



*N. E. Willow Group, LLC*

***Economic Development Survey Report***

***Report to the Town Of Watertown  
Economic Development Commission***

***December 13, 2005***

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## INTRODUCTION

The Town of Watertown, and its Economic Development Commission (EDC), commissioned this research into the preferences of the public for local economic development. The purpose of the work was to gain the input of town residents in a manner that was representative of the public at large, not just those willing and able to attend meetings or hearings.

This report reviews the findings from a telephone survey conducted during October, 2005 of residents of Watertown, CT. The survey was designed to identify the preferences of residents for various commercial, residential, retail and industrial development opportunities facing the town. It was also designed to gauge the degree to which citizens are willing to pay increased taxes to support certain development strategies.

We present the survey findings in five areas; 1) preferences for retail shopping, 2) information about current resident shopping behavior (where people shop and why), 3) what people expect from development 4) the kind of development that residents wish to see, and 5) how much residents are willing to pay in order to have the town pursue various economic development strategies. Each section is addressed in order below. The full text of the questions in each of these areas is presented, accompanied by the proportional responses to each item, in the appendix to this report.

## METHODOLOGY

The Economic Development Commission is interested in understanding the opinions of Watertown residents concerning economic development strategies and opportunities. The Town of Watertown is too large to phone everyone in the Town to ask their opinions. Households were selected using probability sampling so that every phone number (not including cell phones) in the Town had an equal chance of being dialed. This is done so that the households that were interviewed are representative of the entire population of Watertown. Using probability sampling in surveying can be compared to tasting soup—one doesn't need to eat the whole pot to know what it tastes like—one or two spoonfuls will do.

We completed 400 of these interviews. This is a typical number of completed interviews in survey research because it results in a margin of error of +/- 4.9% at the 95% confidence interval, given conservative assumptions. The margin of error measures the precision of the survey results. For example, the survey shows that 63% of respondents shop in Watertown “always” or “most of the time.” If the survey were conducted 100 times, with 100 different groups of 400 persons, we would expect that 95% of the time the percentage who report they “always” or “most of the time” shop in Watertown to range from 58.1% to 67.9%.

## 1. RETAIL SHOPPING PREFERENCES

It is important to gauge how town residents feel about the existing set of services when considering economic development strategies that could alter the mix of businesses and services in town. Watertown presents a set of retail businesses and services that already appear desirable to town residents. We find that more than eighty percent of survey respondents state that they are 'somewhat satisfied' or 'very satisfied' with this selection as it exists today.

When asked about the type of retail or eating establishments respondents would like to see in Watertown, 27% were satisfied with the current offerings in the Town, 48% would like more retail, and 40% would prefer more restaurants (percentages do not add to 100% because some respondents preferred more retail and more restaurants).

Of those respondents requesting more restaurants, 15% would like more upscale or fine dining; 9% family type restaurants; and about 4% more fast food establishments. When asked to specify their preferred brands, Outback (named 14 times); Applebee's (12 times); Olive Garden (12 times) and Chili's (11 times) were most frequently named restaurants. Note that it may be more difficult to name specific upscale or fine dining restaurants compared to chain restaurants.

Respondents that prefer additional retail were most likely to want large retail, department stores, and discount stores (39%). Bookstores were named by 21% of the respondents that want more retail; followed by clothing (13%) and hardware/home stores (7%). When asked to specify brands, respondents preferred Target (named 34 times); Wal-Mart (31 times); K-Mart or Super K-Mart (12 times); Barnes & Noble (12 times) and Lowe's (11 times).

These results should not be interpreted to suggest that residents would prefer chain stores to independent local stores. In fact, when asked the kind of retail development that residents would favor most, 51% of respondents favored 'smaller retail stores such as those in downtown Watertown' while 'larger chain type retail stores' were preferred by 42.5%.

## 2. SHOPPING BEHAVIOR

A good predictor of future consumer trends is their current habits. For this reason we asked residents about their current retail shopping activities. By retail shopping, we refer to the purchase of consumer goods like groceries, clothing and other consumables, as opposed to services. Fully 63% of Watertown residents report that they do this shopping in town 'always' or 'most of the time.' The 'main reason' that residents choose Watertown for shopping is that the stores are close to home (83.5%). The decision to leave town to shop appears to be dominated by a search for 'a wide variety of goods' (52.5%) more than for 'lower prices' (17%) or other explanations.

Watertown residents look in town for their services as well as their retail purchases. Services include things like automobile repairs, tax preparation, and the services of lawyers and physicians. When asked how often they shop for services in Watertown, 61% of residents say they do so in town 'always' or 'most of the time.'

The one exception to the local shopping trend appears to occur when residents make larger purchases. We asked residents where they made their last purchase of more than \$200 (other than for an automobile). While 35% of residents reported making such a purchase in Watertown, 62% reported making that purchase out of town.

### 3. DEVELOPMENT PERCEPTIONS & PREFERENCES

We began the survey by asking respondents “What is the best thing about the Town of Watertown?” The Town’s positive community characteristics were cited by a majority of respondents. These characteristics include the small town, safe, quiet, rural atmosphere and the friendliness of the people that reside in the Town (mentioned 176 times). The next most common responses are the Town’s location (mentioned 47 times) and good schools (also mentioned 47 times). There are a group of respondents that found the Town’s low taxes the best thing about it (mentioned 31 times).

Creating and pursuing an economic development strategy imposes changes on a town and provides benefits that come at a cost. We asked residents a series of questions designed to gauge the sense of urgency and importance that they associate with these strategies and what their expectations are about the results of economic development, should it occur.

In some jurisdictions most residents may feel very strongly that new business development is essential while in other places the dominant feeling may be that preserving the existing character of the town is more important. Most Watertown residents fall in the middle. We asked residents which statement comes the closest to their own opinion: “Watertown needs to increase business development in order to survive” or “business development is a threat to the character of the town.” While more residents agree with the first statement (28%) than with the second statement (14.5%) most residents (57 %) stated that they fell somewhere in the middle.

The financial impact of new development on a town like Watertown is difficult to estimate in advance. While development may add to the property tax base it may also be accompanied by corollary increases in service demand or by incentives that reduce tax payments for some period of time. We asked residents about what they expected from new development. We queried them about new development for retail stores, industrial development or the creation of a new residential housing subdivision. We specifically asked if they felt that such development would cause the town to gain or lose financially from such development. Most residents expect that Watertown would gain financially from retail (65%) or from industrial development (76%) but most residents also believe that Watertown would lose financially from a new large housing subdivision (66%).

The preferences of the public are sometimes different when moving from general and abstract notions about development and its potential effects to more specific strategies that might be implemented. In the next section of our report we turn our attention to these strategies and the preferences that Watertown residents have for them.

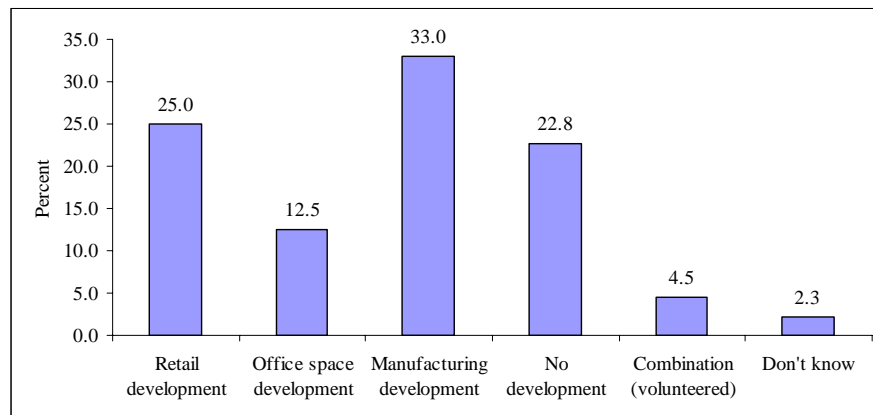
#### 4. PREFERRED ECONOMIC DEVELOPMENT STRATEGIES

The development decisions of municipalities can shape the character and financial condition of towns for long periods of time. The Town of Watertown and the EDC are thus interested in knowing more about the kinds of development, and development strategies that residents prefer. The sets of survey questions that we asked are designed to inform decision makers about public preferences for economic development and economic development strategies.

We asked residents to consider some economic development strategies one at a time to determine their relative importance to them. A majority of residents responded that encouraging more office, retail and industrial development were either ‘somewhat’ or ‘very important.’ This was very different for residential development. In this case, nearly 76% of respondents said that encouraging such development was either ‘not too important’ or ‘not important at all.’

In an effort to focus on non-residential development, we asked residents to select among retail, office, and manufacturing development and no development to see if one strategy is strongly preferred to the others. Public opinion in Watertown is split across these strategies. While 33% respond that they favor ‘manufacturing development’ the most, 25% desire ‘retail development’, 12.5% prefer ‘office space development’ and 23% prefer ‘no development’ at all. When combining all development preferences, of course, the preference for development of some form far exceeds that for no development at all.

Figure 1. Type of development favored the most by Watertown residents  
(Reported in percentages of respondents)



The vast majority of Watertown residents (80%) agree that the town should encourage more ‘business development’ in order to lower the taxes that households pay. Still, there are various types of actions that Watertown could pursue in order to create economic development. We read respondents a list of four very common roles that towns play and asked them the degree to which they favored or opposed their use in Watertown.

One potential economic development strategy is to make zoning changes to encourage business development, presumably to allow more development in areas presently zoned to prohibit it. More Watertown residents strongly or somewhat favored this strategy (54%) than somewhat or strongly opposed it (41%). Other strategies, however, have more uniform support. Two forms of financial assistance to businesses received more support and less opposition than zoning changes. Setting aside funds to make infrastructure improvements for businesses was an approach ‘strongly’ or ‘somewhat’ favored by 66% of residents, while offering tax incentives in order to attract new businesses was favored by 67%. In both cases only 30% of the public responded that they were ‘somewhat’ or ‘strongly’ opposed to such efforts. Efforts to develop a marketing plan for business recruitment garnered the most support from residents. In this case 74% of respondents indicated ‘somewhat’ or ‘strongly’ favoring such a strategy, while slightly less than 23% noted that they were opposed to it at some level.

## 5. WILLINGNESS TO PAY FOR ECONOMIC DEVELOPMENT

Support for economic development strategies is rather a different thing than being willing to pay for such strategies through increased taxes. Because all government efforts come with a cost attached to them we asked residents to think about these costs in relationship to their own household’s ability to pay.

