



# Lake City/Hinsdale County Economic Feasibility Study

Prepared for:  
**Economic Development Study Group**  
**Lake City, Colorado**

A special project funded by:



Rural Business Opportunity Grant (RBOG)

Prepared by:

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## February 2008

# Charting a Course to the Future...

The landscape of Lake City and Hinsdale County is a unique environment, rich in natural resources and scenic beauty. Hinsdale County's remote location, and natural setting buffered by federal lands, ensures that it enjoys a built-in protection from much of the worst of generic 21<sup>st</sup> Century development. But those same factors also demand that business development efforts be strategically targeted in order to ensure that strategies and initiatives are chosen to best complement both the existing business mix and the unique economic character of the county.

The Economic Development Study Group (EDSG), and its member groups, the Town of Lake City, Hinsdale County, the Chamber of Commerce, the Marketing Board and Lake City Downtown Improvement & Revitalization Team (DIRT), have accordingly undertaken considerable efforts of data gathering, local research and consensus building in order to identify the following economic development goals:

- ▶ Increasing the year-round population to reach critical mass
- ▶ Placing less dependence on tourism dollars
- ▶ Increasing services and products available for year-round residents
- ▶ Encouraging telecommuting professionals to conduct business in Lake City

Findings and direction gained through the performance of this economic feasibility study address means and methods for reaching these goals. The result is not an end to a process, but a beginning for highly strategic community and economic development initiatives that will put a mark on the Lake City/Hinsdale County area for generations to come.

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## Lake City/Hinsdale County Economic Feasibility Study Executive Summary



Prepared for  
**Economic Development Study Group**  
**Lake City, Colorado**  
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*A special project funded by a Rural Business Opportunity Grant (RBOG) through USDA Rural Development*

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# Building on the Best—Naturally...

## Context

Lake City is a very small community (Census 2000 population: 375) located in Hinsdale County, in the southwest region of Colorado. The United States Geological Survey (USGS) has labeled Hinsdale County the most remote county in the lower 48 states. Nestled in its remote valley among several “fourteeners,” Lake City enjoys uncommon natural beauty and assets, and uncommon protection of those assets in that 96% of its land area is federally owned.

## Business Mix

The Lake City commercial core features a mix of businesses and uses that seem naturally geared to a visitor and tourism trade. The collection of businesses and uses found in the community is, in fact, rather impressive, particularly when considering its relatively small geographic footprint. The mix includes retail establishments, art, service providers, eating & drinking places, government services, religious institutions and single- and multi-unit residential uses.

Existing, emerging or potential retail-oriented destinations and clusters could include:

- ▶ Artists/Galleries
- ▶ Eating & Drinking Establishments
- ▶ Gifts/Novelties
- ▶ Outdoor/Recreation Equipment and Supplies

## Market Position

While larger recreation-oriented developments and national retailers located in the surrounding region offer competition in various product and service lines, the characteristics that make Lake City and Hinsdale County unique suggest that the community should work to strengthen the district’s regional identity as an authentic small town nestled in a beautifully scenic valley, largely unspoiled by mass-scale or “artificial” recreational development. Corresponding marketing and development strategies would position Lake City as a regional attraction and getaway experience to be enjoyed by residents and visitors alike.



Photo by Greg Ochocki

## Demographic Snapshot

	Lake City Town	Hinsdale County
<b>Population</b>		
2007 Estimated	375	789
2012 Projected	373	786
<b>Households</b>		
2007 Estimated	182	358
2012 Projected	181	357
<b>Housing Units</b>		
2007 Estimated	432	1,464
2012 Projected	448	1,519
<b>Median Household Income</b>		
2007 Estimated	\$44,746	\$44,746
2012 Projected	\$49,180	\$48,998
<b>Median Home Value</b>		
2000 Median Home Value	\$225,000	\$218,125
2007 Estimated	\$317,391	\$321,739
2012 Projected	\$368,519	\$375,472

Source: ESRI Market Profile, January 2008.

# New Beginnings. New Opportunities...

## Potential Targets

Data analyzed as part of this study, along with recognized trends and input provided by community participants, provide a basis for the preliminary identification of business types and uses that might be targeted for expansion and recruitment in the Lake City/Hinsdale County area.

## Retail Prospects

General retail categories, business types and product lines that might be targeted for expansion and recruitment in the Lake City/Hinsdale County area include:

- Food Services and Drinking Places (NAICS 722)
- Sporting Goods, Hobby, Book & Music Stores (NAICS 451)
- Electronics & Appliance Stores (NAICS 443)
- Food & Beverage Stores (NAICS 445)
- Office Supplies, Stationery and Gift Stores (NAICS 4532)

## E-commerce Opportunities

As the Lake City/Hinsdale County community considers potential opportunities for business development and commerce, attention should also be directed to potential E-commerce opportunities that could significantly enhance prospects for the success of certain business types and concepts. Technological advances also offer Lake City businesses an opportunity to enhance the market's performance by capturing an increased share of the global marketplace's "virtual tourists" that are traveling the world and making purchases via the Internet.

## Telecommuters

Beyond retail opportunities explored as part of this study, Lake City has established a goal that anecdotal evidence, as well as both regional and national trends support: the attraction of telecommuters as future residents. This strategy should be pursued aggressively and in much the same spirit and with much the same tactics that Lake City pursues business recruitment. Efforts to improve the community's telecommunications infrastructure should, accordingly, continue to be viewed and pursued as being among the highest priorities.

## Tourism: Celebrating the "Great Getaway"

Lake City's unique heritage and its magnificent surroundings, along with opportunities revolving around recreation, natural areas, heritage tourism and the arts, could offer Lake City the opportunity to position itself as "the" destination of choice for a non-commercialized authentic mountain village experience. Such a positioning strategy would also be consistent with community efforts to preserve the qualities that make Lake City and Hinsdale County a residential location of choice for generations to come.

Business opportunities, events, public improvements and marketing initiatives that celebrate an authentic "Great Getaway" experience could offer a means for *creating* a market that will help support the types of businesses and uses desired by year-round and seasonal residents alike.



# A Chance To Make History—Again...

## Moving Forward

The completion of the Economic Feasibility Study is not the end to a process, but rather the beginning to a new phase in a comprehensive and strategic approach to community and economic development initiatives that will put a mark on the Lake City/Hinsdale County area for generations to come.

Knowledge and direction gained throughout the course of the study process provides the framework for an “Action Agenda” to guide early implementation efforts. As more knowledge is gained and progress is made, a more comprehensive slate of projects is likely to emerge as local leaders continue to explore and pursue opportunities for the Lake City/Hinsdale County economic region.

## Core Action Agenda Principles

The values and goals shared by Lake City/Hinsdale County community leaders, business owners, property owners, civic leaders, volunteers and area residents provide a basis upon which to plan and act for the future. The following “Core Action Agenda Principles” provide a basis for proposed projects and actions advanced in the Action Agenda.

- Work to engage all sectors of the community and community/regional development partners in visioning, decision-making and implementation processes.
- Protect, preserve and enhance the community’s assets and natural resources.
- Celebrate, showcase and share the community’s “story” – its history, culture and the authentic “Great Outdoors” mountain experiences.
- Make connections to surrounding assets and resources; reinforce a strong sense of Lake City as the “hub” of the Hinsdale County area and surrounding region.
- Maximize space and “pack in” a wide variety of uses; think of, and work to develop and maintain, the community’s central commercial core as a microcosm and “heart” of the community.
- Develop and implement a long-term management and operations plan to sustain long-term economic development efforts.

## Core Action Agenda Components

The Action Agenda organizes ideas and briefly outlines proposals for “next steps” that could be incorporated as part of a comprehensive approach to Lake City/Hinsdale County community and economic development. Following is a summary of Action Agenda core components and related project areas.

### Business Development

- ▶ Economic Feasibility Study Applications
- ▶ Tools and Incentives
- ▶ Business Assistance
- ▶ Local Product, Specialty and “Brand” Opportunities
- ▶ Prospecting and Leads Generation
- ▶ Redevelopment Opportunities
- ▶ Regional/Global Commerce and Trade Opportunities

### Organization and Advocacy

- ▶ Organizational Development and Management
- ▶ Community Engagement
- ▶ Resource Development
- ▶ Partnerships
- ▶ Communications

### Infrastructure and Appearances

- ▶ Gateway Enhancements
- ▶ Downtown Streetscape, Public Realm Enhancements and Maintenance
- ▶ Historic Preservation
- ▶ Telecommunications Infrastructure Improvements and Services
- ▶ Façade Improvements
- ▶ Signage – Pedestrian and Vehicular
- ▶ Physical and Visual Connections to Surrounding Assets and Natural Resources

### Marketing and Promotion

- ▶ Market the Lake City “Brand,” Story and Experience
- ▶ Heritage and Cultural Tourism
- ▶ Events

**Lake City/Hinsdale County**  
**Economic Feasibility Study**  
**February 2008**

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**Attachments**

- A. Lake City and Hinsdale County Area Maps
- B. ESRI Market Profile Report
- C. ESRI Retail MarketPlace Reports
- D. Public Workshop Results

*Cover Photo Credits: Silver Street buildings (fourth from top) – Greg Ochoki; and Third Street Market (bottom) – Ray Blaum.*

## Introduction

The landscape of Lake City and Hinsdale County is a unique environment, rich in natural resources and scenic beauty, which brings with it unique economic challenges. Hinsdale County's remote location, and natural setting buffered by federal lands, ensures that it enjoys a built-in protection from much of the worst of generic 21<sup>st</sup> Century development. But those same factors also demand that business development efforts be strategically targeted in order to ensure that strategies and initiatives are chosen to best complement both the existing business mix and the unique economic character of the county.

The Economic Development Study Group (EDSG), and its member groups, the Town of Lake City, Hinsdale County, the Chamber of Commerce, the Marketing Board and Lake City Downtown Improvement & Revitalization Team (DIRT), have accordingly undertaken considerable efforts of data gathering, local research and consensus building in order to identify the following economic development goals:

- ▶ Increasing the year-round population to reach critical mass
- ▶ Placing less dependence on tourism dollars
- ▶ Increasing services and products available for year-round residents
- ▶ Encouraging telecommuting professionals to conduct business in Lake City

The EDSG secured a Rural Business Opportunity Grant in order to retain consultants to conduct a feasibility study to assess and address the best means and methods for reaching these goals. In late 2007, Lake City DIRT retained Downtown Professionals Network (DPN) to facilitate the performance of this economic feasibility study.

DPN is a research and planning consulting group comprised of highly experienced community and economic development specialists. Based in Batavia, Illinois and established in 1999, DPN has evolved to serve a clientele that includes local, state and national organizations, non-profit groups and private businesses.

The performance of this economic feasibility study is both a culmination of a great deal of directed economic development research, and a beginning to strategic action based upon those efforts. The product of these efforts is designed to guide improvements and developments, and to help make certain that Lake City remains a special place for generations to come.



## Site Evaluation

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### Context

Lake City is a very small community (Census 2000 population: 375) located in Hinsdale County, in the southwest region of Colorado. The United States Geological Survey (USGS) has labeled Hinsdale County the most remote county in the lower 48 states. Nestled in its remote valley among several “fourteeners,” Lake City enjoys uncommon natural beauty and assets, and uncommon protection of those assets in that 96% of its land area is federally owned.

But while Lake City/Hinsdale County’s stunningly beautiful setting is an unquestioned advantage, it also confers unique challenges in traditional economic development terms including:

- ▶ The location is spectacular, but not as easily accessible as other natural areas in the state
- ▶ Developable land is limited
- ▶ Development patterns are low-profile and suited to the environment
- ▶ Housing is at a premium, and not easily affordable
- ▶ The base population of the primary market is limited
- ▶ A high percentage of the market is seasonal/tourism based

It could be fairly stated that Lake City’s very unique strengths are also its own distinct challenges.

### Development Patterns

Lake City’s built environment is largely comprised of low profile (one- and two-story) residential and commercial structures that mark the community’s evolution from its earliest beginnings to present day. More auto-oriented commercial activity is concentrated along Highway 149, while downtown commercial activity is concentrated along Silver Street. The traditional downtown district – and indeed much of the central community of Lake City – is highly compact and walkable. In addition to commercial uses, governmental offices, cultural uses like the library and museum, and resident necessities like the school and medical center, are located within easy walking distance of the city center, reinforcing a sense of the district as a historic American small town.

Highway 149 serves as a major thoroughfare for local and through traffic. The small cluster of auto-oriented commercial activities along Highway 149 includes uses such as restaurants which undoubtedly benefit from this traffic. However, given limited signage to direct motorists to the downtown area, many motorists could easily pass through the city unaware of businesses, products and services located just one or two blocks from the highway.

Most parking in the central business district is provided on street. The width of Silver Street and side streets appears adequate to accommodate necessary vehicle movements in the commercial core, and has allowed for the building of a boardwalk-style sidewalk to accommodate pedestrians.

With few exceptions, the downtown’s building stock appears to be in good to excellent condition, or in need of only minor maintenance and repair. Most downtown buildings contribute to the architectural appeal of the district and provide for a visually interesting visitor experience. Efforts to preserve, restore and maintain the district’s architectural and historic resources will continue to be critical to maintaining the distinct Lake City “hometown” qualities and features that distinguish the community and surrounding area as a special place.



## **Business Mix**

The Lake City commercial core features a mix of businesses and uses that seem naturally geared to a visitor and tourism trade. The collection of businesses and uses found in the community is, in fact, rather impressive, particularly when considering its relatively small geographic footprint. The mix includes retail establishments, art, service providers, eating & drinking places, government services, religious institutions and single- and multi-unit residential uses. A number of these uses cater to the day-to-day needs of local residents, though a significant number of retail and eating and drinking places appear to rely on summer tourism trade, as evidenced by a number of establishments that are closed or operating on limited hours during the winter season.

Existing, emerging or potential retail-oriented destinations and clusters could include:

- ▶ Artists/Galleries
- ▶ Eating & Drinking Establishments
- ▶ Gifts/Novelties
- ▶ Outdoor/Recreation Equipment and Supplies

## **Competition**

Primary competition to the geographically isolated Lake City/Hinsdale County area appears to be posed by commercial development in Gunnison, a community of approximately 5,500 residents located about 55 miles northeast of Lake City. For seasonal and year-round residents in the local market, Gunnison appears to be a destination of choice for everyday necessities, most noticeably including groceries.

Because of its remote nature, most visitors and tourists to the Lake City/Hinsdale County area must generally travel through or around Gunnison and other recreational areas to arrive at Lake City. Again, this appears to both benefit and challenge local tourism efforts. Lake City, with an economy that is largely driven by tourism and seasonal trade, has generally been successful in its efforts to retain much of its local character and charm and to preserve its natural surroundings, rather than becoming wholly commercialized and “generic.” However, Lake City’s remote location coupled with a minimal inventory of developable land has undoubtedly rendered the community less commercially-suited to large scale tourism- and recreational-oriented development.

While larger recreation-oriented developments and national retailers located in the surrounding region offer competition in various product and service lines, the characteristics that make Lake City and Hinsdale County unique suggest that the community should work to strengthen the district’s regional identity as an authentic small town nestled in a beautifully scenic valley, largely unspoiled by mass-scale or “artificial” recreational development. Corresponding marketing and development strategies would position Lake City as a regional attraction and getaway experience to be enjoyed by residents and visitors alike.

As the community considers opportunities to strengthen its position and establish a stronger economic presence and identity for Lake City and Hinsdale County in the local and regional marketplaces, an emphasis should be directed toward the marketing of its abundant beauty and natural features, and the continued enhancement and preservation of its existing built environment – including its scale, the nature of its business mix, and its impressive collection of local historic resources that distinguish the community as a unique and special place. The enhancement, preservation and promotion of these and other distinguishing local features provide the groundwork for strategies aimed at capturing targeted market segments and potential residents, and thereby serve to minimize the competitive influences of less “treasured” and distinct commercial areas within the surrounding region.

## Community Participation and Input

Included among a broad inventory of primary research data and background information reviewed as part of this study is extensive survey research conducted locally by EDSG member groups, including homeowner, business owner, and tourist intercept surveys. Information gathered from these surveys is valuable to gaining an understanding of local market conditions and consumer perspectives. Findings and results from previous studies also provide context for the identification, analysis and advancement of strategies and initiatives that are consistent with the community’s vision for Lake City/Hinsdale County’s economic future.

### Region 10 Homeowner’s Survey

The Region 10 Homeowners Survey sampled 82 primary residents and 194 second homeowners in Hinsdale County to solicit their opinions on living in the area.

When asked to ascribe a ranking of importance for a variety of local attributes, responses of primary and second homeowners in Hinsdale County were largely similar, though some disparities were revealed. A comparative chart of major priorities – as ranked by responses indicating this factor to be very important – is shown in the following table.

High Priority Factors	Primary Homeowners	Second Homeowners
Local Economy	57.32%	37.63%
Recreational Opportunities	51.22%	56.02%
Public Safety	50.00%	58.03%
Open Space	54.88%	73.58%
Wildfire Mitigation	43.90%	52.91%
Health Services	54.88%	48.15%
Education (K-12)	50.62%	25.13%
Water Quality	74.39%	74.87%
Wildlife Habitat	54.88%	65.10%
Scenic/Visual Quality	67.07%	80.21%
Parks and Trails	35.80%	60.42%
Air Quality	65.82%	78.65%

Factors considered less important – as ranked by responses indicating this factor was “not important” – by the two groups were:

Low Priority Factors	Primary Homeowners	Second Homeowners
Affordable Housing	6.10%	15.54%
Traffic	10.98%	5.70%
Public Transportation	44.44%	58.95%
Job Opportunities	11.11%	29.32%
Education (K-12)	9.88%	23.56%
Adult Education	15.85%	26.70%

While the disparity in primary and second homeowners’ “priority” rankings may not be surprising, they could have long term impacts in relation to the pursuit and achievement of economic development goals. For example, while primary homeowners ranked K-12 Education – a key component of achieving a stable year-round economy – among their highest priorities, second homeowners ranked it among their least important. Similarly, second homeowners appear unconcerned with affordability of housing, a factor which may greatly impact the potential for development of a more diversified local economy.

When asked to indicate where they acquired a variety of products and services, there were additional indicators of disparities in the shopping patterns of primary and second homeowners. A very high percentage (76%) of primary homeowners indicated they acquire groceries, the most basic of household purchases, outside of Hinsdale County. Conversely, only 46% of second homeowners gave this response. While still high, this disparity in responses lends weight to accounts gleaned from stakeholder interviews about the more limited supplies of foodstuffs – particularly fresh produce – available locally during the winter months.

Products reported most likely to be acquired locally included hardware/building supplies (60% of primary and 72% of second homeowners), garden supplies (35% of primary and 47% of second homeowners) and entertainment/restaurants (61% of primary and 78% of second homeowners).

It is well worth considering that in every category queried, with the lone exception of appliances, second homeowners report a higher rate of local shopping than do primary homeowners. The findings could suggest that the local market has organically centered itself on part-year residents and visitor and tourism trade. This visitor-orientation of the market may prove to be a significant challenge to the goal of providing a more stable year-round economy and providing more goods and services for year-round residents as, to some extent, the commercial community does not exist primarily to serve this market.

