



Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative

A Case Study of Sheboygan, Wisconsin

SEPTEMBER 2018

In Sheboygan, WI, Great Lakes Restoration Initiative-funded improvements including toxic sediment removal and habitat restoration have been an influencing factor in numerous economic benefits including:

- **Development:** New housing developments have proliferated along Sheboygan's waterfront, representing an investment of \$37 million.
- **Tourism:** Sheboygan County has seen a 32 percent increase in visitor spending since 2010 and the city's Harbor Centre Marina has seen a 41 percent increase in transient boater revenue since 2014.
- **Recreation:** Numerous forms of water-based recreation have seen renewed interest, as the number of charter captains identifying Sheboygan as their home port increased from 36 to 41 between 2010 and 2016.

For decades, the idea of swimming, fishing, or doing just about any recreational activity in the Sheboygan River was literally a joke to residents of Sheboygan, WI.

"People who grew up in this area were told you can't eat the fish,'" recalls Dane Checolinski, Director of the Sheboygan County Economic Development Corporation (SCEDC). "I've literally heard comments that you're going to glow if you go swim in that river."

The Sheboygan River suffered from decades of pollution arising from improper industrial and municipal sewer waste disposal, and significant urban and agricultural runoff. The river, which winds through the city of Sheboygan on its way to western Lake Michigan, became heavily contaminated with PCBs and fecal coliform, phosphorus, and nitrogen. That led to restrictions on fish and wildlife consumption, degradation of wildlife habitat, and other impairments of the river's beneficial uses.

However, the river and the city of Sheboygan itself have seen major changes for the better in recent years, much of it thanks to \$41.6 million in Great Lakes Restoration Initiative (GLRI)-funded environmental cleanup projects. GLRI funding enabled the dredging of 117,000 cubic yards of contaminated sediment from the river, allowed for the planning of a second project to dredge a final 170,000 cubic yards, and restored thousands of acres of wildlife habitat, among other initiatives.

The restoration work has resulted in numerous positive outcomes on Sheboygan's economy, including a surge in waterfront development projects, increased interest in water-based recreation among locals and tourists, and new interest from the millennial generation.

Sheboygan planning and development director Chad Pelishek says Sheboygan residents have developed a new way of viewing a local resource they once "turned their backs on."

"As GLRI came out and there were more projects being marketed and out in the news, I think it's given peo- 1

ple a little bit more positive perception of how this resource has challenges and needs to be protected, just like other natural resources," he says. "I think it's opened people's minds to the Great Lakes – in particular, Lake Michigan – and given them more exposure to what's out there."

Waterfront housing proliferates

Sheboygan is experiencing a significant increase in waterfront housing development, which is sorely needed due to the city's extremely low housing vacancy rates. A 2014 SCEDC survey showed a multi-family vacancy rate of just 0.4 percent. Sheboygan mayor Mike Vandersteen says that prompted the city to hold several "summits" for developers.

"We showed them the fun things to do as well as some of the development sites," he says. "That blasted them into several projects."

Those projects include waterfront developments like High Pointe Apartments, a \$15-million, 91-unit waterfront building opened in the summer of 2018. The Portscape Apartments, an \$11-million development with 53 units currently open and another 35 under construction, sits a stone's throw from the Sheboygan River on the site of a former coal yard. Encore Apartments, an \$11-million, 81-unit project, also opened just blocks from the waterfront in 2017. City Green, a new public park, backs up to that development.

Smaller developments have arisen on the waterfront too, like Glas Coffee House, a \$1.5-million project

