



Market Study *proposal* for Midway, Kentucky



December 13, 2010

MIDWAY RENAISSANCE, INC.
PO BOX 4354
MIDWAY, KY 40347-4354

Dear Midway Renaissance:

Thank you for the opportunity to respond to your request for a market study for Midway. Your RFP was thoughtful and specific, so we have tried to respond to the needs you identified. At the same time, we hope we have also offered creative and innovative approaches to Midway's opportunities and challenges.

We have visited downtown Midway on several occasions in the last couple of years (between assignments in Elizabethtown and Versailles) and have enjoyed its fine restaurants. In addition to our familiarity with Midway, the Community Land Use and Economics Group (CLUE Group) offers three principal strengths:

- ▶ All of our research is original and local. While we reference demography services like Claritas and ESRI, we concentrate on understanding local businesses, local customers, and local economies – so our strategies are relevant and economically supportable. Our research will include businesses and customers in Midway and nearby competing places.
- ▶ We focus on implementation. A well-researched study is not of much use on its own, so we have included a “Playbook” service designed to transfer market knowledge into strategic actions.
- ▶ We apply a broad range of best-practices. Both of our principals worked for many years at the National Trust's Main Street Center, and CLUE Group's client list continues to be national in scope.

We are delighted to submit the following proposal.

ABOUT THE COMMUNITY LAND USE AND ECONOMICS GROUP

The Community Land Use and Economics Group (CLUE Group) is a small, specialized consulting firm that helps community leaders create vibrant downtowns. We work with local and state governments and nonprofit downtown revitalization organizations to develop practical and innovative downtown economic development strategies, cultivate independent businesses, identify regulatory and financial barriers to revitalization, and strengthen downtown management programs.

CLUE Group provides a broad range of downtown economic development, retail market analysis and business development planning services, including:

- Retail mix analysis
- Retail sales gap analysis
- Business mix strategies
- Business profile development
- Economic benchmarking
- District business development planning
- District marketing and promotion strategies
- Economic and fiscal impact analysis
- Economic restructuring implementation strategies
- Historic theatre rehabilitation and reuse strategies

In addition to its retail planning and economic restructuring services, CLUE Group provides additional downtown revitalization services in the areas of strategic planning, planning and zoning review, historic rehabilitation tax credit equity finance, and fund raising planning for downtown revitalization initiatives.

CLUE Group's personnel have almost 40 years of experience in downtown revitalization. Our two principals served as senior staff for the National Trust for Historic Preservation's National Main Street Center, one as the Center's longest-serving director and one as a senior program officer. Both also served as managers of local downtown revitalization programs before joining the staff of the National Main Street Center, bringing first-hand experience with the daily challenges and long-term opportunities of downtown economic development. One also served as a board member, then as director, of the League of Historic American Theatres.

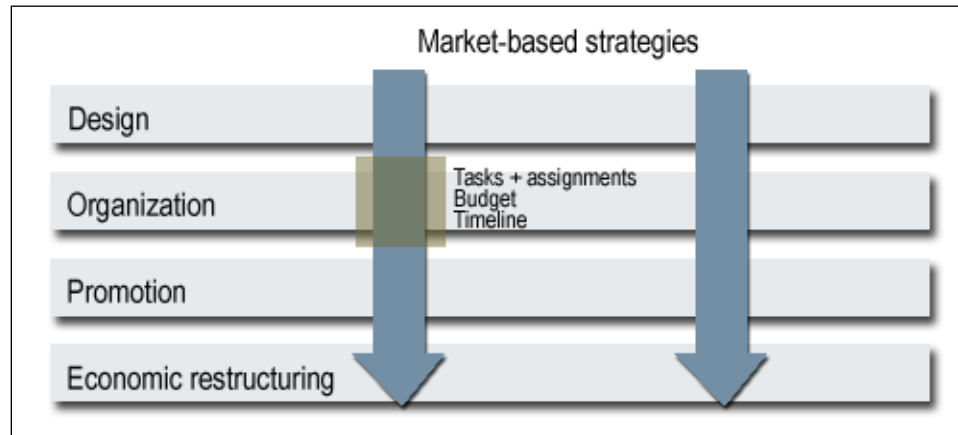
CLUE Group is regarded as one of the nation’s leading experts in downtown revitalization, downtown economic development, and small business development. Our clients include local and state governments throughout the United States; local, state and national nonprofit organizations; private developers; and government entities in Canada and the United Kingdom. The CLUE Group is a limited liability company based in Virginia.

