



## City of Grass Valley City Council Agenda Action Sheet

**Council Meeting Date:** January 24, 2012      **Date Prepared:** January 17, 2012

**Prepared by:** Tom Last, Planning Director *TL*  
Jeri Amendola, Economic Development Specialist *JAmendola*

**Title:** Presentation of the Final Retail Trade, Industrial, and Medical Market Analyses (Buxton Report).

**Agenda:** Administrative

**Recommended Motion:** Informational item, no action required

**Background Information:** At the November 22, 2011, Council meeting, staff provided an update of the Buxton Report. This report reviewed the key findings, recommendations, and next steps (Attachment I). As part this presentation item, Lisa Hill of Buxton, will present the final product, which will include more specific marketing and outreach information. The City can then use this information to create an implementation program to expand, solicit and attract businesses, to encourage retail growth, to fill unmet consumer demand, and to capture spending leakages, which are in excess of \$190 million annually.

As part of the retail assessment and industrial recruitment work tasks, the City will have access to SCOUT. SCOUT is an online marketing system that allows the City to effectively use CommunityID to showcase the City's best retail sites to achieve maximum results. CommunityID, via SCOUT, reproduces maps, site-specific data and generates custom marketing presentations. This software allows the City to tailor reports and presentations to immediately respond to questions or information requests from retailers or developers. Some of the prominent features of SCOUT allow for graphical presentation displays; leakages/surplus analysis reports; management of all retail-specific data; demo and psychographic profiles; retail supply and demand estimates; consumer propensities; and custom variable reporting.

Buxton's work program also included a healthcare opportunities analysis. The healthcare opportunities analysis offers a report detailing Grass Valley's existing healthcare service levels compared to its healthcare service demand estimates. This analysis identifies healthcare services that are in need or are in surplus. Marketing packages are designed specifically for highlighting the shortage/surplus by physician specialties.

Following the presentation of the final product, staff will present an Economic Development Action Plan for consideration and direction as part of the next steps. Additionally, in March, a Buxton representative will provide a "tutorial" for local business owners. This tutorial will show how to make local businesses stronger and more economically viable.

**Council Goal/Objective:** - Strategic Goal #1: Promote Primary Job Growth.

**Funds Available:** N/A

**Account #:** N/A

**Route to be Reviewed by:** \_\_\_\_\_ City Administrator

Agenda Item # 11.1



**City of Grass Valley  
City Council  
Agenda Action Sheet**

**Council Meeting Date:** November 22, 2011      **Date Prepared:** November 16, 2011

**Prepared by:** Joe C. Heckel, Community Development Director *JCH*

**Title:** Status Report on Retail Trade Analysis and Industrial Development Strategy for City (the Buxton Report)

**Agenda:** Administrative

**Recommended Motion:** This item is informational only, no action is necessary

**Background Information:** In June 2011, the City Council executed an agreement and work program with the Buxton Company to conduct a market analysis of our retail, industrial and health care sectors. The intent of this effort is to encourage existing businesses to fill any unmet retail niches or recruit those commercial uses or businesses which could prosper in our market conditions. Also, on the job creation front, the work program will identify those industries, such as manufacturing or health care services, which can expand in this region. This analysis would evaluate our local conditions, identify priority retail or commercial uses and assist the City in marketing our community to these priority uses. The work program was to encompass a 6 month period and consisted of the following five phases:

1. Research and Verify Grass Valley's Retail Trade Area
2. Evaluate Grass Valley's Retail Potential (i.e. assess leakage, customer preferences, etc.)
3. Match Retailers/Commercial Uses to Grass Valley's Market Potential
4. Evaluate Grass Valley's Opportunities for Industrial and Health Care Expansion
5. Prepare Grass Valley Marketing Packages (for recruitment of priority businesses)

The City is nearing completion of this work program and wanted to present our key findings and recommendations to keep the City Council and community apprised of the process and next steps to be taken. A more detailed report on this work program is attached and will be highlighted during the November 22 Council meeting. Of particular interest are the marketing outreach approaches which will be used by the City and various stakeholders to solicit and attract business interests to our area. The City will be able to update this marketing information over the next year since SCOUT, a propriety software system operated by Buxton as an online trade area database and marketing tool, will be available to the City until January 2013. Also, during the Council meeting of January 24 or February 14, 2012, a Buxton representative will present the final report with more specific marketing and outreach information.

**Funds Available:** #182-5800-3039

**Account #:** N/A

**Route to be Reviewed by:** *JCH* City Administrator

**Action:**       Approved       Approved with Modifications

**Council Goal/Objective:** - Strategic Goal #2: Balanced Economic Growth and Development.

**City of Grass Valley  
City Council Staff Report**



**TO:** Members, City Council

**FROM:** Joe C. Heckel, Community Development Director

**PREPARED BY:** Lisa Hill, Vice President, Buxton Company

**DATE:** Nov 16, 2011

**SUBJECT:** **Findings and Recommendations of Buxton Retail Development Strategy Findings and Recommendations (Draft)**

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**BACKGROUND:**

1. The City of Grass Valley continues to experience commercial vacancies attributed primary by dismal economic conditions and corporate downsizings. Speculation on which retailers or restaurants can fill these vacancies is conjecture at best. What is known, however, is the community's vocal desire for retailers and the shopping experiences they provide.
2. A preliminary 2011 retail sales and surplus analysis indicated over \$200 million dollars in retail sales leakage for the Grass Valley community. This means that residents are spending more for products than local business can capture. It also suggests an unmet demand in the city's trade area, and that the community can support certain retail and restaurant establishments.
3. On January 11, 2011, the City Council adopted an "Economic Development Strategy" for the City through their approval of resolution #2011-01. Goal #4 of the Strategy emphasizes the need to grow, reshape and expand our retail and commercial base. The need for pursuing new retail or commercial opportunities was further underscored in the recently completed "Glenbrook Basin Infill Strategy", which documented that our City can absorb an additional 180,000 square feet of commercial and retail space. The action plans under Goal #4 propose the implementation of a retail market analysis to better evaluate local conditions and identify priority retail or commercial uses.
4. In June 2011, the City approved an agreement with the Buxton Company to craft a business development/ retention strategy using an approach that takes into account the psychographic characteristics of local consumers and their purchasing preferences. This information is critical to identify which national retailers, commercial businesses and restaurant concepts are a match for the community, its trade area and consumer base and intelligence for local businesses.

