

HISTORIC DOWNTOWN SONORA

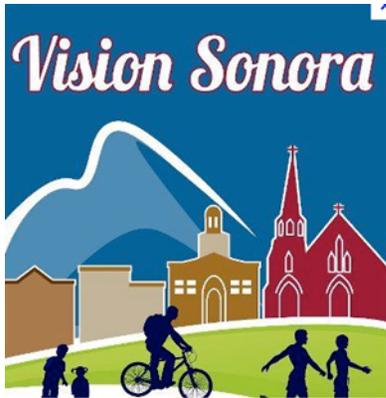
Business Development and Market Opportunities



For the
City of Sonora
Community Revitalization Plan
CITY OF SONORA, CALIFORNIA

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INTRODUCTION



The City of Sonora has contracted with RBF Consulting, A Baker Company to assist the community with developing a Community Revitalization Plan. As part of that process, commercial district revitalization consultant, Lani Lott is serving on the RBF Consulting team. Based on quantitative research and analysis, and fieldwork and interviews conducted in Sonora on January 2013, Ms. Lott has prepared this background report on downtown’s business development and market opportunities, specifically for Historic Downtown Sonora.

This report serves as quantitative information background resource to support the recommendations that will be proposed in the final Community Revitalization Plan. The quantitative data in this report does not provide answers and they will not make decisions. They can be used, however, to stimulate and inform dialogue and assist City of Sonora leaders in making strategic decisions. Paired with the qualitative information gathered through the decision groups, business interviews and community workshops conducted during the Community Vision Week – January 17-20, 2013, the report reflects key findings to help guide further business development in Downtown Sonora and surrounding commercial corridors.

KEY FINDINGS



The City of Sonora plays a primary role in Tuolumne County's residents' lives. It is a multifunctional, regional commercial, social, medical and civic center that would be the envy of communities throughout the nation.

Sonora's primary trade area comprises the 4,796 residents who live within a 5-minute drive time of downtown. Secondary trade area comprises the 15,011 residents who live within a 10-minute drive time of downtown and encompasses the communities of Jamestown and Columbia. Tertiary trade area comprises the 51,569 residents who live within a 25-mile drive time of downtown.

Historic Downtown Sonora enjoys a strong market position as one of Tuolumne County's primary tourist and visitor destinations as well as provides the local residents with a variety of restaurant, art, culture, entertainment and specialty retail options.

Sonora has multiply target markets to pull from including a solid population base within a 25 minute drive time from downtown; over 13,000 employees within Sonora's primary and secondary trade area; estimated 3 million visitors each year make their way to Yosemite; a vibrant Fairgrounds that attracts both residents and visitors throughout the year and a number of smaller community based events that appeal to the resident base. As a result, this diverse target market groups present considerable consumer demand and buying power and downtown serves them with a healthy mix of businesses.

Within the 10-minute drive time from downtown, ESRI estimates very little leakage or market "gaps" a reflection of the National Discounter draw as well as the strong tourist base. However within the 25 minute drive time ESRI estimates moderate leakage in the following industry groups - auto dealers, furniture stores, building material & supplier stores, clothing stores, sporting goods/hobbies/musical instruments/books, other miscellaneous stores and food and drinking places. These market "gaps," present promising opportunities for further market development through business expansion and recruitment.

The County of Tuolumne is projected to grow to approximately 60,000 residents by 2050. Population growth will bring the additional amount of a total of 1,000 new housing units through 2050 (25 per year); 4,500 new jobs in office, retail and other sectors thus creating 100 new jobs per year; demand for 1.3 million square feet of needed new development.

City of Sonora's partnership with the Tuolumne County Economic Development Authority can assist with repositioning Downtown's vacancies to effectively recruit new uses to complement and support the existing business mix. Existing businesses are faced with extensive opportunities for retaining, strengthening and expanding business through individual business enhancement initiatives.

TRADE AREA DEMOGRAPHICS



Sonora’s trade area is defined as the geographical area from which the City draws most of its local customers. Generally, customers will travel the shortest distance possible to fulfill their needs for goods and services. Convenience shopping for day-to-day needs typically occurs in short trips of within five to fifteen minutes. Consumers are willing to travel greater distances to make larger purchases of comparison goods like home furnishings, clothing and autos, or to partake in entertainment, recreation and dining experiences. In rural areas, drive times for such trips may be around 25 minutes.

Within a five-minute drive of Historic Downtown Sonora, there are 4,796 individuals. The 10-minute drive time area (15,011 residents) extends west and east and includes Jamestown. Within a 25-minute drive area (51,569 residents) captures the communities of Twain Harte, Tuolumne, Columbia as well as additional smaller communities along the highways.

