



Supplemental Agenda Related Writings/ Documents Provided To A Majority Of The Ridgecrest City Council / Successor Redevelopment Agency Board Members / Financing Authority / Housing Authority After Distribution Of The February 18, 2015 Agenda Packet

*1. Kosmont Companies Presentation – ‘Retail Sector Strategy & Action Plan Update’*

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The City of Ridgecrest web page

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City Council Agendas

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# **Retail Sector Strategy & Action Plan Update**

*February 18, 2015*

**Prepared By:  
*Kosmont Companies***

# Project Background & Status

- Kosmont was retained by the City for the update and implementation of the Retail Sector Strategy and Action Plan previously prepared by Kosmont (originally presented June 2012)
- The purpose of the Strategy and Plan is to evaluate existing retail market conditions and effectuate the Strategy to successfully promote economic growth within the City
- An overview of the Strategy and Plan is presented herein

# Kosmont Companies Overview

Kosmont Companies is a nationally-recognized real estate & economics advisory firm specializing in public-private transactions for 28 years.

Offer a full range of economics & real estate advisory services including:

- **Economic Development Strategies & Implementation**
- **Market and Feasibility Analyses**
- **Identification of Funding Sources & Financing Strategies**
- **Retailer/Developer & Business Recruitment**
- **Public-Private Transaction Structuring & Negotiation**

# Kosmont Services Overview



## KOSMONT COMPANIES SERVICES OVERVIEW



## KRC SERVICES OVERVIEW

### Kosmont Companies\*

Real Estate, Economic Development & Financial Advisory



\*Certified MBE and SBE

Kosmont Companies is the proud recipient of the "Small / Minority / Women Business of the Year" from the 2015 Los Angeles Business Journal's Latino Business of the Year Awards

### Kosmont Realty Corporation\*\*

Real Estate Brokerage Services  
Public-Private Transactions & Finance



\*\*SEC / MSRB Registered Municipal Advisor  
CA Licensed Real Estate Brokerage Firm

04202013



# Key Personnel



**Ken K. Hira**

*Senior Vice President  
ICSC So. Cal State Director*

- Over 20 years of experience
- Business Attraction and Retail Development
- Real Estate Finance
- Transaction Structuring
- Negotiations
- Downtown Revitalization
- Acquisitions/Dispositions
- Market Analysis



**Dan Massiello**

*Senior Vice President  
Public Finance*

- Over 20 years of experience
- Over \$4 Billion in New Money / Refunding for Cities, RDAs, School and Community College Districts, and Special Districts
- General Fund (COPs), Tax Increment, General Obligation, Installment Purchase, Lease Revenue, Revenue, Special Tax, and Sales Tax Supported Financings



**Joseph Dieguez**

*Vice President*

- Over 6 years of experience
- Fiscal Impact / Economic Benefit Analysis
- Market Supply/Demand Studies
- Financial & Feasibility Modeling
- Asset Valuation
- Financial Turnaround / Fiscal Stabilization Implementation
- Government Staffing and Operations Support

## 1. Analysis

- a) Economic & Demographic Profile
- b) Market Demand Analysis

## 2. Strategy

- a) Trade Area Retailer Voids
- b) Opportunity Site Assessment

## 3. Implementation

- a) Summary of Findings
- b) Outreach in Progress
- c) Financing & Incentives
- d) Next Steps

## 1. Analysis

### a) Economic & Demographic Profile

- i. Population & Household Demographics*
- ii. Unemployment & Employment by Industry*

### b) Market Demand Analysis

- i. Retail Supply, Vacancy & Lease Rates*
- ii. Taxable Retail Sales Performance*
- iii. Retail Sales Surplus / Leakage*

## Economic & Demographic Profile

*Population & Household Demographics*

# Demographic Highlights

## Population & Households

- Population of ~27,500 and ~10,700 households within City in 2014
- Population of ~68,800 and ~28,100 HH's within Retail Market Area ("RMA")

## Income

- Avg. HH income **~\$67,000** in City and **~\$66,000** within RMA
- 2.1% annual growth projected for HH income over next 5 years in City

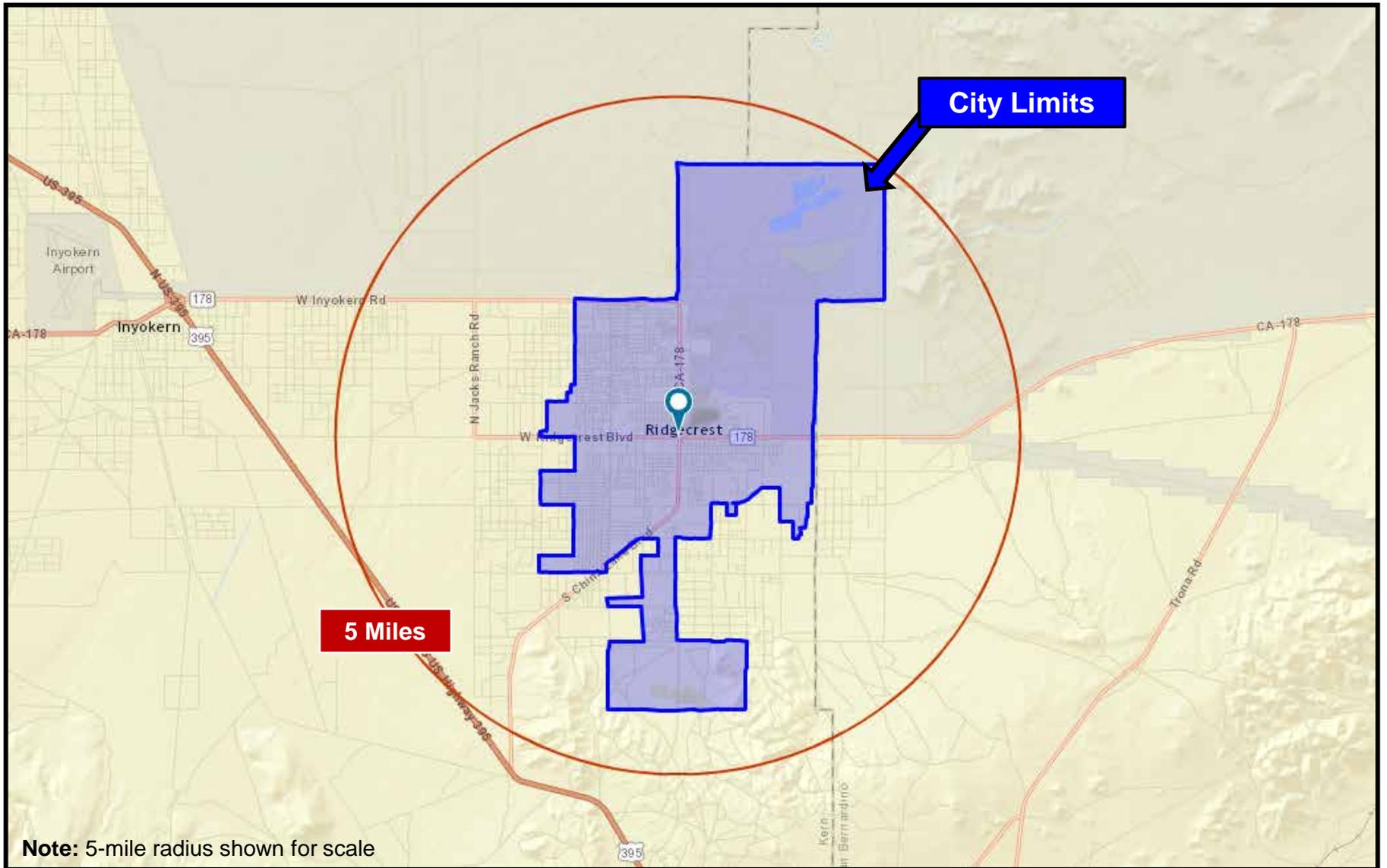
## Other Demographic Characteristics

- Average household size of 2.5 in City and 2.4 within RMA (relatively small)
- Median age of 35 in City and 41 within RMA (older)
- 27% Bachelor's Degree or higher (high)
- 76% (approx.) white race in City

**Source:** U.S. Census Bureau (2010); ESRI (2014)

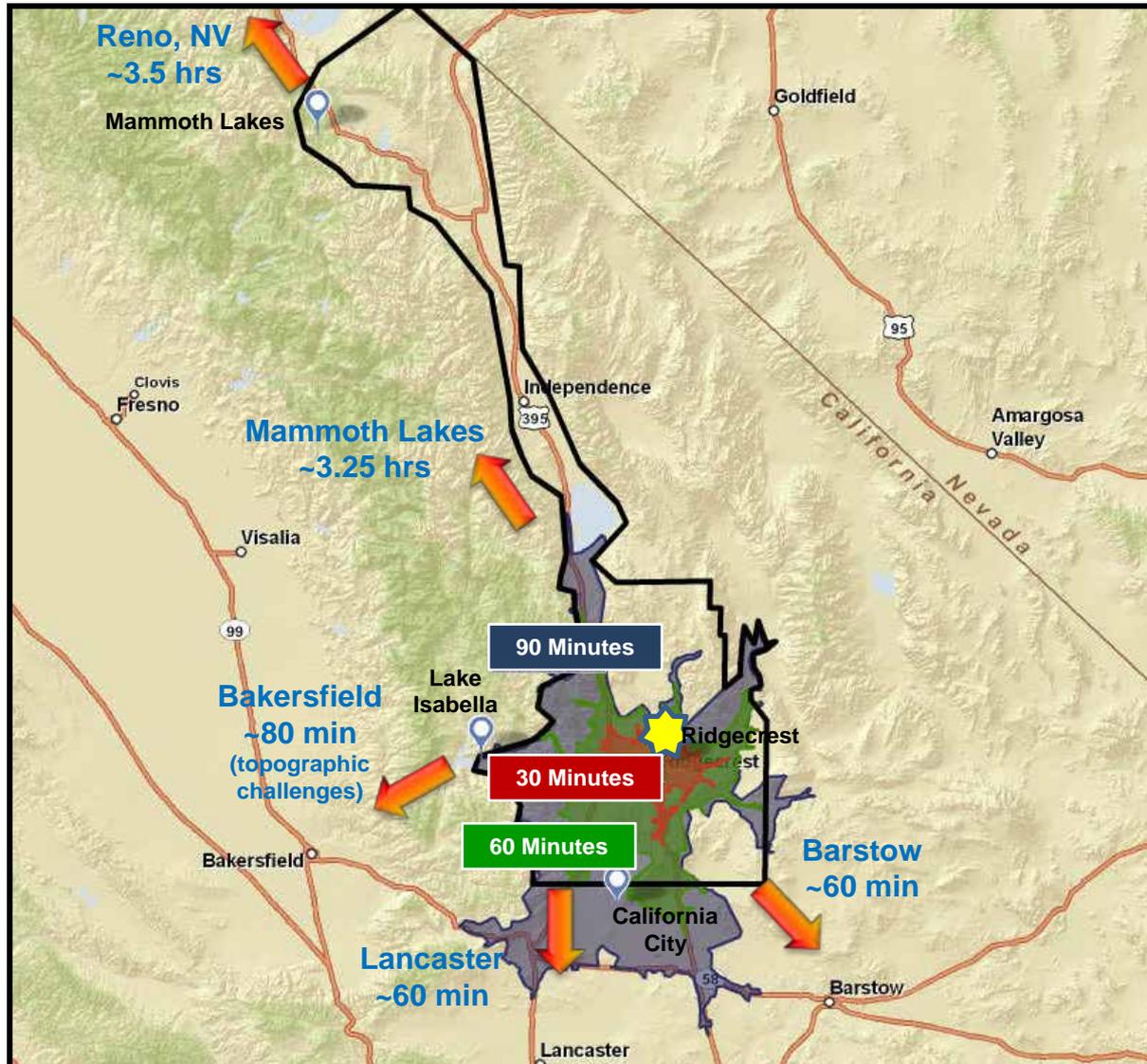
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# Ridgecrest City Limits



Note: 5-mile radius shown for scale

# Potential Retail Market Area (“RMA”) (Custom Polygon based on Drive Times)



# Population and Income

## City & RMA

<u>2014</u>	City	RMA
Population	27,478	<b>68,773</b>
Households	10,736	28,134
Average HH Size	2.54	2.41
Median Age	34.7	40.5
Per Capita Income	\$26,374	\$27,146
Median HH Income	\$53,307	\$52,106
Average HH Income	<b>\$66,984</b>	<b>\$65,986</b>
<u>2014-2019 Ann. Growth Rate</u>		
Population	0.40%	0.35%
Median HH Income	2.09%	2.08%

Source: U.S. Census Bureau (2010); ESRI (2014)

# RMA Composition by Submarket

The RMA captures several submarkets, which exclusive of Ridgecrest represent a population of approximately **41,300** (combined with Ridgecrest **~68,800**). Submarkets include:

Submarket	Pop.	Jurisdiction	Submarket	Pop.	Jurisdiction
Mammoth Lakes	8,339	Town	Benton	293	CDP
Bishop	3,804	City	Mesa	259	CDP
West Bishop	2,720	CDP*	Swall Meadows	221	CDP
Dixon Lane-Meadow Creek	2,632	CDP	Olancha	191	CDP
Lone Pine	2,019	CDP	Sunny Slopes	183	CDP
Big Pine	1,857	CDP	Paradise	154	CDP
Crowley Lake	874	CDP	Keeler	66	CDP
Chalfant	681	CDP	Aspen Springs	65	CDP
Independence	667	CDP	McGee Creek	41	CDP
Wilkerson	557	CDP	Other Locations	15,223	
Round Valley	449	CDP	<b>Total RMA</b>	<b>41,295</b>	(excl. Ridgecrest)

