

Economic Characteristics

This section summarizes key economic data about New Richmond and its business districts. This data is presented to provide background data on the health of the local and regional economy.

Personal Income Trends

Personal income trends over time provide an important measure of economic activity for a local area. Personal income consists of the income that is received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state and national trends, it provides an indication of how well the local area's economy is performing.

The graph below illustrates growth in personal income for the ten-year period ending 2000. Personal income in St. Croix County has grown from an index of 100 in 1990 to 206 in 2000. This represents a 106% gain over the decade. This compares to a 70% gain for both Wisconsin and the U.S. St. Croix County had enjoyed growth in Personal Income in part due to its proximity to the Minneapolis/St. Paul metropolitan area.

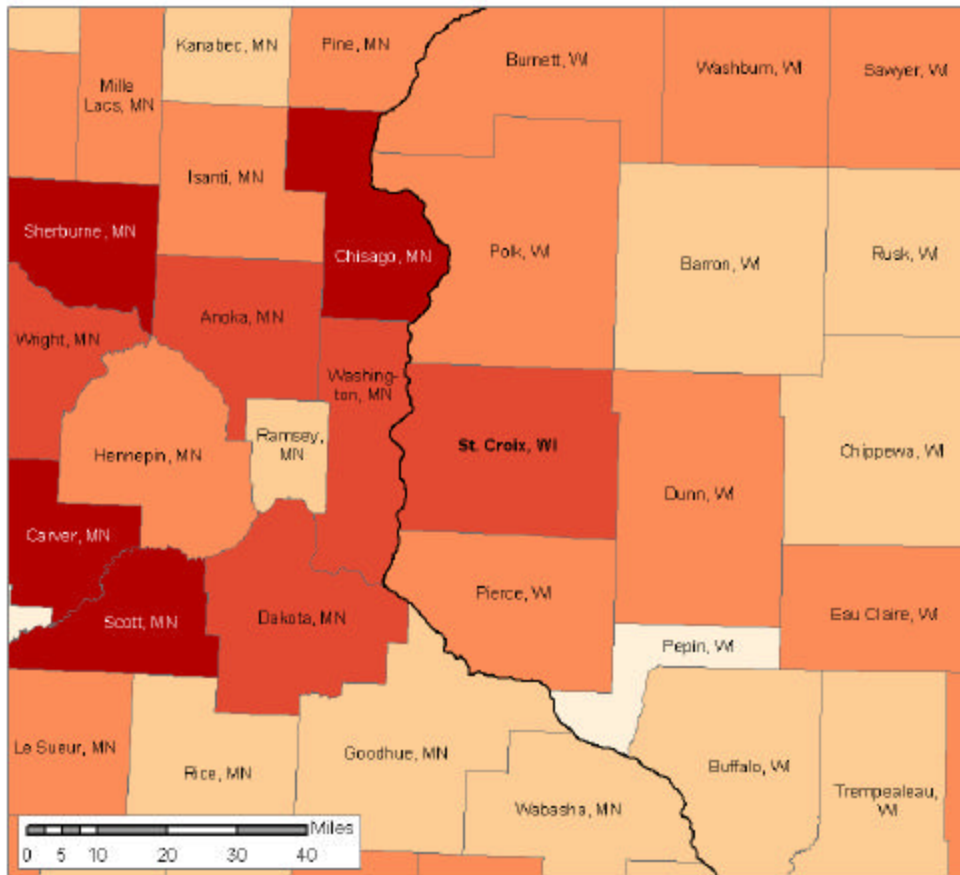
Growth in Personal Income, 1990-2000 (\$000,000)

