

# **SIDNEY**

## ***retail market & recruitment strategy***

Prepared for:

City of Sidney & the Sidney-Shelby County Chamber of Commerce

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## **MARKETING & RECRUITMENT STRATEGY**

Part I of this report provided the findings of a market potentials assessment. Demand for retail was examined from the perspective of community needs as well as market support. Recommendations on a retail mix and development strategy were also provided in the Part I report.

This Part II Report provides an implementation strategy for recruiting and attracting retail consistent with the recommendations in Part I. Two different approaches emerged out of the Part I Report, one focusing on highway-oriented sites and the other focusing on Downtown Sidney. The Marketing & Recruitment Strategy reflects this differentiation and the targets as described in the previous report.

This report includes two sections and an appendix. The first section details a strategy for recruiting and attracting highway-oriented retail. The second section focuses on targeted recommendations for retail in Downtown Sidney. The appendix provides detailed inputs from the various specific retailers contacted for this study.

## **I. Highway Retail Recruitment Strategy**

The Part I Report recommended that target marketing & recruitment efforts focus on sites with direct visibility and access to Interstate 75. In particular, it was noted that the best short-term opportunities may exist at Exit 90 (Fair Road), since much of the inflow and growth towards Sidney comes from Miami County; higher-income household growth has been strong proximate to those sites; and most of the choice retail sites at Exit 92 are already developed.

In the mid-to-long-term, there can be excellent retail development opportunities at Exits 93 and 94, since the City's housing growth will be concentrated on the north and north-east sides of town. The direction of Sidney's housing development will have an impact on the competitiveness of retail sites. Not all of the highway properties are located within Sidney's City limits, with some located in unincorporated portions of the County.

As discussed in the Part I Report, Sidney has a slight oversupply of about 18,000 square feet of retail space and faces ever-increasing competition from communities in Miami, Montgomery, and other surrounding counties. A "destination-oriented," incentive-driven marketing approach may be necessary to attract certain types of retail at the best-located sites.

### **Site Prioritization and Assembly Strategy**

Sidney and Shelby County have the best opportunity to attract chain retail by enhancing the competitiveness of the area's prime undeveloped retail sites. These sites are generally clustered near I-75 Exits. Development of these locations for commercial use would be consistent with the City's recently completed Comprehensive Plan, which has designated these as "Regional Business Center" sites.

**I-75 Access & Visibility.** Interestingly, the Comp Plan has recognized and reserved opportunities for development of restaurants at each of these interchanges. Given the competitive framework and the site requirements for the larger chains, highway access and visibility will be crucial to securing restaurant and other target uses. Access to existing the retail node at Route 47 is also critical.

**Recommended Uses for Target Sites.** As correctly noted in the Comp Plan, each of these highway-oriented locations will function differently in response to the market. Differentiation among these sites is discussed below.

*The key is to target those restaurants and retailers that are not already located in Piqua or northern Miami County. This can include stores that have units in Troy or points further south.*

1. **Restaurant & Shopping Node: State Route 47 & Vandemark (Exit 92).** The Comp Plan recognizes that this node is congested and recommends that development progress north along Vandemark, rather than west along Route 47. This is an appropriate recommendation, although highway visibility and access diminish the further one moves away from the actual interchange. It will not be as easy to attract restaurants and other uses that depend on in-flow to sites further north along Vandemark, unless they are guaranteed highway visibility. Still, *restaurants, shoppers goods stores* and other retailers will want to locate at sites where they can capture traffic generated by Wal\*Mart and other anchor retailers in this corridor.

Ideally, the City should establish a redevelopment plan for the Route 47 Corridor that, among other things, identifies the key redevelopment parcels and opportunities for City intervention. This mile-long haphazard retail strip could be re-formulated into an attractive retail hub that would, from a market perspective, act as a substitute for a shopping mall.

2. **Highway Convenience Node: Fair Road (Exit 90).** This interchange is accurately described as “an emerging business center where retail and commercial development will have a stronger highway orientation.” The market recommendations are consistent with the Comp Plan, which “supports *restaurants, lodging & automobile services* geared towards interstate travelers” at this location. Based on discussions with potential restaurants, this location may be well-suited for short-term development of a *Long John Silvers* or a fast-food restaurant.
3. **Suburban Service Node: County Route 25A (Exit 94).** The Comp Plan recommends retail uses at Exit 94 supportive of a proposed office center. These uses would include *restaurants, lodging, & business services*. The market analysis suggests that Exit 94 should also provide opportunities for a *supermarket & related convenience uses* as new housing is developed on the north side of Sidney. Based on forecasted demand and assuming that new housing is concentrated on the north side, then the market should support a 50,000 to 65,000 square-foot supermarket at this location. The timing of such development would depend on the phasing of housing construction in that area. The market analysis assumes that sufficient development will occur within five years to attract the interest of a supermarket chain.

Exits 90 or 94 may also be appropriate locations for outlet shopping. While certain full retail stores may not be supported in the market, outlet malls can offer discounted merchandise from those very same stores. Such retailers as Old Navy, Abercrombie & Fitch, and Eddie Bauer may be more interested in outlet locations around Sidney that capture the I-75 market. Unfortunately, traffic volumes may still fall below minimum requirements for some of these stores in the absence of a major metropolitan source nearby. Further analysis of the outlet market specifically may be warranted.

