Economic Development Strategy & Implementation Plan

September 2013

Prepared By:

Kosmont Companies

Project Background & Status

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

Plan Outline

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

Analysis Outline

1. Analysis

a) **Economic & Demographic Profile**

   i. *Population & Household Demographics*

   ii. *Unemployment & Employment by Industry*

b) **Market Demand Analysis**

   i. *Household & Industry Growth*

   ii. *Supply, Vacancy & Lease Rates (Retail, Industrial & Office Uses)*

   iii. *Taxable Retail Sales Surplus/Leakage Analysis*

Economic & Demographic Profile

Population & Household Demographics

Demographic Highlights

Population & Households

- Population of ~4,900 and ~1,800 households within City in 2012
- Population of ~21,100 and ~8,200 HH's within 10 miles of 246 & Ave of Flags

Income

- Avg. HH income **~$79,200** in City and **~$93,100** within 10 miles
- 3.9% annual growth projected for HH income over next 5 years in City

Other Demographic Characteristics

- Average household size of 2.7 in City and 2.5 within 10 miles (relatively small)
- Mostly owner-occupied households (64%), newer housing (26% built 2000 and later), and large mobile home population (20%)
- Median age of 39 in City and 45 within 10 miles (older)
- 80% (approx.) white race in City

Source: ESRI projections using US Census (2010) data

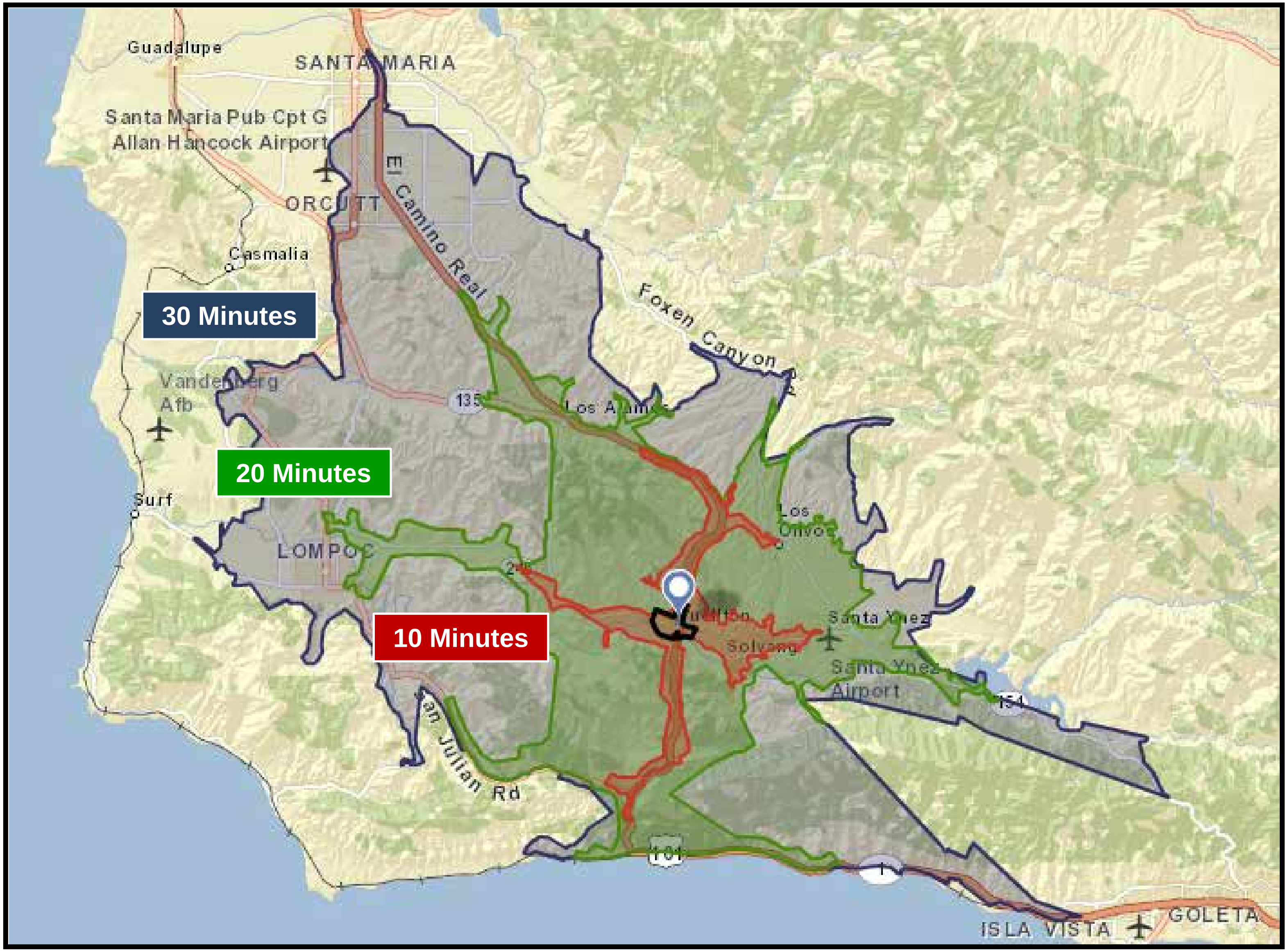
City Limits & Radii
(from Hwy 246 and Ave of Flags)

Source: ESRI (2013)

Drive Times
(from Hwy 246 and Ave of Flags)

Source: ESRI (2013)

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



Source: ESRI (2013)

Population and Income
City & Radii

		Radii (from Hwy 246 and Ave of Flags)		
2012	**City**	**10 Miles**	**20 Miles**	**30 Miles**
Population	4,867	**21,124**	78,405	335,079
Households	1,784	8,189	26,889	109,094
Average HH Size	2.73	2.53	2.75	2.92
Median Age	39.4	45.3	38.6	33.2
Per Capita Income	$28,983	$36,666	$26,736	$25,636
Median HH Income	$62,247	$71,512	$53,948	$54,657
Average HH Income	**$79,240**	**$93,107**	$72,259	$73,793
2012-2017 Ann. Growth Rate				
Population	0.65%	0.50%	0.29%	0.36%
Median HH Income	**3.94%**	2.82%	2.61%	2.64%

Source: U.S. Census Bureau (2010); ESRI (2013)

Population and Income
Drive Times

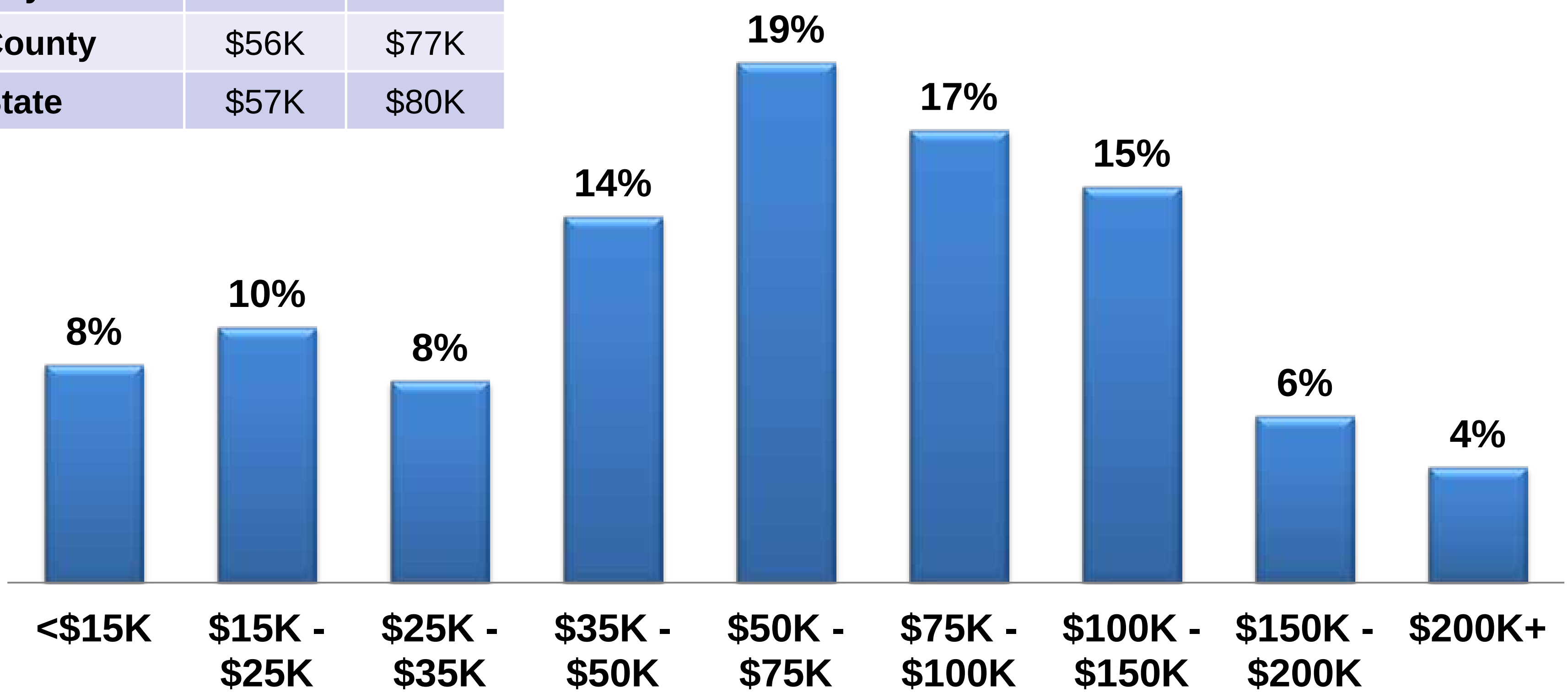
	Drive Times (from Hwy 246 and Ave of Flags)		
2012	**10 Minutes**	**20 Minutes**	**30 Minutes**
Population	11,571	**22,105**	123,577
Households	4,529	8,485	43,175
Average HH Size	2.54	2.57	2.74
Median Age	43.3	44.6	38.3
Per Capita Income	$32,711	$35,496	$26,591
Median HH Income	$62,480	$69,811	$55,647
Average HH Income	**$83,017**	**$91,154**	$72,560
2012-2017 Ann. Growth Rate			
Population	0.50%	0.48%	0.37%
Median HH Income	**3.75%**	2.93%	2.70%

Source: U.S. Census Bureau (2010); ESRI (2013)

Income Profile

City of Buellton – 2012 Households by Income Bracket

HH Income	Median	Avg.
City	$62K	$79K
County	$56K	$77K
State	$57K	$80K



Source: U.S. Census Bureau (2010); ESRI (2013)

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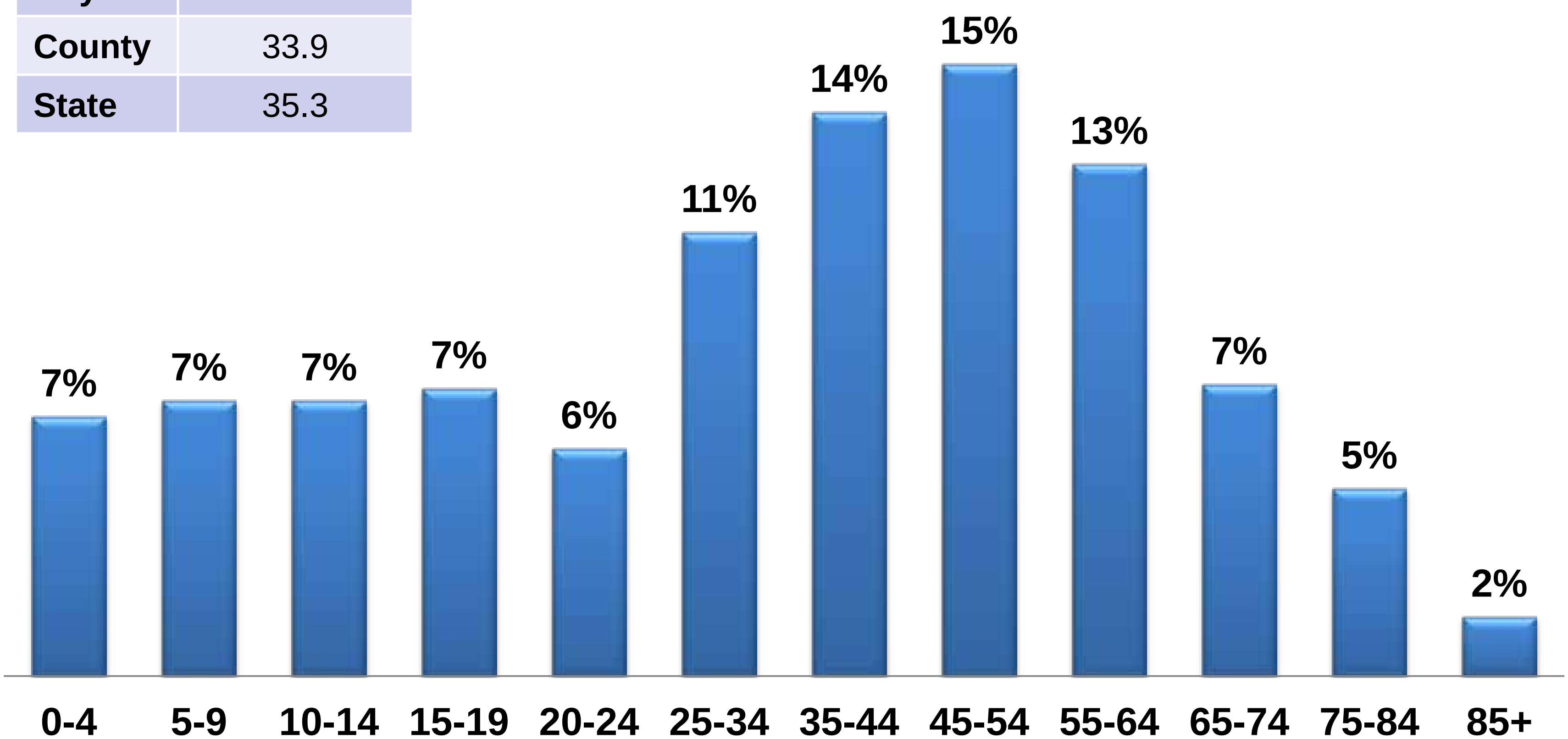
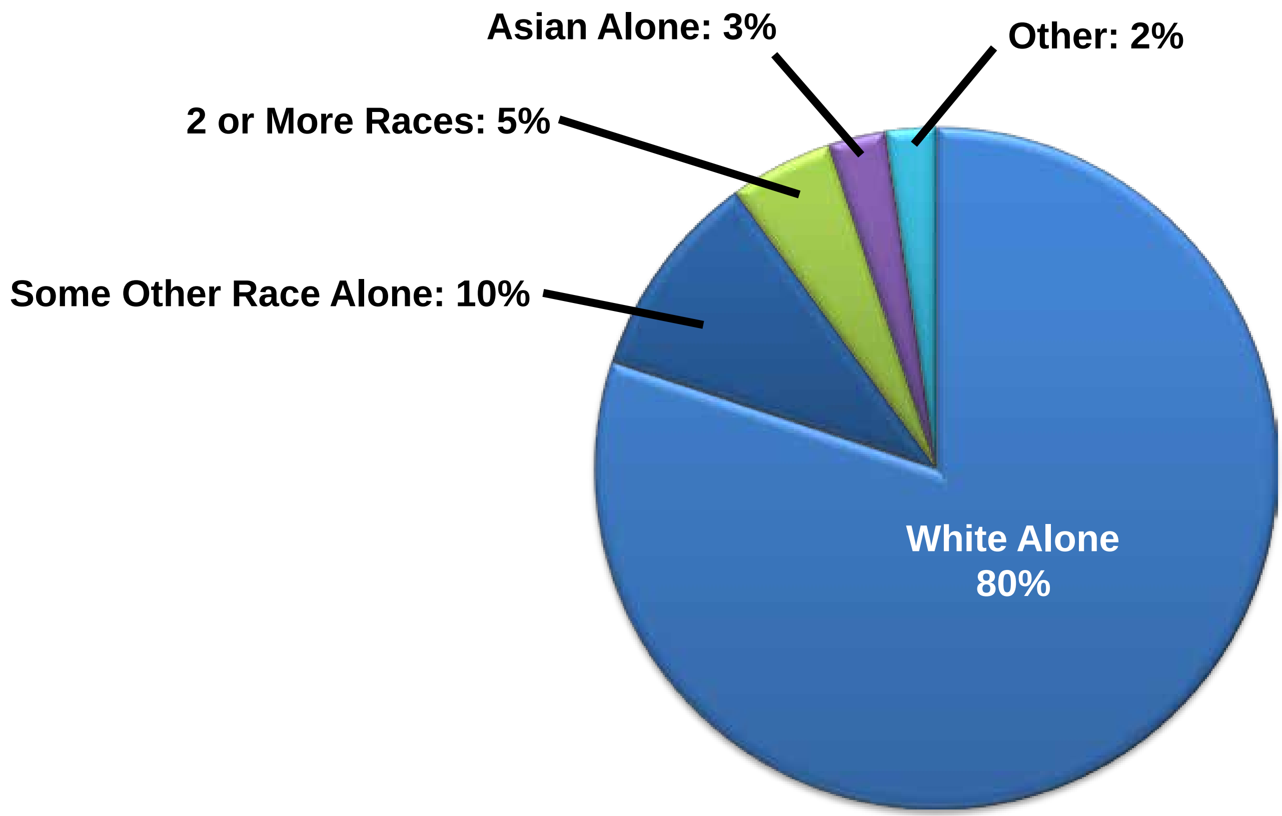
City Population by Age Bracket in 2012

	Median Age
City	39.4
County	33.9
State	35.3



Source: U.S. Census Bureau (2010); ESRI (2013)

City Population by Race & Ethnicity in 2012



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

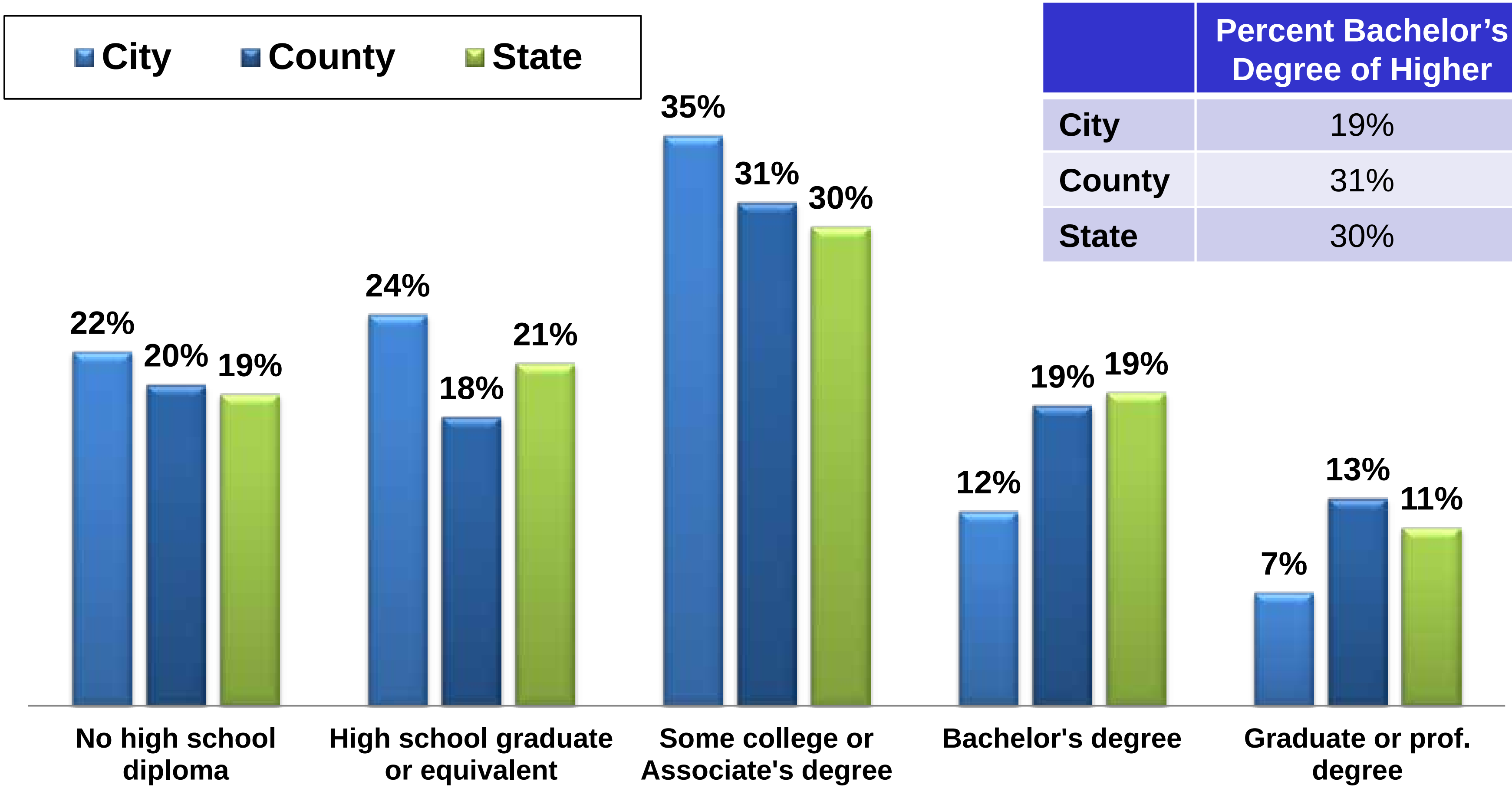
Hispanic Origin of Any Race: 32%

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 (2013)

