

Town of Dillon, Colorado

Town Center Revitalization Strategy



Market Overview

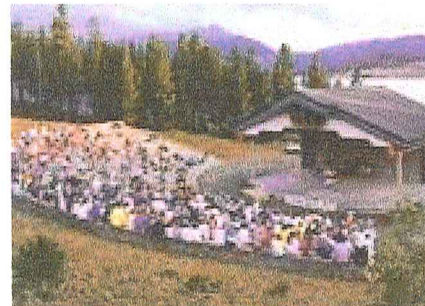
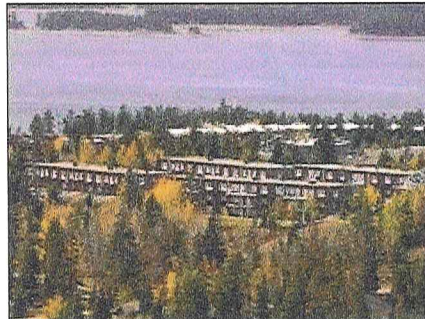
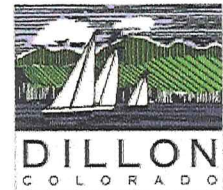
22 May 2006

Presented to:

Town Council

Presented by:

Leland Consulting Group



Role of the Market Strategy

If you build it, will they come?

For each land use, we ask...

What is the market and how will it evolve?

- What is the environment today
- Trade area size & shape (should include most likely customers & competitors)
- Who's in the market (describe customer base demographics/economics)
- How will market be affected by "events" which occur over time

What is and will be the competition?

- Types of competition
- Size & performance of competitors
- Potential to leverage on-going investment

How much demand is and will be in the market?

- Annual "absorption" (in units or square feet), projected forward

How much total market demand can the area "capture" and how?

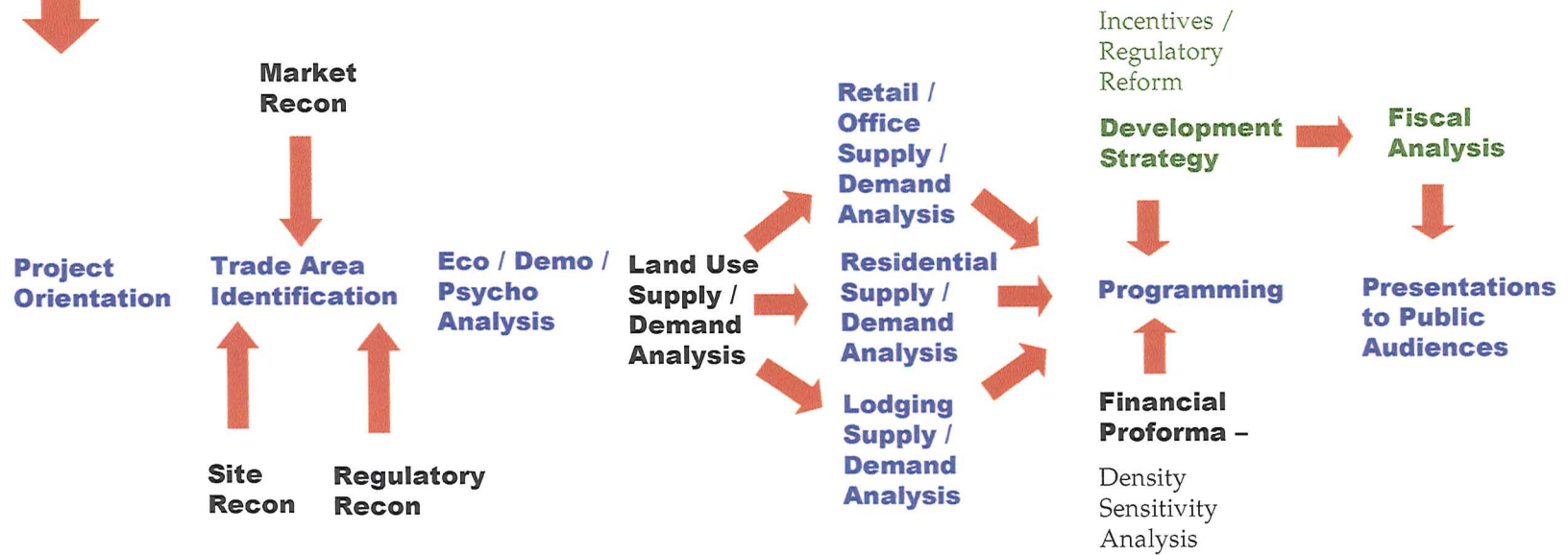
- Given the market, the competition, & the nature of the project

How can market demand and capture be influenced over time?

