Economic Development Strategy & Implementation Plan

Originally Prepared: September 2013

Updated: April 2015

Prepared By:

Kosmont Companies

Project Background & Status

- Kosmont was retained by the City for the preparation and initial implementation of an Economic Development Strategy and Implementation Plan
- The purpose of the Strategy and Plan is to evaluate existing economic conditions and effectuate the Strategy to successfully promote economic growth within the City
- An overview of the Strategy and Plan is presented herein

Plan Outline

1. **Analysis**
   a) Economic & Demographic Profile
   b) Market Demand Analysis
2. **Strategy**
   a) Economic Development SWOT Evaluation
   b) Trade Area Retailer Voids
   c) Opportunity Site Assessment
3. **Implementation**
   a) Summary of Findings
   b) Initial Targeted Outreach List
   c) Outreach in Progress
   d) Financing & Incentives
   e) Next Steps

1. Analysis

a) **Economic & Demographic Profile**
   i. *Population & Household Demographics*
   ii. *Unemployment & Employment by Industry*

b) **Market Demand Analysis**
   i. *Household & Industry Growth*
   ii. *Supply, Vacancy & Lease Rates (Retail, Industrial & Office Uses)*
   iii. *Taxable Retail Sales Surplus/Leakage Analysis*

Economic & Demographic Profile

Population & Household Demographics

Demographic Highlights

Population & Households

- Population of ~5,000 and ~1,800 households within City in 2015
- Population of ~22,300 and ~8,500 HH's within 10 miles of 246 & Ave of Flags

Income

- Avg. HH income **~$92,700** in City and **~$119,100** within 10 miles
- 1.9% annual growth projected for HH income over next 5 years in City and 3.0% annual growth projected for HH income over next 5 years within 10 miles

Other Demographic Characteristics

- Average household size of 2.8 in City and 2.6 within 10 miles (relatively small)
- Mostly owner-occupied households (65%), newer housing (26% built 2000 and later), and large mobile home population (18%)
- Median age of 40 in City and 46 within 10 miles (older)
- 79% (approx.) white race in City

Source: U.S. Census Bureau (2010); ESRI, Department of Finance (2015)

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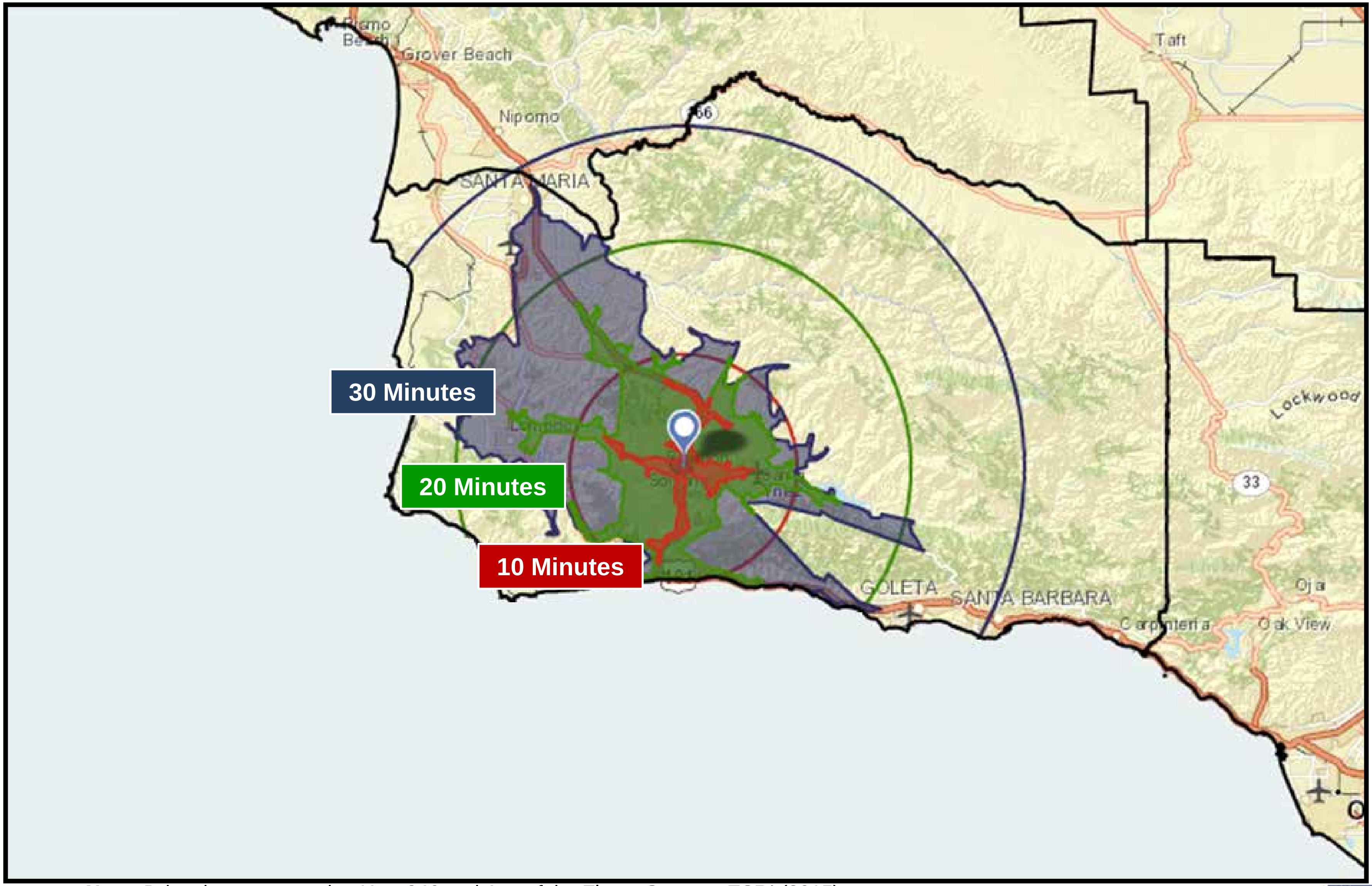
City Limits & Radii
(from Hwy 246 and Ave of Flags)

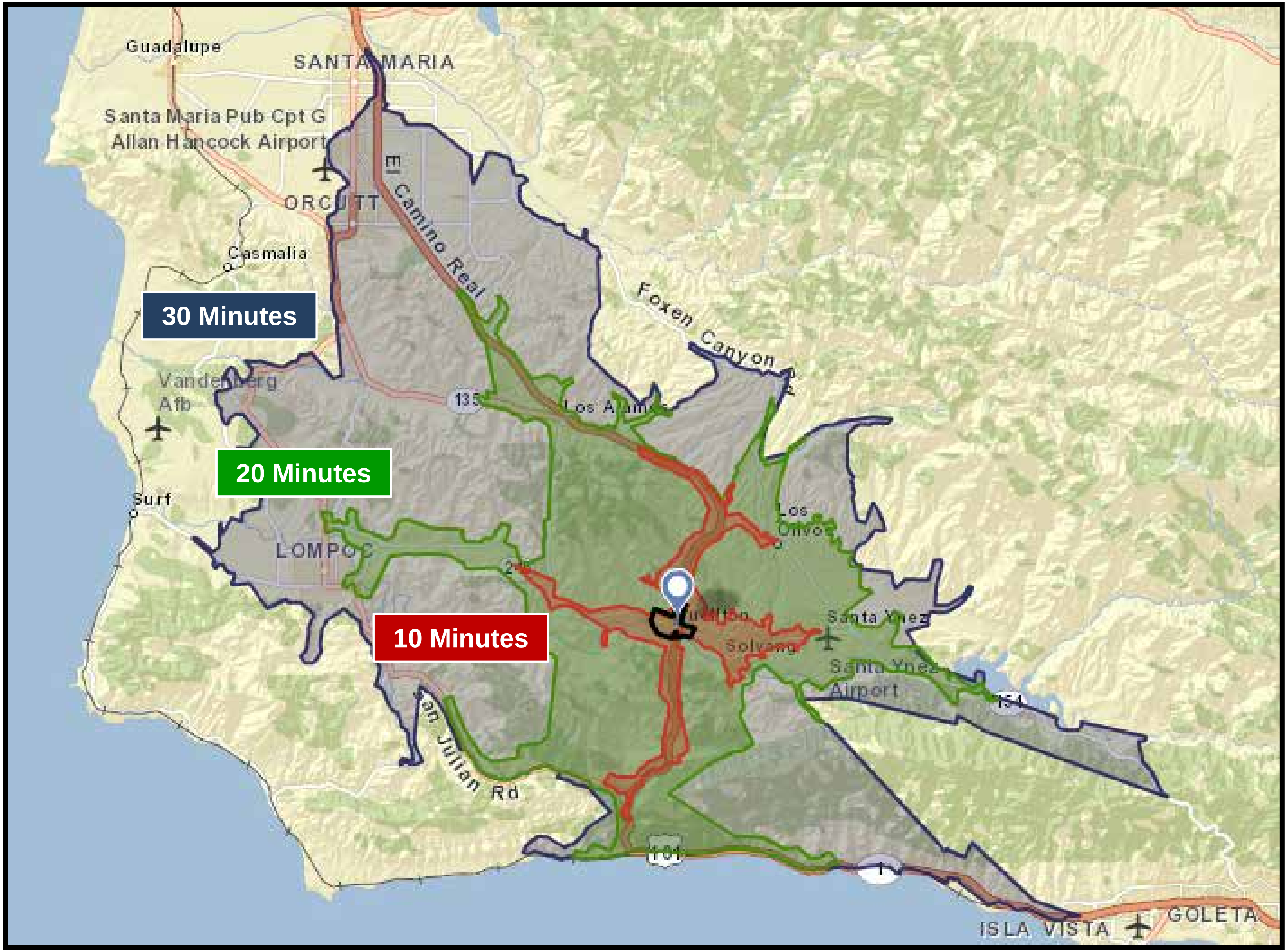
Note: Radii centered at Hwy 246 and Ave of the Flags**; Source:** ESRI (2015)

Drive Times
(from Hwy 246 and Ave of Flags)



Note: Drive times centered at Hwy 246 and Ave of the Flags**; Source:** ESRI (2015)

Drive Time Detail
(from Hwy 246 and Ave of Flags)



Note: Radii centered at Hwy 246 and Ave of the Flags**; Source:** ESRI (2015)

Population and Income
City & Radii

		Radii (from Hwy 246 and Ave of Flags)		
2015	**City**	**10 Miles**	**20 Miles**	**30 Miles**
Population	4,986	**22,323**	81,025	337,161
Households	1,811	8,538	27,684	108,196
Average HH Size	2.75	2.56	2.77	2.96
Median Age	40.1	46.1	38.9	33.5
Per Capita Income	$33,527	$46,012	$30,565	$28,234
Median HH Income	$88,189	$87,330	$60,845	$60,395
Average HH Income	**$92,655**	**$119,138**	$86,535	$85,042
2015-2020 Ann. Growth Rate				
Population	0.83%	0.92%	0.80%	0.63%
Median HH Income	1.88%	3.01%	3.51%	3.29%

Note: Radii centered at Hwy 246 and Ave of the Flags**; Source:** ESRI (2015)

Population and Income
Drive Times

	Drive Times (from Hwy 246 and Ave of Flags)		
<u>2015</u>	**10 Minutes**	**20 Minutes**	**30 Minutes**
Population	11,979	**22,968**	127,532
Households	4,647	8,740	44,282
Average HH Size	2.56	2.59	2.77
Median Age	44.3	45.5	38.6
Per Capita Income	$41,013	$44,345	$30,191
Median HH Income	$80,899	$85,176	$62,587
Average HH Income	**$105,256**	**$115,783**	$85,370
<u>2015-2020 Ann. Growth Rate</u>			
Population	0.86%	0.91%	0.82%
Median HH Income	**2.68%**	3.15%	3.62%

Note: Drive times centered at Hwy 246 and Ave of the Flags**; Source:** ESRI (2015)

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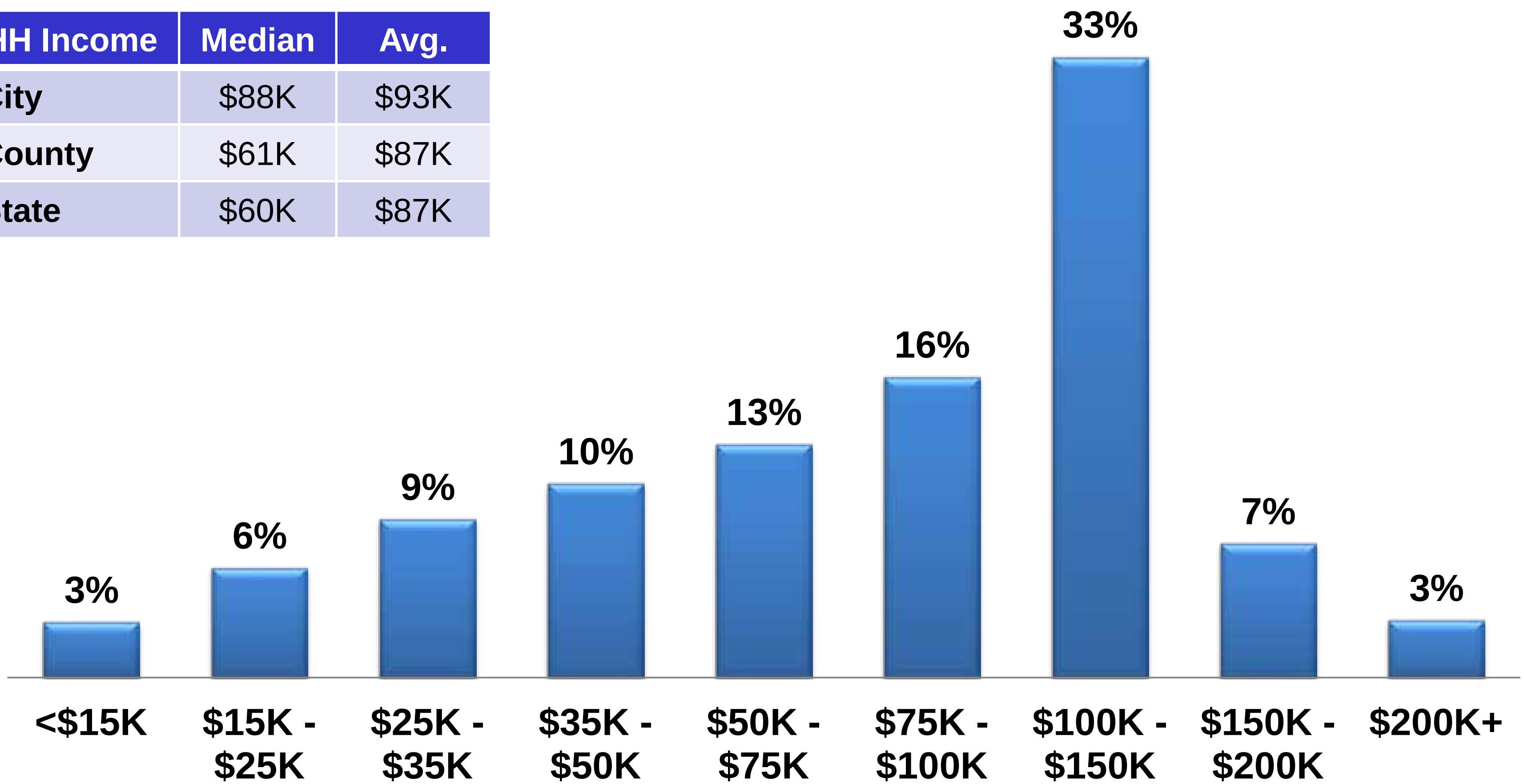
Income Profile

City of Buellton – 2015 Households by Income Bracket

HH Income	Median	Avg.
City	$88K	$93K
County	$61K	$87K
State	$60K	$87K

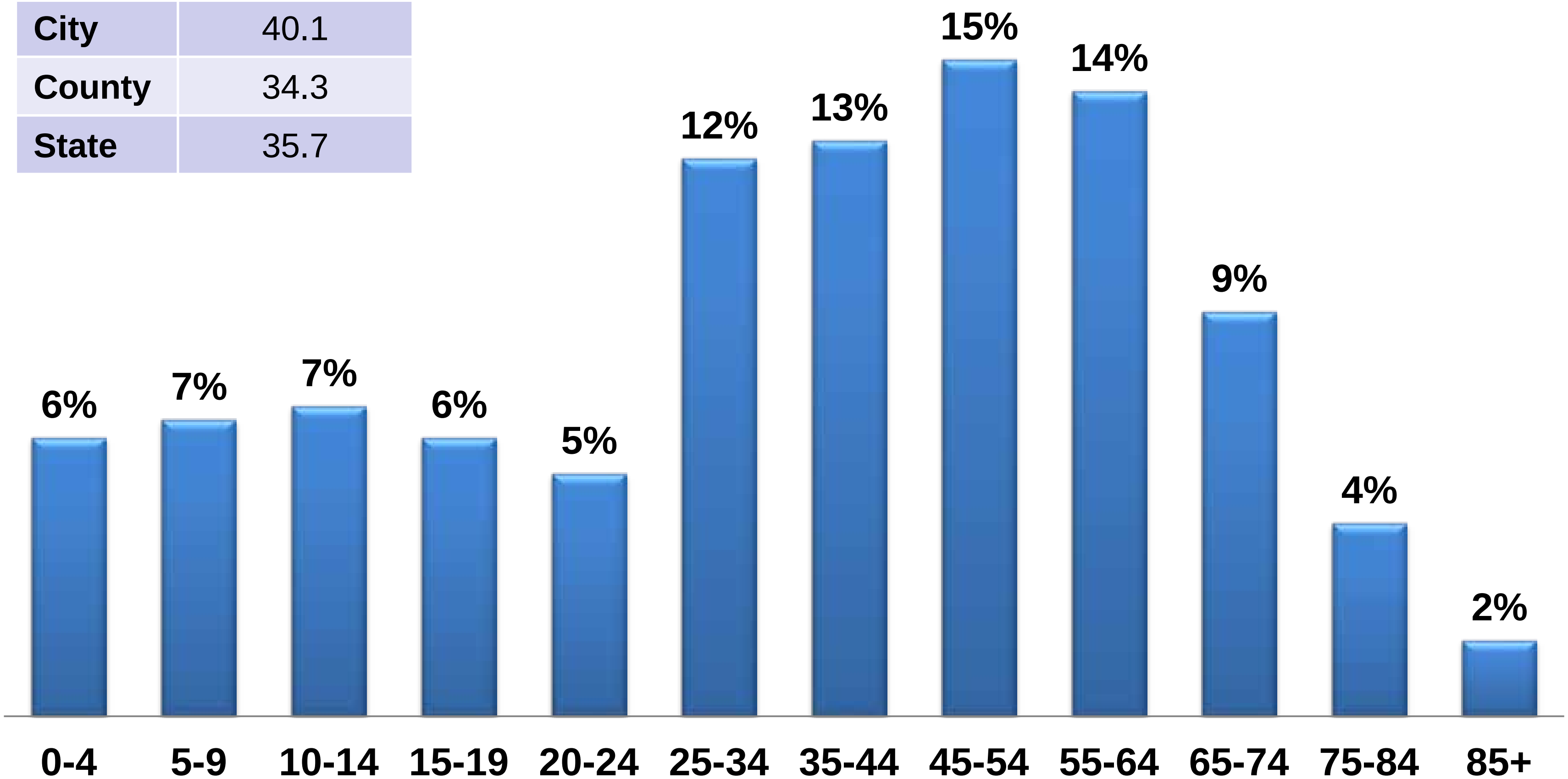


Source: U.S. Census Bureau (2010); ESRI (2015)

Age Profile

City Population by Age Bracket in 2015

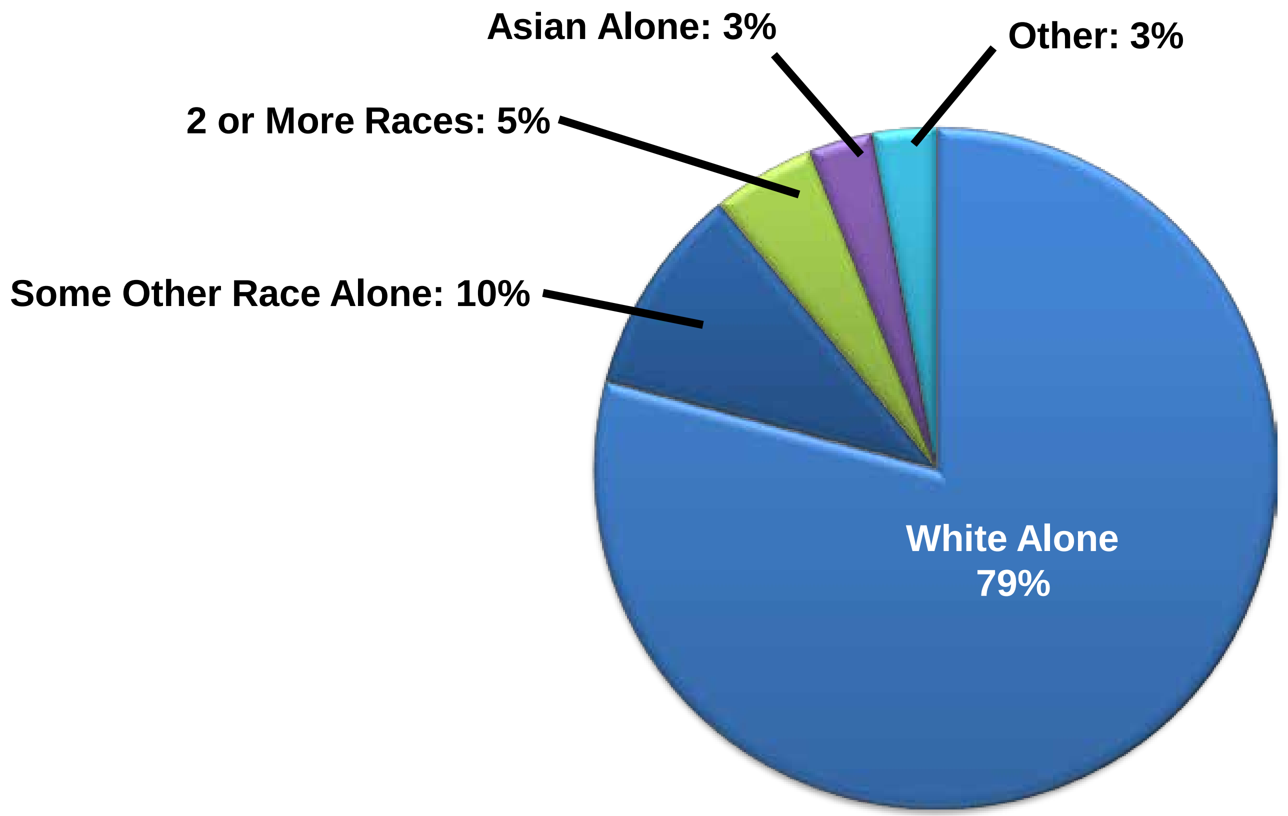
	Median Age
City	40.1
County	34.3
State	35.7