**Government and Chamber Role.** Given the importance of these sites, it is well advised that every effort be made to secure commercial zoning and public utilities at these locations. Given that commercial businesses are already located at Exits 90 and 92, there may be a need for the Chamber and the City to coordinate and assist owners of still undeveloped properties with the following:

1. Joint planning & marketing of those sites with brokers and/or property owners for the targeted, high-priority uses.
2. The City and County should assist private owners or potential retailers with the purchase and/or assembly of properties necessary to accommodate targeted uses, especially in the crowded Route 47/Vandemark Corridor. Another approach is to encourage the development of a “restaurant park” or node that helps create more of a destination. (See marketing strategy).
3. Master planning and site assembly for the proposed business park (or “corporate office park,” as suggested in the Comp Plan) at Exit 94. Restaurants, a 50,000 – to 65,000 square-foot supermarket, and ancillary convenience and shoppers goods uses should be programmed into the Master Plan. The restaurant sites would be provided with high-visibility sites on I-75.

### **Marketing & Recruitment Recommendations**

A marketing strategy has been developed based on the market potentials, recommended mix, site prioritization, and company interviews.

**Marketing Structure.** Several organizations and agencies help recruit businesses to the Dayton region. Shelby County falls outside of agencies like the Dayton Alliance (Miami, Montgomery, Greene, and Darke), but is represented in others like the informal I-70/I-75 Development Group.

Sidney and Shelby County have benefited most from local agencies such as the West Ohio Development Council (WODC). This organization has been

highly successful in attracting industry to Sidney and Shelby County, even with its relatively limited budget of \$110,000.

Even so, Shelby County would benefit from better integration into regional economic development recruitment efforts. Because of its location straddling two metropolitan areas, the county may not be hitting the “radar screen” of certain businesses that are looking broadly at the region. This is especially true for retail, where national chains often focus on sites within metropolitan areas only.

Some groundwork has been laid for an “Upper Miami Valley” marketing group. However, discussions have focused primarily on industrial uses because the return on investment from retail has not been as apparent. Good quality retail can generate benefits, in terms of quality of life, that increase the area’s competitiveness for attracting business and residents. However, this return is not as obvious as the types of job and wage benefits from industrial companies.

More effort should be made to better define the competitive advantages and the role for each community in the overall Upper Miami Valley (UMV) market. For example, Sidney might focus on attracting outlets and restaurants, while Piqua or Troy might attract larger discounters like Target. Strategic marketing can help the region avoid competitive and redundant efforts among various communities to attract retail and other businesses. The concept of a UMV coalition among the various county development agencies should be further developed and should include a focus on retail recruiting.

At the same time, retail marketing of existing businesses is an important role for the Sidney-Shelby County Chamber of Commerce. The Chamber faithfully represents the best interests of local retail businesses. Some additional Chamber marketing activities are discussed further as part of the following section.

### **Recruitment Approaches**

The complexity of issues surrounding the selection of sites by retail companies suggests that some individual, targeted approaches may be appropriate. Many retail chains prefer to locate in or near shopping malls or other large retail concentrations so that they can “feed” off of destination traffic. Since the Sidney market does not support the development of a shopping mall in the near future, certain specific retail chains cannot be easily attracted to the area. Mall-dependent businesses include certain department stores (JCPenney and Elder Beerman), many apparel stores, and other retailers. Some apparel stores like Old Navy, Abercrombie & Fitch, and Eddie Bauer have non-mall destination formats, but these are often in relatively affluent urban markets.

Applebee’s. Since Applebee’s is Sidney residents’ Number 1 preference for restaurants, and the chain is considering another store in the Miami-Shelby

county area, the time is ripe for Sidney to create a marketing and recruitment package for attracting this company. That “package” would include a brief summary of findings from the market potentials analysis focusing on restaurant opportunities, and on the output of the various surveys favoring Applebee’s. Several prospective sites should be identified that meet the criteria stated in the Appendix. The package might also include targeted incentives, such as assistance with site assembly, property purchase write-downs, fast-tracking of approvals, etc.

Chamber officials might consider arranging a strategic meeting with Thomas & King (the franchiser) to also include officials from City and County government and representatives of Target, the local lodging industry, or others. Although unusual in this day of consumer indifference, Sidney might show its brand loyalty by encouraging a letter-writing campaign among residents. Many retailers will conduct exhaustive market research but can be influenced by consumer loyalty within a given market.

Other individual retailers: Given the market realities and the competitive environment, Sidney and Shelby County should focus on attracting those stores that have made a commitment to expanding in the Dayton-Lima region. At the same time, Sidney and Shelby County should target only those restaurants and other businesses not already located in Miami County but are likely to locate in a non-mall, exurban location. At the least, the retailer should not have stores in Piqua or northern Miami County. Among the most appropriate targets (and current closest area locations) are:

1. Fazoli’s (Troy)
2. Friendly (Troy)
3. Frisch’s (Troy, Tipp City)
4. Captain D’s (Dayton)
5. Petsmart (Huber Heights)
6. Lowe’s (Lima, Bellefontaine, Springfield)
7. Little Professor Books (Troy)

Restaurant Park. One way of making sites more attractive to individual restaurant chains in the short- and mid-term would be to encourage the development of small “restaurant park” at Exit 90 or along Vandemark Road. The purpose of this node is to create more of a destination by providing eating & drinking choices. In this case, marketing efforts might focus on a linkage strategy. Rather than focusing on one pad-site store at a time, the City and/or County might work with a developer to attract chains to several sites with easy access to I-75 and obvious linkages to one another and other retail uses.