Source: U.S. Bureau of Economic Analysis

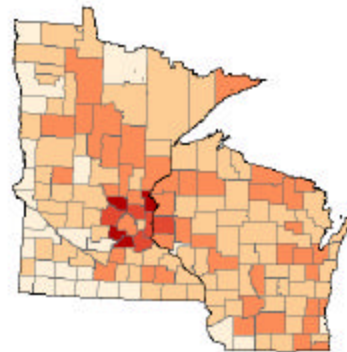
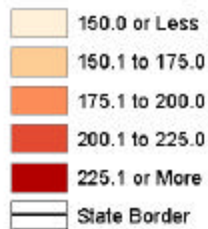
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
St. Croix	961	1,003	1,097	1,147	1,236	1,293	1,403	1,546	1,669	1,816	1,984
Growth Index	100%	104%	114%	119%	129%	135%	146%	161%	174%	189%	206%
Wisconsin	89,025	92,669	99,453	104,337	110,569	115,959	121,863	128,920	137,759	143,285	150,962
Growth Index	100%	104%	112%	117%	124%	130%	137%	145%	155%	161%	170%
U.S.	4,885,525	5,065,416	5,376,622	5,598,446	5,878,362	6,192,235	6,538,100	6,928,540	7,418,497	7,769,367	8,314,032
Growth Index	100%	104%	110%	115%	120%	127%	134%	142%	152%	159%	170%

The map on the following page illustrates the County's ten year income growth relative to other counties in the region. The high growth in St. Croix County is similar to other suburban and exurban counties around the Twin Cities.

St. Croix County Region Personal Income Index of Growth (1990 - 2000)



**Personal Income Index of Growth
(1990 to 2000 by County)**



Earnings Mix

While personal income trends relate to a community's relative economic health as a whole, the earnings in various sectors provide a snapshot of the industry mix in an area. Earnings include wage and salary disbursements, other labor income and proprietor's income (both farm and non-farm). These numbers can be related as individual numbers, or as a percentage to provide an understanding of the industry distributions. Furthermore, comparing the numbers for a local area to those of a larger area, such as an entire state, point to differences in the local economy that may be useful in subsequent market analysis steps. As with personal income trends, these figures are also available through the Bureau of Economic Analysis.

St Croix has experienced significant growth in manufacturing (from 26.9% to 31.0%), the largest sector in the County. This is opposite of the state trend that indicates a statewide decline in manufacturing (currently at 25.7%). The service sector has also grown significantly (from 19.0 to 21.3%). Construction has also grown significantly and is higher than the state percentage. However, farming has decreased over the ten-year period from 4.1% to .4% and government has dropped from 15.7% to 13.0%

Personal Earnings by Industry, 1990-2000

Source: U.S. Bureau of Economic Analysis

	St Croix County		Wisconsin	
	1990	2000	1990	2000
Farm earnings	4.1%	0.4%	1.8%	0.4%
Construction	6.7%	8.2%	5.9%	6.6%
Manufacturing	26.9%	31.0%	28.7%	25.7%
Transportation and public utilities	6.7%	5.6%	5.9%	5.9%
Wholesale trade	5.3%	3.8%	6.0%	6.1%
Retail trade	11.9%	11.5%	9.2%	9.0%
Finance, insurance, and real estate	3.0%	4.1%	5.6%	7.0%
Services	19.0%	21.3%	20.5%	24.3%
Government and government enterprises	15.7%	13.0%	15.5%	14.3%
Total Earnings by place of work	100.0%	100.0%	100.0%	100.0%

Major Private Employers

An analysis of local employers provides insight into the types of larger businesses in the area that may help draw customers to local businesses. Identifying these employers, their number of employees, and their locations may help in determining daytime employee populations for the trade area.

Presented below are the top ten employers in the county.

Top 10 Employers in St. Croix County

Source: WI Department of Workforce Development, ES-202 file tape, December 2001

Company	Product or Service	Size
County of St. Croix	Executive & general government	500-999
School District of Hudson	Education	500-999
New Richmond Public School	Education	250-499
Donaldson Co. Inc.	Industrial equipment: pollution controls	250-499
Phillips Plastics Corp.	Plastics products: injection molding	250-499
McMillan Electric Co.	Electrical equipment: capacitor motors	250-499
SIG Pack Inc.	Industrial equipment: packaging equipment	250-499
Erickson's Divers. Corp.	Food store: groceries	250-499
Arrow Precision Plastics Inc.	Plastics products: injection molding	250-499
Wal-Mart Associates Inc.	General merchandise store	250-499

New Richmond employers in the above list include the School District, SIG Pack, and Phillips Plastics. The St. Croix County Government listing includes all County employees. Of that total nearly 400 are employed at the Health Center complex in New Richmond. There are several large employers in New Richmond that are not on the list above. These include St. Croix Press/Parkwood, Federal Foam Technologies, Holy Family Hospital, Lakeside Canning and Wisconsin Indianhead Technical College. In addition there are several smaller employers whose workforce drives to New Richmond from nearby areas.