### *Tax increases to support improvements to Echo Lake Road by Route 8*

Perhaps the best example of a query of this type refers to land available on Echo Lake Road by Route 8 that is suitable for business development. That land is currently without Town water and sewer services. Extending services to that parcel would come at considerable expense but could presumably result in a use of that land that might produce property tax revenue well beyond the current level. We asked respondents whether they thought Watertown should provide such improvements “if it would mean an increase in the taxes of every Watertown household (including yours) of \$100 per year?” For respondents that answered “no,” we asked them if they were willing to pay \$50 per year.

About half of Watertown residents are willing to have their households pay something more in taxes to support this specific development project. When asked about their willingness to pay \$100 more in household taxes 37% of respondents agreed, while almost half (48%) selected at least a \$50 increase.

### *Tax increases to provide financial incentives, or to discourage development*

Two general approaches to economic development face residents with potential costs. These are providing financial incentives to attract businesses (with tax increases to finance the incentives) and discouraging development in order to maintain a small town character (which places increasing tax burdens on residential taxpayers). We faced residents with questions about these two strategies in the same format as the Echo Lake Road question (see above).

When asked if Watertown should provide financial incentives for businesses to locate in town if it would mean an increase “in the taxes of every Watertown household (including yours) of \$100 per year?” only 23% agreed, but 38% agreed to at least a \$50 increase.

When asked if Watertown should discourage development in order to maintain a small town character if it would mean an increase “in the taxes of every Watertown household (including yours) of \$100 per year?” 31% agreed, and 51% agreed to at least a \$50 increase.

## SUMMARY

The purpose of this project was to gain citizen input about the expectations and preferences of Watertown residents for certain economic development strategies. The method that we employed was a telephone survey using random sampling. This method compliments other methods of citizen input, such as the views provided at hearings, but has the advantage of representing the views of all citizens, not just those who are willing and able to participate in public events. It also has the advantage of capturing the opinions of those who may not have very strong preferences, a group much less likely to turn out to meetings or hearings, but whose views are still important to decision makers.

Watertown residents were surveyed by telephone to determine their preferences regarding future development in the town, and their support for the taxes necessary to facilitate it. We used random sampling to assure that adults from every household in town had an equal chance of being picked to participate. We completed interviews with 400 such residents. We are thus very confident that these findings fairly represent the opinions of the Watertown public at the time the survey was conducted.

The vast majority of respondents agree that the town should encourage some business development to lower residential tax burdens. While many residents like the mix of business establishments that presently exist in Watertown, there was also a preference for additional retail shopping and restaurants. The vast majority of residents favor some type of non-residential development, with manufacturing and retail dominating these preferences. They also believe that such development would provide financial benefits for the town.

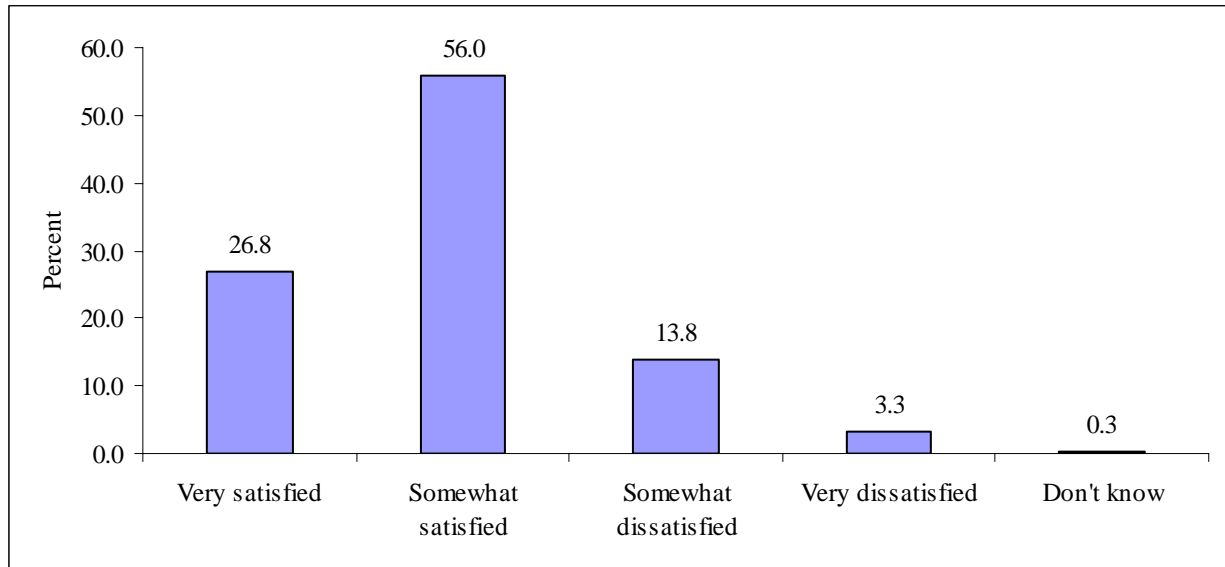
Marketing plans, tax incentives and infrastructure improvements received support of at least two thirds of town residents, but far fewer residents were willing to pay the taxes necessary to support certain economic development policies. About half of residents would support a \$50 or more tax increase to provide improvements to Echo Lake Road by Route 8. A little more than a third of the respondents would support additional taxes to provide financial incentives to attract business. Over half of the respondents support tax increases at some level to discourage development to maintain Watertown’s “small town character.”

## APPENDIX A. SURVEY RESPONSES

**NOTE: All numbers are reported as percentages (%) of all survey respondents, unless otherwise noted.**

### 1. RETAIL SHOPPING PREFERENCES

How satisfied are you with the selection of current retail businesses and services in the Town of Watertown, would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?



Think about the retail shopping and eating opportunities now available in the Town of Watertown. What TYPE of additional shopping or eating opportunities would you most like to see in Watertown?

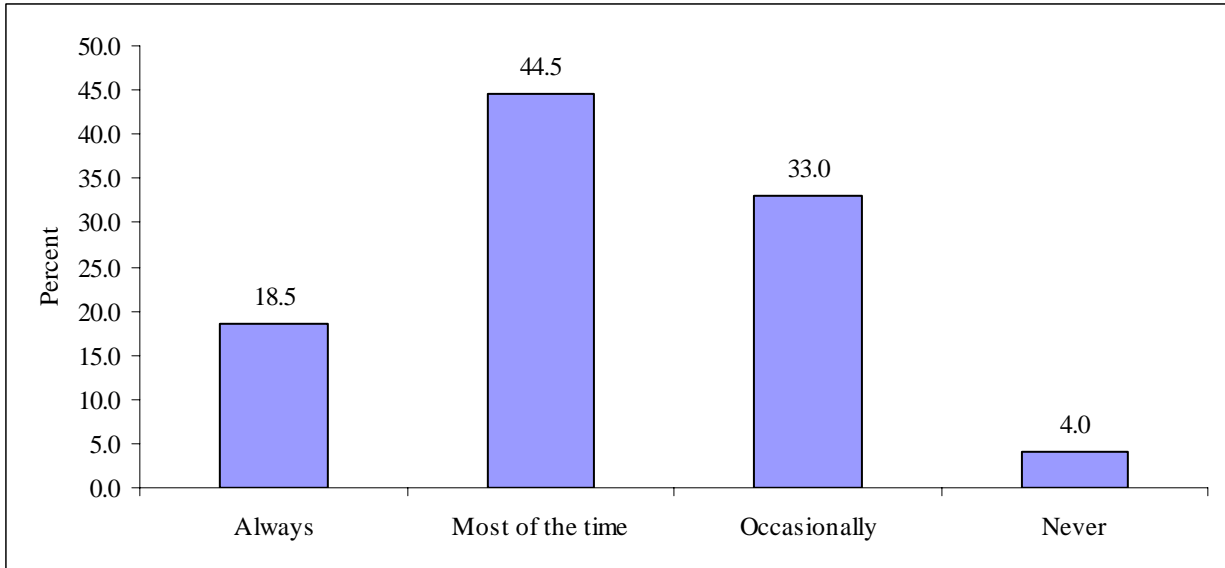
Restaurants (189 total mentions)	
Upscale	28
Family type	16
Fast food	7
Small	6
More variety	5
Diners	3
Retail (169 total mentions)	
Large retail/department store	49
Bookstore	33
Clothing	21
Discount	13
Hardware/home store	12
No suggestions	108

What specific BRAND of that business would you most like to see in the Town of Watertown?

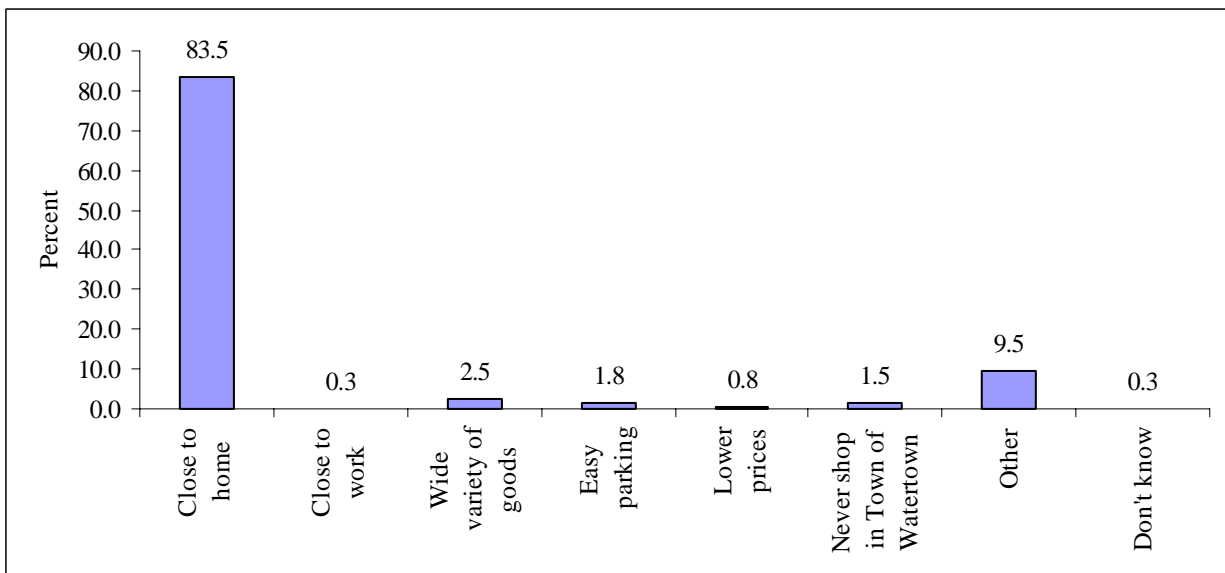
Retail	
Target	34
Wal-Mart	31
K-Mart or Super K-Mart	12
Barnes & Noble	12
Lowe's	11
Kohl's	9
Sears	7
Home Depot	6
Borders/Waldenbooks	5
Gap	4
Old Navy	3
TJ Max	2
Restaurant's	
Outback	14
Applebees	12
Olive Garden	12
Chili's	11
Ruby Tuesdays	7
Wendy's	7
Red Lobster	6
KFC	5
Friday's	5
Boston Market	4
Carmen Anthony's	3
taco Bell	3
99 Restaurant	3
Cracker Barrel	2
Dunkin' Doughnuts	2
McDonald's	1

