Date: September 2008

To: Salmon Arm Mayor and Council

From: Salmon Arm Economic Development Society (SAEDS)

<u>RE: The SAEDS *Healthy Opportunity and Way (H.O.W.)* Report</u>

The SAEDS *Healthy Opportunity and Way* Report has seven (7) main components and is offered as information to be considered when discussing the state of Large Scale Development within the City limits of Salmon Arm.

The seven main components are as follows:

1. Background/ Overview
2. Executive Summary
3. Retail Analysis in Detail
4. Strategy for consideration
5. Research Utilized
6. Assumptions specific to the Analysis
7. Retail Demand Analysis

On behalf of the Salmon Arm Economic Development Society and the Board of Directors I look forward to your review and any subsequent follow up at your convenience.

Respectfully submitted,

Neil N. Babiy
Salmon Arm Economic Development Society
Business Development Program

1. <u>Background/ Overview:</u>

The intent of this Economic Development Society report is to offer collated and condensed data/ information as it pertains to Salmon Arm based retail as contemplated in Risk Management terms.

The SAEDS *H. O. W.* Report concentrates on providing information as it relates to economic attributes in Salmon Arm, Retail data and research in to a potential shift in local retail infrastructure. In addition, SAEDS analyzed the Cushman & Wakefield Lepage (C. & W. L.) Impact Study specific to gaps as considered within the Information Gaps on Large Scale Development Report.

In short, the report reflects an 'in-house' assessment formulated from a multitude of information, research, ongoing meetings with various stakeholders, various documents, correspondence and detailed analysis of current retail within the city limits of Salmon Arm while considering three (Statistics Canada Census) trade areas: CSRD, Shuswap and Salmon Arm.

This report does not offer conclusions regarding those gaps, as outlined in the Information Gaps Report on Large Scale Development that currently require Federal, Provincial and/or Municipal approvals or jurisdiction approval as it relates to policy, compliance, bylaws, etc.

Overall the *H. O. W.* Report only offers an opinion based on a multitude of assumptions. *No growth assumptions for the 3 trade areas were considered in this analysis.*

2. <u>Executive Summary:</u>

The Salmon Arm Economic Development Society has and continues to be widely focused on 'how' to move commercial/ retail development forward and is not narrowly focused on specific *size* or *brand* of commercial/ retail development.

Perspective on getting to 'how' should include commentary that Salmon Arm conceivably is one of the last municipalities within the province of British Columbia with the following **combined** attributes:

- *Land for multi level development* usages both current and future; commercial, industrial and residential

- *Regional Commerce and trade opportunities* yet to be fully developed in a region projecting continued growth with interprovincial, national and the international consumer

- Located on *pre existing supply-chain management route* accessible by road, air and rail combing direct access to and from international ports of sea; Vancouver and Seattle, and;

- *Natural assets* available twelve months of the year supporting natural habitat, sensitive environmental eco-systems, tourism and cultural activities

The *H. O. W.* Report is a direct result of considering the above attributes with the proposed and contemplated large scale development west of the downtown core in an altered and shifting economic environment.

The Proponent, Smart!Centres, is proposing 370,000 square feet of new retail space with a build out phase extending 4 – 5 years until full completion representing a 40 acre cohesive unenclosed shopping center.

The Salmon Arm Economic Development Society became formally aware of the project December of 2007. Since this timeframe a documented 75 plus meetings have been attended/ facilitated, well over 600 pieces of correspondence has been received and/or sent and in-house research by the Economic Development Society totals well over 800 hours.

The *H. O. W.* Report focuses on weighting topics in the form of Risk Assessment (low, moderate and high), some more detailed than others. The topics contained follow the Information Gaps Report framework as it correlates back to the Salmon Arm Economic Development 5 Year Strategic Plan. In addition to this report, SAEDS highlights one additional topic for Risk Assessment and as a result outlines a strategy to move forward as a consideration.

The Risk Assessment topics include:

- Commercial/ Retail
- Labour
- Housing
- Land (use and availability) & Transportation
- Environmental (& Health)
- Investment/Net Economic Impact

and;

- The Proponent, Our Business Partner

- Commercial/ Retail

When contemplating Commercial/ Retail SAEDS has narrowed its' focus on analyzing in detail the Retail component segregating out any wholesaling activities. To this point, the Retail Sector has a widely accepted industry standard of the various categories. The three areas discussed encompassing all Business Categories include:

- Retail Revenues
- Retail Square Footage
- Revenues per square foot

The Retail Sector Categories area as follows:

1. Beer, Wine & Liquor Stores
2. Clothing Stores

3. Computer & Software Stores
4. Convenience & Specialty Food Stores
5. Furniture Stores
6. Gasoline Stores
7. General Merchandise Stores
8. Home Centres & Hardware Stores
9. Home Electronics & Appliance Stores
10. Home Furnishing Stores
11. Miscellaneous Store Retailers
12. New Car Dealers
13. Pharmacies & Personal Care Stores
14. Shoe, Clothing accessories and jewelry Stores
15. Specialized Building Materials & Garden Stores
16. Sporting Goods, Hobby, Book & Music Stores
17. Supermarkets
18. Used & Recreational Motor Vehicle & Parts Dealers

Retail Revenues

On a best efforts basis the City of Salmon Arm has 211 retailers in 18 Business Categories representing a total of 974,399 square feet generating a projected $290.4 m in annual retail sales (2003 'best efforts sales figures"). In consideration of the data, the total amount of retail revenue opportunity for the broader Regional District[1] trade area could represent in excess of $555.4 m.

Therefore, at best 52% of the overall and potential retail sales opportunity is being captured **if** the only trade area considered were the Columbia Shuswap Regional District. The remaining 48%, up to additional $265 m, may be considered as leakage and/or outflow the combined 18 Business Categories are unable to appropriately capture.

If the Shuswap Trade area was considered then 72% of the potential retail opportunity is being captured. If Gasoline and New Car Dealers were omitted as Business Categories from both the trade areas the revenue captured reflects 46% for the CSRD and 63% for the Shuswap.

Overall the analysis indicates that most of the 18 Business Categories are currently not capturing revenue opportunities as projected in the analysis from 2 of the 3 trade areas.

This sales number outflow is supported, in part, by the Revelstoke Retail Strategy Final Report – August 2006 which states on page 125, *"…approximately 36% of the total city's retail sales potential or at least $43 million of sales will continue to 'outflow' out of Revelstoke…"* The document continues to state that *"…outflow will remain, given more extensive commercial infrastructure in the North Okanagan and else where."*

[1] For the purpose of this document the Regional District refers to the CSRD with assumptions that not all Electoral, municipal, reserves and unincorporated trade areas within the greater CSRD will be part of the overall catchment area for retail trade. Refer to the Assumptions section of this document.

Retail Square Footage

The potential square footage required to service the three contemplated trade areas reflects a SAEDS researched opinion that additional new retail space could be accommodated assuming outflow revenue opportunities exist, for only 1 of the 3 trade areas. However, *the research never indicates where new retail space should be located or how the new retail space should be assembled*.

