ANACORTES
Comprehensive Plan 2016

Anacortes Retail KT Analysis Report

April 6, 2016

Contents

Overview

The City Council asked Hart Hodges, PhD and James McCafferty, of Western Washington University's (WWU)Center for Economic and Business Research (CEBR), to help improve discussion about the status of, and possibly new, retail options in the City.

The CEBR issued the City of Anacortes Retail Discussion Report on September 22, 2015, and among other observations and recommendations, proposed a Kepner Tregoe (KT) Analysis be performed - a decision making process with a structured methodology for gathering information, prioritizing and evaluating alternatives.

Kepner Tregoe decision making is a structured methodology for gathering information, prioritizing and evaluating it; developed by Charles H. Kepner and Benjamin B. Tregoe in the 1960s.

The Kepner-Tregoe approach is based on the premise that the end goal of any decision is to make the "best possible" choice. The goal is not to make the perfect choice, or the choice that has no defects, so decision makers must accept some risk. An important feature of the Kepner-Tregoe Matrix is to help evaluate and mitigate the risks of your decision.

The Kepner-Tregoe Matrix approach guides you through the process of setting objectives, exploring and prioritizing alternatives, identifying strengths and weaknesses of the top alternatives, and of choosing the final "best" alternative(s). It then prompts you to generate ways to control the problems that may develop because of your decision.

Our study began with defining the issues, and what is known in a Situation Appraisal and Problem Statement. In an effort to address what appears to be divergent opinions in the community regarding the type of retail development suitable for Anacortes, some residents desire a mid-scale retailer while others prefer more local retailers, a determination of preferred retail types is central to the analysis. A combination of fourteen different retail types and locations were evaluated using criteria established by the City Council.

The analysis produced a combination of three retail types and three locations for retail alternatives to satisfy the Problem Statement: How do we broaden the retail merchandise offerings while limiting negative impacts, which may result? While these retail alternatives ranked highest in desirability, their ranking does not necessarily suggest a successful implementation. A Potential Problem Analysis was performed to identify possible risks and suggested risk mitigation strategies.

The following report outlines the background information developed during the KT Analysis and decision-making process, recommends retail development strategies and Comprehensive Plan Policies.

Situation Appraisal

We believe that majorities of Anacortes residents:

1. Want a friendly, beautiful, sustainable and safe community.
2. Want more in-person opportunities to purchase several classes of household and nondurable consumer goods in sufficient variety and price points, e.g., clothing, shoes, housewares, electronics, etc.
3. Want to purchase more goods locally.
4. Want cheaper groceries.
5. Want increased temporal availability of retail options (e.g., open Sundays, evenings).
6. Want to preserve existing small town character of Anacortes and are wary of very large buildings associated with big box retail.
7. Want to preserve locally owned independent retail shops.
8. Want ease of access to a variety of goods at a single location.
9. Want to maintain industrial zoning.
10. Want to preserve existing downtown core and not significantly expand commercial areas.
11. Lack awareness of all the retail options that are already in town.
12. Desire increased opportunities for community shopping experiences with interaction w/ community.

Information regarding retail in Anacortes:

1. Anacortes captures spending from outside our market area, generating an overall surplus of taxable retail sales.[i]
2. Anacortes residents spend outside the local market in a number of goods categories.[ii]
3. Retail demand could support 154,000 sq. ft. of additional retail development in Anacortes.[iii]
4. Fred Meyer has expressed interest to locate a store in Anacortes, with a preference for a location near the city's core.[iv]
5. Anacortes' per capita taxable sales for internet sales are 26% greater than the WA State average.[v]
6. At the City's request (as well as others), Buxton Co. performed a market segmentation analysis in 2011, that suggested Anacortes has a disproportionately large share of households 50 years old and older, and are more affluent than national averages.(see page 15 in Appendix for more details)[vi]

i Property Counselors, Anacortes Comprehensive Update Economic Conditions Report, 13

ii Property Counselors, Anacortes Comprehensive Plan Update Economic Conditions Report, 14

iii Property Counselors, Anacortes Comprehensive Plan Update Economic Conditions Report, 18-19

iv City of Anacortes, Meeting Notes July 22, 2014 meeting w/ Mike Shunk – OFC/Fred Meyer Real Estate Director

v WA Dept. of Revenue, Anacortes vs. Washington per capita taxable retail sales

vi Summary Buxton Anacortes Analysis, page 1

Problem Statement

How do we broaden the retail merchandise offerings while limiting negative impacts, which may result?

Decision Analysis

Alternatives

Retail Types considered in analysis:

1. Variety of small specialty stores- Bellingham's Fairhaven District was suggested as a model, it's a vibrant multi-use district with a residential element. This Alternative considered up to an additional twenty specialty stores (10,000 sf in size or smaller).
2. Mercantile - Langley's Star Store is the model envisioned for Anacortes when this retail type was scored against the Objectives. It is a store offering a market and deli, clothing, shoes, accessories, household items, personal items, etc. A mercantile store could be up to 25,000 sf in size.
3. Complementary Brand Retail Store - This retail type is a single store whose brand might be considered complementary to other Anacortes businesses. The store would be up to 50,000 sf in size, with Trader Joe's, Pottery Barn, Kohl'sand Dress for Less as examples of the brands in this retail type.
4. Mid-size Retailer - This retail type was envisioned to be a single brand retailer offering clothing, shoes, household goods, groceries, etc. in a building approximately 100,000 sf in size. An example of a brand included in this retail type is Fred Meyer.
5. Large-scale Retailer - This retail type was envisioned to be a single brand retailer offering clothing, shoes, household goods, groceries, etc. in a building approximately 150,000 sf in size. An example of a brand included in this retail type is Walmart.

Objectives

Objectives are the desired outcomes from implementing a retail alternative and are the criteria by which retail alternatives are evaluated and compared to each other. City Council defined three objectives for future retail development:

1) Improve ease of access for shopping
   a) Ease of access is to include, but not limited to; proximity of store for reduced time and expense needed to shop, hours and days of operation to accommodate resident's needs, provide breadth of product offerings for variety and various price points, etc.
2) Provide additional gathering and meeting spaces.
   a) Shopping is a social experience where friends and neighbors enjoy meeting and greeting each other.
3) Increase or maintain shopper density within currently zoned commercial use areas.
   a) Reduce sprawl and augment existing retail operations.

