



An Economic Development Adjustment Plan for Door County, Wisconsin



April 25, 2005

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EXECUTIVE SUMMARY

This study was undertaken in the summer of 2004 in response to changing economic conditions in Door County. The study was conducted by NorthStar Economics, Inc. and Grant Thornton, LLP.

The study focused on economic goals for Door County over the next 5-10 years. For each goal, strategies and tactics to achieve the goal were outlined. Finally in Chapter VIII, the implementation of goals is discussed.

The study concludes that the following goals should be considered as guiding economic development in the county over the next 5-10 years:

The following are general economic goals that reflect our surveys, interviews and the data analysis we present in later chapters.

- Goal 1** Create high-paying year-round jobs by retaining and attracting a skilled workforce that will be a long-term competitive advantage to businesses in Door County.
- Goal 2** Grow and expand existing businesses and business cluster that have market and growth opportunities.
- Goal 3** Tap into the visitor, seasonal resident and retiree populations as sources of entrepreneurship and new business formation..
- Goal 4** Establish economic development strategies that will reduce the seasonality of the County economy. Implement economic development strategies that create better balance in the Door County economy and are consistent with maintaining the quality of life and the natural environment.
- Goal 5** Create economic development and opportunity around future demographic trends in the County.
- Goal 6** Improve the county's basic physical and business infrastructure including bridges, telecommunications, capital formation, the power grid, business networks, and business support systems.
- Goal 7** Attract younger families as permanent residents of Door County to increase the talent pool, to create better balance in the future age distribution, and to maintain a high level of energy in the life of the County.

To carry-out these goals, the following strategies were developed:

- Strategy 1** Develop programs and initiatives that raise the education and skill level of the future workforce; design programs that attract new workers to Door County; and encourage programs that explore the full utilization of older workers.
- Strategy 2** Expand economic development around key existing clusters and business concentrations that have demonstrated market opportunities.
- Strategy 3** Tap into the early retiree, visitor and seasonal resident communities as sources of new businesses in Door County. Concentrate on businesses with high technology and knowledge inputs and low raw material and environmental impact. Create a good business climate and business infrastructure to attract people 50+ who will continue to work at their current occupation or establish new business careers and will work well into their 60s and 70s. A prime opportunity in this area is professional and consulting service businesses including engineering and technical consulting, investment and financial consulting, sales and marketing services, design services, and management consulting.
- Strategy 4** Develop strategies that expand off-season business activity to reduce the seasonality of Door County's business cycle.
- Strategy 5** Form economic development strategies around emerging demographic and economic trends that create market opportunities for existing and new businesses. The in-migration of retirees and the aging of the County's population are examples of trends that create economic development markets and opportunities.
- Strategy 6** Address common economic development base needs that will support the economic strategies listed above and the general Door County business community. Move to a New Economy model that includes and supports seed capital formation, higher educational attainment, new business start-ups, networking, and technology infrastructure and technology/innovative product flow.
- Strategy 7** Attract younger families to reside in Door County using the high quality of education and life and the completion of the four lane Highway 57 project as prime advantages of raising a family in Door County.

The strategies are discussed in detail in Chapter VII of this report.

In developing the goals and strategies for Door County, the study included public input through interviews and meetings from over 150 people. Interviews and group meetings were arranged to get opinions from people in all parts of the county from Southern Door to Washington Island. People from business, education, government, agriculture, the arts, the environment, social services, health care, and many other sectors were interviewed. Input was also sought from seasonal residents, visitors and second home owners. A common survey form was used to gather

the data. The full feed back obtained in the interview process was extensive and some of the highlights include the following:

- There is support for creating good paying jobs and year-round jobs.
- There is a high value place on the natural environment and preserving the natural beauty that makes Door County unique.
- There is concern over the decline in agriculture and the decline in manufacturing jobs.
- There is a concern about the current direction of the Door County economy.
- Those interviewed thought that future economic development should concentrate on tourism and hospitality, manufacturing, health care, business, finance, and professional services, the arts, and marine services.

The recommendations of this study are based on market opportunities that can lead to good paying, year around jobs. Chapter III of the study lays out the primary market opportunities in twelve market sectors of the County economy. These market opportunities will shaped by demographic trend such as the aging of the population, the existing economic base in the County, and the availability of land, labor and risk capital. The study highlights market opportunities in manufacturing, health care, tourism, marine services, the arts, retail, agriculture, and construction. It also describes market opportunities linked to the aging of the population and the presence of a large number of seasonal residencies and second homes.

Chapter IV contains a detailed demographic and economic analysis. The findings in this chapter deserve careful reading and the following summarizes only part of the findings in the chapter:

- The population of Door County is growing older at a faster rate than most other counties in the state. This is partially due to the in-migration of people above the age of 50.
- The workforce in the County is projected to decline over the next 25 years.
- The per capita income of the County is above the state and national averages but average annual wages and median household income are below state and national averages.

Chapter V looks at possible comparables for Door County. The chapter looks at comparables based upon size, geography and economic characteristics and also looks at some comparables based upon the presence of a large arts community. Finally, the chapter looks at some areas that may offer some “New Economy” ideas that may be useful in Door County.

Chapter VI contains an analysis of the strengths, weaknesses, opportunities and threats (SWOT) facing Door County.

Summary: The Door County economy has a solid base upon which to build future economic growth. There are significant challenges to face in the future and those include workforce numbers and skill levels, a seasonal business cycle, a modern physical and business infrastructure and an aging population. Fortunately, the County already has energetic efforts underway to deal with telecommunications, the future of shipbuilding, and the future direction of tourism. The framework for dealing with other issues is often in place but needs to be reenergized.

In the end, we believe that the economic opportunities in the County far out weigh the challenges it faces. We hope that this strategic economic plan can serve as a pathway to the future economic growth in the county.

CHAPTER I

INTRODUCTION

The Door County Economic Development Adjustment Plan is a project that was launched in July of 2004. The impetus for this study was the rapid change in the Door County economy that occurred in the late 1990's and the early part of the 2000's. This change was summarized in the study proposal submitted by NorthStar Economics Inc., as follows:

Door County, like much of the rest of the State of Wisconsin, is undergoing a dramatic change in its economy. All of the major elements of the Door County economy (tourism, agriculture and manufacturing) have taken sizeable hits since the U.S. economy went into recession in March of 2001 and the events of September 11, 2001 unfolded. Tourism has suffered in the post 9/11 era as the result of a soft economy and a general reduction in travel expenditures. Agriculture, particularly the dairy industry, has been plagued by low commodity prices for milk and cheese. Manufacturing has been hit hard by a soft economy, foreign competition and a general shift in the U.S. economy away from manufacturing and into the service sector.

The Door County Economic Development Corporation (DCEDC) and its board subsequently led an effort to evaluate the economic problems facing the County and to prepare a strategic economic plan to improve the overall economic state of the County. This effort took the form of the Door County Economic Development Adjustment Plan project. The project was funded by private and public sources. Major contributors to this study included Associated Bank, Baylake Bank, Door County Memorial Hospital, Wisconsin Public Service Corporation, Fred J. Peterson Foundation, Door County Chamber of Commerce, Door County Manufacturers Association, The County of Door, City of Sturgeon Bay, Sturgeon Bay Utilities, Door County Economic Development Corporation, and the Wisconsin Department of Commerce.

A project study committee of 35 members from the Door County community was formed to guide the project. A request for proposals was written and numerous proposals were reviewed. The committee chose a team of consultants that included NorthStar Economics of Madison, Wisconsin and Grant Thornton LLP.

Goals of this Study

The general goals of this study are to:

1. Create a Door County strategic economic development plan that covers all of Door County.
2. Build public support and consensus for the Door County strategic economic development plan.
3. Reposition Door County in the eyes of regional and state investors and businesses as a location for high-margin, high-growth businesses.

To carry out the goals of the study, a Scope of Work document was prepared to guide the study efforts. A copy of the Scope of Work document is attached to this chapter as Appendix 1-A.

Methodology

The study was conducted in three phases or parts. The consultant's assignment was to prepare a set of 5-10 year economic goals for Door County.

Phase I: Part I of the work plan involved a number of tasks related to establishing the baseline for the study. The data gathered included past studies, documents, and economic development plans, as well as the findings from the recent Northeastern Wisconsin New Economy Study. Data was also gathered from U.S. Census Data, County Business Patterns, the Woods and Poole database and a host of other statistical sources.

A significant part of data gathering in Part 1 was interviewing a cross section of the Door County community. Initially, the target was to interview 40-50 people. This part of the study grew to accommodate a far larger number of groups and people, and over 150 individuals were interviewed for this study. An interview format was developed and reviewed by the study committee. That format is attached as Appendix I-B. The interview format included items relating to the current state and direction of the Door County economy. The responses to those items are covered in this chapter. Detail on other items and questions in the interview format are covered in other chapters of this report.

Phase II: Part II of the study focused on the primary ideas that could form the basis for long-term economic development in the County. A primary theme of this project is that effective economic development ideas must be focused on market-driven economic opportunities and not on economic weaknesses or problems that have no market solution. The main idea behind the work in Part II was to outline an economic opportunity agenda that represents market driven ideas that add income to existing jobs and create the prospect for growth in higher paying jobs. In pursuing market opportunities, the scope of the study was expanded to include a look at seasonal residents and second homeowners and their market potential. Part II of the study also dealt with assessing and analyzing the assets that might be deployed in any economic development plan and identifying the general areas of economic development that are prime targets for future action steps.

Phase III: Part III of the study is the planning and creative part of the task. In this part, the consultants developed the recommendations for the strategic economic adjustment plan. The consultants have recommended five basic economic strategies. For each strategy, there are multiple tactics to use in carrying out the strategy, a listing of key challenges to carrying out the strategy, and a list of specific action steps that can move the tactic, strategy and plan forward. In this final part of the study, there are a set of recommendations, action steps, and benchmark measurements.

Part III also contains the consultant's conclusions regarding economic development priorities. A simple matrix is used to help focus the study recommendations given the limited resources and budget currently available for economic development. Part III also contains recommendations for organizational structure that may be helpful in implementing the study strategies.

Study Consultants and Key Personnel

The study committee chose a team of consultants to conduct the study. That team included NorthStar Economics and Grant Thornton LLP.

NorthStar Economics is a Madison-based economics consulting and research firm dedicated to the development and implementation of New Economy economic development strategies, particularly in Wisconsin and the Midwest. NorthStar was founded in May of 2000 by Dr. David J. Ward. Prior to his private sector career, Dr. Ward completed a 31-year career in the University of Wisconsin system. Dr. Ward is also a part-time Sturgeon Bay resident.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International, one of the six global accounting, tax and business advisory organizations. Through member firms in 110 countries, including 49 offices in the United States, the partners and employees of Grant Thornton member firms provide personalized attention and the highest quality service to public and private clients around the globe.

The two principal investigators for the study were Dr. David J. Ward of NorthStar Economics and Mr. Mike Mathews of Grant Thornton.

Key personnel from both organizations assisted with the study. Mr. Craig Andler from Grant Thornton was in several phases of the study and did extensive research and analysis on comparable community models and demographics. Mr. Alan Hart and Mr. Dennis Winters of NorthStar Economics also contributed research, presentation preparation and writing and editing of the final report.

Public Input

Public input was obtained from a large number of groups and individuals representing the geographic areas, economic sectors, governmental bodies, population cohorts, and interest groups in the county. Over 150 people were interviewed in group meetings or individual appointments. Interviews were conducted in the late summer and early fall of 2004, and information was gathered by the consultants in over 50 interview sessions.

To standardize the data collection, an interview format was developed and reviewed by the Study Committee. The interview format is attached to this chapter as Appendix I-B.

The public input gathered in the survey strongly confirms the need for the economic adjustment study. Interviewees were asked to respond to three statements related to the Door County Economy. Shown below is the key along with the average of the responses for each question:

5=Strongly Agree, 4=Agree, 3=Neither Agree nor Disagree, 2=Disagree, 1=Strongly Disagree

1) The Door County Economy is heading in the right direction.	5	4	3 	2	1
2) The Door County economy is diversified and well balanced.	5	4	3	2 	1
3) The Door County Economy has a better balance than it had 10 years ago	5	4	3	2 	1

The average of responses to question one is 2.74, indicating some concern about the current direction of the Door County economy. The average of responses to question two is 2.34, indicating a fairly high level of concern about the current economic balance in the economy. Finally, the average of responses to question three is 2.35, indicating that most people see less balance in the economy today than they did ten years ago. Many commented that the decline in the agriculture sector and the recent loss of a large manufacturing employer resulted in less balance in the County economy.

When asked about future directions and where economic development dollars should be invested, there was support for all of the existing economic sectors. However the following sectors received a high level of support:

- Tourism and Hospitality
- Manufacturing
- Health Care
- Business, Finance, and Professional Services
- The Arts
- Marine Services

In addition to the public input gathered through the survey, additional public input is planned as the study report is presented to groups around the County.

Finally, the strategic economic plan was presented at the Annual Meeting of the Door County Economic Development Corporation on April 25, 2005.

APPENDIX I-A

SCOPE OF WORK

DOOR COUNTY ECONOMIC DEVELOPMENT ADJUSTMENT PLAN - APRIL 2004 ECONOMIC RESEARCH AND PLANNING PHASE COMPONENTS

1. Economic Development Planning Models

- a. Incorporate Minimum Elements of an Economic Dev. Adjustment Strategy from US EDA.
- b. Incorporate Economic Dev. Element from WI Smart Growth Comprehensive Plan Standards.
- c. Coordinate with current local, regional and state economic development plans.

2. Study Organization

- a. A Steering Committee representing diverse interests from Door County (i.e., public sector, private sector, geographic regions) will advise and help direct the planning project.

3. Inventory and Assess Available Resources

- a. Human - Workforce availability, skills, diversity, etc.
- b. Physical - Consideration of industrial and commercial sites and land use, vacant manufacturing space, agricultural land use, and telecommunications, technology and transportation infrastructure.
- c. Capital - Availability of public and private risk and growth capital for economic development.
- d. Current economic development programs and services.

4. Economic Base Research

- a. Incorporate findings from recent local business surveys.
- b. Incorporate findings from the Northeast Wisconsin Regional Economic Opportunity Study.
- c. Assess local city and county demographic trends and economic base characteristics against regional, state, and national figures.
- d. Identify and assess major employers and key industry trends.
- e. Assess risks of future job loss by existing businesses based on economic trends.
- f. Conduct shift/share analysis.
- g. Identify local business market opportunities.
- h. Assess current value and project future potential of the “Door County” brand image.
- i. Identify potential business cluster development opportunities (i.e., arts, education, shipbuilding, wholesale business).

5. Economic Development SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

6. Comparable National Models

- a. Identify and assess comparable national model communities that are achieving success in the new economy.

7. Public Input Program

- a. Sponsor Economic Summit with the Secretary of the Wisconsin Department of Commerce.
- b. Interview Key Decision Makers.
- c. Sponsor public informational sessions.

8. Economic Development Goals, Objectives and Policies

9. Economic Development Plan Recommendations

- a. Organizational development.
- b. Infrastructure development.
- c. Business development including strategies for expanded business development by county visitors, business clusters development, technology business development, existing and new business development, etc.
- d. Commercial, industrial and agricultural land use
- e. Workforce development.
- f. Community capital development.
- g. Regional and state collaboration.
- h. Local and state legislative agenda development.
- i. Evaluation criteria and measures of success

10. Implementation and Funding Strategies

11. Future Action Steps

Appendix I-B

INTERVIEW FORMAT FOR DOOR COUNTY PROJECT

Preface: The Door County Economic Development Corporation (DCEDC) is engaged in an economic adjustment study that will help Door County plot a course for a stable, diversified economy that provides balanced growth and high paying jobs. DCEDC has engaged the services of NorthStar Economics, Inc., of Madison, Wisconsin, and Grant Thornton LLP to conduct an economic adjustment study. As part of that study, consultants Mr. Michael Mathews and Dr. David J. Ward are interviewing a cross section of people who are familiar with the Door County economy.

There are no right or wrong answers to the survey. We only seek your opinion. All answers will be held in strictest confidence.

Section A - General

Circle one.

(5=Strongly Agree, 4=Agree, 3=Neither Agree nor Disagree, 2=Disagree, 1=Strongly Disagree)

Question 1

The Door County Economy is heading in the right direction. 5 4 3 2 1

Comments: _____

Question 2

The Door County economy is diversified and well balanced. 5 4 3 2 1

Comments: _____

Question 3

The Door County Economy has a better balance than it had 10 years ago. **5 4 3 2 1**

Comments: _____

Question 4

Door County is a good place to do business. **5 4 3 2 1**

Comments: _____

Advantages: _____

Disadvantages: _____

Question 5

“Door County” is a brand image that can be used to brand and market products and services.

5 4 3 2 1
Comments: _____

Section B - Economic Development

Question 1

Door County devotes sufficient time and money to economic development. **5 4 3 2 1**

Comments: _____

Question 2

With respect to existing economic development programs, we have identified several economic development organizations that are actively involved in promoting the Door County or Sturgeon Bay economy. With respect to each of these organizations, please answer the following questions:

	Door County Economic Development Corporation (DCEDC)	Door County Chamber of Commerce and Visitor and Convention Bureau (The Chamber)	Sturgeon Bay Visitor and Convention Bureau (SBVCB)	Other
Are you aware of these organizations and what they do to promote economic development? Circle one number for each org.	1 = Not Aware at all 2 = Not Very Aware 3 = Somewhat Aware 4 = Moderately Aware 5 = Very Aware 1 2 3 4 5	1 = Not Aware at all 2 = Not Very Aware 3 = Somewhat Aware 4 = Moderately Aware 5 = Very Aware 1 2 3 4 5	1 = Not Aware at all 2 = Not Very Aware 3 = Somewhat Aware 4 = Moderately Aware 5 = Very Aware 1 2 3 4 5	1 = Not Aware at all 2 = Not Very Aware 3 = Somewhat Aware 4 = Moderately Aware 5 = Very Aware 1 2 3 4 5
At each organization, who would you contact to get action on a specific economic issue?				
In your opinion, what is the greatest success or successful program for each organization during the past ten (10) years?				
In your opinion, what is the biggest challenge facing each organization?				
If you could tell each organization to focus on one thing to better develop the Door County economy, what would that one thing be?				
Is there one thing that DCEDC, The Chamber, and SBVCB should focus on collectively?				

Section C - Market Expansion

Business Sector	Current Economic Value to Door County's Economy	Future Economic Value to Door County's Economy	Top 5 Business Sectors for Economic Development
	Rank the top five business sectors in terms of their value to Door County's economy. Use each number (1 through 5) only once in this column. Do not enter any numbers for the business sectors that you would rank lower than 5 th . 5 = Most Valuable 4 = 2 nd Most Valuable 3 = 3 rd Most Valuable 2 = 4 th Most Valuable 1 = 5 th Most Valuable	Given current trends, rank the top five business sectors in terms of how valuable you believe each sector will be to Door County's economy in the future. As with the previous column, enter each number only once, and leave blank any business sector lower than 5 th . 5 = Most Valuable 4 = 2 nd Most Valuable 3 = 3 rd Most Valuable 2 = 4 th Most Valuable 1 = 5 th Most Valuable	Given current market trends, opportunities, and available resources, rank the top five business sectors in terms of priority for future economic development investment. Enter each number only once, and leave blank any business sector lower than 5 th . 5 = Top Priority 4 = 2 nd Priority 3 = 3 rd Priority 2 = 4 th Priority 1 = 5 th Priority
1. Manufacturing			
2. Health Care			
3. Arts			
4. Retail / Year-Round			
5. Real Estate / Construction			
6. Agriculture			
7. Business & Finance / Professional Services			
8. Marine Services			
9. Tourism			

Section C - Market Expansion (continued)

Business Sector	Are there particular business segments, ideas, and /or initiatives that should be considered as growth opportunities in Door County?
1. Manufacturing (includes shipbuilding)	
2. Health Care	
3. Arts	
4. Retail / Year-Round	
5. Real Estate / Construction	
6. Agriculture	
7. Business & Finance / Professional Services	
8. Marine Services	
9. Tourism / Hospitality	

Section C - Market Expansion (continued)

For the Realtor, Finance and Builder Group and Others with knowledge about seasonal resident/second home buyers:

1. What trends (age of buyer, employed versus retired, economic standing, city or state of residence, etc.) do you observe in recent seasonal resident/second home buyers?
2. Are seasonal residents/second home buyers (SR/SHB) creating new market opportunities that DC businesses could fill. New product opportunities are areas such as smart home systems, upscale furnishings and decorating, etc.
3. Are seasonal residents/second home buyers interested in establishing a business operation in DC? If so, what could be done to induce them to do business from DC?
4. Do you think SR/SHB would be interested in investing in DC businesses?
5. Do you have any ideas about how to approach or contact seasonal resident/second home buyers who might be interested in doing business or investing in Door County?

CHAPTER II

ECONOMIC DEVELOPMENT GOALS, OBJECTIVES AND POLICIES

Setting Economic Goals and Objectives

One of the primary purposes of the Door County Economic Adjustment Study is to lay out economic goals and strategies for Door County. The economic goals provide a framework for developing economic strategies. Economic goals answer key questions such as the following:

- What are the market opportunities that can drive high value economic development?
- What is the timeframe for achieving goals?
- Who sets goals?
- Who owns the goals?
- How do the goals of the study fit into state and regional economic developments plans?
- What are appropriate goal areas and metrics?
- What are realistic goals given Door County's strengths, weaknesses, opportunities and threats
- What are the top priorities for implementing the recommendations in the study?
- Who will implement the recommendations?

Market Opportunities and Timeframe

In Chapter III of this report, we explore in some detail the market opportunities that we believe could be the basis for economic strategies over the next 5-10 years. In many cases, these market opportunities have been recognized and are part of ongoing economic activity. In other cases we believe there are markets with additional economic growth potential that can be tapped by altering current strategies or creating new approaches.

A second area of potential includes markets that are currently overlooked or are emerging. Changing demographics discussed in Chapter IV uncover some of this market potential.

The economic strategies recommended in this report are based on market potential and anticipate that it will take 5-10 years to get sufficient traction and scale to make meaningful change in the Door County economy. In our view this timeframe is important and we further believe that it is necessary to implement a number of initiatives to achieve real success.

Who sets and owns the economic goals?

Consultants can suggest appropriate general goals and can further suggest specific economic goals that can be achieved over the next 5-10 years. This report will contain our recommendations for general goals and target goals. However, consultants rarely implement goals. Rather economic goals are implemented by the people of the community. We believe that

it will be vital that the goals in this report be the subject of public debate and ownership. Reaching consensus on the goals and identifying champions to lead implementation efforts will assure that there is ownership of the goals, commitment and energy behind the implementation efforts.

How will these goals fit with NEW and Governor Doyle’s “Grow Wisconsin” plan?

The goals set by this study and subsequent public debate should take into consideration current plans and strategies for the region and the state. In that regard, we believe the two plans most relevant to Door County are Governor Doyle’s “Grow Wisconsin” plan and the recently completed Northeast Wisconsin Economic Opportunities Study.

Grow Wisconsin

Governor Doyle’s plan was unveiled in September of 2003. At the heart of the plan is the idea that economic development in the state is about creating good paying jobs and a “high end” economy. “High end” refers to competing for good paying jobs and competitive growing companies.

The Doyle plan has the following strategic goals:

1. Retain and create high-wage jobs
2. Prepare workers for tomorrow’s economy
3. Add value to Wisconsin’s economic base
4. Create and unleash knowledge to build emerging industries
5. Tap Wisconsin’s urban potential
6. Implement strategies regionally
7. Lower regulatory burden but keep standards high
8. Build a world class infrastructure

Governor Doyle has said that Grow Wisconsin will guide his administration’s economic investments in Wisconsin. Evidence of the plan being implemented is reflected in the recent announcement to support worker training and the shipbuilding cluster project in Door County as part of the Grow Wisconsin initiative.

The Northeastern Wisconsin (NEW) Economic Opportunity Study

The NEW Economic Opportunity Study was completed in November of 2004. The study covers 18 counties in Northeastern Wisconsin and is the first comprehensive regional economic study of the area. NEW is the second largest regional economy in the State of Wisconsin and is home to many national and international corporations and organizations.

The NEW study recommends a regional approach to economic development and suggests the following five strategies to further improve the economy of the region:

1. Move to a New Economy model of economic development
2. Move to a collaborative (regional) model of economic development
3. Change the social and cultural mindset on risk and collaboration
4. Change the regional image
5. Promote industry cluster development in the following clusters
 - Biorefining/paper products
 - Printing and publishing
 - Insurance products
 - Nutraceuticals
 - Machine tool design
 - Healthcare
 - Biomass/agriculture/food processing
 - Maritime vessels and equipment
 - Tourism
 - Specialty crops
 - Automated manufacturing technology
 - Education and workforce training services

The NEW study fits very well into the “Grow Wisconsin” plan. “Grow Wisconsin” provides an overarching umbrella of economic ideas that provide the basis for being competitive in a global economy. For example, preparing the workforce is vital to competing globally.

The NEW emphasis on regional planning and approaches is a key strategy in “Grow Wisconsin.” The NEW study drills down on the regional business development opportunities that can create good paying jobs in industries that add to Wisconsin’s economic base. It further provides strategies to make the region competitive in the state, the nation, and the world.

The NEW study recommendations are currently in the implementation stage. Priorities for implementation have been set and the implementation group will give immediate attention to the following tactics:

- Advance educational attainment
- Construct a regional land development plan
- Instill a collaborative culture
- Accept and embrace diversity

In the “do now” implementation category, the group will focus on the following:

- Instill entrepreneurship
- Increase access to risk and growth capital
- Form a regional economic development authority
- Roll out an internal NEW image campaign
- Promote industry cluster development

The implementation group has sought and received support from Governor Doyle to begin implementing the NEW strategies. Door County is an integral part of the NEW region and should closely monitor, and where possible, be involved in the implementation of the plan.

