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# Town of Vernon Market Study



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## **I. Executive Summary**

### ***A. Description of the Study***

This report sets forth the principal findings of a nine month market study that was undertaken to identify and assess the most-promising opportunities for the economic revitalization in the Town of Vernon, Connecticut. The study sought, obtained, and analyzed a detailed list of recent economic and demographic data from a wide variety of sources. The research investigated the Town's zoning, land development potential, real estate assets, and public infrastructure. It also included a number of in-depth interviews of business people, volunteers, public officials, and concerned residents in the Town regarding the strengths, weaknesses, opportunities, and threats the Town currently faces as it moves towards the future. The study concludes with 11 recommendations, some of which have several parts, that the Town can pursue to improve its economy and quality of life.

### ***B. Summary of Recommendations***

The study's 11 recommendations reflect a mix of strategic short-term, medium-term, and long-term actions that according to this study could be helpful to facilitating Vernon's economic revitalization. These recommendations include some additional work or research and several specific action steps that can be taken immediately. They include:

**1. Undertake an Effort to Repair the Image of the Rockville Downtown Area, principally comprised of:**

To address the negative perception that Rockville is not a safe place to visit. Regardless of the reality of this perception, we suggest a five part program to address the reality and public relations aspect of that perception.

- a. **New Police Strategies to Promote Safety-Security**
- b. **Expand Home Ownership Opportunities for a Committed Population of Long-Term Residents**
- c. **Apply Proven Techniques-Approaches from Similar Revitalization Case Studies for the Rockville Downtown**
- d. **Take Steps to Encourage a "Creative" Community**
- e. **Develop and Implement a Public Relations Campaign**

**2. Hire a Full Time Economic Development Director**

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To provide needed leadership and dedicated staff resources-attention needed to implement a consistent, high quality and focused effort for economic development and re-development in the community.

**3. Focus Where a Difference Can Be Made**

Leverage the community's limited economic development/re-development resources to focus on those economic-engine sectors of the Town's economy where the economic-fiscal return is highest and the opportunity for success is most promising.

**4. Implement a Job-Business Retention Strategy for "At Risk" and Potentially "At Risk" Employers**

Initiate an aggressive business visitation and targeted assistance program to vigorously defend-retain the Town's existing job base at currently "at-risk" or potentially "at-risk" Vernon employers.

**5. Implement a "Business Expansion" Strategy for Existing Strong Sectors in the Town**

Do more of what the community already does well over and over again by supporting the expansion of the Town's successful employers through targeted business assistance and support.

**6. Implement a "Targeted Recruitment" Strategy for Promising Sectors in the Town**

Encourage diversification of the Town's job base by encouraging new business development and entrepreneurship into new sectors of the economy that are consistent with the core functional attributes of Town's-regional businesses that compete successfully in the global economy.

**7. Study the Effects of Lengthening the Current 2-Year Term for Elected Officials**

Examine the pros and cons of lengthening the term of key elected Town officials from two to four years to facilitate the best policy and decision-making climate for the community over the long-term.

**8. Develop Creative Approaches to Promoting the Civil War Museum**

Utilize this strongest destination/heritage tourism asset of the community to encourage more foot traffic in the Town.

**9. Develop a Long-Term Economic Vision for the Vernon By Completing a Structured Public Process**

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Encourage a long-term community commitment to quality economic development by forging a Town-wide consensus on an economic development vision of Vernon's future.

**10. Apply for State Designation of an Enterprise Zone**

Utilize the state Enterprise Zone designation incentives program to assist in the re-development of qualifying parts of the community (Census Tracts 5301 and 5302).

**11. Supplement This Study With a Detailed Retail Assessment and Recruitment Strategy for Rockville**

This community-wide marketing study indicates that differing needs and opportunities for Rockville mean that a detailed assessment study for that portion of Town is warranted to identify specific retail niches for merchants in that part of the community.

***C. Overview of Economic-Demographic Trends***

As part of the assessment over the Town's economic and demographic trends, the Town's population, employment, household income, and housing stock were compared to those same trends and structure for Tolland County and the State as a whole. This study found that the Town of Vernon has been lagging the County and State in overall population growth and that the Town of Vernon's population is older compared to the population of Tolland County and Connecticut. Between 1990 and 2000, Vernon's median household income grew more slowly than that of Tolland County as the population in Vernon living off of retirement income grew more rapidly than the County.

Housing unit growth in Vernon over the 1990-2000 time frame was nominal compared to the more rapid growth of housing throughout Tolland County. In addition, the Town of Vernon also lost ground vis-à-vis the county average in the percentage of its total housing units that were owner occupied housing. The Town also lost ground versus the county in terms of the rate of price appreciation in housing prices over the 1990 to 2000 period as measured by median home value.

***D. Vernon's Economic Structure***

Vernon's primary employment industries continued to mirror that of Tolland County, with Services, Retail, and Government as the largest sectors, and the Retail industry's share of total employment well ahead of the County's retail employment share. Even though the Retail industry holds a larger share of total employment in Vernon compared to the County, Vernon has lost retail jobs over the 1996 to 2001 time period while the County stayed relatively constant.

***E. Retail Activity-Opportunity***

On the Retail trade front, the demand for goods continues to grow in the community and in the region, even as Retail sector employment has declined in the Town of Vernon. As the County's population has expanded, so has the number of commuting workers in the region that travel through the Town. Given the relatively short travel times to Vernon and a large commuting workforce surrounding in the County, the Town finds itself in an important travel route with strong retail demand. The Town has the

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opportunity to develop stronger linkages to tap into that regional retail demand, especially if it can overcome the current negative perception of the Downtown Rockville area and take better advantage of its heritage tourism asset—the Civil War Museum—that could help to generate increased foot traffic in the Town that would benefit Vernon’s commercial-retail base.

### ***F. Summary of Key Sectors-Opportunity***

Overview of Tolland County has several key sectors which by the nature of their trade import dollars into the community. These sectors represent the “economic engines” of the county economy and increase the size of the regional economic pie as they grow and prosper. Of the nine key-dollar-importing industries found in Tolland County, only two have a significant presence in the Town of Vernon—the Printing & Publishing sector and the Instruments-Related Products Manufacturing sector. The Town has a good opportunity to gain a greater share in three of the seven key sectors in the county where the Town is not proportionally represented (Industrial Machinery-Equipment; Business Services; Wholesale Trade). Vernon also has a reasonable opportunity to increase its participation in three other under-represented sectors as well (Engineering-Management Services; Electronic-Other Electric Equipment Manufacturing; Fabricated Metals Manufacturing), even though these categories are not as attractive as the former three. This study also found that Vernon has an additional string opportunity to develop further in the area of another strong dollar-importing industry in Vernon that does not resonate at the County level—Medical Care Services. The Town currently has a high concentration of Medical Care Service employees compared to the balance of Tolland County, and this strong job base is a logical area for strategic, incremental expansion going forward.

Lastly, Vernon also has the potential to develop a significant job base presence in two additional areas through a strategic and highly targeted recruitment effort. These sectors include: (1) the development of strategic ties on the “coat-tails” of the existing State effort in BioScience and Information Technology (e.g. through an approach such as developing a technology or light-industry incubator in the Town), and (2) the development of a “hub” for advanced education-training services by establishing direct linkages into the existing network of technical education and advanced training and learning that is evident in the region.

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## II. Vernon's Economic and Demographic Context

The following section begins this study's effort to assess the economic development prospects for the economy of the Town of Vernon. It is organized into six sections—each dealing with aspects of the economic development question of the Town and the regional economy in which the Town economy operates.

### ***A. Why analyze economic performance-structure?***

The first step in building a regional strategic economic and community development plan is a thorough and objective analysis of the historic performance and structure of the region's economy – an economic assessment.

The objectives of this economic assessment of the Town of Vernon and the Tolland County regional economy are four-fold:

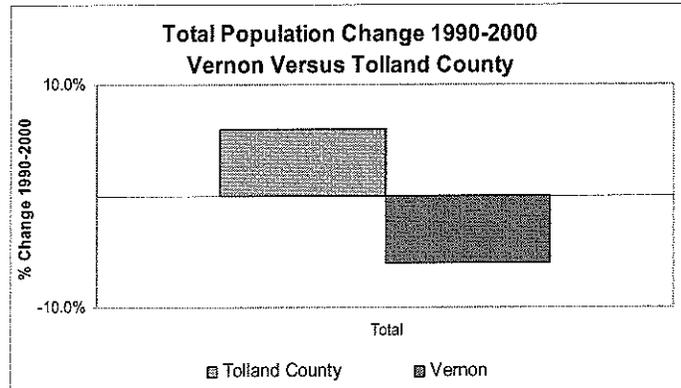
1. To increase the understanding of the regional economy and the opportunities for the economy of the Town,
2. To identify and understand the sources and factors underlying the economic performance of the region and those within the Town,
3. To highlight trends that will change economic growth in the region over the next 5 to 10 years that will define the economic performance background within which the Town will operate, and
4. To identify where to focus economic development and competitiveness-building efforts over the next several years for the purpose of maximizing the potential for revitalizing and growing the Town's economy.

This effort is intended to assist the many individuals, businesses, and groups who have dedicated their efforts and energy to the region's economic development. It will equip them with effective strategies and actions which offer the best opportunities for improving the ability of the region to succeed economically. This section is the first step in the strategy development process. It pertains directly to the first two objectives listed above. It provides objective facts to help understand the region's and the Town's economic development climate and long-term economic development challenges and opportunities.

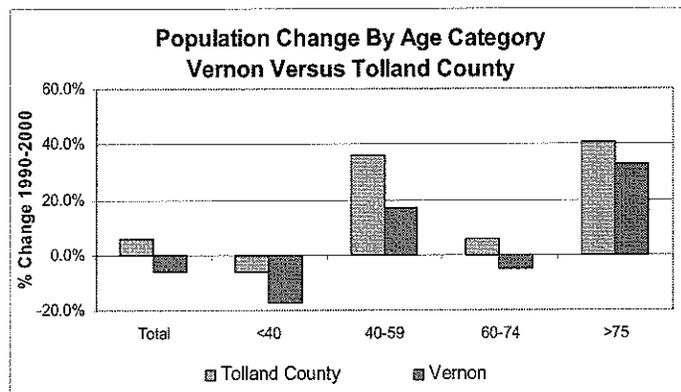
The assessment of the Town's potential opportunities begins with an assessment of the demographic and economic performance and structure of the Town. This is completed within the context of trends, developments and recent changes in the structure of the Tolland County regional economy.

## B. Overview of Key Demographic Structure and Trends 1990-2000

According to the 2000 Census, the Town of Vernon's population was 28,063 in April of 2000, a decline of 1,778 residents since 1990's Census population count of 28,063 residents. In contrast, the population of the greater Tolland County region increased by 7,665 residents over the 1990-2000 time period—from 128,699 residents as of April of 1990 to 136,364 residents as of April 2000.



In percentage terms, the accompanying chart shows that the population of the Town of Vernon declined by 6.0% over the 1990-2000 period, versus the 6.0% increase in the total population experienced in Tolland County overall during the same time frame. Analyzing these population changes by age category shows that both the Town and the County

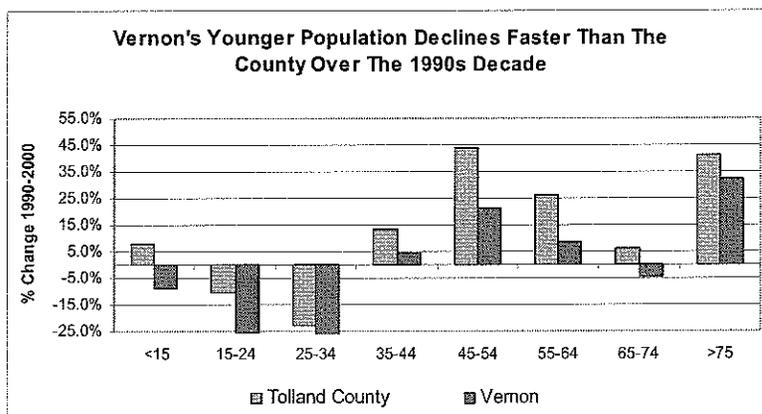


experienced declines in the lowest end of the age spectrum as defined by the *Aged Less Than 40 Years* category. However, the Town of Vernon's *Aged Less Than 40 Years* population segment experienced a much more pronounced decline than the decline for Tolland County overall—experiencing a 17.6% decline over the 1990 and 2000 timeframe. The rate for the Town exceeded the -6.3% change in Tolland County's *Aged Less than 40 Years* population category by roughly 11.3 percentage points, a level almost two times greater than the rate of population decline overall for the county.

In contrast to the decline in population in the Town in the *Under 40 Years* category, these data show that the Vernon experienced an increase in population during the 1990-2000 time period in two categories above the *Less Than 40 Years* category. This occurred in both the *Aged 40-59 Years* segment, and the *Aged Greater than 75 Years* category, where the number of residents in the Town increased significantly, reflecting the broader national and New England regional demographic trend where the aging of the so-called “baby boom” generation has moved into “middle age” and higher age categories.

However, even though the Town experienced significant increases in population in those two age categories, the rates of increase experienced by the Town were significantly lower in comparison to the rates of increase over the same period experienced by Tolland County as a whole. More specifically, the Town's rate of population increase in the *Greater Than 75 Years* category (at +32.4% over the 1990-2000 period), was more than 20% (or more than 8 percentage points) slower than the rate of increase in Tolland County overall (at +40.9% over the same 1990-2000 period).

In the *Age 40-59 Years* category, the comparative difference was even larger—at a spread of approximately 19.2 percentage points, where the Town's +16.9% rate of population increase in this category was less than one-half of the rate experienced by



Tolland County as a whole (at a +36.1% rate of expansion for the county over the same ten-year period). Tracking population trends by age in more detail shows that that the number of young people residing in the Town has declined dramatically at rates far greater than those seen in the overall in the Tolland County region. The

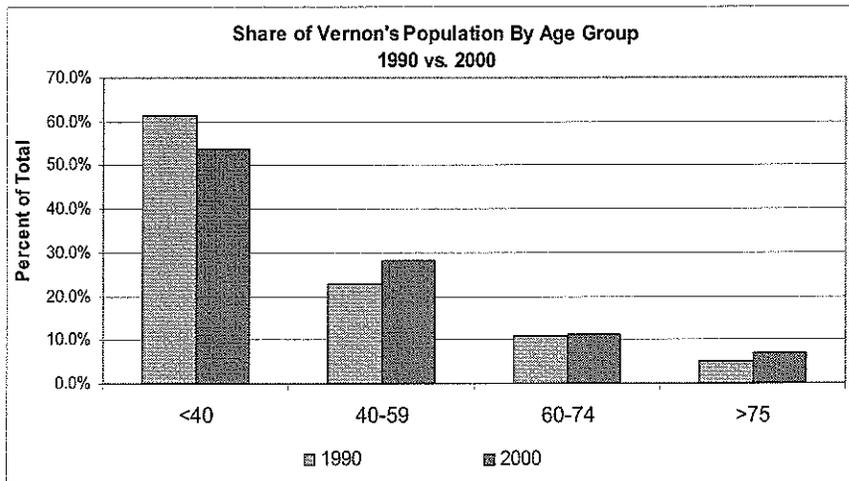
disparity between the Town and the county in population decline was greatest in the *Age 15-24 Years* segment. The rate was -25.7% or by -2.9% per year between 1990 and 2000 versus the 10.5% decline or -1.1% per year decline in Tolland County for that same age group.

The largest rate of population decline in the lower age group categories in the Town occurred in the Town's *Age 25-34 Years* segment which declined at a rate of -27.7% or by -3.2% per year between 1990 and 2000 versus a similarly large 23.0% decline or -2.6% per year decline for Tolland County over the period for that same age group. In the *Less Than 15 Years* age category the Town actually lost population—at a rate of -8.7% or -0.9% per year. Tolland County, on the other hand, added population in this age bracket over the period at the rate of +7.8% or +0.8% per year—representing a roughly 16 percentage point disparity between the Town and the County overall during the past decade.

Looking at the opposite end of the age spectrum yields similar results, with the Town lagging behind the County in all six of more detailed age grouping categories 35 years of age and above. The largest disparity among these categories is found in the *Age 45-54 Years* age segment, where the Town's 21.4% rate of increase over the 1990-2000 period was roughly half the 43.6% rate of the 1990-2000 population increase for Tolland County as a whole. What is somewhat surprising is the striking difference in the Town's

comparative decline in population (−4.2%) in the Age 65-74 Years category. This performance runs counter to the overall aging trend within the community and is more than 10 percentage points in contrast to the 6.3% growth rate in this age category experienced in Tolland county.

Looking at the relative shares of the Town's population by broad age category, the chart below indicates that the Town's residents are getting older, with the Over 75 Years age



category in 2000 accounted for 7.0% of the Town's population (up from 4.9% of the total in 1990). Along those same lines, the share of Vernon's younger population under 40 years of age to 53.9% of the total in 2000—a decline of 7.6 percentage points (or more than 10%) from the 61.5%

share of this population segment had in 1990. This aging trend is consistent with the New England regional, national, and global (at least in the industrialized world) trend of an aging population.

Table 1 below shows that the median age of the Town's population in 2000 was higher than both the median age of Tolland County residents and residents of the State as a

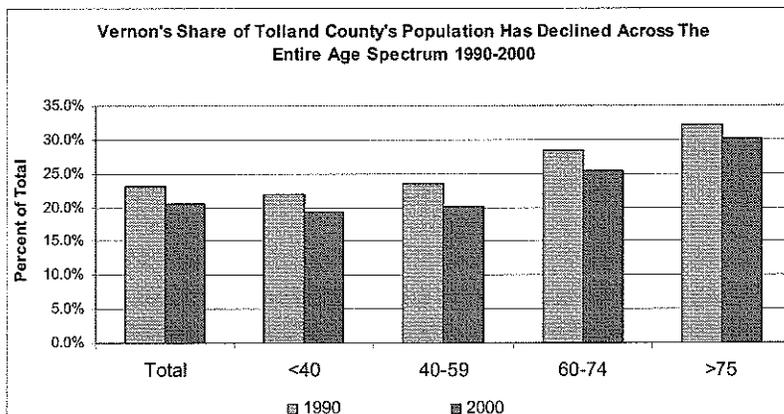
Table 1: Relative Trends in Median Age

Age (in Years)	1990	2000	Change
<b>Vernon</b>	33	38	5
<b>Tolland County</b>	32	36	4
<b>Connecticut</b>	34	37	3

Source: U.S. Bureau of the Census

whole. This represented a change in relative position for the Town from 1990 where the Town actually had a "younger" population in 1990. As a result, the Table shows that the Town's population aged faster—with a 5 year increase in the median age of Vernon's population—than the residents of

either the County or the State populations overall.

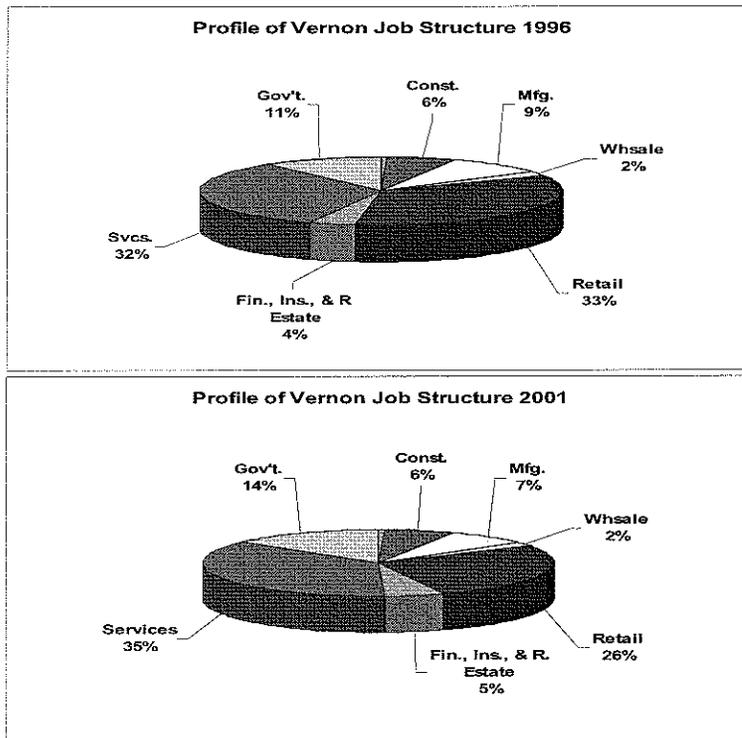


Given the Town's across-the-board lagging population growth performance over the 1990 to 2000 period, it comes as no surprise that the Town's share of the county population has declined across the age

spectrum. These losses in relative share of the county's population range from a high of 3.3 percentage points in the *Age 40-59 Years* category to a low of 1.9 percentage points in the *Age Over 75 Years* category. Overall, the Town lost approximately 2.6 percentage points in share relative to the total population of Tolland County overall over the 10-year period.

### C. The Town's Employment Structure and Performance 1996-2001

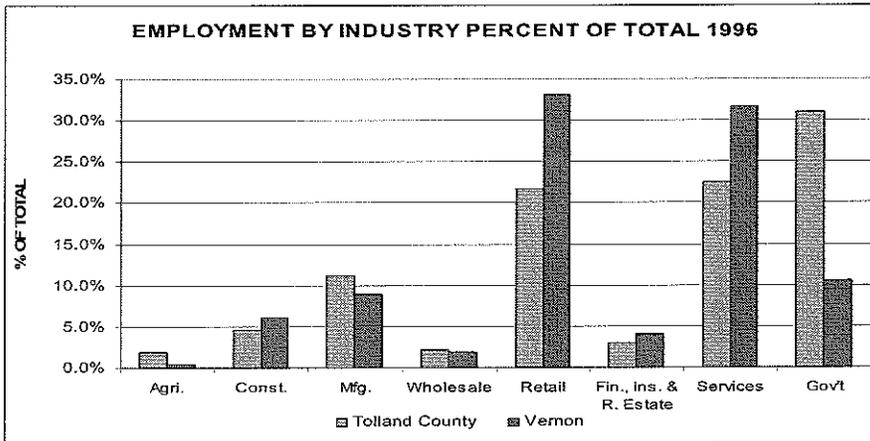
Examining Vernon's employment distribution by industry sector in 1996 and 2001, it is evident that the Town relies on Retail Trade, Services and Government for the majority of the Town's job opportunities. Although the Retail Trade category lost share over the period, the Town's employment concentration structure for these three categories combined in 1996 and 2001, was roughly unchanged. As a group, these three most prominent categories accounted for 76% of the total number of jobs—or more than 3 of every 4 job opportunities—in 1996. In 2001, those same three categories still accounted for a total of 75% the community's job base.



Within these three dominant industries in the Town, there has been a considerable shift in employment concentration between the three categories, with the Retail Trade sector declining by roughly 7 percentage points in share over the time frame—from 33% to 26%, accordingly. This decline in the Town's Retail job base was for the most part offset by gains in share in the Town's Services and Government sectors, which both increased in share by approximately 3 percentage points over the 5 year period.

Other notable shifts in share over the 1996-2001 period occurred in the Manufacturing sector (which lost 2 percentage points in share over the period from 9% in 1996 to 7% in 2001), and a 1 percentage point increase in share for the Finance sector over the same period from 4% to 5% of the total job base. The shift in share within Vernon's most prominent job sectors seems to indicate that the community is moving toward a Services-based job base and away from an economy where Retail jobs had dominated.

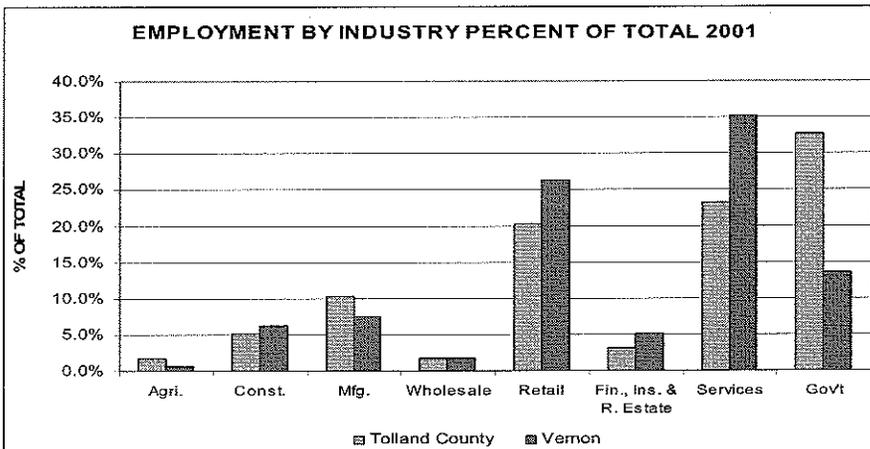
Given the current large concentration in Services, Retail and Government jobs (with 3 out of every 4 jobs in the Town Vernon found in those 3 sectors), it is apparent that



Vernon—like most relatively small regional economies—has a level of employment concentration (e.g. a lack of diversity) that makes it vulnerable to the fortunes of a relative few private and/or public sector employers.

This is an issue ripe for a policy response in the alternatives analysis part of this study.

