



TOWN BOARD WORK SESSION MEETING
October 24, 2016 – 6:00 P.M.
301 Walnut Street, First Floor Conference Room
Windsor, CO 80550

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

GOAL of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.

Members of the Public in attendance are asked to be recognized by the Mayor before participating in any discussions of the Town Board.

AGENDA

1. Retail Study Analysis – Katy Press
2. Budget follow up discussion – D. Moyer
3. Future Meetings Agenda



MEMORANDUM

Date: October 24, 2016
To: Mayor and Town Board
Via: Kelly Arnold, Town Manager
From: Stacy Johnson, Director of Economic Development
Re: Retail Study Report
Item #: WKS 1

Background / Discussion:

On January 11, 2016, Economic Development Staff along with retail consultant Katy Press met with the Town Board to discuss options for Retail recruitment for the Town. A three phase approach was recommended. The Town Board approved staff to move forward with phase one of a retail leakage and capacity study from Ricker | Cunningham. The findings were completed and reported in to the Town Board in August.

The Town Board then approved phase two; for Katy Press to interpret the retail and capacity study and provide a summary of the data to the Town Board. The summary is included in your packet. This analysis includes a diagnosis of not only the retail report but insight to the current retail environment. A more in-depth discussion of her findings by Town Board and staff may trigger us to shift our focus from a simple retail recruitment program to a new work program and strategic plan for the next few years.

The Town Board will have the discretion to approve the third phase where Ms. Press will assist the Economic Development Director in implementing the Windsor Retail program and plan. This phase will not only include connecting and meeting directly with retail decision makers, but more importantly help the director create the plan to create the environment in Windsor to match the current shifting trends in the market.

Financial Impact:

KP Consulting Phase 3: \$7,500.00
Other budgetary costs not currently placed in 2017 budget.

Relationship to Strategic Plan:

Strategic Plan: Prosperous local economy

Recommendation:

Requesting approval phase three of KP Consulting's Retail Recruitment/Retention Consulting Services contract with potential modifications and additional expenditures.

Attachments:

Katy Press Retail Study interpretation

RETAIL MARKET SNAPSHOT



9/1/2016

WINDSOR

Utilizing the Ricker Cunningham Retail Market Analysis (August 2016), KP has prepared an interpretative memorandum that summarizes the data and its relationship to the current state of the retail market in Windsor.

Retail Market Snapshot

WINDSOR



Ricker | Cunningham

Ricker Cunningham – Retail Market Analysis (August 2016)

Bill Cunningham of Ricker Cunningham conducted a retail supply and demand analysis which focused on retail categories as whole for the Town and 5 development areas. The primary purpose of the Ricker Cunningham analysis was to quantify the depth of the market for retail uses in Windsor as a whole and at each of the study sites.

“**Retail Demand by Category**” evaluates the specific Windsor marketplace not looking beyond the limits of the Town, determining the physical capacity of the Town on a standalone basis. “**Retail Opportunity Areas**” evaluates the broader trade area both in and outside of the Town of Windsor limits, determining the physical capacity of the site.

Demand: In market analysis, demand is the amount of a good or service required to fulfill the needs of customers in your area. This is mainly driven by the size of your trade area, the number of customers in your trade area, and their purchasing power. This is often calculated by NAICS category. Demand can be measured in square feet, number of stores, or total sales. University of Minnesota Extension

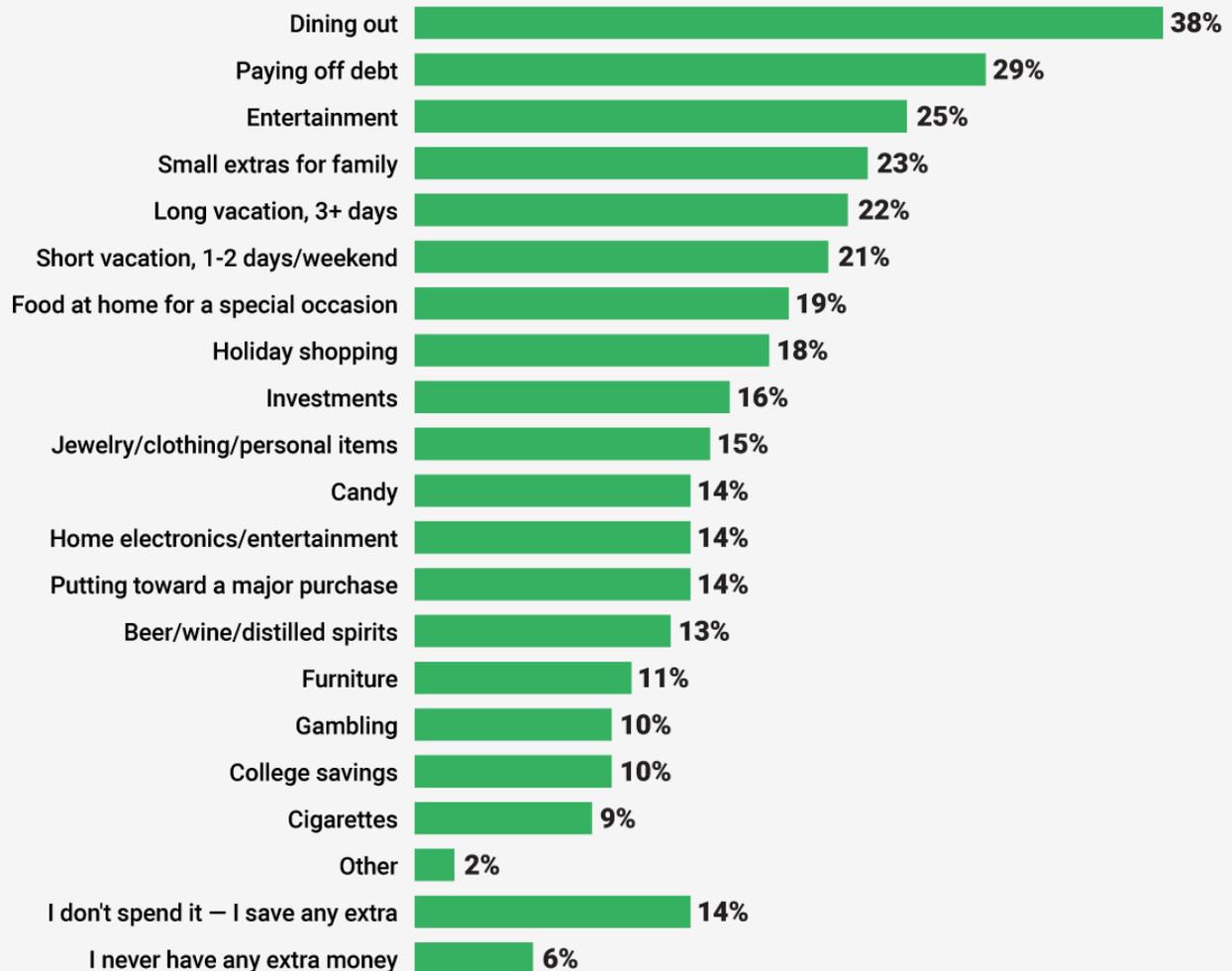
Supply: In market analysis, supply is the amount of a good or service currently distributed in the marketplace. This is often organized by NAICS category and can be measured in square feet, number of stores, or total sales. The data that is available to you and the ease of collecting this information determine how you measure supply in your community. University of Minnesota Extension