Educational Attainment

Population Aged 25+ by Educational Attainment

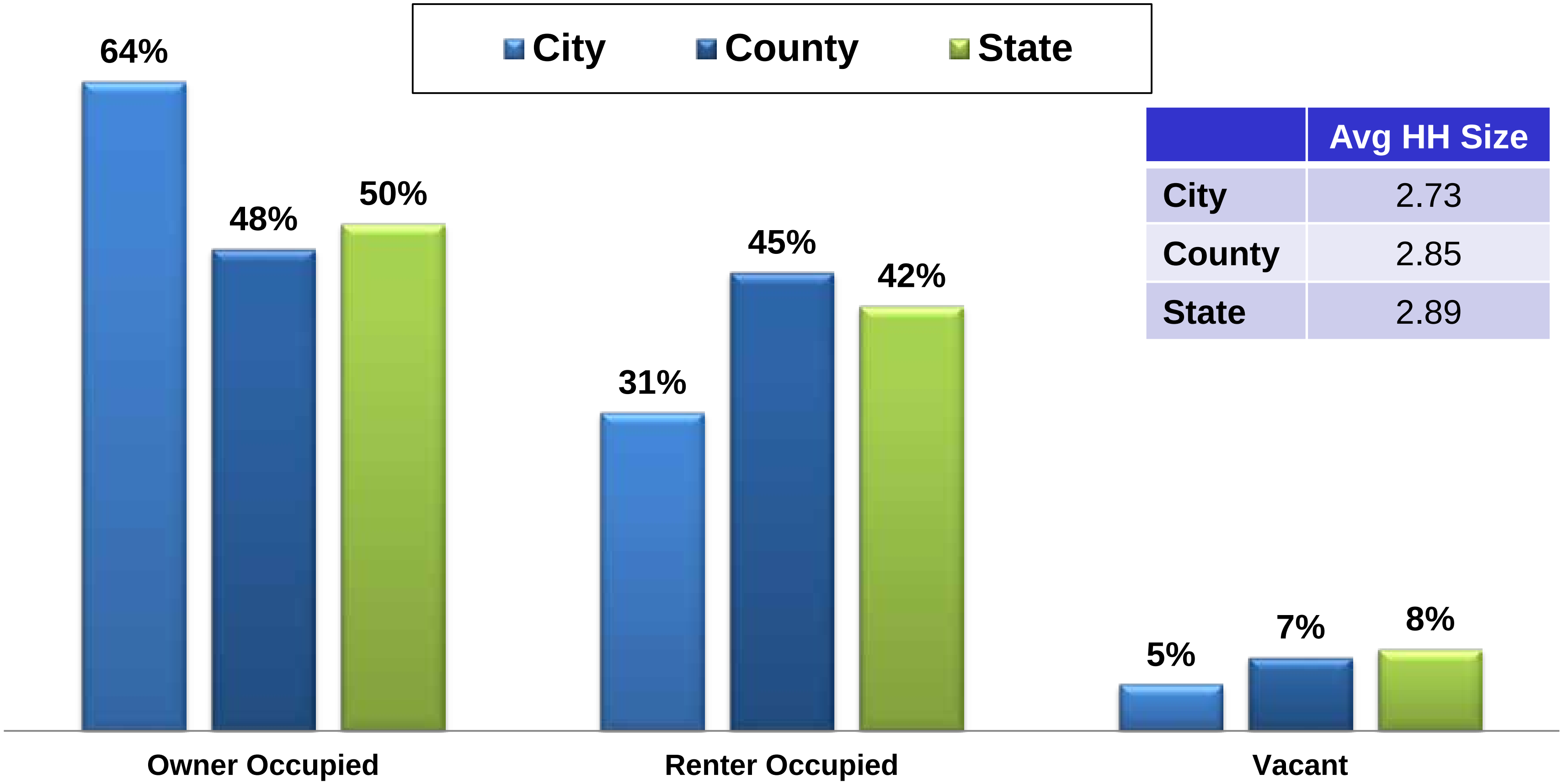


	Percent Bachelor's Degree of Higher
City	19%
County	31%
State	30%

Source: U.S. Census Bureau American Community Survey (2007-2011)

Housing & Household Size

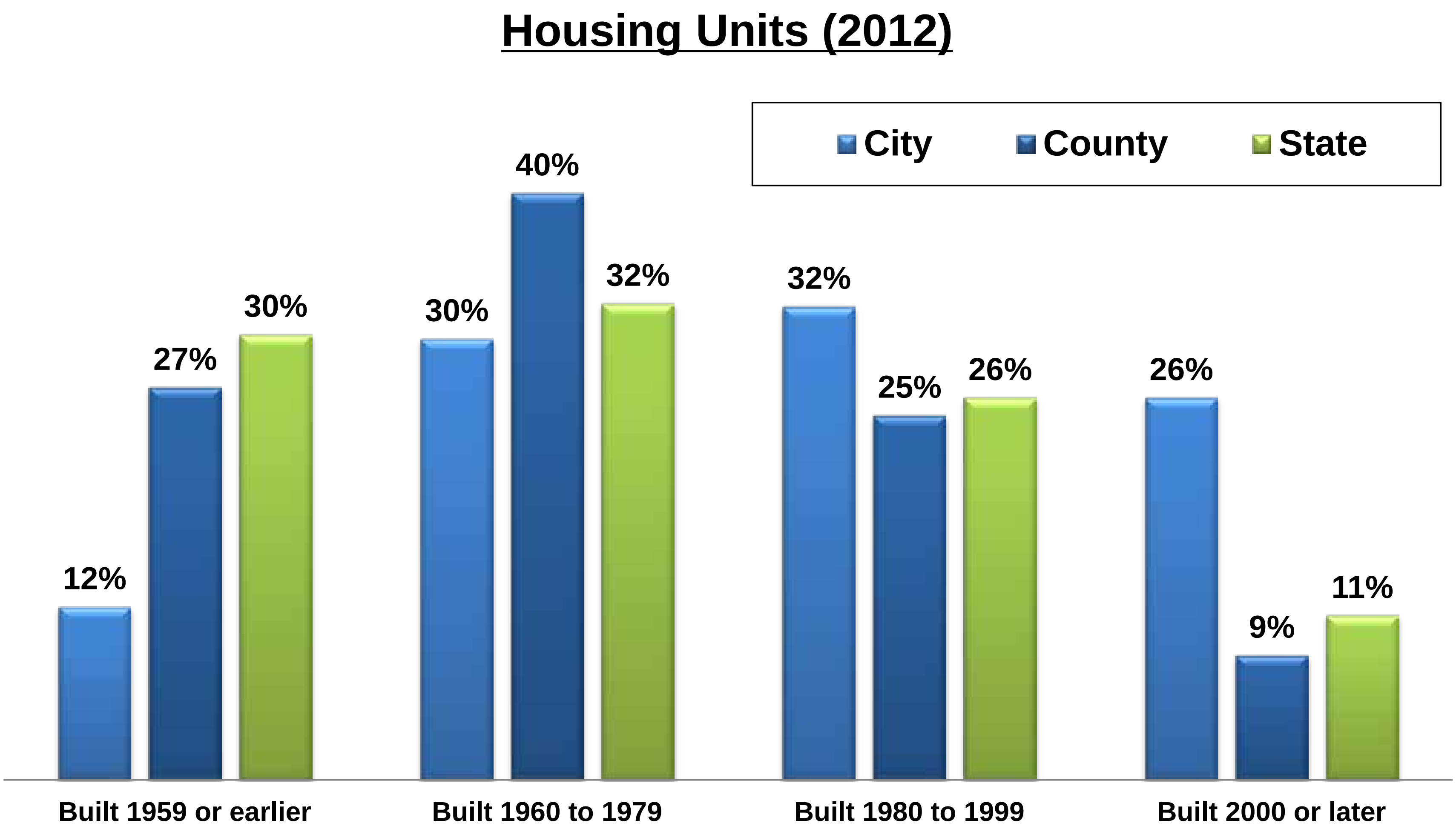
Housing Breakdown (2012)



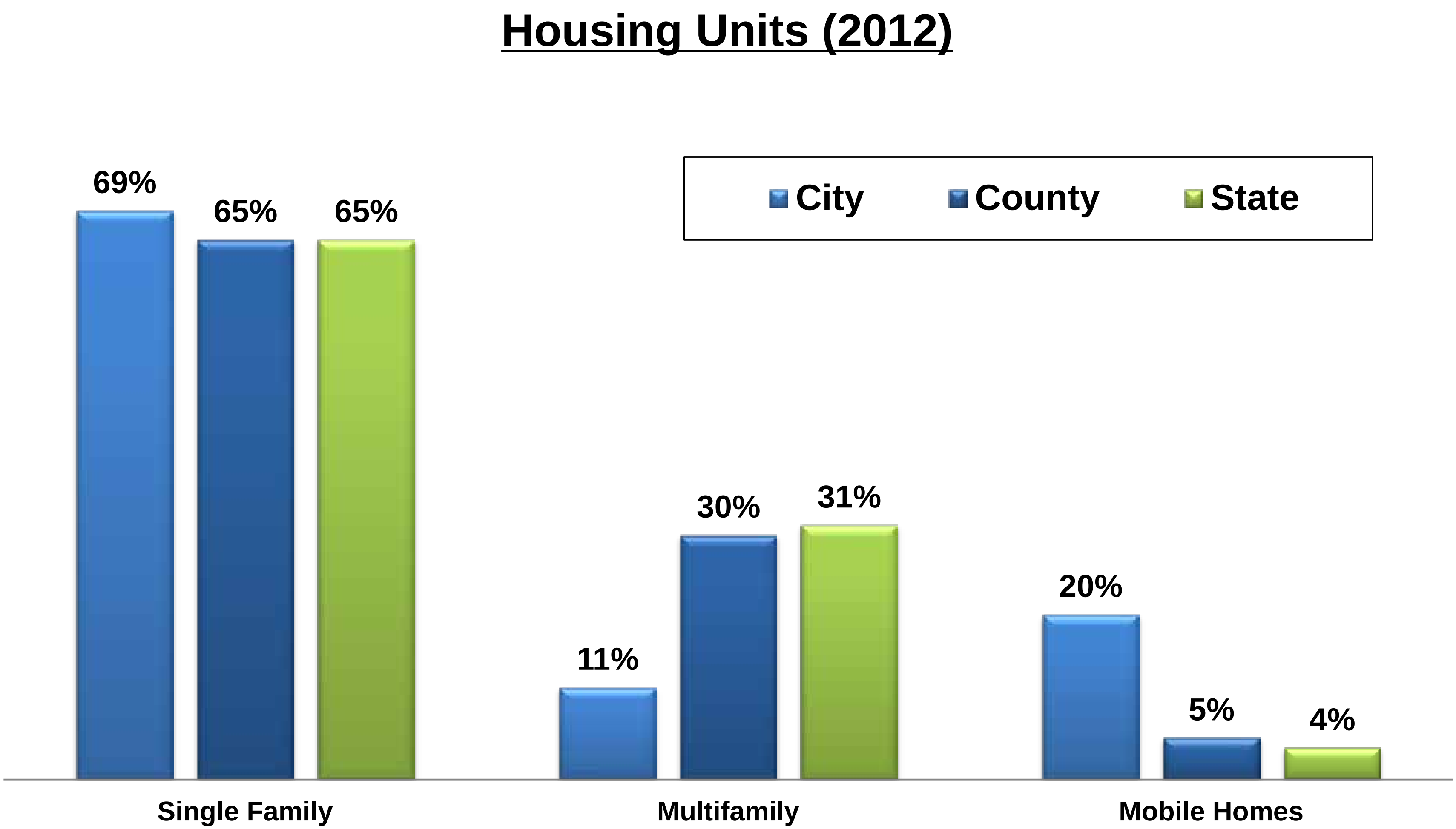
	Avg HH Size
City	2.73
County	2.85
State	2.89

Source: U.S. Census Bureau (2010); ESRI (2013)

Age of Housing

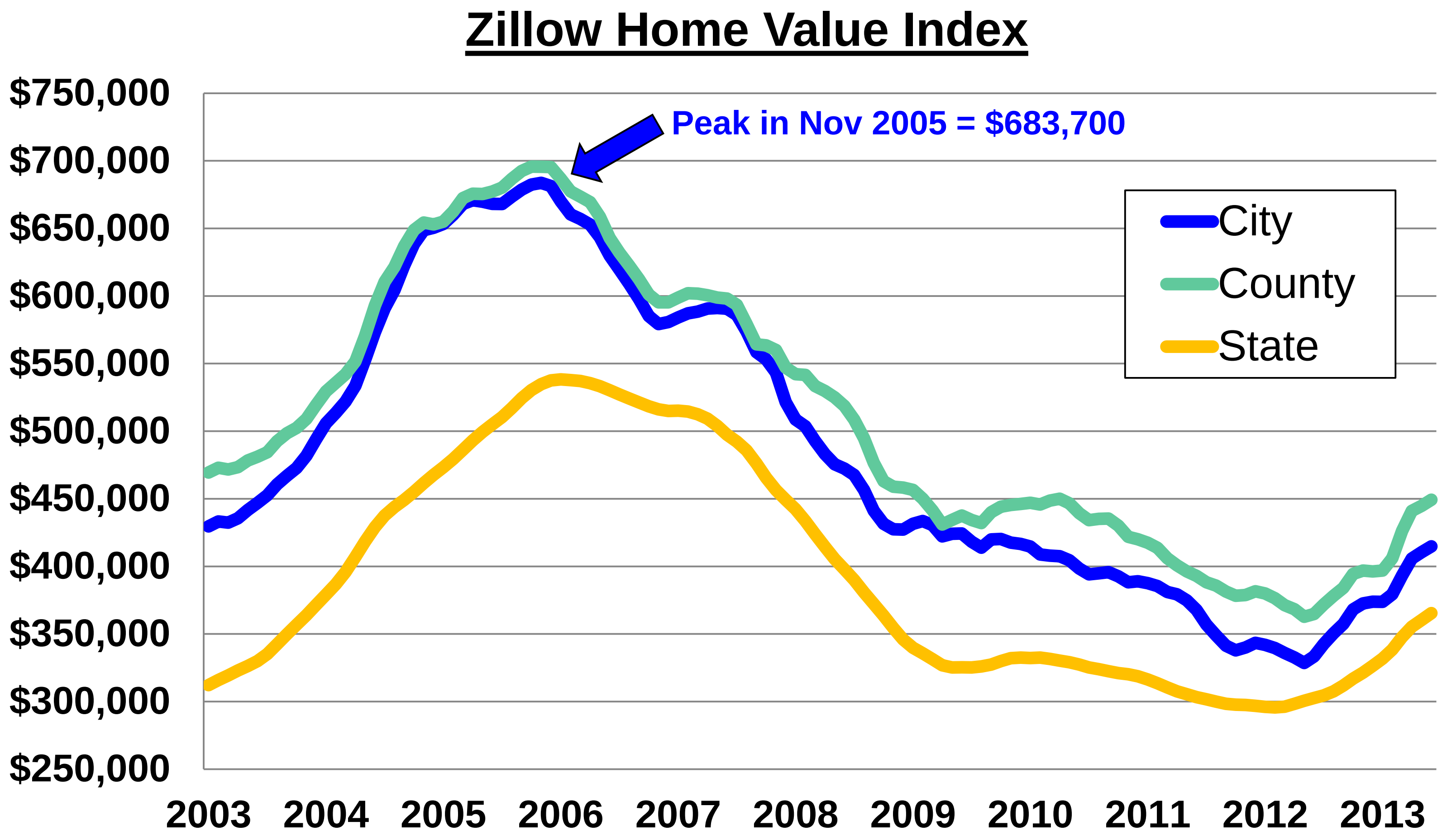


Source: U.S. Census Bureau (2010); ESRI (2013)



Source: U.S. Census Bureau (2010); ESRI (2013)

Home Value History



Source: Zillow.com

Current Home Value Comparison

Home Value Index	July 2013	Year-Over-Year
Mission Canyon	$1,100,400	19.1%
Santa Barbara	$841,800	19.9%
Carpinteria	$675,300	31.2%
Santa Ynez	$666,900	19.3%
Goleta	$653,500	26.3%
Solvang	$563,000	8.9%
Santa Barbara County	$458,400	23.3%
Buellton	$417,200	21.6%
Los Alamos	$401,600	29.4%
California	$376,500	23.7%
Santa Maria	$252,100	20.0%
Lompoc	$207,900	16.9%
Guadalupe	$147,500	18.0%

Source: Zillow.com

Average Household Expenditures by Category

Expenditure Category	City	County	State
Apparel and Services	2.8%	2.9%	2.9%
Computer	0.5%	0.5%	0.5%
Entertainment & Recreation	6.2%	6.2%	6.1%
Food	15.1%	15.4%	15.4%
Financial (Investments, Vehicle Loans)	10.8%	12.4%	12.3%
Health (Drugs, Eyecare)	1.3%	1.2%	1.2%
Home (Mortgage/Rent/Maint.)	31.6%	30.0%	30.1%
Household Furnishings and Equipment	1.9%	1.9%	1.9%
Household Operations & Supplies	3.1%	3.0%	3.0%
Insurance	8.7%	8.0%	8.0%
Personal Care Products	0.8%	0.9%	0.9%
School Books and Supplies	0.3%	0.4%	0.3%
Smoking Products	0.9%	0.8%	0.8%
Transportation	13.5%	13.8%	13.9%
Travel	2.6%	2.7%	2.7%
Total	**100.0%**	**100.0%**	**100.0%**

Source: ESRI forecasts for 2012; Bureau of Labor Statistics Consumer Expenditure Survey (2011)

Population Segmentation Profile

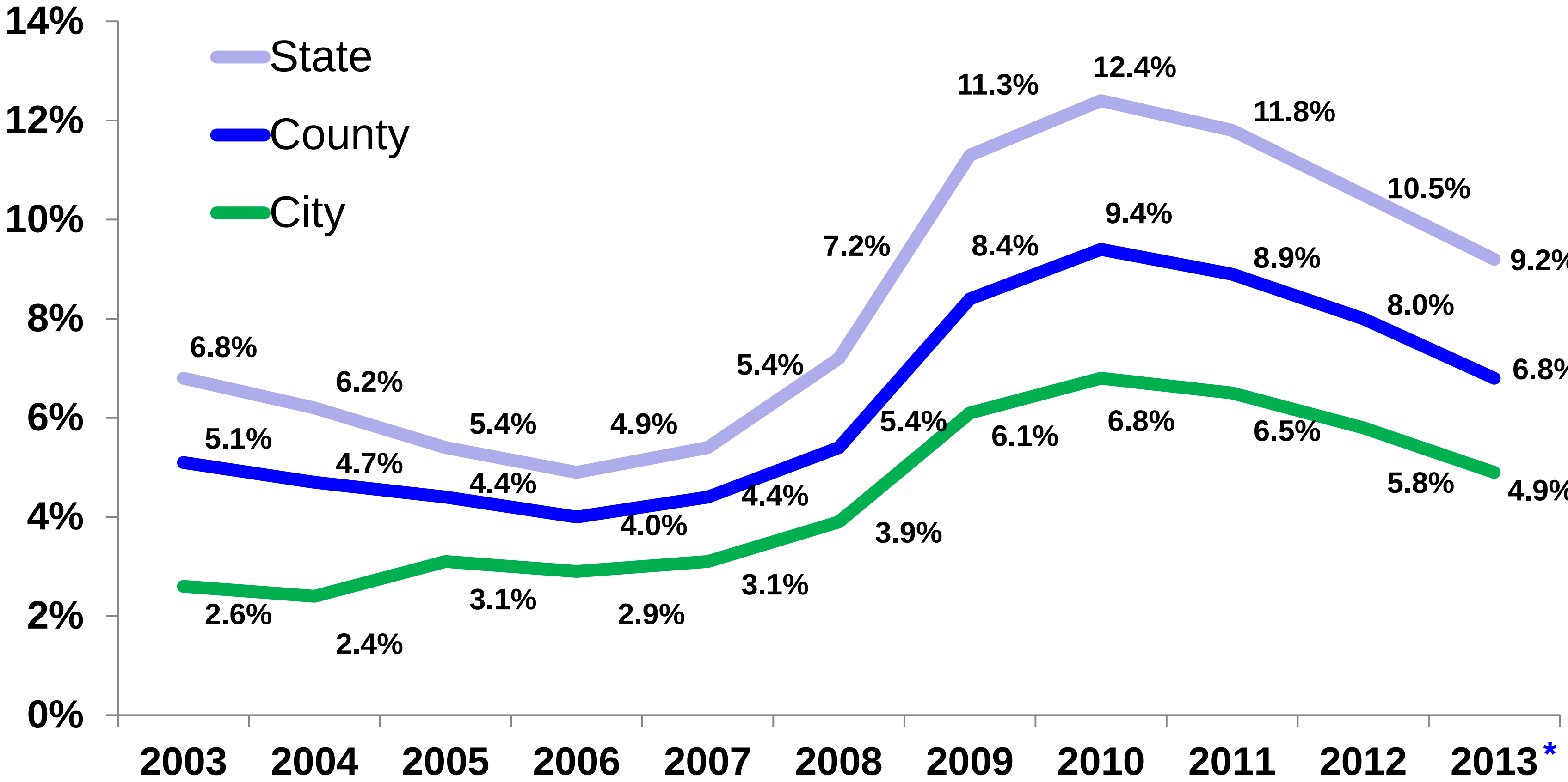
Top 3 "Tapestries" in City	Percent	Sample Characteristics
1. City Lights	49%	• Slightly older, fewer children, homeowners • Newer homes, high housing costs • Eat out, spend on entertainment (e.g. movies) • Frequent stores such as Target, Macy's, Costco
2. Senior Sun Seekers	38%	• Older, fewer children, mostly white, many retired • Lower educational attainment (older generations) • Significant seasonal housing (mobile homes) • Take road trips, stay in motels and inns, spend on home improvement, enjoy the outdoors • Frequent family restaurants and fast food
3. Wealthy Seaboard Suburbs	13%	• Married, older, mostly white, longer commute times • Less likely to move, more likely to remodel • Take nice vacations, go fishing and skiing • Shop online, at Macy's, Nordstrom, warehouse stores

Source: ESRI (2013)