Source: U.S. Census Bureau (2010); ESRI (2015)

Race & Ethnicity

City Population by Race & Ethnicity in 2015



Most respondents of Hispanic Origin additionally indicate "White" or "Some Other Race"

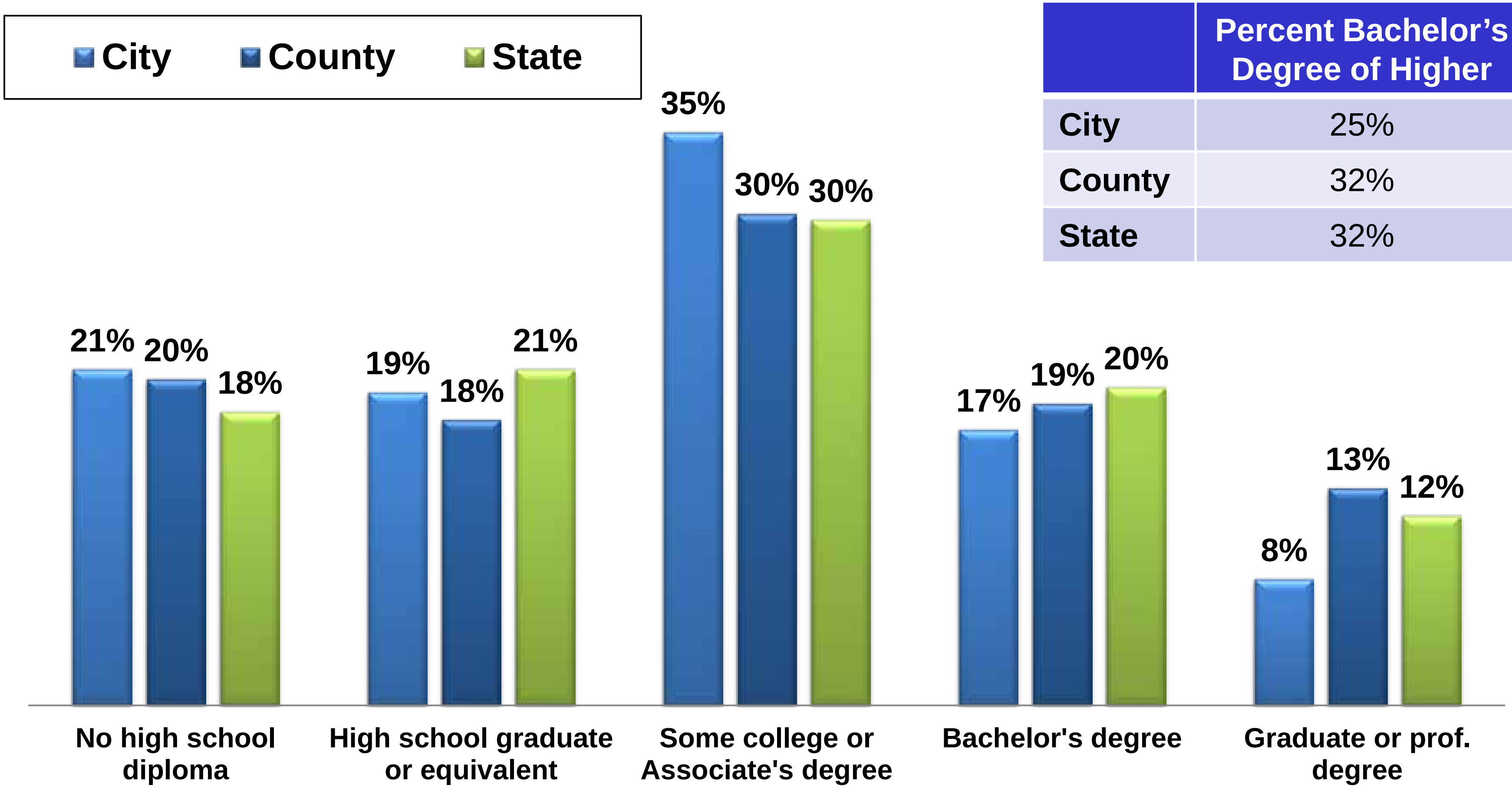
Hispanic Origin of Any Race: 33%

Note: U.S. Census Bureau defines race and ethnicity as two separate and distinct identities. One Census question asks respondents which socio-political race (of categories in pie chart above) they associate most closely with, and a separate question asks whether they associate with "Hispanic, Latino, or Spanish origin" or not (defined as ethnicity).

Source: U.S. Census Bureau (2010); ESRI (2015)

Educational Attainment

Population Aged 25+ by Educational Attainment

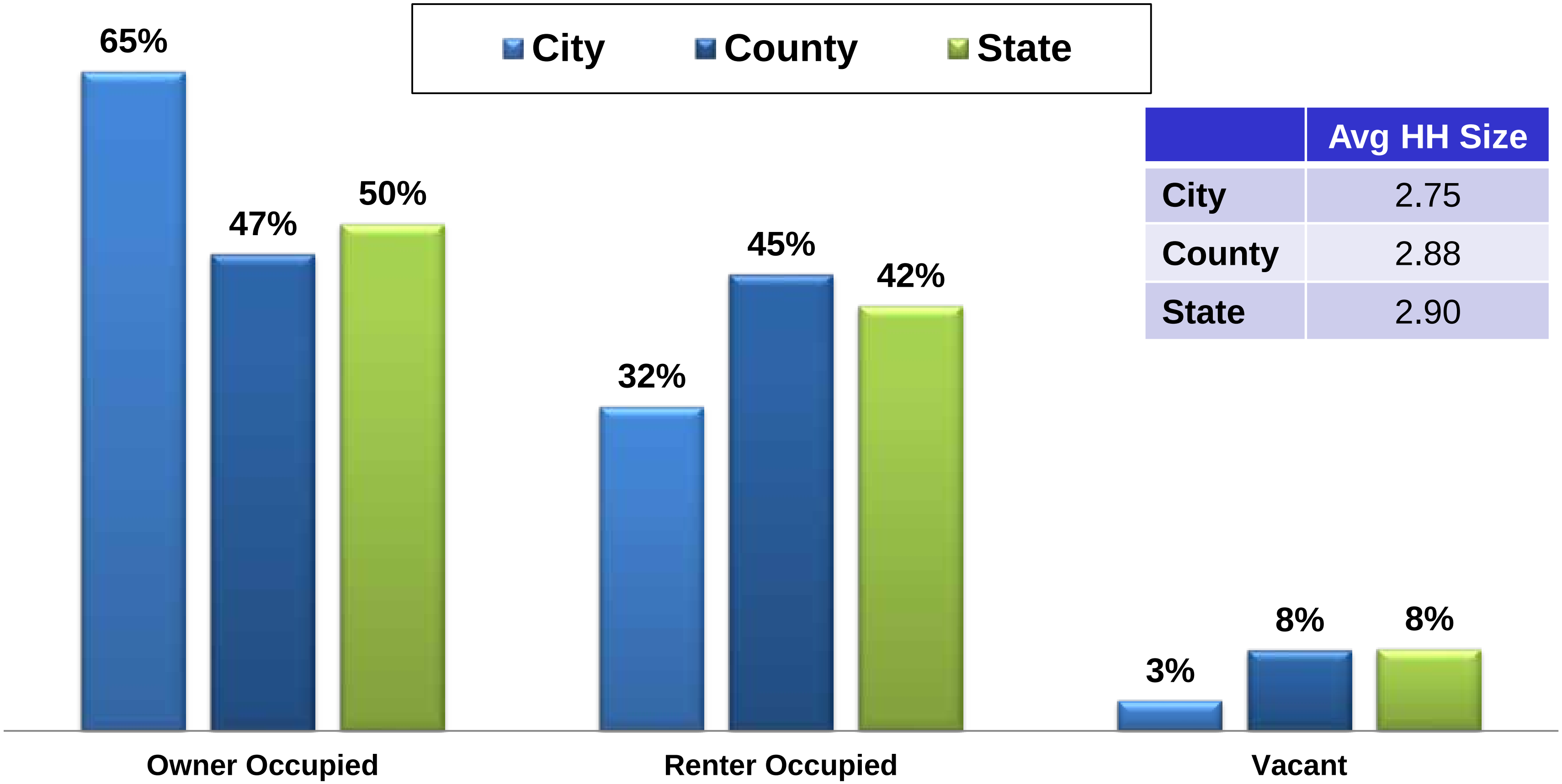


	Percent Bachelor's Degree of Higher
City	25%
County	32%
State	32%

Source: U.S. Census Bureau (2010); ESRI (2015)

Housing & Household Size

Housing Breakdown (2015)

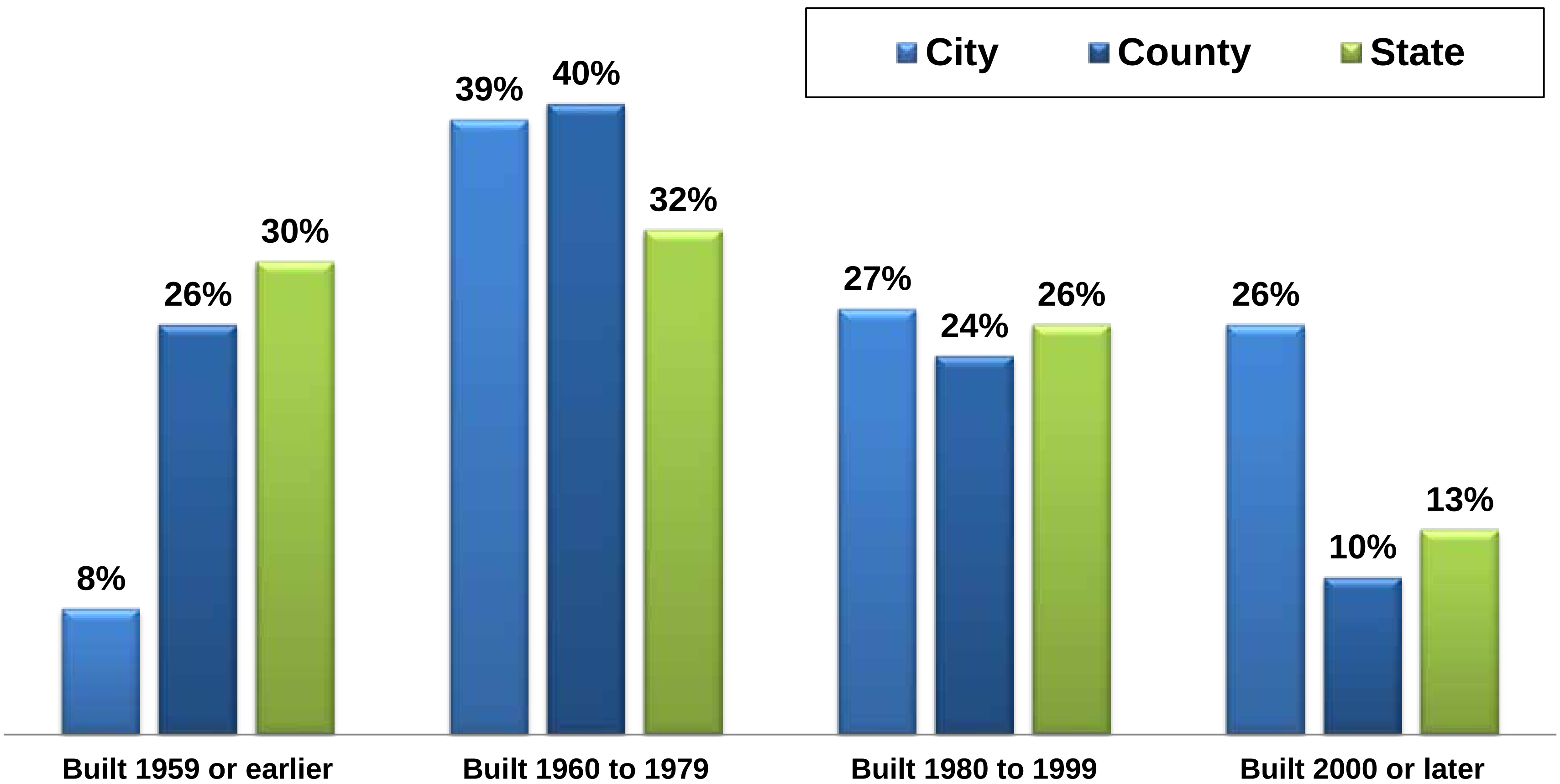


	Avg HH Size
City	2.75
County	2.88
State	2.90

Source: U.S. Census Bureau (2010); ESRI (2015)

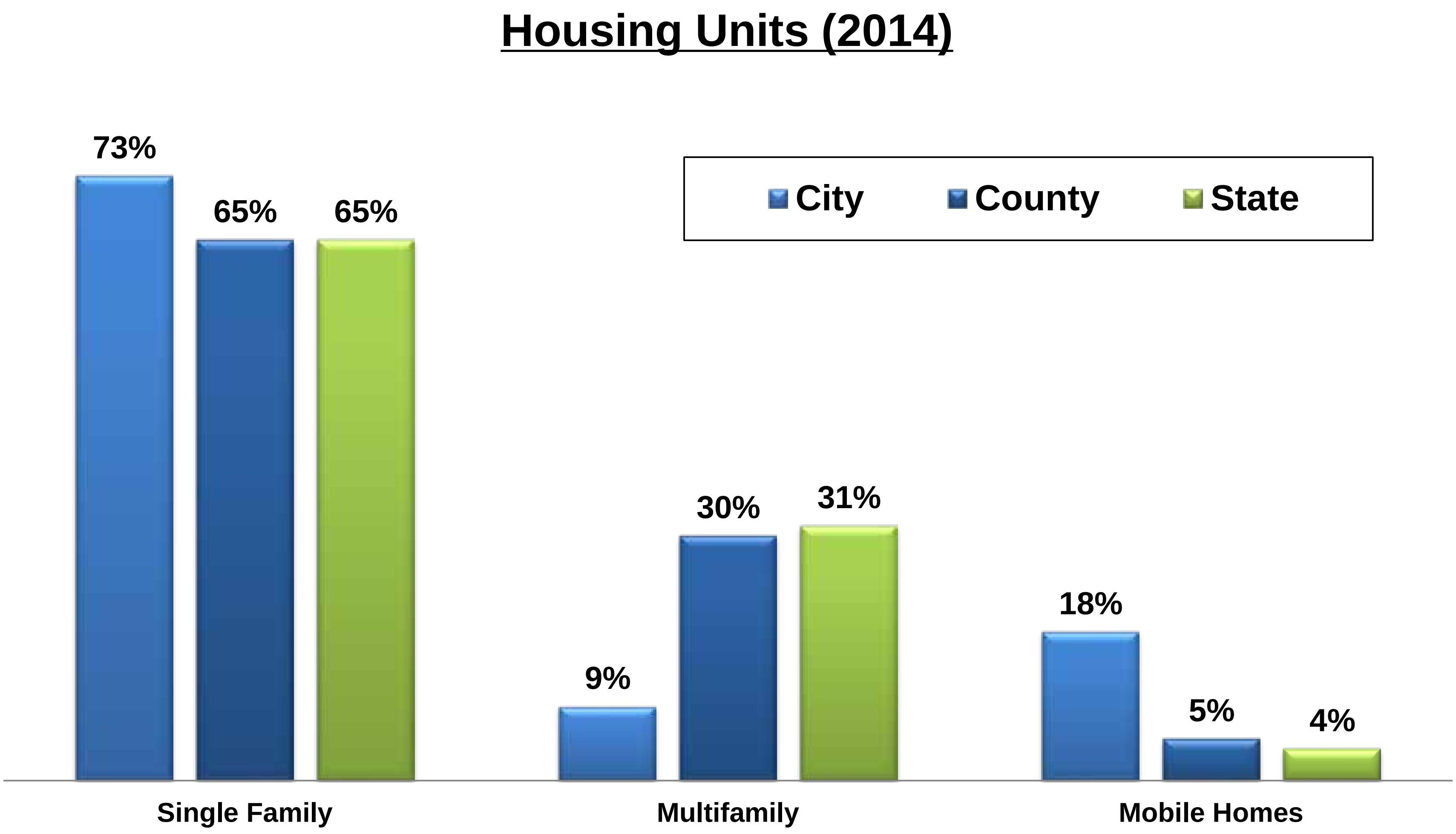
Age of Housing

Housing Units (2014)



Source: American Community Survey (2014)

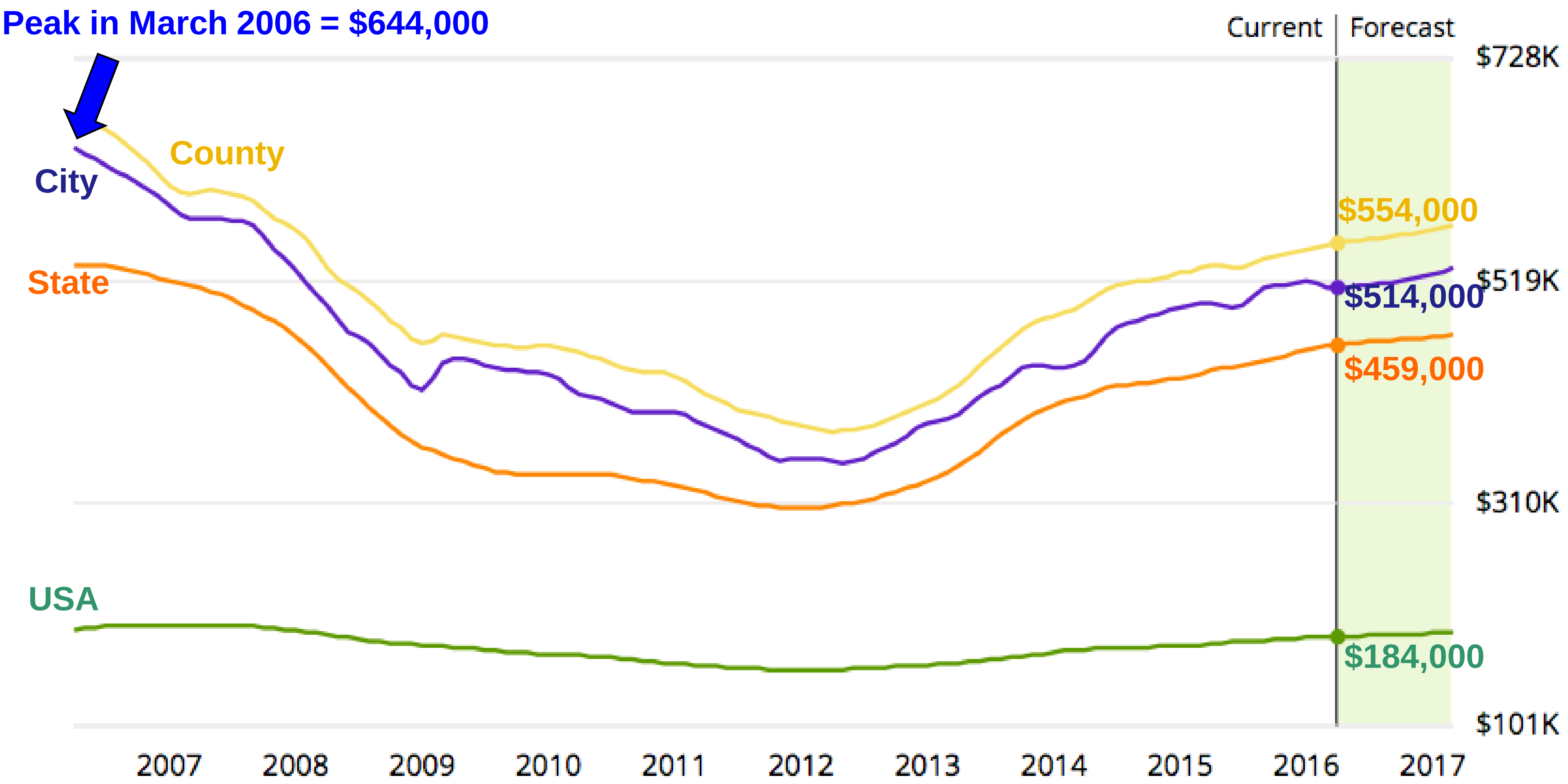
Housing Units



Source: American Community Survey (2014)

Home Value History

Zillow Home Value Index



Source: Zillow.com (March 2016)

