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ECONOMIC DEVELOPMENT & EMPLOYMENT

ECONOMICS

Comprehensive planning and its successful implementation will advance and improve Watertown’s fiscal security. As the community develops, increases public services and incorporates additional land area, fiscal condition will become even more important. Understanding how the development process affects the economics of a community is an important aspect of the planning process. Making the connection between planning and the economics of the community ensures that one does not occur independently.

Since 2000 the City’s annual construction value and ultimately assessed market value has increased substantially (See Figure 4-1, 4-2). From 1990 to 2000 the City’s assessed market value doubled. From 2000 until present the City’s assessed market value has more than tripled. Watertown has seen both an increase in residential building and also commercial development most notably in the downtown and with the construction of a new elementary school. As new development continues it will be important for Watertown to understand the relationship between the tax base of new development and the cost to provide public services. Included in this equation is also the cost of providing or developing new schools. Even though this is out of the City’s control, the ability of the public school system to handle new growth and development should be considered.

FIGURE 4-1
City Taxable Market Value and Tax Capacity

Year	For Taxes Collected In	Total Taxable Market Value	Local Tax Capacity	Market Value % Change	Tax Capacity % Change
2000	2001	\$ 99,248,300	\$1,252,463		
2001	2002	\$ 118,843,800	\$1,204,499	20%	-4%
2002	2003	\$ 149,085,100	\$1,497,503	25%	24%
2003	2004	\$ 183,601,000	\$1,807,019	23%	21%
2004	2005	\$ 218,081,100	\$2,129,607	19%	18%
2005	2006	\$ 251,021,400	\$2,461,973	15%	16%
2006	2007	\$ 278,248,500	\$2,877,328	11%	17%
2007	2008	\$ 302,295,400	\$3,100,596	9%	8%

DOWNTOWN REDEVELOPMENT

History/Inventory

Downtown Watertown has long been a regional focal point and has substantially aided in establishing the identity for City. The downtown has seen many changes over the years including substantial number of properties making façade and interior improvements within the past five years. The City has actively participated in leading the redevelopment efforts by winning grants and using economic tools such as Tax Increment Financing. The City was most recently the beneficiary of a Small Cities Downtown Redevelopment Grant which had eight (8) participants. A new boardwalk and associated landscape and lighting improvements were completed in 2007. In combination, these improvements have created a new interest in downtown and its redevelopment.

The Downtown contains a mix of land uses including apartments, offices, restaurants, bars, retail sales, service uses, public uses and industrial uses. Continued development of the downtown will likely occur as the market allows for the redevelopment of existing structures and the razing and redevelopment of other properties. The City initially developed around the downtown center in a traditional grid pattern centered on Lewis Avenue and the South Fork of the Crow River. In 1990 , 2005 and again in 2007, the City initiated studies and prepared concepts for the redevelopment of the downtown. The City has used parts of all of the plans as redevelopment has occurred throughout the years. Due to changes in market conditions and ownership of the individual properties within the downtown, the plans have been viewed as general guides rather than strict plans.

Proximity to Surrounding Commercial Centers

Watertown's location and proximity to surrounding commercial developments provides both a strategic advantage and a limiting factor (Figure 4-4). Due to the distance of the next major commercial center, Watertown will continue to support basic services. Watertown has basic services such as grocery, liquor, auto parts, medical and restaurants. Downtown Watertown provides services for approximately 1,689 households within a five mile radius of the downtown.

FIGURE 4-4 Surrounding Commercial Development



★ Cities with significant commercial development

Concept Plan

Initiated by the closing of a farm cooperative warehouse located at the south end of Lewis Avenue, Watertown has developed a new concept redevelopment plan (Map 4-1) focused on the south end of the existing downtown. This plan focuses on an area of the downtown that has historically had an industrial business base. The plan's goal is to redevelop and revitalize the downtown for prime retail sales and service uses, office, entertainment, housing and recreational uses. Following the Watertown Downtown Design standards, which were adopted in 2005, the plan seeks to use quality design, architecture and scale to accommodate the various uses while tying into the existing downtown. The Luce Line Trail and the Crow River will be highlighted by the redevelopment and pedestrian movement will be integrated into all aspects of the redevelopment.

