

6 Economic Development

The economic base of the community serves as an important driver for current and future land use. Economic characteristics include such components as the size of the civilian labor force, comparative employment growth, employment by industry, unemployment rates, and commuting patterns.

For the City of Eagle River, Town of Lincoln and other communities in Vilas County, much of the economic base is centered around the tourism industry and other natural resource-based businesses. The lake rich area is also attractive for seasonal/recreational homes, and serves as a major retirement area.

Assessment of these components of the economic base provides an important historical perspective on current land use patterns, and provides insights that help to predict possible future directions and opportunities for growth of the local economy.

6.1 Civilian Labor Force

The civilian labor force consists of those persons age 16 and over who are currently employed or seeking employment, excluding persons in the armed forces. Shifts in the age and gender characteristics of residents, seasonal changes, and employment opportunities can all cause fluctuations in the number of persons in the labor force. Table 6-1 identifies the characteristics of the City of Eagle River's and Town of Lincoln's labor force. The data is derived from the 1980 and 1990 Census.

**Table 6-1
Labor Force Characteristics
City of Eagle River
1980-1990**

City of Eagle River Employment Status by Sex of Persons 16 Years and Over								
	1980				1990			
	In Labor Force		Not in Labor Force	Total	In Labor Force		Not in Labor Force	Total
	Employed	Unemployed			Employed	Unemployed		
No. of Males	247	23	208	478	267	20	179	466
% of Males	22.3	2.1	18.8	43.2	23.8	1.8	16.0	41.6
No. of Females	230	21	378	629	254	23	378	655
% of Females	20.8	1.9	34.1	56.8	22.7	2.1	33.7	58.4
Total	477	44	586	1,107	521	43	557	1,121
% of Total	43.1	4.0	52.9	100.0	46.5	3.8	49.7	100.0

SOURCE: WisPOP Data, Tables #401, #402

**Table 6-2
Labor Force Characteristics
Town of Lincoln
1980-1990**

Town of Lincoln Employment Status by Sex of Persons 16 Years and Over								
	1980				1990			
	In Labor Force		Not in Labor Force	Total	In Labor Force		Not in Labor Force	Total
	Employed	Unemployed			Employed	Unemployed		
No. of Males	498	73	287	858	563	30	305	898
% of Males	28.5	4.2	16.4	49.1	31.1	1.7	16.8	49.6
No. of Females	408	47	433	888	467	22	424	913
% of Females	23.4	2.7	24.8	50.9	25.8	1.2	23.4	50.4
Total	906	120	720	1,746	1,030	52	729	1,811
% of Total	51.9	6.9	41.2	100.0	56.9	2.9	40.3	100.0

SOURCE: WisPOP Data, Tables #401, #402

According to Table 6-2, participation rates in the City of Eagle River's and Town of Lincoln's labor force grew slightly between 1980 and 1990. In Eagle River, 43.1% of people ages 16 and up were employed in 1980, compared with 46.5% in 1990. Within the Town of Lincoln, the 51.9% of persons ages 16 and up employed in 1980 increased to 56.9% in 1990. These participation rates are comparable to the Vilas County participation rates of 44.7% in 1980 and 50.2% in 1990.

The employment rates also reflect the fact that the City of Eagle River and Town of Lincoln have a proportionately much higher number of retirees in the population than the statewide average. In 1990, 39.2% of the city's population was 55 years of age or older, and 32.5% of the Lincoln population was 55 years or older. In contrast, the statewide average in 1990 was 21.8% of the population ages 55 and up.

6.2 Changes in Employment

The total number of individuals of employment age in the City of Eagle River and Town of Lincoln increased slightly from 1980 to 1990. In the city, people ages 16 and up grew from 1,107 to 1,121 in that period, while Lincoln also showed some growth from 1,746 individuals in 1980 to 1,811 individuals in 1990. This corresponds with the overall population increases from 1,326 city residents in 1980 to 1,374 in 1990, and 2,262 Lincoln residents in 1980 to 2,310 (1990 Census).

