

Chapter 9: Economic Development

Key Economic Development Issues

Economic Development Trends

Community Assessment

Economic Development Programs and Partnerships

Objectives and Policies



Economic development is a critically important function for the City of Appleton. Without a strong tax base, there is insufficient revenue to make the types of investments successful communities require, including investments in education, transportation, safety, clean water, and a thriving downtown. The Economic Development Chapter provides a framework for public investment in economic development activities consistent with the overall goal of “pursuing economic development that brings good jobs to the area and supports the vitality of its industrial areas, downtown, and neighborhood business districts.”

Key Accomplishments

- ThedaCare Regional Cancer Center represents \$44M investment in a building expansion project on East Capitol Drive east of Ballard Road south of interstate 41. The project was completed in 2016.
- Neenah Papers invested over \$70M in a new building, new equipment, and existing building renovations over the period 2015-2016.
- Woolen Mill Lofts (60 units planned) will convert a vacant, century-old woolen mill into a mix of market rate and affordable housing.
- RiverHeath (41 housing units; 36 additional units under construction): RiverHeath is located in downtown Appleton, Wisconsin, on the Fox River just below the College Avenue bridge. A \$12M, 95-room Courtyard by Marriott hotel is also planned at Riverheath.
- Union Square (50 units): Union Square, which opened winter 2015, is an affordable living community of 2 and 3 bedroom apartment homes and 3 bedroom townhomes.
- Eagle Flats (124 units): The Eagle Flats development is a multiphase development located just south of Appleton's downtown. Riverwalk Place (70 units) and the Landing (54 units) are already constructed; additional construction is planned.
- The City's Northeast Business Park, over 660 acres, has sold out of lots remaining in City ownership. This business park opened in 1959 with the first land sale to Ray-O-Vac.
- The Fox Cities Exhibition Center is planned to be constructed in 2017. The center is expected to draw many people to the Fox Cities and generate an average of \$6.5 million in new visitor spending to the Fox Cities each year.

Economic Development Trends

Several emerging trends will help to shape Appleton's future economy and the economic development programs and policies the City employs to ensure its vitality. This discussion is meant to evaluate long-term trends rather than simply the current economic situation.

Globalization

Supported by low shipping costs, favorable trade agreements, and advancements in telecommunications, an ever-increasing number of products are flowing freely across national borders. While this has expanded markets for some products, it has also made some Appleton-area industries, such as paper and machinery manufacturing, vulnerable to low-wage foreign competition.

Among those manufacturers who seek to be competitive while maintaining their local production facilities, the prevailing strategy has been to focus on market niches or to attempt to substitute technology for labor in an effort to boost productivity. This presents a challenge for economic development programs. Many of the tools available for business assistance are based on federal and state programs that have job creation requirements as a condition of eligibility. A business



that is investing in new production technology may not be creating jobs, and may in fact be eliminating some in order to remain competitive. This can leave local economic development organizations with few tools to assist companies looking to make such investments.

Running counter to globalization, there has been a growing push to “buy local” from both business and consumer groups. Whether aimed at consumers buying locally-made products from locally-owned stores, or businesses purchasing goods and services from local suppliers, the idea is to maintain as much money as possible within the local economy.

Manufacturing vs. Services

Primarily because of the well-publicized loss of jobs, there is a general perception that manufacturing has been in a long-term decline in the United States. This is true of some segments of the sector, but not all. Overall, manufacturing output has increased due to productivity gains, even while aggregate manufacturing employment has shrunk. Among those sectors that are declining or threatened, the challenges faced by American manufacturers may be attributed to competition or to structural changes, or both. Printing is a locally-important industry that is to some extent being supplanted by electronic media. Machinery manufacturing has proven to be susceptible to low-cost foreign competition. Paper manufacturing faces both concerns – declining demand along with competition from Asian countries. However, despite these headwinds, manufacturing continues to play a strong role in the Appleton economy, with overall manufacturing output as measured by real GDP remaining steady over the past decade.

Service employment overtook manufacturing and has been seen as the source of future job growth in the United States. Once thought to be secure from foreign competition, services have now begun to be “off-shored” in the same way that manufacturing jobs were twenty years earlier.

Creative Economy

In the 1990’s a researcher by the name of Richard Florida put forward the idea that future economic growth would be largely attributed to a “creative class” of people who comprise a knowledge-based, instead of product-based economy. The creative class does include the artists that are frequently mentioned, but it is largely made up of professions such as engineers, designers, writers, programmers, scientists, and others. Other work by Florida has demonstrated that a critical subset of the creative class is that comprised of fine, performing, and applied artists. His “Bohemian index”—the share of employment in arts occupations—is strongly associated with new firm formation and high-tech specialization in metropolitan areas.

People in these occupations are drawn to a handful of places. The presence of major research facilities is one factor in determining where these places will be, but other considerations include quality of life amenities that may include natural features or offer a vibrant urban lifestyle. The City of Madison is one Wisconsin community often cited as a magnet for the creative class, but the U.S. Department of Agriculture’s Economic Research Service has prepared county-level data that show several other Wisconsin places as leading creative class destinations. The following table contains data on county rankings among all of the



Figure 1 In 2016, Pulse Young Professionals Network organized the Fox Cities first night market.

United States and Wisconsin Counties, for both their share of overall creative class employment and for their share in the arts-related subset.

Creative Class County Rankings, 2000 and 2010

	Creative Class Rank - US			Creative Class Rank - Wisconsin		
	2000	2007-2011	Change	2000	2007-2011	Change
Outagamie County	507	701	-194	7	14	-7
Winnebago County	586	667	-81	13	11	+2
Calumet County	783	502	+281	19	7	+12
	Arts-Related Rank - US			Arts-Related Rank - Wisconsin		
	2000	2007-2011	Change	2000	2007-2011	Change
Outagamie County	648	1121	-473	21	28	-7
Winnebago County	266	592	-326	4	11	-7
Calumet County	784	949	-165	28	21	+7
<i>Source: U.S. Department of Agriculture, Economic Research Service, share of total county employment in creative occupations and in arts occupations</i>						
<i>US ranking is based on 3,136 counties; Wisconsin ranking is based on 72 counties</i>						

The data in this table indicate that the three counties in which Appleton lies are all in the top 50% of counties for creative class and arts-related employment in the country and the State.

In response to these theories of economic growth, many communities have prepared economic development strategies that attempt to create an environment that is attractive to creative class workers. This usually takes the form of promoting vibrant mixed-use neighborhoods, parks and other recreational facilities, cultural venues, and other urban amenities.

