

## **Introduction**

From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and retaining jobs and growing incomes and the local tax base.<sup>1</sup>

Creating a successful economic development plan involves defining the local economy, determining its strengths and weaknesses, anticipating change, building resilience through diversification, and identifying sources of

financial and technical assistance. It involves the sustained actions of elected and appointed officials, often in partnership with the private sector, intended to promote the standard of living and economic health of a community. Such actions target multiple areas of the local economy including development of human capital (through higher education and job training), critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, and health and safety, among others. The elements of a successful economic development plan include:



- A detailed analysis of the local economy.
- A common vision based upon what residents and businesses value in the community.
- Strong collaboration between the public and private sectors oriented around agreed-upon goals.
- Diversity in the types of businesses and industries.
- Resilience, or the ability of the community to adapt quickly to change based on regional, national, and global economic conditions.
- Cooperation, not competition, between neighboring municipalities.

A vibrant economy is essential for community wellbeing since it effects so many aspects of community life, including the ability to earn a living, develop skills and access training, attract new residents and businesses, and to access services. Economic development expenditures are investments in the community.

The purpose of the economic development chapter is to describe the current economy of the Town, identify opportunities to enhance and diversify its economic base, and prepare a plan to achieve future economic development goals.

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<sup>1</sup> Definition courtesy Salmon Valley Business Center.

## **Economic Development Vision**

*The Town of Oconto Falls will maintain a proactive approach to economic development by strongly supporting local businesses and encouraging new development in harmony with the community's culture and rural character. Farming and agriculture-related industries will remain the dominant component of the Town's economy, with limited small business development occurring in areas designated on the Future Land Use Map. The Town will seek to expand communication technology and infrastructure to create additional opportunities for telecommuting and home-based businesses.*

## **Current Economy**

The economy of the Town of Oconto Falls is typical of a rural, farming community. Agriculture, scattered small businesses, natural resource and extraction industries, and taverns comprise the bulk of current commercial uses. Existing businesses are concentrated along the STH 22 and STH 32 corridors. The natural landscape (wetlands, floodplains, the Oconto River, etc.) and its distance from major markets limit opportunities for large-scale economic development in the community. The nearby City of Oconto Falls serves as the Town's commercial center, with a greater number and diversity of industry sectors. The vast majority of residents find employment outside of the Town.

## **Types of Municipal Economies**

Five general categories are used to describe the economies of small communities: *resource-based, industrial, metropolitanizing, dependent, and lifestyle.*<sup>2</sup>

- **Resource-Based.** This type of economy is characterized by geographic isolation. They are typically far away from larger cities/metro areas and have limited interstate access. These communities often have an aging population base and lack of opportunities for higher education and local employment.
- **Industrial Economy.** The industrial economy is characterized by dependence on yesterday's economic base. Often a community of this type has a single manufacturing or industrial operation that sustains the vast majority of residents.
- **Metropolitanizing Economy.** These communities are experiencing a high amount of residential development which causes concern about decreasing land supplies, loss of community identity, maintaining small town character, and avoiding becoming a "bedroom community."
- **Dependent Economy.** Usually an unincorporated area outside of the suburban ring of development. The economic vitality of this community depends on the economic success of the larger adjacent/nearby community. The primary challenge is handling local residential development pressure.
- **Lifestyle Economy.** These communities tend to include university towns, small communities with military bases, and tourist destinations. Residents enjoy their small

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<sup>2</sup> Randall Gross, Embracing Change in Small Communities, APA National Conference, March 2005.

community setting and quality of living, but are concerned about their long-term dependency on a single economic source.

The Town of Oconto Falls can best be described as having an economy straddling the ‘resource-based’ and ‘dependent’ categories.

### **Labor Force and Economic Base**

Detailed demographic data related to the Town’s labor force and economic base are provided in the Economic Profile section of *Chapter 2: Community Profile*. Highlights from that chapter include:

- Median household income as of 2013 is \$60,486, higher than most neighboring municipalities, Oconto County, and the State of Wisconsin.
- Fewer than 3% of families and individuals have incomes falling below the US Department of Health & Human Services poverty threshold.
- Nearly 30% of the population was unemployed (3.3%) or no longer in the labor force (26.3%) as of 2013.
- The top five industry sectors for employment include: manufacturing (166 residents, 24% of total); educational services, health care, and social assistance (150, 22%); retail trade (77, 11%); transportation, warehousing, and utilities (63, 9%); Agriculture, forestry, fishing and hunting, mining (59, 9%).