## 2. SHOPPING BEHAVIOR

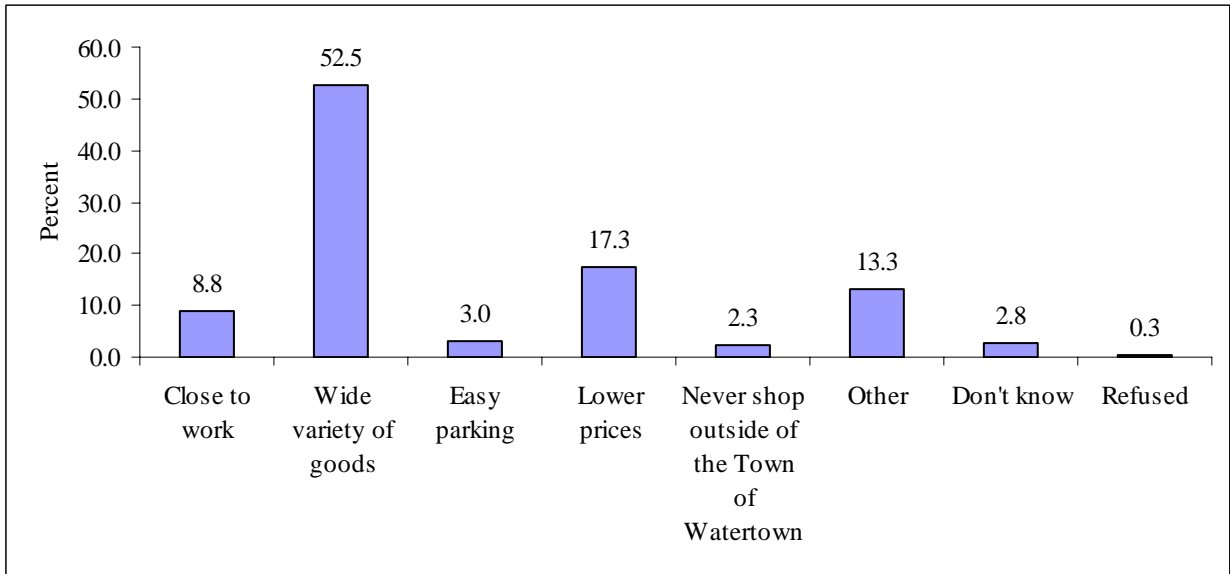
How often do you do retail shopping in the Town of Watertown? Would you say always, most of the time, occasionally or never?



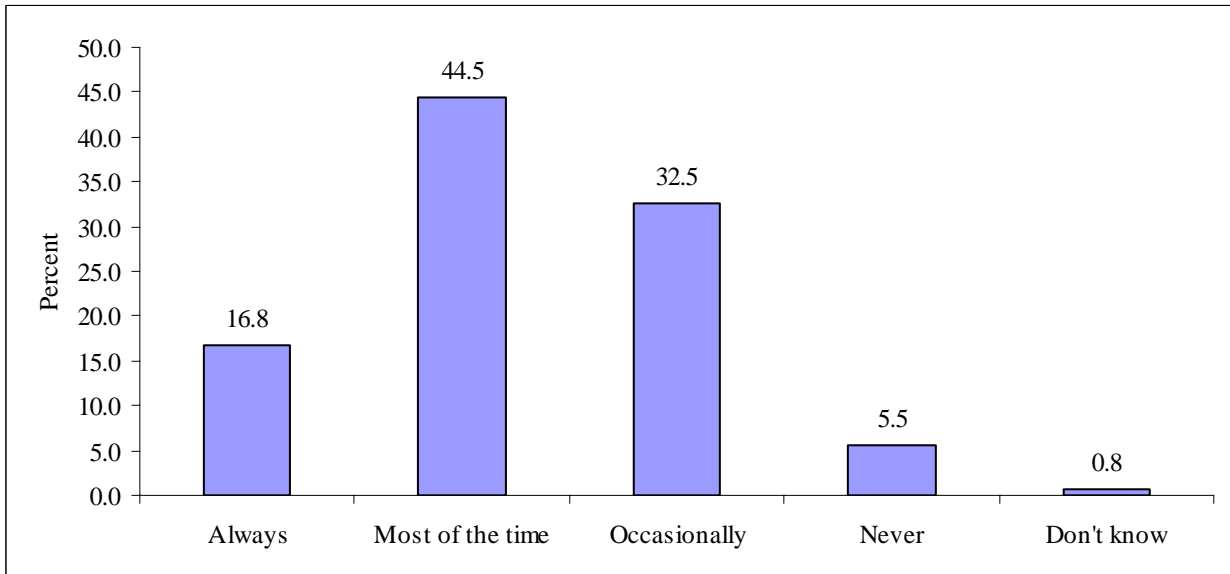
When you do shop in the Town of Watertown, is the main reason that the stores are close to home, close to your work, there is a wide variety of goods, easy parking, lower prices, or some other reason?



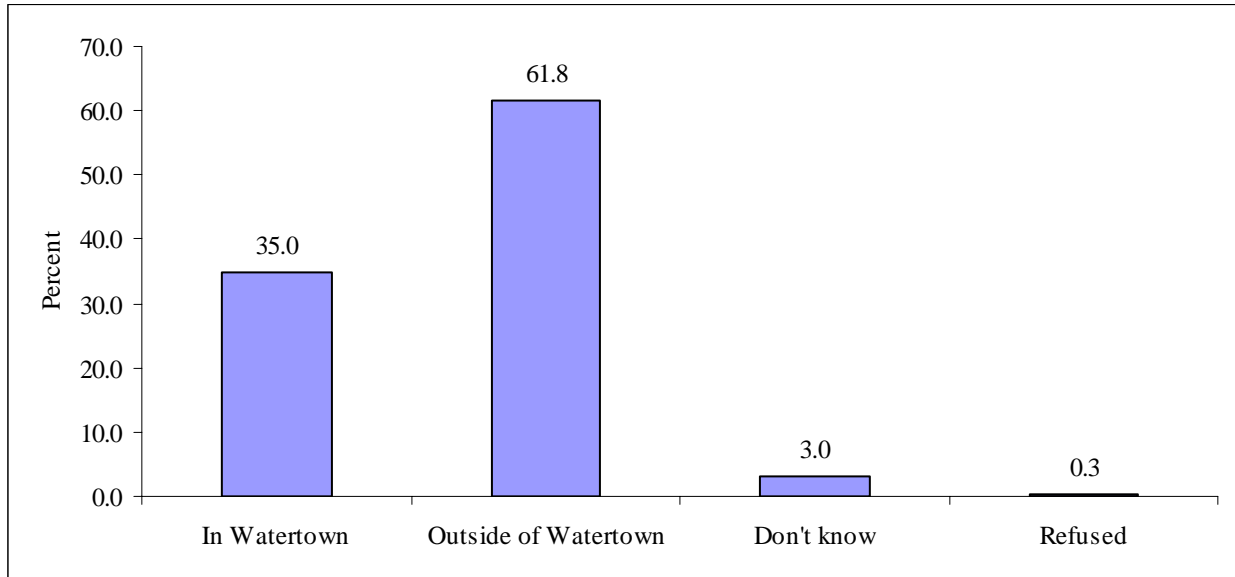
When you shop **outside** of the Town of Watertown, is the main reason that the stores are close to your work, that there are a wide variety of goods, easy parking, lower prices, or some other reason?



How often do you shop for **services** in The Town of Watertown, would you say always, most of the time, occasionally or never?



Where did you make your last purchase of more than \$200 other than for an automobile?