- Impact of public and private events and actions

Market Strategy Process Diagram

Top Down



Bottom Up



The Environment Today

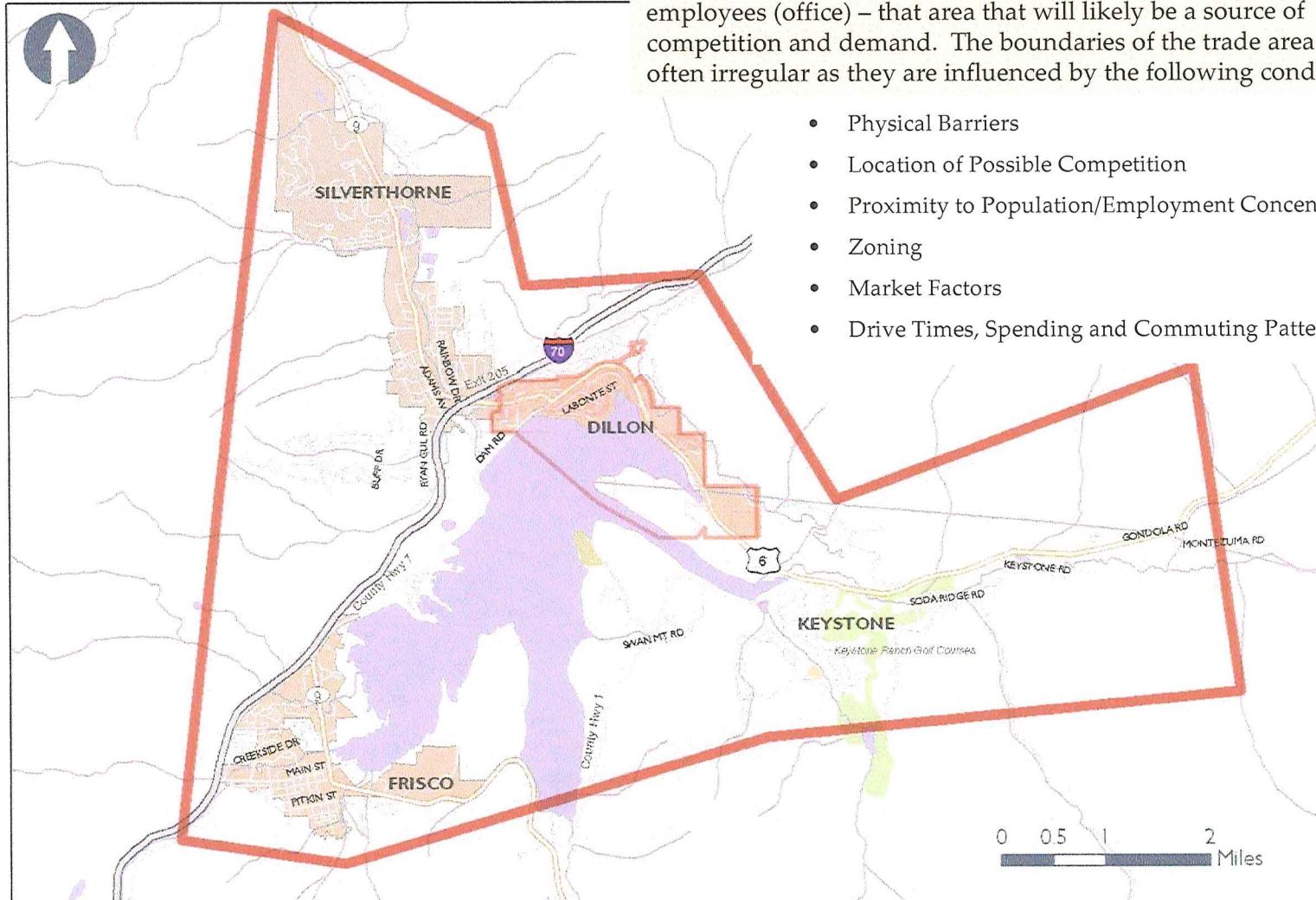
Issues – balancing market and economic reality with community vision ...

