



## Introduction

Economic development involves anticipating change, diversifying industries, and redefining opportunities and challenges. It refers to the sustained actions of elected and appointed officials, generally in partnership with the private sector, intended to promote the standard of living and economic health of a community. Such actions involve multiple areas of the local economy including development of human capital (through higher education and job training), critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, tax base preservation and expansion, and health and safety, among others.



The keys to implementing a successful economic development plan include:

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

A vibrant economy is essential for community wellbeing since it effects so many aspects of community life, including the ability to earn a living, develop skills and access training, attract new residents and businesses, and to access services. Economic development expenditures are a community investment. Influencing and investing in the process of economic development allows a community to determine its future direction and guide appropriate types of development according to its own values.<sup>1</sup>

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

## Comprehensive Planning Law

Wisconsin's Comprehensive Planning Law (Section 66.1001(2)(f), Wis. Stats.) requires that the economic development element of a comprehensive plan contain all of the following:

- A compilation of objectives, policies, goals, maps, and programs to promote the stabilization, retention, or expansion of the economic base and quality employment opportunities.
- An analysis of the local labor force and economic base.
- An assessment of the categories or particular types of new businesses and industries desired.

<sup>1</sup> Excerpted from 'A Guide to Preparing the Economic Development Element of a Comprehensive Plan,' Wisconsin Economic Development Institute, August 2003.



- An assessment of strengths and weaknesses with respect to attracting and retaining businesses and industries, and the designation of an adequate number of sites for such businesses and industries.
- The evaluation and promotion of the use of environmentally contaminated sites for commercial or industrial uses.
- The identification of applicable county, regional, and state economic development programs.

### **Economic Development Vision**

*The Town of Linn will engage in a proactive approach to economic development by strongly supporting existing local businesses while actively engaging new start-ups. Our goal is to encourage economic diversity through quality agricultural, commercial, light manufacturing, high-tech, and home-based industries that are consistent with the character of our township, respectful of our natural environment, and capable of providing living wages for the residents of our community.*

## **Current Economy**

As presented in *Chapter 1: Issues & Opportunities*, the Town of Linn is a steadily growing community transitioning from an agricultural land base to one comprised of a wider array of land uses. Its economic base, historically founded on tourism and farming, has diversified to include manufacturing, service and repair, landscaping, and specialty retail/wholesale, among others. Although certain categories of commercial development like big box retail, groceries, basic goods and services, and the like will tend to locate in nearby incorporated communities (see Reilly’s Law below), opportunities for niche retail, valued-added manufacturing, organic agriculture, and home-based business may find fertile ground in the township.

### **Reilly’s Law of Retail Gravitation<sup>2</sup>**

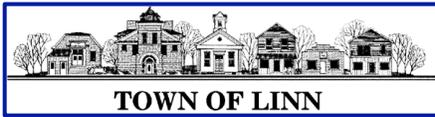
Close proximity to a larger municipality equates to greater competition for the day-to-day goods and services desired by residents. Developed by William J. Reilly in 1931, ‘Reilly’s Law of Retail Gravitation’ states that larger communities will have spheres of influence much broader than smaller ones, meaning that consumers will travel farther to reach a larger city. Two communities of equal size tend to have a trade area boundary midway between the two. When communities are of unequal size, the boundary lies closer to the smaller city, giving the larger one a more expansive trade area. For a small community on the periphery of a metropolitan region, an economic development strategy aimed at providing basic goods and services through conventional retail operations will find it difficult to overcome Reilly’s Law.

## **Types of Municipal Economies**

Five general categories are used to describe the economies of small communities: *resource-based, industrial, metropolitanizing, dependent, and lifestyle.*<sup>3</sup>

<sup>2</sup> Excerpted from Reilly’s Law of Retail Gravitation, Matt Rosenberg, 2009.

<sup>3</sup> Randall Gross, Embracing Change in Small Communities, APA National Conference, March 2005.



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

The Town of Linn can best be described as a lifestyle community with aspects of dependent and metropolitanizing economies. While the economic development strategy of the community will likely continue its 'lifestyle-orientation' (i.e., tourism based), opportunities for economic diversification will continue to present themselves during the coming decades.