The 1999 official population estimates from the Wisconsin Department of Administration are for the City of Eagle River and Town of Lincoln to have grown again. Based on these estimates, the labor force would have also increased since the 1990 Census. The city population was projected

to have increased by just 3% since 1990, while Lincoln was to have grown by 7.3% in the same period.

A higher percentage of males than females were employed in both 1980 and 1990 within the City of Eagle River and the Town of Lincoln. However, the percentage difference between males and females employed in the labor force was more pronounced in Lincoln.

6.3 Employment by Industry

The employment by industry within an area helps to illustrate the structure of the economy. Historically the state of Wisconsin has had high concentrations of employment in the manufacturing sector of the economy. Recent trends show a decrease in the concentration of employment in manufacturing, and increasing levels of employment in the service industry. In contrast, Vilas County has had relatively low employment in manufacturing, and much higher employment in service and retail sectors due to the large tourism industry.

Table 6-3 provides data on the employment distribution by industry for the City of Eagle River and Town of Lincoln for 1980 and 1990. The highest employment in 1990 was in the retail trade sector in both the city and town with 25.1% and 27.2% of the workers respectively. In the City, this was followed by manufacturing of durable and nondurable goods (11.3% combined), and educational services and professional health services (10.9% each).

For 1990 employment in the Town of Lincoln, retail jobs were followed by construction (9.7%), manufacturing of durable and nondurable goods (8.2% combined), educational services (7.9%), and professional health services sectors (7.1%). Manufacturing of durable and nondurable goods in Lincoln actually lost employment from 1980 (120) to 1990 (85).

**Table 6-3
Employment by Industry
City of Eagle River
1980-1990**

Industry of Employed Persons 16 Years and Over in City of Eagle River				
	1980		1990	
	Count	Percent	Count	Percent
Agriculture, Forestry, Fisheries	18	3.8	23	4.4
Mining	**	**	0	0.0
Construction	24	5.1	23	4.4
Manufacturing-Nondurable Goods	25	5.3	11	2.1
Manufacturing-Durable Goods	35	7.4	48	9.2
Transportation	0	0.0	8	1.5
Communications and Other Public Utilities	8	1.7	3	0.6
Wholesale Trade	24	5.1	19	3.6
Retail Trade	137	28.8	131	25.1
Finance, Insurance and Real Estate	16	3.4	24	4.6
Business and Repair Service	4	0.8	6	1.2
Entertainment, Recreation	21	4.4	12	2.3
Personal Services	**	**	26	5.0
Professional Health Services	72	15.2	57	10.9
Educational Services	36	7.6	57	10.9
Other Professional and Related Services	13	2.7	42	8.1
Public Administration	42	8.8	31	6.0
Total	475	100.1	521	99.9

**Included in category directly above

Note: Percents may not add due to rounding

Source: WisPOP Data, Tables #411, #412

**Table 6-4
Employment by Industry
Town of Lincoln
1980-1990**

Industry of Employed Persons 16 Years and Over in Town of Lincoln				
	1980		1990	
	Count	Percent	Count	Percent
Agriculture, Forestry, Fisheries	30	3.3	36	3.5
Mining	**	**	0	0.0
Construction	89	9.8	100	9.7
Manufacturing-Nondurable Goods	31	3.4	33	3.2
Manufacturing-Durable Goods	89	9.8	52	5.0
Transportation	24	2.6	24	2.3
Communications and Other Public Utilities	13	1.4	26	2.5
Wholesale Trade	17	1.9	49	4.8
Retail Trade	260	28.7	280	27.2
Finance, Insurance and Real Estate	58	6.4	70	6.8
Business and Repair Service	17	1.9	36	3.5
Entertainment, Recreation	70	7.7	17	1.7
Personal Services	**	**	63	6.1
Professional Health Services	69	7.6	73	7.1
Educational Services	60	6.6	81	7.9
Other Professional and Related Services	32	3.5	42	4.1
Public Administration	47	5.2	48	4.7
Total	906	99.8	1,030	100.1