With both a well-established arts, culture, and entertainment scene, as well as an emerging nationally recognized music scene, Appleton is well positioned to retain and attract innovative, creative workers.

Entrepreneurship

Economic development is increasingly focused on promoting entrepreneurship. The 2016 Kauffman Growth Entrepreneurship Index, an indicator of how much entrepreneurial businesses are growing, rose in 2015 for the third year in a row, suggesting that business growth has largely recovered from its Great Recession slump. Several facts may suggest a coming surge in entrepreneurial activity.

- The population is aging, and contrary to popular belief, the highest rates of entrepreneurship are among those people between the ages of 55 and 64.
- The 20-34 age bracket has the lowest rate of entrepreneurial activity.
- Business formation rates are also higher among recent immigrants.

Common practices adopted to encourage entrepreneurship include facilitating networking and collaboration, improving access to financing, providing training and education, offering supportive services such as incubators and technical assistance, and adopting favorable public policies. Most of the entrepreneurial programs that have been created are focused on a set of targeted industry sectors, such as high technology, manufacturing, or in some cases retail businesses.

The most common entrepreneur, however, is a solo individual often starting a business within their own home. This includes a group of people recently termed “pajama entrepreneurs” or “third bedroom entrepreneurs”, who leverage their expertise to provide design, business and technical consulting, business management, and other services.



As mentioned above, the highest rates of entrepreneurship are among those people between the ages of 55 and 64. Other common entrepreneurs may include those 65 years and older. They represented 12.9% of the U.S. population in 2010. By 2030, their number will reach about 72.1 million, more than twice their number in 2000. People 65+ represented 12.4% of the population in the year 2000 but are expected to grow to be 19% of the population by 2030.¹ Many seniors over 50 are looking to reboot their careers and lives.²

A different set of programs may be needed to foster development of this group. The few programs targeting these entrepreneurs focus on helping them get additional work, providing business support services, and providing locations where they can conduct business functions, including amenities such as broadband access, meeting rooms, teleconferencing equipment, and general office equipment.



Figure 2 Long Cheng Marketplace, 1804 S. Lawe St., is a place for all businesses and vendors from restaurants, clothing retailers, beauty and small businesses.

Urban Sprawl

Urban sprawl receives a great deal of attention for its role in dispersing economic activity and draining the vitality of downtown and neighborhood commercial districts. Within the Appleton metropolitan area, the effects of sprawl can be seen along Interstate 41, where much of the area's retail and industrial development has occurred in recent years. Appleton has been able to capture some of this growth to the north and east. To the west, development in the Town of Grand Chute has siphoned potential development from Appleton and has led to regional problems with which Appleton has to deal. One such issue is the current condition of West College Avenue, which is a gateway to Appleton's downtown. Extensive vacancies and poor aesthetics impact the viability of downtown, even though much of the street is not within the City's jurisdiction. The City created TIF District #10 in 2013 on West College Avenue to encourage investment in the corridor. The City is currently participating in a corridor study led by East Central Wisconsin Regional Planning, along with the Town of Grand Chute, to jointly review this area and to prepare a plan to address the transportation and mobility issues.

Changing housing preferences documented in Chapter 5 of this **Comprehensive Plan** point toward a returning interest in housing options within the central portion of cities. This will in turn create a demand for retail and services to support urban population growth. Areas in which this trend is being seen include the downtown and near north neighborhoods, and along the Fox River.

¹ [http://www.aoa.gov/AoARoot/\(S\(2ch3qw55k1qylo45dbihar2u\)\)/Aging_Statistics/index.aspx](http://www.aoa.gov/AoARoot/(S(2ch3qw55k1qylo45dbihar2u))/Aging_Statistics/index.aspx)

² Philip M., Burgess, "Reboot!: What to do when your career is over but your life isn't."

Financial Markets

Tightened lending practices have been a lasting outcome of the economic recession. This affects both business and consumer credit, as well as financing for development projects. Businesses have been impacted by reductions in lines of credit and higher requirements to borrow adequate funds to meet their expansion needs. Consumers are less able to borrow to fund major purchases, contributing to a drop in sales. Developers are sometimes finding it harder to secure the funds they need to invest in new construction or rehabilitation projects. For example, stringent regulatory requirements specific to condo mortgage insurance were introduced in the wake of the housing finance crisis³, which have made it more difficult to secure condo financing. These barriers are being addressed by congress, which may help stimulate demand for more condos in the future. On the other hand, tighter lending requirements for first time homeowners are helping stimulate the development of new multi-family rental housing projects. Appleton may benefit from this trend as millennials, empty nesters, and others increasingly seek out more urban housing options.

Agriculture

Several emerging trends are suggesting possibilities for agriculture and food processing in the Appleton area. Interest in new products and growing concerns about food quality are expanding the demand for specialty foods, organically-grown foods, and food that is produced locally. Appleton is situated in close proximity to major population centers in Milwaukee, Chicago, and Minneapolis, which can be a large market for local foods. Additionally, Wisconsin has the second-highest organic acreage among the states, and grows a large quantity of many organic crops. Specialty products like ginger or goat meat are often produced for ethnic populations as well as the general marketplace.

Changing Energy Landscape

The 2015 Appleton Economic Development Strategic Plan identified several key trends related to energy. Taken together the trends represent a shift in the energy landscape with significant relevance to Appleton's economy. Increased domestic energy production has resulted in lower energy prices, in turn providing a competitive advantage to US manufacturers. Increased production has also stimulated energy related transportation services and investments including expanded rail infrastructure and pipeline development across much of the Midwest including northeast Wisconsin. Locally, however, Appleton still sees a competitive disadvantage for industrial electrical services when compared to rates offered by Kaukauna Utilities. This is noticeable in the decision-making process for heavy electricity users.

The Retail Revolution

Consumers are becoming more deliberate in their shopping habits, empowered by the convenience of on-line shopping and constrained by the slow growth in levels of personal income. Demand for retail space is on the decline in most markets, with newer development taking place in central city locations where population growth has occurred. Existing retailers are responding to this trend by embracing social media, mobile payments, and unique offerings such as hands on learning opportunities for shoppers.

