AN ECONOMIC OPPORTUNITY STUDY
FOR THE
MICHIGAN UPPER PENINSULA/
WISCONSIN BORDER REGION

SEPTEMBER 2009
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Lois Ellis   Julie Melchori   Donna Scorse
Bob Eslinger   Vickie Micheau   Mary Smith
Wendy Gehlhoff   Phil Musser   Kim Stoker
James Hendricks   Bruce Ortenburger

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The Honorable Bart Stupak, U.S. Congressman   Tom Baldini, District Director

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The Honorable Michael Prusi, Senator, 38th Senatorial District
The Honorable Jason Allen, Senator, 37th Senatorial District
The Honorable Michael Lahti, Representative, 110th District
The Honorable Steven F. Lindberg, Representative, 109th District
The Honorable Judy Nerat, Representative, 108th District
The Honorable Gary McDowell, Representative, 107th District

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EXECUTIVE SUMMARY

This study is a call to action to accelerate the pace of change and direction of the economy of Michigan's Upper Peninsula (UP) and two adjoining Wisconsin counties. This region, the UP/Wisconsin border region, faces long term economic challenges from a rapidly shifting national and global economy.

High levels of unemployment in the region, recent plant closings, layoffs, delays in investment projects, and low levels of business start ups are clear benchmarks of economic distress. In response to the current environment, leaders in the region applied for and received a Regional Innovation Grant from the United States Department of Labor for the development of a 17-county (consisting of the entire UP, plus the adjacent Wisconsin counties of Florence and Marinette) economic impact study with actionable implementation activities critical to regional economic survival. The goal of the study was to formulate strategies for regional economic and workforce development that are specific, measurable, achievable, and realistic with a timeline.

Strategies

The strategies developed for this plan cut across the entire UP/Wisconsin border region. Each county or sub-region has an interest and a direct economic benefit through the successful implementation of the strategies. Listed below are the key points to the following seven strategies developed for this plan: Higher Education, Education and Workforce, Business Growth & Development, Natural Resources, Tourism & Seasonal Residents, Infrastructure, and Health Care. The graph below incorporates these strategies in an overall economic vision aimed at increasing the economic prosperity of the region.

Figure E-1: Vision for Economic Prosperity in the UP/WI Border Region
Strategies and Tactics by Category

Higher Education – Build on the higher education cluster in the region; expand enrollment, research and entrepreneurial activity; raise educational attainment of the regions workforce;

- Support the region’s educational institutions in building programs and enrollment
- Build on the growing higher education research base to develop additional R&D programs

Education & Workforce Training - Increase the skill and education of the regional workforce to increase competitiveness

- Work to raise the overall educational attainment in the region
- Build on existing programs that increase experiential and entrepreneurial opportunities for K-12 students
- Build on existing regional workforce training programs to train or retrain workers in manufacturing, health care and specific industry clusters such as forest products, digital communications, entrepreneurship and shipbuilding

Business Growth & Development – Work to grow existing businesses and the number of new businesses; establish a region-wide culture of collaboration and innovation to attract entrepreneurs and existing business investment;

- Work to increase the growth of existing businesses and new businesses through the use of SmartZones and the Wisconsin Entrepreneurs Network;
- Establish an international business network and economic development strategy
- Establish a network of incubators and business parks
- Establish a region-wide high-tech business plan competition

Tourism - Have the region become a major tourism destination and 2nd place of residence

- Develop and implement a coordinated tourism campaign for the entire region
- Determine the need for further Great Lakes port development
- Aggressively promote winter sports in the region
- Develop a region-wide recreational trail network
- Explore programs to capture and utilize the talent of seasonal and retired residents

Infrastructure - Develop a 21st century vision for broadband/cellular service, highways, rail service and air service

- Expand broadband and cell phone penetration across the region
- Develop a comprehensive highway plan for the region
- Develop a comprehensive rail service plan for the region
- Develop a long-term air service strategy for the region
Natural Resources - Continue to promote use of the region's natural resources in an environmentally sound, safe, and sustainable manner and focus on proactive strategies that promote value-added economic activity within the region.

- Establish a Northern Products cluster group
- Establish a biomass / biofuel energy consortium
- Continue to explore wind energy as an alternative energy source
- Build economic growth and job/business creation around a waste transformation cluster
- Develop a business model to support value-added manufacturing

Health Care - Provide citizens of the region with the highest quality, affordable, convenient health care services available.

- Explore the establishment of health care cooperatives
- Enhance and expand the use of telemedicine
- Explore how to retain more medical care spending that is lost to other regions
- Increase worker training to support the existing and growing health care industry

Implementation

Implementing this plan will require vision, leadership, resources, and cooperation. The implementation chapter lists and explains all of the key elements required for a timely and successful implementation of this plan. The consultants recommend that a high priority be given to the issue of the organization that will carry out the implementation of the plan. There is a degree of urgency to getting this issue settled so that the region may speak with one voice as they apply for grants, discuss policy matters with public officials, and plan for economic growth and prosperity for the region.

There are numerous recommendations in the plan and it will be impossible to undertake everything recommended in the plan immediately. Priorities must be established and a limited number of initiatives should be undertaken. Based upon the current economic conditions, the opportunities currently available, ongoing efforts by other economic development organizations, and the potential economic impact, the consultants recommend that the following initiatives be undertaken in the next 1-2 years:

- Higher education focused on growing the research base, higher education enrollments, tech transfer, and spin off opportunities from research and other activities.
- Biofuels / Biomass consortium
- Workforce training in paper and forest products, shipbuilding, digital technology, and entrepreneurship
- New Economy infrastructure – broadband; cell service; region wide communication network
New Economy Infrastructure: U.P. Link and WiMax

Kim Stoker of the Western Upper Peninsula Planning and Development Region (WUPPDR) and Carlton Crothers of the Michigan Tech Enterprise Corporation (MTEC) SmartZone have offered an initiative called U.P. Link, a digital telecommunications network spanning the entire region, which would facilitate implementation of the above strategies. In addition, Northern Michigan University is involved in testing a broadband wireless technology called WiMax which may offer a solution to broadband access. These ideas merit serious consideration, and ought to be viewed as top tier priorities in implementing the strategic plan.

Longer Range Implementation Goals

Longer term implementation goals - years 3-4 - should include the following:

- Tourism and seasonal residents
- Infrastructure – highways and airports
- Forest products cluster
- International economic development with a focus on ship building, mining, and manufacturing.
CHAPTER I
INTRODUCTION TO THE MICHIGAN UPPER PENINSULA / WISCONSIN BORDER REGION ECONOMIC OPPORTUNITY STUDY

Background

Michigan’s Upper Peninsula (UP) consists of the 15 northern most counties in the state of Michigan and contains 16,452 square miles. The region including the Wisconsin counties of Marinette and Florence contains over 18,490 square miles. While the UP borders the remainder of Michigan via the Mackinac Bridge, it is in part physically, economically and culturally connected to several Northern Wisconsin counties. Much of the region is publicly owned (see Appendix 1). The region’s population is 355,597 people with a civilian labor force in excess of 205,000. While the UP population makes up only about 3% of the state population, the region represents almost one-third of the state’s size. As of June 2009, unemployment in the region was 12.4%, two-tenths of a percent higher than the rest of the Michigan, and nearly 50% more than unemployment in Wisconsin. Per capita income as well as the region’s percentage of residents holding four year degrees falls below state and national averages. Florence County and Marinette County in Wisconsin had populations of 4,689 and 42,407 and unemployment rates of 21.2% and 9.8% respectively as of April 2009. Both of their unemployment rates are higher than the Wisconsin state average of 8.4%.

While the region is composed of many distinct sub-regions in terms of population and commerce; the UP/Wisconsin border area is also a distinct region. Common issues across the macro region include declining population or static to low population growth, aging of the population, inability to retain youth, lack of year-round employment or uncompetitive wage and benefits and sustained opportunities to compete against other regions in the global economy. In some respects, the region is hindered by limited access to prime consumer markets with only one vehicular accessible route to the south (via the Mackinac Bridge) and east and west (to Canada via the International Bridge) creating long distances to major urban areas. This creates higher energy and transportation costs for businesses attempting to serve the global marketplace.

The region’s economy has historically relied on its natural resources. The region is now in economic transition due to the restructuring of traditional industries such as steel and mining. Tourism and health care also play important roles in the region’s economy. Declining industry and the decrease in the labor force due to aging strains or outmigration from the region, has significant impact on many local government tax base resources. Two recently announced major dislocations will cost the region as much as $10 million in direct payroll and over 400 jobs; indirect losses could exceed 1,400 jobs and $65 million. The closures, the first an in-bound call center in Marquette County, the second a paper mill in Niagara, Wisconsin, impacting Michigan’s Dickinson County are projected to have a severe economic impact on the region
within the coming year. While the company is based in Wisconsin, over 56% of the workers are Michigan residents with some workers living in other adjoining Michigan counties.

A call to action led to the funding of a regional innovation grant from the United States Department of Labor for the development of a 17 county Economic impact study with actionable implementation activities critical to our regional economic survival in the global economy.

**The Need for a Regional Plan and Collaboration in the UP/Wisconsin Border Region**

There are many good reasons for putting together a regional plan and for collaborating on taking action on that plan.

The biggest, best and most imperative reason for undertaking this study, creating a regional plan, and collaborating to make the plan work is the economic reality of the New Economy and what it has done to the economic standing of Michigan and many other Midwestern industrial states. The dynamics of this New Economy have shifted the economic equation to favor other regions of the country. The statistics below show an economic decline that threatens the future economic base and standard of living of the Midwest and this region:

**Figure I-1: Per Capita* Income of Midwestern Industrial States 1965-2008**

<table>
<thead>
<tr>
<th>State</th>
<th>1965 Rank</th>
<th>2008 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>Indiana</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Iowa</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Minnesota</td>
<td>24</td>
<td>10</td>
</tr>
</tbody>
</table>

* Per capita income is the total personal income from all sources (earnings, rents, dividends, interest payments, social security payments, etc.) divided by the total population of the state. Source: Bureau of Economic Analysis

The economic decline of Michigan and the Midwest in general has been startling. Michigan has gone from 10th in per capita income among all states to 38th. That is the largest fall in ranking of any state for that period of time. Recent news related to the auto, steel, and several other manufacturing industries will pose further challenges to Michigan, this region, and the Midwest in general.

The Upper Peninsula of Michigan/Wisconsin border region has certainly recognized the realities of the New Economy and has taken steps to plan a better economic future. This region has undertaken multiple economic development efforts through workforce boards, university initiatives, economic development corporations, state agencies, private-public partnerships and
other entities and initiatives. Because of the large geographic area, variations in the sub regional economies, and a history of self reliance and independent action, these efforts are often not connected and don’t build on one another. The current economic development efforts need to be looked at in the context of a regional plan that will focus the current energy and resources on economic opportunities that can lift the whole region economically.

The hope of a regional plan is to build on the work ethic and the demonstrated willingness of people in this region to work hard to improve the economic fortunes of the UP/Wisconsin border region. To do that in this New Economy will require a region-wide approach to economic development.

A region-wide approach will help to address the following New Economy challenges:

- **Scale of Problems, Challenges and Opportunities**– The current largely independent efforts of over thirty UP/WI border region economic development organizations cannot address the scale of problems, challenges and opportunities that arise in the New Economy. Individual areas or sub-regions cannot address issues like educational attainment, workforce training, supporting the formation of new businesses, and other such issues.

- **Speed of Economic Change** – In the last six months two giants of the American economy, Wall Street and the domestic auto industry, have been dramatically reshaped. There are other examples of rapid positive change including the growth of Google, Facebook, and other companies and industries that demonstrate the speed of change and need for information and networks to keep up with or get ahead of a rapidly changing economy.

- **Globalization of the Economy** – Competition from foreign companies and economies has reshaped many facets of the U.S. economy. U.S. manufacturing businesses have declined and disappeared. On a positive note, foreign direct investment in the U.S. provides an opportunity to rebuild some industries and establish others.

In light of these New Economy challenges and others, the UP/Wisconsin border region needs to focus its economic development efforts. A region wide effort can harness the political connections of the region in an era in which government is playing a larger role in the economy. A region wide effort can enhance the higher education assets and initiatives and can build the brain power and research capacity of the region. A region wide effort can focus on New Economy jobs that may attract or keep younger people in the region.

**Project Scope**

This project was designed to develop an actionable plan that documents and identifies economic opportunities for the 17-county Upper Peninsula/Wisconsin border region. The goal was to formulate strategies for regional economic and workforce development that are specific, measurable, achievable, and realistic and with a timeline. Strategies, tactics, and action steps are
set forth in Chapter V. By taking in to account a broad range of issues, including infrastructure (roads, buildings and technology such as broadband); investment (availability of risk capital); and available talent, these strategies are designed to spur transformation in the study region with a focus on: building innovation (through R&D and intellectual property formation); bringing innovation to market; identifying new and growing established industries; developing new markets; creating new initiatives for capital creation; and building and maintaining skilled worker pipelines.

Methodology / Timeline

In October of 2008, we held the first in a series of meetings with the steering committee. At that time, as noted above, a number of goals were identified. Copies of previous economic studies and demographic data were requested, and NorthStar personnel began a comprehensive review of the available literature. Over the course of the next several months, focus group sessions and individual interviews were conducted with a variety of individuals in the study region to obtain their input to establish a snapshot of the regional economy and assess the concerns present in communities throughout the region. A survey was also posted online and publicized through a variety of means to gain additional input. Simultaneously, we began gathering economic and demographic data and statistics so to provide regional economic benchmarks.

Sources of data included the U.S. Bureau of Economic Analysis, Economic Modeling Specialists, Inc. (EMSI), the Census Bureau's County Business Patterns, and the Harvard Cluster Mapping Project. We gathered data on a variety of topics, including per capita income, property taxes, population, business establishments, employment, and educational attainment. Focus group sessions were held in December of 2008 and January 2009, with individual interviews, telephone interviews, and make-up sessions continuing through June of 2009. The project team met with members of the steering committee on several occasions from May through July 2009, before completing the report in August of 2009.

In analyzing the collected data, compiling interview results, and brainstorming with the steering committee, a basis for formulating strategies began to emerge. Drawing on the information gathered, as well as our own expertise, we identified those economic opportunities which we deemed most ripe for development, and formulated strategies accordingly. After receiving the nod of approval from the steering committee with respect to those strategies, we began formulating a plan of concrete action steps designed to implement these strategies.

Key Personnel

This study was conducted by NorthStar Economics Inc. (NorthStar), in conjunction with MSA Professional Services (MSA). Dr. Bruce Siebold, President of NorthStar served as the project leader, coordinating the efforts of the consulting team, conducting focus groups and individual interviews, conducting research, formulating strategies and recommendations, and writing and editing sections of the report. NorthStar Founder and CEO David J. Ward provided valuable
oversight on the project, interviewed professionals in the higher education sector, conducted research, formulated strategies and recommendations, and wrote and edited sections of the report. NorthStar Vice President Alan J. Hart conducted focus group interviews and individual interviews, designed and posted the online survey, conducted research, prepared graphics and wrote and edited sections of the report. Jason Valerius, Senior Planner with MSA conducted focus group sessions and individual interviews, conducted research, formulated recommendations and strategies, and edited sections of the report. Sarah Elliott, Planner with MSA, conducted research, prepared thematic maps, formulated recommendations and strategies, and edited sections of the final report. All members of the project team met with the steering committee on several occasions.

“Due to the small size of our communities and our low funding for economic development, it is imperative that we cooperate to promote and showcase all business opportunities in our region. We also must consider our strengths and create a brand or identity for our region.”

- Survey respondent, Baraga County
CHAPTER II
DEMOGRAPHIC PROFILE

To place the recommendations set forth in this report in a proper context, information was gathered about the demographics of the UP/WI border region. An understanding of the characteristics of the regional population provides a foundation for the strategies recommended.

Population

Regional Population Projections - Age

Currently, the largest age cohorts in the UP/WI border region are 20-24 year-olds and 50-54 year-olds. Forecasting a decade into the future however, it is clear that the population of the region is aging. The most significant increase (6%) is projected for retirees - those aged 60 and older. It is important to take this aging population into account as the region moves forward with economic strategies. This data reflects a need to implement strategies to create more jobs to keep younger educated people in the region. In addition, health care and other industry sectors used by an older population will grow in importance to the economic health of the region.

Figure II-1: Age Breakdown of the UP/WI Border Region Population - 2009 and 2018

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
**Historical Population Growth**

A look back several years (2002 is the oldest year for which data is available) reveals that the trend forecast in Figure II-1 above has been progressing for some time. Although there was a significant increase in the last several years in the number of residents in the region in their 20s, every other age cohort below age 50 experienced a decline. At the same time, there was a surge in residents in their 50s and 60s, as well as a substantial increase in the most elderly residents – those over age 85.

**Figure II-2: Population Growth Rate in the UP/WI Border Region from 2002 to 2009**

![Population Growth Rate Chart](chart.png)

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2

**Race/Ethnicity**

More than 9 out of 10 residents of the UP/WI border region are white. Approximately 3.4% are American Indian or Alaska natives, while all other ethnic groups, including Asians, Hispanics, and African-Americans comprise the remaining 5.7%, as indicated in Figure II-3 below.
These percentages are not projected to change significantly in the near future. Population projections for the next decade indicate that the regional population as a whole is expected to remain roughly the same, with a 1% reduction in the white population as other ethnic groups experience modest gains. As indicated in Figure II-4 below, increases are projected for most ethnic groups, though they are still projected to represent a very small portion of the overall population in the region. This lack of diversity in the ethnic population may be a factor in attracting more young people to the region. A more diverse population, representing a broader range of cultural opportunities, could help in making the region more attractive to younger people.

### Figure II-4: Projected Changes in Race/Ethnicity Breakdown of the UP/WI Border Region Population - 2009-2018

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2009 Population</th>
<th>2018 Population</th>
<th>Change</th>
<th>% Change</th>
<th>2009 % of Cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td>White, Non-Hispanic</td>
<td>323,086</td>
<td>318,704</td>
<td>-4,382</td>
<td>-1%</td>
<td>90.86%</td>
</tr>
<tr>
<td>White Hispanic</td>
<td>3,246</td>
<td>4,136</td>
<td>890</td>
<td>27%</td>
<td>0.91%</td>
</tr>
<tr>
<td>Non-White Hispanic</td>
<td>690</td>
<td>899</td>
<td>209</td>
<td>30%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>8,002</td>
<td>9,184</td>
<td>1,182</td>
<td>15%</td>
<td>2.25%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>12,036</td>
<td>12,559</td>
<td>523</td>
<td>4%</td>
<td>3.38%</td>
</tr>
<tr>
<td>Asian</td>
<td>2,233</td>
<td>2,748</td>
<td>515</td>
<td>23%</td>
<td>0.63%</td>
</tr>
<tr>
<td>Native Hawaiian and other Pacific Islander</td>
<td>104</td>
<td>130</td>
<td>26</td>
<td>25%</td>
<td>0.03%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>6,199</td>
<td>7,438</td>
<td>1,239</td>
<td>20%</td>
<td>1.74%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>355,597</strong></td>
<td><strong>355,798</strong></td>
<td><strong>202</strong></td>
<td><strong>0%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
Workforce

Educational Attainment

The UP/WI border region is behind the national and state averages with regard to educational attainment. As indicated in Figure II-5 below, about 18% of residents of the study region over the age of 25 have obtained a bachelor’s degree, as compared to 23%-27% at the state and national levels. This deficit is a cause for concern, as the relationship between educational attainment and earning capacity is clear (see figure IV-2). If the UP/WI border region is going to thrive in the New Economy, it is imperative to increase the educational attainment of the regional population, and attract more college graduates to the region.

Figure II-5: Educational Attainment of the Population Age 25 or Older in the U.S., Wisconsin, Michigan, and the UP/WI Border Region- 2009

<table>
<thead>
<tr>
<th>Region</th>
<th>High School Diploma</th>
<th>Some College</th>
<th>Associate Degree</th>
<th>Bachelors Degree or Higher</th>
<th>Graduate Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>28%</td>
<td>22%</td>
<td>6%</td>
<td>27%</td>
<td>10%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>37%</td>
<td>20%</td>
<td>7%</td>
<td>23%</td>
<td>6%</td>
</tr>
<tr>
<td>Michigan</td>
<td>31%</td>
<td>24%</td>
<td>7%</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>UP/WI border region</td>
<td>39%</td>
<td>23%</td>
<td>7%</td>
<td>18%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2

Commuting

A look at regional commuting patterns reveals a great deal about the business climate in each of the sub-regions, as well as the region as a whole. Many residents work in a different sub-region than the one in which they reside. More than 1,000 workers travel from the north central sub-region to the south central sub-region for work, and a greater number still leave the south central region for other Wisconsin counties. In addition, a surprisingly high number of workers in the western sub-region are employed in counties outside of the UP, as indicated in Figure II-6 below. It should be noted that this information is somewhat dated, as it comes from the 2000 decennial census. Nevertheless, in light of the stability in the region in recent years with respect to the population and number of operating businesses, it is likely that this data is still relatively accurate.
Occupational Data

The Economic Modeling Specialists, Inc. (EMSI) database was used to gather industrial and occupational data for the region. In order to capture a complete picture of industry employment, EMSI combines covered employment data from Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with data from other sources. Additional sources include total employment data in Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA), augmented with County Business Patterns (CBP) and Non-employer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data, 15-year past local trends in each industry, growth rates in statewide and (where available) sub-state area industry projections published by individual state agencies, and (in part) growth rates in national projections from the Bureau of Labor Statistics.
At the occupational level, there are few sectors with differences in the study region as compared to the state as a whole, as revealed in Figure II-8. As a percentage of overall jobs, the state employs slightly more than the UP/WI border region in production occupations and professional and related occupations. The study region, on the other hand, employs a greater percentage of workers in service occupations.

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
**Occupational Growth**

Despite high unemployment in the region, most industry sectors are projected to grow in the next decade. As indicated in Figure II-8 below, the only industry sectors expected to decline are farming/fishing/forestry and the military. The industry sectors anticipated to experience the greatest occupational growth are computer and mathematical science occupations (15%), health care support occupations (14%) and community and social services occupations (14%). This data confirms the important contribution that health care makes to the regional economy, and also reveals other key areas in which the region may be well situated to attract new workers.

**Figure II-9: Occupational Growth in the UP/WI Border Region - 2009-2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>2009 Jobs</th>
<th>2019 Jobs</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management occupations</td>
<td>12,632</td>
<td>13,979</td>
<td>11%</td>
</tr>
<tr>
<td>Business and financial operations occupations</td>
<td>5,724</td>
<td>6,473</td>
<td>13%</td>
</tr>
<tr>
<td>Computer and mathematical science occupations</td>
<td>1,317</td>
<td>1,509</td>
<td>15%</td>
</tr>
<tr>
<td>Architecture and engineering occupations</td>
<td>2,079</td>
<td>2,262</td>
<td>9%</td>
</tr>
<tr>
<td>Life, physical, and social science occupations</td>
<td>1,542</td>
<td>1,675</td>
<td>9%</td>
</tr>
<tr>
<td>Community and social services occupations</td>
<td>2,842</td>
<td>3,245</td>
<td>14%</td>
</tr>
<tr>
<td>Legal occupations</td>
<td>762</td>
<td>856</td>
<td>12%</td>
</tr>
<tr>
<td>Education, training, and library occupations</td>
<td>9,833</td>
<td>10,487</td>
<td>7%</td>
</tr>
<tr>
<td>Arts, design, entertainment, sports, and media occupations</td>
<td>4,074</td>
<td>4,427</td>
<td>9%</td>
</tr>
<tr>
<td>Healthcare practitioners and technical occupations</td>
<td>9,746</td>
<td>10,933</td>
<td>12%</td>
</tr>
<tr>
<td>Healthcare support occupations</td>
<td>5,421</td>
<td>6,183</td>
<td>14%</td>
</tr>
<tr>
<td>Protective service occupations</td>
<td>4,240</td>
<td>4,477</td>
<td>6%</td>
</tr>
<tr>
<td>Food preparation and serving related occupations</td>
<td>16,308</td>
<td>17,465</td>
<td>7%</td>
</tr>
<tr>
<td>Building and grounds cleaning and maintenance occupations</td>
<td>9,279</td>
<td>10,478</td>
<td>13%</td>
</tr>
<tr>
<td>Personal care and service occupations</td>
<td>6,578</td>
<td>7,184</td>
<td>9%</td>
</tr>
<tr>
<td>Sales and related occupations</td>
<td>22,584</td>
<td>25,101</td>
<td>11%</td>
</tr>
<tr>
<td>Office and administrative support occupations</td>
<td>23,630</td>
<td>24,265</td>
<td>3%</td>
</tr>
<tr>
<td>Farming, fishing, and forestry occupations</td>
<td>2,268</td>
<td>2,115</td>
<td>(7%)</td>
</tr>
<tr>
<td>Construction and extraction occupations</td>
<td>9,374</td>
<td>10,025</td>
<td>7%</td>
</tr>
<tr>
<td>Installation, maintenance, and repair occupations</td>
<td>7,683</td>
<td>8,078</td>
<td>5%</td>
</tr>
<tr>
<td>Production occupations</td>
<td>12,658</td>
<td>13,222</td>
<td>4%</td>
</tr>
<tr>
<td>Transportation and material moving occupations</td>
<td>11,381</td>
<td>11,713</td>
<td>3%</td>
</tr>
<tr>
<td>Military Occupations</td>
<td>963</td>
<td>939</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

**Source:** EMSI Complete Employment - 2nd Quarter 2009 v. 2
"People need to realize that with the global economy and increased mechanization of industry, mining and forestry cannot be depended upon to provide jobs and economic stability for the area. Yes, those industries are what got the area inhabited, but today the driving force behind them is quarterly revenue, not employee welfare. We need to diversify and become flexible in order to lessen the impact that lags in individual industries have on the area."

