

CHAPTER 4 - ECONOMIC DEVELOPMENT

INTRODUCTION

Comprehensive planning recognizes the connection between economic development and quality of life. New growth and redevelopment can improve a community. The reason is quite simple: economic development helps pay the bills. Economic development is about working together to maintain a strong economy by creating and retaining desirable jobs, which provide a good standard of living for individuals. Increased personal income and wealth increases the tax base, so a community, county, or state can provide the level of services residents expect. Even though the private sector is the primary source of economic activity, the public sector plays an important and, ideally, complementary role. Economic development expenditures are an investment in the community.

Influencing and investing in the process of economic development allows a community to determine its future direction and guide appropriate types of development according to its own values. Economic development planning is the process by which a community organizes, analyzes, plans, and then applies its energies to the tasks of improving the economic well-being and quality of life for those in the community.

Even though the Town of Sherman is a small, rural community with limited businesses and industries, it is still important for local officials to review the economic factors listed in this chapter to understand the community's strengths and weaknesses (in economic terms) so that the Town can work towards promoting its identified goals.

66.1001(2)(b)

Economic development element. A compilation of objectives, policies, goals, maps and programs to promote the stabilization, retention or expansion, of the economic base and quality employment opportunities in the local governmental unit, including an 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. The element shall assess the local governmental unit's strengths and weaknesses with respect to attracting and retaining businesses and industries, and shall designate an adequate number of sites for such businesses and industries. The element shall also evaluate and promote the use of environmentally contaminated sites for commercial or industrial uses. The element shall also identify county, regional and state economic development programs that apply to the local governmental unit.

SUMMARY AND IMPLICATIONS OF INVENTORY AND RECOMMENDATIONS

The economic development inventory conducted for the Town of Sherman has established that more residents than ever before work outside the Town and in many cases outside Sheboygan County. The unemployment rate has been relatively low, with about 35% of workers being employed in manufacturing related jobs. Manufacturing has continued to remain fairly strong despite competition from overseas – much of its continued success is attributable to niche

products and high tech processes requiring advanced skill sets from workers. In fact, manufacturing is the primary sector exporting goods/services out of the County and thereby bringing wealth and investment into the area. Agriculture also plays a significant role in the County and Town economy.

With excellent access to STH 57 and a rail line, the Town of Sherman has about ten strengths from an economic development perspective and perhaps a half-dozen weaknesses. The Town has a lower proportion of residential and a higher proportion of agricultural property value than most towns in the state. Its debt is low and its debt service is also low. The Town of Sherman's tax base has grown steadily in the recent past, at about the same pace as most other towns on average.

The Town would like to continue to foster a strong agricultural base. Small-scale and home-based business development that is sensitive to the environment and the Town's rural atmosphere is preferred, with most larger development types focused near Random Lake, Adell, and Silver Creek. There are a variety of County, regional, state, and federal programs that might suit the Town of Sherman as the right opportunities arise.

LABOR FORCE CHARACTERISTICS

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

Place of Work

Due to the rural nature of towns, it is not surprising that only 15% of workers living in the Town of Sherman worked within the Town, and that, further, only 51% of workers living in the Town of Sherman worked somewhere in Sheboygan County. (See Figure 4.1 on next page.)

While the low percentage of Town of Sherman residents remaining near their homes to work is mirrored in other nearby towns and is therefore not a trend unique to Sherman, local officials should keep in mind that an increasingly higher percentage of residents commuting to work outside the town and even outside the county often means they are also probably doing their shopping at stores near where they work and will not be as likely to need/support local stores. Long commutes also leave less time for family, community, and entrepreneurial activities.



| Figure 4.1 – Place of Work, 1990 & 2000, Town of Sherman and Nearby Towns | | | | |
|--|-------------------------|-------------|-------------|----------------------------|
| Town | Place of Work | 1990 | 2000 | Percentage Decrease |
| Sherman residents | Within the Town | - | 15% | - |
| | Within Sheboygan County | 62% | 51% | 11% |
| Holland residents | Within the Town | - | 14% | - |
| | Within Sheboygan County | 77% | 70% | 7% |
| Lyndon residents | Within the Town | - | 10% | - |
| | Within Sheboygan County | 85% | 78% | 7% |
| Scott residents | Within the Town | - | 14% | - |
| | Within Sheboygan County | 44% | 40% | 4% |

Source: U.S. Census Bureau sampling data

Occupation

In 2000, the majority of employed persons in the Town of Sherman were either in “Production, transportation, and material moving occupations” (33%) or “Management, professional, and related occupations” (22%). There were, however, significant numbers in three other categories, indicating a fairly diverse employment base.

