

OZAUKEE COUNTY
LOCATION QUOTIENT ANALYSIS
June 10, 2004

EXECUTIVE SUMMARY

In 2003, the Ozaukee County Economic Development Corporation (OCEDC) revisited its current strategic plan. As part of that process, OCEDC board members determined that a more comprehensive view of the county's business climate was needed. As such, OCEDC partnered with the University of Wisconsin-Milwaukee's Consortium for Economic Opportunity (UWMCEO) to develop a location quotient analysis of Ozaukee County.

UWMCEO examined the County's industries and compared employment, payroll and establishment concentrations with National figures. From this data, it is clear that Ozaukee County has a large Manufacturing Sector, with a concentration in metal fabrication, component and appliance production and plastics and paper manufacturing. These industries are significant at both a state and national level.

OCEDC's next steps will be to analyze how best to strengthen, support and grow these industries.

METHODOLOGY

Location quotient analysis is an efficient way to determine the concentration of industries within a county. For an industry to be considered an export or clustered industry, the county employment figures (for example) must have a greater percentage of total county employment than the industry's national employment percentage of total national employment. Location Quotients of 1 or higher are considered a cluster industry.

For example	County Employment in ABC Industry	10
	Total County Employment	100
	National Employment in ABC Industry	70
	National Employment	1000
	Location Quotient	10% divided by 7% - 1.42

As part of our analysis of cluster industries, UWMCEO examined employment, establishments and payroll figures. This allows us to look at industries that may have only a few establishments within the county, but be a high employer. For an industry to be considered a cluster industry for this report, it needs to have two location quotients above 1. This allows us to broaden the cluster categories without weakening them.

To ensure that the industries were consistent performers, UWMCEO examined a three-year period. This allowed us to eliminate any one year analogies. Additionally, UWMCEO also examined the Ozaukee County cluster industries and compared their numbers with state figures to determine whether the industry was part of a larger state cluster industry.

Unfortunately, there are some limitations to the available data; first, currently the most recent year available is 2001. Therefore, the three-year period examined includes – 1999, 2000, 2001. While, the economy has gone through major changes since 2001, by examining these three years and looking at state data, we should be able to receive a fairly accurate picture of the county. To offset this information, OCEDC provided additional information on changes to the county's business climate that will be used as anecdotal information. Second, some county information is proprietary and is unavailable. This is mainly a concern with industries that are limited in scope within the County and should have a minimal effect on this study.

All of the Location Quotient Tables (both state and national) follow this report in Appendixes A through F. Appendix G provides local examples of the key industries.