Objective Prioritization

Table 1 summarizes Council Member's priority ratings of the Objectives, calculations of the scores (mean, max, min & range) and indicates the number of council members scoring the Objective as their most important and least important decision criteria.

Revised Objective Scoring	Johnson	Walters	Pickett	Lovelett	Adams	Archibald	Miller	Mean	Max	Min	Range	Most Important	Least Important
1) Improve ease of access for shopping	45	35	20	20	60	15	5	28.6	60	5	55	2	3
2) Provide additional gathering and meeting places.	20	25	60	20	20	35	65	35.0	65	20	45	2	3
3) Increase or maintain shopper density within currently zoned commercial use areas.	35	40	20	60	20	50	30	36.4	60	20	40	3	1
Total	100	100	100	100	100	100	100	100.0				7	7

Table 1: Objective Prioritization Matrix

At 36.4, the highest priority Objective is; *Increase or maintains shopper density within currently zoned commercial use areas*. The next highest score; *Provide additional gathering and meeting spaces*, at 35.0, is virtually tied with the highest scoring objective. Lowest of the three objectives was; *Improve ease of access for shopping*, at 28.6, is about 21% lower than the first two.

It is important to note the divergent opinions of council members regarding the most important Objectives versus least important. Each Objective received a highest score and lowest score from at least two council members (highlighted by the color-coding), indicating council members seek different objectives regarding retail development.

Scoring of Retail Alternatives

Each retail alternative was evaluated against the three objectives to generate scores indicating how well the objective is satisfied by the retail alternative and is summarized in Table 2. Details of Table 2 and scoring considerations of council members are found in tables 6-9, in the appendix.

Retail Alternative Scoring Matrix

Retail Type/Location

Alternatives		Objectives		
Retail Type	Location	1) Improve ease of access for shopping	2) Provide additional gathering and meeting spaces.	3) Increase or maintain shopper density within currently zoned commercial use areas.
Variety of small, specialty stores	CBD	9	9.7	10
	So. Commercial Ave.	7.2	7.7	8
	MJB North/CM1	8.1	8.7	9
Mercantile	CBD	6	9.7	10
	So. Commercial Ave.	4.8	7.7	8
	MJB North/CM1	5.4	8.7	9
Comple mentary Brand Retailer	So. Commercial Ave.	7	6	10
	MJB North/CM1	6.3	5.4	9
Mid-scale Retailer	MJB North/CM1	7.8	4.5	9
	MJB Industrial/R Ave.	3.5	2	4
	SR 20	0.9	0.5	1
	Tribal lands	0.9	0.5	1
Large Scale Retailer	SR 20	0.9	0.1	1
	Tribal lands	0.9	0.1	1

Rate each alternative (1=lowest, 10=highest) for how well it achieves objective.

Table 2: Retail Alternative Scoring Matrix

Alternative Weighted Score

To produce a weighted score for each retail type and location combination, retail alternative scores (Table 2) are multiplied by the Objective's mean priority scores (Table 1). The resulting Weighted Scores (Table 3) provides a quantitative method which to rank order retail alternatives based on how well each satisfies Objectives established for retail development. Table 3 lists retail alternatives by their Weighted Score Total, from highest to lowest. The retail types and location combinations scoring 697or higher, received further evaluation.

Retail Type	Location	1) Improve ease of access for shopping	3) Provide additional gathering and meeting spaces.	4) Increase or maintain shopper density within currently zoned commercial use areas.	Weighted Score Total
Variety of small, specialty stores	CBD	257	338	364	960
Mercantile	CBD	171	338	364	874
Variety of small, specialty stores	MJB North/CM1	231	305	328	864
Mercantile	MJB North/CM1	154	305	328	787
Complementary Brand Retailer	So. Commercial Ave.	200	210	364	774
Variety of small, specialty stores	So. Commercial Ave.	206	271	291	768
Mid-scale Retailer	MJB North/CM1	223	158	328	708
Mercantile	So. Commercial Ave.	137	271	291	699
Complementary Brand Retailer	MJB North/CM1	180	189	328	697
Mid-scale Retailer	MJB Industrial/R Ave.	99	70	146	315
Mid-scale Retailer	SR 20	25	18	36	79
Mid-scale Retailer	Tribal lands	25	18	36	79
Large Scale Retailer	SR 20	26	4	36	66
Large Scale Retailer	Tribal lands	26	4	36	66

Table 3: Weighted Scores of Alternatives

Potential Problem Analysis

A cut-off point of 697 points results in approximately the top 1/3 of Alternative scores, which includes 9 of the 14 alternatives and five of the six retail types considered – omitting only the large-scale retail from the analysis. The remaining five (5) Alternatives are in the bottom 1/3 of scoring.

The nine top scoring retail alternatives have been evaluated in an Adversity Matrix. The purpose of the Adversity Matrix is to identify potential problems and negative consequences associated with implementation of a retail alternative, quantify its likelihood of occurrence and severity, and then propose actions to minimize risk.

Adversity Matrix Elements:

1. Increased vehicle traffic congestion and parking needs
2. Produces noticeable environmental impacts
3. Difficult to successfully implement
4. Inconsistent with design standards of community
5. Increased public safety costs & risks
6. Adverse effects on existing retail areas

The KT Analysis, to this point, has prioritized retail alternatives based upon the alternative's ability to satisfy stated objectives. The Adversity Matrix identifies potential risks resulting from implementation of a retail alternative, from which mitigation strategies can be developed.

Adversity Matrix Composite Scores (Table 4) are the product of multiplying, 1) likelihood of occurrence with 2) its severity. Details of the Adversity Matrix scoring and associated Planning Committee discussion can be found in the Appendix, pages 20 – 23.

Scores greater than 25 are highlighted in Table 4 for development of risk mitigation strategies associated with the implementation of the retail alternatives. (Composite Scores greater than 25 indicates likelihood of occurrence and severity both received evaluation scores greater than five, the mid-point of the 1 – 10 scale used in the analysis and are highlighted in red).