A comparison of the Town's job mix structure to that of Tolland County's shows that Tolland County's job base structure is, for the most part similar to the Town's job base



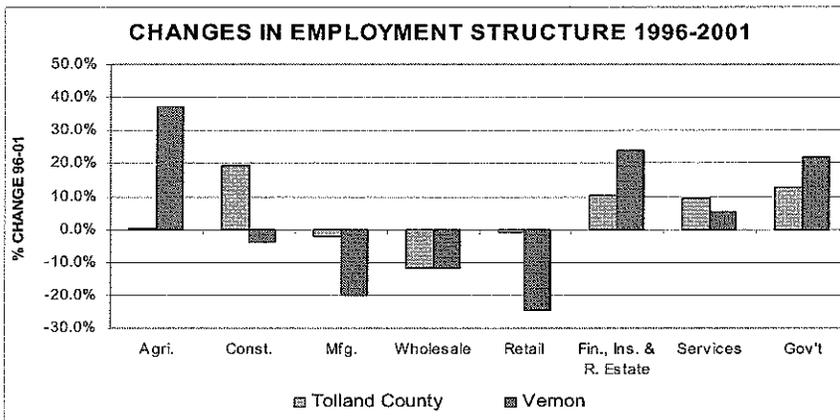
mix, with the same three sectors—including Retail Trade, Services and Government—dominating the county's employment distribution at just over ¾ of the total in 2001. In addition, the employment mix concentration

likewise did not change significantly for the county as a whole over the same 1996 to 2001 time period—even though the share of these three sectors for Tolland County rose slightly from 75.1% of the total in 1996 to a 76.1% share in 2001.

However, Tolland County's relative job concentration within the three major industry categories varies considerably from the Town's in that the Government sector represents a much higher proportion of the county's total job mix—at 32.7% of the total in 2001 versus the Town's 13.6% share for the Government category for that same year. Further, it should be noted that the percentage of Retail Trade jobs in the Town was a total of 6.2 percentage points higher than the share percentage for Retail jobs in Tolland County as a whole in 2001 (Vernon had a 26.4% share in 2001 versus Tolland County's 20.2% share for that same year).

Also within the Retail-Services-Government job aggregate, Vernon's 35.2% share for Service jobs in 2001 was significantly higher than the comparative 23.2% share for Tolland County Services sector for that same year—representing a difference in share of roughly 12 percentage points for that industry sector. Looking at the comparative change in job share data for the Town and Tolland County over the 1996 to 2001 period, the data show that the share of Retail Jobs remains high in the Town in comparison to the share of Retail Jobs in Tolland County overall. In 2001, Retail sector jobs accounted for 26.2% of the job base in the Town, a difference of 6.2 percentage points in share versus the 20.2% share that Retail Jobs comprised for the county in 2001.

Although the Retail sector's share of the Town's job base remained high in 2001, the data also show that share has declined significantly over the last five years. In 1996,



the Town's share of its job base was 33.1%, representing nearly 1 of every 3 jobs in the community. By 2001, the share of the Town's job base accounted for by the Retail Sector in Vernon had declined to 26.4%—a 6.7 percentage point

decline in share that was more than four times the decline in share (at 1.5 percentage points) that occurred for the county. Overall, these data are also reflective of a decline in the Town's relative share of the employment base for Tolland County over the period. The following chart illustrates that the Town increased in employment share in three of eight major categories over the 1996- to 2001 period, including Agriculture, Finance, and Government.

The data also show that the Town lost share in four other major job categories, including the Construction, Manufacturing, Services, and Retail sectors. In the eight major categories, the Town's share of the Tolland County regional economy's job base was unchanged. The largest of the Town's decline in share was, as indicated by the data above, was experienced in the Town's Retail Trade sector, down from 42.8% of Tolland County's job base in 1996 to 32.6% in 2001—a reduction of more than ten percentage points.

The above change in share analysis is reflective of the contrasting fortunes of the Town's major job categories within the community and the contrasting fortunes of the Town versus the Tolland County region over the last five years. The data presented in

the accompanying Chart and the Table below portrays those trends in terms of the absolute number of jobs gained and lost and in relative percentage terms.

More specifically, Table 2 shows that the Town lost a total of 522 jobs over the last five years (or just over 5% of Vernon's job base), while the county gained nearly 2,200 jobs (representing a 6.2% increase).

**Table 2: Overview of Job Structure Change, Vernon-Tolland County 1996-2001**

Town of Vernon	Average Employment		Job Distribution		Change Statistics	
	1996	2001	% Total 96	% Total 01	# Chge	% Chge
<b>Job Base Structure-Performance</b>						
Agriculture, forestry, fishing	43	59	0.4%	0.6%	16	37.2%
Construction	596	572	6.1%	6.2%	(24)	-4.0%
Manufacturing	870	697	8.9%	7.5%	(173)	-19.9%
Wholesale trade	181	160	1.8%	1.7%	(21)	-11.6%
Retail trade	3,251	2,449	33.1%	26.4%	(802)	-24.7%
Finance	391	484	4.0%	5.2%	93	23.8%
Services	3,105	3,273	31.6%	35.2%	168	5.4%
Government	1,035	1,261	10.5%	13.6%	226	21.8%
Other	340	335	3.5%	3.6%	(5)	-1.5%
<b>Total</b>	<b>9,812</b>	<b>9,290</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(522)</b>	<b>-5.3%</b>
<b>Tolland County</b>						
<b>Job Base Structure-Performance</b>						
Agriculture, forestry, fishing	652	655	6.6%	7.1%	3	0.5%
Construction	1,615	1,926	16.5%	20.7%	311	19.3%
Manufacturing	3,906	3,821	39.8%	41.1%	(85)	-2.2%
Wholesale trade	746	657	7.6%	7.1%	(89)	-11.9%
Retail trade	7,602	7,522	77.5%	81.0%	(80)	-1.1%
Finance	1,055	1,161	10.8%	12.5%	106	10.0%
Services	7,906	8,656	80.6%	93.2%	750	9.5%
Government	10,839	12,196	110.5%	131.3%	1,357	12.5%
Other	756	661	7.7%	7.1%	(95)	-12.6%
<b>Total</b>	<b>35,077</b>	<b>37,255</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2,178</b>	<b>6.2%</b>

Basic Data Source: Connecticut Department of Labor

As a result, Vernon's share of the county's total job base fell from 28.0% of the total in 1996 to 24.9% in 2001.

The job change data for the Retail sector show a reduction of 80 jobs across county, from 7,602 in 1996 to 7,522 in 2001. For the Town of Vernon, the job losses over the same period was a disturbing 802 jobs (from 3,251 in 1996 to 2,449 in 2001) The loss in retail jobs in Vernon was ten times greater than in the county from 1996 to 2001.

Vernon's factory sector industry also experienced a disturbing loss of jobs during the past five years. Even though the loss of 173 manufacturing jobs over the past five years does not appear dramatic by itself, that level of job loss corresponds to roughly 1 of every 5 factory jobs that existed in the Town just five years ago—a dramatic -19.9% loss in percentage terms.

On the positive side, Vernon gained relative share of Agricultural, Finance, and Government sector jobs. This was an actual increase of 16 jobs, 93 jobs, and 226 jobs, respectively. Compared with Tolland County, only the sector in the Town to lose jobs over the 1996-2001 period when the county gained jobs, was the Construction sector. However, the change was less than 25 jobs, a relatively insignificant impact.

## D. Trends in Household Income 1990-2000

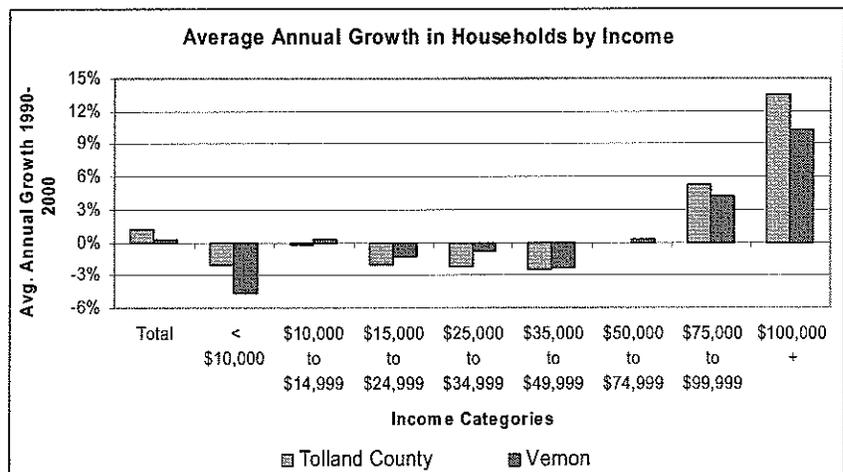
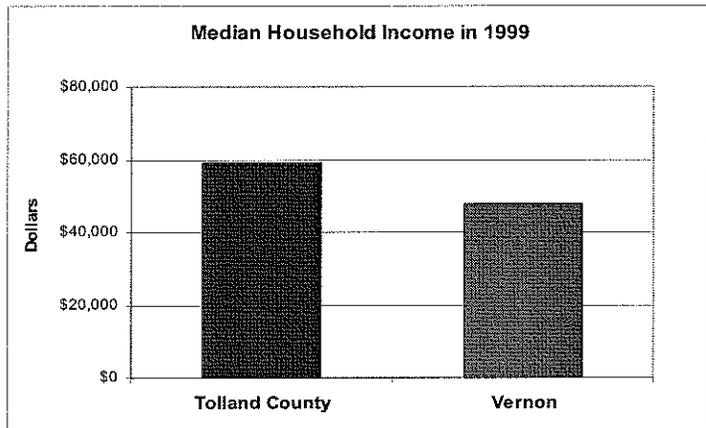
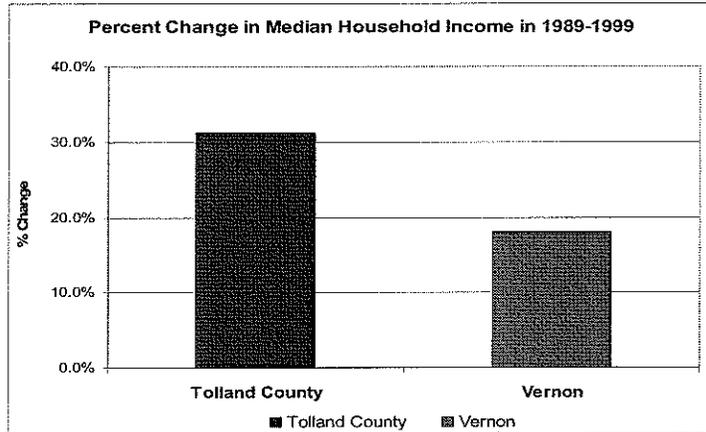
Over the 1990-2000 period, Census data indicate that Vernon's median household income increased by 17.9% over the ten year period, a level of growth considerably lower than the rate of growth experienced in Tolland County overall—at a 31.2% increase overall. As raw Census data confirms, Tolland County's median household income increased from \$45,019 in 1990 to \$59,044 in 2000—

representing an aggregate change of \$14,025 over the 1990s decade. In comparison, Vernon's aggregate median household income level increased by only \$7,273 from \$40,543 to \$47,816 during the ten year period—or by only about half as much in dollar terms vis-à-vis the dollar level increase experienced by Tolland County overall.

Census data also indicate that the Town of Vernon experienced similar income growth trends relative to the overall Tolland County region in each individual income level category, except for the very high and very low end—of the household income spectrum.

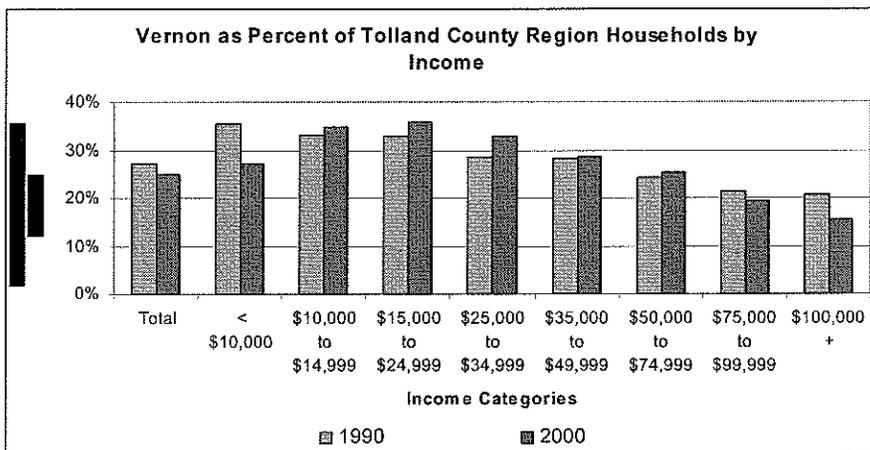
More specifically and on the lower end of the income scale, the Town experienced a relatively faster rate of decline in the number of households in the Less than \$10,000 Median Income category than the greater Tolland County. At the high end

of the household income spectrum, household growth has been notably higher in



Tolland County than it has been for the Town of Vernon—with a 5.2% per year rate of increase for the county versus 4.2% per year increase in the number of households in the income category of \$75,000 to \$99,999 for the Town. In the \$100,000 household income category over the period, the county as a whole experienced a 13.5% rate of household growth per year in comparison to the 10.3% per year rate of increase in households for income levels of \$100,000 and above for the Town.

Tolland County's considerably stronger average annual rate growth of households earning at or above \$100,000 may be indicative of the region's superiority to the Town of Vernon with respect to the region's overall attractiveness to higher income households looking for "good value" for housing. Although the number of households appears to have either declined slightly or remained flat across the Town's middle income categories, the stark juxtaposition between the Town's 10.3% increase experienced in households with \$100,000 or more household income and -4.6% decline



in households with less than \$10,000 in household income may nevertheless indicate a diminished ability of low- and middle-income households to afford housing in the Town.

However, the above observation

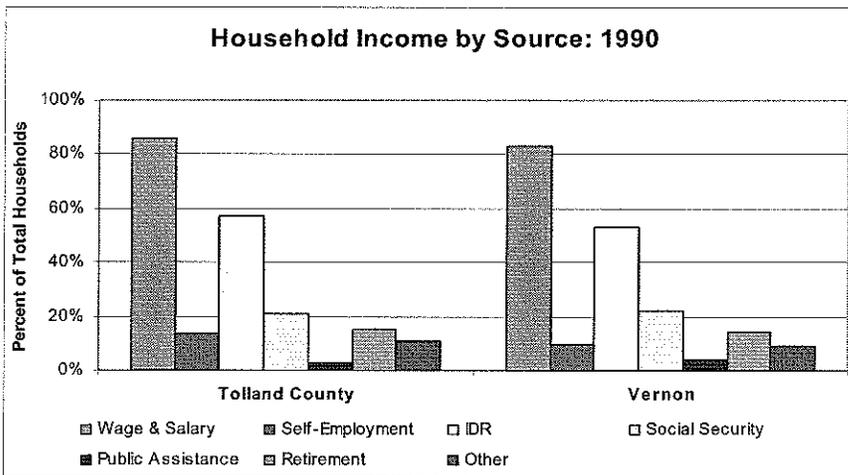
is not nearly as apparent when examining the Town's share of households, as a percentage of the Tolland County total in 1990 and 2000, across the same household income groupings. From this perspective, it appears that the Town's share of households at the two income extremes has declined over the 1990-2000 period. In the Less than \$10,000 in household income category, the Town experienced an -8.5% decline. In the Greater than \$100,000 category, the Town's share dropped by 5.1 percentage points. As indicated above, the large decline in the proportion of households in the Town relative to Tolland County is significant, in that it could be indicating increasing housing affordability for the Town's elderly households—since the elderly population typically comprises the vast majority of households in this Low Household Income grouping.

Over the decade of the 1990s, the above chart also confirms two important and related household income trends in the Town of Vernon: (1) that a significantly higher share of the Town's households have household incomes in the Low- to Moderate-income categories between \$10,000 to \$49,999 relative to Tolland County, and (2) the percentage of households in these income categories in the Town has increased at a

significantly higher rate than was the case for the county overall during the 1990-2000 period.

Combining population and household data sets from the above section results in another important observation in this area—the fact that Vernon has a smaller household size than Tolland County. This is illustrated by the fact that the Town in 2000 had a relatively lower share of the regional population (at 20.6% of the total population in Tolland County) and at the same time had a relatively higher share of the total number of households (at 24.9% share of the county's total households). This smaller household size is a typical one for communities with a large population of retired persons.

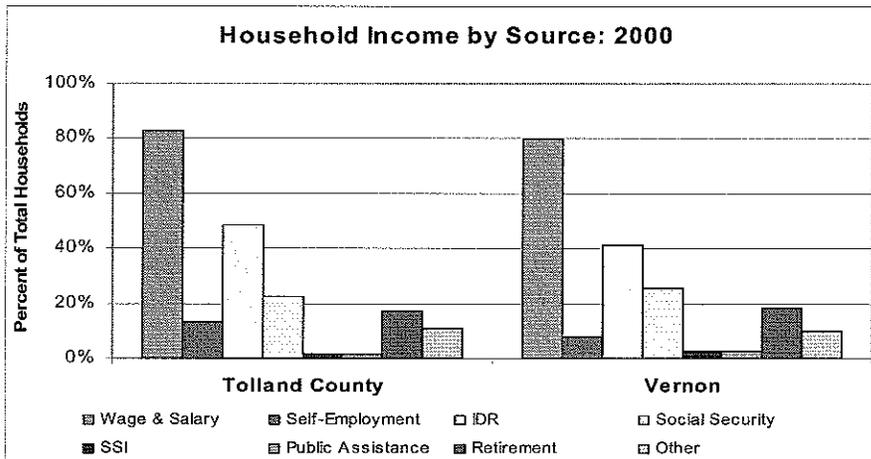
Analyzing comparative data household income by source for the Town and county,



these data indicate that households in the Town derive similar proportions of their income from sources that are similar to the rest of Tolland County. For example, in both 1990 and 2000 these data show that approximately 80% of households in both the Town and the county overall received the majority

of their income from wages and salaries.

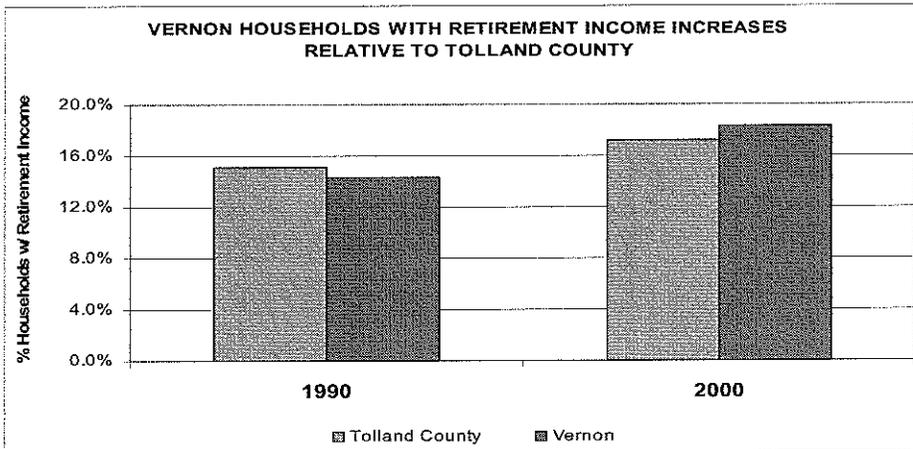
However, although the second largest income source for both the Town and Tolland County was the Interest, Dividends and Rent category, these data show that this



income source has declined more significantly in the Town—by a total of -12.3 percentage points over the 1990s—versus a slightly smaller – 8.9% decline for Tolland County. Given the aging trend in entire region's population,

it is not surprising to see that the next two largest sources of income for households in Vernon and Tolland County in 2000 were: (1) social security, and (2) non-social security retirement.

Looking more closely at the Town and county elder populations, the chart below shows that there has been a significant increase in the Town's share of total households that

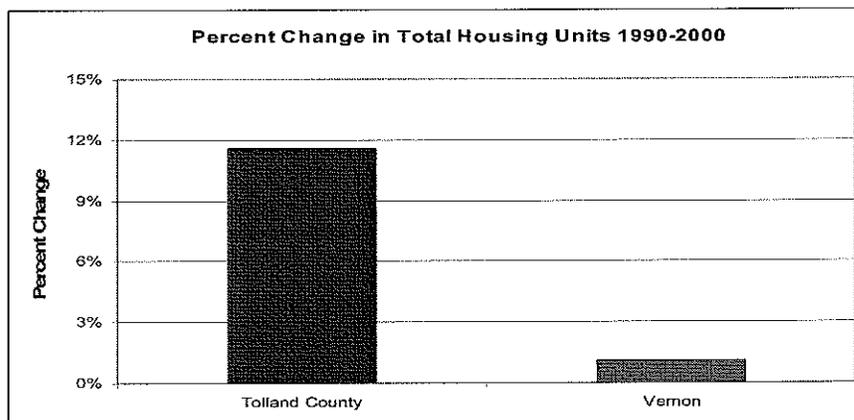


derive their income from retirement sources over the 1990 to 2000 period. In 1990, this share was slightly below the average share for the county as a whole. By 2000, the Town's share

had risen significantly—increasing from 14.3% to 18.3% of the Town's households—or to a level that now exceeds the average percentage of households with retirement for the County as a whole.

### ***E. Trends in Housing Growth, Tenure, and Value 1990-2000***

Similar to the regional population growth trends, the 1.1% growth in housing units experienced over the 1990-2000 period by the Town of Vernon was again just a small fraction of the 11.6% rate of increase in total housing units for the Tolland County overall. In fact, Vernon's small, 1.1% rate of increase in the number of housing units translates to a total aggregate change of only 132 new housing units (or a total of just

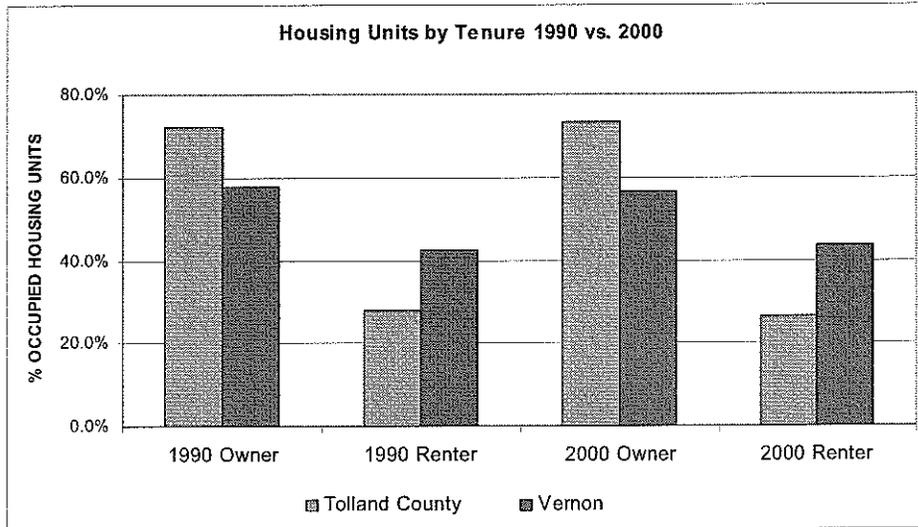


13.2 units per year) over in the ten year, 1990 to 2000 period.

In comparison, Tolland County experienced an increase in the total aggregate number of housing units of 5,122 (or by 11.6% versus its 44,309 unit level in 1990) during the

1990-2000 period. As a result, the Tolland County housing unit total was 49,301 housing units in 2000.

Looking at Vernon's and Tolland County's housing stock in 2000, tenure data from the 1990 and 2000 Censuses reveals little change since 1990 in the mix of owner housing and renter housing for both peer regions. The data in the accompanying chart illustrates that Vernon has had and continues to have had a significantly lower percentage of owner occupied units and a significantly higher percentage of renter units than the Tolland County overall. In 2000, the Town had a total of 43.5% (or nearly half)

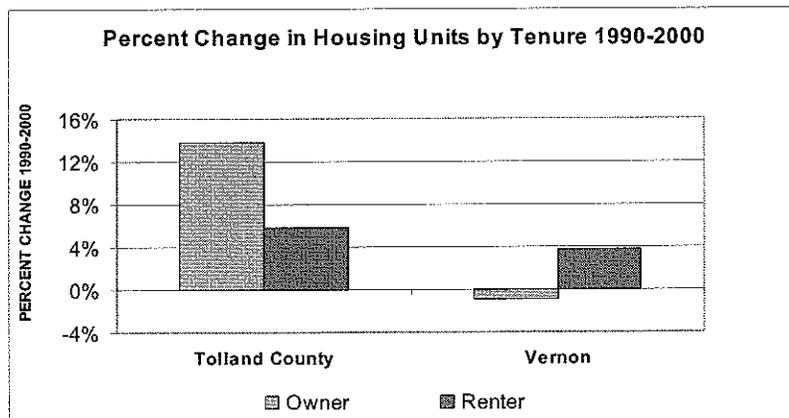


of its housing units in the renter category—an increase of 1.1 percentage points versus the 1990 Census. For Tolland County overall, the percentage of housing units in the renter category was 26.5% (or only about 1/4 of the unit inventory)—

corresponding to a decline of 1.5 percentage points over the 1990-2000 period.