OUR APPROACH

We are committed to economic development planning that engages a broad range of public- and private-sector entities, supports established and emerging industries and knowledge clusters, reinforces overall community economic development goals, cultivates locally owned businesses, offers opportunities for economic sustainability, and positions the downtown as the vibrant center of civic life. We believe new development that happens outside downtown should be part of a larger strategy that supports existing commercial centers.

Our work is guided by the following principles:

- We believe that, for historic and older downtowns to reestablish themselves as vibrant, competitive commercial districts, it is critical that their revitalization and management be guided by dynamic, market-based strategies that cross-cut all aspects of the revitalization process – physical improvements, business development, marketing, and more. We therefore use market analysis to define two or three cross-cutting *market-based strategies* that serve as a framework for a comprehensive program of downtown development activities. Downtowns are economic ecosystems in which many factors – physical infrastructure, the markets served by district businesses, public perceptions of the district, financial incentives, and much more – are tightly interrelated. We typically use the four broad categories of work advocated by the National Trust for Historic Preservation’s National Main Street Center as a foundation for a comprehensive revitalization agenda that then flows from these market-based strategies, helping ensure balance and opening participation in the revitalization process to the broadest possible range of participants.



Market-based strategies cross-cut four broad categories of work, providing focus for the revitalization initiative's tasks, assignments, budget, and timeline.

- We use market analysis tools appropriate for older and historic downtowns. Retail market analysis for downtowns differs significantly from retail market analysis for shopping centers and shopping malls (and, in many instances, new town centers). Shopping malls are almost exclusively retail in nature, and they provide a relatively limited range of products and services to consumers with relatively similar demographic characteristics. Downtowns, however, have multiple uses – retail, professional offices, housing, government, entertainment, and many more – and serve a broad range of consumers with many different demographic characteristics. For these reasons, retail market analysis for older and historic downtowns must examine multiple factors and multiple options simultaneously.
- We explore and pursue innovative economic development solutions to commercial district revitalization challenges. Historic and older town centers operate within vastly different economic contexts than they did several decades ago, and reestablishing market viability and cultural vibrance requires strategies that create and combine new uses and that use multiple marketing channels in innovative ways.
- We like to involve as many members of the community in the market analysis process as possible and to disseminate information widely. The more people who share information, the greater the level of collaboration on an overall economic development strategy will be, and the greater the level of support for the process and outcomes. For this reason, we encourage local revitalization organizations to actively participate in gathering and interpreting market information.

- We look for opportunities to strengthen and cultivate locally owned businesses – opportunities to add new product lines to existing businesses, to spin off new businesses from existing ones, to expand business sales through ecommerce, and so on. We believe that locally owned businesses provide the critical market distinctiveness that helps position a historic downtown as a unique destination and investment venue.
- We look for pockets of growth that provide signals about changes occurring in the regional economy and for opportunities these pockets of growth might provide for bringing small-scale industries and support services into the downtown area.
- Similarly, we look for opportunities to increase housing downtown. Downtown residents provide additional rental income for downtown property owners, relieving pressure on ground-floor business tenants. They also patronize downtown businesses, providing additional sales opportunities for the district’s retailers, services businesses, and professional offices.
- We use market analyses not only to craft solid business development strategies but also to create vibrant arts, culture and entertainment programs. Downtowns are the most public places in a community – the symbolic heart, where the community comes together to celebrate, relax, and experience a sense of belonging and civic identity. We believe that a vibrant arts, culture, and entertainment program is vital to cultivating civic identity, improving quality of life, and creating an enticing environment attractive to new investment.
- We put information to work right away. We make reports easy to understand – brief and digestible – with information broken down into small, usable chunks. Even small bits of information can help improve promotional events, help a business do more effective merchandising, or even identify a design problem.
- We stress practical, achievable implementation strategies. A report is of little use if the guidance it provides is not easy to implement.
- We make the retail market analysis process the springboard for monitoring a district’s economic condition on an ongoing basis.
- We try to make the process fun.