		Composite Score		
#	Store Type	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores
	Location	CBD	MJB North/CM1	So. Commercial
	Weighted Alternative Score	**960**	**864**	**768**
	Potential Problems & Negative Consequences			
1	Increased vehicle traffic congestion and parking needs	81	15	42
2	Produces noticeable environmental impacts	1	36	16
3	Difficult to successfully implement	72	72	72
4	Inconsistent with design standards of community	1	1	1
5	Increased public safety costs & risks	11.84	11.84	13.44
6	Adverse effects on existing retail areas.	0	25	0
	Rating	166.84	160.84	144.44

		Composite Score		
#	Store Type	Mercantile	Mercantile	Mercantile
	Location	CBD	MJB North/CM1	So. Commercial
	Weighted Alternative Score	**874**	**787**	**699**
	Potential Problems & Negative Consequences			
1	Increased vehicle traffic congestion and parking needs	81	15	42
2	Produces noticeable environmental impacts	1	49	30
3	Difficult to successfully implement	72	72	72
4	Inconsistent with design standards of community	1	1	1
5	Increased public safety costs & risks	12	12	18
6	Adverse effects on existing retail areas.	0	10	0
	Rating	167	159	163

		Composite Score		
#	Store Type	Complementary Brand Retailer	Complementary Brand Retailer	Mid-scale retailer
	Location	So. Commercial	MJB North/CM1	MJB North/CM1
	Weighted Alternative Score	774	697	708
	Potential Problems & Negative Consequences			
1	Increased vehicle traffic congestion and parking needs	48	18	15
2	Produces noticeable environmental impacts	30	49	64
3	Difficult to successfully implement	48	48	24
4	Inconsistent with design standards of community	25	25	81
5	Increased public safety costs & risks	16.96	15.9	47.6
6	Adverse effects on existing retail areas.	0	16	41.6
	Rating	167.96	171.9	273.21

Table 4: Adversity Matrix Summary

The weighted score for each retail alternative is combined with its adversity score in Table 5 (combined score = weighted score - adversity score), and rank orders the retail alternatives by their combined score. Most Adversity Scores are comparable, except mid-scale retail, which is significantly higher than the others are.

Table 4 provides details for why mid-scale retail at the MJB North/CM1 location received a higher Adversity Matrix score, lowering the Combined Score of this retail alternative below all the others. The lower score results from risks associated with environmental impacts, inconsistent with design standards of community, increased public safety costs & risks and adverse effects on existing retail areas.

Combined Adversity Matrix Score & Weighted Score				
Retail Type	Location	Weighted Score Total	Adversity Score	Combined Score
Variety of small, specialty stores	CBD	960	167	793
Mercantile	CBD	874	167	707
Variety of small, specialty stores	MJB North/CM1	864	161	703
Mercantile	MJB North/CM1	787	159	628
Variety of small, specialty stores	So. Commercial Ave.	768	144	624
Complementary Brand Retailer	So. Commercial Ave.	774	168	606
Mercantile	So. Commercial Ave.	699	163	536
Complementary Brand Retailer	MJB North/CM1	697	172	525
Mid-scale Retailer	MJB North/CM1	708	273	435

Table 5: Combined Adversity Matrix Score & Weighted Scores

Ranking highest are combinations of retail types; variety of small specialty stores and a mercantile in the CBD, MJB North/CM1 and South Commercial Ave. locations.

Summary

The Anacortes City Council requested an analysis of retail alternatives to recommend a preferred path forward for future retail development in Anacortes. The City Council's Planning Committee engaged in an analysis proposed by Hart Hodges, PhD Director of Western Washington University's Center for Economic and Business Research.

Objectives Defined and Prioritized

The City Council identified and prioritized three objectives future retail development should achieve, which became the evaluation criteria used to assess retail alternatives. The first two objectives, "Increase or maintain shopper density within currently zoned commercial use areas" and "Provide additional gathering and meeting places" ranked highest, essentially tying for most important criteria. The least important criterion was "Improve ease of access for shopping".

The difference of opinions among City Council members regarding the prioritization of objectives is considerable. Each objective received scores from different council members for being most important and least important, which indicates council members seek different objectives from future retail development.

Preferred Retail Alternatives

Retail alternatives receiving the highest Combined Scores were two retail types; 1) a variety of small specialty retailers and 2) a mercantile, within the CBD, MJB North/CM1 or South Commercial Ave. locations. These retail types were viewed as better at providing gathering and meeting spaces, which largely drove their higher scores versus a complementary brand or mid-scale retailer. The complimentary brand retailer did score relatively high though, and could be considered in a recommendation. One retail type with a significantly lower Combined Score was mid-scale retail..

Mid-scale Retail Not a Preferred Alternative

Mid-scale retail scored within 85% and 90% of the top scoring retail alternative for Objective #1) Improve ease of access for shopping and Objective #3) Increases or maintains shopper density in currently zoned areas, respectively. However, mid-scale retail scored just 47% of the top scoring retail alternative for Objective # 2, Provide additional meeting and gathering places, the most important Objective. Mid-scale retail also had an Adversity Score worse than all the other retail alternatives. Mid-scale retail was viewed to: 1) Produce noticeable environmental impacts, 2) Be inconsistent with design standards of community, 3) Increase public safety costs and risks and 4) Be an adverse effect on existing retail areas.

Recommendations

The City Council's Planning Committee, with input from the broader City Council, performed an analysis to determine how to broaden retail merchandise offerings while limiting negative impacts, which may result. The analysis produced a recommendation, which builds on our strengths, has the potential to expand merchandise offerings, and phases retail development to align with growth projections. The recommendation also identifies potential risks associated with implementation of retail alternatives and strategies for risk mitigation.

Retail Types

Variety of Small Specialty Retailers

Small specialty retail received the highest score among retail types studied and is consistent with the retail type most prevalent in Anacortes today. It was envisioned an additional 10 to 20 small specialty retailers would "broaden merchandise offerings" equivalent to a mid-scale retail store (an element defined in our Problem Statement), but could also provide the high priority gathering and meeting spaces desired to preserve and enhance the character of shopping downtown. The desire is to create a unique shopping experience attracting patrons all Anacortes businesses could benefit from.

While small specialty retailers received the highest score among the retail alternatives analyzed, they were also determined to be among the most difficult to implement. It requires interactions with a large number of businesses and WWU suggested … "it could be difficult to find a sufficient number of individuals in a smaller community who want to accept the risk and put the energy into being the owners of those businesses". Zoning currently exists (and has for decades) to allow the retail development suggested from this analysis. It is therefore important to understand why this development hasn't occurred before and what must be done differently to achieve the desired results.

Mercantile

With scores similar to small specialty retail for the most important "Providing additional gathering and meeting places", but slightly lower for "Ease of access for shopping" due to a perceived narrower product offering, a locally owned and operated Mercantile could be a desirable retail alternative for Anacortes. A mercantile is thought to be consistent with the unique shopping experience preferred for Anacortes.

