



STAFF REPORT

MEMO DATE: February 27, 2019
MEETING DATE: March 4, 2019
TO: Village of Cottage Grove Board of Trustees
FROM: Matt Giese – Village Administrator
RE: Property Value Breakdown Comparisons

BACKGROUND

Early in February the Board approved some staff time to research and report on property value breakdown comparisons between the Village and other comparable Dane County municipalities. The purpose of the breakdown is to see how each municipality's tax base is broken down by category (specifically Residential vs. Commercial).

Notes

- The data used was obtained from Wisconsin Department of Revenue's equalized values
- The values do not include personal property
- Population figures are from the U.S. Census
- 2016 population is based on Census estimates

Data Collected / Summary of Results

- Data was collected from ten Dane County municipalities comprising of a four – year window (2015 – 2018).
- The median population is 9,005 (the Village is 6,996)
- The 2018 median percentage of tax base that is Residential is 78.5% (the Village is 80.8%)
- The highest percentage of tax base that is Residential is 85.6% (Wausaukee)
- The lowest percentage of tax base that is Residential is 42.6% (Verona)



Takeaways

-A useful metric to look at when reviewing the data is the municipality's largest decade of population growth. This data can help give you insight into why a municipality's property value breakdown is the way it is. The following are a couple examples:

- City of Monona had its biggest decade of population growth from 1950 to 1960 (growing from 2,544 to 8,178). Monona's 2016 population estimate was 8,179. What this data tells me is they've been an established City for about 60 years. As one would expect, being a long established City, Monona's percentage of Residential value is 66.4%, which is on the lower side of the median (78.5%).
- The Village of Cottage Grove had its biggest decade of population growth from 1990 to 2000 (growing from 1,131 to 4,059). The Village's 2016 population estimate was 6,996. What this data tells me is the Village is relatively new to growth. The Village's percentage of Residential value is 80.8%, which is on the higher side of the median (78.5%). Generally speaking a municipality needs to establish a residential base that will support commercial business. Therefore, it makes sense that because the Village had only 1,100+ residents in the early 90's that it will take a long time to become an established municipality.

-An Outlier: One outlier to discuss is the City of Verona. Verona's percentage of residential tax base is 42.6%, blowing out the 2nd lowest Monona (66.4%). The reason for this low percentage is Epic Systems. Epic's property value alone is more valuable than the entire Village of Cottage Grove.

Conclusion

-The Village's figures do not include a fully valued Summit Headquarters. Summit's full value won't be realized until January 1, 2020. I would expect the Village's percentage of residential tax base vs. Commercial to decrease by about 3% in 2020. This decrease would bring the Village in-line with the median percentage of residential tax base of the communities studied.

The Village is in position to better diversify its tax base over the next 20+ years. The Village's main significant economic development opportunity is north of the interstate. The tax increment district that was approved last year, runs for 20 years. If the district is successful, which most believe it will be, the Village can expect an increase of \$200M - \$300M in commercial tax base by 2038. Following 2038, I foresee the Village being an established municipality, similar to how Monona is now, in regard to Residential vs. Commercial tax base. Given the planned neighborhoods that could occur during the next 20 years, a reasonable projection of population would be 9,000 – 10,000.

I hope you all find this information and data helpful.