One difficulty is that additional consideration must be given to finding compatible chains. But more importantly, there are few remaining sites large and accessible enough for this purpose.

## **Tax and Financial Incentives**

This report discussed several opportunities for a public role in the site assembly and permitting process, and with marketing. Sidney and Shelby County could provide tax and other financial incentives for restaurants and retailers as well.

The concept of providing public financial or fiscal incentives for chain restaurants at highway locations is not necessarily new, but is still relatively rare. Again, the issue of a public return on investment (or incentives) should be carefully considered. Even if residents support such moves, consideration must be given to the rest of the business community. How will other businesses, especially restaurants, react to the City's or County's providing tax or other benefits to one specific chain retailer?. Will the public sector provide anything for existing retailers? For large employers or tax payors, or for retail in a targeted "zone" or Downtown, the case is easier to make.

A more appropriate approach may be to identify and assist a developer in the creation of a restaurant park or retail shopping center as appropriate at a given site. Again, public assistance might include assembly, property negotiation, joint marketing, "fact-track" approvals, etc.

If the City and County determine that incentives are appropriate in this case, then the following might be applied:

1. Property Cost Write-Downs. In some cases, it may be in the City's best interest to help purchase key sites in order to secure development or redevelopment. The City might consider holding these assets as security through a ground-lease arrangement with retailers or center developers who would pay a nominal rent. This would especially help retailers like Applebee's who might be interested in locating in the Route 47 / Vandemark Corridor.
2. Off-Site Improvements & Infrastructure. While it would be generally unadvisable to extend municipal infrastructure to small, un-served sites, extensions for a larger development (such as a restaurant park, "big box" retailer, or shopping center) could be supportable. Off-site improvements might include highway signaling, road improvements, or utilities brought to the site.

The proposed imposition of a lodging *room tax* might provide funds in support of such activities. However, such new taxes should only be implemented if the funds are used in support of activities that promote the tourism and lodging industries. Infrastructure in support of restaurants or other retail might be appropriate in some cases, if

helping to create a destination or establishing an environment that supports existing lodging facilities.

A more appropriate and often-used tool for funding infrastructure improvements is *tax increment financing (TIF)*, where the increase in property tax revenues resulting from the development is captured to secure bonds for off-site improvements.

3. Targeted Tax Incentives. Sidney already offers a downtown tax abatement program. Generally, such programs are more effective for attracting development to “green-field” (undeveloped) areas. As such, a *special taxing district* or a *TIF district* could be established at one or more of Sidney’s interchanges to encourage certain types of development (such as restaurants). Other communities in Ohio have occasionally used tax abatements to attract large retail employers like Wal\*Mart. In Sidney, such incentives could be targeted to a large anchor store (like Lowe’s) if a long-term employment benefit can be established. Sidney should be aware however, that encouraging “big box,” highway-oriented stores can sometimes have detrimental impacts on Downtown.
4. State Tax and other Incentives. Funding is available from several state agencies (such as the Ohio Department of Development) to assist in marketing and in development of infrastructure for economic development. In general, however, such funds are typically targeted for industrial – rather than retail – uses.

### **Assistance for Existing Suburban Businesses**

The Chamber has an important role as the key promotions agency for existing businesses. As such, the Chamber might assist local businesses further by publishing shopping guides similar to (but more extensive than) those published by the Miami County Visitors & Convention Bureau, providing lists of stores, advertising space, community information, and promotions (such as coupons). Ideally, shopping guides could first be inserted in the local newspaper or mailed to Shelby County households.

The Chamber might also organize promotional campaigns that reach out to households in the greater trade area, especially in Miami, Darke, and Auglaize counties. Discount days, coupons and other promotions can be advertised via radio and other media in Sidney and surrounding areas to encourage in-flow. A “discount day” may be set aside once every month where Chamber members coordinate to offer a certain percentage discount or other promotion. The problem with this approach is that it can lead to increased promotional activity in surrounding jurisdictions, leading to even more competition. Therefore, care

should be taken to coordinate in regional efforts for promotions in the same way that recruitment should be coordinated regionally).

## **II. Downtown Retail Strategy**

As suggested in the Part I Report, Downtown Sidney operates under very different market conditions than more suburban parts of the city and county. It will be very difficult for Downtown Sidney to attract the national or regional name-brand stores preferred by local consumers. These stores are, in the short or long-term, more likely to locate in the suburban, highway-oriented areas. As a result, the Part I Report recommended a Downtown mix oriented towards destination anchors and activity, creating “things to do” and a reason for being downtown. This mix should build on local strengths. Downtown revitalization will require the community’s commitment and public investment to a much larger extent that required for recruiting stores to I-75 sites.

### **Building Support for Downtown Revitalization**

Downtowns are becoming more attractive places once again as people return to a desire for “live, work, play” environments. In addition, a viable downtown is increasingly considered one measure of “quality of life” (QOL) considered by companies in selecting sites for new offices and plants. If Sidney and Shelby County desire to attract corporate executives to live and shop, then downtown revitalization can be one component of a QOL-driven strategy.

Because downtown revitalization in any city generally requires pro-active investment and marketing, it is highly recommended that the City and Main Street focus on ways to generate more interest, excitement, and support among Sidney’s residents for downtown revitalization efforts. Without community involvement, there is less support for pro-active efforts by local government to invest in the downtown. A wide cross-section segment of the community - its residents, businesses, local media, and government – must show a commitment to downtown for there to be any significant change.