**Included in category directly above

Note: Percents may not add due to rounding

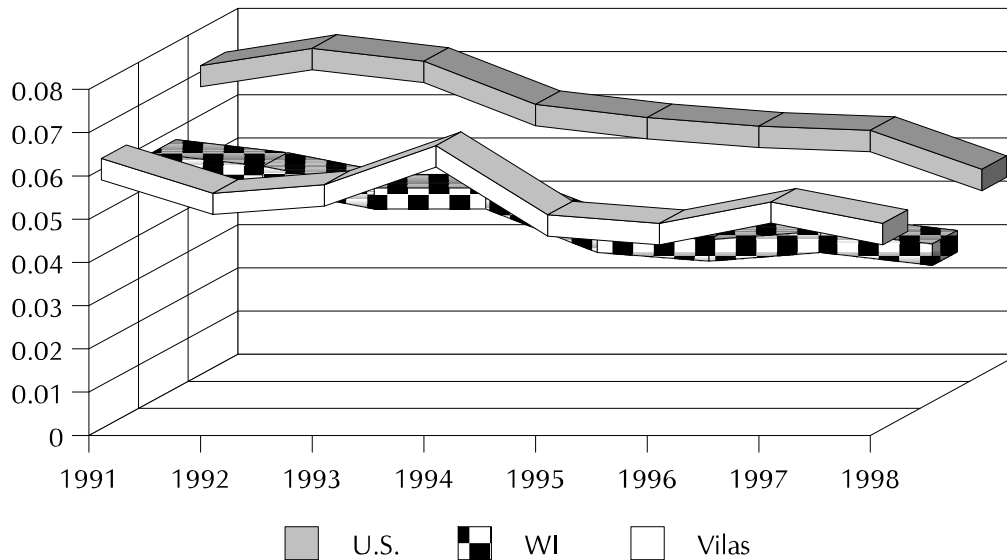
Source: WisPOP Data, Tables #411, #412

6.4 Comparative Unemployment Rates

The percentage of those who were unemployed in the City of Eagle River and Town of Lincoln was quite low in the 1990 Census. The City's 3.8% and Lincoln's 2.9% unemployment rates were lower than the corresponding Vilas County unemployment rate of 4.2% in 1990. The town's unemployment rate was lower than the statewide average of 3.5% in the 1990 Census.

The City's unemployment rates did not change much from the 1980 to 1990 Census with 4.0% in 1980 and 3.8% in 1990. Lincoln's unemployment rates dropped from 6.9% in 1980 to 3.8% in 1990, corresponding with 120 unemployed persons in 1980 versus 52 unemployed in 1990.

Figure 6-1
Unemployment Rate Comparison
U.S., WI, and Vilas County
1991-1998



	1991	1992	1993	1994	1995	1996	1997	1998
U.S.	6.9%	7.3%	7.0%	6.0%	5.7%	5.5%	5.4%	4.5%
WI	5.5%	5.2%	4.7%	4.7%	3.7%	3.5%	3.7%	3.4%
Vilas	6.0%	5.2%	5.4%	6.3%	4.7%	4.5%	5.0%	4.5%

U.S. information based on US Bureau of Labor Statistics Data

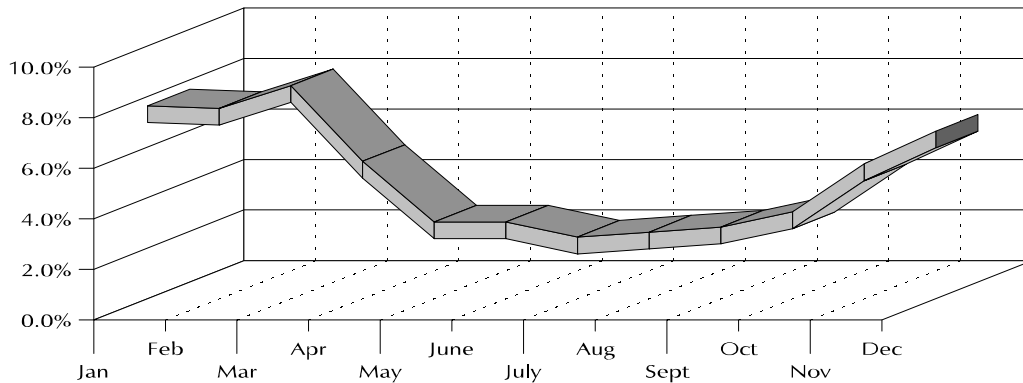
Wisconsin and Vilas information based on Wisconsin Department of Workforce Development Data