Current Home Value Comparison

Home Value Index	March 2016	Year-Over-Year
Mission Canyon	$1,370,000	2.2%
Santa Barbara	$1,070,000	5.9%
Carpinteria	$840,000	5.7%
Santa Ynez	$753,000	-4.9%
Goleta	$765,000	1.9%
Solvang	$714,000	5.5%
Santa Barbara County	$554,000	3.9%
Buellton	$514,000	3.2%
Los Alamos	$486,000	-1.4%
California	$459,000	5.8%
Santa Maria	$334,000	6.7%
Lompoc	$286,000	9.2%
Guadalupe	$239,000	11.2%

Source: Zillow.com (March 2016)

Population Segmentation Profile

Top 3 "Tapestries" in City	Percent	Sample Characteristics
1. Soccer Moms	49%	• Slightly younger, mostly white populace; median age compared to U.S. • Newer, suburban homes; majority owner occupied • Affluent, family-oriented market with a country flavor • Family-oriented purchases and activities dominate (e.g. televisions, movie purchases/rentals, children's apparel and toys, and visits to theme parks/zoos)
2. In Style	37%	• Slightly older, mostly white population, primarily with no children, planning for retirement • Professional couples or single households; home ownership rate average compared to U.S. • Homes integral part of their style; invest in home remodeling/maintenance, DIY, or contractors • Actively support the arts; prefer organic produce; partial to late model SUVs or trucks
3. Pleasantville	14%	• Married, older couples, mostly white with children over 18 • Suburban households with longer commute times situated in Northeastern and Western states • Less likely to move, more likely to remodel homes • Activities include: outdoor gardening, going to the beach, visiting theme parks, and frequenting museums

Source: ESRI (2015)

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Jobs / Housing Balance

2015	City of Buellton	County of Santa Barbara	State of California
Employment	2,782	221,916	16,840,429
Households	1,811	144,403	12,932,388
Jobs/Housing Ratio	**1.54**	**1.54**	**1.30**

Source: ESRI (2015)

Economic & Demographic Profile

Unemployment & Employment by Industry

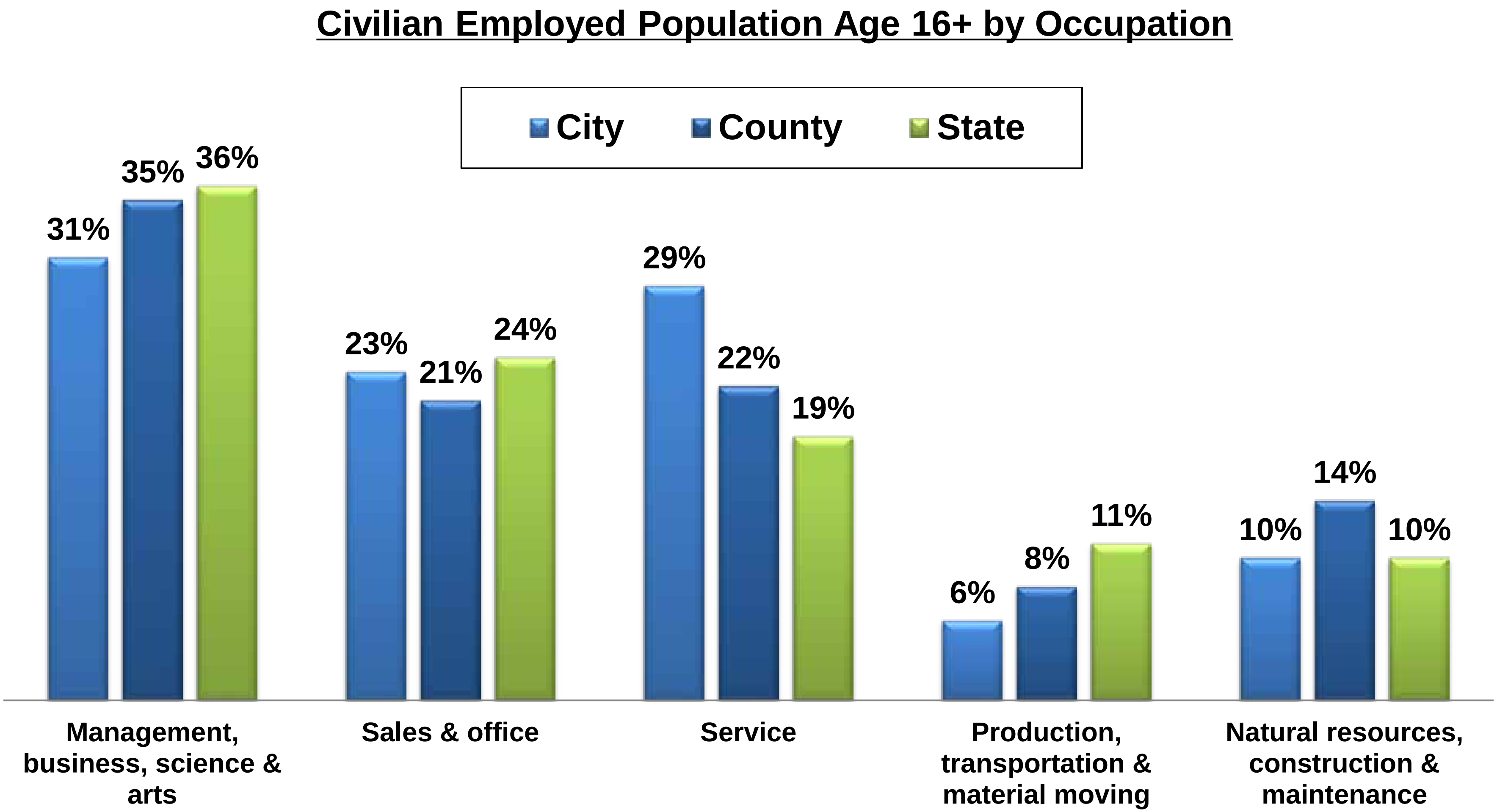
Unemployment Rates

	2010 Annual Average	2015 Annual Average	January 2016 Snapshot
City of Buellton	6.3%	3.4%	3.7%
County of Santa Barbara	9.7%	5.1%	5.7%
State of California	12.2%	6.2%	5.8%

Note: Not seasonally adjusted; annual averages

Source: Bureau of Labor Statistics (2015); CA Employment Development Department (2015)

Resident Employment by Occupation



Source: U.S. Census Bureau (2010); ESRI (2015)

Employment by Industry

City Resident Employed Population (Age 16+)	
Accommodation and Food Services	18.6%
Educational Services	11.7%
Health Care and Social Assistance	10.1%
Manufacturing	10.0%
Retail Trade	7.8%
Agriculture, Forestry, Fishing, and Hunting	6.6%
Public Administration	5.3%
Construction	4.7%
Professional, Scientific, and Tech. Services	4.5%
Administration and Support, Waste Mgmt.	4.0%
Other Services (excl. Public Admin.)	3.2%
Information	2.5%
Wholesale Trade	2.2%
Real Estate and Rental/Leasing	2.0%
Arts, Entertainment, and Recreation	1.9%
Finance and Insurance	1.3%
Utilities	1.2%
Mgmt. of Companies and Enterprises	1.0%
Transportation and Warehousing	0.8%
Mining, Quarrying, Oil and Gas Extraction	0.5%

"Industries in which City residents work"

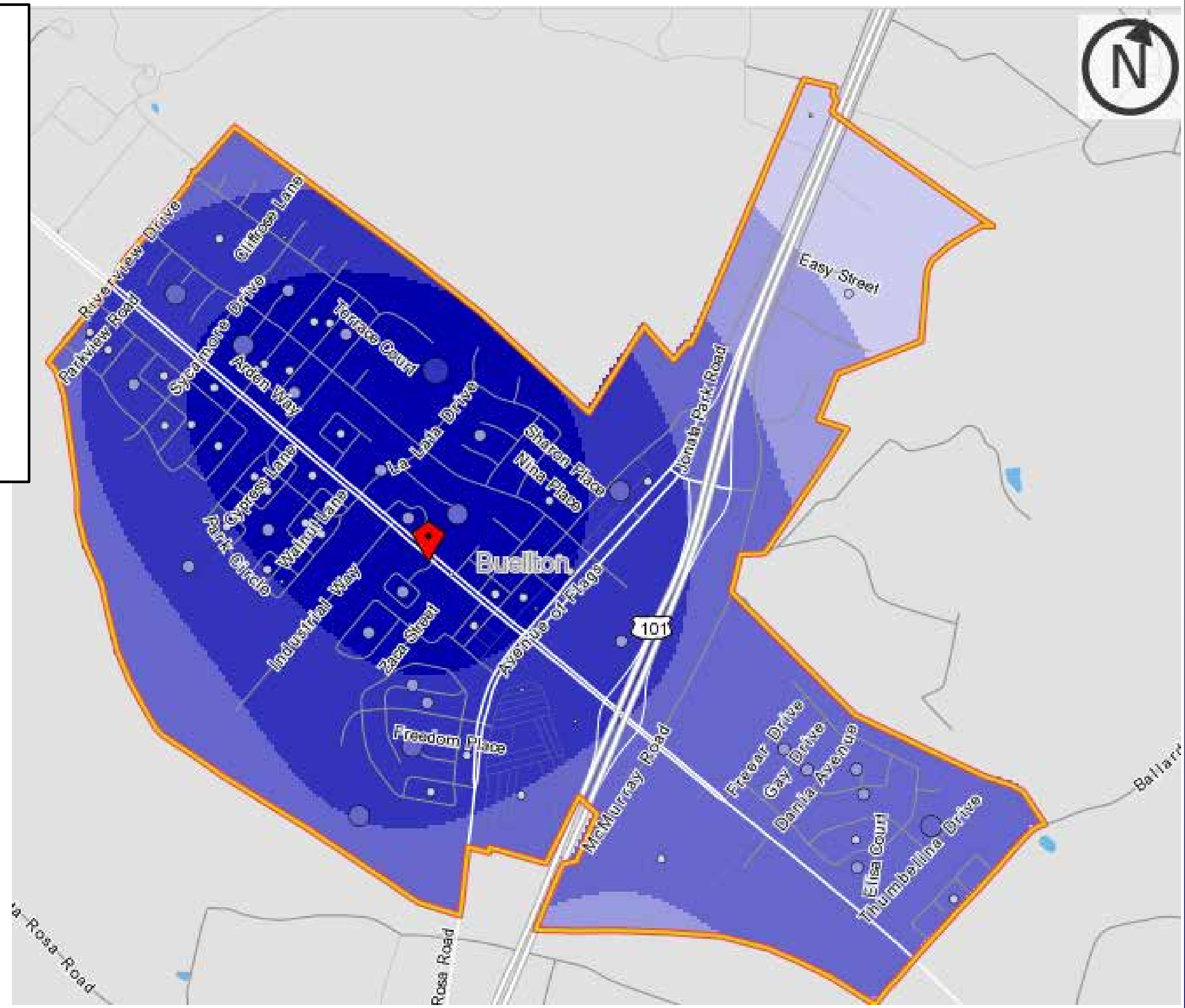
Workers Employed Within City	
Accommodation and Food Services	24.4%
Agriculture, Forestry, Fishing, and Hunting	19.1%
Manufacturing	13.7%
Retail Trade	8.5%
Health Care and Social Assistance	6.9%
Educational Services	6.5%
Administration and Support, Waste Mgmt.	4.0%
Other Services (excl. Public Admin.)	3.3%
Wholesale Trade	3.2%
Construction	3.1%
Public Administration	2.1%
Professional, Scientific, and Tech. Services	1.8%
Real Estate and Rental/Leasing	1.4%
Finance and Insurance	0.6%
Information	0.5%
Mgmt. of Companies and Enterprises	0.3%
Utilities	0.2%
Transportation and Warehousing	0.2%
Arts, Entertainment, and Recreation	0.1%
Mining, Quarrying, Oil and Gas Extraction	0.0%

"Jobs in the City"

Source: U.S. Census Bureau Center for Economic Studies (2013)

Resident Concentration Within City

- 5 - 73 Employed residents/Sq. Mile
- 74 - 279 Employed residents/Sq. Mile
- 280 - 623 Employed residents/Sq. Mile
- 624 - 1,103 Employed residents/Sq. Mile
- 1,104 - 1,722 Employed residents/Sq. Mile
- 1 - 2 Employed residents
- 3 - 16 Employed residents
- 17 - 52 Employed residents
- 53 - 122 Employed residents
- 123 - 238 Employed residents



Source: U.S. Census Bureau Center for Economic Studies (2013)

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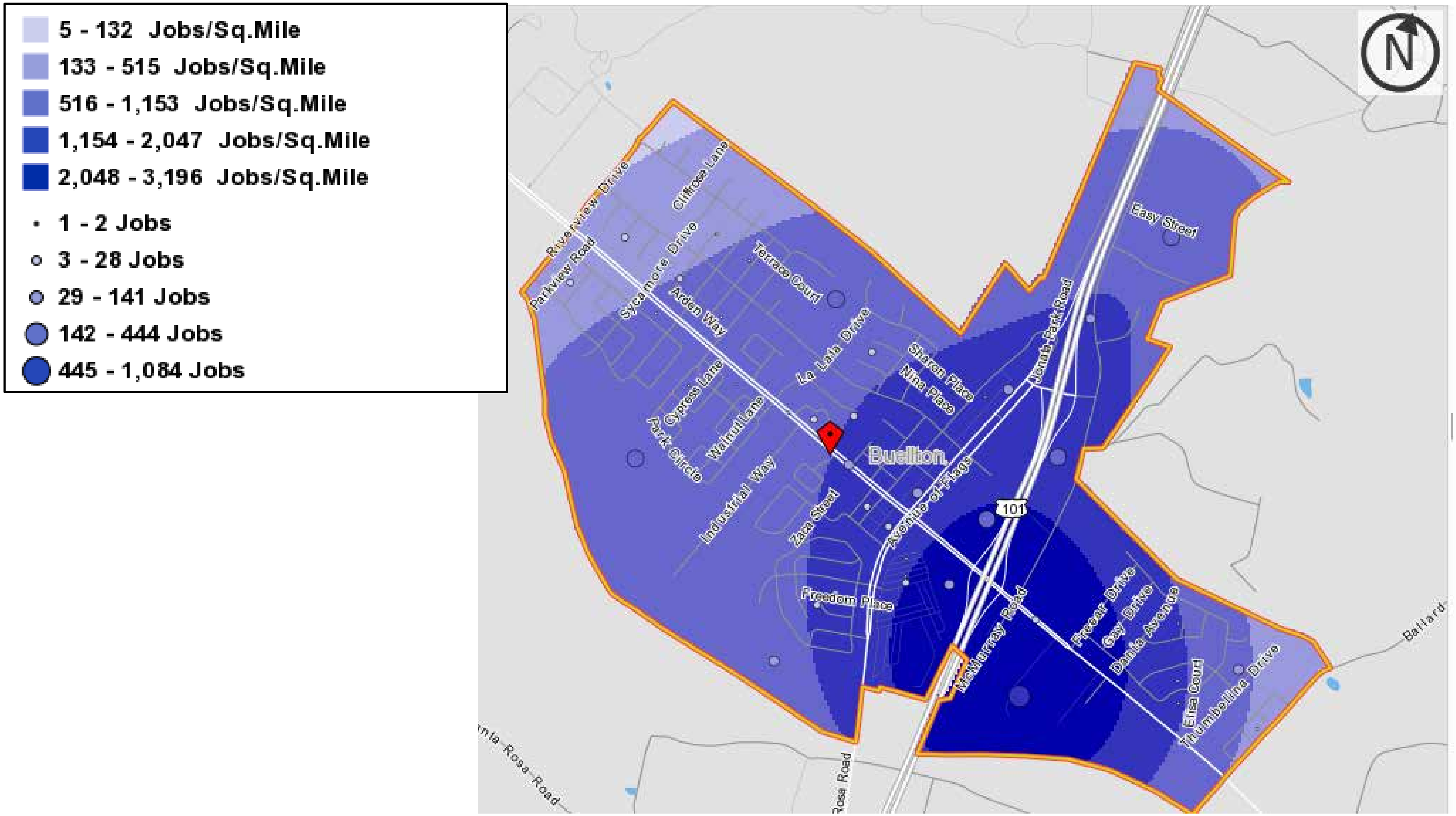
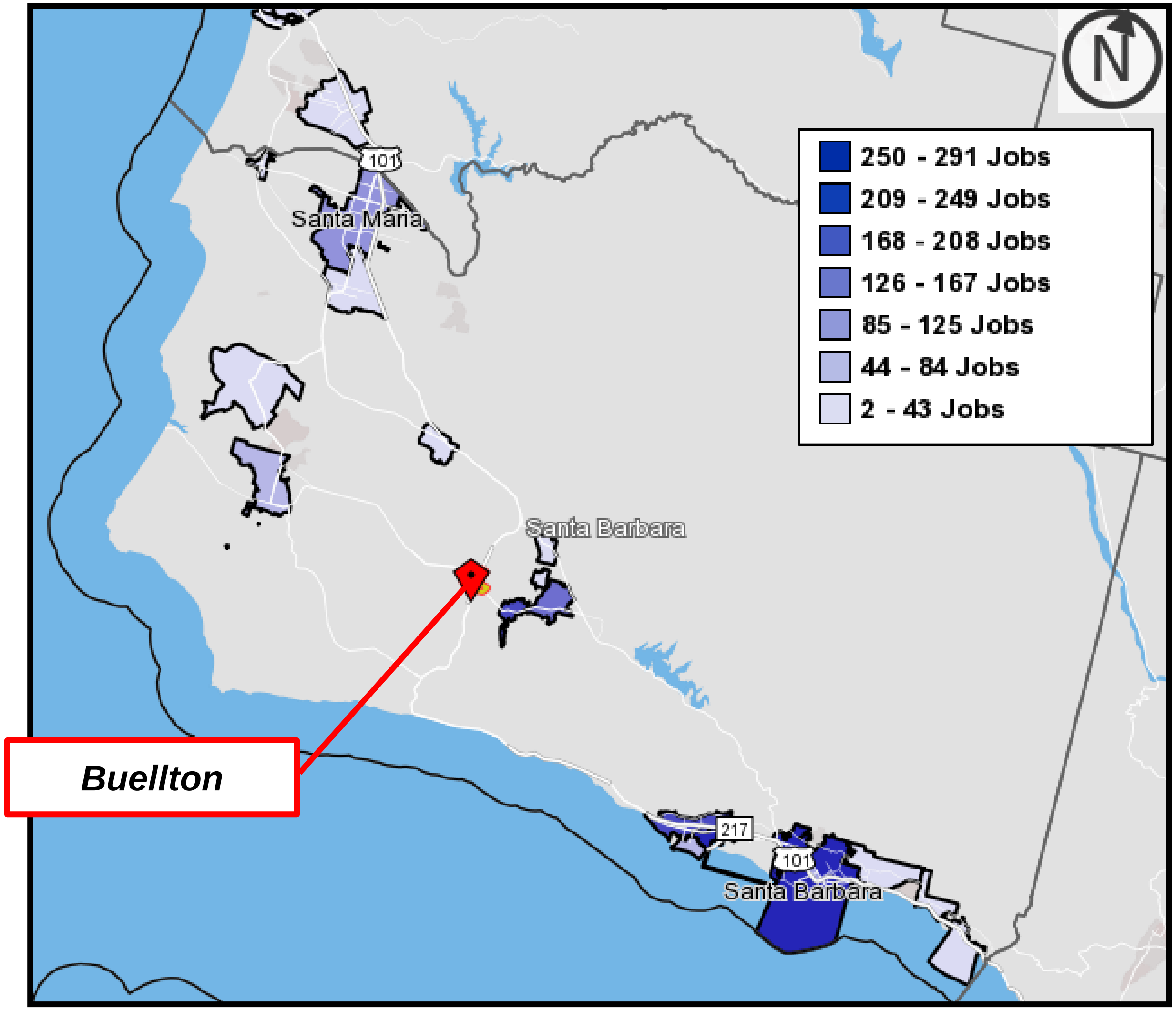
Employment Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2013)

