

16

SOCIO-ECONOMICS

The Socio-Economics chapter of the Environmental Impact Report (EIR) considers whether the proposed project would result in significant adverse physical deterioration of properties or structures, or urban decay, due to economic impacts on existing businesses and the inability of property owners to lease existing vacant buildings and buildings that may be vacated as a consequence of economic impacts resulting from the Bohemia Retail project (proposed project). Documents referenced to prepare this section include the *Placer County Urban Decay and Fiscal Impact Analysis: Redevelopment of Former Bohemia Lumber Company Site* prepared by Economics Research Associates (ERA) (See Appendix U),¹ the *Placer County General Plan (PCGP)*,² and the *Auburn/Bowman Community Plan (ABCP)*.³

16.1 ENVIRONMENTAL SETTING

Background

In 1993, an EIR was prepared for the site as a Walmart retail store. The project was approved by the Planning Commission, appealed by the public and subsequently approved by the Board of Supervisors. Following approval by the Board of Supervisors, members of the public challenged the project in civil litigation and the project was ultimately withdrawn by the applicant.

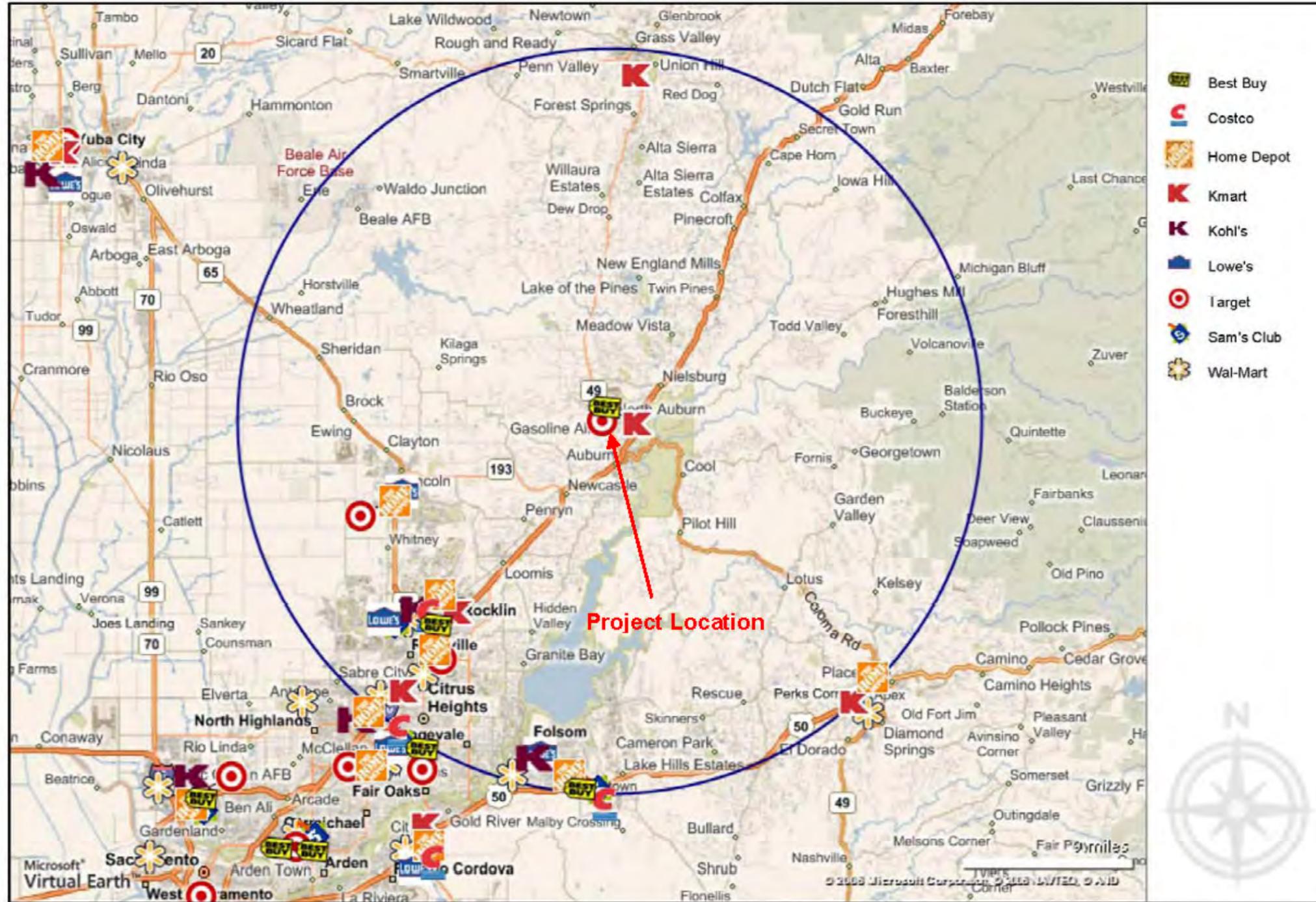
In 2007, a second EIR was prepared for a residential subdivision (the Bohemia Subdivision). The project was approved by the Planning Commission, but was withdrawn by the applicant due to housing market conditions that coincided with final stages of project approval.

The project site is an 18.62-acre parcel located on the east side of State Route (SR) 49 near the intersection of SR 49 and Luther Road, as shown in Figure 3-2 in Chapter 3, Project Description, of this EIR. The proposed project would include the construction of a single-tenant, 155,000-square-foot retail building.

Trade Area

The Trade Area is defined for the purpose of assessing the project's potential impact on retail businesses in surrounding areas. Existing large retail centers within a 20-mile radius are shown in Figure 16-1. The Trade Area boundaries were determined by splitting the distance between the project site and existing large retail centers. The Trade Area from which the majority of potential buyers are drawn is shown in Figure 16-2, Retail Trade Area. The Trade Area encompasses Auburn, Colfax, unincorporated areas of Placer County such as Foresthill, Meadow Vista, and North Auburn, Grass Valley, Nevada City, and unincorporated areas of Nevada County, such as Alta Sierra, Penn Valley, and Lake Wildwood. The proposed project would capture sales primarily from Auburn, North Auburn, and a portion of Nevada County that is not served by Yuba City's retail.

Figure 16-1
Existing Large Retail Centers



Note: Blue ring has a 20-mile radius from the location of the proposed project.

Source: Costar. Logos are displayed to depict store locations only and are the property of their respective owners.

Figure 16-2
Existing Retail Trade Area



Source: ESRI Business Analyst, Economics Research Associates

Existing Conditions

To assess demand and sales patterns in the Trade Area, ERA examined and projected population, households, and retail sales trends.

Trade Area

The Trade Area includes approximately 3.4 million square feet of retail space. The retail vacancy rate is six percent and has fluctuated between three and seven percent for the past five years. Even after increasing from \$15 per square foot in 2005, the average rental rate for 2008 was \$25 per square foot per year. Low vacancy rates and solid absorption and rental rates are indications the retail sector in the Trade Area is performing well. Retail in the Trade Area is concentrated in Auburn and along the I-80 corridor. To the north, the City of Grass Valley is another large retail area. The Urban Decay analysis focused on the retail areas within Placer County. The Trade Area consists of three distinct retail areas described below:

State Route 49 Corridor

Retail clustered around SR 49 consists of stores located in neighborhood shopping centers or as stand-alone buildings. The SR 49 corridor is characterized by large supermarkets, auto dealers, auto repair and service, and the area's largest retailers such as Kmart, Target, Gottschalks, Best Buy and Staples. The area has approximately 1.66 million square feet of retail development and the vacancy rate is eight percent. Neighborhood shopping centers tend to have a higher vacancy rate than other types of retail and the corridor area has a high concentration of neighborhood shopping centers. For the past five years, the average rental rates were \$28 per square foot per year.

Old Town/Downtown Auburn

Retail in the Old Town/Downtown Auburn Area is clustered around Old Town Auburn and Lincoln Way and High Street (Downtown). Retail in the downtown area is primarily composed of street level retail, such as independent stores, specialty shops, and dining and entertainment establishments. The area has approximately 525,000 square feet (s.f.) of retail space. Although vacancy rates in the Old Town/Downtown Auburn area fluctuates, the area displays trends similar to other areas within the Trade Area. The retail vacancy rate is two percent. For the past five years, the average rental rates were \$18 per square foot per year.

Interstate 80 (I-80) Corridor

This area extends along I-80 from Foresthill Road in Auburn to Colfax. Retail in the I-80 corridor caters to traveler needs (e.g., service stations, hotels, etc.). However, specialty shops exist in retail centers off I-80, such as Main Street and Railroad Avenue in Colfax and neighborhood retail in Meadow Vista. The retail vacancy rate is one percent and was less than two percent for the past five years. For the past five years, the average rental rates were \$15 per square foot per year.

