
Chapter Nine: Economic Development

The economic condition of a community, particularly the composition of its economic base, closely relates to its potential for economic expansion or improvement. This chapter of the *Plan* contains a compilation of background information, goals, objectives, policies, and recommended programs to promote the retention and stabilization of the economic base and quality employment opportunities in Cottage Grove. This chapter includes an assessment of new businesses and industries that are desired in the Village, an assessment of the Village's strengths and weaknesses with respect to attracting, retaining, and growing new businesses and industries, and an inventory of contaminated environmental sites.

There are a variety of factors that contribute to the overall economic health of a community, many of which extend far beyond the boundaries of the community. This chapter was prepared with a regional perspective that considers the Village as part of a broader regional economic system.

A. Existing Economic Development Framework

Labor Force

As of ~~2000~~ 2009, the Village of Cottage Grove had ~~2,753~~ 2,712 persons in its labor force. This labor force is largely employed in what are typically referred to as “white collar” occupations. ~~In 2000, Census data showed that 82 percent of its employees (1,820) worked in professional, technical, or service-related positions. This compares with 83 percent of the labor force in Dane County and 75 percent of the statewide labor force in the same positions. The higher percentage for Dane County can be partially attributed to the presence of Wisconsin’s capital and major university.~~ Figure 1.9 on p.10 shows the percentage of residents employed in various industry types. Industries employing the largest percentage of Cottage Grove residents are health care and social assistance (13.6%), retail trade (11.4%), educational services (11.0%), and manufacturing (10.9%).

The critical economic challenges facing the Village, and the planning area as a whole, relate to keeping the cost of living reasonable, while keeping pace with substantial development and the demands it places on community facilities and services. Attention should continue to be given to attempts to ~~retain~~ increase and diversify the service and employment base of the Village, and to generally focus economic development efforts on small- and mid-sized companies and sites. The Village has had good success with this over the period from 2000—2009. ~~Income statistics in Figure 11.1 from the year 2000 suggested that the Village would benefit from additional good paying jobs, but this is not unique to the Village.~~

As discussed in the Land Use chapter, 81% of the assessed property value in the Village is derived from residential properties. The Village should continue to work on correcting this imbalance. Furthermore, as shown in Figure 1.6, Cottage Grove has the lowest ratio of jobs located in the municipality to employed residents in the municipality (0.60, compared to 0.72 to 0.79 for Oregon, Stoughton, and Sun Prairie respectively). The Village should continue to place a priority on expanding employment opportunities in the Village, until a more economically and environmentally sustainable balance is reached.

Income Data

Economic characteristics for Cottage Grove generally reflect those for Dane County (see Figure 9.1). The reported median household income (in 1999) in the Village was \$66,628 compared with \$49,223 for the County. This represents a household income in the Village that is 35 percent more than the County average, which is greater than the difference in housing costs. Also, the Village's household income was nearly \$23,000 more than reported for the State average. The 2000 census shows only 3.8 percent of Cottage Grove's population living below the poverty level, compared with 9.4 percent for Dane County and 8.7 percent for the State. This data suggests that residents of the Village are doing quite well overall and in comparison to the County and State.

Figure 9.1: Economic Characteristics (2000)

	Median Household Income, 1989*	Median Household Income, 1999	% Change, 1989 to 1999	% Individuals below poverty level, 2000
Village of Cottage Grove	\$53,595	\$66,628	+24.3%	3.8%
City of Middleton	\$46,835	\$50,787	+8.4%	5.0%
City of Stoughton	\$36,690	\$47,633	+29.8%	5.0%
City of Sun Prairie	\$47,429	\$51,345	+8.3%	4.4%
City of Verona	\$53,698	\$65,367	+21.7%	3.7%
Village of DeForest	\$52,948	\$55,369	+4.6%	3.6%
Village of Oregon	\$49,370	\$56,584	+14.6%	3.3%
Village of Waunakee	\$53,446	\$59,225	+10.8%	1.8%
Dane County	\$44,057	\$49,223	+11.7%	9.4%
State of Wisconsin	\$39,452	\$43,791	+11.0%	8.7%

*adjusted to 1999 dollars

Source: U.S. Census of Population and Housing, 1990 & 2000

Commuting Patterns

Cottage Grove is located about 15 minutes from downtown Madison; home of the State Capitol, University of Wisconsin—Madison, and several other large employment hubs in the metro area. According to 2000 U.S. Census data, Cottage Grove residents spent an average of 21 minutes commuting to work, indicating that a significant number of workers traveled outside of the Village for employment. Most commuting is likely to the Madison Metro area or Sun Prairie. Given its convenient location on Interstate 94, the Village is roughly 60 minutes to Milwaukee and 40 minutes to Waukesha. Roughly 4 percent of workers working outside of the home traveled over 45 minutes to their jobs, while nearly 8 percent traveled less than ten minutes to work. About 89 percent of workers drove to work alone, 9 percent carpooled, and 2 percent took public transportation or walked to work.