### **Current Business Inventory**

The Town of Oconto Falls is home to nearly fifty small businesses (not including farming operations). Due to the fluid nature of most commercial and industrial operations, it is of questionable benefit to present a complete listing of each business by name. However, there is some merit in providing a general description of the types of businesses currently operating in the community. These include:

- Contractors and Consultants – Accounting, appraisals, carpentry, construction, electrician, land surveying, masonry, taxidermy, trash collection.
- Dining and Hospitality – Bars and taverns, supper clubs.
- Extraction Industries – Excavation, logging, nonmetallic mining.
- Natural Resources – Game farms, tree plantations.
- Repair Shops – Auto repair, machine shops.
- Sales – Antiques, chemicals, livestock feed, well drilling and supplies.
- Transportation – Cattle hauling, trucking.
- Value-added Operations – Lumber, milk production.

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### **Economic Development Plan**

The remainder of the chapter focuses on strategies to secure the types of commercial and light-industrial development desired within the community. It also describes the various tools that may aid in achieving the Town's economic development goals.

#### **Growing from Within**

Local ownership of businesses tends to maintain economic diversity because it builds on the loyalty shared between customers, owners, and their community. Local businesses offer connections to place through everyday transactions. They keep money circulating in the community, thereby stimulating the economy and creating new economic niches. Businesses that begin in a community tend to stay in that community. The most effective way to ensure a healthy local economy over time is to offer assistance for those interested in starting their own business and provide the means to relocate within the community when growth merits such a move.

#### **Business Retention**

The key to a successful business retention strategy is building trust between business owners and local officials. Communities must identify the specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local, regional, and international markets. Local government, business groups, educators, and the public must work together to create a vibrant local economy, through a long-term investment strategy that:<sup>3</sup>

- Encourages local enterprise.
- Serves the needs of residents, workers, and businesses.
- Promotes stable employment and revenues by building on local competitive advantages.
- Protects the natural environment.
- Increases social equity.
- Is capable of succeeding in the local, regional, and global marketplace.

Local businesses provide employment for a wide array of supporting services. They hire architects, designers, cabinet shops, sign makers, and contractors for construction. Opportunities grow for local accountants, insurance brokers, computer consultants, advertising agencies, etc. Local retailers and distributors are more likely to carry locally made goods, thereby creating additional jobs for local producers. Some of the ways in which the Town of Oconto Falls can achieve high rates of business retention include:

- Develop a Town website and utilize it (and social media tools) to promote local businesses.
- Assist businesses that have outgrown current facilities or sites with identifying new locations within the community.

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<sup>3</sup> Excerpted from Ahwahnee Principles for Economic Development, Economic Development for the 21<sup>st</sup> Century, 2015.

- Supporting local business associations.
- Providing clearly understandable processes for construction and economic development within local ordinances.

### Social Media

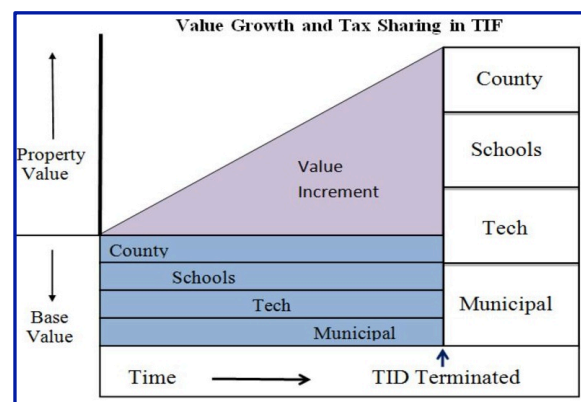
Americans of all ages and backgrounds are increasing their use of social media tools as a way to connect to each other and the issues they care about. Local governments can use these same tools to promote the community and inform residents and business owners. Although benefit can be gained by using social media to augment traditional communication methods, it presents both opportunity and risk to municipal government. Prior to implementing a social media strategy it is important to develop an agreed-upon policy for its use.