Stakeholders. Any approach for building support should begin with the key stakeholders, namely, City and County Government, Sidney-Shelby County Chamber of Commerce, Main Street Sidney, downtown anchors, financial institutions, and major private employers. It is recommended that the City sponsor a roundtable meeting with key players to discuss goals and objectives for downtown.

Strategic Project Planning. If support exists among these key stakeholders, it is recommended that Sidney build on its Comprehensive Plan by preparing a Downtown Revitalization Strategy that focuses on public support for, and feasibility of, specific projects for implementation in the downtown area. Several proposals for key anchor projects are described later in this section.

Community Input and Public Relations. In order to build support within the community, residents and businesses should be involved in any strategic planning efforts that move forward as a result of stakeholder discussions. Main Street can incorporate broader public relations efforts above and beyond its promotional campaigns, to ensure that there is a better understanding of why Downtown is important to Sidney and Shelby County.

## **Key Anchor Projects**

As discussed in Part I, there is a need to create downtown activity or “things to do” for residents of Sidney. While there are already a number of community events held downtown on an annual basis, it is recommended that the City explore opportunities for downtown anchors, such as a civic or multi-purpose facility. This exploration would be included in the strategic planning effort and should assess needs, market support, space requirements, and redevelopment costs; should define a physical program and usage schedule, and determine an appropriate source of funding (discussed later in this section). Other anchors, such as restaurants, entertainment venues, and conference space, can be at least partially market-driven

1. **Civic / Multi-Purpose Facility.** If planned well, civic facilities, such as cultural centers or multi-purpose venues, are good downtown anchors because they generate activity that has a spill-over impact in support of downtown retail. There is an un-met market for entertainment uses that could be incorporated into such a facility. Market support suggests that there are at least opportunities for income-generating activities that can be incorporated into a civic or cultural facility. Such a facility can be constructed through the redevelopment of existing downtown space or as a new building. The City-owned Piper Building might be one alternative location for this facility.
2. **Meeting or Conference Venue.** Conference and meeting space can be incorporated into multi-purpose facilities or developed separately in downtown space. It would be virtually impossible to attract a privately-operated conference facility to downtown Sidney, especially without a conference hotel nearby. However, there is probably support and need for venues to accommodate local and regional events that is not already captured at Holiday Inn and other existing venues.
3. **Restaurants.** Restaurants are a key component of Sidney’s downtown revitalization, since they are supported in the market and they help to create full-day traffic and activity that can have important spin-off effects for other retailers. Restaurants are also crucial to support lodging and other local industries. It is highly recommended that Sidney focus on development of its local restaurant trade, starting with existing retailers like

Michael Anthony's. Strategic recommendations are provided later in this section.

4. **Tourist Attraction / Entertainment.** Downtown Sidney already has several historic treasures and sites of interest to the tourist. As noted in the first report, Downtown Sidney's historic and architecturally significant People's Federal building has recently attracted visitors from throughout the United States and from as far away as Chile and Austria. Sidney currently attracts tourists with practically no marketing or promotion of its heritage resources. Since tourists are an important part of Downtown's potential market, opportunities for additional tourism anchors should be assessed. This may include:
  - a. **Museum** – perhaps focused on Midwestern architecture, banking, civil war history, or another topic specific to Sidney's downtown and its heritage. Alternatively, a unique specialty museum focused on an unusual topic might provide more destination appeal. A small museum could be incorporated into a civic or cultural facility.
  - b. **Historic Inn / B&B** - not an "attraction" per se, an historic inn can nevertheless provide guest rooms downtown in support of retail and other activities. The more people staying or living downtown, the more likely that downtown can support a retail base.
  - c. **"Cinema & Drafthouse"** – in cooperation with the owners, the Sidney Theater should be renovated and re-programmed to offer a unique entertainment experience, such as a "cinema & drafthouse" which combines first-run or second-run films with eating & drinking. This model is fairly successful in several cities. This facility would rely primarily on the regional market, but could also attract visitors staying in local hotels, if marketed properly.
  - d. **Family Entertainment Center.** While it is unlikely that Downtown Sidney could attract a Dave & Busters or other chain family entertainment center, there is nevertheless the opportunity for a community-sponsored venue that appeals to all ages. These facilities normally combine adult eating & drinking with activities for youngsters. Again, the market would primarily be regional, but could attract family tourists traveling I-75.

## **Tourism Development**

Tourism is important for Sidney because the city is relatively isolated from the metropolitan markets that attract retail attention. Many similarly-located communities rely more heavily on tourism to "top-up" a local market that is otherwise too small to attract certain retail stores. In some cases, highway-oriented non-metropolitan cities encourage the development of outlets. However, there has to be sufficient highway traffic to support that concept. Other

approaches are to build up the attraction base and enter into regional marketing efforts that guide tour groups along a defined route.

Sidney does have untapped tourism potential, especially if marketed as part of the Miami Valley or of a heritage tourism region. Studies have identified some of the region's heritage resources, but these need to be "bundled" for tour operators and a marketing strategy needs to be developed to identify target audiences and strategic sites.