What are appropriate goal areas and metrics and what are realistic goals given Door County’s strengths, weaknesses, opportunities and threats?

This chapter and Chapter VII deal with general goals and more specific target goals. These goals are built on a combination of market opportunities, the Door County SWOT analysis, economic data analysis and regional collaboration opportunities.

General Economic Goals

The following are general economic goals that reflect our surveys, interviews and the data analysis we present in later chapters.

- Goal 1** Create high-paying year-round jobs by retaining and attracting a skilled workforce that will be a long-term competitive advantage to businesses in Door County.
- Goal 2** Grow and expand existing businesses and business clusters that have market and growth opportunities.
- Goal 3** Tap into the visitor, seasonal resident and retiree populations as sources of entrepreneurship and new business formation.
- Goal 4** Establish economic development strategies that will reduce the seasonality of the County economy. Implement economic development strategies that create better balance in the Door County economy and are consistent with maintaining the quality of life and the natural environment.
- Goal 5** Create economic development and opportunity around future demographic trends in the County.
- Goal 6** Improve the county’s basic physical and business infrastructure including bridges, telecommunications, capital formation, the power grid, business networks, and business support systems.

Goal 7 Attract younger families as permanent residents of Door County to increase the talent pool, to create better balance in the future age distribution, and to maintain a high level of energy in the life of the County.

What are the top priorities for implementing the recommendations in the study?

The number of recommendations generated in this report will far exceed the capacity to immediately work on and implement each recommendation. Choices and priorities will have to be made.

The matrix below is a simple tool for prioritizing the recommendations of this study. In general, the matrix is a display of options sorted by what exists (the vertical axis) and the economic growth potential of industries (the horizontal axis).

Door County Targeted efforts	Growing	Stable	Declining
Existing Companies/ Industries	1	2	3 or 4
Prospective Companies/ Industries	4 or 3	5	-

Within the matrix, we have assigned priorities based upon our observations and conclusions with respect to the Door County economy. Under our model, top priority should be given to economic opportunities that involve existing businesses with growth opportunities. This would certainly fit the current shipbuilding cluster development.

Second priority should be assigned to existing businesses that are stable and contributing significantly to the county economy. Much of the existing base of economic activity probably fits in this category. These businesses are steady and have modest growth potential connected to growth in the population and increases in tourist traffic.

The third priority in our model begins to pose more difficult choices. There may be declining businesses in the county that have great turnaround potential. Some of our interviews with business people suggested that there were such businesses in the county. On the other hand, there may be declining businesses that simply will continue to decline based upon product demand or some other economic factor.

Similarly, we believe there are new business opportunities worth a high priority based upon connections to existing county businesses or investors. In the course of our interviews, we were struck by the number of people who moved to Door County to start or purchase a business. For example, many Door County hospitality businesses were established by people who vacationed in the county and decided to relocate and pursue a business.

Finally, new businesses with stable or declining prospects would get the lowest level of attention.

Implementing the Goals

The major shortcoming of most economic development reports is the failure to follow through with implementation. Even the best ideas will go nowhere unless leadership, commitment, energy and other resources are applied to implementing those ideas. Providing adequate funding to carry out the findings of the plan is essential. Good ideas generally cost money to implement.

In later parts of this report, we recommend implementation strategies, financing goals, and organizational ideas that can be helpful in implementing the priorities that emerge from this study.

CHAPTER III

MARKET OPPORTUNITIES FOR ECONOMIC DEVELOPMENT

In this chapter, we explore market opportunities that could be the basis for Door County's economic development strategies over the next 5-10 years. In many cases, these market opportunities are well recognized and are part of ongoing economic activity and economic development plans in the County. In some cases, existing market opportunities are well recognized but are not exploited to their full potential and could be further tapped by altering current strategies or creating new approaches. Finally, we think that there are new market opportunities that will emerge from current economic and demographic trends and form what we call economic value intersections.

Market opportunities can emerge from several sources and can often result from shifts in the demographics and psychographics of the population. For example the post war Baby Boom generation created enormous markets for housing, consumer goods and financial services. Market opportunities may emerge from structural changes in the economy such as the deregulation of telecommunications. Market opportunities may come from technology and product innovation that create entirely new product categories and industry segments.

Foremost in shaping these opportunities will be the demographic trends at a national, state and county level. Consumer spending drives much of the U.S. economy. The same is true for the Door County economy. The income and spending of people who live in the County, who own second homes or are seasonal county residents and those who visit the County drive much of the current economic opportunity for existing Door County businesses.

A second major opportunity for economic development is the market for goods and services produced in Door County. The county has a substantial manufacturing base that exports manufactured products including vessels, wire products, specialty machines, and marine service equipment. Agricultural commodities and food products are also major contributors to the economy.

A third opportunity for economic development is the existing base of economic assets. Developable land, existing industrial and commercial buildings, a competitive business cluster, available workforce and investment capital are examples of economic assets that may create a market opportunity.

Chapter IV details these major demographic groups while this chapter concentrates on identifying the market opportunities that could drive economic development in the County over the next 5-10 years.

Market Opportunities

In Table III-1, we summarize the major market opportunities that could drive economic development in the County over the next 5-10 years. Later chapters of this report provide 1) specific demographic information to support these market opportunities; 2) information to compare these market opportunities to development ideas in other regions and communities; 3) an analysis of the County's strengths, weaknesses and opportunities and threats as a context for assessing the market opportunities; 4) specific economic development strategies to develop market opportunities; 5) recommendations and strategies to implement the Economic Development Adjustment Plan.

TABLE III-1**MARKET OPPORTUNITIES BY SECTOR FOR THE DOOR COUNTY ECONOMY**

MARKET SECTOR OPPORTUNITY	RATIONALE AND BASIS
Manufacturing / Shipbuilding	An existing cluster; skilled workforce; demand for the product; community support; investment-modernization plan;
Seasonal Residents/ Second Home Owners	Large number of seasonal/second home owners; large base of high value second homes and condos; high per capita incomes of seasonal residents / second home owners;
Health Care	Growing sector nationally; existing community hospital provider; aging population; tourist/seasonal visitor patient base;
High-End Destination Tourism	An existing cluster; 2.2 million annual visitors; industry trend to high-end attractions; Door County brand-identity; high-end development in other parts of Wisconsin;
Aging Population	A large and growing 50+ population cohort; a 50+ immigration trend; talented well educated group; projected growth in the 50+ cohort for the next 25 years;
Marine Services	Cluster of marine service companies; wide array of marine services for commercial and recreational markets; growing number of recreational boaters; U.S. Coast Guard presence.
Professional / Financial Services	A growing sector of the U.S. economy; a growing local market based on the 50+ population; headquarters for Baylake Corporation, a regional multi-bank company.
The Arts	An existing, county-wide arts cluster; arts infrastructure (membership organizations, schools, festivals, etc); growing identity as an arts destination;
Environmental Education and Services	Unique and fragile ecosystem; growing public concern and support for the environment; a cluster of conservation & ecological non-government organizations (NGO's);
Agriculture	A long history of dairy farming, orchards and specialty crops; national interest in food safety and locally grown crops; a rapidly growing organic food industry; room to expand orchards and specialty fruit production;
Construction	Strong demand for second homes and condos; the aging and subsequent ownership turnover in second homes creates a demand for refurbishment and remodeling services.
Retail	Good mix of national retailers (Wal Mart, Target, Walgreens, West Marine) and local retailers; growing retiree and disposable income stream; Door County brand;
Industry Intersection Opportunities	Creates valued added / high value products and experiences;

Manufacturing / Shipbuilding:

Door County has a long history of manufacturing much of which has been concentrated in the shipbuilding industry. Shipbuilding is well established in the County and recent events have helped both Bay Ship and Palmer Johnson survive lean times. The competitive advantage of this industry is the skilled labor force in the area. Growing demand for both luxury yachts and double-hulled vessels has helped to revive the industry.¹

In recent months, there has been community support for a project that would improve the competitive position of both shipbuilders. This community effort has attracted the attention and support of Governor Doyle and has led to promised financial support in the forthcoming 2005-2007 state budget.

Market Opportunity:

1. The recently unveiled Shipbuilding Cluster Project offers the opportunity to preserve and perhaps expand high paying manufacturing jobs in the shipbuilding industry. The overall project would modernize local production facilities and create a more competitive environment to attract skilled workers and to compete for ship and boat building projects. The project is dependent on support from industry and government. Financing of the project will require a combination of private, state and local funding. The goal of the project is to make the Door County shipbuilding industry stable and competitive for the next 20-30 years.
2. Link shipbuilding to tourism as a destination attraction.
3. Develop existing and new shipbuilding industry suppliers considered critical to the shipbuilding supply chain.

Seasonal Residents/ Second Home Owners:

Door County continues to attract a significant number of in-migrants that are either building or buying seasonal and/or second homes in the County. The County has a high number of housing units per capita number and over 35% of those units are classified as seasonal or recreational. That number represents about six (6) times the state average.

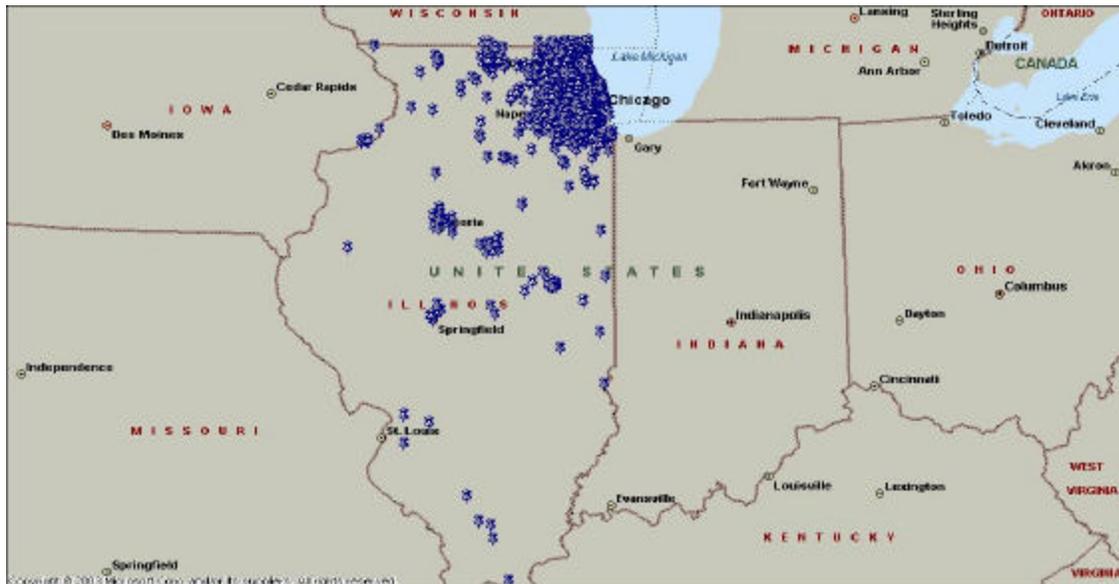
There is also some indication from our survey that seasonal and second residents use their Door County residence for business purposes. While we can offer no exact numbers, the wave of early retirements and corporate downsizing has led to a national increase in private consulting businesses as Baby Boomers transition from the workforce to retirement. The number of people who work at home and classify their businesses as managerial and consulting has risen nationally in the last ten years.

The income level of second home and seasonal residents is much higher than the average income level in Door County. Sample data on second home and seasonal residents suggest that their

¹ There are 257 orders for “starter” yachts (between 80 ft and 100 ft) scheduled for 2005, up from 139 in 2001 – ShowBoats International. (Source: Wall Street Journal, December 14, 2004)

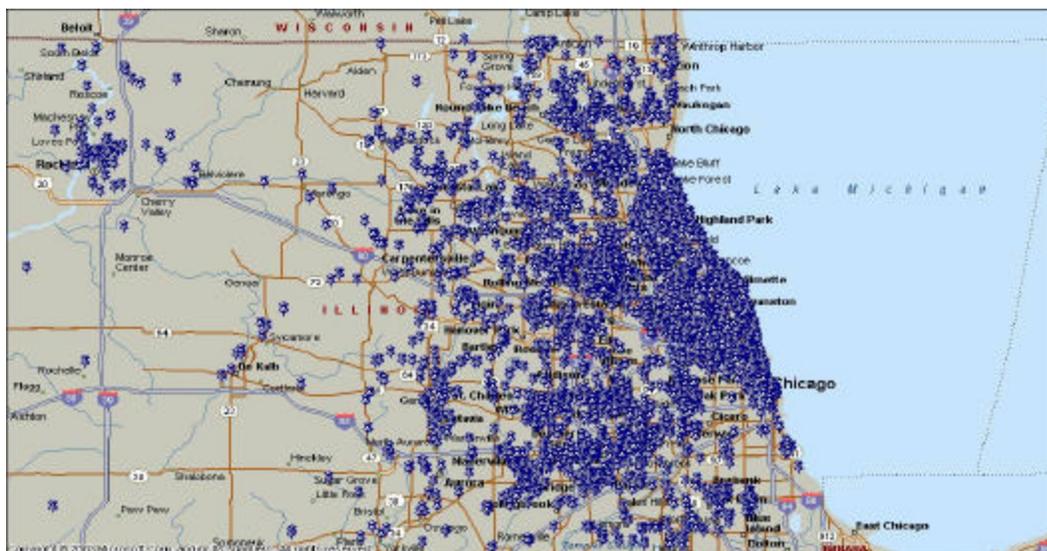
wealth and per capita income numbers are well above state and national averages. This also suggests that this group has a high level of disposable income. Charts III-1, III-2 and III-3 show the locations of Door County property owners from Illinois, from the Chicago area, and from Wisconsin (outside of Door County).

**Chart III-1
Door County Property Owners with a Tax Mailing Address in Illinois**



Key: Each pin equals one Door County property owner.

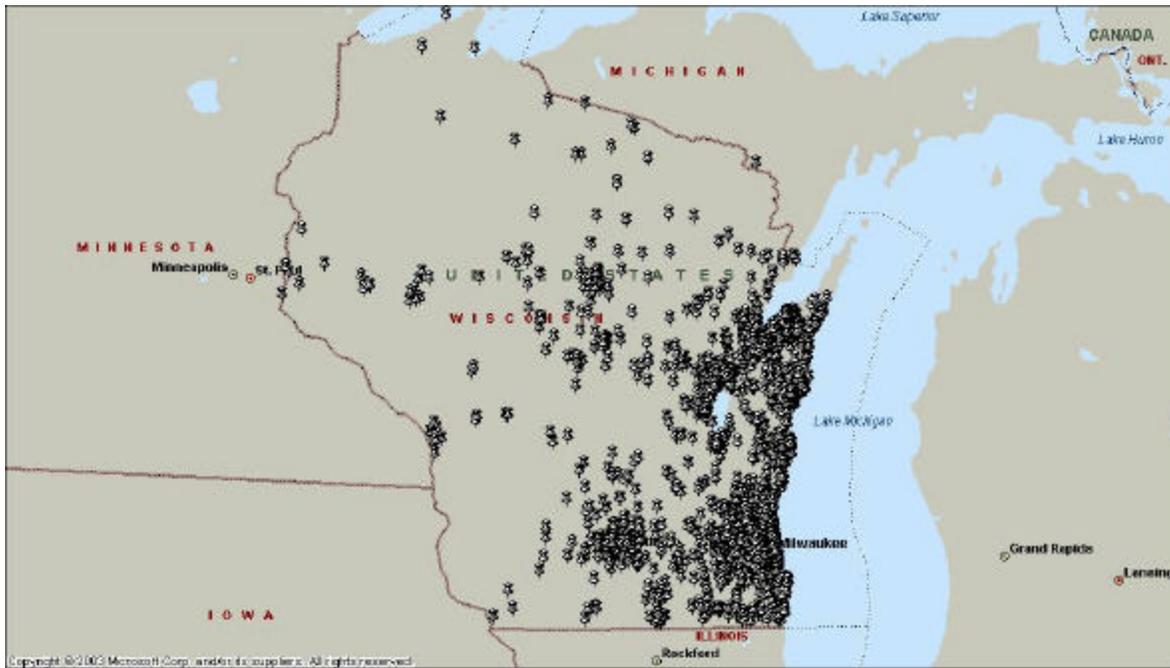
**Chart III-2
Door County Property Owners with a Tax Mailing Address in the Chicago Area**



Key: Each pin equals one Door County property owner.

Chart III-3

Door County Property Owners with a Tax Mailing Address in Wisconsin



Key: Each pin equals one Door County property owner.

Market Opportunity:

1. As the seasonal and recreational housing stock builds up, there is a rising demand for services including landscaping, maintenance and remodeling. As this housing stock ages and as it turns over in real estate sales, the demand for updating and remodeling will likely rise. The growth in the number of contractors and landscapers in the County in the last decade is one sign of this growing market.
2. Tap into the high disposable income level of seasonal residents and second home buyers through home services and high-end retail marketing opportunities.
3. There is the potential to attract professional and consulting businesses connected to seasonal and second homeowners.

Health Care:

Health care is a growing part of the U.S. and Door County economy. Health care is over 16% of the U.S. gross domestic product (GDP). The county has a community hospital in Sturgeon Bay that is a major employer and it is expanding its medical care offerings. The aging population in the county will create an increased demand for health care services. Many of these services will be outpatient and in-home services. The use of technology will likely mean greater use of telemedicine to serve patients.

A second growing part of health care nationally is related to elective procedures and life style and wellness services. Destination health care facilities in Wisconsin and other states are growing enterprises.

Market Opportunity:

1. Support the local health care providers and work to preserve and expand the local community hospital.
2. Create a destination health care specialty area that takes advantage of Door County's beauty and seclusion.
3. Support a medical research program that focuses on health care delivery to older persons living in a rural county.

Tourism:

For many years, Door County has been a tourist destination. The natural environment, an abundance of fresh water, extensive shoreline, the fine arts community, and publicity from articles in national and regional magazines have helped to create a market for the county as a tourist destination.

According to the Door County Chamber of Commerce, Door County attracts over 2.2 million visitors a year. Jobs and businesses in the lodging, and hospitality industry and in the arts are built on this important market.

Tourism in Door County is highly seasonal and efforts to extend the shoulder season into fall have been successful. There are on-going efforts to increase visitor traffic in May and June and to increase tourism in the winter months.

Tourism in Wisconsin and nationally has become an increasingly competitive business. Virtually every city and hamlet in Wisconsin has some sort of visitor and convention organization to promote the local area. Attractions such as Lambeau Field, the Experimental Aircraft Show and Museum, the water parks and attractions at Wisconsin Dells, the golf courses at Kohler and Haven and Lake Geneva are all venues that aggressively compete for the Midwest tourist.

The Door County Chamber is undertaking a thorough study of tourism in the County. Destination Development, Inc. is conducting a “Destination Assessment” study that will outline future strategies and potential for tourism in Door County.

Market Opportunity:

1. While an in-depth study of the Wisconsin tourism industry is beyond the scope of this study, we believe there is an observable trend toward “high-end” tourism in Wisconsin. A generally rising stock market, soaring executive compensation, a large intergenerational transfer of wealth, higher real-estate values and lower taxes on the wealthy are accelerating this trend. This high-end strategy is aimed at extending the tourist season and increasing tourist-spending levels per visit by creating experiences and attractions such as the signature golf courses created by Herb Kohler in Kohler and Haven Wisconsin. Even traditional tourist destinations such as Wisconsin Dells are beginning to develop more costly venues including water parks, health spas and retreats.

Many of these developments (e.g. water parks) may not align with Door County’s culture or development plans. However, other high-end destination attractions such as world-class golf courses and destination spas may be more appropriate.

2. There is a market for attractions, festivals, conventions and experiences related to Door County’s maritime history and culture. Consider tour boat connections between ports in Door County and connections to the western shore of Green Bay including the Upper Peninsula of Michigan.
3. There is a market opportunity to expand tourism by alliances with other world-class tourist destinations in Northeastern Wisconsin including Lambeau Field, EAA, and the golf courses at Kohler and Haven.

The Aging Population:

Kiplinger’s Washington Edition estimates that young empty nesters (age 55-64) in the U.S. will grow by ten million in the period 2005-2015. They further estimate that seniors (age 65 and over) will grow by ten million during the same time period.

The average age of Door County residents is higher than the state average and ranks in the top ten counties in Wisconsin with the highest average age. Data provided in Chapter IV details the current and future demographics with respect to the 50+ populations for Door County. The 50+ population of Door County will grow much faster than the state or national average.

The over 50 population in the county should be thought of as three separate markets. This population can be segmented into three categories:

1. Go-go's: have a combination of health and income that allow an active life style and associated spending on homes, travel, health care and local services
2. Slow-go's: are limited by either health or income and are less active but mobile and require other types of goods and services
3. No-go's: are limited by health and/or income and are not very active, requiring more specialized and expensive services.

Market Opportunity:

The following summarizes possible market opportunities in serving an aging population:

1. There will be market opportunity in health care and assisted living services.
2. There is market potential in travel services, hobby related activities, and leisure activities
3. There a potential market for professional services including financial and investment services, legal and tax services and other professional services.
4. There will be a growing demand for transportation and home maintenance services to serve aging homeowners and residents.

Marine Services:

Door County is home to a significant number of marine service businesses. The market for marine services includes commercial and recreational vessels. The cluster of marine services located in the Sturgeon Bay harbor is fairly unique for a community of this size located on the Great Lakes. The area has a large number of working vessels and Washington Island is the home of the largest ferryboat company on the Great Lakes. The marine clusters in Sturgeon Bay and Door County are shown on maps in Appendices III-A and III-B.

Wisconsin is one of the top five states in the U.S. in recreational boat registrations. Marinas and boat dealers service a large number of boaters and employ people in year-round jobs.

The presence of the U.S. Coast Guard stations in Door County adds a level of knowledge and expertise that benefits the local marine service cluster. Retired Coast Guard personnel who stay in the County or could be induced to return to the County add to the expertise of the County's workforce.

Market Opportunity:

1. There is an opportunity to broaden the marine services business by attracting complementary marine related businesses not currently present in the Door County marine cluster. Possible businesses might include boat renovation and restoration, maritime training, and maritime publishing.
2. There is a potential market for consulting and technical skills related to vessel design, operation, maintenance and safety.
3. There is a potential market for homeland security services related to vessel operations and port security.

Professional and Financial Services:

Professional and financial services have been national growth industries for the last several decades. Legal, accounting, financial and technical consulting have all experienced rapid growth.

Door County has a good base of professional services including the headquarters of Baylake Corporation, a regional bank holding company. But this sector is below state average in terms of the number of jobs in the county economy.

Market Opportunity:

1. Industry focused consulting with emphasis on consulting businesses in paper and printing, clusters located in the nearby Fox Valley.
2. Financial and money management services to serve a growing local market and state and regional markets.

The Arts:

Nationally, there is a growing emphasis on economic development around the arts. The work of Dr. Richard Florida on the creative class has sparked interest in the economic potential of the arts. Places like Sedona, AZ and Taos, NM are using the arts to attract tourists and extend their tourist season.

Door County has an extensive arts community. There are numerous arts organizations, galleries, performing groups, schools, and festivals. The Peninsula Arts School, the Clearing and Siever's School of Fiber Arts are examples of organizations that attract visitors for classes and experiences in the arts.

Door County is growing in reputation as an arts destination. It has drawn favorable mention in *Midwest Living* and the book "101 Best Small Arts Destinations".

Market Opportunity:

1. Destination art schools, institutes and experiences such as the Sedona Art Institute.
2. Business development focused on new arts related businesses and improving the bottom line of existing arts businesses
3. E-commerce to market Door County art using technologies such as Sonic Foundry's Media Site Live.

Environment:

Door County has a unique and fragile environment that has attracted naturalists and ecologists to the county. The county is home to about a half a dozen non-profit, conservation and ecology nongovernmental organizations (NGOs). These organizations employ staff and buy goods and services in the county and have expressed interest and concern about future economic development in the county.

Market Opportunity:

The following summarize possible market opportunities related to the environment:

1. Environmental education schools, classes, training and experiences.
2. Eco tourism.
3. Environmental testing and consulting services.
4. Environmental products and services.

Agriculture:

Door County has a long history of farming related to dairy, orchards and specialty crops. The county is experiencing some growth in tart cherry production and has the processing capacity to significantly expand production. There is also an increase in special apple varieties that command premium prices. Honey Crisp apples are raised and processed in the county and marketed regionally.

A recent addition to the agriculture mix is the wine industry. The growing of grapes in the county is still at the experimental stage but there are now four wineries engaged in the production of wines using juice imported from other countries and other parts of the U.S.

The presence of the University of Wisconsin Peninsular Research Station is a research and knowledge asset to Door County agriculture.

Nationally, there is growth in organic agriculture as people become concerned about safety and nutrition in the food supply. Wisconsin is home to one of the fastest growing organic coops in the country - Organic Valley Farms. Located in La Farge, Wisconsin, the coop has producer members across the state and in many other states in the U. S. Organic products command premium producer prices and organic food is often part of a life style decision. Organic Valley has products on the shelf of many Door County grocery stores.

Market Opportunity:

1. The growing market for organic food is a huge potential regional market. Fast growing organic food companies like Organic Valley Farms of La Farge need both organic food farmers/suppliers and also food processing facilities as their business grows. Door County could offer organic product exposure through its 2.5 million annual visitors and its considerable number of seasonal and second homeowners. Door County could use its brand name (a brand name such as “Doorganics”) to help organic farmers market organic food raised in the county.
2. Wine production is a value-added agricultural business that has room to grow.

Construction:

Door County continues to experience strong demand for new construction of second homes and condos. Low interest rates, available development sites and Baby Boomers who are acquiring recreational properties are driving this demand. A particular niche in this market seems to be high-end condos and homes for people who own multiple homes and condos. Another source of demand is retirees who move to Door County and build new retirement homes.