There are limitations in a “Demand and Supply” Analysis that impact the ability to draw realistic conclusions. Katy Press will be evaluating the data provided by Ricker Cunningham and providing a market perspective that takes into account current and anticipated retail trends, dynamics within the Windsor marketplace and competitive influences from the surrounding retail areas. It is necessary to apply specific market dynamics to the data in order to fully understand capacity with each of the noted opportunities.

RETAIL TRENDS

HOW PEOPLE SPEND THEIR EXTRA MONEY

“Where do you choose to spend your ‘extra’ money (once all of your bills are paid and you have bought all of the things you ‘really need’)?”



BASE: 2,000 internet users aged 18+. Gambling and Cigarettes aged 22+.

SOURCE: Lightspeed GMI/Mintel

BUSINESS INSIDER

June 2016

The “non-materialistic” consumer....



A move away from “things” is now a common response by consumers. Seemingly more interested in travel and entertainment, this shift in consumerism has a decided impact on traditional retailing. Looking at the chart above, traditional retail shopping for clothing and personal items is mid-way down the list of priorities for expendable income. Home electronics, once a staple in retailing is even further down the list in terms of interest from consumers. This trend is not just associated with the “millennials” it is reaching throughout the generations. This priority shift in expendable dollars

away from “goods” both positively and negatively impacts the traditional retail environment, breeding new retail concepts and conversely killing off some established retailers.

We're a long way from anyone being able to proclaim that they've "figured out the millennial consumer," but we have gathered some valuable research. For example, millennials eschew luxury goods for sustainable ones; prefer buying organic and fair trade; and they're a lot more willing to shell out money on experiences that enhance their lives (and their Instagram and Snapchat feeds) rather than on material things.

The thing is, it isn't just millennials. The interesting trend I'm seeing is that these traits are bleeding beyond this demographic. Millennials are proving to be cultural trailblazers for older and newer generations. Consumers today are broadly catching on to the notion that experiences make you happier and are as valuable -- or more -- than buying fancy things.

Various psychological studies are showing that all people -- not just millennials -- are happier when their money is spent on living, rather than on having. Mintel's 2015 American Lifestyles report projects that over the next five years, total spending will grow by nearly 22%, with the so-called "non-essential" categories, including vacations and dining out, expected to see the greatest gains.

Brian Schultz – Advertising Age

Changing the way we shop.....



Coming out of the recession, consumers were permanently changed which has led to the “perfect storm” in retailing. A consumer base that is much more conservative with their spending and a broadening of online shopping is having a significant impact. More convenient and perceived to provide a better value than bricks and mortar retailers, online shopping is increasing dramatically. Where once only tech savvy consumers utilized online shopping, online shopping is now rapidly becoming ingrained across the generational perspective. As more dollars are spent online, the need for bricks and mortar retailing is reduced. This dynamic shift in retailing has prognosticators predicting a “stormy future” for traditional retail outlets.

- 80% of the entire US population has made an online purchase.
- 50% of them have made more than one.
- 71% shop online because they want to get a better deal.
- According to Business Insider, this equated to 78% of the entire population.
- Ecommerce factored to be 7.5% of all retail in the U.S. for the fourth quarter of 2015.

MINTEL March 2016

Many retailers did not anticipate the change in buying patterns and the negative momentum it would bring to their stores. They did not see the rapid shift to online shopping. Forbes April 2016

Introducing “experience” into shopping.....



With more and more consumers utilizing online shopping to meet many of their retailing needs, what will draw customers away from their computer and into an actual store? This is a question being asked by every retailer. Taking a cue from consumers wanting more “experiences” many in the retailing industry are focusing on is this concept to excite consumers. From the retailers themselves to the shopping area they are located in, every aspect of a retail shopping trip is being analyzed to determine how the customer experience can be enhanced.