Population and Household Trends

The California Department of Finance (DOF) estimates and projections for populations are shown in Table 16-1. The population of Placer County nearly doubled between 1990 and 2008 and was estimated to be approximately 333,401 in 2008. A majority of the population growth occurred in the southwest portion of the County in the cities of Rocklin, Roseville, and Lincoln. Population growth in central and northeast Placer County, including Auburn and unincorporated Placer County, was lower than the rest of the County. As shown in Table 16-1, the DOF population projections predict Placer County will experience a growth rate of 2.1 percent per year through the year 2020, and 1.8 percent per year between 2020 and 2030.

The number of households in Placer County is anticipated to increase from 129,615 in 2007 to 157,219 in 2012 (See Table 16-2). In addition, as shown in Table 16-2, the Trade Area population is anticipated to increase from 166,319 in 2007 to 181,551 in 2012 and the number of households from 67,380 in 2007 to 73,986 in 2012.

The median household incomes in Placer County and the Trade Area are anticipated to increase from \$75,229 in 2007 to \$88,176 in 2012 and \$56,316 in 2007 to \$65,399 in 2012, respectively (See Table 16-3).

Demand and Supply

This section sorts the available data into standard categories then estimates the level of demand and the amount of supply that currently exist in the Trade Area. The categories analyzed are as follows:

- Apparel Stores;
- General Merchandise and Drug;
- Food Stores;
- Eating and Drinking Places;
- Furnishings and Appliances;
- Building Materials and Farm Equipment;
- Auto Dealers and Supplies;
- Service Stations; and
- Other Retail Stores.

Per Capita Taxable Sales Trends

The Placer County per capita retail sales from 2000 to 2006 are shown in Table 16-4. The average annual growth rate from 2000 to 2006 in Placer County was 4.3 percent, similar to the annual average population growth rate of 4.2 percent. The 2006 total retail sales in Placer County was approximately \$6.2 billion. Table 16-5 shows the 2006 per capita retail sales averages by category for Auburn, Grass Valley, Unincorporated Placer County, Placer County, and the Trade Area Average. The Trade Area per capita is based on the weighted average retail sale of the three largest jurisdictions in the Trade Area, Auburn, Grass Valley, and Unincorporated Placer County.

**Table 16-1
Historic and Projected Population Trends**

	1990	2000	2007	2008	2010	2020	2030	1990-2000		2000-2008		2010-2020		2020-2030	
								CAGR	Abs. Increase						
Placer County															
Auburn	10,653	12,462	13,112	13,273	13,836	17,060	20,403	1.58%	1,809	0.79%	811	2.12%	3,224	1.81%	3,343
Colfax	1,306	1,520	1,838	1,855	1,934	2,384	2,852	1.53%	214	2.52%	335	2.12%	451	1.81%	467
Lincoln	7,248	11,205	37,410	39,758	41,444	51,103	61,117	4.45%	3,957	17.15%	28,553	2.12%	9,658	1.81%	10,014
Loomis	5,705	6,260	6,529	6,624	6,905	8,514	10,183	0.93%	555	0.71%	364	2.12%	1,609	1.81%	1,668
Rocklin	18,806	36,330	51,951	53,843	56,127	69,207	82,768	6.81%	17,524	5.04%	17,513	2.12%	13,080	1.81%	13,561
Roseville	44,685	79,921	106,266	109,154	113,784	140,300	167,793	5.99%	35,236	3.97%	29,233	2.12%	26,516	1.81%	27,493
Unincorporated	<u>84,393</u>	<u>100,701</u>	<u>107,389</u>	<u>108,894</u>	<u>113,513</u>	<u>139,966</u>	<u>167,393</u>	1.78%	16,308	0.98%	8,193	2.12%	26,453	1.81%	27,427
Total Placer County	172,796	248,399	324,495	333,401	347,543	428,535	512,509	3.70%	75,603	3.75%	85,002	2.12%	80,992	1.81%	83,974
EL Dorado County															
El Dorado unincorp	96,123	123,080	144,733	145,726	153,499	179,309	200,740	2.50%	26,957	2.13%	22,646	1.57%	25,811	1.14%	21,431
Total El Dorado County	125,995	156,299	178,674	179,722	189,308	221,140	247,570	2.18%	30,304	1.76%	23,423	1.57%	31,832	1.14%	26,430
Nevada County															
Grass Valley	9,048	10,922	12,915	12,929	13,380	14,919	16,156	1.90%	1,874	2.13%	2,007	1.09%	1,538	0.80%	1,237
Nevada City	2,855	2,996	3,057	3,074	3,181	3,547	3,841	0.48%	141	0.32%	78	1.09%	366	0.80%	294
Truckee		13,864	15,901	16,165	16,729	18,653	20,199		13,864	1.94%	2,301	1.09%	1,923	0.80%	1,546
Balance Of County	<u>66,607</u>	<u>64,251</u>	<u>67,153</u>	<u>67,018</u>	<u>69,358</u>	<u>77,332</u>	<u>83,744</u>	-0.36%	-2,356	0.53%	2,767	1.09%	7,974	0.80%	6,412
Total Nevada County	78,510	92,033	99,026	99,186	102,649	114,451	123,940	1.60%	13,523	0.94%	7,153	1.09%	11,802	0.80%	9,489

Sources: California Department of Finance.

Projections for 2010, 2020, and 2030 are from State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, Sacramento, California, July 2007.

Note that the projections are only available at the county level. Projections for Cities and Unincorporated County assume that the share of each jurisdiction remains the same as in 2008.

Table 16-2
Trade Area Population and Household Trends

Region	2000	2007	2012	2000 - 2007		2007 - 2012	
				CAGR	Abs. Increase	CAGR	Abs. Increase
Placer County							
Population	248,399	339,691	410,232	4.6%	91,292	3.8%	70,541
Households	93,382	129,615	157,219	4.8%	36,233	3.9%	27,604
Trade Area							
Population	151,153	166,319	181,551	1.4%	15,166	1.8%	15,232
Households	60,163	67,380	73,986	1.6%	7,217	1.9%	6,606
Breakdown of Trade Area by County							
Placer County							
Total Population	69,073	76,527	85,907	1.5%	7,454	2.3%	9,380
% of Trade Area	45.7%	46.0%	47.3%		0.3%		1.3%
Total Households	26,850	30,719	34,813	1.9%	3,869	2.5%	4,094
% of Trade Area	44.6%	45.6%	47.1%		1.0%		1.5%
Nevada County							
Total Population	76,833	84,136	89,664	1.3%	7,303	1.3%	5,528
% of Trade Area	50.8%	50.6%	49.4%		-0.2%		-1.2%
Total Households	31,277	34,428	36,812	1.4%	3,151	1.3%	2,384
% of Trade Area	52.0%	51.1%	49.8%		-0.9%		-1.3%
El Dorado County							
Total Population	6,324	6,923	7,552	1.3%	599	1.8%	629
% of Trade Area	4.2%	4.2%	4.2%		0.0%		0.0%
Total Households	2,303	2,525	2,763	1.3%	222	1.8%	238
% of Trade Area	3.8%	3.7%	3.7%		-0.1%		0.0%
Yuba County							
Total Population	794	873	924	1.4%	79	1.1%	51
% of Trade Area	0.5%	0.5%	0.5%		0.0%		0.0%
Total Households	346	380	403	1.3%	34	1.2%	23
% of Trade Area	0.6%	0.6%	0.5%		0.0%		0.0%
Sierra County							
Total Population	227	222	218	-0.3%	-5	-0.4%	-4
% of Trade Area	0.2%	0.1%	0.1%		0.0%		0.0%
Total Households	104	105	105	0.1%	1	0.0%	0
% of Trade Area	0.2%	0.2%	0.1%		0.0%		0.0%

Source: ESRI Business Analyst 2007, Economics Research Associates

Aggregate sum of trade area population by county is off by less than 1% due to rounding

