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LAKEVIEW INDUSTRIAL PARK OFFERS VARIETY

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Madison's Lakeview Industrial Park offers a unique opportunity for a variety of businesses or industries to relocate or expand.

According to Jerry Johnson, who was on the Madison City Commission when the master plan was developed, it allowed larger parcels to be developed for larger companies like James River Equipment.

"James River is a perfect anchor tenant for that piece of property," he said. "It is a great gateway to our industrial park."

Currently, there are 10 businesses in the 160-acre park located in southwest Madison. Not only is it an industrial park for companies like Rosebud and Integra Plastics, it is also a business park for those like Heartland Consumers Power District.

Johnson said what sets Madison apart from other communities is there is infrastructure in place, highway frontage, access to a major highway and the visibility businesses will enjoy having.

"People are thinking diversification because they see different types of businesses here," Johnson said. "They also will see that we are progressive in providing opportunities for future businesses. It is appealing. It has a lot to offer."

Paul Schultz, who manages F & M Coop, has always been interested in the growth of the Madison community. "It is good that we are providing infrastructure out there in the industrial park," Schultz said. "The competition is fierce for good enterprises and if we are prepared, the better chance for growth."

Doug Hoy, project engineer for Sayre and Associates, said having property ready to build immediately is important to a prospective business. "They won't have to guess. They will know what it looks like," he said. "It is a huge advantage for Madison."

Johnson said the future of the park is based on the economy. "People aren't putting in a lot of capital in to relocating start up businesses or expanding until they know we are on the upside of the recession," he said. "We are in the position to capture some of those businesses."

LAKEVIEW INDUSTRIAL PARK UPDATE

The Madison City Commission and the Lake Area Improvement Corporation entered into discussions regarding the Lakeview Industrial Park and its immediate benefits to the community in the fall of 2006. Chad Comes, Madison City Engineer, and Sayre and Associates began drafting a draft plan during 2007. In the fall of 2007 the City sold the industrial park to the development corporation. The spring of 2008 and final development plans were approved. During the summer of 2008 the initial phase of the infrastructure was completed. The 2009 construction season saw the completion of infrastructure with 12th Street being extended and Industrial Way being added into the park.

In my new role as the President of the LAIC, I get the opportunity to write about some of the happenings in Madison as it relates to economic development. For this article, I decided to delve into a subject that I am very familiar with, the Gehl Company. I know many in the community are wondering about the health and vitality of one of the largest employers in Lake County.

As the Plant Manager for the company, I am relieved to see signs of life within the global economy and here at home in the USA. Some key measurements of economic conditions have shown increases over the past several months. The nationwide unemployment rate started to rise starting in early 2007 and continued that trend until a slight dip in unemployment occurred in November of 2009. For most of a three year period the unemployment rate crept up. However, over the past 5 months we've seen this key metric stabilize and dip slightly from its high of 10.2% to 9.7% currently. Although this slight decrease alone isn't enough to reverse the recessionary grip on our country it is at least encouraging that the worst is behind us.

Another key measurement of economic growth/decline is contained in the Purchasing Managers Index, PMI. This index is a measurement of several variables that determine whether the manufacturing sector is expanding or contracting. Although manufacturing is only a portion of the overall economy, this metric is usually a good predictor of future states because economic contractions and their subsequent recoveries generally start in this sector of the economy. The PMI consists of survey information from purchasing groups throughout the US. The PMI then measures the relative level of actual purchasing activity versus previous months. The scale ranges from 0-100 with any reading below 50 indicating a contraction and readings above 50 indicating an expansion. This index has revealed readings above the 50 mark for the past 8 months consecutively, with an average reading of 55.7 over that time frame. Manufacturing has led the way which coincides with what I am seeing at the Gehl Company; but more about that later.

Globally, the PMI has actually performed somewhat better than in the United States. The March 2010 PMI of 56.7 was an increase over the prior month, is part of 9 consecutive months with expansionary readings, and is also a 70-month high (you must go back to 2004 to find purchasing levels higher than last month). Both the US and global PMI readings show rates of increasing growth.