In addition to new construction, there is a growing housing stock in the county that generates demand for construction and remodeling services as that housing stock requires normal maintenance and as turnover in property ownership creates demand for upgrades and additions.

Market Opportunity:

1. New construction of homes and condos for retirees, second homeowners and seasonal residents.
2. High-end construction of homes and condos for owners of multiple residences.
3. Construction design and remodeling services

Retail:

Door County has an interesting mix of national retailers and locally owned shops and stores. A collection of national retailers like Wal Mart, Walgreens, West Marine and Target is unusual in a county with the geographic and demographic characteristics of Door County. These national retailers create tax base, year round jobs, and retail amenities often missing in areas with low population density and distance from population centers.

There is also a growing mix of locally owned businesses many of which are specialty shops and stores. The Door County brand and Door County products such as candles, coffee, and food products are often part of the marketing mix of these operations.

One of the significant trends in national retailing is the movement to selling goods over the internet. This process is called “e-commerce” and many of the national retailers in the county have robust e-commerce operations. From the data we gathered and our observations of local retailing operations, it appears that e-commerce is just getting started in the local retail sector.

Market Opportunity:

1. Door County may be attractive to selected other national retailers who want to tap into the disposable income stream of seasonal residents, second home buyers, and tourists.
2. E-commerce is a growing area that may offer substantial market opportunity to Door County retailers.

Market Intersections:

New products and services often come from the intersections of one or more of the sectors described above. For example, the intersection of agriculture, retailing and tourism has produced business opportunities such as the growing number of Door County wineries and the Dairy View Country Store at Carlsville.

We think that there are other possible intersections that can produce high growth and high margin business opportunities in Door County.

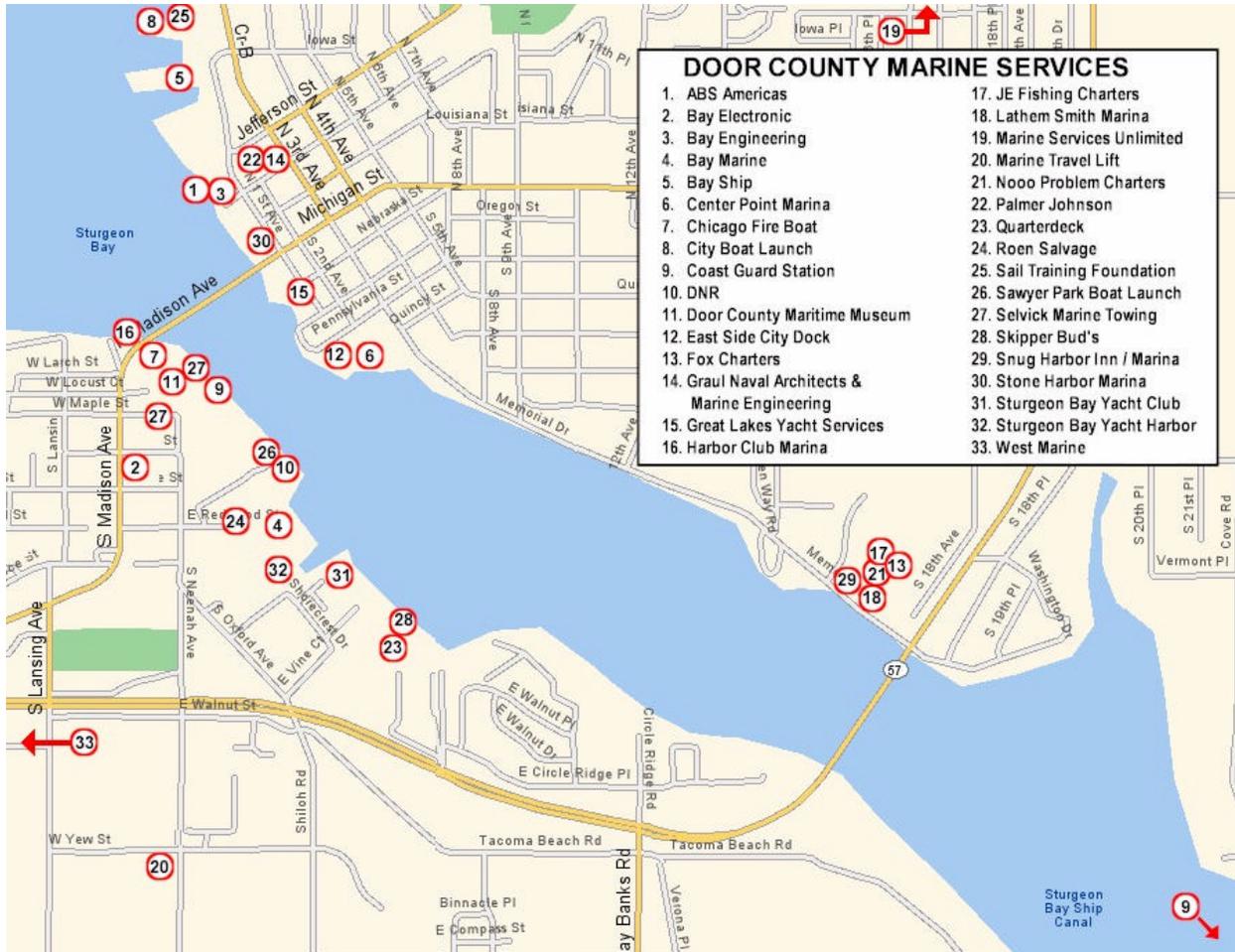
Market Opportunity:

The intersection of tourism, education and the arts sector is an opportunity to attract people to Door County during the tourist season and more importantly in off-season times that might supplement or extend the tourist season. Several models of this idea already exist in the county in operations such as the Clearing and Siever's Looms and School of Fiber Arts.

1. The intersection of shipbuilding and tourism is another area of potential. Many communities use a local business or manufacturing operation as an attraction to the area. The Sheboygan area and the Kohler Company's display building are examples of this idea. In Door County, that attraction might be the design and building of boats and ships.

APPENDIX III-A

Map of Business Establishments in the Marine cluster in Sturgeon Bay

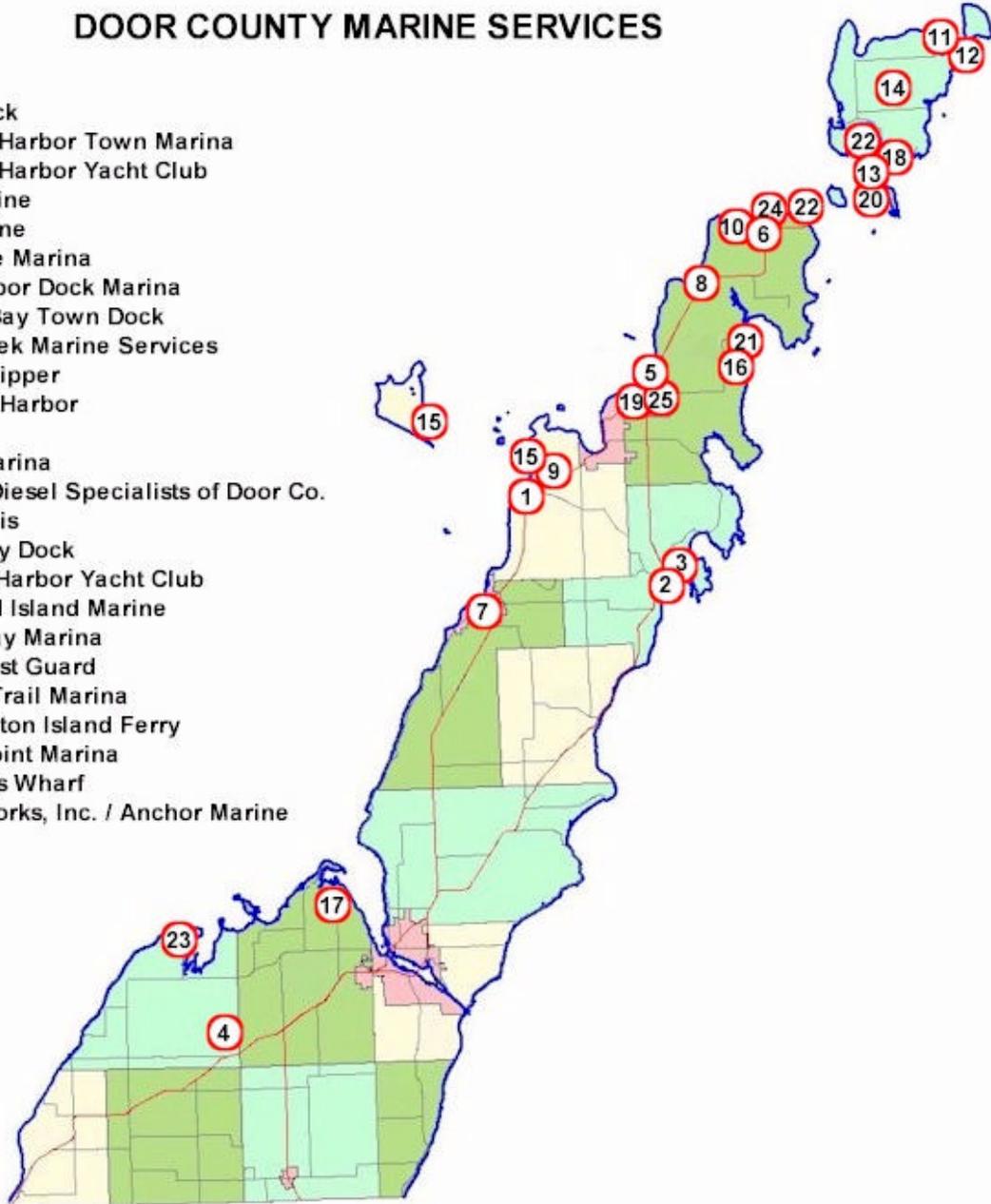


APPENDIX III-B

Map of Business Establishments in the Marine cluster in Door County (not including Sturgeon Bay)

DOOR COUNTY MARINE SERVICES

1. Alibi Dock
2. Bailey's Harbor Town Marina
3. Bailey's Harbor Yacht Club
4. Bay Marine
5. Cal Marine
6. Dockside Marina
7. Egg Harbor Dock Marina
8. Ellison Bay Town Dock
9. Fish Creek Marine Services
10. Island Clipper
11. Jackson Harbor
12. Kafari
13. KAP's Marina
14. Marine Diesel Specialists of Door Co.
15. Quo Vadis
16. Sand Bay Dock
17. Sawyer Harbor Yacht Club
18. Shipyard Island Marine
19. Sister Bay Marina
20. U.S. Coast Guard
21. Wagon Trail Marina
22. Washington Island Ferry
23. Wave Point Marina
24. Weborg's Wharf
25. Yacht Works, Inc. / Anchor Marine



CHAPTER IV

DEMOGRAPHIC AND ECONOMIC ANALYSIS

This chapter lays out the basic demographic and economic analysis for the Door County Economic Adjustment Study. In doing this analysis, we have focused primarily on the county level data needed to do a county-wide economic adjustment study. Where feasible, we have also included data at the municipal level. In particular, given the size and relative importance of Sturgeon Bay to the Door County economy, we have included data relating to the City of Sturgeon Bay.

The demographic data focuses on current and future population and age distribution. Population data is critical to any analysis of current and future workforce availability and trends. It is also important in defining markets and market opportunity that may drive future economic growth. Most of the data elements included in the demographic section will also be useful in preparing Wisconsin's Smart Growth Plans.

The economic analysis in this chapter focuses on income level, employment and industry sectors and the makeup of the Door County economy from the standpoint of industry sectors and trends. Much of this data is also required in Wisconsin's Smart Growth plans.

Demographic Analysis

Population Size, Growth, and Age Distribution

Door County is an average size Wisconsin county in terms of population. The county population in 2005 is estimated to be 29,023 people. That would rank the county 44th in the state out of 72 counties. Door County's population is slightly larger than Trempealeau County, and slightly smaller than Vernon County.

Door County's population growth has generally trailed the growth of the overall state population. In the 1980's, there was virtually no growth in the county's population (Table IV-2). In the 1990's, Wisconsin's population increased 9.6% while Door County's population increased 8.8%. Based upon population estimates for the period from 2000-2005, the population of Wisconsin grew 3.7%, while the population of Door County grew 3.8%. Thus, in the last five years, the county has grown at about the same growth rate as the state. It should be noted that Wisconsin's population growth in all of the periods cited above trailed the growth in the overall U.S. population.

Population projections for the next 25 years indicate that Door County will continue to see very little growth in its population. Current forecasts show the county's population peaking in 2020 at about 30,800 people. Thereafter there is a slight decline in the population level corresponding to the aging and passing of the baby boomer generation. (See Table IV-1)

Table IV-1**Population Projections for Door County by Age: 2000 - 2030**

Key: The modal age cohort for each five year segment is shaded.

Age Group	Total						
	2000 Census	2005	2010	2015	2020	2025	2030
0-4	1,277	1,276	1,313	1,306	1,268	1,193	1,079
5-9	1,720	1,368	1,337	1,331	1,304	1,288	1,215
10-14	1,943	1,769	1,385	1,321	1,300	1,299	1,286
15-19	1,825	1,832	1,648	1,253	1,182	1,149	1,152
20-24	1,102	1,420	1,403	1,222	915	851	831
25-29	1,224	1,236	1,568	1,519	1,310	974	907
30-34	1,470	1,317	1,321	1,628	1,559	1,331	992
35-39	2,077	1,544	1,373	1,345	1,638	1,552	1,329
40-44	2,336	2,150	1,585	1,377	1,334	1,608	1,528
45-49	2,291	2,451	2,244	1,619	1,393	1,336	1,614
50-54	2,084	2,504	2,683	2,410	1,733	1,478	1,426
55-59	1,788	2,393	2,876	3,019	2,704	1,921	1,652
60-64	1,589	2,030	2,745	3,228	3,370	2,964	2,140
65-69	1,376	1,665	2,159	2,887	3,373	3,463	3,071
70-74	1,380	1,303	1,590	2,034	2,710	3,146	3,256
75-79	1,028	1,226	1,155	1,385	1,762	2,338	2,739
80-84	761	771	909	845	1,011	1,284	1,724
85-89	449	473	485	563	527	633	818
90-94	187	226	245	253	299	285	352
95-99	49	60	76	84	89	104	104
100 & Over	5	9	12	16	19	21	26
Totals	27,961	29,023	30,112	30,645	30,800	30,218	29,241

COMPONENTS OF POPULATION CHANGE BY FIVE-YEAR TIME PERIODS

Component	2000- 2005	2005- 2010	2010- 2015	2015- 2020	2020- 2025	2025- 2030
County Births	1,242	1,295	1,306	1,276	1,189	1,073
County Deaths	1,678	1,812	1,953	2,111	2,311	2,521
Natural Increase	-436	-517	-647	-835	-1,122	-1,448
County Net Migration	1,498	1,606	1,180	990	540	471
County Total Change	1,062	1,089	533	155	-582	-977

Source: Wisconsin Department of Administration

The pattern for population changes in the municipalities within Door County will track the county's overall numbers. The City of Sturgeon Bay will remain the largest population center in the county, and its population will slowly rise over the next fifteen years and then will decline slightly. Population projections for Door County municipalities are shown in Table IV-2.

Table IV-2

Population History and Projections for Door County Municipalities, 1980-2025

Type and Name of Municipality	Census 1980	Census 1990	Census 2000	Projection 2005	Projection 2010	Projection 2015	Projection 2020	Projection 2025
T Baileys Harbor	799	780	1,003	1,072	1,142	1,189	1,220	1,220
T Brussels	1,097	1,042	1,112	1,138	1,166	1,173	1,166	1,132
T Clay Banks	409	379	410	413	417	413	405	388
T Egg Harbor	825	1,019	1,194	1,306	1,418	1,502	1,564	1,584
T Forestville	1,035	999	1,086	1,137	1,188	1,217	1,231	1,215
T Gardner	1,084	1,025	1,197	1,256	1,316	1,351	1,369	1,353
T Gibraltar	742	939	1,063	1,140	1,218	1,273	1,309	1,312
T Jacksonport	707	689	738	761	786	795	796	777
T Liberty Grove	1,313	1,506	1,858	1,987	2,116	2,205	2,264	2,264
T Nasewaupsee	1,899	1,798	1,873	1,888	1,905	1,888	1,852	1,775
T Sevastopol	2,520	2,552	2,667	2,751	2,838	2,873	2,873	2,806
T Sturgeon Bay	863	853	865	877	889	886	873	841
T Union	755	721	880	922	966	991	1,003	991
T Washington	558	623	660	687	714	728	733	720
V Egg Harbor	238	183	250	271	292	308	319	321
V Ephraim	319	261	353	364	376	380	380	372
V Forestville	455	470	429	427	426	418	405	384
V Sister Bay	564	675	886	956	1,027	1,077	1,113	1,119
C Sturgeon Bay	8,847	9,176	9,437	9,670	9,912	9,978	9,925	9,644
Door County	25,029	25,690	27,961	29,023	30,112	30,645	30,800	30,218

Source: Wisconsin Department of Administration – Population Estimates

While the county's overall population level is not projected to change much in the next twenty years, the age cohorts or makeup of the county population will substantially change. Door County's population is on the average significantly older than the rest of the state and nation. According to the U.S. Census Bureau, in 2003 persons over the age of 65 constitute 13.1% of the state's population and 18.7% of Door County's population. Door County is in the top 20% of U.S. counties in terms of the proportion of its population over the age of 65. In 2003, Door County ranked 494th out of 3,141 U.S. counties in that category.

Based upon the current census projections for the county, as shown in Table IV-1 and the projections for the state as shown in Appendix IV-1, Door County's population over the age of 65 will more than double by 2030 to 41%, while the state's population over 65 will grow to

about 21% of the state's population. For Door County, the year 2030 appears to be the peak year for this age cohort, and thereafter persons 65 and older should be a smaller part of the overall population.

With respect to the projected aging of the county's population, we draw attention to the analysis at the bottom of Table IV-1. The components of population change are very interesting. For the first 30 years of this century, the natural population increase is expected to be negative. The natural population increase is equal to the number of births less the number of deaths of county residents. The projected increase in the county's population is entirely due to net migration. Net migration is the difference between the number of people who move into the county less the number of people who move out of the county. The age distribution projections in Table IV-1 indicate that much of that net migration would come from persons age 50 and older. This in-migration of persons age 50 and older will cause the average age of the county to rise and will result in the growth of the age 65 and older cohort.

In-Migration and Out-migration of the Population

The population change due to in-migration trend is important and Table IV-3 below shows the main sources of both population in-migration (inflow) and out-migration (outflow). Table IV-3 lists the top ten counties for population inflow and outflow.

Not surprisingly, nearby counties including Brown, Kewaunee, and Outagamie contributed to both population inflow and outflow. Brown County was the top county in terms of both population inflow and outflow. On a net basis, Door County lost population to Brown County and other nearby counties including Kewaunee County.

Door County's population outflow was primarily to Wisconsin counties. Substantial numbers of Door County residents moved to the major population centers of the Fox River Valley, Dane and Milwaukee/Waukesha counties. Out of state destinations for Door County residents included Maricopa County, Arizona and Linn County (Cedar Rapids) Iowa. The outflow to Maricopa County probably corresponds to people relocating to a warmer climate. The outflow to places like Linn County, Iowa and Dunn County in Wisconsin is likely related to job placement or higher education opportunities.

Door County had substantial net inflow from several counties in Wisconsin and Illinois. Two counties in Illinois, Cook County and Lake County were in the top ten counties for population inflow but were not in the top ten counties for outflow. Milwaukee and Waukesha are Wisconsin counties that provided a new inflow of population to Door County.

Table IV-3

Top Ten Counties – Door County Population Inflows and Outflows

Inflow 1995-2000			Outflow 1995-2000		
Rank	County	# of People	Rank	County	# of People
1.	Brown	735	1.	Brown	859
2.	Cook Co., IL	312	2.	Kewaunee	434
3.	Milwaukee	259	3.	Winnebago	165
4.	Kewaunee	229	4.	Dane	147
5.	Waukesha	155	5.	Milwaukee	121
6.	Lake Co., IL	147	6.	Outagamie	105
7.	Dane	106	7.	Maricopa Co., AZ	92
8.	Dodge	104	8.	Dunn	83
9.	Outagamie	88		Waukesha	83
10.	Manitowoc	74	10.	Linn Co., IA	79

Source: U.S. Census Bureau

Door County as Retirement Destination

Our interviews and completed surveys support the notion that Door County is increasingly popular as a retirement destination. Many people who vacation or have seasonal residences in the county are choosing to make their Door County homes and condos a primary or secondary retirement residence. There is a considerable overlap between the home-areas of current second home and seasonal residents (See maps in Tables III-1, III-2, and III-3) and the counties that account for population inflow into Door County. (See Table IV-3)

Evidence of the trend to make Door County a retirement destination can be seen in Table IV-1 as the cohorts of people 50 and above rise in succeeding projection periods. For example in the 2000 census, there were 1,788 people in the age 55-59 cohort. For 2005, the number of people in the 60-64 cohort is 2,030. Without the in-migration of people in this age cohort, one would expect that natural mortality would reduce the number of people in the projected 50+ cohorts in succeeding projection periods.

Major Drivers of Future County Population Levels

The population projections in Table IV-1 and IV-2 are based upon actuarial data and the best estimates and assumptions about human behavior. The estimates are useful but may prove to be off in either direction. It is possible that a number of factors or drivers could cause population to change in the next two decades.

Based upon the population projections in Table IV-1, the trend of in-migration of people over 50 will accelerate as large numbers of Baby Boomers reach retirement age. Thus one major driver of future population levels in the county will be the life style and family related decisions of this group. If Door County should prove to be an attractive retirement destination, then an even

greater number of these retirees may choose to migrate to the county and the current population estimates may be too low. Conversely, if for some reason Door County becomes less attractive as a retirement community, or if retirees leave the county as their health becomes an issue, the population estimates may be high. The decisions of aging retirees who are faced with health problems will be an important factor in shaping Door County's population in the next twenty years.

A second factor to consider with respect to future population levels is the completion of the four-lane expansion of Wisconsin Highway 57 (WIS 57) between Green Bay and Sturgeon Bay. WIS 57 serves as a principal arterial connecting to I-43 from Milwaukee, US 41 from the Fox Valley and WIS 29 from western Wisconsin. WIS 57 is primarily a two-lane roadway with numerous access points from side roads and driveways.

A four lane Highway 57 will cut travel time between these two points and make it more convenient for workers in either county to live in one county and work in the other. In our interviews with town government officials from the southern part of the county, we were told of a rise in single-home building permits in the southern part of Door County. In the estimation of these town officials, the people building those homes worked in Brown County but plan to live in Door County. To the extent that parts of Door County become a bedroom community to the Green Bay and Fox Valley area, population estimates may be too low. On the other hand, if property values in Door County are too high or if people find the amenities of a larger city attractive, more Door County workers may choose to live in neighboring counties and population estimates may be too high.

In short, the population projections are useful planning tools, but there are many factors that may well change the overall population growth in the county. In our view, given the trends cited above, it seems more likely that the county will exceed the current population projections, but will be adding a higher percentage of older adults and persons who may or may not be active in the Door County labor force.

Education Levels

The educational attainment level of the Door County population is similar to that of the State of Wisconsin. Table IV-4 gives some detail on the educational attainment for the U.S., the State of Wisconsin, Door County and Sturgeon Bay.

Table IV-4**Educational Attainment of the Population 25 and Older**

	% with a High School degree	% with an Associate degree	% with a College degree
United States	80.4%	7.8%	25.6%
Wisconsin	85.0%	7.5%	22.5%
Door County	87.8%	6.6%	21.4%
Sturgeon Bay	86.0%	8.2%	17.1%

Source: 2000 Census

Wisconsin, Door County, and Sturgeon Bay have educational attainment figures that are better than the national average for high school graduates and comparable for associate degree graduates. Wisconsin traditionally has had a favorable high school graduation rate, although the gap between Wisconsin and other states has narrowed considerably. Wisconsin is falling behind some neighboring states such as Minnesota, where 87.9% of state residents have at least a high school degree.

Wisconsin, Door County, and Sturgeon Bay do not compare favorably with national data in terms of post-secondary education. National education levels for people holding associate degrees are slightly better than the Wisconsin, Door County, and Sturgeon Bay numbers. However, Wisconsin, Door County, and Sturgeon Bay significantly trail the national averages for educational attainment at the college degree level. Wisconsin also trails many neighboring states, including the State of Minnesota, where baccalaureate degree holders constitute over 30% of the work force.

Educational attainment is a very important economic driver. The link between higher levels of education and higher wage levels is well documented. Table IV-5 drawn from *Educational Attainment in the United States: 2003* (U.S. Census Bureau) is a good example of the link between education and earnings. In general, Wisconsin and Door County are not keeping up with other more competitive states and counties in terms of higher education graduates.

Table IV-5
Average Earnings by Educational Attainment

Educational Level	Average Earnings in 2002
Not a High School graduate	\$ 18,826
High School graduate	27,280
Some College/Associate degree	31,046
Bachelor's degree	51,194
Advanced degree	72,824

The need to focus on educational attainment is recognized in many states and regions. The recently completed *Northeast Wisconsin Economic Opportunity Study* contains findings regarding the need to improve educational attainment levels in Northeast Wisconsin (NEW). Advancing educational attainment in NEW is a top and immediate priority of the group charged with implementing the recommendations in the NEW study.

Employment

The top ten industries (as of March of 2004) and top ten employers (as of December of 2004) in Door County as reported by the Department of Workforce Development (DWD) are shown in the Tables IV-6 and IV-7 below.