Current Salmon Arm based retail from 16 of the 18 Business Categories represents 819,515 square feet. For the purpose of the assessment and based on Statistics Canada guidelines Gasoline Stores and New Car Dealership Store Categories are excluded as square footage statistics, thus 16 of 18.

The potential square feet of combined new retail required to service the overall CSRD trade area for combined Business Categories suggests that up to an additional 277,652 square feet could be absorbed.

More specifically three Business Categories; Clothing Stores, General Merchandise Stores and Shoe, clothing accessories and jewelry stores represent the largest requirement for new retail space based on percentage of current sq. ft. versus potential sq. ft.

Currently, in these three Business Categories there is a combined 162,439 square feet. SAEDS Retail Demand Analysis indicates *an additional 159,140 square feet* are potentially required for these three combined categories if the CSRD Trade Area was considered and up to *an additional 71,677 square feet* if the Shuswap Trade Area was considered.

Revenues per square foot

All business categories (16 considered) are under performing when comparing the revenue per sq. ft. averages as outlined by the Retail Council of Canada. There are 7 of 16 Business Categories that achieve no more than 47% of the Retail Council of Canada per sq. ft. revenues. The remaining 9 Business Categories are achieving up to 96% of the Retail Council of Canada per sq. ft. revenues.

It would be very difficult to pinpoint areas as to why the 16 Business Categories are under performing however the following could be considered:

- Adoption rates of organizational and technological change
- Introduction of Big-box store formats from outside the region
- Greater competition from large chains
- Expanded store hours
- Supply chain management
- Pricing
- Product Mix
- Store positioning
- Marketing strategies
- Training

- Customer service levels
- Geographic and/or Demographic nuances

Overall, there will be two distinct small to medium sized retailers within the City of Salmon Arm in the event of new Large Format Stores (LFS) locating at the proposed development site;

1. Unsuccessful Retailers
2. Resisting/ Surviving Retailers

The ability to predict *who* of the total 211 retailers in the various 18 Business Categories will become the Resisting/ Surviving Retailers could be largely based on the points made in the above section - Revenues per square foot.

The Economic Impact, narrowly focused on retail only, will most likely create a re mix of retailers and retail outlets within the Business Categories which could result in the following:

- Some of the current retailers will at some time declare themselves as unsuccessful or unwilling to compete in the altered retail environment

- Some of the current retailers will become more organized, more focused and solidify niche markets to a specific consumer base

- The number of overall retail positions (labour) in Salmon Arm may increase

- Statistics Canada information for Salmon Arm indicates 1075 persons are employed in retail. An opinion can be offered regarding the ratio of 5.09 persons per retail store (211) exist, this ratio may decrease

- If 10 cents from every dollar spent at big box stores goes to wages then an opinion could be offered that additional $3,450,000 in new retail wages will be infused back in to Salmon Arm (1 LFS at 115,000 sq. ft @ $300 Revenue per sq. ft multiplied by 10 cents); and,

- At a 'spin back in to the economy' ratio of 2.3 to 2.5 times for every retail payroll dollar this could have a net affect from one LFS of $7,935,000 for the local economy

The overall Retail impact/ Risk Assessment could be expressed as low to moderate dependent on the three considered Trade Areas

- Labour

The overall Risk Assessment for Labour as it may relate to new retail, excluding location, size and brand, could be considered in the following manner:

- The C. & W., L. Retail Impact Study – Salmon Arm BC does not discuss nor refer to any economic implications for various questions surrounding Labour
- At and/or near the time of researching the C. & W., L report the unemployment rate was 4.6%. The economy has since shifted in many areas and the unemployment rate for the area as of May 2008 is 5.6%.
    - As a result, statistically there is more available labour now than 8 to 10 months previously, however *this does not mean there is or is not more of the appropriate type of labour available for new retail to absorb*
- There will be some affect on the ratio of retail employees to retail store – Canadian research indicates there will be a decrease
- The C. & W, L Retail Impact Study infers that two existing LFS retailers are looking to re-locate due to outdated structures and smaller than deemed reasonable square footage. Their re location could be at the new proposed development which could include at the very least the transfer of existing labour/ employees to the new and expanded location.
    - *One could surmise if this were to occur no new significant labour strains would be created*
- A letter received from the Developer to SAEDS dated June 19, 2008 clarifies the following which would also impact labour:
    - Phased build-out of the 370,000 sq. ft over 4 to 5 Years. Not building all at once therefore any acute requirements for the 800 projected retail jobs at one time could be stated as 'minimal'
    - Time-based build out on many small retail spaces (5000 sq. ft. CRU) would be developed excluding restaurants and food service uses thus limiting and phasing in small retail spaces
- Salmon Arm based service providers, post education systems and private enterprise, in the event the development moves forward, could strongly consider (further) developing programs that will supply retailers with an ongoing and trained labour force

The overall Labour Risk Assessment impact could be expressed as low

- Housing

Overall summary for the section Housing – supply and demand concerns have been affected in part as a result of the shifted economic environment. This time last year (May 2007) there was a strong North American economy, strong local and interprovincial housing demands, escalating prices, limited lot supply and quick sales cycles on limited available houses.

Within a short timeline; January 2008 to April 2008, the North American economy has shifted from a Bull to a Bear market, housing demands both locally and interprovincial has softened, pricing has taken a small correction downward and there is increased housing inventory. One of the few local constants has been limited lot supply.

SAEDS offers the following when consider Housing impacts:

- The C. & W., L Retail Impact Study – Salmon Arm BC does not discuss nor refer to any economic implications for various questions surrounding Housing

- A letter received from the Developer to SAEDS dated June 19, 2008 clarifies the following which would impact most if not all Housing concerns:

    - A 4 to 5 year build-out for the development reducing the immediate need for significant new Labour thus in itself should diminish any real and/or perceived additional pressures surrounding immediate and/or acute needs for short-term and/or longer term housing

    - In the event one or two existing Salmon Arm Retailers re-locate to this proposed development individuals working at the existing LFS, we can assume, already have their housing needs in place and/or their housing issues co-exist in this current market space without the influence of any new development

- Currently, there is no formalized release of information stating or confirming that one or both existing Salmon Arm based LFS Retailers have signed with the developer to re-locate

- The economic impact on housing and affordability, a question proposed in the Information Gaps Report: Does this question relate itself more towards *does this or any other contemplated commercial development of this size increase the cost of living as it relates to Per Capita Income vs. Per Capita Expenditures?*

- Further to the commitment letter dated June 19, 2008 the Developer offers a financial contribution towards an affordable housing fund. In conjunction to this, the development plans include 12 acres for a variety of different housing needs. *To our recent understanding Council has deferred any decision on whether or not this element of the development will be considered.*

- The developer is offering to contribute, where no other developer has done so, financially to a problem (Housing needs) not manifested as a direct result of their development

The overall Housing Risk Assessment impact/ concerns could be expressed as low

- Land (use and availability) & Transportation

The Official Community Plan (OCP) does indicate that commercial/ retail development is designated between 30th and 30th. A piece of property and/or multiple properties not touching the highway corridor is subject to a rezoning issue (confirm this). The all encompassing location was part of a process conducted by the City and Economic Development in past recent years which, in part, was then formulated into the OCP, Section 6 - Commercial.