| Figure 4.2 – Percentage of Employed Persons by Occupation, 2000 Town of Sherman and Nearby Towns | | | | |
|---|----------------|----------------|---------------|--------------|
| Occupation | Sherman | Holland | Lyndon | Scott |
| Management, professional, and related occupations | 22% (182) | 24% (318) | 31% (260) | 25% (260) |
| Service occupations | 8% (69) | 12% (162) | 8% (70) | 10% (108) |
| Sales and office jobs | 20% (163) | 21% (269) | 20% (168) | 18% (185) |
| Farming, fishing, and forestry occupations | 1.8% (15) | 2.1% (27) | 1.7% (14) | 4.1% (43) |
| Construction, extraction, and maintenance jobs | 15% (123) | 11% (139) | 12% (103) | 14% (147) |
| Production, transportation, and material moving jobs | 33% (274) | 30% (398) | 26% (220) | 28% (295) |

Source: U.S. Census Bureau sampling data

Industry

Figure 4.3 groups Town residents by the industry category in which they worked. Agriculture and retail slipped significantly during the decade, while construction, fueled by the housing boom, grew. The health industry also increased and is expected to continue to do so considering the aging population.

Although there has been concern recently about the future of manufacturing as an industry, the data shows it has been holding its own. An October 2005 report by the Manufacturing Performance Institute said Wisconsin could become one of the nation’s top manufacturing states

in the 21st century if companies take the necessary steps to compete globally. Even though the sector has been battered by foreign competition and has lost 90,000 jobs statewide since 2001, manufacturing and the industries it supports still comprise almost half of Wisconsin's economy, led by paper, machinery, fabricated metals, electrical equipment or appliances, and wood products. According to the report, Wisconsin is well positioned to become a manufacturing leader, but companies will have to decide if they want to produce a lot of the same product at a low cost or fewer, more customized items with higher profit margins. A key to success will be incorporating technology into the manufacturing process, meaning workers will need to continue upgrading their knowledge and skills as necessary. On the other hand, manufacturers producing products that are very labor-intensive and easily shipped around the world will probably have a difficult time competing.

**Figure 4.3 – Employed Persons by Industry Group, 1990 & 2000
Town of Sherman and Nearby Towns**

| Industry | Sherman | | Holland | | Lyndon | | Scott | |
|--|---------|-------|---------|-------|--------|-------|-------|-------|
| | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| Agriculture, Forestry, Fisheries, Mining | 16.0% | 7.6% | 8.5% | 7.3% | 11.2% | 7.2% | 16.8% | 8.7% |
| Construction | 5.3% | 8.1% | 8.4% | 7.0% | 6.0% | 9.1% | 4.7% | 9.9% |
| Manufacturing | 34.1% | 36.3% | 34.5% | 34.3% | 40.0% | 36.3% | 35.9% | 32.6% |
| Transportation, Warehousing, Utilities | 5.9% | 5.8% | 5.8% | 5.4% | 6.9% | 4.8% | 3.1% | 3.4% |
| Information | - | 0.7% | - | 1.3% | - | 3.4% | - | 1.2% |
| Wholesale Trade | 3.5% | 4.2% | 2.7% | 2.7% | 2.5% | 2.2% | 4.5% | 3.8% |
| Retail Trade | 14.3% | 9.8% | 11.8% | 9.2% | 11.5% | 10.2% | 10.6% | 9.4% |
| Finance, Insurance, Real Estate | 0.6% | 1.9% | 4.6% | 4.7% | 3.4% | 1.2% | 3.7% | 4.4% |
| Professional, Management, Administrative | - | 5.9% | - | 6.0% | - | 3.8% | - | 4.5% |
| Business & Repair Services | 5.2% | - | 0.8% | - | 2.9% | - | 2.4% | - |
| Personal Services | 2.4% | - | 1.2% | - | 1.9% | - | 1.0% | - |
| Arts, Entertainment, Recreational Services | 0.0% | 3.6% | 0.0% | 3.7% | 0.3% | 4.7% | 0.1% | 3.6% |
| Educational, Health, Social Services | 6.5% | 10.9% | 16.4% | 13.9% | 9.9% | 11.9% | 12.3% | 14.6% |
| Other Services | 5.2% | 3.5% | 4.6% | 2.8% | 2.9% | 4.9% | 3.6% | 1.7% |
| Public Administration | 1.1% | 1.5% | 0.9% | 1.5% | 0.6% | 0.5% | 1.4% | 2.2% |

Source: U.S. Census Bureau sampling data. Note: Blank cell indicates category not included in census that year.

Class of Worker

Figure 4.4 on the following page classifies workers living in the Town of Sherman by the type of company or organization they work for. One trend of recent note seems to be growth in for-profit employment to take up the slack of decreasing self-employment and government staff shrinkage through budget cuts and attrition.