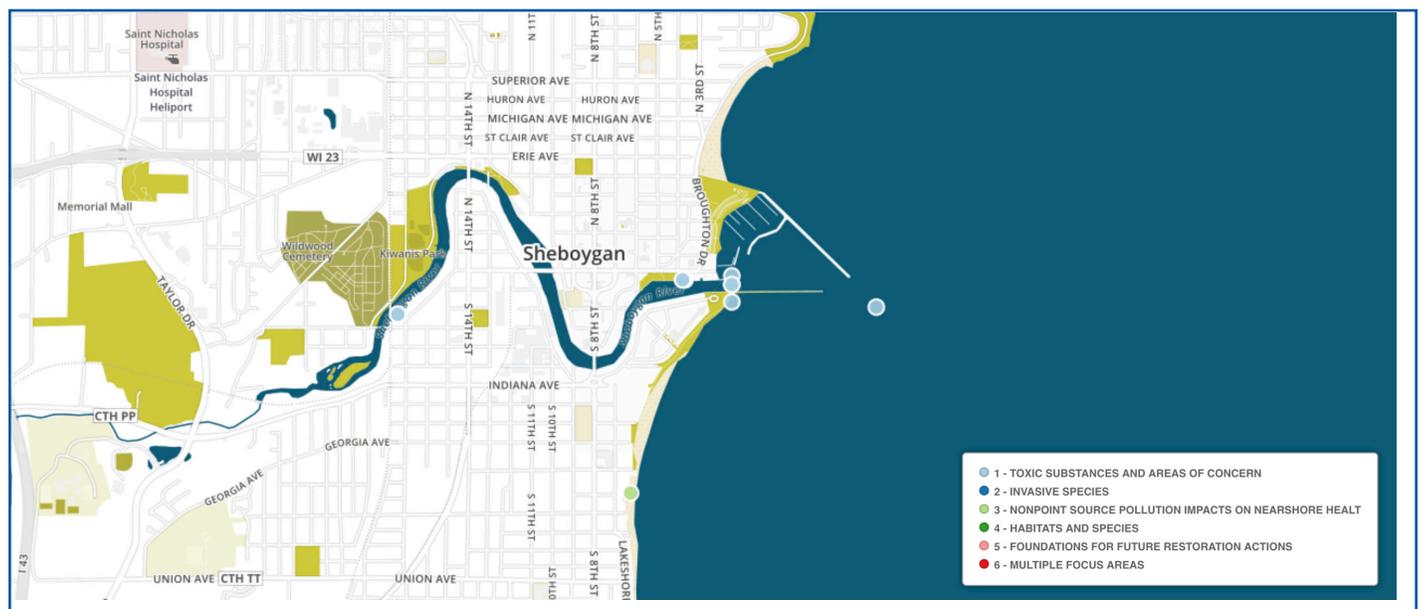
opened in 2013. Pelishek says all these developers "had an interest in wanting to be near the water and have had a renewed interest in the Sheboygan River since the Sheboygan River dredging project happened."

More development is coming to Sheboygan's waterfront, with the Indiana Avenue corridor south of downtown targeted as the next development center. Badger State Lofts, a \$30-million, 118-unit project, is set to begin construction on a former tannery property in fall 2018, as is the \$2.5-million Kingsbury Apartments development. The city has also begun purchasing property and demolishing buildings near the waterfront to create the new Fresh Tech Innovation District, envisioned to include office space, entrepreneurial incubation services, higher education satellite campuses, and more.

"The energy of the city and its municipal planning has been focused along the river and along the lakefront," Checolinski says. "And I don't think you would see that type of focus along the river if that large dredging hadn't taken place."

Aaron Brault, director of the Sheboygan County Planning and Conservation Department, says the surge of development has further contributed to changing public perception of the river.

"The river prior to the cleanup was always a black eye on our community," he says. "People stayed away from it, and I think that's starting to change from a development standpoint, from a use standpoint. People are starting to celebrate it more than



Great Lakes Restoration Initiative projects around Sheboygan, WI.

shun it.”

Embracing the water

One major way Sheboygan residents and visitors have begun celebrating the Sheboygan River is through water-based recreation. Pelishek says interest in activities ranging from kayaking to sailing has increased notably in the past two to three years. Visitor spending in Sheboygan County totaled \$223 million in 2017, a 32 percent increase since GLRI work began in 2010. The city’s Harbor Centre Marina has seen a 41 percent increase in transient boater revenue in recent years, from \$55,000 in 2014 to \$77,500 in 2017.