**Table IV-6
Top Ten Industries in Door County – March 2004**

Industry	Establishments	Employees	Numeric Employment Change	
			2003-2004	1999-2004
Food services & drinking places	97	1,125	62	232
Educational services	11	811	17	28
Transportation equipment manufacturing	suppressed	suppressed	not available	not available
Executive, legislative & general government	17	594	52	72
Accommodation	68	581	-40	-123
Machinery manufacturing	6	488	-15	-63
Specialty trade contractors	82	476	-19	40
Fabricated metal product manufacturing	11	420	-37	-115
Hospitals	suppressed	suppressed	not available	not available
Food & beverage stores	18	351	-10	-43

**Table IV-7
Top Ten Employers in Door County 2004**

Establishment	Product or Service	Size
Bay Shipbuilding	Ship Construction and Repair	650 Employees
Door County Memorial Hospital	Health Care	500 Employees
County of Door	County Government	329 Employees
Hatco Corporation	Commercial Kitchen Equipment	291 Employees
Sturgeon Bay Schools	K-12 Education	213 Employees
Southern Door Schools	K-12 Education	174 Employees
Baylake Bank	Financial Services	165 Employees
Palmer Johnson	Luxury Yacht Builder	145 Employees
Marine Travelift	Boat and Industrial Hoists	138 Employees
WireTech Fabricators	Wire Products	125 Employees

DWD reports that the top ten industries in Door County produce 46% of the County's jobs. No single industry accounts for 10% of the county's employment, and the employment in the top ten industries is spread over 300 establishments. The top ten employers account for 19% of the county's jobs. Based upon the December 2004 data in Table IV-7, no single employer currently employs over 3% of the County's workforce.

Overall, Door County's economy is fairly diversified and balanced from the perspective of employment by sector and by company. In Door County, the employment is not concentrated in one or two sectors and it is spread-out among many companies. A sample of three neighboring counties and Bayfield and Sauk County showed that the top ten industries employed between 47%-58% of the workforce and the top ten companies employed 17%-42% of the workforce. Door County's numbers (46% employed in the top ten industries and 19% employed by the top ten employers) fall on the low end of both ranges.

Future growth in the County's employment is difficult to predict. County projections of employment usually consist of an analysis of the availability of the future workforce based on the resident population. The projection of workforce based upon the population projections for the county reveals a very important trend that could have a great impact on the current economic base in the county and future economic growth. Chart IV-I shows that the workforce age cohorts rise for a few more years, and then a growing number of retirees begins to shrink the workforce as those who retire outnumber the number of younger people project to enter the workforce.

The net and cumulative change in workforce over the period 2000- 2030 is shown in Chart IV-2. This data would suggest that Door County should closely analyze these labor trends and be prepared to offset some of the projected decline in the workforce. The County may need to encourage an in-migration of workers or commuting workers from adjacent counties to offset the wave of retirements that is coming.

Chart IV-1

Workforce, Retiree and School Age Cohort Projections to the Year 2030

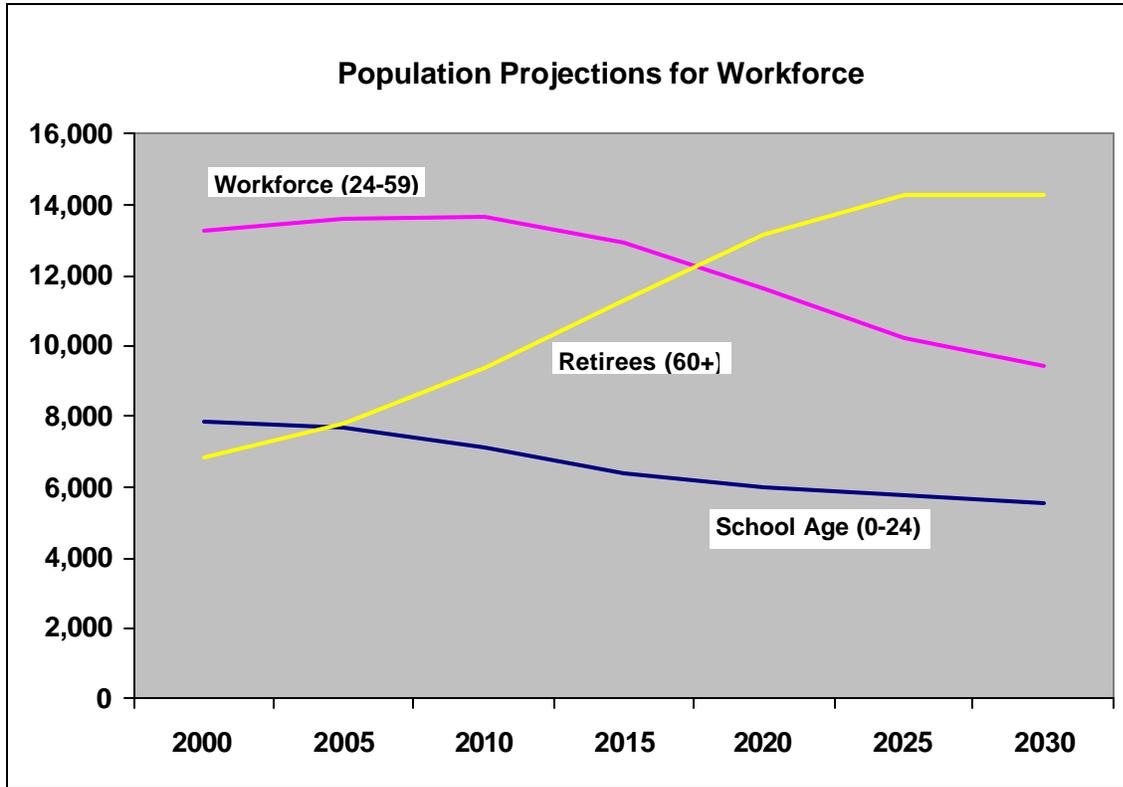
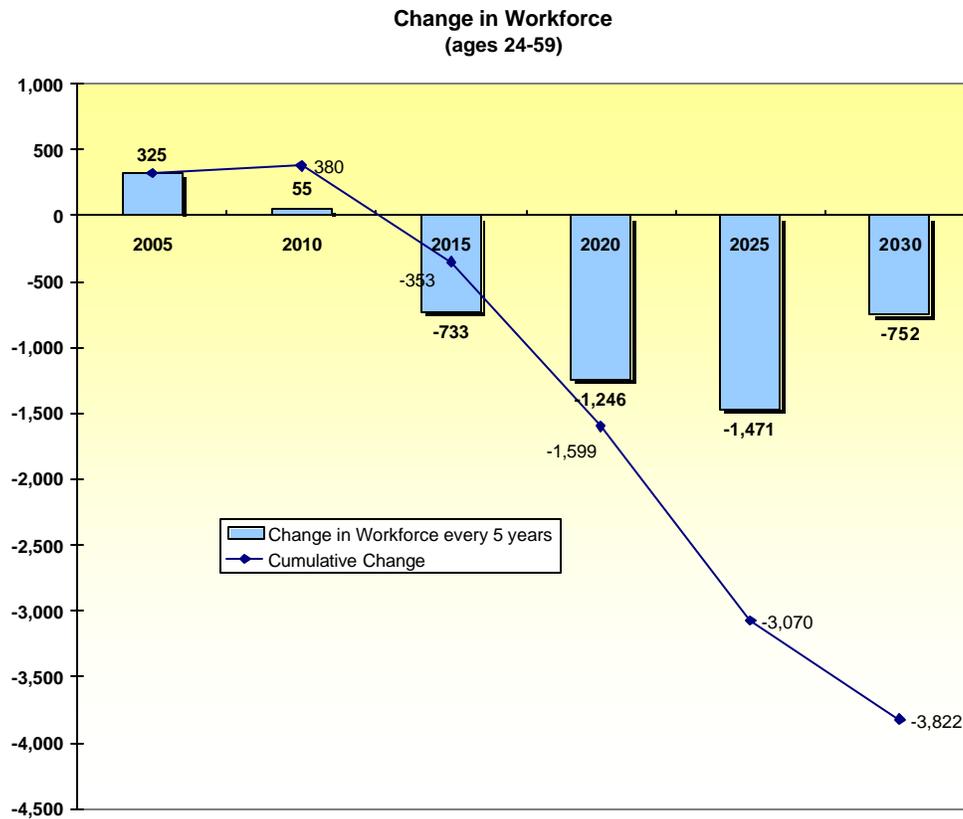


Chart IV-2

Change in the Door County Workforce 2000- 2030



Given the increasing mobility of the workforce and the commuting patterns reported in the *NEW Economic Opportunity Study*, it may be helpful to take a regional look at the workforce to get sufficient data on future workforce availability in Door County. Table IV-8 below is drawn from the *NEW Economic Opportunity Study*, and it shows projected employment growth by sub-region and by sector in Northeastern Wisconsin. In the period 2001-2025, employment is projected to grow in all of the sub-regions in Northeastern Wisconsin.

Door County is part of the Lake Shore sub-region that includes Kewaunee, Manitowoc and Sheboygan Counties. Employment in that sub-region is projected to grow 23% in the period 2001-2025. As we noted above, the availability of the workforce will be a key factor in future employment growth.

Table IV-8 Projected Growth in Employment in the Period 2001-20025

	Lake Shore	I-43 Corridor	Highway 141-21 Corridor	Highway 22 Corridor	Fox Valley WDA	Bay Area WDA	Fox Valley	Fox Valley Rural
TOTAL EMPLOYMENT	23.0%	18.5%	29.4%	29.1%	41.1%	34.1%	36.5%	24.4%
FARM	-13.4%	-12.3%	-12.4%	-11.1%	-12.0%	-12.8%	-12.0%	-12.4%
AGRICULTURAL SERVICES, OTHER	27.7%	31.3%	20.9%	14.4%	41.8%	27.2%	37.0%	37.0%
MINING	17.4%	22.8%	29.4%	29.0%	27.7%	25.3%	44.3%	11.7%
CONSTRUCTION	34.1%	23.9%	44.9%	36.8%	32.6%	37.4%	33.8%	28.8%
MANUFACTURING	9.2%	8.6%	13.0%	22.0%	15.0%	14.9%	17.3%	13.8%
TRANSPORT, COMM & PUBLIC UTIL	28.2%	27.9%	20.1%	29.8%	28.3%	26.0%	24.1%	42.6%
WHOLESALE TRADE	21.2%	18.1%	19.9%	35.1%	54.2%	30.6%	33.4%	38.3%
RETAIL TRADE	20.5%	15.6%	20.1%	25.8%	25.4%	24.6%	23.9%	16.7%
FINANCE, INS. & REAL ESTATE	18.5%	9.8%	14.6%	5.7%	47.2%	54.1%	48.0%	24.6%
SERVICES	48.6%	43.9%	68.2%	53.1%	62.3%	63.7%	66.9%	42.8%
FEDERAL CIVILIAN GOVT	-5.5%	-9.0%	1.1%	13.2%	22.2%	7.1%	14.8%	12.9%
FEDERAL MILITARY GOVT	5.8%	5.7%	5.7%	5.8%	5.8%	5.8%	5.8%	5.7%
STATE AND LOCAL GOVT	20.0%	16.6%	21.7%	34.8%	26.5%	26.3%	35.4%	35.9%

Unemployment

The unemployment rate in Door County has been above the national and state averages for the last six years. During the period from 1998-2000, Door County's unemployment rate was slightly above the U.S. unemployment rate and 1- 1.5% above the state rate. Oddly, during the period of the 2001 recession and the early recovery from that recession, the unemployment rates of the all three were quite close. In 2003, however, the Door County unemployment rate was 8.2%, about 2% above the state and national averages.

In 2004, unemployment went down in the Door County, Wisconsin and the nation. For 2004, the average unemployment rate in Wisconsin was 4.9%, and that was below the national average by about 1.0%. The unemployment rate for Door County in 2004 was 6.5%, above both the national and state rates.

Economic Analysis

Major Economic Drivers

The employment numbers above are a good indication of the major economic drivers in Door County. While employment numbers are a good general indicator of a sector's importance to the local economy, the critical test is to pair employment and earnings to see which sectors contribute not only jobs but income to drive the county economy.

We analyzed the employment and earnings by industry for Door County in ten-year intervals from 1972 to 2002 using SIC (Standard Industrial Classification) data. In the 30-year period we studied, Door County's economy has changed significantly. Major shifts in employment by industry have reshaped the economy. Manufacturing accounted for 23% of the jobs in 1972 and accounts for 12% of the jobs in 2002. A second large shift occurred in service employment. Service jobs accounted for 20% of jobs in 1972 and 44% of jobs in 2002. Other shifts included modest increases in the percentage of jobs in construction and FIRE (finance, insurance and real estate) and declines in the percentage of jobs in retail and government. These changes are summarized in Table IV-9 below.

Table IV-9

Major Employment Changes in Door County by Sector 1972-2002

Sector	% Employment 1972	% Employment 2002
Construction	7%	9%
Manufacturing	23	12
Retail Trade	22	15
FIRE	6	9
Services	20	44
Government	15	10

In the period 1972-2002, the Door County economy changed significantly. Fairly steep declines in employment in the manufacturing and retail sectors were offset by growth in services and finance, insurance and real estate (FIRE).

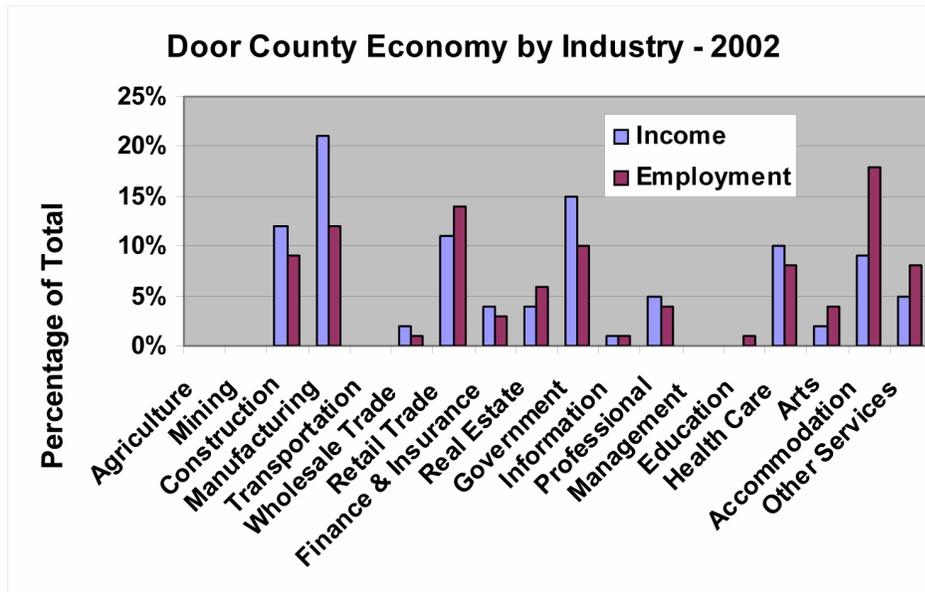
The shift in the job makeup of the county is only part of the story of the change in the Door County economy from 1972 to 2002. Chart IV-3 compares the percentage of jobs from each sector to the percentage of personal income generated by each sector. The chart uses NAICS data (North American Industrial Classification System), a recently adopted standard that provides finer detail for industrial sectors.

In the chart, high-value jobs will show a higher percentage of income compared to the percentage of jobs. For example, in 2002, manufacturing in Door County accounted for 12% of the jobs and 21% of the earnings or personal income. In general, construction, government, and health care have jobs that produce relatively high-income levels. On the other hand, accommodations, retail trade and other services produce proportionally a higher percentage of jobs when compared to the income those jobs generate.

In developing the economic strategy for Door County, this relationship is very important. Keeping in mind the need to have balance in employment and to provide work that is satisfying and meaningful to a wide variety of people, economic growth will be enhanced by creating high-value jobs. For example creating two jobs in either manufacturing or construction has the same economic impact as creating three jobs in retail trade and five jobs in the accommodations industry. Put another way, based on average pay,

$$2 \text{ Manufacturing Jobs} = 2 \text{ Construction Jobs} = 3 \text{ Retail Jobs} = 5 \text{ Accommodation Jobs}$$

Chart IV-3



Income – Two Perspectives

Perhaps the most interesting part of the economic analysis is looking at how the demographic and economic data weave together in the per capita income and average annual wage data for the county.

Historically, Door County’s per capita income has trailed average per capita income of Wisconsin and the nation. However, in the last five years, these relationships have changed. Table IV-10 and Chart IV-4 summarize the data for the period from 1997-2002.

**Table IV-10
Per Capita Income for the U.S., Wisconsin and Door County – 1997-2002**

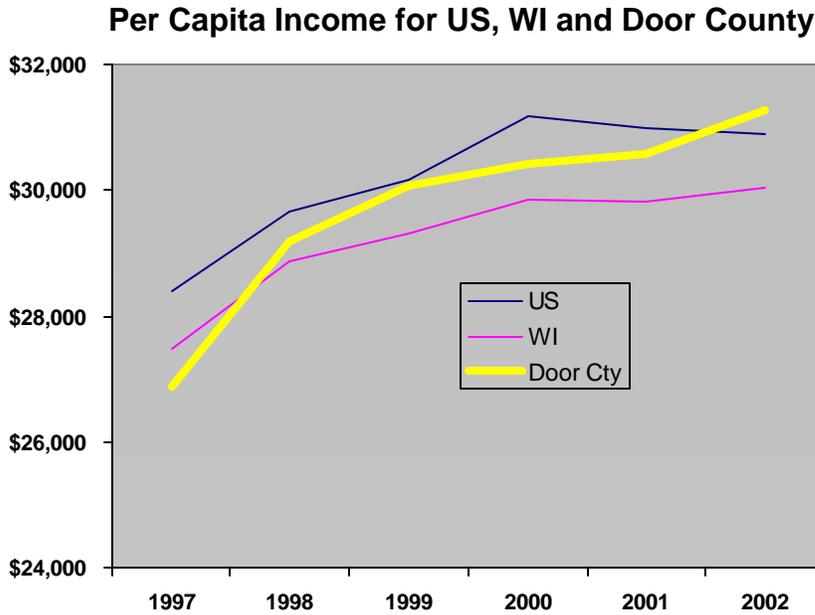
	1997	1998	1999	2000	2001	2002
United States	\$28,397	\$29,670	\$30,170	\$31,181	\$31,010	\$30,906
Wisconsin	\$27,478	\$28,889	\$29,301	\$29,850	\$29,825	\$30,050
Door County	\$26,869	\$29,190	\$30,074	\$30,429	\$30,590	\$31,292

Source: U.S. Bureau of Economic Analysis

Per capita income is the total income for a geographic area (e.g., the country, a state or a county) divided by the population of the geographic area. For example, the per capita income for Door County in 2002 is calculated by totaling all the income of county residents, including earnings, investment income, and transfer payments, and dividing this total income pool by the county's population.

Chart IV-4

Per Capita Income 1997-2002



In 1997, Door County's per capita income trailed the U.S. and Wisconsin per capita income. In 1998, Door County's income level trailed the U.S., but was above the state average. By 2002, the per capita income in Door County exceeded both the state and national averages. The gap between Door County's per capita income and the state's per capita income is widening as shown Table IV-11 below:

Table IV-11 Per Capita Income Difference Between Door County and the State Average

Year	Door County PCI – State PCI
1997	\$-542
1998	\$+272
1999	\$+716
2000	\$+553
2001	\$+753
2002	\$+1,242

A second perspective on income levels in Door County comes from average annual wage data supplied by the Department of Workforce Development. This data compares the average wage for Wisconsin and Door County by industrial sector. The data in Table IV-12 and Chart IV-5 show that Door County trails the Wisconsin average in all but one category.

Average Annual Wage by Selected Industry in 2003

	Wisconsin	Door County	Door County % of Wisconsin	Kewaunee County	Manitowoc County	Oconto County
All Industries	\$33,423	\$22,814	68.3%	\$28,536	\$30,734	\$23,634
Natural Resources	\$25,723	\$19,356	75.3	\$24,050	\$21,703	\$19,563
Construction	\$40,228	\$32,337	80.4	\$33,704	\$39,400	\$27,345
Manufacturing	\$42,013	\$32,483	77.3	\$32,310	\$36,756	\$28,807
Financial	\$42,946	\$25,986	60.5	\$29,479	\$27,753	\$25,603
Trade, Transport, Utilities	\$28,896	\$20,358	70.5	\$36,107	\$30,017	\$20,079
Professional & Business Services	\$38,076	\$26,995	70.9	\$37,341	\$35,728	\$25,368
Education & Health	\$35,045	\$30,101	85.9	\$26,543	\$33,176	\$26,763
Leisure Hospitality	\$12,002	\$12,657	105.5	\$ 6,287	\$ 8,648	\$ 8,235
Public Administration	\$35,689	\$23,304	65.3	\$23,179	\$32,517	\$25,247

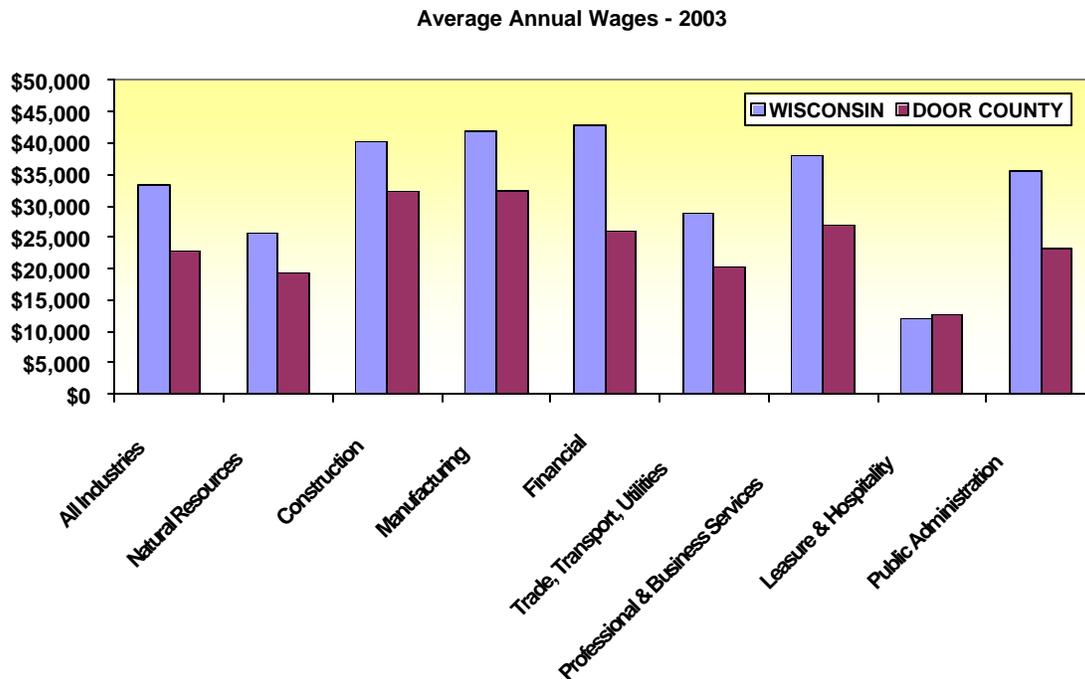
Source: Wisconsin Department of Workforce Development : County Workforce Profile

Table IV-12 also shows comparative wage data for nearby counties including Kewaunee, Manitowoc and Oconto Counties. Door County's average wage level for all industries is most comparable to Oconto County. Door County has the highest average wage in one sector – leisure and hospitality. Among this group of four counties, Door County ranks second in average manufacturing wage and education and health wage. It ranks third in construction, financial and trade wages. It ranks last in the average wage for all industries.

The median household income data for Door County is consistent with the average wage data shown above. The County's median household income in 1999 was \$38,812 and the County's median income was 88.6% of the state average. In 2002, the County's median income was \$41,041 and that was 90.4% of the state average.

Chart IV-5

2003 Average Annual Wages for Wisconsin and Door County



Thus the income picture that emerges is mixed. On the one hand, Door County is above average in per capita income. On the other hand, the county is below average on average industrial wages and median household income.

How do we reconcile this difference of an above per capita income and a below average industrial wage and median household income? The answer seems to be in the changing makeup of personal income of county residents. The total personal income of residents of the county comes from three main sources:

- Earnings from gainful employment
- Dividends-interest-rent from investments
- Transfer payments including social security and pension payments.

Net earnings account for a little over 50% of the personal income generated by county residents. By contrast, net earnings account for about 68% of Wisconsin and the U.S. total personal income. Thus, Door County's net earnings account for a significantly smaller percentage of personal income when compared to the other two sources.

On the other hand, dividends-interest-rents account for 30% of Door County resident personal income. This compares to about 18% of total personal income for the state and nation. The relatively high level of income from dividends-interest-rents is due to two factors. First, Door County has a higher percentage of older residents and on average, wealth levels are a direct function of age. Second, we believe that this also reflects the wealth levels of individuals who have decided to retire to the County.

Finally, the percentage of total personal income due to transfer payments is slightly higher in Door County and this is consistent with the County's higher proportion of residents over the age of 65.

These numbers suggest several things. First, while there was a great deal of personal and community pain over the loss of jobs, particularly manufacturing jobs, the County is less dependent on net earnings than other parts of the country. Second, it appears that the in-migration of older people that is evident in the population numbers has an important economic impact in that it adds a large amount of investment income and transfer payments to the County's total personal income. The numbers would also suggest that the people who are retiring to Door County have income and wealth levels above the state average.

Finally, the average industrial wage and median household income numbers demonstrate the need for economic development programs in the County. People who work in Door County are not doing as well as their counterparts across the rest of the state. This situation, if allowed to persist, will encourage young and old workers alike to seek better paying jobs in some other part of the state. That will cause a further imbalance in the county's age distribution and will have serious long-term effects on the County's workforce and economic growth.