Demographic information compiled from the surveys yield few surprises in relation to data discussed elsewhere for this report, including the high percentages of retired and childless populations. Results of significance in terms of disparity between primary and second homeowners include:

- ▶ More than 36% of primary homeowners reported an income of \$49,000 or less, as compared to just 10% of second homeowners.
- ▶ More than 43% of primary homeowners indicated they earn wages within the county, as compared to only 1.6% of second homeowners. Conversely more than 17% of primary homeowners indicated they earn wages outside of the county, as compared to more than 47% of second homeowners.
- ▶ 60% of second homeowners report their employment status as retired, compared to approximately 33% of primary homeowners.

While these demographic characteristics may be predictable, they also point again to a possible disparity in priorities regarding the purpose of the local economy. Goals revolving around job creation and growth may prove to be of less pressing importance to the second homeowners group, but this is also the group within the community which currently seems to wield a greater level of capital and resources.

Quality rankings for a variety of factors in the local community again reinforce disparities between primary and secondary homeowners where issues key to economic development are concerned. Some key points include:

- ▶ Approximately 31% of primary homeowners rank job opportunities as “very poor” as compared to 20% of second homeowners.
- ▶ Approximately 34% of primary homeowners find affordable housing to be “very poor” as compared to 19% of second homeowners.
- ▶ Some 27% of primary homeowners find adult education to be “very poor” as compared to 18% of second homeowners.

As the EDSG considers options and moves forward with economic development efforts, it may be of crucial importance for the group to acknowledge the inherent tension between the economic and community development goals of year-round residents, and the goals of second homeowners and visitors who appear to be the engine currently powering the local economy.

It may be equally important to recognize that these tensions are not social, but rather a somewhat natural result of differing lifestyle characteristics of the various stakeholder groups that make up the local community. While these groups may differ in their current lifestyle attributes and priorities for the community, survey results are clear in revealing that all stakeholder groups are united in sharing a deep appreciation for, and interest in, Lake City as a community, and in their interest in protecting and furthering its many natural, cultural and social assets.

## Lake City Residents Survey

Results of the Lake City Residents Survey completed by 640 respondents in 2006 provide valuable insight on residents' perspectives regarding the local availability of products and services. Key findings include:

- ▶ The vast majority of local residents report shopping for their groceries in Gunnison.
- ▶ Only 19% of respondents report *ever* shopping in Lake City.
- ▶ The top three reasons, of almost equal weight, given for not shopping in Lake City were “better selection,” “not available in Lake City,” and “better price.”
- ▶ 12% to 16% of Lake City residents indicated they would eat breakfast, lunch or dinner out at least once a week if restaurants were open all day, year-round.
- ▶ Lake City residents indicated their primary reason for visiting the downtown was to go to the bank, followed by eating at a restaurant.
- ▶ In contrast to the mere 19% of respondents who indicated they shop in Lake City, 44% of respondents indicated that Lake City is the location they visit most for supplies and services, pointing to possible opportunities for retailers to cross-market with service providers – such as the bank.

## Tourism Survey

A tourism survey conducted by the Colorado Center for Community Development in summer 2005 collected a sample of 209 surveys from 631 respondents. Key results include:

- ▶ 41% of respondents were repeat visitors to Lake City.
- ▶ 69% of visitors heard about Lake City via a personal referral.
- ▶ 29% of respondents – the largest percentage – reported staying in a cabin or condominium.
- ▶ The largest number of visitors traveled to Lake City in a direction from Monte Vista (from the southeast), with the second largest number arriving from the direction of Gunnison (from the northeast).

Open ended responses to the tourism survey seem to reinforce a theme shared by year-round and seasonal residents: Lake City's authentic and non-generic built environment makes it unique and distinctive among Colorado's resort communities.

## Business Survey

A total of 50 area businesses were surveyed by Lake City DIRT in August of 2006. Among the most notable trends cited by business owners: trips to tourism and recreational destinations are far more likely to consist of a day-trip or long-weekend getaway as opposed to a week or two-week long vacation – a pattern that is consistent with national tourism trends. Business owners also noted the recent decrease in lodging facilities and stays, while the tourism survey noted that short-term visitors were more likely to stay at hotels/motels than at cabins or condos. It would seem, then, that strategies aimed at capturing a larger share of the increasing day-trip and long-weekend getaway market should consider lodging options geared toward shorter stays.

Other key findings from the 2006 Business Survey include:

- ▶ More than 45% of survey respondents indicated they had been in business 20 years or more, signaling a possible need for Lake City DIRT to consider programs to assist with business transition.
- ▶ Almost 47% of businesses are either new or have changed hands in the last five years, pointing to continued vitality in the local market.
- ▶ The majority of businesses own their locations.
- ▶ Business hours vary a great deal from the summer tourism season to winter.
- ▶ Most businesses reported that their hours were consistent within the season.
- ▶ The vast majority of respondents indicated parking is not a problem.
- ▶ Respondents indicated their businesses provide 52% more full-time, and almost four times more part-time jobs in the summer than they do during the winter.
- ▶ New business most desired by local business owners included restaurants, a micro-brewery, drugstore, antiques, and a local artists' co-op.
- ▶ More than half of respondents indicated they use the internet to transact business.
- ▶ Many more respondents reported that their business had improved dramatically or improved somewhat than reported stable conditions, while few reported a decline in business.
- ▶ Twenty of the 50 respondents indicated they, or their building's owner, were considering building improvements.
- ▶ While business survey respondents tended to rate availability of goods (the most significant response from residents regarding their reasons for shopping elsewhere) as only fair, they gave the lowest marks to businesses on the issue of business hours.
- ▶ Despite giving the lowest marks to the business district for business hours, most respondents (37 of 41 responding) indicated they felt their business was open when most people want to shop.

Business survey responses seem to point to a prevailing belief among business owners that Lake City is a good place to do business, that business owners are positive about recent improvements in business, and that they anticipate business will improve or remain stable in the years ahead.

## Public Participation

DPN conducted a series of focus groups, stakeholder interview sessions, and a public workshop to collect local input and perspectives during a week-long site visit in January 2008. Following the site visit, interviews performed via an e-mailed questionnaire yielded a small sample of second homeowners who are not represented in Lake City during the winter season. Views expressed by those participating in the public input phase tend to be consistent with, and supportive of, the EDSG's stated goals. Following is a compiled summary of public input collected during this study's discovery phase. A complete summary of the public workshop conducted January 15, 2008 is included in the appendix to this report.

## Public Workshop

Over 40 Lake City area residents and stakeholders attended a public workshop conducted to gather public opinion regarding the community's vision for the economic future of Lake City and Hinsdale County.

Working in groups, attendees were asked to identify specific types of new businesses that could be successful in Lake City – businesses that attendees and/or others would patronize. Businesses identified, with multiple responses noted in parentheses, are grouped below and include:

- ▶ Bar/Brew Pub/Dance Hall (2)
- ▶ Recreation/Outfitter/Tour/Heritage Tourism (3)
- ▶ Computer Tech/IT (3)
- ▶ Event Coordinator
- ▶ Cleaning
- ▶ Lodging (2)
- ▶ Pet Services and Products
- ▶ Grocery Store/Co-op – Focus on Fresh Produce, Meat, Prepared Foods, Pharmacy (3)
- ▶ Restaurant – Year Round
- ▶ Crafts/Hobbies
- ▶ Office Space

Each group was asked to identify select the one business from their list that group members felt had the very best chance to succeed, and to indicate the reasons behind their choice. Following is a summary of each group's exercise:

### Group One

**Best business option:** IT

**Why it has the best chance to succeed:** Large retired population that does not want to maintain computer

**Range of products and/or services offered:** Repair, upgrades, installation, general

**Customers doing business there most frequently:** Are frustrated

### Group Two

**Best business option:** Comprehensive outdoor sporting service/tours

**Why it has the best chance to succeed:** Needs limited investment, leverage existing businesses and natural resources

**Range of products and/or services offered:** Total comprehensive recreational packages: products, hotels, clothing, skis, etc.

**Customers doing business there most frequently:** families, sportsmen, business people with limited time

### Group Three

**Best business option:** Restaurant

**Why it has the best chance to succeed:** People like to eat, need to feed tourists

**Range of products and/or services offered:** affordable, year-round

**Customers doing business there most frequently:** people need to eat

### Group Four

**Best business option:** Technology

**Why it has the best chance to succeed:** Does not depend on local market

**Range of products and/or services offered:** Consulting

**Customers doing business there most frequently:** Business based

### Group Five

**Best business option:** Internet-based technological support

**Why it has the best chance to succeed:** Available work force, high demand

**Range of products and/or services offered:** technical support based on industry need

**Customers doing business there most frequently:** Corporations, individuals, government

A second workshop exercise was facilitated to collect input and begin to build consensus on possible “selling points,” short-term priorities and “things about Lake City that should never change.” Following is a summary of compiled responses from five workshop groups, with multiple responses noted in parentheses.

### **Features or “selling points” that should be emphasized in Lake City business and economic development efforts – things about Lake City that make it a great place to invest or start a business:**

- ▶ Good infrastructure, social services (school, public health, etc) (4)
- ▶ Quality of life (2)
- ▶ Access- DSL, Cell, UPS (2)
- ▶ Well educated populace
- ▶ Good technology
- ▶ Natural beauty
- ▶ Pristine environment for “green businesses”
- ▶ A great place to raise children
- ▶ Less competition
- ▶ Good walking town
- ▶ Potential growth
- ▶ Low tax rates
- ▶ Rental property
- ▶ Affordability compared to other mountain areas
- ▶ Every person and every business counts

***Being realistic, things that should be accomplished within the next one to three years in order to make Lake City an even better place to start a business and invest:***

- ▶ Improve communications technology/add Wi-Fi (5)
- ▶ Fortify restaurants/lodging (3)
- ▶ Feasibility studies/planning for affordable housing (2)
- ▶ Year round employment/economy (2)
- ▶ Form local business association
- ▶ Recognize existing and prospective assets for development
- ▶ Target marketing to specific groups
- ▶ Broaden population base
- ▶ Commercial space availability

***Things about Lake City that should never change:***

- ▶ Natural environment – clean, limited private land and open spaces (4)
- ▶ Small town feel – independent businesses, no franchises (4)
- ▶ The “Rockwell effect” – community friendliness (3)
- ▶ Historic character – building restrictions (2)



## Focus Groups/Stakeholder Interviews

Stakeholder interviews and focus groups engaged a wide variety of residents and local stakeholders as a method of “digging deep” into existing and developing conditions, as well as to gain local insight and perspectives on possible avenues for economic development and expansion.

Common subjects and themes expressed by focus group and interview participants regarding **strengths** included:

- ▶ Natural setting & scenic beauty
- ▶ Sense of community
- ▶ Community involvement & volunteerism
- ▶ Authentic “feel” of commercial offerings – i.e. no big boxes
- ▶ Scale of community
- ▶ School
- ▶ Medical center
- ▶ Cultural offerings: library, newspaper, museum, arts
- ▶ Telecommuting opportunities & connectivity
- ▶ Unique life experience
- ▶ Summer tourism

Common subjects and themes expressed by focus group and interview participants regarding **weaknesses** included:

- ▶ Lack of availability of products locally, as most especially includes groceries/produce
- ▶ Lack of products available locally in the winter months
- ▶ Lack of affordable restaurants open year-round
- ▶ Limited business hours during the winter months
- ▶ Lack of affordable housing
- ▶ Loss of local lodging
- ▶ Lack of good paying – and year-round – jobs
- ▶ Lack of computer/technological support
- ▶ Lack of “packaging” of tourism
- ▶ Seasonal “absentee” business owners
- ▶ “Transient” retiree population (e.g. 2<sup>nd</sup> homeowners retire to Lake City, then move on at about the five year mark)
- ▶ Lack of age diversity and/or peer groups, teens to early 40’s

Common subjects and themes expressed by focus group and interview participants regarding **opportunities** included:

- ▶ Increase telecommuting
- ▶ Front-range industries pushing employees to telecommute
- ▶ “Crowding” of front-range making Lake City/Hinsdale County more attractive
- ▶ Commercialization of other mountain areas making Lake City more attractive
- ▶ Increase winter tourism – snowmobile system, ski area, yurts, ice climbing
- ▶ Increase arts/artisan offerings/community
- ▶ Packaging tourism as a for-profit undertaking
- ▶ Winter e-business for shops

Common subjects and themes expressed by focus group and interview participants regarding potential (but not necessarily imminent) **threats** that could negatively impact the community included:

- ▶ Rising home prices pushing locals out
- ▶ Propane monopoly
- ▶ Fuel costs
- ▶ Loss of year-round residents
- ▶ Loss of year-round jobs
- ▶ Loss of lodging accommodations

Public perceptions as expressed throughout the community, and through the various means of collection employed, are remarkably consistent in drawing a picture of Lake City/Hinsdale County as something of a magical place in the minds of residents and visitors alike. Certainly, its natural setting and scenic attributes seem to warrant a perception that some might otherwise dismiss as only an illusion. But the perception seems to go beyond natural attributes and is rooted in:

- ▶ A strong local sense of community.
- ▶ A devout dedication to Lake City that is evident in everything from local tourism, to facilities like the school, medical center and library that few communities of like size could support.
- ▶ A genuine friendliness so woven through local culture that it is nearly impossible to pass someone on the street without receiving a smile and a wave.

Lake City is a unique and authentic community, with a populace that is dedicated to ensuring that it maintains its unique and authentic qualities even as it – and the world around it – inevitably changes. The goals set forth by the Economic Development Study Group to guide the community's economic future will not be quick and easy fixes. Indeed, the goals may be, in some cases, very difficult to achieve. But the general consensus derived through common subjects and themes expressed by community stakeholders suggest that these goals are strategically well-chosen to support the community's vision of itself both in the present day and for the future.

# Market Profile

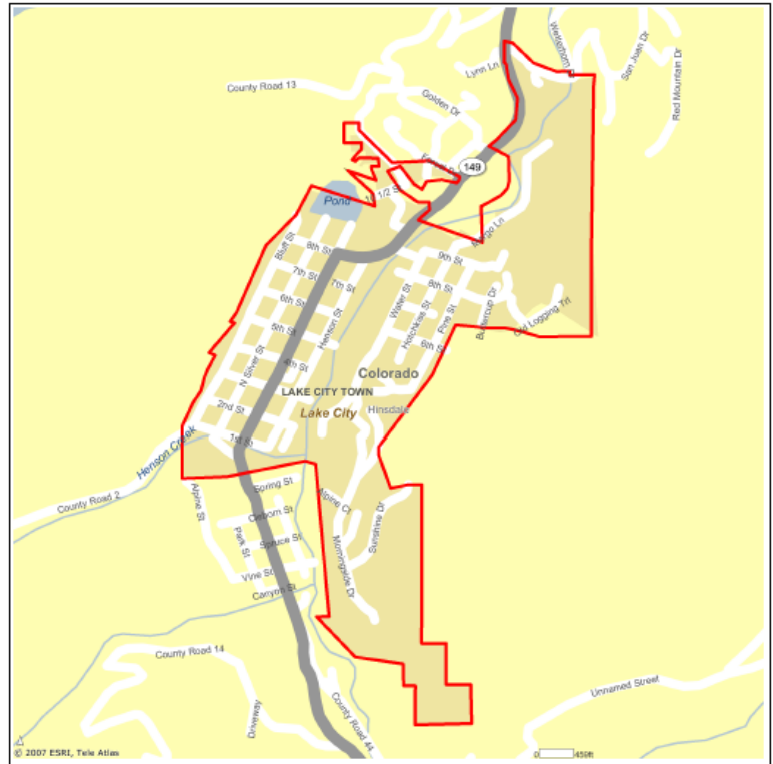
## About the Data

A series of reports were procured from Environmental Systems Research Institute (ESRI) for Lake City and Hinsdale County to provide insight about various market area demographic and economic characteristics and trends.

ESRI helps industry, government, and nonprofit organizations understand customers, analyze site locations, visualize and map marketing and demographic data, and identify untapped market potential. The firm does this by creating innovative solutions that combine demographics, consumer spending pattern intelligence, and lifestyle segmentation with powerful technology to help clients make better business decisions. With annual sales of more than \$400 million, ESRI has been the world leader in the geographic information system (GIS) software industry for more than 30 years. ESRI offers innovative solutions that help clients create, visualize, analyze, and present location-based information, such as demographic data, better and more clearly.

Following is a summary of key data and information contained in reports obtained for the Lake City Town and Hinsdale County geographies. Complete copies of ESRI reports are included in the appendix to this report.

Lake City Town, Colorado



Hinsdale County, Colorado

## Demographic Snapshot

The following table provides a comparative view of key demographic data for Lake City and Hinsdale County. Comparative data for the State of Colorado is also included.

	Lake City	Hinsdale County	State of Colorado
<b>Population Estimates</b>			
2000 Census	375	790	4,301,261
2007 Estimated	375	789	4,883,413
2012 Projected	373	786	5,299,740
2007 – 12 Change	-0.05%	-0.04%	+8.5%
<b>Households Estimates</b>			
2000 Households	182	359	1,658,238
2000 Average Household Size	2.06	2.20	2.53
2007 Estimated Households	182	358	1,880,935
2007 Est. Avg. Household Size	2.06	2.20	2.54
2012 Projected Households	181	357	2,037,154
2012 Est. Avg. Household Size	2.06	2.20	2.55
2007 – 12 Change – Households	-0.05%	-0.03%	+8.3%
<b>Per Capita Income Estimates</b>			
2007 Per Capita	\$30,824	\$30,862	\$31,684
2012 Projected Per Capita	\$33,726	\$33,716	\$38,568
2007 – 12 Change – Per Capita	+9.4%	+9.2%	+21.7%
<b>Median Household Income Estimates</b>			
2007 Median Household	\$44,746	\$44,746	\$60,976
2012 Projected Median Household	\$49,180	\$48,998	\$72,859
2007 – 12 Change – Median Household	+9.9%	+9.5%	+19.5%
<b>Housing Estimates</b>			
2007 Estimated Housing Units	432	1,464	2,115,781
2007 Est. Owner Occupied Housing Units	28.5%	16.5%	62.5%
2007 Est. Renter Occupied Housing Units	13.7%	7.9%	26.4%
2007 Est. Vacant Housing Units	57.9%	75.5%	11.1%
2012 Projected Housing Units	448	1,519	2,329,960
2012 Pct. Owner Occupied Housing Units	27.5%	15.9%	62.0%
2012 Pct. Renter Occupied Housing Units	12.9%	7.6%	25.5%
2012 Pct. Vacant Housing Units	59.6%	76.5%	12.6%
<b>Home Value Estimates</b>			
2000 Median Home Value	\$225,000	\$218,125	\$160,101
2007 Estimated Median Home Value	\$317,391	\$321,739	\$234,884
2012 Projected Median Home Value	\$368,519	\$375,472	\$271,758
<b>Age Estimates</b>			
2007 Median Age	48.0	48.0	35.8
2012 Projected Median Age	51.7	51.8	36.8
Sources: ESRI Market Profile, January 2008.			

## **Demographic Profile**

### **Population and Households**

Population data and projections anticipate a virtually flat growth rate in both the Lake City and Hinsdale County areas through 2012. The Lake City area, with a 2007 estimated population of 375, is projected to decrease to a 2012 projected population of 373. Projected patterns in the Hinsdale County area anticipate that the 2007 estimated population of 789 will decrease to 786 by 2012.