As retail seems to be on the precipice of dramatic change, the uncertainty of this new landscape pushes both retailers and developers seeking to expand to cautiously consider every opportunity. The issues affecting retail are different since 2008 to today, yet the stability of retail is still in question for many segments of the marketplace.

There are a number of new projects planned, under construction or opening that represent a change in the retail center format as we have known it. Instead of having department store or retail anchors, these new centers rely largely on restaurants and entertainment tenants. They also have retail in the form of junior boxes and retailers that appeal to the same demographics in the center, but these are a big change from the regional centers of yesterday. They are also a far cry from the entertainment centers we saw in the late 1990s and early 2000s. As our interests and lifestyles change as a culture, so too must retail. Many people now buy their commodities online, be that from traditional or online retailers. Many now know the exact goods they want before they walk into the store thanks to the power of the internet. We also want to be entertained in a way that we can't be in our homes. In order to get us to centers, there has to be something that compels us to go. That something can be local merchandise we can't get online, dinner by the newest local celebrity chef, an art showing, a farmer's market held at the center or even the latest blockbuster movie. You need only follow your favorite centers on Twitter to see what driving traffic to shopping centers is these days.

Changing The Model....Excerpts Shopping Center Business – March 2016

The crystal ball says.....



The future of retail is certainly being debated. There are as many opinions as there are ideas of what retail of the future is going to look like. Retail has always been dynamic and that seems to be the only certainty going forward. The impacts from both the cultural changes of consumers to the expansion of alternative shopping avenues will certainly shape the future of bricks and mortar retailing. As both of these dynamics are still in their “pre-teen” years from a maturity

perspective, the lasting impacts are not yet realized. As retailers attempt to address the consumer’s change in perspective, we will see hits and misses as they struggle to adapt, leaving the retail development landscape in a state of flux for the foreseeable future.

Every 50 years or so, retailing undergoes this kind of disruption. A century and a half ago, the growth of big cities and the rise of railroad networks made possible the modern department store. Mass-produced automobiles came along 50 years later, and soon shopping malls lined with specialty retailers were dotting the newly forming suburbs and challenging the city-based department stores. The 1960s and 1970s saw the spread of discount chains—Walmart, Kmart, and the like—and, soon after, big-box “category killers” such as Circuit City and Home Depot, all of them undermining or transforming the old-style mall. Each wave of change doesn’t eliminate what came before it, but it reshapes the landscape and redefines consumer expectations, often beyond recognition. Retailers relying on earlier formats either adapt or die out as the new ones pull volume from their stores and make the remaining volume less profitable.

Darrell K. Rigby – Harvard Business Review

RETAIL DEMAND – BY CATEGORY



Ricker Cunningham

Ricker|Cunningham Retail Market Analysis (August 2016)

Furniture & Home Furnishings

New Retail Space Needed to Recapture Leakage	16,526 SF
New Retail Space Needed for Household Growth	18,094 SF
Total 10-Year Demand	34,620 SF



Limitations There are 20+ national/regional chain furniture retailers operating in Colorado. Most of these retailers are located in cluster areas where they have synergy with other furniture retailers. Comparison shopping is a key factor for furniture – furniture retailers look to be in as close proximity to each other as possible. National furniture retailers run the gambit in terms of size with the larger furniture retailers (American Furniture, Furniture Row) having facilities in excess of 100,000 SF. The majority of these retailers rely on large trade areas in excess of 70,000 households. Within the national furniture chains, market opportunities that only allow for “one of” are not as attractive.

Opportunity Fulfillment of this gap will likely come from an independent furniture retailer or from a general merchandise retailer that carries home furnishings. There are smaller local retailers such as Concepts (with stores in Boulder and Longmont) that could potentially be opportunities for Windsor when the full potential of the marketplace has been realized.

Electronics & Appliance

New Retail Space Needed to Recapture Leakage	49,080 SF
New Retail Space Needed for Household Growth	25,929 SF
Total 10-Year Demand	75,010 SF

Limitations Best Buy is the leading retailer for electronics followed by Amazon and then Walmart. Best Buy’s dominance in both electronics and appliances (3rd in appliance sales behind Sears and Lowe’s) makes them the “target retailer” for this category. Even with this market dominance, impacts to Best Buy from online retailing predict a less than rosy future....

Best Buy is holding up far better than the thinning ranks of publicly traded rivals, but it's hard to get excited about the superstore concept's future. Best Buy has made it through half a century, but it's going to be a real challenge to make it through another decade.

Newsweek – August 2016

With 3 stores in the neighboring markets (Loveland, Greeley and Fort Collins) Best Buy has bracketed the Windsor marketplace, not recognizing Windsor as a standalone market capable of supporting a 4th store in the region. Best Buy requires a population in excess of 50,000 to support an individual store. Regardless of the “leakage” noted in the Ricker/Cunningham report, the only option for bringing Best Buy to Windsor would be a relocation of an existing store.



Appliance sales are still led by Sear’s with Lowe’s right behind them, followed by Best Buy and Home Depot. Again, all of these retailers have opted to serve the Windsor market with stores in Loveland, Greeley and Fort Collins. As these retailers represent the majority of appliance sales, there does not seem to be a likely retailer match for Windsor to limit the leakage.