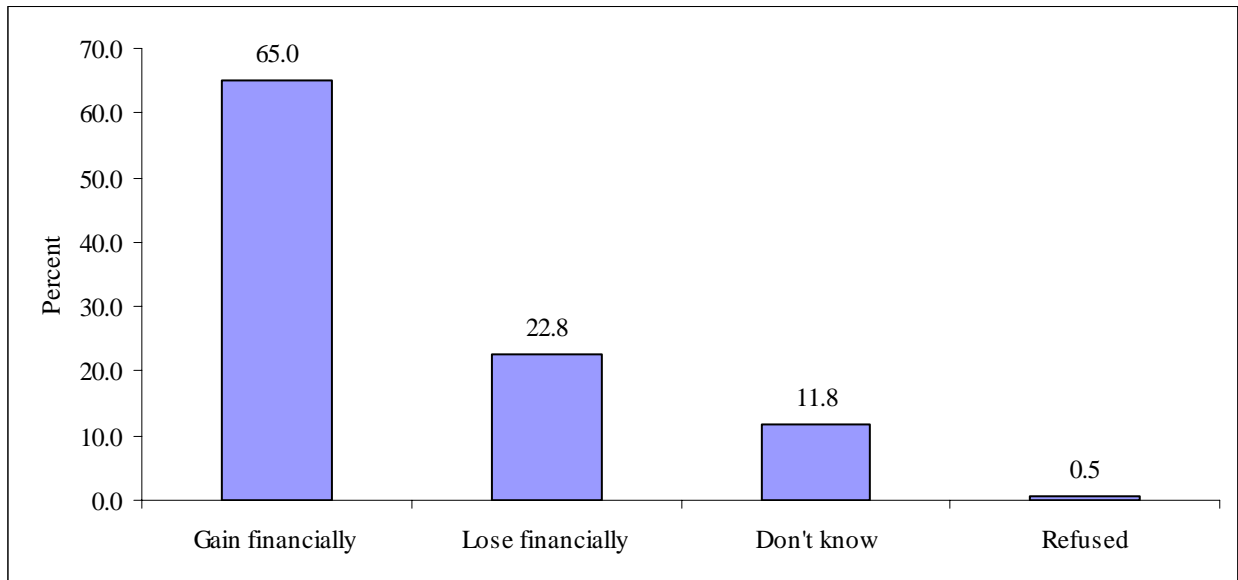


### 3. DEVELOPMENT PERCEPTIONS & PREFERENCES

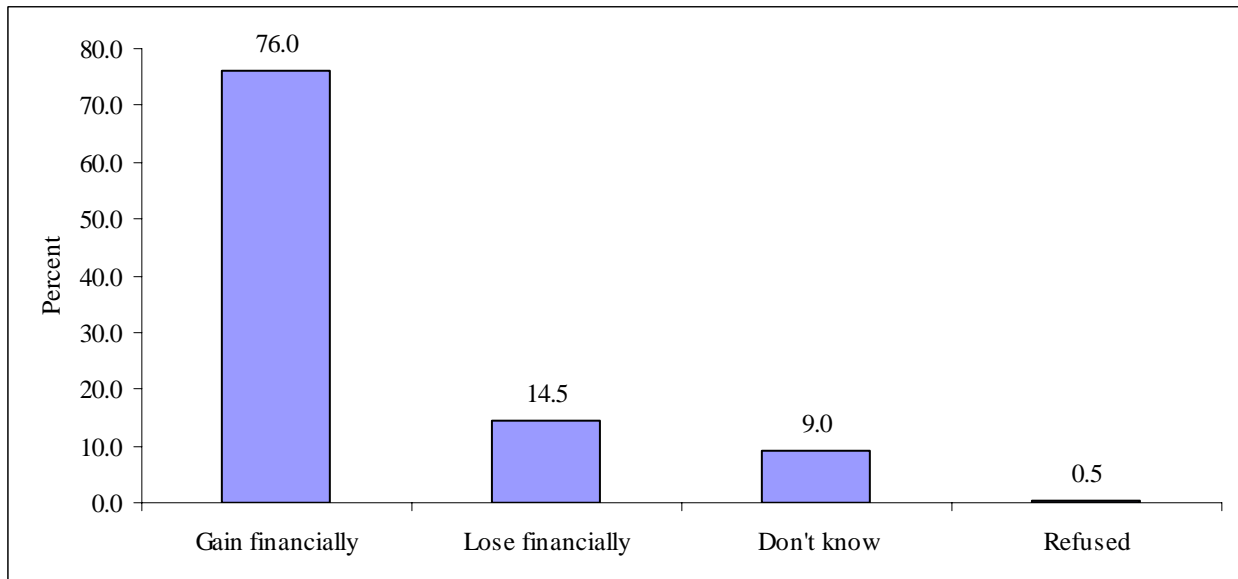
What is the best thing about the Town of Watertown?

Community Characteristics	
small town/quaint/quiet/clean	117
friendly nice people	59
community/neighborhood atmosphere	34
Safe/good police protection	27
Family/children friendly	10
Location and convenience	47
Good schools	47
Low taxes	31
Grew up in Watertown, long history in the town/ family in the town	24

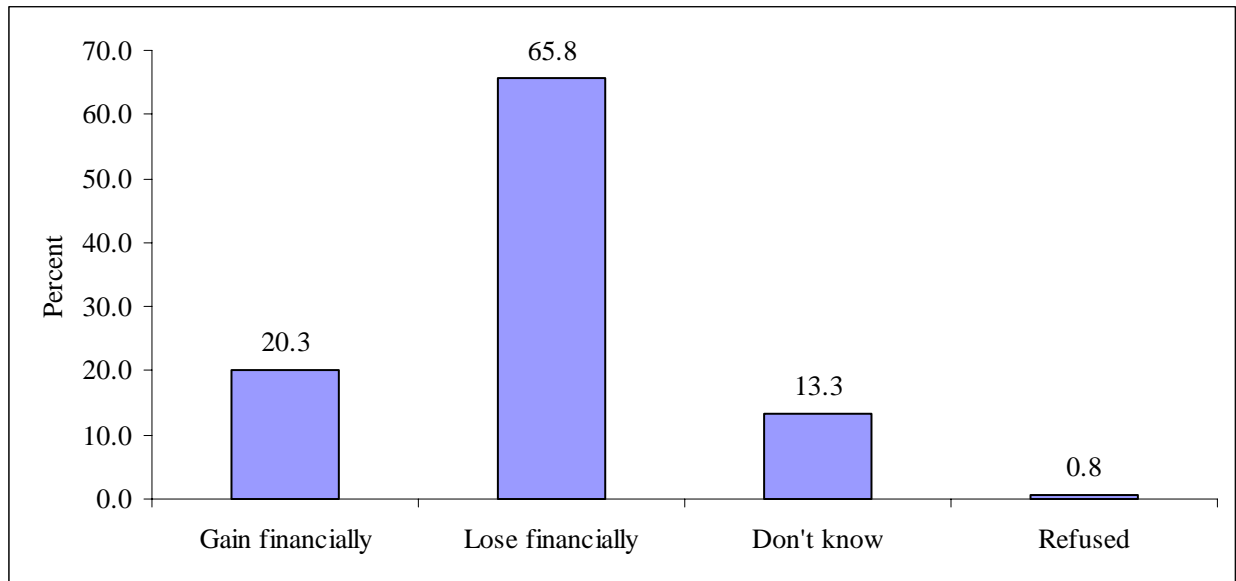
If a large retail store were to come to Watertown do you think the town would financially gain or lose from the development?



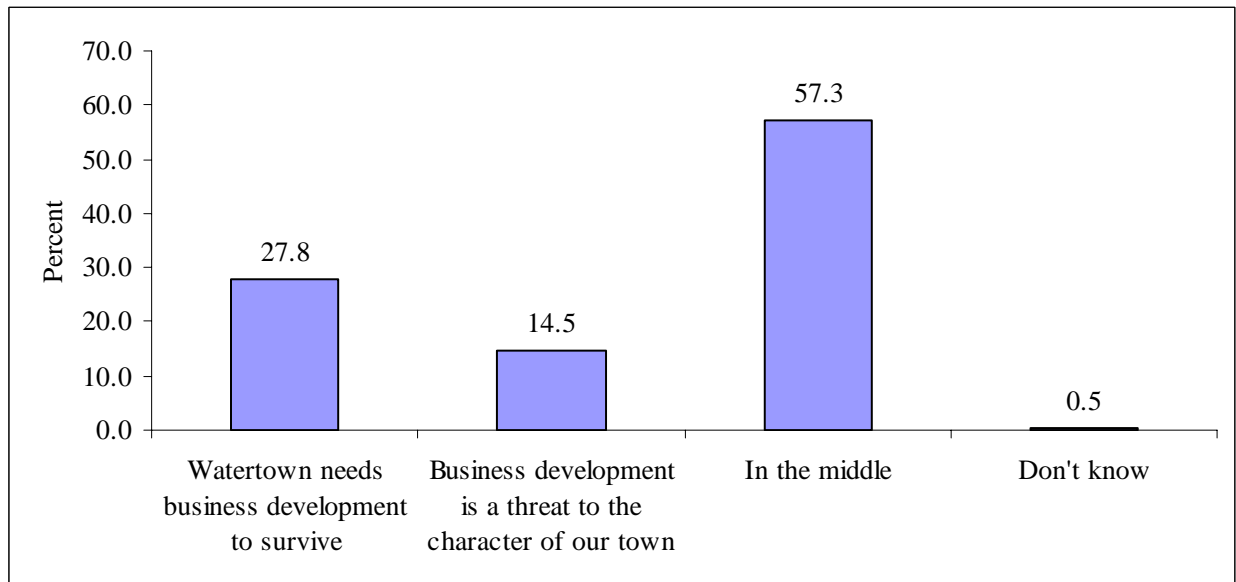
How about a large industrial facility?



How about a large housing subdivision?

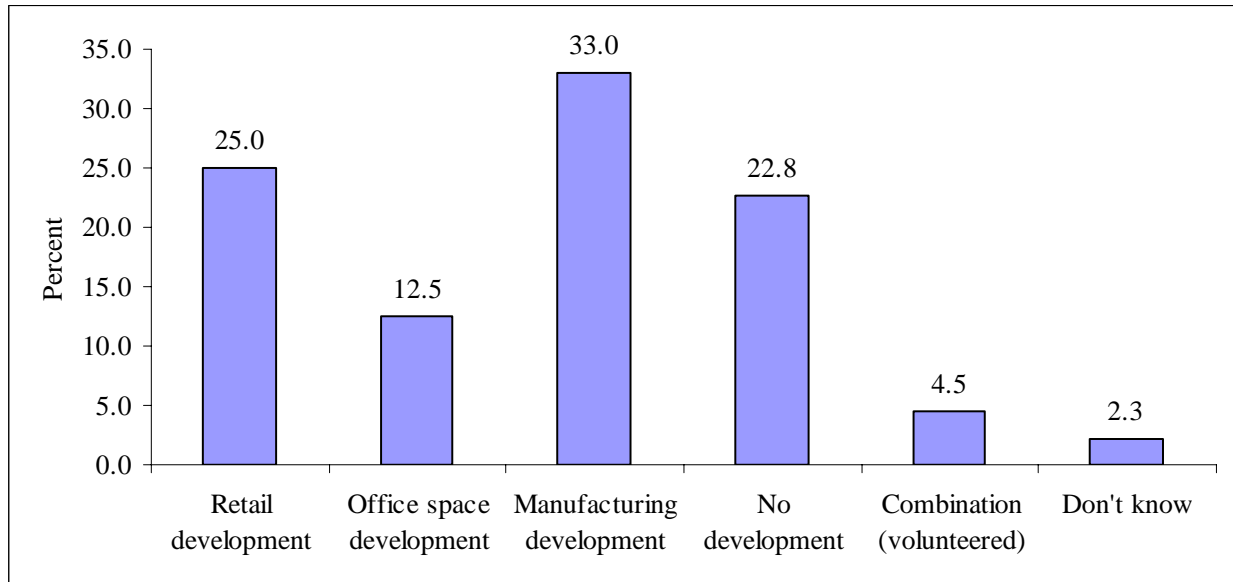


Which of the following statements comes closest to your own opinion: A) The Town of Watertown needs to increase business development in order to survive; OR B) Business development is a threat to the character of the town OR, would you say that you fall somewhere in the middle?

