

Bobbie Walthall

To: David L. Corliss
Subject: RE: Menards Pull Factor Question

From: Amy Miller
Sent: Tuesday, June 18, 2013 8:29 AM
To: David L. Corliss
Cc: Scott McCullough
Subject: Menards Pull Factor Question

Dave,

The following is in response to Comm. Farmer's question regarding the pull factor and the Menards proposal:

The following is adapted from the 2012 Retail Market Report:
(<http://www.lawrenceks.org/assets/pds/planning/documents/2012Retail.pdf>)

A City Trade Pull Factor is an economic indicator that measures the balance of trade. It is computed by dividing the per capita sales tax of the city or county by the statewide per capita sales tax. A perfectly balanced area has a pull factor of 1.00, meaning that the same amount that people spend outside of the area on goods is offset by the amount that people from out of the area come in to the area to purchase. A pull factor less than 1.00 means that more money is being spent elsewhere than is being brought into the area and is seen as an unfavorable balance of trade. A positive pull factor, or one that is greater than 1.00 means that more purchases are being made from people coming from outside of the area than by residents who leave the area to make their purchases. A positive pull factor is seen as a favorable balance of trade.

The Kansas Department of Revenue develops annual reports that detail city and county pull factors. In fiscal year 2009, the City of Lawrence had a pull factor of .99, which was an 11% decline from 2005 to 2009. However, Lawrence's pull factor began increasing in 2010, to a current pull factor of 1.07 for 2012, resulting in a favorable balance of trade.

In addition, the Kansas Department of Revenue calculates Trade Area Capture Figures that measures the trade area served by the community. It is figured by multiplying the city's population by the pull factor. This number helps to identify the percent of county sales that the city has. In the case of Lawrence, the share that Lawrence has of county sales has risen slightly from 90.9% in 2005 to 93% in 2012.

	City of Lawrence	Douglas County
FY 12	1.07	.91
FY 11	1.07	.91
FY 10	1.02	.86
FY 09	.99	.85
FY 08	.99	.85
FY 07	1.02	.87
FY 06	1.12	.97
FY 05	1.11	.99
FY 04	1.10	.96
FY 03	1.06	.93

The review of the market study included in the staff report for the Menard's project also provided the same analysis of "pull factors" mentioned above, but stated that "The marked increase in the City's pull factor these last two years now means that the City is attracting retail sales to the community."

During the April 22 and May 20, 2013 Planning Commission meetings, general comments were made by Planning Commissioners and the public that dollars were leaving the community because people who live in Lawrence were shopping at Menards stores elsewhere. In addition, Tyler Edwards, the representative from Menards, made the comment that "there are a significant amount of Lawrence residents that drive elsewhere to visit a Menards store." Specific numbers were not presented at either meeting.

Please let me know if you have further questions.

Thank you,

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