Figure 4.4 – Class of Worker, 1990 & 2000, Town of Sherman and Nearby Towns

| Class of Worker | Sherman | | Holland | | Lyndon | | Scott | |
|---|---------|-------|---------|-------|--------|-------|-------|-------|
| | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| Private For-Profit Company | 73.5% | 76.4% | 70.8% | 76.5% | 72.5% | 78.2% | 70.4% | 77.0% |
| Private Not-for-Profit Organization, Entity, etc. | 4.6% | 4.5% | 6.2% | 4.9% | 5.7% | 5.0% | 3.4% | 4.7% |
| Local Government | 3.9% | 3.3% | 5.8% | 4.7% | 6.2% | 4.3% | 7.6% | 5.0% |
| State Government | 0.5% | 1.2% | 0.7% | 0.3% | 0.3% | 1.4% | 0.3% | 2.1% |
| Federal Government | 1.3% | 1.5% | 0.7% | 0.8% | 0.6% | 0.6% | 0.5% | 1.4% |
| Self-Employed | 13.5% | 12.1% | 15.6% | 12.7% | 12.9% | 9.7% | 16.5% | 8.8% |
| Unpaid Family | 2.6% | 1.1% | 0.1% | 0.0% | 1.8% | 0.7% | 1.7% | 1.0% |

Source: U.S. Census Bureau sampling data

Unemployment Rate

The civilian labor force for Sheboygan County has experienced both slight increases and decreases since 1990 (see Figure 4.5). The unemployment rate reached its lowest point in 1999 with 2% of the civilian labor force (see Figure 4.6). For the period 1990 to 1999, the civilian labor force in the County increased 12% (compared to 14% for Wisconsin as a whole). Generally speaking, the County has had a lower unemployment rate than the rest of the state.

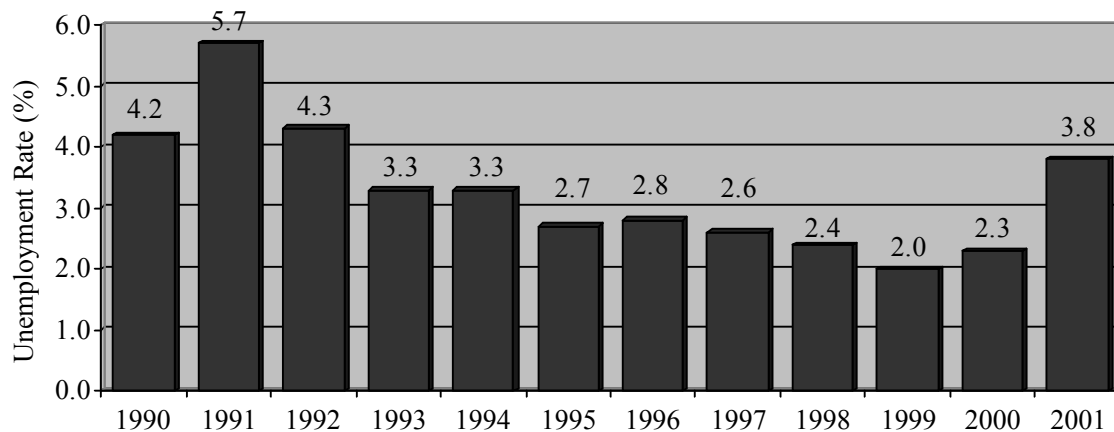
Figure 4.5 – Average Unemployment Rates, 1990-2004, Sheboygan County and Wisconsin

| Year | Sheboygan County Civilian Labor Force | Sheboygan County Unemployed | Sheboygan Co. Unemployment Rate | Wisconsin Unemployment Rate |
|-------|---------------------------------------|-----------------------------|---------------------------------|-----------------------------|
| 1990 | 55,935 | 2,298 | 4.1% | 4.3% |
| 1991 | 56,026 | 3,099 | 5.5% | 5.3% |
| 1992 | 56,487 | 2,441 | 4.3% | 5.2% |
| 1993 | 57,713 | 1,829 | 3.2% | 4.5% |
| 1994 | 60,252 | 1,815 | 3.0% | 4.3% |
| 1995 | 61,666 | 1,688 | 2.7% | 3.7% |
| 1996 | 61,388 | 1,785 | 2.9% | 3.6% |
| 1997 | 60,985 | 1,511 | 2.5% | 3.5% |
| 1998 | 61,781 | 1,425 | 2.3% | 3.3% |
| 1999 | 62,528 | 1,255 | 2.0% | 3.1% |
| 2000* | 64,523 | 1,592 | 2.5% | 3.4% |
| 2001* | 64,818 | 2,449 | 3.8% | 4.4% |
| 2002* | 64,555 | 3,090 | 4.8% | 5.3% |
| 2003* | 64,798 | 3,278 | 5.1% | 5.6% |
| 2004* | 64,664 | 2,864 | 4.4% | 4.9% |

Source: Wisconsin Department of Workforce Development, Civilian Labor Force Estimates, for years cited.