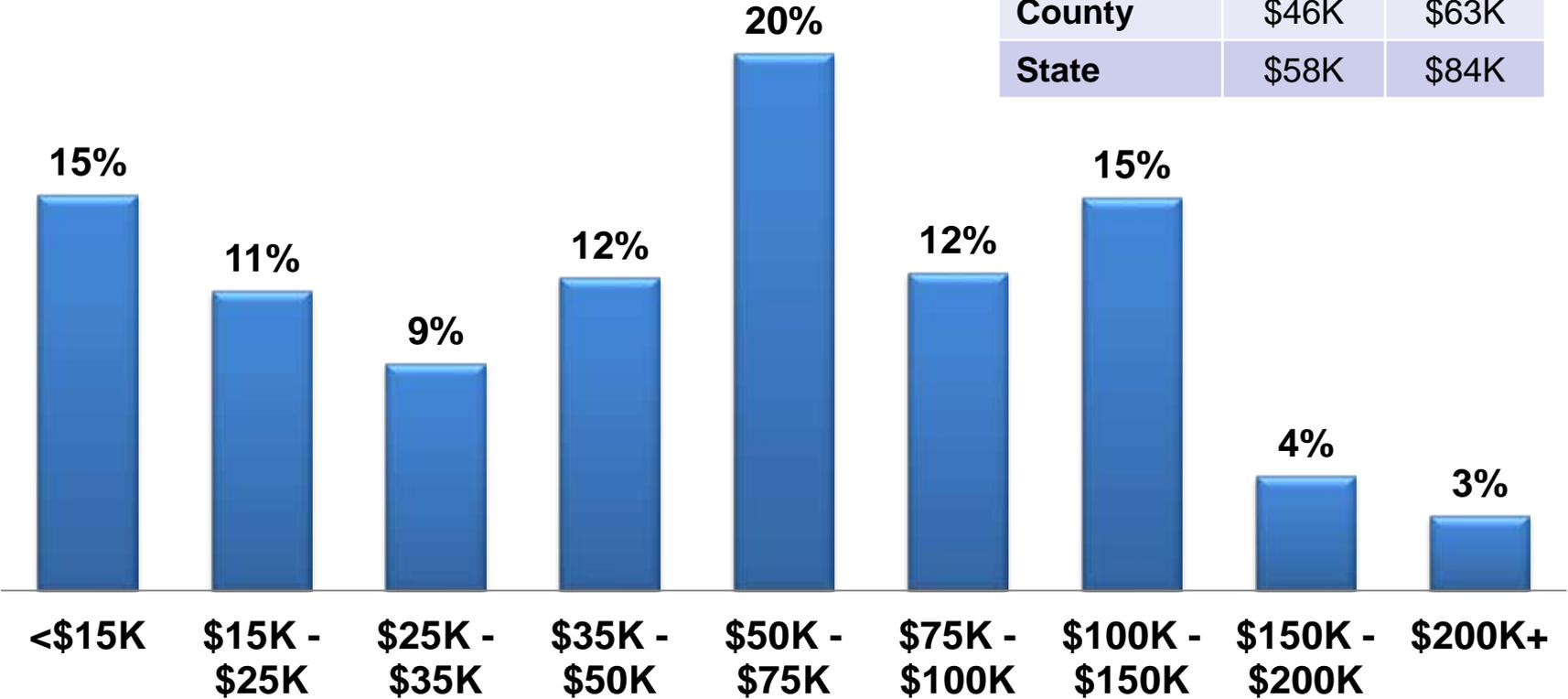
\* CDP = Census Designated Place, which is a concentration of population defined by the US Census Bureau for statistical purposes. CDP's are populated areas that lack separate municipal government but which otherwise physically resemble incorporated places.

**Source:** U.S. Census Bureau (2010); ESRI (2014)

# Income Profile

**City of Ridgecrest – 2014 Households by Income Bracket**

HH Income	Median	Avg.
City	\$53K	\$67K
County	\$46K	\$63K
State	\$58K	\$84K



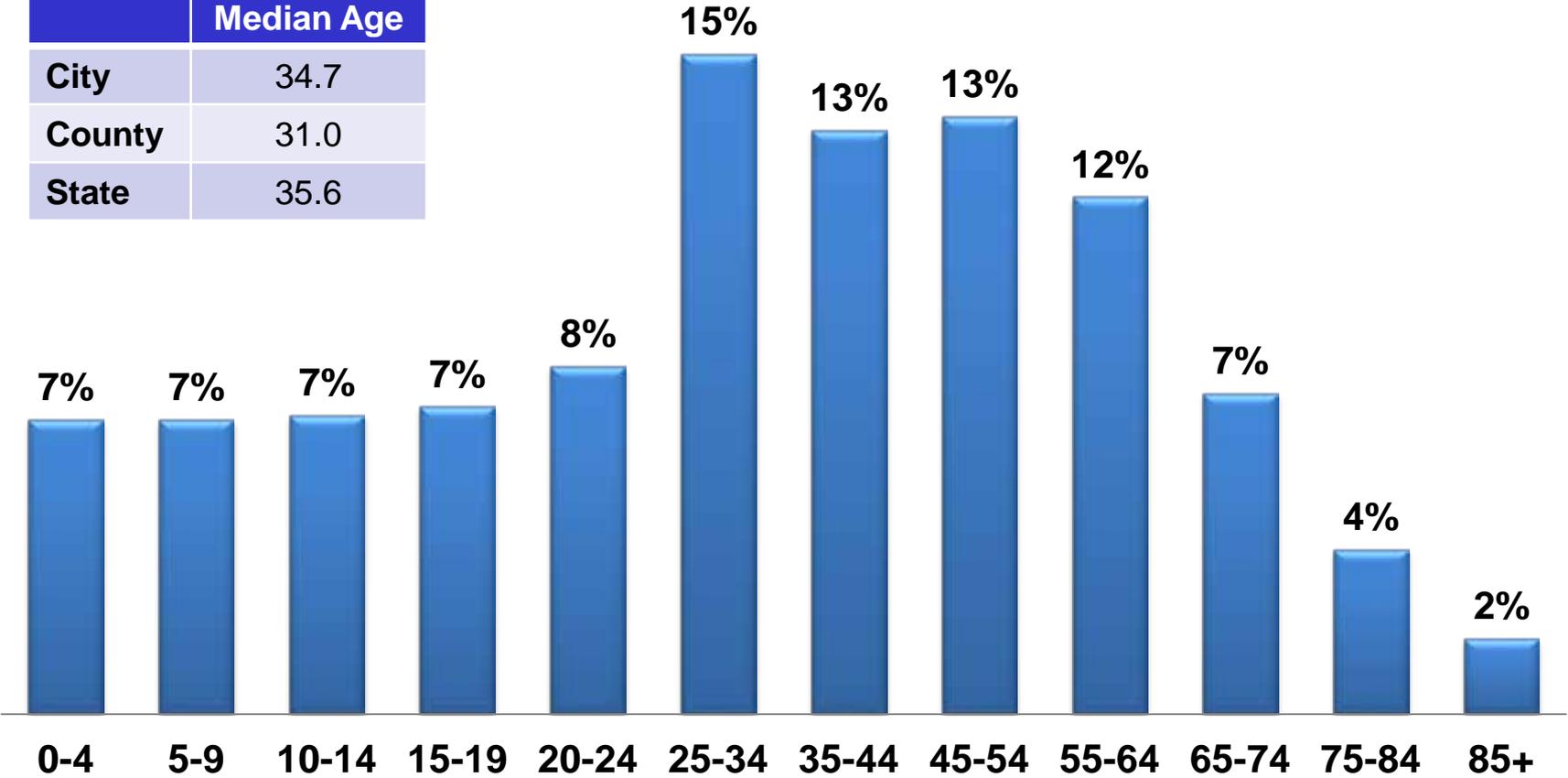
Source: U.S. Census Bureau (2010); ESRI (2014)



# Age Profile

City Population by Age Bracket in 2014

	Median Age
City	34.7
County	31.0
State	35.6

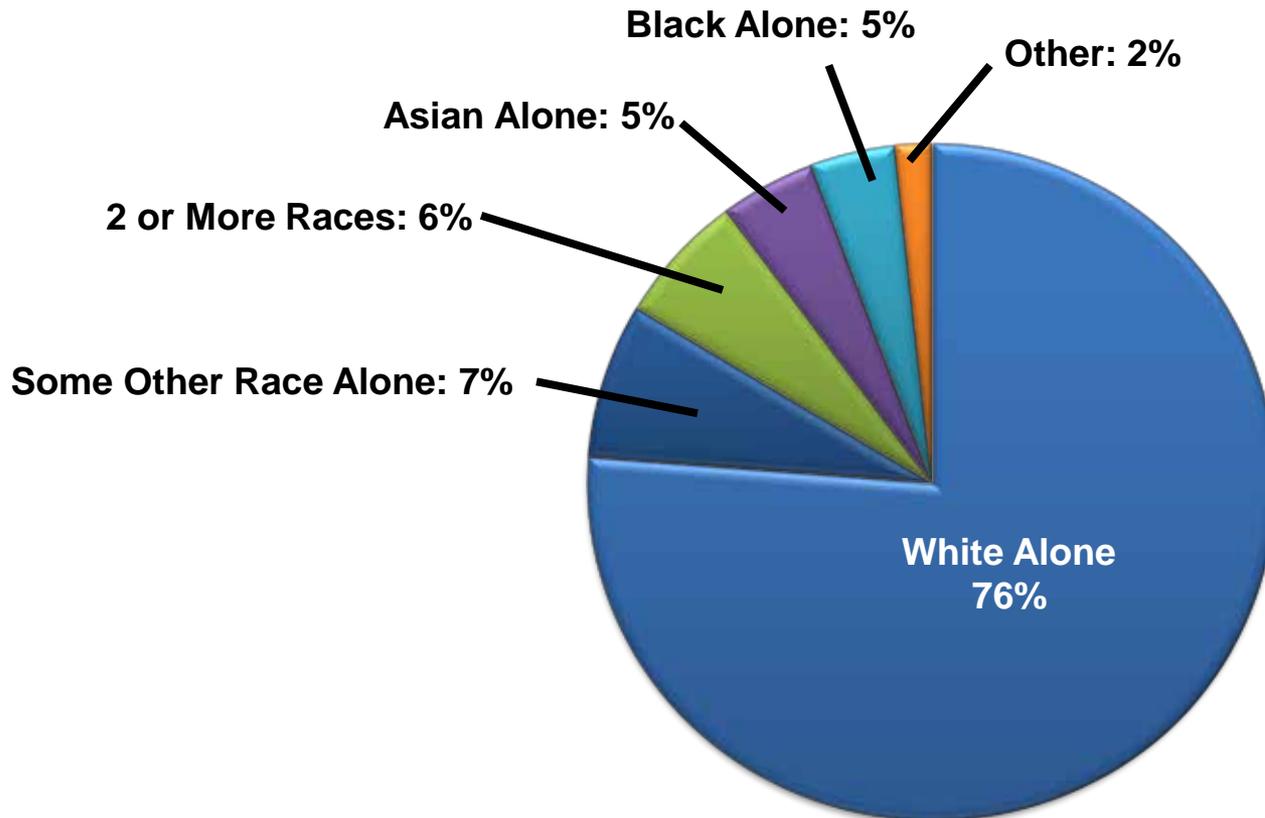


Source: U.S. Census Bureau (2010); ESRI (2014)



# Race & Ethnicity

## City Population by Race & Ethnicity in 2014



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

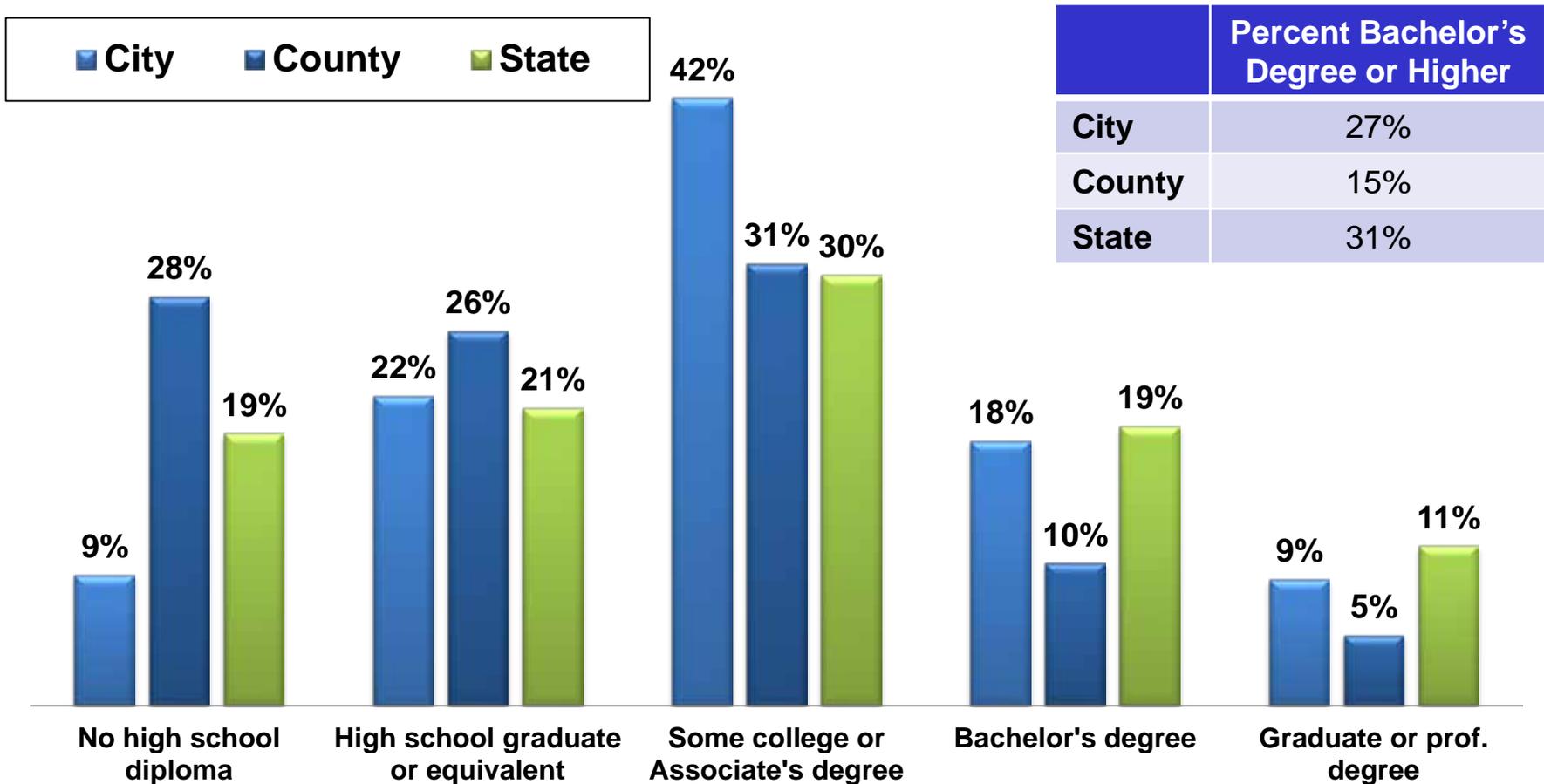
### ***Hispanic Origin of Any Race: 20%***