Economic & Demographic Profile

Unemployment & Employment by Industry

Unemployment

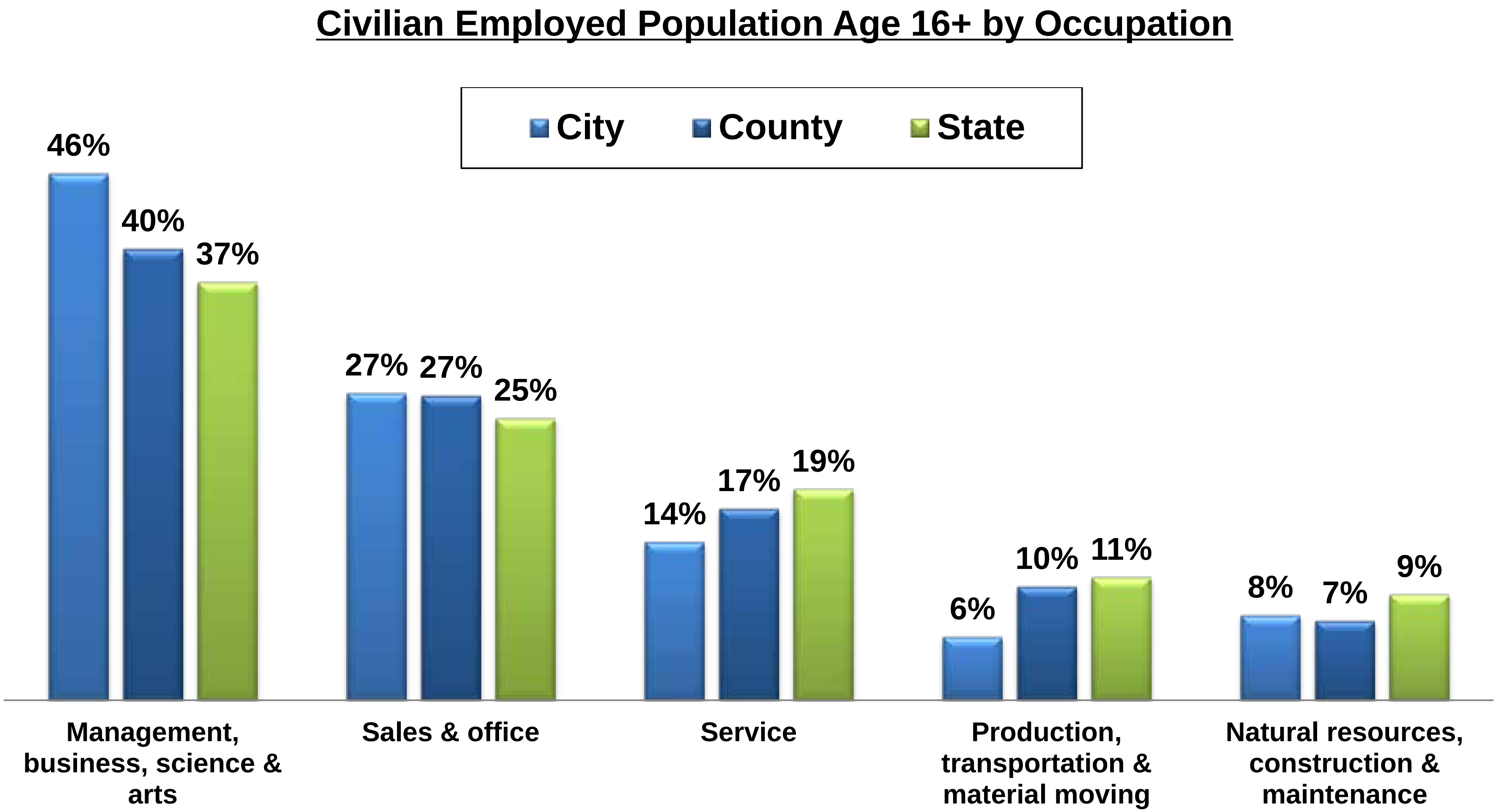


* January through July 2013 average

Note: Annual average unemployment rate; not seasonally adjusted

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2013)

Resident Employment by Occupation



Source: U.S. Census Bureau American Community Survey (2007-2011)

Employment by Industry

City Resident Employed Population (Age 16+)	
Accommodation & food services	16.6%
Educational services	14.2%
Healthcare & social assist.	10.0%
Retail trade	9.3%
Manufacturing	9.2%
Prof., scientific & tech. services	6.4%
Agriculture, forestry, fishing & hunting	5.3%
Public administration	5.1%
Admin. & support & waste mgmt.	4.6%
Construction	4.1%
Other services, except public admin.	3.0%
Wholesale trade	3.0%
Arts, entertainment & recreation	1.9%
Information	1.5%
Finance & insurance	1.4%
Transportation & warehousing	1.4%
Real estate rental & leasing	1.3%
Mining, quarrying, oil & gas extraction	0.8%
Management of companies & enterprises	0.7%
Utilities	0.3%

"Industries in which City residents work"

Workers Employed within City	
Accommodation & food services	20.8%
Manufacturing	20.1%
Retail trade	11.9%
Agriculture, forestry, fishing & hunting	9.4%
Healthcare & social assist.	8.9%
Educational services	7.0%
Other services, except public admin.	3.9%
Wholesale trade	3.5%
Construction	3.4%
Public administration	3.1%
Prof., scientific & tech. services	1.9%
Real estate rental & leasing	1.8%
Admin. & support & waste mgmt.	1.7%
Finance & insurance	0.8%
Information	0.8%
Management of companies & enterprises	0.5%
Utilities	0.3%
Arts, entertainment & recreation	0.1%
Mining, quarrying, oil & gas extraction	0.0%
Transportation & warehousing	0.0%

"Jobs available in the City"

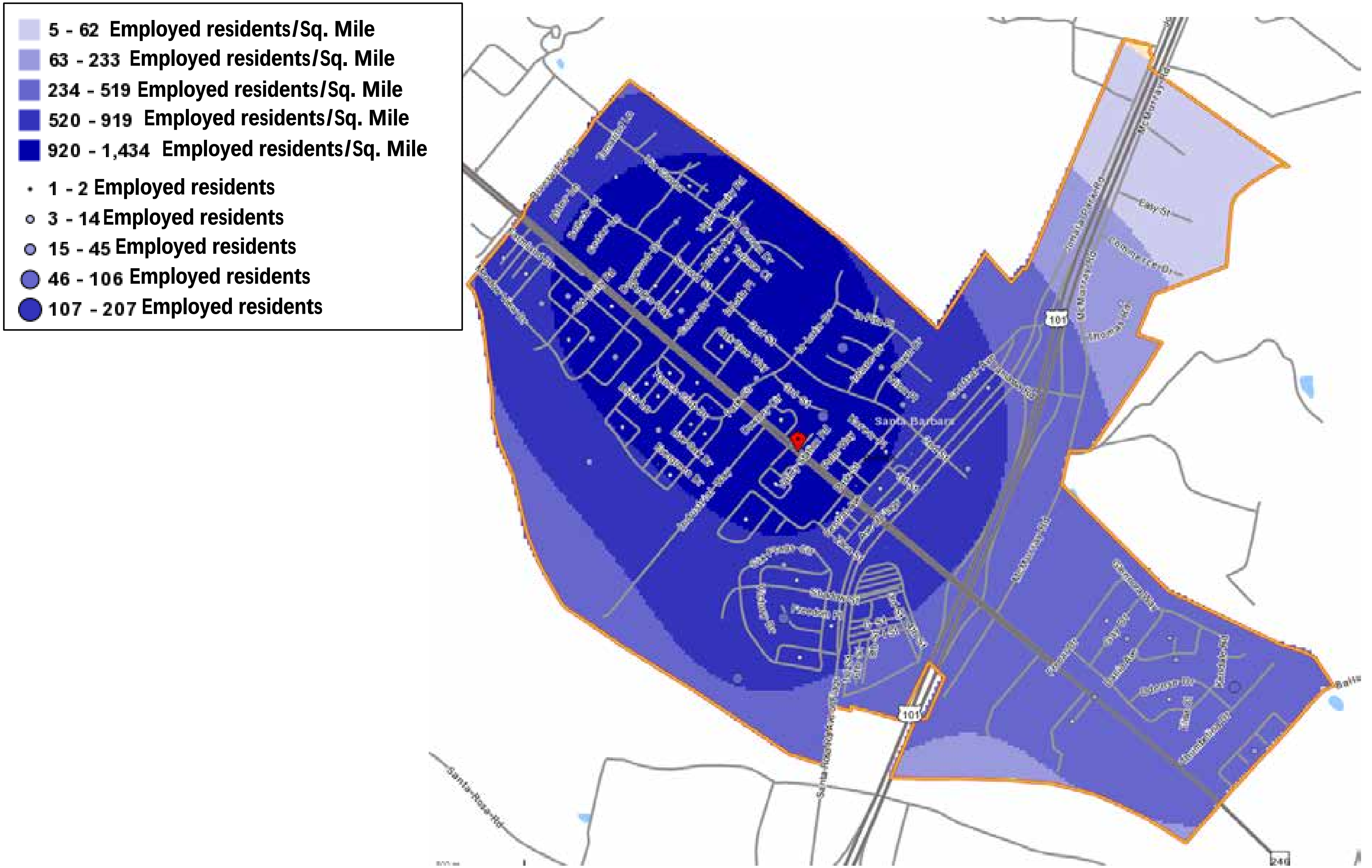
Source: U.S. Census Bureau Center for Economic Studies (2011)

Selected Major Employers

	Employer	Estimated # Employees	% Total City Employment
1)	New Albertson's, Inc.	100	4.2%
2)	Materion Precision Optics / Thin Film Coatings	46	1.9%
3)	Longs Drug Stores California Inc.	39	1.6%
4)	Gavial Holdings, Inc.	33	1.4%
5)	GP Machining, Inc.	32	1.3%
6)	Highway Patrol, California	30	1.3%
7)	Santa Barbara County Education Offices Inc	30	1.3%
8)	Platinum Performance, Inc.	30	1.3%
9)	Todd Pipe & Supply - Buellton, Inc.	28	1.2%
10)	Equestrian Designs LLC	25	1.1%
11)	Church Of Christ Inc	25	1.1%
12)	Firestone Walker LLC	21	0.9%
13)	The Inn Group	20	0.8%
14)	Ellen's Danish Pancake House	20	0.8%
15)	Infraredvision Technology Corporation	20	0.8%
16)	Santa Ynez Valley Humane	20	0.8%
17)	City of Buellton	17	0.7%
18)	County of Santa Barbara	16	0.7%
	Top 18 Total	**552**	**23.3%**
	Estimated City Total	**2,372**	**100%**

Source: Dun & Bradstreet (2013)

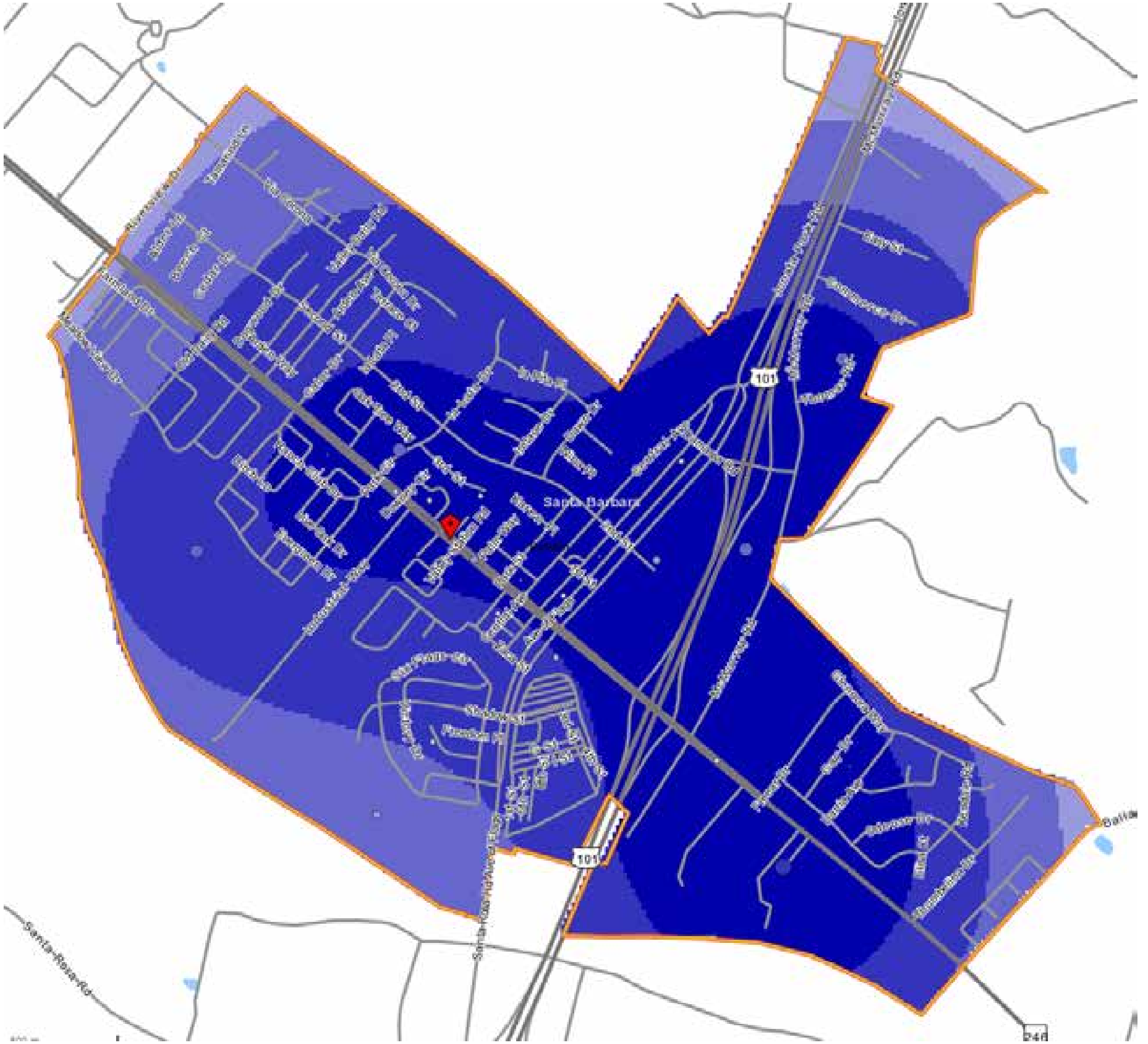
Resident Concentration Within City



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

Employment Concentration Within City

- 5 - 68 Jobs/Sq.Mile
- 69 - 258 Jobs/Sq.Mile
- 259 - 574 Jobs/Sq.Mile
- 575 - 1,017 Jobs/Sq.Mile
- 1,018 - 1,587 Jobs/Sq.Mile
- 1 - 5 Jobs
- 6 - 37 Jobs
- 38 - 122 Jobs
- 123 - 289 Jobs
- 290 - 564 Jobs



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

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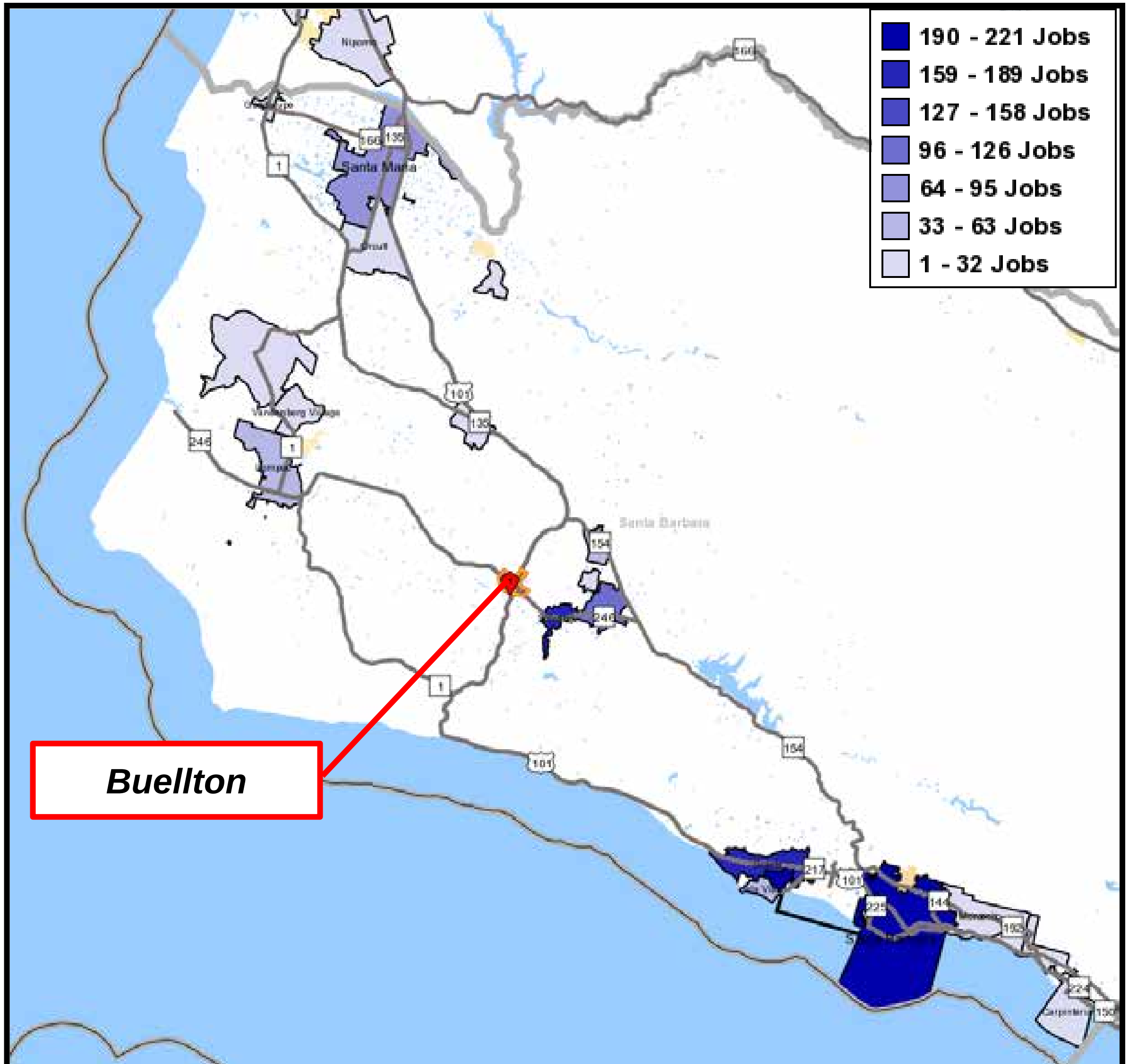
Resident Workplace Location
"Where City Residents Work"

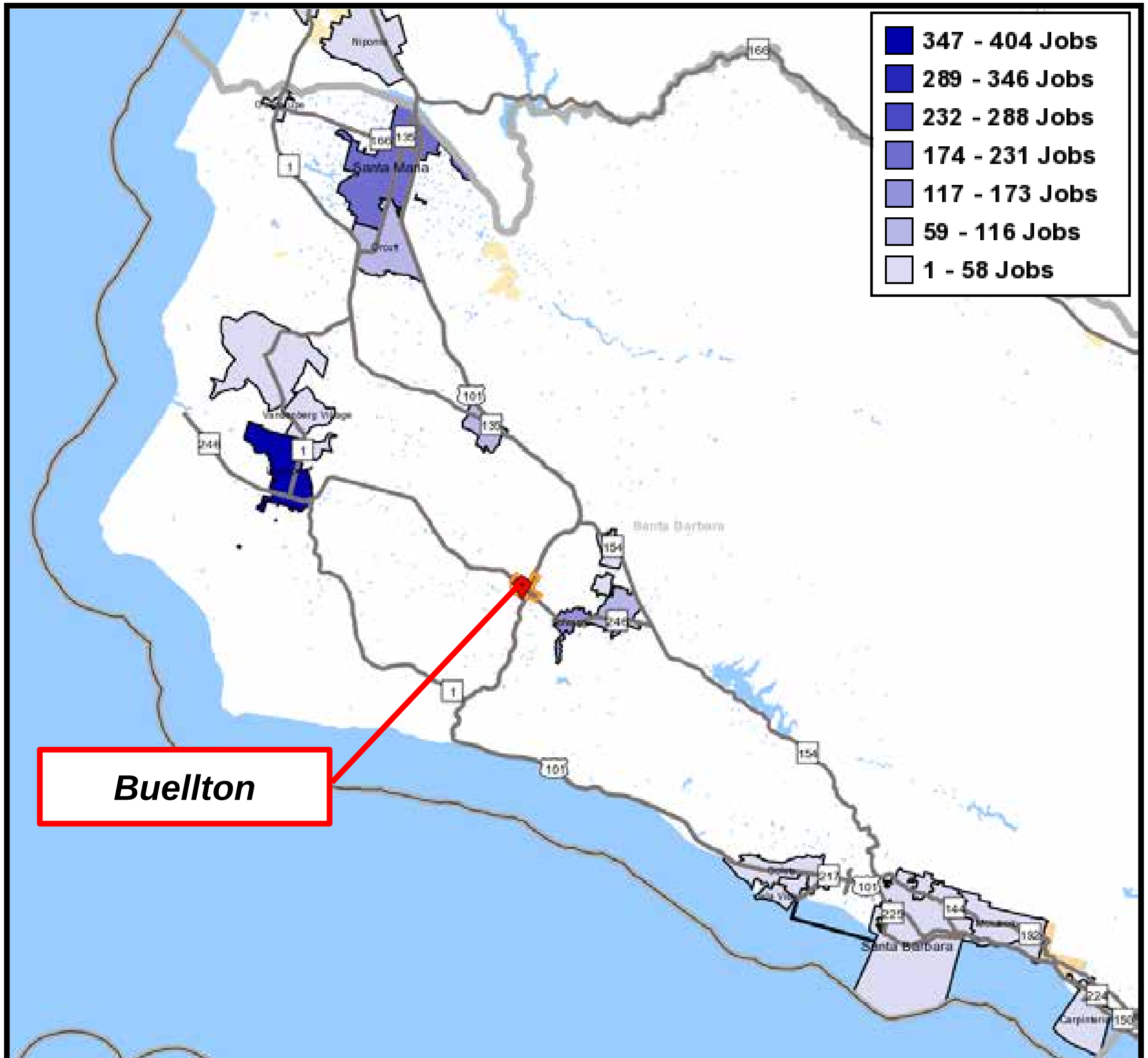


Location	Percent
Santa Barbara	15.3%
Buellton	12.3%
Solvang	12.1%
Goleta	12.0%
Santa Ynez CDP	8.5%
Santa Maria	5.7%
Lompoc	3.6%
Los Olivos CDP	3.3%
Isla Vista CDP	3.2%
San Luis Obispo	3.2%
Orcutt CDP	1.5%
Ballard CDP	1.0%
Los Alamos CDP	0.9%
Vandenberg AFB CDP	0.8%
Carpinteria	0.5%
Montecito CDP	0.5%
Nipomo CDP	0.3%
Pismo Beach	0.3%
Templeton CDP	0.3%
Arroyo Grande	0.3%
Other	14.4%

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

Worker Residence

“Where People Who Work in the City Come From”



