hospitals	3,746	15.2	12.6	\$51,997	\$43,750	13.6	24.1
Administrative and support services	3,169	11.7	15.8	\$18,302	\$23,144	10.9	15.4
Merchant wholesalers (Durable goods)	2,757	24.2	6.8	\$38,092	\$52,130	15.7	15.4
Executive, legislative and general government	2,659	-8.8	-4.7	\$40,063	\$36,340	22.4	16.4
Ambulatory health care	2,280	9.4	8.7	\$49,027	\$57,969	15.1	18.5
General merchandise stores	2,085	-1.0	7.1	\$17,699	\$17,914	17.2	16.3

Source: Wisconsin Department of Workforce Development - June 2008

**Figure 9.14:**  
5-Year Percent Change in Average Annual Wage by Industry Sectors

Industry Sector	Rock County	State of Wisconsin
All industries	12.0	17.4
Natural resources	1.9	14.7
Construction	17.2	19.8
Manufacturing	13.6	16.1
Trade, transportation and utilities	16.0	15.3
Information	N/A	24.7
Financial activities	14.6	25.8
Professional and business services	18.1	22.0
Education and health	12.6	17.3
Leisure and hospitality	12.3	14.8
Other services	12.7	13.2
Public administration	20.6	18.1

Source: Wisconsin Department of Workforce Development

**Figure 9.15:**  
Hourly Wage Rates by Select Occupations: Rock County: 2007

Position Description	Average Hourly Wage	Average Hourly Wage - 25 <sup>th</sup> Percentile	Average Hourly Wage - 50 <sup>th</sup> Percentile	Average Hourly Wage - 75 <sup>th</sup> Percentile
Accounting clerk	14.87	13.04	18.23	19.50
CNC operator	19.95	16.17	17.95	19.09
Computer help desk technician	19.59	16.76	19.45	22.97
Engineer I	24.81	23.54	24.59	26.55
Forklift operator	14.00	12.43	14.46	16.07
General labor	9.60	8.00	9.66	10.24
General machine operator	15.09	13.54	15.05	16.32
Packers/packagegers (hand)	12.83	10.69	11.09	15.89
Production assembler	12.53	10.91	12.74	13.36
Quality control inspector	16.86	14.67	15.49	18.94
Shipping receiving clerk	14.43	12.91	13.81	16.26
Truck driver	14.72	11.43	15.76	16.94
Welder	17.60	16.48	17.51	18.52

Source: Greater Rock County Salary and Benefits Survey - 2007

## Poverty

Overall, the County's poverty rate mirrors the State of Wisconsin's average, hovering around nearly 11%. Unfortunately, continued upward trends are expected, especially when considering the pressure points that are impacting the County's manufacturing sector. While there are differences between chronic and situational poverty (i.e. working poor), the most common predictive threads are attributed to jobs, income and workforce preparation.

Employment positions that command higher wages are those requiring higher skills. Whether obtained through a skilled trades program or from a technical college or university program, skills attainment is the primary pathway to higher earning potential. Additional information regarding this topic is provided throughout this Chapter.

## Unemployment

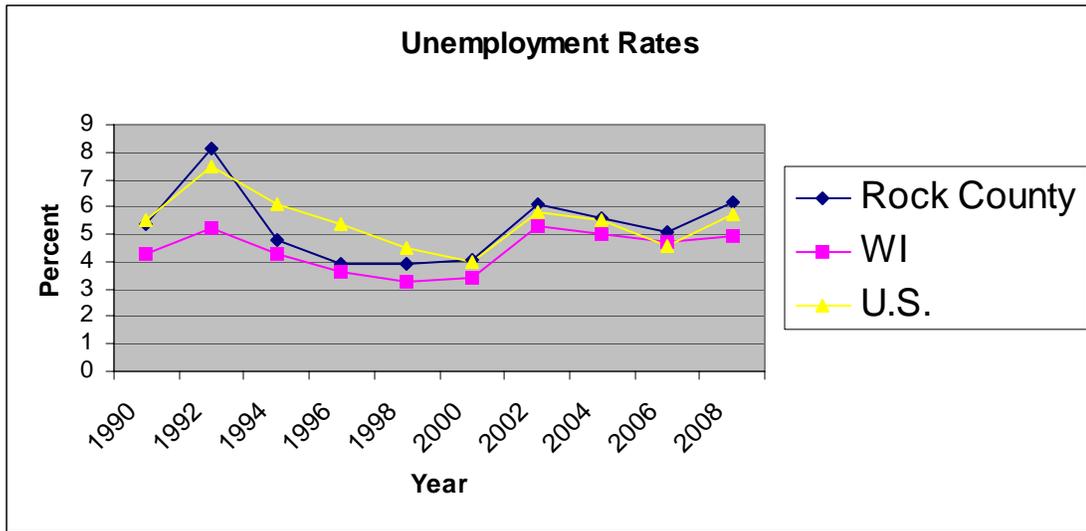
The unemployment rate, which represents the number of unemployed individuals as a percent of the total labor force, often is viewed as one of the primary economic health indicators. A high unemployment rate may signal an abundant supply of immediate labor, resulting from some type of economic downturn such as a layoff/facility closing and reflecting increased second wage earnings entering the market to replace wages lost from the primary earner. Conversely, elevated or sustained periods of chronic unemployment provides negative signals about a given labor market. Without access to this type of historical data, skewed or inaccurate labor market analyses can develop.

Rock County's cyclical unemployment rate hovers around a full percentage point above the State and/or national averages, respectively. These higher-than-average rates are attributed to the County's concentration of manufacturing companies, which historically commanded an employment share of 25% or greater during any given year. In comparison, the State's share of employment attributed to manufacturing is annually less than 25% (see the Industry Sector section).

An example of this relationship is quite visible when tracking the County's unemployment rate against GM related activities. This analysis demonstrates that rate spikes are directly correlated to labor/management negotiations, production/capacity issues, supplier strikes and platform retooling. For example, the County's February 2009 rate of 13% is considerably higher than the Federal (8.9%) and the State (8.8%) rate, respectively. These rate differentials provide documentation regarding the contraction that's occurring throughout the area's automotive related industries.

While it's difficult to pinpoint how the current GM situation will ultimately impact the County's annual unemployment rate, preliminary projections signal that sustained spikes will likely occur. In the interim, the County's 2008 year-end figures are tracking to hold in the upper mid 6% range. While this range is certainly high, it isn't out of character, as noted by Figure 9.16.

Figure 9.16:  
Annual Average Unemployment Rates: 1990 - 2008



Source: Wisconsin Department of Workforce Development

Even though there are safety nets for displaced workers, these nets have limited capacities. Considering that Rock County has experienced 18 facility closures and/or dislocation activities in the last 18 months, the dislocated worker reserves have been depleted. That’s why Rock County was recently awarded \$1.6 million, with another \$2.2 million earmarked, targeted at skills enhancement and retraining activities.

While these unemployment activities are challenging for individuals and communities alike, this additional labor supply creates opportunities. As the need for skilled labor continues to increase, businesses are constantly seeking prospective locations that can accommodate their staffing needs. One measurement utilized to document this availability factor is an applicant-to-opening ratio. Essentially, this ratio demonstrates the number of applicants received for each employment opening (see Figure 9.17).

Figure 9.17:  
Applicant to Opening Ratios (Select Examples): Rock County: 2006 - 2008

Company Name	Job Opening	Applications Received	Hourly Wage Rate
Scot Forge - February 2008	10 Manufacturing	250 applications - 6 hour recruitment	\$10-\$15/hour
United Alloy - November 2007	15 Manufacturing	500 applications - 2 day period	\$12-\$17/hour
Kettle Foods - February. 2007	90 Manufacturing	2,104 applications - 3 day period	\$10-\$13/hour
Staples - May 2006	200 Warehouse	1,150 applications - 3 day period	\$11-\$13/hour

## Labor Force Participation

Unemployment rates represent only one piece of the labor market puzzle. Another key labor market factor, labor force participation rates, speaks volumes about labor market’s aptitude and attitude. Essentially, high participation rates signal near full employment, suggesting that skills and workers are matching up well. Conversely, low rates indicate unemployable or under-employment issues. That is, even if positions were available employers would likely experience challenging employee recruitment and retention issues. This is an acute issue, especially when unemployment rates are low.

Annually, Wisconsin’s labor force participation rates generally rank among the nation’s highest. This same pattern is reflective of Rock County’s rates too (see Figure 9.18).

**Figure 9.18:**  
**Labor Force Participation Rates: 2000 and 2006**

Year	Rock County	State of Wisconsin	United States
2006	69.2%	69.5%	65.0%
2000	69.3%	69.1%	63.9%

*Source: United States Bureau of the Census - 2000 and 2006*

Figure 9.19 provides further analysis of these labor force projections, as well as participation by age categories.

**Figure 9.19:**  
**Labor Force Projections: Rock County: 2010 - 2030**

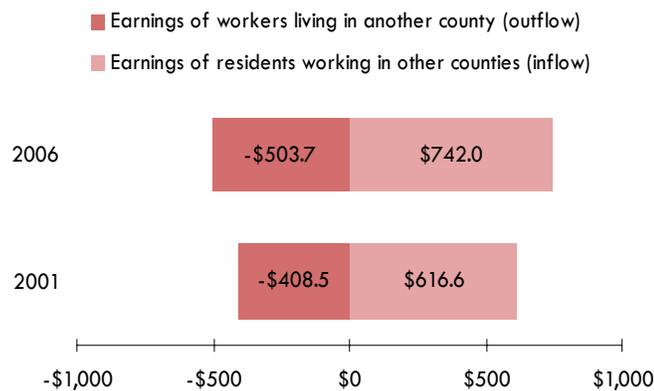
Age Group	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	33,233	40,021	15,021	88,275
2020	33,149	38,875	19,002	91,026
2030	32,376	41,512	16,881	90,769
	Distribution of Labor Force			
2010	37.6%	45.3%	17.0%	100.0%
2020	36.4%	42.7%	20.9%	100.0%
2030	35.7%	45.7%	18.6%	100.0%

## Commuters

An analysis of the County’s commuter data generates two distinct, yet related, data sets. First, this information provides details regarding where residents live and work. Secondly, commuter data also shed light upon modes of travel, distances traveled, as measured by minutes, and ultimately directional travel routes. While there are numerous factors that influence commuting activities, most are employment related (e.g. wages/benefits, career advancement, etc.). Figure 9.20 notes these income (earnings) differentials.

In 2006, Rock County residents earned \$742 million by commuting to jobs in other counties (inflow). Meanwhile, residents of other counties (outflow) earned nearly \$504 million by commuting to Rock County for employment opportunities. This difference between these two figures is approximately 5% of total income and is the net impact of commuting on Rock County’s total income. The commuting inflows grew 20.3% and commuting outflows grew 23.3% during 2001-2006, respectively. During that same time period, total income grew 19.9%.