Community Assessment

Appleton is faced with a number of challenges and opportunities for economic development. While some of these may be short-term concerns related to the current economy, others are a result of

³ <http://urbanland.uli.org/development-business/u-s-congress-approves-less-restrictive-fha-condo-financing-program/>



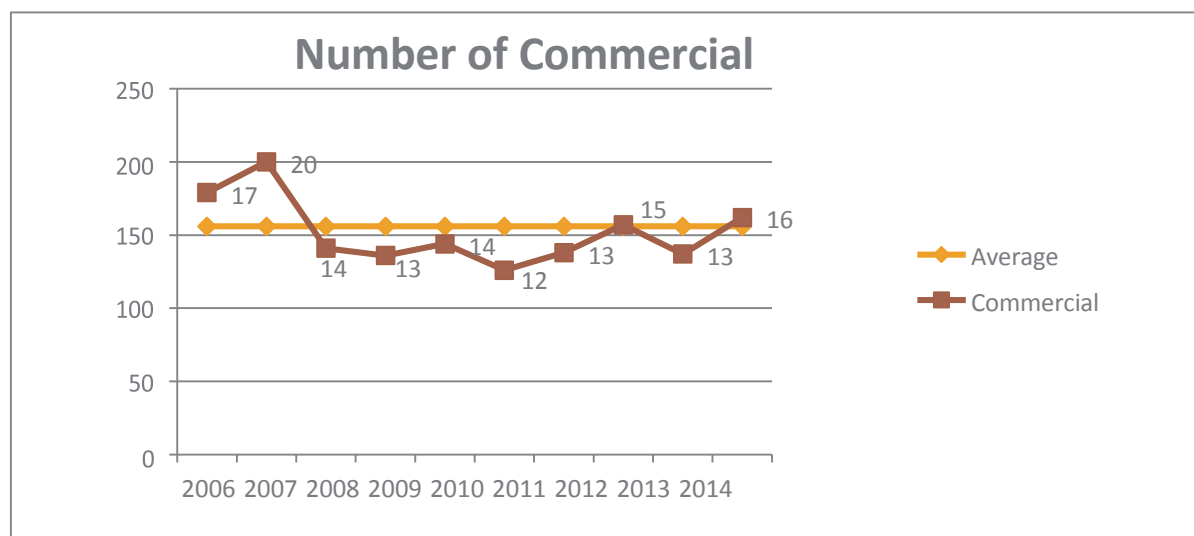
longer-term issues that the City may need to address. The information within this section of the Comprehensive Plan is intended to identify current conditions, trends, and future prospects related to economic development, and specifically with regard to business district vitality, business attraction and retention, and redevelopment. Other elements of the Comprehensive Plan, specifically the plans for the downtown, South Oneida Street, Richmond Street, Wisconsin Avenue, and the Fox River Corridor provide greater detail and direction for those areas.

Market Assessment

This section of the Economic Development Chapter is intended to document current market conditions and trends related to retail, office, and industrial land markets within the Appleton area. Due to data availability as well as the nature of these markets (which make municipal boundaries irrelevant) a regional picture is presented. Similarly, individual sub-areas of the city may have conditions that are different than the market as a whole. Where apparent, some of these are mentioned in the discussion. More detailed analysis of specific market conditions is provided in the corridor studies for South Oneida Street, Richmond Street, and Wisconsin Avenue.

Commercial Assessment

Data on commercial building permits indicates a ten year average of 158 permits. Since a high of 200 permits in 2007, permit activity fluctuated slightly below the 10-year average until 2015, when 162 permits were issued.



Source: City of Appleton 2015 Growth Report

According to the 2016 Employer Survey conducted by the Fox Cities Chamber of Commerce, 70% of businesses reported higher gross sales activity in 2015 compared with 2014, with nearly two-thirds realizing a growth in profitability. 61% of survey respondents rated the vitality of the local economy as “excellent” or “good.” 27% of businesses are planning a capital expansion in 2016.

Industrial Market Assessment

The State of Wisconsin, in its **Economic Outlook** for May of 2015, forecasts continued growth for the U.S. and Wisconsin due to strengthening job markets and lower oil prices despite the strong U.S. Dollar. Wisconsin’s unemployment rate will remain below the national level. Steady economic

growth is predicted to continue over the next 3-5 years. Manufacturing is projected to make steady positive gains at least into 2017 as it has since 2010.

There are currently 14 industrial properties listed for sale and 19 industrial properties available to lease within the City of Appleton⁴. These numbers may include properties outside of Appleton but listed with an Appleton address. Lease rates are currently clustered in a range from \$3.00 to \$9.60 per square foot, with some flex space as high as \$15.00 per square foot. Newmark Grubb Pfefferle estimates the vacancy rate in the Appleton market to be 3.4% for industrial space. Oshkosh has the lowest vacancy rate at 2.9%, while the outlying area of the Fox Cities has the highest rate at 11.9% of a total inventory of over 7.1 million square feet of space. Over 40% of the vacancies were two former manufacturing buildings, the former Plexus facility and the Mondi facility in Menasha.

Pricing on properties for sale varies considerably from a low of \$22 per square foot to a high of \$95 per square foot, depending on variables such as location, acreage, building age and condition, office space, and other considerations. Most industrial buildings are listed in a range from about \$40 to \$60 per square foot.

Given the pace of industrial development over the last several years, Appleton has a reasonable supply of industrial land in the Southpoint Commerce Park to accommodate its future needs over the next decade or more. Added to the available supply of land, there are several industrial buildings on the market, and this supply is expected to remain constant over the near term. With much of Appleton's growth originating from small establishments (under 10 employees) a majority of the required space can be expected to be in small or multi-tenant flex buildings. In addition to the business parks, these may be available within the city's neighborhood business districts. Appleton is also well positioned to meet demands for larger industrial sites as well. It is one of the few cities in the Fox Cities with available industrial sites of 20 or more acres.

Overall, there has been virtually no speculative building for warehousing in the Fox Cities in many years. Quality warehousing of 50,000 square feet or more is in short supply and many former manufacturing facilities do not necessarily lend themselves well to warehousing requirements. There has been some new construction of warehousing and manufacturing in the area, but most of the space that the companies vacated has been filled. We look for low vacancies in the industrial market to be the norm as the economy continues to grow.

Office Market Assessment

The office vacancy rate in the Appleton/Oshkosh market area was 9.5 % in the third quarter of 2015. This rate has been slowly coming down over the past few years with continued absorption of existing office. There has been very little new office space constructed except for Navitus off of Richmond Street and Evergreen Drive and medical office on the Encircle campus off of Capitol Drive. Some office development has taken place in Neenah and Menasha recently as well. One Menasha Center, a \$12.6M, eight story office tower, was constructed in 2015 in Menasha, and a \$6M office tower is planned for Neenah. There has been no speculative building in the Fox Valley for many years. The lowest areas of vacancy in the Fox Cities are on the east side of Appleton and Oshkosh. The east side has a 6.7% vacancy while Oshkosh came in at 5.9% vacant.