*Not seasonally adjusted.

Figure 4.6 – Unemployment Rate, 1990-2001, Sheboygan County



Source: Wisconsin Department of Workforce Development, Civilian Labor Force Estimates, 1990-200; and Bay-Lake Regional Planning Commission, 2002.

Employment Forecast

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

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

Local Employment Forecast

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

In 1990, employment data was available for each business within the Town of Sherman and the number of employees each employer had. This data is now suppressed to ensure confidentiality of individual employers. Referring back to Table 4.1: Place of Work, 15% of workers living in

the Town of Sherman worked within the Town and 51% of workers living in the Town of Sherman worked somewhere within Sheboygan County. Since the Town of Sherman is a rural community and intends to remain that way, this commuting trend will likely continue throughout the Town's 20-year planning period.

Median Household Income

In 1989, the median household income in the Town of Sherman was \$34,722. This was in the lower half of the towns compared (Figure 4.7). By 1999, the median household income for the town had increased by \$17,653 to \$52,375, still in the lower half of the area towns compared.

| Figure 4.7 – Median Household Income, 1989 & 1999 Town of Sherman and Nearby Towns | | | |
|---|-------------|-------------|----------------------------|
| Town | 1989 | 1999 | Percentage Increase |
| Sherman | \$34,722 | \$52,375 | 51% |
| Holland | \$38,427 | \$57,419 | 49% |
| Lyndon | \$36,250 | \$56,121 | 55% |
| Scott | \$33,300 | \$51,771 | 55% |

Source: U.S. Census Bureau sampling data

Personal Income

The per return income for residents in the Town of Sherman increased 12.9% for the period 2001 to 2004 (Figure 4.8). The 2004 personal income of \$43,306 for Town of Sherman residents was third among the four surrounding towns compared. Per return income is based on income tax returns filed in the year cited to the Wisconsin Department of Revenue.

| Figure 4.8 – Municipal per Return Income, 2001-2004, Town of Sherman & Selected Areas | | | | | |
|--|----------------|-------------|-------------|-------------|------------------|
| Area | Dollars | | | | % Change |
| | 2001 | 2002 | 2003 | 2004 | 2001-2004 |
| Town of Sherman | \$38,348 | \$38,608 | \$42,026 | \$43,306 | 12.9% |
| Town of Lyndon | \$40,389 | \$40,008 | \$41,749 | \$46,353 | 14.8% |
| Town of Holland | \$43,003 | \$42,418 | \$44,094 | \$47,374 | 10.2% |
| Town of Scott | \$39,777 | \$38,356 | \$39,309 | \$42,736 | 7.4% |
| Sheboygan County | \$40,188 | \$40,109 | \$41,786 | \$42,972 | 6.9% |
| Bay-Lake Region | \$35,785 | \$35,652 | \$36,904 | \$38,272 | 6.9% |

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

ECONOMIC BASE ANALYSIS

Economic Sectors

To understand the future employment trend in the Town of Sherman, an understanding of the local and county economy is required as detailed in the following *Location Quotient Analysis and Threshold Analysis* findings. The Economic Base Analysis technique divides the economy into basic and non-basic sectors. The basic sector is made up of local businesses that are

dependent on external factors. Manufacturing and local resources-oriented firms (like logging or mining) are usually considered to be basic sector firms because their fortunes depend largely upon non-local actors, and they usually export their goods. The non-basic sector, in contrast, is composed of those firms that depend largely upon local business conditions. Economic Base Theory asserts that the means of strengthening and growing the local economy is to develop and enhance the basic sector, because it brings in wealth from outside the community.

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

Location Quotient Analysis

The Location Quotient Analysis technique compares the local economy, Sheboygan County, to the United States. This allows for identifying specializations in the Sheboygan County economy (Figure 4.9). If the Location Quotient (LQ) is less than 1.0, all employment is considered non-basic and that industry is not meeting local demand for a given good or service. An LQ equal to 1.0 suggests that the local employment is exactly sufficient to meet the local demand for a given good or service; employment is still considered non-basic. An LQ greater than 1.0 suggests that local employment produces more goods and services than the local economy can use, therefore, these goods and services are exported to non-local areas, which makes them basic sector employment.