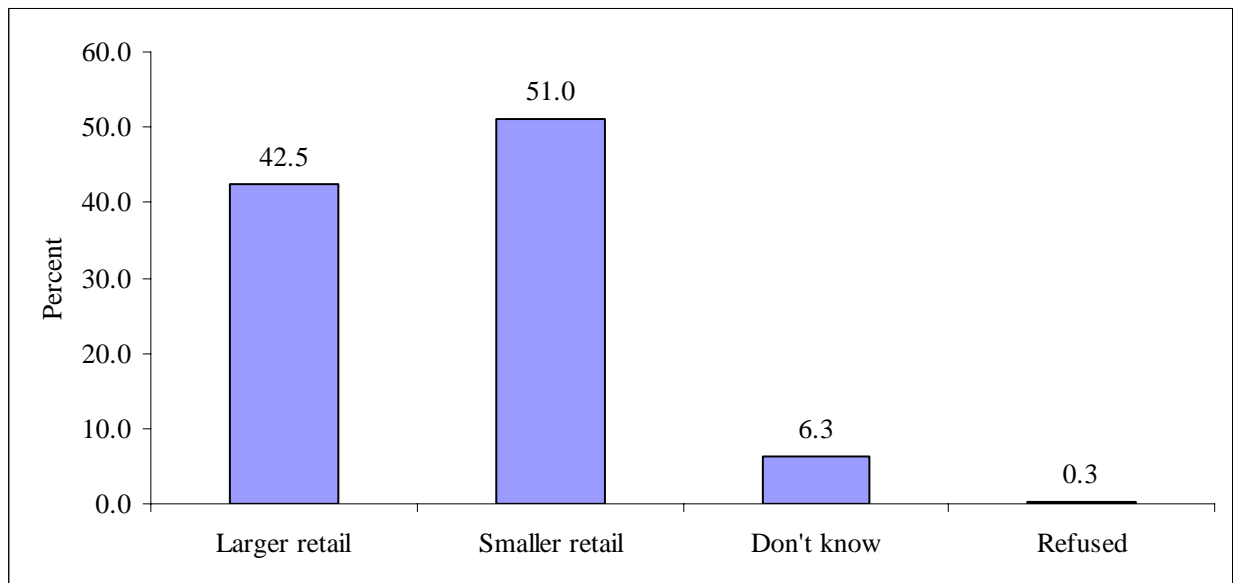


#### 4. PREFERRED ECONOMIC DEVELOPMENT STRATEGIES

Now I would like to ask you some questions about business development in the Town of Watertown. What kind of development would you favor the MOST? Would you favor retail development, office space development, manufacturing development, or no development at all?

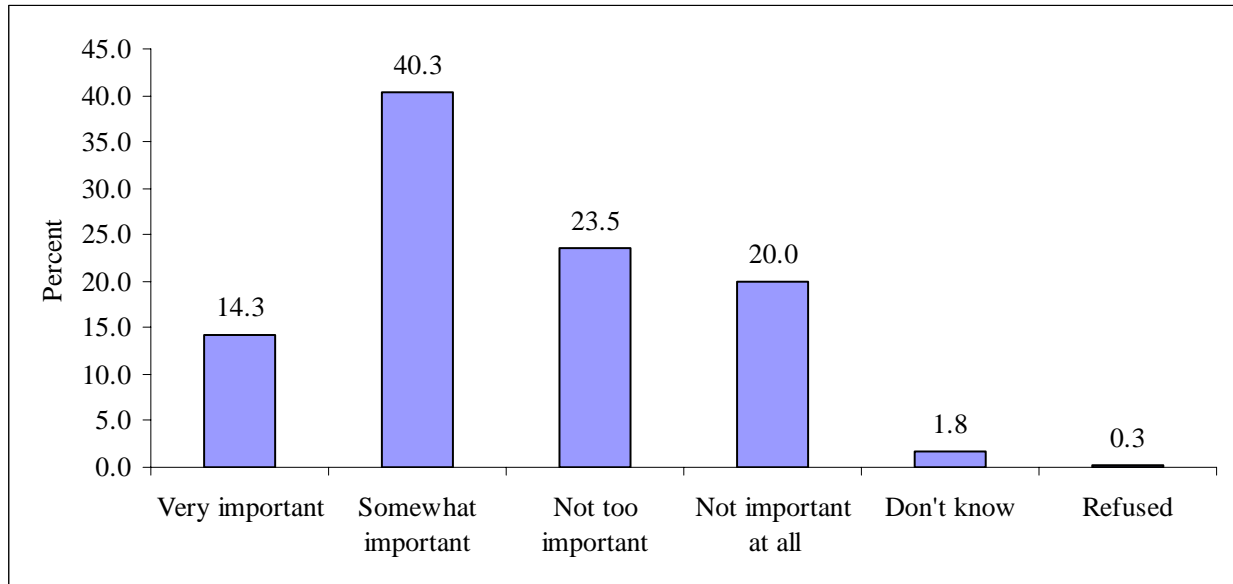


What kind of retail development would you favor MOST, would you favor collections of smaller retail stores such as those in downtown Watertown, or larger chain-type retail stores in other parts of Watertown?

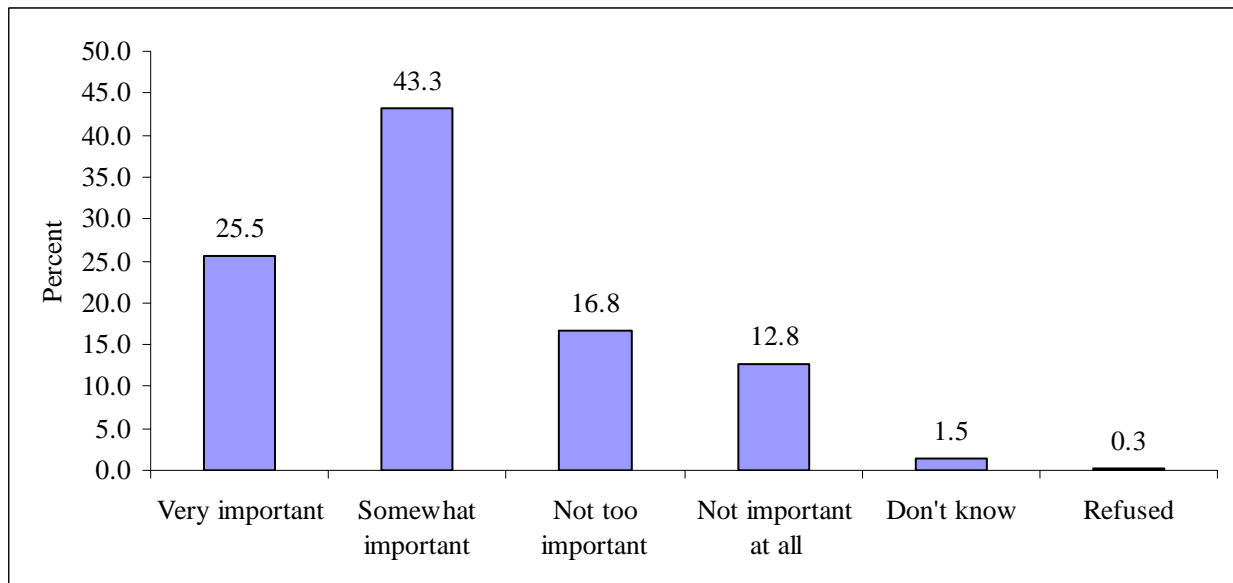


Now I'm going to read you a list of some things that people have suggested that the Watertown town government might do about economic development. For each one, I'd like you to tell me if it is very important, somewhat important, not too important, or not important at all. First...