**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 (2014)

# Educational Attainment

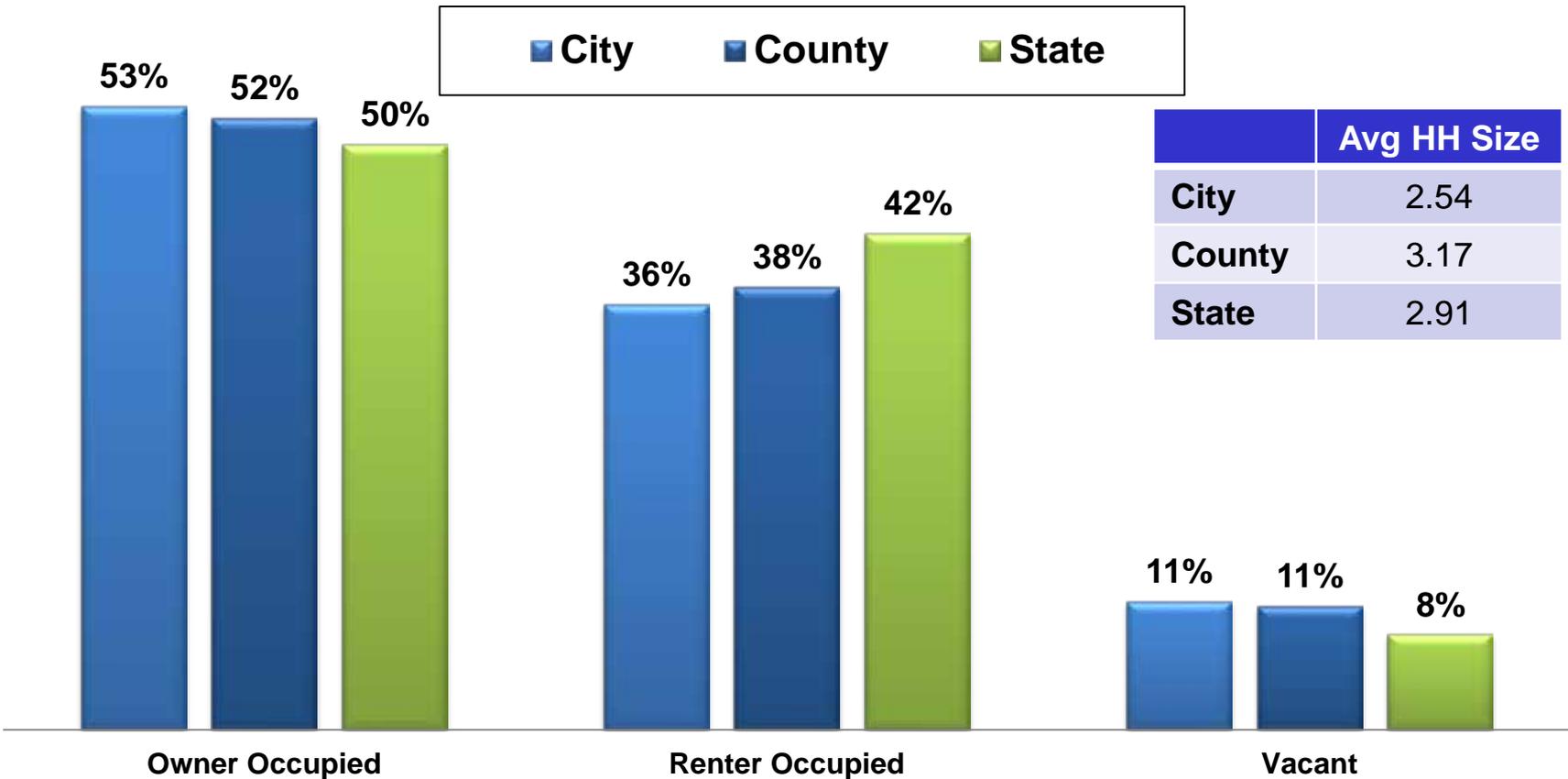
## Population Aged 25+ by Educational Attainment



Source: U.S. Census Bureau American Community Survey (2008-2012)

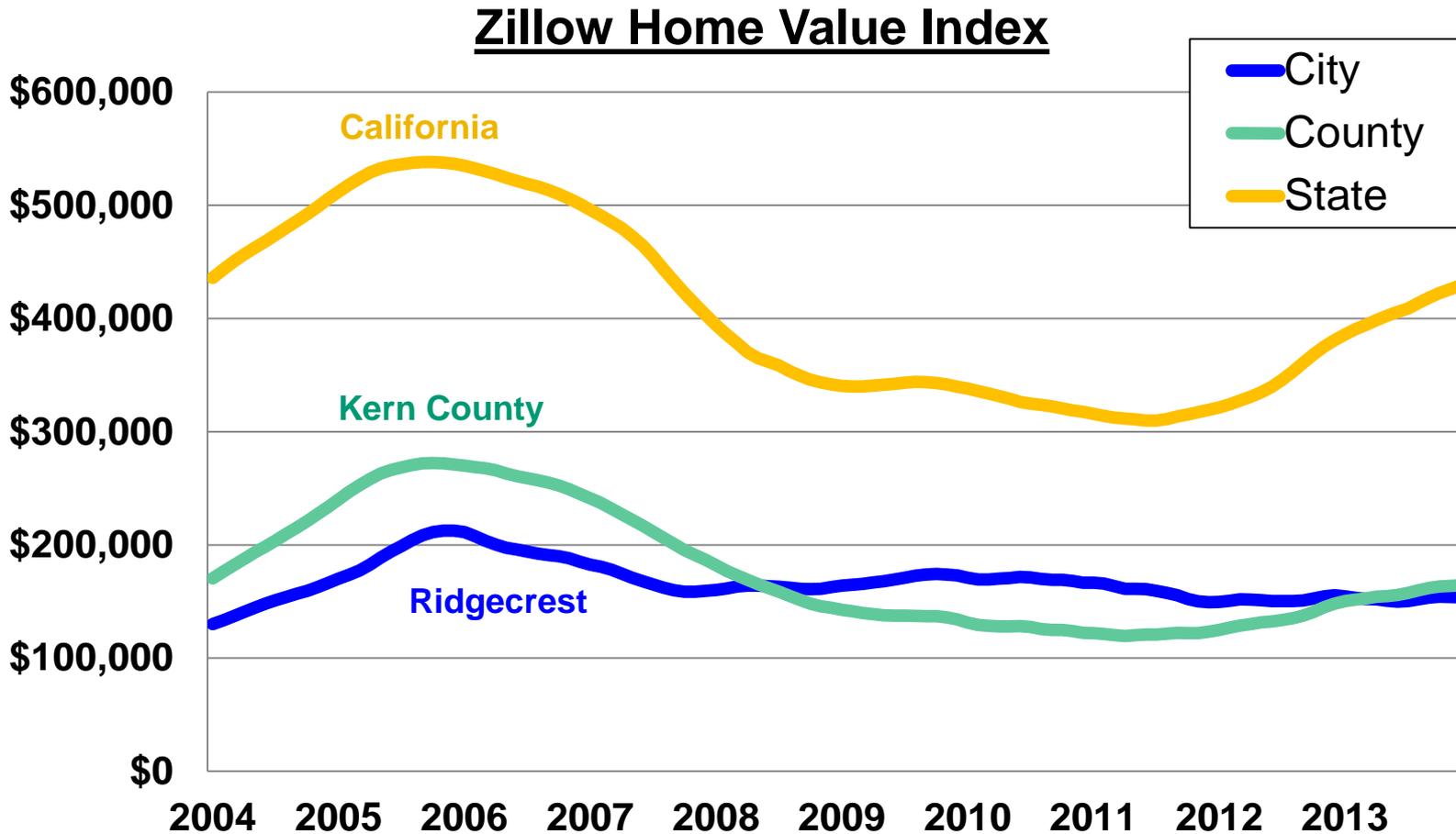
# Housing & Household Size

## Housing Breakdown (2014)



Source: U.S. Census Bureau (2010); ESRI (2014)

# Home Value History



Source: Zillow.com (2014)

# Current Home Value Comparison

Home Value Index	July 2014
California	\$429,000
Rosedale	\$395,000
Tehachapi	\$212,400
Bakersfield	\$196,400
Kernville	\$192,300
Inyokern	\$184,400
Kern County	\$164,300
Rosamond	\$158,100
Frazier Park	\$156,400
Ridgecrest	\$153,700
Wofford Heights	\$143,600
Maricopa	\$143,100
Delano	\$140,400
Wasco	\$135,100
Shafter	\$134,000
Lake Isabella	\$128,200
Mc Farland	\$122,500
Arvin	\$119,300
Oildale	\$118,300
Lamont	\$88,000
California City	\$83,200
Mojave	\$80,200

Source: Zillow.com

# Population Segmentation Profile

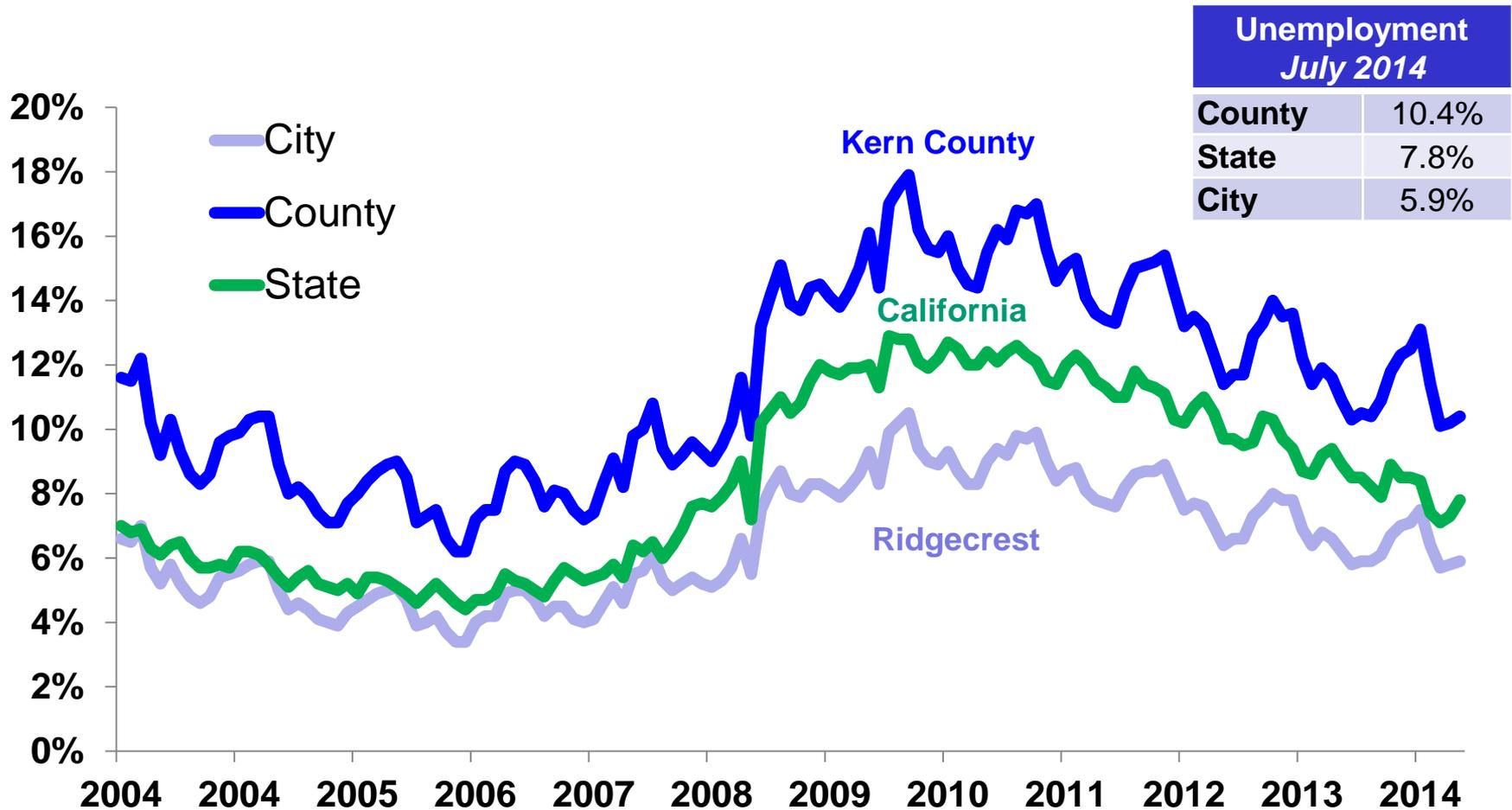
Top 5 “Tapestries” in City	Percent	Sample Characteristics
<b>1. Great Expectations</b>	36%	<ul style="list-style-type: none"> <li>• Young single and married-couple families</li> <li>• Older suburban homes</li> <li>• Active lifestyle</li> <li>• Shop at Wal-Mart</li> </ul>
<b>2. Exurbanites</b>	10%	<ul style="list-style-type: none"> <li>• Mostly white, older empty-nesters and families</li> <li>• Wealthy, educated, white-collar</li> <li>• Shop at home improvement &amp; sporting goods stores</li> </ul>
<b>3. Prosperous Empty Nesters</b>	9%	<ul style="list-style-type: none"> <li>• Mostly white, older empty-nesters and families without children</li> <li>• Wealthy, educated, white-collar</li> <li>• Order by phone from catalogs, use coupons, shop at home improvement and sporting goods stores</li> </ul>
<b>4. City Dimensions</b>	8%	<ul style="list-style-type: none"> <li>• Young, ethnically mixed households</li> <li>• Blue-collar, low educational attainment, high unemployment</li> <li>• Shop at discount stores, prefer store brands</li> <li>• Eat out and go to the movies</li> </ul>
<b>5. Milk and Cookies</b>	7%	<ul style="list-style-type: none"> <li>• Young, affluent married couples, ethnically mixed</li> <li>• Educated, low unemployment,</li> <li>• Shop for baby and children's products</li> <li>• Purchase prepared food and eat fast food</li> </ul>

Source: ESRI (2014)