**Figure 9.20:**  
Earnings Based on Place of Residency versus Place of Work



Source: Wisconsin Department of Workforce Development

According to results of the South Central Wisconsin Commuter Transportation Study, the following Rock County commuting pattern trends are reflected in the figures above:

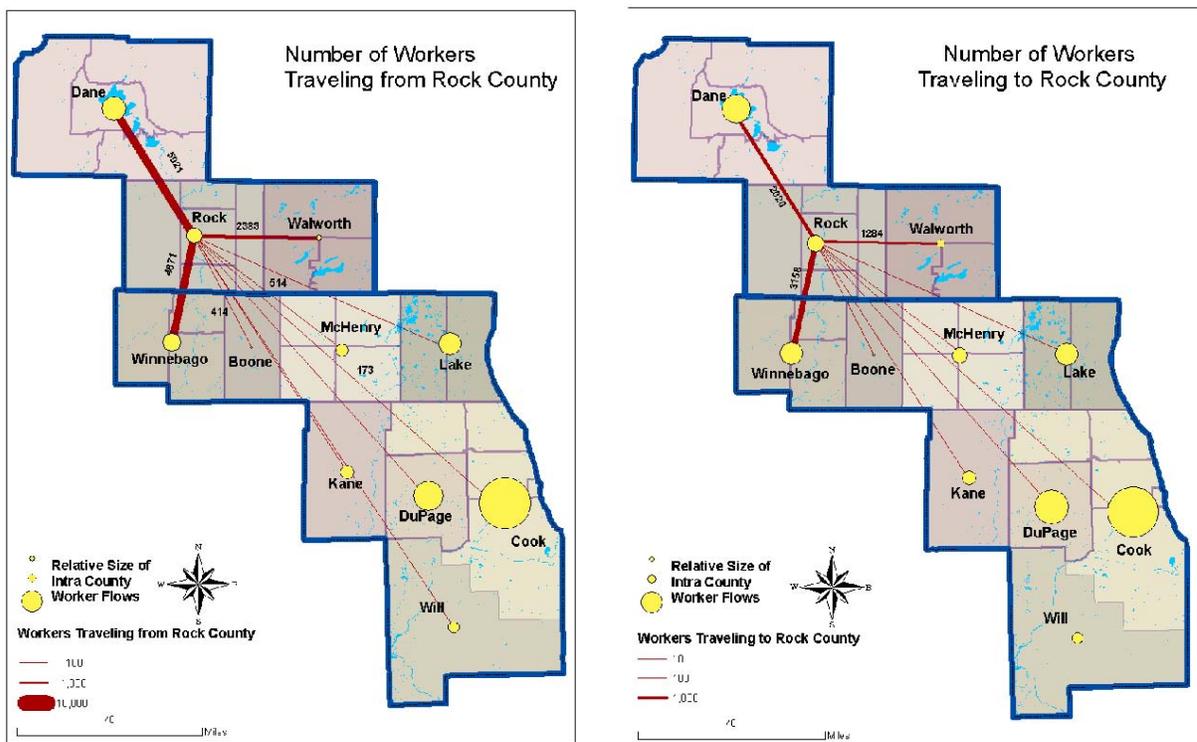
- From 1990 to 2000 there was an increase in the percentage of residents living and working in Rock County (77.6% to 80.1%, respectively).
- During this same period, the percentage of Rock County residents working outside of Wisconsin decreased from 10.1% to 8.7%. Meanwhile, the percentage of Rock County residents working in other Wisconsin counties increased from 9.9% to 13.7%.
- The forecasts attributed to both points above suggests that that the percentage of Rock

County residents living and working locally will decrease, perhaps by as much as 4% points or more.

- Additionally and perhaps even more compelling, the directional commuting demands are orientated in a north-south direction, anchored on one end by the City of Madison, Wisconsin and on the other by the City of Rockford, Illinois. Consequently, Janesville is well situated to become a transportation hub, serving businesses and commuters alike.

Map 9.1 and 9.2 provide illustrations of these patterns, displaying the commuting patterns that occur throughout the extended South Central/Southwest and Wisconsin/Illinois region.

Map 9.1:

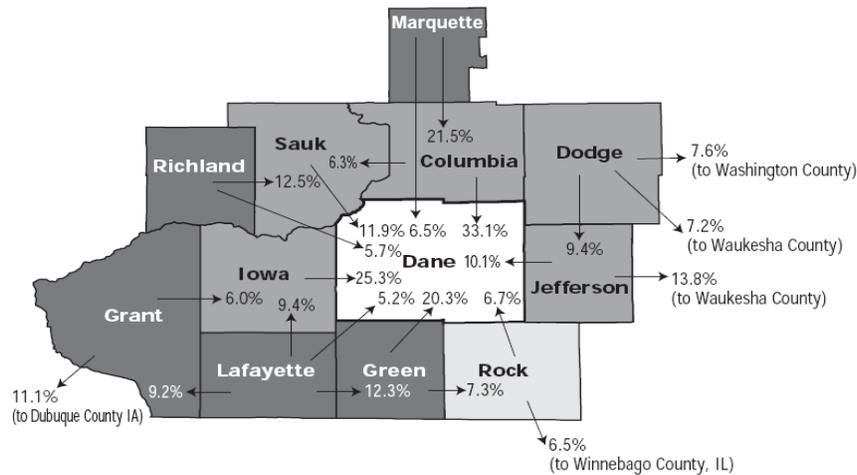


Source: South Central Wisconsin Commuter Transportation Study



Map 9.2:

Commuting Patterns in SW and SC WDAs, 2000



Source: U.S. Census, County-to-County Worker Flow Files, 2000.

Further analyses of these commuting patterns demonstrates that Rock County residents spend less time commuting to work than the national average. Figure 9.21 demonstrates that there has been minor drive time change during this decade.

Figure 9.21:  
Average Work Commute Time (Minutes): 2000 and 2006

Year	Rock County	State of Wisconsin	United States
2006	21.2	20.8	25.0
2000	20.3	20.8	25.5

Source: United States Bureau of the Census - 2000 and 2006

Locally, this commuter activity has created a communication and planning platform for stakeholder inputs via the South Central Wisconsin Commuter Transit Study. The tangible outcomes of this study are twofold. First, the study created an increased awareness and emphasis on preserving critical transportation corridors. Second, it confirmed directional route assumptions.

This directional route confirmation has already proved instrumental, as Coach USA (Van Galder Bus Co.) recently announced the establishment of an expanded commuter express option, providing a dedicated, non-stop service to the City of Madison from the City of Janesville. Pending ridership utilization, it's likely that additional commuter orientated lines might be considered between and/or throughout the Madison, Wisconsin and Rockford, Illinois corridor.

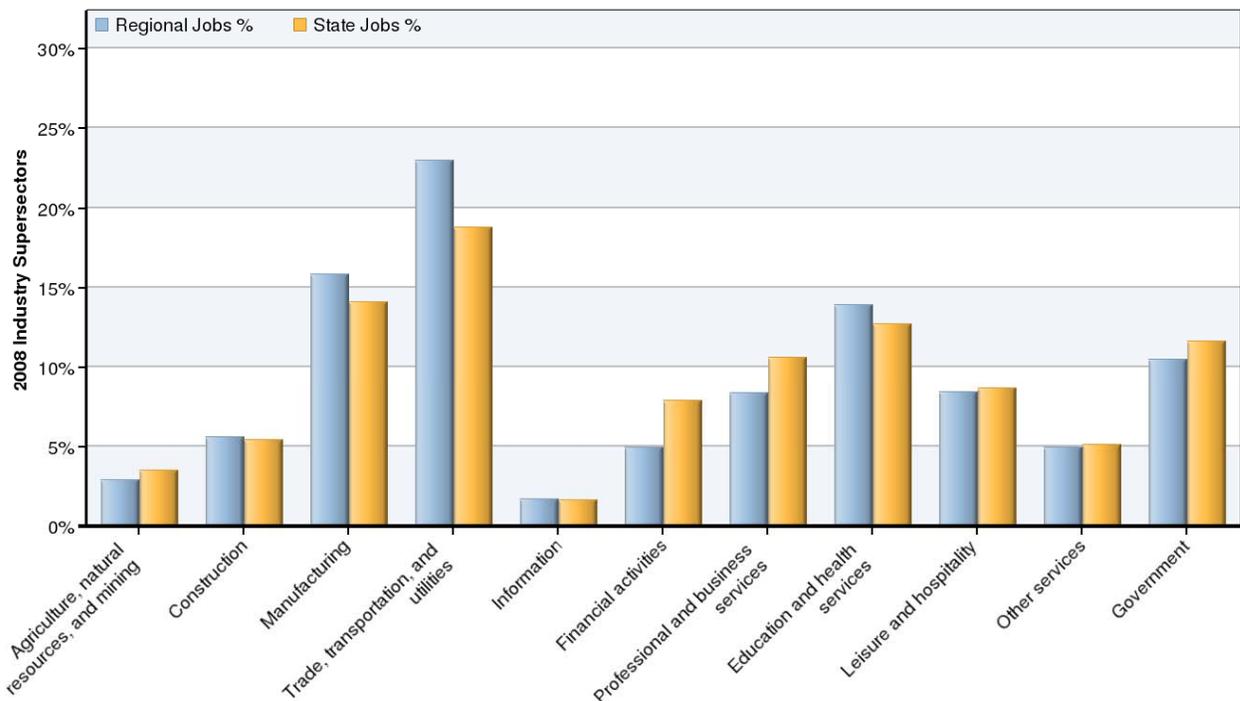
## Industry Sectors

From the 1930s through the late 1990s, the U.S. categorized industry data based on a uniform Standard Industrial Classification (SIC) system. As the economy evolved, however, the SIC method was considered antiquated. Eventually, SIC was replaced with the current North American Industry Classification System (NAICS). NAICS, which provides harmony throughout the entire North American continent and increased compatibility with the European standards, allows businesses to be grouped according to two basic categories, goods producing and service providing.

Regardless of whether relying upon historical SIC or contemporary NAICS data, the trends are apparent. The overall U.S. economy is moving away from goods producing activities. This trend is perhaps most visible within the manufacturing sector, which at one point represented nearly 30% of Rock County’s total employment and nearly one-quarter of Wisconsin’s overall employment. Today, those figures have diminished to 23% and 20%, respectively.

These industry sector comparisons, as well as trends, are noted below. Specifically, there’s harmony among industry sector growth and/or decline. Not surprisingly, these numbers visibly demonstrate the aforementioned goods-to-service industry transitions (see Figures 9.22 - 9.25).

**Figure 9.22:**  
**Industry Super-Sector Employment: Rock County and State of Wisconsin: 2008**



**Figure 9.23:  
Industry Super-Sector Employment: 2008**

Description	2008 Rock County Jobs	Percent of Rock County Jobs	2008 State Jobs	Percent of State Jobs
Agriculture, natural resources, and mining	2,437	2.9%	123,309	3.5%
Construction	4,782	5.6%	192,363	5.4%
Manufacturing	13,531	15.9%	503,702	14.1%
Trade, transportation, and utilities	19,630	23%	670,494	18.8%
Information	1,423	1.7%	57,803	1.6%
Financial activities	4,217	4.9%	280,767	7.9%
Professional and business services	7,122	8.3%	378,573	10.6%
Education and health services	11,864	13.9%	454,865	12.7%
Leisure and hospitality	7,179	8.4%	307,646	8.6%
Other services	4,197	4.9%	182,589	5.1%
Government	8,980	10.5%	416,377	11.7%

*Source: EMSI Complete Employment - Fall 2008*

**Figure 9.24  
Employment by Sector: Rock County: 2001 - 2007**

	2001	2002	2003	2004	2005	2006	2007
<b>Base industry: Total - All industries</b>	57,810	56,847	56,903	57,574	58,601	59,731	59,160
Natural resources and mining	379	386	423	436	480	509	519
Construction	3,010	2,818	2,885	3,142	3,194	3,060	3,039
Manufacturing	16,875	15,749	15,280	14,593	14,481	14,691	13,771
Trade, transportation, and utilities	14,478	14,449	14,604	15,089	15,606	15,818	16,142
Information	1,304	1,182	1,151	1,125	1,224	1,236	1,252
Financial activities	1,719	1,766	1,820	1,789	1,820	1,838	1,824
Professional and business services	4,720	4,789	4,717	5,056	5,054	5,547	5,240
Education and health services	7,723	8,010	8,241	8,344	8,553	8,830	9,093
Leisure and hospitality	5,873	5,926	6,040	6,156	6,266	6,286	6,411
Other services	1,730	1,756	1,722	1,842	1,923	1,917	1,871
Unclassified	N/A	15	20	2	N/A	N/A	N/A

*Source: Bureau of Economic Analysis*

**Figure 9.25:  
Percent of Employment by Sector: 2001 - 2007**

Industry	2001			2003			2005			2007		
	U.S. TOTAL	Rock County	State									
Natural resources and mining	1.56%	0.66%	0.84%	1.55%	0.74%	0.88%	1.56%	0.82%	0.90%	1.60%	0.88%	0.94%
Construction	6.20%	5.21%	5.37%	6.23%	5.07%	5.40%	6.57%	5.45%	5.39%	6.63%	5.14%	5.25%
Manufacturing	14.99%	29.19%	23.94%	13.51%	26.85%	21.91%	12.83%	24.71%	21.36%	12.13%	23.28%	20.87%
Trade, transportation and utilities	23.46%	25.04%	23.42%	23.39%	25.66%	23.15%	23.20%	26.63%	22.74%	23.10%	27.29%	22.64%
Information	3.29%	2.26%	2.30%	2.97%	2.02%	2.16%	2.76%	2.09%	2.11%	2.66%	2.12%	2.09%
Financial Activities	7.03%	2.97%	6.37%	7.31%	3.20%	6.66%	7.27%	3.11%	6.62%	7.14%	3.08%	6.62%
Professional and business Services	14.94%	8.16%	10.09%	14.81%	8.29%	10.65%	15.25%	8.62%	11.11%	15.67%	8.86%	11.60%
Education and health services	13.59%	13.36%	13.78%	14.70%	14.48%	14.66%	14.90%	14.60%	14.84%	15.29%	15.37%	15.29%
Leisure and hospitality	10.87%	10.16%	10.24%	11.36%	10.61%	10.68%	11.52%	10.69%	10.79%	11.69%	10.84%	10.91%
Other services	3.85%	2.99%	3.54%	3.98%	3.03%	3.56%	3.91%	3.28%	3.54%	3.89%	3.16%	3.58%
Unclassified	0.23%	NA	0.11%	0.19%	0.04%	0.29%	0.24%	NA	0.60%	0.20%	NA	0.20%

*Source: Bureau of Economic Analysis*

## Location Quotients

Location quotients are yet another analytical method utilized to determine industry sector representation, as well as their significance, to a given economy. Often characterized or described within the context of industry clusters, as coined by Harvard's Michael Porter, location quotients provide instructive information about an economy's strengths/weaknesses. These characteristics, in turn, are predicative as it relates to an area's overall competitiveness (e.g. growth, prosperity and sustainability).