| Figure 4.9 – Employment by Industry Group, 1990 and 2000 Sheboygan County and U.S., LQ Analysis | | | | | | | | |
|--|------------------|--------|---------------|-------------|--------------------------|-------|-----------------------------|------|
| Item | Sheboygan County | | United States | | Percent Change 1990-2000 | | Sheb. Co. Location Quotient | |
| | 1990 | 2000 | 1990 | 2000 | Sheb | U.S. | 1990 | 2000 |
| Total full-time and part-time employment | 62,505 | 76,317 | 139,426,900 | 167,465,300 | 22.1 | 20.1 | | |
| Farm employment | 1,849 | 1,574 | 3,153,000 | 3,103,000 | -14.9 | -1.6 | 1.31 | 1.11 |
| Nonfarm employment | 60,656 | 74,743 | 136,273,900 | 164,362,300 | 23.2 | 20.6 | 0.99 | 1.00 |
| Private employment | 54,850 | 68,247 | 115,077,900 | 141,621,300 | 24.4 | 23.1 | 1.06 | 1.06 |
| Ag. Services, forestry, fishing and other | 436 | 762 | 1,453,000 | 2,166,800 | 74.8 | 49.1 | 0.67 | 0.77 |
| Mining | 38 | 49 | 1,044,100 | 795,400 | 28.9 | -23.8 | 0.08 | 0.14 |
| Construction | 2,483 | 3,707 | 7,260,800 | 9,604,300 | 49.3 | 32.3 | 0.76 | 0.85 |
| Manufacturing | 22,224 | 27,394 | 19,697,200 | 19,106,900 | 23.3 | -3.0 | 2.52 | 3.15 |
| Transportation & public utilities | 1,974 | 2,310 | 6,568,600 | 8,247,100 | 17.0 | 25.6 | 0.67 | 0.61 |
| Wholesale trade | 1,846 | 2,255 | 6,711,500 | 7,584,900 | 22.2 | 13.0 | 0.61 | 0.65 |
| Retail trade | 9,843 | 10,896 | 22,920,500 | 27,344,100 | 10.7 | 19.3 | 0.96 | 0.87 |
| Finance, insurance, and real estate | 3,382 | 4,288 | 10,712,600 | 13,495,100 | 26.8 | 26.0 | 0.70 | 0.70 |
| Services | 12,624 | 16,586 | 38,709,600 | 53,276,700 | 31.4 | 37.6 | 0.73 | 0.68 |

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.
Source: U.S. Dept of Commerce, Bureau of Economic Analysis, REIS 1969-00 and Bay-Lake Regional Plan Commission, 2002.

Threshold Analysis

Export Base (Basic Employment)

There are two areas within the 2000 Sheboygan County economy that can be considered basic employment areas: farm employment and manufacturing (Figure 4.9). These two areas produce more goods and services than the local economy can use. When Location Quotients increase over time, this suggests that the economy is getting closer to reaching and exceeding the local demand. Having basic employment also suggests that if a downturn in the local economy occurs, these sectors will not be strongly affected because they are more dependent on non-local economies. Having strong basic sector employment and industry will strengthen the local economy.

Non-Basic Employment Industry

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

Top Ten Employers within Sheboygan County

The ten largest employers in Sheboygan County (Figure 4.10) had at least 500 or more workers. With a high percentage of employment in the manufacturing and services sector, it is not surprising that the majority of the ten largest employers in the County are in the manufacturing sector.

| Figure 4.10 – Top Ten Employers, 2003, Sheboygan County | | |
|--|---------------------------------------|-------------|
| Company | Product or Service | Size |
| Kohler Company | Plumbing Products Manufacturing | 1000+ |
| Sheboygan Public Schools | Public Education | 1000+ |
| Bemis Manufacturing Company | Plastics Manufacturing | 1000+ |
| County of Sheboygan | Government Services | 1000+ |
| Aurora Health Care Central Inc. | Health Care Services | 1000+ |
| J L French Corporation | Die Casting | 1000+ |
| Aurora Medical Group Inc. | Health Care Services | 500-999 |
| Fresh Brands Distributing Inc. | Management Grocery Stores | 500-999 |
| Sargento Foods Inc. | Food Processing | 500-999 |
| Acuity Insurance Company | Direct Property and Casualty Insurers | 500-999 |

Source: Wisconsin Department of Workforce Development, Workforce Profile, December 2003

Top Five Employers within Town of Sherman

There are no very large employers within the Town of Sherman.

| Figure 4.11 – Top Five Employers, Town of Sherman, 2005 | | |
|--|--|-------------|
| Company | Product or Service | Size |
| Vorpahl Farms Inc. – CTH D | Dairy Cattle & Milk Production | 20-49 |
| Advance Cast Stone Co. – Hwy 144 | Concrete Product Manufacturing | 20-49 |
| Forever Rafter Construction Inc. – CTH A | Residential Finish Carpentry Contractors | 10-19 |
| Midway Mart | | 10-19 |
| Vorpahl Trucking | | 10-19 |

Source: Wisconsin Department of Workforce Development, Workforce Profile, 2005

Agricultural Economy

Sheboygan County agriculture is a large contributor to the local economy. Agriculture accounts for \$1.67 billion in economic activity, almost 20% of the County’s total economic activity. The agricultural portion of Sheboygan County’s economy contributes \$478.2 million in take-home income annually, 12.2% of the total income for Sheboygan County. There are almost 9,179 jobs tied to agriculture, nearly 12% of the total County workforce. Although specific numbers are not readily available for the Town of Sherman, the high percentage of land use in the Town dedicated to farming indicates agriculture is a major component of the Town’s economy.