## Economic & Demographic Profile

*Unemployment & Employment by Industry*

# Unemployment

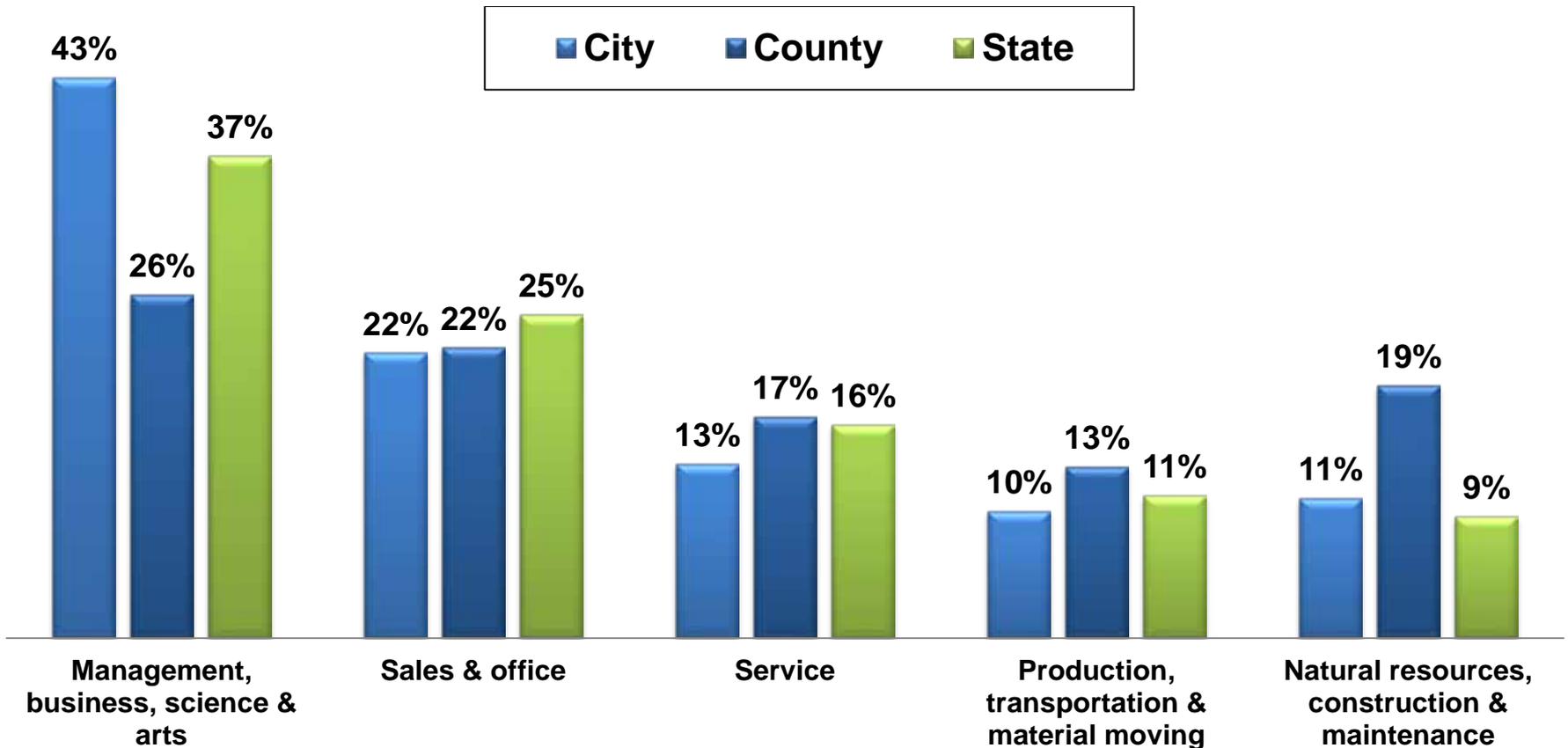


Note: Not seasonally adjusted

Source: U.S. Bureau of Labor Statistics (2014)

# Resident Employment by Occupation

Civilian Employed Population Age 16+ by Occupation



Source: U.S. Census Bureau American Community Survey (2008-2012)

# Employment by Industry

## City Resident Employed Population (Age 16+)

Prof., scientific & tech. services	19.2%
Healthcare & social assist.	16.0%
Educational services	14.8%
Accommodation & food services	12.4%
Retail trade	10.9%
Admin. & support & waste mgmt.	9.0%
Other services, except public admin.	3.6%
Real estate rental & leasing	2.0%
Public administration	2.0%
Construction	1.7%
Management of companies & enterprises	1.6%
Finance & insurance	1.3%
Information	1.2%
Wholesale trade	1.2%
Utilities	1.1%
Mining, quarrying, oil & gas extraction	0.7%
Arts, entertainment & recreation	0.6%
Transportation & warehousing	0.5%
Manufacturing	0.2%
Agriculture, forestry, fishing & hunting	0.0%

*“Industries in which City residents work”*

## Workers Employed within City

Healthcare & social assist.	13.7%
Educational services	12.2%
Prof., scientific & tech. services	12.2%
Accommodation & food services	10.2%
Retail trade	9.2%
Manufacturing	8.2%
Admin. & support & waste mgmt.	6.8%
Other services, except public admin.	3.9%
Public administration	3.8%
Construction	3.0%
Agriculture, forestry, fishing & hunting	2.4%
Utilities	2.0%
Real estate rental & leasing	1.9%
Mining, quarrying, oil & gas extraction	1.8%
Wholesale trade	1.8%
Finance & insurance	1.7%
Information	1.7%
Transportation & warehousing	1.4%
Management of companies & enterprises	1.3%
Arts, entertainment & recreation	1.0%

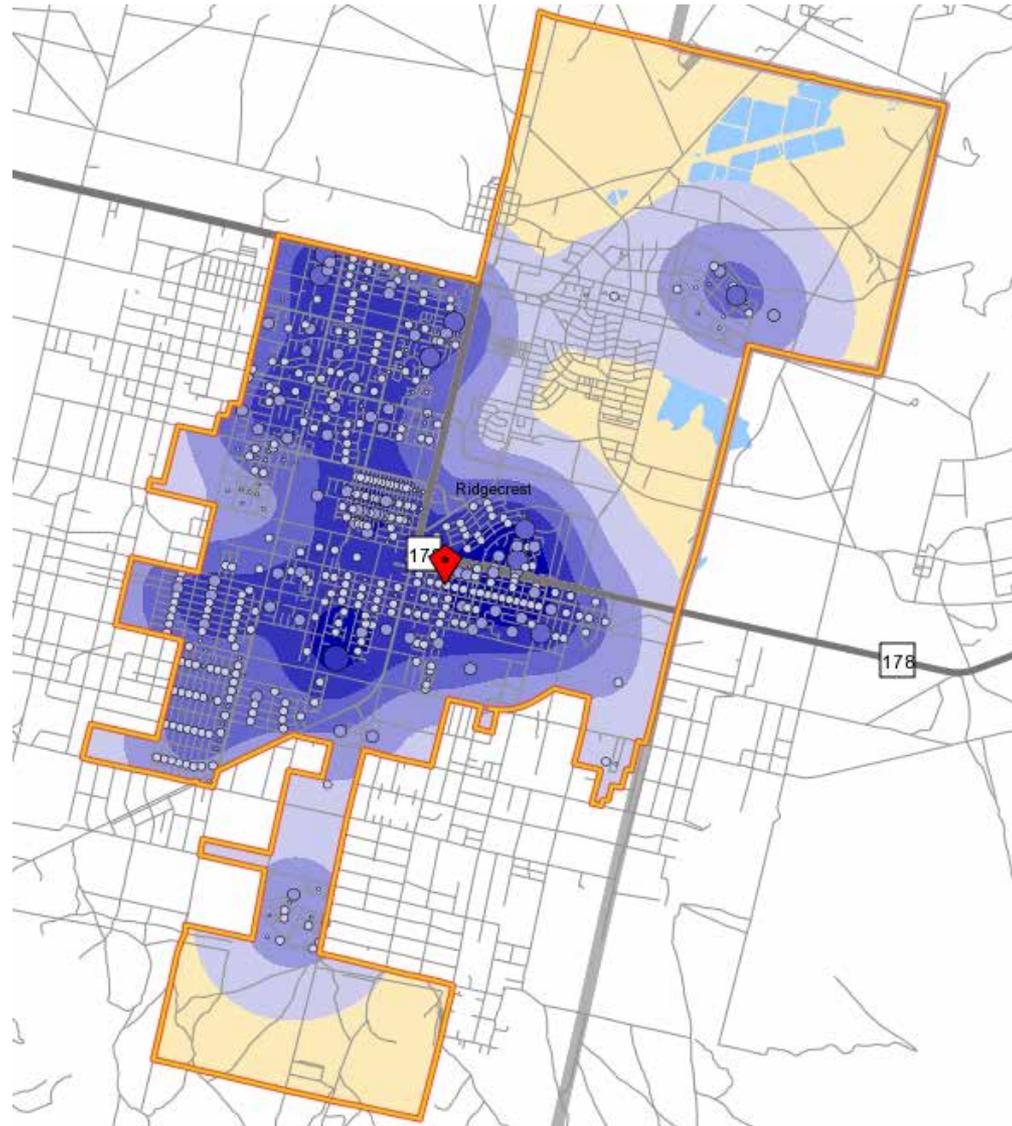
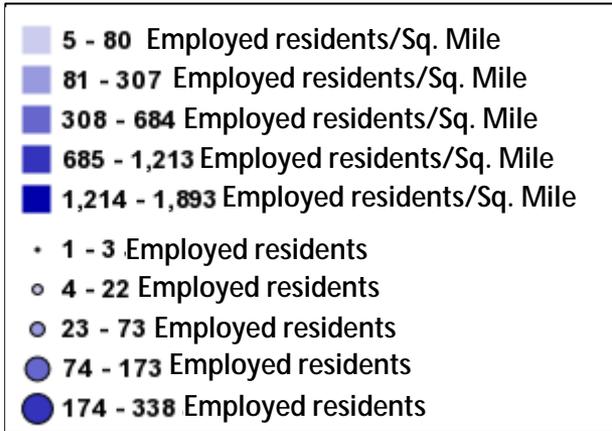
*“Jobs available in the City”*

Source: U.S. Census Bureau Center for Economic Studies (2011)

# Major Employers

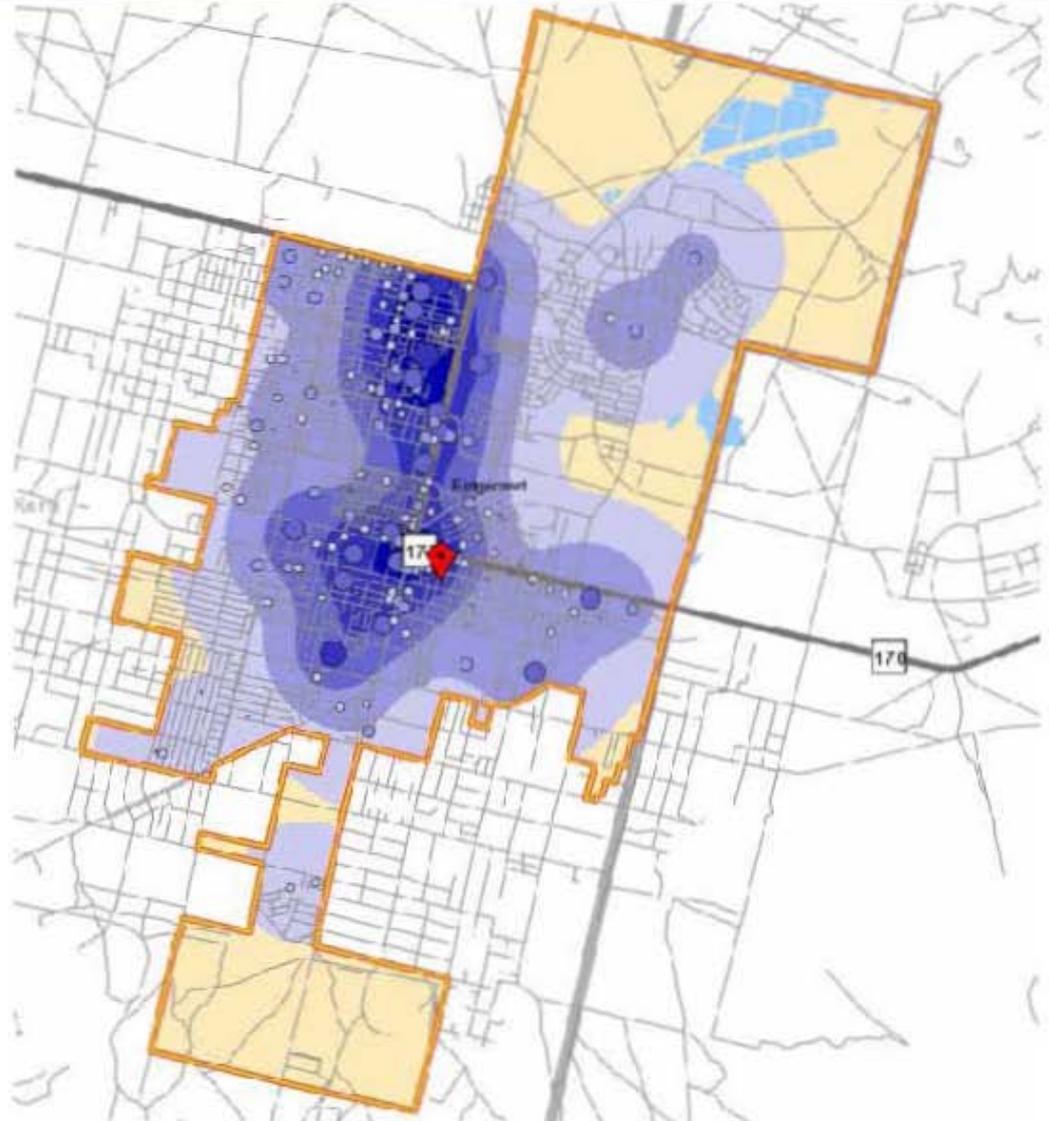
Employer	Estimated # Employees	% Total City Employment
1) Naval Air Weapons Station China Lake	6,242	36.7%
2) Searles Valley Minerals	638	3.8%
3) Ridgecrest Regional Hospital	565	3.3%
4) Sierra Sands Unified School District	546	3.2%
5) Jacobs Technology	270	1.6%
6) Wal-Mart	219	1.3%
7) Cerro Coso Community College	145	0.9%
8) Albertson's	132	0.8%
9) Alta One Federal Credit Union	129	0.8%
10) City of Ridgecrest	126	0.8%
<b>Top 10 Total</b>	<b>9,012</b>	<b>53.0%</b>
<b>Estimated City Total</b>	<b>17,000</b>	<b>100%</b>