Since renter households have historically been comprised of more lower income residents, the Town's relatively larger share of renters for both the 1990 and 2000 Census snapshots was not surprising within the context of the data presented above that indicated a higher proportion of lower income households in the Town relative to Tolland County.

Looking at this tenure data more closely in terms of the relative change over the course of the 1990s in the total number of housing units, it appears that both Tolland County's owner and renter occupancy unit inventory increased at a significantly higher rate than the Town of Vernon over the period. The above trend is considerably more pronounced in terms of

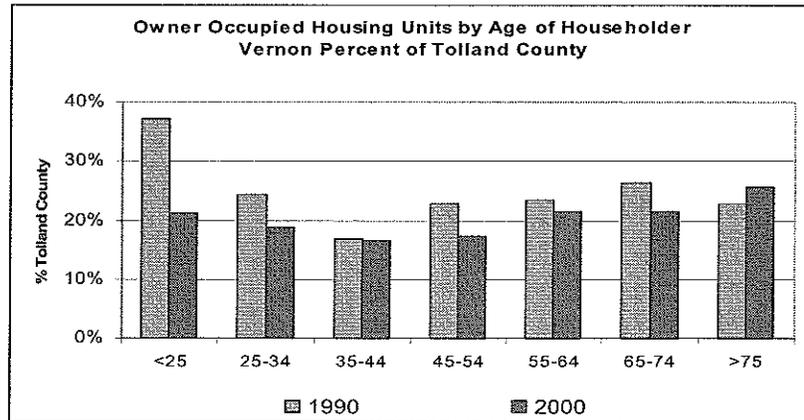


the change in owner occupied units in the Town relative to the county, where Tolland County's 13.8% increase was much larger than the Town's decline of -0.9% over the period. In the renter category, it also is important to note that Tolland County's 5.9% increase in renter occupied housing units over the 1990-2000 period was still slightly higher than the Town's 3.8% unit growth rate experienced over the 1990-2000 period.

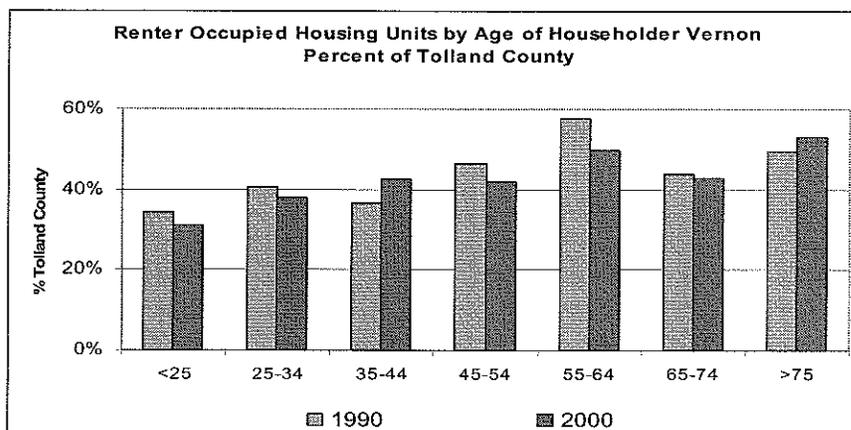
Looking at the Town's housing unit data by ownership type across the age spectrum for 1990 and 2000, it is clear that the Town's share of Tolland County's housing unit inventory has declined significantly in every age category except for those households

headed by individuals over 75 years of age in the Owner Category—which increased in share from 22.8% to 25.7% of the county total over the 1990-2000 period. The fact that the Town increased in share for any age category for either tenure type is notable, considering the fact that

the Town's *Aged 75 Years and Older* population category actually declined slightly in share relative to its Tolland County counterpart elderly population.



Of the categories where there were declines in the Town's share of Tolland County's owner occupied housing units, the Town's share of owner households in the *Under 25 Years* age category has nearly been reduced by half over the ten year 1990-2000 period, declining by a comparatively large 15.7 percentage points from 37.0% of Tolland County's housing inventory in 1990 to 21.3% of the total in 2000. From an economic



development—market study standpoint, the Town's rapid loss of younger homeowners may represent a potential lack of affordable living opportunities for younger age households seeking to live in the community vis-à-vis the Town's regional

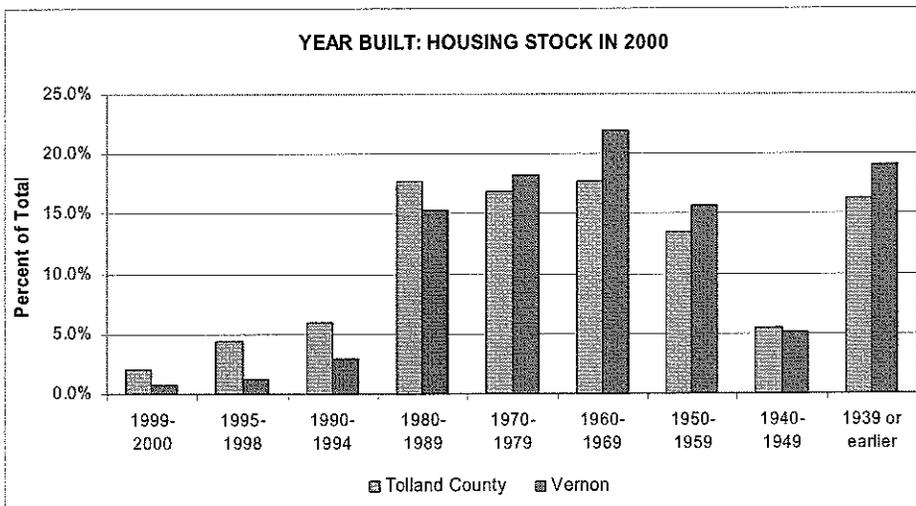
counterparts. Leaving aside economic and affordable housing concerns, the Town's increasing distribution of older, property owning residents and its decreasing share of

younger homeowners may be indicative of an upcoming tension in the community between homeowners and renters.

On the renter side of the Town's housing unit inventory ledger, these data indicate that the Town has declined in its share of Tolland County's rental occupied units in each age category except the over 75 and 35-44 Years of age brackets. For the most part, these data come as little surprise considering that the Town's share in Tolland County's population has declined significantly over the 1990s. Nonetheless, the increase in Vernon's share of Tolland County's renter occupied units headed by people 35-44 Years old, generally considered to be prime homeownership years, and may likewise indicate a sign of affordability stress within the region, especially considering that the Town's share of owner occupied units in this age category has declined slightly in proportion to Tolland County.

Examining the comparative housing stock estimates in 2000 for the Town and the county by the year constructed, the accompanying Chart shows that the Town has a significantly older housing stock than was the case for Tolland County overall in 2000. These data indicate that approximately 22.0%, representing the largest amount of the Town's current housing stock, was added during the 1960s—a level much higher percentage than the 17.7% in housing unit additions that occurred in Tolland County's housing stock overall during the same decade.

In addition, during the 1970s and 1980s, slightly more than 1/3 (or 33.5%) of Vernon's current housing stock was built, a trend that was similar to the percentage of the housing stock added to the overall Tolland County inventory (at 34.6% of the broader region's housing stock during these two decades). In contrast, less than one out of every twenty homes (corresponding to 4.8% of the total) of Vernon's housing stock was built during the 1990s, while the county added units to its housing stock during the



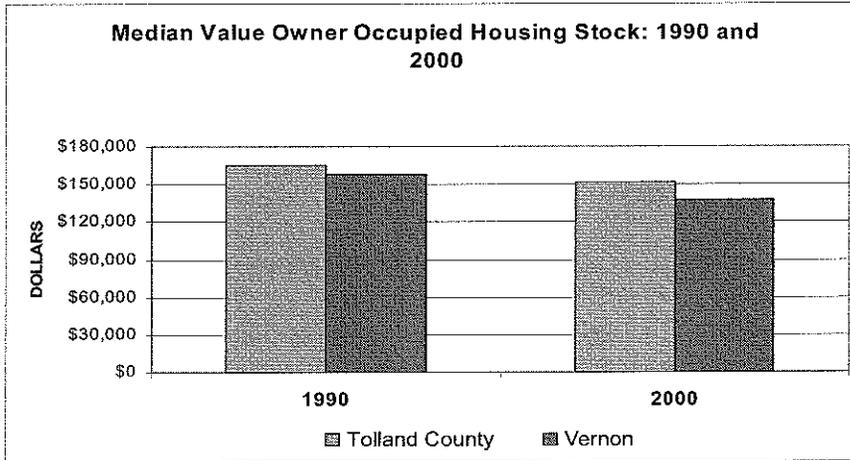
1990s equal to 14.4% of the current housing unit totals.

Looking at the decades prior to the 1980s for Vernon and Tolland County, it is clear that the Town experienced relatively greater housing unit growth is all

decades prior to the 1980s—with the exception of the 1940s. Conversely, the rate of housing unit additions in Tolland County overall exceeded the rate of unit addition in the

Town of Vernon over the last two decades by wide margins, resulting in a significantly lower median age of the housing stock in Tolland County overall versus the median age of the housing stock in the Town in 2000.

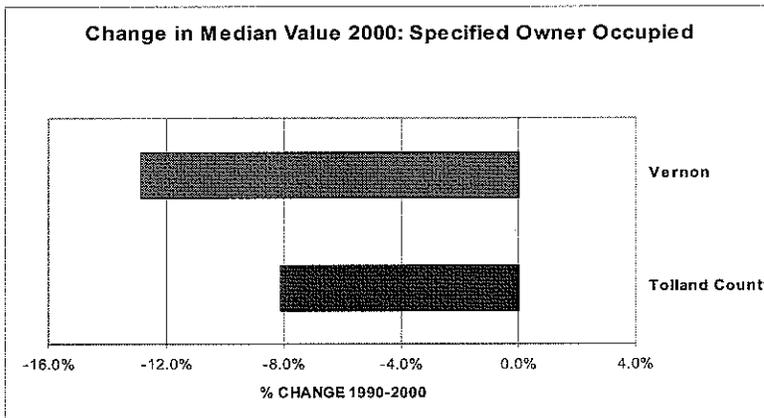
Data with respect to median housing values indicates that both Tolland County and the Town's median housing values declined over the 1990-2000 period. In 2000, the



median value of the Tolland County region's owner occupied housing stock was \$151,600, representing a decline in value of roughly \$13,400 in current dollars from the median value for the county in 1990 (at \$165,000). Likewise, the Town of Vernon's median housing value—

which includes a dollar value that was significantly less than the average value for owner housing units in Tolland County overall for both 1990 and 2000), also declined significantly over the 1990-2000 period. Over the decade, the median value for owner units in the Town declined by \$20,300 in current dollars (or from a \$157,600 in the Town in 1990 to roughly \$137,300 in 2000), a level of price decline more than 50% greater than the decline in median housing values across Tolland County during the decade of the 1990s.

Comparing the decline in median housing prices over the 1990-2000 period in percentage terms, the accompanying Chart illustrates that the median value of Vernon's



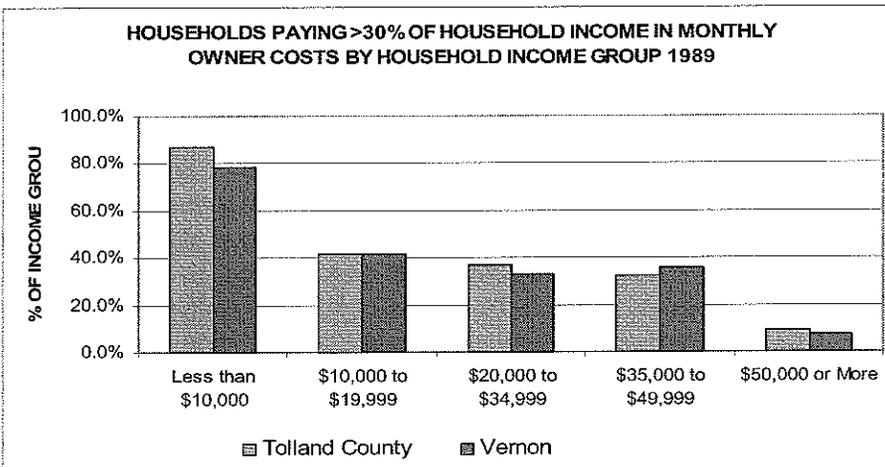
housing stock declined at a rate of 12.9% over the 1990-2000 period. That relative price decline performance, corresponded to a rate for the Town that was nearly 5 percentage points higher than the -8.1% decline in the median owner housing unit values for Tolland County overall over the same ten-year period.

## F. Trends in Housing Costs 1989-1999 (1990-2000 Censuses)

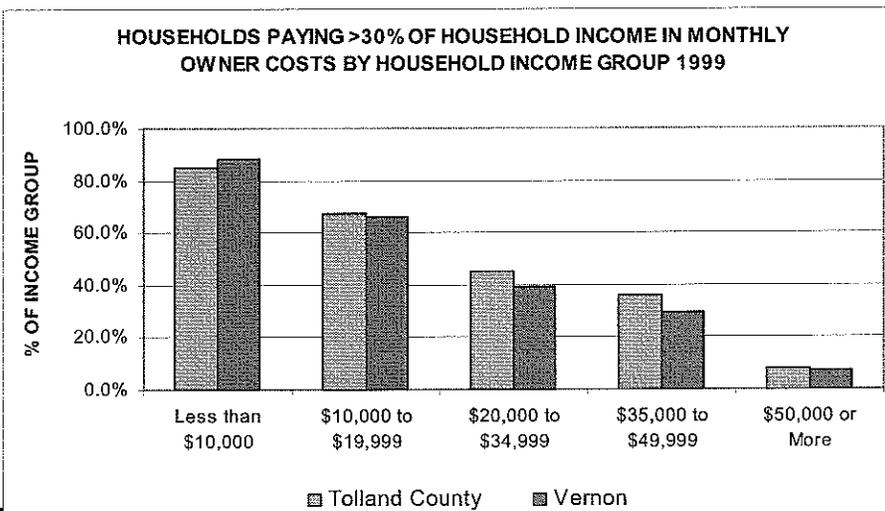
The final area of investigation for developing the demographic and economic context for the Town's marketing study concerns an analysis of recent trends in housing costs for owner and renter unit categories. To complete this analysis, the study again employs data from the 1990 (reflecting the cost situation in 1989) and 2000 (reflecting the cost situation in 1999) Censuses in order to quantify the number of households in the Town and in Tolland County that were paying more than 30% of their household income on housing costs across the income class spectrum.

The 30% benchmark, interpreted as the percentage of household income spent on housing costs (e.g. rent and utilities for renters; or mortgage utilities, taxes and insurance for owners) is used because it is considered to be a threshold indicator of housing cost stress by both the U.S. Department of Housing and Urban Development, by many state and local housing agencies, and by housing advocacy groups in order to identify geographic areas with and quantify the level of housing cost and affordability stress.

In 1989, the data in the Charts below indicate that Tolland County had significantly

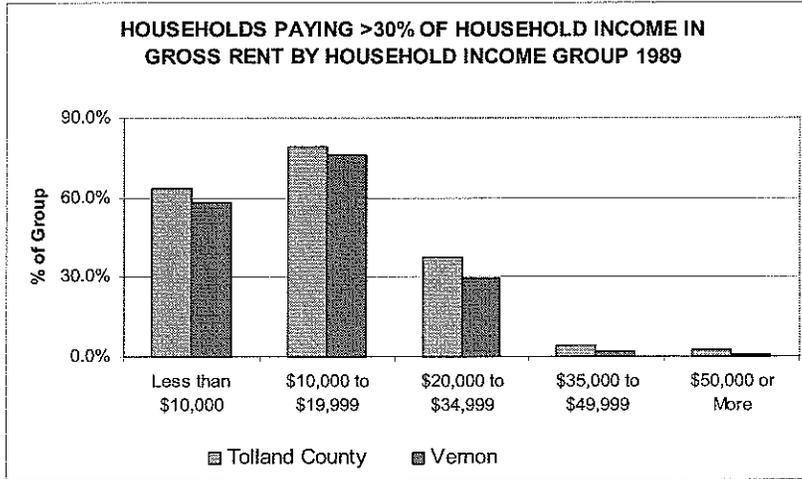


higher levels of housing affordability stress than the Town in each income category except for households in the \$35,000 to \$49,999 income category. Ten years later, these same data show that in 1999, Tolland County continued to demonstrate higher levels of housing cost stress all categories relative to the Town—with the notable exception of the Less than \$10,000 income category. As noted earlier,

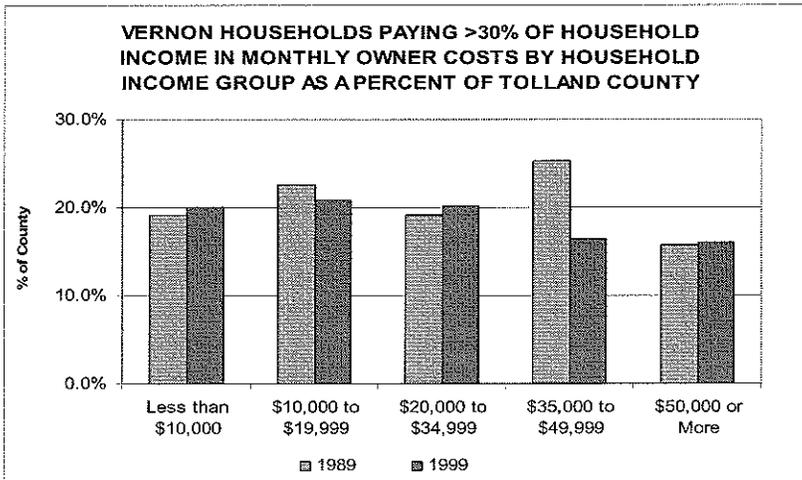


since this income class typically includes a disproportionate share of elderly-non-working households, these data may be pointing to increasing housing affordability pressures among the Town's elderly population.

More specifically, these data indicate that while Tolland County's percentage of housing cost-stressed households in the Less than \$10,000 household income category has



declined from 86.8% in 1989 to 84.9% in 1999, Vernon's percentage of 'stressed' households in its low household income bracket has actually increased by approximately ten percentage points over the 1989 to 1999—from 78.4% to 88.3% of the total.



From an affordability standpoint, these relatively high percentages of affordability stressed households earning Less than \$10,000 in household income are not entirely unusual. However, the 24.9% increase in the Town of Vernon's 'affordability stressed' households earning incomes between \$10,000 to \$19,999 does reveal increasing cost

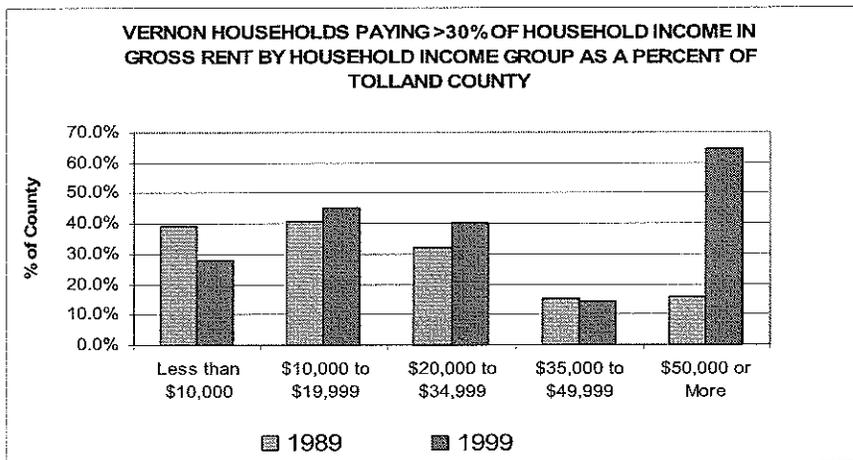
pressure for the Town's low income, non-elderly constituents who own their homes as well—a trend that may also be being felt to a similar degree across Tolland County.

Looking at these same Census data and comparing the Town's percentage of Tolland County's households in owner occupied units paying more than 30% of their income in monthly owner costs, housing cost stress results vary significantly across the Town's household income distribution. More specifically, these data illustrate that while the Town's share of Tolland County's housing cost stressed households in the \$10,000 to \$19,999 household income category has declined slightly during the 1990s, this household income group still comprised the largest share of the Town's proportion of

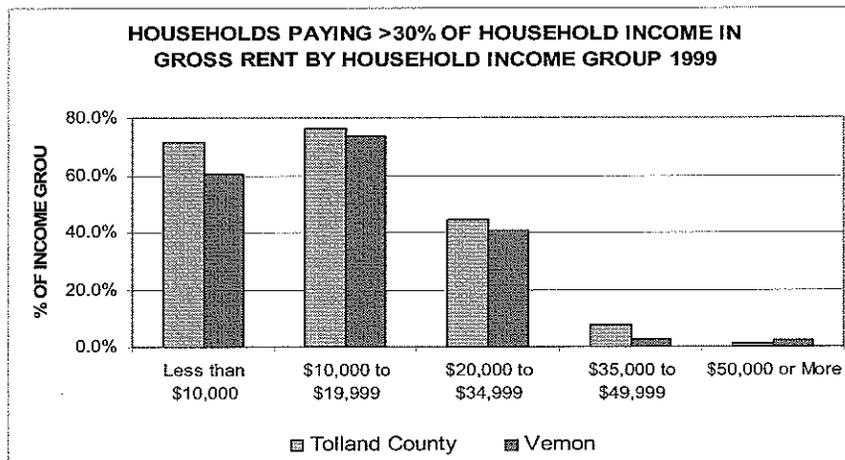
Tolland County's housing cost stressed households vis-à-vis the other four household income categories. Given these data, it appears that this may again be a sign that the regional housing market lacks affordable housing options for low- income and moderate-income households in the Town.

In light of the Town's larger than average renter housing unit inventory, a similar 30% of household income benchmark analysis of Vernon's rental households paying more than 30% of their household income in monthly gross rent was also completed. These data indicate that Tolland County has a higher percentage of housing cost stressed households across their income spectrum versus the Town of Vernon, a trend that has remained consistent over the 1989-1999 period. The greatest increase throughout the 1990s in the number of rental households experiencing housing cost stress for both the Town of Vernon and Tolland County occurred in rental households earning household incomes between \$20,000 and \$34,999—where Vernon has experienced an increase of 11.1 percentage points from 1989 to 1999.

Analyzing the housing cost stress data for renter units in terms of Vernon's share of stressed rental households relative to Tolland County, the data show that Vernon's



already large rental market has seen several proportional increases within their separate income categories between 1989 and 1999. From the community's standpoint, the discrepancy between the Town's 11.2% decline (in



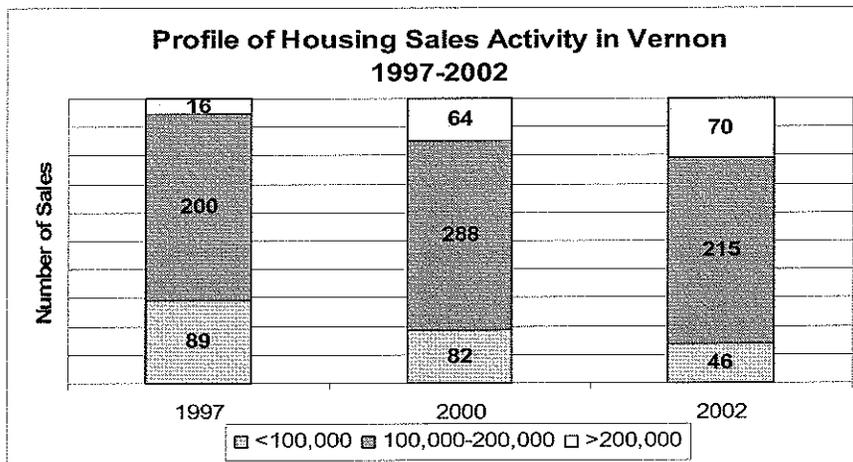
this case, representing an improvement in affordability over the 1989-1999 period) experienced the Town's share of 'stressed' rental households with household income of less than Less than \$10,000 (a.k.a. the Town's elderly and the

community's very-low income households) compared with the combined 12.7% increase in the Town's share of Low-Moderate income households earning between \$10,000 to \$34,999 is indicative of Vernon's apparent drift towards a retirement community as opposed that of a blue-collar, family-oriented community.

### G. Profile of Recent Housing Sales Activity

Looking at more recent data on housing market activity, the 1997-2002 data show that the Town has experienced a significant change in the nature of single family sales activity. Since 1997, median housing sales prices have increased from \$120,000 in 1997 to \$154,900 representing an increase of 29.1% over the five year period or at the rate of 5.9% per year. This increasing median sales price trend is consistent with housing price trends in many communities in the Greater Hartford region, and reflects recent building activity in the Town that has edged into the higher end of the price range in the undeveloped portions of the community.