FINDINGS

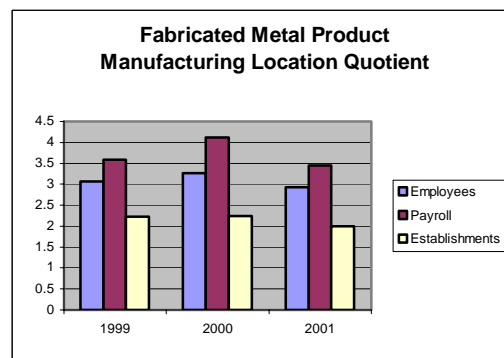
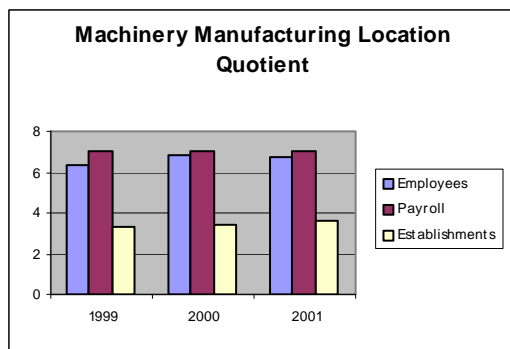
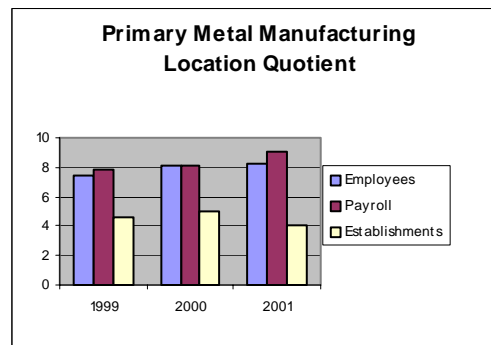
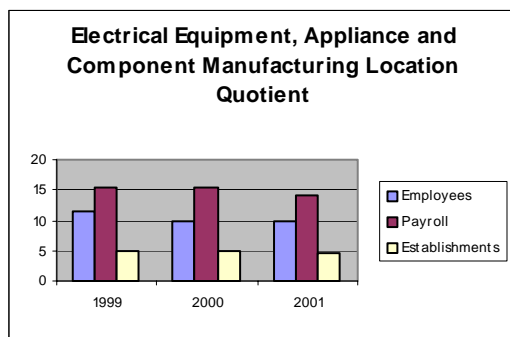
Ozaukee County is part of the Metropolitan Milwaukee region. It is located 20 miles north of Downtown Milwaukee and travels north along Lake Michigan past Port Washington and Belgium. The County, while originally serving as a bedroom community for Milwaukee, has grown to support a vibrant business community. Ozaukee County Economic Development Corporation (OCEDC) was founded in 1989 to promote and advance the business prosperity of the county. In 2003, OCEDC reexamined its current strategic plan. As part of that process, it was determined that a more comprehensive picture of the county's business community was needed. OCEDC partnered with the University of Wisconsin-Milwaukee's Consortium for Economic Opportunity (UWMCEO) to develop a location quotient analysis for the County.

In the three-year period examined, Ozaukee County had nineteen industries that could be considered cluster industries. These industries had a concentration of employees, payroll and/or establishments. These industries focused mainly within the Manufacturing sector.

INDUSTRY	YEAR	TYPE
Special Trade Contractors	1999, 2000, 2001	Emp, P, Est
Paper Manufacturing	1999, 2000, 2001	Emp, P, Est
Chemical Manufacturing	1999, 2000, 2001	Emp, Est
Plastics and Rubber Products Manufacturing	1999, 2000, 2001	Emp, P, Est
Primary Metals Manufacturing	1999, 2000, 2001	Emp, P, Est
Fabricated Metals Manufacturing	1999, 2000, 2001	Emp, P, Est
Machinery Manufacturing	1999, 2000, 2001	Emp, Est
Computer and Electronic Product Manufacturing	1999, 2000, 2001	Emp, P, Est
Electrical Equipment, Appliance & Component Manufacturing	1999, 2000, 2001	Emp, P, Est
Miscellaneous Manufacturing	1999, 2000, 2001	Emp, P, Est
Wholesale Trade, Nondurable Goods	1999, 2001	Emp, P
Motor Vehicle and Parts Dealers	1999, 2000, 2001	Emp, P
Furniture & Home Furnishings Stores	1999, 2000, 2001	Emp, P, Est
Building Material & Garden Equipment & Supplies Dealers	1999, 2000, 2001	Emp, P, Est
Gas Stations	1999, 2000, 2001	Emp, P
Education Services	1999, 2000, 2001	Emp, Est
Social Assistance	1999, 2000	Emp, Est
Amusement, Gambling & Recreation Industries	1999, 2000, 2001	Emp, P, Est
Personal & Laundry Services	1999, 2000, 2001	Emp, P, Est