According to Porter, "clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete." Essentially, a location quotient between 0.90 and 1.10 indicates that a concentration of employment within a specific NAICS is more or less the same as national level concentrations. Meanwhile, a location quotient at or above 1.10 demonstrates an employment concentration higher than the national level. Figure 9.26 displays Rock County's, as well as the State of Wisconsin's, location quotients.

**Figure 9.26:  
Location Quotients: 2001 - 2007**

Industry	2001		2002		2003		2004		2005		2006		2007	
	Rock County	State												
Base industry: Total-All industries	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Natural resources and mining	0.42	0.54	0.44	0.57	0.48	0.57	0.49	0.57	0.53	0.58	0.54	0.59	0.55	0.59
Construction	0.84	0.87	0.80	0.87	0.81	0.87	0.86	0.85	0.83	0.82	0.76	0.79	0.77	0.79
Manufacturing	1.95	1.60	1.96	1.62	1.99	1.62	1.93	1.64	1.93	1.66	1.96	1.69	1.92	1.72
Trade, transportation, and utilities	1.07	1.00	1.08	0.99	1.10	0.99	1.12	0.98	1.15	0.98	1.15	0.98	1.18	0.98
Information	0.69	0.70	0.66	0.71	0.68	0.73	0.68	0.75	0.76	0.76	0.77	0.77	0.80	0.79
Financial activities	0.42	0.91	0.43	0.91	0.44	0.91	0.43	0.91	0.43	0.91	0.42	0.91	0.43	0.93
Professional and business services	0.55	0.68	0.57	0.70	0.56	0.72	0.58	0.72	0.57	0.73	0.60	0.73	0.57	0.74
Education and health services	0.98	1.01	0.99	1.01	0.99	1.00	0.98	0.99	0.98	1.00	0.99	1.00	1.01	1.00
Leisure and Hospitality	0.93	0.94	0.93	0.94	0.93	0.94	0.93	0.94	0.93	0.94	0.91	0.94	0.93	0.93
Other services	0.78	0.92	0.78	0.91	0.76	0.90	0.81	0.90	0.84	0.91	0.83	0.92	0.81	0.92
Unclassified	NA	0.47	0.14	1.15	0.18	1.50	0.02	2.54	NA	2.52	NA	2.27	NA	1.02

Source: Bureau of Economic Analysis

While certain industries, such as manufacturing are declining as a percentage of total employment for both Rock County and Wisconsin, their overall location quotients remain very strong. Although location quotients do offer cursory level conclusions, there’s much more analyses required. Many economists, in particular, argue that distinguishing between service and manufacturing sectors is an inaccurate means of depicting what's actually happening within a given economy.

Justification for this statement can be found in the fact that today's goods producing (manufacturing) sector is much more about the value-added concept. According to current national data, low paying service jobs represent less than 25% of the overall service sector’s employment. Meanwhile, over 30% of the emerging service sector jobs now fall into a higher wage category. Thus, the hard lines that once separated the aforementioned main industry sectors have become blurred.

Lastly, it’s important to note that merely possessing a high location quotient doesn’t necessarily predict overall economic sustainability. Clearly, there are industries with high location quotients that effectively have little or no growth potential. Conversely, there are emerging industries that currently have relatively low location quotients, yet possess strong growth potential. Figure 9.27 provides an industry matrix that describes these dynamics.

**Figure 9.27:  
Industry Sector Location Quotient versus Growth Matrix**

<b>High Location Quotient</b>	<b>Historic Industrial Sectors -</b> Highly concentrated; but slow growing. Good business retention targets.	<b>Dynamic Industrial Sectors -</b> Highly concentrated; fast growing sectors. Good expansion and attraction targets.
<b>Low Location Quotient</b>	<b>Minor Industrial Sectors -</b> Slowly growing; not concentrated.	<b>Emerging Industrial Sectors -</b> Fast growing; increasingly concentrated. Good expansion targets.
	<b>Low Employment Growth</b>	<b>High Employment Growth</b>

This matrix, coupled with traditional export base economic theory, further demonstrates how primary industries bring wealth into the regional economy. It also sheds light on the roles that retail and service sectors play; that is, these businesses play a support rather than a driving role. While historically this separation was true, this no longer is the case with certain service sector industries. For example, regional retail shopping and medical centers are beginning to mirror base economic industry function (i.e. attracting external money for locally provided/produced goods and services).

Clearly, the optimal situation is to have an economy with industries that fall within the High Location Quotient/High Employment Growth Sectors. According to Porter’s research, industries within these sectors are most likely to have developed the supplier/customer and the competitive/collaborative relationships. Rock County examples that fall within this classification include the following industry sectors:

- Construction
- Educational services
- Health care and social assistance
- Transportation and warehousing
- Wholesale trade

Since this optimal situation isn’t always the norm, most economies possess industry sectors with High Location Quotient/Low Employment Growth opportunities. These firms represent mature, slow growth industries that typically become acquisition, consolidation and/or merger targets as businesses in this sector attempt to maintain or gain new market share. Rock County examples that fall within this classification include the following industry sectors:

- Accommodations and food service
- Agriculture, forestry, fishing and hunting
- Manufacturing
- Retail trade

Meanwhile, emerging industrial sectors characterized as Low Location Quotient/High Employment Growth creates unique opportunities of their own. Rock County examples that fall within this classification include the following industry sectors:

- Administrative and waste services
- Arts, entertainment and recreation
- Management of companies and enterprises
- Mining
- Professional and technical services
- Real Estate, rental and leasing

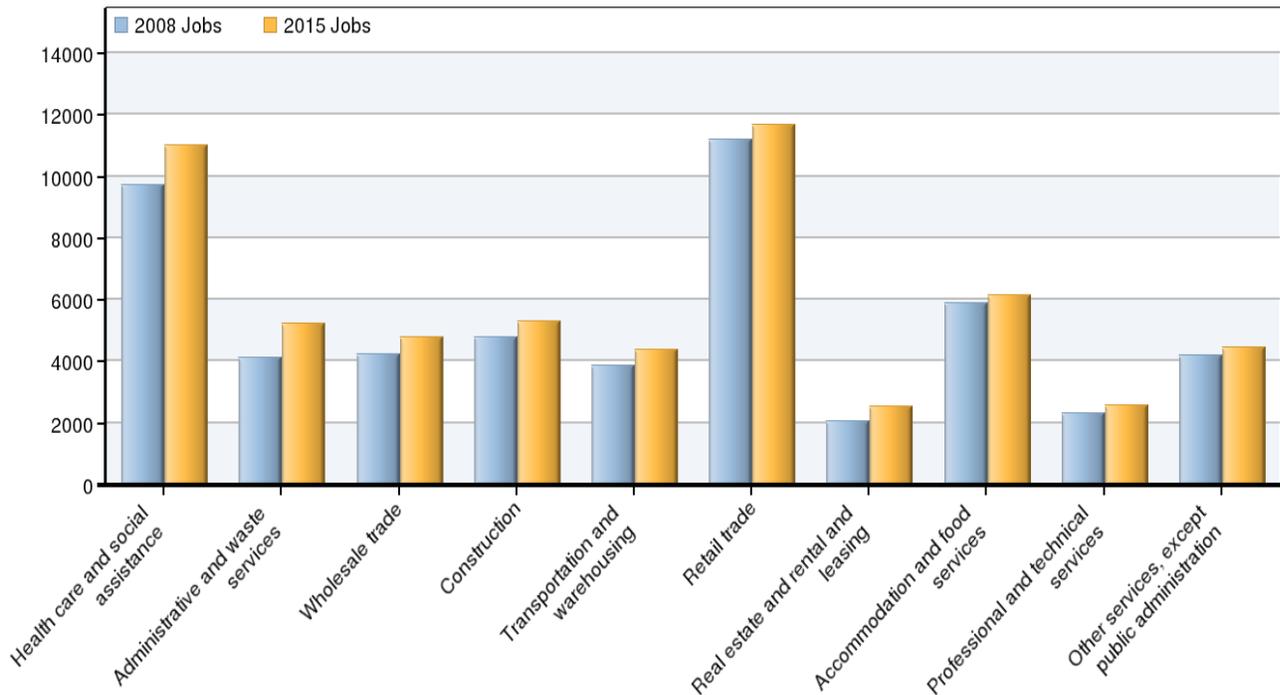
Finally, each economy possesses some concentration of low Location Quotient/Low Employment Growth industry sectors. While important, these sectors are not critical components of the regional economy, either now, or in the future. Rock County examples that fall within this classification include the following industry sectors:

- Finance and insurance
- Government
- Information
- Utilities

Additional details regarding these examples are provided within Figures 9.28 and 9.29, respectively.



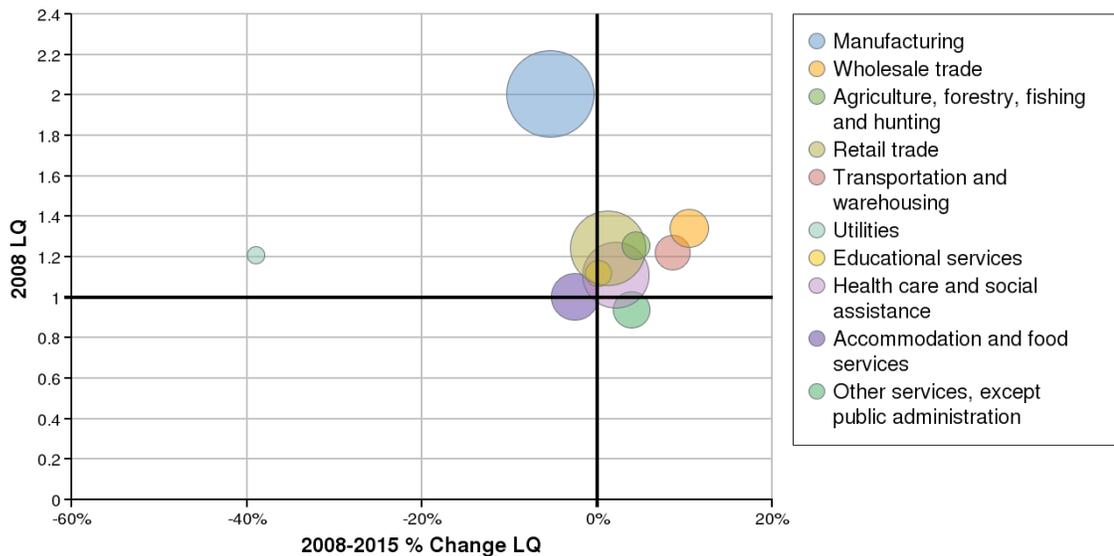
Figure 9.28:  
Fastest Growing Industries: Rock County: 2008 - 2015