Out-Commuting from New Richmond

Just as employees come to New Richmond to work, a substantial number of New Richmond residents commute from New Richmond to other communities. Preliminary 2000 Census data show that 1385 New Richmond residents commute to work sites outside of St. Croix County. This represents 43 percent of the New Richmond employed workforce age 16 or older. The majority of the commuters (1151) travel to Minnesota. The remaining 234 commute to other counties in Wisconsin. The proportion of out-commuters from New Richmond has grown since 1990, when 30 percent of employed residents commuted to other counties within Wisconsin or Minnesota. Out-commuting represents the potential for retail and service sales "leakage" if commuters purchase goods and services in the community where they are employed.

Year	St. Croix Co.	Percent	Place of Work			
			New Richmond Employed Residents Age 16 and Over		Source: US Census	
			Minnesota	Percent	Other WI	Percent
2000	1779	56.2	1151	36.4	234	7.4
1990	1665	69.6	626	26.3	95	4.0

In-Commuter Economic Impact

Small communities with large employers often have a significant day-time population made up of commuters. These in-commuters offer the retail and service businesses in a community an additional market opportunity to generate sales.

Research by Steve Deller and Martin Shields suggests that sales are higher in regions with higher levels of in-commuting¹. Further, research by Gary Green points to significant dollars spent by commuters in their daily travels to and from work².

Significance of Commuter Spending

Commuter expenditures will vary based on commuter characteristics and their travel time to places of employment. Recent research by Green highlights the significance of commuter spending in Kenosha County. During the summer of 2001, a sample of Kenosha County workers who were employed outside of the county were studied. The average weekly costs of commuting (primarily vehicle costs) from this particular county are presented below:

Gasoline	\$24.86
Maintenance/Repairs	\$ 4.10
Tolls	\$ 2.30
Other	<u>\$ 2.05</u>
Total Commuting	\$33.31

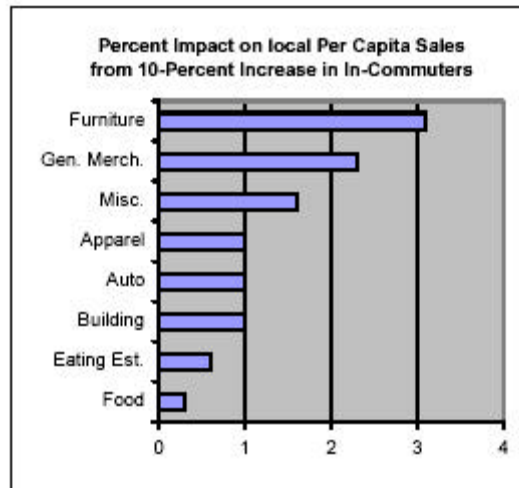
In addition, commuters spent a significant amount each week on retail and other expenses as presented below. These expenditures total over \$75 per commuter per week or \$3,500 per year.

Groceries	\$16.83
Restaurants	\$17.68
Retail Purchases	\$34.13
Other	<u>\$ 7.08</u>
Total Retail/Services	\$75.88

These expenditures point to significant expenditure leakage from a commuter's home community. Further, grocery, restaurant and retail expenditures, together, were almost three times greater than gasoline expenditures.

Distribution of Commuter Expenditures

Research by Steve Deller and Martin Shields using county-level sales data for Wisconsin has shown statistically significant relationships between the number of in-commuters and retail spending in eight out of ten general retail categories as presented in the chart below². The only exceptions were drug stores and, surprisingly, gas stations (not presented in the chart). The percentage increase in local per capita sales (of host community resident population excluding commuters) due to a 10 percent increase in number of in-commuters varied from 0.3 percent (food) to 3.1 percent (furniture). The following chart illustrates which retail categories in a community benefit most from in-commuting according to this study.