⁴ Inwisconsin.com, May 2016



The Downtown, west side and outlying areas have vacancy rates of 11.3%, 11.3% and 11.0% respectively. Current leasing activity in the marketplace should provide additional absorption within the next 12 months.

There is a notable shortage of larger office properties exceeding 25,000 square feet in the area. As a result, there are several build-to-suit opportunities being offered on vacant parcels both on the west and north sides of Appleton. Based on these statistics, the Appleton market is performing relatively well. We expect office vacancies to continue to decline slowly over the next 12 months pending any significant downsizing from major area employers.

According to the Multiple Listing Service, there were 55 office properties listed for lease in the Appleton market in May 2016. These included a variety of building types, from downtown storefronts multi-level buildings to neighborhood commercial space to new buildings in the City's business parks. Of the 55 properties for lease, only five of them were larger than 15,000 sq. ft, ranging between 16,000 sq. ft. and 80,000 sq. ft. Fifty properties were 12,000 sq. ft. or less, with a majority of those approximately 2,000 – 3,000 sq. ft.

Office properties for sale totaled 38 as of May 2016. Similar to properties for lease, office space for sale is on the small side, with only a handful of properties exceeding 10,000 sq. ft.

Office uses may be developed within several places in the community. The downtown chapter of this plan has identified opportunity to develop office space north of College Avenue where there seems to be a significant amount of underutilized space. However, it should be noted that trends in utilizing office space see fewer individual offices, more meeting space and accommodations for more employees to be working remotely.

Retail

There are 45,371 people working in the City of Appleton. Of those, 35,287 live outside the City and come in to Appleton to work. Only 10,084 people who work in the City also live in the City. There are also 25,739 people who live in the City of Appleton and work outside.

As of 2015, ESRI reports 3,149 businesses in the City of Appleton. Of those, 20.7% have an SIC code classification under Retail Trade. When a 10-minute radius from downtown is examined, the retail potential for sales within that area is \$1,328,810,723. Actual sales in a 10-minute radius from downtown is \$1,794,569,002. This indicates over \$465 million of sales coming in from outside that 10-minute radius. As a regional shopping destination, this impact is not surprising.

Current retail vacancy data for the whole of the Appleton market is not available. Downtown Appleton has an estimated retail vacancy of 20% of the number of retail spaces vacant.

There are currently 28 retail properties listed for sale and 44 for lease within Appleton and the immediate area (having an Appleton address). Rents range from \$3 to \$22 per square foot, with the size of lease spaces starting around 800 square feet and extending up to 51,000 square feet.

Sites for retail development can be found within most of the City's commercial districts. In the case of established



Figure 3 The concept of a Public Market was discussed during the planning process. Additional study is needed to determine feasibility.

areas, this would include redevelopment sites. A concern, however, is that there is already an imbalance between the market demand and the space available, where the supply of space outstrips market demand, particularly within certain commercial areas. At least within the South Oneida Street, Richmond Street, and Wisconsin Avenue corridors, redevelopment may at times have a goal of reducing the amount of commercial space available. A similar strategy may be employed in other areas when warranted.

Industry Analysis

The Issues and Opportunities Element (Chapter 4) of the **Comprehensive Plan** includes data related to the composition of Appleton's economy. In 2015 there were a significantly higher number of jobs in services (18,541) than there were in goods producing industries (7,600). Most of the growth in the number of jobs between 2005 and 2015 was also within the service sector. Of particular note, Appleton has a strong and growing specialization in professional, scientific, and technical jobs. Its growth rate (37 %) was the most active in a positive direction over the past decade. Manufacturing gained jobs, during this period, but only approximately 70 jobs.

With workforce shortages plaguing employers across the country, it is important to understand Appleton's employment and workforce profile. Average household income for Outagamie County is between \$68,000 and \$82,900, according to the Wisconsin Department of Workforce Development.

The county's unemployment rate is presently at its lowest point in more than a decade. This is also true of the state, as a whole, which highlights common issues. The county's labor force has remained virtually unchanged over this period suggesting that individuals are finding employment more rapidly than new entrants are added.

Outagamie County's labor force participation rate has largely stabilized over the past two years and remains significantly higher than either the state or the national rate.

Employers in many of Outagamie County's industry sectors continue to pay wages that approach but are below state averages. The county annual average wage of \$42,628 is 2.8 percent below the state average and has increased by 2.9 percent over the past year, exceeding the rate of inflation over the same period. It is difficult to ascertain whether wages have increased over this period among individuals in similar roles or if wages have increased by a more significant degree due to individuals changing roles either within or between organizations.

The largest difference between Outagamie County and Wisconsin annual average industry wages can be found in the Construction sector, where local wages are nearly three percent higher than the state average. This difference can be generally accounted for by variations within the industry with a higher share of workers in Outagamie County working for a concentration of large regional and national commercial contractors. It is also important to note that wages in this sector are strongly influenced by activity across the country.

Employment across all industries in the Bay Area Workforce Development Area (Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano and Sheboygan Counties) is expected to grow by nearly eight percent between 2012 and 2022, or slightly less than 25,000 workers. This projection only forecasts levels of filled positions rather than potential demand. This further supports the earlier assertion that the availability of labor throughout the region may be actively constraining employment growth. As the region's population continues to age and growth slows this will continue. The most significant growth is



expected Health Care Practitioners and Technical Occupations (19.5%) and Legal Occupations (16.8%) industry sectors. Growth in a number of other industry sectors is also significant.

Target Industries

Two studies conducted since 2010 identified target industries for Appleton. With a focus on the Fox Cities as whole, the 2011 *Ignite Fox Cities: A Blueprint for Economic Prosperity* report identified the following sectors as optimal targets for local economic development efforts:

- Advanced Manufacturing
 - Packaging
 - Paper
 - Electronics
 - Specialty Machines
- High Quality Business Services
 - Insurance
 - Finance
 - Engineering
 - Architectural
- Food and Beverage Processing
 - Dairy/Cheese
 - Grains
 - Frozen Foods
 - Canned Goods
- Heavy Transport Manufacturing
 - Heavy Trucks
 - Aerospace
 - Military
 - Emergency

More recently, the 2015 Appleton Economic Development Strategic Plan report identified the following target industry list below. Overlapping targets consistent with the 2011 study are bolded.