The number of households in the Lake City area is expected to decrease by 1 household from 2007 to 2012, from a 2007 estimate of 182 households to a 2012 projection of 181. The estimate for Hinsdale County also anticipates a decrease of 1 household, from a 2007 estimate of 358 households to a 2012 projection of 357.

A national and statewide “graying of America” trend appears to be prevalent in the Lake City and Hinsdale County areas. The 2007 estimated median age of 48.0 reported for both areas is more than twelve years older than the estimated median age for the Colorado population (35.8 years) and is indicative of a population with a high concentration of retired and/or semi-retired persons.

Housing data anticipates that the number of housing units in the Lake City area will increase from a 2007 estimate of 432 units to a 2012 estimate of 448 units. The percentage of owner-occupied housing units in the Lake City Area is anticipated to decrease slightly, from a 2007 estimate of 28.5% to a 2012 projection of 27.5%. Likewise, housing unit estimates and projections anticipate that the number of housing units in the Hinsdale County area will increase from a 2007 estimate of 1,464 units to a 2012 projection of 1,519 units, and that the percentage of owner-occupied units will decrease from 16.5% to 15.9% during the same five-year period.

The percentage of vacant housing units (including vacation and seasonal housing) in the Lake City area is estimated in 2007 at a high 57.9% and is predicted to increase slightly to 59.6% through 2012. The percentage of Hinsdale County housing units considered vacant is still higher, estimated at 75.5% in 2007 and projected to increase to 76.5% by 2012.

Median home values are expected to continue on an upward climb through 2012. Median home values in the Lake City area, estimated in 2007 at \$317,391, are expected to climb to \$368,519 by 2012. Similarly, Hinsdale County median home values are expected to increase from a 2007 estimate of \$321,739 to a 2012 projection of \$375,472.

Flat growth rates projected in the areas’ population and number of households, in combination with increases in the number of vacant housing units (including seasonal and vacant housing units) and rising median home values, suggest that rising affordable housing issues could be further exacerbated. The data and projections could also suggest that opportunities to generate additional retail trade will largely be dependent on the ability to capture a larger share of the existing year-round and seasonal residential markets and/or the ability to increase sales transacted with tertiary markets, such as the tourism market Lake City and Hinsdale County already naturally attract.

### **Income**

Income data, trends and projections for trade areas can provide valuable information with respect to the potential for business opportunities and growth. Just as population and household trends point to limitations on basing business development efforts on existing year-round markets in Lake City and Hinsdale County, income trends point to increases in income at the local level that are barely more than half the rate expected for the State, suggesting that expansion of a consumer market with higher levels of income will be dependent on growing tourism, internet-based markets, and other tertiary markets.

Per capita income is projected to grow at a 5-year rate of 9.4% in the Lake City area and 9.2% in the Hinsdale County area. In dollars, per capita income in the Lake City area is projected to increase from a 2007 estimate of \$30,824 to a 2012 figure of \$33,726. Hinsdale County per capita income is projected to grow from the 2007 estimate of \$30,862 to a 2012 estimate of \$33,716.

Median Household Income is projected to grow at a 5-year rate of approximately 9.9% in the Lake City area and 9.5% in the Hinsdale County area, increasing from a 2007 estimate of \$44,746 to \$49,180 in the Lake City area, and from \$44,746 to \$48,998 in the Hinsdale County area. Median household income estimates for the Lake City and Hinsdale County areas are significantly lower than the 2007 estimate of \$60,976 reported for the State. However, the wide variance in the local-to-state comparison may be attributed, at least in part, to a higher concentration of retired and semi-retired populations residing in the local areas, and typified by the wide variance in the local-to-state comparison of median age.

The breakdown of households by household income reflects little disparity in the distribution of income when comparing the Lake City area to Hinsdale County. Approximately 19.6% of Lake City households are estimated to have a household income of \$25,000 or less as compared to approximately 19.5% of Hinsdale County households. Conversely, approximately 17% of Lake City households have a household income of \$75,000 or greater as compared to about 18% of Hinsdale County households. The findings are illustrated in the following table:

Household Income	Lake City Area				Hinsdale County Area			
	2007 Estimate		2012 Projection		2007 Estimate		2012 Projection	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$25K	36	19.6%	32	17.5%	70	19.5%	64	15.9%
\$25K to \$34.9K	32	17.5%	25	13.7%	63	17.6%	49	13.7%
\$35K to \$49.9K	36	19.7%	36	19.7%	70	19.6%	69	19.3%
\$50K to \$74.9K	45	24.6%	46	25.1%	89	24.9%	91	25.5%
\$75K to \$99.9K	13	7.1%	18	9.8%	25	7.0%	36	10.1%
\$100K to \$149.9K	7	3.8%	9	4.9%	13	3.6%	17	4.8%
\$150K to \$199.9K	4	2.2%	5	2.7%	8	2.2%	9	2.5%
\$200K +	10	5.5%	12	6.6%	20	5.6%	22	6.2%
Total	183	100%	183	100%	358	100%	357	100%

Source: ESRI Market Profile, January 2008.  
 Data Notes: Income represents the preceding year, expressed in current dollars. Household Income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony.  
 Percentages may not equal 100% due to rounding.

2012 projections anticipate that the actual number of households with a household income of \$75,000 or greater will grow in both the Lake City and Hinsdale County areas, while the number of households below that household income level will decrease. Lake City \$75,000-plus income households, estimated in 2007 to number 34 and represent 17% of all households, are projected to increase to number 44 and 24% of all Lake City area households by 2012. Hinsdale County \$75,000-plus income households are anticipated to increase from a 2007 estimate of 66 households to 2012 estimate of 84 (23% of all households).

### Age and Gender

2007 estimates of median age place the figure at 48.0 years for Lake City and Hinsdale County; 2012 projections anticipate the figures will increase to 51.7 in Lake City and 51.8 in Hinsdale County.

The distribution of age groups in both the Lake City and Hinsdale County areas, comparative to the State of Colorado, tends to have higher concentrations in the 45-74 years brackets and smaller concentrations in the under 45 and 75+ brackets. The figures are probably driven by higher concentrations of local population segments comprised of couples and individuals who are beyond child-raising years. Trends in both the Lake City and Hinsdale County areas suggest the trend will continue through 2012. The following table showing comparative figures for the areas under study and the State of Colorado, shows illustrates the “Graying America” phenomenon at work in the Lake City and Hinsdale County areas.

Population by Age	Lake City		Hinsdale County		Colorado	
	2007 Estimate		2007 Estimate		2007 Estimate	
	No.	Pct.	No.	Pct.	No.	Pct.
Less than 15 years	59	15.8%	127	16.1%	996,216	20.4%
15 to 24 years	25	6.7%	53	6.7%	683,678	14.0%
25 to 34 years	30	8.0%	60	7.6%	703,211	14.4%
35 to 44 years	44	11.8%	93	11.8%	737,395	15.1%
45 to 54 years	85	22.7%	177	22.4%	761,812	15.6%
55 to 64 years	82	21.9%	172	21.8%	522,525	10.7%
65 to 74 years	36	9.6%	77	9.8%	258,821	5.3%
75 to 84 years	9	2.4%	21	2.7%	161,153	3.3%
85 + years	4	1.1%	9	1.1%	63,484	1.3%
18 + years	303	81.1%	303	81.0%	3,686,977	75.5%

Sources: ESRI Market Profile, January 2008.  
Percentages may not equal 100% due to rounding.

Males outnumber females in both the Lake City and Hinsdale County areas in terms of the population's distribution by gender, with 2007 estimates indicating 51.3% of the population being male and 48.7% being female in both Lake City and Hinsdale County. This ratio is projected to widen slightly to a 52.2% to 47.8% male-to-female ratio in Lake City, and 52.0% to 48.0% in Hinsdale County by 2012.

### Race and Ethnicity

The populations of both Lake City and Hinsdale County show little diversity in terms of race and ethnicity. The Lake City area population in 2007 is estimated as 97.3% "White Alone," with the remaining 2.7% of the population reported across a variety of categories. The Hispanic population (considered an ethnicity, not a race) in the Lake City area is estimated in 2007 at 1.3%. The distribution of the Hinsdale County population by race and ethnicity generally mirrors that found in the Lake City area. Little change is anticipated in the composition of the populations by race and ethnicity through 2012.

## Consumer Spending

The ESRI Market Profile report obtained for the Lake City and Hinsdale County areas shows 2007 estimated amounts spent on a variety of goods and services by households within the areas. Analysis of the data shown in the table below reveals relative parity with spending potential at the state level in a variety of categories, although some weaknesses, noticeably in shelter, are, and should be, of concern, particularly when viewed with respect to the higher than statewide median home values – and related costs – in the Lake City and Hinsdale County areas.

Spending Category	Lake City	Hinsdale County	Colorado
<b>Apparel &amp; Services: Total \$</b>	<b>\$384,701</b>	<b>\$762,960</b>	<b>\$5,248,882,805</b>
Average Spent	\$2,113.74	\$2,131.17	\$2,790.57
Spending Potential Index	77	77	101
<b>Computers &amp; Accessories: Total \$</b>	<b>\$38,712</b>	<b>\$76,776</b>	<b>\$538,947,414</b>
Average Spent	\$212.70	\$214.46	\$286.53
Spending Potential Index	85	86	115
<b>Education: Total \$</b>	<b>\$167,005</b>	<b>\$331,210</b>	<b>\$2,784,781,807</b>
Average Spent	\$917.61	\$925.17	\$1,480.53
Spending Potential Index	71	72	115
<b>Entertainment/Recreation: Total \$</b>	<b>\$604,513</b>	<b>\$1,198,901</b>	<b>\$7,157,348,937</b>
Average Spent	\$3,321.50	\$3,348.89	\$3,805.21
Spending Potential Index	97	98	111
<b>Food at Home: Total \$</b>	<b>\$903,977</b>	<b>\$1,792,803</b>	<b>\$10,386,372,248</b>
Average Spent	\$4,966.91	\$5,007.83	\$5,521.92
Spending Potential Index	99	100	110
<b>Food Away from Home: Total \$</b>	<b>\$550,945</b>	<b>\$1,092,662</b>	<b>\$7,113,109,339</b>
Average Spent	\$3,027.17	\$3,052.13	\$3,781.69
Spending Potential Index	89	90	112
<b>Health Care: Total \$</b>	<b>\$816,197</b>	<b>\$1,618,720</b>	<b>\$7,854,327,382</b>
Average Spent	\$4,484.60	\$4,521.56	\$4,175.76
Spending Potential Index	115	116	107
<b>HH Furnishings &amp; Equipment: Total \$</b>	<b>\$371,901</b>	<b>\$737,570</b>	<b>\$4,615,676,753</b>
Average Spent	\$2,043.41	\$2,060.25	\$2,453.93
Spending Potential Index	90	91	108
<b>Investments: Total \$</b>	<b>\$148,563</b>	<b>\$294,636</b>	<b>\$3,165,373,010</b>
Average Spent	\$816.28	\$823.01	\$1,682.87
Spending Potential Index	55	55	113
<b>Retail Goods: Total \$</b>	<b>\$4,924,212</b>	<b>\$9,765,919</b>	<b>\$54,337,665,846</b>
Average Spent	\$27,056.11	\$27,279.10	\$28,888.65
Spending Potential Index	102	103	109
<b>Shelter: Total \$</b>	<b>\$2,165,909</b>	<b>\$4,295,524</b>	<b>\$31,981,127,575</b>
Average Spent	\$11,900.60	\$11,998.67	\$17,002.78
Spending Potential Index	79	80	113
<b>TV/Video/Sound Equipment: Total \$</b>	<b>\$190,516</b>	<b>\$377,841</b>	<b>\$2,426,771,019</b>
Average Spent	\$1,046.79	\$1,055.42	\$1,290.19
Spending Potential Index	90	91	111
<b>Travel: Total \$</b>	<b>\$299,408</b>	<b>\$593,804</b>	<b>\$3,893,531,498</b>
Average Spent	\$1,645.10	\$1,658.67	\$2,070.00
Spending Potential Index	89	90	112
<b>Vehicle Maintenance &amp; Repairs: Total \$</b>	<b>\$194,568</b>	<b>\$385,876</b>	<b>\$2,251,066,030</b>
Average Spent	\$1,069.05	\$1,077.87	\$1,196.78
Spending Potential Index	100	101	112

Source: ESRI Market Profile Report.

**Data Notes:** Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. The Spending Potential Index represents the amount spent in the area relative to a national average of 100. Expenditure data are derived from the 2002, 2003 and 2004 Consumer Expenditure Surveys, Bureau of Labor Statistics.



## Retail Performance

The ESRI Retail MarketPlace Report provides a means of gauging an area’s retail performance. Estimates of potential sales are compared to estimates of actual sales, and the variance is expressed in terms of a “sales surplus” or “sales leakage.” Deviations from potential sales may reveal areas of opportunity in the trade area’s retail sectors, keeping in mind any extenuating circumstances that may be driving the results.

Potential sales is an estimate of the amount of money that could be spent on retail goods by residents within the defined Lake City and Hinsdale County areas based on each area’s income and population. Estimates of potential sales (Demand) are compared to estimates of actual sales (Supply) to estimate the amount of sales “surplus” or “leakage.”

A “surplus” indicates that trade is being pulled from outside the defined area, while a “leakage” indicates that area residents are not spending at projected rates, that they are making purchases outside of the defined area or through other non-traditional retail means (i.e., mail order catalogs and Internet), or some combination thereof. Potential sales and resulting “surplus” or “leakage” estimates can be viewed as a guideline for analyzing retail sector strengths and weaknesses.

Actual Sales (Supply) estimates sales to consumers by establishments. Sales to businesses are excluded. Potential Sales (Demand) represents the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

Sales Surplus/Leakage factors show the relative strength of the retail and food service sectors in the Lake City and Hinsdale County areas. The Surplus/Leakage Factor is a measure of consumer demand relative to supply, ranging from 100 (total surplus) to minus-100 (total leakage).

### Sales Surplus and Leakage Analysis

NAICS Code: Business Description	Lake City		Hinsdale County	
	Surplus/(Leakage) Estimate	Factor	Surplus/(Leakage) Estimate	Factor
Total Retail Trade and Food & Drink (NAICS 44 – 45, 722)	\$ (2,923,148)	-36.8	\$ (3,710,093)	-20.8
Total Retail Trade (NAICS 44 – 45)	\$ (2,601,553)	-36.6	\$ (3,031,171)	-18.7
Total Food & Drink (NAICS 722)	\$ (321,595)	-38.4	\$ (678,922)	-42.0

Overall, figures show Lake City retail trade sector sales leakage of more than \$2 million, and Hinsdale County retail trade sales leakage in excess of \$3 million. The leakages suggest that retail establishments located outside of the areas are pulling sales from consumers located inside of the area. The data also suggests that the potential for retail growth in the Lake City/Hinsdale County area lies, at least in part, in the ability of businesses to capture an increased share of local trade area sales and to pull additional sales from secondary and tertiary markets.

Sales estimates for the Food Services and Drinking Places category indicate sales leakage in excess of \$300 thousand in Lake City and in excess of \$600 thousand in Hinsdale County. These leakages could suggest opportunities exist for the expansion of Lake City eating & drinking establishments. In fact, based on existing capture rates, the tourism market, and the availability of appropriate commercial space, expansion of eating & drinking places in the Lake City area might be among the best of opportunities for expansion in the short term.

The following table presents a detail of Lake City and Hinsdale County surplus and leakage estimates for 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

### Sales Surplus and Leakage Analysis

NAICS Code: Business Description	Lake City		Hinsdale County	
	Surplus/(Leakage) Estimate	Factor	Surplus/(Leakage) Estimate	Factor
Total Retail Trade and Food & Drink (NAICS 44 – 45, 722)	\$ (2,923,148)	-36.8	\$ (3,710,093)	-20.8
Total Retail Trade (NAICS 44 – 45)	\$ (2,601,553)	-36.6	\$ (3,031,171)	-18.7
Total Food & Drink (NAICS 722)	\$ (321,595)	-38.4	\$ (678,922)	-42.0
441: Motor Vehicle & Parts Dealers	\$ (1,254,127)	-100.0	\$ (2,487,239)	-100.0
4411: Automobile Dealers	\$ (1,128,376)	-100.0	\$ (2,237,846)	-100.0
4412: Other Motor Vehicle Dealers	\$ (125,751)	-100.0	\$ (249,393)	-100.0
4413: Auto Parts, Accessories, and Tire Stores	\$ -	0.0	\$ -	0.0
442: Furniture & Home Furnishings Stores	\$ (172,065)	-100.0	\$ 79,456	10.4
4421: Furniture Stores	\$ (172,065)	-100.0	\$ 79,456	10.4
4422: Home Furnishings Stores	\$ -	0.0	\$ -	0.0
443/4431: Electronics & Appliance Stores	\$ (154,305)	-100.0	\$ (306,029)	-100.0
444: Bldg Materials, Garden Equip. & Supply Stores	\$ (63,210)	-21.3	\$ (144,043)	-25.2
4441: Building Material and Supplies Dealers	\$ (63,210)	-21.3	\$ (144,043)	-25.2
4442: Lawn and Garden Equipment and Supplies Stores	\$ -	0.0	\$ -	0.0
445: Food & Beverage Stores	\$ (1,138,241)	-56.4	\$ (260,497)	-4.3
4451: Grocery Stores	\$ (1,490,181)	-100.0	\$ (888,147)	-17.7
4452: Specialty Food Stores	\$ -	0.0	\$ -	0.0
4453: Beer, Wine, and Liquor Stores	\$ 351,940	66.6	\$ 627,650	64.2
446/4461: Health & Personal Care Stores	\$ -	0.0	\$ -	0.0
4474471: Gasoline Stations	\$ (126,152)	-8.2	\$ (362,554)	-12.4
448: Clothing and Clothing Accessories Stores	\$ (95,724)	-18.5	\$ (223,450)	-22.6
4481: Clothing Stores	\$ (95,724)	-18.5	\$ (223,450)	-22.6
4482: Shoe Stores	\$ -	0.0	\$ -	0.0
4483: Jewelry, Luggage, and Leather Goods Stores	\$ -	0.0	\$ -	0.0
451: Sporting Goods, Hobby, Book, and Music Stores	\$ 208,685	30.8	\$ 343,171	27.0
4511: Sporting Goods/Hobby/Musical Instrument Stores	\$ 219,791	36.9	\$ 370,782	33.2
4512: Book, Periodical, and Music Stores	\$ (11,106)	-13.7	\$ (27,611)	-17.8

**Factors:** Sales Surplus/Leakage Factors show the relative strength of the retail and food service sectors in the primary and secondary trade areas. The Leakage/Surplus Factor is a measure of consumer demand relative to supply, ranging from 100 (total surplus) to minus-100 (total leakage). A positive factor represents retail sector strength, while a negative factor could indicate a sector weakness or opportunities to capture additional sales and market share.

Data Source: ESRI Retail MarketPlace Profile, January 2008.

Data Note: The polarity of surplus/leakage estimates and factors shown in this report (as compared to those shown in the original ESRI reports) have been reversed to show a surplus as a positive amount/factor, and to show a leakage as a negative amount/factor.