The concept, prepared in 2007, was developed by a joint effort of the City Council, Planning Commission and Economic Development Authority. The plan was based on accomplishing several primary goals which are outlined as follows:

- Provide a clear and identifiable second means of access to Lewis Avenue.
- Maximize the use of the area by incorporating a mix of uses including, residential, retail sales and retail services.
- Provide for an independent living senior housing development.
- Allow buildings to maximize the buildable area of the land by promoting underground parking and shared parking concepts.
- Relocate existing businesses to the newly developed industrial/business park if possible.
- Tie the South Fork of the Crow River and the Luce Line Trail into the downtown in order to highlight their recreational and aesthetic value.

The plan has identified a mix of uses that could be developed in this area. The building type and mix of uses is provided as a general guideline and could change as development occurs. The City will continue to play an active role in the redevelopment of the downtown and will provide guidance and direction on the type of uses proposed in the redevelopment concepts. Figure 4-5 is a breakdown of the uses and corresponding square footages that are associated with the redevelopment concept plan.

FIGURE 4-5 Estimated Square Footage / Building Type
City of Watertown-Proposed Buildings
Watertown, Minnesota

	Building	Use	Area GSF
# 1	First Floor	Residential (8 units)	10,000
	Second Floor	Residential (8 units)	10,000
	Third Floor	Residential (8 units)	<u>10,000</u>
		Subtotal	30,000
# 2	First Floor	Residential (16 units)	20,000
	Second Floor	Residential (16 units)	20,000
	Third Floor	Residential (16 units)	<u>20,000</u>
		Subtotal	60,000
# 3	First Floor	Retail/Office	5,000
		Subtotal	5,000
# 4	First Floor	Retail/Office	5,000
	Second Floor	Office	<u>5,000</u>
		Subtotal	10,000
# 5*	First Floor	Residential (16 units)	20,000
	Second Floor	Residential (16 units)	20,000
	Third Floor	Residential (16 units)	<u>20,000</u>
		Subtotal	60,000
# 6	First Floor	Retail/Office	15,000
	First Floor	Fine Dining Restaurant	3,000
	Second Floor	Residential (16 units)	20,000
	Third Floor	Residential (16 units)	<u>20,000</u>
		Subtotal	58,000
Square Footage Total			223,000

* Senior Rental Units

In order to facilitate the implementation of the South Lewis Avenue Redevelopment Plan (Map 4-1), the City intends to complete the following:

- Complete a Phase I Environmental investigation of the properties subject to the redevelopment plan.
- Identify approximate value of properties located within redevelopment area by completing an appraisal.
- The dyke surrounding Derson Tank will need to be reconstructed in order to facilitate the redevelopment of that site.
- Preliminarily establish opinion of probable costs for redevelopment public infrastructure associated with redevelopment (feasibility study).
- Look for funding partners and grant opportunities to assist in the redevelopment.
- Partner with private and public entities in order to leverage the maximum amount of resources possible.

NEIGHBORHOOD COMMERCIAL

Watertown has benefited from having a concentrated and historically vibrant downtown center. The City has however, developed in a pattern where there are scattered sites of commercial and industrial uses located around the City. Long-range planning and land use conflicts can occur if the development of new commercial and industrial land is not done in accordance with the Comprehensive Plan. The de-concentration of additional commercial and industrial land outside of the downtown and designated industrial/business parks, or neighborhood commercial nodes could also weaken the economics of the downtown and industrial business parks.