Discussion of commuting patterns can be broken down into two relevant questions, 1) ‘where do workers employed within the Village live?’ and 2) ‘where do Village residents work?’

The first question is answered by analyzing the Village of Cottage Grove’s labor shed (see Figure 9.2). The municipality contributing the most workers to Village employers is the City of Madison at 14.3%, followed by the Village of Cottage Grove at 12.8%, the City of Sun Prairie at 5.1%, and the City of Monona at 2.2%. No other municipality contributed more than 2%.

Figure 9.2: Labor Shed, Village of Cottage Grove (2009)

	Count	% Share
City of Madison	232	14.3%
Village of Cottage Grove	208	12.8%
City of Sun Prairie	83	5.1%

City of Monona	35	2.2%
City of Stoughton	30	1.8%
City of Janesville	29	1.8%
City of Fitchburg	26	1.6%
Village of Marshall	22	1.4%
City of Middleton	19	1.2%
Village of McFarland	17	1.0%
All other locations	922	56.8%
Total	1,623	100%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2009, data measures primary jobs

Analysis of the Village of Cottage Grove's commute shed (Figure 9.3) provides the answer to the question, 'where do Village residents work?' Approximately half of all employed Village residents work in the City of Madison. Nearly 8% of Village residents work within the Village of Cottage Grove. Nearly 5% of Village residents work in the City of Monona, while 3.4% work in the City of Sun Prairie.

Figure 9.3: Commute Shed, Village of Cottage Grove (2009)

	Count	% Share
City of Madison	1,365	50.3%
Village of Cottage Grove	208	7.7%
City of Monona	126	4.6%
City of Sun Prairie	93	3.4%
City of Middleton	50	1.8%
City of Milwaukee	43	1.6%
City of Verona	36	1.3%
City of Fitchburg	31	1.1%
Village of DeForest	29	1.1%
City of Stoughton	29	1.1%
All other locations	702	25.9%
Total	2,712	100%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2009, data measures primary jobs

Economic Base Analysis

As discussed in the previous section, many residents commute outside of Cottage Grove for employment. However, the Village has an existing and growing base of employment for residents, as well as workers who reside outside of the Village who commute into Cottage Grove for work. Top employers within the Village of Cottage Grove include the following listed in Figure 9.2. In addition, Figure 1.9 shows the primary jobs located in Cottage Grove, by industry type. A primary job is defined as the job an individual holds from which he or she derives the most income. Industries with the largest percentage of jobs located in the Village are retail trade (17.3%), manufacturing (12.8%), and wholesale trade (12.6%). In total, there were 1,623 primary jobs located in the Village in 2009.

Figure 9.4: Largest Employers, Village of Cottage Grove (2009)

Rank		Rank	Employer Name
1	Monona Grove Public School	14	Natural Resources Consulting
2	A.T.C.	15	Integrated Security Solutions, Inc.
3	Hydrite Chemical Company	16	Door Creek Pharmacy
4	Landmark Services Cooperative	17	Arby's
5	R.G. Huston Co. Inc.	18	Paul Davis Restoration of Lakeland
6	J.K. Hackl Transportation Services	19	Ingersoll Rand Climate Control Hold
7	The Men LLC	20	S & L Underground Trucking Inc.
8	Piggly Wiggly	21	America's Best Flowers
9	Matrix Fitness Systems Corp	22	Door Creek Golf Course
10	McDonald's	23	DLW LLC
11	Badger Inventory Service Inc.	24	Learning Ladder Preschool/Childcare
12	Village of Cottage Grove	25	Jim Halverson, LLC
13	Johnson Health Tech NA LLC		

Source: Wisconsin Department of Workforce Development

Another method for examining the economic base of an area is by analyzing location quotients. Location quotients provide a means of comparing the prevalence of a given industry in a subarea to a larger area. Figure 9.5 shows location quotients by industry type for the Village of Cottage Grove, compared to Dane County, the State of Wisconsin, and the United States.

The location quotients are derived by the following method. The percentage of jobs in a given industry in the Village is divided by the percentage of workers employed in that same industry in a larger area (in this case the county, state, or nation). A location quotient of 1 would indicate that the percentage of workers in that industry is the same in the subarea as it is in the larger area.

As an example, 1.50% of the jobs in the Village are in the utility industry compared to 0.49% in the state. Therefore, the Cottage Grove/Wisconsin location quotient for utilities would be 1.50% divided by 0.49% or 3.06, indicating that the percentage of jobs in the utility industry is roughly three times higher in the Village than it is at the state level.