The C. & W. L. Retail Impact Study – Salmon Arm BC does not discuss nor refer to any economic implications for the various questions surrounding this section as reported in the Information Gaps on Large Scale Developments document.

SAEDS considers most questions around Future Urban Sprawl as a technical question with a critical qualifier. One that involves city planners, elected officials and the various tools and processes these two distinct groups utilize. The outcome from the application of the tools and processes will result in some type of economic impact.

Further to Urban Sprawl, the Official Community Plan (OCP) specific to Section 6 – Commercial. Both the Economic Development Corporation (now a society) and the District (now the City) were part of a process involving the Agriculture Land Commission to have properties removed from the Agriculture Land Reserve. There is no zoning issues with ~17 acres (need to confirm exact amount) that is already designated Highway Commercial. Community opinion suggests there is a (zoning) concern regarding how far back properties included in a 'Land Assembly' for this development, which collectively includes the 17 acres, reaches towards/ onto/ into a riparian area.

Motorized impediments and opportunities are discussed in the Information Gaps Report: A technical question best suited for the appropriate Federal, Provincial and or Municipal authorities/ bodies with (potential) economic impacts arising from the various and/or overall decision(s) then to be considered

Non-motorized impediments and opportunities as discussed in the Information Gaps Report: A commitment letter of June 19, 2008 from the Developer indicates they will incorporate safe and fully accessible pedestrian movements, public transit, cycling and public walking trails.

The overall Land (use and availability) Risk Assessment impact/ concerns could be expressed as high. This would be very specific to the proposed <u>overall development area</u> touching environmentally sensitive land.

The overall Transportation Risk Assessment impact/ concerns could be expressed as low

- Environmental (& Health)

Overall summary for the section Environmental (& Health) – The Retail Impact Study - Salmon Arm BC does not discuss nor refer to any economic implications.

This section is not dissimilar to Land (use and availability) & Transportation. It is more specific to the technical and scientific based findings, one that involves the appropriate Federal, Provincial and/or Municipal authorities/ bodies with the (potential) economic impacts arising from the various and/or overall decision(s) which then could be considered for Risk Assessment.

There is however some further clarification to the total number of CRU square feet which should be considered in this *H. O. W.* Report as it pertains to the Information Gaps on Large Scale Development and its' potential impacts.

It includes the following:

- The question referring to the 640,000 square feet of total new CRU should be repositioned. Lot 7 development representing a proposed 270,000 square feet, to our understanding, has stalled. The development as proposed is not moving forward (at this time). Therefore the current and future needs and costs should be narrowed in scope to *the current and future needs of an additional 370,000 square feet of CRU.*

  Smart!Centres development represents 370,000 square feet of new CRU of which 145,000 square feet could represent two existing Salmon Arm based larger format retailers that will re-locate to this new location. This would leave a balance of 225,000 new square feet of development. Initially a Phase I development would represent the 145,000 square feet plus 115,000 for a new large format retailer and some smaller retail.

- Discussions with the developer indicate they would limit the number of new small retail units over the development phase (4 – 5 years) to accommodate no more than 5 new units of 5,000 square feet or less per year.

- Currently SAEDS has no information regarding the Ministry of Environment and/or Department of Fisheries and Oceans reports that may outline the developer's requirements

The overall Environmental Risk Assessment impact/ concerns could be expressed as high (qualifying this is specific to location).

- The Proponent, Our Business Partner

The Proponent is in a very difficult position. They have purchased land based on future value and are experiencing, what the proponent refers to as new processes[2] that boarder outside municipal process. Both the proponent and its' representative have and will continue to have ongoing issues, challenges and obstacles. Many of which are unique to the Salmon Arm market while many are foreseen and planned for.

The representative for the proponent has made several attempts to garner community support from SAEDS and with groups that include:

- The Downtown Improvement Association (DIA)
- The Salmon Arm Chamber of Commerce (CoC)

[2] An example of this would include the Information Gaps Group and the facilitation process that produced the Information Gaps Report on Large Scale Development. The Information Gaps Group consisted of representatives from the Chamber of Commerce, Downtown Improvement Association, Economic Development Society and the Committee for A Strong Sustainable Salmon Arm. These four community groups met over an 8 month period – January to August 2008.

- Shuswap Construction Industry Professionals (SCIP)
- Various other membership and non-membership groups

Based on direct communications with all of the above groups and in the opinion of the SAEDS Board any type of sustained working relationship within the community at large has yet to be developed. This further jeopardizes the development as contemplated.

The overall The Proponent, Our Business Partner Risk Assessment concerns could be expressed as moderate

3. <u>Retail Analysis in Detail</u>

The Economic Development Society bases the retail analysis on a technical definition as abridged from the 1997 NAICS (North American Industry Classification System) classification found at http://stds.statscan.ca/english/naics/1997/naics97-class-search.asp?criteria=44 on the Statistics Canada site dated January 23, 2003.
The technical definition of retail is:

- Retailing merchandise in small quantities to the general public
- Generally without transformation, and
- Rendering services incidental to the sale of merchandise
- Retailing process is the final step in the distribution of merchandise

Businesses with a focus on sales to business were considered as wholesaling activities and therefore were segregated out of the SAEDS analysis.

There are eighteen (18) Retail Business Categories, all of which co-exist within the City of Salmon Arm. There are a total of 211 retail stores amassing 974,399 square feet.

Table 1.0 below indicates the Business Category name, the Total Retail Outlets (as it pertains to the City of Salmon Arm), Spending Per Capita for BC and the total amount of square feet (on a best efforts basis) as it relates to the Business Category.

Table 1.0

Business Category	Total Retail Outlets	Spending per capita for BC (Stats Can)	Current Sq. Ft in S.A. for Business Category
Beer, Wine & Liquor Stores	6	$ 623	13,355
Clothing Stores	20	$ 538	39,679
Computer & Software Stores	3	$ 53	3,300
Convenience & Specialty Food Stores	17	$ 228	37,180

Furniture Stores	5	$ 286	38,600
Gasoline Stations	9	$ 1,398	22,705
General Merchandise Stores	3	$ 1,370	118,000
Home Centres & Hardware Stores	4	$ 622	57,104
Home Electronics & Appliance Stores	8	$ 450	20,111
Home Furnishings Stores	9	$ 221	25,273
Miscellaneous Store Retailers	42	$ 366	82,997
New Car Dealers	4	$ 2,217	132,179
Pharmacies & Personal Care Stores	28	$ 709	39,770
Shoe, clothing accessories and jewelry stores	6	$ 167	4,760
Specialized Building Materials & Garden Stores	5	$ 189	39,522
Sporting Goods, Hobby, Book & Music Stores	20	$ 413	45,808
Supermarkets	4	$ 2,162	110,370
Used & Recreational Motor Vehicle & Parts Dealers	18	$ 480	143,686
TOTAL	**211**	**$ 12,492**	**974,399** sq. ft.
** Excluding Car Dealerships and Gasoline **			
	198	**$ 8,877**	**819,515** sq. ft.