- Survey Respondent, Marquette County

**Unemployment**

Unemployment in the UP/WI border region is currently estimated at 12.4%. As indicated in Figure II-10 below, the occupations experiencing the highest levels of unemployment in the region are production jobs, construction jobs, and farming/fishing/forestry jobs. High unemployment in the construction industry is consistent with national trends, but the region is experiencing disproportionately high unemployment with respect to production occupations, fishing/forestry, maintenance and other occupations. As noted below, unemployment in the UP/WI border region is higher in all 23 occupational categories, as compared to state unemployment levels, and is higher in 19 of 23 categories as compared to national levels.
Figure II-10: Unemployment by Occupation in the UP/WI Border Region, Wisconsin/Michigan and the United States- 2009

Unemployment to Total Jobs %

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
CHAPTER III
BUSINESS AND ECONOMIC PROFILES

Employment and Earnings

One useful method of analyzing the regional economy is to compare earnings to employment in key industry sectors. For example, retail trade is an industry sector which employs a large number of workers in many regions, but those workers tend to earn low wages. On the other hand, industries like manufacturing and health care tend to pay well. In order to grow the region’s economy, some attention must be paid not only to business growth and development, but development in industries with a strong ratio of income to employment. In the UP/WI border region, the greatest ratio of earnings to employment is in the government sector. Government workers represent 19% of the workforce, while earning 27% of the wages in the region. Similarly, 9% of the regional workforce is employed in the manufacturing sector, while earning 14% of the region’s wages. Conversely, 13% of the region’s workforce is employed in the retail trade sector, while earning only 8% of the wages.

Other industries in the study region in which earnings are disproportionately higher than the number of jobs include mining and transportation. Earnings and employment for a majority of industry sectors in the region are illustrated in Figure III-1 below.

Figure III-1 – Employment and Income as a Percentage of the Total by Industry - 2009

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
Comparing the difference in industrial makeup in the study region to the states as a whole yields interesting results. Between the two regions, there is no significant difference in the percentage of workers employed in several industry sectors, including information, construction, and other services. The study region lags behind the states in employment in sectors including manufacturing, and significantly underperforms in the professional & business services sector. As compared to the state, the UP/WI border region employs a higher percentage of workers in agriculture, natural resources, and mining, as well as the leisure and hospitality sector. The biggest difference is in the government sector, which employs nearly one out of every five workers in the study region, as compared to 12.4% at the state level. See Figure III-2 below for more comparisons.

Figure III-2: Percentage of Jobs by Industry Sector in the UP/WI Border Region vs. Michigan & Wisconsin

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2
As indicated in the figure above, education and health services are expected to show the most growth in the next five years, with a projected increase of 8% in the number of jobs between 2009 and 2014. Professional and business services are projected to be nearly as robust, with a projected job increase of 7% during the same period. More modest job gains of 2% to 5% are projected for the trade, transportation and utilities industry sector, as well as the construction, financial activities, leisure and hospitality, and other services industry sectors. The information sector is projected to remain relatively stable, while slight job losses (1% to 2%) are projected for the agriculture, natural resources & mining, manufacturing, and government sectors. Although government is projected to employ the greatest number of workers, government wages are projected to decline slightly, as are wages in the manufacturing and agriculture & mining industries.
Shift-Share Analysis

The University of Georgia’s online shift-share analysis tool was used to analyze employment by changes for the study region over a period of ten years (through 2007, the most recent year for which data is available).

The shift-share analysis consists of three components. The first of these is the national growth component, which examines employment changes attributable to trends in the U.S. economy during the same timeframe. During the time period from 1997 to 2007, the nation’s employment grew by 11.9% (from 121 million to 135.4 million). Booms and recessions at the national level affect employment at the regional level as well. Trends in national employment growth contributed 15,170 jobs to the UP/WI border region during the ten years from 1997 to 2007. The Education and Health Services sector experienced the highest national growth component, with 3,214 new jobs attributable to trends in the national economy.

The second component of the shift-share analysis is the industrial mix. This component is designed to measure how well each industry sector has grown, separate from effects of the overall business cycle. The industrial mix is determined by calculating the growth rate for each industry sector at the national level and subtracting out the national growth component. In the UP/WI border region, the strongest industrial mix occurred in the Construction industry sector, with 1,256 jobs attributable to growth in the industry. Overall, the industrial mix for the study region was negative, with a loss of 1,134 jobs from 1997 to 2007, due primarily to the significant downward trend in manufacturing.

The final component, competitive share, represents the remaining employment change in the region, after accounting for trends due to national growth and the industrial mix. This component indicates whether or not a region is at an advantage or a disadvantage in promoting employment growth. The UP/WI border region has a strong regional advantage in the public administration sector, with an 82.7% increase in employment due to the regional competitive advantage in the industry. On the whole however, it is clear that the study region is not competitive in securing new employment, as the net competitive share overall reflects a loss of more than 10,000 jobs in the last decade due to regional disadvantages.

In other words, if the region had kept pace with national trends, it would have gained more than 15,000 jobs from 1997 to 2007. Instead, the region gained only about 4,000 jobs. Of that 11,000 job difference, only 1,100 can be explained by industry trends, so the remaining 10,000 jobs are due to regional disadvantages.

There are, however, a couple of other industry sectors in the region with a positive competitive share. In addition to a strong public sector, manufacturing remains strong, despite the negative trends in the industry and across the country. The information sector also exhibited strong regional growth, despite a negative industrial mix. The entire shift-share analysis for the region appears in Figure III-4 below.
### Figure III-4: Shift-Share Analysis for Upper Peninsula/Wisconsin Border Region – 1997-2007

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>National Growth Share</th>
<th>National Growth # of Jobs</th>
<th>Industrial Mix Share</th>
<th>Industrial Mix # of Jobs</th>
<th>Competitive Share Share</th>
<th>Competitive Share # of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Administration</td>
<td>11.9%</td>
<td>782</td>
<td>-1.2%</td>
<td>-78</td>
<td>82.7%</td>
<td>5,436</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11.9%</td>
<td>2,478</td>
<td>-32.6%</td>
<td>-6,788</td>
<td>10.2%</td>
<td>2,120</td>
</tr>
<tr>
<td>Information</td>
<td>11.9%</td>
<td>190</td>
<td>-14.3%</td>
<td>-229</td>
<td>39.6%</td>
<td>633</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>11.9%</td>
<td>606</td>
<td>13.4%</td>
<td>680</td>
<td>-8.2%</td>
<td>-420</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>11.9%</td>
<td>437</td>
<td>-8.8%</td>
<td>-323</td>
<td>-13.2%</td>
<td>-484</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>11.9%</td>
<td>587</td>
<td>1.4%</td>
<td>69</td>
<td>-18.1%</td>
<td>-892</td>
</tr>
<tr>
<td>Other Services</td>
<td>11.9%</td>
<td>602</td>
<td>1.4%</td>
<td>70</td>
<td>-19.9%</td>
<td>-1,004</td>
</tr>
<tr>
<td>Construction</td>
<td>11.9%</td>
<td>769</td>
<td>19.4%</td>
<td>1,256</td>
<td>-30.2%</td>
<td>-1,953</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>11.9%</td>
<td>3,214</td>
<td>12.4%</td>
<td>3,353</td>
<td>-10.1%</td>
<td>-2,735</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>11.9%</td>
<td>3,250</td>
<td>-3.9%</td>
<td>-1,057</td>
<td>-14%</td>
<td>-3,813</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>11.9%</td>
<td>2,255</td>
<td>10.1%</td>
<td>1,913</td>
<td>-36.7%</td>
<td>-6,947</td>
</tr>
</tbody>
</table>

Source: University of Georgia (http://www.georgiastats.uga.edu/sshare1.html)

### Business Patterns

There are a number of reliable sources for assessing the business climate in the region. County Business Patterns, one of several databases maintained by the U.S. Census Bureau, tracks the number of employees, business establishments, and annual payroll in each county in the nation. Data is available from 1998 through 2007. As shown below, there has been little volatility in the number of workers and the number of businesses in the region, even as wages have increased.

### Business Establishments

With the exception of noticeable declines in 2001 and 2006, the number of business establishments in the region has remained relatively stable at just over 10,000 over the past decade, as shown in Figure below. The decreases in 2001 and 2006 represent a relatively small decline in terms of percentages – approximately 200 establishments against a base of 10,000, but for a region the size of the UP/WI border region, the change is significant. The decline in 2001 is likely attributable to an economic recession that the nation experienced, as similar changes occurred in regions throughout the country. The reason for the decline in 2006 (the only year in the last decade with fewer than 10,000 establishments) is a bit more difficult to discern. As of 2007, the number of establishments increased again, but the total was still 124 less than the 1998 total.
As indicated above, a decline of 100-200 establishments against a base of 10,000 may seem insignificant, but in the case of the UP/WI border region, even this modest decline is inconsistent with regional and national trends. During the period from 1998 through 2007, the number of business establishments in the UP/WI border region declined by 1.2%, even as the total for Michigan as a whole remained virtually unchanged. The decline occurred primarily in a small group of industry sectors. From 1998-2007, the UP/WI border region lost 3% of its manufacturing businesses, 5% of its retail businesses, and 7% of the businesses in the accommodation and food service industries. The figure below summarizes the industry sectors which gained and lost the greatest number of business establishments.

**Figure III-6: UP/WI Border Region Industry Sector Gains and Losses – 1998-2007**

<table>
<thead>
<tr>
<th>Decrease in Establishments</th>
<th>Increase in Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and Food Service</td>
<td>Educational Services</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>Transportation and Warehousing</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Real Estate and Rental and Leasing</td>
</tr>
<tr>
<td></td>
<td>Health Care and Social Assistance</td>
</tr>
<tr>
<td></td>
<td>Mining</td>
</tr>
</tbody>
</table>
During the same time period, the nation experienced robust growth in business establishments, with 11% more establishments than there were in 1998. Wisconsin’s growth rate was well below the national average, but at 5.5%, it was significantly higher than the rate of growth in Michigan. Business growth and development must be made a priority in the UP/WI border region if the region is to compete in the New Economy.

**Figure III-8: Business Establishments in the UP/WI Border Region, 1998-2007**


- **United States**: 11%
- **Wisconsin**: 5.5%
- **Michigan**: 0%
- **UP/WI Border Region**: -1.2%

Source: U.S. Census Bureau, County Business Patterns

**Employment**

Employment in the region rose significantly from 1998 through 2001. In 2002, employment declined sharply and remained relatively stagnant through 2007, the most recent year for which data is available. Again, the economic recession faced by the nation early in the decade is the likely cause of the sharp decline in employment. Although input received during the course of the study clearly indicates that the region is filled with hardworking people with a desire to work, it is clear that the region has faced significant difficulties creating good jobs to meet the demands of the regional workforce. Declining employment has significant implications with respect to economic development in the region. Business growth and development and workforce education and training must both be made a priority, so that there are jobs available for everyone who wants to work, and that the pool of workers are sufficiently trained for any job opportunities that may arise.
Annual Payroll

Annual payroll in the region has risen steadily over the course of the past decade. An examination of the sub-regions reveals that the overall trend reflects particularly sharp increases in the central regions. This is an encouraging trend in the regional economy. Given that the number of workers and the number of businesses over the course of the same time period has remained fairly stagnant, it is apparent that the increase in payroll cannot be attributed simply to an increase in the number of people drawing salaries. Clearly, wages in the region have increased significantly since 1998. This information may appear inconsistent with the data regarding business establishments and employment. However, it is important to bear in mind that this data reflects only the amounts being paid to those individuals who are actively employed. In other words, while there aren’t as many jobs in the region as there used to be, those jobs that do exist in the region have continued to experience growth in wages. The downside is that for many industry sectors, it isn’t that the jobs do not pay as well as in other regions, it is that they are simply not available in the region.
Economic Benchmarks

Per Capita Income

Per capita personal income is calculated by dividing the total income for a geographic region by its population. The calculation includes everyone in the region, whether they are part of the workforce or not. Accordingly, per capita personal income is a reliable indicator of an entire region’s economic well-being. Data for the last decade indicates that per capita income in the UP/WI border region has consistently lagged well below the national average, as well as the averages of both Michigan and Wisconsin. As indicated in Figure below, the gap has remained relatively consistent over the years. Although per capita income in the region has risen steadily, it has remained approximately $7,000 behind Michigan’s per capita income. For several years, Michigan, Wisconsin, and the U.S. were similar in terms of per capita income, though in recent years, Wisconsin has outpaced Michigan, and the per capita income at the national level has increased well above both states.

The cost of living in the UP/WI border region is less expensive than many other Midwest regions, so the region may not be as economically disadvantaged as it appears from Figure. Nevertheless, raising per capita income in the region ought to be a goal of any economic opportunity study. With an increase in per capita income comes increased buying power and enhanced quality of life. Fortunately, the region has not lost ground with respect to Michigan as a whole, but as Wisconsin and the national averages continue to rise, the goal for the region ought, at a minimum, be to keep pace with the rate of increase in per capita income enjoyed across the country.
Average Wages

Wages in the UP/WI border region are significantly lower than the state and national averages. Although per capita income in Michigan is lower than the national average, as indicated in Figure above, the median wage in Michigan is actually higher than the median wage in the United States. The median wage in Wisconsin is approximately 95% of the national average, while the wage in the UP/WI border region is less than 82% of the national average. Although housing and the overall cost of living is less expensive in the UP/WI border region than in neighboring regions, the lower wage represents a significant impediment to attracting and retaining well-educated, well-trained workers. Moving forward with a business growth and development strategy, it is imperative to look toward attracting and retaining employers who pay competitive wages. The closer the study region comes to matching the wages available in the rest of the country, or even the rest of Wisconsin and Michigan, the easier it will be to grow the economy by attracting people to work in the region.
Figure III-12: Average Wages in the U.S., Michigan, Wisconsin, and the UP/WI Border Region - 2009

<table>
<thead>
<tr>
<th></th>
<th>Median Hourly Wage</th>
<th>Corresponding Annual Wage</th>
<th>% of National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$17.31</td>
<td>$36,005</td>
<td>n/a</td>
</tr>
<tr>
<td>Michigan</td>
<td>$17.82</td>
<td>$37,066</td>
<td>102.9%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$16.41</td>
<td>$34,133</td>
<td>94.8%</td>
</tr>
<tr>
<td>UP/WI border region</td>
<td>$14.16</td>
<td>$29,453</td>
<td>81.8%</td>
</tr>
</tbody>
</table>

Source: EMSI Complete Employment - 2nd Quarter 2009 v. 2

Sub-Regional Analysis

As the goal of this study is to prepare an economic development plan for the entire Upper Peninsula/Wisconsin border region, the preceding data reflects trends in the overall 17-county region. However, there are some significant differences from one sub-region to another. To see Business and Economic Profiles data analyzed for each of the sub-regions depicted in Figure below, consult Appendix 2.

Figure III-13: Map of Sub-Regions
CHAPTER IV
STAKEHOLDER INPUT

In conducting a study of this nature, gathering input of stakeholders throughout the study region is of paramount importance. A primary goal of the study process was to ensure that every voice had an opportunity to be heard. For a strategic economic development initiative to be successful, it is imperative that the community feels invested in the plan. From local government and others in the public sector, to business owners, students, and workers in a wide range of industries in the private sector, the intention was to include everyone to obtain a thorough perspective of the issues facing the regional economy. In addition, particular sectors known to be economic drivers were contacted, including academic institutions and Native American tribes.

"For this area to thrive, we need to all work together. No more thinking about the past. We need to look to the future."

- Survey respondent, Houghton County

Region-Wide Results

Focus Group Sessions

In order to gather input from stakeholders throughout the study region, focus group interview sessions were held in each county. Steering committee members and other key stakeholders were asked to assist with organizing a representative cross-section of the community in each county in the region. Groups ranging from 8 to 20 were assembled, with average attendance consisting of approximately 12 participants. A copy of the information disseminated to the steering committee regarding the ideal makeup of focus groups appears in Appendix 3.

At each focus group session, participants were asked for their input in assessing the strengths, weaknesses of the regional economy, prime opportunities for economic development, the threats standing in the way of economic growth, and any gaps existing with respect to current opportunities and services. Participants were also asked for their opinions regarding the role of economic development organizations in the region. Finally, attendees were asked to identify individuals and organizations not represented at the session that may have valuable insight into the regional economy. Many of those identified were contacted for individual interviews, either in person or by telephone.

Focus groups began with a session in Ontonagon County in early December 2008. Sessions were scheduled over the course of two weeks in December and two weeks in January 2009. The final session was conducted in Iron County. Locations of focus group sessions and the order in
which they were conducted are displayed in Figure III-1 below. A copy of the interview form used to gather input at each session appears in Appendix 4.

**Figure IV-1: Focus Group Interview Schedule**

Survey Results

In addition to the focus group interview sessions held in each county, public input was gathered through a survey created with SurveyMonkey, an online survey tool. Links to the survey were posted on the NorthStar Economics website, as well as the Michigan Works and UPEDA websites. The survey was publicized through a variety of means including a press release, bulletins posted in public libraries and other buildings throughout the region, as well as advertisements in a variety of media. The survey was available from November of 2008 through March of 2009, during which time more than 1,600 people completed the survey. The information gathered through the survey is summarized below.

![SurveyMonkey.com](https://example.com/surveymonkey)

Started in 1999, SurveyMonkey is an online survey tool that enables people of all experience levels to create and post surveys quickly and easily. SurveyMonkey is used by more than 80% of Fortune 100 companies.

Stakeholders from throughout the region responded to the online survey. Respondents were asked to identify their county of residence, as well as the county in which they work. As expected, the greatest number of responses came from counties with the greatest population. Distribution of responses by county of residence is depicted in Figure IV-2 below.
**The Regional Economy**

Initially, respondents were asked to provide input regarding the current state of the regional economy. Although our final recommendations are based upon a variety of factors, including economic research, observations and information gathered from other sources, and our own expertise and opinions, it is essential to a plan of this nature to address the perceptions of the people in the region.

"We need to invest and work more collaboratively to bring the economic development that we want to our region."

- Survey Respondent, Chippewa County

Respondents were asked for their input with regard to a number of questions. The first question respondents were asked was whether they felt the regional economy is heading in the right direction. The need for a study of this nature was validated when only 18% of respondents agreed that the economy was heading in the right direction. Approximately a quarter of respondents had no opinion, and the remainder disagreed. Results are summarized in Figure IV-3 below.
Next, respondents were asked for an opinion regarding the balance and diversification of the regional economy. Nearly 2/3 of respondents felt that the regional economy is not diversified and well-balanced, as illustrated in Figure IV-4 below.

Figure IV-4 - Response to Proposition
"The regional economy is diversified and well balanced"
This is consistent with the input provided by focus group interviewees, and easily corroborated by data regarding the economy of the region, as discussed in more detail in Chapter II. The region has historically relied heavily on forestry, mining, and tourism, while lacking in other key sectors such as manufacturing and agriculture. Industry sectors including health care and government remain strong, but the economy of the region is not particularly diverse as compared to the state and the country as a whole.

Next, respondents were asked whether they felt that the regional economy has a better balance than it had 20 years ago. There was no strong consensus on this point. More than 1/4 of respondents felt the current balance is better than it was 20 years ago, while nearly 1/3 had no opinion. A plurality of respondents disagreed, as indicated in Figure IV-5 below.

Figure IV-5 - Response to Proposition:
"The regional economy has a better balance than it had 10 years ago"

Respondents were asked to indicate whether or not they felt that the region is a good place to do business. Well over half of respondents agreed that it is, with the remainder split fairly evenly between those who disagreed and those who had no opinion. It has been our observation that UP residents have a great deal of pride in their region, despite the current economic challenges and shortcomings facing them.
Their responses on this point appear to be a reflection not on the likelihood of success in the current business climate, but rather the desirability and attractiveness of the region as a place to conduct business. Results are summarized in Figure IV-6 below.

**Figure IV-6 - Response to Proposition: "The region is a good place to do business"**

![Bar chart showing responses to the proposition](chart)

The regional economy portion of the survey concluded by asking respondents whether they felt that state and local government devote sufficient resources to economic development in the region. Not surprisingly, a clear majority of respondents feel underserved by government economic development efforts. It was apparent in focus group sessions as well that many UP residents feel marginalized and disenfranchised by government at the state level. While many interviewees spoke more highly of local government, it is clear that many in the region feel that their representatives in the public sector could be doing more to stimulate the economy. Results appear in Figure IV-7.

"I like the personability and customer service you can achieve with smaller area businesses. Some of the places here are very good at this, but with the declining population, businesses are closing or reducing their work force. We are all left with not much here for choices."

- Survey Respondent, Gogebic County
Figure IV-7 - Response to Proposition: "State and local government devote sufficient resources to economic development in the region"

Respondents Who Agree that State and Local Government Devote Sufficient Resources to Economic Development in the Region

<table>
<thead>
<tr>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Agree/Disagree</td>
<td>61.4%</td>
</tr>
<tr>
<td>14.6%</td>
<td>23.1%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

*Business Climate*

In the next section of the survey, respondents were asked to provide input regarding the business climate in the region. Respondents were asked a number of questions designed to assess the regional perception with regard to various challenges and issues facing businesses and entrepreneurs who desire to conduct business in the region.

Starting a business of any type requires an investment of funds to capitalize the business. Unless an entrepreneur has access to a significant amount of personal finances, he or she is likely to require an angel investment or other financing to start the business. Respondents were asked about the availability of adequate start-up financing options. Only 17% of respondents felt that there were adequate options available. The remaining responses were roughly evenly split between those who disagreed and those who had no opinion. Quite a few respondents offered comments indicating that their lack of familiarity with the options available. Responses are summarized in Figure IV-8 below.

“Most entrepreneurs lack the startup capital most financial institutions require.”

- Survey Respondent, Marquette County
Respondents were asked whether there was an adequate supply of existing commercial space in which to locate a new business. A substantial majority (71%) of respondents indicated that there is plenty of space available. This is consistent with state and national trends. In light of the current economic crisis, any number of businesses have failed, and commercial property owners and developers are experiencing difficulty in maintaining occupancy of their buildings. It is interesting to note that while many people had no knowledge of the availability of financing, the vast majority of respondents (most of whom, presumably, are not planning on starting a business) were well aware of the glut of available space. Responses are summarized in Figure IV-9 below.

“We need to study what will work for retail space in the downtown area.”

- Survey Respondent, Mackinac County
Respondents were next asked whether there are enough workers in the regional labor force to staff new businesses in the region. A significant majority of respondents (70%) agreed that there is a sufficient worker pool available, with about 17% disagreeing and 13% expressing no opinion, as reflected in figure IV-10 below. Again, these results reflect a broader trend. Unemployment has been on the rise nationwide, and in the current economic climate, the UP is much like many other regions, in that there are more qualified and interested workers than there are good positions for them to fill.
A new business entity requires any number of things in order to be viable and competitive. In addition to adequate space and personnel, there are infrastructure considerations. Telecommunications is a particular concern, as most businesses derive significant benefits from an Internet presence, and the ability to maintain reliable communication with their personnel and clientele via e-mail and telephone. Although infrastructure problems were mentioned frequently during focus group interviews, more than half of survey respondents felt that the current telecommunications infrastructure was sufficient. Approximately 30% disagreed, noting problems with cellular telephone service, and potential problems with broadband Internet access. Responses are summarized in Figure IV-11 below.

"Computer service is years behind other areas of the country and state. Cell phone service is deplorable in the area, other than the major population centers. Work is necessary in this subject area to attract possible investor companies to the area. It is a shortcoming. On the other hand, it is an area of low population and doesn't warrant telecommunications companies spending millions to outfit it for full service."

- Survey Respondent, Chippewa County
Another asset to anyone seeking to set up a new business is the availability of marketing expertise. Given the competitive nature of most fields of business, an effective marketing and promotions strategy can be a significant factor in the success or failure of a new business. Responses on this point, which are summarized in Figure IV-12 below, were very evenly spread out, with nearly 30% neither agreeing nor disagreeing that there is adequate marketing expertise available, a few more than that disagreeing, and a slightly greater number agreeing.

![Figure IV-12 - Response to Proposition: "There is adequate marketing expertise available"](image)

Entrepreneurs seeking to develop a business are often inclined to turn toward government agencies and local economic development organizations for assistance with navigating what can be a difficult and challenging process. As with the issue of marketing expertise, responses were nearly equally split between those who agreed, those who disagreed, and those who held neither opinion. Responses are shown in Figure IV-13 below.

"There's a lot out there if you know where to look, and many people take great advantage of all the services available."

- Survey Respondent, Chippewa County
**Workforce and Education**

A strong workforce and quality educational system is of paramount importance to every regional economy. The correlation between educational attainment and earning capacity has been well-established. A healthy and robust regional economy boasts well educated, well trained, well compensated workers who can fuel the economy by purchasing real estate, paying taxes, and supporting a wide range of regional businesses. We asked a number of questions to determine how the UP/Wisconsin border region stacks up in this regard.

First, we asked respondents whether or not the local workforce exhibits a strong work ethic. Nearly ¾ of respondents agreed that they do. This is consistent with feedback we received in focus groups and individual interviews as well. Residents of the region take a lot of pride in their work ethic. Several people noted a belief that being from the region gives them an advantage over others from other areas in competing for jobs, due to their reputation for being hard workers. Responses are displayed in Figure IV-14 below.

"I’m happy that there is economic concern for the area. What a great place to live! The people, community spirit, and work ethic I’ve witnessed here are reasons for hope for the future."