A mercantile was also determined to be difficult to implement because so few examples of successful mercantile business models exist. A community outreach should be performed to determine if someone is willing to start-up and operate a mercantile in Anacortes and significant incentives should be available to serious interested parties. If the outreach is unsuccessful, no further development of this alternative should Successful business be pursued.

Complementary Brand Retailer

A retail alternative that could possibly "broaden the merchandise offerings" in Anacortes in one store is a complementary brand retailer, which scored relatively high in the analysis when compared to other retail alternatives. As defined for this analysis, complementary brand retailer is approximately 50,000 sf feet in size, e.g. Kohls, that fulfills the need for local availability of ordinary clothing, shoes, linens, and housewares.

An appropriate complementary brand retailer for Anacortes should be identified and an effort to recruit should be undertaken by the City. WWU does suggest the city should be realistic about what a city with 16,000 residents could really attract.

Locations

Central Business District (CBD)

The CBD is comprised largely of small specialty retail stores and is ideally suited for the growth recommended by the analysis for this retail type. Additionally, a Mercantile could also be appropriate for the CBD as it enhances the unique shopping experience sought for the zone, and its relatively small size (up to 25,000 sq. feet) is consistent with the character of the zone, although redevelopment may be necessary to achieve an adequate parcel size.

Several recommendations are made for the CBD to enhance the experience for shoppers, business owners and property owners alike:

- Incentivize more residential and hotel development to increase shopper density and activity.
- Develop the Central Business District for walkable, pedestrian-friendly uses (e.g. not auto shops).
- Review successful implementations of mandatory limits on non-retail uses in successful downtowns, e.g., Mercer Island.
- Promote Sunday store hours in the CBD.
- Develop and implement solution to parking needs for shoppers and residents.

South Commercial Ave.

South Commercial Ave. should be developed for larger businesses, non-retail and those oriented toward automobile travel, not necessarily pedestrian. If a complementary brand retail store is identified for Anacortes, South Commercial Ave. appears to be the preferred location because of its propensity to serve the auto oriented, convenience shopper.

Small specialty retailers and mercantile could locate on South Commercial Ave., however benefits sought by experience shoppers derived from retail stores located in close proximity to each other, may not be fully realized when visiting stores on South Commercial Ave.

MJB North/CM1

Small specialty retail and a mercantile, if a mercantile is deemed feasible, could locate on MJB North. This area will likely develop under a new code designation, Marine Mixed Use (MMU), which is to include; residential, retail, hotel and commercial components together. This zone should be pedestrian oriented, providing connectivity to other nearby commercial areas.

Overall

The City should adopt Comprehensive Plan policies that:

1. Recognize and codify the vision articulated by the results of the KT analysis.
2. Develop North Commercial/CBD for walkable, pedestrian-friendly uses (e.g., not auto shops).
3. Develop South Commercial for other uses, larger businesses, etc.

Based on the results of the KT analysis, the City of Anacortes should develop and implement a strategic plan for retail development that includes the following, in descending order of priority:

1. Establish a Community and Business Development office or role to support and facilitate location of new business in Anacortes consistent with the Community's vision, as adopted in the Comprehensive Plan.
2. Review highly successful downtowns and other highly successful retail spaces (including such artificial spaces like Seattle Premium Outlets) and identify missing physical elements that the City could require or create, e.g., kiosks, consistent awnings, traffic calming.
3. Review successful implementations of mandatory limits on non-retail uses in successful downtowns, e.g., Mercer Island.
4. Incentivize more residential and hotel development in the CBD to increase shopper density and activity.
5. Promote Sunday store hours in the CBD.
6. Identify existing barriers to retail development in the CBD, e.g., spaces too small, rents too high.
7. Develop an interactive vacant property map, useful for retail development that can be hosted on the City website.
8. Identify a location and funding strategy for a parking garage in the CBD near the arch.
9. Do community outreach to determine whether someone is willing to start a mercantile. Offer significant incentives to serious interested parties.
10. Identify an appropriate "complementary brand retailer" of approximately 50,000 sq feet, e.g., Kohls, that fulfills the need for local availability of ordinary clothing, shoes, linens, and housewares and attempt to recruit.

Generally, the City should:

1. Consider economic development generally, and retail development specifically, to be a legitimate goal of the City government.
2. Leverage the support and contribution of relevant organizations like the Anacortes Chamber of Commerce and EDASC, but do not rely on those entities to achieve the City's objectives, especially where their objectives do not correspond to our own.

Conclusion

Residents have debated the question of what type of retail should be developed in Anacortes for over two decades. The divergence of priorities regarding the objectives established by council members for this analysis seems to mirror the divergence of opinions held by Anacortes residents on this matter. As a result, it is doubtful there is any one recommendation for retail development that will satisfy all parties. Therefore, an attempt to develop the "best possible" recommendation for retail development in Anacortes was undertaken.

This recommendation is intended to be just that… a recommendation to City Council for a preferred path forward for future retail development in the City of Anacortes. The recommendation was developed by thoughtful individuals with deep roots into this community, utilizing a structured process analyzing relevant background information and defined objectives from which to evaluate retail alternatives by. No committee member professes an expertise in retail development, but each relied on their broad range of expertise and experience in their assumptions and decisions.

Most assuredly, this **will not** be the final word on future retail development in Anacortes. The recommendations in themselves have identified risks associated with implementation, new information invalidating assumptions may become available or changes could occur in the general or local market, which may necessitate revisiting the analysis.

The analysis was performed by the City of Anacortes Planning Committee, whose membership is comprised of Council members; Brad Adams, John Archibald and Ryan Walters. Facilitators were Don Measemer, City of Anacortes Director of Planning, Community & Economic Development and volunteer Kirk Kennedy.

Appendix

Buxton Co. Analysis

In 2011, the City, Port and Island Hospital entered into an inter-local agreement contracting with consumer analytics consultant, Buxton Company, to analyze the Anacortes market for retail development opportunities.