STRENGTHS AND WEAKNESSES ANALYSIS

Certain factors about a community, some of which are beyond its control, may greatly influence the future economic climate over the next two decades and thus are important for the community to identify as part of this plan. This will allow the residents to understand their community’s continued economic viability and future drawing power for new businesses. This portion of the chapter gives a perspective from a business owner’s point of view. It reflects concerns, issues, and questions that current and future business owners might ask about a community when formulating a plan or expanding their business.

Strengths

While this is not an exhaustive list, it contains the major strengths of the Town of Sherman from an economic development perspective.

- Wisconsin & Southern rail corridor runs through the Town.
- Four-lane STH 57 runs along Town’s eastern side.
- Proximity to several different growing market/population centers.
- Presence of farming community and ag-related businesses in Adell and Random Lake gives the Town a strong agricultural infrastructure.
- Town has abundant non-metallic mining resources.
- Sheboygan County Highway Department satellite office located in Adell.

- Thriving industrial park in Random Lake.
- Stable and fiscally healthy local government.
- Good working relationship with villages of Adell and Random Lake.
- Town residents comprise a relatively skilled and educated workforce.
- Low crime rate.

Weaknesses

While this is not an exhaustive list, it contains the major weaknesses of the Town of Sherman from an economic development perspective.

- No public sewer or water provided by the Town.
- Occasional heavy truck and tractor traffic, dust, and occasional odors.
- Must drive elsewhere for major retail/grocery/services/healthcare.
- Sheboygan County is a non-attainment area from an air quality standpoint.

SITES FOR BUSINESS AND INDUSTRIAL DEVELOPMENT

Existing Site Inventory and Analysis

The Town of Sherman has a small amount of developed commercial lands along the STH 57 corridor and scattered throughout the Town. Future commercial sites would most likely be along STH 57 and near Adell, Random Lake, and Silver Creek. These sites would likely capitalize on locations affording high visibility and good access to a concentrated customer base.



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

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

There are also nine inactive and two active non-metallic mining sites in the Town producing sand and/or gravel for construction uses. The active sites are located in Sections 20 and 25. Future locations will depend on the availability of resources.

Evaluation of Environmentally Contaminated Sites

Recently, WDNR and the EPA have been urging the clean up of contaminated commercial or industrial sites so they can be used more productively. According to the 2005 WDNR list of Leaking Underground Storage Tanks (LUST) sites, the Town of Sherman has one LUST site still classified as “Open.”

The Town has two “Open” sites, as of 2005, that are designated as part of the WDNR Environmental Repair Program (ERP). These ERP sites are areas other than LUST sites that have had contaminated soil and/or groundwater. The Town also has one “Open” Spill site and one “Open” Abandoned Container site. See Figure 2.10 in Chapter 2 for approximate locations of these remediation sites.

Designation of Business and Industrial Development

Commercial Uses

The Town of Sherman will seek to steer most commercial activities toward Adell, Random Lake, and to a lesser degree, Silver Creek. Businesses along STH 57 will be encouraged to have safe access and may require buffering and landscaping to help preserve the Town’s rural character. The Town will continue to allow home-based businesses, as well as those scattered types of businesses that provide needed services to locals.

Industrial Uses

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

Acreage Projections

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

COMMUNITY FINANCES

A community must be concerned about its ability to generate sufficient public revenues to provide the types and levels of services expected by its citizens. Figure 4.12 on the next page provides a history of the taxes levied in the Town of Sherman as officially reported to the Wisconsin Department of Revenue. Overall, the Town’s tax base has continued to grow.

| Figure 4.12 – Recent History of Property Taxes Levied, Town of Sherman | | | |
|---|---------------------------|-----------------------------------|-------------------------|
| Year Levied | Total Property Tax | Town Share of Property Tax | State Tax Credit |
| 2004 | \$2,131,514 | \$212,748 | \$130,683 |
| 2003 | \$1,968,481 | \$177,255 | \$130,285 |
| 2002 | \$1,895,623 | \$176,502 | \$130,426 |
| 2001 | \$1,865,378 | \$203,250 | \$129,360 |
| 2000 | \$1,706,296 | \$179,857 | \$131,156 |