Concentration of commercial development and the avoidance of spot commercial locations are desirable in order to maintain high-quality transitions between potentially conflicting land uses. The City has planned for redevelopment within the downtown to provide for additional commercial and retail development opportunities. In addition, the Comprehensive Plan indicates additional land for industrial/business park development south of the intersection of State Highway 25 and County Road 122.

As residential development continues outward from the town center the need for neighborhood commercial centers may arise. Design, planning and development of these centers should be done as a part of the subdivision process. Neighborhood commercial centers should be limited to key locations where it is known that the market can support the development and sustainability of such centers. It is not intended that every intersection will have a neighborhood commercial center. Neighborhood commercial centers should be incorporated into the design of the neighborhoods and should contain essential services. Neighborhood commercial centers should contain high quality architecture, building materials and landscape amenities. Centers should be integrated into the surrounding neighborhood so that they do not appear to be segregated from the overall development. In general, neighborhood commercial centers should be developed in concert with the adopted downtown design standards. . These centers should contain

uses that do not conflict with or take away from uses currently established within the downtown core. The following list identifies desired neighborhood commercial uses. The list does not intend to account for every use but rather to provide a general guideline for the City to use when evaluating the need for neighborhood commercial centers.

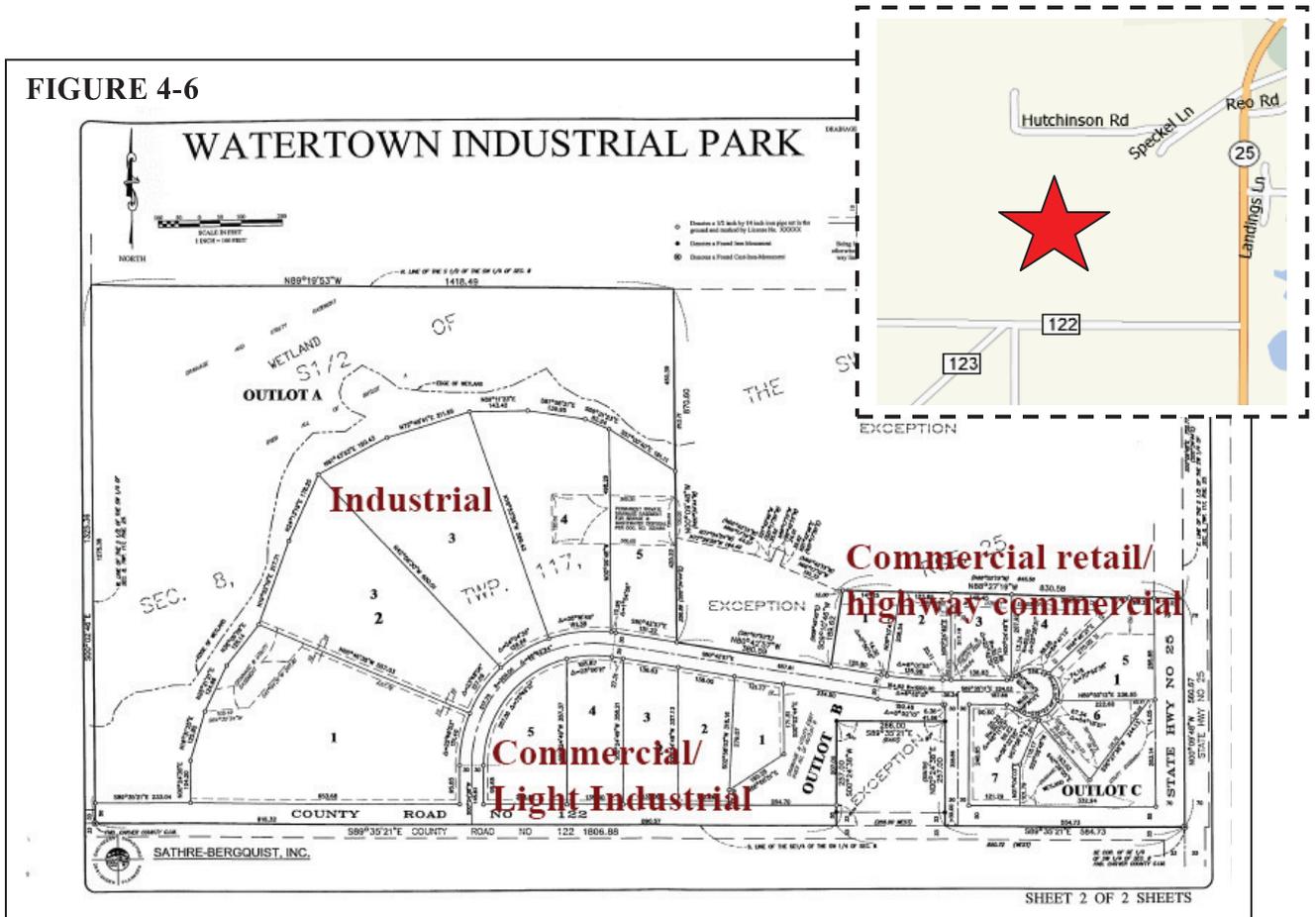
The following uses shall be considered:

- Daycare
- Convenience / convenience with fuel
- Dry cleaning

INDUSTRIAL AND COMMERCIAL AREAS

Background

Watertown’s industrial beginnings date back to the early 1900’s when the railroad established Watertown as a major industrial partner. Today, Watertown is fortunate to have several great industrial partners. Within the past five years the City has worked with a private developer to establish a new industrial/business park in Watertown (Figure 4-6). The new industrial/business park will provide opportunity for new development as well as for relocation of some industrial users out of the existing downtown.



The City's existing industrial properties are spread out throughout the City. (See MAP 3-1, Chapter 3) There is a pocket of industrial property along CSAH 10 on the east side of the City, a pocket within the downtown along both ends of Lewis Street, and a pocket along State Highway 25 on the west side of the City. The decentralized industrial land uses creates difficulty in effectively separating incompatible land uses and causes some transportation issues due to the traffic generated by industrial users.

There are three primary issues that need to be considered for future industrial development. Future industrial development should be concentrated in the designated industrial/business park located on State Highway 25 and County Road 122. Existing industrial development located within the downtown should ultimately be relocated to the designated industrial/business park. Financial assistance may be considered by the City to promote the relocation of existing industrial users to the newly developed industrial/business park. As the newly developed industrial/business park fills with development, an additional industrial/business park should be considered south of County Road 122 in the location designated within this plan.

EMPLOYMENT

Historically, employment in Watertown focused around agriculture and general retail sales and services for the residents. A decrease in the importance of the railroad coupled with the advance of the automobile and the transportation system has allowed many of the residents to work outside of the City. New employment opportunities are being sought in the newly developed industrial/business park. The City is aggressively marketing the development of this park. In addition, the City's Economic Development Authority has put together an incentive package to entice new businesses which will bring new jobs and/or increase tax base. Figure 4-7 identifies Watertown's major employers (those employers with ten or more employees).

FIGURE 4-7 List of Major Employers in Watertown

COMMERCIAL INVENTORY

CITY: WATERTOWN

Retail Property Type: R = Retail Store F = Financial
 FS = Full Service Restaurant SC = Shopping Center
 LS = Limited Service Restaurant S = Service

Office Property Type: O = Office Building OS = Office Showroom/Business Center
 M = Medical Office BW = Bulk Warehouse/Industrial
 OW = Office Warehouse