Opportunity The question on how to fill this gap is complicated – on one hand, there appears to be enough capacity to support a retailer within the category yet, the category retailers have chosen to serve the Windsor trade area from outside of Windsor. Competitive influences from the neighboring markets and impacts and uncertainty with the category retailers from online retailing make fulfillment of this gap difficult to estimate. Should Walmart move forward with a Super Walmart that includes an electronics department, they would substantially stem the current leakage for electronics. Focusing on a general merchandise retailer will likely provide the most impact to the leakage.

Building Materials, Garden Equipment

New Retail Space Needed to Recapture Leakage	10,419 SF
New Retail Space Needed for Household Growth	19,005 SF
Total 10-Year Demand	29,425 SF



Limitations With both Home Depot and Lowe’s store size in the 100,000+ SF range – there is not enough demand within the Windsor marketplace to support a store of their scale. The leading small format home improvement retailer is Ace Hardware which is already located in Windsor. The gap in this category represents a “between and betwixt” element in that the Town already is home to both Ace Hardware and Manweiler Hardware, yet, not large enough to support the jump to one of the major retailer’s in the category. It is likely that the leakage represents purchasing of goods that are not customary at one of the 2 existing hardware stores.

Opportunity The market seemingly is able to support a secondary small format retailer such as True Value, Big R, Murdoch’s, etc. Adding a second smaller format home improvement retailer may not stem the leakage as the offerings would be similar to that of the existing hardware stores. One of these retailers and/or a specialty retailer in this category could be considered if specific leakage is better understood.

Food & Beverage (Grocery, Beer, Wine)

New Retail Space Needed to Recapture Leakage	0 SF
New Retail Space Needed for Household Growth	54,386 SF
Total 10-Year Demand	54,385 SF



Limitations The “time to maturity” for the future demand is very long by development standards (10 years). One of the most dynamic retailing genres, anticipating what grocery retailing may look like in 10 years is not feasible. Many experts expect the next 5 years will be more transformative than the last 50 for grocery. This expected seismic shift in grocery retailing could bring the end to some long standing chains and the birth of new concept chains not in existence today.

The American supermarket is undergoing a series of dramatic changes, spurred in part by the food court approach of Whole Foods and other new retailers. And of course, thanks to the threat from Amazon, Fresh Direct, Blue Apron and other grocery- and meal-delivery services, supermarkets are finally realizing that if they want people to enter their sliding doors, they need to offer something more than just soul-sucking fluorescent lighting and carts with only three good wheels. *Shopping Guide 2016*

Opportunity The analysis illustrates that there will be demand for additional grocery based on the projected household growth. That growth is not expected to reach capacity until 2025. Planning should occur to ensure that there are appropriate locations for that future retailing. Should the Super Walmart go forward, that store would absorb the anticipated growth potential in this category dramatically impacting the forecast for future demand.

Health & Personal Care

New Retail Space Needed to Recapture Leakage	32,823 SF
New Retail Space Needed for Household Growth	19,575 SF
Total 10-Year Demand	52,398 SF

At \$300 billion a year in sales, health and personal care is the second-largest retail category in the US behind groceries.

Business Insider

Limitations This category is dominated by the drug store chains. In Colorado, Walgreen’s is the dominant retailer with Rite Aid expanding and CVS looking to enter the market more broadly (currently, they are only operating in Target Stores in Colorado). Outside the drug store retailers, the number of identifiable retailers that fit into the category are limited.

Opportunity The health and personal care industry includes pharmacies and drug stores, cosmetics, beauty supplies, and perfume stores, optical goods stores and health food supplement stores. At 32,823 SF Windsor has capacity to add to his retail category and room to grow over the next 10 years. With 1 Walgreen’s in Town, opportunity should be explored on how to increase the retailer presence for this category. Should the Super Walmart go forward, that store would absorb a portion of the anticipated potential in this category.



Clothing & Accessories

New Retail Space Needed to Recapture Leakage	53,489 SF
New Retail Space Needed for Household Growth	23,448 SF
Total 10-Year Demand	76,937 SF

Limitations With a limited to non-existent retailing presence in Windsor for this category, it is not surprising that the leakage number is so high. Without a doubt, the majority of Windsor residents are shopping within this category outside of Windsor.

With a significant “fashion” presence in Loveland and Fort Collins, soft goods retailers have not recognized Windsor as a standalone market capable of supporting additional stores in the region. The question on how to fill this gap is complicated – on one hand, there appears to be enough capacity to support several retailers within the category yet, the category retailers have chosen to serve the Windsor trade area from outside of Windsor. Changing the perceptions of the retailers as to the strength of the Windsor trade area may be challenging.

Non-mall department store retailers such as Kohl’s, Bon-Ton and Belk have not had success in the marketplace recently. The decline in their performance has limited new opportunity for expansion into new markets.

Bon-Ton is among several brick-and-mortar based retailers struggling with decreased consumer traffic as buyers move toward online shopping. Kohl’s is facing the same challenges. Across the board, retail has also been struggling because consumers are spending more of their money on experiences. If we’re talking about the better-incomed consumer, they are buying homes and furniture for their homes, autos and going on trips. There has been a lack of newness in apparel and a transition to leisure. *BizTimes*



Opportunity The question on how to fill this gap is complicated – there appears to be enough capacity to support a retailer within the category yet, several factors have significant influence 1) the primary retail option for this category is a non-mall department store, all of which are struggling to maintain position in the current retailing environment and 2) the other category retailers have chosen to serve the Windsor trade area from outside of Windsor. A general merchandise retailer will provide some impact to the leakage – how much of an impact will depend on the perception of that retailer (i.e. Walmart may not have the reputation of quality/attractiveness in the fashion arena to sway shoppers).