- Seasonality of area economy
- Level of second home ownership (65%+) and their impacts
- Fluctuations in Town's occupancy
- Lack of diversity in housing stock (attainability)
- Competition with area resort communities
- Utility of physical inventory
- Supply concentrations and buyer patterns that force shopping "out"
- Limited number of non-service wage jobs
- Questionable success in past and current "visible" projects
- Fear of "threats" to lifestyle
- Physical disconnect with commercial concentrations and Town Center

Primary Trade Area Map

A trade area is that area from which a project (s) or area will draw the majority of its patrons (retail), residents (housing) and employees (office) – that area that will likely be a source of competition and demand. The boundaries of the trade area are often irregular as they are influenced by the following conditions:

- Physical Barriers
- Location of Possible Competition
- Proximity to Population/Employment Concentrations
- Zoning
- Market Factors
- Drive Times, Spending and Commuting Patterns



Demographic Profile

Household Growth

	Trade Area	Summit County
2000	4,880	9,120
2005	5,151	9,705
2010 (forecast)	5,523	10,439
*CAGR (05-15)	1.40%	1.47%

- Trade area includes over one-half of total Summit County households
- Trade area growth is on par with County Growth

Source:

U.S. Census; ESRI, Inc.; and LCG

*CAGR = Compound Annual Growth Rate

Population by Age (2005)

	Trade Area	Summit County
0 to 24	30%	29%
25 to 34	25%	28%
35 to 44	18%	17%
45 to 54	15%	14%
55 to 64	7%	7%
65+	5%	4%
median	32.7	32.2

- Age distribution comparable

Household Income (2005 est.)

Ann. Household	Trade Area	Summit County
\$0-25K	10%	11%
\$25-35K	8%	8%
\$35-50K	13%	14%
\$50-75K	24%	22%
\$75-100K	16%	15%
\$100-150K	18%	17%
\$150K+	11%	11%
Per Capita	\$33,845	\$34,879
Med. Household	\$64,464	\$66,718

- Both the trade area and county are more affluent than residents statewide

Household Characteristics

	Trade Area	Summit County
% Non-family	43%	48%
HH size (2005)	2.53	2.49
% Renter (2000)	36%	39%
% 1 & 2 Person HHs (2000)	60%	61%

- Both the county and trade area have a high percentage of non-family households
- 60% are 1- and 2-person homes

Educational Attainment (2000)

(age 25+)	Trade Area	Summit County
Graduate Degree	12%	12%
Bachelor's	34%	36%
Some College	26%	27%
High School Grad.	19%	18%
No H.S. diploma	9%	7%

- Both the trade area and county have very high rates of educational attainment

Ethnicity (2005)

(age 25+)	Trade Area	Summit County
White Alone	89%	91%
Black Alone	1%	1%
Asian/Pacific Alone	1%	1%
Other/Multiple	9%	7%
Hispanic Origin	14%	11%

- The trade area has a higher Hispanic population than the county as a whole (expected to reach 22% by 2010)

Lifestyle/Psychographic Segments

Top Resident Lifestyle (Tapestry) Segments

Segment	Trade Area Households	Index to U.S.
Enterprising Professionals	2,167	3445%
In Style	748	797%
Young and Restless	554	1003%
Metro Renters	324	634%

Psychographics is a term to describe characteristics of people and neighborhoods which, instead of being purely demographic, measure their attitudes, interests, opinions, and lifestyles.

Commercial retail developers, in particular, are interested in understanding a community's psychographic profile, as this is an indication of its residents' propensity to spend across select retail categories. Residential developers are also interested in understanding this profile as it tends to suggest preferences for certain housing products.

Lifestyle/Psychographic Segments

Top 2nd Home Owner Lifestyle (Tapestry) Segments

Segment
Old & Newcomers
Suburban Splendor
Enterprising Professionals
Metropolitans

Metropolitans residents favor city living in older neighborhoods populated by singles or childless couples. These neighborhoods are an eclectic mix of single- and multifamily structures. Residents include both Generation Xers and retirees, most of whom are prosperous. Busy and actively living the urban lifestyle,

Metropolitans residents participate in yoga, attend rock concerts, and visit museums. They listen to jazz, news, talk, and sports radio and rent foreign videos. They travel for business or pleasure, belonging to three or more frequent flyer programs. They participate in numerous civic activities such as volunteering for environmental causes.