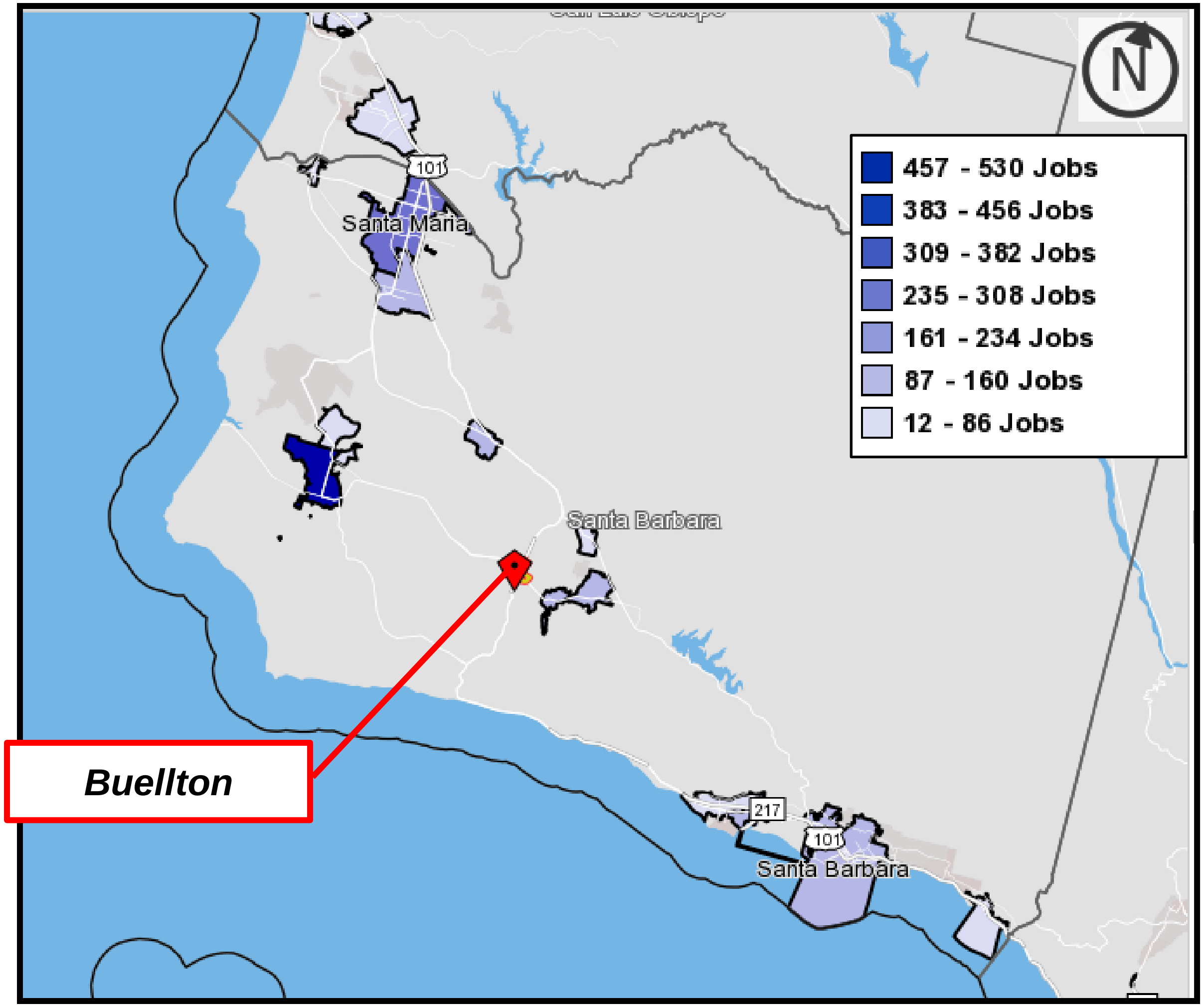
Resident Workplace Location
"Where City Residents Work"



Location	Percent
Buellton	17.2%
Santa Barbara	13.3%
Goleta	11.4%
Solvang	11.2%
Santa Ynez CDP	8.5%
Santa Maria	6.0%
Lompoc	3.4%
Isla Vista CDP	3.0%
Los Olivos CDP	2.4%
San Luis Obispo	2.3%
Orcutt CDP	1.1%
Los Alamos CDP	0.8%
Arroyo Grande	0.6%
Montecito CDP	0.6%
Ballard CDP	0.5%
Vandenberg AFB CDP	0.4%
Carpinteria	0.3%
Grover Beach	0.3%
Pismo Beach	0.3%
Toro Canyon CDP	0.2%
Other	16.0%

Source: U.S. Census Bureau Center for Economic Studies (2013)

Worker Residence
"Where People Who Work in the City Come From"



Location	Percent
Lompoc	18.4%
Buellton	10.1%
Santa Maria	8.6%
Solvang	5.5%
Orcutt CDP	4.0%
Los Alamos CDP	3.8%
Santa Ynez CDP	3.4%
Santa Barbara	3.3%
Vandenberg Village CDP	1.8%
Los Angeles	1.6%
Mission Hills CDP	1.5%
Goleta	1.1%
Atascadero	1.0%
San Luis Obispo	1.0%
Paso Robles	0.9%
Nipomo CDP	0.8%
Oxnard	0.7%
Ventura	0.7%
Los Olivos CDP	0.6%
Arroyo Grande	0.5%
Other	30.4%

Source: U.S. Census Bureau Center for Economic Studies (2013)

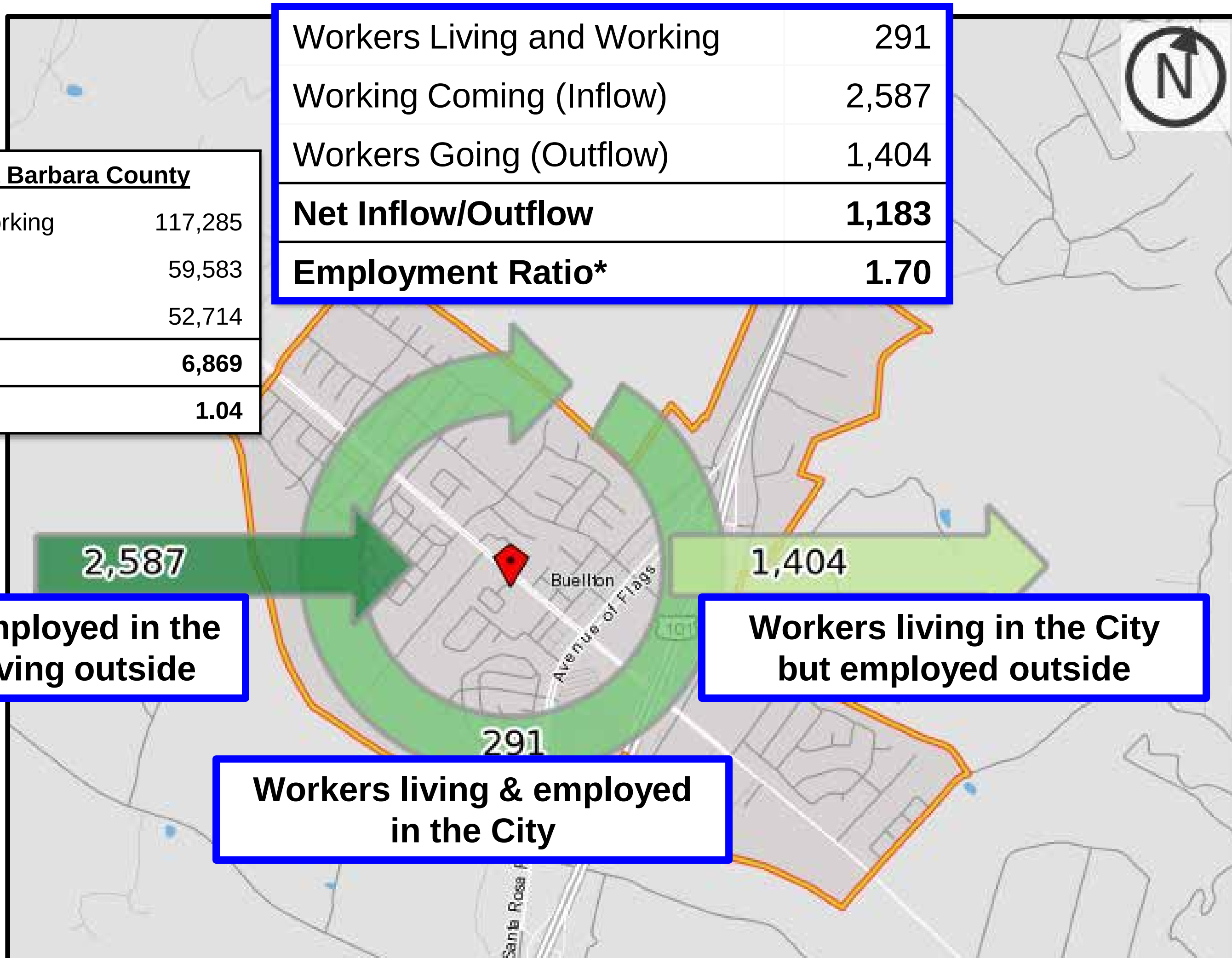
Worker Inflow / Outflow

“Are jobs coming or going?”

Workers Living and Working	291
Working Coming (Inflow)	2,587
Workers Going (Outflow)	1,404
Net Inflow/Outflow	**1,183**
Employment Ratio*	**1.70**

Reference: Santa Barbara County

Workers Living and Working	117,285
Working Coming	59,583
Workers Going	52,714
Net Inflow/Outflow	**6,869**
Employment Ratio*	**1.04**



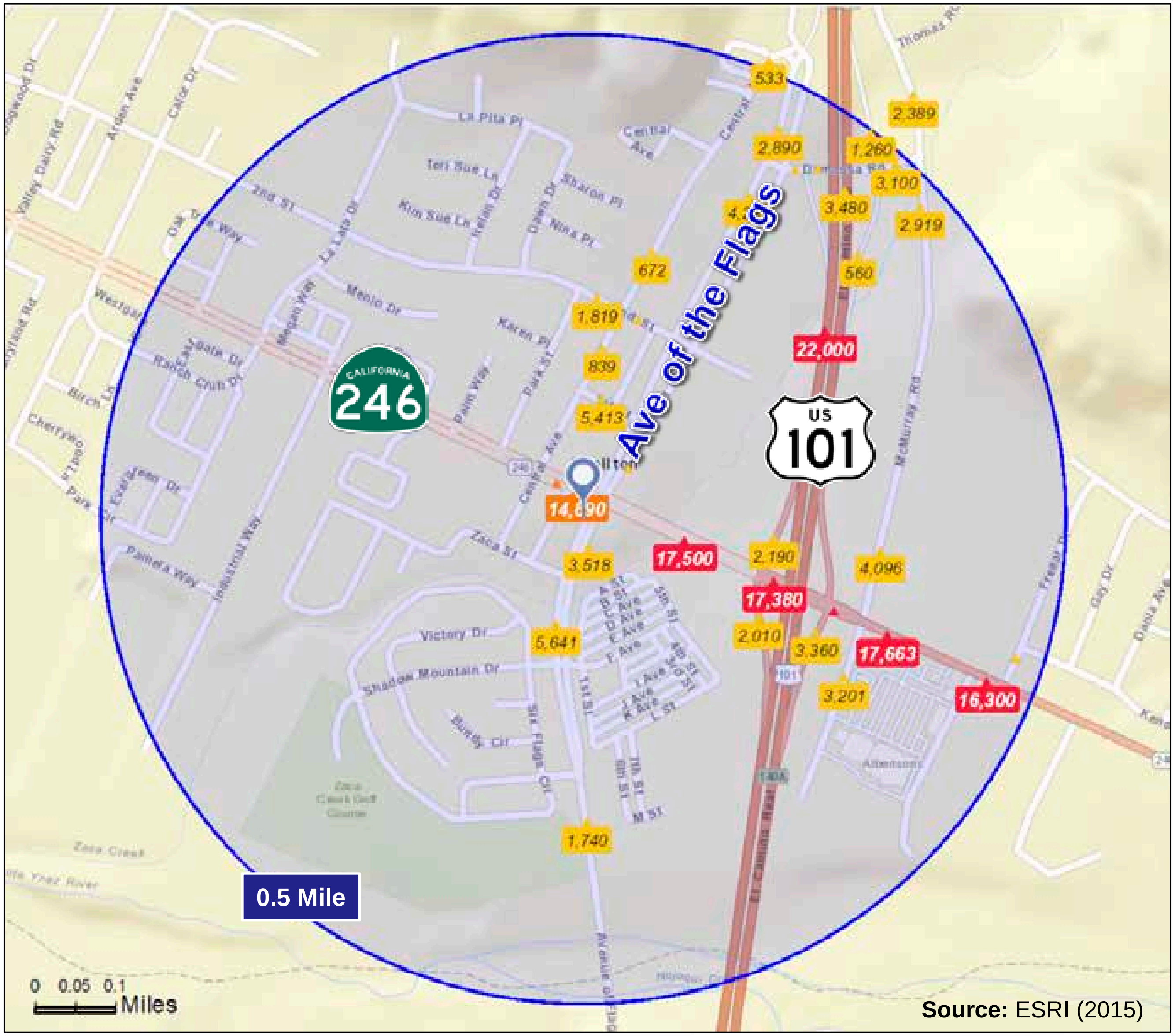
Workers employed in the City but living outside

Workers living in the City but employed outside

Workers living & employed in the City

Source: U.S. Census Bureau Center for Economic Studies (2013);
*Employment Ratio = People employed within City (living and working in City + those who come into the City for work) / Employed residential population (living and working in City + workers who live in the City, but work outside of the City)

Traffic Map
(from Hwy 246 and Ave of Flags)



Source: ESRI (2015)

Summary: Demographics and Employment

- Relatively older, wealthy, population; smaller than average HH size
- Few multifamily/renter occupied housing units
- Home values higher than Lompoc, Santa Maria and State of California; lower than S.B. County, Solvang, and Santa Ynez
- Low unemployment compared to County and State
- Most employees in City work in accommodation and food services, agriculture, manufacturing, and retail trade
- Many residents employed in Buellton, Santa Barbara, Goleta, Solvang, and Santa Ynez
- City is a net “importer” of jobs, with many employees coming from Lompoc, Santa Maria, Solvang, and other neighboring jurisdictions (Employment Ratio is 1.70)
- Additional significant visitor population (~1.5M to 3M annually)

Market Demand Analysis

Household & Industry Growth

Projected Housing Unit Growth

Housing Units	2015	2020	Net	Percent
City of Buellton	1,810	1,883	73	4.0%
Owner	*1,209*	*1,245*	*36*	*3.0%*
Renter	*601*	*638*	*37*	*6.2%*
W/in 10 miles of Hwy 246 & Ave of Flags	8,538	8,920	382	4.5%
Owner	*5,480*	*5,694*	*214*	*3.9%*
Renter	*3,058*	*3,226*	*168*	*5.5%*

- 73 new housing units projected for the City from 2015 through 2020 and 382 new units within 10 miles of Highway 246 & Avenue of Flags
- Owner and renter housing units are projected to increase both Citywide and within 10 miles

Note: Only considers occupied units; **Source:** U.S. Census Bureau (2010); ESRI (2015)

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Employment Projections by Industry
Santa Barbara County

Projected Employment Change 2012-2022

Industry	2012	2022	Change	Percent
Government	37,700	40,700	3,000	8.0%
Health Care & Social Assistance	20,700	25,900	5,200	25.1%
Retail Trade	18,500	20,400	1,900	10.3%
Prof., Scientific & Tech. Services	11,400	14,500	3,100	27.2%
Accommodation & Food Services	19,800	24,400	4,600	23.2%
Admin. & Support & Waste Mgmt.	9,300	12,100	2,800	30.1%
Arts, Entertainment & Recreation	3,100	3,300	200	6.5%
Wholesale Trade	4,200	5,000	800	19.0%
Construction	6,800	9,000	2,200	32.4%
Educational Services (Private)	2,800	3,000	200	7.1%
Mgmt. of Companies & Enterprises	1,800	2,000	200	11.1%
Other Services	5,300	6,200	900	17.0%
Real Estate & Rental & Leasing	2,900	3,200	300	10.3%
Transpo., Warehousing, Utilities	2,900	3,000	100	3.4%
Finance and Insurance	3,600	4,000	400	11.1%
Information	4,200	4,400	200	4.8%
Mining and Logging	1,200	1,500	300	25.0%
Manufacturing	12,000	14,500	2,500	20.8%
Total Nonfarm	168,200	197,100	28,900	17.2%
Total Farm	18,800	22,700	3,900	20.7%
Total Employment	210,000	243,300	33,300	15.9%

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2015)

Summary of Employment Growth by Industry

- Employment projections within the County suggest higher than average growth for industries including health care, professional services, accommodation and food services, and administration, support, and waste management

- Industries projecting lower than average growth include retail trade, real estate and rental/leasing, finance and insurance, among others

- Industries with projected growth are typically closely tied to population growth, while industries with projected contraction are typically more dependent on technology and automation

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2015)

Market Demand Analysis

Supply, Vacancy & Lease Rates

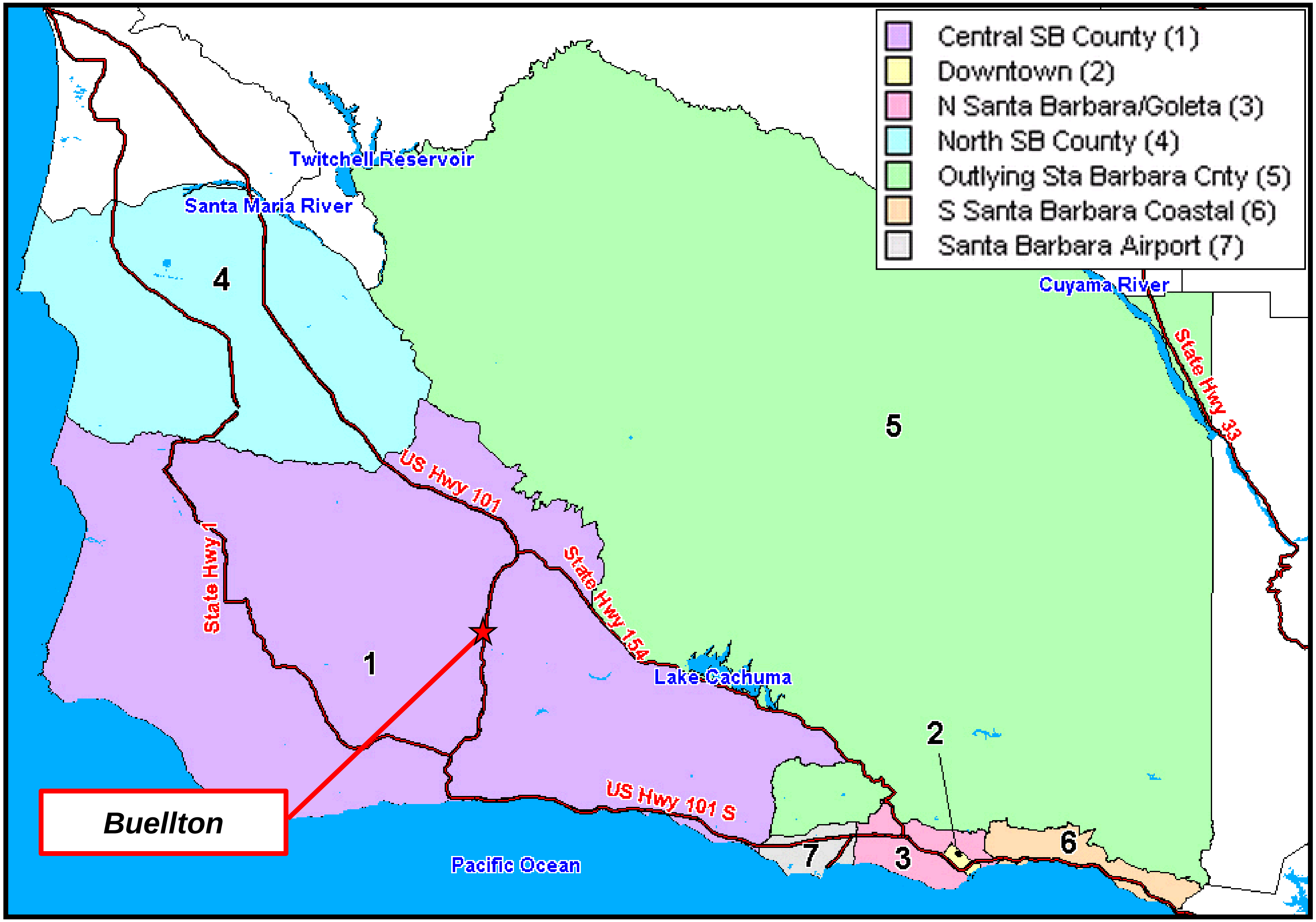
(Retail, Industrial & Office Uses)

Supply, Vacancy & Lease Rates
Retail, Industrial & Office

- Supply, vacancy, and lease rates for various land uses are compared between Southern California markets
- Buellton falls within the “Central S.B. County” submarket of the “Santa Barbara / Santa Maria / Goleta” market area (submarket also includes, Solvang, Santa Ynez, Lompoc, Los Olivos, and Los Alamos areas)
- Retail, industrial, and office vacancy within the greater Santa Barbara market is estimated below the Southern California / Central Coast average
- Retail and industrial lease rates within the greater Santa Barbara market are estimated above the Southern California / Central Coast average, while office lease rates are estimated below the Southern California / Central Coast average

Source: CoStar Property (Q4 2015)