Property Type	Single or Multi-Tenant	Names of Business	Property Address	Gross Leasable Area	Land (acres)	Number of Employees	Year Built
M	M	Catalyst Clinic	204 LEWIS AVE S, Ste 201	6,000	0.53	13	2005
R	M	Watertown Pharmacy & Gifts	204 LEWIS AVE S, Ste 101	2,500	0.53	10	2005
M	M	Pro Rehab	200 LEWIS AVE S, Ste 210	6,000		13	2005
R	S	Stop n Go Convenience Store	212 NEWTON AVE NE	2,496	1.19	10	1994
FS	S	Dvincis Restaurant	220 LEWIS AVE S	2,160	0.09	30	1900
BW	S	Neal Slate	2840 HWY 25	4,978	11.93	15	1998
BW	S	Fullerton Lumber	2860 HWY 25	4,800	4.37	10	1998
M	S	Watertown Vet Clinic	300 ANGEL AVE SW	1,734	0.47	11	1954
R	S	True Value Hardware	300 LEWIS AVE S	8,113	0.32	14	1987
FS	S	Luce Line Lodge	305 LEWIS AVE S	3,610	0.11	15	1938
M	M	Lakeview Clinic	309 JEFFERSON AVE SW	6,949	1.30	10	1976
R	S	Marketplace Foods	310 LEWIS AVE S	19,731	1.10	36	1982
S	S	Post Office	402 LEWIS AVE S	3,596	0.61	11	1996
S	S	Frontier Communication	609 LEWIS AVE N	17,064	2.32	12	1989
OW	M	Prairie Restorations	601 LEWIS AVE N	1,023	2.07	15	1975
LS	M	Subway	617 JEFFERSON AVE SW	3,650	1.69	13	1979
O	S	City of Watertown	309 LEWIS AVENUE SE	17000	1.2	13	1996
M	S	Elim Homes and Meadows	409-415 JEFFERSON AVE SW	?	3.67	110	1999
O	S	Watertown- Mayer School District	1001 HIGHWAY 25 NW	225,971	73.42	210	
O	S	Christ Community Lutheran School	512 COUNTY ROAD 10	16,260	10	17	2002

Source: City of Watertown, phone survey

ECONOMIC DEVELOPMENT AND EMPLOYMENT GOALS, POLICIES AND IMPLEMENTATION STRATEGIES

1. GOAL

New growth shall maintain or improve the City’s fiscal condition through governmental efficiency and by encouraging economically favorable development and by establishing a stable tax level.

POLICY

Through sound planning and design excellence, promote new development which has economic value and in locations consistent with the comprehensive plan and which relies on new growth to fund public costs.

IMPLEMENTATION STRATEGIES

- Promote design excellence for all new development
- Actively pursue desirable development consistent with the comprehensive plan.

- Continue to develop, use and implement a capital improvement plan consistent with the phasing and planning of the comprehensive plan.
- Encourage the investment in the community by actively promoting and marketing the Watertown's assets.

2. GOAL

Redevelop and revitalize the downtown so that it becomes a prime location for retail service, office, medical, entertainment, housing and recreational uses, using quality design, architecture and scale.

POLICY

As the City takes the lead in redevelopment, it will work with the development community to assemble, analyze and develop strategic parcels located within the redevelopment plan area.

IMPLEMENTATION STRATEGIES

- Increase the market value and tax base of the community by encouraging and promoting the redevelopment of the downtown and the development of the industrial/business park.
- Maintain a downtown master plan and implement the plan in accordance with the process established within the comprehensive plan.
- Establish strong pedestrian links within the downtown and to the surrounding neighborhoods.
- Ensure that all development is consistent with the document titled City of Watertown Downtown Design Standards.
- Encourage the use of high quality building materials, architecture, landscaping and other site amenities to increase the value of the downtown center.

3. GOAL

Preserve land for future, high quality, business/industrial park and commercial growth in key locations.

POLICY

Use Watertown's geographically strategic location to attract high quality commercial and industrial development.

IMPLEMENTATION STRATEGIES

- To the extent feasible and appropriate, relocate existing businesses and uses which are no longer compatible with the downtown and other areas to the newly created industrial/business park.
- Continue to market the City following the marketing plan that commenced in 2007 and continues into 2008.



City of Watertown Downtown Redevelopment Plan