Table 16-3
Trade Area Income and Age Trends

Region	2000	2007	2012	2000 - 2007		2007 - 2012	
				CAGR	Abs. Increase	CAGR	Abs. Increase
Placer County							
Median Household Income	57,411	75,229	88,176	3.9%	17,818	3.2%	12,947
Per Capita Income	27,964	37,086	46,179	4.1%	9,122	4.5%	9,093
Median Age	38	39	39	0.4%	1	0.0%	0
Trade Area							
Median Household Income	46,925	56,316	65,399	2.6%	9,391	3.0%	9,083
Per Capita Income	24,546	30,638	36,368	3.2%	6,092	3.5%	5,730
Median Age	44	47	48	0.9%	3	0.4%	1
Breakdown of Trade Area by County							
Placer County							
Median Household Income	51,149	60,133	69,633	2.3%	8,984	3.0%	9,500
Per Capita Income	26,295	32,463	38,905	3.1%	6,168	3.7%	6,442
Median Age	42	45	47	1.0%	3	0.9%	2
Nevada County							
Median Household Income	43,722	53,534	62,460	2.9%	9,812	3.1%	8,926
Per Capita Income	23,504	29,777	35,015	3.4%	6,273	3.3%	5,238
Median Age	45	48	50	0.9%	3	0.8%	2
El Dorado							
Median Household Income	59,680	73,198	84,510	3.0%	13,518	2.9%	11,312
Per Capita Income	26,207	31,952	38,259	2.9%	5,745	3.7%	6,307
Median Age	41	45	46	1.3%	4	0.4%	1
Yuba County							
Median Household Income	28,099	32,322	35,973	2.0%	4,223	2.2%	3,651
Per Capita Income	15,426	18,615	20,977	2.7%	3,189	2.4%	2,362
Median Age	45	48	51	0.9%	3	1.2%	3
Sierra County							
Median Household Income	41,573	51,468	57,250	3.1%	9,895	2.2%	5,782
Per Capita Income	22,182	27,463	30,881	3.1%	5,281	2.4%	3,418
Median Age	47	50	54	0.9%	3	1.6%	4

Source: ESRI Business Analyst 2007, Economics Research Associates

**Table 16-4
Placer County Per Capita Retail Expenditures by Category 2000-2006**

Category	2000	2001	2002	2003	2004	2005	2006	2000-2006	
								CAGR	Avg. Ann.
Apparel Stores	\$350	\$505	\$518	\$533	\$617	\$632	\$611	9.7%	\$538
Gen. Merchandise & Drug ¹	\$1,912	\$2,177	\$2,298	\$2,376	\$2,406	\$2,471	\$2,466	4.3%	\$2,301
Food Stores ²	\$2,604	\$2,642	\$2,726	\$2,709	\$2,593	\$2,696	\$2,656	0.3%	\$2,661
Eating & Drinking Places	\$1,296	\$1,395	\$1,437	\$1,474	\$1,568	\$1,641	\$1,682	4.4%	\$1,499
Furnishings & Appliances	\$425	\$504	\$560	\$594	\$692	\$741	\$819	11.6%	\$619
Bldg Materials & Farm Eqmt	\$1,022	\$1,167	\$1,318	\$1,422	\$1,577	\$1,562	\$1,518	6.8%	\$1,370
Auto Dealers & Supplies	\$4,430	\$4,574	\$4,760	\$4,972	\$5,125	\$5,353	\$5,177	2.6%	\$4,913
Service Stations	\$913	\$912	\$855	\$988	\$1,244	\$1,659	\$1,832	12.3%	\$1,201
Other Retail Stores	\$2,465	\$2,620	\$2,766	\$2,798	\$2,925	\$3,119	\$3,068	3.7%	\$2,823
Total	\$15,416	\$16,497	\$17,237	\$17,868	\$18,746	\$19,875	\$19,830	4.3%	\$17,924
<i>Placer County County Pop.</i>	<i>248,399</i>	<i>258,532</i>	<i>271,035</i>	<i>283,847</i>	<i>296,455</i>	<i>307,653</i>	<i>317,498</i>	<i>4.2%</i>	

¹ Adjusted from taxable sales by 3% to reflect non taxable drug sales

² Adjusted taxable sales by 3 times to reflect total food store sales

Sources: California Department of Finance, California Board of Equalization

**Table 16-5
Trade Area Jurisdictions Per Capita Retail Expenditures by Category 2006**

Category	Auburn	Grass Valley	Unincorp. Placer County	Trade Area Average¹	Placer County
Apparel Stores	\$255	\$678	\$190	\$244	\$611
Gen. Merchandise & Drug ²	\$2,061	\$5,052	\$599	\$1,176	\$2,466
Food Stores ³	\$3,628	\$14,101	\$1,908	\$3,263	\$2,656
Eating & Drinking Places	\$1,891	\$3,014	\$1,275	\$1,505	\$1,682
Furnishings & Appliances	\$457	\$1,532	\$242	\$388	\$819
Bldg Materials & Farm Eqmt	\$826	\$3,469	\$938	\$1,173	\$1,518
Auto Dealers & Supplies	\$2,717	\$6,885	\$2,296	\$2,784	\$5,177
Service Stations	\$3,098	\$2,767	\$1,499	\$1,780	\$1,832
Other Retail Stores	\$12,663	\$5,013	\$1,697	\$3,099	\$3,068
Total	\$27,596	\$42,509	\$10,644	\$15,412	\$19,830
<i>Population</i>	<i>13,017</i>	<i>12,868</i>	<i>106,393</i>		<i>317,498</i>

¹ Weighted average of Auburn, Grass Valley, and Unincorporated Placer County
² Adjusted from taxable sales by 3% to reflect non taxable drug sales
³ Adjusted taxable sales by 3 times to reflect total food store sales

Sources: California Department of Finance, California Board of Equalization, Economics Research Associates

The Trade Area's highest sales categories in 2006 were service stations (\$1,780 average annual per capita), auto dealers and supplies (\$2,784 per capita), food stores (\$3,263 per capita), and other retail stores (\$3,099 per capita). Conversely, apparel stores (\$244 average annual per capita), home furnishings and appliances (\$388 per capita), building materials and farm equipment (\$1,173 per capita), and general merchandise and drug (\$1,176 per capita) represent the smallest sales levels.

Future Retail Demand

To predict future retail demand, the 2006 per capita retail sales in the Trade Area were adjusted to reflect 2010 levels. As shown in Table 16-6, the Trade Area per capita sales are estimated to be \$17,100 in 2010. The per capita retail sales were applied to the estimated population of the Trade Area to project the sales demand by retail category in 2010, 2015, and 2020. A real income adjustment of 0.2 percent was applied through 2012, and 0.3 percent thereafter.

**Table 16-6
Trade Area Projected Baseline Retail Demand, 2010-2020**

(Dollars are in Thousands)

Trade Area Population ¹		175,298*	178,397	181,551	184,761	188,027	191,352	194,735	198,178	201,682	205,248	208,876
	Per Capita Sales²											
Apparel Stores	\$0.27	\$47,459	\$48,395	\$49,349	\$50,372	\$51,416	\$52,482	\$53,571	\$54,681	\$55,815	\$56,972	\$58,153
Gen. Merchandise & Drug	\$1.30	\$228,704	\$233,213	\$237,811	\$242,741	\$247,774	\$252,911	\$258,155	\$263,507	\$268,971	\$274,547	\$280,240
Food Stores	\$3.62	\$634,719	\$647,233	\$659,994	\$673,678	\$687,645	\$701,903	\$716,455	\$731,310	\$746,472	\$761,949	\$777,747
Eating & Drinking Places	\$1.67	\$292,760	\$298,531	\$304,417	\$310,729	\$317,171	\$323,747	\$330,460	\$337,311	\$344,305	\$351,443	\$358,730
Furnishings & Appliances	\$0.43	\$75,563	\$77,053	\$78,572	\$80,201	\$81,864	\$83,561	\$85,293	\$87,062	\$88,867	\$90,710	\$92,590
Bldg Materials & Farm Eqmt	\$1.30	\$228,204	\$232,703	\$237,291	\$242,211	\$247,233	\$252,359	\$257,591	\$262,931	\$268,383	\$273,947	\$279,627
Auto Dealers & Supplies	\$3.09	\$541,482	\$552,157	\$563,044	\$574,717	\$586,633	\$598,796	\$611,211	\$623,883	\$636,819	\$650,022	\$663,499
Service Stations	\$1.97	\$346,194	\$353,019	\$359,979	\$367,443	\$375,061	\$382,837	\$390,775	\$398,877	\$407,147	\$415,588	\$424,205
<u>Other Retail Stores</u>	\$3.44	\$602,730	\$614,613	\$626,731	\$639,725	\$652,989	\$666,527	\$680,347	\$694,453	\$708,851	\$723,548	\$738,549
Total Retail Stores	\$17.10	\$2,997,814	\$3,056,918	\$3,117,187	\$3,181,817	\$3,247,786	\$3,315,124	\$3,383,857	\$3,454,016	\$3,525,629	\$3,598,727	\$3,673,341

¹ Based on ESRI population growth projections of 1.8 percent through 2012. This growth rate is applied through 2020 in our model. The California State Department of Finance projects county growth of 2.12 percent through 2012. However, Auburn and Unincorporated County have experienced typically slower growth than the rest of the County.

