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AN ECONOMIC IMPACT ANALYSIS OF ENVISION GREATER FOND DU LAC

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Introduction

Envision Greater Fond du Lac was formed in 2017 as the result of a merger of two long standing organizations: the Fond du Lac Association of Commerce (AC) and the Fond du Lac County Economic Development Corporation (FCEDC). Since then, Envision Greater Fond du Lac (Envision) has served Fond du Lac County as the voice of business and a centralized, full- service stop for business start-ups, expansions, and attraction.

As Envision enters its eighth year, we wanted to inform our members, investors, and community about the actual, cumulative economic impact of previously implemented projects. It's important to know the effects of better paying jobs in industries offering greater stability and future income growth opportunities. And while the impact is profound, it is also important to note that this study cannot measure, which is the positive social, environmental, or cultural impacts from these projects.

Systemic, well-designed, and implementable research is the most effective way to capitalize on the many opportunities available to Fond du Lac County. We are committed to remaining a catalyst for economic growth.

Sincerely,

Sadie Howell
President/CEO
Envision Greater Fond du Lac

Executive Summary

The economic impact of Envision Greater Fond du Lac and its economic development activities between 2017 and 2023 generated:

- \$282 million in direct, indirect, and induced economic impact.
 - 2,800 created and supported jobs.
 - \$116.6 million in wages and benefits.
 - \$26.8 million in federal, state, and local tax revenue.

Project Scope

The first aspect of an economic impact analysis that needs to be resolved is how to define its scope. Since an impact is based on the definition of a regional economy, we need to begin by discussing where and when the project has been grounded.

We know that the Envision Greater Fond du Lac (Envision) defines its market as both Dodge and Fond du Lac County. This is the current alignment of the organization's market, but it has not always been so. As such, the analysis considers economic development activities in both counties independently. We have adjusted the impact model to account for this market definition, where possible, and have explained why the county is the appropriate level of analysis elsewhere.

The project team has also defined its study period of 2015 to 2023. The eight-year scope predates the formation of the organization but reflects several catalytic projects that the Fond du Lac County Economic Development Corporation was engaged in previously. It also coincides with the current inventory of outstanding loans in the Fond du Lac County Capital Resources (FCCR) Fund as of February 2024.

It is also important to note here that there are several activities that are not incorporated into the analysis, either because information was incomplete or because the activity merely replaces existing activity. The list of projects also only includes those identified by Envision staff as projects where the organization played a significant role. The analysis also incorporates projects that received Community Development Investment (CDI) grants from the Wisconsin Economic Development Corporation (WEDC). As such, the analysis considers the impact of all activities that received some form of local or state assistance. Similarly, it is important to note here and will repeat when discussing methodology, that an impact analysis only considers discrete activities related to a development, such as construction, design, or equipment purchases. In the case of an organization, this also extends to their expenses. However, the impact is restricted to that year and does not include impacts from employment that may persist once the development is complete. These are estimated independently, and the report includes any reported new job

creation or retention.

Project Methodology

It is important to define several terms in analyzing the economic impact of Envision Greater Fond du Lac. First, when we refer to economic impact, we mean the increase in spending and employment that occurs because of a new project or an organization's presence in a market. Second, when an economic impact analysis is performed, it models the inputs and outputs of a regional economy to produce an economic multiplier, or measure of the increase in activity because of some investment. Finally, when we review the results of an economic impact analysis, it is important to distinguish between direct impacts, which is actual spending, indirect impacts, which is spending by a business's customers or vendors, and induced impacts, which is the result of employee spending. Each of these have disparate effects on the regional economy. It is also important to note that not all spending is captured within a region and spillover is included in the economic multiplier estimation.

The economic impact analysis project has proceeded in two stages. First, the project team worked with Sadie Howell, Envision's President and CEO, and Lisa McArthur, Vice President of Economic Development, to identify those active projects in the Fond du Lac County Capital Resources (FCCR) Fund along with detail on the total project budget and when most of the work was completed. This data was entered into an economic impact model specified on the IMPLAN platform (www.implan.com). The IMPLAN model is considered an industry-leading platform and is used by economic developers throughout North America to assist in forecasting and site selection.