1. **Manufacturing**, including transportation equipment manufacturing and innovative technologies such as plastics and chemicals, steel pipe and tube, and measurement instrumentation manufacturing.
2. **Food and Beverage**, including processing, packaging, dairy products, and other value added agriculture.
3. **Office**, including finance, insurance, engineering, and design services.
4. Healthcare, including ambulatory health care services
5. Retail, including general merchandise, motor vehicle, grocer, specialty foods, health and personal care stores, clothing, and restaurants.
6. Logistics, including distribution, warehousing, trucking and transportation services.

Redevelopment Opportunities

The City of Appleton has identified several sites in which it would like to encourage redevelopment. For the most part, Appleton's approach to redevelopment has consisted of a



combination of reacting to redevelopment proposals from the private sector, and establishing a policy framework to facilitate redevelopment. This latter approach may include designation of neighborhood redevelopment areas or creation of tax incremental financing districts. There are few instances in which the City has taken a proactive approach to conduct land assembly or land banking for future redevelopment. These include brownfield sites located throughout the community. Brownfield sites may include industrial contamination or be related to leaking underground storage tanks.

Fox River Sites

Former industrial sites along the Fox River have been a priority for redevelopment including both public and private reuse. The City is currently negotiating a development agreement and anticipates groundbreaking for an independent senior living facility in 2016-2017. Other phases for redevelopment of the Foremost Dairy site are also planned. Other potential redevelopment sites include current and former manufacturing properties and the area within TIF District #8. These opportunities are further documented in the ***Fox River Corridor Plan*** (Chapter 13).

Downtown Sites

The area immediately north of downtown contains several vacant or under-developed properties that have been identified for potential redevelopment. This area is roughly bounded by Washington Street, Morrison Street, North Street, and State Street. Mixed residential and commercial uses are appropriate for this area.

The south end of Morrison Street has also been identified as suitable for redevelopment, not because of the conditions of the buildings in the area, but because of the potential views the site offers. Both of these sites are further discussed in the ***Downtown Plan*** (Chapter 14), including recommendations related to design and density.

West College Avenue

A large number of commercial vacancies are found along College Avenue from Badger Avenue west to Interstate 41. Given the number of affected properties and the size of some of the parcels involved, as well as the weak demand for commercial space, it may be advisable to consider alternative uses along parts of the corridor that would enhance the corridor and entrance to the City. Potential uses to investigate include higher density residential and office. This area includes land within the Town of Grand Chute as well as the City of Appleton, and may provide an opportunity for the two communities to collaborate on redevelopment approaches. Tax Incremental Financing District #10 was created in 2013 to encourage redevelopment and reinvestment in this corridor.

Commercial Corridors

Appleton has identified three commercial corridors for further study in the Comprehensive Plan. Detailed recommendations for South Oneida Street, Wisconsin Avenue, and Richmond Street are found in their respective chapters of the plan.

According to the 2015 Growth Report, The Wisconsin Department of Transportation (WisDOT) plans to construct a “Diverging Diamond” intersection at Hwy 441 and South Oneida Street starting in 2020. In addition, the City of Appleton plans to make updates to South Oneida St. between the Oneida Skyline Bridge to Hwy 441 in 2017-2018. These improvements will further enhance this area’s attractiveness for commercial development.



Land and Buildings

Appleton has several planned business or industrial parks along with other parts of the community in which office, retail, and industrial uses are concentrated. Over time there has been a transition in the location of industry within the city. The Fox River valley was the original location of most industries from the mid-1800's onward due to the availability of water power. Office and commerce clustered in the downtown. As electricity replaced water power industry began to move inland to locations where larger sites, highway access, or other amenities could be found. The center of retail trade shifted to the Fox River Mall after it opened in 1984. More recently, most new office construction has occurred on the north side, along Interstate 41.

Industrial Parks

The following industrial parks exist within the City of Appleton:

- Southwest Industrial Park: the Southwest Industrial Park is a well-established area generally located south of College Avenue in the vicinity of Lynndale Drive.
- Southpoint Commerce Park: the City currently has 100+ acres of fully improved land available for development in the Southpoint Commerce Park and an additional 100+ acres with planned improvements. 2015 saw increased interest in land in Southpoint. Encapsys expects to break ground this fall on a \$17 million headquarters located on just over 7 acres at this site.
- Northeast Business Park: Northeast Business Park is located south of I-41 along Capitol Drive. Highway access to Interstate 41 and Hwy 441 is a strength of this site. Currently, there are no vacant parcels at this site.

Other Development Prospects

The City of Appleton has approximately 232 single-family lots available for sale in established subdivisions, the majority of which are located on the north side. An additional 13 single family lots are anticipated to come available in the Pond View Estates subdivision in 2016. There are several acres of planned single family lots that are currently unplatted as well.

The 2015 Growth Report highlights that there is privately owned land available for office developments north of Interstate 41 along Enterprise Avenue and Evergreen Drive and privately owned industrial sites are available south of Interstate 41.

Central Business District (Downtown)

Appleton's central business district contains approximately 1.45 million square feet of commercial space. This space commands the highest rents in the metropolitan area, and enjoys one of the lowest vacancy rates, attesting to the desirability of the district as a place to conduct business. This commercial space is mostly located along either side of College Avenue and south to Lawrence Street. North of College Avenue the pattern of development becomes more fragmented, with smaller buildings and large areas of parking. These sites present excellent redevelopment opportunities further discussed in the Downtown Plan (Chapter 14).

The downtown is attractive for many reasons. It is the center of government, has a great number of restaurants and cultural venues, is adjacent to Lawrence University, is served by public transit, and houses a diverse set of businesses. Downtown is also a mixed-use neighborhood with housing, retail and services, and employment all in close proximity. It features good urban design and has a vibrant street life. Challenges for downtown include the availability and cost of providing

parking, constraints posed by the existing building stock, areas in need of redevelopment, and negative perceptions associated with bars, homelessness, and the concentration of social services in the area.

Neighborhood Commercial Districts

Neighborhood commercial uses tend to be found lining the arterial corridors, including Northland Avenue, Wisconsin Avenue, College Avenue, Calumet Street, Richmond Street, Ballard Road, and South Oneida Street. Many of the properties bordering these streets were platted decades ago, with small lots lacking adequate frontage, depth, and area to redevelop without assembly of multiple lots. Building and site conditions vary from aging commercial structures to more recently-developed, modern buildings. Some commercially-zoned lots have remained in single family residential use.