Utilizing Statistics Canada Spending per Capita (BC), the eighteen various Business Categories, Statistics Canada Trade Area populations with revisions and (actual) Revenue per square feet we were able to project potential retail income for three trade areas and what the potential square feet of space may or may not be required to support retail revenues for the trade area and the Business Categories within the 3 trade areas. See Table 2.0 1

Note the Business Category Gasoline Stations and New Car Dealers are omitted from the potential trade area revenues and '*Potential Sq. Ft. Needed to Service Trade Area'* as a result of Statistics Canada classification.

Of the 16 (remaining) Business Categories there are 11 that are potentially under capacity for the CSRD Trade Area, 8 under capacity for the Shuswap Trade Area and 1 under capacity for Salmon Arm (highlighted in yellow) in square footage. Consistently there are 5 that are at capacity or over capacity for square footage.

The *Potential Sq. Ft. Needed to Service CSRD Trade Area*[3] reflects an opinion that up to an additional and new 347,994 sq. ft. of retail space could be accommodated while the *Potential Sq. Ft. Needed to Service Shuswap Trade Area*[4] reflects 127,274 sq. ft.

Table 2.0 1

Business Category	**Current Sq. Ft in S.A. for Business Category**	**Revenue for *CSRD* Trade Area (Potential in Millions)**	**Revenue for *Shuswap* Trade Area (Potential in Millions)**	**Revenue for *Salmon Arm* Trade Area (Potential in Millions)**	**Potential Sq. Ft. Needed to Service *CSRD* Trade**	**Potential Sq. Ft. Needed to Service *Shuswap* Area**	**Potential Sq. Ft. Needed to Service *Salmon Arm* Trade**
Beer, Wine & Liquor Stores	13,355	$ 27.7	$ 20.1	$ 9.9	27,700	20,167	9,975
Clothing Stores	39,679	$ 23.9	$ 17.4	$ 8.6	95,684	69,660	34,458
Computer & Software Stores	3,300	$ 2.3	$ 1.7	$ .8	2,946	2,145	1,061
Convenience & Specialty Food Stores	37,180	$ 10.1	$ 7.3	$ 3.6	16,896	12,301	6,085
Furniture Stores	38,600	$ 12.7	$ 9.2	$ 4.5	63,582	46,289	22,897
Gasoline Stations	22,705	-	-	-	-	-	-
General Merchandise Stores	118,000	$ 60.9	$ 44.3	$ 21.9	203,048	147,823	73,121
Home Centres & Hardware Stores	57,104	$ 27.6	$ 20.1	$ 9.9	50,284	36,608	18,108
Home Electronics & Appliance Stores	20,111	$ 20.0	$ 14.5	$ 7.2	26,678	19,422	9,607

[3] Potential sq. ft for CSRD Trade area Business Categories highlighted in yellow reflects 886,717 sq. ft. while the existing square footage for those 11 categories represents 538,723 sq. ft.
[4] Potential sq. ft. for Shuswap Trade Area Business Categories highlighted in yellow reflects 523,119 sq. ft. while the existing square footage for those 8 categories represents 395,845 sq. ft.

Home Furnishings Stores	25,273	$ 9.8	$ 7.1	$ 3.5	49,132	35,769	17,693
Miscellaneous Store Retailers	82,997	$ 16.2	$ 11.8	$ 5.8	92,991	67,700	33,488
New Car Dealers	132,179	-	-	-	-	-	-
Pharmacies & Personal Care Stores	39,770	$ 31.5	$ 22.9	$ 11.3	48,499	35,308	17,465
Shoe, clothing accessories and jewelry stores	4,760	$ 7.4	$ 5.4	$ 2.6	22,847	16,633	8,228
Specialized Building Materials & Garden Stores	39,522	$ 8.4	$ 6.1	$ 3.0	33,614	24,472	12,105
Sporting Goods, Hobby, Book & Music Stores	45,808	$ 18.3	$ 13.3	$ 6.6	73,453	53,475	26,452
Supermarkets	110,370	$ 96.1	$ 69.9	$ 34.6	183,103	133,303	65,939
Used & Recreational Motor Vehicle & Parts Dealers	143,686	$ 21.3	$ 15.5	$ 7.6	106,711	77,688	38,429
TOTAL	974,399	$ 394.6	$ 287.3	$ 142.1	1097167	798,761	395,112

Table 3.0 1 reflects the Revenue per sq. ft. achieved in Salmon Arm compared to data the Retail Council of Canada indicates as the Revenue per sq. ft. achieved in each Business Category on average across Canada.

With the exception of Gasoline Stations and New Car Dealers Salmon Arm retail appears to be under achieving the national averages of Revenues per sq. ft. in all remaining 16 Business Categories.

The Retail Council of Canada Revenues per sq. ft. is highlighted in **light blue**.

Table 3.0 1

Business Category	**Total Retail Outlets**	**Current Sq. Ft in S.A. for Business Category**	**Revenue per Sq. Ft. Salmon Arm Trade Area (2003 Sales)**	**Retail Council of Canada Per Sq. Ft. Revenue**	**Percentage Comparisons between actual & Retail Council**
Beer, Wine & Liquor Stores	6	13,355	$ 911	$ 1,000	91%

Clothing Stores	20	39,679	$ 152	$ 250	61%
Computer & Software Stores	3	3,300	$ 353	$ 800	44%
Convenience & Specialty Food Stores	17	37,180	$ 187	$ 600	31%
Furniture Stores	5	38,600	$ 148	$ 200	74%
Gasoline Stations	9	22,705	$ 944	-	
General Merchandise Stores	3	118,000	$ 277	$ 300	92%
Home Centres & Hardware Stores	4	57,104	$ 212	$ 550	39%
Home Electronics & Appliance Stores	8	20,111	$ 86	$ 750	11%
Home Furnishings Stores	9	25,273	$ 157	$ 200	79%
Miscellaneous Store Retailers	42	82,997	$ 92	$ 175	52%
New Car Dealers	4	132,179	$ 673	$ 200	337%
Pharmacies & Personal Care Stores	28	39,770	$ 84	$ 650	28%
Shoe, clothing accessories and jewelry stores	6	4,760	$ 305	$ 325	94%
Specialized Building Materials & Garden Stores	5	39,522	$ 52	$ 250	21%
Sporting Goods, Hobby, Book & Music Stores	20	45,808	$ 119	$ 250	47%
Supermarkets	4	110,370	$ 417	$ 525	79%
Used & Recreational Motor Vehicle & Parts Dealers	18	143,686	$ 192	$ 200	96%

Table 4.0 1 reflects the eighteen different Business Categories specific to sales for 2003 on a 'best effort basis' versus the Potential Trade Area Sales Revenue for CSRD, Shuswap and Salmon Arm.