Second, the project team connected with Jonathan Bartz with WEDC to obtain the most recent inventory of CDI activity. This was estimated independently as is indicated in the report as no projected employment data was provided.

Each of these projects was classified by project type and industry, grouped by year, and each year's economic impact was estimated independently.

Finally, the project team compiled economic impact estimates for each year of the analysis. These are summarized below following a discussion of the project inventory included.

Project Inventory

The projects included in the economic impact analysis come from two main sources. The first is FCCR and includes all loans that have been active since 2015, some of which predate Envision’s founding in 2017. This includes thirty-six projects with a total capital investment of \$204.3 million and 1,168 jobs either created or retained. In the interest of the financial privacy of businesses, we have indicated industry type in the following table.

Industry	Total Capital Expenditure	Total Loan Amount	Total Jobs Created/Retained
Retail Bakery	\$438,000	\$60,000	7
Farm Equipment Supplier	\$399,500	\$100,000	5
Insurance Agency	\$45,500	\$20,000	2
Appliance Manufacturer	\$112,000,000	\$6,750,000	164
Medical Supplier	\$1,600,000	\$300,000	93
Playground Equipment Manufacturing	\$3,545,000	\$800,000	224
Playground Equipment Manufacturing	\$2,700,000	\$300,000	14
Bar and Grill	\$652,000	\$120,000	20
Bar and Grill	\$876,182	\$40,000	33
Multi-Family Residential Development	\$410,000	\$125,000	14
Coronavirus Loans		\$280,000	
Farm Equipment Supplier	\$650,000	\$125,000	11
Dairy Farm	\$512,000	\$20,000	1
Convenience Store and Gas Station	\$3,748,950	\$250,000	35
Organic Farming	\$1,687,700	\$150,000	20
Hotel Project	\$7,500,000	\$185,000	22
Hotel Project	\$25,000,000	\$1,150,000	50
Warehousing and Logistics	\$230,000	\$50,000	125
Warehousing and Logistics	\$2,622,000	\$329,700	20
Early Childhood Education	\$352,450	\$75,000	17
Food Equipment Manufacturer	\$2,826,600	\$400,000	36
Full-Service Restaurant	\$150,000	\$15,000	5
Office Redevelopment	\$2,310,000	\$200,000	10
Metal Supplier	\$20,000,000	\$4,300,000	36
Building Supplier	\$225,000	\$30,000	7
Building Supplier	\$195,000	\$50,000	27
Maintenance and Repair	\$147,100	\$24,200	2
Grocery Store	\$755,000	\$70,000	56
Building Supplier	\$1,632,000	\$175,000	6
Retail Redevelopment	\$1,634,562	\$200,000	25

Retail Redevelopment	\$6,477,203	\$230,000	44
Tool and Die Machinist	\$300,000	\$910,000	19
Pet Supplies and Grooming	\$264,500	\$15,000	1
Full-Service Restaurant	\$349,000	\$20,000	5
Personal Fitness	\$1,930,546	\$41,246	6
Bar and Grill	\$124,000	\$35,000	6

The second source of data comes from WEDC and includes all Community Development Investment grants awarded to projects in Dodge and Fond du Lac County.

Project	Award Date	Location	County	Planned Cost
Retail Redevelopment	29-Jun-22	City of Waupun	Dodge	\$536,858
Vibrant Spaces Grant	31-May-23	City of Waupun	Dodge	\$90,002
Hotel Redevelopment	23-Jul-14	City of Fond du Lac	Fond du Lac	\$1,877,982
Hotel Redevelopment	09-Apr-18	City of Fond du Lac	Fond du Lac	\$1,255,000
Multi-family Residential Redevelopment	26-Oct-18	City of Fond du Lac	Fond du Lac	\$394,417
Organic Farming Expansion	26-May-20	City of Ripon	Fond du Lac	\$762,029
Craft Brewery Redevelopment	17-Apr-23	City of Ripon	Fond du Lac	\$1,459,584
Vibrant Spaces Grant	04-May-23	City of Ripon	Fond du Lac	\$100,000

The reader may note that several projects are included on both lists. In these instances, the higher of the two project values was included as it encompasses total project costs.