Most city residents live within five-minute drive time of the downtown. Because of Sonora’s role as a regional center for commerce (Wal-Mart; Lowe’s, Kohl’s etc.), government and medical services, the residents living within the 10-minute drive time most likely travel to Sonora on a regular basis to conduct business, shop and dine. The residents living within the 25-minute drive time probably come to Sonora less often. As a result, the 5 and 10-minute drive times define Sonora’s *primary and secondary trade area* and the 25-mile drive time defines Sonora’s *tertiary trade area*.

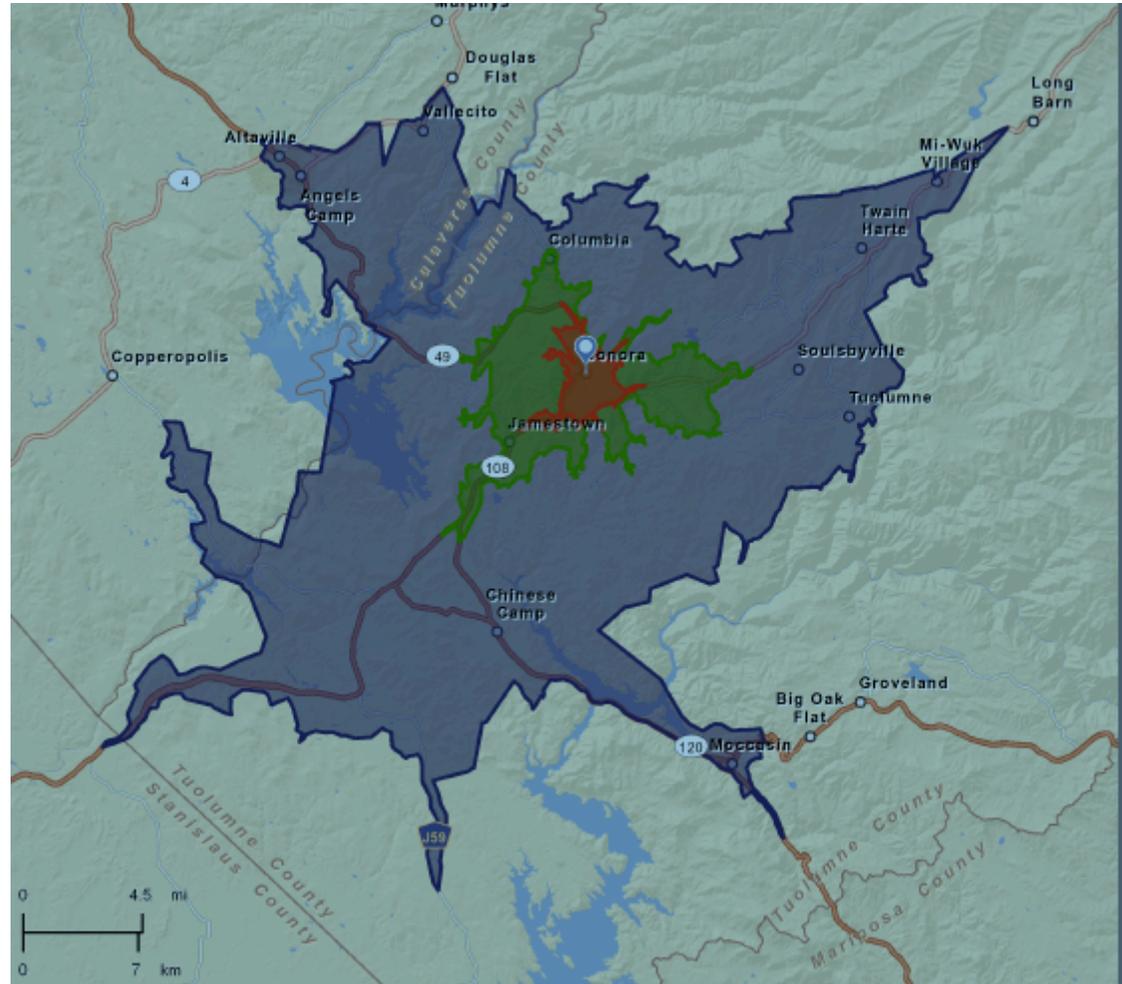
The following chart shows some key characteristics for the populations in these three areas. On the next page, a drive time map plots Historic Downtown Sonora’s primary, secondary and tertiary trade areas.