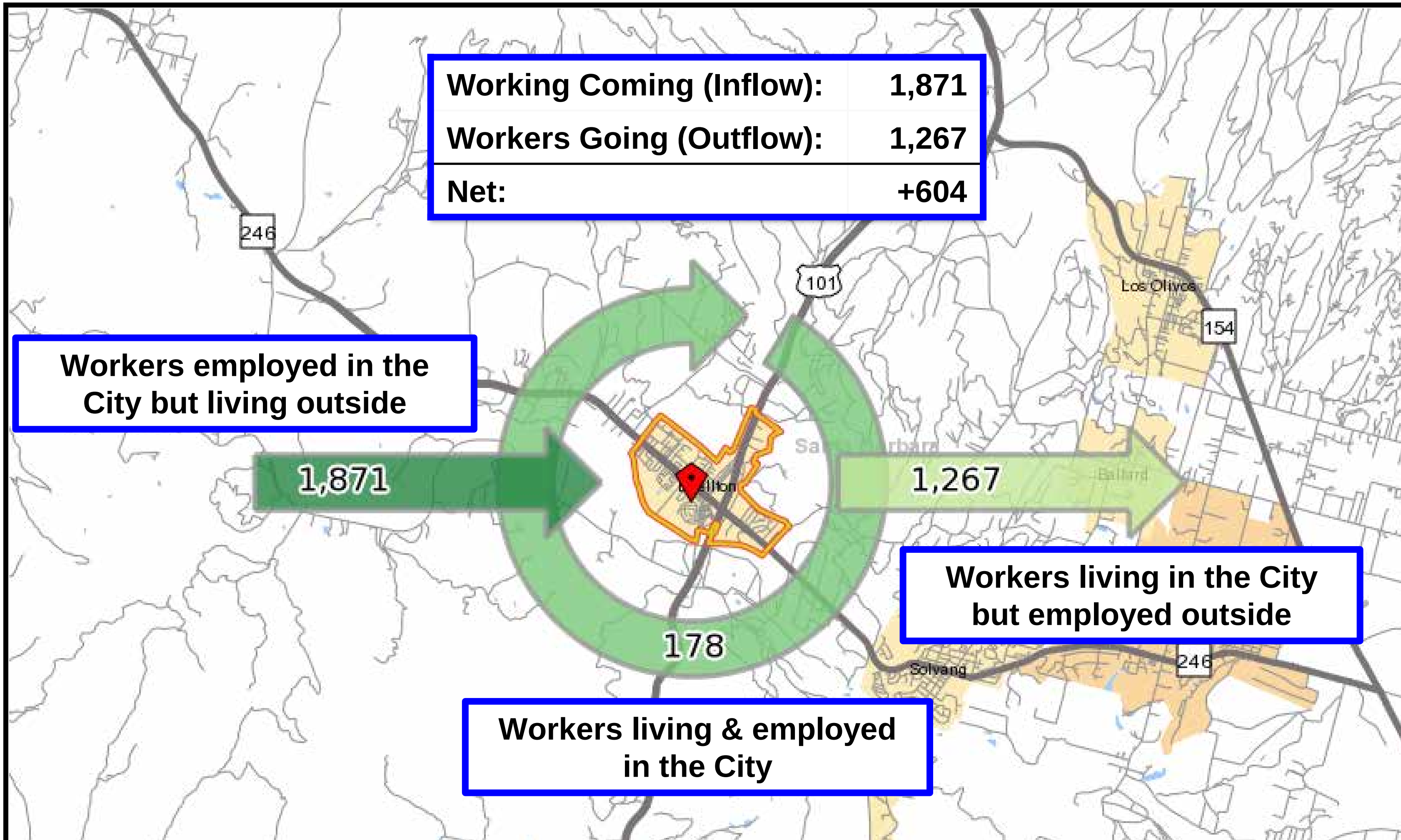
Location	Percent
Lompoc	19.7%
Santa Maria	10.0%
Buellton	8.7%
Solvang	7.1%
Orcutt CDP	5.3%
Los Alamos CDP	3.4%
Santa Ynez CDP	2.9%
Santa Barbara	2.6%
Goleta	2.4%
Mission Hills CDP	2.1%
Vandenberg Village CDP	2.0%
Nipomo CDP	1.3%
Los Angeles	1.1%
San Luis Obispo	1.1%
Paso Robles	1.0%
Los Olivos CDP	0.8%
Atascadero	0.6%
Arroyo Grande	0.5%
Carpinteria	0.5%
Ventura)	0.4%
Other	45.5%

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

Worker Inflow / Outflow

"Are jobs coming or going?"

Working Coming (Inflow):	1,871
Workers Going (Outflow):	1,267
Net:	+604



Source: U.S. Census Bureau Center for Economic Studies (2010)

Summary: Demographics and Employment

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

Market Demand Analysis

Household & Industry Growth

Projected Household Growth

Households	2012	2017	Net	Percent
City of Buellton	1,784	1,832	48	2.7%
Owner	*1,196*	*1,235*	*39*	*3.3%*
Renter	*588*	*597*	*9*	*1.5%*
W/in 10 miles of Hwy 246 & Ave of Flags	8,189	8,339	150	1.8%
Owner	*5,285*	*5,461*	*176*	*3.3%*
Renter	*2,904*	*2,878*	*(26)*	*(0.9%)*

- 48 new households projected for the City from 2012 through 2017 and 150 new households within 10 miles of Highway 246 & Avenue of Flags
- Owner households are projected to increase both Citywide and within 10 miles, while renter households are projected increase Citywide but slightly decrease w/in 10 miles

Source: U.S. Census Bureau (2010); ESRI (2013)

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Employment Projections by Industry
Santa Barbara County

Projected Employment Change 2008-2018

Industry	2008	2018	Change	Percent
Government	37,300	39,700	2,400	6.4%
Health Care & Social Assistance	17,800	20,000	2,200	12.4%
Retail Trade	20,000	21,300	1,300	6.5%
Prof., Scientific & Tech. Services	11,300	12,400	1,100	9.7%
Accommodation & Food Services	20,100	20,900	800	4.0%
Admin. & Support & Waste Mgmt.	9,300	9,900	600	6.5%
Arts, Entertainment & Recreation	3,000	3,300	300	10.0%
Wholesale Trade	4,600	4,900	300	6.5%
Construction	9,700	9,900	200	2.1%
Educational Services (Private)	2,800	3,000	200	7.1%
Mgmt. of Companies & Enterprises	1,800	2,000	200	11.1%
Other Services	6,000	6,100	100	1.7%
Real Estate & Rental & Leasing	2,900	3,000	100	3.4%
Transpo., Warehousing, Utilities	3,100	3,200	100	3.2%
Finance and Insurance	4,900	4,900	0	0.0%
Information	3,700	3,600	(100)	(2.7%)
Mining and Logging	1,100	1,000	(100)	(9.1%)
Manufacturing	13,000	12,800	(200)	(1.5%)
Total Nonfarm	172,300	181,900	9,600	5.6%
Total Farm	17,100	19,000	1,900	11.1%
Total Employment	208,200	219,900	11,700	5.6%

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2010)

Select Fast-Growing Occupations
Santa Barbara County

Projected Occupational Change 2008-2018

Occupation	2008	2018	Change	Percent	Annual Wage
Personal and Home Care Aides	2,870	3,400	530	18.5%	$24,155
Registered Nurses	2,240	2,670	430	19.2%	$85,282
Elementary School Teachers	2,340	2,670	330	14.1%	$61,435
Customer Service Representatives	1,620	1,910	290	17.9%	$33,358
Home Health Aides	870	1,130	260	29.9%	$23,325
Farm, Ranch, and Other Agricultural Managers	750	950	200	26.7%	$71,758
Graduate Teaching Assistants	1,470	1,670	200	13.6%	N/A
Medical Secretaries	1,100	1,270	170	15.5%	$31,451
Truck Drivers, Heavy and Tractor-Trailer	1,240	1,400	160	12.9%	$36,369
Supervisors/Managers of Farming, Fishing, Forestry	700	850	150	21.4%	$31,769
Medical Assistants	830	980	150	18.1%	$31,537
Computer Software Engineers, Systems Software	890	1,040	150	16.9%	$97,167
Fitness Trainers and Aerobics Instructors	520	660	140	26.9%	$27,893
Accountants and Auditors	1,200	1,340	140	11.7%	$66,862
Network Systems and Data Communications Analysts	320	450	130	40.6%	$72,775
Dental Assistants	670	800	130	19.4%	$34,038
Farmworkers, Farm and Ranch Animals	900	1,030	130	14.4%	$22,193
Computer Software Engineers, Applications	570	680	110	19.3%	$84,957

Note: Annual wage data from 2010
Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2010)

Summary of Employment Growth by Industry

- Employment projections within the County suggest higher than average growth for industries including health care, retail trade, and accommodation and food services
- Industries projecting lower than average growth include manufacturing, transportation, and warehousing
- Among the projected fasting growing occupations in the County are various roles within health care, education, and agriculture
- Industries with projected growth are typically closely tied to population growth, while industries with projected contraction are typically more dependent on technology and automation

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2010)

Market Demand Analysis

Supply, Vacancy & Lease Rates

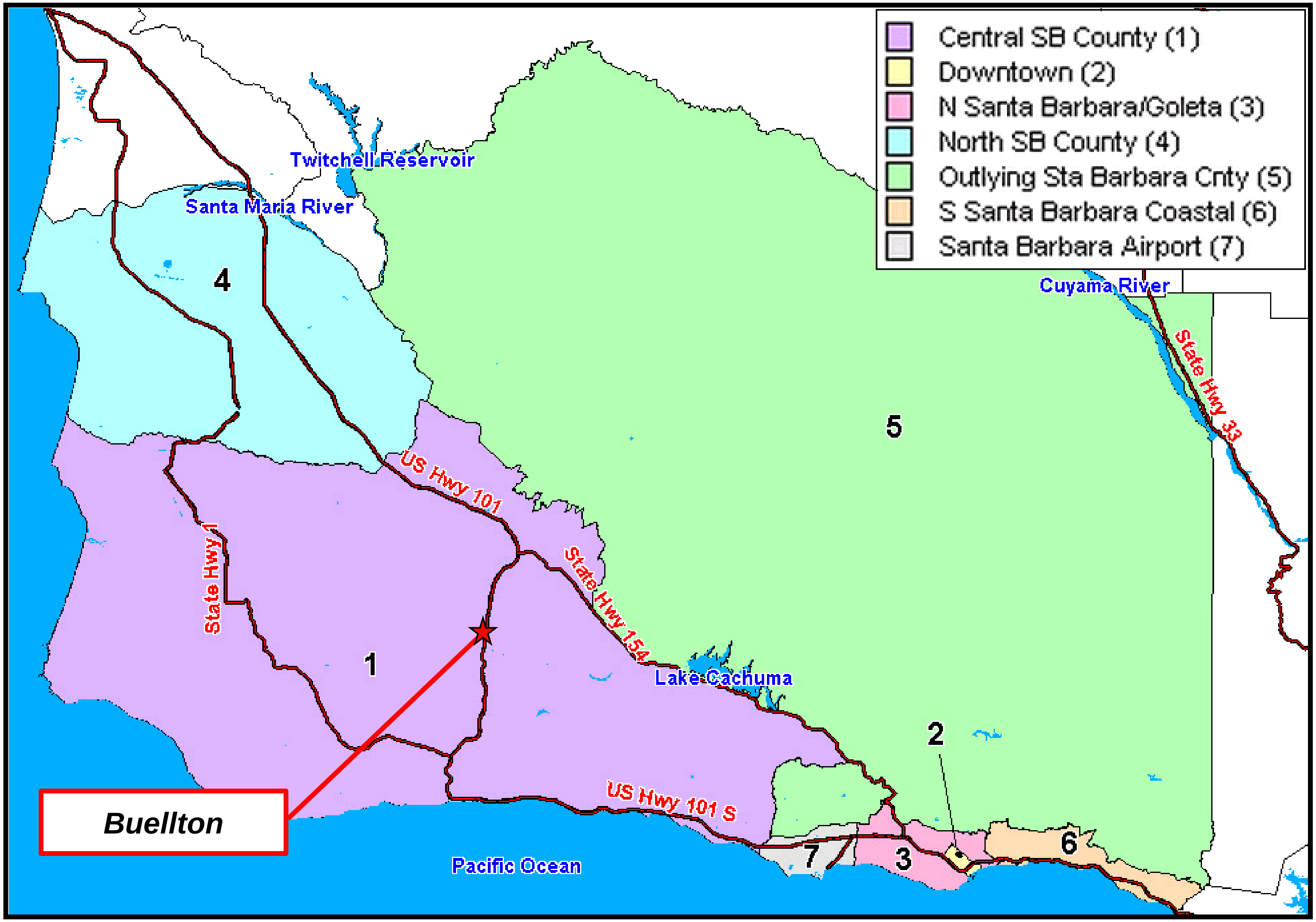
(Retail, Industrial & Office Uses)

Supply, Vacancy & Lease Rates
Retail, Industrial & Office

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

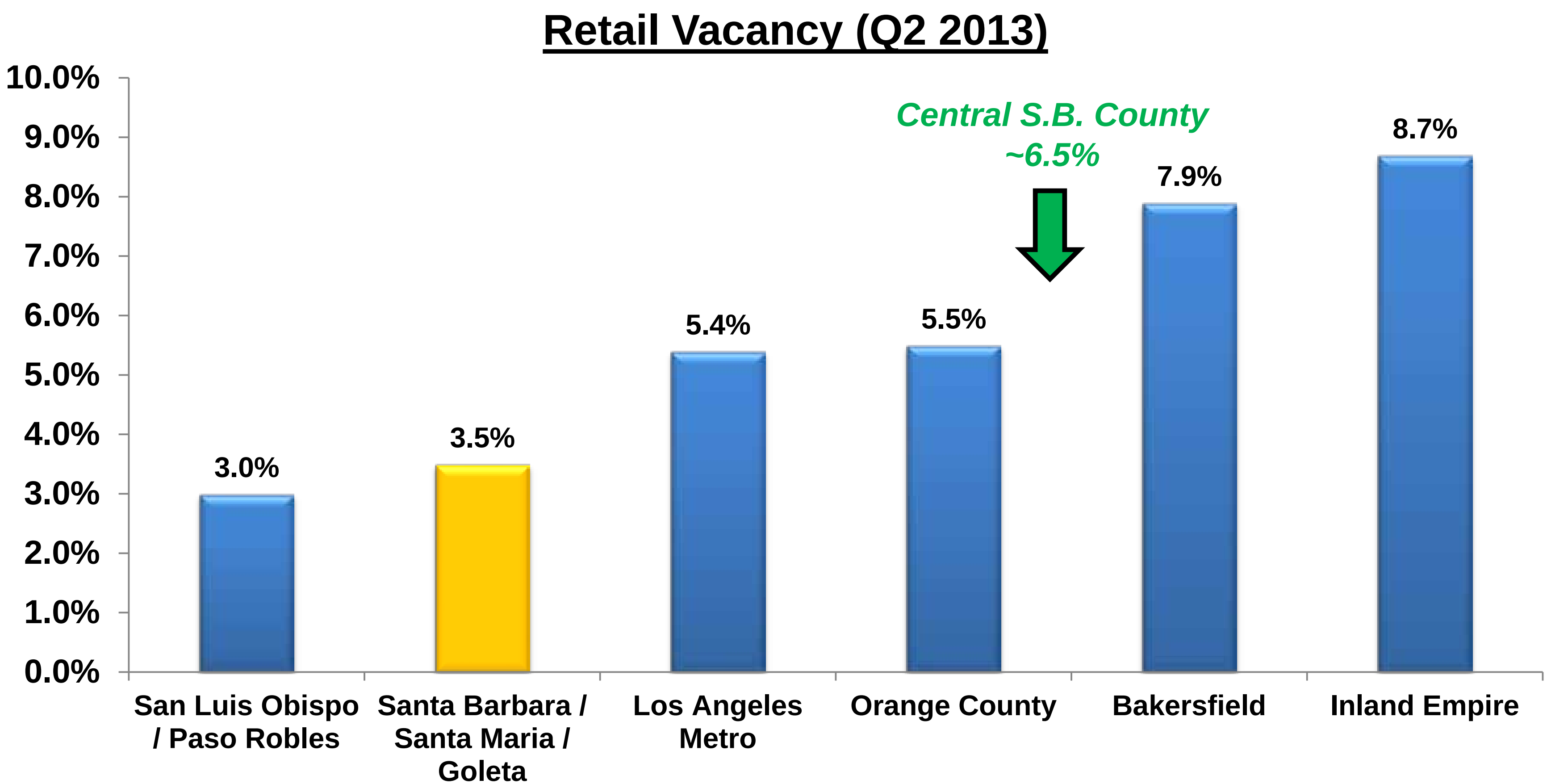
Source: CoStar Property (Q2 2013)

Santa Barbara Market Overview



Source: CoStar Property (Q2 2013); Greater detail provided in Appendix

Retail Vacancy by Market



	San Luis Obispo / Paso Robles	Santa Barbara / Santa Maria / Goleta	Los Angeles Metro	Orange County	Bakersfield	Inland Empire
# Buildings	1,572	2,061	43,527	9,477	1,826	15,282
Total G.L.A.	15.1M SF	24.0M SF	447.5M SF	136.4M SF	22.6M SF	184.3M SF
Under Constr.	9,400 SF	0 SF	787,347 SF	366,044 SF	0 SF	253,599 SF

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

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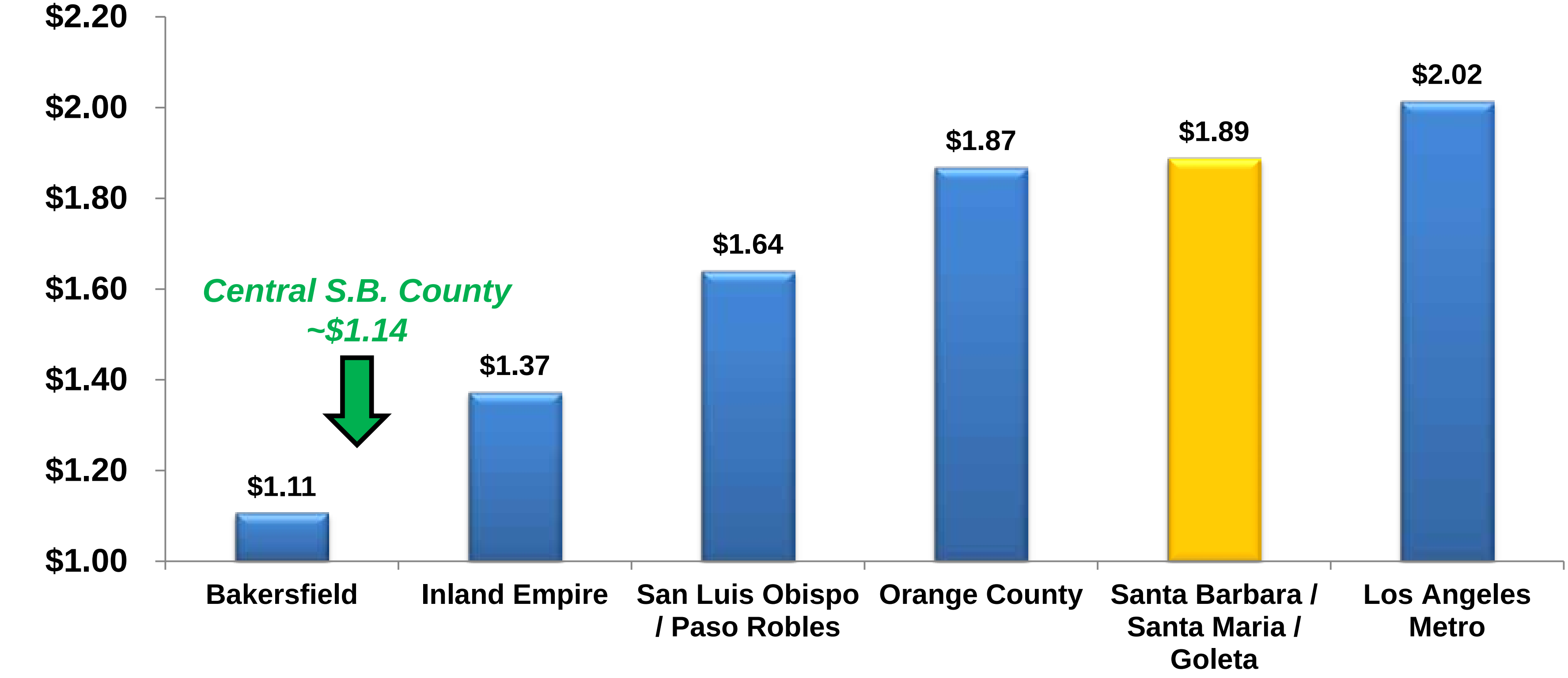
Retail Lease Rates by Market

Average Asking Retail Lease Rates – $PSF / Month
(Q2 2013)



	Bakersfield	Inland Empire	San Luis Obispo / Paso Robles	Orange County	Santa Barbara / Santa Maria / Goleta	Los Angeles Metro
# Buildings	**1,826**	**15,282**	**1,572**	**9,477**	**2,061**	**43,527**
Total G.L.A.	**22.6M SF**	**184.3M SF**	**15.1M SF**	**136.4M SF**	**24.0M SF**	**447.5M SF**
Under Constr.	**0 SF**	**253,599 SF**	**9,400 SF**	**366,044 SF**	**0 SF**	**787,347 SF**