### Sales Surplus and Leakage Analysis

NAICS Code: Business Description	Lake City		Hinsdale County	
	Surplus/(Leakage) Estimate	Factor	Surplus/(Leakage) Estimate	Factor
452: General Merchandise Stores	\$ -	0.0	\$ -	0.0
4521: Department Stores (Excluding Leased Depts.)	\$ -	0.0	\$ -	0.0
4529: Other General Merchandise Stores	\$ -	0.0	\$ -	0.0
453: Miscellaneous Store Retailers	\$ 193,586	40.2	\$ 330,014	36.6
4531: Florists	\$ (27,732)	-39.6	\$ (58,381)	-43.0
4532: Office Supplies, Stationery, and Gift Stores	\$ 24,216	22.4	\$ 37,463	18.4
4533: Used Merchandise Stores	\$ -	0.0	\$ -	0.0
4539: Other Miscellaneous Store Retailers	\$ 197,102	65.0	\$ 350,932	62.5
454: Nonstore Retailers	\$ -	0.0	\$ -	0.0
4541: Electronic Shopping and Mail-Order Houses	\$ -	0.0	\$ -	0.0
4542: Vending Machine Operators	\$ -	0.0	\$ -	0.0
4543: Direct Selling Establishments	\$ -	0.0	\$ -	0.0
722: Food Services & Drinking Places	\$ (321,595)	-38.4	\$ (678,922)	-42.0
7221: Full-Service Restaurants	\$ (23,095)	-100.0	\$ (45,803)	-100.0
7222: Limited-Service Eating Places	\$ (275,405)	-34.8	\$ (587,316)	-38.5
7223: Special Food Services	\$ -	0.0	\$ -	0.0
7224: Drinking Places (Alcoholic Beverages)	\$ (23,095)	-100.0	\$ (45,803)	-100.0

**Factors:** Sales Surplus/Leakage Factors show the relative strength of the retail and food service sectors in the primary and secondary trade areas. The Leakage/Surplus Factor is a measure of consumer demand relative to supply, ranging from 100 (total surplus) to minus-100 (total leakage). A positive factor represents retail sector strength, while a negative factor could indicate a sector weakness or opportunities to capture additional sales and market share.

Data Source: ESRI Retail MarketPlace Profile, January 2008.

Data Note: The polarity of surplus/leakage estimates and factors shown in this report (as compared to those shown in the original ESRI reports) have been reversed to show a surplus as a positive amount/factor, and to show a leakage as a negative amount/factor.

# Prospects

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## Potential Targets

Data analyzed as part of this study, along with recognized trends and input provided by community participants, provide a basis for the preliminary identification of business types and uses that might be targeted for expansion and recruitment in Lake City. General retail categories, business types and concepts that might be targeted include:

### Food Services and Drinking Places (NAICS 722)

Subcategories & Merchandise Lines:

- NAICS 7221 – Full – Service Restaurants – Family-style, Casual to Upscale
- NAICS 7222 – Limited-Service Eating Places – Coffee House, Delicatessen, Sandwich Shop, etc.
- NAICS 7224 – Drinking Places (Alcoholic Beverages)

Notes: Analysis of area sales surplus & leakage estimates suggest an unmet demand for Food Services and Drinking Places and nearly all its subcategories. The Limited-Service Eating Places category, in particular, shows untapped potential with trade area sales leakage estimated at nearly \$275 thousand. While the dollar figures for leakage in these categories is not particularly high, the unmet need is still there, and with the closing of several eating places in Lake City, along with the high tourist count in the area, prospects are still strong for adding additional eating and drinking places. Styles frequently identified as desirable by community participants included family-style and moderately priced restaurants, along with brew pub and pub with entertainment concepts. Opportunities to incorporate local menu selections (i.e., wild game menu selections) and “Great Outdoors” service and décor could provide a means of distinguishing Lake City eating and drinking places as distinct venues and destinations having special appeal for regional residents, visitors and tourists. Restaurant and/or pub concepts might consider small-scale entertainment options, as could include open mic events, dinner theater performances or living history “skits,” especially on weekends during peak tourism periods. Limited-Service Eating Place concepts might incorporate services, specialty food lines, packaged goods and complementary retail lines such as ice cream, confectionery and other light edibles and snacks; books; poetry readings; and chat rooms, reading rooms and Internet terminals that provide entertainment elements might enhance prospects.

### Sporting Goods, Hobby, Book and Music Stores (NAICS 451)

Subcategories & Merchandise Lines:

- NAICS 4511 – Sporting Goods/Hobby/Musical Instrument Stores

Notes: Analysis of area sales surplus & leakage estimates indicate retail sector strength in Sporting Goods-related categories, with the Sporting Goods/Hobby/Musical Instrument Stores subcategory showing a sales surplus of more than \$219 thousand. With the natural recreational opportunities that abound in the region, and growing winter tourism offerings, strategies to more fully develop the “outdoors and recreation” niche could offer opportunities for smaller, complementary businesses that, collectively, will reinforce a sense of Lake City/Hinsdale County as an outdoor recreation hub. Concepts might include specialty and custom fly-fishing and water sports product lines, or focus on the expanding ice-climbing, skiing, winter-tourism market, and might even include a custom or specially-branded “Lake City Gear” product line. While clothing lines are particularly difficult to establish in small and rural town commercial districts, sales leakage in clothing categories, and the recreational nature of the area, suggest that “Lake City *Wear*” might be an effective sub-product line to consider where Sporting Goods are concerned. Retail lines might be augmented by special services, such as tour guide/expedition services, repair services and product trial/demonstration “events” to enhance prospects for success.

### Electronics & Appliance Stores (NAICS 443)

Subcategories & Merchandise Lines:

- NAICS 4431 – Electronics & Appliance Stores

Notes: Connectivity requires hardware – and support. Based upon repeated suggestions for IT service and support, along with leakage in this category of more than \$150,000, the addition of a local computer and electronics store, bolstered by very specialized technical support (i.e. house calls) could prove viable in the Lake City area. With the additional goal of recruiting telecommuting residents, such a business might prove to be not just successful, but necessary to the long term, overall strategy of improving year-round livability for tech-based families. Existing year round retired and semi-retired markets, bolstered by second homeowners, could provide clientele base for the start-up of such a business. Product lines that might be attractive to tourists – such as hand-held and portable computer games and gadgets – might be considered as secondary product lines.

### **Food & Beverage Stores (NAICS 445)**

Subcategories & Merchandise Lines:

- NAICS 4451 – Grocery Stores

Notes: Analysis of area sales surplus & leakage estimates indicate retail sector leakage of virtually 100% – more than \$1 million – in area grocery sales. This is more than substantiated by primary data-gathering done both in advance of and during this study. Although the grocery-buying public is seasonal, and adjustments to inventory will need to be made accordingly, these factors, along with the fact that groceries are the most local of all purchases, more than justify efforts aimed at expanding existing grocery offerings or recruiting new grocers.

### **Office Supplies, Stationery and Gift Stores (NAICS 4532)**

Subcategories & Merchandise Lines:

- NAICS 4532 – Office Supplies, Stationery and Gift Stores

Notes: Analysis of area sales surplus & leakage estimates indicate a retail sector surplus of approximately \$24,000 – a possible indicator of retail category strength that could be expanded upon through the introduction of complementary product lines and services. Concepts could incorporate a limited selection of “staple” office supplies, traditional gift items, children’s gift items and greeting cards that would offer local residents a source for quick office and gift shopping at moderate price points. Concepts may also feature lines of unique items celebrating local heritage and culture, created by local artists and artisans. Other concepts include complementary services, such as quick-print and photocopying services, embroidery and silk-screening, and shipping services.

### **E-commerce Opportunities**

As Lake City considers potential opportunities for business development and commerce, attention should also be directed to potential E-commerce opportunities that could significantly enhance prospects for the success of certain business types and concepts. E-commerce applications might also provide revenue streams for certain businesses now open only for summer months to establish year-round operations.

Traditionally, attempts to increase a community’s market reach beyond the confines of their natural geographic boundaries have been limited to pursuing tourism as a remedy. Pursuit of increased tourism-based retail opportunities is certainly an option for Lake City, and one that should continue to be cultivated. However, technological advances also offer Lake City businesses an opportunity to enhance the market’s performance by capturing an increased share of the global marketplace’s “virtual tourists” that are traveling the world and making purchases via the Internet.

While some communities have been hesitant to actively pursue or promote Internet-based retailers, or retailers conducting the vast majority of their business over the Internet, Lake City should consider the potential advantages and local economic impacts that could be realized by pro-actively organizing local businesses to tap into the global marketplace. Advantages of attracting “Back-Door Retailers” (i.e. businesses maintaining a retail storefront, but conducting the vast majority of their business over the Internet and shipping packages out the back door) or turning existing summer-tourism-based retailers into “Winter Back-Door Retailers” include:

- ▶ Attraction and maintenance of a greater retail presence than the trade area might otherwise be able to support will serve the everyday convenience of Lake City area residents and will better position Lake City to stabilize the year-round economy.
- ▶ Full and active-year-round storefronts will enhance perceptions of the commercial district’s prosperity among residents, visitors and prospective investors and entrepreneurs.
- ▶ Property owners enjoying fully-leased buildings with year-round occupancy will be better positioned to begin re-investing in the improvement of those buildings.
- ▶ E-commerce dollars flowing into the community will create increased spending in the community. For example: an antiques & collectibles or arts dealer in the downtown that normally hires two Lake City residents for the summer keeps them on year-round, paying them primarily with the proceeds of his or her Internet sales; the owner and his or her employees buy lunch in downtown Lake City two or three times a week, pick up a greeting card at a gift store, stop at the coffee house for coffee and sweet rolls in the morning, etc.

## Telecommuters

Beyond retail opportunities explored as part of this study, Lake City has established a goal that anecdotal evidence, as well as both regional and national trends support: the attraction of telecommuters as future residents. This strategy should be pursued aggressively and in much the same spirit and with much the same tactics that Lake City pursues business recruitment.

Anecdotal evidence gleaned from stakeholder interviews suggests that front-range businesses are “pushing” workers out the door and off to work at home, at precisely a moment in time when perceptions are that the front-range is becoming “crowded” and overly expensive. Lake City’s desire to increase its population base and to stabilize the year-round economy offers a natural “fit” for this close-by occurrence on the front-range.

Lake City DIRT’s Economic Restructuring Committee, working in concert with its EDSG partners, should form a project team to formalize a prospecting package to appeal to prospective telecommuter-residents, using many of the same tools recommended in this report to approach business prospects. Additionally, the project team should work to identify and make contact with front-range employers who might be more than willing to pass along such prospecting information to employees it is, or is considering, “pushing out the door” and off to work from their homes.

Because Lake City already enjoys the involvement and investment in the local community of some telecommuters, no effort to recruit further telecommuters should go forward without relying on these individuals as local “technical experts” concerning how the needs of telecommuters are, and are not, currently being met. These factors may range from the truly technical issues of internet connection speed, to the social isolation telecommuters may face in any community. A high priority should also be placed on recruiting one or more of these individuals to serve on a telecommuter recruitment team or task force, as there can be no better “ambassador” for any local business recruitment effort than a “hometown” individual already successful in that business.

## Affordability

While not necessarily answering the problem where existing residents and support-service providers are concerned, pursuing telecommuters-as-residents, who will bring their higher income jobs along with them, might also serve as at least a partial answer to the present dilemma of affordability in Lake City. Compared to affordability in other mountain communities, and along the front-range, Lake City might still be affordable, but in contrast to its existing income levels, it is evident that it is not. When considering affordable living it might be useful to analyze Lake City and Hinsdale County income and housing data comparative to statewide averages:

	Lake City	Hinsdale County	State of Colorado
<b>Per Capita Income Estimates</b>			
2007 Per Capita	\$30,824	\$30,862	\$31,684
2012 Projected Per Capita	\$33,726	\$33,716	\$38,568
2007 – 12 Change – Per Capita	+9.4%	+9.2%	+21.7%
<b>Median Household Income Estimates</b>			
2007 Median Household	\$44,746	\$44,746	\$60,976
2012 Projected Median Household	\$49,180	\$48,998	\$72,859
<b>Housing Estimates</b>			
2000 Median Home Value	\$225,000	\$218,125	\$160,101
2007 Estimated Median Home Value	\$317,391	\$321,739	\$234,884
2012 Projected Median Home Value	\$368,519	\$375,472	\$271,758
Sources: ESRI BIS Market Profile Report.			

While statewide per capita income and median household income outpaces that of Lake City and Hinsdale County, Lake City and Hinsdale County median home values considerably outpace statewide figures – a trend that is expected to continue. Because of the extreme desirability of the locale, along with the retired (and therefore more heavily invested in equity) and semi-retired nature of those who are attracted to move to, or purchase second homes in, Lake City, the market is a force that will inexorably continue to drive up housing values beyond the means of even most middle class providers of essential services.

Many of the remedies pursued by larger communities to maintain affordable living in the face of gentrification, such as building high-density multi-story, and possibly subsidized, housing are clearly incompatible with the community's existing built environment, which might be best described as "village-like" in nature. Moreover, these efforts can almost be predicted to fail in larger communities within urbanized regions which are "land-locked" by surrounding communities and under great pressure to gentrify.

Only brief consideration is needed to realize that Lake City is equally "land-locked" by its surrounding federal holdings, and its consequent lack of developable land. While this is undoubtedly an advantage in protecting the character and nature of the community and its open space setting, it creates an almost insoluble problem in terms of the housing stock's affordability.

While, unfortunately, not all service providers can be protected from the escalation to cost of living that housing prices will cause, Lake City and Hinsdale County officials should strongly consider possible incentives and/or remedies to protect their *vital* service providers from being out-priced from the local housing market. For instance, the existence of the medical center, the school, and other such facilities are vital to the community's very well-being, as well as to its economic development potential. It is not inconceivable, then, that the individuals who staff these facilities, or necessary replacements for those who retire or resign, might now or soon be priced out of the local housing market.

### **Cottage Industries**

Lake City's EDSG goals include consideration for the potential development of local cottage industries that might provide better paying jobs locally. Considering the affordability factors at play as developable land is consumed for residential purposes, and the virtual non-existence of suitable available built-out space, the development of cottage industries might prove the most challenging of all goals the EDSG has set forth.

The economic conditions for attracting cottage industries may be challenging but are not impossible. Because existing geographic and market conditions fight against this goal, EDSG is encouraged to focus such efforts on expansion of nascent cottage industries already existent to some degree in the area. Efforts should be focused on working with existing entrepreneurs and local talents who are making a success of industries on a small scale to expand and "export" their businesses to the larger region. Most noticeably these nascent industries currently include yurt building and the local arts/artisan culture. Other opportunities might revolve around collaborative ventures, such as a pottery makers' consortium or a "Great Getaway" home furnishings and décor manufacturing conglomerate.

While it is recommended that EDSG focus on assisting existing entrepreneurial efforts to become cottage industries serving the wider region, EDSG should also "be on the lookout" for other emerging businesses that may provide such launching pads for industry, particularly, as in the case of the Yurt system, where such industries interact strongly with unique local and regional environmental opportunities.

## Marketing Approach

Business recruitment is a highly competitive field that can consume large amounts of time and financial resources – with little or no immediate results. Lake City, like most small, rural communities throughout the country, would be hard pressed to garner the human and financial resources necessary to implement a highly “aggressive” recruitment strategy – or a campaign that actively travels the region and country to court prospects, spends large amounts on “slick” marketing materials and multimedia advertising campaigns, and offers enticing financial incentives to lure candidates, in many cases, to simply make a site visit.

For the short-term, and probably even for the long-term, Lake City’s business development and recruitment strategies are more likely to be “passive” in nature. Passive strategies tend to revolve around responding to inquiries, identifying and making contact with prospects in the surrounding region, packaging and providing information about the area and opportunities in a quality format, and serving as a reference point to direct prospects to resources available to assist and support area business development and entrepreneurial ventures.

The application of a “passive” approach, versus an “active” approach, should not be taken to minimize the potential results and benefits of such an approach. In fact, the “passive” approach often serves to devote resources and maintain a focus on important business retention and expansion activities – and the broader scope of the community’s economic development efforts. The allocation of human and financial resources required to maintain and grow existing businesses pales in comparison to what is typically required to implement an “active” recruitment strategy. So, too, investments of time, energy and resources promise to enhance the level of success experienced in recruitment efforts: a prospect visiting Lake City and observing a quality mix of profitable businesses is destined to be “hooked.”

In the same way, a “passive” recruitment strategy should not be taken to suggest that there is little to do, or that can be done, in the way of business recruitment, or that the quality of economic development efforts and marketing tools should be anything less than “top notch.” Lake City community and economic development partners should maintain a commitment to efficiency and quality in the production of marketing tools and in the performance of related prospecting activities.

## Marketing Tools

Examples of relatively inexpensive business recruitment marketing materials and tools for promoting and supporting Lake City economic development and business recruitment efforts include:

*Business Recruitment Portfolio.* A business recruitment packet – or “Prospectus” – designed and produced in print and electronic (Internet and CD-based) formats so that it can be readily updated with the most recent data and information. Examples of portfolio contents include:

- ▶ A concise promotional summary containing a demographic and economic profile for the area, highlighting Lake City/Hinsdale County special features and attractions, etc.
- ▶ An overview of the community’s economic development initiative and/or copies of recent newsletters or other promotional materials highlighting recent and planned projects, promotional strategies, available assistance, etc.
- ▶ Copies of recent news articles, editorials, feature stories and testimonials extolling the positive aspects of Lake City/Hinsdale County and the surrounding region
- ▶ A fact sheet listing and briefly describing available programs, resources and incentives offered by area economic development entities and agencies
- ▶ A listing and/or profiles of available properties and spaces
- ▶ A list of “Good Reasons to Open or Expand Your Business in Lake City/Hinsdale County



*Lake City Website Feature.* An on-line version of the business recruitment portfolio available as a link from the front page of the Lake City DIRT and other local websites, or as a special feature hosted on other community websites with materials available in PDF format for download. Consideration should be given to interactive features that might be developed and installed, such as a search function linked to a current listing of available properties and a website visitor fill-in form for prospects to request additional information or a personal contact. Reciprocating links should be established with other community and business-related websites.

*Initial Contact (Cold Call) Postcard.* The design and production of a full-color postcard should be considered as a low cost general prospecting piece to develop leads. Prospects receiving the card would be invited to visit the website for more information or could request the printed portfolio by mailing a perforated return postcard or by telephoning the Town, Chamber or DIRT offices.

*Cooperative Advertising.* A cooperative advertising program could be developed to advertise Lake City/Hinsdale investment and business opportunities. Owners and agents of available properties and spaces could be invited to participate in the program, with advertising expenses distributed equally among the participants. Advertising would be most appropriately placed in surrounding area business and real estate newspaper sections and trade journals.

*“Wanted” Posters.* Business types identified as “top prospects” could be published, along with an invitation inviting people to provide leads and suggestions for specific prospects that might be approached. “Wanted in Lake City” posters could be posted at available sites and publicized using the website, newsletters, news releases and other communications tools. A reward or prize might be offered to any person providing a lead that resulted in a successful recruitment venture. Local financial institutions and community development organizations or foundations might be approached to sponsor and underwrite the program.

## **Prospecting**

In general, the best recruitment prospects will likely possess one or more of the following characteristics:

- ▶ Have two to five business locations, with at least one operating within a 50- to 100-mile radius of Lake City
- ▶ Have at least one location in operation for at least three years in a setting similar to the Lake City
- ▶ The owner has at least five years ownership or management experience
- ▶ The ownership takes an active management role in business operations and purchasing
- ▶ Typically occupies about 800 to 2,000 square feet

Developing a list of specific businesses to target for recruitment will be an ongoing effort. These efforts will be more likely to meet with success if strategies are aimed at recruiting businesses from areas relatively close to Lake City and at supporting local entrepreneurial efforts, as attempts to recruit small and mid-scale national retailers and service providers generally require a population base significantly larger than that demonstrated for Lake City/Hinsdale County and would be at odds with stated community desires to maintain a franchise-free business community. Other strategies might target former Lake City area residents and area visitors that may have interest in relocating, expanding or opening a new business in Lake City.