Sporting Goods, Hobby, Book, Music

New Retail Space Needed to Recapture Leakage	2,647 SF
New Retail Space Needed for Household Growth	17,800 SF
Total 10-Year Demand	20,447 SF



Limitations This particular category is a bit confused as a “category”. Sporting goods retailing has nothing do with hobby nor books/music and vice versa. Lumping these retail categories together produces a cloudy picture of what capacity there actually is within each sub-category of the category. Online retailing has had a profound impact on books/music retailing further complicating the picture of this sub-category. Add to that a 10 year timeline for market maturity and understanding where to focus attention is more than a bit murky.

Opportunity The analysis illustrates that there will be demand for retailing in this category based on the projected household growth. That growth is not expected to reach capacity until 2025. A general merchandise retailer could impact all aspects of the category and stem some of the need going forward.

General Merchandise

New Retail Space Needed to Recapture Leakage	124,545 SF
New Retail Space Needed for Household Growth	54,284 SF
Total 10-Year Demand	178,829 SF

Limitations The Windsor trade area is on the cusp of being substantial enough to support one of the large general merchandise retailers such as Walmart and Target. With supercenters approaching the 200,000 SF size range, the household growth likely needs to reach maturity before these retailers will pursue opportunities within Windsor. With Walmart in Timnath and Target in the eastern portions of Loveland and Fort Collins, it is likely that Windsor will need to grow enough to support a standalone opportunity.

“Dollar” stores would be the other retailing vehicle to fill the general merchandise gap. The existing Dollar Tree (who also owns Family Dollar) suffices for this scale of the category. Efforts to add Dollar General to the Windsor marketplace would not substantially improve the leakage numbers even though capacity is certainly available.

Dollar stores are thriving by underpricing other retailers who serve this demographic. Companies such as Dollar Tree, Dollar General, and FiveBelow now make up a \$50 billion industry competing against retailers like Target and Walmart. This “extreme value” segment sells bargain-priced products from food to furniture at shopping centers across the country. If there’s not a store in your area yet, there probably will be soon: Dollar General is opening an average of about three stores per day and expects to have 25,000 by 2017. May 2016



Opportunity Focusing on a large scale retailer within the category will provide the best return to the Town. With Walmart owning a location in Town, they clearly are the target retailer to fill this category gap. As mentioned in other categories, a Walmart Supercenter could meet more than just the general merchandise category gap within the Town. The market depth seems to be just on the cusp of being substantial enough to support a Walmart Supercenter making them an ideal candidate.

Foodservice & Drinking Places

New Retail Space Needed to Recapture Leakage	6,202 SF
New Retail Space Needed for Household Growth	32,239 SF
Total 10-Year Demand	38,441 SF

Limitations With unmet capacity at only 6,202 SF – the current market needs are being met, even if the current selection of foodservice providers does not meet everyone’s taste preference. Expansion in this category in the short term will likely come from turnover of existing space versus new development of restaurant/bar facilities.

Opportunity Fitting nicely into the “entertainment” perspective of the new consumer, the food and beverage industry has been very healthy since the end of the recession. There does not seem to be any slowdown in the popularity of “food” and the numerous retailers that are looking to capitalize on this new obsession with everything unique in food and beverage. The only limitation with this category is the ability to imagine what will capture the imagination of “foodies” next. As residential growth continues, more and more opportunities will arise.



RETAIL DEMAND – BY OPPORTUNITY AREA



Ricker Cunningham

Ricker | Cunningham Retail Market Analysis (August 2016)

Interstate 25 & State Highway 392

Total Leakage	271,000 SF
Total New Household Demand	2,700,000 SF

The intersection of Interstate 25 and Highway 392 provides 1) the high profile visibility and 2) extended access into the larger regional area to lure larger scaled retail. No other site in the Windsor trade area has this dynamic making this opportunity area unique in terms of possibility for the Town of Windsor.

Competitive influences from projects in Loveland, Timnath and Fort Collins certainly influence both the depth and type of retail that may be attracted to the opportunity site. Retail execution in this area will likely come from new to market retailers and/or relocation of retailers outside of the current locations.



This opportunity area is a “bullseye” location to introduce the new format of retail development. Incorporating office and residential along with a creatively designed retail and entertainment area will set this development area apart from its competitive influences in Loveland. Having the opportunity to capitalize on what is new and different in development from older shopping areas will dramatically improve the attractiveness of this area over existing centers. As retailers are embracing new concepts, a development matching that perspective could be very attractive to relocate to. Successful project design will be the key to success for any project in this area.

The very term *shopping center* is obsolete and no longer appropriate for all but smaller strip convenience shopping centers. Centers can no longer prosper by being only shopping destinations. They need to be *experience centers*, offering not only enhanced retail experiences, but also many other types of experiences such as entertainment, education, sports and dining. The names *lifestyle center* or *mixed-use center* are a much better fit. Randy White, White Hutchinson

State Highway 392 & WCR 15

Total Leakage	104,000 SF
Total New Household Demand	366,000 SF

This is an established retailing area with 2 grocery anchors, King Soopers and Safeway Stores. Decidedly a “community retail” area, the retail focus is on everyday goods and services. As with all other aspects of retailing, the concept of the “neighborhood shopping center” is evolving. As more and more shopping center owners embrace the concept of retail change, changes in both the physical environment and the type of retailers themselves will become evident. Retail square footage may not extensively grow in this area, but the aesthetic of the retail could be dramatically enhanced.