Ownership Analysis – Central Dillon

Total GIS acres	134
Total parcels	155
Average acres/parcel	0.86
Median acres/parcel	0.33

Top Land Owners		
	Acres	Parcels
Town of Dillon	47.7	17
blank - (mainly ROW)	32.4	12
RSS Mountain View LLC (Best Western)	3.7	4
Marina Place Condo Assoc.	2.6	7
USPS	2.2	2
Eilts, Daniel & Cynthia	1.6	3
Dillon Community Church	1.6	1
Cyrus, David	1.4	9

Ownership by Owner's City		
	Acres	Parcels
Dillon	73.9	74
Other Summit Co.	3.1	10
Other Colorado	20.8	48
Outside Colorado	36.3	26

Residential Demand Capture Potential

Ownership

Annual Income Range (2005 dollars)	Approx. Home Price Range	Total Ownership Unit Demand (over 10 years)	Subject Capture Rate	10-yr. Capture (Units)
\$15-25K	\$50 to \$85K	8	10%	1
\$25-35K	\$85 to \$120K	35	20%	7
\$35-50K	\$120 to \$175K	101	22%	22
\$50-75K	\$175 to \$250K	302	24%	72
\$75-100K	\$250 to \$350K	257	24%	62
\$100-150K	\$350 to \$500K	309	24%	74
\$150K and up	\$500K and up	230	16%	37
		1,241	22%	275

At a capture rate of 22% of trade area demand, Dillon could absorb almost 28 units per year of new ownership residential and 14 units per year of rental property

Rental

Annual Income Range (2005 dollars)	Approx. Rent Range	Total Rental Unit Demand (over 10 years)	Subject Capture Rate	10-yr. Capture (Units)
\$15-25K	\$375 - \$625	31	10%	3
\$25-35K	\$625 - \$875	81	20%	16
\$35-50K	\$875 - \$1,000	151	22%	33
\$50-75K	\$1,000+	162	24%	39
\$75-100K	\$1,000+	110	24%	26
\$100-150K	\$1,000+	77	24%	19
\$150K and up	\$1,000+	41	16%	6
		654	22%	143

Source: ESRI-BIS, NWCCOG, U.S. Census, and Leland Consulting Group

Retail Demand

Primary Trade Area (2005-15) Ten Year Demand Estimates

Category	Est. s.f. of Demand (2005)	Annual Resident Household Growth	Est. s.f. Demand (2015)	Growth in s.f. (2005-15)	Additional Demand From Turnover
Auto Parts, Accessories, and Tire Stores	14,165	1.4%	16,342	2,177	173
Furniture & Home Furnishings Stores	24,014	1.4%	27,705	3,691	1,357
Electronics & Appliance Stores	8,570	1.4%	9,887	1,317	194
Bldg Mater., Garden Equip. & Supply	25,909	1.4%	29,892	3,982	1,035
Food & Beverage Stores		1.4%			
Grocery Stores	80,266	1.4%	92,603	12,337	4,606
Specialty Food Stores	4,326	1.4%	4,991	665	193
Beer, Wine, and Liquor Stores	9,542	1.4%	11,009	1,467	1,324
Health & Personal Care Stores	9,331	1.4%	10,766	1,434	430
Clothing and Clothing Accessories Stores	52,900	1.4%	61,031	8,131	8,566
Sporting Goods, Hobby, Book, & Music	29,202	1.4%	33,691	4,488	4,143
General Merchandise	47,150	1.4%	54,397	7,247	1,108
Miscellaneous Store Retailers	28,435	1.4%	32,806	4,370	3,218
Food Services & Drinking Places					
Full-Service Restaurants	43,494	1.4%	50,179	6,685	8,018
Limited-Service Eating Places	36,569	1.4%	42,190	5,621	2,784
Special Food Services	1,709	1.4%	1,972	263	155
Drinking Places (Alcoholic Beverages)	5,748	1.4%	6,632	883	659
Other/excluded Categories*	105,333	1.4%	121,523	16,190	7,900
Total Retail	526,665		607,613	80,948	45,862

Over 80,000 s.f. of new retail demand will be generated by trade area new resident households by 2015

Almost 46,000 additional s.f. of demand could come from replacement of obsolete space

Source: U.S. Census, ESRI-BIS, NWCCOG, Urban Land Institute, Leland Consulting Group

*including entertainment/cinema, professional office, banking, etc.