SCOPE OF SERVICES

The work described below responds to the core elements of the RFP. We are happy to make adjustments in order to meet Midway's critical needs.

1. Analysis of market conditions

- a. Orientation and reconnaissance. We will review previous studies and make a two-day initial site visit and assessment. During this visit, we will meet with Midway Renaissance, Midway Business Association, and civic leaders and agree on project objectives, timelines and responsibilities. We will tour the city, as well as nearby competing commercial districts and shopping areas.
- b. Focus groups and interviews. As part of the site visit, we will facilitate a series of individual and small-group interviews with city leaders, business leaders, commercial property owners, and residents to understand their needs, concerns, and perceptions – and the barriers to progress downtown.
- c. Consumer survey. We will conduct a consumer survey to assess customer habits, perceptions, preferences, and demographic profiles. Consumer surveys provide quantitative, on-the-ground information about local customers and their actual behavior – information not available from any other source.

CLUE Group will design the survey instrument and instruct Midway Renaissance volunteers in fielding the survey. We will identify survey locations during the initial site visit.¹ The most important criteria for these decisions will be achieving a representative, random sample of target consumers.

The survey will provide information about:

- Trade area,
- Primary customer groups (by demographic characteristic),
- Significant competing downtowns or shopping centers,
- And other key economic indicators.

¹ Intercepts are generally preferred. However, alternative survey methodologies (e.g., online, postcard mailers, door hangers) may be appropriate, depending on the research questions. We will determine the best methodology in consultation with Midway Renaissance.

- d. Business survey. As a supplement to focus group(s) with business owners, we will distribute a brief survey to Midway businesses in order to understand their marketing practices, their needs for business development tools, and the barriers they face.
- e. Sales void analysis. Using primary data sources (e.g., Census of Population, Consumer Expenditure Survey, and others) and derivative demography data from ESRI, we will calculate the buying power (the amount of money current and potential shoppers are likely to spend) for 10-15 relevant retail categories. We will then compare this information to current retail sales information (calculated using sales tax data, Consumer Expenditure Survey, Dollars & Cents of Shopping Centers, and others). We will identify retail categories in which downtown Midway is likely losing sales to other shopping areas and categories where downtown is capable of recapturing a larger portion of consumer spending.

2. Market strategies and business development opportunities

A “Market Strategy” is an economically-grounded revitalization approach that exists at the intersection of *community desire* and *market potential*. CLUE Group will synthesize the research described above to provide a profile of the Renaissance District’s economic performance and its best options for sustainable future investment and development. We will articulate a market-based strategy that we believe will help Midway Renaissance, the Business Association, the City, and their partners establish cohesive economic development plans and achievable benchmarks.

Building on the Market Strategy, we will identify specific opportunities to strengthen existing businesses, expand existing niche retail clusters, attract or stimulate new businesses, and improve customer perceptions.

3. Public presentation

At the conclusion of the study, we will present our findings and recommendations at a public meeting in Midway.

4. Playbook facilitation

Because the transition from study to implementation is where most communities get stalled, CLUE Group has developed a “Playbook” implementation tool. Following the public presentation, CLUE Group will facilitate a planning meeting with Midway Renaissance, its partners, and local leaders to transform the market study into actionable implementation items.