While this chart will probably look different from community to community, it does indicate that commuters can have an impact on more than just food (groceries) and eating establishments. In fact, furniture and general merchandise stores can also capture in-commuter dollars.

Capturing In-Commuter Expenditures

The magnitude of spending that a community can capture from in-commuters depends on whether commuters are prone to spend their money near their place of work or near their residence. For many products and services, the factors that influence a commuter's decision on where to shop are based on convenience and minimizing drive-time. Factors include:

- Availability of specific retail and service businesses in the host community that may not be available in the commuter's home community;
- Location on key commuting routes and on the appropriate side of road during drive time;
- Clear visibility of the business;
- Traffic speed, traffic lights and dedicated turn-lanes that help the commuter access a site;
- Convenient hours during primary commuting hours (early morning, late afternoon);
- Drive-through windows (banks, dry cleaners, take-out food, pharmacies, etc.);
- Chain affiliation that has an appeal and is recognized by out-of-town commuters;
- Convenient parking that allows commuters to park in sight of the door; and,
- A critical mass of other businesses that make a stop more convenient for the commuter.

It is important to remember that not all commuters are the same. The demographics and lifestyles of in-commuters will dictate what they will buy. As with any consumer segment, business operators must always pay attention to their building's appearance, management and personnel, and overall service.

Finally, expansion or development of retail and services for commuters does not necessarily require highway strip development on the edge of town. In fact, in-fill locations closer to the center of the host community or even walking distance to places of employment offer commuters the opportunity to make their purchases before (or after) they embark on their commute.

Sources:

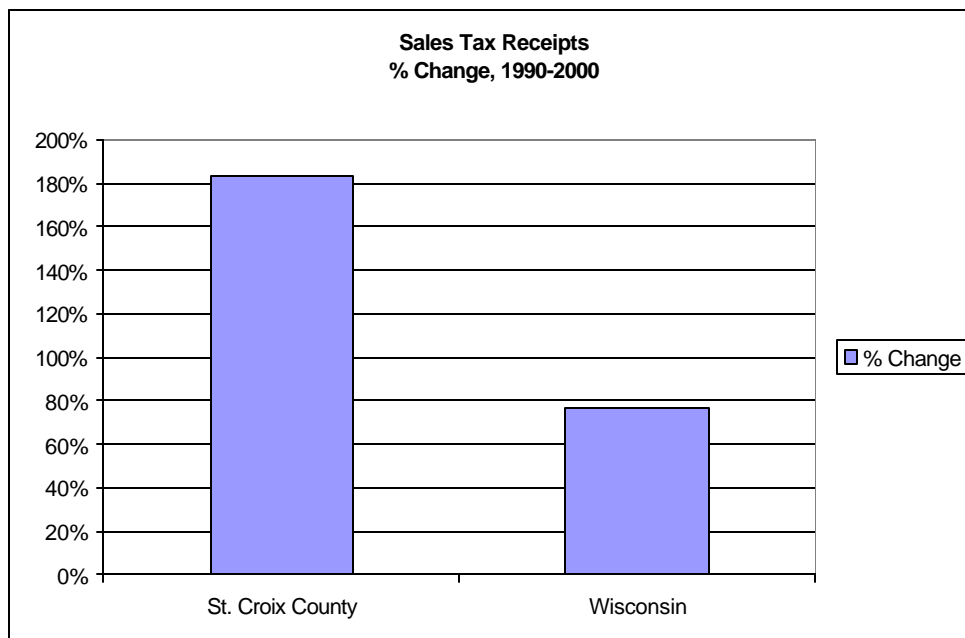
1. Martin Shields and Steven C. Deller, "Commuting's Effect on Local Retail Market Performance." Review of Regional Studies 28(2), 1998,: 71-79
2. Green, Gary P., "Kenosha County Commuter Study", Department of Rural Sociology, University of Wisconsin-Madison, 2001

Sale Tax Trends

Understanding economic development trends entails an analysis of the strengths and weaknesses of the existing retail market. By understanding the performance of the local retail market, local leaders and development practitioners can foster a more conducive environment for retail business development.