NAICS Code	Description	2008 Jobs	2015 Jobs	Change	Percent Change	2007 EPW
11	Agriculture, forestry, fishing and hunting	2,266	2,234	-32	-1%	\$15,599
21	Mining	171	207	36	21%	\$78,216
22	Utilities	334	196	-138	-41%	\$83,017
23	Construction	4,782	5,317	535	11%	\$41,144
31-33	Manufacturing	13,531	12,122	-1,409	-10%	\$93,323
42	Wholesale trade	4,242	4,793	551	13%	\$48,233
44-45	Retail trade	11,190	11,689	499	4%	\$23,682
48-49	Transportation and warehousing	3,865	4,381	516	13%	\$54,395
51	Information	1,423	1,382	-41	-3%	\$32,289
52	Finance and insurance	2,158	2,370	212	10%	\$39,973
53	Real estate and rental and leasing	2,059	2,555	496	24%	\$17,207
54	Professional and technical services	2,315	2,590	275	12%	\$35,775
55	Management of companies and enterprises	670	800	130	19%	\$111,968
56	Administrative and waste services	4,137	5,249	1,112	27%	\$18,837
61	Educational services	2,132	2,392	260	12%	\$25,546
62	Health care and social assistance	9,732	11,022	1,290	13%	\$42,673
71	Arts, entertainment, and recreation	1,299	1,454	155	12%	\$10,185
72	Accommodation and food services	5,880	6,157	277	5%	\$12,502
81	Other services, except public administration	4,197	4,463	266	6%	\$15,782
90	Government	8,980	8,898	-82	-1%	\$47,589

Source: EMSI Complete Employment - Fall 2008

**Figure 9.29:**  
**Top Industry Location Quotients: Rock County: 2008 - 2015**



**Figure 9.29:**  
**Top Industry Location Quotients (LQ): Rock County: 2008 - 2015**

NAICS Code	Description	2008 Jobs	2015 Jobs	Percent Change	2008 LQ	2015 LQ	Percent Change LQ	2007 EPW
31-33	Manufacturing	13,531	12,122	-10%	2.01	1.90	-5%	\$93,323
42	Wholesale trade	4,242	4,793	13%	1.34	1.48	11%	\$48,233
11	Agriculture, forestry, fishing And hunting	2,266	2,234	-1%	1.26	1.31	4%	\$15,599
44-45	Retail trade	11,190	11,689	4%	1.24	1.26	1%	\$23,682
48-49	Transportation and warehousing	3,865	4,381	13%	1.22	1.33	9%	\$54,395
22	Utilities	334	196	-41%	1.21	0.74	-39%	\$83,017
61	Educational services	2,132	2,392	12%	1.12	1.12	0%	\$25,546
62	Health care and social assistance	9,732	11,022	13%	1.11	1.13	2%	\$42,673
72	Accommodation and food services	5,880	6,157	5%	1.00	0.98	-3%	\$12,502
81	Other services, except public administration	4,197	4,463	6%	0.94	0.98	4%	\$15,782
23	Construction	4,782	5,317	11%	0.91	0.94	4%	\$41,144
51	Information	1,423	1,382	-3%	0.84	0.78	-7%	\$32,289
56	Administrative and waste services	4,137	5,249	27%	0.81	0.91	12%	\$18,837
90	Government	8,980	8,898	-1%	0.79	0.77	-2%	\$47,589
71	Arts, entertainment, and recreation	1,299	1,454	12%	0.74	0.74	1%	\$10,185
55	Management of companies and enterprises	670	800	20%	0.72	0.82	14%	\$111,968
53	Real estate and rental and leasing	2,059	2,555	24%	0.57	0.58	2%	\$17,207
52	Finance and insurance	2,158	2,370	10%	0.53	0.54	2%	\$39,973
54	Professional and technical services	2,315	2,590	12%	0.39	0.40	3%	\$35,775
21	Mining	171	207	21%	0.36	0.39	10%	\$78,216

Source: EMSI Complete Employment - Fall 2008

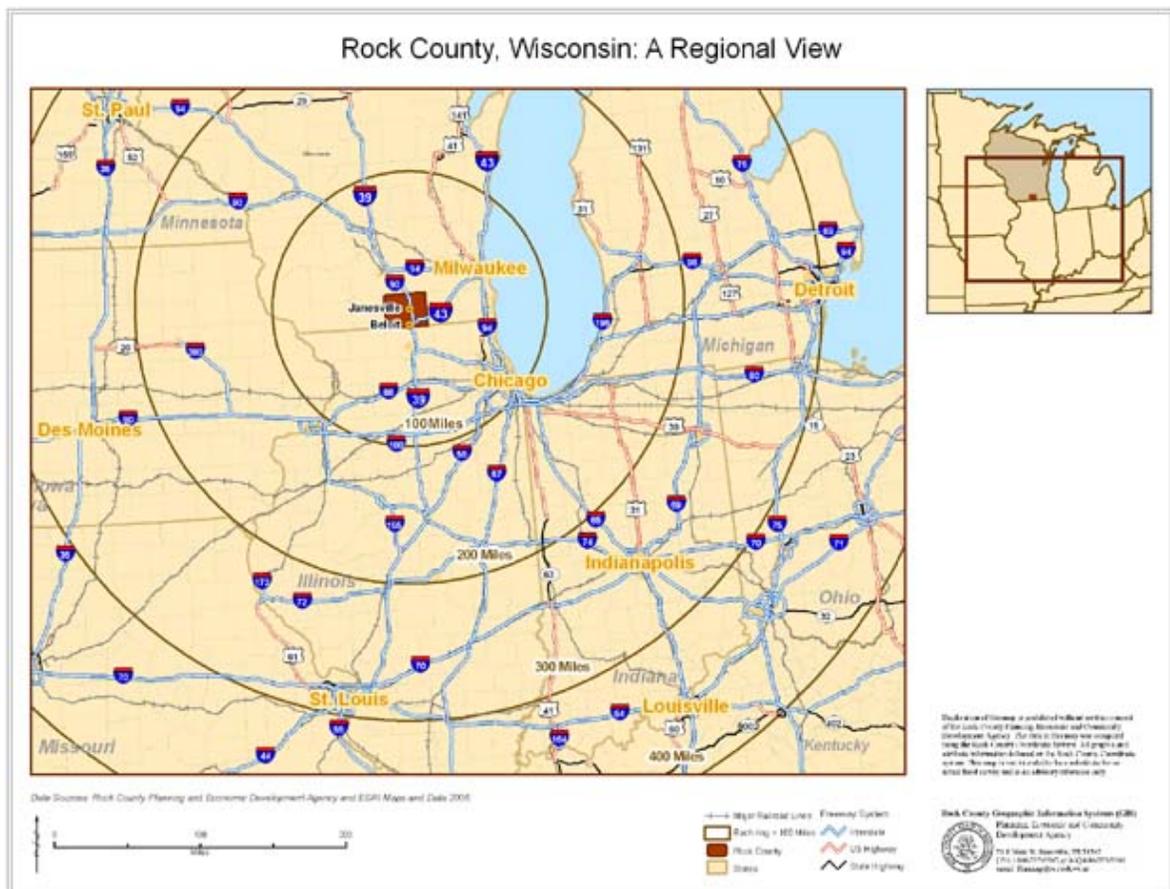
## 9.4. Infrastructure

### Transportation

Without question, transportation infrastructure is one of the pillars that facilitates and supports the economy. Locations that can demonstrate efficient, cost-effective and safe modes of transportation are well positioned to compete for today's retention/expansion, new start-ups and attraction projects. Global pressures, combined with fixed costs that are now extremely volatile, have placed an enormous emphasis on the cost-effective delivery of goods and services. Better, faster, cheaper is not merely a business cliché, it's an economic reality.

The ability to utilize interchanges, bypasses, airports and rail connections are increasingly factoring into business and investment decisions. Since the old adage of "time is money" holds true today, businesses are constantly searching for the most optimal supply chain networks. These trends bode well for Rock County, considering its geographic proximity and transportation resources. This is quite evident from Map 9.3 below, which demonstrates the connectivity that Rock County has in relationship to the Midwest.

Map 9.3:



While these transportation resources are highlighted within Section II: Chapter 7 - Transportation of this *Plan*, consider the following trends that were gleaned from an I-39 Logistics Corridor white paper:

- Since 1990 there has been a 30% increase in U.S. tonnage growth, the majority of which is transferred throughout the U.S. via intermodal activities.
- The I-90/39 Corridor is dubbed the NAFTA Superhighway, with the heaviest volume of inbound and outbound NAFTA tonnage converging within the Stateline area, Rock County and Winnebago County, Illinois.
- Overall, the U.S. roadway network is operating at or beyond their normal 20-year design capacities. Certainly, I-90/39 is no exception. However, it's not yet nearly as problematic as Chicago's road networks. Consequently, congestion avoidance or congestion adverse locations are increasingly driving business development decisions.
- Previously underutilized or non-traditional ports, such as Superior, Wisconsin/Duluth, Minnesota are emerging as primary alternative choices. This development has direct implications for Wisconsin as increased tonnage volume and velocity issues are creating speed and weight challenges for the existing air, rail and truck infrastructure systems.

Not surprisingly, examples of these findings are recognizable throughout the County, representing food processing/packaging companies (Kettle Foods NA, Seneca Foods), plastics companies (Southeastern Container), consumer product companies (ABC Supply Co., Lab Safety), and a host of other industries as well. Without the excellent transportation connectivity that exists, in effect, shrinking the market place, it's reasonable to state that these investments and their associated employment positions would likely not be present within Rock County or South-Central Wisconsin.

## Energy

While there are strong movements towards greening the grid, it's important to note that regardless of how the energy is actually generated, distributed or transmitted, there's virtually *zero* appetite for cost increases and compromised reliability standards. Moreover, today's needs are heavily focused in the area of looped or other redundancy measures. Fortunately, Rock County possesses an existing base load facility, an intermediate generation station and an increasingly robust transmission and pipeline delivery system.

This connectivity and build-out enables Rock County to experience lower-than-average pricing, as compared to other locations throughout the nation. These rates, in part, have impacted the County's ability to retain, attract and start-up businesses. Case in point, the recently commissioned Linde ASU facility in the Town of Beloit was heavily influenced by the ability to tap into available/reliable transmission level electric power.

Historically, only the most energy intensive companies sought after these benefits. Today, nearly every business, regardless of industry sector or size, re-evaluates its energy needs and related costs. Hospitals, data centers, grocery stores and manufacturing companies alike have all adopted energy conservation and/or utilization measures, resulting in long-term cost reductions and related carbon footprint impacts.

## **Telecom and Data Communications**

Today's technology emphasis has elevated voice and data communication to an entirely different level. While the digital divide has been primarily characterized as a rural issue, there are urban communities experiencing similar frustrations. Considering the roles that these services perform for nearly every industry sector throughout Rock County, their presence is absolutely mission critical.

For the most part, at least for companies operating in the Janesville-Beloit MSA, the availability of these services are generally considered adequate/sufficient. There are, however, pockets of inadequate or antiquated service outside the MSA. While service provider differences do exist, the main gaps are normally attributed to whether the telecommunications fiber has been activated or whether it's dark (i.e. inactive). According to some preliminary intelligence gathered, there are suspected miles of dormant dark fiber traversing throughout Rock County.

In the not too distant past, there was a Beloit-Janesville WiFi Committee investigating the feasibility of establishing a public/private provider partnership. As appealing as this wireless initiative was, there were significant line-of-sight, security and utilization issues that restricted the committee's efforts. Moreover, the sheer volume of emerging competition within the market further inhibited this WiFi concept. Nonetheless, there are emerging conversations among a handful of Rock County communities expressing an interest in investigating capacity and connectivity issues with their constituents, as well as existing service providers.

## **Water and Sewer**

For traditional industries, as well as technology intensive firms, water and sewer remain important infrastructure attributes. Today's building codes and liability standards have reinforced the necessity for communities to meet recognized water (flow) pressures and quality standards. Meanwhile, on the sewer side it's about existing capacities and pre-treatment requirements. Without a doubt, communities with these amenities are more attractive than those that lack these customary municipal services.

## **Intellectual**

In today's just-in-time orientated economy, the ability to not only document but also provide businesses with a dependable, skilled and trainable workforce is absolutely critical. Regardless of size, product or service, workforce related issues represent a critical component to the

livelihood and success of any given economy. Empirical research demonstrates that communities or regions that possess this human capital component, in addition to the necessary support services, will be the benefactors of positive economic growth.

There's an increasing amount of empirical workforce research suggesting it's not all about wired coffee shops or how many college graduates reside within a given census block. Instead, it's about retaining and attracting talent through a multifaceted approach. While there are competing hypotheses regarding these concepts, each offers a common conclusion: it's about preparing the workforce with the necessary aptitude and attitude.

Additional information concerning this topic will be noted within 9.7 and 9.8, respectively.