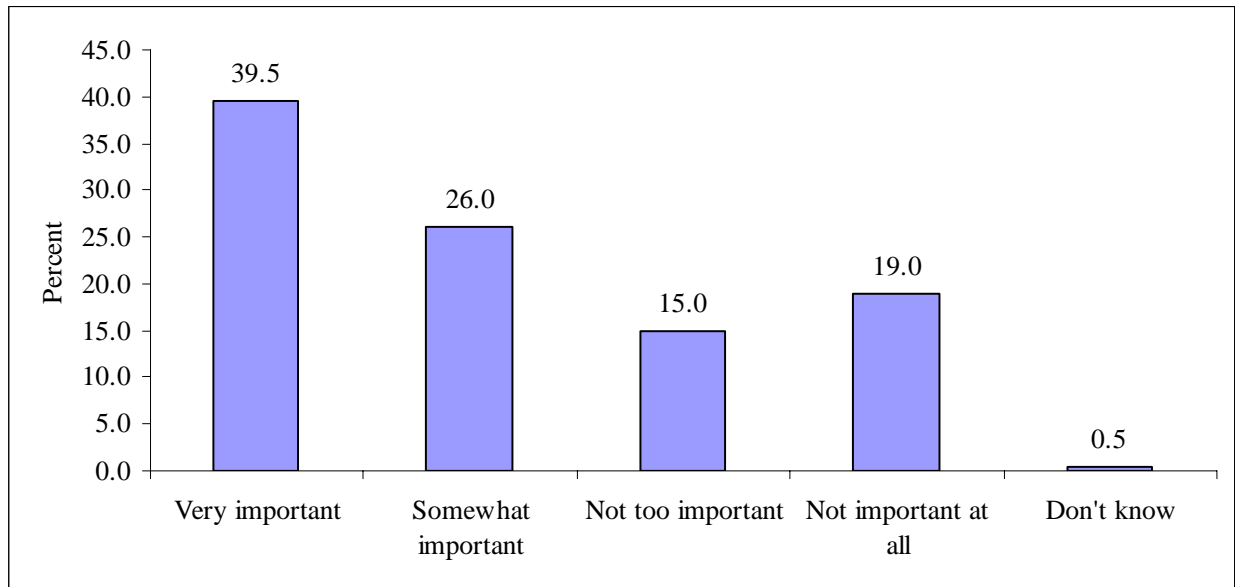
#### Encourage more office development



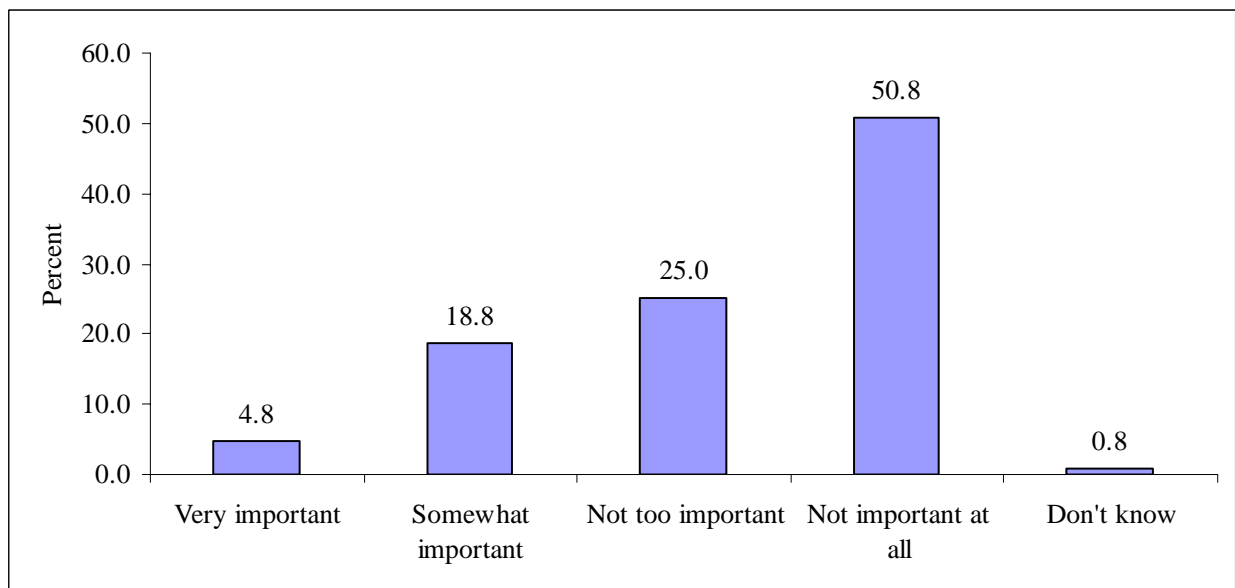
#### Encourage more retail development



### Encourage more industrial development like industrial parks

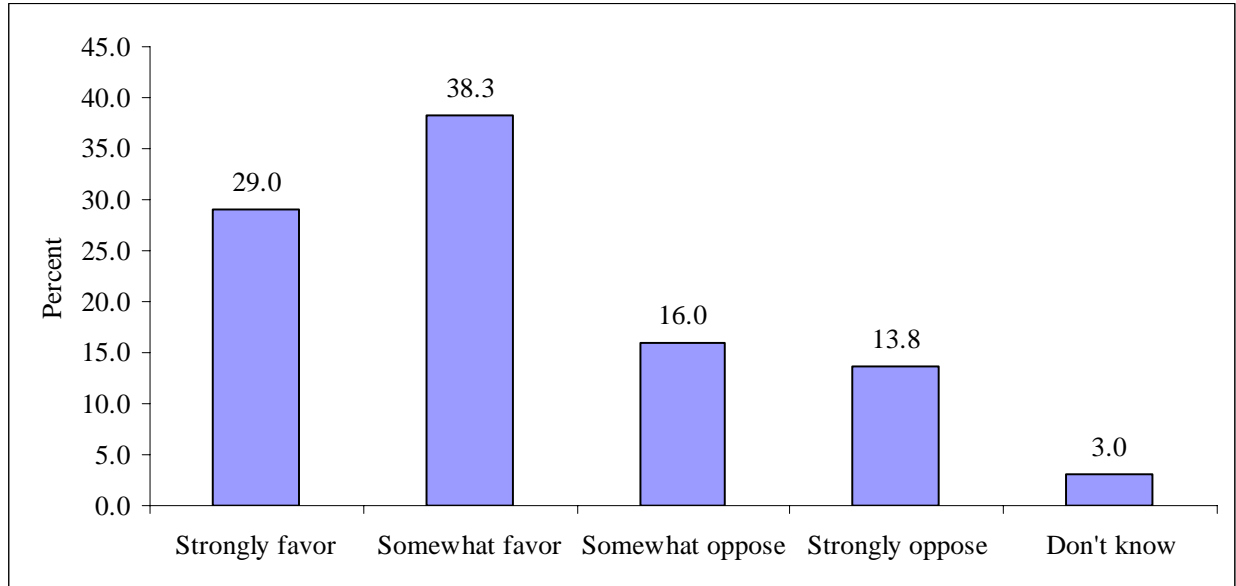


### Encourage more residential development

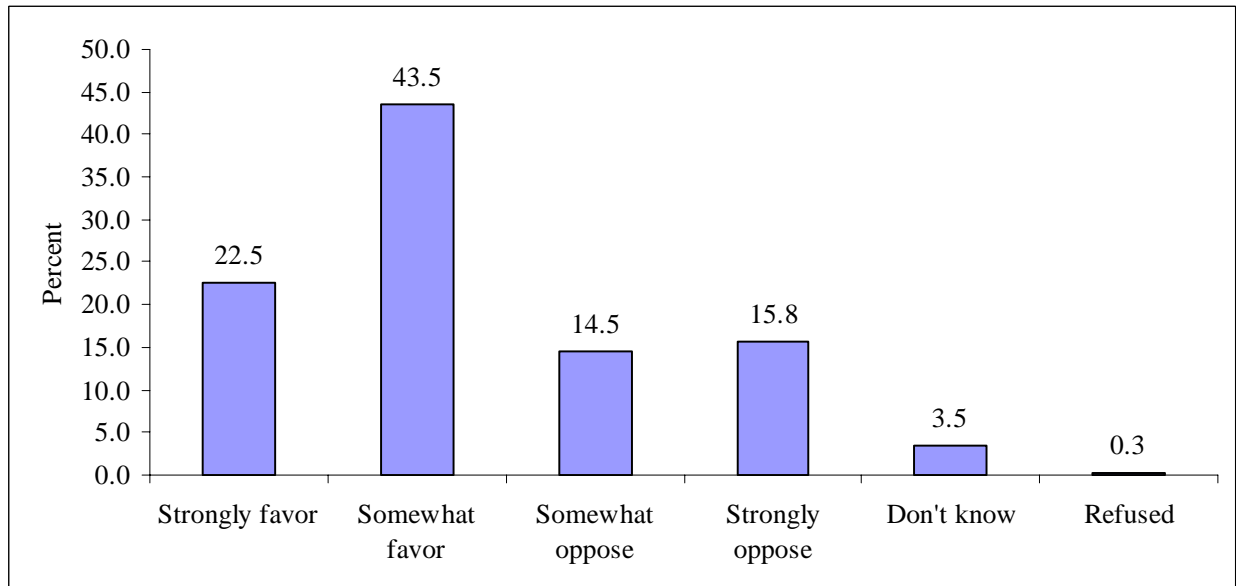


There are various types of initiatives that the town could pursue in order to create economic development. I am going to read you a list of roles the town might play in the area of economic development and for each I would like you to state whether you strongly favor, somewhat favor, somewhat oppose, or strongly oppose that type of role for the town.

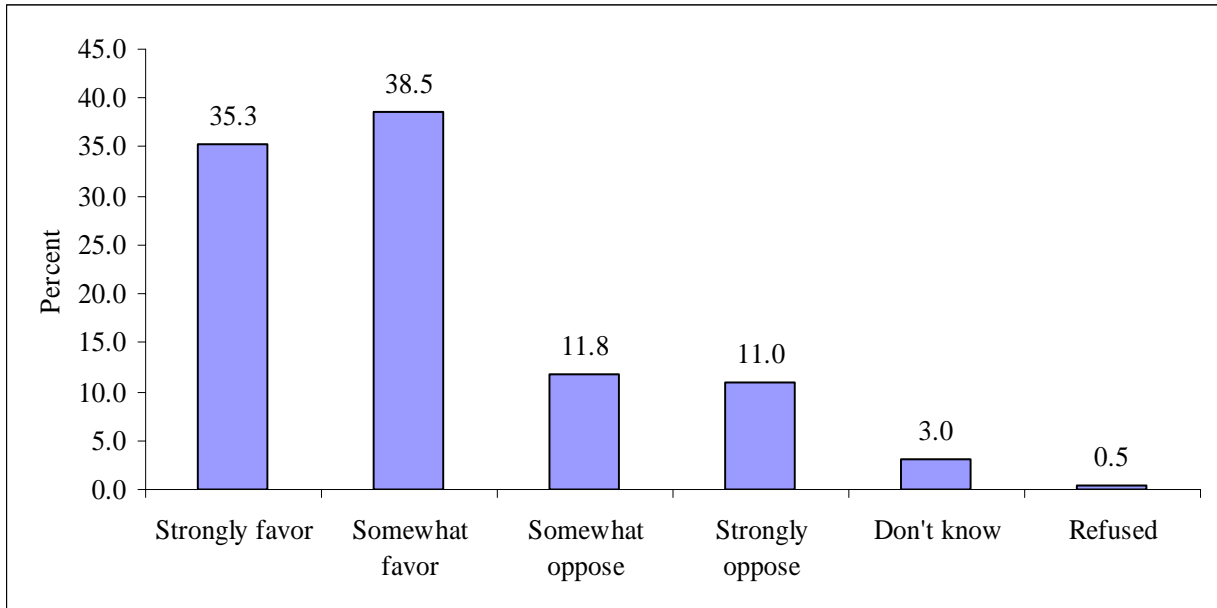
Offer tax incentives to attract businesses



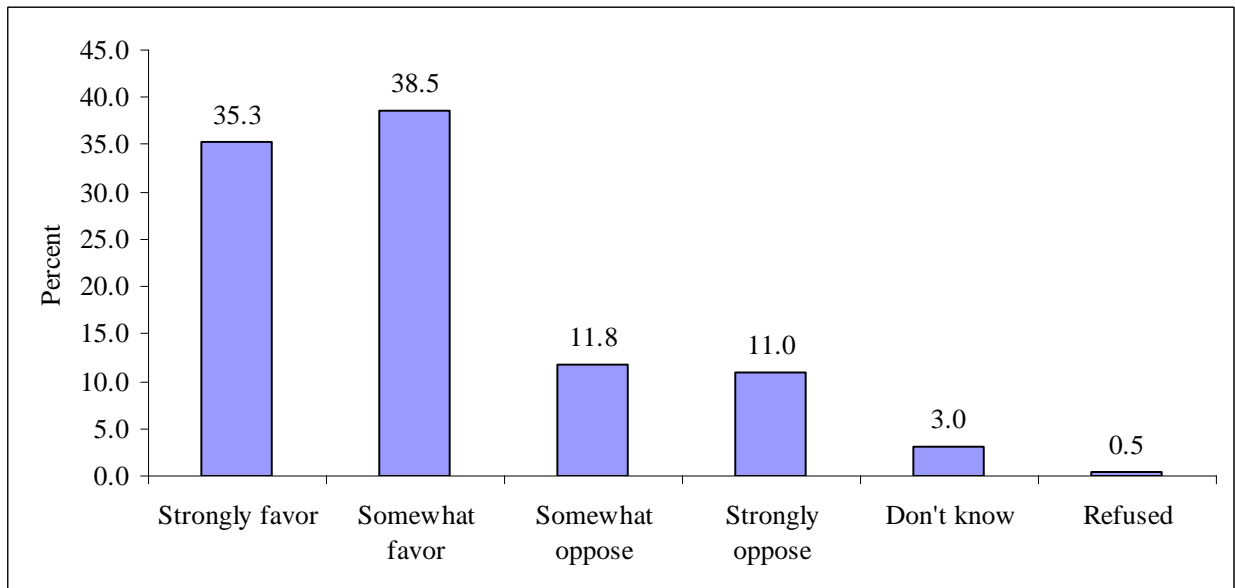
Set aside funds to provide infrastructure improvements for business