Sonora Area Population, 2010 Population

Within 5, 15 and 25-minute Drive Times of Historic Downtown Sonora

	<u>5 Minutes</u>	<u>10 Minutes</u>	<u>25 Minutes</u>
Population	4,796	15,011	51,569
Households	2,275	6,833	20,048
Median Household Income	\$33,995	\$33,305	\$38,720
Median Age	41.5	49	45.8

SOURCES: ESRI



SONORA'S MARKET POSITION

The City of Sonora plays a primary role in Tuolumne County's residents' lives. It is a multifunctional, regional commercial, social, medical and civic center that would be the envy of communities throughout the nation. It boasts a diverse and healthy mix of businesses and uses:

- Government offices
- Sonora Regional Medical Center and supporting medical services
- Range of professional and business services
- Leading center for the region's finance, insurance and real estate industries
- Solid mix of convenience shopping destination including major grocery stores, national brand eateries, Wal-Mart, Lowe's and other national chains.

In contrast, Historic Downtown Sonora stands on its own as a vibrant downtown business district that offers residents a variety of businesses and quality of life amenities that includes:

- Arts and cultural venues including museums, performing arts, galleries and historic landmarks
- Eclectic mix of independent restaurants and entertainment offerings
- Vital independent retail concentration offering jewelry, clothing, gifts, antiques and specialty retail
- Convenient lodging and visitor services

The same downtown strengths that attract residents, in combination with visitor destinations, like the Red Church, Mother Lode Fairgrounds, events and gateway to Yosemite, tourists by the hundreds pass through downtown Sonora throughout the year. As a result, downtown maintains a healthy, tourist -orient destination that brings international travelers seeking outdoor adventure as well as *the Gold Rush experience*; explorers from neighboring urban areas needing a weekend *stay vacation* and day trippers who just want to get away for the day and enjoy Sonora's slower pass of life and local hospitality.

TARGET MARKETS

Sonora is fortunate to be well positioned to serve critical market groups that, if well targeted, will ensure a vital community core for decades to come.

Trade Area Residents

As profiled previously, there are about 51,569 individuals within a 25 mile drive from downtown, 15,011 residing within a 10-minute drive time and just under 4,800 residents in the City limits thus providing much market power for downtown as well as for the entire City of Sonora.

Of the households within the 10-minute drive time, ESRI classifies the top Tapestry segments as Senior Sun Seekers, Midlife Junction, Old and Newcomers and Main Street, USA. ESRI's Tapestry market segmentation system can be used to help understand market subgroups' demands for goods and services and review the most effective ways of marketing to them. (See the Appendix for Tapestry segment descriptions.)

Area Employment

1,472 businesses are located within a 10-mile drive from Downtown Sonora, with an employment base of 13,075 (ESRI)

Tuolumne County Major Employers

Employer	Full Time Employees	Located in Sonora
Sonora Regional Medical Center	1200	Sonora
Tuolumne County Public Schools	1054	
Sierra Conservation Center	1030	
Black Oak Casino	677	
County of Tuolumne	637	Sonora
U.S. Federal Government	361	
Wal-Mart	300	Sonora
SPI (Chinese Camp and Standard)	215	Sonora
Sandvik	178	Sonora
Diestel Turkey Farms	150	Sonora
Avalon Health Care, Inc.	140	Sonora
Save Mart (Upper and Lower)	140	Sonora
Kohl's	130	Sonora
Evergreen Lodge, Groveland	100	
Front Porch	90	Sonora
Kinematic Automation	80	Sonora

TARGET MARKETS



Columbia College

- Just under 4,000 students attend Columbia College (1,003 full-time; 2,436 part-time)
- Teaching staff includes 132 full-time and 32 part-time employees.

Visitors

- About 3 million visitors per year travel to Yosemite each year (Over half of Yosemite National Park is located in Tuolumne County; Close to 8,000 of these visitors signed in at the Tuolumne County Visitor Bureau – Sonora location in 2012.
- Tuolumne County is home to two California State Historic Park - Railtown 1897 State Historic Park and Columbia Historic State Park. In 2012, Columbia Historic Park 419, 323 visitors.
- In 2009, it was estimated that 227,484 people attended the Mother Lode Fair and/or events held at the Fairgrounds generating approximately \$10,534,000 in spending activity alone. (California Department of Food & Agriculture; *Economic Impact of California Fairs, Mother Lode Fair*, November 2010)
- Local events draw both visitors and residents on a regular base – ITSA Film Festival, Music in the Park, 4th of July parade etc.