² Trade Area per capita retail sales in 2006 are based on weighted average for Auburn, Grass Valley, and Unincorporated Placer County adjusted to 2010 with CPI increase. A 0.2% real income adjustment is applied through 2012 and 0.3% thereafter.

Source: ESRI, California Board of Equalization, California Department of Finance, Economics Research Associates

*As indicated at the top of the table, the dollar values presented are in thousands; for example, the actual value of the Total Per Capita Sales shown in bold at the bottom of the first column is \$17,100 (\$17.10 x 1,000 = \$17,100). All subsequent references to dollars in thousands are similar.

Net Retail Demand

The projected annual retail demand by category for 2010 through 2020 are shown in Table 16-6. Comparing the retail demand 2010 to 2015 and 2020, the net retail demand is anticipated to be \$317 million and \$675 million, respectively (See Table 16-7). The retail demand for General Merchandise and Drugs is anticipated to increase by \$24 million by 2015 and \$51 million by 2020. Retail demand for Food Stores is anticipated to increase by \$67 million by 2015 and \$143 million by 2020.

16.2 IMPACTS AND MITIGATION MEASURES

Standards of Significance

Socio-economic impacts from the implementation of the proposed project would be considered significant under the following circumstances:

The development of the proposed project would directly or indirectly result in physical deterioration to properties or structures that is so prevalent and substantial, it impairs the proper utilization of the properties or structures, and the health, safety and welfare of the business vacancies, abandoned buildings, boarded doors and windows, parked trucks and long-term unauthorized use of properties and parking lots, extensive or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees and shrubbery and uncontrolled weed growth or homeless encampments.

Methods of Analysis

As stated in the introduction to this chapter, the analysis is based on a report prepared by Economics Research Associates (ERA) entitled *Placer County Urban Decay and Fiscal Impact Analysis: Redevelopment of Former Bohemia Lumber Company Site* dated March 6, 2009, and included as Appendix U of this EIR. The ERA market analysis involved the following steps:

- Established a Trade Area based on an analysis of existing retailers in the region that are likely to compete with the proposed project for customers.
- Conducted targeted research on population growth, employment, income and demographic trends for Placer County as a whole, Unincorporated Areas of Placer County, and the designated Trade Area for the project.
- Examined historic taxable sales data in incorporated and unincorporated Placer County and projected a twelve-year (2008-2020) baseline forecast of the Trade Area retail sales growth by industry category.
- Estimated per capita retail sales in the Trade Area to estimate new retail demand in the Trade Area by major retail category.
- Using industry averages for store performance, estimated future sales for the proposed store by major category over a ten-year period. Future sales are estimated for two types of stores: club store and discount superstore.

**Table 16-7
Retail Demand Generated by Trade Area Population, 2010-2020**

(Dollars are in Thousands)				
	2006	2010 ¹	2015	2020
Trade Area Population		175,298	191,352	208,876
Real Income Adjustment ²		1.000	1.013	1.028
Major Retail Category	Per Capita Retail Sales			
Apparel Stores	\$0.24	\$0.27	\$0.27	\$0.28
Gen. Merchandise & Drug	\$1.18	\$1.30	\$1.32	\$1.34
Food Stores	\$3.26	\$3.62	\$3.67	\$3.72
Eating & Drinking Places	\$1.51	\$1.67	\$1.69	\$1.72
Furnishing & Appliances	\$0.39	\$0.43	\$0.44	\$0.44
Bldg Materials & Farm Eqmt	\$1.17	\$1.30	\$1.32	\$1.34
Auto Dealers & Supplies	\$2.78	\$3.09	\$3.13	\$3.18
Service Stations	\$1.78	\$1.97	\$2.00	\$2.03
Other Retail Stores	\$3.10	\$3.44	\$3.48	\$3.54
Total Per Capita Retail Sales	\$15.41	\$17.10	\$17.32	\$17.59
Total Retail Sales Demand				
Apparel Stores		\$47,459	\$52,482	\$58,153
Gen. Merchandise & Drug		\$228,704	\$252,911	\$280,240
Food Stores		\$634,719	\$701,903	\$777,747
Eating & Drinking Places		\$292,760	\$323,747	\$358,730
Furnishing & Appliances		\$75,563	\$83,561	\$92,590
Bldg Materials & Farm Eqmt		\$228,204	\$252,359	\$279,627
Auto Dealers & Supplies		\$541,482	\$598,796	\$663,499
Service Stations		\$346,194	\$382,837	\$424,205
Other Retail Stores		\$602,730	\$666,527	\$738,549
Total Retail Sales Demand		\$2,997,814	\$3,315,124	\$3,673,341
New Sales Demand from 2010			2010-2015	2010-2020
Apparel Stores			\$5,023	\$10,694
Gen. Merchandise & Drug			\$24,208	\$51,536
Food Stores			\$67,183	\$143,027
Eating & Drinking Places			\$30,988	\$65,970
Furnishings & Appliances			\$7,998	\$17,027
Bldg Materials & Farm Eqmt			\$24,155	\$51,423
Auto Dealers & Supplies			\$57,314	\$122,017
Service Stations			\$36,644	\$78,011
Other Retail Stores			\$63,797	\$135,819
Total New Sales Demand from 2010			\$317,309	\$675,526
¹ Based on 2006 per capita retail sales of average per capital retail sales in Trade Area adjusted to 2010 with CPI average increase for 2000-2007 period .				
² Real income adjustment is 0.2 percent for the first two years and 0.3 percent thereafter.				
Source: California Board of Equalization, Bureau of Labor Statistis, Economics Research Associates				

- Compared the net new retail volume created by the proposed development to net new retail demand for 2010 to 2020 in order to determine the likelihood that the project would create urban decay or blight.
- Determined the net sales impact of the proposed store on retail sales in the area by major retail category over the twelve-year period.

Competitive Projects

The following is a brief description of the retail projects that would increase the amount of retail space in the Trade Area and are under review by Placer County:

- Auburn Creekside Center is a proposed neighborhood center under environmental review (preparation of the Administrative Draft EIR is expected in late-Spring/early-Summer of 2009). This project is located in North Auburn just north of the Target Store, approximately one mile from the proposed project site. The development would be phased and would consist of approximately 93,000 s.f. of new retail space and 321 parking spaces. Potential tenants have not yet been identified. Retail spaces range in size from 7,200 s.f. to 27,000 s.f. (with the possibility of as much as a 53,000-square-foot space). Given the space sizes, likely tenants would be a supermarket, drugstore, and medium size retailers. An optimistic timeline for this project is three years.
- The existing Target is planning an extension of 42,566 s.f. to their existing retail space and increasing the number of parking spaces at the site. The project is pending environmental review, mostly related to traffic issues. Despite the current economic situation, this Target expansion continues to move forward even while Target is putting construction of new stores elsewhere on hold. A best case scenario for the completion of the project is 2010/11.
- Phase I of the Plaza at 1900 Grass Valley Road was recently completed. Approximately 74,000 s.f. of new retail was completed during this phase. This project is located directly adjacent to the proposed project. Some of the spaces are already occupied by retailers, such as a realty company, a mattress store, and a cellular service store, as well as chain restaurants such as Little Caesar's and Quizno's. Approximately 40,000 s.f. remain vacant, but up to 22,400 s.f. are under lease negotiations and are likely to be leased in the coming months to a national grocer and a pet supply store. An additional 26,700 s.f. of retail would be added during Phase II of the project. Phase II could be completed in less than two years, but the current economic situation could delay development.

The potential urban decay and fiscal impacts of the project would vary depending on the type of tenant on the project site. For the purposes of this analysis, the proposed 155,000 s.f. of retail and auxiliary service station were analyzed under the following two scenarios:

Club Store

The first scenario assumes that the tenant is a club store, such as Costco. For this scenario the project includes 155,000 s.f. of retail space and a service station. The average size of Costco

stores is 142,000 s.f.; however, recent Costco stores tend to be larger. Costco's national average sales per square foot are \$926.

Discount Superstore

The second scenario assumes the construction of a discount superstore, such as a Walmart superstore. Superstores stock everything a regular Walmart discount store does, but also includes a full-service supermarket and may have a garden center, pet shop, pharmacy, tire & lube express, optical center, one-hour photo processing lab, portrait studio, and numerous alcove shops, such as cellular phone stores, hair and nail salons, and video rental stores. Walmart superstores range in size between 98,000 s.f. and 246,000 s.f. ERA assumed that the superstore's average sales per square foot are \$513 and the average superstore is 187,000 s.f.