# Resident Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2011)

# Employment Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2011)

# Resident and Employee Commute

Employed Resident Place of Work	
Ridgecrest	50.9%
Los Angeles	5.9%
Bakersfield	5.8%
Searles Valley	5.4%
Lone Pine	1.5%
Lancaster	1.4%
Burbank	1.2%
Palmdale	0.9%
Inyokern	0.7%
Visalia	0.7%
Delano	0.7%
Santa Clarita	0.7%
Porterville	0.6%
Boron	0.5%
El Segundo	0.5%
Edwards AFB	0.5%
Oxnard	0.4%
China Lake Acres	0.4%
Torrance	0.4%
Ontario	0.3%
Other	20.7%

*“Where City residents work”*

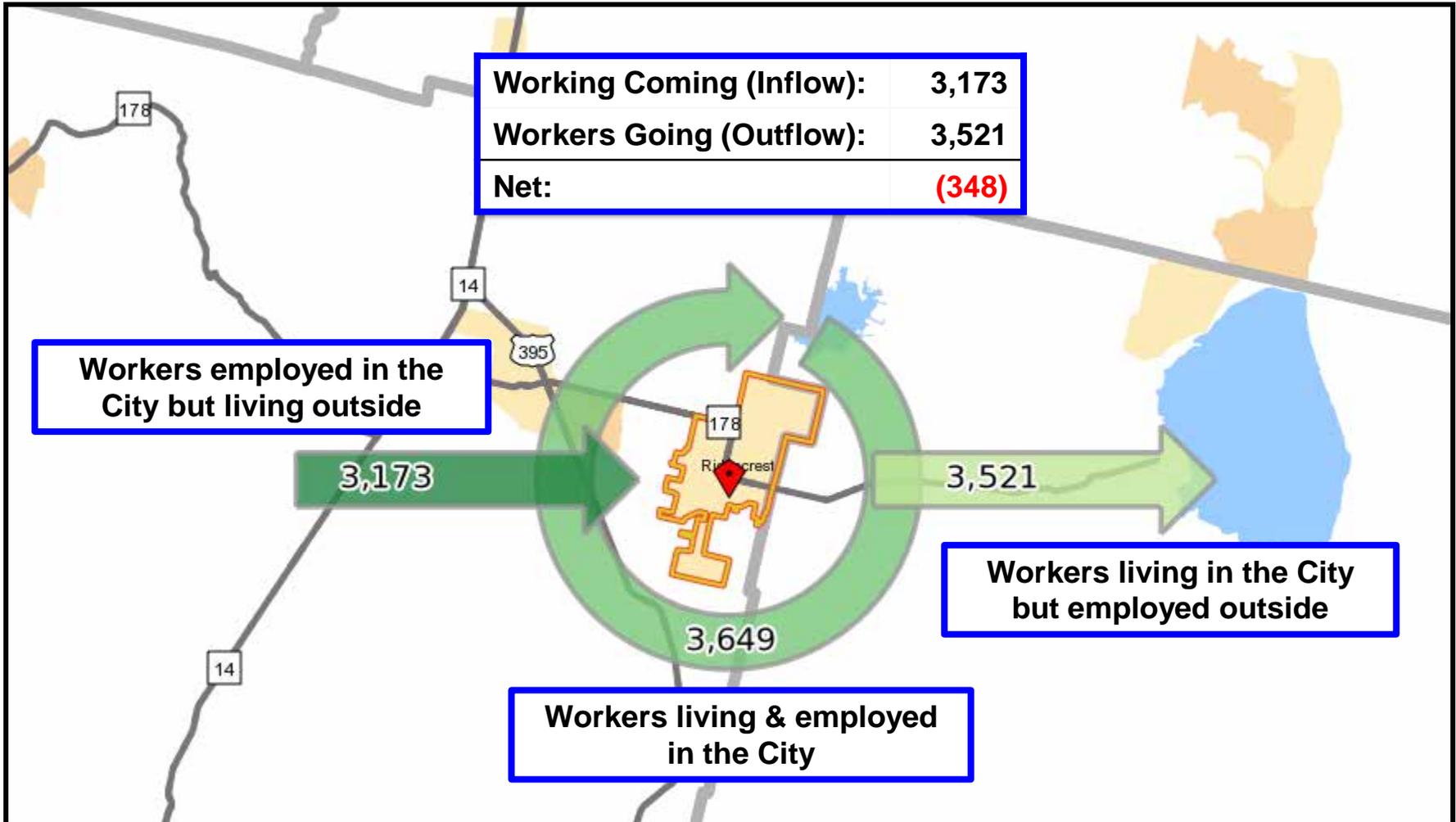
City Employee Origin	
Ridgecrest	53.5%
China Lake Acres	2.5%
Bakersfield	1.8%
Inyokern	1.7%
San Diego	1.5%
Los Angeles	1.3%
Searles Valley	1.0%
California City	0.9%
Lancaster	0.8%
Golden Hills	0.6%
Palmdale	0.5%
Rosamond	0.4%
Moorpark	0.4%
Victorville	0.4%
Mammoth Lakes	0.4%
Bear Valley Springs	0.4%
Simi Valley	0.4%
Tehachapi	0.3%
Oxnard	0.3%
Riverside	0.3%
Other	30.7%

*“Where people who work in the City come from”*

Source: U.S. Census Bureau Center for Economic Studies (2011)

# Worker Inflow / Outflow

*“Are jobs coming or going?”*



Source: U.S. Census Bureau Center for Economic Studies (2011)

# Summary: Demographics and Employment

- Relatively older, white population; smaller than average HH size
- High level of educational attainment
- Home values in line with County average (higher than Delano and Shafter; lower than Bakersfield, Tehachapi, State of CA)
- Low unemployment compared to County and State
- Most employees in City work in healthcare and social assistance, educational services, and professional, scientific and technical services
- Most residents are employed within the City, while some commute to Los Angeles, Bakersfield and other cities

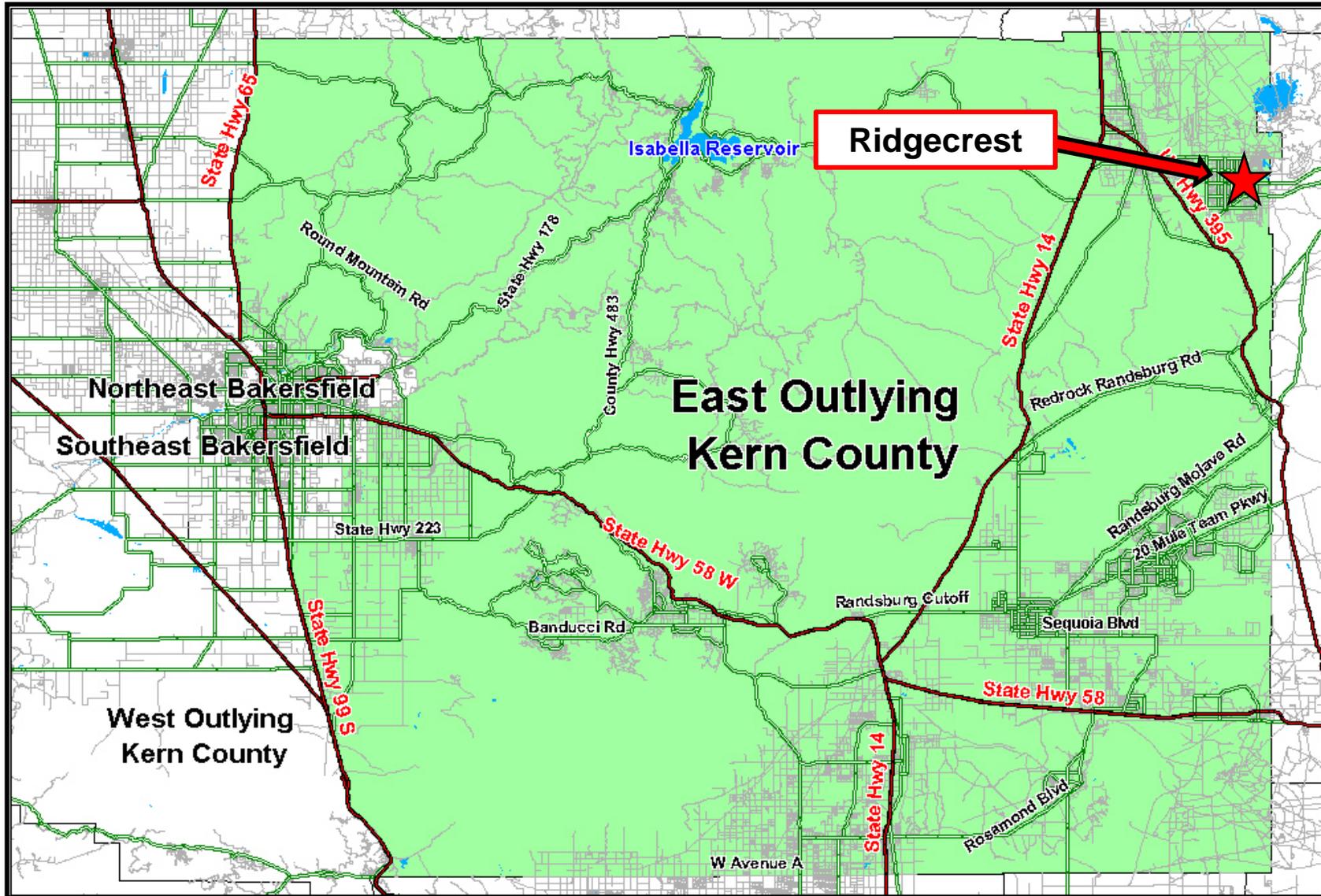
## Market Demand Analysis

*Retail Supply, Vacancy & Lease Rates*

# Retail Supply, Vacancy & Lease Rates

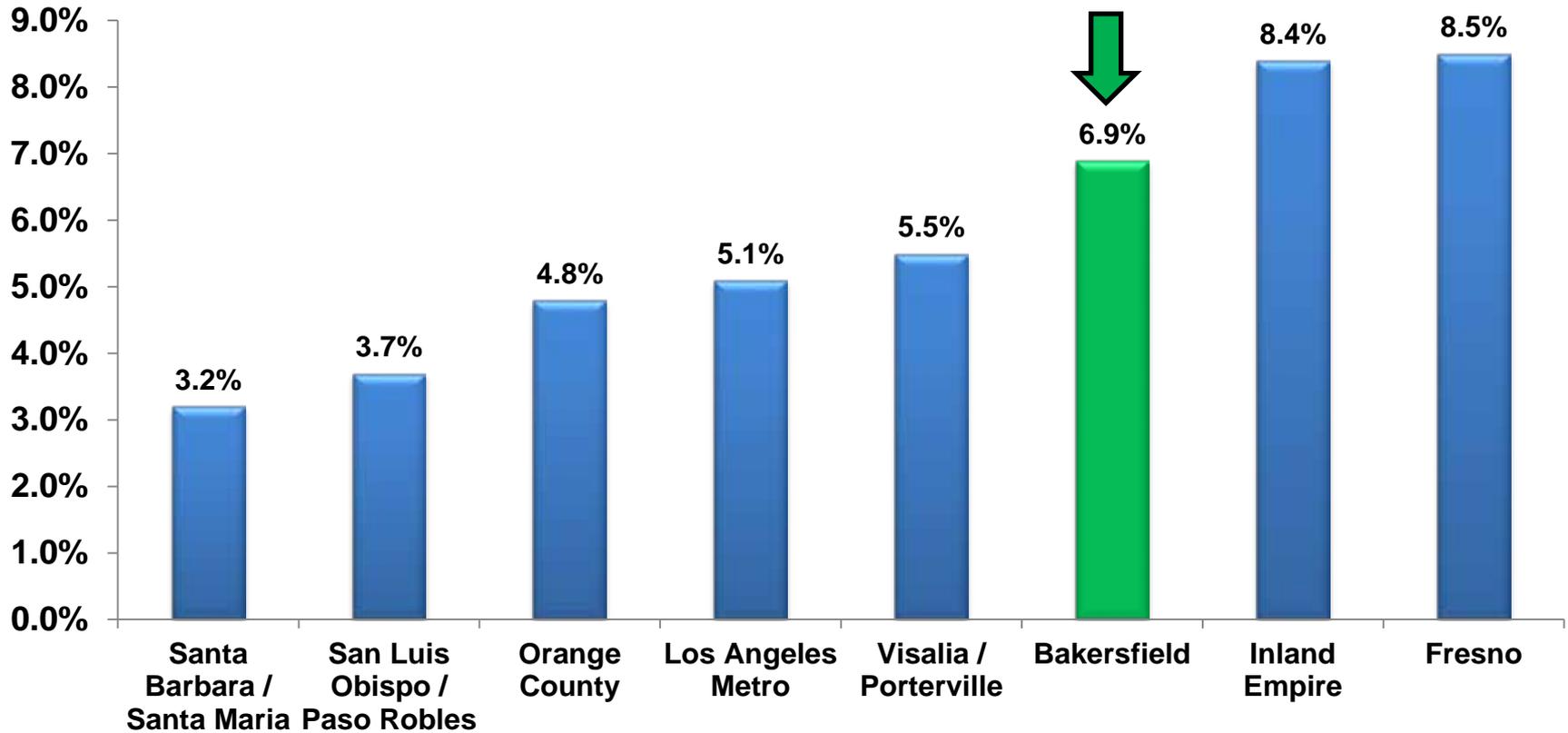
- Supply, vacancy, and lease rates for retail uses are compared between major Southern California markets
- Ridgecrest falls within the “East Outlying Kern County” submarket of the Bakersfield market area
- Retail vacancy within the Bakersfield market is estimated **above** the Southern California average
- Retail lease rates within the market are estimated **below** the Southern California average

# Bakersfield Submarket Detail



# Retail Vacancy by Market

**Retail Vacancy (Q2 2014)**



<b>Total G.L.A.</b>	<b>24.1M</b>	<b>15.1M</b>	<b>141.0M</b>	<b>455.6M</b>	<b>17.2M</b>	<b>21.1M</b>	<b>185.2M</b>	<b>63.5M</b>
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G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2014)

# Retail Lease Rates by Market

**Average Asking Retail Lease Rates – \$PSF / Month**  
**(Q2 2014)**



Total G.L.A.	63.5M	21.1M	17.2M	185.2M	15.1M	24.1M	141.0M	455.6M
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G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2014)

# Bakersfield Market Detail

## *By Retail Subcategory*

Retail Type	# Bldgs	G.L.A.	Vacancy	Asking NNN Rates
General Retail	1,271	8.7M SF	5.2%	\$0.86
Mall	2 Centers	1.7M SF	14.0%	\$0.92
Power Center	4 Centers	2.1M SF	2.4%	\$2.75
Shopping Center	152 Centers	8.7M SF	8.3%	\$1.19
<b>Total Retail</b>	<b>1,786</b>	<b>21.1M SF</b>	<b>6.9%</b>	<b>\$1.08</b>