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

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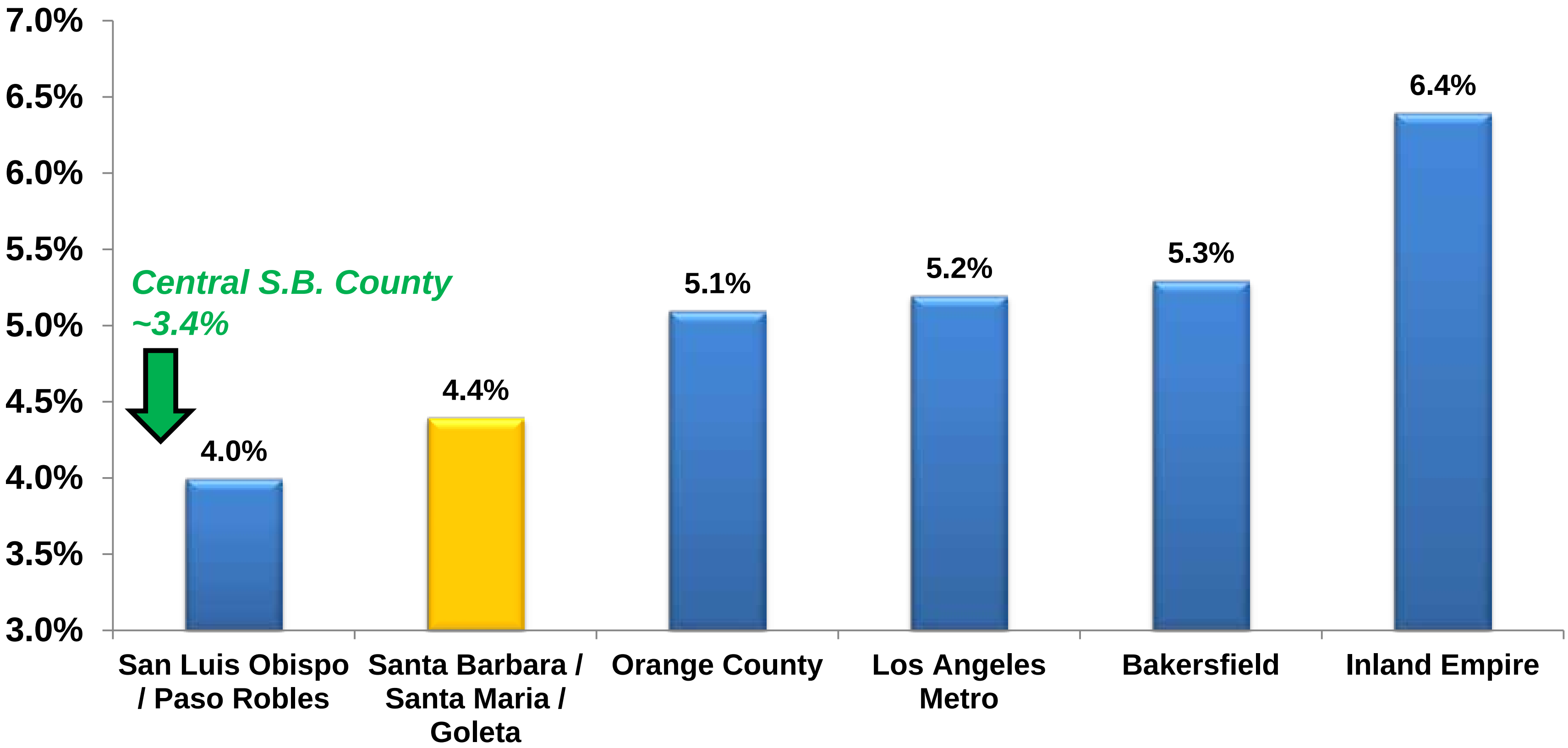
Industrial Vacancy by Market

Industrial Vacancy (Q2 2013)

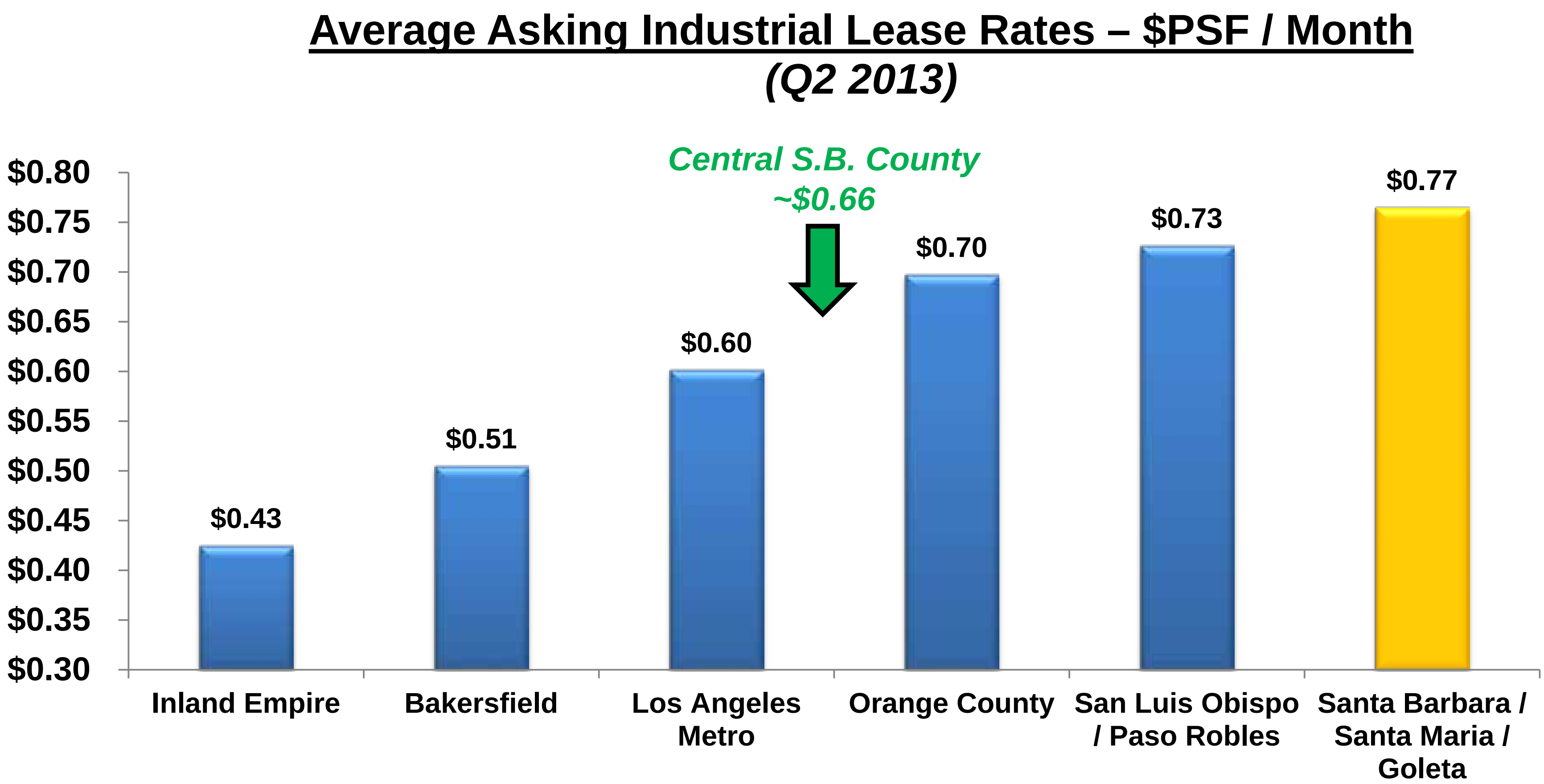


	San Luis Obispo / Paso Robles	Santa Barbara / Santa Maria / Goleta	Orange County	Los Angeles Metro	Bakersfield	Inland Empire
# Buildings	459	1,192	12,621	36,885	1,267	12,590
Total G.L.A.	6.9M SF	15.0M SF	303.0M SF	986.8M SF	30.6M SF	509.1M SF
Under Constr.	0 SF	142,000 SF	433,208 SF	1,411,255 SF	27,800 SF	5,862,039 SF

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

Industrial Lease Rates by Market

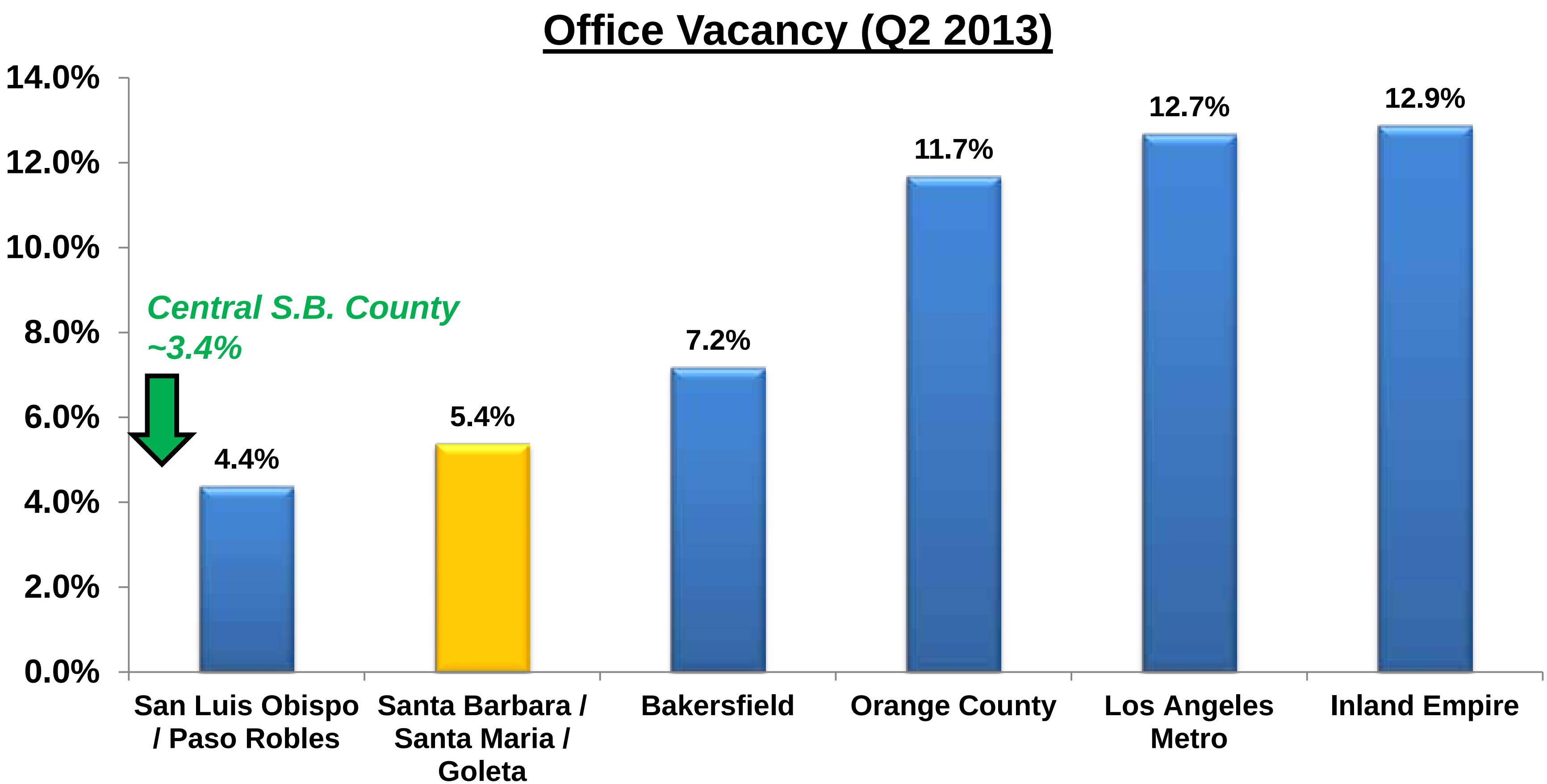


	Inland Empire	Bakersfield	Los Angeles Metro	Orange County	San Luis Obispo / Paso Robles	Santa Barbara / Santa Maria / Goleta
# Buildings	12,590	1,267	36,885	12,621	459	1,192
Total G.L.A.	509.1M SF	30.6M SF	986.8M SF	303.0M SF	6.9M SF	15.0M SF
Under Constr.	5,862,039 SF	27,800 SF	1,411,255 SF	433,208 SF	0 SF	142,000 SF

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

Office Vacancy by Market

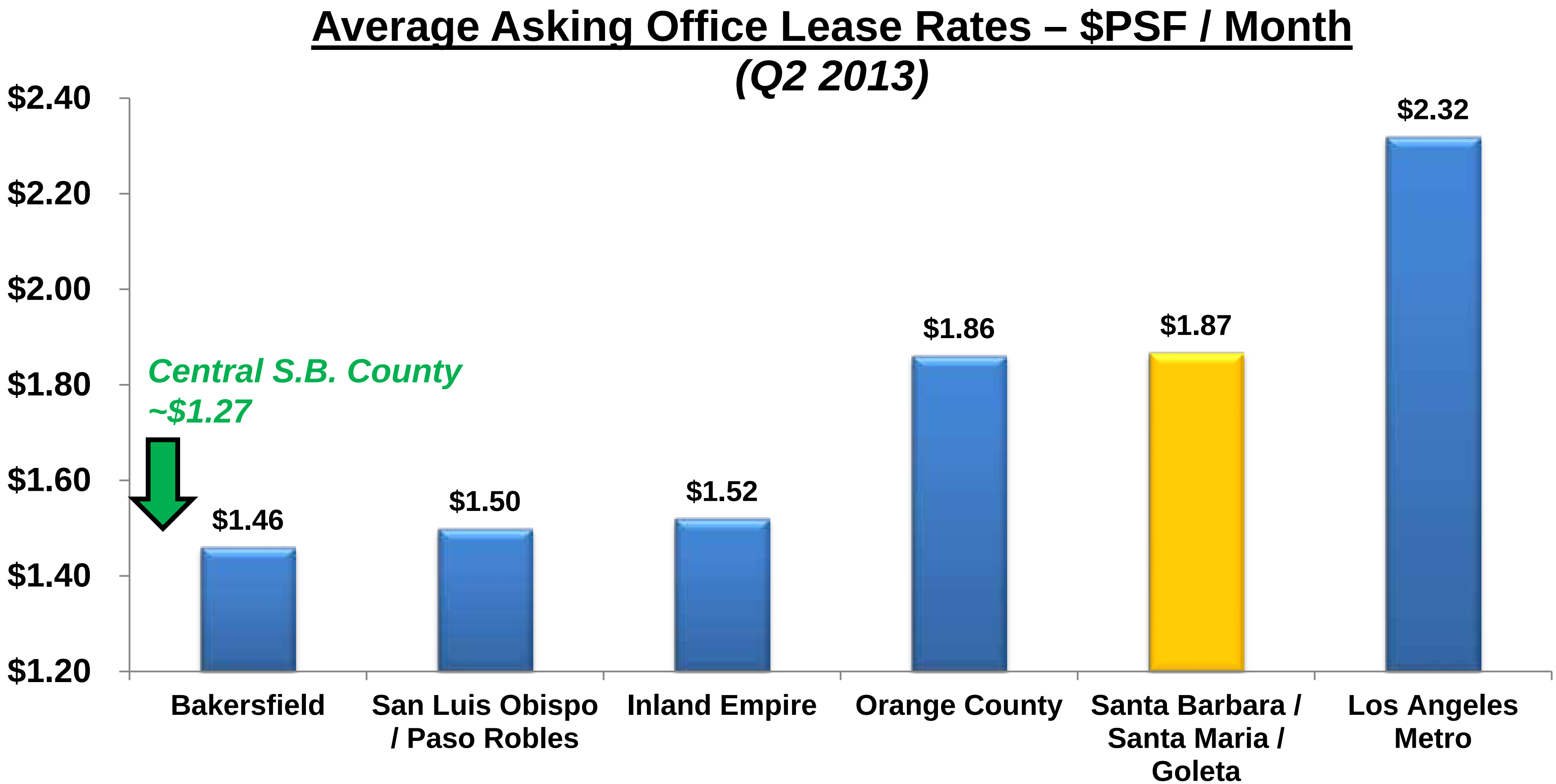


	San Luis Obispo / Paso Robles	Santa Barbara / Santa Maria / Goleta	Bakersfield	Orange County	Los Angeles Metro	Inland Empire
# Buildings	789	1,406	1,064	6,092	17,557	6,041
Total G.L.A.	5.6M SF	11.5M SF	12.0M SF	152.6M SF	425.4M SF	70.7M SF
Under Constr.	0 SF	210,000 SF	27,500 SF	1,271,171 SF	1,298,932 SF	447,135 SF

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

Office Lease Rates by Market



	Bakersfield	San Luis Obispo / Paso Robles	Inland Empire	Orange County	Santa Barbara / Santa Maria / Goleta	Los Angeles Metro
# Buildings	1,064	789	6,041	6,092	1,406	17,557
Total G.L.A.	12.0M SF	5.6M SF	70.7M SF	152.6M SF	11.5M SF	425.4M SF
Under Constr.	27,500 SF	0 SF	447,135 SF	1,271,171 SF	210,000 SF	1,298,932 SF

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

Santa Barbara Metro Area Detail
By Submarket

Retail	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Central S.B. County	489	4,128,599 SF	6.5%	0 SF	$1.14
Downtown	395	3,010,543 SF	3.2%	0 SF	$3.36
North S.B./Goleta	407	2,835,573 SF	2.0%	0 SF	$2.14
North S.B. County	329	5,549,004 SF	6.1%	0 SF	$1.40
South S.B. Coastal	232	6,532,622 SF	0.2%	0 SF	$2.81
S.B. Airport	209	1,937,121 SF	2.7%	0 SF	$2.34
Metro Total Retail	**2,061**	**23,993,462 SF**	**3.5%**	**0 SF**	**$1.89**

Industrial	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Central S.B. County	262	2,155,091 SF	3.4%	0 SF	$0.66
Downtown	167	1,119,456 SF	1.6%	0 SF	$1.10
North S.B./Goleta	205	1,505,621 SF	1.0%	0 SF	$1.09
North S.B. County	229	4,018,687 SF	7.3%	0 SF	$0.59
South S.B. Coastal	97	1,620,813 SF	2.8%	0 SF	$0.89
S.B. Airport	232	4,534,811 SF	4.5%	142,000 SF	$0.90
Metro Total Industrial	**1,192**	**14,954,479 SF**	**4.4%**	**142,000 SF**	**$0.77**

Office	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Central S.B. County	205	1,023,143 SF	3.4%	0 SF	$1.27
Downtown	387	2,835,057 SF	3.3%	0 SF	$2.68
North S.B./Goleta	328	2,261,229 SF	2.9%	0 SF	$2.16
North S.B. County	178	1,616,617 SF	17.9%	0 SF	$1.20
South S.B. Coastal	109	1,101,573 SF	2.9%	0 SF	$1.93
S.B. Airport	199	2,647,769 SF	4.1%	210,000 SF	$1.81
Metro Total Office	**1,406**	**11,485,388 SF**	**5.4%**	**210,000 SF**	**$1.87**

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

Central S.B. County Submarket Detail
By Land Use

Retail Type	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
General Retail	446	2,361,067 SF	2.6%	0 SF	$1.36
Mall	0	0 SF	0.0%	0 SF	$0.00
Power Center	0	0 SF	0.0%	0 SF	$0.00
Shopping Center	43	1,767,532 SF	11.8%	0 SF	$1.07
Total Retail	**489**	**4,128,599 SF**	**6.5%**	**0 SF**	**$1.14**

Industrial Type	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Flex	10	150,683 SF	0.9%	0 SF	$1.00
Warehouse	252	2,004,408 SF	3.6%	0 SF	$0.65
Total Industrial	**262**	**2,155,091 SF**	**3.4%**	**0 SF**	**$0.66**

Office Type	# Bldgs	G.L.A.	Vacancy	Under Constr.	Avg. Rates
Class A	0	0 SF	0.0%	0 SF	$0.00
Class B	139	827,139 SF	2.8%	0 SF	$1.56
Class C	66	196,004 SF	6.2%	0 SF	$0.85
Total Office	**205**	**1,023,143 SF**	**3.4%**	**0 SF**	**$1.27**

G.L.A. = Gross Leasable Area

Source: CoStar Property (Q2 2013)

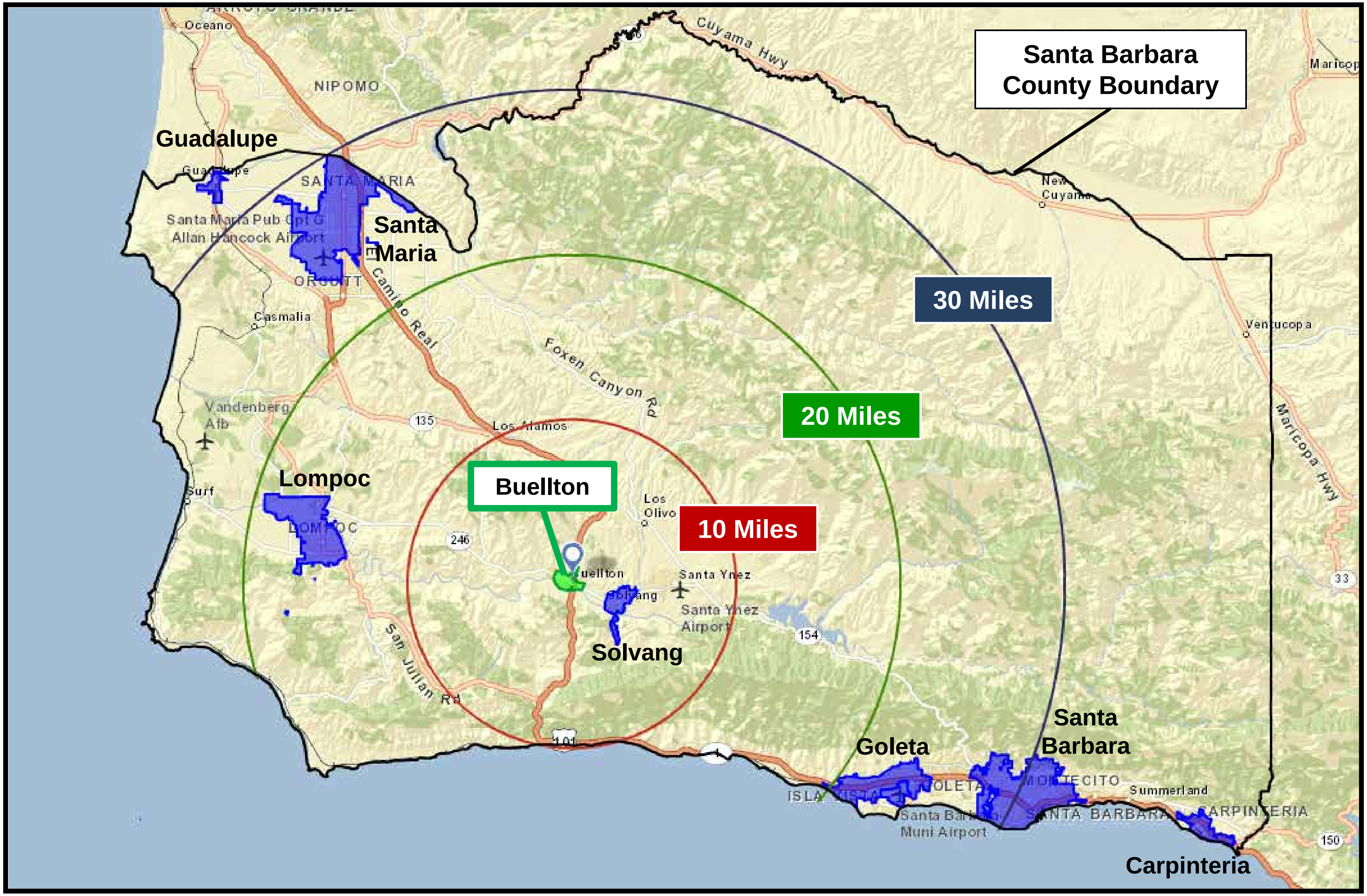
Market Demand Analysis

Taxable Retail Sales Surplus / Leakage

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 (**~$26,500**) is above average when compared to neighboring cities and the County average (~$9,900)
- Higher performing sales categories include automotive-related, restaurant, and hotel-related sales
- Lower performing retail categories include general merchandise and other consumer goods
- Overall retail sales in the City are **higher** than retail spending potential based on households and average household income, suggesting that, overall, the City is likely capturing a significant portion of Buellton resident retail purchases and additionally capturing retail spending by residents of other cities and a significant visitor population (i.e. sales **surplus**)