The assumptions for net annual sales per square foot and product mix for each of the two types of stores is presented in Table 16-8. The statistics are based on each company's most recent financial statements.

Project Impacts and Mitigation Measures

16-1 The proposed project would include services that would compete with existing businesses, including general retailers and groceries, in Placer County to the extent that those businesses would close and the resultant vacancies would contribute to physical deterioration and urban decay.

The Urban Decay Analysis compared the projected retail sales demand for the Trade Area to the expected new sales volumes for the proposed project to determine the potential for urban decay. Residual demand represents the demand that would be available to other retailers in the area and is measured as total demand minus proposed project sales volumes. In addition, the Urban Decay Analysis calculated the residual demand as a percentage of total baseline demand in 2010 to have a better understanding of how long it would take for demand growth to offset the impact of the sales attributed to the two project options (See Tables 16-11 and 16-14). If the residual demand percentage is below 100 percent, then there is potential for urban decay, as existing businesses could face lower sales. When the percentage is above 100, the residual demand is higher than before development of the project.

Club Store Scenario

The club store is anticipated to generate \$143 million annually in sales from 2010 to 2020 (See Table 16-9). A majority of the club store retail sales would occur in the Food Stores, General Merchandise & Drug, Furnishings & Appliances, and Other Retail Stores retail categories. In 2010, the club store retail sales would be 4.8 percent of total retail sales in the Trade Area.

Table 16-8
Performance Statistics of Potential Tenants for Project

	Club Stores		Discount Superstore
	Costco	Sam's Club	Walmart
Typical Store Format (sf)	142,000	132,000	187,000
Net Sales (\$ per sf)	\$926	\$552	\$421
Size of proposed project (sf)	155,000	155,000	155,000
Product Mix (percent of net sales)			
Apparel Stores	4%	2%	8%
Gen. Merchandise & Drug	18%	12%	22%
Food Stores	46%	52%	31%
Eating & Drinking Places	1%	0%	0%
Furnishings & Appliances	12%	7%	15%
Bldg Materials & Farm Eqmt	0%	0%	0%
Auto Dealers & Supplies	1%	1%	3%
Service Stations	7%	5%	0%
<u>Other Retail Stores</u>	11%	21%	21%
Projected Sales (Millions per year)	\$144	\$86	\$65

Notes:

Newer stores for all five retailers are larger than the national average.

Walmart net sales per square foot include Supercenter's Discount Stores, and Neighborhood Markets.

Walmart Supercenters average sales are typically 20 to 25 percent larger than regular Walmart Discount Stores.

Sam's Club is included only for comparison purposes.

**Table 16-9
Club Store Projected Retail Sales, 2010-2020**

	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Estimated Net Sales / SF	\$926	\$926	\$926	\$926	\$926	\$926	\$926	\$926	\$926	\$926	\$926	\$926

Club Store Projected Retail Sales												
(Dollars are in Thousands)	% Club Store Sales	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	4%	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741	\$5,741
Gen. Merchandise & Drug	18%	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835	\$25,835
Food Stores	46%	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024	\$66,024
Eating & Drinking Places	1%	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435
Furnishings & Appliances	12%	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224	\$17,224
Bldg Materials & Farm Eqmt	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auto Dealers & Supplies	1%	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435	\$1,435
Service Stations	7%	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047	\$10,047
<u>Other Retail Stores</u>	11%	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788	\$15,788
Projected Sales	100%	\$143,530										

Source: COSTCO Wholesale Corp, and Economics Research Associates

Table 16-10
New Retail Demand Versus New Club Store Projected Sales

(Dollars are in Thousands)

Retail Category	New Retail Sales Demand		Club Store Sales Volume		Club Store Sales as % of New Retail Demand	
	2015	2020	2015	2020	2015	2020
Apparel Stores	\$5,023	\$10,694	\$5,741	\$5,741	114%	54%
Gen. Merchandise & Drug	\$24,208	\$51,536	\$25,835	\$25,835	107%	50%
Food Stores	\$67,183	\$143,027	\$66,024	\$66,024	98%	46%
Eating & Drinking Places	\$30,988	\$65,970	\$1,435	\$1,435	5%	2%
Furnishings & Appliances	\$7,998	\$17,027	\$17,224	\$17,224	215%	101%
Bldg Materials & Farm Eqmt	\$24,155	\$51,423	\$0	\$0	0%	0%
Auto Dealers & Supplies	\$57,314	\$122,017	\$1,435	\$1,435	3%	1%
Service Stations	\$36,644	\$78,011	\$10,047	\$10,047	27%	13%
<u>Other Retail Stores</u>	\$63,797	\$135,819	\$15,788	\$15,788	<u>25%</u>	<u>12%</u>
Total (affected Categories)	\$293,155	\$624,103	\$143,530	\$143,530	49%	23%
Total Retail Stores	\$317,309	\$675,526	\$143,530	\$143,530	45%	21%

Source: Economics Research Associates

**Table 16-11
Club Store Residual Demand Analysis**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$41,718	\$42,654	\$43,608	\$44,631	\$45,675	\$46,741	\$47,829	\$48,940	\$50,074	\$51,231	\$52,412
Gen. Merchandise & Drug	\$202,868	\$207,377	\$211,975	\$216,906	\$221,939	\$227,076	\$232,320	\$237,672	\$243,135	\$248,712	\$254,404
Food Stores	\$568,696	\$581,210	\$593,970	\$607,654	\$621,622	\$635,879	\$650,432	\$665,286	\$680,449	\$695,925	\$711,723
Eating & Drinking Places	\$291,324	\$297,096	\$302,982	\$309,293	\$315,736	\$322,312	\$329,024	\$335,876	\$342,869	\$350,008	\$357,295
Furnishings & Appliances	\$58,339	\$59,829	\$61,348	\$62,977	\$64,640	\$66,337	\$68,070	\$69,838	\$71,643	\$73,486	\$75,367
Bldg Materials & Farm Eqmt	\$228,204	\$232,703	\$237,291	\$242,211	\$247,233	\$252,359	\$257,591	\$262,931	\$268,383	\$273,947	\$279,627
Auto Dealers & Supplies	\$540,046	\$550,722	\$561,608	\$573,282	\$585,198	\$597,361	\$609,776	\$622,448	\$635,383	\$648,587	\$662,064
Service Stations	\$336,147	\$342,972	\$349,932	\$357,396	\$365,014	\$372,790	\$380,728	\$388,830	\$397,100	\$405,541	\$414,158
<u>Other Retail Stores</u>	<u>\$586,942</u>	<u>\$598,825</u>	<u>\$610,943</u>	<u>\$623,937</u>	<u>\$637,200</u>	<u>\$650,739</u>	<u>\$664,558</u>	<u>\$678,664</u>	<u>\$693,063</u>	<u>\$707,759</u>	<u>\$722,761</u>
Affected Categories	\$2,626,080	\$2,680,685	\$2,736,366	\$2,796,076	\$2,857,024	\$2,919,235	\$2,982,737	\$3,047,554	\$3,113,716	\$3,181,250	\$3,250,183
All Retail Categories	\$2,854,284	\$2,913,388	\$2,973,657	\$3,038,287	\$3,104,256	\$3,171,594	\$3,240,327	\$3,310,486	\$3,382,099	\$3,455,197	\$3,529,811

Residual demand = total demand - club store sales. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand ^a (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	88%	90%	92%	94%	96%	98%	101%	103%	106%	108%	110%
Gen. Merchandise & Drug	\$228,704	89%	91%	93%	95%	97%	99%	102%	104%	106%	109%	111%
Food Stores	\$634,719	90%	92%	94%	96%	98%	100%	102%	105%	107%	110%	112%
Eating & Drinking Places	\$292,760	100%	101%	103%	106%	108%	110%	112%	115%	117%	120%	122%
Furnishing & Appliances	\$75,563	77%	79%	81%	83%	86%	88%	90%	92%	95%	97%	100%
Bldg Materials & Farm Eqmt	\$228,204	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Auto Dealers & Supplies	\$541,482	100%	102%	104%	106%	108%	110%	113%	115%	117%	120%	122%
Service Stations	\$346,194	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%	120%
<u>Other Retail Stores</u>	<u>\$602,730</u>	<u>97%</u>	<u>99%</u>	<u>101%</u>	<u>104%</u>	<u>106%</u>	<u>108%</u>	<u>110%</u>	<u>113%</u>	<u>115%</u>	<u>117%</u>	<u>120%</u>
Affected Categories	\$2,769,610	95%	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%
All Retail Categories	\$2,997,814	95%	97%	99%	101%	104%	106%	108%	110%	113%	115%	118%

^aBaseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if the club store is not built.