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2014)

# Market Demand Analysis

*Taxable Retail Sales Performance*

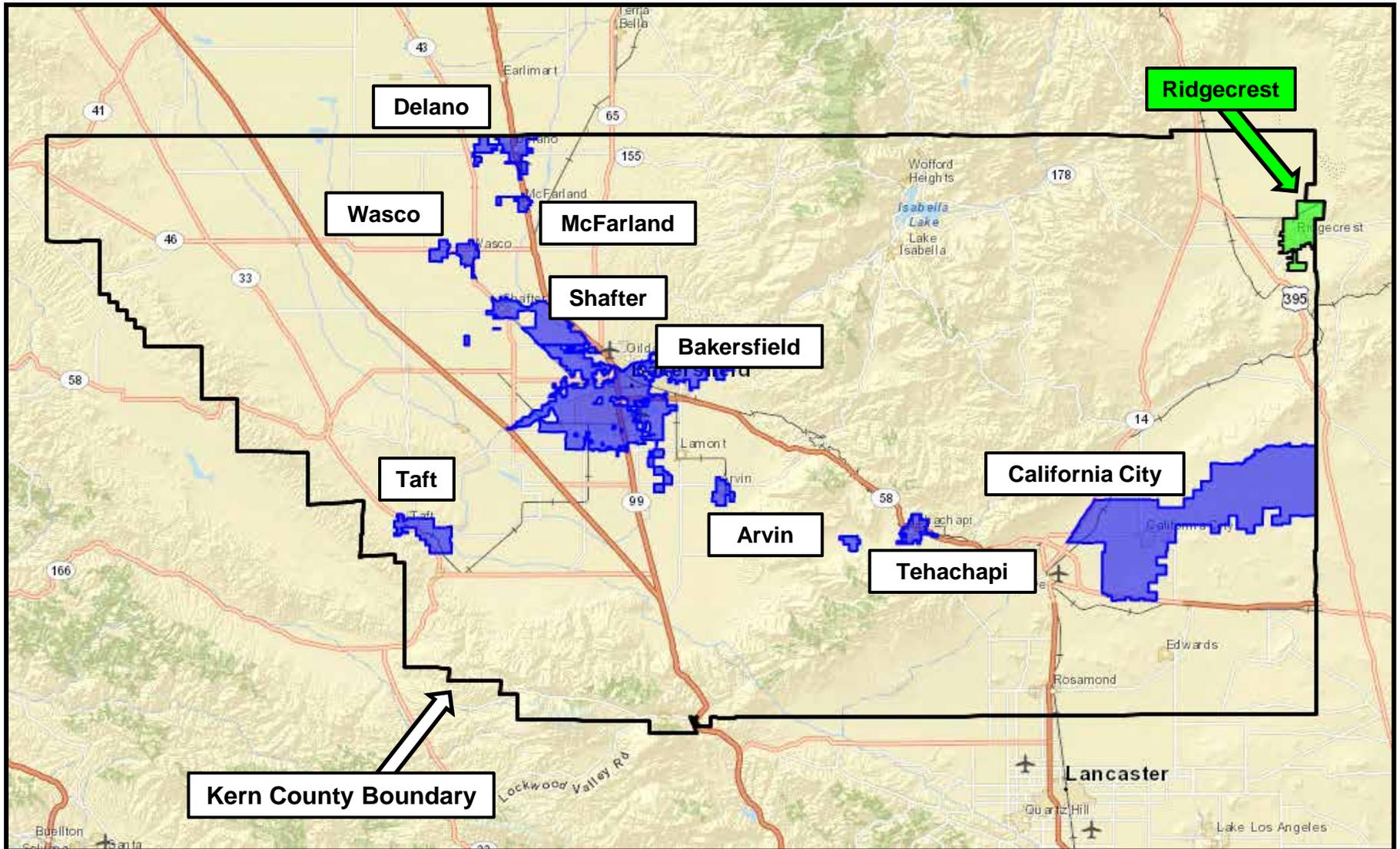
# Taxable Retail Sales Performance

- 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 (~\$8,400) is below average when compared to other Kern County cities and the overall County average (~\$9,800)
- Higher performing sales categories include **restaurants and bars** and **other retail\*** sales
- Lower performing retail categories include **apparel** and **grocery**

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\* "Other retail" includes sporting goods, office supply, drug stores, and other retail

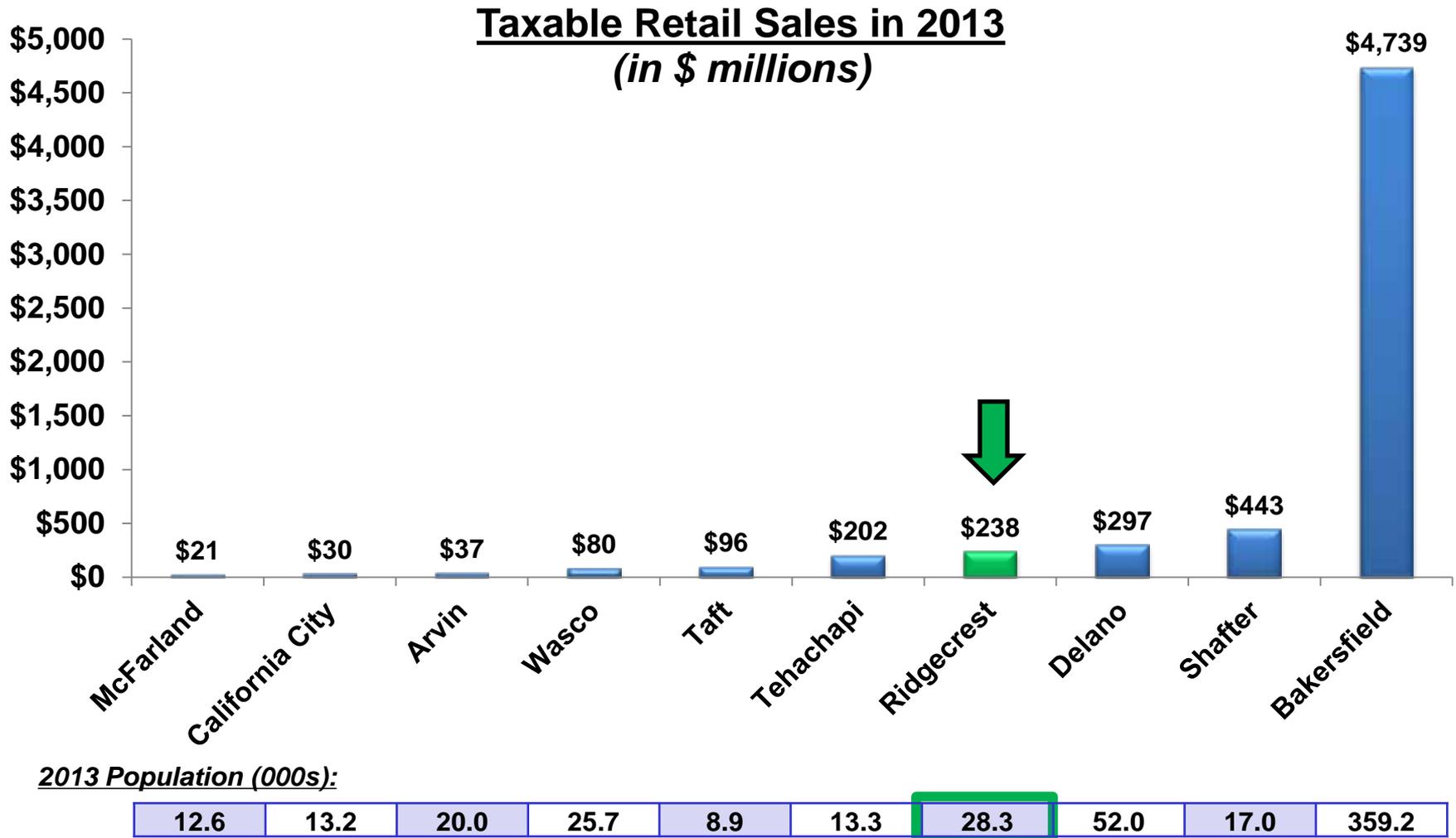
# Ridgecrest & Comparison Cities



Source: ESRI (2014)

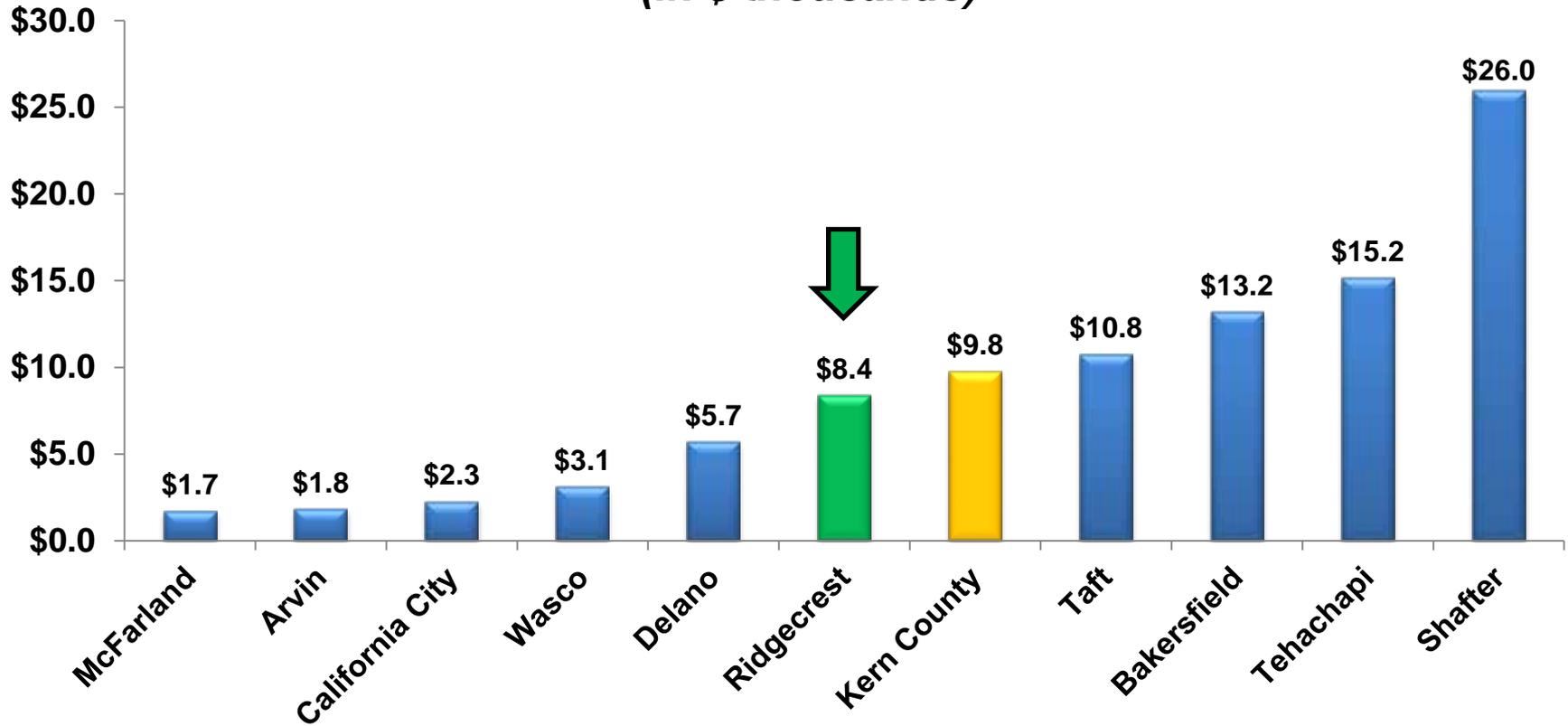
# Taxable Retail Sales Comparison

## Ridgecrest & Comparison Cities



# Per Capita Taxable Retail Sales Ridgecrest & Comparison Regions

**Per Capita Taxable Retail Sales in 2013**  
*(in \$ thousands)*



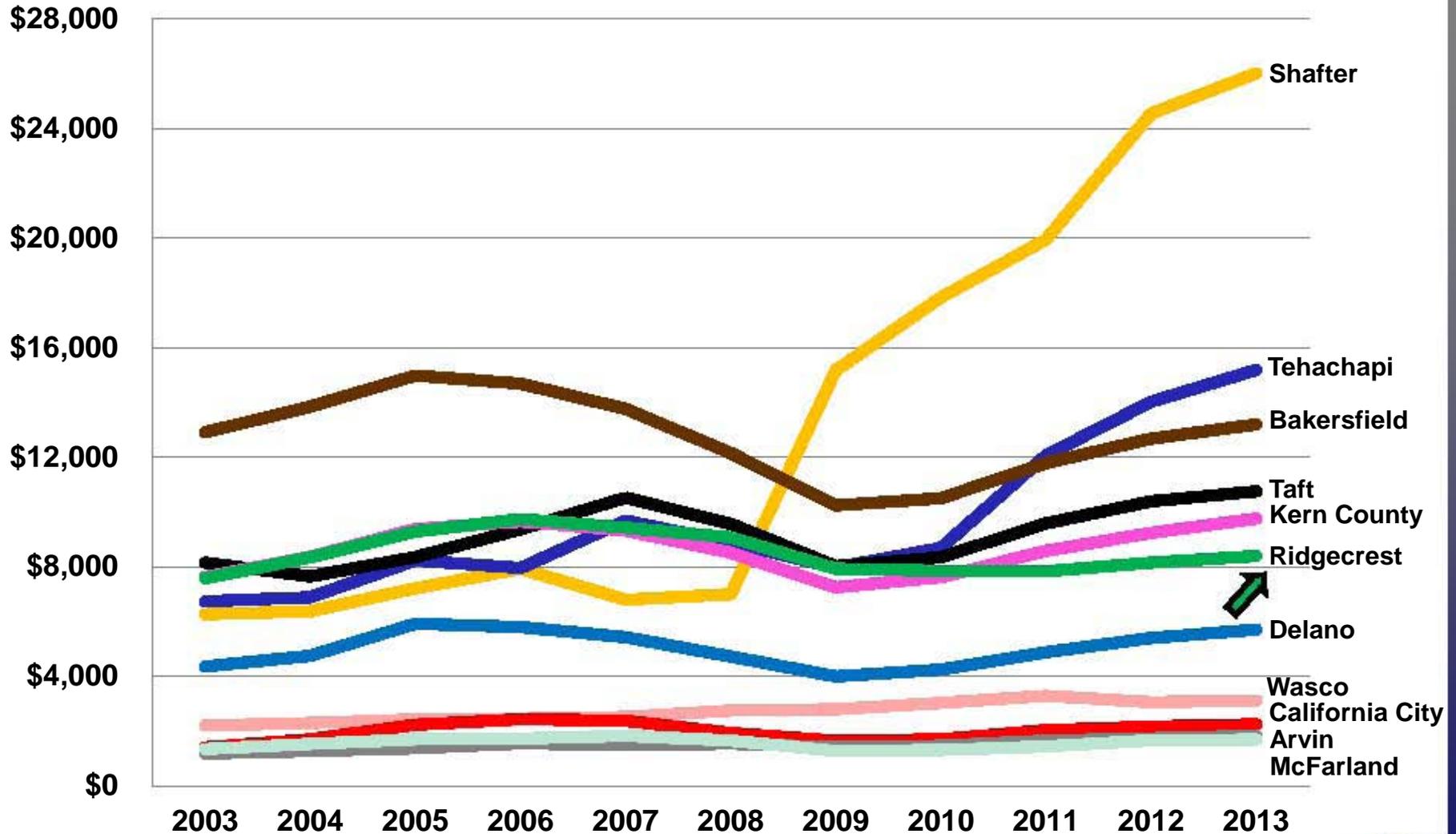
**2013 Population (000s):**

12.6	20.0	13.2	25.7	52.0	28.3	857.9	8.9	359.2	13.3	17.0
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# Historical Per Capita Retail Sales