OBSERVATIONS AND IMPLICATIONS OF THE DATA

The data in this chapter is a fraction of the data we researched for this study. Additional data is contained in Chapter VI, as well as several other chapters. We have tried to highlight data that has a bearing on the future strategic economic plan. Based upon our research, we would point to the following observations and lessons that we took from the data:

- **The population of Door County is older on average than most U.S. counties, and the demographic data indicates that the average age of Door County residents will continue to rise for the next 25 years.**
- **The total population of Door County is not projected to change substantially over the next 25 years.**
- **Future population estimates assume a negative growth in the native population that is offset by an in-migration to the county.**

- **Based upon projected resident population over the next 20 years, Door County's workforce will grow slowly until about 2010, and then will decline by 8.4% between 2010 and 2020. There will be a further 10% decline in workforce numbers between 2020 and 2030.**
- **Door County depends on four industries (manufacturing, trade, construction, and health care) for 58% of its total personal income.**
- **Door County has an above-average and rising per capita income relative to the average for the U.S. and Wisconsin;**
- **Door County's per capita income has a lower portion of its income derived from earnings and a higher proportion of its income derived from investment income and transfer payments.**
- **Door County's average industrial wages and median household income trail the state and national averages.**
- **The makeup of Door County's economy has changed substantially in the period from 1972-2002 as declines in jobs in manufacturing and trade have been offset by a large increase in service jobs.**

APPENDIX IV-A

Final Population Projections for the State of Wisconsin by Age: 2000 - 2030

Age Group	Total						
	2000 Census	2005	2010	2015	2020	2025	2030
0-4	342,340	352,940	364,254	380,502	390,504	391,299	390,129
5-9	379,484	356,930	362,844	373,657	389,192	399,276	399,855
10-14	403,074	395,216	368,184	373,454	384,625	400,563	410,751
15-19	407,195	417,133	408,864	379,069	384,918	397,444	413,332
20-24	357,292	401,974	411,599	402,914	373,652	379,515	391,294
25-29	333,913	353,181	396,825	405,487	397,042	367,862	373,546
30-34	372,255	341,098	360,325	404,085	413,121	403,830	374,276
35-39	435,264	382,304	349,940	369,001	413,684	422,320	413,342
40-44	440,292	440,784	386,851	353,270	372,446	417,621	426,608
45-49	397,699	440,677	440,998	386,200	352,817	372,046	417,313
50-54	334,613	393,742	436,352	435,942	382,037	349,079	368,288
55-59	252,742	326,592	384,537	425,625	425,737	373,258	341,369
60-64	204,999	242,063	313,271	368,618	408,744	409,328	359,436
65-69	182,119	190,125	224,943	291,061	343,352	381,534	383,014
70-74	173,188	162,937	170,692	202,243	262,634	310,834	346,575
75-79	146,675	146,254	138,355	145,440	173,395	226,290	269,204
80-84	104,946	111,489	111,969	106,713	113,250	136,219	179,114
85-89	62,304	68,003	73,557	74,835	72,465	77,972	95,025
90-94	25,590	30,713	34,728	38,478	40,064	39,692	43,660
95-99	6,737	8,498	10,732	12,596	14,443	15,530	15,937
100 & Over	994	1,243	1,650	2,196	2,756	3,355	3,855
Totals	5,363,715	5,563,896	5,751,470	5,931,386	6,110,878	6,274,867	6,415,923

APPENDIX IV-B

Fastest Growing Occupations in Wisconsin: 2000-2010

Occupational Title	Estimated Employment ⁽³⁾				Education and Training Typically Required ⁽⁵⁾	Annual Salary (\$) ⁽⁶⁾
	2000	2010	Change	Percent Change		
Computer Soft Engrns Systms Soft	2,220	3,820	1,600	72.1%	Bachelor's degree	60,290
Computer Support Specialists	8,420	14,430	6,010	71.4%	Associate degree	39,840
Computer Software Engrns Apps	3,230	5,260	2,030	62.8%	Bachelor's degree	62,790
Network/Computer Systems Admin	4,010	6,300	2,290	57.1%	Bachelor's degree	48,940
Desktop Publishers	1,260	1,950	690	54.8%	Postsecondary voc. training	33,270
Medical Records/Health Info Techs	3,290	5,050	1,760	53.5%	Associate degree	24,060
Network Systms/Data Comm Analysts	2,120	3,250	1,130	53.3%	Bachelor's degree	47,950
Personal and Home Care Aides	11,200	17,070	5,870	52.4%	Short-term OJT	18,060
Medical Assts	6,310	9,570	3,260	51.7%	Moderate-term OJT	25,050
Physician Assistants	860	1,300	440	51.2%	Bachelor's degree	70,950
Social/Human Service Assts	6,830	10,070	3,240	47.4%	Moderate-term OJT	24,810
Database Administrators	1,600	2,330	730	45.6%	Bachelor's degree	50,550
Gaming Change/Booth Cashiers	850	1,230	380	44.7%	Short-term OJT	18,410
Fitness Trainers/Aerobics Instruct	2,740	3,890	1,150	42.0%	Postsecondary voc. training	22,170
Physical Therapist Aides	670	940	270	40.3%	Short-term OJT	21,420
Occupational Therapist Assts	600	820	220	36.7%	Associate degree	32,780
Cardiovascular Technlgst/Techncns	700	950	250	35.7%	Associate degree	34,790
Home Health Aides	11,990	16,230	4,240	35.4%	Short-term OJT	19,010
Speech-Language Pathologists	2,270	3,060	790	34.8%	Master's degree	48,040
Respiratory Therapy Techs	550	740	190	34.5%	Postsecondary voc. training	35,470
Manicurists/Pedicurists	550	740	190	34.5%	Postsecondary voc. training	19,990
Respiratory Therapists	1,450	1,950	500	34.5%	Associate degree	39,420
Dental Assts	5,780	7,740	1,960	33.9%	Moderate-term OJT	24,150
Vet Assts/Lab Animal Caretakers	680	910	230	33.8%	Short-term OJT	17,950
Computer/Information Systems Mgrs	5,130	6,860	1,730	33.7%	Work experience & degree	72,820
Veterinary Technologists/Techs	1,090	1,450	360	33.0%	Associate degree	23,020
Dental Hygienists	3,000	3,980	980	32.7%	Associate degree	49,270

CHAPTER V

COMPARABLE COMMUNITIES

Comparable Communities and Economic Development Models

In this section, we examine comparable communities and what might be learned from the economic development efforts in those communities. The comparables serve two purposes. First, comparables serve as current and future benchmarks for measuring Door County's current economic situation and its future progress. Second, comparables provide ideas for economic development initiatives and models that might be useful for Door County.

One view of comparables was supplied by the Door County Chamber of Commerce. The key to this set of comparables was that a comparable area promoted tourism for multiple communities. Based on that criterion, the Chamber spokesperson indicated the following as comparables:

Wisconsin

- Ashland-Bayfield
- Lake Geneva
- The Dells

Outside of Wisconsin but in the U.S.

- Cape Cod
- Key West
- Traverse Bay

Outside of the U.S.

- The Bruce Peninsula

In our research, we found a number of possible comparable communities. The degree to which these communities are comparable to Door County varies. Door County has a fairly unique mix of geography, human resources, infrastructure and types of businesses.

Within the parameters described below, we have found a number of comparable communities and put them into three categories – (1) Quantitative, (2) Qualitative and (3) New Economy. .

1. Quantitative: The first category contains communities that have similar quantitative metrics such as demographics, geography, and economic data. These comparables are like or somewhat like Door County in their location, latitude, general population level, and general business composition.

2. Qualitative: The second category of comparables are considered more “qualitative comparables.” These areas don’t match as precisely on the geographic aspects and have other dissimilarities with those of Door County. What they do have is a specific comparable sector of their economy that does match up with a sector of the Door County economy. For example, we have looked for comparables that have an arts sector and those that have tourism and hospitality sectors and those that may be known as arts and tourist destinations.
3. New Economy: Finally, we have suggested a few “New Economy” comparables. These communities have economic development components or models that build on aspects of technology, brain power, risk capital, and other New Economy drivers. These comparables may provide some ideas for future economic development in Door County. We would caution, however, that the conditions that make a model successful in one community may not be present in another community.

Quantitative Comparables: Economic Benchmarks

The criteria for the quantitative comparables are as follows:

- Great Lakes shoreline
- Seasonality in business patterns
- Distance to metropolitan areas
- Climate
- Agriculture and natural resources
- Marine business and industry cluster

In addition to the criteria, we identify some specific data measurements that will be useful in gauging Door County’s current comparative status and future economic performance. These measures include the following:

- Population density
- Population age distribution
- Distance from urban center
- Average household income
- Housing units built per capita
- Education level
- Business profile
- “Creative Class” workers

Based upon the criteria identified above, the following communities were selected as quantitative comparables to Door County:

1. Leelanau County, Michigan
2. Grand Traverse County, Michigan
3. Bayfield County, Wisconsin
4. Mackinac County, Michigan
5. Douglas County, Wisconsin
6. St. Louis County, Minnesota

The table below summarizes comparable data for Door County and the quantitative comparables:

County	Population	Population density (persons/sq mile)	% of Population 55 and older	% of population Ages 25-44	% of adults with a Bachelor's degree	Average household Income (000's)	Housing units built 1990-2000 per 1000 residents
Door	28,271	59	31%	25%	19.5%	\$52.2	14
Leelanau	21,579	63	29%	24%	23.9%	\$65.2	14
Bayfield	15,090	10	28%	25%	18%	\$41.4	15
Douglas	43,782	33	23%	28%	17%	\$44.1	5
Mackinac	11,563	12	31%	25%	14%	\$44.0	13
Grand Traverse	81,040	172	22%	29%	19.7%	\$58.7	11
St. Louis	199,887	32	24%	26%	19%	\$47.6	4

All data for 2002 unless otherwise noted

Sources: US Census; US Department of Education

As we stated earlier, Door County is fairly unique, and there is no perfect match in this first cluster of comparables. Several counties including Grand Traverse and St. Louis are considerably larger than Door County and are therefore of limited use as comparables. However, one county, Leelanau County, Michigan, is a very interesting comparison and comes closest to the Door County profile.

Leelanau County

Leelanau County is a peninsula with extensive shoreline on Lake Michigan. It has little manufacturing employment, and the economy is heavily dependent on summer tourism. Leelanau has an active agricultural sector, and the county is number one nationwide in the production of cherries. The county cherry crop is predominantly sweet cherries, but it also produces a significant amount of tart cherries.

Leelanau County's total population is a bit smaller than Door County but its population is growing much faster than the population of Door County. Leelanau is experiencing an influx of retirees most of whom are buying or building larger homes as second or seasonal residences.

Currently, Leelanau County is revising what it calls its “General Plan.” The General Plan appears to be a comprehensive plan, covering a wide range of topics including natural resources, land use, economic development, transportation, natural resources, and the environment. The plan is written from a land use point of view and expresses concern about the shape and form of any future economic development.

In the section on economic development the following issues are discussed:

- Economic trends
- The importance of tourism and seasonal residents
- Property taxes
- The importance of agriculture
- Population growth and impact
- Future economic policy

Leelanau, similar to Door County, has a fairly fragile ecology and there is great concern about the impact of tourism and economic growth on the environment. The major issues facing the county include the need for more year-round jobs, the need for a more balanced and diversified economy, the impact and future of tourism, the need for regional cooperation, the desire and need to protect the agriculture base, and the need for better data and information for planning.

The policy section within the chapter on economic development does not push the envelope on rural economic development. For example, an issue to be addressed is “the peninsula needs more year-round jobs which are sensitive to the environment.” The proposed policy is that “economic development leadership would spearhead a business retention and development program for the peninsula.” Subsequent action steps involve the Leelanau Development Corporation developing a business visitation program, developing a survey to gauge the economic impacts of seasonal residents and tourism, and investigating opportunities to increase export activity. In almost every case involving the five key issues covered in the chapter, Door County has already done the proposed action steps and more.

Map of Leelanau County, Michigan Area



We have also done a summary check of some of the other comparable counties to gather economic development ideas that might be useful in Door County. Here again, there are the standard economic development programs with a few exceptions. One of the exceptions is in Bayfield County. There is a program in the Bayfield area that has been spearheaded by a local entrepreneur, Jerry Johnson. Jerry is a successful entrepreneur having founded a software company called Firefly. The thrust of the Bayfield effort is focused on building high tech businesses in the Bayfield area. Targets of this effort include software and business services businesses. The basic premise is that the quality of life in the area is attractive to entrepreneurial types who start and run software and IT companies.

A key element of the Bayfield program is telecommunications infrastructure. The availability of reliable telecommunication and wide band width are key to the Bayfield plan. The high or higher tech businesses that are the target of the Bayfield group need broadband access and reliable telecommunications infrastructure.

Qualitative Comparables

A second group of comparables is based upon similarities with various sectors of the Door County economy. In particular, we searched for communities that are comparable in terms of the arts and those that combine arts and tourism (one of our key value intersection ideas).

One idea that we believe has economic worth is to think about how Door County might become a premier “arts destination”. Door County is already known by many as an arts destination. An arts destination is an area that pulls people (tourists) in based largely based upon the arts and culture in the area. An arts destination usually transcends typical tourist seasons and has less seasonality though there may be peaks of activity that correspond with festivals and events in the high tourist season.

Recently *American Style* magazine did a feature on the top 25 arts destinations in the United States. They also compiled a list of the “10 Arts Destinations to Watch”. This information is shown on the next two pages. As of yet, Door County does not appear on either the Top 25 list or the “Ten Arts Destinations to Watch” list.

A number of the Top 25 Arts Destinations and the “Ten Arts Destinations to Watch” may be good candidates for arts sector comparables to Door County. Many of those on the list are not good matches for geographic or demographic reasons. For example, cities like New York, Chicago, Los Angeles, and Philadelphia are large urban centers with many higher education institutions and social capital and physical infrastructure that encourage the formation of an arts community and civic cultural projects.

Included in both the Top 25 and Watch Lists are a number of communities that are small and located in relatively rural locations. For example, Sedona, Saugatuck, and Taos are interesting examples from the Top 25 list. Sedona has a population of 10,192 while Taos resident’s number 4,700 and Saugatuck’s population is 2,517.

The communities of Eureka Springs and New Hope might be good candidates from the watch list. The population of Eureka Springs is 2,278 and the population of New Hope, Pennsylvania is 2,252.

We also include some information about Brown County, Indiana, another area that may offer ideas for arts and economic development in Door County. Brown County is a rural county with a rich history of artists who made their home in the county. The 2003 population for Brown County, Indiana was 15,313.

The following is excerpted from an historical account of the arts in Brown County, Indiana:

Once all but lost to civilization, Brown County became a mecca to artists from all over the United States in the early 1900's. "The Art Colony of the Midwest™" was one of six major art colonies that was founded around that time throughout the country. Once, only known by few, Brown County was a retreat from everyday life for some well-known artists. Some artists came here for relaxation, others came for new scenery and some came just to see what all the fuss was about. The landscape has changed some, but not enough to make artists stop coming to this magnificent little town. Today Nashville (A small town in Brown County) is home to many artists of all different techniques and styles.

The following sections outline some of the major ideas related to arts and economic development from the communities named above. In our research, we found a few ideas that may help in thinking through an arts/economic development strategy for Door County. In general, there are not a lot of new ideas to be derived from these comparables. The principal general ideas that may be helpful include the following:

- Several of the comparables have organized arts/economic development efforts around a theme or brand or concept to create an arts identity. Saugatuck, Michigan has marketed itself “The Art Coast of Michigan.” Brown County, Indiana organizes around the history of the “Brown County Art Colony” and the trademark, *The Art Colony of the Midwest™* These themes or brands are used as a primary marketing device to build reputation and image to attract visitors.
- Many of the arts destinations listed above have some kind of organized arts classes and or schools to draw people to the community. Sedona, through the Sedona Arts Center, boasts of having over 300 classes and workshops that run 1 to 5 days in duration. Saugatuck offers classes through the School of Art Institute of Chicago. Taos also has several art schools and institutes.
- A number of areas are marketing “arts and crafts vacations.” Brown County, Indiana links local lodging facilities to galleries, arts classes and other attractions.
- A number of these arts destinations are known for particular art specialties. Eureka Springs, Arkansas has carved out a niche in “sacred art.” They host the annual “Great Passion Play” and have created a Sacred Arts Center with over 1,000 works of religious art. Taos, New Mexico emphasizes Native American and Hispanic art.

Extensive investigation of one or more of the areas we cite may be worth pursuing as an extension of this study or as a new project. Site visits to gather more in-depth ideas could be part of the implementation and follow-on to this study.

New Economy Comparables

Northwest Regional Planning Commission

NWRPC is the oldest planning commission in Wisconsin and one of the first multi-county planning commissions in the nation. The purpose of the commission has been to improve the quality of life of regional residents by increasing jobs and local wages, while recognizing the importance of planning for balanced use of natural resources. The Commission is a cooperative venture of Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn Counties and the tribal units of Bad River, Red Cliff, Lac du Flambeau, Lac Courte Oreilles, and St. Croix.

NWRPC has several strategies to provide risk capital and affordable housing in northwestern Wisconsin. NWRPC has created three affiliated corporations. Northwest Wisconsin Business Development Corporation was created in 1984 to manage business loan fund programs. Northwest Affordable Housing Inc. was established in 1996 to coordinate the creation of affordable housing. Wisconsin Business Innovation Corporation (WBIC), created in 1996, encourages development of technology-based companies within the region and elsewhere in rural Wisconsin. WBIC initiated and manages the only community-based venture capital fund in the Northwest Region, the

Wisconsin Rural Enterprise Fund, LLC.

A detailed explanation of NWRPC and its subsidiaries is contained in Appendix V-A.

Minnesota Investment Network Corporation

The Minnesota Investment Network Corporation (**MIN-Corp**) is an example of creating risk capital capacity and applying it in rural, non-metro areas.

The Minnesota Investment Network Corporation is a community development venture capital fund that focuses on rural (non-metro) communities in Minnesota. It is the only equity fund in Minnesota that focuses on rural businesses statewide. MIN-Corp is fostering the creation of quality jobs in rural Minnesota through an investment strategy targeting growth companies in the manufacturing and technology sectors across the state.

MIN-Corp began operations in July 1998 upon receiving initial capitalization from Minnesota Technology, Inc. (MTI funds had been earlier supplied by the State of Minnesota). MIN-Corp is currently operating a \$14.8 million equity capital fund that helps technology and manufacturing companies develop and apply new technologies.

MIN-Corp operates as a Community Development Financial Institution (CDFI), enabling it to obtain \$4 million capitalization from the U.S. Treasury Department's CDFI Program. MIN-Corp has additionally obtained \$1.5 million of its capitalization from Wells Fargo and U.S. Banks and another \$1 million from a major regional foundation.

Since its inception, MIN-Corp has invested \$11.8 million in 25 smaller and mid-sized growth businesses in Minnesota, and 84% of its venture investments have been located in rural areas around the state. MIN-Corp provides an excellent example of how responsible venture-backed economic development is currently assisting rural communities neighboring Wisconsin. Among its active investment portfolio of 14 companies (since inception, 25 invested companies), MIN-Corp has catalyzed 349 new jobs paying an average of \$67,000 per employee in wages and benefits.

The Minnesota Investment Network Corporation invests exclusively in growth companies located in Minnesota, while it builds regional equity capacities through establishing RAIN[®] funds. MIN-Corp helps communities develop their own local equity investing capacities by starting RAIN[®] funds. In addition, MIN-Corp partners in its many specific investment opportunities with other financing sources, such as individual investors, venture capital companies, commercial banks, and investment banking institutions.

More detail on Rain funds and Min-Corp is provided in Appendix V-B.

Accomack County, Virginia **Accomack Airport, Accomack County, Virginia**

Accomack County is located on a peninsula of land surrounded by the Atlantic Ocean. It is geographically isolated from the mainland of Virginia. As one strategy to overcome this barrier, the county is pursuing economic development around its airport. Air travel reduces the physical isolation of the county and allows the development of new businesses that can use air travel to their advantage.

The general aviation airport is located on the Eastern Shores, a fairly isolated peninsula of land surrounded by the Atlantic Ocean and shared by the states of Maryland and Virginia. Accomack County has established an industrial park at the airport. The park is promoted to “a pilot who owns a business.” The park contains 14,000 feet of industrial frontage and is fully equipped with water, sewer, drainage, electric, and telecommunications services.

Other examples of communities using their airport for economic development include the following:

- Eagle River Union Airport, Eagle River Wisconsin- Located in the tourist and timber country of northern Wisconsin, the airport reported 23,500 flight operations (almost three times as many as Shively Field). The airport has a 5,000-foot runway designed to handle recreational, corporate, charter and cargo users. The airport offers fueling operations, flight lessons, car rental and hangar and tiedown services. There are four fixed base operators located at the airport who offer seasonal shuttle services, charter and air ambulance service, repair and sales of aircraft fuel cells, aviation maintenance and upholstery repair and aircraft restoration.

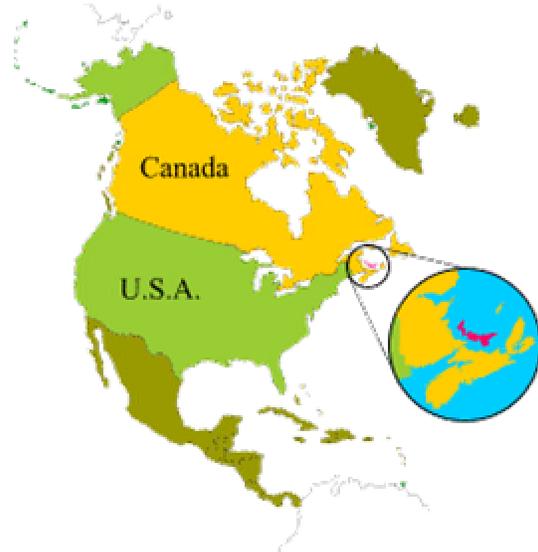
- Bend Municipal Airport, Bend, Oregon- Located in the heart of the Central Valley at the base of the Cascade Mountains, the airport consists of 415 acres and has a 5,000-foot asphalt runway. The airport offers fueling services, aircraft parking, and airframe and power plant services. The airport has a number of business tenants including a flight service offering charters, lessons and rentals, an avionics company selling and servicing avionics and accessories, an aircraft manufacturer and an aircraft parts and supplies dealer.

Prince Edward Island- A case study

During the course of this assessment, a number of comparable counties were selected for analysis. One comparable - Prince Edward Island, however, showed remarkable similarity to Door County and was determined to be worth exploring in further detail especially due to their recent economic success. The purpose of this case study is to identify many of the similar economic challenges faced by PEI and outline some of the strategic initiatives the Island has arrived at in order to overcome these challenges.

Background on PEI

Prince Edward Island (“PEI”) is a small Canadian province located off the coast of Newfoundland and Nova Scotia (see map). The province is famous for being the birthplace and inspiration for L.M. Montgomery and her book *Anne of Green Gables*. Like the book made famous, the Island is recognized for its natural beauty, quality of life and environmentally friendly attitudes.



Prior to the 20th century, PEI’s growth was primarily driven by shipbuilding. However, the demise of the wooden sailing ship and redirection of trade toward Central Canada crippled the economy. Economic growth was slow in the early 1900’s and population declined. Following WWII significant investment and public support led to upgrades in infrastructure and aggressive economic development strategies.

As recently as 1990, the PEI economy was largely dependent upon the industries of agriculture, fishing and forestry and although these industries are still important to the economy, new industries such as tourism, software and aerospace have emerged to diversify and improve the economy. Following the close of a Canadian Forces base in 1990, the Island was able to capitalize on the existing infrastructure and residual

workforce and grow an industry that now employs over 700 individuals. In addition, emerging fields of bioscience, electronic gaming and software have been created from this sector.

The largest sector of the PEI economy is manufacturing. The Island has the highest proportion of economic activity generated from manufacturing output of all the Canadian provinces. Since 1993, manufacturing shipments from Prince Edward Island firms have increased almost 170%, and the share of GDP has more than doubled from 6% to approximately 13% in 2003.

Employers recognize the Island for its tremendous work ethic. PEI has the least days lost per employer due to illness, disability, personal or family reasons than any other province. The President of an Island aerospace firm was recently quoted as saying, *"The main advantage to working in Prince Edward Island is the work ethic of its people. We... are able to be the best at what we do and compete in the market because of the flexibility of our people. Our salaries are competitive and PEI offers a style of living that people like. We have virtually no turnover."*

Similar to Door County, the PEI government encourages a sustainable resource approach to its economic development. A part of their vision statement reads as follows: *"...to demonstrate stewardship through promoting diversified farming, responsible woodlot management, sustainable fish and aquaculture harvest, and increased eco-tourism potential..."*

Challenges Shared by Door County

The Island shares many of the same economic challenges as Door County. Geographically, PEI is remote from major markets and vehicle access to the province is limited to a single bridge (Confederation Bridge was completed in 1997 and is 8 miles in length). PEI's is on roughly the same latitude as Door County and consequently a majority of their tourist season is limited to June through October. An aging population combined with high out-migration rates of their youth has created a strain on their workforce and healthcare infrastructure. Significant in-migration of seasonal residents has led to a high rate of new housing starts and created pressure on their land use plan and their overall environmentally friendly attitudes. Heavy concentration in manufacturing has challenged the economy to balance workforce needs with higher income wages.

Economic Development Initiatives

The Province has implemented a number of relevant economic development initiatives over the past ten years. This section organizes these initiatives into the following categories: demographic, agriculture & branding, arts & crafts and other.