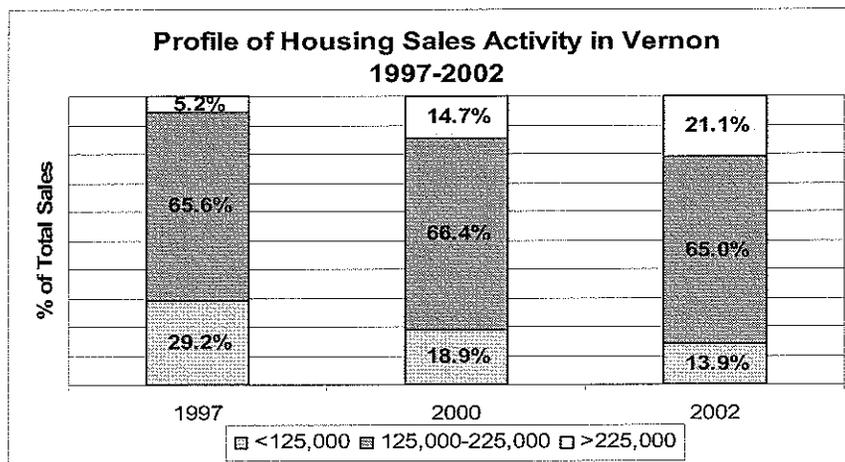
Looking more closely at the data, the past five years has seen the number of single family sales home sales with a selling price of greater than \$200,000 in the Town rise



sharply from a level of just 16 sales in 1997 to a total of 70 in 2002—

corresponding to a more than fourfold increase. At the same time, single family home sales at the lower end of the spectrum—those that sold for less than

\$100,000—have dropped by roughly one half. The data show that in 1997, there were a total of 89 single family home sales in the Town that were priced under \$100,000. In 2002, that number declined to just 46 single family sales in this under \$100,000 home



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sales price category. Sales in the \$100,000 to \$200,000 range stayed relatively constant over the period, with 1997 sales in this category totaling 200 sales and the number of sales at 215 for calendar year 2002.

As a result, the distribution of the Town's single family home sales activity has changed to the point where the price distribution has nearly inverted over the 1997-2002 time frame. In 2002, the upper end of the price range accounted for 21.1% of total sales—up from just 5.2% of total sales in calendar 1997. The lower end of the price spectrum, in contrast, has declined dramatically over the last five years from 29.2% of total sales in 1997 to the level of just 13.9% of the total in calendar 2002.

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### **III. Assessment of Economic Development, Commercial, and Retail Market Trends and Potential**

In conducting this market assessment study, the investigators found there were relatively few barriers within the Town of Vernon that would hinder the Town's ability to further develop its economy—and in particular expand its base of commercial and retail establishments. The Hartford Metropolitan Statistical Area (MSA) and Tolland County each house unique industry sectors which employ a large number of workers at higher than average wages. There are several parts of the regional economy that are growing (Manufacturing and Business Services) and show promise for the future. Several are likewise on the decline, such as the Printing & Publishing and Wholesale Trade sectors. However, even these struggling sectors do not impose insurmountable challenges that threaten the future of the economic success of the community. Vernon has unique qualities that have promoted development-growth in several of the key dollar-importing industries, such as low rental costs, quality work force, central location, and room for growth. These offer immediate opportunities to further quality economic and job development in the Town.

Vernon's key dollar-importing industries include several specialized manufacturing sectors including commercial lithograph printing and surgical and medical instrument manufacturing. Due to a combination of Vernon's demographics and its partnership with Manchester Medical Center, the Town has developed a niche medical industry that has continued to be a major employer. In addition, with commuters traveling through Vernon, the Town has the potential to draw those employees into an area closer to their existing homes while offering businesses a location close to Hartford without the high rents or traffic congestion. By tapping into the existing commuter base, Vernon has the ability to attract quality employees to grow the town's key dollar-importing industries and new ones within business services, engineering services, or electronic equipment. The commuters also hold the potential for Vernon's future retail endeavors. More than half of the commuters traveling through Vernon travel through downtown. Empirical studies indicate that 48% of commuters typically stop at least one time either on their way to or on their way home from work on any given day's commute.<sup>1</sup> Given the fact that over 40,000 cars pass through the community's three major corridors on any given work day, Vernon has the potential to pickup a significant amount of commuter shopping dollars if retailers in the community offer the type of products that such shoppers demand.

#### ***A. Overview of Key Exporting (Dollar-Importing) Sectors— Opportunities for Industrial Development***

This study identified nine key export industries in the Tolland County region. Key export industries were narrowed down after reviewing the changes in employment over the 1996 through 2001 time period for all industries, reviewing total employment for each industry, and then comparing the average wage from each industry to that of the

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<sup>1</sup>*Methodology for Nonwork Travel Analysis in Suburban Communities*, Virginia Transportation Research Council, Virginia Department of Transportation, and the University of Virginia, 1994.

County's average. Those industries with a relatively large employment base and above average wage were further reviewed relative to the type of business and whether the type of industry or business is typically considered an export industry by way of its structure.

**Table 3. Key Dollar-Importing Industries - Tolland County Regional Economy**

<b>Industry</b>	<b>Change in Emp 96-01</b>	<b>% Emp in 2001</b>	<b>% of County Avg. Wage 2001</b>
<b>Printing &amp; Publishing</b>	-296	1.10%	94.1%
<b>Fabricated metal products</b>	84	0.9%	140.7%
<b>Industrial machinery and equipment</b>	103	2.3%	136.7%
<b>Electronic and other electric equipment</b>	80	1.6%	144.5%
<b>Transportation equipment</b>	-12	0.6%	135.7%
<b>Instruments and related products</b>	-13	0.4%	143.5%
<b>Wholesale trade</b>	-89	1.8%	138.6%
<b>Business services</b>	229	3.1%	116.5%
<b>Engineering and management services</b>	39	1.3%	136.2%
<b>Food and kindred products</b>	0	0.8%	70.0%

Of the nine key export industries in Tolland County, only two have a presence in the Town of Vernon. Vernon has a large employment base within Printing and Publishing and Instruments & Related Product Manufacturing. It was also found that Vernon has a high concentration of Health Care Services relative to the balance of Tolland County, making it a key export industry for the Town. One of Vernon's top non-medical employers is found in the Printing and Publishing industry, focused in commercial lithographic printing, and employs between 100 and 249 employees (data as of 2001). Another Vernon key industry, Surgical & Medical Instrument Manufacturing also only has one employer, and employs slightly fewer employees – between 50 to 99 (2001 data).

**Table 4. Town of Vernon's Largest Employers, By Industry Sector, 1998**

Vernon's Largest Employers, by Sector (1998)		Total Establishments	Number of Establishments by Employment size				
			50-99	100-249	250-499	500-999	1000+
31	Manufacturing	42	3	2	0	0	0
3133	Broadwoven fabric finishing mills	2	0	1	0	0	0
3231	Commercial lithographic printing	1	0	1	0	0	0
3261	All other plastics product mfg	2	1	0	0	0	0
3328	Electropl, plating, polish, anodize, color	2	1	0	0	0	0
3391	Surgical & medical instrument mfg	1	1	0	0	0	0
44	Retail trade	134	3	3	1	0	0
48	Transportation & warehousing	1	1	0	0	0	0
4854	School & employee bus transportation	1	1	0	0	0	0
52	Finance & insurance	46	1	0	0	0	0
5221	Savings institutions	11	1	0	0	0	0
54	Professional, scientific & technical services	48	1	0	0	0	0
5416	Human res & exec search consulting services	3	1	0	0	0	0
56	Admin, support, waste mgt, remediation services	33	1	0	0	0	0
5614	Telephone answering services	2	1	0	0	0	0
62	Health care and social assistance	93	1	2	1	1	0
6216	Home health care services	3	0	0	1	0	0
6221	General medical & surgical hospitals	1	0	0	0	1	0
6231	Nursing care facilities	2	0	2	0	0	0
6243	Vocational rehabilitation services	2	1	0	0	0	0
71	Arts, entertainment & recreation	11	1	0	0	0	0
7139	Fitness & recreational sports centers	5	1	0	0	0	0
72	Accommodation & food services	64	5	1	0	0	0
7221	Full-service restaurants	29	4	1	0	0	0
7222	Limited-service restaurants	19	1	0	0	0	0
81	Other services (except public administration	86	2	0	0	0	0
8123	Industrial launderers	2	1	0	0	0	0
8134	Civic & social organizations	8	1	0	0	0	0

**Table 5. Town of Vernon's Largest Employers, By Industry Sector, 2001**

Vernon's Largest Employers, by Sector (2001)			Number of Establishments by Employment Size				
			Total Establishments	50-99	100-249	250-499	500-999
31	Manufacturing	37	2	2	0	0	0
3133	Broadwoven fabric finishing mills	2	0	1	0	0	0
3231	Commercial lithographic printing	1	0	1	0	0	0
3261	All other plastics product mfg	2	1	0	0	0	0
3391	Surgical & medical instrument mfg	1	1	0	0	0	0
44	Retail Trade	126	4	4	0	0	0
48	Transportation & warehousing	1	1	0	0	0	0
4854	School & employee bus transportation	1	1	0	0	0	0
52	Finance & insurance	41	1	0	0	0	0
5221	Savings institutions	11	1	0	0	0	0
56	Admin, support, waste mgt, remediation services	29	1	0	0	0	0
5617	Janitorial services	8	1	0	0	0	0
62	Healthcare and social assistance	98	1	3	2	1	0
6211	Offices of physicians (exc mental health)	28	0	1	0	0	0
6216	Home health care services	3	0	0	1	0	0
6221	General medical & surgical hospitals	1	0	0	0	1	0
6231	Nursing care facilities	5	0	2	1	0	0
6243	Vocational rehabilitation services	1	1	0	0	0	0
71	Arts, entertainment & recreation	11	1	0	0	0	0
7139	Fitness & recreational sports centers	4	1	0	0	0	0
72	Accommodation & food services	58	3	1	0	0	0
7221	Full-service restaurants	23	2	1	0	0	0
7222	Limited-service restaurants	17	1	0	0	0	0
81	Other services (except public administration)	87	2	0	0	0	0
8123	Industrial launderers	2	1	0	0	0	0
8134	Civic & social organizations	5	1	0	0	0	0

The Surgical & Medical Instrument Manufacturing industry links to Vernon's other key export industry – Medical Care Services. The top purchasers of Surgical & Medical Instruments produced in Tolland County are the Hospital, followed by Doctor and Dentist Offices and Other Medical Service Industries. The following table illustrates the industry links through production and purchasing of goods or services. In 2000 producers of Surgical & Medical Instruments in Tolland County sold \$1.2 million (40.2%) in product to Tolland County Hospitals, followed by \$690 thousand of product (or 23.0%) to Doctor & Dentist Offices, \$467 thousand (15.6%) to Other Medical Services, and \$485 thousand (16.2%) of product to their own industry. In total, 95% of Surgical & Medical Instruments produced for Tolland County were purchased by the health care industry. Other Medical Services, which includes veterinary services, medical & dental laboratories, home health care services, kidney dialysis centers, and specialty outpatient facilities, produces over \$2.368 million in sales to Tolland County Doctor and Dentist offices. Tolland County Hospitals do not sell a large percentage of goods or services to Tolland County industry; rather they purchase considerable amounts of

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goods and services from other Tolland County Industry. As stated earlier, Hospitals purchase \$1.2 million in Surgical and Medical Instruments from Tolland County Manufactures. They also purchased in 2000, \$4.4 million in management & consulting services, \$2.3 million in computer & data processing services, \$1.586 million in wholesale trade, and 1.2 million in other business services from within Tolland County. Other business services include industries involved in collection services, direct mail advertising services, secretarial and court reporting services, and news syndicates. The Doctor and Dentist offices, Nursing and Personal Care Facilities, and Other Medical Service industries have similar purchasing patterns to that of the Tolland County Hospitals as shown in detail below.

As part of the overall examination of the characteristics of Vernon's local economic base, a location quotient analysis was performed examining the Tolland County's local industries compared to the United States and Connecticut. A location quotient analysis can be used to indicate which industries have a comparatively larger or smaller presence in the local economy; the larger the location quotient the more likely that the good or service is being exported and bringing more income into the local economy. At the same time, an analysis of the change in local employment by industry is compared to the change in national industry employment to find the relative change in the local share of employment illustrating national and local competitiveness. It is important to note, that due to disclosure issues, much of the industry detail is not available below the single digit SIC. As a result, some of the local findings may be over estimated.

Two industries in Connecticut have stood out as export industries over the last two business cycles (1981 to 2000), Manufacturing and Finance, Insurance, and Real Estate. Both industries have consistently produced product exceeding the needs of the local economy, indicating an export industry. Since 1981, the manufacturing industry in Connecticut has declined. In 1981, employment in the Connecticut manufacturing industry was approximately 444,965, falling to 313,837 by 1992, and decreasing to 270,343 in 2000; this equals a drop of 2.76% per year in manufacturing employment. Connecticut's manufacturing employment declined approximately 16.0% faster than the national manufacturing employment, illustrating a drop in national competitive share. FIRE employment in Connecticut increased between 1992 and 2000 by 7.22%, but lost a large amount of national share over the period by not growing as fast as the national average in the industry.

The Hartford MSA has also experienced a decline in manufacturing, having manufacturing fall from the second leading export industry in the area to third. The Hartford MSA not only lost 12.6% of its employment over the last business cycle (1992-2000), but it lost national market share by losing more employment locally than what was lost nationally over the same period of time. Wholesale trade (ranked third for exports) has remained a stronger export industry for the Hartford MSA than for the state as a whole, keeping a larger share of total employment than that compared to the state or the country. Employment in wholesale trade in the Hartford MSA increased by 4.2% from 1992 to 2000, but like the manufacturing industry, lost national share by not growing employment at the national pace.



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Finance, insurance, and real estate has remained the strongest and lead export industry for the Hartford MSA over the last two business cycles, having only dipped in the last couple of years as a result of the... Employment in the FIRE sector started in 1981 at 79,518, growing to 96,091 by 1992, and then falling to 87,253 by 2000. This represents an annual compound rate of growth equal to 0.49% per year. The location quotient for the FIRE industry in Hartford is equal to 1.79 in 2000, the strongest export indicator for the area (the second highest location quotient being wholesale trade at 1.12). According to the location quotient theory, the industry with a location quotient above 1.00 is producing product greater than demanded in the area, therefore the product is exported. During the FIRE employment peak in 1992, the industry carried a location quotient of 2.21 in the Hartford MSA. Employment in the FIRE industry grew 27% over the 1981 to 1992 time period, and industry share grew as employment in the sector outpaced that of the nation. The employment trend changed during 1992 to 2000, the Hartford MSA lost 6.7% of the FIRE industry's employment and lost market share by losing employment while the national average in the industry grew.

Industry employment trends in Tolland County have not given rise to a strong export industry. Over the last two business cycles, Agricultural services, forestry, and fishing along with Retail trade have surfaced as Tolland's two leading export industries. Both have experienced a fall in their share of employment over the period, and neither carried a location quotient greater than 1.13 at the peak in 1981. Employment in the Agricultural Services, Forestry, and Fishing industry increased over 30% from 1992 to 2000, and increase from 577 jobs to 755 in Tolland County. While the Agricultural, Forestry, and Fishing industry increased jobs in Tolland, it did not increase employment as quickly as the nation; therefore it lost national share and competitiveness.

When Tolland's industry employment is compared to the three leading state export industries, Tolland County does not employ half of the positions necessary to complete as an export industry in either manufacturing or wholesale trade. Although, Tolland County did increase both manufacturing total employment and market share over the 1992 to 2000 time period through it increases in manufacturing employment. Tolland County's employment in FIRE is strong, but only strong enough to capture the existing county demand, not to export services. The FIRE industry in Tolland County increase employment by 28.8% over the 1992 to 2000 time period, just outpacing the national average increase in the FIRE industry employment over the same period. Wholesale trade employment has declined for County over the last two business cycles, while both manufacturing and FIRE employment as a percent of the all employment has increased.

### ***B. Overview of Retail Trends—Opportunities for Retail Development***

In examination of the retail trends associated with Vernon, Connecticut, data published by the United States Bureau of the Census, United States Department of Commerce, United States Bureau of Labor Statistics, and the Connecticut Department of Labor were reviewed. Information was also obtained from Claritas, Inc. and Economy.com.

In 1997, the Town of Vernon made up over 30% of the total retail establishments in Tolland County, while posting greater than 43% of the total retail sales. By 2002 Vernon's percent of total retail establishments in Tolland County had grown to 32% with fewer than 38% of total retail sales. Tolland County has remained essentially constant in its share of the Hartford MSA's total retail sales and number of establishments over the 1997 to 2002 time period, indicating that towns around Vernon in Tolland County have captured Vernon's loss of retail market share. The town has been keeping pace with the area's increase in retail store value, but has been losing pace with the average sales per store or per store volume.

**Table 7. Change in Retail Store Counts**

Vernon Town Connecticut - Chg. Retail Sales (1992-02)--Compound Annual Rate	Hartford MSA	Tolland County	Town of Vernon
Retail Sales	5.0%	4.7%	3.1%
Building material & garden dealers	9.5%	12.5%	8.5%
General merchandise stores	2.1%	-4.0%	@NA
Food & beverage stores	2.4%	2.1%	-4.8%
Auto Dealers & Gas stations	4.6%	-0.4%	5.2%
Apparel & accessories	-2.6%	-6.5%	-9.0%
Furniture	15.9%	20.1%	15.6%
Eating & Drinking Places	7.3%	7.1%	7.0%
Miscellaneous store retailers	4.1%	5.4%	@NA
<b>Notes:</b>			
@ NA means Not Available			
<b>Source: Bureau of the Census, EPR, Calaritas, Inc.</b>			

Looking at specific retail sectors, as illustrated in Table 7, furniture stores showed the largest growth in store counts over the 1992 to 2000 time period. Sales among retail furniture stores out paced store count growth, indicating an increase in productivity per store over the period. Establishments selling building material and garden supplies also experienced an expansion in the number of stores located in the Town of Vernon as well as an increase in per store sales from 1992 to 2000 (see Table 8). Both food and drinking and auto dealers and gas stations displayed larger sales per store during 1992 to 2000 over the increase in store counts. This, too, indicates an increase in production and efficiency per store.

**Table 8. Change in Retail Store Sales**

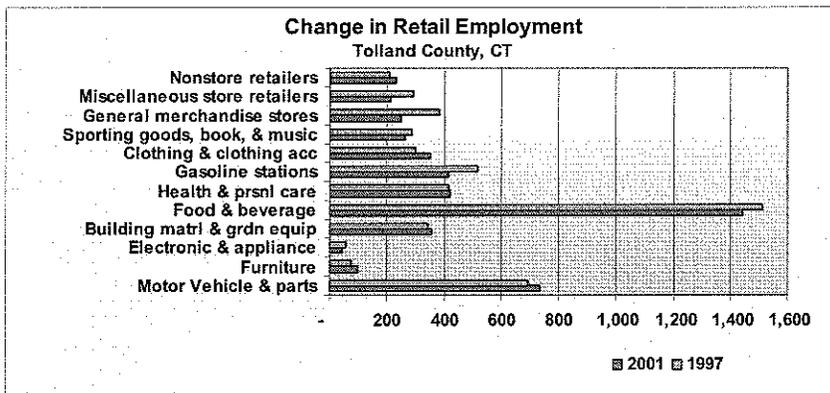
Vernon Town Connecticut - Chg. Retail Counts (1992-02)--Compound Annual Rate	Hartford MSA	Tolland County	Town of Vernon
Retail Sales	3.9%	3.6%	3.0%
Building material & garden dealers	7.0%	7.0%	5.9%
General merchandise stores	4.1%	1.3%	9.6%
Food & beverage stores	2.9%	3.7%	5.4%
Auto Dealers & Gas stations	1.3%	0.8%	1.5%
Apparel & accessories	1.0%	-0.6%	-2.1%
Furniture	10.2%	11.6%	10.2%
Eating & Drinking Places	1.8%	1.0%	0.7%

Miscellaneous store retailers	5.4%	4.9%	3.2%
<b>Notes:</b>			
@ NA means Not Available			
<b>Source: Bureau of the Census, EPR, Calaritas, Inc.</b>			

The Town of Vernon has outpaced Tolland County in the annual percent increase in store counts for building material and garden dealers, general merchandise stores, food and beverage stores, and auto dealers and gas stations; and even though the Town has experienced production increases from each of these retail forms (with the exception of food and beverage stores), the productivity increase has fallen shorter than that experienced by the Tolland County as a whole. When each area, the Hartford MSA, Tolland County and the Town of Vernon are compared at the retail sector level, the Town is growing more slowly in total annual sales and annual store counts.

The chart below depicts the change in retail employment over the 1997 to 2001 time period. As illustrated, half of the retail sectors have increased employment in Tolland County over the last few years; these sectors include clothing and accessories stores, health and personal care establishments, building and garden supply centers, furniture stores, and motor vehicle and parts stores.

**Change in Retail Employment for Tolland County 1997 to 2001.**



Tolland County has experienced a decline of 218 jobs over the five year period between 1997 and 2001. General Merchandise stores decreased the workforce by 136 positions, or roughly 10.30% annually. Other top

employment losses in the retail sector include Gasoline stations (dropping 99 employees), miscellaneous retail stores (loss of 78 employees), and Food and Beverage stores (decline of 69 employees). Furniture and clothing stores experienced the greatest increase in employment over the same time period, gaining 22 and 48 employees respectively. Earnings per retail employee are still greatest among motor vehicle and parts establishments and weakest at gasoline stations and clothing and clothing accessory stores.

As part of the overall examination of the characteristics of Vernon's local economic base, a location quotient analysis was performed examining the Town's retail industry compared to the United States and Connecticut. A location quotient analysis can indicate which industries have a comparatively larger or smaller presence in the local

economy; the larger the location quotient the more likely that the good or service is being exported and bringing more income into the local economy.

**Table 9. Tolland County Retail Trade Location Quotient**

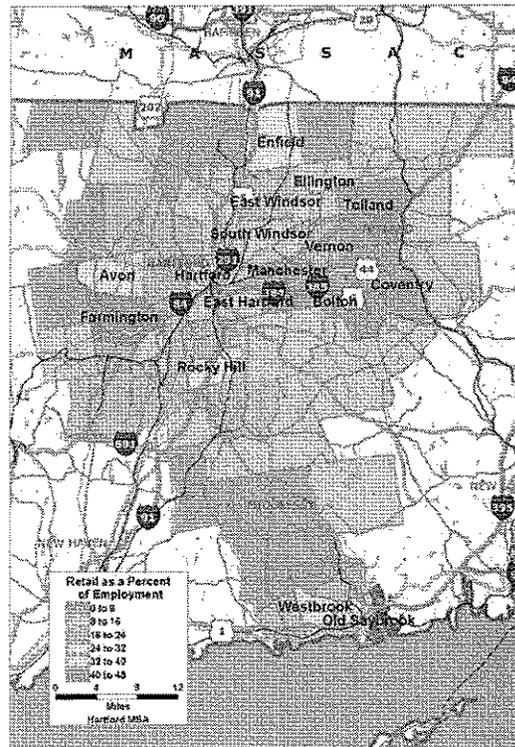
Retail Trade Location Quotient	1981	1992	2000
Tolland County as to Connecticut	1.17	1.19	1.14
Tolland County as to United States	1.13	1.13	1.08

Tolland County, having a location quotient just over 1.0, but less than 1.25 for its retail industry, does not display a share of employment compared to the United States or Connecticut that is indicative of an export industry, thus the level of employment is great enough to serve only local needs. As displayed in Table 9, Tolland County's location quotient for retail trade as declined slowly over the last two business cycles, supporting the earlier findings which indicate Tolland County and subsequently Vernon are losing retail market share.

Two retail centers were found in the Hartford MSA, Farmington to the west and Manchester towards the east-central portion of the MSA. As illustrated by Map 1 (Retail Employment as a Percent of Total Employment map) Farmington and Manchester represent the highest concentration of retail employment from the Hartford MSA, each having over 40% of total town employment in retail trade.

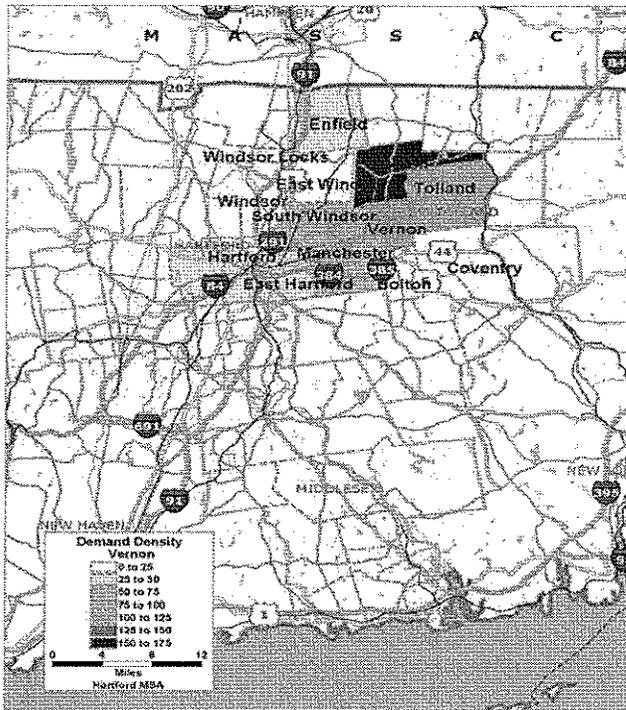
As part of the analysis of retail trends in the Rockville and Vernon area, an examination of the demand for goods and services was completed. Demand and sales trends are examined in relation to the number of households, average household income, and travel time to the potential retail area (downtown Rockville). Accordingly, demand patterns are analyzed in relation to the proposed retail location and sales potential is determined by individual surrounding communities in the expected area. For each community in the market area, a measure of sales potential, known as "demand density" is determined. Using demand density, the scope or total draw for retail trade can be determined. Demand density calculations were performed for Vernon (downtown Rockville) and the each of the other retail centers in the Hartford MSA.