While efforts of entrepreneurs should be encouraged and supported, recruitment efforts should generally concentrate first on businesses that might be candidates for relocation to Lake City and those businesses ready to open a second or third location because:

- ▶ First-time entrepreneurial businesses tend to be more susceptible to failure, regardless of their location, while a relatively close move by an established business will enhance the prospect for the business’ success and lend instant strength to the business district.
- ▶ Businesses relocating from a nearby area will often bring a built-in customer base, whose members might become customers of other area businesses.
- ▶ Securing a successful, established, local or regional “name” business for Lake City – as compared to the opening of a business by a first-time entrepreneur – is usually perceived by the public and other potential investors and recruits as a more positive indication of the community’s economic viability.

Consideration should also be given to targeting small businesses and home-based businesses located in the surrounding area that might be candidates for relocation and expansion in Lake City. For example, a successful antiques dealer doing business in a small antiques mall space or from the garage of their home might be a great candidate to occupy a storefront in town. Business incubator programs and facilities that might be considered for Lake City could also target first-time entrepreneurs and home-based businesses with the goal of assisting these entrepreneurs through “graduation” to a storefront location or to cottage industry status.

Those involved in the recruitment process must work like detectives, developing habits of investigation and interrogation. Extensive, ongoing research will be necessary to identify and match specific prospects based on opportunities identified through research and the characteristics of available spaces. Techniques and resources available to assist in locating top prospects for recruitment include:

- ▶ Residents, visitors and local service clubs – Asking them “Where is the best family restaurant or fly-fishing shop in the area?” might identify a prospect ready to relocate or open a second front.
- ▶ Business suppliers, vendors and salespeople – They are often a great source of information and insight as to who operates the most successful coffee house, butcher shop, dental office, etc., in the area.
- ▶ Local service businesses & professionals – Area bankers, attorneys, insurance agents, realtors and other professionals may have a client who would make a good prospect.
- ▶ Field trips to competing business districts, trade shows and other business events (generally within a 50- to 100-mile radius) could provide an effective means of identifying and making initial contact with potential prospects and business concepts that could be a good fit for Lake City.
- ▶ Regional and state yellow pages and Internet website searches provide an excellent means for developing contact lists and for identifying state and regional trade organizations and professional associations that could serve as a resource and provide assistance in making referrals.

## Action Agenda

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The completion of the Economic Feasibility Study is not the end to a process, but rather the beginning to a new phase in a comprehensive and strategic approach to community and economic development initiatives that will put a mark on the Lake City/Hinsdale County area for generations to come.

This summary report serves to highlight only a small sample of the knowledge and direction that can be synthesized through ongoing research, analysis and planning. Similarly, the “Action Agenda” that follows is only a starting point for a more comprehensive slate of projects that is likely to emerge as local leaders continue to explore and pursue opportunities for the Lake City/Hinsdale County economic region.

Throughout the course of this research effort, community participants offered insight and perspectives on a broad range of issues and opportunities that will impact Lake City business and economic development efforts. Indeed, business and economic development strategies for Lake City revolve around “form and function” and must consider the more holistic nature of an economic development approach that will, ultimately, enhance the community as a place to invest and do business.

The Action Agenda was assembled to organize ideas and to briefly outline proposals for “next steps” and longer-term projects and actions that could be incorporated as part of a comprehensive approach to community and economic development. It can also provide a framework within which community members and stakeholders can continue to work together in processes to explore opportunities and develop specific strategies for moving forward.

### Core Action Agenda Principles

The values and goals shared by Lake City/Hinsdale County community leaders, business owners, property owners, civic leaders, volunteers and area residents provide a basis upon which to plan and act for the future. The following “Core Action Agenda Principles,” rooted in the collective input of stakeholders participating in this research and planning effort, provides a basis for proposed projects and actions advanced in the Action Agenda.

- ▶ Work to engage all sectors of the community and community/regional development partners in visioning, decision-making and implementation processes
- ▶ Protect, preserve and enhance the community’s assets and natural resources
- ▶ Celebrate, showcase and share the community’s “story” – its history, culture and the authentic “Great Outdoors” mountain experiences
- ▶ Make connections to surrounding assets and resources; reinforce a strong sense of Lake City as the “hub” of the Hinsdale County area and surrounding region
- ▶ Maximize space and “pack in” a wide variety of uses; think of, and work to develop and maintain, the community’s central commercial core as a microcosm and “heart” of the community
- ▶ Develop and implement a long-term management and operations plan to sustain long-term economic development efforts

### Core Action Agenda Components

The EDSG, a collaborative effort of community and economic development partners, is positioned to embark on a comprehensive economic development initiative that will ultimately enhance and promote investment and business opportunities in Lake City and Hinsdale County. Projects and actions proposed for implementation are concentrated in four areas:

- ▶ Business Development
- ▶ Organization and Advocacy
- ▶ Infrastructure and Appearances
- ▶ Marketing and Promotion

In many ways, the core action agenda components are inter-related, or even interdependent. For example, organization and advocacy efforts to fund economic development efforts may enhance the community's infrastructure and appearances. And as the appearances of the community improve, interest on the part of prospective investors and entrepreneurs in business development opportunities is also likely to increase. The "Action Agenda" that follows outlines suggested and proposed projects and related actions that could serve as "next steps" for implementation.

## **Business Development**

### **Economic Feasibility Study**

Use the information and findings contained in this report as an initial basis for identifying and assessing potential business development opportunities. Consider possible needs to augment "secondary data" with primary research (for example, studying legal means of offering housing subsidies to essential service providers, etc.) in order to verify or more fully assess opportunities and concepts advanced in this report. Use the information to promote new business and business expansion opportunities in Lake City and Hinsdale County.

### **Tools and Incentives**

Continue efforts to create and provide access to tools, resources and incentives that will support Lake City economic development goals, as could include the creation or promotion of incentives, grants, subsidies, co-ops, etc.

### **Business Assistance**

Consider how "Tools and Incentives" might be adapted or targeted to support existing businesses and business expansion opportunities. Promote business-to-business networking and continuing education opportunities. Provide information and referrals to financial and technical resources offered by other local, regional, state and federal organizations and agencies. Consider businesses recommended as potential targets for recruitment *first* as potential opportunities for existing businesses to expand product and service lines.

### **Local Product, Specialty and "Brand" Opportunities**

Work to introduce locally-grown, produced and harvested products into the local business mix as a means of promoting business-to-business relationships, expanding the selection of local specialty and/or "branded products, to strengthen connections to surrounding resources and industries, and to enhance the sense of Lake City as a distinct destination.

### **Prospecting and Leads Generation**

Use market research and information to identify specific business opportunities and profiles. Work to identify specific prospects that "match" opportunities, and involve local stakeholders in efforts to generate leads.

### **Identify and Promote Redevelopment Opportunities**

Identify "opportunity sites" for infill construction and redevelopment that, ultimately, will intensify activity, reinforce the "streetwall," maximize limited and valuable land resources, and strengthen the mix and variety of businesses and uses found in Lake City.

### **Explore and Pursue Regional/Global Commerce and Trade Opportunities**

Encourage and promote E-commerce opportunities that could enhance prospects for certain retail, office, service, educational and cottage industry uses desired for Lake City.

## **Organization and Advocacy**

### **Organizational Development and Management**

The EDSG, working in collaboration with local government and other local, regional and state community & economic development partners, has accomplished a great deal in little time. The efforts of volunteers and community partners are leading EDSG to a new phase in terms of the organizational evolution as a collaborative body. It will be important to re-visit and/or establish which organizations or groups involved in the EDSG collaboration are best suited and equipped to take charge of various tasks and projects that will be undertaken as a result of this study.

Sound partnering strategy, as well as management and operations policies and perpetual management and leadership systems internal to each partner organization, will enable the organization to operate at the next level – and for the long-term future – to effectively manage the expanding scope of the Lake City/Hinsdale County economic development initiative. The EDSG and its component partner organizations must also continue to evolve to serve as advocates for various stakeholder groups and to engage those groups in important planning and decision-making processes.

### **Community Engagement**

The EDSG has made a conscious and diligent effort to engage all sectors of the community in discussions, brainstorming and planning activities. These efforts must be continued. Ideally, the ongoing efforts of EDSG will also serve to enlist new volunteers who will take an active role in the implementation of the economic development strategy.

### **Resource Development**

Economic development takes time – and money. Some of the projects proposed in this Action Agenda will require additional and even “unusual” amounts of funding. At each organizational level, EDSG partners undertaking operations related to this report will require an additional infusion of funding to direct, manage and execute the ongoing implementation of economic development projects and activities. A short- and long-term funding plan must be developed and executed to sustain community and economic development efforts.

### **Partnerships**

Partnership building efforts among various groups and entities to date have, by most all accounts, been excellent. Whether the EDSG and its partners – the Town of Lake City, Hinsdale County, the Chamber of Commerce, the Marketing Board and Lake City DIRT – continue to work as a collaborative group to execute projects developed as a result of this study, or whether projects are apportioned among these partners and other groups, member organizations should continue to communicate effectively where cooperation is required. The continued strengthening of essential organizational ties, and the development of new partnerships, will be vital to the success of projects that will be undertaken as a result of this planning effort, as well as other opportunities emerging in the future.

### **Communications**

Keeping the work and progress of EDSG and its component partners before the public eye may be key to maintaining momentum and enlisting new volunteers and partners. EDSG partner organizations must work consistently to publicize plans and progress being made through the implementation of projects– and *always* celebrate successes achieved as a result. These communications efforts might include regular “progress reports” delivered at Town meetings, news releases and email bulletins distributed under a unifying banner or theme, frequent website updates and online forums, regularly scheduled open invitation “town hall meetings,” community stakeholder meetings, coffees or networking events, and a periodic update on a local radio show or cable access television show.

## **Infrastructure and Appearances**

### **Gateway Enhancements**

There is little to announce or create a sense of arrival in the built environment upon entering the very fringes Lake City and directional signage from the highway to the downtown district, while existent, is easy to miss. Consideration should be given to special landscaping, signage and/or monuments that will serve as obvious markers for the community and the downtown district as special places.

### **Downtown Streetscape, Public Realm Enhancements and Maintenance**

The downtown Lake City streetscape has recently been enhanced by the boardwalk and efforts to continue to enhance it might include the use of public art, banners, plaques, etc, that serve to make connections with its surroundings or to “tell a story” of the community’s proud history and heritage. Streetscape plans, designs and improvements should seek to strengthen connections to the community’s proud past and the wondrous beauty of its surrounding environment. Signage, public art, context-sensitive furnishings, fixtures, finishings, and other special features should be considered as a means of distinguishing the downtown as a special place – telling a story, creating interest, and compelling visitors to “explore” the downtown area. Maintenance of the downtown’s streetscape and public spaces should reflect the same level of pride that the community takes in its history and the value that it places on its rich and abundant natural surroundings and resources.

### **Historic Preservation**

Lake City’s historic buildings are among its most precious resources and commodities. They are part of a unique built environment that distinguishes Lake City from any other place in the world. Efforts to restore, preserve and protect these resources should be continued and recognized as an integral part of the effort to enhance community’ and county-wide economic development and marketing opportunities.

Lake City’s federal listing as a National Historic District opens avenues for property owners undertaking substantial rehabilitation to apply for an Investment Tax Credit of up to 20% of the rehabilitation cost. Application of the Secretary of the Interior’s Standards for Rehabilitation and application for the 20% federal Investment Tax Credit is completely voluntary. Other benefits could potentially include financial incentives that may be available at the state level. These programs should be aggressively marketed as incentives to both existing and potential business and property owners.

### **Telecommunications Infrastructure Improvements and Services**

Cellular telephone and high-speed Internet service in Lake City is reportedly existent and workable, but as the community focuses on recruiting telecommuters, care must be taken to ensure that the telecommunications infrastructure is always *at the cutting edge*, rather than simply existent and workable.

Telecommunications infrastructure and systems that provide for the latest in the exchange of high-speed data, video and audio can dramatically enhance opportunities to expand businesses, and even tilt the field in favor of smaller, rural communities that offer lifestyles and a “quality of life” sought by an increasing number of families – and potential investors and entrepreneurs. Efforts to improve the community’s telecommunications infrastructure should continue to be viewed and pursued as a high priority.

### **Façade Improvements**

Continue to work with commercial building and property owners to encourage and promote improvements and the rehabilitation of building facades, with special attention directed at the facades of historic buildings. Coordinate with efforts in the Business Development area to develop, promote and provide tools, resources and incentives for building rehabilitation and improvement projects, where appropriate.

### **Signage – Pedestrian and Vehicular**

Plans and designs for streetscape, gateway and public space improvements should consider and make provisions for signage that will help to guide pedestrians and vehicles to and throughout the downtown district. Signage and interpretive elements should also be considered as a means of “telling a story” and strengthening connections to surrounding historic sites, trails and attractions.

### **Physical and Visual Connections to Surrounding Assets and Natural Resources**

Physical connections could include designated passages and provisions for recreational vehicle traffic both to and through the town and the downtown area. Consideration should also be given to possibilities for creating stronger physical and visual connections to surrounding hiking, biking, ATV and canoeing/kayaking trails and venues. Visual connections should also consider development policies that could help to enhance and preserve views from the town center to the surrounding landscape, historic sites and mountains.

## **Marketing and Promotion**

### **Market the Lake City “Brand,” Story and Experience**

Work to more fully develop the Lake City “brand,” focusing on features and experiences that distinguish Lake City from any other place (i.e., consider links, features, stories and assets that promote “The Great Lake City Experience” or “The Place Where Every One Counts”). Use graphics, events, décor and other communications methods to reinforce the “brand.” Produce events that attract various population and visitor segments to experience Lake City and the downtown in new and different ways. Consider and pursue opportunities to work with surrounding attractions and anchors (i.e., the ski hill, the lake, recreational trails, etc.) to market and promote Lake City commercial areas and experiences through cooperative marketing, advertising and events.

### **Heritage and Cultural Tourism**

Work to identify and promote local historic and cultural assets that can be “packaged” as part of Lake City’s tourism development and marketing efforts. Participate in regional tourism studies, marketing and branding campaigns to determine an appropriate “niche” for Lake City within regional tourism marketing and branding strategies. Explore and pursue appropriate regional tourism marketing and cooperative advertising opportunities.

### **Events**

Festivals and special events that promote a strong sense of local culture and history, as well as those that maximize opportunities presented by Lake City’s geographic location, can offer opportunities for local community celebrations that also support heritage and cultural tourism program initiatives. These might include events and activities that:

- ▶ Celebrate Lake City’s location amidst an impressive array of “Fourteeners”
- ▶ Emphasize the community’s mining heritage
- ▶ Honors the contributions of the village’s founders and generations
- ▶ Include hands-on activities and live entertainment for all ages

Ideas for types of events that could serve to celebrate Lake City’s culture, history and lifestyle include:

- ▶ Sled Races
- ▶ Lake City Ice Festival
- ▶ Guided Historical/Architectural Tours
- ▶ Living History Events and Re-enactments

## Conclusion

Market study findings, in general, suggest that expectations for growth and business development in Lake City must be managed with an understanding that change is most likely to occur in a relatively slow, deliberate and incremental manner. Key demographic and lifestyle data analyzed as part of this study reveal a “stable” trade area consumer market for Lake City. EDSG goals to “grow” the year-round population and economic base will be challenged by current trends and projections that predict flat growth rates through 2012.

Such projections, while generally tending to be very accurate, are not set in stone. For Lake City, it should always be recalled that because of the very small nature of the community, and its isolated geographic location, very, very small changes can indeed move the local market’s entire “universe.”

One of the groups participating in the public workshop conducted for this study perhaps expressed this best when they said Lake City is a place where “every person and every business counts.”

Within such a small population base, in Hinsdale County’s uniquely isolated geographic location, they do indeed. So while a community a hundred times Lake County’s size might make a hundred contacts before turning up a single new restaurant interested in relocating, the relocation of such a restaurant to Lake City would have exponentially more impact on the local economy.

Data analyzed as part of this study, along with recognized trends and input provided by community participants, provide a basis for the preliminary identification of businesses types and uses that might be targeted for expansion and recruitment in Lake City. General retail categories, business types and concepts that might be targeted include:

- ▶ Food Services and Drinking Places
- ▶ Sporting Goods
- ▶ Gifts
- ▶ Antiques and Collectibles

Prospects for business expansion and recruitment could be greatly enhanced through the continued growth of the local and regional tourism industry, and by potential E-commerce opportunities. Lake City is strongly positioned, both geographically and culturally, to capture an increased share of the region’s tourism market, particularly in the case of increasing winter tourism. Findings from the ESRI Retail Marketplace Profile suggest that the Lake City/Hinsdale County area has ample opportunity to capture additional sales from





both within and without its natural boundaries. Sales surpluses that exist in some retail categories are likely the result, at least in some part, of sales being transacted with seasonal residents and area visitors. Opportunities may exist to capture sales in other categories currently showing sales leakage as businesses expand or new businesses join the mix.

Lake City's unique heritage and its magnificent surroundings, along with opportunities revolving around recreation, natural areas, heritage tourism and the arts, could offer Lake City the opportunity to position itself as "the" destination of choice for a non-commercialized authentic mountain village experience. Such a positioning strategy would also be consistent with community efforts to preserve the qualities that make Lake City and Hinsdale County a residential location of choice for generations to come. Business opportunities, events, public improvements and marketing initiatives that celebrate an authentic "Great Getaway" experience could offer a means for *creating* a market that will help support the types of businesses and uses desired by year-round and seasonal residents alike.

Beyond the impacts of the local and regional tourism industry, technological advances could offer Lake City an opportunity to tap into the global marketplace's "virtual tourists" who are traveling the world and making purchases via the Internet. While some communities have been hesitant to actively pursue or promote Internet-based retailers, or retailers conducting the vast majority of their business over the Internet, Lake City should consider the potential advantages and local economic impacts that could be realized by capturing a share of the global market.

As the community considers opportunities to expand and diversify the local economy, it should remain mindful of the important role that the local market plays in sustaining the community's commercial areas – and the unique and authentic hometown qualities that distinguish Lake City as a great place to call home, and a breathtaking place to visit. These features should be embraced, and proposals for change should serve to complement, enhance and expand on the local character, unique flavor and distinct features that are intrinsic to Lake City, Hinsdale County, and the surrounding mountain region.

The Action Agenda assembled as part of this study serves as a starting point and proposal for moving forward. The agenda organizes ideas and briefly outlines proposals for "next steps" and longer-term projects and actions that could be incorporated as part of a comprehensive approach to Lake City/Hinsdale County community and economic development.