Demographic Initiatives

The foremost labor market issue facing Prince Edward Island is skill shortages. By 2011, PEI's population growth is expected to be almost zero. In addition, the province is expected to have the highest concentration of seniors 85 and over for any Canadian

province. In 1999, PEI pursued a Population Strategy to better understand and address these growing issues. The Province has recognized that they face strong competition for certain categories of in-migrants – people with high levels of intellectual and financial capital. Results of the Strategy Report suggested that population growth in the range of one percent per year (representing eight times the level forecast for 2010) is desirable. A number of the recommendations outlined in the strategy are highlighted below:

	Door County	PEI
Population (2000)	28,000	135,000
Area (square miles)	483	2368
Average Household Income (2000)	\$49,606	\$45,615
Percent of Population ages 55 and above	30%	22%

- Create a new government post – Population Secretariat – to address the barriers to population growth. Points of focus are to retain population, especially young people aged 15 to 29 years; to repatriate "Islanders Away" and to position Prince Edward Island as a niche destination for international migrants.
- A thorough study be conducted of youth migration patterns, both intra-county and inter-county and the factors affecting youth migration. The work should include a building a better understanding of transition patterns, including school-to-school, school-to-work, work-to-school, and work-to-work.
- Detailed research be conducted into migration patterns and demographic structures at the sub-county level.
- Expand youth internship programs to a greater range of occupations and a longer duration.
- Establish support programs to pay down student debt or support youth to study in areas of current or impending skills shortages for the County, in exchange for work commitment.
- Priority be placed on promoting the formal involvement of youth in planning and public policy processes and in community and economic development activities.
- An in-depth study be undertaken of the costs and benefits of an economic development strategy to attract retirees with the independent means, particularly former Islanders, to retire to PEI. The study should examine two scenarios: seniors retiring to an urban center and seniors retiring to a rural area.
- Research initiative conducted to identify the "islanders away" target group. Identify PEI's features and disincentives for these market segments and design information and marketing initiatives to reach out and to attract selected segments to return to PEI.
- Establish a Seniors Advisory Council to address the issues and concerns of seniors.

Agriculture & Branding Initiatives

Agriculture continues to be an important part of the Prince Edward Island economy. Farmers produce potatoes, grains, vegetables, berries, apples, honey, milk, beef, poultry and seeds. PEI has adopted environmentally friendly agriculture practices to help protect the natural integrity of lands, forests and streams.

- To strengthen the Province's trading reputation and assist exporters, a food strategy created a "PEI brand" based on the quality of the environment, sustainable production methods and the excellence of their products and services. The Island markets itself as a producer of premium quality food produced in a clean environment from sustainable managed resources.
- Brand Showcase was developed to display product and marketing material to the 550,000 visitors that visit Gateway Village during the summer months. Gateway Village is a 29-acre development that serves as the welcome center for the island. Visitors can preview festivals, speak to travel counselors, interact with kiosks, sample Island food, and multimedia displays of the culture and history of the island.
- A promotional radio and product campaign was developed to increase awareness of Island-made products to both residents and visitors. The *Buy P.E.I. Cruiser* campaign featured products from 53 craft and food companies and highlighted 34 retail locations throughout the summer months.
- Prince Edward Island has aggressively pursued wind energy development. The Island generates enough wind energy to power nearly 6,500 homes or five percent of the province's total electricity needs - the highest percentage of any province in Canada.

Arts & Crafts Initiatives

The island has executed several activities to revitalize the industry and address the seasonal nature of the sector.

- A Winter Financing Program was introduced to provide producers with the ability to manufacture more products during the off-season.
- The Crafts Education Awards Program was created to provide financial support to Island students pursuing career training at recognized craft and design schools in Canada.
- A six-part craft training program was created in conjunction with the Tourism Industry Association of PEI.
- A Craft and Giftware Buyers Market provided wholesale sales opportunity for Island craft companies.
- An Arts and Crafts Directory was developed that featured over 140 participants showcasing the Island's craft producers.

Extensive Market Research

The strength in the quality of the initiatives developed and pursued by PEI is in large part due to their extensive marketing research. For example, visitor data is collected in several different ways with data collection techniques designed to provide insights into a wide variety of information including:

- Visitor origin
- Age
- Employment status & income
- Education
- Party type and size
- Primary purpose of visit
- Travel motivators
- Trip planning process
- Mode of travel
- Length of stay
- Main overnight destination
- Main type of accommodation
- “Day trip” travel patterns while visiting
- Activities experienced

Conclusion

As a Canadian province it is important to keep in mind that PEI clearly has financial and political capital that are more representative of U.S. state level resources. Their small provincial size both in population and area assists in unifying political support and targeting available public resources. However, as this case study has demonstrated, there are a number of common challenges and opportunities for both Door County and PEI. It is recommended that further analysis of their extensive public documentation be conducted and that efforts are pursued to form symbiotic relationships with their economic development organization.

APPENDIX V-A

Business Financing Models

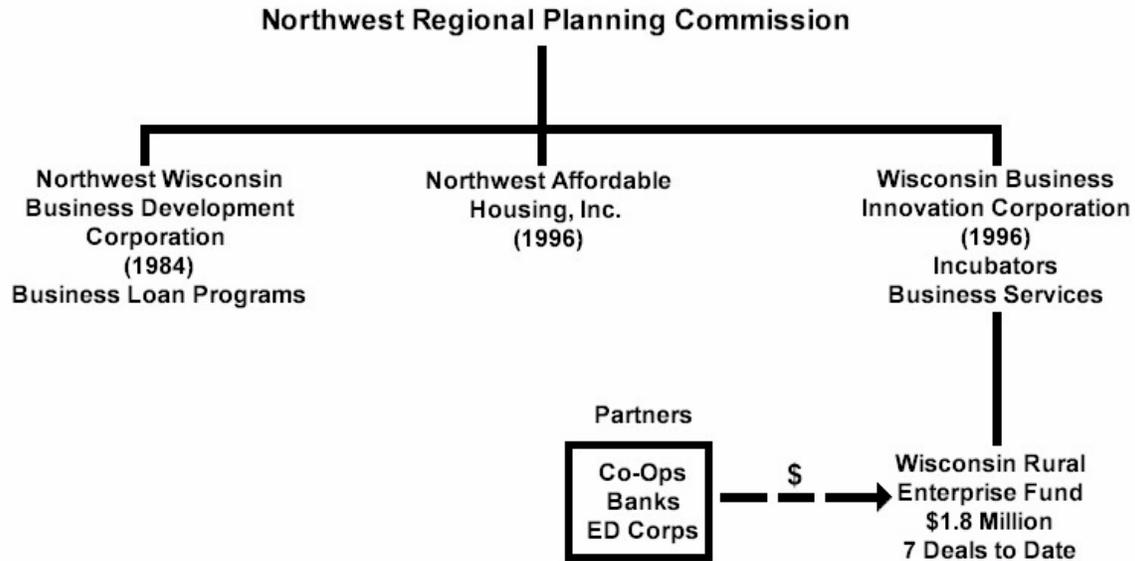
Northwest Regional Planning Commission

NWRPC is the oldest planning commission in Wisconsin and one of the first multi-county planning commissions in the nation. The purpose of the commission has been to improve the quality of life of regional residents by increasing jobs and local wages, while recognizing the importance of planning for balanced use of natural resources. The Commission is a cooperative venture of Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn Counties and the tribal units of Bad River, Red Cliff, Lac du Flambeau, Lac Courte Oreilles, and St. Croix.

Economic stability and economic growth of the region were major factors in the creation of the Northwest Regional Planning Commission (NWRPC) in 1959 by local units of government of northwest Wisconsin.

In 1973, the U.S. Economic Development Administration (EDA) designated the Northwest Regional Planning Commission to manage the federally-funded Economic Development District. This was an outgrowth of a Comprehensive Economic Development Strategy (CEDS) (Last updated in 2003) that had been prepared to plan area economic growth.

NWRPC has created three affiliated corporations (see chart below). Northwest Wisconsin Business Development Corporation was created in 1984 to manage business loan fund programs. Northwest Affordable Housing Inc. was established in 1996 to coordinate the creation of affordable housing. Wisconsin Business Innovation Corporation (WBIC), created in 1996, encourages development of technology-based companies within the region and elsewhere in rural Wisconsin. WBIC initiated and manages the only community-based venture capital fund in the Northwest Region, the **Wisconsin Rural Enterprise Fund, LLC**.



The Wisconsin Business Innovation Corporation was established as a tax-deductible IRS 501(c)(3) to provide a menu of business support services fostering enterprise formations based on innovations and new technologies. Services being performed by WBIC have included technical, economic and market feasibility studies, preparation of business plans and financial projections, and linkages with US Department of Agriculture research laboratories. Other WBIC services are delivered through a network of eight business incubators and an incubator without walls.

Since NWRPC instituted business support programs in 1984, more than 2,500 jobs have been created and saved by 150 businesses receiving support from these assorted NWRPC entrepreneurial programs (the region has a population of 180,782). Beginning in 1996, 21 businesses have participated in the incubators with walls program.

Among the program clients was City Forest Corporation, a recycle tissue grade paper mill. Entrepreneur Wayne Gullstad obtained financing, in 1993, through an EDA revolving loan fund as part of a financial package to reopen the idle paper mill. The \$100,000 EDA loan was instrumental in leveraging other public and private financing. Since then, 85 jobs have been created and the company was named as one of *Inc.* magazine's fastest growing companies.

The Northwest Wisconsin Regional Planning Commission was the first runner-up winner of a recent NADO Research Foundation's Pioneer Award for Promoting Entrepreneurship in Rural America.

A Rural Enterprise Fund

Traditionally dependent on timber, mineral resources, tourism, and, to a lesser extent, agriculture, the region's ten sparsely populated counties had per capita incomes as low as 35% below the national norm. For 20 years, community economic development has been underway trying to foster entrepreneurial business growth and to diversify the economy.

The **Wisconsin Rural Enterprise Fund**, a subsidiary of an NWRPC affiliate, makes venture capital available for boosting regional economic development. The Wisconsin Business Innovation Corporation initiated (an incorporator and an investor) in the rural enterprise fund. WBIC continues soliciting investor-members, and counsels and screens entrepreneurs seeking equity financing from the fund. Financial capital from community economic development corporations, rural electric cooperatives, and private financial institutions provided the initial \$1.1 million capitalization of the fund. Subsequently, the State of Wisconsin contributed investment capital.

With equity financing hard to obtain in rural areas, the **Wisconsin Rural Enterprise Fund** was established in 2000. The fund was created by WBIC as a for-profit venture capital LLC. The **Wisconsin Rural Enterprise Fund** was formed through local partnerships with rural cooperatives, economic development organizations and financial institutions. This community-based fund was established to invest primarily in science-based agriculture and high-tech wood products companies. The fund's purpose has been to foster new markets for local businesses, higher-wage jobs, and economic diversification in rural Wisconsin where there is typically a lack of venture capital.

The Wisconsin Rural Enterprise Fund, LLC has invested in seven entrepreneurial businesses. The fund encourages the formation of technology-based firms that pay wages significantly higher than the regional average. These seven companies have included two completely local business and three early-stage enterprises who were attracted by venture capital being available who then spun-off additional businesses that have themselves received WREF investments. While one invested firm has gone out-of-business, the other businesses have included two medical device companies, a computer software firm, a modular home building company, a CD digital data destruction service, and a producer of commercial absorption materials from natural fibers.

The \$1.8 million capitalized *Wisconsin Rural Enterprise Fund, LLC* has an office located at 1400 South River Street, Spooner, WI 54801; telephone: 715-635-2197. The Wisconsin Rural Enterprise Fund (WREF) is managed by the Northwest Regional Planning Commission and the Wisconsin Business Innovation Corporation. The fund focuses on northern Wisconsin (10 northwest counties), but will consider business investments in other rural areas of the state.

APPENDIX V-B

Minnesota Investment Network Corporation

The Minnesota Investment Network Corporation (**MIN-Corp**) is a community development venture capital fund that focuses on rural (non-metro) communities in Minnesota. It is the only equity fund in Minnesota that focuses on rural businesses statewide. MIN-Corp is fostering the creation of quality jobs in rural Minnesota through an investment strategy targeting growth companies in the manufacturing and technology sectors across the state.

MIN-Corp began operations in July 1998 upon receiving initial capitalization from Minnesota Technology, Inc. (MTI funds had been earlier supplied by the State of Minnesota). MIN-Corp is currently operating a \$14.8 million equity capital fund that helps technology and manufacturing companies develop and apply new technologies.

MIN-Corp operates as a Community Development Financial Institution (CDFI), enabling it to obtain \$4 million capitalization from the U.S. Treasury Department's CDFI Program. MIN-Corp has additionally obtained \$1.5 million of its capitalization from Wells Fargo and U.S. Banks and another \$1 million from a major regional foundation.

Since its inception, MIN-Corp has invested \$11.8 million in 25 smaller and mid-sized growth businesses in Minnesota, and 84% of its venture investments have been located in rural areas around the state. MIN-Corp provides an excellent example of how responsible venture-backed economic development is currently assisting rural communities neighboring Wisconsin. Among its active investment portfolio of 14 companies (since inception, 25 invested companies), MIN-Corp has catalyzed 349 new jobs paying an average of \$67,000 per employee in wages and benefits.

The Minnesota Investment Network Corporation invests exclusively in growth companies located in Minnesota, while it builds regional equity capacities through establishing RAIN[®] funds. MIN-Corp helps communities develop their own local equity investing capacities by starting RAIN[®] funds. In addition, MIN-Corp partners in its many specific investment opportunities with other financing sources, such as individual investors, venture capital companies, commercial banks, and investment banking institutions.

RAIN[®] funds

MIN-Corp builds local community capacities for making equity investments by helping organize RAIN[®] funds. These angel-type investor entities have now become a series of investment funds located in Minnesota and Iowa that pool the intellectual and financial resources of individual and institutional investors within local communities and regions. These RAIN[®] funds provide seed and equity capital for growth companies that are primarily located within individual community areas. Minnesota Investment Network participates in each RAIN[®] fund as a member by providing 10% of the capitalization up

to \$100,000. A RAIN[®] fund must be capitalized with a minimum of \$500,000 in order to realize MIN-Corp's participation.

Equity Financing and Related Workshops

MIN-Corp works with its portfolio businesses to build and nurture solid growth companies. The MIN-Corp management team contributes strategic, financial, and operational expertise to help grow local companies. All investments are structured with an equity component. Typical structures are preferred stock, common stock, or subordinated debt with warrants.

Traditional venture funds usually focus on larger deals, invest nationally and price investments to achieve returns in two to three years. MIN-Corp focuses on smaller deals and invests only in Minnesota companies. MIN-Corp is a patient investor and usually expects to exit ownership in a company within five years.

MIN-Corp invests in manufacturing and technology industries at all stages of development. Minnesota Investment Network invests in growth companies capable of yielding financial returns appropriate for the risk to investors. A long-term goal remains optimizing the value of MIN-Corp's portfolio companies so as to benefit all stakeholders - the business owner(s), employees, the Equity Fund and other investors.

MIN-Corp provides working sessions on equity financing and business issues for private investors and entrepreneurs in communities throughout Minnesota. Venture capital investor education and training is an important on-going program function. The Equity Fund is designed as an evergreen fund. MIN-Corp expects the fund to be fully sustainable through the harvest of investments for reinvestment back into its Minnesota target market.

Experienced Fund Management

Minnesota Investment Network's Management Team is made up of individuals with significant experience in financing and growing small businesses. The Management has an in-depth understanding of the challenges of serving businesses. The management team has an average of 10 years of venture capital experience, 20 years of operating experience and more than 20 years of overall business experience.

What is a RAIN[®] fund?

Minnesota Investment Network builds local capacity to make equity investments a reality by organizing RAIN[®] funds in communities around Minnesota. RAIN[®] funds are a series of formal investment funds that pool the intellectual and financial resources of accredited individuals and institutional investors. They provide seed and growth equity capital for emerging companies in their communities. RAIN[®] funds are structured as limited liability companies (LLC) and function like mini-quasi venture funds.

CHAPTER VI

ASSETS, GAPS AND BARRIERS TO ECONOMIC DEVELOPMENT

A basic step in developing a strategic economic plan is to assess the strengths, weaknesses, opportunities and threats to the county's economy. This process is commonly referred to as a SWOT analysis.

The SWOT analysis is a process used to assess the challenges and strategies for economic development. A SWOT analysis can be used as a framework to gather public input and to engage the public in thinking about the current economic condition and the economic opportunities for the future. The Door County SWOT analysis asks four basic questions.

- What are the economic strengths of the Door County economy?
- What are the economic weaknesses of the Door County economy?
- What are the economic opportunities for the Door County economy?
- What are the threats and barriers to economic development and success in the Door County economy?

In completing this assessment, data was gathered from a number of sources. These sources included an analysis of past studies related to Door County's economy that contained a SWOT analysis and meetings with the Door County Economic Adjustment Study Committee and the Door County Economic Development Corporation Board. A large amount of data was obtained through public input as the consultants completed over 150 interviews as part of the study. Additional information was gathered from interviews of Door County residents that were done as part of the Northeastern Wisconsin Economic Opportunities Study. Other sources of information included notes from group meetings related to comprehensive planning activities of the Bay-Lake Regional Planning Commission. A brief overview of the data sources is outlined below.

1. The Strategic Planning Exercise report for the Door County Economic Development Corporation, completed in October of 1999, provided a baseline for the SWOT analysis. This study was conducted with the help of UW Extension. Preliminary ideas for strengths, weaknesses, opportunities, and threats were compiled by Bill Chaudoir and Greg Lamb. Board members and others who participated in the strategic planning exercise confirmed and further expanded the SWOT lists.
2. A second source of SWOT data for Door County comes from interviews of Door County residents that were part of the Northeastern Wisconsin New Economic Opportunities Study. These interviews were held in Sturgeon Bay and Sister Bay in late 2003 and early 2004. A brief analysis of the NEW SWOT is attached as Appendix VI-A.
3. A third source of SWOT data comes from sessions conducted by the Bay-Lakes Regional Planning Commission to help townships develop comprehensive plans as part of the Smart Growth process. The Commission helped three Door County communities by holding sessions and workshops that focused on the SWOT process. The Door County

communities involved in these sessions included the Town of Liberty Grove, the Town of Gibraltar, and the Village of Sister Bay.

4. Finally, SWOT data was collected as part of the Door County Economic Adjustment Study. Meetings with the Door County Economic Adjustment Study Committee and the board of the Door County Economic Development Corporation were used to gather SWOT data. Public input was gathered from extensive individual and group interviews that were held in locations around the county. Over fifty interview sessions were held and over 150 people completed the survey form.

Based upon these data sources, the following represent a summary of the major points with regard to strengths, weaknesses, opportunities, and threats related to the Door County economy.

STRENGTHS

Hardworking residents and a favorable quality of life represent significant reported strengths in the Door County economy. The other strengths cited most often by residents include the work ethic of the local labor force, environmental assets such as protected lands and proximity to water, and a marketable “Door County” brand image.

- Quality of life
- Work ethic
- Environment – natural beauty, water, protected lands
- Brand image
- Manufacturing base
- Education/K-12/NWTC
- Arts/creativity
- Retirees
- Healthcare
- Recreation
- Community
- Geographic location
- Tourism

Analysis:

In addition to the strengths cited by residents who were interviewed, we would offer several other areas of strength and comments on the strengths cited in our survey and other studies. With respect to additional strengths, Door County benefits from the presence of an economic development infrastructure of professional organizations dedicated to fostering economic development in the region, including the Door County Economic Development Corporation, the Sturgeon Bay Visitors and Convention Bureau, and the Door County Chamber of Commerce. These organizations help to stimulate local economic development projects and bring focus to

critical issues such as telecommunications, the power grid and surface transportation. Many Wisconsin counties lack the organizational infrastructure to build effective economic development initiatives.

A second strength we would cite is the presence of a strong marine cluster in Door County. This cluster includes shipbuilding, a maritime museum, a U.S. Coast Guard station, marinas, boat and ship maintenance and repair services, marine towing and salvage, marine design and engineering, and boat brokerage and sale. This cluster is quite unique in the Great Lakes region, and represents a base of business that could provide expansion and growth.

Finally, we would like to expand on the strengths listed above. Public input identified “retirees” as a strength. In the course of our interviews, we were impressed by the knowledge base and network connections that many Door County retirees have. We also found a number of ‘semi-retirees,’ people who are and intend to continue working from Door County. This base of knowledge, connections and capital are important assets for the county.

Another unique strength that needs added emphasis is the importance of water. Fresh water is quickly becoming a global issue and is a critical issue throughout the United States. The availability of water and the proximity to large bodies of surface fresh water are huge assets. The availability of water for personal household use, commercial activities and recreation is a key to the economy of many counties in the region. Current and developing water shortages in the western and southwestern parts of the U.S. will highlight the importance of this asset in future years.

With respect to the strengths mentioned above, many are indeed strengths but they often do not differentiate Door County from other competitors. For example, “quality of life” is the most frequently mentioned strength in the survey and in past studies on Door County. In many other studies that we have done over the years, we find that in most locations, people feel that quality of life is an advantage in their community. This was true in the NEW study, our work in Wyoming, New Hampshire, Ohio and Kansas. A high quality of life is a strength, but in our view, it does not create much of a competitive advantage.

WEAKNESSES

Although tourism and hospitality has always been an important economic engine in Door County, dependence on the tourism sector as a disproportionate contributor to the regional economy was a weakness frequently cited by local residents. Another primary weakness identified by Door County residents was parochialism in local government and in the general population.

The items below are listed in approximate order of the number of times they were mentioned as weaknesses:

- Parochialism
- New (technology) infrastructure
- Research & development

- Dead end/isolation
- Weather
- Geography
- Diversity/environmental conditions/skills
- Image and promotion
- Seasonality of business
- Changing age/skills/work ethic
- Retention of young people
- Access to risk capital
- Entrepreneurial support

Analysis:

In our view, certain weaknesses in the region are significant enough to warrant special attention. First and foremost in that list is the age and skill level of the county workforce. The workforce is currently a real strength to the county. Employers talk about their worker's skills, work ethic and productivity in manufacturing and construction. Many point to the manufacturing experience (particularly in ship building) and their mechanical aptitude and ability. Employers also are concerned because a high proportion of their skilled workers are in their 50's and 60's. The workforce is getting older and it is not apparent that the next generation of skilled workers needed to replace them is there in sufficient numbers and at a comparable skill level. There appears to be no plan or strategy to fill this gap.

A second concern involves the availability of risk capital. If the region is going to compete for new professional firms and high-tech businesses that attract high wage jobs, it is crucial to increase the amount of and access to early stage investment capital (i.e. coordinated angel investing). While angel investing is on the rise in Wisconsin, there is a noticeable dearth of activity in the northeastern part of the state. The only formalized angel investment group that has existed in the region (Green Bay), ceased operations a couple of years ago, and a proposed network in Fond du Lac never got off the ground. Risk capital is crucial in establishing or attracting New Economy businesses. The lack of access to startup and investment funds in Door County stands out as a substantial weakness.

In addition, the information technology infrastructure will require substantial improvements in order to attract and retain competitive business enterprises. Although broadband Internet is now available to Sturgeon Bay residents, much of the rest of the county is limited to a fairly small digital pipe. In many cases where broadband is available, we sense a lack of urgency in adopting the technology.

Finally, given the geographic isolation of the county, we also see fairly low levels of e-commerce activity. E-commerce can level the playing field for those who are some distance from large markets. The trend toward more commerce through the internet seems to be accelerating and the implications of this shift are significant. The lack of focused effort on e-commerce in Door County warrants attention.

OPPORTUNITIES

There are a number of opportunities for economic growth in Door County. Residents who were interviewed cited the presence of attractive parcels of land and buildings that could be used for a variety of purposes, the expanding arts sector, the shipbuilding and marine cluster, and the potential construction of a four-lane highway.

The items below are listed in approximate order of the number of times they were mentioned as opportunities:

- Land/buildings
- Four-lane (roads)
- Shipbuilding/marine cluster
- Visitors/seasonal residents
- Arts
- Collaboration
- Risk capital networks
- Communications
- Workforce
- Airport

Analysis:

We would largely agree with what local residents have identified as some of the best opportunities for economic development. In particular, the marine cluster, which we noted as a strength above, represents a significant opportunity as well. Although the marine manufacturing and services industry is already thriving in the region, it is ripe for expansion. If Governor Doyle succeeds in his recently announced initiative to seek in excess of \$9 million dollars in state funding to help Door County shipyards modernize and add up to 600 new skilled-labor jobs in the next four years, the benefit to the regional economy will be dramatic. As the shipbuilding industry expands, it is foreseeable that related manufacturing and services in the marine cluster will expand as well.

The top economic development opportunity cited by residents is not in our view much of a competitive advantage. Virtually every economic development entity in Wisconsin has an inventory of building sites and vacant buildings and is willing to build or subsidize building projects that may bring jobs. A strategic economic development plan built around vacant buildings and land will not be a very strong plan.

In our view the following represent the best economic development opportunities in the county:

1. Support and expand the shipbuilding manufacturing sector and the marine services that cluster around that sector.

2. Support and grow existing business and recruit and incubate businesses and services that market to second home owners, seasonal residents and retirees.
3. Support high-end tourism facilities and services that extend the tourist season.
4. Support and expand health care services including the development of specialty health care services that are elective in nature.
5. Create a good business climate and business infrastructure to attract people 50+ who will continue to work at their current occupation or establish new business careers and will work well into their 60s and 70s. A prime opportunity in this area is professional and consulting service businesses including engineering and technical consulting, investment and financial consulting, sales and marketing services, design services, and management consulting.
6. Network with seasonal residents and visitors and develop programs that encourage the establishment and growth of businesses in Door County.