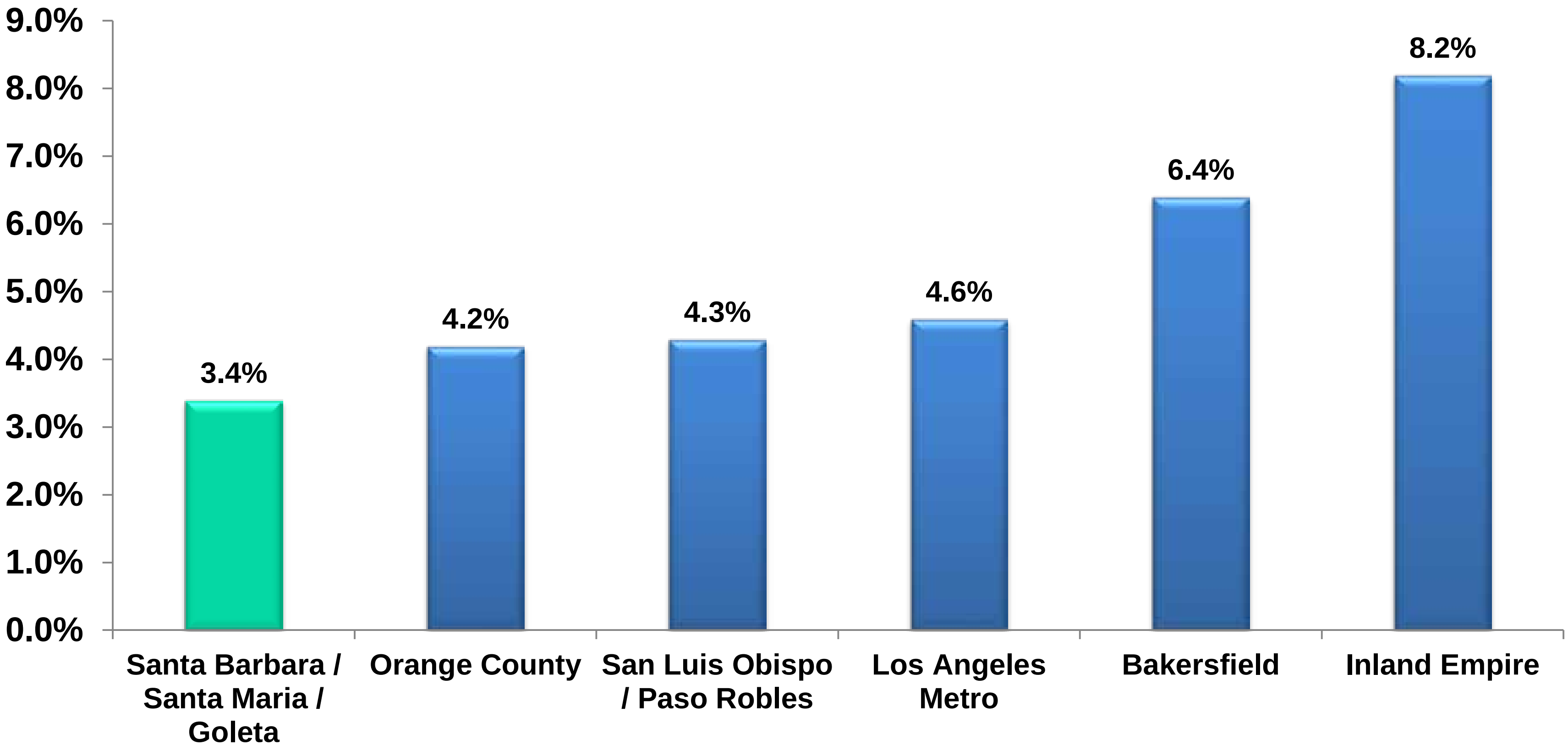
Santa Barbara Market Overview



Source: CoStar Property (Q4 2015); Greater detail provided in Appendix

Retail Vacancy by Market

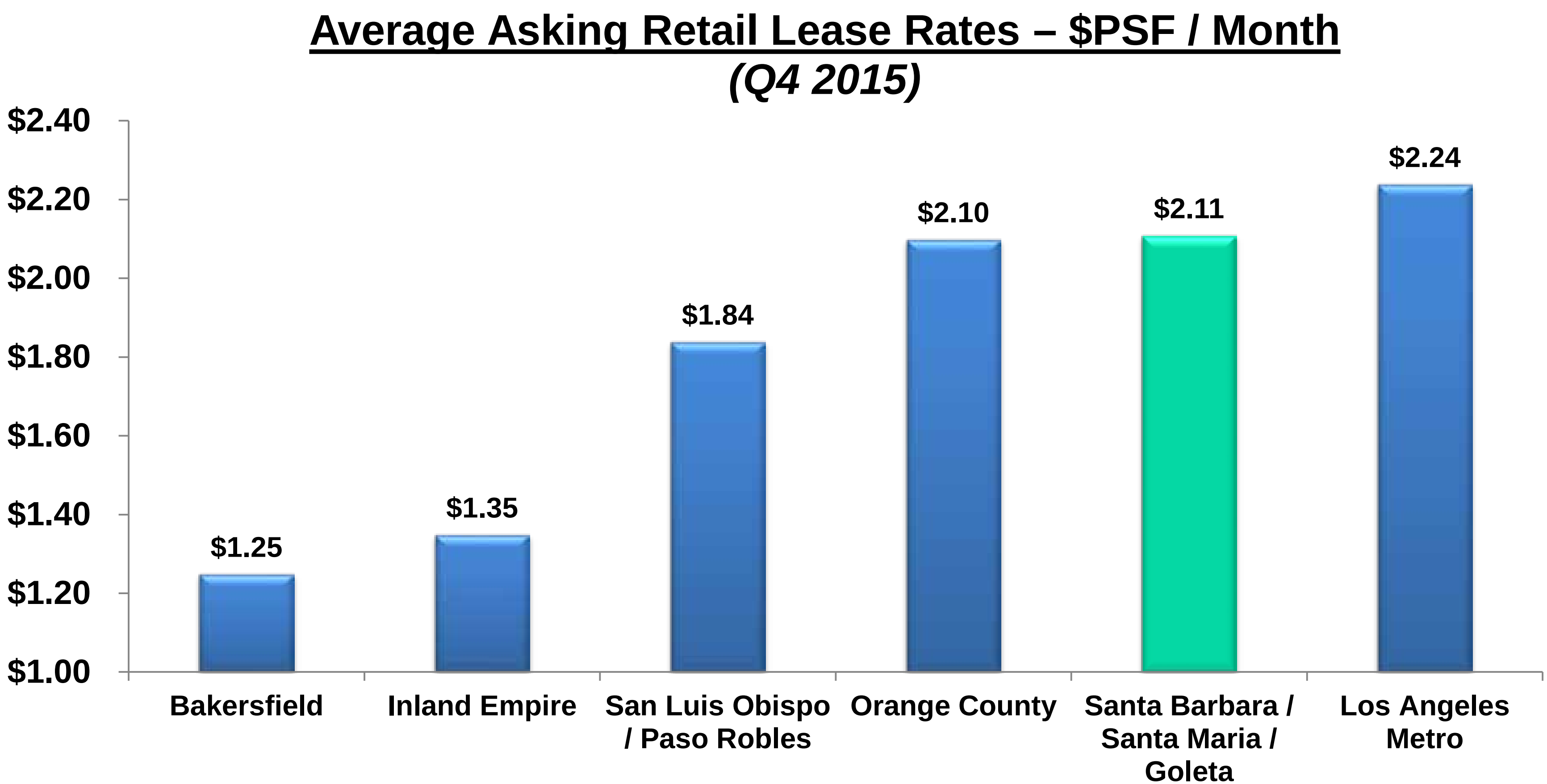
Retail Vacancy (Q4 2015)



Total G.L.A.	**24.2M SF**	**141.9M SF**	**15.4M SF**	**466.2M SF**	**22.1M SF**	**186.6M SF**

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

Retail Lease Rates by Market



Total G.L.A.	**22.1M SF**	**186.6M SF**	**15.4M SF**	**141.9M SF**	**24.2M SF**	**466.2M SF**

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

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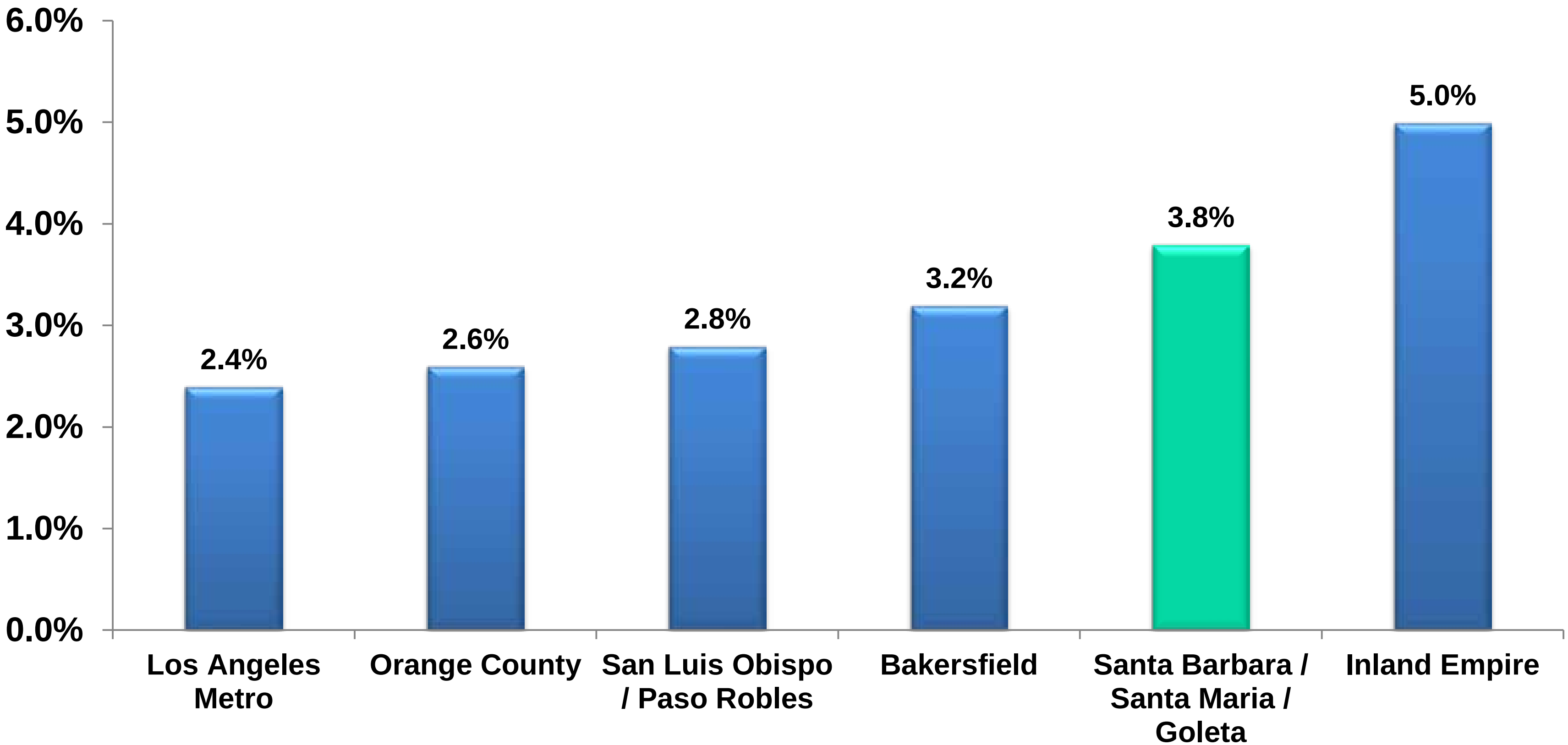
Industrial Vacancy by Market

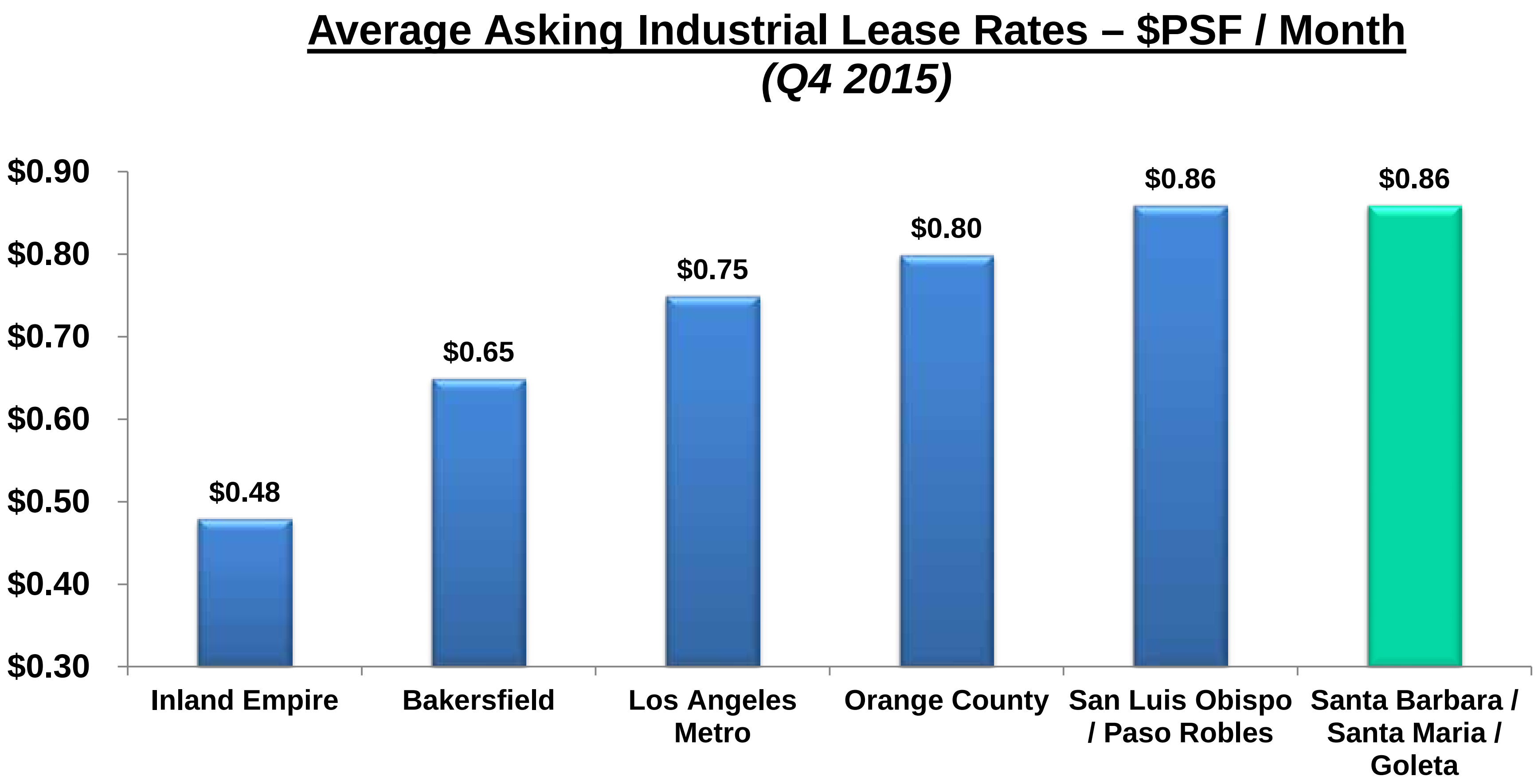
Industrial Vacancy (Q4 2015)



Total G.L.A.	**986.7M SF**	**301.9M SF**	**7.2M SF**	**25.3M SF**	**15.6M SF**	**556.2M SF**

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

Industrial Lease Rates by Market

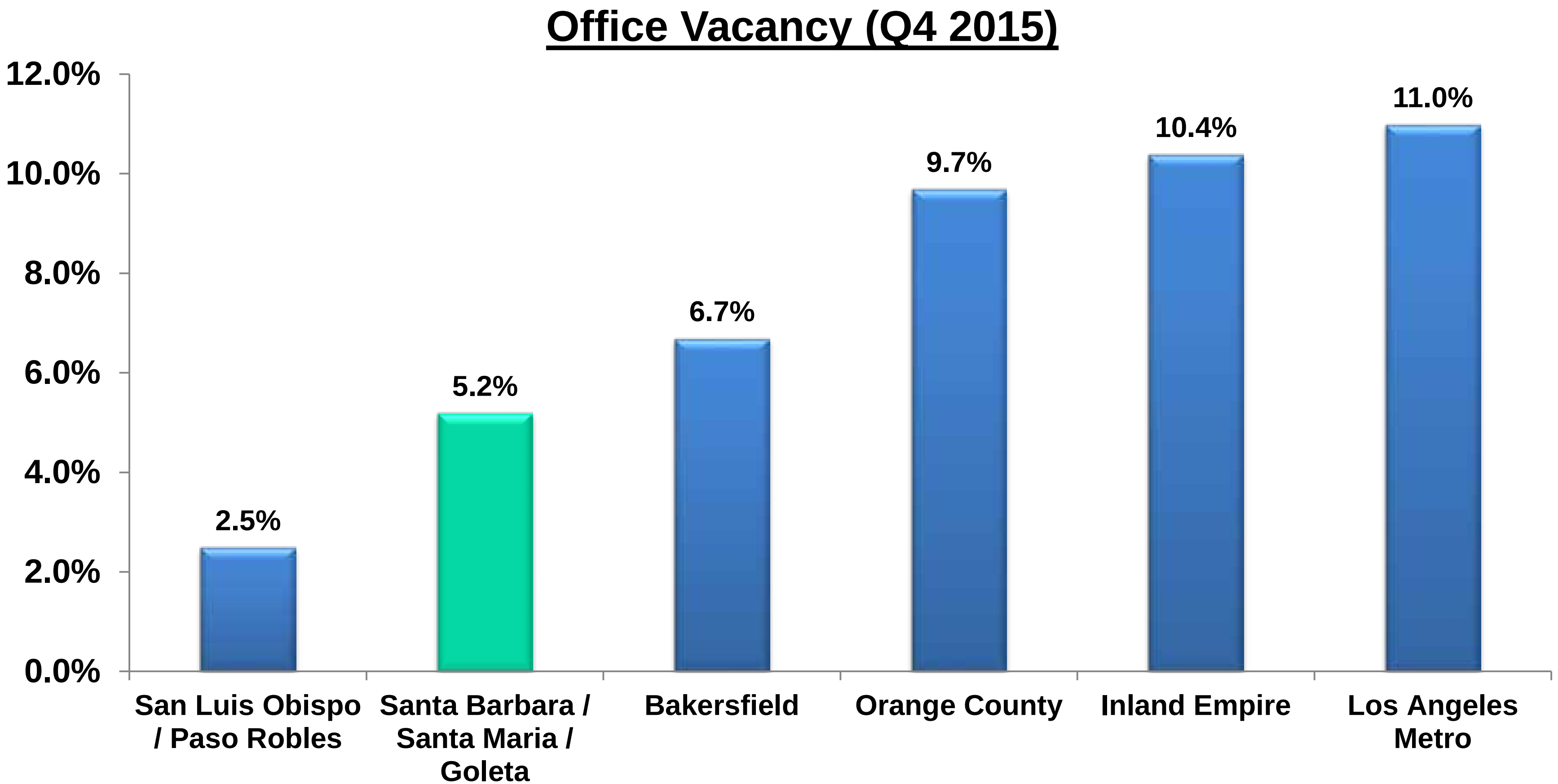


Total G.L.A.	**556.2M SF**	**25.3M SF**	**986.7M SF**	**301.9M SF**	**7.2M SF**	**15.6M SF**

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q4 2015)

Office Vacancy by Market

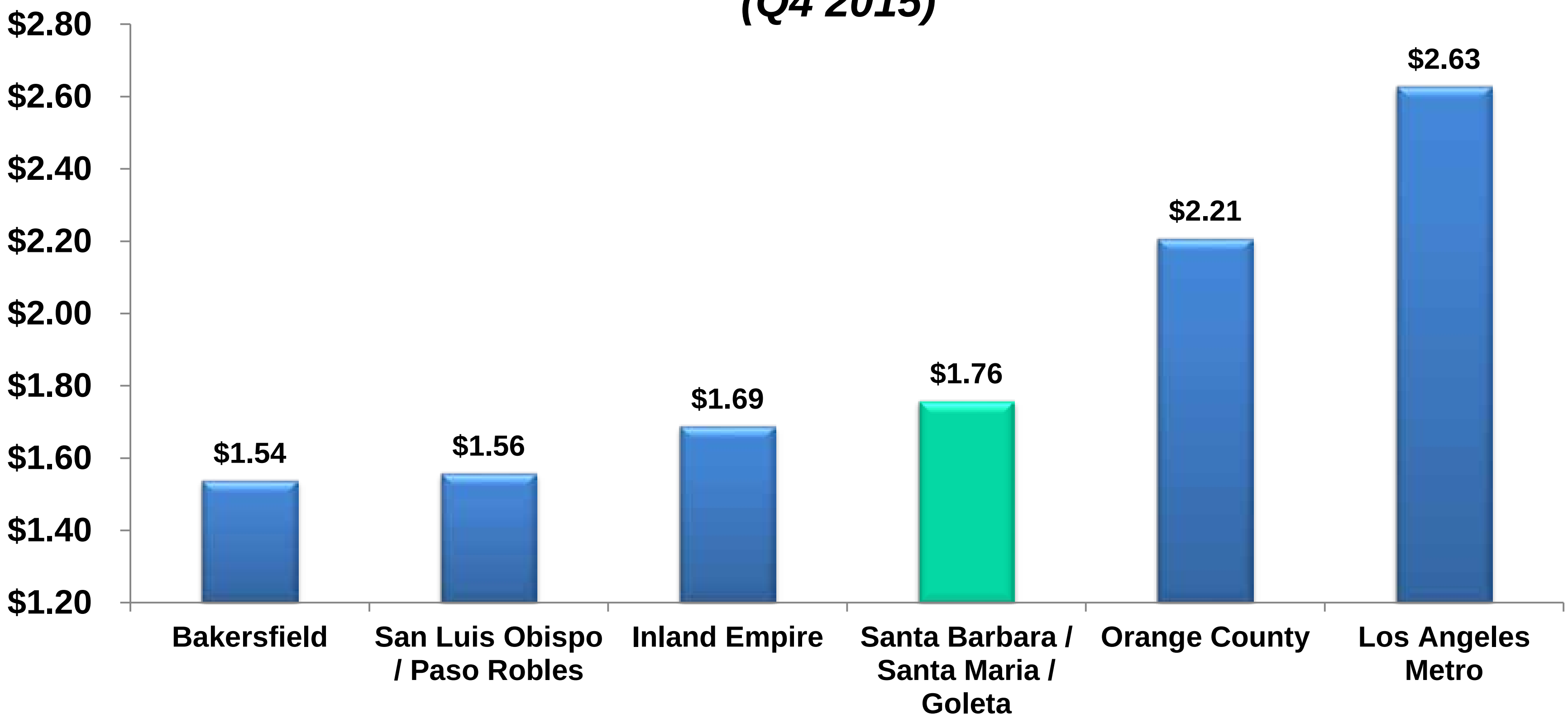


	San Luis Obispo / Paso Robles	Santa Barbara / Santa Maria / Goleta	Bakersfield	Orange County	Inland Empire	Los Angeles Metro
Total G.L.A.	5.8M SF	11.8M SF	12.9M SF	153.1M SF	72.1M SF	428.1M SF