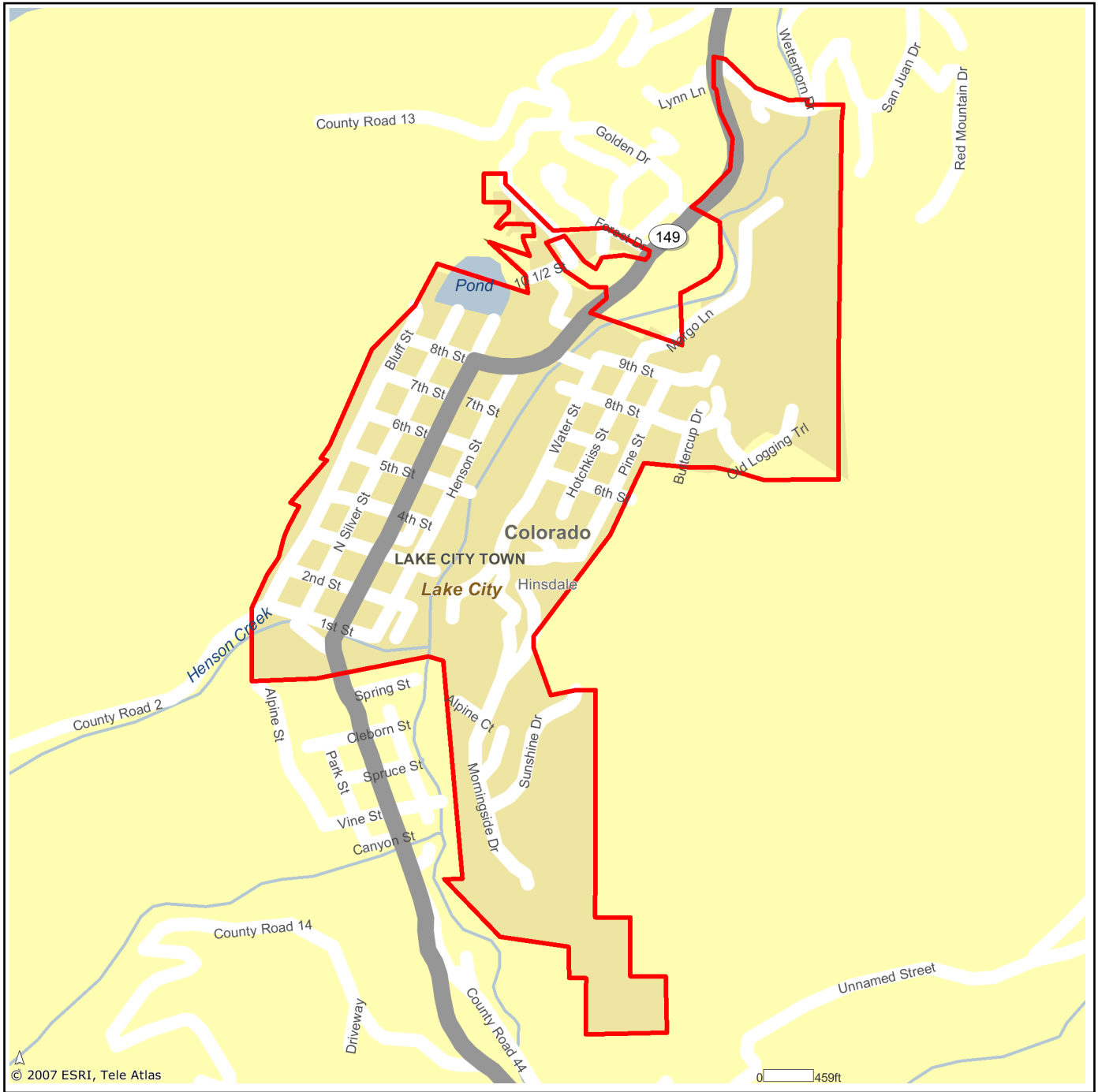
Attachment A.

Lake City and Hinsdale County Area Maps

# Standard Map

Prepared by DPN

January 22, 2008



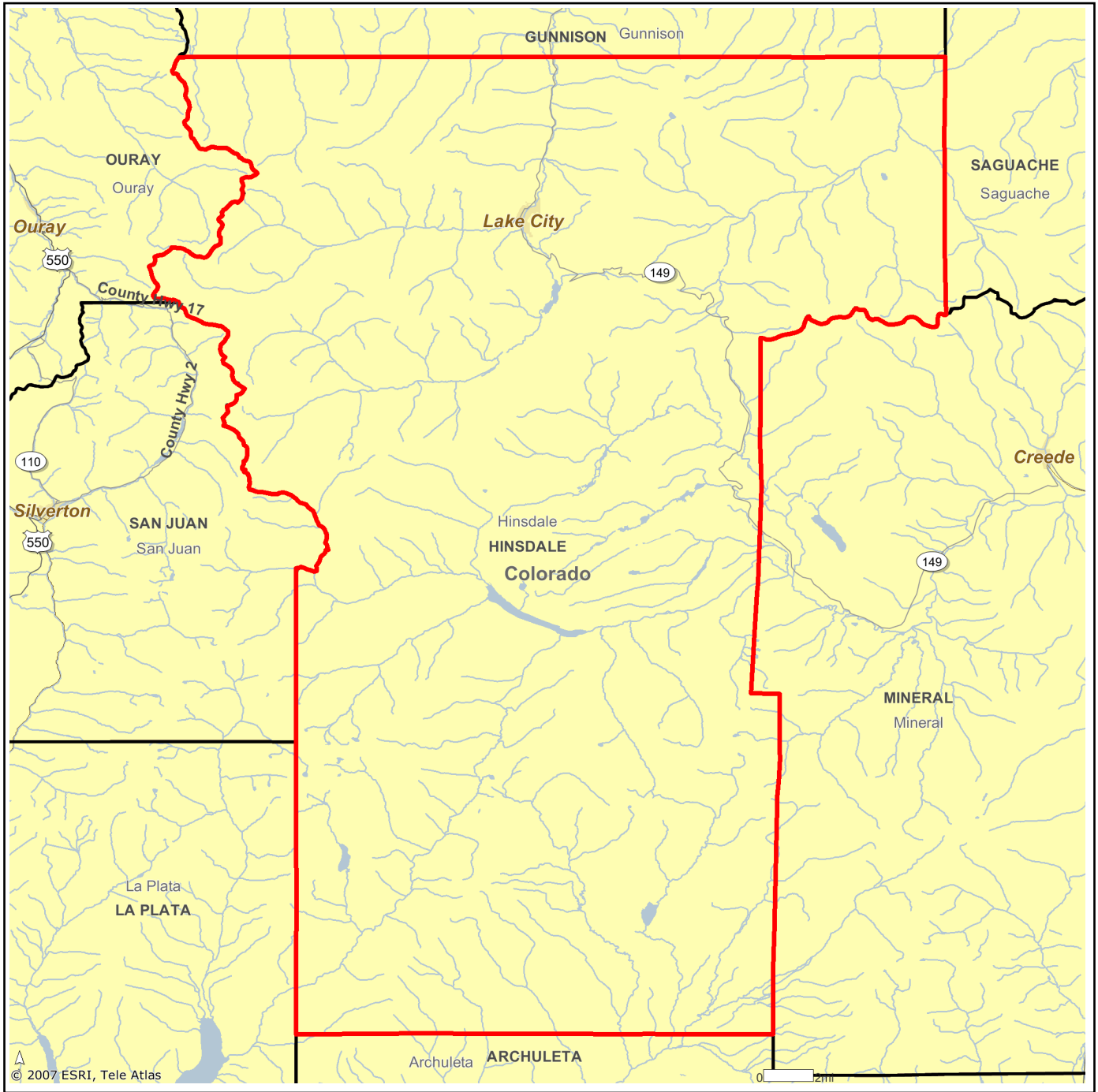
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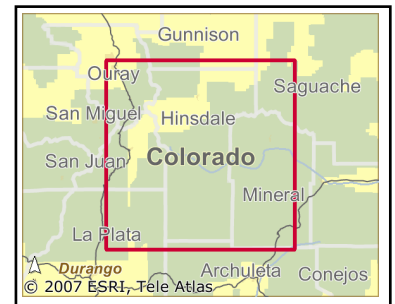
# Standard Map

Prepared by DPN

January 22, 2008



County: 08053 Hinsdale County, CO



Attachment B.



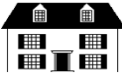
ESRI Market Profile Report



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

	Lake City Town, CO	Hinsdale County, CO	State of Colorado	
	2000 Total Population	375	790	4,301,261
	2000 Group Quarters	0	0	102,955
	2007 Total Population	375	789	4,883,413
	2012 Total Population	373	786	5,299,740
	2007 - 2012 Annual Rate	-0.11%	-0.08%	1.65%
	2000 Households	182	359	1,658,238
	2000 Average Household Size	2.06	2.20	2.53
	2007 Households	182	358	1,880,935
	2007 Average Household Size	2.06	2.20	2.54
	2012 Households	181	357	2,037,154
	2012 Average Household Size	2.06	2.20	2.55
	2007 - 2012 Annual Rate	-0.11%	-0.06%	1.61%
	2000 Families	111	247	1,084,461
	2000 Average Family Size	2.54	2.60	3.09
	2007 Families	122	241	1,209,950
	2007 Average Family Size	2.46	2.62	3.12
	2012 Families	120	237	1,296,504
	2012 Average Family Size	2.46	2.62	3.13
	2007 - 2012 Annual Rate	-0.33%	-0.33%	1.39%
	<b>2000 Housing Units</b>	385	1,304	1,808,037
	Owner Occupied Housing Units	28.6%	17.9%	61.7%
	Renter Occupied Housing Units	18.7%	9.7%	30.0%
	Vacant Housing Units	52.7%	72.5%	8.3%
	<b>2007 Housing Units</b>	432	1,464	2,115,781
	Owner Occupied Housing Units	28.5%	16.5%	62.5%
	Renter Occupied Housing Units	13.7%	7.9%	26.4%
	Vacant Housing Units	57.9%	75.5%	11.1%
	<b>2012 Housing Units</b>	448	1,519	2,329,960
	Owner Occupied Housing Units	27.5%	15.9%	62.0%
	Renter Occupied Housing Units	12.9%	7.6%	25.5%
	Vacant Housing Units	59.6%	76.5%	12.6%
	<b>Median Household Income</b>			
	2000	\$38,043	\$37,812	\$47,264
	2007	\$44,746	\$44,746	\$60,976
	2012	\$49,180	\$48,998	\$72,859
	<b>Median Home Value</b>			
	2000	\$225,000	\$218,125	\$160,101
	2007	\$317,391	\$321,739	\$234,884
	2012	\$368,519	\$375,472	\$271,758
	<b>Per Capita Income</b>			
	2000	\$23,392	\$22,360	\$24,049
	2007	\$30,824	\$30,862	\$31,684
	2012	\$33,726	\$33,716	\$38,568
	<b>Median Age</b>			
	2000	42.7	43.4	34.3
	2007	48.0	48.0	35.8
	2012	51.7	51.8	36.8

**Data Note:** Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.


**Source:** U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>2000 Households by Income</b>			
 Household Income Base	176	357	1,659,308
< \$15,000	14.2%	15.1%	11.9%
\$15,000 - \$24,999	8.0%	9.5%	11.2%
\$25,000 - \$34,999	20.5%	21.0%	12.6%
\$35,000 - \$49,999	27.8%	22.4%	17.0%
\$50,000 - \$74,999	17.6%	19.6%	21.2%
\$75,000 - \$99,999	1.7%	2.2%	11.9%
\$100,000 - \$149,999	3.4%	3.1%	9.1%
\$150,000 - \$199,999	5.1%	3.4%	2.6%
\$200,000 +	1.7%	3.6%	2.6%
Average Household Income	\$49,344	\$51,080	\$61,437
<b>2007 Households by Income</b>			
Household Income Base	183	358	1,880,918
< \$15,000	10.9%	10.6%	8.4%
\$15,000 - \$24,999	8.7%	8.9%	8.2%
\$25,000 - \$34,999	17.5%	17.6%	9.0%
\$35,000 - \$49,999	19.7%	19.6%	14.3%
\$50,000 - \$74,999	24.6%	24.9%	20.6%
\$75,000 - \$99,999	7.1%	7.0%	14.6%
\$100,000 - \$149,999	3.8%	3.6%	14.4%
\$150,000 - \$199,999	2.2%	2.2%	5.7%
\$200,000 +	5.5%	5.6%	4.9%
Average Household Income	\$67,461	\$68,017	\$81,284
<b>2012 Households by Income</b>			
Household Income Base	183	357	2,037,137
< \$15,000	9.3%	9.5%	7.0%
\$15,000 - \$24,999	8.2%	8.4%	6.3%
\$25,000 - \$34,999	13.7%	13.7%	7.0%
\$35,000 - \$49,999	19.7%	19.3%	12.3%
\$50,000 - \$74,999	25.1%	25.5%	18.7%
\$75,000 - \$99,999	9.8%	10.1%	15.0%
\$100,000 - \$149,999	4.9%	4.8%	18.3%
\$150,000 - \$199,999	2.7%	2.5%	7.1%
\$200,000 +	6.6%	6.2%	8.3%
Average Household Income	\$73,420	\$74,232	\$99,318
<b>2000 Owner Occupied HUs by Value</b>			
Total	100	233	1,116,305
< \$50,000	6.0%	4.7%	6.0%
\$50,000 - \$99,999	9.0%	9.9%	13.4%
\$100,000 - \$149,999	15.0%	12.9%	25.3%
\$150,000 - \$199,999	14.0%	16.3%	22.8%
\$200,000 - \$299,999	32.0%	31.8%	19.3%
\$300,000 - \$499,999	21.0%	19.7%	9.4%
\$500,000 - \$999,999	3.0%	2.6%	3.0%
\$1,000,000+	0.0%	2.1%	0.8%
Average Home Value	\$224,075	\$245,869	\$197,097
<b>2000 Specified Renter Occupied HUs by Contract Rent</b>			
Total	78	117	533,663
With Cash Rent	87.2%	72.6%	96.4%
No Cash Rent	12.8%	27.4%	3.6%
Median Rent	\$421	\$409	\$611
Average Rent	\$416	\$393	\$646

**Data Note:** Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied HUs exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

**Source:** U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

Lake City Town, CO      Hinsdale County, CO      State of Colorado



### 2000 Population by Age

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	375	790	4,301,261
0 - 4	5.9%	6.1%	6.9%
5 - 9	4.8%	5.1%	7.2%
10 - 14	4.8%	5.4%	7.2%
15 - 19	4.0%	3.9%	7.1%
20 - 24	4.5%	3.7%	7.1%
25 - 34	11.7%	10.9%	15.4%
35 - 44	19.5%	18.6%	17.1%
45 - 54	17.9%	20.1%	14.3%
55 - 64	16.5%	14.6%	7.9%
65 - 74	6.9%	8.1%	5.3%
75 - 84	3.2%	2.8%	3.3%
85+	0.3%	0.8%	1.1%
18+	82.1%	80.5%	74.4%

### 2007 Population by Age

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	374	789	4,883,413
0 - 4	5.6%	5.7%	6.9%
5 - 9	5.9%	6.1%	6.8%
10 - 14	4.3%	4.3%	6.7%
15 - 19	4.3%	4.4%	7.0%
20 - 24	2.4%	2.3%	7.0%
25 - 34	8.0%	7.6%	14.4%
35 - 44	11.8%	11.8%	15.1%
45 - 54	22.7%	22.4%	15.6%
55 - 64	21.9%	21.8%	10.7%
65 - 74	9.6%	9.8%	5.3%
75 - 84	2.4%	2.7%	3.3%
85+	1.1%	1.1%	1.3%
18+	81.1%	81.0%	75.5%

### 2012 Population by Age

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	372	786	5,299,740
0 - 4	4.3%	4.3%	6.9%
5 - 9	5.4%	5.2%	6.4%
10 - 14	6.5%	6.4%	6.7%
15 - 19	3.8%	3.7%	6.7%
20 - 24	3.0%	2.8%	7.0%
25 - 34	5.9%	6.0%	13.9%
35 - 44	11.0%	11.1%	14.1%
45 - 54	18.8%	18.8%	15.5%
55 - 64	22.8%	23.0%	12.4%
65 - 74	13.2%	13.1%	5.7%
75 - 84	4.6%	4.6%	3.2%
85+	0.8%	1.0%	1.5%
18+	81.0%	81.7%	76.0%

### 2000 Population by Sex

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Males	52.3%	51.4%	50.4%
Females	47.7%	48.6%	49.6%

### 2007 Population by Sex

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Males	51.3%	51.3%	50.3%
Females	48.7%	48.7%	49.7%

### 2012 Population by Sex

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Males	52.2%	52.0%	50.3%
Females	47.8%	48.0%	49.7%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.





# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

Lake City Town, CO      Hinsdale County, CO      State of Colorado



### 2000 Population by Race/Ethnicity

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	375	790	4,301,261
White Alone	98.1%	97.3%	82.8%
Black Alone	0.0%	0.0%	3.8%
American Indian Alone	0.5%	1.5%	1.0%
Asian or Pacific Islander Alone	0.5%	0.3%	2.3%
Some Other Race Alone	0.3%	0.4%	7.2%
Two or More Races	0.5%	0.5%	2.8%
Hispanic Origin	1.6%	1.5%	17.1%
Diversity Index	6.7	8.1	50.8

### 2007 Population by Race/Ethnicity

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	375	789	4,883,413
White Alone	97.3%	97.3%	81.1%
Black Alone	0.0%	0.0%	3.8%
American Indian Alone	1.6%	1.5%	1.0%
Asian or Pacific Islander Alone	0.3%	0.3%	2.8%
Some Other Race Alone	0.3%	0.4%	8.2%
Two or More Races	0.5%	0.5%	3.0%
Hispanic Origin	1.3%	1.5%	19.6%
Diversity Index	7.7	8.1	54.8

### 2012 Population by Race/Ethnicity

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	373	786	5,299,740
White Alone	97.3%	97.3%	79.9%
Black Alone	0.0%	0.0%	3.8%
American Indian Alone	1.6%	1.5%	1.0%
Asian or Pacific Islander Alone	0.3%	0.3%	3.1%
Some Other Race Alone	0.3%	0.4%	9.0%
Two or More Races	0.5%	0.5%	3.1%
Hispanic Origin	1.3%	1.5%	21.4%
Diversity Index	7.8	8.1	57.4



### 2000 Population 3+ by School Enrollment

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	345	760	4,123,063
Enrolled in Nursery/Preschool	1.4%	1.4%	1.9%
Enrolled in Kindergarten	2.6%	1.7%	1.5%
Enrolled in Grade 1-8	4.1%	8.7%	12.2%
Enrolled in Grade 9-12	2.9%	4.2%	5.8%
Enrolled in College	0.9%	1.7%	5.5%
Enrolled in Grad/Prof School	0.9%	0.4%	1.4%
Not Enrolled in School	87.2%	81.8%	71.7%

### 2000 Population 25+ by Educational Attainment

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Total	283	593	2,776,632
Less than 9th Grade	1.1%	1.3%	4.8%
9th - 12th Grade, No Diploma	9.2%	5.6%	8.2%
High School Graduate	17.3%	20.7%	23.2%
Some College, No Degree	33.2%	30.5%	24.0%
Associate Degree	9.5%	6.9%	7.0%
Bachelor's Degree	20.8%	25.3%	21.6%
Master's/Prof/Doctorate Degree	8.8%	9.6%	11.1%

**Data Note:** Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

**Source:** U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.



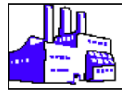
## Lake City/Hinsdale County Economic Feasibility Study

Lake City Town, CO      Hinsdale County, CO      State of Colorado



### 2000 Population 15+ by Sex and Marital Status

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	312	660	3,385,369
<b>Females</b>	45.5%	47.6%	49.9%
Never Married	5.8%	6.4%	11.7%
Married, not Separated	29.2%	33.0%	27.3%
Married, Separated	0.6%	0.3%	0.9%
Widowed	0.6%	1.2%	3.8%
Divorced	9.3%	6.7%	6.2%
<b>Males</b>	54.5%	52.4%	50.1%
Never Married	13.1%	11.1%	15.3%
Married, not Separated	28.8%	32.6%	28.3%
Married, Separated	1.3%	0.6%	0.7%
Widowed	0.6%	0.3%	0.9%
Divorced	10.6%	7.9%	4.8%



### 2000 Population 16+ by Employment Status

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	312	651	3,325,197
<b>In Labor Force</b>	68.9%	70.5%	70.1%
Civilian Employed	68.6%	69.0%	66.3%
Civilian Unemployed	0.3%	1.5%	3.0%
In Armed Forces	0.0%	0.0%	0.8%
<b>Not in Labor Force</b>	31.1%	29.5%	29.9%

### 2007 Civilian Population 16+ in Labor Force

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Civilian Employed	98.6%	98.6%	94.3%
Civilian Unemployed	1.4%	1.4%	5.7%

### 2012 Civilian Population 16+ in Labor Force

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
Civilian Employed	98.6%	98.7%	94.7%
Civilian Unemployed	1.4%	1.3%	5.3%

### 2000 Females 16+ by Employment Status and Age of Children

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	142	310	1,661,660
<b>Own Children &lt; 6 Only</b>	5.6%	5.8%	8.4%
Employed/in Armed Forces	3.5%	4.2%	5.0%
Unemployed	0.0%	0.0%	0.3%
Not in Labor Force	2.1%	1.6%	3.1%
<b>Own Children &lt;6 and 6-17</b>	2.8%	3.2%	6.3%
Employed/in Armed Forces	2.8%	1.9%	3.7%
Unemployed	0.0%	0.0%	0.2%
Not in Labor Force	0.0%	1.3%	2.5%
<b>Own Children 6-17 Only</b>	11.3%	15.2%	17.8%
Employed/in Armed Forces	9.2%	13.5%	13.5%
Unemployed	0.0%	0.0%	0.4%
Not in Labor Force	2.1%	1.6%	3.9%
<b>No Own Children &lt;18</b>	80.3%	75.8%	67.5%
Employed/in Armed Forces	46.5%	40.0%	38.7%
Unemployed	0.0%	1.9%	1.9%
Not in Labor Force	33.8%	33.9%	26.9%

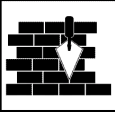

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007 and 2012.