All of these opportunities build on a base of existing economic activity. They are compatible with the environment restrictions and concerns in the county. Most importantly, they produce good paying jobs

THREATS

There are several significant threats that stand in the way of Door County realizing its economic growth potential. Most frequently cited by residents who were surveyed were the aging population in the county, environmental restrictions, and the provincial culture. The items below are listed in approximate order of importance based upon the number of times they were mentioned as threats:

- Aging population
- Environmental sensitivity
- Parochialism
- Rising land values
- Medicare reimbursement rates
- Low birth rate
- Global/local competition
- Change in economy (development)
- Vacant buildings
- Old economy mindset
- Out-migration of young people
- “Brain drain”
- Housing costs

Analysis:

Several threats noted by residents are indeed among the primary threats evident in the region. An aging population means pressure on medical costs and social services. It will also mean a lower labor force participation rate as older people leave the workforce and fewer younger people are there to replace them.

Workforce is the issue we believe is the primary long-term threat to the Door County economy. The demographic data presented in Chapter IV (especially Table IV-1) shows a rapid decline of the workforce age resident population in the county. Future population growth in the county is dependent on in-migration, and this will certainly be true for the workforce age cohort. In the course of our interviews in the county, a number of business people were concerned about the aging of the skilled workforce and the apparent lack of a next generation of skilled workers.

In addition, the environment, existing business base, distance from market, limited labor supply, and geography of Door County limit or prevent certain types of economic development. The lack of rail service and distance from raw material resources makes manufacturing of products with heavy raw material inputs economically challenging. The geographic position of the county relative to major urban areas, highway corridors and the barrier formed by Lake Michigan makes the county unsuitable for major distribution operations. The lack of specialized technical workforce and a critical mass of businesses in areas such as biology, biotechnology, computer and IT services limit the potential for many types of technical manufacturing and service industries.

We also concur with the identification of parochialism as a threat. Those surveyed defined parochialism in terms of too many layers and units of government and the inability of those layers and units to work together. This results in a patch work of regulation and ordinances that raises the cost of doing business. It also manifests itself in the difficulty of reaching closure on a number of county-wide issues and projects. Many feel that parochial behavior is a threat to future economic development and unless Door County residents and business leaders embrace the idea of thinking outside the box and working collaboratively, prime economic development opportunities may elude the county.

GAPS AND BARRIERS TO ECONOMIC DEVELOPMENT

There are a number of clear gaps and barriers to future economic development in the county. The remainder of this chapter is devoted to a brief discussion of the major gaps and barriers that we have identified.

Workforce

Future economic stability and growth in the county will depend on the availability of a skilled workforce. Current gaps in the workforce have been filled by hiring temporary workers from other countries (e.g., the accommodation industry hiring of Eastern European seasonal help) and other parts of the U.S. (e.g., the manufacturing industry hiring welders and shipyard workers from the southeast). Current gaps in the labor force represent a shortage of skill level and a shortage in the number of skilled workers.

The demographics discussed in Chapter IV point to dramatic shifts in the workforce age cohort. The labor force in Door County is projected to peak around 2010 and declines for almost twenty years.

In addition to the projected decline in workforce numbers, there are gaps in the career links between school and the existing manufacturing base and long-term concerns about replacing the highly skilled workers who will retire in the next 20 years. High school officials report that recent graduates express little interest or knowledge about the manufacturing sector. Also the decline in the number of children raised on farms is seen by many as a loss in terms of potential workers who have mechanical and problem solving skills.

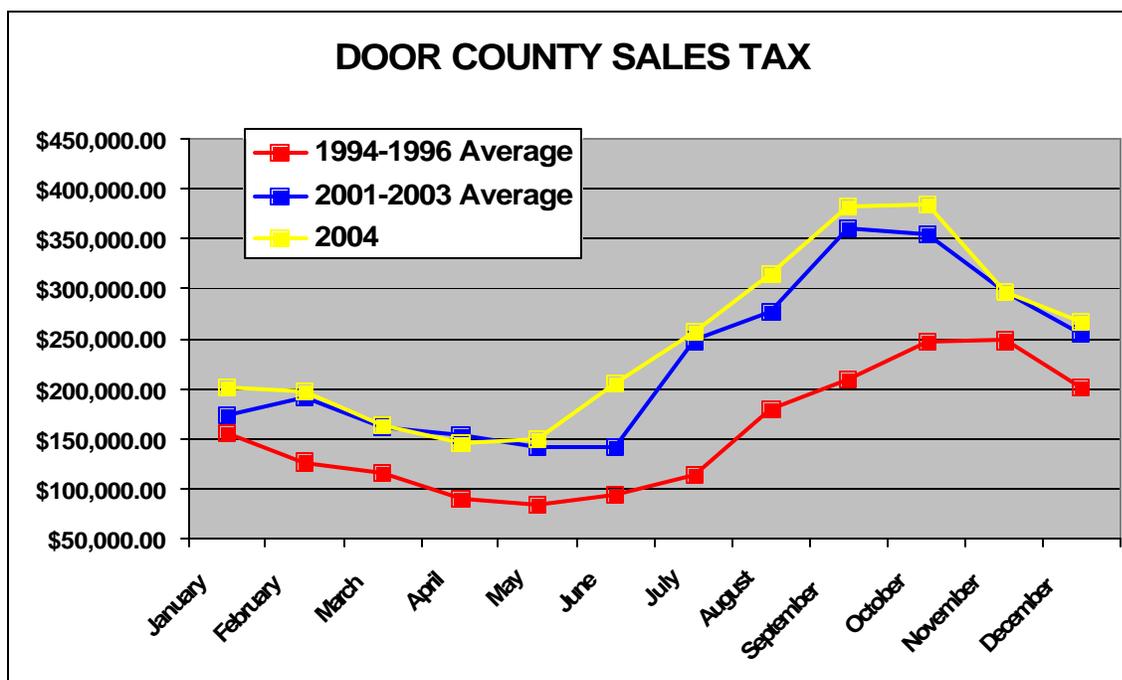
A number of other gaps and barriers may affect the future workforce. In our interviews with younger people, **affordable housing** and **rising land values** are items mentioned as barriers to residing or staying in Door County. Many expressed an interest in living in the county but doubt that they can afford housing.

As stated earlier in this chapter, we believe that workforce is the number one threat to future economic growth.

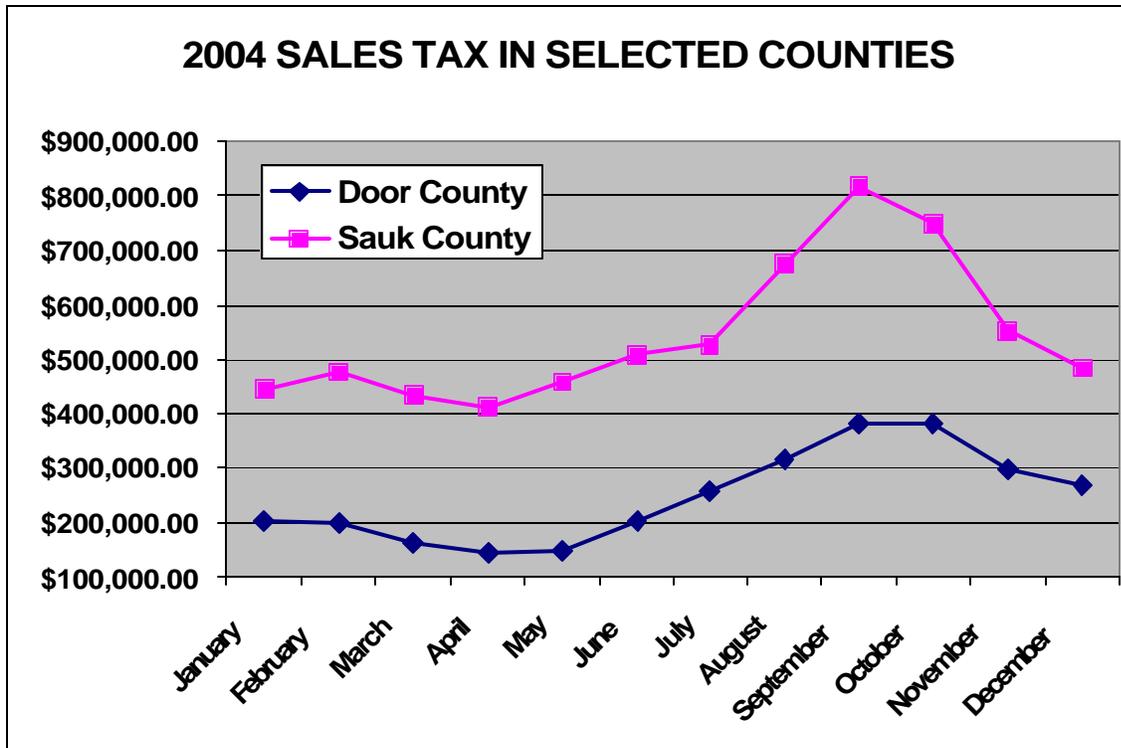
Seasonality of the Business Year

A number of Door County business sectors contribute to seasonality in the county business cycle. Agriculture and tourism are two important sectors that have peak activity in the summer and early fall that require peak labor inputs for a few months each year. The seasonality in the business cycle leads to higher overall unemployment levels and a substantial proportion of seasonal jobs.

The chart below illustrates the seasonality of the business cycle by tracking monthly sales tax collections in Door County.



Door County’s sales tax collections generally follow the pattern of other counties that have large tourist sectors. The chart below shows sales tax collections for Sauk County (Wisconsin Dells area) compared to Door County. Sauk and Door County each have 28,000+ residents.



Source: Wisconsin Department of Revenue

The level of sales taxes collected in Sauk County is influenced by a number of factors. The Dells area of Sauk County collects an additional .5% sales tax on sales within the area and the money is used for general economic development and improvement. The county also has a larger number of lodging units in Sauk County. Finally, a large number of attraction in Sauk County charge admission which is subject to the county portion of the sales tax.

Currently, there is little in place in Door County to offset the seasonal cycles. In a number of parts of Wisconsin, seasonal (summer and fall) employment is partially offset by winter employment related to retailing and call centers for catalog operations. In other parts of the state, indoor attractions such as water parks have extended the tourist season and have been combined with convention and spa facilities to draw year round business.

Geography and Market Limitations

Door County’s geography is both a strength and a weakness. The county’s natural beauty and distance from urban areas makes it an appealing place for rest, relaxation and stress reduction. Economic development in the tourism and hospitality industry has been built on these strengths. On the other hand, distance from markets, the limitation in transportation and communication linkages, and the limitation in geographic market scope are significant barriers to economic development.

Infrastructure

Transportation and communications infrastructure are major concerns for future economic development. Door County currently relies on two lane highways to move goods and people into and out of the county. More importantly, there are only two bridges that link the area south of Sturgeon Bay to the remainder of the peninsula to the north. A large proportion of the economic activity in Door County lies north of those two bridge links. Major employers such as Bay Ship, Palmer Johnson, Door County Memorial Hospital and most of Door County's county government operations are located north of the bridges.

On the other hand, a large proportion of the workforce and the markets from which tourists and seasonal residents come lie to the south of those bridges. This puts the Door County economy in a difficult position if one of the bridges is closed and in an impossible situation if both were inoperable at the same time. Discussion of a third bridge to connect these two parts of the county is currently ongoing, and discussion of that topic should include a serious appraisal of the economic risk to the county under the current situation.

A second infrastructure concern relates to communication technology in the county. Both the lack of population density and the county's geography contribute to this problem. The primary problem identified in the study is the lack of access to broadband internet connections in a large part of the county. Broadband is a vital tool in many businesses that rely on the transmission of data and graphic files. Fiber optic broadband networks are to the 21st Century what telephony and broadcast technologies were to the 20th Century.

Increasingly, businesses rely on information inputs as much as they do raw material inputs. The design and specification of a ship or yacht has an enormous amount of information input in its construction. For these and other 21st century businesses, fiber networks allow the transmission of data at 50 to 100 times the speed of DSL or cable. Projects that use this technology are being studied in Door County and those studies have uncovered opportunities such as the Brilliant Cities project that may go a long way to address this infrastructure concern.

Seed/Investment Capital

The NEW Economic Opportunity Study highlighted the need to establish sources of seed capital for new business expansion and startups. Traditional sources of loan and debt capital appear to be adequate, but seed capital for early stage equity investing is missing. Seed capital sources in the form of angel networks have sprung up in many parts of the state but the lack of such groups in Northeastern Wisconsin is striking.

Door County mirrors the seed capital situation in the rest of the region. Bank loans and other debt programs are available but these programs are often targeted at businesses with fixed assets as collateral. There are individuals and companies that do some seed stage investing in the county but there is no organized activity at this point.

The lack of seed capital is a gap in the assets needed to encourage new business startups and business formation in the county.

Entrepreneurial Support

The NEW Economic Opportunity Study identified the need to develop an entrepreneurial support system that would include accounting, managerial, legal and marketing support.

Door County has many of the elements for an entrepreneurial support system such as a successful incubator and business support services from the DCEDC. These elements are a good start toward a comprehensive entrepreneurial support network that would encourage business development county-wide.

Research and Development/Technology and Product Innovation Flow

Door County is similar to the rest of NEW in terms of low levels of research and development activity. Many areas of the state are building economic activity around medical research and research in materials, the physical sciences and the life sciences.

A second aspect of this gap is the flow of technology and product innovation into the county. In most cases, there is a lack of connections and networking with the R&D organizations within the state. R&D organizations and organizations with a mission to improve technology transfer or that could provide, and in some cases would be eager to provide, new technologies and product innovations include the following:

- The Wisconsin Alumni Research Foundation
- The U.S. Forest Products Laboratory
- The Medical College of Wisconsin
- The University of Wisconsin Office of Corporate Relations
- The Wisconsin Technology Council

So, what can we learn from the SWOT analysis and the data compiled for this study?

The SWOT analysis and the data compiled for this study form a good framework for thinking about how the Door County economy can grow to benefit its residents. There are many common themes between the NEW SWOT and the Door County SWOT.

The SWOT analysis for Door County has laid out strengths that come from the skills and intelligence of its people, the existing economic base, and the geography of the county.

Many of the items cited as strengths are also identified as weaknesses or perceived changes in areas of strength. Geography, for example, is a strength because of the shoreline, environment, and natural beauty of the county. At the same time, the fact that the county is a long peninsula and is fairly remote means that markets are also limited by geography and that distance to market and transportation of raw material and finished goods puts the county at a competitive disadvantage.

Appendix VI-A

THE SWOT ANALYSIS FROM THE NORTHEASTERN WISCONSIN ECONOMIC OPPORTUNITIES STUDY

A key part of the Northeastern Wisconsin (NEW) Economic Opportunities Study is a SWOT analysis for the 18 county region covered by the study. This SWOT analysis is helpful in putting the Door County SWOT results in perspective. Later in this section, we discuss the similarities and differences and what we can learn from the county and regional SWOT analyses.

Below is a listing of the SWOT categories and the items that register within each category. These are the general themes that will most effect NEW's economic development in the future.

[The items in bold were also cited by Door County residents we surveyed for the Door County Economic Adjustment Study.]

Strengths

Quality of Life

Traditional Infrastructure
Intra-Regional Proximity
Export Markets

Education

Geographical Location
Manufacturing Base

Work Ethic

Environment
Recreation

Weaknesses

Educational Attainment

Research & Development
Image and Promotion
Vision
Asset Inventory

Access to Risk Capital

Technology Transfer
Parochialism
Culture
Changing Work Ethic

Entrepreneurial Support

Regional Planning
Leadership
Diversity
New Infrastructure

Opportunities

Regional Assets
Vision
Global Markets

Collaboration

Access to Research

Time vs. Distance

Risk Capital Networks

Threats

Population Growth
Global Competition
Manufacturing Dependence

Aging Population

Brain Drain
Old Economy Mindset

Per capita Income Trends

Provincial Culture

CHAPTER VII

ECONOMIC DEVELOPMENT STRATEGIES

Prior chapters in this report set the stage for our recommendations regarding economic development strategies for Door County. Chapter II sets forth the general economic goals that reflect the public input we received on this study and the economic data we collected and analyzed. Chapter III outlines the market opportunities that could provide sustained and profitable economic activity over the long term. Chapter IV discusses the key economic drivers and trends currently shaping the Door County economy and the economic trends influencing its future direction. Chapter V contains data and analysis on comparable communities that could serve as economic benchmarks, specific sector comparables and new economy models for economic development in Door County. Chapter VI provides an analytical framework for structuring the economic development strategies in this chapter.

With all of this in mind, what are the key economic development strategies for Door County for the next 5-10 years, and how do the key economic development strategies for Door County fit into regional and state economic development plans?

We believe that the Door County strategic economic plan needs to be built around the key economic opportunities and trends that will drive the economy over the next 5-10 years. While there are many factors that drive a county economy, we believe that the following two major factors are critical to the economic future of the county:

1. The future size and skill of the workforce
2. The in-migration and growth in the county's 50+ population

In prior sections of the report, we have discussed the pending decline in overall workforce numbers and the need to replace highly skilled workers especially in the manufacturing sector. This point is made in the Wisconsin Department of Workforce Development's 2004 publication, "Door County Workforce Profile". The following quote is part of that report:

Because of the older population and low birthrates in the area, it is just a matter of time before the number (of people) reaching age 65 each year will exceed the number reaching age 18. This is expected to happen in about three to four years. While it is not necessarily true that workers retire at age 65 or for that matter enter the workforce at age 18, it suggests that the county will not be able to support an expanding economy, as the pool of residents in prime working ages begins to decline without an adequate number of replacement workers.

Given this important trend, there must be strategies in place to address future workforce numbers and skill levels. Traditional business retention and recruitment strategies will depend on future workforce levels and skills.

The second major driver of the Door County economy over the next 5-10 years is the in-migration and growth in the 50+ population in the county. This population cohort has disposable income, education, network connections, and talent and skill. In addition to being a powerful consumer force in the economy, many of these people will continue to work full or part time and will use Door County as a business base.

With these major economic drivers in mind, we recommend that Door County develop its long-term economic development plan around the following seven strategies:

- Strategy 1** Develop programs and initiatives that raise the education and skill level of the future workforce; design programs that attract new workers to Door County; and encourage programs that explore the full utilization of older workers.

- Strategy 2** Expand economic development around key existing clusters and business concentrations that have demonstrated market opportunities.

- Strategy 3** Tap into the early retiree, visitor and seasonal resident communities as sources of new businesses in Door County. Concentrate on businesses with high technology and knowledge inputs and low raw material and environmental impact. Create a good business climate and business infrastructure to attract people 50+ who will continue to work at their current occupation or establish new business careers and will work well into their 60s and 70s. A prime opportunity in this area is professional and consulting service businesses including engineering and technical consulting, investment and financial consulting, sales and marketing services, design services, and management consulting.

- Strategy 4** Develop strategies that expand off-season business activity to reduce the seasonality of Door County's business cycle.

- Strategy 5** Form economic development strategies around emerging demographic and economic trends that create market opportunities for existing and new businesses. The in-migration of retirees and the aging of the County's population are examples of trends that create economic development markets and opportunities.

- Strategy 6** Address common economic development base needs that will support the economic strategies listed above and the general Door County business community. Move to a New Economy model that includes and supports seed capital formation, higher educational attainment, new business start-ups, networking, and technology infrastructure and technology/innovative product flow.

- Strategy 7** Attract younger families to reside in Door County using the high quality of education and life and the completion of the four lane Highway 57 project as prime advantages of raising a family in Door County.

Strategy 1: *Develop programs and initiatives that raise the education and skill level of the future workforce; design programs that attract new workers to Door County; and encourage programs that explore the full utilization of older workers.*

Rationale: The largest single threat to Door County's economic future is the lack of workers and skilled workers. It is a top issue that will affect the future economic growth in the county. In the survey, several employers indicated serious concern about current workforce numbers and about whether there are replacements for current skilled workers. Retaining and raising the level of productivity of Door County's workforce should be a primary focus for economic development. A second focus should address strategies to recruit new workers to the County to help offset the projected decline in the workforce.

Tactic 1A: Establish a county-wide workforce focus to deal with current and future workforce numbers and skill levels.

Rationale: We believe that future workforce issues are the primary threat to economic growth and prosperity in the County. The job of assuring future numbers of productive workers is a task that will require the focus and energy of the entire community.

KEY CHALLENGES

- There is a lack of knowledge about future county workforce projections.
- The completion of the four lane highway will make it easier to commute to jobs out of the county.
- There are a number of disconnects in communications and networking that currently affect information and decisions about future careers.

ACTION STEPS

1. Revitalize the Door County Economic Development Corporation (DCEDC) workforce taskforce. Include membership from industry, the state Departments of Commerce and Workforce Development, the Bay Area Workforce Development Board, K-12 schools, NWTC, DCEDC, UW Extension, economic development groups, and county social agencies. Plan to engage workforce issues for at least the next five to ten years.
2. Support initiatives such as the customized labor training proposal submitted to Senator Herb Kohl and Congressman Mark Green that improve the workforce through education and training.
3. Support the Door-Kewaunee Business Education Partnership and further develop workforce strategies aimed at improving the career information and connections for school aged children.

Tactic 1B: Seek research and program funding to establish a model program that explores the potential role of older workers and that incorporates older workers into the workforce.

Rationale: Door County will be on the leading edge of the aging of the population. It can turn that problem into an opportunity to create a national model for solving the worker shortage problem.

KEY CHALLENGES

- Securing funding for research and program development.
- Overcoming preconceived notions about older workers.
- Convincing older people to return to work.

ACTION STEPS

1. Seek the support of the Wisconsin Department of Workforce Development for funding and technical assistance.
2. Explore programs aimed at older workers in other parts of the state and models used by private employers.

Tactic 1C: Seek federal and state program funding to establish a program to recruit workers to Door County.

Rationale: As we noted above, Door County will be on the leading edge of the aging of the population. It can turn that problem into an opportunity to create a model for solving the worker shortage problem by attracting new workers to the County.

KEY CHALLENGES

- Land prices and affordable housing may discourage young workers.
- Climate and distance from a major urban center may be disadvantages.
- Competition from other areas experiencing worker shortages may be an issue.

ACTION STEPS

1. Seek the support of the Wisconsin Department of Workforce Development for funding and technical assistance.
2. Establish a program that will recruit Coast Guard retirees to consider settling in the County.
3. Consider programs that would recruit permanent workers from the seasonal workforce including the guest workers from other countries.
4. Encourage efforts to diversify the County and make it a welcoming place for people from other cultural backgrounds.

5. Put together an affordable housing plan that inventories and markets the existing stock of affordable homes and provides a strategy for adding to the affordable housing stock if necessary.

Strategy2: *Expand Economic Development Around Key Existing Business Clusters That Have Demonstrated Market Opportunities*

Rationale: Door County is a small county with limited resources to apply to economic development. Strategies and tactics that focus on improving the economic value of existing business clusters and concentrations with market growth potential ought to be the first priority in economic development. To a great extent, that has been the focus of the DCEDC, the Chamber and the Sturgeon Bay Visitor and Convention Bureau. However these efforts need to be tightly focused on areas with market potential that yield the best economic return given limited labor and capital inputs.

Tactic 2A: Support modernization and expansion of the shipbuilding cluster and the labor force recruitment and training needed to make the shipbuilding cluster competitive in the long term.

Rationale: Door County has a thriving shipbuilding cluster that employs close to 1,000 people. The manufacturing and professional services jobs in that cluster are high paying jobs and average pay generally exceeds the county's per capita income. The near-term market outlook for this sector is strong and the time to improve its competitive position is during an upswing in business so that during leaner times the local industry is more competitive.

KEY CHALLENGES

- The existing shipbuilding base in Door County is subject to stiff competition. Yards in Toledo, Kvaerner, Philadelphia, and Louisiana have all recently invested in plant modernization to increase their competitiveness.
- The Door County skilled labor force employed in shipbuilding is aging. Over the coming decade, the next generation of shipyard workers needs to be recruited and trained.
- The size of the investment needed to keep shipbuilding in Door County will require a mix of public and private investment.

ACTION STEPS

1. Continue to aggressively seek the implementation of the findings of the Shipbuilding Cluster Expansion Taskforce. Aggressively pursue funding for the shipbuilding cluster projects from private, local, state, and federal government sources. Promises of state support are welcomed news, but the political process of securing that money will extend over the time it takes to pass the 2005-2007 state budget and beyond.
2. Establish a labor development program focused on careers in shipbuilding and manufacturing. Develop school programs for high school and technical college students that explain employment opportunities and requirements. That effort could be guided by a labor

subcommittee that includes representation from the Bay Area Workforce Development Board, the Northeast Wisconsin Technical College, UW Extension, Bay Ship and Palmer Johnson, school districts in Door, Kewaunee, and Brown counties, the Door County Economic Development Corporation, the state Department of Workforce Development, and the Commerce Department.

3. Create public awareness of the economic impact and opportunity in shipbuilding in Door County and the region.
4. Seek the collaboration and support of the NEW Economic Opportunity Study implementation group to help support all the efforts focused on modernizing and expanding shipbuilding in Door County. The NEW study recommends economic development around existing clusters and identifies maritime vessels and equipment as a cluster in NEW.
5. Explore and pilot a program that links tourism to the shipbuilding industry. The popular once-a-year shipyard tours sponsored by the local Rotary Club of the Edward Ryerson are a good indication of the public curiosity about large ships and shipbuilding.
6. Support the new state ship and boat building cluster taskforce that includes ship and boat builders in Brown, Kewaunee, Manitowoc, and Marinette counties to help address the problems of workforce training and other common problems facing shipbuilding in each county.

Tactic 2B: Support and expand the local health care industry with special emphasis on preserving and growing Door County's community hospital (Door County Memorial Hospital).

Rationale: Nationally, health care services and supplies constitute a market of over \$1.5 trillion. This market constitutes 15% of the U.S. Gross Domestic Product (GDP), and the health care market is projected to continue to grow as the U.S. population ages. Door County Memorial Hospital (DCMH) is one of the top ten employers in the county and the average earnings per worker in health care is over \$30,000 per year. This job base needs to be preserved and expanded.