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

Detailed demographic data related to the Town's labor force and economic base are provided in the Employment Profile section of *Chapter 1: Issues & Opportunities*, beginning on page 1-12. Highlights from that section include:

- The unemployment rate as of 2015 was 8.8%. By comparison, that rates for Walworth County and Wisconsin were 7.2% and 6.3%, respectively.
- Median household income as of 2013 is \$62,500, exceeding that of the County (\$53,445) and state (\$53,357).
- 4.8% of families and 6.3% of individuals earned incomes at or below the US Department of Health & Human Services poverty threshold.
- Top industry sectors for employment in 2015 included: *educational services, health care, and social assistance; manufacturing; agriculture, forestry, fishing and hunting, mining; arts, entertainment, and recreation; and retail trade* (see *Table 1.4* on page 1-13).

### **Current Business Inventory**

The Town of Linn is home to dozens of businesses. Due to the fluid nature of most commercial and industrial operations, it is of questionable benefit to present a complete listing of each business by name within the comprehensive plan. However, there is some merit in providing a general description of the types of businesses currently operating in the township. The partial list below offers a snapshot of the local business environment segregated by various commercial and industrial sectors.

- Manufacturing/Industrial – boat building, sails.



- Contractors & Consultants – landscaping/nurseries, building supplies.
- Repair Shops – boats and motors, piers, motorcycles, automobiles.
- Services – financial planning, attorneys at law, cleaning, accountants, advertising.
- Sales/Rentals – boat docks/piers, book publishers, embroiderers, real estate, personal storage, spas.
- Hospitality – lodging, bed and breakfasts.

## **Economic Development Plan**

### **Growing from Within**

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

### Economic Gardening

Economic gardening is an entrepreneurial approach to economic development that seeks to grow the local economy from within. Its premise is that local entrepreneurs create the companies that bring new wealth and economic growth to a community in the form of jobs, tax revenues, per capita income, and a vibrant local business sector. Economic gardening seeks to focus on growing and nurturing local businesses rather than focusing on business relocation as a development strategy.

The focus of economic gardening is on providing accurate, timely, and relevant information to local entrepreneurs regarding key areas such as competition, customer base, and industry trends, among others. Armed with this information, a small business owner is better able to make strategic decisions, avoid costly mistakes, and successfully grow his or her enterprise. Economic gardening strategies help local small businesses discover how to reach markets outside the region. In turn, these exporting growth-oriented companies can spur the formation of local business suppliers and service firms to support them. More and better-paid workers also increase the demand for local goods and services, recirculating wealth throughout the local and regional economy.<sup>4</sup>

The basic elements of economic gardening include:<sup>5</sup>

- Providing critical information needed by businesses to survive and thrive.
- Developing and cultivating ‘community infrastructure’ that prioritizes a high quality of life, a culture that embraces growth and change, and access to intellectual resources, including qualified and talented employees.

<sup>4</sup> Excerpted from “Economic Gardening,” Growing Local Economies, 2011.

<sup>5</sup> Excerpted from “Second Stage Entrepreneurs: Economic Gardening,” PEERspectives, 2011.



- Developing connections between businesses and the people and organizations that can help take them to the next level, including business associations, universities, roundtable groups, service providers and more.

### **Business Retention**

The key to a successful business retention strategy is building trust between business owners and local officials. Communities must identify the specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local, regional, and international markets. Local government, business groups, educators, and the public must work together to create a vibrant local economy, through a long-term investment strategy that:<sup>6</sup>

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

Local businesses provide employment for a wide array of supporting services. They hire architects, designers, cabinet shops, sign makers, and contractors for construction. Opportunities grow for local accountants, insurance brokers, computer consultants, advertising agencies, etc. Local retailers and distributors are more likely to carry locally made goods, thereby creating additional jobs for local producers.

Some of the ways in which municipalities can increase the level of local business retention include:

- Utilizing municipal websites and social media to raise awareness of local businesses.
- Assisting businesses that have outgrown current facilities or sites with identifying new locations within the community.
- Supporting local chambers of commerce, business associations, business improvement districts, and similar organizations.
- Providing clearly understandable processes for construction and economic development within local ordinances.