**Map 1. Retail as Percent of Employment**



As illustrated in Map 2, Vernon's (or downtown Rockville) can draw potential demand from the communities of Ellington, Tolland, South Windsor, Manchester and to a less degree Enfield. Each of these communities has a close proximity to the downtown Rockville area, has significant numbers of households, and strong average annual household income. Downtown Rockville closest competition for retail draw is from the Manchester retail center, which draws higher retail demand from South Windsor and itself (see Map 3).

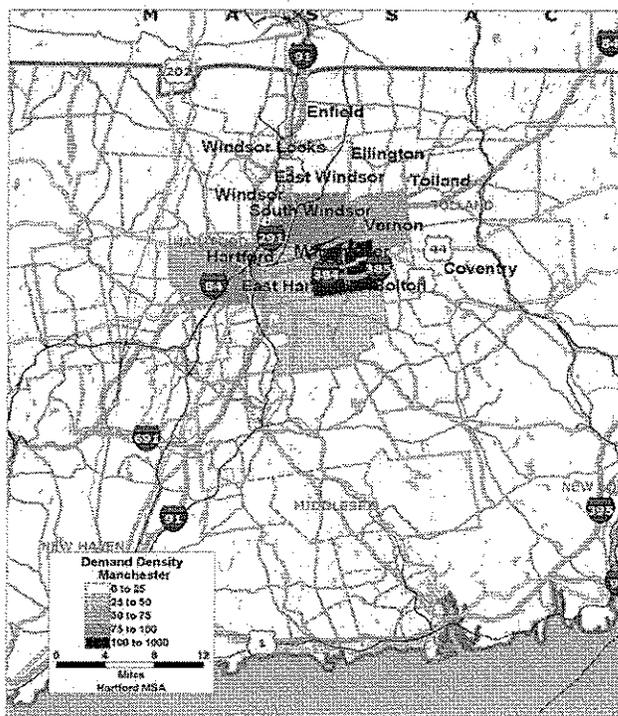
**Map 2. Retail Demand Density – Vernon.**



According to the demand density analysis for Farmington, downtown Rockville and Farmington do not share communities with strong demand to both locations (refer to Map 4).

Many retail centers cater to the through traveler or commuter. In order to display the travel or commuter patterns of the Hartford MSA workforce, an Import/Export map has been prepared and is illustrated in the following commercial trends section of the this report. As shown in Map 4, towns such as Hartford, East Hartford, Farmington, and Manchester import workers, as the communities have larger demands for workers than supply of employees. Conversely, towns such as Vernon, Tolland, Ellington, Enfield, and South Windsor export workers because they house a larger labor force than employment opportunities. As a result, workers from the export communities travel or commute to jobs in the import communities, thus allowing towns such as Vernon to capture some of that potential commuter shopping.

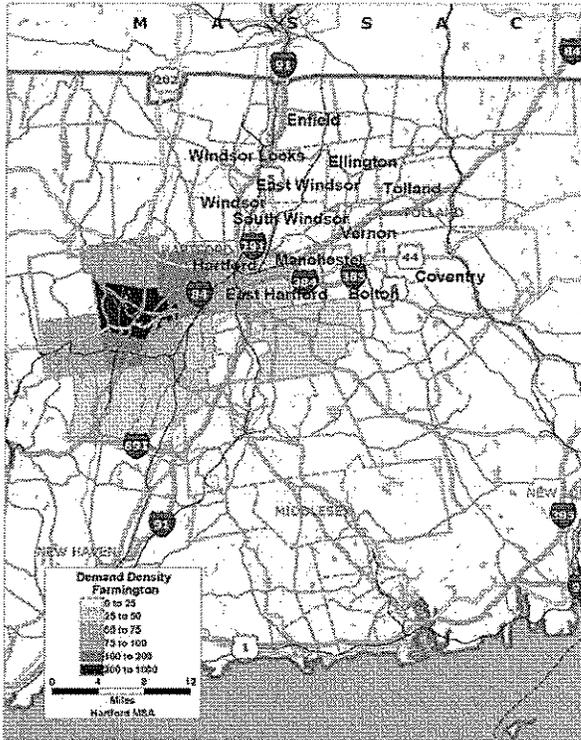
**Map 3. Retail Demand Density - Manchester**



Currently consumers in Vernon, Tolland, and Hartford spend the

majority of their disposable income on food for the home and outside the home. With the number of commuters in the region, it is no surprise that the second highest spending category includes automobiles and gasoline.

**Map 4. Retail Demand Density - Farmington**



Households have been increasing spending at home and garden supply establishments, bringing the annual total in 2002 close to that of the shirking apparel and accessory sector. Though the level of household spending at furniture retailers is relatively low as a percent of total spending, the category has experienced great increases in household spending, which is evident in the increase in the number of establishments selling furniture (refer to Table 10).

**Table 10. Retail Potential Assessment**

Average Annual Household Expenditures, 2002			
	Town of Vernon	Tolland County	Hartford MSA
Food & Beverages at Home	\$ 5,337	\$ 5,990	\$ 5,794
Eating & Drinking Outside the Home	\$ 5,230	\$ 5,921	\$ 5,736
Furniture	\$ 601	\$ 738	\$ 771
Apparel & Accessories	\$ 3,804	\$ 4,750	\$ 4,676
Home & Garden Equip & Supplies	\$ 3,398	\$ 4,113	\$ 4,241
Auto & Gas	\$ 6,890	\$ 8,956	\$ 8,213
Health Care	\$ 3,258	\$ 3,599	\$ 3,766

Source: Bureau of the Census, EPR, Calaritas, Inc.

#### IV. Overview of Office/Commercial Trends—Opportunities for Commercial Development

In reviewing the office and commercial trends for the Town of Vernon, information was gathered and reviewed from the United States Bureau of Labor Statistics, Bureau of Economic Analysis, and Economic Census Bureau, as well as other state and private organizations.

Over the last two business cycles, private employment in the Hartford MSA increased an average of approximately 1.0% per year. Tolland County experienced a higher than average increase, with a 3.37% increase in private employment. To related these changes in employment to the office and commercial changes, we first look at the Manufacturing, Transportation, Wholesale Trade, FIRE, and Service sectors.

The Hartford MSA experienced a drop of about 2.61% per year in manufacturing employment over the 1980 to 2000 time period, while Tolland County gained 1.64% in employment per year. National manufacturing employment fell over the same period, though not as fast as the Hartford MSA employment decline, allowing the MSA to loose national market share in Manufacturing. Since Tolland gained in manufacturing employment, the County gained in national market share. As displayed earlier (Key Industries Section), Vernon saw a net decline in manufacturing companies, from 42 to 37, loosing at least one larger employer (50-99 employees) and four small employers (1-4 employees), while gaining several employers in the 5 to 49 employee size range.

**Table 11. Employment Trends – Hartford MSA**

Hartford MSA Change in Employment 1981-2000, by Industry Sector				
SIC Code	Industry	1981	2000	Annual Compound Rate of Change
90	Private employment	547,258	661,507	1.00%
400	Manufacturing	154,677	93,663	-2.61%
500	Transportation and public utilities	21,522	32,392	2.18%
610	Wholesale trade	34,037	35,744	0.26%
700	Finance, insurance, and real estate	85,582	101,787	0.92%
800	Services	129,787	238,433	3.25%
900	Government and government enterprises	81,368	96,595	0.91%
910	Federal, Civilian	7,346	7,951	0.42%
931	State government	31,604	42,272	1.54%
932	Local government	38,061	43,487	0.70%

Source: United States Bureau of Economic Analysis

Tolland County experienced larger increases per year in wholesale trade employment as well as Finance, Insurance and Real Estate employment then the Hartford MSA. The Hartford MSA lost shares in national employment in both wholesale trade and FIRE industry sectors by not growing employment as fast as the national average over the time period. Tolland County experienced a growth in its national share of employment in FIRE over the 1981 to 2000 time period, as its employment growth just outpaced that

of the national average by less than 0.5%. Even though Tolland County underwent employment growth greater than the Hartford MSA in wholesale trade, it did not grow as fast as the national average and therefore lost a small amount of its share of the national wholesale trade employment.

**Table 12. Employment Trends – Tolland County**

Tolland County's Change in Employment 1981-2000, by Industry Sector				
SIC Code	Industry	1981	2000	Annual Compound Rate of Change
90	Private employment	22,035	41,348	3.37%
400	Manufacturing	3,280	4,468	1.64%
500	Transportation and public utilities	610	950	2.36%
610	Wholesale trade	949	1,159	1.06%
700	Finance, insurance, and real estate	2,312	4,046	2.99%
800	Services	6,602	15,845	4.72%
900	Government and government enterprises	11,712	14,387	1.09%
930	State and local	11,127	13,790	1.14%
931	State government	7,767	8,900	0.72%
932	Local government	3,360	4,890	1.99%

Source: United States Bureau of Economic Analysis

During the first half of the 1981 to 2000 time period, employment in the transportation sector of the Hartford MSA grew faster than the national average, gaining in the share of national employment in the sector. In the second half of the period, the Hartford MSA also experienced growth in the transportation sector, although the growth was not at the same pace as the national average, therefore the MSA lost share in the national average. Transportation employment in Tolland County also outpaced the national average over the first half of the period, allowing the County to gain national shares in transportation employment. The transportation employment in the County during the second half of the period did not grow at the same pace as the national employment in transportation, having the County lose national employment share.

Employment in the services sector increased 3.25% and 4.72% per year in the Hartford MSA and Tolland County, respectively. Even with this growth, the sector did not keep pace with the change in national service employment, allowing both Hartford and Tolland to lose national employment shares in the service industry sector.

Vernon has the employment base and location to allow it to capture greater portions of employment growth in Tolland County in all Key Industry sectors. Tolland County has shown increased employment growth in manufacturing, FIRE, and services (includes hospitals and medical related services). With the exception of manufacturing, the County has not kept pace or outpaced the current national change in industry employment. This suggests that Vernon could potentially increase employment in already growing sectors and/or increase the town's share of the County, MSA, and national industry employment. Using data from the 2000 Census, Table 13 (below) illustrates the percent of the working population by the type of industry they are employed. The Town of Vernon has 14.0% of its resident workforce employed in the

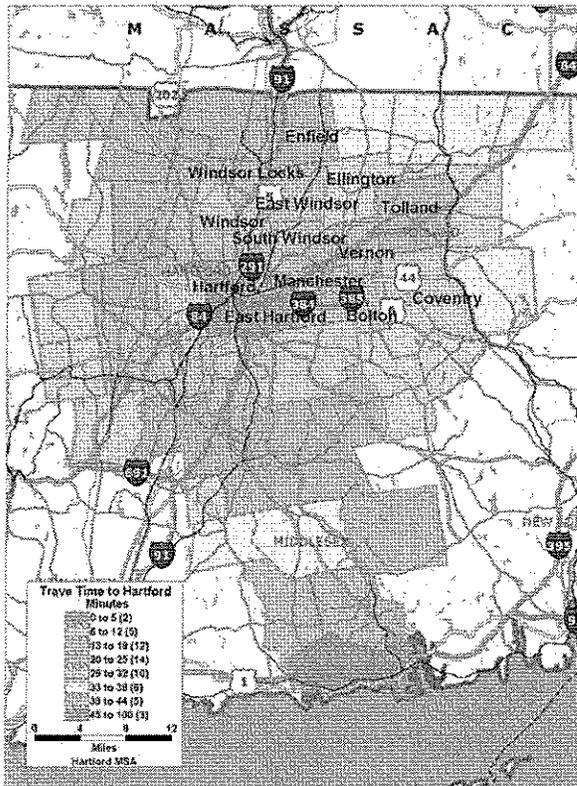
Manufacturing industry, 3.5% in Wholesale Trade, 3.8% in Transportation, 13.4% in FIRE, 29.7% in Professional, Information, Education, and Health services.

**Table 13. Percent of Labor Force by Industry, 2000**

Town	Manufac- turing	Wholesale Trade	Transpor- tation/ Warehousing	Infor- mation	FIRE	Professional / Scientific/ Admin	Education/ Health/ Social Services	Art/ Ent/ Rec/ Food	Other
Tolland County									
Andover	13.1%	3.3%	4.3%	2.0%	13.6%	7.2%	22.6%	4.6%	2.3%
Bolton	13.7%	4.0%	2.4%	3.1%	11.5%	11.0%	25.1%	3.5%	4.5%
Columbia	12.4%	3.1%	2.5%	2.2%	9.4%	6.9%	28.5%	3.4%	5.9%
Coventry	15.6%	3.2%	4.8%	1.7%	9.5%	9.0%	21.3%	5.6%	3.8%
Ellington	17.5%	3.8%	4.4%	3.2%	10.0%	9.1%	20.3%	5.1%	2.4%
Enfield	17.1%	5.7%	6.6%	1.8%	12.2%	6.2%	17.2%	6.3%	3.7%
Granby	15.3%	3.0%	6.1%	2.1%	16.3%	11.2%	20.8%	4.3%	3.7%
Hartland	14.5%	1.6%	4.1%	1.8%	8.1%	10.2%	18.0%	4.5%	5.1%
Mansfield	4.7%	1.2%	1.5%	3.2%	4.8%	6.5%	46.4%	12.8%	3.1%
Somers	16.4%	4.9%	5.6%	1.4%	9.2%	8.6%	18.2%	5.7%	6.0%
Stafford	19.1%	4.0%	4.5%	2.0%	8.8%	5.6%	17.8%	4.6%	4.2%
Suffield	15.3%	3.9%	6.1%	2.0%	12.1%	9.9%	20.2%	4.9%	3.7%
Tolland	14.8%	3.4%	4.1%	1.5%	14.4%	10.4%	23.6%	4.7%	3.5%
Union	13.0%	1.2%	4.6%	1.0%	4.8%	7.2%	17.6%	5.1%	4.1%
Vernon	14.0%	3.5%	3.8%	2.6%	13.4%	8.2%	18.9%	7.8%	4.9%
Willington	11.7%	1.1%	4.6%	1.3%	8.5%	8.5%	24.8%	10.7%	3.6%
Hartford County									
East Hartford	15.1%	3.7%	5.2%	2.5%	12.6%	8.2%	16.8%	7.1%	4.8%
East Windsor	18.0%	4.6%	5.3%	2.7%	10.4%	7.8%	14.5%	4.8%	3.7%
Hartford	11.5%	2.6%	5.0%	2.6%	10.2%	10.2%	22.1%	10.0%	5.7%
Manchester	12.4%	3.4%	4.2%	2.5%	14.6%	10.0%	20.1%	5.0%	4.7%
South									
Windsor	13.0%	4.2%	3.2%	2.2%	19.5%	8.5%	20.4%	3.9%	3.7%
Windsor	12.8%	3.8%	6.7%	2.3%	15.9%	8.7%	20.7%	5.3%	4.0%
Windsor									
Locks	20.0%	4.7%	9.2%	2.2%	11.9%	6.5%	15.6%	6.7%	4.2%
Source: 2000 Census									

The 2000 Census data illustrates that the vast majority of working residents in the greater Vernon area are employed in the Education, Health, and Social Science sector, at approximately 21.2 percent. Manufacturing, FIRE, and Retail industries follow with 13.9%, 12.4%, and 11.5% of resident workers employed in the respective sectors. The industry that has the smallest percentage of workers living in the greater Vernon area is Wholesale trade with 3.6 percent.

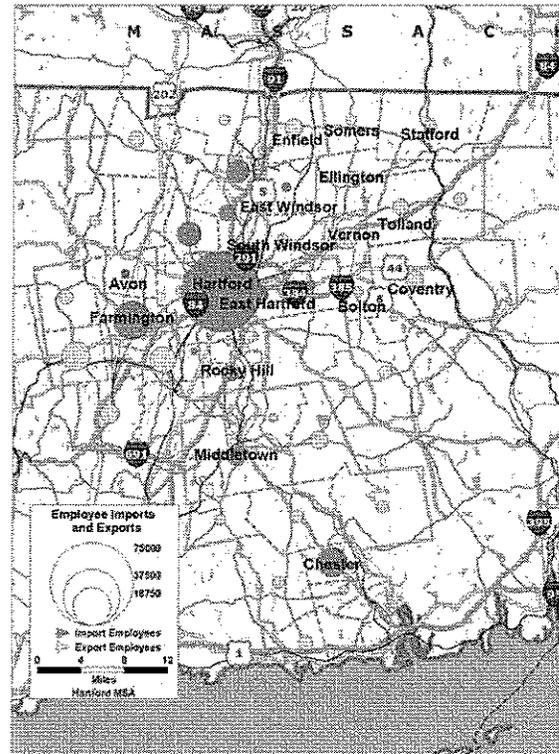
**Map 5. Travel Time to Hartford**



workers – meaning the towns had greater numbers of workers employed than the workforce residing in the town. Communities such as Ellington, Tolland, Coventry, and Vernon all export workers – meaning the towns have larger numbers of residence employed than employment opportunities, refer to Map 6. Not only are these commuters an opportunity for Vernon in the retail sense of attracting shoppers from commuting through-traffic, Vernon also has the potential to attract a quality workforce which is already traveling through the town to a further destination in Hartford. The following figures illustrate how town employment and residence labor force has changed over census years.

According to the 2000 Census half of the population in Vernon commutes to work greater than 23.9 minutes, show that half of the Vernon workforce travels outside of Vernon for employment, most likely to the Hartford area since travel time to Hartford is less than 20 minutes from downtown Vernon. Map 5. shows the average commuters travel time for the Hartford MSA. About half of the communities in Tolland County house commuters traveling greater than or equal to the time required to travel to downtown Hartford. According to data published by the Connecticut Department of Labor and looking specifically at the northeast corner of the Hartford MSA, in 2000 Hartford, East Hartford, and Manchester imported

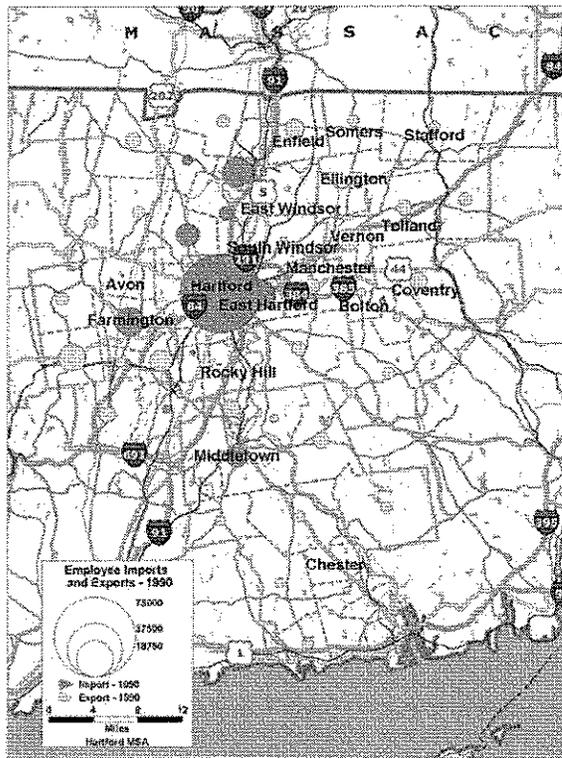
**Map 6. Employee Import-Export by Town - 2000**



Since the 1980's Hartford, East Hartford, Windsor, Windsor Lockes, and Farmington have imported workers. Towns such as Rocky Hill and Chester to the south of Hartford have either increased the demand for labor or lost people who are willing and able to be employed. Other towns which have evolved from employee exporters to employee

importers include Avon to the west of Hartford, East Grandby to the north, and Manchester to the East. Each of these towns was located close to an existing importing area and was rich with residents who were commuting to jobs in nearby job centers.

Map 7. Employee Import-Export by Town – 1990.



Map 8. Employee Import-Export by Town – 1980.

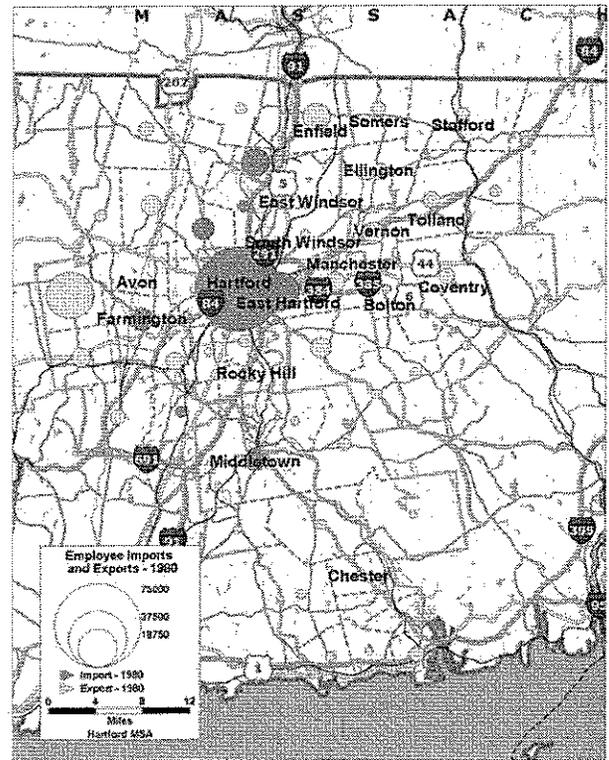


Table 14. illustrates the types of jobs (by occupation) that were available in Vernon and other surrounding towns in 2000.

**Table 14. Percent of Labor Force by Occupation, 2000**

Town	Management/ Professional	Service	Sales/ Office	Construction/ Extraction/ Maintenance	Production/ Trans/ Material
Tolland County					
Andover	43.1%	8.7%	28.8%	10.9%	8.6%
Bolton	47.3%	10.0%	23.1%	8.1%	11.5%
Columbia	43.6%	12.3%	24.0%	10.5%	9.1%
Coventry	41.7%	11.2%	24.2%	11.1%	11.3%
Ellington	40.5%	11.6%	27.9%	8.3%	11.2%
Enfield	31.5%	13.5%	31.6%	8.7%	14.4%
Granby	53.6%	9.4%	22.7%	5.6%	8.4%
Hartland	37.4%	13.5%	25.7%	14.5%	8.7%
Mansfield	46.0%	18.7%	25.1%	4.3%	5.4%
Somers	37.4%	12.5%	27.1%	9.8%	12.9%
Stafford	29.1%	13.1%	24.1%	14.5%	18.6%
Suffield	46.7%	8.4%	28.2%	6.1%	9.7%
Tolland	48.5%	10.4%	23.8%	7.6%	9.4%
Union	32.9%	11.1%	25.6%	14.7%	13.8%
Vernon	36.3%	14.7%	28.6%	8.3%	11.9%
Willington	41.1%	16.0%	23.1%	9.0%	10.6%
Hartford County					
East Hartford	25.6%	16.6%	31.5%	8.5%	17.8%
East Windsor	32.2%	11.2%	29.6%	11.3%	15.5%
Hartford	21.6%	26.5%	27.8%	6.8%	16.9%
Manchester	39.3%	12.5%	29.0%	7.1%	12.2%
South Windsor	48.3%	9.5%	28.5%	6.1%	7.5%
Windsor	42.0%	12.9%	28.4%	5.8%	10.9%
Windsor Locks	29.6%	15.3%	29.9%	8.1%	16.6%

Source: 2000 Census

The population residing in the northeast corner of the Hartford MSA are a primarily employed as management and professionals, followed by sales and office employees. With close to 90% of the workforce in Tolland County traveling to work by car, and over half traveling to distances equal to the travel time Hartford, Vernon has the potential to draw a strong quality workforce to supply the employment demand created from prospective growth in the Town's key industries.

## V. Grand List-Tax Base Indicators

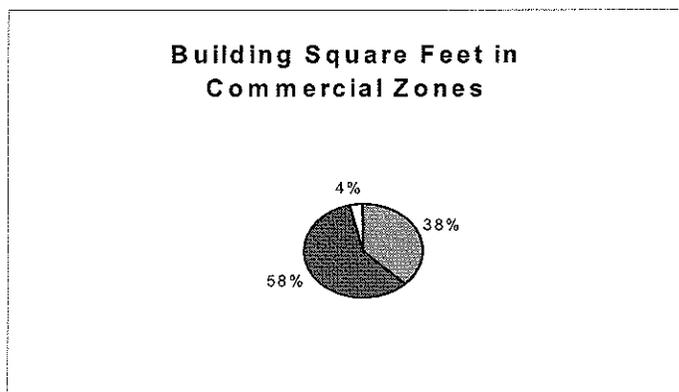
This section of the report analyzes commercial property in Vernon. Assessor records were obtained to review all property in commercial zones. Since there are residential zones that allow commercial uses this analysis also includes commercially-used property in other areas of the Town.