Retail Demand

Category	Demand From Non-resident Units (2005-15)			Total Housing-based Retail Demand (2005-15)		
	Growth in Resident Demand (2005-15)	Non- Resident Growth Factor	Growth in Non- Resident Demand (s.f.)	Total New Demand 2005- 15 (s.f.)	Town Center Capture Rate	Town Center Capture (s.f.)
Auto Parts, Accessories, & Tires	2,177	0.60	1,306	3,657	15%	549
Furniture & Home Furnishings	3,691	0.60	2,215	7,263	15%	1,089
Electronics & Appliance Stores	1,317	0.60	790	2,302	15%	345
Bldg Mater., Garden Equip/Supply	3,982	0.60	2,389	7,407	15%	1,111
Food & Beverage Stores						
Grocery Stores	12,337	0.60	7,402	24,345	15%	3,652
Specialty Food Stores	665	0.60	399	1,257	15%	189
Beer, Wine, and Liquor Stores	1,467	0.60	880	3,671	15%	551
Health & Personal Care Stores	1,434	0.60	861	2,725	15%	409
Clothing and Accessories	8,131	0.60	4,878	21,575	15%	3,236
Sporting, Hobby, Book, & Music	4,488	0.60	2,693	11,324	15%	1,699
General Merchandise Stores	7,247	0.60	4,348	12,703	15%	1,905
Miscellaneous Store Retailers	4,370	0.60	2,622	10,210	15%	1,532
Food Services & Drinking Places						
Full-Service Restaurants	6,685	0.60	4,011	18,714	15%	2,807
Limited-Service Eating Places	5,621	0.60	3,372	11,777	15%	1,766
Special Food Services	263	0.60	158	575	15%	86
Drinking Places	883	0.60	530	2,073	15%	311
Other/excluded Categories*	16,190	0.60	9,714	33,803	15%	5,070
Total Retail	80,948		48,569	175,378		26,307

Central Dillon could capture 26,000+ s.f. of new retail by 2016 from household growth (plus another 13,000 s.f. from non-owner visitors, assuming that segment grows at the same rate and remains approx. 1/3 of the base economy)

Office Demand

Trade Area

Ten Year Demand 2005-2015

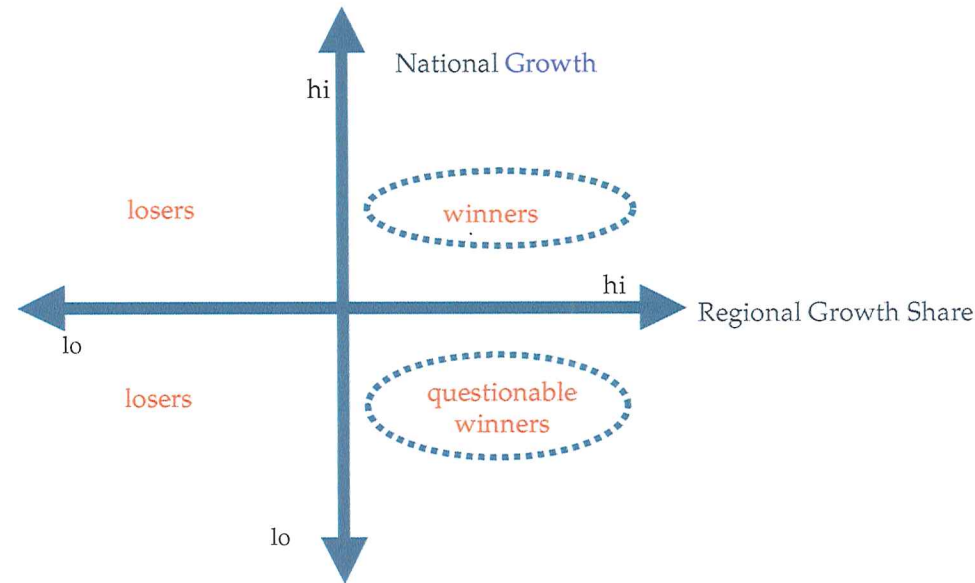
	Est. 2005 Jobs	Annual Job Growth Rate	10-yr. Job Growth	Est. Pot. Office	10-yr. Office Demand from Job Growth (s.f.)	Est. Office Demand From Turnover (10- year)	Attainable Subject Capture Rate	Attainable 10 yr Capture (s.f.)
Agriculture & Mining	117	4.8%	70	5%	808	67	20%	175
Construction	655	4.8%	393	5%	4,524	377	20%	980
Manufacturing	146	4.8%	88	5%	1,008	84	20%	218
Transportation	199	4.8%	120	10%	2,749	229	20%	596
Communication	26	4.8%	16	10%	359	30	20%	78
Electric, Gas, Water, Sanitary	43	4.8%	26	10%	594	49	20%	129
Wholesale Trade	125	4.8%	75	5%	863	72	20%	187
Retail Trade	2,087	4.8%	1,254	3%	8,649	720	20%	1,874
Finance, Insurance, Real Estate Services (Non-Retail)	685	4.8%	411	85%	80,435	6,696	20%	17,426
Hotels & Lodging	1,628	4.8%	978	5%	11,245	936	20%	2,436
Automotive Services	113	4.8%	68	5%	781	65	20%	169
Entertainment & Recreation	567	4.8%	341	5%	3,916	326	20%	848
Health Services	131	4.8%	79	30%	5,429	452	20%	1,176
Legal Services	28	4.8%	17	90%	3,481	290	20%	754
Educ. Institutions	186	4.8%	112	15%	3,854	321	20%	835
Other Services	540	4.8%	324	15%	11,190	932	20%	2,424
Government	467	4.8%	280	25%	16,129	1,343	20%	3,494
Other	9	4.8%	5	40%	497	41	20%	108
Totals	7,752		4,656		156,513	13,029		33,908

Source: ESRI/BIS, NWCCOG, Leland Consulting Group

Note: Assumes 230 s.f. of office space per office employee

Projected job growth in the trade area should lead to 157,000 s.f. of new office space demand by 2016, of which Central Dillon could absorb 34,000 s.f.