The national trend in unemployment has followed a steady decline from 1992 to 1998, decreasing from 7.3% to 4.5%. The state of Wisconsin has remained well below the national average unemployment rate in that same time frame, and dropped to a rate of 3.4% in 1998. Vilas County has also remained below or near the national average unemployment rate, but has been consistently higher than or equivalent to the statewide rate. During that same period, the

unemployment rate in Vilas County has fluctuated from a high of 6.3% in 1994 to a low of 4.5% in 1996 and 1998.

Unemployment throughout Vilas County, however, is highly seasonal. Vilas County's unemployment rates during 1998, for example, ranged from a high of 8.1% in March, to a low of 2.1% during the peak tourism season in July.

Figure 6-2
Vilas County Monthly Unemployment Rates
1998



6.5 Commuting Patterns

Table 6-5 identifies commuting patterns for the City of Eagle River and Town of Lincoln residents based on the 1990 Census. The majority of workers residing in the city also worked in the city (63%). Vilas County (outside of the City of Eagle River) was the location of business and industry where nearly one fourth of the remaining workers (24%) were employed. Just over 12% of the City's workers commuted outside of Vilas County.

More than half (52%) of the Town of Lincoln residents also worked within the City of Eagle River. Another 35% work within the remainder of Vilas County. Similarly, just over 12% of the Town's workers commuted outside of the county.

**Table 6-5
Location of Workplace
1990**

Location of Workplace	Lincoln Residents		Eagle River Residents	
	Number	Percent	Number	Percent
City of Eagle River	525	52.24%	323	63.33%
Remainder of Vilas County	356	35.42%	123	24.12%
Forest County	2	0.19%		
City of Rhinelander	37	3.68%	20	3.92%
Remainder of Oneida County	45	4.48%	28	5.49%
Gogebic County, MI	7	0.70%	2	0.39%
Lincoln County	3	0.30%		
Langlade County	3	0.30%		
Florence County	3	0.30%		
Taylor County	2	0.20%		
Worked Elsewhere	22	2.19%	14	2.75%
Total	1,005	100.00%	510	100.00%

Note: Percents may not add to 100 due to rounding.
Source: 1990 Census.