### **Business Association**

Business associations bring together business owners and provide its members with opportunities to network and share information and resources. While some members of an association may be competitors, they still share certain needs and preferences. Association members can help one another directly with referrals for services such as accounting, building maintenance, recruiting staff and marketing.

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<sup>6</sup> Excerpted from Ahwahnee Principles for Economic Development, Economic Development for the 21<sup>st</sup> Century, 2015.



## **Marketing and Place Branding**

### Marketing

To attract business, industry, new residents, or visitors, a community must market itself beyond its geographic boundaries. A municipal marketing plan is a comprehensive blueprint that outlines the community's overall marketing efforts. It may include advertising in printed publications, the use of conventional and social media, public relations, promotions etc. Elements commonly addressed within a marketing plan include: business attraction, revitalization, streetscaping, pedestrian and bicycle facilities, tax/utility rates, available land and infrastructure, tax incentives, and branding initiatives, among others.

### Place Branding

In the world of consumer goods, a brand is the sum of all experiences related to a given product or service. Brand perceptions are shaped by opinions related to quality, reliability, etc., as well as emotional experiences associated with the product. Place Branding is no different. Every resident has a perception of his/her community. Through actions and beliefs about their community they express that brand; one created over time and through experience.

### **Building Resilience**

Resilience is a measure of the capacity of a community to utilize available resources to respond to, withstand, and recover from adverse situations. It is the ability to anticipate risk, limit impact, and bounce back rapidly through survival, adaptability, evolution, and growth in the face of dramatic changes to economic conditions.<sup>7</sup>

Resilient communities are able to minimize the effects of financial crises, natural disasters, and other major disruptors of economic growth when they have the ability to quickly return citizens to work, reopen businesses, and restore other essential services needed for a full and timely economic recovery. They can do so by actively influencing and preparing for economic, social and environmental change. When times are bad they can call upon the resources that make them a healthy community. A high level of social capital means that they have access to good information and communication networks in times of difficulty, and can call upon a wide range of resources.<sup>8</sup>

The factors most important in building resilience into the local economy include:<sup>9</sup>

- People. Elected and appointed officials must be representative of an engaged public, be visionary, be willing to share power, and be capable of working towards solutions through consensus.
- Organizations. Resilient communities possess a variety of economic development organizations. These organizations serve the needs of the community through working partnerships that lead to ongoing collaborative efforts to sustain the local economy.
- Resources. Access to resources plays an enormous role in community resilience. Employment is the most prominent of all resources in this regard. It is essential that employment is diversified

<sup>7</sup> Excerpted from Community Resilience, Rand Corporation, March 2012.

<sup>8</sup> Excerpted from Healthy and Resilient Communities: Living the Future Now, January 2014.

<sup>9</sup> Excerpted from What is Community Resilience, Canadian Center for Community Renewal, 2013.

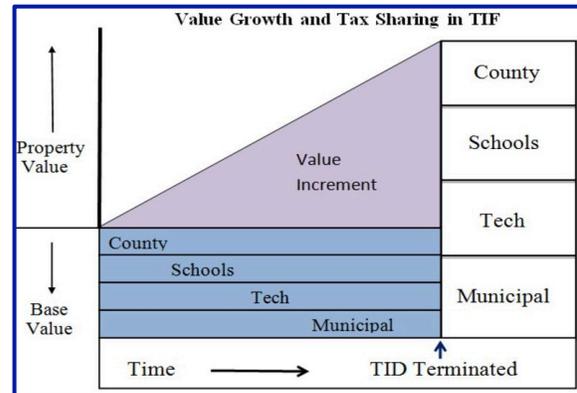


beyond a single large employer and that as many major employers as possible be locally-owned. Diversity is key to weathering shifts in the larger environment.

- Community Process. Requires the creation of a local economic development plan that serves as a guide for current and future endeavors. Citizens and organizations must be involved in the creation and implementation of the plan, including a vision for the community, and the goals and procedures necessary to realize that vision.