“I think it comes, again, with the investments that were made in changing the perception of people utilizing the waterways,” Pelishek says. “There’s definitely a renewed interest in active recreation.”

A prime example of that is the Sailing Education Association of Sheboygan (SEAS), a nonprofit formed in 2012 with the mission of developing a new interest in sailing through educational programming. SEAS now serves 200 people per year, and in 2018 it opened a \$2 million, 26,000-square-foot waterfront facility offering boat storage, classroom space, and

boat repair facilities in Sheboygan. SEAS program director and lifelong Sheboygan resident Matt Wierzbach says waterway cleanup has had a clear positive impact on sailing culture in the community.

“Part of boating is occasionally falling in the water,” he says. “Small boats capsize. It’s not a bad thing, it’s just the way it is. There was a lot of fear about the water being toxic or dangerous, and that no longer exists.”

Changing attitudes toward the water have also influenced a resurgence in fishing activity. Vandersteen says the community has a “strong tradition” of fishing, and Sheboygan’s charter fishing industry has seen increases since GLRI work got underway. The number of charter captains identifying Sheboygan as their home port reached a peak of 41 in 2015 and 2016, an increase over the total of 36 when GLRI work began in 2010.

“I think that people had a positive feeling about the fact that there was the activity to clean the river up and make it safe for people to eat the fish that eventually come out of that river,” Vandersteen says.

Non-motorized watercraft have also become more popular in Sheboygan. Mike Miller, the owner of



View from the rooftop of Sheboygan's High Point apartments.

long-running Sheboygan outfitter EOS Surf Shop, says he's seen a 20 to 30 percent increase in his rental business since 2010. He says tourism has been a major factor in that gain, as he's noted more customers coming in from out of town.

"Overall, after the dredging, you see kayaks down there now, whereas before you didn't," Brault says. "I think people aren't afraid anymore to go play in the water."

Recruiting millennials

Additional waterfront residential options and water-based recreation options are key to Sheboygan's strategy to attract new millennial residents. Brault and Checolinski say the county usually has about 3,000 open jobs to fill – and with the city of Sheboygan's unemployment rate already hovering around a very low 2 percent, it needs new residents to fill them.

Vandersteen describes the city's emphasis on waterfront residential developments as one way to continue attracting young residents, and Pelishek says the planned waterfront innovation district is another.

"In order to recruit people we're going to have to use the assets of our waterfront and access to it, and the low cost of living and all the attributes of our community, in order to encourage that new work-

force to relocate here," Pelishek says.

Fortunately, it seems that millennials are already responding positively to the revitalization of the Sheboygan River and the city of Sheboygan. Since GLRI work began in 2010, the city has seen a 3 percent increase in its population of residents between the ages of 20 and 34. In Sheboygan County, the population aged 25 to 34 with at least bachelors degree increased twice as much as in the U.S. (9.2 percent compared to 4.5 percent).

"Whether or not the dredging has helped, it's hard to say," Brault says. "What I will say is that making your community more livable is something that generation is looking for. I know Sheboygan has had a strong focus on things like that, in addition to having places for people to play and kayak and things like that. I think it's definitely helped."

Information included in this case study was provided by the interviewees or obtained from Vierbicher Associates, Inc., "Sheboygan/Sheboygan Falls/Plymouth Multi-Family Housing Market Analysis" (2014); the American Community Survey (2010, 2016); or other data sources.

This case study is part of a project entitled "Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative" (September 2018). A summary report and other documents for the project are available at <https://www.glc.org/work/blue-economy/GLRI-economic-impact>.

The project was funded by grants from the Charles Stewart Mott Foundation, the Joyce Foundation, the Fred A. and Barbara M. Erb Family Foundation, the Wege Foundation, the Fund for Lake Michigan, the Michigan Office of the Great Lakes, and the Pennsylvania Office of the Great Lakes.

The project team was led by the Council of Great Lakes Industries and the Great Lakes Commission, and included the Alliance for the Great Lakes, the National Wildlife Federation, the Great Lakes Metro Chambers Coalition, the University of Michigan Water Center, and the Michigan Office of the Great Lakes.