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

Office Lease Rates by Market

Average Asking Office Lease Rates – $PSF / Month
(Q4 2015)



	Bakersfield	San Luis Obispo / Paso Robles	Inland Empire	Santa Barbara / Santa Maria / Goleta	Orange County	Los Angeles Metro
Total G.L.A.	**12.9M SF**	**5.8M SF**	**72.1M SF**	**11.8M SF**	**153.1M SF**	**428.1M SF**

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

Greater Santa Barbara Market Detail
By Land Use

Retail Type	# Ctrs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
General Retail	1,693 bldgs	14,876,968 SF	1.9%	67,523 SF	$2.65
Mall	3	1,460,414 SF	0.7%	0 SF	$3.48
Power Center	2	935,424 SF	3.1%	0 SF	$4.00
Shopping Center	165	6,970,373 SF	7.2%	45,281 SF	$1.72
Total Retail	**2,112**	**24,243,179 SF**	**3.4%**	**112,804 SF**	**$2.11**

Industrial Type	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Flex	167	4,046,657 SF	1.7%	0 SF	$1.14
Warehouse	1,039	11,561,441 SF	4.6%	20,000 SF	$0.76
Total Industrial	**1,206**	**15,608,098 SF**	**3.8%**	**20,000 SF**	**$0.86**

Office Type	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Class A	1	72,200 SF	0.0%	0 SF	$0.00
Class B	1,153	10,380,377 SF	4.3%	52,000 SF	$1.91
Class C	257	1,346,754 SF	13.0%	0 SF	$1.05
Total Office	**1,411**	**11,799,331 SF**	**5.2%**	**52,000 SF**	**$1.76**

G.L.A. = Gross Leasable Area
Source: CoStar Property (Q4 2015)

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Market Demand Analysis

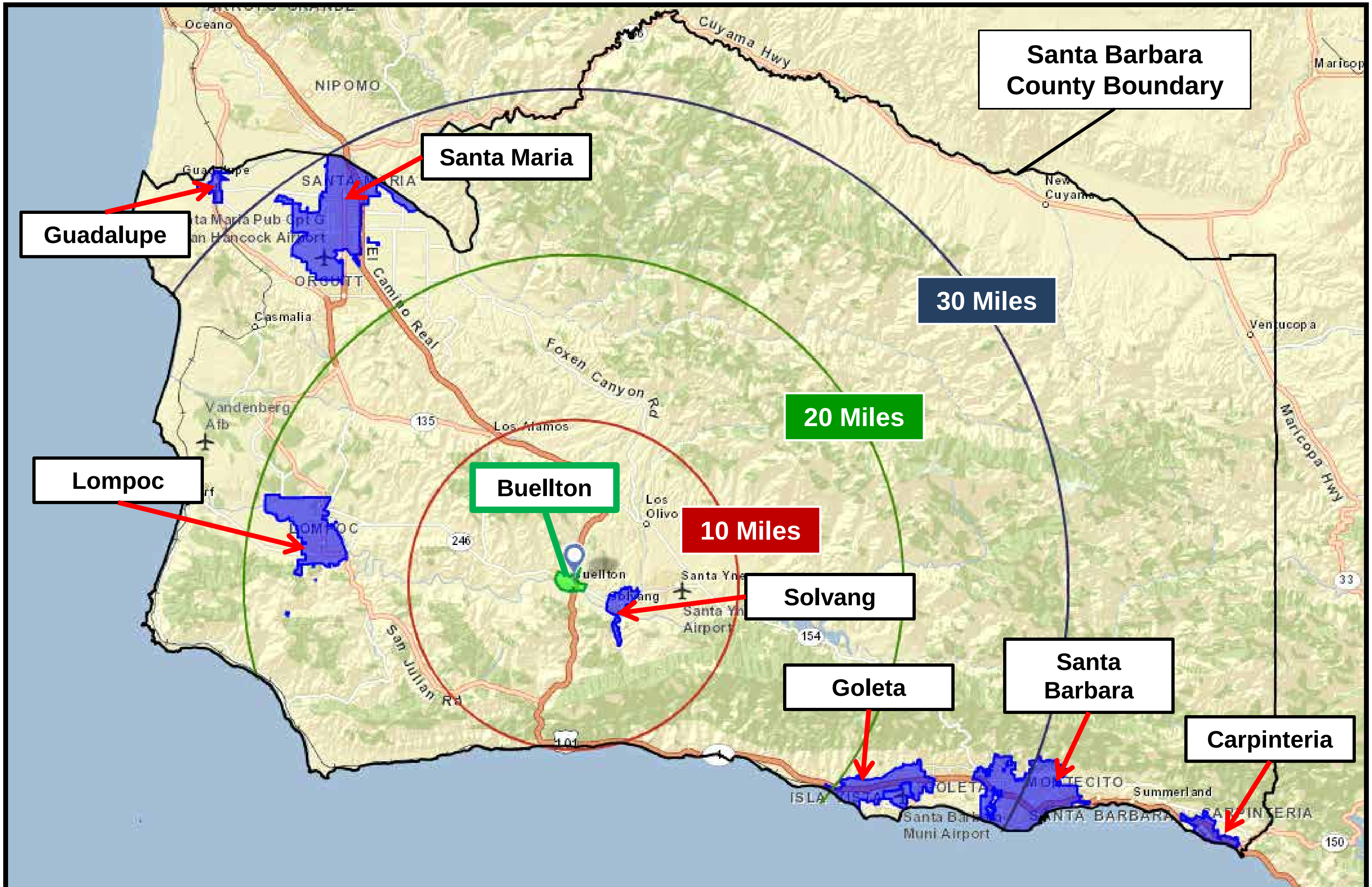
Retail Sales Surplus / Leakage

kosmont companies

Taxable Retail Sales Performance

- Taxable consumer spending across retail categories is totaled and normalized for population within the City and comparison regions for the purpose of evaluating potential sales leakage / capture across jurisdictions
- Retail sales per capita for the City (**~$28,300**) is above average when compared to neighboring cities and the County average (~$15,700)
- Higher performing sales categories include health and personal care, electronics and appliance stores, grocery stores, restaurants, motor vehicle and parts dealers, and gasoline stations
- Lower performing retail categories include clothing, general merchandise, furniture, sporting goods, building materials, and other consumer goods
- Overall retail sales in the City are **higher** than retail spending potential based on households and average household income, suggesting that, overall, the City is likely capturing a significant portion of Buellton resident retail purchases and additionally capturing retail spending by residents of other cities and a significant visitor population (i.e. sales **surplus**)

Buellton & Comparison Cities



Source: ESRI (2015)

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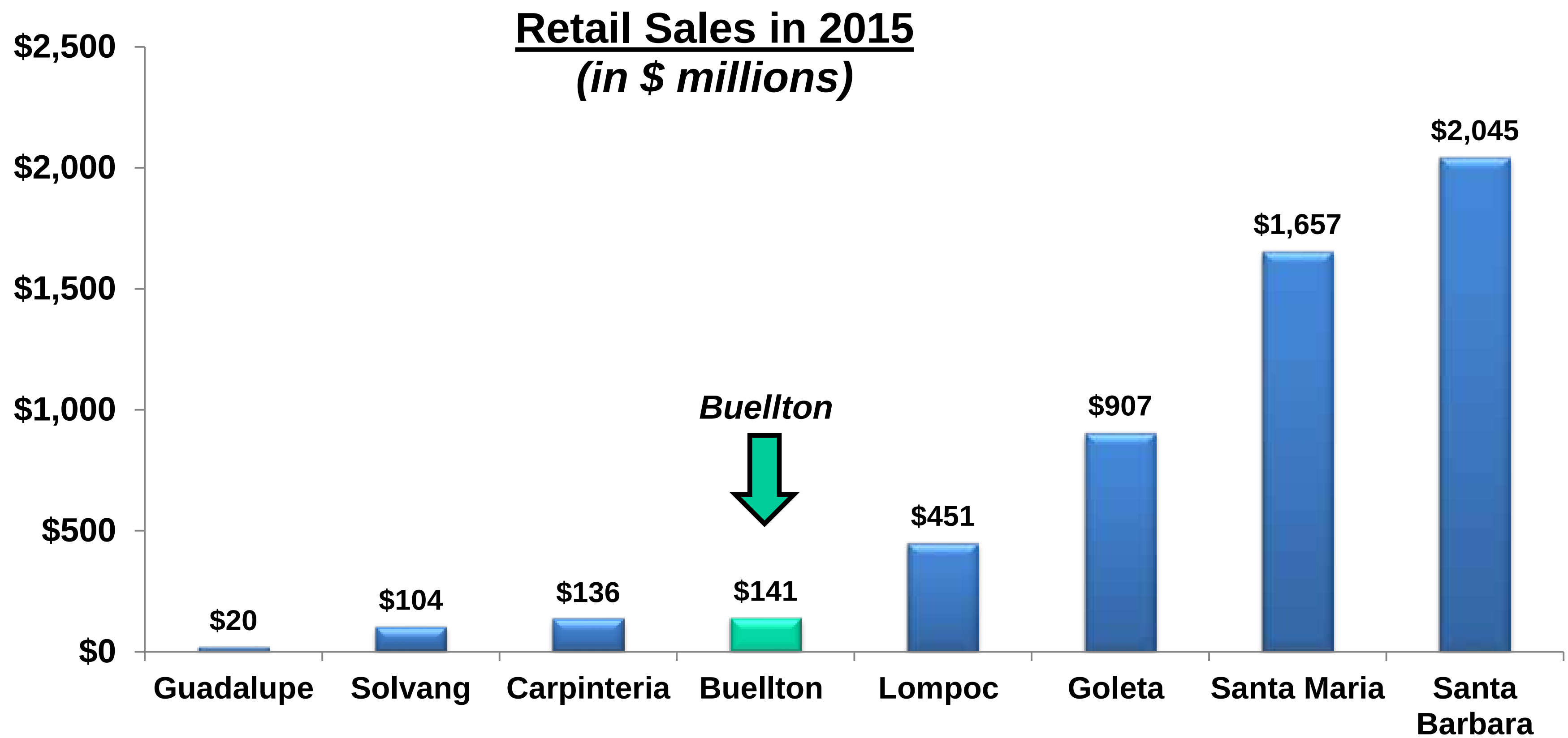
Retail Sales Comparison
Buellton & Comparison Cities



2015 Population (000s):

7.1	5.4	13.5	5.0	43.7	30.3	101.7	89.8

Source: ESRI, Dun & Bradstreet (2015)

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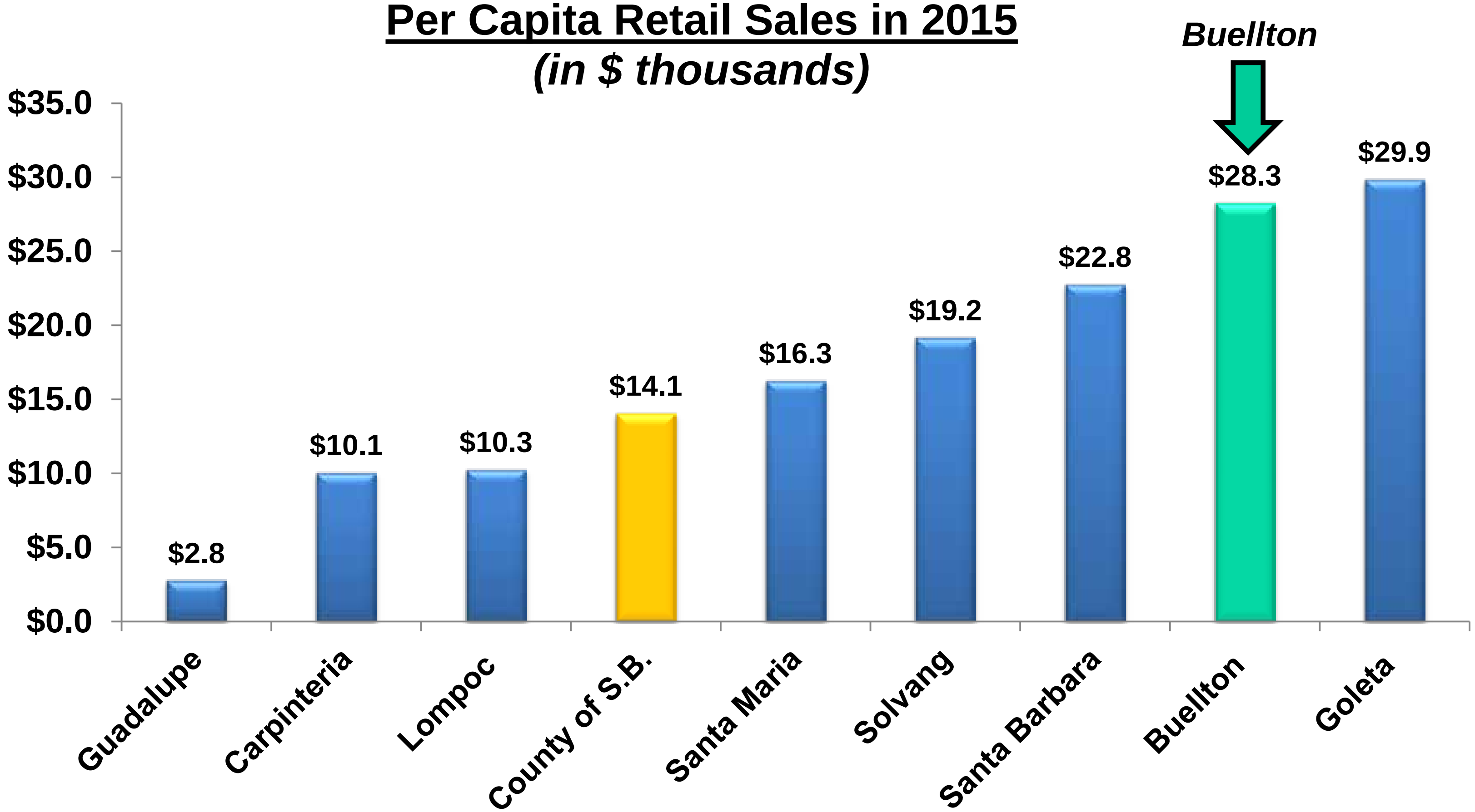
Per Capita Retail Sales
Buellton & Comparison Regions

Per Capita Retail Sales in 2015
(in $ thousands)

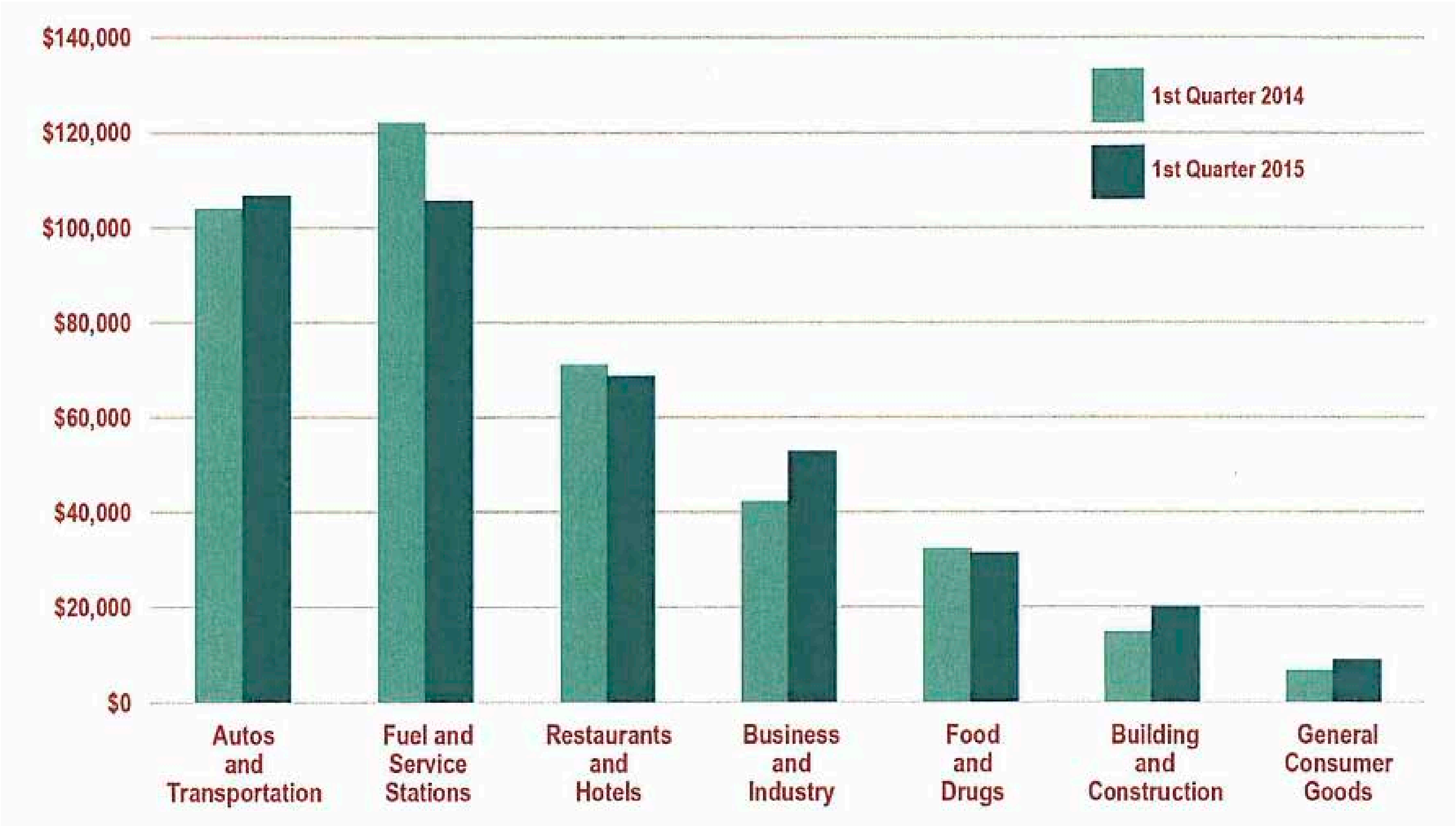


2015 Population (000s):

7.1	13.5	43.7	434.0	101.7	5.4	89.8	5.0	30.3

Source: ESRI, Dun & Bradstreet (2015)

Sales Tax by Major Business Group



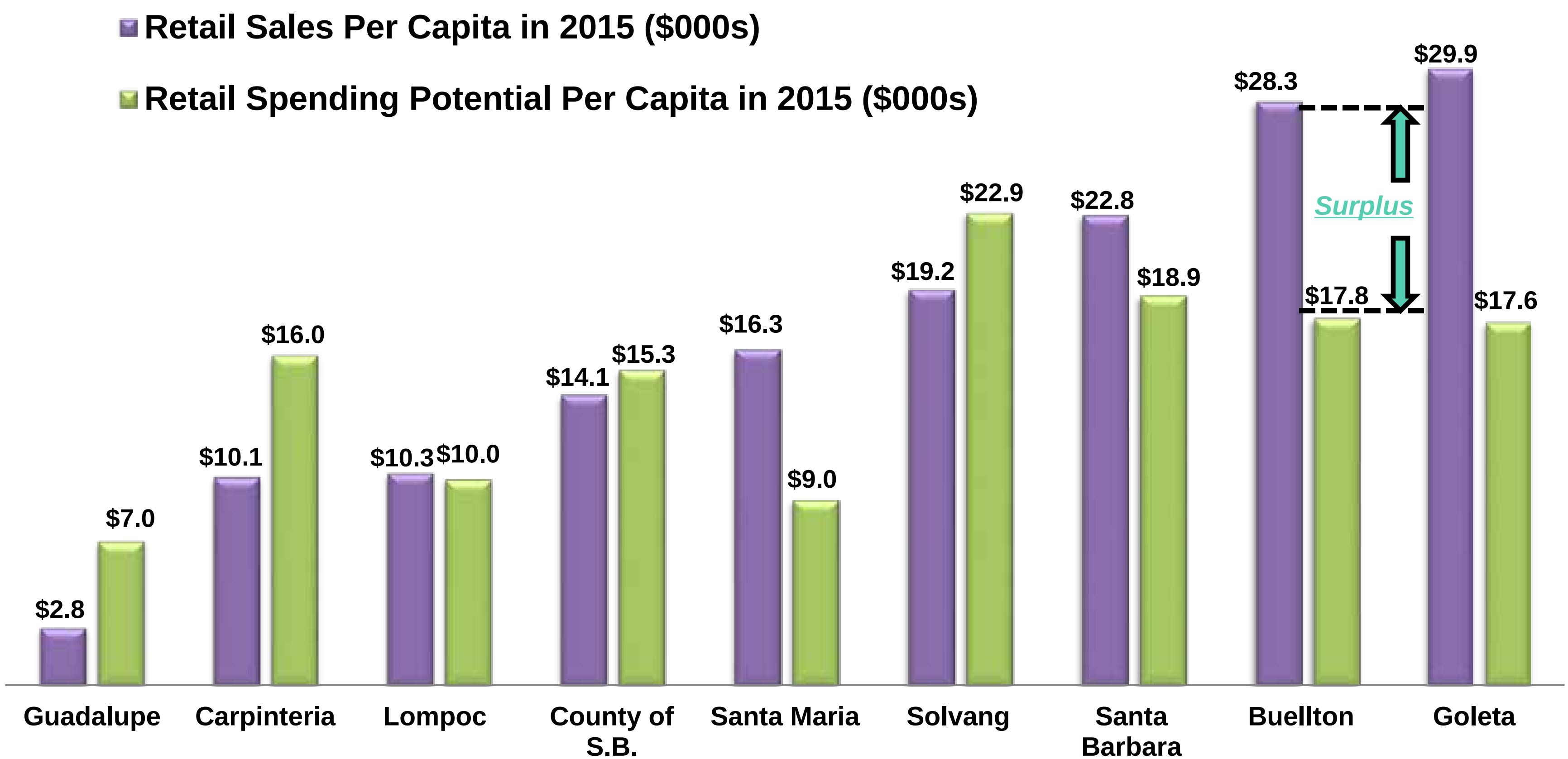
Source: HdL (2015)