Psychographic Segmentation of Anacortes Households

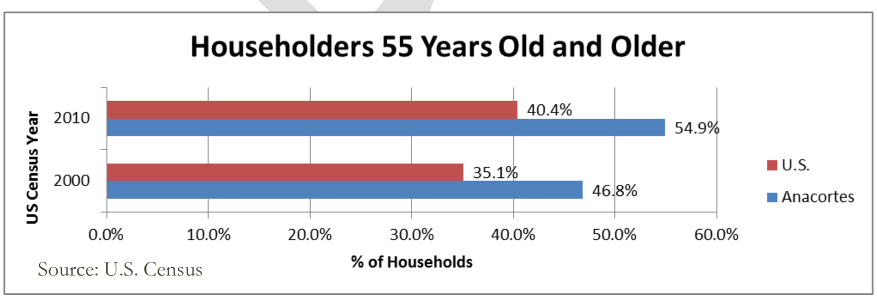
Buxton performed a segmentation analysis of Anacortes households in December of 2011. While the study is dated, it holds value in gaining an understanding of the psychographics of Anacortes households, which have likely changed little since the study was performed.

The following table lists eight significant segments (those greater than 3% of households) comprising 75% of all Anacortes households. The top 5 segments are comprised of senior householders (50 years old and older) and account for 62% of Anacortes households, significantly greater than the 17% these 5 segments are of U.S. households. Additionally, 50% of Anacortes households are either Upscale or Upper-middle Class (highlighted in blue), again significantly higher than the 14% of U.S. Households for these same segments.

Significant Psychographic Segments of Anacortes

Dominant Segments	Description	Households	% of Anacortes Households	% of U.S. Households	Blue Collar	White Collar	College Educated	Couples	Families	Singles	Young	Middle-aged	Seniors 50+	Empty Nesters	Upscale	Upper middle Class	Middle Class	Modest Income
B03	URBAN COMMUTER FAMILIES	1,575	24.45%	6.33%		X	X		X				X		X			
E03	PROFESSIONAL URBANITES	1,035	16.06%	2.09%		X	X	X		X			X	X		X		
I03	COMFY COUNTRY LIVING	500	7.76%	0.73%	X	X	X						X				X	
F01	STEADFAST CONSERVATIVES	468	7.26%	6.51%	X				X	X			X				X	
D02	WORKING RURAL COMMUNITIES	437	6.78%	1.06%	X				X	X		X	X				X	
A06	SMALL-TOWN SUCCESS	345	5.35%	2.38%		X	X	X				X			X			
C02	PRIME MIDDLE AMERICA	289	4.49%	3.52%	X	X		X			X					X		
K04	URBAN DIVERSITY	209	3.24%	2.44%							X							X
	Total		75.39%	25.06%														
Upscale/Upper middle class		3244	50%	14%														
	Seniors 50+	4,015	62%	17%														

The Buxton data is consistent with U.S. Census information indicating householders 55 and older comprise 55% of Anacortes households, compared with just 40% nationwide for the same age group. This group increased at a faster rate in Anacortes than what the nation experienced, with Anacortes increasing 8.1 pp between 2000 and 2010, while during the same period this group increased only 5.3 pp. nationwide.



Source: U.S. Census

Details of Alternative Scoring Analysis: 1) Improve ease of access for shopping.

Objective:	1) Improve ease of access for shopping.										
Council Member:	Archibald			Walters			Adams			Average	Comments
0:46:00	1.1 Offer variety of quality/price points	1.2 Breadth of product offerings	1.3 Hours/Days of Operation	1.1 Offer variety of quality/price points	1.2 Breadth of product offerings	1.3 Hours/Days of Operation	1.1 Offer variety of quality/price points	1.2 Breadth of product	1.3 Hours/Days of Operation		
Variety of small, specialty stores	Suggest this category and large-scale retailers should be scored the same, then work on the three in the middle. -10	.	Believes it matters who is shopping.. If you have a bunch of small stores in one area, and they are thriving, they could be open to 8,9 or 10 pm. If you go to Fairhaven they have stores with extended hours ad we should consider what it could be in the future with more stores than what we are today.-7	Variety of sm. Specialty stores might do better in this category. -10	Theoretically, the small specialty retailer may also do well here, if you have enough of them. -10	Believes small specialty stores are open less. Currently most small stores in Anacortes are closed on Sundays, open at 10 am and close by 6pm. Possibly they do as well as a mercantile? It's difficult for a small store to be open 7 daysa week. - 7	How many small specialty stores do we need to achieve the variety we seek, 10 stores is different than 20 stores. -10	10	7	9	
Mercantile	6	5	7	A mercantile will not do as well, Should be less than a 6.	The mercantile could do really badly here when compared to others, but could offer products not currently available in Anacortes. -5	7	6	5	7	6	
Complementary Brand Retailer	7	May have a larger variety of products within a category, but not as many categories - 6	8	A trader joes, pottery barn, dress for less, etc. 7	7	8	7	7	8	7	
Mid-scale Retailer	7	9	10	7	mid-scale retailer does possibly equally as well. - 9	10	7	9	10	8.7	
Large Scale Retailer	8	9	10	8	Large-scale retailer does really well here. - 9	10	8	9	10	9	
Comments	The rating depends upon what shopper you ask. This alternative does not provide broad offering of price points, it may meet the needs of those with lower incomes, but not those seeking higher end merchandise. If you have twenty consumers, you'll have some who want the goods and pricing of a Walmart, while other consumers want luxury goods. There are a lot of variables to consider in this option. The variety of small, specialty stores should also rate a 10, because they are better at supplying discount items and luxury items. Large scale and small, specialty stores should balance themselves out. Some consumers will want a Walmart because everything is in one spot, while others want boutique olive oil and Coach purse shops. Therefore, large-scale retailers and small, specialty stores should be rated the same. Wants to know which consumer is being referred to regarding hours of operation; the retiree who can shop during the day or someone with disposable income? We are not talking about just one specialty store, rather we are talking about a variety of small specialty stores that takes everything offered in the large store and make them available in 20 different small stores. what we are trying to do is get a crystal ball to determine who is going to live here, where they're going to shop and what they are going to buy. We are spending a lot of time guessing what that's going to be. The variety of small stores will offer all these things, all other retail options will be lower than small retail. Frustrated because we don't know who is going to be here and what they are going to want. Small specialty stores will offer products and price, and may extend hours once there are more of them. Reiterated small specialty stores and large-scale retailers are even, then work on the other three, which ill be less. We are spending way too much time and broke them down further into other categories,			Should rank as a 10. "open 24 hours a day and twice on Sunday", offers breadth of products, but may be limited on the variety of price points. There is a lot going on with this alternative. Small, specialty stores will likely rate lower n hours & days of operation. Disagreed that large-scale retailers should rate the same as small, specialty retailers because the latter usually closes by 6 pm during the week and aren't open all weekend. On variety of product a large-scale retailer does pretty well, although it is skewed toward the cheap end. But at least they have some variety. Need to define what consumer we are performing the rating for. The Anacortes shopper has a wide demographic. Need to define consumer as most consumers or the majority of consumers, since we won't be able to rate each individual category for the different types of consumers.			Mid-scale retailer may be a 10 vs. the large-scale. Your (John) talking about shoppers who are willing to pay more and shop before 6pm.				K.Kennedy asked if it was reasonable to believe that Anacortes could attract the variety of luxury good retailers that are being suggested (e.g. Coach) and J. Archibald said it could be - it just depends upon what we want to do. K. Kennedy said an Adversity Matrix will consider risks associated with alternative and identify actions to mitigate them. D. Measemer reiterated the need to define what types of stores we want and to define what "tools" are needed to bring them here.
Description	lude, but is not limited to proximity to store for reduced time and expense needed to visit, hours and days of operation to accommodate resident's needs, provide breadth of product offerings for variety and vari										