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

Figure 4.13 breaks down the total property value in the Town into proportions of residential, commercial, industrial, agricultural, and forest. This is important because many studies have shown industrial, commercial, and agricultural properties usually generate more in tax revenues than they require back in public expenditures, while residential properties are just the opposite. Therefore, a community that experiences an increase in residential value as a proportion of its full property value may actually be seeing a decline in its revenues-to-expenditures ratio, which is the opposite of what a community desires. The Town of Sherman has seen a slight increase in the proportion of property values that were residential, but not as much, on average, as towns statewide. The emphasis in the Town of Sherman is agriculture, and the data in Figure 4.11 confirms this. Changes in valuation are sometimes the result of state assessment practices or policies rather than land use and development, which explains the decrease from 2000 to 2004 in agriculture/other and the increase in forest. Generally speaking, the Town should try to maintain (or perhaps increase) its non-residential proportion, unless proposed residential development is high end or specialized in some way.

| Figure 4.13 – Partial Breakdown of Full Value, 2000 & 2004 Town of Sherman and State Mean Averages for all Towns | | | | |
|---|------------------------|-------------|---------------------------------|-------------|
| | Town of Sherman | | State Mean for all Towns | |
| | 2000 | 2004 | 2000 | 2004 |
| Percentage of Property Values that were Residential | 71.6% | 72.9% | 74.3% | 78.4% |
| Percentage of Property Values that were Commercial | 3.2% | 3.4% | 6.1% | 5.7% |
| Percentage of Property Values that were Industrial* | 0.7% | 0.5% | 1.2% | 0.9% |
| Percentage of Property Values that were Agricultural or Other | 22.5% | 16.2% | 11.6% | 7.3% |
| Percentage of Property Values that were Forest | 1.6% | 5.0% | 5.9% | 6.9% |

Source: Wisconsin Department of Revenue, Town, Village, and City Taxes, Statement of Equalized Values, and Statistical Report of Property Values. Note: Table does not include all possible property assessment classifications.

* Classified as "Manufacturing" by WisDOR

As shown in Figure 4.14, the full equalized value of property within the Town increased 29% for the period 2000 to 2004, from \$88,758,800 to \$114,930,900 (about 7.25% per year). For comparison's sake, the average increase over this same period for all towns in Wisconsin was 26%, and the average increase over the period for all towns in Sheboygan County was 30%. In general, property values increased about as fast in the Town of Sherman as they did in other towns.

| Figure 4.14 – Recent History of Full Value and Public Indebtedness Town of Sherman | | | | |
|---|-------------------|-------------------|----------------------|--------------------|
| Year | Full Value | Debt Limit | Existing Debt | Debt Margin |
| 2004 | \$114,930,900 | \$5,746,545 | \$99,500 | \$5,647,045 |
| 2003 | \$106,701,500 | \$5,335,075 | \$110,000 | \$5,225,075 |
| 2002 | \$102,627,400 | \$5,131,370 | \$0 | \$5,131,370 |
| 2001 | \$94,625,500 | \$4,731,275 | \$0 | \$4,731,275 |
| 2000 | \$88,758,800 | \$4,437,940 | \$0 | \$4,437,940 |

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

The ability to finance community projects is measured in general obligation debt capacity. According to the Wisconsin Constitution, there are limits on how much a municipality may borrow. Municipalities are limited to an amount equal to 5% of the equalized value, or full value, of the unit of government. As indicated by Figure 4.14, the Town of Sherman's total general obligation debt as of December 31, 2004 was \$99,500, which was less than 0.1% of its full value, and only about 2% of the \$5,746,545 it could legally borrow. Since WisDOR statistics for 2004 show that on average towns in the state borrow only about 2% of their legally authorized maximum, the Town of Sherman has been equally conservative in its borrowing, which is a sound and legitimate financial strategy. However, it could also be said that the Town has the capacity to more assertively invest in itself by taking advantage of its substantial debt margin to upgrade local infrastructure, provide additional services, or create improvement programs.

The Town of Sherman's debt service in 2004 on its existing debt was \$13,600, which was 14% of the total debt obligation. (The average town in Wisconsin incurred debt service that was approximately 20% of its total debt obligation.)

ECONOMIC DEVELOPMENT PROGRAMS

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

Local

The Town of Sherman does not currently have any local economic development programs, however, the Town can assist local businesses by officially supporting the business within the Bay-Lake Regional Planning Commission's *Overall Economic Development Strategy* document, published annually and reported to the Department of Commerce — thus making the business eligible for state grant consideration.

County

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

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

Regional

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

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

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

State

The Wisconsin Department of Commerce has several grant programs that would be available to

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

Tax incremental financing (TIF) is an economic development tool available to cities and villages (and to a much lesser extent towns) in Wisconsin. TIF provides the means for a developer to work together with a community to finance the clean up of a blighted area or to spur job-creating industrial and/or commercial development. For a time period up to 27 years, tax revenues generated by the new development can be allocated to pay for up-front infrastructure and related costs. This subsidy makes it easier for developers to take on large or expensive projects that would otherwise not have been attempted. Wisconsin Act 231 provides towns limited authority to create tax incremental financing (TIF) districts. The Act authorizes a town to use the TIF law for projects related to agriculture, forestry, manufacturing, or tourism. The Act defines the limited types of activities related to agriculture, forestry, manufacturing, or tourism that are eligible for town TIF projects. The Act authorizes a town to use the TIF law for limited residential development, as defined in the Act, but only to the extent that the development has a necessary and incidental relationship to an agriculture, forestry, manufacturing, or tourism project. The Act further authorizes towns to use the TIF law for retail development that is limited to the retail sale of products produced due to an agriculture, forestry, or manufacturing project. Regardless of what type of project is done, at least 75% of the proposed TID's area must be intended for agriculture, forestry, manufacturing, or tourism activities, as defined in the Act.