### Tax Increment Financing<sup>10</sup>

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



Courtesy Wisconsin Department of Revenue

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

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

Since 2004, Towns in Wisconsin have been able to utilize tax increment financing for the following agricultural, forestry, manufacturing, and tourism activities:

- Agricultural projects. Crop production, animal production, support activities for agriculture and forestry, support activities for animal production, and refrigerated farm product warehousing and storage.
- Manufacturing projects. Animal slaughtering and processing, wood product manufacturing, paper manufacturing, and ethyl alcohol manufacturing.
- Forestry projects. Forestry and logging, and support activities for forestry.

<sup>10</sup> Excerpted from Tax Increment Financing Manual, Wisconsin Department of Revenue, July 2014.



- Tourism projects. Recreational and vacation camps (except campgrounds), RV parks and campgrounds, racetracks, dairy product stores, public golf courses.

## **Market Trade Analysis**

A Market Trade Analysis (MTA) is a comprehensive study undertaken to better understand the local economy and to identify the ways in which it can more effectively compete in the regional marketplace. It is intended to provide a framework for long-term economic sustainability. The MTA provides elected officials, current and future business owners, and residents with a fundamental description of the industry sectors that are prospering, struggling, or lacking within a community. Once completed, it serves as a roadmap for targeting market-based opportunities for development.

The local marketplace is divided into the elements of supply and demand. Opportunities for business creation or expansion arise when there is a mismatch between the products and services consumers are demanding and those that suppliers are providing. The MTA provides a tool to evaluate existing industry sectors and identify surplus and supply gaps.

The regional market provides competition for goods and services beyond municipal boundaries. When a product or service is unavailable locally, or at a lower cost or higher quality in a nearby community, consumers will travel outside the local market to transact business. In order to effectively evaluate the economic environment of a community, and identify opportunities for future economic development, the MTA incorporates a number of *cohort communities* into the analysis. Cohorts are communities of similar size, demographic composition, economic diversity, and/or geographic location that serve as bases of comparison for the community at the center of the MTA.

## **Social Media**

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

Some of the ways in which local governments utilize social media include:<sup>11</sup>

- Activities and Registration. Parks and recreation departments use social media to remind the community of upcoming activities and provide a means of registering for local events.
- Community-Building. Local governments work better when they have buy-in from the community. One way to improve the relationship between municipality and citizens is to build a sense of community pride by recognizing local business, sharing photos and stories about the community, and marketing local events.
- Crime Prevention and Police Assistance. Police departments are posting crime prevention tips, time-sensitive information such as Amber alerts, and using social media channels to seek information on wanted criminals.
- Economic Development. Many companies use social media to scope out communities as they look to build or relocate their business. Economic developers use social media to attract those

<sup>11</sup> Excerpted from *10 Ways Local Government Can Use Social Media*, 2015.



businesses to the area and build relationships with current ones. This is arguably the most important reason for local government to maintain an active social media presence.

- Emergency Alerts and Severe Weather Updates. Social media channels provide the fastest means by which municipalities can communicate important safety information to affected areas.
- Governmental Meetings. Posting schedules, agendas, and minutes for public review.
- Increase Traffic on Municipal Website. Social media posts help direct residents and business owners to important information posted on local governmental websites.
- Job Applications. With many municipal websites offering online job application, one or two posts on social media can increase the number of applications submitted.
- Public Service Announcements. Examples of public service announcements on social media include general health and safety tips, road construction schedules, and other important local information.

## **Economic Development Programs**

The following pages describe the current federal, state, and regional economic development programs and organizations that may aid in implementing its economic development plan.

### **Federal and State Programs**

#### [US Department of Agriculture – Rural Development Grant<sup>12</sup>](#)

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

#### [US Environmental Protection Agency – Revolving Loan Fund<sup>13</sup>](#)

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

#### [Wisconsin Economic Development Corporation<sup>14</sup>](#)

The Wisconsin Economic Development Corporation’s (WEDC’s) Community Development Investment Grant (CDIG) program helps transform communities by supporting local development unique to Wisconsin’s communities in Wisconsin. The CDIG supports urban, small city and rural community redevelopment efforts by providing financial incentives for shovel-ready projects with emphasis on, but not limited to, downtown community-driven efforts. Grants up to \$50,000 are available for planning

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<sup>12</sup> Excerpted from United States Department of Agriculture website, 2017.