- Survey Respondent, Marquette County
Confidence in the education level of the regional workforce was less enthusiastic. Respondents who agreed that the workforce is well educated did outnumber those in either of the other categories, but still represented significantly less than half (42%) of responses, with the remainder roughly evenly split between those who disagreed and those who expressed neither opinion. Responses are illustrated in Figure IV-15 below.

![Figure IV-15 - Response to Proposition: "The local workforce is well educated"](image-url)
Results were similar with respect to the issue of workforce training. More than 44% felt that the local workforce is well trained. Nearly ¼ of respondents disagreed, and close to 1/3 held neither opinion, as indicated in Figure IV-16 below.

Figure IV-16 - Response to Proposition:
"The local workforce is well trained"

Respondents Who Agree that the Local Workforce is Well Trained

<table>
<thead>
<tr>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>44.3%</td>
<td>6.7%</td>
<td>24.3%</td>
</tr>
<tr>
<td>37.6%</td>
<td>31.3%</td>
<td>22.5%</td>
</tr>
<tr>
<td>0%</td>
<td>1.8%</td>
<td></td>
</tr>
</tbody>
</table>

Of course, the issues of workforce training and education do not occur in a vacuum. A well educated and well trained workforce results from an educational system that is responsive to the needs of the workforce and the community. Over half of respondents felt that they have such a system in the region, while slightly more than half as many disagreed. Responses are summarized in Figure IV-17 below.

"People here are by and large very proud to be from here, and seem to take a lot of pride in the work they do to serve the community."

- Survey Respondent, Marquette County
"Brain drain" is a problem faced by many regions. Maintaining a well-educated workforce necessitates keeping those who obtain an education in the region, and drawing in educated workers from other regions. Respondents were asked to offer their perception with respect to their retention of recent graduates at both the high school and college levels.

"There are no entry level jobs that pay enough to keep up with student loan payments, but NMU alumni often tell us they want to return, if they could just find a job."

- Survey Respondent, Marquette County

A high school diploma is not the ticket to a high-paying job that it was a generation ago, but it is still an important step on the way to prosperity. Many high school graduates go on to college and augment their ability to contribute to the regional economy. Responses to both questions indicate that the UP/Wisconsin border region has a significant brain drain problem. More than 2/3 of respondents noted that recent high school graduates tend to leave the area, while nearly 87% indicated that recent college graduates do not tend to remain in the region. Responses are illustrated in Figures IV-18 and IV-19 below.

The region boasts several distinguished institutions of higher education, including Michigan Technological University, Northern Michigan University, Finlandia University, Lake Superior State University, and several community colleges. Students at each of these institutions receive the education necessary to contribute significantly to the economy. It is apparent that most residents do not feel that enough of them are staying to make that contribution in the UP/WI
Market Expansion

A regional economy is more likely to be healthy if it is diversified across a variety of industry sectors. Nevertheless, it would be unrealistic to assume that all regions can compete in all sectors. In order to craft a strategy for growing the regional strategy, an assessment of the
current strengths of the regional economy is necessary. Which industry sectors are ripe for expansion? What are the current market opportunities?

**Current Economy**

Respondents were asked to rank the top five among the following fourteen industry sectors in terms of their current value to the regional economy.

- Transportation/Logistics
- Energy/Alternative Energy/Biofuels
- Manufacturing/Heavy Industry
- Health Care
- Arts
- Retail
- Real Estate/Construction
- Agriculture
- Forestry
- Mining
- Business & Finance/Prof. Services
- Tourism & Hospitality
- Education
- Government

The five industries which were cited most frequently among respondents as being valuable to the regional economy are health care, tourism and hospitality, education, forestry, and manufacturing and heavy industry. Mining was cited almost as many times as manufacturing.

**Figure IV-20 - Industry Sectors Rated Most Valuable to the Regional Economy**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health Care</td>
</tr>
<tr>
<td>2</td>
<td>Tourism and Hospitality</td>
</tr>
<tr>
<td>3</td>
<td>Education</td>
</tr>
<tr>
<td>4</td>
<td>Forestry</td>
</tr>
<tr>
<td>5</td>
<td>Manufacturing / Heavy Industry</td>
</tr>
</tbody>
</table>

"Agriculture and clean energy need to be much more important. Mining is much less valuable than the industry proclaims because of the mess they leave behind and the boom/bust dynamics that hurt the economy."

- Survey respondent, Marquette County
These results do not suggest that other industry sectors are not also valuable to the regional economy. Indeed, mining and government were ranked among the top five nearly as often, and each industry sector was ranked by a significant number of respondents. Nevertheless, responses to the survey provide valuable insight into the perception of the region's residents with respect to those sectors that make the greatest contribution to the economy.

**Future Economy**

Respondents were also asked to rank which industry sectors they felt would be the five most valuable to the regional economy in the future.

**Figure IV-21 - Industry Sectors Rated Most Likely to be Valuable to the Regional Economy in the Future**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health Care</td>
</tr>
<tr>
<td>2</td>
<td>Tourism and Hospitality</td>
</tr>
<tr>
<td>3</td>
<td>Education</td>
</tr>
<tr>
<td>4</td>
<td>Forestry</td>
</tr>
<tr>
<td>5</td>
<td>Energy/Alternative Energy/Biofuels</td>
</tr>
</tbody>
</table>

The top four industry sectors ranked among the five most valuable currently also ranked as the top four sectors likely to be valuable to the regional economy in the future. Health care is currently one of the strongest industries in the region, and given the challenges noted above of retaining recent graduates, the region will be forced to confront the issues associated with addressing the needs of an aging population to a greater degree than some other regions. Health care ought to remain a thriving industry as the population ages and requires more medical treatment and services. Similarly, as noted above, education will always be important. No region can reasonable expect to thrive in the New Economy without a steady commitment to maintaining a well-educated workforce. Given the wealth of natural resources and recreational opportunities available in the region, it appears likely that tourism and hospitality will indeed remain vital to the regional economy. The region has a long history of bolstering its economy through logging, so it is not surprising that residents anticipate that forestry will remain an important economic driver in the future.

There is one notable difference between the industries ranked as currently valuable vs. those that are likely to be valuable in the future. Alternative energies and biofuels replaced manufacturing and heavy industry as the sector ranked 5th. This indicated an astute awareness on the part of
survey respondents with respect to recent economic trends. The fact is that while manufacturing continues to be an important economic sector, an increasingly global economy has made it less cost effective to manufacture any number of products in the United States. Like it or not, manufacturing is less likely to be as valuable to the regional economy in the future as it was in the past. As manufacturing was the backbone of the Old Economy, industries related to new technologies and discoveries are vital in the New Economy. Alternative energies and biofuels represent a significant opportunity in this area. Several focus group participants and survey respondents mentioned the advantages of pursuing wind technology. The alternative energy and biofuels sectors are still in their infancy, so the region may be as well situated as any to take advantage of the opportunities inherent in pursuing them.

In fact, alternative energy and biofuels was cited most frequently as the industry with particular business segments, ideas, or initiatives that should be considered as economic growth opportunities for the region. More than 70% of respondents (significantly more than cited any other sector) felt that there are prime opportunities in this sector, as illustrated in Figure II-22 below.

**Figure IV-22 - Industry Sectors That Should be Considered Growth Opportunities**

<table>
<thead>
<tr>
<th>Industry Sector with Best Opportunities</th>
<th>Percentage of Respondents who Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Energy/Alternative Energy/Biofuels</td>
<td>70.7%</td>
</tr>
<tr>
<td>2. Education</td>
<td>61.5%</td>
</tr>
<tr>
<td>3. Tourism and Hospitality</td>
<td>61.3%</td>
</tr>
<tr>
<td>4. Health Care</td>
<td>53.7%</td>
</tr>
<tr>
<td>5. Forestry</td>
<td>53.4%</td>
</tr>
</tbody>
</table>

"Incubators are moving the area ahead and need to be supported."

- Survey respondent, Houghton County

**Demographic Information**

Finally, respondents were asked for some demographic information. When analyzing the information obtained, it is useful to know something about the people who provided the responses. This also allows for a comparison between survey respondents and the population of the study region at large, to see how well the pool of respondents mirrors the target population.
Despite the anonymity of the survey, a significant number of respondents opted not to respond to the questions related to demographic information. Nevertheless, as nearly 1,000 respondents chose to do so, we do have sufficient information to draw some conclusions about the people who responded to the survey.

**Age**

We received responses from people of all ages, from teenagers to octogenarians and everyone in between. The single largest cohort was responders in their 50s. This is a good indication that our survey respondents comprise a representative sample of the regional population, as residents in the same age range are the largest cohort in the regional population, as indicated in Chapter II. The percentage of respondents in each cohort is displayed in Figure III-23 below.

![Figure IV-23: Age of Survey Respondents](image)

**Household Income**

Survey respondents were fairly evenly split across household income levels. Annual household income between $40,000 and $60,000 was most common, however there were nearly as many respondents in most of the other ranges. The distribution of respondents’ income levels is displayed in Figure IV-24 below.
Figure IV-24: Educational Attainment of Survey Respondents

Educational Attainment

We heard from a few respondents who have not completed high school, and a small percentage who have earned professional degrees. Most respondents fell somewhere in between the two. The single largest cohort was respondents who have obtained bachelor’s degrees. The overwhelming majority of respondents (94.1%) have completed at least some college or obtained a degree of some sort. The full distribution is displayed in Figure IV-24 below.

Figure IV-24: Educational Attainment of Survey Respondents
Based on the above information, we can draw a conclusion about the average survey respondent. Although all ages, income ranges, and education levels are represented, the average respondent is a 50-year old with a bachelor’s degree and household income of approximately $50,000 per year.

**SWOT Feedback: Assets, Gaps and Barriers to Economic Development**

A basic step in developing a strategic economic development plan for any region is to examine the strengths, weaknesses, opportunities and threats to the region’s economy (SWOT).

Seeking SWOT feedback is a process used to assess the challenges and strategies for economic development. SWOT feedback can be used as a framework to gather public input and to engage the public in thinking about the current economic condition and the economic opportunities for the future. In seeking SWOT feedback, for the UP/WI border region, respondents were asked to answer four basic questions.

- What are the economic strengths of the regional economy?
- What are the economic weaknesses of the regional economy?
- What are the economic opportunities for the regional economy?
- What are the threats and barriers to economic development and success in the regional economy?

In completing this assessment, data was gathered from a number of sources. These sources included an analysis of past studies related to the region’s economy and meetings with the project steering committee. A great deal of information was obtained through public input as the consultants conducted focus group interviews in each county in the region, and conducted dozens of individual interviews as part of the study. Additional information was gathered from an online survey instrument, in which respondents were asked to list up to five strengths, weaknesses, opportunities, and threats with respect to regional economic development.

Based upon these sources, the following represent a summary of the major points raised by respondents with regard to strengths, weaknesses, opportunities, and threats related to the UP/WI border regional economy.

**Strengths**

Despite the current economic climate, area residents had no difficulty identifying strengths in the regional economy. Throughout the study region, a number of common themes emerged. Workforce issues were frequently mentioned. The Upper Peninsula/Wisconsin border region is a unique setting that attracts hard working people. Regional residents note that workers in the area work hard, are well-trained, and choose to remain in the region for work. The wealth of natural resources present in the region was also mentioned frequently. The abundance of forest land, mineral deposits, and Great Lakes shoreline translates to a strategic advantage with respect to commercial concerns as well as aesthetic ones. The presence of a high concentration of
educational institutions in the region is also noteworthy. Respondents astutely noted the degree of economic activity that accompanies the presence of universities, colleges, and technical schools, as they draw faculty, staff, students and visitors to the region to consume a variety of goods and services. Other strengths cited most often by residents include recreation and tourism, a low cost of living, and a well educated workforce. Responses are summarized below:

- Workforce issues (work ethic, education and training of labor force, workers want to live and work in the region)
- Quality of life (sense of community, small town aesthetic, home town pride, low crime rate, pristine and attractive surroundings)
- Health care (availability, quality, industry as economic driver)
- Environment (natural beauty, water, protected lands)
- Industry (mining, forestry, construction, manufacturing)
- Education (presence of NMU, Michigan Tech, Lake Superior State) as well as private and community colleges, quality K-12 system)
- Recreation and tourism (Lake Superior, snowmobiling/winter sports, hunting and fishing, Mackinac Island)

Conclusions:

In addition to the strengths cited by residents who were interviewed, we would offer several other areas of strength and comments on the strengths cited in our survey and other studies.

With respect to additional strengths, the region benefits from the presence of an economic development infrastructure of professional organizations dedicated to fostering economic development in the region, including Michigan Works, the Upper Peninsula Economic Development Alliance, the Small Business & Technology Development Center, Operation Action U.P., Northern Initiatives, Lake Superior Community Partnership, as well as several economic development corporations and Chambers of Commerce. These organizations and their personnel have the potential to serve critical roles in implementing the recommendations set forth in Chapter V. These entities have valuable experience with initiatives designed to stimulate regional economic development projects, as well as familiarity with critical issues facing the region as a whole, and the respective sub-regions they serve, including infrastructure deficits, "brain drain" and other workforce issues, and regional political considerations. Many regions lack the organizational infrastructure to build effective economic development initiatives, so in that respect the UP/Wisconsin border region is well situated to move forward.

A second strength we would cite is the connection of the region to Wisconsin. Inasmuch as the UP is only connected to the rest of Michigan by a bridge, many residents seem to identify more as Wisconsin residents. The closest major metropolitan area is Green Bay, and the UP is an attractive tourism destination for Wisconsin residents. Wisconsin residents share the work ethic
and heartland values of UP residents, and should be viewed as part of a larger community with its own wealth of resources and opportunities that can be advantageous to the region.

Finally, we would like to expand on the strengths listed above. The importance of quality educational institutions cannot be overstated. Colleges and universities are significant economic drivers, and the schools located in the UP are no exception. These institutions draw significant numbers of educated people to the region, and the programming and resources available offer significant opportunities for regional residents to expand their education, their earning capacity, and consequently, their quality of life.

Another unique strength that needs added emphasis is the importance of water. Fresh water is quickly becoming a global issue and is a critical issue throughout the United States. The availability of water and the proximity to large bodies of surface fresh water are huge assets. Although there are significant political considerations that affect the extent to which Lake Superior can be exploited as an asset, there is little doubt that proximity to the Great Lakes is a real asset for the region. The availability of water for personal household use, commercial activities and recreation is a key to the regional economy. Current and developing water shortages in the western and southwestern parts of the U.S. will highlight the importance of this asset in future years.

Health care was cited by numerous respondents as a strength, and accurately so. As noted in Chapter II, the region's population is aging, and with advanced age comes a greater need for health care services. The region remains an attractive option for many natives of the region who return upon retiring from a career that took them elsewhere. As these retirees continue to re-establish roots in the region, the need for quality health care will only increase. Also, health care is an industry which boasts relatively high wages and requires a substantial workforce, so the industry is extremely important as an economic driver.

With respect to the strengths mentioned above, many are indeed strengths but they often do not differentiate this region from other competing regions. For example, a strong work ethic and quality of life were frequently mentioned strengths in our survey and in previous studies of the region. In many studies that we have undertaken in recent years, residents report these same strengths. Strong work ethic and a high quality of life are indeed noteworthy strengths, but in our view, they do not create a significant competitive advantage for economic development resources.

**Weaknesses**

The Upper Peninsula is an anomaly in the U.S., disconnected from the bulk of it's state's population and hampered by geographic considerations. It is therefore not surprising that the weaknesses cited most often include isolated location, infrastructure deficiencies, and a lack of industry diversification. The Upper Peninsula represents only about 3% of the Michigan population. Even when viewed in connection with Wisconsin's Florence and Marinette
Counties, the study region has low density population. This lack of critical mass has a number of ramifications. Residents are compelled to travel further to access many goods, services, and attractions that are readily available elsewhere, and it is not unusual for residents to feel disenfranchised or "cut off" from their political leaders and others in the rest of Michigan.

Workforce issues were often cited as a strength, yet many respondents noted weaknesses as well. Although respondents evidence a strong work ethic, adequate employment opportunities are lacking in many industry sectors. By virtue of the presence of respected comprehensive and technical colleges and universities, regional residents have access to an educational system that will allow them to pursue a wide range of career goals. Still, many residents graduate from an educational program, only to find that they will need to relocate to earn a living at a position commensurate with their new level of training and educational attainment.

Infrastructure problems were also noted on a regular basis. In the New Economy, American workers have come to take for granted conveniences such as high-speed Internet access and cellular telephone coverage. While many residents noted that broadband access was adequate, it appears to be a significant problem in certain areas. Cellular telephone service is severely inadequate throughout the region. While signal strength is not a concern in a metropolitan area like Marquette and Houghton, coverage is virtually non-existent while traveling from one end of the peninsula to the other.

Transportation infrastructure is also problematic. There are no 4-lane highways in the region, which not only affects personal travel, but limits the manufacturing industry in that large trucks have no adequate shipping lanes. On the other hand, residents of rural areas who already fight to have their communities regarded as end destinations fear that they will be bypassed altogether if larger highways are built. Air service is also lacking, as there are few airlines offering flights in and out of the region, and more small airports than can be operated cost-effectively in a region so sparsely populated. Finally, there is rail service to consider. In light of the shortcomings of the highway system, manufacturers are dependent on rail service to ship their goods, and the preservation of adequate rail lines becomes more problematic all the time.

Concerns most often cited as weaknesses are summarized below:

- Location (removed from the rest of the state, distance to population centers, lack of access to services)
- Labor issues (lack of job opportunities, lack of diversity of industries, labor union power and influence)
- Infrastructure
  - Transportation (lack of 4-lane highways, inadequate rail and air service)
  - Telecommunications (gaps in cellular telephone coverage, lack of broadband providers)
• Government/politics (Power of environmental groups, amount of land and resources unavailable for exploitation due to government ownership, control and protection, term limits prevent possibility of representatives in state government gaining and cementing influence, not perceived as a priority for government dollars and programming)

• Climate (harsh winters, heavy snowfall)

• Public perception (image problems - viewed by some as cold, remote, and lacking sophistication)

• Lack of entrepreneurism (lack of risk capital, lack of entrepreneurial supportive culture, potential entrepreneurs relocate outside the region)

Conclusions:

In some cases, weaknesses cited are beyond the influence of any economic development initiative. The isolated location and the climate are realities that must at some level be embraced, as there is nothing that can be done about them. As noted below, these issues can be viewed as opportunities, particular in the areas of tourism and recreation.

In our view, certain weaknesses in the region are significant enough to warrant special attention. Infrastructure deficits represent a significant impediment to business growth and development in the region. High-technology New Economy businesses are unlikely to locate anywhere unless they can rely on consistent and reliable telecommunications. The lack of adequate shipping lanes, highways, rail service, etc. severely limits the possibility of expanding the manufacturing/heavy industry sector. Although care must be taken not to compromise the natural beauty that makes the region an attractive place to live and to visit, it would be unrealistic to expect significant economic growth in the absence of substantial infrastructure improvements.

A second concern involves the availability of risk capital. If the region is going to compete for new professional firms and high-tech businesses that attract high wage jobs, it is crucial to increase the amount of and access to early stage investment capital (i.e. coordinated angel investing). While angel investing is on the rise in Wisconsin and Michigan, there is no organized angel investing in the study region. Investment capital is crucial in establishing or attracting New Economy businesses. The lack of access to startup and investment funds in the region stands out as a substantial weakness.

Finally, given the geographic isolation of the region, we also observe relatively low levels of e-commerce activity. E-commerce can level the playing field for communities located some distance from larger markets. The trend toward more commerce through the internet seems to be accelerating and the implications of this shift are significant. The lack of focused effort on e-commerce in the UP/WI border region warrants attention.
Opportunities

There are a number of opportunities for economic growth in the UP/WI border region. Interviewees and survey respondents most frequently cited the natural resource base, tourism, alternative energies, and partnerships with educational institutions as significant opportunities to develop the regional economy. The issue of natural resources has political ramifications, inasmuch as mining and forestry represent economic opportunities, as does the aesthetic beauty of the environment in the region. So long as these concerns can be balanced, both represent potential opportunities for economic development. Tourism has traditionally been an important sector for the regional economy, and in light of all that the region has to offer, it will remain an important sector. Educational institutions are economic drivers in every community in which they are located, and this region is no exception. Respondents' focus on educational partnerships demonstrates keen awareness of the role that schools and universities play in economic development. Economic development surrounding the rapidly growing field of alternative energies is beginning to occur all over the world, so fact that so many respondents raised the issue is consistent with the global trend.

Opportunities cited by respondents include:

- Tourism and recreation (expanded marketing effort to raise awareness of natural beauty, winter sports opportunities, camping/hiking and other outdoor activities)
- Alternative energies (wind power, cellulose and other biofuels, etc. - industry is growing rapidly and this region is as well-suited as any to take advantage, abundance of forest products, wind, and hardworking residents leave region well situated to capitalize on expanding sector)
- Education (expand partnerships between UP universities and those in lower Michigan, expand programming and relationships with area businesses that may serve to keep more graduates from leaving the area
- Mining (lobby to ease restrictions and fully exploit rich mineral deposits)
- Forestry (capitalize on green energy movement, continue logging, address environmental concerns but continue to make the most of the opportunities)
- Water (develop lake front, expand not only tourism and recreation but shipping and transportation as well
- Manufacturing (expand manufacturing sector, take advantage of regional work ethic, find niche markets - wind turbines, others?)

Conclusions:

We are inclined to agree with what local residents have identified as some of the best opportunities for economic development. Given the distinctive geographic characteristics of the Upper Peninsula, tourism and recreation will likely always represent significant opportunities for the region. As noted above, the climate and the remote location cannot be changed, so a well
thought out marketing scheme to promote the natural beauty and recreational opportunities offered by the abundant snowfall should be explored. That said, jobs in the tourism and hospitality industry do not pay very well as compared to other industries, so it would be ill-advised to rely too heavily on this sector to develop the regional economy.

The frequency with which alternative energies was cited by respondents demonstrates astute insight into recent economic trends. A desire to decrease dependence on foreign oil and explore more cost-effective means of generating power, and converting waste products and renewable energies into viable power sources have driven significant advances in this industry sector. By virtue of substantial wind activity in and around Lake Superior, and the large and active forestry sector, the UP is ideally situated to explore alternative energies as both a means of raising its own quality of life, as well as driving the economy by selling alternative energies and related products to neighboring geographic regions.

The frequency with which university partnerships and educational opportunities was cited is also perceptive. The importance of quality educational systems to growing economy has been well-established. Education as an industry employs highly paid professionals, and more importantly, there is a significant correlation between the educational opportunities afforded to people, and their subsequent prosperity. More highly educated people have a higher earning capacity, and therefore drive the economy by paying more taxes, purchasing more goods and services, and encouraging their own children to seek out educational opportunities. Northern Michigan University, Michigan Technological University, Finlandia, Bay College, and the community colleges are all fine institutions, yet many respondents noted a problem with retaining graduates. It is imperative to establish more University partnerships and opportunities with regional businesses to keep the benefits of the education provided to regional residents in the region where everyone can benefit. Also, this commitment should begin well before the collegiate level. Many respondents correctly note the importance of the K-12 system as well. Laying the foundation for educational excellence at an early stage is critical to encouraging residents to continue their education to the undergraduate level and beyond. Developing high paying jobs is the best way to grow a regional economy, and it all starts with education.

**Threats**

There are several significant threats that stand in the way of the UP/WI border region realizing its economic growth potential. As is often the case, many concerns which were cited as weaknesses were also mentioned as threats. Residents of the region are passionate about their home territory, and offered a great deal of insight into issues that they feel inhibit the region from realizing its economic potential.

Most frequently cited by residents who were surveyed were the high cost of doing business in the region, a lack of job opportunities, and increasing health care costs. Unfortunately, the large geographic area, low population density, and remote location translate to a lack of cost-
effectiveness with respect to any number of issues, and these issues are only exacerbated by the infrastructure deficits discussed above. Health care costs are on the rise everywhere, and health care remains one of the key industries in the region, yet it is noteworthy that so many residents cited the concern as a threat to development. A lack of job opportunities is particularly frustrating in a region filled with hard-working people who want to work and stay in the area. Without adequate employment opportunities, the regional economy is indeed threatened, as able-bodied people who are capable and interested in contributing to the local economy will follow the opportunities to other regions.

Threats mentioned by respondents are summarized below:

- High cost of doing business (remote location, infrastructure problems, high taxes, labor union influence)
- Workforce issues (High unemployment/lack of job opportunities (college graduates who would prefer to stay in the region are forced to relocate to find high-paying employment in their field, many industries not available at all in the region)
- Health care (rising costs, isolated location reduces available options)
- Education issues ("brain drain")
- Parochialism (resistance to change, some would not welcome significant expansion of industry or transportation infrastructure, Old Economy mindset)
- Aging population (increased need for social services and health care, etc.)
- Government ("Anti-business" policies and regulations, harsh tax climate, restrictive environmental regulations)
- Lack of marketing strategy (no focused initiative to tout advantages of the region, no cohesive message, lack of coordinated efforts and services)

Conclusions:

Several threats noted by residents are indeed among the primary threats evident in the region. As noted in the Weaknesses section, there are significant problems with infrastructure and issues related to geographic isolation, which can indeed make operating a profitable business in the region more challenging.

Also, the lack of job opportunities for recent college graduates is problematic. It is apparent how passionate many UP residents are about their region, but many are forced to leave to support themselves, or accept that they will be unable to find employment in their chosen field, or other work consistent with their education and abilities.