## *City & Comparison Regions*

### Per Capita Retail Sales Historically



Source: CA Retail Survey; CA State Board of Equalization; CA Department of Finance (2014)



# Retail Category Definitions

- **Shopper Goods / GAFO** (General Merchandise, Apparel & Accessories, Furniture & Other Sales)
  - Apparel Stores
  - General Merchandise
  - Home Furnishings & Appliances
  - Other Retail Stores (includes Sporting Goods, Office Supply, Drug Stores)
- **Convenience Goods**
  - Grocery Stores
  - Restaurants & Bars
- **Heavy Commercial Goods**
  - Building Materials
  - Auto Dealers & Supplies
  - Service Stations

**Note:** Retail Categories delineated by California Board of Equalization

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# Per Capita Retail Sales by Category

## City & Comparison Regions

Per Capita Sales (2013)	Ridgecrest	Bakersfield	Delano	Shafter	Kern County
<i>Shopper Goods / GAFO</i>					
Apparel	\$72	\$866	\$130	\$19	\$388
General Merchandise*	\$0	\$2,655	\$607	\$152	\$1,495
Home Furn. & App.	\$244	\$598	\$117	\$0	\$742
Other Retail*	\$3,409	\$1,090	\$250	\$20,550	\$877
<i>Convenience Goods</i>					
Grocery	\$582	\$652	\$799	\$313	\$607
Restaurants & Bars	\$1,240	\$1,671	\$567	\$509	\$1,132
<i>Heavy Commercial Goods</i>					
Building Materials*	\$0	\$912	\$1,161	\$0	\$613
Auto Dealers & Supp.	\$1,195	\$3,136	\$983	\$838	\$1,704
Service Stations	\$1,650	\$1,614	\$1,096	\$3,615	\$2,204
<b>Total Retail</b>	<b>\$8,393</b>	<b>\$13,193</b>	<b>\$5,710</b>	<b>\$25,996</b>	<b>\$9,762</b>

**Key:**  Indicates higher value for Ridgecrest  Indicates lower value for Ridgecrest

**Note:** Sales data for "General Merchandise" and "Building Materials" in Ridgecrest omitted by California Board of Equalization to avoid disclosure of confidential information. Sales data for this category included in "Other Retail" category.

**Source:** California Retail Survey (2013)

# Market Demand Analysis

*Retail Sales Surplus / Leakage*

# Retail Sales Surplus / Leakage

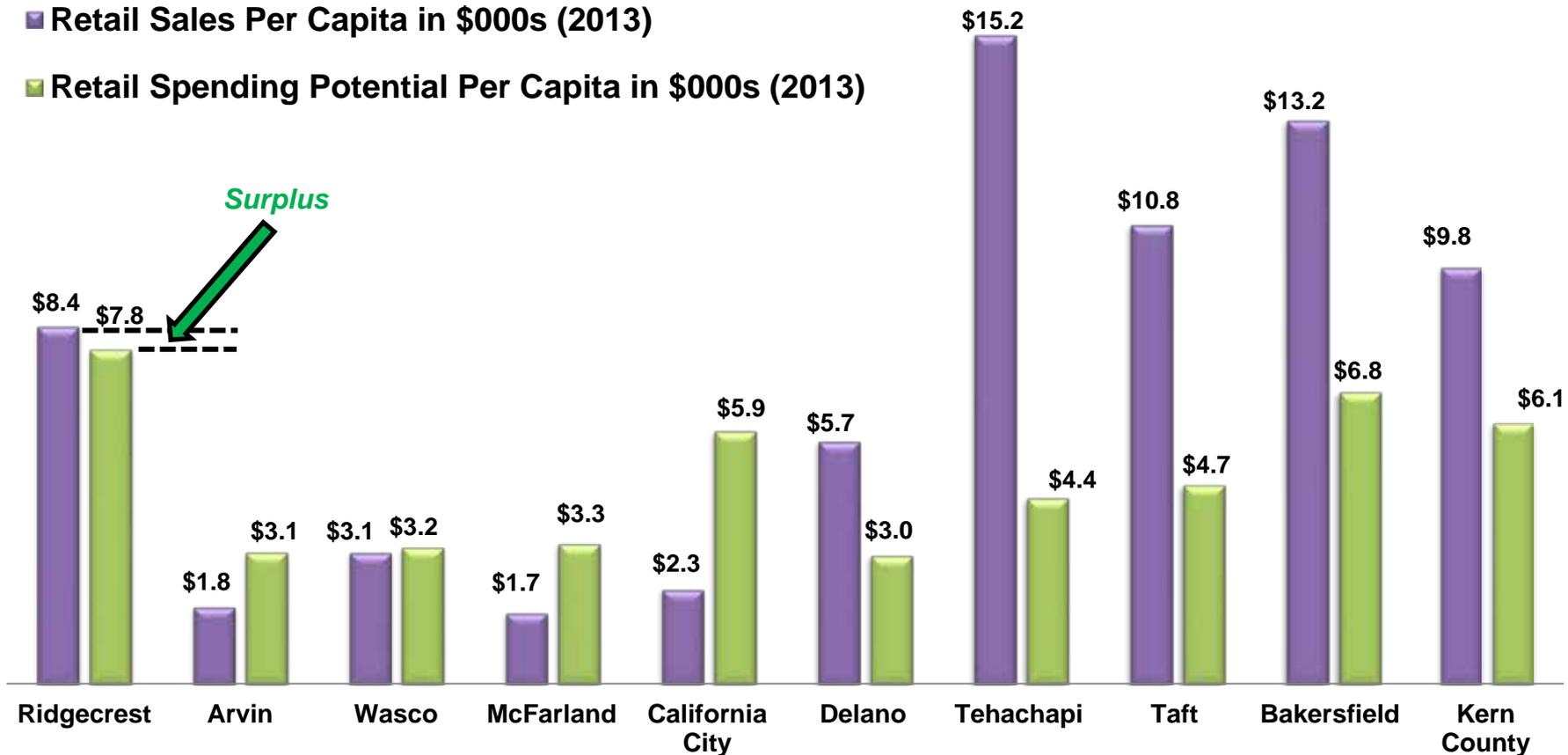
- Overall retail sales in the City are **higher** than retail spending potential based on households and average household income, suggesting that, overall, the City is likely capturing a significant portion of Ridgecrest resident retail purchases and additionally capturing retail spending by residents of other cities (i.e. sales **surplus**)
- Certain categories, however, are exhibiting a retail sales leakage, including:
  - Clothing & Clothing Accessories Stores
  - Sporting Goods, Hobby, Book & Music Stores
  - Electronics & Appliance Stores
  - Food Services & Drinking Places
  - Motor Vehicle & Parts Dealers
  - Gasoline Stations

# Retail Sales Surplus / Leakage

## “Cash Registers vs. Wallets”

■ Retail Sales Per Capita in \$000s (2013)

■ Retail Spending Potential Per Capita in \$000s (2013)



**Sales Surplus / Leakage Per Capita in \$000s:**

\$0.6	(\$1.3)	(\$0.1)	(\$1.6)	(\$3.7)	\$2.7	\$10.8	\$6.1	\$6.4	\$3.6
7%	(41%)	(3%)	(49%)	(62%)	88%	248%	130%	93%	60%

**Note:** Spending potential based on number of households, average household income, and estimated percentage of income spent on retail goods and services

**Source:** CA Retail Survey (2013); U.S. Census Bureau (2010); Bureau of Labor Statistics (2012); ESRI (2014)

# Retail Sales Surplus / Leakage by Category

## City of Ridgecrest

Retail Category	Retail Spending Potential (2013)	Retail Sales (2013)	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)
<b>Shopper Goods (GAFO):</b>				
Clothing & Clothing Accessories Stores	\$18,284,694	\$4,326,904	(\$13,957,790)	(76%)
General Merchandise Stores	\$41,784,561	\$49,520,474	\$7,735,913	19%
Furniture & Home Furnishings Stores	\$6,355,482	\$7,201,384	\$845,902	13%
Health & Personal Care Stores	\$23,775,811	\$37,643,781	\$13,867,970	58%
Sporting Goods, Hobby, Book & Music Stores	\$6,995,210	\$6,886,100	(\$109,110)	(2%)
Electronics & Appliance Stores	\$7,088,939	\$2,721,712	(\$4,367,227)	(62%)
Miscellaneous Store Retailers	\$8,935,827	\$16,326,505	\$7,390,678	83%
Nonstore Retailers	\$21,936,514	\$23,816,002	\$1,879,488	9%
<b>Category Subtotal</b>	<b>\$135,157,038</b>	<b>\$148,442,862</b>	<b>\$13,285,824</b>	<b>10%</b>
<b>Convenience Goods:</b>				
Food & Beverage Stores	\$49,912,999	\$67,252,783	\$17,339,784	35%
Food Services & Drinking Places	\$29,041,807	\$25,113,891	(\$3,927,916)	(14%)
<b>Category Subtotal</b>	<b>\$78,954,806</b>	<b>\$92,366,674</b>	<b>\$13,411,868</b>	<b>17%</b>
<b>Heavy Commercial Goods:</b>				
Bldg Materials, Garden Equip. & Supply Stores	\$8,155,012	\$9,345,599	\$1,190,587	15%
Motor Vehicle & Parts Dealers	\$51,188,718	\$44,134,039	(\$7,054,679)	(14%)
Gasoline Stations	\$26,164,382	\$13,064,619	(\$13,099,763)	(50%)
<b>Category Subtotal</b>	<b>\$85,508,112</b>	<b>\$66,544,257</b>	<b>(\$18,963,855)</b>	<b>(22%)</b>
<b>Total Retail</b>	<b>\$299,619,956</b>	<b>\$307,353,793</b>	<b>\$7,733,837</b>	<b>3%</b>

Source: CA Retail Survey (2013); U.S. Census Bureau (2010); Bureau of Labor Statistics (2012); ESRI (2014)

# Surplus/Leakage Summary by Category

## Surplus Retail Categories

- General Merchandise Stores
- Furniture & Home Furnishings Stores
- Health & Personal Care Stores
- Miscellaneous Store Retailers
- Nonstore Retailers
- Food & Beverage Stores
- Food Services & Drinking Places
- Bldg Materials, Garden Equip. & Supply Stores

## Leakage Retail Categories

- Clothing & Clothing Accessories Stores
- Sporting Goods, Hobby, Book & Music Stores
- Electronics & Appliance Stores
- Food Services & Drinking Places
- Motor Vehicle & Parts Dealers
- Gasoline Stations

## 2. Strategy

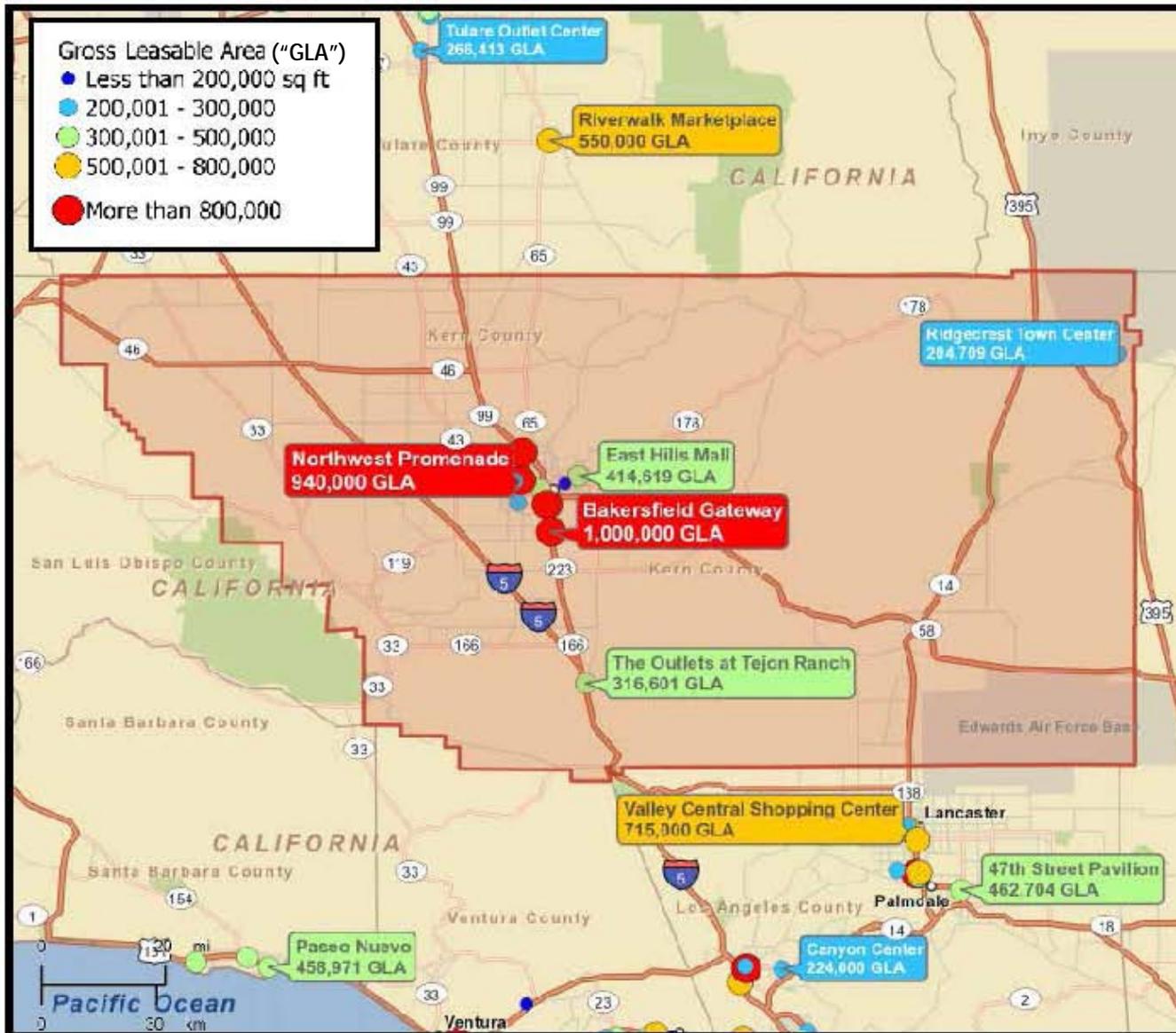
- a) Trade Area Retailer Voids
- b) Opportunity Site Assessment