## **METHODOLOGY AND FINDINGS:**

Along with City staff, Buxton has worked to research and verify Grass Valley's trade area, its retail potential and customer profile, and a match list of suitable retailers and restaurants. Buxton also used data acquired in order to develop reports and provide intelligence to local merchants for business retention efforts. The following provides a methodology and findings summary.<sup>1</sup>

### Task 1: Areas for Analysis.

Buxton and City selected sites to analyze the city areas with the greatest potential for retail attraction:

These areas were then used to determine the city's market trade area using drive time analysis, and how far consumers are willing to drive to shop/dine in Grass Valley as well the city's spear of influence.

### Task 2: Determine Drive-Time Trade Area.

The size of a trade area depends on the variety of goods and services offered in the community and its proximity to competing retail markets. Using their field research and understanding of local market influencers, Buxton concluded a drive time for Grass Valley taking into account the region, density of the delineation, competition, cannibalization, traffic counts, topographical boundaries, road networks, and core customers in the primary and secondary market trade areas.

### Task 3: Define Customer Profile.

Lifestyle segmentation, and the psychographic profiling of households, is vital to understanding consumers within a market trade area. Based on the spending patterns and consumer habits of households within Grass Valley's trade area, the following were identified as dominant profiles representing over 60% of all trade area households. Profile summaries are provided below in the Retail Site Assessment document which also contains detailed descriptions.

- Urban Commuter Families (22.26%). This segment consists primarily of upscale, college-educated Baby Boomer families and couples. They enjoy leisure and low-impact activities, and prefer to buy functional clothes over designer labels at stores like Sears and JC Penney's. With a high rate of homeownership, they like to spend at Home Depot, Lowe's and Pottery Barn.
- Professional Urbanites (14.89%). This segment consists primarily of upper-middle class retirement oasis in the metropolitan sprawl containing very active empty nesting couples and older singles. With most residents over the age of 65, the adults in this cluster boast college degrees with above average incomes as white-collar professionals and managers in retail, education and healthcare. They like to buy clothes at upscale boutique stores like Talbot's and Ann Taylor and home furnishings from big-box stores like Costco, Home Depot and Bed, Bath & Beyond.

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<sup>1</sup> A full retail site assessment report detailing findings concluded by Tasks 1-4 can be provided upon request

- American Great Outdoors (5.96%). This most prominent segment consists primarily of aging households who like outdoor lifestyle. About half of these households are over 65 years of age with a little emphasis on educational achievement, getting by on social security or relatively low wages earned working blue color and service industry jobs in retail, healthcare and food services. They spend their leisure time outside gardening, bird-watching, camping and saltwater fishing. With only modest incomes, they are very conservative owning few investments and are more comfortable shopping at discount department stores and do-it-yourself home improvement chains like Ace Hardware and True Value Hardware. They also buy products with a made-in-the-USA label or brand.
- Second City Homebody (3.34%) - Financially conservative, dual working, middle-aged couples and families living in small, satellite cities. Second City Homebodies inhabit a prosperous world where middle aged couples and families lead flourishing lifestyles. Most of the households are well educated, with an almost an even split between college graduates and those who have completed only some college. They like to visit museums, attend concerts and dance performances, and prefer to travel abroad for vacations. When it comes to the outdoors and sports, they have an inclination for camping, backpacking, bicycling, golf and tennis. Financially conservative, they save their money for college and retirements plans, investing in a variety of stocks, corporate bonds and mutual funds. The residents of Second City Homebodies are eclectic media consumers, demonstrating above-average rates for reading newspapers, watching TV, listening to the radio and going online.
- Comfy Country Living (7.54%). This segment consists primarily of empty nesting couples and retirees residing in quite small-town community. Predominantly white households who are married. College-educated with an above average age are solidly middle-class from a mix of well paying white-collar and blue-collar jobs in manufacturing, retail and food services. These mature adults have greater discretionary income to enjoy active social lives and access entertainment and cultural amenities outside their small-town communities. They travel regularly to domestic locations, typically gambling casinos and beachside resorts and give back to the community by donating money to political and environmental causes.
- Steadfast Conservatives (7.93%). Home to high-school educated mature singles and couples living in middle-class urban blue collar neighborhoods Demographics A quietly aging cluster, home to mature singles and couples living in midscale urban neighborhoods. Households tend to be white, high school-educated and middle class. Many have begun to empty nest or are already filled with couples and singles aged 65 years or older. The residents prefer to spend their leisure time fishing, gardening, antiquing or doing needlework or woodworking. For their social life, they attend activities sponsored by fraternal orders, veterans clubs and church groups. As consumers, they're likely to be brand loyal when they shop at favorite stores like J.C. Penney for clothes, Dick's Sporting Goods for outdoor gear and Jo-Ann for needlecrafts. They enjoy reading magazines that appeal to their do-it yourself sensibilities including popular titles