Finally, the analysis includes three projects detailed by Sarah Van Buren, Director of Business Intelligence through previous economic impact analyses. These include the development of an oilseed processing co-op in Waupun, a spec-built industrial development in North Fond du Lac, and the potential adaptive reuse of the Shopko store in Waupun. Estimated expenses were included in the year that the analysis was performed.

Economic Impact Analysis Results

The tables below present the total employment, labor income, value added, and total output estimates by year, including a separate estimate of activities in Dodge County. The table presents a direct, indirect, and induced estimate for each of the categories.

		Employment	Labor Income	Value Added	Output
2015	Direct	1	\$ 89,033	\$ 126,431	\$ 300,000
	Indirect	0	\$ 21,630	\$ 37,366	\$ 64,769
	Induced	0	\$ 15,977	\$ 28,615	\$ 50,226
2017	Direct	746	\$ 58,310,489	\$ 64,803,188	\$ 115,266,452
	Indirect	71	\$ 4,214,131	\$ 6,807,788	\$ 13,115,348
	Induced	203	\$ 8,823,934	\$ 15,961,137	\$ 27,989,289
2018	Direct	239	\$ 18,807,949	\$ 24,313,678	\$ 48,511,500
	Indirect	46	\$ 2,572,203	\$ 4,272,452	\$ 7,725,686
	Induced	64	\$ 2,898,999	\$ 5,319,229	\$ 9,323,502
2019	Direct	10	\$ 771,738	\$ 1,128,538	\$ 2,393,917
	Indirect	3	\$ 167,996	\$ 293,576	\$ 510,032
	Induced	3	\$ 134,950	\$ 251,559	\$ 436,992
2020	Direct	36	\$ 2,754,139	\$ 3,257,379	\$ 6,317,329
	Indirect	6	\$ 374,392	\$ 557,911	\$ 1,059,861
	Induced	9	\$ 449,141	\$ 801,145	\$ 1,372,569
2021	Direct	158	\$ 12,464,965	\$ 13,977,176	\$ 26,591,010
	Indirect	24	\$ 1,506,858	\$ 2,407,066	\$ 4,587,909
	Induced	39	\$ 1,862,574	\$ 3,463,326	\$ 5,901,173
2022	Direct	4	\$ 312,583	\$ 362,706	\$ 701,450
	Indirect	1	\$ 40,398	\$ 71,732	\$ 129,816
	Induced	1	\$ 48,074	\$ 93,020	\$ 154,408
Dodge County 2022	Direct	43	\$ 3,597,658	\$ 5,087,830	\$ 19,206,898
	Indirect	21	\$ 1,182,122	\$ 1,905,104	\$ 3,967,905
	Induced	9	\$ 384,621	\$ 784,494	\$ 1,356,037

It is important to note that the estimates vary widely by year, with the greatest employment effects noted in 2017 and 2018, which coincides with the three largest capital investment projects during the study period. However, it is more impactful to consider the totality of these impacts, which is summarized below.

	Employment	Labor Income	Value Added	Output
Direct	1,238	97,108,554	113,056,926	219,288,556
Indirect	173	10,079,730	16,352,995	31,161,327
Induced	329	14,618,270	26,702,525	46,584,196
Total	1,668	\$ 116,642,153	\$ 148,335,017	\$ 272,503,240

We see that construction and renovation projects funded in part by Fond du Lac County and WEDC generated a total of \$272,503,240 in economic output and supported 1,688 jobs over this period. This impact also includes nearly \$117 million in labor income, suggesting that the jobs created pay an average of nearly \$70,000 per year. We will examine the specific employment effects in a later section, but it is notable that the labor income estimate is above the county's annual average wage.

If we add the estimated job creation and retention data from the FCCR ledger, we find that the development activities in the region supported more than 2,800 jobs during this period.

We will next consider the fiscal, or tax effects of this development activity. This is summarized in the two charts below.