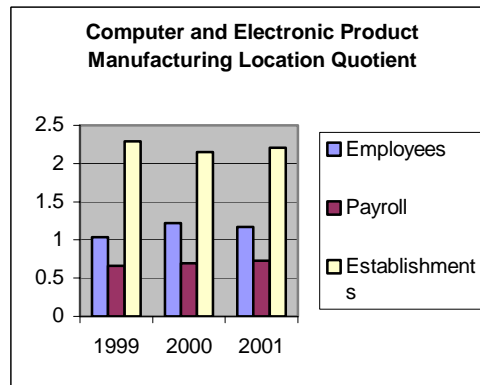
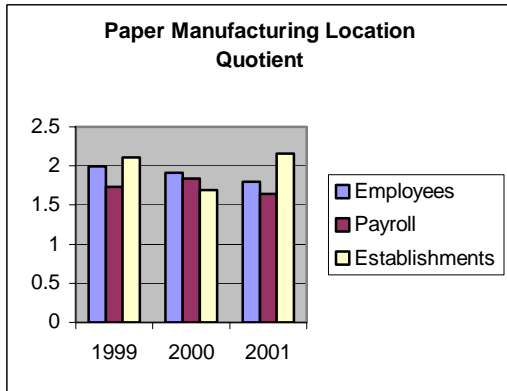
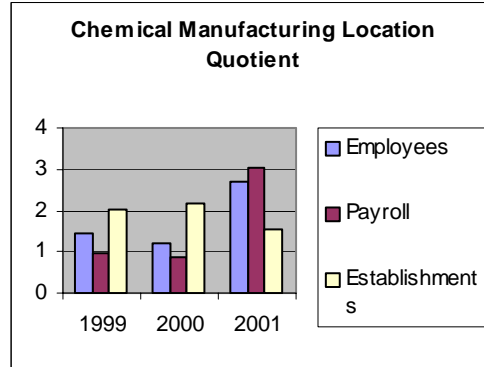
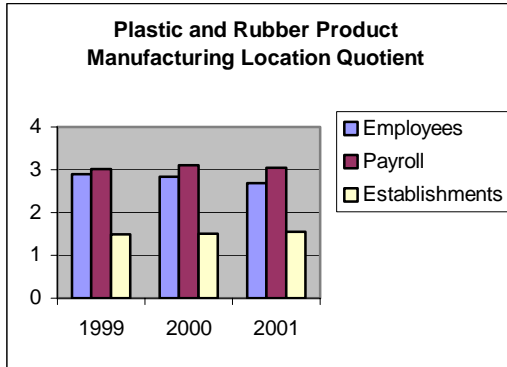
Emp – Employees, P- Payroll, Est - Establishments

While examining the cluster industries over the past three years, Manufacturing industries have shown the greatest numbers. Four of the above industries have significantly higher local numbers. The industry showing the greatest numbers is Electrical Equipment, Appliance and Component Manufacturing. This industry had the highest figures for the majority of the categories over all three years. Following this industry, Primary Metal Manufacturing, Machinery Manufacturing and Fabricated Metal Product Manufacturing, all show significantly higher local percentages. (See Appendix A,B,C).



After determining that these industries show significant concentrations compared with national numbers, OCEDC requested that industries be examined compared to the State. All four industries continued to show higher concentrations within Ozaukee County compared to the State of Wisconsin. However, all of the concentrations declined compared to the United States. This information shows that Ozaukee County is a significant player in these manufacturing industries showing both higher state and national concentrations. However, with the decline in the state figures, it should be noted that there is a significant state-wide concentration in these industries. (See Appendix D,E,F).

Following those industries, were several other Manufacturing Industries that also show significant local percentages – Plastics and Rubber Product Manufacturing, Chemical Manufacturing, Paper Manufacturing and Computer and Electronic Product Manufacturing.

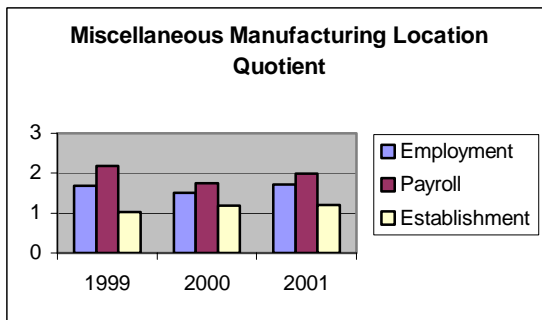
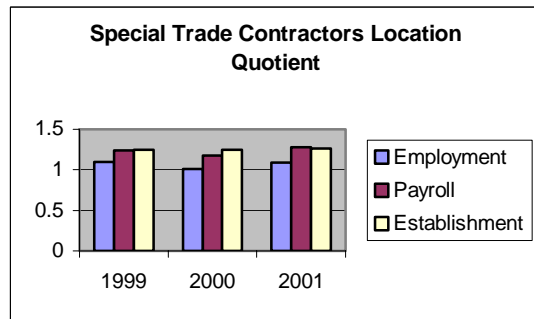
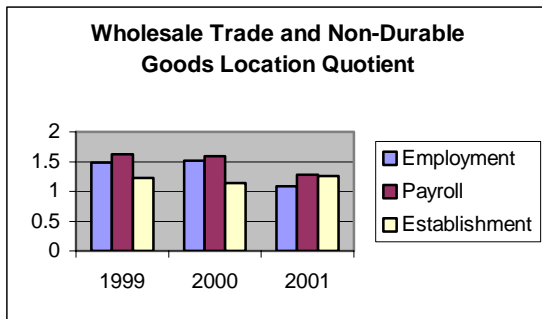