The Business Categories highlighted in **Orange** indicates that projected Revenue Opportunities are being captured for that specific Trade Area. Current retail outlets based within the city appears to capture Revenue opportunity for only one (1) Business Category in the CSRD Trade Area, captures Revenue opportunity for two (2) Business Categories for the Shuswap Trade Area while capturing Revenue opportunity in ten (10) Business Categories for the Salmon Arm Trade Area.

Table 4.0 1

Business Category	**Retail Sales for 2003**	**Revenue for *CSRD* Trade Area (Potential)**	**Revenue for *Shuswap* Trade Area (Potential)**	**Revenue for *Salmon Arm* Trade Area (Potential)**
Beer, Wine & Liquor Stores	$ 12,170,000	$ 27,700,449	$ 20,166,510	$ 9,975,476
Clothing Stores	$ 6,030,250	$ 23,921,094	$ 17,415,060	$ 8,614,456
Computer & Software Stores	$ 1,165,000	$ 2,356,539	$ 1,715,610	$ 848,636
Convenience & Specialty Food Stores	$ 6,949,000	$ 10,137,564	$ 7,380,360	$ 3,650,736
Furniture Stores	$ 5,700,000	$ 12,716,418	$ 9,257,820	$ 4,579,432
Gasoline Stations	$ 21,440,000	$ 62,159,274	$ 45,253,260	$ 22,384,776
General Merchandise Stores	$ 32,725,000	$ 60,914,310	$ 44,346,900	$ 21,936,440
Home Centres & Hardware Stores	$ 12,095,000	$ 27,655,986	$ 20,134,140	$ 9,959,464
Home Electronics & Appliance Stores	$ 1,730,000	$ 20,008,350	$ 14,566,500	$ 7,205,400
Home Furnishings Stores	$ 3,973,500	$ 9,826,323	$ 7,153,770	$ 3,538,652
Miscellaneous Store Retailers	$ 7,625,000	$ 16,273,458	$ 11,847,420	$ 5,860,392
New Car Dealers	$ 89,000,000	$ 98,574,471	$ 71,764,290	$ 35,498,604
Pharmacies & Personal Care Stores	$ 7,298,200	$ 31,524,267	$ 22,950,330	$ 11,352,508
Shoe, clothing accessories and jewelry stores	$ 1,450,000	$ 7,425,321	$ 5,405,790	$ 2,674,004
Specialized Building Materials & Garden Stores	$ 2,050,000	$ 8,403,507	$ 6,117,930	$ 3,026,268

Sporting Goods, Hobby, Book & Music Stores	$ 5,431,500	$ 18,363,219	$ 13,368,810	$ 6,612,956
Supermarkets	$ 46,000,000	$ 96,129,006	$ 69,983,940	$ 34,617,944
Used & Recreational Motor Vehicle & Parts Dealers	$ 27,571,000	$ 21,342,240	$ 15,537,600	$ 7,685,760

Table 5.0 1 reflects the 18 different Business Categories specific to Remaining Revenue Opportunities for the CSRD Trade Area, the Shuswap Trade Area and the Salmon Arm Trade Area.

If we relate this to actual revenues (2003 figures) Salmon Arm based retail captured 52% of the retail opportunity or $290.4 million of a potential $555.4 million. There remains within the CSRD Trade Area, based on these numbers, up to an additional $265 million in potential retail sales.

Table 5.0 1

Business Category	**Remaining Revenue Opportunity for *CSRD* Trade Area**	**Remaining Revenue Opportunity for *Shuswap* Trade Area**	**Remaining Revenue Opportunity for *Salmon Arm* Trade Area**
Beer, Wine & Liquor Stores	$ 15,530,449	$ 7,996,510	($2,194,524)
Clothing Stores	$ 17,890,844	$ 11,384,810	$ 2,584,206
Computer & Software Stores	$ 1,191,539	$ 550,610	($316,364)
Convenience & Specialty Food Stores	$ 3,188,564	$ 431,360	($3,298,264)
Furniture Stores	$ 7,016,418	$ 3,557,820	($1,120,568)
Gasoline Stations	$ -	$ -	$ -
General Merchandise Stores	$ 28,189,310	$ 11,621,900	($10,788,560)
Home Centres & Hardware Stores	$ 15,560,986	$ 8,039,140	($2,135,536)
Home Electronics & Appliance Stores	$ 18,278,350	$ 12,836,500	$ 5,475,400
Home Furnishings Stores	$ 5,852,823	$ 3,180,270	($434,848)

Miscellaneous Store Retailers	$ 8,648,458	$ 4,222,420	($1,764,608)
New Car Dealers	$ -	$ -	$ -
Pharmacies & Personal Care Stores	$ 24,226,067	$ 15,652,130	$ 4,054,308
Shoe, clothing accessories and jewelry stores	$ 5,975,321	$ 3,955,790	$ 1,224,004
Specialized Building Materials & Garden Stores	$ 6,353,507	$ 4,067,930	$ 976,268
Sporting Goods, Hobby, Book & Music Stores	$ 12,931,719	$ 7,937,310	$ 1,181,456
Supermarkets	$ 50,129,006	$ 23,983,940	($11,382,056)
Used & Recreational Motor Vehicle & Parts Dealers	($6,228,760)	($12,033,400)	($19,885,240)
TOTAL	$ 265,028,346	$ 113,962,590	($90,381,546)

If New Car Dealerships and Gasoline Stores were excluded from both the 2003 Retail Sales figures and the 3 trade area Revenue Opportunities the following opinions could also be provided:

- Retail Sales Outlets in Salmon Arm are capturing 45.5% of the Revenue Opportunity for the CSRD Trade Area. There remains up to $214.7 m in revenue
- Retail Sales Outlets in Salmon Arm are capturing 62.6% of the Revenue Opportunity for the Shuswap Trade Area. There remains up to $107.3 m in revenue
- Retail Sales Outlets in Salmon Arm are capturing 126.6% of the Revenue Opportunity for the Salmon Arm Trade Area. Therefore retail in Salmon Arm is capturing $37.8 m from outside the Salmon Arm Trade Area.