Develop a marketing plan for business recruitment

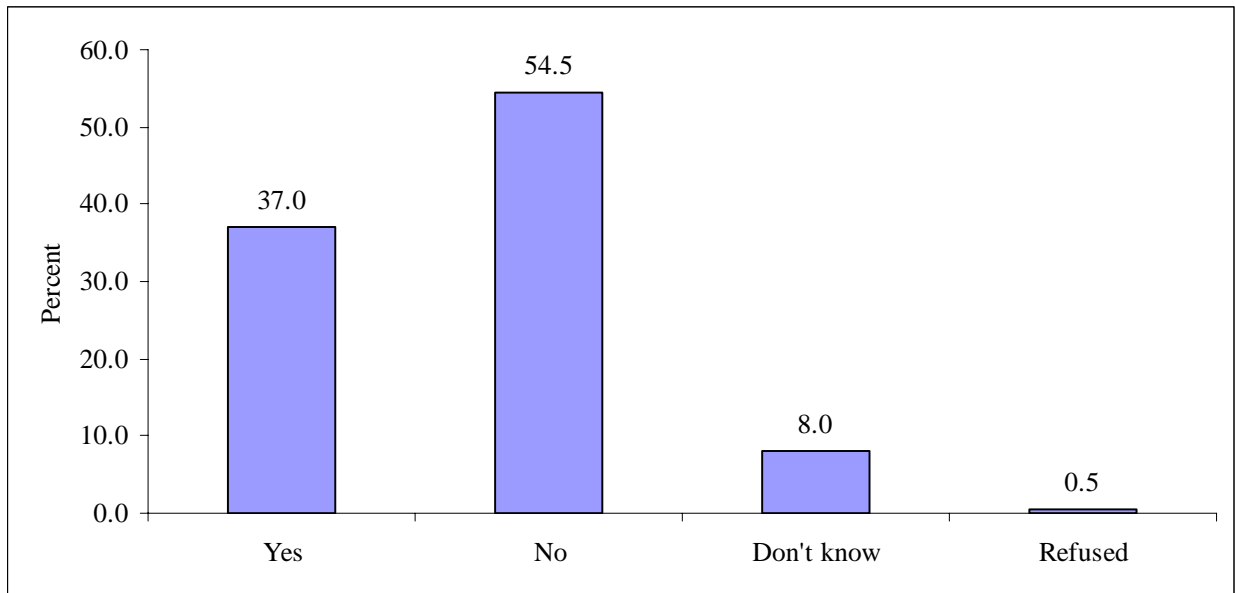


Make zoning changes to encourage business development

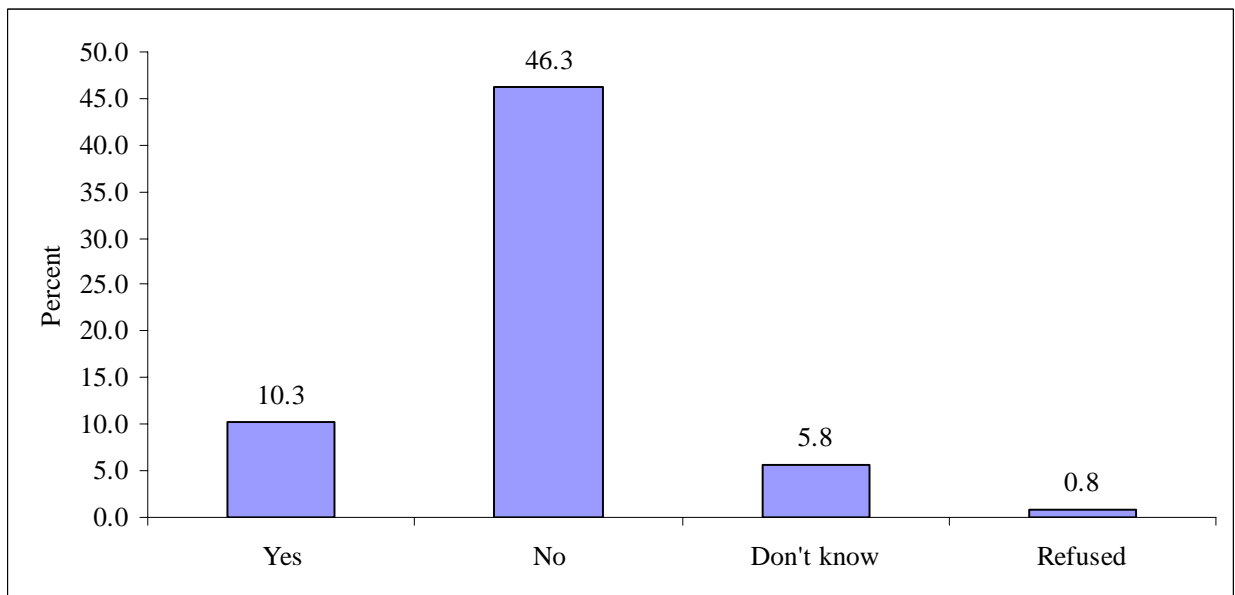


## 5. WILLINGNESS TO PAY FOR ECONOMIC DEVELOPMENT

As you may know, there is land available on Echo Lake Road by Route 8 that is suitable for business development. This area is **not** now served by Town water and sewer. Do you think the Town of Watertown should provide water and sewer to the area to help attract business development if it would mean an increase in the taxes of every Watertown household (including yours) of \$100 per year?

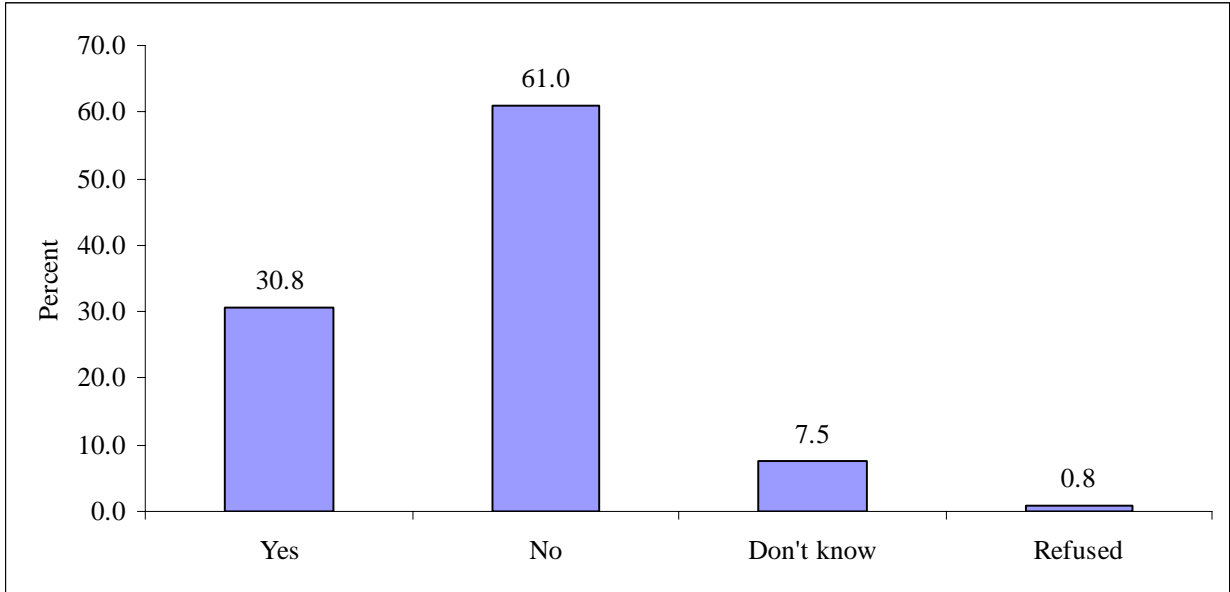


How about an increase of \$50?

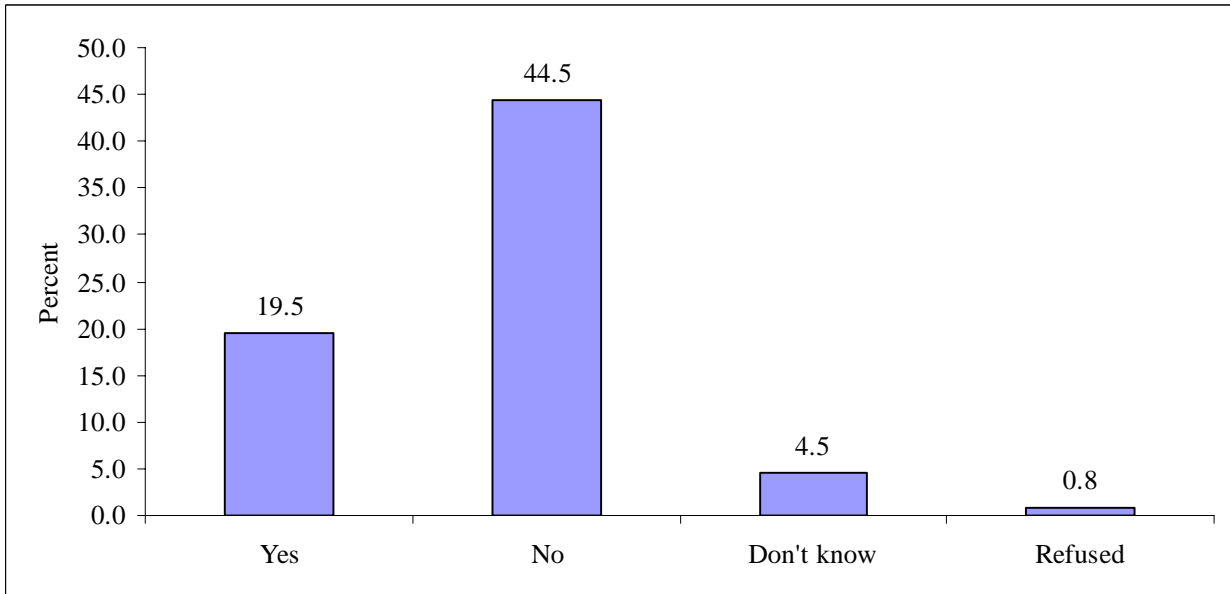


*Note: The percentages reported for the question on the previous page “How about an increase of \$50?” are based on the total overall number of responses. Therefore, the \$50 and \$100 percentages can be added together; indicating that 47.3% of respondents would favor an increase of \$50 or more.*

Do you think the Town of Watertown should **discourage** business development in order to maintain its small town character if it would mean an increase in every Watertown household’s taxes (including yours) of \$100 per year?