	Impact	Local General	Local Special District	County	State	Federal	Total
2015	Direct	\$ 242.72	\$ 426.32	\$ 285.64	\$ 3,178.59	\$ 17,120.08	\$ 21,253.35
	Indirect	\$ 598.35	\$ 1,050.96	\$ 704.15	\$ 2,543.00	\$ 4,872.96	\$ 9,769.42
	Induced	\$ 372.60	\$ 654.45	\$ 438.49	\$ 1,662.41	\$ 3,623.15	\$ 6,751.11
2017-2018	Direct	\$ 112,468.53	\$ 200,121.18	\$131,625.10	\$2,043,714.79	\$11,957,180.05	\$14,445,109.65
	Indirect	\$ 123,772.93	\$ 218,916.73	\$145,375.25	\$ 580,195.70	\$ 1,312,684.05	\$ 2,380,944.65
	Induced	\$ 256,063.58	\$ 452,824.66	\$300,784.03	\$1,111,845.78	\$ 2,103,510.25	\$ 4,225,028.29
2019	Direct	\$ 2,540.44	\$ 4,045.74	\$ 2,823.38	\$ 30,857.07	\$ 137,255.31	\$ 177,521.93
	Indirect	\$ 5,165.15	\$ 8,225.80	\$ 5,740.50	\$ 21,654.16	\$ 35,032.95	\$ 75,818.57
	Induced	\$ 3,420.51	\$ 5,447.35	\$ 3,801.51	\$ 15,264.06	\$ 28,411.87	\$ 56,345.31
2020	Direct	\$ 37,443.20	\$ 53,326.79	\$ 39,400.75	\$ 28,693.11	\$ 609,314.46	\$ 768,178.30
	Indirect	\$ 10,857.12	\$ 15,462.70	\$ 11,424.69	\$ 44,053.86	\$ 36,173.99	\$ 117,972.35
	Induced	\$ 16,290.24	\$ 23,200.54	\$ 17,141.83	\$ 63,912.69	\$ 37,862.04	\$ 158,407.34
2021	Direct	\$ 4,704.96	\$ 65,955.06	\$ 46,869.24	\$ 171,329.27	\$ 2,442,367.06	\$ 2,731,225.60
	Indirect	\$ 40,103.85	\$ 59,166.08	\$ 42,044.82	\$ 172,766.82	\$ 257,434.20	\$ 571,515.78
	Induced	\$ 53,820.04	\$ 79,401.87	\$ 56,424.86	\$ 235,109.51	\$ 331,252.92	\$ 756,009.20
2022-2023	Direct	\$ 696.41	\$ 1,028.79	\$ 739.83	\$ 10,465.62	\$ 64,371.58	\$ 77,302.22
	Indirect	\$ 1,016.30	\$ 1,501.37	\$ 1,079.67	\$ 4,957.96	\$ 9,269.86	\$ 17,825.16
	Induced	\$ 1,220.40	\$ 1,802.90	\$ 1,296.51	\$ 6,124.39	\$ 11,439.16	\$ 21,883.37

Readers will note two differences between the economic impact and tax effects tables. First, tax data for 2017 and 2018 was aggregated to reconcile the impact of a large manufacturing expansion project. Projects in 2022 and 2023 were similarly aggregated due to the lack of calendar year 2023 data at the time of analysis.

The total tax effects of the region’s development activity is summarized in the table below.

	Local General	Local Special District	County	State	Federal	Total
Direct	\$ 158,096.27	\$ 324,903.88	\$221,743.94	\$ 2,288,238.45	\$ 15,227,608.53	\$ 18,220,591.05
Indirect	\$ 181,513.70	\$ 304,323.63	\$206,369.08	\$ 826,171.50	\$ 1,655,468.01	\$ 3,173,845.92
Induced	\$ 331,187.37	\$ 563,331.77	\$379,887.23	\$ 1,433,918.84	\$ 2,516,099.40	\$ 5,224,424.61
Total	\$ 670,797.34	\$ 1,192,559.28	\$808,000.24	\$ 4,548,328.79	\$ 19,399,175.94	\$ 26,618,861.59

We see in sum that the development activities during this period returned an estimated \$1.9 million in local taxes, \$800,000 in county taxes, \$4.6 million in state, and \$19.4 million in federal taxes. This includes sales tax revenue on materials and other employee spending, local and county property taxes, and income tax receipts. It is again important to note that the impact model solely considers the impact of the construction activity that has occurred rather than the formation or persistence of the businesses affected.