4. <u>Strategy for consideration</u>

The strategy to be considered is based on key points of new/ additional information:

i. The SAEDS Board meeting of September 9, 2008
ii. Follow up discussion with the proponents representative
iii. Clarity regarding Salmon Arms' combined 4 key economic aspects
iv. Executive meetings with 3 membership organizations

The Context:

- The Economic Development Society is focused on "How" not No
- 4 combined attributes present Salmon Arm with a unique market position *– potentially the only remaining BC municipality with all 4*
- These aspects are drawing national retailers to the area for 'new regional market space opportunities', therefore these types of commercial/ retail development opportunities, we could assume, will not disappear

The Idea:

a. SAEDS is suggesting that a formalized letter be sent to the City of Salmon Arm copied to the Proponent (Smart!Centres)

    - Understanding that until such time confidence is fully restored by the proponent SAEDS *<u>agree that support for the development project will be contingent on a revised plan that supports the community vision</u>*

** Sent [October x. 2008]*

b. Develop Land options so as to protect the portion of the development that has environmentally sensitive land

c. Consideration to have a designated Salmon Arm organization meet with potential LFS retail tenants to convey positive community message

d. Consideration to re-open facilitation with the proponents' representative to convey community concerns (if required) and the need for strong corporate citizenship

e. SAEDS provide formal support, where applicable, to the (revised) development opportunity

f. Development

    - Full onsite engagement with all appropriate Ministries

5. Research Utilized:

Contained within the *H. O. W.* Report is information and research material that further assisted the Economic Development Society in qualifying and quantifying information for the analysis.

The following research was utilized in some capacity:

- Retail Council of Canada behind The Store Front – The Retail Sector – Retail Revenues, Stores and Margins
- Consumer Spending Summary by Region, Industry Canada Profile Report – Mark Eversfield August 2006
- Sector Assessment for Retail Trade, Jacobson Consulting Inc. – A Report Prepared for HRDC
- Statistics Canada Retail Trade by Industry
- Retail Market Analysis, SAEDS 2003 Report
- Large Format Retail Development Impact Study Salmon Arm BC, Cushman & Wakefield Lepage Inc. May 2008
- Salmon Arm Retail Market Analysis Business List 2008
- Summary Report 'Big Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Study – Stacey Mitchell 2006
- The Impact of Mega-Retail Stores on Small Retail Businesses – The Case of Sudbury, Northern Ontario, Jean Charles Cachon, Barry Cotton and Jorge Virchez
- Resisting the Giants Small Retail Entrepreneurs Against Mega Retailers – An Empirical Study, B. Cotton School of Commerce and Administration, Laurentian University
- Official Community Plan, District of Salmon Arm July 2002
- Revelstoke Retail Strategy Final Report - August 2006

Various information/ documents include:

- Information Gaps on Large Scale Development Redline Notes with no peer review – Neil Babiy SAEDS July 2008
- Smart!Centres Open House presentation December 2007
- Smart!Centres January 31, 2008 Letter
- Salmon Arm Economic Development Response letter February 5, 2008
- Smart!Centres letter (s) February 6 and 7 re: Tax Analysis
- Smart!Centres correspondence to the Observer February 15, 2008
- Smart!Centres letter to Corey Paiement re: Information Gap Report
- March 19 2008 Letter to Mayor and Council as presented by the Information Gaps Group
- Smart!Centres letter to Corey Paiement re: OCP amendments March 25,2008
- April 16, 2008 letter to Smart!Centres from the City of Salmon Arm re: April 14 2008 Motion
- Smart!Centres Follow Up Letter June 19, 2008
- August 14, 2008 letter from Info Gaps Group to Mayor and Council
- Information Gaps Overview as presented to Mayor and Council
- Olds Alberta Smart!Centres development

Retail Council of Canada behind the Store Front – The Retail Sector – Retail Revenues, Stores and Margins

This document was updated in 2007 prepared by the Retail Council of Canada in partnership with Industry Canada by Jacobson Consulting Inc.

SAEDS utilized the above document to confirm the specific recognized Retail Business Categories along with creating a hypothesis specific to Sales per square foot for each of the categories.

In addition to the above, SAEDS utilized the document to gain perspectives on automotive and gasoline store sales per square foot. *"The data on revenue per square foot are developed for (chain) stores only excluding automotive and gasoline stores".*

The Sales per square foot creates one of the components for a detailed SAEDS analysis of Salmon Arm based retail.

Consumer Spending Summary by Region, Industry Canada Profile

This data was updated August 2006 and prepared by Mark Eversfield. Mr. Eversfield works for Small Business BC which provides data to Industry Canada.

The Consumer Spending Summary by Region is data that SAEDS includes and updates in the Community Profile annually (where possible) and the data specific to Salmon Arm is utilized as one of the components for a detailed SAEDS analysis of Salmon Arm based retail.

The BC *Spending per Capita* reflects spending dollar number per person whereas the Consumer Spending Summary by Region is per Household.

- BC spending per Capita $12,492
- Salmon Arm spending/ consumption per Household not including shelter is $27,893 or $11384.89 per Capita **this is not intended to be an exact comparison to the BC figure*
- Columbia Shuswap spending/ consumption per Household not including shelter is $28,527 or $12,403.04 per Capita **this is not intended to be an exact comparison to the BC figure*

For the purpose of the analysis SAEDS used the BC spending per Capita dollar figures for the overall analysis of (a) Potential Trade Area Revenue and (b) Remaining Revenue Opportunity for Trade Area.

Sector Assessment for Retail Trade, Jacobson Consulting Inc. – A Report Prepared for HRDC

This document was prepared March 22, 2003 by Jacobson Consulting Inc. for Human Resource and Development Canada (HRDC). The document ties into and supports Retail Council of Canada behind The Store Front – The Retail Sector – Retail Revenues, Stores and Margins.

This document had clear information regarding the 'technical' definition for retail, recent growth and outlook, employee attributes and change in retail.

Changes in Retail include the following four key areas:

- Introduction of big-box store formats
- Greater competition from large chains, some entering from other markets
- Substantially expanded store hours
- Increased emphasis on supply chain management

Another key change (or non change) in retail includes the adoption rate for organizational and technological change. The retail sector has been identified as relatively low in both of these areas. *"The relatively low adoption rate for the sector as a whole is likely strongly impacted by the prevalence of very small organizations in retail trade."*

Adoption rates of 35.9% for retailers making organizational change and 37.6% of retailers making technological changes.

Statistics Canada Retail Trade by Industry

This data was updated July 22, 2008 by Statistics Canada.

The information is important for the SAEDS analysis for the following: *'Statistics Canada is no longer publishing separate figures for Department Stores and Other General Merchandise Stores due to confidentiality restraints. Instead, Department Store sales are combined with Other General Merchandise Store sales and are published under the grouping "General Merchandise Stores".*

This document further confirms the sixteen (16) Business Categories excluding New Car Dealerships and Used & Recreational Motor Vehicle & Parts Dealers, thus a grand total of eighteen (18).

Retail Market Analysis, SAEDS 2003 Report

This document was prepared September 2003 by The Salmon Arm Economic Development Corporation (now society) with research primarily compiled by two summer students, local retail and the Downtown Improvement Association with data gathered from Statistics Canada.