Strengths, Weaknesses, Opportunities, and Threats (SWOT)

The following is a list of strengths, weaknesses, opportunities, and threats identified for Appleton. The analysis includes information from the 2015 Appleton Economic Development Strategic Plan. The SWOT analysis helps frame economic development policies and programs for the City to adopt.

Strengths

- Businesses in the City have excellent access to inputs and utilities. Inputs include a variety of raw products available from nearby farms and forests as well as regionally via rail. Utilities include reliable, cost competitive electricity and natural gas.
- Downtown Appleton remains the political, social, cultural, and economic hub of its metropolitan area. Its efforts at revitalization have been largely successful.
- Accessible, pedestrian friendly office space in the downtown area is a magnet for office tenants.
- The region offers an exceptionally high quality of life that is very attractive to families. Good housing is affordable, schools are excellent, the community is safe, quality health care is available, and it offers many family-oriented amenities.
- Appleton has tremendous educational assets. The Appleton Area School District is one of the largest and fast growing in Wisconsin. Lawrence University and Fox Valley Technical College provide a diverse array of post-secondary educational options.
- The region possesses exceptional infrastructure assets including but not limited to the Appleton International Airport, Class 1 Rail service, I-41, US HWY 10, US HWY 45, and the deep-water port of Green Bay.
- Appleton has well-developed infrastructure. Its water treatment and wastewater treatment plants have the capacity to accommodate new growth.
- The City has a strong base of employers in diverse sectors including a concentration of manufacturing. Its locally-owned businesses have been the source of much of the metropolitan area's employment growth in recent years.
- Appleton's geographic position at the center of a 30-mile radius which includes both Green Bay and Oshkosh and points in between, is a powerful strategic advantage for



some types of businesses including retail and office occupations. In terms of manufacturing, Appleton is at the center of one of the largest, fastest growing urban centers in Wisconsin with a population of more than 400,000. Proximity to major markets means businesses in the region can reach a large customer base within a short shipping distance.

- Compared with the State as a whole, Appleton's age composition includes a relatively large number of younger, educated individuals.
- Appleton's workforce is well educated and has access to a variety of technical and professional training. There is a strong work ethic.

Weaknesses

- There is a perception that Appleton, compared with some of its neighbors, is not friendly to businesses. Concerns include lack of incentives, excessive code enforcement, and lack of clarity regarding economic development roles and responsibilities among the various public and private entities charged with the mission of promoting economic development in the City.
- The physical appearance of entry into Appleton, in particular from the Airport, presents a poor first impression of the City.
- Like most of Wisconsin, the Appleton area is experiencing a "brain drain" of college-educated young people. The same quality of life that appeals to families may not offer what these individuals prefer. Additionally, the area may not offer the job prospects found in cities like Chicago and Minneapolis.
- An aging work force, particularly in skilled manufacturing, may threaten the competitiveness of the region.
- Expansion on the City's north side will require investment in considerable new infrastructure for roads, water supply, and wastewater collection, as well as investments in services such as police and fire protection, and parks. The cost of providing and maintaining new infrastructure to growing areas of the City must be fiscally sustainable over the long-term.
- Air transportation connections are seen as good, but not great.

Opportunities

- There is a sizable component of creative class residents in the Appleton area. Future economic activity may be closely linked to this demographic.
- The Mile of Music annual music festival has put Appleton on the map. There is an enormous opportunity to leverage the positive exposure to retain and attract young talent within the City.
- Residential growth on the city's north side will create a need for additional commercial activity.
- Growing cooperation among area communities may help in tackling issues that cross municipal borders, such as conditions on College Avenue.



- The Appleton region continues to have a strong agricultural sector. Growing interest in specialty, organic, and locally-grown foods provides an opportunity for growth in food product manufacturing.
- Redevelopment sites along the Fox River and in the downtown area present an opportunity to create vibrant mixed-use centers that will draw residents and visitors back to the city center.

Threats

- Urban sprawl in the metropolitan area is spreading the population base, creating rival commercial centers, and sapping economic activity from the central city.
- Capturing the City's fair share of regional growth will continue to be a challenge as neighboring municipalities grow and incorporate, and towns now have the ability to create TIF Districts to encourage development outside of the urbanized area.
- As the Fox Cities grow, intergovernmental cooperation will become more of a challenge in an increasingly urbanized environment.
- The city's manufacturing base is threatened by changes in demand and competition from overseas, as well as the consolidation occurring within the industry.
- The housing stock in older central city neighborhoods can deteriorate over time. Maintaining a mix of incomes in healthy neighborhoods adjacent downtown is a challenge.

Economic Development Programs and Partnerships

Appleton partners with organizations in the City and region that help to promote economic development. A number of local, regional and state programs also exist which help foster economic development in the City. The Economic Development Strategic Plan lays out a framework for economic development in the City. Partners, programs, and the Economic Development Strategic Plan are described in further detail the sections below.

Economic Development Partnerships

The City of Appleton works in partnerships with many local, regional, and state organizations to promote economic development. The following are some of the City's strategic partners.

- Appleton Downtown, Inc.
Appleton Downtown, Inc. (ADI) is a not-for-profit community coalition dedicated to an economically strong, safe, attractive, and exciting downtown. ADI works with the City of Appleton to recruit new businesses and retain existing businesses in the downtown. The organization conducts programming (such as the farmers markets and downtown concerts), conducts marketing, and provides on-on-one assistance to business. It maintains an economic development committee to administer its façade grant program, recruit new businesses, conduct business retention efforts, and address issues affecting the economic growth and stability of the downtown.
- Calumet County
The county economic development program assists existing businesses and new businesses through low interest loans, grants, technical assistance, workforce training, and other types of assistance needed.