## 9.5. Real Estate

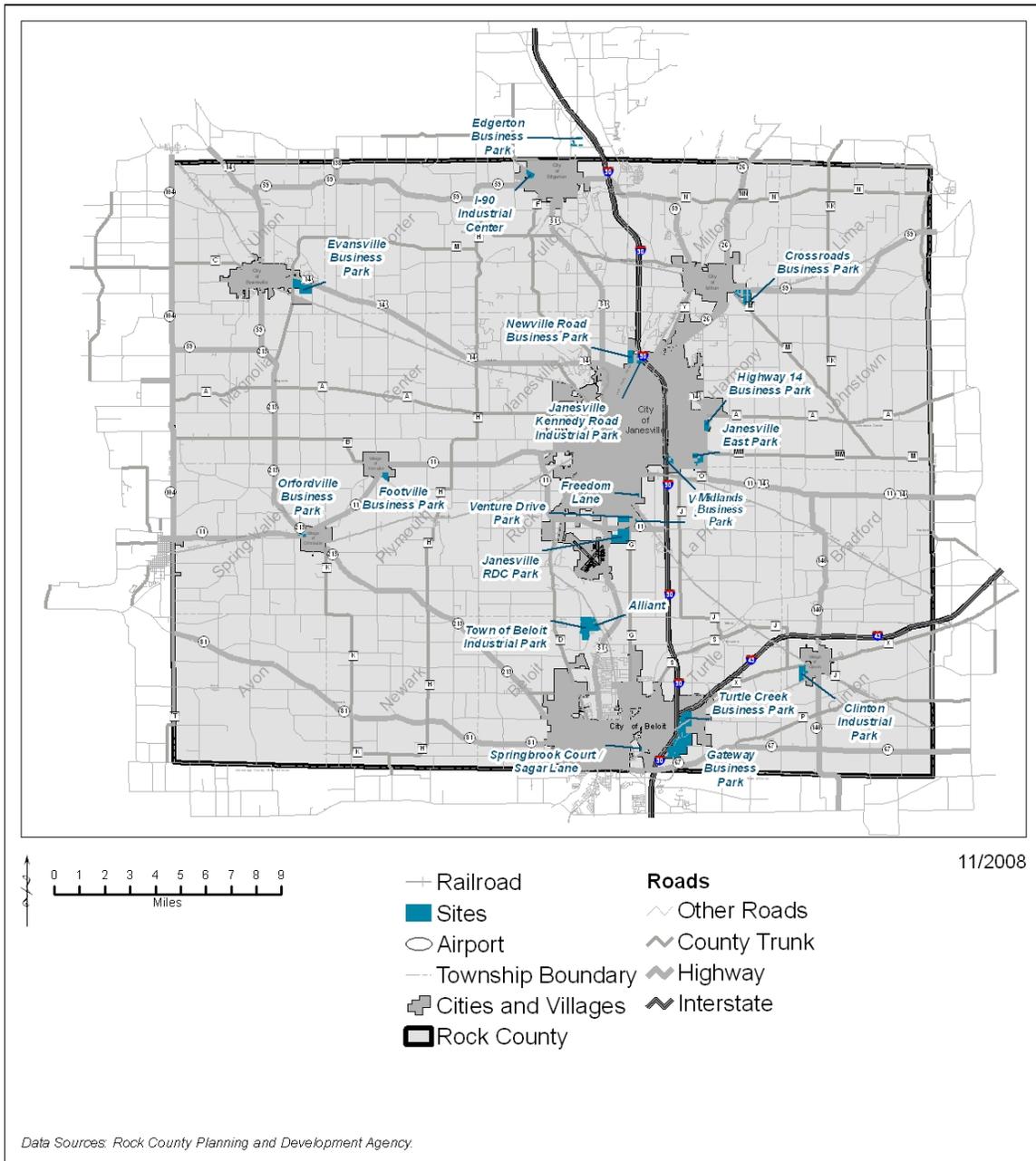
For communities seeking to diversify their tax base away from merely one property tax revenue stream (i.e. residential property taxes), it's important to have designated areas for commercial and industrial development. Land use incompatibility can have debilitating impacts on existing property values, as well as future development opportunities. Essentially, the physical real estate is a community's product.

This product can either be privately provided, publicly supported or some combination thereof. Ownership structures aside, there's no doubt that without the availability of fully improved development sites with all of the usual and customary amenities (e.g. infrastructure, transportation, workforce, etc.), it's virtually impossible to compete. That's why throughout Rock County there is a heavy emphasis on land use, transportation planning, publicly financed Business and/or Industrial Parks and a diversified mixture of commercial/industrial property.

Currently, there are approximately 900 +/- acres of publicly owned industrial and/or commercial sites, the vast majority considered turnkey/ready-to-build, available Countywide. The Cities of Beloit, Edgerton and Janesville's Interstate access and/or visibility provide competitive advantages. For rail users, the Village of Clinton, and the Cities of Milton and Evansville emerge as top choices. An inventory of these properties, complete with maps, pictures, etc. is provided online at [www.rockcountyalliance.com](http://www.rockcountyalliance.com) (see Map 9.4).

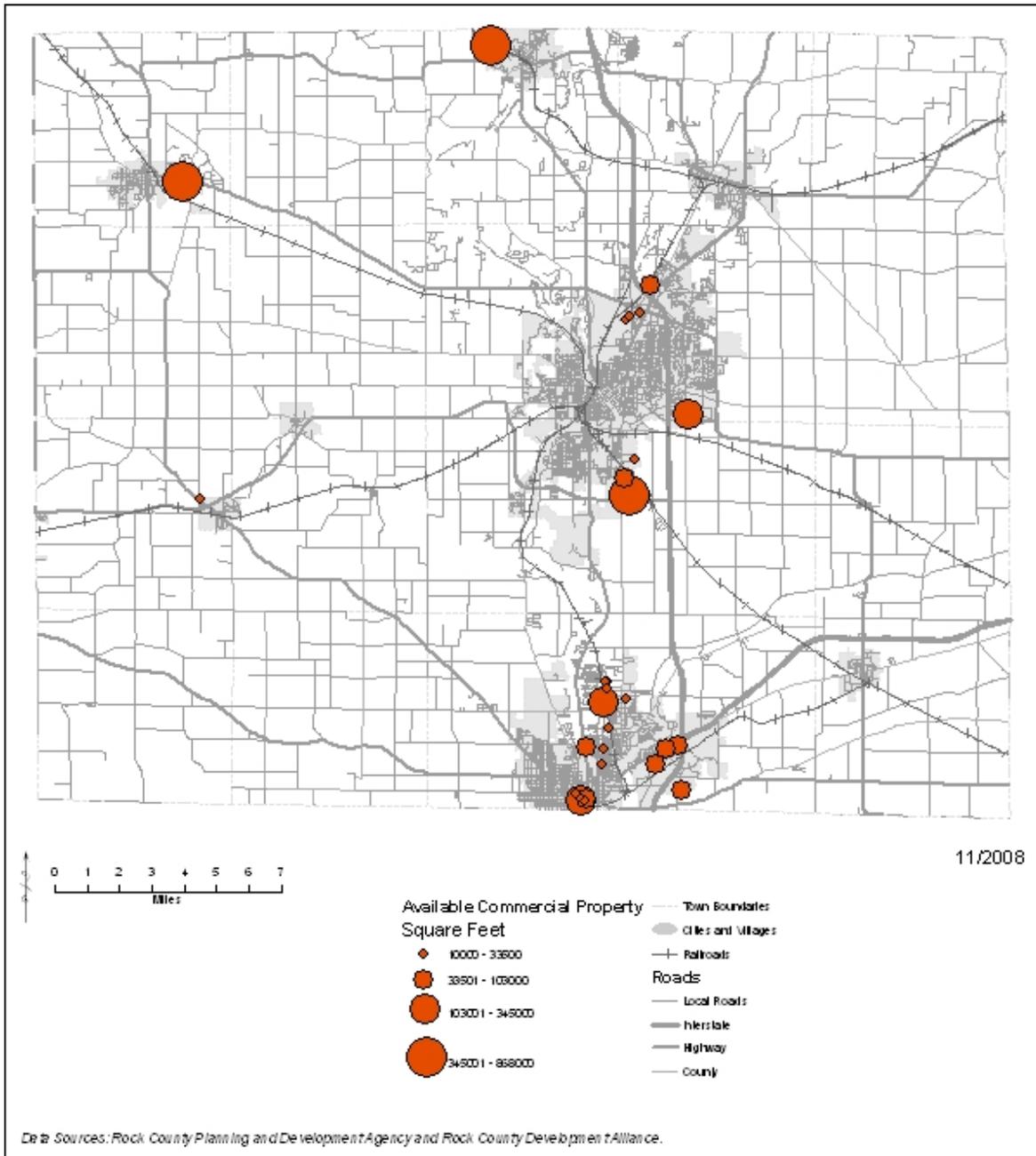


**Map 9.4:  
Business/Industrial Parks Public and Private Sector Ownership**



In addition to these properties, there’s also an inventory of existing buildings listed via the Location One Information System (LOIS) too (see Map 9.5). Vacant, speculative and/or partially occupied properties provide a diversified mixture of existing real estate. This type of real estate portfolio is critical because 80% of all business projects require existing space. Of the nearly 1.75 million square feet of speculative and presumed soon-to-be-vacant automotive supplier property Countywide, nearly 75% is likely leased.

Map 9.5:  
Location One Information System (LOIS) Listings: 10,000 Square Feet or Larger

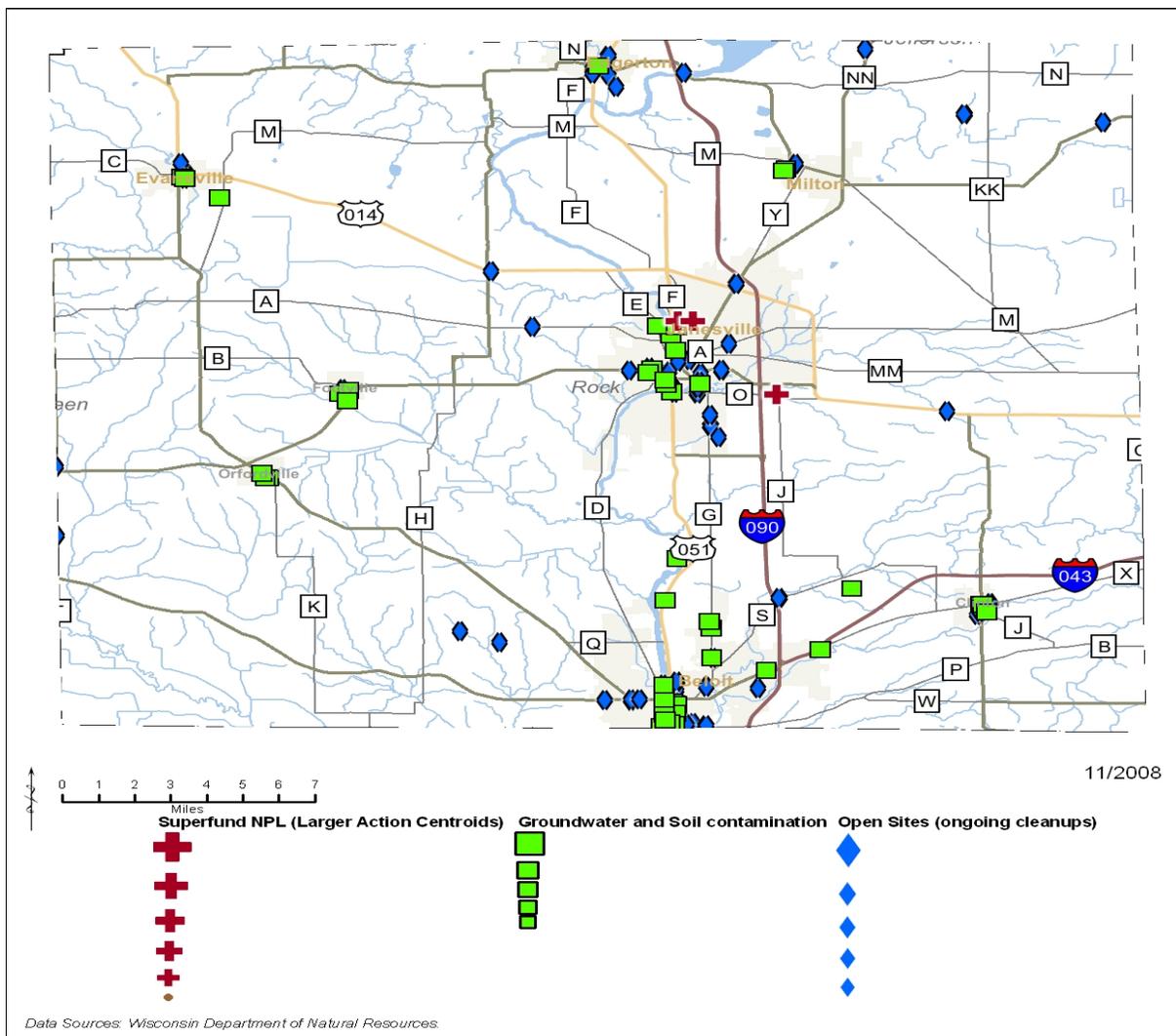


While securing and maintaining tenants for these properties present their own challenges, they pale in comparison to the unique complications presented by brownfields. Brownfields are commonly referred to “as abandoned or underutilized commercial or industrial properties where expansion or redevelopment is hindered by real or perceived environmental contamination.” Common examples include abandoned gas stations, mining sites, dilapidated and/or vacant industrial properties. Suffice to say, these properties require special expertise, deep financial pockets, passion and above all a public/private partnership.