	Local General	Local Special District	County	State	Federal	Total
Direct	\$ 10,060.62	\$ 10,289.46	\$ 10,570.39	\$ 124,988.00	\$ 754,841.00	\$ 910,749.48
Indirect	\$ 7,651.51	\$ 7,825.55	\$ 8,039.21	\$ 61,311.34	\$ 251,554.45	\$ 336,382.06
Induced	\$ 12,101.11	\$ 12,376.36	\$ 12,714.28	\$ 51,148.70	\$ 89,358.59	\$ 177,699.04
Total	\$ 29,813.24	\$ 30,491.37	\$ 31,323.88	\$ 237,448.05	\$ 1,095,754.05	\$ 1,424,830.58

The table above shows the specific tax impacts for activities in Dodge County. This results in more than \$1.4 million in new tax revenue with \$61,000 in new local and \$31,000 in new county revenue. It is important to note that all of the development activities included in the impact model occurred in 2022 and 2023, suggesting that this may be a conservative estimate of fiscal return.

One other important note to consider is that the impact model does not account for any potential tax abatements such as Tax Increment Financing (TIF) or historic preservation, but does consider the state’s manufacturing sales tax exemption, for example. As such, this is an estimate of potential tax revenue rather than actual receipts.

We will finally consider the employment effects of the modeled development activities. These are detailed in the table below.

Industry	Direct	Indirect	Induced	Total
51 - Construction of new manufacturing structures	1,082	-	-	1,082
55 - Construction of new commercial structures, including farm structures	260	-	-	260
60 - Maintenance and repair construction of nonresidential structures	151	1	1	153
103 - All other food manufacturing	40	0	-	40
490 - Hospitals	-	-	29	29
509 - Full-service restaurants	-	3	23	25
510 - Limited-service restaurants	-	1	25	25
417 - Truck transportation	-	21	4	25
405 - Retail - Building material and garden equipment and supplies stores	-	20	3	23
447 - Other real estate	-	11	9	21
483 - Offices of physicians	-	-	19	19
493 - Individual and family services	-	-	17	17
521 - Religious organizations	-	-	16	16
411 - Retail - General merchandise stores	-	1	14	15
406 - Retail - Food and beverage stores	-	0	15	15

In sum, we see that most of the created or retained employment is engaged in construction activities. This includes more than 1,300 construction jobs and an additional 150 jobs which include trades and repair activities. The balance of employment is engaged in activities to support specific projects, including building materials suppliers and real estate offices and those that support the engaged workers, including restaurants and health care. This includes a mix of temporary and permanent roles. It is important to note that these estimates are independent of the FCCR created and retained employment estimates. As such, we find that the development activities that occurred over the past eight years have supported a wide array of industries.

Conclusion – Placing Impact in Context

The analysis of the economic impact of development activities in Dodge and Fond du Lac Counties, supported by Envision Greater Fond du Lac and WEDC, from 2018 to 2023, finds that this activity generates more than \$272 million in added output, \$26.8 million in tax revenue, and creates or retains more than 2,800 jobs. Each of these figures is significant and speaks to the extent of Envision’s influence. However, they are not inclusive of all growth throughout the region. For example, the Wisconsin Department of Revenue recorded \$95.5 million and \$128.2 million in net new construction in Dodge and Fond du Lac County respectively in the past year.

It is important to note that many construction projects do not require economic development assistance but nonetheless benefit from the presence of economic development organizations such as Envision. It is impossible to estimate the impact of the reputational benefits that are afforded by their presence, but the impact estimates presented here do lend credence to their influence.

Rather, we can consider the return on investment that the organization provides to the community. It is estimated that Envision Greater Fond du Lac generate 35:1 return on investment based on their \$1.1 million (overall operating budget of Envision Greater Fond du Lac is \$1.9 million) economic development budget. This again reinforces the catalytic role that the organization plays throughout the region.