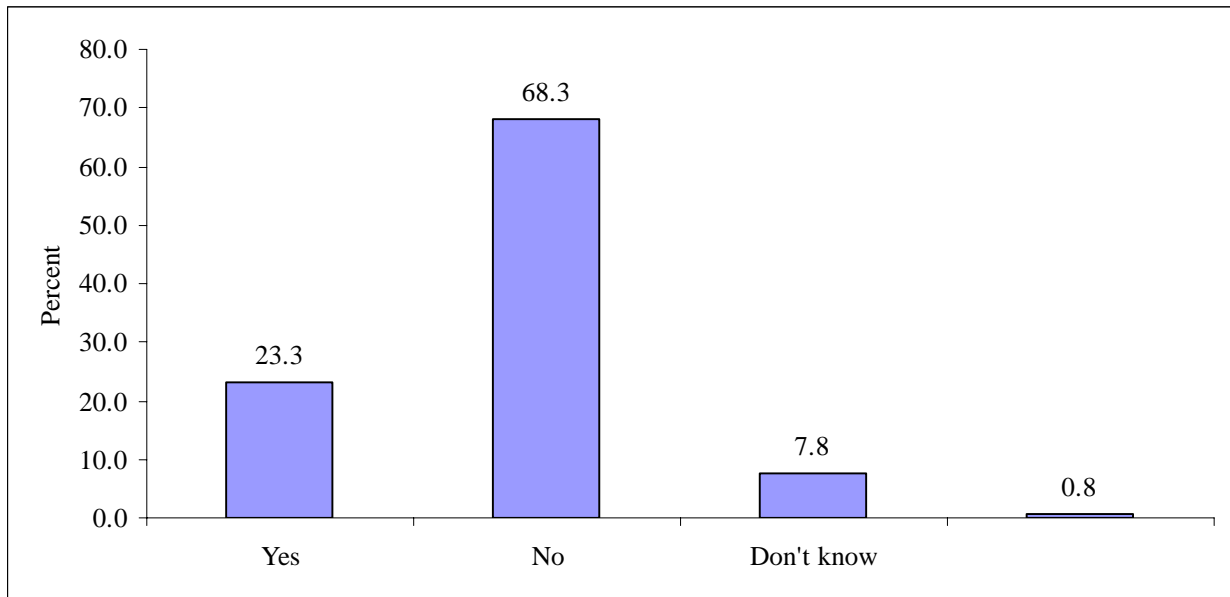


How about an increase of \$50?

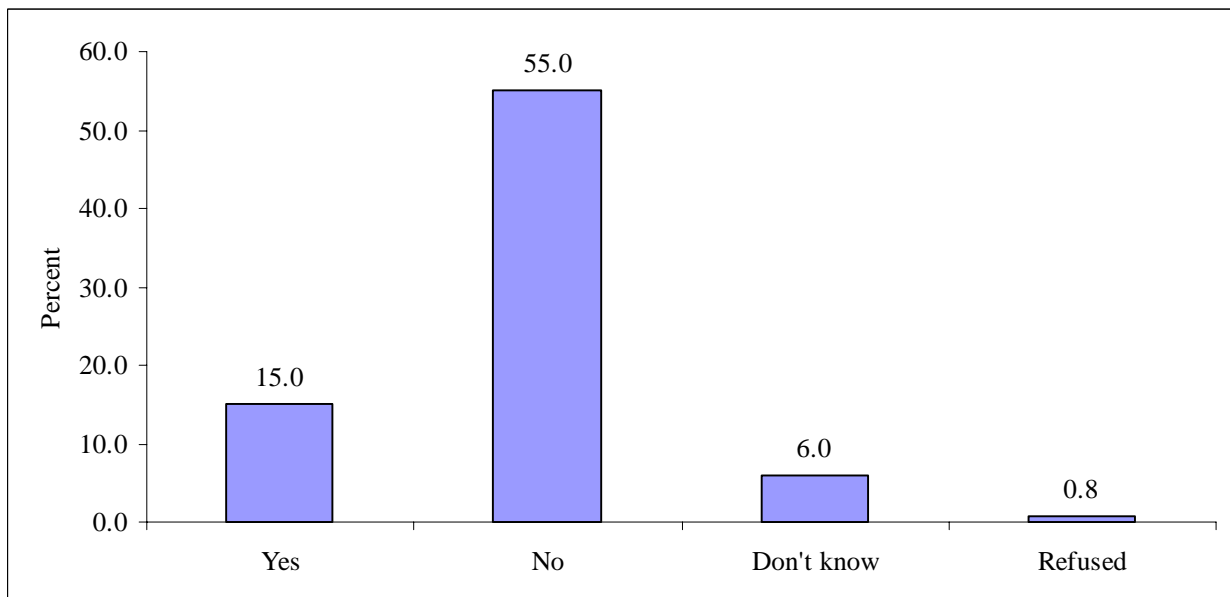


*Note: The percentages reported for the question on the previous page “How about an increase of \$50?” are based on the total overall number of responses. Therefore, the \$50 and \$100 percentages can be added together; indicating that 50.3% of respondents would favor an increase of \$50 or more.*

Do you think the Town of Watertown should provide financial incentives to businesses to locate in the Town if it would mean an increase in every Watertown household s taxes - including yours - of \$100 per year?



How about an increase of \$50?



*Note: The percentages reported for the question on the previous page “How about an increase of \$50?” are based on the total overall number of responses. Therefore, the \$50 and \$100 percentages can be added together; indicating that 38.3% of respondents would favor an increase of \$50 or more.*

DEMOGRAPHICS

- 1. Female: 52%; Male 48%
- 2. Median number of years living in Watertown: 23
- 3. Home ownership:

	Percent
Own	85.5
Rent	8.8
Live with relatives	4.5
Don't know	0.3
Refused	1.0

- 4. Average age: 54

- 5. Education:

	Percent
Grade school or less	1.5
Some high school	2.8
High school grad	33.5
Some college	24.5
College grad	21.3
Post graduate	15.0
Don't know	0.3
Refused	1.3

- 6. Annual household income:

	Percent
Less than \$40,000	18.8
\$40,000 or more	69.8
Don't know	1.8
Refused	9.8

If less than \$40,000:

	Percent
Under \$10,000	0.5
\$10,000 to less than \$20,000	6.3
\$20,000 to less than \$30,000	4.3
\$30,000 to less than \$40,000	6.3
Don't know	0.8
Refused	0.8

If more than \$40,000:

	Percent
\$40,000 to less than \$50,000	9.3
\$50,000 to less than \$75,000	17.3
\$75,000 to less than \$100,000	15.8
\$100,000 to less than \$125,000	7.8
\$125,000 or more	11.5
Don't know	3.8
Refused	16.0

## APPENDIX B. CONSULTANT QUALIFICATIONS

### **Bill Simonsen, Ph.D.**

Simonsen holds a Ph.D. in Public Administration from New York University's Wagner School of Public Service and a Masters in City and Regional Planning from the Kennedy School of Government at Harvard University. Simonsen's expertise focuses on public sector management and policy, particularly in the area of financial management. This has two broad themes: 1) processes to aid or improve public management and policy decisions, in particular in the area of financial management, and 2) methods that improve the ways that citizens can be involved in public decisions. Simonsen's work has been published widely in public administration and related journals. All together he has authored or co-authored over 50 journal articles or conference papers. His book chapters include a study of the State of Oregon budgeting practices forthcoming in *Governors, Legislatures and Budgets: Diversity Across the States*. His book with Mark Robbins, *Citizen Participation in Resource Allocation* examines current and historical methods of involving citizens in public budgeting processes.

Simonsen has made invited presentations on his work to organizations such as the Connecticut Chapter of the International City/County Managers Association and the Connecticut Chapter of the American Society for Public Administration, the national Government Finance Officers Association, and the National Association of Independent Financial Advisors. Simonsen has led or been a part of public policy or management projects at the local, state and federal level.

In addition to his work with the N.E. Willow Group, LLC, Simonsen is appointed as a Full Professor in the Department of Public Policy at the University of Connecticut where he is also Director of its Master of Public Administration (MPA) program. Prior to joining the faculty at the University of Connecticut he spent eleven years at the University of Oregon where he directed both their MPA program and their undergraduate program in Planning, Public Policy and Management. Before his academic career, Simonsen held positions at Moody's Investors Service, New York City Human Resources Administration, New York City Office of Management and Budget, and the New York Metropolitan Transportation Authority.

Simonsen resides in Mansfield, Connecticut

**Mark D. Robbins, Ph.D.**

Robbins earned his Ph.D. in public administration from Syracuse University's Maxwell School of Citizenship and Public Affairs where he specialized in public finance and budgeting. He has published many articles in public administration and public finance journals. In addition to presentations given at universities and academic conferences, Robbins has made invited presentations to the Georgia Municipal Association, National Association of Independent Financial Advisors, Virginia Resources Authority, American Society for Public Administration and the Government Finance Officers Association.

His primary areas of expertise are in government finance, budgeting and financial management and in the design and implementation of citizen preference revelation and citizen participation mechanisms. He has lead or participated in projects serving state and local governments and agencies in Connecticut, Georgia, Massachusetts and Oregon as well as performed work for the United States Department of Homeland Security.

In addition to his consulting work with N.E. Willow Group, LLC. Robbins is appointed as an Associate Professor and Head of the University of Connecticut's Department of Public Policy where he teaches and conducts research in public financial management, debt management and public policy. Before accepting his current post, Robbins was on the faculty of the University of Georgia where he taught graduate courses in public finance, budgeting and quantitative methods. Prior to his academic career he worked in non-profit management.

Robbins resides in Hebron, Connecticut.