Buellton & Comparison Cities



Source: ESRI (2013)

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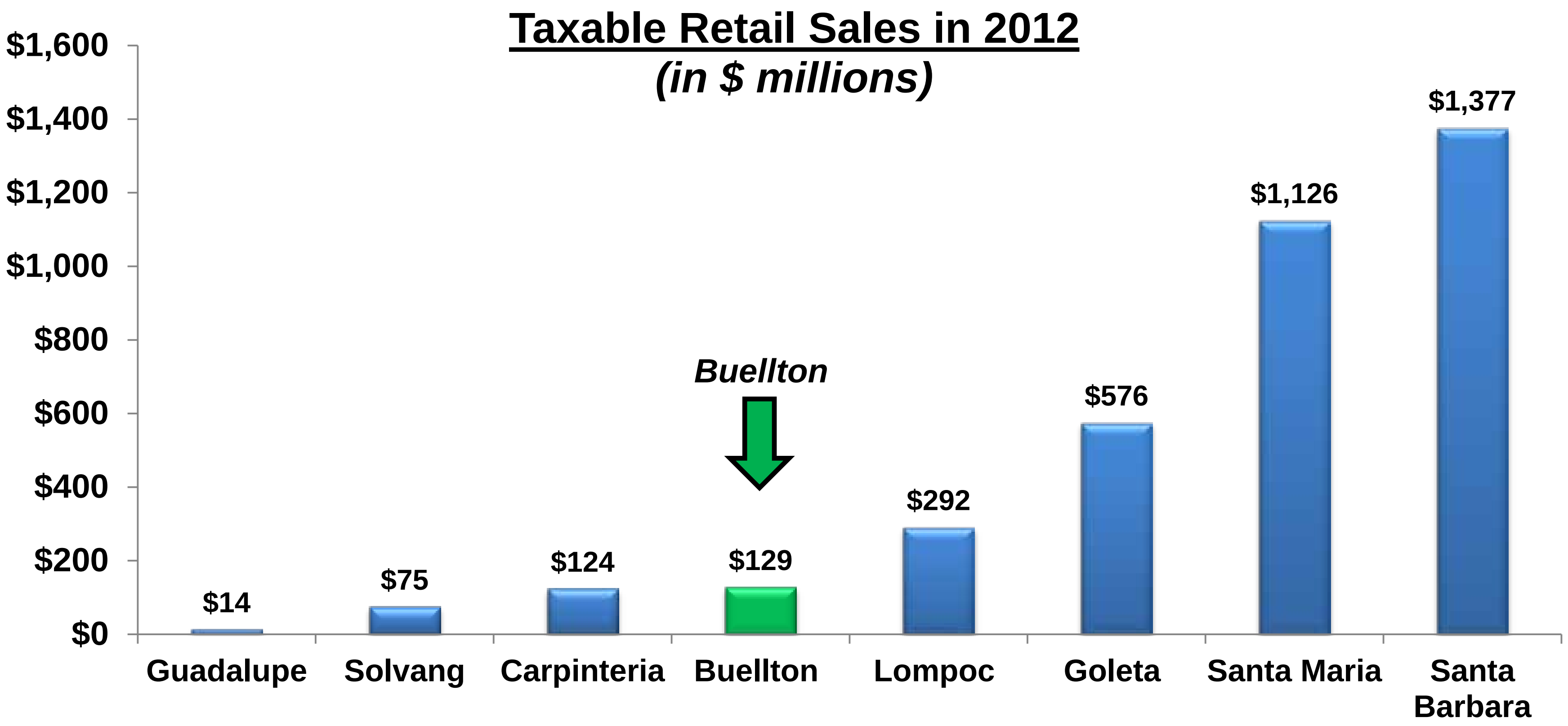
Taxable Retail Sales Comparison
Buellton & Comparison Cities



2012 Population (000s):

7.1	5.3	13.1	4.9	42.9	29.9	100.2	89.1

Source: CA Retail Survey; CA State Board of Equalization; CA Department of Finance (2013)

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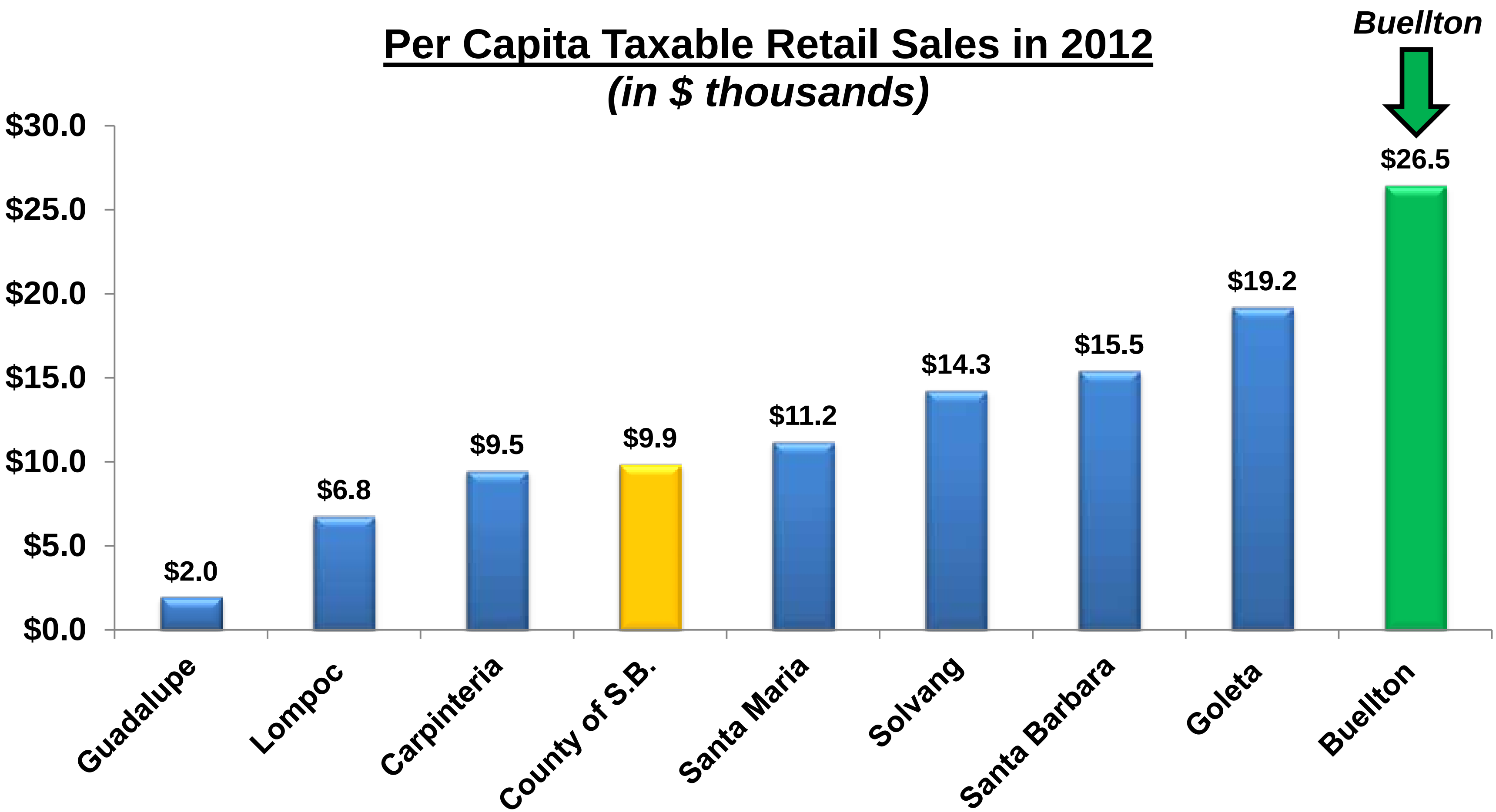
Per Capita Taxable Retail Sales
Buellton & Comparison Regions

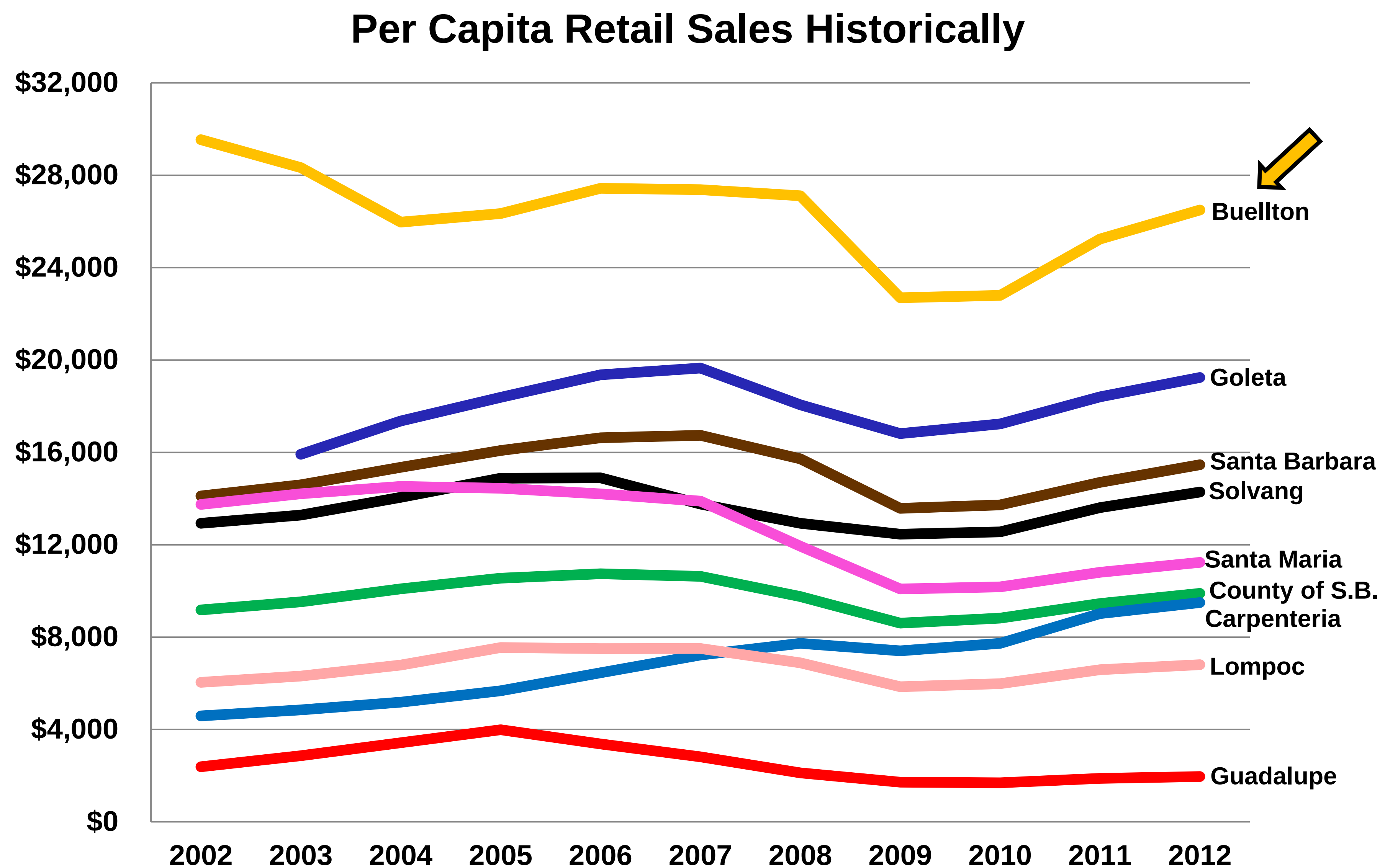


2012 Population (000s):

7.1	42.9	13.1	427.3	100.2	5.3	89.1	29.9	4.9

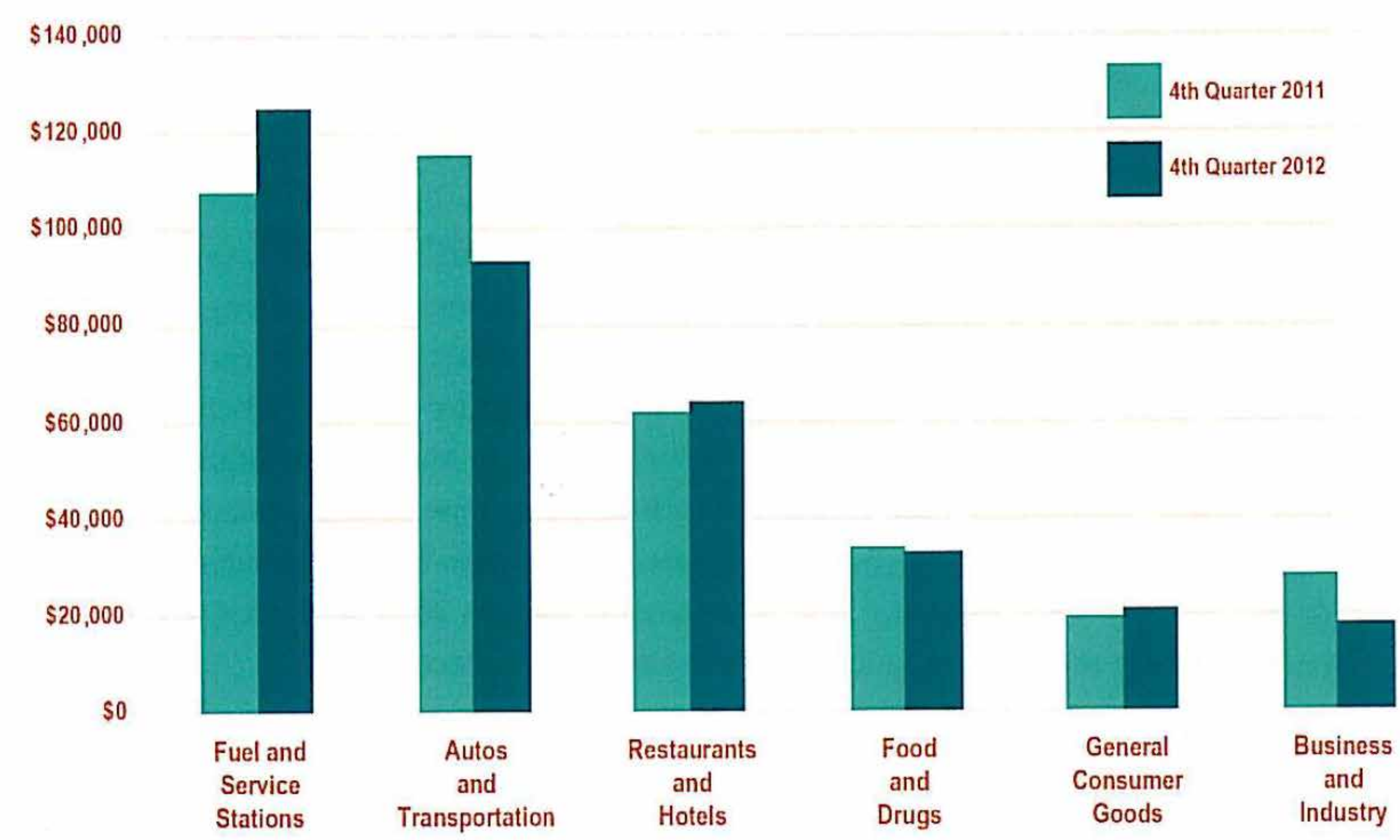
Source: California State Board of Equalization; California Department of Finance (2013)

Historical Per Capita Retail Sales
City & Comparison Regions



Source: CA Retail Survey; CA State Board of Equalization; CA Department of Finance (2013)

Sales Tax by Major Business Group



Source: HdL (2013)

Top 25 Sales Tax Producers

Top 25 Sales Tax Producers in 2012 (in Alphabetical Order)
Advanced Automotive
AJ Spurs
Albertsons
Andersons Pea Soup
Buellton Shell
Carl's Jr.
Chevron
Circle K
Circle K Mobil
CVS Pharmacy
Farm Supply
Firestone Walker Brewing
Golden State Phone & Wireless
Hitching Post
Jim Vreeland Ford
McDonalds
PFG
Platinum Performance
Platinum Performance Vet
Rio Vista Chevrolet
Santa Ynez Valley Marriott
Terravant Wine
Tesoro Refining & Marketing
Todd Pipe & Supply
Toms Gas & Market

Source: HdL (2013)

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

Per Capita ($Thousands), Total ($Millions), and Percentage Surplus/Leakage:

$18.0	$10.6	$5.9	$4.8	$6.5	$1.1	$1.4	($2.6)	$2.3
$88	$318	$528	$26	$656	$15	$61	($19)	$1,002
213%	123%	62%	51%	140%	13%	26%	(57%)	31%

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

Source: U.S. Census (2010); Bureau of Labor Statistics (2011); CA Retail Survey; CA BOE; CA DOF; ESRI (2013)

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2. Strategy

a) Economic Development SWOT Evaluation

b) Trade Area Retailer Voids

c) Opportunity Site Assessment

Economic Development SWOT Evaluation

Economic Development SWOT Evaluation

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

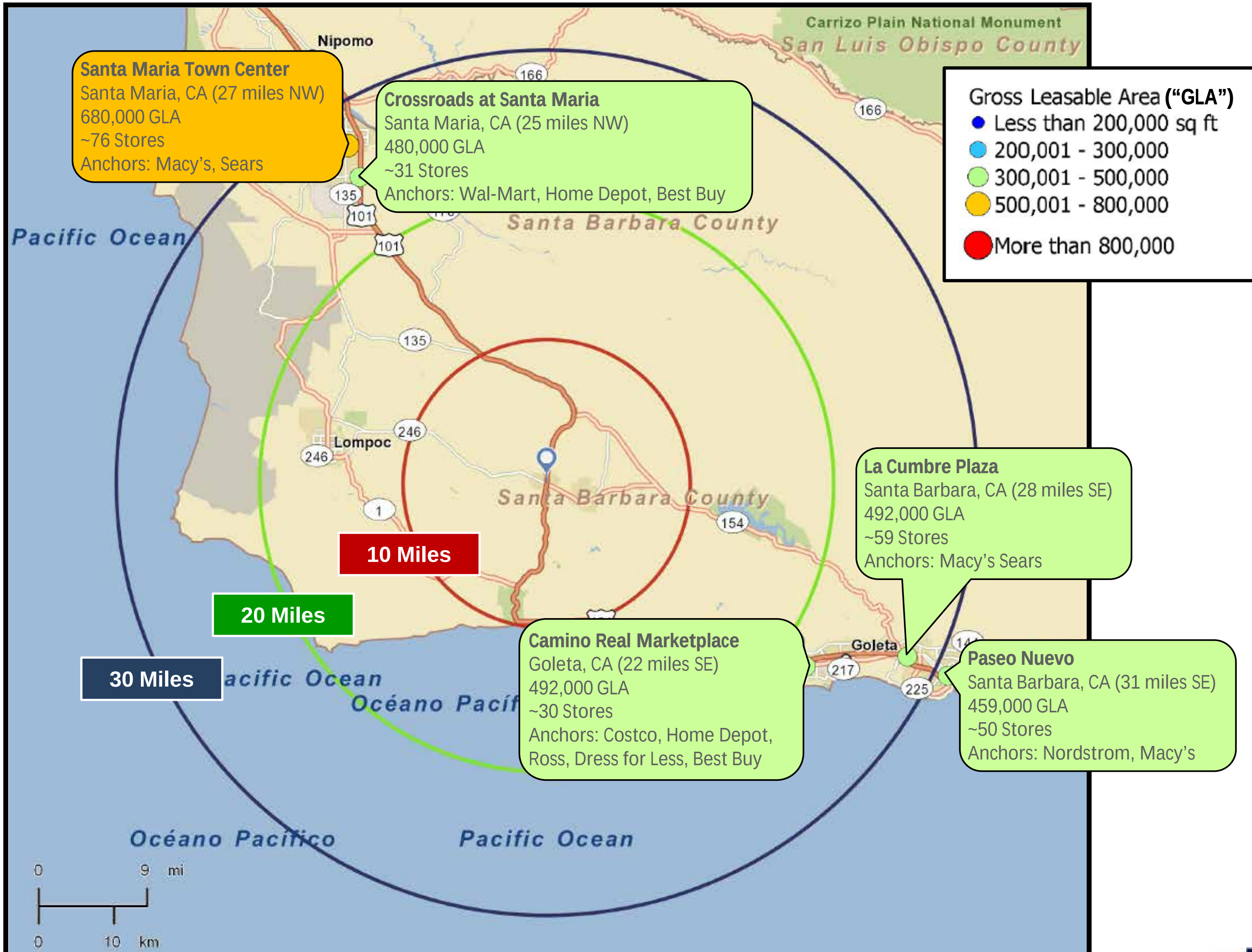
Source: General Plan 2025 Economic Development Element; Buellton Planning 101; Buellton Vision Plan; 2008 CALED Study; Kosmont meetings with Community Stakeholders