Given Wisconsin's strong environmental roots, it's not surprising that the WDNR maintains a multifaceted brownfields program. From site identification, via its Environmental Remediation and Redevelopment Program (ERRP), to direct financial support (including some that cross agency boundaries), there's a menu of services available that can be applied towards brownfield projects.

According to ERRP, Rock County has a sizable listing of properties identified as contaminated through spills, leaky underground storage tanks and those officially involved in some form of environmental remediation program. From a cursory review, these 80 +/- properties represent a sizable figure, representing various industry sectors. For example, drycleaners, metal fabrication manufacturers, agribusiness, energy and transportation providers are well represented throughout this ERRP listing. While it's true that the majority of these properties reside within the Cities of Beloit and Janesville, Map 9.6 indicates that contaminated real estate exists Countywide.

Map 9.6:  
Brownfields



Recently, Rock County negotiated the transfer of a tax delinquent, contaminated lot to the Village of Clinton. To date, six additional contaminated, tax delinquent properties remain on the County's tax rolls. Two of these properties have an Edgerton zip code, one is located in the Town of Fulton, another in the Town of Milton, and one within the City of Beloit. These properties, as well as the aforementioned real estate, are displayed on the map above.

While there have been several redevelopment projects completed throughout Rock County, perhaps none are more notable than the properties touched by the late Ken Hendricks. Although Mr. Hendricks' influence and related stories are well known, this Chapter would be incomplete without mentioning his redevelopment work.

The Fairbanks Morse Complex and the Ironworks Campus, both located within the City of Beloit, are two highly visible projects that exemplify Mr. Hendricks' passion (see photos below). Those projects, among many others touched by him, will forever memorialize his redevelopment spirit, thereby perpetually challenging others to follow along similar adaptive reuse pathways.



*Fairbanks Morse Complex, City of Beloit*



*Ironworks Campus, City of Beloit*

When discussing redevelopment projects it's also important to note that even small-scale or single-site properties can be critical for a community's overall economic fabric. The Grange and Eager Buildings (City of Evansville) and the Old Junction Mill (City of Milton) are just a few examples of downtown-focused, single property redevelopment projects. Additional examples can be found downtown in the City of Janesville, such as The Armory and the Marshall (Main Street) School Apartments. Meanwhile, the City of Edgerton's Fulton Square offers an example how an infill project can definitely reshape/reposition a community's downtown.

## 9.6. Resources

Overall, the majority of economic development financial and technical resources fall into one of the following public categories, local, State or Federal. Historically, Wisconsin has operated under a very restrictive philosophy regarding business development assistance, as demonstrated by the following facts: the State Constitution's Uniformity Clause prohibits any form of real

estate tax abatement, current legislation effectively forbids the ability to package “mega” incentives (i.e. it’s uncommon for a single development project to command an incentive package larger than \$20 million), and the amount of funding allocated to the Wisconsin Department of Commerce during a given budgetary biennium is \$15 million dollars or less.

While there is much debate surrounding the use of public funds for economic development projects, they are part of the normal landscape that persists throughout the United States and around the globe. Keep in mind that these programs effectively only have meaningful value if they can be applied/utilized in a manner to mitigate one-time or reoccurring project costs. Case in point, incentives perform the role of a tiebreaker, separating one location versus another. Perhaps most important of all, is to remember that incentives do not provide enough financial cosmetic appeal to overshadow poor real estate decisions. For a real life example, take a drive to Harvard, Illinois and view the vacant Motorola Campus.

Generally, the Wisconsin Department of Commerce is the most direct source for business development programs, offering financial and technical assistance to communities and businesses alike. Commerce’s assistance is usually based upon the ability of a project to demonstrate feasibility, through employment creation/retention and capital investment documentation.

Since these programs support rather than compete with offerings from other providers, multiple funds are often packaged. This mixing and matching of programs is exhausting and complicated, especially because so many programs are antiquated, their funding levels are depleted and there are far too many inflexible applicability standards. These points are exemplified by the below descriptions of the usual suspects that generally have the highest potential of applicability/utilization throughout Rock County.

### **Labor Training Assistance**

Wisconsin Department of Commerce’s Customized Labor Training (CLT) grant program is designed to assist manufacturing companies with their new technology, industrial skills or advanced processes training. Through this grant, up to 50% of the eligible costs for classroom-based training are reimbursable. Commerce also provides a similar program, known as the Business Employees Skills Training (BEST) grant program. In either case, CLT and BEST funds cannot be used for on-the-job training (OTJ).

In addition to these Commerce dollars, the Southwest Workforce Development Board (SWWDB) has access to various workforce training funds, as well. These SWWDB funds, which originate primarily from the United States Department of Labor, can be applied towards OTJ, customized/certification, preparatory industry training and dislocated worker assistance. Generally, these reimbursable funds can be used for both classroom and OTJ, covering up to 50% of the employee’s hourly wage during the training periods.

## Tax Credits

Wisconsin offers a variety of tax credit programs, the majority of which are either project and/or geography specific. Effectively, these tax credit programs offer a direct offset against a company's Wisconsin income tax liability. Actual financial awards are based upon employment and capital investment commitments during a three-year project window. To utilize these credits, a company must be profitable; the credits are only applied to Wisconsin workers and they are released on a three-year, pro rata distribution schedule.

While somewhat similar in name, the Federal New Market Tax Credits (NMTC) Program operates quite differently. NMTCs are designed to encourage community development entity investments into specific elevated poverty status geographic areas. To receive NMTC financing, businesses, corporations, partnerships, sole-proprietorships and specific non-profits must be active and physically located within a designated low-income, geographic zone. In exchange for these investments, investors are eligible to claim a Federal tax credit worth 39% of their initial qualified equity investment. The tax credits are allocated over a seven-year period.

Recent State legislation has consolidated five zone programs into a single, Statewide offering. Through consolidation, a much larger pool of tax credits can be drawn from and increased activities are now considered eligible to receive tax credit consideration. While the City of Beloit currently has one of the State's select Development Opportunity Zone designations, there's currently a strong legislative push to have a similar zone awarded to the City of Janesville. To date, only the Cities of Beloit and Janesville possess eligible NMTC census tract zones. While several Rock County projects have utilized the State tax credits, no NMTC examples currently exist.

## Tax Increment Financing

While tax increment financing (TIF) districts have endured their share of criticisms, it's Wisconsin's number one economic development tool. TIFs permit a municipality, village and under certain circumstances a town to acquire, develop, finance and market real estate, within a specific geographic area, through the issuance of public notes and bonds. As development generates new or increased value within that area (i.e. district), the property taxes on new development value are segregated and applied towards the public debt.

Examples of TIF utilization include business/industrial parks, commercial (predominately downtown) mixed use and redevelopment projects. TIFs possess local and State oversight. Additionally, recent changes to Wisconsin's TIF law now permit positive tax increment, generated by projects within that district, to be spent on development projects located within one-half mile of the existing TIF boundary. These types of changes, as well as other TIF legislative tweaks, have provided communities with an added level of flexibility to meet today's complex development needs.

In a typical Rock County TIF project, the incentive is structured in the form of a land cost write-down, a reimbursement of specific development costs or a direct pay-as-you-go development inducement. Terms of the agreement are structured over a 10 to 15-year period, stipulating taxable value (investment) and employment guarantee thresholds. A legally binding development agreement governs each TIF project. In Rock County, there are up to 40 active TIFs.

### **Business Improvement District**

A business improvement district (BID) is a special purpose district created by a municipality, village or town, at the request of the impacted property owners, to finance development and promotion within that district. While many of Wisconsin's BIDs are downtown orientated, larger communities have BIDs that encompass entire neighborhood commercial districts. Rather than issuing notes or bonds, BIDs are funded by assessing property owners within the district on a per dollar amount based upon assessment values, a property's square street footage or some combination thereof. Funds collected from this assessment are then available for various applications, as determined by the BID's operating plan. BIDs are often utilized to support, in whole or in part, a community Main Street Program. In Rock County, the City of Beloit has the only active BID.

### **Main Street Program**

The National Trust for Historic Preservation established the national Main Street program to assist communities with their downtown/urban neighborhood revitalization efforts. Realizing the complex nature of these efforts, Main Street offers a comprehensive and incremental approach. This approach is based on the following core principles, design, organization, economic restructuring and promotion. In Wisconsin, the Main Street designation is awarded via a competitive application process by the Wisconsin Department of Commerce. Once designated, Wisconsin communities receive five years worth of technical assistance ranging from planning to implementation. Currently, the City of Beloit is the only Rock County community recognized by this Main Street designation.

### **State Infrastructure Programs**

For rail and rail related infrastructure improvements above and beyond normal TIF policy assistance, communities can draw upon one of the following WisDOT programs, the Transportation for Economic Assistance (TEA) Grant Program, the Freight Rail Infrastructure Improvement Program (FRIIP) and the Freight Rail Preservation Program (FRPP\*). While TEA offers up to 50% project funding on a per job basis, FRIP's loan program provides up to 100% and FRPP\*'s grant funding covers up to 80% of project funding. To date, there have been several Rock County projects that have tapped into these WisDOT funding programs.

## Federal Infrastructure Programs

Additional infrastructure funding can derive from Community Development Block Grants (CDBG), which originate from the United States Department of Housing and Urban Development. CDBG funds can be used for various economic development, housing, infrastructure, planning and public works related projects. Generally, these funds are applied for and then awarded directly to a unit of government, who in turn, then grants and/or loans these monies to eligible recipients.

To receive these funds, a local match of at least 25% is required and the project must be able to demonstrate benefits to low-to-moderate income individuals. For business projects, eligibility is determined according to private investment commitments and the creation and/or retention of full-time employment positions. CDBG funds can be used to finance the following activities, business acquisitions, buildings, construction, expansion, infrastructure, land and working capital. Since the Cities of Beloit and Janesville are both entitlement communities (i.e. they can apply directly to the Federal government for said assistance), Rock County generally cannot apply CDBG funds in those locations unless there's a significant and documented countywide economic development benefit. To date, there have been several Countywide projects that have utilized CDBG funding.

Similar eligibility requirements are associated with the United States Economic Development Administration (EDA) funding, as well. With local match requirements of 50%, EDA funding has been utilized throughout Rock County for various road and infrastructure related projects. Examples include the City of Janesville's Kennedy Road industrial corridor, the City of Beloit's Willowbrook Road and its Gateway Business Park. Recently, Rock County was awarded an EDA Grant for its economic adjustment strategy.

## Other Financial Assistance Programs

Industrial revenue bonds (IRB) are municipal bonds whose proceeds are loaned to private persons or businesses to finance (manufacturing) capital projects. All Wisconsin municipalities, cities, villages, and towns, are authorized to issue IRBs. While the local community passes the necessary (comfort) resolution, acting as a conduit for the funds, the actual IRB recipient is responsible for the repayment of the bonds, including all interest charges. The benefits of IRBs include exemption from federal income tax, lower fixed or variable interest rates. IRB proceeds can be used to finance fees, land, buildings and machinery and equipment throughout the bond's term.