Tourism is especially important to downtown, which can build on its architectural assets and sense of place to create an attraction base. Tourism currently represents 1.5 to 2% of city-wide retail sales volumes, which is significantly lower than is typical for a small city outside of a metropolitan area. Based on further tourist market analysis, a target should be set for increasing the share of business generated from visitor trade (including business travel, leisure travel, retirement activity, conferences/meetings, and family visits). Given Sidney's location, a target of 5-7% overall (15-25% downtown) would be logical to reach by 2006. Initial tourism development efforts should focus on the following:

5. CVB. Either enhance the Chamber's tourism capacity or create a new tourism marketing agency such as a Convention and Visitors' Bureau (CVB) to market Sidney and Shelby County for tourism and meetings. Main Street also has an important role to play in concert with the CVB.
6. Regional Marketing. As with other economic development, there is a need to reduce competition and enhance specialization by building on the inherent strengths within the market. The Upper Miami Valley is a natural region (literally) for marketing tourism that would flow along I-75 or more scenic routes.
7. Strategic Planning. Again, more effort needs to be put into identifying appropriate target market sources, marketing strategies, and anchor attractions. Overall strategic planning for downtown might even be incorporated into this effort.
8. Project Identification. Sidney has a fine tourism asset base, but there is a need to expand this base perhaps to include some of the projects identified above (museum, cultural facility, meeting space, B&B) or others, as supported by the market.
9. Events Base. The City, Main Street, CVB, and downtown businesses need to take a closer look at the current events schedule and perhaps redefine certain events in order to increase their impact on downtown businesses. For example, some downtown merchants do not seem to benefit from current events in the square. The Farmer's Market appears to be relatively popular among residents. This concept might be expanded further to include a larger regional event (music, parade, etc). Events should be coordinated with heritage and other tourism development to present a consistent package.

## **Other Marketing Efforts**

Unlike the highway-oriented retail marketing strategy, downtown marketing should at least initially focus on assisting unique and locally-owned businesses. Gradually, the Chamber and a CVB can focus on building the market that would support specialty stores that would be unique to downtown.

Restaurants. It is recommended that the City assist in attracting several existing local restauranteurs (such as Michael Anthony's) to the downtown area. (Further details are provided in the funding strategy below). In addition, it is recommended that the City, Main Street, (and prospective CVB) assist existing downtown restaurants with marketing and promotions.

Each of the downtown restaurants offers a unique menu and character. Main Street could build into its event program a "progressive eating party" or other food event downtown that could reinforce a relationship between area residents and their local restaurants.

A primary objective should be to monitor downtown restaurants to ensure that their market is expanding and their capital needs are being met. Main Street can help provide guidance for Downtown restaurants and other businesses in securing small business administration (SBA) or other loans and grants from federal and state sources.

Anchor Retailers. Downtown marketing and monitoring should also focus on key shoppers goods anchors, such as Ron & Nita's, that serve as a destination attraction for downtown. Regional advertising for downtown Sidney would not be effective without focusing on the key anchors.

Specialty Stores. There is a "destination" market for specialty goods and food stores downtown, but only if traffic is generated in support of those businesses. The market is created as follows:

1. Creating strong anchor attractions (civic/ cultural facility, museum, entertainment, etc.)
2. Enhancing the restaurant base (relocating or expanding restaurants downtown)
3. Enhancing downtown events
4. Providing assistance for rehabilitation or construction of downtown buildings. (Some relief is already available through tax abatements).
5. Creating a strong tourism marketing agency, such as a CVB, and implementing a tourism marketing plan.
6. Enhancing visibility for downtown through gateways and signage from Interstate 75.
7. Enhancing visibility for downtown through advertising and signage on I-75.

8. Enlarging the downtown resident market by creating opportunities for 2<sup>nd</sup> floor apartments (through rehabilitation of existing buildings).

### **Funding & Investment Strategies**

The City already has made available certain resources or tax relief in support of downtown revitalization. For example, the City offers tax abatements of up to 100% for 15 years on the increase in taxes resulting from improvements. However, this program has not been often used as a pro-active tool in support of redevelopment since the impact of reduced property taxes is negligible in comparison with the significant cost of redevelopment itself.

Other programs, like the local revolving loan fund and the State CRA have also had little impact on spurring downtown redevelopment due to inherent weaknesses in the market. The City and County lack a community development agency to promote activities in support of downtown revitalization. However, the City can still design certain financing incentives that meet downtown redevelopment needs, such as the following:

1. **Capital Rehabilitation & Equipment Program.** Businesses that desire a downtown location often face the difficulty of financing capital improvements or equipment. The City and County have an opportunity to assist in funding capital projects using CDBG funds or through dedicated sources such as State and EDA loans and grants for business equipment.

City CIP funds could also be dedicated for building rehabilitation. A variety of lease-to-own or other pay-back arrangements could be made with the businesses based on percentage of sales or other flexible mechanisms that ensure security to both the business and the City. By controlling and maintaining ownership, the City retains security over an asset.

Strategic planning and incentives are needed to attract Michael Anthony's and other appropriate local restaurateurs to the downtown. A vision for downtown can include full-service restaurants, as well as bakeries, and other specialty food stores. The key constraints are related to financing, not market. Ideally, historic buildings should be renovated to a finish appropriate for the business (i.e., exposed brick walls, hardwood floors, etc). The City should consider funding for the exterior renovation of the Piper Building or another appropriate building for this use.

2. **Tourism Development Fund.** A lodging room tax has been proposed as a way of funding a convention and visitors bureau (CVB) for marketing and tourism development. Any such funding should also be used, along with memberships and sponsorships, to leverage contributory support from other local corporations including manufacturers. Funds could also be targeted for capital projects such as the development of a downtown

cultural/civic facility, museum, or other attraction meant to increase tourism and downtown activity.

