



"Where business soars with eagles"
SAUK COUNTY
DEVELOPMENT CORPORATION

June 10, 2010

Dear Colleagues:

From an economic perspective, 2009 was a most unusual and difficult year for Sauk County. The entire country was in the midst of the worst economic recession since the Great Depression. To compound things, many businesses that were impacted in the 2008 June floods were still struggling to recover.

Throughout 2009, the Sauk County Development Corporation continued to fulfill its mission of promoting and retaining the diverse economic vitality of Sauk County and its individual communities. This mission holds its value in good times and in bad. We seek to accomplish our mission using five key strategies:

- Grow Existing Businesses, Nurture Entrepreneurs, and Recruit Compatible New Businesses
- Promote Innovative Economy - Driven Changes to Regional Educational Systems
- Facilitate the Retention and Recruitment of a Quality Workforce
- Foster Regional Economic Development through Countywide Leadership, Communication and Collaboration
- Encourage the Necessary Balance between Critical Resource Sustainability and Desired Economic Growth

Teaming with others to work towards common goals is a hallmark of the Sauk County Development Corporation. We rely on a collaborative approach to economic development, working within our local communities, Sauk County, and Thrive, the economic entity for the eight-county Madison Region, to leverage scarce resources and maximize our impact.

Economic development is combination of offense and defensive strategies. We played defense a lot of the time in 2009, helping to link our existing and prospective businesses with necessary resources to survive and grow and to help workers throughout the county to cope with a changing employment situation. However, there were some great offensive opportunities that presented themselves to help take Sauk County, its communities and businesses to end up on a higher level as we emerge from the recession and the aftermath of the flooding. These most notably focused on four grant applications to the federal Economic Development Administration from Madison College/City of Reedsburg/City of Portage/City of Waterloo, the Village of Plain, Sauk County, and the Town of Spring Green/Sauk County. All of the applications have been now awarded.

In 2009, the Sauk County average unemployment rate of 8.2% was 3.4 percentage points higher than the unemployment rate for 2008 (4.8%). According to the State Department of Workforce Development (DWD), 2009 average annual employment shrank by an estimated 1,012 jobs to 36,052, down 2.7 % from 2008. The number of unemployed people grew from 1,681 to an estimated 2,920 persons. The actual

unemployment rate including discouraged workers who had dropped out of the labor force was probably much higher.

The sectors of the economy that were up in 2009 as compared to 2008 included Natural Resources and Mining (+184), Other Services (+115), Education and Health Services (+136), Public Administration (+74), and Leisure & Hospitality (+143). Sectors that declined included Professional and Business Services (-303), Financial Activities (-303), Manufacturing (-802), Construction (-152), and Information (-15). Unfortunately, some of the sectors hit the hardest had some of the higher wage jobs. When analyzing Sauk County employment figures from the Department of Workforce Development, one always has to be cognizant that Ho-Chunk reports in the Public Administration line item and not Leisure and Hospitality.


According to our Sauk County UWEX Agricultural Agent, Denise Brusveen, on the agricultural front, 2009 was one of the toughest years in history for farmers, especially dairy farmers. Milk prices crashed to record lows, while input costs remained high. Relief was predicted by the second half of the year, but prices never rebounded. Sauk County lost some dairy farmers to the National Cooperatives Working Together Herd Buyout Program, and some simply sold their cows privately. Sales of dairy products alone account for more than 50% of annual gross farm receipts in Sauk County, so the tough year for dairy farmers, meant a tough year for Sauk County agriculture.

On the crops side, the summer months were remarkably cool, and the fall became rainy, which created a corn crop that could not be harvested until much later than normal, and when it was, farmers discovered that much of it was moldy. Initially, many feared that this would cause severe problems, especially in the grain to be used as livestock feed. Information on how to handle the corn was quickly disseminated throughout the industry as the problem became apparent. This is likely part of the reason that it has not caused the number of problems initially predicted. On one small positive note, aside from the mold problems, many Sauk County farmers experienced record yields, and received adequate prices for their grain. All in all, most farmers were happy to see 2009 come to a close, and are optimistic that 2010 will bring them more profitability.

In 2009, Sauk County again ranked third in the state out of 72 counties for dollars spent on tourism (\$1.013 billion), a decrease of -3.55% from 2008. This compared to a statewide decline in revenues of -7.81%, so on balance Sauk County fared better than most counties. Milwaukee County tourism revenue was down -11.23% and Dane County's was down -7.3%. Estimated tourism visits in the Dells were actually up.

The good news is that Sauk County has turned the corner. We're starting to see unemployment numbers drop, tourism is picking up, and home sales are picking up. Do we have a way to go to get to pre-recession levels? Absolutely. But, we've used this downturn to learn how to work smarter, to retrain a lot of people who lost their jobs, to plan strategically for the future. Disaster recovery money from the flood and stimulus money from the recession is starting to flow into the county to help re-position ourselves for a brighter future

Thanks to everyone who has worked with us in the past year to make Sauk County a better place to live and work. We welcome any comments and suggestions related to this report or our ongoing activities.



Karna Hanna, CECD
Executive Director