

Bobbie Walthall

From: Kirk and Jeannie McClure [mcclurefamily@sbcglobal.net]
Sent: Tuesday, February 08, 2011 9:02 AM
To: Mike Amyx; Aron Cromwell; Lance Johnson; Mike Dever; Rob Chestnut
Cc: David L. Corliss; Diane Stoddard; Bobbie Walthall
Subject: Retail Database

Re: Agenda Item 6

*CITY COMMISSION MEETING AGENDA
February 8, 2011*

Receive final report from the Retail Task Force and consider issuing a Request for Proposals for the retail database information, as recommended by the Retail Task Force.

Members of the City Commission,

The members of the Retail Task Force have done a fine job of addressing a difficult issue. They recommend that the City issue a Request for Proposals for the development of a retail database. The goal is to develop “a database to assist local businesses in growing their market share.” The data would describe “consumer buying and spending patterns that can be analyzed and used to identify strengths, weaknesses, gaps, and opportunities in the local economy.” Finally the Task Force recommends that “the primary responsibility for these new retail services be housed within the Chamber of Commerce.”

The data needed for this retail database already exist inside City Hall, and they can only be managed by employees of the City.

Demand Data

The most important data on the retail market are derived from analysis of sales tax collections. These tax collection data permit the economic development planners to analyze, at the vendor level, the ebbs and flows of retail spending. The planners can aggregate these data into meaningful categories (e.g.: apparel, automotive, groceries, lodging, dining, etc.) to define trends and gaps.

The confidentiality laws governing the use of these data do not permit outside consultants to work with the data. Only City employees may work with vendor level data and in their work must preserve the confidentiality of the data.

To hire an outside consultant, whether the Chamber of Commerce or other firm, will not work given these constraints.

The work needs to be performed by skilled economic planning staff employed by and reporting to the City Commission.

Supply Data

To understand the matchup between the demand for retail goods and services and the available stock of retail space, the database also requires information on the size, location, and type of retail buildings. The only

comprehensive data on the stock of commercial space are held by the Douglas County Tax Assessor. While these data are generally available to anyone, as a practical matter, it is easier and more efficient for economic development planners working for the City, rather than a private consultant, to work out the details of obtaining the supply data from the Tax Assessor.

Recommendation

Keep the development and analysis of retail supply and demand data inside City Hall. Only City staff can access the most valuable sales tax data, and only these data can provide the information that is desired. Make this work part of the ongoing efforts of skilled economic planning staff who know how to perform this analysis. Have this work done by professionals who report to the City Commission and are not subject to business advocacy pressures.

All the best,

Kirk

Kirk McClure
707 Tennessee Street
Lawrence, Kansas 66044-2369
(785) 842-8968
mcclurefamily@sbcglobal.net

To: Jonathan Douglass
Subject: RE: Retail Sales Tax Study & Sales Tax Shrinkage

TO:

City Manager, City Commissioners, Chamber of Commerce

The areas I believe we must address:

- A major problem downtown has is: What is the primary draw to downtown to make it both “Top of Mind” for shoppers and desirable as a “Destination”? Something is missing, as the study shows no relative growth in downtown retail sales.

Most people go downtown sometimes...what we need is to get most people downtown almost every time. The "Shop Local" theme will not be successful if we do not have the stores where people like to shop...we are creatures of habit!

- 3) 3) We need a variety of products. Without the variety offered by larger retailers Lawrence will continue to suffer a loss in retail sales. You may be familiar with an economic model known as Reilly's Law of Retail Gravitation. William J. Reilly devised a model capturing the trade-off consumers make between community size and distance versus the local availability and variety of goods. Typically the distance trade off is going to be 20 to 40 miles. Lawrence already sees this impact in sales loss to "The Legends, Olathe & Topeka. Reilly's Law is telling us why we have sales tax shrinkage.

- 4) We should heed Reilly's Law. We waste way too much time worrying about the amount of retail square footage.

We should only worry about retail square footage in the context of, "Is enough available in the area where a retailer's customer base is located". I believe the city should remember, "too little" available square footage, in high demand locations, can kill retail sales opportunities. We must not micromanage retailers by trying to pigeon hole them into some existing storefront. Storefronts fill up with economic vitality.

We must remember it is the desirability of the products sold in the square footage, not the square footage itself that is most important. Retail square footage availability should be looked at similar to the availability of Industrial Park lots.

- 5) 5) We have poured \$40K to \$50K per year into Downtown Lawrence, Inc. for years. What has our investment gotten us? It does not seem to have gotten us a common approach to the economic future of downtown., or any approach. I don't know if Mary Cox's leaving is right or not. What I can say is she instituted badly needed projects creating "Top of Mind" interest in downtown. Should we pay an organization to lobby the city commission & lead downtown merchants that can't provide leadership, goals and planning for the future economic health of downtown?

If we wish to attract businesses to Lawrence we should treat them all equally. We shouldn't financially support downtown without performance criteria, and then seek significant exactions and performance criteria from new businesses seeking financial incentives.

Downtown Lawrence will only survive if it is "competitive" not because it is "protected". Such a narrow perspective has demonstrated it hurts all of Lawrence.

- 6) 6) We can no longer act like we are the "Only Game In Town"...most specifically we are "Not The Only Town".

Lawrence has not lost all of its competitiveness, but we have damaged our image over the years. Sometimes I think Lawrence believes that companies need us more than we need them. We must prove Lawrence provides an environment where businesses are wanted and can thrive.

The competitive market for retail sales & industry will not change. Lawrence must change to meet the market!

I hope this is constructive for the future of Lawrence's success.

I would like to hear your thoughts.

David Reynolds

Lawrence, Kansas