There are 549 parcels of land in Vernon's commercial zones. On a building square foot basis, residential uses in commercial zones make up 38% of the space in those zones while commercial uses assume 58% (Table 15).

**Table 15. Characteristics of the Town Grand List**

Use	Parcels	Acres	Sq.Feet	Land Assessment	Building Assessment	Total Assessment
Commercial	389	89,406	5,320,238	\$144,367,180	\$ 299,442,910	\$443,810,090
Office	53	80	331,946	\$18,570,990	\$45,640,076	\$64,211,066
Residential	107	424	3,396,482	\$29,849,110	\$ 130,287,060	\$ 160,136,170
<b>TOTAL</b>	<b>549</b>	<b>89,910</b>	<b>9,048,666</b>	<b>\$192,787,280</b>	<b>\$ 475,370,046</b>	<b>\$ 668,157,326</b>

Source: Vernon Assessors Office; Crane Associates 2004



While residential uses take up 38% of the building space in commercial zones they only contribute to 24% of the total assessment value of the Town's Grand List. Commercial uses occupy 58% of the space but contribute 66.5% to the grand list. Maintaining residential uses in commercial zones is a sensitive balance that Town officials should be watching closely. On one

hand, providing residential units in close proximity to commercial uses helps promote a walk-able community and provide merchants with a market. On the other hand, reducing the supply of commercial space for lease or sale will increase price and may force merchants to choose other locations or municipalities. If mixing uses is a goal of the Town it must be done strategically with several key factors in mind including:

- 1) if residential uses are located in walking distance to commercial uses they must be walk-able. In other words the distance between resident and merchant must be less than a 1/2 mile and pedestrian friendly.
- 2) The commercial uses must be those that provide convenience to neighboring residents. Such businesses include food stores, pharmacies, general merchandise, restaurants, and some services. Commercial uses that are not compatible with a walk-able community include large scale commercial (>50,000sqfeet), lumber, furniture, drive through restaurants, large professional office buildings and other uses that generate large amounts of traffic.
- 3) A walk-able mixed-use area requires compactness. Merchants need a critical mass of customers to survive. In order to fit enough residential units to create a market for neighborhood commerce the housing unit density must be high. If the area is not zoned for medium to high density residential (>8du/acre), the purpose in creating a mixed use area is defeated.

The planning, promoting, and developing walk-able, mixed use neighborhoods is a worthy goal for the community. They provide the community with many benefits including efficient use of infrastructure, traffic reduction, opportunities for exercise, a local market for local businesses, and an increased sense of place. However, if not planned correctly the result can be the loss of commercial property, increased multifamily dwellings, and the evolution toward a bedroom community.

In reviewing current land uses in Vernon by zoning district there is a total of 8.4 million square feet of commercial space in commercial zones See table 16 below. Table 16 above shows 9.04 million square feet because it includes all commercial uses. The difference reflects commercial uses in residential zones. There is approximately 650,000 square feet of commercial uses in residential zones throughout the Town. Most of that square footage is under government uses such as schools, fire stations, and government buildings.

**Table 16. Square Footage by Zoning Type**

Existing Building Square Footage by Zoning Type								Total Square Footage
Commercial	Industrial	MUD	SED	RC	HDI	RW		
Vernon	2,119,748	1,847,540	395,408	76,654	1,693,050	143,327	8,190	6,283,917
Rockville	178,922	160,335	8,999	-	1,625,294	143,327	-	2,116,877

Source: Vernon's Town Assessor's Office, Commercial Buildings Report. 2004

According to the Vernon Plan of Conservation and Development, there are 270 acres of vacant or underutilized land that is zoned for non-residential uses. Under the existing town regulations and natural resource constraints, an additional 2,847,000 square feet of commercial space can be built in Vernon. This development would occur along the Route 83, Route 30, and I-84 corridors. Having the current potential of 2.8 million square feet of commercial space in town is indeed an asset and opportunity for economic development in Vernon. Office use now occupies only 4% of the total square footage of commercial property in Vernon. Considering that the growing economic sectors are primarily in office-based jobs the lack of office space may hinder recruitment efforts of new companies into Vernon.

## VI. Estimate of Consumer Spending Potential

Estimates on consumer spending were calculated using the current trends in household spending, population growth, changes in employment, and costs of goods. Holding all other variables even, it is expected that each person in Vernon, Tolland County, and the Hartford NECMA will spend approximately \$15,124, \$15,898, and \$15,633 respectively in 2010 on food, furniture, apparel, home and garden supplies, auto and gas, and health care; an average of 14.8% more than in 2003 (Refer to Tables 17, 18, and 19).

**Table 17. Per Person Spending Forecast in Vernon**

<b>Forecast Annual Per Capita Spending</b>			
<b>Town of Vernon</b>	<b>2004</b>	<b>2005</b>	<b>2010</b>
Food & Beverages at Home	\$2,500	\$2,556	\$2,854
Eating & Drinking Outside the Home	2,461	2,522	2,849
Furniture	273	275	287
Apparel & Accessories			
Men's and Women's Clothing	851	848	835
Children's Clothing	226	225	221
Other	618	616	607
Home & Garden Equip & Supplies			
Household Textiles and Appliances	1,039	1,083	1,328
Household Services & Repairs	613	639	784
Auto & Gas			
New & Used Vehicle Sales and Rentals	1,946	1,965	2,064
Gasoline and Automotive Maintenance/Repair	1,204	1,216	1,278
Health Care			
Medical Services and Prescription Drugs	1,040	1,083	1,323
Nonprescription Drugs and Supplies	544	566	692

Vernon's population is expected to increase 0.4% per year through 2010, mirroring the county, yet greater than the Hartford NECMA which will experience a 0.28% decline per year through 2010. The New England Economic Project (NEEP) forecast for employment in Connecticut estimates a fall equal to 0.8% in 2003, a slight increase in 2004 of 0.5%, another increase of 1.5% in 2005, a continued increase in 2006 of 1.1%, and an even smaller increase in 2007 at 0.7%. Employment in Connecticut is expected to increase at an average rate of 0.5% per year from 2007 to 2010.

**Table 18. Per Person Spending Forecast for Tolland County**

<b>Forecast Annual Per Capita Spending</b>			
<b>Tolland County</b>	<b>2004</b>	<b>2005</b>	<b>2010</b>
Food & Beverages at Home	\$2,491	\$2,549	\$2,831
Eating & Drinking Outside the Home	2,474	2,537	2,852
Furniture	298	301	311
Apparel & Accessories			
Men's and Women's Clothing	963	960	940
Children's Clothing	252	251	246
Other	663	662	648
Home & Garden Equip & Supplies			
Household Textiles and Appliances	1,139	1,187	1,450
Household Services & Repairs	638	665	813
Auto & Gas			
New & Used Vehicle Sales and Rentals	2,347	2,372	2,479
Gasoline and Automotive Maintenance/Repair	1,288	1,301	1,360
Health Care			
Medical Services and Prescription Drugs	1,021	1,064	1,295
Nonprescription Drugs and Supplies	531	554	674

According to the NEEP forecast, it is expected that the cost of goods will increase an average of 2.17% from 1999 to 2007. Food and beverage items will increase 2.1% to 2.3% depending on eating in or eating out. Furniture prices are expected to rise only slightly, 0.57%, similar to slight decrease in the costs of apparel and accessories at -0.55%. Home and garden supply and equipment costs will increase the most, falling just short of four percent, 3.98% for the 1999 to 2007 time period. Prices will also increase for auto and gas as well as health care, at 0.76% and 3.90% respectively.

**Table 19. Per Person Spending Forecast for Hartford NECMA.**

Forecast Annual Per Capita Spending			
Hartford MSA	2004	2005	2010
Food & Beverages at Home	\$2,435	\$2,478	\$2,732
Eating & Drinking Outside the Home	2,422	2,472	2,757
Furniture	315	316	325
Apparel & Accessories			
Men's and Women's Clothing	930	923	896
Children's Clothing	261	259	251
Other	676	671	651
Home & Garden Equip & Supplies			
Household Textiles and Appliances	1,142	1,185	1,437
Household Services & Repairs	808	839	1,017
Auto & Gas			
New & Used Vehicle Sales and Rentals	2,167	2,179	2,258
Gasoline and Automotive Maintenance/Repair	1,201	1,207	1,251
Health Care			
Medical Services and Prescription Drugs	1,099	1,139	1,376
Nonprescription Drugs and Supplies	542	562	679

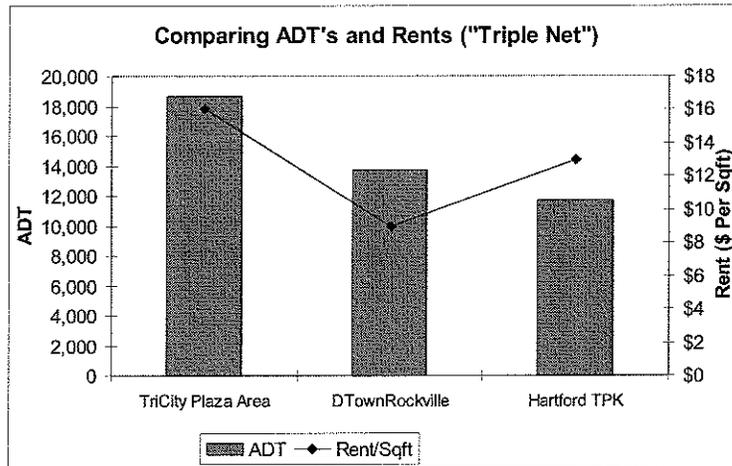
What could restrict Vernon's ability to expand retail operations in town might be the number of workers available to fill new retail jobs. Approximately 11.5% of the populations found in Vernon and the surround towns are employed in the Retail industry (as of 2000), yet in 2001, 26.3% of the employment opportunities in Vernon were in the Retail industry, indicating that the majority of retail workers are currently commuting into Vernon. While Vernon may have the sufficient demand for expanded retail drawn from Ellington, Tolland, South Windsor, Manchester and to a lesser degree Enfield as each of these communities has a close proximity to the downtown Rockville area, has significant numbers of households, and strong average annual household income; the employment supply may have to come from towns outside the greater Vernon area.

## VII. Overview of Commercial Development Opportunities

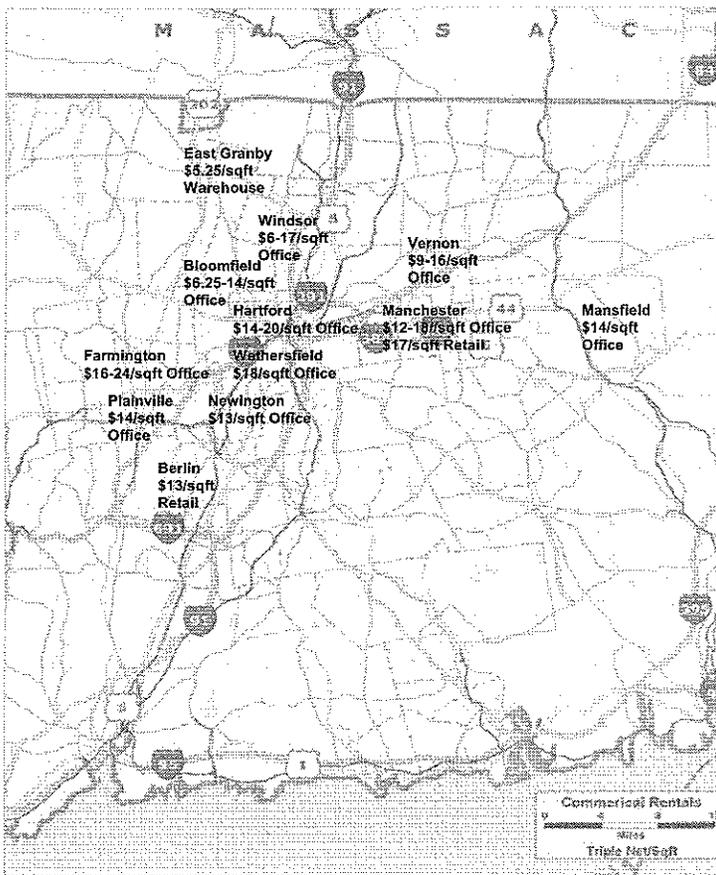
According to traffic count data and area rental costs, the Downtown Rockville area has larger traffic volumes and lower rents than the TriCity Plaza area or the Hartford Turnpike area. The Vernon ADT v. Rents figure demonstrates that even though the Downtown Rockville area has over 2,000 greater ADT the rent per square foot is four dollars less than that found in the Hartford

Turnpike district. The data also shows that the TriCity Plaza area has only 35.8% greater traffic counts than Downtown Rockville, but is acquiring rents 77.7% greater than the Rockville area.

### Vernon ADT v. Rents



### Map 9. Commercial and Retail Rents

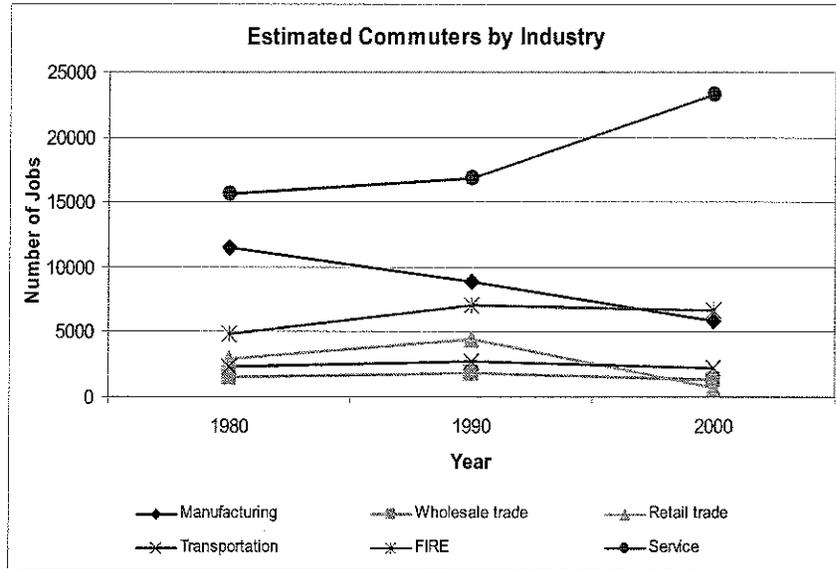


An overview of "triple net" rents per square foot for select areas within the Hartford NECMA are drawn in Map 9. Commercial rents per square foot vary as low as \$6.00 for Class D office space to \$24.00 for Class A office space. As illustrated above, the average office space in Vernon rents from \$9 to \$16/sqft, the median for the Hartford NECMA.

Towns immediately surrounding Vernon have more residents employed in the service industry than service industry jobs, giving Vernon the potential to create more jobs within the service industry and already have an employment base to draw from to fill new employment opportunities. As illustrated in

the graph, it was found that in the towns immediately surrounding Vernon, the greatest number of commuters or those traveling outside the area for work were employed in the service industry. Finance, Insurance, and Real Estate was a far second in the number of commuters traveling out of the area, which results from gaining more job opportunities in the sector (over 100% increase) than the number of residents working in the industry (only a 44% increase).

Manufacturing commuters has seen a steady decline over the 1980 to 2000 time period, people employed in the industry actually decline by 32% over the period while job opportunities increased by over a quarter. While employment in the retail sector stayed almost even over the 1990 to 2000 time period after an approximate 50%



increase in jobs over the 1980 to 1990 time frame, the number of residents employed in the industry has varied considerably. The number of residents employed in retail occupations increased over the years 1980 to 1990 by roughly the same percentage as the number of jobs over the same time period, yet still creating a large number of people commuting to retail jobs out of the area as there were more people working in the industry than retail jobs in the towns surrounding Vernon. Then over the 1990 to 2000 time period, there was a drop in the number of residence employed in retail trade, over a 30% decrease, bringing the number of residents employed in retail closer to the number of retail opportunities in the area, making the net number of commuters who worked in retail smaller.

As of 2000, Vernon and surrounding towns had just over 25% of their populations employed in the Manufacturing, Informational, and Professional Service sectors, sectors which have been identified as key industries for Vernon. During 2001, approximately 12.1% of the employment opportunities in Tolland County were out of the Manufacturing, Informational, and Professional service sectors, indicating more workers per industry sector that industry jobs in the area. Vernon has the potential to draw the overflow of qualified workers (commuters) into the town if equal employment opportunities were to arise.

Median rents for the Hartford NECMA coupled with ample qualified workers, allows Vernon the potential to develop relationships with industry sectors that are among the Town's group of key industries. Appropriate marketing strategies and possibly

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relocation incentives will help Vernon with the task of enticing applicable industries. Current real estate trends indicate a shift out of older building into newer facilities able to accommodate the latest office technology, such as high speed internet, telecommunications, wireless, and the like. Recent real estate data shows that in Hartford companies are moving out to more suburban areas in order to have the ability to build to suit. Implications for Vernon include increased demand for undeveloped land and lesser demand for older unequipped buildings, making development for downtown and the mill district more difficult.

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## VIII. Findings

Vernon is a home for two of Tolland County's key industries, Printing & Publishing and Instrument & Related Manufacturing. Both industries along with the Town's Medical Care Services sector pay better than average wages, employ significant percentage of either Town or County laborers, and have linkages or support broader industries.

The old adage "Location, Location, Location" also rings true for the Town of Vernon. Together, an ample qualified labor force living within commuting distance of the Town, with most of the qualified labors are already traveling further than Vernon for employment opportunities, and stress in the Hartford real estate market make Vernon an opportunity for both business owners and employees. Commuters travel through Vernon daily to work in the Hartford NECMA,<sup>2</sup> with the majority traveling to the City of Hartford. The towns northeast of Vernon, such as Somers, Stafford, Ellington, and Tolland, all have greater numbers of workers than employment; therefore the overflow of workers must travel outside the town for employment. Commuters from northeast of Vernon travel between 20 and 38 minutes to the employment center in Hartford, with Hartford being the largest worker import town in the area.

Several towns within the Hartford suburbs have already started attracting new industrial and commercial companies; drawing on both companies with an existing presence in the Hartford area and companies new to the region. In 2003, the Town of Windsor enticed an already existing direct marketing firm with a presence in both Hartford and Windsor to expand its operations on a 29 acre parcel in town which will eventually house 225 employees by the spring to 2004. Windsor and Windsor Lockes attracted HomeGoods and the Ford Motor Company where each has built new distribution centers in the respective towns. Qualified workers from each of the key-dollar-importing industries are located in and around Vernon, the task will be to entice companies to relocate or start-up in Vernon rather than Windsor, Windsor Lockes, or South Windsor.

Revitalized downtowns have also stimulated new growth. New Haven and Waterbury have seen recent downtown growth in 2003, with new retail and restaurants in New Haven's downtown and new movie theaters, inns, and offices in Waterbury's downtown district. With Hartford's housing market straining, employers and employees alike are looking for new areas to work and live; Hartford suburbs which have rejuvenated the downtown marketplace have opened the door to new retail and commercial development. Vernon has the demand for retail through existing residence and commuters, and with emphasis on a refreshed town image Vernon has the opportunity to attract greater supply within the town, keeping the retail spending in Vernon.

### ***A. Overview of the Study's Primary Research – "SWOT Analysis"***

The previous sections of this study presented an assessment of the Town's recent economic performance, evolving demographic structure, and current commercial/retail

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<sup>2</sup> NECMA refers to New England Consolidated Metropolitan Area.

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activities. The assessment used the latest available quantitative data pertaining to the State of Connecticut, Tolland County, and the Town. A quantitative assessment explains what has happened to the Town's economy and what it statistically likely to happen but it does not explain why. Because of the inherent limitations of a quantitative analysis this report also includes a qualitative investigation called a SWOT analysis.

A SWOT analysis is a procedure to determine the Strengths, Weaknesses, Opportunities, and Threats of a particular entity. It is a highly effective tool for gathering primary data or information not already compiled and not readily discernable from a review and analysis of quantitative data. As one interviewee put it "native intelligence is a valuable aspect of the community." It is not only valuable for local businesses but also in writing an economic development plan for Vernon. That is the underlying purpose of this section of the analysis: to understand the economic development potential of Vernon through the eyes of local business owners and community leaders. The final objective of the SWOT analysis is to understand how the Valley is unique and to gain an insight into its competitive advantages.

A cross section of business owners and leaders in Town was selected by Town officials to be interviewed for this SWOT analysis. They represent a range of business sectors, employer sizes, and customer bases. Twelve interviews were held in November 2003. The interviews took an average of 48 minutes each. The descriptive results as reported by the SWOT interviewees are compiled and summarized in prose below.

**Observation 1: Very few physical obstacles exist to Vernon's economic development.**

When most communities have some physical barrier to economic development such as land that can not be developed or lack of infrastructure Vernon appears to be an exception. In reviewing Vernon's infrastructure and developable lands there are no significant barriers to economic development. Developers and town officials agree that Vernon has ample sewer and water capacity. Telecommunications infrastructure is excellent; no employers have complained about service. The Town prides itself in emergency services capability; there are 53 full time police officers and a paid fire department for a town of 29,000 people. Everyone interviewed stated that the Vernon school system is excellent and many people are moving here because of the schools. Surface transportation infrastructure is exceptional. Interstate I-84 has 85,000 vehicles traveling through Vernon each day. The Town has 4 interstate exits within it's borders. The location of Vernon is also an asset. Located on the corridor between Hartford and Storrs great potential exists for Vernon to be home to a corporate headquarters for a research and development, insurance or knowledge base industries.

**Observation 2: The cost of labor is rising but still reasonable.**

Labor in Vernon costs employers slightly more than in more rural communities in the state. This is felt by more small employers of lower wage jobs. Nonetheless the issue hasn't risen the to the level of a crisis and as some employers have stated labor costs

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are still less than Hartford. Employers in Vernon can compete with other municipalities and regions for employees and not be at a competitive disadvantage.

**Observation 3: The Health Center is growing.**

Eastern Connecticut Health Network is undertaking a \$27 million dollar expansion project that will occur in 3 phases. The expansion will include an emergency department, laboratory, cardio-pulmonary outpatient services, and a new entrance. The number of in-patient beds is being reduced while out-patient services are increasing. The number of beds is expected to be reduced to 35 from 102 today. Some see the decline in beds as having a negative impact on the community. On the other hand increasing outpatient services can have an impact on drawing more people to Rockville.

The economic development implications for Vernon are significant. An expanded hospital will increase employment and demand for related services. Retail businesses benefits from more employees shopping and eating in the downtown. The temporary construction jobs will help circulate new dollars in the Town. Most importantly the hospital is a vital "anchor" for downtown Rockville. It has the potential to spur related economic activities. The hospital creates a demand for a wide variety of labor and can be used in expanding apprenticeship programs and workforce development.

**Observation 4: Civil War Museum is an underutilized resource.**

The Town of Vernon has the oldest, continuously operating, Grand Army of the Republic meeting hall in the country. The hall displays the most identifiable collection of civil war artifacts in Connecticut. Most visitors to the museum are awestruck at the original artifacts that connect local families to times in the past. All displays and artifacts were donated by families of civil war veterans. The artifacts can be traced to civil war events with accuracy. There are original registrars and genealogy records of civil war soldiers as well. The museum is located in the Town Hall building. In fact the entire Town Hall was built as a monument for the veterans of the civil war. What is odd is that the museum is a hidden treasure and not commonly known. The museum is open every Thursday from 1-3 and on the second Sunday of the month or by appointment. The museum gets less than 1000 visitors per year. A museum of such integrity can draw 20 times that many and can help attract visitors to downtown Rockville.

The museum has the ability to attract visitors to Rockville. It is clearly an underutilized resource for meeting Rockville's goals of a revitalized downtown. Greater cooperation between Rockville's merchants and the Museum is possible. By working together the museum can improve their facility and collection while the merchants can enjoy the benefits of a neighboring renowned museum.

**Observation 5: Large manufacturing mills are an asset.**

The Town's historic manufacturing base has left, as is the case in most New England mill towns. Two manufacturing facilities remain; Amerbell which is expected to close its

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doors soon and Anacoil which is financially solid. Anacoil will remain in Vernon because they are not dependent on low cost labor. Most manufacturing facilities can not compete with international wages. Anacoil however, is highly automated and has high productivity per unit labor. Labor is not their biggest cost and therefore they can compete internationally. The other factor of success, according to their president, is that they “are oriented to change.” In other words, as product needs change, so can their manufacturing processes change as well.

There are numerous mills from the Town’s industrial age left in various conditions from abandoned skeletons to rehabilitated housing. Lined up like stations along the Hockanum River the mills are: Daniels, Roosevelt, Amerbell; Rock; McDermit; AMG; Falls Mills (housing); Florence Mills (housing); Springville Mill (housing); Hockanum; and the vacant site of the Sausony Mill lost to fire.