<sup>13</sup> Excerpted from United States Environmental Protection Agency website, 2017.

<sup>14</sup> Excerpted from Wisconsin Economic Development Corporation website, 2017.



efforts, and grants up to \$500,000 are available for implementation projects. The program operates through a competitive process that occurs two to three times per fiscal year. Grant recipients must demonstrate significant, measurable benefits in job opportunities, property values and/or leveraged investment by local and private partners.

## **Regional and County Programs**

### **Southeast Wisconsin Regional Planning Commission (SEWRPC)<sup>15</sup>**

Economic development activities in southeastern Wisconsin are conducted by a variety of county and local economic and community development organizations. The Milwaukee 7 (M7) provides a regional, cooperative economic development platform for the seven counties in SEWRPC. The M7 mission is to attract, retain, and grow diverse businesses and talent through export driver industries and emerging business clusters; to strengthen the Region's capacity to innovate; and to enhance the competitiveness of the Region. SEWRPC serves as a resource through its staff, data, and plans to the County economic development organizations (EDOs) and the M7 as they seek to maintain and expand the regional economy. The M7 and SEWRPC also work directly with the Southeast Wisconsin Regional Economic Partnership (REP). The REP includes representatives from the seven county EDOs or staff, the City of Milwaukee, We Energies, M7, and SEWRPC. This group of practitioners operates on an informal basis, and predated the creation of the M7 organization in 2005. The REP meets regularly to coordinate economic development planning with SEWRPC, the M7, and the Wisconsin Economic Development Corporation (WEDC).

### **Walworth County Economic Development Alliance<sup>16</sup>**

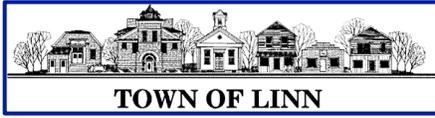
In November 2003, the Walworth County Board of Supervisors approved funding to support a modest economic development program, designed to take a comprehensive look at economic development throughout the County. One year later, Walworth County formed an Economic Development Advisory Committee (EDAC) consisting of representatives of each city, village, and town, as well as representatives from higher education, public utility and business. The purpose of EDAC was to engage each of the stakeholders in a discussion to determine the most appropriate way for Walworth County government to promote economic development. Following several strategic planning sessions and a study of Walworth County's economy, a consensus began to develop that an opportunity existed for Walworth County government to serve as the catalyst for public and private leaders to come together to support economic development through a single county-wide organization.

In late 2005, Walworth County Economic Development Alliance (WCEDA) opened its doors, and has since worked towards the strategic goals set out by the Economic Development Advisory Committee. WCEDA provides services that revolve around four distinct areas:

- **Business Retention.** WCEDA is dedicated to meeting with businesses throughout Walworth County and working with them to resolve issues that may cause them to consider relocating outside of the area.
- **Business Expansion.** To ensure that our local businesses have the resources necessary to begin an expansion process, WCEDA works with private and public sector partners on a regional and state

<sup>15</sup> Source: SEWRPC website, 2017.

<sup>16</sup> Source: Walworth County Economic Development Alliance website, 2017.



basis to provide assistance selecting suitable sites and buildings, aggregating state regional and local data, navigating the development process, as well as identifying and applying for financial resources and incentives.

- Business Attraction. WCEDA works to attract new job opportunities to Walworth County by marketing the various benefits available to businesses that locate in our local communities.
- Business Startup. In an effort to assist entrepreneurs in financing their business endeavors, WCEDA maintains a revolving loan fund designed specifically for companies with less than \$1 million in gross sales and fewer than 50 employees. WCEDA also assists startup businesses as they search for suitable space to set up operations.

## **Implementation Plan**

The goals, objectives, and policies related to economic development are presented in *Chapter 9: Implementation*.

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