- **Fox Cities Chamber of Commerce**

The Chamber represents the cities of Appleton, Kaukauna, Menasha and Neenah; the towns of Buchanan, Clayton, Grand Chute, Greenville, Harrison, Kaukauna, Menasha, Neenah and Vandenbroek, and the villages of Combined Locks, Hortonville, Kimberly, Little Chute and Sherwood. The Fox Cities Chamber plays a leadership role in regional economic development efforts in Northeastern Wisconsin, through partnerships with local units of government, private industry, and State and regional agencies.
- **Fox Cities Convention and Visitors Bureau**

The Fox Cities Convention and Visitors Bureau (CVB) is an economic development organization that seeks to boost tourism and visitation to the area through sales, marketing and destination development. In addition to its media and event promotional efforts, the CVB is a partner in developing local resources such as the future Fox Cities Exhibition Center. The organization is funded primarily by hotel room tax collected by its 18 supporting municipalities.
- **Fox Cities Regional Partnership**

The Fox Cities Regional Partnership is an organization committed to helping businesses locate and expand in the Fox Cities Region, and supported by public and private sector partners from around the region. The organization was founded in 2012 as an affiliate of the Fox Cities Chamber of Commerce.
- **The New North**

The New North is a regional partnership made up of private and public sector partners from 18 counties in northeastern Wisconsin. It is supported by over 100 private investors in the region and state. These investors provide vital resources, talent and support to the New North organization in order to promote the New North region. It is established as a non-profit corporation with a mission to “harness and promote the region’s resources, talents, and creativity for the purpose of sustaining and growing our regional economy.” The New North accomplishes this by fostering regional collaboration, focusing on targeted growth opportunities, supporting an entrepreneurial climate, encouraging educational attainment, encouraging and embracing diverse talents, and promoting the regional brand.
- **Northeast Wisconsin Regional Economic Partnership**

NEWREP was originally created to administer the technology zone tax credit program for the New North region, although its members have pursued other initiatives having a regional impact. Founded in 2002, the organization is comprised of representatives from 16 counties and the Menominee Tribe. This group provides hands-on support and programming for existing and prospective New North businesses. NEWREP’s focus is on businesses engaged in research and the development of advanced products, along with businesses that use advanced technology in their production, operations, or manufacturing process.
- **Appleton Northside Business Association**

The Appleton Northside Business Association (ANBA) is dedicated to improving business conditions on Appleton’s north side. This is accomplished through regular meetings, networking opportunities, participation in community improvement efforts, and government affairs.

- **Outagamie County**
Outagamie County's economic development efforts are coordinated through the Planning Department. The County participates in regional efforts to promote the economic opportunities in the Fox Cities, and through the Greater Outagamie County Economic Development Corporation (GOCEDC), which covers the remainder of Outagamie County located outside the Fox Cities area. The GOCEDC was formed in May 1997 by communities and organizations interested in the economic development of the smaller communities that lie outside the urbanized Fox Cities region.
- **Service Corps of Retired Executives**
As "counselors to America's small business", the Service Corps of Retired Executives (SCORE) is a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small businesses. SCORE members serve as counselors, advisors, and mentors to aspiring entrepreneurs and current business owners, providing free counseling and low-cost workshops within the Fox Cities. Working and retired executives and business owners donate their time and expertise as business counselors. Services are available to anyone looking to start a business or a current business owner looking for some new ideas and support. Assistance provided includes help with developing a business plan, marketing ideas, financial resources, and professional contacts.
- **The Venture Center**
Located at the Fox Valley Technical College, the Venture Center seeks to link education, businesses, and economic developers to foster business start-up and growth. The center provides a number of programs directed to entrepreneurial training, business education, and corporate innovation.
- **Winnebago County**
Winnebago County promotes economic development through the Winnebago County Industrial Development Board, which is a function of the Planning Department. The Industrial Development Board conducts promotional and marketing efforts and administers the county's business incentive programs.
- **Wisconsin Economic Development Corporation (WEDC)**
WEDC is Wisconsin's primary economic development agency. It provides a variety of assistance including business and community development programs, industry advancement, export assistance, minority and start up business assistance.
- **Wisconsin Department of Administration (DOA)**
The DOA administers the Community Development Block Grant (CDBG) program, which is used to support a variety of housing, community, and economic development programs.
- **Wisconsin Housing and Economic Development Authority (WHEDA)**
Created in 1972 by the Wisconsin Legislature as an independent authority, WHEDA works closely with lenders, developers, local government, nonprofits, community groups and others to implement its low-cost financing programs including affordable rental housing.

Initiative 41

Initiative 41 was formed as a result of large-scale layoffs by Oshkosh Corporation in 2012-13 that impacted much of East Central and Northeast Wisconsin. The layoffs were a result of defense



spending cuts which, in turn, created a ripple effect throughout the region as companies supporting Oshkosh Corporation also experienced significant economic hardship. This represented a negative economic impact of more than \$91 million within the region.

It was recognized that to rebuild the economic health of the area, and to prevent a similar situation in the future no matter what industry was affected, there needed to be a formal effort to create greater economic diversity by increasing collaborative efforts among business, governments, community leaders, universities and technical colleges throughout the region.

To launch this effort, a team of community and business leaders from throughout the region applied for and received a grant from the Department of Defense Office of Economic Adjustment (DoD-OEA) to:

- Identify key industry clusters that pose similar risks
- Align regional and economic workforce development strategies
- Implement strategies that would diversify our economy and reduce the impact of future economic downturns.

This grant project was developed by the East Central Wisconsin Regional Planning Commission (ECWRPC) in cooperation with numerous partners who are vested in the project outcomes and also bring their expertise and resources to the table in order to improve the overall economic 'ecosystem' within the region. Initiative 41 involves entities including the Wisconsin Economic Development Corporation (WEDC), the City of Oshkosh, University of Wisconsin Oshkosh, area technical colleges, Workforce Development Boards, city, county and regional Economic Development Corporations and Partnerships, the New North, Inc. and the Wisconsin Manufacturing Extension Partnership (WMEP)

Local Economic Development Programs

In addition to the following local economic development programs, the State of Wisconsin and other organizations may offer a wide variety of assistance programs for businesses.

- Calumet County Revolving Loan Fund
The revolving loan program is intended to create jobs within the county. Business owners may apply to receive generally small loans.
- Downtown Façade Grant (Appleton Downtown, Inc.)
Appleton Downtown, Inc. provides grants to properties located within the business improvement district (BID) boundaries. Grants must be used for projects to rehabilitate the façades of buildings.
- E-SEED Program
E-Seed is a 15-week entrepreneurial training program offered through Fox Valley Technical College to assist start up and early-stage entrepreneurs in accounting, legal, marketing and management issues. Both start-up and growing businesses benefit from the hands-on, interactive sessions that provide practical tools to prepare a useful business plan that can be applied immediately to business ventures.
- Industrial Revenue Bonds / Redevelopment Revenue Bonds
Appleton may issue bonds to provide funding for some projects. Wisconsin's Industrial Revenue Bond (IRB) program grants the bonding authority up to \$10 million to municipalities to issue the bonds on behalf of a business. The bonds are sold by the municipality, which in turn, lends the proceeds of the sale to the business.