While a wide range of data are available, such as the U.S. Census of Retail Trade and a number of private data firms, one of the best sources of information is generally drawn from sales tax receipts. Given that Wisconsin law allows counties to adopt a local option sales tax, detailed and timely data for St Croix County is available for analysis.

The graph below illustrates the ten-year (1990-2000) growth in retail sales in St. Croix County and the state of Wisconsin as represented by sales tax receipts. The County's sales tax receipts (based on the .5% county sales tax collections increased 184% over the ten year period while the state (based on the 5.0% state sales tax) increased only 77%



Traffic Data

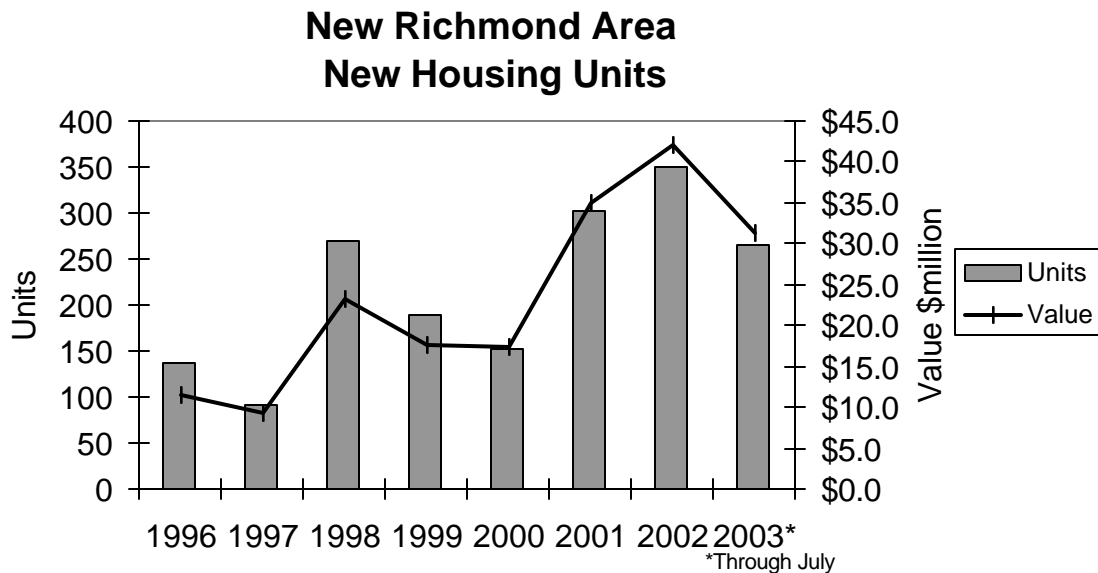
Highway traffic volume provides an important indicator of market potential for a community's business districts. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive.

Data provided by the Wisconsin Department of Transportation's *Wisconsin Highway Traffic Volume Data* is presented in the following map. It presents average daily traffic volume in 2000 for various locations throughout the city. The highest volumes were recorded along Highways 65/64 on Knowles Avenue. 14,000 - 19,000 vehicles per day traveled Knowles Avenue between County GG to the south and Industrial Blvd to the north.

Housing Starts

Trends in real estate development including housing construction provide another indicator of the economic health of New Richmond. The U.S. Census Bureau reports construction statistics by place on new privately owned residential housing units authorized by building permits. The chart and table below summarize the annual number and value of new residential housing units in the New Richmond Area. Data is combined from the City of New Richmond, Town of Richmond, Town of Stanton, Town of Star Prairie, and Village of Star Prairie.

The past seven years shows a significant number of housing starts in the immediate New Richmond area, with 303 starts in 2001. Full year 2003 data is not complete, but may exceed the prior year levels.



New Richmond Area New Housing Construction

<u>Year</u>	<u>Units</u>	<u>Value</u>
1996	136	\$11,500,000
1997	92	\$ 9,300,000
1998	269	\$23,200,000
1999	189	\$17,700,000
2000	152	\$17,300,000
2001	303	\$35,000,000
2002	350	\$42,000,000
2003*	265	\$31,300,000

*Through July

Source: www.census.gov/const/www/permitsindex.html