KEY CHALLENGES

- Health care is a very competitive industry, and Door County health care providers face competition from providers in more urban areas, including Green Bay and the Fox Valley.
- Door County's geography limits the market for its health care services and may limit its attractiveness to health care workers.
- With an aging population, the local health care providers are increasingly exposed to low Medicare reimbursement levels that don't cover the full cost of care.

ACTION STEPS

1. Create public awareness about the economic impact of the local health care providers and the money contributed to the local economy by using local health care providers.

2. Support local health care provider efforts to increase Medicare and Medicaid reimbursement levels.
3. Explore the idea of Door County as a specialty health care destination. Likely target areas might include cosmetic surgery, stress management, weight loss, exercise therapy, and other specialty services related to lifestyle interests and aging.
4. Consider the idea of connecting health care to high end spas, a trend which is apparent in some of the research we did on this topic.

Tactic 2C: Promote economic development around the marine services cluster in Sturgeon Bay and most other parts of the county.

Rationale: Marine services are an important cluster in Door County. The attached maps of marine services in Door County and the Sturgeon Bay harbor show a unique combination of marine related businesses and services. With rising levels of pleasure boat ownership and increased commercial activity, marine services are an economic growth, market opportunity area.

KEY CHALLENGES

- Skilled labor is essential to many of the marine service businesses. Finding and retaining skilled labor in future years will be a challenge.
- Residential development on the shoreline is limiting the land available for marine related businesses that need water access.

ACTION STEPS

1. Support and expand existing marine and marina businesses.
2. Include the economic development of marine and marina businesses in current and future land use planning discussions.
3. Explore creating or attracting a marine insurance company or branch office. There have been three insurance companies created in Green Bay in the last twenty years and the talent to run a company or a branch office is nearby.
4. Explore marine and marina employee training programs that draw on the resources of NWTC and UWGB.
5. Explore maritime training programs and schools for both commercial and private boaters.

Tactic 2D: Seek and support projects and ideas that create high-end leisure destinations that extend the normal tourist season and draw off-season visitors.

Rationale: Door County faces an increasingly competitive tourism market. Within the last twenty years, major upscale and year-around leisure and tourist attractions have emerged in Wisconsin. The “upscale push” is being repeated nationally according to Rod Caborn, a national tourism expert. With limitations on future seasonal and year-round labor, the county needs to think about high-end strategies that increase the cash yield per visitor as opposed to increasing the number of visitors.

KEY CHALLENGES

- The availability of labor to staff hospitality and accommodation businesses is a major and growing challenge.
- Much of Door County's tourism is weather sensitive.
- A growing number of upscale and less weather sensitive attractions are competing within the same tourist market.
- Tourism is a mature and fairly slow growing industry.
- Money to promote Door County seems to be very limited in comparison to other locations.

ACTION STEPS

1. Assess Door County's tourism appeal in comparison to its competition. (The Door County Chamber has a project to assess Door County's tourist appeal already underway)
2. Seek and support development of high-end, weather neutral attractions such as health and leisure spas.

Tactic 2E: Establish organic farming as part of the Door County agricultural economy

Rationale: Agriculture is still an important part of the economy and natural beauty of Door County. Respondents to the survey expressed concern about preserving the rural, agricultural flavor of Door County. With environmental limitations and the declining number of farms, organic agriculture may be a viable option. Organic agriculture is a high growth sector and prices and economic returns in this sector can sustain a traditional family farm operation. Wisconsin is home to one of the most successful organic farming operations, Organic Valley Farms, and this coop is a ready source of information and possible support. With 2.5 million annual visitors, Door County is an ideal market area for product exposure and introduction.

KEY CHALLENGES

- Organic farming takes several years to establish and thus requires some upfront investment.
- Finding the market channels for the product is a key challenge.

ACTION STEPS

1. Support and encourage existing organic food producers.
2. Explore the potential of organic farming with UW Extension and Organic Valley Farms of La Farge, Wisconsin.
3. Trademark names such as "Doorganics", "Door County Organic" or "Peninsula Organics" as possible organic food brand names that identify the product with Door County.

Tactic 2F: Create a focus on manufacturing and marketing “green” products and explore the use of existing manufacturing businesses and facilities and the 2.2 million annual visitor flow to build, test and market these products.

Rationale: Environmentally friendly or “green” products are increasing in importance as the cost of energy rises and life cycle costs figure into the production of goods and services. Firms like Orion Lighting (Plymouth and Manitowoc, Wisconsin) are present in Wisconsin and are good examples of “green” product companies. The regional concern over the environment would seem to make this a good fit for Door County. The existence of vacant manufacturing space could be an asset in attracting early start-up companies. Door County might consider becoming the laboratory for testing and providing market exposure for “green” products.

KEY CHALLENGES

- The availability of skilled and technical workers could be a challenge.
- Accessing new technologies to incorporate into products design and function would be a priority.
- Product design and product development talent would be needed.

ACTION STEPS

1. Establish connections and relationships with sources of product innovation such as the Wisconsin Alumni Research Foundation (WARF) and the U.S. Forest Products Laboratory (FPL), both of which are located in Madison, Wisconsin.
2. Visit and evaluate the feasibility of using Door County to demonstrate and pilot renewable energy technologies being developed at the FPL.
3. Work with local environmental organizations to find common ground and possible support for “green” initiatives.
4. Explore the use of exiting product design and development capacity that exists in businesses and consultants who are already in Door County.

Strategy 3: *Tap into the early retiree, visitor and seasonal resident communities as sources of new businesses in Door County. Concentrate on businesses with high technology and knowledge inputs and low raw material and environmental impact. Create a good business climate and business infrastructure to attract people 50+ who will continue to work at their current occupation or establish new business careers and will work well into their 60s and 70s. A prime opportunity in this area is professional and consulting service businesses including engineering and technical consulting, investment and financial consulting, sales and marketing services, design services, and management consulting.*

Rationale: With the appropriate technologies in place, particularly broadband telecommunications, Door County is an ideal base of operations for a wide variety of

businesses that could be established by visitors, retirees and seasonal residents. Two trends favor this approach.

The first is the continuation in corporate downsizing and outsourcing of many technical and Management processes. The second is the trend toward phasing out retirement by working part-time in a consulting or advisory role. Both trends are driving an increasing number of home-based managerial, professional and consulting businesses.

Tactic 3A: Increase the number of professional and consulting firms by drawing on the talents and interests of second home owners, early retirees and visitors to Door County. Set a goal of increasing the number of these businesses by 25 over the next five years. This would increase the number of professional, scientific and professional service firms in the county from 72 (the 2002 level) to 97 and would add approximately 100 higher-paying, year-round jobs to the Door County economy.

Rationale: There are two major demographic trends that make this an attractive business development opportunity for Door County. The first trend is an increasing number of well-educated, managerial and technical workers who are being downsized from their companies or who are taking an early retirement. The downsizing in the paper industry in the Fox Valley is a prime opportunity in this area. Many in the paper industry are continuing to work and are setting up home-based operations or small office sites to conduct consulting businesses. A second major trend that is revealed by recent census data is the increasing number of individuals who work at home. A high proportion of these workers are in the technical and managerial fields. Door County is an ideal site for conducting those types of businesses where proximity to market is not a factor in the consulting or service business.

KEY CHALLENGES

- The lack of widespread access to broadband internet connections is a barrier for this type of economic development
- This type of business would want greater business networking opportunities. Door County does not currently have strong professional networks.
- There would be need for a business support system that could offer services and management expertise to startups

ACTION STEPS

1. Support initiatives such as the Brilliant Cities project that would bring broadband access to all of Door County.
2. Create an economic development program to publicize, encourage and support the establishment of managerial, professional and consulting services in Door County. Likely markets for promotion include the existing base of seasonal residents and second home owners.

3. Market to the 50+ retiree and near-retiree population who will continue to work well into their “retirement”.
4. Explore the use of existing buildings as potential office centers offering physical space to professional and consulting firms.
5. Build a virtual incubator for professional service and consulting startup companies. Services offered should include management coaching, access to legal and accounting help, organization templates and help with identifying startup capital.

Tactic 3B: Grow existing marine services businesses and seek to attract complimentary marine service businesses that further strengthen the Door County marine cluster.

Rationale: As we pointed out in Chapters III and VI, Door County has a strong cluster of marine related businesses. This cluster can be expanded by the growth of existing marine service businesses and the recruitment of new businesses. Door County’s location on the Great Lakes, the skills and work ethic of its workers, the management and business experience base and the market opportunity in this area combine to make this a prime economic development opportunity.

KEY CHALLENGES

- The tight supply and high price of commercial shoreline property could be a barrier.
- Workforce supply may be a challenge.
- Sources of start-up and seed capital may be difficult to find.

ACTION STEPS

1. Create a marine cluster marketing program that lays out the market opportunity and existing marine services base in Door County. Use this marketing piece to “tell the story” and through personal contact, print exposure and the web, seek to attract interest and prospects.
2. Explore the possibility of attracting marine service businesses related to software, insurance, publishing and finance.

Strategy 4: Expand existing and develop additional off-season strategies and the funding needed to carry out those strategies. The primary objective of this strategy is to increase business activity in the “shoulder” seasons and seek complementary (off season) businesses that reduce the seasonality of the Door County economy.

Rationale: The seasonal nature of the Door County economy creates problems with peak labor demands in the summer and then a lack of work in winter and spring. This pattern creates too many seasonal jobs and not enough year-round jobs. As the labor supply gets tighter, there will be increasing difficulty in getting people to work in seasonal jobs. Solutions to this problem include extending the shoulder seasons, creating year-round destinations, and attracting businesses that need work done in the off season.

Tactic 4A: Expand existing and develop new off-season activities around arts and education themes that already exist in the county.

Rationale: A number of destinations are using arts and education to draw visitors for multiple day stays in off season periods. Most of these off season programs are not weather dependent. An increasing segment of the tourist business is marketing education, the arts and life style experiences to draw customers. Door County already draws arts and education enthusiasts in the tourist season and has some shoulder season activities such as those offered by the Clearing. Expanding that activity will require a collaborative effort and additional funding to support and promote more off season activity.

KEY CHALLENGES

- Limited current funding for advertisement and promotion of tourism would be a barrier.
- There would need to be a critical mass of programs and activities to attract customers.
- There would be a need for support systems to help design and support the development of curriculum, classes and field experiences.
- There would be a need for startup funding to pilot these programs.

ACTION STEPS:

1. Gather more information on arts and education programs linked to tourism and consider site visits to comparable areas.
2. Create an identity and an entity to pilot programs in the off season months of April and May. The entity and identity could be built around an education theme such as Door County University.
3. Develop and present plans to raise additional funding for the shoulder season activity. Funding sources might come from a room tax, premier resort tax, or other taxes or fees.

Tactic 4B: Collaborate on regional initiatives coming out of the NEW Study and take advantage of regional assets to enhance Door County's image and brand.

Rationale: Door County is a relatively small county facing a big problem: regional and national competition for tourist business and general business development. The county needs to create an R & D program that continually gathers competitive data to help shape its business development strategies. The county also needs to leverage its limited resources by collaborating with regional partners who are facing the same issues.

KEY CHALLENGES

1. Engaging the Northeastern Wisconsin Economic Development Partnership (the group implementing the NEW Study) will require planning and staff time.
2. Parochialism may make it difficult to participate in a broad regional collaboration.

ACTION STEPS:

1. Where possible, align Door County's identity, brand and image activities with the implementation of the Northeast Wisconsin Economic Opportunity Study. A major, funded effort will soon be under way to brand Northeastern Wisconsin through campaigns to improve the region's image to both internal and external audiences. This activity has the support of Governor Doyle and will get about \$380,000 in state dollars that will be matched with private sector contributions.
2. Develop collaborative efforts to package and cross sell Door County with other world-class attractions in NEW such as Lambeau Field, Whistling Straights, and EAA.
3. Develop and support a market research program that systematically explores the opinions and demographics of Door County's seasonal residents, second home owners and visitors.
4. Complete a competitive analysis and database of Door County's major competitors and peers.

Tactic 4C: Develop a plan to finance a competitive campaign to promote Door County as an all-season destination drawing on the regional identity, brand, and image.

Rationale: Door County is facing strong, well-funded competition for tourist business and general business development. In the course of the study, we heard about competition coming from the harbors and marinas in the State of Michigan that have long had state investment and support. We also heard concerns about competition from Wisconsin Dells and other Wisconsin tourism areas.

KEY CHALLENGES

1. Efforts to raise funds are time consuming and difficult.
2. There is a history of resistance to various fees and taxes such as a room tax.
3. It may be difficult for Door County to qualify for a premier resort area designation that would allow a premier resort tax (.5% added to the local sales tax)

ACTION STEPS

1. Consider funding sources such as real estate transfer fees, franchise taxes and other sources to help support workforce development, economic development and building the county's regional identity, brand and image.
2. Consider the premier resort tax designation for the county. Lake Delton and the Dells and Bayfield have adopted this tax.
3. Track the financial strategies and budgets of competing counties in Wisconsin and Michigan.

Strategy5: *Form economic development strategies around emerging demographic and economic trends that create market opportunities for existing and new businesses. The in-migration of retirees and the aging of the County's population are examples of trends that create economic development markets and opportunities*

Rationale: Economic opportunity and major demographic and economic trends were explored in Chapters III and IV. The aging of the county's population, the in-migration of 50+ retirees and near retirees and the general movement to upscale leisure and tourist attractions represent potential economic opportunity for the county.

Tactic 5A: Develop and attract businesses that will provide products and services to an increasing number of older people who have substantial discretionary income and assets. Door County is attracting retirees, seasonal residents and second home owners who have high levels of disposable income. This growing market might support existing and new businesses related to health care, financial and legal services, transportation, recreation, education, travel, and home maintenance services.

KEY CHALLENGES

- The geographic distribution of the older population and the small size and distances between communities in the county may be a challenge.
- The availability of skilled workers over the next 5-10 years may be a challenge.

ACTION STEPS

1. Support existing businesses that are growing and expanding to serve the 50+ consumer market.
2. Begin to compile consumer research information on 50+ consumers in general and Door County residents in particular.
3. Periodically network with health care providers, business professionals and social service groups to assess trends and economic opportunities.
4. Consider expanding elective health care services around common problems of aging including skin, joints and feet.

5. Position Door County as a test market and research site for the study of Baby Boomer retirees. Natural partners in this effort would be local health care providers and the University of Wisconsin.

Tactic 5B: Tap into the increasing talent pool of retirees with managerial, technical and professional experience and contacts to further support economic development in the county.

Rationale: The county will continue to attract retirees and seasonal residents with business and professional background. Many of these people have a long term interest and affiliation with the county as visitors and seasonal residents. Their business and professional background and business connections and networks represent a growing asset in the county.

KEY CHALLENGES

- Gathering information on who is in the county and what business expertise they might have.
- Creating an appealing case and plan that will peak their interest and motivate them to get involved
- Getting a time commitment

ACTION STEPS

1. Gather information on talented residents and seasonal residents.
2. Pilot a business mentoring and coaching program.
3. Use the Door County Economic Adjustment Plan as the reason for invited meetings and information sessions to reach out to potential participants.

Strategy 6: *Address common economic development base needs that will support the economic strategies listed above and the general Door County business community. Move to a New Economy model that includes and supports seed capital formation, higher educational attainment, new business start-ups, networking, and technology infrastructure and technology/innovative product flow.*

Tactic 6A: Support, develop and implement communication technology infrastructure that delivers reliable digital broadband access to the internet and other communication services. Leverage improvements in telecommunication infrastructure by marketing this technology to existing and new businesses.

Rationale: A robust broadband communication capacity is essential to developing digital communication capabilities for all types of businesses. This infrastructure enables research, engineering, design work and e-commerce among a host of other businesses.

KEY CHALLENGES

- Telecommunication infrastructure is expensive to develop.
- Door County's geography and demographics create challenges in constructing a good business model to support a robust telecommunications network.
- Consumers and businesses may need training and technical support to fully utilize this technology.

ACTION STEPS

1. Continue to educate citizens and business owners in the work and findings of the Door County Telecommunications Task Force.
2. Seek local, state and federal support for building telecommunications infrastructure in a rural county.
3. Develop promising and feasible approaches to providing broadband service to Door County. Use opportunities such as the Brilliant Cities project to further public debate and support for telecommunication infrastructure improvements.
4. Develop a marketing plan that leverages the improvement in telecommunications to retain and attract businesses.

Tactic 6B: Establish a source of equity seed capital to assist in the financing of new and growing businesses:

Rationale: One of the key findings in the NEW Economic Opportunity Study was that Wisconsin, and particularly northeastern Wisconsin, had a gap in the availability of venture capital and early stage seed capital. NEW lacks formal angel groups that are present in the major economic regions of the state. Risk capital plays a vital part in the formation of new business startups.

KEY CHALLENGES

- Like most of northeastern Wisconsin, residents of Door County are generally risk averse in their investing activity.
- Equity investments in early stage companies carry high risk levels and in a small community investors may not want the visibility and public exposure that direct investing may bring.
- Keeping investors interested with an adequate flow of deals may be a challenge.

ACTION STEPS

1. Continue to explore the formation of a Door County angel investing group.
2. Educate Door County residents on angel investing and the angel investing activities around the state. Connect to Joe Kremer in Madison, who works for the Wisconsin Technology Council and whose charge is to support existing angel groups and to support the formation of new angel groups around the state.

3. Network with the new angel groups forming in the Fox Valley area.
4. Explore alternative seed capital strategies including those described in the attached Appendix V- and Appendix VII-2.

Tactic 6C: Establish an e-commerce initiative to increase off-season retail and art sales and to provide market access for Door County businesses to seasonal residents and summer visitors.

Rationale: E-commerce is a rapidly growing business sector. Goods and services are increasingly being sold over the internet. E-commerce has the potential to overcome the geographic barrier of distance to market. It also could provide a rich environment for the display and sale of works of art, real estate and other products.

KEY CHALLENGES

- Natural resistance to investing in and learning new technology.
- Lack of adequate telecommunications infrastructure.
- Funds to organize and start an e-commerce initiative.

ACTION STEPS

1. Contact and visit Raj Veramani at the UW E-commerce Consortium
2. Explore alternative technologies such as Media Site Live from Sonic Foundry that could be deployed in an e-commerce strategy.

Strategy 7: *Attract younger families to reside in Door County using the high quality of education and life, the local arts and cultural opportunities, and the completion of the four lane Highway 57 project as prime advantages of raising a family in Door County.*

Rationale: For a variety of reasons, it would be helpful to balance the age distribution in the County. Attracting younger families to the County would help to do that. The completion of Highway 57 significantly cuts the commuting time to Green Bay and the Fox Valley. Door County, especially Sturgeon Bay and Southern Door, will be attractive places to live and they offer high quality schools for families with children. More families would help the local economy and they may also add to the available workforce in the County.

KEY CHALLENGES

- Many people don't know much about the County as a place to live.
- Door County would compete against other desirable areas such as the suburbs around Green Bay.
- Commuting time may a deterrent to some families.

ACTION STEPS

1. Identify individuals and groups including the schools, churches and local health care providers that could evaluate and help with strategies that would attract young families.
2. Market Door County as a place to live to families in the Green Bay area.

CHAPTER VIII

ECONOMIC PRIORITIES, PLAN IMPLEMENTATION, FUNDING AND OUTCOME MEASURES

Chapter VIII is focused on the steps that come after the completion of this report and the presentation to the public. In the course of the presentation and debate over the recommendations in the report, there will be an opportunity to solicit input on goals and priorities. There will also be an opportunity to identify individuals and groups who are willing to help implement the report recommendations.

In the next sections, we give our view as to the economic goals and priorities, plan implementation, funding ideas, outcome measures and possible legislative agendas. Our recommendations are really a starting point and will be shaped and modified by the public input and discussion that follows.

ECONOMIC PRIORITIES AND GOALS

In Chapter II, we suggested a set of economic goals that were based upon the survey and our interviews. Those goals were as follows:

- Goal 1** Create high-paying year-round jobs by retaining and attracting a skilled workforce that will be a long-term competitive advantage to businesses in Door County. Implement economic development strategies that create better balance in the Door County economy and are consistent with maintaining the quality of life and the natural environment.
- Goal 2** Grow and expand existing businesses and business cluster that have market and growth opportunities.
- Goal 3** Tap into the visitor, seasonal resident and retiree populations as sources of entrepreneurship and new business formation.
- Goal 4** Establish economic development strategies that will reduce the seasonality of the County economy. Implement economic development strategies that create better balance in the Door County economy and are consistent with maintaining the quality of life and the natural environment.
- Goal 5** Create economic development and opportunity around future demographic trends in the County.
- Goal 6** Improve the county's basic physical and business infrastructure including bridges, telecommunications, capital formation, the power grid, business networks, and business support systems.

Goal 7 Attract younger families as permanent residents of Door County to increase the talent pool, to create better balance in the future age distribution, and to maintain a high level of energy in the life of the County.

Out of these goals, we believe that Goal 1 should receive the top priority. Workforce supply and the maintaining a productive workforce are the biggest challenges to the County's future prosperity. Strategy 1 in Chapter VII details a strategy that can address the long-term workforce problems in the County. Strategy 7 related to attracting younger families to reside in Door County also has implications to the future workforce. The workforce in the County is critical to future economic growth and prosperity. Goal 1 deserves county-wide attention and will require a long term commitment. The workforce will be an issue in Door County for at least the next 20 years.

A second economic priority should be the maintenance and improvement of the physical and business infrastructure as outlines in Goal 6. Improving broadband access throughout the county through proposals such as the Brilliant Cities Project should get a high priority. One of the essential tools for businesses in the New Economy is a robust communication system. Solving the bridge problem and improving the power grid to assure a reliable power supply are additional items that should get high priority.

Finally, growing existing businesses and increasing the rate of business formation and encouraging greater entrepreneurial activity should be a third priority. Economic growth from exiting business clusters such shipbuilding and health care is an important economic base that must be maintained as outlined in Goal 2. Creating more small businesses by tapping into the visitor, retiree and seasonal resident populations as described in Goal 3 is one strategy to increase business formation. Supporting business startups and creating support systems for business will also go a long way toward creating a climate for attracting younger people to the area.

PLAN IMPLEMENTATION

The implementation of the Door County Economic Adjustment Plan is the final step in the process of working towards a brighter economic future for the county. In all too many cases, strategic plans fail for lack of any strategy to implement them. We have several suggestions for implementing the Economic Adjustment Plan.

First, we believe that there is a need to form a county-wide economic strategy group. The primary function of this group would be to implement the strategic plan and to create better communications and networks within the county. In the survey done for this study, we asked what one thing the major economic development groups (the Chamber, the Sturgeon Bay Visitor and Convention Bureau and the Door County Economic Development Corporation) should focus on. The most frequent response to this question was that these groups should concentrate on working together. While these three groups would be important parts of a county-wide strategy group, there should be input and membership derived from education, private industry, non profit groups, health care and others.

We believe that such a group could form action teams to work on implementing major initiatives in the plan. For example, there could be action teams to work on economic development in the shipbuilding cluster, health care, agriculture, professional services, telecommunications, and the arts. Several of these areas already have active groups that would serve as models.

FUNDING

We have discovered no magic bullets or hidden pots of money to finance the implementation of the plan. As with many good projects, there are too many good ideas chasing too few dollars.

One thing about funding is very clear: the implementation of a strategic economic plan will not happen without a strong funding plan to support staffing and programs. We believe that funding should be thought of in a broad context. In addition to direct grant dollars, private companies, agencies and programs may offer data, technical and professional services that might be valuable. The following are suggested sources of funding for the recommendations in the report:

- On workforce initiatives, the U.S. Department of Labor, the Wisconsin Department of Workforce Development, and the Bay Area Workforce Development Board support workforce training and workforce initiatives. The Northeastern Wisconsin Educational Resource Alliance (NEW ERA) and the Northeast Wisconsin Technical College are also key players in the workforce development area.
- For financial and technical support to help form an angel group or some other organization that would provide seed and early stage risk capital, the Kaufman Foundation, the Wisconsin Department of Financial Institutions and the Wisconsin Technology Council are active in these areas. The Wisconsin Angel Network (WAN) is a new program designed to support the formation of new angel groups.
- For programs involving general business and economic development, the U.S. Economic Development Administration (EDA) and the Wisconsin Department of Commerce have a record of funding such initiatives. In addition, local utilities may be interested in some aspects of economic development initiatives. For technical assistance regarding renewable energy and forest and paper products, the U.S. Forest Products Laboratory in Madison is available.
- With respect to the handling of intellectual property (IP) and for sources of new technology and discovery, the Wisconsin Alumni Research Foundation (WARF) and the UW Office of Corporate Relations (OCR) are important channels into the research at the UW. Both play important roles in the commercialization of discoveries at UW campuses.
- On technology and telecommunication issues, the Gates Foundation may be a source of support.

FEDERAL, STATE AND LOCAL LEGISLATIVE AGENDA

Door County already has a fairly active legislative agenda with respect to economic development activities. The following captures some of the existing agenda and suggests other possible items:

- At the federal and state level, continue to work on the road and bridge infrastructure issues.
- At the federal level, support initiatives and federal dollars that support the Shipbuilding Cluster's new boat launch system and federal support for customized labor training.
- At the state level, seek funding to support marina/harbor improvements along the lines of the Michigan model.
- At the local and state level, consider seeking support for a tourism zone designation.

Summary: The Door County economy has a solid base upon which to build future economic growth. There are significant challenges to face in the future and those include workforce numbers and skill levels, a seasonal business cycle, a modern physical and business infrastructure and an aging population. Fortunately, the County already has energetic efforts underway to deal with telecommunications, the future of shipbuilding, and the future direction of tourism. The framework for dealing with other issues is often in place but needs to be reenergized.

In the end, we believe that the economic opportunities in the County far out weigh the challenges it faces. We hope that this strategic economic plan can serve as a pathway to the future economic growth in the county.