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>2007 Employed Population 16+ by Industry</b>			
	Total	274	580
	Agriculture/Mining	2.9%	2.9%
	Construction	19.3%	19.1%
	Manufacturing	1.5%	1.6%
	Wholesale Trade	0.0%	0.0%
	Retail Trade	15.7%	15.5%
	Transportation/Utilities	3.6%	3.6%
	Information	1.8%	1.9%
	Finance/Insurance/Real Estate	11.7%	11.7%
	Services	39.1%	39.3%
	Public Administration	4.4%	4.3%
<b>2007 Employed Population 16+ by Occupation</b>			
	Total	274	580
	White Collar	57.3%	57.2%
	Management/Business/Financial	22.3%	22.4%
	Professional	8.8%	8.6%
	Sales	17.5%	17.4%
	Administrative Support	8.8%	8.8%
	Services	11.7%	11.7%
	Blue Collar	31.0%	31.0%
	Farming/Forestry/Fishing	1.5%	1.6%
	Construction/Extraction	18.6%	18.4%
	Installation/Maintenance/Repair	4.4%	4.5%
	Production	0.7%	0.7%
	Transportation/Material Moving	5.8%	5.9%
<b>2000 Workers 16+ by Means of Transportation to Work</b>			
	Total	201	433
	Drove Alone - Car, Truck, or Van	41.8%	50.8%
	Carpooled - Car, Truck, or Van	22.4%	16.4%
	Public Transportation	0.0%	0.5%
	Walked	14.4%	10.9%
	Other Means	2.0%	3.0%
	Worked at Home	19.4%	18.5%
<b>2000 Workers 16+ by Travel Time to Work</b>			
	Total	201	433
	Did not Work at Home	80.6%	81.5%
	Less than 5 minutes	22.4%	21.5%
	5 to 9 minutes	18.4%	22.4%
	10 to 19 minutes	20.9%	15.5%
	20 to 24 minutes	1.5%	2.8%
	25 to 34 minutes	8.5%	7.9%
	35 to 44 minutes	2.0%	4.4%
	45 to 59 minutes	0.0%	1.6%
	60 to 89 minutes	4.5%	3.9%
	90 or more minutes	2.5%	1.6%
	Worked at Home	19.4%	18.5%
	Average Travel Time to Work (in min)	16.6	16.0
<b>2000 Households by Vehicles Available</b>			
	Total	178	359
	None	6.2%	4.7%
	1	26.4%	26.7%
	2	46.1%	42.3%
	3	14.0%	18.1%
	4	2.8%	4.7%
	5+	4.5%	3.3%
	Average Number of Vehicles Available	2.0	2.0

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2007



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

Lake City Town, CO      Hinsdale County, CO      State of Colorado



### 2000 Households by Type

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	182	359	1,658,238
Family Households	61.0%	68.8%	65.4%
Married-couple Family	50.0%	61.0%	51.8%
With Related Children	12.1%	17.8%	25.4%
Other Family (No Spouse)	11.0%	7.8%	13.6%
With Related Children	8.2%	5.8%	9.4%
Nonfamily Households	39.0%	31.2%	34.6%
Householder Living Alone	32.4%	24.8%	26.3%
Householder Not Living Alone	6.6%	6.4%	8.3%
Households with Related Children	20.3%	23.7%	34.8%
Households with Persons 65+	14.3%	17.3%	17.7%

### 2000 Households by Size

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	182	359	1,658,238
1 Person Household	32.4%	24.8%	26.3%
2 Person Household	45.1%	50.4%	34.1%
3 Person Household	11.5%	10.9%	15.9%
4 Person Household	7.7%	9.2%	14.1%
5 Person Household	1.6%	3.3%	6.1%
6 Person Household	1.6%	1.4%	2.2%
7+ Person Household	0.0%	0.0%	1.4%

### 2000 Households by Year Householder Moved In

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	178	359	1,658,238
Moved in 1999 to March 2000	30.9%	20.9%	25.8%
Moved in 1995 to 1998	28.1%	29.2%	32.5%
Moved in 1990 to 1994	15.2%	18.4%	16.3%
Moved in 1980 to 1989	16.9%	21.2%	12.4%
Moved in 1970 to 1979	7.9%	6.7%	7.4%
Moved in 1969 or Earlier	1.1%	3.6%	5.5%
Median Year Householder Moved In	1996	1995	1996



### 2000 Housing Units by Units in Structure

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	414	1,304	1,808,037
1, Detached	81.6%	90.4%	62.1%
1, Attached	2.9%	0.9%	6.3%
2	1.7%	0.8%	2.1%
3 or 4	5.3%	2.0%	3.8%
5 to 9	1.4%	0.5%	4.6%
10 to 19	0.0%	0.0%	5.6%
20+	0.0%	0.0%	9.7%
Mobile Home	7.0%	4.8%	5.7%
Other	0.0%	0.7%	0.2%

### 2000 Housing Units by Year Structure Built

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Total</b>	414	1,304	1,808,037
1999 to March 2000	3.9%	2.6%	4.1%
1995 to 1998	19.3%	30.1%	10.9%
1990 to 1994	2.9%	6.1%	7.1%
1980 to 1989	30.2%	23.5%	17.6%
1970 to 1979	22.0%	22.2%	23.8%
1969 or Earlier	21.7%	15.4%	36.5%
Median Year Structure Built	1982	1985	1976

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



# Market Profile

Prepared by DPN

## Lake City/Hinsdale County Economic Feasibility Study

	Lake City Town, CO	Hinsdale County, CO	State of Colorado
<b>Top 3 Tapestry Segments</b>			
1.	Rural Resort Dwellers	Rural Resort Dwellers	Up and Coming Families
2.	0	0	Boomburbs
3.	0	0	In Style



**2007 Consumer Spending shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.**

Apparel & Services: Total \$	\$384,701	\$762,960	\$5,248,882,805
Average Spent	\$2,113.74	\$2,131.17	\$2,790.57
Spending Potential Index	77	77	101
Computers & Accessories: Total \$	\$38,712	\$76,776	\$538,947,414
Average Spent	\$212.70	\$214.46	\$286.53
Spending Potential Index	85	86	115
Education: Total \$	\$167,005	\$331,210	\$2,784,781,807
Average Spent	\$917.61	\$925.17	\$1,480.53
Spending Potential Index	71	72	115
Entertainment/Recreation: Total \$	\$604,513	\$1,198,901	\$7,157,348,937
Average Spent	\$3,321.50	\$3,348.89	\$3,805.21
Spending Potential Index	97	98	111
Food at Home: Total \$	\$903,977	\$1,792,803	\$10,386,372,248
Average Spent	\$4,966.91	\$5,007.83	\$5,521.92
Spending Potential Index	99	100	110
Food Away from Home: Total \$	\$550,945	\$1,092,662	\$7,113,109,339
Average Spent	\$3,027.17	\$3,052.13	\$3,781.69
Spending Potential Index	89	90	112
Health Care: Total \$	\$816,197	\$1,618,720	\$7,854,327,382
Average Spent	\$4,484.60	\$4,521.56	\$4,175.76
Spending Potential Index	115	116	107
HH Furnishings & Equipment: Total \$	\$371,901	\$737,570	\$4,615,676,753
Average Spent	\$2,043.41	\$2,060.25	\$2,453.93
Spending Potential Index	90	91	108
Investments: Total \$	\$148,563	\$294,636	\$3,165,373,010
Average Spent	\$816.28	\$823.01	\$1,682.87
Spending Potential Index	55	55	113
Retail Goods: Total \$	\$4,924,212	\$9,765,919	\$54,337,665,846
Average Spent	\$27,056.11	\$27,279.10	\$28,888.65
Spending Potential Index	102	103	109
Shelter: Total \$	\$2,165,909	\$4,295,524	\$31,981,127,575
Average Spent	\$11,900.60	\$11,998.67	\$17,002.78
Spending Potential Index	79	80	113
TV/Video/Sound Equipment: Total \$	\$190,516	\$377,841	\$2,426,771,019
Average Spent	\$1,046.79	\$1,055.42	\$1,290.19
Spending Potential Index	90	91	111
Travel: Total \$	\$299,408	\$593,804	\$3,893,531,498
Average Spent	\$1,645.10	\$1,658.67	\$2,070.00
Spending Potential Index	89	90	112
Vehicle Maintenance & Repairs: Total \$	\$194,568	\$385,876	\$2,251,066,030
Average Spent	\$1,069.05	\$1,077.87	\$1,196.78
Spending Potential Index	100	101	112

**Data Note:** The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

**Source:** Expenditure data are derived from the 2002, 2003 and 2004 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2007 and 2012.

Attachment C.

ESRI Retail MarketPlace Report



## Lake City Town, Colorado

### Summary Demographics

2007 Population	375
2007 Households	182
2007 Median Disposable Income	\$35,847
2007 Per Capita Income	\$30,824

### Industry Summary

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$5,432,104	\$2,508,956	\$2,923,148	36.8	17
Total Retail Trade (NAICS 44-45)	\$4,853,054	\$2,251,501	\$2,601,553	36.6	12
Total Food & Drink (NAICS 722)	\$579,050	\$257,455	\$321,595	38.4	5

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	\$1,254,127	\$0	\$1,254,127	100.0	0
Automobile Dealers (NAICS 4411)	\$1,128,376	\$0	\$1,128,376	100.0	0
Other Motor Vehicle Dealers (NAICS 4412)	\$125,751	\$0	\$125,751	100.0	0
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$0	\$0	\$0	0.0	0
Furniture & Home Furnishings Stores (NAICS 442)	\$172,065	\$0	\$172,065	100.0	0
Furniture Stores (NAICS 4421)	\$172,065	\$0	\$172,065	100.0	0
Home Furnishings Stores (NAICS 4422)	\$0	\$0	\$0	0.0	0
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$154,305	\$0	\$154,305	100.0	0
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$180,150	\$116,940	\$63,210	21.3	1
Building Material and Supplies Dealers (NAICS 4441)	\$180,150	\$116,940	\$63,210	21.3	1
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$0	\$0	\$0	0.0	0
Food & Beverage Stores (NAICS 445)	\$1,578,609	\$440,368	\$1,138,241	56.4	1
Grocery Stores (NAICS 4451)	\$1,490,181	\$0	\$1,490,181	100.0	0
Specialty Food Stores (NAICS 4452)	\$0	\$0	\$0	0.0	0
Beer, Wine, and Liquor Stores (NAICS 4453)	\$88,428	\$440,368	-\$351,940	-66.6	1
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$0	\$0	\$0	0.0	0
Gasoline Stations (NAICS 447/NAICS 4471)	\$829,682	\$703,530	\$126,152	8.2	1
Clothing and Clothing Accessories Stores (NAICS 448)	\$306,116	\$210,392	\$95,724	18.5	1
Clothing Stores (NAICS 4481)	\$306,116	\$210,392	\$95,724	18.5	1
Shoe Stores (NAICS 4482)	\$0	\$0	\$0	0.0	0
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$0	\$0	\$0	0.0	0
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$234,002	\$442,687	-\$208,685	-30.8	2
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$187,915	\$407,706	-\$219,791	-36.9	1
Book, Periodical, and Music Stores (NAICS 4512)	\$46,087	\$34,981	\$11,106	13.7	1

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector

**Source:** ESRI and *info* USA®.

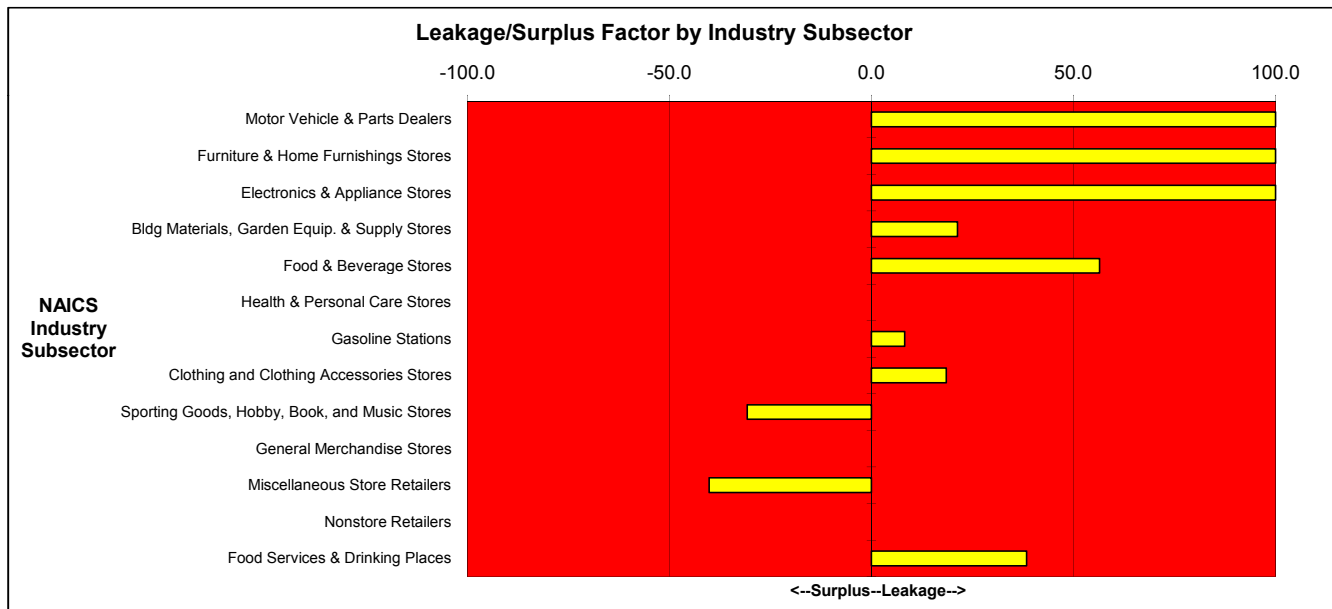


# Retail MarketPlace Profile

Prepared by DPN

## Lake City Town, Colorado

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
General Merchandise Stores (NAICS 452)	\$0	\$0	\$0	0.0	0
Department Stores Excluding Leased Depts. (NAICS 4521)	\$0	\$0	\$0	0.0	0
Other General Merchandise Stores (NAICS 4529)	\$0	\$0	\$0	0.0	0
Miscellaneous Store Retailers (NAICS 453)	\$143,998	\$337,584	<b>-\$193,586</b>	<b>-40.2</b>	6
Florists (NAICS 4531)	\$48,915	\$21,183	<b>\$27,732</b>	<b>39.6</b>	1
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$41,930	\$66,146	<b>-\$24,216</b>	<b>-22.4</b>	2
Used Merchandise Stores (NAICS 4533)	\$0	\$0	\$0	0.0	0
Other Miscellaneous Store Retailers (NAICS 4539)	\$53,153	\$250,255	<b>-\$197,102</b>	<b>-65.0</b>	3
Nonstore Retailers (NAICS 454)	\$0	\$0	\$0	0.0	0
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$0	\$0	\$0	0.0	0
Vending Machine Operators (NAICS 4542)	\$0	\$0	\$0	0.0	0
Direct Selling Establishments (NAICS 4543)	\$0	\$0	\$0	0.0	0
Food Services & Drinking Places (NAICS 722)	\$579,050	\$257,455	<b>\$321,595</b>	<b>38.4</b>	5
Full-Service Restaurants (NAICS 7221)	\$23,095	\$0	<b>\$23,095</b>	<b>100.0</b>	0
Limited-Service Eating Places (NAICS 7222)	\$532,860	\$257,455	<b>\$275,405</b>	<b>34.8</b>	5
Special Food Services (NAICS 7223)	\$0	\$0	\$0	0.0	0
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$23,095	\$0	<b>\$23,095</b>	<b>100.0</b>	0



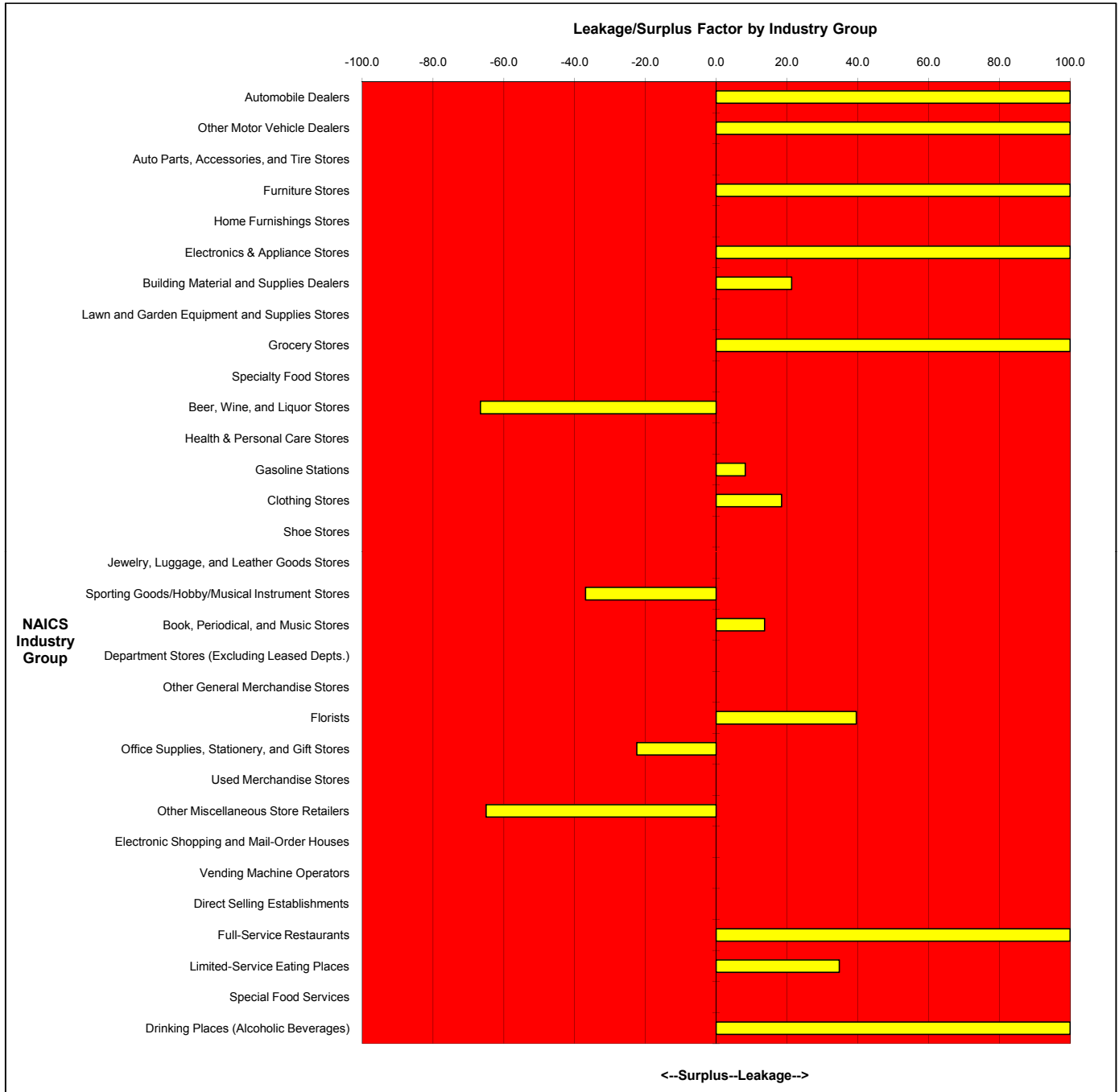
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## Lake City Town, Colorado



Source: ESRI and info USA®.