BIOS OF KEY PERSONNEL

Josh Bloom

Josh Bloom teaches communities how to revitalize their commercial centers by first gaining an understanding of their local economies and then helping them apply that knowledge to a series of market-driven and achievable projects. He has particular interests in using research on local customers to deepen the picture painted by traditional demographic data sources, and in cultivating sustainable clusters of chain and independent businesses. He has published articles on both of these subjects.

Before joining the CLUE Group, Josh spent ten years as a program officer at the National Trust for Historic Preservation's National Main Street Center. While he works in communities of all sizes, he was instrumental at the Main Street Center in expanding the program's urban reach to cities that included Boston, Cleveland, St. Louis, Los Angeles and others.

Josh received his B.A. from Columbia University and a master's in historic preservation from the University of Pennsylvania. He is a former molecular biologist. (Really.) And in 2007 he completed a two-year course in preservation carpentry at the highly regarded North Bennet Street School in Boston.

Kennedy Smith

Kennedy Lawson Smith is one of the nation's foremost experts on commercial district revitalization and main street economics and is a prominent spokesperson for economically and environmentally sustainable community development.

Kennedy has been a leader in downtown economic development for almost 25 years. After serving as director of Charlottesville, Virginia's downtown revitalization organization in the early 1980s, she joined the staff of the National Trust for Historic Preservation's National Main Street Center in 1985 and became its director in 1991, a position she held for 13 years. During her tenure the Main Street program was recognized as one of the most successful economic development programs in the US, generating \$18 billion in new investment and stimulating development of 226,000 new jobs and 56,000 new businesses and expanding to a nationwide network of almost 2,000 towns and cities, with additional programs in Australia, Canada, New Zealand, Singapore, Taiwan, and the UK. Although trained as an architect, Kennedy has focused most of her career on downtown retail market analysis, business development, and economic impact analysis, and she is credited with creating the downtown market analysis methodology now most widely used in the US.

Kennedy has been featured in news media ranging from the *New York Times*, *Business Week*, *Forbes*, *Governing*, *NPR* and *Red Herring* to “Donahue,” “CBS Sunday Morning,” and Public Radio International’s “Marketplace.” She has written numerous articles on the economic dynamics of traditional business districts and is a popular international speaker on small businesses, retail development policy, and commercial district development issues. In March 2002, *Fast Company* magazine named her to its first list of “Fast 50 Champions of Innovation,” recognizing “creative thinkers whose sense of style and power of persuasion change what our world looks like and how our products perform.” In May 2004, the National Trust for Historic Preservation recognized her achievements with its President’s Award, for her “leadership and vision ... in creating one of the most admired and successful preservation programs in the country.” She was a 2005-06 Loeb Fellow at Harvard University’s Graduate School of Design. In addition to her work with the CLUE Group, Kennedy is also a columnist for *Planning Commissioners’ Journal* and teaches historic preservation economics at Goucher College.

PROJECTS AND REFERENCES

Retail market study for the Ravinia Business District, Highland Park, Illinois (2010): This project addressed the Ravinia Business District, a neighborhood shopping area of Highland Park recognizable to some from scenes in the movie, “Risky Business.” This district formerly served multiple neighborhood needs, with grocery, hardware store, and the like. Today, the district hosts a few successful dining establishments and convenience services, but lacks a clear market position in the Highland Park economy. It also fails to capture market potential from the nearby Ravinia Festival, an outdoor performing arts space. CLUE Group’s work identified ways to sensitively expand dining and entertainment businesses and repurpose historic buildings in the district.