POPULATION AND EMPLOYMENT TRENDS

Willdan Financial Services prepared an overview of population and employment trends in Tuolumne County. The full memo with tables is in the appendix for reference. Highlights of their findings include:

Historically, the overall population of Tuolumne County saw robust growth in the 80s and 90s (with an increase of nearly 40 percent from 1980 to 1990 and over twelve percent from 1990 to 2000). Since 2000 the population has seen much more modest growth, with an overall increase of 1.6 percent from 2000 to 2010 and similar increases, ranging from one percent to over two percent, projected through 2050. The City of Sonora, by way of contrast, has relatively less growth in the 1980s and 1990s and grew faster than the county generally since 2000.

- **Population projections** for Tuolumne County prepared by the California Department of Finance projects that the county would grow to approximately 60,000 residents by 2050, with growth every ten years averaging from one to three percent. Willdan has also extrapolated a growth rate for the City of Sonora of seven percent every ten years, on the assumption that the current demographic factors favoring development in towns and cities will continue. Based on this estimated population growth,
- Willdan estimates that the City will see demand of a total of approximately 1,000 new **housing units** through 2050, or 25 per year.
- Evaluating employment trends in Tuolumne County, Willdan estimates that the County will see approximately 4,500 **new jobs** in office, retail and other sectors that require the construction of office and retail space, through 2050, or approximately 100 new jobs per year.
- At an average of 300 square feet per employee, Willdan estimates that the County will see new demand of approximately **1.3 million square feet** through 2040, or 45,000 square feet annually. Willdan has not been able to break this projection down into County versus Sonora demand, but expects that a significant portion of new demand will be in Sonora. Sonora will continue to see some development as its population grows at a faster rate than the County at large.

DOWNTOWN'S BUSINESS MIX



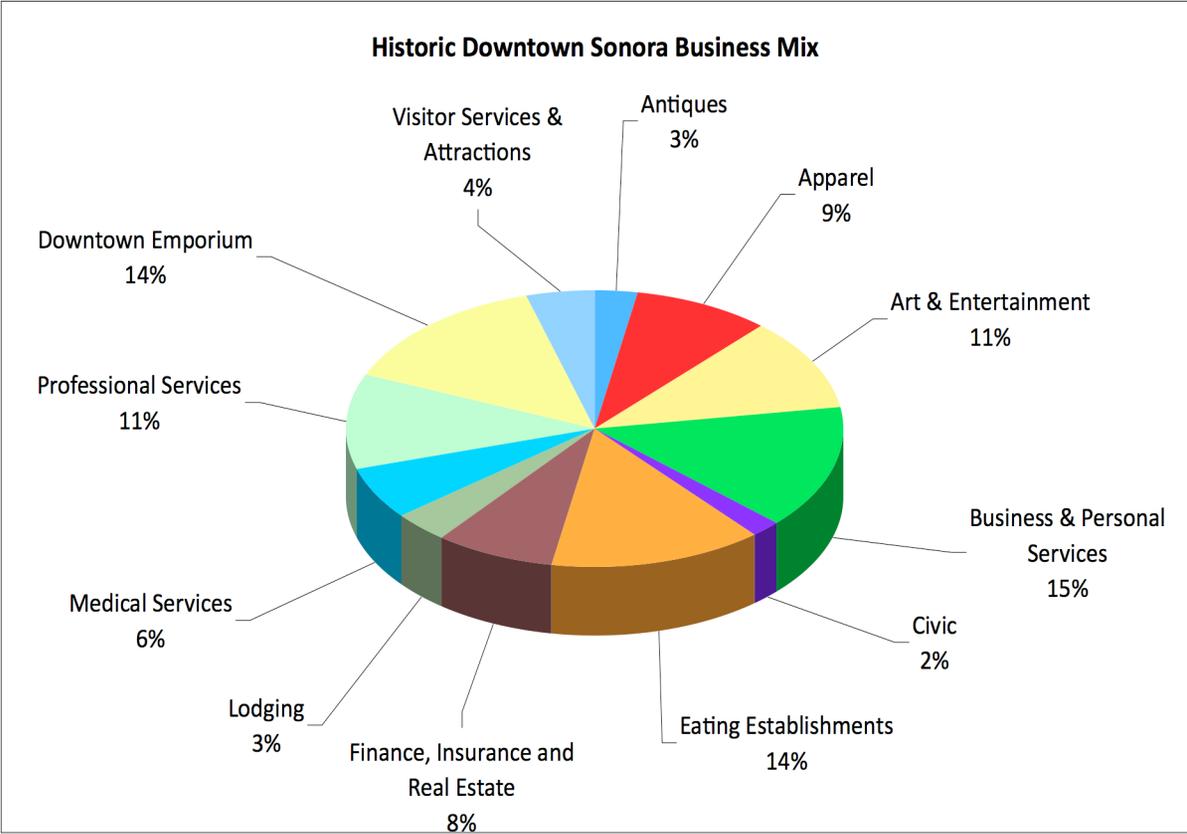
Using the business listing on the City of Sonora's website, the consultant created a rough analysis of downtown's business mix. The analysis reveals a total of about 178 businesses in the Community Revitalization Plan project area with over half (58%) representing businesses that appeal to the visitor market with another 11% supporting the Courthouse and government cluster.