Some of the ways in which local governments utilize social media include:<sup>4</sup>

- Economic Development – Many companies use social media to scope out communities as they look to build or relocate their business. Economic developers use social media to attract those businesses to the area and build relationships with current ones. This is arguably the most important reason for local government to maintain an active social media presence.
- Community Building – Building a sense of community pride by recognizing local business, sharing photos and stories about the community, and marketing local events.
- Public Service Announcements – Emergency alerts and severe weather updates, general health and safety tips, road construction schedules, and other important local information.
- Governmental Meetings – Posting schedules, agendas, and meeting minutes.

### Tax Increment Financing<sup>5</sup>

Tax Increment Financing is an economic development tool that allows municipalities to invest in infrastructure and other improvements intended to facilitate private development. When a Tax Increment District (TID) is created, it establishes the current (or base) value of the taxable property within its boundaries. The base value represents pre-TID tax rates and is reflected by the blue rows in the chart at right. Once the TID is underway, taxes collected from the base value are allocated to the local government, county, schools, and technical colleges (taxing jurisdictions) as they were prior to the TID's creation.



Courtesy Wisconsin Department of Revenue

<sup>4</sup> Excerpted from 10 Ways Local Government Can Use Social Media, 2015.

<sup>5</sup> Excerpted from Tax Increment Financing Manual, Wisconsin Department of Revenue, July 2014.

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Over the life of the TID, the taxing jurisdictions collect taxes from the property in the TID base. Meanwhile, new construction and investment increases the value of the property within the TID. All of the taxes collected on the growth in value of the property (the value increment in purple on the chart) are turned over to the municipality as tax increment revenue. The municipality then uses this additional revenue stream to pay off bonds used to develop the infrastructure and improvements made to the property as part of the approved project plan.

At the end of the maximum life period, or as soon as tax increments are collected in excess of total approved project costs, the TID must be terminated. The entire value of the property is returned to the tax rolls of the overlying taxing jurisdictions (the column at right in the chart). This represents the additional property value subject to taxes. While the TID exists, the tax collections for each overlying jurisdiction are limited to the base value of the TID parcels. After termination, the overlying taxing jurisdictions share in a much larger tax base. Partnering to facilitate development spreads the risk of development and increases the tax base for each of the jurisdictions.

Since 2004, Towns in Wisconsin have been able to utilize tax increment financing for a specific set of agricultural, forest, manufacturing, and tourism activities. These include:

- Agricultural projects – Crop production, animal production, support activities for agriculture and forestry, support activities for animal production, and refrigerated farm product warehousing and storage.
- Manufacturing projects – Animal slaughtering and processing, wood product manufacturing, paper manufacturing, and ethyl alcohol manufacturing.
- Forestry projects – Forestry and logging, and support activities for forestry.
- Tourism projects – Recreational and vacation camps (except campgrounds), RV parks and campgrounds, racetracks, dairy product stores, public golf courses.

### Capital Improvements Plan

The capital improvements plan (CIP) is an effective tool to prepare for and budget the future improvements necessary to stimulate economic development. Please refer to *Chapter 5: Utilities & Community Facilities* for detailed information on the CIP.

### Agri-Tourism

Agri-tourism provides opportunities to increase farm income and diversity the local economy. It is one of the fastest growing segments of the travel industry. The Town's farming culture and natural environment create unique opportunities for such development. For more information regarding agri-tourism, please refer to *Chapter 6: Agricultural, Natural, and Cultural Resources*.



## **Economic Development Programs**

### **Federal and State Programs**

#### [US Department of Agriculture – Rural Development Grant<sup>6</sup>](#)

The United States Department of Agriculture’s Rural Development Grant (RDG) provides loans, grants and loan guarantees to support essential services such as housing, economic development, health care, first responder services and equipment, and water, electric and communications infrastructure. The RDG promotes economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools.