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## Hinsdale County, Colorado

### Summary Demographics

2007 Population	789
2007 Households	358
2007 Median Disposable Income	\$35,755
2007 Per Capita Income	\$30,862

### Industry Summary

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	\$10,773,194	\$7,063,101	\$3,710,093	20.8	31
Total Retail Trade (NAICS 44-45)	\$9,624,796	\$6,593,625	\$3,031,171	18.7	22
Total Food & Drink (NAICS 722)	\$1,148,398	\$469,476	\$678,922	42.0	9

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	\$2,487,239	\$0	\$2,487,239	100.0	0
Automobile Dealers (NAICS 4411)	\$2,237,846	\$0	\$2,237,846	100.0	0
Other Motor Vehicle Dealers (NAICS 4412)	\$249,393	\$0	\$249,393	100.0	0
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	\$0	\$0	\$0	0.0	0
Furniture & Home Furnishings Stores (NAICS 442)	\$341,245	\$420,701	-\$79,456	-10.4	2
Furniture Stores (NAICS 4421)	\$341,245	\$420,701	-\$79,456	-10.4	2
Home Furnishings Stores (NAICS 4422)	\$0	\$0	\$0	0.0	0
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	\$306,029	\$0	\$306,029	100.0	0
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	\$357,286	\$213,243	\$144,043	25.2	1
Building Material and Supplies Dealers (NAICS 4441)	\$357,286	\$213,243	\$144,043	25.2	1
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	\$0	\$0	\$0	0.0	0
Food & Beverage Stores (NAICS 445)	\$3,130,768	\$2,870,271	\$260,497	4.3	5
Grocery Stores (NAICS 4451)	\$2,955,394	\$2,067,247	\$888,147	17.7	3
Specialty Food Stores (NAICS 4452)	\$0	\$0	\$0	0.0	0
Beer, Wine, and Liquor Stores (NAICS 4453)	\$175,374	\$803,024	-\$627,650	-64.2	2
Health & Personal Care Stores (NAICS 446/NAICS 4461)	\$0	\$0	\$0	0.0	0
Gasoline Stations (NAICS 447/NAICS 4471)	\$1,645,462	\$1,282,908	\$362,554	12.4	1
Clothing and Clothing Accessories Stores (NAICS 448)	\$607,105	\$383,655	\$223,450	22.6	2
Clothing Stores (NAICS 4481)	\$607,105	\$383,655	\$223,450	22.6	2
Shoe Stores (NAICS 4482)	\$0	\$0	\$0	0.0	0
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	\$0	\$0	\$0	0.0	0
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	\$464,081	\$807,252	-\$343,171	-27.0	4
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	\$372,681	\$743,463	-\$370,782	-33.2	3
Book, Periodical, and Music Stores (NAICS 4512)	\$91,400	\$63,789	\$27,611	17.8	1

**Data Note:** Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

**Source:** ESRI and *info USA*®.

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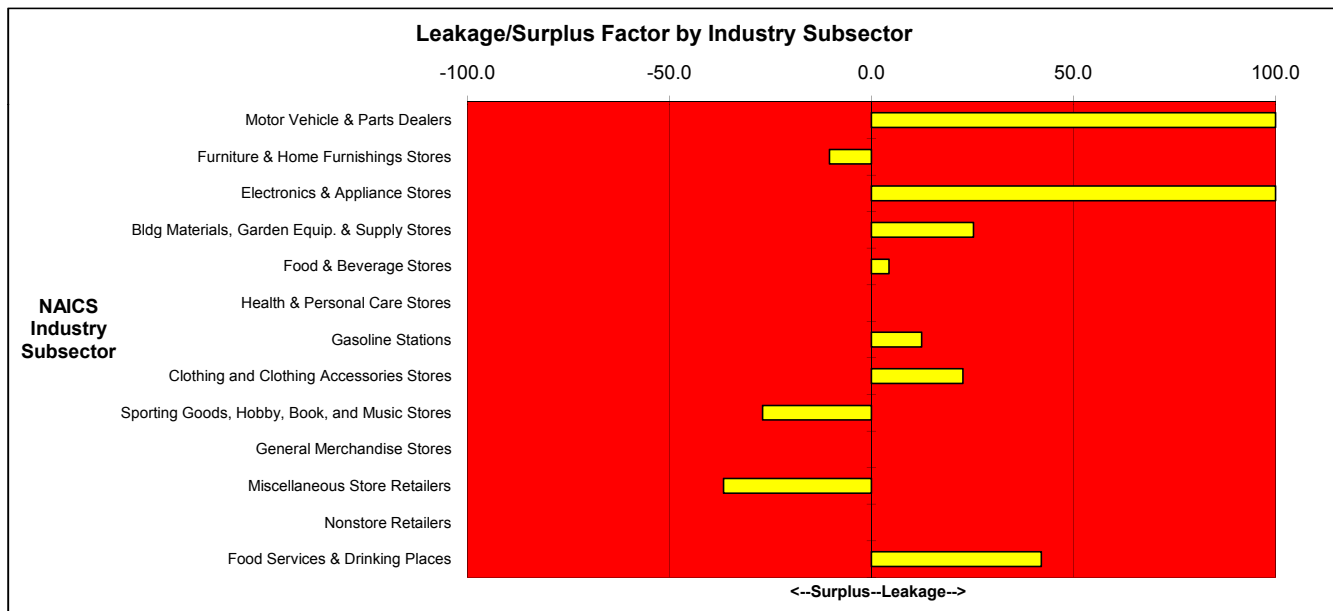


# Retail MarketPlace Profile

Prepared by DPN

## Hinsdale County, Colorado

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
General Merchandise Stores (NAICS 452)	\$0	\$0	\$0	0.0	0
Department Stores Excluding Leased Depts. (NAICS 4521)	\$0	\$0	\$0	0.0	0
Other General Merchandise Stores (NAICS 4529)	\$0	\$0	\$0	0.0	0
Miscellaneous Store Retailers (NAICS 453)	\$285,581	\$615,595	<b>-\$330,014</b>	<b>-36.6</b>	7
Florists (NAICS 4531)	\$97,010	\$38,629	<b>\$58,381</b>	<b>43.0</b>	1
Office Supplies, Stationery, and Gift Stores (NAICS 4532)	\$83,156	\$120,619	<b>-\$37,463</b>	<b>-18.4</b>	3
Used Merchandise Stores (NAICS 4533)	\$0	\$0	\$0	0.0	0
Other Miscellaneous Store Retailers (NAICS 4539)	\$105,415	\$456,347	<b>-\$350,932</b>	<b>-62.5</b>	3
Nonstore Retailers (NAICS 454)	\$0	\$0	\$0	0.0	0
Electronic Shopping and Mail-Order Houses (NAICS 4541)	\$0	\$0	\$0	0.0	0
Vending Machine Operators (NAICS 4542)	\$0	\$0	\$0	0.0	0
Direct Selling Establishments (NAICS 4543)	\$0	\$0	\$0	0.0	0
Food Services & Drinking Places (NAICS 722)	\$1,148,398	\$469,476	<b>\$678,922</b>	<b>42.0</b>	9
Full-Service Restaurants (NAICS 7221)	\$45,803	\$0	<b>\$45,803</b>	<b>100.0</b>	0
Limited-Service Eating Places (NAICS 7222)	\$1,056,792	\$469,476	<b>\$587,316</b>	<b>38.5</b>	9
Special Food Services (NAICS 7223)	\$0	\$0	\$0	0.0	0
Drinking Places - Alcoholic Beverages (NAICS 7224)	\$45,803	\$0	<b>\$45,803</b>	<b>100.0</b>	0

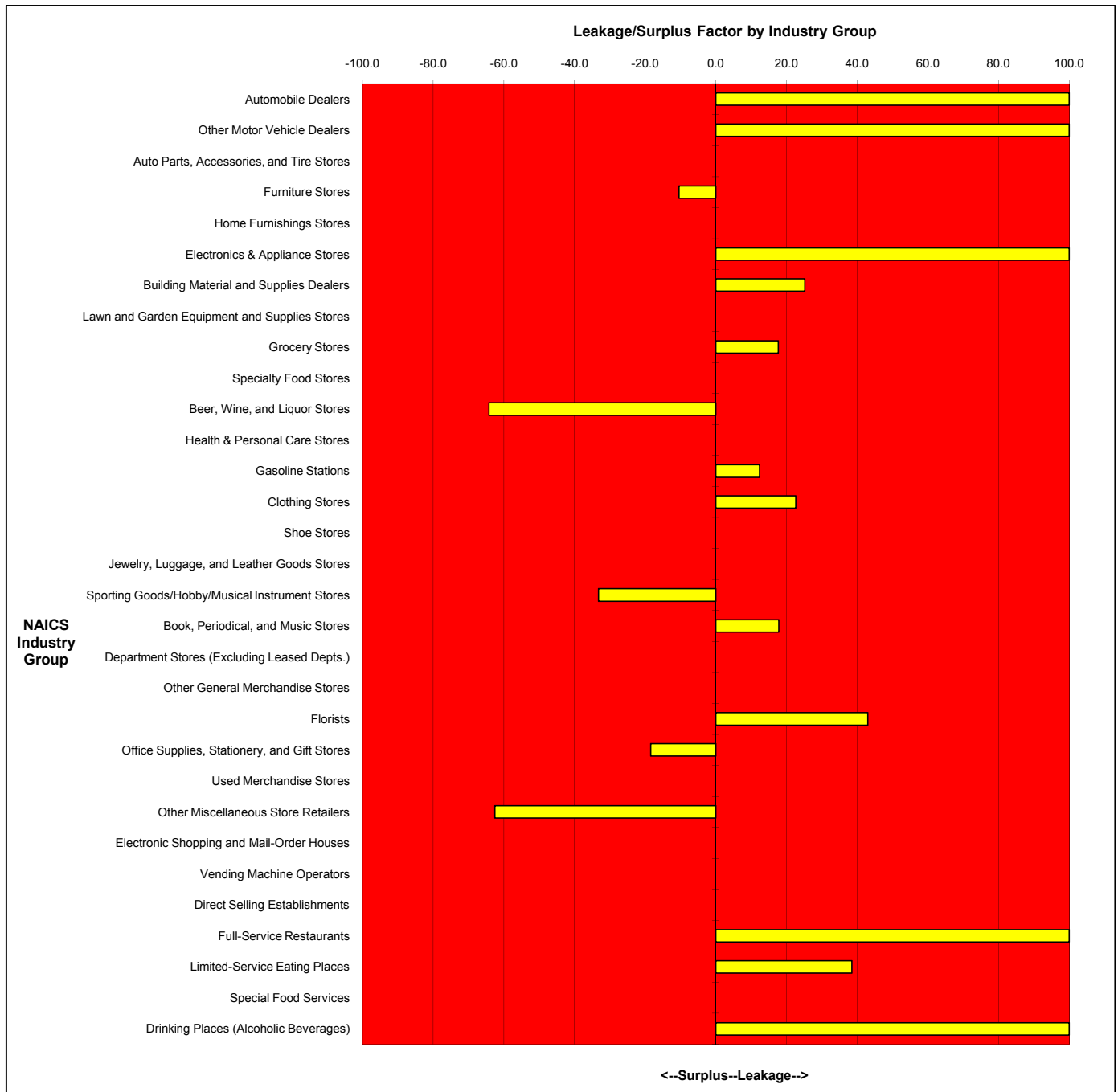


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## Hinsdale County, Colorado



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Attachment D.

Public Workshop Results

**Lake City/Hinsdale County Economic Feasibility Study**  
**“Ideas Exchange” Public Workshop**  
**Summary Results**

Over 40 Lake City area residents and stakeholders attended an “Ideas Exchange” public workshop conducted on January 15, 2008 to gather public opinion regarding the community’s vision for the economic future of Lake City and Hinsdale County. The workshop was facilitated by Downtown Professionals Network as part of the Lake City/Hinsdale County Economic Feasibility Study commissioned by the Economic Development Study Group.

The results of two exercises conducted during the workshop are summarized below.

**Exercise Number One: Message and Priorities**

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***List three features or “selling points” that should be emphasized in Lake City businesses and economic development efforts – things about Lake City that make it a great place to invest or start a business?***

**Group One**

- a. Affordability compared to other mountain towns
- b. Quality of life – schools, medical center, arts
- c. Everybody and every business counts

**Group Two**

- a. Natural beauty, quality of life (EMS, School, rural)
- b. DSL/telecommunications
- c. Low tax rates/rental property

**Group Three**

- a. School & community services
- b. Potential growth
- c. Access – DSL, cell, UPS

**Group Four**

- a. Well-educated populace w/good technology
- b. Good infrastructure & social services (school, health, public health, etc)
- c. Pristine environment for “green” businesses

**Group Five**

- a. A great place to raise children
- b. Less competition – we lack many services
- c. Good walking town

***Being realistic, list three things that should be accomplished within the next one to three years in order to make Lake City an even better place to start a business and invest.***

**Group One**

- a. Improve year-round economy
- b. Improve telecommunications network
- c. Enhanced services, especially rooms, rest, RV spots

**Group Two**

- a. Broaden population base
- b. Year round employment/lodging/food service
- c. Commercial space availability
- d. Improved cellular/wifi

**Group Three**

- a. Recognize existing and prospective assets for dev.
- b. Fortify restaurants/lodging
- c. Target marketing to specific groups
- d. Internet/cell service

**Group Four**

- a. Improve communications technology (feasibility/planning)
- b. Form local business association (through Chamber)
- c. Feasibility studies/planning for affordable housing

**Group Five**

- a. Bring in wifi
- b. Encourage affordable housing

***List three things about Lake City that should never change.***

**Group One**

- a. Sense of community
- b. Historical character
- c. Stay small businesses

**Group Two**

- a. Sense of community
- b. No chain stores
- c. Forest service/public land

**Group Three**

- a. No large chains
- b. Maintain open space and its integrity
- c. Alter composition of community – allow working group to reside in town/affordable housing

**Group Four**

- a. Natural environment – clean, limited private land, mostly federal
- b. Historic character – building restrictions
- c. Small town feeling (independent businesses, no franchises)

**Group Five**

- a. Maintain open spaces or isolation
- b. The “Rockwell effect” – community friendliness

## Exercise Number Two: Getting Ready for Business Development

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**List three types of new businesses that could be successful in Lake City - businesses that you and/or others in Lake City area would patronize.**

### Group One

- a. Bar
- b. Recreation outfitter/tour
- c. Computer tech/IT
- d. Event coordinator
- e. Cleaning

### Group Two

- a. Pet related business – dogs, cats, birds – services, products
- b. Comprehensive outdoor sporting service – tours, products, guide service, fishing, Nordic skiing, ice-climbing, in tandem with new recreation activities like climbing
- c. Grocery store/co-op that focuses on fresh produce, meats, prepared foods, etc.

### Group Three

- a. Brew pub/dance hall
- b. Affordable year-round restaurant
- c. Craft/hobby store

### Group Four

- a. Additional lodging (RV, Hotel)
- b. Expanded grocery
- c. Technology based businesses
- d. Office space

### Group Five

- a. Internet based technical support
- b. Heritage and nature tourism – year-round
- c. Full service grocery/pharmacy

Each group was then asked to identify select the one business from their list that group members felt had the very best chance to succeed, and to indicate the reasons behind their choice. Following is a summary of each group's exercise:

### Group One

**Best business option:** IT

**Why it has the best chance to succeed:** Large retired population that does not want to maintain computer

**Range of products and/or services offered:** Repair, upgrades, installation, general

**Customers doing business there most frequently:** Are frustrated

### Group Two

**Best business option:** Comprehensive outdoor sporting service/tours

**Why it has the best chance to succeed:** Needs limited investment, leverage existing businesses and natural resources

**Range of products and/or services offered:** Total comprehensive recreational packages: products, hotels, clothing, skis, etc.

**Customers doing business there most frequently:** families, sportsmen, business people with limited time



### Group Three

**Best business option:** Restaurant

**Why it has the best chance to succeed:** People like to eat, need to feed tourists

**Range of products and/or services offered:** affordable, year-round

**Customers doing business there most frequently:** people need to eat

### Group Four

**Best business option:** Technology

**Why it has the best chance to succeed:** Does not depend on local market

**Range of products and/or services offered:** Consulting

**Customers doing business there most frequently:** Business based

### Group Five

**Best business option:** Internet-based technological support

**Why it has the best chance to succeed:** Available work force, high demand

**Range of products and/or services offered:** technical support based on industry need

**Customers doing business there most frequently:** Corporations, individuals, government