An aging population means pressure on medical costs and social services. It will also mean a lower labor force participation rate as older people leave the workforce and fewer younger people are there to replace them, which will only exacerbate the problem with trying to attract and retain businesses.
Gaps and Barriers to Economic Development

In addition to the SWOT feedback, respondents were asked to identify any gaps in the regional economy - not mere weaknesses, but services or assets that are missing all together. As expected, there was considerable overlap between gaps, weaknesses, and threats, with infrastructure problems and good-paying jobs for graduates cited most often. Several other gaps and barriers to future economic development were noted as well. For an area so dependent on tourism, many respondents noted a lack of high-end retail, dining, and lodging options. Although jobs in these industries do not tend to pay well, they do represent potential for significant amounts of money flowing into the regional economy, and many such opportunities simply do not exist in the Upper Peninsula.

Many respondents also noted that there is no comprehensive system of public transportation in the region. The climate and the transportation infrastructure deficiencies limit the ability of many residents to travel, a problem that only gets worse for an aging population. There are few metropolitan areas in the region of any significant size, and the remainder of the region will remain underserved if there is no affordable means for people to reach them.

Several residents also noted the lack of arts and cultural opportunities. Houghton and Marquette offer some opportunities, largely due to the population of university students they serve, but the region as a whole faces challenges attracting young, educated workers if there are no cultural opportunities for them to pursue upon their arrival.

Finally, many respondents noted the lack of a cohesive marketing strategy. UP residents feel that the region boasts a strong quality of life and many desirable qualities, but that those outside the region are not aware of them, or harbor misconceptions about the region. A focused initiative to make people aware of all that the region has to offer is critical, and one of the primary gaps this study is designed to address.

Sub-regional Results

Survey results and SWOT feedback has also been examined separately for each sub-region. To view the sub-regional SWOT feedback, refer to Appendix 5.
CHAPTER V
STRATEGIES, TACTICS, AND ACTION STEPS

The strategies developed for this plan cut across the entire UP/Wisconsin border region. Each county or sub-region has an interest and a direct economic benefit through the successful implementation of the strategies. Based upon the current economic conditions, the opportunities currently available, ongoing efforts by other economic development organizations, competitive advantage, and the potential economic impact, the consultants recommend the strategies that follow in this chapter.

Competitive Advantage

The Upper Peninsula/Wisconsin border region has a number of competitive advantages on which to build economic development strategies.

- Higher education cluster: There is a concentration or cluster of higher education institutions in the region. Thirteen entities serve students in the region, including three comprehensive universities, a private college, tribal colleges, community colleges, a technical college, and two statewide extension services. These post secondary schools serve over 25,000 students and several are developing academic and research specialties and training programs that hold great promise. The current level of research from the higher education cluster is in excess of $60 million. (Source: National Science Foundation data)

- Timber and hardwood forest stands: Forest resources represent an asset of both considerable beauty, as well as significant economic opportunity, as the forest products industry cluster continues to expand.

- Mineral deposits: The region enjoys robust mineral deposits. Townships in the region grew up around limestone, copper and iron mining, and operations continue in the region to this day. The recent discovery of new deposits of nickel, silver, and gold hold great value in an era of increasing resource demand from developing countries.

- Water and shoreline: Furthermore, water and snow play significant roles in the regional economy. By virtue of an abundance of Great Lakes shoreline, as well as the highest rate of snowfall for any non-mountainous region in the country, the study region is poised to cater to the needs of a variety of outdoor enthusiasts. The vast amount of publicly owned land adds to the unique character of the region. While the large amount of protected property raises certain challenges, the amount of unspoiled wilderness represents a significant asset to the region.

In addition to these competitive advantages, the region has a stable, productive workforce and employers do note the presence of a good work ethic. Taking into account these factors that give the region a competitive advantage, and encompassing all of the information gathered during the course of this study, several prime economic development opportunities have emerged. It is the
opinion of the consultants that seven major categories ought to be considered for the implementation of economic development strategies:

- Higher Education
- Workforce Development and Training
- Existing Business Growth & Business Development through Entrepreneurship
- Natural Resources
- Tourism and Seasonal/Second Home Residents
- Communication and Physical Infrastructure
- Health Care

Set forth below is a broad strategy for each category, as well as specific tactics and action steps that may be undertaken to implement each strategy.

**Figure V-1: Vision for Economic Prosperity in the UP/WI Border Region**
Higher Education

Strategy I: Build on the higher education cluster in the region and support the expansion of higher education enrollment, research, and business activities as a means of economic growth and higher educational attainment in the workforce.

Why do this? The table below shows the relationship between education level and earnings:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>No high school diploma</td>
<td>$19,915</td>
</tr>
<tr>
<td>High school diploma (or GED)</td>
<td>$29,448</td>
</tr>
<tr>
<td>Some college no degree</td>
<td>$31,421</td>
</tr>
<tr>
<td>Associate degree</td>
<td>$37,990</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$54,689</td>
</tr>
<tr>
<td>Master's degree</td>
<td>$67,898</td>
</tr>
<tr>
<td>Doctorate degree</td>
<td>$92,863</td>
</tr>
<tr>
<td>Professional degree</td>
<td>$119,009</td>
</tr>
</tbody>
</table>


Higher education is a business enterprise. The economic impact of post secondary educational institutions is documented in numerous economic impact studies. Higher education, from technical college to community college to university is a growth industry in the New, Knowledge Economy. One of the benefits of the presence of higher education institutions is increased availability of access to higher education for citizens of the region. Higher education also attracts people from outside the region who in turn spend money in the regional economy and often stay on and add to the human capital of the region.

In the New Economy, the relationship between education and earnings is clear and well documented. The future prosperity of this region will depend on the productivity of its workforce. The region currently has an excellent reputation with respect to its workforce, but it is clear that a global economy will continue to put pressure on businesses to be more and more productive. Improving the economic condition of the UP / Wisconsin border region will require better education and skills.
Tactic 1A – Support UP/Wisconsin border region’s higher education institutions in building academic programs and enrollment as economic contributions to the regions economy.

Rationale: The UP/Wisconsin border region can build on a cluster of higher education assets that include three comprehensive universities, one private college, five community colleges, one technical college (NWTC), one University of Wisconsin College, and two statewide extension services for a total of thirteen higher education entities, not counting Canadian institutions, proprietary providers, and internet providers. These institutions and their faculty and students represent the largest brain power pool in the region.

Action Steps:

- Form a region wide higher education support coalition to further support increasing enrollments and research programs at the comprehensive universities and community and technical colleges in the region. The current economic climate in Washington, D.C. is favorable to higher education and may provide research and program funding for the entire spectrum of higher education institutions in the region.

- Encourage the networking of all higher education institutions of the region along the lines of the Northeast Wisconsin Educational Resource Alliance (NEWERA), the higher education network in the New North region. NEWERA is a very low cost enterprise which has proven valuable in program articulation (transfer), development of academic programs, and research programs.

- Support the development of online educational programming offered by community colleges, universities and others that would build jobs in the study region. The market for online courses continues to grow and is not bound by geography or place. In other words, the UP/Wisconsin border region can build an online education cluster.

Tactic 1B – Build on the growing University research base in the region to develop additional research and development program and to build on the federal and private research in the region.

Rationale: Research is a key driver in the New Economy. Research leads to discoveries, innovation and new products and services. The spinoff from research activities includes jobs and new businesses. A million dollars in research spending creates 36 jobs (U.S. Department of Commerce economic multiplier). The growing research base in the region can attract private sector partners and can be a major driver in the regional economy.
Action Steps:

- Form a UP/Northern Wisconsin Research Network run by higher education (most likely the University extension services) that links the university, government sponsored (for example the U.S. Forest Service Research Program in Houghton) and private sector research in the region.

- Support the further development of the SmartZone programs in the western and eastern UP as a primary means of developing high tech business start ups.

- Clearly articulate a technology transfer strategy that will begin to capture the ideas and benefits from the growing research base in the region. Examine the Wisconsin WiSys model for ideas and connections on the technology transfer process.

SUB-REGIONAL TACTICS

- Each region has a comprehensive university and community colleges and could support those campuses with local legislators and public officials.

- Support and partner with community colleges to build capacity and to go after higher education stimulus money aimed at community colleges.
Education and Workforce Training

Strategy II: Increase the post secondary skills and education level of the UP workforce to further increase the competitiveness of the UP/WI border region in a global, knowledge economy.

Why do this? The chart below shows that US educational attainment has basically “flatlined”. In a world economy that is getting more competitive the implications of this trend are that the standard of living in the U.S. will decline.

![Graph showing educational attainment trends](image)

The key to a prosperous future is an educated citizenry and educated and skilled workforce. The K-12 school system is certainly the anchor upon which that goal rests. Beyond the doors of the schoolhouse, there also must be a connection to higher education and to effective workforce training.

K-12 schools face a myriad of challenges, mandates, and criticisms. In the context of this report, it will do little good to rework the ground of No Child Left Behind, Nation at Risk and similar reports. Therefore the recommendations below are necessarily incremental but forward thinking.
Tactic 2A – Work to raise the overall educational attainment of the workforce in the region. Within this effort, work to increase student performance in science, technology, engineering and math (STEM)

Rationale: Education is the key to increasing productivity. The link between higher levels of education and higher levels of income is well documented. The need for workers with STEM education and training is a key to a more competitive UP/WI border region and U.S. economy.

Action Steps:

- Consider making the UP/WI border region the first region in the country where high school graduates have completed one semester of technical college or college studies when they graduate. This would be a major step in raising the educational attainment of the region and would further advance the reputation of the regional workforce. This would be a “reach” goal but one that might attract outside funding (Gates Foundation) because of the regional approach and clear geographic measurement area to study outcomes.

- Study and consider adopting part, or the entire nation-wide program, “Project Lead the Way.” This program, strongly supported by the Kern Foundation of Waukesha, Wisconsin, is designed to take mathematics and science out of the textbook and apply this knowledge to real-world problems in businesses. Project Lead the Way classes are being increasingly accepted by higher education institutions.

Tactic 2B – Build on existing programs that increase the experiential learning and entrepreneurial opportunities for K-12 students. These additional learning opportunities are the gateway to better understanding of career opportunities offered in regional businesses and will widen the perspective of students to the opportunities offered in the regional economy. The ability for students in K-12 to explore new product ideas, new technologies, and have an understanding of how businesses are formed, will help set the stage for them to become life-long learners and entrepreneurs.

Rationale: Survey data showed a gap between what students know about careers and the regional economy, and what employers believe they offer to perspective employees. This gap, increasingly common as the economy goes through rapid change and technological innovations, leaves many thinking of the UP/WI border region as a second option, rather than as a primary option for life-long employment. There are already initiatives of this nature underway. However, there is an apparent lack of awareness of these efforts, as evidenced by the feedback obtained in focus group interviews and surveys.
Action Steps:

- Improve the number and viability of high school internships in industry, business and government. Think about requiring an internship of every high school graduate in the region. Such a requirement would put the region on the cutting edge of preparing students for the knowledge economy.

- Build on the curriculum currently offered by maintaining and expanding classes in entrepreneurship at grade-appropriate levels in middle school and high school.

- It is recommended that a K-12 business plan contest be developed for the school districts. A program of this type will encourage and challenge the young people to develop new products and new technologies, as well as provide a vehicle for overall curriculum integration. In addition, this program has the potential to bring together the teachers, school officials, business community, and all school district citizens to celebrate and encourage the young entrepreneurs of the future.

Tactic 2C – Build on existing regional workforce training programs that can provide training or retraining for workers in manufacturing, health care, and specific industry clusters such as paper and forest products, digital communications, entrepreneurship and ship building.

Rationale: Regional workforce development boards can develop more value-added resources targeted at high demand, high growth, high wage jobs. This is an opportune time to increase the skills of the regional workforce and target those skills to sectors and clusters that need retraining or are growing and need advanced training.

Action Steps:

- Build on existing health care worker training programs such as the regional skills alliance and community college health training programs to meet the anticipated need for health care and home care workers across the region.

- Consider programs aimed at incumbent workers where expansion and growth opportunities emerge. One possible area of cooperative training might be ship building. Much of the shipbuilding industry in the region is now owned by a new company that has announced plans to expand operations in the region. The company, the Marinette Marine division of Fincantieri, employs hundreds of workers in the region as illustrated on the map below and plans to significantly expand employment in advanced manufacturing jobs and supervisory jobs.
SUB-REGIONAL TACTICS

- Ensure that the internships contemplated by Tactic 2B are offered in communities in each sub region.

- Recruit pilot schools in each region to apply for STEM grants for “Project Lead the Way”.
Business Growth and Development

Strategy III: Work to increase the growth of existing private businesses and the number of new private businesses. Establish a region-wide culture of collaboration, innovation, partnering, and entrepreneurial spirit for business development of existing and new businesses.

Why do this?

Figure V-3: Business Establishments in the UP/WI Border Region, 1998-2007

![Business Establishments in the UP/WI Border Region, 1998-2007](chart)

Source: U.S. Census Bureau, County Business Patterns

“We need cross-industry collaboration to grow a healthy climate for business growth. “

- Survey Respondent, Marquette County

Private business job growth has accounted for over 90% of job growth in the U.S. economy. From 1969-2000, 67 million of 74 million jobs created since 1969 have been in the private sector, as indicated in Figure V-4 below
The growth of business establishments in the UP/Wisconsin border region trails the national average and the growth of businesses in the New North region. As noted in Chapter III, the number of business establishments in the study region has remained relatively stable over the last several years. Growing and developing existing businesses and establishing new businesses through entrepreneurial programs is a crucial component of a thriving regional economy.

The UP/WI border region possesses a vast array of talent and resources. However, through the focus group interviews and survey portion of the study, numerous comments from the citizens indicated a lack of overall coordination, partnering, and collaboration regarding business development. Comments indicated a fragmented approach to new business development, with significant competition among the various regions.

In these times of limited resources, regional collaboration and partnering is critically important. The long-term winners in today’s world of new business development will be the regions that share a common vision, create win-win situations, are flexible and adapt to change, and present a strong and unified political voice.

**Tactic 3A – Support entrepreneurial development by using existing state programs such as the Michigan SmartZones and the Wisconsin Entrepreneurs Network (WEN).**

**Rationale:** The SmartZones and WEN aggregate the services needed and provide critical support to start up companies. The region needs to accelerate the growth of new businesses and needs to take advantage of comprehensive programs that can support the establishment of many different types of businesses.
Action Steps:

- Use the SmartZones and WEN as models to help design other start up support operations in the region.
- Explore how the existing entrepreneurial resources might be made more widely available through a virtual service network or center.
- Support the entrepreneurial development of start-up companies using the students in undergraduate and master’s programs at regional higher education campuses. Students can bring technology, research skills, marketing and other skills to new businesses.
- Create a support system that incentivizes the formation of new companies – a strategy that Wisconsin will propose in the forthcoming Research to Jobs report.

The intent of the SmartZones program is to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses. Specifically, those primarily focused on commercializing ideas, patents and other opportunities surrounding corporate, university or private research institute R&D efforts.

Tactic 3B – Establish an international business network and economic development strategy.

Rationale: The UP/Wisconsin border region is ideally situated to explore economic development through international connections. Large segments of the UP/Wisconsin border region private sector are now owned by foreign corporations (e.g. Fincantieri of Italy; Carmeuse of Belgium; Rio Tinto of England/Australia ;) In the recent economic downturn, foreign corporations have continued to invest in North American operations. The region is also well suited to international economic development by virtue of its proximity to Canada.

Action Steps:

- Prepare an inventory of international firms doing business in the region and international network connections through businesses, universities, and citizens of the region.
- Finland – Benchmark the current population with ties to Finland, as well as business entities currently conducting business in the region, and encourage them to expand their operations.
• Italy – Benchmark the current population with ties to Italy, as well as business entities currently conducting business in the region, and encourage them to expand their operations.

• Explore how the region can support further investment by Fincantieri in the ship building industry in the region.

• Canada - Explore options regarding goods and services that can be obtained more cost effectively from Canada than from elsewhere in the United States.

**Tactic 3C – Establish a network of UP business incubators and business parks.**

**Rationale:** In order to jumpstart, accelerate, and maintain the startup and growth of new businesses, it is important for the region to collaborate on the establishment of business incubators and the further development of business and industrial parks. These focused incubators and parks would offer support services, including financing, physical space, shared services, and mentoring/coaching assistance. These “resource rich” environments will increase the chances of start-up businesses’ successes, create new jobs, transfer new technologies, and enhance the local/regional economies. In addition, this project offers the region an excellent opportunity to partner and collaborate in an organized and strategic manner. A number of business/industrial parks exist in the region, though they are not being used to their full potential.

**Action Steps:**

• Establish a region-wide steering committee to determine overall incubator/industrial park structures, criteria, legal status, locations, funding mechanisms and market niches.

• Establish business plan education and training sessions for all start-up companies and entrepreneurs, as well as training and education for specialty trade certification programs.

• Actively promote the regions’ incubators and business/industrial parks.

• Take full advantage of the services offered by the Michigan Business Incubator Association in Ann Arbor. Consider creating an affiliated organization specific to the UP/WI border region to promote communications and relationships with the state and federal governments.
Tactic 3D – Establish a region-wide, business plan competition that establishes an entrepreneurial “signature” for the region.

Rationale: To encourage entrepreneurs to explore new ideas, and create and begin new high-tech businesses, a region-wide business plan competition is recommended. Similar plans in other regions and states (Nevada, Wisconsin, Ohio, and Michigan) have resulted in significant publicity and startup companies. The competition would be open to all UP/WI border region residents that have a business plan that focuses on new services, products and technologies, such as life sciences or high-tech manufacturing processes. Competition winners would receive startup seed capital, as well as mentoring services and media exposure. Finally, an event such as this would serve as an excellent means of bringing the entire region together in a collaborative fashion and celebrate the entrepreneurial spirit throughout the region.
**Action Steps:**

- Gather information on the Governor’s Business Plan Contest sponsored by the Wisconsin Technology Council, as well as other similar plans in existence in Michigan and other Midwest states to see how such a competition can be organized.

- Establish a UP/WI border region business plan competition steering committee.

- Benchmark other state/regional business plan competition events’ structures. Link with and expand upon regional University-based business plan competitions.

- Determine competition guidelines, judging criteria, sponsors, timetables, event site, and promotional strategies.

- Confirm business entities in the region that are willing to fund the competition. Seek government funding for the competition if available.

- Celebrate success stories and high-tech business expansion.

**SUB-REGIONAL TACTICS**

- Compile an inventory of international firms doing business in each sub region.

- Compile a list of international resources (cultural, economic, technological, exchange programs, etc) in each sub region.

- Support ongoing initiatives and continue to expand business park activity at KI Sawyer International Airport. Showcase the airport as an example of what can be accomplished when there is a sufficient investment in infrastructure. Look specifically at the potential connection with GE Aviation in Houghton, which could be encouraged to establish a test facility at KI Sawyer.

- Re-establish KI Sawyer as an international airport by seeking re-instatement of a customs agent at that location. Approach the federal government to fund such a position. If they are unwilling to do so, approach international businesses who would benefit from shipping to and from the region to fund the position themselves.

- In the south central region, build on the recent acquisition of the Marinette Marine Corporation by Fincantieri, an Italian global shipbuilding firm.
Tourism/Second Home Residents

Strategy IV: Improve the UP/Wisconsin border region tourism promotion, networking, and organization and gather and analyze data on seasonal and second home residents in the region.

Why do this?

- The largest concentration of National Wild and Scenic Rivers in the Midwest
- Two national forests
- 1700 miles of shoreline
- Seven national wilderness areas
- A high concentration of second and vacation homes and condos

Figure V-6: Wilderness Areas Map of the UP/WI Border Region

Source: www.wilderness.gov
The UP/Wisconsin border region has an outstanding number of natural scenic and wilderness areas. Several national wild and scenic rivers flow through the region. In addition to the nationally designated wild rivers pictured in Figure V-7 above, Florence County boasts two rivers – the Pine River and the Popple River – that carry a Wisconsin wild river designation. Throughout the study, residents spoke often of the major role tourism plays in the region’s economy. Numerous comments were received regarding the area’s natural beauty and myriad of recreational choices available in the region. From world-class fishing, spectacular sight-seeing, challenging golf courses, beautiful hiking, and snowmobiling trails, each season offers an abundance of opportunities for the tourist.

Tourism can be a real boon to any regional economy as people who reside outside the region choose to spend their disposable income in the region. Drawing more people to the region, and encouraging people to establish second/seasonal residences in the region has the potential to contribute significantly to economic growth and development.

**Tactic 4A – Develop and implement a coordinated tourism campaign for the entire UP/WI border region.**

**Rationale:** During the interview process, many residents expressed a desire to increase tourism promotional efforts, and to develop a central theme or positioning message. Developing such a program should be viewed as a long-term endeavor, and will require the coordinated input from many stakeholders in the region.
Action Steps:

- Convene a tourism summit. Invite all stakeholders to provide input regarding how to develop a coordinated UP/Wisconsin border region tourism message.

- Examine the recent tourism marketing studies in Door County, Wisconsin as a pattern for what can be done in the UP/Wisconsin border region. *Source Document: Preparing Door County Tourism for Long Term Success: The Door County Strategic Destination Marketing and Management Plan* available online.

- Consider a region-wide market research study on tourism. The study would help determine your customers’ needs regarding the UP’s offering, appropriate pricing, optimum locations, and how best to deliver your tourism messages to them.

- Expand participation in the hotel promotional campaign advanced by the Upper Peninsula Travel and Recreation Association (UPTRA), while at the same time exploring complementary options with a broader scope than one based on lodging.

- Consider participating more fully in the statewide "Pure Michigan" campaign. Ensure that all events and attractions available in the UP are listed on the Pure Michigan website. Leverage existing connections.

- Take advantage of recent trend toward "staycations" and the trend to eco tourism. Promote tourism within the region as well as to potential consumers outside the region. Look specifically at bordering areas such as northern Wisconsin and emphasize attractions and events that are within reasonable driving distance. Work with Native American Tribes to capitalize on their unique cultural offerings and facilities.

- Develop a funding mechanism that can support tourism promotion and economic development.

**Tactic 4B – Determine the need for further Great Lakes port development.**

**Rationale:** The UP/WI border region is rich in lakeshore property and affords tourists unique destination opportunities. Recreational activities, such as fishing, boating, swimming, and water skiing provide opportunities for tourists to visit and enjoy the region.

In study interviews, some residents expressed the desire to explore marina expansion, yet were concerned about the impact it may have on the environment and beauty of the shoreline. They often recommended a cautious and balanced approach to any lake shore development for the purpose of tourism expansion.
**Action Steps:**

- Benchmark current port and marina operations. Analyze locations, customer bases, and port product mixes.

- Work with appropriate agencies/organizations to determine zoning requirements and expansion possibilities.

- Determine tourists’ requirements. Consider means to gauge the need for more ports, marinas, product offerings, pricing requirements, and desirable locations.

- Publish findings and hold public informational sessions to gauge interest level on part of the area residents. Determine developers’ interests and possible state and federal funding support.

- Tie into statewide Port Cities Initiative to resurrect deep water port capacity and expand offering of old commercial ports as tourist destinations. Encourage similar locations to band together to form one voice to approach the Army Corps of Engineers for necessary dredging.

**Tactic 4C – Aggressively promote winter sports in the region.**

**Rationale:** Even during relative mild winters, the UP/WI border region typically receives snowfall well in excess of that received by neighboring areas. Embrace this reality by actively promoting the region as a hub of winter sports activity. Moreover, there are ski hills and other attractions in that area with the potential to serve as year-round destinations. Although there are any number of initiatives already being advanced, they could be expanded upon and linked more meaningfully.

**Action Steps:**

- Benchmark current winter sports activities in the region - ski hills, skating rinks, dog sledding, etc.

- Consider establishing and promoting an annual winter sports event to draw in tourists. Look to similar events like Wisconsin's Birkebeiner as an example.

- Determine tourists’ requirements. Consider means to gauge the need for more marinas, product offerings, pricing requirements, and desirable locations.

- Publish findings and hold public informational sessions to gauge interest level on part of the area residents. Determine developers’ interests and possible state and federal funding support.
Tactic 4D– Develop a region-wide recreational trail network.

Rationale: Throughout the research process, residents often cited the value and high economic impact provided by the hiking, ATV, and snowmobile recreational trails. The trails are utilized by the local residents, but are also used by a large number of tourists. The impact of these tourists is very broadly based. From hotel/motel guests, purchases of gasoline, food, drinks, clothing and souvenirs, these tourists are a major source of income for many regional businesses.

Residents did, however, express concerns regarding the lack of linkages between trails and an overall long-range plan for a trail network system. Exploring various options and developing a strategic trail plan for the future is a highly recommended endeavor.

Action Steps:

- Prepare a comprehensive region-wide map of trails of each type. Determine gaps and explore options of establishing or extending trails to fill in those gaps.

- Determine service gaps along existing trails. For example, are there enough gas stations, convenience stores, bars/restaurants, etc. on each trail to attract users? If not, consider offering incentives to establish such entities along each trail.

- Work specifically to expand trail options for ATV use. Many consumers have gravitated from snowmobiles to ATVs, yet services for ATVs are lacking. Collaborate with U.S. Forest Service to expand access rights on public lands.

- Tie into Rails to Trails Conservancy organization, which works with communities to preserve unused rail corridors by transforming them into trails. Complement efforts of DNR and others to preserve and expand use of railroads and affiliated properties.

- Establish a website (and determine who will maintain it) that users can consult for current information regarding trail conditions, trail closings, locations of gas stations and eateries along the trails, etc.

Tactic 4E – Gather data and explore programs to capture and utilize the talent of seasonal and retired residents.