#### [US Environmental Protection Agency – Revolving Loan Fund<sup>7</sup>](#)

The Revolving Loan Fund provides funding for grant recipients to carry out cleanup activities at brownfield sites. Through these grants, the Environmental Protection Agency seeks to strengthen the marketplace and encourage stakeholders to leverage the resources needed to clean up and redevelop brownfields. When loans are repaid, the loan amount is returned into the fund and re-lent to other borrowers, providing an ongoing source of capital within a community.

#### [Wisconsin Economic Development Corporation<sup>8</sup>](#)

The Wisconsin Economic Development Corporation’s (WEDC’s) Community Development Investment Grant (CDIG) program helps transform communities by supporting local development unique to Wisconsin’s communities in Wisconsin. The CDIG supports urban, small city and rural community redevelopment efforts by providing financial incentives for shovel-ready projects with emphasis on, but not limited to, downtown community-driven efforts. Grants up to \$50,000 are available for planning efforts, and grants up to \$500,000 are available for implementation projects. The program operates through a competitive process that occurs two to three times per fiscal year. Grant recipients must demonstrate significant, measurable benefits in job opportunities, property values and/or leveraged investment by local and private partners.

### **Regional and County Programs**

#### [NEW North<sup>9</sup>](#)

New North, Inc. is a 501(c)3 nonprofit, regional marketing and economic development organization fostering collaboration among private and public sector leaders throughout the 18

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<sup>6</sup> Excerpted from United States Department of Agriculture website, 2015.

<sup>7</sup> Excerpted from United States Environmental Protection Agency website, 2015.

<sup>8</sup> Excerpted from Wisconsin Economic Development Corporation website, 2015.

<sup>9</sup> Excerpted from NEW North website, 2015.

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counties of Northeast Wisconsin, known as the New North region. New North is a regional partner to the Wisconsin Economic Development Corporation (WEDC) and the State of Wisconsin, as well as local economic development partners, and represents more than 100 private investors. The New North brand unites the region both internally and externally around talent development, brand promotion and business development, signifying the collective economic power behind our 18 counties. The counties include Outagamie, Winnebago, Calumet, Waupaca, Brown, Shawano, Oconto, Marinette, Door, Kewaunee, Sheboygan, Manitowoc, Fond du Lac, Green Lake, Marquette, Florence, Menominee and Waushara.

The key initiatives of NEW North are to:

- Attract, develop and retain diverse talent.
- Foster targeted industry clusters and new markets.
- Support an entrepreneurial climate and small business.
- Encourage educational attainment.
- Elevate sustainability as an economic driver.
- Promote the regional brand.

### [Bay Lake Regional Planning Association<sup>10</sup>](#)

The Bay-Lake Regional Planning Commission annually creates a Comprehensive Economic Development Strategy (CEDS) report, which evaluates local and regional population and economic activity. The purpose of the CEDS is to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen the regional economy and to qualify the region for additional EDA assistance. A section within the CEDS identifies other economic development initiatives at the state, regional, sub-regional, and local levels. The CEDS analyzes local and regional economies and serves as a guide for promoting regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources.

### [Oconto County Economic Development Corporation<sup>11</sup>](#)

The Oconto County Economic Development Corporation (OCEDC) is charged with fostering economic development in Oconto County. It does so in a number of ways including working with prospects and leads, providing data and information on the County, compiling available buildings and sites information, and working with new business start ups. OCEDC's major economic development tool is the Revolving Loan Fund (RLF). The RLF is an Oconto County financing program to provide loans to businesses expanding or locating to Oconto County. The Fund was created to enable businesses to grow, create jobs, and improve the local economy. Any type of business located in, or relocating to Oconto County is eligible. Applicants must demonstrate that loan funds will create or retain jobs in the County. Loan amounts are subject to the availability of program funds; with a minimum loan of \$20,000 and maximum loan of \$200,000.

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<sup>10</sup> Excerpted from Bay Lake Regional Planning Commission website, 2015.

<sup>11</sup> Excerpted from Oconto County Economic Development Corporation website, 2015.



**Economic Development Goals, Objectives, and Policies**

The goals, objectives, and policies related to economic development are presented in Chapter 10: Implementation.

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