Target Industry Analysis



- Initial screening based on employment growth
- Secondary screening to get “winners” and “questionable winners” with high LQs (likely exporters & job multipliers) - more stringent screening for “questionable winners”
- “Zoom in” on remaining industry groups to identify strongest sub-groups
- Examine wages and jobs requirements (training/education, infrastructure for surviving sub-sectors)
- Compare with Dillon’s strengths/assets

Target Industry Analysis

Potential targets based on growth in nation and region ...

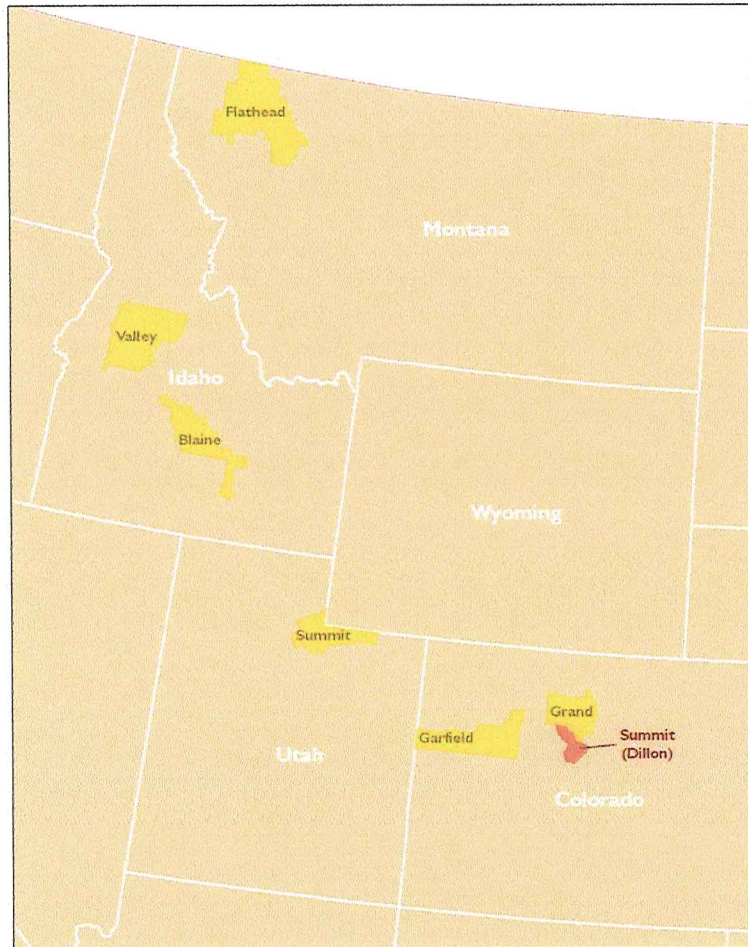
Potential Targets include Industries.....	
With A Strong Local Presence (LQ>1)	
531	Real Estate
713	Amusement, Gambling, and Recreation Industries (Skiing)
Where Local Growth Has Lagged National Growth (Local Growth Potential)	
453	Miscellaneous Store Retailers
532	Rental & leasing services
722	Food Services & Drinking Places
Where the Local Presence Lags the National Presence (LQ<1) (Local Growth Potential)	
441	Motor vehicle & parts dealers
443	Electronics & appliance stores
444	Bldg material, garden equipment & supply dealers
452	General merchandise stores
484	Truck transportation
513-519	Broadcasting & telecommunications & Internet & Info
524	Insurance carriers & related activities
551	Management of companies & enterprises
621	Ambulatory health care services
711	Performing arts, spectator sports, & related industries
811	Repair & maintenance

Understanding the Data

- Potential targets include industries with a strong local presence including real estate, skiing-related industries, and various retail categories
- Industries that have a strong national presence with potential for growth in the County include Broadcasting et al., Insurance Carriers, Management of Companies, Ambulatory Health Care Services, and Repair & Maintenance Activities
- The Arts, Entertainment, and Recreation industries are growing nationally; local growth of the performing arts could help diversify the County's seasonal entertainment offerings