To be eligible for IRBs, a project's cost must be at least \$1 million or greater, with a maximum of \$10 million. Clients interested in pursuing IRBs are strongly encouraged to consult with recognized bond counsel. While not widely utilized, various projects throughout Rock County have been funded by IRBs.

The Wisconsin Department of Commerce also has the ability to provide capital financing, at rates typically around 4% or lower. Similar to conventional lending, Commerce can finance working capital, fixed asset and real estate expenditures. The State will take a first security position and refinancing is not an eligible activity. Loan funds range between \$3,000 to \$10,000 per job, with heavy emphasis on the following criteria, project viability, number and type of employment, economic impact of the project (e.g. special emphasis on targeted industries, project location, etc.) and the amount of private funds leveraged.

The Wisconsin Business Development Finance Corporation is certified by the Small Business Administration (SBA) to administer its 504 lending program. The 504 program provides financing for up to 40% of the project cost, with fixed and below market rates. These loans are issued for terms of 10 or 20 years, depending on the useful life of the asset, and they are subordinated to conventional loan financing. Most for-profit businesses, with net worth less than or equal to \$7.5 million and average profits less than \$2.5 million, are eligible for the 504. SBA 504 funds can be used for fixed asset financing and also for refinancing existing debt.

There are also various revolving loan funds (RLF) functioning throughout the County, which offer capital financing options. While most of these RLFs are the products of proceeds collected from previous CDBG awards, some have developed from local funding sources. The Cities of Evansville and Edgerton, in particular, are two communities that have RLFs financed by non-block grant funds. While Rock County relies exclusively upon its CDBG sourced RLF, the City of Beloit augments its RLF with a multi-bank loan pool. Regardless of funding origination, though, each RLF effectively provides a source of low-interest (gap) financing. RLFs adhere to recognized lending practices and they possess local and/or state oversight.

Yet another capital financing option stems from Alliant Energy's Shared Savings Program, which provides front-end, low-interest financial assistance to qualifying institutional, non-profits and business customers for the purchase of energy efficient equipment/machinery, fixtures and facility related mechanical systems. Eligible projects typically include high efficiency furnaces, insulation, lighting, ventilation systems, windows and machinery/equipment. The program is financed through existing, as well as new, Alliant Energy customers. For projects not served by Alliant Energy, individuals and businesses have the ability to utilize Wisconsin's Focus on Energy Program. Similar to Shared Savings, Focus on Energy also targets its financial and technical assistance towards conservation related measures.

Lastly, there's financial support that originates from corporate (business) foundations or philanthropic organizations. Similar to federal funds, this type of assistance often stipulates local financial matching requirements and purposely targets specific issues and/or geographic locations. Examples of these types of corporate citizenship include, but are not limited to, individual (family) endowments, financial institutions, manufacturers, national retailers, utility companies, etc.

The Jeffries Foundation's support for the Milton House expansion/renovation and Alliant Energy's 2008 contribution to BTC's power distribution program are two examples of how foundational funds can be applied toward local community/economic development projects. Rock County has also benefited from the Joyce Foundation and the Kauffman Foundation, which have supported regional and/or Statewide initiatives throughout Wisconsin.

## 9.7. Implementation Strategies

While there are many fascinating economic development ideas and programs that peer cities utilize, it's unreasonable to assume that what works in Phoenix, Arizona applies directly to an application within Rock County. That's why it is important to realize that successful economic development requires a right-sized, multifaceted approach. Nonetheless, regardless of market differences the following section describes the basic approaches that any community should consider incorporating into their economic development plan.

### Business Retention and Expansion

Considering that most growth develops from existing companies, it's absolutely essential for a community to continually and strongly emphasize its business retention and expansion (BR&E) efforts. While there are various reasons why companies fail, one variable that contributes significantly to success falls squarely in the communication corner.

Successful BR&E programs are predicated upon mutually acceptable communication/information sharing commitments between businesses and local economic development efforts. This open exchange provides a two-way forum for ideas, concerns and recommendations. More specifically, it affords an opportunity to discuss relevant market forecasts, industry trends, supply chain considerations and the like as they impact operations locally. This is the area where local and/or state business climate issues and specific requests for action generally surface.

Essentially, an optimal BR&E program is an on-going, comprehensive, coordinated and structured data collection effort. While BR&E frequency can be problematic, it does build credibility and legitimacy. The trick is to ensure that companies are not providing the same type of information for multiple groups during any given time period. Further, it's important to remember the sensitivity of the information. That's why using volunteers to execute a BR&E program can be dicey.

Rock County's BR&E program involves a combination of local and county applications, assembling individuals and resources as needed via a team approach. For example, local BR&E efforts have historically involved the community's chief elected official/administrator and the EDO or chamber staff visiting with a select group of employers. For businesses not on this visitation rotation, the chamber/EDO committee structures often serve as information conduits. Overall, the intelligence gathered locally is then shared accordingly to reconcile and/or address relevant economic development policy and/or programming issues.

## Business Attraction

With over 30,000 EDOs hunting and gathering from the same proverbial ground, things become extremely competitive. The importance of this context increases dramatically when factoring in that annually, there's only an estimated 125-150 significant economic development projects (e.g. non-retail, education, government or medical) nationwide. Although the locations for these projects are conceivably endless, there are stark marketplace differences.

That's why competitively positioning a community's assets is so critical. For instance, turnkey and diversified real estate opportunities, including pre-qualified, build-to-suit arrangements and right-sized infrastructure, drastically accelerates the decision making process. Advanced transportation networks and identifiable workforce attributes provide tangible, quantifiable benefits, as well. An engaged, committed and proactive governmental unit with a playing to win mentality, as it relates to incentives, provides the necessary leverage to either push or pull a project.

While it's true that this positioning is heavily geared towards preparation, it's also about marketplace exposure. Establishing a community's brand image relies significantly upon its ability to deliver its promised deliverables. Simply stated, communities must provide what is promised. Since it's true that good news travels fast, bad news travels even faster. That's why local and trade-specific media relations are very important pieces to a community's overall positioning strategy.

Similar to the BR&E team concept, this same approach is utilized for business attraction projects too. As the primary lead contact, the County utilizes the Rock County Development Alliance as the brand image, as well as the vehicle, to aggressively pursue business attraction projects. This single point of contact approach enables the County to work efficiently and confidentially, ensuring that all of the legitimate options receive consideration. Ancillary support from various service providers are marshaled and utilized on an as need basis. There are various examples countywide, representing diverse industry sectors and community locations alike.

## Entrepreneurship

Successful entrepreneurial efforts rely heavily upon a dedicated champion to leverage both private and public sector support. Of particular importance is the culture of the community, as it relates to new ideas and the acceptance of failure. Without this supportive climate, it's difficult to engage and sustain the entrepreneurial spirit. Additionally, a community must have an identifiable network of resource providers that have either an entrepreneurial appreciation or expertise. Banking, legal, marketing and research are just a few of the essential core competencies. Last but not least, a community must have the desired level of technology connectivity (i.e. voice/data) and related quality of life amenities. These attributes assist with retaining and attracting entrepreneurial-minded talent.

Whether entrepreneurs realize it or not, what they need most is information, information about customers, distribution channels, contract manufacturers, affordable financing, service providers, trends, etc. Business incubator programs, which provide a structured environment for shared administrative services and discounted real estate, can also facilitate the growth of emerging or expanding businesses. While Rock County has this basic entrepreneurial culture, it's more of a connecting/directing role to either the university-based small business development centers (SBDCs) or local service corporation of retired executives chapters.

As part of the County's recently awarded EDA grant, emerging and existing Rock County businesses will have full access to University of Wisconsin-Whitewater's SBDC services locally. Although some of these services might eventually require a modest fee-for-service structure, the overwhelming majority will not. Additionally, there are ongoing discussions regarding re-establishing an incubator program. In the midst of the current credit crises, not to mention the rash of existing or pending worker dislocations, the timing of this endeavor is definitely ideal.

### **Downtown/Infill/Redevelopment**

Redevelopment, infill and downtown projects require a special combination of vision, partnerships, resources and patience. Unlike greenfield developments, the aforementioned projects involve variables that generally are associated with cost and challenges. Moreover, these projects are often mixed-use in nature, capturing niche market segments and serving as anchors or catalysts for larger community/economic development initiatives. Essentially, it's about creating critical mass opportunities and leveraging marketplace synergies.

Mechanisms such as the Main Street Program, a BID or community development/redevelopment authority are a few of the more common tools utilized throughout Rock County. Depending on the project and location, a project's residual psychology factors often provide more value-added than the physical real estate improvements themselves. While there are likely countless success stories countywide, sheer economies of scale suggest that they are predominately concentrated in the Janesville-Beloit MSA.

### **Community Cash Flow**

Developing, growing and ultimately maintaining a community's cash flow is directly attributed to its business sales, employment and income concentrations, representing both public and private sectors. Company sales and profits support jobs and payroll that become disposable income; in turn, this activity generates more sales as consumers make purchases. Essentially, community cash flow is about the pathway (i.e. multipliers) of dollars through a community before it "leaks or leaves". Higher paying jobs, government/education monetary transfers, diversified retail (i.e. tourism)/commercial and base industry activities all contribute towards increasing a community's cash flow capacity. If a community doesn't have these options, then there's a strong likelihood that cash flow will be constrained.

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## Workforce Development

As mentioned within a previous section of this Chapter, workforce issues are now considered keystone economic development considerations. Demographic shifts, industry projections and the overall economic landscape clearly suggests that Midwestern states like Wisconsin must seriously address its workforce development system. Clearly, education and workplace skills attainment are basic prerequisites for sustainable employment. Sustainable employment, in turn, has significant economic implications that traverse various socio-economic indicators.

It's well documented that successful economies hinge upon talent related retention, recruitment and development efforts. Wisconsin's K-16 education system has served the State well, per national comparisons and the like. While the accolades are extensive, there's a growing disconnect between business and education. Resolving these disconnects, much like successful BR&E programming, involves communication and collaborative action.

An example of this approach can be found in the career pathways concept, which is incrementally gaining acceptance throughout Wisconsin. The career pathway concept involves the following key elements:

1. Employer and industry driven competency-based curricula
2. Modular, sequential and portable course offerings
3. Flexibility of entry and exit portals through institutions of higher learning
4. Career maps that delineate the required and available steps to reach an occupational or career goal. Essentially, it's about formally aligning and connecting all of the business, education and training into a seamless, integrated system.

Locally, this pathways concept is already underway with the Stateline Career and Technical Education Academy (SCTEA). Modeled after Pennsylvania's Lehigh Career and Technical Institute, SCTEA is a consortium of schools anchored by a strong public/private partnership. Joint curriculum development/delivery, applied learning environments, soft skills incorporation and articulation agreements with Blackhawk Technical College and University of Wisconsin-Rock County (UW-Rock County) are just a few SCTEA's hallmarks. SCTEA's efforts will be funded through existing school budgets, foundation grants and private sector contributions.

To date, six out of eight Rock County school districts and South Beloit, Illinois have agreed to a five-year SCTEA commitment. An 18-month planning process has been utilized to gear-up for the inaugural SCTEA 2009-2010 academic year. A noteworthy SCTEA item, each student will still attend and graduate from their regular high school because SCTEA related classes will utilize a combination of distance learning applications and onsite instruction.

This type of workforce initiative meshes well with the Workforce Initiative for the WIRED effort that was addressed in 9.2., as well as a response to the Wisconsin Department of Workforce Development's short and long-term industry projections. Even though they are regional based

projections, they do provide useful insights regarding the types of Rock County skills attainment forecasts. For example, of the 757 occupations identified for the Southwest Wisconsin region (e.g. Grant, Green, Iowa, Lafayette, Richland and Rock Counties) only 108 required bachelor's degrees as the typical education and training path. Additionally, there were 133 projected occupations requiring short-term OTJ education and/or training. Meanwhile, those occupations requiring long-term OTJ training numbered approximately 165.

It's important to note that these projections and the aforementioned statements regarding the business/education disconnect do not negate the important work that Beloit College, Blackhawk Technical College, UW-Rock County and others provide locally. As a matter of fact, each of these institutions performs a vital role within Rock County's K-16 system. One example includes the establishment of the UW-Rock County four-year Engineering Degree Program, which was precipitated by a demonstrated private sector need. Another example is Blackhawk Technical College's Nursing Program, which is experiencing capacity issues as a result of the health care industry's continuous expansions.