“Change” is the byword for emerging trends in neighborhood shopping centers in the Western US. As the tenant mix changes, we see these centers innovating and working hard to compete with regional malls, entertainment centers, other convenience and neighborhood services. The tenants reflect changing consumer preferences and demand. Millennials have been dubbed “the foodie generation,” and food-oriented space is growing in neighborhood shopping centers. Many more restaurants are opening, and pizzerias, burger places and other fast-casual eateries abound, as well as the popular breweries serving craft-brewed beers. Service tenants are vanishing. There used to be mailboxes and dry cleaners in every center, but no longer. People are using the internet, and services are easier to find. One service provider can fulfill the needs for an entire community. Today, some developers are even refusing to accept “clean machine” dry cleaners as tenants.

With online shopping eating up bigger and bigger slices of the retail pie, neighborhood shopping centers have to create more interesting, attractive and appealing environments. Owners are increasing common-area amenities, with the goal of keeping people comfortable and encouraging them to stay longer. We are seeing a rise in abundant, comfortable seating and shady canopies, plants and misters, water features, fire pits, and, of course, the indispensable wifi. For reluctant landlords, this means higher expenditures, with potential additional costs for keeping the centers clean and safe. GlobeStreet May 2016

State Highway 392 & State Highway 257

Total Leakage	215,000 SF
Total New Household Demand	357,000 SF

A future growth area for the Town, residential growth north and east of this area could provide the necessary support for an additional grocery retailer. Changes and/or additions to the existing grocery retailing in Windsor could profoundly impact the ability of this area to fully develop into a destination neighborhood retail area (i.e. Safeway closing and/or a Walmart Supercenter developing). Without a grocery anchor at the intersection, the retail influence will remain convenience based lacking the ability to approximate the “total new household demand” projected by Ricker/Cunningham.

As with all areas of retailing, there are changes within the convenience retail spectrum as well. The concept of convenience retailing is changing dramatically. Once reserved for gas stations and fast food the consumers focus on convenience is now opening the door for new concepts in retailing as well as design.

We are evolving in ways perhaps once unimaginable. We are selling healthier items and embracing a balance of indulgent and better-for-you foods. We are incorporating sustainable practices good for both the environment and the bottom line. We are even rolling out stores with a net-zero carbon footprint. We are embracing digital technology and using social media to communicate to old customers and attract new customers in cost-effective, targeted ways.

CSP Magazine



Crossroads Boulevard & County Road 5

Total Leakage	645,000 SF
Total New Household Demand	4,100,000 SF



“The Brands at the Ranch” is a \$500,000,000 retail, entertainment and lifestyle project located at Crossroads and County Road 5 in Loveland. Developer Martin Lind and Stellar Development are proposing 425,000 square feet of retail along with hotel, movie theater and residential components.

Windsor has the opportunity to build off of this project with complimentary uses. Expanding the entertainment element will be key as well as matching the level of design creativeness being proposed in “The Brands”. Consideration of a special district would ensure that the area is developed with this perspective in mind and provide a “known development environment” for future development.

4,000,000 square feet of retail development is extensive and whether the Loveland/Windsor market combined can actually attract that level of retail is questionable given the competitive influences in the Loveland and Fort Collins trade areas.





MEMORANDUM

Date: October 24, 2016
To: Mayor and Town Board
Via: Kelly Arnold, Town Manager
From: Dean Moyer, Director of Finance
Re: Follow-up questions from October 8th Budget Work Session
Item #: 2

Background / Discussion:

This letter is in response to questions presented from the Town Board concerning the 2017 Budget.

- Turnover rate of employees – Jaci Kremser, Interim Human Resources Supervisor
2013 – 19%
2014 – 16%
2015 – 13%
2016 year-to-date is at 15% for the first three quarters of the year.
- Look into accessing a convenience fee for accepting credit cards – threshold – discount for cash or check – Patti Garcia, Town Clerk (attachment 1)
- Street maintenance clarification – Dean Moyer, Director of Finance (attachment 2)
- Report on water activity & purchases – Dean Moyer, Director of Finance (attachment 3)
- Does the Town Prosecutor report to the Town Board? – Ian McCargar, Town Attorney has sent the Town Board a response to this. The prosecutor is appointed by the Town Board and “There is no specific requirement for annual performance reviews of the Town Prosecutor, but the annual re-appointment process is where performance issues may be addressed.”
- Harmony Road effort (coordinate with Eaton, Severance and Timnath) – Kelly Arnold, Town Manager, will be reviewing Timnath’s standards and if they are good, we will incorporate them for our standards.
- Double entry in of the Boardwalk Farmer’s Market (in Park Improvement Fund and in Capital Improvement Fund) – Corrected, now in only Capital Improvement Fund for \$318,380 for the larger 84’ x 56’ structure. The Town will hold on the \$8,000 additional for winter enclosure.
- Research a “State of City” night at the end or beginning of the year. Staff felt this was a good idea and will work on it in coordination with the proposed annual report.
- \$25,000 was added to the 2017 budget for a grant match for the Poudre River Trail repair. Weld County requested a TAP grant and funds will not be distributed unless they receive the grant. This is allocated in the Conservation Trust Fund.

- A request from the August 15th Capital Improvement Budget meeting was for the cost of an average building permit – Patti Garcia, Town Clerk (attachment 4)
- Cemetery – what is the cost of a plot? - \$1,100

Attachments:

1. Credit Card Fee
2. Street maintenance capital project list with codes
3. Water activity report and budget
4. Average building permit

ATTACHMENT #1

Credit card payments to the Town of Windsor

Areas that staff is researching include incentives for use of cash, low cost processors, and the establishment of a threshold for credit card payments. Recommendations will be made to the Town Manager by the end of the year. Below are some preliminary findings which will continue to be investigated.