Rationale: The UP and surrounding regions have an untapped resource base of retired and seasonal residents that should be considered as a valuable opportunity. These individuals represent a talent pool of unique skill sets and experiences. Encouraging these people to become involved in the region as community volunteers, project leaders, mentors, board members, or technical experts will support and strengthen the economic and social base of the region.
Action Steps:

- Compile a demographic profile and economic data to help in defining this population group.

- Survey this group to define this market and identify gaps and economic opportunities within this market.

- Establish a mentoring program similar to SCORE that would allow entrepreneurs and others to benefit from the experience and knowledge of retirees. Encourage retirees to volunteer their services at regularly scheduled times and places, as well as a system of being available on an “on-call” basis outside of established office hours and times.

- Encourage seasonal residents to establish businesses consistent with their abilities and interests, including bed & breakfasts, art galleries, etc. which may not thrive on a year-round basis, but could help draw economic activity to the region during the peak tourism times when seasonal residents are most likely to be in the area.

SUB_REGIONAL_TACTICS

- Adopt a marketing strategy for each sub region and specific communities within each sub region that promotes the attractions and environment in each sub region, using language and graphics consistent with the region-wide initiative contemplated by Tactic 4A.

- Encourage hotels and inns throughout the region to register with websites such as bedandbreakfast.com. Consider establishing such a site that is specific to the UP. Make offers available by sub region through the website, such as discounts at area restaurants, etc. for guests of hotels in each sub region.

- Continue and enhance promotion of Keweenaw National Historical Park as a tourist destination and an opportunity to highlight the heritage of mining in the region.

- Connect tourism to economic development at the local level. Include specific sub regional attractions in winter sports promotion, including Powderhorn ski hill near Bessemer, the UP 200/Midnight Run/Jack Pine 30 sled dog races in Marquette, and the National Ski Hall of Fame in Ishpeming.

- Communicate with UPTRA, UPEDA and other organizations to explore sub-regional options.
Infrastructure

Strategy V: Plan, develop and implement a 21st century vision for UP infrastructure in the areas of 1) broadband/cell phones, 2) highways, 3) rail, and 4) air services.

Why do this?

Figure V-8: Cellular Telephone “Dead Zones” by Carrier

Source: DeadCellZones.com Wireless Coverage Complaint Database

During the course of the study, participants suggested there is a great need for a long-range, comprehensive plan for the region in the areas of highways, rail, broadband/cell phones, and air service. In today’s global economy, these infrastructure areas are considered critical in not only attracting new business to the region, but also maintaining and growing the existing businesses.
Tactic 5A – Expand broadband access and cell phone penetration across the UP region.

Rationale: Focus group participants revealed a strong desire to expand the current broadband network and cell phone penetration. Participants often expressed frustration with the current systems and described the overall service as “spotty.”

Expanding broadband and cell phone services will provide the following benefits:
1) Allow for the creation of new businesses in the information technology areas.
2) Lead the educational communities to provide enhanced distant education.
3) Support a faster, more efficient healthcare system through telemedicine application.
4) Support new businesses in both urban and rural settings.
5) Minimize cell phone “dead zones” and present a more pro-business environment.

Action Steps:
- Explore the technologies that might be used to expand broadband and cell phone access. Connect into the research and testing of broadband technologies underway at Northern Michigan University involving WiMax technology.
- Benchmark current broadband coverage and cell phone penetration.
- Determine ways in which broadband and cell access can improve economic development and business development in the region. Consider the UP Link idea which is discussed in detail later in this report as a pilot project for early implementation.
- Establish an overall plan to improve broadband and cell phone access and begin implementation of long-range plan by working with internet and cell phone providers.
- Seek funding through the American Recovery and Reinvestment Act (ARRA) and other initiatives of the Rural Development Telecommunications Program for broadband and infrastructure improvements.
- Deal with a range of broadband demand issues including cost of connectivity, the sense of value to citizens in having a broadband connection, and the changing types of communication and business devices that may use broadband connections.

Tactic 5B – Develop a comprehensive regional highway plan, get consensus around that plan, and aggressively promote it with state government.

Rationale: The safe and efficient movement of raw materials, finished goods, commuters, and tourists throughout the UP region will play a major role in the future economy. Establishing a comprehensive regional highway system plan will provide the footprint for growth in the years ahead. In addition, the plan will allow for the UP region to speak with
one voice, with one plan, and will be better received, understood, and supported by local, state, and federal funding agencies.

Action Steps:

- Decide how and where highways in the UP will connect to four lane highways in Wisconsin.
- Seek input from local residents, communities, counties, planning commissions, and business sectors to compile a highway needs story that can become the single voice of the UP in highway funding matters.
- Develop a comprehensive plan and seek state and federal support.

Figure V-8: Transportation Infrastructure
**Tactic 5C – Develop a comprehensive regional plan to upgrade and preserve rail lines.**

**Rationale:** Class I rail service is a vital factor in many business location and expansion decisions. It is also extremely important to any region that exports timber and minerals. Although the geography of rail service has been on the decline, some manufacturers in the region remain dependent on quality rail service for their business operations. Steps must be undertaken to preserve existing rail lines and expand services wherever possible.

**Action Steps:**

- Benchmark current rail infrastructure and rail shipping patterns. Identify the critical rail lines that must be preserved and also identify possible areas for rail expansion.
- Seek input from local residents, communities, counties, planning commissions, and business sectors as to their future rail needs.
- Meet with the rail carriers to identify how the region can support the development of rail business in the region.

**Tactic 5D – Develop a long-term air service strategy for the region.**

**Rationale:** During the study, research participants often referred to the regional air service as expensive and offering poor flight schedules. In 2008, the airports in the UP had 210,000 passengers and 80% of those passengers used two UP airports: Houghton and Marquette. In order to promote a pro-business environment in the region, a quality air service program is essential, and, thus, a coordinated and collaborated effort in the area is needed.

**Action Steps:**

- Realistically assess the demand for air service in the UP. Gather data on which airports in the region or nearby are used by residents of the region.
- Benchmark current air service providers, schedules, and prices.
- Prioritize regional air service plans and seek area-wide collaboration and support.
- Explore whether airlines' preference for regional airports can be addressed to attract regular service to the region.

“Improve the infrastructure and the area will become a viable option for manufacturing, alternative energy and tourism to take advantage of the workforce and the natural wonders of the area.”

- Survey Respondent, Iron County
SUB-REGIONAL TACTICS

- Include representatives from each sub region in the comprehensive highway planning process, to ensure that the needs and concerns of smaller communities (who risk being bypassed by larger highways) are adequately addressed.

- Study each sub-region to determine where additional cellular service towers could/should be erected, and what steps need to be taken (easements, etc.) to place them where they would be most beneficial.

Other Infrastructure Issues

Regional stakeholders identified alternative energy as a prime opportunity for economic growth. However, it should be noted that significant investment in upgrading the power grid serving the UP/WI border region would be necessary to make alternative energy production economical. The current efforts by the Lake Superior Community Partnership on alternative energy and an assessment of needed increases in the capacity of the grid can serve as a focal point for further study and action.

A second area for infrastructure consideration is water transportation infrastructure. There are eight deep water ports in the region. These ports represent a significant opportunity for both commerce and tourism. Consideration should be given to investing in these unique assets to better leverage the opportunities for regional economic growth and development. One suggestion, that port development in Escanaba be explored, might serve as an initial area of inquiry.
Natural Resources

Strategy VI: Continue to promote the use of the region’s natural resources in an environmentally sound, safe, and sustainable manner and where feasible change the economic dynamic of the natural resource utilization to focus on active strategies aimed at value added economic activity within the UP/Wisconsin border region. This latter part of the strategy may be more feasible today given the surging interest and mandates on sustainability and green jobs.

Why do this?

Figure V-9: Forest Map of Wisconsin and Michigan by Type

![Forest Map of Wisconsin and Michigan by Type](image)

Source: U.S. Forest Service

Figure V-10: Map of the Great Lakes

![Map of the Great Lakes](image)

Source: Great Lakes Information Network
Much of the economic history and economic base of this region has derived from natural resources. Mining and logging are significant parts of the regional economy and account for 10% of the employment in the region. While blessed with natural resources, the economy of the UP/Wisconsin border region rises and falls on the economic cycles of the nation and global economies.

Natural resources play a significant role in the UP/WI border regional economy. Developing a long-term strategy that protects the environment, yet provides a value-added manufacturing base, biomass alternative energy sources, and wind power, will provide numerous employment opportunities for the residents, and business growth opportunities for the entire UP/WI border region.

Given the rich history of mining activity in the region, and the strong contingent of residents who favor expanding mining operations, it appears that significant efforts are already underway to support both current and potential future mining activity in the region. Consequently, there are no specific action steps recommended in this regard, with the exception of supporting sub-regional initiatives to sustain mining operations and addressing roadblocks that currently exist with respect to opening new mines that have been proposed. This issue may be more effectively addressed at a sub-regional level, as a broader-based strategy may only serve to reinvigorate past controversy and debate.

**Tactic 6A – Establish a Northern Products Cluster Group and build relationships with Heart of Wisconsin Forest Products, Centergy, Grow North, and New North groups which are engaged in this area.**

**Rationale:** To enhance the forest products business sector, collaboration with existing cluster groups will assist in the identification of new business opportunities, leverage resources, add potential state and federal political support, and encourage private investment.

**Action Steps:**

- Form a forest products work team to open discussions with existing UP and Wisconsin forest product groups.

- Schedule a forest products summit. Include the existing forest products business clusters, plus educational institutions, Workforce Development boards, regional planning commissions, and other interested parties.

- Consider establishing a regional wood market or trading exchange to provide better market pricing and to open the market to new customers such as biofuel producers.
Tactic 6B – Establish a woody biomass alternative energy consortium.

Rationale: Regions of our nation that explore and develop alternative energy sources will be tomorrow’s economic development winners. That said, the process of getting to viable alternative energy industries will be fraught with challenge and failure. The current difficulties of the corn-based ethanol industry provide a good example of challenges and failures. The development of biomass alternative energy will require a great deal of research, community involvement, support from the private business sector, and assistance from the state and federal government.

The UP/WI border region is ideally suited to participate in such an endeavor, in that it possesses an ample supply of biomass materials and forest product industries.

Action Steps:

- Form a biomass alternative energy group consisting of representatives of forest products businesses and environmental groups throughout the region.
- Partner with the regional universities to seek state and federal support to enhance bio-fuel and cellulose research.
- Establish an alternative energy/bio-fuels business cluster. Seek cutting edge and innovative businesses to become alternative energy leaders.
- Explore existing Biomass Utilization and Restoration Network for the Upper Peninsula (BURN-UP) to determine the extent to which they are addressing this concern. Strive to complement rather than duplicate their efforts.

Tactic 6C – Continue to explore wind energy as an alternative energy source.

Rationale: Survey respondents recommended that the regional leadership take a proactive role in using wind as an alternative energy source. Excellent work has already been done in the area by the Lake Superior Community Partnership – Energy Task Force. The researchers recommend this task force continue moving ahead with the development of its strategic action plan. The researchers believe this task force represents an ideal example of excellent collaboration and planning. The task force has a focus on the entire Upper Peninsula, sound objectives, is very inclusive, and seeks to build both community and legislative support.

Action Steps:

- Continue meeting as planned and build support across the region.
- Consider sharing findings, results, and opportunities at a region-wide summit, or the development of an electronic newsletter to keep everyone informed and up to date.
**Tactic 6D: Build economic growth and job and business creation around a waste transformation cluster.** This tactic would take advantage of the environmental / green movement that has strong government support.

**Rationale:** The UP/Wisconsin border region is blessed with industries and processes that produce large amounts of waste. Industries with waste streams include the pulp and paper industry, the timber harvesting industry, the wood processing industry, and the mining industry. The waste streams from these industries have long been regarded as cost centers because of the disposal cost associated with industrial wastes. In a few cases, waste is transformed into by-products. For example, wood waste can be burned to produce energy. But in most cases large scale transformation of waste has not happened. Pilot projects in the Green Bay area (Brown County) may point the way to making an industry cluster that would promote new businesses and the growth of existing businesses.

**Action Steps:**

- Inventory the waste streams that are available in the UP/Wisconsin border region.
- Consult with and visit the waste transformation projects and companies in the Green Bay/Brown County area.
- Seek research and investment partners for pilot projects in the UP/Wisconsin border region.

**Figure V-11: Logging Residues by County**

![Logging Residues by County](image)

Source: Matt Kures, University of Wisconsin-Extension
Tactic 6E – Develop a business model to support value-added manufacturing.

Rationale: During the focus group interview, the researchers received several comments regarding the need to have more value-added manufacturing done with the region’s natural resources. It was noted that often times the UP natural resources are handled out of the region for processing and finished goods to be produced. Residents believe with value-added manufacturing done locally, it will have an economic multiplier effect, thus creating additional employment opportunities.

Action Steps:

- Gather information and ideas from the Wisconsin Next Generation Manufacturing study that can be applied in the study region.
- Consider developing a partnership with the universities and natural resources business sector to explore value-added manufacturing opportunities.
- Benchmark how UP natural resources are currently being transported to and determine value-added processes being performed.
- Develop a business model to support value-added manufacturers to relocate or begin startup facilities near the natural resource base.
- Provide basic innovation training to regional businesses and economic developers.
- Explore converting existing factories to manufacturers of wind energy components - turbines, motors, etc. Encourage and assist existing efforts being undertaken in the region.

SUB-REGIONAL TACTICS

- Support ongoing mining operations in the region, including the Empire and Tilden iron ore mines operated by Cliffs Natural Resources.
- Specifically address roadblocks to opening particular mines (including the Kennecott Minerals’ Eagle Project nickel mine) and harvesting timber in national forests.
Health Care

Strategy VII: Provide the citizens of the UP/WI border region with the highest quality, affordable, and convenient health care services available. As the regional population continues to age, the need for health care will expand, and it is critical to ensure that the available services keep up with increasing demand.

Why do this?

Figure V-12: U.S. Health Care Spending from 1994 through 2014

Capture the economic activity from the growth of health care expenditures to benefit the regional economy.

Figure V-13: Upper Peninsula Health Care Network
Health care is currently one of the most important economic drivers in the UP/WI border region, providing a significant percentage of the area's employment. As the population in the region ages, the industry will only grow in importance. Additionally, health care legislation underway in Washington, D.C. is likely to increase overall demand for health care services. Continuing to support and enhance health care services in the region is essential to economic development.

Concerns were raised by area residents regarding the rising health care costs, the cost of insurance coverage, and the lack of health care coverage for many people. In order to remain competitive and attract the best and highest talent pool, opportunities to obtain affordable health care should become a high priority for the region.

**Tactic 7A – To provide better health insurance coverage, explore the establishment of health care cooperatives.**

**Rationale:** According to the National Cooperative Business Association, health care cooperatives have proven to be a key strategy for:

1) Keeping health care costs and insurance premiums affordable
2) Controlling prescription costs
3) Improving the quality of home-based health care and assisted living.

**Action Steps:**

- Consider contacting NCBA for information regarding the various types of health care cooperatives that exist.
- Establish a health care cooperative steering committee.
- Hold information meetings across the region to determine interest level and desire to join a health care cooperative.
- Seek state approvals from the Insurance Commission.

**Tactic 7B– Enhance and expand the use of telemedicine**

**Rationale:** Sharing medical information via telephone, the Internet, or other communication networks promotes effective consultation among providers and enhances the efficiency and quality of patient care. Current efforts undertaken by the Upper Peninsula Health Care Network should be supported and expanded. Recent federal legislation regarding the sharing of electronic records is scheduled to take effect in 2011 and should facilitate this process.
Action Steps:

- Benchmark current telemedicine operations throughout the region.
- Consult with health care providers to determine where gaps exist. Explore Rural Development Telecommunications Program loans and grants, and other funding options for filling the gaps.

Tactic 7C– Explore how the region can retain more of its medical care spending that is lost to other regional health care centers such as Green Bay.

Rationale: The region is served by a large number of health care providers who manage a business model that must compensate for the spread out population of the region. It is therefore important to make sure that area health care providers can achieve revenue goals in order to maintain and upgrade equipment, facilities and services.

Action Steps:

- Do a market analysis of the loss of revenue to non-UP medical centers.
- Develop a region wide strategy to educate consumers about the availability of medical services in the region and to encourage the use of regional services where ever possible.

Tactic 7D– Increase health care worker training to support the existing and growing health care industry.

Rationale: The projected demand for health care workers is strong. With an aging population, there will also be increased demand for home care services which provide the opportunity for new businesses and additional jobs.

Action Steps:

- Explore health care training and education grants aimed at rural health care.
- Build on existing health care training programs including the regional skills alliance and work being done by the three UP workforce development boards.

SUB-REGIONAL TACTICS

- Approach hospitals and clinics to establish shuttle services so that elderly and lower income residents in outlying areas have access to their services.
- Approach manufacturers in the region to explore whether their operations could be modified or expanded to provide cost-effective goods to the health care sector.
- Explore use of telemedicine.
CHAPTER VI
IMPLEMENTING THE PLAN

Key Factors

The success of a regional economic opportunity plan is determined by how well the plan is implemented. The following factors are key factors in implementing the strategic plan to produce meaningful outcomes:

- Vision
- Ownership
- Focus and Priorities
- Communication
- Organization
- Director and staff
- Funding and budget
- Leadership from the private sector
- Leveraging the Roll out
- Accountability and Timeframe
- Early successes
- Comparables and scale

"In order to overcome the difficult economic times, the community must be united through a common vision. Local government should create and communicate a uniting message of community participation, volunteerism and action."

- Survey respondent, Marquette County

Vision

To build energy and commitment to moving forward, there must be a vision that can excite the internal audience (the citizens of the UP/Wisconsin border region) and creates interest in the external audience (businesses, entrepreneurs, foundations, government officials). The vision statement must create a story about how things will change and what the outcomes of that change will be. Creation of the vision lies with those who own the plan – largely the regional leadership. As that vision is articulated and as it evolves, the following thoughts may be helpful:
OLD THINKING ABOUT THE REGION | NEW THINKING ABOUT THE REGION
--- | ---
Independent; Competitive; Parochial | Collaborative; Networked; Regional
Way up north! Isolated. The end of the road. | Pristine, scenic, and unique geography; The geographic bridge between the U.S. and Canada; the link between Michigan and Wisconsin;
Individual problem solving at the town, city, county level. | Regional problem solving at the county, multi county and UP/Wisconsin region level
Passive economic strategy: Ride the natural resource cycle (Timber, iron ore, copper, other minerals) | Proactive strategies to capture economic growth from changing markets, new technologies, advanced manufacturing based in the region, and international investment;
Old economy, high unemployment, low wage | New Economy, high tech businesses, new job creation, entrepreneurs and new businesses.

Ownership

Successful plans need community and regional ownership. A consultant can help to draw up a communications plan, and help with implementation but the long run energy and work must come from the regional community. If the study becomes “the consultants’ study”, there is little chance of success. If the study is owned by key opinion shapers and leaders in the region, it has a good chance for success.

Ownership does not mean unanimous consent of everyone in a region. If that were required, no plan would get implemented. What is needed is a critical mass of leaders who are willing to move forward and convince others to join them.

Focus and Priorities

"Education should be everyone’s focus. Without a good education, the area can only suffer."

- Survey respondent, Dickinson County

This study contains dozens of suggestions. Successful implementation requires that there be a tight focus on a limited number of projects. In reviewing the recommendations in this report, the consultants recommend the following focus for the first 1-2 years of implementation of the study:
Higher Education focused on growing the research base, higher education enrollments, tech transfer, and spinoff opportunities from research and other activities.

Biofuels / Biomass
Workforce Training in paper and forest products, shipbuilding, digital technology, and entrepreneurship
New Economy Infrastructure – broadband; cell service; region wide communication network

Even in the current economic environment, these areas have growth potential and with recovery of economic activity in the UP/Wisconsin border region economy, these areas can show substantial growth.

Longer range goals - years 3-4 - should include the following:

- Tourism and Seasonal Residents
- Infrastructure – highways and airports
- Forest Products Cluster
- International economic development with a focus on ship building, mining, and manufacturing.

The following are “idea maps” that bring together many existing initiatives, organizations, and assets that could be organized and deployed in implementing the major initiatives in years one and two.

Figure VI-1: Higher Education Map
Accountability and Timeframes

The efforts to implement the study must include setting goals and objectives that will be implemented within set timeframes. The study has multiple recommendations, tactics and action steps. If you try to implement too many things at once, there is the risk that the implementation will lose focus and drift in multiple directions. Thus we think that it is wise to prioritize and
select 3-4 goals for the first two years of the implementation with a plan to add other goals for a 2-3 year time frame and still others to be implemented in years 3-5 of the project.

**Communication**

The economic opportunity plan must be communicated to two audiences: the internal audience (citizens of the region) and the external audiences (businesses, entrepreneurs, foundations, government officials and others). The internal audience needs to know about the plan and be convinced that it will change things. The need to communicate with these two audiences cannot be over emphasized. Convincing other (outside) people to invest in the UP/Wisconsin border region needs to be based on a positive message and image conveyed by people in the region.

One of the biggest challenges with implementing a plan is building a communication plan that reaches these key groups and also accounts for communication over time such as a 3-5 year period. Money invested in people with communication skills and the building of a top rate website are important.

Persistence in communication is very important. Initial communications can be built around the roll out of the plan and introducing initiatives and action steps that are going to result from the plan. As things are accomplished, press releases and web updates need to be issued. It is highly recommended that there be two summits held during the course of the year. The Fall program would consist of well known guest speakers. The spring summit would provide an opportunity for committees to provide updates as to their results achieved during the past year and establish objectives and goals for the upcoming year.

**Organization**

Successful implementation will require an organizational structure that can operate and be accepted throughout the region. There may be an existing organization that can fill that role or there may be the need to create a new organization. The decision on an organization needs to be made by regional leaders. We would recommend the formation of a high level steering group to immediately evaluate the organizational options and to make a recommendation on a workable organizational structure.

The following organizational characteristics may be helpful in determining the best organizational structure:

- A board of directors drawn from business, economic developers, higher education and other key sectors.
- An executive director who is respected in the region.
- A non-profit legal organizational form.
"This area could support this plan better with proper organization and funding."
- Survey respondent, Florence County

**Director and staff**

A full time, paid director is required to effectively implement the recommendations in the plan. Relying on volunteers and committees made up of only volunteers may work in the short term but people will lose interest and drop out over time. Someone needs to do the work in between task force or committee meetings. Someone needs to pay attention to and devote time to fund raising to provide budget for implementation of the study. Someone needs to help identify, write and follow up on grant applications. Someone needs to have an overview of the various tasks and projects that are underway. In our experience that “someone” needs to be a paid director.

From previous studies, the consultants have determined that the skill set of the director requires a wide range of talents and abilities. Following are the critical skills the director should possess:

1) Ability to see the big picture of the UP/WI border region
2) A skilled negotiator, problem solver, and facilitator
3) An individual who looks for "win-win" solutions
4) A seasoned veteran, knowledgeable about all the various groups and organizations in the entire region.
5) Excellent communication skills
6) Grant writing skills
7) Comfortable with working with the media and legislators
8) Task oriented and organized
9) Trusted and respected across the region

In addition to a director, there needs to be some provision for staffing. Existing organizations may be able to provide a temporary staffing bridge. But at some point, staff will need to be hired and the budget will dictate whether that staff may be full time or part time. We also recommend that you consider using a number of student interns from the region’s higher education organizations. These interns can often do things like design and initiate a website, implement GIS technology, write press releases, design communication plans, set up and coordinate meetings and many other tasks.

**Funding and Budget**

Implementing the UP/Wisconsin border region study will require funding and a budget of some consequence. The budget should include staffing, provision for space, overhead, and some initial project and communication money. Initially, think about a first year budget of around $200,000 - $250,000.
Funding for the implementation of the plan is most likely to come from federal (EDA or other federal programs) and state sources (the Governor, legislature). Some ideas about funding will be covered in the best practices section of this chapter.

**Leadership**

Good leadership is essential to making the plan successful. In the region that leadership could come from higher education, government leaders, economic development professionals, and the private sector. It is very important to insure balance in leadership and to insure that private sector leaders are involved. The private sector is the primary economic engine in any region and it is vital that private sector leadership be an integral part of the organization and fund raising for implementing this study. It is also critical to have the input and leadership from the higher education sector because of their rising importance in the regional economy.

**Leveraging the Rollout**

You will only get one chance to roll out the study to the public and policy makers. Make the most of this event. The roll out should be an opportunity to get media coverage (print, radio & TV, digital). The roll out needs to be a full blown event with a well developed message. Those who have worked on the study or phases of it may know quite a bit about the general thrust of this effort but 99% of the UP/Wisconsin border region audience will know nothing about the plan.

The message coming out of the roll out must be simple, clear and must build energy and commitment to this regional effort. The message might be built around two questions: Why do we need to implement this study? And how will what is proposed make me, my family, my town or region better off?

**Early Successes**

Early successes will build credibility and energy for the implementation process. The public and policy makers will have more interest and may support and initiative that shows early success. Early success may also be useful in convincing foundations and government agencies that funding for the UP/Wisconsin regional effort will have a good return on investment.

Early successes are often opportunistic or even accidental. The “stars” may align in such a way that the timing is right for a project or initiative even though it may not be the top rated project or idea.

**Comparables and Scale**

While it is useful to study comparable regional plans, our experience is that every region is unique in a number of ways. The difference is culture, resources and other factors needs to be carefully considered. An idea that works in one region may not work in another. There are many reasons for this. For example, an idea in one region may have a number of strong supporters or
champions with experience and the commitment to carry out a particular idea. The same idea may make sense in another region but there may not be the human chemistry needed to make it work just doesn’t come together.