Figure 9.5: Location Quotients, Village of Cottage Grove (2009)

Industry Type (by NAICS classification)	LQ compared to United States	LQ compared to State of Wisconsin	LQ compared to Dane County
Agriculture, Forestry, and Fishing	0.28	0.32	0.44
Mining, Quarrying, and Extraction	0.17	1.00	1.25
Utilities	2.88	3.06	3.33
Construction	1.04	1.29	1.14
Manufacturing	1.16	0.66	1.25
Wholesale Trade	2.42	2.47	2.61
Retail Trade	1.27	1.32	1.30
Transportation and Warehousing	1.45	1.39	2.13
Information	0.68	0.85	0.42
Finance & Insurance	0.72	0.66	0.41
Real Estate and Rental and Leasing	0.54	0.88	0.52
Professional, Scientific, and Technical Services	0.47	0.78	0.42
Management of Companies and Enterprises	0.52	0.45	0.41
Administrative and Waste Services	0.49	0.64	0.60
Educational Services	2.35	3.79	4.21
Health Care and Social Assistance	0.56	0.54	0.61
Arts, Entertainment and Recreation	0.89	1.05	0.93
Accommodation and Food Services	0.83	0.89	0.86
Other Services	0.71	0.77	0.59

Source: United States Bureau of Labor Statistics; U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, data measures primary jobs; GRAEF

In the comparison between the Village of Cottage Grove and the State of Wisconsin, the highest location quotients occur in the educational services and utility industries. In each case, the percentage of jobs in the Village is more than three times higher than the percentage at the state level. In addition, the percentage of wholesale trade in the Village is about 2.5 times higher than the percentage in Wisconsin. Location quotients below 0.5 occur in agriculture, forestry and fishing (0.32), and management of companies and industries (0.45). Many of the location quotients compared to Dane County and to the United States are similar to those compared to the State of Wisconsin. The biggest difference is in the manufacturing industry. At the state level, the Village’s location quotient for manufacturing is 0.66, but at the county and national levels the location quotient is around 1.2.

It is important to note that these figures examine the jobs located in the Village, and that many of the industry types with low location quotients, such as professional services and finance, are industry types that

employ a relatively high percentage of Village residents, though mostly in jobs located outside the Village (see Figure 1.9). To the extent possible, the Village may choose to prioritize business recruitment in those industry types that have the best potential to utilize local talent and experience.

Cottage Grove Economic Development

Infrastructure

Among the Village's local community assets are its easy access to I-94 and placement between the State's largest metropolitan areas, Madison and Milwaukee. This access has sprouted the recent Cottage Grove Commerce Park at the north end of the Village just south of the I-94 and CTH N interchange. This growing business park is currently home to Johnson Health Tech, PFS Corporation, Natural Resources Consulting, Landmark Cooperative, supporting commercial and service centers, and Kids Safari daycare. The Cottage Grove Business Park, located at the southern end of the Village, runs parallel to the C & NW Railroad.



Environmentally Contaminated Sites and Brownfield Redevelopment Opportunities

New state statutes require a comprehensive plan to evaluate and promote environmentally contaminated sites for commercial and industrial uses in the community. The WisDNR, through its Environmental Remediation and Redevelopment Program, maintains a list of contaminated sites, or brownfields, in the state. WisDNR defines brownfields as “abandoned or under-utilized commercial or industrial properties where expansion or redevelopment is hindered by real or perceived contamination.” Examples of brownfields can be anything from a large abandoned industrial site to a small corner gas station. Properties listed in the WisDNR database are self-reported, and do not represent a comprehensive listing of possible brownfields in a community. Other state and federal databases may provide more comprehensive lists for the Village.

According to the Bureau for Remediation and Redevelopment Tracking System (BRRTS), as of ~~February 2009~~ **March 2011** there were ~~seven~~ **ten** contaminated sites in the Village of Cottage Grove that were either in need of clean up or where clean up was already underway. Of the ~~seven~~ **ten** incidents shown, ~~two~~ **five** are classified as LUSTs, or leaking underground storage tanks. These tanks are, or were, known to be contaminating the soil and/or groundwater with petroleum. Five sites in the Village are classified as environmental report (ERP). These sites are often ~~times~~ older and have been releasing contaminants to the soil, groundwater, or air over a long period or time. The ERP locations are typical brownfield sites. Many of the properties on the BRRTS list will need special attention for successful redevelopment to occur.

The locations of these environmentally contaminated sites were considered when making the land use recommendations in this *Plan*. The Village encourages remediation and redevelopment of these sites for economic development where appropriate.

B. Local Economic Development Organizations and Programs

In addition to the Cottage Grove Chamber of Commerce and Economic Development Corporation, the Village promotes business retention and economic development in the community through the following programs:

- **Tax Incremental Financing Districts:** The Village uses Tax Increment Financing (TIF) districts to create incentives for industrial development. TIF provides for up-front public expenditures for land and infrastructure for industrial development. The resulting development pays for such initial expenditures over time through dedicated property tax revenues. At the time this *Plan* was updated in 2009, the Village operated three TIF districts: TID 5 in the Commerce Park business park area, TID 6 in the Village's planned downtown area, and TID 7 on the south side of the Village.