- = When residual demand as a share of baseline demand falls below 100 percent represents potential for lower sales for existing businesses and hence potential for urban decay.
 - = When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand and hence potential for businesses to grow or for new businesses to enter the market.
- Source: Economics Research Associates

Table 16-12
Discount Superstore Projected Retail Sales, 2010-2020

	2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Estimated Net Sales / SF	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513	\$513

Discount Store Projected Retail Sales												
(Dollars are in Thousands)	% Supercenter Sales	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	8%	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361	\$6,361
Gen. Merchandise & Drug	22%	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493	\$17,493
Food Stores	31%	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650	\$24,650
Eating & Drinking Places	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Furnishings & Appliances	15%	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927	\$11,927
Bldg Materials & Farm Eqmt	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auto Dealers & Supplies	3%	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385	\$2,385
Service Stations	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Other Retail Stores</u>	21%	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698	\$16,698
Projected Sales	100%	\$79,515										

Source: Walmart Annual Report, Economics Research Associates

Table 16-13
New Retail Demand Versus New Discount Superstore Projected Sales

(Dollars are in Thousands)

Retail Category	New Retail Sales Demand		Discount Supercenter Sales Volume		Discount Supercenter Sales as % of New Retail Demand	
	2015	2020	2015	2020	2015	2020
Apparel Stores	\$5,023	\$10,694	\$6,361	\$6,361	127%	59%
Gen. Merchandise & Drug	\$24,208	\$51,536	\$17,493	\$17,493	72%	34%
Food Stores	\$67,183	\$143,027	\$24,650	\$24,650	37%	17%
Eating & Drinking Places	\$30,988	\$65,970	\$0	\$0	0%	0%
Furnishings & Appliances	\$7,998	\$17,027	\$11,927	\$11,927	149%	70%
Bldg Materials & Farm Eqmt	\$24,155	\$51,423	\$0	\$0	0%	0%
Auto Dealers & Supplies	\$57,314	\$122,017	\$2,385	\$2,385	4%	2%
Service Stations	\$36,644	\$78,011	\$0	\$0	0%	0%
<u>Other Retail Stores</u>	\$63,797	\$135,819	\$16,698	\$16,698	<u>26%</u>	<u>12%</u>
Total (affected Categories)	\$225,524	\$480,121	\$79,515	\$79,515	35%	17%
Total Retail Stores	\$317,309	\$675,526	\$79,515	\$79,515	25%	12%

Source: Economics Research Associates

**Table 16-14
Superstore Residual Demand Analysis**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$41,098	\$42,034	\$42,988	\$44,011	\$45,055	\$46,121	\$47,209	\$48,320	\$49,454	\$50,611	\$51,792
Gen. Merchandise & Drug	\$211,210	\$215,719	\$220,317	\$225,248	\$230,281	\$235,418	\$240,662	\$246,014	\$251,478	\$257,054	\$262,746
Food Stores	\$610,070	\$622,584	\$635,344	\$649,028	\$662,996	\$677,253	\$691,806	\$706,660	\$721,823	\$737,300	\$753,097
Eating & Drinking Places	\$292,760	\$298,531	\$304,417	\$310,729	\$317,171	\$323,747	\$330,460	\$337,311	\$344,305	\$351,443	\$358,730
Furnishings & Appliances	\$63,636	\$65,125	\$66,645	\$68,274	\$69,936	\$71,634	\$73,366	\$75,135	\$76,940	\$78,782	\$80,663
Bldg Materials & Farm Eqmt	\$228,204	\$232,703	\$237,291	\$242,211	\$247,233	\$252,359	\$257,591	\$262,931	\$268,383	\$273,947	\$279,627
Auto Dealers & Supplies	\$539,096	\$549,772	\$560,658	\$572,332	\$584,248	\$596,410	\$608,825	\$621,498	\$634,433	\$647,636	\$661,114
Service Stations	\$346,194	\$353,019	\$359,979	\$367,443	\$375,061	\$382,837	\$390,775	\$398,877	\$407,147	\$415,588	\$424,205
<u>Other Retail Stores</u>	\$586,032	\$597,915	\$610,033	\$623,027	\$636,291	\$649,829	\$663,649	\$677,754	\$692,153	\$706,850	\$721,851
Affected Categories	\$1,509,660	\$1,540,992	\$1,572,941	\$1,607,202	\$1,642,173	\$1,677,870	\$1,714,306	\$1,751,498	\$1,789,461	\$1,828,211	\$1,867,765
All Retail Categories	\$2,918,299	\$2,977,403	\$3,037,672	\$3,102,302	\$3,168,271	\$3,235,609	\$3,304,342	\$3,374,501	\$3,446,114	\$3,519,212	\$3,593,826

Residual demand = total demand - discount superstore sales. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand ^a (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	87%	89%	91%	93%	95%	97%	99%	102%	104%	107%	109%
Gen. Merchandise & Drug	\$228,704	92%	94%	96%	98%	101%	103%	105%	108%	110%	112%	115%
Food Stores	\$634,719	96%	98%	100%	102%	104%	107%	109%	111%	114%	116%	119%
Eating & Drinking Places	\$292,760	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Furnishings & Appliances	\$75,563	84%	86%	88%	90%	93%	95%	97%	99%	102%	104%	107%
Bldg Materials & Farm Eqmt	\$228,204	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Auto Dealers & Supplies	\$541,482	100%	102%	104%	106%	108%	110%	112%	115%	117%	120%	122%
Service Stations	\$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
<u>Other Retail Stores</u>	\$602,730	97%	99%	101%	103%	106%	108%	110%	112%	115%	117%	120%
Affected Categories	\$1,589,175	95%	97%	99%	101%	103%	106%	108%	110%	113%	115%	118%
All Retail Categories	\$2,997,814	97%	99%	101%	103%	106%	108%	110%	113%	115%	117%	120%

^aBaseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if the discount superstore is not built.

■ = When residual demand as a share of baseline demand falls below 100 percent represents potential for lower sales for existing businesses and hence potential for urban decay.

■ = When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businesses to grow or for new businesses to enter the market.

Source: Economics Research Associates

As shown in Table 16-10, the retail sales volume generated by the club store in 2015 would exceed the projected increase in new demand for Apparel Stores, General Merchandise & Drugs, and Furnishing & Appliances. However, in 2020, the new retail demand in the Trade Area for all retail categories would be greater than the club store sales except for Furnishings and Appliances.

As shown in Table 16-11, sales for Apparel Stores, General Merchandise & Drug, Food Stores, Service Stations, and Other Retail Stores could be affected by the club store during the first three to five years. However, sales for those categories recover after 2015. The club store residual demand for the Furnishings & Appliances retail category would be less than the baseline 2010 demand until 2020.

The increase of new retail demand in the Trade Area would offset the retail sales generated by the club store. In 2015, the club store sales would represent 49 percent of new retail sales demand in the retail categories affected; this means that even after accounting for the additional club store sales of \$143 million, there are \$150 million in new demand to support new or existing businesses within the affected retail categories. By 2020, the club store sales account for 23 percent of new retail sales demand.

Discount Superstore Scenario

The discount superstore is anticipated to generate \$79 million annually in sales from 2010 to 2020 (See Table 16-12). A majority of the discount superstore retail sales would occur in Apparel Stores and Furnishings & Appliances, retail categories. In 2010, the discount superstore retail sales would be approximately 2.7 percent of total retail sales in the Trade Area.

As shown in Table 16-13, the retail sales volume generated by the discount superstore in 2015 would exceed the projected increase in new demand for Apparel Stores and Furnishing & Appliances. However, in 2020, the new retail demand in the Trade Area for all retail categories would be greater than the discount superstore sales.

As shown in Table 16-14, sales of General Merchandise & Drug, Food Stores, and Other Retail and Other Retail stores are impacted by the discount superstore during the first three to five years. Residual demand for those categories would be greater than the 2010 baseline demand for those categories in 2015. However, the discount superstore residual demand for the Apparel Stores and Furnishings & Appliances retail categories would be less than the 2010 baseline until 2017 and 2018, respectively.

The increase of new retail demand in the Trade Area would offset the retail sales generated by the discount superstore. In 2015, the discount superstore sales would represent 35 percent of new retail sales demand in the retail categories affected and 17 percent in 2020.

Additional Retail Space

The Placer County Planning Department is in the process of reviewing the following four projects within the Trade Area that would result in the development of approximately 290,000 s.f. of retail space:

- Target Expansion – 42,000 s.f.;
- Auburn Creekside Center – 93,000 s.f.;
- Phase I of the Plaza at 1900 Grass Valley Road – 26,700 s.f.; and
- Home Depot – 128,000 s.f.