Table 1: Details of Alternative Scoring Analysis

Details of Alternative Scoring Analysis: 2) Provide additional gathering places.

Objective:	2) Provide additional gathering and meeting spaces.				
Council Member	Archibald	Walters	Adams	Average	Comments
Variety of small, specialty stores	Believes variety of small specialty stores should be ranked the highest -10. Grouping of stores, people going between the two and finding places to sit. This option is equivalent to a number of mercantile, therefore rates a 10 and is higher than a mercantile. Picturing Fairhaven on a Saturday, with the streets packed, eating outside, getting ice cream, etc. With variety of small specialty stores there is opportunity, when your walking up and down the street between the stores, to see your neighbors, possibly a store you haven't seen before, etc. Thee same thing can occur with the mercantile, but opportunity is greater on the street than a mercantile.	Believes variety of small specialty retailers is 1 point below mercantile.-9 The gathering places in Sedro-Woolley and Mt. Vernon is at their Mercantiles (i.e. the Woolley Market and Co-op), not at the small specialty stores. You might be able to achieve it with the small specialty stores, and we do achieve it with the Art Walk, but its not as good. In the interest of moving things along, a variety of small specialty stores gets a score of 10.	9	9.7	
Mercantile	Disagrees a mercantile rates higher than small specialty retailers. The mercantile is just one store, versus several small retailer providing more opportunities. They may be even, but mercantile is not higher. Mercantile rated as a 9.	Would give mercantile stores a 10, but a variety of small specialty stores should receive a 9. There is one place to go, where several small specialty stores will be spread out. Mercantile rated a 10.	Believes a Mercantile, like a Woolley Market or Star Store, should receive the highest rating. -10	9.7	
Complementary Brand Retailer	Was at a Trader Joes recently where people were in there tasting coffee, talking to each other and it had a neighborhood feel. 6	6	A Whole Foods provides an experience similar to a Trader Joes. 6	6	
Mid-scale Retailer	5	5	5	5	
Large Scale Retailer	1- It's unlikely people will go down to the Walmart to see who is there.	Believes large-scale retailer is the worst.		1	
Comments	It's the biggest community building criteria. A variety of small specialty stores, with small parklets could look like Fairhaven, with people coming, gathering and a place to be seen. Compared with Walmart, didn't see this was where people would meet with their friends and it would score very low. You're not going to have additional gathering and meeting spaces at a large-scale retailer. Doesn't think people are going to these stores (mid & large scale retailers) as much as they are for a mercantile or specialty stores.	In last City Council meeting E. Pickett suggested this is the most important criteria. If you go to Safeway and there are people there that you know. Even if you go to Costco in Burlington you'll run into a lot of Anacortes people that you know. A mercantile can score high here. Small specialty stores, if they were very dense, in one area could score high here. If they are spread out along commercial ave. you don't get any benefit. The Art Walk is an example of all the people on the street, running into people you know, all at small shops. It could be improved if we had consistent standards that required awnings for the 9 months it rains. You could achieve it (gathering spaces) with a variety of small specialty stores. A large-scale retailer (e.g Walmart) may not score as well as a mid-scale retailer. The Woolley market in Sedro-Woolley, would be considered a mercantile and you have people hanging out there all the time. Its doubtful large-scale retailers would be a gathering place, but to some extent the mid-scale could.			S. Rooks suggested a mercantile set up like the Woolley market, with meeting and gathering spaces, it would be ranked high. But if it is simply set up for sales, then it wouldn't rate so high. D. Measemer said if we could have 8 more art walks, that would be fantastic. People are coming down town, meeting each other and finding things to do. M. Derig said the street is part of the meeting spaces. Rain or shine, people are walking between stores.
Description	Shopping is a social experience where friends and neighbors enjoy meeting and greeting each other.				

Table 2: Details of Alternative Scoring Analysis

Details of Alternative Scoring Analysis: 3) Increase or maintain shopper density within currently zoned commercial use areas.