# 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 Kern County Trade Area



Source: Sites USA; Directory of Major Malls (2014)

# National Retailer Voids

*(within City Limits)*

## Auto Parts Tires

America's Tire  
Big O Tires  
Firestone  
Pep Boys

## Banks

Bank of the West  
California Bank-Trust  
Chase Bank  
Citizens Bank  
Compass Bank  
Rabobank  
U.S. Bank  
Wells Fargo  
Westamerica Bank

## Clothing Apparel

Abercrombie & Fitch  
Aeropostale  
American Eagle Outfitters  
Banana Republic  
bebe  
Buckle  
Catherines  
Chico's  
Coldwater Creek  
dd's DISCOUNTS  
Dress Barn  
Express  
Factory 2-U

Fashion Bug  
Forever 21  
Gap  
Hollister Co.  
Lane Bryant  
Lucky Brand Jeans  
Men's Wearhouse  
Old Navy  
Talbots  
Victoria's Secret

## Computers Electronic

Best Buy  
RadioShack

## Convenience Stores

7-Eleven  
ARCO AmPm  
BP  
Circle K  
Mobil  
Sinclair  
Texaco  
Valero

## Craft Fabric Stores

Aaron Brothers  
Hancock Fabrics  
Jo-Ann  
Michaels

## Department Stores

JCPenney  
Macy's

## Discount Department Stores

Burlington Coat Factory  
David's Bridal  
Kohl's  
Marshalls  
Ross  
Sears  
Target  
TJ Maxx  
Tuesday Morning  
Wal-Mart Supercenter

## Dollar Stores

99 Cent Only  
Big Lots

## Drug Stores

CVS

## Fitness

24 Hour Fitness  
YMCA

## Furniture Household

Anna's Linens  
Bassett

Bed Bath & Beyond  
Cost Plus  
HomeGoods  
Pier 1  
Williams-Sonoma

## Grocery Stores

Foods Co  
fresh&easy  
Grocery Outlet  
IGA  
Save-A-Lot  
Save Mart  
Superior Grocers  
Trader Joe's  
Vallarta Supermarkets  
Vons  
WinCo Foods

## Home Improvement

Ace Hardware  
Do It Best  
Dunn-Edwards  
ICI Paints  
Lowe's  
Orchard  
Sherwin-Williams  
Tractor Supply Company

## Office Supply

Office Depot  
Office Max

## Pet Stores

Petco  
PetsMart

## Sporting Goods

Dick's  
Sport Chalet  
Sports Authority

## Wholesale

Costco  
Sam's Club  
Smart & Final

# National Retailer Voids – Restaurants

*(within City Limits)*

## Restaurants Bakery Bagels

Panera Bread

## Restaurants Casual

Applebee's  
Baja Fresh  
BJ's Restaurant & Brewery  
California Pizza Kitchen  
Chili's  
Chipotle  
Coco's  
Elephant Bar  
Famous Dave's  
Hooters  
IHOP  
Johnny Rockets  
Logan's Roadhouse  
Macaroni Grill  
Marie Callender's  
Mimis Cafe  
Olive Garden  
Outback Steakhouse  
P.F. Chang's  
Red Lobster  
Red Robin  
Rubio's  
Ryan's

## Restaurants Fast Food Major

Dairy Queen  
Sonic  
Wendy's

## Restaurants Fast Food Minor

A&W  
Checkers  
Chick-fil-A  
Church's Chicken  
El Pollo Loco  
Green Burrito  
In-N-Out  
Long John Silver's  
Panda Express  
Popeyes  
Taco Del Mar

## Restaurants Ice Cream Smoothie

Ben & Jerry's  
Cold Stone Creamery  
Jamba Juice  
Juice It Up!  
Orange Julius  
Surf City Squeeze

## Restaurants Pizza

Chuck E. Cheese's  
Hungry Howie's  
Papa John's

Papa Murphy's  
Round Table  
Sbarro

## Restaurants Sandwich

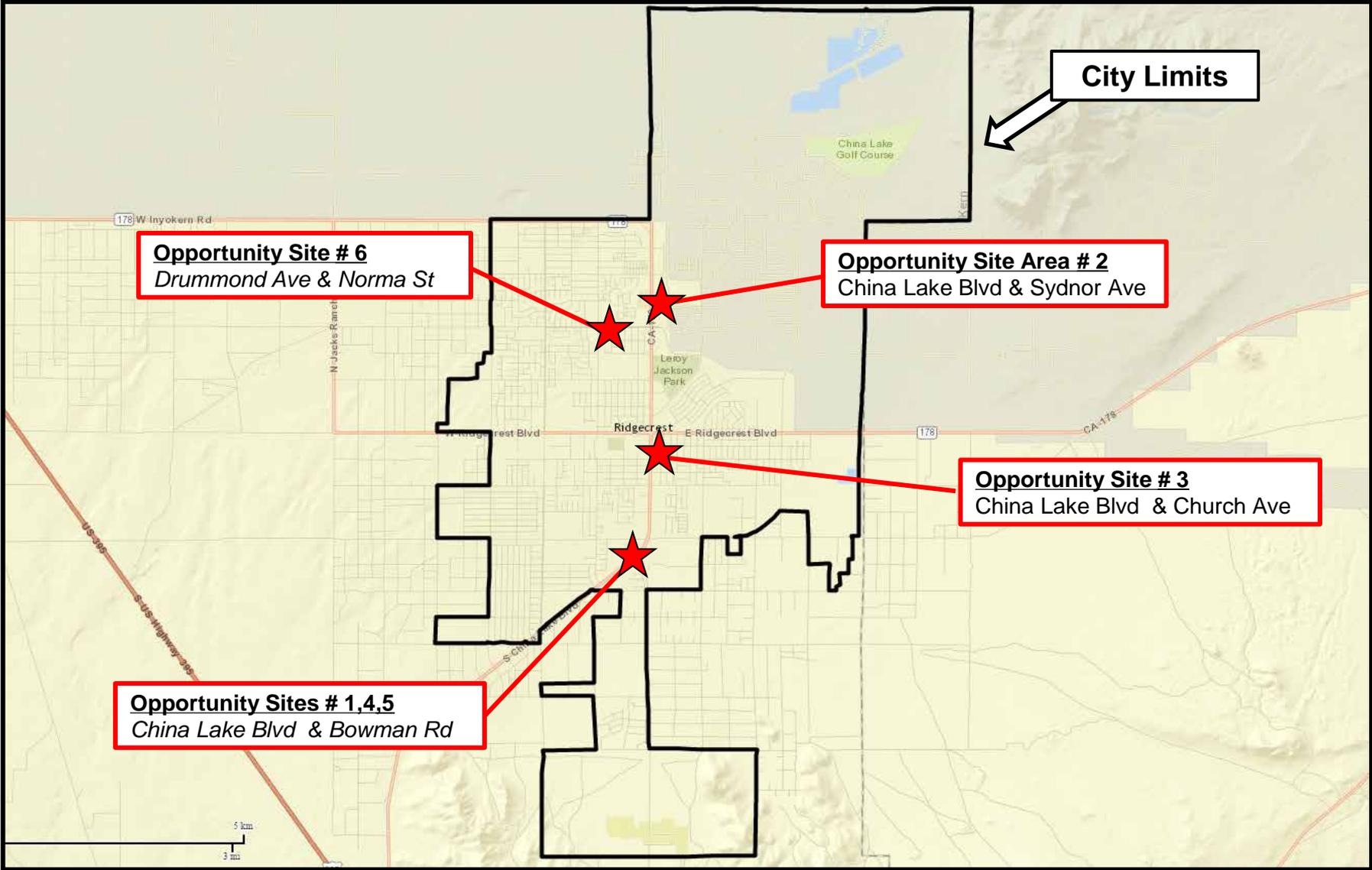
Blimpie  
Jersey Mike's  
Port of Subs  
Quiznos  
Schlotzsky's Deli  
Togo's

# 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 (2014)



# Opportunity Site #1

## Upcoming Staples Vacancy

- ~24,000 SF retail anchor space on ~2.1 acres
- Staples Vacating
- Oct. 2014
- Owned by Plantation Inn Co.



### Strengths

- Strong intersection on main arterial adjacent to Wal-Mart

### Challenges

- Low population density

### Opportunities

- **Anchor tenant opportunity**

# Opportunity Site #2

## China Lake Blvd & Sydnor Ave

- ~1.2 acre
- Owned by CNM Holdings I LTD



### Strengths

- Strong visibility on main arterial China Lake Blvd.
- Adjacent supporting retail, hospitality, and medical uses

### Challenges

- Low population density

### Opportunities

- **Ground-up development**
- Suitable for restaurant pad users

# Opportunity Site #3

## China Lake Blvd & Church Ave

- ~3.7 acres
- Owned by Morris Joan Sep Prop Trust



### Strengths

- Corner site, strong visibility on main arterial China Lake Blvd.

### Challenges

- Low population density

### Opportunities

- **Ground-up development**
- Suitable for retail / restaurant pad users

# Opportunity Site Area #4

## NWC China Lake Blvd & Bowman Rd

- ~3.9 acres
- Owned by PAM Ridgecrest Venture LLC



### Strengths

- Strong visibility on main arterial China Lake Blvd., adjacent to regional retail center

### Challenges

- Low population density

### Opportunities

- **Ground-up development**
- Suitable for retail / restaurant pad users

# Opportunity Site Area #5

## NEC China Lake Blvd & Bowman Rd

- ~19.3 acres
- Owned by G & L China Lake LLC



### Strengths

- Strong visibility on main arterial China Lake Blvd., adjacent to regional retail center

### Challenges

- Low population density

### Opportunities

- **Ground-up development**
- Suitable for retail / restaurant pad users

# Opportunity Site Area #6

## Drummond Avenue & Norma Street

- ~36,000 SF anchor space on ~3.8 acres
- Owned by Flower Inv Group LLC



### Strengths

- Retail anchor space available at signalized intersection
- Strong neighborhood location surrounded by residential
- Nearby supporting retail, hospitality, and medical uses

### Challenges

- Low population density

### Opportunities

- **Anchor tenant opportunity**

## **3. Implementation**

- a) Summary of Findings
- b) Outreach in Progress
- c) Financing & Incentives
- d) Next Steps

# Summary of Findings

## Demographics & Employment

- Older, educated local population with strong incomes (mostly white)
- Employment concentrated within healthcare and social assistance, educational services, and professional, scientific and technical services

## 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** and **miscellaneous store retail** sales, while lower performing retail categories include **apparel** and other **electronics and appliances**

## 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 Ridgecrest to retain and improve tax base and facilitate potential public-private transactions

# Outreach in Progress

## Retailers / Developers / Brokers / Property Owners

- Applebee's / IHOP
- Marshalls
- Pacific Development Group
- Petsmart Broker
- Staples Property Owner
- Yavitz Companies
- Various Additional Property Owners

## Feedback / Progress Highlights

- Introductory discussions and meetings being arranged for ICSC Western Division Conference in San Diego (October 2014) with retailers, developers & brokers
- Initial retailer interest in various sites within City

# 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

- 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

## State & Federal Level

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

# Marketing Flyers

### City of Ridgecrest

#### Retail Development Opportunity

NWC China Lake Boulevard & Bowman Road

~3.1 Acres Owned by PAM Ridgecrest Venture LLC

### City of Ridgecrest

#### Retail Tenant Opportunity

NEC Doremard Avenue & Norma Street

~16,000 SF Retail Space on ~3.2 Acres Owned by Flower by Group LLC

### City of Ridgecrest

#### Retail Development Opportunity

NEC China Lake Boulevard & Sydney Avenue

~1.2 Acres Owned by CHM Holdings I LTD

**2014** 1 Mile

Population: 6,872  
Households: 2,756  
Avg. HH Inc.: \$67,730

**2014** 3 Miles

Population: 20,374  
Households: 6,189  
Avg. HH Inc.: \$51,034

**2014** 5 Miles

Population: 26,780  
Households: 8,223  
Avg. HH Inc.: \$70,018

**2014** 10 Miles

Population: 36,716  
Households: 11,023  
Avg. HH Inc.: \$79,036

**2014** Polygraph

Population: 66,779  
Households: 28,238  
Avg. HH Inc.: \$95,966

### City of Ridgecrest

#### Retail Development Opportunity

SEC China Lake Boulevard & Church Avenue

~2.7 Acres Owned by Morris Ivan Sep Prop Trust

**2014** 1 Mile

Population: 6,872  
Households: 2,756  
Avg. HH Inc.: \$67,730

**2014** 3 Miles

Population: 20,374  
Households: 6,189  
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**2014** Polygraph

Population: 66,779  
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### City of Ridgecrest

#### Retail Tenant Opportunity

SWC China Lake Boulevard & Bowman Road (923 S China Lake Boulevard)

~24,000 SF Retail Space on ~2.1 Acres Owned by Plantation Inn Co.

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### City of Ridgecrest

#### Retail Development Opportunity

NEC China Lake Boulevard & Bowman Road

~15.3 Acres Owned by B & L China Lake LLC

**2014** 1 Mile

Population: 6,872  
Households: 2,756  
Avg. HH Inc.: \$67,730

**2014** 3 Miles

Population: 20,374  
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