- **Tax Incremental Financing**
Appleton currently has seven active tax incremental financing districts located within various parts of the community. A tax incremental financing district (TID) is a program to provide funding for specific economic development purposes within the district. Private investment within the TID leads to higher property values, and hence to additional tax revenues. These additional tax revenues are reinvested to fund public improvements that encourage new investment to occur.
- **Winnebago County Revolving Loan Program**
This program provides financing to local units of government in the County that have business or industrial development projects that provide quality job opportunities and increases the tax base of the county.

Appleton Economic Development Strategic Plan (2015)

The City's 2015 Appleton Economic Development Strategic Plan identified four economic development goals including:

- Business Attraction
- Business Retention and Expansion
- General Economic Development
- Workforce

Sixteen key actions and measures were identified to support achievement of those goals. They include:

1. Continue fast approvals and create more aggressive sales policies to drive business park purchase and construction activities, which will drive growth of tax base and jobs.
2. Create an email marketing campaign with a customer friendly web site.
3. Target highly-desirable site selectors, real estate brokers, and c-suite executives, growing the Appleton brand via website and online advertising.
4. Develop marketing campaign targeting key clusters: Office; Healthcare; Manufacturing; Food and Beverage; Retail; and Logistics.
5. Continue the visitors' attraction campaign targeting a 100-mile radius around the City with supplemental funding.
6. Conduct annual survey of businesses regarding City's customer service
7. Create a single point of entry for projects through the Community and Economic Development Department.
8. Gather testimonials from businesses as evidence of consistent government responsiveness.
9. Continue 'fast-track permitting.' Review commercial permitting processes and streamline where appropriate to assure that permits are issued in a predictable and professional manner, and customers receive clear communication.
10. Restructure permit, inspection and stormwater processes to be convenient for the consumer. Permit, water and stormwater fees need to be competitive relative to nearby communities and other communities that the City competes with for expansion and new projects.
11. Continue to conduct 40 annual site visits to key industries using business retention software to tabulate and analyze results.
12. Conduct cost-benefit analysis of completed and proposed projects.



13. Increase local food production and evidence of sales, distribution, processing and consumption.
14. Encourage and promote opportunities for executive, parent and student participation in coordinated programs with manufacturers, technology, and other key companies.
15. Assist with workforce efforts to sustain high student graduation rates, job placement.
16. Identify and implement best practices examples from neighboring communities.

Objectives and Policies

The overall goal for economic development stated in Chapter 4 is that Appleton will pursue economic development that retains and attracts talented people, brings good jobs to the area, and supports the vitality of its industrial areas, downtown, and neighborhood business districts.” The following objectives and policies are intended to achieve that overall goal.

9.1 OBJECTIVE: Implement the Appleton Economic Development Strategic Plan (AEDSP)

- 9.1.1 Plan for and implement the key actions and measures identified in the AEDSP.

9.2 OBJECTIVE: Grow Appleton’s business community through recruitment, expansion, and retention programs that ensure a diverse business mix and jobs that pay well.

- 9.2.1 Together with partners, prepare and implement a business recruitment program that targets site selectors and suitable businesses in manufacturing, business and professional services, retail, and other industries.
- 9.2.2 Work with the existing business community to help identify and tap opportunities for expansion.
- 9.2.3 Implement business retention program including regular business visits and monitoring of business conditions within key industry groups.
- 9.2.4 Develop a business attraction marketing campaign.
- 9.2.5 In partnership with other organizations, conduct regional retail attraction and promote neighborhood retail development.

9.3 OBJECTIVE: Create the resources and culture in which entrepreneurial development is encouraged.

- 9.3.1 Support/partner with organizations pursuing programs for entrepreneurial development comprised of networking, financial assistance, training, and supportive services for all types of entrepreneurs.

9.4 OBJECTIVE: Ensure the continued vitality of downtown and the City’s neighborhood commercial districts.

- 9.4.1 Implement the recommendations found in the Downtown Plan.
- 9.4.2 Implement the recommendations adopted in the corridor plans for South Oneida Street, Richmond Street, and Wisconsin Avenue. Consider updates to these corridor plans and/or creating plans for other key corridors, as needed.
- 9.4.3 Monitor business activity and physical conditions within Appleton’s business districts on a regular basis to provide early identification of issues that may need to be addressed.



- 9.5 OBJECTIVE: Encourage new development and redevelopment activities that create vital and attractive neighborhoods and business districts.**
- 9.5.1 Ensure a continued adequate supply of industrial and commercial land to sustain new business development.
 - 9.5.2 Proactively acquire property targeted for redevelopment and develop a land bank to assist in property assembly with a focus on corridors, the downtown, and areas identified as business/industrial on the Future Land Use Map.
 - 9.5.3 Ensure quality development by requiring that all new construction meets or exceeds the minimum design criteria determined appropriate for the area in which the site/building is located.
- 9.6 OBJECTIVE: Create a vibrant environment that is conducive to attracting and retaining talented people.**
- 9.6.1 Continue the City's efforts to expand and improve its amenities such as trails, parks and recreation, the Fox Cities Performing Arts Center, the Appleton Public Library, Fox Cities Exhibition Center, sporting facilities, and other cultural or civic offerings.
 - 9.6.2 Encourage the creation of vibrant mixed-use urban areas in the downtown and along the Fox River that are both walkable and bicycle-friendly.
 - 9.6.3 Support efforts to retain graduating Lawrence University students within the community.
- 9.7 OBJECTIVE: Work collaboratively with other municipalities, organizations, and private entities to advance the economic development of the entire region.**
- 9.7.1 Continue the City's involvement and support for regional economic development organizations such as Fox Cities Regional Partnership and New North.
 - 9.7.2 Continue to collaborate with neighboring communities on economic development issues that cross jurisdictional boundaries, such as commercial vacancies along College Avenue.
 - 9.7.3 Support the I-41 Initiative in order to fully leverage regional assets and promote Appleton's position as an important transportation hub with easy access local and regional markets.
 - 9.7.4 In partnership with the Fox Cities Convention & Visitors Bureau, continue to support local and regional tourism development efforts.
- 9.8 OBJECTIVE: Continue supporting educational partnerships and workforce development**
- 9.8.1 Support existing and new education-workforce partnerships. Encourage partners to engage in career awareness and organize target business programs.
 - 9.8.2 Assist in promotion of business alliances in high school and Fox Valley Technical College around key regional clusters.
- 9.9 OBJECTIVE: Enhance Appleton's brand as a location to do business**
- 9.9.1 Consider undertaking full branding strategy to refine the Appleton brand.