Trade Area Retailer Voids

Summary: Retailer Voids

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

Major Shopping Center Map
Within 30 Miles



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

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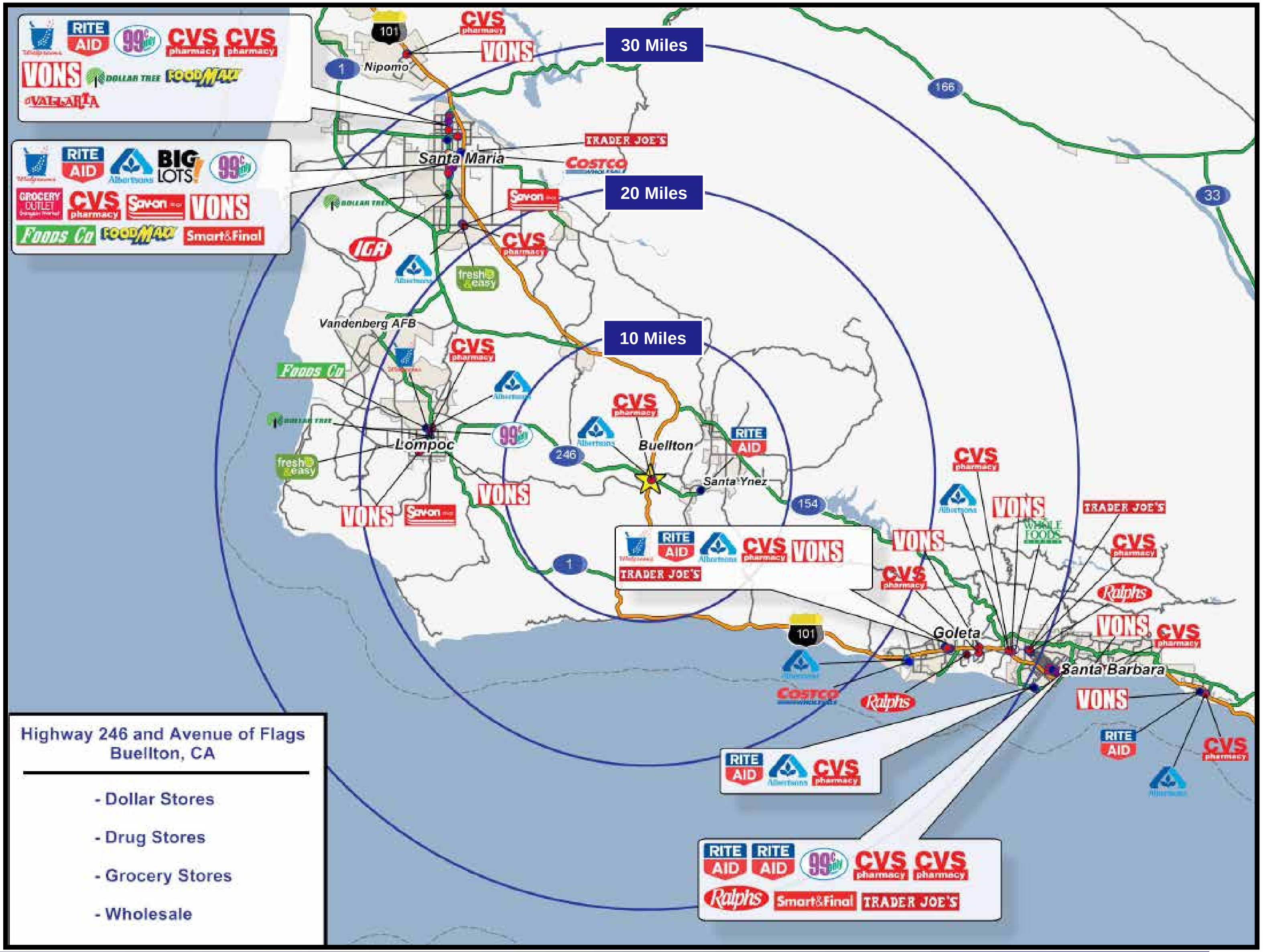
Retailer Void Concentrations

Dollar, Drug, Grocery, Wholesale Stores



Source: Sites USA (2013)

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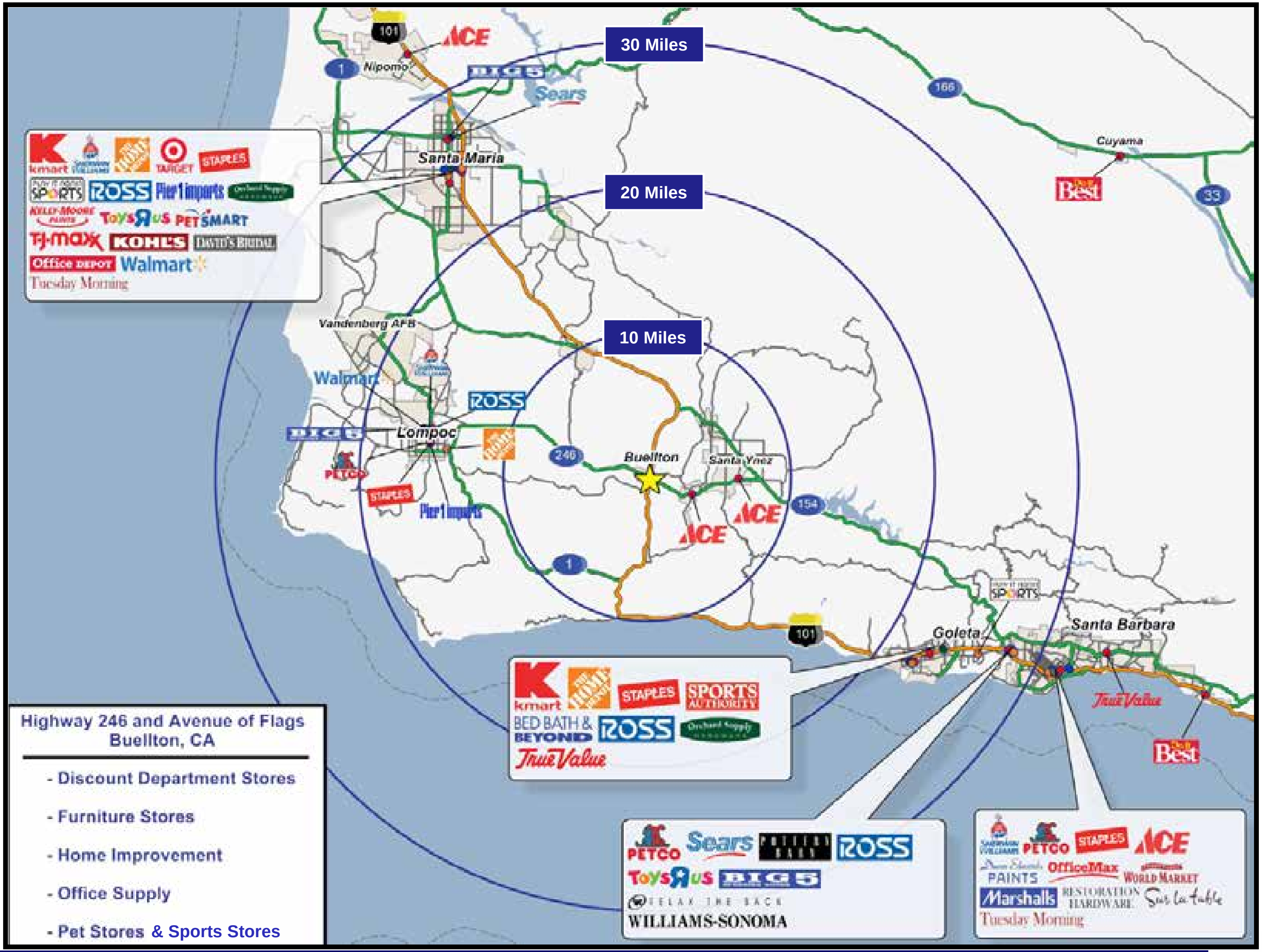
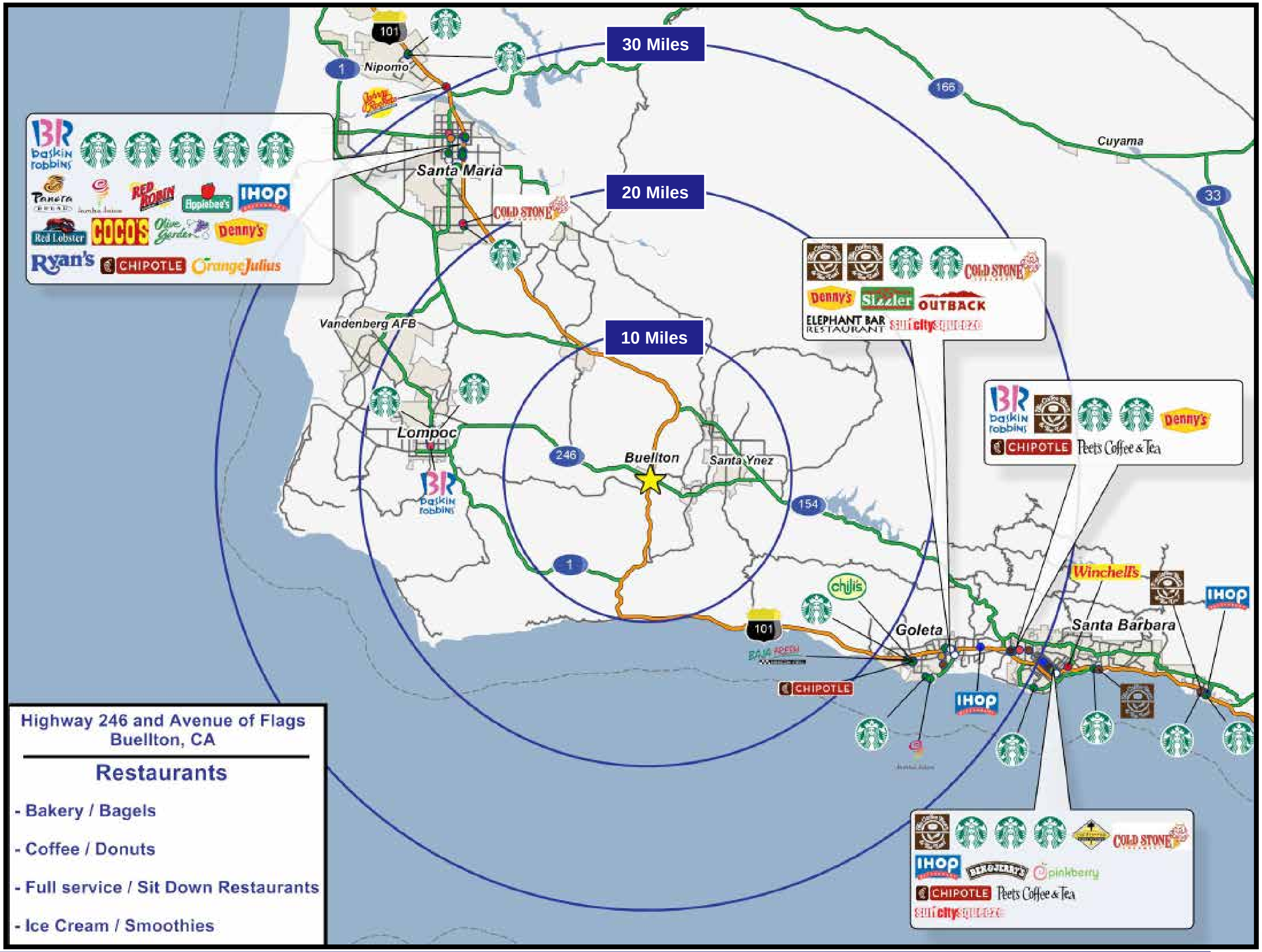
Retailer Void Concentrations
Discount Dept., Furniture, Home, Office, Pet, Sports



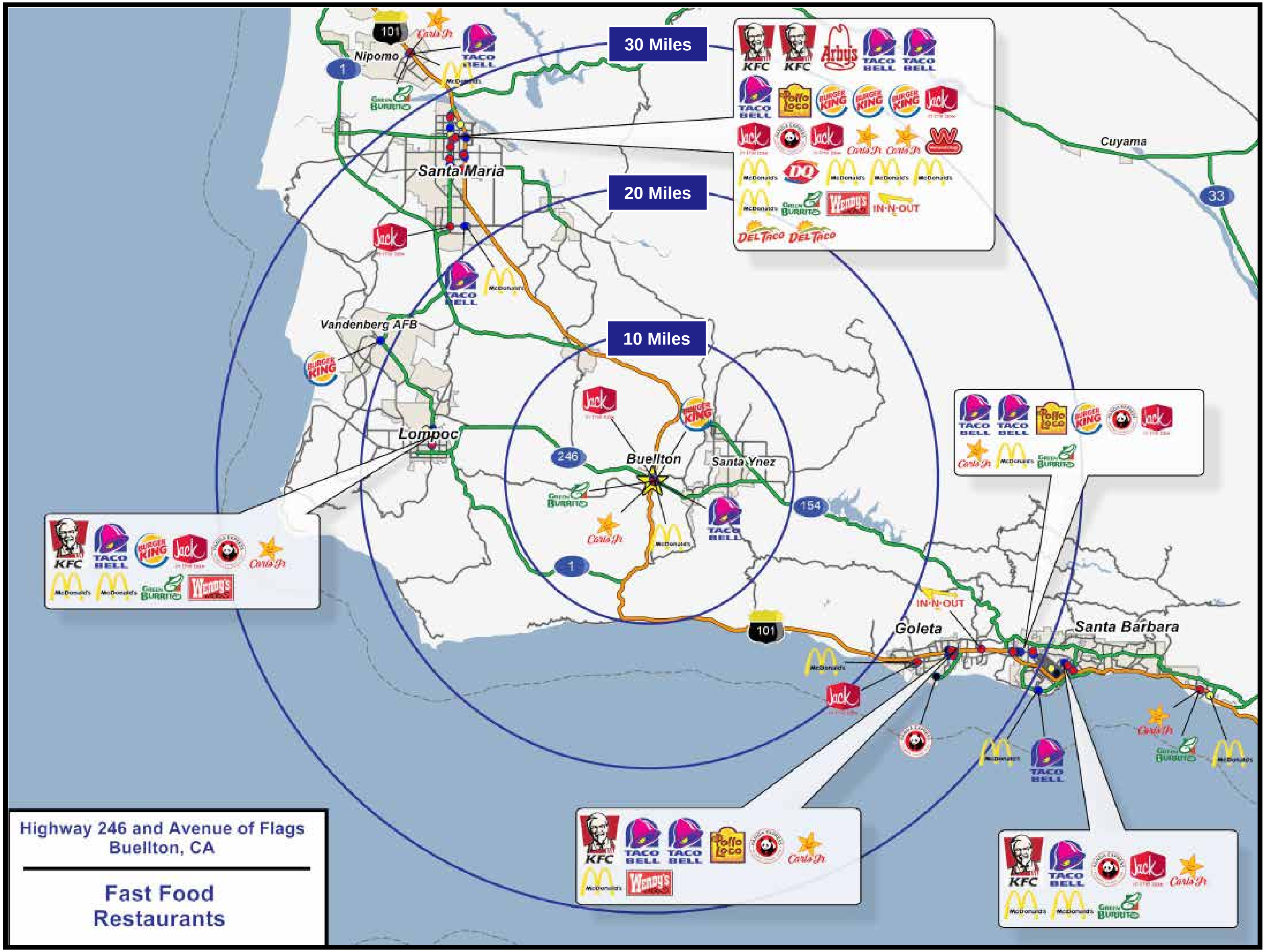
Source: Sites USA (2013)

Retailer Void Concentrations
Casual Restaurants



Source: Sites USA (2013)

Retailer Void Concentrations
Fast Food



Source: Sites USA (2013)

National Retailer Voids
(within 10 miles)

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

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

Computers Electronic
Apple Store
Best Buy

Convenience Stores
7-Eleven
ARCO AmPm
Valero

Craft Fabric Stores
Aaron Brothers
Jo-Ann
Michaels

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

Department Stores
JCPenney
Macy's
Nordstrom
Saks Fifth Avenue
ULTA

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

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

Drug Stores
Savon
Walgreens

Fitness
24 Hour Fitness
Anytime Fitness
Spectrum Athletic Clubs

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

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

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

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

Office Supply
Office Depot
Office Max
Staples

Pet Stores
Petco
PetsMart

Sporting Goods
Big 5
Play It Again Sports
REI
Sports Authority

Wholesale
Costco
Smart & Final

Wireless Stores
AT&T
Sprint
T-Mobile

= identified as potentially compatible in meetings with Community Stakeholders

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

Source: Sites USA, Kosmont Companies (2013)

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

Restaurants Bakery Bagels
Panera Bread ☆

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

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

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

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

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

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

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

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

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

Source: Sites USA, Kosmont Companies (2013)

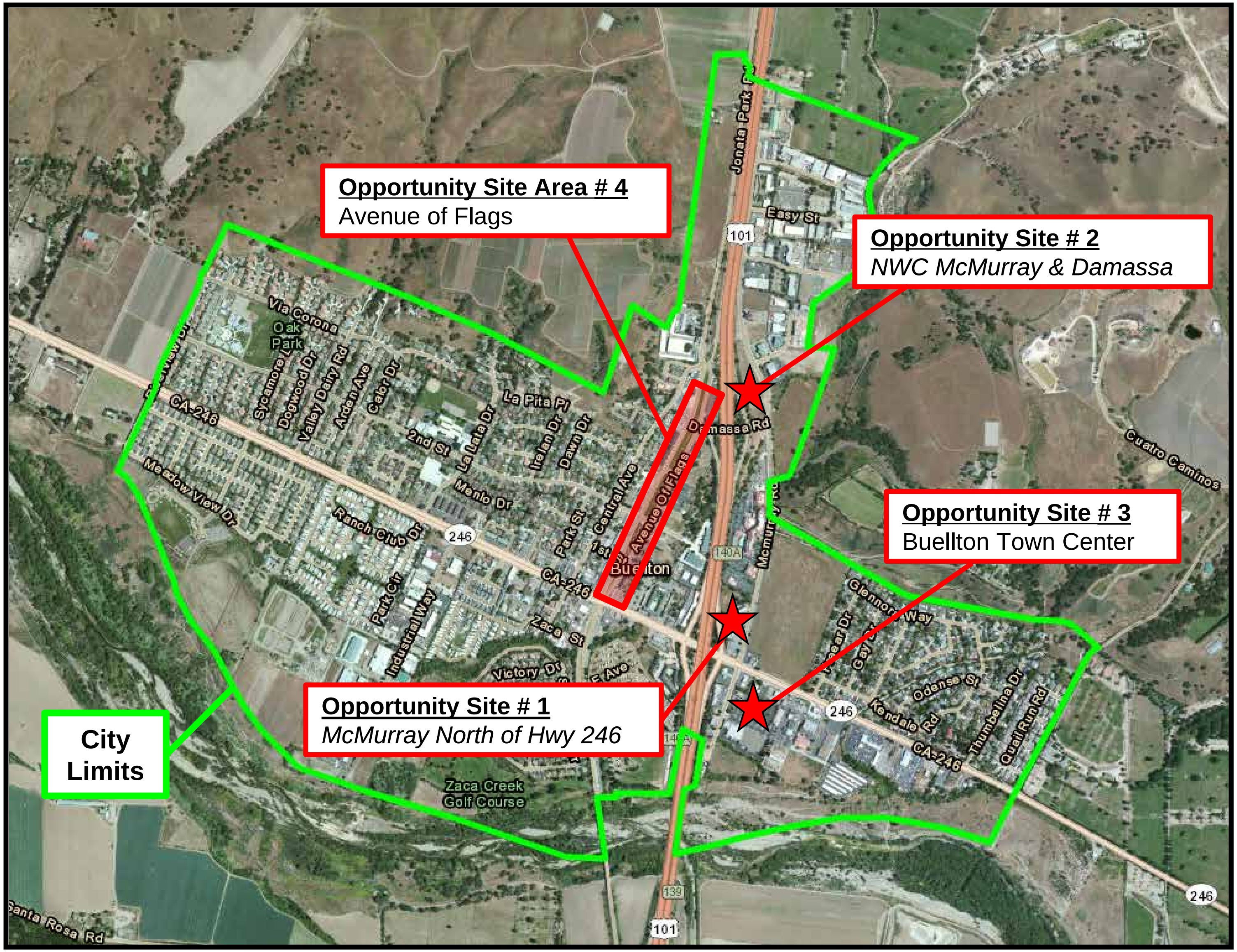
Opportunity Site Assessment

Opportunity Site Assessment

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

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

Opportunity Site Overview



Source: ESRI (2013)

Opportunity Site #1

McMurray Road North of Highway 246

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

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

Opportunity Site #2
NWC McMurray Road & Damassa Road

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

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

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Opportunity Site #3

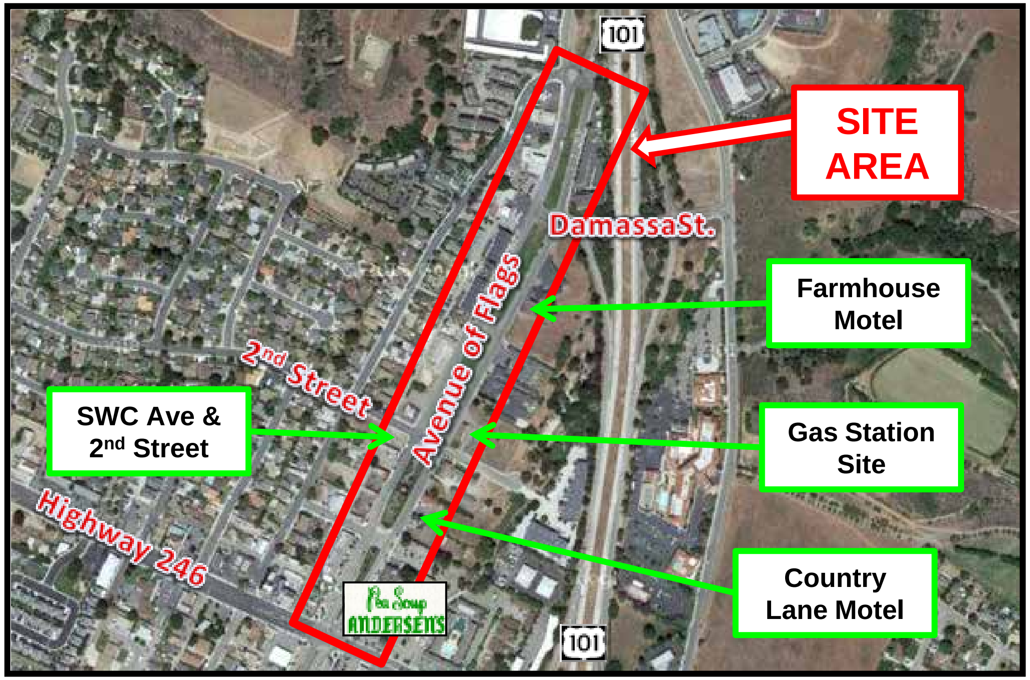
SEC Highway 246 & McMurray Road (Town Center)

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

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

Opportunity Site Area #4
Avenue of Flags

- Various potential Opportunity Sites under separate private ownerships
- Zoned general commercial (CR)