While there's plenty of remaining work, the aforementioned local and regional workforce initiatives indicate that Rock County is moving in the appropriate direction. The recommendations provided by Blackhawk Tech's Blue Ribbon II Committee, as well as those offered by the second annual Beloit School District's Business and Education Summit, confirm these notions.

## Regionalism

Per 9.2., regionalism is the contemporary economic development buzzword. The benefits of regionalism, however, rest squarely upon communication and collaboration. Creating a mutual understanding of common issues and trends can increase efficiencies and leverage scarce resources. Land use, transportation and workforce related planning, in particular, are logical collaboration stepping-stones. Regional industry sector (i.e. cluster) initiatives and targeted marketing programs are also noteworthy regional projects.

Despite these benefits, regional efforts must grapple with the following paradox: while economic development projects do consider regional attributes, local factors ultimately determine the project's physical location. That said, locally controlled decisions, such as land use, permitting and TIF heavily influence the attractiveness of community's product/package. The recognition that regionalism doesn't negate competition is a critical hurdle for policy makers, communities and citizens alike.

## 9.8. Economic Development Issues and Opportunities

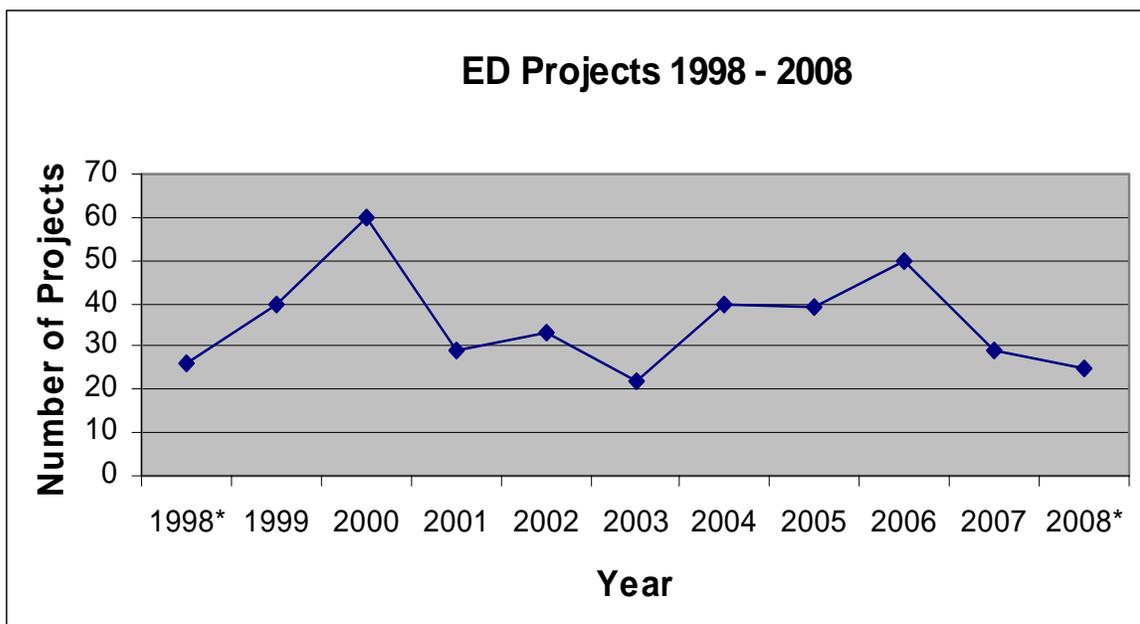
Considering the worldwide financial crises at the time of this Chapter's writing, the context of issues and opportunities are certainly germane. Adding fuel to the fire are the marketplace pressures from the nations of Brazil, Russia, India and China. Combined, these developments are influencing Wall Street and Main Street activities, albeit at varying levels. Simply stated,

communities that possess the ability to generate or sustain community cash flow will be positioned more favorably than others. As demonstrated by the Federal government’s actions during 4<sup>th</sup> quarter 2008 and the responses locally to the GM announcements, crises serve as excellent motivators.

Given the aforementioned context, the points below address the main issues and opportunities facing Rock County.

- Demographic and economic landscape changes in Rock County tend to mirror those of Wisconsin. These changes have 360-degree impacts, touching each and every socio-economic indicator. While not as discouraging as other county trends Statewide, Rock County’s data suggests future facility, program and/or service capacity considerations.
- As financial credit issues persist, individuals and businesses alike will each face a multitude of challenges. While discouraging, Rock County’s overall economy will likely be insulated from the major swings that will sweep through larger MSA locations. Nonetheless, there will be employment and income implications. In turn, these factors will ultimately influence the housing and retail/commercial markets. The one bright spot, however, is the health care industry, which is poised to pump over \$225 million in new investments and literally hundreds of higher, paying jobs throughout the County’s economy.
- While manufacturing and logistics activities throughout Rock County have been steady, the pipeline is increasingly becoming leaner. From a historical perspective, 2007 projects were about 1/3 less than the 2004-2006 average. 2008’s numbers are reflective of the challenging international and domestic economic cycles (see Figure 9.30).

Figure 9.30:



- While these numbers are instructive, the real differences are attributed to project size and type. For example, today's projects are increasingly dominated by massive capital expenditures and smaller employment needs. Real estate needs have shifted away from large facility footprints (i.e. 500,000 to 1 million square feet) to moderately sized layouts (i.e. 50,000 to 150,000 square feet). Cost of capital, market share considerations, transportation (fuel impacts) and timing appear to be the leading contributing factors. Hence the emphasis and focus on right-sized real estate investments.
- Due diligence periods are exhaustive and project expectations, as well as demands, are significantly higher. Meanwhile, the competition is increasingly intense and well funded. As Federal monetary policies impact currency valuations, direct foreign-investment activities throughout the Midwest will respond accordingly. These actions bode well for Rock County, especially when considering the County's industry sector roots and its Chicago proximity. Two City of Janesville examples, Gallina USA and Tigre USA, exemplify these points, representing international companies making investments to secure U.S. markets.
- Entrepreneurial or small business activity remains inherently linked to the County's overall economic indicators. Simply stated, higher months or periods of unemployment translate directly into increased business start-up needs. Considering an already elevated unemployment rate (i.e. December 2008 at 8.1%), combined with projected future spikes in the next 12 months, there will be increased service provider demands.
- The career pathways work of SCTEA and WIRED's regional efforts should help Rock County position itself for the accelerated and pending economic transitions. Sustainability of these efforts will most certainly be key considerations moving forward. That's why it will be important for the SWWDB to ensure that the already committed \$1.6 million, as well as the earmarked remaining balance of \$2.2 million, is effectively deployed.
- The 400 + ideas generated from the 2008 Janesville Economic Summit, blended with similar information exchanges throughout Rock County during the last three years, provides an economic road map. The ideas and themes generated from these activities will be reflected in the forthcoming Rock County *2020 Economic Development Plan*.

## 9.9. Economic Development Goals, Objectives, and Policies

This section states the County's economic development goal, objectives and policies.

### Economic Development Goal

9.1. Promote activities and programs that position, as well as prepare, Rock County for development opportunities that augment, enhance and sustain its assets.

### Economic Development Objectives and Policies

- 9.1.1. Develop, expand, and diversify the County's industry clusters to capitalize on market, as well as sustainable growth, opportunities.
  - 9.1.1.a. The County shall encourage communities to create and adopt policies that facilitate emerging, niche and targeted industry cluster development activities, including but not limited to, value-added agriculture, advanced manufacturing, food processing, plastics, health care, logistics, etc.
  - 9.1.1.b. The County shall proactively communicate, connect, develop and/or marshal fiscal and technical resources, for communities and their businesses, to address supply chain and sustainability.
  - 9.1.1.c. The County shall expand and diversify its entrepreneurial climate by connecting and directing applicable information, resources and service providers.
- 9.1.2. Advocate, create, and explore industry sector opportunities that leverage the County's demographics, geography, physical infrastructure and transportation network capacities.
  - 9.1.2.a. The County shall encourage and promote orderly, cost effective development practices that maximize the use of existing/planned services, as well as maintaining balance among the preservation of environmentally sensitive areas, agricultural, commercial, industrial and residential developments.
  - 9.1.2.b. The County shall recognize and proactively develop policies that leverage its regional and upper Midwestern geographic marketplace proximities.
  - 9.1.2.c. The County shall advocate for the continued development and preservation of the transportation network (including roads, rails and the airport) that provide connectivity to domestic and international markets for citizens and business alike.

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- 9.1.2.d The County shall advocate for the continued development and preservation of existing/planned public and privately owned utilities (including electric, gas, water, sewer and telecommunications) to ensure competitive affordability, capacity and reliability standards.
  - 9.1.3. Develop, expand, and diversify the real estate portfolio that exists throughout Rock County.
    - 9.1.3.a. The County shall advocate for, and promote, the continued development, expansion, funding and utilization of publicly owned business/industrial parks, thereby ensuring affordable, turnkey and developer of choice offerings.
    - 9.1.3.b. The County shall encourage community policies that facilitate speculative development projects, based on current or future market demands.
    - 9.1.3.c. The County shall encourage communities to adopt consistent and reasonable design standards.
  - 9.1.4. Encourage and enhance downtown, infill and/or redevelopment related opportunities.
    - 9.1.4.a. The County shall encourage communities to adopt and implement policies that facilitate downtown mixed-use development and revitalization to draw customer patronage from a larger trade market area.
    - 9.1.4.b. The County shall encourage communities to actively engage in the real estate development and/or remediation of environmentally contaminated, sensitive or under-utilized properties.
  - 9.1.5. Align and/or develop resources to sustain a certified, recognized and demand-driven workforce delivery system.
    - 9.1.5.a. The County shall proactively work with local and regional businesses to identify emerging workplace needs.
    - 9.1.5.b. The County shall proactively work with the Southwest Wisconsin Workforce Development Board's (SWWDB) workforce preparation and delivery system efforts (i.e. United States Department of Labor Workforce Initiative for Regional Economic Development (WIRED) grant).
    - 9.1.5.c. The County shall proactively work with the Stateline Career and Technical Education (SCTEA) Academy program.
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- 9.1.5.d. The County shall actively communicate and collaborate with local and regional K-16 educational institutions to ensure program/resource alignment.
  - 9.1.6. Advocate, create, leverage, monitor and support applicable business development resources.
    - 9.1.6.a. The County shall encourage communities to creatively and properly utilize tax increment financing (TIF).
    - 9.1.6.b. The County shall encourage communities, and actively engage on their behalf, to continually explore, identify and secure available fiscal, technical, business development resources.
    - 9.1.6.c. The County shall monitor and report program compliance and program utilization.
    - 9.1.6.d. The County shall explore the feasibility of creating, capitalizing and sustaining a locally supported business development grant and/or loan program.
  - 9.1.7. Collaborate and partner with mutually beneficial County, regional, State and/or Federal economic development efforts.
    - 9.1.7.a. The County shall continue to proactively work with Rock County communities to ensure representation and promotion of their assets and attributes.
    - 9.1.7.b. The County shall communicate and participate with regional efforts that achieve to deliver mutually beneficial outcomes.
    - 9.1.7.c. The County shall continue to be engaged with the Wisconsin Economic Development Association (WEDA), as well as other applicable State of Wisconsin and/or Federal agencies/departments.
  - 9.1.8. Develop, implement and update a comprehensive County marketing strategy.
    - 9.1.8.a. The County shall target private sector decision makers through various direct and indirect means.
    - 9.1.8.b. The County shall proactively capitalize and leverage local, regional and Statewide marketing related support, when and where appropriate.
  - 9.1.9. Maintain and enhance the County's economic development consultative offerings and/or services.
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- 9.1.9.a. The County shall continue to proactively provide direct and/or referral based services to various public and private sector constituencies.
  - 9.1.9.b. The County shall continue to cement and enhance its recognition as Rock County's lead business development contact.
  - 9.1.9.c. The County shall continue to serve as a data clearing house and mapping provider.
  - 9.1.9.d. The County shall continue to maintain an active industrial and/or large commercial building and site database.
  - 9.1.9.e. The County shall continue to provide its services and staff support to economic development related organizations.
- 9.1.10. Develop, implement and update the County's *2020 Economic Development Plan*.
- 9.1.10.a. The County shall continue to actively engage its communities, citizens and businesses as it relates to developing, implementing and updating the *2020 Economic Development Plan*.