Incentives for use of cash

A discount offered by the Town for the purpose of inducing payment by cash or check must be offered to all purchasers, regardless of the amount or what the payment is for (utilities, recreation, permits, etc.) and the availability must be disclosed to all prospective purchasers clearly and conspicuously. Staff would need to gather information on what percentage of the current payments are cash versus credit card as it may cost the Town more to give a cash discount than what is being paid in service charges. This option would be difficult to implement and monitor and it could potentially require modification to the current accounting software.

Low cost processors

The current credit card fee that the Town is absorbing for all credit card payments, except for municipal court, is approximately 4% plus an additional \$1 per transaction for electronic checks. There are many options for credit card processors but, as a governmental agency, staff has been cognizant of protecting customer information and Town funds. The fees that are incurred are from the credit cards themselves, ie Master Card and VISA; the processors serve as a 3rd party to assure billing is completed, etc. In 2008, as a requirement of the Federal Trade Commission the Town adopted an identity theft prevention policy (Red Flag Policy) which established requirements for payments processed through a third party service provider. The current processor has been vetted by Bank of Colorado and also meets the requirements listed in the Red Flag Policy.

Threshold

It is estimated that the Town of Windsor could be absorbing up to \$80,000 in credit card fees in 2017. The Town Board requested that staff look at setting a threshold for receipt of credit card payments. The Town of Minturn established a \$500 threshold and anything over that has a 3% charge added on to the total. It is generally just used for building permits and other "expensive items". The use of credit card payments for utilities, recreation and one-stop building permits is very efficient and works well whether the payment is sent online, on the phone or in person. If the goal is to reduce the amount of money the Town absorbs for credit card payments, then a specified threshold that would be assessed a surcharge could be beneficial.

ATTACHMENT #2

Capital Improvement Fund Detail Requests

CAPITAL IMPROVEMENT FUND - 04
Streets Dept - 429

DESCRIPTION	STREET REPAIR (PM) 6278/6267	STREET REPAIR/MAINT 6242/6241	SMALL EQUIP 6218	ROAD IMPACT FEE O&M 6419	ROAD IMPACT FEE 8419	EQUIP 8440	STREETS 8445	STREETS 8445-900/903	STREETS 8445-904	TOTAL
Hwy 257 Improvements fr Hwy 392 to Garden St		320,000								320,000
Street Maintenance - Overlays	1,800,000									1,800,000
replacement		700,000								700,000
Poudre River maintenance		45,000								45,000
Harmony Road/WCR 15 traffic signal construction					340,000					340,000
7th Street Ditch Improvements							95,000			95,000
County Line Road ditch erosion mitigation							600,000			600,000
Operations Study for SH-257/392	150,000									150,000
SH 257 Roundabout		375,000		375,000						750,000
Street Oversizing South Hill					84,110					84,110
I-25 Widening Improvement		333,333								333,333
WCR 17 shoulder improvements		100,000								100,000
PW/Parks Maint Facility off-site improvements (CIF/WF/SF)							500,019			500,019
Entryway signs promote community events design						2,500				2,500
Steeplechase Trail Reconstruction		7,500								7,500
Establish Standards for Crosswalks markings & signage	20,000									20,000
TOTAL	1,970,000	1,880,833	0	375,000	424,110	2,500	1,195,019	0	0	5,847,461
TOTAL Capital Outlay Only										1,621,628
TOTAL O&M Only										4,225,833

ATTACHMENT #3

Report on water activity and what was purchased in 2016:

Detail explanation for budget sheet

2017 budget is \$2,982,227

Budget appropriates all available funding for water shares as they come available

2016 is budgeted at \$500,815 (all available funds)

Projected expenditures for 2016 is \$968,080 according to DW

Of which \$938,480 has been spent as of 10/12/16 for 35 shares CBT @~ \$26,800/share

The Town is spending more than budgeted as revenues came in higher than expected.

A supplemental budget will be required for expenditures over budget

2015 actual expenditure total \$2,744,250

\$1,688,000 was developer reimbursement

42 shares CBT @ \$26,000/share

8 shares NPI North Poudre Irrigation Company @ \$72,000/share

\$1,076,250 was Town purchase of 6 shares NPI @ \$72,017/share; 21 shares CBT @\$26,000/share; 4 shares CBT @\$24,500/share

2014 actual expenditure total \$604,500

\$117,000 was developer reimbursement

3 shares CBT @\$19,000

10 shares NPI @\$6,000

\$487,500 was Town purchase of 25 shares CBT @\$19,500/share

2013 actual expenditure total \$931,500

\$931,500 was developer reimbursement

48 shares of CBT (3@\$18,000/share and 45 @ \$19,500/share)