A second caution is to remember the scale of your region compared to others. For example, the New North region is similar in land mass but it has five times the population of the UP/Wisconsin border region. Keeping that scale in mind shouldn’t compromise the goals or ambitions for implementing ideas but the number and scale of projects needs to fit the population and talent base in the region.

The U.P. Link Idea

For reasons described earlier (traveling distances and a relatively small population base) the idea of a digital communications network for the entire region is essential. This communication network has to be dependable and relatively cheap. It needs to have sponsors of network nodes that will have the space, technology, and support skills to make the network reliable.

In their concept presentation on the U.P. Link, Kim Stoker of the Western Upper Peninsula Planning and Development Region and Carlton Crothers of the MTEC SmartZone build a network based upon three levels or tiers:

1. Hubs at Universities
2. Hubs at Community Colleges
3. Hubs at Workforce Development Centers

Their concept presentation lists the following goals:

1. Connect the economic development interests of business, education and government in real time.
2. Overcome the inefficiencies and time delays caused by the difficulties of arranging face-to-face meetings.
3. Provide a head start on gathering and sharing key economic data, case need statements, and funding opportunities.
4. Collectively leverage state and federal initiatives.
5. Pursue new corporate enterprises and the growth of existing businesses as a unified team.

This idea of a regional digital communications network gets at the problem of time and distance in communication. There are many off the shelf technologies that use the Internet to carry out meetings at multiple locations. See Appendix 6 for more details on the U.P. Link concept.
Risk Capital

The lack of risk capital in the region, specifically angel funding, was cited by several regional leaders. Establishing the risk capital funding in the region would require identifying qualified investors, convincing them to invest on an individual or group basis, finding an adequate deal flow, vetting that deal flow, and executing the deal in terms of investment structure, term sheet and other matters.

At the present time, it appears that the deal flow would not sustain an angel investing group and it may be best to simply identify potential angel investors and present them with deals as they materialize.

In the meantime, it may be helpful to do some angel investor training (Kaufmann Fund could be helpful), connect with angel investing groups in Michigan and Wisconsin (Lake Superior Angel Group has several UP investors), and network with the Wisconsin Angel Network (WAN) which has an extensive website and resource center.

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**Figure VI-5: U.P. Link Proposed Hub Locations**

Source: Carlton Crothers. MTEC SmartZone and Kim Stoker, WUPPDR

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The mission of the Wisconsin Angel Network (WAN) is to build early-stage capital capacity throughout Wisconsin, increasing the number and amount of equity investments in Wisconsin's entrepreneurs.

WAN was founded in January 2005 as an umbrella organization providing services and resources to the early-stage investing community.
"Best Practices" Examples

The New North

The New North project began with an economic opportunity study in 2003-2004. The study was rolled out in the fall of 2004. In our opinion the New North effort is the most successful regional effort in Wisconsin and the Midwest.

The following things about the New North project illustrate some of the best practice ideas we talked about above:

- **Ownership:** The New North study covered 18 counties and nearly a quarter of the land mass of Wisconsin. Focus group interview and feedback as the study progressed help to build region wide ownership of the study.

- **Communication:** The New North has a top notch website containing information that quickly identifies key initiatives and progress and successes. The premier event for reporting on results and establishing networking opportunities is a face-to-face annual economic summit. In 2008 the event drew over 800 people. The three prior summits also drew large crowds.

  A key part of the communication strategy was to develop an internal and external communication plan. The internal communication plan was aimed at people within the region. The internal plan was designed to highlight the world class assets of the region and to convince the internal audience of the national and global competitiveness of the region. The external plan was aimed at drawing the interest of outside organizations and businesses and to convince them to consider the New North as a business location.

- **Organization:** A new organization, the New North Economic Partnership was formed to implement the study.

- **Director and staff:** A full time director was hired to head up the new organization. The director was hired after a national search.

- **Funding and budget:** The budget for New North started with a pledge of $375,000 from the Governor of Wisconsin. Additional monies have come from membership and private contributions to New North.

- **Leadership from the private sector:** The initial co-directors of the New North were business people from the region.

- **Leveraging the Roll out:** The roll out featured an address from the Governor of Wisconsin, the honorable Jim Doyle. Governor Doyle’s presence and extensive media coverage helped to launch this effort with a lot of energy.

- **Accountability and Timeframe:** The economic opportunity report was thoroughly digested and a plan was laid out to take on 3-4 initial projects. Various committees and task forces were formed to carry on the work of each project. Champions for each effort were identified and serve in leadership positions.

- **Early successes:** New North immediately pursued a campaign to brand the region. Out of this effort came the “New North” brand and tag lines such as “North of what you expect.”
AdvantageWest Economic Development Group

AdvantageWest Economic Development Group, located in Western North Carolina serves as a best practices model for the UP region. Chartered in 1994, the region covers over 10,000 square miles and includes 23 counties. Like many other rural regions, this area was experiencing a loss of manufacturing jobs and declining wage rates. To overcome these challenges, AdvantageWest conducted extensive interviews and listening sessions with its residents, business communities and educational sector leaders and developed the following key goals.

- Grow and support clusters of innovations businesses
- Establish a think tank for strategic planning and economic policy development
- Change the culture of education to provide the 21st Century workers’ skill sets
- Establish and broaden broadband/internet services

In addition, several major councils/commissions were established. They included:

- Blue Ridge Entrepreneurial Council
- Blue Ridge Heritage Group
- Blue Ridge Food Ventures
- Western North Carolina Film Commission
- Blue Ridge Angel Investor Network

AdvantageWest funding comes from two main sources. The first group is Federal/State agencies, Foundations and Educational Institutions. These agencies include North Carolina General Assembly, Western Carolina University-Institute for the Economy of the Future, Appalachian Regional Development Institute, National Park Services, Appalachian State University-College of Business, Cherokee Preservation Foundation, and many others.

The second funding sources is derived from corporate sponsors. Over 80 private sponsors are indentified as supporters of AdvantageWest. These sponsors not only donate financial support, but also provide critically important leadership in order to accomplish the goals of the organization.

AdvantageWest is staffed by a seasoned ten person group and maintains an 18 member Board of Directors. The board members represent a diverse group of business and educational organizations located across the 23 county region.

The achievements to date for AdvantageWest have been most impressive and serve as a model for rural economic development. During 2005 & 2006 AdvantageWest’s efforts in advanced manufacturing sector contributed to 2,345 new jobs and $902.5 million in capital investments. The Western North Carolina Film commission was established by AdvantageWest and has yielded an $85 million impact to date.
The rich history and culture is celebrated in this area through the efforts of the Blue Ridge
Heritage Group. This group has played a key role in the expansion of tourism for Western North
Carolina.

AdvantageWest has secured grants for the region that have been matched or leveraged into over
$500 million in financial commitment to the region.

And finally, AdvantageWest has developed the first ever Venture Conference for Western North
Carolina.

AdvantageWest is an example of a proactive economic group that has engaged its citizens in
creating and managing a shared future for the entire region. A region that celebrates its
traditions and protects its environment, yet through effective leadership and partnering, moves
ahead to embrace the future and the new world economy.
Appendix 2 - Sub-Regional Profiles

Primary Sub-Regions

A majority of the economic data gathered was organized at the county level. In consultation with the steering committee, the election was made to review data according to four sub-regions: East, West, North Central and South Central. These regions conform to the same boundaries used by planning departments and workforce development boards in the Upper Peninsula, with the exception that the central sub-region has been bifurcated into a north and south sub-region. The south central sub-region includes Florence and Marinette Counties in Wisconsin, and the adjacent Michigan Counties, Dickinson and Menominee. A map of the sub-regions appears below.

Figure A-1: Map of Sub-Regions

Business Climate

The same County Business Patterns data reported above has been calculated for each sub-region as well as the study region as a whole. As with the region-wide data displayed in Chapter III, there has been little change at the sub-regional level with respect to business establishments, as indicated in Figure A-2 below. The eastern sub-region has exhibited the most significant decline, but even in that region the decline has been only 9% in nine years.
Employment in the region rose steeply through 2001. In 2002, employment has declined sharply and remained relatively stagnant through 2007, the most recent year for which data is available. A review of sub-regional data reveals that the region-wide increase existed entirely within the central regions.
An examination of the sub-regions reveals that the overall upward trend seen for annual payroll for the entire region reflects particularly sharp increases in the central regions. As noted above, this is an encouraging economic trend. Wages throughout the region have increased significantly since 1998.

Figure A-4: Annual Payroll in UP/WI Border Sub-Regions 1998-2007

Economic Market Areas

Although most of the data gathered was analyzed at the region-wide level, as well as by the four sub-regions identified above, it is worth noting that the region could be divided up into more specific regions which are concentrated hubs of economic activity. With a sparse population spread across a relatively large area, cities of any size tend to serve as epicenters for economic activity for significantly larger areas. In consultation with the steering committee, eight economic market areas were identified. A brief overview of each of these economic market areas appears below.
Copper Country

The Copper Country includes all of Keweenaw County, as well as most of Houghton, Baraga, and Ontonagon Counties. The region is known as Copper Country due to the prevalence of copper mining in the area dating back to the mid-1800s. Mining is still an important industry in the region, though the amount of mining activity has declined in the last few decades. There are lasting effects of past mining activity however. A large number of Scandinavian immigrants came to the region to work in the mines, and to this day there are many residents of the region who can trace their ethnic heritage back to Finnish, Swedish, and Danish miners. The Copper Country region is primarily rural, and much of it is publicly owned. Public areas in the region include McLain State Park, Porcupine Mountains State Park, and Copper Country State Forest.

The region's economy is driven by tourism and natural resources, as well as by higher education. Copper Country contains two institutions of higher education - Michigan Technological University in Houghton, and Finlandia University in Hancock. The economy of the region is also affected by the fact that it receives more snowfall than any non-mountainous region in the country.

"Copper Harbor is in a state of change in a forward thinking direction. The potential and desire for economic growth is tremendous and actively pursued in our little corner of the world, but it is a slow process and something needs to either change or a compromise be reached to further economic expansion."

- Survey Respondent, Keweenaw County
Marquette Area

In light of Marquette's status as the largest city in Michigan's Upper Peninsula, its economic market is arguably much larger than depicted below. It is likely that all residents of the study region are compelled to visit the Marquette area from time to time. There are a number of significant economic drivers in the Marquette area. Northern Michigan University is located in Marquette. NMU is one of the largest employers in the region. Other large employers include the Marquette school system and Marquette General Hospital. The area features a major port on Lake Superior, traditionally used for industrial uses such as shipping iron ore. Mining remains a significant component of the economy in the area, as the Cleveland Cliffs company employs more than 1,500 workers, with an annual payroll in excess of $150 million.

In addition to being the region's largest metropolitan area, the Marquette Area boasts a wealth of natural resources and recreational facilities. Parks are abundant, with Presque Isle Park perhaps the most prominent. As with other economic market areas in the study region, Marquette receives annual snowfall well in excess of the national average, and consequently is a favorite destination for winter sportsmen. Regular events include skiing and dogsled racing. There are a significant number of arts and cultural events available in the Marquette area as well.

"People here are by and large very proud to be from here, and seem to take a lot of pride in the work they do to serve the community."

- Survey Respondent, Marquette County
**Marinette Area**

An examination of the Marinette Area reveals the logic behind including Marinette and Florence Counties in an economic study with Michigan's Upper Peninsula. The economies of Florence County, and the adjacent Michigan Counties - Menominee and Dickinson, are closely tied together. Marinette is the largest city in the region, and more than 41% of the labor force in the four-county South Central sub-region works in Marinette County. There is a strong manufacturing base in the region. Shipbuilding in particular is a prominent industry. Marinette Marine Corporation was recently bought by Fincantieri, an Italian corporation. Since its inception, Marinette Marine Corporation has built more than 1,300 vessels in the area, including commercial freighters and ships for the United States Navy.

Tourism is also a significant part of the regional economy, due in part to the presence of the Peshtigo and Menominee Rivers which flow through the area. Snowmobiling and other winter sports are popular here as well.

"You have to be creative to live in this area, because of the limited amount of jobs. With the closing of the Niagara Paper Mill, there are even fewer jobs for younger people and they are forced to move elsewhere to look for employment opportunities."

- Survey Respondent, Marinette County
Sault Ste. Marie Area

Sault Ste. Marie (commonly referred to as “the Soo”), in Chippewa County, is the oldest city in Michigan. In the 18th century, the region was an important center of the fur trade. As a result, the area became a settlement for both Native American tribes as well as Europeans. Shipping through the region increased dramatically with the establishment of the State Lock in 1855. The lock, which allows for passage of ships between Lake Superior and Lake Huron, has been expanded and improved over the years. The Soo Locks is the world’s busiest canal with respect to tonnage of goods shipped.

The city of Sault Ste. Marie was split in 1797 when the United States acquired Michigan’s Upper Peninsula, and the name now refers to adjacent cities in the UP and Canada. The two cities are joined by the International Bridge, which connects Sault Ste. Marie, Michigan with Sault Ste. Marie, Ontario.

The region is served by an airport as well as a rail line. The area’s economy relies a great deal on tourism, generated by the locks, the Great Lakes, as well as a casino. In addition, Lake Superior State University is located in the region, with an undergraduate student body of approximately 2,500.

"This area should not only move into the 21st century, it should embrace it passionately. We need creativity and new ways of doing things, not some tired old philosophies that put a temporary bandage over the problems."

- Survey Respondent, Chippewa County
Mackinac/Bridge Area

The primary feature of the Mackinac area is the bridge connecting the Upper Peninsula of Michigan to the rest of the state. The Mackinac Bridge is the only point connecting the two geographic regions of Michigan. The bridge connects the City of St. Ignace in the UP with Mackinac City in lower Michigan. Prior to the opening of the bridge in 1957, the only direct route across the Straits of Mackinac was by ferry. As indicated in Figure II-16 above, hundreds of UP workers are employed in lower Michigan, and use the bridge on a daily basis. The bridge not only affects the labor force of the region, but significantly impacts tourism as well. The UP is a popular vacation destination, and the bridge dramatically reduces the travel time required for tourists from lower Michigan, Ohio, and other states, particularly to the east.

The area’s economy is also significantly affected by the presence of popular tourist destination Mackinac Island. Although the island is only home to approximately 500 year-round residents, thousands of tourists visit the island each year. The island’s draws include natural beauty, historic buildings (notably the Grand Hotel) and a relaxed atmosphere where motorized vehicles are prohibited. The area also hosts two popular annual sailboat races – one from Port Huron to Mackinac, and the other from Chicago to Mackinac.

"Our county is rich in history. We need to tie in the city of St. Ignace as the missing link to the triangle of history, joining Mackinac Island and Mackinac City"

- Survey Respondent, Mackinac County
Escanaba Area

Located on the northern shore of Lake Michigan, the Escanaba area is one of the largest metropolitan areas in the Upper Peninsula/Wisconsin border region. The region is an important shipping lane for iron ore mined in the UP, as ships leaving the local port travel to Chicago and other Great Lakes destinations.

Forest products represent a strong industry sector in the area. The local paper mill, owned by NewPage Corporation, is the largest employer in the region. Education is also an important sector, as Bay de Noc Community College is located in the region.

Tourism is important in the region, particularly with respect to outdoor activities. The area is a popular hunting and fishing destination, primarily for Wisconsin and Michigan sportsmen. The area also boasts more arts and cultural opportunities than many of the regions in the UP/WI border region. Escanaba is home to the William Bonifas Fine Arts Center, The Waterfront Art Festival, The Escanaba City Band, The Players de Noc, The Bay de Noc Choral Society and a number of other arts organizations and performing groups. There is also a greater concentration of retail establishments in the area than in much of the UP/WI border region.

"Maybe we should start looking at other areas of the nation to get ideas on how to expand, get different thought processing and to think outside the box. Start using the thoughts of those never tapped into before."

- Survey Respondent, Delta County
Ironwood/Gogebic Area

The Ironwood area has a proud tradition of mining. Many Europeans settled in the area in the late 1800s as iron mining in a number of mines were opened. Mining remains an important industry sector, though it has declined significantly since its peak several decades ago.

The area also relies on tourism. The Upper Peninsula's largest inland lake, Lake Gogebic, is located in the area, and fishing is popular among local residents and visitors alike. The area borders Wisconsin, and a number of those who visit the region are from northern Wisconsin.

The area boasts some of the best downhill skiing resorts in the Midwest, including Big Powderhorn, Blackjack, Indianhead, Mount Zion and Whitecap.

Education is an important economic driver in the region. Approximately 1,400 students are enrolled at Gogebic Community College.

"The local communities and schools need to work together and realize anything good in one community will benefit the entire region."

- Survey Respondent, Gogebic County
Delta/Schoolcraft Area

The Delta/Schoolcraft area covers much of the North Central sub-region, and overlaps with the Marquette economic area.

The region is bordered to the south by a lengthy stretch of the Lake Michigan shoreline, and consequently is home to significant commerce and recreation related to the Great Lakes. The area is largely rural and forested, with national forest land comprising a significant portion of the region.

Government is one of the largest economic drivers of the region, as many local workers are employed in the public sector.

Manistique is the largest city in the region. The city is home to a paper mill, Manistique Papers. The mill is a significant economic driver in the region. While the paper industry has declined in recent years, the mill's concentration on producing recycled paper products for the business, printing and food service industries has allowed them to thrive. The city also operates a municipal marina.

"Unless people start to change their thinking, this area is quickly going to become a retirement village with little infrastructure to support the aging population."

- Survey Respondent, Schoolcraft County
Appendix 3 - Guidelines for Focus Group Facilitators

Upper Peninsula Michigan / Wisconsin Border Region Focus Group Interview Session Guidelines

Purpose:

The primary purpose of these sessions is to get public input on the state of the economy in the region, including strengths, weaknesses, opportunities, and threats to regional economic development.

Length of Group Interviews:

We try very hard to do these interviews in an hour to an hour and fifteen minutes. We try to start promptly and to end on time. Occasionally a group really gets going and we use discretion in extending the session so that everyone has a chance to be heard.

Format and Protocol for Group Sessions:

We use a standard interview script that introduces the study we are conducting, the purpose of the session, and some brief background information on who is doing the study. All sessions are moderated by staff from NorthStar Economics or our subcontractor, MSA Professional Services.

Group Size:

Based upon our experience, a group size of 5 to 20 is workable. The ideal size is 8 to 10 people.

Composition of the Group:

We would like to interview a cross section of the community from a wide range of industry sectors, including health care, education, agriculture, business, non-profits, government, etc. An age range from students through retirees is also desirable. The composition of a group does not have to be perfect. We are doing enough interviews and the large number of those being interviewed compensates for the balance issues of individual groups. However, we would like each group to consist of the most accurate representation of each county's population as possible.

Location:

We would like to hold these sessions in forums that are easy for members of the community to locate, and where they will feel comfortable. In our experience, public libraries or Chambers of Commerce may have meeting rooms available for no charge.

Dates and Time of Day:

We are scheduling interviews the weeks of December 1-December 5, December 8-December 12, January 19-23, and January 26-30. We can do these sessions any time during the day - morning, afternoon, or early evening. We are asking the facilitator in each county to indicate preferred weeks to meet with us (first and second choices) and to indicate a preferred time of day. We will then develop our travel schedules and coordinate with a local contact to choose a specific day and time for each interview session.
Appendix 4 - Focus Group Interview Questionnaire

Upper Peninsula Michigan / Wisconsin Border Region ECONOMIC STUDY

Interview Script

Introduction to share with interviewees:

The purpose of this study is to formulate a strategic economic development plan for the Upper Peninsula Michigan / Wisconsin border region. This study covers all fifteen counties in the UP, as well as Marinette and Florence Counties in Wisconsin. We are interested in exploring the economic assets and challenges in each county in the region, as well as the region as a whole. This interview session is part of the study and is designed to get public input and information that may be useful in formulating an economic development strategy for the region.

It is very important to us to collect responses from a cross-section of the community, including both the public and private sectors. This study will provide several outcomes that will be useful not only to the economic development organizations in the region, but to the private sector as well. First, the study will provide a measure of the current business climate, workforce issues, and the strengths, weaknesses, opportunities, and threats to economic development. In addition, the study will help to guide economic development organizations in future planning to facilitate economic development in the region. The study will culminate in an action plan designed to stimulate the regional economy. As economic activity in the region increases, the economic impact of that activity will benefit everyone, in both the public and private sectors.

This study is supported by funding from the federal government. This study builds on a number of state and regional economic studies.

The consultant for this study is NorthStar Economics of Madison, Wisconsin. Dr. Bruce Siebold and Dr. David J. Ward are the principal investigators for the project. Drs. Ward and Siebold will be assisted by Mr. Alan Hart of NorthStar Economics and the staff at NorthStar Economics, Inc., as well as Jason Valerius, Sarah Elliott, and the staff of MSA Professional Services, Inc.

In the course of this interview session, you will be asked to respond to the questions on the following pages. You will also be asked to take a separate online survey at your convenience, which will help us gather information for this study and the final report. The online survey is intended for any and all stakeholders throughout the study area, and we will ask for your help to tell others about the survey. There are no right or wrong answers to the questions in this interview or questions on the survey. Your knowledge and or perceptions with respect to the questions asked are valuable in completing the study.

The purpose of this interview is to help us gain an understanding of the economy in your region. We are not interested in restricting the definition of the region to coincide precisely with county lines or metropolitan areas. You are encouraged to answer the questions with regard to your particular definition of the region, which may or may not coincide with the definition adopted by other interviewees. We will collect these forms from you at the end of the session so that we can compile the responses.

All information and responses gathered in interviews will be kept confidential. We respect your privacy and want to assure you that candid responses will be held in the strictest confidence.
I. Regional Economy – SWOT/Gap Analysis

1. What do you see as the primary strengths of the economy in your county and the surrounding region?

2. What do you see as the primary weaknesses or disadvantages of the economy in your county and the surrounding region?

3. What are the primary threats to the economy in your county and the surrounding region?

4. What are the primary opportunities to develop the economy in your county and the surrounding region?

5. Are there any services or resources missing altogether, or other deficits or gaps in the regional economy?
II. Economic Development Organizations

6. What organizations are you aware of in the region that foster economic development?

7. Of the organizations identified above, which ones do you think could play key roles in implementing a strategic economic development plan for the region?

8. Is there a need for additional economic development organizations in the region? What would you like to see?

III. Other Thoughts or Comments

1. Please feel free to express other thoughts and comments about the regional economy.

2. Suggest the names of people that we should interview for this study.

Thank you for your participation. We would appreciate it if you would take the time to complete our online survey as well.

Appendix 5: Sub-Regional Stakeholder Input
Survey Responses

Regional Economy

The analysis of survey response data by sub-region reveals that respondents throughout the UP/Wisconsin border region have a lot of similar views, but there are some issues where differences between the sub-regions are apparent. With respect to the initial question, respondents in all four sub-regions disagreed that the regional economy is heading in the right direction. Differences between the sub-regions were negligible, though respondents in the North Central region were slightly less likely to disagree. Results are summarized in Figure A-5 below.

Figure A-5 – Response to Proposition:
“The regional economy is heading in the right direction.”

With respect to the balance and diversification of the economy, the overall trends between sub-regions were similar, though the central regions were slightly more likely to agree that the regional economy is well-balanced than respondents in the east and west regions. Results are summarized in Figure A-6 below.
As noted earlier, respondents were asked to compare the current balance of the regional economy to the economy of ten years ago. Although the most common response among study region in general was to disagree that the current economy has a better balance, respondents in the North Central sub-region were significantly more likely to agree and less likely to disagree. Opinions in the North Central sub-region were nearly evenly split across the response range, as noted in Figure A-7 below. The difference among sub-regions is most likely attributable to the presence of Marquette in the North Central sub-region. Marquette is the largest metropolitan area in the UP/Wisconsin border region, and is also home to Northern Michigan University. The larger number of business establishments in the region, as well as the continuous presence of a sizable student body likely translate to a greater degree of stability in the economy of the sub-region, as opposed to more rural areas with a smaller business base.
Figure A-7 – Response to Proposition:
“The regional economy has a better balance than it had 10 years ago.”

More than half of respondents in each sub-region felt that the region is a good place to do business. Differences between the sub-regions on this point were inconsequential, as illustrated in Figure A-8 below.

Figure A-8 – Response to Proposition:
“The region is a good place to do business.”
As noted earlier, a substantial majority of survey respondents noted that the inadequacy of government economic development initiatives. A sub-regional analysis reveals that the Eastern and South Central sub-regions are even more likely to disagree with the proposition that the government devotes sufficient resources to economic development. As the only sub-region containing Wisconsin counties, the South Central sub-region feedback may be reflective of differences in resources available in Wisconsin as opposed to Michigan, or of the difficulties in reaching across state lines for assistance from the public sector. As the most rural area, as well as the most geographically remote area, the higher rate of disagreement among Eastern sub-region respondents is consistent with feedback received in focus groups. Participants in rural areas were more likely to note feeling disenfranchised and underserved by the government.

Figure A-9 – Response to Proposition: “State and local government devote sufficient resources to economic development in the region.”

![Graph showing responses to the proposition](image)

### Business Climate

Differences between the sub-regions become more apparent when analyzing responses to questions about the regional business climate. The challenges facing respondents in one part of the region can vary considerably from the issues faced by people in other sub-regions. Looking first at the issue of availability of start-up financing, few respondents in the UP/WI border region agreed that there is adequate funding available. However, this is another area where the difference between urban and rural settings. Respondents in the North Central sub-region were less likely to disagree with the proposition that there is adequate financing available, while Eastern sub-region residents were more likely to do so. Results are summarized in Figure A-10 below.
There were no significant differences between sub-regions with respect to the issue of commercial space and facilities. The vast majority of respondents throughout the study region noted that there is adequate space available. Eastern sub-region residents were slightly less likely to agree (and again it is the North Central sub-region whose residents stood in sharpest contrast), though the differences were small, as seen in Figure A-11 below.
A substantial majority of respondents throughout the UP/WI border region agreed that there is an adequate pool of workers available for employment. The only area which differs significantly from the others is the Eastern sub-region. Eastern sub-region residents were approximately twice as likely as residents of the other sub-regions to disagree with the proposition that there is adequate labor force available. However, even in the Eastern sub-region, nearly 60% of respondents agreed with the majority opinion.