- 3. Tax Increment Financing (TIF) District.** A TIF could be used as a financing mechanism for a downtown parking garage, if such facilities are necessary to support a certain level of redevelopment or for a civic or tourist facility. The project TIF must be linked closely to the activity generator, such as the civic facility. Other public improvements, such as extensions of the City's urban design improvements, road re-alignments, or façade programs might also be funded through a TIF.

## Summary

Downtown Sidney and suburban areas require very different strategies for attracting retail. Interstate interchanges are prime sites for attracting several potential retail tenants supported in the market, such as restaurants in the short term and supermarkets and apparel stores in the mid to long-term. The City can assist by enhancing development opportunities at specific sites, especially in the congested Route 47 Corridor, by drawing down the price of properties and assembling sites in coordination with developers.

A primary goal should be to reduce the visual clutter along Route 47 and create clear development zones on Route 47 or Vandemark Road. Development of sites on the City's north side would follow housing construction. Sites on the south side are very attractive for convenient, highway-oriented uses due to their relative proximity to the Miami County market.

Retail revitalization in Downtown Sidney depends on the creation of an activity center and the attraction of tourists. Downtown Sidney would benefit from a civic multipurpose center, museums, restaurants, entertainment facilities and other activity that generates traffic in support of retail. A market for destination retail can be created if investments are made in these activity generators and by enhancing downtown as a center for eating and drinking. Downtown's image must be enhanced as a unique destination for residents and visitors alike.

## **APPENDIX**

## **TARGETED RETAILERS**

Several potential restaurant tenants were contacted in order to assess the realistic opportunities for attracting their stores to the Sidney area. The targeted tenants included stores identified as appropriate by the community and through the market assessment. The following potential tenants were contacted:

### **Applebee's Restaurants (Mid-Range Casual)**

Applebee's bills itself as the largest casual dining chain in the world, with over 1,300 stores. In Ohio, they are franchised by Thomas & King of Lexington, Kentucky. The franchise has several restaurants in the north Dayton area:

1. Troy
2. Huber Heights
3. Salem Mall

Thomas & King is seeing continued sales growth among its stores in the region. The franchise has opened 64 stores since 1988, for an average of about 5 per year. The manager of the Troy store attributes about 10 to 15% of his sales to residents of Sidney. However, he doesn't think that a new store in Sidney would seriously hurt his business, based on the impact of new stores in similar locations and due to his overall increase in sales volumes.

The franchiser has considered locating a store in either Sidney or Piqua, to pick up the northern Miami and Shelby county markets not already penetrated by the Troy store. In general, the store would ideally be located north of Piqua or south of Sidney, to maximize exposure to both markets. However, site exposure and traffic are also critical. The franchiser has visited Sidney and believes that the market to support the store could be ready in 2 to 3 years, if the right site is available.

1. *Site Requirements:* Applebee's requires 1.3-1.5-acre sites to accommodate a 5,000 square-foot store building. At least 100 parking spaces are required. They want a ready site with zoning in place.
2. *Demographics:* The stores typically require a minimum population of 30,000 within a logical trade area, with household incomes of more than \$40,000. More importantly, they prefer a daytime population of about the same number within a short drive. They look for median ages in the mid-30s.
3. *Traffic:* The franchisers are looking for ADTs of at least 25,000 to 40,000. Ingress and egress is very important. They are less concerned about

pedestrian traffic, since they are mostly in suburban or highway shopping locations.

4. *Locations:* Applebee's franchisers generally prefer shopping/office nodes where there is already retail traffic. They often locate adjacent to "generators," such as retail "boxes" and shopping malls. In general terms, they are looking at visibility, access, traffic patterns, parking, demographics, competition, and generators.

Sidney Competitive Assessment. Meeting Applebee's location requirements may be possible if the following conditions are met:

1. Applebee's does not chose to locate a store in Piqua.
2. An appropriate site is made available at the .
3. Additional retail development is programmed at the Fair Road interchange.
4. Some additional residential development is programmed near Fair Road, accounting for the sewer constraints.

Defining a restaurant trade area for Applebee's that includes all of Shelby County results in a trade area population base of 49,300, or just under the minimum Applebee's requirement of 50,000. However, Applebee's would expect inflow from Piqua/northern Miami County that could result in the addition of another 20,000 to 35,000 to the population base. Sidney household incomes just barely meet Applebee's requirements, at \$53,000. However, the store would access higher-income households in Miami County and suburban Shelby County.

One of the most important constraints for this concept is that Fair Road lacks a substantial generator for lunch volume. From a competitive standpoint, Piqua has higher traffic numbers, with 44,500 ADT versus 35,000 ADT at Fair Road. (Traffic counts total 60,000 near Applebee's existing store in Troy). Again, Sidney just barely meets Applebee's site requirements for traffic.

In general, Sidney just barely meets the standard location requirements for Applebee's. Even if all of the demographic and traffic requirements were met, the critical issue is that a competitive location decision must be made between opening a store at Piqua or on the south side of Sidney. Given this competitive decision, it is in Sidney's interests to assist in marketing and assembling a site at Fair Road specifically for Applebee's. A marketing plan should be developed as soon as possible, in order to target the decision process now underway. Marketing would also include discussions of housing development on the south and north side of Sidney.

## **Long John Silver's / A&W Root Beer**

Unlike many of the other restaurants preferred by Sidney residents. Long John Silver's (LJS) is closer to the "fast food" end of dining. This chain, based in Lexington, Kentucky, offers primarily seafood.