This information is important for the following:

- It allowed the Economic Development Society to review retail as it was perceived in 2003
- Compare 2003 retail mixes and retail square footage within the city of Salmon Arm to current 2008 data

- It became the framework for developing a comprehensive listing of retail business categories, revenues and revenues per square foot as it relates to actual figures vs. the Retail Council of Canada per square foot revenues
- Confirmation, on best efforts, regarding all retail data in the City of Salmon Arm

Large Format Retail Development Impact Study Salmon Arm BC, Cushman & Wakefield Lepage Inc. May 2008

This document was prepared May 2008 by Cushman & Wakefield Lepage for Smart!Centres specific to the Salmon Arm and Area retail market place.

This document has relevance based on some of the following:

- It specifically identifies location and size of a pending large scale development
- It utilizes seven cited sources for which some of the report was based on;
    - Consumer Survey (Justason Market Intelligence – January 2008),
    - Statistics Canada information
    - Salmon Arm Economic Development Corporation (now society)
    - Directors of Municipal Planning
    - City of Salmon Arm
    - Ryerson University
    - Cushman & Wakefield Lepage

- Conveyed an impact analysis that, when crossed referenced with current SAEDS Retail square footage data appears to be incorrect on one existing large format store. Canadian Tire is 30,000 sq. ft. versus the report specifying 18,813 sq. ft. (table 4-1 page 30)
- Indicates that to become a regional commerce centre Large Format Retailers are a key component
- Retail information in the report was then analyzed to the questions proposed in the Executive Summary of the Information Gaps on Large Scale Development Report

Salmon Arm Retail Market Analysis Business List 2008

This information was researched and gathered by the Salmon Arm Economic Development Society July 2008.

The data contained in the market analysis list further supports the overall Retail Analysis in Detail

Summary Report 'Big Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Study – Stacey Mitchell 2006

This document was prepared by Stacey Mitchell for Beacon Press (2006) and further editorial (and presentation) was provided by Salmon Arm resident Mr. Bill Remphrey.

The document provides some key information specific to the following:

- Provides perspectives from US based cities only
- Economic Gain
    - *"…most studies show that much more money leaves the community compared to locally owned stores. Most of the gain is in wages, and these are typically low."*
    - *"About 10 cents per dollar spent in big box store goes to wages"*
- Taxes and the Cost of Big Box Centres
    - *"Specialty Retail, a (USA) category that includes small businesses in the downtowns and neighborhood centers, cost the city less than any other type of retail development. $786 per 1000 sq. ft. in (ongoing) road maintenance, police and other services each year compared with $1023 for big box stores, $1248 for strip shopping centers, and a stunning $7248 for fast food outlets"*

The Impact of Mega Retail Stores on Small Retail Businesses: The Case of Sudbury, Northern Ontario, Canada

This document was prepared by Jean Charles Cachon, Barry Cotton and Jorge Virchez and is a study citing a Canadian city.

The document provides some key information specific to the following:

- It is a study of the *perceived* impact of the opening of a mega box development versus the locally owned/ operated small to medium sized retailers
- *"…there will be an effect on the retail business in terms of changes to sales levels…Secondly, changes in the way the merchants conduct their business in terms of competitive strategies, changes in marketing practices, and recognition of customer service as being central to survival"*
- *"…small retailers can survive in the shadow of the retail giants the key being levels of customer service…"*
- *"…using five well documented retailing practices, the Five Pillars of Retailing survival and success can be achieved…"*
- The authors of the study developed five hypotheses:
    - Existing retailers have seen a drop in gross sales since mega-retailers came to the city
    - Existing retailers have seen more out of city clientele since mega retailers came to the city
    - Existing retailers can identify clearly their competitive advantages and disadvantages as compared to mega retailers
    - Existing retailers can clearly identify the competitive advantages and disadvantages of the mega retailers
    - Existing retailers are involved in planning innovative competitive strategies against to enable them to better compete with mega retailers

Official Community Plan, District of Salmon Arm July 2002

The document provides some key information specific to the following:

- Growth Management Policies:
    - 2.4.1
    - 2.4.5
    - 2.4.7
    - 2.4.11

- Commercial
    - 6.1
    - 6.2.1
    - 6.2.2
    - 6.2.3
    - 6.2.4
    - 6.2.5
    - 6.3 Town Centre Policies
    - 6.4 Highway Service/ Tourist Commercial Policies

- Map 9.2.2
- Official Community Plan Land Use Map A-1

Revelstoke Retail Strategy Final Report –August 2006

This document was authored/ prepared by TREC International Inc. (Vancouver) for the City of Revelstoke, Mr. Alan Mason Director of Community Economic Development.

The document has some significance for the following:

- An extensive document that has geographical and demographic similarities
- Table 2.2: Key Retail Practices and Trends
- Executive Summary - Review of Retailing Trends
    - Page 3 paragraph 2
    - Page 3 paragraph 3
    - Page 3 paragraph 4
- Executive Summary - Impact Assessment
- Section 2: Review of Retailing Trends
    - 2.6 Other Trends Facing the Retail Landscape
- Section 3.5: Overview of Retailing Outside of Revelstoke's Trade Area

Information Gaps on Large Scale Developments Redline Notes with no Peer Review – Neil Babiy SAEDS July 2008

This document was authored by way of a facilitation process conducted by the Economic Development Officer of the day. The facilitation took place during the months of January and February of 2008 and included four key groups/ organizations.

Representatives of these groups included the following:

- Michael Wagner, Chair of Salmon Arm Economic Development
- W. H. Laird, Salmon Arm Economic Development
- Robin Hickman, Past President Chamber of Commerce
- Corryn Grayston, Manager Chamber of Commerce
- Rob Marshall, President of Downtown Improvement Association
- David Askew, Downtown Improvement Association
- Bill Remphrey, Committee for a Strong Sustainable Salmon Arm
- Bill Grainger, Committee for a Strong Sustainable Salmon Arm

The document provides some key information specific to identifying key gaps of information within the framework of six Economic and Social drivers. At the time, gaps of information are within the following:

- Commercial/ Retail
- Labour
- Housing
- Land (use and availability) & Transportation
- Environmental (& Health)
- Investment/ Net Economic Impact

The Redline Notes is commentary within the Executive Summary that analyzes questions/ gaps of information proposed in the original document against the Large Format Retail Development Impact Study Salmon Arm BC as completed by Cushman & Wakefield Lepage Inc. May 2008 on behalf of Smart!Centres.

Smart!Centres Open House presentation December 2007

This document was the first introduction to the proposed development by the developer and lends itself to SAEDS attempting to understand the overall size and scope.

Smart!Centres January 31, 2008 Letter

This letter is the first direct correspondence from the developer to Salmon Arm Economic Development. This is an important letter as the developer is requesting in writing from SAEDS on how they, the developer, can become a *"…strong corporate citizen within the community…"*

In addition to the above the letter communicates that Smart!Centres has been working with the City of Salmon Arm for *"…well over a year directly addressing the city's concerns…"*

Salmon Arm Economic Development Response letter February 5, 2008

SAEDS response confirms a facilitation process with other community based business organizations to Smart!Centres.