Another important economic tool comes from The Conference Board. The Conference Board is an independent organization that monitors economic indicators in a variety of forms. I am going to discuss the board's **Leading Economic Index**. This particular index contains data from 10 separate leading indicators of our countries economic health. The leading index reports on an aggregate change within these 10 important indicators on a monthly basis. The index has predicted growth in the US economy starting in April of 2009 and continuing through last month. It is important to note however that the Leading Index is a predictor of things to come.

Combined, these three indicators can serve as a useful way to learn about timing of a healthy recovery from the Great Recession, and can indicate the level (or speed) of which the recovery will occur. The Conference Board's LEI started to show growth in April of 2009. The Purchasing Managers Index showed expansion occurring beginning in August of 2009, and now the nationwide unemployment rate leveled off beginning in November of 2009 and shows a slight decrease since then.

So enough about indicators and statistics; what does this have to do with the Gehl Company? Well, for starters I have witnessed a modest recovery in our business that mirrors the timing of some of the aforementioned economic indicators. The Gehl Company saw a modest boost in new orders over the 4th quarter of 2009 and that has continued thus far through the 1st quarter of 2010. As part of any recession, businesses tend to reduce working capital through inventory reductions. The Gehl Company produces big ticket items which are always some of the first items to see the effect of cautionary spending. Throughout the past 18 months our dealer network worldwide has embarked on an aggressive inventory cutting campaign. The skid loader markets stalled in late 2008 and continue to be at about 50% of where the pre-recession levels stood. In the fall of 2008, Gehl and Mustang dealers had over 3000 skid loaders in their inventories; today that number is less than 1000 units worldwide.

Whereas 2009 brought inconsistent work weeks and low levels of hours worked, 2010 is shaping up to be much busier with higher levels of hours worked. The reduction of inventories has succeeded at all levels of the

<u>City of Madison</u> <u>Building Permits</u>		<u>Lake County</u> <u>Building Permits</u>		<u>Statewide Unemployment Numbers</u>				
<u>Month</u>	<u>Total cost</u>	<u>Month</u>	<u>Total cost</u>	<u>2009</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2009	\$6,664,544	2009	\$2,759,928.19	MAR	443,450	419,480	23,970	5.4%
2010		2010		APR	445,315	424,010	21,305	4.8%
Jan	\$251,800	Jan	\$40,000.00	MAY	448,315	424,010	21,305	4.9%
Feb	\$71,351	Feb	\$527,760.00	JUN	455,780	433,480	22,300	4.9%
Mar	\$1,311,982	Mar	\$1,266,600.00	JUL	457,660	436,415	21,245	4.6%
Source: City of Madison		Source: Lake County Drainage and Zoning Department		AUG	453,295	432,115	21,180	4.7%
				SEP	445,590	425,950	19,640	4.4%
				OCT	447,315	427,075	20,240	4.5%
				NOV	444,275	423,175	21,100	4.7%
				DEC	439,025	417,915	21,110	4.8%
				2010				
				JAN	435,375	411,745	23,630	5.4%
				FEB	436,790	413,445	23,345	5.3%

<u>Lake County Unemployment Percentage</u>				
<u>2009</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
MAR	6,760	6,405	355	5.3%
APR	6,975	6,535	440	6.3%
MAY	7,000	6,520	480	6.9%
JUN	6,910	6,380	530	7.6%
JUL	6,780	6,365	415	6.1%
AUG	6,775	6,350	425	6.3%
SEP	6,765	6,375	390	5.8%
OCT	6,940	6,460	480	6.9%
NOV	6,770	6,370	400	5.9%
DEC	6,630	6,265	365	5.5%
2010				
JAN	6,440	6,055	385	6.0%
FEB	6,500	6,125	375	5.8%