The chain has expanded rapidly in the Dayton region, with 13 new stores opened during the past year. As part of that expansion, the chain had already looked at Miami and Shelby counties as locations for additional stores. LJS has begun co-branding with A&W Root Beer to expand the market base in much the same way as other chains have done. As a result of the co-branding, many existing stores are being remodeled and re-configured.

LJS has a store in Piqua, at 1219 East Ash Street, that is being remodeled as part of the co-branding effort. The manager of this store attributes over 50% of her volume to Sidney and other Shelby County residents. Therefore, the development of a new store in Sidney would have a detrimental impact on her business, at least in the short- and mid-term.

## **Darden Restaurants**

**(Red Lobster, Olive Garden, Bahama Breeze, Smokey Bones restaurants)**

Darden Restaurants, the Orlando-based company that franchises Red Lobster and Olive Garden, is one of the longest-running and most successful operations of its kind. The company's product is the mid-range casual specialty restaurant, focusing on seafood, American-Italian, etc. The company now has over 500 Red Lobster restaurants nationwide, including a store in Piqua (991 East Ash Street).

1. *Site Requirements:* Darden looks for ease of accessibility, general exposure/visibility, location in relation to a commercial "focal point," and driving distance to primary residential base. They examine liquor license availability, landscaping requirements, sewer moratoriums, and other issues that may affect construction.
2. *Demographics & Market Requirements:* Population (current and growth rate), age cohorts, and median income are the three primary factors used in selecting sites. Darden also examines restaurant sales trends in the market, particularly as a measure of per-family expenditures indexed to median family income. In the recent past, Darden determined that the Sidney market was below their minimum demographic requirements for Red Lobster and Olive Garden, when compared with state and national averages.

3. *Traffic:* Darden requires a good road system, easy access, and short driving distances for a majority of the market base.
4. *Locations:* Red Lobster and Olive Garden are located strictly in suburban locations, typically in busily-traveled retail corridors or near shopping malls. Darden looks for a “commercial focal point,” an area with a destination draw for restaurants, shopping facilities, entertainment complexes, tourist attractions, etc. The chain looks for inflow from outside of the immediate trade area.

*Sidney Competitive Assessment.* On several factors, Sidney is a moderately good location for the chain. For example, Sidney’s rating on household restaurant expenditures is on par with national averages (two percent higher on drinking expenditures). Sidney is also a growing market, although the rate of population growth does not match that of sun-belt cities or even some other communities in Ohio.

Unfortunately, there is already a Red Lobster located within a short drive of Sidney in Piqua. The chain does not normally locate units at sites within two or three exits of each other, even in large metropolitan areas. Even though the store performs well, a large share of the Piqua store’s business is generated from Sidney, so a new store is likely to seriously impact on sales at the existing store.

## **T.G.I Friday’s**

Chains such as T.G.I. Friday’s (with 600 stores) have similar site and demographic requirements to Applebee’s, but prefer locations near major retail centers or corporate office nodes to satisfy Friday’s minimum lunch and “happy hour” volume requirements. Friday’s prefers locations at commercial hubs (shopping malls, suburban office nodes) with one million square feet or more.

This chain is also more attracted to student populations than is Applebee’s. T.G.I. Friday’s are often located near major universities. Sidney does not have the student or office worker population, nor the traffic or retail concentrations preferred by this chain.

## **Chili’s / Macaroni Grill Restaurants**

Chili’s and Macaroni Grill restaurants are both band names of Brinker International, of Dallas. The chain has similar site, demographic, and location requirements to Applebees, with a distinct preference for super-regional suburban mall locations. All of Chili’s stores in the Dayton regional market are located in suburban / mall locations.

## **Captain D's Restaurants**

Captain D's is part of the Nashville-based Shoney's chain that also operates Shoney's Restaurants and Inns. Shoney's was originally part of the Big Boy chain, like Frisch's.

There is an existing Captain D's unit in Greenville. Aside from recent financial difficulties, Captain D's franchisers may have expansion capacity in the region. Sites such as those at Fair Road or Route 47 are appropriate for the chain, which can draw from Miami, Shelby and surrounding counties. The chain has units only in Dayton but would expand into the Upper Valley through a multiple unit strategy that could include Shelby County.

## **Fazoli's**

Fazoli's is a smaller, regional Italian-style restaurant with units in Huber Heights and Troy. Additional information is being supplied by the company.

## **Friendly Restaurants**

While not explicitly requested by surveyed residents, Friendly's is another low/mid-range family-style restaurant. Friendly's Ice Cream Restaurants are franchised, with a mix of urban and suburban locations.

1. *Site Requirements:* The chain generally builds 4,000 to 4,500 square-foot stores with appropriate set-backs and parking on a 30,000 square-foot (2/3-acre) site. They want a ready site and zoning in place.
2. *Demographics:* Friendly's franchisers look for household incomes in the \$35,000 to \$45,000 range. Population depends on the trade area, but families and a sizeable youth population is beneficial. Tourist trade is a target market for rural locations like Sidney's.
3. *Traffic:* The chain looks at a minimum 15,000 to 18,000 ADT to support its stores. However, this can be supplanted by substantial walk-by trade (10,000 walk-bys), such as in a tourist area.
4. *Sales:* Ideally, Friendly's looks for volumes of \$40,000 per week, or about \$450 per square foot. However, many of its stores in some urban markets are operating at less than 50% and averaging just over \$200 per foot. The chain relies on a strong weekend and breakfast business.
5. *Locations:* Because families are its target market, Friendly's is more likely than a Friday's or an Applebee's to locate in a neighborhood shopping district. Demographics and traffic must support a healthy breakfast/weekend trade.