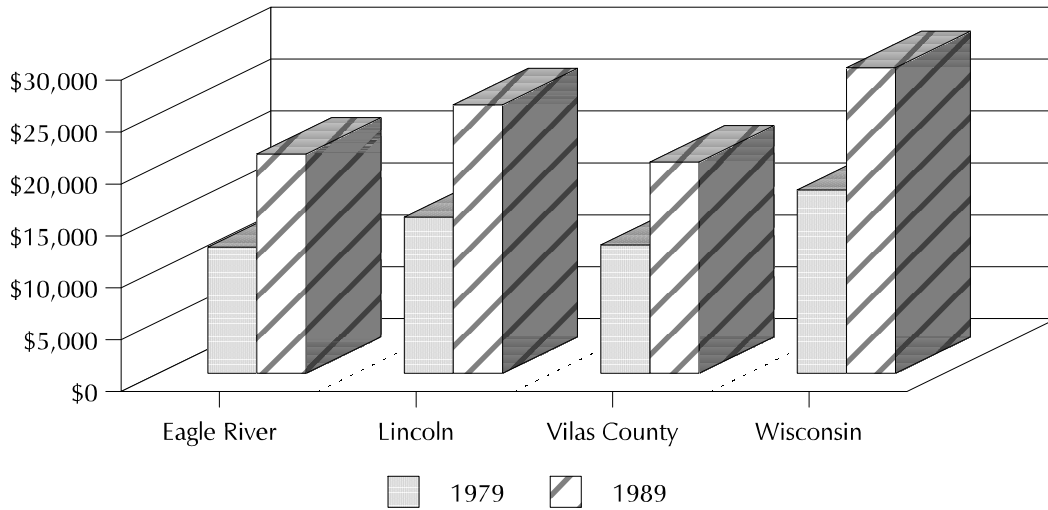
6.6 Income Characteristics

The median annual household income in the City of Eagle River increased from \$12,159 in 1979 to \$21,118 in 1989, a 73.7% increase. The median annual household income in the Town of Lincoln during the same period also rose from \$15,042 in 1979 to \$25,882 in 1989, a 72.1% increase.

By 1989, the median income in both the City of Eagle River and Town of Lincoln was higher than that of Vilas County. The county's median income rose 64.5 percent from \$12,373 in 1979 to \$20,352 in 1989.

Conversely, the median incomes from both the City of Eagle River and Town of Lincoln were significantly less than the statewide median through the same period. Wisconsin's median household income increased 66.5%, from \$17,680 in 1979 to \$29,442 in 1989.

Figure 6-3
Median Annual Household Income
City of Eagle River, Town of Lincoln, Vilas County & Wisconsin
1979 and 1989



	Eagle River	Lincoln	Vilas County	Wisconsin
1979	\$12,159	\$15,042	\$12,373	\$17,680
1989	\$21,118	\$25,882	\$20,352	\$29,442

6.7 Tourism

Tourism is a major component in Vilas County's economy, as thousands of visitors travel to the area to take advantage of the over 1,300 lakes, large public forest lands, and diversity of recreational resources. Vilas County ranked 12th among the 72 counties in Wisconsin in 1998 for total tourism expenditures. According to annual estimates prepared for the Wisconsin Department of Tourism by Davidson-Peterson Associates, travelers to Vilas County spent \$153 million in 1998, up 13.3% from 1997. This level of expenditures is estimated to directly and indirectly support 4,602 full-time equivalent jobs and provide over \$93 million of resident income.

Davidson-Peterson also estimates the tourism expenditures according to three seasons. Not surprisingly, about 63.6% of traveler expenditures occur during the summer season from May through August. Expenditures from December through April from the winter and early spring seasons made up 19.1% of the total, while fall expenditures during September through November were 17.3%.

As noted before, the seasonal nature of the traveler expenditures has a significant impact on the fluctuations in employment rates throughout the year.

Accommodations such as motels, resorts, campgrounds and other lodging facilities generate an influx of visitors and business to the City of Eagle River and Town of Lincoln. According to licensing information from the Wisconsin Department of Health & Social Services, a total of 952 rooms are available in the Eagle River area, as well as an additional 302 sites in campgrounds. (Note: In the licensing information, the Eagle River area includes the City of Eagle River, and towns of Lincoln, Washington and Cloverland that use the 54521 zip code.) The rooms are located in 34 tourist rooming houses and rental cottages (1-4 rooms), three bed and breakfasts, 43 small motels and resorts (5-30 rooms in size), and six large hotels/motels (31+ rooms in size).

These lodging facilities in the area make up nearly one-fifth of all the accommodations available in Vilas County (19.9%) and over 9% of the available camp sites. In total, the Eagle River area features 15.5% of the available lodging rooms and camp sites in Vilas County.

When these facilities are full during the peak summer visitor season, an estimated 3,151 visitors are utilizing services in the community, about doubling the resident population.

A rough estimate of tourism impacts on the Eagle River area can be derived by extrapolating the total tourism expenditures in Vilas County using the percentage of accommodations capacity in the area versus county. Based on this extrapolation, the City of Eagle River, Town of Lincoln and adjoining towns may benefit from roughly \$23.7 million of expenditures from visitors each year. These expenditures directly support roughly 451 full-time equivalent jobs in the area, and indirectly support another 263 jobs. Visitor expenditures also directly and indirectly provide roughly \$1.7 million in local revenues to the area such as sales tax and room tax, and support about \$14.5 million in resident income.