The Daniels Mill is currently being renovated by private investors for a mix of uses. The Amerbell and McDermit Mill are being used for their original purpose. Falls, Springville, and Florence Mills have been successfully converted to housing. The other mills are in need of significant investment. The Hockanum Mill currently houses one or two small businesses. The other remain in derelict buildings. These buildings are part of the history and culture of Vernon and represent an opportunity for the Town. The three Mills converted to housing are excellent examples of converted uses meeting a new market.

**Observation 6: This is a good time for long term planning.**

The recent economic recession hit Connecticut but resulted in few job losses. The recession in the early 90’s resulted in major job losses and people moved out of the state and didn’t come back when the economy picked up again. So in the recent downturn few people lost their jobs with the exception of low wage employment. A local banker was interviewed and stated that the economy has probably hit an equilibrium situation. He stated that during the recent recession there were very few delinquent loans or defaults and saw no major employment losses. Lower interest rates gave more people more disposable income. The economy today doesn’t suffer from major unemployment. In fact there seems to be few major economic crises in Vernon. Therefore, this is an excellent time for long term economic development planning. There are no major events that are occupying the minds of the citizenry. The greatest issue seems to be whether Wal-Mart, Home Depot or other Big Box retail should be located in Vernon – an issue that is more political than economic.

**Observation 7: Vernon’s town staff has a good reputation.**

After speaking with several interviewees there seems to be few complaints about the treatment people receive when trying to work with Town employees. The Departments of Planning and Zoning, Engineering, and the Administrators office apparently treat permit applications as expeditiously as possible and make reasonable requests during development review processes. There were also no complaints about the new zoning

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ordinances. The zoning rewrite took into account many of the opinions of those interviewed.

**Observation 8: Commercial lenders envision success for certain businesses.**

Commercial business lenders depend on the success of their customers to remain profitable themselves. Their willingness to lend to some businesses over others is a result of careful planning and analysis. The types of businesses most likely to get a loan from a commercial lender in Vernon include: research facilities; professional services; business services; light manufacturing or assembly; shipping or warehouse businesses and medical related businesses. The types of loans they would not issue would be to businesses in: high-end retail; heavy industry; labor intensive manufacturing; agriculture.

**Observation 9: Rapid turn over in administrations has an effect on economic development.**

For the past 15-20 years the executive governing council of Vernon's Town government has changed leadership every two years. These short election terms and rapid changes affect the ability of government to operate efficiently. After a new Mayor is elected, town employees are forced to shift focus on key issues which takes time. After an initial transition period employees can effectively support the new administration on their new initiatives. The new administration has approximately 18 months until another election cycle kicks in. The months immediately before and after an election tend to slow progress on most programs. This is true in most governments and not unique to Vernon. As the history of Vernon shows the administration will likely change and town employees are keenly aware of how that affects them. Long term initiatives can be met with trepidation as town staff do not know who their new boss will be in two years and progress becomes slow. What is unique to Vernon is the history of continuous changes in local government leadership. This tends to be a detriment to economic development.

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## **IX. Recommendations**

The recommendations offered here are advisory at this point, and are intended to stimulate additional discussion among those involved with economic development in the Town so that economic development and related services providers can approach these opportunities and challenges in an informed, timely, and at times proactive manner. This approach in our view will offer the greatest opportunity for economic development and re-development success in the community and provide the highest rate of return for the residents in the community.

### ***Recommendation 1: Undertake an Effort to Repair the Image of the Rockville Downtown Area.***

The consulting team has interviewed numerous people in Vernon, and had many additional conversations with Connecticut residents and the project. The reputation of Downtown Rockville is consistent and strong; Rockville is not a safe place to visit. We have heard anecdotal evidence on how people lock their door while driving through town. The reputation is so strong that the Town is unable to provide free rent to a restaurant as an incentive to relocate there. The Consulting team is perplexed by this perception because from the outsider's view we thought the Downtown appeared safe and was pedestrian friendly. Regardless of the reality, the negative perception of Rockville is clearly the largest hurdle that must be overcome. If Rockville is seeking to regain a vibrant and diverse commercial center, if it wants to remain competitive, if merchants are expecting to increase sales, and if the goal is to increase foot traffic an entire new image for Rockville must be created to destroy the negative perception.

The image change will require a multifaceted campaign that involves, home ownership strategies, community policing techniques, extensive public relations and marketing, and a targeted recruitment of unique economic sectors. We propose that the Town undertake an extensive strategic public relations campaign that publicizes these changes. Efforts would include:

#### **(a) New Police Strategies:**

The consultants did not interview the Town police so we are unaware of any new initiatives taking place in Town. Any new policing strategies to date have not been well publicized. Community policing strategies, such as increased foot, horse and bike patrols, community outreach programs, and increased neighborhood involvement can help change the image. If these efforts have already been initiated then the public needs to be informed. That would be the responsibility of the public relations strategy and not the police.

#### **(b) Expand Home Ownership Opportunities for an Committed Population of Long-Term Residents:**

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The appearance of the residential structures that surround Rockville is a strong indicator of whether the units are rented or owned. Housing units that are owned tend to have more investment and are presentable. Neat and presentable residential buildings help improve the perception of a safe downtown. Housing cooperatives also tend to increase investment in the property and are less expensive than ownership. The local housing authority and other affordable housing developers should be encouraged by the Town to increase ownership status among the residential units around Rockville.

**(c) Apply Proven Techniques-Approaches From Research Into Similar Case Studies of Re-Development:**

Many communities across America have struggled with the same challenges Rockville has today. Much can be learned from these examples. We encourage the Town to research what crime prevention strategies and other techniques have been used to change public perception of a downtown.

**(d) Take Steps to Encourage a “Creative” Community:**

Many communities have rebounded from the ailing manufacturing sector by building on the assets of culture and art. Artists are entrepreneurs in the truest sense of the word; they create and they sell. Artists are often in the need of affordable live/work space and they are generally comfortable living in areas without the greatest reputation. Artist entrepreneurs can be the first step in turning around a community. They inhabit space others don't find marketable and they build small businesses. They buy local, employ local and often export their products. Once established in a community they contribute to it by holding art exhibitions, concerts, and performances. They engage young people, use recycled goods, organize public events and generally contribute to a better quality of life. Eventually the word gets around that the community is different. The adjective changes in this case from “unsafe” to “interesting”. This helps attract more traditional retail, service, and restaurant establishments, as well as other sectors that rely on an artistic base.

The artist is at the core of the creative economy. The creative economy is a unique combination of economic sectors tied together by those with skills in applied, fine, and performing arts. Employees in the creative economy find themselves in advertising, architecture, film media, crafts, design, literary arts, music, performing arts, publishing, radio and television. There is a wide range of sole-proprietors selling paintings, sculpture, furniture, music and crafts. The creative economy employs 3.5% of New England's workforce exceeding that of software, communications, and the health care industries<sup>3</sup>. Jobs in the creative economy grow at twice the rate of the overall New England economy. An initiative to attract artists to a community can eventually lead to the recruitment of employers in growth sectors paying higher than average wages. We suggest the active recruitment of the artists, crafts people and performers to the purposes of repairing the image of Rockville. The following are suggested actions steps:

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<sup>3</sup> The Creative Economy Initiative: The Role of Arts, and Culture in New England's Economic Competitiveness. The New England Council. June 2000.

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- ◆ Work with private sector or use public land to make affordable artist live/work spaces.
  - ◆ Integrate public art and space in community planning efforts
  - ◆ Promote the Civil War museum so that it is available to more visitors more often
  - ◆ Promote the interaction between artists and local groups such as elderly and youth by providing free or subsidized rent in exchange for art classes.
  - ◆ Develop a recruitment strategy to identify local artists, to understand their needs and to provide for those needs in Rockville.
  - ◆ Make free public space available for performing arts and exhibitions

**(e) Develop and Implement a Public Relations Campaign.**

A public relations campaign must be instituted if the Town seeks to repair Rockville's image. The negative reputation of Rockville is engrained within the average citizen. So, while many efforts are currently being instituted to improve the quality of life in downtown Rockville the public is unaware of any changes. To improve the economic development potential for Rockville it is simply not enough to make internal improvements and wait for the business community, investors, and the general public to notice. Vernon must also actively work to *alter the image* of Rockville.

The renaissance of Rockville must be publicized. When goals are met and improvements are made the public needs to hear about it. A strategic and scheduled Public Relations campaign should link accomplishments with public relations "vehicles" such as press releases, editorial board interviews, and radio advertisements. An annual schedule should be created to plan the delivery of good news and accomplishments to the public in a variety of creative avenues. A public relations campaign shouldn't be confused with an advertising campaign. While advertising may be part of it, the cost would be prohibitive and other vehicles may produce more impact. Vehicles such as realtor conferences, state fairs, and business association meetings should also be investigated. The public relations vehicles should be targeted for specific audiences. The entire campaign should be well planned with clear goals, measurable objectives, and precise strategies that are realistic and tested.

***Recommendation 2: Hire a Full time Economic Development Director***

Vernon is in a position where a full time economic development director would be advantageous to the Town. The Economic Development Director position should be instituted not simply for the sake of having one rather to complete a clear list of responsibilities. The Town has resources such as vacant space and infrastructure that should be used to achieve a set of economic development goals many of which are described in this plan. The Director would be responsible for making those links.

The position is a senior-level position that requires vision, management skills, program design and fundraising responsibilities. The Director for Economic Development would provide leadership in implementing numerous tasks including:

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- ◆ a retention strategy for existing businesses
  - ◆ a job-creation strategy for Downtown Rockville
  - ◆ Identifying venture funding sources to establish new businesses
  - ◆ Manage media and public relations for economic development
  - ◆ Apply for state and federal grants and special programs

**(a) A Full-Time Economic Development Director Would Assure a Consistent, Quality, and Focused Effort on Economic Development-Re-Development.**

However, there is another very compelling reason for hiring and retaining a full-time Economic Development Director—the need for a champion-spokesperson who can articulate the case for a renewed, multi-faceted economic development/re-development effort in Vernon. Such a constant and consistent approach to economic development/re-development can help to crystallize the debate by educating the public with consistent information-message about what is needed to improve and maintain the overall economic development climate and to effectively respond/take advantage of the specific economic development opportunities and challenges in the community and in the overall Tolland County region. The presence of a consistent staff presence in the Town can also help the community to implement both short-term and long-term courses of action time horizon. These recommendations include some cross cutting issues for the Town, and require integrated plans—if for no other reason that leveraging resources with strategic partners—for implementation that are in our view best executed with the consistency of dedicated, knowledgeable staff with a full-time level of effort.

We recognize that the Town has limited resources but has a relatively large economic development/re-development agenda to accomplish. This is especially true given its recent downbeat economic performance history. To the extent that these recommendations require resources beyond the community's ability to undertake and accomplish them on their own, we encourage the Town develop creative approaches to coordinate its activities with other partners (e.g. the State, higher education, local and regional groups) to develop and implement those creative approaches to the community's economic development/re-development challenges.

It is intuitively obvious that the community needs to commit to and intensify its approach to economic development/re-development if Vernon is to take maximum advantage of its opportunities and address its significant, long-term economic development challenges. This in our view is best accomplished through a dedicated staff position in the community to spearhead those efforts. The key is the creative pursuit of additional resources and strategic partnerships that may be available at the regional and state levels, and—to the extent possible—the federal level as well that the work and dedicated effort that full-time staff attention allows. This is perhaps even more important in 2004 as the public fiscal climate for the state and federal governments has changed for the worst in terms of being able to provide financial support to individual communities for local economic and community development.

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### ***Recommendation 3—Focus Where a Difference Can Be Made***

This negative public fiscal climate and the limited economic development resources of the community, state, and federal governments underpins why this study recommends that the Town focus on the strategic, dollar-importing sectors of Vernon's economy. This focus is necessary in order to direct the community's economic development resources to where they offer the best prospects for economic development/re-development success and offer the best prospects for the highest economic-fiscal return. Economic development/re-development services providers and those involved even indirectly with economic development in the community (e.g. electric service providers, transportation services providers, work force development-training services providers, etc.) should direct their efforts and resources toward those parts of the economy and on competitiveness-supporting activities that will generate the highest potential return to the community—both job retention-growth-wise and dollar-wise.

Other aspects of a comprehensive Town-wide economic development strategy are very important (e.g. work force development, infrastructure readiness, quality of life, etc.) as well, because they too are all part of a strategic mosaic of policies that are crucial to building a high performance economy for the community. However, it is recommended that the Town and county economic development services providers take a supporting role in those pursuits. In short, the responsibility to implement those important, but complimentary tasks lies with others. From the perspective of the Town and those involved with strategic economic development in the community, there is a need to forge strategic partnerships with others inside and outside of the Town to accomplish that vitally important, but supporting economic development agenda. The following listing sets forth Vernon's current dollar-importing sectors of strategic economic development importance as identified by this study:

1. Printing and Publishing (Commercial Lithograph Printing),
2. Instruments Manufacturing (Surgical, Medical Instruments)
3. Health Care-Social Assistance (a cluster of companies)
  - A Major "Regional" Hospital (that is currently expanding)
  - Physicians Offices
  - Nursing Care Facilities
  - Home Healthcare
  - Vocational and Rehabilitation Services
4. Retail Trade (Note: This is a weakening "export" sector county-wide)

These sectors were identified as strategic because of their export-orientation,<sup>4</sup> their strong linkages both on the input and customer sides of the ledger within Vernon, and their high value added market orientation.<sup>5</sup> These sectors comprise Vernon's current

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<sup>4</sup> As such, these categories import dollars through various commerce mechanisms that expand the size of the Town's economic pie.

<sup>5</sup> Which enables employers in the key categories to offer the highest quality (e.g. paying), and most economically defensible job opportunities in the Town.

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“key economic drivers” and should be the primary focus of retention-based and expansion-based strategic economic development policy for both existing development efforts, and any new, incremental efforts by the Town and economic development/re-development organizations within the community.

Of course, with this study's emphasis of focus on key dollar-importing sectors, we are not recommending, or even suggesting, that the Town and/or other economic development services providers in the community ignore requests or “turn down” any opportunity that may present itself. All such requests or inquiries require a prompt and thoughtful response. However with this recommendation of focus, we are setting forth the concept that “all economic development opportunities or problems are not created equal.” This study offers a strategic approach that allows for the Town and other economic development services providers in the community to better differentiate between opportunities that offer “higher potential economic-fiscal return” and opportunities for effective policies and those that offer “lower potential economic-fiscal returns” and the likelihood of less effective policies. Higher potential return opportunities with greater potential for effectiveness would logically be given higher resource priority than those that offer lower potential returns and the likelihood of lower levels of effectiveness. **Therefore, this study is recommending that all activities—including both reactive and proactive components—related to the community's economic development and re-development efforts (and those of its partners) be organized according to such an economic-fiscal rate of return and potential policy-effort effectiveness hierarchy.**

Of course, the list of key dollar-importing sectors of strategic importance is a dynamic one. Sectors or types of employers that comprise today's list of strategic companies-employers are constantly changing-evolving. The Town must have a continuous process by which: (1) the “current list” is periodically updated-refined and strategies are refined-updated as well, and (2) new and emerging sectors and types of employers are identified, their competitiveness needs are inventoried, and strategies are devised to cultivate and nurture their development and growth in the Town. The above highlights the short-term and long-term nature of effective economic development-re-development, and why it is important to have full-time and focused staff devoted to the meeting the needs of the community. Effective economic development policy for a community over both the short-term and the long-term is not a part-time endeavor. The Town compromises its need for consistency and constancy of effort without full-time dedicated staff to the detriment of its long-term economic-business development success.

#### ***Recommendation 4: Implement a Job-Business Retention Strategy for “At Risk” and Potentially “At Risk” Employers***

Under this approach, it is recommended that the Town Staff develop and initiate an aggressive program to defend-retain existing businesses in the Town. These efforts would be undertaken in combination with a complimentary business expansion recruitment effort as outlined in Recommendations 5 and 6 respectively (see below),

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and would ideally be focused on the Town's existing economic driver sectors and other existing, significant employers. The economic development justification for this strategy would be to work aggressively to retain the existing regional job base through the provision of strategic trouble-shooting services and advocacy with local, regional, and state institutions for the specific needs of existing employers both inside and outside the Town's "economic driver" sectors.

The focal point of this strategy is to engage existing Town businesses in a non-threatening dialogue through a structured business visitation program. This program would be employed to better understand the competitiveness needs of the community's existing business base and what can be done to help address existing business issues and to preemptively move to keep issues from becoming difficult economic problems for existing Vernon businesses. This visitation approach would ideally involve at least semi-annual meetings for all key businesses—and in some cases quarterly meetings for certain economically vital businesses. This program should also include a set program each year that includes the sharing of useful information about Town, state, and federal support services, and involve a "change of local management" monitoring system and initial informational meetings protocol to engage new managers in this dialogue. This protocol would be designed to engage new management in this non-threatening dialogue quickly and to assist them in quickly getting-up-to-speed on various forms of business services-assistance that is available to them. Quality content for such meetings is rarely lacking, and the goal of this information sharing is to help make sure that business decisions involving Town businesses are made with the best and most current information available about assistance options, incentives, and other support services available to assist in their retention, investment, and further development in Vernon.

The substance of the visitation-contact program would involve targeting key decision-makers that have responsibility for the Vernon facility (It should be noted that key decision-makers may or may not be located at the particular facility within the Town of Vernon). This effort would be directed at gaining and maintaining a detailed understanding about: (1) what is going on at those major companies in the community in today's very fast-changing business climate, and (2) what the constantly changing "competitiveness" needs of these key companies are on an on-going basis. Further, a structured, serious, and periodic dialogue with the Town's strategic employers will also benefit the Town because these companies will appreciate "consistent effort of attention and caring" that such a structured contact program will tangibly demonstrate to them. A secondary objective of this dialogue with decision-makers at key Town employers is to more firmly establish the Town staff and other economic development services providers in the community as an on-going repository-source of "useful information" about various assistance programs (e.g. both state and federal) that may be employed to address needs or desires of these employers as they may develop-evolve over time. The point is to have "contact" and provide information that would be understood at critical decision times at these employers that would ideally proactively address a possible adverse business decision situation. Such an adverse business decision could be where a key employer or major business in the community may make an adverse

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business decision for the Town simply because they did not know of the availability and substance of a possible program that would have been useful to the company in its decision-making—if they had only known about it at the time they were evaluating their options-choices.

The periodic dialogue proposed would be designed to “make it easy” for business decision-makers, people who are understandably very busy and are sometimes distracted by the day-to-day challenges of operating their businesses, to know what is “available to their companies” on all key competitive fronts on an on-going basis. Our experience throughout the northeastern U.S. and New England in economic development is full of examples of business decision-makers who made key decisions about their operations without full knowledge of what was available to them. Many times once the decision is made, it is either not possible or extremely difficult to “undo.” This is true even if such a decision was made without full knowledge of state-regional program offerings or business-economic development options.

The frequency of this structured contact program is initially recommended to be semi-annual generally (and quarterly for some key businesses), but this will likely change given the rapidly changing economic-business environment of the entire southern New England region and the fact that the economic development climate is not static. As relationships grow and solidify, contact could be structured to be less frequent over time. However, as those decision-makers at the Town’s key economic driver businesses change, the whole contact approach for that changed business decision management structure should revert back to the “beginning” or initial communications-visitation stage protocols (in frequency and message).

In conjunction with the above-described visitation-contact program, it is recommended that the Town create an existing business rapid-response “SWAT Team” to assist with dealing with the issues that affect “troubled businesses” in the community. This “SWAT Team” concept would ideally be comprised of various types of trouble-shooting and technical assistance in business finance, production techniques, marketing and market experts, legal, and others as appropriate to evaluate and advise on possible actions to address business issues in a negative, potentially emergency-crisis setting. If undertaken, implementing this recommended approach would involve the development of strategic partnerships with the required trouble-shooting and technical expertise, and involve collaboration with federal, state, regional, and local partners.

We recommend that this retention function be the first in a prioritized approach to business retention-expansion-recruitment because the town is perhaps best served by first attempting to hold on to what jobs it currently has. We also recognize that this function alone could occupy virtually all of a small economic development-community development department’s staff’s time and resources. However, we are not recommending that approach. We are instead suggesting that retention efforts be highly-focused and organized to complement existing efforts in the Town (e.g. the Rockville Downtown Association) to better leverage Town resources expended in this regard. The objective also is to institute an approach that tries to better anticipate

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business issues-needs, and thereby reduces the level of “react and respond” situations so that more time can be freed up to accomplish the type of proactive expansion-recruitment work (see recommendations 5 and 6 below) that could pay even greater dividends in the future.

***Recommendation 5: Implement a “Business Expansion” Strategy for Existing Strong Sectors in the Town***

The next recommendation is a description of this study’s second element of the three component retention-expansion-recruitment umbrella. This recommendation involves a strategic approach whereby Vernon would build upon its current examples of relative economic-business success in order to try to replicate that success again and again in the community. By creating more fertile ground for the community’s successful sectors-businesses to continue to grow (e.g. expand), the Town would in effect be following an approach that involves doing more of what the Town already does well.” This recommended strategy would involve building upon the current economic-business successes in the community by first developing a clear understanding of the historical evolution of why those businesses succeeded (through the information learned during the business visitation-contact program identified in Recommendation 4 above), and then devising strategies to provide increased support to that business-employer base. Examples of expansion strategies include actions such as:

- (1) Finding creative ways to complement these companies’ existing supplier-vendor networks,
- (2) Identifying any gaps in critical Town infrastructure and developing strategies to address those gaps),
- (3) Identify, and provide any needed technical assistance services-information to key existing regional employers and to employers in the Town’s “economic driver” sectors looking to expand as well, and
- (4) Conducting an internal permit review-economic development services audit and “putting the Town’s house in order” in that regard so that it is prepared to provide seamless, predictable, and prompt development review and economic development support services—as appropriate—for expansion projects as well as all other high and lower priority inquiries and development projects.

From the Town’s perspective on economic development policy, this strategic recommendation represents the best way that Town can develop “a concrete reason or reasons” for successful companies to invest and grow their already successful businesses in the Town. It represents the modern day equivalent of the old economic development paradigm where local-regional economic development officials sought to tie a company to a real estate asset. Clearly, empty factories throughout the New England region demonstrates that old economic development paradigm has run its course. This approach is more proactive and forward-looking, and seeks to develop a constructive working relationship between Town staff and the community’s employers

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that can utilize Vernon's assets and address its challenges—perhaps even before such issues become elevated to “problem” status.

***Recommendation 6: Implement a “Targeted Recruitment” Strategy for Promising Sectors in the Town***

Under this strategy, we are recommending that the Town undertake the third element of the broader, three element retention-expansion-recruitment umbrella—that is, develop and implement a short-term and long-term strategic recruitment program. Holding on to the existing job base, and/or replicating what the Town already does well has its limitations over time. This part of the Town's retention-expansion-recruitment program would build on Vernon's current assets and simultaneously identify and pursue the best recruitment opportunities of the future in functionally-similar and/or complimentary sectors to the Town's currently successful business sectors. This way the Town would be systematically cultivating the community's future key employers, building a valuable and vibrant replacement job base for those parts of the Town's economy that have evolved past their “economic primes” and are now on the decline or are likely to start declining in the future. The economic-community development rationale for this recommended approach is to further diversify the Town of Vernon's economy.

As mentioned above, this recommendation includes a mix of short-term and long-term initiatives that would utilize the County's economic development strengths-assets in specific ways to more fully leverage them. Over the short-term, the results of this study indicate that the Town's most immediate opportunities are found in two principal areas:

- (1) Riding on the “coat-tails” existing statewide-regional efforts, and
- (2) Identifying and devising specific approaches to capture Vernon's share of strong business sectors in Tolland County where the Town's job-business base is currently under-represented.

Over the longer-term, this study recommends that this leverage would come from “finding” new companies that are not in the Town or Tolland County that have the functional business-competitive characteristics that are consistent with the type of companies that could flourish in Vernon. Said another way, this effort would seek to identify specific recruitment opportunities that are either complementary to the Town's currently successful sectors or completely new industry sectors that are not currently operating-located in the Town—but have competitiveness attributes—needs that are consistent with the functional characteristics of successful Vernon employers-sectors.

**a. Description of the “Coat-Tails Approach:** One specific opportunity related to the short-term “coat-tails approach” involves looking for direct linkages into the State Bioscience-Information Technology (IT and Software) clusters Initiative. Over the past several years, the State Department of Economic and Community Development has been focusing on those sectors to attempt to encourage growth at existing businesses in the State, encourage new company formation, and develop the State as a “hot-bed”

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for BioScience and Information Technology. For the purposes of this strategy, a short-term business recruitment approach would focus on developing direct linkages that could be made to companies or support companies (vendors and suppliers) already in those two sectors and/or the direct linkages into the very early stages of business-entrepreneurial development related to the research-intellectual property aspects of those sectors. Because of Vernon's proximity to higher education research assets, this study recommends that the Town conduct, or retain an expert, to conduct a feasibility assessment study-analysis of the efficacy of establishing a technology incubator in the Town. We believe the community is ideally positioned to support the development of such an incubator facility in part because such incubators look, as a primary consideration, for the type of "inexpensive rents" that are found in parts of the Town such as the Downtown Rockville area. In fact, this study recommends exploring the incubator concept for application to nearly any knowledge-intensive, "light" industry application that could or is not necessarily related to the Bioscience-High Technology development efforts of the State DECD.