Historic Downtown Sonora Business Mix

Antiques	5	3%
Apparel	16	9%
Art & Entertainment	19	11%
Business & Personal Services	26	15%
Civic	3	2%
Eating & Dining Establishments	25	14%
Finance, Insurance and Real Estate	14	8%
Lodging	6	3%
Medical Services	11	6%
Professional Services	20	11%
Downtown Emporium	25	14%
Visitor Services & Attractions	8	4%
Total	178	100%

SOURCE: City of Sonora website & brochure

DOWNTOWN BUSINESS MIX



BUSINESS SALES POTENTIAL

As the commercial center of Tuolumne County, Sonora (and downtown) businesses and prospective businesses can best analyze sales leakage for residents within a 25-minute drive time of downtown. Sales leakage estimates indicate business development opportunities – opportunities to expand existing businesses or add new businesses to address the “market gap.” Sales surpluses indicate a market where local demand is saturated and customers are already being drawn from outside of the trade area.

ESRI estimates moderate leakage, and thus market “gaps,” in several industry groups that present promising opportunities for further market development through business expansion and recruitment. These include auto dealers, furniture stores, building material & supplier stores, and clothing stores, sporting goods/hobbies/musical instruments/books, other miscellaneous stores and food and drinking places.

Within the 10-minute drive time from downtown, ESRI estimates very little leakage. However even where there is a sales surplus, and thus no simple unmet retail gap, Sonora can nevertheless use the ESRI numbers to understand retail potential and market share. A very encouraging concept is that a single establishment needs to conquer only a small percentage of area sales to achieve a market share sufficient to operate a sustainable business. For example, a cafe (limited-service eating establishment) market share of only 10% of annual sales in the 5-mile trade area would represent sales of \$658,837.

Sonora Retail Demand, Supply, Leakages and Surpluses, 25-Minute Drive Time Area

2010 Population Within 25 Minutes of Downtown Sonora:

51,569

Industry Group	Demand (Potential)	Supply (Sales)	Leakage or Gap
Motor Vehicle & Parts Dealers (NAICS 441)	\$94,013,246	\$72,609,100	\$21,404,146
Furniture Stores (NAICS 4421)	\$6,022,462	\$3,136,314	\$2,886,148
Building Materials, Garden Equip (NAICS 444)	\$16,956,613	\$10,906,962	\$6,049,651
Clothing & Clothing Accessories Stores (NAICS 448)	\$13,666,025	\$7,426,996	\$6,239,029
Sporting Goods, Hobby/ Book & Music Stores (NAICS 451)	\$5,687,914	\$3,587,440	\$2,100,474
Other Misc. Store Retailers	\$4,543,168	\$2,801,439	\$1,741,729
Food Services & Drinking Places	\$58,765,878	\$49,111,152	\$9,654,726

SOURCE: ESRI

BUSINESS DEVELOPMENT OPPORTUNITIES



During the four-day Community Visioning Week, January 2013, Ms. Lott gathered extensive ideas for developing businesses in downtown Sonora. These business development opportunities, highlighted below, will be explored further as the Downtown Sonora Community Revitalization Plan proceeds.

Business Enhancement

- Help downtown businesses boost their operating practices to stay vital and competitive in today's dynamic market – group workshops, in-store consultations, enhancements campaigns
- Extended hour strategies
- Business and Property Owner Visitation Program.
- Marketing collateral and social media to better promote the historic aspects, amenities and downtown businesses
- Stronger downtown Visitor Center presence
- Cooperative advertising, promotions and events
- Window displays and in-store visual merchandising
- Storefront and interior repair, restoration and improvement
- Market analysis and business planning
- Financing

Business Expansion and Recruitment

- Market analysis and target customer group analysis
- Business expansion and start up planning
- Improved presentation of empty storefronts
- Business recruitment paper packet and website features
- Entrepreneurial Development
- Business development opportunities marketing and opportunity sites marketing
- Business and real estate financing and incentives