**Figure A-12 – Response to Proposition:**
“There is an adequate labor force/worker pool available.”

The issue of telecommunications infrastructure reveals one of the most noteworthy disparities between sub-regions. The Western and North Central sub-regions responded similarly, with approximately half of residents noting the adequacy of the infrastructure, and more than a quarter of respondents disagreeing. However, a slight majority of South Central sub-region residents feel that the infrastructure is adequate, while only about 1/3 of residents in the Eastern sub-region agree. Eastern sub-region residents were twice as likely to disagree with South Central residents about the adequacy of the infrastructure, as revealed in Figure below. The higher level of satisfaction in the South Central sub-region may be attributable to the inclusion of Wisconsin counties. As a rule, cellular telephone service is more readily available in Wisconsin than it is in the Upper Peninsula, and residents were less likely to note concerns about broadband access. Again, the feedback received reveals the challenges facing more remote areas, as the Eastern sub-region experiences the greatest level of difficulty with maintaining adequate telecommunications.
Respondents in the North Central sub-region stood out from the rest of the study region on the issue of availability of marketing expertise. It comes as no surprise that residents of Marquette and the surrounding area were much likelier to report that they are able to access marketing expertise. Professional service providers of every type tend to be easier to locate in urban areas. Residents of the other three sub-regions adhere fairly closely to the overall trend, which is even distribution among those who feel there is adequate expertise available, those who disagree, and those who have no opinion, as shown in Figure A-14 below.
On the issue of assistance from the public sector, nearly a third of respondents in each sub-region agreed that there are sufficient services available from local organizations and government agencies. Fewer North Central sub-region residents disagree with the proposition – only about $\frac{1}{4}$ of residents as opposed to approximately 40% in the other sub-regions, as shown in Figure A-15 below.

Figure A-15 – Response to Proposition:
“There is an adequate labor force/worker pool available.”

![Respondents Who Agree that there is Sufficient Assistance Available from Local Organizations and Government Agencies](chart)

Workforce and Education

There is significant differentiation among sub-regions with respect to how the local workforce is perceived, with the Eastern sub-region in particular expressing dissatisfaction. As noted earlier, nearly $\frac{3}{4}$ of survey respondents agreed that workers in the region exhibit a strong work ethic. Focus groups participants throughout the UP/WI border region praised the hard-working nature of the local workforce. Curiously, Eastern sub-region residents did not agree as strongly as respondents in the other three sub-regions. Only 57% of Eastern sub-region respondents agreed with the proposition, as opposed to 82% in the North Central sub-region. This disparity is illustrated in Figure A-16 below.
On the issue of workforce education, once again Eastern sub-region residents offer a less enthusiastic assessment than respondents in other areas. A mere 18% of Eastern sub-region residents felt that their workers were well educated, while over half of North Central sub-region residents think so. Nearly half of Eastern sub-region residents disagree, while percentages in the other three sub-regions are closer to ¼. Results are shown in Figure A-17 below.
The trend continues with the issue of workforce training. Approximately half of the residents in the central sub-regions feel that their workforce is adequately trained. In the outlying sub-regions, the perception is that the workforce is less well-trained, with the Eastern sub-region in particular much likelier to disagree. It is unknown why the workforce in the Eastern sub-region is viewed so much less favorably by its residents than workers in the rest of the UP/WI border region. Regardless of the reason, this perception could be problematic and ought to be addressed at the sub-regional level so that economic growth and development is not hindered by negative public perception.

**Figure A-18 – Response to Proposition:**
“The local workforce is well trained.”

![Bar Chart](image)

The next question offers some insight into the perception of Eastern sub-region residents on the earlier points about the workforce. Eastern sub-region residents clearly feel let down by their education system. The South Central sub-region demonstrates the greatest level of satisfaction (60%), while only slightly more than 1/3 of Eastern sub-region residents feel that the system is responsive to community and workforce needs. Results for all sub-regions are illustrated in Figure A-19 below.
We return to common ground when it comes to the issue of “brain drain”. There is no significant difference between sub-regions on the issue of retention of high school and college graduates. Focus group participants and interview subjects echoed the sentiments illustrated in Figures A-20 and A-21 below. The UP/WI border region faces a particularly daunting challenge on this issue. Residents of all four sub-regions consistently indicated that graduates do not tend to stay in the area.
Respondents Who Agree that Recent College Graduates Tend to Stay in the Area

Market Expansion

Current Economy

Residents of different sub-regions hold differing assessments with respect to which industry sectors are most valuable to the current economy of the region, and which sectors are likely to make the most valuable contributions in the future. Tourism, health care, education, and forestry are ranked among the top five most valuable industry sectors in all four sub-regions, though rankings vary from one sub-region to another. Sub-regions also vary with respect to the fifth industry sector ranked among the five most valuable. The Eastern and Western sub-regions rank Government among the top five most valuable industry sectors. The North Central sub-region includes Mining, and the South Central sub-region ranks Manufacturing/Heavy Industry as the second most important sector to its regional economy. Results for each sub-region are summarized in Figure A-22 below.
Figure A-22 - Industry Sectors Rated Most Valuable to the Regional Economy

<table>
<thead>
<tr>
<th>Western Sub-region</th>
<th>Eastern Sub-region</th>
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<tbody>
<tr>
<td>1. Tourism &amp; Hospitality</td>
<td>1. Tourism &amp; Hospitality</td>
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<td>2. Health Care</td>
<td>2. Health Care</td>
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<td>3. Education</td>
<td>3. Education</td>
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<tr>
<td>4. Forestry</td>
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<td>5. Government</td>
<td>5. Forestry</td>
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<td>1. Health Care</td>
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<tr>
<td>2. Education</td>
<td>2. Manufacturing / Heavy Industry</td>
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<tr>
<td>3. Tourism &amp; Hospitality</td>
<td>3. Tourism &amp; Hospitality</td>
</tr>
<tr>
<td>4. Mining</td>
<td>4. Education</td>
</tr>
<tr>
<td>5. Forestry</td>
<td>Forestry (tie)</td>
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</tbody>
</table>

Future Economy

Respondents were also asked to rank which industry sectors they felt would be the five most valuable to the regional economy in the future. Results are displayed in Figure A-23 below. Once again, there were a lot of similarities among the sub-regions. Tourism & Hospitality, Education, and Health Care ranked in the top five among all four-sub-regions. Forestry was ranked among the most potentially valuable in every sub-region except the Eastern. The sub-regional analysis reveals that the Eastern and Western sub-regions are primarily responsible for Alternative Energies ranking in the top five for the study region as a whole, as the sector was not ranked among the top five in either of the central sub-regions. Government, mining, and manufacturing all appear on the list for a single sub-region, indicating the different assessment residents of each sub-region have with respect to the sectors likely to make the greatest contribution to the regional economy in the future.

Figure A-23 - Industry Sectors Rated Most Valuable to the Regional Economy

<table>
<thead>
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<td>2. Health Care</td>
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<tr>
<td>3. Health Care</td>
<td>3. Education</td>
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<tr>
<td>5. Energy/Alternative Energy/Biofuels</td>
<td>5. Government</td>
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<th>North Central Sub-region</th>
<th>South Central Sub-region</th>
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<td>2. Tourism &amp; Hospitality</td>
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<tr>
<td>3. Education</td>
<td>3. Manufacturing / Heavy Industry</td>
</tr>
<tr>
<td>4. Mining</td>
<td>4. Forestry</td>
</tr>
<tr>
<td>5. Forestry</td>
<td>5. Education</td>
</tr>
</tbody>
</table>
There is an important distinction between industry sectors that are anticipated to be valuable, and those that residents favor exploring as economic growth opportunities. Alternative Energies/Biofuels was cited by the most respondents in each sub-region as the industry sector to consider as an economic growth opportunity. Education, Health Care, and Tourism & Hospitality also make the list in all four sub-regions, illustrating that retention and growth are essential to developing any region's economy. Alternative energies represent an exciting new opportunity, but building on the base of industries which are already strong will be key to growing the economy.

**Figure A-24 - Industry Sectors That Should be Considered Growth Opportunities**

<table>
<thead>
<tr>
<th>Western Sub-region</th>
<th>Eastern Sub-region</th>
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<tbody>
<tr>
<td>2. Tourism &amp; Hospitality</td>
<td>2. Education</td>
</tr>
<tr>
<td>3. Forestry</td>
<td>3. Tourism &amp; Hospitality</td>
</tr>
<tr>
<td>4. Education</td>
<td>4. Health Care</td>
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<tr>
<td>5. Health Care</td>
<td>5. Forestry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>North Central Sub-region</th>
<th>South Central Sub-region</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Education</td>
<td>2. Tourism &amp; Hospitality</td>
</tr>
<tr>
<td>3. Tourism &amp; Hospitality</td>
<td>3. Education</td>
</tr>
<tr>
<td>4. Health Care</td>
<td>4. Manufacturing/Heavy Industry</td>
</tr>
<tr>
<td>5. Agriculture</td>
<td>5. Health Care / Forestry (tie)</td>
</tr>
</tbody>
</table>

**Sub-regional SWOT Feedback**

The SWOT feedback provided in Chapter IV is an overview of the entire Upper Peninsula/Wisconsin border region. Analyzing stakeholder input on a sub-regional basis reveals noticeable differences between the assets present and challenges facing each sub-region. Although the goal of this study is a unified plan for economic growth of the entire region, sub-regional initiatives have the potential to play an important role in achieving successful implementation. What follows is an overview and discussion of the strengths, weaknesses, opportunities, threats and gaps present in each sub-region, as identified by stakeholders in each sub-region.

**North Central Region**

**Strengths**

The workforce was the strength most frequently cited by respondents in the North Central sub-region. Numerous respondents indicated that there is a large talent pool to draw from, and that workers are not only abundant, they are well educated and well-trained. The Midwestern work ethic was mentioned many times. There appears to be a consensus among sub-regional residents...
that its workers are its strongest asset. These comments are all consistent with the feedback received in response to corresponding survey questions about workforce training, education, and work ethic. In each of these categories, the North Central sub-region had the highest response rate among all sub-regions on assessments of the qualities and capabilities of its workforce.

Natural resources present in the sub-region were also mentioned frequently, in the context of both commercial ventures including mining and forestry, as well as recreational and aesthetic concerns. Both are noteworthy. Mining was mentioned by quite a few respondents. Although the industry is not as robust as it once was, mining has been extremely important to the regional economy, and many residents still feel that the industry is an important driver of the regional economy. The mineral deposits and forests present in the sub-region represent significant opportunities for generating revenue through logging and mining. The feedback received clearly illustrates the challenge faced by the region in balancing these concerns with environmentalism. While many respondents listed natural resources as a strength while discussing logging and mining, at least as many used the term to refer to the natural beauty present in the region. The Great Lakes and shoreline were mentioned with regularity, as were the recreational opportunities afforded by wooded areas and green space.

Tourism in general was cited frequently as a strength of the regional economy. Respondents noted a wealth of recreational amenities and opportunities present in the region. The aesthetics of the area were mentioned by a high number of respondents outside the context of tourism as well, with many noting that the natural beauty of the environment contributes substantially to quality of life in the region.

Education was also mentioned by a large number of respondents. There were numerous responses received related to the important contributions made by universities in particular. Educational opportunities, employment base, and training programs were all mentioned specifically as strengths of higher education in the sub-region.

Health care was also mentioned a significant number of times, with respondents noting that health care services are conveniently located, that there is a choice of providers, and that health care facilities offer steady employment as well as treatment. Responses are summarized below.

- Workforce issues (Abundance of available workers, Midwestern work ethic, education and training of labor force, entrepreneurial spirit, a desire to remain in the area)
- Natural resources (logging, mining and other commercial concerns; natural beauty, tourism draw, outdoor activities)
- Recreation and tourism (Lake Superior, snowmobiling/winter sports, hiking, etc.)
• Health care (availability of services "close to home", choice of providers, steady employment opportunities, dental care)
• Education (colleges and universities in particular, training, employment opportunities)
• Quality of life (nice people, libraries, low crime rate, environmental beauty, proximity to Great Lakes, affordable services)
• Industry (pulp and paper, manufacturing)
• Organizations (Michigan Works, Lake Superior Community Partnership, Northern Initiatives, etc.)

Conclusions:

There is no doubt that as the sub-region with the largest metropolitan area in the UP/WI border region, there are many strengths in the North Central sub-regional economy. Workforce issues were cited most frequently, and with good cause. No area can thrive economically without a sufficient base of people in the workforce contributing to the tax base and purchasing goods and services that support people in a wide variety of industries.

As noted earlier, the presence of quality higher educational institutions is also a tremendous boon. Colleges and universities are important economic drivers. Higher educational institutions in the sub-region employ and educate substantial numbers of local residents, and support a wide variety of retail, food service, and other businesses patronized by students, faculty, staff and visitors.

The North Central sub-region is not alone in its emphasis on natural resources. Although there are sensitive political implications, the fact is that commercial logging and mining and tourism and recreation are both major concerns in the sub-regional economy. Exploring ways to continue harvesting resources in a responsible fashion, balancing the concerns of residents on both sides of the debate is critical to thriving economically in the years to come. Health care was cited by numerous respondents as a strength, and accurately so. Health care is one of the most prevalent industries operating in the sub-region. As both a service provider and an employer, the industry is a genuine asset in the sub-regional economy.

It is interesting that a number of respondents mentioned Michigan Works, Lake Superior Community Partnership and others. In an area when faith in state and federal government to provide adequate funding and resources has eroded, people are turning to sub-regional and local organizations. The fact that the sub-region not only has several economic development organizations, but that there is awareness of these organizations on the part of local residents bodes well. Organizations that have earned the trust of local residents may be worth approaching to assist with implementation of the recommendations that follow.
Weaknesses

Given the emphasis North Central respondents placed on workforce issues as a strength of the sub-region, it logically follows that the weakness cited most frequently is a concern about a lack of good jobs. The lack of job opportunities, the absence of key industries and the lack of a diversified economy were cited repeatedly. Respondents noted that the region is full of hard worker who want good jobs to support their families, and there is simply not enough of an industry base to meet the needs of the workforce.

The lack of a sufficient industry base to support the workforce also manifested itself as a concern regarding a regional economy that is too heavily based on tourism. Several respondents felt that the region is too dependent on tourism, and expressed concern that there is a segment of the population that is too content with the lack of industry diversification. While many residents remain enthusiastic about logging and mining, several also noted within the diversification concern that the region may be too dependent on those industries.

High taxes were also cited by a majority of respondents. Dissatisfaction with state government came through in a number of comments, most often in the context of high taxes. Government intervention was also cited repeatedly, referring to legal roadblocks to expanding forestry and mining operations.

Infrastructure deficiencies were also noted, particular with respect to transportation. The highway system in particular was cited as problematic. Residents expressed interest in a better intra-region highway system.

The isolated location was cited in its own right, as well as in the context of other weaknesses including the lack of job opportunities and lack of attention by elected officials. Although workforce issues were most frequently cited as a strength, several respondents cited weaknesses as well. In particular, there is a concern that the younger generation lacks motivation and may not share the strong work ethic boasted of when discussing strengths of the regional economy. Also, there was a significant contingent who felt that labor unions exercise too much influence. Concerns most often cited as weaknesses are summarized below:

- Lack of economic diversification (not enough good jobs to go around, over dependence on tourism and other industry sectors)
- Taxes (property tax rates too high to be competitive - both commercial and residential)
- Location (isolated location, distance to population centers, lack of access to services)
- Infrastructure (highways, insufficient power needs to handle future growth)
• Government/politics (power of environmental groups and unions, state and federal government not responsive to service needs of businesses)
• Workforce issues (unmotivated workers, lack of initiative, influence of labor unions)
• Winter weather (heavy snowfall exacerbates transportation infrastructure problem, makes the region less desirable to new recruits)

**Conclusions:**

The concern about the lack of job opportunities was the most frequently raised weakness, by a significant margin. Nearly everyone who took the time to respond to the survey or attend a focus group noted that good jobs in the region are lacking. Business growth and development is one of the areas of focus of the strategies and recommendations contained in this report, and the North Central region and its residents will likely want to be particularly cognizant of sub-regional initiatives that may be undertaken.

Infrastructure deficiencies also warrant special attention. As a major population center, the North Central sub-region is likely to be a hub of any expanded or improved transportation system that may come to fruition. Perhaps by embracing infrastructure improvements, some of the concerns raised so often with respect to the remote location can be minimized.

Given the political leanings of Michigan and Wisconsin as a whole, it may be unrealistic to expect significant movement on issues like tax rates and labor union influence.

The concern about the lack of motivation among the workforce is cause for concern. While there is no quantifiable support for the theory, the very perception that the up and coming generation does not share the work ethic of which many residents are so proud is potentially problematic.

**Opportunities**

There are a number of opportunities for economic growth in the North Central sub-region. Interviewees and survey respondents continued to focus on the business climate. A majority of respondents reported a desire to grow the industry base in general, and many cited the advantages of expanding logging and mining operations in particular. Many respondents would like to see more manufacturing jobs, and would embrace a new factory moving to the region. Moreover, respondents are enthusiastic about entrepreneurship and would like to see more specialty niche businesses start up.

Alternative energies were also mentioned often. Respondents are aware that this is a rapidly growing field, and they are excited about leveraging their assets to get involved. Wind energy is
of interest, as are biofuels and forestry byproducts. There is interest among respondents not only to make use of alternative energy, but also to become involved in production, generating wind power and/or manufacturing components of equipment used in the process.

Several people also mentioned educational institutions and a desire to see more partnerships between and among these institutions and the business community. Given the lack of good job availability, there is a desire to see schools more involved in workforce training, both so that workers may find employment among existing industries, as well as so the existence of the training programs may attract employers. Opportunities cited by respondents include:

- Business Growth and Development (new niche and cottage industries, attract more manufacturing, create and attract jobs consistent with abilities and ambition of workforce)
- Natural resource industries (ease restrictions on logging and mining, capitalize on green energy movement)
- Alternative energies (wind energy - usage and component manufacturing, biofuels and forest products)
- Education (expand partnerships between universities, expand programming and relationships with area businesses to keep more graduates from leaving the area)
- Tourism and recreation (expanded marketing effort to raise awareness of natural beauty, winter sports opportunities, camping/hiking and other outdoor activities)

Conclusions:

North Central residents have identified several key opportunities for economic development. Global trends in the New Economy may make attracting more traditional manufacturing jobs to the region an unrealistic goal, but given the abundance of hard workers, their willing to learn, and entrepreneurial spirit, the goal of expanding the industry base is laudable. Pursuing a strategy that meshes with the abilities and interests of those affected by the strategy makes perfect sense. Thought should be given to how to expand the industry base in a manner consistent with the needs and desires of the local workforce.

The issue of university and educational partnerships dovetails with this concern. Establishing more training programs, partnerships, internships and opportunities to network with businesses can address the "brain drain" problem and lead to an influx of business activity to take advantage of the availability of the trained workforce.
**Threats**

High unemployment rates were raised more often than any other concern among North Central residents as threats to the regional economy. The recurring theme among respondents is that residents of the sub-region work hard but that there are simply not enough good jobs available. Government was mentioned frequently as well. Many North Central residents are unhappy with their political leadership. They feel that government is too intrusive and imposes too many regulations.

Quite a few respondents mentioned rising health care costs. Given the problem with retaining and attracting recent graduates, the population of the region is aging, which translates to a greater need for health care services. If those costs continue to rise, the regional economy will be jeopardized, as even those people eager to stay or return to the region may relocate if health care is not cost-effective. Even those who stay will be unable to the regional economy in a broader sense if a disproportionate amount of their spending is done on health care.

As expected, there was a fair amount of overlap between reported threats and weaknesses. Once again, the dichotomy between both sides of the political spectrum is apparent, as many are vocal about the future of natural resources-based industries, with some wanting these industries expanded, while others would like to see them limited. Threats mentioned by respondents are summarized below:

- High cost of doing business (remote location, infrastructure problems, high taxes, labor union influence)
- Workforce issues (High unemployment/lack of job opportunities, declining work ethic)
- Health care (rising costs, isolated location reduces available options)
- Aging population (increased need for social services and health care, etc.)
- Government ("Anti-business" policies and regulations, harsh tax climate, restrictive environmental regulations)

**Conclusions:**

High unemployment is problematic, for both the North Central sub-region and the UP/WI border region as a whole. If residents of the most populous part of the region are encountering difficulties finding employment, it stands to reason that the threats goes far beyond a single sub-region.

As noted earlier, an aging population means increased demand for health care services, and failure to maintain these services at affordable rates has the potential to damage the economy throughout the region as large numbers of people are affected.
Gaps and Barriers to Economic Development

North Central respondents identified several gaps in the regional economy. Cited most often were educational programs, a range of housing for difference income levels, and range of retail and other business establishments. A lack of rail service was also mentioned. In light of problems with the highway infrastructure, expanded rail service could be utilized in the absence of trucking.

The lack of arts and cultural opportunities was also mentioned, despite the fact that this area offers more than other areas within the study region, due in part to the presence of university students and faculty.

Eastern Region

Strengths

Quality educational organizations were frequently cited by respondents in the Eastern sub-region as a strength of the economy. Lake Superior State University, Bay Mills Community College, tribal institutions, and the Sault Area Schools Career Center were all mentioned by several respondents.

Given the more rural nature of the sub-region, environmental concerns came up often. Many residents feel that vast expanses of unspoiled beauty represent one of the greatest assets in the region. This ties in with the strong sense of community expressed by many respondents. The sense that residents are happy living in the Eastern sub-region was often cited as an economic strength. Despite challenges facing the region, a foundation of people who want to be there and enjoy their surrounding is a good start toward achieving economic development goals.

As expected throughout the region, tourism was cited as a strength, as was a strong and available workforce. Although differences among the sub-regions are revealed by analyzing them separately, it is clear that pride in the region and its people permeates the entire region. While fewer residents of the Eastern sub-region indicated a strong work ethic, workforce issues were still expressed frequently.

- Education (colleges and universities in particular, training, employment opportunities)
- Environment (fresh water, undeveloped land and green space, natural beauty)
- Recreation and tourism (Lake Superior, snowmobiling/winter sports, hiking, etc.)
• Workforce issues (Abundance of workers at a reasonable cost, strong work ethic, desire to work in the area, less volatile industry base than lower Michigan due to no lack of reliance on auto industry)
• Government (strong public sector, jobs at prison and with other agencies)

Conclusions:

Although respondents in the Eastern sub-region expressed a greater level of dissatisfaction with certain aspects of the economy in response to direct questions in the online survey, they were able to identify a number of strengths to build on. An appreciation for quality educational institutions and organizations is very important. Educational institutions are major economic drivers, and the happiness with the quality of educational opportunities available is no doubt a significant contributor to the strong sense of community expressed by respondents. Eastern sub-region residents want to live there. They enjoy the environment and the lifestyle, and access to quality educational programming is a key aspect of their contentment.

The Eastern sub-region also expressed the strongest praise for government as an economic strength. Feedback did not suggest that they are necessarily any happier with political decisions made at the state level than their neighbors to the west, but Eastern sub-region residents appreciate the employment opportunities brought to the region by the public sector.

Weaknesses

As was the case in other sub-regions, Eastern respondents often cited workforce issues as economic weaknesses, including the lack of good job opportunities, the absence of a broad range of industries and the lack of economic diversification.

As expected, Eastern sub-region respondents were most likely to report their isolated location as a weakness. There are only handful of metropolitan areas in the study region, and with the exception of the Sault area, all are located well outside of the Eastern sub-region. The remote location leaves residents feeling underserved by a variety of services, and feeling that the goods and services that are available come at a higher price. Issues with transportation were noted, particularly high gas prices and a higher cost attendant to shipping goods and accessing services. Concerns most often cited as weaknesses are summarized below:

• Lack of diversification (poor industry representation, not enough high-paying full-time jobs to meet demand, too much reliance on tourism, business owners unwilling to take chance on locating in the area, lack of high-tech businesses)
• Location (remote location, distance to population centers, cultural opportunities and attractions, lack of affordable access to services)
• High prices (gasoline, goods and services obtained at higher cost due to location)
Infrastructure (highways, access to shipping by air, road, or rail)
Workforce (brain drain, low density, perceived decline in skill level, departure of young workers)
Climate (harsh winter driving conditions make their remote location even less accessible and less likely to be visited)

Conclusions:

While the character of the Eastern sub-region may appear on the surface to be quite different from a more densely populated sub-region like the North Central, it is apparent that the UP/WI border region as a while shares a number of concerns. The most common recurring theme across sub-regions has been the lack of attractive job opportunities that pay a living wage. Although many workers are pleased with the government jobs that are available, this reliance on the public sector only serves to highlight the concern about lack of diversification. Having good government jobs available is a strength. The lack of similar opportunities in the private sector is a weakness.

Although there was a surprising lack of mention of telecommunications and broadband, infrastructure deficiencies warrant exploration. Transportation infrastructure in particular was noted by numerous respondents in the Eastern sub-region. As the most geographically isolated, Eastern residents are most dependent on quality transportation systems, and most affected by their shortcomings.