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

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3. Implementation

a) Summary of Findings

b) Initial Targeted Outreach List

c) Outreach in Progress

d) Financing & Incentives

e) Next Steps

Summary of Findings

Demographics & Employment

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

Market Demand – Households & Industry Growth

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

Summary of Findings *(Continued)*

Retail & Industry Retention & Recruitment

- City performs well relative to neighboring jurisdictions in terms of taxable retail sales per capita and capture of resident and non-resident spending (i.e. surplus)
- Higher performing sales categories include automotive-related, restaurant, and hotel-related sales, while lower performing retail categories include general merchandise and other consumer goods
- **Leverage community strengths** to attract quality retail tenants to identified Opportunity Sites within City to capture spending in current void categories, including casual restaurants, household furnishings, home improvement, clothing/apparel, discount department stores, dollar stores, and others

Economic Development without Redevelopment

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

Sample Initial Targeted Retailer List

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

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

Source: Sites USA, Kosmont Companies (2013)

Outreach in Progress

Retailers / Developers / Brokers	Feedback / Progress Highlights
• Chipotle Mexican Grille • In N Out • Panera Bread (Broker) • E.F. Moore & Company • Falcon Capital • CBRE	• Introductory discussions and meetings at ICSC Western Division Conference in San Diego (Sept 2013) with retailers, developers & brokers • Initial retailer interest in various sites within City • Cooperation on planned / future potential development within City and related incentives / financing

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Overview of Financing, Incentives & Other Economic Development Tools

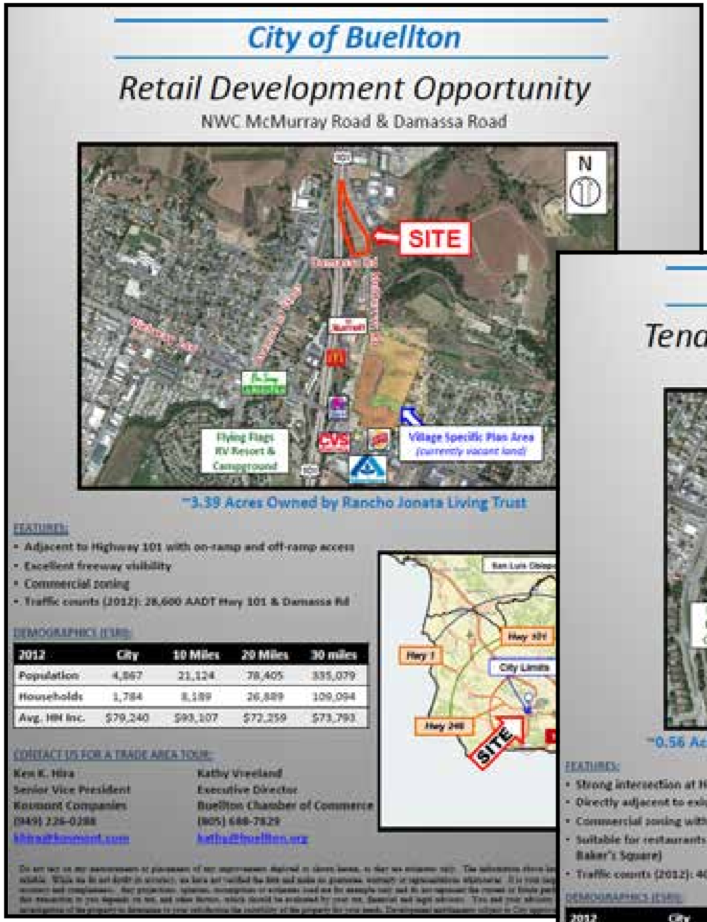
- City may consider evaluation of potential economic development tools & strategies on case-by-case / transactional basis:

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

Next Steps for Implementation

- Based on evaluated opportunity sites and compatible retailer voids, City & Consultant Team should outreach to targeted retailers and developers:
  - **Refine and distribute marketing collateral material to promote Opportunity Sites**
  - **Refine targeted list of retailers for outreach**
  - **Continued outreach to targeted retailers (incl. email outreach, conference calls, meetings / site tours, conference participation at ICSC and other events)**
- Case-by-case preliminary analysis of fiscal impacts and economic benefits (e.g. fiscal revenue and job creation) of key potential projects
- Evaluation of financing, incentives, and other economic development tools on a transactional basis (e.g. sales tax, TOT pledges)

Marketing Flyers



City of Buellton

Retail Development Opportunity

NWC McMurray Road & Damassa Road

~3.39 Acres Owned by Rancho Jonata Living Trust

FEATURES:

- Adjacent to Highway 101 with on-ramp and off-ramp access
- Excellent freeway visibility
- Commercial zoning
- Traffic counts (2012): 28,600 AADT Hwy 101 & Damassa Rd

DEMOGRAPHICS (ESRI):

2012	City	10 Miles	20 Miles	30 miles
Population	4,867	21,124	78,405	335,079
Households	1,784	8,189	26,889	109,094
Avg. HH Inc.	$79,240	$93,107	$72,259	$73,793

CONTACT US FOR A TRADE AREA TOUR:

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Kathy Vreeland
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Buellton Chamber of Commerce
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kathy@buellton.org

City of Buellton

Tenant/Redevelopment Opportunity

McMurray Road North of Highway 246

~0.56 Acres / 5,000 SF Building Owned by Motel 6 (former Baker's Square)

FEATURES:

- Strong intersection at Highway 246 and McMurray Road
- Directly adjacent to existing robust retail area
- Commercial zoning with freeway signage
- Suitable for restaurants pad user (5,000 SF building former Baker's Square)
- Traffic counts (2012): 40,633 AADT Hwy 101 & Hwy 246

DEMOGRAPHICS (ESRI):

2012	City	10 Miles	20 Miles	30 miles
Population	4,867	21,124	78,405	335,079
Households	1,784	8,189	26,889	109,094
Avg. HH Inc.	$79,240	$93,107	$72,259	$73,793

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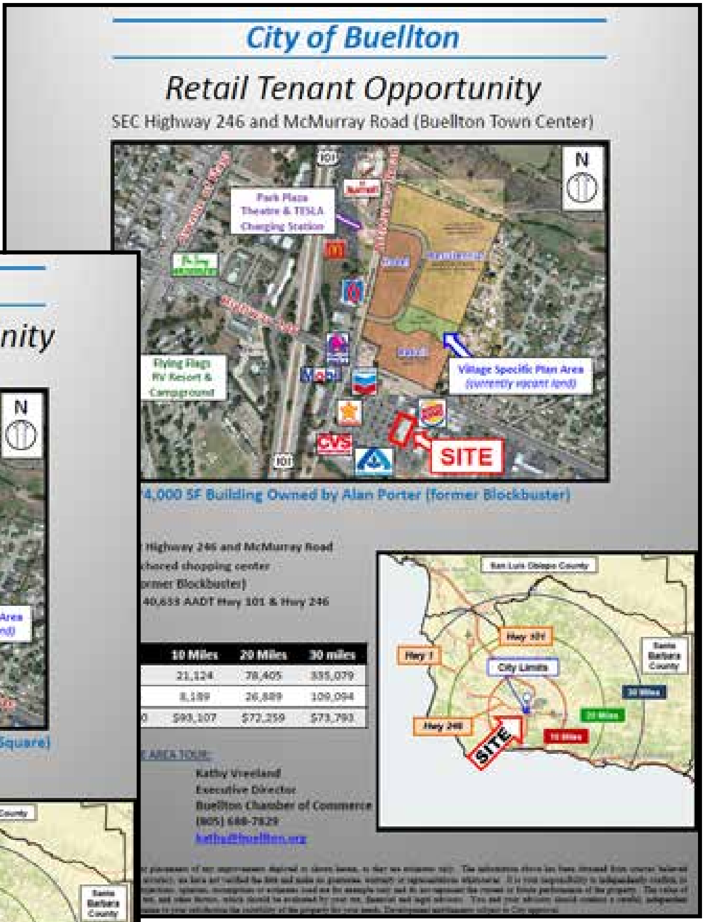

City of Buellton

Retail Tenant Opportunity

SEC Highway 246 and McMurray Road (Buellton Town Center)

	10 Miles	20 Miles	30 miles
	21,124	78,405	335,079
	8,189	26,889	109,094
	$93,107	$72,259	$73,793

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Appendices

a) Recreation Expenditure Detail

b) Sports & Leisure Preferences

c) Central S.B. County Submarket Map (Detail)

d) City Zoning Map

e) Sample Case Studies – Econ. Dev. w/o Redevelopment

f) Kosmont Presentation – The Changing Face of Retail *(July 11, 2013 – available online)*

Recreation Expenditure Detail

Activity / Expenditure	Average Amount Spent	Spending Potential Index*
Entertainment/Recreation Fees and Admissions	**$718.24**	**120**
Admission to Movies, Theater, Opera, Ballet	$177.63	119
Admission to Sporting Events, excl.Trips	$64.87	109
Fees for Participant Sports, excl.Trips	$131.19	117
Fees for Recreational Lessons	$156.83	133
Membership Fees for Social/Recreation/Civic Clubs	$187.26	118
Dating Services	$0.45	111
Rental of Video Cassettes and DVDs	$26.59	102
Recreational Vehicles and Fees	**$271.21**	**127**
Docking and Landing Fees for Boats and Planes	$14.38	125
Camp Fees	$38.52	111
Purchase of RVs or Boats	$209.47	131
Rental of RVs or Boats	$8.84	112
Sports, Recreation and Exercise Equipment	**$163.32**	**96**
Exercise Equipment and Gear, Game Tables	$70.87	110
Bicycles	$26.71	110
Camping Equipment	$9.16	52
Hunting and Fishing Equipment	$28.10	73
Winter Sports Equipment	$8.36	125
Water Sports Equipment	$7.51	118
Other Sports Equipment	$8.73	108
Rental/Repair of Sports/Recreation/Exercise Equipment	$3.88	107
Toys & Games	**$154.14**	**117**
Photographic Equipment and Supplies	**$82.70**	**112**
Reading (Subscriptions, Bookes, Digital Readers)	**$179.89**	**123**

*****Spending Potential Index represents average amount spent per household relative to a national average of 100

Source: Bureau of Labor Statistics; ESRI (2013)

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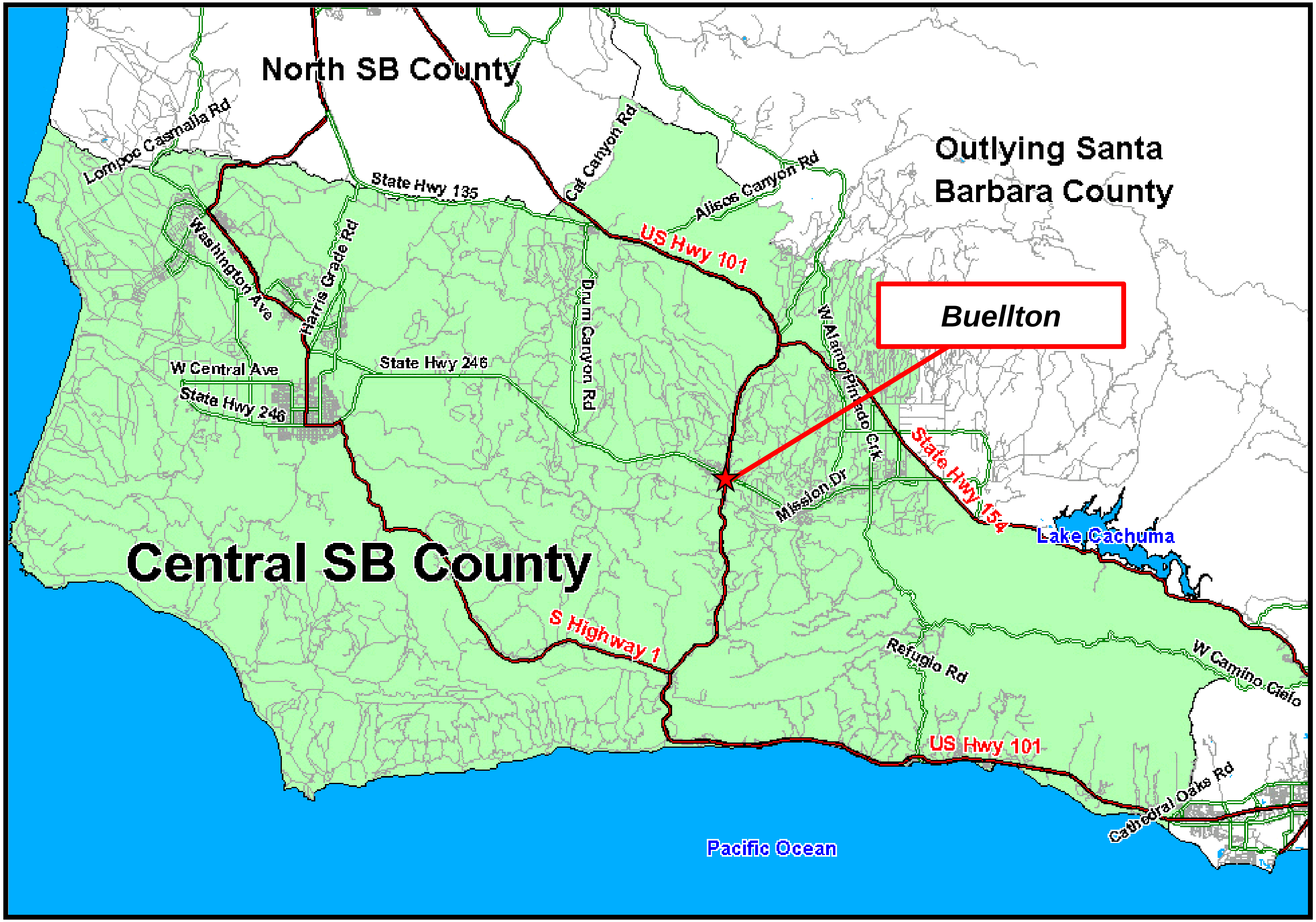
Select Sports & Leisure Preferences

Product / Consumer Behavior	Percent	MPI*
Participated in martial arts	2.5%	175
Visited any Sea World in last 12 months	5.5%	159
Participated in karaoke in last 12 months	6.6%	148
Participated in downhill skiing	4.1%	140
Attended horse races in last 12 months	3.8%	125
Participated in fishing (salt water)	5.7%	124
Participated in roller skating	2.5%	120
Went to live theater in last 12 months	15.8%	120
Participated in baseball	6.2%	119
Went to beach in last 12 months	29.0%	118
Went to museum in last 12 months	15.0%	116
Visited Disney World (FL)/12 mo: Magic Kingdom	3.9%	116
Danced/went dancing in last 12 months	10.8%	114
Participated in aerobics	11.3%	113
Participated in soccer	4.9%	113
Participated in softball	4.4%	113
Visited any Six Flags in last 12 months	6.6%	112
Attended dance performance in last 12 months	5.0%	111
Gambled at casino in last 12 months	17.4%	109
Bought 1-3 books in last 12 months	21.4%	109
Participated in bicycling (mountain)	3.9%	107
Participated in yoga	6.2%	106
Attended classical music/opera performance/12 mo	4.9%	106
Dine out 2-3 times a month	12.1%	105

***MPI =** Market Potential Index; measures the relative likelihood of adults to exhibit certain consumer behavior or purchasing patterns compared to the U.S average (MPI of 100)

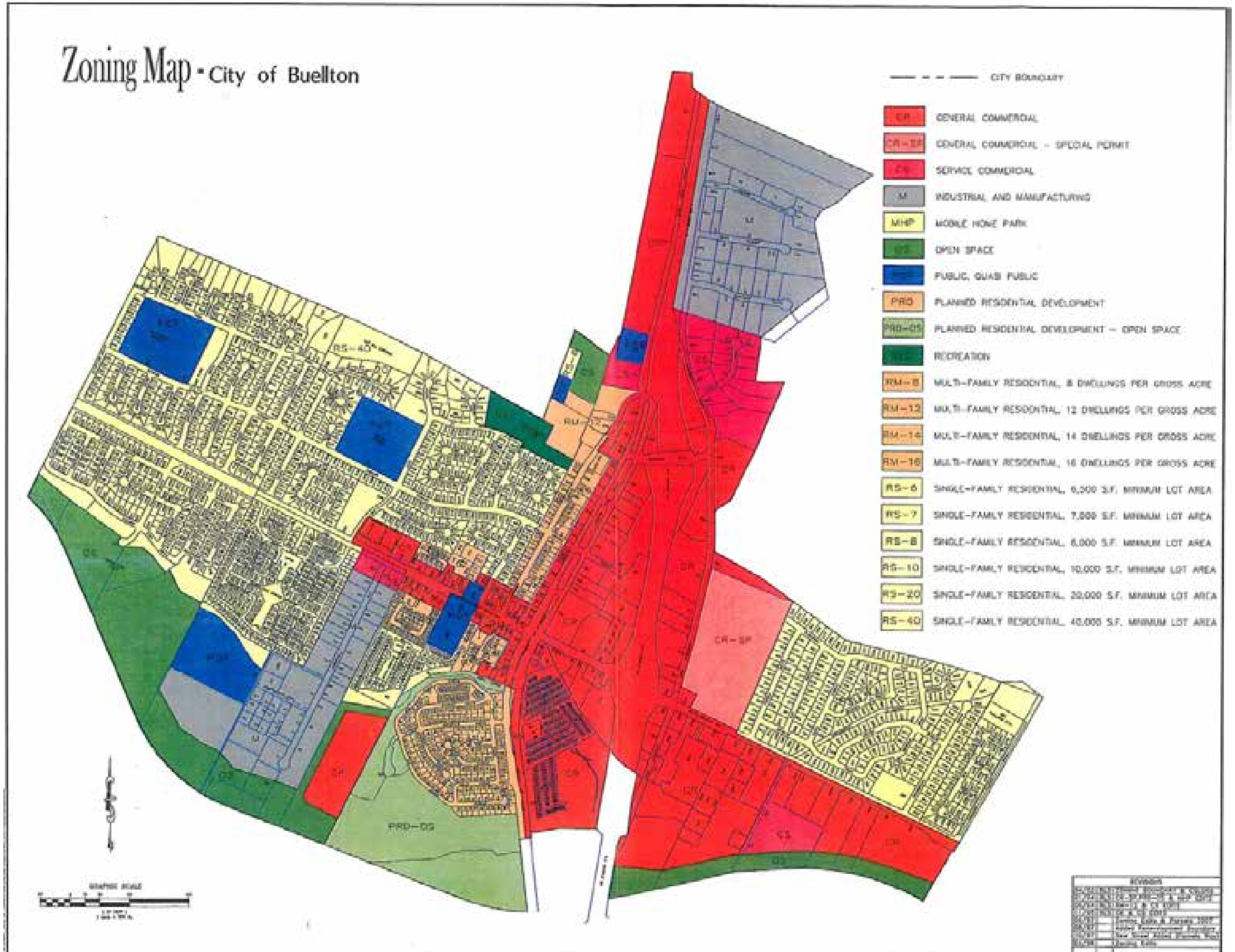
Source: ESRI, GfK MRI (2013)

Central S.B. County Submarket Detail



Source: CoStar Property (Q2 2013)

City Zoning Map



Source: City of Buellton (2013)

Recent Non-RDA Deals by Kosmont

The following Kosmont deals will create $500K to $2.6M year in taxes:

City of South Gate (2012)	***“azalea” Retail Center***
~600 jobs	**$2.6 million / year (sales & prop tax)**
City of Redondo Beach (2013)	***Courtyard Marriott & Hilton Garden Inn***
~225 jobs	**$2.0 million / year (TOT & prop tax)**
City of Norco (2010)	***Silverlakes Equestrian Sports Park***
~100 jobs	**$500K / year (lease rent & sales)**
City of Victorville (2012)	***Major Rehab of Victor Valley Mall***
~250 jobs	**$1 million / year (sales & prop tax)**

South Gate – “azalea” Retail Center

Challenge: **32-acre site was former pipe manufacturing plant, fallow and blighted for years**

The Solution:

- Utility Bonds for off-sites
- Site Specific Tax Revenue (SSTR)
- New Market Tax Credits (NMTC)
- EDA Grants

ü *$2M of sales tax & 600 new jobs*

The Outcome:

- **372K sf regional retail center (Walmart, Ross, Marshalls)**
- **Public Plaza & Events Center, City Services Annex**
- **UNDER CONSTRUCTION; OPENING MID-2014**

City of Redondo Beach – Marine Ave. Hotels

The Project:

- 147 room Hilton Garden Inn & 172-room Marriott Residence Inn located adjacent to Metro station
- UNDER CONSTRUCTION as of APRIL 9, 2013
- Community use of meeting rooms; Fwy. Billboard use for City

Tools Used:

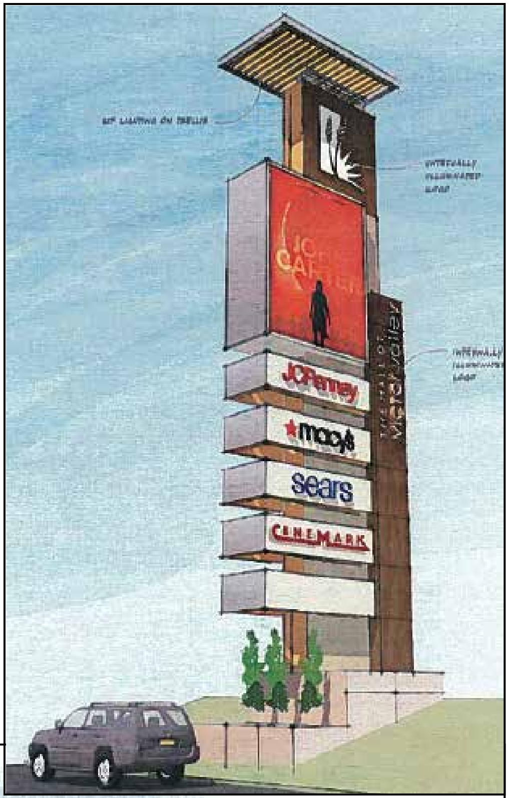
- Ground Lease
- Lease-Leaseback
- Site-Specific Tax Revenue Pledge (Prop & TOT)
- Mezzanine Reserve Fund

Macerich – Mall of Victor Valley

Challenge: **Regional mall lost several major tenants during great recession; decline in sales tax revenue for City ($70 million)**

The Solution:

- **SSTR sharing arrangement totaling $18.9M as part of Development Agreement**
- **“Win-win” public-private transaction:**
  - ü *Allowed major retailer attraction/retention for Macerich*
  - ü *$1M of sales tax preservation & job generation for City*



The Outcome:

- **New Macy’s Store**
- **Relocation/expansion of JCP**
- **New Dick’s Sporting Goods**
- **Exterior mall improvements**
- **Mall = economic driver for region**