Top 25 Principal Sales Tax Remitters

Top 25 Principal Sales Tax Remitters in 2015 (in Alphabetical Order)	
AJ Spurs Saloon & Dining Hall	Jim Vreeland Ford
Albertsons	McDonalds
Andersons Pea Soup	O'Reilly Auto Parts
Buellton Mobil	PFG
Buellton Shell	Platinum Performance / Platinum Performance Vet
Conserv Fuel	Rio Vista Chevrolet
CVS Pharmacy	Santa Ynez Valley Marriott
Eagle Energy	Terravant Wine Company
Farm Supply	Tesoro Refining & Marketing
Firestone Walker Brewery	Todd Pipe & Supply
Farm Supply	Toms Gas & Market
Hitching Post II	Wild Wood Door Factory
Industrial Eats	

Source: City of Buellton "2015 Comprehensive Annual Financial Report" (2015)

Retail Sales Surplus / Leakage
"Cash Registers vs. Wallets"



Per Capita Sales Surplus/Leakage, Total Surplus/Leakage, and Percent Surplus/Leakage:

($4.2K)	($5.8K)	$0.3K	($1.2K)	$7.3K	($3.7K)	$3.9K	$10.5K	$12.3K
($30M)	($79M)	$13M	($500M)	$743M	($20M)	$350M	$52M	$373M
(61%)	(37%)	3%	(8%)	81%	(16%)	21%	59%	70%

Note: Spending potential based on number of households, average household income, and estimated percentage of income spent on retail goods and services **Source:** ESRI, Dun & Bradstreet (2015)

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Retail Category Definitions

- **Shopper Goods / GAFO** *(General Merchandise, Apparel & Accessories, Furniture & Other Sales)*
  - Clothing & Clothing Accessories Stores
  - General Merchandise Stores
  - Furniture & Home Furnishings Stores
  - Health & Personal Care Stores
  - Sporting Goods, Hobby, Book & Music Stores
  - Electronics & Appliance Stores
  - Miscellaneous Store Retailers (incl. Office Supply)
- **Convenience Goods**
  - Food and Beverage (Grocery Stores)
  - Food Service and Drinking Places (Restaurants & Bars)
- **Heavy Commercial Goods**
  - Building Materials (Home Improvement)
  - Auto Dealers & Supplies
  - Gasoline / Service Stations
- Non-Store Retailers (e.g., Online Shopping & Mail-Order)

Note: Retail Categories delineated by NAICS / California Board of Equalization

Retail Sales Surplus / Leakage by Category
City of Buellton

Retail Category	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)
Shopper Goods (GAFO):				
Clothing & Clothing Accessories Stores	$5,449,334	$2,050,295	($3,399,039)	(62.4%)
General Merchandise Stores	$12,349,908	$0	($12,349,908)	(100.0%)
Furniture & Home Furnishings Stores	$2,764,887	$0	($2,764,887)	(100.0%)
Health & Personal Care Stores	$5,266,557	$11,171,331	$5,904,774	112.1%
Sporting Goods, Hobby, Book & Music Stores	$2,361,948	$1,191,724	($1,170,224)	(49.5%)
Electronics & Appliance Stores	$4,367,676	$6,692,387	2,324,711	53.2%
Miscellaneous Store Retailers	$4,046,479	$2,669,393	($1,377,086)	(34.0%)
Subtotal – GAFO	**$36,606,789**	**$23,775,130**	**($12,831,659)**	**(35.1%)**
Convenience Goods:				
Food & Beverage Stores (Grocery)	$15,054,659	$26,810,395	$11,755,736	78.1%
Food Services & Drinking Places (Restaurants)	$8,598,543	$23,443,004	$14,844,461	172.6%
Subtotal – Convenience	**$23,653,202**	**$50,253,399**	**$26,600,197**	**112.5%**
Heavy Commercial Goods:				
Bldg Materials, Garden Equip. & Supply Stores	$3,777,408	$2,546,535	($1,230,873)	(32.6%)
Motor Vehicle & Parts Dealers	$18,141,144	$49,730,946	$31,589,802	174.1%
Gasoline Stations	$4,803,348	$15,020,237	$10,216,889	212.7%
Subtotal – Heavy Commercial	**$26,721,900**	**$67,297,718**	**$40,575,818**	**151.8%**
Non-store Retailers	$2,001,641	$0	($2,001,641)	(100.0%)
Total Retail	**$88,983,532**	**$141,326,247**	**$52,342,715**	**58.8%**

Source: ESRI, Dun & Bradstreet (2015)

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2. Strategy

a) Economic Development SWOT Evaluation

b) Trade Area Retailer Voids

c) Opportunity Site Assessment

Economic Development SWOT Evaluation

Economic Development SWOT Evaluation

Strengths	Weaknesses	Opportunities	Threats
• Regional intersection of Highways 101 and 246 • High HH incomes / low unemployment • Importer of jobs from neighboring jurisdictions • Large visitor population to Valley • General fund health • Agricultural amenities (e.g. wineries, breweries) • Pea Soup Andersen's • Flexible, streamlined planning regulations • Low utility costs • Active E.D. Task Force, Chamber of Commerce / Visitor's Bureau	• Relatively low population density • Current voids in certain retailer and hospitality categories and community amenities (e.g. downtown core)	• Available Opportunity Sites *(discussed later)* • Recruitment of retailers in void categories *(discussed later)* • Continued growth of agricultural amenities and attractions (e.g. breweries) • Village Specific Plan development • Avenue of Flags revitalization	• Dissolution of Redevelopment • Consensus on certain vision issues (e.g. Ave. of Flags, Sphere of Influence) • Projected contraction in manufacturing industry employment

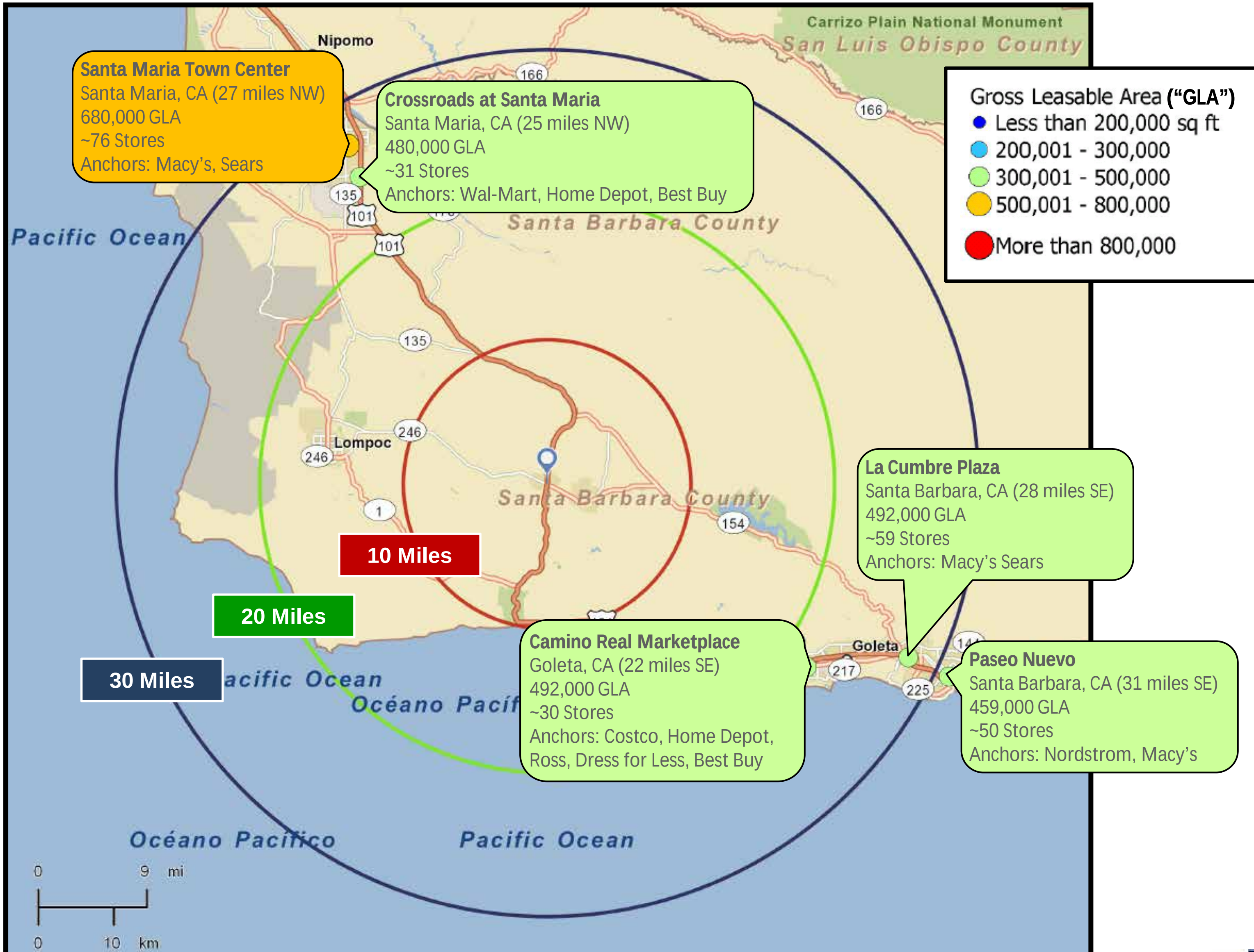
Source: General Plan 2025 Economic Development Element; Buellton Planning 101; Buellton Vision Plan; 2008 CALED Study; Kosmont meetings with Community Stakeholders

Trade Area Retailer Voids

Summary: Retailer Voids

- Retailer voids were evaluated for all major retail categories within the City and larger trade area
- Potential voids were then evaluated based on potential compatibility between trade area characteristics and retailer demographic preferences, as well as current retailer expansion activity
- Potential voids include casual restaurants, household furnishings, home improvement, clothing/apparel, discount department stores, dollar stores, and others

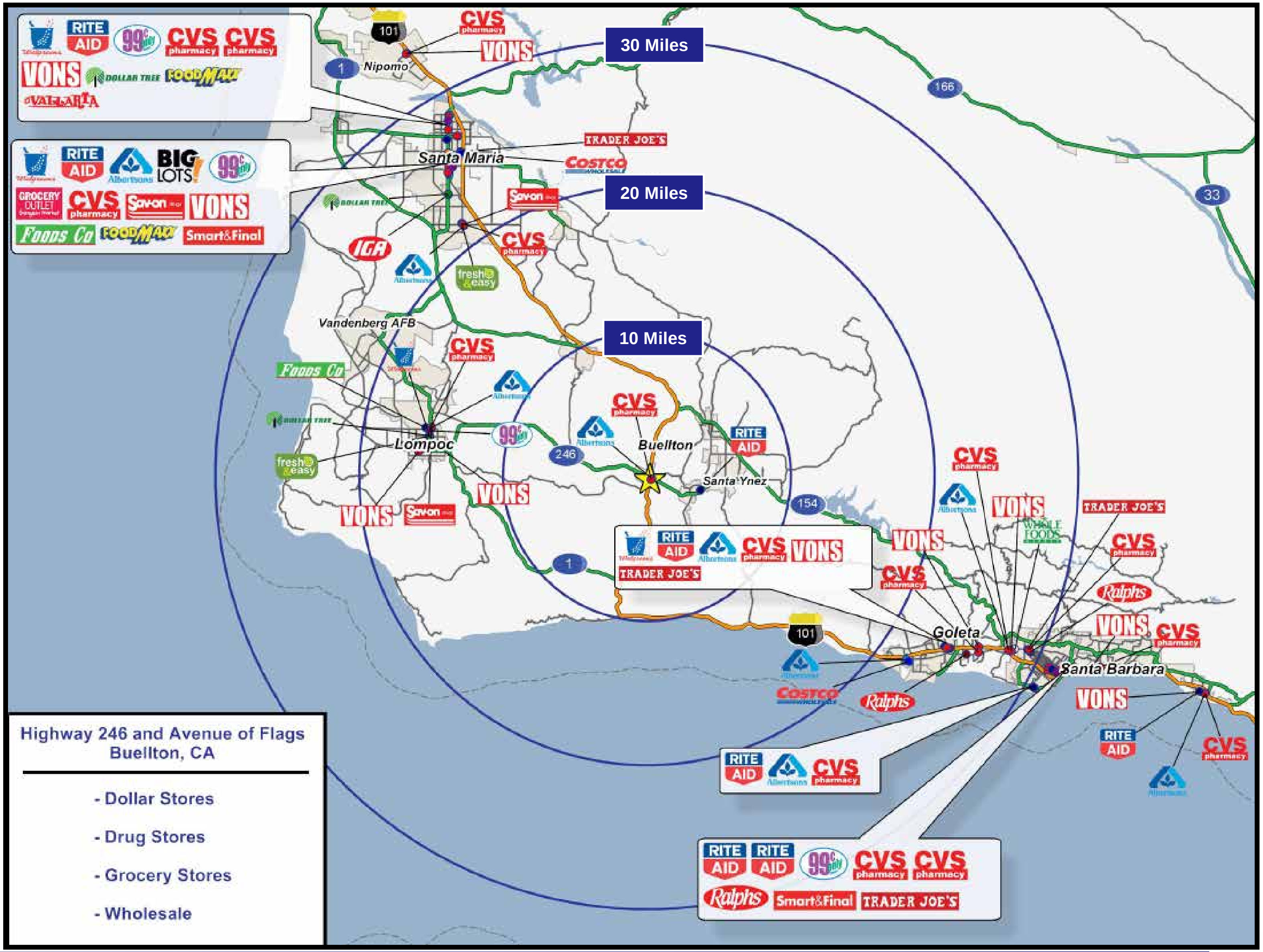
Major Shopping Center Map
Within 30 Miles



Source: Sites USA; Directory of Major Malls (2013)

Retailer Void Concentrations

Dollar, Drug, Grocery, Wholesale Stores



Source: Sites USA (2013)

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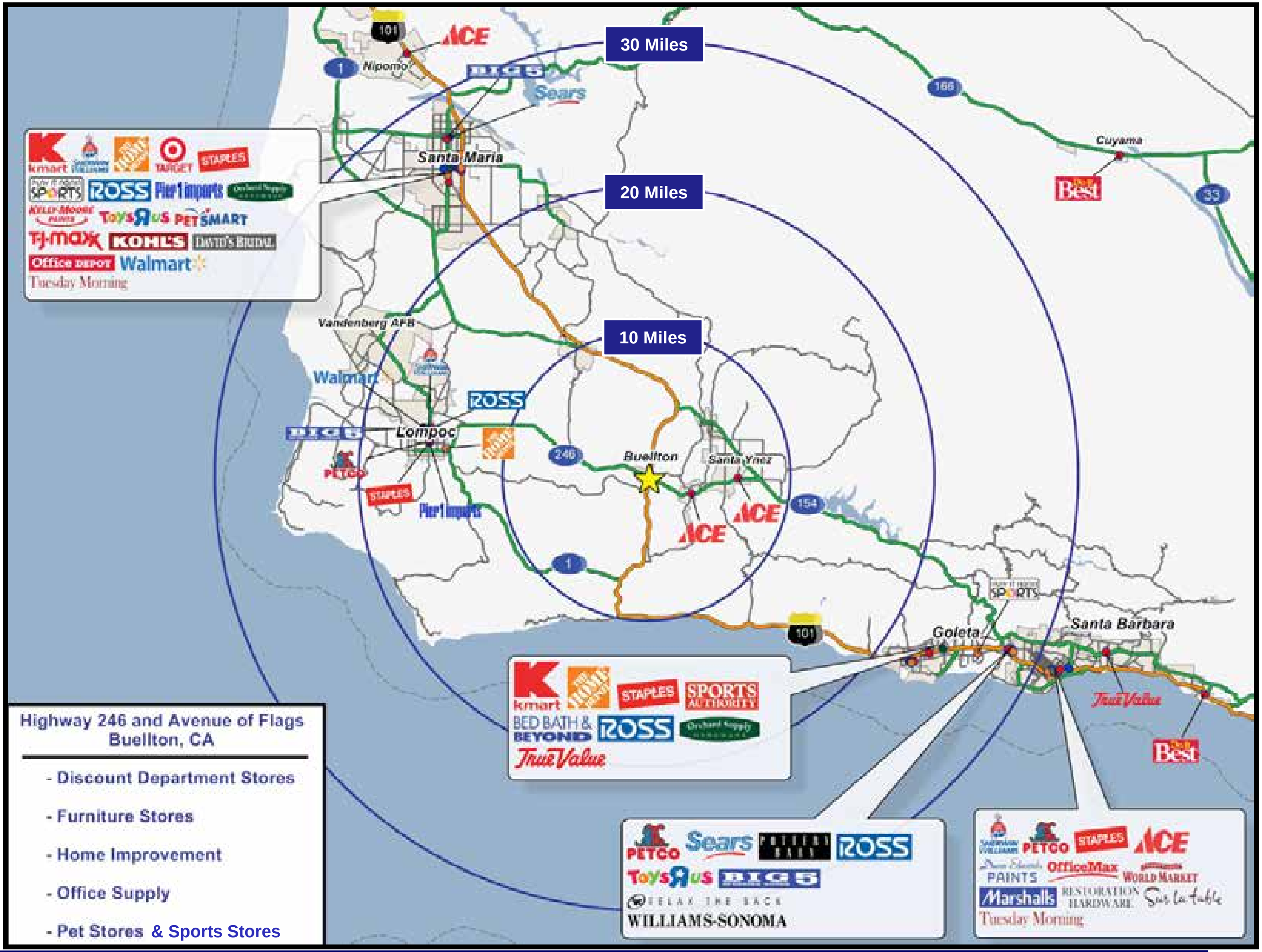
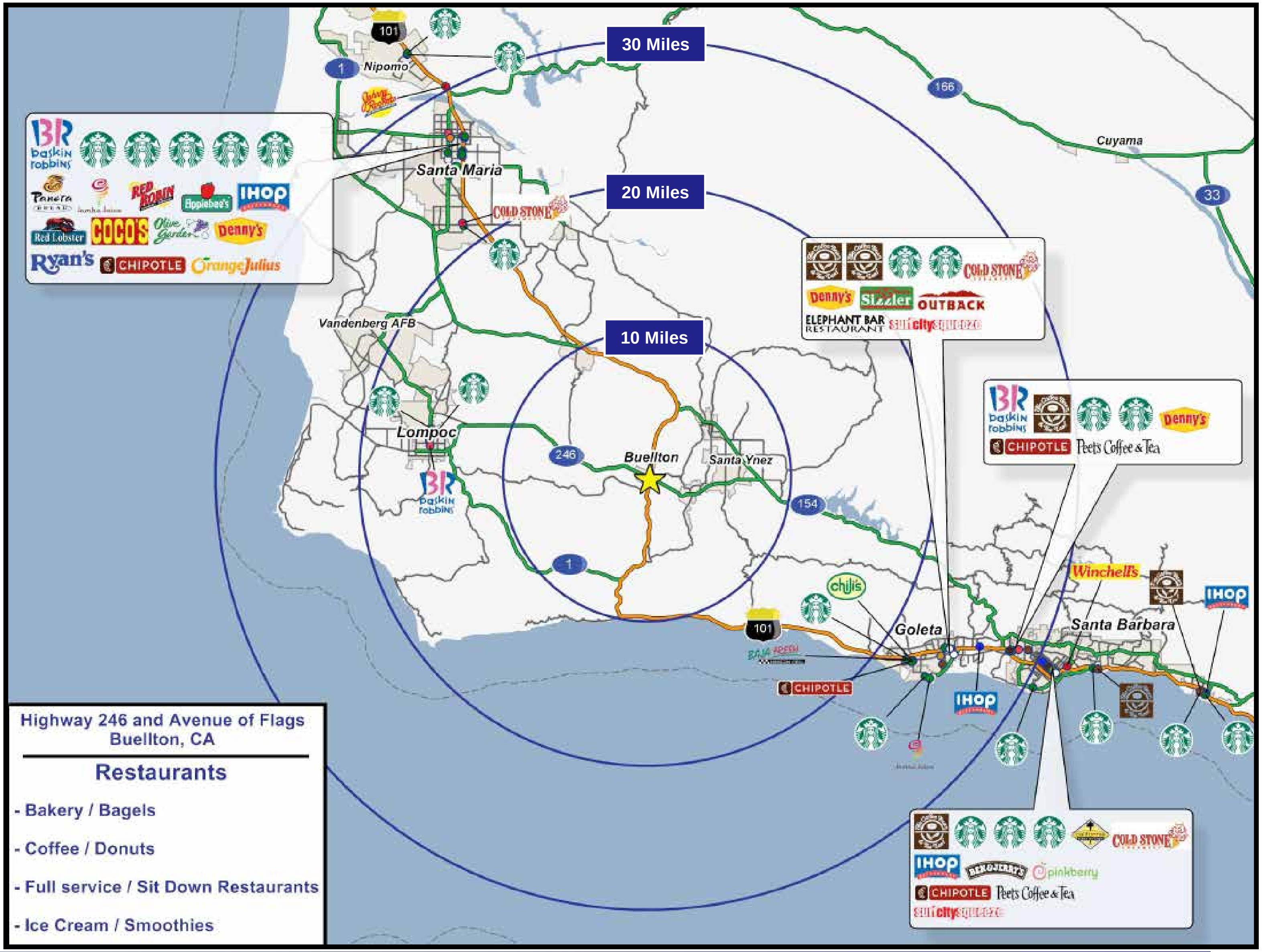
Retailer Void Concentrations
Discount Dept., Furniture, Home, Office, Pet, Sports