Opportunities

There are a number of opportunities for economic growth in the Eastern sub-region. Respondents most often mentioned opportunities connected with educational institutions. A desire for more virtual instructional programming was mentioned, as was a desire for more University-affiliated training programs, and cooperative partnerships between higher education institutions.

Alternative energies and biofuels are an area that a lot of Eastern sub-region residents are excited about. Respondents noted a desire to capitalize on the green energy movement, and explore biofuels, ethanol, wood processing plants, wind energy and other alternatives. Several respondents mentioned a desire to work more cooperatively with Native American tribes.

In response to the transportation infrastructure concerns raised above, several respondents noted a desire for increased bus service to and from outlying areas. A majority of respondents reported a desire to see new industries locate in the area, and expressed interest in pursuing tax incentives to get businesses to locate there. Opportunities cited by Eastern respondents include:
• Business Growth and Development (new niche and cottage industries, attract more manufacturing, create and attract jobs consistent with abilities and ambition of workforce)
• Alternative energies ("green" energy, biofuels, ethanol, wood, wind)
• Education (expand partnerships between universities, expand programming and relationships with area businesses to keep more graduates from leaving the area)
• Tourism and recreation (expanded marketing effort to raise awareness of natural beauty, winter sports opportunities, camping/hiking and other outdoor activities)
• Retirees (remote location may be a selling point to people looking to retire in a pleasant environmental setting, attract them to the region)

Conclusions:

Eastern residents are genuinely excited about living where they live, and see opportunities in convincing others of the sub-region's appeal. The idea of trying to attract new businesses and retirees to the region, while at the same time strengthening connections with those who won't relocate, through distance education and virtual programming makes sense.

Tourism is important throughout the study region, but the lush landscapes of the Eastern Region make it ripe for tourism. Given the remote location, it is the sub-region that tourists are least likely to simply be passing through, so sub-regional initiatives ought to be explored to aggressively market the area as a destination.

The interest in alternative energies reflects a trend throughout the study region, and indeed, the nation. As many new business entities are forming, it remains to be seen which regions have a competitive advantage. In the New Economy, high quality information technology has supplanted physical location as the most important criteria for success. The Eastern sub-region may be in a position to leverage its natural beauty to attract business entities that will have access to natural resources and have commercial operations that are less dependent on geographic location.

Threats

The all-time high unemployment rate was the most prevalent concern in the Eastern sub-region as well. Respondents noted the nationwide economic recession, as well as several ways in which the economic climate is affecting them in particular. High unemployment was the number one concern, but rising gas prices, cost of living and health care costs mentioned as well, as was an increasing level of difficulty with obtaining funding and resources from the state government. Of course, many concerns raised as weaknesses were cited as threats as well. The isolated location and the attendant high cost of doing business, out-migration and brain drain, and infrastructure problems made the list as well.
• Workforce issues (Record high unemployment rate, lack of jobs, lack of diversification, inability to retain young workers)
• High cost of doing business (isolated location, higher fuel and shipping costs, infrastructure problems, high taxes)
• Health care (rising costs, isolated location reduces available options)
• Infrastructure (road, rail and air service, adequacy of power lines)

**Conclusions:**

High unemployment is an issue throughout the study region. In light of how often the concern was raised, it is apparent that Eastern sub-region residents are greatly concerned over the issue. The remote location of the sub-region makes it difficult to address certain issues, as there will always likely be a higher cost of doing business over greater distance. Nevertheless, the remote location offers aesthetic advantages, so it may be best to focus efforts on concerns that are more likely to be responsive to economic development initiatives. In the meantime, addressing infrastructure deficiencies may serve to minimize, if not eliminate, some of these higher costs.

**Gaps and Barriers to Economic Development**

Eastern respondents identified several gaps in the regional economy, while also noting that such gaps are to be expected in a remote location. Cited most often were public transportation, retail, a variety of industries and businesses, educational programming, and services including elder care and child care.

Eastern sub-region residents do not expect to see the wide range of business establishments that more densely populated areas have, but quite a few residents expressed a desire for more highend dining and retail options, as well as cultural opportunities. The more gaps there are with respect to these areas where people tend to spend their disposable income, the more likely it is that those dollars will be spent elsewhere.

**South Central Region**

**Strengths**

As with their neighbor to the north, the South Central sub-region noted workforce as a strength more often than any other area of concern. The strong work ethic was mentioned frequently, as were the education and talent level of the available workers. Volunteerism also stood out as a concern raised by a number of respondents in the sub-region.

Natural resources in the sub-region were mentioned almost as frequently, with a number of respondents noting the pristine beauty of the environment. Once again, natural resources were
mentioned for both their commercial as well as their aesthetic value. Logging and forestry were mentioned, even as some respondents perceived a decline in demand. The beauty was mentioned within the context of a larger quality of life issue. Many respondents noted that the area is a beautiful place to live and raise a family. Some even noted as a strength that people are willing to stay in an area with lower wages, as evidence of the enjoyment derived by residents who could earn a higher wage if they relocated out of the region.

Education was also mentioned by many people. The school system in general, as well as technical colleges and universities were all mentioned several times as assets. From grade school through the university level, it is apparent that South Central residents value their educational institutions. Specific schools on both sides of the Michigan/Wisconsin border were singled out by respondents as providing a high quality education for a good value. Tourism was also mentioned often as a valuable asset, with specific mention made of the abundance of open space for recreational activities. Retirees and second home owners were also mentioned more frequently than in other sub-regions.

- Workforce issues (Abundance of available workers, strong work ethic, abilities and attitude of labor force, strong desire to remain in the area despite lower wages)
- Natural resources (forestry; natural beauty, water, outdoor activities)
- Recreation and tourism (open spaces, outdoor activities, bodies of water)
- Health care (quality and value of service, importance as an employer)
- Education (high schools, colleges and universities, vocational and trade schools, good value and quality education)
- Quality of life (small town feel, sense of community, friendly people, low crime rate, beauty of surroundings)
- Seasonal and retired residents (contribute to the tax base, draw more activity to the region)

Conclusions:

The South Central sub-region has much in common with the North Central sub-region. Indeed, in Michigan, organizations generally divide the Upper Peninsula into eastern, western, and central territories. For purposes of this study, the central region has been bifurcated in recognition of the fact that the four counties in the South Central sub-region are a fairly self-contained economic market area, with Marinette driving much of the economic activity in the region. South Central residents were more inclined to cite the value of seasonal and retired residents, and while all regions mentioned education, the emphasis on trade and vocational schools stood out in the South Central sub-region.

Workforce issues were again cited frequently, as in the rest of the study region, as residents
noted that there are more able-bodied willing workers than there are good jobs. Curiously, the sentiment that this represents an advantage or asset was unique to the South Central region, at least to the extent that it was explicitly stated as such.

The South Central sub-region joins the others in emphasizing the importance of natural resources. Forestry has been an important industry in the past, and many residents still value logging a great deal, even as environmental restrictions, public land ownership, and leaner economic times have compromised its value as an economic driver.

**Weaknesses**

Although the lack of diversification of the economy was a common theme in the South Central sub-region as in the others, there was a very broad range of weaknesses mentioned. Lack of many industries, "blue collar" jobs in particular, plant closings, a lack of workers with the necessary skills for certain jobs, the difficulty of keeping skilled workers in the area, too much focus on particular industries (including automobiles) and a lack of competitive salaries were among the many workforce issues cited.

High taxes were also a common response in the South Central sub-region. Frustration with state government was mentioned frequently, with respect to high taxes and taxation policy, as well as a lack of support and resources. While similar concerns were raised in the other sub-regions, South Central residents were among the most vocal in expressing disappointment at the level of service they receive from their elected officials. Concerns most often cited as weaknesses are summarized below:

- Lack of economic diversification (not enough positions matching skill sets of the workforce, over dependence on particular industry sectors, not enough manufacturing and jobs suitable for workers with less formal education)
- Taxes (tax rates viewed as excessive, an impediment to both business and home owners)
- Government/politics (poor representation, no sense of investment in the region among officials, not significant resources routed to the region for projects or initiatives)
- Workforce issues (lower wages, lack of specialized skills for certain industries)
- Infrastructure (transportation, lack of mass transit and high capacity shipping options)
- Aging population (lack of young workers, greater need for services for the elderly)
Conclusions:

By now a pattern has emerged. Despite differences between sub-regions, the concerns about adequate job opportunities and a diversified economic base appear to be universal throughout the UP/WI border region. South Central sub-region respondents not only expressed these sentiments, they seemed particularly frustrated with regional and state politics, and feel that they are not receiving their fair share of government resources and attention. Of course, nobody enjoys paying taxes, but they are generally accepted as a fact of life. In this sub-region however, there is a clear consensus that the taxes assessed are excessive and placing serious impediments in the way of business growth and development. Infrastructure was also mentioned a number of times, though the concerns all had to do with transportation. There was no significant mention of telecommunications or broadband as a problem area among respondents.

Opportunities

There are a number of opportunities for economic growth in the South Central sub-region. Many respondents point to the lack of diversification in the economy and seek to address the problem by establishing or attracting businesses in a broader range of industry sectors. A desire to see more retail establishments was mentioned, as well as contracted government work. Educational opportunities and natural resources were both mentioned frequently. Logging and mining are still high profile industries that many residents would like to pursue more aggressively.

In the realm of education, residents would like to see a greater range of course offerings, and specific workforce training education. As in other sub-regions, the concept of partnering between and among educational institutions was mentioned frequently. Biofuels and alternative energies were also mentioned by a number of respondents. In particular, value-added wood products are an option that a number of people would like to pursue. Tourism was mentioned frequently as well. Although it is a prominent industry, many felt that it is ripe for expansion if the region is more assertively marketed. The idea of tour packages featuring area attractions was advanced by several respondents. Opportunities cited by respondents include:

- Workforce (lack of job opportunities and competitive wages, brain drain, etc.)
- Business Growth and Development (attract new businesses, incentivize startups, more retail and tourism-based entities, more value-added manufacturing)
- Natural resource industries (ramp up logging and mining, explore wood products)
- Alternative energies (cellulose and wood by products, etc.)
- Education (more training programs, explore expanding 2-year schools to offer 4-year degrees, expand partnerships between universities, expand programming and relationships with area businesses)
• Tourism and recreation (vacation packages and specials, expanded marketing campaign, highlight attractions in two-state area)

Conclusions:

South Central residents have identified several opportunities that bear exploration for economic development. As noted in earlier sections, educational partnerships are a popular suggestion, and it is not difficult to see why that is the case. In light of the number of quality educational institutions in the region, leveraging their assets to increase their stature as sub-regional economic drivers is an intuitive way of stimulating the economy. Establishing more training opportunities and programs can address the problem of out-migration of graduates and could lead to the creation of more niche industries in the region.

Threats

Consistent with the other sub-regions, the high unemployment rates was the chief concern raised as a threat to growing the economy in the South Central sub-region. Given the unique nature of the only sub-region spanning parts of two states, some South Central residents specifically mentioned Wisconsin's budget deficit and political climate. Recent downward trends in the business climate were particularly noteworthy to South Central residents. Plant closings and the decline of the paper industry were mentioned many times, as was loss of manufacturing businesses and jobs.

Rising health care costs were mentioned by quite a few respondents as well. As the need for services increases, there is a concern that the region will not be competitive, and that residents will seek care elsewhere or move out of the region all together. Threats mentioned by respondents are summarized below:

• Business climate (plant closings, loss of manufacturing, lack of diversification of industries, government interference)
• Workforce (High unemployment/lack of job opportunities, loss of young workers)
• Health care (rising costs, potential decline in service)
• Aging population (increased need for social services, increasing disparity of community needs)
• Government (High taxes, policies and regulations that hinder business, restrictive environmental regulations, lack of proper attention and allocation of resources)

Conclusions:

High unemployment is an issue throughout the study region. Even in the South Central region,
which includes part of Wisconsin (including Marinette County which employs a considerable number of Michigan workers), the same concerns noted throughout the Upper Peninsula are present. No issue has been mentioned more frequently by respondents in any sub-region. As noted earlier, an aging population means increased demand for health care services, and failure to maintain quality services at affordable rates and convenient locations has the potential to damage the regional economy.

Dissatisfaction with the government and political scene is pervasive, and is as strong in the South Central sub-region as anywhere in the UP/WI border region as a whole.

**Gaps and Barriers to Economic Development**

South Central respondents identified several gaps in the regional economy. Cited most often were educational programs, a range of housing for different income levels, and range of retail and other business establishments. A lack of rail service was also mentioned. In light of problems with the highway infrastructure, expanded rail service could be utilized in the absence of trucking.

The lack of arts and cultural opportunities was also mentioned, despite the fact that this area offers more than other areas within the study region, due in part to the presence of university students and faculty.

**Western Region**

**Strengths**

As in the other sub-regions, workforce and natural resources were among the aspects of the economy most frequently named as strengths by respondents in the Western sub-region. The strong work ethic mentioned so often throughout the study region was mentioned numerous times, as was the educational level of the workforce. Respondents characterized the local workforce as abundant, hardworking, well-educated, not necessarily well-trained, but willing and eager to learn.

Despite the rich history of logging and mining in the area, natural resources were mentioned more frequently as a tourism draw and quality of life issue than as a resource for commercial use, in contrast to the other sub-regions. Wood-based industries and mineral deposits were mentioned, but the attraction of wooded areas as a tourism draw was mentioned in very high numbers.

Higher education was ranked as frequently as any strength in the Western Region. Michigan
Tech was mentioned specifically many times, as were other institutions in the region, including Finlandia University and Gogebic Community College. K-12 education was also mentioned a strength by a significant number of respondents.

Tourism, particularly based around outdoor sports and activities, lakeshore activity and winter sports was mentioned quite a bit. As the region that gets the heaviest snowfall, it is to be expected that winter sports would be a point of emphasis in the sub-region. A summary of issues raised follows:

- Workforce issues (Abundance of workers, strong work ethic, education of labor force, enthusiasm)
- Natural resources (forests and green space, lake frontage, beautiful areas, forestry, availability of land, minerals, ore)
- Recreation and tourism (Lake Superior, outdoor sports, wooded areas, hiking, snowmobiling/skiing/winter sports, etc.)
- Education (abundance of colleges and universities in particular, quality K-12 system)
- Quality of life (beautiful surroundings, communities full of "down to earth" people, nice place to raise a family, low crime rate)
- Industry (Health care, manufacturing, etc.)
- Transportation (rail service connections)

Conclusions:

As a region containing several institutions of higher education, a rich history in connection with natural resources, and the same hard workers found throughout the UP/WI border region, there are many strengths in the Western sub-regional economy. As noted earlier, workforce issues are universal and were raised throughout the study region. We have also observed that the presence of quality higher educational institutions is a significant benefit. Michigan Tech and the other schools in the region are vital economic drivers. The Western sub-region also shares its neighbors' emphasis on natural resources. Although the Copper Country has a rich history of mining which represents a significant opportunity, area residents are also particularly attuned to environmental concerns, and express a desire to maintain natural resources in a manner that can be enjoyed for generations to come.

The Western sub-region is the only one with a significant number of respondents citing availability of rail service as an economic strength. In light of the infrastructure deficits with respect to highways and air service, the focus on rail service is logical. Especially if mining operations are expanded, rail service will remain a key component of bringing ore to market.
Weaknesses

Lack of industry diversification was mentioned most often as a weakness in the Western sub-region. Other related concerns mentioned in other sub-regions, including lack of availability of adequate jobs came up often as well. The remote location was mentioned more frequently than in other sub-regions as well. Although the Western sub-region borders Wisconsin and is in fact less remote in some respects, the Keweenaw Peninsula is quite remote by the standards of many and experiences the heaviest snowfall. Consequently, many people noted the remote location as a weakness, along with attendant issues such as logistics issues and the lack of a dense industrial base.

Transportation infrastructure was also noted often, particularly with regard to the adequacy of rail service. Rail was not often mentioned during focus group interviews, yet a small but significant contingent of the Western sub-region was vocal on the subject in response to the online survey. Problems with the highway system were noted as well.

The harsh winters were also mentioned by a number of respondents, some of whom noted that they are accustomed to the climate, while acknowledging that the winters could be a "turn off" to some people. Concerns most often cited as weaknesses are summarized below:

- Lack of economic/industry diversification (not enough good jobs to sustain the workforce, over dependence on tourism and other industry sectors)
- Location (isolated location, distance to population centers, perception by outsiders as being too far to travel, lack of access to services)
- Infrastructure (rail, highways, etc.)
- Workforce issues (lack of adequate workforce training, "brain drain")
- Winter weather (heavy snowfall, creates logistical and marketing issues)
- Taxes and utility rates (too high, disproportionate, creates competitive disadvantage)

Conclusions:

The concern about the job market and lack of a diversified industry base tracks what was seen in the other sub-regions. The Western sub-region is large, yet sparsely populated. While Gogebic and Iron County residents may look to Wisconsin for employment opportunities, the remote location and winter driving conditions make that a less attractive prospect for residents of Keweenaw and Houghton Counties.

Infrastructure deficiencies also warrant special attention. The presence of Michigan Technical University is partly the cause of improved telecommunications infrastructure and broadband, but some still noted concerns in that area. Transportation and logistics were a particular focus in
our feedback as well. The more remote a location, the more dependent its residents are on reliable transportation options.

Many residents felt that their taxes are too high, and a greater number of residents of the Western sub-region mentioned utility rates as well. These basic costs of doing business represent a significant impediment to growing the economy in the region.

**Opportunities**

There are a number of opportunities for economic growth in the Western sub-region. Interviewees and survey respondents are particularly excited about the growing field of alternative energies and "green power". Wind energy was mentioned much more often than in the other sub-regions. Western residents are enthusiastic about finding an alternative energy niche where they can participate.

There is a strong desire for more high-tech manufacturing in general. Despite the downturn in manufacturing, a number of residents have expressed interest in finding new products or processes to restore manufacturing to a more viable New Economy role in the Western sub-region.

A desire to partner with Native American tribes in the region was also mentioned by several respondents. The tribes often feel disenfranchised and have expressed an interest in being recognized for a greater contribution to regional economic development, so this area merits further exploration.

Lake Superior was mentioned not only for its recreational opportunities, but shipping possibilities. A look at port activity in the region may be worthwhile. As in the other sub-regions, a desire for more partnership opportunities with educational institutions was mentioned, and merits serious consideration.

Opportunities cited by respondents include:

- Business Growth and Development (partner with Native American tribes, explore new manufacturing ideas)
- Alternative energies ("green energy", wind power - usage and component manufacturing, biofuels and forest products)
- Education (expand partnerships between and among universities and businesses)
- Lake Superior (commercial port activity, recreation)
- Tourism and recreation (expanded marketing effort to raise awareness of natural beauty, winter sports opportunities, camping/hiking and other outdoor activities)
Conclusions:

Western residents have identified several potential opportunities for economic growth and development. The global economy may rule out a resurgence in traditional manufacturing, but the desire to explore New Economy manufacturing options is promising. Partnering with the tribes is also well-advised, as they represent a group that desires more involvement and recognition in economic development initiatives.

The issue of university and educational partnerships, as covered in each sub-region, is of course a good idea here as well. Establishing more training programs, partnerships, internships and opportunities to network with businesses can address the out-migration problem and lead to expanded business activity to take advantage of the availability of the newly trained workforce.

Threats

As with the other sub-regions, high unemployment rates were raised frequently as threats to the Western regional economy. A number of respondents noted that they are among the communities with the highest unemployment rate in the nation.

Environmentalists, particularly those outside the region, were frequently mentioned as an impediment to capitalizing on the natural resources in the area. Residents acknowledge the need to engage in responsible harvesting of resources, but some clearly resent the intrusion on their livelihood by outsiders with an environmentalist agenda.

Many Western sub-region residents also acknowledged the challenges that come with the winter weather conditions. Combined with a remote location, heavy snowfall translates to a greater challenge marketing parts of the region for commercial use and commuting. Access to investment capital was also noted more frequently than in other sub-regions, though the problem exists throughout the UP/WI border region. Others mentioned include high utility rates, labor union influence and problems accessing health care services. Threats mentioned by respondents are summarized below:

- Remote location (deemed too remote by some, hard to market, exacerbated by weather)
- Workforce issues (High unemployment, lack of job opportunities)
- Health care (rising costs, isolated location reduces available options)
- Natural resources (difficult to use to their potential due to influence of environmental lobby)
Investment capital (lack of funding sources, lack of awareness of available options)

Conclusions:

High unemployment is a significant impediment to economic growth at the sub-regional level, for both the Western sub-region and the others comprising the UP/WI border region. Until this trend reverses, there will be limits to the amount of growth that can reasonably be expected.

The political implications of commercial harvesting of natural resources have never been more apparent. There is a very vocal contingent of Western sub-region residents who cite concerns about interference by outside organizations with political influence.

The lack of investment capital is significant as well. Business growth and development goals are unlikely to be met unless adequate funding sources can be tapped. Economic developers and others in the region must seriously pursue sub-regional action steps to access venture capital if there is any reasonable expectation of establishing or expanding the industry base in the sub-region.

Gaps and Barriers to Economic Development

Gaps most often mentioned by Western sub-region residents include basic services like dry cleaners, retail, medical specialists, dog kennels, and the like. The remote location means that any number of options available in other regions are simply not present in the Western sub-region.

Toward that end, many people also noted issues with transportation infrastructure, noting that with an improved highway system, passenger rail service, or mass transit options, they could more easily seek the missing services elsewhere while maintaining their place of residence.
Appendix 6 – U.P. Link Idea
Business Innovation and Expansion for the Upper Peninsula

Pursuing a REGIONAL INNOVATION GRANT

The Upper Peninsula consists of a large geographic territory with a low population density. Population centers in the region are not technologically linked to one another creating a barrier to region-wide economic development. Many business opportunities are unrealized due to the lack of communication and coordination among stakeholders.

The BIG PICTURE

Strengthen the connectivity between key stakeholder groups who have a passion for growing business, prosperity and jobs in the Upper Peninsula of Michigan.

The IDEA

Economic Activity

U.P. link

We can better work together to evaluate, qualify and pursue new technology and manufacturing opportunities to make us as competitive as possible in order assist us in economic development activities.

All about WHAT’S NEXT

We can be a collective
- Leverage State and Federal initiatives in our favor
- Pursue corporate enterprise as a unified team

UP Link = UP readiness
Get next year opportunities in front of all of us NOW

- Connect our spread-out UP business landscape into real-time efficiencies.
- Overcome the inefficiencies and time delays currently involved with getting our brightest leaders in the same spot at the same time to come together.
- Provide a head start on gathering key analysis information for making better decisions about projects to pursue.

Our OPPORTUNITY

Synergizing our expertise in order to avoid repeating miscues of the past

- Evaluate if we can do it.
- Determine how we should go about it.
- LINK core expertise and teams to every new business opportunity.

Our POTENTIAL

Identify “HUBS” across the UP where videoconferencing and an enterprise collaboration system can be placed to improve business communication, collaboration, and execution.

The equipment will assist a variety of services ranging from stakeholder meetings to education and business counseling.

Proposed PROJECT IDEA

Level 1 - Hubs with Universities

Level 2 - Hubs with Community Colleges

Level 3 - Hubs with Workforce Development

Platform STRUCTURE
The U.P. Link concept and the above presentation were created by Carlton Crothers of the MTEC SmartZone and Kim Stoker of the Western Upper Peninsula Planning and Development Region.
Appendix 7 – Bibliography

The following constitutes a list of many of the resources consulted and reviewed during the course of conducting this study.

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Bay College ([www.baydenoc.cc.mi.us](http://www.baydenoc.cc.mi.us))
Bay Mills Community College ([www.bmcc.org](http://www.bmcc.org))
Biomass Utilization & Restoration Network for the Upper Peninsula (BURN-UP) ([www.upwoodybiomass.org](http://www.upwoodybiomass.org))
Cliffs Natural Resources ([www.cliffsnaturalresources.com](http://www.cliffsnaturalresources.com))
DeadCellZones.com – Wireless Coverage Complaint Database ([www.deadcellzones.com](http://www.deadcellzones.com))
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New North (www.thenewnorth.com)
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Upper Peninsula Economic Development Alliance (www.upeda.org)
Upper Peninsula Health Care Network (www.uphcn.org)
Upper Peninsula Travel and Recreation Association (www.uptravel.com)
Wisconsin Angel Network (www.wisconsinangelnetwork.com)
Wisconsin Governor’s Business Plan Contest (www.govsbizplancontest.com)
Wisconsin Technology Council (www.wisconsintechnologycouncil.com)
Additional edits submitted by:
Jeff Hagan, Executive Director, Eastern U.P. Regional Planning & Development Commission

Page 83, Sub regional tactics:

Under bullet #3

Support ongoing initiatives and continue to expand industrial park activity at the Chippewa County Industrial Park (formerly the Kincheloe Air Force base), which is also home to Chippewa County International Airport.

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Under Action steps:

Bullet #1 should be revised to state:

“Continue to support MDOT’s efforts in developing Non-Motorized Investment Strategies across the Upper Peninsula and bicycle mapping efforts, which have provided a comprehensive region-wide map of trails and bicycle facilities across the Upper Peninsula. Utilize information contained in these plans with regard to gaps and explore and advocate for options of establishing trails to fill in those gaps and provide safe non-motorized facilities for residents and visitors alike, across the Peninsula.”

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Tactic 5A

Last bullet under action steps:

Add in “Also investigate the development, enhancement and deployment of Broadband over power lines through existing electric co-operatives.”

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Under Tactic 6B

Action steps

Add bullet: “Continue to support the development of the Frontier Renewable Resources cellulosic ethanol refinery to be located in Kinross Charter Township, of Chippewa County.”