Carolyn Hersch, Office of Economic Development
City of Highland Park
1707 St Johns Ave
Highland Park, IL 60035
847-926-1027
chersch@cityhpil.com

Restaurant development initiative for downtown Elizabethtown, Kentucky (2009-10): CLUE Group has been working with the National Trust Main Street Center in its partnership with the Department of the Army to improve downtowns near Army installations – and enhance quality-of-life amenities for Army personnel. As part of our work with Elizabethtown, Fort Knox, and the Elizabethtown Main Street program, CLUE Group conducted a feasibility study for the development of a restaurant in downtown E-town – a business need clearly identified in community surveys and focus groups. In support of the study and its recommendations, we continue to provide ongoing guidance to the Restaurant Development Committee via teleconference.

Kenny Rambo, Chair, Restaurant Development Committee
270-765-9331
kennyrambo@gmail.com

Grocery store feasibility study for Charleston, West Virginia (2010): The East End Main Street Program engaged CLUE Group and Urban Development Services to determine the feasibility of establishing or attracting a neighborhood grocery store to Charleston’s East End, an in-town residential and commercial district between the Capitol area and downtown Charleston. Our work identified *two* opportunities for grocery store development in order to serve split consumer markets – a value-oriented small chain market and a locally-owned natural-foods store. We evaluated potential sites, identified recruitment leads, and recommended capitalization resources and incentive tools.

Marc Weintraub, Chair, Grocery Store Task Force
Bailey & Glasser, LLP
209 Capitol Street
Charleston, WV 25301
304-414-3182
mweintraub@baileyglasser.com

PROJECT TIMELINE

CLUE Group is available to provide the services described above and anticipates a five to six-month timeline for delivery. We anticipate the following project schedule, based on a February 2011 start date. This schedule is subject to adjustment by mutual agreement:

Component	Schedule (Anticipated February start)
1. Analysis of market conditions	February to May 2011
Reconnaissance	March 2011
Focus groups and interviews	March 2011
Consumer survey	April 2011
Business survey	April 2011
Economic assessment and sales gap	May 2011
2. Market Strategies and business development plan	May 2011
3. Public presentation	June 2011
4. Playbook facilitation	June 2011

1. PRICING

CLUE Group will complete this assignment for the specified RFP budget of \$15,000, including expenses. We require a ten percent retainer at contract execution. We would submit invoices on a monthly basis, deducting the amount of the retainer from the final invoice.

All work will be performed by CLUE Group principal Josh Bloom. Any additional work requested beyond the scope of services covered in the executed contract would be agreed by amendment and subject to additional hourly fees plus expenses.

Detailed cost estimate:

Activity	Subtotal	Travel					Subtotal	Other	TOTAL
		Flights	Nights	Car days	P/D days				
Analysis of market conditions									
Reconnaissance	\$ 1,400	1	2	3	3	\$ 1,175	\$ 350	\$ 2,925	
Focus groups and interviews	1,400							1,400	
Consumer survey	2,800							2,800	
Business survey	1,400							1,400	
Economic assessment and sales gap	2,100							2,100	
Market strategies and business development	5,600							5,600	
Public presentation	700	1	1	1	2	825		1,525	
Playbook facilitation	700							700	
	\$ 16,100	1,000	450	300	250	2,000	350	\$ 18,450	
							(Discount applied)	- 3,450	
							Total	\$ 15,000	

Expenses estimated at:

Average airfare:	\$ 500	Per diem:	\$ 50
Hotel/night:	\$ 150	Bloom (hour):	\$ 175
Car rental/day:	\$ 75		

FOR ADDITIONAL INFORMATION

Additional information about us is available on our website, www.cluegroup.com. Or, please contact:

Joshua Bloom, principal
202 427 4722
josh@cluegroup.com

Kennedy Smith, principal
202 657 5232
kennedy@cluegroup.com

While we are happy to carry out this work exactly as we're proposed it here, we intend this document to be a starting point for a conversation about the services that best meet Midway's needs and goals.

Thanks again for the opportunity to present our approach.

Best regards,

A handwritten signature in black ink, appearing to read "Joshua Bloom". The signature is fluid and cursive, with the first name "Joshua" being more prominent than the last name "Bloom".

Joshua Bloom
Principal

Federal EIN: 20-1173428