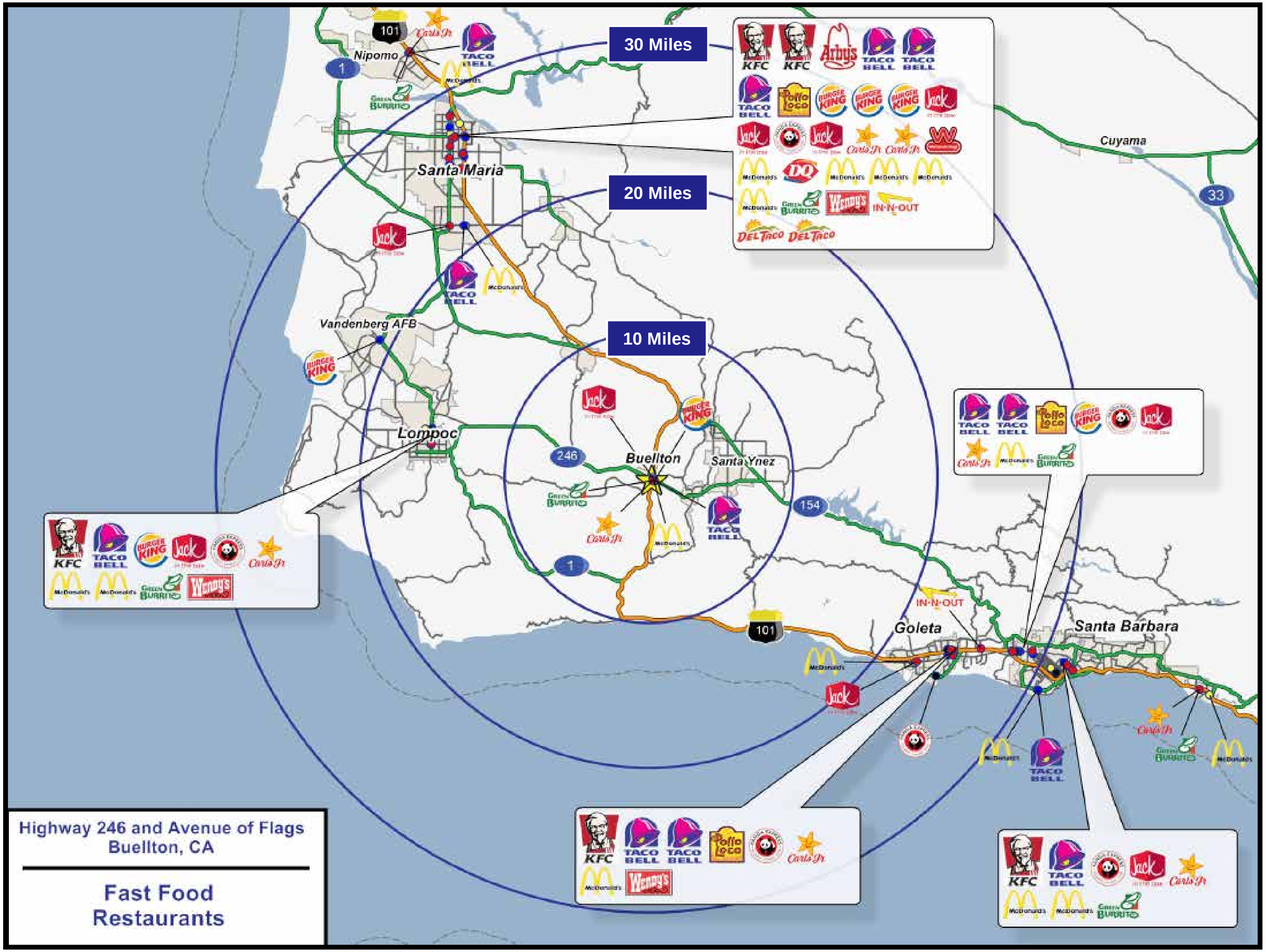
Source: Sites USA (2013)

Retailer Void Concentrations
Casual Restaurants



Source: Sites USA (2013)

Retailer Void Concentrations
Fast Food



Source: Sites USA (2013)

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National Retailer Voids
(within 10 miles)

Auto Parts Tires
America's Tire
AutoZone
Big O Tires
Firestone
Pep Boys

Banks
Bank of America
Bank of the West
Chase Bank
Citizens Bank
U.S. Bank

Computers Electronic
Apple Store
Best Buy

Convenience Stores
7-Eleven
ARCO AmPm
Valero

Craft Fabric Stores
Aaron Brothers
Jo-Ann
Michaels

Clothing Apparel
Abercrombie & Fitch
American Eagle Outfitters
Anthropologie
Banana Republic
BCBG Max Azria
bebe
Chico's
Express
Factory 2-U
Forever 21
Gap
H And M
J. Crew
J. Jill
Lane Bryant
Lucky Brand Jeans
Men's Wearhouse
Old Navy
PacSun
Talbots
Urban Outfitters
Victoria's Secret
Wet Seal
White House | Black Market

Department Stores
JCPenney
Macy's
Nordstrom
Saks Fifth Avenue
ULTA

Discount Department Stores
David's Bridal
Kmart
Kohl's
Marshalls
Ross
Sears
Target
TJ Maxx ☆
Toys R Us
Tuesday Morning
Wal-Mart

Dollar Stores
99 Cent Only
Big Lots
Dollar General ☆
Dollar Tree
Family Dollar

Drug Stores
Savon
Walgreens

Fitness
24 Hour Fitness
Anytime Fitness
Spectrum Athletic Clubs

Fitness
24 Hour Fitness
Anytime Fitness / Fitness 19
Spectrum Athletic Clubs

Furniture Household
Anna's Linens
Ashley Furniture
Bed Bath & Beyond
Cost Plus
Pier 1
Pottery Barn
Relax The Back
Sur La Table
Williams-Sonoma

Grocery Stores
Food Maxx
Foods Co
fresh&easy
Grocery Outlet
IGA
Ralphs
Trader Joe's
Vallarta Supermarkets
Vons
Whole Foods

Home Improvement
Do It Best
Dunn-Edwards
Home Depot
ICI Paints
Kelly-Moore
Orchard
Restoration Hardware
Sherwin-Williams
True Value ☆

Office Supply
Office Depot
Office Max
Staples

Pet Stores
Petco ☆
PetsMart

Sporting Goods
Big 5
Play It Again Sports ☆
REI
Sports Authority

Wholesale
Costco
Smart & Final ☆

Wireless Stores
AT&T
Sprint
T-Mobile

☆ ***= identified as potentially compatible in meetings with Community Stakeholders***

Note: Potential compatibility based primarily on retailer voids in local trade area

Source: Sites USA, Kosmont Companies (2013)

National Retailer Voids – Restaurants *(within 10 miles)*

Restaurants Bakery Bagels
Panera Bread

Restaurants Casual
Applebee's
Baja Fresh
California Pizza Kitchen
Chili's
Chipotle
Coco's
Denny's
Elephant Bar
IHOP
Olive Garden
Outback Steakhouse
Red Lobster
Red Robin
Ryan's
Sizzler

Restaurants Coffee Donuts
Dunkin Donuts
Peet's
The Coffee Bean
Winchell's

Restaurants Fast Food Major
Arby's
Dairy Queen
KFC
Wendy's

Restaurants Fast Food Minor
Del Taco
El Pollo Loco
In-N-Out
Panda Express
Wienerschnitzel

Restaurants Ice Cream Smoothie
Baskin-Robbins
Ben & Jerry's
Cold Stone Creamery
Jamba Juice
Orange Julius
Pinkberry
Surf City Squeeze

Restaurants Pizza
Chuck E. Cheese's
Little Caesars
Papa John's
Papa Murphy's
Round Table

Restaurants Sandwich
Charley's Grilled Subs
Jersey Mike's
Quiznos

= identified as potentially compatible in meetings with Community Stakeholders

Note: Potential compatibility based primarily on retailer voids in local trade area

Source: Sites USA, Kosmont Companies (2013)

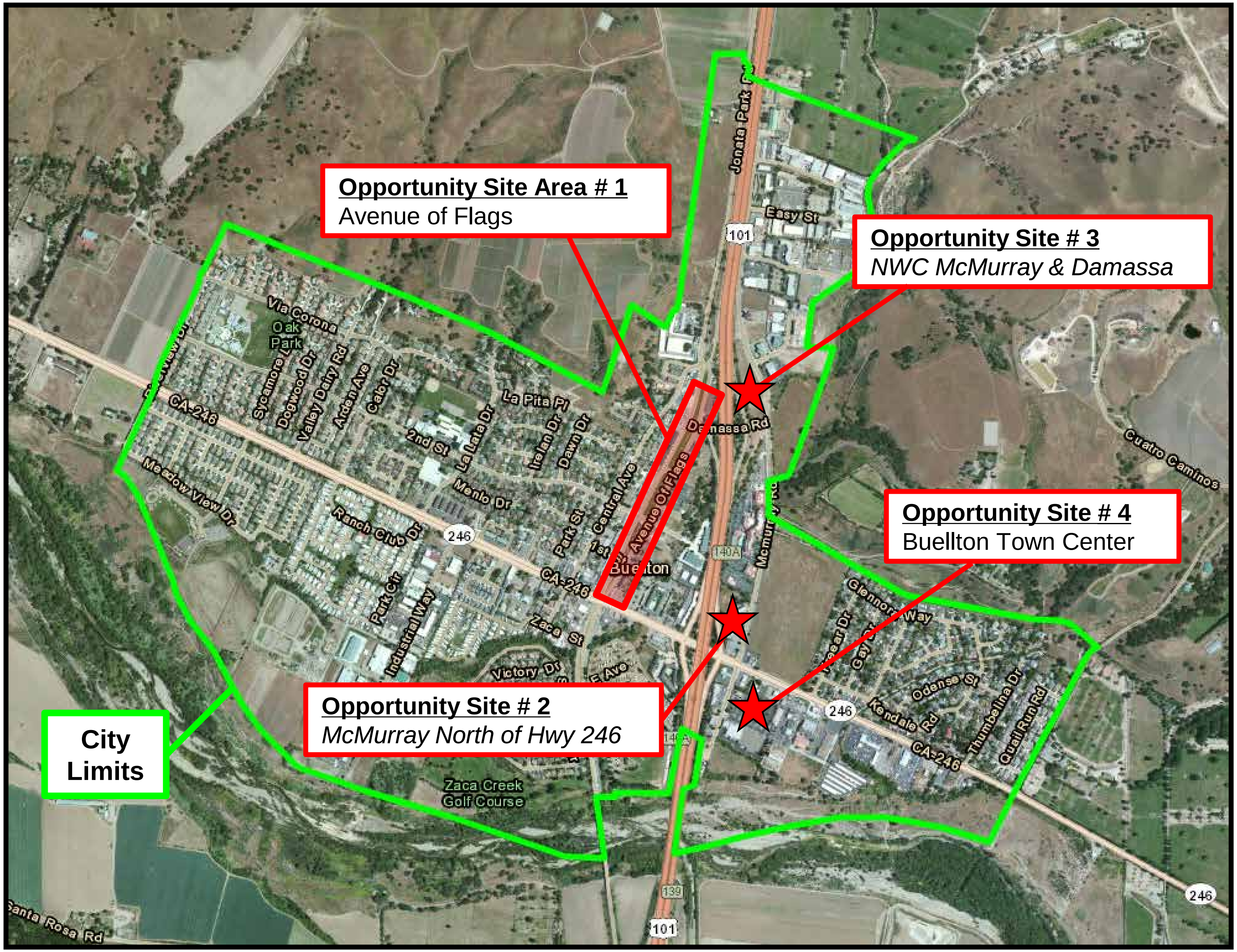
Opportunity Site Assessment

Opportunity Site Assessment

- Several locations within City were emphasized by the City and evaluated by the City/Consultant Team as potential Opportunity Sites for retail and other development

- Strengths, Challenges, and Opportunities were assessed for the Opportunity Sites in consideration of development feasibility

Opportunity Site Overview



Source: ESRI (2013)

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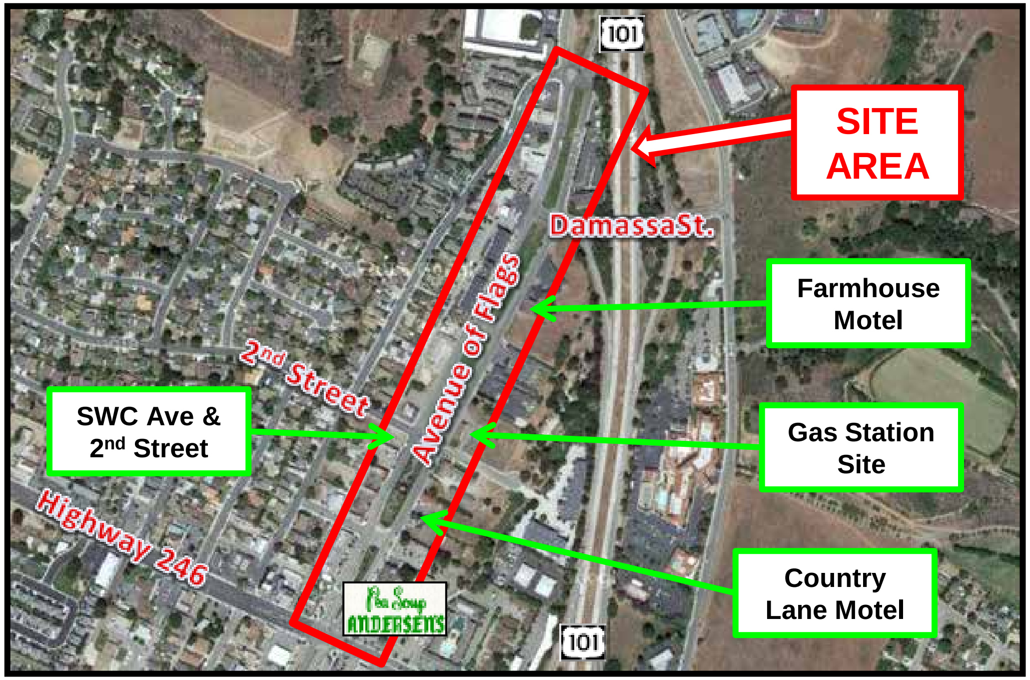
Opportunity Site Area #1
Avenue of Flags

- Various potential Opportunity Sites under separate private ownerships
- Zoned general commercial (CR)
- **Potential for zoning / density as economic incentive**



Strengths	Challenges	Opportunities
• Adjacent to Highways 246 and 101 with on-ramp and off-ramp access • Central location within City • Commercial zoning • Strong household incomes	• Low population density • Consensus on vision • Multiple owners	• Farmhouse Motel conversion • Gas Station Site • Country Lane Motel (Bach Hotel) • SWC Ave of Flags & 2nd Street (Vacant Lot)

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Opportunity Site #2

McMurray Road North of Highway 246

- ~0.56 acres
- ~5,000 SF building
- Owned by Motel 6
- Former Baker's Square
- Zoned general commercial (CR)

Strengths	Challenges	Opportunities
• Strong intersection at Highway 246 and McMurray Road • Directly adjacent to robust retail area • Commercial zoning with freeway signage • Strong household incomes	• Low population density	• **Suitable for restaurant pad users**

Opportunity Site #3

NWC McMurray Road & Damassa Road

- ~3.39 acres
- Owned by Rancho Jonata Trust
- Zoned general commercial (CR)

Strengths	Challenges	Opportunities
• Adjacent to Highway 101 with on-ramp and off-ramp access • Excellent freeway visibility • Commercial zoning • Strong household incomes	• Low population density	• **Ground-up development (e.g. retail, hospitality)**

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Opportunity Site #4
SEC Highway 246 & McMurray Road (Town Center)

- Vacant ~4,000 SF building
- Owned by Alan Porter
- Former Blockbuster
- Zoned general commercial (CR)

Strengths	Challenges	Opportunities
• Strong intersection at Highway 246 and McMurray Road • Dominant grocery-anchored shopping center • Commercial zoning • Strong household incomes	• Low population density	• **In-line retail shop space**

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3. Implementation

a) Summary of Findings

b) Initial Targeted Outreach List

c) Outreach in Progress

d) Financing & Incentives

e) Next Steps

Summary of Findings

Demographics & Employment

- Older, active local population with high HH incomes (mostly white); smaller than average HH size
- Significant visitor population and employees coming from neighboring Santa Barbara County jurisdictions and other areas
- Employment concentrated within accommodation and food services, agriculture, manufacturing, and retail trade

Market Demand – Households & Industry Growth

- Renter households projected to increase faster than owner households within City, and renter households projected to grow within the larger trade area
- Industries tied to population growth are projected to grow within the County, including health care, retail trade, and accommodation and food services
- Industries dependent on technology and automation are projected to contract within the County, including manufacturing, transportation, and warehousing

Summary of Findings *(Continued)*

Retail & Industry Retention & Recruitment

- City performs well relative to neighboring jurisdictions in terms of taxable retail sales per capita and capture of resident and non-resident spending (i.e. surplus)
- Higher performing sales categories include health and personal care, electronics and appliance stores, grocery stores, restaurants, motor vehicle and parts dealers, and gasoline stations, while lower performing retail categories include clothing, general merchandise, furniture, sporting goods, and other consumer goods
- **Leverage community strengths** to attract quality retail tenants to identified Opportunity Sites within City to capture spending in current void categories, including casual restaurants, household furnishings, home improvement, clothing/apparel, discount department stores, dollar stores, and others

Economic Development without Redevelopment

- Dissolution of redevelopment agencies will continue to have a negative effect on most California Cities and impact to health of general fund
- Alternative economic tools should be explored for Buellton to retain and improve tax base and facilitate potential public-private transactions

Sample Initial Targeted Retailer List

Retailer	Category	Closest Location to City	Current Locations	Min SF	Max SF	New Locations Planned Next Year	New Locations Planned Next 2 Years
TJ Maxx	Discount Dept. Stores	24.51 Mi NW	956	25,000	30,000	10	20
Dollar General	Dollar Stores	82.00 Mi NE	10,000	7,500	10,000	300	600
Fitness 19	Fitness	42.00 Mi NW	1,500	3,000	5,000	125	250
Vons	Grocery Stores	15.27 Mi NW	325	42,000	55,000		
True Value	Home Improvement	23.25 Mi SE	4,000	5,000	25,000		
Petco	Pet Stores	15.19 Mi NW	1,000	10,000	15,000	50	100
Panera Bread	Restaurants-Bakery	25.00 Mi NW	1,493	3,500	4,500	100	200
Applebee's	Restaurants-Casual	25.50 Mi NW	2,000	5,000	6,000	5	10
Chili's	Restaurants-Casual	22.50 Mi SE	1,526	3,900	5,500		
Chipotle	Restaurants-Casual	22.56 Mi SE	1,095	1,800	2,800	165	330
Denny's	Restaurants-Casual	24.40 Mi SE	1,600	4,000	5,100	75	150
IHOP	Restaurants-Casual	26.05 Mi SE	1,504	4,000	7,000	5	10
Olive Garden	Restaurants-Casual	25.72 Mi NW	743	6,400	7,500	40	80
Outback Steakhouse	Restaurants-Casual	24.35 Mi SE	900	5,000	6,500	10	20
Dunkin Donuts	Restaurants-Coffee/Donuts	220.0 Mi SE	10,500	1,200	2,600	330	650
In-N-Out	Restaurants-Fast Food	25.60 Mi NW	267	3,000	4,000	14	28
Baskin-Robbins	Restaurants-Ice Cream	15.17 Mi NW	2,700	1,000	1,500	200	400
Ben & Jerry's	Restaurants-Ice Cream	31.38 Mi SE	400	100	1,500	10	20
Pinkberry	Restaurants-Ice Cream	31.31 Mi SE	115	1,000	2,000	5	10
Play It Again Sports	Sporting Goods	24.78 Mi NW	350	2,800	3,500		
Smart & Final	Wholesale	25.68 Mi NW	282	20,000	35,000	10	20

Note: Targeted retailers based primarily on retail categories illustrating leakage from City, retailer voids in local trade area, retailer demographic preferences, and recent expansion activity

Source: Sites USA, Kosmont Companies (2013)

Overview of Financing, Incentives & Other Economic Development Tools

- City may consider evaluation of potential economic development tools & strategies on case-by-case / transactional basis:

Local Level	State & Federal Level
• Site-specific tax revenue ("SSTR") pledges • Impact fee reductions / waivers / deferrals • Development opportunity reserve ("DOR") • Tax-exempt revenue & utility bonds • Lease-leaseback financing • Ground leases • Operating covenants	• Small Business Administration (SBA) loans • U.S. Economic Development Administration (EDA) grants • New Market Tax Credits (NMTCs) • CA Infrastructure Bank (I-Bank) loans • EB-5 Immigrant Investment

Next Steps for Implementation

- Based on evaluated opportunity sites and compatible retailer voids, City & Consultant Team should outreach to targeted retailers and developers:
  - **Refine and distribute marketing collateral material to promote Opportunity Sites**
  - **Refine targeted list of retailers for outreach**
  - **Continued outreach to targeted retailers (incl. email outreach, conference calls, meetings / site tours, conference participation at ICSC and other events)**

- Case-by-case preliminary analysis of fiscal impacts and economic benefits (e.g. fiscal revenue and job creation) of key potential projects

- Evaluation of financing, incentives, and other economic development tools on a transactional basis (e.g. sales tax, TOT pledges)

Marketing Flyers