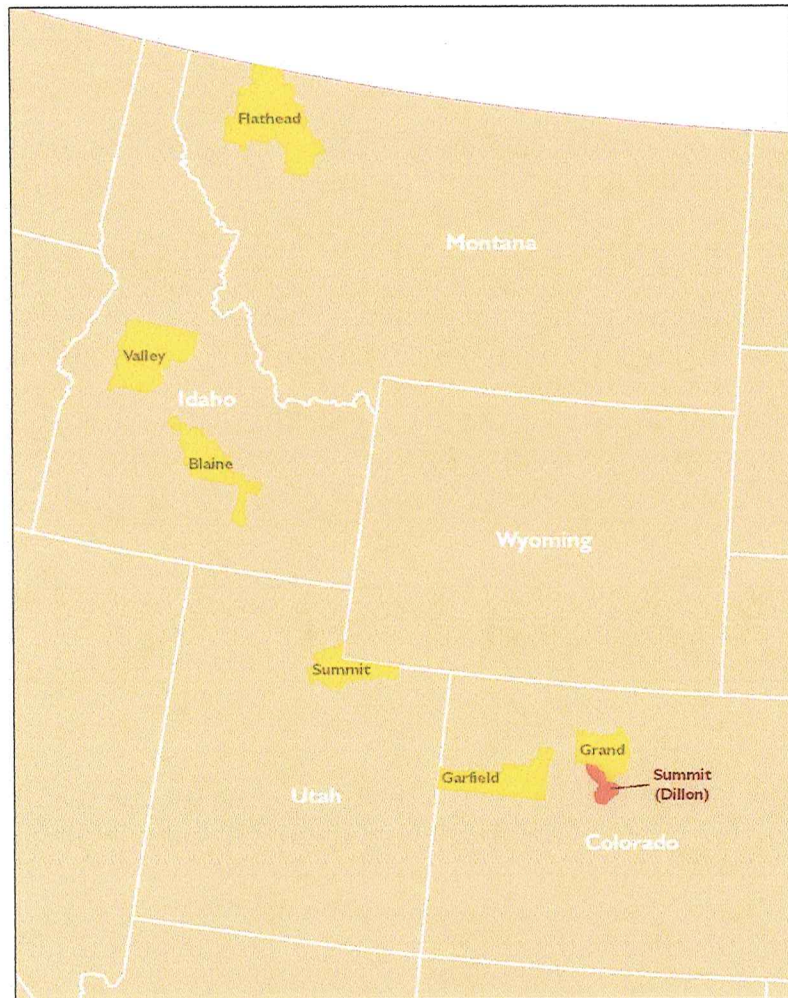
Target Industry Analysis

Comparative Communities Map



- Compare Dillon with comparative communities to highlight flourishing industries which are not currently present in Summit County
- Further refine the TIA results to identify additional targeted industry clusters that are consistent with Dillon's objectives (e.g. wages, minimum environmental impacts, etc.)
- "Ground-truth" the TIA results with Dillon's physical environment and opportunity sites
- Cross-reference potential opportunities with other non-physical factors (such as social and fiscal objective, existing workforce, etc.) to arrive at the optimal ED targets
- Develop a strategy to attract those targets and ready the environment for investment

Target Industry Analysis



Comparative communities are...

- small, mountain communities in the west
- close to popular recreational amenities
- feeling impact of second home growth and development pressures
- with downtown core areas
- some are close to lake or water amenities

