

# REQUEST FOR ACTION

**Department Head**

Phil Kern, City Administrator  
 Luke Fischer, Asst. to the City  
 Administrator

**City Council Date**

**December 15, 2009**

Consider market analysis proposal from McComb Group, Inc.

**ACTION REQUESTED**

Staff is recommending approval of a quote from Jim McComb, McComb Group, Inc., to complete an economic analysis for the City of Delano.

**BACKGROUND**

Several of the goals of the City over 2009-2010 involve enhancing economic developments. The objectives of creating more jobs and increasing the local tax base are both thought to enhance the local economy, and thus provide numerous benefits for the City. Several other local groups – the Delano Chamber of Commerce and the Dream Team II – have also embarked in the post-Highway 12 construction time period with similar goals. Staff has worked with representatives of both entities to collectively develop some tools and techniques to help market and promote Delano.

As part of this discussion process, the groups have talked about the need to conduct a market analysis to find out particularly what the Delano trade area has to offer. The group requested a proposal from one of the most commonly used market analysis firms, the McComb Group. McComb's recent clients include the cities/EDAs from Buffalo, Belle Plaine, and Wayzata, as well as many others. As a stated goal, McComb would work to identify market potential for retail stores and services in downtown Delano and along Highway 12." This type of study fits well with the Council's goal of encouraging economic development, the Dream Team goal of creating more jobs, and the Chamber of Commerce goal of fostering the development of Delano's overall market. Of note are a few outcomes in the McComb's proposal are as follows:

- 1) Identification of competitive shopping areas, particularly the impact of other communities on Delano's retail community
- 2) Evaluate trade area
- 3) Evaluate existing retail sales and market shares;
- 4) Identify demand for retail stores in 2010 and 2015; and
- 5) Determine the benefits and costs to Delano for a large store located in Independence.

While the research itself will be beneficial from a "knowledge" standpoint, additional applications are identified below.

**Internal Applications**

The McComb market study will be directly applicable to many of the internal discussions happening within the community. The City Council, Dream Team, and Chamber of Commerce are all working to add to the local economy. This study will allow each of these groups to find opportunities that all ready exist and to build on them. The Planning Commission and City Council will be able to use the study when considering expansion projects within the community. A market study will offer insight into Comprehensive Plan updates, Utility Fee conversations and rate adjustments, and offer a sense of Delano's true trade area. Property owners will be able to market this information to tenants and potential buyers. As the Dream Team and Chamber work on business retention and expansion efforts, the market study will allow these groups to share good information with local business owners. This idea of "internal marketing" is one of the strongest benefits to commissioning

this survey. It will allow existing shareholders in the Delano community to gain some insight into the future development needs and insight to the trade area in which our businesses compete.

### **External Application**

This market study will have a significant external application as the information will be shared with as many groups as possible. The Wright County Economic Development Partnership, Developers, and Realtors are just a few interested parties which would benefit from a study. These groups often times take the most available information when presenting Delano as an option for development. This "most available" data is often times inaccurate and offers only a partial picture of the true market in Delano. If the City, Chamber, and Dream Team had the information available, they would be able to make the "good data" the most available and most widely used. There is no doubt that this study will illuminate new areas for growth within the business community. Arming this group with good data will increase the likelihood successful recruitment of commerce and industry as they respond to inquiries.

As an output of the report, the Dream Team, Chamber, and staff view some potential uses of the information to include:

- Sharing the with property owners looking to market facilities, assisting with filling vacant spaces.
- A presentation of the material at a Chamber meeting
- An update prepared for and presented to the Planning Commission and City Council
- Sharing the information with developers looking for client locations
- Developing marketing materials, either by the Chamber of Commerce or with other entities
  - Businesses existing in Delano (internal)
  - Outside businesses that could locate to Delano (external)
- Wright Partnership – make more information available in their meetings
- Utilizing the information in an Comprehensive Plan Update
- Sharing the information with residents, whom by word of mouth have many outside contacts

Initially, McComb's study involved other components, including a look at the retail analysis out to 2030, but due to cost, staff has requested a revised version. McComb's initial proposal totaled approximately \$31,000. Through some negotiation and removal of a few components, the revised proposal reflects a cost of \$19,750. Staff has shared with McComb that it would like to get the proposal under \$15,000 for consideration. McComb stated that he did not want to remove any of the services further, but would lower his cost to \$15,000 if hired by the City in December 2009. Therefore, staff is presenting the market analysis proposal and requesting approval to start the work at a cost to not exceed \$15,000 (funding sources identified in the next section).

City staff would oversee the completion of the analysis, in partnership with the Dream Team (Pam Haack, Harlan Lewis) and Chamber of Commerce representatives (Wendy Gilmer, Amy Stewart, Will Haack, and Jean Kopp).

### **FUNDING**

This project will cost the EDA \$12,000, with another \$3,000 being contributed by the Delano Dream Team II. Staff recommends these funds be drawn out of 2009 contingency funds.

### **ATTACHMENTS**

- Proposal from McComb Group
- Letter from Amy Stewart, President, Delano Chamber of Commerce