Another approach in this area would be to try to build other strategic relationships with the State and the University of Connecticut to gain a credible entry into this State-level effort. There obviously is an intermediate step before trying to develop those linkages from the standpoint of developing the assets and services that are needed by whatever niche approach the Town decides to perhaps pursue. There also are other steps that includes such items as message development-refinement for each identified linkage to possibly be pursued, and involves reaching a consensus among staff and the Town Council on a coordinated plan of approach and priority given to undertaking such an effort.

**b. Description of Upgrading Vernon's Representation in Successful Regional Sectors:** Regarding the second short-term area of approach, we are recommending that the Town develop a strategic recruitment program that seeks to access its fairer share of successful regional businesses-sector. We recommend that Vernon undertake an effort to identify specific representative companies that are operating within the Tolland County regional economy and conduct a series of strategic visits (actually interviews from the Town's perspective) to better understand why those successful companies are not proportionally represented in Vernon. Once understood, specific actions could be devised to help increase Vernon's economic development appeal to these sectors.

This study found that Vernon had a significant presence in only two of the nine key, dollar-importing sectors in the Tolland county regional economy—Printing-Publishing and Instruments-Instruments Related manufacturing. In addition, both of those strategic business categories actually lost jobs over the last five years on a county-wide basis—clearly not a preferred competitive position to be as a community. Of the seven sectors in Vernon's under-represented category, this study finds a total of three as potential targets for this effort, a total of three as possible targets, and one other as lower probability targets as listed (along with their economic development justification) below:

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A. Listing of Potential Short-Term Recruitment Targets:

**Industrial Machinery-Equipment**

*[Very well-paying at 136.7% of Tolland County average wage; added more than 100 jobs county-wide over the last five years]*

**Business Services**

*[Well-paying at 116.5% of Tolland County average wage; added more than 200 jobs countywide over the last five years]*

**Wholesale Trade**

*[Very well-paying at 138.6% of Tolland County average wage; Takes advantage of Vernon's interstate access even though this sector lost 89 jobs county-wide over the last five years]*

B. Listing of Possible Short-Term Recruitment Targets:

**Engineering-Management Services**

*[Very well-paying at 136.2% of Tolland County average wage; added about 40 jobs countywide over the last five years]*

**Electronic-Other Electric Equipment Manufacturing**

*[Very well-paying at 144.5% of Tolland County average wage; added 80 jobs countywide over the last five years, but industry sector has struggled lately]*

**Fabricated Metals Manufacturing**

*[Very well-paying at 140.7% of Tolland County average wage; Added 84 jobs county-wide over the last five years but is vulnerable to out-sourcing/international competition]*

C. Listing of Lower Probability Short-Term Recruitment Targets:

**Transportation Equipment Manufacturing**

*[Very well-paying at 135.7% of Tolland County average wage; Lost 12 jobs county-wide over the last five years and is vulnerable to out-sourcing/international competition]*

**c. Description of the Recommended Pro-active, Long-Term Recruitment Strategy:**

The third aspect of the recommended recruitment approach involves developing and implementing a proactive approach to strategically recruit new companies to the Town that: (1) could utilize the economic assets of the Town to effectively compete, (2) is the type of company that has the competitiveness-business operating characteristics of a firm that typically succeeds or could succeed in Vernon, and (3) is a company that is in a category-sector that is either under-represented in the Town or absent from the Town altogether.

Implementing this suggested approach would also involve a detailed understanding of why companies of certain types (e.g. key employers in dollar-importing "economic engine" sectors) succeed in the Town so that specific recruitment appeals and action steps could be devised that would offer the best promise for success. In addition, this understanding would be needed to guide the development of a full marketing message for each type of business that is to be pursued. This message will also need to be

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focused on the specific regional advantages for the sector in question. Implementing this recommended Action-Step also will involve compiling-expanding candidate company target lists for each "target" sector or cluster through secondary research and/or company list procurement from a third party vendor. Implementing this recommended approach also will involve developing an inventory and package a regional economic development toolbox that includes all existing financial and other tools that could be employed in the Town to strategically recruit candidate companies to Vernon. These resources would need to be assembled into specific, tailored strategic recruitment "toolbox packages" for each key targeted sector (or company type) and written promotional materials (including the "pitch") would need to be developed relating to each recruitment target category.

It is recommended that the Town staff and its team (or teams) of recruiters target at least 10 candidate companies for "a pitch" within a 12 to 18 month window once the initial homework outlined above is completed. The development of this candidate list would include representatives of the following:

- Candidate companies that could utilize the same or similar factors of competitive success that other companies in the community or Tolland County region are already using for their competitive success (e.g. the current strategic sectors). The thought here is that there are sectors-companies who are currently not participating proportionally in the Town's economy but who likely could be successful if they were here (because there are several representatives of those sectors already here or these companies demonstrate competitive characteristics that can succeed in the Town).
- Candidate companies should also be developed from emerging sectors of the Tolland County regional economy that similarly fit into the strategic profile of a successful company-employer for Vernon. Once these sectors are identified, a systematic effort to: (a) develop and maintain a positive environment of competitiveness in the Town for those industries of the future, (b) develop an initial list of candidate companies in emerging sectors of the northeastern U.S. economy that could be targeted for a longer-term recruitment program to attract those companies into the Town and, ideally, into the currently developable assets of the Town, and (c) work to continuously update this profile so that this profile becomes a "living" profile that is subject to constant refinement-improvement.

From the study, our research indicates that successful employers in Vernon had the following attributes:

**Companies in the Vernon economy are successful when they produce high value added or specialty goods and/or services and are not the lowest-cost producer of any product or service.**

This means Town businesses fare the best when they are not competing solely on the basis of being the lowest cost global-national provider of a standardized product or

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service. Vernon companies can effectively compete in markets where the product or service they are producing and/or distributing:

- has a highly specialized niche market and/or is delivered with a technology- or knowledge-intensive attribute that is central to the product or service, or
- is produced or delivered through a technology-intensive or knowledge-intensive production process or delivery mechanism.

*The Town of Vernon is not a low cost area relative to the northeast U.S. region, the country as a whole, or globally. Thus, companies in Vernon do not compete effectively over the long term in cost-driven, commodity markets or under commodity-like competitive conditions. Companies in Vernon simply cannot sustain themselves as the lowest cost producer in today's economy for any sustained period of time in any major industry category.*

We recommend that staff develop a list of candidate companies that could be developed as part of this suggested recommendation that would be taken from a geographic region that makes competitive sense. Candidate companies under this recommended approach would be grouped into three general categories in the same strategic "economic engine" sectors as the Vernon economy, including: (1) Most-Promising, (2) Potential-Possible, and (3) Lower-Probability candidates. This list should be developed through electronic, web-based research on a selected group (and ideally include roughly 15-20 candidates). In the alternative, this prospect list could be purchased from any number of several industry analysis research companies-vendors for a fee—sometimes a fairly hefty fee. It is recommended that this suggested recruitment program focus on those Category 1 candidates during the first phase of this effort. Candidate companies would ideally fit the functional profile for a Vernon strategic employer as developed by this study (see above) and further refined by the business visitation-contact program in Recommendation 4.

We recognize that this approach requires resources and a long-term, multi-year commitment to an activity that may take several years to yield a tangible return to the community. Nevertheless, it is recommended that this program be developed and implemented within the next six-twelve months. This effort must be patient and have a consistency, even if results are not as successful as initial hopes and benchmarks may expect. The critical part of such an unsolicited recruitment approach is to be "in-front" of or known to decision-makers at the time that the company expansion or re-location decision is being made. The Town staff cannot anticipate when that critical decision time for such a recruitment success is ripe. The only logical course of action for the Town staff is to consistently be in contact with high-potential candidate companies (in Group 1 "Most Promising" above) on a systematic and long-term basis. To ultimately be successful, this effort could take as long as five to ten years (or potentially even longer) to produce tangible results if a consistent level of activity is undertaken **and maintained**.

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In our view, one very promising long-term opportunity under this longer-term recruitment strategy is the potential for the Town to pursue the development of an advanced education-training “center” in the Town. This opportunity would utilize the and build upon the existing regional Tech School-advanced training-adult education services infrastructure that already exists in the greater Tolland County-greater Hartford metro area region. Vernon has the space, surface-air transportation access, and raw real estate assets that would be fertile ground for developing such an opportunity. Further, the evolving regional work force development needs of the region and State offer strong potential for continuous growth in demand for such services. An ideal initial linkage is tied to the Town’s vibrant medical services job base and the ever increasing medical services needs of an aging population—against the backdrop of an already significant shortage in the health care services work force that threatens to continue to expand significantly over the next decade without dramatic change. The establishment of such an advanced work force education and training center, or potentially centers—if feasible, represents a logical and attractive linkage for Vernon to actively develop. Indeed, it is our opinion that this perhaps represents the best, most-promising opportunity for the community to grow its professional services job base over a sustained time frame, and includes a strong, practical step that could be undertaken by the community to augment the “image repairing-enhancing” steps offered in the first recommendation of this study.

***Recommendation 7: Study the Effects of Lengthening the Current 2-Year Term for Elected Officials***

During the course of this study to identify the most-promising opportunities for the Town, one potentially politically divisive issue surfaced that this study recommends should be studied further—the possibility of lengthening the term of elected office for Town officials from two to four years. During the course of this study we heard from community businesses-residents how a two-year term means, theoretically, that the Mayor has to begin campaigning for re-election after just ten months since Election Day is roughly 700 days away when the Mayor takes office. Running the Town is a relatively big business, with roughly 30,000 customers that comprise the Town’s population. Operating this business without having sufficient time for implementing “your plan” is a recipe for handicapping the Town’s ability to achieve strategic and fiscal goals with a time frame of longer than 20-22 months.

In addition, trying to craft a vision that is the right one for Vernon residents in such a short time frame likely results—in the effect of creating more short-term, often politically expedient actions rather than solutions. As in business, the Town’s elected leadership needs an appropriate amount of time to formulate a cohesive plan, that by vision, mission, outcome objectives, strategy, and tactics could be implemented over a reasonable time frame. Innovation in policy and approach, and in strategic public policy planning-implementation require more than 10 months before the next campaign season begins.

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Further, asking a capable leader to leave the private sector to leave his or her position to serve in elected office or in a new administration is also more difficult if it is possible that these talented individuals may serve in Town government for only two years. That potentially discourages otherwise talented individuals from serving. Therefore, the time for an investigation of this type is ripe, to better understand if the length of term has in fact had any detrimental effect on attracting the best and brightest talent to Town government, adversely affected the financial management of the Town, or had a negative effect on Town policy or planning. This issue is ripe for investigation, no matter what administration is in power and regardless of political persuasion.

The advantages of longer terms are four fold:

- (1) Longer terms allow for better financial management by allowing the Town's chief executive and staff to plan spending and revenue needs consistent with economic cycles—which typically last longer than two years,
- (2) Longer elected terms allow for longer time horizons in planning and policy since ideas and innovations could be judged on longer experience than the relatively short time frame of just under two years,
- (3) Four-year terms would potentially make public service more attractive for private sector individuals who realize that two years is generally not long enough to make a "real difference" for tackling public policy's more challenging and complicated tasks, and
- (4) Four year terms would mean fewer elections and almost non-stop campaigning that comes with two-year election cycles.

On the other side of the ledger is the obvious disadvantage that four-year terms remove publicly elected officials from the constant and close scrutiny of the voters. Members of the U.S. Congress have been subject to the election process every two years since the inception of our republic, this reasoning goes, and this has successfully endured for the greater part of the last 225 years.

Whatever one's view on the above, this study recommends that the Town undertake an effort to objectively study the effects of a two-year versus a four-year election cycle. Whatever the outcome of this investigation, the study should be objective, transparent, and—if change is recommended—be applied to the administration immediately after the end of the Administration's term during which the study is conducted.

***Recommendation 8: Develop Creative Approaches to Promoting the Civil War Museum.***

The Vernon Civil War Museum is a Connecticut treasure. It holds the largest and most documented collection of Civil War artifacts in the State. The museum itself is the longest running Grand Army of the Republic (GAR) halls in the country. The entire

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building which also houses the municipal offices was built as a memorial to the veterans of the Civil War. The museum is arguably Rockville's greatest destination-tourism asset, if not it is clearly the most significant cultural location in the Town. However, the museum is hardly known to the average person. Visitors would have to be told it was here. The hours of operation are every Thursday from 1-3 and on the second Sunday of the month or by appointment. The museum gets less than 1,000 visitors per year. However, a museum of such integrity has the potential to draw 20 times that many and can help attract visitors to downtown Rockville.

Promoting cultural tourism in Rockville can help increase a sense of pride in the community, enhance the museum itself, provide new employment opportunities, support the local economy, improve its reputation, and help downtown businesses by increasing foot traffic. Heritage tourism is a growing industry in the United States. The Connecticut Department of Economic Development reports that tourism brings in \$2.2 billion into the state's economy. This revenue has increased by \$100 million since 1998. With a tourism asset of state and national significance in the heart of Rockville, it can and should be used to increase the Village's economic development potential.

The Town should undertake a heritage tourism study to explore ways in which the museum can increase its visitation rate while maintaining its current high level of cultural integrity. The study is generally referred to in the industry as destination management. The study would not only examine issues of everyday municipal concerns but also about the cultural and heritage dimensions of the museum and the community. A destination management study would explore areas such as:

- (1) Museum management
- (2) Site operations
- (3) Cultural development
- (4) Heritage Marketing
- (5) Visitation Planning

Increasing the museum visitation rate would have multiple objectives and augment many of the recommendations in this study.

***Recommendation 9: Develop a Long-Term Economic Vision for the Town Through a Structured Public Process.***

Strategic planning is a process where a community or region undertakes a systematic, broad-based effort on where it wants to go in the future and how it can best get there. The goal of this study was to assist Vernon in an effort to revitalize its economic-job base by: (1) assembling the most credible information and data that could be found related to the community's economic-business development choices going forward, (2) identifying the range of issues that need to be acted on, and (3) narrowing the range of choices to what this study recommends are the community's most promising opportunities-courses of actions available at this time. As such, this study was intended

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to help lay the foundation for specific actions-steps and resource allocations by the Town in order to achieve that overall broad economic revitalization objective.

As this research phase winds down, this study is recommending that the Town undertake and complete an effort to more clearly define a "Long-Term Vision of Vernon's Future." A typical visioning process includes three general steps: (1) the formation of a broad-based partnership of diverse interests, (2) the solicitation-discussion of community needs and goals, and (3) the development of the above needs and vision into a defined list of specific goals. The proposed visioning process for Vernon in this case should begin with the development of a broad-based partnership of Town stakeholders that is representative of the many interests in the community. This partnership should utilize the results of this study to discuss and supplement the list of economic challenges and opportunities for the community. In the final step of this proposed visioning process, the stakeholders would develop an inventory of the community's economic needs and a broad set of articulated goals (e.g. expand the Town's job base, expand-diversify the Town's tax base, strengthen existing businesses, attract new quality employers into the Town, etc.) that are to be achieved.

This process is recommended in light of decades of economic-community development experience that indicates that such a visioning process would be the only practical way to build and maintain the level of community consensus necessary to support effective economic development. Experience has shown that economic development efforts require many years of consistent and patient effort. Without such a consensus, it is in our view unlikely that economic development will be enough of a priority in the Town to assure public support for the type and scope of sustained effort needed to yield tangible results. Over time, the make-up of the current Town leadership and the many volunteers in the Town that commit their time and energy will change. A consensus of this type would help assure there is a core group of committed local residents dedicated to this effort over the long-term. Without that core commitment, it is unlikely there will be enough of a feeling of "**ownership**" to make the significant level of commitment of time and resources needed to see the recommended program through a multi-year process of implementation.

### ***Recommendation 10: Apply for State Designation of an Enterprise Zone.***

The State of Connecticut established an Enterprise Zone Community program to encourage the re-use of industrial areas. There are currently 17 Enterprise Zone communities in Connecticut. Businesses locating in Enterprise Zones enjoy a range of benefits not found anywhere else in the State. These benefits include:

- 5 Year, 80% abatement of local property taxes
- 10 year, 25 or 50% credit on the portion of CT Corporate Business Tax that is attributed to business relocation or expansion
- Fixed assessments on the pre-improvement value of all real-property for a period of seven years

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- Discounts on electric rates
  - Exemptions from state real estate conveyance tax
  - Exemptions from sales tax on manufacturing equipment replacement parts
  - Job training and placement assistance

A Community designated as an Enterprise Zone is also considered a Targeted Investment Community. This designation allows the community to name areas or buildings to receive the benefits of an Enterprise Zone even though it may lie outside the boundaries of an existing Enterprise Zone. Targeted Investment Communities may:

- Establish an "Entertainment District" where eligible entertainment businesses can receive the full benefits of the Enterprise Zone designation;
- Designate a "Qualified Manufacturing Plant" upon a manufacturing building greater than 500,000 square feet in which its owner may receive the full benefits of the Enterprise Zone;
- Designate a "Railroad Depot Zone" where an underutilized railroad depot outside the EZ area may receive the full benefits of the Enterprise Zone;
- Receive benefits by participating in the Urban Jobs Program.

In order for a community to be eligible to establish a traditional Enterprise Zone it must meet at least one of the following criteria:

A Primary Census tract has:

- (1) A poverty rate of at least 25%, or
- (2) An unemployment rate twice the state average, or
- (3) At least 25% of the tract's population receives public assistance

According to the US Census Bureau, Census Tracts 5301 and 5302, both of which lie in the Rockville area,<sup>6</sup> meet criterion number 3 above. Therefore, this study recommends that Vernon would benefit from starting the process of applying for State designation of an Enterprise Zone.

***Recommendation 11: Supplement This Study With a Detailed Retail Assessment and Recruitment Strategy for the Rockville Section of Town.***

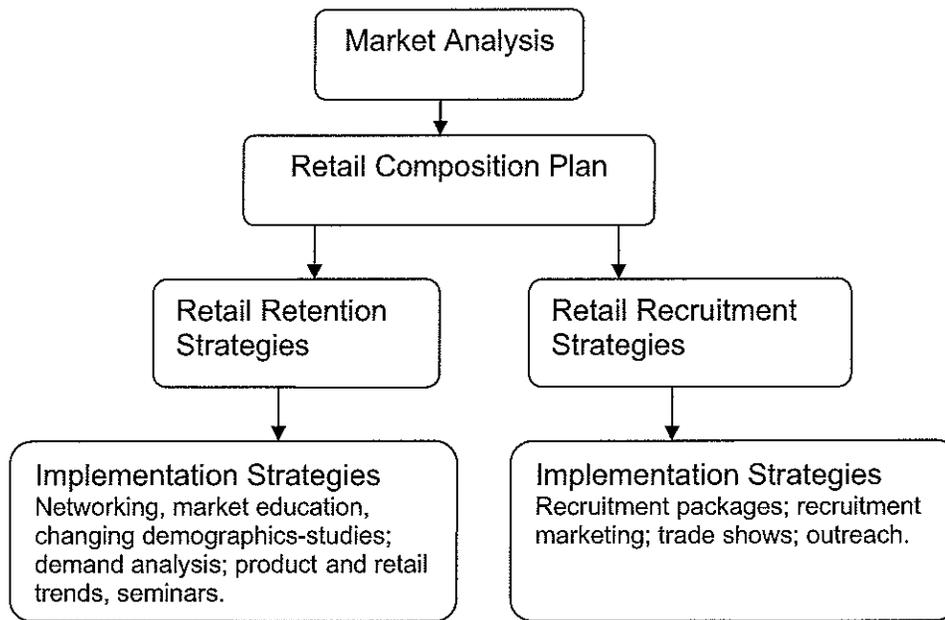
This study was a market potential assessment of the entire Town of Vernon. There are, of course, different sections of the Town with varying retail niches and outlooks. The composition of Rockville's retail products and services must be analyzed to fully grasp its market niche potential. However, this recommendation is presented on the assumption that Recommendation 1 and all of its sub-recommendations are fully implemented. Regardless of what market niche Rockville creates its success is dependent on changing its image.

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<sup>6</sup> As shown in the Vernon Plan of Conservation and Development, 2001.

A retail recruitment strategy for Rockville has mutual benefits for the public and private sectors. The private sector seeks to gain a profitable Return on Investment from commercial property in Town. The public sector meanwhile seeks a vibrant downtown with high quality merchants, attractive public amenities and a stable tax base. Profitable downtown businesses and property owners are better able to contribute to public amenities and public events that add spirit to a downtown and this dynamic also creates a sense of place that is not found in the “big-box” parking lots near highway exits. Recruiting and retaining the right mix of downtown businesses means creating a unique place that helps insulate them from the competitive effects of large scale highway oriented retail. It is in a sense a “big-box immune system.” The public and private sectors have mutual interests in creating a vibrant downtown and should work together to retain and recruit the appropriate mix of businesses for Rockville.

Finding the right business mix from Rockville is built upon the foundation of demographic and market knowledge of area residents. This study provides the necessary foundation to move forward. The next steps are a Retail composition Plan; Retail Retention Strategy; Retail Recruitment Strategy; A Recruitment Package; and of course active and organized Implementation of the strategies.



Based on the information contained in this study the Town is prepared to complete a Retail Composition Plan. The plan identifies small retail clusters that would profit well from a Rockville location. Although this study provides an initial list of business types that would probably be successful – specialty foods, antiques, art, furniture – a Retail Composition Plan would identify market demands, products lines, and retail space requirements. The study would also identify mutual needs retailers have such as advertising and it would plan for an ideal mix of businesses that augment each other as

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opposed to compete with each other. This type of retail positioning strategy is common with shopping mall properties. Downtown Rockville should take the same perspective.

Once the correct composition is identified, Retention and Recruitment Strategies are planned and implemented. The Town through the RDA should complete a detailed retail analysis and recruitment strategy. Again, however, we believe that this step will only be effective if it is in conjunction with Recommendation Number 1 (see above).

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## **X. Appendix**

### **Appendix I**

#### **Copy of the SWOT Questionnaire**

Town of Vernon Market Study

October-December 2003

The following is a copy of the broad questionnaire used in the completion of the SWOT analysis conducted for the Town of the businesses that currently occupy the space in the Town and the "Rockville Downtown" area. This questionnaire was used to structure these interviews, even though the dialogue was more free-flowing in nature. The questionnaire consists of 5 general areas as itemized in A. through E. below.

#### **A. Strengths**

*Labor?*

*Transportation infrastructure?*

*Sewer and Water infrastructure?*

*Town emergency services?*

*Telecommunications infrastructure?*

*Schools?*

*Sense of Community and Quality of life?*

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*Location?*

What do you think is the single most important aspect of the Town/region that is unique and positive?

*Can you think of any others that have not been mentioned?*

What economic advantages does the Town and region have over other areas of the state?

*What types of businesses are most viable in the Town? Why?*

*What intrinsic qualities of the Town/region complement its businesses?*

What human qualities of the Town/region complement its businesses?

What locally imposed policies help Town/regional businesses?

What unique features of the region do businesses capitalize on or take advantage of most?

What do visitors and other non-residents see as Town/regional strengths?

Can you identify any recent investments that have been made to help area businesses?

## ***B. Weaknesses***

*Labor?*

*Transportation infrastructure ?*

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*Sewer and Water infrastructure?*

*Town emergency services?*

*Telecommunications infrastructure?*

*Schools?*

*Sense of Community and Quality of life?*

Location?

*Which of the above do you think hinders business the most?*

*Are there others that have not been mentioned?*

What economic disadvantages does the Town/region have over other areas of the state?

What types of businesses are least viable in the Town/region?

What intrinsic qualities of the Town/region are not advantageous to businesses?

What locally imposed policies hurt Town/regional businesses the most?

What features of the region create disincentives for businesses to locate or expand here?

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*What do visitors and other non-residents see as the Town's/region's weaknesses?*

### **C. Opportunities**

*What local trends are affecting regional businesses in a positive way? How?*

Can you identify any recent changes in technology that are helping Town/regional businesses?

What are reasonably foreseeable technological changes that you would like to see occur to help Town/regional businesses?

Can you identify any state or national policies or trends that are currently helping Town/regional businesses?

What are reasonably foreseeable government (state or national) policy changes you would like to see instituted in the near future?

What events, if any, occur beyond the control of regional but help local businesses? Examples might include state and national holidays, conferences, campaigns.

Can you think of any other external resources available that would be helpful to Town/regional businesses?

What competitive advantages does the Town/region have over other areas in New England?

### **D. Threats**

*What local trends are affecting Town/regional businesses in a negative way? How?*

What state or national trends are affecting Town/regional businesses in a negative way? How?

*Can you identify any recent changes in technology that hurt Town/regional businesses?*

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Can you identify any government (state or national) policies that currently do not help Town/regional businesses?

What events, if any, occur beyond the control of regional and hurt local businesses? Examples might include state and national holidays, conferences, campaigns.

*Who are your toughest competitors?*

Can you think of any other external factors that hinder the functioning of Town/regional businesses?

What is your vision for the Town and the "downtown" area? What are its greatest opportunities?

**E. Comments on the Interview Process.**

Was it thorough?

Issues we missed?

Changes you would make?