Target Industry Analysis

NAICS	Industry	Flathead County, MT	Montrose County, CO	Summit County, UT	Grand County, CO	Blaine County, ID	Garfield County, CO	Valley County, ID	Summit County, CO
11----	Forestry, fishing, hunting, and agriculture support	5.94	0.60	2.08	1.27	1.48	0.39	7.20	0.44
21----	Mining	0.30	1.67	2.52	2.83	0.23	3.19	0.95	0.12
22----	Utilities	0.94	4.56	0.53	1.90	0.38	1.85	0.64	0.47
23----	Construction	1.67	1.76	1.04	2.23	2.85	3.20	1.92	1.01
31----	Manufacturing	0.85	1.00	0.15	0.11	0.25	0.16	0.14	0.05
42----	Wholesale trade	0.64	0.61	0.36	0.22	0.49	0.63	0.35	0.11
44----	Retail trade	1.32	1.44	1.19	1.23	1.09	1.43	1.41	1.15
48----	Transportation & warehousing	0.61	1.07	0.52	0.85	0.29	0.52	0.50	0.17
51----	Information	0.53	0.51	0.37	0.31	0.95	0.37	0.56	0.23
52----	Finance & insurance	0.79	0.55	0.63	0.41	0.51	0.72	0.23	0.25
53----	Real estate & rental & leasing	1.31	0.86	2.56	4.95	1.68	1.57	1.11	4.14
54----	Professional, scientific & technical services	0.90	0.71	0.52	0.59	1.06	1.02	0.62	0.45
55----	Management of companies & enterprises	0.33	0.05	1.01	0.08	0.04	0.08	0.00	0.23
56----	Admin, support, waste mgmt, remediation services	0.72	0.60	0.41	0.62	0.77	0.70	0.37	0.41
61----	Educational services	0.54	1.18	0.47	0.19	0.87	0.83	0.16	0.17
62----	Health care and social assistance	0.99	1.15	0.18	0.32	0.36	0.85	0.89	0.21
71----	Arts, entertainment & recreation	1.85	0.36	15.61	2.93	1.51	1.23	7.15	15.28
72----	Accommodation & food services	1.39	1.03	2.54	3.20	3.07	1.43	2.37	3.37
81----	Other services (except public administration)	0.90	0.89	0.81	0.64	0.57	1.02	1.13	0.39
99----	Unclassified establishments	0.82	0.47	1.35	4.95	2.22	0.31	0.00	0.58

Location Quotient (LQ) Analysis of Comparative Communities

- Highlighted industries show a relatively higher concentration than in Summit County, CO
- In Montrose County, high LQ for educational services and health care due to the presence of a junior college and general hospital
- Summit County has a much higher relative concentration of arts, entertainment and recreation industries than the comparative communities
- Majority of the employment is in the skiing industry and relatively little of it is in the performing arts

Target Industry Analysis

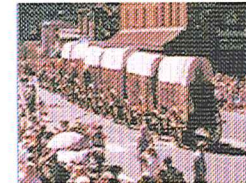
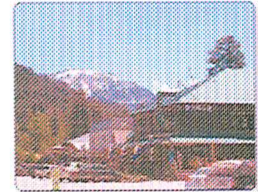
Location Quotient (LQ) Analysis of Comparative Communities

- Textile Product Mills: Comparative communities are manufacturing non-apparel items including bags and tents
- Growth in wood products is largely attributable to sharp increases in home-building in the respective communities – primary and secondary
- Growth in transportation sectors reflect high numbers of visitors / second home owners/ transportation to and from communities and within area
- In comparative communities, there are motion picture and video production companies as well as local movie theater employment (current senate bill could advance this industry)
- Other information services are composed of news syndicates, libraries and archives
- Internet publishing and broadcasting are composed of very small companies providing textual, audio and/or video content
- Comparative communities have relatively higher employment in a broad range of professional and financial services
- Credit intermediation is a potential target industry including a range of lending activities

Case Study Analysis

Lessons Learned ...

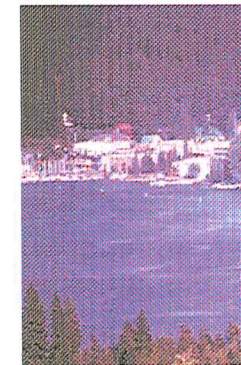
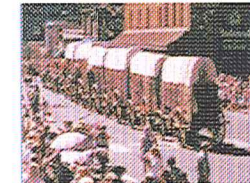
- Grand Lake, Colorado
- Ketchum, Idaho
- Whitefish, Montana
- Park City, Utah
- Glenwood Springs, Colorado
- McCall, Idaho



Case Study Analysis

Lessons Learned ...

- High level of importance placed on connecting activity centers
- Many communities created “alternative” venues and events
- It was understood that incentives were needed to promote redevelopment
- Parking was replaced, add to and relocated in order to accommodate development and redevelopment
- Impetus for revitalization grew from a desire for a stable economy
- Implementation strategies dealt with policy reform, incentives, public investment, and organizational change
- Programs to promote affordable housing were a high priority
- Preservation of the local lifestyle were also paramount
- Primary job creation recruitment efforts were done at a regional level
- Manufacturing industries which were targeted included those with the potential to test their products – this group attracted suppliers (clustering)
- Entrepreneurs are a significant target – placing a high level of importance on expansion of high tech infrastructure
- Policies and regulations being used to encourage and discourage certain uses and product types



Next Steps

Complete in May / June ...

- Community and Business Survey
- Final Business Focus Group
- Catalyst Programming Recommendations
- Catalyst Development Economic Analysis