Sidney Competitive Assessment. Sidney generally meets the local demographic requirements for this chain except that the area lacks the tourist trade desired for off-peak traffic. The north side of Sydney could be a good long-term location for Friendly's once housing is developed.

## **Target Stores**

Target is the Number 1 preference among surveyed Sidney households for general merchandise / department stores. Target is a Minneapolis-based chain of over 1,000 discount stores that reach a higher-end, typically suburban market. The chain is expanding rapidly, with the goal of building another 1,000 stores by 2010.

Target has three stores in the Dayton metropolitan area (Huber Heights, Springfield, and Trotwood). The chain has occasionally looked at the Lima area, which has generally fallen below the market requirements for Target stores.

6. *Site Requirements:* The chain has increased the size of its stores in response to Wal\*Mart's super stores. Target requires ample space for parking, plus good access and visibility. Oftentimes, target will co-locate with its competitors, including Kohl's and Meijer.
7. *Demographics:* Target considers primarily metropolitan markets as locations for its stores, since the chain prefers to operate multiple stores in each market. Even then, the metropolitan areas should have a population base of at least 100,000. With less than 50,000, Shelby County falls well below the market base necessary to support the store, and Miami County is considered inflow to Dayton.
8. *Locations:* Again, Target prefers suburban locations in larger metropolitan markets. There is a significant economy of scale achieved with having multiple stores in a major market, where warehousing and distribution costs can be minimized.

Sidney Competitive Assessment. Sidney does not meet minimum location requirements for a Target store, with only one-half of the minimum market size. Since Target primarily considers only metropolitan locations, Shelby County does not qualify for consideration. Even Lima, which does have metropolitan status, has not met Target market demographic requirements. There is a slightly higher possibility that Target could locate a store in Miami County, which is part of the Dayton metro and has the minimum population base. Therefore, would be logical for Shelby and Miami County to work together to attract certain stores to Sidney (restaurants, etc) and a Target to Piqua or Troy.

## **Abercrombie & Fitch**

Abercrombie & Fitch (A&F) is a preferred apparel store with units in Fairfield Commons (Beaver Creek) and Dayton Mall. The chain was “spun-off” from The Limited in 1998 and targets the college-age market. Additional units include A&F Kids and Hollister, both of which target younger age markets. The company develops stores solely in metropolitan markets of over 500,000 people and with higher-than-average income levels. A&F also builds only in malls and avoids single-standing units. For all of these reasons, Sidney does not meet the requirements for attracting this chain.

## **Kohl’s**

Kohl’s is a fast-growing general merchandise chain currently expanding in 25 states. Most of this expansion is limited to sub-belt cities like Atlanta and Houston. Kohl’s operates units in Huber Heights, Beaver Creek, and Centerville. Most units are being built in suburban locations in metropolitan markets, with few units going into rural areas. Stores are averaging 86,000 square feet in size, requiring 8.5 to 9.0 acres.

## **Eddie Bauer**

Eddie Bauer is a preferred apparel store based in Redmond, Washington and with stores at Dayton Mall and The Mall @ Fairfield Commons. The chain has 550 stores nationwide, all of which were located based on a population based of at least 200,000 within a five-mile radius. Sidney and Shelby County do not meet this requirement and instead provide inflow to the Dayton stores.

## **The Gap, Inc. (The Gap, Old Navy, and Banana Republic)**

The Gap is one of the nation’s largest retail chains, operating various units for The Gap and Gap Kids, Old Navy, and Banana Republic from its headquarters in the San Francisco Bay Area. Old Navy is the brand most frequently mentioned by Sidney residents in the surveys. Old Navy operates units in Springfield, Dayton Mall, and Lima Mall. The chain is most likely to locate stores in suburban malls or high-volume retail districts of urban and suburban metropolitan areas. Additional information is being supplied by the company.

## **Lowe’s**

Lowe’s was the preferred building supplier among Sidney residents surveyed for this study. Lowe’s operates units at the following regional locations:

1. Dayton – Trotwood

2. Dayton – Huber Heights
3. Dayton – Beaver Creek
4. Dayton – Dayton Mall
5. Dayton – Arlington Pike
6. Springfield
7. Bellefontaine
8. Lima

While the company has a number of stores in the area, there is a gap in the I-75 market between Huber Heights and Lima. The gap in hardware and building supplies will be partially met by Lowe's competitor, Home Depot, with the new store in Piqua. The development of this store will dramatically decrease opportunities for Sidney to attract a home building supplier. On the other hand, Lowe's does compete head-on in the same markets with Home Depot.

The best opportunities for attracting Lowe's would be in the Route 47/ Vandemark Corridor near Wal\*Mart in the short to mid-term or on the north side in the long-term as housing is developed there. The development of a Lowe's in conjunction with a supermarket would be a viable concept at Exit 94, once new housing development has progressed in that area.

## **PetsMart**

PetsMart is a specialty store headquartered in Phoenix and with units in Dayton and Huber Heights. In general, the chain avoids non-metropolitan locations and prefers proximity to large suburban retail nodes. Such stores prefer a destination location central to a large metropolitan market. Additional information has been requested of the company.