6.8 Seasonal Residents

In addition to visitors to the town, people owning seasonal/recreational homes in the area can nearly out-number the local residents during peak times during the summer. In Vilas County, the City of Eagle River has the least amount of housing units used for seasonal/recreational or occasional use according to the 1990 Census, with just 29 housing units (4.1% of total housing in the city). However, in the Town of Lincoln, 596 housing units (35.7% of total housing in the town) were seasonal homes. With these housing units, an estimated 2,500 additional seasonal residents may be housed in the communities during the peak summer season, greatly adding to the resident population.

Seasonal homeowners also contribute expenditures for food and drink, recreation and equipment, auto and home supplies, construction and remodeling, and professional and other services. A 1995 study of Recreational Homeowners in Wisconsin estimated total expenditures of about \$127 million from seasonal residents in Vilas County. A rough estimate of expenditures of City of Eagle River and Town of Lincoln seasonal residents can be extrapolated from the proportion of seasonal housing units in the area (5.4 percent) versus county. Table 6-6 shows that roughly \$6.8 million of expenditures help to stimulate the economy in the City of Eagle River and Town of Lincoln area.

Seasonal residents in the surrounding towns of Washington and Cloverland also shop in the Eagle River area (1369 seasonal homes). When their economic impact is added to the impact of seasonal residents with homes located in the City of Eagle River and Town of Lincoln, an estimated \$21.8 million of expenditures from seasonal homeowners help support the area's economy annually, nearly equaling the economic impact of visitors.

Table 6-6
Recreational Homeowner Expenditures
City of Eagle River and Town of Lincoln Estimates

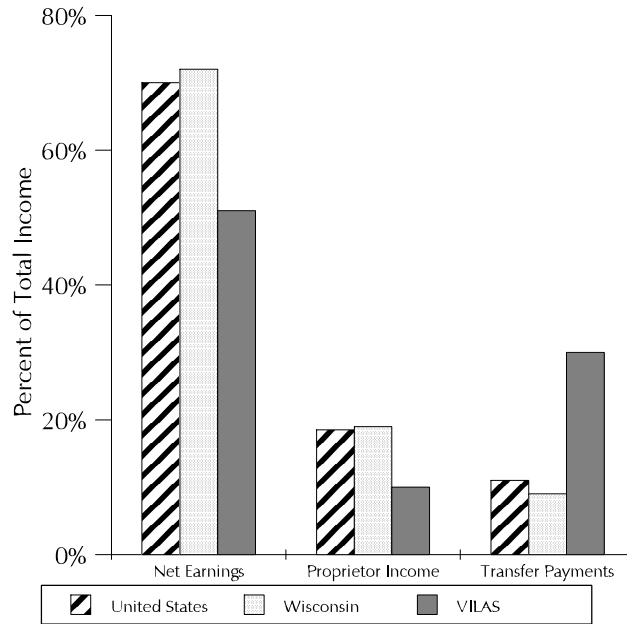
Vilas County Rec. Homeowners Expenditures		
	Vilas County \$ in millions	City of Eagle River and Town of Lincoln ¹ \$ in millions
Food & Drink	15	0.81
Recreation & Equipment	9	0.49
Auto & Home	9	0.49
Construction & Remodeling	32	1.73
Professional Services and Other	62	3.34
TOTAL	127	6.86

Source: UWEX, Tourism Research & Resource Center, Expenditures of Recreational Homeowners in Wis., 1995¹ - Extrapolated from county figures.

6.9 Retirement Sector

The large number of retirees living within City of Eagle River and Town of Lincoln also contribute personal income in the form of transfer payments such as retirement fund income, social security and others. In Vilas County, transfer payments account for more of the personal income of residents than proprietor income. When compared with the rest of Wisconsin and the United States, the level of transfer payments is more than twice the percent of total income.

Figure 6-4
Major Sources of Personal Income
U.S., WI and Vilas County, 1997



Source: Woods & Poole Economics, Inc.
 Department of Agricultural and Applied Economics, U-W Madison/Extension.