Source: Department of Labor website <http://dol.sd.gov/>

<u>South Dakota Taxable Sales</u>		
<u>Year</u>	<u>Madison</u>	<u>Lake County</u>
2006	\$118,599,046.72	\$143,640,842.55
2007	\$125,750,734.98	\$144,080,056.05
2008	\$148,626,228.84	\$159,181,770.17
2009	\$138,138,456.35	\$147,741,384.89
2010		
Jan	\$10,977,191.29	\$11,859,229.15
Feb	\$9,921,941.86	\$10,369,430.61

Source: <http://www.state.sd.us/drr2/>

FROM THE PRESIDENT (CONTINUED)

supply chain, and now workable levels of inventory must be rebuilt. The whipsaw effect has created supply chain shortages for a variety of components used in the manufacture of heavy construction equipment like skid loaders. Each level in our supply chain has had to cut back over the recession and is now in the situation where they must increase their hours worked and hiring. Here at the Gehl Company we have re-hired around 10 former employees and will likely have needs for another 5-6 persons in the April/May timeframe. Although only a modest improvement in our staffing levels as compared to pre-recession levels, we are grateful for the need and the ability to hire at this time.

As part of the LAIC, I am also looking forward to the continuation of the steady improvement in our local economy and to contribute to the re-building of the local economy. Just as I was on the leading edge of the economic contraction in October of 2008, I believe that we are now on the leading edge of the recovery. The big ticket items that we produce in the Madison plant should mirror the recovery of the overall economy. As the President of the LAIC, I am confident that we will see a turnaround in the economy in the near future. If the economic indicators that I spoke of earlier along with the modest increase in skid loader orders are any indication that a recovery is underway, then I believe Madison, like the rest of the nation will be able to look forward to brighter economic times ahead.

Dustin Williams

The City and LAIC rezoned certain areas of the park to encourage businesses to build in the park. Highway business zoning will allow for offices to be grouped together where a commercial business atmosphere can exist. This will allow for the attraction of new businesses that provide services and allow for more office space to be built in the community. Light manufacturing makes up the remaining zoning in the park. Discussions continue regarding adding more Highway Business along Highway 34.

The 160 acre park offers an excellent opportunity to develop your business. The business/industrial park provides Madison and Lake County with a number of options for growth into the future. The design of the park offers Highway 34 access and frontage for optimal marketing of a business. The LAIC worked diligently with the City Engineer and Sayre & Associates out of Sioux Falls to create a desirable place to build. The LAIC chose not to plat out all of the lots at this time, which allows maximum flexibility. This allows new and expanding companies to create the size of lot that is best suited for their immediate needs and provides opportunity for growth.

The business/industrial park provides a showcase of the many significant attributes offered by Madison and Lake County.

- US Highway 34 access
- Access to Interstate 29 w/short 17 minute drive via HWY 34
- Access to Interstate 90 w/short 25 minute drive via HWY 19
- 130 acres of site ready land with complete infrastructure
- Affordable land costs
- No size restriction on lot size
- Dozens of building sites available with or without slope
- Local economic development lending programs available
- Attractive and affordable utility rates
- South Dakotas first Wireless Community
- Large labor shed of technically skilled workforce
- Workforce training opportunities tailored to fit your business needs
- Workforce training funds available
- Railroad services provided by Burlington Northern Santa Fe Railroad

Expanding and relocating businesses can also look forward to the possible expansion of Hwy 34. The Highway 34 Committee has provided an economic impact study for analysis by the SD Department of Transportation and to all three congressional delegates. Representative Stephanie Herseth-Sandlin has made a request on behalf of the committee and community for federal dollars to complete the four lane construction of Highway 34.

It is exciting to see the completion of the business/industrial park and to have these tools at the disposal of the community and region to foster growth. Two organizations have already made the decision to invest in Madison with major capital investment. Both James River Equipment and Heartland Consumers Power District have recently moved into their new facilities. These investments have saved 34 jobs and should create an additional 15 to 18 positions.



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