Objective:	3) Increase or maintain shopper density within currently zoned commercial use areas.				
Council Member:	Archibald	Walters	Adams	Average	Comments
Central Business District	10	10	10	10	
So. Commercial Ave.	Rated as 10, because we currently have a separation of downtown and what's south, while we need to start looking at it as one strip instead of two separate entities.	Consider rating less than a 10 because its not as good as CBD, but still good. But did agree it met the objective for maintaining shopper density within currently zoned commercial areas and rated it a 10.	Still considered "currently zoned commercial use areas". Would slightly tick it down to 9, as sentiment in town is to generate shopper traffic in the CBD.	8.0	K. Kennedy reiterated objective of maintaining shopper density with the currently zoned commercial use areas and that so. Commercial is currently zoned commercial.
MJB North/CM1 -	While this is zoned commercial, should the use of the property be of consideration? K.Kennedy suggested we stay focused on the question at hand, as other concerns are addressed at other points in the process. Concerned it could shift retail from existing areas, reducing shopper density in the current commercial areas, as such this alternative receives an 8.	Looking at the issue through the lens of shopper density, this area should have a higher rating than so. Commercial, because it should promote more shopper density in the CBD (because it is closer to the CBD) than so. Commercial. Shoppers will be driving from store to store on so. commercial, where added retail at MJB north could be more connected to the CBD, thereby increasing shopper activity. Suggested so. commercial may be made more attractive, but making it more walkable is more problematic.		9	D.Measemer confirmed retail is a permited use in CM1 up to 20,000 sq.ft and a conditional use over 20,000 sq.ft. D. Measemer introduced 2016 City budget initiative to seek to improve the pedestrian/shopper friendliness of so. Commercial.
MJB industrial/R Ave. - 00:31:00	The only way MJB Industrial would work is if so. Commercial were developed in conjunction with this area. Over time, if you developed downtown, then so. Commercial, retail development in this area may support this objective, but it may take 20 years to develop. Consider it a 4 or a 3.	Believes it's better than Sr20 or Tribal Lands, therefore rates more than a 1. Considers it a 4.	Consider it a 5 or 6. Because you may be keeping more shoppers in town, and its proximity is closer to existing commercial areas. Agreed to 4 rating.	4	
SR 20 -		retail in this area would take away shopper density from existing commercial areas.		1	All agreed this location rated a 1
Tribal Lands		retail in this area would take away shopper density from existing commercial areas.		1	All agreed this location rated a 1
Comments		Clarified So. Commercial is everything south of the CBD. More shopper density is preferred, not just more shoppers, which may expand shopping to other stores in the area.			
Description	Reduce sprawl and augment existing retail operations.				

Table 3: Details of Alternative Scoring Analysis

Details of Alternative Scoring Analysis: Location Allocation

Alternatives					Objectives		
Retail Type	Location	1.1 Offer variety of quality/price points	1.2 Breadth of product offerings	1.3 Hours/Days of Operation	1) Improve ease of access for shopping	3) Provide additional gathering and meeting spaces.	4) Increase or maintain shopper density within currently zoned commercial use areas.
	Composite	10	10	7	9	9.7	
Variety of small, specialty stores	CBD				9	9.7	10
	So. Commercial Ave.				7.2	7.7	8
	MJB North/CM1				8.1	8.7	9
Mercantile	Composite	6	5	7	6	9.7	
	CBD				6	9.7	10
	So. Commercial Ave.				4.8	7.7	8
	MJB North/CM1				5.4	8.7	9
Complementary Brand Retailer	Composite	7	6	8	7	6	
	So. Commercial Ave.				7	6	10
	MJB North/CM1				6.3	5.4	9
Mid-scale Retailer	Composite	7	9	10	8.7	5	
	MJB North/CM1				7.8	4.5	**9**
	MJB Industrial/R Ave.				3.5	2	**4**
	SR 20				0.9	0.5	**1**
	Tribal lands				0.9	0.5	**1**
Large Scale Retailer	Composite	8	9	10	9.0	1	
	SR 20				0.9	0.1	**1**
	Tribal lands				0.9	0.1	**1**

Rate each alternative (1=lowest, 10=highest) for how well it achieves objective.

Table 4: Alternative Scoring Analysis-Location Allocation

Objective 1, Improve ease of access for shopping, was broke-down into three elements to highlight the characteristics being considered in the Objective's scoring, rating each of the elements separately, then producing an average of the three for Objective 1's score.

Details of Adversity Matrix

#		Likelihood of Occurrence			Severity			Composite Score		
#	Store Type	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores	Variety of Small Specialty Stores
	Location	**CBD**	**MJB North/CM1**	**So. Commercial**	**CBD**	**MJB North/CM1**	**So. Commercial**	**CBD**	**MJB North/CM1**	**So. Commercial**
	Weighted Alternative Score	**960**	**864**	**768**	**960**	**864**	**768**	**960**	**864**	**768**
	Potential Problems & Negative Consequences									
1	Increased vehicle traffic congestion and parking needs	9	3	6	9	5	7	81	15	42
2	Produces noticeable environmental impacts	1	6	4	1	6	4	1	36	16
3	Difficult to successfully implement	9	9	9	8	8	8	72	72	72
4	Inconsistent with design standards of community	1	1	1	1	1	1	1	1	1
5	Increased public safety costs & risks	3.7	3.7	4.2	3.2	3.2	3.2	11.84	11.84	13.44
6	Adverse effects on existing retail areas.	0	5	0	0	5	0	0	25	0
	Rating		1=low, 10=high			1=low, 10=high		166.84	160.84	144.44

#		Likelihood of Occurrence			Severity			Composite Score		
#	Store Type	Mercantile	Mercantile	Mercantile	Mercantile	Mercantile	Mercantile	Mercantile	Mercantile	Mercantile
	Location	**CBD**	**MJB North/CM1**	**So. Commercial**	**CBD**	**MJB North/CM1**	**So. Commercial**	**CBD**	**MJB North/CM1**	**So. Commercial**
	Weighted Alternative Score	**874**	**787**	**699**	**874**	**787**	**699**	**874**	**787**	**699**
	Potential Problems & Negative Consequences									
1	Increased vehicle traffic congestion and parking needs	9	3	6	9	5	7	81	15	42
2	Produces noticeable environmental impacts	1	7	5	1	7	6	1	49	30
3	Difficult to successfully implement	9	9	9	8	8	8	72	72	72
4	Inconsistent with design standards of community	1	1	1	1	1	1	1	1	1
5	Increased public safety costs & risks	4	4	4.5	3	3	4	12	12	18
6	Adverse effects on existing retail areas.	0	5	0	0	2	0	0	10	0
	Rating					1=low, 10=high		167	159	163

#		Likelihood of Occurrence			Severity			Composite Score		
#	Store Type	Complementary Brand Retailer	Complementary Brand Retailer	Mid-scale retailer	Complementary Brand Retailer	Complementary Brand Retailer	Mid-scale retailer	Complementary Brand Retailer	Complementary Brand Retailer	Mid-scale retailer
	Location	**So. Commercial**	**MJB North/CM1**	**MJB North/CM2**	**So. Commercial**	**MJB North/CM1**	**MJB North/CM1**	**So. Commercial**	**MJB North/CM1**	**MJB North/CM1**
	Weighted Alternative Score	774	697	708	774	697	708	774	697	708
	Potential Problems & Negative Consequences									
1	Increased vehicle traffic congestion and parking needs	6	3	3	8	6	5	48	18	15
2	Produces noticeable environmental impacts	5	7	8	6	7	8	30	49	64
3	Difficult to successfully implement	6	6	3	8	8	8	48	48	24
4	Inconsistent with design standards of community	5	5	9	5	5	9	25	25	81
5	Increased public safety costs & risks	5.3	5.3	6.8	3.2	3	7	16.96	15.9	47.6
6	Adverse effects on existing retail areas.	0	5	7.3	3.2	3.2	5.7	0	16	41.6
	Rating		1=low, 10=high			1=low, 10=high		167.96	171.9	273.21

Table 5: Adversity Matrix-Detailed

Composite scores highlighted in red are greater than 25, indicating risk mitigation strategies are to be developed for the Alternatives.