The Urban Decay Analysis approximated the four projects would generate \$45 million in sales annually for the first two years and \$100 million thereafter (See Table 16-15). The residual demand for the additional retail space is shown in Tables 16-16 and 16-17.

Club Store Scenario Plus Additional Retail Space

Table 16-18 below shows the combined effect of the different scenarios for the proposed site combined with the effect of the additional retail space. Development of the club store and buildout of the additional retail space would generate aggregate sales of new retail space that would exceed new demand for all of the retail categories. However, by 2014, residual retail demand would exceed baseline demand in the retail categories of Eating & Drinking Places, Auto Dealers & Supplies, Service Stations, and Other Retail Stores. The residual retail demand for General Merchandise & Drug and Building Materials & Farm Equipment would be above baseline levels by 2017. However, the residual demand for Furnishings & Appliances would remain below the 2010 baseline retail demand through 2020. Therefore, the Furnishings & Appliances category would be affected by the opening of a club store and additional retail space.

Although the introduction of new retail space occupied by strong retail competitors would accelerate the decline of already marginal businesses, retail demand exceeds supply, and vacancies would be absorbed by new businesses or expansions of existing businesses. Table 16-19 shows that by 2015 the sales of a new club store, the Target expansion, 119,000 s.f. of neighborhood shopping center space, and a new Home Depot represent only 77 percent of the projected new retail demand. Assuming \$243 million of retail demand is met by the proposed project and additional retail spaces, \$74 million of unmet new demand would be absorbed by new or existing retailers in the Trade Area.

**Table 16-15
Projected Sales of Additional Retail Spaces, 2010-2020**

	Square feet	sales/sf^a	Projected Completion								
Target store expansion	42,566	300	2012								
Shopping Center ^b	119,900	343	2012								
New Home Depot	128,000	356	2009								
Total new retail space	<u>290,466</u>										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Additional Square Footage ^c	128,000	128,000	290,466	290,466	290,466	290,466	290,466	290,466	290,466	290,466	290,466
Projected Retail Sales for Retail Space Currently Undergoing Review by Planning Department or Under Construction^c											
(Dollars are in Thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$0	\$0	\$2,397	\$2,397	\$2,397	\$2,397	\$2,397	\$2,397	\$2,397	\$2,397	\$2,397
Gen. Merchandise & Drug	\$0	\$0	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850	\$7,850
Food Stores	\$0	\$0	\$8,765	\$8,765	\$8,765	\$8,765	\$8,765	\$8,765	\$8,765	\$8,765	\$8,765
Eating & Drinking Places	\$0	\$0	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570
Furnishings & Appliances	\$7,213	\$7,213	\$10,503	\$10,503	\$10,503	\$10,503	\$10,503	\$10,503	\$10,503	\$10,503	\$10,503
Bldg Materials & Farm Eqmt	\$32,494	\$32,494	\$34,054	\$34,054	\$34,054	\$34,054	\$34,054	\$34,054	\$34,054	\$34,054	\$34,054
Auto Dealers & Supplies	\$0	\$0	\$638	\$638	\$638	\$638	\$638	\$638	\$638	\$638	\$638
Service Stations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Other Retail Stores</u>	\$5,806	\$5,806	\$31,630	\$31,630	\$31,630	\$31,630	\$31,630	\$31,630	\$31,630	\$31,630	\$31,630
Projected Sales	\$45,513	\$45,513	\$99,408	\$99,408	\$99,408	\$99,408	\$99,408	\$99,408	\$99,408	\$99,408	\$99,408

^a Based on national averages.

^b Includes 93,200sf of retail at Auburn Creekside and 26,700sf of planned retail at the Plaza

^c Assumes that the Home Depot opens in 2009 and Target expansion, Creekside shopping center and the 27,000sf of additional space at the Plaza are not completed until 2012.

Sources: Board of Equalization, Urban Land Institute, Economics Research Associates

Table 16-16
New Retail Demand Versus Project Sales of Additional Retail Spaces

(Dollars are in Thousands)

Retail Category	New Retail Sales Demand		Sales Volume of Retail Space under Construction or Review		Proposed Store % of New Retail Demand	
	2015	2020	2015	2020	2015	2020
Apparel Stores	\$5,023	\$10,694	\$1,598	\$1,961	32%	18%
Gen. Merchandise & Drug	\$24,208	\$51,536	\$5,233	\$6,423	22%	12%
Food Stores	\$67,183	\$143,027	\$5,844	\$7,172	9%	5%
Eating & Drinking Places	\$30,988	\$65,970	\$2,380	\$2,921	8%	4%
Furnishings & Appliances	\$7,998	\$17,027	\$9,406	\$9,905	118%	58%
Bldg Materials & Farm Eqmt	\$24,155	\$51,423	\$33,534	\$33,770	139%	66%
Auto Dealers & Supplies	\$57,314	\$122,017	\$426	\$522	1%	0%
Service Stations	\$36,644	\$78,011	\$0	\$0	0%	0%
<u>Other Retail Stores</u>	\$63,797	\$135,819	\$23,022	\$26,935	<u>36%</u>	<u>20%</u>
Total (affected Categories)	\$223,352	\$475,498	\$81,017	\$89,086	36%	19%
Total Retail Stores	\$317,309	\$675,526	\$81,443	\$89,609	26%	13%

Source: Economics Research Associates

Table 16-17
Residual Demand Analysis: Additional Retail Space

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	\$48,395	\$46,952	\$47,975	\$49,020	\$50,086	\$51,174	\$52,284	\$53,418	\$54,575	\$55,757
Gen. Merchandise & Drug	\$228,704	\$233,213	\$229,961	\$234,891	\$239,924	\$245,061	\$250,305	\$255,657	\$261,121	\$266,697	\$272,390
Food Stores	\$634,719	\$647,233	\$651,229	\$664,912	\$678,880	\$693,137	\$707,690	\$722,544	\$737,707	\$753,184	\$768,981
Eating & Drinking Places	\$292,760	\$298,531	\$300,847	\$307,159	\$313,601	\$320,177	\$326,889	\$333,741	\$340,735	\$347,873	\$355,160
Furnishings & Appliances	\$68,350	\$69,840	\$68,069	\$69,698	\$71,361	\$73,058	\$74,791	\$76,559	\$78,364	\$80,207	\$82,087
Bldg Materials & Farm Eqmt	\$195,710	\$200,209	\$203,237	\$208,157	\$213,179	\$218,305	\$223,537	\$228,878	\$234,329	\$239,893	\$245,573
Auto Dealers & Supplies	\$541,482	\$552,157	\$562,405	\$574,079	\$585,995	\$598,157	\$610,572	\$623,245	\$636,180	\$649,383	\$662,861
Service Stations	\$346,194	\$353,019	\$359,979	\$367,443	\$375,061	\$382,837	\$390,775	\$398,877	\$407,147	\$415,588	\$424,205
<u>Other Retail Stores</u>	\$596,925	\$608,808	\$595,101	\$608,095	\$621,359	\$634,897	\$648,716	\$662,822	\$677,221	\$691,917	\$706,919
Affected Categories	\$860,934	\$878,806	\$897,031	\$916,574	\$936,522	\$956,884	\$977,668	\$998,883	\$1,020,538	\$1,042,642	\$1,065,204
All Retail Categories	\$2,952,251	\$3,011,355	\$3,071,624	\$3,136,254	\$3,202,223	\$3,269,561	\$3,338,294	\$3,408,453	\$3,480,066	\$3,553,164	\$3,627,777

^a "Retail space under planning review or construction" includes the Target expansion, Creekside Center, and Phase II of the Plaza, as well as the New Home Depot. Does not include development of the Bohemia Lumber site. We assume that the Target expansion, Creekside Center and Phase II of the Plaza are not completed until 2012. Residual demand = total demand - projected sales of retail space under review or construction. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand ^b (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	100%	102%	99%	101%	103%	106%	108%	110%	113%	115%	117%
Gen. Merchandise & Drug	\$228,704	100%	102%	101%	103%	105%	107%	109%	112%	114%	117%	119%
Food Stores	\$634,719	100%	102%	103%	105%	107%	109%	111%	114%	116%	119%	121%
Eating & Drinking Places	\$292,760	100%	102%	103%	105%	107%	109%	112%	114%	116%	119%	121%
Furnishings & Appliances	\$75,563	90%	92%	90%	92%	94%	97%	99%	101%	104%	106%	109%
Bldg Materials & Farm Eqmt	\$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	\$541,482	100%	102%	104%	106%	108%	110%	113%	115%	117%	120%	122%
Service Stations	\$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
<u>Other Retail Stores</u>	\$602,730	99%	101%	99%	101%	103%	105%	108%	110%	112%	115%	117%
Affected Categories	\$906,497	95%	97%	99%	101%	103%	106%	108%	110%	113%	115%	118%
All Retail Categories	\$2,997,814	98%	100%	102%	105%	107%	109%	111%	114%	116%	119%	121%