Federal

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

USDA Wisconsin Rural Development Programs

- *Rural Business Opportunity Grants Program*
Zero interest loans may be made to any Rural Utilities Service (RUS) to promote economic development and/or job creation projects including, but not limited to, project feasibility studies, start-up costs, incubator projects, and other reasonable expenses. Grants can be provided to rural communities through RUS borrowers to be used for revolving loan funds for community facilities and infrastructure and for assistance in conjunction with rural economic development loans.
- *Rural Business Enterprise Grants Program (RBEG)*
The Rural Business-Cooperative Service makes grants available under the RBEG Program to public bodies, private nonprofit corporations, and federally-recognized Native American Tribal groups to finance and facilitate development of small and emerging private business enterprises located in areas outside the boundary of a city or unincorporated areas of 50,000 people or more and its immediately adjacent urbanized or urbanizing area. The small or emerging business to be assisted must

have less than 50 new employees, less than \$1 million in gross annual revenues, have or will utilize technological innovations and commercialization of new products and/or processes to be eligible for assistance. Funds can be used for a variety of things including, but not limited to: construction of buildings and plants, equipment, access streets and roads, parking areas, utility and service extensions, and a variety of other costs.

US Department of Commerce, Economic Development Administration Programs

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

ECONOMIC DEVELOPMENT STRATEGY AND RECOMMENDATIONS

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

Vision

“We envision Sherman as a predominantly open space, agricultural area surrounding small villages. Sherman residents consider the land to be a great natural asset and encourage careful planning to ensure the land is used wisely. Intergovernmental cooperation will be important in this planning.”

Goals, Objectives, Policies, Programs

1) Future business development occurring within the Town of Sherman should be concentrated in the proximity of the villages of Random Lake and Adell, or secondarily within Silver Creek.

Almost 61% of respondents to Question #24 of the 2004 Citizen Input Survey felt that businesses should be concentrated in a few areas of the Town rather than dispersed throughout the Town. Responses to other survey questions indicate this concentration should be in the Adell, Random Lake, and Silver Creek areas.

- a) Policy/program:* The Town of Sherman will severely limit commercial zoning in areas not located near Adell, Random Lake, and Silver Creek.
- b) Policy/program:* The Town of Sherman will continue to plan cooperatively with Adell and Random Lake to ensure that adequate provision is made for future commercial development in the Adell-Random Lake-Sherman area.

Furthermore, as the inventory for this chapter was compiled following the initial public participation and visioning, it became apparent that a additional goals had to be developed. These additional goals are:

2) The Town of Sherman supports small-scale economic development that does not negatively impact the Town's rural atmosphere or natural resources.

While some economic development is beneficial, residents prefer a mostly agricultural and open space landscape with a small amount of managed residential growth. According to the 2004 Citizen Input Survey, 88% of respondents favored this sort of rural atmosphere. Further, 74% agreed that protection of woodlands, wetlands, open spaces, and cultural resources in the Town is necessary.

- a) *Policy/program:* The Town will strongly consider steering large commercial and industrial development to nearby communities better suited to such development.
- b) *Policy/program:* New businesses or expansions should not adversely threaten critical natural or historic resources.
- c) *Policy/program:* The Town will continue to work with future developers to approve established compatible hours of operation, signage, lighting, parking, and landscaping requirements to meet the Town's desire for well planned growth and rural character preservation.

3) The Town of Sherman should monitor the expansion of home-based businesses.

While most home-based businesses make little, if any, impact on the surrounding area, some businesses outgrow their original homesite and begin to generate noise, traffic, clutter, odor, etc. that can become detrimental to the welfare of neighbors and their property values. (Only 21% of respondents to a question about home-based businesses on the 2004 Citizen Input Survey said such businesses should be allowed to stay where they are and grow as large as they want to with little or no additional regulations.)

- a) *Policy/program:* The Town will strongly consider requiring conditional use permits for home-based businesses that exceed certain impact thresholds (e.g., traffic, noise, odors, hours of operation, number of employees, etc.) identified by the Town.
- b) *Policy/program:* The Town will encourage home-based businesses undergoing substantial expansion to relocate to a more suitable location such as Adell or Random Lake.