Adversity Matrix Rating Planning Committee Discussion (Feb. 12, 2016)

1. Increased vehicle congestion and parking needs – Consider the number of people a Fred Meyer would attract and envision the same for the different retail types for impact on vehicle congestion and parking needs.
    a. Variety of Small Specialty Stores
        i. CBD- Buildings, streets and parking well defined. Increasing the number of vehicles will increase congestion and parking needs. Likelihood of occurrence is high (9) and severity is high (9).
        ii. MJB North/CM1-Developer will require traffic study and mitigation plans to achieve acceptable levels of service (LOS) and onsite parking will be a requirement. R Ave. is well below LOS standards and is set to handle more traffic. As a result, vehicle congestion and parking needs should be low probability and low severity. Likelihood of occurrence is low (3) and severity if it occurred is medium (5).
        iii. South Commercial Ave.- Issue will be location dependent, because some stores rely on on-street parking today, although new construction will require onsite parking. Traffic congestion and parking needs should be less problematic than the CBD, but more than MJB North/CM1, scoring a 6 for likelihood of occurrence and 7 for severity.
2. Produces noticeable environmental impacts
    a. The only environmental impact foreseen was the management of storm water.
        i. Discussed how a large roof or parking lot would create the need to manage storm water.
        ii. Discussed how mitigation would be easier with just one entity rather than several and multiple properties would be more difficult to manage.
        iii. The CBD is largely built out, therefore additional roof tops and parking lots will not be created and storm water management is not an issue.
        iv. Development can still occur on South Commercial Ave., therefore storm water management is a consideration, but less so than MJB North/CM1, where much more development will take place.
        v. It was felt mitigation efforts could be defined to address storm water management for all alternatives, but working with one entity was thought to be easier than many.
3. Difficult to successfully implement
    a. Variety of small specialty stores
        i. It would be difficult to recruit the 10-20 small specialty retailers suggested in the evaluation. This retail alternative would be the most difficult to implement.
    b. Mercantile
        i. It could be difficult to recruit a mercantile because this is not a popular business model today.
    c. Complementary Brand Retailer
        i. It was thought this alternative would be easier to implement because of negotiations with just one entity.
        ii. Note: WWU was skeptical if the City could attract a complementary brand retailer, concerned Anacortes doesn't have the population needed to support one. Therefore, implementation may be easier than a number of small specialty stores, but less likely than a mid-scale retail.
    d. Mid-scale Retailer
        i. A mid-scale retailer has shown interest in location in Anacortes and would be easier to implement than other alternatives.

            1. Fred Meyer expressed their desire to be near our core business district and preferred the R Ave. location. But this location did not score well and was removed from the analysis.
            2. Fred Meyer had considered a two-story location on the Marine Tech Center site (before it was built), so they have considered an Anacortes location close to the core that was not the Industrial area on R Ave.
        ii. Recruiting one store should be easier than multiple stores
    e. Can a recommendation include multiple alternatives?
        i. If was felt that you could do small specialty stores, a mercantile and a complementary brand retailer.
        ii. Discussed whether a Mid-scale retailer would impact sales of existing businesses
            1. One believed a mid-scale retailer would impact businesses in the CBD, giving the example the Farmers Market being open will draw people away from the CBD.
                a. *Note: Is this a fair comparison? Isn't the Farmers Market attendee an experiential shopper, as WWU calls them, versus a mid-scale retailer who is a convenience shopper?*
            2. Would a mid-scale retailer consider the city hall site? It is in the CBD, to draw people downtown.

4. Inconsistent with design standards.
    a. A mid-scale retailer would be inconsistent with design standards. High likelihood
    b. Mercantile less conflicting with design standards
    c. Small stores low likelihood and low severity
    d. Design standards vary by zone.
        i. South Commercial Ave. matters less, it has now standards and
        ii. CBD is largely built out, can't change much
        iii. MJB North/CM1, "Don't screw it up" needs design standards.
5. Increased public safety costs and risks.
    a. Fire and Police Chiefs will be contacted
    b. Size of buildings and associated parking lots are issues, the larger the more theft problems.
6. Adverse effects on existing retail areas.
        i. Variety of small specialty stores (10-20 stores, less than 10,000 sf)
            1. CBD – **zero adverse effect on existing retail areas**
                a. Majority of specialty retail businesses thought to be in CBD.
            2. So. Commercial – **zero adverse effect on existing retail areas**
            3. MJB North/CM1 – chance it would pull business away from the CBD and Commercial zones, affecting the "center of gravity".
                a. MJB North will pull logistically away from existing retail areas.
                b. The likelihood of changing the "center of gravity" (of existing retail), if you add small specialty stores to MJB North is rated a 5. The severity is a 5.
        ii. Mercantile (up to 25,000 sf in size) Langley's Star Store as an example.
            1. CBD – **zero adverse effect on existing retail areas**
            2. So. Commercial – **zero adverse effect on existing retail areas**
            3. MJB North/CM1 –Likelihood = 5, Severity = 2 the mercantile would be selling products that aren't sold downtown.

        iii. Complementary Brand retailer (up to 50,000 sf in size)

1. So. Commercial – **zero adverse effect on existing retail areas**
2. MJB North/CM1 – similar to a mercantile, **Likelihood = 5, Severity = 2**

iv. Mid-scale retailer (up to 100,000 sf in size)

1. MJB North/CM1 – will score high because everything you can find downtown is in one location. Members couldn't agree on a common value, therefore an average is used.
2. When we've talked about MJB North before, we wanted to create an extension to the existing retail areas, rather than a separate one. But the topography and existing uses in between MJB North and the CBD and Commercial districts don't seem to lend themselves very well to creating an extension.
3. Retail development on MJB North is an all new business district and would have a highly adverse effect on existing businesses.

	Archibald	Adams	Walters	Average
Likelihood	9	5	8	7.3
Severity	9	5	8	7.3