These numbers continue to show that the County has a significant manufacturing sector and one that focuses on metal fabrication, machining and component production. The County, like the region, also has significant development in printing and paper industries. The paper industry has a statewide cluster initiative that is already active.

As with the previous industries, UWMCEO also analyzed these industries compared to the State of Wisconsin. Three of the industries continued to show sizeable concentrations. With Computer and Electronic Product Manufacturing continuing to show a high concentration in establishments as well as showing larger concentrations in employees comparatively for the State. With the increase of concentration on the state-wide level, this could be considered a strong growth industry that the County may want to focus on.

The Paper Manufacturing industry compared to the state shows no concentrations. This information shows that the County's national concentration in this industry is likely part of a state-wide advantage and that initiatives in this industry should focus on this advantage. Additionally, OCEDC has already developed a regional manufacturing cluster initiative. With this information, the initiative can focus on projects or programs that will support these key segments of the industry.

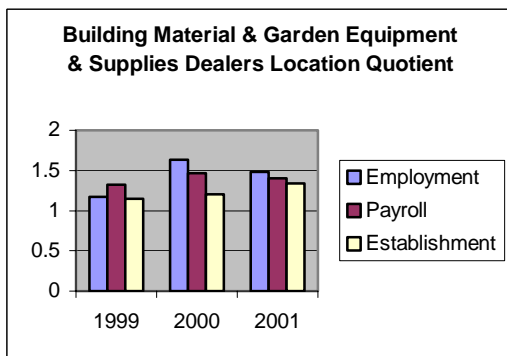
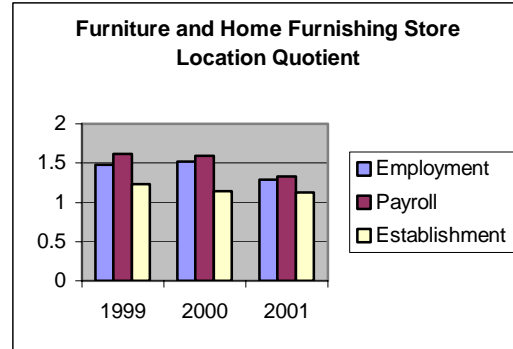
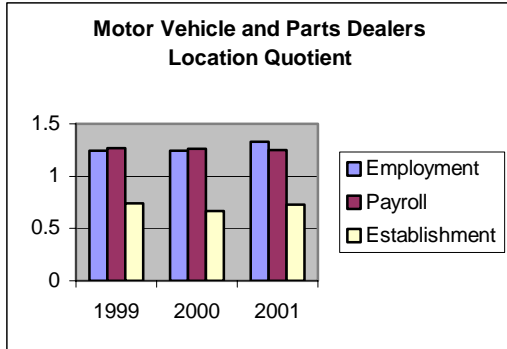
Following these two groups, the remaining eleven industries all had local quotient numbers ranging from 1 to 2. These industries show that they have locally larger percentages compared to national figures, but would not likely be considered a cluster industry at this time. These are industries that could be considered potential clusters showing signs of local concentration. Three of the industries could fall within the manufacturing cluster initiative – Special Trade Contractors, Miscellaneous Manufacturing and Wholesale Trade and Non-Durable Goods. These industry segments show areas of potential growth for the County manufacturing segment.