Nothing purchased by Town

Water Fund Detail Budget

TOWN OF WINDSOR		ACCOUNT NAME		2013	2014	2015	2016	2016	2017
ACCT NO		ACTUAL	ACTUAL	ACTUAL	BUDGET	PROJ.	BUDGET	BUDGET	
DEVELOPMENT RAW WATER REVENUE									
4001-000	Beginning Fund Balance	931,778	1,095,503	668,756	212,868	6,702	1,431,338		
4353-000	Development Raw Water	1,095,225	177,754	2,082,196	287,947	2,392,716	1,550,889		
4364-000	Interest Income	0	0	0	0	0	0		
DEVELOPMENT RAW WATER REVENUES TOTAL									
		1,095,225	177,754	2,082,196	287,947	2,392,716	1,550,889		
AVAILABLE RESOURCES									
		2,027,003	1,273,256	2,750,952	500,815	2,399,418	2,982,227		
DEVELOPMENT RAW WATER EXPENDITURES									
8411-000	Water Shares	931,500	604,500	2,744,250	500,815	968,080	2,982,227		
	Capital Outlay Total	931,500	604,500	2,744,250	500,815	968,080	2,982,227		
DEVELOPMENT RAW WATER EXPENDITURES TOTAL									
		931,500	604,500	2,744,250	500,815	968,080	2,982,227		
BEG RAW WATER BAL									
		931,778	1,095,503	668,756	212,868	6,702	1,431,338		
REVENUE									
	Available Resources	1,095,225	177,754	2,082,196	287,947	2,392,716	1,550,889		
		2,027,003	1,273,256	2,750,952	500,815	2,399,418	2,982,227		
EXPENDITURES									
		931,500	604,500	2,744,250	500,815	968,080	2,982,227		
END RAW WATER BAL									
		1,095,503	668,756	6,702	0	1,431,338	0		

ATTACHMENT #4

What is the average building permit for a \$350,000 home?

The estimated building permit cost for a \$350,000 home differs depending on where it is located in Windsor. There are many variables that weigh into the permit cost including if it is located in a metropolitan district or on a dual water system. Below are the estimated permit fees based on the proposed valuation and proximity in Windsor:

Weld County	\$55,047
Weld County (dual system)	\$39,743
Larimer County	\$58,041
Water Valley	\$36,034*

***Water Valley info**

- There are no neighborhood park fees collected due to an IGA which exempts all of Water Valley, Water Valley South and South Hill; the metro district is required by the IGA to make its neighborhood parks, which are financed by the metro district, available to the public without fee.
- The raw water fee is reduced due to the cash in lieu of water dedication; builders or home buyers in Water Valley must pay a separate fee to the Poudre Tech Metro District for water.

	Weld	Weld Dual System	Larimer	Water Valley
Building Fee	1,639.43	1,639.43	1,639.43	1,639.43
Electrical Fee	552.00	552.00	552.00	552.00
Construction Meter	57.50	57.50	57.50	57.50
Plan Check Fee	491.83	491.83	491.83	491.83
Administrative Fee	562.23	562.23	562.23	562.23
Raw Water	22,800.00	11,115.00	25,000.00	11,115.00
Water Plant Investment Fee	9,400.00	5,781.00	7,000.00	5,781.00
Water Impact Fee			1,100.00	
Sewer Plant Investment Fee	4,400.00	4,400.00	4,500.00	4,400.00
Sewer Impact Fee			1,000.00	
Park Fee - Neighborhood	3,709.00	3,709.00	3,709.00	
Park Fee - Community	1,253.00	1,253.00	1,253.00	1,253.00
Drainage Fee	720.50	720.50	720.50	720.50
Water Meter & Yoke	429.00	429.00	284.00	429.00
Windsor Use Tax	6,918.32	6,918.32	6,918.32	6,918.32
Larimer County Use Tax			1,138.45	
Road Impact Fee	2,115.00	2,115.00	2,115.00	2,115.00
Total fees	55,047.81	39,743.81	58,041.26	36,034.81



FUTURE TOWN BOARD MEETINGS

Work Sessions & Regular Meetings will be held in the Board Chambers unless otherwise noted.

October 31, 2016	Fifth Monday
November 2, 2016 6:00 p.m.	Joint meeting with Town of Severance and Planning Commission
November 7, 2016 6:00 p.m.	Town Board Work Session Retiring Debt/ Refinancing Loans discussion Water Rights Dedication Policy
November 14, 2016 5:30 p.m./1 st floor conference room	Board/Manager/Attorney Monthly Meeting Broadband discussion
November 14, 2016 7:00 p.m.	Town Board Meeting Kern Board Meeting
November 21, 2016 6:00 p.m.	Town Board Work Session
November 28, 2016 6:00 p.m.	Town Board Work Session Parks Master Plan and Trails Master Plan discussion
November 28, 2016 7:00 p.m.	Town Board Meeting
December 5, 2016 6:00 p.m.	Town Board Work Session Joint meeting with Historic Preservation Commission to review CSU Historic Church Survey Building Permit Fee Schedule update and SAFEbuilt Agreement review
December 12, 2016 5:30 p.m./1 st floor conference room	Board/Manager/Attorney Monthly Meeting
December 12, 2016 7:00 p.m.	Town Board Meeting
December 19, 2016 6:00 p.m.	Town Board Work Session Economic Development Incentive Program review 2016 Events Debrief and Future Special Event Items
December 26, 2016 7:00 p.m.	Town Board Meeting Cancelled – Town Hall closed

Additional Events

October 21, 2016; 12 pm Webinar – Intro to Municipal Court for Elected Officials; participants – I. Adams, K. Bennett, P. Rennemeyer

October 27, 2016; 6 pm	Weld Town/County Dinner; attending – K. Melendez, I. Adams, B. Boudreau, C. Morgan
December 8, 2016; 6 pm	Larimer County Regional Elected Officials Meeting; attending – K. Melendez, I. Adams, M. Baker, K. Bennett, C. Morgan, P. Rennemeyer

Future Work Session Topics

NFRMPO update
Overview of Police Operations
Review of current Intergovernmental Agreements