- ^b Baseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if no new retail space is built and the Home Depot does not open.
- = When residual demand as a share of baseline demand falls below 100 percent represents potential for lower sales for existing businesses and hence potential for urban decay.
- = When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businesses to grow or for new businesses to enter the market.
- Source: Economics Research Associates

Table 16-18
Residual Demand Analysis for All Scenarios Plus Additional Retail Spaces

Club Store

	Baseline Demand ^b (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	88%	90%	87%	89%	91%	93%	96%	98%	100%	103%	105%
Gen. Merchandise & Drug	\$228,704	89%	91%	89%	91%	94%	96%	98%	100%	103%	105%	108%
Food Stores	\$634,719	90%	92%	92%	94%	97%	99%	101%	103%	106%	108%	111%
Eating & Drinking Places	\$292,760	100%	101%	102%	104%	107%	109%	111%	114%	116%	118%	121%
Furnishings & Appliances	\$75,563	68%	70%	67%	69%	72%	74%	76%	79%	81%	83%	86%
Bldg Materials & Farm Eqmt	\$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	\$541,482	100%	102%	104%	106%	108%	110%	112%	115%	117%	120%	122%
Service Stations	\$346,194	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%	120%
Other Retail Stores	\$602,730	96%	98%	96%	98%	100%	103%	105%	107%	110%	112%	115%
Affected Categories	\$2,769,610	94%	96%	96%	98%	100%	102%	105%	107%	110%	112%	114%
All retail Categories	\$2,997,814	94%	96%	96%	98%	100%	102%	105%	107%	110%	112%	114%

Discount Supercenter

	Baseline Demand ^b (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$47,459	87%	89%	86%	88%	90%	92%	94%	97%	99%	102%	104%
Gen. Merchandise & Drug	\$228,704	92%	94%	93%	95%	97%	100%	102%	104%	107%	109%	111%
Food Stores	\$634,719	96%	98%	99%	101%	103%	105%	108%	110%	112%	115%	117%
Eating & Drinking Places	\$292,760	100%	102%	103%	105%	107%	109%	112%	114%	116%	119%	121%
Furnishings & Appliances	\$75,563	75%	77%	74%	76%	79%	81%	83%	86%	88%	90%	93%
Bldg Materials & Farm Eqmt	\$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	\$541,482	100%	102%	103%	106%	108%	110%	112%	115%	117%	119%	122%
Service Stations	\$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	\$602,730	96%	98%	96%	98%	100%	103%	105%	107%	110%	112%	115%
Affected Categories	\$2,358,861	95%	97%	97%	99%	102%	104%	106%	108%	111%	113%	116%
All retail Categories	\$2,997,814	96%	98%	98%	100%	102%	105%	107%	109%	112%	114%	117%

■ = When residual demand as a share of baseline demand falls below 100 percent represents potential for lower sales for existing businesses and hence potential for urban decay.

■ = When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businesses to grow or for new businesses to enter the market.

Table 16-19
Summary of Urban Decay Analysis

Retail Category	Projected Retail Demand (000's)			Projected Annual Sales (000's)				Projected Annual Sales as a Percentage of <u>New Demand</u>					
	2010	2015	2020	Club Store	Discount Supercenter	Home Improvement Center	Other Retail Space under Review/ Construction ^a	Club Store Sales + Other Retail Space Sales		Discount Supercenter Sales + Other Retail Space Sales		Home Improvement Center Sales + Other Retail Space Sales	
								2015	2020	2015	2020	2015	2020
Apparel Stores	\$47,459	\$52,482	\$58,153	\$5,741	\$6,361	\$0	\$2,397	162%	76%	174%	82%	48%	22%
Gen. Merchandise & Drug	\$228,704	\$252,911	\$280,240	\$25,835	\$17,493	\$0	\$7,850	139%	65%	105%	49%	32%	15%
Food Stores	\$634,719	\$701,903	\$777,747	\$66,024	\$24,650	\$0	\$8,765	111%	52%	50%	23%	13%	6%
Eating & Drinking Places	\$292,760	\$323,747	\$358,730	\$1,435	\$0	\$0	\$3,570	16%	8%	12%	5%	12%	5%
Furnishing & Appliances	\$75,563	\$83,561	\$92,590	\$17,224	\$11,927	\$7,221	\$10,503	347%	163%	280%	132%	222%	104%
Bldg Materials & Farm Eqmt	\$228,204	\$252,359	\$279,627	\$0	\$0	\$32,530	\$34,054	141%	66%	141%	66%	276%	129%
Auto Dealers & Supplies	\$541,482	\$598,796	\$663,499	\$1,435	\$2,385	\$0	\$638	4%	2%	5%	2%	1%	1%
Service Stations	\$346,194	\$382,837	\$424,205	\$10,047	\$0	\$0	\$0	27%	13%	0%	0%	0%	0%
<u>Other Retail Stores</u>	\$602,730	\$666,527	\$738,549	\$15,788	\$16,698	\$5,812	\$31,630	74%	35%	76%	36%	59%	28%
Total Retail Stores	\$2,997,814	\$3,315,124	\$3,673,341	\$143,530	\$79,515	\$45,563	\$99,408	77%	36%	56%	26%	46%	21%

^a Other retail space includes 43,000 sf for the Target store expansion, 119,000 sf for Creekside Shopping Center and Phase II of the Plaza, and 128,000 sf for the new Home Depot.

Source: Economics Research Associates

Discount Superstore Scenario Plus Additional Retail Space

The development of the discount superstore and additional retail spaces would generate greater retail sales volumes that would impact the retail categories of General Merchandise & Drug, Food Stores, Building Materials & Farm Equipment, and Other Retail Stores during the first through fourth year. The impact on Apparel Stores and Furnishings & Appliances would last through 2018 and 2020 respectively. However, after 2012 the retail residual demand for all the retail categories would be greater than the 2010 baseline level.

Urban Decay

Urban decay is a compounding effect that can result from extended vacancy, deferred maintenance, and abandonment. The urban decay process generally takes several years to materialize fully and is reinforced by declining economic conditions in the broader market area. It is generally not the result of a single property standing vacant for a couple of years in an otherwise vibrant market. The current recession has impacted retailers, as consumer spending has dropped precipitously. Recent statistics indicate that most retailers reported a decline in same-store sales for October, November, and December 2008 from the previous year. Many retailers are anticipated to close, as the economy will most likely not improve in the near future. Although the short-term outlook is negative, several factors indicate a long-term healthy future for retailers in the project area, including a diverse and strong local economy and the fact that unemployment rates in the cities of Auburn and Grass Valley are lower than other surrounding areas and the State. As an indication of the strength of the local economy, the three largest retail projects within the Trade Area that are currently under review by the Planning Department are moving forward, and a large regional grocer and national pet supply chain are planning to open new 20,000 s.f. stores at the recently completed Auburn Plaza. It should be noted that the Urban Decay Analysis adjusted downward from observed annual real income growth rates of 1.9 percent per year to 0.2 and 0.3 percent per year. In addition, a conservative value of 1.8 percent annual growth was assumed in the project area, in comparison to the DOF country-wide estimate of 2.12 percent per year.

Conclusion

The proposed project's total retail sales would represent a fraction of the total Trade Area retail sales and up to 23 percent of the new retail demand in 2020. The new retail demand would exceed the retail sales volumes for all scenarios in all retail categories except Furnishings & Appliances and Building Materials & Farm Equipment. Existing retailers unable to compete with the proposed project would close, creating retail opportunities for new tenants that could compete for the unmet retail demand in other retail categories. While retail supply generated by the proposed project would exceed the new retail demand for some categories by 2015, potential vacancies created from closure of smaller stores could be occupied by retailers that would operate in the categories where demand exceeds supply. Development of a club store or discount superstore would create shopping opportunities, which would attract customers from the Grass Valley area and

Trade Area residents who are currently traveling to other areas to shop at club stores and discount superstores. Although the proposed project would impact existing businesses, the impacts would not result in urban decay and a *less-than-significant* impact would result.

Mitigation Measure(s)

None required.

Endnotes

¹ Economics Research Associates. *Placer County Urban Decay and Fiscal Impact Analysis: Redevelopment of the Former Bohemia Lumber Company Site*. March 6, 2009.

² Placer County. *Countywide General Plan Policy Document*. August 16, 1994.

³ Placer County. *Auburn/Bowman Community Plan*. 1994 (updated 1999).