Smart!Centres Letter (s) February 6 and 7 re: Tax Analysis

Self explanatory presentation from Smart!Centres to Council

Smart!Centres correspondence to the Observer February 15, 2008

Self explanatory

Smart!Centres letter to Corey Paiement re: Information Gap Report

This letter is important as it communicates Smart!Centres process on working directly with a retail consultant in attempt to answer some of the questions specific to commercial/retail and the investment/net economic impact as documented in the Information Gaps on Large Scale Development Report.

In addition the letter communicates that *"…the issues such as housing and education, would most appropriately be addressed by organizations such as the City of Salmon Arm, the relevant ministries of the Province of BC, SAEDS and other community groups"*

March 19 2008 Letter to Mayor and Council as presented by the Information Gaps Group

An update document from the Information Gaps Group specific to communicating the following:

- SAEDS facilitate discussions between all groups for the purpose of developing a Terms of Reference for an independent study that would address all gaps within the Information Gaps on Large Scale Developments Report
- That the Information Gaps Group would consider offering funding to assist with the Independent Study
- That all groups include senior management, the developer and the four different groups making up the Information Gaps Group

Smart!Centres letter to Corey Paiement re: OCP amendments March 25,2008

Self explanatory update letter

April 16, 2008 letter to Smart!Centres from the City of Salmon Arm re: April 14 2008 Motion

An important document whereas Council resolved the following: *"Council provide a letter to Smart!Centres encouraging cooperation and consultation with local interest groups as outlined in the letter from Michael Wagner, Rob Marshall, Robin Hickman and Bill Grainger dated March 19, 2008."*

Smart!Centres Follow Up Letter of June 19, 2008

As a result of the April 16, 2008 letter to Smart!Centres the June 19, 2008 letter confirms the following:

- A meeting between the developer and 3 of the 4 organizations making up the Information Gaps Group occurred on June 4th in Salmon Arm
- The proposed development will be on a 4 – 5 year phased in build out plan
- A donation of approximately 8 acres of newly created parkland to the City – largely a riparian area
- The developer will commit to developing a trail around the pond and link to an existing trail network
- The development plan incorporates safe and fully accessible pedestrian movements, public transit, cycling and a public walking trail
- All sidewalks will be handicap accessible
- A transit exchange, associated shelter and benches as well as bus stops will be provided
- A walking trail will be built connecting to the adjacent First Nation's lands
- There will be a limit on the number of new small retail units over the build out phase. This restriction would limit small retail during the period to not more than 5 units of 5000 square feet excluding restaurants or food services.
- $25,000 contribution towards transitional marketing to be administered by the Chamber of Commerce
- A contribution of $7500 per year for 4 years to sponsor a community event to be held, ideally in the downtown area administered by the DIA
- Become a Chamber of Commerce member for at least 10 years at a cost not to exceed $500 per year
- Promote awareness and cross traffic by providing $25,000 for on site monument/ and/or transit area signage
- Provide $75,000 of funding towards enhancing the trail network and facilities within the community
- Endeavor to ensure local suppliers are included in the construction tenders by way of SCIP
- Contribute up to $250,000 towards affordable housing

Overall this type of dialogue shows the developer is willing to sit down and be open to how they might become a strong corporate citizen.

August 14, 2008 letter from Info Gaps Group to Mayor and Council

Self explanatory update letter with an emphasis towards the agreement an independent consultant would provide an unbiased analysis of the economic impacts.

Information Gaps Overview as presented to Mayor and Council

Self explanatory update

Olds Alberta Smart!Centres development

Information received as a result of speaking by phone with members of the Economic Development Committee regarding a similar size and scope project.

Overall the development is well received by the community and the downtown retail appears to be impacted with more traffic, more leased space and greater revenue opportunities.

Wal-mart made a contribution of $125,000 towards a community initiative at opening day.

6. <u>Assumptions specific to the (retail) Analysis:</u>

- Statistics Canada is no longer publishing separate figures for "Department Stores" and "Other General Merchandise Stores" due to confidentiality constraints. Instead, 'Department Stores" sales are combined with "Other Merchandise Stores" sales and are published under the grouping "General Merchandise Stores" (Industry Classification – NAICS).

- Population stats, # of households, and number of persons per household are from Stats Canada and used as constants in the spreadsheet:

Population SA	16,012
Population CSRD	48,726
# Households SA	6,540
# Households CSRD	21,185
Persons per household SA	2.45
Persons her household CSRD	2.3

- CSRD Trade Area population was narrowed in scope representing 44,463
    - See Section 3 – Consumer Spending: Statistics Columbia Shuswap Regional District 2006 Census

- Shuswap Trade Area population was narrowed in scope representing 32,370
    - See Section 3 – Consumer Spending: Community Populations (2006 Census)

- A "household" in this south central area is 2.92 people, according to Stats Canada, Census 2001. This is the basis for Wozny's stats; however, we use more specific persons per household stats for SA and CSRD in our database and formulas, according to the 2006 Census Community Profiles.

- The per capita demographic we are using is all persons, because everyone consumes food, etc. and the average number in households averages out beer & wine sales, for example.

- There is an inability to confirm/ support consumer spending dollar amounts as presented in the C. W. & L. Retail Impact Study – Salmon Arm Report at the time of delivering this H. O. W. Report. A telephone conversation from the SAEDS office to Mr. Wozny indicates the information is directly from Statistics Canada.

- Did not break down Pharmasave (Pharmacies category) into Camera & Photography or Computer sub-categories

- Stores like Wearabouts and Shuswap Clothing & Shoe Co. are categorized as Clothing Stores, so do not have a sub-category of Shoes. Cool Running Walking and Fitness is in the "Family Clothing Stores" category.

- Zellers and Canadian Tire were categorized as "Department Stores" in our Business List; in accordance with the above they are now "General Merchandise Stores".

- Canadian Tire is in the "General Merchandise Stores" category, whereas Rona is the "Home Centres & Hardware Store" category.

- Tire shops like Fountain Tire, etc. are not included in the list of retailers

- Bakeries are included, but coffee shops are not

- Square footage of each business is largely from a database of surveys done in 2003. Where there were new businesses or gaps in information, we received information from direct phone calls to the businesses.

- Used Retail Spending Per Capita in BC data from Wozny report (Chart 3-3) in our retail spending spreadsheet with a *qualifier that says some of the data source is from Stats Canada, Cushman & Wakefield LePage Retail Impact Study (Stats Canada Journal 93005) – spending per capita in BC.

Richard Wozny – report for Smart!Centres

- He got his data in his report for the tables 3-3 and 3-4 from material he buys from Stats Canada. He divided the retail spending in each category by the number of people in BC to get the per capita spending. (Stats Canada Journal 93005)

- He says he is objective and factual.
    - Every store would be full if landlords lowered their rent

Mark Eversfield – BC Business Service Centre

- Also gets his data from Stats Can, and we buy his info, e.g. Community Profile, Section 1, p. 7 "Consumer Spending Summary by Region".
- His retail Expenditure categories are different than Richard Wozny's and the categories we have in our Retail Market Analysis – Sq. Ft. database.