All three of these industries show similar state concentrations. The similarities with the national figures show these industries have potential for growth with the county, but do not show any regional or state advantages.

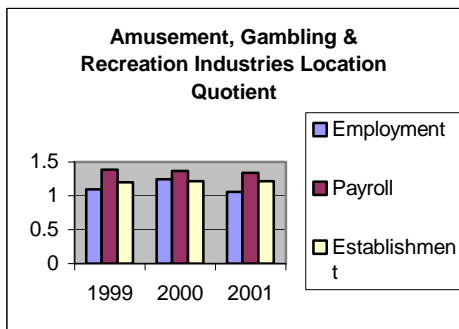
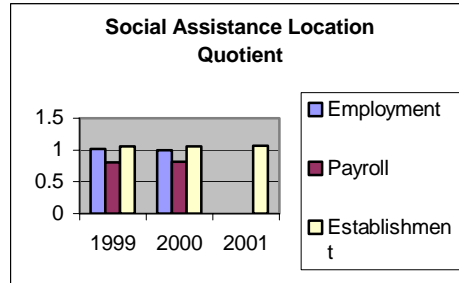
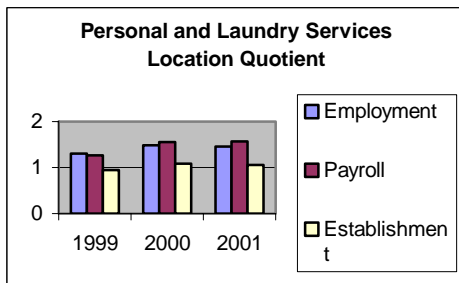
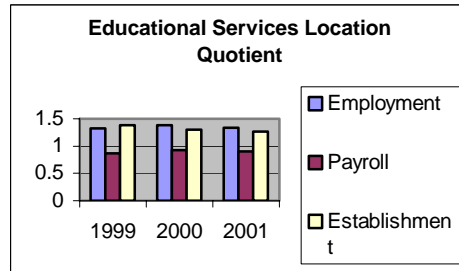
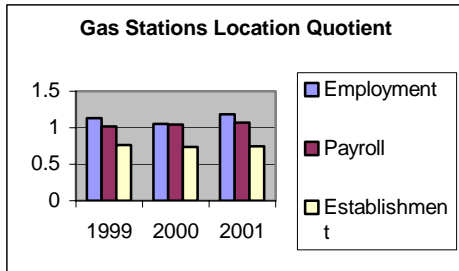
The remaining eight industries fall within two categories – retail industries or service industries. The retail industries include Motor Vehicle and Parts Dealers,

Furniture and Home Furnishing Stores and Building Material, Garden Equipment and Supplies Dealer. These market segments show that residents from adjoining counties shop for the above-mentioned products within Ozaukee County.



When we examined these three industries on a state-wide level, Building Material, Garden Equipment and Supplies Dealers and Furniture and Home Furnishing Stores continue to have higher concentrations. However, it is interesting to note that Motor Vehicle and Parts Dealers while having LQ concentrations in employment and payroll, actually shows a significant decline in establishments.

Lastly, the Service industries are Gas Stations, Educational Services, Personal and Laundry Services, Social Assistance and Amusement, Gambling and Recreation Industries. These are industries that have higher percentages in Ozaukee County compared to national trends. However, since these services focus mainly on personal care or assistance, strengthening or growing these industries would likely provide limited external growth.



Two of these industries, Amusement, Gambling and Recreation and Educational Services both also have significant state-wide concentrations. These services are likely bringing in customers from other counties and could be expanded.

CONCLUSION

As can be seen from the above information, Ozaukee County has a vibrant business community with a strong focus on the Manufacturing Sector. The County has significant manufacturing employment and establishments. Developing programs and initiatives that support the key market segments noted above can strengthen this industry. Through programs that enhance regional advantages, as well as programs to strengthen the County's position in specific market segments, Ozaukee County can strengthen its position within the State's Manufacturing sector.

Market strengths in the retail and service industries appear to have a more limited focus and may be in areas that OCEDC will not want to develop. The

next step for OCEDC is to determine which market segments are key to its future and begin developing programs and initiatives to support them.